

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.86% during the week to close at 26,572.93 points from 26,803.80 points the previous week due to share price losses in NBS, NICO, NITL and STANDARD which outweighed share price gains in FMBCH and TNM. The volume of shares traded on the market decreased by 91.32% to 7,417,063 from 85,454,187 the previous week. Accordingly, the value of the shares traded decreased by 95.37% to K0.28b from K6.04b the previous week. The year-to-date return on the MASI stands at 23.03%, significantly lower than 60.82% recorded during the corresponding period in 2017. There were no trades on the listed bond market (Source: MSE).

Corporate news

On 7th December 2018, ICON Properties Plc, a property company, issued a Pre-listing Statement and a Prospectus ahead of its listing (if granted) on the main board of the MSE on 21st January 2019. The Initial Public Offer is for subscription of 1,680,000,000 ordinary shares at K8.75 per share and is open from 08:00 on 7th December 2018 to 17:00 on 28th December 2018. Minimum subscription is 5,000 shares and in multiples of 1,000 shares thereafter. There is also an optional green shoe on the part of the directors to allot an over subscription of up to 420,000,000 ordinary shares; if it occurs, the new issued shares and the total listed shares will be 2,100,000,000 and 7,100,000,000, respectively (Source: MSE). New investors in ICON Properties Plc are encouraged to consult their financial advisors on the financial implications of the features above, before investing.

TNM is expecting its profit after tax for the year ending December 2018 to be more than 25% higher than the corresponding period in 2017 which recorded a profit after tax of K13.11b (Source: MSE).

Government securities auctions

During the week, a total of K11.17b was raised through auctions for Treasury Bills (K9.08) and a 5 year Treasury Note (K2.09b). Maturities for the week amounted K13.65b, resulting in a net injection of K2.48b. Total applications for Treasury Bills during the week amounted K9.69b which resulted in a rejection rate of 6.36%, compared to total applications of K11.82b and a rejection rate of 37.13% during the previous week. Applications for the 5 year Treasury note amounted to K2.5b (cost value: K2.09), and everything was allocated at a weighted average yield to maturity of 20.50% (Source: RBM).

Average yields for Government securities were stable during the week, with the 91-day yield at 11.42%, the 182-day at 13.50%, the 364-day at 14.00% and the 5-year yield at 20.50% (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. A bill has been gazette for debate in Parliament, covering Policy rate, lending rates, Treasury bill rates, etc. 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

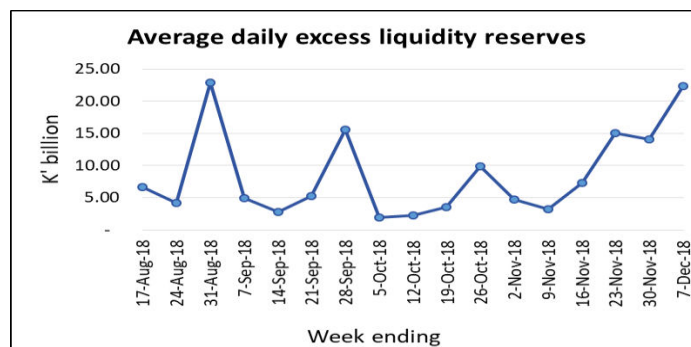
Liquidity levels in the market increased during the week, with excess liquidity reserves averaging K22.30b per day compared to an average of K14.02b per day in the previous week. Consequently, the average overnight interbank rate decreased to 14.66% from 15.01% for the previous week. The volume traded on the interbank market increased by 7.99% to the average of K8.50b per day from K7.87b per day the previous week. The total amount accessed from the Lombard Facility decreased to K3.25b from K11.64b 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 all the major trading currencies during the week. The indicative middle rate for USD/MWK closed the week at 731.9817 from 732.4239 recorded as at the end of the previous week. 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			
	7-Dec-18	% Δ	30-Nov-18
MASI	26,572.93	↓ -0.86%	26,803.80
DSI	20,321.63	↓ -2.17%	20,772.39
FSI	4,026.50	↑ 6.56%	3,778.77
Traded volume	7,417,063	↓ -91.32%	85,454,187
Number of trades	70	↓ -28.57%	98
Value of shares traded (K'b)	0.28	↓ -95.37%	6.04
Market capitalisation (K'b)	1,177.86	↓ -0.86%	1,188.09
Treasury Bill auctions			
	4 & 6 Dec 2018	% pts Δ	27, 28 & 29 Nov 2018
91 days yield	11.42%	→ 0.00	11.42%
182 days yield	13.50%	→ 0.00	13.50%
364 days yield	14.00%	→ 0.00	14.00%
All-type yield	12.97%	→ 0.00	12.97%
Applied - cost value (K'm)	9,694.45	↓ -18.00%	11,823.03
Allotted - cost value (K'm)	9,077.98	↓ 22.13%	7,433.15
Overall rejection rate	6.36%	↓ -30.77	37.13%
Treasury Note auctions			
	3-Dec-18	28-Nov-18	22-Nov-18
Tenor	5 Years	5 Years	5 Years
Applied for - face value (K'b)	2.50	1.50	6.50
Allotted - face value (K'b)	2.50	1.50	6.50
Allotted - cost value (K'b)	2.09	1.25	5.51
Allotted - weighted average ytm	20.50%	20.50%	19.96%
Projected maturities			
	7-Dec-18	30-Nov-18	Dec-18
TBs, PNs & TNs (K'm)	8,472	9,660	31,310
OMO (K'm)	5,174	17,130	52,222
Inflation			
	Oct-18	% pts Δ	Sep-18
Rate	9.70%	↑ 0.20	9.50%
RBM indicative mid exchange rates			
	7-Dec-18	% Δ	30-Nov-18
USD	731.9817	↑ -0.06%	732.4239
GBP	934.8870	↑ -0.13%	936.1110
ZAR	52.1685	↑ -2.67%	53.6005
EUR	832.4096	↑ -0.24%	834.4505
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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