

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained by 2.37% to close the first week of trading in 2021 at 33,161.01 points from 32,392.84 points in the previous week due to share price gains in FMBCH and STANDARD which outweighed share price losses in BHL, MPICO, NBS, and TNM. The market traded a total of 963,671 shares at a consideration of K29.59m in 58 trades compared to a total of 9,074,672 shares traded at a consideration of K662.81m in 65 trades in the previous week. The year-to-date return on MASI stands at 2.37% compared to 0.10% for the same period in 2020 (Source: MSE).

Corporate news

- FDH Bank Plc announced the appointment of Mrs Charity Joy Mseka as its new Board Chairperson with effect from 27th November 2020. Mrs Mseka has extensive experience in Banking and Finance, with over 35 years' experience as a regulator. She has previously served as Director of Banking, Director of Accounting and Finance and Chief Accountant at RBM and as a Non-Executive Director of NITEL and EDF. She currently also sits on the Board of Tilitonse Foundation and was recently appointed Council Member for LUANAR.
- Standard Bank Plc announced the appointment of Mr Phillip Madinga as its new CEO with effect from 1st January 2021. Mr Madinga has over 26 years' experience in the banking and financial services sector. He holds a Master of Business Administration and a Bachelor of Business Administration (honors), from the University of Stellenbosch, Graduate Business School. He also holds a Bachelor of Social Science (Economics) from the University of Malawi, Chancellor College.
- Blantyre Hotels Plc (BHL) announced the death of Mr David Church who until his death, was the General Manager for the hotel. He died on the 26th of December 2020 at Blantyre Adventist Hospital. (Source: MSE).

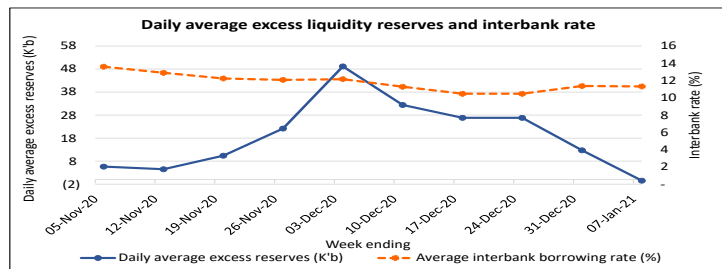
Government securities

Government raised K9.17b during the week's auction for Treasury Bills (TBs) compared to K9.97b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.02% during the week from 11.99% in the previous week due to increases in the 182-day and 364-day yields to 12.55% from 12.49% and 13.57% from 13.55% respectively. The 91-day yield was stable at 9.95% (Source: RBM).

During the week, Government also raised K19.99b through 3, 5, 7 and 10-year Treasury note (TN) auctions, which registered no rejection on all submitted bids. Maturities of Government securities for the week amounted to K17.62b, resulting in a net withdrawal of K11.54b from the market compared to a net withdrawal of K6.84b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to minus K0.48b from K12.74b recorded last week. Interbank borrowing for the week decreased to an average of K7.75b per day from K12.37b per day in the previous week. The average interbank borrowing rate slightly declined to 11.32% from 11.37% in the previous week. Borrowing on the Lombard Facility increased to K86.91b from K78.68b in the previous week, at a fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha appreciated against the USD by 0.72% to close the week at K771.2035 per USD. The Kwacha also appreciated against GBP, EUR and ZAR by 2.22%, 4.27% and 11.05%, respectively. Gross official forex reserves were last recorded at USD574.26m (2.75 months of import cover) on 31st December 2020 from USD584.89m (2.80 months of import cover) on 30th November 2020 (Source: RBM).

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 7,925 as at 8th January 2021. The country continues to register high levels of daily new infections which has forced Government to enforce strict preventive measures gazetted in 2020. So far, 5,802 people have recovered while 208 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 89.47m, with more than 64.12m recoveries and 1.92m deaths as at 8th January 2021 (Source: Johns Hopkins University and Medicine). Britain has extended its travel ban to all southern African countries including Malawi amid concern over a variant of COVID-19 linked to the countries. The rollout of vaccines for COVID-19 is expected to control the pandemic.

