

Foreign exchange market developments

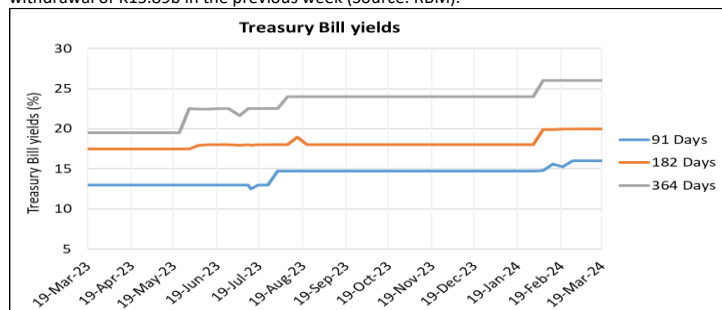
The Reserve Bank of Malawi held a foreign exchange auction with authorised dealer banks on 18th March 2024, during which the maximum USD selling price increased to K1,751.00 per USD from K1,700.00 per USD, representing a Kwacha depreciation of 3%. The new maximum exchange rate became effective on 21st March 2024. As at the end of the week, TT middle exchange rates stood as follows:

Closing TT middle exchange rates as at the end of the week				
Currency	22-Mar-24	% Δ	15-Mar-24	
USD	1749.2353	↓ 3.09%	1696.8423	
GBP	2277.1968	↓ 2.30%	2226.1040	
EUR	1955.0572	↓ 2.99%	1898.2458	
ZAR	95.5355	↓ 2.46%	93.2403	
Opening foreign exchange bureaux middle rates as at 20 March 2024				
Currency	20-Mar-24	% Δ	15-Mar-24	
USD	1877.7506	↓ 0.0003%	1877.7500	
GBP	2396.5723	↓ 0.46%	2385.6250	
EUR	2062.7408	↓ -0.04%	2063.6250	
ZAR	100.2525	↑ -0.12%	100.3750	
Foreign exchange reserves position				
	29-Feb-24	31-Jan-24	31-Dec-23	
Gross official foreign exchange reserves (USD'm)	143.60	178.06	242.58	
Gross official reserves import cover (months)	0.57	0.71	0.97	
Benchmark import cover for official reserves (months)	3.00	3.00	3.00	
Private sector foreign exchange reserves (USD'm)	396.72	401.88	433.01	
Private sector reserves import cover (months)	1.59	1.61	1.73	
Total economy foreign exchange reserves (USD'm)	540.32	579.94	675.59	
Total economy import cover (months)	2.16	2.32	2.70	

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K8.41b from auction of Treasury Bills and K42.50b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K27.77b, resulting in a net withdrawal of K23.14b from the market, compared to a net withdrawal of K15.89b in the previous week (Source: RBM).

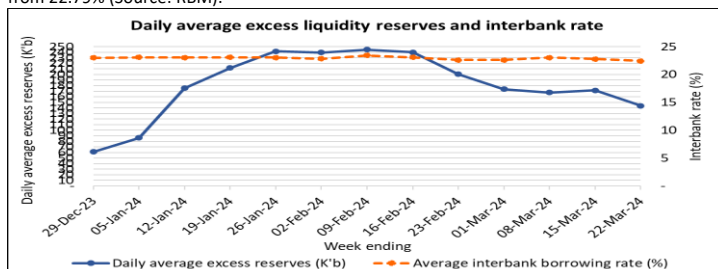


Treasury Bill auctions				
Auction date	19-Mar-24	% pts Δ	12-Mar-24	
Amount offered - cost value (K'm)	14,075.00	↓ 0.00%	14,075.00	
Applied - cost value (K'm)	8,407.59	↓ -85.72%	58,891.89	
Allotted - cost value (K'm)	8,407.59	↓ -85.71%	58,848.56	
Overall rejection rate	0.00%	↓ -0.07%	0.07%	
91 days yield	16.0000%	↓ 0.0000%	16.0000%	
182 days yield	20.0000%	↓ 0.0000%	20.0000%	
364 days yield	25.9996%	↓ -0.0004%	26.0000%	
All-type yield	20.6665%	↓ -0.0001%	20.6667%	
Treasury Note and Bond auctions				
Auction dates	21-Mar-24	12 & 14 Mar 2024	5 & 7 Mar 2024	
Tenors	2, 3, 5, 7 & 10 TNs	2, 3, 5, 7 & 10 TNs	2, 5, 7 & 10 TNs	
Coupon rate	10.0%, 11.0%, 12.5%, 13.5% & 15.0%	10.0%, 11.0%, 12.5%, 13.5% & 15.0%	10.0%, 12.5%, 13.5% & 15.0%	
Amount offered - cost value (K'b)		K53.41b for the 3-yr TN	K48.328b for the 5-yr TN	
Total applied - cost value (K'b)	42.50	38.49	25.91	
Total allotted - cost value (K'b)	42.50	38.48	25.89	
Allotted - weighted average ytm	28.75%, 30.0%, 32.0%, 34.0%, 35.0%	28.75%, 30.0%, 32.0%, 34.0%, 35.0%	28.75%, 32.0%, 34.0%, 35.0%	
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2-year TN	28.75%	21-Mar-24	26-Mar-24	
3-year TN	30.00%	21-Mar-24	TBA	
5-year TN	32.00%	21-Mar-24	TBA	
5-year Development Bond	28.00%	28-Nov-23	TBA	
7-year TN	34.00%	21-Mar-24	TBA	
7-year Development Bond	32.00%	16-Jan-24	TBA	
10-year TN	35.00%	21-Mar-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	
26-Mar-24	2-year TN	60.22	10.00%	
Projected maturities				
Week ending	22-Mar-24	29-Mar-24	5-Apr-24	
TBs, PNs & TNs (K'm)	27,769	153,554	66,074	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	0	0	0	

