



Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week				
Currency	26-Jul-24	% Δ	19-Jul-24	
USD	1750.6019	↓	1750.3738	
GBP	2315.2101	↑	2331.6400	
EUR	1958.5748	↓	1957.5385	
ZAR	97.6748	↑	97.8584	

Opening foreign exchange bureaux middle rates as at the end of the week				
Currency	24-Jul-24	% Δ	19-Jul-24	
USD	1926.7942	↓	1926.3775	
GBP	2476.1667	↑	2478.1667	
EUR	2112.2917	↓	2113.4375	
ZAR	104.5975	↑	104.6600	

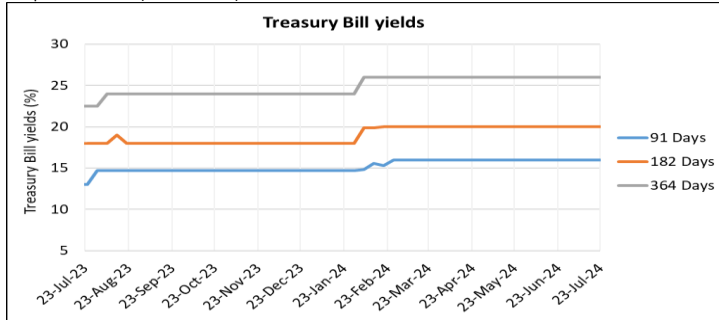
Foreign exchange reserves position				
	30-Jun-24	31-May-24	30-Apr-24	
Total foreign exchange reserves (Aggregate of RBM, Banks & Total import cover (months)	591.51	610.18	603.07	
	2.37	2.44	2.41	

Cumulative tobacco sales as at the end of week 15				
Date	Week 15 2024 (26 July)	% Δ	Week 15 2023 (21 July)	
Volume (million kg)	132.15	↑	117.92	
Value (USD'million)	393.08	↑	277.30	
Average price (USD/Kg)	2.97	↑	2.35	

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K21.48b from auction of Treasury Bills and K45.91b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K22.29b, resulting in a net withdrawal of K45.10b from the market, compared to a net injection of K33.24b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	23 & 26 July 24		% pts Δ	16 & 18 July 24
Amount offered - cost value (K'm)	10,086.00	→	0.00%	10,086.00
Applied - cost value (K'm)	21,483.24	↓	-29.08%	30,293.99
Allotted - cost value (K'm)	21,483.24	↓	-29.08%	30,293.99
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	23 & 26 July 24		18-Jul-24	9-Jul-24
Tenor	2, 3, 5, 7 & 10 year TNs		2, 3, 5, 7 & 10 year TNs	10 year TN
Coupon rate	10.00%, 11.00%, 12.50%, 13.50% & 15.00%		10.00%, 11.00%, 12.50%, 13.50% & 15.00%	15.00%
Amount offered - cost value (K'b)	52.80			40.25
Total applied - cost value (K'b)	45.91		9.58	0.04
Total allotted - cost value (K'b)	45.91		9.58	0.04
Allotted - weighted average ytm	28.75%, 30.00%, 32.00%, 34.00% & 35.00%		28.75%, 30.00%, 32.00%, 34.00% & 35.00%	35.00%

Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2-year TN	28.75%	26-Jul-24	03-Sep-24	
3-year TN	30.00%	26-Jul-24	20-Aug-24	
5-year TN	32.00%	26-Jul-24	30-Jul-24	
5-year Development Bond	28.00%	28-Nov-23	TBA	
7-year TN	34.00%	26-Jul-24	27-Aug-24	
7-year Development Bond	32.00%	16-Jan-24	06-Aug-24	
10-year TN	35.00%	26-Jul-24	TBA	
10-year Development Bond	35.00%	20-Jun-24	TBA	

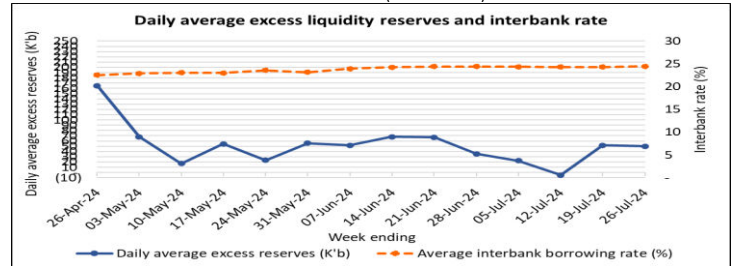
Upcoming auctions of Treasury Notes and Bonds				
Auction date	Tenor (years)	Amount (K'b)	auction's coupon	
30-Jul-24	5	42.64	12.50%	
06-Aug-24	7-year IDB	20.00	14.50%	
20-Aug-24	3	49.12	11.00%	
27-Aug-24	7	45.48	13.50%	
03-Sep-24	2	52.80	10.00%	
17-Sep-24	5	45.20	12.50%	
24-Sep-24	3	49.12	11.00%	

