

Foreign exchange market developments

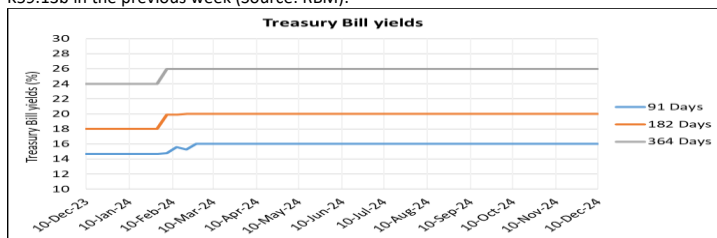
During the week, the Kwacha depreciated against the USD and ZAR but appreciated against the GBP and EUR as indicated by TT middle exchange rates below (Source: RBM).

Closing TT middle exchange rates as at the end of the week				
Currency	13-Dec-24	% Δ	6-Dec-24	
USD	1750.7562	↓ 0.02%	1750.4454	
GBP	2287.5302	↑ -0.32%	2294.9462	
EUR	1888.3456	↑ -0.85%	1904.6086	
ZAR	100.9149	↓ 1.13%	99.7869	
Foreign exchange reserves position				
	30-Sep-24	31-Aug-24	31-Jul-24	
Total foreign exchange reserves (Aggregate of RBM, Banks & Total import cover (months)	560.30	549.85	572.02	
	2.20	2.20	2.29	

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K39.85b from auction of Treasury Bills and K11.03b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K3.19b and maturities of OMO reverse repos amounted to K10.98b. These transactions resulted in a net withdrawal of K58.67b from the market compared to a net withdrawal of K59.13b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	10-Dec-24	% pts Δ	3-Dec-24	
Amount offered - cost value (K'm)	13,074.00	→ 0.00%	13,074.00	
Applied - cost value (K'm)	39,849.31	↑ 338.15%	9,094.99	
Allotted - cost value (K'm)	39,849.31	↑ 338.15%	9,094.99	
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	10-Dec-24	5-Dec-24	3-Dec-24	
Tenor	2-yr TN	3, 5 & 10 yr TNs	7-yr TN	
Coupon rate	10.00%	11.00%, 12.5% & 15.00%	13.50%	
Amount offered - cost value (K'b)	42.05		27.61	
Total applied - cost value (K'b)	11.03	8.12	3.81	
Total allotted - cost value (K'b)	11.03	8.12	3.81	
Allotted - weighted average ytm	28.75%	30.00%, 32.00% & 35.00%	34.00%	

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	28.75%	10-Dec-24	TBA
2-year Development Bond	28.75%	28-Nov-24	TBA
3-year TN	30.00%	05-Dec-24	17-Dec-24
3-year Development Bond	30.00%	28-Nov-24	TBA
5-year TN	32.00%	05-Dec-24	TBA
5-year Development Bond	28.00%	28-Nov-23	31-Dec-24
7-year TN	34.00%	03-Dec-24	TBA
7-Year Development Bond	34.00%	20-Sep-24	TBA
10-year TN	35.00%	05-Dec-24	TBA
10-year Development Bond	35.00%	20-Jun-24	TBA

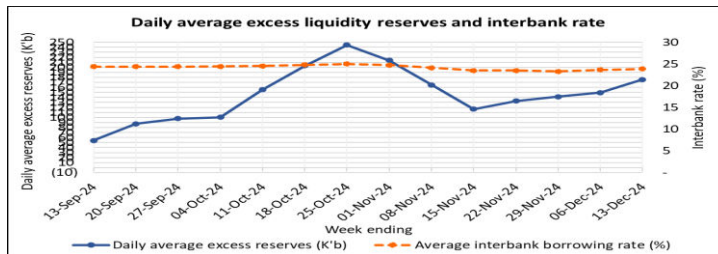
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
17-Dec-24	3-yr TN	37.54	11.00%
31-Dec-24	5-yr IDB	10.00	13.50%

