

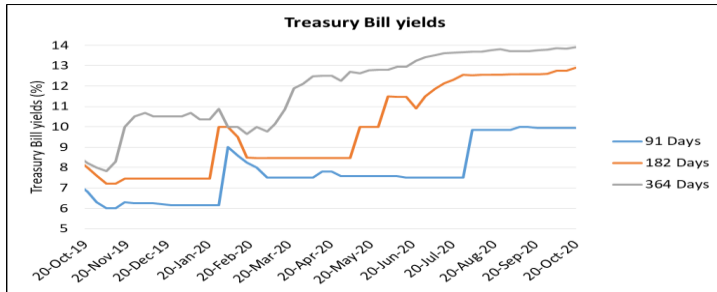


**Malawi Stock Exchange (MSE) trading activity**

The Malawi All Share Index (MASI) marginally gained by 0.02% to close the week at 31,346.80 points from 31,339.53 points in the previous week due to a share price gain in NICO of 8.38% which outweighed share price losses in AIRTEL (0.07%), ICON (1.52%), MPICO (0.29%), NBS (0.24%) and TNM (0.98%). There were no price changes in the rest of the counters. The market traded a total of 151,537,502 shares at a consideration of K2.23b in 61 trades. This is a significant increase from a total of 1,682,543 shares traded in the previous week at a consideration of K48.74m in 31 trades. The year-to-date return on MASI stands at 3.62% compared to 2.61% for the same period in 2019 (Source: MSE).

**Government securities**

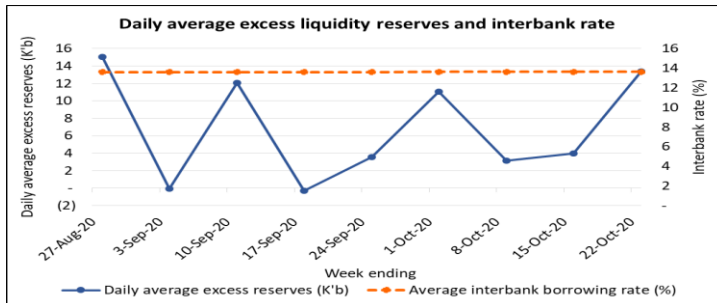
Government raised K430.55m during the week's auction for Treasury Bills (TBs) compared to K1.96b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.25% from 12.18% in the previous week due to increases in the 182-day and 364-day yields to 12.90% and 13.90%, respectively, from 12.75% and 13.85% in the preceding week. The 91-day yield was stable at 9.95% (Source: RBM).



The Government also raised K3.32b from an auction of a 5-year Treasury note (TN) at a weighted average yield of 19.95%. This brings the total amount raised during the week from auctions of Treasury securities to K3.75b. Maturities of Government securities for the week amounted to K7.44b, resulting in a net injection of K3.69b into the market compared to a net injection of K4.34b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves increased to K13.39b from K3.99b recorded in the previous week. Consequently, interbank borrowing for the week decreased to K3.20b from K24.05b in the previous week. The average interbank borrowing rate was stable at 13.63%. Borrowing on the Lombard Facility increased to an average of K59.56b per day during the week from K37.22b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



**Foreign exchange market developments**

The Kwacha was stable at K753.3557 per USD during the week. However, it depreciated against GBP, EUR and ZAR by 1.31%, 0.81% and 2.58%, respectively. Gross official forex reserves were last recorded at USD546.99m (2.62 months of import cover) on 30<sup>th</sup> September 2020, representing a decrease of 14.91% from USD642.86m (3.08 months of import cover) on 31<sup>st</sup> August 2020 (Source: RBM).

**COVID-19 update**

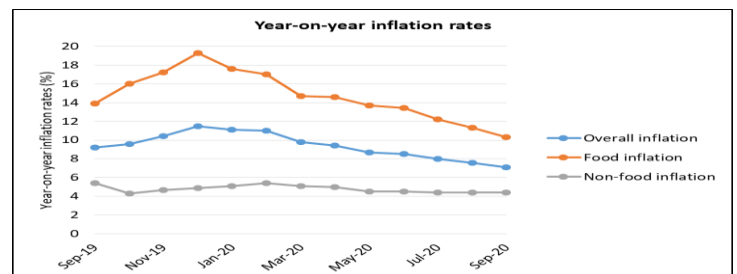
Cumulative confirmed COVID-19 cases in Malawi stood at 5,885 as at 23<sup>rd</sup> October 2020. The country continues to register low levels of daily new infections. Consequently, the economy continues to open. So far, 5,287 people have recovered while 183 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 41.87m, with more than 28.41m recoveries and 1.14m deaths as at 23<sup>rd</sup> October 2020 (Source: Johns Hopkins University and Medicine). While most countries across the world continue to ease restrictions due to a decrease in daily new infections, countries in the EURO Zone continue to reinstate some measures as the region has been registering a daily rise in new infections recently.

