



**Foreign exchange market developments**

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

Closing TT middle exchange rates as at the end of the week			
Currency	8-Nov-24	% Δ	1-Nov-24
USD	1750.6249	↓ 0.02%	1750.3114
GBP	2337.0799	↓ 0.91%	2315.9507
EUR	1941.9150	↑ -0.94%	1960.3398
ZAR	103.0658	↓ 0.72%	102.3331

Opening foreign exchange bureaux middle rates as at the end of the week			
Currency	16-Oct-24	% Δ	11-Oct-24
USD	1931.6900	↑ -0.0001%	1931.6913
GBP	2527.7356	↑ -0.05%	2528.9204
EUR	2141.5365	↑ -0.17%	2145.1925
ZAR	108.3275	↓ 0.23%	108.0769

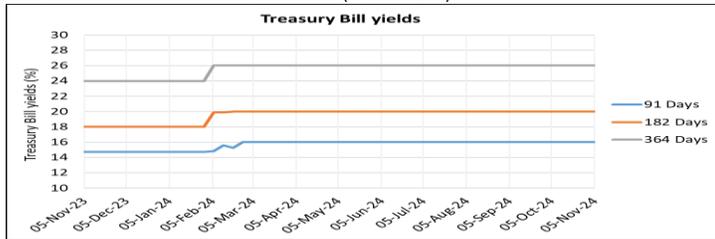
  

Foreign exchange reserves position			
	30-Sep-24	31-Aug-24	31-Jul-24
Total foreign exchange reserves (Aggregate of RBM, Banks & ...)	560.30	549.85	572.02
Total import cover (months)	2.20	2.20	2.29

Data source: Reserve Bank of Malawi (RBM)

**Government securities**

The Government raised K8.21b from auction of Treasury Bills and K18.25b from auction of a 3-year Treasury Note during the week. Maturities of Government securities for the week amounted to K38.80b and maturities of OMO reverse repos amounted to K21.64b, resulting in a net withdrawal of K9.30b from the market (Source: RBM).



Treasury Bill auctions			
Auction date	5-Nov-24	% pts Δ	25-Oct-24
Amount offered - cost value (K'm)	12,420.00	↓ -5.62%	13,160.00
Applied - cost value (K'm)	8,207.38	↓ -52.61%	17,319.61
Allotted - cost value (K'm)	8,207.38	↓ -52.61%	17,319.61
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	5-Nov-24	29-Oct-24	22 & 25 Oct 24
Tenor	3-yr TN	7-yr TN	2, 3, 5, 7 & 10 yr TNS
Coupon rate	11.00%	13.50%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)	37.54	28.21	
Total applied - cost value (K'b)	18.25	0.31	33.90
Total allotted - cost value (K'b)	18.25	0.31	33.90
Allotted - weighted average ytm	30.00%	34.00%	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%	25-Oct-24	10-Dec-24
3-year TN	30.00%	05-Nov-24	17-Dec-24
3-year Development Bond	30.00%	18-Oct-24	TBA
5-year TN	32.00%	25-Oct-24	19-Nov-24
5-year Development Bond	28.00%	28-Nov-23	31-Dec-24
7-year TN	34.00%	29-Oct-24	03-Dec-24
7-Year Development Bond	34.00%	20-Sep-24	TBA
10-year TN	35.00%	25-Oct-24	TBA
10-year Development Bond	35.00%	20-Jun-24	TBA

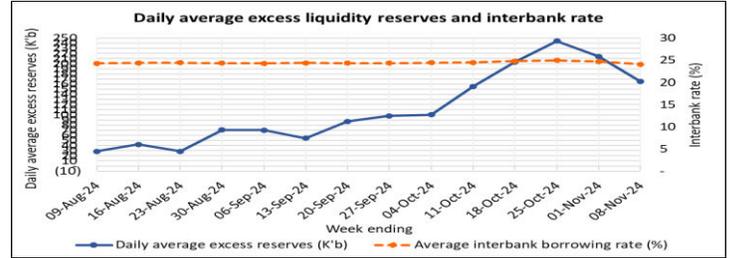
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
19-Nov-24	5-yr TN	30.08	12.50%
26-Nov-24	2-yr IDB	20.00	
03-Dec-24	7-yr TN	27.61	13.50%
10-Dec-24	2-yr TN	42.05	10.00%
17-Dec-24	3-yr TN	37.54	11.00%
31-Dec-24	5-yr IDB	10.00	13.50%

