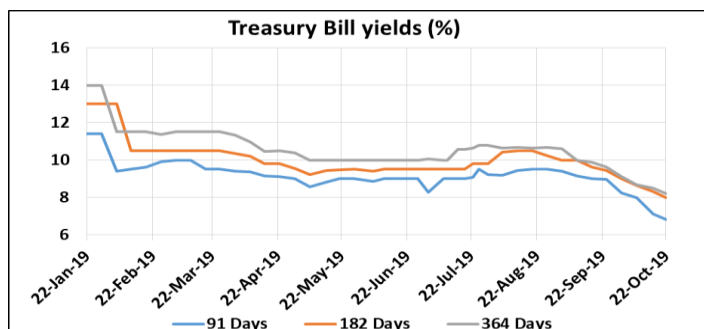


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 2.03% to close the week at 30,342.82 points from 29,740.17 points the previous week due to a share price gain in NBM which outweighed marginal share price losses in ICON and NICO. There was no price movement in the rest of the companies registered on the MSE. A total of 11,434,421 shares were traded at a consideration of K175.57m compared to 123,695,711 shares traded in the previous week at a consideration of K1.53b. This represents a decrease of 90.76% in traded volume and a decrease of 88.49% in traded value. The year-to-date return on the MASI stands at 4.69% compared to 48.14% in the corresponding period in 2018 (Source: MSE).

Government securities

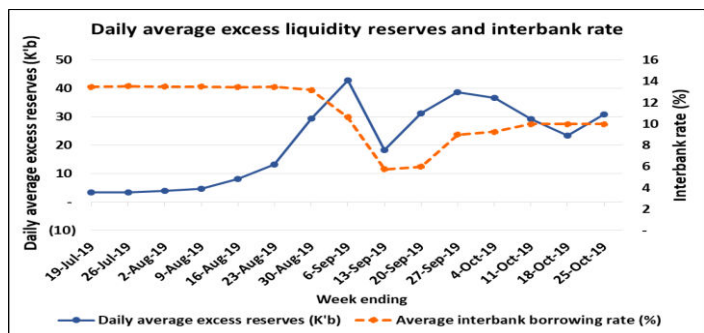
Government raised the planned amount of K4.09b from a Treasury Bill (TB) auction during the week against total applications of K24.97b, representing a rejection rate of 83.61%. There was also an auction for a 7-year Treasury Note (TN) during which the planned amount of K8.99b was raised, bringing the total amount raised from Treasury securities during the week to K13.08b. There were no open market operations (OMOs) during the week. Maturities for the week amounted to K9.96b, thereby resulting in a net withdrawal of K3.12b from the market, compared to a net injection of K15.78b in the previous week. The all-type average TB yield decreased to 7.68% from 7.97% in the preceding week; the 91-day, 182-day and 364-day yields all decreased to 6.830%, 8.00% and 8.220%, respectively, from 7.10%, 8.30% and 8.50% in the previous week (Source: RBM).



(Source: RBM)

Interbank market activity

Excess liquidity reserves increased to an average of K30.89b per day from K23.40b per day in the previous week. Consequently, borrowing on the interbank market decreased to K1.00b from K13.40b in the previous week and the average interbank borrowing rate was stable at 10.00%. There was no borrowing on the Lombard facility during the week as was the case in the preceding week (Source: RBM).



(Source: RBM)

Foreign exchange market developments

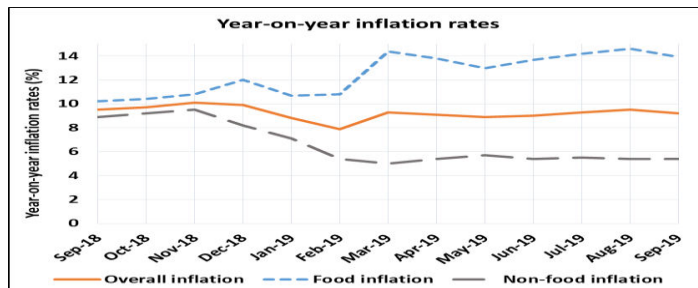
The Kwacha was generally stable during the week. The indicative USD/MWK middle exchange rate closed the week at 734.6301, a slight increase from 734.5190 as at the end of the preceding week. Gross official forex reserves stood at USD705.68m (3.37 months of import cover) on 30th August 2019, representing a slight increase from USD704.14m (3.37 months of import cover) recorded on 31st July 2019 (Source: RBM).

