



**Foreign exchange market developments**

During the week, the Kwacha marginally depreciated against the USD and GBP but appreciated against the 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   | 31-Jan-25 | % Δ      | 24-Jan-25 |
| USD  | 1750.3538 | ↓ 0.08%  | 1749.0100 |
| GBP  | 2233.8408 | ↓ 0.11%  | 2231.3205 |
| EUR  | 1866.8298 | ↑ -0.84% | 1882.7207 |
| ZAR  | 97.1126   | ↑ -0.78% | 97.8719   |

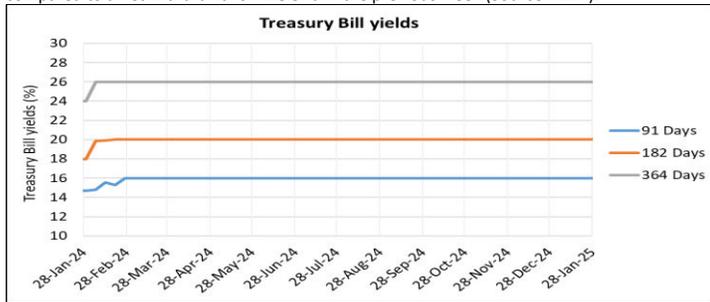
  

| Foreign exchange reserves position   |           |           |           |
|--|-----------|-----------|-----------|
|  | 30-Nov-24 | 31-Oct-24 | 30-Sep-24 |
| Total foreign exchange reserves (Aggregate of RBM, Banks & FCDA's) (USD'm) | 516.90    | 519.00    | 560.30    |
| Total import cover (months)  | 2.10      | 2.10      | 2.20      |

Data source: Reserve Bank of Malawi (RBM)

**Government securities**

The Government raised K31.75b from the auction of Treasury Bills and K26.81b from a 10-year Treasury Note during the week. Maturities of Government securities for the week amounted to K5.73b and access to the Rediscounting Standing Facility amounted to K3.06b. These transactions resulted in a net withdrawal of K49.77b from the market during the week, compared to a net withdrawal of K18.57b in the previous week (Source: RBM).



| Treasury Bill auctions            |           |           |           |
|-----------------------------------|-----------|-----------|-----------|
| Auction date                      | 28-Jan-25 |           | 21-Jan-25 |
| Amount offered - cost value (K'm) | 17,323.00 | ⇒ 0.00%   | 17,323.00 |
| Applied - cost value (K'm)        | 31,749.71 | ⇒ 27.09%  | 24,981.78 |
| Allotted - cost value (K'm)       | 31,749.71 | ⇒ 27.09%  | 24,981.78 |
| 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                     | 28-Jan-25 | 21 & 23 Jan 2025   |  |
| Tenor                             | 10        | 2-yr TN, 2-yr IDB, 3-yr TN, 3-yr IDB, 5-yr TN, 5-yr IDB, 7-yr TN, 10-yr TN |  |
| Coupon rate                       | 15.00%    | 10.0%, 11.0%, 11.0%, 12.0%, 12.5%, 13.5%, 13.5% & 15.0%                    |  |
| Amount offered - cost value (K'b) | 30.68     | K10.0b for the 2-yr IDB  |  |
| Total applied - cost value (K'b)  | 26.81     | 75.18  |  |
| Total allotted - cost value (K'b) | 26.81     | 75.18  |  |
| Allotted - weighted average ytm   | 35.00%    | 28.75%, 28.75%, 30.00%, 30.00%, 32.00%, 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-Jan-25    | 04-Feb-25    |
| 2-year Development Bond                     | 28.75%               | 23-Jan-25    | TBA          |
| 3-year TN                                   | 30.00%               | 23-Jan-25    | 11-Feb-25    |
| 3-year Development Bond                     | 30.00%               | 23-Jan-25    | 25-Feb-25    |
| 5-year TN                                   | 32.00%               | 23-Jan-25    | 04-Mar-25    |
| 5-year Development Bond                     | 32.00%               | 23-Jan-25    | TBA          |
| 7-year TN                                   | 34.00%               | 23-Jan-25    | 18-Feb-25    |
| 7-year Development Bond                     | 34.00%               | 07-Jan-25    | TBA          |
| 10-year TN                                  | 35.00%               | 28-Jan-25    | TBA          |
| 10-year Development Bond                    | 35.00%               | 20-Jun-24    | TBA          |

