

**Foreign exchange market developments**

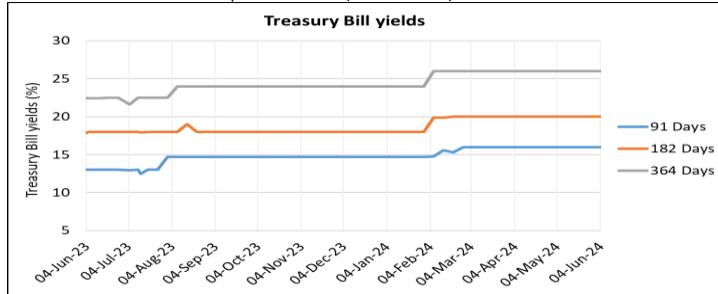
During the week the Kwacha marginally appreciated against USD and ZAR but depreciated against GBP and EUR, as indicated by TT middle exchange rates below:

| Closing TT middle exchange rates as at the end of the week                              |                      |           |                      |
|---|----------------------|-----------|----------------------|
| Currency  | 7-Jun-24             | % Δ       | 31-May-24            |
| USD   | 1749.4811            | ↑ -0.07%  | 1750.7584            |
| GBP   | 2296.1137            | ↓ 0.48%   | 2285.2186            |
| EUR   | 1956.4396            | ↓ 0.27%   | 1951.1424            |
| ZAR   | 94.4787              | ↑ -0.70%  | 95.1403              |
| Opening foreign exchange bureaux middle rates as at the end of the week                 |                      |           |                      |
| Currency  | 7-Jun-24             | % Δ       | 31-May-24            |
| USD   | 1922.4388            | → 0.00%   | 1922.4388            |
| GBP   | 2462.3958            | ↓ 0.18%   | 2457.9167            |
| EUR   | 2111.9167            | ↓ 0.20%   | 2107.7292            |
| ZAR   | 103.2917             | ↑ -0.64%  | 103.9583             |
| Foreign exchange reserves position  |                      |           |                      |
|   | 30-Apr-24            | 31-Mar-24 | 29-Feb-24            |
| Total foreign exchange reserves (Aggregate of RBM, Banks & Total import cover (months)) | 603.07               | 552.94    | 540.33               |
|   | 2.41                 | 2.21      | 2.16                 |
| Cumulative tobacco sales as at the end of week 8  |                      |           |                      |
| Date  | Week 8 2024 (7 June) | % Δ       | Week 8 2023 (7 June) |
| Volume (million kg)   | 76.88                | ↑ 25.17%  | 61.42                |
| Value (USD'million)   | 218.73               | ↑ 57.70%  | 138.70               |
| Average price (USD/kg)  | 2.85                 | ↑ 26.11%  | 2.26                 |

Data source: Reserve Bank of Malawi (RBM)

**Government securities**

The Government raised K12.29b from auction of Treasury Bills and K35.26b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K42.16b, resulting in a net withdrawal of K5.39b from the market, compared to a net withdrawal of K78.77b in the previous week (Source: RBM).



| Treasury Bill auctions            |           |             |           |
|-----------------------------------|-----------|-------------|-----------|
| Auction date                      | 4-Jun-24  | % pts Δ     | 28-May-24 |
| Amount offered -cost value (K'lm) | 15,758.00 | ↑ 9.44%     | 14,399.00 |
| Applied - cost value (K'lm)       | 12,291.14 | ↑ 84699.38% | 35.32     |
| Allotted - cost value (K'lm)      | 12,291.14 | ↑ 84699.38% | 35.32     |
| 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                      | 7-Jun-24                | 4-Jun-24  | 31-May-24                               |
| Tenor                              | 2, 3 & 5-year TNs       | 2-year TN | 2, 3, 5, 7 & 10-year TNs                |
| Coupon rate                        | 10.00%, 11.00% & 12.50% | 10.00%    | 10.00%, 11.00%, 12.50%, 13.50% & 15.00% |
| Amount offered -cost value (K'lm)  | 59.52                   |           |   |
| Total applied - cost value (K'lm)  | 35.25                   | 0.01      | 93.55                                   |
| Total allotted - cost value (K'lm) | 35.25                   | 0.01      | 93.55                                   |
| Allotted - weighted average ytm    | 28.75%, 30.00% & 32.00% | 28.75%    | 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%               | 07-Jun-24    | TBA          |
| 3-year TN                                   | 30.00%               | 07-Jun-24    | 25-Jun-24    |
| 5-year TN                                   | 32.00%               | 07-Jun-24    | 18-Jun-24    |
| 5-year Development Bond                     | 28.00%               | 28-Nov-23    | TBA          |
| 7-year TN                                   | 34.00%               | 31-May-24    | TBA          |
| 7-Year Development Bond                     | 32.00%               | 16-Jan-24    | TBA          |
| 10-year TN                                  | 35.00%               | 31-May-24    | TBA          |
| 10-year Development Bond                    | 23.35%               | 21-May-24    | TBA          |

