

**Malawi Stock Exchange (MSE) trading activity**

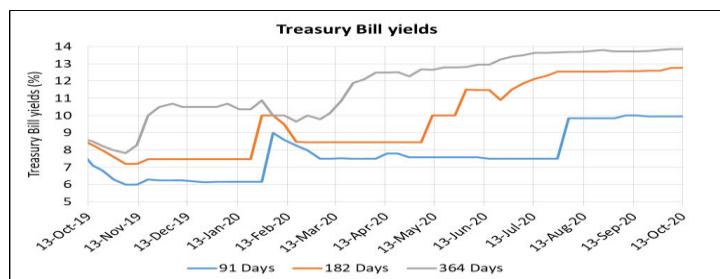
The Malawi All Share Index (MASI) lost by 0.20% to close the week at 31,339.53 points from 31,401.87 points in the previous week due to share price losses in FMBCH (4.35%) and TNM (0.49%). There were no price changes in the rest of the counters. The market traded a total of 1,682,543 shares at a consideration of K48.74m in 31 trades. A total of 2,144,720 shares were traded in the previous week at a consideration of K86.57m in 48 trades. This represents decreases of 21.55% and 43.70% in traded volume and value, respectively. The year-to-date return on MASI stands at 3.59% compared to 2.52% for the same period in 2019 (Source: MSE).

**News**

- Sunbird Tourism Plc announced the appointment of Dr. George Partridge as Chairman of its Board of Directors following the retirement of Mr Phillip Madinga. Dr. Partridge is a well experienced business executive who is currently the Group CEO of Press Corporation Plc. He has served on several private and public sector boards and is currently Chairman of the boards of Malawian Airlines, National Bank of Malawi Plc and Telecom Networks Malawi Plc. He holds a BSoc (Econ), MSc (Finance), FCCA and CA-(M) (Source: MSE).
- On 14<sup>th</sup> October 2020, the Malawi Parliament passed the K2.2 trillion 2020/2021 national budget with minor amendments to some votes. The budget comprises recurrent expenditure of K1.679 trillion and development expenditure of K511.2 billion. The fiscal deficit is projected at K754.8 billion to be financed by foreign borrowing of K224.8 billion and domestic borrowing of K530.1 billion.

**Government securities**

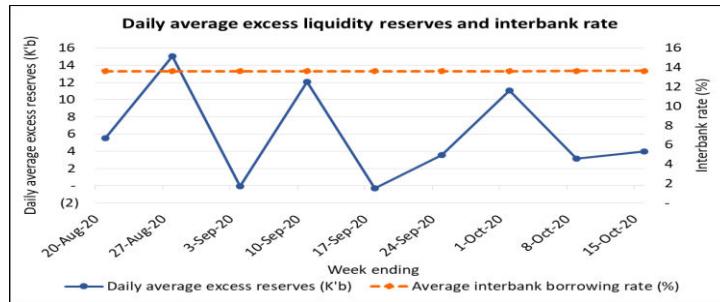
Government raised K1.96b during the week's auction for Treasury Bills (TBs) compared to K1.75b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield was stable at 12.18% as the 91-day, 182-day and 364-day yields were all stable at 9.95%, 12.75% and 13.85%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K6.30b, resulting in a net injection of K4.34b into the market compared to a net withdrawal of K8.40b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves increased to K3.99b from K3.18b recorded in the previous week. Consequently, average interbank borrowing decreased to K6.01b per day from K8.30b per day in the previous week. The average interbank borrowing rate marginally increased to 13.63% from 13.62%. Borrowing on the Lombard Facility increased to an average of K37.22b per day during the week from K31.01b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).


**Foreign exchange market developments**

The Kwacha depreciated by 0.13% to close the week at K753.3557 per USD from K752.3635 the previous week. However, it appreciated against GBP, EUR and ZAR by 0.28%, 0.45% and 0.49%, respectively. Gross official forex reserves were last recorded at USD546.99m (2.62 months of import cover) on 30<sup>th</sup> September 2020, representing a decrease of 14.91% from USD642.86m (3.08 months of import cover) on 31<sup>st</sup> August 2020 (Source: RBM).

