

Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) lost by 0.18% to close the week at 32,373.19 from 32,433.12 the previous week on account of share price losses in FMBCH, MPICO and NBS which outweighed share price gains in BHL, NBM and NITL. The volume of shares traded on the market decreased by 83.18% to 2,937,591 from 17,460,419 the previous week. Consequently, the value of the shares traded decreased to K72.15m from K1.93b previous week. The year-to-date return on the MASI stands at 49.89%, slightly more than 48.81% for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Corporate news

NITL posted a profit after tax of K1.43b during the half year ended 30th June 2018, which represents an increase of 41.58% when compared to K1.01b posted during a corresponding period in 2017. The increase in profit was due to share price gains of most investee companies. The Directors approved an interim dividend of 50 tambala per share payable on 26th October 2018 to shareholders appearing in the register at the close of business on 19th October 2018 (Source: MSE).

Foreign exchange market developments

The Kwacha appreciated against the GBP and EUR during the week, but depreciated against the USD and ZAR. Gross official foreign exchange reserves decreased to USD733.06m (3.51 months of import cover) as at 26th September 2018 from USD744.61m (3.56 months of import cover) recorded the previous week on 21st September 2018 (Source: RBM).

Government securities market

Government raised a total of K15.86b through Treasury Bill auctions conducted during the week compared to K3.22b the previous week, and a total of K5.60b through auctions for a 2 years Treasury note on 27th and 28th September 2018. Maturities of Government securities for the week amounted K73.90b, representing an injection of K52.44b. The average yield for Treasury Bills increased to 14.50% from 14.49% the previous week due to an increase in the 91-days yield to 13.99% from 13.98%, while the 182-days and 364-days yields remained stable at 14.50% and 15.00%, respectively. The weighted average yield for the 2 years Treasury note was 15.32% on 28th September 2018 and 19.00% on 27th September 2018 (Source: RBM). Treasury Bill yields are expected to remain stable in the short to medium term following the recent decision by the Monetary Policy Committee (MPC) to maintain the Policy rate at 16%.

Interbank market activity

Liquidity levels increased during the week, with excess reserves reaching a daily average of K15.52b from K5.22b the previous week. Consequently, the total amount accessed from the Lombard Facility decreased by 95.05% to K1.40b compared to K28.28b accessed during the previous week. The Lombard rate remained fixed at 18.00%. The daily average volume traded on the interbank market decreased by 55.67% to K5.86b from K13.23b the previous week. The average overnight interbank rate dropped to 14.71% from 15.07% the previous week. There were no Open Market Operations (OMO) by RBM (Source: RBM).

Monetary policy rate maintained at 16%

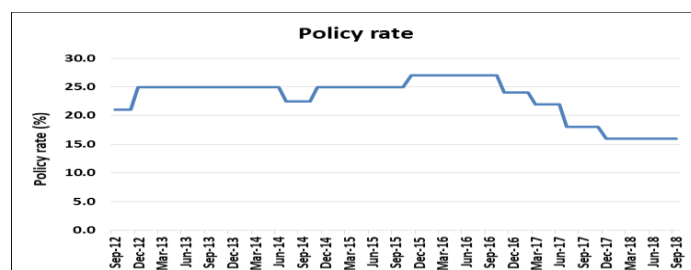
During the third MPC meeting held on 25th and 26th September 2018, the Policy rate was maintained at 16% and the Liquidity Reserve Requirement (LRR) at 7.5%. The decision was made to ensure that the policy stance remains adequately tight to manage persistent inflation risks (Source: RBM).

Inflation rate at 9.3%

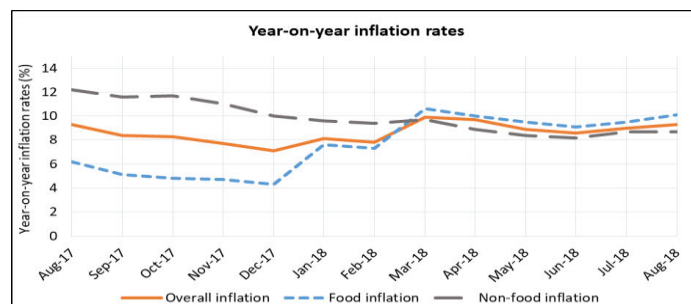
In August 2018, annual headline inflation rate rose to 9.3% from 9.0% the previous month due to an increase in food inflation to 10.1% from 9.5% the previous month. Non-food inflation rate was stable at 8.7% (Source: NSO).

Stock market				
	28-Sep-18	% Δ	21-Sep-18	
MASI	32,373.19	↓ -0.18%	32,433.12	
DSI	21,621.84	↓ -0.19%	21,581.81	
FSI	8,138.23	↓ -1.19%	8,235.84	
Traded volume	2,937,591	↓ -83.18%	17,460,419	
Number of trades	54	↓ -3.57%	56	
Value of shares traded (K'm)	72.15	↓ -96.26%	1,930.13	
Market capitalisation (K'b)	1,434.95	↓ -0.19%	1,437.62	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
BHL	11.31	↑ 6.20%	10.65	
NBM	311.01	↑ 0.00%	311.00	
NITL	86.00	↑ 14.67%	75.00	
Losers				
	Current price (K)	% Δ	Previous price (K)	
FMBCH	157.99	↓ -1.23%	159.96	
MPICO	19.50	↓ -0.05%	19.51	
NBS	8.95	↓ -0.33%	8.98	
Treasury Bill auctions				
	25, 26 & 27 Sep 2018	% pts Δ	18-Sep-18	
91 days yield	13.99%	↑ 0.01	13.98%	
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	14.49%	
Allotted - cost value (K'm)	15,856.65	↑ 392.00%	3,222.91	
Overall rejection rate	0.00%	↓ -79.33	79.33%	
Treasury Note auctions				
	28-Sep-18	27-Sep-18	20-Sep-18	
Tenor	2 Years	2 Years	2 Years	
Applied for - face value (K'b)	2.94	3.00	8.58	
Allotted - face value (K'b)	2.94	3.00	8.58	
Allotted - cost value (K'b)	2.86	2.74	7.87	
Allotted - weighted average ytm	15.32%	19.00%	18.61%	
Projected maturities				
	21-Sep-18	28-Sep-18	Sep-18	
TBs, PNs & TNs (K'm)	3,552	23,171	21,494	
OMO (K'm)	20,233	50,724	92,437	
Inflation				
	Aug-18	% pts Δ	Jul-18	
Rate	9.30%	↑ 0.30	9.00%	
Cumulative tobacco sales as at 28th September 2018 (week 25) versus final in 2017				
	2018	% Δ	2017	
Volume (Kg)	201,766,415	↑ 89.39%	106,536,815	
Value (USD)	337,343,174	↑ 58.74%	212,514,063	
Average price (USD/Kg)	1.67	↓ -16.08%	1.99	
% of GDP	7.28	↑ 58.74%	4.59	
RBM indicative mid exchange rates				
	28-Sep-18	% Δ	21-Sep-18	
USD	727.2935	↓ 0.13%	726.3329	
GBP	951.8090	↓ -1.26%	963.9890	
ZAR	51.6162	↓ 1.58%	50.8149	
EUR	846.9333	↓ -1.04%	855.8381	
Gross official foreign exchange reserves position				
	26-Sep-18	21-Sep-18	14-Sep-18	
Reserves (USD'm)	733.06	744.61	740.77	
Import cover (months)	3.51	3.56	3.54	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

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