

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.44% to close the week at 29,667.91 points from 29,539.02 points in the previous week due to share price increases in ICON (9.62%) and NBS (0.06%) which outweighed a marginal loss in TNM (-0.04%). The rest of the counters registered no share price movement. The market registered a decrease of 87.03% in the volume of shares traded to 3,648,825 compared to 28,129,189 in the previous week, and a decrease of 88.80% in the value of traded shares to K52.37m from K467.59m. The year-to-date return on MASI stands at -1.93% compared to 2.37% in the same period in 2019 (Source: MSE).

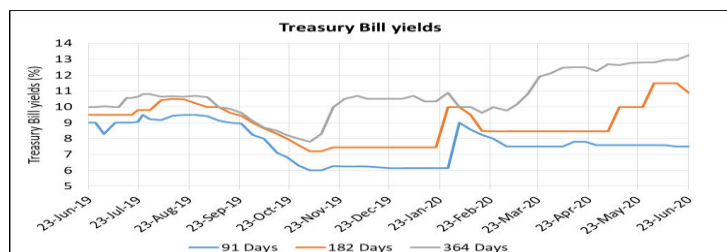
Corporate news

Airtel Malawi Plc expects its profit after tax (PAT) for the half year ending 30th June 2020 to be approximately 300% higher than what was reported for the same period in 2019 (Source: SME).

Blantyre Hotels Plc reported PAT of K70.01m in the six months ended 31st March 2020, representing a drop of 24% from K92.29m reported for the previous corresponding period (Source: BHL).

Government securities

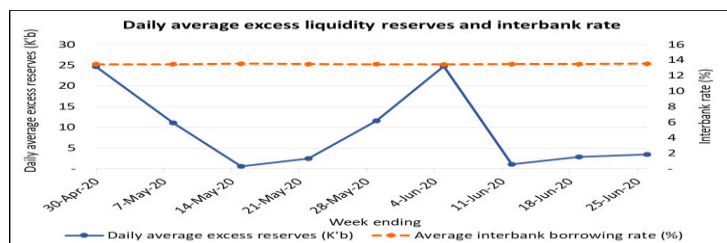
Government raised K1.78b during the week's auction for Treasury Bills (TB) compared to K320.67m raised in the previous week. The auction registered a rejection rate of 21.92%. The all-type average TB yield decreased to 10.55% from 10.65% in the previous week due to a decrease in the 182-day yield to 10.90% from 11.48%, while the 364-day yield increased to 13.25% from 12.96% in the previous week. The 91-day yield was stable at 7.50% during the period (Source: RBM).



There was no auction for Treasury notes (TN) during the week. In the previous week, K42.26b raised from auctions of 2-year, 3-year, 5-year and 7-year TNs at weighted average yields of 16.25%, 17.21%, 20.00% and 21.00%, respectively. Maturities of Government securities for the week amounted to K3.56b, resulting in a net injection of K1.78b into the market compared to a net withdrawal of K40.00b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels slightly increased during the week. Average daily excess reserves increased to K3.44b from K2.85b recorded in the previous week. Borrowing on the interbank market increased to an average of K6.24b per day from K5.42b per day in the previous week, and the average interbank borrowing rate increased to 13.53% from 13.48%. Borrowing on the Lombard Facility increased to an average of K36.03b per day during the week from K24.80b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha marginally depreciated by 0.02% to K737.0659 per USD during the week from K737.0659 per USD in the previous week. The Kwacha also depreciated against EUR and ZAR by 0.04% and 1.59%, respectively. A slight appreciation of 0.13% was recorded against GBP. Gross official forex reserves stood at USD662.98m (3.17 months of import cover) on 31st May 2020, an increase of 8.66% from USD610.13m (2.92 months of import cover) on 30th April 2020 (Source: RBM). As at the end of week 9 of 2020 marketing season on 19th June 2020, tobacco had raked in USD88.44m compared to USD92.46m for the same period in 2019, representing a year-on-year decrease in value of 4.35%. Tobacco sales volumes so far have amounted to 58.42m kg, lower than 64.53m Kg as at week 9 in 2019. However, average prices have been higher for 2020 (K1.51/kg) compared to 2019 (K1.43/kg) (Source: AHL).

