

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.25% to close the week at 38,298.74 points from 38,205.06 points in the previous week due to share price gains in ILLOVO (14.61%), MPICO (14.75%) and NBM (2.27%) which offset share price losses in FDHB (-14.79%), ICON (-0.08%) and TNM (-3.13%). The market traded 6,913,764 shares at a consideration of K240.77m in 43 trades during the week, compared to 43,023,769 shares traded at a consideration of K3.43b in 90 trades in the previous week. The year-to-date return on MASI stands at 18.23% compared to 4.16% for the same period in 2020 (Source: MSE).

Corporate announcements

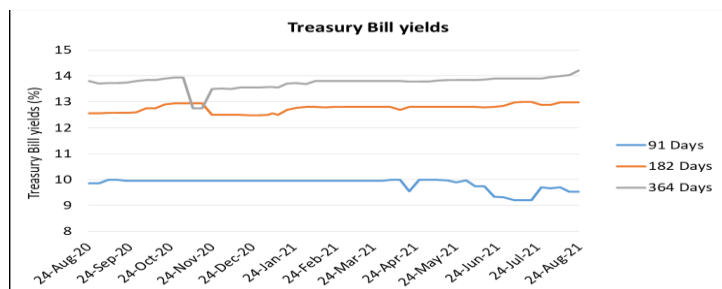
ILLOVO Sugar Plc expects its profit after tax for the financial year ending 31st August 2021 to be in the range of K18b to K22b compared to the profit after tax of K2.74b reported in the previous corresponding period (Source: MSE).

Published financial results for the half year ended 30th June 2021

Company	H1 2021 profit after tax (K'm)	Change (%)	H1 2020 profit after tax (K'm)
CDH Investment Bank Ltd	2,891 ↑	212%	927
Ecobank Ltd	4,305 ↑	8%	4,004
FDH Bank Plc	4,550 ↑	41%	3,224
First Capital Bank Plc	5,448 ↑	39%	3,913
First Discount House Ltd	2,132 ↑	51%	1,412
National Bank of Malawi Plc	12,754 ↑	41%	9,071
NBS Bank Plc	4,395 ↑	55%	2,844
Standard Bank Plc	11,578 ↓	-8%	12,633

Government securities

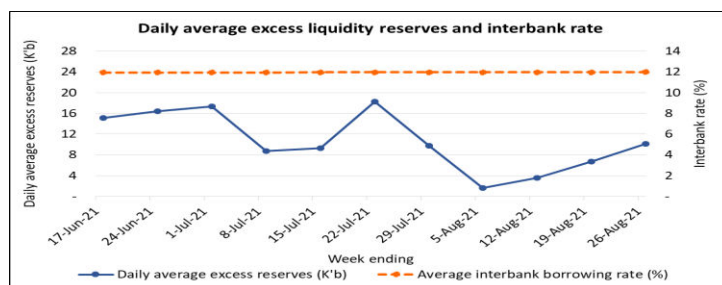
Government raised K8.55b during the week's auction for Treasury Bills (TBs) compared to K5.20b raised in the previous week. The auction registered a rejection rate of 29.03% on the submitted bids. The all-type average TB yield increased to 12.2362% from 12.1843% in the previous week, due to an increase in the 364-day yield to 14.2000% from 14.0400% in the previous week which outweighed a decrease in the 182-day yield to 12.9804% from 12.9845% in the previous week. The 91-day yield was stable at 9.5283% as per the previous week (Source: RBM).



There were no maturities of Government securities in the week. This resulted in a net withdrawal of K61.53b from the market, compared to a net injection into the market of K5.79b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K10.13b from K6.73b recorded in the previous week. Daily interbank borrowing averaged K12.52b as compared to K8.17b in the previous week. The average interbank borrowing rate marginally increased to 11.98% from 11.97% in the previous week. Borrowing on the Lombard Facility averaged K54.34b per day, increasing from an average of K50.41b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha appreciated by 0.001% to trade at K819.11 per USD as at 26th August 2021 from K819.12 as at 19th August 2021. The Kwacha however depreciated against GBP, EUR and ZAR by 0.64%, 1.19% and 0.73%, respectively. Gross official forex reserves were last recorded at USD404.18m (1.62 months of import cover) on 31st July 2021 from USD424.99m (1.70 months of import cover) recorded on 30th June 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the nineteenth week of the 2021 marketing season, as at 26th August, the tobacco market had cumulatively raked in USD194.89m compared to USD174.97m as at the close of the 2020 marketing season on 28th August 2020 (Source: AHL). All auction floors except Lilongwe have closed the 2021 tobacco marketing season. The Lilongwe auction floor is expected to close in a few days.

