

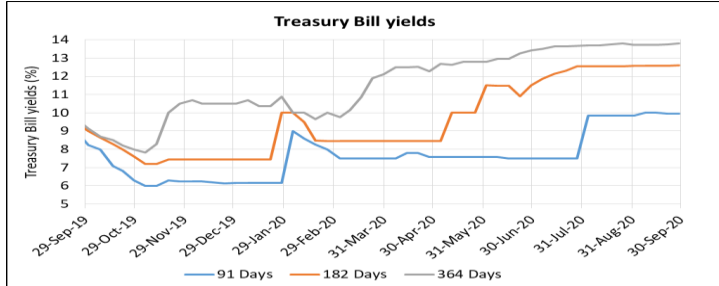


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 1.18% to close the week at 31,477.62 points from 31,855.04 points in the previous week due to share price losses in AIRTEL (3.33%), FDHB (3.92%), FMBCH (4.17%), NBM (0.005%) and TNM (3.76%) which outweighed a share price gain in NBS of 8.02%. The year-to-date return on MASI stands at 4.05% compared to 1.94% for the same period in 2019 (Source: MSE).

Government securities

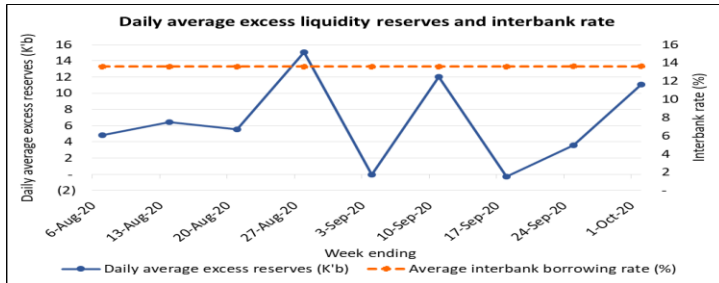
Government raised K3.26b during the week's auction for Treasury Bills (TBs) compared to K3.35b raised in the previous week. The auction registered no rejection. The all-type average TB yield marginally increased to 12.12% from 12.10% in the previous week as the 182-day yield increased to 12.60% from 12.58% and the 364-day yield increased to 13.80% from 13.75% while the 91-day yield was stable at 9.95% (Source: RBM). TB yields have been relatively stable since August 2020.



Maturities of Government securities for the week amounted to K11.53b, resulting in a net injection of K8.27b into the market compared to a net injection of K33.16b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K11.08b from K3.58b recorded in the previous week. Consequently, average interbank borrowing slightly decreased to K7.49b per day from K7.78b per day in the previous week. The average interbank borrowing rate marginally increased to 13.63% from 13.61%. Borrowing on the Lombard Facility decreased to an average of K26.85b per day during the week from K46.31b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha was stable at K751.3681 per USD during the week. However, it depreciated against GBP by 0.78%, EUR by 0.46% and ZAR by 1.47%. 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 5,779 as at 2nd October 2020. Daily new infections continue to decrease. Consequently, schools and borders started reopening in phases on 7th September 2020. So far, 4,514 have recovered while 179 have died from the disease. Globally, total confirmed cases of COVID-19 amounted to 34.35m, with more than 23.89m recoveries and 1.02m deaths as at 2nd October 2020 (Source: Johns Hopkins University and Medicine). While most countries across the world continue to ease restrictions due to a decrease in daily new infections, countries in the EURO Zone have started reinstating some measures as the region has been registering a daily rise in new infections recently.