Stock market				
	08-Jan-21		% Δ	31-Dec-20
MASI	33,161.01	↑	2.37%	32,392.84
DSI	28,285.36	↑	1.91%	27,755.46
FSI	1,560.08	↑	14.39%	1,363.88
Traded volume	963,671	↓	-89.38%	9,074,672
Number of trades	58	↓	-10.77%	65
Value of shares traded (K'm)	29.59	↓	-95.54%	662.81
Market capitalisation (K'm)	1,801,502.80	↑	2.37%	1,759,857.40
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	26.00	↑	17.97%	22.04
STANDARD	1200.00	↑	14.68%	1046.39
Losers				
	Closing price (K)		% Δ	Opening price (K)
BHL	12.93	↓	-0.08%	12.94
MPICO	20.99	↓	-0.05%	21.00
NBS	20.50	↓	-5.09%	21.60
TNM	19.98	↓	-0.45%	20.07
Treasury Bill auctions				
	8-Jan-21		% pts Δ	29-Dec-20
Amount offered - cost value (K'm)	13,190.00	→	0.00%	13,190.00
Applied - cost value (K'm)	9,172.31	↓	-8.04%	9,974.24
Allotted - cost value (K'm)	9,172.31	↓	-8.04%	9,974.24
Overall rejection rate	0.00%	→	0.00%	0.00%
91 days yield	9.95%	→	0.00%	9.95%
182 days yield	12.55%	↑	0.52%	12.49%
364 days yield	13.57%	↑	0.17%	13.55%
All-type yield	12.02%	↑	0.24%	11.99%
Treasury Note auctions				
	8-Jan-21	29-Dec-20		22-Dec-20
Tenors	3, 5, 7 & 10 years	3 & 5 years		3, 5, & 10 years
Coupon rate	11%, 12.5%, 13.5% & 15%	11%, 12.5%		11%, 12.5% & 15%
Amount offered - cost value (K'b)				
Total applied - cost value (K'b)	19.99	3.94		16.60
Total allotted - cost value (K'b)	19.99	3.94		13.31
Allotted - weighted average ytm	18.43%, 19.95%, 20% & 22.5%	18.43%, 19.95%		18.36%, 19.42% & 22.5%
Current yields for Treasury Notes				
	Tenor	Last auction's yield	Last auction	Next auction
2-year	16.46%		04-Aug-20	19-Jan-21
3-year	18.43%		08-Jan-21	02-Feb-21
5-year	19.95%		08-Jan-21	TBA
7-year	20.00%		08-Jan-21	12-Jan-21
10-year	22.50%		08-Jan-21	16-Feb-21
Upcoming Treasury Note auctions				
	Auction date	Tenor	Amount (K'b)	Previous coupon rate
	12-Jan-21	7	30.16	13.50%
	19-Jan-21	2	42.52	10.00%
	2-Feb-21	3	47.76	11.00%
	16-Feb-21	10	10.64	15.00%
Projected maturities				
	Week ending	15-Jan-21	22-Jan-21	29-Jan-21
TBs, PNs & TNs (K'm)		33,482	15,919	15,550
OMO repos (K'm)		0	0	0
OMO reverse repos (K'm)		35,934	21,408	7,028
Reference rate				
	Rate	Jan-21	% pts Δ	Dec-20
		12.10%	↓ -0.20	12.30%
Inflation rate				
	Rate	Nov-20	% pts Δ	Oct-20
		7.3%	↓ -0.2	7.5%
Indicative opening mid exchange rates				
	8-Jan-21		% Δ	31-Dec-20
USD	771.2035	↑	-0.72%	776.8177
GBP	1046.3689	↑	-2.22%	1070.1383
EUR	945.8040	↑	-4.27%	987.9452
ZAR	50.1929	↑	-11.05%	56.4288
Gross official foreign exchange reserves position				
	31-Dec-20	30-Nov-20		31-Oct-20
Reserves (USD'm)	574.26	584.89		635.05
Import cover (months)	2.75	2.80		3.04

Sources: MSE, RBM, NSO, AHL

Expected financial results for the year ended 31st December 2020				
Company	Expected lowest profit after tax for 2020 (K'm)	Expected movement in profit after tax		2019 profit after tax (K'm)
Airtel Malawi Plc	22,271	↑	40%	15,908
FMB Capital Holdings Plc (US\$m)	30,873	↑	200%	10,291
NBS Bank Plc	5,573	↑	25%	4,458
NITL Plc	1,068	↓	-40%	1,780
Standard Bank Malawi Plc	23,025	↑	45%	15,879
Sunbird Tourism Plc	(1,298)	↓	-150%	2,595
Telkom Networks Malawi Plc	11,297	↓	-25%	15,063

Upcoming dividends					
Company	Declared/ Proposed	Type	Dividend (K)	Last day to register	Payable
ILLOVO	Proposed	Final	2.00	12-Mar-21	31-Mar-21
TNM	Declared	2nd interim	0.12	8-Jan-21	22-Jan-21

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