

MASI gains

The Malawi All Share Index (MASI) gained by 4.61% to close the week at 24480.64 points due to share price increases in FMBCH, MPICO, NBM, STANDARD and SUNBIRD which offset a share price loss in NITL. Total value traded increased by 50.59% to K251.62m from K167.10m recorded the previous week. A total of 7,726,523 shares were traded during the week compared to 9,221,902 shares transacted the previous week. Year to date return on the MASI stands at 13.35% (2017: 5.37%). There was no trade on the listed government securities during the week (Source: MSE).

Corporate update

NICO released a trading statement informing the public of a revision of the company's expected profit after tax (PAT) for the year ending 31st December 2017 to more than 300% from more than 180% as earlier communicated (Source: MSE). This means that the company's PAT will be at least K10.8b from K2.7b in 2017. The news is expected to excite trading in the counter on MSE.

Standard Bank reported a profit after tax of K12.16b for 2017 (2016: K19.43b). The 37% drop is largely attributed to a significant impairment provision of MWK 6.2b. The directors recommend a final dividend of K4.26 per ordinary share (2016: K21.31) to be tabled at the forthcoming Annual General Meeting (Source: MSE).

Treasury Bills

The Malawi Government raised a total of K17.64b through ordinary and tap Treasury Bill auctions during the week, compared to K33.02b raised the previous week. The average yield marginally increased to 14.50% from 14.49% the preceding week. The auctions registered no rejection (Source: RBM). Looking forward, we expect TB yields to remain fairly steady in the short term. In the medium term, yields on government securities could face a downward pressure as the authorities look for cheaper funds.

Interbank market

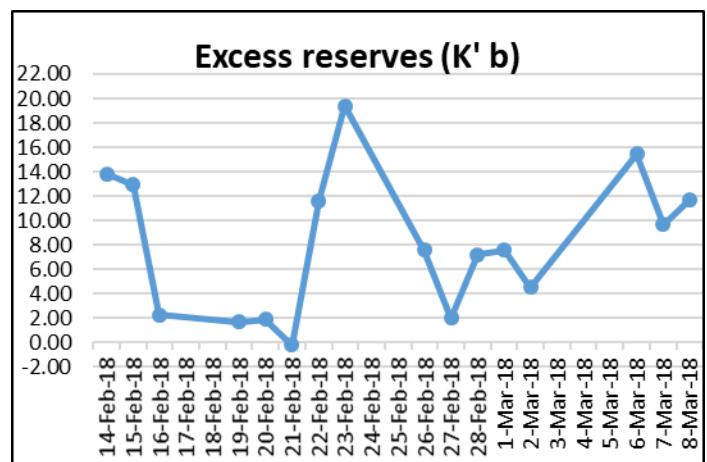
Liquidity increased to a daily average of K10.34b from K8.76b the previous week. The average overnight interbank rate decreased to 13.79% from 13.80% the preceding week. The daily average volume traded on the interbank market increased to K8.87b from K6.90b the previous week. The banks accessed a total of k4.26b on the Lombard Facility during the week. RBM mopped up K28.87b from the system through OMOS (Source: RBM). We expect the RBM to intensify mop up operations in the near term to reduce the impact of excess liquidity on inflation.

Kwacha exchange rate movements

During the week, the Kwacha appreciated against the ZAR but marginally depreciated against the other major trading currencies. Gross official reserves increased to USD687.06m (3.29 months of imports) as at 6th March 2018 from USD683.06m (3.27 months of imports) recorded on 2nd March 2018 (Source: RBM). We expect the kwacha to remain broadly stable in the short to medium term, and foreign exchange reserves to face pressure from the monetary authorities' efforts to keep the Kwacha stable.

Stock market indices			
	9-Mar-18	% Δ	2-Mar-18
MASI	24480.64	▲ 4.6071%	23402.46
DSI	17783.69	▲ 0.2689%	17735.99
FSI	4671.99	▲ 26.0615%	3706.12
Market capitalisation (K' b)	10,884.92	▲ 0.4407%	10,837.16
Deals	49	▲ 44.1176%	34
Value of shares traded (K' m)	251.62	▲ 50.5850%	167.10
Gainers	Current price (K)	% Δ	Previous price (K)
FMBCH	90.15	▲ 27.5106%	70.70
MPICO	16.00	▲ 1.9108%	15.70
NBM	275.00	▲ 1.8217%	270.08
STANDARD	610.00	▲ 0.0016%	609.99
SUNBIRD	110.05	▲ 0.0455%	110.00
Losers	Current price (K)	% Δ	Previous price (K)
NITL	55.00	▼ -8.4249%	60.06
Treasury Bill yields			
Tenor (days)	6 to 9 Mar 2018	% pts Δ	26 Feb to 2 Mar 2018
91	14.0000%	▲ 0.0202%	13.9798%
182	14.5000%	► 0.0000%	14.5000%
364	15.0000%	► 0.0000%	15.0000%
All-type	14.5000%	▲ 0.0067%	14.4933%
Overall rejection rate	0.00%	▼ -1.6821%	1.68%
Allotted (K' b)	17.64	▼ -46.5734%	33.02
Expected maturities			
Week ending	9-Mar-18	16-Mar-18	23-Mar-18
TBs, PN's & TNs	15,395	8,543	8,204
OMO	20,966	19,977	15,213
Inflation			
Month	Jan-18	% pts Δ	Dec-17
Rate	8.10%	▲ 1.00%	7.10%
RBM indicative exchange rates			
Currency	9-Mar-18	% Δ	2-Mar-18
USD	725.6972	▼ 0.0002%	725.6955
GBP	1001.8976	▼ 0.1526%	1000.3712
ZAR	60.9399	▲ -0.3618%	61.1612
EUR	893.7687	▼ 0.2852%	891.2266
Gross official foreign exchange reserve position			
	6-Mar-18	2-Mar-18	23-Feb-18
Reserves (USD'm)	687.06	683.06	698.51
Import cover (months)	3.29	3.27	3.34

(Sources: MSE, RBM, NSO)



(Source: RBM)

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