

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.15% to close the week at 29,197.19 points from 29,153.01 points the previous week due to share price gains in NBM and NBS. A total of 10,208,668 shares were traded at a consideration of K117.56m, compared to 1,152,911 shares traded in the previous week at a consideration of K37.33m, representing increases in both traded volume and value. The year-to-date return on the MASI stands at 0.74% compared to 47.45% in the corresponding period in 2018 (Source: MSE).

Corporate news

MyBucks Banking Corporation Ltd posted a profit after tax of K817.27m for the six months ended 30th June 2019, representing a slight decrease from K819.92m posted as at the end of June 2018. However, assets for the Group grew by 23% to K59b from K48b, mainly driven by growth of the loan book by 77% to K21b from K12b. Deposits from customers also grew by 11% (Source: MyBucks).

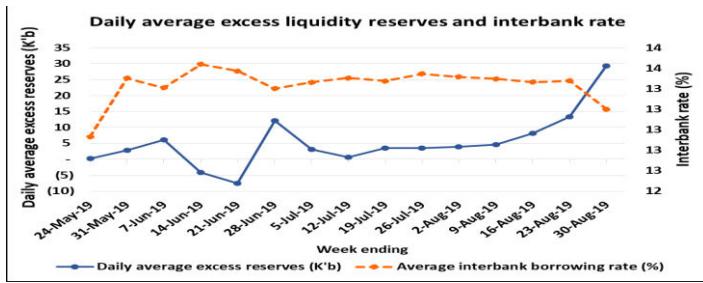
Illovo Sugar Malawi Plc expects its profit after tax for the year ending 31st August 2019 to be lower by at least 40% than that of the previous year (Source: Illovo).

Government securities

Government raised K2.74b from Treasury Bill (TB) auctions during the week, approximately the same amount that was raised in the previous week. There was also an auction for a 3-year Treasury Note (TN), during which K28.03b was raised, bringing the total amount raised from Treasury securities during the week to K30.77b. Maturities for the week amounted to K30.62b, resulting in a net withdrawal of only K0.15b from the market. There were no open market operations (OMOs) during the week. The all-type average TB yield slightly decreased to 10.14% from 10.21% the previous week as the 182-day TB yield decreased to 10.23% from 10.49% while the 91-day TB yield was constant at 9.50% and the 364-day TB yield increased to 10.69% from 10.66%. The 3-year TN traded at an average yield of 13.87% (Source: RBM).

Interbank market activity

Excess liquidity reserves increased to an average of K29.37b per day from K13.29b in the previous week. Consequently, borrowing on the interbank market decreased to an average of K5.14b per day from K10.31b during the previous week and the average interbank borrowing rate decreased to 13.20% from 13.48%. The amount accessed on the Lombard facility decreased to a total of K7.90b from K28.10b at a fixed rate of 13.90% (Source: RBM).



(Source: RBM)

Foreign exchange market developments

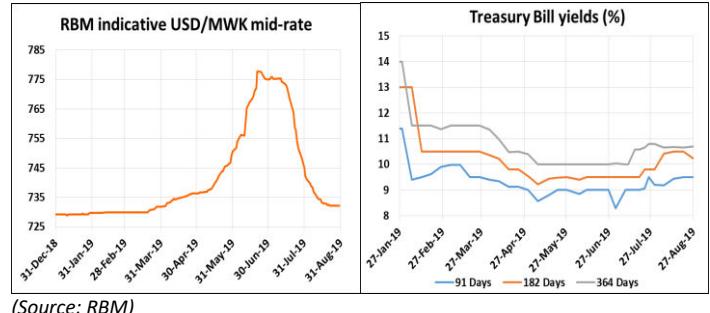
The Kwacha appreciated against GBP, ZAR and EUR during the week, but marginally depreciated against USD. The USD/MWK indicative middle rate closed the week at 732.1960 from 732.1788 in the previous week. Gross official forex reserves stood at USD765.82m (3.66 months of import cover) on 30th June 2019, up from USD693.00m (3.30 months of import cover) on 31st May 2019 (Source: RBM).