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Stock market				
	26-Jun-20	% Δ		19-Jun-20
MASI	29,667.91	↑	0.44%	29,539.02
DSI	25,013.78	↑	0.46%	24,898.84
FSI	1,757.76	→	0.00%	1,757.76
Traded volume	3,648,825	↓	-87.03%	28,129,189
Number of trades	31	↓	-50.00%	62
Value of shares traded (K'm)	52.37	↓	-88.80%	467.59
Market capitalisation (K'm)	1,540,562.83	↑	0.43%	1,533,954.13
Gainers	Closing price (K)	% Δ		Opening price (K)
ICON	11.40	↑	9.62%	10.40
NBS	17.51	↑	0.06%	17.50
Losers	Closing price (K)	% Δ		Opening price (K)
TNM	24.92	↓	-0.04%	24.93
Treasury Bill auctions				
	23-Jun-20	% pts Δ		16-Jun-20
Amount offered - cost value (K'm)	1,769.00	↓	-62.91%	4,769.00
Applied - cost value (K'm)	2,281.45	↑	611.46%	320.67
Allotted - cost value (K'm)	1,781.46	↑	455.54%	320.67
Overall rejection rate	21.92%	↓	21.92	0.00%
91 days yield	7.50%	→	0.00%	7.50%
182 days yield	10.90%	↓	-5.07%	11.48%
364 days yield	13.25%	↑	2.28%	12.96%
All-type yield	10.55%	↓	-0.90%	10.65%
Treasury Note auctions				
	16 & 19 June 2020	2-Jun-20		19-May-20
Tenors	2, 3, 5 & 7 years	2, 3 & 7 years		2 years
Total applied - cost value (K'b)	50.74	91.59		15.08
Total allotted - cost value (K'b)	42.26	91.59		13.25
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.25%	19-Jun-20		tba
3-year	18.00%	19-Jun-20		tba
5-year	20.00%	19-Jun-20		tba
7-year	21.00%	19-Jun-20		tba
10-year	21.70%	21-Apr-20		tba
Projected maturities				
Week ending	26-Jun-20	Jun-20		Jul-20
TBs, PNs & TNs (K'm)	3,558	24,971		31,499
OMO (K'm)	0	0		0
Reference rate				
	Jun-20	% pts Δ		May-20
Rate	13.40%	↑	0.10	13.30%
Inflation rate				
	May-20	% pts Δ		Apr-20
Rate	8.7%	↓	-0.7	9.4%
Cumulative tobacco sales (Week 9)				
	2020	% Δ		2019
Volume (Kg)	58,424,741.00	↓	-9.46%	64,531,314.00
Value (USD)	88,435,226.39	↓	-4.35%	92,457,284.53
Average price (USD/Kg)	1.51	↑	5.59%	1.43
Indicative opening mid exchange rates				
	26-Jun-20	% Δ		19-Jun-20
USD	737.1905	↓	0.02%	737.0659
GBP	916.1804	↑	-0.13%	917.3522
EUR	826.9803	↓	0.04%	826.6194
ZAR	42.9711	↓	1.59%	42.2988
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

Presidential election

Malawi held a fresh presidential election on 23rd June 2020 after the Constitutional Court nullified the May 2019 presidential election on 3rd February 2020, on account of severe irregularities in its management. Dr Lazarus Chakwera of the Malawi Congress Party (MCP) and leader of the Tonse Alliance emerged as the winner in the fresh election and was sworn in office on 28th June 2020 together with his vice, Dr Saulos Chilima. There may be significant changes in policies and generally management of the country following the change in Government. The Tonse Alliance has promised good governance and public administration, economic transformation and social development, among other things.

COVID-19 update

A second wave of new infections of COVID-19 continues to spread across the globe. As at 28th June 2020, total confirmed cases of COVID-19 globally were more than 10.03m, with 5.08m recoveries and 500k deaths. In Malawi COVID-19 cases increased to 1038 as at 28th June 2020 from 592 cases as at 19th June 2020. So far, 260 have recovered while 13 have died from the disease in Malawi (Source: Johns Hopkins University and Medicine).