

Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) lost by 3.29% to close the week at 30,818.01 points from 31,866.27 points the previous week on account of share price losses in FMBCH, NICO, NITL and TNM which outweighed share price gains in NBM, NBS and PCL. The year-to-date return on the MASI stands at 42.69% compared to 50.39% for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Corporate news

| Company | Declared dividend (K) | Last day to register | Payable |
|---------|-----------------------|----------------------|-----------|
| PCL | 6.00 | 19-Oct-18 | 26-Oct-18 |
| NITL | 0.50 | 19-Oct-18 | 26-Oct-18 |
| SUNBIRD | 0.50 | 16-Nov-18 | 23-Nov-18 |

Alliance Stock Brokers was officially launched on 25th October 2018. This brings the total number of stock brokers on the MSE to four.

Government securities auctions

Government raised K5.60b through a Treasury Bill (TB) auction conducted during the week compared to K2.75b raised through TB and Treasury Note auctions the previous week. Maturities for the week amounted K5.77b, resulting in a net injection of K0.17b. The average yields for TBs were stable at 14.00% for the 91-day TB, 14.50% for the 182-day TB and 15.00% for the 364-day TB, resulting in an all-type TB yield of 14.50% (Source: RBM).

Looking forward, TB yields are expected to remain stable in the near term as the Policy rate remains fixed at 16%. However, in the medium to long term, interest rate stability in general is threatened by mounting pressures on inflation.

Interbank market activity

Liquidity levels increased by 180.49% to a daily average of K9.81b from K3.50b the previous week. Accordingly, the daily average volume traded on the interbank market decreased by 16.24% to K4.95b from K5.90b the previous week. The average overnight interbank rate decreased to 14.92% from 15.13% the previous week. The total amount accessed from the Lombard Facility decreased by 73.98% to K11.14b compared to K42.79b accessed during the previous week. The Lombard rate remained fixed at 18.00%. There were no Open Market Operations (OMOs) conducted by RBM during the week (Source: RBM).

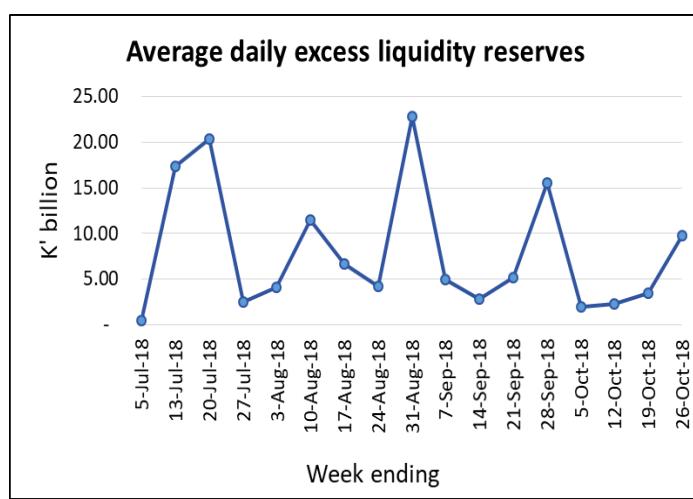
Foreign exchange market developments

The Kwacha appreciated against the GBP, EUR and ZAR during the week but marginally depreciated against the USD. The RBM indicative middle rate for USD/MWK closed the week at 728.9845 from 728.7356 recorded as at the end of the previous week (Source: RBM).

Gross official forex reserves stood at USD727.63m (3.48 months of import cover) on 28th September 2018, a decrease of about 3% from USD753.52m (3.61 months of import cover) reported on 31st August 2018 (Source: RBM). Since the beginning of this month, RBM has been only publishing end of the month positions of forex reserves, as opposed to daily positions as was previously done.

| Stock market | | | |
|---|-------------------|-----------|--------------------|
| | 26-Oct-18 | % Δ | 19-Oct-18 |
| MASI | 30,818.01 | ↓ -3.29% | 31,866.27 |
| DSI | 21,116.50 | ↓ -0.76% | 21,277.42 |
| FSI | 7,197.38 | ↓ -11.02% | 8,088.69 |
| Market capitalisation (K'b) | 1,366.02 | ↓ -3.29% | 1,412.48 |
| Gainers | Current price (K) | % Δ | Previous price (K) |
| NBM | 330.03 | ↑ 1.54% | 325.01 |
| NBS | 10.01 | ↑ 0.10% | 10.00 |
| PCL | 1050.00 | ↑ 0.07% | 1049.25 |
| Losers | Current price (K) | % Δ | Previous price (K) |
| FMBCH | 139.00 | ↓ -11.46% | 156.99 |
| NICO | 50.99 | ↓ -0.02% | 51.00 |
| NITL | 86.00 | ↓ -0.01% | 86.01 |
| TNM | 25.49 | ↓ -2.60% | 26.17 |
| Treasury Bill auctions | | | |
| | 23-Oct-18 | % pts Δ | 16-Oct-18 |
| 91 days yield | 14.00% | ➡ 0.00 | 14.00% |
| 182 days yield | 14.50% | ➡ 0.00 | 14.50% |
| 364 days yield | 15.00% | ➡ 0.00 | 15.00% |
| All-type yield | 14.50% | ➡ 0.00 | 14.50% |
| Allotted - cost value (K'm) | 5,598.80 | ↑ 288.51% | 1,441.10 |
| Overall rejection rate | 0.00% | ➡ 0.00 | 0.00% |
| Projected maturities | | | |
| Week ending | 19-Oct-18 | 26-Oct-18 | Oct-18 |
| TBs, PNs & TNs (K'm) | 18,484 | 5,766 | 38,454 |
| OMO (K'm) | 6,463 | 14,700 | 33,547 |
| Inflation | | | |
| Rate | Sep-18 | % pts Δ | Aug-18 |
| | 9.50% | ↑ 0.20 | 9.30% |
| RBM indicative mid exchange rates | | | |
| | 26-Oct-18 | % Δ | 19-Oct-18 |
| USD | 728.9845 | ↓ 0.03% | 728.7356 |
| GBP | 934.2665 | ↑ -1.53% | 948.8138 |
| ZAR | 49.7000 | ↑ -1.70% | 50.5589 |
| EUR | 828.4180 | ↑ -0.77% | 834.8395 |
| Gross official foreign exchange reserves position | | | |
| | 28-Sep-18 | 31-Aug-18 | 31-Jul-18 |
| Reserves (USD'm) | 727.63 | 753.52 | 754.23 |
| Import cover (months) | 3.48 | 3.61 | 3.61 |

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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