



Malawi Stock Exchange (MSE) trading activity

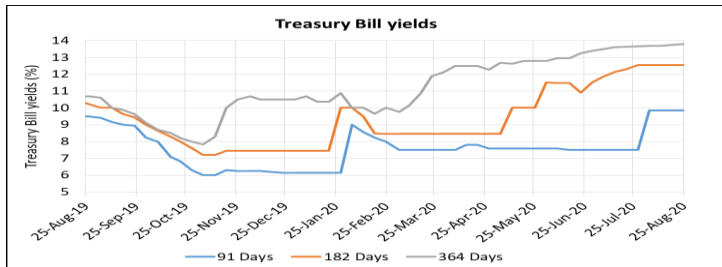
The Malawi All Share Index (MASI) lost by 0.11% to close the week at 31,510.39 points from 31,545.73 points in the previous week due to a share price loss in TNM of 0.91% which outweighed marginal share price gains in AIRTEL and NBM of 0.04% and 0.002%, respectively. The market traded 172,818,300 shares at a consideration of K2.14b in 70 trades compared to 22,895,431 shares traded during the previous week at a consideration of K578.62m in 127 trades. This represents an increase of 654.82% in traded volume and 269.67% in traded value. The year-to-date return on MASI stands at 4.16% compared to 1.33% in the same period in 2019 (Source: MSE).

Corporate news

- MPICO reported a net profit of K2.5b for the half year ended 30th June 2020, representing a drop of 30% from K3.6bn registered in 2019. The drop in profits is attributed to a decline in rental income of 2% to K3.08b and a decrease of 41% in fair value gains to K1.77b due to the impact of COVID-19 (Source: MSE).
- Old Mutual (OMU) expects its half year headline earnings to be between 23% - 33% lower than the ZAR5.85m reported in June 2019. The expected drop is attributed to the negative impact of COVID-19 on the group's business and the economies where it operates.

Government securities

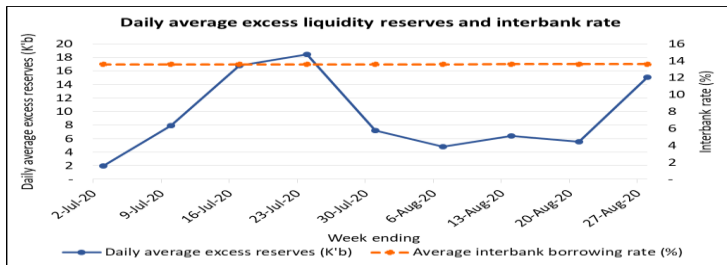
Government raised K2.29b during the week's auction for Treasury Bills (TBs) compared to K3.62b raised in the previous week. The auction registered a rejection rate of 58.67%. The all-type average TB yield slightly increased to 12.07% from 12.05% in the previous week due to a marginal increase in the 364-day yield to 13.81% from 13.75%. The 91-day and 182-day yields were stable at 9.85% and 12.55%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K7.19b, leading to a net injection of K4.90b into the market compared to a net withdrawal of K24.27b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels increased during the week. Average daily excess liquidity reserves increased to K15.05b from K5.54b recorded in the previous week. Borrowing on the interbank market increased to an average of K8.42b per day from K7.96b per day in the previous week, while the average interbank borrowing rate was stable at 13.60%. Borrowing on the Lombard Facility increased to an average of K43.87b per day during the week from K34.15b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha marginally appreciated by 0.04% against USD to close the week at K748.52 per USD from K748.78 per USD at the end of the previous week. However, the Kwacha depreciated against GBP, EUR and ZAR by 0.28%, 0.14% and 1.97%, respectively. Gross official forex reserves were last recorded at USD651.41m (3.12 months of import cover) on 31st July 2020, a decrease of 4.58% from USD682.66m (3.27 months of import cover) on 30th June 2020 (Source: RBM). As at the end of week 18 of the 2020 marketing season on 24th August 2020, Tobacco had raked in USD172.17m compared to USD211.49m for the same period in 2019, representing a year-on-year decrease in value of 18.59%. Tobacco sales volumes so far have amounted to 112.07m kg, lower than 143.98m kg as at week 18 in 2019. However, average prices have been higher for 2020 (K1.54/kg) compared to 2019 (K1.47/kg) (Source: AHL).

