

Foreign exchange market developments

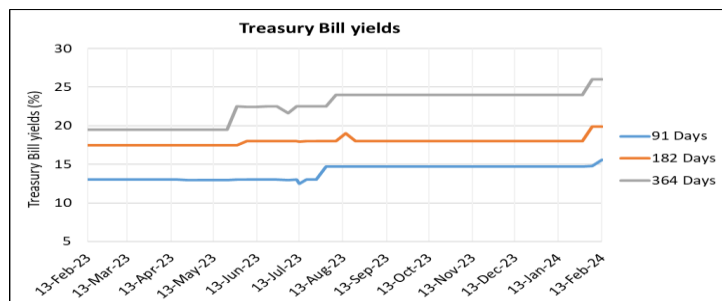
During the week, the Kwacha appreciated against the USD, GBP and ZAR but depreciated against the EUR, as indicated by TT exchange rates in the table below:

Closing TT middle exchange rates as at the end of the week				
Currency	16-Feb-24	% Δ	9-Feb-24	
USD	1698.7669	↑ -0.001%	1698.7853	
GBP	2205.8712	↑ -0.26%	2211.5405	
EUR	1881.9519	↓ 0.06%	1880.8021	
ZAR	91.5756	↑ -0.45%	91.9884	
Opening foreign exchange bureaux middle rates as at the end of the week				
Currency	14-Feb-24	% Δ	9-Feb-24	
USD	1923.3333	↑ -0.05%	1924.2708	
GBP	2395.0000	↓ 0.21%	2390.0000	
EUR	2085.7292	↓ 0.12%	2083.2292	
ZAR	103.8958	↓ 0.12%	103.7708	
Foreign exchange reserves position				
	31-Dec-23	30-Nov-23	31-Oct-23	
Gross official foreign exchange reserves (USD'm)	242.58	165.20	179.33	
Gross official reserves import cover (months)	0.97	0.66	0.72	
Benchmark import cover for official reserves (months)	3.00	3.00	3.00	
Private sector foreign exchange reserves (USD'm)	433.01	413.20	396.88	
Private sector reserves import cover (months)	1.73	1.65	1.59	
Total economy foreign exchange reserves (USD'm)	675.59	578.40	576.21	
Total economy import cover (months)	2.70	2.31	2.31	

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K51.17b from auction of Treasury Bills and K66.77b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K19.60b and maturities of OMO repos amounted to K31.20b. These transactions resulted in a net withdrawal of K67.14b from the market, compared to a net withdrawal of K0.96b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	13-Feb-24	% pts Δ	6-Feb-24	
Amount offered - cost value (K'm)	13,158.00	0.00%	13,158.00	
Applied - cost value (K'm)	51,173.66	29.38%	39,554.09	
Allotted - cost value (K'm)	51,173.66	49.18%	34,304.25	
Overall rejection rate	0.00%	-13.27	13.27%	
91 days yield	15.5779%	0.7731%	14.8048%	
182 days yield	19.8890%	0.0139%	19.8751%	
364 days yield	25.9991%	-0.0003%	25.9994%	
All-type yield	20.4887%	0.2622%	20.2264%	

Treasury Note and Bond auctions				
Auction date	16-Feb-24	14-Feb-24	6-Feb-24	
Tenors	2, 3, 5, 7 & 10 yr TNs	2, 3, 5, 7 & 10 yr TNs	10 yr TN	
Coupon rate	10.0%, 11.0%, 12.5%, 13.5% & 15%	10.0%, 11.0%, 12.5%, 13.5% & 15%	15.00%	
Amount offered - cost value (K'b)			39.73	
Total applied - cost value (K'b)	24.04	42.82	0.79	
Total allotted - cost value (K'b)	24.03	42.74	0.78	
Allotted - weighted average ytm	28.75%, 30.0%, 32.0%, 34%, 35%	28.78%, 30.0%, 32.0%, 34%, 33%	33.00%	

Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2-year TN	28.75%	16-Feb-24	26-Mar-24	
3-year TN	30.00%	16-Feb-24	20-Feb-24	
5-year TN	32.00%	16-Feb-24	05-Mar-24	
5-year Development Bond	28.00%	28-Nov-23	TBA	
7-year TN	34.00%	16-Feb-24	27-Feb-24	
7-year Development Bond	32.00%	16-Jan-24	TBA	
10-year TN	35.00%	16-Feb-24	TBA	
10-year Development Bond	23.35%	26-Apr-22	TBA	

