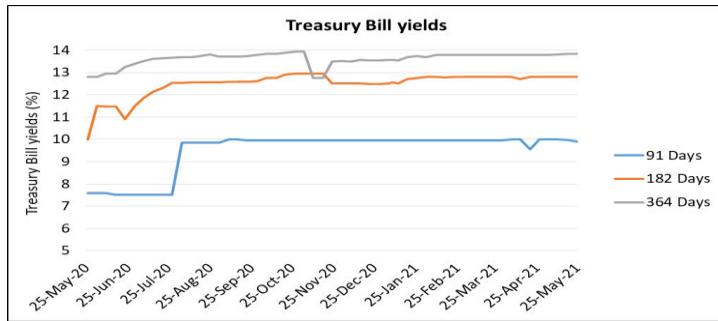


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.03% to close the week at 33,616.13 points from 33,606.87 points in the previous week due to share price gains in AIRTEL (0.80%), FMBCH (4.47%) and NBM (0.002%) which offset share price losses in FDHB (-0.06%), ICON (-0.08%), MPICO (-5.88%), NBS (-0.04%) and TNM (-2.08%). The market traded a total of 36,188,983 shares at a consideration of K3.39b in 99 trades during the week, compared to 96,327,248 shares traded at a consideration of K1.08b in 75 trades in the previous week. This represents a decrease of 62.43% in traded volume and an increase of 214.76% in traded value. The year-to-date return on MASI stands at 3.78% compared to -5.78% for the same period in 2020 (Source: MSE).

Government securities

Government raised K2.62b during the week's auction for Treasury Bills (TBs) compared to K1.26b raised in the previous week. The auction registered a rejection rate of 14.52% on the submitted bids. The all-type average TB yield marginally decreased to 12.1833% from 12.2100% in the previous week due to a decrease in the 91-day and 364-day yields to 9.9000% and 13.8498%, respectively, from 9.9800% and 13.8500% in the previous week. The 182-day yield was stable at 12.8000% (Source: RBM).

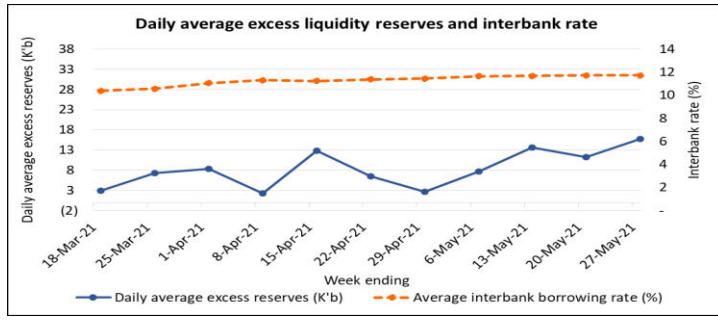


Data source: RBM

Maturities of Government securities for the week amounted to K11.19b, resulting in a net injection of K8.57b into the market, compared to a net withdrawal of K1.18b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K15.79b from K11.21b last week. Consequently, the average daily Interbank borrowing decreased to K9.62b compared to K16.43b in the previous week. The average interbank borrowing rate marginally increased to 11.94% from 11.93% in the previous week. Borrowing on the Lombard Facility averaged K46.28b per day, increasing from an average of K37.17b per day in the previous week. The Lombard rate remains fixed at 12.20% as previously set by the Monetary Policy Committee. (Source: RBM).



Data source: RBM

Foreign exchange market developments

The closing USD/MWK mid-rate decreased to K800.9967 on Thursday, 27th May 2021 from K802.2157 on Thursday, 20th May 2021, representing a Kwacha appreciation of 0.15%. During the same period, the Kwacha also appreciated against GBP by 1.04%. It, however, depreciated against EUR and ZAR by 0.36% and 1.62%, respectively. The gross official forex reserves were last recorded at USD392.01m (1.88 months of import cover) on 30th April 2021 from USD410.16m (1.96 months of import cover) recorded on 31st March 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the sixth week, as at 27th May 2021, the tobacco market had cumulatively raked in USD64.31m compared to USD49.70m for the corresponding period in 2020 (Source: AHL).

