

Foreign exchange market developments

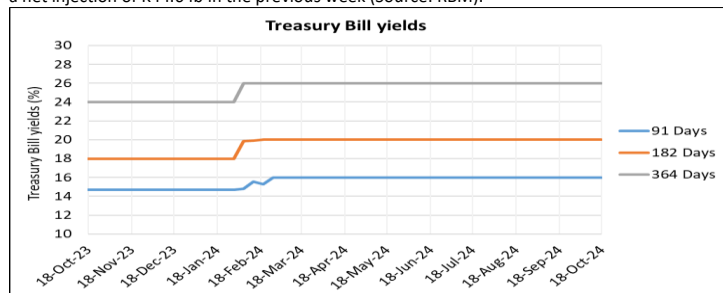
During the week the Kwacha appreciated against USD, GBP, EUR and ZAR as indicated by TT middle exchange rates below (Source: RBM).

Closing TT middle exchange rates as at the end of the week				
Currency	17-Oct-24	% Δ	11-Oct-24	
USD	1749.9805	↑ -0.03%	1750.5608	
GBP	2338.4329	↑ -0.74%	2355.9556	
EUR	1955.3514	↑ -0.64%	1967.8996	
ZAR	101.9488	↑ -1.09%	103.0761	
Opening foreign exchange bureaux middle rates as at the end of the week				
Currency	16-Oct-24	% Δ	11-Oct-24	
USD	1931.6900	↑ -0.0001%	1931.6913	
GBP	2527.7356	↑ -0.05%	2528.9204	
EUR	2141.5365	↑ -0.17%	2145.1925	
ZAR	108.3275	↓ 0.23%	108.0769	
Foreign exchange reserves position				
	31-Aug-24	31-Jul-24	30-Jun-24	
Total foreign exchange reserves (Aggregate of RBM, Banks & FCDAs) (USD'm)	549.85	572.02	591.51	
Total import cover (months)	2.20	2.29	2.37	

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K18.56b from auction of Treasury Bills and K46.77b from auction of Treasury notes and bonds during the week. Maturities of Government securities for the week amounted to K19.27b, resulting in a net withdrawal of K46.06b from the market, compared to a net injection of K44.64b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	16 & 18 Oct 24	% pts Δ	8-Oct-24	
Amount offered - cost value (K'm)	13,160.00	→ 0.00%	13,160.00	
Applied - cost value (K'm)	18,557.38	↑ 34348.45%	53.87	
Allotted - cost value (K'm)	18,557.38	↑ 34348.45%	53.87	
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	16 & 18 Oct 24	8 & 10 Oct 24	4-Oct-24	
Tenor	2-yr TN, 3-yr TN, 3-yr IDB, 5-yr TN, 7-yr TN, & 10-yr TN	3-yr IDB	2, 3, 5 & 10-yr TNs	
Coupon rate	10.00%, 11.00%, 12.00%, 12.50%, 13.50% & 15.00%	12.00%	10.00%, 11.00%, 12.50% & 15.00%	
Amount offered - cost value (K'b)	K42.047b for the 2-yr TN	20.00		
Total applied - cost value (K'b)	47.22	4.76	176.58	
Total allotted - cost value (K'b)	46.77	4.76	176.58	
Allotted - weighted average ytm	28.75%, 30.00%, 30.00%, 32.00%, 34.00% & 35.00%	30.00%	28.75%, 30.00%, 32.00% & 35.00%	

