



Malawi Stock Exchange (MSE) trading activity

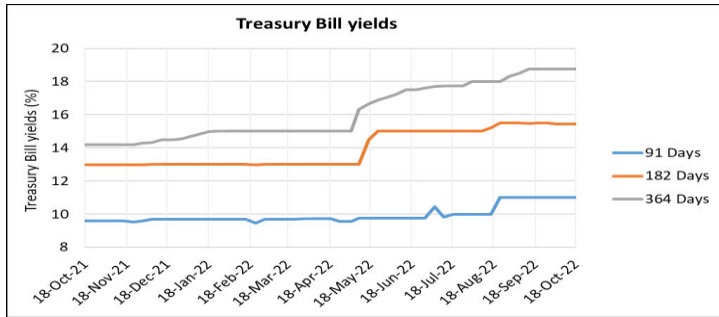
The Malawi All Share Index (MASI) registered a gain of 0.66% to close the week at 54,738.07 points from 54,376.68 points in the previous week due to share price gains in AIRTEL (0.02%), ILLOVO (0.01%), NBM (3.31%), NITL (10.71%), STANDARD (0.001%) and TNM (0.08%) which offset a share price loss in FDHB (-0.47%). The market traded 44,820,552 shares at a consideration of K2.62b in 113 trades compared to 8,347,734 shares traded at a consideration of K1.01b in 193 trades in the previous week. The year-to-date return on MASI stands at 20.65% compared to 27.72% for the same period in 2021 (Source: MSE).

Corporate news

The Board of Directors of Telekom Networks Malawi Plc has appointed Chief Technical Officer, Engineer Lloyd Gwera as the Acting Chief Executive Officer of the company with immediate effect. He replaces Mr. Arnold Mbwana. Mr Gwera has more than 20 years' experience in mobile telecommunications, having worked with various telecom operators in Zambia, Madagascar, and Papua New Guinea. He holds an MBA, BSc in IT and Diploma in Telecommunications and Electronics Engineering.

Government securities

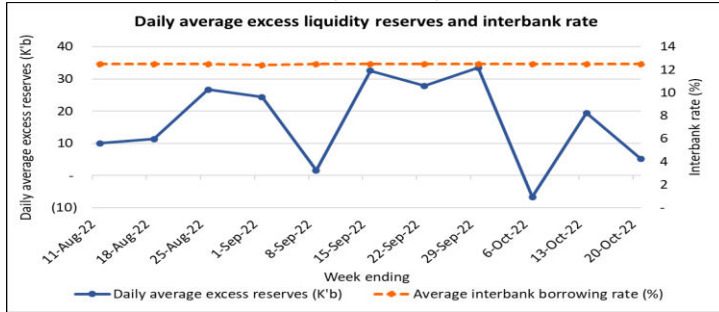
Government raised K867.80m during the week's auction for Treasury Bills (TBs) compared to K14.41b raised in the previous week. The auction registered no rejection rate on the submitted bids. The average TB yield was constant at 15.0680% from the previous week as the 91-day, 182-day and 364-day yields were constant at 11.0000%, 15.4540% and 18.7500%, respectively (Source: RBM).



Government also raised K7.28b through auction of a 2-year Treasury Note (TN) at an average yield of 21.50% during the week. Maturities of Government securities, OMO repos and OMO reverse repos amounted to K26.33b, K9.10b and K8.20b, respectively. The RBM conducted OMO reverse repos aimed at injecting liquidity in the banking system amounting to K12.00b and access on the rediscounting standing facility amounted to K2.70. These transactions resulted in a net injection of K33.78b into the market compared to a net injection of K25.72b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K5.22b from K19.40b in the previous week. Daily average interbank borrowing increased to K30.38b from K23.60b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility increased to K101.30b during the week from K76.80b in the previous week. The Lombard rate remains fixed at 14.20% (Source: RBM).



Foreign exchange market developments

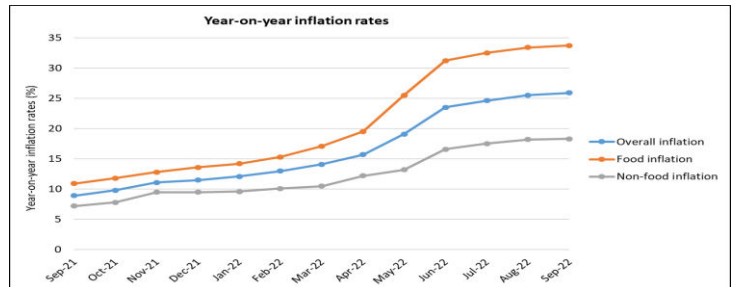
The Kwacha depreciated by 0.07% to trade at K1035.5850/USD as of 21st October 2022 from K1034.8959/USD on 13th October 2022. The Kwacha also depreciated against GBP (1.48%) and against EUR (0.83%). However, the Kwacha appreciated against ZAR (-0.40%) during the period. Gross official foreign exchange reserves stood at USD357.18 (1.43 months of import cover) on 30th September 2022 compared to USD378.89 (1.52 months of import cover) on 31st August 2022. The recommended minimum import cover is 3 months.