Stock market				
	23-Oct-20		% Δ	16-Oct-20
MASI	31,346.80	↑	0.02%	31,339.53
DSI	26,826.24	↑	0.02%	26,819.77
FSI	1,361.90	→	0.00%	1,361.90
Traded volume	151,537,502	↑	8906.46%	1,682,543
Number of trades	61	↑	96.77%	31
Value of shares traded (K'm)	2,228.67	↑	4472.94%	48.74
Market capitalisation (K'm)	1,703,334.47	↑	0.05%	1,702,442.58
Gainers				
	Closing price (K)		% Δ	Opening price (K)
NICO	52.00	↑	8.38%	47.98
Losers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	28.98	↓	-0.07%	29.00
ICON	12.30	↓	-1.52%	12.49
MPICO	23.93	↓	-0.29%	24.00
NBS	20.95	↓	-0.24%	21.00
TNM	20.19	↓	-0.98%	20.39
Treasury Bill auctions				
Auction date	20-Oct-20		% pts Δ	13-Oct-20
Amount offered - cost value (K'm)	8,179.00	→	0.00%	8,179.00
Applied - cost value (K'm)	430.55	↓	-78.07%	1,962.89
Allotted - cost value (K'm)	430.55	↓	-78.07%	1,962.89
Overall rejection rate	0.00%	→	0.00	0.00%
91 days yield	9.95%	→	0.00%	9.95%
182 days yield	12.90%	↑	1.18%	12.75%
364 days yield	13.90%	↑	0.39%	13.85%
All-type yield	12.25%	↑	0.56%	12.18%
Treasury Note auctions				
Auction date	20-Oct-20	6-Oct-20	15-Sep-20	
Tenors	5 years	3 years	10 years	
Coupon rate	12.50%	11.00%	15.00%	
Amount offered - cost value (K'b)	20.25	35.74	13.81	
Total applied - cost value (K'b)	11.20	13.03	14.24	
Total allotted - cost value (K'b)	3.32	12.20	11.46	
Allotted - weighted average ytm	19.95%	18.47%	22.14%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.46%	4-Aug-20	tba	
3-year	18.47%	6-Oct-20	tba	
5-year	19.95%	20-Oct-20	tba	
7-year	20.75%	18-Aug-20	tba	
10-year	22.14%	15-Sep-20	tba	
Projected maturities				
Week ending	23-Oct-20	30-Oct-20	6-Nov-20	
TBs, PNs & TNs (K'm)	7,441	13,897	7,233	
OMO (K'm)	0	0	0	
Reference rate				
Rate	Sep-20	% pts Δ	Aug-20	
	13.60%	0.20	13.40%	
Inflation rate				
Rate	Sep-20	% pts Δ	Aug-20	
	7.1%	-0.5	7.6%	
Indicative opening mid exchange rates				
	23-Oct-20	% Δ	16-Oct-20	
USD	753.3557	→	753.3557	
GBP	983.6565	↓	970.9248	
EUR	888.8091	↓	881.6522	
ZAR	46.4246	↓	45.2580	
Gross official foreign exchange reserves position				
	30-Sep-20	31-Aug-20	31-Jul-20	
Reserves (USD'm)	546.99	642.86	651.41	
Import cover (months)	2.62	3.08	3.12	

Sources: MSE, RBM, NSO, AHL

**Inflation rate**

The year-on-year headline inflation rate decreased to 7.1% in September 2020 from 7.6% in August 2020 as year-on-year food inflation rate decreased to 10.3% from 11.3% while year-on-year non-food inflation rate was stable at 4.4% during the period (Source: NSO). Headline inflation rate has been declining since January 2020 largely due to a decrease in food prices.



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