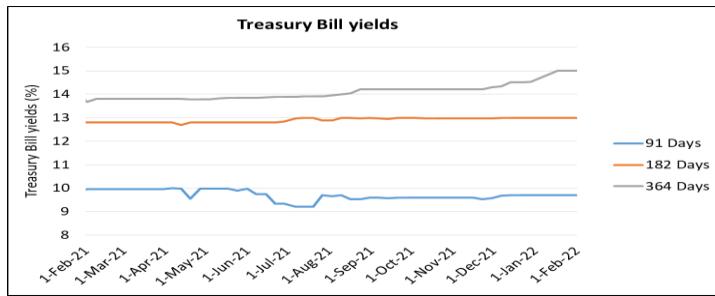


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.48% to close the week at 44,714.57 points from 44,501.63 points in the previous week due to share price gains in AIRTEL (2.24%) FDHB (2.07%), NBM (0.001%), NITL (0.01%) and STANDARD (0.001%), which offset share price losses in NBS (-0.04%) and TNM (-0.20%). The market traded 9,062,794 shares at a consideration of K183.66m in 64 trades during the week, compared to 637,060 shares traded at a consideration of K24.25m in 58 trades in the previous week. The year-to-date return on MASI stands at -1.44% compared to 1.81% for the same period in 2021 (Source: MSE).

Government securities

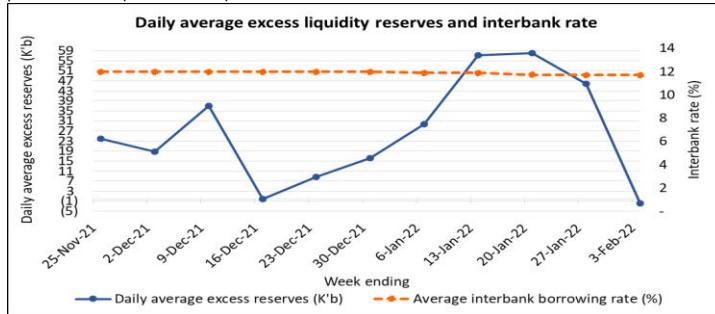
Government raised K10.90b during the week's auction for Treasury Bills (TBs) compared to K10.48b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield was constant at 12.5667% as the 91-day, 182-day and 364-day yields were all stable at 9.7000%, 13.0000% and 15.0000%, respectively, as per the previous week (Source: RBM).



During the week, there were also OMO reverse repos aimed at injecting liquidity in the market amounting to K15.00b. Maturities of Government securities for the week amounted to K27.70b, maturities of OMO repos amounted to K7.63b and maturities of OMO reverse repos amounted to K23.08b. This resulted in a net injection of K16.35b into the market compared to a net withdrawal of K86.27b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K-1.89b from K45.88b in the previous week. Daily interbank borrowing decreased to the average of K11.41b compared to K13.50b in the previous week. The average interbank borrowing rate was stable at 11.70%. Borrowing on the Lombard Facility amounted to K143.40b during the week, compared to K42.60b in the previous week (Source: RBM).


Foreign exchange market developments

The Kwacha appreciated by 0.87% to trade at K823.5230 against USD as at 3rd February 2022, from K816.4002 as at 27th January 2022. During the same period, the Kwacha also depreciated against GBP, EUR and ZAR by 15.54%, 29.31% and 19.56%, 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 84,693 as at 3rd February 2022, out of which 11,763 were reported to be active. COVID-19 infections averaged 71 positive cases this week compared to 105 positive cases in the previous week. So far, 70,133 people have recovered while 2,565 have died from the disease. Cumulatively, 1,098,898 and 399,078 people have received the first and second doses of AstraZeneca vaccine, respectively, while 379,345 people have received Johnson and Johnson vaccine as of 3rd February 2022. Cumulatively 778,423 people are fully vaccinated, representing 4% of the total Malawi population (19.6 million). Globally, total confirmed cases of COVID-19 amounted to 388.7m and 5.7m deaths as at 4th February 2022 (Source: Johns Hopkins University and Medicine).

