

### Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.24% to close the week at 31,401.87 points from 31,477.62 points in the previous week due to share price losses in NBM (0.005%), NICO (0.04%), SUNBIRD (12.50%) and TNM (0.05%). The rest of the counters registered no share price movement. The market traded a total of 2,144,720 shares at a consideration of K86.57m in 48 trades. The year-to-date return on MASI stands at 3.80% compared to 2.52% for the same period in 2019 (Source: MSE).

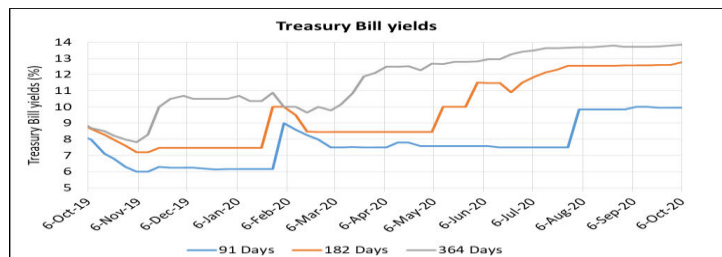
### Corporate news

- FBM Capital Holdings Plc announced the departure of its Group Managing Director, Mr. Dheeraj Dikshit on expiration of his contract on 31<sup>st</sup> October 2020, after leading the organisation for 9 years. Mr. Mahendra Gursahani, currently a non-executive director of FMBCH, will be the Interim Group Managing Director effective 1<sup>st</sup> November 2020. He is a Chartered Accountant who has spent most of his career with Standard Chartered Bank, serving as Chief Finance Officer (CFO) in several countries and Chief Executive Officer (CEO) of the bank in Malaysia.
- ICON Properties Plc announced payment of dividends as follows:

Dividend type	Amount (K'm)	Dividend per share (t)	Financial year ending	Last day to register	Payable
Interim	734.80	11.00	31-Dec-20	30-Oct-20	6-Nov-20
Final	734.80	11.00	31-Dec-19	23-Oct-20	30-Oct-20

### Government securities

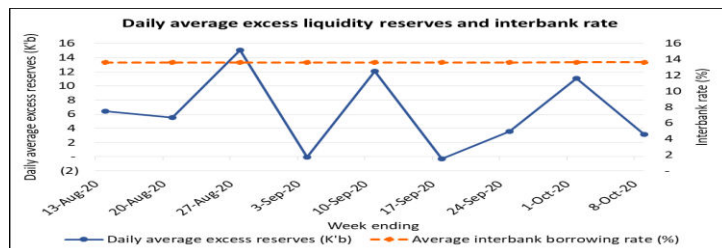
Government raised K1.75b during the week's auction for Treasury Bills (TBs) compared to K3.26b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.18% from 12.12% in the previous week as the 182-day yield increased to 12.75% from 12.60% and the 364-day yield increased to 13.85% from 13.80% while the 91-day yield was stable at 9.95% (Source: RBM).



The Government also raised K12.20b from an auction for a 3-year Treasury Note at a weighted average yield of 18.47%. This brings the total amount raised from auctions of Treasury securities during the week to K13.95b. Maturities of Government securities for the week amounted to K5.55b, resulting in a net withdrawal of K8.40b from the market compared to a net injection of K8.27b in the previous week (Source: RBM).

### Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K3.18b from K11.08b recorded in the previous week. Consequently, average interbank borrowing increased to K8.30b per day from K7.49b per day in the previous week. The average interbank borrowing rate marginally decreased to 13.62% from 13.63%. Borrowing on the Lombard Facility increased to an average of K31.01b per day during the week from K26.85b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



### Foreign exchange market developments

On account of FX shortages, the Kwacha depreciated by 0.13% to close the week at K752.3635 per USD from K751.3681. The Kwacha also depreciated against GBP, EUR and ZAR by 0.69%, 0.48% and 0.94%, respectively. Gross official forex reserves were last recorded at USD546.99m (2.62 months of import cover) on 30<sup>th</sup> September 2020, representing a decrease of 14.91% from USD642.86m (3.08 months of import cover) on 31<sup>st</sup> August 2020 (Source: RBM).

