

MASI gains

The Malawi All Share Index (MASI) gained by 1.16% to close the week at 25286.79 points on account of share price increases in FMBCH, OML, MPICO and NBM. Total value traded decreased by 22.58% to K216.04m from K279.05m recorded the previous week. A total of 5,867,546 shares were traded during the week compared to 4,179,365 shares transacted the previous week. Year to date return on the MASI stands at 17.08% (2017: 9.62%). There was no trade on the listed government securities during the week (Source: MSE).

2017 FY Results for listed companies

Company	2017 PAT (K'b)	Movement	2016 PAT (K'b)
NITL	2.22	↑ 307%	(1.07)
STANDARD	12.16	↓ -37%	19.43
SUNBIRD	2.433	↑ 82%	1.34
TNM	13.108	↑ 60%	8.21

Policy rate maintained at 16%

The Monetary Policy Committee (MPC), at its meeting held on 27th and 28th March 2018, decided to maintain the Policy rate at 16% and the Liquidity Reserve Rate (LRR) at 7.5%. The cautious monetary policy stance was taken looking at persisting upside risks to inflation outlook despite sustained decelerations in inflation in 2017 (Source: RBM). The Reserve Bank targets a medium term inflation of 5%. The monetary authorities could step up excess liquidity mop up operations so as to ease non-food inflationary pressures.

Treasury Bills

The Malawi Government raised a total of K17.58b through Treasury Bill auctions during the week, compared to K11.05b raised the previous week. The average yield was steady at 14.50%. The auctions registered no rejection (Source: RBM). Looking forward, if inflation remains relatively low, yields on government securities could face a downward pressure as the authorities look for cheaper funds.

Interbank market

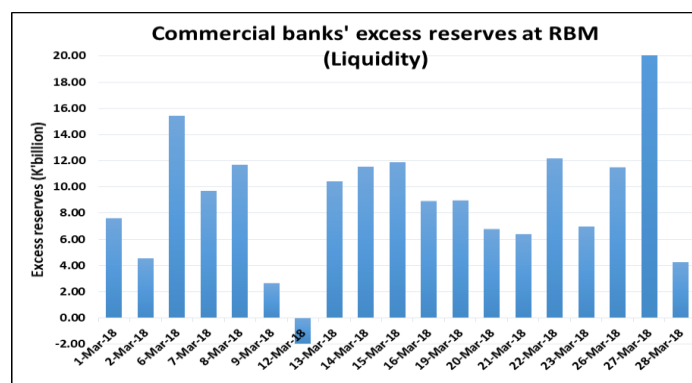
Liquidity increased to a daily average of K15.66b from K7.76b the previous week. The average overnight interbank rate slightly increased to 13.92% from 13.91%. The daily average volume traded on the interbank market marginally increased to K9.74b from K9.53b the previous week. Commercial banks accessed a total of K33.47b on the Lombard Facility during the week at a rate of 18.00%. No mop up operations were conducted by RBM. (Source: RBM). We expect RBM to strengthen mop up operations in the near term in order to keep liquidity conditions subdued amid rising non-food inflationary pressures.

Kwacha exchange rate movements

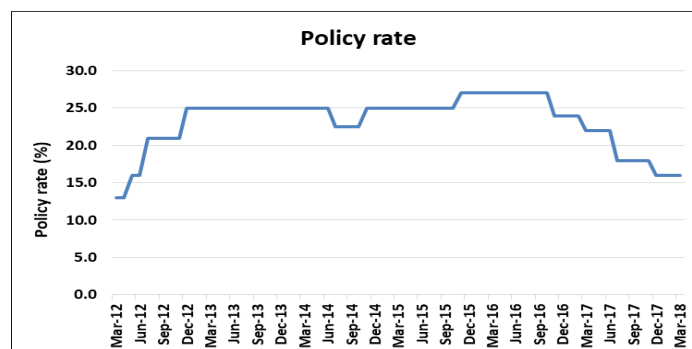
The Kwacha was steady against the USD during the week, but appreciated against the GBP and EUR while depreciating against the ZAR. Gross official reserves increased to USD678.77m (3.25 months of imports) as at 27th March 2018 from USD666.30m (3.19 months of imports) recorded on 23rd March 2018 (Source: RBM). We expect the pressure on foreign exchange reserves to remain high until the onset of the tobacco marketing season. The reserves could, however, remain sufficient in the short to medium term to prevent excessive volatility in the exchange rates.

Stock market indices				
	29-Mar-18		% Δ	23-Mar-18
MASI	25286.79	↑	1.16%	24997.62
DSI	18009.73	↑	0.10%	17992.24
FSI	5197.43	↑	5.14%	4943.25
Market capitalisation (K' b)	12,742.84	↑	2.48%	12,434.45
Deals	27	↓	-30.77%	39
Value of shares traded (K' m)	216.04	↓	-22.58%	279.05
Gainers	Current price (K)		% Δ	Previous price (K)
MPICO	18.30	↑	2.01%	17.94
NBM	280.00	↑	0.02%	279.95
FMBCH	100.00	↑	5.26%	95.00
OML	2360.00	↑	2.61%	2300.00
Losers	Current price (K)		% Δ	Previous price (K)
None				
Treasury Bill yields				
Tenor (days)	27 & 29 March 2018		% pts Δ	20 & 22 Mar 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 rate	0.00%	→	0.00	0.00%
Alloted (K' b)	17.58	↑	59.15%	11.05
Expected maturities				
Week ending	30-Mar-18		6-Apr-18	Apr-18
TBs, PNs & TNs	16,440		3,293	26,025
OMO	36,765		7,102	83,348
Inflation				
Month	Feb-18		% pts Δ	Jan-18
Rate	7.80%	↓	-0.30	8.10%
RBM indicative exchange rates				
Currency	29-Mar-18		% Δ	23-Mar-18
USD	725.6909	→	0.00%	725.6909
GBP	1021.7728	↓	-0.24%	1024.2401
ZAR	61.7068	↓	0.76%	61.2439
EUR	894.7769	↑	-0.05%	895.2123
Gross official foreign exchange reserve position				
	27-Mar-18		23-Mar-18	16-Mar-18
Reserves (USD'm)	678.77		666.3	653.78
Import cover (months)	3.25		3.19	3.13

(Sources: MSE, RBM, NSO)



(Source: RBM)



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