

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 3.58% to close the week at 37,800.79 points from 36,496.03 points in the previous week due to share price gains in AIRTEL (11.89%), NBM (0.002%) and PCL (14.92%) which offset share price losses in FDHB (-0.06%) and TNM (-0.06%). The market traded 9,007,006 shares at a consideration of K282.67m in 70 trades during the week, compared to 3,668,688 shares traded at a consideration of K75.66m in 48 trades in the previous week. The year-to-date return on MASI stands at 16.69% compared to 0.51% for the same period in 2020 (Source: MSE).

Corporate announcement
Upcoming dividends

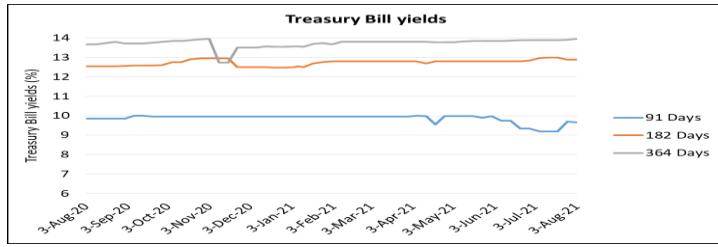
Company	Dividend type	Dividend (K)	Last day to register	Payable
MPICO	Final	0.28	30-Jul-21	6-Aug-21
NICO	Final	0.50	30-Jul-21	18-Aug-21
FDHB	Interim	0.33	13-Aug-21	27-Aug-21
PCL	Final	25.00	20-Aug-21	27-Aug-21
AIRTEL	Final	2.10	30-Jul-21	31-Aug-21
NITL	Final	0.80	20-Aug-21	28-Aug-21
ICON	Final	0.12	27-Aug-21	10-Sep-21

Annual general meetings

Company	Venue	Date	Time
ICON	Virtual	10-Aug-21	15:30 hrs.
NITL	Virtual	13-Aug-21	10:00 hrs.

Government securities

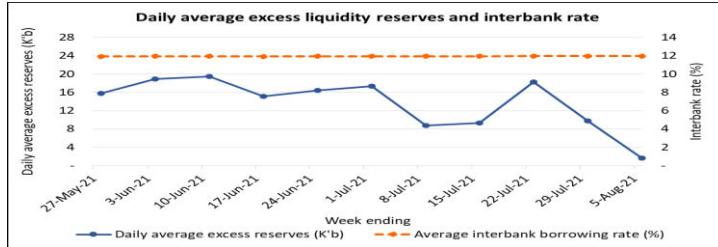
Government raised K2.76b during the week's auction for Treasury Bills (TBs) compared to K7.87b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.1661% from 12.1604% in the previous week, due to an increase in the 364-day yield to 13.9567% from 13.9045% in the previous week which outweighed a decrease in the 91-day yield to 9.6650% from 9.7000% in the previous week. The 182-day yield was stable at 12.8766% as per the previous week (Source: RBM).



During the week, Government also raised K22.37b through auction of a 3-year Treasury Note, bringing the total amount raised in auctions of Government securities to K25.13b. Maturities of Government securities and OMO reverse repos amounted to K12.64b and K35.88b, respectively. This resulted in a net withdrawal of K48.37b from the market, compared to a net withdrawal of K14.53b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K1.63b from K9.76b recorded in the previous week. Daily Interbank borrowing averaged K2.25b as compared to K9.76b in the previous week. The average interbank borrowing rate was stable at 11.96% as per the previous week. Borrowing on the Lombard Facility averaged K38.14b per day, increasing from an average of K25.92b per day in the previous week. The Lombard rate was stable at 12.20% as previously set by the RBM (Source: RBM).


Foreign exchange market developments

The Kwacha depreciated by 0.03% to K818.9368 per USD as at 5th August 2021 from K818.7123 as at 29th July 2021. The Kwacha also depreciated against ZAR by 2.82%. It, however, appreciated against GBP and EUR by 0.76% and 0.67%, respectively. Gross official forex reserves were last recorded at USD424.99m (1.70 months of import cover) on 30th June 2021 from USD443.25m (1.77 months of import cover) recorded on 31st May 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the sixteenth week of 2021 marketing season, as at 5th August, the tobacco market had cumulatively raked in USD187.44m compared to USD156.74m as at 5th August 2020 (Source: AHL).

