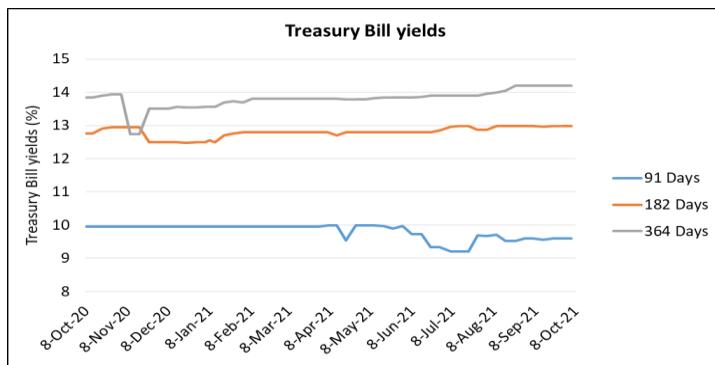


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.51% to close the week at 41,467.99 points from 41,681.86 points in the previous week due to share price losses in AIRTEL (-0.13%), FDHB (-4.83%), ICON (-0.17%), NBS (-8.26%) and PCL (-0.001%), which outweighed price gains in NBM (0.001%) and TNM (0.39%). The market traded 11,020,403 shares at a consideration of K730.90m in 71 trades during the week, compared to 151,753,873 shares traded at a consideration of K5.13b in 164 trades in the previous week. The year-to-date return on MASI stands at 28.02% compared to 4.04% for the same period in 2020 (Source: MSE).

Government securities

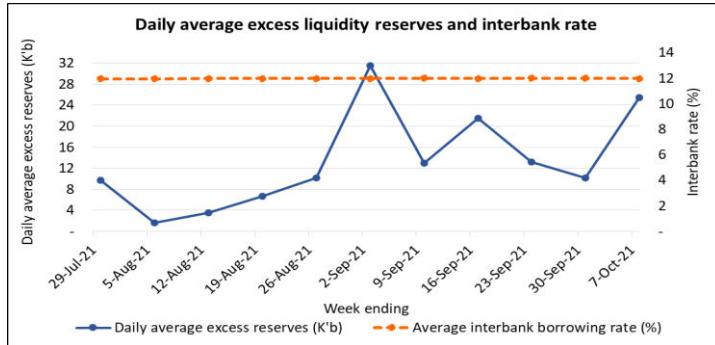
Government raised K7.31b during the week's auction for Treasury Bills (TBs) compared to K8.81b raised in the previous week. The auction registered a rejection rate of 40.98% on the submitted bids. The all-type average TB yield was stable at 12.26% due to the 91-day, 182-day and 364-day yield remaining constant since the previous week (Source: RBM).



Maturities of Government securities for the week amounted to K4.08b. This resulted in a net withdrawal of K6.98b from the market, compared to a net injection of K1.11b into the market in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K25.46b from K10.22b recorded in the previous week. Daily interbank borrowing averaged K28.48b compared to K18.50b in the previous week. The average interbank borrowing rate was stable at 11.98% since last week. Borrowing on the Lombard Facility averaged K83.39b per day, increasing from an average of K84.93b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.08% to trade at K822.8145 per USD as at 7th October 2021 from K822.1655 per USD as at 30th September 2021. The Kwacha also depreciated against GBP, EUR and ZAR by 0.76%, 1.10% and 1.06%, respectively. Gross official forex reserves were last recorded at USD521.87m (2.09 months of import cover) on 30th September 2021, decreasing from USD604.50m (2.42 months of import cover) on 31st August 2021. The reserves were below the recommended minimum of 3 months of import cover (Source: RBM).

