

Malawi Stock Exchange (MSE) trading activity

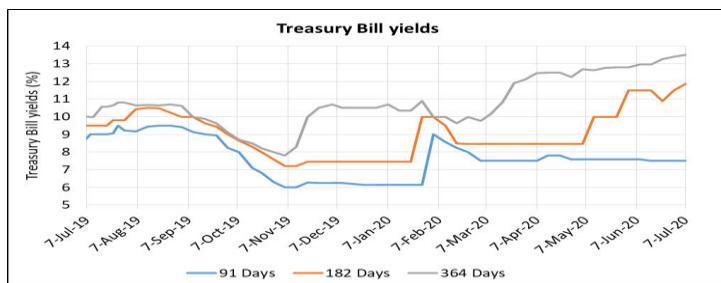
The Malawi All Share Index (MASI) registered a loss of 0.81% to close the week at 29,543.43 points from 29,784.70 points in the previous week due to share price losses in FMBCH of 14.10%, ILLIVO of 0.53% and MPICO of 3.92% which outweighed marginal gains in AIRTEL (0.05%) and NICO (0.02%). There was no share price movement for the rest of the counters. The year-to-date return on MASI stands at -2.34% compared to 3.36% in the same period in 2019 (Source: MSE).

Corporate news

Annual general meetings			
Company	Date	Time	Venue
TNM	14-Jul-20	14:00hrs	Virtual
AIRTEL	17-Jul-20	10:00hrs	Virtual
BHL	21-Jul-20	15:30hrs	Ryllals Hotel
NBS	22-Jul-20	09:00hrs	Mount Soche Hotel, Soche hall
PCL	24-Jul-20	14:00hrs	Virtual

Government securities

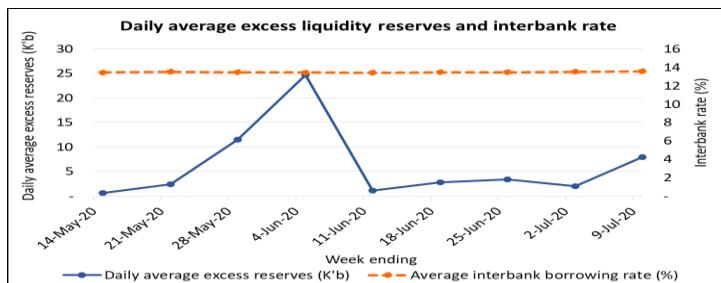
Government raised K10.30b during the week's auction for Treasury Bills (TB) compared to K5.47b raised in the previous week. The auction registered a rejection rate of 5.91%. The all-type average TB yield increased to 10.96% from 10.80% in the previous week as the 182-day and 364-day yields increased to 11.87% and 13.51%, respectively, from 11.50% and 13.41% in the previous week. The 91-day yield was stable at 7.50% during the period (Source: RBM).



There was no auction for Treasury Notes (TNs) during the week. Maturities of Government securities for the week amounted to K3.14b, resulting in a net withdrawal of K7.16b from the market compared to a net withdrawal of K13.01b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels increased during the week. Average daily excess reserves increased to K7.95b from K2.01b recorded in the previous week. Borrowing on the interbank market slightly increased to an average of K19.30b per day from K19.12b per day in the previous week, and the average interbank borrowing rate slightly decreased to 13.58% from 13.59%. Borrowing on the Lombard Facility decreased to an average of K9.52b per day during the week from K20.82b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).


Foreign exchange market developments

The Kwacha was stable against USD at K737.1905 but appreciated against ZAR by 0.10%. There was a depreciation against GBP and EUR by 0.86% and 0.23%, respectively. Gross official forex reserves were last recorded at USD662.98m (3.17 months of import cover) on 31st May 2020, an increase of 8.66% from USD610.13m (2.92 months of import cover) on 30th April 2020 (Source: RBM). As at the end of week 11 of 2020 marketing season on 7th July 2020, tobacco had raked in USD110.20m compared to USD125.15m for the same period in 2019, representing a year-on-year decrease in value of 11.95%. Tobacco sales volumes so far have amounted to 72.75m kg, lower than 85.24m Kg as at week 11 in 2019. However, average prices have been higher for 2020 (K1.51/kg) compared to 2019 (K1.47/kg) (Source: AHL).

