

### Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.17% to close the week at 29,296.55 points from 29,246.80 points in the previous week due to a 1.37% share price gain in NBM. The rest of the companies registered no price movement. A total of 5,089,229 shares were traded at a consideration of K257.85m, compared to 39,717,395 shares traded in the previous week at a consideration of K1.73b. This represents a decrease of 87.19% in volume and a decrease of 85.11% in value. The year-to-date return on the MASI stands at 1.08% compared to 41.37% recorded during a corresponding period in 2018. There was no trade on the listed bond market (*Source: MSE*).

### Corporate news

Standard Bank Plc published a statement announcing that it is expecting its profit after tax (PTA) for the half year ending 30<sup>th</sup> June 2019 to be at least 35% higher than the previous corresponding period. In 2018, the half year PTA for the company was K5.53b (*Source: MSE*).

### Government securities

Government raised K3.42b from auctions for Treasury Bills (K627.29m) and a 2-year Treasury Note (K2.79b) during the week compared to K8.26b that was raised during similar auctions in the previous week. Maturities for the week amounted to K21.42b, resulting in a net injection of K18.00b. There were no open market operations (OMO) during the week. The all-type average TB yield decreased to 9.42% from 9.50% registered in the preceding week, as the 91-day TB yield decreased to 8.85% from 9.00% and the 182-day TB yield decreased to 9.40% from 9.50% while the 364-day TB yield was constant at 10.00%. The average yield for the 2-year TN was constant at 12.20% (*Source: RBM*).

### Interbank market activity

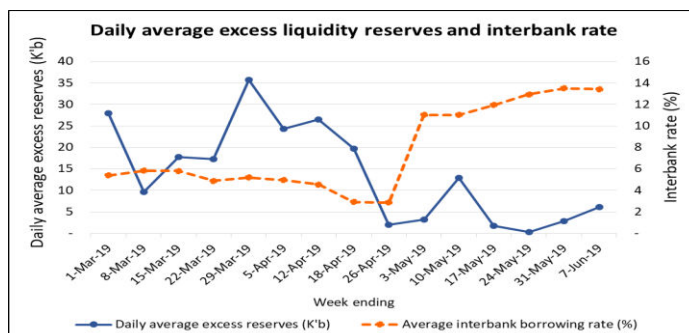
Excess liquidity reserves increased to an average of K6.07b per day from an average of K2.85b per day in the previous week. Interbank borrowing amounted to K19.60b, decreasing from K42.63b during the previous week, and the average interbank borrowing rate decreased to 13.41% from 13.50%. A total of K137.65b was accessed on the Lombard facility during the week at a fixed rate of 13.9%, compared to K133.70b in the preceding week (*Source: RBM*).

### Foreign exchange market developments

During the week, the Kwacha depreciated by 0.76%, 1.25% and 2.02% against the USD, GBP and EUR, respectively but appreciated by 1.04% against ZAR. The USD/MWK indicative middle rate at the close of the week was 756.2607 compared to 750.5765 reported in the previous week. Gross official forex reserves stood at USD766.10m (3.67 months of import cover) on 30<sup>th</sup> April 2019, decreasing by 1.21% from USD775.45m (3.71 months of import cover) on 31<sup>st</sup> March 2019 (*Source: RBM*).

Stock market				
	7-Jun-19		% Δ	31-May-19
MASI	29,296.55	↑	0.17%	29,246.80
DSI	22,281.33	↑	0.20%	22,235.79
FSI	4,521.93	→	0.00%	4,521.93
Traded volume	5,089,229	↓	-87.19%	39,717,395
Number of trades	33	↓	-65.26%	95
Value of shares traded (K'm)	257.85	↓	-85.11%	1,732.26
Market capitalisation (K'm)	1,381,545.38	↑	0.17%	1,379,206.06
Gainers	Current price (K)		% Δ	Previous price (K)
NBM	370.00	↑	1.37%	364.99
Losers	Current price (K)		% Δ	Previous price (K)
None				
Treasury Bill auctions				
Auction date	6-Jun-19		% pts Δ	28-May-19
91 days yield	8.85%	↓	-0.15	9.00%
182 days yield	9.40%	↓	-0.10	9.50%
364 days yield	10.00%	→	0.00	10.00%
All-type yield	9.42%	↓	-0.08	9.50%
Applied - cost value (K'm)	627.29	↓	-76.36%	2,653.99
Allotted - cost value (K'm)	627.29	↓	-76.36%	2,653.99
Overall rejection rate	0.00%	→	0.00	0.00%
Treasury Note auctions				
Date	6-Jun-19		31-May-19	28-May-19
Tenor	2 Years		2 Years	2 Years
Coupon rate	8.00%		8.00%	8.00%
Applied for - face value (K'm)	3,000.00		11,000.00	15,357.50
Allotted- face value (K'm)	3,000.00		6,000.00	42.50
Allotted - cost value (K'm)	2,790.00		5,570.00	39.39
Allotted - weighted average ytm	12.20%		12.15%	12.24%
Upcoming Treasury Note auction				
Tenor	Auction date		Settlement date	Previous auction's yield
3 years	25-Jun-19		27-Jun-19	14.77%
Projected maturities				
Week ending	7-Jun-19		14-Jun-19	21-Jun-19
TBs, PNs & TNs (K'm)	6,553		15,311	9,361
OMO (K'm)	14,865		0	4,834
Inflation				
Rate	Apr-19		% pts Δ	Mar-19
	9.10%	↓	-0.20	9.30%
Cumulative tobacco sales as at 31st May 2019 (week 6) versus 2018				
	Week 6 2019		% Δ	Week 6 2018
Volume (Kg' million)	37.17	↓	-25.27%	49.74
Value (USD' million)	51.46	↓	-34.82%	78.95
Average price (USD/Kg)	1.38	↓	-13.21%	1.59
RBM indicative mid exchange rates				
	7-Jun-19		% Δ	31-May-19
USD	756.2607	↓	0.76%	750.5765
GBP	958.1822	↓	1.25%	946.3269
ZAR	50.1217	↑	-1.04%	50.6496
EUR	852.0033	↓	2.02%	835.1665
Gross official foreign exchange reserves position				
	30-Apr-19		31-Mar-19	28-Feb-19
Reserves (USD'm)	766.10		775.45	837.49
Import cover (months)	3.67		3.71	4.01

(Sources: MSE, RBM, NSO)



(Source: RBM)

**Disclaimer:** The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.