

Malawi Stock Exchange (MSE) trading activity

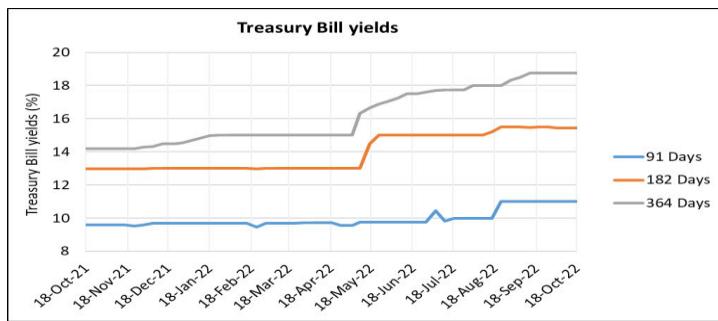
The Malawi All Share Index (MASI) registered a gain of 0.66% to close the week at 54,738.07 points from 54,376.68 points in the previous week due to share price gains in AIRTEL (0.02%), ILLOVO (0.01%), NBM (3.31%), NITL (10.71%), STANDARD (0.001%) and TNM (0.08%) which offset a share price loss in FDHB (-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 Gowera as the Acting Chief Executive Officer of the company with immediate effect. He replaces Mr. Arnold Mbwana. Mr Gowera 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

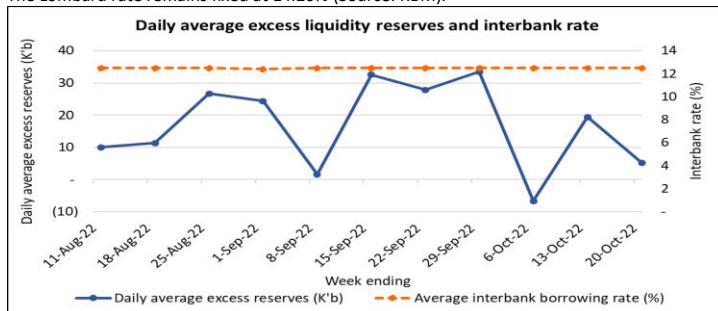
Government raised K867.80m during the week's auction for Treasury Bills (TBs) compared to K14.41b raised in the previous week. The auction registered no rejection rate on the submitted bids. The average TB yield was constant at 15.0680% from the previous week as the 91-day, 182-day and 364-day yields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

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.

CDH House, 5 Independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1821 300; Fax: +265 (0) 1822 826

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 & 8 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		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			
Oct-22	13.90%	% pts Δ	Sep-22
Rate	13.90%	0.00	13.90%
Inflation rate			
Rate	25.9%	% pts Δ	Aug-22
	0.4	0.4	25.5%
Closing TT mid exchange rates			
USD	1035.5850	% Δ	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			
Reserves (USD'm)	357.18	31-Aug-22	31-Jul-22
Import cover (months)	1.43	378.89	372.99
		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).

