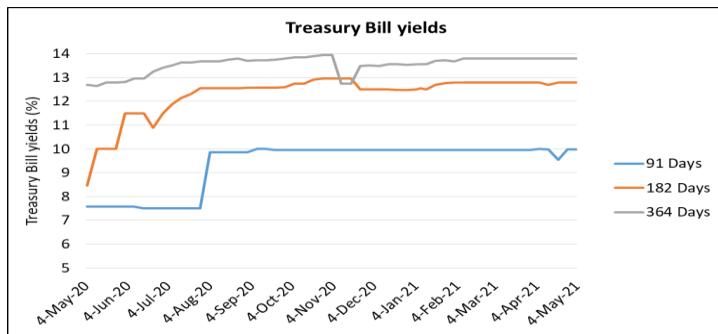


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.16% to close the week at 33,433.19 points from 33,380.63 points in the previous week due to share price gains in AIRTEL (0.03%), FMBCH (3.87%) and STANDARD (0.001%) which offset share price losses in FDHB (-0.06%) and TNM (-0.06%). The market traded a total of 2,873,234 shares at a consideration of K95.80m in 49 trades during the week, compared to a total of 1,114,317 shares traded at a consideration of K26.93m in 62 trades in the previous week. This represents increases in traded volume and value of 157.85% and 255.71%, respectively. The year-to-date return on MASI stands at 3.21% compared to -5.96% for the same period in 2020 (Source: MSE).

Government securities

Government raised K90.12m during the week's auction for Treasury Bills (TBs) compared to K200.94m raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield was stable at 12.1943% as TB yields were stable across all tenors during the week (Source: RBM).

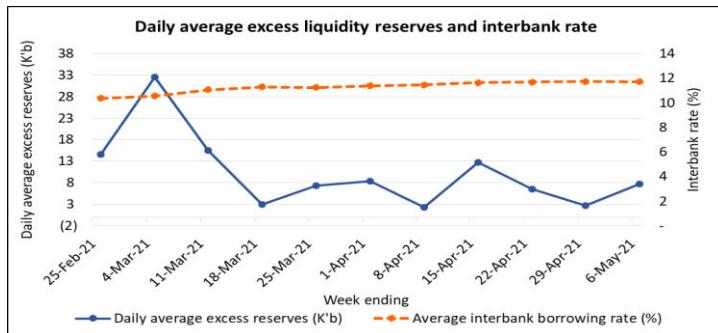


Data source: RBM

During the week, Government also raised K3.06b through the auction of a 10-year Treasury note (TN) at an average yield of 22.50%. Maturities of Government securities for the week amounted to K9.22b. OMO reverse repos amounted to K32.00b. There was a net injection of K38.07b into the market compared to a K6.12b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K7.7b from K2.67b last week. Consequently, borrowing on the Lombard Facility decreased to K166.02b compared to K244.73b in the previous week. The Lombard rate remains fixed at 12.20% as previously set by the MPC. Interbank borrowing for the week increased to an average of K15.99b per day from the average of K8.36b per day in the previous week. The average interbank borrowing rate increased to 11.89% from 11.77% (Source: RBM).



Data source: RBM

Foreign exchange market developments

The closing USD/MWL mid-rate decreased to K797.5297 on Thursday, 6th May 2021 from K798.7763 on Thursday, 29th April 2021, representing a Kwacha appreciation of 0.16%. During the same period, the Kwacha also appreciated against GBP, EUR and ZAR by 0.37%, 0.33% and 0.91%, respectively. The gross official forex reserves were last recorded at USD392.01m (1.88 months of import cover) on 30th April 2021 from USD410.16m (1.96 months of import cover) recorded on 31st March 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. The forex situation is expected to improve following the opening of the tobacco marketing season on 20th April 2021. In the third week, as at 6th May 2021, the tobacco market had cumulatively raked in USD22.45m compared to USD17.92m for the same period in 2020 (Source: AHL).

