

MASI steady

The MASI was steady at 21598.07 points during the week due to no price movement on any of the listed counters. Total value traded decreased by 99.62% to K2.09m from K554.27m recorded the previous week. A total of 232,700 shares were traded during the week compared to 36,068,260 shares transacted the previous week. Year to date return on the MASI stands at 62.14% (2016: -8.53%) (Source: MSE).

Trading statements released during the week

NBS expects its loss for the year ending 31st December 2017 to be at least 70% lower than the previous corresponding period. In 2016, NBS made a loss of K4.33b.

NICO expects its profit for the year ending 31st December 2017 to be more than 180% higher than the previous corresponding period. In 2016, NICO made a net profit of K2.74b.

NITL expects its profit for the year ending 31st December 2017 to be more than 100% higher than the previous corresponding period. In 2016, NITL made a loss of K1.07b.

(Source: MSE)

The developments could lead to increased demand for the companies' shares which could push up their share prices.

Kwacha exchange rate movements

During the week, the Kwacha marginally weakened against major trading currencies. Gross official reserves slightly decreased to USD764.91m (3.66 months of imports) as at 27th December 2017 from USD767.64m (3.67 months of imports) recorded on 22nd December, 2017 (Source: RBM). In the short to medium term, we expect the Kwacha to remain fairly stable on account of improved supply of forex in the market which is enough to offset current demand arising from foreign bill payments including importation of agricultural inputs.

Treasury Bill yields drop

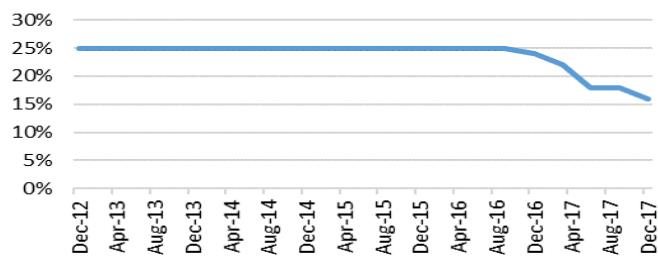
At the TB auction held on 27th December 2017, K900.05m was raised. The average all type TB rate decreased to 14.53% from 15.50% observed the previous week. The auction registered no rejection (Source: RBM). Looking forward, we expect Treasury Bill yields to continue to face a downward pressure as the market realigns itself to the revised Policy rate.

Interbank market

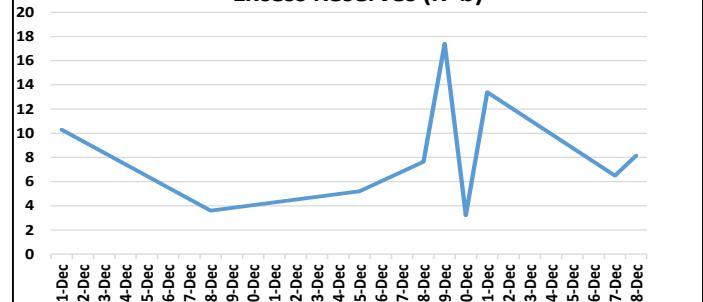
Liquidity decreased to a daily average of K7.32b from K10.42b the previous week. The average overnight interbank rate decreased to 14.77% from 15.95% the preceding week. The daily average volume traded on the interbank market increased to K15.00b from K10.65b the previous week. Access to the Lombard Facility increased to K28.81b from K7.27b. Total maturities for the week amounted K16.47b. There were no OMOs during the week (Source: RBM). In the near term, the interbank rate could continue to face a downward pressure as the market reacts to the Policy rate cut.

Stock market indices			
	29-Dec-17	% Δ	22-Dec-17
MASI	21598.07	➡ 0.0000%	21598.07
DSI	16272.64	➡ 0.0000%	16272.64
FSI	3519.43	➡ 0.00%	3519.43
Market capitalisation (K' b)	10,609.49	⬆ 0.00%	10,609.49
Deals	3	⬇ -87.50%	24
Value of shares traded (K' m)	2.09	⬇ -99.62%	554.27
Gainers	Current price (K)	% Δ	Previous price (K)
None			
Losers	Current price (K)	% Δ	Previous price (K)
None			
Treasury Bill yields			
Tenor (days)	27-Dec-17	% pts Δ	19-Dec-17
91	14.00%	⬇ -0.99%	15.00%
182	14.50%	⬇ -1.00%	15.50%
364	15.09%	⬇ -0.91%	16.00%
All-type	14.53%	⬇ -0.97%	15.50%
Overall rejection rate	0.00%	➡ 0.00%	0.00%
Allotted (K' b)	0.90	⬇ -74.36%	3.51
Expected maturities			
Week ending	29-Dec-17	5-Jan-18	Jan-18
TBs, PNs & TNs	2,859	6,597	40,285
OMO	13,615	26,666	66,325
Inflation			
Month	Nov-17	% pts Δ	Oct-17
Rate	7.70%	⬇ -0.60%	8.30%
RBM - mid exchange rates			
Currency	28-Dec-17	% Δ	22-Dec-17
USD	725.58	⬇ 0.03%	725.40
GBP	973.88	⬇ 0.32%	970.73
ZAR	59.16	⬇ 4.07%	56.85
EUR	864.82	⬇ 0.61%	859.60
Gross official foreign exchange reserve position			
	27-Dec-17	22-Dec-17	15-Dec-17
Reserves (USD'm)	764.91	767.64	763.34
Import cover (months)	3.66	3.67	3.65

Policy rate (2012-2017)



Excess Reserves (K' b)



(Source: MSE, RBM).

Disclaimer: The views expressed in this report are those of the authors 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 any of the authors, 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.