

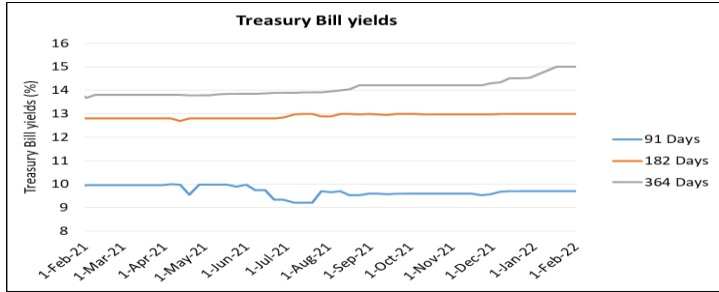


Malawi Stock Exchange (MSE) trading activity

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

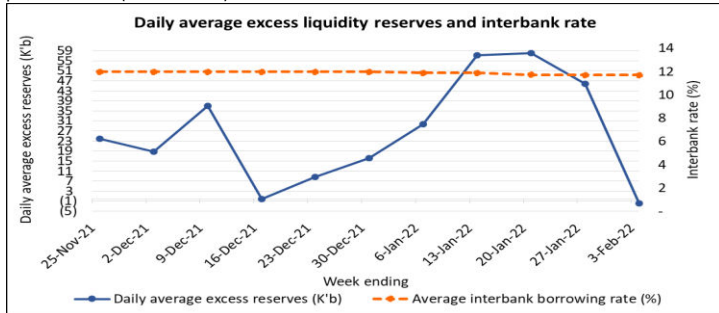
Government raised K10.90b during the week's auction for Treasury Bills (TBs) compared to K10.48b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield was constant at 12.5667% as the 91-day, 182-day and 364-day yields were all stable at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

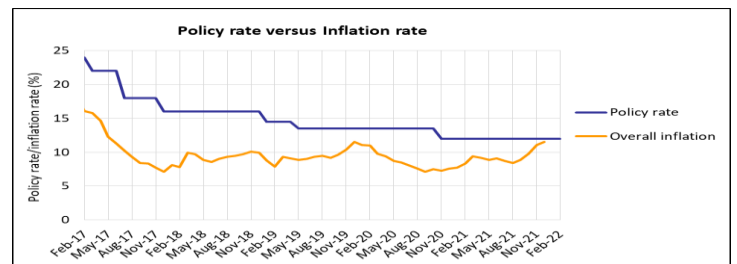
Cumulative confirmed COVID-19 cases in Malawi stood at 84,693 as at 3rd February 2022, out of which 11,763 were reported to be active. COVID-19 infections averaged 71 positive cases this week compared to 105 positive cases in the previous week. So far, 70,133 people have recovered while 2,565 have died 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).

Stock market										
MASI	4-Feb-22	44,714.57	↑	% Δ	28-Jan-22	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				40.10
FDHB		13.78	↑	2.07%		13.50				13.50
NBM		810.13	↑	0.001%		810.12				810.12
NITL		95.00	↑	0.01%		94.99				94.99
STANDARD		1400.04	↑	0.001%		1400.03				1400.03
Losers					Closing price (K)		% Δ		Opening price (K)	
NBS		22.86	↓	-0.04%		22.87				22.87
TNM		19.96	↓	-0.20%		20.00				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			% pts Δ	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	Feb-22	12.20%	→	% pts Δ	0.00	Jan-22	12.20%			
Inflation rate										
Rate	Dec-21	11.5%	↑	% pts Δ	0.4	Nov-21	11.1%			
Closing TT mid exchange rates										
USD	3-Feb-22	823.5230	↓	% Δ	27-Jan-22	816.4002				
GBP		1264.7112	↓	0.87%		1094.6294				
EUR		1177.0906	↓	15.54%		910.2862				
ZAR		63.2601	↓	29.31%		52.9123				
Gross official foreign exchange reserves position										
Reserves (USD'm)	31-Jan-22	399.98		31-Dec-21	429.17	30-Nov-21	389.26			
Import cover (months)		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).



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