

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.55% to close the week at 86,462.61 points from 85,139 points in the previous week due to share price gains in AIRTEL (0.04%), FDHB (0.15%), ILOVO (10.39%), NBM (0.002%), NBS (6.67%), NICO (0.68%), NITL (11.11%), STANDARD (0.001%) and TNM (0.22%), which offset share price losses in FMBCH (-0.60%) and ICON (-5.06%). The market traded 2,690,752 shares at a consideration of K301.54m in 180 trades compared to 8,265,614 shares traded at a consideration of K605.52m in 182 trades in the previous week. The year-to-date return on MASI stands at 39.37% compared to 3.87% for the same period in 2022 (Source: MSE).

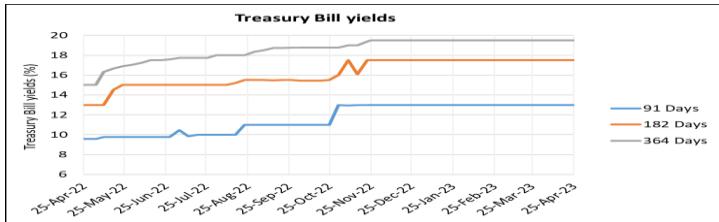
Dividends announced

Company	Dividend type	Dividend (K/share)	Last day to trade	Last day to register	Payable
NBS	2nd Interim declared	1.55	18-Apr-23	21-Apr-23	5-May-23
NICO	2nd Interim declared	4.00	2-May-23	5-May-23	12-May-23
FDHB	Final proposed	0.58	16-May-23	19-May-23	26-May-23
STANDARD	Final proposed	51.14	TBA	TBA	TBA
NITL	Final proposed	2.35	TBA	TBA	TBA
SUNBIRD	Final proposed	1.50	TBA	TBA	TBA
NBS	Final proposed	0.90	TBA	TBA	TBA
NBM	Final proposed	33.11	TBA	TBA	TBA
NICO	Final proposed	1.00	TBA	TBA	TBA

Company	Published annual financial results		
	2022 profit after tax (K'b)	Movement	2021 profit after tax (K'b)
Listed banks			
FDH Bank Plc	22,932	97%	11,659
First Capital Bank Plc	18,270	24%	14,767
National Bank of Malawi Plc	45,944	34%	34,210
NBS Bank Plc	18,905	146%	7,693
Standard Bank Plc	39,202	58%	24,769
Unlisted banks			
CDH Investment Bank Ltd	7,534	55%	4,863
Ecobank Ltd	18,171	120%	8,274
MyBucks Banking Corporation Ltd	(2,945)	-305%	(728)
Listed non-bank companies			
NICO Holdings Plc	37,569	105%	18,299
Sunbird Tourism Plc	3,051	307%	0.749

Government securities

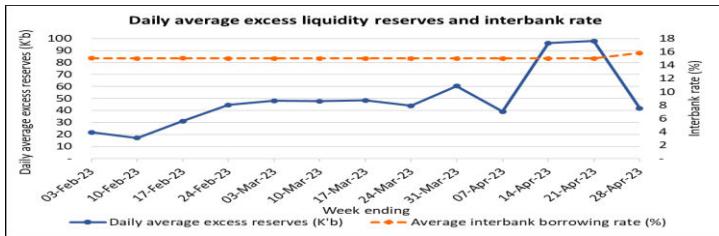
Government raised K18.51b during the week's auction for Treasury Bills (TBs) compared to K23.79b raised in the previous week. The auction registered no rejection rate on the submitted bids. The average TB yield slightly decreased to 16.6596% during the week from 16.6655% in the previous due to a decrease in the 91-day TB yield to 12.9789% from 12.99964%. The 182-day and 364-day yields were constant at 17.5000% and 19.5000%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K10.12b. RBM conducted outright purchase of securities amounting to K0.01b. These transactions resulted in a net withdrawal of K8.38b from the market compared to a net withdrawal of K26.14b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K41.85b from K97.99b in the previous week. Daily average interbank borrowing increased to K49.43b from K39.78b in the previous week. The average interbank borrowing rate increased to 15.82% from 15.00%. Borrowing on the Lombard facility increased to the average of K72.38b per day from K62.44b per day in the previous week (Source: RBM).



Foreign exchange market developments

During the week, the Kwacha marginally appreciated against USD by 0.06% to trade at K1034.8605 per USD as at 28th April 2023 from K1035.5045 per USD as at 21st April 2023. The Kwacha also appreciated against GBP, and ZAR by 0.04% and 0.93%, respectively, but depreciated against EUR by 0.64% during the period. Gross official foreign exchange reserves stood at USD280.66m (1.12 months import cover) on 28th February 2023 compared to USD279.22m (1.12 months import cover) on 31st January 2023 (Source: RBM). The recommended minimum import cover is 3 months. As at the end of week 3 of the 2023 tobacco marketing season, on 28th April 2023, the country had cumulatively realised USD28.37m from 13.83m kgs of tobacco sold at an average price of USD2.05/kg, compared to USD0.96m that was realised from 0.60m kgs of tobacco sold at an average price of USD1.49/kg during the same period in 2022 (Source: AHL).

