

Malawi Stock Exchange (MSE) trading activity

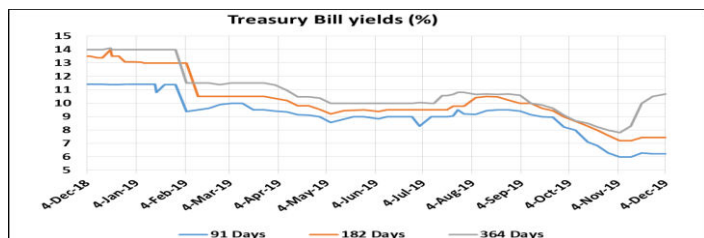
The Malawi All Share Index (MASI) marginally lost by 0.01% to close the week at 29,213.70 points from 29,215.33 points recorded in the previous week due to marginal share price losses in BHL and ICON. There was no price movement in the rest of the companies registered on the MSE. A total of 5,714,833 shares were traded at a consideration of K72.30m in 18 trades compared to 289,028,718 shares traded in the previous week at a consideration of K5.96b in 134 trades. This represents a decrease of 98.02% in traded volume and a decrease of 98.79% in traded value. The year-to-date return on the MASI stands at 0.79% compared to 22.10% recorded for the corresponding period in 2018 (Source: MSE).

Corporate news

Illovo Sugar Malawi Plc posted a profit after tax (PAT) of K10.08b in the financial year ended 31st August 2019. This represents a decrease of 38.70% from the PAT of K16.45b recorded in the previous corresponding period, largely on account of a decrease in revenue from sales. The company declared a dividend of 50 tambala per share payable on 31st March 2020 to shareholders on the company's register at the close of business on 13th March 2020 (Source: Illovo, MSE).

Government securities

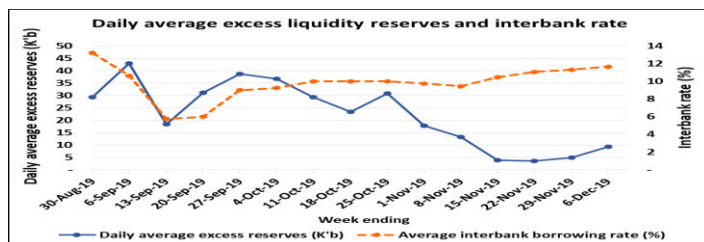
Government raised the planned amount of K6.07b from the Treasury Bill (TB) auction held on 6th December 2019, against total applications of K12.16b. This represents a rejection rate of 50.12%. There was also an auction for a 5-year Treasury Note (TN) during the week from which Government raised K22.86b. This brings the total amount raised through Government securities to K28.93b. There were no open market operations (OMOs). Maturities for the week amounted to K9.34b, resulting in a net withdrawal of K19.59b from the market compared to a net withdrawal of K1.24b in the previous week. The all-type average TB yield increased to 8.13% from 8.07% in the preceding week due to an increase in the 364-day yield to 10.69% from 10.50% while the 91-day and 182-day yields were constant at 6.24% and 7.46%, respectively. The 5-year TN traded at an average yield of 14.45% (Source: RBM).



(Source: RBM)

Interbank market activity

Liquidity conditions slightly improved during the week with excess liquidity reserves increasing to an average of K9.32b per day from K4.88b per day recorded in the previous week. However, borrowing on the interbank market increased to an average of K10.41b per day from K8.12b per day in the previous week and the average interbank borrowing rate increased to 11.66% from 11.31%. Borrowing on the Lombard Facility also increased to an average of K21.01b per day from K19.13b per day in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



(Source: RBM)

Stock market			
	6-Dec-19	% Δ	29-Nov-19
MASI	29,213.70	↓ -0.01%	29,215.33
DSI	22,662.80	↓ -0.01%	22,664.27
FSI	4,024.86	↓ 0.00%	4,024.86
Traded volume	5,714,833	↓ -98.02%	289,028,718
Number of trades	18	↓ -86.57%	134
Value of shares traded (K'm)	72.30	↓ -98.79%	5,957.55
Market capitalisation (K'm)	1,380,481.93	↓ -0.01%	1,380,557.13
Gainers			
None			
Losers			
BHL	12.94	↓ -0.08%	12.95
ICON	10.49	↓ -0.10%	10.50
Projected maturities			
Week ending	29-Nov-19	6-Dec-19	Dec-19
TBs, PNs & TNs (K'm)	6,922	9,336	36,085
OMO (K'm)	0	0	7,493
Treasury Note auctions			
Date	4-Dec-19	19-Nov-19	5-Nov-19
Tenor	5 Years	10 Years	3 Years
Coupon rate	10.50%	15.50%	9.00%
Amount offered - cost value (K'b)	22.86	12.63	30.87
Applied for - face value (K'b)	42.50	16.64	72.94
Allotted - face value (K'b)	26.49	13.47	32.24
Allotted - cost value (K'b)	22.86	12.63	30.87
Allotted - weighted average ytm	14.45%	17.47%	10.70%
Treasury Bill auctions			
Auction date	4-Dec-19	% pts Δ	26-Nov-19
Amount offered - cost value (K'm)	6,067.00	↓ -31.69%	8,882.00
Applied - cost value (K'm)	12,162.78	↑ 49.01%	8,162.59
Allotted - cost value (K'm)	6,066.53	↓ -25.68%	8,162.59
Overall rejection rate	50.12%	↓ 50.12	0.00%
91 days yield	6.24%	↓ 0.00	6.24%
182 days yield	7.46%	↓ 0.00	7.46%
364 days yield	10.69%	↑ 0.19	10.50%
All-type yield	8.13%	↑ 0.06	8.07%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	10.12%	8-Oct-19	17-Dec-19
3-year	10.70%	5-Nov-19	21-Jan-20
5-year	14.45%	4-Dec-19	18-Feb-20
7-year	13.73%	24-Oct-19	7-Jan-20
10-year	17.47%	19-Nov-19	4-Feb-20
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
17-Dec-19	2	36.79	8.00%
7-Jan-20	7	24.35	14.00%
21-Jan-20	3	29.37	9.00%
4-Feb-20	10	8.13	15.50%
18-Feb-20	5	31.36	10.00%
Reference rate			
Rate	Dec-19	% pts Δ	Nov-19
	12.50%	↑ 0.20	12.30%
Inflation			
Rate	Oct-19	% pts Δ	Sep-19
	9.60%	↑ 0.40	9.20%
RBM indicative mid exchange rates			
	6-Dec-19	% Δ	29-Nov-19
USD	736.3183	↓ 0.00%	736.3183
GBP	968.6267	↓ 1.85%	951.0287
ZAR	50.3249	↓ 0.78%	49.9358
EUR	817.8287	↓ 0.88%	810.6864
Gross official foreign exchange reserves position			
	30-Sep-19	30-Aug-19	31-Jul-19
Reserves (USD'm)	656.04	705.68	704.14
Import cover (months)	3.14	3.37	3.37

(Sources: MSE, RBM, NSO)

Foreign exchange market developments

The Kwacha was stable against USD during the week but depreciated albeit marginally against GBP, ZAR and EUR. Gross official foreign exchange reserves amounted to USD656.04m (3.14 months of import cover) as at 30th September 2019, representing a decrease from USD705.68m (3.37 months of import cover) recorded on 30th August 2019 (Source: RBM).

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