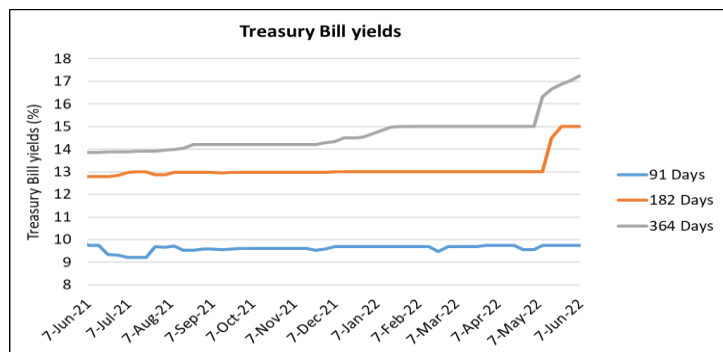


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -1.12% to close the week at 49,718.86 points from 50,283.02 points in the previous week due to share price losses in FDHB (-0.14%), FMBCH (-9.09%) and ICON (-0.08%), which offset share price gains in AIRTEL (0.06%), NBM (0.002%), NITL (0.01%), STANDARD (0.001%) and SUNBIRD (0.01%). The market traded 2,619,091 shares at a consideration of K62.41m in 65 trades, compared to 9,870,326 shares traded at a consideration of K304.72m in 90 trades in the previous week. The year-to-date return on MASI stands at 9.59% compared to 4.52% for the same period in 2021 (Source: MSE).

Government securities

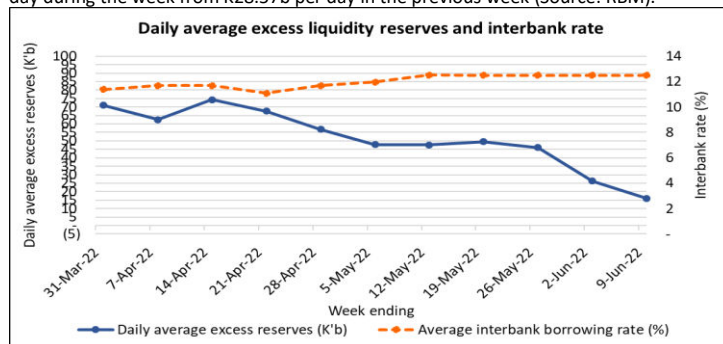
Government raised K26.25b during the week's auction for Treasury Bills (TBs) compared to K13.43b raised in the previous week. The auction registered 6.17% rejection on the submitted bids. The average TB yield increased to 14.0401% from 13.9277% in the previous week as the average 364-day yield increased to 17.3703% from 17.0332%, while the 91-day and 182-day yields were constant at 9.7500% and 15.0000%, respectively (Source: RBM).



Government also raised K3.87b through auctions of 3-year and 5-year Treasury notes (TN) during the week. Maturities of Government securities for the week amounted to K15.86b and maturities of OMO reverse repos amounted to K4.11b. This resulted in a net withdrawal of K18.37b from the market compared to a net withdrawal of K9.41b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K16.02b from K26.33b in the previous week. Daily average interbank borrowing increased to an average of K13.88b from K6.79b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility increased to the average of K34.68b per day during the week from K28.57b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha appreciated by -0.12% to trade at K1027.9475/USD as at 9th June 2022 from K1029.2258/USD as at 2nd June 2022. The Kwacha, however, depreciated against GBP, EUR and ZAR by 0.74%, 0.28% and 2.12%, respectively, during the period. Gross official foreign exchange reserves stood at USD363.27 (1.45 months of imports) on 30th April 2022 compared to USD374.48 (1.50 months of imports) on 31st March 2022. The recommended minimum import cover is 3 months. As at 3rd June 2022, the tobacco market had cumulatively realized US\$82.616m from 39,807,273kgs of tobacco sold at an average price of US\$2.08/kg (Source: AHL).

