

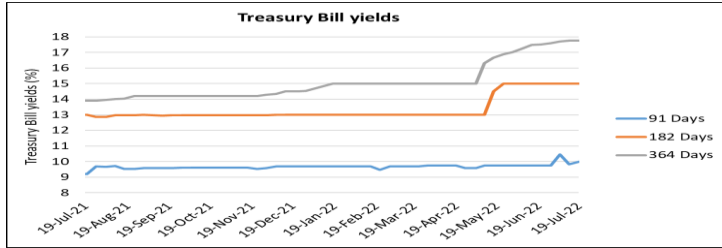


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 5.41% to close the week at 52,637.81 points from 49,936.72 points in the previous week, due to share price gains in AIRTEL (1.76%), ILLOVO (29.18%), NBM (0.003%), NITL (0.02%) and STANDARD (15.00%) which offset share price losses in FMBCH (-6.78%), MPICO (-0.05%), NBS (-0.04%), NICO (-0.02%) and PCL (-0.03%). The market traded 12,857,441 shares at a consideration of K810.96m in 78 trades, compared to 143,619,054 shares traded at a consideration of K2.14b in 65 trades in the previous week. The year-to-date return on MASI stands at 16.02% compared to 11.33% for the same period in 2021 (Source: MSE).

Government securities

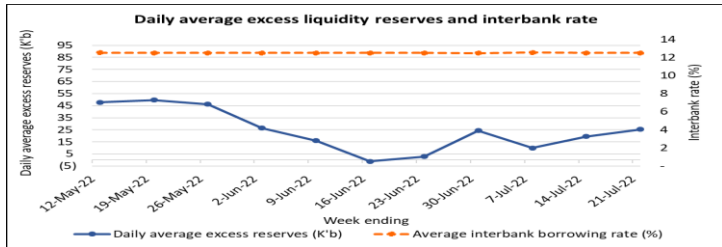
Government raised K12.04b during the week's auction for Treasury Bills (TBs) compared to K8.35b raised in the previous week. The auction registered 6.28% rejection on the submitted bids. The average TB yield increased to 14.2500% from 14.1928% in the previous week, on account of an increase in the 91-day to 10.0000% from 9.8283%. The 182-day and 364-day yields were constant at 15.0000% and 17.7500%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K13.41b and maturities of OMO reverse repos amounted to K8.20b. RBM conducted OMO reverse repos that amounted to K8.00b. There was also access on the re-discounting standing facility that amounted to K2.33b. These transactions resulted in a net injection of K3.50b into the market compared to a net withdrawal of K16.12b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K25.36b from K19.51b in the previous week. Daily average interbank borrowing increased to an average of K29.16b from K28.11b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility decreased to the average of K24.50b per day during the week from K33.54b per day in the previous week at a fixed rate of 14.20% (Source: RBM).



Foreign exchange market developments

The Kwacha marginally appreciated by -0.005% to trade at K1034.5557/USD as at 21st July 2022 from K1034.6070/USD as at 14th July 2022. The Kwacha also appreciated against ZAR by -0.69% during the period, but depreciated against GBP by 1.01% and EUR by 1.75%. Gross official foreign exchange reserves stood at USD415.73 (1.66 months of imports) on 30th June 2022 compared to USD388.22 (1.55 months of imports) on 31st May 2022. The recommended minimum import cover is 3 months. As at the end of week 17 of this year's tobacco marketing season, on 22nd July 2022, the country had cumulatively realized US\$174.30m from 81.80m kgs of tobacco sold at an average price of \$2.13/kg. This is compared to US\$191.50m realised from 118.60m kgs of tobacco sold at average price of US\$1.62/kg in the same period last year (Source: AHL).

COVID-19 update

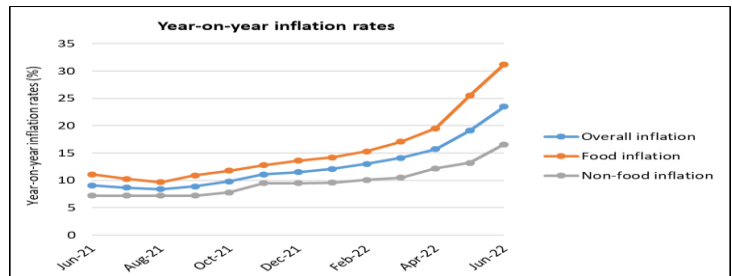
Cumulative confirmed COVID-19 cases in Malawi stood at 87,156 as at 21st July 2022, out of which 614 were reported to be active. COVID-19 infections averaged 34 positive cases this week compared to 28 positive cases in the previous week. So far, 83,596 people have recovered while 2,656 have died from the disease. A total of 4,152,823 doses have been administered in the country so far, 41,238 have received their booster doses, while 1,716,923 people are fully vaccinated, representing 8.76% of the total Malawi population (19.6 million). Globally, total confirmed cases of COVID-19 amounted 562.277m and 6.37m deaths as at 17th July 2022 (Source: Johns Hopkins University and Medicine).

