

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 1.64% during the week to close at 26,803.80 points from 26,370.35 points the previous week due to share price gains in TNM (9.82%) and NBM (0.01%) which outweighed share price losses in MPICO (-5.30%) and PCL (-0.87%). The volume of shares traded on the market increased by more than six times to 85,454,187 from 11,561,420 the previous week. Accordingly, the value of the shares traded increased by 469.05% to K6.04b from K1.06b the previous week. The year-to-date return on the MASI stands at 24.10%, significantly lower than 58.57% recorded during the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Corporate news

TNM released a trading statement on 30th November 2018 advising that the company's profit after tax for the year ending December 2018 is expected to be more than 25% higher than the corresponding period in 2017 (Source: MSE). The company recorded a profit of K13.11b during the year ended December 2017. This information could lead to an increase in TNM's share price which was reported to be K24.50 on 30th November 2018.

Government securities auctions

During the week, a total of K8.69b was raised through auctions for Treasury Bills (K7.43) and a 5 year Treasury Note (K1.25b). Maturities for the week amounted K26.79b, resulting in a net injection of K18.10b. Total applications for Treasury Bills during the week amounted K11.82b which resulted in a rejection rate of 37.13%, compared to total applications of K3.25b and a rejection rate of 45.64% during the previous week. Applications for the 5 year Treasury note amounted to K1.5b (cost value: K1.25), and everything was allocated at a weighted average yield to maturity of 20.50%.

In line with high rejection rates, average yields for Treasury Bills declined further during the week. Specifically, the 91-day yield dropped to 11.42% (previous week: 11.50%), the 182-day to 13.50% (previous week: 14.00%) and the 364-day to 14.00% (previous week: 15.00%). However, the yield for the 5-year Treasury Note increased to 20.50% on 28th November 2018 from 19.96% on 22nd November 2018 (Source: RBM). Looking forward, yields on Government securities (and other interest rates generally) could continue to face a downward pressure due to the growing concern and debate about high interest rates in Malawi. Yields on the short term end of the yield curve could also face a downward pressure as the Government restructures its debt to long term.

Interbank market activity

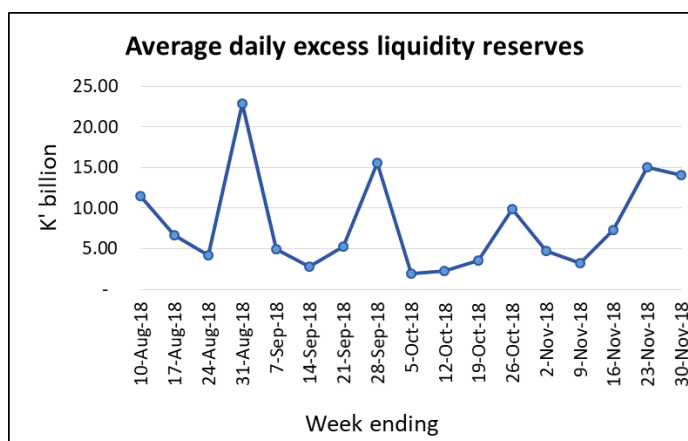
Liquidity levels in the market decreased during the week, with excess liquidity reserves averaging K14.02b per day compared to an average of K15.07b per day in the previous week. Consequently, the volume traded on the interbank market increased by 10.36% to the average of K7.87b per day from K7.13b per day the previous week. The average overnight interbank rate increased to 15.01% from 14.80% for the previous week. The total amount accessed from the Lombard Facility during the week increased to K11.64b compared to K10.88b accessed during the previous week. The Lombard rate remained fixed at 18.00%. There were no Open Market Operations (OMOs) conducted by RBM during the week (Source: RBM).

Foreign exchange market developments

The Kwacha appreciated against the GBP during the week and depreciated against the USD, EUR and ZAR. The indicative middle rate for USD/MWK closed the week at 732.4239 from 730.8251 recorded as at the end of the previous week (Source: RBM). Gross official forex reserves stood at USD669.92m (3.20 months of import cover) on 31st October 2018, a decrease of 8% from USD727.63m (3.48 months of import cover) reported on 28th September 2018 (Source: RBM).

Stock market				
	30-Nov-18		% Δ	23-Nov-18
MASI	26,803.80	↑	1.64%	26,370.35
DSI	20,772.39	↑	1.94%	20,377.20
FSI	3,778.77	→	0.00%	3,778.77
Traded volume	85,454,187	↑	639.13%	11,561,420
Number of trades	98	↑	46.27%	67
Value of shares traded (K'b)	6.04	↑	469.05%	1.06
Market capitalisation (K'b)	1,188.09	↑	1.64%	1,168.88
Gainers	Current price (K)		% Δ	Previous price (K)
NBM	332.02	↑	0.01%	332.00
TNM	24.50	↑	9.82%	22.31
Losers	Current price (K)		% Δ	Previous price (K)
MPICO	12.50	↓	-5.30%	13.20
PCL	1140.00	↓	-0.87%	1150.00
Treasury Bill auctions				
	27, 28 & 29 Nov 2018		% pts Δ	20-Nov-18
91 days yield	11.42%	↓	-0.08	11.50%
182 days yield	13.50%	↓	-0.50	14.00%
364 days yield	14.00%	↓	-1.00	15.00%
All-type yield	12.97%	↓	-0.53	13.50%
Applied - cost value (K'm)	11,823.03	↑	263.56%	3,251.99
Allotted - cost value (K'm)	7,433.15	↑	320.52%	1,767.62
Overall rejection rate	37.13%	↓	-8.52	45.64%
Treasury Note auctions				
	28-Nov-18		22-Nov-18	20-Nov-18
Tenor	5 Years		5 Years	5 Years
Applied for - face value (K'b)	1.50		6.50	13.93
Allotted- face value (K'b)	1.50		6.50	3.00
Allotted - cost value (K'b)	1.25		5.51	2.50
Allotted - weighted average ytm	20.50%		19.96%	20.50%
Projected maturities				
Week ending	30-Nov-18		23-Nov-18	Nov-18
TBs, PNs & TNs (K'm)	9,660		4,534	28,135
OMO (K'm)	17,130		4,964	51,121
Inflation				
	Oct-18		% pts Δ	Sep-18
Rate	9.70%	↑	0.20	9.50%
RBM indicative mid exchange rates				
	30-Nov-18		% Δ	23-Nov-18
USD	732.4239	↓	0.22%	730.8251
GBP	936.1110	↑	-0.49%	940.7181
ZAR	53.6005	↓	1.11%	53.0102
EUR	834.4505	↓	0.06%	833.9445
Gross official foreign exchange reserves position				
	31-Oct-18		28-Sep-18	31-Aug-18
Reserves (USD'm)	669.92		727.63	753.52
Import cover (months)	3.20		3.48	3.61

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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