



Malawi Stock Exchange (MSE) trading activity

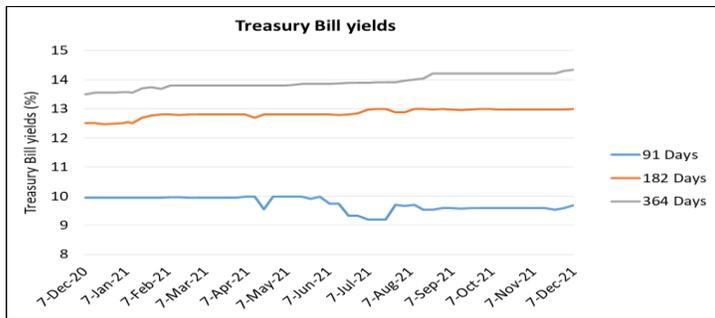
The Malawi All Share Index (MASI) registered a gain of 2.12% to close the week at 43,242.74 points from 42,345.40 points in the previous week due to share price gains in BHL (0.09%), FMBCH (14.72%), ILLOVO (11.11%) and NBM (5.43%) which offset share price losses in AIRTEL (-3.12%), FDHB (-0.07%), MPICO (-0.05%), NBS (-0.09%) and TNM (-0.09%). The market traded 2,543,515 shares at a consideration of K81.49m in 105 trades during the week, compared to 57,261,881 shares traded at a consideration of K1.22b in 66 trades in the previous week. The year-to-date return on MASI stands at 33.49% compared to 1.96% for the same period in 2020 (Source: MSE).

Dividend

Company	Dividend type	Dividend (K)	Last day to register	Payable
ILLOVO	Second Interim	10.00	10-Dec-21	13-Dec-21

Government securities

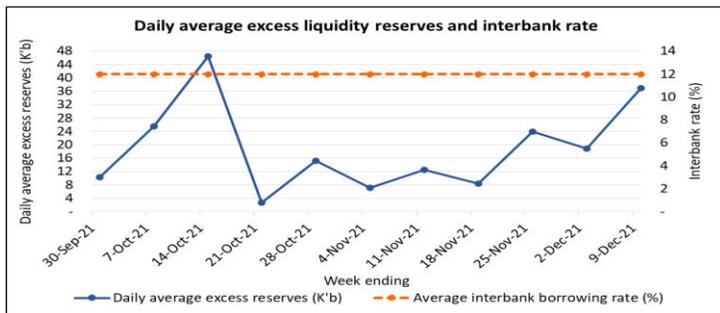
Government raised K7.28b during the week's auction for Treasury Bills (TBs) compared to K4.65b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.3397% from 12.2853% in the previous week, due to increases in the 91-day, 182-day and 364-day yield to 9.6889%, 12.9993% and 14.3309%, from 9.5837%, 12.9750% and 14.2973% respectively, in the previous week (Source: RBM).



Government also raised K32.34b through auction of 2-year, 3-year and 5-year Treasury Notes, bringing the total amount raised through auction of Treasury securities during the week to K39.62b. Maturities of Government securities for the week amounted to K12.32b. This resulted in a net withdrawal of K27.30b from the market, compared to a net withdrawal of K4.33b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K36.95b from K18.81b recorded in the previous week. Daily interbank borrowing averaged K7.70b compared to K9.36b in the previous week. The average interbank borrowing rate has remained stable at 11.98% since last week. Borrowing on the Lombard Facility averaged K110.63b per day, increasing from an average of K103.97b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.26% to trade at K824.5643 per USD as at 10th December 2021 from K822.4158 as at 3rd December 2021. The Kwacha also depreciated against the GBP and ZAR by 1.24% and 7.38%, respectively. As at 3rd December 2021, the gross official forex reserves were recorded at USD396.62m (1.59 months of import cover) from USD395.46m (1.58 months of import cover) as at 19th November 2021 (Source: RBM). The recommended minimum import cover is 3 months.

