WEEKLY MARKET UPDATE

15 MARCH 2019

OLDMUTUAL

INVESTMENT GROUP

INTEREST RATES	15 MAR 2019	8 MAR 2019	7 DAYS CHANGE	YTD CHANGE
91 Days T/bill	9.99%	9.99%	-	-143bps
182 Days T/bill	10.50%	10.50%	-	-350bps
364 Days T/bill	11.50%	11.50%	-	-250bps
Interbank Rate	5.66%	6.05%	-39bps	-885bps
EQUITY MARKET	**15 MAR 2019**	**7 DAYS CHANGE**	**7 DAYS CHANGE**	**YTD CHANGE**
Malawi All Share Index (MASI)	27 451.38	-236.58	-0.85%	-5.29%
Domestic Share Index (DSI)	20 616.57	-213.45	-1.02%	-3.29%
Foreign Share Index (FSI)	4 521.94	-	-	-14.12%
GAINERS & LOSERS				
MSE CODE	**PRICE (MK) 15 MAR 2019**	**PRICE (MK) 1 MAR 2019**	**7 DAYS CHANGE**	**YTD CHANGE**
TNM	25.05	25.01	+0.16%	-10.54%
MPICO	13.06	13.04	+0.15%	-1.21%
ICON	11.95	11.94	+0.08%	N/A
NITL	74.99	75.00	-0.01%	-0.01%
BHL	12.97	12.98	-0.08%	-0.23%
STANDARD	570.00	670.00	-14.93%	-14.93%
OLD MUTUAL UNIT TRUSTS				
MONEY MARKET FUND	**14 MAR 2019**	**7 MAR 2019**	**7 DAYS CHANGE**	**YTD CHANGE**
Fund Class A	8.54%	8.89%	-35bps	-288bps
Fund Class B	8.29%	8.64%	-34bps	-288bps
Fund Class C	8.04%	8.39%	-34bps	-287bps
Fund Class M	5.57%	5.90%	-34bps	-281bps
BALANCED FUND PRICE (NAV) - TAMBALA	**14 MAR 2019**	**7 MAR 2019**	**7 DAYS CHANGE**	**YTD CHANGE**
Fund Class A	619.99	618.23	+0.28%	-1.26%
Fund Class B	617.14	616.56	+0.09%	-0.98%
Fund Class C	616.32	615.82	+0.08%	-0.79%
FOREIGN EXCHANGE – MIDDLE RATES				
	15 MAR 2019	**8 MAR 2019**	**7 DAYS CHANGE**	**YTD CHANGE**
MWK/USD	730.88	730.88	-	-0.14%
MWK/GBP	966.75	956.42	-1.07%	-4.33%
MWK/ZAR	50.48	50.38	-0.19%	+0.70%
MWK/EUR	826.87	818.07	-1.06%	+0.73%
ECONOMIC INDICATORS	**JAN 2019**	**DEC 2018**	**NOV 2018**	**OCT 2018**
Inflation	8.80%	9.90%	10.10%	9.70%
Policy Rate	14.50%	16.00%	16.00%	16.00%
GDP growth (%)	4.1%(2019 F)	4.0%(2018 E)	5.1%(2017 E)	2.7%(2016)

LIQUIDITY REVIEW			
MWK MILLIONS	**15 MAR 2019**	**18 MAR 2019**	**INCREASE/ (DECREASE)**
T/bill Maturity	10 044.71	21 223.00	(11 178.29)
OMO Maturity	-	11 206.00	(11 206.00)
Total Maturity	10 134.00	32 429.00	(22 384.29)
OMO REPO Collection	-	-	-
TB & TN Collection	10 038.00	17 473.40	(7 438.35)
Total Collection	10 038.00	17 473.40	(7 435.35)
Average liquidity	18 920.00	12 812.50	6 107.50

