

Malawi Stock Exchange (MSE) trading activity

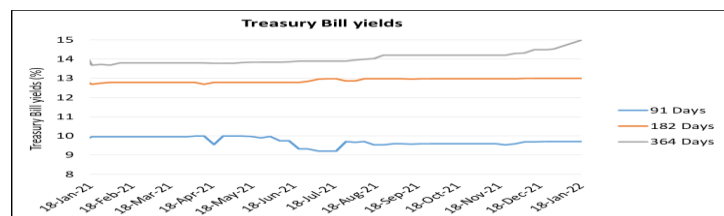
The Malawi All Share Index (MASI) registered a loss of -0.33% to close the week at 45,165.35 points from 45,316.01 points in the previous week due to share price losses in FDHB (-0.44%), ILLOVO (-0.01%) and TNM (-3.41%), which offset marginal share price gains in AIRTEL (0.05%), NBM (0.001%), NBS (0.04%) and STANDARD (0.001%). The market traded 1,171,278 shares at a consideration of K51.17m in 59 trades during the week, compared to 6,141,665 shares traded at a consideration of K609.20m in 107 trades in the previous week. The year-to-date return on MASI stands at -0.45% compared to 1.84% for the same period in 2021 (Source: MSE).

Corporate news

- NBS Bank Plc expects its profit after tax for the year ended 31st December 2021 to be higher than the previous year's by at least 20% (Source: MSE).
- Press Corporation Plc (PLC) announced that during the initial phase of the restructuring of its Corporate Office, the exercise which included job role review, realignment and right and cost-effective positioning, has resulted in the adoption of a modified corporate office structure. As a result of this change, PLC's three top executives who held the positions of Group Chief Executive (GCE), Group Financial Controller (GFC), and Group Administration Executive (GAE) & Company Secretary will be leaving the Group with effect from 31st January 2022. In the meantime, and in acting capacities, the Board has assigned all tasks performed by the outgoing GCE to Dr Lyton Chithambo, the current General Manager Operations. The roles of GFC and Company Secretary have been assigned to Ms Moureen Mbeye, the current Group Chief Accountant (Source: MSE).

Government securities

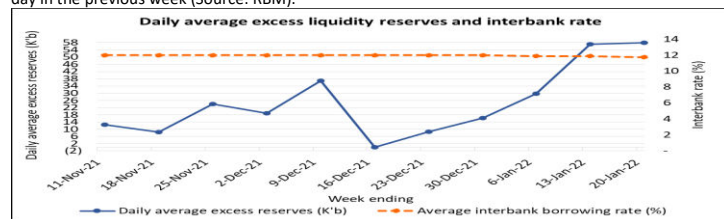
Government raised K16.23b during the week's auction for Treasury Bills (TBs) compared to K4.53b raised in the previous week. The all-type average TB yield increased to 12.5636% from 12.4671% in the previous week, due to an increase in the 364-day yield to 14.907% from 14.7012% in the previous week. The 91-day and 182-day yields were constant at 9.7000% and 13.0000%, respectively, as per the previous week (Source: RBM).



The Government also raised K5.89b through auction of a 10-year Treasury note (TN) at an average yield to maturity (YTM) of 22.98%. This brings the total amount raised in auctions of Government securities during the week to K22.12b, compared to K27.32b in the previous week. Maturities of Government securities for the week amounted to K11.51b while maturities of OMO reverse repos amounted to K8.20b. This resulted in a net withdrawal of K18.81b from the market, compared to a net withdrawal of K15.27b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K58.03b from K57.10b in the previous week. Daily interbank borrowing decreased to the average of K9.75b compared to K12.14b in the previous week. The average interbank borrowing rate decreased to 11.73% from 11.88% in the previous week. There was no borrowing on the Lombard Facility during the week, compared to the average of K2.30b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.04% to trade at K824.2215 against USD as at 20th January 2022, from K823.8540 as at 13th January 2022. The Kwacha also depreciated against GBP by 6.21% during the same period. Gross official forex reserves stood at USD429.17 million (1.72 months of import cover) as at 31st December 2021, up from USD389.26 million (1.56 months of import cover) as at 30th November 2021. The recommended minimum import cover is 3 months.

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 83,565 as at 21st January 2022, out of which 13,949 were reported to be active. COVID-19 infections averaged 187 positive cases this week compared to 454 positive cases in the previous week. So far, 66,877 people have recovered while 2,507 have died from the disease. Cumulatively, 1,098,898 and 399,078 people have received the first and second doses of AstraZeneca vaccine, respectively, while 366,545 people have received Johnson and Johnson vaccine. Cumulatively, 765,623 people are fully vaccinated representing 3.9% of the total Malawi population (19.6 million). Globally, total confirmed cases of COVID-19 amounted to 343.1m and 5.77m deaths as at 21st January 2022 (Source: Johns Hopkins University and Medicine).