Projected maturities			
Week ending	8-Nov-24	15-Nov-24	22-Nov-24
TBs, PNs & TNs (K'm)	38,798	44,809	14,914
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	21,635	0	0

Data source: RBM

**Market liquidity and interbank market activity**

Average daily excess liquidity reserves decreased to K164.83b during the week from K213.91b in the previous week. Daily average interbank borrowing decreased to K25.00b during the week from K38.67b in the previous week. There was no borrowing on the Lombard facility during the week as was the case in the previous week. The average interbank borrowing rate decreased to 24.10% during the week from 24.73% in the previous week. The Lombard rate remained fixed at 26.20% (Source: RBM).



**Monetary policy**

The Monetary Policy Committee (MPC) held their fourth meeting of 2024 on 4<sup>th</sup> November during which they decided to maintain the Policy rate at 26.0% and the Lombard rate at 20 basis points above the Policy rate (26.2%). This decision was arrived at after noting that although inflation has remained elevated, there are strong prospects of slowing down from Q4 2024, on account of favourable base effects. The Liquidity Reserve Requirement (LRR) ratio on foreign currency deposits was also maintained at 3.75%. However, the LRR ratio on domestic currency deposits was raised by 125 basis points to 10.0%. This decision was based on the observation that money supply continues to grow sharply (48.8% in Q3 2024) and poses risks to inflation outlook. The MPC believes that raising the LRR ratio for domestic deposits will slow down the money supply growth pressures and enhance the envisaged inflation deceleration process in the short to medium term. Average headline inflation rate for 2024 is projected at 32.5% and GDP growth rate is projected at 2.3% (Source: RBM).



Market Reference Rate			
Rate	Nov-24	% pts Δ	Oct-24
Inflation Rate	25.50%	↑ 0.10	25.40%
Policy rate	Sep-24	% pts Δ	Aug-24
Rate	34.3%	↑ 0.40	33.9%

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

The Malawi All Share Index (MASI) registered a gain of 0.66% to close the week at 148,395.23 points from 147,416.01 points in the previous. The market traded 14,430,152 shares at a consideration of K10.19b in 346 trades, compared to 42,861,249 shares traded at a consideration of K10.19b in 346 trades in the previous week. The year-to-date return on MASI stood at 33.75% as at the end of the week compared to 84.56% for the same period in 2023 (Source: MSE).

Stock market trading activity			
	08-Nov-24	% Δ	01-Nov-24
MASI	148,395.23	↑ 0.66%	147,416.01
DSI	116,390.47	↑ 0.75%	115,528.78
FSI	19,990.13	↑ 0.06%	19,977.83
Traded volume	14,430,152	↓ -66.33%	42,861,249
Number of trades	346	↑ 0.00%	346
Value of shares traded (K'm)	2,229.31	↓ -78.12%	10,187.69
Market capitalisation (K'm)	8,013,134.56	↑ 0.67%	7,960,109.59

Winners			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	58.03	↑ 3.57%	56.03
BHL	14.55	↑ 2.39%	14.21
FBMCH	398.61	↑ 0.01%	398.56
ILLOVO	1355.12	↑ 0.001%	1355.10
NBM	3450.00	↑ 0.0003%	3449.99
NBS	149.61	↑ 0.01%	149.60
NICO	198.84	↑ 0.02%	198.81
OMU	1950.00	↑ 4.47%	1866.50
STANDARD	5495.29	↑ 0.001%	5495.22
TNM	26.05	↑ 13.21%	23.01

Losers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	149.02	↓ -0.09%	149.16
MPICO	14.83	↓ -0.13%	14.85
PCL	2,499.80	↓ -0.0004%	2,499.81

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