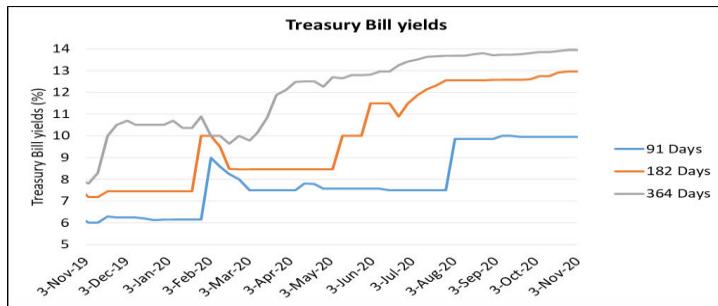


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.95% to close the week at 31,007.06 points from 31,303.78 points in the previous week due to share price losses in AIRTEL (-3.28%), STANDARD (-0.03%) and TNM (-2.40%). There were no price changes in the rest of the counters. The market traded a total of 2,130,572 shares at a consideration of K1.65b in 42 trades. This is compared to a total of 493,193,817 shares traded in the previous week at a consideration of K10.50b in 76 trades, representing decreases of 99.57% in traded volume and 84.28% in traded value. The year-to-date return on MASI stands at 2.50% compared to 4.69% for the same period in 2019 (Source: MSE).

Government securities

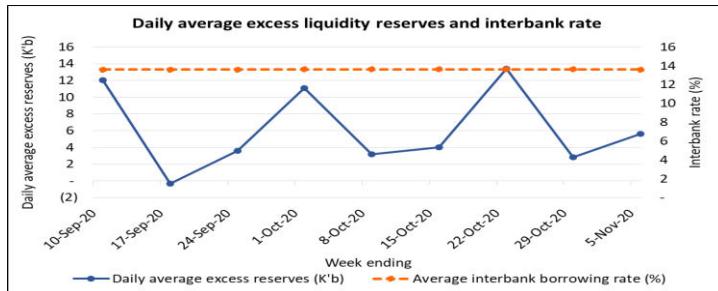
Government raised K1.93b during the week's auction for Treasury Bills (TBs) compared to K2.59b raised in the previous week, representing a decrease of 25.48%. The auction registered no rejection on the submitted bids. The all-type average TB yield was stable at 12.28% as the 91-day, 182-day and 364-day yields were all stable at 9.95%, 12.95% and 13.94%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K7.23b, resulting in a net injection of K5.30b into the market compared to a net injection of K41.31b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K5.63b from K2.82b recorded in the previous week. Interbank borrowing for the week increased to K12.60b from K7.40b in the previous week while the average interbank borrowing rate decreased to 13.61% from 13.63% in the previous week. Borrowing on the Lombard Facility decreased to an average of K60.49b per day during the week from K73.26b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha was stable at K755.3315 per USD during the week. However, it appreciated against GBP, EUR and ZAR by 1.71%, 1.16% and 4.41%, respectively. Gross official forex reserves were last recorded at USD635.05m (3.04 months of import cover) on 31st October 2020, representing an increase of 16.10% from USD546.99m (2.62 months of import cover) on 30th September 2020 (Source: RBM).

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 5,940 on 6th November 2020. The country continues to register low levels of daily new infections and the economy continues to open. So far, 5,338 people have recovered while 184 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 48.83m, with more than 32.27m recoveries and 1.24m deaths as at 6th November 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 rise in daily new infections in recent weeks. The United States of America has also been registering a rise in new infections in recent weeks.

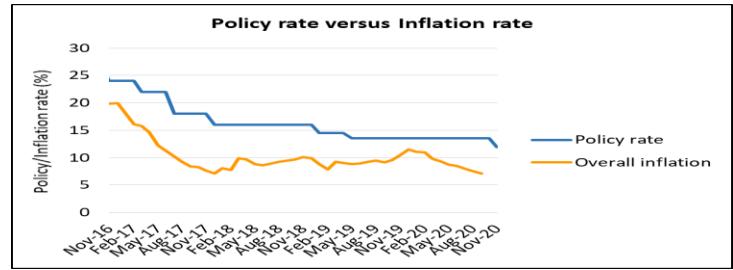
Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of 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.

Stock market			
MASI	31,007.06	⬇️	-0.95%
DSI	26,523.55	⬇️	-0.99%
FSI	1,362.39	➡️	0.00%
Traded volume	2,130,572	⬇️	-99.57%
Number of trades	42	⬇️	-44.74%
Value of shares traded (K'm)	1,650.54	⬇️	-84.28%
Market capitalisation (K'm)	1,685,157.85	⬇️	-0.90%
Gainers	Closing price (K)	% Δ	Opening price (K)
None			
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	28.00	⬇️	-3.28%
STANDARD	850.78	⬇️	-0.03%
TNM	19.50	⬇️	-2.40%
Treasury Bill auctions			
Auction date	3-Nov-20		
Amount offered - cost value (K'm)	8,179.00	➡️	0.00%
Applied - cost value (K'm)	1,931.25	⬇️	-25.48%
Allotted - cost value (K'm)	1,931.25	⬇️	-25.48%
Overall rejection rate	0.00%	➡️	0.00%
91 days yield	9.9500%	➡️	0.00%
182 days yield	12.9487%	➡️	0.00%
364 days yield	13.9429%	⬆️	0.05%
All-type yield	12.2805%	⬆️	0.02%
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
Projected maturities			
Week ending	6-Nov-20	13-Nov-20	20-Nov-20
TBs, PNs & TNs (K'm)	7,233	6,047	9,357
OMO (K'm)	0	0	0
Reference rate			
Nov-20		% pts Δ	Oct-20
Rate	13.60%	➡️	0.00
Inflation rate			
Sep-20		% pts Δ	Aug-20
Rate	7.1%	⬇️	-0.5
Indicative opening mid exchange rates			
USD	755.3315	➡️	0.00%
GBP	991.0705	⬇️	1.71%
EUR	892.3486	⬇️	1.16%
ZAR	48.0555	⬇️	4.41%
Gross official foreign exchange reserves position			
31-Oct-20	6-Nov-20	13-Nov-20	20-Nov-20
Reserves (USD'm)	635.05	546.99	642.86
Import cover (months)	3.04	2.62	3.08

Sources: MSE, RBM, NSO, AHL

Monetary policy

The Monetary Policy Committee (MPC) held its fourth meeting of 2020 on 5th and 6th November. During the meeting, the MPC reduced the Policy rate to 12.0% from 13.5%. The MPC, however maintained the Lombard rate at 20 basis points above the Policy rate, effectively reducing it to 12.2% from 13.7%. The Liquidity Reserve Requirement (LRR) on both local currency and foreign currency deposits was maintained at 3.75%. In arriving at this decision, the MPC noted that headline inflation has been declining since January 2020 and the inflation outlook appears favourable. 2020 projection for annual average inflation rate has been revised downwards to 8.6% from earlier projection of 9.8%. Real GDP growth projection for 2020 has also been revised downwards to 1.2% from earlier projection of 1.9%. The MPC decision is therefore aimed at supporting economic recovery and job creation.



Sources: RBM and NSO