Projected maturities			
Week ending	13-Dec-24	20-Dec-24	27-Dec-24
TBs, PNs & TNs (K'm)	3,186	30,982	76,695
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	10,984	0	0

Data source: RBM

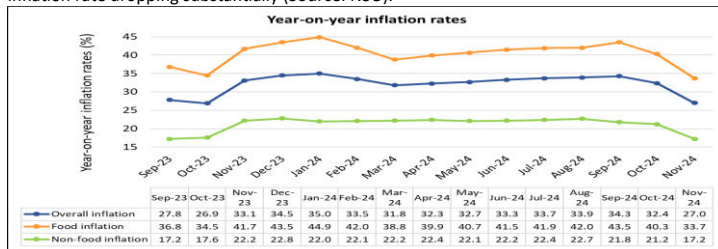
Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K175.60b during the week from K149.45b in the previous week. Daily average interbank borrowing increased to K128.76b from K126.40b in the previous week. There was no borrowing on the Lombard facility during the week as was the case in the previous week. The average interbank borrowing rate increased to 23.85% from 23.67% in the previous week. The Lombard rate remained fixed at 26.20% (Source: RBM).



Inflation

The year-on-year headline inflation rate decreased to 27.0% in November 2024 from 32.4% in October 2024 as food inflation rate decreased to 33.7% in November 2024 from 40.3% in October 2024 and non-food inflation rate decreased to 17.2% in November 2024 from 21.2% in October 2024. The decline in the year-on-year inflation rate is mainly driven by a slower rate of increase in prices recorded in November 2024 compared to the same period last year which recorded a sharp rise in the prices of both food and non-food items following a 44% devaluation of the Kwacha during that month. While overall prices of food and non-food items hiked in November 2024, the magnitude of the increase is significantly less than what was recorded during the same period last year resulting in the November 2024 year-on-year inflation rate dropping substantially (Source: NSO).



Policy Rate			
Rate	04-Nov-24	% pts Δ	25-Jul-24
	26.00%	→ 0.00	26.00%
Market Reference Rate			
Rate	Dec-24	% pts Δ	Nov-24
	25.30%	↓ -0.20	25.50%
Inflation Rate			
Rate	Nov-24	% pts Δ	Oct-24
	27.0%	↓ -5.40	32.4%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.88% to close the week at 166,615.25 points from 165,159.24 points in the previous. The market traded 10,904,602 shares at a consideration of K2.54b in 421 trades, compared to 2,620,495 shares traded at a consideration of K785.68m in 313 trades in the previous week. The year-to-date return on MASI stood at 50.17% as at the end of the week compared to 78.17% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	13-Dec-24	% Δ	06-Dec-24	
MASI	166,615.25	↑ 0.88%	165,159.24	
DSI	129,250.50	↑ 1.00%	127,975.50	
FSI	24,271.31	↑ 0.11%	24,245.05	
Traded volume	10,904,602	↑ 316.13%	2,620,495	
Number of trades	421	↑ 34.50%	313	
Value of shares traded (K'm)	2,538.31	↑ 223.07%	785.68	
Market capitalisation (K'm)	9,002,880.01	↑ 0.89%	8,923,730.07	
Gainers				
	Closing price (K)	% Δ	Opening price (K)	
FMBCH	485.02	↑ 0.11%	484.49	
NBM	3,450.01	↑ 0.0003%	3,450.00	
NICO	365.00	↑ 27.16%	287.03	
STANDARD	6000.16	↑ 0.0005%	6000.13	
SUNBIRD	240.07	↑ 0.02%	240.03	
Losers				
	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	99.60	↓ -0.28%	99.88	
FDHB	148.40	↓ -0.05%	148.47	

Corporate news

Dividends announced				
Company	Dividend type	Dividend (K/share)	Ex-dividend date	Payment date
FDHB	2nd interim declared	2.18	11-Dec-24	13-Dec-24
NICO	2nd interim declared	3.00	23-Dec-24	27-Dec-24
ILLOVO	Final proposed	5.00	TBA	TBA

Source: MSE

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