

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of 0.03% to close the week at 32,977.97 points from 32,988.58 points in the previous week due to share price losses in AIRTEL, FDHB, ICON, MPICO, NBS, NITL and SUNBIRD which outweighed gains in FMBCH and STANDARD. The market traded a total of 2,271,766 shares at a consideration of K88.02 million in 40 trades, compared to a total of 382,553 shares traded at a consideration of K8.18m in 19 trades in the previous week. The year-to-date return on MASI stands at 1.81% compared to -4.21% for the same period in 2020 (Source: MSE).

Corporate news

Dividends

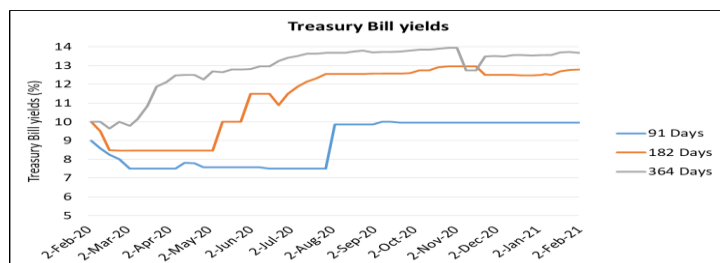
Company	Declared/Proposed	Type	Dividend (K)	Last day to register	Payable
NBM	Declared	2 nd Interim	5.35	12-Mar-21	31-Mar-21
ILLOVO	Proposed	Final	2.00	12-Mar-21	31-Mar-21

Annual general meeting

Company	Venue	Date	Time
ILLOVO	Virtual	24-Feb-21	14:00 hrs

Government securities

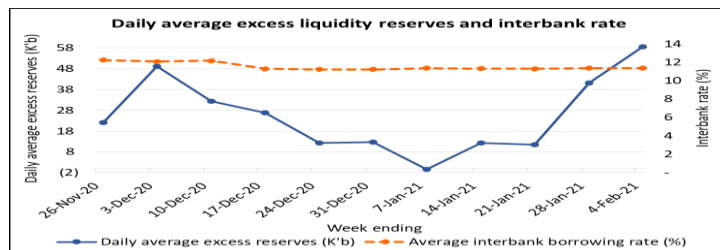
Government raised K29.32b during the week's auction for Treasury Bills (TBs) compared to K17.80b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly decreased to 12.14% from 12.15% in the previous week due to a decrease in the 364-day yield to 13.68% from 13.73% in the previous week which offset the increase in the 182-day yield to 12.80% from 12.76% in the past week. The 91-day yield was stable at 9.95% (Source: RBM). Overall, TB yields have increased over the past year as shown in the chart below.



During the week, K16.35b was also raised by Government through an auction of a 3-year Treasury note (TN) at an average yield of 18.66%. Maturities of Government securities for the week amounted to K34.98b, resulting in a net withdrawal of K10.69b from the market, compared to a net injection of K16.08b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K58.55b from K41.27b recorded in the previous week. Interbank borrowing for the week amounted to K4.90b compared to K86.80b in the previous week. Consequently, the average interbank borrowing rate decreased to 10.58% from 11.37%. There was no borrowing on the Lombard Facility during the week, compared to K5.65b accessed at the rate of 12.20% in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.34% against the USD to close the week at K771.2035 per USD. The Kwacha also depreciated against GBP and ZAR by 0.15% and 1.92%, respectively. It, however, appreciated against EUR by 0.84%, closing the week at 925.6945. Gross official forex reserves were last recorded at USD502.98m (2.41 months of import cover) on 31st January 2021 from USD574.26m (2.75 months of import cover) recorded on 31st December 2020 (Source: RBM). The reserves are below the recommended minimum of 3 months of import cover. The situation is expected to prevail until the onset of the 2021 Tobacco marketing campaign.

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.