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Stock market				
	21-Jan-22		% Δ	14-Jan-22
MASI	45,165.35	↓	-0.33%	45,316.01
DSI	36,912.92	↓	-0.36%	37,046.97
FSI	4,183.22	↓	0.00%	4,183.22
Traded volume	1,171,278	↓	-80.93%	6,141,665
Number of trades	59	↓	-44.86%	107
Value of shares traded (K'm)	51.17	↓	-91.60%	609.20
Market capitalisation (K'm)	2,448,548.91	↓	-0.33%	2,456,621.68
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	40.03	↑	0.05%	40.01
NBM	810.13	↑	0.001%	810.12
NBS	22.89	↑	0.04%	22.88
STANDARD	1400.03	↑	0.001%	1400.02
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	15.73	↓	-0.44%	15.80
ILLOVO	299.97	↓	-0.01%	299.99
TNM	22.08	↓	-3.41%	22.86
Treasury Bill auctions				
	18-Jan-22		% pts Δ	11-Jan-22
Amount offered - cost value (K'm)	23,335.00	→	0.00%	23,335.00
Applied - cost value (K'm)	16,226.96	↑	258.28%	4,529.12
Allotted - cost value (K'm)	16,226.54	↑	258.27%	4,529.12
Overall rejection rate	0.003%	↑	0.003	0.00%
91 days yield	9.7000%	→	0.0000%	9.7000%
182 days yield	13.0000%	→	0.0000%	13.0000%
364 days yield	14.9070%	↑	0.2895%	14.7012%
All-type yield	12.5636%	↑	0.0965%	12.4671%
Treasury Note and Bond auctions				
	18-Jan-22	12-Jan-22		4-Jan-22
Tenors	10 years	2 years		2 years
Coupon rate	15.00%	10.00%		10.00%
Amount offered - cost value (K'b)	17.15			48.61
Total applied - cost value (K'b)	5.89	27.32		2.67
Total allotted - cost value (K'b)	5.89	22.79		2.67
Allotted - weighted average ytm	22.98%	16.70%		16.66%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2 years	16.70%	12-Jan-22		1-Mar-22
3 years	19.04%	23-Dec-21		8-Feb-22
5 years	20.35%	23-Dec-21		25-Jan-22
7 years	20.94%	23-Nov-21		22-Feb-22
10 years	22.98%	18-Jan-22		TBA
10-year infrastructure bond	23.25%	17-Aug-21		TBA
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last auction's coupon rate
25-Jan-22	5 years	53.15		12.50%
8-Feb-22	3 years	58.15		11.00%
22-Feb-22	7 years	58.15		13.50%
1-Mar-22	2 years	43.61		10.00%
8-Mar-22	7-year IDB	10.00		
22-Mar-21	5 years	48.15		12.50%
Projected maturities				
Week ending	21-Jan-22	28-Jan-22		4-Feb-22
TBs, PNs & TNs (K'm)	11,508	18,201		27,697
OMO repos (K'm)	0	0		7,625
OMO reverse repos (K'm)	8,197	70,808		23,084
Reference rate				
Rate	12-Jan-22		% pts Δ	Dec-21
	12.20%	→	0.00	12.20%
Inflation rate				
Rate	Dec-21		% pts Δ	Nov-21
	11.5%	↑	0.4	11.1%
Closing TT mid exchange rates				
	20-Jan-22		% Δ	13-Jan-22
USD	824.2215	↓	0.04%	823.8540
GBP	1270.2178	↓	6.21%	1195.9963
EUR	1179.0052	↓	-0.07%	1179.8561
ZAR	62.4010	↑	-1.94%	63.6378
Gross official foreign exchange reserves position				
	31-Dec-21	30-Nov-21		31-Oct-21
Reserves (USD'm)	429.17	389.26		405.66
Import cover (months)	1.72	1.56		1.62

Sources: MSE, RBM, NSO, AHL

December 2021 inflation

The year-on-year headline inflation rate stood at 11.5% in December 2021 from 11.1% in November 2021 and compared to 7.6% in December 2020. Food inflation rate stood at 13.6% in December 2021, up from 12.8% in November 2021 (10.5% in December 2020), while non-food inflation rate was at 9.5% in December and November 2021 (4.9% in December 2020). The annual headline inflation rate for 2021 stands at 9.3% compared to the annual headline inflation rate of 8.6% registered in 2020 (Source: NSO).

