

Malawi Stock Exchange (MSE) trading activity

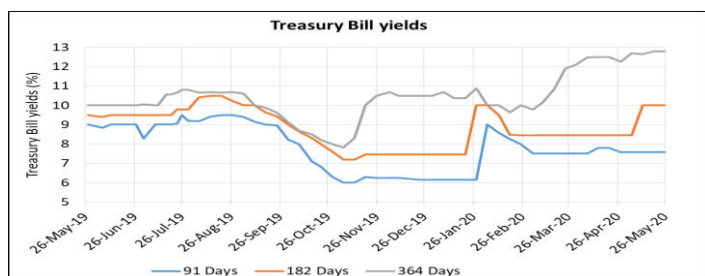
The Malawi All Share Index (MASI) marginally lost to close the week at 28,501.97 points from 28,502.17 points in the previous week, on account of a marginal share price loss in NICO to K48.43 from K48.44. The rest of the counters registered no share price movement. The market, however, registered an increase of 21.15% in the value of shares traded to K1.07b during the week, despite registering a decrease of 14.50% in traded volume to 27,707,386 shares. The year-to-date return on MASI stands at -5.79% compared to -0.27% in the same period in 2019 (Source: MSE).

Corporate news

Virtual annual general meeting		
Company	Date	Time
SUNBIRD	19-Jun-20	15.30hrs

Government securities

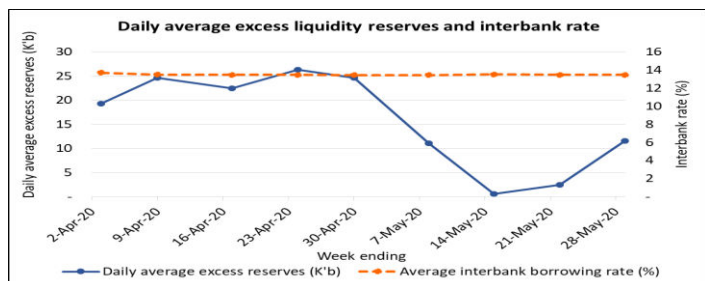
Government raised K1.22b during the week's auction for Treasury Bills (TB) as planned. The TB auction registered a rejection rate of 74%. In the previous week, the Government raised K2.76b against an offer for subscription of K219m. The all-type average TB yield slightly increased to 10.13% from 10.12% in the previous week due to a marginal increase in the 364-day yield to 12.80% from 12.78%. The 91-day and 182-day yields remained stable at 7.58% and 10.00%, respectively.



There was no auction for Treasury Notes during the week. Maturities of Government securities for the week amounted to K5.68b, thereby resulting in a net injection of K4.46b into the market compared to a net withdrawal of K2.19b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels improved during the week. Average daily excess reserves increased to K11.54b from K2.42b recorded in the previous week. Borrowing on the interbank market increased to an average of K7.69b per day from K6.26b per day in the previous week, while the average interbank borrowing rate was steady at 13.47%. Borrowing on the Lombard Facility amounted to K79.66b during the week, down from K100.16b in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated, albeit marginally, against all the major trading currencies during the week. The USD/MWK indicative middle rate closed the week at K736.8159 from K736.5641 as at the end of the preceding week. Gross official foreign exchange reserves were last recorded at USD730.17m (3.49 months of import cover) on 31st March 2020, down from USD785.31m (3.76 months of import cover) recorded on 29th February 2020 (Source: RBM). As at the end of week 5 of 2020 marketing season on 23rd May 2020, the tobacco market had raked in USD39.37m compared to USD37.74m for the same period in 2019, representing an increase in value of 4.32%, owing to an improvement in prices in the 2020 season relative to the 2019 season. Tobacco sales volumes in the 2020 season, however, have been lower than 2019 due to high rejection rates (Source: AHL).

