

Malawi Stock Exchange (MSE) trading activity

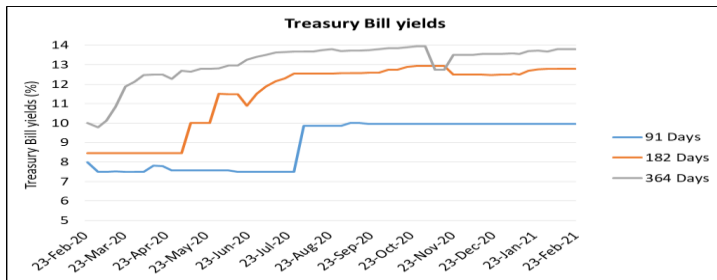
The Malawi All Share Index (MASI) registered a gain of 0.84% to close the week at 33,009.75 points from 32,733.47 points in the previous week due to share price gains in FDHB (14.96%), FMBCH (0.04%), NBM (0.002%) and STANDARD (0.001%) which outweighed losses in AIRTEL (-0.04%), NICO (-0.04%) and PCL (-0.001%). The market traded a total of 3,713,772 shares at a consideration of K144.48m in 51 trades during the week. The year-to-date return on MASI stands at 1.90% compared to -2.67% for the same period in 2020 (Source: MSE).

Corporate news

Illovo Sugar Malawi Plc expects its profit after tax for the half year ending 28th February 2021 to be higher than the previous corresponding period by at least 60%.

Government securities

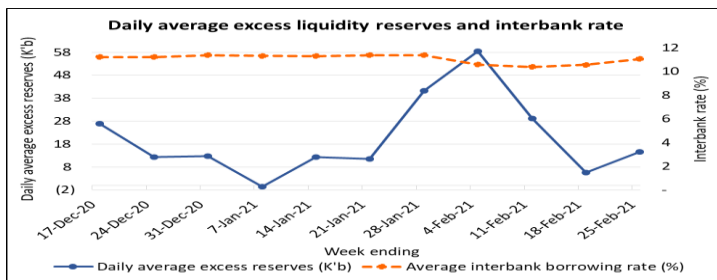
Government raised K11.84b during the week's auction for Treasury Bills (TBs) compared to K3.65b raised in the previous week, representing an increase of 224.85%. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly increased to 12.1834% from 12.1826% in the previous week due to an increase in the 182-day yield to 12.8000% from 12.7905% in the previous week. The increase in the 182-day yield outweighed a decrease in the 91-day and 364-day yields which slightly decreased to 9.9504% and 13.7999%, respectively, from 9.95726% and 13.8000% in the previous week respectively (Source: RBM).



Maturities of Government securities for the week amounted to K11.40b and OMO reverse repo maturities amounted to K70.54b. This resulted in a net withdrawal of K70.98b from the market, compared to a net withdrawal of K16.28b in the previous week (Source: RBM).

Market liquidity and interbank market activity

The average daily excess liquidity reserves increased to K14.62b from K5.64b recorded in the previous week. Interbank borrowing during the week averaged K10.60b per day, up from an average of K4.81b per day in the previous week. Accordingly, the average interbank borrowing rate increased to 11.06% from 10.57%. Borrowing on the Lombard Facility during the week amounted to K70.15b compared to K51.80b in the previous week, at the fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.38% against the USD to close the week at K780.1309 per USD. The Kwacha also depreciated against GBP and EUR by 0.09% and 0.87%, respectively. It, however, appreciated against ZAR by 2.41%. Gross official forex reserves were last recorded at USD502.98m (2.41 months of import cover) on 31st January 2021 from USD574.26m (2.75 months of import cover) recorded on 31st December 2020 (Source: RBM). The reserves are below the recommended minimum of 3 months of import cover. The situation is expected to prevail until the onset of the 2021 tobacco marketing campaign.

