

Foreign exchange market developments

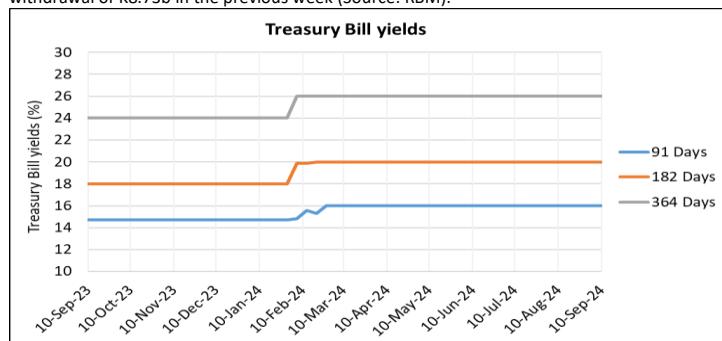
During the week the Kwacha marginally appreciated against the USD, EUR and GBP but depreciated against the ZAR, as indicated by TT middle exchange rates below:

Closing TT middle exchange rates as at the end of the week				
Currency	13-Sep-24	% Δ		6-Sep-24
USD	1750.4281	↑ -0.01%		1750.6136
GBP	2363.7104	↑ -0.12%		2366.6583
EUR	1988.2305	↑ -0.67%		2001.7332
ZAR	101.5109	↓ 0.24%		101.2632
Opening foreign exchange bureaux middle rates as at the end of the week				
Currency	16-Aug-24	% Δ		9-Aug-24
USD	1927.3775	↑ -0.0001%		1927.3788
GBP	2464.3617	↓ 0.26%		2457.9919
EUR	2120.9740	↓ 0.30%		2114.5448
ZAR	104.9644	↓ 0.30%		104.6556
Foreign exchange reserves position				
	31-Jul-24	30-Jun-24		31-May-24
Total foreign exchange reserves (Aggregate of RBM, Banks & FCDAs)	572.02	591.51		610.18
Total import cover (months)	2.29	2.37		2.44

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K44.71b from auction of Treasury Bills and K24.62b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K56.35b, resulting in a net withdrawal of K12.98b from the market, compared to a net withdrawal of K8.73b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	10-Sep-24	% pts Δ		3-Sep-24
Amount offered - cost value (K'm)	11,017.00	→ 0.00%		11,017.00
Applied - cost value (K'm)	44,707.07	↑ 114.12%		20,879.45
Allotted - cost value (K'm)	44,707.07	↑ 114.12%		20,879.45
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	9-Sep-24	3-Sep-24		27 & 29 Aug 24
Tenor	3, 5, 7 & 10-yr TNs	2-yr TN		2, 3, 5, 7 & 10-yr TNs
Coupon rate	11.00%, 12.50%, 13.50% & 15.00%	10.00%		10.00%, 11.00%, 12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)		52.80		86.97
Total applied - cost value (K'b)	24.62	9.49		86.97
Total allotted - cost value (K'b)	24.62	9.49		86.97
Allotted - weighted average ytm	30.00%, 32.00%, 34.00% & 35.00%	28.75%		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%	03-Sep-24	TBA
3-year TN	30.00%	09-Sep-24	24-Sep-24
5-year TN	32.00%	09-Sep-24	17-Sep-24
5-year Development Bond	28.00%	28-Nov-23	TBA
7-year TN	34.00%	09-Sep-24	TBA
7-Year Development Bond	34.00%	23-Aug-24	TBA
10-year TN	35.00%	09-Sep-24	TBA
10-year Development Bond	35.00%	20-Jun-24	TBA

