



Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week				
Currency	10-May-24		% Δ	3-May-24
USD	1749.5218	↑	-0.08%	1749.6613
GBP	2252.3074	↑	-0.42%	2261.7478
EUR	1939.1687	↓	0.50%	1929.4976
ZAR	96.8151	↑	-0.01%	96.8232

Opening foreign exchange bureaux middle rates as at the end of the week				
Currency	30-Apr-24		% Δ	26-Apr-24
USD	1920.0417	→	0.00%	1920.0417
GBP	2436.4167	→	0.14%	2432.8958
EUR	2093.5417	↓	0.05%	2092.5417
ZAR	102.4167	↓	0.35%	102.0625

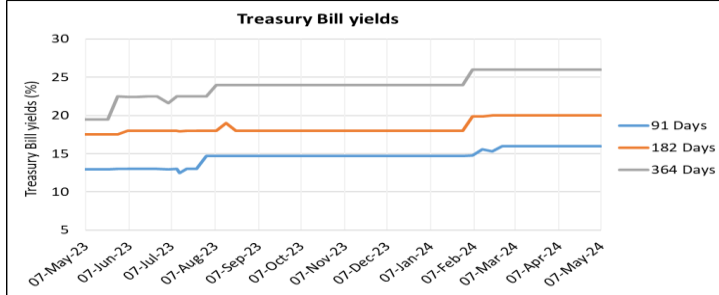
Foreign exchange reserves position				
	30-Apr-24	31-Mar-24		29-Feb-24
Total foreign exchange reserves (Aggregate of RBM, Banks & FCDAs)	603.07	552.94		540.33
Total import cover (months)	2.41	2.21		2.16

Cumulative tobacco sales as at the end of week 4				
Date	Week 4 2024 (10 May)		% Δ	Week 4 2023 (5 May)
Volume (million kg)	30.08	↑	47.60%	20.38
Value (USD/million)	81.24	↑	89.28%	42.92
Average price (USD/Kg)	2.70	↑	27.96%	2.11

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K9.86b from auction of Treasury Bills and K14.16b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K7.51b, resulting in a net withdrawal of K16.51b from the market, compared to a net withdrawal of K53.45b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	7-May-24		% pts Δ	30-Apr-24
Amount offered - cost value (K'm)	14,399.00	↓	-4.95%	15,149.00
Applied - cost value (K'm)	9,855.86	↑	29452.80%	33.35
Allotted - cost value (K'm)	9,855.86	↑	29452.80%	33.35
Overall rejection rate	0.00%	→	0.00	0.00%
91 days yield	16.0000%	→	0.0000%	16.0000%
182 days yield	20.0000%	→	0.0000%	20.0000%
364 days yield	26.0000%	→	0.0000%	26.0000%
All-type yield	20.6667%	→	0.0000%	20.6667%

Treasury Note and Bond auctions				
Auction dates	8-May-24	29 & 30 April 2024		23-Apr-24
Tenor	2, 5 & 10	2, 5 & 10		10
Coupon rate	10.00%, 12.50% & 15.00%	10.00%, 12.50% & 15.00%		15.00%
Amount offered - cost value (K'b)		K47.22b for the 5-yr TN		44.21
Total applied - cost value (K'b)	14.16	63.97		21.67
Total allotted - cost value (K'b)	14.16	63.97		21.65
Allotted - weighted average ytm	28.75%, 32.00% & 35.00%	28.75%, 32.00% & 35.00%		35.00%

Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction		Next auction
2-year TN	28.75%	08-May-24		04-Jun-24
3-year TN	30.00%	28-Mar-24		14-May-24
5-year TN	32.00%	08-May-24		18-Jun-24
5-year Development Bond	28.00%	28-Nov-23		TBA
7-year TN	34.00%	21-Mar-24		28-May-24
7-year Development Bond	32.00%	16-Jan-24		TBA
10-year TN	35.00%	08-May-24		TBA
10-year Development Bond	23.35%	26-Apr-22		21-May-24

