

**Malawi Stock Exchange (MSE) trading activity**

The Malawi All Share Index (MASI) registered a gain of 2.05% to close the week at 36,064.26 points from 35,340.65 points in the previous week due to share price gains in AIRTEL (9.80%), ILLOVO (5.05%) and STANDARD (0.01%) which offset share price losses in FDHB (-0.06%) and FMBCH (-0.02%). The market traded 1,904,864 shares at a consideration of K77.48m in 78 trades during the week, compared to 1,694,715 shares traded at a consideration of K84.20m in 58 trades in the previous week. The year-to-date return on MASI stands at 11.33% compared to -2.36% for the same period in 2020 (Source: MSE).

**Corporate news**

NICO Holdings Plc announced the appointment of Mr Gaffar Hassam as its Board Chairman effective 26th June 2021. Prior to the appointment, Mr Hassam was NICO's interim Board Chairman since September 2017

**Upcoming dividends**

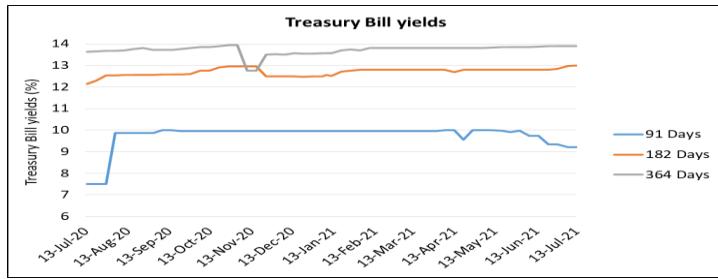
| Company  | Dividend type | Dividend (K) | Last day to register | Payable   |
|----------|---------------|--------------|----------------------|-----------|
| NBM      | Final         | 17.14        | 9-Jul-21             | 30-Jul-21 |
| STANDARD | Final         | 2131         | 9-Jul-21             | 23-Jul-21 |
| TNM      | Final         | 0.10         | 16-Jul-21            | 30-Jul-21 |
| NBS      | Final         | 0.70         | 16-Jul-21            | 30-Jul-21 |
| FMBCH    | Final         | 0.62         | 16-Jul-21            | 23-Jul-21 |
| AIRTEL   | Final         | 2.10         | 30-Jul-21            | 31-Aug-21 |
| NICO     | Final         | 0.50         | 30-Jul-21            | 18-Aug-21 |
| MPICO    | Final         | 0.28         | 30-Jul-21            | 6-Aug-21  |
| PCL      | Final         | 25.00        | 20-Aug-21            | 27-Aug-21 |
| NITL     | Final         | 0.80         | TBA                  | TBA       |
| ICON     | Final         | 0.12         | TBA                  | TBA       |

**Annual General Meeting**

| Company | Venue   | Date      | Time      |
|---------|---------|-----------|-----------|
| ICON    | Virtual | 10-Aug-21 | 15:30 hrs |

**Government securities**

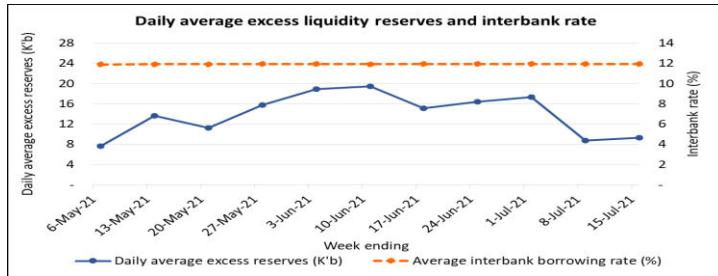
Government raised K1.23b during the week's auction for Treasury Bills (TBs) compared to K1.91b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly increased to 12.0300% from 12.0212% in the previous week, due to increases in the 182-day and 364-day yields to 12.9900% and 13.9000%, respectively, from 12.9710% and 13.8926% in the previous week. The 91-day yield was stable at 9.0000% as per the previous week (Source: RBM).



