



Malawi Stock Exchange (MSE) trading activity

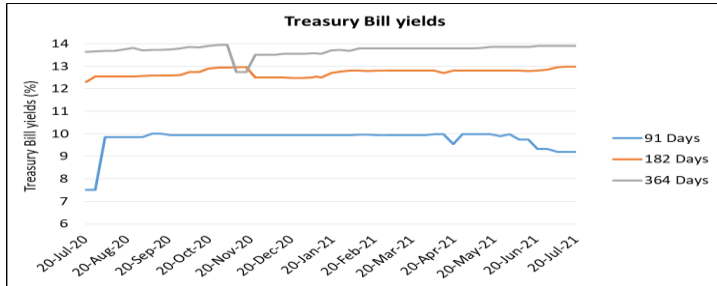
The Malawi All Share Index (MASI) registered a marginal loss of -0.01% to close the week at 36,060.68 points from 36,064.26 points in the previous week due to share price losses in FDHB (-0.13%) and NBS (-0.08%) which offset a share price gain in NBM (0.002%). The market traded 14,248,219 shares at a consideration of K739.50m in 94 trades during the week, compared to 1,904,864 shares traded at a consideration of K77.48m in 78 trades in the previous week. The year-to-date return on MASI stands at 11.32% compared to -2.87% for the same period in 2020 (Source: MSE).

Corporate announcement

National Investment Trust Plc (NITL) revised its expectation for increase in profit after tax for the six months ended 30th June 2021 relative to the previous corresponding period, to 239% from 140% earlier announced. The upward revision reflects the favourable share price movements for investee companies that occurred from 26th June 2021 to 30th June 2021.

Government securities

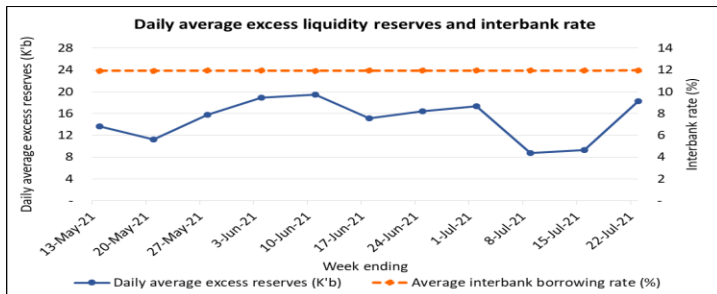
Government raised K3.53b during the week's auction for Treasury Bills (TBs) compared to K1.23b raised in the previous week. The auction registered a rejection rate of 19.90% on the submitted bids. The all-type average TB yield was stable at 12.03% during the week, as the 91-day, 182-day and 364-day yield were constant at 9.20%, 12.99% and 13.90%, respectively (Source: RBM).



There were OMO reverse repos of K8.00b and outright purchase of securities of K18.69b during the week. Maturities of Government securities and OMO reverse repos amounted to K12.62b and K23.29b, respectively. This resulted in a net injection of K12.49b into the market, compared to a net withdrawal of K44.04b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K18.29b from K9.30b recorded in the previous week. Daily interbank borrowing averaged K13.26b as compared to K10.70b in the previous week. The average interbank borrowing rate was stable at 11.96% as per the previous week. Borrowing on the Lombard Facility averaged K32.37b per day, decreasing from an average of K26.76b per day in the previous week. The Lombard rate was stable at 12.20% as previously set by the RBM (Source: RBM).



Foreign exchange market developments

The Kwacha appreciated by 0.20% against USD to K814.5275 as at 22nd July 2021 from K816.1664 as at 15th July 2021. The Kwacha also appreciated against EUR and ZAR by 1.72% and 0.52% respectively, during the period. It, however, depreciated against GBP by 0.73%. Gross official forex reserves were last recorded at USD424.99m (1.70 months of import cover) on the 30th June 2021 from USD443.25m (1.77 months of import cover) recorded on 31st May 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the fourteenth week of 2021 marketing season, as at 22nd July, the tobacco market had cumulatively raked in USD175.02m compared to USD138.34m as at 23rd July 2020 (Source: AHL).

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 47,265 as at 23rd July 2021, out of which 9,575 were reported to be active. The 7-day average of daily infections rose to 716 during the week from 546 in the previous week. So far, 36,019 people have recovered while 1,439 have died from the disease. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to 385,242 and 43,165 people, respectively, representing 2.07% and 0.23% of the total Malawi population (18.63m in 2019). The vaccination program which was paused when the country ran out of vaccines, is expected to resume in the coming week. The Ministry of Health announced that the country will receive 192,000 doses of AstraZeneca on Saturday, 24th July 2021. Additional 119,200 AstraZeneca vaccines are expected to arrive before July end while 302,400 doses of Johnson & Johnson vaccine will arrive within the next two weeks. Further 360,000 doses of AstraZeneca are scheduled to arrive end August or early September while 372,000 doses of Pfizer vaccine will arrive before end September (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 193.17m, with recoveries of more than 175.74m and 4.14m deaths as at 23rd July 2021 (Source: Johns Hopkins University and Medicine).

