

Foreign exchange market developments

During the week, the Kwacha depreciated against the USD and GBP, but appreciated against the EUR and ZAR as indicated in the table below:

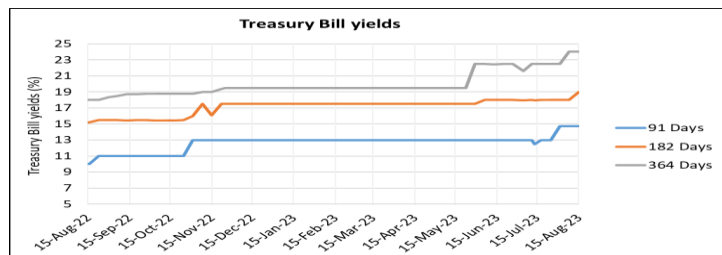
| Closing TT middle exchange rates as at the end of the week | | | | |
|--|----------------------------------|-----------|----------------------------|--|
| Currency | 18-Aug-23 | % Δ | 11-Aug-23 | |
| USD | 1093.6949 | 0.06% | 1093.0724 | |
| GBP | 1437.0787 | 0.58% | 1428.7926 | |
| EUR | 1227.1335 | -0.67% | 1235.4685 | |
| ZAR | 58.5838 | -1.21% | 59.3023 | |
| Gross official foreign exchange reserves position | | | | |
| | 31-Jul-23 | 30-Jun-23 | 31-May-23 | |
| Reserves (USD'm) | 267.91 | 321.53 | 194.82 | |
| Import cover (months) | 1.07 | 1.29 | 0.78 | |
| Benchmark import cover (months) | 3.00 | 3.00 | 3.00 | |
| Cumulative tobacco sales | | | | |
| Date | Week 17 2023 as at 4 August 2023 | % Δ | Week 17 2022 as at 22 July | |
| Volume (million kg) | 120.53 | 47.40% | 81.77 | |
| Value (USD'million) | 283.76 | 62.76% | 174.34 | |
| Average price (USD/kg) | 2.35 | 10.33% | 2.13 | |

Data source: Reserve Bank of Malawi (RBM) and AHL

Government securities

The government raised K7.29b from auction of Treasury Bills and K17.09b from auction of a 2-year Treasury Note during the week.

Access on the Re-discounting Standing Facility amounted to K1.08b. Maturities of Government securities for the week amounted to K20.19b. These transactions resulted in a net withdrawal of K3.11b from the market, compared to a net injection of K9.12b in the previous week (Source: RBM).



| Treasury Bill auctions | | | | |
|-----------------------------------|-----------|---------|----------|--|
| Auction date | 15-Aug-23 | % pts Δ | 8-Aug-23 | |
| Amount offered - cost value (K'm) | 6,177.00 | 0.00% | 6,177.00 | |
| Applied - cost value (K'm) | 7,285.24 | 694.01% | 917.53 | |
| Allotted - cost value (K'm) | 7,285.24 | 694.01% | 917.53 | |
| Overall rejection rate | 0.00% | 0.00% | 0.00% | |
| 91 days yield | 14.7000% | 0.0000% | 14.7000% | |
| 182 days yield | 18.9808% | 0.9808% | 18.0000% | |
| 364 days yield | 24.0000% | 0.0000% | 24.0000% | |
| All-type yield | 19.2269% | 0.3269% | 18.9000% | |

| Treasury Note and Bond auctions | | | | |
|-----------------------------------|-----------|-----------|------------|--|
| Auction date | 15-Aug-23 | 8-Aug-23 | 1-Aug-23 | |
| Tenors | 2 year TN | 7 year TN | 7 year IDB | |
| Coupon rate | 10.00% | 13.50% | 14.50% | |
| Amount offered - cost value (K'b) | 48.15 | 50.25 | 20.49 | |
| Total applied - cost value (K'b) | 17.09 | 15.57 | 0.01 | |
| Total allotted - cost value (K'b) | 17.09 | 15.52 | 0.00 | |
| Allotted - weighted average ytm | 26.59% | 30.46% | | |

| Current yields for Treasury Notes and Bonds | | | | |
|---|----------------------|--------------|--------------|--|
| Tenor | Last auction's yield | Last auction | Next auction | |
| 2-year TN | 26.59% | 15-Aug-23 | 12-Sep-23 | |
| 3-year TN | 26.00% | 25-Jul-23 | 05-Sep-23 | |
| 5-year TN | 28.00% | 18-Jul-23 | 26-Sep-23 | |
| 5-year Development Bond | 28.00% | 27-Jun-23 | TBA | |
| 7-year TN | 30.46% | 08-Aug-23 | TBA | |
| 7-Year Development Bond | 27.50% | 28-Feb-23 | TBA | |
| 10-year TN | 31.25% | 29-Jun-23 | 29-Aug-23 | |
| 10-year Development Bond | 23.35% | 26-Apr-22 | TBA | |

