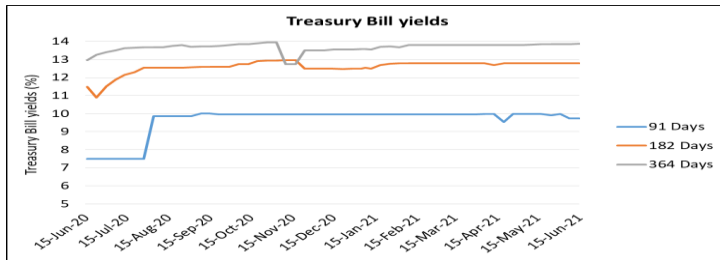


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.20% to close the week at 34,262.35 points from 33,855.94 points in the previous week due to share price gains in FMBCH (15.01%) and ILOVO (13.15%) which offset share price losses in FDHB (-0.06%) and MPICO (-0.06%). The market traded a total of 84,627,589 shares at a consideration of K2.27b in 67 trades during the week, compared to a total of 48,010,582 shares traded at a consideration of K802.27m in 72 trades in the previous week. This represents increases of 76.27% and 182.67% in traded volume and traded value, respectively. The year-to-date return on MASI stands at 5.77% compared to -2.36% for the same period in 2020 (Source: MSE).

Government securities

Government raised K3.09b during the week's auction for Treasury Bills (TBs) compared to K5.60b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.1313% from 12.1292% in the previous week due to an increase in the 364-day yield to 13.8643% from 13.8500% in the previous week which outweighed a slight decrease in the 182-day yield to 12.7922% from 12.8000% in the previous week. The 91-day yield was stable at 9.7375% (Source: RBM).

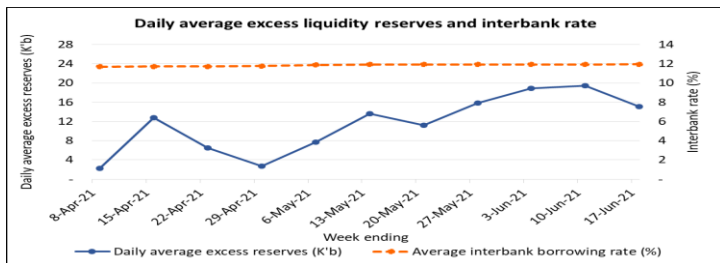


Data source: RBM

Government also raised K8.72b through auction of a 7-year Treasury Note at an average yield of 20.52% during the week. Maturities of Government securities and OMO reverse repos for the week amounted to K6.32b and K30.34b, respectively. This resulted in a net withdrawal of K35.83b from the market, compared to a net withdrawal of K14.67b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K15.11b from K19.15b recorded in the previous week. Daily interbank borrowing averaged K12.25b compared to K20.09b in the previous week. The average interbank borrowing rate marginally increased to 11.95% compared to 11.93% in the previous week. Borrowing on the Lombard Facility averaged K40.65b per day, increasing from an average of K21.33b per day in the previous week. The Lombard rate remains fixed at 12.20% as previously set by the Monetary Policy Committee (Source: RBM).



Data source: RBM

Foreign exchange market developments

The closing USD/MWK mid-rate increased to K805.6545 on Thursday, 17th June 2021 from K806.7150 on Thursday, 10th June 2021, representing a Kwacha appreciation of 0.13%. During the same period, the Kwacha also appreciated against GBP and ZAR by 1.20% and 2.14%, respectively, but depreciated against EUR by 0.37%. The gross official forex reserves were last recorded at USD414.41m (1.66 months of import cover) on 31st May 2021 from USD392.01m (1.88 months of import cover) on 30th April 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the ninth week, as at 17th June 2021, the Tobacco market had cumulatively raked in USD108.22m compared to USD88.44m for the corresponding period in 2020 (Source: AHL).

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 34,781 as at 18th June 2021, out of which 559 were reported to be still active. There was a surge in COVID-19 infections during the week. Daily new locally transmitted and imported infections of COVID-19 were reported to be 79 cases. So far, 32,824 people have recovered while 1,166 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to a total of 380,697 and 33,264 people, respectively. The country is experiencing stock-outs of the vaccine in many vaccination sites due to a delay in the arrival of the next planned consignment (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 177.94m, with recoveries of more than 163.29m and 3.85m deaths as at 18th June 2021 (Source: Johns Hopkins University & Medicine).

