

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.40% during the week to close at 28,867.47 points from 28,983.53 points registered in the previous week. The loss was on account of share price drops in NBM and NICO which offset a price gain in TNM. The volume of shares traded on the market increased by 68.53% to 8,328,043 from 4,941,675 the previous week, and the value of the shares traded increased by 58.70% to K0.42b from K0.27b the previous week. The year-to-date return on the MASI stands at -0.40% compared to 0.52% recorded during the corresponding period in 2018. There were no trades on the listed bond market - no bond on MSE has ever been traded since its listing (*Source: MSE*).

Government securities auctions

Government raised a total of K7.47b through auctions for Treasury Bills (TB) and a 7-year Treasury Note (TN). Applications for TBs during the week amounted K4.73b but K1.97b was allotted resulting in a 58.27% rejection. The 7 year TN attracted an application of K7.62 (cost value: K5.50b), which was allotted at a weighted average yield to maturity (YTM) of 24.00% (*Source: RBM*).

Yields for the 91-day and 364-day TB were steady at 11.42% and 14% respectively whereas yield on the 182-day TB increased by 0.46% from 13.54% to 13.09% (*Source: RBM*). Looking forward, yields on short term Government securities could continue to face a downward pressure as the authorities focus on longer term borrowing.

Interbank market activity

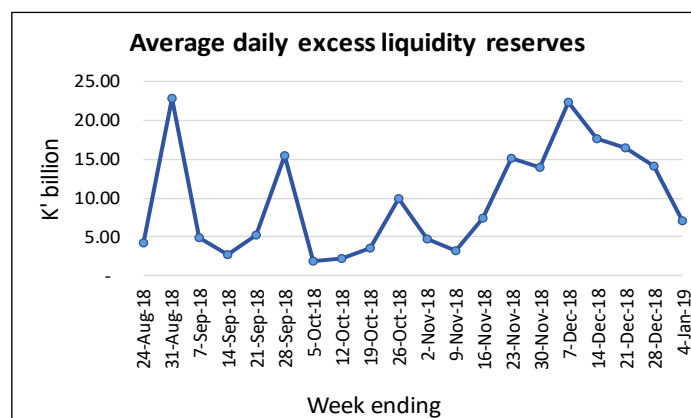
Liquidity levels in the market decreased during the week, with excess liquidity reserves averaging K7.1b per day compared to an average of K14.08b per day in the previous week. The average overnight interbank rate increased to 14.48% from 14.37% for the previous week. The volume traded on the interbank market decreased by 63.96% to a daily average of K11.57b from K15.95b per day the previous week. Access to the Lombard Facility was at K14.36b during the week at the Lombard rate of 18.00%. RBM raised K20.81b through Open Market Operations (OMOs) conducted during the week compared to K16.63b raised the previous week (*Source: RBM*).

Foreign exchange market developments

During the week, Kwacha appreciated against the GBP and EUR but depreciated against the ZAR while remaining steady against the USD. The indicative middle rate for USD/MWK closed the week at 729.1757. Gross official forex reserves stood at USD631.21m (3.04 months of import cover) on 30th November 2018, a decrease of 5.78% from USD669.92m (3.20 months of import cover) reported on 31st October 2018 (*Source: RBM*).

Stock market				
	4-Jan-19		% Δ	28-Dec-18
MASI	28,867.47	↓	-0.40%	28,983.53
DSI	21,212.26	↓	-0.50%	21,318.07
FSI	5,265.12	→	0.00%	5,265.12
Traded volume	8,328,043	↑	68.53%	4,941,675
Number of trades	47	↑	56.67%	30
Value of shares traded (K'b)	0.42	↑	58.70%	0.27
Market capitalisation (K'b)	1,279.56	↓	-0.40%	1,284.71
Gainers				
TNM	28.49	↑	1.75%	28.00
Losers				
NBM	312.7	↓	-5.82%	332.02
NICO	42.00	↓	-2.33%	43.00
Treasury Bill auctions				
	31 Dec 18 & 3 Jan 19		% pts Δ	27 & 27 Dec 2018
91 days yield	11.42%	→	0.00	11.42%
182 days yield	13.09%	↓	-0.46	13.54%
364 days yield	14.00%	→	0.00	14.00%
All-type yield	12.84%	↓	-0.15	12.99%
Applied - cost value (K'm)	4,725.68	↑	2.20%	4,624.12
Allotted - cost value (K'm)	1,971.93	↓	-30.61%	2,841.66
Overall rejection rate	58.27%	↑	19.73	38.55%
Treasury Note auctions				
	3-Jan-19	2-Jan-19		31-Dec-18
Tenor	7 Years	7 Years		5 Years
Applied for - face value (K'b)	7.62	0.00		0.00
Allotted- face value (K'b)	7.62	0.00		0.00
Allotted - cost value (K'b)	5.50	0.00		0.00
Allotted - weighted average ytm	24.00%	-		-
Projected maturities				
Week ending	28-Dec-18	21-Dec-18		14-Dec-18
TBs, PNs & TNs (K'm)	6,521	7,668		8,652
OMO (K'm)	21,930	21,164		7,618
Inflation				
	Nov-18		% pts Δ	Oct-18
Rate	10.10%	↑	0.40	9.70%
RBM indicative mid exchange rates				
	4-Jan-19		% Δ	28-Dec-18
USD	729.1757	→	0.00%	729.1757
GBP	921.2406	↑	-0.21%	923.1364
ZAR	51.0985	↓	1.41%	50.3905
EUR	830.7499	↑	-0.52%	835.0520
Gross official foreign exchange reserves position				
	30-Nov-18	31-Oct-18		28-Sep-18
Reserves (USD'm)	631.21	669.92		727.63
Import cover (months)	3.04	3.20		3.48

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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