

### Malawi Stock Exchange trading activity

The Malawi All Share Index (MASI) lost by 1.67% to close the week at 31,832.16 from 32,373.19 the previous week on account of share price losses in FMBCH, ILLOVO and TNM which outweighed share price gains in NBM, NBS and STANDARD. The volume of shares traded on the market increased by 182.96% to 8,312,347 from 2,937,591 the previous week. Consequently, the value of the shares traded increased to K366.86m from K72.15m the previous week. The year-to-date return on the MASI stands at 47.38%, slightly more than 47.07% for the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

### Foreign exchange market developments

The Kwacha appreciated against the GBP, ZAR and EUR during the week, but depreciated against the USD. Gross official foreign exchange reserves decreased to USD698.65m (3.34 months of import cover) as at 3<sup>rd</sup> October 2018 from USD727.63m (3.48 months of import cover) recorded the previous week on 28<sup>th</sup> September 2018 (Source: RBM).

### Government securities market

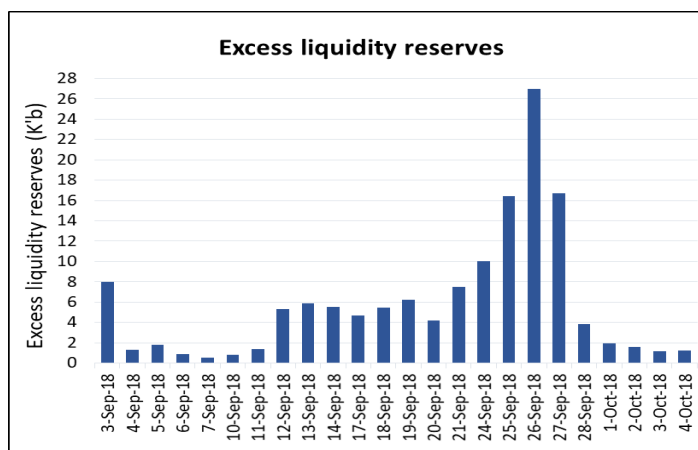
Government raised a total of K1.97b through Treasury Bill auctions conducted during the week compared to K15.86b raised the previous week. Maturities of Government securities for the week amounted K18.37b, resulting in a net injection of K16.4b. The average yield for Treasury Bills decreased to 14.49% from 14.50% the previous week due to a decrease in the 182-day yield to 14.49% from 14.50%, while the 91-day and 364-day yields remained stable at 13.99% and 15.00%, respectively (Source: RBM). Treasury Bill yields are expected to remain stable in the short term following the recent decision by the Monetary Policy Committee (MPC) to maintain the Policy rate at 16%. In the medium to long term, interest rate stability is threatened by rising inflation pressures emanating from increasing food and fuel prices and electricity tariffs. MERA just approved a 31% upward adjustment in electricity tariffs to be implemented over a period of four years with 20% effective 1<sup>st</sup> October 2018, and a 5% upward adjustment in fuel prices effective 6<sup>th</sup> October 2018.

### Interbank market activity

Liquidity levels decreased during the week, with excess reserves reaching a daily average of K1.95b from K15.52b the previous week. Consequently, the total amount accessed from the Lombard Facility significantly increased to K58.19b compared to K1.40b accessed during the previous week. The Lombard rate remained fixed at 18.00%. The daily average volume traded on the interbank market increased by 60.78% to K9.43b from K5.86b the previous week. The average overnight interbank rate increased to 14.87% from 14.71% the previous week. There were no Open Market Operations (OMO) by RBM (Source: RBM).

Stock market			
	5-Oct-18	% Δ	28-Sep-18
MASI	31,832.16	↓ -1.67%	32,373.19
DSI	21,129.05	↓ -2.28%	21,621.84
FSI	8,137.74	↓ -0.01%	8,138.23
Traded volume	8,312,347	↑ 182.96%	2,937,591
Number of trades	86	↑ 59.26%	54
Value of shares traded (K'm)	366.86	↑ 408.48%	72.15
Market capitalisation (K'b)	1,411.02	↓ -1.67%	1,434.95
Gainers			
	Current price (K)	% Δ	Previous price (K)
NBM	320.00	↑ 2.89%	311.01
NBS	9.01	↑ 0.67%	8.95
STANDARD	670.01	↑ 0.00%	670.00
Losers			
	Current price (K)	% Δ	Previous price (K)
FMBCH	157.98	↓ -0.01%	157.99
ILLOVO	205.00	↓ -14.58%	240.00
TNM	28.67	↓ -1.14%	29.00
Treasury Bill auctions			
	2, 3 & 4 Oct 2018	% pts Δ	25, 26 & 27 Sep 2018
91 days yield	13.99%	↑ 0.01	13.99%
182 days yield	14.49%	↓ -0.01	14.50%
364 days yield	15.00%	↑ 0.00	15.00%
All-type yield	14.49%	↓ 0.00	14.50%
Allotted - cost value (K'm)	1,969.44	↓ -87.58%	15,856.65
Overall rejection rate	0.00%	↑ 0.00	0.00%
Projected maturities			
	5-Oct-18	28-Sep-18	Sep-18
TBs, PNs & TNs (K'm)	8,193	23,171	21,494
OMO (K'm)	10,175	50,724	92,437
Inflation			
	Aug-18	% pts Δ	Jul-18
Rate	9.30%	↑ 0.30	9.00%
Final cumulative tobacco sales for 2018 versus final for 2017			
	2018 Final	% Δ	2017 Final
Volume (Kg)	202,002,664	↑ 89.61%	106,536,815
Value (USD)	337,496,583	↑ 58.81%	212,514,063
Average price (USD/Kg)	1.67	↓ -16.08%	1.99
% of GDP	7.29	↑ 58.81%	4.59
RBM indicative mid exchange rates			
	5-Oct-18	% Δ	28-Sep-18
USD	728.2447	↓ 0.13%	727.2935
GBP	947.1551	↑ -0.49%	951.8090
ZAR	49.0589	↑ -4.95%	51.6162
EUR	837.8455	↑ -1.07%	846.9333
Gross official foreign exchange reserves position			
	3-Oct-18	28-Sep-18	21-Sep-18
Reserves (USD'm)	698.65	727.63	744.61
Import cover (months)	3.34	3.48	3.56

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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