



Malawi Stock Exchange (MSE) trading activity

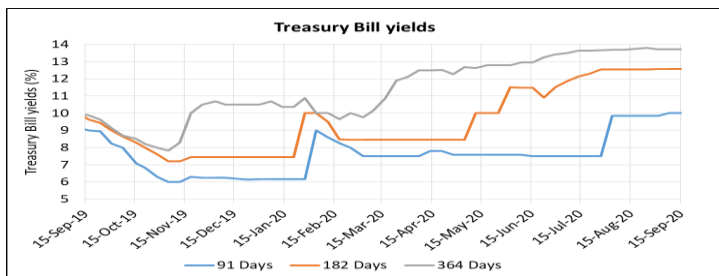
The Malawi All Share Index (MASI) lost by 0.17% to close the week at 31,459.77 points from 31,511.91 points in the previous week due to share price losses in FDHB, ICON, PCL and TNM which offset share price gains in AIRTEL and STANDARD. The market traded 35,379,558 shares at a consideration of K1.99b in 88 trades compared to 16,128,669 shares traded during the previous week at a consideration of K296.73m in 35 trades. This represents an increase of 119.36% in traded volume and 570.28% in traded value. The year-to-date return on MASI stands at 3.99% compared to 1.96% in the same period in 2019 (Source: MSE).

Corporate news

- MyBucks Banking Corporation announced total coupon payment of K438.95m on its listed K12.4b medium term note set to mature in June 2021. The last date to register is 25th September 2020 and date of payment is 30th September 2020 (Source: MSE).
- ICON Properties Plc reported a profit after tax (PAT) of K2.11b for the six months ended 30th June 2020. This represents a decrease of 16.20% when compared to K2.52b reported in the corresponding period in 2019. The decrease in PTA is mainly attributed to a decrease in total income to K4.6b in 2020 from K5.8b in 2019 due to the impact of COVID-19 which affected property revaluation gains and planned rental escalations.

Government securities

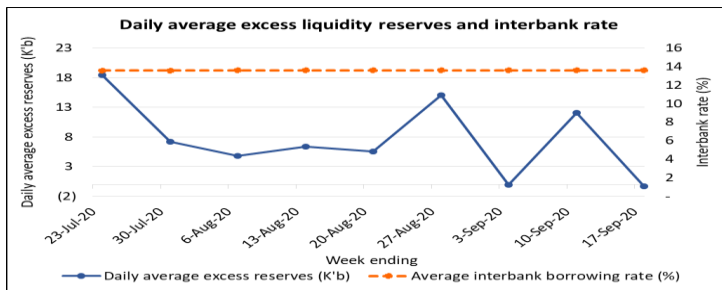
Government only raised K3.00m during the week's auction for Treasury Bills (TBs) compared to K2.37b raised in the previous week. The auction registered no rejection. The 91-day, 182-day and 364-day yields were all stable at 10.00%, 12.58% and 13.72%, respectively (Source: RBM).



During the week, Government also raised K11.46b in an auction of a 10-year Treasury Note (TN) at an average yield to maturity of 22.14%. The auction registered a 19.52% rejection. Maturities of Government securities for the week amounted to K7.17b, leading to a net withdrawal of K4.29b from the market compared to a net withdrawal of K39.75b in the previous week (Source: RBM).

Market liquidity and interbank market activity

The interbank market was squarish this week. Average daily excess liquidity reserves decreased to negative K310m from positive K12.05b recorded in the previous week. Average interbank borrowing decreased to K5.40b per day from K9.96b per day in the previous week. However, the average interbank borrowing rate was stable at 13.60%. Borrowing on the Lombard Facility increased to an average of K48.09b per day during the week from K39.13b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.20% against USD to close the week at K751.37 per USD from K749.88 per USD at the end of the previous week. The Kwacha also depreciated against GBP by 1.46%, EUR by 0.41% and ZAR by 4.63%. Gross official forex reserves were last recorded at USD642.86m (3.08 months of import cover) on 31st August 2020, representing a decrease of 1.31% from USD651.41m (3.12 months of import cover) on 31st July 2020 (Source: RBM).

COVID-19 update

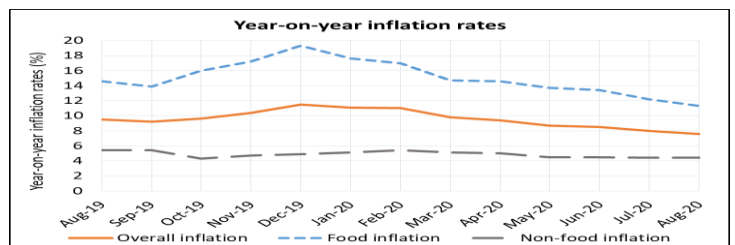
Cumulative confirmed COVID-19 cases in Malawi stood at 5,711 as at 17th September 2020. Daily new infections continue to decrease. Consequently, schools and borders have started reopening in phases beginning 7th September 2020. So far, 4,000 have recovered while 179 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 30.22m, with more than 20.57m recoveries and 947k deaths as at 18th September 2020 (Source: Johns Hopkins University and Medicine). Countries across the world continue to ease restrictions as the curve of new infections flattens.