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Stock market			
4-Feb-22		% Δ	28-Jan-22
MASI	44,714.57	0.48%	44,501.63
DSI	36,511.81	0.52%	36,322.34
FSI	4,183.22	0.00%	4,183.22
Traded volume	9,062,794	1322.60%	637,060
Number of trades	64	10.34%	58
Value of shares traded (K'm)	183.66	657.38%	24.25
Market capitalisation (K'm)	2,424,393.87	0.47%	2,412,983.94
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	41.00	2.24%	40.10
FDHB	13.78	2.07%	13.50
NBM	810.13	0.001%	810.12
NITL	95.00	0.01%	94.99
STANDARD	1400.04	0.001%	1400.03
Losers	Closing price (K)	% Δ	Opening price (K)
NBS	22.86	-0.04%	22.87
TNM	19.96	-0.20%	20.00
Treasury Bill auctions			
Auction date	1-Feb-22	% pts Δ	25-Jan-22
Amount offered - cost value (K'm)	28,366.00	21.56%	23,335.00
Applied - cost value (K'm)	10,896.12	3.99%	10,478.15
Allotted - cost value (K'm)	10,896.12	3.99%	10,478.15
Overall rejection rate	0.000%	0.000	0.00%
91 days yield	9.7000%	0.0000%	9.7000%
182 days yield	13.0000%	0.0000%	13.0000%
364 days yield	15.0000%	0.0000%	15.0000%
All-type yield	12.5667%	0.0000%	12.5667%
Treasury Note and Bond auctions			
Auction date	25-Jan-22	25-Jan-22	18-Jan-22
Tenors	5 years	5 years	10 years
Coupon rate	12.50%	12.50%	15.00%
Amount offered - cost value (K'b)	53.15	53.15	17.15
Total applied - cost value (K'b)	23.18	23.18	5.89
Total allotted - cost value (K'b)	23.18	23.18	5.89
Allotted - weighted average ytm	20.78%	20.78%	22.98%
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	19.04%	23-Dec-21	8-Feb-22
5 years	20.78%	25-Jan-22	22-Mar-21
7 years	20.94%	23-Nov-21	22-Feb-22
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
8-Feb-22	3 years	58.15	11.00%
22-Feb-22	7 years	58.15	13.50%
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	4-Feb-22	11-Feb-22	18-Feb-22
TBs, PNs & TNs (K'm)	27,697	15,576	4,421
OMO repos (K'm)	7,625	0	0
OMO reverse repos (K'm)	23,084	0	0
Reference rate			
Rate	12.20%	% pts Δ	Jan-22
	0.00	0.00	12.20%
Inflation rate			
Rate	11.5%	% pts Δ	Nov-21
	0.4	0.4	11.1%
Closing TT mid exchange rates			
USD	823.5230	0.87%	816.4002
GBP	1264.7112	15.54%	1094.6294
EUR	1177.0906	29.31%	910.2862
ZAR	63,2601	19.56%	52.9123
Gross official foreign exchange reserves position			
Reserves (USD'm)	31-Jan-22	31-Dec-21	30-Nov-21
Import cover (months)	399.98	429.17	389.26
	1.60	1.72	1.56

Sources: MSE, RBM, NSO, AHL

Monetary policy

The Monetary Policy Committee held its first meeting of 2022 on 2nd and 3rd February, during which they maintained the Policy rate at 12.0%, the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate (12.2%). In arriving at this decision, the Committee noted that, although inflation pressures are mounting, the sources were considered transitory and likely to dissipate after the lean period. At the same time, there is need for policy support to entrench the recovery of the domestic economy from the COVID-19-induced slowdown. Annual average headline inflation rate is projected at 10.4% for 2022, up from the average of 9.3% in 2021. Real GDP is projected to grow by 4.1% in 2022 from an estimated 3.9% in 2021, on account of an expected good agricultural season and investments in the mining and quarrying, utilities and construction sectors (Source: RBM).

