

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.77% to close the week at 41,389.96 points from 41,712.84 points in the previous week due to share price losses in AIRTEL (-0.03%), FDHB (-12.66%), ICON (-0.39%), NBS (-4.01%) and TNM (-0.09%) which offset share price gains in FMBCH (0.017%), NBM (0.001%) and STANDARD (0.001%). The market traded 1,062,981 shares at a consideration of K37.60m in 56 trades during the week, compared to 3,816,567 shares traded at a consideration of K240.20b in 60 trades in the previous week. The year-to-date return on MASI stands at 27.78% compared to 2.34% for the same period in 2020 (Source: MSE).

Corporate news

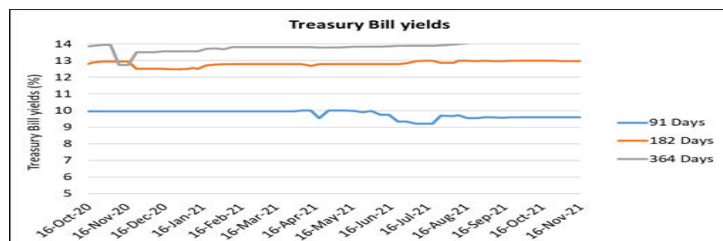
The following companies published names of shareholders who have unclaimed dividends pertaining to the financial year ended 31st December 2020: Telekom Networks Malawi Plc, Airtel Malawi Plc, Press Corporation Plc, Standard Bank Malawi Plc, Illovo Sugar Malawi Plc and Sunbird Tourism Plc. The shareholders are requested to check with the companies' transfer secretaries and provide some required information.

Dividends

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

Government securities

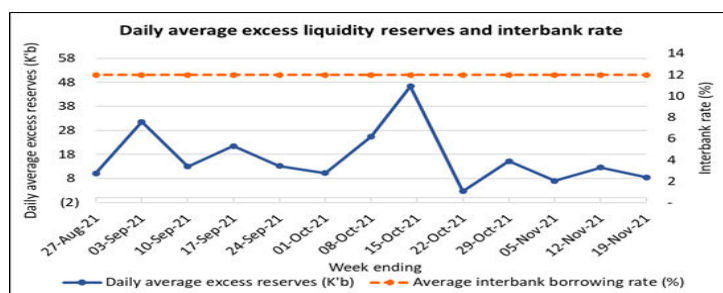
Government raised K3.67b during the week's auction for Treasury Bills (TBs) compared to K133.15m raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield was stable at 12.2583% as per the previous week, due to the 91-day, 182-day and 364-day yield remaining constant since the previous week (Source: RBM).



Maturities of Government securities amounted to K8.99b. This resulted in a net injection of K5.32b into the market, compared to a net withdrawal from the market of K25.15b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K8.42b from K12.52b recorded in the previous week. Daily interbank borrowing averaged K16.08b as compared to K23.36b 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 K107.22 per day, increasing from an average of K105.85b per day in the previous week. (Source: RBM).



October 2021 inflation

The year-on-year headline inflation rate stood at 9.8% in October 2021 from 8.9% in September 2021 and compared to 7.5% October 2020. Food inflation rate stood at 11.8% in October 2021, up from 10.9% in September 2021 (10.9% in October 2020), while non-food inflation rate increased to 7.8% from 7.2% in September 2021 (4.5% in October 2020). Going forward, an upward pressure on inflation is expected to persist owing to the rise in food prices during the lean season as well as the impact of the recent hikes in water tariffs and energy prices. (Source: NSO).

Foreign exchange market developments

During the week, the Kwacha depreciated by 0.13% to trade at K823.6153 per USD as at 18th November 2021 from K822.5123 as at 11th November 2021. The kwacha also depreciated against the EUR and ZAR by 1.03% and 2.85%. It, however, appreciated against the GBP by -1.04%. 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).

