

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).

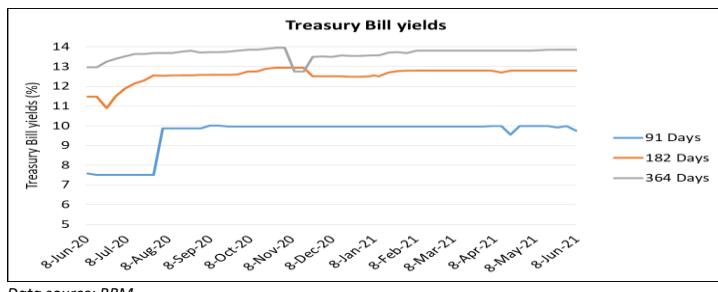
Corporate news

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 30th June 2021 is expected to be at least 34% higher than was reported for the half year ended 30th June 2020.

Government securities

Government raised K5.60b during the week's auction for Treasury Bills (TBs) compared to K2.40b raised 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).

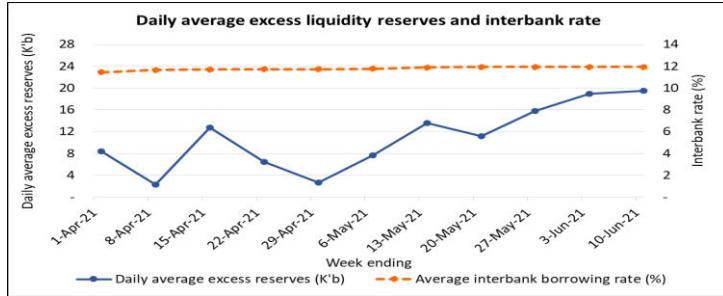


Data source: RBM

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, 11th June 2021 from K796.0580 on Friday, 4th 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 31st May 2021 from USD392.01m (1.88 months of import cover) on 30th April 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the eighth week, as at 10th 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 | 5 years | 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 | | | |
| Rate | Jun-21 | % pts Δ | May-21 |
| | 12.20% | 0.10 | 12.10% |
| Inflation rate | | | |
| Rate | Apr-21 | % pts Δ | Mar-21 |
| | 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 | | | |
| USD | 11-Jun-21 | % Δ | 4-Jun-21 |
| | 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 11th 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 4th 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 11th June 2021 (Source: Johns Hopkins University & Medicine).