



Malawi Stock Exchange (MSE) trading activity

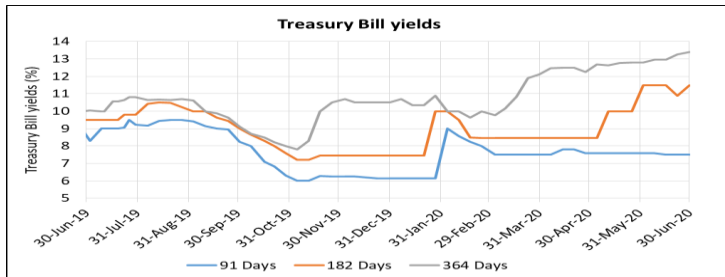
The Malawi All Share Index (MASI) registered a gain of 0.39% to close the week at 29,784.70 points from 29,667.91 points in the previous week due to share price increases in NBS (11.36%) and TNM (0.08%) which outweighed a marginal loss in NBM (-0.002%). The rest of the counters registered no share price movement. The market registered an increase of 95.66% in the volume of shares traded to 7,139,404 compared to 3,648,825 in the previous week, and an increase of 253.15% in the value of traded shares to K184.96m from K52.37m. The year-to-date return on MASI stands at -1.55% compared to 2.36% in the same period in 2019 (Source: MSE).

Corporate news

- FDH Bank Plc issued a Pre-Listing statement on 29th June 2020 in respect of its proposed Initial Public Offer (IPO) of 1,380,206,250 ordinary shares at a price of K10.00 per share, which represent 20% of the company's issued capital. The IPO opened at 09.00hrs on 29th June 2020 and is expected to close at 17:00hrs on 17th July 2020 (Source: MSE).
- NBS Bank Plc revised its Trading Statement. Earlier the Bank announced that it expected its profit after tax (PAT) for the half year ended 30th June 2020 to be higher than the previous corresponding period by more than 50%. After an external auditor's review, the Bank now expects the increase in PAT to be more than 90% (Source: MSE).
- Press Corporation Plc expects its PAT for the half year ended 30th June 2020 to be lower than the previous corresponding period by more than 20% (Source: MSE).
- NITL Plc expects its PAT for the half year ended 30th June 2020 to be lower than the previous corresponding period by about 75% (Source: MSE).
- FMB Capital Holdings Plc reported a PAT of US\$10.29m for the year ended 31st December 2019. This represents a 73% decrease from US\$37.62m reported in the corresponding period in 2018 (Source: MSE).

Government securities

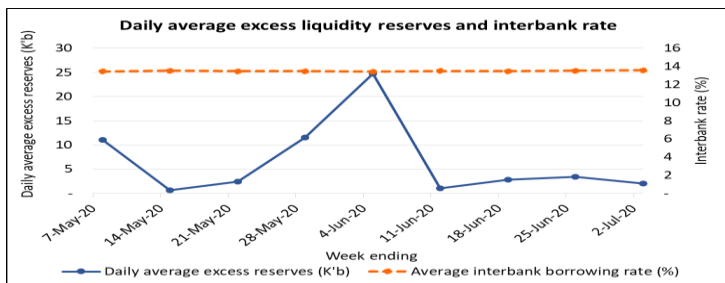
Government raised K5.47b during the week's auction for Treasury Bills (TB) compared to K1.78b raised in the previous week. The auction registered a rejection rate of 13.83%. The all-type average TB yield increased to 10.80% from 10.55% in the previous week as the 182-day and 364-day yields increased to 11.50% and 13.41%, respectively, from 10.90% and 13.25% in the previous week. The 91-day yield was stable at 7.50% during the period (Source: RBM).



The Government also raised K24.99b from auctions of 2-year, 3-year and 5-year Treasury Notes (TNs) at weighted average yields of 15.80%, 18.00% and 19.93%, respectively, during the week. This brings the total amount raised from auctions of Government securities during the week to K30.46b, compared to K1.78b in the previous week. Maturities of Government securities for the week amounted to K17.45b, resulting in a net withdrawal of K13.01b from the market compared to a net injection of K1.78b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Liquidity levels decreased during the week. Average daily excess reserves decreased to K2.01b from K3.44b recorded in the previous week. Consequently, borrowing on the interbank market increased to an average of K19.12b per day from K6.24b per day in the previous week, and the average interbank borrowing rate increased to 13.59% from 13.53%. Borrowing on the Lombard Facility decreased to an average of K20.82b per day during the week from K36.03b per day in the preceding week at a fixed rate of 13.70% (Source: RBM).