Stock market				
	21-Oct-22	% Δ		14-Oct-22
MASI	54,738.07	0.66%	↑	54,376.68
DSI	44,692.54	0.72%	↑	44,370.98
FSI	5,126.05	0.00%	→	5,126.05
Traded volume	44,820,552	436.92%	↑	8,347,734
Number of trades	113	-41.45%	↓	193
Value of shares traded (K'm)	2,623.68	158.60%	↑	1,014.56
Market capitalisation (K'm)	2,959,566.01	0.66%	↑	2,940,201.44
Gainers				
	Closing price (K)	% Δ		Opening price (K)
AIRTEL	51.20	0.02%	↑	51.19
ILLOVO	500.10	0.01%	↑	500.05
NBM	1200.01	3.31%	↑	1161.51
NITL	124.00	10.71%	↑	112.00
STANDARD	1841.02	0.001%	↑	1841.00
TNM	12.01	0.08%	↑	12.00
Losers				
	Closing price (K)	% Δ		Opening price (K)
FDHB	14.89	-0.47%	↓	14.96
Treasury Bill auctions				
Auction date	18-Oct-22	% pts Δ		11-Oct-22
Amount offered - cost value (K'm)	23,179.00	0.00%	→	23,179.00
Applied - cost value (K'm)	867.80	-93.98%	↓	14,411.93
Allotted - cost value (K'm)	867.80	-93.98%	↓	14,411.93
Overall rejection rate	0.00%	0.00	→	0.00%
91 days yield	11.0000%	0.0000%	→	11.0000%
182 days yield	15.4540%	0.0000%	→	15.4540%
364 days yield	18.7500%	0.0000%	→	18.7500%
All-type yield	15.0680%	0.0000%	→	15.0680%
Treasury Note and Bond auctions				
Auction date	18-Oct-22	10 & 11 Oct 2022		27-Sep-22
Tenors	2 years	2,3,5,7 & 10 years		10 years
Coupon rate	10.00%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%		15.00%
Amount offered - cost value (K'b)	59.30	198.10		27.68
Total applied - cost value (K'b)	7.28	198.10		26.90
Total allotted - cost value (K'b)	7.28	198.10		26.90
Allotted - weighted average ytm	21.50%	21.50%, 23.00%, 25.00%, 26.50% & 27.50%		27.50%
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction		Next auction
2 years	21.50%	18-Oct-22		1-Nov-22
3 years	23.00%	11-Oct-22		13-Dec-22
5 years	25.00%	10-Oct-22		15-Nov-22
7 years	26.50%	10-Oct-22		25-Oct-22
7-Year Development Bond	26.75%	2-Sep-22		TBA
10 years	27.50%	10-Oct-22		27-Dec-22
10-year infrastructure bond	23.35%	26-Apr-24		TBA
Upcoming auctions of Treasury Notes and Bonds				
Auction date	Tenor (years)	Amount (K'b)		Previous auction coupon rate
25-Oct-22	7	31.54		14%
1-Nov-22	2	57.30		10%
15-Nov-22	5	54.61		13%
22-Nov-22	7	7.00		14%
29-Nov-22	5	13.00		13%
13-Dec-22	3	47.30		11%
27-Dec-22	10	31.54		15%
Projected maturities				
Week ending	21-Oct-22	28-Oct-22		4-Nov-22
TBs, PNs & TNs (K'm)	26,333	9,849		152,831
OMO repos (K'm)	9,104	0		0
OMO reverse repos (K'm)	8,199	5,310		10,621
Reference rate				
Rate	Oct-22	% pts Δ		Sep-22
	13.90%	0.00	→	13.90%
Inflation rate				
Rate	Sep-22	% pts Δ		Aug-22
	25.9%	0.4	↑	25.5%
Closing TT mid exchange rates				
	20-Oct-22	% Δ		13-Oct-22
USD	1035.5850	0.07%	↓	1034.8959
GBP	1195.4405	1.48%	↓	1178.0365
EUR	1041.0967	0.83%	↓	1032.5415
ZAR	57.8397	-0.40%	↑	58.0728
Gross official foreign exchange reserves position				
	30-Sep-22	31-Aug-22		31-Jul-22
Reserves (USD'm)	357.18	378.89		372.99
Import cover (months)	1.43	1.52		1.49

Sources: MSE, RBM, NSO, AHL

September 2022 Inflation rate at 25.9%

The year-on-year headline inflation rate stood at 25.9% in September 2022 from 25.5% in August 2022 and compared to 8.9% in September 2021. Food inflation rate increased to 33.7% in September 2022, from 33.4% in August 2022, while non-food inflation rate increased to 18.3% from 18.2% in the previous month (Source: NSO).



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