

## Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.01% to close the week at 33,855.94 points from 33,852.56 points in the previous week due to share price gains in AIRTEL (0.03%), FMBCH (0.12%) and MPICO (0.06%) which offset a share price loss in FDHB (-0.06%). The market traded a total of 48,010,582 shares at a consideration of K802.27m in 72 trades during the week, compared to a total of 286,960,216 shares traded at a consideration of K6.27b in 141 trades in the previous week. This represents decreases of 83.27% and 87.21% in traded volume and traded value, respectively. The year-to-date return on MASI stands at 4.52% compared to -5.41% for the same period in 2020 (Source: MSE).

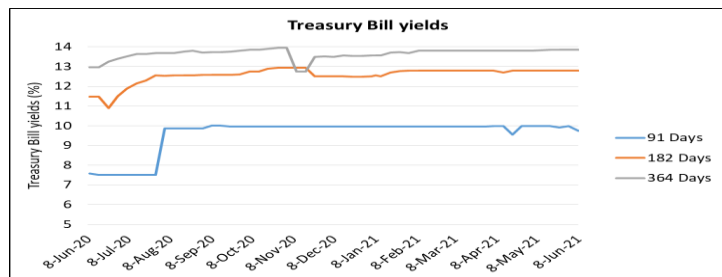
## Corporate news

FDH Bank Plc announced that members of its majority shareholder, FDH Financial Holdings Limited, have concluded their shareholding negotiations. The negotiations have resulted in no changes in shareholding levels in FDH Financial Holdings Limited and shareholders remain the same, namely M Development Limited, Old Mutual (Malawi) Limited, Old Mutual Life Assurance Company Limited and FDH ESOP Limited.

FDH Bank Plc also announced that its profit after tax for the half year ending 30<sup>th</sup> June 2021 is expected to be at least 34% higher than was reported for the half year ended 30<sup>th</sup> June 2020.

## Government securities

Government raised K5.60b during the week's auction for Treasury Bills (TBs) compared to K2.40b in the previous week. The auction registered a rejection rate of 13.55% on the submitted bids. The all-type average TB yield decreased to 12.1292% from 12.2085% in the previous week due to a decrease in the 91-day yield to 9.7375% from 9.9755% in the previous week which outweighed a slight increase in the 182-day yield to 12.8000% from 12.7999% in the previous week. The 364-day yield was stable at 13.8500% (Source: RBM).

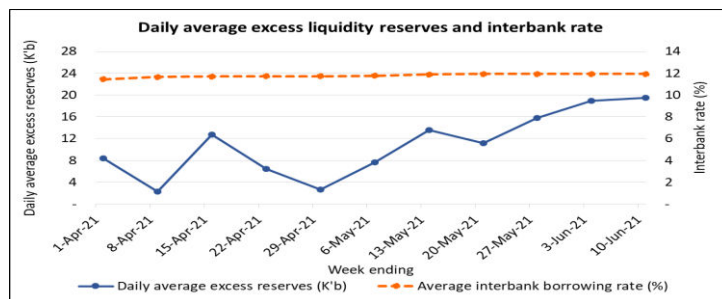


Data source: RBM

Maturities of Government securities and OMO reverse repos for the week amounted to K6.34b and K15.40b, respectively. This resulted in a net withdrawal of K14.67 from the market, compared to a net injection of K102.34b in the previous week (Source: RBM).

## Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K19.48b from K18.92b recorded in the previous week. Daily interbank borrowing averaged K19.50b as compared to K8.70b in the previous week. The average interbank borrowing rate marginally decreased to 11.93% compared to 11.94% in the previous week. Borrowing on the Lombard Facility averaged K17.47b per day, decreasing from an average of K57.55b per day in the previous week. The Lombard rate remains fixed at 12.20% as previously set by the Monetary Policy Committee (Source: RBM).



Data source: RBM

## Foreign exchange market developments

The opening USD/MWK mid-rate increased to K801.5914 on Friday, 11<sup>th</sup> June 2021 from K796.0580 on Friday, 4<sup>th</sup> June 2021, representing a Kwacha depreciation of 0.70%. During the same period, the Kwacha also depreciated against GBP, EUR and ZAR by 1.29%, 1.33% and 0.35%, respectively. The gross official forex reserves were last recorded at USD414.41m (1.66 months of import cover) on 31<sup>st</sup> May 2021 from USD392.01m (1.88 months of import cover) on 30<sup>th</sup> April 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the eighth week, as at 10<sup>th</sup> June 2021, the tobacco market had cumulatively raked in USD96.69m compared to USD75.24m for the corresponding period in 2020 (Source: AHL).