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Stock market				
	27-Aug-21		% Δ	20-Aug-21
MASI	38,298.74	↑	0.25%	38,205.06
DSI	31,353.62	↑	0.27%	31,270.27
FSI	3,479.97	↓	0.00%	3,479.97
Traded volume	6,913,764	↓	-83.93%	43,023,769
Number of trades	43	↓	-52.22%	90
Value of shares traded (K'm)	240.77	↓	-92.98%	3,429.32
Market capitalisation (K'm)	2,082,065.25	↑	0.24%	2,077,045.55
Gainers	Closing price (K)		% Δ	Opening price (K)
ILLOVO	145.00	↑	14.61%	126.52
MPICO	21.00	↑	14.75%	18.30
NBM	675.00	↑	2.27%	660.00
Losers	Closing price (K)		% Δ	Opening price (K)
FDHB	13.60	↓	-14.79%	15.96
ICON	12.12	↓	-0.08%	12.13
TNM	15.50	↓	-3.13%	16.00
Treasury Bill auctions				
Auction date	24-Aug-21		% pts Δ	17-Aug-21
Amount offered - cost value (K'm)	13,684.00	↑	0.00%	13,684.00
Applied - cost value (K'm)	12,052.89	↑	131.97%	5,195.90
Allotted - cost value (K'm)	8,553.65	↑	64.62%	5,195.90
Overall rejection rate	29.03%	↓	29.03%	0.00%
91 days yield	9.5283%	↑	0.0000%	9.5283%
182 days yield	12.9804%	↓	-0.0041%	12.9845%
364 days yield	14.2000%	↑	0.1600%	14.0400%
All-type yield	12.2362%	↑	0.0520%	12.1843%
Treasury Note and Bond auctions				
Auction date	17-Aug-21		3-Aug-21	27-Jul-21
Tenors	10 year infrastructure bond		3 years	7 years
Coupon rate	16.00%		11.00%	13.50%
Amount offered - cost value (K'b)	20.00		37.55	30.37
Total applied - cost value (K'b)	26.90		26.51	4.94
Total allotted - cost value (K'b)	13.35		22.37	4.94
Allotted - weighted average ytm	23.25%		18.99%	21.36%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.63%	13-Jul-21	14-Sep-21	
3-year	18.99%	3-Aug-21	TBA	
5-year	20.00%	28-Jun-21	31-Aug-21	
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)	Last coupon rate	
31-Aug-21	5	41.92	12.50%	
14-Sep-21	2	24.20	10.00%	
28-Sep-21	10	16.34	15.00%	
Projected maturities				
Week ending	27-Aug-21	3-Sep-21	10-Sep-21	
TBs, PNs & TNs (K'm)	0	0	0	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	52,977	21,622	0	
Reference rate				
Rate	Aug-21	% pts Δ	Jul-21	
	12.20%	0.00	12.20%	
Inflation rate				
Rate	Jul-21	% pts Δ	Jun-21	
	8.7%	-0.4	9.1%	
Cumulative tobacco sales - Week 19				
Date	26-Aug-21	% Δ	Final 2020	
Volume (Kg)	121,707,976.00	6.74%	114,024,274.00	
Value (USD)	194,891,234.05	11.38%	174,974,671.24	
Average price (USD/Kg)	1.60	4.58%	1.53	
Closing mid exchange rates				
	26-Aug-21	% Δ	19-Aug-21	
USD	819.1113	-0.001%	819.1207	
GBP	1192.8708	0.64%	1185.3060	
EUR	1034.4718	1.19%	1022.3120	
ZAR	59.1126	0.73%	58.6835	
Gross official foreign exchange reserves position				
	31-Jul-21	30-Jun-21	31-May-21	
Reserves (USD'm)	404.18	424.99	443.25	
Import cover (months)	1.62	1.70	1.77	

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood 60,221 as at 27th August 2021, out of which 11,011 were reported to be active. The 7-day average of daily infections decreased to 139 during the week from 232 in the previous week. So far, 46,830 people have recovered while 2,148 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to cumulatively 471,288 and 206,350 people respectively, while 191,180 people were reported to have received the Johnson & Johnson vaccine. Cumulatively, 397,350 people were fully vaccinated as at 27th August 2021, representing 2.13% of the total population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 215.99m, with recoveries of more than 193.70m and 4.49m deaths as at 27th August 2021 (Source: Johns Hopkins University and Medicine).