

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.04% to close the week at 34,617.85 points from 34,262.35 points in the previous week due to share price gains in AIRTEL (0.06%), FMBCH (10.69%) and ILLOVO (15.01%), which offset share price losses in FDHB (-2.32%) and NBS (-0.04%). The market traded 9,691,406 shares at a consideration of K197.89m in 66 trades during the week, compared to 84,627,589 shares traded at a consideration of K2.27b in 67 trades in the previous week. The year-to-date return on MASI stands at 6.87% compared to -3.09% for the same period in 2020 (Source: MSE).

Corporate news

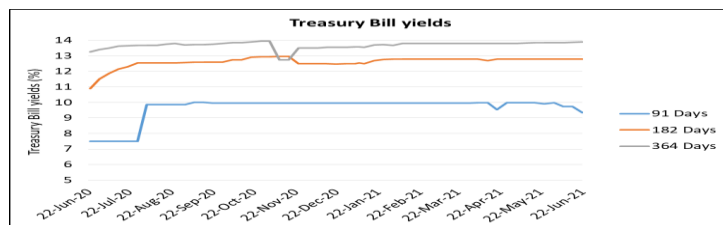
- National Bank of Malawi Plc** expects its profit after tax for the half year ending 30th June 2021 to be at least 20% higher than what was reported for the half year ended 30th June 2020.
- Old Mutual Plc (OMU)** announced the unbundling of a portion of its shareholding in Nedbank to the ordinary shareholders of OMU. The company will unbundle all the Nedbank ordinary shares currently held by Old Mutual Emerging Markets Limited (62,131,692 ordinary shares and comprising 12.2% of Nedbank shares) to OMU shareholders.
- OMU** also announced that the profitability for the year to date has improved compared to the same period in the prior year due to higher asset-based fees due to an increase of 13% in average Fund Under Management (FUM). Closing FUM at the end of May 2021 was 17% above May 2020 levels.

Annual general meetings

Company	Venue	Date	Time
NBS	Virtual	29-Jun-21	09:00 hrs
MPICO	Virtual	29-Jun-21	10:00 hrs
TNM	Virtual	05-Jul-21	14:00 hrs
PCL	Sunbird Capital Hotel/Virtual	09-Jul-21	14:00 hrs
NICO	Virtual	16-Jul-21	14:00 hrs

Government securities

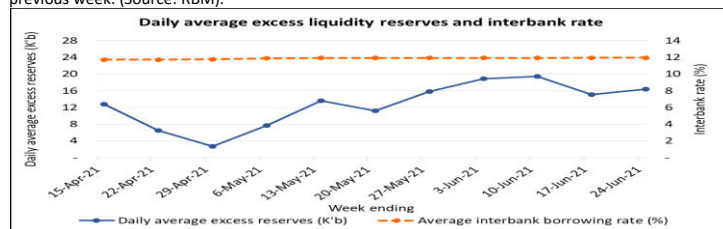
Government raised K3.40b during the week's auction for Treasury Bills (TBs) compared to K3.09b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield decreased to 12.0089% from 12.1313% in the previous week, due to a decrease in the 91-day yield to 9.3330% from 9.7375% in the previous week. This outweighed the increase in the 182-day and 364-day yields to 12.7998% and 13.8938%, respectively, from 12.7922% and 13.8643% in the previous week. (Source: RBM).



The Government also raised K3.86b through auctions of Treasury Notes during the week. Maturities of Government securities amounted to K11.91b. This resulted in a net injection of K4.65b into the market, compared to a net withdrawal of K35.83b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K16.44b from K15.11b recorded in the previous week. Daily interbank borrowing averaged K6.40b as compared to K12.25b in the previous week. The average interbank borrowing rate was stable at 11.95% as per the previous week. Borrowing on the Lombard Facility averaged K74.18b per day, increasing from an average of K40.65b per day in the previous week. (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.69% against the USD to close at K811.1960 per USD on 24th June 2021 from K805.6545 per USD on 17th June 2021. During the same period, the kwacha also depreciated against the GBP by 1.66%. It, however, appreciated against the EUR and ZAR by 1.32% and 0.47% respectively. Gross official forex reserves were last recorded at USD443.25m (1.77 months of import cover) on the 31st May 2021 from USD392.01m (1.88 months of import cover) recorded on 30th April 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. As at 25th June 2021, the tobacco market had cumulatively raked in USD128.17m compared to USD97.49m for the same period in 2020 (Source: AHL).

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.

