

Malawi Stock Exchange (MSE) trading activity

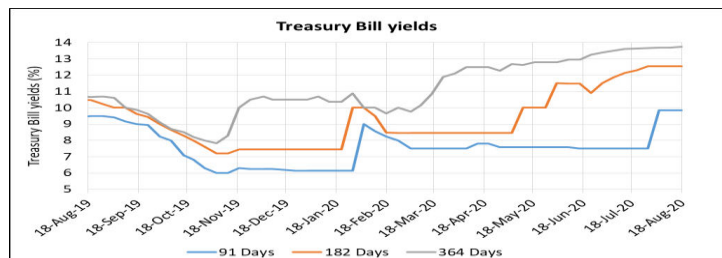
The Malawi All Share Index (MASI) gained by 0.62% to close the week at 31,545.73 points from 31,352.43 points in the previous week due to share price gains in AIRTEL (8.00%) and MPICO (14.23%) which outweighed share price losses in FDHB (-5.88%), NBS (-0.26%), PCL (-0.001%), STANDARD (-0.001%) and TNM (-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	↑ 69%	549
Ecobank Ltd	4,004	↑ 8%	3,692
FDH Bank Ltd	3,224	↓ -4%	3,351
First Capital Bank Plc	3,913	↓ -6%	4,153
National Bank of Malawi Plc	9,071	↓ -1%	9,127
NBS Bank Plc	2,844	↑ 102%	1,406
MyBucks Banking Corporation Ltd	1,879	↑ 130%	817
Standard Bank (Malawi) Plc	12,633	↑ 56%	8,094

Government securities

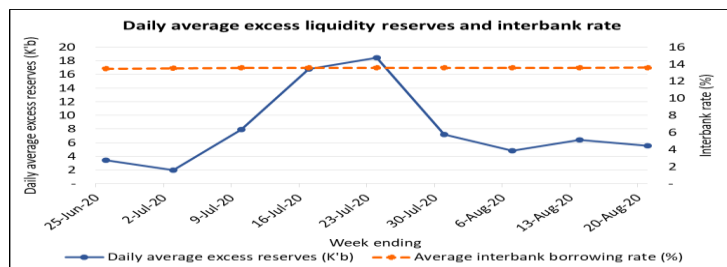
Government raised K3.62b during the week's auction for Treasury Bills (TBs) compared to K4.44b raised in the previous week. The auction registered a rejection rate of 10.82%. The all-type average TB yield slightly increased to 12.05% from 12.03% in the previous week due to a marginal increase in the 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 foreign reserves were last recorded at USD651.41m (3.12 months of import cover) on 31st July 2020, a decrease of 4.58% from USD682.66m (3.27 months of import cover) on 30th June 2020 (Source: RBM). As at the end of week 17 of the 2020 marketing season on 14th 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).

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Stock market				
	21-Aug-20		% Δ	14-Aug-20
MASI	31,545.73	↑	0.62%	31,352.43
DSI	26,925.65	↑	0.86%	26,695.46
FSI	1,460.99	↓	-4.84%	1,535.30
Traded volume	22,895,431	↓	-79.85%	113,641,060
Number of trades	127	↑	3.25%	123
Value of shares traded (K'm)	578.62	↓	-71.66%	2,041.73
Market capitalisation (K'm)	1,713,735.40	↑	0.60%	1,703,524.28
Gainers	Closing price (K)		% Δ	Opening price (K)
AIRTEL	27.00	↑	8.00%	25.00
MPICO	24.00	↑	14.23%	21.01
Losers	Closing price (K)		% Δ	Opening price (K)
FMBCH	24.00	↓	-5.88%	25.50
NBS	19.44	↓	-0.26%	19.49
PCL	1,344.99	↓	-0.001%	1,345.00
STANDARD	830.00	↓	-0.001%	830.01
TNM	22.00	↓	-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	→	0.00%	7,505.00
Applied - cost value (K'm)	4,056.39	↓	-8.96%	4,455.60
Allotted - cost value (K'm)	3,617.65	↓	-18.61%	4,444.75
Overall rejection rate	10.82%	↑	10.57	0.24%
91 days yield	9.85%	→	0.00%	9.85%
182 days yield	12.55%	→	0.00%	12.55%
364 days yield	13.75%	↑	0.46%	13.69%
All-type yield	12.05%	↑	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%	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%	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				
Rate	Aug-20		% pts Δ	Jul-20
	13.40%	→	0.00	13.40%
Inflation rate				
Rate	Jul-20		% pts Δ	Jun-20
	8.0%	↓	-0.5	8.5%
Cumulative tobacco sales (Week 17)				
Year	2020		% Δ	2019
Volume (Kg)	109,723,326.00	↓	-20.81%	138,553,302.00
Value (USD)	168,024,626.71	↓	-17.75%	204,273,557.90
Average price (USD/Kg)	1.53	↑	4.08%	1.47
Indicative opening mid exchange rates				
	21-Aug-20		% Δ	14-Aug-20
USD	748.7808	↓	0.51%	745.0180
GBP	989.9630	↓	1.71%	973.3660
EUR	887.4549	↓	0.85%	879.9408
ZAR	43.3530	↓	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).

