

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.13% to close the week at 28,364.98 points from 28,328.66 points recorded in the previous week, due to share price gains in ICON, MPICO, NBM, NBS and NITL which outweighed a marginal share price loss in ILLOVO. There were no price movements in the rest of the companies registered on the MSE. A total of 1,009,160 shares were traded at a consideration of K41.15m in 56 trades compared to 1,824,932 shares traded at a consideration of K53.68m in 51 trades in the previous week. This represents a decrease of 44.70% in traded volume and a decrease of 23.33% in traded value. The year-to-date return on the MASI stands at -6.24% compared to -4.34% in a corresponding period in 2019 (Source: MSE).

Corporate news

Published financial results for 2019			
	2019 PAT (K'b)	Movement	2018 PAT (K'b)
FDH Bank Ltd	7.846	32%	5.965
First Discount House Ltd	2.241	99%	1.125

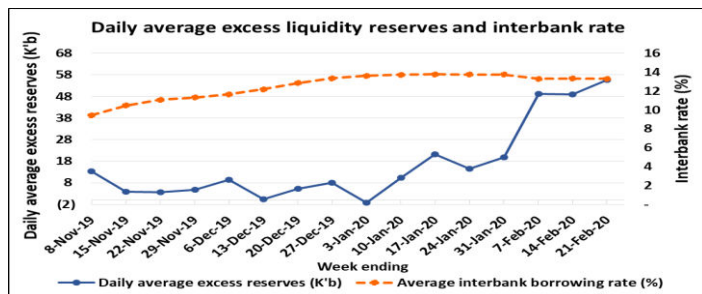
Annual General Meeting			
Company	Date	Time	Venue
ILLOVO	27-Feb-20	14.30hrs	Ryalls Hotel, Blantyre

Government securities

As planned, Government raised K5.41b from an auction for Treasury Bills (TB) during the week compared to K8.41b raised in the previous week. The auction registered a rejection rate of 82.49%. In the coming week's TB auction, Government plans to raise K8.42b. There was also an auction for a 5-year Treasury Note (TN) in the week under review, during which K31.36b was raised, bringing the total amount raised from auctions of TBs and TNs during the week to K36.77b. The TN auction registered a rejection rate of 3.54%. The all-type average TB yield decreased to 8.79% from 9.36% in the previous week as yields on all three tenors decreased: - 91-day yield decreased to 8.25% from 8.58%; 182-day yield decreased to 8.48% from 9.50%, and 364-day yield decreased to 9.65% from 10.00% in the previous week. The 5-year TN attracted an average yield of 15.55% during the week's auction, up from 14.50% on 4th December 2019. Total maturities of securities for the week amounted to K3.52b, thereby resulting in a net withdrawal of K33.25b from the market compared to a net injection of K8.72b in the previous week (Source: RBM).

Interbank market activity

Liquidity levels increased in the market during the week, with daily excess reserves averaging K55.72b from an average of K48.96b in the previous week. Consequently, borrowing on the interbank market decreased to an average of K6.38b per day from K6.70b per day in the previous week and the average interbank borrowing rate decreased to 13.31% from 13.33%. Borrowing on the Lombard Facility amounted to K34.35b during the week, a decrease of about 41% from K58.14b in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



Foreign exchange market developments

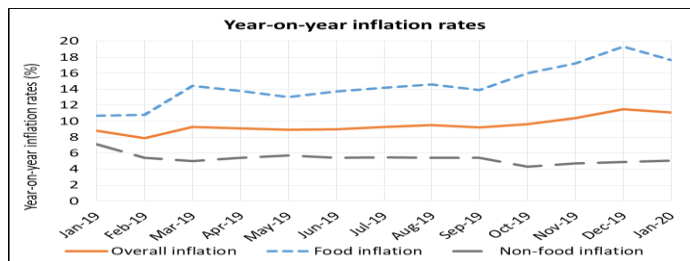
The Kwacha depreciated marginally by 0.01% against USD during the week, but appreciated against GBP, ZAR and EUR by 1.16%, 1.45% and 0.40%, respectively. The RBM indicative MWK/USD mid-rate closed the week at K736.5803 per dollar compared to K736.5198 per dollar as at the close of the previous week. Gross official foreign exchange reserves were last recorded at USD846.55m (4.05 months of import cover) on 31st December 2019, an increase from USD603.82m (2.89 months of import cover) recorded on 30th November 2019 (Source: RBM).

