

Foreign exchange market developments

During the week the Kwacha 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	17-May-24	% Δ	10-May-24
USD	1748.9618	↑ -0.03%	1749.5218
GBP	2276.1071	↓ 1.06%	2252.3074
EUR	1952.2825	↓ 0.68%	1939.1687
ZAR	98.2781	↓ 1.51%	96.8151

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

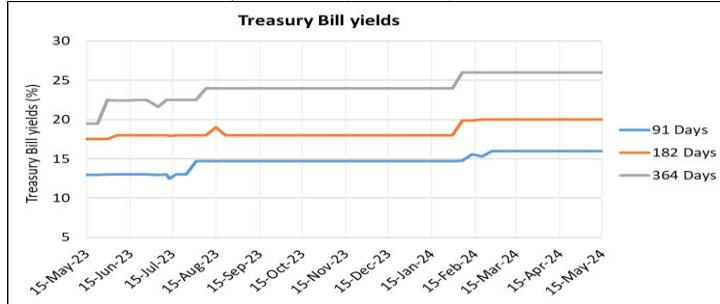
Foreign exchange reserves position			
Date	30-Apr-24	31-Mar-24	29-Feb-24
Total foreign exchange reserves (Aggregate of RBM, Banks & FCDAs)	603.07	552.94	540.33
Total import cover (months)	2.41	2.21	2.16

Cumulative tobacco sales as at the end of week 5			
Date	Week 5 2024 (16 May)	% Δ	Week 5 2023 (12 May)
Volume (million kg)	39.60	↑ 31.61%	30.09
Value (USD'million)	108.59	↑ 68.10%	64.60
Average price (USD/Kg)	2.74	↑ 27.44%	2.15

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K9.80b from auction of Treasury Bills and K8.24b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K11.13b, resulting in a net withdrawal of K6.91b from the market, compared to a net withdrawal of K16.51b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	15-May-24	% pts Δ	7-May-24
Amount offered -cost value (K'm)	14,399.00	↗ 0.00%	14,399.00
Applied - cost value (K'm)	9,804.25	↓ -0.52%	9,855.86
Allotted - cost value (K'm)	9,804.25	↓ -0.52%	9,855.86
Overall rejection rate	0.00%	↗ 0.00%	0.00%
91 days yield	16.0000%	↗ 0.0000%	16.0000%
182 days yield	20.0000%	↗ 0.0000%	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	15 & 17 May 2024	8-May-24	29 & 30 April 2024
Tenor	2, 3, 5 & 10	2, 5 & 10	2, 5 & 10
Coupon rate	10.00%, 11.00%, 12.50% & 15.00%	10.00%, 12.50% & 15.00%	10.00%, 12.50% & 15.00%
Amount offered -cost value (K'b)	K54.25b for the 3-yr TN	K47.22b for the 5-yr TN	
Total applied - cost value (K'b)	8.26	14.16	63.97
Total allotted - cost value (K'b)	8.24	14.16	63.97
Allotted - weighted average ytm	28.75%, 30.00%, 32.00% & 35.00%	28.75%, 32.00% & 35.00%	28.75%, 32.00% & 35.00%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	28.75%	17-May-24	04-Jun-24
3-year TN	30.00%	17-May-24	25-Jun-24
5-year TN	32.00%	17-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%	17-May-24	TBA
10-year Development Bond	23.35%	26-Apr-22	21-May-24

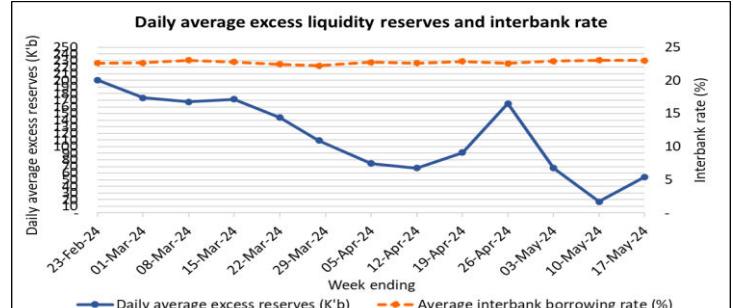
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
21-May-24	10-year IDB	3.95	16.00%
28-May-24	7	46.89	13.50%
04-Jun-24	2	59.52	10.00%
18-Jun-24	5	47.22	12.50%
25-Jun-24	3	54.51	11.00%

