

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

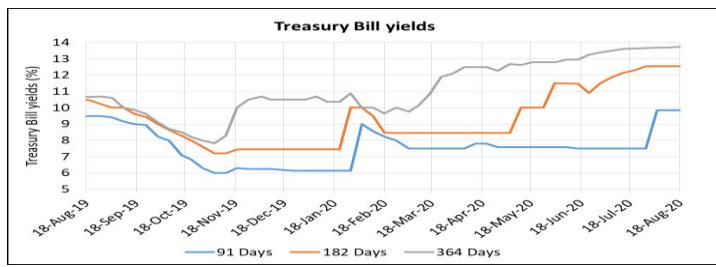
The Malawi All Share Index (MASI) gained by 0.62% to close the week at 31,545.73 points from 31,352.43 points in the previous week due to share price gains in AIRTEL (8.00%) and MPICO (14.23%) which outweighed share price losses in FDHB (-5.88%), NBS (-0.26%), PCL (-0.001%), STANDARD (-0.001%) and TNM (-6.30%). There was no share price movement for the rest of the counters. The market traded 22,895,431 shares at a consideration of K578.62m in 127 trades compared to 113,641,060 shares traded at a consideration of K2.04b in 123 trades during the previous week. This represents a decrease of 79.85% in traded volume and 71.66% in traded value. The year-to-date return on MASI stands at 4.28% compared to 0.30% in the same period in 2019 (Source: MSE).

**Published financial results for banks for the half year ended 30th June 2020**

	H1 2020 PAT (K'm)	Movement	H1 2019 PAT (K'm)
CDH Investment Bank Ltd	927 <span style="color: green;">▲</span>	69%	549
Ecobank Ltd	4,004 <span style="color: green;">▲</span>	8%	3,692
FDH Bank Ltd	3,224 <span style="color: red;">▼</span>	-4%	3,351
First Capital Bank Plc	3,913 <span style="color: red;">▼</span>	-6%	4,153
National Bank of Malawi Plc	9,071 <span style="color: red;">▼</span>	-1%	9,127
NBS Bank Plc	2,844 <span style="color: green;">▲</span>	102%	1,406
MyBucks Banking Corporation Ltd	1,879 <span style="color: green;">▲</span>	130%	817
Standard Bank (Malawi) Plc	12,633 <span style="color: green;">▲</span>	56%	8,094

**Government securities**

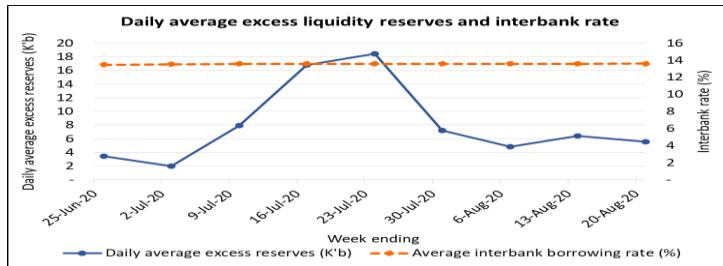
Government raised K3.62b during the week's auction for Treasury Bills (TBs) compared to K4.44b raised in the previous week. The auction registered a rejection rate of 10.82%. The all-type average TB yield slightly increased to 12.03% from 12.05% in the previous week due to a marginal increase in the 364-day yield to 13.75% from 13.69%. The 91-day and 182-day yields were stable at 9.85% and 12.55%, respectively, during the week (Source: RBM).



The Government also raised K25.07b from an auction of a 7-year Treasury Note during the week at a weighted average yield of 20.75%. This brings the total amount raised from auctions of Treasury securities during the week to K28.69b. Maturities of Government securities for the week amounted to K4.42b, resulting in a net withdrawal of K24.27b from the market compared to a net withdrawal of K0.86b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves slightly decreased to K5.54b from K6.41b recorded in the previous week. Borrowing on the interbank market decreased to an average of K7.96b per day from K14.32b per day in the previous week, while the average interbank borrowing rate slightly increased to 13.60% from 13.59%. Consequently, borrowing on the Lombard Facility increased to an average of K34.15b per day during the week from K31.89b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).


**Foreign exchange market developments**

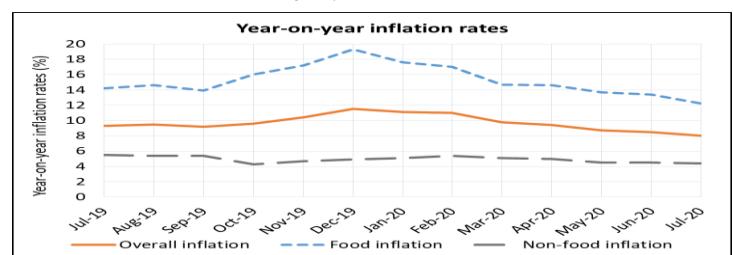
The Kwacha depreciated by 0.51% against USD to close the week at K748.78 per USD from K745.02 per USD at the end of the previous week. The Kwacha also depreciated against GBP, EUR and ZAR by 1.71%, 0.85% and 1.29%, respectively. Gross official forex reserves were last recorded at USD651.41m (3.12 months of import cover) on 31<sup>st</sup> July 2020, a decrease of 4.58% from USD682.66m (3.27 months of import cover) on 30<sup>th</sup> June 2020 (Source: RBM). As at the end of week 17 of the 2020 marketing season on 14<sup>th</sup> August 2020, Tobacco had raked in USD168.02m compared to USD204.27m for the same period in 2019, representing a year-on-year decrease in value of 17.75%. Tobacco sales volumes so far have amounted to 109.72m kg, lower than 138.55m kg as at week 17 in 2019. However, average prices have been higher for 2020 (K1.53/kg) compared to 2019 (K1.47/kg) (Source: AHL).