Projected maturities				
Week ending	26-Jul-24	2-Aug-24	9-Aug-24	
TBs, PNs & TNs (K'm)	22,294	38,858	14,209	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	0	0	0	

Data source: RBM

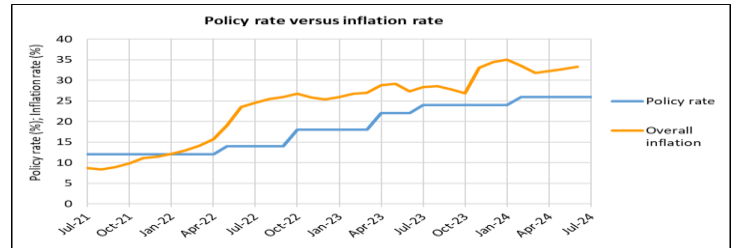
Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K49.86b during the week from K51.72b in the previous week. Daily average interbank borrowing marginally increased to K84.34b from K80.66b. Borrowing on the Lombard facility decreased to an average of K76.46b per day, compared to K80.90b per day in the previous week. The average interbank borrowing rate increased to 24.45% from 24.33%. The Lombard rate remained fixed at 26.20% (Source: RBM)



Monetary policy

The Monetary Policy Committee (MPC) held its third meeting of 2024 on 24th and 25th July 2024 during which they decided to maintain the Policy rate at 26.0%, the Lombard rate at 20 basis points above the Policy rate (26.2%), and the Liquidity Reserve Requirement (LRR) ratios at 3.75% for foreign currency deposits and 8.75% for domestic currency deposits. MPC made the decision after noting that the current stance has stabilised non-food inflation and sufficiently contained the spill-over effects of food inflation to non-food inflation. The Committee further believes that maintaining the current policy stance will help in containing inflationary pressures and ensure that inflation declines towards the medium-term objective of 5%. Annual inflation projection for 2024 was revised upwards from 30% in the previous MPC meeting to 33.5% primarily due to elevated food prices. Malawi's economic growth is projected at 2.3% in 2024, a downward revision from an earlier projection of 3.2% reflecting the impact of El-Nino weather conditions on production. The revised rate is however higher than 1.9% in 2023 (Source: RBM).



Policy Rate				
Rate	25-Jul-24	% pts Δ	03-May-24	
	26.00%	→	26.00%	

Market Reference Rate				
Rate	Jul-24	% pts Δ	Jun-24	
	25.40%	↑	25.10%	

Inflation Rate				
Rate	Jun-24	% pts Δ	May-24	
	33.3%	↑	32.7%	

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.31% to close the week at 128,993.20 points from 127,326.14 points in the previous. The market traded 2,463,488 shares at a consideration of K376.47m in 387 trades, compared to 7,153,573 shares traded at a consideration of K1.05b in 216 trades in the previous week. The year-to-date return on MASI stood at 16.26% as at the end of the week compared to 81.76% for the year-to-date in 2023 (Source: MSE).

Stock market trading activity				
	26-Jul-24	% Δ	19-Jul-24	
MASI	128,993.20	↑	127,326.14	
DSI	99,103.73	↑	98,020.59	
FSI	20,019.07	↓	19,507.94	
Traded volume	2,463,488	↓	7,153,573	
Number of trades	387	↓	216	
Value of shares traded (K'm)	376.47	↓	1,051.58	
Market capitalisation (K'm)	6,972,278.61	↑	6,880,862.06	

Gainers				
	Closing price (K)	% Δ	Opening price (K)	
FDHB	120.03	↑	110.03	
FMBCH	400.01	↑	390.00	
ILLOVO	1355.12	↑	1355.10	
NBM	2700.08	↑	2700.05	
OMU	1622.93	↑	1500.04	
STANDARD	4400.01	↑	4400.00	

Losers				
	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	45.19	↓	45.50	
MPICO	15.00	↓	15.01	
NBS	152.27	↓	152.28	
NICO	199.06	↓	199.20	
NITL	411.37	↓	411.40	
PCL	2499.98	↓	2499.99	
TNM	16.47	↓	16.49	

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