



Foreign exchange market developments

The Reserve Bank of Malawi held a Foreign Exchange Auction with Authorised Dealer Banks on 30th April 2024, during which the Kwacha to US dollar exchange rate was maintained at K1,751 per US dollar. However, during the week the Kwacha depreciated against USD, GBP, EUR and ZAR, as indicated by TT middle exchange rates below:

Table with 4 columns: Currency, 3-May-24, % Δ, 26-Apr-24. Includes sub-sections for Closing TT middle exchange rates, Opening foreign exchange bureaux middle rates, Foreign exchange reserves position, and Cumulative tobacco prices.

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K33.35m from auction of Treasury Bills and K63.97b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K10.55b, resulting in a net withdrawal of K53.45b from the market, compared to a net withdrawal of K0.47b in the previous week (Source: RBM).

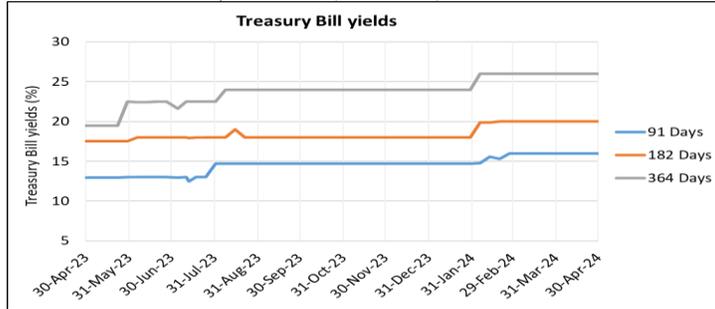


Table titled 'Treasury Bill auctions' with columns: Auction date, Amount offered - cost value (K'm), Applied - cost value (K'm), Allotted - cost value (K'm), Overall rejection rate, and yields for 91, 182, 364 days and All-type yield.

Table titled 'Treasury Note and Bond auctions' with columns: Auction dates, Tenor, Coupon rate, Amount offered - cost value (K'b), Total applied - cost value (K'b), Total allotted - cost value (K'b), and Allotted - weighted average ytm.

Table titled 'Current yields for Treasury Notes and Bonds' with columns: Tenor, Last auction's yield, Last auction, and Next auction.

Table titled 'Upcoming auctions of Treasury Notes and Bonds' with columns: Auction date, Tenor (years), Amount (K'b), and Last auction's coupon rate.

Table titled 'Projected maturities' with columns: Week ending, TBs, PNs & TNs (K'm), OMO repos (K'm), and OMO reverse repos (K'm).

Data source: RBM

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K67.81b during the week from K165.07b in the previous week. Daily average interbank borrowing increased to K87.70b from K37.70b. Borrowing on the Lombard facility amounted to K13.00b during the week, compared to no borrowing on the facility in the previous week. The average interbank borrowing rate increased to 22.92% from 22.56%. The Lombard rate remained fixed at 26.20% (Source: RBM).

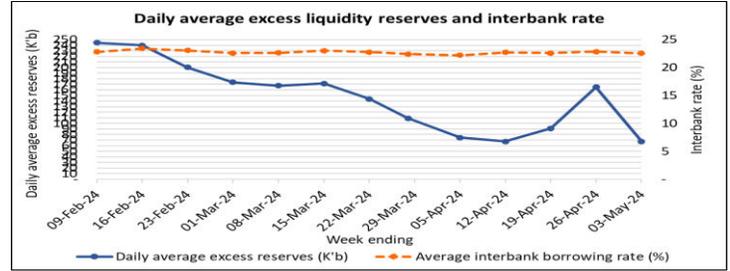
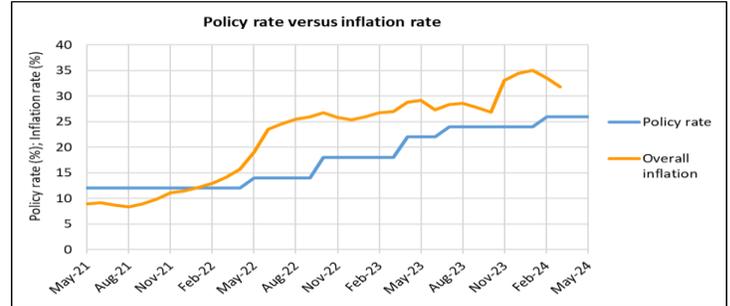


Table showing Policy Rate (26.00%), Market Reference Rate (24.90%), and Inflation Rate (31.8%) with their respective changes and historical rates.

Monetary Policy

The Monetary Policy Committee (MPC) held its second meeting of 2024 on 2nd and 3rd May 2024 during which they decided to maintain the Policy rate at 26.0%, considering the recent deceleration in inflation and its continued downward projected trend in the near term. The MPC also maintained the Lombard rate at 20 basis points above the Policy rate (26.2%) and the Liquidity Reserve Requirement (LRR) ratio on foreign currency deposits at 3.75%. However, the Committee raised the LRR on domestic currency deposits by 100 basis points to 8.75% from 7.75% to address the rapid expansion in money supply. Average inflation rate for the year 2024 is projected at 30.0% and economic growth rate is projected at 3.2% (Source: RBM).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -1.09% to close the week at 114,265.22 points from 115,521.91 points in the previous. The market traded 10,598,709 shares at a consideration of K2.60b in 292 trades, compared to 10,075,488 shares traded at a consideration of K1.85b in 240 trades in the previous week. The year-to-date return on MASI stood at 2.99% as at the end of the week compared to 41.86% for the same period in 2023 (Source: MSE).

Table titled 'Stock market trading activity' with columns: Stock market trading activity (MASI, DSI, FSI), Traded volume, Number of trades, Value of shares traded, Market capitalisation, and lists of Gainers and Losers with their closing and opening prices.

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice, or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.