



Malawi Stock Exchange (MSE) trading activity

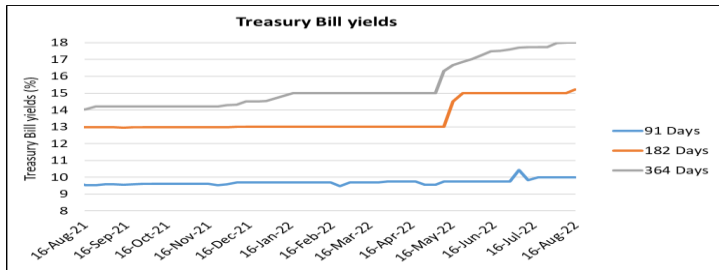
The Malawi All Share Index (MASI) registered a gain of 0.02% to close the week at 53,686.23 points from 53,678.12 points in the previous week, due to share price gains in AIRTEL (0.02%), NBM (0.004%) and TNM (0.25%), while the rest of the counters were constant. The market traded 12,814,802 shares at a consideration of K182.51b in 50 trades, compared to 15,023,492 shares traded at a consideration of K2.56b in 80 trades in the previous week. The year-to-date return on MASI stands at 18.34% compared to 17.94% for the same period in 2021 (Source: MSE).

Corporate news

Published bank financial results for the half year ended 30th June 2022			
Company	H1 2022 profit after tax (K'm)	Change (%)	H1 2021 profit after tax (K'm)
CDH Investment Bank Ltd	2,503	↓ -1.3%	2,891
FDH Bank Plc	8,707	↑ 91%	4,550
National Bank of Malawi Plc	22,118	↑ 73%	12,754
NBS Bank Plc	5,090	↑ 1.6%	4,395
Standard Bank Malawi Plc	15,835	↑ 3.7%	11,578

Government securities

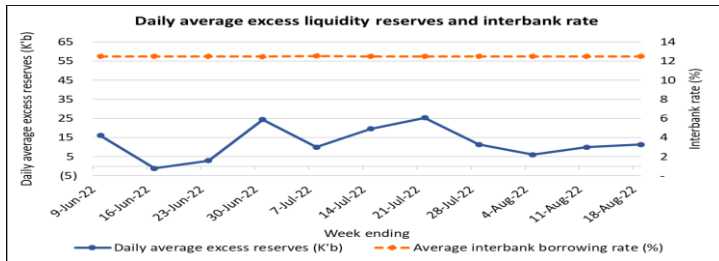
Government raised K7.78b during the week's auction for Treasury Bills (TBs) compared to K4.33b raised in the previous week. The auction registered 18.28% rejection on the submitted bids. The average TB yield increased to 14.4071% from 14.3332% in the previous week on account of an increase in the 364-day yield to 18.0000% from 17.9996% and the 182-day yield to 15.2212% from 15.0000%. The 91-day yield was constant at 10.0000% (Source: RBM).



Maturities of Government securities for the week amounted to K8.65b. Access on the Re-discounting Standing Facility amounted to K0.90b. This resulted in a net injection of K1.77b into the market compared to a net injection of K73.04b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Daily average excess liquidity reserves increased to K11.34b from K9.97b in the previous week. Daily average interbank borrowing increased to an average of K21.54b from K18.70b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility decreased to K48.90b during the week from K106.10b in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha appreciated by -0.11% to trade at K1034.2332/USD as at 18th August 2022 from K1035.3563/USD as at 11th August 2022. The Kwacha also appreciated against GBP (-1.60%), EUR (-1.04%) and ZAR (-3.50%) during the period. Gross official foreign exchange reserves stood at USD372.99 (1.49 months of imports) on 31st July 2022 compared to USD415.73 (1.66 months of imports) on 30th June 2022. The recommended minimum import cover is 3 months. The 2022 tobacco marketing season was officially closed on 12th August 2022 after 20 weeks. This year the market has realised US\$182.04m from 85.07m kgs of tobacco sold at an average price of US\$2.14/kg. This is compared to US\$197.05m realised from 123.65m kgs of tobacco sold at an average price of US\$1.59/kg in the 2021 season (Source: AHL).

COVID-19 update

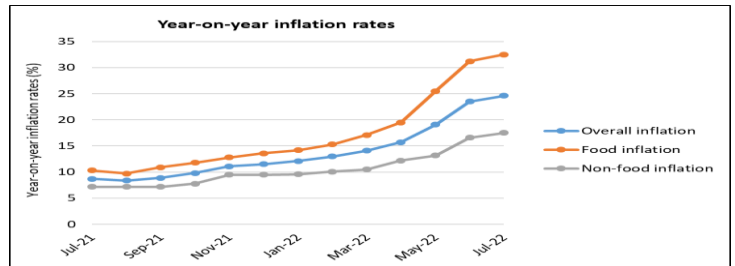
Cumulative confirmed COVID-19 cases in Malawi stood at 87,763 as at 18th August 2022, out of which 408 were reported to be active. COVID-19 infections averaged 6 positive cases this week compared to 19 positive cases in the previous week. So far, 84,390 people have recovered while 2,675 have died from the disease. A total of 5,052,478 doses have been administered in the country so far, 81,852 have received their booster doses, while 2,156,514 people are fully vaccinated, representing 11% of the total Malawi population (19.6 million). Globally, total confirmed cases of COVID-19 amounted to 595.782m and 6.453m deaths as at 21st August 2022 (Source: Johns Hopkins University and Medicine).