Government also raised K15.36b from an auction of a 2-year Treasury Note, bringing the total amount raised in auctions of Government securities during the week to K16.59b. Maturities of Government securities and OMO reverse repos amounted to K28.58b and K56.03b, respectively. This resulted in a net withdrawal of K44.04b from the market, compared to a net withdrawal of K10.58b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves increased to K9.30b from K8.70b recorded in the previous week. Daily Interbank borrowing averaged K10.70b compared to K10.86b in the previous week. The average interbank borrowing rate marginally increased to 11.96% compared to 11.95% in the previous week. Borrowing on the Lombard Facility averaged K26.76b per day, decreasing from an average of K38.94b per day in the previous week. The Lombard rate was stable at 12.20% as previous set by the RBM (Source: RBM).


**Foreign exchange market developments**

The Kwacha depreciated by 0.11% against USD to K816.1664 as at 15th July 2021 from K815.2791 per USD as at 8th July 2021. The Kwacha also depreciated against GBP and EUR by 0.56% and 1.31% respectively, during the period. It, however, appreciated against ZAR by 1.31%. Gross official forex reserves were last recorded at USD424.99m (1.70 months of import cover) on the 30th June 2021 from USD443.25m (1.77 months of import cover) recorded on 31st May 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the thirteenth week of 2021 marketing season, as at 15th July, the tobacco market had cumulatively raked in USD165.09m compared to USD129.67m as at 17th July 2020 (Source: AHL).

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Banking innovations that help your business grow