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| Stock market | | | |
|---|------------------------|---------------------|------------------------|
| MASI | 30-Aug-19 29,197.17 | % Δ 0.15% | 23-Aug-19 29,153.01 |
| DSI | 22,420.52 | 0.18% | 22,380.68 |
| FSI | 4,272.58 | 0.00% | 4,272.58 |
| Traded volume | 10,208,668 | 785.47% | 1,152,911 |
| Number of trades | 20 | -68.75% | 64 |
| Value of shares traded (K'm) | 117.56 | 214.91% | 37.33 |
| Market capitalisation (K'm) | 1,378,000.20 | 0.26% | 1,374,473.76 |
| Gainers | Current price (K) | % Δ | Previous price (K) |
| NBM | 370.05 | 0.005% | 370.03 |
| NBS | 11.20 | 6.667% | 10.50 |
| Losers | Current price (K) | % Δ | Previous price (K) |
| None | | | |
| Treasury Bill auctions | | | |
| Auction date | 27-Aug-19 | % pts Δ | 20-Aug-19 |
| 91 days yield | 9.50% | 0.00 | 9.50% |
| 182 days yield | 10.23% | -0.26 | 10.49% |
| 364 days yield | 10.69% | 0.03 | 10.66% |
| All-type yield | 10.14% | -0.08 | 10.21% |
| Amount offered - cost value (K'm) | 2,735.00 | 0.00 | 2,735.00 |
| Applied - cost value (K'm) | 16,816.27 | -8.52% | 18,383.31 |
| Allotted - cost value (K'm) | 2,735.01 | 0.00% | 2,735.01 |
| Overall rejection rate | 83.74% | -1.39 | 85.12% |
| Treasury Note auctions | | | |
| Date | 29-Aug-19 | 13-Aug-19 | 3-Jul-19 |
| Tenor | 3 Years | 7 Years | 3 Years |
| Coupon rate | 9.00% | 14.00% | 9.00% |
| Amount offered - cost value (K'b) | 28.04 | 8.99 | |
| Applied for - face value (K'b) | 43.85 | 36.75 | 0.20 |
| Allotted- face value (K'b) | 31.00 | 10.15 | 0.20 |
| Allotted - cost value (K'b) | 28.03 | 8.93 | 0.18 |
| Allotted - weighted average ytm | 13.87% | 17.00% | 14.00% |
| Current yields for Treasury Notes | | | |
| Tenor | Current yield | Last auction | Next auction |
| 2- year | 12.20% | 6-Jun-19 | 7-Oct-19 |
| 3-year | 13.87% | 29-Aug-19 | TBA |
| 5-year | 16.16% | 18-Apr-19 | 23-Sep-19 |
| 7-year | 17.00% | 13-Jul-19 | 21-Oct-19 |
| 10-year | N/A | N/A | 9-Sep-19 |
| Upcoming Treasury Note auctions | | | |
| Auction date | Tenor | Amount (K'b) | Last coupon rate |
| 9-Sep-19 | 10 years | 5.29 | N/A |
| 23-Sep-19 | 5 years | 11.37 | 10.00% |
| 7-Oct-19 | 2 years | 15.87 | 8.00% |
| 21-Oct-19 | 7 years | 8.99 | 14.00% |
| Projected maturities | | | |
| Week ending | 16-Aug-19 | 23-Aug-19 | 30-Aug-19 |
| TBs, PNs & TNs (K'm) | 3,774 | 30,532 | 30,622 |
| OMO (K'm) | 0 | 0 | 0 |
| Inflation | | | |
| Jul-19 | % pts Δ | Jun-19 | |
| Rate | 9.30% | 0.30 | 9.00% |
| Cumulative tobacco sales as at 23 August 2019 (week 18) versus 2018 | | | |
| Week 18 2019 | % Δ | Week 18 2018 | |
| Volume (Kg' million) | 143.90 | -16.14% | 171.60 |
| Value (USD' million) | 211.50 | -28.76% | 296.90 |
| Average price (USD/Kg) | 1.47 | -15.03% | 1.73 |
| RBM indicative mid exchange rates | | | |
| USD | 30-Aug-19 732.1960 | % Δ 0.00% | 23-Aug-19 732.1788 |
| GBP | 892.0344 | -0.36% | 895.2350 |
| ZAR | 47.7851 | -0.77% | 48.1548 |
| EUR | 808.7837 | -0.20% | 810.3755 |
| Gross official foreign exchange reserves position | | | |
| Reserves (USD'm) | 30-Jun-19 765.82 | 31-May-19 696.30 | 30-Apr-19 766.10 |
| Import cover (months) | 3.66 | 3.33 | 3.67 |

(Sources: MSE, RBM, NSO)



(Source: RBM)