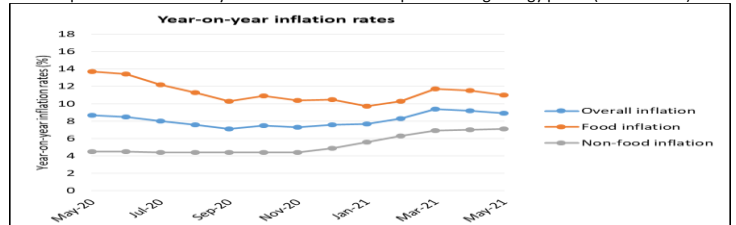
Stock market				
	18-Jun-21		% Δ	11-Jun-21
MASI	34,262.35	↑	1.20%	33,855.94
DSI	28,452.38	↑	0.437%	28,328.57
FSI	2,598.30	↑	13.24%	2,294.58
Traded volume	84,627,589	↑	76.27%	48,010,582
Number of trades	67	↓	-6.94%	72
Value of shares traded (K'm)	2,267.76	↑	182.67%	802.27
Market capitalisation (K'm)	1,864,357.66	↑	1.26%	1,841,154.31
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	46.98	↑	15.01%	40.85
ILOVO	91.05	↑	13.15%	80.47
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	16.38	↓	-0.06%	16.39
MPICO	16.00	↓	-0.06%	16.01
Treasury Bill auctions				
	15-Jun-21		% pts Δ	8-Jun-21
Amount offered - cost value (K'm)	5,050.00	→	0.00%	5,050.00
Applied - cost value (K'm)	3,087.63	↓	-52.37%	6,482.84
Allotted - cost value (K'm)	3,087.63	↓	-44.91%	5,604.58
Overall rejection rate	0.00%	↓	-13.55%	13.55%
91 days yield	9.7375%	→	0.00%	9.7375%
182 days yield	12.7922%	↓	-0.01%	12.8000%
364 days yield	13.8643%	↑	0.01%	13.8500%
All-type yield	12.1313%	↑	0.002%	12.1292%
Treasury Note auctions				
	15-Jun-21	1-Jun-21		18-May-21
Auction date				
Tenors	7 years	5 years		2 years
Coupon rate	13.50%	12.50%		10.00%
Amount offered - cost value (K'b)	28.86	20.47		21.00
Total applied - cost value (K'b)	12.31	15.19		13.24
Total allotted - cost value (K'b)	8.72	15.17		11.47
Allotted - weighted average ytm	20.52%	20.06%		16.51%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.51%	18-May-21		TBA
3-year	18.80%	6-Apr-21		29-Jun-21
5-year	20.06%	1-Jun-21		TBA
7-year	20.52%	15-Jun-21		TBA
10-year	22.50%	4-May-21		TBA
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last coupon rate
29-Jun-21	3	34.34		11.00%
Projected maturities				
Week ending	18-Jun-21	25-Jun-21		2-Jul-21
TBs, PNs & TNs (K'm)	6,318	11,912		17,162
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	30,336	0		0
Reference rate				
	Jun-21		% pts Δ	May-21
Rate	12.20%	↑	0.10	12.10%
Inflation rate				
	May-21		% pts Δ	Apr-21
Rate	8.9%	↓	-0.3	9.2%
Cumulative tobacco sales				
Year	17-Jun-21		% Δ	Week 9 as at 19 June 2020
Volume (Kg)	65,962,839.00	↑	12.90%	58,424,741.00
Value (USD)	108,223,171.54	↑	22.38%	88,435,226.39
Average price (USD/Kg)	1.64	↑	8.61%	1.51
Closing mid exchange rates				
	17-Jun-21		% Δ	10-Jun-21
USD	805.6545	↑	-0.13%	806.7150
GBP	1180.4416	↑	-1.20%	1194.7331
EUR	1046.5740	↓	0.37%	1042.7195
ZAR	61.7388	↑	-2.14%	63.0907
Gross official foreign exchange reserves position				
	31-May-21	30-Apr-21		31-Mar-21
Reserves (USD'm)	414.41	392.01		410.16
Import cover (months)	1.66*	1.88		1.96

* US\$250.0m import requirement per month is used in the calculations from May 2021 while US\$209.0m is used in the preceding months.

Data sources: MSE, RBM, NSO, AHL

May Inflation

The year-on-year headline inflation rate stood at 8.9% in May 2021 from 9.2% in April 2021 and compared to 8.7% in May 2020. Food inflation rate stood at 11.0% in May 2021, down from 11.5% in April 2021 (13.7% in May 2020), while non-food inflation rate stood at 7.1% in May 2021, up from 7.0% in April 2021 (4.5% in May 2020). The drop in food-inflation was mainly due to improved availability of food in the country following the recent harvest. However, non-food inflation slightly inched upwards as the country continued to feel the impact of rising energy prices (Source: NSO).



Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.