

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.07% to close the week at 30,273.44 points from 30,252.27 points recorded in the previous week due to share price gains in ILLOVO and NBS which outweighed share price losses in BHL and TNM. There were no price movements in the rest of the companies registered on MSE. A total of 4,270,014 shares were traded at a consideration of K81.64m in 37 trades compared to 217,936 shares traded in the previous week at a consideration of K32.74m in 25 trades. The year-to-date return on the MASI stands at 0.07% compared to 0.38% recorded for the corresponding period in 2019 (Source: MSE).

Corporate news

FMBC's forecast PAT for the year ending December 2019 is expected to be 70% lower than was achieved for 2018. The decline is attributable to the impact of the macroeconomic environment in Zimbabwe and the impact of hyperinflation and devaluation of the local currency. Except for Zimbabwe, the performance of the other businesses in the Group is in line with expectations. (Source: MSE)

ICON expects PAT for the year ending 31st December 2019 to be more than 200% higher than the previous two months period ended 31st December 2018. The variance is due to ICON having been in operation for only 2 months in 2018, whereas it has now been in operation for a full year in 2019. (Source: MSE)

Dividend announcements

Company	Dividend type	Declared/Proposed	Dividend amount (K)	Last day to register	Payable
TNM	2nd Interim	Declared	0.25	3-Jan-20	17-Jan-20
ILLOVO	Final	Proposed	0.50	13-Mar-20	31-Mar-20

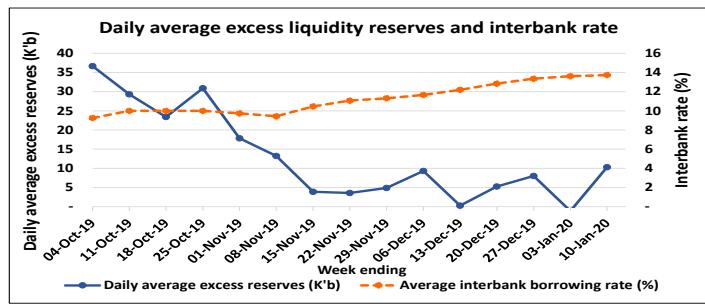
(Source: MSE)

Government securities

Government raised a total of K24.12b from a Treasury Note (TN) and a Treasury Bill (TB) auctions held during the week compared to K5.8b raised from a TB auction in the previous week. Both auctions registered no rejection. The weighted average yield of the TN auction was 17.36%. The all-type average TB yield slightly increased to 8.10% from 8.04% in the preceding week due to a marginal increase in the 364-day yield to 10.69% from 10.50% while the 91-day and 182-day yields were stable at 6.15% and 7.46%, respectively. Maturities for the week amounted to K40.94b, resulting in a net injection of K16.82b into the market compared to a net withdrawal of K17.18b in the previous week. (Source: RBM).

Interbank market activity

Liquidity improved in the market, with daily average excess reserves at K10.32b from a deficit of K1.15b in the previous week. Consequently, borrowing on the interbank market decreased to an average of K13.40b per day from K14.09b per day in the previous week. The average interbank borrowing rate increased to 13.78% from 13.62%. Borrowing on the Lombard Facility decreased to an average of K27.77b per day from K25.08b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



(Source: RBM)

Foreign exchange market developments

The Kwacha was stable against the USD, trading at an average mid-rate of K736.4016 per USD during the week but appreciated against GBP, ZAR and EUR. Gross official foreign exchange reserves were last recorded at USD656.04m (3.14 months of import cover) on 31st October 2019, a decrease from USD656.04m (3.14 months of import cover) recorded on 30th September 2019 (Source: RBM).

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-Jan-20	% Δ	03-Jan-20	
MASI	30,273.44	▲ 0.07%	30,252.27
DSI	23,618.91	▲ 0.08%	23,599.81
FSI	4,024.86	➡ 0.00%	4,024.86
Traded volume	4,270,014	▲ 1859.30%	217,936
Number of trades	37	▲ 48.00%	25
Value of shares traded (K'm)	81.64	▲ 149.39%	32.74
Market capitalisation (K'm)	1,429,737.35	▲ 0.07%	1,428,756.24
Gainers	Current price (K)	% Δ	Previous price (K)
ILLOVO	153.00	▲ 0.007%	152.99
NBS	14.01	▲ 3.78%	13.50
Losers	Current price (K)	% Δ	Previous price (K)
BHL	12.94	▼ -0.08%	12.95
TNM	25.95	▼ -0.19%	26.00
Projected maturities			
Week ending	10-Jan-20	17-Jan-20	24-Jan-20
TBs, PNs & TNs (K'm)	26,213	36,616	16,482
OMO (K'm)	14,726	0	0
Treasury Note auctions			
Date	7-Jan-20	17-Dec-19	4-Dec-19
Tenor	7 Years	2 Years	5 Years
Coupon rate	11.50%	8.00%	10.50%
Amount offered -cost value (K'b)	24.35	36.79	22.86
Applied for - face value (K'b)	16.24	7.16	42.50
Allotted- face value (K'b)	16.24	4.16	26.49
Allotted- cost value (K'b)	12.48	3.94	22.86
Allotted - weighted average ytm	17.36%	12.27%	14.45%
Treasury Bill auctions			
Auction date	7-Jan-20	% pts Δ	31-Dec-19
Amount offered -cost value (K'm)	11,960.00	▲ 20.08%	9,960.00
Applied - cost value (K'm)	11,638.42	▲ 52.79%	7,617.35
Allotted - cost value (K'm)	11,638.42	▲ 100.14%	5,815.06
Overall rejection rate	0.00%	▼ -23.66%	23.66%
91 days yield	6.15%	➡ 0.00	6.15%
182 days yield	7.46%	➡ 0.00	7.46%
364 days yield	10.69%	▲ 0.19	10.50%
All-type yield	8.10%	▲ 0.06	8.04%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	12.27%	17-Dec-19	TBA
3-year	10.70%	05-Nov-19	21-Jan-20
5-year	14.45%	04-Dec-19	18-Feb-20
7-year	17.36%	07-Jan-20	TBA
10-year	17.47%	19-Nov-19	04-Feb-20
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
21-Jan-20	3	29.37	9.00%
04-Feb-20	10	8.13	15.50%
18-Feb-20	5	31.36	10.00%
Reference rate			
Rate	Jan-20	% pts Δ	Dec-19
	13.10%	▲ 0.60	12.50%
Inflation rate			
Rate	Nov-19	% pts Δ	Oct-19
	10.4%	▲ 0.8	9.6%
RBM indicative mid exchange rates			
	10-Jan-20	% Δ	3-Jan-20
USD	736.4016	➡ 0.00%	736.4016
GBP	963.6551	▲ -0.19%	965.4961
ZAR	51.8545	▲ -0.16%	51.9364
EUR	817.9213	▲ -0.52%	822.1924
Gross official foreign exchange reserves position			
	31-Oct-19	30-Sep-19	30-Aug-19
Reserves (USD'm)	589.90	656.04	705.68
Import cover (months)	2.80	3.14	3.37

(Sources: MSE, RBM, NSO)