

### Malawi Stock Exchange (MSE) trading activity

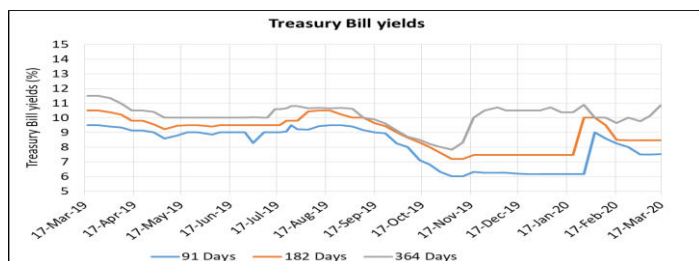
The Malawi All Share Index (MASI) lost by 0.85% to close the week at 28,940.04 points from 29,187.31 points recorded last week, due to share price losses in AIRTEL, FMBCH and ICON which outweighed a share price gain in NBM. There were no price movements in the rest of the companies. A total of 1,589,060 shares were traded at a consideration of K44.94m in 44 trades compared to 16,040,289 shares traded at a consideration of K269.69m in 62 trades in the previous week. This represents decreases of 90.09% and 83.34% in traded volume and value, respectively. The year-to-date return on MASI stands at -4.34% compared to -5.31% in the corresponding period in 2019 (Source: MSE).

### Corporate news

Published annual financial results			
Company	2019 PAT	Movement	2018 PAT
BHL Plc (K'm)	466.70	33%	351.76
Old Mutual Group Plc (R'm)	208.30	-74%	788.10

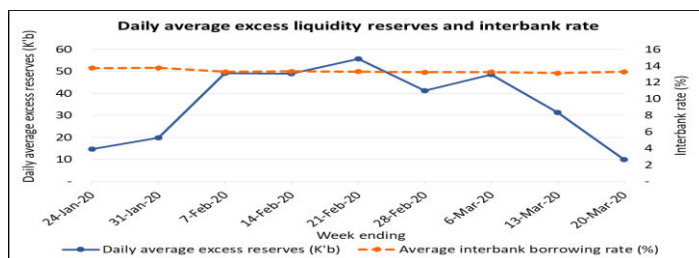
### Government securities

Government raised K6.26b during the week's auction for Treasury Bills (TB) against an offered amount of K9.53b. The auction registered no rejection. In the TB auction for the previous week, K6.26b was raised against an offer for subscription of K9.53. The all-type average TB yield increased to 8.94% from 8.70% in the previous week as the 91-day and 364-day yields increased to 7.51% and 10.85%, respectively, from 7.50% and 10.14% in the previous week, while the 182-day yield was constant at 8.46%. There was no auction for Treasury Notes (TN) during the week. Maturities of Government securities for the week amounted to K11.06b, resulting in a net injection of K4.80b into the market, compared to a net withdrawal of K24.16b in the previous week (Source: RBM).



### Interbank market activity

Market liquidity levels decreased during the week; daily excess reserves averaged K9.96b from K31.27b in the previous week. Consequently, borrowing on the interbank market increased to an average of K15.45b per day from K4.67b in the previous week and the average interbank borrowing rate increased to 13.29% from 13.13%. Borrowing on the Lombard Facility amounted to K24.90b during the week compared to K7.94b in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



### Foreign exchange market developments

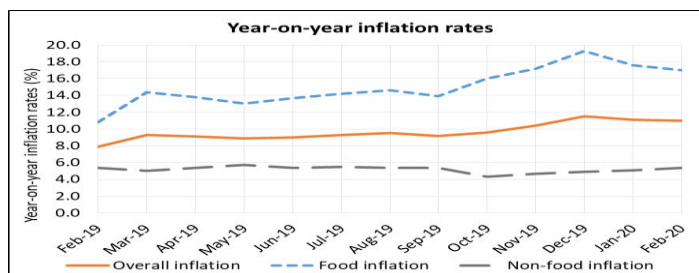
The Kwacha was stable at 736.5803 per USD during the week. Most major currencies lost value during the week due to the coronavirus outbreak. Consequently, the Kwacha appreciated against GBP, ZAR and EUR by 7.17%, 5.59% and 4.00%, respectively. Gross official foreign exchange reserves were last recorded at USD846.55m (4.05 months of import cover) on 31<sup>st</sup> December 2019, an increase from USD603.82m (2.89 months of import cover) recorded on 30<sup>th</sup> November 2019 (Source: RBM). The rate is expected to remain stable due to the looming onset of the Tobacco season.