| Stock market                                      |                             |                 |                         |
|---|-----------------------------|-----------------|-------------------------|
| 16-Jul-21   |                             | % Δ             | 9-Jul-21                |
| MASI  | 36,064.26                   | 2.05%           | 35,340.65               |
| DSI   | 29,356.65                   | 2.24%           | 28,712.39               |
| FSI   | 3,491.10                    | -0.01%          | 3,491.59                |
| Traded volume                                     | 1,904,864                   | 12.40%          | 1,694,715               |
| Number of trades                                  | 78                          | 34.48%          | 58                      |
| Value of shares traded (K'm)                      | 77.48                       | -7.98%          | 84.20                   |
| Market capitalisation (K'm)                       | 1,963,270.72                | 2.01%           | 1,924,497.84            |
| Gainers   | Closing price (K)           | % Δ             | Opening price (K)       |
| AIRTEL  | 35.75                       | 9.80%           | 32.56                   |
| ILLOVO  | 110.01                      | 5.05%           | 104.72                  |
| STANDARD  | 1200.16                     | 0.001%          | 1200.15                 |
| Losers  | Closing price (K)           | % Δ             | Opening price (K)       |
| FDHB  | 15.99                       | -0.06%          | 16.00                   |
| FMBCH   | 65.00                       | -0.02%          | 65.01                   |
| Treasury Bill auctions                            |                             |                 |                         |
| Auction date                                      | 13-Jul-21                   | % pts Δ         | 7-Jul-21                |
| Amount offered -cost value (K'm)                  | 19,738.00                   | 0.00%           | 19,738.00               |
| Applied - cost value (K'm)                        | 1,230.63                    | -35.67%         | 1,912.93                |
| Allotted - cost value (K'm)                       | 1,230.63                    | -35.67%         | 1,912.93                |
| Overall rejection rate                            | 0.00%                       | 0.00%           | 0.00%                   |
| 91 days yield                                     | 9.2000%                     | 0.00%           | 9.2000%                 |
| 182 days yield                                    | 12.9900%                    | 0.02%           | 12.9710%                |
| 364 days yield                                    | 13.9000%                    | 0.01%           | 13.8926%                |
| All-type yield                                    | 12.0300%                    | 0.01%           | 12.0212%                |
| Treasury Note auctions                            |                             |                 |                         |
| Auction date                                      | 13-Jul-21                   | 30-Jun-21       | 29-Jun-21               |
| Tenors  | 2 years                     | 3 & 10 years    | 3 years                 |
| Coupon rate                                       | 10.00%                      | 11.00% & 15.00% | 11.00%                  |
| Amount offered -cost value (K'b)                  | 40.72                       |                 | 34.34                   |
| Total applied - cost value (K'b)                  | 16.69                       |                 | 4.16                    |
| Total allotted - cost value (K'b)                 | 15.36                       |                 | 4.11                    |
| Allotted - weighted average ytm                   | 16.63%                      | 19.00% & 22.54% | 18.93%                  |
| Current yields for Treasury Notes                 |                             |                 |                         |
| Tenor   | Last auction's yield        | Last auction    | Next auction            |
| 2-year  | 16.63%                      | 13-Jul-21       | 14-Sep-21               |
| 3-year  | 19.00%                      | 30-Jun-21       | 3-Aug-21                |
| 5-year  | 20.00%                      | 28-Jun-21       | 31-Aug-21               |
| 7-year  | 20.59%                      | 28-Jun-21       | 27-Jul-21               |
| 10-year   | 22.54%                      | 30-Jun-21       | 17-Aug-21               |
| Upcoming Treasury Note auctions                   |                             |                 |                         |
| Auction date                                      | Tenor                       | Amount (K'b)    | Last coupon rate        |
| 27-Jul-21   | 7                           | 30.37           | 13.50%                  |
| 3-Aug-21  | 3                           | 37.55           | 11.00%                  |
| 17-Aug-21   | 10 year infrastructure bond | 20.00           | 15.00%                  |
| 31-Aug-21   | 5                           | 41.92           | 12.50%                  |
| 14-Sep-21   | 2                           | 24.20           | 10.00%                  |
| 28-Sep-21   | 10                          | 16.34           | 15.00%                  |
| Projected maturities                              |                             |                 |                         |
| Week ending                                       | 16-Jul-21                   | 23-Jul-21       | 30-Jul-21               |
| TBs, PNs & TNs (K'm)                              | 28,583                      | 17,225          | 8,688                   |
| OMO repos (K'm)                                   | 0                           | 0               | 0                       |
| OMO reverse repos (K'm)                           | 56,029                      | 23,290          | 55,970                  |
| Reference rate                                    |                             |                 |                         |
| Jul-21  | 12.20%                      | % pts Δ         | Jun-21                  |
| Rate  | 12.20%                      | 0.00            | 12.20%                  |
| Inflation rate                                    |                             |                 |                         |
| May-21  |                             | % pts Δ         | Apr-21                  |
| Rate  | 8.9%                        | -0.3            | 9.2%                    |
| Cumulative tobacco sales                          |                             |                 |                         |
| Date  | 15-Jul-21                   | % Δ             | Week 13, 17th July 2021 |
| Volume (Kg)                                       | 100,468,497.00              | 17.59%          | 85,443,096.00           |
| Value (USD)                                       | 165,088,641.62              | 27.32%          | 129,665,018.86          |
| Average price (USD/Kg)                            | 1.64                        | 7.89%           | 1.52                    |
| Closing mid exchange rates                        |                             |                 |                         |
| 15-Jul-21   |                             | % Δ             | 8-Jul-21                |
| USD   | 816.1664                    | 0.11%           | 815.2791                |
| GBP   | 1194.1988                   | 0.56%           | 1187.5981               |
| EUR   | 1047.1256                   | 1.31%           | 1033.6132               |
| ZAR   | 60.8641                     | -1.31%          | 61.6724                 |
| Gross official foreign exchange reserves position |                             |                 |                         |
| 30-Jun-21   |                             | 31-May-21       | 30-Apr-21               |
| Reserves (USD'm)                                  | 424.99                      | 443.25          | 392.01                  |
| Import cover (months)                             | 1.70*                       | 1.77*           | 1.88                    |

\* 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.

Sources: MSE, RBM, NSO, AHL

**COVID-19 update**

Cumulative confirmed COVID-19 cases in Malawi stood at 42,254 as at 16th July 2021, out of which 6,024 were reported to be active. The Ministry of Health re-introduced COVID-19 restrictions due to surge in infections. The 7-day average of daily new infections rose to 546 in the review week from 266 in the previous week. So far, 34,685 people have recovered while 1,313 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to 385,242 and 43,165 people, respectively, representing 2.07% and 0.23% of the total Malawi population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 189.70m, with recoveries of more than 173.65m and 4.08m deaths as at 16th July 2021 (Source: Johns Hopkins University and Medicine).