

COVID-19 update

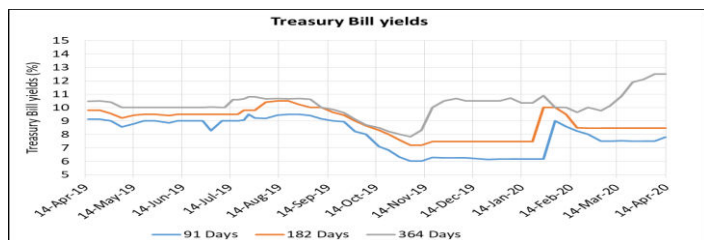
Malawi registered 1 new case of Coronavirus disease (COVID-19) during the week, bringing the total number of confirmed cases in the country to 17 as at 19th April 2020, of which 3 have recovered and 2 have died. On 14th April 2020 the Government announced that Malawi would go into a 21-day lockdown from Saturday, 18th April 2020 to 9th May 2020. However, on 17th April 2020 the Human Rights Defenders Coalition (HRDC) obtained an injunction from the High Court against the lockdown until an inter-parte hearing is heard in seven days from the day the injunction was granted. Globally, the total number of confirmed COVID-19 cases reached 2,382,064 as at 19th April 2020, with more than 611,791 recoveries and 165,636 deaths (Source: Johns Hopkins University). The number of new infections per day has started to decline in some heavily affected countries and some countries have started to slowly ease some restrictions.

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) marginally lost by 0.01% to close the week at 29,062.81 points from 29,064.79 points recorded in the previous week due to marginal share price losses in NITL and TNM. The rest of the listed companies registered no share price movement. A total of 3,972,191 shares were traded at a consideration of K969.57m in 38 trades compared to 270,411 shares traded at a consideration of K31.88m in 22 trades in the previous week. The year-to-date return on MASI stands at -3.93% compared to -6.71% in the corresponding period in 2019 (Source: MSE).

Government securities

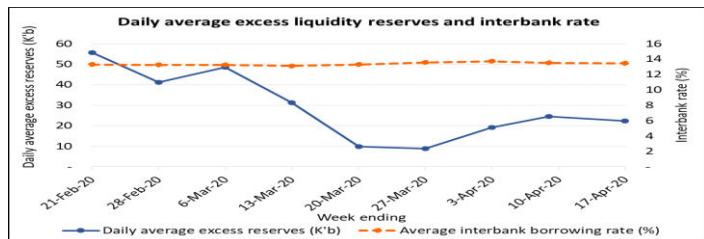
Government raised K1.56b during the week's auction for Treasury Bills (TB) against an offered amount of K6.30b. The auction registered a rejection rate of 36.27%. In the previous week, K6.87b was raised against an offer for subscription of K12.30b. The all-type average TB yield increased to 9.59% from 9.48% in the previous week due to an increase in the 91-day yield to 7.81% from 7.50% and an increase in the 364-day yield to 12.50% from 12.48% while the 182-day yield was stable at 8.46%, respectively (Source: RBM).



During the week, there was also an auction for a 5 year Development bond. A total of K21.00b was raised during the auction, against an offer for subscription of the same amount. This brings the total amount raised through auctions of Government securities during the week to K22.56b. Maturities of Government securities for the week amounted to K5.64b, resulting in a net withdrawal of K16.92b from the market (Source: RBM).

Market liquidity and interbank market activity

Liquidity conditions slightly decreased during the week – average daily excess reserves decreased to K22.42b compared to K24.65b recorded in the previous week. Borrowing on the interbank market decreased to an average of K12.55b per day from K13.33b per day in the previous week and the average interbank borrowing rate decreased to 13.47% from 13.51%. Borrowing on the Lombard Facility increased to an average of K24.78b per day from K11.55b per day in the preceding week. The Lombard rate was constant at 13.70% (Source: RBM).



Foreign exchange market developments

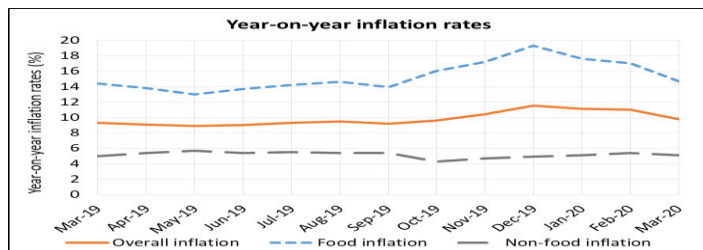
The Kwacha was stable at K736.4403 per USD during the week, appreciated against EUR and ZAR by 0.13% and 3.00%, respectively, and depreciated against GBP by 0.74%. Gross official foreign exchange reserves were last recorded at USD785.31m (3.76 months of import cover) on 29th February 2020, a slight decrease from USD786.71m (3.76 months of import cover) recorded on 31st January 2020 (Source: RBM).

