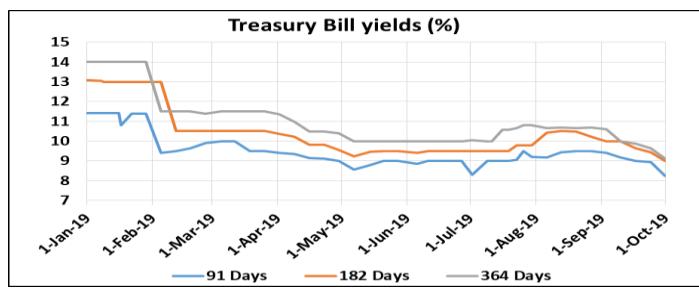


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 0.25% to close the week at 29,622.74 points from 29,548.44 points the previous week due to share price gains in ICON, NBM and NBS which outweighed a marginal share price loss in TNM. There was no price movement in the rest of the companies registered on the MSE. A total of 24,846,367 shares were traded at a consideration of K283.66m compared to 25,288,852 shares traded in the previous week at a consideration of K1.65b. This represents a drop of 1.75% in traded volume and 82.79% in traded value. Year-to-date return on the MASI stands at 2.21% compared to 46.17% in the corresponding period in 2018 (Source: MSE).

Government securities

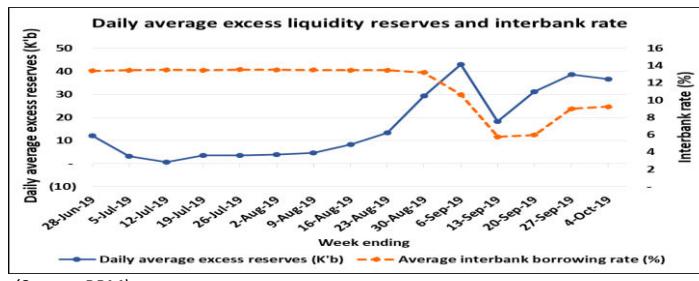
As planned, Government raised K4.80b from a Treasury Bill (TB) auction during the week against total applications of K27.59b, representing rejection rate of 82.61%. The same amount was raised in the previous week from a TB auction. There was no auction for Treasury Notes (TN) and no open market operations (OMOs) during the week under review. Maturities for the week amounted to K50.58b, thereby resulting in a net injection of K45.78b into the market, compared to a net injection of K12.34b in the previous week. The all-type average TB yield decreased to 8.79% from 9.34% in the preceding week, as the 91-day, 182-day and 364-day yields decreased to 8.23%, 9.00% and 9.12%, respectively, from 8.95%, 9.43% and 9.62% (Source: RBM).



(Source: RBM)

Interbank market activity

Liquidity levels remained high during the week. Excess liquidity reserves decreased to an average of K36.67b per day from K38.71b per day in the previous week. Consequently, borrowing on the interbank market decreased to K5.00b from K7.60b in the previous week and the average interbank borrowing rate increased to 9.25% from 9.00%. Borrowing on the Lombard facility amounted to K2.90b at a fixed rate of 13.90% compared to K6.60b in the preceding week (Source: RBM).



(Source: RBM)

Foreign exchange market developments

The Kwacha appreciated against USD and ZAR during the week but depreciated against GBP and EUR. The USD/MWK average indicative middle rate closed the week at 734.4495 from 734.8507 in the previous week. Gross official forex reserves remain high and stood at USD705.68m (3.37 months of import cover) on 30th August 2019, a slight increase from USD704.14m (3.37 months of import cover) recorded on 31st July 2019 (Source: RBM).