Stock market				
	20-Mar-20		% Δ	13-Mar-20
MASI	28,940.04	↓	-0.85%	29,187.31
DSI	23,643.19	↑	0.49%	23,528.48
FSI	2,637.60	↓	-13.42%	3,046.35
Traded volume	1,589,060	↓	-90.09%	16,040,289
Number of trades	44	↓	-29.03%	62
Value of shares traded (K'm)	44.94	↓	-83.34%	269.69
Market capitalisation (K'm)	1,507,355.77	↓	-0.90%	1,521,040.56
Gainers	Closing price (K)		% Δ	Opening price (K)
NBM	540.00	↑	2.81%	525.26
Losers	Closing price (K)		% Δ	Opening price (K)
AIRTEL	17.56	↓	-0.11%	17.58
FMBCH	47.00	↓	-14.93%	55.25
ICON	10.48	↓	-0.10%	10.49
Projected maturities				
Week ending	13-Mar-20		20-Mar-20	31-Mar-20
TBs, PNs & TNs (K'm)	8,687		11,055	41,858
OMO (K'm)	0		0	14,731
Treasury Bill auctions				
Auction date	17-Mar-20		% pts Δ	10-Mar-20
Amount offered - cost value (K'm)	9,531.00	→	0.00%	9,531.00
Applied - cost value (K'm)	5,551.26	↓	-11.47%	6,270.73
Allotted - cost value (K'm)	5,551.26	↓	-11.34%	6,261.08
Overall rejection rate	0.00%	↓	-0.15	0.15%
91 days yield	7.51%	↑	0.15%	7.50%
182 days yield	8.46%	→	0.00%	8.46%
364 days yield	10.85%	↑	0.71	10.14%
All-type yield	8.94%	↑	0.24	8.70%
Current yields for Treasury Notes				
Tenor	Last auction's yield		Last auction	Next auction
2- year	12.38%		10-Mar-20	19-May-20
3-year	13.27%		21-Jan-20	7-Apr-20
5-year	15.55%		18-Feb-20	14-Apr-20
7-year	17.36%		7-Jan-20	24-Mar-20
10-year	17.47%		4-Feb-20	21-Apr-20
Upcoming Treasury Note auctions				
Auction date	Tenor		Amount (K'b)	Last coupon rate
24-Mar-20	7		34.07	11.50%
7-Apr-20	3		32.62	9.00%
14-Apr-20	5-year Development Bond		21.00	
21-Apr-20	10		8.86	15.50%
5-May-20	5		44.11	10.50%
19-May-20	2		34.09	8.00%
2-Jun-20	7		20.07	11.50%
16-Jun-20	3		27.48	9.00%
Reference rate				
Rate	Mar-20		% pts Δ	Feb-20
	13.30%	↓	-0.10	13.40%
Inflation rate				
Rate	Feb-20		% pts Δ	Jan-20
	11.0%	↓	-0.1	11.1%
RBM indicative mid exchange rates				
	20-Mar-20		% Δ	13-Mar-20
USD	736.5803	→	0.00%	736.5803
GBP	859.1473	↑	-7.17%	925.5131
ZAR	42.4958	↑	-5.59%	45.0139
EUR	792.7077	↑	-4.00%	825.7065
Gross official foreign exchange reserves position				
	31-Dec-19		30-Nov-19	31-Oct-19
Reserves (USD'm)	846.55		603.82	601.80
Import cover (months)	4.05		2.89	2.88

(Sources: MSE, RBM, NSO)

### Inflation

Year-on-year headline inflation rate marginally decreased to 11.0% in February 2020 from 11.1% in January 2020 as a decrease in year-on-year food inflation rate to 17.0% from 17.6% outweighed an increase in year-on-year non-food inflation rate to 5.4% from 5.1% during the period (Source: NSO).



**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.