Weekly market update – 25th November 2022

Malawi Stock Exchange (MSE) trading activity

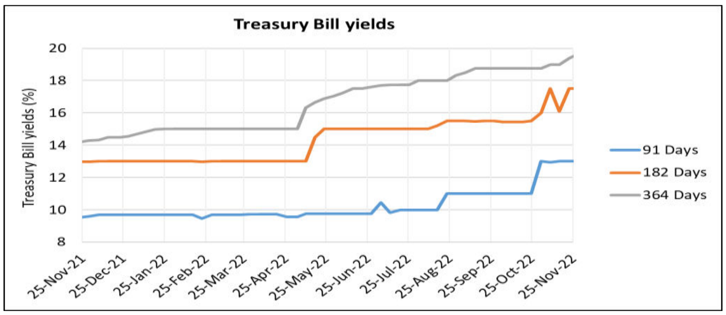
The Malawi All Share Index (MASI) registered a gain of 1.46% to close the week at 59,400.97 points from 58,544.16 points in the previous week due to share price gains in AIRTEL (0.04%), FMBCH (0.01%), NBM (0.001%), STANDARD (0.003%), SUNBIRD (0.01%) and TNM (0.08%), which offset share price losses in BHL (-0.09%), MPICO (-0.05%), NBS (-0.04%) and OMU (-14.36%). The market traded 75,689,987 shares at a consideration of K4.62b in 106 trades, compared to 11,001,252 shares traded at a consideration of K1.62b in 101 trades in the previous week. The year-to-date return on MASI stands at 30.93% compared to 27.91% for the same period in 2021 (Source: MSE).

Corporate news

Upcoming dividend				
Company	Dividend type	Dividend (K/share)	Last day to register	Payable
MPICO	Interim declared	0.14	9-Dec-22	16-Dec-22

Government securities

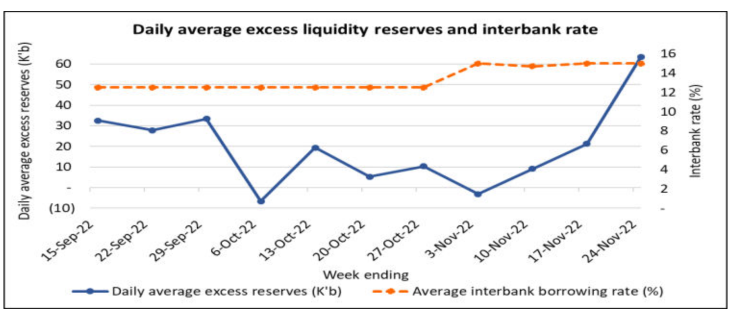
Government raised K18.81b during the week's auctions for Treasury Bills (TBs) compared to K4.21b raised in the previous week. The auctions registered a rejection rate of 56.50% on the submitted bids. The average TB yield increased to 16.6484% from 16.0303% recorded in the previous week due to an increase in the 182-day yield to 17.5000% from 16.1024% and the 364-day yield to the average of 19.4451% from 18.9884% in the previous week. The 91-day yield was stable at 13.0000% (Source: RBM).



The Government also raised K24.98b through auction of 2-year and 5-year Treasury Notes (TN) and a 7-year Development Bond. Maturities of Government securities for the week amounted to K47.46b and maturities of OMO reverse repos amounted to K20.53b. The RBM conducted OMO reverse repos amounting to K2.80b during the week. This resulted in a net withdrawal of K14.06b from the market compared to a net injection of K6.48b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K63.41b from K21.29b in the previous week. Daily average interbank borrowing decreased to K5.70b from K8.94b in the previous week. The average interbank borrowing rate was constant at 15.00%. Borrowing on the Lombard facility increased to an average of K34.28b per day during the week from K26.26b per day in the previous week (Source: RBM).



Foreign exchange market developments

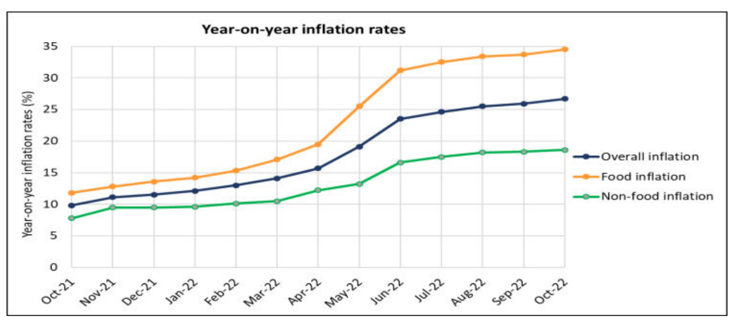
The Kwacha slightly appreciated by -0.04% to trade at K1035.4385/USD as at 24th November 2022 from K1035.8836/USD on 17th November 2022. The Kwacha, however, depreciated against GBP (1.51%), EUR (0.67%) and ZAR (2.12%) during the period. Gross official foreign exchange reserves stood at USD326.06 (1.30 months import cover) on 31st October 2022 compared to USD357.18 (1.43 months import cover) on 30th September 2022 (Source: RBM). The recommended minimum import cover is 3 months.