Stock market				
	21-Feb-20	% Δ	14-Jan-20	
MASI	28,364.98	↑ 0.13%	28,328.66	
DSI	22,795.19	↑ 0.14%	22,762.42	
FSI	3,046.35	↑ 0.00%	3,046.35	
Traded volume	1,009,160	↓ -44.70%	1,824,932	
Number of trades	56	↑ 9.80%	51	
Value of shares traded (K'm)	41.15	↓ -23.33%	53.68	
Market capitalisation (K'm)	1,339,272.52	↑ 0.13%	1,337,588.88	
Gainers				
	Current price (K)	% Δ	Previous price (K)	
ICON	10.49	↑ 0.10%	10.48	
MPICO	22.00	↑ 0.05%	21.99	
NBM	525.02	↑ 0.002%	525.01	
NBS	16.00	↑ 0.63%	15.90	
NITL	89.89	↑ 12.35%	80.01	
Losers				
	Current price (K)	% Δ	Previous price (K)	
ILLOVO	130.00	↓ -0.04%	130.05	
Projected maturities				
Week ending	14-Feb-20	21-Feb-20	Feb-20	
TBs, PNs & TNs (K'm)	17,130	3,515	35,761	
OMO (K'm)	0	0	25,672	
Treasury Note auctions				
Date	18-Feb-20	4-Feb-20	21-Jan-20	
Tenor	5 Years	10 Years	3 Years	
Coupon rate	10.50%	15.50%	9.00%	
Amount offered - cost value (K'b)	31.36	8.13	29.37	
Applied for - face value (K'b)	38.02	0.00	35.77	
Allotted - face value (K'b)	36.61	0.00	22.07	
Allotted - cost value (K'b)	31.36	0.00	20.34	
Allotted - weighted average ytm	15.55%		13.27%	
Treasury Bill auctions				
Auction date	18-Feb-20	% pts Δ	11-Feb-20	
Amount offered - cost value (K'm)	5,415.00	↓ -35.65%	8,415.00	
Applied - cost value (K'm)	30,924.68	↓ -12.63%	35,393.33	
Allotted - cost value (K'm)	5,414.83	↓ -35.65%	8,414.57	
Overall rejection rate	82.49%	↑ 6.26	76.23%	
91 days yield	8.25%	↓ -0.33	8.58%	
182 days yield	8.48%	↓ -1.02	9.50%	
364 days yield	9.65%	↓ -0.35	10.00%	
All-type yield	8.79%	↓ -0.57	9.36%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2- year	12.27%	17-Dec-19	TBA	
3- year	13.27%	21-Jan-20	TBA	
5- year	15.55%	18-Feb-20	TBA	
7- year	17.36%	7-Jan-20	TBA	
10- year	17.47%	4-Feb-20	TBA	
Reference rate				
Rate	Feb-20	% pts Δ	Jan-20	
	13.40%	↑ 0.30	13.10%	
Inflation rate				
Rate	Jan-20	% pts Δ	Dec-19	
	11.1%	↓ -0.4	11.5%	
RBM indicative mid exchange rates				
	21-Feb-20	% Δ	14-Feb-20	
USD	736.5803	↓ 0.01%	736.5198	
GBP	949.5993	↑ -1.16%	960.7164	
ZAR	48.7089	↑ -1.45%	49.4256	
EUR	794.8438	↑ -0.40%	798.0192	
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 11.1% in January 2020 from 11.5% in December 2019 as a decrease in year-on-year food inflation rate to 17.6% from 19.3% outweighed an increase in year-on-year non-food inflation rate to 5.1% from 4.9% during the period (Source: NSO).



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