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Stock market				
	9-Oct-20		% Δ	2-Oct-20
MASI	31,401.87	↓	-0.24%	31,477.62
DSI	26,836.44	↓	-0.25%	26,903.85
FSI	1,411.44	↓	0.00%	1,411.44
Market capitalisation (K'm)	1,705,904.87	↓	-0.24%	1,709,963.88
Gainers	Closing price (K)		% Δ	Opening price (K)
None				
Losers	Closing price (K)		% Δ	Opening price (K)
NBM	618.70	↓	-0.005%	618.73
NICO	47.98	↓	-0.04%	48.00
SUNBIRD	105.00	↓	-12.50%	120.00
TNM	20.49	↓	-0.05%	20.50
Treasury Bill auctions				
Auction date	6-Oct-20		% pts Δ	29-Sep-20
Amount offered - cost value (K'm)	8,179.00	↑	1.21%	8,081.00
Applied - cost value (K'm)	1,751.76	↓	-46.22%	3,256.98
Allotted - cost value (K'm)	1,751.76	↓	-46.22%	3,256.98
Overall rejection rate	0.00%	↓	0.00	0.00%
91 days yield	9.95%	↓	0.00%	9.95%
182 days yield	12.75%	↑	1.19%	12.60%
364 days yield	13.85%	↑	0.39%	13.80%
All-type yield	12.18%	↑	0.56%	12.12%
Treasury Note auctions				
Auction date	6-Oct-20	15-Sep-20		8-Sep-20
Tenors	3 years	10 years		3 years
Coupon rate	11.00%	15.00%		11.00%
Amount offered - cost value (K'b)	35.74	13.81		49.73
Total applied - cost value (K'b)	13.03	14.24		43.55
Total allotted - cost value (K'b)	12.20	11.46		41.35
Allotted - weighted average ytm	18.47%	22.14%		18.02%
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	19.82%	21-Jul-20		20-Oct-20
7-year	20.75%	18-Aug-20		tba
10-year	22.14%	15-Sep-20		tba
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Previous coupon rate
20-Oct-20	5	20.25		12.50%
Projected maturities				
Week ending	9-Oct-20	16-Oct-20		23-Oct-20
TBs, PNs & TNs (K'm)	5,553	6,297		7,441
OMO (K'm)	0	0		0
Reference rate				
Rate	Sep-20		% pts Δ	Aug-20
	13.60%	↑	0.20	13.40%
Inflation rate				
Rate	Aug-20		% pts Δ	Jul-20
	7.6%	↓	-0.4	8.0%
Indicative opening mid exchange rates				
	9-Oct-20		% Δ	2-Oct-20
USD	752.3635	↓	0.13%	751.3681
GBP	973.6336	↓	0.69%	966.9356
EUR	885.6071	↓	0.48%	881.3548
ZAR	45.4801	↓	0.94%	45.0577
Gross official foreign exchange reserves position				
	30-Sep-20	31-Aug-20		31-Jul-20
Reserves (USD'm)	546.99	642.86		651.41
Import cover (months)	2.62	3.08		3.12

Sources: MSE, RBM, NSO, AHL

### COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 5,809 as at 9<sup>th</sup> October 2020. The country continues to register low levels of daily new infections. Consequently, the economy continues to open up gradually. So far, 4,626 people have recovered while 180 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 36.57m, with more than 25.49m recoveries and 1.06m deaths as at 9<sup>th</sup> October 2020 (Source: Johns Hopkins University and Medicine). While most countries across the world continue to ease restrictions due to a decrease in daily new infections, countries in the EURO Zone have been reinstating some measures as the region has been registering a daily rise in new infections recently.