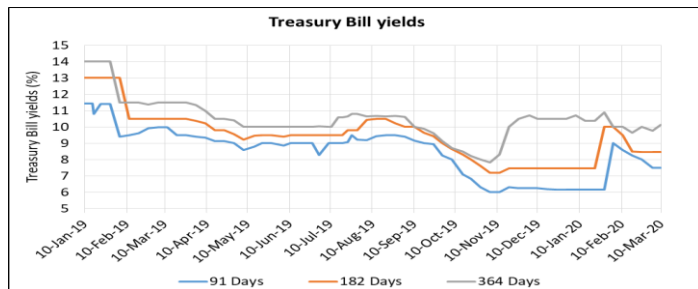


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) gained marginally by 0.001% to close the week at 29,187.31 points from 29,187.02 points recorded in the previous week, due to marginal share price gains in ICON, MPICO and SUNBIRD which outweighed a marginal share price loss in AIRTEL. There were no price movements in the rest of the companies registered on the MSE. A total of 16,040,289 shares were traded at a consideration of K269.69m in 62 trades compared to 2,262,310 shares traded at a consideration of K45.67m in 57 trades in the previous week. This represents increases of 609.02% and 490.54% in traded volume and value, respectively. The year-to-date return on the MASI stands at -3.52% compared to -3.54% in the corresponding period in 2019 (Source: MSE).

Government securities

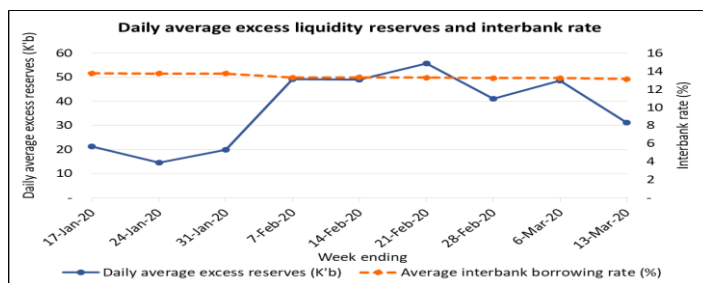
Government raised K6.26b during the week's auction for Treasury Bills (TB) against an offered amount of K9.53b. The auction registered a rejection rate of 0.15%. In the TB auction for the previous week, K9.53b was raised against an offer for subscription of the same amount. The all-type average TB yield slightly increased to 8.70% from 8.58% in the previous week due to an increase in the 364-day yield to 10.14% from 9.78% while the 91-day and 182-day yields were constant at 7.50% and 8.46%, respectively (Source: RBM).



There was also an auction for a 2-year Treasury Note (TN) during which K26.59b was raised, bringing the total amount raised during the week from auctions for Government securities to K32.85b. The TN attracted an average yield of 12.38%, slightly up from 12.27% recorded in the preceding auction for a 2-year TN on 17th December 2019. Maturities of Government securities for the week amounted to K8.69b, resulting in a net withdrawal of K24.16b from the market, compared to a net injection of K15.88b in the previous week (Source: RBM).

Interbank market activity

Market liquidity levels decreased during the week; daily excess reserves averaged K31.27b from K48.64b in the previous week. Borrowing on the interbank market decreased to an average of K4.67b per day from K6.80b per day in the previous week and the average interbank borrowing rate decreased to 13.13% from 13.25%. Borrowing on the Lombard Facility amounted to K7.94b during the week compared to K23.00b in the preceding week. The Lombard rate was constant at 13.90% (Source: RBM).



Foreign exchange market developments

The Kwacha was stable at 736.5803 per USD during the week, but appreciated against GBP, ZAR and EUR by 3.01%, 4.09% and 0.20%, respectively. Gross official foreign exchange reserves were last recorded at USD846.55m (4.05 months of import cover) on 31st December 2019, an increase from USD603.82m (2.89 months of import cover) recorded on 30th November 2019 (Source: RBM). The rate is expected to remain stable due to the looming onset of the Tobacco season.

