

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.55% to close the week at 41,231.09 points from 41,588.37 points in the previous week due to share price losses in AIRTEL (-0.03%), FDHB (-0.12%), FMBCH (-6.83%), NBS (-0.09%), OMU (-0.0005%) and TNM (-0.69%) which offset a share price gain in NBM (0.004%). The market traded 137,020,675 shares at a consideration of K2.12b in 88 trades during the week, compared to 23,287,054 shares traded at a consideration of K443.44m in 64 trades in the previous week. The year-to-date return on MASI stands at 27.28% compared to 2.5% for the same period in 2020 (Source: MSE).

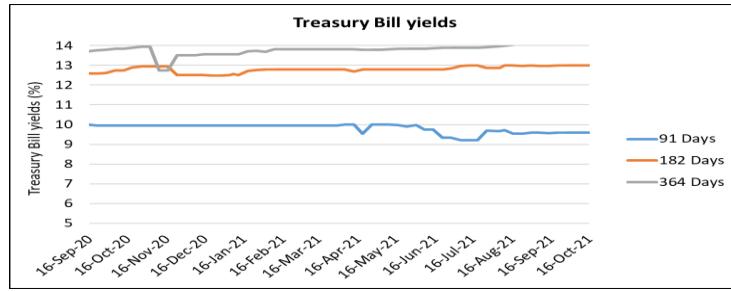
Corporate news

OMU- Cash proceeds and fractional entitlements: OMU announced that fractional entitlements to the Unbundled Nedbank Shares will be rounded down to the nearest whole number and the aggregated fractions of the Unbundled Nedbank Shares to which Old Mutual Shareholders are entitled will not be transferred to them but will instead be sold in the market as soon as practicable after the unbundling. Old Mutual Shareholders will accordingly receive monetary compensation in respect of their fractional entitlements to the Unbundled Nedbank Shares.

Sunbird Tourism plc-claimed dividends: Sunbird Tourism plc has released a list of shareholders that have unclaimed dividends currently being held by the company due to outdated and missing contact details. The said shareholders have been requested to provide their updated contact details not later than the 15th of December 2021 to sunbirdshareholders@natbankmw.com.

Government securities

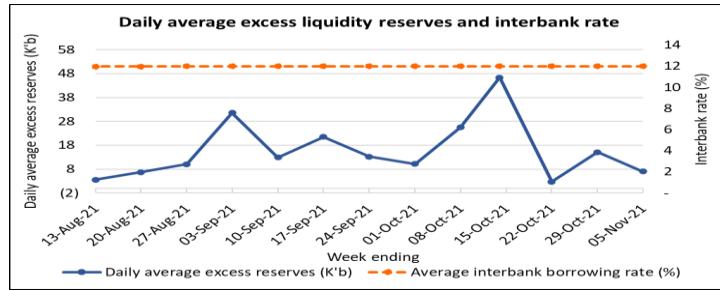
Government raised K877.27m during the week's auction for Treasury Bills (TBs) compared to K7.15b raised in the previous week. The auction registered no rejection on the submitted bids. The all-tenor average TB yield decreased to 12.2600% from 12.2613% in the previous week, due to a decrease in the 182-day yield to 12.9800% from 12.9840% in the previous week. The 91-day and 364-day yield remained constant as per the previous week (Source: RBM).



Maturities of Government securities amounted to K2.26b. This resulted in a net withdrawal of K25.15b from the market, compared to a net withdrawal from the market of K17.21b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K7.04b from K15.16b recorded in the previous week. Daily Interbank borrowing averaged K11.94b as compared to K9.3b in the previous week. The average interbank borrowing rate was stable at 11.98% as per the previous week. Borrowing on the Lombard Facility averaged K117.61 per day, increasing from an average of K88.82b per day in the previous week. (Source: RBM).



Foreign exchange market developments

During the week, the Kwacha depreciated by 0.01% to trade at K822.9157 per USD as at 4th November 2021 from K822.8270 as at 28th October 2021. The Kwacha also depreciated against the EUR by 1.26%. It however appreciated against the GBP and ZAR by -1.03% and -2.87% respectively. Gross official forex reserves were last recorded at USD405.66m (1.62 months of import cover) on 31st October 2021 from USD521.87m (2.09 months of import cover) recorded on 30th September 2021 (Source: RBM).

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 61,803 as at 5th November 2021, out of which 1,509 were reported to be active. COVID-19 infections averaged 2 this week compared to 5 cases in the previous week. So far, 57,760 people have recovered while 2,302 have died from the disease. Cumulatively, 697,727 and 298,597 people have received the first and second dose AstraZeneca vaccine respectively while 263,276 people have received Johnson and Johnson vaccine. Cumulatively 561,873 people are fully vaccinated representing 3.65% of the total Malawi population (15.4 million). Globally, total confirmed cases of COVID-19 amounted to 249.55m, with recoveries of more than 226.57m and 5.04m deaths as at 5th November 2021 (Source: Johns Hopkins University and Medicine).