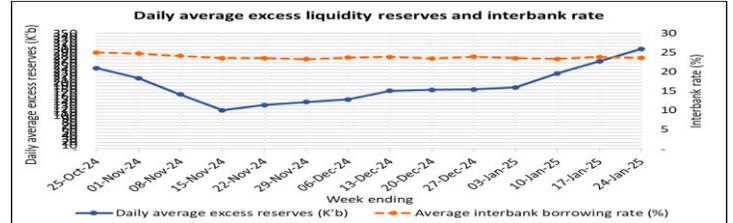
| Upcoming auctions of Treasury Notes and Bonds |               |              |                            |
|---|---------------|--------------|----------------------------|
| Auction date                                  | Tenor (years) | Amount (K'b) | Last auction's coupon rate |
| 04-Feb-25                                     | 2             | 46.02        | 10.00%                     |
| 11-Feb-25                                     | 3             | 35.34        | 11.00%                     |
| 18-Feb-25                                     | 7             | 21.36        | 13.50%                     |
| 25-Feb-25                                     | 3-yr IDB      | 10.00        | 12.00%                     |
| 04-Mar-25                                     | 5             | 40.02        | 12.50%                     |
| 11-Mar-25                                     | 2             | 49.02        | 10.00%                     |
| 18-Mar-25                                     | 3             | 43.02        | 11.00%                     |
| 25-Mar-25                                     | 7             | 21.34        | 13.50%                     |

| Projected maturities    |           |          |           |
|-------------------------|-----------|----------|-----------|
| Week ending             | 31-Jan-25 | 7-Feb-25 | 14-Feb-25 |
| TBs, PNs & TNs (K'm)    | 5,732     | 47,848   | 106,474   |
| OMO repos (K'm)         | 0         | 0        | 0         |
| OMO reverse repos (K'm) | 0         | 10,860   | 0         |

Data source: RBM

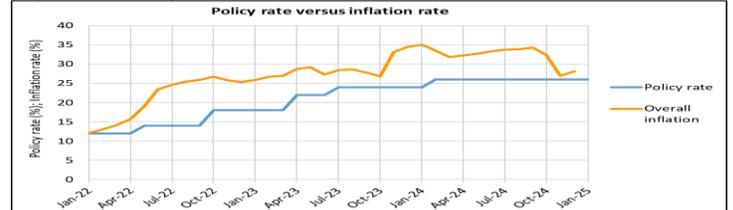
**Market liquidity and interbank market activity**

Average daily excess liquidity reserves decreased to K194.46b during the week from K302.47b in the previous week. The average daily interbank borrowing increased to K188.10b from K152.90b in the previous week. Borrowing on the Lombard facility amounted to K67.00b during the week compared to no borrowing in the previous week. The average interbank borrowing rate slightly decreased to 23.52% from 23.56% in the previous week. The Lombard rate remained fixed at 26.20% (Source: RBM).



**Monetary policy**

The Monetary Policy Committee (MPC) held its first meeting of 2025 on 29<sup>th</sup> and 30<sup>th</sup> January 2025, during which they resolved to maintain the Policy rate at 26.0% and the Lombard rate at 20 basis points above the policy rate (26.2%). The Committee also retained the Liquidity Reserve Requirement (LRR) ratio at 10.0% for local currency deposits and 3.75% for foreign currency deposits. The MPC noted that inflation slowed down in the fourth quarter of 2024 and is projected to further decline in 2025 to an end-year rate of 22.0%. This is expected to create policy space for possible reduction in interest rates. Real GDP growth rate for 2025 is projected at 4.0%, higher than 1.8% for 2024 (Source: RBM).



| Policy Rate |           |         |           |
|-------------|-----------|---------|-----------|
| Rate        | 30-Jan-25 | % pts Δ | 04-Nov-24 |
| Rate        | 26.00%    | 0.00    | 26.00%    |

| Market Reference Rate |        |         |        |
|-----------------------|--------|---------|--------|
| Rate                  | Jan-25 | % pts Δ | Dec-24 |
| Rate                  | 25.20% | -0.10   | 25.30% |

| Inflation Rate |        |         |        |
|----------------|--------|---------|--------|
| Rate           | Dec-24 | % pts Δ | Nov-24 |
| Rate           | 28.1%  | 1.10    | 27.0%  |

