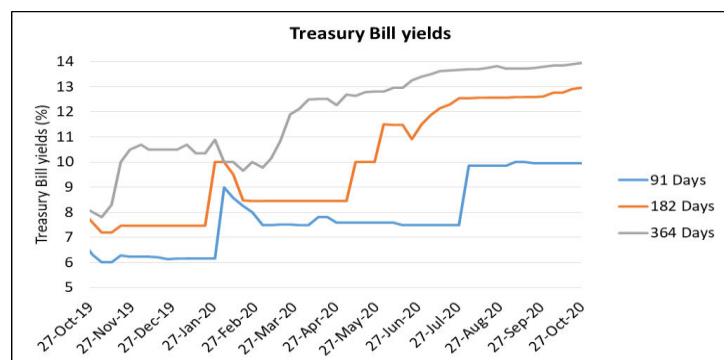


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.14% to close the week at 31,303.78 points from 31,346.80 points in the previous week due to share price losses in AIRTEL (-0.10%), NBM (-0.16%), NITL (-0.01%) and TNM (-1.04%) which outweighed a marginal share price gain in FMBCH of 0.05%. There were no price changes in the rest of the counters. The market traded a total of 493,193,817 shares at a consideration of K10.50b in 76 trades. This is compared to a total of 151,537,502 shares traded in the previous week at a consideration of K2.23b in 61 trades, representing increases of 225.46% in traded volume and 371.03% in traded value. The year-to-date return on MASI stands at 3.48% compared to 4.70% for the same period in 2019 (Source: MSE).

Government securities

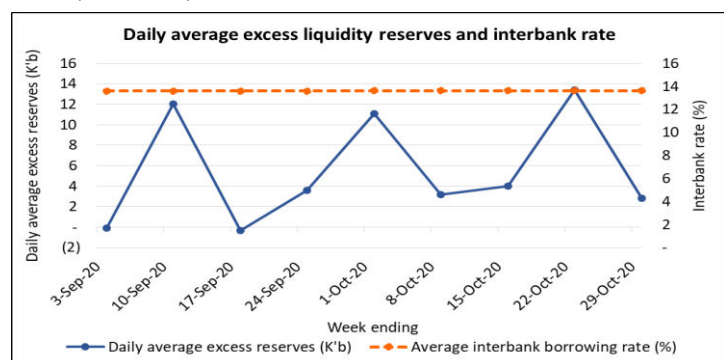
Government raised K2.59b during the week's auction for Treasury Bills (TBs) compared to K430.55m raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.28% from 12.25% in the previous week due to increases in the 182-day and 364-day yields to 12.95% and 13.94%, respectively, from 12.90% and 13.90% in the preceding week. The 91-day yield was stable at 9.95% (Source: RBM).



Maturities of Government securities for the week amounted to K13.90b and the RBM also injected K30.00b into the market through an OMO repo auction. This resulted in a net injection of K41.31b into the market compared to a net injection of K3.69b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K2.82b from K13.39b recorded in the previous week. Consequently, interbank borrowing for the week increased to K7.40b from K3.20b in the previous week. The average interbank borrowing rate was stable at 13.63%. Borrowing on the Lombard Facility increased to an average of K73.26b per day during the week from K59.56b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.26% against USD to K755.3315 per USD during the week. However, it appreciated against GBP, EUR and ZAR by 0.94%, 0.75% and 0.86%, respectively. Gross official forex reserves were last recorded at USD546.99m (2.62 months of import cover) on 30th September 2020, representing a decrease of 14.91% from USD642.86m (3.08 months of import cover) on 31st August 2020 (Source: RBM).

Stock market				
	30-Oct-20	% Δ		23-Oct-20
MASI	31,303.78	↓ -0.14%		31,346.80
DSI	26,787.57	↓ -0.14%		26,826.24
FSI	1,362.39	↑ 0.04%		1,361.90
Traded volume	493,193,817	↑ 225.46%		151,537,502
Number of trades	76	↑ 24.59%		61
Value of shares traded (K'm)	10,497.77	↑ 371.03%		2,228.67
Market capitalisation (K'm)	1,700,452.27	↓ -0.17%		1,703,334.47
Treasury Bill auctions				
	27-Oct-20	% pts Δ		20-Oct-20
Amount offered - cost value (K'm)	8,179.00	→ 0.00%		8,179.00
Applied - cost value (K'm)	2,591.42	↑ 501.89%		430.55
Allotted - cost value (K'm)	2,591.42	↑ 501.89%		430.55
Overall rejection rate	0.00%	→ 0.00%		0.00%
91 days yield	9.95%	→ 0.00%		9.95%
182 days yield	12.95%	↑ 0.38%		12.90%
364 days yield	13.94%	↑ 0.26%		13.90%
All-type yield	12.28%	↑ 0.23%		12.25%
Treasury Note auctions				
	20-Oct-20	6-Oct-20		15-Sep-20
Tenors	5 years	3 years		10 years
Coupon rate	12.50%	11.00%		15.00%
Amount offered - cost value (K'b)	20.25	35.74		13.81
Total applied - cost value (K'b)	11.20	13.03		14.24
Total allotted - cost value (K'b)	3.32	12.20		11.46
Allotted - weighted average ytm	19.95%	18.47%		22.14%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.46%	4-Aug-20		tba
3-year	18.47%	6-Oct-20		tba
5-year	19.95%	20-Oct-20		tba
7-year	20.75%	18-Aug-20		tba
10-year	22.14%	15-Sep-20		tba
OMO repos - 30 October 2020				
Tenor	Applied (K'm)	Allotted (K'm)		Average yield
30 days	21,500	13,160		11.15%
60 days	14,500	10,000		11.32%
90 days	29,580	6,840		13.50%
Total	65,580	30,000		
Projected maturities				
Week ending	30-Oct-20	Oct-20		Nov-20
TBs, PNs & TNs (K'm)	13,897	37,114		37,376
OMO (K'm)	0	0		0
Reference rate				
	Oct-20	% pts Δ		Sep-20
Rate	13.60%	→ 0.00		13.60%
Inflation rate				
	Sep-20	% pts Δ		Aug-20
Rate	7.1%	↓ -0.5		7.6%
Indicative opening mid exchange rates				
	30-Oct-20	% Δ		23-Oct-20
USD	755.3315	↓ 0.26%		753.3557
GBP	974.4532	↑ 0.94%		983.6565
EUR	882.1517	↑ 0.75%		888.8091
ZAR	46.0256	↑ 0.86%		46.4246
Gross official foreign exchange reserves position				
	30-Sep-20	31-Aug-20		31-Jul-20
Reserves (USD'm)	546.99	642.86		651.41
Import cover (months)	2.62	3.08		3.12

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 5,916 as at 30th October 2020. The country continues to register low levels of daily new infections and the economy continues to open. So far, 5,303 people have recovered while 184 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 45.18m, with more than 30.37m recoveries and 1.18m deaths as at 30th October 2020 (Source: Johns Hopkins University and Medicine). While some countries continue to ease restrictions due to low levels in daily new infections, countries in Europe continue to reinstate some measures as the region has been registering a daily rise in new infections recently. The United States of America has also been registering a rise in new infections in recent weeks.

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