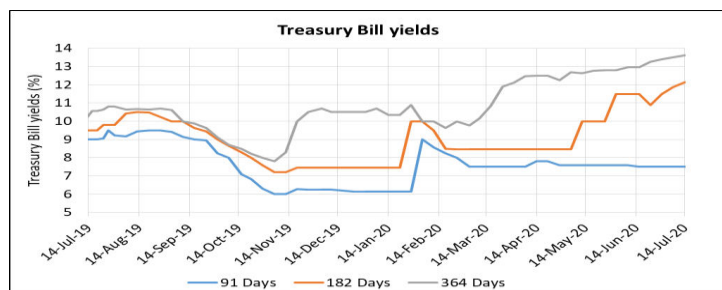


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.55% to close the week at 29,706.44 points from 29,543.43 points in the previous week due to a share price gain of 5.06% in STANDARD which outweighed share price losses in FMBCH (-1.01%), NBS (-0.15%), NICO (-0.02%) and PCL (-0.19%). There was no share price movement for the rest of the counters. The market traded a total of 1,405,689 shares at a consideration of K50.67m in 24 trades during the week. The year-to-date return on MASI stands at -1.80% compared to 3.35% in the same period in 2019 (Source: MSE).

Government securities

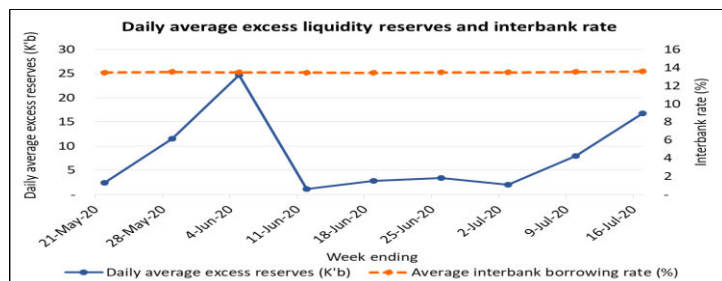
Government raised K21.82b during the week's auction for Treasury Bills (TBs) compared to K10.30b raised in the previous week. The auction registered a rejection rate of 45%. The all-type average TB yield increased to 11.09% from 10.96% in the previous week as the 182-day and 364-day yields increased to 12.15% and 13.62%, respectively, from 11.87% and 13.51% in the previous week. The 91-day yield was stable at 7.50% over the past two weeks (Source: RBM).



There was no auction for Treasury Notes (TNs) during the week. Maturities of Government securities for the week amounted to K7.75b, resulting in a net withdrawal of K14.07b from the market compared to a net withdrawal of K7.16b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels increased during the week. Average daily excess liquidity reserves increased to K16.79b from K7.95b recorded in the previous week. Borrowing on the interbank market increased to an average of K20.54b per day from K19.30b per day in the previous week while the average interbank borrowing rate was stable at 13.58%. Borrowing on the Lombard Facility decreased to an average of K4.34b per day during the week from K9.52b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha slightly depreciated by 0.02% against USD to close the week at K737.1905 per USD. The Kwacha also depreciated against EUR and ZAR by 1.06% and 1.20%, respectively, but appreciated against GBP by 0.24%. Gross official forex reserves were last recorded at USD662.98m (3.17 months of import cover) on 31st May 2020, an increase of 8.66% from USD610.13m (2.92 months of import cover) on 30th April 2020 (Source: RBM). As at the end of week 12 of 2020 marketing season on 10th July 2020, tobacco had raked in USD118.65m compared to USD138.92m for the same period in 2019, representing a year-on-year decrease in value of 14.59%. Tobacco sales volumes so far have amounted to 78.32m kg, lower than 94.05m kg as at week 12 in 2019. However, average prices have been higher for 2020 (K1.51/kg) compared to 2019 (K1.48/kg) (Source: AHL).

