

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a marginal loss of -0.001% to close the week at 38,205.06 points from 38,205.50 points in the previous week due to share price losses in NBS (-0.04%) and PCL (-0.001%) which offset a share price gain in ILLOVO (0.01%). The market traded 43,023,769 shares at a consideration of K3.43b in 90 trades during the week, compared to 4,843,683 shares traded at a consideration of K753.84m in 40 trades in the previous week. The year-to-date return on MASI stands at 17.94% compared to 4.28% for the same period in 2020 (Source: MSE).

Corporate announcements

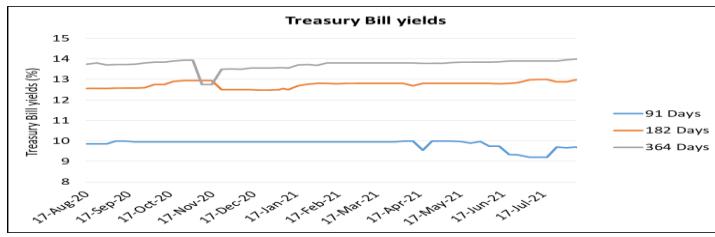
Old Mutual Plc expects its group profit after tax for the half year ended 30th June 2021 to be more than 100% higher than that reported in 2020 over the same period.

Published financial results for the half year ended 30th June 2021

Company	H1 2021 profit after tax ('K'm)	Change (%)	H1 2020 profit after tax ('K'm)
CDH Investment Bank Ltd	2,891 ▲	212%	927
Ecobank Ltd	4,305 ▲	8%	4,004
FDH Bank Plc	4,550 ▲	41%	3,224
First Discount House Ltd	2,132 ▲	51%	1,412
National Bank of Malawi Plc	12,754 ▲	41%	9,071
NBS Bank Plc	4,395 ▲	55%	2,844
Standard Bank Plc	11,578 ▼	-8%	12,633

Government securities

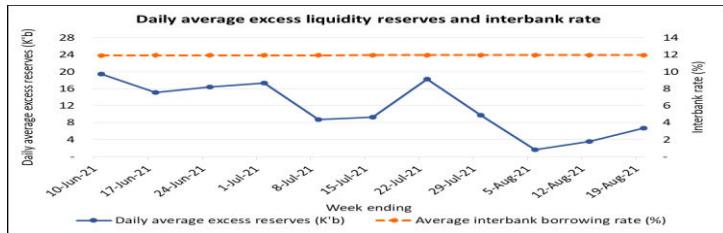
Government raised K5.20b during the week's auction for Treasury Bills (TBs) compared to K6.65b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield decreased to 12.1843% from 12.2308% in the previous week due to a decrease in the 91-day yield to 9.5283% from 9.7078% in the previous week which outweighed an increase in the 364-day yield to 14.0400% from 14.0000%. The 182-day yield was stable at 12.9845% as per the previous week (Source: RBM).



Government raised K13.35bn through issuance of a 10-year infrastructure development bond (DB) at an average yield to maturity of 23.25%. The DB auction registered a 50.37% rejection rate. RBM also carried out an outright purchase of securities of K13.42b from the market. Maturities of Government securities amounted to K10.92b. This resulted in a net injection of K5.79b into the market, compared to a net withdrawal from the market of K10.06b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K6.73b from K3.55b recorded in the previous week. Daily Interbank borrowing averaged K6.53b as compared to K7.25b in the previous week. The average interbank borrowing rate was stable at 11.97% as per the previous week. Borrowing on the Lombard Facility averaged K50.41b per day, increasing from an average of K57.71b per day in the previous week. The Lombard rate was stable at 12.20% as previously set by the RBM (Source: RBM).


Foreign exchange market developments

The Kwacha depreciated by 0.11% to trade at K819.12 per USD as at 19th August 2021 from K818.20 as at 12th August 2021. The Kwacha, however, depreciated against GBP, EUR, and ZAR by 1.84%, 1.64% and 2.71%, respectively. Gross official forex reserves were last recorded at USD404.18m (1.62 months of import cover) on 31st July 2021 from USD424.99m (1.70 months of import cover) recorded on 30th June 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the eighteenth week of the 2021 marketing season, as at 19th August, the tobacco market had cumulatively raked in USD193.67m compared to USD170.63m as at 19th August 2020 (Source: AHL). All auction floors except Lilongwe have closed the 2021 tobacco marketing season. The Lilongwe auction floor is expected to close in a few days.

