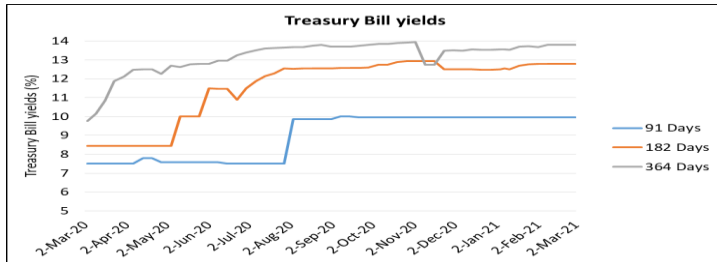


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of 0.05% to close the week at 32,993.44 points from 33,009.75 points in the previous week due to share price losses in AIRTEL (-0.04%), FDHB (-0.60%), ICON (-0.08%) and ILLOVO (-0.01%). The market traded a total of 325,305 shares at a consideration of K14.61m in 21 trades during the week compared to a total of 3,713,772 shares traded at a consideration of K144.48m in 51 trades in the previous week. The year-to-date return on MASI stands at 1.85% compared to -3.57% for the same period in 2020 (Source: MSE).

Government securities

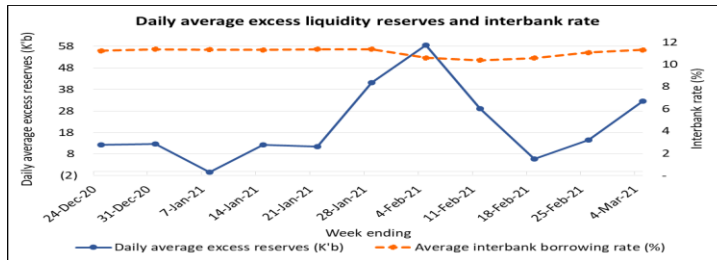
Government raised K13.22b during the week's auction for Treasury Bills (TBs) compared to K11.84b raised in the previous week, representing an increase of 11.62%. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly increased to 12.1835% from 12.1834% in the previous week due to an increase in the 364-day yield to 13.8000% from 13.7999% in the previous week. The 91-day and 182-day yields were stable at 9.9504% and 12.8000%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K16.73b, resulting in a net injection of K3.51b into the market, compared to a net withdrawal of K70.98b in the previous week (Source: RBM).

Market liquidity and interbank market activity

The average daily excess liquidity reserves increased to K32.52b from K14.62b recorded in the previous week. Interbank borrowing during the week averaged K17.65b per day, up from an average of K10.60b per day in the previous week. Accordingly, the average interbank borrowing rate increased to 11.30% from 11.06%. Borrowing on the Lombard Facility during the week averaged K16.45b per day compared to the average of K14.03b per day in the previous week, at the fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha was stable at K780.1309 per USD during the week. It, however, appreciated against GBP, EUR and ZAR by 0.37%, 1.63% and 1.87%, respectively. Gross official forex reserves were last recorded at USD483.38m (2.31 months of import cover) on 28th February 2021 from USD502.98m (2.41 months of import cover) recorded on 31st January 2021 (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.

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 32,357 as at 5th March 2021, out of which 9,539 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, 21,621 people have recovered while 1,063 have died from the disease (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 115.76m, with recoveries of more than 65.47m and 2.57m deaths as at 5th March 2021 (Source: Johns Hopkins University and Medicine). Vaccination across the globe is expected to control the pandemic. In Malawi, the vaccine rollout is expected this month. The country received the first consignment (360,000 doses) of AstraZeneca Vaccine under the COVAX facility on 5th March. Health workers and people with opportunistic conditions will be prioritized