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| Stock market | | | | |
|---|----------------------|-----------------------|----------|-------------------|
| | 26-Feb-21 | | % Δ | 19-Feb-21 |
| MASI | 33,009.75 | ↑ | 0.84% | 32,733.47 |
| DSI | 28,108.19 | ↑ | 0.88% | 27,862.74 |
| FSI | 1,614.45 | ↑ | 0.03% | 1,613.96 |
| Market capitalisation (K'm) | 1,794,234.77 | ↑ | 0.84% | 1,779,251.84 |
| Gainers | | | | |
| | Closing price (K) | | % Δ | Opening price (K) |
| FDHB | 16.60 | ↑ | 14.96% | 14.44 |
| FMBCH | 27.10 | ↑ | 0.04% | 27.09 |
| NBM | 650.01 | ↑ | 0.002% | 650.00 |
| STANDARD | 1200.03 | ↑ | 0.001% | 1200.02 |
| Losers | | | | |
| | Closing price (K) | | % Δ | Opening price (K) |
| AIRTEL | 27.98 | ↓ | -0.04% | 27.99 |
| NICO | 51.98 | ↓ | -0.04% | 52.00 |
| PCL | 1,199.96 | ↓ | -0.001% | 1,199.97 |
| Treasury Bill auctions | | | | |
| Auction date | 23-Feb-21 | | % pts Δ | 16-Feb-21 |
| Amount offered - cost value (K'm) | 9,417.00 | → | 0.00% | 9,417.00 |
| Applied - cost value (K'm) | 11,841.72 | ↑ | 119.28% | 5,400.23 |
| Allotted - cost value (K'm) | 11,841.72 | ↑ | 224.85% | 3,645.25 |
| Overall rejection rate | 0.00% | ↓ | -32.50% | 32.50% |
| 91 days yield | 9.9504% | ↓ | -0.0683% | 9.9572% |
| 182 days yield | 12.8000% | ↑ | 0.0743% | 12.7905% |
| 364 days yield | 13.7999% | ↓ | -0.0007% | 13.8000% |
| All-type yield | 12.1834% | ↑ | 0.0071% | 12.1826% |
| Treasury Note auctions | | | | |
| Auction date | 16-Feb-21 | 9-Feb-21 | | 2-Feb-21 |
| Tenors | 10 years | 2, 5 & 7 years | | 3 years |
| Coupon rate | 15.00% | 10%, 12.5% & 13.5% | | 11.00% |
| Amount offered - cost value (K'b) | 10.64 | | | 47.76 |
| Total applied - cost value (K'b) | 8.15 | 24.69 | | 16.35 |
| Total allotted - cost value (K'b) | 7.58 | 24.69 | | 16.35 |
| Allotted - weighted average ytm | 22.50% | 16.5%, 19.97% & 20.5% | | 18.66% |
| Current yields for Treasury Notes | | | | |
| Tenor | Last auction's yield | Last auction | | Next auction |
| 2-year | 16.50% | 9-Feb-21 | | TBA |
| 3-year | 18.66% | 2-Feb-21 | | TBA |
| 5-year | 19.97% | 9-Feb-21 | | TBA |
| 7-year | 20.50% | 9-Feb-21 | | TBA |
| 10-year | 22.50% | 16-Feb-21 | | TBA |
| Projected maturities | | | | |
| Week ending | 26-Feb-21 | 5-Mar-21 | | 12-Mar-21 |
| TBs, PNs & TNs (K'm) | 11,398 | 16,727 | | 13,084 |
| OMO repos (K'm) | 0 | 0 | | 0 |
| OMO reverse repos (K'm) | 70,535 | 0 | | 15,402 |
| Reference rate | | | | |
| Rate | Feb-21 | % pts Δ | | Jan-21 |
| | 12.00% | ↓ | -0.10 | 12.10% |
| Inflation rate | | | | |
| Rate | Jan-21 | % pts Δ | | Dec-20 |
| | 7.7% | ↑ | 0.1 | 7.6% |
| Indicative opening mid exchange rates | | | | |
| | 26-Feb-21 | % Δ | | 19-Feb-21 |
| USD | 780.1309 | ↓ | 0.38% | 777.2127 |
| GBP | 1087.2684 | ↓ | 0.09% | 1086.3102 |
| EUR | 948.1711 | ↓ | 0.87% | 940.0388 |
| ZAR | 52.0830 | ↑ | -2.41% | 53.3690 |
| Gross official foreign exchange reserves position | | | | |
| | 31-Jan-21 | 31-Dec-20 | | 30-Nov-20 |
| Reserves (USD'm) | 502.98 | 574.26 | | 584.89 |
| Import cover (months) | 2.41 | 2.75 | | 2.80 |

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 31,675 as at 26th February 2021, out of which 12,321 were active. There has been a decrease in daily new infections in recent weeks in the second wave of the disease in the country. Government has since reopened schools since 22nd February 2021. Other preventive measures, however, still remain. So far, 18,183 people have recovered while 1,037 have died from the disease (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 113.14m, with recoveries of more than 63.86m and 2.51m deaths as at 26th February 2021 (Source: Johns Hopkins University and Medicine). The rollout of vaccines across the globe is expected to control the pandemic. In Malawi, rollout is expected in March 2021.