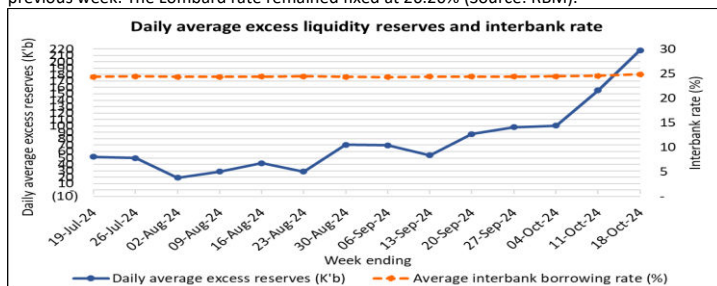
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2-year TN	28.75%	18-Oct-24	10-Dec-24	
3-year TN	30.00%	18-Oct-24	05-Nov-24	
3-year Development Bond	30.00%	18-Oct-24	TBA	
5-year TN	32.00%	18-Oct-24	19-Nov-24	
5-year Development Bond	28.00%	28-Nov-23	31-Dec-24	
7-year TN	34.00%	18-Oct-24	29-Oct-24	
7-year Development Bond	34.00%	20-Sep-24	TBA	
10-year TN	35.00%	18-Oct-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	
29-Oct-24	7-yr TN	28.21	13.50%	
05-Nov-24	3-yr TN	37.54	11.00%	
19-Nov-24	5-yr TN	30.08	12.50%	
26-Nov-24	2-yr IDB	20.00		
03-Dec-24	7-yr TN	27.61	13.50%	
10-Dec-24	2-yr TN	42.05	10.00%	
17-Dec-24	3-yr TN	37.54	11.00%	
31-Dec-24	5-yr IDB	10.00	13.50%	
Projected maturities				
Week ending	18-Oct-24	25-Oct-24	1-Nov-24	
TBs, PNs & TNs (K'm)	19,268	41,627	7,578	
OMO repos (K'm)	0	2,030	0	
OMO reverse repos (K'm)	0	0	0	

Data source: RBM

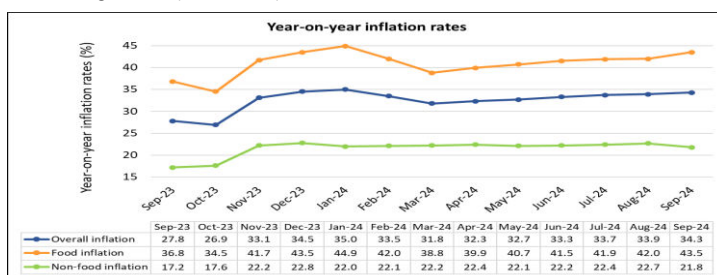
Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K218.03b during the week from K155.54b in the previous week. Daily average interbank borrowing decreased to K20.83b from K34.40b. 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 24.87% from 24.52% in the previous week. The Lombard rate remained fixed at 26.20% (Source: RBM).



Inflation

The year-on-year headline inflation rate increased to 34.3% in September 2024 from 33.9% in August 2024 due to an increase in food inflation rate to 43.5% in September 2024 from 42.0% in August 2024 while non-food inflation rate decreased to 21.8% in September 2024 from 22.7% in August 2024 (Source: NSO)



Policy Rate				
Rate	25-Jul-24	% pts Δ	03-May-24	
	26.00%	→ 0.00	26.00%	
Market Reference Rate				
Rate	Oct-24	% pts Δ	Sep-24	
	25.40%	→ 0.00	25.40%	
Inflation Rate				
Rate	Sep-24	% pts Δ	Aug-24	
	34.3%	↑ 0.40	33.9%	

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.43% to close the week at 144,641.80 points from 144,019.24 points in the previous. The market traded 8,536,698 shares at a consideration of K1.75b in 258 trades, compared to 22,215,689 shares traded at a consideration of K2.91b in 302 trades in the previous week. The year-to-date return on MASI stood at 30.37% as at the end of the week compared to 87.29% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	18-Oct-24	% Δ	11-Oct-24	
MASI	144,641.80	↑ 0.43%	144,019.24	
DSI	113,057.21	↑ 0.49%	112,503.26	
FSI	19,981.73	→ 0.000%	19,981.73	
Traded volume	8,536,698	↓ -61.57%	22,215,689	
Number of trades	258	↓ -14.57%	302	
Value of shares traded (K'm)	1,749.98	↓ -39.92%	2,912.81	
Market capitalisation (K'm)	7,812,067.15	↑ 0.43%	7,778,707.99	
Gainers				
	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	50.11	↑ 0.08%	50.07	
BHL	14.20	↑ 5.11%	13.51	
NICO	198.75	↑ 0.01%	198.73	
STANDARD	5335.11	↑ 0.0004%	5335.09	
SUNBIRD	240.01	↑ 6.65%	225.05	
TNM	20.50	↑ 2.50%	20.00	
Losers				
	Closing price (K)	% Δ	Opening price (K)	
FDHB	149.24	↓ -0.06%	149.33	
ICON	14.88	↓ -0.07%	14.89	
ILOVO	1,299.98	↓ -0.001%	1,299.99	
NBS	149.58	↓ -0.01%	149.59	
NITL	409.96	↓ -0.002%	409.97	

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