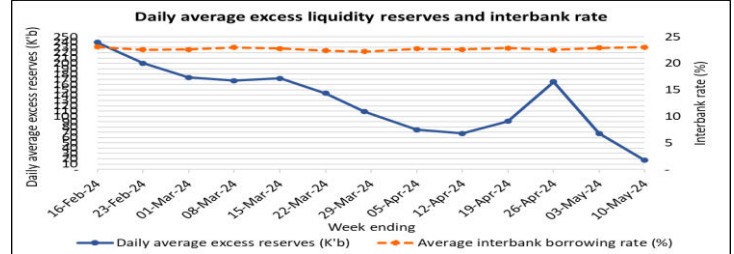
Upcoming auctions of Treasury Notes and Bonds				
Auction date	Tenor (years)	Amount (K'b)		Last auction's coupon rate
14-May-24	3	54.25		11.00%
21-May-24	10-year IDB	3.95		16.00%
28-May-24	7	46.89		13.50%
04-Jun-24	2	59.52		10.00%
18-Jun-24	5	47.22		12.50%
25-Jun-24	3	54.51		11.00%

Projected maturities				
Week ending	10-May-24	17-May-24		24-May-24
TBs, PNs & TNs (K'm)	7,505	11,130		30,043
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 K17.13b during the week from K67.81b in the previous week. This follows a decision by the Monetary Policy Committee to raise the Liquidity Reserve Requirement Ratio (LRR) on domestic currency deposits to 8.75% from 7.75% on 3rd May 2024. Daily average interbank borrowing decreased to K37.04b from K87.70b. Borrowing on the Lombard facility amounted to K146.00b during the week, increasing from K13.00b in the previous week. The average interbank borrowing rate increased to 23.06% from 22.92%. The Lombard rate remained fixed at 26.20% (Source: RBM).



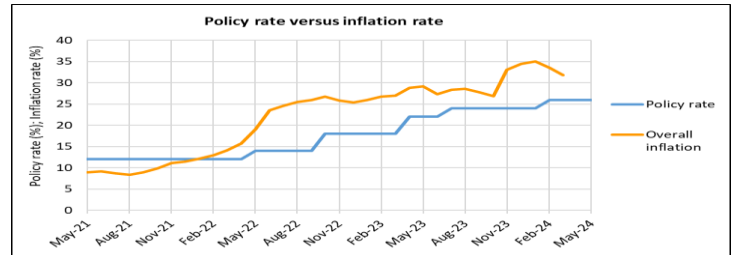
Policy Rate				
Rate	03-May-24		% pts Δ	01-Feb-24
	26.00%	→	0.00	26.00%

Market Reference Rate				
Rate	May-24		% pts Δ	Apr-24
	25.00%	↑	0.10	24.90%

Inflation Rate				
Rate	Mar-24		% pts Δ	Feb-24
	31.8%	↓	-1.70	33.5%

Monetary Policy

The Monetary Policy Committee (MPC) held its second meeting of 2024 on 2nd and 3rd May 2024 during which they decided to maintain the Policy rate at 26.0%, considering the recent deceleration in inflation and its continued downward projected trend in the near term. The MPC also maintained the Lombard rate at 20 basis points above the Policy rate (26.2%) and the Liquidity Reserve Requirement (LRR) ratio on foreign currency deposits at 3.75%. However, the Committee raised the LRR on domestic currency deposits by 100 basis points to 8.75% from 7.75% to address the rapid expansion in money supply. Average inflation rate for the year 2024 is projected at 30.0% and economic growth rate is projected at 3.2% (Source: RBM).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.44% to close the week at 113,763.84 points from 114,265.22 points in the previous. The market traded 3,579,289 shares at a consideration of K2.58b in 263 trades, compared to 10,598,709 shares traded at a consideration of K2.60b in 292 trades in the previous week. The year-to-date return on MASI stood at 2.54% as at the end of the week compared to 52.78% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	10-May-24		% Δ	03-May-24
MASI	113,763.84	↓	-0.44%	114,265.22
DSI	86,339.14	↓	-0.51%	86,785.28
FSI	19,014.47	→	0.00%	19,014.47
Traded volume	3,579,289	↓	-66.23%	10,598,709
Number of trades	263	↓	-9.93%	292
Value of shares traded (K'm)	2,577.16	↓	-0.76%	2,597.00
Market capitalisation (K'm)	6,152,942.01	↓	-0.43%	6,179,808.33

Gainers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	51.12	↑	0.04%	51.10
FDHB	65.37	↑	0.08%	65.32
MPICO	14.68	↑	0.07%	14.67
STANDARD	3950.30	↑	0.001%	3950.27
TNM	12.17	↑	0.33%	12.13

Losers				
	Closing price (K)		% Δ	Opening price (K)
ICON	16.79	↓	-0.06%	16.80
ILLOVO	1355.15	↓	-0.001%	1355.16
NBS	92.31	↓	-9.37%	101.85
NICO	199.47	↓	-0.01%	199.49
NITL	411.48	↓	-0.002%	411.49

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