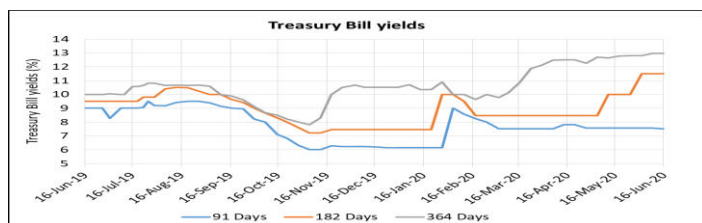


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.83% to close the week at 29,539.02 points from 29,007.83 points in the previous week due to share price increases in AIRTEL (5.26%), NBM (0.002%) and TNM (7.00%) which outweighed losses in FMBCH (-0.03%), NICO (-0.02%) and PCL (-0.001%). The rest of the counters registered no share price movement. The market also registered an increase of 12.58% in the volume of shares traded to 28,129,189 compared to 24,986,095 in the previous week. However, the value of traded shares decreased by 27.25% to K467.59m from K642.76m. The year-to-date return on MASI stands at -2.36% compared to 2.37% in the same period in 2019 (Source: MSE).

Government securities

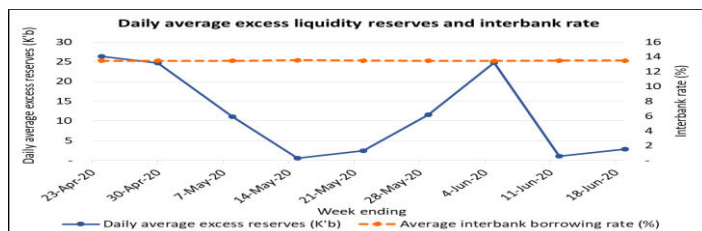
Government raised K320.67m during the week's auction for Treasury Bills (TB) compared to K2.77b that was raised in the previous week. The auction registered no rejection. The all-type average TB yield decreased to 10.65% from 10.67% in the previous week due to a decrease in the 91-day yield to 7.50% from 7.58%. The 182-day and 364-day TB yields were stable at 11.48% and 12.96%, respectively (Source: RBM).



The Government also raised K42.26b from auctions of 2-year, 3-year, 5-year and 7-year Treasury Notes (TN) during the week at weighted average yields of 16.25%, 17.21%, 20.00% and 21.00%, respectively, bringing the total amount raised during the week from auctions of Government securities to K42.58b compared to K2.77b in the previous week. Maturities of Government securities for the week amounted to K2.59bb, thereby resulting in a net withdrawal of K40.00b from the market compared to a net injection of K1.27b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels slightly increased during the week. Average daily excess reserves increased to K2.85b from K1.90b recorded in the previous week. Borrowing on the interbank market decreased to an average of K5.42b per day from K14.63b per day in the previous week, and the average interbank borrowing rate marginally decreased to 13.48% from 13.49%. Borrowing on the Lombard Facility increased to an average of K24.80b per day during the week from K18.71b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha was stable at K737.0659 per USD during the week but appreciated against GBP, EUR and ZAR by 1.13%, 0.80% and 1.78%, respectively. Gross official foreign exchange reserves were last recorded at USD579.40m (2.80 months of import cover) on 30th April 2020, a decrease of 20.65% from USD730.17m (3.49 months of import cover) on 31st March 2020 (Source: RBM). As at the end of week 8 of 2020 marketing season on 12th June 2020, tobacco had raked in USD75.24m compared to USD77.32m for the same period in 2019, representing a year-on-year decrease in value of 2.70%. Tobacco sales volumes so far have amounted to 49.72m kg, lower than 54.39m Kg as at week 8 in 2019. However, average prices have been higher for 2020 (K1.51/kg) compared to 2019 (K1.42/kg) (Source: AHL).

