



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

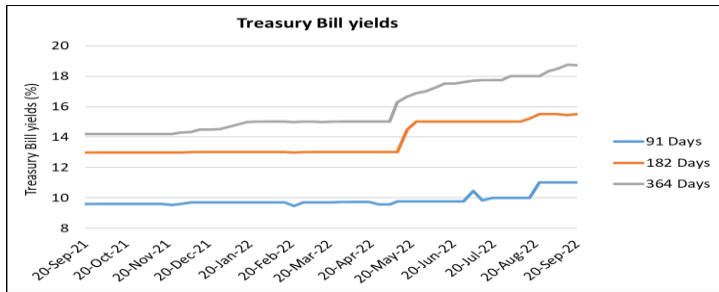
The Malawi All Share Index (MASI) registered a loss of -0.001% to close the week at 54,397.73 points from 54,398.38 points in the previous week due to a share price loss in NBS (-0.09%) which offset a share price gain in FMBCH (0.01%). The market traded 97,014,078 shares at a consideration of K1.69b in 52 trades, compared to 5,358,974 shares traded at a consideration of K237.63m in 103 trades in the previous week. The year-to-date return on MASI stands at 19.90% compared to 27.32% for the same period in 2021 (Source: MSE).

**Corporate news**

Sunbird Tourism Plc reported a profit after tax of K400.20m for the half year ended 30<sup>th</sup> June 2022. This is an improvement from the loss of K475.81 reported in the same period in 2021. The increase in business levels had a positive impact on the profitability of the company for the period despite the sharp increase in operating costs (Source: Sunbird).

**Government securities**

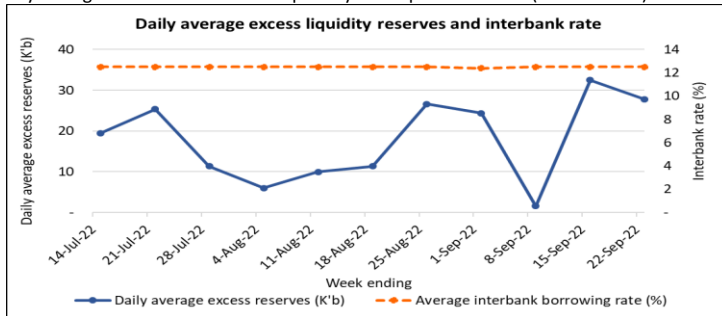
Government raised K15.10b during the week's auction for Treasury Bills (TBs) compared to K20.95b raised in the previous week. The auction registered a rejection rate of 26.68% on the submitted bids. The average TB yield increased to 15.0800% from 15.0671% in the previous week on account of an increase in the 182-day yield to 15.5000% from 15.4559% in the previous week, while the 91-day yield was constant at 11.0000% and the 364-day yield decreased to 18.7399% from 18.7455% (Source: RBM).



The Government also raised K18.71b through auction of 2-year and 3-year Treasury notes during the week. Maturities of Government securities for the week amounted to K16.71b and maturities of OMO reverse repos amounted to K16.52b. RBM conducted outright purchase of securities amounting to K1.35b. This resulted in a net withdrawal of K32.18b from the market compared to a net withdrawal of K9.33b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves decreased to K27.82b from K32.51b in the previous week. Daily average interbank borrowing increased to an average of K28.14b from K23.22b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility decreased to the average of K23.00b per day during the week from K27.48b per day in the previous week (Source: RBM).



**Foreign exchange market developments**

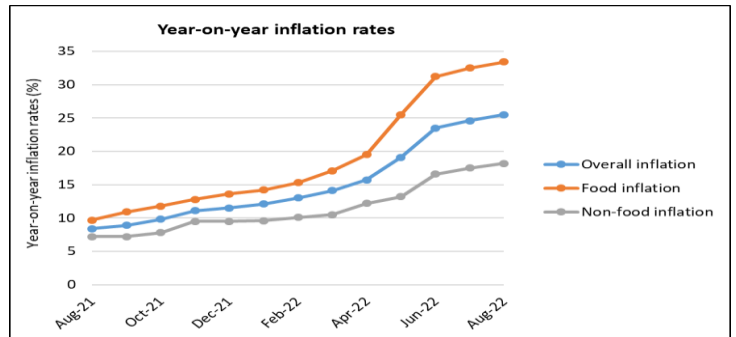
The Kwacha depreciated by 0.03% to trade at K1035.7917/USD as of 22<sup>nd</sup> September 2022 from K1035.4823/USD on 15<sup>th</sup> September 2022. However, during the same period, the Kwacha appreciated against GBP (-0.95%), EUR (-1.70%) and ZAR (-1.01%). Gross official foreign exchange reserves stood at USD378.89m (1.52 months of import cover) on 31<sup>st</sup> August 2022 compared to USD372.99m (1.49 months of import cover) on 31<sup>st</sup> July 2022. The recommended minimum import cover is 3 months.

