



Malawi Stock Exchange (MSE) trading activity

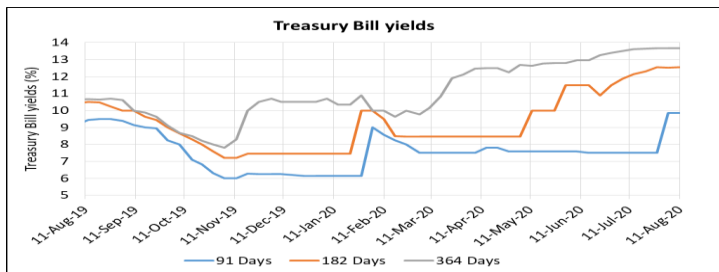
The Malawi All Share Index (MASI) registered a gain of 3.11% to close the week at 31,352.43 points from 30,408.11 points in the previous week due to share price gains in AIRTEL (13.64%), MPICO (0.05%) and NBM (12.50%) which outweighed share price losses in FDHB (-13.94%) and TNM (-0.04%). There was no share price movement for the rest of the counters. The market traded 113,641,060 shares at a consideration of K2.04b in 123 trades compared to 4,073,783 shares traded at a consideration of K80.58m in 70 trades during the previous week. This represents an increase of 2,689.57% in traded volume and an increase of 2,433.86% in traded value. The year-to-date return on MASI stands at 3.64% compared to 1.16% in the same period in 2019 (Source: MSE).

Corporate news

Published financial results for banks for the half year ended 30th June 2020				
	H1 2020 PAT (K'm)	Movement	H1 2019 PAT (K'm)	
CDH Investment Bank Ltd	927	↑	549	
Ecobank Ltd	4,004	↑	3,692	
FDH Bank Ltd	3,224	↓	3,351	
First Capital Bank Plc	3,913	↓	4,153	
National Bank of Malawi Plc	9,071	↓	9,127	
NBS Bank Plc	2,844	↑	1,406	
MyBucks Banking Corporation Ltd	1,879	↑	817	

Government securities

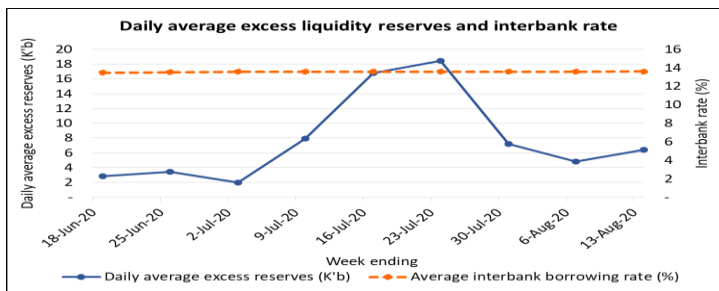
Government raised K4.44b during the week's auction for Treasury Bills (TBs) compared to K7.51b raised in the previous week. The auction registered a rejection rate of 0.24%. The all-type average TB yield remained constant at 12.03%. There were marginal increases in the 182-day and 364-day yields to 12.55% and 13.69%, respectively, from 12.54% and 13.68% in the previous week. The 91-day yield was stable at 9.85% during the week (Source: RBM).



There was no auction for Treasury Notes during the week. Maturities of Government securities for the week amounted to K3.58b, resulting in a net withdrawal of K0.86b from the market compared to a net withdrawal of K28.66b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Market liquidity levels remained low. Average daily excess liquidity reserves slightly increased to K6.41b from K4.80b recorded in the previous week. Borrowing on the interbank market amounted to K42.95b, increasing from K19.45b in the previous week, while the average interbank borrowing rate slightly increased to 13.59% from 13.58%. Consequently, borrowing on the Lombard Facility increased to an average of K31.89b per day during the week from K29.20b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



COVID-19 update

Total confirmed cases of COVID-19 in Malawi increased to 4,912 as at 14th August 2020 from 4,491 as at 7th August 2020. The country continues to register a rise in the transmission of the disease. So far, 2,550 have recovered while 153 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 21m, with more than 13m recoveries and 761k deaths (Source: Johns Hopkins University and Medicine).

