Market update – 23rd August 2024

Foreign exchange market developments

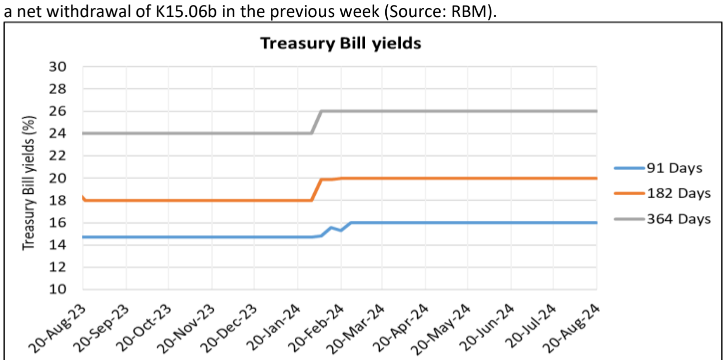
During the week the Kwacha depreciated against USD, GBP and EUR but appreciated against ZAR as indicated by TT middle exchange rates below:

Closing TT middle exchange rates as at the end of the week			
Currency	**23-Aug-24**	**% Δ**	**16-Aug-24**
USD	1750.5096	↓ 0.001%	1750.4979
GBP	2361.6168	↓ 1.90%	2317.5665
EUR	2004.2696	↓ 1.48%	1974.9479
ZAR	99.4135	↑ -0.33%	99.7443
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 &	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 K58.19b from auction of Treasury Bills and K111.69b from auction of Treasury Notes and Bonds during the week. Maturities of Government securities for the week amounted to K79.33b, resulting in a net withdrawal of K90.55b from the market, compared to a net withdrawal of K15.06b in the previous week (Source: RBM).

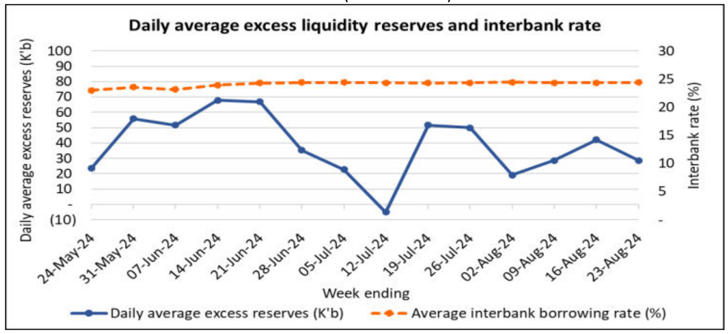


Treasury Bill auctions			
Auction date	**20-Aug-24**	**% pts Δ**	**13-Aug-24**
Amount offered -cost value (K'm)	19,028.00	→ 0.00%	19,028.00
Applied - cost value (K'm)	58,194.71	↑ 210.69%	18,730.92
Alloted - cost value (K'm)	58,194.71	↑ 210.69%	18,730.92
Overall rejection rate	0.00%	→ 0.00	0.00%
91 days 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	**20 & 23 Aug 24**	**13 & 16 Aug 24**	**13 & 16 Aug 24**
Tenor	2-yr TN, 3-yr TN, 5-yr TN, 7-yr ID & 10-yr TN	3-yr TN	2-yr TN, 3-yr TN, 5-yr TN, 7-yr ID & 10-yr TN
Coupon rate	10.00%, 11.00%, 12.50%, 14.50% & 15.00%	11.00%	10.00%, 11.00%, 12.50%, 14.50% & 15.00%
Amount offered -cost value (K'b)		49.12	
Total applied - cost value (K'b)	98.42	13.27	22.56
Total allotted - cost value (K'b)	98.42	13.27	22.56
Allotted - weighted average ytm	28.75%, 30.00%, 32.00%, 34.00% & 35.00%	30.00%	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%	23-Aug-24	03-Sep-24
3-year TN	30.00%	23-Aug-24	24-Sep-24
5-year TN	32.00%	23-Aug-24	17-Sep-24
5-year Development Bond	28.00%	28-Nov-23	TBA
7-year TN	34.00%	01-Aug-24	27-Aug-24
7-Year Development Bond	34.00%	23-Aug-24	TBA
10-year TN	35.00%	23-Aug-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**
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	**23-Aug-24**	**30-Aug-24**	**6-Sep-24**
TBs, PNs & TNs (K'm)	79,331	15,817	8,682
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	31,931	0

Data source: RBM

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K28.61b during the week from K42.12b in the previous week. Daily average interbank borrowings decreased to K69.00b from K77.14b. Access on the Re-discounting Standing Facility amounted to K1.40b. Borrowing on the Lombard facility decreased to an average of K43.64b per day, compared to K59.40b per day in the previous week. The average interbank borrowing rate increased to 24.45% from 24.39%. The Lombard rate remained fixed at 26.20% (Source: RBM)



Policy Rate			
	25-Jul-24	**% pts Δ**	**03-May-24**
Rate	26.00%	→ 0.00	26.00%
Market Reference Rate			
	Aug-24	**% pts Δ**	**Jul-24**
Rate	25.40%	→ 0.00	25.40%
Inflation Rate			
	Jul-24	**% pts Δ**	**Jun-24**
Rate	33.7%	↑ 0.40	33.3%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.36% to close the week at 141,099.04 points from 139,204.55 points in the previous. The market traded 4,767,432 shares at a consideration of K1.41b in 355 trades, compared to 15,274,482 shares traded at a consideration of K2.16b in 408 trades in the previous week. The year-to-date return on MASI stood at 27.17% as at the end of the week compared to 88.91% for the same period in 2023 (Source: MSE).

Stock market trading activity			
	23-Aug-24	**% Δ**	**16-Aug-24**
MASI	141,099.04	↑ 1.36%	139,204.55
DSI	109,910.66	↑ 1.61%	108,167.12
FSI	19,974.30	↓ -0.37%	20,048.12
Traded volume	4,767,432	↓ -68.79%	15,274,482
Number of trades	355	↓ -12.99%	408
Value of shares traded (K'm)	1,412.98	↓ -34.73%	2,164.83
Market capitalisation (K'm)	7,622,211.84	↑ 1.34%	7,521,159.89
Gainers	**Closing price (K)**	**% Δ**	**Opening price (K)**
MPICO	14.98	↑ 0.07%	14.97
NBM	3,450.03	↑ 0.001%	3,450.00
STANDARD	4,850.00	↑ 10.23%	4,400.06
SUNBIRD	224.08	↑ 0.02%	224.03
TNM	17.00	↑ 4.04%	16.34
Losers	**Closing price (K)**	**% Δ**	**Opening price (K)**
FDHB	149.77	↓ -0.12%	149.95
FMBCH	398.50	↓ -0.37%	399.99
ICON	14.99	↓ -5.37%	15.84
NBS	149.87	↓ -0.07%	149.97
NICO	198.89	↓ -0.02%	198.93
NITL	411.19	↓ -0.02%	411.26
OMU	1,865.99	↓ -0.001%	1,866.00
PCL	2,499.89	↓ -0.002%	2,499.93

Dividends announced					
Company	**Dividend type**	**Dividend (K/share)**	**Ex-dividend date**	**Last day to register**	**Payment date**
PCL	Final declared	37.00	14-Aug-24	16-Aug-24	30-Aug-24
NICO	Final declared	2.00	21-Aug-24	23-Aug-24	30-Aug-24
NITL	Final declared	5.00	21-Aug-24	23-Aug-24	30-Aug-24
NBS	Final declared	0.64	14-Aug-24	16-Aug-24	3-Sep-24
NBM	Interim declared	27.84	TBA	TBA	TBA

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