CDH House, 5 independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826

Banking innovations that help your business grow

Stock market				
	5-Feb-21		% Δ	29-Jan-21
MASI	32,977.97	↓	-0.03%	32,988.58
DSI	28,080.20	↓	-0.03%	28,090.02
FSI	1,614.08	↑	0.03%	1,613.58
Traded volume	2,271,766	↑	493.84%	382,553
Number of trades	40	↑	110.53%	19
Value of shares traded (K'm)	88.02	↑	976.58%	8.18
Market capitalisation (K'm)	1,792,362.87	↓	-0.03%	1,792,930.12
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FMBCH	27.09	↑	0.04%	27.08
STANDARD	1200.01	↑	0.001%	1200.00
Losers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	27.97	↓	-0.04%	27.98
FDHB	14.44	↓	-0.07%	14.45
ICON	12.20	↓	-0.33%	12.24
MPICO	20.94	↓	-0.24%	20.99
NBS	20.46	↓	-0.05%	20.47
NITL	94.94	↓	-0.01%	94.95
SUNBIRD	89.99	↓	-0.01%	90.00
Treasury Bill auctions				
	2-Feb-21		% pts Δ	26-Jan-21
Auction date	2-Feb-21			
Amount offered - cost value (K'm)	9,417.00	↓	-57.73%	22,280.00
Applied - cost value (K'm)	29,323.89	↑	64.70%	17,803.89
Allotted - cost value (K'm)	29,323.89	↑	64.70%	17,803.89
Overall rejection rate	0.00%	↓	0.00%	0.00%
91 days yield	9.95%	↓	0.00%	9.95%
182 days yield	12.80%	↑	0.32%	12.76%
364 days yield	13.68%	↓	-0.34%	13.73%
All-type yield	12.14%	↓	-0.02%	12.15%
Treasury Note auctions				
	2-Feb-21	28-Jan-21		19-Jan-21
Auction date	2-Feb-21			
Tenors	3 years	2, 3, 5 & 7 years		2, 3, 5 & 7 years
Coupon rate	11.00%	10%, 11%, 12.5% & 13.5%		10%, 11%, 12.5% & 13.5%
Amount offered - cost value (K'b)	47.76			
Total applied - cost value (K'b)	16.35	64.94		55.58
Total allotted - cost value (K'b)	16.35	64.94		53.28
Allotted - weighted average ytm	18.66%	16.5%, 18.69%, 19.94% & 20%		16.5%, 18.56%, 19.97% & 20%
Current yields for Treasury Notes				
	Last auction's yield	Last auction		Next auction
Tenor				
2-year	16.50%	28-Jan-21		TBA
3-year	18.66%	2-Feb-21		TBA
5-year	19.94%	28-Jan-21		TBA
7-year	20.00%	28-Jan-21		TBA
10-year	22.50%	22-Dec-20		16-Feb-21
Upcoming Treasury Note auctions				
	Auction date	Tenor	Amount (K'b)	Previous coupon rate
	16-Feb-21	10	10.64	15.00%
Projected maturities				
	5-Feb-21	12-Feb-21		19-Feb-21
Tenors				
TBs, PNs & TNs (K'm)	34,981	7,613		4,727
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	0	18,800		9,781
Reference rate				
	Feb-21		% pts Δ	Jan-21
Rate	12.00%	↓	-0.10	12.10%
Inflation rate				
	Dec-20		% pts Δ	Nov-20
Rate	7.6%	↑	0.3	7.3%
Indicative opening mid exchange rates				
	5-Feb-21		% Δ	29-Jan-21
USD	773.7980	↓	0.34%	771.2035
GBP	1058.8652	↓	0.15%	1057.3200
EUR	925.6945	↑	0.84%	933.5418
ZAR	51.6654	↓	1.92%	50.6944
Gross official foreign exchange reserves position				
	31-Jan-21	31-Dec-20		30-Nov-20
Reserves (USD'm)	502.98	574.26		584.89
Import cover (months)	2.41	2.75		2.80

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 26,360 as at 5th February 2021, out of which 14,590 are active. The country continues to register high levels of daily new infections in the second wave which has forced Government to enforce strict preventive measures. So far, 10,761 people have recovered while 799 have died from the disease (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 105.10m, with recoveries of more than 58.47m and 2.29m deaths as at 5th February 2021 (Source: Johns Hopkins University and Medicine). The rollout of vaccines for COVID-19 is expected to control the pandemic. In Malawi, Government has announced that it will rollout the vaccines in March 2021, with health workers and people with opportunistic conditions prioritized.