

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.38% to close the week at 33,119.85 points from 32,993.44 points in the previous week due to share price gains in NBM (0.01%), NBS (11.49%) and STANDARD (0.006%) which outweighed losses in MPICO (-0.14%), NICO (-0.06%) and PCL (-0.001%). The market traded a total of 3,168,491 shares at a consideration of K164.73m in 81 trades during the week compared to a total of 325,305 shares traded at a consideration of K14.61m in 21 trades in the previous week. The year-to-date return on MASI stands at 2.24% compared to -3.50% for the same period in 2020 (Source: MSE).

Corporate news

Telekom Networks Malawi Plc (TNM) announced the appointment of Mr Arnold Kweyani Mbwana as the new CEO with effect from 1st March 2021. Until his appointment, Mr Mbwana was Chief Finance Officer and Acting Chief Executive Officer of the company. He has more than 15 years' experience in both local and international organisations in the areas of finance, governance, enterprise risk management, audit and general management (Source: MSE).

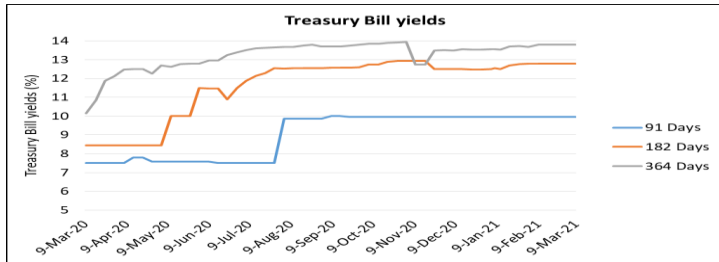
Standard Bank Malawi Plc reported a profit after tax (PAT) of K23.74b for the year ended 2020, 50% above PAT of K15.88b recorded in the previous year. The increase in PAT was on account of a 6% rise in net interest income which was supported by 42% growth in financial investments as customer deposits grew by 30%. The bank also recovered K7.1b through an insurance claim on a previously written off credit facility (Source: MSE).

Coupon payment

Company	Medium Term Loan	Last day to register	Payment date	Payment period
MYBUCKS	K12.4bn	26-Mar-21	31-Mar-21	Jan 21- Mar 21

Government securities

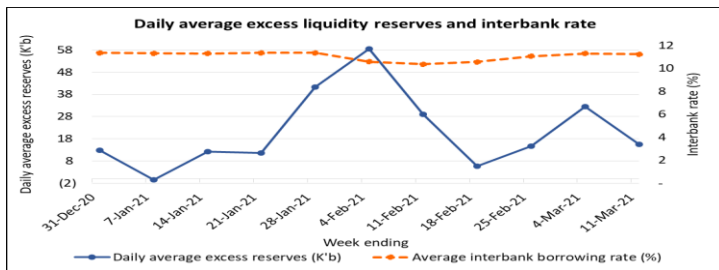
Government raised K12.96b during the week's auction for Treasury Bills (TBs) compared to K13.22b raised in the previous week, representing a decrease of 1.94%. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly decreased to 12.1833% from 12.1835% in the previous week due to a decrease in the 91-day yield to 9.9500% from 9.9504%. The 182-day and 364-day yields were stable at 12.8000% and 13.8000%, respectively (Source: RBM).



During the week, K38.57b was also raised by Government through an auction of a 2-year Treasury note (TN) at an average yield of 16.50%. Maturities of Government securities and OMO reverse repos for the week amounted to K13.08b and K15.40b, respectively, resulting in a net withdrawal of K53.85b from the market compared to a net injection of K3.51b in the previous week (Source: RBM).

Market liquidity and interbank market activity

The average daily excess liquidity reserves decreased to K15.45b from K32.52b in the previous week. Interbank borrowing during the week averaged K14.68b per day, down from an average of K17.65b per day in the previous week. Accordingly, the average interbank borrowing rate decreased to 11.25% from 11.30%. Borrowing on the Lombard Facility during the week averaged K8.82b per day compared to the average of K16.45b per day in the previous week, at the fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.25% against the USD to close the week at K780.1309 per USD. It also depreciated against GBP, EUR and ZAR by 0.79%, 0.20% and 2.53%, 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.

