

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) lost by 0.62% to close the week at 28,326.28 points from 28,501.97 points in the previous week due to share price losses in FMBCH, MPICO, NBS and OMU which outweighed a share price gain in STANDARD. The rest of the counters registered no share price movement. The market registered a decrease of 95.33% in the value of shares traded to K49.98m and a decrease of 94.52% in traded volume to 1,519,420 shares. The year-to-date return on MASI stands at -6.37% compared to 0.91% in the same period in 2019 (Source: MSE).

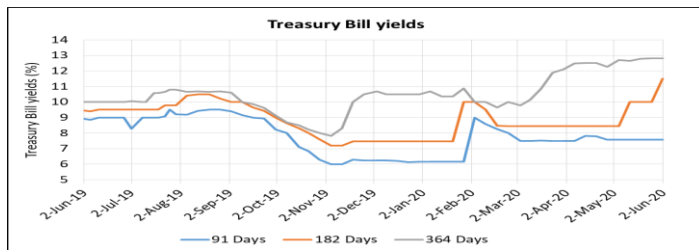
Corporate news

Airtel Malawi Plc recorded a profit after tax of K15.91b in the year ended 31st December 2019, up by 589% from K2.31b reported for a corresponding period in 2018 (Source: MSE).

Sunbird Tourism Plc expects a loss of more than -150% for the half year ending 30th June 2020 compared to the profit of K1.20b reported in the same period in 2019 (Source: MSE).

Government securities

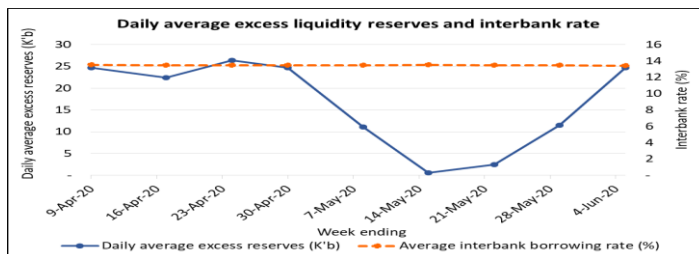
Government raised K9.77b during the week's auction for Treasury Bills (TB) compared to K1.22b raised in the previous week. The TB auction registered no rejection rate. The all-type average TB yield increased to 10.63% from 10.13% in the previous week due to an increase in the 182-day yield to 11.50% from 10.00% and a marginal increase in the 364-day yield to 12.8036% from 12.7998%. The 91-day yield was stable at 7.58%.



The Government also raised K91.59b from auctions of Treasury Notes (2-years, 3-years and 7-years) during the week, bringing the total amount raised from auctions of Government securities to K101.36b compared to K1.22b raised in the previous week. Maturities of Government securities for the week amounted to K1.67b, thereby resulting in a net withdrawal of K99.69b from the market compared to a net injection of K4.46b in the previous week. The 2-year, 3-year and 7-year TNs traded at average yields of 14.30%, 15.15% and 19.91%, respectively (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels improved during the week. Average daily excess reserves increased to K24.72b from K11.54b recorded in the previous week. Borrowing on the interbank market increased to an average of K9.16b per day from K7.69b per day in the previous week, while the average interbank borrowing rate decreased to 13.42% from 13.47%. Borrowing on the Lombard Facility amounted to K69.28b during the week, down from K79.66b in the preceding week at a fixed rate of 13.70% (Source: RBM).



Foreign exchange market developments

The Kwacha was stable at K736.8159 per USD during the week, but depreciated against GBP, EUR and ZAR. Gross official foreign exchange reserves were last recorded at USD730.17m (3.49 months of import cover) on 31st March 2020, a decrease of 7.02% from USD785.31m (3.76 months of import cover) recorded on 29th February 2020 (Source: RBM). As at the end of week 6 of 2020 marketing season on 30th May 2020, the tobacco market had raked in USD49.67m compared to USD51.46m for the same period in 2019, representing a decrease in value of 3.49% owing to a decrease in tobacco sales volumes in 2020 season relative to 2019. However, the average tobacco price of USD1.52 as at the end of the week was higher than USD1.38 for the corresponding period in 2019 (Source: AHL).

