

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.66% to close the week at 35,340.65 points from 35,108.69 points in the previous week due to share price gains in AIRTEL (0.09%), FMBCH (8.68%) and NBM (0.002%) which offset marginal share price losses in NBS (-0.04%) and PCL (-0.001%). The market traded 1,694,715 shares at a consideration of K84.20m in 58 trades during the week, compared to 3,771,442 shares traded at a consideration of K600.44m in 44 trades in the previous week. The year-to-date return on MASI stands at 9.10% compared to -1.56% for the same period in 2020 (Source: MSE).

Corporate news

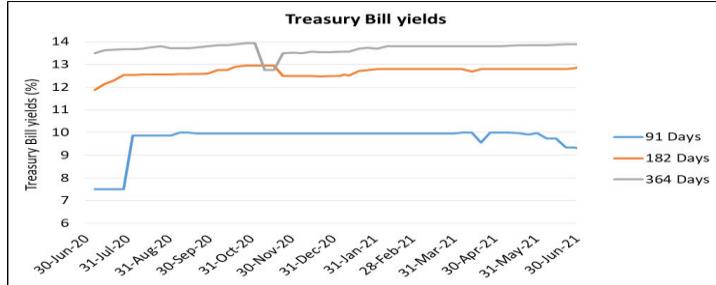
FDH Bank Plc announced the appointment of Mr George Chitera as Acting Managing Director of the Bank with effect from 1st July 2021. This follows the retirement of the bank's Managing Director, Dr Elias Everson Ngalande, on 30th June 2021. Until his appointment, Mr Chitera was the bank's Deputy Managing Director and previously also served as Acting Group Chief Executive Officer and Chief Finance Officer for FDH Financial Holdings and FDH Bank Plc. He is a Fellow of the Association of Chartered Certified Accountants (FCCA), a member of the Institute of Chartered Accountants in Malawi (ICAM) and holds a Master of Business Administration Degree from the Polytechnic, University of Malawi. He is a graduate of the Executive Development Program from London Business School, United Kingdom, and University of Stellenbosch Business School, South Africa.

Annual General Meeting

Company	Venue	Date	Time
NICO	Virtual	16-Jul-21	14:00 hrs

Government securities

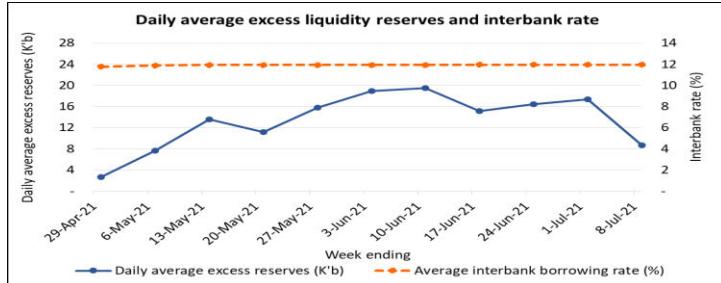
Government raised K1.91b during the week's auction for Treasury Bills (TBs) compared to K707.6m raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly decreased to 12.0212% from 12.0246% in the previous week, due to decreases in the 91-day and 364-day yields to 9.2000% and 13.8926%, respectively, from 9.3300% and 13.8938% in the previous week. This outweighed an increase in the 182-day yield to 12.9710% from 12.8500% in the previous week (Source: RBM).



Maturities for the week of Government securities and OMO reverse repos amounted to K8.70b and K17.37b, respectively. This resulted in a net withdrawal of K10.58b from the market, compared to a net injection of K62.11b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K8.70b from K17.36b recorded in the previous week. Daily Interbank borrowing averaged K10.86b compared to K10.85b in the previous week. The average interbank borrowing rate was stable at 11.95% as per the previous week. Borrowing on the Lombard Facility averaged K38.94b per day, increasing from an average of K37.78b per day in the previous week (Source: RBM).


Foreign exchange market developments

The Kwacha depreciated by 0.65% against USD to K815.2791 as at 8th July 2021 from K810.0295 per USD as at 1st July 2021. The Kwacha also depreciated against ZAR by 0.95% during the period. It, however, appreciated against GBP and EUR by 0.14% and 0.02%, respectively. Gross official foreign reserves were last recorded at USD424.99m (1.70 months of import cover) on the 30th June 2021 from USD443.25m (1.77 months of import cover) recorded on 31st May 2021 (Source: RBM). The reserves are below the recommended minimum of 3 months of import cover. In the twelfth week of 2021 marketing season, as at 8th July 2021, the tobacco market had cumulatively raked in USD155.19m compared to USD118.65m for the same period in 2020 (Source: AHL).

