

**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 (0.001%) 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

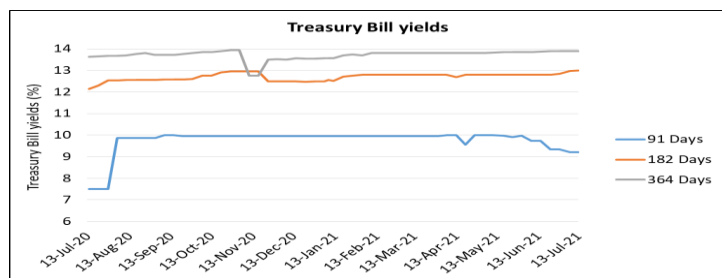
Company	Dividend type	Dividend (K)	Last day to register	Payable
NBM	Final	17.14	9-Jul-21	30-Jul-21
STANDARD	Final	21.31	9-Jul-21	23-Jul-21
TNM	Final	0.10	16-Jul-21	30-Jul-21
NBS	Final	0.70	16-Jul-21	30-Jul-21
FMBCH	Final	0.62	16-Jul-21	23-Jul-21
AIRTEL	Final	2.10	30-Jul-21	31-Aug-21
NICO	Final	0.50	30-Jul-21	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

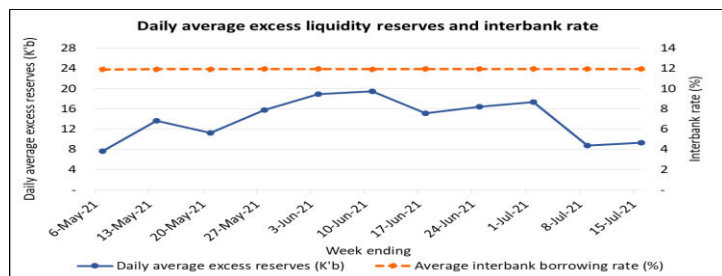
Government raised K1.23b during the week's auction for Treasury Bills (TBs) compared to K1.91b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly increased to 12.0300% from 12.0212% in the previous week, due to increases in the 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 9.2000% 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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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				
	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%	→	0.000%	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				
	13-Jul-21	30-Jun-21		29-Jun-21
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	20.14		4.16
Total allotted - cost value (K'b)	15.36	20.09		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				
	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		% 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				
	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).