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Stock market			
MASI	6-Aug-21	% Δ	30-Jul-21
DSI	37,800.79	3.58%	36,496.03
FSI	30,910.54	3.90%	29,749.56
Traded volume	3,479.97	0.00%	3,479.97
Number of trades	9,007,006	145.51%	3,668,688
Value of shares traded (K'm)	70	45.83%	48
Market capitalisation (K'm)	282.67	273.60%	75.66
Gainers	2,055,382.92	3.52%	1,985,468.03
Losers	15.96	-0.06%	15.97
FDHB	1494.00	11.89%	1300.00
TNМ	16.00	0.002%	650.11
Auction date	16.00	-0.06%	16.01
Treasury Bill auctions			
Amount offered - cost value (K'm)	3-Aug-21	% pts Δ	27-Jul-21
Applied - cost value (K'm)	13,584.00	-30.67%	19,738.00
Allotted - cost value (K'm)	2,758.03	-64.97%	7,874.14
Overall rejection rate	2,758.03	-64.97%	7,874.14
91 days yield	0.00%	0.00%	0.00%
182 days yield	9.6650%	-0.035%	9.7000%
364 days yield	12.8766%	0.00%	12.8766%
All-type yield	13.9567%	0.05%	13.9045%
12.1661%	0.01%	12.1604%	
Treasury Note auctions			
Auction date	3-Aug-21	27-Jul-21	13-Jul-21
Tenors	3 years	7 years	2 years
Coupon rate	11.00%	13.50%	10.00%
Amount offered - cost value (K'b)	37.55	30.37	40.72
Total applied - cost value (K'b)	26.51	4.94	16.69
Total allotted - cost value (K'b)	22.37	4.94	15.36
Allotted - weighted average ytm	18.99%	21.36%	16.63%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2- year	16.63%	13-Jul-21	14-Aug-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	22.54%	30-Jun-21	17-Aug-21
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
17-Aug-21	10 year infrastructure bond	20.00	15.00%
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	6-Aug-21	13-Aug-21	20-Aug-21
TBs, PNs & TNs (K'm)	12,642	16,704	10,919
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	35,876	0	0
Reference rate			
Aug-21	12.20%	% pts Δ	Jul-21
Rate	12.20%	0.00	12.20%
Inflation rate			
Jun-21	9.1%	% pts Δ	May-21
Rate	9.1%	0.2	8.9%
Cumulative tobacco sales			
Date	5-Aug-21	% Δ	5-Aug-20
Volume (Kg)	115,398,640.00	11.96%	103,068,093.00
Value (USD)	187,440,999.72	19.59%	156,735,432.31
Average price (USD/Kg)	1.62	6.58%	1.52
Closing mid exchange rates			
5-Aug-21	% Δ	29-Jul-21	
USD	818.9368	0.03%	818.7123
GBP	1198.2221	-0.76%	1207.4301
EUR	1038.0735	-0.67%	1045.1031
ZAR	61.4967	2.82%	59.8091
Gross official foreign exchange reserves position			
30-Jun-21	31-May-21	30-Apr-21	
Reserves (USD'm)	424.99	443.25	392.01
Import cover (months)	1.70*	1.77*	1.88

* US\$250.0m import requirement per month is used in the calculations from May 2021 while US\$209.0m is used in the preceding months.

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 55,218 as at 6th August 2021, out of which 12,499 were reported to be active. The 7-day average of daily infections decreased to 487 during the week from 649 in the previous week. So far, 40,711 people have recovered while 1,776 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to 463,236 and 158,982 people, respectively, representing 2.49% and 0.85% of the total Malawi population (18.63m in 2019). The country added Johnson & Johnson vaccine to the COVID vaccination program, after receiving 302,400 doses of the vaccine from the US Government on 7th August 2021. Pfizer vaccine is also expected to be added to the program in September 2021 (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 201,766, with recoveries of more than 181,949 and 4.28m deaths as at 6th August 2021 (Source: Johns Hopkins University and Medicine).