

### Malawi Stock Exchange (MSE) trading activity

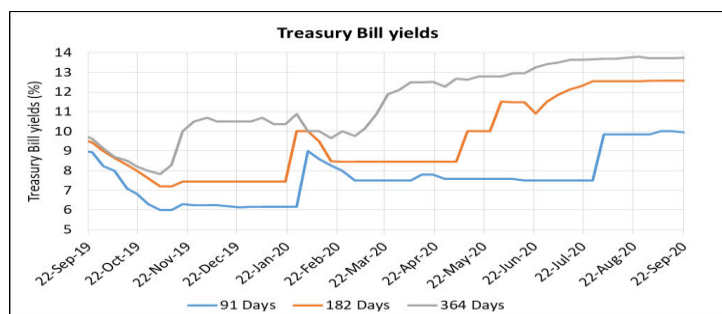
The Malawi All Share Index (MASI) gained by 1.26% to close the week at 31,855.04 points from 31,459.77 points in the previous week due to share price gains in AIRTEL and TNM of 4.17% and 3.90%, respectively, which outweighed a share price loss in ICON of 0.08%. The market traded 40,926,545 shares at a consideration of K2.40b in 88 trades compared to 35,379,558 shares traded during the previous week at a consideration of K1.99b in 88 trades, representing an increase of 15.68% in traded volume and 20.73% in traded value. The year-to-date return on MASI stands at 5.30% compared to 2.16% in the same period in 2019 (Source: MSE).

### Corporate news

Sunbird Tourism Plc reported a loss of K1.34b for the six months period ended 30<sup>th</sup> June 2020, compared to a profit of K1.20b recorded in the corresponding period in 2019. The loss is largely attributed to a decrease of 32% in total revenue to K6.12b in 2020 from K9.04b in 2019 due to negative effects of the COVID-19 pandemic (Source: MSE).

### Government securities

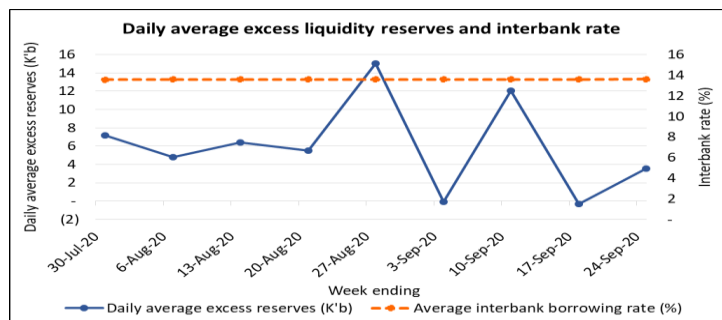
Government raised K3.35b during the week's auction for Treasury Bills (TBs) compared to K3.00m raised in the previous week. The auction registered a rejection rate of 44.59%. The all-type average TB yield was stable at 12.10% during the week as the 182-day yield remained stable at 12.58% while the 91-day yield decreased to 9.95% from 10.00% and the 364-day yield increased to 13.75% from 13.72% in the previous week (Source: RBM).



Maturities of Government securities for the week amounted to K36.51b, resulting in a net injection of K33.16b into the market compared to a net withdrawal of K4.29b in the previous week (Source: RBM).

### Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K3.58b from negative K310m recorded in the previous week. Average interbank borrowing increased to K7.78b per day from K5.40b per day in the previous week. The average interbank borrowing rate marginally increased to 13.61% from 13.60%. Borrowing on the Lombard Facility decreased to an average of K46.31b per day during the week from K48.09b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



### Foreign exchange market developments

The Kwacha was stable at K751.3681 per USD during the week, and appreciated against GBP by 1.62%, EUR by 1.53% and ZAR by 4.72%. Gross official forex reserves were last recorded at USD642.86m (3.08 months of import cover) on 31<sup>st</sup> August 2020, representing a decrease of 1.31% from USD651.41m (3.12 months of import cover) on 31<sup>st</sup> July 2020 (Source: RBM).