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.

CDH House, 5 Independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826

Stock market			
MASI	33,616.93	0.03%	33,606.87
DSI	28,322.68	-0.18%	28,372.70
FSI	2,030.51	3.85%	1,955.20
Traded volume	36,188,983	-62.43%	96,327,248
Number of trades	99	32.00%	75
Value of shares traded (K'm)	3,392.72	214.76%	1,077.88
Market capitalisation (K'm)	1,827,697.18	0.04%	1,826,972.69
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	32.76	0.80%	32.50
FMBCH	35.52	4.47%	34.00
NBM	650.08	0.002%	650.07
Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	16.41	-0.06%	16.42
ICON	12.13	-0.08%	12.14
MPICO	16.00	-5.88%	17.00
NBS	22.99	-0.04%	23.00
TNM	16.00	-2.08%	16.34
Treasury Bill auctions			
Auction date	25-May-21	% pts Δ	18-May-21
Amount offered - cost value (K'm)	9,861.00	0.00%	9,861.00
Applied - cost value (K'm)	3,070.03	143.86%	1,258.91
Allotted - cost value (K'm)	2,624.29	108.46%	1,258.91
Overall rejection rate	14.52%	14.52	0.00%
91 days yield	9.9000%	-0.08%	9.9800%
182 days yield	12.8000%	0.00%	12.8000%
364 days yield	13.8498%	0.00%	13.8500%
All-type yield	12.1833%	-0.03%	12.2100%
Treasury Note auctions			
Auction date	18-May-21	4-May-21	20-Apr-21
Tenors	2 years	10 years	7 years
Coupon rate	10.00%	15.00%	13.50%
Amount offered - cost value (K'b)	21.00	9.95	20.00
Total applied - cost value (K'b)	13.24	3.06	10.77
Total allotted - cost value (K'b)	11.47	3.06	9.71
Allotted - weighted average ytm	16.51%	22.50%	20.50%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.51%	18-May-21	TBA
3-year	18.80%	6-Apr-21	29-Jun-21
5-year	19.98%	23-Mar-21	1-Jun-21
7-year	20.50%	20-Apr-21	15-Jun-21
10-year	22.50%	4-May-21	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
1-Jun-21	5	20.47	12.50%
15-Jun-21	7	28.86	13.50%
29-Jun-21	3	34.34	11.00%
Projected maturities			
Week ending	28-May-21	4-Jun-21	11-Jun-21
TBs, PNs & TNs (K'm)	11,185	23,733	6,341
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	15,402
Reference rate			
Rate	May-21	% pts Δ	Apr-21
	12.10%	➡ 0.00	12.10%
Inflation rate			
Rate	Apr-21	% pts Δ	Mar-21
	9.2%	➡ -0.2	9.4%
Cumulative tobacco sales			
Year	27-May-21	% Δ	Week 6 as at 30 May 2020
Volume (Kg)	38,825,201.00	18.99%	32,627,772.00
Value (USD)	64,305,409.68	29.39%	49,699,304.09
Average price (USD/Kg)	1.66	9.21%	1.52
Actual market closing mid exchange rates			
USD	800.9967	0.15%	802.2157
GBP	1179.6626	-1.04%	1192.1134
EUR	1044.5706	0.36%	1040.8080
ZAR	62.1815	1.62%	61.1885
Gross official foreign exchange reserves position			
Reserves (USD'm)	30-Apr-21	31-Mar-21	28-Feb-21
	392.01	410.16	483.38
Import cover (months)	1.88	1.96	2.31

Data sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 34,323 as at 28th May 2021, out of which 339 were reported to be still active. Daily new locally transmitted and imported infections of COVID-19 were reported to be 14 cases. So far, 32,598 people have recovered while 1,154 have died from the disease. The first dose of the Oxford-AstraZeneca vaccine was reported to have been administered to a total of 352,607 people (Source: Ministry of Health). The second dose will be administered from June 2021 onwards. Globally, total confirmed cases of COVID-19 amounted to 169.5m, with recoveries of more than 152.04m and 3.5m deaths as at 28th May 2021 (Source: Johns Hopkins University & Medicine).