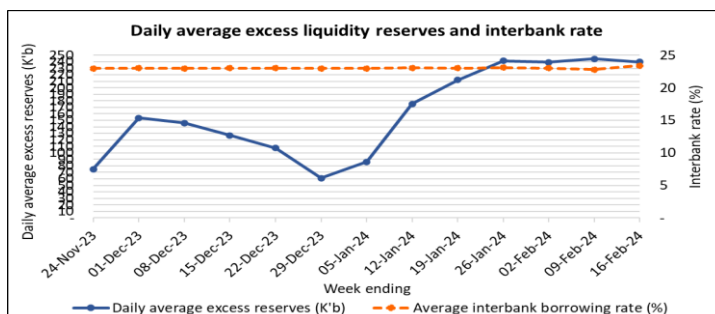
Upcoming auctions of Treasury Notes and Bonds				
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate	
20-Feb-24	3-year TN	45.41	11.00%	
27-Feb-24	7-year TN	49.95	13.50%	
05-Mar-24	5-year TN	48.33	12.50%	
12-Mar-24	3-year TN	53.41	11.00%	
26-Mar-24	2-year TN	60.22	10.00%	

Projected maturities				
Week ending	16-Feb-24	23-Feb-24	1-Mar-24	
TBs, PNs & TNs (K'm)	19,596	88,328	25,42	
OMO repos (K'm)	31,203	0	10,401	
OMO reverse repos (K'm)	0	0	0	

Data source: RBM

Market liquidity and interbank market activity

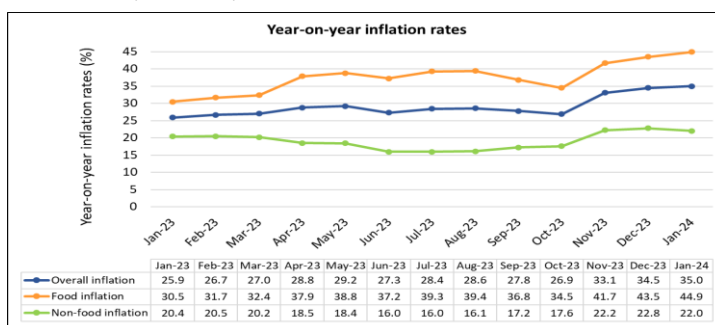
Average daily excess liquidity reserves decreased to K239.74b during the week from K244.48b in the previous week. Daily average interbank borrowing decreased to K7.58b from K22.82b. There was no borrowing on the Lombard facility during the week, compared to K45.0b accessed on the facility in the previous week. The average interbank borrowing rate decreased to 23.10% from 23.42% (Source: RBM).



Policy Rate				
Rate	01-Feb-24	% pts Δ	27-Oct-23	
	26.00%	↑ 2.00	24.00%	
Market Reference Rate				
Rate	Feb-24	% pts Δ	Jan-24	
	24.90%	↑ 1.30	23.60%	

Inflation rate

The year-on-year headline inflation rate increased to 35.0% in January 2024 from 34.5% in December 2023 due to an increase in food inflation rate to 44.9% from 43.5% in the previous month, while non-food inflation rate decreased to 22.0% in January 2024 from 22.8% in December 2023 (Source: NSO).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.47% to close the week at 114,489.44 points from 115,033.98 points in the previous. The market traded 7,569,172 shares at a consideration of K387.02m in 143 trades, compared to 6,756,528 shares traded at a consideration of K417.62m in 229 trades in the previous week. The year-to-date return on MASI stood at 3.19% as at the end of the week compared to 13.43% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	16-Feb-24	% Δ	09-Feb-24	
MASI	114,489.44	↓ -0.47%	115,033.98	
DSI	85,706.11	↓ -0.47%	86,113.05	
FSI	20,647.47	↓ -0.48%	20,746.56	
Traded volume	7,569,172	↑ 12.03%	6,756,528	
Number of trades	143	↓ -37.55%	229	
Value of shares traded (K'm)	387.02	↓ -7.33%	417.62	
Market capitalisation (K'm)	6,195,970.57	↓ -0.47%	6,225,393.50	
Gainers				
	Closing price (K)	% Δ	Opening price (K)	
ILLOVO	1350.06	↑ 0.003%	1350.02	
NBM	2101.80	↑ 0.002%	2101.75	
NITL	2507.00	↑ 0.002%	2506.95	
PCL	2507.00	↑ 0.002%	2506.95	
STANDARD	3950.16	↑ 0.0003%	3950.15	
Losers				
	Closing price (K)	% Δ	Opening price (K)	
FMBCH	413.00	↓ -0.48%	415.00	
ICON	16.89	↓ -0.06%	16.90	
MPICO	14.74	↓ -0.07%	14.75	
NBS	110.00	↓ -4.31%	114.96	
TNM	14.00	↓ -6.67%	15.00	

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