

### Malawi Stock Exchange (MSE) trading activity

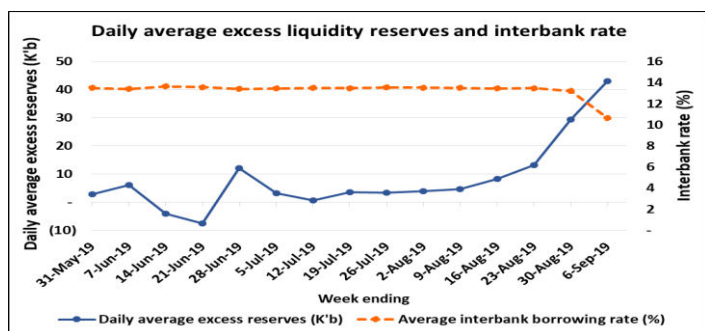
The Malawi All Share Index (MASI) gained by 0.35% to close the week at 29,298.25 points from 29,197.17 points the previous week due to share price gains in NBM and STANDARD which outweighed a share price loss in NICO. A total of 1,138,229 shares were traded at a consideration of K46.36m, compared to 10,208,668 shares traded in the previous week at a consideration of K117.56m. This represents decreases in both traded volume and value of 88.85% and 60.56%, respectively. The year-to-date return on the MASI stands at 1.09% compared to 49.58% in the corresponding period in 2018 (Source: MSE).

### Government securities

Government raised K4.80b from Treasury Bill (TB) auctions during the week as planned, compared to K2.74b that was raised and planned in the previous week. There was no auction for Treasury Notes (TN) during the week. Maturities for the week amounted to K10.88b, resulting in a net injection of K6.08b into the market. The all-type average TB yield decreased to 10.00% from 10.14% the previous week as the 91-day, 182-day and 364-day TB yields decreased to 9.40%, 10.00% and 10.60%, respectively, from 9.50%, 10.23% and 10.69% (Source: RBM).

### Interbank market activity

Excess liquidity reserves increased to an average of K42.97b per day from K29.37b in the previous week. Consequently, borrowing on the interbank market decreased to K6.85b from K25.70b in the previous week and the average interbank borrowing rate decreased to 10.64% from 13.20%. No amount was accessed on the Lombard facility during the week compared to K7.90b that was accessed in the previous week at a fixed rate of 13.90% (Source: RBM).



(Source: RBM)

### Foreign exchange market developments

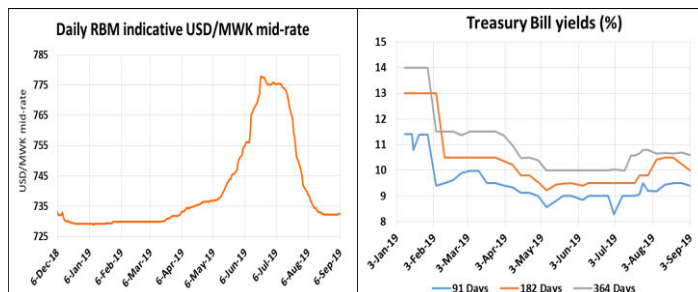
The Kwacha appreciated against EUR during the week, but depreciated against USD, GBP and ZAR. The USD/MWK indicative middle rate closed the week at 732.5460 from 732.1960 in the previous week. Gross official forex reserves remain high and stood at USD765.82m (3.66 months of import cover) on 30<sup>th</sup> June 2019, up from USD693.00m (3.30 months of import cover) on 31<sup>st</sup> May 2019 (Source: RBM).

### Reference lending rate

The reference lending rate for commercial banks became effective on 3<sup>rd</sup> September 2019 following communication from Reserve Bank of Malawi (RBM) requesting banks to implement. Going forward, interest rates on loans from banks will be based on a reference rate, calculated as a weighted average of the Lombard rate, Overnight interbank rate, All-type Treasury Bill yield and Savings deposit rate. The rate will be revalued on a monthly basis by the Bankers Association of Malawi (BAM) with the help of RBM. For the month of September 2019, the reference rate is 13.40% (Source: RBM).

Stock market			
	6-Sep-19	% Δ	30-Aug-19
MASI	29,298.25	0.35%	29,197.17
DSI	22,511.71	0.41%	22,420.52
FSI	4,272.58	0.00%	4,272.58
Traded volume	1,138,229	-88.85%	10,208,668
Number of trades	43	115.00%	20
Value of shares traded (K'm)	46.36	-60.56%	117.56
Market capitalisation (K'm)	1,382,685.45	0.34%	1,378,000.20
Gainers			
NBM	370.06	0.003%	370.05
STANDARD	650.00	3.173%	630.01
Losers			
NICO	48.49	-0.02%	48.50
Treasury Bill auctions			
Auction date	3-Sep-19	% pts Δ	27-Aug-19
91 days yield	9.40%	-0.10	9.50%
182 days yield	10.00%	-0.23	10.23%
364 days yield	10.60%	-0.08	10.69%
All-type yield	10.00%	-0.14	10.14%
Amount offered - cost value (K'm)	4,798.00	75.43%	2,735.00
Applied - cost value (K'm)	31,916.47	89.80%	16,816.27
Allotted - cost value (K'm)	4,797.63	75.42%	2,735.01
Overall rejection rate	84.97%	1.23	83.74%
Treasury Note auctions			
Date	29-Aug-19	13-Aug-19	3-Jul-19
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			
Tenor	Current yield	Last auction	Next auction
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	6-Sep-19	30-Aug-19	23-Aug-19
TBs, PNs & TNs (K'm)	10,884	30,622	30,532
OMO (K'm)	0	0	0
Inflation			
Rate	Jul-19	% pts Δ	Jun-19
	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			
	6-Sep-19	% Δ	30-Aug-19
USD	732.5460	0.05%	732.1960
GBP	902.6432	1.19%	892.0344
ZAR	49.2862	3.14%	47.7851
EUR	808.5843	-0.02%	808.7837
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)

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