COVID-19 update

Total confirmed cases of COVID-19 in Malawi increased to 2,712 as at 17th July 2020 from 2,069 as at 10th July 2020. The country continues to register a rise in local transmission of the disease. So far, 1,073 have recovered while 51 have died from the disease. Globally, as at 17th July 2020, total confirmed cases of COVID-19 were more than 13.89m, with 7.78m recoveries and 593k deaths (Source: Johns Hopkins University and Medicine).

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.

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

Banking innovations that help your business grow

Stock market				
	17-Jul-20		% Δ	10-Jul-20
MASI	29,706.44	↑	0.55%	29,543.43
DSI	25,230.57	↑	0.62%	25,074.65
FSI	1,535.30	↓	-0.83%	1,548.19
Market capitalisation (K'm)	1,543,300.39	↑	0.54%	1,534,974.04
Gainers				
	Closing price (K)		% Δ	Opening price (K)
STANDARD	830.00	↑	5.06%	790.00
Losers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	25.50	↓	-1.01%	25.76
NBS	19.47	↓	-0.15%	19.50
NICO	48.42	↓	-0.02%	48.43
PCL	1397.07	↓	-0.19%	1399.76
Treasury Bill auctions				
Auction date	14-Jul-20		% pts Δ	7-Jul-20
Applied - cost value (K'm)	39,669.27	↑	262.43%	10,945.24
Allotted - cost value (K'm)	21,818.66	↑	111.87%	10,298.24
Overall rejection rate	45.00%	↑	39.09	5.91%
91 days yield	7.50%	→	0.00%	7.50%
182 days yield	12.15%	↑	2.30%	11.87%
364 days yield	13.62%	↑	0.87%	13.51%
All-type yield	11.09%	↑	1.19%	10.96%
Treasury Note auctions				
Auction date	30-Jun-20	16 & 19 June 2020		2-Jun-20
Tenors	2, 3 & 5 years	2, 3, 5 & 7 years		2, 3 & 7 years
Total applied - cost value (K'b)	24.99	50.74		91.59
Total allotted - cost value (K'b)	24.99	42.26		91.59
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	15.80%	30-Jun-20		tba
3-year	18.00%	30-Jun-20		tba
5-year	19.93%	30-Jun-20		tba
7-year	21.00%	19-Jun-20		tba
10-year	21.70%	21-Apr-20		tba
Projected maturities				
Week ending	17-Jul-20	Jul-20		Aug-20
TBs, PNs & TNs (K'm)	7,745	31,499		15,614
OMO (K'm)	0	0		0
Reference rate				
Rate	Jul-20		% pts Δ	Jun-20
	13.40%	→	0.00	13.40%
Inflation rate				
Rate	Jun-20		% pts Δ	May-20
	8.5%	↓	-0.2	8.7%
Cumulative tobacco sales (Week 12)				
Year	2020		% Δ	2019
Volume (Kg)	78,319,585.00	↓	-16.73%	94,053,354.00
Value (USD)	118,648,038.26	↓	-14.59%	138,922,011.05
Average price (USD/Kg)	1.51	↑	2.03%	1.48
Indicative opening mid exchange rates				
	17-Jul-20		% Δ	10-Jul-20
USD	737.3408	↓	0.02%	737.1905
GBP	925.2890	↓	-0.24%	927.5331
EUR	839.5362	↓	1.06%	830.7400
ZAR	44.0474	↓	1.20%	43.5270
Gross official foreign exchange reserves position				
	31-May-20	30-Apr-20		31-Mar-20
Reserves (USD'm)	662.98	610.13		730.17
Import cover (months)	3.17	2.92		3.49

Sources: MSE, RBM, NSO, AHL

Inflation

The year-on-year headline inflation rate decreased to 8.5% in June 2020 from 8.7% in May 2020 as year-on-year food inflation rate decreased to 13.4% from 13.7% while year-on-year non-food inflation rate was constant at 4.5% during the period (Source: NSO).

