Weekly update – 31st August 2018

Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) went up by 2.15% to 31,956.43 as at the close of the week from 31,284.24 the previous week, due to share price increases in BHL and TNM. The year-to-date return on the MASI stands at 47.96% compared to 50.52% for the corresponding period in the previous year. There were no trades on the listed bond market (Source: MSE).

Corporate update

Company	2018 H1 declared dividend per share (K)	Last day to register	Payable
MPICO	0.09	14-Sep-18	28-Sep-18
NBM	5.35	7-Sep-18	21-Sep-18
STANDARD	7.24	7-Sep-18	25-Sep-18
PCL	20.00	10-Aug-18	14-Sep-18
TNM	0.25	14-Sep-18	28-Sep-18
PCL	6.00	19-Oct-18	26-Oct-18

Foreign exchange market developments

During the week, the Kwacha was stable against the USD, appreciated against ZAR and depreciated against GBP and EUR. Gross official foreign exchange reserves decreased to USD753.62 (3.61 months of import cover) as at 30th August 2018 from USD765.92 (3.66 months of import cover) recorded on 24th August 2018 (Source: RBM). The Kwacha is expected to remain stable in the short term, backed by continued supply of foreign exchange from this year's tobacco auction market. However, the Tobacco sales are coming to a close; it is expected that the last auction floor (Mzuzu) will close on 11th September 2018. As at the end of week 20 of the tobacco auctions on 24th August 2018, USD314.80m had been realized, compared to USD212.49m realized during a corresponding period in 2017 (Source: TCC).

Government securities market

Government raised a total of K48.72b through Treasury Bill auctions conducted during the week, compared to K0.94b raised in the previous week. The auction registered no rejection. The average yield was steady at 14.40% since the previous week's auction (Source: RBM). Treasury Bill yields are expected to remain stable in the near-term. However, persistent inflation risks threaten continued stability of interest rates in general in the medium to long term.

The Malawi Government announced the issuance of a 2 year Treasury note with an annual coupon rate of 13% payable semi-annually. The initial auction for the note will be conducted on 3rd September 2018 (Source: RBM).

At the auction for a 3 year Treasury note held on 23rd August 2018, K22.57b was raised, at an average yield of 19.14% (Source: RBM).

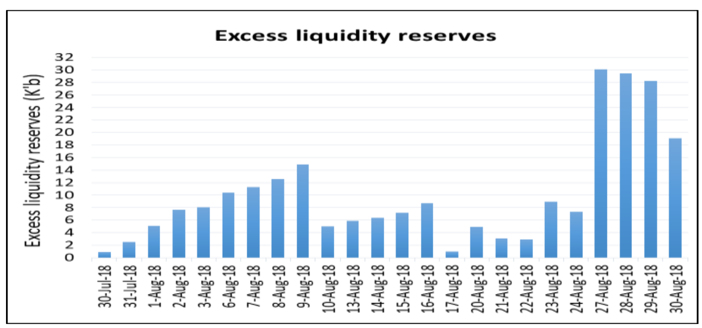
Interbank market activity

Liquidity levels increased during the week, with excess reserves significantly increasing to a daily average of K22.83b from K4.17b the previous week. Consequently, the total amount accessed on the Lombard Facility decreased to K4.96b compared to K19.04b accessed during the previous week. The daily average volume traded on the interbank market decreased to K6.03b from K9.29b the previous week. The average overnight interbank rate decreased to 14.58% from 15.48% the previous week. There were no Open Market Operations (OMO) by RBM during the week (Source: RBM).

Stock market indices			
	31-Aug-18	% Δ	24-Aug-18
MASI	31,956.43	2.15%	31,284.24
DSI	21,145.76	2.98%	20,532.92
FSI	8,237.32	0.00%	8,237.32
Market capitalisation (K' b)	1,416.48	2.15%	1,386.69
Gainers	**Current price (K)**	**% Δ**	**Previous price (K)**
BHL	8.05	0.63%	8.00
TNM	27.98	11.83%	25.02
Losers	**Current price (K)**	**% Δ**	**Previous price (K)**
None			
Treasury Bill auctions			
	27, 28, 29 and 30		
Tenor (days)	**August 2018**	**% pts Δ**	**21-Aug-18**
91	13.71%	0.00	13.71%
182	14.50%	0.00	14.50%
364	15.00%	0.00	15.00%
All-type	14.40%	0.00	14.40%
Alloted (K' m)	48,724.54	5090%	938.88
Overall rejection rate	0.00%	0.00	0.00%
Projected maturities			
Week ending	**24-Aug-18**	**31-Aug-18**	**Aug-18**
TBs, PNs & TNs	3,979	64,466	89,359
OMO	6,950	6,661	104,581
Inflation			
Month	**Jul-18**	**% pts Δ**	**Jun-18**
Rate	9.00%	0.40	8.60%
Cumulative tobacco sales as at 24th August 2018 (week 20)			
Year	**2018**	**% Δ**	**2017**
Volume (Kg)	184,406,102	73.11%	106,527,224
Value (USD)	314,799,719	48.14%	212,494,728
Average price (USD/Kg)	1.71	-14.07%	1.99
% of GDP	6.80	48.14%	4.59
RBM indicative mid exchange rates			
Currency	**31-Aug-18**	**% Δ**	**24-Aug-18**
USD	726.1646	0.00%	726.1646
GBP	945.6115	1.52%	931.4513
ZAR	49.3536	-2.35%	50.5415
EUR	848.4507	0.95%	840.4629
Gross official foreign exchange reserves position			
	30-Aug-18	**24-Aug-18**	**17-Aug-18**
Reserves (USD'm)	753.62	765.92	752.80
Import cover (months)	3.61	3.66	3.60

(Sources: MSE, RBM, NSO, TCC)

Published financials for the half year ended 30th June 2018			
	H1 2018 PAT (K'b)	Movement	H1 2017 PAT (K'b)
Listed companies			
FMB (Malawi bank only)	6.58	31%	5.03
FMB Capital Holdings PLC (USD'b)	0.02		
MPICO	3.80	38%	2.76
NBM	8.54	-10%	9.53
NBS	0.48	142%	(1.14)
PCL	23.08	227%	7.06
STANDARD	5.53	-32%	8.16
TNM	6.94	46%	4.75
Unlisted banks			
CDHIB	0.67	34%	0.50
ECOBANK	2.12	-1%	2.13
FDH	1.34	18%	1.64
NEDBANK	-1.050	-15%	-0.910
NFB	0.820	-20%	1.020
Discount houses			
First Discount House	0.16	-75%	0.63



(Source: RBM)

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