Stock market				
	25-Oct-19	% Δ	18-Oct-19	
MASI	30,342.82	↑	2.03%	29,740.17
DSI	23,454.14	↑	2.37%	22,910.41
FSI	4,272.58	→	0.00%	4,272.58
Traded volume	11,434,421	↓	-90.76%	123,695,711
Number of trades	34	↓	-45.16%	62
Value of shares traded (K'm)	175.57	↓	-88.49%	1,525.30
Market capitalisation (K'm)	1,433,164.27	↑	2.12%	1,403,460.51
Gainers		Current price (K)	% Δ	Previous price (K)
NBM	460.01	↑	15.00%	400.02
Losers		Current price (K)	% Δ	Previous price (K)
ICON	10.49	↓	-0.10%	10.50
NICO	48.49	↓	-0.02%	48.50
Projected maturities				
Week ending	18-Oct-19	25-Oct-19	Oct-19	
TBs, PNs & TNs (K'm)	17,393	9,959	63,124	
OMO (K'm)	2,482	0	55,198	
Treasury Note auctions				
Date	24-Oct-19	8-Oct-19	26-Sep-19	
Tenor	7 Years	2 Years	5 Years	
Coupon rate	14.00%	8.00%	10.00%	
Amount offered - cost value (K'b)	8.99	15.87	1137.30%	
Applied for - face value (K'b)	59.45	65.48	64.91	
Allotted - face value (K'b)	8.66	16.49	12.37	
Allotted - cost value (K'b)	8.99	15.87	11.37	
Allotted - weighted average ytm	13.73%	10.12%	14.00%	
Treasury Bill auctions				
Auction date	22-Oct-19	% pts Δ	16-Oct-19	
Amount offered - cost value (K'm)	4,092.00	→	0.00%	4,092.00
Applied - cost value (K'm)	24,969.59	↓	-31.94%	36,689.69
Allotted - cost value (K'm)	4,092.16	↑	0.00%	4,092.15
Overall rejection rate	83.61%	↓	-5.24	88.85%
91 days yield	6.83%	↓	-0.28	7.10%
182 days yield	8.00%	↓	-0.30	8.30%
364 days yield	8.22%	↓	-0.28	8.50%
All-type yield	7.68%	↓	-0.29	7.97%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2- year	10.12%	8-Oct-19	TBA	
3-year	13.87%	29-Aug-19	TBA	
5-year	14.00%	26-Sep-19	TBA	
7-year	13.73%	24-Oct-19	TBA	
10-year	18.04%	10-Sep-19	TBA	
Reference rate				
Rate	Oct-19	% pts Δ	Sep-19	
	12.00%	↓	-1.40	
Inflation				
Rate	Sep-19	% pts Δ	Aug-19	
	9.20%	↓	-0.30	
RBM indicative mid exchange rates				
	25-Oct-19	% Δ	18-Oct-19	
USD	734.6301	↓	0.02%	734.5190
GBP	943.6324	↑	-0.02%	943.8569
ZAR	50.0446	↓	1.08%	49.5089
EUR	815.8802	↑	-0.14%	817.0055
Gross official foreign exchange reserves position				
	30-Aug-19	31-Jul-19	30-Jun-19	
Reserves (USD'm)	705.68	704.14	765.82	
Import cover (months)	3.37	3.37	3.66	

(Sources: MSE, RBM, NSO)

Inflation

Year-on-year headline inflation rate decreased to 9.2% in September 2019 from 9.5% in August 2019 due to a decrease in year-on-year food inflation rate to 13.9% from 14.6% the preceding month while non-food inflation rate was constant at 5.4% (Source: NSO).



(Source: NSO)

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.