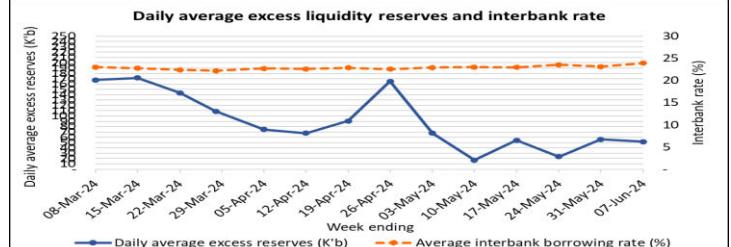
| Upcoming auctions of Treasury Notes and Bonds |               |               |                            |
|---|---------------|---------------|----------------------------|
| Auction date                                  | Tenor (years) | Amount (K'lm) | Last auction's coupon rate |
| 18-Jun-24                                     | 5             | 47.22         | 12.50%                     |
| 25-Jun-24                                     | 3             | 54.51         | 11.00%                     |

| Projected maturities     |          |           |           |
|--------------------------|----------|-----------|-----------|
| Week ending              | 7-Jun-24 | 14-Jun-24 | 21-Jun-24 |
| TBs, PNs & TNs (K'lm)    | 42,160   | 7,911     | 43,664    |
| OMO repos (K'lm)         | 0        | 0         | 0         |
| OMO reverse repos (K'lm) | 0        | 0         | 0         |

Data source: RBM

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves decreased to K51.67b during the week from K55.93b in the previous week. Daily average interbank borrowing decreased to K38.90b from K54.52b. Borrowing on the Lombard facility decreased to an average of K89.90b per day, compared to K116.86b per day in the previous week. The average interbank borrowing rate increased to 23.96% from 23.16%. The Lombard rate remained fixed at 26.20% (Source: RBM)



| Policy Rate           |           |         |           |
|-----------------------|-----------|---------|-----------|
|                       | 03-May-24 | % pts Δ | 01-Feb-24 |
| Rate                  | 26.00%    | → 0.00  | 26.00%    |
| Market Reference Rate |           |         |           |
| Rate                  | 25.10%    | ↑ 0.10  | 25.00%    |
| Inflation Rate        |           |         |           |
| Rate                  | 32.3%     | ↑ 0.50  | 31.8%     |

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

The Malawi All Share Index (MASI) registered a gain of 2.17% to close the week at 117,919.91 points from 115,418.29 points in the previous. The market traded 3,296,818 shares at a consideration of K1.24b in 329 trades, compared to 42,140,309 shares traded at a consideration of K4.27b in 270 trades in the previous week. The year-to-date return on MASI stood at 6.28% as at the end of the week compared to 68.00% for the same period in 2023 (Source: MSE).

| Stock market trading activity |              |            |              |
|-------------------------------|--------------|------------|--------------|
|                               | 07-Jun-24    | % Δ        | 31-May-24    |
| MASI                          | 117,919.91   | ↑ 2.17%    | 115,418.29   |
| DSI                           | 90,116.78    | ↑ 2.62%    | 87,814.00    |
| FSI                           | 18,912.90    | ↓ 0.52%    | 19,011.00    |
| Traded volume                 | 3,296,818    | ↓ 92.18%   | 42,140,309   |
| Number of trades              | 329          | ↑ 21.85%   | 270          |
| Value of shares traded (K'lm) | 1,243.19     | ↓ 70.89%   | 4,270.93     |
| Market capitalisation (K'lm)  | 6,375,369.06 | ↑ 2.14%    | 6,241,586.23 |
| Gainers                       |              |            |              |
| NBM                           | 2,700.00     | ↑ 12.49%   | 2,400.19     |
| STANDARD                      | 3,950.35     | ↑ 0.001%   | 3,950.33     |
| SUNBIRD                       | 224.01       | ↑ 0.04%    | 224.00       |
| TNM                           | 15.50        | ↑ 3.33%    | 15.00        |
| Losers                        |              |            |              |
| AIRTEL                        | 51.12        | ↓ -0.18%   | 51.21        |
| FMBCH                         | 377.99       | ↓ -0.52%   | 379.97       |
| ICON                          | 16.00        | ↓ -4.71%   | 16.79        |
| ILLOVO                        | 1355.13      | ↓ -0.001%  | 1355.14      |
| NBS                           | 90.77        | ↓ -0.02%   | 90.79        |
| NICO                          | 199.39       | ↓ -0.01%   | 199.40       |
| PCL                           | 2506.97      | ↓ -0.0004% | 2506.98      |

| Annual general meetings |                                    |           |           |
|-------------------------|------------------------------------|-----------|-----------|
| Company                 | Venue                              | Date      | Time      |
| STANDARD                | Sunbird Mount Soche Hotel          | 20-Jun-24 | 09:00 hrs |
| NBM                     | Sunbird Mount Soche Hotel          | 27-Jun-24 | 14:00 hrs |
| MPICO                   | Amaryllis Hotel                    | 28-Jun-24 | 11:00 hrs |
| FMBCH                   | First Capital Bank Training Centre | 28-Jun-24 | 16:00 hrs |

Source: MSE

**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.