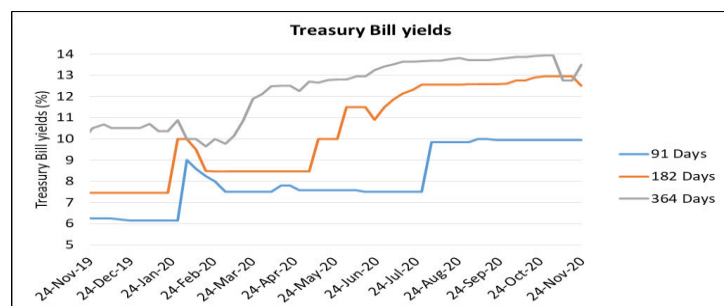


## Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.92% to close the week at 31,232.57 points from 30,948.18 points in the previous week due to share price gains in FHDB (10.75%), ICON (0.66%) and PCL (4.06%) which outweighed share price losses in NBS (-0.10%) and TNM (-0.36%). The market traded a total of 6,233,221 shares at a consideration of K1.16b in 78 trades compared to a total of 11,247,551 shares traded at a consideration of K295.92m in 34 trades in the previous week, representing a decrease of 44.58% in traded volume and an increase of 293.08% in traded value. The year-to-date return on MASI stands at 3.24% compared to 0.80% for the same period in 2019 (Source: MSE).

## Government securities

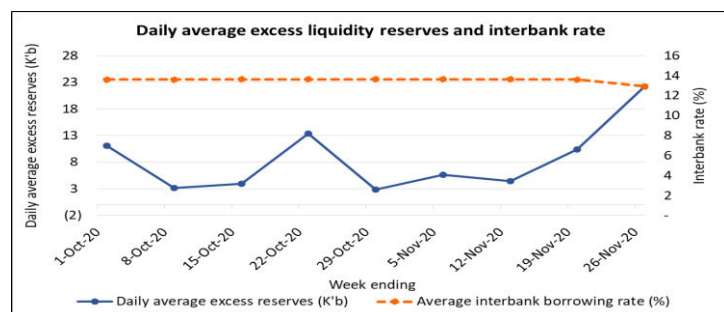
Government raised K3.27b during the week's auction for Treasury Bills (TBs) compared to K5.85m raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 11.98% during the week from 11.88% in the previous week due to an increase in the 364-day yield to 13.50% from 12.75%. The 91-day yield was stable at 9.95% while the 182-day yield decreased to 12.50% from 12.75% (Source: RBM).



Government also raised K14.71b from an auction for a 3-year Treasury Note at an average yield of 17.79% during the week. This brings the total amount raised through auctions of Treasury securities during the week to K17.98b. Maturities of Government securities for the week amounted to K14.40b, resulting in a net withdrawal of K3.58b from the market compared to a net injection of K50.35b in the previous week (Source: RBM).

## Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K22.18b from K10.37b recorded last week. Interbank borrowing for the week increased to K53.60b from K22.00b in the previous week while the average interbank borrowing rate decreased to 12.08% from 12.24% in the previous week. Borrowing on the Lombard Facility decreased to an average of K16.39b per day from K32.86b per day in the previous week, at a fixed rate of 12.20%. The market continues to adjust to the reduction in the Monetary Policy Rate to 12.00% from 13.50% and the Lombard rate to 12.20% from 13.70% on 6<sup>th</sup> November 2020 (Source: RBM).



## Foreign exchange market developments

The Kwacha remained stable at K758.3002 per USD during the week. The Kwacha, however, depreciated against GBP, EUR and ZAR by 1.04%, 0.64% and 2.12%, respectively. Gross official forex reserves were last recorded at USD635.05m (3.04 months of import cover) on 31<sup>st</sup> October 2020, representing an increase of 16.10% from USD546.99m (2.62 months of import cover) on 30<sup>th</sup> September 2020 (Source: RBM).