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Stock market			
	28-Aug-20	% Δ	21-Aug-20
MASI	31,510.39	↓ -0.11%	31,545.73
DSI	26,894.21	↓ -0.12%	26,925.65
FSI	1,460.99	→ 0.00%	1,460.99
Traded volume	172,818,300	↑ 654.82%	22,895,431
Number of trades	70	↓ -44.88%	127
Value of shares traded (K'm)	2,139.01	↑ 269.67%	578.62
Market capitalisation (K'm)	1,711,841.98	↓ -0.11%	1,713,735.40
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	27.01	↑ 0.04%	27.00
NBM	618.76	↑ 0.002%	618.75
Losers	Closing price (K)	% Δ	Opening price (K)
TNM	21.80	↓ -0.91%	22.00
Treasury Bill auctions			
Auction date	25-Aug-20	% pts Δ	18-Aug-20
Amount offered - cost value (K'm)	7,505.00	→ 0.00%	7,505.00
Applied - cost value (K'm)	5,534.91	↑ 36.45%	4,056.39
Allotted - cost value (K'm)	2,287.31	↓ -36.77%	3,617.65
Overall rejection rate	58.67%	↑ 47.86	10.82%
91 days yield	9.85%	→ 0.00%	9.85%
182 days yield	12.55%	→ 0.00%	12.55%
364 days yield	13.81%	↑ 0.43%	13.75%
All-type yield	12.07%	↑ 0.16%	12.05%
Treasury Note auctions			
Auction date	18-Aug-20	4-Aug-20	21-Jul-20
Tenors	7 years	2 years	5 years
Coupon rate	13.50%	10.00%	12.50%
Amount offered - cost value (K'b)	25.07	40.88	28.23
Total applied - cost value (K'b)	46.32	28.78	44.01
Total allotted - cost value (K'b)	25.07	21.58	28.26
Allotted - weighted average ytm	20.75%	16.46%	19.82%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.46%	4-Aug-20	tba
3-year	18.00%	30-Jun-20	tba
5-year	19.82%	21-Jul-20	tba
7-year	20.75%	18-Aug-20	tba
10-year	21.70%	21-Apr-20	tba
Projected maturities			
Week ending	4-Sep-20	Aug-20	Sep-20
TBs, PNs & TNs (K'm)	27,852	15,614	160,607
OMO (K'm)	0	0	0
Reference rate			
Rate	Aug-20	% pts Δ	Jul-20
Rate	13.40%	→ 0.00	13.40%
Inflation rate			
Rate	Jul-20	% pts Δ	Jun-20
Rate	8.0%	↓ -0.5	8.5%
Cumulative tobacco sales (Week 18)			
Year	2020	% Δ	2019
Volume (Kg)	112,070,689.00	↓ -22.16%	143,981,288.00
Value (USD)	172,170,759.48	↓ -18.59%	211,486,805.86
Average price (USD/Kg)	1.54	↑ 4.76%	1.47
Indicative opening mid exchange rates			
	28-Aug-20	% Δ	21-Aug-20
USD	748.5177	↑ -0.04%	748.7808
GBP	992.7590	↓ 0.28%	989.9630
EUR	888.7151	↓ 0.14%	887.4549
ZAR	44.2055	↓ 1.97%	43.3530
Gross official foreign exchange reserves position			
Reserves (USD'm)	31-Jul-20	30-Jun-20	31-May-20
Reserves (USD'm)	651.41	682.66	662.98
Import cover (months)	3.12	3.27	3.17

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Total confirmed cases of COVID-19 in Malawi stood at 5,496 as at 28th August 2020 from 5,419 as at 24th August 2020. The country has been registering a decrease in new infections in recent weeks. So far, 3,121 have recovered while 173 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 24.50m, with more than 16.04m recoveries and 833k deaths as at 28th August 2020 (Source: Johns Hopkins University and Medicine). Countries across the world continue to ease restrictions as the curve of new infections flattens. In Malawi, schools are set to start slowly reopening in September 2020.