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Stock market			
9-Jul-21	% Δ	2-Jul-21	
MASI	35,340.65	0.66%	35,108.69
DSI	28,712.39	0.02%	28,707.33
FSI	3,491.59	7.95%	3,234.45
Traded volume	1,694,715	-55.06%	3,771,422
Number of trades	58	31.82%	44
Value of shares traded (K'm)	84.20	-85.98%	600.44
Market capitalisation (K'm)	1,924,497.84	0.68%	1,911,435.16
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	32.56	0.09%	32.53
FMBCH	65.01	8.68%	59.82
NBM	650.09	0.002%	650.08
Losers	Closing price (K)	% Δ	Opening price (K)
NBS	26.39	-0.04%	26.40
PCL	1,199.93	-0.001%	1,199.94
Treasury Bill auctions			
Auction date	7-Jul-21	% pts Δ	29-Jun-21
Amount offered - cost value (K'm)	19,738.00	290.85%	5,050.00
Applied - cost value (K'm)	1,912.93	170.34%	707.60
Allotted - cost value (K'm)	1,912.93	170.34%	707.60
Overall rejection rate	0.00%	0.00	0.00%
91 days yield	9.2000%	-0.130%	9.3300%
182 days yield	12.9710%	0.12%	12.8500%
364 days yield	13.8926%	0.00%	13.8938%
All-type yield	12.0212%	0.00%	12.0246%
Treasury Note auctions			
Auction date	30-Jun-21	29-Jun-21	28-Jun-21
Tenors	3 & 10 years	3 years	5, 7 & 10 years
Coupon rate	11.00% & 15.00%	11.00%	12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)		34.34	
Total applied - cost value (K'b)	20.14	4.16	69.69
Total allotted - cost value (K'b)	20.09	4.11	69.69
Allotted - weighted average ytm	19.00% & 22.54%	18.93%	20.00%, 20.59% & 22.50%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.65%	25-Jun-21	TBA
3-year	19.00%	30-Jun-21	TBA
5-year	20.00%	28-Jun-21	TBA
7-year	20.59%	28-Jun-21	TBA
10-year	22.54%	30-Jun-21	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
13-Jul-21	2	40.72	10.00%
27-Jul-21	7	30.37	13.50%
3-Aug-21	3	37.55	11.00%
17-Aug-21	10 year infrastructure bond		20.00%
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	9-Jul-21	16-Jul-21	23-Jul-21
TBs, PNs & TNs (K'm)	8,702	28,583	17,225
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	17,373	56,029	23,290
Reference rate			
Rate	Jul-21	% pts Δ	Jun-21
	12.20%	0.00	12.20%
Inflation rate			
Rate	May-21	% pts Δ	Apr-21
	8.9%	-0.3	9.2%
Cumulative tobacco sales			
Date	8-Jul-21	% Δ	Week 12, 10th July 2021
Volume (Kg)	94,357,341.00	20.48%	78,319,585.00
Value (USD)	155,189,432.22	30.80%	118,648,038.26
Average price (USD/Kg)	1.64	8.61%	1.51
Closing mid exchange rates			
USD	815.2791	% Δ	1-Jul-21
GBP	1187.5981	0.65%	810.0295
EUR	1033.6132	-0.14%	1189.2372
ZAR	61.6724	-0.02%	1033.8169
		0.95%	61.0917
Gross official foreign exchange reserves position			
Reserves (USD'm)	30-Jun-21	31-May-21	30-Apr-21
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 38,454 as at 9th July 2021, out of which 3,196 were reported to be active. The Ministry of Health has re-introduced COVID-19 restrictions due to surge in infections. The 7-day average of daily infections rose to 266 during the week from 169 in the previous week. So far, 33,772 people have recovered while 1,234 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to 385,242 and 43,165 people, respectively. (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 185,84m, with recoveries of more than 170.74m and 4.01m deaths as at 9th July 2021 (Source: Johns Hopkins University and Medicine).