

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

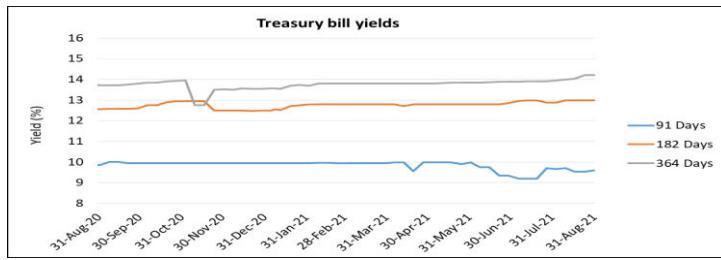
The Malawi All Share Index (MASI) registered a gain of 3.11% to close the week at 38,490.82 points from 38,298.74 points in the previous week due to share price gains in ILLOVO (39%) and TNM (15.87%) which offset a share price loss in FMBCH (-0.77%). The market traded 3,734,844 shares at a consideration of K20.02m in 79 trades during the week, compared to 6,913,764 shares traded at a consideration of K240.77m in 43 trades in the previous week. The year-to-date return on MASI stands at 21.91% compared to 4.36% for the same period in 2020 (Source: MSE).

**Published financial results for the half year ended 30<sup>th</sup> June 2021**

Company	H1 2021 profit after tax (K'm)	Change (%)	H1 2020 profit after tax (K'm)
<b>Listed banks</b>			
FDH Bank Plc	4,550 <span style="color: green;">▲</span>	41%	3,224
First Capital Bank Plc	5,448 <span style="color: green;">▲</span>	39%	3,913
MyBucks Banking Corporation Plc	414 <span style="color: red;">▼</span>	-78%	1,879
National Bank of Malawi Plc	12,754 <span style="color: green;">▲</span>	41%	9,071
NBS Bank Plc	4,395 <span style="color: green;">▲</span>	55%	2,844
Standard Bank Plc	11,578 <span style="color: red;">▼</span>	-8%	12,633
<b>Unlisted banks</b>			
CDH Investment Bank Ltd	2,891 <span style="color: green;">▲</span>	212%	927
Ecobank Ltd	4,305 <span style="color: green;">▲</span>	8%	4,004
<b>Listed companies</b>			
Airtel Malawi Plc	11,346 <span style="color: red;">▼</span>	-1%	11,415
Press Corporation Plc	12,872 <span style="color: green;">▲</span>	10%	11,683
Telekom Networks Malawi Plc	4,511 <span style="color: green;">▲</span>	19%	3,780
<b>Unlisted financial institutions</b>			
First Discount House Ltd	2,132 <span style="color: green;">▲</span>	51%	1,412

**Government securities**

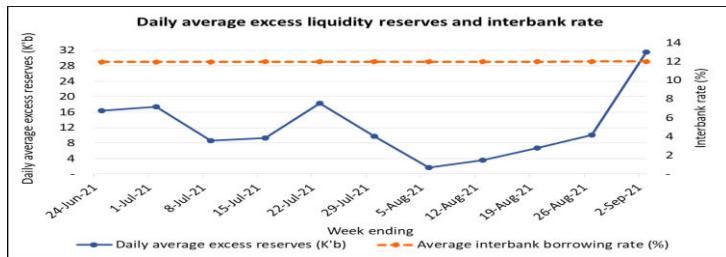
Government raised K14.06b during the week's auction for Treasury Bills (TBs) compared to K8.55b raised in the previous week. The auction registered a rejection rate of 3.02% on the submitted bids. The all-type average TB yield increased to 12.2598% from 12.2362% in the previous week, due to increases in the 91-day and 182-day yield to 9.5900% and 12.9895%, respectively, from 9.5283% and 12.9804% in the previous week. The 364-day yield was stable at 14.2000% as per the previous week (Source: RBM).



During the week, Government also raised K14.97b through auction of a 5-year Treasury Note, bringing the total amount raised in auctions of Treasury securities to K29.03b. Maturities of Government securities and OMO reverse repos amounted to K30.23b and K21.62b, respectively. This resulted in a net withdrawal of K20.42b from the market, compared to a net withdrawal of K61.53b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves increased to K31.54b from K10.13b recorded in the previous week. Daily Interbank borrowing averaged K12.87b as compared to K12.52b 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 K73.23b per day, increasing from an average of K54.34b per day in the previous week (Source: RBM).


**Foreign exchange market developments**

The Kwacha appreciated marginally by 0.01% to trade at K819.07 per USD as at 2<sup>nd</sup> September 2021 from K819.11 per USD as at 26<sup>th</sup> August 2021. The Kwacha, however, depreciated against GBP, EUR and ZAR by 0.05%, 2.30% and 3.78%, 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. In the twentieth week of the 2021 marketing season, as at 1<sup>st</sup> September 2021, the tobacco market had cumulatively raked in USD196.66m compared to USD174.97m as at the close of the 2020 marketing season on 28<sup>th</sup> 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.

