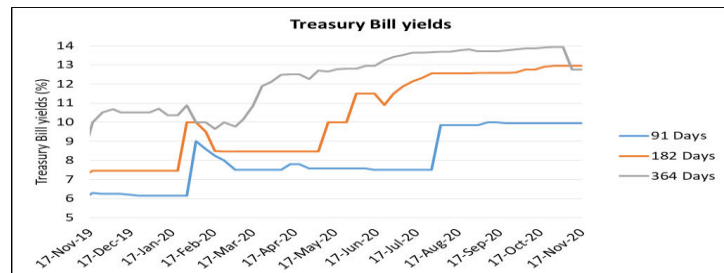


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.04% to close the week at 30,948.18 points from 30,959.17 points in the previous week due to share price losses in ICON (-0.73%), NBM (-0.002%), and NBS (-0.10%) which offset share price gains in FMBCH (0.05%) and STANDARD (0.03%). The market traded a total of 11,247,551 shares at a consideration of K295.92m in 34 trades compared to a total of 3,052,884 shares traded at a consideration of K73.84m in 66 trades in the previous week, representing an increase of 268.42% in traded volume and 300.78% in traded value. The year-to-date return on MASI stands at 2.30% compared to 3.77% for the same period in 2019 (Source: MSE).

Government securities

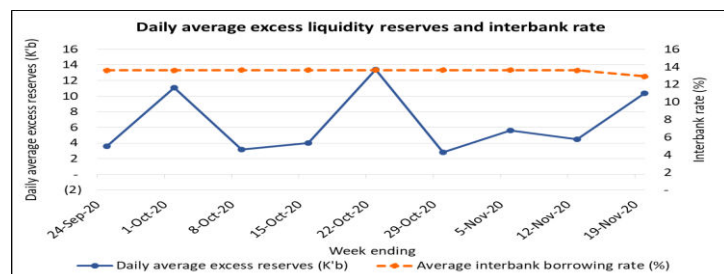
Government raised K5.85m during the week's auction for Treasury Bills (TBs) compared to K2.93b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield remained at 11.88% as there were no changes in yields on all tenors (Source: RBM).



Maturities of Government securities for the week amounted to K9.36b and the RBM injected K41.00b into the market through open market operation (OMO) reverse repos. This resulted in a net injection of K50.35b into the market compared to a net injection of K37.75b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K10.37b from K4.49b recorded last week. Interbank borrowing for the week increased to K22.00b from K2.60b in the previous week while the average interbank borrowing rate decreased to 12.24% from 12.28% in the previous week. Borrowing on the Lombard Facility decreased to an average of K32.86b per day from K69.82b per day in the previous week. The Lombard rate decreased to 12.20% during the week from the average of 13.40% in the preceding week. The market continues to adjust following a reduction in the Monetary Policy Rate to 12.00% from 13.50% and the Lombard rate to 12.20% from 13.70% on 6th November 2020 (Source: RBM).



Foreign exchange market developments

The Kwacha remained stable at K758.3002 per USD during the week. The Kwacha however depreciated against GBP, EUR and ZAR by 0.85%, 0.37% and 0.94%, respectively. Gross official forex reserves were last recorded at USD635.05m (3.04 months of import cover) on 31st October 2020, representing an increase of 16.10% from USD546.99m (2.62 months of import cover) on 30th September 2020 (Source: RBM).

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 6,002 on 20th November 2020. The country continues to register low levels of daily new infections and the economy continues to open. So far, 5,439 people have recovered while 185 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 57.66m, with more than 39.97m recoveries and 1.37m deaths as at 20th November 2020 (Source: Johns Hopkins University and Medicine). Countries in Europe and the United States of America continue to register a rise in new infections in the second wave of the COVID-19 pandemic. Consequently, most countries in the Eurozone have reinstated some measures, including lockdowns. However, there are growing prospects of an effective vaccine.

