

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.02% to close the week at 32,581.65 from 32,586.56 points in the previous week due to share price losses in AIRTEL (-0.04%), ICON (-0.08%), MPICO (-0.05%), NICO (-0.02%), PCL (-0.001%) and TNM (-0.06%) which outweighed share price gains in FMBCH (0.07%) and STANDARD (0.001%). The year-to-date return on MASI stands at 0.58% compared to -4.46% for the same period in 2020 (Source: MSE).

Corporate news

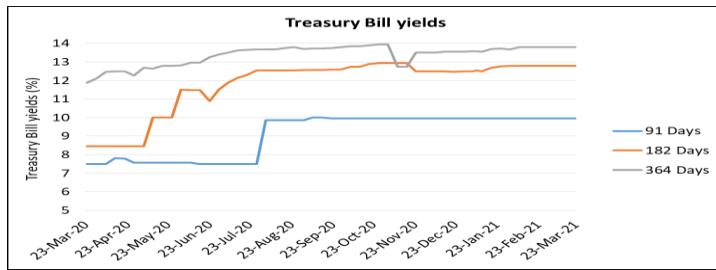
FDH Bank Plc expects its profit after tax for the year ended 31st December 2020 to be at least 88% higher than that of the preceding corresponding period. This is attributed to restatement of financial statements for 2018 and 2019 in respect of a change in revenue recognition on some restructured financial instruments which resulted in an upward revision of some revenue earned in 2018 and 2019 to 2020 (Source: MSE).

Annual General Meeting

Company	Venue	Date	Time
Blantyre Hotels Limited (BHL)	Virtual	19-Apr-21	15:30 hrs.

Government securities

Government raised K2.50b during the week's auction for Treasury Bills (TBs) compared to K1.329b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield remained stable at 12.1833% since the previous week. The yields were stable across all the three tenors, namely 91-day, 182-day and 364-day, at 9.95%, 12.80% and 13.80%, respectively (Source: RBM).

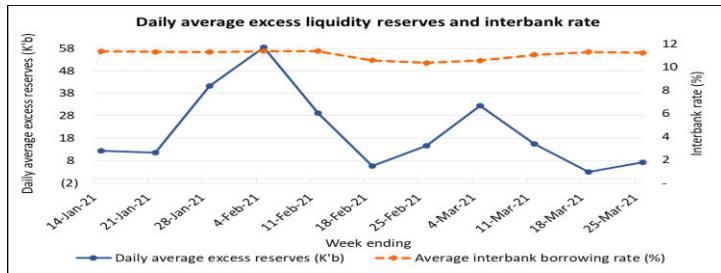


Data source: RBM

During the week, K20.99b was also raised by Government through auction of a 5-year Treasury note (TN) at an average yield of 19.98%. Maturities of Government securities for the week amounted to K11.21b and OMO reverse repo maturities during the week amounted to K10.17b, resulting in a net withdrawal of K22.45b from the market, compared to a net injection of K12.64b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K7.26b from K2.92b recorded in the previous week. Interbank borrowing for the week averaged K16.92b per day, up from the average of K12.22b per day in the previous week. The average interbank borrowing rate increased to 11.45% from 11.39%. Borrowing on the Lombard Facility averaged K12.27b per day compared to the average of K43.04b per day in the previous week at a fixed rate of 12.20% (Source: RBM).



Data source: RBM

Foreign exchange market developments

The Kwacha depreciated by 0.13% against the USD to close the week at K782.1163 per USD. The Kwacha however, appreciated against the GBP, EUR and ZAR by -0.97%, -1.00% and -1.21%, respectively. Gross official forex reserves were last recorded at USD483.38m (2.31 months of import cover) on the 28th February 2021 from USD502.98m (2.41 months of import cover) recorded on 31st January 2021 (Source: RBM). The reserves are below the recommended minimum of 3 months of import cover. The situation is not expected to improve until the onset of the 2021 tobacco marketing season.