Stock market				
	19-Nov-21		% Δ	12-Nov-21
MASI	41,389.96	↓	-0.77%	41,712.84
DSI	34,297.80	↓	-0.83%	34,585.49
FSI	3,232.74	↑	0.02%	3,232.25
Traded volume	1,062,981	↓	-72.15%	3,816,567
Number of trades	56	↓	-6.67%	60
Value of shares traded (K'm)	37.60	↓	-84.67%	245.20
Market capitalisation (K'm)	2,247,097.77	↓	-0.76%	2,264,397.80
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	60.01	↑	0.017%	60.00
NBM	701.07	↑	0.001%	701.06
STANDARD	1,250.02	↑	0.001%	1,250.01
Losers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	38.28	↓	-0.03%	38.29
FDHB	14.00	↓	-12.66%	16.03
ICON	12.90	↓	-0.39%	12.95
NBS	22.02	↓	-4.01%	22.94
TNM	22.96	↓	-0.09%	22.98
Treasury Bill auctions				
Auction date	16-Nov-21		% pts Δ	9-Nov-21
Amount offered - cost value (K'm)	17,009.00	⇒	0.00%	17,009.00
Applied - cost value (K'm)	3,671.20	↑	2657.19%	133.15
Allotted - cost value (K'm)	3,671.20	↑	2657.19%	133.15
Overall rejection rate	0.00%	⇒	0.00%	0.00%
91 days yield	9.6000%	⇒	0.0000%	9.6000%
182 days yield	12.9750%	⇒	0.0000%	12.9750%
364 days yield	14.2000%	⇒	0.0000%	14.2000%
All-type yield	12.2583%	⇒	0.0000%	12.2583%
Treasury Note auctions				
Auction date	9-Nov-21	26-Oct-21		19-Oct-21
Tenors	3 years	10 years		5 years
Coupon rate	11.00%	15.00%		12.50%
Amount offered - cost value (K'b)	45.00	12.64		45.89
Total applied - cost value (K'b)	21.33	3.72		7.22
Total allotted - cost value (K'b)	21.33	3.53		7.22
Allotted - weighted average ytm	19.00%	22.50%		20.53%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.63%	12-Oct-21		TBA
3-year	19.00%	09-Nov-21		TBA
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
23-Nov-21	7	30.00		13.50%
07-Dec-21	10-year infrastructure bond	20.00		16.00%
Projected maturities				
Week ending	19-Nov-21	26-Nov-21		3-Dec-21
TBs, PNs & TNs (K'm)	8,989	15,889		16,184
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	0	0		7,207
Reference rate				
Rate	Nov-21	% pts Δ		Oct-21
	12.20%	⇒	0.00	12.20%
Inflation rate				
Rate	Oct-21	% pts Δ		Sep-21
	9.8%	↑	0.9	8.9%
Indicative opening mid exchange rates				
	18-Nov-21	% Δ		11-Nov-21
USD	823.6153	↓	0.13%	822.5123
GBP	1185.1398	↑	-1.04%	1197.6100
EUR	1054.5809	↓	1.03%	1043.8413
ZAR	59.8199	↓	2.85%	58.1596
Gross official foreign exchange reserves position				
	31-Oct-21	30-Sep-21		31-Aug-21
Reserves (USD'm)	405.66	521.87		604.50
Import cover (months)	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

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 61,861 as at 19th November 2021, out of which 580 were reported to be active. COVID-19 infections averaged 3 this week compared to 4 cases in the previous week. So far, 58,746 people have recovered while 2,303 have died from the disease. Cumulatively, 758,175 and 314,335 people have received the first and second dose AstraZeneca vaccine respectively while 270,715 people have received Johnson and Johnson vaccine. Cumulatively 585,050 people are fully vaccinated representing 3.79% of the total Malawi population (15.4 million). Globally, total confirmed cases of COVID-19 amounted to 256.95m, with recoveries of more than 231.18m and 5.14m deaths as at 19th November 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.