Stock market				
	17-Apr-20		% Δ	9-Apr-20
MASI	29,062.81	↓	-0.01%	29,064.79
DSI	24,037.08	↓	-0.01%	24,038.84
FSI	2,290.78	↓	0.00%	2,290.78
Traded volume	3,972,191	↑	1368.95%	270,411
Number of trades	38	↑	72.73%	22
Value of shares traded (K'm)	969.57	↑	2941.75%	31.88
Market capitalisation (K'm)	1,512,780.05	↓	-0.01%	1,512,881.80
Gainers				
	Closing price (K)		% Δ	Opening price (K)
None				
Losers				
	Closing price (K)		% Δ	Opening price (K)
NITL	95.00	↓	-0.01%	95.01
TNM	25.53	↓	-0.04%	25.54
Treasury Bill auctions				
	14-Apr-20		% pts Δ	7-Apr-20
Auction date	14-Apr-20	↓	-48.79%	12,297.00
Amount offered - cost value (K'm)	6,297.00	↓	-72.14%	8,759.60
Applied - cost value (K'm)	2,440.83	↓	-77.35%	6,867.12
Allotted - cost value (K'm)	1,555.62	↑	14.66	21.60%
Overall rejection rate	36.27%	↑	4.09%	7.50%
91 days yield	7.81%	↑	0.00%	8.46%
182 days yield	8.46%	↑	0.02	12.48%
364 days yield	12.50%	↑	0.11	9.48%
All-type yield	9.59%	↑		
Treasury Note auctions				
	14-Apr-20	7-Apr-20		24-Mar-20
Date	14-Apr-20	7-Apr-20		24-Mar-20
Tenor	5 Years Development bond	3 Years		7 Years
Coupon rate	12.50%	11.00%		13.50%
Amount offered - cost value (K'b)	21.00	32.62		34.07
Applied - cost value (K'b)	25.51	24.84		37.46
Allotted - cost value (K'b)	21.00	22.18		34.07
Allotted - weighted average ytm	17.73%	14.50%		19.08%
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%	7-Apr-20	16-Jun-20	
5-year	17.73%	14-Apr-20	5-May-20	
7-year	19.08%	24-Mar-20	2-Jun-20	
10-year	17.47%	4-Feb-20	21-Apr-20	
Upcoming Treasury Note auctions				
	Auction date	Tenor	Amount (K'b)	Last coupon rate
	21-Apr-20	10	8.86	15.50%
	5-May-20	5	44.11	10.50%
	19-May-20	2	34.09	10.00%
	2-Jun-20	7	20.07	13.50%
	16-Jun-20	3	27.48	11.00%
Projected maturities				
	Week ending	10-Apr-20	17-Apr-20	Apr-20
TBs, PNs & TNs (K'm)		9,205	5,637	36,961
OMO (K'm)		0	0	0
Reference rate				
	Apr-20		% pts Δ	Mar-20
Rate	13.20%	↓	-0.10	13.30%
Inflation rate				
	Mar-20		% pts Δ	Feb-20
Rate	9.8%	↓	-1.2	11.0%
Indicative opening mid exchange rates				
	17-Apr-20		% Δ	9-Apr-20
USD	736.4403	↑	0.00%	736.4403
GBP	918.3411	↓	0.74%	911.5658
EUR	798.9641	↑	-0.13%	799.9951
ZAR	39.2768	↑	-3.00%	40.4909
Gross official foreign exchange reserves position				
	29-Feb-20	31-Jan-20		31-Dec-19
Reserves (USD'm)	785.31	786.71		846.55
Import cover (months)	3.76	3.76		4.05

(Sources: MSE, RBM, NSO)

Inflation

Year-on-year headline inflation rate decreased to 9.8% in March 2020 from 11.0% in February 2020 as year-on-year food inflation rate decreased to 14.7% from 17.0% and year-on-year non-food inflation rate decreased to 5.1% from 5.4% during the period (Source: NSO).



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