Projected maturities			
Week ending	17-May-24	24-May-24	31-May-24
TBs, PNs & TNs (K'm)	11,130	30,043	14,819
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

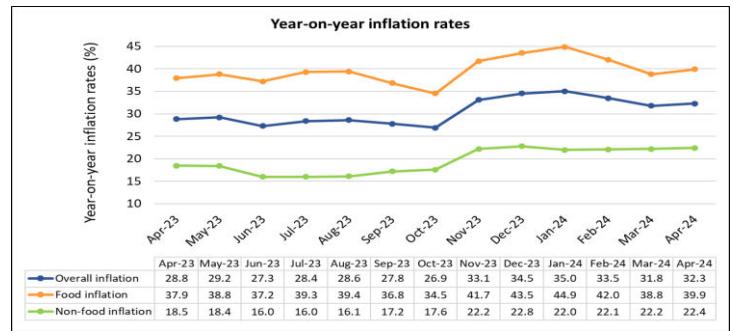
Average daily excess liquidity reserves increased to K54.24b during the week from K17.13b in the previous week. Daily average interbank borrowing increased to K39.78b from K37.04b. There was no borrowing on the Lombard facility during the week, compared to K146.00b in the previous week. The average interbank borrowing rate slightly decreased to 23.00% from 23.06%. The Lombard rate remained fixed at 26.20% (Source: RBM).



Policy Rate			
	03-May-24	% pts Δ	01-Feb-24
Rate	26.00%	↗ 0.00	26.00%
Market Reference Rate			
Rate	25.00%	↑ 0.10	24.90%
Inflation Rate			
Rate	32.3%	↑ 0.50	31.8%

Inflation rate

The year-on-year headline inflation rate increased to 32.3% in April 2024 from 31.8% in March 2024 due to an increase in food inflation rate to 39.9% from 38.8% in the previous month, and an increase in non-food inflation rate to 22.4% in April 2024 from 22.2% in March 2024 (Source: NSO).


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.06% to close the week at 113,694.34 points from 113,763.84 points in the previous. The market traded 2,652,129 shares at a consideration of K215.35b in 183 trades, compared to 3,579,289 shares traded at a consideration of K2.58b in 263 trades in the previous week. The year-to-date return on MASI stood at 2.47% as at the end of the week compared to 63.15% for the same period in 2023 (Source: MSE).

Stock market trading activity			
	17-May-24	% Δ	10-May-24
MASI	113,694.34	↓ -0.06%	113,763.84
DSI	86,277.30	↓ -0.07%	86,339.14
FSI	19,014.47	↗ 0.00%	19,014.47
Traded volume	2,652,129	↓ -25.90%	3,579,289
Number of trades	183	↓ -30.42%	263
Value of shares traded (K'm)	215.35	↓ -91.64%	2,577.16
Market capitalisation (K'm)	6,149,218.05	↓ -0.06%	6,152,942.01
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	51.15	↑ 0.06%	51.12
BHL	13.05	↑ 0.08%	13.04
ICON	16.80	↑ 0.06%	16.79
MPICO	14.84	↑ 1.09%	14.68
NBM	2400.18	↑ 0.002%	2400.14
NITL	411.49	↑ 0.002%	411.48
TNM	12.19	↑ 0.16%	12.17
Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	65.36	↓ -0.02%	65.37
NBS	90.72	↓ -1.72%	92.31
NICO	199.45	↓ -0.01%	199.47

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