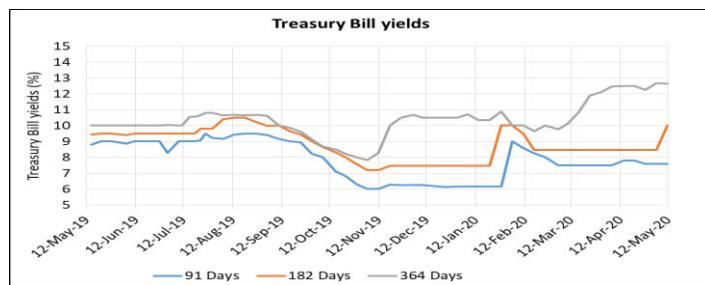


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by a marginal 0.002% to close the week at 28,502.17 points from 28,501.69 points registered in the previous week on account of a marginal share price gain in NBS which offset a minimal share price loss in NBM. A total of 748,771 shares switched hands at a consideration of K109.17m compared to 39,347,923 shares traded at a consideration of K926.19m in the previous week. This represents a 98.10% drop in traded volume and an 88.21% drop in traded value. The year-to-date return on MASI stands at -5.78% compared to -2.99% in the corresponding period in 2019 (Source: MSE).

Government securities

Government raised K3.22b during the week's auction for Treasury Bills (TB). The auction registered a rejection rate of 66.08% as Government stuck to its plan to raise only K3.22b through the auction. In the previous week, K2.58b was raised against an offer for subscription of K219.00m. The all-type average TB yield increased to 10.07% from 9.57% in the previous week due an increase in the 182-day yield to 10.00% from 8.46%. The 91-day yield was stable at 7.58% while the 364-day yield marginally dropped to 12.64%.

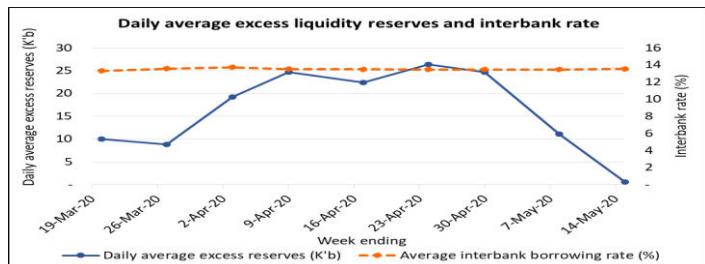


Source: RBM

Maturities of Government securities for the week amounted to K11.02b, thereby resulting in a net injection of K7.80b into the market compared to a net withdrawal of K36.50b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels significantly decreased during the week. The average daily excess reserves decreased to K0.60b from K11.06b recorded in the previous week. Borrowing on the interbank market decreased to an average of K5.0b per day from K7.30b per day in the previous week. The average interbank borrowing rate increased to 13.53% from 13.46% the previous week. Borrowing on the Lombard Facility increased to an average of K24.08b per day from K16.74b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).


Foreign exchange market developments

The Kwacha was steady at K736.5641 against USD during the week. The Kwacha, however, appreciated against GBP and EUR by 1.53% and 0.35% respectively while depreciating against ZAR by 0.49%. Gross official foreign exchange reserves were last recorded at USD730.17m (3.49 months of import cover) on 31st March 2020, down from USD785.31m (3.76 months of import cover) recorded on 29th February 2020 (Source: RBM). In the third week of 2020 marketing season, the tobacco market raked in USD17.92m compared to USD18.08m for the same period in 2019 (Source: AHL).

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CDH House, 5 independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826

Stock market			
15-May-20	% Δ	0.002%	28,501.69
MASI	28,502.17	↑	28,501.69
DSI	23,780.94	↑	23,780.51
FSI	1,993.51	➡	1,993.51
Traded volume	748,771	⬇	98.10%
Number of trades	42	⬇	58.82%
Value of shares traded (K'm)	109.17	⬇	88.21%
Market capitalisation (K'm)	1,483,384.12	↑	1,483,359.68
Gainers	Closing price (K)	% Δ	Opening price (K)
NBS	17.50	↑	17.49
Losers	Closing price (K)	% Δ	Opening price (K)
NBM	550.00	⬇	550.01
Treasury Bill auctions			
Auction date	12-May-20	% pts Δ	5-May-20
Amount offered - cost value (K'm)	3,219.00	↑	219.00
Applied - cost value (K'm)	9,488.37	↑	2,578.27
Allotted - cost value (K'm)	3,218.52	↑	2,578.27
Overall rejection rate	66.08%	↑	0.00%
91 days yield	7.58%	⬇	7.58%
182 days yield	10.00%	↑	8.46%
364 days yield	12.64%	↑	12.69%
All-type yield	10.07%	↑	9.57%
Treasury Note auctions			
Date	5-May-20	21-Apr-20	14-Apr-20
Tenor	5 Years	10 Years	5 Years
Coupon rate	12.50%	15.00%	12.50%
Amount offered - cost value (K'b)	44.11	8.86	21.00
Applied - cost value (K'b)	41.46	11.62	25.51
Allotted - cost value (K'b)	41.46	4.36	21.00
Allotted - weighted average ytm	18.47%	21.70%	17.73%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2- year	12.38%	10-Mar-20	19-May-20
3-year	14.50%	07-Apr-20	16-Jun-20
5-year	18.47%	05-May-20	TBA
7-year	19.08%	24-Mar-20	02-Jun-20
10-year	21.70%	21-Apr-20	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
19-May-20	2	34.09	10.00%
02-Jun-20	7	20.07	13.50%
16-Jun-20	3	27.48	11.00%
Projected maturities			
Week ending	15-May-20	22-May-20	29-May-20
TBs, PNs & TNS (K'm)	11,021	5,478	3,417
OMO (K'm)	0	0	0
Reference rate			
May-20	% pts Δ	Apr-20	
Rate	13.30%	0.10	13.20%
Inflation rate			
Mar-20	% pts Δ	Feb-20	
Rate	9.8%	-1.2	11.0%
Cumulative Tobacco sales (Week)			
Year	2020	%Δ	2019
Volume (Kg)	11,599,285	⬇	13,512,267
Value (USD)	17,918,572	⬇	18,082,248
Average price (USD/ Kg)	1.54	↑	1.34
Indicative opening mid exchange rates			
15-May-20	% Δ	8-May-20	
USD	736.5641	➡	736.5641
GBP	898.9765	↑	912.9712
EUR	795.7102	↑	798.5091
ZAR	39.9378	⬇	39.7445
Gross official foreign exchange reserves position			
31-Mar-20	29-Feb-20	31-Jan-20	
Reserves (USD'm)	730.17	785.31	786.71
Import cover (months)	3.49	3.76	3.76

(Sources: MSE, RBM, NSO)

COVID-19 update

As at 15th May 2020, Malawi had registered 63 cases of Coronavirus disease (COVID-19). Of these, 24 have recovered and 3 have died. Globally, as at the same date, there were more than 4.5m confirmed cases of COVID-19 worldwide with more than 1.29m recoveries and 305k deaths (Source: Johns Hopkins University and Medicine). Countries across the world continue to slowly ease some restrictions as the world curve of new infections flattens. Efforts are mounting towards economic recovery.