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Stock market				
	11-Jun-21		% Δ	4-Jun-21
MASI	33,855.94	↑	0.01%	33,852.56
DSI	28,328.57	↑	0.004%	28,327.51
FSI	2,294.58	↑	0.11%	2,292.11
Traded volume	48,010,582	↓	-83.27%	286,960,216
Number of trades	72	↓	-48.94%	141
Value of shares traded (K'm)	802.27	↓	-87.21%	6,271.01
Market capitalisation (K'm)	1,841,154.31	↑	0.01%	1,840,967.43
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	32.51	↑	0.03%	32.50
FMBCH	40.85	↑	0.12%	40.80
MPICO	16.01	↑	0.06%	16.00
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	16.39	↓	-0.06%	16.40
Treasury Bill auctions				
Auction date	8-Jun-21		% pts Δ	1-Jun-21
Amount offered - cost value (K'm)	5,050.00	→	0.00%	5,050.00
Applied - cost value (K'm)	6,482.84	↑	170.20%	2,399.29
Allotted - cost value (K'm)	5,604.58	↑	133.59%	2,399.29
Overall rejection rate	13.55%	↓	13.55	0.00%
91 days yield	9.7375%	↓	-0.24%	9.9755%
182 days yield	12.8000%	↑	0.00%	12.7999%
364 days yield	13.8500%	→	0.00%	13.8500%
All-type yield	12.1292%	↓	-0.08%	12.2085%
Treasury Note auctions				
Auction date	1-Jun-21	18-May-21		4-May-21
Tenors	2 years	10 years		
Coupon rate	12.50%	10.00%		15.00%
Amount offered - cost value (K'b)	20.47	21.00		9.95
Total applied - cost value (K'b)	15.19	13.24		3.06
Total allotted - cost value (K'b)	15.17	11.47		3.06
Allotted - weighted average ytm	20.06%	16.51%		22.50%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.51%	18-May-21		TBA
3-year	18.80%	6-Apr-21		29-Jun-21
5-year	20.06%	1-Jun-21		TBA
7-year	20.50%	20-Apr-21		15-Jun-21
10-year	22.50%	4-May-21		TBA
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last coupon rate
15-Jun-21	7	28.86		13.50%
29-Jun-21	3	34.34		11.00%
Projected maturities				
Week ending	11-Jun-21	18-Jun-21		25-Jun-21
TBs, PNs & TNs (K'm)	6,341	6,318		11,912
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	15,402	30,336		0
Reference rate				
	Jun-21		% pts Δ	May-21
Rate	12.20%	↑	0.10	12.10%
Inflation rate				
	Apr-21		% pts Δ	Mar-21
Rate	9.2%	↓	-0.2	9.4%
Cumulative tobacco sales				
Year	10-Jun-21		% Δ	Week 8 as at 12 June 2020
Volume (Kg)	58,785,134.00	↑	18.23%	49,719,875.00
Value (USD)	96,688,639.38	↑	28.51%	75,235,985.87
Average price (USD/Kg)	1.64	↑	8.61%	1.51
Opening mid exchange rates				
	11-Jun-21		% Δ	4-Jun-21
USD	801.5914	↓	0.70%	796.0580
GBP	1136.3360	↓	1.29%	1121.8845
EUR	976.6590	↓	1.33%	963.8670
ZAR	59.1297	↓	0.35%	58.9223
Gross official foreign exchange reserves position				
	31-May-21	30-Apr-21		31-Mar-21
Reserves (USD'm)	414.41	392.01		410.16
Import cover (months)	1.66*	1.88		1.96

\* 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.

Data sources: MSE, RBM, NSO, AHL

## COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 34,470 as at 11<sup>th</sup> June 2021, out of which 371 were reported to be still active. Daily new locally transmitted and imported infections of COVID-23 were reported to be 6 cases. So far, 32,709 people have recovered while 1,158 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to a total of 368,465 and 5,803 people, respectively (Source: Ministry of Health). Administration of the second dose began on 4<sup>th</sup> June 2021. Globally, total confirmed cases of COVID-19 amounted to 175.34m, with recoveries of more than 159.18m and 3.79m deaths as at 11<sup>th</sup> June 2021 (Source: Johns Hopkins University & Medicine).