

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.15% to close the week at 29,197.19 points from 29,153.01 points the previous week due to share price gains in NBM and NBS. A total of 10,208,668 shares were traded at a consideration of K117.56m, compared to 1,152,911 shares traded in the previous week at a consideration of K37.33m, representing increases in both traded volume and value. The year-to-date return on the MASI stands at 0.74% compared to 47.45% in the corresponding period in 2018 (Source: MSE).

Corporate news

MyBucks Banking Corporation Ltd posted a profit after tax of K817.27m for the six months ended 30th June 2019, representing a slight decrease from K819.92m posted as at the end of June 2018. However, assets for the Group grew by 23% to K59b from K48b, mainly driven by growth of the loan book by 77% to K21b from K12b. Deposits from customers also grew by 11% (Source: MyBucks).

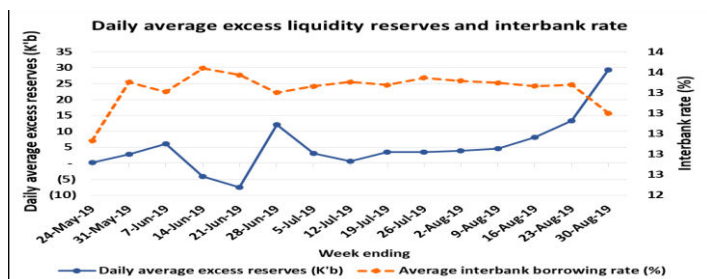
Illovo Sugar Malawi Plc expects its profit after tax for the year ending 31st August 2019 to be lower by at least 40% than that of the previous year (Source: Illovo).

Government securities

Government raised K2.74b from Treasury Bill (TB) auctions during the week, approximately the same amount that was raised in the previous week. There was also an auction for a 3-year Treasury Note (TN), during which K28.03b was raised, bringing the total amount raised from Treasury securities during the week to K30.77b. Maturities for the week amounted to K30.62b, resulting in a net withdrawal of only K0.15b from the market. There were no open market operations (OMOs) during the week. The all-type average TB yield slightly decreased to 10.14% from 10.21% the previous week as the 182-day TB yield decreased to 10.23% from 10.49% while the 91-day TB yield was constant at 9.50% and the 364-day TB yield increased to 10.69% from 10.66%. The 3-year TN traded at an average yield of 13.87% (Source: RBM).

Interbank market activity

Excess liquidity reserves increased to an average of K29.37b per day from K13.29b in the previous week. Consequently, borrowing on the interbank market decreased to an average of K5.14b per day from K10.31b during the previous week and the average interbank borrowing rate decreased to 13.20% from 13.48%. The amount accessed on the Lombard facility decreased to a total of K7.90b from K28.10b at a fixed rate of 13.90% (Source: RBM).



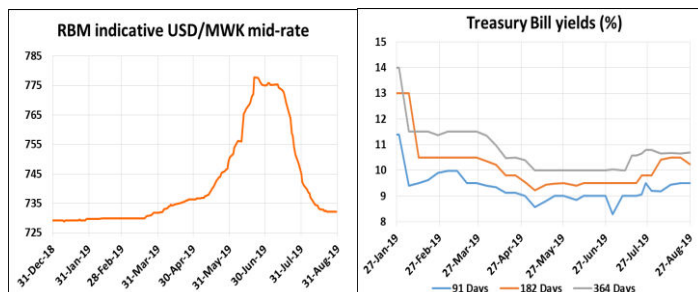
(Source: RBM)

Foreign exchange market developments

The Kwacha appreciated against GBP, ZAR and EUR during the week, but marginally depreciated against USD. The USD/MWK indicative middle rate closed the week at 732.1960 from 732.1788 in the previous week. Gross official forex reserves stood at USD765.82m (3.66 months of import cover) on 30th June 2019, up from USD693.00m (3.30 months of import cover) on 31st May 2019 (Source: RBM).

Stock market				
	30-Aug-19	% Δ		23-Aug-19
MASI	29,197.17	0.15%		29,153.01
DSI	22,420.52	0.18%		22,380.68
FSI	4,272.58	0.00%		4,272.58
Traded volume	10,208,668	785.47%		1,152,911
Number of trades	20	-68.75%		64
Value of shares traded (K'm)	117.56	214.91%		37.33
Market capitalisation (K'm)	1,378,000.20	0.26%		1,374,473.76
Gainers				
	Current price (K)	% Δ		Previous price (K)
NBM	370.05	0.005%		370.03
NBS	11.20	6.667%		10.50
Losers				
	Current price (K)	% Δ		Previous price (K)
None				
Treasury Bill auctions				
	27-Aug-19	% pts Δ		20-Aug-19
Auction date				
91 days yield	9.50%	0.00		9.50%
182 days yield	10.23%	-0.26		10.49%
364 days yield	10.69%	0.03		10.66%
All-type yield	10.14%	-0.08		10.21%
Amount offered - cost value (K'm)	2,735.00	0.00		2,735.00
Applied - cost value (K'm)	16,816.27	-8.52%		18,383.31
Allotted - cost value (K'm)	2,735.01	0.00%		2,735.01
Overall rejection rate	83.74%	-1.39		85.12%
Treasury Note auctions				
	29-Aug-19	13-Aug-19		3-Jul-19
Date				
Tenor	3 Years	7 Years		3 Years
Coupon rate	9.00%	14.00%		9.00%
Amount offered - cost value (K'b)	28.04	8.99		
Applied for - face value (K'b)	43.85	36.75		0.20
Allotted - face value (K'b)	31.00	10.15		0.20
Allotted - cost value (K'b)	28.03	8.93		0.18
Allotted - weighted average ytm	13.87%	17.00%		14.00%
Current yields for Treasury Notes				
	Current yield	Last auction		Next auction
Tenor				
2-year	12.20%	6-Jun-19		7-Oct-19
3-year	13.87%	29-Aug-19		TBA
5-year	16.16%	18-Apr-19		23-Sep-19
7-year	17.00%	13-Jul-19		21-Oct-19
10-year	N/A	N/A		9-Sep-19
Upcoming Treasury Note auctions				
	Auction date	Tenor	Amount (K'b)	Last coupon rate
	9-Sep-19	10 years	5.29	N/A
	23-Sep-19	5 years	11.37	10.00%
	7-Oct-19	2 years	15.87	8.00%
	21-Oct-19	7 years	8.99	14.00%
Projected maturities				
	Week ending 16-Aug-19	23-Aug-19		30-Aug-19
TBs, PNs & TNs (K'm)	3,774	30,532		30,622
OMO (K'm)	0	0		0
Inflation				
	Jul-19	% pts Δ		Jun-19
Rate	9.30%	0.30		9.00%
Cumulative tobacco sales as at 23 August 2019 (week 18) versus 2018				
	Week 18 2019	% Δ		Week 18 2018
Volume (Kg' million)	143.90	-16.14%		171.60
Value (USD' million)	211.50	-28.76%		296.90
Average price (USD/Kg)	1.47	-15.03%		1.73
RBM indicative mid exchange rates				
	30-Aug-19	% Δ		23-Aug-19
USD	732.1960	0.00%		732.1788
GBP	892.0344	-0.36%		895.2350
ZAR	47.7851	-0.77%		48.1548
EUR	808.7837	-0.20%		810.3755
Gross official foreign exchange reserves position				
	30-Jun-19	31-May-19		30-Apr-19
Reserves (USD'm)	765.82	696.30		766.10
Import cover (months)	3.66	3.33		3.67

(Sources: MSE, RBM, NSO)



(Source: RBM)

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