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.

Stock market			
	10-Jul-20	% Δ	3-Jul-20
MASI	29,543.43	↓ -0.81%	29,784.70
DSI	25,074.65	↓ -0.17%	25,117.92
FSI	1,548.19	↓ -11.92%	1,757.76
Market capitalisation (K'm)	1,534,974.04	↓ -0.83%	1,547,856.75
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	20.01	↑ 0.05%	20.00
NICO	48.43	↑ 0.02%	48.42
Losers	Closing price (K)	% Δ	Opening price (K)
FMBCH	25.76	↓ -14.10%	29.99
ILLOVO	94.00	↓ -0.53%	94.50
MPICO	24.00	↓ -3.92%	24.98
Treasury Bill auctions			
Auction date	7-Jul-20	% pts Δ	30-Jun-20
Applied - cost value (K'm)	10,945.24	↑ 72.52%	6,344.20
Allotted - cost value (K'm)	10,298.24	↑ 88.38%	5,466.72
Overall rejection rate	5.91%	↓ -7.92	13.83%
91 days yield	7.50%	➡ 0.00%	7.50%
182 days yield	11.87%	↑ 3.23%	11.50%
364 days yield	13.51%	↑ 0.76%	13.41%
All-type yield	10.96%	↑ 1.46%	10.80%
Treasury Note auctions			
Auction date	30-Jun-20	16 & 19 June 2020	2-Jun-20
Tenors	2, 3 & 5 years	2, 3, 5 & 7 years	2, 3 & 7 years
Total applied - cost value (K'b)	24.99	50.74	91.59
Total allotted - cost value (K'b)	24.99	42.26	91.59
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	15.80%	30-Jun-20	tba
3-year	18.00%	30-Jun-20	tba
5-year	19.93%	30-Jun-20	tba
7-year	21.00%	19-Jun-20	tba
10-year	21.70%	21-Apr-20	tba
Projected maturities			
Week ending	10-Jul-20	17-Jul-20	Jul-20
TBs, PNs & TNs (K'm)	3,143	7,745	31,499
OMO (K'm)	0	0	0
Reference rate			
Rate	Jul-20	% pts Δ	Jun-20
	13.40%	➡ 0.00	13.40%
Inflation rate			
Rate	May-20	% pts Δ	Apr-20
	8.7%	↓ -0.7	9.4%
Cumulative tobacco sales (Week 11)			
Year	2020	% Δ	2019
Volume (Kg)	72,747,512.00	↓ -14.65%	85,235,026.00
Value (USD)	110,198,707.38	↓ -11.95%	125,148,958.76
Average price (USD/kg)	1.51	↑ 2.72%	1.47
Indicative opening mid exchange rates			
USD	10-Jul-20	% Δ	3-Jul-20
	737.1905	➡ 0.00%	737.1905
GBP	927.5331	↓ 0.86%	919.6451
EUR	830.7400	↓ 0.23%	828.8233
ZAR	43.5270	↑ -0.10%	43.5694
Gross official foreign exchange reserves position			
	31-May-20	30-Apr-20	31-Mar-20
Reserves (USD'm)	662.98	610.13	730.17
Import cover (months)	3.17	2.92	3.49

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Total confirmed cases of COVID-19 in Malawi increased to 1,984 as at 10th July 2020 from 1,402 as at 3rd July 2020. The country continues to register a rise in local transmission of the disease. So far, 369 have recovered while 25 have died from the disease in Malawi. Globally, as at 10th July 2020, total confirmed cases of COVID-19 were more than 12.29m, with 6.76m recoveries and 556k deaths (Source: Johns Hopkins University and Medicine).