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Stock market			
05-Nov-21		% Δ	29-Oct-21
MASI	41,231.09	↓ -0.55%	41,458.37
DSI	34,156.83	↓ -0.09%	34,188.36
FSI	3,232.25	↓ -6.32%	3,450.25
Traded volume	137,020,675	↑ 488.40%	23,287.054
Number of trades	88	↑ 37.50%	64
Value of shares traded (K'm)	2,123.66	↑ 378.90%	443.44
Market capitalisation (K'm)	2,238,583.72	↓ -0.56%	2,251,298.88
Gainers	Closing price (K)	% Δ	Opening price (K)
NBM	701.05	↑ 0.004%	701.02
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	38.30	↓ -0.03%	38.31
FDHB	16.03	↓ -0.12%	16.05
FMBCH	60.00	↓ -6.83%	64.40
NBS	22.96	↓ -0.09%	22.98
OMU	2099.99	↓ -0.0005%	2100.00
TNM	23.00	↓ -0.69%	23.16
Treasury Bill auctions			
Auction date	2-Nov-21		26-Oct-21
Amount offered - cost value (K'm)	17,009.00	↑ 107.58%	8,194.00
Applied - cost value (K'm)	877.27	↓ -87.73%	7,152.28
Allotted - cost value (K'm)	877.27	↓ -87.73%	7,152.28
Overall rejection rate	0.00%	0.00%	0.00%
91 days yield	9.6000%	0.0000%	9.6000%
182 days yield	12.9800%	-0.0308%	12.9840%
364 days yield	14.2000%	0.0000%	14.2000%
All-type yield	12.2600%	-0.0109%	12.2613%
Treasury Note auctions			
Auction date	26-Oct-21		12-Oct-21
Tenors	10 years		2 years
Coupon rate	15.00%		10.00%
Amount offered - cost value (K'b)	12.64	↑ 45.89	15.00
Total applied - cost value (K'b)	3.72	↑ 7.22	25.88
Total allotted - cost value (K'b)	3.53	↑ 7.22	25.88
Allotted - weighted average ytm	22.50%	↑ 20.53%	16.64%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.63%	12-Oct-21	TBA
3-year	18.99%	03-Aug-21	09-Nov-21
5-year	20.53%	09-Oct-21	TBA
7-year	21.36%	27-Jul-21	23-Nov-21
10-year	22.50%	26-Oct-21	TBA
10-year infrastructure bond	23.25%	17-Aug-21	07-Dec-21
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Previous Coupon rate
09-Nov-21	3	45.00	11.00%
23-Nov-21	7	30.00	13.50%
07-Dec-21	20	20.00	16.00%
Projected maturities			
Week ending	5-Nov-21	12-Nov-21	19-Nov-21
TBs, PNs & TNs (K'm)	2,257	12,205	8,989
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	20,598	0	0
Reference rate			
Rate	Nov-21	% pts Δ	Oct-21
	12.20%	→ 0.00	12.20%
Inflation rate			
Rate	Sep-21	% pts Δ	Aug-21
	8.9%	↑ 0.5	8.4%
Indicative opening mid exchange rates			
USD	822.9157	↓ 0.01%	822.8270
GBP	1189.3364	↑ -1.03%	1201.7382
EUR	1063.6793	↓ 1.26%	1050.4039
ZAR	58.3742	↓ -2.87%	60.1007
Gross official foreign exchange reserves position			
Reserves (USD'm)	31-Oct-21	30-Sep-21	31-Aug-21
Import cover (months)	405.66	521.87	604.50
	1.62	2.09	2.42

*US\$250.0m import requirement per month is used in the calculation from May 21 while US\$209.0m is used in the preceding months.

Sources: MSE, RBM, NSO, AHL

Monetary Policy

The Monetary Policy Committee held its fourth meeting of 2021 on 2nd and 3rd November, during which they maintained the Policy rate at 12.0%, the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate (12.2%). The decision considered the need to continue supporting economic recovery from the impact of the COVID-19 pandemic, whilst monitoring and managing risks to inflation. Projected annual average inflation rate for 2021 was revised upwards to 9.1% from the projection of 8.8% during the third MPC in July 2021 and the projection for 2022 average inflation was revised to 8.9% from earlier projection of 8.2%. The revisions reflect the impact of the recent increase in domestic fuel pump prices; a higher-than-anticipated rise in maize prices in the fourth quarter of 2021; and persistent disruptions to global supply chains (Source: RBM).