COVID-19 update

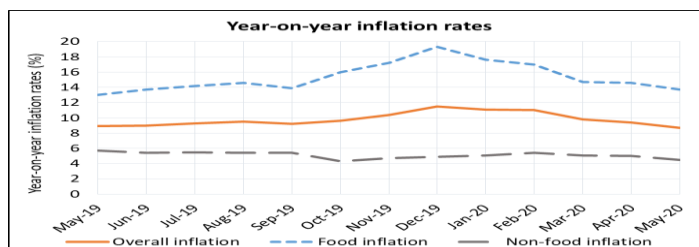
As countries continue to ease movement restrictions in an effort to stimulate economic recovery, fear is growing of a second wave of infections. There has recently been a spike in daily new infections in some countries, including China. As at 19th June 2020, total confirmed cases of COVID-19 globally were more than 8.52m, with 4.18m recoveries and 455k deaths. In Malawi COVID-19 cases increased to 592 as at 19th June 2020 from 481 cases as at 12th June 2020. So far, 74 have recovered while 8 have died from the disease in Malawi (Source: Johns Hopkins University and Medicine).

Stock market				
	19-Jun-20		% Δ	12-Jun-20
MASI	29,539.02	↑	1.83%	29,007.83
DSI	24,898.84	↑	1.94%	24,424.77
FSI	1,757.76	↓	-0.03%	1,758.26
Traded volume	28,129,189	↑	12.58%	24,986,095
Number of trades	62	↓	-32.61%	92
Value of shares traded (K'm)	467.59	↓	-27.25%	642.76
Market capitalisation (K'm)	1,533,954.13	↑	1.81%	1,506,683.96
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	20.00	↑	5.26%	19.00
NBM	550.01	↑	0.002%	550.00
TNM	24.93	↑	7.00%	23.30
Losers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	29.99	↓	-0.03%	30.00
NICO	48.42	↓	-0.02%	48.43
PCL	1399.76	↓	-0.001%	1399.77
Treasury Bill auctions				
Auction date	16-Jun-20		% pts Δ	9-Jun-20
Amount offered - cost value (K'm)	4,769.00	↑	72.23%	2,769.00
Applied - cost value (K'm)	320.67	↓	-94.94%	6,341.22
Allotted - cost value (K'm)	320.67	↓	-88.42%	2,769.05
Overall rejection rate	0.00%	↓	-56.33%	56.33%
91 days yield	7.50%	↓	-1.06%	7.58%
182 days yield	11.48%	↓	0.00%	11.48%
364 days yield	12.96%	↓	0.00%	12.96%
All-type yield	10.65%	↓	-0.25%	10.67%
Treasury Note auctions				
Auction date	16 & 19 June 2020		2-Jun-20	19-May-20
Tenors	2, 3, 5 & 7 years		2, 3 & 7 years	2 years
Total applied - cost value (K'b)	50.74		91.59	15.08
Total allotted - cost value (K'b)	42.26		91.59	13.25
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.25%	19-Jun-20		tba
3-year	18.00%	19-Jun-20		tba
5-year	20.00%	19-Jun-20		tba
7-year	21.00%	19-Jun-20		tba
10-year	21.70%	21-Apr-20		tba
Projected maturities				
Week ending	19-Jun-20	26-Jun-20		Jun-20
TBs, PNs & TNs (K'm)	2,586	3,558		24,971
OMO (K'm)	0	0		0
Reference rate				
	Jun-20		% pts Δ	May-20
Rate	13.40%	↑	0.10	13.30%
Inflation rate				
	May-20		% pts Δ	Apr-20
Rate	8.7%	↓	-0.7	9.4%
Cumulative tobacco sales (Week 8)				
Year	2020		% Δ	2019
Volume (Kg)	49,719,875.00	↓	-8.59%	54,389,889.00
Value (USD)	75,235,985.87	↓	-2.70%	77,324,088.13
Average price (USD/Kg)	1.51	↑	6.34%	1.42
Indicative opening mid exchange rates				
	19-Jun-20		% Δ	12-Jun-20
USD	737.0659	↑	0.00%	737.0659
GBP	917.3522	↑	-1.13%	927.8186
EUR	826.6194	↑	-0.80%	833.2530
ZAR	42.2988	↑	-1.78%	43.0668
Gross official foreign exchange reserves position				
	30-Apr-20	31-Mar-20		29-Feb-20
Reserves (USD'm)	579.40	730.17		785.31
Import cover (months)	2.80	3.49		3.76

Sources: MSE, RBM, NSO, AHL

Inflation

Year-on-year headline inflation rate decreased to 8.7% in May 2020 from 9.4% in April 2020 as year-on-year food inflation rate decreased to 13.7% from 14.6% and year-on-year non-food inflation rate decreased to 4.5% from 5.0% during the period (Source: NSO).



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