

Foreign exchange market developments

During the week, the Kwacha marginally appreciated against the USD but depreciated against the 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 | 23-May-25 | % Δ | 16-May-25 |
| USD | 1750.7375 | ↑ 0.004% | 1750.7998 |
| GBP | 2425.9540 | ↓ 0.97% | 2402.5752 |
| EUR | 2040.0448 | ↓ 1.04% | 2018.9855 |
| ZAR | 100.4577 | ↓ 0.31% | 100.1515 |

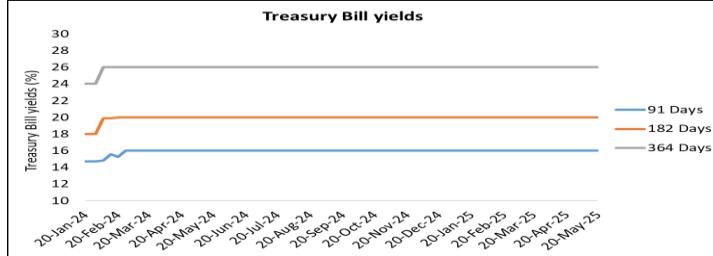
| Foreign exchange reserves position | | | |
|---|-----------|-----------|-----------|
| | 28-Feb-25 | 31-Jan-25 | 31-Dec-24 |
| Total foreign exchange reserves (Aggregate of RBM, Banks & FCDAs) | 569.50 | 570.60 | 530.90 |
| Total import cover (months) | 2.30 | 2.30 | 2.10 |

| Cumulative tobacco sales as at the end of week 7 | | | |
|--|--------------------------|---------------------------|-----------|
| Date | Week 7 2025 23 May 2025) | Week 7 2024 (31 May 2024) | |
| Volume (million kg) | 58.90 | 64.73 | ↓ -9.01% |
| Value (USD'million) | 143.00 | 182.00 | ↓ -21.43% |
| Average price (USD/Kg) | 2.43 | 2.81 | ↓ -13.52% |

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K10.78b from the auction of Treasury Bills and K11.91b from the auction of a 2-year Development Bond. Maturities of Government securities for the week amounted to K14.59b, resulting in a net withdrawal of K8.10b from the market during the week, compared to a net withdrawal of K5.68b in the previous week (Source: RBM).



| Treasury Bill auctions | | | |
|----------------------------------|-----------|-----------|-----------|
| Auction date | 20-May-25 | % pts Δ | 13-May-25 |
| Amount offered -cost value (K'm) | 19,285.00 | ↗ 0.00% | 19,285.00 |
| Applied - cost value (K'm) | 10,779.78 | ↓ -58.41% | 25,919.82 |
| Allotted - cost value (K'm) | 10,779.78 | ↓ -58.41% | 25,919.82 |
| 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-May-25 | 6-May-25 | 22-Apr-25 |
| Tenor | 2-year TN | 3 years | 5 years |
| Coupon rate | 11.00% | 11.00% | 0.125 |
| Amount offered -cost value (K'b) | 10.00 | 77.14 | 68.945 |
| Total applied - cost value (K'b) | 11.91 | 15.55 | 19.96 |
| Total allotted - cost value (K'b) | 11.91 | 15.55 | 19.96 |
| Allotted - weighted average ytm | 28.75% | 30.00% | 32.00% |

| Tenor | Last auction's yield | Last auction | Next auction |
|--------------------------|----------------------|--------------|--------------|
| 2-year TN | 28.75% | 15-Apr-25 | 03-Jun-25 |
| 2-year Development Bond | 28.75% | 20-May-25 | TBA |
| 3-year TN | 30.00% | 06-May-25 | TBA |
| 3-year Development Bond | 30.00% | 10-Feb-25 | 24-Jun-25 |
| 5-year TN | 32.00% | 22-Apr-25 | 17-Jun-25 |
| 5-year Development Bond | 32.00% | 20-Feb-25 | TBA |
| 7-year TN | 34.00% | 25-Mar-25 | 27-May-25 |
| 7-Year Development Bond | 34.00% | 07-Jan-25 | TBA |
| 10-year TN | 35.00% | 08-Apr-25 | 10-Jun-25 |
| 10-year Development Bond | 35.00% | 20-Jun-24 | TBA |

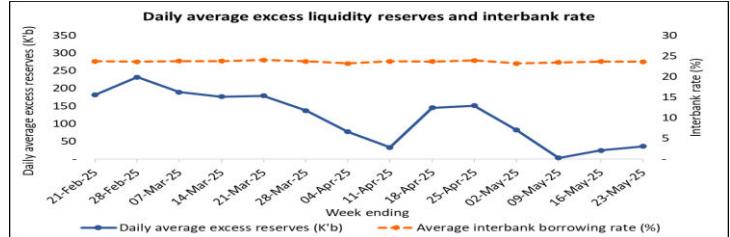
| Upcoming auctions of Treasury Notes and Bonds | | | |
|---|---------------|--------------|----------------------------|
| Auction date | Tenor (years) | Amount (K'm) | Last auction's coupon rate |
| 27-May-25 | 7 | 63.40 | 13.50% |
| 03-Jun-25 | 2 | 84.71 | 10.00% |
| 10-Jun-25 | 10 | 55.70 | 15.00% |
| 17-Jun-25 | 5 | 68.95 | 12.50% |
| 24-Jun-25 | 3 IDB | 10.00 | 12.00% |

| Projected maturities | | | |
|-------------------------|-----------|-----------|----------|
| Week ending | 23-May-25 | 30-May-25 | 6-Jun-25 |
| TBs, PNs & TNs (K'm) | 14,587 | 6,890 | 29,401 |
| OMO repos (K'm) | 0 | 0 | 45,898 |
| OMO reverse repos (K'm) | 0 | 29,488 | 11,795 |

Data source: RBM

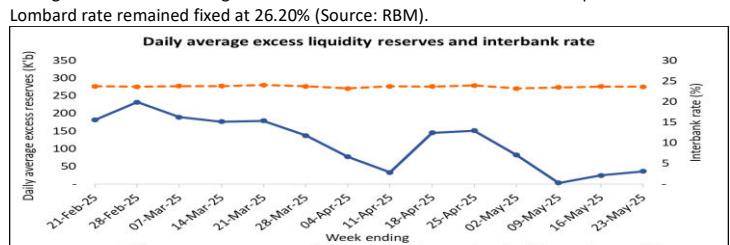
Market liquidity and interbank market activity

During the week, daily excess liquidity reserves averaged K35.84b, decreasing from an average of K24.46b in the previous week. The daily interbank borrowing averaged K58.45b during the week from K84.63b in the previous week. Borrowing on the Lombard facility averaged K134.30b per day during the week, compared to K96.00b per day in the previous week. The average interbank borrowing rate decreased to 23.59% 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 29.2% in April 2025 from 30.5% in March 2025 as food inflation rate decreased to 35.8% in April 2025 from 37.7% in March 2025 while non-food inflation rate increased to 19.4% in April 2025 from 19.2% in March 2025 (Source: NSO).



Data source: MSE

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