



Malawi Stock Exchange (MSE) trading activity

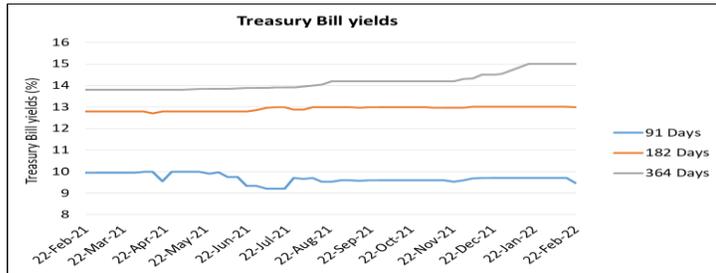
The Malawi All Share Index (MASI) registered a gain of 0.42% to close the week at 44,705.26 points from 44,519.42 points in the previous week due to share price gains in AIRTEL (2.44%), FMBCH (0.01%), NBM (0.23%) and STANDARD (0.001%), which offset share price losses in FDHB (-0.33%), ILLOVO (-0.66%), NBS (-0.13%) and TNM (-0.06%). The market traded 26,880,012 shares at a consideration of K463.63m in 71 trades during the week, compared to 2,888,227 shares traded at a consideration of K721.02m in 48 trades in the previous week. The year-to-date return on MASI stands at -1.46% compared to 1.90% for the same period in 2021 (Source: MSE).

Corporate news

Illovo Sugar Malawi Plc expects its profit after tax (PAT) for the half year ending 28th February 2022 to be higher than the previous corresponding period by more than 45%. In 2021, ILLOVO registered a half year PAT of K6.12b (Source: MSE).

Government securities

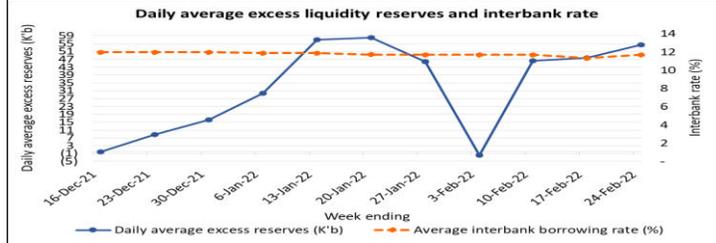
Government raised K35.32b during the week's auction for Treasury Bills (TBs) compared to K6.84b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield decreased to 12.4867% from 12.5667% in the previous week, as the 91-day, 182-day and 364-day yields decreased to 9.4684%, 12.9921% and 14.9996%, respectively, from 9.7000%, 13.0000% and 12.5667% in the previous week (Source: RBM).



Government also raised K6.59b during a 7-year Treasury Note (TN) auction, bringing the total amount raised in auctions of Government securities during the week to K41.91b. Maturities of Government securities for the week amounted to K36.54b. RBM conducted OMO reverse repo auctions amounting to K15.00b and maturities of OMO reverse repos for the week amounted to K35.64b. This resulted in a net withdrawal of K26.01b from the market compared to a net withdrawal of K2.42b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K54.36b from K47.69b in the previous week. Daily average interbank borrowing increased to the average of K30.02b compared to K31.86b in the previous week. The average interbank borrowing rate increased to 11.70% from 11.33%. Borrowing on the Lombard Facility decreased to the average of K4.80b per day during the week, compared to K5.84b per day in the previous week, at a fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.04% to trade at K823.7014/USD as at 24th February 2022 from K823.3366/USD as at 17th February 2022. During the same period, the Kwacha also depreciated against GBP by 0.15% but appreciated against EUR and ZAR by -5.91% and -1.65%, respectively. Gross official forex reserves stood at USD399.98 million (1.60 months of import cover) as at 31st January 2022, down from USD429.17 million (1.72 months of import cover) as at 31st December 2021. The recommended minimum import cover is 3 months.

COVID-19 update

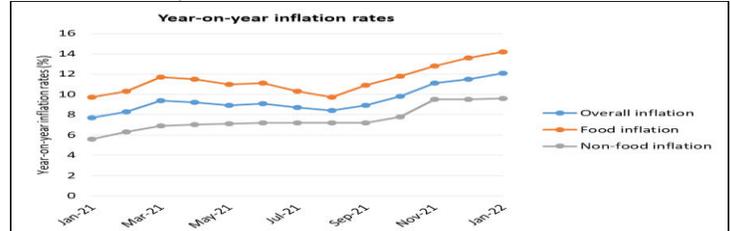
Cumulative confirmed COVID-19 cases in Malawi stood at 85,276 as at 24th February 2022, out of which 7,205 were reported to be active. COVID-19 infections averaged 20 positive cases this week compared to 28 positive cases in the previous week. So far, 75,227 people have recovered while 2,612 have died from the disease. Cumulatively, 1,098,898 and 399,078 people have received the first and second doses of AstraZeneca vaccine, respectively, 402,784 people have received the Johnson and Johnson vaccine, while 17,986 and 670 people have received the first and second doses of Pfizer vaccine as of 24th February 2022. Cumulatively, 802,817 people are fully vaccinated, representing 4.09% of the total Malawi population (19.6 million). Globally, total confirmed cases of COVID-19 amounted to 434.243m and 5.94m deaths as at 27th February 2022 (Source: Johns Hopkins University and Medicine).

