

### Malawi Stock Exchange trading activity

During the week, the Malawi All Share Index (MASI) lost by 6.32% to close at 28,686.33 points from 30,620.09 points the previous week on account of share price losses in FMBCH, MPICO and NICO which outweighed share price gains in BHL, NITL and PCL. The year-to-date return on the MASI stands at 32.82% compared to 51.53% for the corresponding period in 2017. There were no trades on the listed bond market (*Source: MSE*).

MSE released the monthly market performance report for October 2018 where the MASI lost by 5.41% to close at 30,622.66 points due to share price losses in TNM (-15.48%), ILLOVO (-14.65%), FMBCH (-12.03%), NICO (-1.94%) and NITL (-0.01%) which outweighed share price gains in PCL (23.53%), NBS (11.84%), BHL (11.23%) and NBM (6.75%). However, the market registered an increase in traded value of 55.54% and volume of 71.56% during the month. There was no turnover on the listed bond market (*Source: MSE*).

### Treasury Bill auctions

Government raised K1.67b through a Treasury Bill (TB) auction conducted during the week compared to K8.78b raised the previous week. Applications for TBs during the week amounted K6.89b, representing a rejection rate of 75.77% compared 40.01% reported in the previous week. Maturities for the week amounted K1.88b, resulting in a net injection of K0.21b.

The average yields for TBs were stable at 14.00% for the 91-day TB, 14.50% for the 182-day TB and 15.00% for the 364-day TB, resulting in an all-type TB yield of 14.50% (*Source: RBM*). Looking forward, the stability of TB yields is expected to continue in the near term as the Policy rate remains fixed at 16%. However, in the medium to long term, interest rate stability in general is threatened by mounting pressures on inflation and the exchange rate during the lean period.

### Interbank market activity

Liquidity levels remained tight during the week, increasing slightly to a daily average of K3.63b from K3.27b registered in the previous week. The daily average volume traded on the interbank market decreased by 13.73% to K4.95b from K9.43b the previous week. The average overnight interbank rate increased to 14.97% from 14.86% for the previous week. The total amount accessed from the Lombard Facility increased by 3.66% to K20.72b compared to K19.99b accessed during 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*).

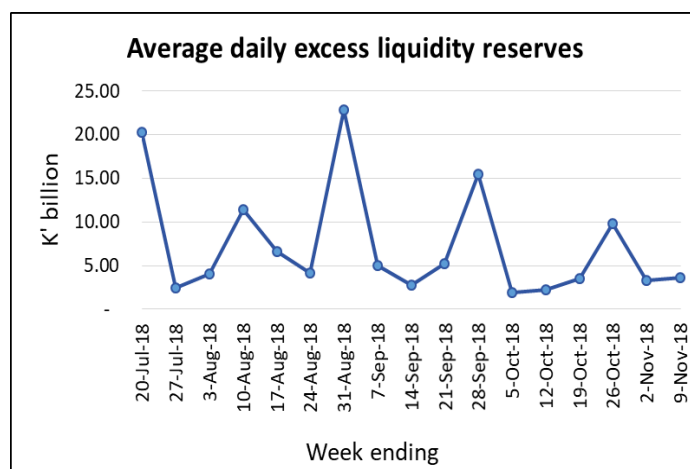
### Foreign exchange market developments

The Kwacha appreciated against the EUR during the week and depreciated against the USD (albeit marginally), GBP and ZAR. The RBM indicative middle rate for USD/MWK closed the week at 729.1114 from 729.0395 recorded as at the end of the previous week (*Source: RBM*).

Gross official forex reserves stood at USD727.63m (3.48 months of import cover) on 28<sup>th</sup> September 2018, a decrease of about 3% from USD753.52m (3.61 months of import cover) reported on 31<sup>st</sup> August 2018 (*Source: RBM*). Since the beginning of October 2018, RBM has not been publishing daily positions of forex reserves as was previously done.

| Stock market                                      |                   |           |                    |
|---|-------------------|-----------|--------------------|
|   | 9-Nov-18          | % Δ       | 2-Nov-18           |
| MASI  | 28,686.33         | ↓ -6.32%  | 30,620.09          |
| DSI   | 20,999.05         | ↑ 0.30%   | 20,936.54          |
| FSI   | 5,314.67          | ↓ -26.15% | 7,196.88           |
| Traded volume                                     | 3,494,387         | ↓ -61.71% | 9,127,141          |
| Number of trades                                  | 50                | ↓ -12.28% | 57                 |
| Value of shares traded (K'm)                      | 376.02            | ↓ -9.80%  | 416.85             |
| Market capitalisation (K'b)                       | 1,271.53          | ↓ -6.32%  | 1,357.25           |
| Gainers   | Current price (K) | % Δ       | Previous price (K) |
| BHL   | 12.99             | ↑ 3.26%   | 12.58              |
| NITL  | 86.00             | ↑ 0.01%   | 85.99              |
| PCL   | 1149.01           | ↑ 9.43%   | 1050.00            |
| Losers  | Current price (K) | % Δ       | Previous price (K) |
| FMBCH   | 101.00            | ↓ -27.33% | 138.99             |
| MPICO   | 15.50             | ↓ -20.51% | 19.50              |
| NICO  | 50.97             | ↓ -0.04%  | 50.99              |
| Treasury Bill auctions                            |                   |           |                    |
|   | 6-Nov-18          | % pts Δ   | 30-Oct-18          |
| 91 days yield                                     | 14.00%            | → 0.00    | 14.00%             |
| 182 days yield                                    | 14.50%            | → 0.00    | 14.50%             |
| 364 days yield                                    | 15.00%            | → 0.00    | 15.00%             |
| All-type yield                                    | 14.50%            | → 0.00    | 14.50%             |
| Allotted - cost value (K'm)                       | 1,669.51          | ↓ -80.98% | 8,779.57           |
| Overall rejection rate                            | 75.77%            | ↑ 35.75   | 40.01%             |
| Projected maturities                              |                   |           |                    |
| Week ending                                       | 9-Nov-18          | 2-Nov-18  | Nov-18             |
| TBs, PNs & TNs (K'm)                              | 1,879             | 9,556     | 28,135             |
| OMO (K'm)   | 0                 | 19,875    | 51,121             |
| Inflation   |                   |           |                    |
| Rate  | Sep-18            | % pts Δ   | Aug-18             |
|   | 9.50%             | ↑ 0.20    | 9.30%              |
| RBM indicative mid exchange rates                 |                   |           |                    |
|   | 9-Nov-18          | % Δ       | 2-Nov-18           |
| USD   | 729.1114          | ↓ 0.01%   | 729.0395           |
| GBP   | 951.0529          | ↓ 0.34%   | 947.8243           |
| ZAR   | 51.4350           | ↓ 0.98%   | 50.9373            |
| EUR   | 827.1040          | ↑ -0.60%  | 832.1257           |
| Gross official foreign exchange reserves position |                   |           |                    |
|   | 28-Sep-18         | 31-Aug-18 | 31-Jul-18          |
| Reserves (USD'm)                                  | 727.63            | 753.52    | 754.23             |
| Import cover (months)                             | 3.48              | 3.61      | 3.61               |

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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