

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

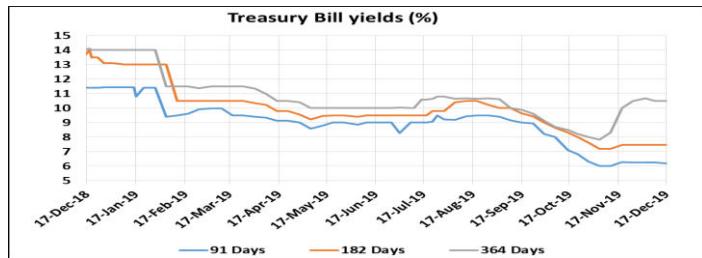
The Malawi All Share Index (MASI) gained by 0.01% to close the week at 29,536.87 points from 29,534.73 points recorded in the previous week due to marginal share price gains in BHL, MPICO, NBM and NBS. There were no price movements in the rest of the companies registered on MSE. A total of 9,089,872 shares were traded at a consideration of K137.52m in 62 trades compared to 12,830,756 shares traded in the previous week at a consideration of K622.46m in 58 trades. This represents a decrease of 29.16% in traded volume and a decrease of 77.91% in traded value. The year-to-date return on the MASI stands at 1.91% compared to 34.19% recorded for the corresponding period in 2018 (Source: MSE).

**Corporate news**

Press Corporation Plc (PCL) expects its profit after tax for the year ending 31<sup>st</sup> December 2019 to be lower than the previous corresponding period by more than 35%. This is mainly because the Group's prior year comparative (K36.713b) includes a one-off gain of K6.2b from a share-subscription transaction involving Open Connect Limited (Source: PCL, MSE).

**Government securities**

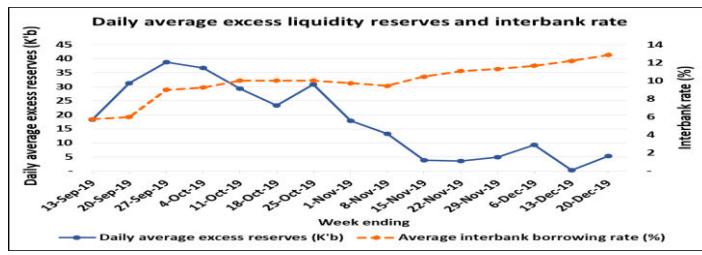
Government raised the planned amount of K2.07b from a Treasury Bill (TB) auction held on 17<sup>th</sup> December 2019, against total applications of K7.29b. The Government also raised K3.94b from a 2-year Treasury Note (TN) auction held on the same day. This brings the total amount raised through Government securities to K6.01b. There were no open market operations (OMOs) during the week. Maturities for the week amounted to K6.07b, resulting in a net injection of only K6.00m into the market compared to a net injection of K5.51b in the previous week. The all-type average TB yield slightly decreased to 8.05% from 8.07% in the preceding week due to a marginal decrease in the 91-day yield to 6.20% from 6.24% while the 182-day and 364-day yields were stable at 7.46% and 10.50%, respectively. The 2-year TN traded at an average yield of 12.27% (Source: RBM).



(Source: RBM)

**Interbank market activity**

Excess liquidity reserves increased to an average of K5.26b per day from K0.28b per day recorded in the previous week. Consequently, borrowing on the interbank market decreased to an average of K10.68b per day from K14.50b per day in the previous week and the average interbank borrowing rate increased to 12.85% from 12.19%. Borrowing on the Lombard Facility increased to an average of K41.75b per day from K40.54b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



(Source: RBM)

**Foreign exchange market developments**

The Kwacha was stable at an average mid-rate of K736.4016 per USD during the week. It appreciated by 3.43% and 0.50% against GBP and EUR, respectively, and depreciated by 1.66% against ZAR. Gross official foreign exchange reserves were last recorded at USD656.04m (3.14 months of import cover) on 30<sup>th</sup> September 2019, a decrease from USD705.68m (3.37 months of import cover) recorded on 30<sup>th</sup> August 2019 (Source: RBM).

