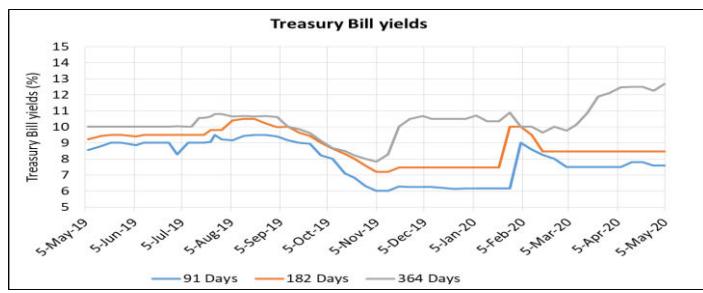


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 1.23% to close the week at 28,501.69 points from 28,857.39 points recorded in the previous week due to share price losses in ICON and TNM which outweighed share price gains in NBM, NBS and STANDARD. A total of 39,347,923 shares were traded at a consideration of K926.19m compared to 5,364,151 shares traded at a consideration of K160.25m in the previous week. This represents a more than six-fold increase in traded volume and a more than four-fold increase in traded value. The year-to-date return on MASI stands at -5.79% compared to -4.45% in the corresponding period in 2019 (Source: MSE).

Government securities

Government raised K2.58b during the week's auction for Treasury Bills (TB) against an offer for subscription of K219.00m. The auction registered no rejection rate. In the previous week, K6.30b was raised against an offer for subscription of the same amount. The all-type average TB yield increased to 9.57% from 9.43% in the previous week due to an increase in the 364-day yield to 12.69% from 12.26%. The 91-day and 182-day yields were constant at 7.58% and 8.46%, respectively.

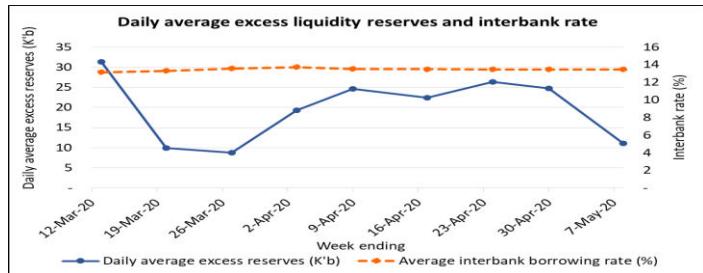


(Sources: RBM)

In an auction for a 5-year Treasury Note (TN) during the week, K41.46b was raised against an offer for subscription of K44.11b. This brings the total amount raised from auctions of Government securities during the week to K44.04b. The TN attracted an average yield of 18.47%, up from 17.73% (5-year Development Bond) on 14th April 2020 and 15.55% (5-year TN) on 18th February 2020. Maturities of Government securities for the week amounted to K7.54b, thereby resulting in a net withdrawal of K36.50b from the market compared to a net withdrawal of K900.00m in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels decreased during the week. The average daily excess reserves decreased to K11.06b from K24.67b recorded in the previous week. As a result, borrowing on the interbank market increased to an average of K7.30b per day from K6.83b per day in the previous week. The average interbank borrowing rate was stable at 13.46%. Borrowing on the Lombard Facility increased to an average of K16.74b per day from K15.41b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).


Foreign exchange market developments

The Kwacha marginally depreciated by 0.02% to K736.5641 per USD during the week from K736.4403 per USD in the previous week. The Kwacha, however, appreciated against GBP, EUR and ZAR by 0.52%, 0.24% and 2.19%, respectively. Gross official foreign exchange reserves were last recorded at USD730.17m (3.49 months of import cover) on 31st March 2020, down from USD785.31m (3.76 months of import cover) recorded on 29th February 2020 (Source: RBM).

