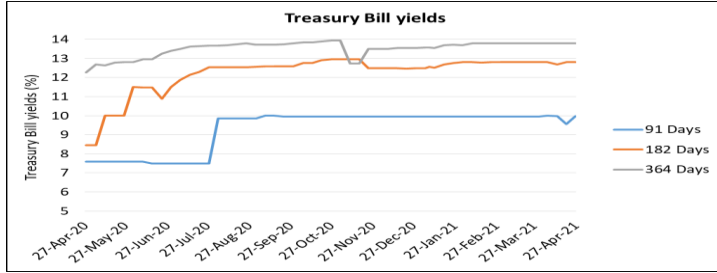


**Malawi Stock Exchange (MSE) trading activity**

The Malawi All Share Index (MASI) registered a gain of 0.16% to close the week at 33,380.63 points from 33,327.20 points in the previous week due to share price gains in AIRTEL (1.74%), NBM (0.002%) and NICO (0.39%) which offset share price losses in FDH (-0.06%), NBS (-4.17%) and TNM (-0.12%). During the week, the market traded a total of 1,114,317 shares at a consideration of K26.9m in 62 trades compared to a total of 9,190,445 shares traded at a consideration of K278.78m in 56 trades in the previous week. This represents decreases in traded volume and value of -87.88% and -90.34%, respectively. The year-to-date return on MASI stands at 3.05% compared to -4.61% for the same period in 2020 (Source: MSE).

**Government securities**

Government raised K200.94m during the week's auction for Treasury Bills (TBs) compared to K1.77b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield increased to 12.1943% from 12.0480% in the previous week due to an increase in the 91-day yield to 9.9899% from 9.5509%. The 182-day and 364-day yield were constant at 12.8000% and 13.7930%, respectively (Source: RBM).

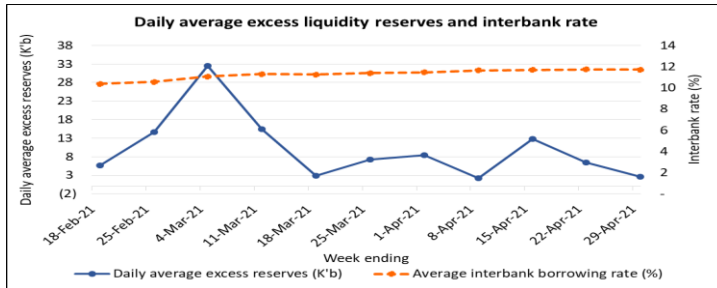


Data source: RBM

Maturities of Government securities and OMO reverse repos for the week amounted to K16.87b and K10.55b, respectively. This resulted in a net injection of K6.12b into the market, compared to a net withdrawal of K22.34b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves decreased to K2.67b from K6.48b last week. Consequently, borrowing on the Lombard Facility increased from an average of K37.66b per day in the previous week to an average of K48.95b per day during the week. The Lombard rate remains fixed at 12.20%. Interbank borrowing for the week decreased to an average of K8.36b per day from the average of K10.88b per day in the previous week. The average interbank borrowing rate increased to 11.77% from 11.72% (Source: RBM).



Data source: RBM

**Foreign exchange market developments**

The market closing USD/MWK mid-rate increased to K798.7763 on Thursday, 29<sup>th</sup> April 2021 from K795.4027 on Thursday, 22<sup>nd</sup> April 2021, representing a Kwacha depreciation of 0.42%. During the same period, the Kwacha also depreciated against GBP, EUR and ZAR by 0.46%, 1.16% and 0.89%, respectively. The gross official forex reserves were last recorded at USD410.16m (1.96 months of import cover) on 31<sup>st</sup> March 2021 from USD483.38m (2.31 months of import cover) recorded on 28<sup>th</sup> February 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. The forex situation is expected to improve with the opening of the tobacco marketing season on 20<sup>th</sup> April 2021. In the second week, as at 29<sup>th</sup> April 2021, the tobacco market had raked in USD12.65m compared to USD8.98m for the same period in 2020 (Source: AHL).