Stock market			
	10-Dec-21	% Δ	3-Dec-21
MASI	43,242.74	↑ 2.12%	42,345.40
DSI	35,384.28	↑ 1.22%	34,956.70
FSI	3,950.65	↓ 13.62%	3,477.00
Traded volume	2,543,515	↓ -95.56%	57,261,881
Number of trades	105	↑ 59.09%	66
Value of shares traded (K'm)	81.49	↓ -93.33%	1,222.25
Market capitalisation (K'm)	2,348,145.57	↑ 2.14%	2,298,895.69
Gainers			
BHL	11.01	↑ 0.09%	11.00
FMBCH	74.50	↑ 14.72%	64.94
ILLOVO	300.00	↑ 11.11%	270.01
NBM	739.21	↑ 5.43%	701.12
Losers			
AIRTEL	37.01	↓ -3.12%	38.20
FDHB	13.99	↓ -0.07%	14.00
MPICO	20.69	↓ -0.05%	20.70
NBS	22.90	↓ -0.09%	22.92
TNM	22.93	↓ -0.09%	22.95
Treasury Bill auctions			
Auction date	7-Dec-21	% pts Δ	30-Nov-21
Amount offered - cost value (K'm)	15,962.00	↓ -6.16%	17,009.00
Applied - cost value (K'm)	7,278.31	↑ 56.67%	4,645.53
Allotted - cost value (K'm)	7,278.31	↑ 56.67%	4,645.53
Overall rejection rate	0.00%	↑ 0.00%	0.00%
91 days yield	9.6889%	↑ 0.1052%	9.5837%
182 days yield	12.9993%	↑ 0.0243%	12.9750%
364 days yield	14.3309%	↑ 0.0336%	14.2973%
All-type yield	12.3397%	↑ 0.0544%	12.2853%
Treasury Note and Bond auctions			
Auction date	8-Dec-21	23-Nov-21	9-Nov-21
Tenors	2, 3 & 5 years	7 years	3 years
Coupon rate	10.00%, 11.00% & 12.50%	13.50%	11.00%
Amount offered - cost value (K'b)		30.00	45.00
Total applied - cost value (K'b)	33.61	5.47	21.33
Total allotted - cost value (K'b)	32.34	5.47	21.33
Allotted - weighted average ytm	16.67%, 19.12% & 20.95%	20.94%	19.00%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2 years	16.67%	8-Dec-21	TBA
3 years	19.12%	8-Dec-21	21-Dec-21
5 years	20.95%	8-Dec-21	TBA
7 years	20.94%	23-Nov-21	TBA
10 years	22.50%	26-Oct-21	TBA
10-year infrastructure bond	23.25%	17-Aug-21	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Previous coupon rate
21-Dec-21	3 years	47.44	11.00%
TBA	10 year infrastructure bond	20.00	16.00%
Projected maturities			
Week ending	10-Dec-21	17-Dec-21	24-Dec-21
TBs, PNs & TNs (K'm)	12,315	5,961	20,789
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0
Reference rate			
Rate	Dec-21	% pts Δ	Nov-21
	12.20%	↑ 0.00	12.20%
Inflation rate			
Rate	Oct-21	% pts Δ	Sep-21
	9.8%	↑ 0.9	8.9%
Closing mid exchange rates			
	9-Dec-21	% Δ	3-Dec-21
USD	824.5643	↓ 0.26%	822.4158
GBP	1201.8693	↓ 1.24%	1187.1572
EUR	1094.8236	↓ -1.86%	1115.5908
ZAR	61.3542	↓ 7.38%	57.1358
Gross official foreign exchange reserves position			
Reserves (USD'm)	30-Nov-21	31-Oct-21	30-Sep-21
	389.26	405.66	521.87
Import cover (months)	1.56	1.62	2.09

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 62,147 as at 10th December 2021, out of which 756 were reported to be active. COVID-19 infections averaged 25 this week compared to 8 cases in the previous week. From the total confirmed cases of 62,147, so far, 58,852 people were reported to have recovered while 2,307 are said to have died from the disease. Cumulatively, 899,882 and 344,745 people were reported to have received the first and second doses of AstraZeneca vaccine, respectively, while 283,099 people were reported to have received the Johnson and Johnson vaccine. Statistics indicate that, cumulatively, 627,844 people have been fully vaccinated, representing 4.08% of the total Malawi population (15.4 million). Globally, total confirmed cases of COVID-19 amounted to 269.84m, with recoveries of more than 240.89m and 5.28m deaths as at 10th December 2021 (Source: Johns Hopkins University and Medicine).

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.