



**Malawi Stock Exchange (MSE) trading activity**

The Malawi All Share Index (MASI) registered a gain of 1.88% to close the week at 41,333.34 points from 40,572.00 points in the previous week due to share price gains in FDHB (12.87%), NBM (0.12%) and TNM (14.94%) which offset share price losses in AIRTEL (-0.03%) and ICON (-0.08%). The market traded 26,440,432 shares at a consideration of K652.87m in 58 trades during the week, compared to 10,413,181 shares traded at a consideration of K217.33m in 63 trades in the previous week. The year-to-date return on MASI stands at 27.60% compared to 4.99% for the same period in 2020 (Source: MSE).

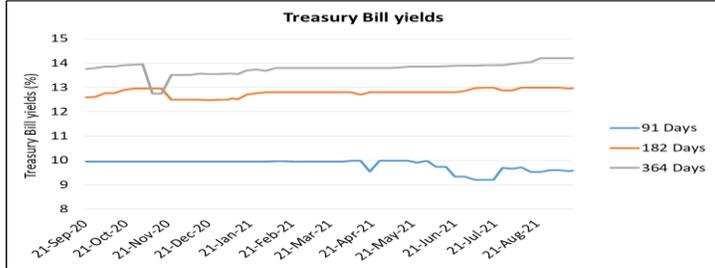
**Corporate news**

**OMU-New Instrument Listing**

JSE granted a listing to Old Mutual Life Assurance Company (South Africa) Limited "OMLACSA" of its unsecured floating rate note of R1,500,000,000 in terms of its R25,000,000,000 Multi-Issuer Note Programme, as guaranteed by Old Mutual Limited, dated 4 March 2020.

**Government securities**

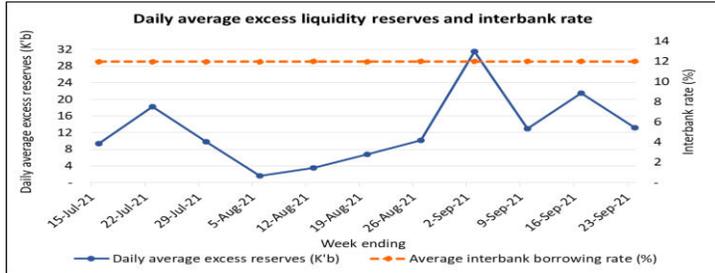
Government raised K11.81b during the week's auction for Treasury Bills (TBs) compared to K3.51b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.2573% from 12.2417% in the previous week, due to increases in the 91-day and 182-day yields to 9.5904% and 12.9815%, respectively, from 9.5677% and 12.9575% in the previous week. The 364-day yield was stable at 14.1999% as per the previous week (Source: RBM).



Maturities of Government securities for the week amounted to K4.23b. This resulted in a net withdrawal of K7.58b from the market, compared to a net withdrawal of K10.29b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves decreased to K13.20b from K21.48b recorded in the previous week. Daily Interbank borrowing averaged K18.20b as compared to K19.92b in the previous week. The average interbank borrowing rate was stable at 11.98% as per the previous week. Borrowing on the Lombard Facility averaged K103.70b per day, increasing from an average of K96.32b per day in the previous week. The Lombard rate remained at 12.20% as previously set by the Monetary Policy Committee (Source: RBM).



**Foreign exchange market developments**

The Kwacha depreciated by 0.39% to trade at K822.0592 per USD as at 23<sup>rd</sup> September 2021 from K818.8491 per USD as at 16<sup>th</sup> September 2021. The Kwacha, however, appreciated against GBP, EUR and ZAR by 0.60%, 0.08% and 1.89%, respectively. Gross official forex reserves were last recorded at USD604.50m (2.42 months of import cover) on 31<sup>st</sup> August 2021, increasing from USD404.18m (1.62 months of import cover) on 31<sup>st</sup> July 2021. The reserves were below the recommended minimum of 3 months of import cover (Source: RBM).

