

MASI gains

The Malawi All Share Index (MASI) gained by 1.30% to close the week at 22514.84 points on account of share price increases in NICO, TNM and FMBCH. Total value traded decreased by 88.38% to K79.62m from K685.08m recorded the previous week. A total of 4,572,748 shares were traded during the week compared to 24,285,724 shares transacted the previous week. Year to date return on the MASI stands at 4.24% (2017: 1.94%) (Source: MSE).

Corporate update

NBM Board of Directors has declared a second interim dividend of K3.36 per share to be paid on 23rd March 2018 to shareholders who will be on the company's register by 2nd March 2018. This brings the total dividend per share paid so far for the year 2017 to K10.46.

Kwacha exchange rate movements

During the week, the Kwacha appreciated against most major currencies. Gross official reserves decreased to USD715.08m (3.42 months of imports) as at 7th February 2018 from USD723.89m (3.46 months of imports) recorded on 2nd February 2018 (Source: RBM). We expect the Kwacha to remain broadly stable in the short to medium term backed by sufficient foreign reserves and declining demand in agricultural inputs imports.

Government securities

At the TB auction held on 6th February 2018, K2.02b was raised. The average 91 days TB rate marginally decreased to 13.91% from 14.00% the previous week, while the average 182 days TB rate and the average 364-day TB rate were steady at 14.50% and 15.00%, respectively. The auction registered no rejection (Source: RBM).

There was no TN auction during the week. At the last auction held on 30th January 2018, a K5.00b 2-year note was offered of which K0.437b was allotted (face value: K0.500b) at an average yield of 17.79%. RBM has announced that the TN auction will be reopened at a date to be announced (Source: RBM).

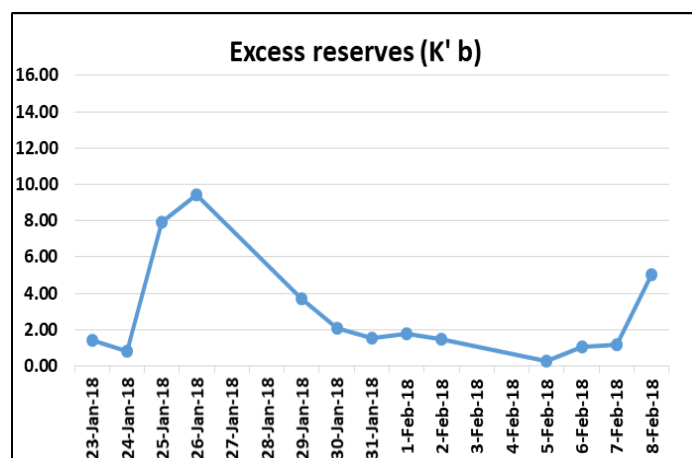
Looking forward, we expect the steady state of Treasury Bill yields to continue in the short term. In the medium term, government securities could face a downward pressure as the authorities look for cheaper funds.

Interbank market

Liquidity decreased to a daily average of K1.80b from K3.72b the previous week. The average overnight interbank rate, consequently, increased to 16.32% from 15.06% the preceding week. The daily average volume traded on the interbank market decreased to K5.57b from K8.31b the previous week. Access to the Lombard Facility increased to K64.49b from K40.77b. Total maturities for the week amounted K36.95b, the majority of which were OMO repos. There were no OMOs during the week (Source: RBM). We expect liquidity conditions to remain subdued in the short to medium term as the authorities intensify mop up operations to keep inflation on the declining trend.

| Stock market indices | | | |
|--|-------------------|------------|--------------------|
| | 9-Feb-18 | % Δ | 2-Feb-18 |
| MASI | 22514.84 | ↑ 1.30% | 22226.04 |
| DSI | 16932.07 | ↑ 1.43% | 16692.97 |
| FSI | 3701.15 | ↑ 0.68% | 3676.32 |
| Market capitalisation (K' b) | 10,797.85 | ↑ 0.12% | 10,785.05 |
| Deals | 30 | ↑ 15.38% | 26 |
| Value of shares traded (K' m) | 79.62 | ↓ -88.38% | 685.08 |
| Gainers | | | |
| | Current price (K) | % Δ | Previous price (K) |
| NICO | 36.00 | ↑ 5.88% | 34.00 |
| TNM | 17.10 | ↑ 5.88% | 16.15 |
| FMBCH | 70.60 | ↑ 0.71% | 70.10 |
| Losers | | | |
| | Current price (K) | % Δ | Previous price (K) |
| None | | | |
| Treasury Bill yields | | | |
| Tenor (days) | 6-Feb-18 | % pts Δ | 30-Jan-18 |
| 91 | 13.9129% | ↓ -0.0863% | 13.9992% |
| 182 | 14.5000% | → 0.0000% | 14.5000% |
| 364 | 15.0000% | → 0.0000% | 15.0000% |
| All-type | 14.4710% | ↓ -0.0288% | 14.4997% |
| Overall rejection rate | 0.00% | → 0.00% | 0.00% |
| Allotted (K' b) | 2.02 | ↓ -48.43% | 3.91 |
| Expected maturities | | | |
| Week ending | 9-Feb-18 | 16-Feb-18 | 23-Feb-18 |
| TBs, PNs & TNs | 2,975 | 8,968 | 5,092 |
| OMO | 33,976 | 27,976 | 6,834 |
| Inflation | | | |
| Month | Dec-17 | % pts Δ | Nov-17 |
| Rate | 7.10% | ↓ -0.60% | 7.70% |
| RBM indicative exchange rates | | | |
| Currency | 9-Feb-18 | % Δ | 2-Feb-18 |
| USD | 725.48 | ↑ 0.00% | 725.49 |
| GBP | 1010.81 | ↑ -2.25% | 1034.11 |
| ZAR | 59.83 | ↑ -1.69% | 60.86 |
| EUR | 889.00 | ↑ -1.88% | 905.99 |
| Gross official foreign exchange reserve position | | | |
| | 7-Feb-18 | 2-Feb-18 | 26-Jan-18 |
| Reserves (USD'm) | 715.08 | 723.89 | 713.04 |
| Import cover (months) | 3.42 | 3.46 | 3.41 |

(Sources: MSE, RBM, NSO)



(Source: RBM)

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