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Stock market			
	26-Mar-21	% Δ	19-Mar-21
MASI	32,581.65	↓ -0.02%	32,586.56
DSI	27,727.36	↓ -0.02%	27,732.50
FSI	1,614.33	↑ 0.06%	1,613.34
Market capitalisation (K'm)	1,771,110.20	↓ -0.01%	1,771,291.01
Gainers	Closing price (K)	% Δ	Opening price (K)
FMBCH	27.12	↑ 0.07%	27.10
STANDARD	1200.11	↑ 0.001%	1200.10
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	27.95	↓ -0.04%	27.96
ICON	12.18	↓ -0.08%	12.19
MPICO	20.89	↓ -0.05%	20.90
NICO	51.93	↓ -0.02%	51.94
PCL	1199.94	↓ -0.001%	1199.95
TNM	16.49	↓ -0.06%	16.50
Treasury Bill auctions			
Auction date	23-Mar-21	% pts Δ	16-Mar-21
Amount offered - cost value (K'm)	2,580.00	↑ 0.00%	2,580.00
Applied - cost value (K'm)	2,499.19	↑ 93.00%	1,294.93
Allotted - cost value (K'm)	2,499.19	↑ 93.00%	1,294.93
Overall rejection rate	0.00%	↑ 0.00%	0.00%
91 days yield	9.95%	↑ 0.00%	9.95%
182 days yield	12.80%	↑ 0.00%	12.80%
364 days yield	13.80%	↑ 0.00%	13.80%
All-type yield	12.18%	↑ 0.00%	12.18%
Treasury Note auctions			
Auction date	23-Mar-21	9-Mar-21	16-Feb-21
Tenors	5 years	2 years	10 years
Coupon rate	12.50%	10.00%	15.00%
Amount offered - cost value (K'b)	23.47	38.34	10.64
Total applied - cost value (K'b)	21.24	40.86	8.15
Total allotted - cost value (K'b)	20.99	38.57	7.58
Allotted - weighted average ytm	19.98%	16.50%	22.50%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.50%	9-Mar-21	18-May-21
3-year	18.66%	2-Feb-21	6-Apr-21
5-year	19.98%	23-Mar-21	1-Jun-21
7-year	20.50%	9-Feb-21	20-Apr-21
10-year	22.50%	16-Feb-21	4-May-21
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Coupon rate
6-Apr-21	3	43.73	TBA
20-Apr-21	7	20.00	TBA
4-May-21	10	9.95	TBA
18-May-21	2	21.00	TBA
1-Jun-21	5	20.47	TBA
Projected maturities			
Week ending	26-Mar-21	2-Apr-21	9-Apr-21
TBs, PNs & TNs (K'm)	11,210	15,616	10,594
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	10,167	10,167	0
Reference rate			
Rate	Mar-21	% pts Δ	Feb-21
	11.90%	↓ -0.10	12.00%
Inflation rate			
Rate	Feb-21	% pts Δ	Jan-21
	8.3%	↑ 0.6	7.7%
Indicative opening mid exchange rates			
	26-Mar-21	% Δ	19-Mar-21
USD	783.1037	↓ 0.13%	782.1163
GBP	1077.3941	↑ -0.97%	1087.9230
EUR	922.6528	↑ -1.00%	931.9698
ZAR	52.3973	↑ -1.21%	53.0381
Gross official foreign exchange reserves position			
Reserves (USD'm)	28-Feb-21	31-Jan-21	31-Dec-20
Import cover (months)	2.31	2.41	2.75

Data sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 33,415 as at 26th March 2021, out of which 2,752 were reported to be still active. There has been a decrease in daily new infections of COVID-19 in the second wave of the disease in the country in recent weeks. However, Government has cautioned the public to stay vigilante against an impending third wave. So far, 29,417 people have recovered while 1,112 have died from the disease. The first dose of the Oxford-AstraZeneca vaccine had been administered to a total of 90,107 people as at 26th March 2021 (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 125.9m, with recoveries of more than 101m and 2.7m deaths as at 26th March 2021 (Source: Johns Hopkins University and Medicine).