

Malawi Stock Exchange (MSE) trading activity

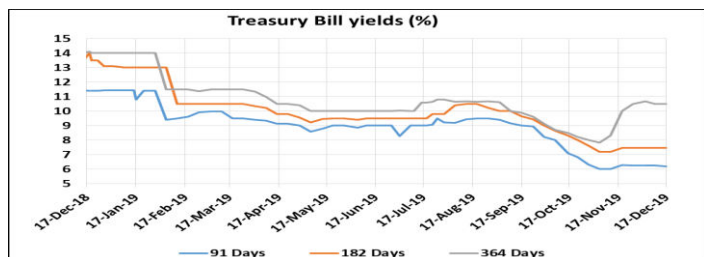
The Malawi All Share Index (MASI) gained by 0.01% to close the week at 29,536.87 points from 29,534.73 points recorded in the previous week due to marginal share price gains in BHL, MPICO, NBM and NBS. There were no price movements in the rest of the companies registered on MSE. A total of 9,089,872 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 31st 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

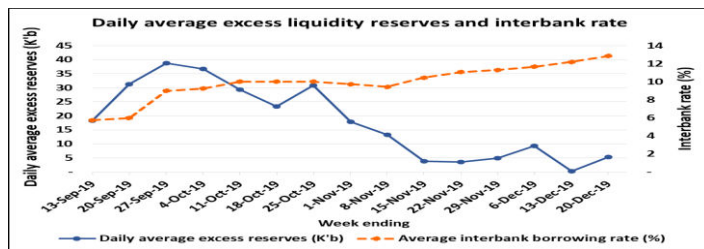
Government raised the planned amount of K2.07b from a Treasury Bill (TB) auction held on 17th December 2019, against total applications of K7.29b. The Government also raised K3.94b from a 2-year Treasury Note (TN) auction held on the same day. This brings the total amount raised through Government securities 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

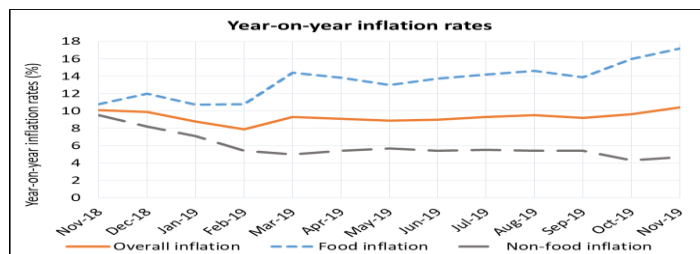
The Kwacha was stable at an average mid-rate of K736.4016 per USD during the week. It appreciated by 3.43% and 0.50% against GBP and EUR, respectively, and depreciated by 1.66% against ZAR. Gross official foreign exchange reserves were last recorded at USD656.04m (3.14 months of import cover) on 30th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

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	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
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	
Losers				
	Current price (K)	% Δ	Previous price (K)	
None				
Projected maturities				
	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				
	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				
	17-Dec-19	% pts Δ	10-Dec-19	
Amount offered - cost value (K'm)	2,067.00	↑ 0.00%	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	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	Tenor	Amount (K'b)	Last coupon rate
	7-Jan-20	7	24.35	14.00%
	21-Jan-20	3	29.37	9.00%
	4-Feb-20	10	8.13	15.50%
	18-Feb-20	5	31.36	10.00%
Reference rate				
	Dec-19	% pts Δ	Nov-19	
Rate	12.50%	↑ 0.20	12.30%	
Inflation rate				
	Nov-19	% pts Δ	Oct-19	
Rate	10.4%	↑ 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)

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