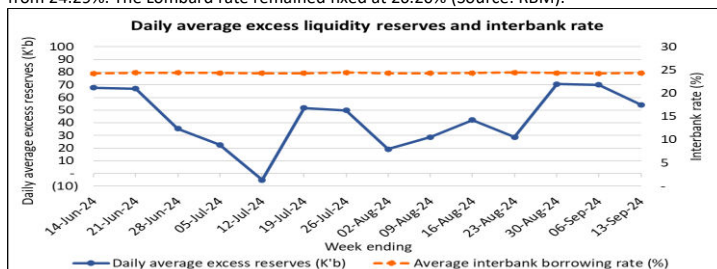
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
17-Sep-24	5	45.20	12.50%
24-Sep-24	3	49.12	11.00%

Projected maturities			
Week ending	13-Sep-24	20-Sep-24	27-Sep-24
TBs, PNs & TNs (K'm)	56,346	91,022	6,908
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	10,947

Data source: RBM

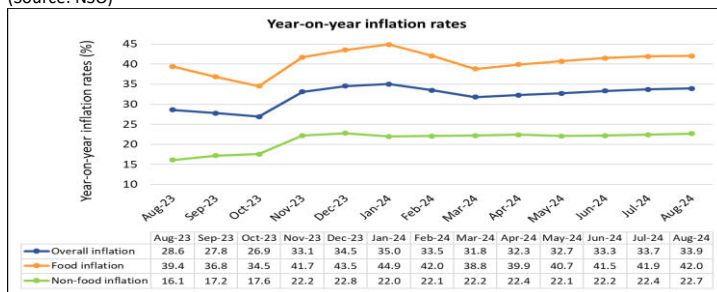
Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K54.21b during the week from K69.97b in the previous week. Daily average interbank borrowing increased to K81.60b from K63.86b. Borrowing on the Lombard facility amounted to K45.00b during the week, down from K237.60b in the previous week. The average interbank borrowing rate increased to 24.39% from 24.29%. The Lombard rate remained fixed at 26.20% (Source: RBM).



Inflation

The year-on-year headline inflation rate increased to 33.9% in August 2024 from 33.7% in July 2024 due to an increase in food inflation rate to 42.0% in August 2024 from 41.9% in July 2024 and an increase in non-food inflation rate to 22.7% in August 2024 from 22.4% in July 2024 (Source: NSO)



Policy Rate			
	25-Jul-24	% pts Δ	03-May-24
Rate	26.00%	→ 0.00	26.00%
Market Reference Rate			
	Sep-24	% pts Δ	Aug-24
Rate	25.40%	→ 0.00	25.40%
Inflation Rate			
	Aug-24	% pts Δ	Jul-24
Rate	33.9%	↑ 0.20	33.7%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a marginal loss of 0.01% to close the week at 143,372.79 points from 143,389.34 points in the previous. The market traded 16,793,986 shares at a consideration of K3.30b in 334 trades, compared to 15,501,902 shares traded at a consideration of K2.55b in 346 trades in the previous week. The year-to-date return on MASI stood at 29.22% as at the end of the week compared to 93.88% for the same period in 2023 (Source: MSE).

Stock market trading activity			
	13-Sep-24	% Δ	06-Sep-24
MASI	143,372.79	↓ -0.01%	143,389.34
DSI	111,935.02	↓ -0.01%	111,948.97
FSI	19,972.81	↓ -0.005%	19,973.80
Traded volume	16,793,986	↑ 8.34%	15,501,902
Number of trades	334	↓ -3.47%	346
Value of shares traded (K'm)	3,302.75	↑ 29.66%	2,547.28
Market capitalisation (K'm)	7,744,046.12	↓ -0.01%	7,744,935.51
Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	44.94	↑ 0.02%	44.93
ILLOVO	1,355.12	↑ 0.001%	1,355.11
NICO	198.70	↑ 0.01%	198.69
SUNBIRD	225.03	↑ 0.01%	225.01
Losers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	149.68	↓ -0.06%	149.77
FMBCH	398.47	↓ -0.01%	398.49
ICON	14.95	↓ -0.13%	14.97
MPICO	14.93	↓ -0.07%	14.94
NBM	3,449.98	↓ -0.001%	3,450.01
NBS	149.66	↓ -0.01%	149.68
NITL	411.16	↓ -0.002%	411.17

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