MATURITY FORECAST (WEEK ENDING 22 MAR 2019)			
	T/BILLS MATURITY (MN)	**OMO REPOS MATURITY (MN)**	**TOTAL MATURITY (MN)**
RBM Forecast	N/A	N/A	N/A
OMIG Forecast	2 270.00	-	2 270.00

APPETITE FOR DOMESTIC BORROWING					
	2017/18FY	**DEC 2018**	**JAN 2019**	**FEB 2019**	**JUL 2018 TO DATE**
Maturing Amount (BN)	240.55	37.62	55.22	51.08	446.93
Amount Collected (BN)	347.7	32.53	77.09	55.89	512.95
(Under)/Over Collection (BN)	107.15	(5.09)	21.87	4.81	66.02
(Under)/Over Collection (%)	44.54	(14.14)	39.60	9.42	14.77

INSIGHTS

- Authorities **over-collection over maturing Treasury bills and Treasury notes** from July 2018 to date indicates that government's high appetite for domestic borrowing remains.
- The Reserve Bank of Malawi (RBM) raised K10,038.05 million against an application of K35 553.26 million representing **71.77% rejection under the Treasury bills auction** held in the week. The majority of applications were under the 182 days paper at 43.9% followed by the 364 days paper and 91 days Treasury bill at 40.9% and 15.2% respectively.
- **The local currency maintained its stability against the United States Dollar** as authorities strive to maintain the stability in a bid to cushion non-food inflationary pressure.
- Parliament approved at mid-year, a proposed 2018/19 national expenditure cut of K25.10 billion to K1,429.70 billion from the approved K1,454.80 billion, representing a downward revision of about 1.72%. Total revenues and grants have been revised downwards from K1,249.30 billion to K1,173.70 billion, a decline of 6.1%. **Resultantly, the 2018/19 national budget deficit is forecast at K256.00 billion (4.7% of Gross Domestic Product, GDP), up by 24.6% compared to the approved budget deficit of K205.50 billion (3.8% of GDP).**
- **The International Monetary Fund (IMF) concluded the second review of the Extended Credit Facility (ECF) on a positive note amidst risks to fiscal sustainability.** All the quantitative performance criteria (QPC) for end-December 2018 except target on primary fiscal balance were met. The target on the primary balance (i.e. fiscal balance that excludes interest payments) was missed largely due to front-loading of budgeted expenditures and increases in spending to hold elections. **The IMF team urged authorities to improve on debt and public financial management in order to ensure fiscal sustainability.**
- **The IMF revised upwards the 2019 Gross Domestic Product (GDP) forecast to 5.0% from the initial forecast of 4.7%,** a rebound from the estimate of 3.3% for the previous year. Growth is on assumption of a recovery in agriculture and improvement in electricity generation. Over the medium-term, IMF forecasts a rise in GDP growth to between 6.0% and 7.0%, largely expected to be driven by infrastructure projects, greater access to finance, and an improved business climate. According to the IMF, **Inflation is expected to ease to around 8.0% at end-2019 and gradually converge to 5.0% over the medium term.**
- **The Great British Pound strengthened on the international market towards the end of the week following the endorsement of British politicians to seek a Brexit delay.** The endorsement is expected to give some room for negotiations for a deal before United Kingdom exits the European Union bloc.

THE WEEKS AHEAD

SECOND MPC MEETING	25TH-26TH APRIL 2019
IMF BOARD'S DECISION ON THE SECOND REVIEW OF ECF PROGRAMME	APRIL 2019
ONSET OF 2019 HARVEST AND TOBACCO SELLING SEASON	APRIL 2019

Regulatory Information and Disclaimer

Old Mutual Investment Group Limited (OMIG) is a portfolio/fund manager in Malawi registered with and licensed by the Reserve Bank of Malawi. OMIG is a member of Old Mutual Malawi group of companies which is ultimately owned by Old Mutual Limited which is listed on the Johannesburg, Namibia, Zimbabwe and Malawi Stock Exchanges. This information is prepared for indicative purposes only. OMIG accepts no liability whatsoever for any direct or consequential loss arising from the use of any information and opinions contained therein.