

Malawi Stock Exchange (MSE) trading activity

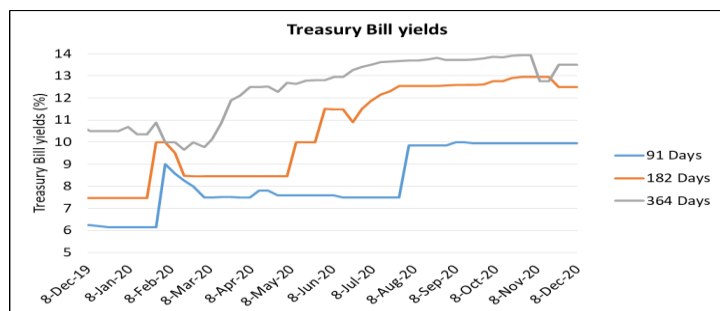
The Malawi All Share Index (MASI) lost by 1.08% to close the week at 30,845.71 points from 31,182.29 points in the previous week due to share price losses in AIRTEL (-0.07%), ILLOVO (-0.02%), MPICO (-8.66%), NBM (-3.05%), NBS (-0.10%), PCL (-2.25%) and TNM (-0.31%) which outweighed a share price gain in FMBCH of 0.05%. The market traded a total of 10,643,591 shares at a consideration of K224.23m in 24 trades compared to a total of 136,352,478 shares traded at a consideration of K2.63b in 30 trades in the previous week. This represents a decrease of 92.19% in traded volume and a decrease of 91.47% in traded value. The year-to-date return on MASI stands at 1.96% compared to 1.89% for the same period in 2019 (Source: MSE).

Corporate news

FDH Bank Plc published a cautionary statement informing its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are engaged in shareholding negotiations which may result in changes in the shareholding structure of FDH Financial Holdings Limited.

Government securities

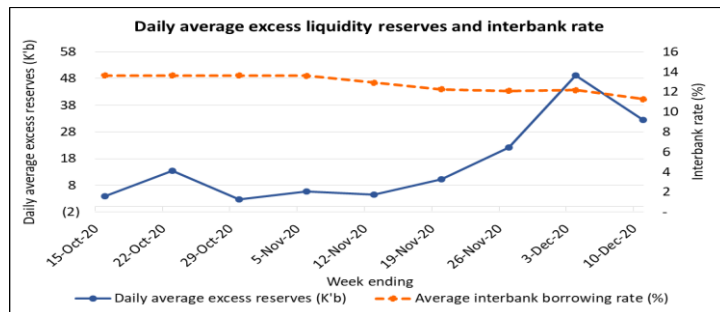
Government raised K2.66b during the week's auction for Treasury Bills (TBs) compared to K12.50b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield marginally decreased to 11.98% during the week from 11.99% in the previous week due to a marginal decrease in the 364-day yield to 13.50% from 13.51%. The 91-day and 182-day yields were stable at 9.95% and 12.50%, respectively (Source: RBM).



The Government also raised K38.83b through auctions of Treasury notes, bringing the total amount raised during the week from auctions of Treasury securities to K41.49b. The yields for the Treasury notes were 18.10% for 3 years, 19.80% for 5 years, 20.00% for 7 years and 22.50% for 10 years. Maturities of Government securities for the week amounted to K6.59b, resulting in a net withdrawal of K34.90b from the market compared to a net withdrawal of K25.79b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K32.41b from K49.12b recorded last week. Interbank borrowing for the week decreased to an average of K12.56b per day from K14.42b per day in the previous week while the average interbank borrowing rate decreased to 11.28% from 12.16% in the previous week. Borrowing on the Lombard Facility decreased to K13.60b from K118.23b in the previous week, at a fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.05% to close the week at K761.6504 per USD. The Kwacha also depreciated against EUR and ZAR by 0.11% and 1.01%, respectively. It, however, appreciated by 0.93% against GBP. Gross official forex reserves were last recorded at USD584.89m (2.80 months of import cover) on 30th November 2020, representing a decrease of 7.90% from USD635.05m (3.04 months of import cover) on 31st October 2020 (Source: RBM).