Stock market				
	5-Mar-21		% Δ	26-Feb-21
MASI	32,993.44	↓	-0.05%	33,009.75
DSI	28,093.67	↓	-0.05%	28,108.19
FSI	1,614.45	↔	0.00%	1,614.45
Traded volume	325,305	↓	-91.24%	3,713,772
Number of trades	21	↓	-58.82%	51
Value of shares traded (K'm)	14.61	↓	-89.89%	144.48
Market capitalisation (K'm)	1,793,360.73	↓	-0.05%	1,794,234.77
Gainers				
	Closing price (K)		% Δ	Opening price (K)
None				
Losers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	27.97	↓	-0.04%	27.98
FDHB	16.50	↓	-0.60%	16.60
ICON	12.19	↓	-0.08%	12.20
ILLOVO	80.46	↓	-0.01%	80.47
Treasury Bill auctions				
	2-Mar-21		% pts Δ	23-Feb-21
Amount offered - cost value (K'm)	9,417.00	↔	0.00%	9,417.00
Applied - cost value (K'm)	13,218.30	↑	11.62%	11,841.72
Allotted - cost value (K'm)	13,218.30	↑	11.62%	11,841.72
Overall rejection rate	0.00%	↔	0.00	0.00%
91 days yield	9.9504%	↔	0.0000%	9.9504%
182 days yield	12.8000%	↔	0.0000%	12.8000%
364 days yield	13.8000%	↑	0.0007%	13.7999%
All-type yield	12.1835%	↑	0.0003%	12.1834%
Treasury Note auctions				
	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		9-Mar-21
3-year	18.66%	2-Feb-21		6-Apr-21
5-year	19.97%	9-Feb-21		23-Mar-21
7-year	20.50%	9-Feb-21		20-Apr-21
10-year	22.50%	16-Feb-21		4-May-21
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Coupon rate
9-Mar-21	2	38.34		10.00%
23-Mar-21	5	23.47		TBA
6-Apr-21	3	43.73		TBA
20-Apr-21	7	20.00		TBA
4-May-21	10	9.95		TBA
Projected maturities				
Week ending	5-Mar-21	12-Mar-21		19-Mar-21
TBs, PNs & TNs (K'm)	16,727	13,084		6,951
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	0	15,402		33,516
Reference rate				
	Mar-21	% pts Δ		Feb-21
Rate	11.90%	↓	-0.10	12.00%
Inflation rate				
	Jan-21	% pts Δ		Dec-20
Rate	7.7%	↑	0.1	7.6%
Indicative opening mid exchange rates				
	5-Mar-21		% Δ	26-Feb-21
USD	780.1309	↔	0.00%	780.1309
GBP	1083.2118	↑	-0.37%	1087.2684
EUR	932.7245	↑	-1.63%	948.1711
ZAR	51.1075	↑	-1.87%	52.0830
Gross official foreign exchange reserves position				
	28-Feb-21	31-Jan-21		31-Dec-20
Reserves (USD'm)	483.38	502.98		574.26
Import cover (months)	2.31	2.41		2.75

Sources: MSE, RBM, NSO, AHL

Expected financial results for the year ended 31st December 2020				
Company	Expected lowest profit after tax for 2020 (K'm)		2019 profit after tax (K'm)	
		Expected change		
Airtel Malawi Plc	22.271	↑	40%	15.908
Blantyre Hotels Plc	(0.467)	↓	-200%	0.467
FMB Capital Holdings Plc (USDm)	30.872	↑	200%	10.291
ILLOVO Sugar Malawi Plc (HY2021)	3.278	↑	60%	2.049
National Bank of Malawi Plc	20.586	↑	20%	17.155
NBS Bank Plc	5.572	↑	25%	4.458
NICO Holdings Plc	9.613	↑	20%	8.011
NITL	1.068	↓	-40%	1.780
Standard Bank Malawi Plc	23.025	↑	45%	15,879
Sunbird Tourism Plc	(1.297)	↓	-150%	2.595
Telekom Networks Malawi Plc	11.297	↓	-25%	15.063

Source: MSE

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