

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -1.61% to close the week at 32,586.56 from 33,119.85 points in the previous week due to share price losses in AIRTEL (-0.04%), FDHB (-0.06%), NICO (-0.02%), OMU (-0.41%) and TNM (-14.86%) which outweighed a share price gain in NBS (0.88%). The year-to-date return on MASI stands at 0.60% compared to -4.33% for the same period in 2020 (Source: MSE).

Corporate news

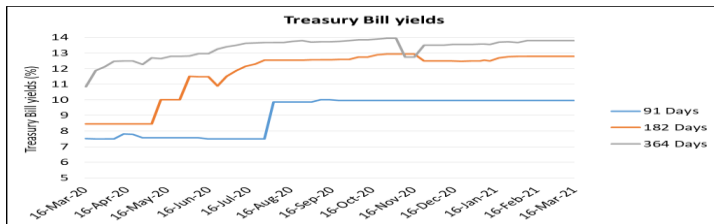
- Press Corporation Plc has invested in a new financial services holding company, LifeCo Holdings Limited, which comprises three subsidiaries, namely, LifeCo Life Insurance Limited, LifeCo Pension Services Limited and LifeCo Asset Managers Limited. All three subsidiaries have already been granted licenses to operate in their respective sectors. PCL's investment in the holding company represents 49.5% of the company's total shareholding. The other shareholders are Equity Investments with 25.5% and Fidelity Limited with 25.5% (Source: Nation Publications Ltd).
- Blantyre Hotel Plc reported a loss after tax of K454m in 2020 compared to previous year's profit after tax (PAT) of K467m, representing a decrease of 197%. The decrease in PAT was on account of a 49% decrease in revenue to K2.08b from K4.07b as well as a decrease in occupancy level to 30% from 61% in the same period last year due to the negative impact of the COVID-19 pandemic which has had an adverse effect in the hospitality industry worldwide (Source: MSE).

Expected financial results for the year ended 31st December 2020		
Company	Expected change in profit after tax for 2020	2019 profit after tax (K'm)
Airtel Malawi Plc	40%	15,908
FMB Capital Holdings Plc (USDm)	200%	10,291
ICON Properties Plc	20%	7,414
HLGVO Sugar Malawi Plc (HY2021)	200%	2,049
MPICO Plc	-40%	7,598
National Bank of Malawi Plc	20%	17,155
NBS Bank Plc	25%	4,458
NICO Holdings Plc	20%	8,011
National Investment Trust Plc	-40%	1,780
Old Mutual Plc (Rm)	-42% to -62%	10,641
Sunbird Tourism Plc	-150%	2,595
Telekom Networks Malawi Plc	-25%	15,063

Data source: MSE

Government securities

Government raised K1.29b during the week's auction for Treasury Bills (TBs) compared to K12.96b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield was stable at 12.1833% as per the previous week due to the 91-day, 182-day and 364-day yield remaining constant since the previous week (Source: RBM). Overall, TB yields have increased over the past year.

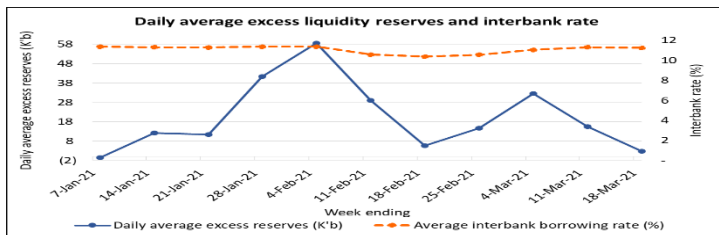


Data source: RBM

The Reserve Bank of Malawi injected into the market K40.50b through an OMO reverse repo auction at an average yield of 11.18%. The auction registered a 37.69% rejection. Maturities of Government securities for the week amounted to K6.95b. There were also maturities of OMO reverse repos amounting to K33.52b. All these transactions resulted in a net injection of K12.64b into the market compared to a net withdrawal of K53.85b from the market in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K2.92b from K15.45b recorded in the previous week. Interbank borrowing for the week averaged K12.22b per day compared to the average of K14.68b per day in the previous week. The average interbank borrowing rate increased to 11.39% from 11.25%. Borrowing on the Lombard Facility increased to the average of K43.04b per day from the average of K8.82b per day in the previous week at a fixed rate of 12.20% (Source: RBM).