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.

Stock market			21-Apr-23
MASI	86,462.61		85,139.00
DSI	70,512.35		69,296.18
FSI	8,202.52		8,251.57
Traded volume	2,690,752		8,265,614
Number of trades	180		182
Value of shares traded (K'000)	301.54		605.52
Market capitalisation (K'000)	4,662,055.08		4,591,570.77
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	80.08	0.04%	80.05
FDHB	38.90	0.15%	38.84
ILOVO	850.03	10.39%	770.02
NBM	2000.09	0.002%	2000.05
NBS	80.00	6.67%	75.00
NICO	150.00	0.68%	148.98
NITL	250.00	11.11%	225.00
STANDARD	2250.04	0.001%	2250.01
TNM	17.94	0.22%	17.90
Losers	Closing price (K)	% Δ	Opening price (K)
FMBCH	163.00	-0.60%	163.99
ICON	11.26	-5.06%	11.86
Treasury Bill auctions			
Auction date	25-Apr-23	% pts Δ	14-Apr-23
Amount offered - cost value (K'000)	38,419.00		38,419.00
Applied - cost value (K'000)	18,514.49		23,793.51
Allotted - cost value (K'000)	18,514.49		23,793.51
Overall rejection rate	0.00%		0.00%
91 days yield	12.9789%		12.99964%
182 days yield	17.5000%		17.5000%
364 days yield	19.5000%		19.5000%
All-type yield	16.6596%		16.6655%
Treasury Note and Bond auctions			
Auction date	18-Apr-23	28, 29, 30 & 31 March 2023	21-Mar-23
Tenors	7 years	2,3,5,7 & 10 years	5 years
Coupon rate	13.50%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%	12.50%
Amount offered - cost value (K'000)	57.40		56.64
Total applied - cost value (K'000)	20.15		15.84
Total allotted - cost value (K'000)	20.15		15.83
Allotted - weighted average ytm	27.50%	22.75%, 24.00%, 26.25%, 27.50% & 28.50%	26.25%
Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	22.75%	31-Mar-23	06-Jun-23
3-year TN	24.00%	31-Mar-23	16-May-23
5-year TN	26.25%	31-Mar-23	02-May-23
5-year Development Bond	26.00%	29-Nov-22	27-Jun-23
7-year TN	27.50%	18-Apr-23	13-Jun-23
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	28.50%	31-Mar-23	30-Apr-23
10-year Development Bond	23.35%	26-Apr-22	TBA
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'000)	Previous auction coupon rate
02-May-23	5	52.76	12.50%
16-May-23	3	61.66	11.00%
30-May-23	10	34.26	15.00%
06-Jun-23	2	77.02	10.00%
13-Jun-23	7	47.40	13.50%
27-Jun-23	5 year IDB	10.00	13.50%
Projected maturities			
Week ending	28-Apr-23	5-May-23	12-May-23
TBs, PNs & TNs (K'000)	10,123	6,795	12,775
OMO repos (K'000)	0	0	0
OMO reverse repos (K'000)	0	0	0
Reference rate			
Rate	Apr-23	% pts Δ	Mar-23
Mar-23	17.30%		0.00
Rate	27.0%		0.3
Inflation rate			
Rate	Mar-23	% pts Δ	Feb-23
Mar-23	27.0%		0.3
Cumulative tobacco sales as at end of week 3 of the 2023 season			
Date	28-Apr-23	% Δ	2022 same period
Volume (million kg)	13.83	2204.96%	0.60
Value (USD'million)	28.37	2854.77%	0.96
Average price (USD/kg)	2.05	37.58%	1.49
Closing TT mid exchange rates			
28-Apr-23	USD	% Δ	21-Apr-23
1034.8605	-0.06%		1035.5045
1325.2216	-0.04%		1325.8055
1171.0091	0.64%		1163.5809
57.8897	-0.93%		58.4349
Gross official foreign exchange reserves position			
28-Feb-23	Reserves (USD'm)	31-Jan-23	31-Dec-22
280.66	279.22	1.12	1.12
Import cover (months)			

Sources: MSE, RBM, NSO

Monetary policy rate raised to 22%

During its second meeting of 2023 held on 26th and 27th April, the Monetary Policy Committee (MPC) decided to increase the Policy rate to 22% from 18% and the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits to 5.75% from 3.75%. The MPC made this decision in order to address inflationary pressures which are expected to remain elevated in 2023. The LRR ratio on foreign currency deposits was maintained at 3.75% and the Lombard rate was maintained at 20 basis points above the Policy rate, effectively increasing it to 22.2% from 18.2%. The projection for headline inflation rate for 2023 was revised upwards to 24.5% from the 18.2% projected during the previous MPC meeting (Source: RBM).

