

Foreign exchange market developments

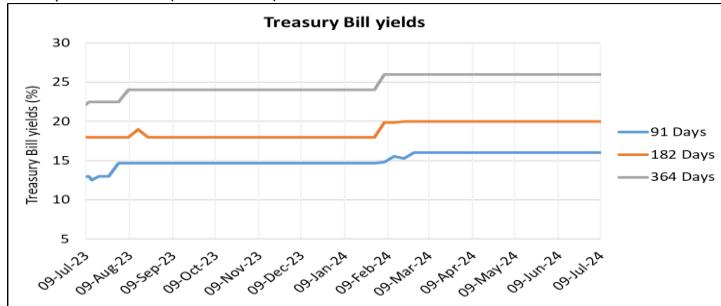
During the week the Kwacha marginally appreciated against USD but depreciated against GBP, EUR and ZAR as indicated by TT middle exchange rates below:

Closing TT middle exchange rates as at the end of the week			
Currency	12-Jul-24	% Δ	5-Jul-24
USD	1749.0252	↑ -0.07%	1750.2121
GBP	2319.4724	↓ 0.87%	2299.3731
EUR	1951.1256	↓ 0.06%	1950.0210
ZAR	99.1504	↓ 0.94%	98.2300
Opening foreign exchange bureaux middle rates as at the end of the week			
Currency	26-Jun-24	% Δ	21-Jun-24
USD	1925.5429	↓ 0.06%	1924.4388
GBP	2457.7083	↓ 0.10%	2455.2917
EUR	2103.1458	↓ 0.05%	2102.0625
ZAR	104.8475	↓ 0.14%	104.7017
Foreign exchange reserves position			
	30-Jun-24	31-May-24	30-Apr-24
Total foreign exchange reserves (Aggregate of RBM, Banks & Total import cover (months))	591.51	610.18	603.07
	2.37	2.44	2.41
Cumulative tobacco sales as at the end of week 13			
Date	Week 13 2024 (12 July)	% Δ	Week 13 2023 (6 July)
Volume (million kg)	126.03	↑ 15.93%	108.71
Value (USD'million)	372.67	↑ 46.47%	254.44
Average price (USD/kg)	2.96	↑ 26.50%	2.34

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K61.34b from auction of Treasury Bills and K0.04b from auction of a 10-year Treasury Note during the week. Maturities of Government securities for the week amounted to K33.54b and maturities of OMO repos amounted to K30.30b. These transactions resulted in a net injection of K2.46b into the market, compared to a net withdrawal of K64.92b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	9-Jul-24	% pts Δ	2-Jul-24
Amount offered - cost value (K'm)	10,086.00	↗ 0.00%	10,086.00
Applied - cost value (K'm)	61,342.43	↑ 285.44%	15,914.86
Allotted - cost value (K'm)	61,342.43	↑ 285.44%	15,914.86
Overall rejection rate	0.00%	↗ 0.00	0.00%
91 days yield	16.0000%	↗ 0.0000%	16.0000%
182 days yield	20.0000%	↑ 0.0001%	19.9999%
364 days yield	26.0000%	↗ 0.0000%	26.0000%
All-type yield	20.6667%	↑ 0.0000%	20.6666%

Treasury Note and Bond auctions			
Auction dates	9-Jul-24	2-Jul-24	27 & 28 June 2024
Tenor	10 year TN	2, 5, 7 & 10 year TNs	2, 3, 5, 7 & 10 year TNs
Coupon rate	15.00%	10.00%, 12.50%, 13.50% & 15.00%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)	40.25		
Total applied - cost value (K'b)	0.04	62.10	59.10
Total allotted - cost value (K'b)	0.04	62.10	59.10
Allotted - weighted average ytm	35.00%	28.75%, 30.00%, 34.00% & 35.00%	28.75%, 30.00%, 32.00%, 34.00% & 35.00%

Current yields for Treasury Notes and Bonds

Tenor	Last auction's yield	Last auction	Next auction
2-year TN	28.75%	02-Jul-24	23-Jul-24
3-year TN	30.00%	28-Jun-24	20-Aug-24
5-year TN	32.00%	02-Jul-24	30-Jul-24
5-year Development Bond	28.00%	28-Nov-23	TBA
7-year TN	34.00%	02-Jul-24	27-Aug-24
7-Year Development Bond	32.00%	16-Jan-24	06-Aug-24
10-year TN	35.00%	09-Jul-24	TBA
10-year Development Bond	35.00%	20-Jul-24	TBA

