

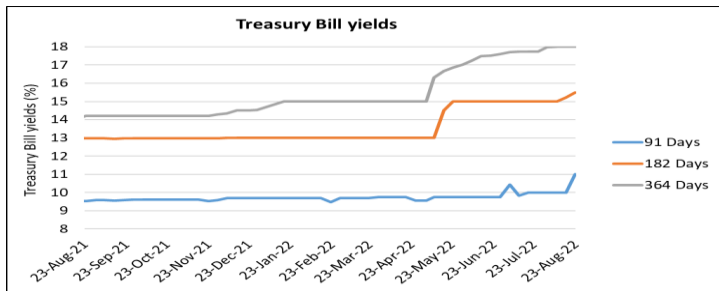


**Malawi Stock Exchange (MSE) trading activity**

The Malawi All Share Index (MASI) registered a gain of 1.42% to close the week at 54,448.99 points from 53,686.23 points in the previous week due to share price gains in AIRTEL (0.04%), FMBCH (0.01%), ILLOVO (11.11%), NBM (0.96%) and STANDARD (0.001%), which offset share price losses in FDHB (-0.07%), ICON (-0.08%), MPICO (-0.05%), while the other counters were constant. The market traded 30,080,685 shares at a consideration of K837.44m in 77 trades during the week, compared to 12,814,802 shares traded at a consideration of K182.51m in 50 trades in the previous week. The year-to-date return on MASI stands at 20.02% compared to 18.34% for the same period in 2021 (Source: MSE).

**Government securities**

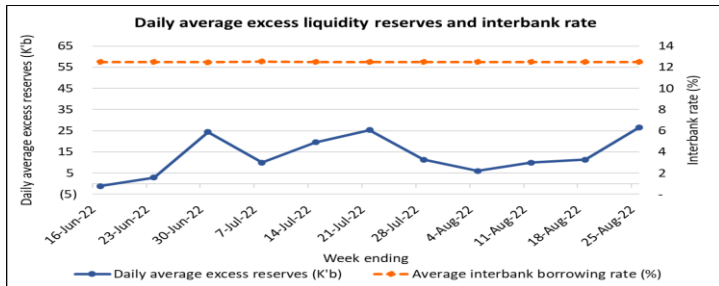
Government raised K7.79b during the week's auction for Treasury Bills (TBs) compared to K7.78b raised in the previous week. The auction registered no rejection on the submitted bids. The average TB yield increased to 14.8330% from 14.4071% in the previous week, on account of an increase in the 91-day yield to 11.00% from 10.00% and the 182-day yield to 15.4990% from 15.2212%. The 365-day yield was constant at 18.00% (Source: RBM).



The Government also raised K77.82b through auction of Treasury Notes (TNs) during the week. Maturities of Government securities for the week amounted to K13.20b. The Reserve Bank of Malawi conducted outright purchase of securities amounting to K23.67b and there was access on the Re-discounting Standing Facility that amounted to K3.31b. These transactions resulted in a net withdrawal of K45.43b from the market compared to a net injection of K1.77b in the previous week (Source: RBM).

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves increased to K26.64b from K11.34b in the previous week. Average daily interbank borrowing decreased to K11.03b from K21.54b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility decreased to K18.00b during the week from K48.90b in the previous week (Source: RBM).



**Foreign exchange market developments**

The Kwacha depreciated by 0.02% to trade at K1034.4839/USD as at 26<sup>th</sup> August 2022 from K1034.2332/USD as at 18<sup>th</sup> August 2022. However, during the same period the Kwacha appreciated against GBP (-1.66%), EUR (-1.44%) and ZAR (-0.46%). Gross official foreign exchange reserves stood at USD372.99m (1.49 months import cover) on 31<sup>st</sup> July 2022 compared to USD415.73 (1.66 months import cover) on 30<sup>th</sup> June 2022. The recommended minimum import cover is 3 months. The 2022 tobacco marketing season was officially closed on 12<sup>th</sup> 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 2021 season (Source: AHL).