Data source: RBM

Market liquidity and interbank market activity

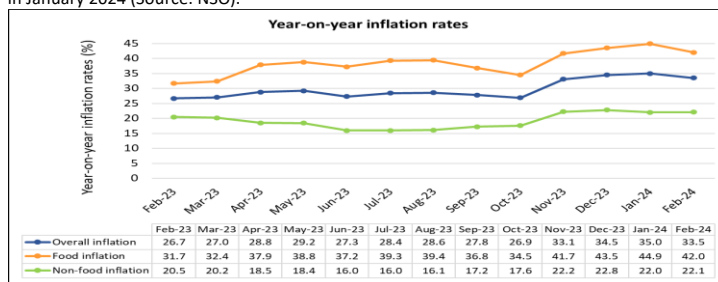
Average daily excess liquidity reserves decreased to K143.68b during the week from K171.58b in the previous week. Daily average interbank borrowing increased to K43.46b from K25.94b. There was no borrowing on the Lombard facility during the week, compared to K10.0b borrowed in the previous week. The average interbank borrowing rate decreased to 22.42% from 22.79% (Source: RBM).



Policy Rate			
Rate	01-Feb-24	% pts Δ	27-Oct-23
	26.00%	↑ 2.00	24.00%
Market Reference Rate			
Rate	Mar-24	% pts Δ	Feb-24
	24.90%	→ 0.00	24.90%

Inflation rate

The year-on-year headline inflation rate decreased to 33.5% in February 2024 from 35.0% in January 2024 due to a decrease in food inflation rate to 42.0% from 44.9% in the previous month, while non-food inflation rate slightly increased to 22.1% in February 2024 from 22.0% in January 2024 (Source: NSO).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a marginal gain of 0.14% to close the week at 113,182.80 points from 113,023.04 points in the previous. The market traded 1,966,108 shares at a consideration of K1.01b in 183 trades, compared to 2,981,378 shares traded at a consideration of K1.10b in 227 trades in the previous week. The year-to-date return on MASI stood at 2.01% as at the end of the week compared to 22.86% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	22-Mar-24	% Δ	15-Mar-24	
MASI	113,182.80	↑ 0.14%	113,023.04	
DSI	84,586.90	↑ 0.17%	84,444.35	
FSI	20,591.98	↓ 0.00%	20,592.47	
Traded volume	1,966,108	↓ -34.05%	2,981,378	
Number of trades	183	↓ -19.38%	227	
Value of shares traded (K'm)	1,009.83	↓ -8.43%	1,102.78	
Market capitalisation (K'm)	6,125,691.73	↑ 0.14%	6,117,258.52	
Gainers				
	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	50.05	↑ 0.08%	50.01	
NBM	2120.01	↑ 0.87%	2101.81	
STANDARD	3950.20	↑ 0.0003%	3950.19	
Losers				
	Closing price (K)	% Δ	Opening price (K)	
FDHB	65.08	↓ -0.06%	65.12	
FMBCH	411.88	↓ -0.002%	411.89	
NBS	109.92	↓ -0.02%	109.94	
NICO	199.70	↓ -0.01%	199.72	
PCL	2506.99	↓ 0.00%	2507.00	

Corporate news

- National Bank of Malawi Plc posted a profit after tax (PAT) of K71.96b for the year ended 31st December 2023, representing an increase of 56.62% from PAT of K45.94b for the prior year (Source: National Bank).
- Standard Bank (Malawi) Plc posted a profit after tax (PAT) of K52.52b for the year ended 31st December 2023, representing an increase of 34% from PAT of K39.20b for the prior year (Source: Standard Bank).

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