Stock market				
	12-Mar-21		% Δ	5-Mar-21
MASI	33,119.85	↑	0.38%	32,993.44
DSI	28,206.15	↑	0.40%	28,093.67
FSI	1,614.45	↔	0.00%	1,614.45
Traded volume	3,168,491	↑	874.01%	325,305
Number of trades	81	↑	285.71%	21
Value of shares traded (K'm)	164.73	↑	1027.26%	14.61
Market capitalisation (K'm)	1,799,957.08	↑	0.37%	1,793,360.73
Gainers				
	Closing price (K)		% Δ	Opening price (K)
NBM	650.05	↑	0.01%	650.01
NBS	22.80	↑	11.49%	20.45
STANDARD	1200.10	↑	0.006%	1200.03
Losers				
	Closing price (K)		% Δ	Opening price (K)
MPICO	20.90	↓	-0.14%	20.93
NICO	51.95	↓	-0.06%	51.98
PCL	1,199.95	↓	-0.001%	1,199.96
Treasury Bill auctions				
Auction date	9-Mar-21		% pts Δ	2-Mar-21
Amount offered - cost value (K'm)	2,580.00	↓	-72.60%	9,417.00
Applied - cost value (K'm)	12,961.64	↓	-1.94%	13,218.30
Allotted - cost value (K'm)	12,961.64	↓	-1.94%	13,218.30
Overall rejection rate	0.00%	↔	0.00	0.00%
91 days yield	9.9500%	↓	-0.0040%	9.9504%
182 days yield	12.8000%	↔	0.0000%	12.8000%
364 days yield	13.8000%	↔	0.0000%	13.8000%
All-type yield	12.1833%	↓	-0.0011%	12.1835%
Treasury Note auctions				
Auction date	9-Mar-21	16-Feb-21		9-Feb-21
Tenors	2 years	10 years		2, 5 & 7 years
Coupon rate	10.00%	15.00%		10%, 12.5% & 13.5%
Amount offered - cost value (K'b)	38.34	10.64		
Total applied - cost value (K'b)	40.86	8.15		24.69
Total allotted - cost value (K'b)	38.57	7.58		24.69
Allotted - weighted average ytm	16.50%	22.50%		16.5%, 19.97% & 20.5%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.50%	9-Mar-21		18-May-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
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
18-May-21	2	21.00		TBA
Projected maturities				
Week ending	12-Mar-21	19-Mar-21		26-Mar-21
TBs, PNs & TNs (K'm)	13,084	6,951		11,210
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	15,402	33,516		10,167
Reference rate				
Rate	Mar-21		% pts Δ	Feb-21
	11.90%	↓	-0.10	12.00%
Inflation rate				
Rate	Jan-21		% pts Δ	Dec-20
	7.7%	↑	0.1	7.6%
Indicative opening mid exchange rates				
	12-Mar-21		% Δ	5-Mar-21
USD	782.1163	↓	0.25%	780.1309
GBP	1091.7561	↓	0.79%	1083.2118
EUR	934.6290	↓	0.20%	932.7245
ZAR	52.4013	↓	2.53%	51.1075
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

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 32,673 as at 11th March 2021, out of which 6,747 were still active. There has been a decrease in daily new infections in recent weeks in the second wave of the disease in the country. So far, 24,714 people have recovered while 1,078 have died from the disease (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 118.86m, with recoveries of more than 67.30m and 2.63m deaths as at 12th March 2021 (Source: Johns Hopkins University and Medicine). Vaccination across the globe is expected to control the pandemic. In Malawi, the State President, Dr. Lazarus Chakwera launched the COVID-19 vaccination campaign in Zomba on 11th March 2021. The Covid-19 vaccination will be rolled out in a phased approach. Health workers, teachers, security workers and people with opportunistic conditions will be prioritized.

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