Stock market			
	10-Jun-22	% Δ	3-Jun-22
MASI	49,718.86	↓ -1.12%	50,283.02
DSI	39,042.04	↓ -0.01%	39,039.71
FSI	6,638.60	↓ -8.84%	7,282.68
Traded volume	2,619,091	↓ -73.47%	9,870,326
Number of trades	65	↓ -27.78%	90
Value of shares traded (K'm)	62.41	↓ -79.52%	304.72
Market capitalisation (K'm)	2,696,773.75	↓ -1.17%	2,728,590.17
Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	48.54	↑ 0.06%	48.51
NBM	1000.19	↑ 0.002%	1000.17
NITL	110.03	↑ 0.01%	110.02
STANDARD	1600.03	↑ 0.001%	1600.02
SUNBIRD	80.01	↑ 0.01%	80.00
Losers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	14.48	↓ -0.14%	14.50
FMBCH	130.00	↓ -9.09%	143.00
ICON	11.99	↓ -0.08%	12.00
Treasury Bill auctions			
	7 & 9 June 2022	% pts Δ	31-May-22
Auction date	7 & 9 June 2022		31-May-22
Amount offered - cost value (K'm)	20,820.00	↑ 32.91%	15,665.00
Applied - cost value (K'm)	27,971.06	↑ 101.89%	13,854.86
Allotted - cost value (K'm)	26,245.12	↑ 95.42%	13,430.26
Overall rejection rate	6.17%	↑ 3.10%	3.06%
91 days yield	9.7500%	→ 0.0000%	9.7500%
182 days yield	15.0000%	→ 0.0000%	15.0000%
364 days yield	17.3703%	↑ 0.3371%	17.0332%
All-type yield	14.0401%	↑ 0.1124%	13.9277%
Treasury Note and Bond auctions			
	6-Jun-22	31-May-22	24-May-22
Auction date	6-Jun-22	31-May-22	24-May-22
Tenors	3 & 5 years	5 years	2 & 3 years
Coupon rate	11.00% & 12.50%	12.50%	10.00% & 11.00%
Amount offered - cost value (K'b)		42.81	
Total applied - cost value (K'b)	3.87	13.80	28.19
Total allotted - cost value (K'b)	3.87	13.80	27.33
Allotted - weighted average ytm	22.00% & 24.00%	23.95%	18.50% & 21.90%
Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2 years	18.50%	24-May-22	TBA
3 years	22.00%	6-Jun-22	28-Jun-22
5 years	24.00%	6-Jun-22	TBA
7 years	22.33%	4-May-22	TBA
7-Year Development Bond	22.47%	8-Mar-22	TBA
10 years	22.98%	18-Jan-22	14-Jun-22
10-year infrastructure bond	23.35%	26-Apr-24	TBA
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor	Amount (K'b)	Previous coupon rate
14-Jun-22	10	27.45	15.00%
28-Jun-22	3	57.45	11.00%
Projected maturities			
Week ending	10-Jun-22	17-Jun-22	24-Jun-22
TBs, PNs & TNs (K'm)	15,858	8,767	18,308
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	4,113	0	32,894
Reference rate			
	Jun-22	% pts Δ	May-22
Rate	13.80%	↑ 0.30	13.50%
Inflation rate			
	Apr-22	% pts Δ	Mar-22
Rate	15.7%	↑ 1.6	14.1%
Closing TT mid exchange rates			
	9-Jun-22	% Δ	2-Jun-22
USD	1027.9475	↓ -0.12%	1029.2258
GBP	1376.3012	↓ 0.74%	1366.1774
EUR	1177.9934	↓ 0.28%	1174.6784
ZAR	72.9860	↓ 2.12%	71.4738
Gross official foreign exchange reserves position			
	30-Apr-22	31-Mar-22	28-Feb-22
Reserves (USD'm)	363.27	374.48	385.40
Import cover (months)	1.45	1.50	1.54

Sources: MSE, RBM, NSO, AHL

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.