Upcoming auctions of Treasury Notes and Bonds

Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
23-Jul-24	2	52.80	10.00%
30-Jul-24	5	42.64	12.50%
06-Aug-24	7-year IDB	20.00	14.50%
20-Aug-24	3	49.12	11.00%
27-Aug-24	7	45.48	13.50%
03-Sep-24	2	52.80	10.00%
17-Sep-24	5	45.20	12.50%
24-Sep-24	3	49.12	11.00%

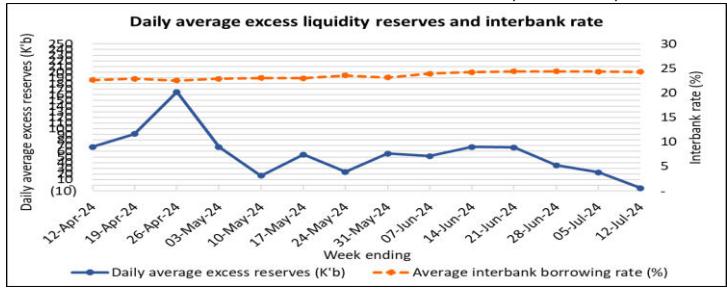
Projected maturities

Week ending	12-Jul-24	19-Jul-24	26-Jul-24
TBs, PNs & TNs (K'm)	33,542	40,081	8,607
OMO repos (K'm)	30,299	33,026	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

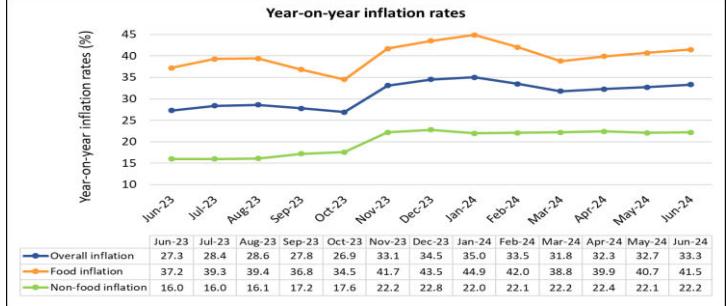
Average daily excess liquidity reserves decreased to -K5.16b during the week from K22.66b in the previous week. Daily average interbank borrowing increased to K80.63b from K60.16b. Borrowing on the Lombard facility increased to an average of K119.93b per day, compared to K110.66b per day in the previous week. The average interbank borrowing rate decreased to 24.29% from 24.34%. The Lombard rate remained fixed at 26.20% (Source: RBM)



Policy Rate		
Rate	03-May-24	% pts Δ
	26.00%	0.00
Market Reference Rate		
Rate	Jul-24	% pts Δ
	25.40%	0.30
Inflation Rate		
Rate	Jun-24	% pts Δ
	33.3%	0.60

Inflation

The year-on-year headline inflation rate increased to 33.3% in June 2024 from 32.7% in May 2024 due to an increase in food inflation rate to 41.5% in June 2024 from 40.7% in May 2024 and an increase in non-food inflation rate to 22.2% in June 2024 from 22.1% in May 2024 (Source: NSO)


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.76% to close the week at 124,542.88 points from 122,389.44 points in the previous. The market traded 16,725,007 shares at a consideration of K951.70m in 217 trades, compared to 5,472,006 shares traded at a consideration of K326.96m in 266 trades in the previous week. The year-to-date return on MASI stood at 12.25% as at the end of the week compared to 75.16% for the same period in 2023 (Source: MSE).

Stock market trading activity			
	12-Jul-24	% Δ	05-Jul-24
MASI	124,542.88	↑ 1.76%	122,389.44
DSI	96,014.61	↑ 2.04%	94,096.52
FSI	18,906.96	↓ -0.01%	18,909.43
Traded volume	16,725,007	↑ 205.65%	5,472,006
Number of trades	217	↓ -18.42%	266
Value of shares traded (K'm)	951.70	↑ 191.07%	326.96
Market capitalisation (K'm)	6,730,242.98	↑ 1.74%	6,614,857.78
Gainers	Closing price (K)	% Δ	Opening price (K)
FDHB	105.01	↑ 10.48%	95.05
NBS	115.14	↑ 15.01%	100.11
TNM	16.50	↑ 2.80%	16.05
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	47.47	↓ -0.04%	47.49
FMBCH	377.87	↓ -0.01%	377.92
ICON	15.90	↓ -0.38%	15.96
NICO	199.28	↓ -0.02%	199.31
PCL	2500.00	↓ -0.28%	2506.97

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