Stock market				
	5-Jun-20	% Δ	29-May-20	
MASI	28,326.28	↓ -0.62%	28,501.97	
DSI	23,786.62	↑ 0.02%	23,780.75	
FSI	1,795.33	↓ -9.94%	1,993.51	
Traded volume	1,519,420	↓ -94.52%	27,707,386	
Number of trades	63	↑ 3.28%	61	
Value of shares traded (K'm)	49.98	↓ -95.33%	1,071.29	
Market capitalisation (K'm)	1,473,877.63	↓ -0.64%	1,483,373.69	
Gainers				
STANDARD	760.00	↑ 0.22%	758.34	
Losers				
FMBCH	30.00	↓ -11.76%	34.00	
MPICO	24.98	↓ -0.04%	24.99	
NBS	17.49	↓ -0.06%	17.50	
OMU	2499.95	↓ -0.002%	2499.99	
Treasury Bill auctions				
Auction date	2-Jun-20	% pts Δ	26-May-20	
Amount offered - cost value (K'm)	1,769.00	↑ 45.12%	1,219.00	
Applied - cost value (K'm)	9,773.37	↑ 106.83%	4,725.28	
Allotted - cost value (K'm)	9,773.37	↑ 702.07%	1,218.52	
Overall rejection rate	0.00%	↓ -74.21	74.21%	
91 days yield	7.5791%	→ 0.00%	7.5791%	
182 days yield	11.5000%	↑ 15.00%	10.0000%	
364 days yield	12.8036%	↑ 0.03%	12.7998%	
All-type yield	10.6276%	↑ 4.95%	10.1263%	
Treasury Note auctions				
Date	2-Jun-20	2-Jun-20	2-Jun-20	2-Jun-20
Tenor	2 Years	3 Years	7 Years	
Coupon rate	10.00%	11.00%	13.50%	
Applied - cost value (K'b)	29.97	14.76	46.86	
Allotted - cost value (K'b)	29.97	14.76	46.86	
Allotted - weighted average ytm	14.30%	15.15%	19.91%	
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	14.30%	2-Jun-20	tba	
3-year	15.15%	2-Jun-20	16-Jun-20	
5-year	18.47%	5-May-20	tba	
7-year	19.91%	2-Jun-20	tba	
10-year	21.70%	21-Apr-20	Tba	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Last coupon rate	
16-Jun-20	3	27.48	11.00%	
Projected maturities				
Week ending	5-Jun-20	12-Jun-20	19-Jun-20	
TBs, PNs & TNs (K'm)	1,665	4,042	2,586	
OMO (K'm)	0	0	1,623	
Reference rate				
	Jun-20	% pts Δ	May-20	
Rate	13.40%	↑ 0.10	13.30%	
Inflation rate				
	Apr-20	% pts Δ	Mar-20	
Rate	9.4%	↓ -0.4	9.8%	
Cumulative tobacco sales (Week 6)				
Year	2020	% Δ	2019	
Volume (Kg)	32,627,772.00	↓ -12.23%	37,174,932.00	
Value (USD)	49,669,304.09	↓ -3.49%	51,463,584.65	
Average price (USD/Kg)	1.52	↑ 10.14%	1.38	
Indicative opening mid exchange rates				
	5-Jun-20	% Δ	29-May-20	
USD	736.8159	→ 0.00%	736.8159	
GBP	932.2932	↓ 2.52%	909.3782	
EUR	838.3464	↓ 2.47%	818.1604	
ZAR	43.8364	↓ 4.37%	42.0020	
Gross official foreign exchange reserves position				
	31-Mar-20	29-Feb-20	31-Jan-20	
Reserves (USD'm)	730.17	785.31	786.71	
Import cover (months)	3.49	3.76	3.76	

Sources: MSE, RBM, NSO, AHL

COVID-19 update

Total confirmed cases of COVID-19 in Malawi increased to 409 as at 7th June 2020 from 203 cases as at 29th May 2020. Most of the new infections recorded during the week were imported cases from Malawians returning from abroad including South Africa. So far, 55 have recovered while 4 have died from the disease in Malawi. Globally, as at 7th June 2020, there were more than 6.96m confirmed cases of COVID-19 with more than 3.12m recoveries and 401k deaths (Source: Johns Hopkins University and Medicine). Countries continue to ease movement restrictions, but borders remain closed in most countries.

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