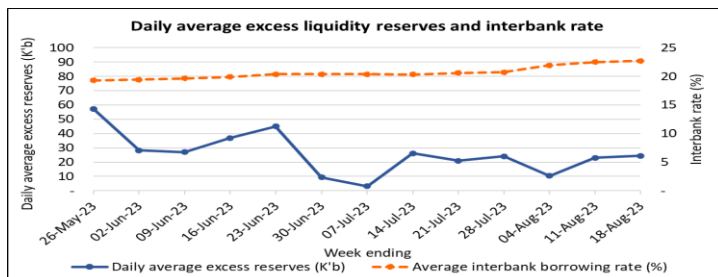
| Upcoming auctions of Treasury Notes and Bonds | | | | |
|---|---------------|--------------|----------------------------|--|
| Auction date | Tenor (years) | Amount (K'b) | Last auction's coupon rate | |
| 29-Aug-23 | 10 | 26.61 | 15.00% | |
| 05-Sep-23 | 3 | 62.81 | 11.00% | |
| 12-Sep-23 | 2 | 48.15 | 10.00% | |
| 19-Sep-23 | 10 | 15.70 | 15.00% | |
| 26-Sep-23 | 5 | 50.25 | 12.50% | |

| Projected maturities | | | | |
|-------------------------|-----------|-----------|----------|--|
| Week ending | 18-Aug-23 | 25-Aug-23 | 1-Sep-23 | |
| TBs, PNs & TNs (K'm) | 20,191 | 15,578 | 2,105 | |
| OMO repos (K'm) | 0 | 10,353 | 0 | |
| OMO reverse repos (K'm) | 0 | 0 | 0 | |

Data source: RBM

Market liquidity and interbank market activity

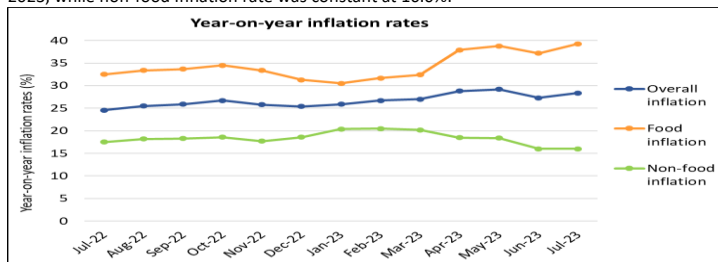
Average daily excess liquidity reserves increased to K24.48b during the week from K23.03b in the previous week. Daily average interbank borrowing increased to K35.54b from K28.60b. Borrowing on the Lombard facility decreased to the average of K138.82b per day from K157.40b per day in the previous week. The average interbank borrowing rate increased to 22.74% from 22.50%. The Lombard rate remained fixed at 24.2% (Source: RBM).



| Policy Rate | | | | |
|-----------------------|-----------|---------|-----------|--|
| Rate | 27-Jul-23 | % pts Δ | 27-Apr-23 | |
| | 24.00% | 2.00 | 22.00% | |
| Market Reference Rate | | | | |
| Rate | Aug-23 | % pts Δ | Jul-23 | |
| | 22.70% | 1.30 | 21.40% | |

Inflation

The year-on-year headline inflation rate increased to 28.4% in July 2023 from 27.3% recorded in June 2023 due to an increase in food inflation rate to 39.3% in July 2023 from 37.2% in June 2023, while non-food inflation rate was constant at 16.0%.



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.24% to close the week at 116,439.86 points from 116,157.13 points in the previous week due to share price gains in AIRTEL (0.05%), FDHB (2.44%) and FMBCH (0.30%), which offset share price losses in NBS (-0.01%), NICO (-0.01%) and TNM (-0.07%). The market traded 29,423,201 shares at a consideration of K4.35b in 343 trades, compared to 8,658,211 shares traded at a consideration of K611.54m in 220 trades in the previous week. The year-to-date return on MASI stands at 87.70% compared to 18.34% for the same period in 2022.

| Stock market trading activity | | | | |
|-------------------------------|-------------------|---------|-------------------|--|
| | 18-Aug-23 | % Δ | 11-Aug-23 | |
| MASI | 116,439.86 | 0.24% | 116,157.13 | |
| DSI | 90,278.01 | 0.24% | 90,065.62 | |
| FSI | 17,025.11 | 0.29% | 16,975.06 | |
| Traded volume | 29,423,201 | 239.83% | 8,658,211 | |
| Number of trades | 343 | 55.91% | 220 | |
| Value of shares traded (K'm) | 4,345.96 | 610.66% | 611.54 | |
| Market capitalisation (K'm) | 6,289,024.93 | 0.24% | 6,274,104.57 | |
| Gainers | | | | |
| | Closing price (K) | % Δ | Opening price (K) | |
| AIRTEL | 100.15 | 0.05% | 100.10 | |
| FDHB | 76.01 | 2.44% | 74.20 | |
| FMBCH | 341.01 | 0.30% | 340.00 | |
| Losers | | | | |
| | Closing price (K) | % Δ | Opening price (K) | |
| NBS | 131.99 | -0.01% | 132.00 | |
| NICO | 163.00 | -0.01% | 163.02 | |
| TNM | 29.98 | -0.07% | 30.00 | |

| Published bank financial results for the half year ended 30th June 2023 | | | | |
|---|--------------------------------|------------|--------------------------------|--|
| Company | H1 2023 profit after tax (K'm) | Change (%) | H1 2022 profit after tax (K'm) | |
| CDH Investment Bank Ltd | 5,463 | 118% | 2,503 | |
| Centenary Bank Ltd | 970 | 201% | (959) | |
| FDH Bank Plc | 15,015 | 72% | 8,707 | |
| First Capital Bank Plc | 16,787 | 128% | 7,360 | |
| Standard Bank Malawi Plc | 26,922 | 70% | 15,835 | |

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