

Malawi Stock Exchange (MSE) trading activity

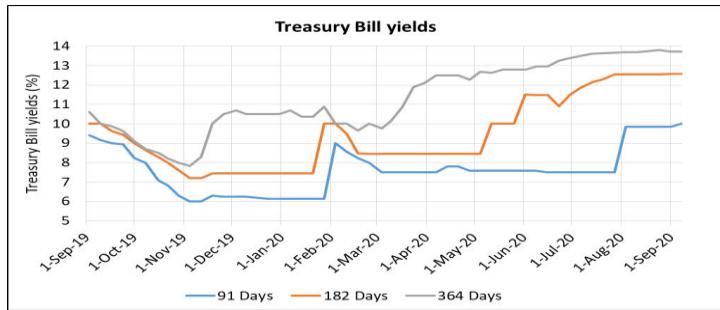
The Malawi All Share Index (MASI) lost by 0.19% to close the week at 31,511.91 points from 31,571.31 points in the previous week due to share price losses in FDHB, ICON, PCL and TNM which offset a share price gain in AIRTEL. The market traded 16,128,669 shares at a consideration of K296.73m in 35 trades compared to 3,860,767 shares traded during the previous week at a consideration of K74.96m in 61 trades. This represents an increase of 317.76% in traded volume and 295.85% in traded value. The year-to-date return on MASI stands at 4.16% compared to 1.09% in the same period in 2019 (Source: MSE).

Corporate news

- PCL reported a profit after tax of K12.69b for the half year ended 30th June 2020 representing a 14% increase from K11.17b reported the corresponding period for 2019. Revenue for the period dropped by 1% to K103.65b. However, operating costs were lower than in 2019, leading to the higher than projected PAT (Source: MSE).
- NICO reported a half year profit after tax of K7.64b, 5% higher than the K7.29b reported for the same period in 2019. The group's profitability was driven by performance of the banking and asset management businesses which offset lower performance in general and life insurance as well as pension businesses (Source: MSE).

Government securities

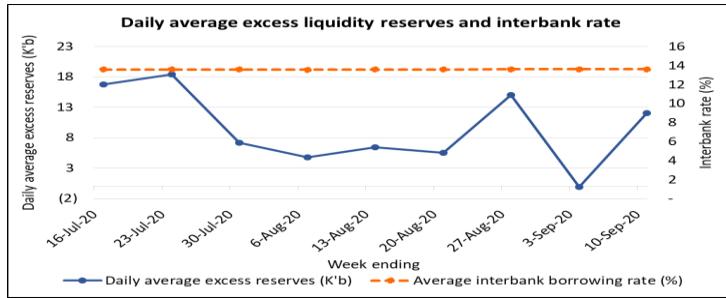
Government raised K2.37b during the week's auction for Treasury Bills (TBs) compared to K8.08b raised in the previous week. The auction registered a rejection rate of 25.57%. The all-type average TB yield slightly increased to 12.10% from 12.04% in the previous week due to marginal increases in the 91-day, 182-day and 364-day yields to 10.00%, 12.58% and 13.72%, respectively, from 9.85%, 12.57% and 13.71% in the previous week (Source: RBM).



During the week, Government also raised K41.35b in a 3-year TN auction at an average yield to maturity of 18.02%. The auction registered a 5% rejection. Maturities of Government securities for the week amounted to K3.97b, leading to a net withdrawal of K39.75b from the market compared to a net injection of K16.68b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K12.05b from a negative of K0.08b recorded in the previous week. Average borrowing on the interbank market decreased to K9.96b per day from K12.86b per day in the previous week. However, the average interbank borrowing rate was stable at 13.60%. Borrowing on the Lombard Facility increased to an average of K39.13b per day during the week from K31.53b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).


