

Malawi Stock Exchange (MSE) trading activity

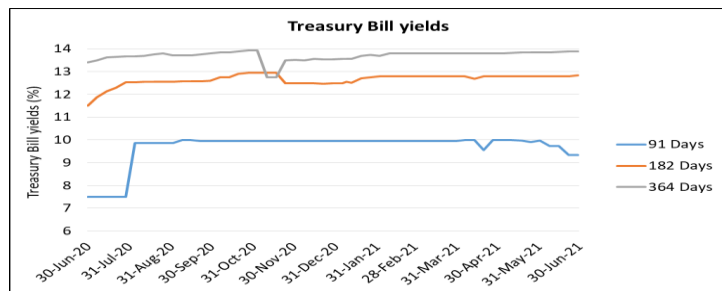
The Malawi All Share Index (MASI) registered a gain of 1.42% to close the week at 35,108.69 points from 34,617.85 points in the previous week due to share price gains in FMBCH (15.04%) and NBS (14.88%) which offset a share price loss in NITL (-15%). The market traded 3,771,442 shares at a consideration of K600.44m in 44 trades during the week, compared to 9,691,406 shares traded at a consideration of K197.89m in 66 trades in the previous week. This represents a decrease of 61.08% in traded volume and an increase of 203.41% in traded value. The year-to-date return on MASI stands at 8.38% compared to -1.55% for the same period in 2020 (Source: MSE).

Corporate news

- ICON Properties Plc (ICON)** expects its profit after tax for the 6 months ended 30th June 2021 to be more than 20% higher than that of the corresponding period ended 30th June 2020. In June 2020, ICON reported a half-year net profit of K2.11b.
- National Investments Trust Plc (NITL)** expects its profit after tax for the 6 months ended 30th June 2021 to be higher than the previous corresponding period ended 30 June 2020 by about 140%. NITL reported a net profit after tax of K363.55m for the half year of 2020.
- Sunbird Tourism Plc** expects to make a loss for the half year ended 30th June 2021 which is 65% lower than the loss made in the previous corresponding period. The partial recovery is due to the easing of the impact of COVID-19 outbreak on the hospitality industry over the last 6 months. Sunbird reported a loss of K1.34b in June 2020.

Government securities

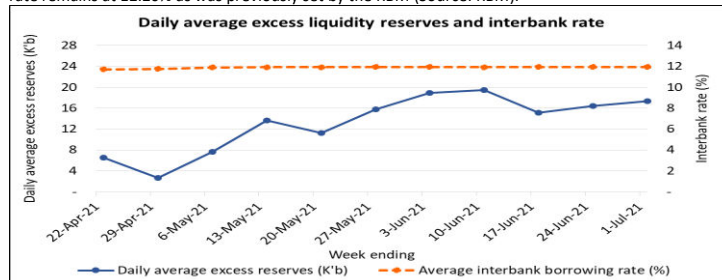
Government raised K707.60m during the week's auction for Treasury Bills (TBs) compared to K3.40b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield moderately increased to 12.0246% from 12.0089% in the previous week, due to a slight increase in the 182-day yield to 12.8500% from 12.7998% in the previous week which outweighed a marginal decrease in the 91-day yield to 9.3300% from 9.3300% in the previous week. The 364-day yield was stable at 13.8938% as per the previous week (Source: RBM).



The Government also raised K93.89b through auctions of Treasury Notes, bringing the total amount raised through auctions of Government securities during the week to K94.60b. RBM injected into the market K139.55b through OMO reverse repo auctions at an average yield of 10.60%. Maturities of Government securities for the week amounted to K17.16b. This resulted in a net injection of K62.11b into the market, compared to a net injection of K4.65b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K17.36b from K16.44b recorded in the previous week. Daily Interbank borrowing averaged K10.85b as compared to K6.52b in the previous week. The average interbank borrowing rate was stable at 11.95%. Borrowing on the Lombard Facility averaged K37.78b per day, decreasing from an average of K74.18b per day in the previous week. The Lombard rate remains at 12.20% as was previously set by the RBM (Source: RBM).



Foreign exchange market developments

The Kwacha appreciated by 0.14% against the USD to close at K810.0295 per USD on 1st July 2021 from K811.1960 per USD on 24th June 2021. During the same period, the kwacha also appreciated against the GBP and ZAR by 0.90% and 0.58%, respectively. It however depreciated against the EUR by 0.10%. Gross official forex reserves were last recorded at USD424.99m (1.70 months of import cover) on 30th June 2021 from USD443.25m (1.77 months of import cover) on 31st May 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. As at 1st July 2021, the tobacco market had cumulatively raked in USD140.04m compared to USD104.70m for the same period in 2020 (Source: AHL).