**COVID-19 update**

Cumulative confirmed COVID-19 cases in Malawi stood at 34,078 as at 30<sup>th</sup> April 2021, out of which 745 were reported to be still active. Daily local and imported new infections of COVID-19 were reported to be 16 cases. So far, 32,051 people have recovered while 1,148 have died from the disease. The first dose of the Oxford-AstraZeneca vaccine was reported to have been administered to a total of 296,127 people (Source: Ministry of Health). The second dose will be administered from June 2021 onwards. Globally, total confirmed cases of COVID-19 amounted to 151.48m, with recoveries of more than 87.87m and 3.18m deaths as at 30<sup>th</sup> April 2021 (Source: Johns Hopkins University & Medicine).

**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.

Stock market				
	30-Apr-21		% Δ	23-Apr-21
MASI	33,380.63	↑	0.16%	33,327.20
DSI	28,257.89	↑	0.17%	28,210.35
FSI	1,844.72	↓	0.00%	1,844.72
Traded volume	1,114,317	↓	-87.88%	9,190,445
Number of trades	62	↓	10.71%	56
Value of shares traded (K'm)	26.93	↓	-90.34%	278.78
Market capitalisation (K'm)	1,814,490.13	↑	0.16%	1,811,627.25
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	31.00	↑	1.74%	30.47
NBM	650.06	↑	0.002%	650.05
NICO	51.92	↑	0.39%	51.72
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	16.47	↓	-0.06%	16.48
NBS	23.00	↓	-4.17%	24.00
TNM	16.36	↓	-0.12%	16.38
Treasury Bill auctions				
	27-Apr-21		% pts Δ	20-Apr-21
Amount offered - cost value (K'm)	4,830.00	→	0.00%	4,830.00
Applied - cost value (K'm)	200.94	↓	-88.63%	1,767.03
Allotted - cost value (K'm)	200.94	↓	-88.63%	1,767.03
Overall rejection rate	0.00%	↓	0.00	0.00%
91 days yield	9.9899%	↑	0.44%	9.5509%
182 days yield	12.8000%	↑	0.00%	12.8000%
364 days yield	13.7930%	↑	0.00%	13.7930%
All-type yield	12.1943%	↑	0.15%	12.0480%
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	18.80%	6-Apr-21	29-Jun-21	
5-year	19.98%	23-Mar-21	1-Jun-21	
7-year	20.50%	20-Apr-21	15-Jun-21	
10-year	22.50%	16-Feb-21	4-May-21	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Last coupon rate	
4-May-21	10	9.95	15.00%	
18-May-21	2	21.00	10.00%	
1-Jun-21	5	20.47	12.50%	
15-Jun-21	7	28.86	13.50%	
29-Jun-21	3	34.34	11.00%	
Projected maturities				
Week ending	30-Apr-21	7-May-21	14-May-21	
TBs, PNs & TNs (K'm)	16,865	9,220	5,111	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	10,554	0	0	
Reference rate				
Rate	Apr-21	% pts Δ	Mar-21	
Rate	12.10%	0.20	11.90%	
Inflation rate				
Rate	Mar-21	% pts Δ	Feb-21	
Rate	9.4%	1.1	8.3%	
Cumulative tobacco sales (week 2, as at 29 April 2021)				
Year	2021	% Δ	2020	
Volume (Kg)	7,521,833.00	30.72%	5,754,075.00	
Value (USD)	12,650,968.19	40.94%	8,976,357.00	
Average price (USD/Kg)	1.68	7.69%	1.56	
Actual market closing mid exchange rates				
	29-Apr-21	% Δ	22-Apr-21	
USD	798.7763	0.42%	795.4027	
GBP	1165.3270	0.46%	1159.9744	
EUR	1039.9739	1.16%	1028.0646	
ZAR	60.1266	0.89%	59.5975	
Gross official foreign exchange reserves position				
	31-Mar-21	28-Feb-21	31-Jan-21	
Reserves (USD'm)	410.16	483.38	502.98	
Import cover (months)	1.96	2.31	2.41	

Data sources: MSE, RBM, NSO, AHL

**Monetary Policy**

The Monetary Policy Committee held its second meeting of 2021 on 29<sup>th</sup> and 30<sup>th</sup> April, during which they decided to maintain the Policy rate at 12.0%, the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate (12.2%). The decision considered the need to support and sustain economic recovery, while at the same time managing upside risks to inflation. Projected annual average inflation rate for 2021 was revised upwards to 8.4% from the projection of 7.6% during the first MPC in January 2021 after considering the impact of upward adjustments of fuel prices and electricity tariffs implemented in March 2021. Domestic real economic growth is projected to pick up to 3.8% in 2021 from an estimated growth rate of 0.9% in 2020 (Source: RBM).