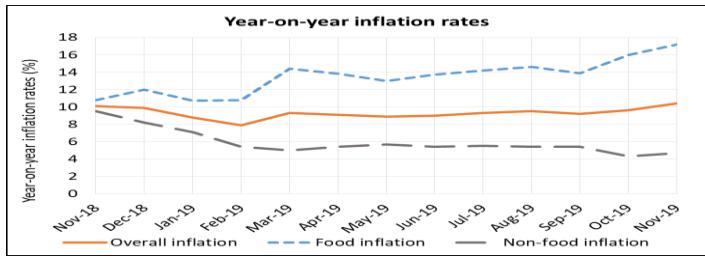
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Stock market			
20-Dec-19	% Δ	13-Dec-19	
MASI	29,536.87	↑ 0.01%	29,534.73
DSI	22,954.37	↑ 0.01%	22,952.44
FSI	4,024.86	↓ 0.00%	4,024.86
Traded volume	9,089,872	↓ -29.16%	12,830,756
Number of trades	62	↑ 6.90%	58
Value of shares traded (K'm)	137.52	↓ -77.91%	622.46
Market capitalisation (K'm)	1,395,541.40	↑ 0.01%	1,395,362.03
<b>Gainers</b>	<b>Current price (K)</b>	<b>% Δ</b>	<b>Previous price (K)</b>
BHL	12.95	↑ 0.08%	12.94
MPICO	19.51	↑ 0.05%	19.50
NBM	460.05	↑ 0.004%	460.03
NBS	12.54	↑ 0.16%	12.52
<b>Losers</b>	<b>Current price (K)</b>	<b>% Δ</b>	<b>Previous price (K)</b>
None			
Projected maturities			
Week ending	20-Dec-19	27-Dec-19	Dec-19
TBs, PNs & TNs (K'm)	6,065	12,368	36,085
OMO (K'm)	0	0	7,493
Treasury Note auctions			
Date	17-Dec-19	4-Dec-19	19-Nov-19
Tenor	2 Years	5 Years	10 Years
Coupon rate	8.00%	10.50%	15.50%
Amount offered -cost value (K'b)	36.79	22.86	12.63
Applied for - face value (K'b)	7.16	42.50	16.64
Allotted - face value (K'b)	4.16	26.49	13.47
Allotted - cost value (K'b)	3.94	22.86	12.63
Allotted - weighted average ytm	12.27%	14.45%	17.47%
Treasury Bill auctions			
Auction date	17-Dec-19	4-Dec-19	10-Dec-19
Amount offered -cost value (K'm)	2,067.00	75.62%	2,067.00
Applied - cost value (K'm)	7,285.02	↑ 75.62%	4,148.16
Allotted - cost value (K'm)	2,066.63	0.00%	2,066.64
Overall rejection rate	71.63%	↑ 21.45	50.18%
91 days yield	6.20%	↓ -0.04	6.24%
182 days yield	7.46%	↓ 0.00	7.46%
364 days yield	10.50%	↓ 0.00	10.50%
All-type yield	8.05%	↓ -0.01	8.07%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	12.27%	17-Dec-19	TBA
3-year	10.70%	5-Nov-19	21-Jan-20
5-year	14.45%	4-Dec-19	18-Feb-20
7-year	13.73%	24-Oct-19	7-Jan-20
10-year	17.47%	19-Nov-19	4-Feb-20
Upcoming Treasury Note auctions			
Auction date	7-Jan-20	21-Jan-20	4-Feb-20
Amount (K'b)	7	3	10
Last coupon rate	24.35	29.37	8.13
7-Jan-20	24.35	29.37	8.13
21-Jan-20	9.00%	15.50%	10.00%
4-Feb-20	14.00%	12.30%	10.00%
Reference rate			
Rate	12.50%	↑ 0.20	Nov-19
Inflation rate			
Rate	Nov-19	% pts Δ	Oct-19
10.4%	↑ 0.8	0.8	9.6%
RBM indicative mid exchange rates			
20-Dec-19	% Δ	13-Dec-19	
USD	736.4016	↑ 0.00%	736.4016
GBP	958.0158	↑ -3.43%	992.0802
ZAR	51.7823	↑ 1.66%	50.9388
EUR	818.5840	↑ -0.50%	822.7079
Gross official foreign exchange reserves position			
30-Sep-19	30-Aug-19	31-Jul-19	
Reserves (USD'm)	656.04	705.68	704.14
Import cover (months)	3.14	3.37	3.37

(Sources: MSE, RBM, NSO)

**Inflation**

Year-on-year headline inflation rate increased to 10.4% in November 2019 from 9.6% in October 2019 due to an increase in both food and non-food inflation rates. Year-on-year food inflation rate increased to 17.2% in November 2019 from 16.0% in October 2019 and non-food inflation rate increased to 4.7% in November 2019 from 4.3% in October 2019 (Source: NSO).



(Source: NSO)