

MSE trading activity

The Malawi All Share Index (MASI) lost by 0.01% to close the week at 30736.95 from 30739.20 the previous week, due to a share price decrease in TNM. 257,683 shares exchanged hands during the week. Year to date return on the MASI stands at 42.31% (same period in 2017:18.41%). There was no trade on the listed government securities (Source: MSE).

Following the separation of Old Mutual plc into four independent businesses (Quilter, Old Mutual Emerging Markets, the holding in Nedbank, and residual Old Mutual plc), Old Mutual Limited (the new holding company of the latter three) was primary-listed on the Johannesburg Stock Exchange (JSE) and secondary-listed on Malawi, Namibia and Zimbabwe Stock Exchanges on 26th June 2018. Old Mutual plc was subsequently delisted from the exchanges (Source: MSE).

Expected movement in profit for the half year ended 30th June 2018 compared to the previous corresponding period

Company	2017 H1 PAT (Kbn)	Expected movement	Projected 2018 H1 PAT (Kbn)
MPICO	2.80	40%	3.92
NBS	(1.14)	140%	0.45
NICO	4.30	24%	5.33
NITL	1.01	35%	1.36
TNM	4.75	40%	6.65

Foreign exchange market developments

The Kwacha appreciated against the USD, GBP and ZAR during the week, but depreciated against the EUR. The appreciation was mainly on account of increased foreign exchange supply emanating from the ongoing tobacco auction sales. As at the end of week 11 of the tobacco auctions on 22nd June 2018, USD182.97m had been realised, compared to USD144.47m realised during a corresponding period in 2017. Gross official reserves increased to USD722.97m (3.46 months of imports) as at 28th June 2018 from USD712.97m (3.41 months of imports) recorded on 22nd June 2018 (Source: RBM). The Kwacha is expected to continue to appreciate against most trading currencies in the short to medium term as foreign exchange inflows continue during the Tobacco market season.

Treasury Bill market

Government raised a total of K9.45b through the Treasury Bill auctions conducted during the week, an increase of 70.58% when compared to K5.54b raised in the previous week. The auctions registered a rejection of K0.30m. The average yield was steady at 14.50% (Source: RBM). Looking forward, Treasury Bill yields could remain stable in the short term as no policy rate changes are expected in the near term. In the medium term, however, if inflation remains relatively low, the yields could decline.

Interbank market activity

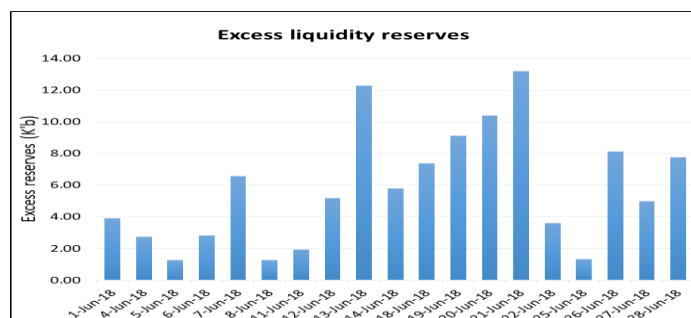
Liquidity decreased during the week, with excess reserves declining by 89.15% to a daily average of K5.16b from K10.01b the previous week. Consequently, the total amount accessed on the Lombard Facility increased to K27.56b from K2.60b accessed during the previous week. The daily average volume traded on the interbank market decreased to K4.07b from K6.34b the previous week. The average overnight interbank rate declined to 14.97% from 15.17%. RBM mopped up K39.58b from the market through Open Market Operations (OMO) compared to K8.89b the previous week (Source: RBM).

Inflation

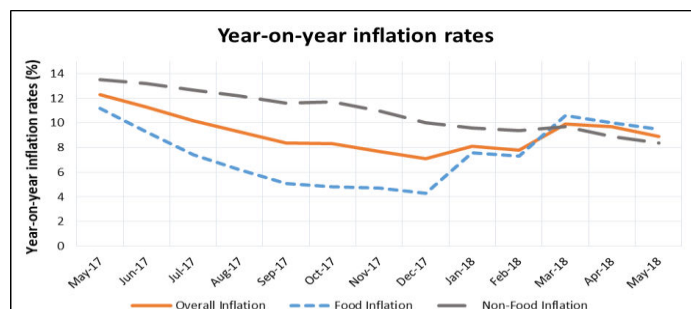
Year-on-year headline inflation decelerated to 8.9% in May 2018 from 9.7% in April 2018 due to a decline in both food and non-food inflation rates to 9.5% and 8.4%, respectively, from 10.0% and 8.9% recorded in the previous month.

Stock market indices				
	29-Jun-18	% Δ	22-Jun-18	
MASI	30,736.95	↓ -0.01%	30739.20	
DSI	20,033.47	↓ -0.01%	20035.43	
FSI	8,237.82	↓ 0.00%	8237.82	
Market capitalisation (K' b)	1,370.74	↑ 0.67%	1,361.63	
Gainers				
None				
Losers				
TNM	24.00	↓ -0.04%	24.01	
Average Treasury Bill yields				
Auctions held on 26, 27, 28 and 29 June 2018				
Tenor (days)	June 2018	% Δ	Auction held on 19 June 2018	
91	14.00%	→ 0.00	14.00%	
182	14.50%	→ 0.00	14.50%	
364	15.00%	→ 0.00	15.00%	
All-type	14.50%	→ 0.00	14.50%	
Overall rejection (K' m)	0.30		0.00	
Allotted (K' m)	9,445.30	↑ 70.42%	5,542.37	
Known maturities				
	22-Jun-18	29-Jun-18	Jun-18	
TBs, PNs & TNs	4,666	21,907	44,075	
OMO	23,126	40,255	57,262	
Inflation				
Month	May-18	% pts Δ	Apr-18	
Rate	8.90%	↓ -0.80	9.70%	
Cumulative tobacco sales (week 11)				
Year	2018	% Δ	2017	
Volume (Kg)	107,231,820	↑ 43.44%	74,754,925	
Value (USD)	182,969,473	↑ 26.65%	144,465,381	
Average price (USD/Kg)	1.71	↓ -11.40%	1.93	
% of GDP	3.95	↑ 26.65%	3.12	
RBM indicative mid exchange rates				
Currency	29-Jun-18	% Δ	22-Jun-18	
USD	725.7646	↑ -0.01%	725.8480	
GBP	951.9854	↑ -1.13%	962.8374	
ZAR	52.9589	↑ -1.17%	53.5871	
EUR	845.7335	↓ 0.22%	843.8709	
Gross official foreign exchange reserve position				
	28-Jun-18	22-Jun-18	14-Jun-18	
Reserves (USD'm)	722.97	712.97	667.60	
Import cover (months)	3.46	3.41	3.19	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)



(Source: NSO)

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