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			
4-Oct-19	29,622.74	% Δ	29,548.44
MASI	22,804.47	0.29%	22,737.43
DSI	4,272.58	0.00%	4,272.58
FSI	24,846,367	-1.75%	25,288,852
Traded volume	63	-8.70%	69
Number of trades	283.66	-82.79%	1,648.27
Value of shares traded (K'm)	1,397,997.87	0.25%	1,394,540.43
Market capitalisation (K'm)			
Gainers	Current price (K)	% Δ	Previous price (K)
ICON	10.49	4.90%	10.00
NBM	391.00	0.01%	390.98
NBS	12.10	0.75%	12.01
Losers	Current price (K)	% Δ	Previous price (K)
TNM	26.00	-0.04%	26.01
Projected maturities			
Week ending	4-Oct-19	27-Sep-19	20-Sep-19
TBs, PNs & TNs (K'm)	10,335	28,505	4,453
OMO (K'm)	40,249	0	13,361
Treasury Note auctions			
Date	26-Sep-19	10-Sep-19	29-Aug-19
Tenor	5 Years	10 Years	3 Years
Coupon rate	10.00%	15.50%	9.00%
Amount offered -cost value (K'b)	11.37	5.29	2803.50%
Applied for - face value (K'b)	64.91	25.50	43.85
Allotted- face value (K'b)	12.37	5.98	31.00
Allotted - cost value (K'b)	11.37	5.29	28.03
Allotted - weighted average ytm	14.00%	18.04%	13.87%
Treasury Bill auctions			
Auction date	1-Oct-19	% pts Δ	24-Sep-19
Amount offered -cost value (K'm)	4,798.00	0.00%	4,798.00
Applied - cost value (K'm)	27,585.68	-26.98%	37,776.22
Allotted - cost value (K'm)	4,797.65	0.00%	4,797.65
Overall rejection rate	82.61%	-4.69	87.30%
91 days yield	8.23%	-0.72	8.95%
182 days yield	9.00%	-0.43	9.43%
364 days yield	9.12%	-0.50	9.62%
All-type yield	8.79%	-0.55	9.34%
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	14.00%	26-Sep-19	TBA
7-year	17.00%	13-Jul-19	21-Oct-19
10-year	18.04%	10-Sep-19	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
7-Oct-19	2 years	15.87	8.00%
21-Oct-19	7 years	8.99	14.00%
Inflation			
Aug-19	% pts Δ	Jul-19	
Rate	9.50%	0.20	9.30%
Cumulative tobacco sales as at 20 September 2019 (week 22) versus 2018			
Week 22 2019	% Δ	Week 22 2018	
Volume (Kg' million)	160.87	-16.55%	192.77
Value (USD' million)	232.26	-28.57%	325.15
Average price (USD/Kg)	1.44	-14.79%	1.69
RBH indicative mid exchange rates			
4-Oct-19	% Δ	27-Sep-19	
USD	734,4495	-0.05%	734,8507
GBP	906,7514	0.05%	906,2914
ZAR	48,5234	-0.77%	48,9017
EUR	805,9114	0.45%	802,3100
Gross official foreign exchange reserves position			
30-Aug-19	Reserves (USD'm)	31-Jul-19	30-Jun-19
705.68	704.14	765.82	3.66
Import cover (months)	3.37	3.37	

(Sources: MSE, RBM, NSO)

Published financial results for banks for the half year ended 30th June 2019			
H1 2019 PAT (K'm)	Movement	H1 2018 PAT (K'm)	
CDH Investment Bank Ltd	549	-18%	672
Ecobank Ltd	3,692	74%	2,120
FDH Bank Ltd	3,351	150%	1,342
First Capital Bank Plc	4,153	-37%	6,580
National Bank of Malawi Plc	9,127	7%	8,541
NBS Bank Plc	1,406	194%	479
Nedbank Ltd	(666)	37%	(1,053)
MyBucks Banking Corporation Ltd	817	-0.3%	820
Standard Bank (Malawi) Plc	8,094	46%	5,532
2019 half-year published financial results for non-bank institutions			
H1 2019 PAT (K'm)	Movement	H1 2018 PAT (K'm)	
Listed			
Blantyre Hotels Plc	196	19%	165
First Capital Holdings Plc (US\$'000)	5,080	-75%	20,116
ICON Properties Plc	2,520		
Illovo Sugar (Malawi) Plc	8,123	17%	6,957
MPICO Plc	3,582	-6%	3,799
National Investment Trust Plc	672	-53%	1,429
Press Corporation Plc	11,168	-52%	23,079
Sunbird Tourism Plc	1,197	2%	1,172
Telekom Networks Malawi Plc	6,712	-3%	6,942
Unlisted			
First Discount House Ltd	1,194	661%	157