Stock market				
	25-Jun-21		% Δ	18-Jun-21
MASI	34,617.85	↑	1.04%	34,262.35
DSI	28,573.96	↑	0.43%	28,452.38
FSI	2,847.01	↑	9.57%	2,598.30
Traded volume	9,691,406	↓	-88.55%	84,627,589
Number of trades	66	↓	-1.49%	67
Value of shares traded (K'm)	197.89	↓	-91.27%	2,267.76
Market capitalisation (K'm)	1,884,179.89	↑	1.06%	1,864,357.66
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	32.53	↑	0.06%	32.51
FMBCH	52.00	↑	10.69%	46.98
ILLOVO	104.72	↑	15.01%	91.05
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	16.00	↓	-2.32%	16.38
NBS	22.98	↓	-0.04%	22.99
Treasury Bill auctions				
	22-Jun-21		% pts Δ	15-Jun-21
Amount offered - cost value (K'm)	5,050.00	→	0.00%	5,050.00
Applied - cost value (K'm)	3,403.29	↑	10.22%	3,087.63
Allotted - cost value (K'm)	3,403.29	↑	10.22%	3,087.63
Overall rejection rate	0.00%	→	0.00	0.00%
91 days yield	9.3330%	↓	-0.40%	9.7375%
182 days yield	12.7998%	↑	0.01%	12.7922%
364 days yield	13.8938%	↑	0.03%	13.8643%
All-type yield	12.0089%	↓	-0.12%	12.1313%
Treasury Note auctions				
	25-Jun-21	22-Jun-21		15-Jun-21
Auction date	25-Jun-21	22-Jun-21		15-Jun-21
Tenors	2, 5, 7 & 10 years	2 & 5 years		7 years
Coupon rate	10.00%, 12.50%, 13.50% & 15.00%	10.00% & 12.50%		13.50%
Amount offered - cost value (K'b)				28.86
Total applied - cost value (K'b)	3.86	6.95		12.31
Total allotted - cost value (K'b)	3.86	6.95		8.72
Allotted - weighted average ytm	16.65%, 20.25%, 20.65% & 20.50%	16.62% & 20.00%		20.52%
Current yields for Treasury Notes				
	Tenor	Last auction's yield	Last auction	Next auction
2-year	2-year	16.65%	25-Jun-21	TBA
3-year	3-year	18.80%	6-Apr-21	29-Jun-21
5-year	5-year	20.25%	25-Jun-21	TBA
7-year	7-year	20.65%	25-Jun-21	TBA
10-year	10-year	20.50%	25-Jun-21	TBA
Upcoming Treasury Note auctions				
	Auction date	Tenor	Amount (K'b)	Last coupon rate
	29-Jun-21	3	34.34	11.00%
Projected maturities				
	Week ending	25-Jun-21	2-Jul-21	9-Jul-21
TBs, PNs & TNs (K'm)		11,912	17,162	8,702
OMO repos (K'm)		0	0	0
OMO reverse repos (K'm)		0	0	17,373
Reference rate				
	Jun-21		% pts Δ	May-21
Rate	12.20%	↑	0.10	12.10%
Inflation rate				
	May-21		% pts Δ	Apr-21
Rate	8.9%	↓	-0.3	9.2%
Cumulative tobacco sales				
	25-Jun-21		% Δ	Week 10 as at 26 June 2020
Date	25-Jun-21			
Volume (Kg)	77,959,440.00	↑	21.05%	64,402,264.00
Value (USD)	128,171,119.59	↑	31.48%	97,486,299.61
Average price (USD/Kg)	1.64	↑	8.61%	1.51
Closing mid exchange rates				
	24-Jun-21		% Δ	17-Jun-21
USD	811.1960	↓	0.69%	805.6545
GBP	1200.0279	↓	1.66%	1180.4416
EUR	1032.7489	↓	-1.32%	1046.5740
ZAR	61.4496	↑	-0.47%	61.7388
Gross official foreign exchange reserves position				
	31-May-21	30-Apr-21		31-Mar-21
Reserves (USD'm)	443.25	392.01		410.16
Import cover (months)	1.77*	1.88		1.96

* US\$250.0m import requirement per month is used in the calculations from May 2021 while US\$209.0m is used in the preceding months.

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 35,388 as at 25th June 2021, out of which 1,179 were reported to be active. There has been a surge in COVID-19 infections recently with an average of 99 new infections per day during the review week. So far, 32,996 people have recovered while 1,179 have died from the disease. The first and second doses of the vaccine have been administered to cumulatively 385,114 and 42,616 people, respectively (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 180.57m, with recoveries of more than 165.95m and 3.91m deaths as at 25th June 2021 (Source: Johns Hopkins University and Medicine).