Stock market			
21-Aug-20	% Δ	14-Aug-20	
MASI	31,545.73 <span style="color: green;">▲</span>	0.62%	31,352.43
DSI	26,925.65 <span style="color: green;">▲</span>	0.86%	26,695.46
FSI	1,460.99 <span style="color: red;">▼</span>	-4.84%	1,535.30
Traded volume	22,895,431 <span style="color: red;">▼</span>	-79.85%	113,641,060
Number of trades	127 <span style="color: green;">▲</span>	3.25%	123
Value of shares traded (K'm)	578.62 <span style="color: red;">▼</span>	-71.66%	2,041.73
Market capitalisation (K'm)	1,713,735.40 <span style="color: green;">▲</span>	0.60%	1,703,524.28
Gainers			
AIRTEL	27.00 <span style="color: green;">▲</span>	8.00%	25.00
MPICO	24.00 <span style="color: green;">▲</span>	14.23%	21.01
Losers			
FMBCB	24.00 <span style="color: red;">▼</span>	-5.88%	25.50
NBS	19.44 <span style="color: red;">▼</span>	-0.26%	19.49
PCL	1,344.99 <span style="color: red;">▼</span>	-0.001%	1,345.00
STANDARD	830.00 <span style="color: red;">▼</span>	-0.001%	830.01
TNM	22.00 <span style="color: red;">▼</span>	-6.30%	23.48
Treasury Bill auctions			
Auction date	18-Aug-20	% pts Δ	11-Aug-20
Amount offered - cost value (K'm)	7,505.00 <span style="color: orange;">➡</span>	0.00%	7,505.00
Applied - cost value (K'm)	4,056.39 <span style="color: red;">▼</span>	-8.96%	4,455.60
Allotted - cost value (K'm)	3,617.65 <span style="color: red;">▼</span>	-18.61%	4,444.75
Overall rejection rate	10.82% <span style="color: green;">▲</span>	10.57	0.24%
91 days yield	9.85% <span style="color: orange;">➡</span>	0.00%	9.85%
182 days yield	12.55% <span style="color: orange;">➡</span>	0.00%	12.55%
364 days yield	13.75% <span style="color: green;">▲</span>	0.46%	13.69%
All-type yield	12.05% <span style="color: green;">▲</span>	0.18%	12.03%
Treasury Note auctions			
Auction date	18-Aug-20	4-Aug-20	21-Jul-20
Tenors	7 years	2 years	5 years
Coupon rate	13.50%	10.00%	12.50%
Amount offered - cost value (K'b)	25.07	40.88	28.23
Total applied - cost value (K'b)	46.32	28.78	44.01
Total allotted - cost value (K'b)	25.07	21.58	28.26
Allotted - weighted average ytm	20.75% <span style="color: green;">▲</span>	16.46%	19.82%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2- year	16.46%	4-Aug-20	tba
3-year	18.00%	30-Jun-20	tba
5-year	19.82%	21-Jul-20	tba
7-year	20.75%	18-Aug-20	tba
10-year	21.70% <span style="color: green;">▲</span>	21-Apr-20	tba
Projected maturities			
Week ending	21-Aug-20	28-Aug-20	4-Sep-20
TBs, PNs & TNs (K'm)	4,418	7,188	27,852
OMO (K'm)	0	0	0
Reference rate			
Aug-20	% pts Δ	Jul-20	
Rate	13.40% <span style="color: orange;">➡</span>	0.00	13.40%
Inflation rate			
Jul-20	% pts Δ	Jun-20	
Rate	8.0% <span style="color: red;">▼</span>	-0.5	8.5%
Cumulative tobacco sales (Week 17)			
Year	2020	% Δ	2019
Volume (Kg)	109,723,326.00 <span style="color: red;">▼</span>	-20.81%	138,553,302.00
Value (USD)	168,024,626.71 <span style="color: red;">▼</span>	-17.75%	204,273,557.90
Average price (USD/Kg)	1.53 <span style="color: green;">▲</span>	4.08%	1.47
Indicative opening mid exchange rates			
USD	748.7808 <span style="color: red;">▼</span>	0.51%	745.0180
GBP	989.9630 <span style="color: red;">▼</span>	1.71%	973.3660
EUR	887.4549 <span style="color: red;">▼</span>	0.85%	879.9408
ZAR	43.3530 <span style="color: red;">▼</span>	1.29%	42.8006
Gross official foreign exchange reserves position			
31-Jul-20	30-Jun-20	31-May-20	
Reserves (USD'm)	651.41	682.66	662.98
Import cover (months)	3.12	3.27	3.17

Sources: MSE, RBM, NSO, AHL

**Inflation**

The year-on-year headline inflation rate decreased to 8.0% in July 2020 from 8.5% in June 2020 as year-on-year food inflation rate decreased to 12.2% from 13.4% and year-on-year non-food inflation rate decreased to 4.4% from 4.5% 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.