**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			
	16-Oct-20	% Δ	9-Oct-20
MASI	31,339.53	↓ -0.20%	31,401.87
DSI	26,819.77	↓ -0.06%	26,836.44
FSI	1,361.90	↓ -3.51%	1,411.44
Traded volume	1,682,543	↓ -21.55%	2,144,720
Number of trades	31	↓ -35.42%	48
Value of shares traded (K'm)	48.74	↓ -43.70%	86.57
Market capitalisation (K'm)	1,702,442.58	↓ -0.20%	1,705,904.87
Gainers	Closing price (K)	% Δ	Opening price (K)
None			
Losers	Closing price (K)	% Δ	Opening price (K)
FMBCH	22.00	↓ -4.35%	23.00
TNM	20.39	↓ -0.49%	20.49
Treasury Bill auctions			
Auction date	13-Oct-20	% pts Δ	6-Oct-20
Amount offered - cost value (K'm)	8,179.00	↑ 0.00%	8,179.00
Applied - cost value (K'm)	1,962.89	↑ 12.05%	1,751.76
Allotted - cost value (K'm)	1,962.89	↑ 12.05%	1,751.76
Overall rejection rate	0.00%	↑ 0.00%	0.00%
91 days yield	9.95%	↑ 0.00%	9.95%
182 days yield	12.75%	↑ 0.00%	12.75%
364 days yield	13.85%	↓ -0.03%	13.85%
All-type yield	12.18%	↓ -0.01%	12.18%
Treasury Note auctions			
Auction date	6-Oct-20	15-Sep-20	8-Sep-20
Tenors	3 years	10 years	3 years
Coupon rate	11.00%	15.00%	11.00%
Amount offered - cost value (K'b)	35.74	13.81	49.73
Total applied - cost value (K'b)	13.03	14.24	43.55
Total allotted - cost value (K'b)	12.20	11.46	41.35
Allotted - weighted average ytm	18.47%	22.14%	18.02%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.46%	4-Aug-20	tba
3-year	18.47%	6-Oct-20	tba
5-year	19.82%	21-Jul-20	20-Oct-20
7-year	20.75%	18-Aug-20	tba
10-year	22.14%	15-Sep-20	tba
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Previous coupon rate
20-Oct-20	5	20.25	12.50%
Projected maturities			
Week ending	16-Oct-20	23-Oct-20	30-Oct-20
TBs, PNs & TNs (K'm)	6,297	7,441	13,897
OMO (K'm)	0	0	0
Reference rate			
Rate	Sep-20	% pts Δ	Aug-20
	13.60%	↑ 0.20	13.40%
Inflation rate			
Rate	Aug-20	% pts Δ	Jul-20
	7.6%	↓ -0.4	8.0%
Indicative opening mid exchange rates			
	16-Oct-20	% Δ	9-Oct-20
USD	753.3557	↓ 0.13%	752.3635
GBP	970.9248	↑ -0.28%	973.6336
EUR	881.6522	↑ -0.45%	885.6071
ZAR	45.2580	↑ -0.49%	45.4801
Gross official foreign exchange reserves position			
	30-Sep-20	31-Aug-20	31-Jul-20
Reserves (USD'm)	546.99	642.86	651.41
Import cover (months)	2.62	3.08	3.12

Sources: MSE, RBM, NSO, AHL

**COVID-19 update**

Cumulative confirmed COVID-19 cases in Malawi stood at 5,836 as at 16<sup>th</sup> October 2020. The country continues to register low levels of daily new infections. Consequently, the economy continues to open up gradually. So far, 4,728 people have recovered while 181 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 39.10m, with more than 26.96m recoveries and 1.10m deaths as at 16<sup>th</sup> October 2020 (Source: Johns Hopkins University and Medicine). While most countries across the world continue to ease restrictions due to a decrease in daily new infections, countries in the EURO Zone have been reinstating some measures as the region has been registering a daily rise in new infections recently.