

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.45% to close the week at 33,011.20 points from 33,161.01 points in the previous week due to share price losses in BHL, SUNBIRD, and TNM which outweighed a share price gain in FMBCH. The market traded a total of 474,697 shares in 32 trades at a value of K14.33m compared to 963,671 shares at a consideration of K29.59m in 58 trades in the previous week. The year-to-date return on MASI stands at 1.91% compared to 0.07% for the same period in 2020 (Source: MSE).

Corporate news

- FDHB has published a cautionary statement updating its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are still engaged in shareholding negotiations which may result in changes in the shareholding structure of FDH Financial Holdings Limited.

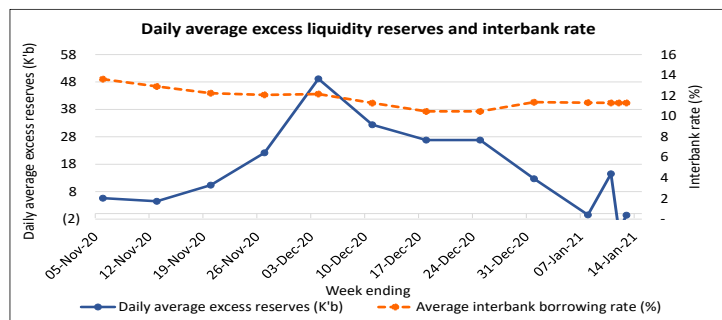
Government securities

Government raised K53.32b during the week's auction for Treasury Bills (TBs) compared to K9.17b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly decreased to 12.0% from 12.02% in the previous week due to a decrease in the 364-day to 12.55% from 13.57%. The 91-day and 182-day yields were stable at 9.95% and 12.50%, respectively (Source: RBM).

During the week, Government also raised K1.45b through a 7-year Treasury note (TN) auction, which registered no rejection on all submitted bids. Maturities of Government securities for the week amounted to K33.48b. There were also OMO reverse repo maturities of K35.93 resulting in a net withdrawal of K64.94b from the market compared to a net withdrawal of K11.54b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K2.59b from minus K0.48b recorded the previous week. Interbank borrowing for the week decreased to an average of K7.17b per day from K7.75b per day in the previous week. The average interbank borrowing rate slightly declined to 11.30% from 11.32% in the previous week. Borrowing on the Lombard Facility increased to K128.33b from K86.91b in the previous week, at a fixed rate of 12.20% (Source: RBM).



Foreign exchange market developments

The Kwacha remained stable against the USD as it closed the week at K771.2035 per USD. The Kwacha, however appreciated against EUR by 0.93% but depreciated against the GBP and ZAR by 0.46% and 0.76%, 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 12,470 as at 17th January 2021. The country continues to register high levels of daily new infections in the second wave which has forced Government to enforce strict preventive measures which among others include closure of schools for the next three weeks, 9pm to 5am curfew, mandatory wearing of masks and closure of markets by 5pm. So far, 6,036 people have recovered while 314 have died from the disease.

Globally, total confirmed cases of COVID-19 amounted to 95.25m, with more than 67.99m recoveries and 2.04m deaths as at 17th January 2021 (Source: Johns Hopkins University and Medicine). Britain 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.

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Stock market				
	14-Jan-21		% Δ	08-Jan-21
MASI	33,011.20	↓	-0.45%	33,161.01
DSI	28,113.26	↓	-0.61%	28,285.36
FSI	1,609.62	↑	3.18%	1,560.08
Traded volume	474,697	↓	-50.74%	963,671
Number of trades	32	↓	-44.83%	58
Value of shares traded (K'm)	14.33	↓	-51.58%	29.59
Market capitalisation (K'm)	1,793,597.18	↓	-0.44%	1,801,502.80
Gainers	Closing price (K)		% Δ	Opening price (K)
FMBCH	27.00	↑	3.85%	26.00
Losers	Closing price (K)		% Δ	Opening price (K)
BHL	11.00	↓	-14.93%	12.93
SUNBIRD	90.00	↓	-0.05	105.00
TNM	19.50	↑	-2.40%	19.98
Treasury Bill auctions				
Auction date	12-Jan-21		% pts Δ	5-Jan-21
Amount offered - cost value (K'm)	13,190.00	→	0.00%	13,190.00
Applied - cost value (K'm)	53,320.87	↑	481.32%	9,172.31
Alloted - cost value (K'm)	53,320.87	↑	481.32%	9,172.31
Overall rejection rate	0.00%	→	0.00	0.00%
91 days yield	9.95%	→	0.00%	9.95%
182 days yield	12.50%	↓	-0.39%	12.55%
364 days yield	13.55%	↓	-0.12%	13.57%
All-type yield	12.00%	↓	-0.18%	12.02%
Treasury Note auctions				
Auction date	12-Jan-21	8-Jan-21		29-Dec-20
Tenors	7 years	3, 5, 7 & 10 years		3 & 5 years
Coupon rate	13.50%	11%, 12.5%, 13.5% & 15%		11%, 12.5%
Amount offered - cost value (K'b)	30.16			
Total applied - cost value (K'b)	1.45	19.99		3.94
Total allotted - cost value (K'b)	1.45	19.99		3.94
Allotted - weighted average ytm	20.00%	18.43%, 19.95%, 20% & 22.5%		18.43%, 19.95%
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%	12-Jan-21		TBA
10-year	22.50%	08-Jan-21		16-Feb-21
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Previous coupon rate
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	22-Jan-21	29-Jan-21		5-Feb-21
TBs, PNs & TNs (K'm)	15,919	15,550		34,981
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	21,408	7,028		0
Reference rate				
	Jan-21	% pts Δ		Dec-20
Rate	12.10%	↓	-0.20	12.30%
Inflation rate				
	Nov-20	% pts Δ		Oct-20
Rate	7.3%	↓	-0.2	7.5%
Indicative opening mid exchange rates				
	14-Jan-21	% Δ		8-Jan-21
USD	771.2035	→	0.00%	771.2035
GBP	1051.2275	↓	0.46%	1046.3689
EUR	937.0123	↓	-0.93%	945.8040
ZAR	50.5760	↓	0.76%	50.1929
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