

Malawi Stock Exchange (MSE) trading activity

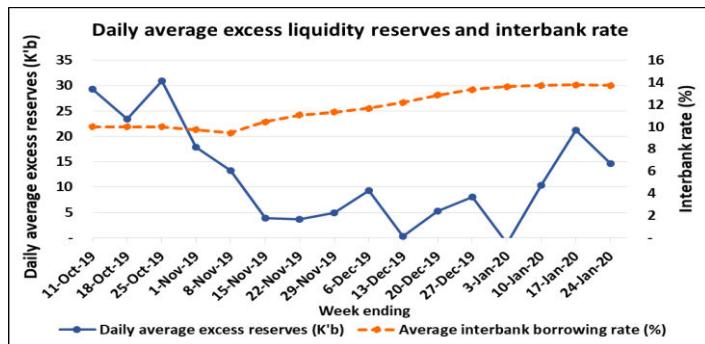
The Malawi All Share Index (MASI) lost by 1.71% to close the week at 28,994.68 points from 29,500.15 points recorded in the previous week due to share price losses in FMBCH and ICON. There were no price movements in the rest of the companies registered on MSE. A total of 9,060,487 shares were traded at a consideration of K164.30m in 63 trades compared to 2,455,723 shares traded at a consideration of K166.01m in 26 trades in the previous week. The year-to-date return on the MASI stands at -4.16% compared to 1.17% recorded for the corresponding period in 2019 (Source: MSE).

Government securities

Government raised a total of K28.30b from auctions for Treasury securities during the week - K7.96b from Treasury Bills (TB) and K20.34b from a 3-year Treasury Note (TN). In the previous week, K11.96b was raised from a TB auction. The all-type average TB yield was constant at 7.99% as the 91-day, 182-day and 364-day yields were stable at 6.15%, 7.46% and 10.36%, respectively. The 3-year TN traded at an average yield to maturity of 13.27%. Maturities for the week amounted to K16.48b, resulting in a net withdrawal of K11.82b from the market compared to a net injection of K24.66b in the previous week. (Source: RBM).

Interbank market activity

Liquidity levels decreased in the market, with daily average excess reserves recorded at K14.59b from an average of K21.26b in the previous week. Borrowing on the interbank market decreased to an average of K10.09b per day from K11.80b per day in the previous week. The average interbank borrowing rate slightly decreased to 13.74% from 13.78%. Borrowing on the Lombard Facility decreased to an average of K14.80b per day from K20.59b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



(Source: RBM)

Foreign exchange market developments

The Kwacha slightly depreciated against USD, GBP and ZAR during the week and slightly appreciated against EUR. It closed the week at an indicative mid-rate of K736.5198 per USD compared to K736.4016 per USD 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).

Inflation

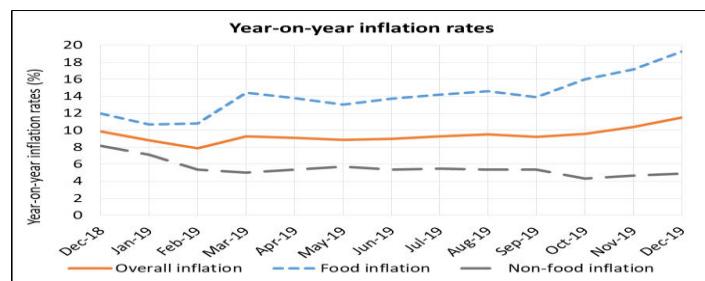
Year-on-year headline inflation rate increased to 11.5% in December 2019 from 10.4% in November 2019 due to an increase in both food and non-food inflation rates. Year-on-year food inflation rate increased to 19.3% in December 2019 from 17.2% in November 2019 and non-food inflation rate increased to 4.9% in December 2019 from 4.7% in November 2019 (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.

CDH House, 5 Independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826

Stock market			
	24-Jan-20	% Δ	17-Jan-20
MASI	28,994.68	↓ -1.71%	29,500.15
DSI	22,919.94	↓ -0.01%	22,921.24
FSI	3,529.41	↓ -12.31%	4,024.86
Traded volume	9,060,487	↑ 268.95%	2,455,723
Number of trades	63	↑ 142.31%	26
Value of shares traded (K'm)	164.30	↓ -1.03%	166.01
Market capitalisation (K'm)	1,369,245.25	↓ -1.77%	1,393,894.14
Gainers	Current price (K)	% Δ	Previous price (K)
None			
Losers	Current price (K)	% Δ	Previous price (K)
FMBCH	65.00	↓ -13.33%	75.00
ICON	10.49	↓ -0.10%	10.50
Projected maturities			
Week ending	17-Jan-20	24-Jan-20	Jan-20
TBs, PNs & TNs (K'm)	36,616	16,482	88,113
OMO (K'm)	0	0	25,672
Treasury Note auctions			
Date	21-Jan-20	7-Jan-20	17-Dec-19
Tenor	3 Years	7 Years	2 Years
Coupon rate	9.00%	11.50%	8.00%
Amount offered - cost value (K'b)	29.37	24.35	36.79
Applied for - face value (K'b)	35.77	16.24	7.16
Allotted- face value (K'b)	22.07	16.24	4.16
Allotted - cost value (K'b)	20.34	12.48	3.94
Allotted - weighted average ytm	13.27%	17.36%	12.27%
Treasury Bill auctions			
Auction date	21-Jan-20	% pts Δ	14-Jan-20
Amount offered - cost value (K'm)	7,960.00	↓ -33.44%	11,960.00
Applied - cost value (K'm)	9,445.78	↓ -45.75%	17,411.65
Allotted - cost value (K'm)	7,960.05	↓ -33.44%	11,960.06
Overall rejection rate	15.73%	↓ -15.58	31.31%
91 days yield	6.15%	↑ 0.00	6.15%
182 days yield	7.46%	↑ 0.00	7.46%
364 days yield	10.36%	↑ 0.00	10.36%
All-type yield	7.99%	↑ 0.00	7.99%
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	14.45%	4-Dec-19	18-Feb-20
7-year	17.36%	7-Jan-20	TBA
10-year	17.47%	19-Nov-19	4-Feb-20
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
4-Feb-20	10	8.13	15.50%
18-Feb-20	5	31.36	10.00%
Reference rate			
Rate	Jan-20	% pts Δ	Dec-19
	13.10%	↑ 0.60	12.50%
Inflation rate			
Rate	Dec-19	% pts Δ	Nov-19
	11.5%	↑ 1.1	10.4%
RBM indicative mid exchange rates			
	24-Jan-20	% Δ	17-Jan-20
USD	736.5198	↓ 0.02%	736.4016
GBP	966.6086	↓ 0.30%	963.7288
ZAR	51.2697	↓ 0.13%	51.2041
EUR	813.4861	↑ -0.83%	820.2777
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)



(Source: NSO)