

## Malawi Stock Exchange (MSE) trading activity

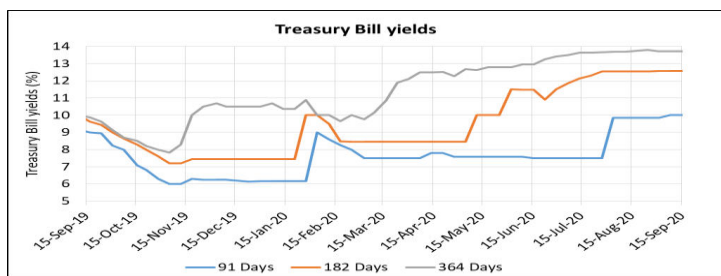
The Malawi All Share Index (MASI) lost by 0.17% to close the week at 31,459.77 points from 31,511.91 points in the previous week due to share price losses in FDHB, ICON, PCL and TNM which offset share price gains in AIRTEL and STANDARD. The market traded 35,379,558 shares at a consideration of K1.99b in 88 trades compared to 16,128,669 shares traded during the previous week at a consideration of K296.73m in 35 trades. This represents an increase of 119.36% in traded volume and 570.28% in traded value. The year-to-date return on MASI stands at 3.99% compared to 1.96% in the same period in 2019 (Source: MSE).

## Corporate news

- MyBucks Banking Corporation announced total coupon payment of K438.95m on its listed K12.4b medium term note set to mature in June 2021. The last date to register is 25<sup>th</sup> September 2020 and date of payment is 30<sup>th</sup> September 2020 (Source: MSE).
- ICON Properties Plc reported a profit after tax (PAT) of K2.11b for the six months ended 30<sup>th</sup> June 2020. This represents a decrease of 16.20% when compared to K2.52b reported in the corresponding period in 2019. The decrease in PTA is mainly attributed to a decrease in total income to K4.6b in 2020 from K5.8b in 2019 due to the impact of COVID-19 which affected property revaluation gains and planned rental escalations.

## Government securities

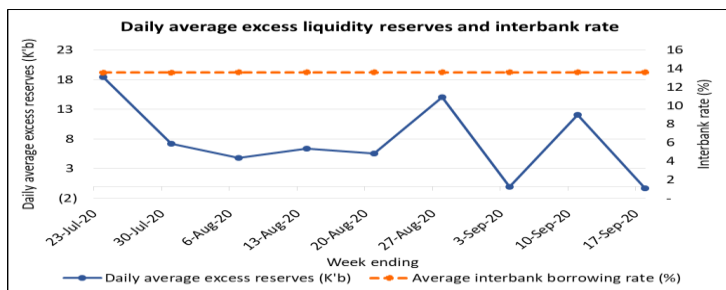
Government only raised K3.00m during the week's auction for Treasury Bills (TBs) compared to K2.37b raised in the previous week. The auction registered no rejection. The 91-day, 182-day and 364-day yields were all stable at 10.00%, 12.58% and 13.72%, respectively (Source: RBM).



During the week, Government also raised K11.46b in an auction of a 10-year Treasury Note (TN) at an average yield to maturity of 22.14%. The auction registered a 19.52% rejection. Maturities of Government securities for the week amounted to K7.17b, leading to a net withdrawal of K4.29b from the market compared to a net withdrawal of K39.75b in the previous week (Source: RBM).

## Market liquidity and interbank market activity

The interbank market was squarish this week. Average daily excess liquidity reserves decreased to negative K310m from positive K12.05b recorded in the previous week. Average interbank borrowing decreased to K5.40b per day from K9.96b per day in the previous week. However, the average interbank borrowing rate was stable at 13.60%. Borrowing on the Lombard Facility increased to an average of K48.09b per day during the week from K39.13b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



## Foreign exchange market developments

The Kwacha depreciated by 0.20% against USD to close the week at K751.37 per USD from K749.88 per USD at the end of the previous week. The Kwacha also depreciated against GBP by 1.46%, EUR by 0.41% and ZAR by 4.63%. Gross official forex reserves were last recorded at USD642.86m (3.08 months of import cover) on 31<sup>st</sup> August 2020, representing a decrease of 1.31% from USD651.41m (3.12 months of import cover) on 31<sup>st</sup> July 2020 (Source: RBM).

## COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 5,711 as at 17<sup>th</sup> September 2020. Daily new infections continue to decrease. Consequently, schools and borders have started reopening in phases beginning 7<sup>th</sup> September 2020. So far, 4,000 have recovered while 179 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 30.22m, with more than 20.57m recoveries and 947k deaths as at 18<sup>th</sup> September 2020 (Source: Johns Hopkins University and Medicine). Countries across the world continue to ease restrictions as the curve of new infections flattens.

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Stock market				
	18-Sep-20		% Δ	11-Sep-20
MASI	31,459.77	↓	-0.17%	31,511.91
DSI	26,849.17	↓	-0.17%	26,895.56
FSI	1,460.99	↓	0.00%	1,460.99
Traded volume	35,379,558	↑	119.36%	16,128,669
Number of trades	88	↑	151.43%	35
Value of shares traded (K'm)	1,988.92	↑	570.28%	296.73
Market capitalisation (K'm)	1,709,129.46	↓	-0.16%	1,711,923.31
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	28.80	↑	0.24%	28.73
STANDARD	851.00	↑	2.53%	830.00
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	12.49	↓	-2.42%	12.80
ICON	12.50	↓	-1.42%	12.68
PCL	1343.99	↓	-0.07%	1344.95
TNM	20.50	↓	-2.38%	21.00
Treasury Bill auctions				
	15-Sep-20		% pts Δ	8-Sep-20
Amount offered - cost value (K'm)	8,081.00	↓	0.00%	8,081.00
Applied - cost value (K'm)	3.00	↓	-99.91%	3,180.52
Allotted - cost value (K'm)	3.00	↓	-99.87%	2,367.21
Overall rejection rate	0.00%	↓	-25.57%	25.57%
91 days yield	10.00%	↓	0.00%	10.00%
182 days yield	12.58%	↓	0.00%	12.58%
364 days yield	13.72%	↓	0.00%	13.72%
All-type yield	12.10%	↓	0.00%	12.10%
Treasury Note auctions				
	15-Sep-20	8-Sep-20		18-Aug-20
Auction date	15-Sep-20	8-Sep-20		18-Aug-20
Tenors	10 years	3 years		7 years
Coupon rate	15.00%	11.00%		13.50%
Amount offered - cost value (K'b)	13.81	49.73		25.07
Total applied - cost value (K'b)	14.24	43.55		46.32
Total allotted - cost value (K'b)	11.46	41.35		25.07
Allotted - weighted average ytm	22.14%	18.02%		20.75%
Current yields for Treasury Notes				
	Tenor	Last auction		Next auction
	2-year	16.46%		4-Aug-20
	3-year	18.02%		8-Sep-20
	5-year	19.82%		21-Jul-20
	7-year	20.75%		18-Aug-20
	10-year	22.14%		15-Sep-20
Projected maturities				
	18-Sep-20	25-Sep-20		2-Oct-20
TBs, PNs & TNs (K'm)	7,173	105,981		11,525
OMO (K'm)	0	0		0
Reference rate				
	Sep-20		% pts Δ	Aug-20
Rate	13.60%	↑	0.20	13.40%
Inflation rate				
	Aug-20		% pts Δ	Jul-20
Rate	7.6%	↓	-0.4	8.0%
Cumulative tobacco sales (end of season)				
	2020		% Δ	2019
Volume (Kg)	113,846,927.00	↓	-31.26%	165,611,368.00
Value (USD)	174,519,328.36	↓	-26.38%	237,050,199.67
Average price (USD/Kg)	1.53	↑	6.99%	1.43
Indicative opening mid exchange rates				
	18-Sep-20		% Δ	11-Sep-20
USD	751.3681	↓	0.20%	749.8773
GBP	975.2758	↓	1.46%	961.2677
EUR	890.8972	↓	0.41%	887.2548
ZAR	46.6031	↓	4.63%	44.5412
Gross official foreign exchange reserves position				
	31-Aug-20	31-Jul-20		30-Jun-20
Reserves (USD'm)	642.86	651.41		682.66
Import cover (months)	3.08	3.12		3.27

Sources: MSE, RBM, NSO, AHL

## Inflation rate

The year-on-year headline inflation rate decreased to 7.6% in August 2020 from 8.0% in July 2020 as year-on-year food inflation rate decreased to 11.3% from 12.2% while year-on-year non-food inflation rate was stable at 4.4% during the period (Source: NSO). Headline inflation rate has been declining since January 2020 largely due to a decrease in food prices.