**Malawi Stock Exchange (MSE) trading activity**

The Malawi All Share Index (MASI) registered a gain of 8.66% to close the week at 223,474.92 points from 205,667.01 points in the previous. The market traded 6,868,910 shares at a consideration of K2.66b in 628 trades, compared to 3,786,479 shares traded at a consideration of K1.56b in 424 trades in the previous week. The year-to-date return on MASI stood at 29.90% at the end of the week, compared to 4.25% for the same period in 2024 (Source: MSE).

| Stock market trading activity |               |          |               |  |  |
|-------------------------------|---------------|----------|---------------|--|--|
|                               | 31-Jan-25     | % Δ      | 24-Jan-25     |  |  |
| MASI                          | 223,474.92    | ↑ 8.66%  | 205,667.01    |  |  |
| DSI                           | 173,854.75    | ↑ 7.80%  | 161,281.10    |  |  |
| FSI                           | 31,921.06     | ↑ 15.06% | 27,742.43     |  |  |
| Traded volume                 | 6,868,910     | ↑ 81.41% | 3,786,479     |  |  |
| Number of trades              | 628           | ↑ 48.11% | 424           |  |  |
| Value of shares traded (K'm)  | 2,658.43      | ↑ 70.83% | 1,556.17      |  |  |
| Market capitalisation (K'm)   | 12,143,035.87 | ↑ 8.63%  | 11,178,468.35 |  |  |

| Gainers  |                   |           |                   |           |            |
|----------|-------------------|-----------|-------------------|-----------|------------|
| Company  | Closing price (K) | % Δ       | Opening price (K) | P/E ratio | P/BV ratio |
| AIRTEL   | 84.08             | ↑ 0.17%   | 83.94             | (59.96)   | (87.20)    |
| BHL      | 14.55             | ↑ 0.07%   | 14.54             | (107.89)  | 12.42      |
| FDHB     | 274.52            | ↑ 37.57%  | 199.55            | 53.15     | 32.27      |
| FMBCH    | 639.42            | ↑ 15.19%  | 555.08            | 26.07     | 6.79       |
| ILLOVO   | 1355.09           | ↑ 0.001%  | 1355.08           | 42.72     | 6.5        |
| NBM      | 5998.87           | ↑ 9.38%   | 5484.39           | 38.77     | 13.57      |
| NITL     | 440.77            | ↑ 0.17%   | 440.01            | 2.77      | 1.32       |
| STANDARD | 6900.02           | ↑ 0.0001% | 6900.01           | 30.83     | 8.35       |

| Losers  |                   |           |                   |           |            |
|---------|-------------------|-----------|-------------------|-----------|------------|
| Company | Closing price (K) | % Δ       | Opening price (K) | P/E ratio | P/BV ratio |
| ICON    | 18.04             | ↓ -0.06%  | 18.05             | 6.29      | 1.00       |
| NBS     | 349.33            | ↓ -0.19%  | 349.98            | 34.61     | 20.33      |
| NICO    | 419.02            | ↓ -0.002% | 419.03            | 14.06     | 4.8        |
| TNM     | 19.98             | ↓ -0.05%  | 19.99             | (42.14)   | 4.8        |

| No movement |                   |         |                   |           |            |
|-------------|-------------------|---------|-------------------|-----------|------------|
| Company     | Closing price (K) | % Δ     | Opening price (K) | P/E ratio | P/BV ratio |
| MPICO       | 19.00             | ⇒ 0.00% | 19.00             | 7.98      | 0.76       |
| OMU         | 1,950.01          | ⇒ 0.00% | 1,950.01          | 22.25     | 1.99       |
| PCL         | 2,499.95          | ⇒ 0.00% | 2,499.95          | 7.44      | 1.14       |
| SUNBIRD     | 276.12            | ⇒ 0.00% | 276.12            | 13.75     | 1.49       |

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