Stock market				
	3-Jul-20	% Δ		26-Jun-20
MASI	29,784.70	↑ 0.39%		29,667.91
DSI	25,117.92	↑ 0.42%		25,013.78
FSI	1,757.76	→ 0.00%		1,757.76
Traded volume	7,139,404	↑ 95.66%		3,648,825
Number of trades	59	↑ 90.32%		31
Value of shares traded (K'm)	184.96	↑ 253.15%		52.37
Market capitalisation (K'm)	1,547,856.75	↑ 0.47%		1,540,562.83
Gainers				
	Closing price (K)	% Δ		Opening price (K)
NBS	19.50	↑ 11.36%		17.51
TNM	24.94	↑ 0.08%		24.92
Losers				
	Closing price (K)	% Δ		Opening price (K)
NBM	550.00	↓ -0.002%		550.01
Treasury Bill auctions				
Auction date	30-Jun-20	% pts Δ		23-Jun-20
Applied - cost value (K'm)	6,344.20	↑ 178.08%		1,769.00
Allotted - cost value (K'm)	5,466.72	↑ 206.87%		1,781.46
Overall rejection rate	13.83%	↓ -8.08		21.92%
91 days yield	7.50%	→ 0.00%		7.50%
182 days yield	11.50%	↑ 5.50%		10.90%
364 days yield	13.41%	↑ 1.17%		13.25%
All-type yield	10.80%	↑ 2.39%		10.55%
Treasury Note auctions				
Auction date	16 & 19 June 2020	16 & 19 June 2020		2-Jun-20
Tenors	2, 3 & 5 years	2, 3, 5 & 7 years		2, 3 & 7 years
Total applied - cost value (K'b)	24.99	50.74		91.59
Total allotted - cost value (K'b)	24.99	42.26		91.59
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	15.80%	30-Jun-20		tba
3-year	18.00%	30-Jun-20		tba
5-year	19.93%	30-Jun-20		tba
7-year	21.00%	19-Jun-20		tba
10-year	21.70%	21-Apr-20		tba
Projected maturities				
Week ending	3-Jul-20	10-Jul-20		17-Jul-20
TBs, PNs & TNs (K'm)	17,445	3,143		7,745
OMO (K'm)	0	0		0
Reference rate				
Rate	Jul-20	% pts Δ		Jun-20
Rate	13.40%	→ 0.00		13.40%
Inflation rate				
Rate	May-20	% pts Δ		Apr-20
Rate	8.7%	↓ -0.7		9.4%
Cumulative tobacco sales (Week 10)				
Year	2020	% Δ		2019
Volume (Kg)	64,402,264.00	↓ -14.80%		75,585,289.00
Value (USD)	97,486,299.61	↓ -11.27%		109,863,884.91
Average price (USD/Kg)	1.51	↑ 4.14%		1.45
Indicative opening bid exchange rates				
	3-Jul-20	% Δ		26-Jun-20
USD	737.1905	→ 0.00%		737.1905
GBP	919.6451	↓ 0.38%		916.1804
EUR	828.8233	↓ 0.22%		826.9803
ZAR	43.5694	↓ 1.39%		42.9711
Gross official foreign exchange reserves position				
	31-May-20	30-Apr-20		31-Mar-20
Reserves (USD'm)	662.98	610.13		730.17
Import cover (months)	3.17	2.92		3.49

Sources: MSE, RBM, NSO, AHL

Foreign exchange market developments

The Kwacha was stable against USD at K737.1905, but depreciated against GBP, EUR and ZAR by 0.38%, 0.22% and 1.39%, respectively. Gross official forex reserves were last recorded at USD662.98m (3.17 months of import cover) on 31st May 2020, an increase of 8.66% from USD610.13m (2.92 months of import cover) on 30th April 2020 (Source: RBM). As at the end of week 10 of 2020 marketing season on 30th June 2020, tobacco had raked in USD97.49m compared to USD109.86m for the same period in 2019, representing a year-on-year decrease in value of 11.27%. Tobacco sales volumes so far have amounted to 64.40m kg, lower than 75.59m Kg as at week 10 in 2019. However, average prices have been higher for 2020 (K1.51/kg) compared to 2019 (K1.45/kg) (Source: AHL).

COVID-19 update

Total confirmed cases of COVID-19 in Malawi increased to 1402 as at 3rd July 2020 from 1038 as at 28th June 2020. The country registered a rise in local transmission of the disease during the week under review. So far, 317 have recovered while 16 have died from the disease in Malawi. Globally, as at 3rd July 2020, total confirmed cases of COVID-19 were more than 10.90m, with 5.78m recoveries and 522k deaths (Source: Johns Hopkins University and Medicine). Countries continue to ease restrictions with some countries beginning to open borders.

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