Stock market				
	23-Sep-22	% Δ		16-Sep-22
MASI	54,397.73	↓ -0.001%		54,398.38
DSI	44,367.25	↓ -0.002%		44,368.22
FSI	5,154.73	↑ 0.01%		5,154.23
Traded volume	97,014,078	↑ 1710.31%		5,358,974
Number of trades	52	↓ -49.51%		103
Value of shares traded (K'm)	1,694.43	↑ 613.05%		237.63
Market capitalisation (K'm)	2,943,840.96	↓ -0.001%		2,943,874.59
Gainers				
FMBCH	Closing price (K)	100.05	↑ 0.01%	Opening price (K)
Losers	Closing price (K)	22.69	↓ -0.09%	Opening price (K)
NBS				22.71
Treasury Bill auctions				
Auction date	20-Sep-22		% pts Δ	13-Sep-22
Amount offered - cost value (K'm)	22,173.00	⇒	0.00%	22,173.00
Applied - cost value (K'm)	20,588.69	↓	-1.71%	20,946.58
Allotted - cost value (K'm)	15,095.64	↓	-27.93%	20,946.58
Overall rejection rate	26.68%	↑	26.68	0.00%
91 days yield	11.0000%	⇒	0.0000%	11.0000%
182 days yield	15.5000%	↑	0.0441%	15.4559%
364 days yield	18.7399%	↓	-0.0056%	18.7455%
All-type yield	15.0800%	↑	0.0128%	15.0671%
Treasury Note and Bond auctions				
Auction date	21-Sep-22	13 & 14 Sep 2022	5 & 7 Sep 2022	
Tenors	2 & 3 years	2, 3, 5 & 7 years	2, 3, 5, 7 & 10 years	
Coupon rate	10.00% & 11.00%	10.00%, 11.00%, 12.50% & 13.50%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%	
Total applied - cost value (K'b)	18.73	102.54	7.03	
Total allotted - cost value (K'b)	18.71	102.54	7.03	
Allotted - weighted average ytm	21.50% & 23.00%	21.34%, 23.29%, 25.00% & 26.50%	21.00%, 23.00%, 25.00%, 26.50% & 27.50%	
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2 years	21.50%	21-Sep-22	TBA	
3 years	23.00%	21-Sep-22	TBA	
5 years	25.00%	14-Sep-22	TBA	
7 years	26.50%	14-Sep-22	TBA	
7-Year Development Bond	26.75%	2-Sep-22	TBA	
10 years	27.50%	7-Sep-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)	Coupon rate	
27-Sep-22	10	27.68	15.00%	
Projected maturities				
Week ending	23-Sep-22	30-Sep-22	7-Oct-22	
TBs, PNs & TNs (K'm)	16,706	19,822	17,150	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	16,515	23,237	15,331	
Reference rate				
Rate	Sep-22	% pts Δ	Aug-22	
	13.90%	↑ 0.10	13.80%	
Inflation rate				
Rate	Aug-22	% pts Δ	Jul-22	
	25.5%	↑ 0.9	24.6%	
Closing TT mid exchange rates				
	22-Sep-22	% Δ	15-Sep-22	
USD	1035.7917	↓ 0.03%	1035.4823	
GBP	1200.5927	↑ -1.70%	1221.3958	
EUR	1049.3451	↑ -0.95%	1059.4073	
ZAR	59.8035	↑ -1.01%	60.4132	
Gross official foreign exchange reserves position				
	31-Aug-22	31-Jul-22	30-Jun-22	
Reserves (USD'm)	378.89	372.99	415.73	
Import cover (months)	1.52	1.49	1.66	

Sources: MSE, RBM, NSO, AHL

**August 2022 inflation**

Year-on-year headline inflation rate stood at 25.5% in August 2022 from 24.6% in July 2022 and compared to 8.4% in August 2021. Food inflation rate increased to 33.4% in August 2022, from 32.5% in July 2022, while non-food inflation rate increased to 18.2% in August 2022 from 17.5% in July 2022 (Source: NSO).



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