Stock market			
	25-Nov-22	% Δ	18-Nov-22
MASI	59,400.97	1.46%	58,544.16
DSI	48,460.00	1.63%	47,681.93
FSI	5,613.43	-0.36%	5,633.45
Traded volume	75,689,987	588.01%	11,001,252
Number of trades	106	4.95%	101
Value of shares traded (K'm)	4,623.79	185.72%	1,618.27
Market capitalisation (K'm)	3,206,862.00	1.40%	3,162,688.37
Gainers	**Closing price (K)**	**% Δ**	**Opening price (K)**
AIRTEL	55.11	0.04%	55.09
FMBCH	110.83	0.01%	110.82
NBM	1500.01	0.001%	1500.00
STANDARD	2000.10	0.003%	2000.03
SUNBIRD	92.04	0.01%	92.03
TNM	12.03	0.08%	12.02
Losers	**Closing price (K)**	**% Δ**	**Opening price (K)**
BHL	10.98	-0.09%	10.99
MPICO	20.65	-0.05%	20.66
NBS	22.59	-0.04%	22.60
OMU	990.00	-14.36%	1156.00
Treasury Bill auctions			
Auction date	22 & 25 Nov 2022	% pts Δ	15-Nov-22
Amount offered -cost value (K'm)	15,362.00	0.00%	15,362.00
Applied - cost value (K'm)	43,252.82	612.57%	6,069.99
Alloted - cost value (K'm)	18,814.31	347.30%	4,206.21
Overall rejection rate	56.50%	25.80	30.70%
91 days yield	13.0000%	0.0000%	13.0000%
182 days yield	17.5000%	1.3976%	16.1024%
364 days yield	19.4451%	0.4567%	18.9884%
All-type yield	16.6484%	0.6181%	16.0303%
Treasury Note and Bond auctions			
Auction date	22 & 25 Nov 2022	15-Nov-22	1-Nov-22
Tenors	2 & 5 year TNs & 7-year DB	5 years	2 years
Coupon rate	10.00%, 12.50% & 14.50%	12.50%	10.00%
Amount offered -cost value (K'b)		54.61	57.30
Total applied - cost value (K'b)	33.72	10.32	2.05
Total allotted - cost value (K'b)	24.98	7.72	2.02
Allotted - weighted average ytm	22.50%, 26.00% & 27.48%	25.98%	22.50%
Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2 years	22.50%	25-Nov-22	TBA
3 years	23.00%	11-Oct-22	13-Dec-22
5 years	26.00%	25-Nov-22	29-Nov-22
7 years	26.50%	25-Oct-22	TBA
7-Year Development Bond	27.50%	25-Nov-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
29-Nov-22	5-year DB	13.00	13.50%
13-Dec-22	3	47.30	11.00%
27-Dec-22	10	31.54	15.00%
Projected maturities			
Week ending	25-Nov-22	2-Dec-22	9-Dec-22
TBs, PNs & TNs (K'm)	47,457	20,166	20,166
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	20,530	7,081	7,081
Reference rate			
	Nov-22	% pts Δ	Oct-22
Rate	16.60%	2.70	13.90%
Inflation rate			
	Oct-22	% pts Δ	Sep-22
Rate	26.7%	0.8	25.9%
Closing TT mid exchange rates			
	24-Nov-22	% Δ	17-Nov-22
USD	1035.4385	-0.04%	1035.8836
GBP	1283.8120	1.51%	1264.7397
EUR	1109.8943	0.67%	1102.5038
ZAR	62.5639	2.12%	61.2623
Gross official foreign exchange reserves position			
	31-Oct-22	30-Sep-22	31-Aug-22
Reserves (USD'm)	326.06	357.18	378.89
Import cover (months)	1.30	1.43	1.52

Sources: MSE, RBM, NSO, AHL

October 2022 headline inflation rate at 26.7%

The year-on-year headline inflation rate stood at 26.7% in October 2022, up from 25.9% in September 2022 and 9.8% in October 2021. Food inflation rate increased to 34.5% in October 2022, from 33.7% in September, while non-food inflation rate increased to 18.6% from 18.3% in the previous month (Source: NSO).



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