Stock market				
	11-Dec-20		% Δ	4-Dec-20
MASI	30,845.71	↓	-1.08%	31,182.29
DSI	26,378.82	↓	-1.12%	26,678.69
FSI	1,363.88	↓	0.04%	1,363.38
Traded volume	10,643,591	↓	-92.19%	136,352,478
Number of trades	24	↓	-20.00%	30
Value of shares traded (K'm)	224.23	↓	-91.47%	2,629.22
Market capitalisation (K'm)	1,676,567.61	↓	-1.06%	1,694,601.83
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	22.04	↑	0.05%	22.03
Losers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	27.98	↓	-0.07%	28.00
ILLOVO	80.48	↓	-0.02%	80.50
MPICO	21.00	↓	-8.66%	22.99
NBM	598.80	↓	-3.05%	617.66
NBS	20.27	↓	-0.10%	20.29
PCL	1367.10	↓	-2.25%	1398.57
TNM	19.24	↓	-0.31%	19.30
Treasury Bill auctions				
	11-Dec-20		% pts Δ	1-Dec-20
Amount offered - cost value (K'm)	13,190.00	↓	0.00%	13,190.00
Applied - cost value (K'm)	2,659.44	↓	-78.73%	12,504.26
Allotted - cost value (K'm)	2,659.44	↓	-78.73%	12,504.26
Overall rejection rate	0.00%	↓	0.00	0.00%
91 days yield	9.95%	↓	0.00%	9.95%
182 days yield	12.50%	↓	0.00%	12.50%
364 days yield	13.50%	↓	-0.08%	13.51%
All-type yield	11.98%	↓	-0.03%	11.99%
Treasury Note auctions				
	8-Dec-20	24-Nov-20	10-Nov-20	
Tenors	3, 5, 7 & 10 years	3 years	7 years	
Coupon rate	11%, 12.5%, 13.5% & 15%	11.00%	13.50%	
Amount offered - cost value (K'b)		32.76	30.76	
Total applied - cost value (K'b)	42.59	15.78	2.03	
Total allotted - cost value (K'b)	38.83	14.71	2.02	
Allotted - weighted average ytm	18.1%, 19.8%, 20% & 22.5%	17.79%	19.95%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.46%	4-Aug-20	19-Jan-21	
3-year	18.10%	8-Dec-20	2-Feb-21	
5-year	19.80%	8-Dec-20	22-Dec-20	
7-year	20.00%	8-Dec-20	5-Jan-21	
10-year	22.50%	8-Dec-20	16-Feb-21	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Previous coupon rate	
22-Dec-20	5	24.17	12.50%	
5-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				
	11-Dec-20	18-Dec-20	25-Dec-20	
TBs, PNs & TNs (K'm)	6,589	3,544	2,104	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	0	16,591	0	
Reference rate				
	Dec-20		% pts Δ	Nov-20
Rate	12.30%	↓	-1.30	13.60%
Inflation rate				
	Oct-20		% pts Δ	Sep-20
Rate	7.5%	↑	0.4	7.1%
Indicative opening mid exchange rates				
	11-Dec-20		% Δ	4-Dec-20
USD	761.6504	↓	0.05%	761.2754
GBP	1014.3660	↓	-0.93%	1023.9154
EUR	925.7861	↓	0.11%	924.7974
ZAR	50.7074	↓	1.01%	50.2008
Gross official foreign exchange reserves position				
	30-Nov-20	31-Oct-20	30-Sep-20	
Reserves (USD'm)	584.89	635.05	546.99	
Import cover (months)	2.80	3.04	2.62	

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 6,053 as at 11th December 2020. The country continues to register relatively low levels of daily new infections and the economy continues to open, although adherence to prevention measures by the public has declined in recent weeks. So far, 5,489 people have recovered while 186 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 69.77m, with more than 45.01m recoveries and 1.59m deaths as at 11th December 2020 (Source: Johns Hopkins University and Medicine). Countries in Europe and the United States of America continue to register high levels of new infections in the second wave of the COVID-19 pandemic. However, few vaccines have been approved in some countries, including the United Kingdom (UK) and Canada, and administration of the vaccine has been rolled out in the UK.

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