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Stock market			
	20-Nov-20	% Δ	13-Nov-20
MASI	30,948.18	↓ -0.04%	30,959.17
DSI	26,470.76	↓ -0.04%	26,480.93
FSI	1,362.89	↑ 0.04%	1,362.39
Traded volume	11,247,551	↑ 268.42%	3,052,884
Number of trades	34	↓ -48.48%	66
Value of shares traded (K'm)	295.92	↑ 300.78%	73.84
Market capitalisation (K'm)	1,682,003.53	↓ -0.03%	1,682,591.40
Gainers			
	Closing price (K)	% Δ	Opening price (K)
FMBCH	22.02	↑ 0.05%	22.01
STANDARD	851.00	↑ 0.03%	850.78
Losers			
	Closing price (K)	% Δ	Opening price (K)
ICON	12.21	↓ -0.73%	12.30
NBM	617.68	↓ -0.002%	617.69
NBS	20.93	↓ -0.10%	20.95
Treasury Bill auctions			
	17-Nov-20	% pts Δ	10-Nov-20
Amount offered - cost value (K'm)	15,127.00	↓ 0.00%	15,127.00
Applied - cost value (K'm)	5.85	↓ -99.80%	2,929.35
Allotted - cost value (K'm)	5.85	↓ -99.80%	2,929.35
Overall rejection rate	0.00%	↓ 0.00%	0.00%
91 days yield	9.95%	↓ 0.00%	9.95%
182 days yield	12.95%	↓ 0.00%	12.95%
364 days yield	12.75%	↓ 0.00%	12.75%
All-type yield	11.88%	↓ 0.00%	11.88%
Treasury Note auctions			
	10-Nov-20	20-Oct-20	6-Oct-20
Auction date	7 years	5 years	3 years
Tenors	13.50%	12.50%	11.00%
Coupon rate	30.76	20.25	35.74
Amount offered - cost value (K'b)	2.03	11.20	13.03
Total applied - cost value (K'b)	2.02	3.32	12.20
Allotted - weighted average ytm	19.95%	19.95%	18.47%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.46%	4-Aug-20	19-Jan-21
3-year	18.47%	6-Oct-20	24-Nov-20
5-year	19.95%	20-Oct-20	22-Dec-20
7-year	19.95%	10-Nov-20	5-Jan-21
10-year	22.14%	15-Sep-20	8-Dec-20
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Previous coupon rate
24-Nov-20	3	32.76	11.00%
8-Dec-20	10	10.64	15.00%
22-Dec-20	5	24.17	12.50%
5-Jan-21	7	30.16	13.50%
19-Jan-21	2	42.52	10.00%
2-Feb-21	3	47.76	11.00%
16-Feb-21	10	10.64	15.00%
OMO reverse repos - 18 November 2020			
Tenor	Applied (K'm)	Allotted (K'm)	Average yield
30 days	10,500	10,500	11.02%
61 days	30,500	21,000	11.62%
90 days	9,500	9,500	12.00%
Total	50,500	41,000	
Projected maturities			
Week ending	20-Nov-20	27-Nov-20	4-Dec-20
TBs, PNs & TNs (K'm)	9,357	14,377	14,402
OMO (K'm)	0	0	0
Reference rate			
	Nov-20	% pts Δ	Oct-20
Rate	13.60%	↓ 0.00	13.60%
Inflation rate			
	Oct-20	% pts Δ	Sep-20
Rate	7.5%	↑ 0.4	7.1%
Indicative opening mid exchange rates			
	20-Nov-20	% Δ	13-Nov-20
USD	758.3002	↓ 0.00%	758.3002
GBP	1003.6861	↓ 0.85%	995.1932
EUR	898.5099	↓ 0.37%	895.1734
ZAR	48.9191	↓ 0.94%	48.4624
Gross official foreign exchange reserves position			
	31-Oct-20	30-Sep-20	31-Aug-20
Reserves (USD'm)	635.05	546.99	642.86
Import cover (months)	3.04	2.62	3.08

Sources: MSE, RBM, NSO, AHL

October 2020 inflation

The year on year headline inflation for October 2020 stands at 7.5% from 7.1% in September 2020 and compared to 9.6% in October 2019. Food inflation increased to 10.9% in October 2020 from 10.3% in September 2020 while non-food inflation remained at 4.4% during the period (Source: NSO). Gradually rising food prices during the lean season may continue to exert pressure on inflation.

