

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.52% to close the week at 27,303.65 points from 27,445.85 points as at the close of the previous week, on account of share price losses in ICON (-7.95%), NICO (-0.02%) and STANDARD (-0.18%). However, the market registered an increase of 58.14% in the volume of shares traded to 16,819,584 from 10,635,712 and an increase of 103.15% in the value of traded shares to K661.78m from K325.76m in the previous week. The year-to-date return on the MASI closed the week at negative 5.80% compared to 17.08% recorded during the corresponding period in 2018. There was no trade on the listed bond market (Source: MSE).

Published annual financial results for 2018			
	2018 PAT (K'b)	Movement	2017 PAT (K'b)
Listed company			
Blantyre Hotels Plc	0.35 ↓	-31%	0.51
ILLOVO Sugar Malawi Plc	16.45 ↑	113%	7.74
NBS Bank Plc	1.70 ↑	256%	(1.09)
Standard Bank Malawi Plc	10.58 ↓	-13%	12.16
Sunbird Tourism Plc	2.56 ↑	5%	2.43
Unlisted financial institutions			
FDH Bank	5.97 ↑	694%	(1.00)
FDH Financial Holdings	7.82 ↑	8166%	0.09
First Discount House	1.13 ↓	-17%	1.35

Government securities

Government raised a total of K27.44b through auctions for Treasury Bills (K5.75b) and a 5-year Treasury Note (K21.69b) during the week compared to a total of K11.65b that was raised through an auction for Treasury Bills (TB) in the previous week. There was no auction for Treasury Notes (TN) during the previous week. The TB and TN auctions registered rejection rates of 77.53% and 49.60%, respectively. Maturities for the week amounted to K76.74b, resulting in a net injection of K49.30b. There were no open market operations conducted RBM during the week (Source: RBM).

The all-type average TB yield was constant at 10.50% during the week as the 91-day, 182-day and 364-day TB yields remained stable at 9.50%, 10.50% and 11.50%, respectively. The average yield for the 5-year TN was 16.27% (Source: RBM). We expect TB yields to stabilise around these levels in the near term.

Interbank market activity

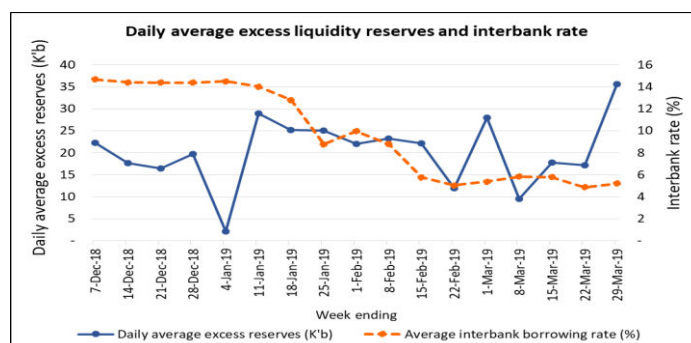
Liquidity levels increased significantly during the week as excess liquidity reserves more than doubled to an average of K35.64b per day compared to K17.23b in the previous week. Consequently, there was no access to the Lombard facility during the week as was the case in the preceding week. The interbank market volume increased, albeit marginally, to an average of K6.77b per day from K6.76b the previous week, and the average overnight interbank rate increased to 5.21% from 4.86% (Source: RBM). We expect liquidity levels to remain elevated in the short to medium term owing to reduced reserve requirement ratio, proceeds from agricultural sales during the harvest period beginning April 2019 and increased expenditure as well as subdued demand for loans as we approach the general elections in May 2019, among other factors.

Foreign exchange market developments

The Kwacha depreciated by 0.13% against the USD during the week as the indicative middle rate for USD/MWK increased to 731.7891 from 730.8102 the previous week. However, the local currency appreciated against the GBP, ZAR and EUR by 0.32%, 2.52% and 1.12%, respectively. Gross official forex reserves stood at USD837.49m (4.01 months of import cover) on 28th February 2019, increasing by 6.00% from USD790.28m (3.78 months of import cover) on 31st January 2019 (Source: RBM). We expect the Kwacha to remain broadly stable in the short to medium term, supported by a healthy forex reserves position. Forex reserves could increase further in the ensuing months on the back of increased inflows from agricultural proceeds during the marketing season.

Stock market			
	29-Mar-19	% Δ	22-Mar-19
MASI	27,303.65	↓ -0.52%	27,445.85
DSI	20,483.29	↓ -0.62%	20,611.58
FSI	4,521.94	→ 0.00%	4,521.94
Traded volume	16,819,584	↑ 58.14%	10,635,712
Number of trades	59	↑ 15.69%	51
Value of shares traded (K'm)	661.78	↑ 103.15%	325.76
Market capitalisation (K'm)	1,275,935.00	↓ -0.51%	1,282,526.10
Gainers			
None			
Losers			
	Current price (K)	% Δ	Previous price (K)
ICON	11.00	↓ -7.95%	11.95
NICO	41.97	↓ -0.02%	41.98
STANDARD	569.00	↓ -0.18%	570.00
Treasury Bill auctions			
	26-Mar-19	% pts Δ	19-Mar-19
91 days yield	9.50%	→ 0.00	9.50%
182 days yield	10.50%	→ 0.00	10.50%
364 days yield	11.50%	→ 0.00	11.50%
All-type yield	10.50%	→ 0.00	10.50%
Applied - cost value (K'm)	25,574.60	↓ -40.78%	43,184.42
Allotted - cost value (K'm)	5,746.01	↓ -50.69%	11,653.41
Overall rejection rate	77.53%	↑ 4.52	73.01%
Treasury Note auctions			
Week ending	26-Mar-19	26-Feb-19	29-Jan-19
Tenor	5 Years	3 Years	2 Years
Coupon rate	10.00%	9.00%	10.00%
Applied for - face value (K'b)	54.41	64.06	38.33
Allotted - face value (K'b)	27.42	10.33	23.79
Allotted - cost value (K'b)	21.69	8.93	20.95
Allotted - weighted average ytm	16.27%	14.77%	17.32%
Upcoming Treasury Note auctions			
Tenor	Auction date	Settlement date	Previous auction's yield
7 years	23-Apr-19	25-Apr-19	24.00%
2 years	28-May-19	30-May-19	17.32%
3 years	25-Jun-19	27-Jun-19	14.77%
Projected maturities			
Week ending	29-Mar-19	22-Mar-19	Mar-19
TBs, PNs & TNs (K'm)	36,025	11,653	79,036
OMO (K'm)	40,715	5,107	57,028
Inflation			
	Feb-19	% pts Δ	Jan-19
Rate	7.90%	↓ -0.90	8.80%
RBM indicative mid exchange rates			
	29-Mar-19	% Δ	22-Mar-19
USD	731.7891	↓ 0.13%	730.8102
GBP	956.5215	↑ -0.32%	959.5538
ZAR	50.1686	↑ -2.52%	51.4655
EUR	822.0187	↑ -1.12%	831.3697
Gross official foreign exchange reserves position			
	28-Feb-19	31-Jan-19	31-Dec-18
Reserves (USD'm)	837.49	790.28	755.22
Import cover (months)	4.01	3.78	3.61

(Sources: MSE, RBM, NSO)



(Source: RBM)

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