Stock market				
	26-Aug-22		% Δ	19-Aug-22
MASI	54,448.99	↑	1.42%	53,686.23
DSI	44,104.45	↑	1.56%	43,426.12
FSI	5,548.61	↑	0.01%	5,548.11
Traded volume	30,080,685	↑	134.73%	12,814,802
Number of trades	77	↑	54.00%	50
Value of shares traded (K'm)	837.44	↑	358.84%	182.51
Market capitalisation (K'm)	2,947,557.66	↑	1.41%	2,906,684.40
Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	51.11	↑	0.04%	51.09
FMBCH	108.00	↑	0.01%	107.99
ILLOVO	500.00	↑	11.11%	450.00
NBM	1151.02	↑	0.96%	1140.07
STANDARD	1840.06	↑	0.001%	1840.05
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	13.99	↓	-0.07%	14.00
ICON	11.99	↓	-0.08%	12.00
MPICO	20.68	↓	-0.05%	20.69
Treasury Bill auctions				
	Auction date	23-Aug-22	% pts Δ	16-Aug-22
Amount offered - cost value (K'm)		8,294.00	0.00%	8,294.00
Applied - cost value (K'm)		7,793.51	-18.16%	9,522.38
Allotted - cost value (K'm)		7,793.51	0.16%	7,781.35
Overall rejection rate		0.00%	-18.28%	18.28%
91 days yield		11.0000%	1.0000%	10.0000%
182 days yield		15.4990%	0.2778%	15.2212%
364 days yield		18.0000%	0.0000%	18.0000%
All-type yield		14.8330%	0.4259%	14.4071%
Treasury Note and Bond auctions				
	Auction date	23 & 25 Aug 2022	9-Aug-22	2 & 5 Aug 22
Tenors		2, 3, 5 & 7 years	5 years	2, 3 & 7 years
Coupon rate		10.00%, 11.00%, 12.50% & 13.50%	12.50%	10.00%, 11.00%, 13.50%
Amount offered - cost value (K'b)		160.20	50.19	79.73
Total applied - cost value (K'b)		94.75	10.99	78.05
Total allotted - cost value (K'b)		77.82	10.69	78.05
Allotted - weighted average ytm		21.00%, 22.78%, 25.00% & 26.50%	25.00%	20.88%, 22.50% & 26.25%
Current yields for Treasury Notes and Bonds				
	Tenor	Last auction's yield	Last auction	Next auction
	2 years	21.00%	25-Aug-22	13-Sep-22
	3 years	23.00%	25-Aug-22	TBA
	5 years	25.00%	25-Aug-22	TBA
	7 years	26.50%	25-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
	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	26-Aug-22	2-Sep-22	9-Sep-22
	TBs, PNs & TNs (K'm)	13,197	16,720	16,147
	OMO repos (K'm)	0	0	0
	OMO reverse repos (K'm)	0	3,613	0
Reference rate				
	Rate	Aug-22	% pts Δ	Jul-22
		13.80%	-0.10	13.90%
Inflation rate				
	Rate	Jul-22	% pts Δ	Jun-22
		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				
		25-Aug-22	% Δ	18-Aug-22
	USD	1034.4839	0.02%	1034.2332
	GBP	1255.9883	-1.66%	1277.2389
	EUR	1063.8130	-1.44%	1079.3600
	ZAR	62.8354	-0.46%	63.1268
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

**COVID-19 update**

Cumulative confirmed COVID-19 cases in Malawi stood at 87,814 as at 26<sup>th</sup> August 2022, out of which 274 were reported to be active. COVID-19 infections averaged 4 positive cases during the week compared to 6 positive cases in the previous week. So far, 84,575 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 600.88m and 6.49m deaths as at 28<sup>th</sup> August 2022 (Source: Johns Hopkins University and Medicine).

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