Stock market				
	25-Feb-22		% Δ	18-Feb-22
MASI	44,705.26	↑	0.42%	44,519.42
DSI	36,504.30	↑	0.45%	36,339.33
FSI	4,182.23	↑	0.01%	4,181.74
Traded volume	26,880,012	↑	830.68%	2,888,227
Number of trades	71	↑	47.92%	48
Value of shares traded (K'm)	463.63	↓	-35.70%	721.02
Market capitalisation (K'm)	2,423,892.72	↑	0.41%	2,413,933.21
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	42.00	↑	2.44%	41.00
FMBCH	79.96	↑	0.01%	79.95
NBM	812.00	↑	0.23%	810.14
STANDARD	1400.07	↑	0.001%	1400.05
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	15.18	↓	-0.33%	15.23
ILLOVO	297.03	↓	-0.66%	299.00
NBS	22.82	↓	-0.13%	22.85
TNM	17.99	↓	-0.06%	18.00
Treasury Bill auctions				
Auction date	22-Feb-22		% pts Δ	15-Feb-22
Amount offered - cost value (K'm)	28,366.00	→	0.00%	28,366.00
Applied - cost value (K'm)	35,322.17	↑	416.16%	6,843.27
Allotted - cost value (K'm)	35,322.17	↑	416.16%	6,843.27
Overall rejection rate	0.00%	→	0.00%	0.00%
91 days yield	9.4684%	↓	-0.2316%	9.7000%
182 days yield	12.9921%	↓	-0.0079%	13.0000%
364 days yield	14.9996%	↓	-0.0004%	15.0000%
All-type yield	12.4867%	↓	-0.0800%	12.5667%
Treasury Note and Bond auctions				
Auction date	22-Feb-22	8-Feb-22	25-Jan-22	
Tenors	7 years	3 years	5 years	
Coupon rate	13.50%	11.00%	12.50%	
Amount offered - cost value (K'b)	58.15	58.15	53.15	
Total applied - cost value (K'b)	6.64	77.43	23.18	
Total allotted - cost value (K'b)	6.59	77.43	23.18	
Allotted - weighted average ytm	21.98%	19.33%	20.78%	
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	19.33%	8-Feb-22	TBA	
5 years	20.78%	25-Jan-22	22-Mar-21	
7 years	21.98%	22-Feb-22	TBA	
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	
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	25-Feb-22	4-Mar-22	11-Mar-22	
TBs, PNs & TNs (K'm)	36,535	42,426	11,904	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	35,637	7,207	2,569	
Reference rate				
Rate	Feb-22	% pts Δ	Jan-22	
Rate	12.20%	→	0.00	
			12.20%	
Inflation rate				
Rate	Jan-22	% pts Δ	Dec-21	
Rate	12.1%	↑	0.6	
			11.5%	
Closing TT mid exchange rates				
	24-Feb-22	% Δ	17-Feb-22	
USD	823.7014	↓	823.3366	
GBP	1292.0526	↓	1290.1448	
EUR	1126.9889	↓	1197.8056	
ZAR	64.0678	↑	65.1426	
Gross official foreign exchange reserves position				
	31-Jan-22	31-Dec-21	30-Nov-21	
Reserves (USD'm)	399.98	429.17	389.26	
Import cover (months)	1.60	1.72	1.56	

Sources: MSE, RBM, NSO, AHL

January 2022 inflation

The year-on-year headline inflation rate stood at 12.1% in January 2022 from 11.5% in December 2021 and compared to 7.7% in January 2021. Food inflation rate increased to 14.2% in January 2022, from 13.60% in December 2021 (9.7% in January 2021), while non-food inflation rate slightly increased to 9.6% from 9.5% in December 2021 (5.6% in January 2021). The National Statistical Office (NSO) rebased the Consumer Price Index (CPI) in January 2022 to reflect changes in household consumption patterns. The weight of a basket of food items in the CPI now stands at 53.7%, up from 45.2%; whereas the weight of non-food items now stands at 46.3%, down from 54.8% (Source: NSO).



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