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood 59,399 as at 20th August 2021, out of which 11,712 were reported to be active. The 7-day average of daily infections decreased to 232 during the week from 343 in the previous week. So far, 45,396 people have recovered while 2,059 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to cumulatively 466,948 and 191,901 people respectively, while 167,335 people were reported to have received the Johnson & Johnson vaccine. Cumulatively, 359,236 people were fully vaccinated as at 20th August 2021, representing 1.93% of the total population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 211.4m, with recoveries of more than 189.81m and 4.42m deaths as at 20th August 2021 (Source: Johns Hopkins University and Medicine).

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Stock market			
MASI	38,205.06	▼	-0.001%
DSI	31,270.27	▼	-0.001%
FSI	3,479.97	▲	0.00%
Traded volume	43,023,769	▲	788.24%
Number of trades	90	▲	125.00%
Value of shares traded ('K'm)	3,429.32	▲	354.91%
Market capitalisation ('K'm)	2,077,045.55	▼	-0.001%
Gainers	Closing price ('K')	% Δ	Opening price ('K')
ILLOVO	126.52	▲	126.51
Losers	Closing price ('K')	% Δ	Opening price ('K')
NBS	26.33	▼	26.34
PCL	1,494.99	▼	1,495.00
Treasury Bill auctions			
Auction date	17-Aug-21	% pts Δ	10-Aug-21
Amount offered - cost value ('K'm)	13,584.00	▲	13,684.00
Applied - cost value ('K'm)	5,195.90	▼	-21.82%
Allotted - cost value ('K'm)	5,195.90	▼	-21.82%
Overall rejection rate	0.00%	▲	0.00%
91 days yield	9.5283%	▼	-0.179%
182 days yield	12.9845%	▲	12.9845%
364 days yield	14.0400%	▲	14.0000%
All-type yield	12.1843%	▼	-0.05%
Treasury Note and Bond auctions			
Auction date	17-Aug-21	3-Aug-21	27-Jul-21
Tenors	10 year infrastructure bond	3 years	7 years
Coupon rate	16.00%	11.00%	13.50%
Amount offered - cost value ('K'b)	20.00	37.55	30.37
Total applied - cost value ('K'b)	26.90	26.51	4.94
Total allotted - cost value ('K'b)	13.35	22.37	4.94
Allotted - weighted average ytm	23.25%	18.99%	21.36%
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	18.99%	3-Aug-21	TBA
5-year	20.00%	28-Jun-21	31-Aug-21
7-year	21.36%	27-Jul-21	TBA
10-year	23.25%	17-Aug-21	28-Sep-21
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount ('K'b)	Last coupon rate
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	20-Aug-21	27-Aug-21	3-Sep-21
TBs, PNs & TNs ('K'm)	10,919	3,727	30,226
OMO repos ('K'm)	0	0	0
OMO reverse repos ('K'm)	0	52,977	21,622
Reference rate			
Aug-21	12.20%	% pts Δ	Jul-21
Rate	▲	0.00	12.20%
Inflation rate			
Jul-21	8.7%	% pts Δ	Jun-21
Rate	▼	-0.4	9.1%
Cumulative tobacco sales			
Date	19-Aug-21	% Δ	19-Aug-20
Volume (Kg)	120,469,496.00	▲	111,229,704.00
Value (USD)	193,672,764.42	▲	170,630,911.79
Average price (USD/Kg)	1.61	▲	1.53
Closing mid exchange rates			
USD	819.1207	▼	818.2028
GBP	1185.3060	▲	1207.5582
EUR	1022.3120	▲	1039.3098
ZAR	58.6835	▲	60.3184
Gross official foreign exchange reserves position			
31-Jul-21	30-Jun-21	31-May-21	
Reserves (USD'm)	404.18	424.99	443.25
Import cover (months)	1.62	1.70	1.77

Sources: MSE, RBM, NSO, AHL

July 2021 Inflation

Year-on-year headline inflation rate stood at 8.7% in July 2021 from 9.1% in June 2021 and compared to 8.0% in July 2020. Food inflation rate stood at 10.3% in July 2021, down from 11.1% in June 2021 (12.2% in July 2020), while non-food inflation rate stood at 7.2% in July and June 2021 (4.4% in July 2020) (Source: NSO).