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Stock market				
	14-Aug-20	% Δ	7-Aug-20	
MASI	31,352.43	↑	3.11%	30,408.11
DSI	26,695.46	↑	3.25%	25,855.20
FSI	1,535.30	→	0.00%	1,535.30
Traded volume	113,641,060	↑	2689.57%	4,073,783
Number of trades	123	↑	75.71%	70
Value of shares traded (K'm)	2,041.73	↑	2433.86%	80.58
Market capitalisation (K'm)	1,703,524.28	↑	3.06%	1,652,923.30
Gainers				
	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	25.00	↑	13.64%	22.00
MPICO	21.01	↑	0.05%	21.00
NBM	618.75	↑	12.50%	550.00
Losers				
	Closing price (K)	% Δ	Opening price (K)	
FDHB	12.90	↓	-13.94%	14.99
TNM	23.48	↓	-0.04%	23.49
Treasury Bill auctions				
Auction date	11-Aug-20	% pts Δ	4-Aug-20	
Amount offered - cost value (K'm)	7,505.00	→	0.00%	7,505.00
Applied - cost value (K'm)	4,455.60	↓	-51.26%	9,141.98
Alloted - cost value (K'm)	4,444.75	↓	-40.78%	7,505.40
Overall rejection rate	0.24%	↓	-17.66%	17.90%
91 days yield	9.85%	→	0.00%	9.85%
182 days yield	12.55%	↑	0.08%	12.54%
364 days yield	13.69%	↑	0.02%	13.68%
All-type yield	12.030%	↑	0.03%	12.026%
Treasury Note auctions				
Auction date	4-Aug-20	21-Jul-20	30-Jun-20	
Tenors	2 years	5 years	2, 3 & 5 years	
Coupon rate	10.00%	12.50%	10%, 11% & 12.5%	
Amount offered - cost value (K'b)	40.88	28.23		
Total applied - cost value (K'b)	20.78	44.01	24.99	
Total allotted - cost value (K'b)	21.58	28.26	24.99	
Allotted - weighted average ytm	16.46%	19.82%	15.8%, 18% & 19.93%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.46%	4-Aug-20	tba	
3-year	18.00%	30-Jun-20	tba	
5-year	19.82%	21-Jul-20	tba	
7-year	21.00%	19-Jun-20	18-Aug-20	
10-year	21.70%	21-Apr-20	tba	
Projected maturities				
Week ending	14-Aug-20	21-Aug-20	28-Aug-20	
TBs, PNs & TNs (K'm)	3,575	4,418	7,188	
OMO (K'm)	0	0	0	
Reference rate				
Rate	Aug-20	% pts Δ	Jul-20	
	13.40%	→	13.40%	
Inflation rate				
Rate	Jun-20	% pts Δ	May-20	
	8.5%	↓	-0.2	
			8.7%	
Cumulative tobacco sales (Week 16)				
Year	2020	% Δ	2019	
Volume (Kg)	104,937,740.00	↓	131,043,156.00	
Value (USD)	160,198,115.49	↓	194,250,249.88	
Average price (USD/Kg)	1.53	↑	1.48	
Indicative opening mid exchange rates				
	14-Aug-20	% Δ	7-Aug-20	
USD	745.0180	↓	1.36%	
GBP	973.3660	↓	0.04%	
EUR	879.9408	↓	0.14%	
ZAR	42.8006	↓	1.20%	
Gross official foreign exchange reserves position				
	31-Jul-20	30-Jun-20	31-May-20	
Reserves (USD'm)	651.41	682.66	662.98	
Import cover (months)	3.12	3.27	3.17	

Sources: MSE, RBM, NSO, AHL

Foreign exchange market developments

The Kwacha depreciated by 1.36% against USD to close the week at K745.02 per USD from K735.02 per USD at the end of the previous week. The Kwacha also depreciated against GBP, EUR and ZAR by 0.04%, 0.14% and 1.20%, respectively. Gross official forex reserves were last recorded at USD651.41m (3.12 months of import cover) on 31st July 2020, a decrease of 4.58% from USD682.66m (3.27 months of import cover) on 30th June 2020 (Source: RBM). As at the end of week 16 of the 2020 marketing season on 7th August 2020, Tobacco had raked in USD160.20m compared to USD194.25m for the same period in 2019, representing a year-on-year decrease in value of 17.53%. Tobacco sales volumes so far have amounted to 104.94m kg, lower than 131.04m kg as at week 16 in 2019. However, average prices have been higher for 2020 (K1.53/kg) compared to 2019 (K1.48/kg) (Source: AHL).