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Stock market			
8-Oct-21		% Δ	1-Oct-21
MASI	41,467.99	↓ -0.51%	41,681.86
DSI	34,193.43	↓ -0.55%	34,383.73
FSI	3,454.70	↑ 0.00%	3,454.70
Traded volume	11,020,403	↓ -92.74%	151,753,873
Number of trades	71	↓ -56.71%	164
Value of shares traded (K'm)	730.90	↓ -85.74%	5,125.85
Market capitalisation (K'm)	2,251,825.55	↓ -0.51%	2,263,285.77
Gainers	Closing price (K)	% Δ	Opening price (K)
NBM	676.01	↑ 0.001%	676.00
TNM	23.25	↑ 0.39%	23.16
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	39.94	↓ -0.13%	39.99
FDHB	16.16	↓ -4.83%	16.98
ICON	12.09	↓ -0.17%	12.11
NBS	23.00	↓ -8.26%	25.07
PCL	1494.97	↓ -0.001%	1494.98
Treasury Bill auctions			
Auction date	5-Oct-21	% pts Δ	28-Sep-21
Amount offered - cost value (K'm)	8,194.00	↓ -49.21%	16,134.00
Applied - cost value (K'm)	12,392.24	↑ 40.67%	8,809.30
Allotted - cost value (K'm)	7,313.92	↓ -16.98%	8,809.30
Overall rejection rate	40.98%	↑ 40.98%	0.00%
91 days yield	9.6000%	↑ 0.00002%	9.5998%
182 days yield	12.9840%	↑ 0.0000%	12.9840%
364 days yield	14.2000%	↑ 0.0000%	14.2000%
All-type yield	12.2613%	↑ 0.0001%	12.2613%
Treasury Note and Bond auctions			
Auction date	28-Sep-21		31-Aug-21
Tenors	10 years	2 years	5 years
Coupon rate	15.00%	10.00%	12.50%
Amount offered - cost value (K'b)	16.34	24.20	41.92
Total applied - cost value (K'b)	5.77	16.23	16.83
Total allotted - cost value (K'b)	3.74	12.71	14.97
Allotted - weighted average ytm	23.25%	16.63%	20.26%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.63%	14-Sep-21	12-Oct-21
3-year	18.99%	3-Aug-21	9-Nov-21
5-year	20.26%	31-Aug-21	19-Oct-21
7-year	21.36%	27-Jul-21	23-Nov-21
10-year	23.25%	28-Sep-21	26-Oct-21
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Coupon rate
12-Oct-21	2	15.00	10.00%
19-Oct-21	5	45.89	TBA
26-Oct-21	10	12.64	TBA
Projected maturities			
Week ending	8-Oct-21	15-Oct-21	22-Oct-21
TBs, PNs & TNs (K'm)	4,078	23,261	6,397
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	8,199
Reference rate			
Rate	Oct-21	% pts Δ	Sep-21
	12.20%	↑ 0.00	12.20%
Inflation rate			
Rate	Aug-21	% pts Δ	Jul-21
	8.4%	↓ -0.3	8.7%
Closing mid exchange rates			
USD	822.8145	↓ 0.08%	822.1655
GBP	1179.3263	↓ 0.76%	1170.4731
EUR	1037.4508	↑ 1.10%	1026.1367
ZAR	59.5190	↓ 1.06%	58.8950
Gross official foreign exchange reserves position			
Reserves (USD'm)	30-Sep-21	31-Aug-21	31-Jul-21
Import cover (months)	521.87	604.50	404.18
	2.09	2.42	1.62

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 61,648 as at 8th October 2021, out of which 2,921 were reported to be active. The 7-day average of daily infections decreased to 9 during the week from 17 in the previous week. So far, 56,208 people have recovered while 2,287 have died from the disease. In response to the reduction in the active cases, the Government of Malawi has recently eased COVID-19 restrictions. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to 588,624 and 258,479 people respectively, while 245,437 people were reported to have received the Johnson & Johnson vaccine. Cumulatively, 503,916 people were fully vaccinated as at 8th October 2021, representing 2.70% of the total population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 237.47m, with recoveries of more than 213.74m and 4.83m deaths as at 8th October 2021 (Source: Johns Hopkins University and Medicine).