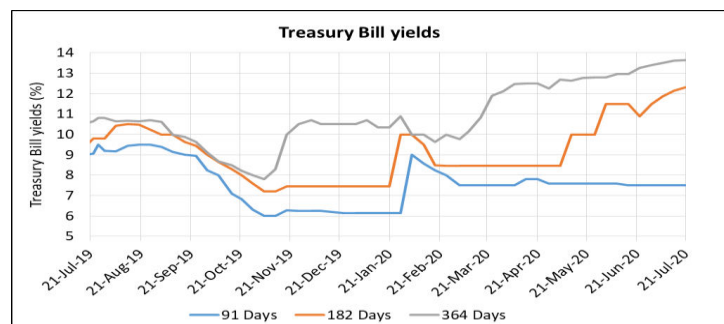


## Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of 1.08% to close the week at 29,385.17 points from 29,706.44 points in the previous week due to share price losses in FMBCH (-1.96%), MPICO (-0.04%), NICO (-0.89%), PCL (-3.73%) and TNM (-3.81%) which outweighed share price gains in AIRTEL (0.40%) and NBS (0.15%). There was no share price movement for the rest of the counters. The market traded 57,509,992 shares at a consideration of K1.53b in 81 trades during the week compared to 1,405,689 shares traded at a consideration of K50.67m in 24 trades during the previous week. The year-to-date return on MASI stands at -2.87% compared to 3.14% in the same period in 2019 (Source: MSE).

## Government securities

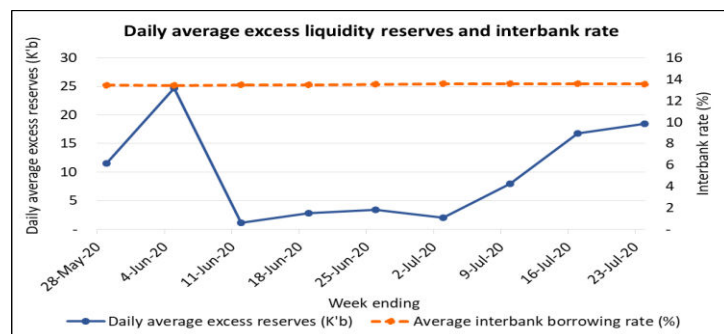
Government raised K7.55b during the week's auction for Treasury Bills (TBs) compared to K21.82b raised in the previous week. The auction registered no rejection rate. The all-type average TB yield increased to 11.15% from 11.09% in the previous week as the 182-day and 364-day yields increased to 12.30% and 13.64%, respectively, from 12.15% and 13.62% in the previous week. The 91-day yield was stable at 7.50% over the past two weeks (Source: RBM).



Government also raised K28.26b from an auction of a 5-year Treasury Note (TN) at weighted average yield of 19.82% during the week. This brings the total amount raised from auctions of Government securities during the week to K35.81b, compared to K21.82b in the previous week. Maturities of Government securities for the week amounted to K9.34b, resulting in a net withdrawal of K26.47b from the market compared to a net withdrawal of K14.07b in the previous week (Source: RBM).

## Market liquidity and interbank market activity

Liquidity levels continued to increase during the week. Average daily excess liquidity reserves increased to K18.44b from K16.79b recorded in the previous week. Borrowing on the interbank market decreased to an average of K16.95b per day from K20.54b per day in the previous week, while the average interbank borrowing rate slightly decreased to 13.57% from 13.58%. Borrowing on the Lombard Facility increased to an average of K9.58b per day during the week from K4.34b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



## Foreign exchange market developments

The Kwacha depreciated by 0.43% against USD to close the week at K740.4905 per USD. The Kwacha also depreciated against GBP, EUR and ZAR by 1.93%, 2.33% and 0.61%, respectively, during the week. Gross official forex reserves were last recorded at USD662.98m (3.17 months of import cover) on 31<sup>st</sup> May 2020, an increase of 8.66% from USD610.13m (2.92 months of import cover) on 30<sup>th</sup> April 2020 (Source: RBM). As at the end of week 13 of 2020 marketing season on 17<sup>th</sup> July 2020, tobacco had raked in USD129.67m compared to USD155.05m for the same period in 2019, representing a year-on-year decrease in value of 16.37%. Tobacco sales volumes so far have amounted to 85.44m kg, lower than 104.48m kg as at week 13 in 2019. However, average prices have been higher for 2020 (K1.52/kg) compared to 2019 (K1.48/kg) (Source: AHL).

