

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 1.43% to close the week at 29,525.76 points from 29,954.56 points the previous week due to a share price loss in TNM which outweighed the gain in NBM. A total of 6,621,563 shares were traded on the Exchange at a consideration of K1.22b, compared to 12,329,751 shares which were traded in the previous week at a consideration of K649.88m. The year-to-date return on the MASI stands at 1.87% compared to 44.75% recorded during the corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

Government securities

Government raised a total of K18.53b during auctions for Treasury Bills (TB) during the week, compared to K8.11b that was raised during TB auctions in the previous week. There were no auctions for Treasury Notes during the week as was the case in the previous week. Total maturities for the week amounted to K19.41b, resulting in a net injection of K0.88b into the market. There were no open market operations (OMO) during the week. The all-type average TB yield increased to 9.93% from 9.50% as the 91-day, 182-day and 364-day TB yields increased to the average of 9.28%, 9.79% and 10.73% from 9.00%, 9.50% and 10.00%, respectively (Source: RBM).

Interbank market activity

Liquidity levels remained low during the week as excess liquidity reserves marginally decreased to an average of K3.46b per day from K3.47b in the previous week. Borrowing on the interbank market increased to an average of K10.58b per day from K8.47b per day during the previous week and the average interbank borrowing rate increased to 13.55% from 13.48%. The amount accessed on the Lombard facility decreased to a total of K43.10b from K79.60b in the preceding week at a fixed rate of 13.90% (Source: RBM).

Foreign exchange market developments

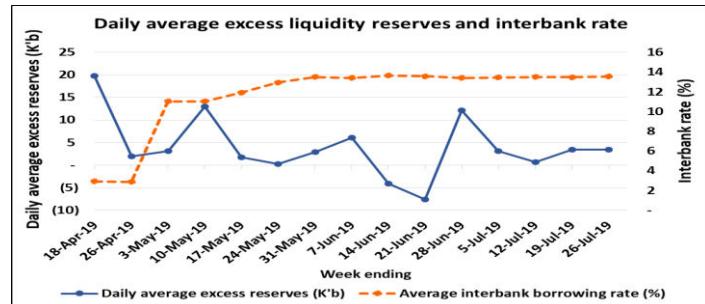
The Kwacha appreciated against all the major trading currencies during the week, with the USD/MWK indicative middle rate closing the week at 751.4433 from 767.6186 in the previous week (Source: RBM). Gross official forex reserves stood at USD765.82m (3.66 months of import cover) on 30th June 2019, up from USD693.00m (3.30 months of import cover) on 31st May 2019 (Source: RBM).

Monetary Policy

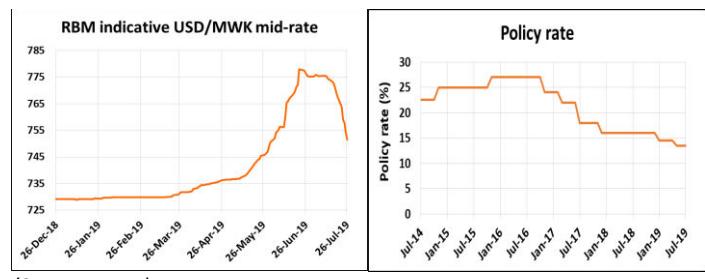
At its third meeting of 2019 held on 25th and 26th July 2019, the Monetary Policy Committee (MPC) maintained the Policy Rate at 13.5%, the Lombard rate at 0.4 percentage points above the Policy Rate, the Liquidity Reserve Requirement (LRR) on local currency deposits at 5% and the LRR on foreign currency deposits at 3.75%. The decision was based to the observation that inflation is projected to remain broadly stable and within the medium-term target range, as emerging risks are deemed temporary (Source: RBM).

Stock market			
	26-Jul-19	% Δ	19-Jul-19
MASI	29,525.76	↓ -1.43%	29,954.56
DSI	22,489.61	↓ -1.69%	22,876.47
FSI	4,520.31	➡ 0.00%	4,520.31
Traded volume	6,621,563	↓ -46.30%	12,329,751
Number of trades	47	↑ 62.07%	29
Value of shares traded (K'm)	1,224.37	↑ 88.40%	649.88
Market capitalisation (K'm)	1,392,260.76	↓ -1.41%	1,412,136.18
Gainers	Current price (K)	% Δ	Previous price (K)
NBM	370.02	↑ 0.003%	370.01
Losers	Current price (K)	% Δ	Previous price (K)
TNM	27.00	↓ -6.83%	28.98
Treasury Bill auctions			
Auction date	23, 25 & 26 July 2019	% pts Δ	16 & 19 July 2019
91 days yield	9.28%	↑ 0.28	9.00%
182 days yield	9.79%	↑ 0.29	9.50%
364 days yield	10.73%	↑ 0.73	10.00%
All-type yield	9.93%	↑ 0.43	9.50%
Applied - cost value (K'm)	18,565.46	↑ 89.49%	9,797.42
Allotted - cost value (K'm)	18,527.01	↑ 128.50%	8,107.93
Overall rejection rate	0.21%	↓ -17.04	17.24%
Projected maturities			
Week ending	19-Jul-19	26-Jul-19	Jul-19
TBs, PNs & TNS (K'm)	16,753	19,414	76,857
OMO (K'm)	0	0	36,458
Inflation			
Rate	Jun-19	% pts Δ	May-19
	9.00%	↑ 0.10	8.90%
Cumulative tobacco sales as at 19 July 2019 (week 13) versus 2018			
Week 13 2019		% Δ	Week 13 2018
Volume (Kg'million)	104.48	↓ -17.66%	126.88
Value (USD'million)	155.05	↓ -29.48%	219.88
Average price (USD/Kg)	1.48	↓ -14.45%	1.73
RBM indicative mid exchange rates			
	26-Jul-19	% Δ	19-Jul-19
USD	751.4433	↑ -2.11%	767.6186
GBP	935.1712	↑ -2.77%	961.8261
ZAR	53.3059	↑ -3.81%	55.4193
EUR	837.2581	↑ -3.12%	864.1850
Gross official foreign exchange reserves position			
	30-Jun-19	31-May-19	30-Apr-19
Reserves (USD'm)	765.82	696.30	766.10
Import cover (months)	3.66	3.33	3.67

(Sources: MSE, RBM, NSO)



(Source: RBM)



(Source: RBM)

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.