**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			
	3-Sep-21	% Δ	27-Aug-21
MASI	39,490.82	<span style="color: green;">▲</span> 3.11%	38,298.74
DSI	32,433.74	<span style="color: green;">▲</span> 3.44%	31,353.62
FSI	3,455.20	<span style="color: red;">▼</span> -0.71%	3,479.97
Traded volume	3,734,844	<span style="color: red;">▼</span> -45.98%	6,913,764
Number of trades	79	<span style="color: green;">▲</span> 83.72%	43
Value of shares traded (K'm)	209.02	<span style="color: red;">▼</span> -13.19%	240.77
Market capitalisation (K'm)	2,145,880.91	<span style="color: green;">▲</span> 3.07%	2,082,065.25
Gainers	Closing price (K)	% Δ	Opening price (K)
ILLOVO	201.55	<span style="color: green;">▲</span> 39.00%	145.00
TNM	17.96	<span style="color: green;">▲</span> 15.87%	15.50
Losers	Closing price (K)	% Δ	Opening price (K)
FMBCH	64.50	<span style="color: red;">▼</span> -0.77%	65.00
Treasury Bill auctions			
Auction date	31-Aug-21	% pts Δ	24-Aug-21
Amount offered - cost value (K'm)	13,584.00	<span style="color: yellow;">➡</span> 0.00%	13,684.00
Applied - cost value (K'm)	14,494.92	<span style="color: green;">▲</span> 20.26%	12,052.89
Allotted - cost value (K'm)	14,057.13	<span style="color: green;">▲</span> 64.34%	8,553.65
Overall rejection rate	3.02%	<span style="color: red;">▼</span> -26.01	29.03%
91 days yield	9.5900%	<span style="color: green;">▲</span> 0.0617%	9.5283%
182 days yield	12.9895%	<span style="color: green;">▲</span> 0.0091%	12.9804%
364 days yield	14.2000%	<span style="color: yellow;">➡</span> 0.0000%	14.2000%
All-type yield	12.2598%	<span style="color: green;">▲</span> 0.0236%	12.2362%
Treasury Note and Bond auctions			
Auction date	31-Aug-21	17-Aug-21	3-Aug-21
Tenors	5 years	10 year infrastructure bond	3 years
Coupon rate	12.50%	16.00%	11.00%
Amount offered - cost value (K'b)	41.92	20.00	37.55
Total applied - cost value (K'b)	16.83	26.90	26.51
Total allotted - cost value (K'b)	14.97	13.35	22.37
Allotted - weighted average ytm	20.26%	23.25%	18.99%
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	20.26%	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)	Last coupon rate
14-Sep-21	2	24.20	10.00%
28-Sep-21	10	16.34	15.00%
Projected maturities			
Week ending	3-Sep-21	10-Sep-21	17-Sep-21
TBs, PNs & TNs (K'm)	30,226	11,572	5,932
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	21,622	0	0
Reference rate			
Rate	Sep-21	% pts Δ	Aug-21
	12.20%	<span style="color: yellow;">➡</span> 0.00	12.20%
Inflation rate			
Rate	Jul-21	% pts Δ	Jun-21
	8.7%	<span style="color: red;">▼</span> -0.4	9.1%
Cumulative tobacco sales - Week 20			
Date	1-Sep-21	% Δ	Final 2020
Volume (Kg)	123,128,080.00	<span style="color: green;">▲</span> 7.98%	114,024,274.00
Value (USD)	196,664,739.85	<span style="color: green;">▲</span> 12.40%	174,974,671.24
Average price (USD/Kg)	1.60	<span style="color: green;">▲</span> 4.58%	1.53
Closing mid exchange rates			
Date	2-Sep-21	% Δ	26-Aug-21
USD	819.0673	<span style="color: green;">▲</span> -0.01%	819.1113
GBP	119.4504	<span style="color: green;">▲</span> 0.05%	119.2708
EUR	105.8260	<span style="color: red;">▼</span> 2.30%	103.4718
ZAR	61.3468	<span style="color: red;">▼</span> 3.78%	59.1126
Gross official foreign exchange reserves position			
Reserves (USD'm)	31-Aug-21	31-Jul-21	30-Jun-21
604.50	404.18	424.99	424.99
Import cover (months)		1.62	1.70

Sources: MSE, RBM, NSO, AHL

**COVID-19 update**

Cumulative confirmed COVID-19 cases in Malawi stood at 60,728 as at 3<sup>rd</sup> September 2021, out of which 9,649 were reported to be active. The 7-day average of daily infections decreased to 72 during the week from 139 in the previous week. So far, 48,644 people have recovered while 2,203 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to cumulatively 477,648 and 216,513 people respectively, while 210,368 people were reported to have received the Johnson & Johnson vaccine. Cumulatively, 426,881 people were fully vaccinated as at 3<sup>rd</sup> September 2021, representing 2.29% of the total population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 220.44m, with recoveries of more than 197.79m and 4.56m deaths as at 3<sup>rd</sup> September 2021 (Source: Johns Hopkins University and Medicine).