Weekly update – 27th December 2019

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.01% to close the week at 29,538.36 points from 29,536.87 points recorded in the previous week due to marginal share price gains in MPICO, NBM and NBS which outweighed a marginal share price loss in NICO. There were no price movements in the rest of the companies registered on MSE. A total of 1,111,024 shares were traded at a consideration of K18.35m in 16 trades compared to 9,089,872 shares traded in the previous week at a consideration of K137.52m in 62 trades. This represents a decrease of 87.78% in traded volume and a decrease of 86.65% in traded value. The year-to-date return on the MASI stands at 1.91% compared to 31.76% recorded for the corresponding period in 2018 (Source: MSE).

Corporate news

Airtel Malawi Plc leased a Pre-Listing statement on 27th December 2019 in respect of its Initial Public Offer (IPO) of 2,200,000,000 shares at a price of K12.69 per share, which represent 20% of the company's issued capital. The IPO opened at 08.00hrs on 27th December 2019 and is expected to close at 17:00hrs on 31st January 2020 (Source: MSE).

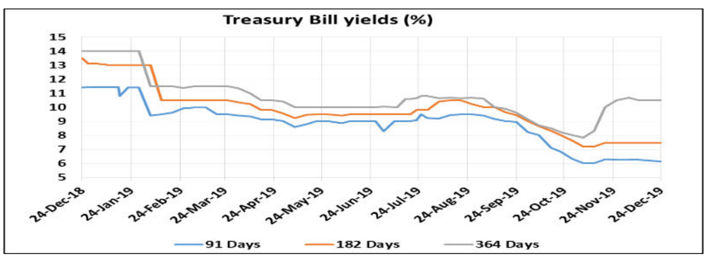
Dividend announcements

Company	Dividend type	Declared/ Proposed	Dividend amount (K)	Last day to register	Payable
TNM	2nd Interim	Declared	0.25	3-Jan-20	17-Jan-20
ILLOVO	Final	Proposed	0.50	13-Mar-20	31-Mar-20

(Source: MSE)

Government securities

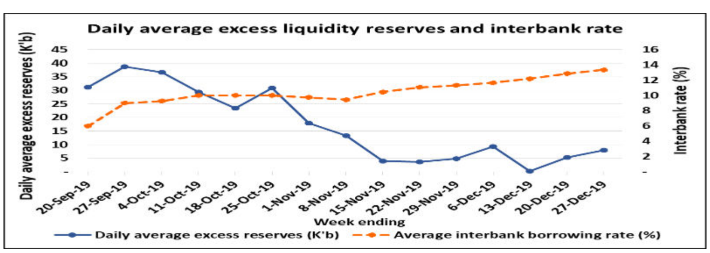
Government raised K1.84b from a Treasury Bill (TB) auction held on 24th December 2019 against the offered amount of K2.07b and total applications of K3.64b. There was no auction for Treasury Notes (TN) during the week. There was also no application for the Open Market Operations (OMO) Reverse Repo that was offered during the week. Maturities for the week amounted to K12.37b, resulting in a net injection of K10.53b into the market compared to a net injection of K6.00m in the previous week. The all-type average TB yield slightly decreased to 8.03% from 8.05% in the preceding week due to a marginal decrease in the 91-day yield to 6.14% from 6.20% while the 182-day and 364-day yields were stable at 7.46% and 10.50%, respectively (Source: RBM).



(Source: RBM)

Interbank market activity

Excess liquidity reserves increased to an average of K8.00b per day from K5.26b per day recorded in the previous week. Consequently, borrowing on the interbank market decreased to an average of K8.45b per day from K10.68b per day in the previous week and the average interbank borrowing rate increased to 13.35% from 12.85%. Borrowing on the Lombard Facility decreased to an average of K33.52b per day from K41.75b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



(Source: RBM)

Stock market			
	27-Dec-19	% Δ	20-Dec-19
MASI	29,538.36	0.01%	29,536.87
DSI	22,955.71	0.01%	22,954.37
FSI	4,024.86	0.00%	4,024.86
Traded volume	1,111,024	-87.78%	9,089,872
Number of trades	16	-74.19%	62
Value of shares traded (K'm)	18.35	-86.65%	137.52
Market capitalisation (K'm)	1,395,610.71	0.00%	1,395,541.40
Gainers	**Current price (K)**	**% Δ**	**Previous price (K)**
MPICO	19.53	0.10%	19.51
NBM	460.06	0.002%	460.05
NBS	12.55	0.08%	12.54
Losers	**Current price (K)**	**% Δ**	**Previous price (K)**
NICO	48.49	-0.02%	48.50
Projected maturities			
Week ending	20-Dec-19	27-Dec-19	Dec-19
TBs, PNs & TNs (K'm)	6,065	12,368	36,085
OMO (K'm)	0	0	7,493
Treasury Note auctions			
Date	17-Dec-19	4-Dec-19	19-Nov-19
Tenor	2 Years	5 Years	10 Years
Coupon rate	8.00%	10.50%	15.50%
Amount offered -cost value (K'b)	36.79	22.86	12.63
Applied for - face value (K'b)	7.16	42.50	16.64
Allotted- face value (K'b)	4.16	26.49	13.47
Allotted - cost value (K'b)	3.94	22.86	12.63
Allotted - weighted average ytm	12.27%	14.45%	17.47%
Treasury Bill auctions			
Auction date	24-Dec-19	% pts Δ	17-Dec-19
Amount offered -cost value (K'm)	2,067.00	0.00%	2,067.00
Applied - cost value (K'm)	3,639.69	-50.04%	7,285.02
Alloted - cost value (K'm)	1,836.91	-11.12%	2,066.63
Overall rejection rate	49.53%	-22.10	71.63%
91 days yield	6.14%	-0.06	6.20%
182 days yield	7.46%	0.00	7.46%
364 days yield	10.50%	0.00	10.50%
All-type yield	8.03%	-0.02	8.05%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2- year	12.27%	17-Dec-19	TBA
3-year	10.70%	5-Nov-19	21-Jan-20
5-year	14.45%	4-Dec-19	18-Feb-20
7-year	13.73%	24-Oct-19	7-Jan-20
10-year	17.47%	19-Nov-19	4-Feb-20
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
7-Jan-20	7	24.35	14.00%
21-Jan-20	3	29.37	9.00%
4-Feb-20	10	8.13	15.50%
18-Feb-20	5	31.36	10.00%
Reference rate			
	Dec-19	% pts Δ	Nov-19
Rate	12.50%	0.20	12.30%
Inflation rate			
	Nov-19	% pts Δ	Oct-19
Rate	10.4%	0.8	9.6%
RBM indicative mid exchange rates			
	27-Dec-19	% Δ	20-Dec-19
USD	736.4016	0.00%	736.4016
GBP	953.1246	-0.51%	958.0158
ZAR	51.7416	-0.08%	51.7823
EUR	816.5221	-0.25%	818.5840
Gross official foreign exchange reserves position			
	30-Sep-19	30-Aug-19	31-Jul-19
Reserves (USD'm)	656.04	705.68	704.14
Import cover (months)	3.14	3.37	3.37

(Sources: MSE, RBM, NSO)

Foreign exchange market developments

The Kwacha was stable at an average mid-rate of K736.4016 per USD during the week and appreciated marginally against GBP, ZAR and EUR. Gross official foreign exchange reserves were last recorded at USD656.04m (3.14 months of import cover) on 30th September 2019, a decrease from USD705.68m (3.37 months of import cover) recorded on 30th August 2019 (Source: RBM).

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