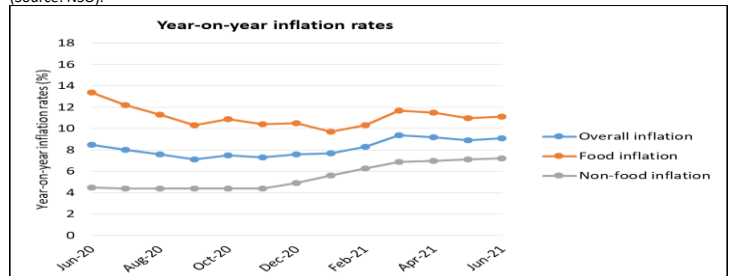
Stock market										
MASI	23-Jul-21	36,060.68	↓	-0.01%	16-Jul-21	36,064.26				
DSI		29,353.47	↓	-0.01%		29,356.65				
FSI		3,491.10	↓	0.00%		3,491.10				
Traded volume		14,248,219	↑	647.99%		1,904,864				
Number of trades		94	↑	20.51%		78				
Value of shares traded (K'm)		739.50	↑	854.43%		77.48				
Market capitalisation (K'm)		1,963,079.16	↓	-0.01%		1,963,270.72				
Gainers					Closing price (K)		% Δ		Opening price (K)	
NBM		650.10	↑	0.002%		650.09				650.09
Losers					Closing price (K)		% Δ		Opening price (K)	
FDHB		15.97	↓	-0.13%		15.99				15.99
NBS		26.37	↓	-0.08%		26.39				26.39
Treasury Bill auctions										
Auction date	20-Jul-21			% pts Δ						13-Jul-21
Amount offered - cost value (K'm)		19,738.00	↑	0.00%		19,738.00				19,738.00
Applied - cost value (K'm)		4,412.22	↑	258.53%		1,230.63				1,230.63
Allotted - cost value (K'm)		3,534.27	↑	187.19%		1,230.63				1,230.63
Overall rejection rate		19.90%	↑	19.90		0.00%				0.00%
91 days yield		9.2000%	↑	0.000%		9.2000%				9.2000%
182 days yield		12.9900%	↑	0.00%		12.9900%				12.9900%
364 days yield		13.9000%	↑	0.00%		13.9000%				13.9000%
All-type yield		12.0300%	↑	0.00%		12.0300%				12.0300%
Treasury Note auctions										
Auction date	13-Jul-21					30-Jun-21				29-Jun-21
Tenors		2 years				3 & 10 years				3 years
Coupon rate		10.00%				11.00% & 15.00%				11.00%
Amount offered - cost value (K'b)		40.72				34.34				34.34
Total applied - cost value (K'b)		16.69				20.14				4.16
Total allotted - cost value (K'b)		15.36				20.09				4.11
Allotted - weighted average ytm		16.63%				19.00% & 22.54%				18.93%
Current yields for Treasury Notes										
Tenor		Last auction's yield		Last auction		Next auction				
2-year		16.63%		13-Jul-21		14-Sep-21				
3-year		19.00%		30-Jun-21		3-Aug-21				
5-year		20.00%		28-Jun-21		31-Aug-21				
7-year		20.59%		28-Jun-21		27-Jul-21				
10-year		22.54%		30-Jun-21		17-Aug-21				
Upcoming Treasury Note auctions										
Auction date		Tenor		Amount (K'b)		Last coupon rate				
27-Jul-21		7		30.37		13.50%				
3-Aug-21		3		37.55		11.00%				
17-Aug-21		10 year infrastructure bond		20.00		15.00%				
31-Aug-21		5		41.92		12.50%				
14-Sep-21		2		24.20		10.00%				
28-Sep-21		10		16.34		15.00%				
Projected maturities										
Week ending	23-Jul-21			30-Jul-21		6-Aug-21				
TBs, PNs & TNs (K'm)		12,623		8,688		12,642				
OMO repos (K'm)		0		0		0				
OMO reverse repos (K'm)		23,290		55,970		35,876				
Reference rate										
Rate	Jul-21	12.20%	↑	0.00	% pts Δ	Jun-21	12.20%			
Inflation rate										
Rate	Jun-21	9.1%	↑	0.2	% pts Δ	May-21	8.9%			
Cumulative tobacco sales										
Date	22-Jul-21			% Δ		23-Jul-20				
Volume (kg)		106,887,477.00	↑	17.20%		91,197,535.00				
Value (USD)		175,019,750.75	↑	26.52%		138,335,742.75				
Average price (USD/kg)		1.64	↑	7.89%		1.52				
Closing mid exchange rates										
USD	22-Jul-21	814.5275	↑	-0.20%	% Δ	15-Jul-21	816.1664			
GBP		1202.9006	↓	0.73%		1194.1988				
EUR		1029.0630	↑	-1.72%		1047.1256				
ZAR		60.5480	↑	-0.52%		60.8641				
Gross official foreign exchange reserves position										
Reserves (USD'm)	30-Jun-21	424.99		443.25	% Δ	31-May-21	392.01			30-Apr-21
Import cover (months)		1.70*		1.77*		1.88				1.88

* US\$250.0m import requirement per month is used in the calculations from May 2021 while US\$209.0m is used in the preceding months.

Sources: MSE, RBM, NSO, AHL

June Inflation

The year-on-year headline inflation rate stood at 9.1% in June 2021 from 8.9% in May 2021 and compared to 8.5% in June 2020. Food inflation rate stood at 11.1% in June 2021, up from 11.0% in May 2021 (13.4% in June 2020), while non-food inflation rate stood at 7.2% in June 2021, up from 7.1% in May 2021 (4.5% in June 2020) (Source: NSO).



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