Stock market				
	13-Mar-20	% Δ	6-Mar-20	
MASI	29,187.31	↑ 0.001%	29,187.02	
DSI	23,528.48	↑ 0.001%	23,528.21	
FSI	3,046.35	→ 0.00%	3,046.35	
Traded volume	16,040,289	↑ 609.02%	2,262,310	
Number of trades	62	↑ 8.77%	57	
Value of shares traded (K'm)	269.69	↑ 490.54%	45.67	
Market capitalisation (K'm)	1,521,040.56	↑ 0.002%	1,521,010.63	
Gainers	Closing price (K)	% Δ	Opening price (K)	
ICON	10.49	↑ 0.10%	10.48	
MPICO	22.48	↑ 0.54%	22.36	
SUNBIRD	120.01	↑ 0.01%	120.00	
Losers	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	17.58	↓ -0.17%	17.61	
Projected maturities				
Week ending	13-Mar-20	20-Mar-20	31-Mar-20	
TBs, PNs & TNs (K'm)	8,687	11,055	41,858	
OMO (K'm)	0	0	14,731	
Treasury Bill auctions				
Auction date	10-Mar-20	% pts Δ	4-Mar-20	
Amount offered - cost value (K'm)	9,531.00	→ 0.00%	9,531.00	
Applied - cost value (K'm)	6,270.73	↓ -82.79%	36,444.47	
Allotted - cost value (K'm)	6,261.08	↓ -34.31%	9,531.28	
Overall rejection rate	0.15%	↓ -73.69	73.85%	
91 days yield	7.50%	→ 0.00%	7.50%	
182 days yield	8.46%	→ 0.00%	8.46%	
364 days yield	10.14%	↑ 0.36	9.78%	
All-type yield	8.70%	↑ 0.12	8.58%	
Treasury Note auctions				
Date	10-Mar-20	18-Feb-20	4-Feb-20	
Tenor	2 Years	5 Years	10 Years	
Coupon rate	10.00%	10.50%	15.50%	
Amount offered - cost value (K'b)	26.59	31.36	8.13	
Applied for - face value (K'b)	61.09	38.02	0.00	
Allotted - face value (K'b)	27.72	36.61	0.00	
Allotted - cost value (K'b)	26.59	31.36	0.00	
Allotted - weighted average ytm	12.38%	15.55%		
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	12.38%	10-Mar-20	19-May-20	
3-year	13.27%	21-Jan-20	7-Apr-20	
5-year	15.55%	18-Feb-20	14-Apr-20	
7-year	17.36%	7-Jan-20	24-Mar-20	
10-year	17.47%	4-Feb-20	21-Apr-20	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Last coupon rate	
24-Mar-20	7	34.07	11.50%	
7-Apr-20	3	32.62	9.00%	
14-Apr-20	5-year Development Bond	21.00		
21-Apr-20	10	8.86	15.50%	
5-May-20	5	44.11	10.50%	
19-May-20	2	34.09	8.00%	
2-Jun-20	7	20.07	11.50%	
16-Jun-20	3	27.48	9.00%	
Reference rate				
Rate	Mar-20	% pts Δ	Feb-20	
	13.30%	↓ -0.10	13.40%	
Inflation rate				
Rate	Jan-20	% pts Δ	Dec-19	
	11.1%	↓ -0.4	11.5%	
RBM indicative mid exchange rates				
	13-Mar-20	% Δ	6-Mar-20	
USD	736.5803	→ 0.00%	736.5803	
GBP	925.5131	↑ -3.01%	954.2398	
ZAR	45.0139	↑ -4.09%	46.9327	
EUR	825.7065	↑ -0.20%	827.3270	
Gross official foreign exchange reserves position				
	31-Dec-19	30-Nov-19	31-Oct-19	
Reserves (USD'm)	846.55	603.82	601.80	
Import cover (months)	4.05	2.89	2.88	

(Sources: MSE, RBM, NSO)

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.