

Malawi Stock Exchange (MSE) trading activity

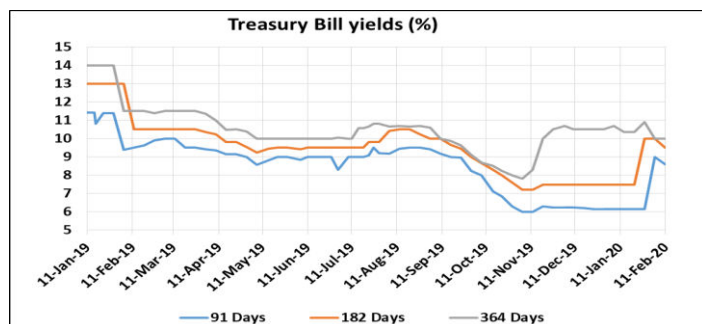
The Malawi All Share Index (MASI) lost by 2.34% to close the week at 28,328.66 points from 29,006.21 points recorded in the previous week due to share price losses in FMBCH, ICON, ILLOVO, MPICO and NBS which outweighed a marginal share price gain in NITL. There were no price movements in the rest of the companies registered on the MSE. A total of 1,824,932 shares were traded at a consideration of K53.68m in 51 trades compared to 4,814,228 shares traded at a consideration of K108.46m in 73 trades in the previous week. The year-to-date return on the MASI stands at -6.36% compared to -1.29% in a corresponding period in 2019 (Source: MSE).

Corporate news

Airtel Malawi Plc announced results of its Initial Public Offering which opened on 27th December 2019 and closed on 31st January 2020. All the 2.2 billion shares offered (representing 20% of the company's shareholding) were fully subscribed by Malawians. Airtel will be subsequently listed on MSE on 24th February 2020 (Source: Airtel).

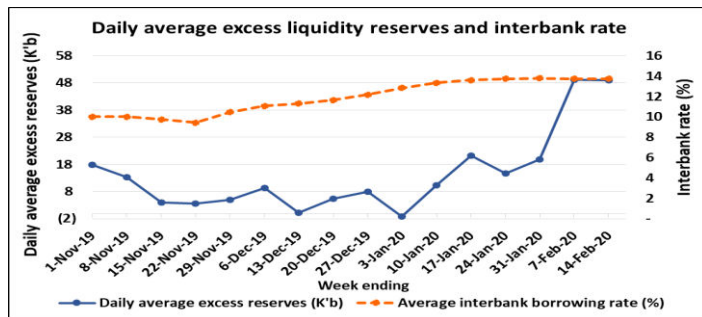
Government securities

Government raised K8.41b from an auction for Treasury Bills (TB) during the week compared to K5.41b raised in the previous week. There was no auction for Treasury Notes (TNs) during the week. The all-type average TB yield decreased to 9.36% from 9.67% in the previous week as the 91-day and 182-day yields decreased to 8.58% and 9.50%, respectively, from 9.00% and 10.00% in the previous week, while the 364-day yield was constant at 10.00%. Maturities for the week amounted to K17.13b, resulting in a net injection of K8.72b into the market compared to a net withdrawal of K1.76b in the previous week (Source: RBM).



Interbank market activity

Liquidity levels slightly decreased in the market during the week, with daily excess reserves averaging K48.96b from an average of K49.13b in the previous week. Consequently, borrowing on the interbank market increased to an average of K6.70b per day from K5.40b per day in the previous week and the average interbank borrowing rate increased to 13.33% from 13.29%. Borrowing on the Lombard Facility increased to an average of K11.63b per day from K11.21b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



Stock market			
	14-Jan-20	% Δ	7-Jan-20
MASI	28,328.66	↓ -2.34%	29,006.21
DSI	22,762.42	↓ -0.73%	22,930.34
FSI	3,046.35	↓ -13.69%	3,529.41
Traded volume	1,824,932	↓ -62.09%	4,814,228
Number of trades	51	↓ -30.14%	73
Value of shares traded (K'm)	53.68	↓ -50.51%	108.46
Market capitalisation (K'm)	1,337,588.88	↓ -2.38%	1,370,184.10
Gainers			
NITL	80.01	↑ 0.01%	80.00
Losers			
FMBCH	55.25	↓ -15.00%	65.00
ICON	10.48	↓ -0.10%	10.49
ILLOVO	130.05	↓ -7.11%	140.00
MPICO	21.99	↓ -2.27%	22.50
NBS	15.90	↑ -0.62%	16.00
Projected maturities			
	14-Feb-20	21-Feb-20	Feb-20
TBs, PNs & TNs (K'm)	17,130	3,515	35,761
OMO (K'm)	0	0	25,672
Treasury Note auctions			
	4-Feb-20	21-Jan-20	7-Jan-20
Tenor	10 Years	3 Years	7 Years
Coupon rate	15.50%	9.00%	11.50%
Amount offered - cost value (K'b)	8.13	29.37	24.35
Applied for - face value (K'b)	0.00	35.77	16.24
Allotted - face value (K'b)	0.00	22.07	16.24
Allotted - cost value (K'b)	0.00	20.34	12.48
Allotted - weighted average ytm		13.27%	17.36%
Treasury Bill auctions			
	11-Feb-20	% pts Δ	4-Feb-20
Auction date	11-Feb-20		4-Feb-20
Amount offered - cost value (K'm)	8,415.00	↑ 55.40%	5,415.00
Applied - cost value (K'm)	35,393.33	↑ 36.07%	26,010.59
Allotted - cost value (K'm)	8,414.57	↑ 55.40%	5,414.82
Overall rejection rate	76.23%	↓ -2.96	79.18%
91 days yield	8.58%	↓ -0.42	9.00%
182 days yield	9.50%	↓ -0.50	10.00%
364 days yield	10.00%	↓ 0.00	10.00%
All-type yield	9.36%	↓ -0.31	9.67%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	12.27%	17-Dec-19	TBA
3-year	13.27%	21-Jan-20	TBA
5-year	14.45%	4-Dec-19	18-Feb-20
7-year	17.36%	7-Jan-20	TBA
10-year	17.47%	4-Feb-20	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
18-Feb-20	5	31.36	10.00%
Reference rate			
	Feb-20	% pts Δ	Jan-20
Rate	13.40%	↑ 0.30	13.10%
Inflation rate			
	Dec-19	% pts Δ	Nov-19
Rate	11.5%	↑ 1.1	10.4%
RBM indicative mid exchange rates			
	14-Feb-20	% Δ	7-Feb-20
USD	736.5198	↓ 0.00%	736.5198
GBP	960.7164	↓ 0.82%	952.9093
ZAR	49.4256	↓ 0.08%	49.3841
EUR	798.0192	↑ -1.33%	808.7724
Gross official foreign exchange reserves position			
	31-Dec-19	30-Nov-19	31-Oct-19
Reserves (USD'm)	846.55	603.82	601.80
Import cover (months)	4.05	2.89	2.88

(Sources: MSE, RBM, NSO)

Foreign exchange market developments

The Kwacha was stable at K736.5198 per dollar during the week, appreciated by 1.33% against EUR and depreciated by 0.82% and 0.08% against GBP and ZAR, respectively. Gross official foreign exchange reserves were last recorded at USD846.55m (4.05 months of import cover) on 31st December 2019, an increase from USD603.82m (2.89 months of import cover) recorded on 30th November 2019 (Source: RBM).

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