Stock market				
	2-Oct-20		% Δ	25-Sep-20
MASI	31,477.62	↓	-1.18%	31,855.04
DSI	26,903.85	↓	-1.09%	27,200.88
FSI	1,411.44	↓	-3.39%	1,460.99
Market capitalisation (K'm)	1,709,963.88	↓	-1.18%	1,730,309.51
Gainers		Closing price (K)	% Δ	Opening price (K)
NBS	21.00	↑	8.02%	19.44
Losers		Closing price (K)	% Δ	Opening price (K)
AIRTEL	29.00	↓	-3.33%	30.00
FDHB	12.00	↓	-3.92%	12.49
FMBCH	23.00	↓	-4.17%	24.00
NBM	618.73	↓	-0.005%	618.76
TNM	20.50	↓	-3.76%	21.30
Treasury Bill auctions				
Auction date	29-Sep-20		% pts Δ	22-Sep-20
Amount offered - cost value (K'm)	8,081.00	→	0.00%	8,081.00
Applied - cost value (K'm)	3,256.98	↓	-46.13%	6,045.67
Allotted - cost value (K'm)	3,256.98	↓	-2.78%	3,350.03
Overall rejection rate	0.00%	↓	-44.59	44.59%
91 days yield	9.95%	→	0.00%	9.95%
182 days yield	12.60%	↑	0.13%	12.58%
364 days yield	13.80%	↑	0.32%	13.75%
All-type yield	12.12%	↑	0.17%	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	6-Oct-20	
5-year	19.82%	21-Jul-20	20-Oct-20	
7-year	20.75%	18-Aug-20	tba	
10-year	22.14%	15-Sep-20	tba	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Previous coupon rate	
6-Oct-20	3	35.74	11.00%	
20-Oct-20	5	20.25	12.50%	
Projected maturities				
Week ending	2-Oct-20	9-Oct-20	16-Oct-20	
TBs, PNs & TNS (K'm)	11,525	5,553	6,297	
OMO (K'm)	0	0	0	
Reference rate				
Rate	Sep-20	% pts Δ	Aug-20	
	13.60%	↑	0.20	13.40%
Inflation rate				
Rate	Aug-20	% pts Δ	Jul-20	
	7.6%	↓	-0.4	8.0%
Indicative opening mid exchange rates				
	2-Oct-20	% Δ	25-Sep-20	
USD	751.3681	→	0.00%	751.3681
GBP	966.9356	↓	0.78%	959.4971
EUR	881.3548	↓	0.46%	877.2974
ZAR	45.0577	↓	1.47%	44.4037
Gross official foreign exchange reserves position				
Reserves (USD'm)	31-Aug-20	31-Jul-20	30-Jun-20	
	642.86	651.41	682.66	
Import cover (months)	3.08	3.12	3.27	

Sources: MSE, RBM, NSO, AHL

Published financial results for the half year ended 30th June 2020

	H1 2020 PAT (K'm)	Movement	H1 2019 PAT (K'm)
Listed banks			
FDH Bank Plc	3,224	↓ -4%	3,351
First Capital Bank Plc	3,913	↓ -6%	4,153
National Bank of Malawi Plc	9,071	↓ -1%	9,127
NBS Bank Plc	2,844	↑ 102%	1,406
Standard Bank (Malawi) Plc	12,633	↑ 56%	8,094
Unlisted banks			
CDH Investment Bank Ltd	927	↑ 69%	549
Ecobank Ltd	4,004	↑ 8%	3,692
MyBucks Banking Corporation Ltd	1,879	↑ 130%	817
Listed non-bank institutions			
Airtel Malawi Plc	11,415	↑ 466%	2,016
First Capital Holdings Plc (US\$'000)	14,290	↑ 181%	5,080
ICON Properties Plc	2,112	↓ -16%	2,520
Illovo Sugar (Malawi) Plc	2,049	↓ -75%	8,123
MPICO Plc	2,507	↓ -30%	3,582
National Investment Trust Plc	364	↓ -46%	672
NICO Holdings Plc	7,642	↑ 5%	7,294
Press Corporation Plc	12,693	↑ 14%	11,168
Sunbird Tourism Plc	(1,336)	↓ -212%	1,197
Telekom Networks Malawi Plc	4,790	↓ -29%	6,712

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