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Stock market				
	2-Jul-21		% Δ	25-Jun-21
MASI	35,108.69	↑	1.42%	34,617.85
DSI	28,707.33	↑	0.47%	28,573.96
FSI	3,234.45	↑	13.61%	2,847.01
Traded volume	3,771,422	↓	-61.08%	9,691,406
Number of trades	44	↓	-33.33%	66
Value of shares traded (K'm)	600.44	↑	203.41%	197.89
Market capitalisation (K'm)	1,911,435.16	↑	1.45%	1,884,179.89
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	59.82	↑	15.04%	52.00
NBS	26.40	↑	14.88%	22.98
Losers				
	Closing price (K)		% Δ	Opening price (K)
NITL	80.70	↓	-15.00%	94.94
Treasury Bill auctions				
	29-Jun-21		% pts Δ	22-Jun-21
Amount offered - cost value (K'm)	5,050.00	→	0.00%	5,050.00
Applied - cost value (K'm)	707.60	↓	-79.21%	3,403.29
Allotted - cost value (K'm)	707.60	↓	-79.21%	3,403.29
Overall rejection rate	0.00%	→	0.00	0.00%
91 days yield	9.3300%	↓	-0.003%	9.3300%
182 days yield	12.8500%	↑	0.05%	12.7998%
364 days yield	13.8938%	→	0.00%	13.8938%
All-type yield	12.0246%	↑	0.02%	12.0089%
Treasury Note auctions				
	30-Jun-21	29-Jun-21		28-Jun-21
Tenors	3 & 10 years	3 years		5, 7 & 10 years
Coupon rate	11.00% & 15.00%			12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)		34.34		
Total applied - cost value (K'b)	20.14	4.16		69.69
Total allotted - cost value (K'b)	20.09	4.11		69.69
Allotted - weighted average ytm	19.00% & 22.54%	18.93%		20.00%, 20.59% & 22.50%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.65%	25-Jun-21		TBA
3-year	19.00%	30-Jun-21		TBA
5-year	20.00%	28-Jun-21		TBA
7-year	20.59%	28-Jun-21		TBA
10-year	22.54%	30-Jun-21		TBA
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last coupon rate
29-Jun-21	3	34.34		11.00%
OMO reverse repos - 28 and 29 June 2021				
Tenor	Applied (K'm)	Allotted (K'm)		Average yield
15 days	14,039	14,039		8.00%
22 days	15,009	15,009		9.00%
30 days	55,500	55,500		10.30%
60 days	33,022	33,022		11.52%
	21,980	21,980		11.50%
Total	139,550	139,550		10.06%
Projected maturities				
Week ending	2-Jul-21	9-Jul-21		16-Jul-21
TBs, PNs & TNs (K'm)	17,162	8,702		28,583
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	0	17,373		56,029
Reference rate				
	Jun-21		% pts Δ	May-21
Rate	12.20%	↑	0.10	12.10%
Inflation rate				
	May-21		% pts Δ	Apr-21
Rate	8.9%	↓	-0.3	9.2%
Cumulative tobacco sales				
Date	1-Jul-21		% Δ	1-Jul-20
Volume (Kg)	85,169,159.00	↑	23.00%	69,245,599.00
Value (USD)	140,042,718.58	↑	33.75%	104,703,177.51
Average price (USD/Kg)	1.64	↑	8.61%	1.51
Closing mid exchange rates				
	1-Jul-21		% Δ	24-Jun-21
USD	810.0295	↑	-0.14%	811.1960
GBP	1189.2372	↑	-0.90%	1200.0279
EUR	1033.8169	↓	0.10%	1032.7489
ZAR	61.0917	↑	-0.58%	61.4496
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 36,573 as at 2nd July 2021, out of which 1,897 were reported to be active. Daily new cases were at 214. There has been a surge in daily new infections in recent weeks. So far, 33,242 people have recovered while 1,202 have died from the disease. The first and second doses of the vaccine have been administered to cumulatively 385,242 and 43,165 people, respectively (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 183.09m, with recoveries of more than 168.31m and 3.96m deaths as at 2nd July 2021 (Source: Johns Hopkins University and Medicine).