Stock market				
	25-Sep-20		% Δ	18-Sep-20
MASI	31,855.04	↑	1.26%	31,459.77
DSI	27,200.88	↑	1.31%	26,849.17
FSI	1,460.99	→	0.00%	1,460.99
Traded volume	40,926,545	↑	15.68%	35,379,558
Number of trades	88	→	0.00%	88
Value of shares traded (K'm)	2,401.20	↑	20.73%	1,988.92
Market capitalisation (K'm)	1,730,309.51	↑	1.24%	1,709,129.46
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	30.00	↑	4.17%	28.80
TNM	21.30	↑	3.90%	20.50
Losers				
	Closing price (K)		% Δ	Opening price (K)
ICON	12.49	↓	-0.08%	12.50
Treasury Bill auctions				
Auction date	25-Sep-20		% pts Δ	15-Sep-20
Amount offered - cost value (K'm)	8,081.00	→	0.00%	8,081.00
Applied - cost value (K'm)	6,045.67	↑	201422.33%	3.00
Allotted - cost value (K'm)	3,350.03	↑	111567.67%	3.00
Overall rejection rate	44.59%	↑	44.59	0.00%
91 days yield	9.95%	↓	-0.48%	10.00%
182 days yield	12.58%	↑	0.02%	12.58%
364 days yield	13.75%	↑	0.23%	13.72%
All-type yield	12.095%	↓	-0.04%	12.099%
Treasury Note auctions				
Auction date	15-Sep-20	8-Sep-20		18-Aug-20
Tenors	10 years	3 years		7 years
Coupon rate	15.00%	11.00%		13.50%
Amount offered - cost value (K'b)	13.81	49.73		25.07
Total applied - cost value (K'b)	14.24	43.55		46.32
Total allotted - cost value (K'b)	11.46	41.35		25.07
Allotted - weighted average ytm	22.14%	18.02%		20.75%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.46%	4-Aug-20		tba
3-year	18.02%	8-Sep-20		tba
5-year	19.82%	21-Jul-20		tba
7-year	20.75%	18-Aug-20		tba
10-year	22.14%	15-Sep-20		tba
Projected maturities				
Week ending	25-Sep-20	2-Oct-20		9-Oct-20
TBs, PNs & TNs (K'm)	36,514	11,525		5,553
OMO (K'm)	0	0		0
Reference rate				
	Sep-20		% pts Δ	Aug-20
Rate	13.60%	↑	0.20	13.40%
Inflation rate				
	Aug-20		% pts Δ	Jul-20
Rate	7.6%	↓	-0.4	8.0%
Cumulative tobacco sales (end of season)				
Year	2020		% Δ	2019
Volume (Kg)	113,846,927.00	↓	-31.26%	165,611,368.00
Value (USD)	174,519,328.36	↓	-26.38%	237,050,199.67
Average price (USD/Kg)	1.53	↑	6.99%	1.43
Indicative opening mid exchange rates				
	25-Sep-20		% Δ	18-Sep-20
USD	751.3681	→	0.00%	751.3681
GBP	959.4971	↑	-1.62%	975.2758
EUR	877.2974	↑	-1.53%	890.8972
ZAR	44.4037	↑	-4.72%	46.6031
Gross official foreign exchange reserves position				
	31-Aug-20	31-Jul-20		30-Jun-20
Reserves (USD'm)	642.86	651.41		682.66
Import cover (months)	3.08	3.12		3.27

Sources: MSE, RBM, NSO, AHL

### COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 5,747 as at 25<sup>th</sup> September 2020. Daily new infections continue to decrease. Consequently, schools and borders started reopening in phases on 7<sup>th</sup> September 2020. So far, 4,163 have recovered while 179 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 32.28m, with more than 22.27m recoveries and 984k deaths as at 25<sup>th</sup> September 2020 (Source: Johns Hopkins University and Medicine). While most countries across the world continue to ease restrictions due to a decrease in daily new infections, countries in the EURO Zone have started reinstating some measures as the region has been registering a daily rise in new infections recently.

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