Stock market				
	22-Jul-22	% Δ		15-Jul-22
MASI	52,637.81	↑ 5.41%		49,936.72
DSI	42,415.25	↑ 6.84%		39,701.44
FSI	5,647.70	↓ -6.56%		6,044.06
Traded volume	12,857,441	↓ -91.05%		143,619,054
Number of trades	78	↓ 20.00%		65
Value of shares traded (K'm)	810.96	↓ -62.10%		2,139.49
Market capitalisation (K'm)	2,850,744.15	↑ 5.31%		2,706,983.43
Gainers				
AIRTEL	51.01	↑ 1.76%		50.13
ILLOVO	394.78	↑ 29.18%		305.60
NBM	1,100.04	↑ 0.003%		1,100.01
NITL	110.05	↑ 0.02%		110.03
STANDARD	1840.03	↑ 15.00%		1600.03
Losers				
FMBCH	110.00	↓ -6.78%		118.00
MPICO	20.69	↓ -0.05%		20.70
NBS	22.75	↓ -0.04%		22.76
NICO	46.73	↓ -0.02%		46.74
PCL	2181.45	↓ -0.03%		2182.00
Treasury Bill auctions				
Auction date	19-Jul-22	% pts Δ		12-Jul-22
Amount offered - cost value (K'm)	19,364.00	⇒ 0.00%		19,364.00
Applied - cost value (K'm)	12,848.34	↑ 53.59%		8,365.23
Allotted - cost value (K'm)	12,041.67	↑ 44.19%		8,351.23
Overall rejection rate	6.28%	↓ 6.11%		0.17%
91 days yield	10.0000%	↑ 0.1717%		9.8283%
182 days yield	15.0000%	⇒ 0.0000%		15.0000%
364 days yield	17.7500%	⇒ 0.0000%		17.7500%
All-type yield	14.2500%	↑ 0.0572%		14.1928%
Treasury Note and Bond auctions				
Auction date	12-Jul-22	17 June to 1 July 21		21-Jun-22
Tenors	7 years	2, 3, 5 & 10 years		5 & 10 years
Coupon rate	13.50%	11.00%, 12.50% &		12.50% & 15.00%
Amount offered - cost value (K'b)	22.73	210.97		9.97
Total applied - cost value (K'b)	15.04	122.20		8.69
Total allotted - cost value (K'b)	11.73	121.37		8.69
Allotted - weighted average ytm	25.53%	6, 22.00%, 24% & 2		24.00% & 27.00%
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction		Next auction
2 years	18.85%	29-Jun-22		26-Jul-22
3 years	22.00%	1-Jul-22		23-Aug-22
5 years	24.00%	29-Jun-22		9-Aug-22
7 years	25.53%	12-Jul-22		TBA
7-Year Development Bond	22.47%	8-Mar-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
26-Jul-22	2	34.00		10.00%
9-Aug-22	5	50.19		12.50%
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	22-Jul-22	29-Jul-22		5-Aug-22
TBs, PNs & TNS (K'm)	13,410	0		0
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	8,199	0		0
Reference rate				
Rate	Jul-22	% pts Δ		Jun-22
	13.90%	↑ 0.10		13.80%
Inflation rate				
Rate	Jun-22	% pts Δ		May-22
	23.5%	↑ 4.4		19.1%
Cumulative tobacco sales - Week 17				
Date	22-Jul-22	% Δ		13-Aug-21
Volume (million kg)	81.80	↓ -31.03%		118.60
Value (USD'm)	174.30	↓ -8.98%		191.50
Average price (USD/Kg)	2.13	↑ 31.48%		1.62
Closing TT mid exchange rates				
USD	21-Jul-22	% Δ		14-Jul-22
GBP	1034.5557	↓ -0.005%		1034.6070
EUR	1268.3664	↑ 1.01%		1255.7213
ZAR	1083.5133	↑ 1.75%		1065.2874
	61.7620	↓ -0.69%		62.1891
Gross official foreign exchange reserves position				
Reserves (USD'm)	30-Jun-22	31-May-22		30-Apr-22
Import cover (months)	415.73	388.22		363.27
	1.66	1.55		1.45

Sources: MSE, RBM, NSO, AHL

June 2022 inflation

The year-on-year headline inflation rate stood at 23.5% in June 2022 from 19.1% in May 2022 (9.1% in June 2021). Food inflation rate increased to 31.2% in June 2022, from 25.5% in May 2022 (11.1% in June 2021), while non-food inflation rate increased to 16.6% in June 2022 from 13.2% in May 2022 (7.2% in June 2021).



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