| Stock market | | | | |
|---|----------------------|--------------|----------------|-----------|
| | 18-Sep-20 | % Δ | 11-Sep-20 | |
| MASI | 31,459.77 | ↓ -0.17% | 31,511.91 | |
| DSI | 26,849.17 | ↓ -0.17% | 26,895.56 | |
| FSI | 1,460.99 | ↓ 0.00% | 1,460.99 | |
| Traded volume | 35,379,558 | ↑ 119.36% | 16,128,669 | |
| Number of trades | 88 | ↑ 151.43% | 35 | |
| Value of shares traded (K'm) | 1,988.92 | ↑ 570.28% | 296.73 | |
| Market capitalisation (K'm) | 1,709,129.46 | ↓ -0.16% | 1,711,923.31 | |
| Gainers | | | | |
| AIRTEL | 28.80 | ↑ 0.24% | 28.73 | |
| STANDARD | 851.00 | ↑ 2.53% | 830.00 | |
| Losers | | | | |
| FDHB | 12.49 | ↓ -2.42% | 12.80 | |
| ICON | 12.50 | ↓ -1.42% | 12.68 | |
| PCL | 1343.99 | ↓ -0.07% | 1344.95 | |
| TNM | 20.50 | ↓ -2.38% | 21.00 | |
| Treasury Bill auctions | | | | |
| Auction date | 15-Sep-20 | % pts Δ | 8-Sep-20 | |
| Amount offered - cost value (K'm) | 8,081.00 | ↓ 0.00% | 8,081.00 | |
| Applied - cost value (K'm) | 3.00 | ↓ -99.91% | 3,180.52 | |
| Allotted - cost value (K'm) | 3.00 | ↓ -99.87% | 2,367.21 | |
| Overall rejection rate | 0.00% | ↓ -25.57% | 25.57% | |
| 91 days yield | 10.00% | ↓ 0.00% | 10.00% | |
| 182 days yield | 12.58% | ↓ 0.00% | 12.58% | |
| 364 days yield | 13.72% | ↓ 0.00% | 13.72% | |
| All-type yield | 12.10% | ↓ 0.00% | 12.10% | |
| Treasury Note auctions | | | | |
| Auction date | 15-Sep-20 | | 8-Sep-20 | 18-Aug-20 |
| Tenors | 10 years | | 3 years | 7 years |
| Coupon rate | 15.00% | | 11.00% | 13.50% |
| Amount offered - cost value (K'b) | 13.81 | | 49.73 | 25.07 |
| Total applied - cost value (K'b) | 14.24 | | 43.55 | 46.32 |
| Total allotted - cost value (K'b) | 11.46 | | 41.35 | 25.07 |
| Allotted - weighted average ytm | 22.14% | | 18.02% | 20.75% |
| Current yields for Treasury Notes | | | | |
| Tenor | Last auction's yield | Last auction | Next auction | |
| 2-year | 16.46% | 4-Aug-20 | tba | |
| 3-year | 18.02% | 8-Sep-20 | tba | |
| 5-year | 19.82% | 21-Jul-20 | tba | |
| 7-year | 20.75% | 18-Aug-20 | tba | |
| 10-year | 22.14% | 15-Sep-20 | tba | |
| Projected maturities | | | | |
| Week ending | 18-Sep-20 | 25-Sep-20 | 2-Oct-20 | |
| TBs, PNs & TNs (K'm) | 7,173 | 105,981 | 11,525 | |
| OMO (K'm) | 0 | 0 | 0 | |
| Reference rate | | | | |
| Rate | 13.60% | ↑ 0.20 | 13.40% | Aug-20 |
| Inflation rate | | | | |
| Rate | 7.6% | ↓ -0.4 | 8.0% | Jul-20 |
| Cumulative tobacco sales (end of season) | | | | |
| Year | 2020 | % Δ | 2019 | |
| Volume (Kg) | 113,846,927.00 | ↓ -31.26% | 165,611,368.00 | |
| Value (USD) | 174,519,328.36 | ↓ -26.38% | 237,050,199.67 | |
| Average price (USD/Kg) | 1.53 | ↑ 6.99% | 1.43 | |
| Indicative opening mid exchange rates | | | | |
| | 18-Sep-20 | % Δ | 11-Sep-20 | |
| USD | 751.3681 | ↓ 0.20% | 749.8773 | |
| GBP | 975.2758 | ↓ 1.46% | 961.2677 | |
| EUR | 890.8972 | ↓ 0.41% | 887.2548 | |
| ZAR | 46.6031 | ↓ 4.63% | 44.5412 | |
| Gross official foreign exchange reserves position | | | | |
| Reserves (USD'm) | 31-Aug-20 | 31-Jul-20 | 30-Jun-20 | |
| Import cover (months) | 642.86 | 651.41 | 682.66 | |
| | 3.08 | 3.12 | 3.27 | |

Sources: MSE, RBM, NSO, AHL

Inflation rate

The year-on-year headline inflation rate decreased to 7.6% in August 2020 from 8.0% in July 2020 as year-on-year food inflation rate decreased to 11.3% from 12.2% while year-on-year non-food inflation rate was stable at 4.4% during the period (Source: NSO). Headline inflation rate has been declining since January 2020 largely due to a decrease in food prices.



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