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| Stock market | | | |
|---|----------------------|--------------|---------------------------|
| | 8-May-20 | % Δ | 30-Apr-20 |
| MASI | 28,501.69 | ↓ -1.23% | 28,857.39 |
| DSI | 23,780.51 | ↓ -1.32% | 24,097.69 |
| FSI | 1,993.51 | ➡ 0.00% | 1,993.51 |
| Traded volume | 39,347,923 | ↑ 633.53% | 5,364,151 |
| Number of trades | 102 | ↑ 131.82% | 44 |
| Value of shares traded (K'm) | 926.19 | ↑ 477.94% | 160.26 |
| Market capitalisation (K'm) | 1,483,359.68 | ↓ -1.21% | 1,501,515.90 |
| Gainers | Closing price (K) | % Δ | Opening price (K) |
| NBM | 550.01 | ↑ 0.002% | 550.00 |
| NBS | 17.49 | ↑ 24.93% | 14.00 |
| STANDARD | 758.34 | ↑ 1.11% | 750.01 |
| Losers | Closing price (K) | % Δ | Opening price (K) |
| ICON | 10.40 | ↓ -0.48% | 10.45 |
| TNM | 22.00 | ↓ -11.96% | 24.99 |
| Treasury Bill auctions | | | |
| Auction date | 5-May-20 | % pts Δ | 28-Apr-20 |
| Amount offered - cost value (K'm) | 219.00 | ↓ -96.52% | 6,297.00 |
| Applied - cost value (K'm) | 2,578.27 | ↓ -79.49% | 12,571.69 |
| Allotted - cost value (K'm) | 2,578.27 | ↓ -59.06% | 6,297.47 |
| Overall rejection rate | 0.00% | ↓ -49.91% | 49.91% |
| 91 days yield | 7.58% | ➡ 0.00% | 7.58% |
| 182 days yield | 8.46% | ➡ 0.00% | 8.46% |
| 364 days yield | 12.69% | ↑ 3.48% | 12.26% |
| All-type yield | 9.57% | ↑ 1.51% | 9.43% |
| Treasury Note auctions | | | |
| Date | 5-May-20 | 21-Apr-20 | 14-Apr-20 |
| Tenor | 5 Years | 10 Years | 10 Years Development bond |
| Coupon rate | 12.50% | 15.00% | 12.50% |
| Amount offered - cost value (K'b) | 44.11 | 8.86 | 21.00 |
| Applied - cost value (K'b) | 41.46 | 11.62 | 25.51 |
| Allotted - cost value (K'b) | 41.46 | 4.36 | 21.00 |
| Allotted - weighted average ytm | 18.47% | 21.70% | 17.73% |
| Current yields for Treasury Notes | | | |
| Tenor | Last auction's yield | Last auction | Next auction |
| 2- year | 12.38% | 10-Mar-20 | 19-May-20 |
| 3-year | 14.50% | 7-Apr-20 | 16-Jun-20 |
| 5-year | 18.47% | 5-May-20 | tba |
| 7-year | 19.08% | 24-Mar-20 | 2-Jun-20 |
| 10-year | 21.70% | 21-Apr-20 | Tba |
| Upcoming Treasury Note auctions | | | |
| Auction date | Tenor | Amount (K'b) | Last coupon rate |
| 19-May-20 | 2 | 34.09 | 10.00% |
| 2-Jun-20 | 7 | 20.07 | 13.50% |
| 16-Jun-20 | 3 | 27.48 | 11.00% |
| Projected maturities | | | |
| Week ending | 8-May-20 | 15-May-20 | 22-May-20 |
| TBs, PNs & TNs (K'm) | 7,544 | 11,021 | 5,478 |
| OMO (K'm) | 0 | 0 | 0 |
| Reference rate | | | |
| Rate | May-20 | % pts Δ | Apr-20 |
| | 13.30% | ↑ 0.10 | 13.20% |
| Inflation rate | | | |
| Rate | Mar-20 | % pts Δ | Feb-20 |
| | 9.8% | ↓ -1.2 | 11.0% |
| Indicative opening mid exchange rates | | | |
| | 8-May-20 | % Δ | 30-Apr-20 |
| USD | 736.5641 | ↓ 0.02% | 736.4403 |
| GBP | 912.9712 | ↑ -0.52% | 917.7519 |
| EUR | 798.5091 | ↑ -0.24% | 800.4370 |
| ZAR | 39.7445 | ↑ -2.19% | 40.6334 |
| Gross official foreign exchange reserves position | | | |
| | 31-Mar-20 | 29-Feb-20 | 31-Jan-20 |
| Reserves (USD'm) | 730.17 | 785.31 | 786.71 |
| Import cover (months) | 3.49 | 3.76 | 3.76 |

(Sources: MSE, RBM, NSO)

COVID-19 update

Malawi registered 6 new cases of Coronavirus disease (COVID-19) during the week, bringing the total number of confirmed cases in the country to 43 as at 8th May 2020. Of these, 14 have recovered and 3 have died. Globally, as at 8th May 2020, there were more than 3.87m confirmed cases of COVID-19 worldwide with more than 1.29m recoveries and 270k deaths (Source: Johns Hopkins University and Medicine). Countries across the world continue to slowly ease some restrictions as the world curve of new infections flattens. Efforts are mounting towards economic recovery with many countries announcing stimulus packages.