**COVID-19 update**

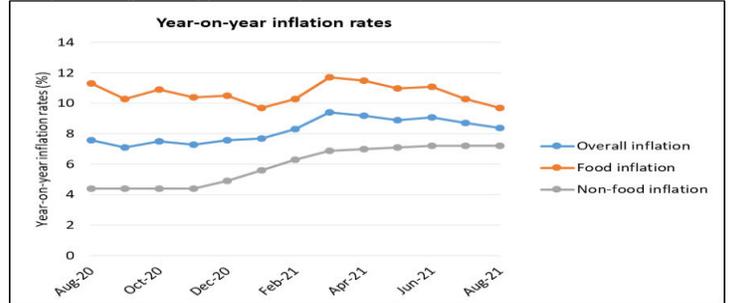
Cumulative confirmed COVID-19 cases in Malawi stood at 61,475 as at 24<sup>th</sup> September 2021, out of which 4,905 were reported to be active. The 7-day average of daily infections decreased to 27 during the week from 34 in the previous week. So far, 54,066 people have recovered while 2,272 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to cumulatively 533,540 and 247,097 people respectively, while 239,036 people were reported to have received the Johnson & Johnson vaccine. Cumulatively, 486,133 people were fully vaccinated as at 24<sup>th</sup> September 2021, representing 2.61% of the total population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 231.36m, with recoveries of more than 208.09m and 4.74m deaths as at 24<sup>th</sup> September 2021 (Source: Johns Hopkins University and Medicine).

Stock market			
	24-Sep-21	% Δ	17-Sep-21
MASI	41,333.34	↑ 1.88%	40,572.00
DSI	34,073.61	↑ 2.03%	33,396.17
FSI	3,454.70	→ 0.00%	3,454.70
Traded volume	26,440,432	↑ 153.91%	10,413,181
Number of trades	58	↓ -7.94%	63
Value of shares traded (K'm)	652.87	↑ 200.41%	217.33
Market capitalisation (K'm)	2,244,610.24	↑ 1.85%	2,203,814.32
Gainers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	17.28	↑ 12.87%	15.31
NBM	676.00	↑ 0.12%	675.21
TNM	20.70	↑ 14.94%	18.01
Losers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	39.98	↓ -0.03%	39.99
ICON	12.11	↓ -0.08%	12.12
Treasury Bill auctions			
	21-Sep-21	% pts Δ	14-Sep-21
Amount offered - cost value (K'm)	16,134.00	→ 0.00%	16,134.00
Applied - cost value (K'm)	11,805.16	↑ 236.53%	3,507.92
Allotted - cost value (K'm)	11,805.16	↑ 236.53%	3,507.92
Overall rejection rate	0.00%	→ 0.00%	0.00%
91 days yield	9.5904%	↑ 0.0227%	9.5677%
182 days yield	12.9815%	↑ 0.0240%	12.9575%
364 days yield	14.1999%	→ 0.0000%	14.1999%
All-type yield	12.2573%	↑ 0.0156%	12.2417%
Treasury Note and Bond auctions			
	14-Sep-21	31-Aug-21	17-Aug-21
Auction date			
Tenors	2 years	5 years	10 year infrastructure bond
Coupon rate	10.00%	12.50%	16.00%
Amount offered - cost value (K'b)	24.20	41.92	20.00
Total applied - cost value (K'b)	16.23	16.83	26.90
Total allotted - cost value (K'b)	12.71	14.97	13.35
Allotted - weighted average ytm	16.63%	20.26%	23.25%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.63%	14-Sep-21	TBA
3-year	18.99%	3-Aug-21	TBA
5-year	20.26%	31-Aug-21	TBA
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)	Coupon rate
28-Sep-21	10	16.34	15.00%
Projected maturities			
Week ending	24-Sep-21	1-Oct-21	8-Oct-21
TBs, PNs & TNs (K'm)	4,232	13,656	13,656
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0
Reference rate			
Rate	Sep-21	% pts Δ	Aug-21
Rate	12.20%	→ 0.00	12.20%
Inflation rate			
Rate	Aug-21	% pts Δ	Jul-21
Rate	8.4%	↓ -0.3	8.7%
Closing mid exchange rates			
	23-Sep-21	% Δ	16-Sep-21
USD	822.0592	↓ 0.39%	818.8491
GBP	1187.2803	↑ -0.60%	1194.4121
EUR	1036.2919	↑ -0.08%	1037.1309
ZAR	60.0183	↑ -1.89%	61.1732
Gross official foreign exchange reserves position			
	31-Aug-21	31-Jul-21	30-Jun-21
Reserves (USD'm)	604.50	404.18	424.99
Import cover (months)	2.42	1.62	1.70

Sources: MSE, RBM, NSO, AHL

**August 2021 Inflation**

Year-on-year headline inflation rate stood at 8.4% in August 2021 from 8.7% in July 2021 and compared to 7.6% in August 2020. Food inflation rate stood at 9.7% in August 2021, down from 10.3% in July 2021 (11.3% in August 2020), while non-food inflation rate stood at 7.2% in August and July 2021 (4.4% in August 2020) (Source: NSO).



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