

### MSE trading activity

The Malawi All Share Index (MASI) gained by 1.53% to close the week at 30533.93 points on account of share price increases in PCL and TNM. Year-to-date return on the MASI stands at 39.25% (same period 2017:16.92%). There was no trade on the listed government securities during the week (Source: MSE).

The Malawi Stock Exchange launched an Automated Trading System (ATS) on 7<sup>th</sup> June 2018. All trades on the exchange will now be done through the system (Source: MSE).

The Board of Illovo Plc announced the appointment of Mr Ravi Savjani as a board member subject to confirmation at the Annual General meeting to be held on a date yet to be announced (Source: MSE).

### Upcoming Annual General Meetings

Company	Date	Time	Venue
TNM	14-Jun-18	14:00hrs	Sunbird Mount Soche Hotel, Blantyre
SUNBIRD	15-Jun-18	15:30hrs	Sunbird Mount Soche Hotel, Blantyre
NBS	21-Jun-18	10:00hrs	Ryalls Hotel, Blantyre
STANDARD	28-Jun-18	9:30hrs	Bingu International Conference Centre, Lilongwe

### Foreign exchange market developments

The Kwacha was relatively stable against the USD during the week, mainly backed by forex inflows from ongoing Tobacco sales. The local currency, however, appreciated against ZAR and depreciated against GBP and EUR. Gross official reserves increased to USD668.68 (3.20 months of import cover) as at 6<sup>th</sup> June 2018 from USD665.72m (3.19 months of import cover) recorded on 1<sup>st</sup> June 2018 (Source: RBM). We expect the Kwacha to remain stable in the short to medium term as foreign exchange inflows continue during the Tobacco market season.

### Treasury Bill auctions

The Government raised a total of K7.98b through Treasury Bill auction during the week, compared to K20.56b raised in the previous week. The auction registered an 8.49% rejection rate. The average yield, however, was steady at 14.50% (Source: RBM). Looking forward, Treasury Bill yields could remain steady for some time amid uncertainties regarding inflation. In the medium term, however, if inflation remains relatively low, the yields could decline as authorities target cheaper funds.

### Interbank market activity

Liquidity conditions tightened during the week, with excess reserves decreasing by 63.36% to a daily average of K3.47b from K9.47b registered in the previous week. Consequently, the total amount accessed on the Lombard Facility increased to K48.96b at a rate of 18.00%, from K12.40b accessed during the previous week at the same rate. The daily average volume traded on the interbank market decreased to K10.04b from K12.00b the previous week, and the average overnight interbank rate declined to 15.28% from 15.64%. The RBM mopped up K5.28b from the market through Open market operations (OMO) during the week at an average rate of 15.00%. The OMOs partly contributed to the tightening of liquidity conditions experienced during the week (Source: RBM).

Stock market indices				
	8-Jun-18		% Δ	1-Jun-18
MASI	30533.93	↑	1.53%	30075.17
DSI	19848.41	↑	2.15%	19430.42
FSI	8237.82	→	0.00%	8237.82
Market capitalisation (K' b)	16,028.70	↑	0.13%	16,008.38
Gainers	Current price (K)		% Δ	Previous price (K)
PCL	772.00	↑	0.26%	770.00
TNM	23.00	↑	9.52%	21.00
Losers	Current price (K)		% Δ	Previous price (K)
None				
Average Treasury Bill yields				
	Auction held on 5 June 2018			Auctions held on 28, 29, 30 and 31 May 2018
Tenor (days)	June 2018		% Δ	May 2018
91	14.00%	→	0.00	14.00%
182	14.50%	→	0.00	14.50%
364	15.00%	→	0.00	15.00%
All-type	14.50%	→	0.00	14.50%
Overall rejection (K'm)	739.82	↓	-48.77%	1,444.16
Allotted (K' m)	7,977.13	↓	-61.21%	20,564.40
Expected maturities				
Week ending	8-Jun-18		15-Jun-18	22-Jun-18
TBs, PNs & TNs	8,666		4,841	4,666
OMO	5,343		14,624	14,202
Inflation				
Month	Apr-18		% pts Δ	Mar-18
Rate	9.70%	↓	-0.20	9.90%
Cumulative tobacco sales (week 8)				
Year	2018		% Δ	2017
Volume (Kg)	74,591,656	↑	62.51%	45,898,606
Value (USD)	122,631,998	↑	42.56%	86,021,751
Average price (USD/Kg)	1.64	↓	-12.30%	1.87
% of GDP	2.65	↑	42.56%	1.86
RBM indicative mid exchange rates				
Currency	8-Jun-18		% Δ	1-Jun-18
USD	726.0368	↑	0.00%	726.0396
GBP	973.7606	↓	1.06%	963.5272
ZAR	55.5116	↑	-3.36%	57.4403
EUR	855.4166	↓	0.87%	848.0143
Gross official foreign exchange reserve position				
	6-Jun-18		1-Jun-18	25-May-18
Reserves (USD'm)	668.68		665.72	661.40
Import cover (months)	3.20		3.19	3.16

(Sources: MSE, RBM, NSO, TCC)

Published financials			
	2017 PAT (K'b)	Movement	2016 PAT (K'b)
<b>Listed companies</b>			
FMB (Malawi bank only)	10.06	↑ 31%	7.66
MPICO	5.09	↑ 156%	1.99
NICO	11.12	↑ 895%	(1.40)
NITL	2.22	↑ 307%	(1.07)
NBM	19.15	↑ 15%	16.61
NBS	(1.09)	↑ 87%	(8.40)
PCL	39.67	↑ 159%	15.31
STANDARD	12.16	↓ -37%	19.43
SUNBIRD	2.43	↑ 82%	1.34
TNM	13.11	↑ 60%	8.21
<b>Unlisted banks</b>			
CDHIB	0.25	↓ -74%	0.98
ECOBANK	3.86	↓ -9%	4.26
FDH	(0.34)	↑ 96%	(7.77)
Nedbank	(1.94)	↓ -35%	(1.44)
NFB	(1.84)	↑ 3%	(1.90)
<b>Asset managers</b>			
CAM	0.50	↑ 47%	0.34
NBM CM	0.54	↑ 24%	0.44
NICO AM	0.56	↑ 81%	0.31
Old Mutual IG	0.36	↑ 57%	0.23
<b>Stock brokers</b>			
SML	0.14	↓ -48%	0.27
CCL	0.005	↑ 78%	0.003
<b>Discount houses</b>			
First Discount House	1.35	↑ 76%	0.77

**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.