Stock market				
	27-Nov-20		% Δ	20-Nov-20
MASI	31,232.57	↑	0.92%	30,948.18
DSI	26,723.82	↑	0.96%	26,470.76
FSI	1,362.89	↓	0.00%	1,362.89
Traded volume	6,233,221	↓	-44.58%	11,247,551
Number of trades	78	↑	129.41%	34
Value of shares traded (K'm)	1,163.23	↑	293.08%	295.92
Market capitalisation (K'm)	1,697,294.78	↑	0.91%	1,682,003.53
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	13.29	↑	10.75%	12.00
ICON	12.29	↑	0.66%	12.21
PCL	1398.57	↑	4.06%	1343.99
Losers				
	Closing price (K)		% Δ	Opening price (K)
NBS	20.91	↓	-0.10%	20.93
TNM	19.39	↓	-0.36%	19.46
Treasury Bill auctions				
Auction date	24-Nov-20		% pts Δ	17-Nov-20
Amount offered - cost value (K'm)	15,127.00	↓	0.00%	15,127.00
Applied - cost value (K'm)	3,265.88	↑	55727.01%	5.85
Allotted - cost value (K'm)	3,265.88	↑	55727.01%	5.85
Overall rejection rate	0.00%	↓	0.00%	0.00%
91 days yield	9.95%	↓	0.00%	9.95%
182 days yield	12.50%	↓	-3.47%	12.95%
364 days yield	13.50%	↑	5.92%	12.75%
All-type yield	11.98%	↑	0.85%	11.88%
Treasury Note auctions				
Auction date	24-Nov-20	10-Nov-20	20-Oct-20	
Tenors	3 years	7 years	5 years	
Coupon rate	11.00%	13.50%	12.50%	
Amount offered - cost value (K'b)	32.76	30.76	20.25	
Total applied - cost value (K'b)	15.78	2.03	11.20	
Total allotted - cost value (K'b)	14.71	2.02	3.32	
Allotted - weighted average ytm	17.79%	19.95%	19.95%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.46%	4-Aug-20	19-Jan-21	
3-year	17.79%	24-Nov-20	2-Feb-21	
5-year	19.95%	20-Oct-20	22-Dec-20	
7-year	19.95%	10-Nov-20	5-Jan-21	
10-year	22.14%	15-Sep-20	8-Dec-20	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Previous coupon rate	
8-Dec-20	10	10.64	15.00%	
22-Dec-20	5	24.17	12.50%	
5-Jan-21	7	30.16	13.50%	
19-Jan-21	2	42.52	10.00%	
2-Feb-21	3	47.76	11.00%	
16-Feb-21	10	10.64	15.00%	
Projected maturities				
Week ending	27-Nov-20	4-Dec-20	11-Dec-20	
TBs, PNs & TNs (K'm)	14,377	14,402	6,589	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	0	13,285	0	
Reference rate				
Rate	Nov-20	% pts Δ	Oct-20	
	13.60%	↓	0.00	13.60%
Inflation rate				
Rate	Oct-20	% pts Δ	Sep-20	
	7.5%	↑	0.4	7.1%
Indicative opening mid exchange rates				
	27-Nov-20	% Δ	20-Nov-20	
USD	758.3002	↓	0.00%	758.3002
GBP	1014.1507	↓	1.04%	1003.6861
EUR	904.2730	↓	0.64%	898.5099
ZAR	49.9549	↓	2.12%	48.9191
Gross official foreign exchange reserves position				
	31-Oct-20	30-Sep-20	31-Aug-20	
Reserves (USD'm)	635.05	546.99	642.86	
Import cover (months)	3.04	2.62	3.08	

Sources: MSE, RBM, NSO, AHL

## COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 6,020 on 27<sup>th</sup> November 2020. The country continues to register low levels of daily new infections and the economy continues to open. So far, 5,450 people have recovered while 185 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 61.13m, with more than 39.19m recoveries and 1.43m deaths as at 27<sup>th</sup> November 2020 (Source: Johns Hopkins University and Medicine). Countries in Europe and the United States of America continue to register a rise in new infections in the second wave of the COVID-19 pandemic. Consequently, most countries in the Eurozone have reinstated some measures, including lockdowns. However, there are growing prospects of an effective vaccine.

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