Stock market					
	19-Aug-22		% Δ	12-Aug-22	
MASI	53,686.23	↑	0.02%	53,678.12	
DSI	43,426.12	↑	0.02%	43,418.91	
FSI	5,548.11	→	0.00%	5,548.11	
Traded volume	12,814,802	↓	-14.70%	15,023,492	
Number of trades	50	↓	-37.50%	80	
Value of shares traded (K'm)	182.51	↓	-92.88%	2,564.56	
Market capitalisation (K'm)	2,906,684.40	↑	0.01%	2,906,249.84	
Gainers					
	Closing price (K)		% Δ	Opening price (K)	
AIRTEL	51.09	↑	0.02%	51.08	
NBM	1140.07	↑	0.004%	1140.02	
TNM	12.06	↑	0.25%	12.03	
Losers					
	Closing price (K)		% Δ	Opening price (K)	
None					
Treasury Bill auctions					
	Auction date	16-Aug-22	2 & 5 Aug 22	9-Aug-22	
Amount offered - cost value (K'm)		8,294.00	→	0.00%	8,294.00
Applied - cost value (K'm)		9,522.38	↑	39.74%	6,814.20
Allotted - cost value (K'm)		7,781.35	↑	79.86%	4,326.26
Overall rejection rate		18.28%	↓	-18.228	36.51%
91 days yield		10.0000%	→	0.0000%	10.0000%
182 days yield		15.2212%	↑	0.2212%	15.0000%
364 days yield		18.0000%	↑	0.0004%	17.9996%
All-type yield		14.4071%	↑	0.0739%	14.3332%
Treasury Note and Bond auctions					
	Auction date	9-Aug-22	2 & 5 Aug 22	26-Jul-22	
Tenors		5 years	2, 3 & 7 years	2 years	
Coupon rate		12.50%	10.00%, 11.00%, 13.50%	10.00%	
Amount offered - cost value (K'b)		50.19		34.09	
Total applied - cost value (K'b)		10.99	79.73	4.40	
Total allotted - cost value (K'b)		10.69	78.05	1.87	
Allotted - weighted average ytm		25.00%	20.88%, 22.50% & 26.25%	20.50%	
Current yields for Treasury Notes and Bonds					
	Tenor	Last auction's yield	Last auction	Next auction	
	2 years	21.00%	5-Aug-22	13-Sep-22	
	3 years	22.50%	5-Aug-22	23-Aug-22	
	5 years	25.00%	9-Aug-22	TBA	
	7 years	26.50%	5-Aug-22	TBA	
	7-year Development Bond	22.47%	5-Aug-22	30-Aug-22	
	10 years	27.00%	27-Jun-22	27-Sep-22	
	10-year infrastructure bond	23.35%	26-Apr-24	TBA	
Upcoming auctions of Treasury Notes and Bonds					
	Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate	
	23-Aug-22	3	53.19	11.00%	
	30-Aug-22	7 year IDB	15.00	14.50%	
	13-Sep-22	2	44.09	10.00%	
	27-Sep-22	10	27.68	15.00%	
Projected maturities					
	Week ending	19-Aug-22	26-Aug-22	2-Sep-22	
TBs, PNs & TNs (K'm)		8,649	13,197	16,720	
OMO repos (K'm)		0	0	0	
OMO reverse repos (K'm)		0	0	3,613	
Reference rate					
	Aug-22	% pts Δ	Jul-22		
Rate	13.80%	↓ -0.10	13.90%		
Inflation rate					
	Jul-22	% pts Δ	Jun-22		
Rate	24.6%	↑ 1.1	23.5%		
Cumulative tobacco sales - end of season					
	Date	2022	% Δ	2021	
Volume (million kg)		85.07	↓ -31.20%	123.65	
Value (USD'm)		182.04	↓ -7.62%	197.05	
Average price (USD/Kg)		2.14	↑ 34.59%	1.59	
Closing TT mid exchange rates					
	18-Aug-22	% Δ	11-Aug-22		
USD	1034.2332	↑ -0.11%	1035.3563		
GBP	1277.2389	↑ -1.60%	1297.9546		
EUR	1079.3600	↑ -1.04%	1090.7234		
ZAR	63.1268	↑ -3.50%	65.4190		
Gross official foreign exchange reserves position					
	31-Jul-22	30-Jun-22	31-May-22		
Reserves (USD'm)	372.99	415.73	388.22		
Import cover (months)	1.49	1.66	1.55		

Sources: MSE, RBM, NSO, AHL

July 2022 inflation

The year-on-year headline inflation rate stood at 24.6% in July 2022 from 23.5% in June 2022 (8.7% in July 2021). Food inflation rate increased to 32.5% in July 2022, from 31.2% in June 2022 (10.3% in July 2021), while non-food inflation rate increased to 17.5% in July 2022 from 16.6% in June 2022 (7.2% in July 2021).



Source: NSO

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