

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 1.10% to close the week at 29,534.73 points from 29,213.70 points recorded in the previous week due to share price gains in ICON, NBS, NITL and STANDARD. There were no price movements in the rest of the companies registered on the MSE. A total of 12,830,756 shares were traded at a consideration of K622.46m in 58 trades compared to 5,714,833 shares traded in the previous week at a consideration of K72.30m in 18 trades. This represents a more than double increase in traded volume and a more than sevenfold increase in traded value. The year-to-date return on the MASI stands at 1.90% compared to 29.26% recorded for the corresponding period in 2018 (Source: MSE).

Corporate news

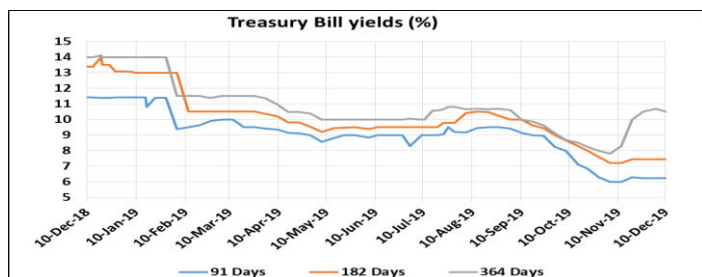
National Bank of Malawi Plc (NBM) is prospecting to acquire a controlling stake in a financial institution outside Malawi, the outcome of which may affect NBM's share price on MSE (Source: NBM, MSE).

MyBucks Banking Corporation Ltd is acquiring 100% of Nedbank Malawi Ltd. The transaction is expected to be completed in the first quarter of 2020 (Source: MyBucks, The Nation).

Airtel Malawi Ltd, a telecommunications company, announced its plans to list on MSE. The date of listing has not yet been established (Source: Airtel).

Government securities

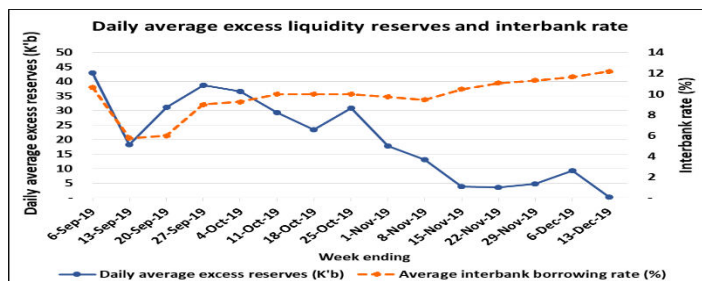
Government raised the planned amount of K2.07b from the Treasury Bill (TB) auction held on 10th December 2019, against total applications of K4.15b. This represents a rejection rate of 50.18%. There was no auction for Treasury Notes (TN) during the week. There were also no open market operations (OMOs). Maturities for the week amounted to K7.58b, resulting in a net injection of K5.51b into the market compared to a net withdrawal of K19.59b in the previous week. The all-type average TB yield decreased to 8.07% from 8.13% in the preceding week due to a decrease in the 364-day yield to 10.50% from 10.69% while the 91-day and 182-day yields were stable at 6.24% and 7.46%, respectively (Source: RBM).



(Source: RBM)

Interbank market activity

Excess liquidity reserves decreased to an average of K0.28b per day from K9.32b per day recorded in the previous week. Consequently, borrowing on the interbank market increased to an average of K14.50b per day from K10.41b per day in the previous week and the average interbank borrowing rate increased to 12.19% from 11.66%. Borrowing on the Lombard Facility also increased to an average of K40.54b per day from K21.01b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



(Source: RBM)

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Stock market				
	13-Dec-19		% Δ	6-Dec-19
MASI	29,534.73	↑	1.10%	29,213.70
DSI	22,952.44	↑	1.28%	22,662.80
FSI	4,024.86	→	0.00%	4,024.86
Traded volume	12,830,756	↑	124.52%	5,714,833
Number of trades	58	↑	222.22%	18
Value of shares traded (K'm)	622.46	↑	760.92%	72.30
Market capitalisation (K'm)	1,395,362.03	↑	1.08%	1,380,481.93
Gainers	Current price (K)		% Δ	Previous price (K)
ICON	10.50	↑	0.10%	10.49
NBS	12.52	↑	0.16%	12.50
NITL	80.00	↑	6.67%	75.00
STANDARD	730.00	↑	8.96%	670.00
Losers	Current price (K)		% Δ	Previous price (K)
None				
Projected maturities				
Week ending	6-Dec-19	13-Dec-19		Dec-19
TBs, PNs & TNs (K'm)	9,336	7,581		36,085
OMO (K'm)	0	0		7,493
Treasury Note auctions				
Date	4-Dec-19	19-Nov-19		5-Nov-19
Tenor	5 Years	10 Years		3 Years
Coupon rate	10.50%	15.50%		9.00%
Amount offered - cost value (K'b)	22.86	12.63		30.87
Applied for - face value (K'b)	42.50	16.64		72.94
Allotted- face value (K'b)	26.49	13.47		32.24
Allotted - cost value (K'b)	22.86	12.63		30.87
Allotted - weighted average ytm	14.45%	17.47%		10.70%
Treasury Bill auctions				
Auction date	10-Dec-19		% pts Δ	4-Dec-19
Amount offered -cost value (K'm)	2,067.00	↓	-65.93%	6,067.00
Applied - cost value (K'm)	4,148.16	↓	-65.89%	12,162.78
Allotted - cost value (K'm)	2,066.64	↓	-65.93%	6,066.53
Overall rejection rate	50.18%	↑	0.06	50.12%
91 days yield	6.24%	↓	0.00	6.24%
182 days yield	7.46%	→	0.00	7.46%
364 days yield	10.50%	↓	-0.19	10.69%
All-type yield	8.07%	↓	-0.06	8.13%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	10.12%	8-Oct-19		17-Dec-19
3-year	10.70%	5-Nov-19		21-Jan-20
5-year	14.45%	4-Dec-19		18-Feb-20
7-year	13.73%	24-Oct-19		7-Jan-20
10-year	17.47%	19-Nov-19		4-Feb-20
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last coupon rate
17-Dec-19	2	36.79		8.00%
7-Jan-20	7	24.35		14.00%
21-Jan-20	3	29.37		9.00%
4-Feb-20	10	8.13		15.50%
18-Feb-20	5	31.36		10.00%
Reference rate				
	Dec-19		% pts Δ	Nov-19
Rate	12.50%	↑	0.20	12.30%
Inflation				
	Oct-19		% pts Δ	Sep-19
Rate	9.60%	↑	0.40	9.20%
RBM indicative mid exchange rates				
	13-Dec-19		% Δ	6-Dec-19
USD	736.4016	↓	0.01%	736.3183
GBP	992.0802	↓	2.42%	968.6267
ZAR	50.9388	↓	1.22%	50.3249
EUR	822.7079	↓	0.60%	817.8287
Gross official foreign exchange reserves position				
	30-Sep-19	30-Aug-19		31-Jul-19
Reserves (USD'm)	656.04	705.68		704.14
Import cover (months)	3.14	3.37		3.37

(Sources: MSE, RBM, NSO)

Foreign exchange market developments

The Kwacha depreciated against all the major trading currencies during the week. The indicative USD/MWK middle rate marginally increased to 736.4016 as at the close of the week from 736.3183 in the previous week. Gross official foreign exchange reserves amounted to USD656.04m (3.14 months of import cover) as at 30th September 2019, representing a decrease from USD705.68m (3.37 months of import cover) recorded on 30th August 2019 (Source: RBM).