Data source: RBM

Foreign exchange market developments

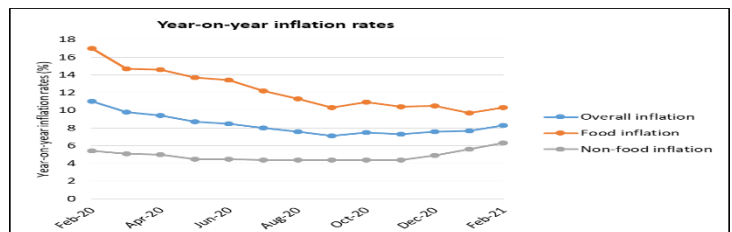
The Kwacha was stable at K782.1163 per USD since the previous week. The Kwacha, however, appreciated against the GBP and EUR by 0.35% and 0.28%, respectively, and depreciated against the ZAR by 1.22%. Gross official forex reserves were last recorded at USD483.38m (2.31 months of import cover) on the 28th of February 2021 from USD502.98m (2.41 months of import cover) recorded on 31st January 2021 (Source: RBM). The reserves are below the recommended minimum of 3 months of import cover. The situation is expected to prevail until the onset of the 2021 tobacco marketing season.

Stock market				
	19-Mar-21		% Δ	12-Mar-21
MASI	32,586.56	↓	-1.61%	33,119.85
DSI	27,732.50	↓	-1.68%	28,206.15
FSI	1,613.34	↓	-0.07%	1,614.45
Market capitalisation (K'm)	1,771,291.01	↓	-1.59%	1,799,957.08
Gainers		Closing price (K)	% Δ	Opening price (K)
NBS	23.00	↑	0.88%	22.80
Losers		Closing price (K)	% Δ	Opening price (K)
AIRTEL	27.96	↓	-0.04%	27.97
FDHB	16.49	↓	-0.06%	16.50
NICO	51.94	↓	-0.02%	51.95
OMU	2190.00	↓	-0.41%	2199.00
TNM	16.50	↓	-14.86%	19.38
Treasury Bill auctions				
Auction date	16-Mar-21		% pts Δ	9-Mar-21
Amount offered - cost value (K'm)	2,580.00	→	0.00%	2,580.00
Applied - cost value (K'm)	1,294.93	↓	-90.01%	12,961.64
Allotted - cost value (K'm)	1,294.93	↓	-90.01%	12,961.64
Overall rejection rate	0.00%	→	0.00	0.00%
91 days yield	9.95%	→	0.00%	9.95%
182 days yield	12.80%	→	0.00%	12.80%
364 days yield	13.80%	→	0.00%	13.80%
All-type yield	12.18%	→	0.00%	12.18%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.50%	9-Mar-21	18-May-21	
3-year	18.66%	2-Feb-21	6-Apr-21	
5-year	19.97%	9-Feb-21	23-Mar-21	
7-year	20.50%	9-Feb-21	20-Apr-21	
10-year	22.50%	16-Feb-21	4-May-21	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Coupon rate	
23-Mar-21	5	23.47	TBA	
6-Apr-21	3	43.73	TBA	
20-Apr-21	7	20.00	TBA	
4-May-21	10	9.95	TBA	
18-May-21	2	21.00	TBA	
OMO reverse repos - 19 March 2021				
Tenor	Applied (K'm)	Allotted (K'm)	Average yield	
31 days	0	0		
60 days	23,500	11,000	11.00%	
90 days	41,500	29,500	11.36%	
Total	65,000	40,500		
Projected maturities				
Week ending	19-Mar-21	26-Mar-21	2-Apr-21	
TBs, PNs & TNs (K'm)	6,951	11,210	15,616	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	33,516	10,167	10,167	
Reference rate				
Rate	Mar-21	% pts Δ	Feb-21	
	11.90%	↓	-0.10	12.00%
Inflation rate				
Rate	Feb-21	% pts Δ	Jan-21	
	8.3%	↑	0.6	7.7%
Indicative opening mid exchange rates				
	19-Mar-21	% Δ	12-Mar-21	
USD	782.1163	→	0.00%	782.1163
GBP	1087.9230	↑	-0.35%	1091.7561
EUR	931.9698	↑	-0.28%	934.6290
ZAR	53.0381	↓	1.22%	52.4013
Gross official foreign exchange reserves position				
Reserves (USD'm)	28-Feb-21	31-Jan-21	31-Dec-20	
	483.38	502.98	574.26	
Import cover (months)	2.31	2.41	2.75	

Data source: MSE, RBM, NSO, AHL

February 2021 inflation

The year-on-year headline inflation rate stood at 8.3% in February 2021 from 7.7% in January 2021 and compared to 11.0% in February 2020. Food inflation rate stood at 10.3% in February 2021, up from 9.7% in January 2021 (17.0% in February 2020), while non-food inflation rate stood at 6.3% in February 2021, up from 5.6% in January 2021 (5.4% in February 2020) (Source: NSO).



Data source: NSO

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 33,174 as at 19th March 2021, out of which 4,101 were still active. There has been a decrease in daily new infections of COVID-19 in the second wave of the disease in the country in recent weeks. However, Government has cautioned the public to stay vigilant against an impending third wave. So far, 27,847 people have recovered while 1,092 have died from the disease (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 121.9m, with recoveries of more than 98.7m and 2.69m deaths as at 19th March 2021 (Source: Johns Hopkins University and Medicine).

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