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			
MASI	33,433.19	0.16%	33,380.63
DSI	28,256.95	-0.003%	28,257.89
FSI	1,905.66	3.30%	1,844.72
Traded volume	2,873,234	157.85%	1,114,317
Number of trades	49	-20.97%	62
Value of shares traded (K'm)	95.80	255.71%	26.93
Market capitalisation (K'm)	1,817,456.71	0.16%	1,814,490.13
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	31.01	0.03%	31.00
FMBCH	33.00	3.87%	31.77
STANDARD	1200.14	0.001%	1200.13
Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	16.46	-0.06%	16.47
TNM	16.35	-0.06%	16.36
Treasury Bill auctions			
Auction date	4-May-21	% pts Δ	27-Apr-21
Amount offered - cost value (K'm)	4,830.00	0.00%	4,830.00
Applied - cost value (K'm)	90.12	-55.15%	200.94
Allotted - cost value (K'm)	90.12	-55.15%	200.94
Overall rejection rate	0.00%	0.00%	0.00%
91 days yield	9.989%	0.00%	9.989%
182 days yield	12.8000%	0.00%	12.8000%
364 days yield	13.7930%	0.00%	13.7930%
All-type yield	12.1943%	0.00%	12.1943%
Treasury Note auctions			
Auction date	4-May-21	20-Apr-21	6-Apr-21
Tenors	10 years	7 years	3 years
Coupon rate	15.00%	13.50%	11.00%
Amount offered - cost value (K'b)	9.95	20.00	43.73
Total applied - cost value (K'b)	3.06	10.77	19.61
Total allotted - cost value (K'b)	3.06	9.71	18.83
Allotted - weighted average ytm	22.50%	20.50%	18.80%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.50%	9-Mar-21	18-May-21
3-year	18.80%	6-Apr-21	29-Jun-21
5-year	19.98%	23-Mar-21	1-Jun-21
7-year	20.50%	20-Apr-21	15-Jun-21
10-year	22.50%	4-May-21	TBA
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Last coupon rate
18-May-21	2	21.00	10.00%
1-Jun-21	5	20.47	12.50%
15-Jun-21	7	28.86	13.50%
29-Jun-21	3	34.34	11.00%
Projected maturities			
Week ending	7-May-21	14-May-21	21-May-21
TBs, PNs & TNs (K'm)	9,220	5,111	32,377
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	11,302
Reference rate			
Rate	May-21	% pts Δ	Apr-21
	12.10%	0.00	12.10%
Inflation rate			
Rate	Mar-21	% pts Δ	Feb-21
	9.4%	1.1	8.3%
Cumulative tobacco sales			
Year	6-May-21	% Δ	Week 3 2020
Volume (Kg)	13,440,291.00	15.87%	11,599,285.00
Value (USD)	22,454,042.42	25.31%	17,918,572.37
Average price (USD/Kg)	1.67	8.44%	1.54
Actual market closing mid exchange rates			
USD	797.5297	% Δ	29-Apr-21
GBP	1160.9651	-0.37%	1165.3270
EUR	1036.5398	-0.33%	1039.9739
ZAR	59.5817	-0.91%	60.1266
Gross official foreign exchange reserves position			
Reserves (USD'm)	392.01	410.16	483.38
Import cover (months)	1.88	1.96	2.31

Data sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 34,158 as at 7th May 2021, out of which 727 were reported to be still active. Daily local and imported new infections of COVID-19 were reported to be 7 cases. So far, 32,145 people have recovered while 1,152 have died from the disease. The first dose of the Oxford-AstraZeneca vaccine was reported to have been administered to a total of 314,938 people (Source: Ministry of Health). The second dose will be administered from June 2021 onwards. Globally, total confirmed cases of COVID-19 amounted to 156.2m, with recoveries of more than 92.4m and 3.2m deaths as at 7th May 2021 (Source: Johns Hopkins University & Medicine).