Stock market			
	29-May-20	% Δ	22-May-20
MASI	28,501.97	↓ -0.001%	28,502.17
DSI	23,780.75	↓ -0.001%	23,780.94
FSI	1,993.51	↓ 0.00%	1,993.51
Traded volume	27,707,386	↓ -14.50%	32,407,509
Number of trades	61	↓ -8.96%	67
Value of shares traded (K'm)	1,071.29	↑ 21.15%	884.29
Market capitalisation (K'm)	1,483,373.69	↓ -0.001%	1,483,384.12
Gainers	Closing price (K)	% Δ	Opening price (K)
None			
Losers	Closing price (K)	% Δ	Opening price (K)
NICO	48.43	↓ -0.02%	48.44
Treasury Bill auctions			
Auction date	26-May-20	% pts Δ	19-May-20
Amount offered - cost value (K'm)	1,219.00	↑ 456.62%	219.00
Applied - cost value (K'm)	4,725.28	↑ 71.14%	2,761.02
Allotted - cost value (K'm)	1,218.52	↓ -55.87%	2,761.02
Overall rejection rate	74.21%	↑ 74.21	0.00%
91 days yield	7.58%	↑ 0.00%	7.58%
182 days yield	10.00%	↑ 0.00%	10.00%
364 days yield	12.80%	↑ 0.15%	12.78%
All-type yield	10.13%	↑ 0.06%	10.12%
Treasury Note auctions			
Date	19-May-20	5-May-20	21-Apr-20
Tenor	2 Years	5 Years	10 Years
Coupon rate	10.00%	12.50%	15.00%
Amount offered - cost value (K'b)	34.09	44.11	8.86
Applied - cost value (K'b)	15.08	41.46	11.62
Allotted - cost value (K'b)	13.25	41.46	4.36
Allotted - weighted average ytm	13.96%	18.47%	21.70%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	13.96%	19-May-20	tba
3-year	14.50%	7-Apr-20	16-Jun-20
5-year	18.47%	5-May-20	tba
7-year	19.08%	24-Mar-20	2-Jun-20
10-year	21.70%	21-Apr-20	Tba
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
2-Jun-20	7	20.07	13.50%
16-Jun-20	3	27.48	11.00%
Projected maturities			
Week ending	29-May-20	5-Jun-20	Jun-20
TBs, PNs & TNs (K'm)	5,677	5,340	24,971
OMO (K'm)	0	0	0
Reference rate			
Rate	May-20	% pts Δ	Apr-20
	13.30%	↑ 0.10	13.20%
Inflation rate			
Rate	Apr-20	% pts Δ	Mar-20
	9.4%	↓ -0.4	9.8%
Cumulative tobacco sales (Week 5)			
Year	2020	% Δ	2019
Volume (Kg)	25,809,149.00	↓ -7.14%	27,792,178.00
Value (USD)	39,366,455.13	↑ 4.32%	37,737,425.99
Average price (USD/Kg)	1.53	↑ 12.50%	1.36
Indicative opening mid exchange rates			
	29-May-20	% Δ	22-May-20
USD	736.8159	↓ 0.03%	736.5641
GBP	909.3782	↓ 1.06%	899.8604
EUR	818.1604	↓ 1.66%	804.7699
ZAR	42.0020	↓ 0.93%	41.6131
Gross official foreign exchange reserves position			
	31-Mar-20	29-Feb-20	31-Jan-20
Reserves (USD'm)	730.17	785.31	786.71
Import cover (months)	3.49	3.76	3.76

Sources: MSE, RBM, NSO, AHL

COVID-19 update

COVID-19 continues to spread in Malawi. Total confirmed cases increased to 203 as at 29th May 2020 from 84 cases as at 22nd May 2020. Most of the new infections recorded during the week were imported cases from Malawians returning from abroad including South Africa. So far, 42 have recovered while 4 have died from the disease in Malawi. Globally, as at 29th May 2020, there were more than 5.84m confirmed cases of COVID-19 with more than 2.44m recoveries and 361k deaths (Source: Johns Hopkins University and Medicine). As the world curve of new infections continues to flatten, countries are easing some restrictions to pave way for economic recovery.

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.