

Malawi Stock Exchange (MSE) trading activity

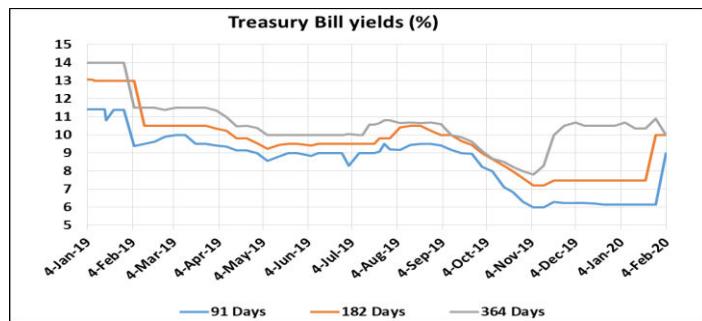
The Malawi All Share Index (MASI) gained by 0.10% to close the week at 29,006.21 points from 28,976.30 points recorded in the previous week due to share price gains in MPICO, NBM and NBS. There were no price movements in the rest of the companies registered on MSE. A total of 4,814,228 shares were traded at a consideration of K108.46m in 73 trades compared to 3,534,137 shares traded at a consideration of K174.78m in 63 trades in the previous week. The year-to-date return on the MASI stands at -4.12% compared to 1.19% in a corresponding period in 2019 (Source: MSE).

Corporate news

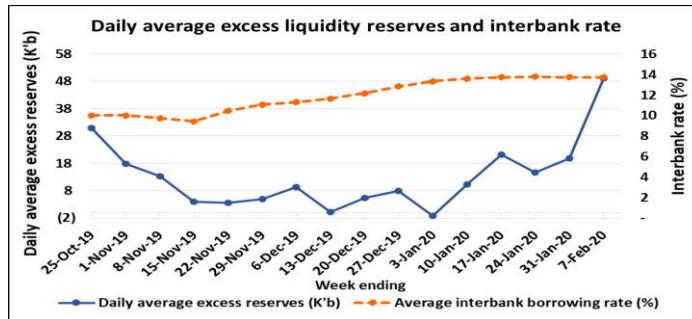
National Bank of Malawi Plc announced that a second interim dividend of K1.5b, representing K3.36 per share, will be paid on 30th March 2020 to its shareholders. The last day to register is 13th March 2020. The first interim dividend of K2.5b was paid in September 2019 in respect of 2019 profits (Source: NBM).

Government securities

Government raised K5.41b from a Treasury Bill (TB) auction during the week compared to K7.96b raised from a TB auction in the previous week. There was no subscription for a 10-year Treasury Note (TN) that was offered during the week. The all-type average TB yield increased to 9.67% from 9.01% in the previous week due to an increase in the 91-day yield to 9.00% from 6.15% in the previous week, while the 182-day yield was constant at 10.00% and the 364-day yield decreased to 10.00% from 10.89% in the previous week. Maturities for the week amounted to K3.65b, resulting in a net withdrawal of K1.76b from the market compared to a net injection of K8.52b in the previous week (Source: RBM).


Interbank market activity

Liquidity levels increased in the market during the week, with daily average excess reserves averaging K49.13b from an average of K19.87b in the previous week. Consequently, borrowing on the interbank market decreased to an average of K5.40b per day from K8.33b per day in the previous week and the average interbank borrowing rate decreased to 13.29% from 13.75%. Borrowing on the Lombard Facility decreased to an average of K11.21b per day from K18.80b per day in the preceding week. The Lombard rate was constant at 13.90% (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.

Stock market			
	7-Jan-20	% Δ	31-Jan-20
MASI	29,006.21	0.10%	28,976.30
DSI	22,930.34	0.12%	22,903.36
FSI	3,529.41	0.00%	3,529.41
Traded volume	4,814,228	36.22%	3,534,137
Number of trades	73	15.87%	63
Value of shares traded (K'm)	108.46	-37.94%	174.78
Market capitalisation (K'm)	1,370,184.10	0.13%	1,368,393.31
Gainers	Current price (K)	% Δ	Previous price (K)
MPICO	22.50	2.27%	22.00
NBM	525.01	0.002%	525.00
NBS	16.00	0.50%	15.92
Losers	Current price (K)	% Δ	Previous price (K)
None			
Projected maturities			
Week ending	7-Feb-20	14-Feb-20	21-Feb-20
TBs, PNIs & TNs (K'm)	3,647	17,130	3,515
OMO (K'm)	0	0	0
Treasury Note auctions			
Date	4-Feb-20	21-Jan-20	7-Jan-20
Tenor	10 Years	3 Years	7 Years
Coupon rate	15.50%	9.00%	11.50%
Amount offered - cost value (K'b)	8.13	29.37	24.35
Applied for - face value (K'b)	0.00	35.77	16.24
Allotted- face value (K'b)	0.00	22.07	16.24
Allotted - cost value (K'b)	0.00	20.34	12.48
Allotted - weighted average ytm		13.27%	17.36%
Treasury Bill auctions			
Auction date	4-Feb-20	% pts Δ	28-Jan-20
Amount offered -cost value (K'm)	5,415.00	-31.97%	7,960.00
Applied - cost value (K'm)	26,010.59	57.75%	16,488.52
Allotted - cost value (K'm)	5,414.82	-31.98%	7,960.05
Overall rejection rate	79.18%	27.46	51.72%
91 days yield	9.00%	2.85	6.15%
182 days yield	10.00%	0.00	10.00%
364 days yield	10.00%	-0.89	10.89%
All-type yield	9.67%	0.65	9.01%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	12.27%	17-Dec-19	TBA
3-year	13.27%	21-Jan-20	TBA
5-year	14.45%	4-Dec-19	18-Feb-20
7-year	17.36%	7-Jan-20	TBA
10-year	17.47%	4-Feb-20	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
18-Feb-20	5	31.36	10.00%
Reference rate			
Rate	Feb-20	% pts Δ	Jan-20
	13.40%	0.30	13.10%
Inflation rate			
Rate	Dec-19	% pts Δ	Nov-19
	11.5%	1.1	10.4%
RBM indicative mid exchange rates			
	7-Feb-20	% Δ	31-Jan-20
USD	736.5198	0.00%	736.5198
GBP	952.9093	-1.21%	964.6200
ZAR	49.3841	-1.07%	49.9176
EUR	808.7724	-0.38%	811.8658
Gross official foreign exchange reserves position			
	31-Dec-19	30-Nov-19	31-Oct-19
Reserves (USD'm)	846.55	603.82	601.80
Import cover (months)	4.05	2.89	2.88

(Sources: MSE, RBM, NSO)

Foreign exchange market developments

The Kwacha was stable at K736.5198 per dollar during the week and appreciated against GBP, ZAR and EUR by 1.21%, 1.07% and 0.38%, respectively. Gross official foreign exchange reserves were last recorded at USD846.55m (4.05 months of import cover) on 31st December 2019, an increase from USD603.82m (2.89 months of import cover) recorded on 30th November 2019 (Source: RBM).