Foreign exchange market developments

The Kwacha depreciated by 0.15% against USD to close the week at K749.88 per USD from K748.77 per USD at the end of the previous week. The Kwacha also depreciated against EUR by 0.11%. It, however, appreciated against GBP by 3.26% and ZAR by 0.14%. Gross official forex reserves were last recorded at USD642.86m (3.08 months of import cover) on 31st August 2020, a decrease of 1.31% from USD651.41m (3.12 months of import cover) on 31st July 2020 (Source: RBM). The tobacco selling season closed on 28th August 2020 after 19 weeks. This year the country's main export commodity has raked in USD174.52m compared to USD237.05m in 2019, representing a decrease in value of 26.38%. Tobacco sales volumes have amounted to 113.85m kg, lower than 165.61m kg as at the close of the 2019 season. However, average prices have been higher for 2020 (K1.53/kg) compared to 2019 (K1.43/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			
	11-Sep-20	% Δ	4-Sep-20
MASI	31,511.91	↓ -0.19%	31,571.31
DSI	26,895.56	↓ -0.20%	26,948.42
FSI	1,460.99	➡ 0.00%	1,460.99
Traded volume	16,128,669	➡ 317.76%	3,860,767
Number of trades	35	↓ -42.62%	61
Value of shares traded (K'm)	296.73	➡ 295.85%	74.96
Market capitalisation (K'm)	1,711,923.31	↓ -0.19%	1,715,106.24
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	28.73	↑ 0.81%	28.50
Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	12.80	↓ -0.70%	12.89
ICON	12.68	↓ -0.08%	12.69
PCL	1344.95	↓ -0.003%	1344.99
TNM	21.00	↓ -2.33%	21.50
Treasury Bill auctions			
Auction date	8-Sep-20	% pts Δ	1-Sep-20
Amount offered - cost value (K'm)	8,081.00	➡ 0.00%	8,081.00
Applied - cost value (K'm)	3,180.52	↓ -77.39%	14,069.77
Allotted - cost value (K'm)	2,367.21	↓ -70.71%	8,082.89
Overall rejection rate	25.57%	↓ -16.98%	42.55%
91 days yield	10.00%	↑ 1.46%	9.85%
182 days yield	12.58%	↑ 0.11%	12.57%
364 days yield	13.72%	↑ 0.06%	13.71%
All-type yield	12.10%	↑ 0.46%	12.04%
Treasury Note auctions			
Auction date	8-Sep-20	18-Aug-20	4-Aug-20
Tenors	3 years	7 years	2 years
Coupon rate	11.00%	13.50%	10.00%
Amount offered - cost value (K'b)	49.73	25.07	40.88
Total applied - cost value (K'b)	43.55	46.32	28.78
Total allotted - cost value (K'b)	41.35	25.07	21.58
Allotted - weighted average ytm	18.02%	20.75%	16.46%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2- year	16.46%	4-Aug-20	tba
3-year	18.02%	8-Sep-20	tba
5-year	19.82%	21-Jul-20	tba
7-year	20.75%	18-Aug-20	tba
10-year	21.70%	21-Apr-20	15-Sep-20
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Coupon rate
15-Sep-20	10	13.81	15.00%
Projected maturities			
Week ending	11-Sep-20	18-Sep-20	25-Sep-20
TBs, PN's & TNs (K'm)	3,967	7,173	105,981
OMO (K'm)	0	0	0
Reference rate			
Sep-20	% pts Δ	Aug-20	
Rate	13.60%	↑ 0.20	13.40%
Inflation rate			
Jul-20	% pts Δ	Jun-20	
Rate	8.0%	↓ -0.5	8.5%
Cummulative tobacco sales (end of season)			
Year	2020	% Δ	2019
Volume (Kg)	113,846,927.00	↓ -31.26%	165,611,368.00
Value (USD)	174,519,328.36	↓ -26.38%	237,050,199.67
Average price (USD/Kg)	1.53	↑ 6.99%	1.43
Indicative opening mid exchange rates			
11-Sep-20	% Δ	4-Sep-20	
USD	749.8773	↓ 0.15%	748.7652
GBP	961.2677	↑ -3.26%	993.6863
EUR	887.2548	↓ 0.11%	886.2385
ZAR	44.5412	↑ -0.14%	44.6033
Gross official foreign exchange reserves position			
31-Aug-20	31-Jul-20	30-Jun-20	
Reserves (USD'm)	642.86	651.41	682.66
Import cover (months)	3.08	3.12	3.27

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Total confirmed cases of COVID-19 in Malawi stood at 5,690 as at 13th September 2020 from 5,593 as at 4th September 2020. The country has been registering a decrease in new infections in recent weeks. So far, 3,731 have recovered while 177 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 29.01m, with more than 19.63m recoveries and 924k deaths as at 13th September 2020 (Source: Johns Hopkins University and Medicine). Countries across the world continue to ease restrictions as the curve of new infections flattens. In Malawi, schools and boarders have started reopening in phases beginning 7th September 2020.