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Stock market				
	24-Jul-20		% Δ	17-Jul-20
MASI	29,385.17	↓	-1.08%	29,706.44
DSI	24,964.41	↓	-1.05%	25,230.57
FSI	1,510.53	↓	-1.61%	1,535.30
Traded volume	57,509,992	↑	3991.23%	1,405,689
Number of trades	81	↑	237.50%	24
Value of shares traded (K'm)	1,070.06	↑	2012.00%	50.67
Market capitalisation (K'm)	1,526,766.94	↓	-1.07%	1,543,300.39
Gainers	Closing price (K)		% Δ	Opening price (K)
AIRTEL	20.09	↑	0.40%	20.01
NBS	19.50	↑	0.15%	19.47
Losers	Closing price (K)		% Δ	Opening price (K)
FMBCH	25.00	↓	-1.96%	25.50
MPICO	23.99	↓	-0.04%	24.00
NICO	47.99	↓	-0.89%	48.42
PCL	1345.00	↓	-3.73%	1397.07
TNM	23.99	↓	-3.81%	24.94
Treasury Bill auctions				
Auction date	21-Jul-20		% pts Δ	14-Jul-20
Applied - cost value (K'm)	7,550.00	↓	-80.97%	39,669.27
Allotted - cost value (K'm)	7,550.00	↓	-65.40%	21,818.66
Overall rejection rate	0.00%	↓	-233.99	45.00%
91 days yield	7.50%	→	0.00%	7.50%
182 days yield	12.30%	↑	1.27%	12.15%
364 days yield	13.64%	↑	0.13%	13.62%
All-type yield	11.15%	↑	0.52%	11.09%
Treasury Note auctions				
Auction date	21-Jul-20	30-Jun-20	16 & 19 June 2020	
Tenors	5 years	2, 3 & 5 years	2, 3, 5 & 7 years	
Coupon rate	12.50%	10%, 11% & 12.5%	10%, 11%, 12.5% & 13.5%	
Amount offered - cost value (K'b)	28.23			
Total applied - cost value (K'b)	44.01	24.99	50.74	
Total allotted - cost value (K'b)	28.26	24.99	42.26	
Allotted - weighted average ytm	19.82%	15.8%, 18% & 19.93%	16.25%, 18%, 20% & 24%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2- year	15.80%	30-Jun-20	tba	
3-year	18.00%	30-Jun-20	tba	
5-year	19.82%	21-Jul-20	tba	
7-year	21.00%	19-Jun-20	tba	
10-year	21.70%	21-Apr-20	tba	
Projected maturities				
Week ending	24-Jul-20	31-Jul-20	7-Aug-20	
TBs, PNs & TNs (K'm)	9,337	3,275	434	
OMO (K'm)	0	0	0	
Reference rate				
	Jul-20		% pts Δ	Jun-20
Rate	13.40%	→	0.00	13.40%
Inflation rate				
	Jun-20		% pts Δ	May-20
Rate	8.5%	↓	-0.2	8.7%
Cumulative tobacco sales (Week 13)				
Year	2020		% Δ	2019
Volume (Kg)	85,443,096.00	↓	-18.22%	104,475,326.00
Value (USD)	129,665,018.86	↓	-16.37%	155,053,325.37
Average price (USD/Kg)	1.52	↑	2.70%	1.48
Indicative opening mid exchange rates				
	24-Jul-20		% Δ	17-Jul-20
USD	740.4905	↓	0.43%	737.3408
GBP	943.1627	↓	1.93%	925.2890
EUR	859.1171	↓	2.33%	839.5362
ZAR	44.3150	↓	0.61%	44.0474
Gross official foreign exchange reserves position				
	31-May-20	30-Apr-20	31-Mar-20	
Reserves (USD'm)	662.98	610.13	730.17	
Import cover (months)	3.17	2.92	3.49	

Sources: MSE, RBM, NSO, AHL

## COVID-19 update

Total confirmed cases of COVID-19 in Malawi increased to 3,386 as at 24<sup>th</sup> July 2020 from 2,810 as at 17<sup>th</sup> July 2020. The country continues to register a rise in the transmission of the disease. So far, 1,328 have recovered while 79 have died from the disease. Globally, total confirmed cases of COVID-19 were more than 15.59m, with 8.90m recoveries and 635k deaths (Source: Johns Hopkins University and Medicine).