Weekly market update – 10th November 2023

Foreign exchange market developments

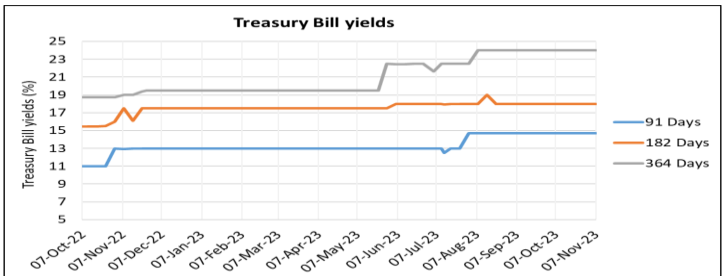
On 8th November 2023, the RBM announced an upward adjustment in the exchange rate from the selling rate of K1180.29 to a selling rate of K1700.00 per USD, representing a 44% devaluation of the Kwacha. The devaluation was aimed at addressing the supply-demand imbalances in the forex market and the arbitrage opportunities emanating from the mismatch in exchange rates in the cash and TT markets. Closing TT middle exchange rates as at the end of the week were as follows:

Closing TT middle exchange rates as at the end of the week			
Currency	10-Nov-23	% Δ	3-Nov-23
USD	1694.6076	43.65%	1179.6614
GBP	2136.3873	43.97%	1483.9231
EUR	1859.7143	43.97%	1291.7286
ZAR	93.1319	42.10%	65.5375
Gross official foreign exchange reserves position			
	30-Sep-23	31-Aug-23	31-Jul-23
Reserves (USD'm)	242.68	239.56	267.91
Import cover (months)	0.97	0.96	1.07
Benchmark import cover (months)	3.00	3.00	3.00

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K2.09b from an auction of Treasury Bills during the week. There was no auction for Treasury Notes. Maturities of Government securities for the week amounted to K8.78b, resulting in a net injection of K6.69b into the market, compared to a net withdrawal of K14.18b in the previous week (Source: RBM).

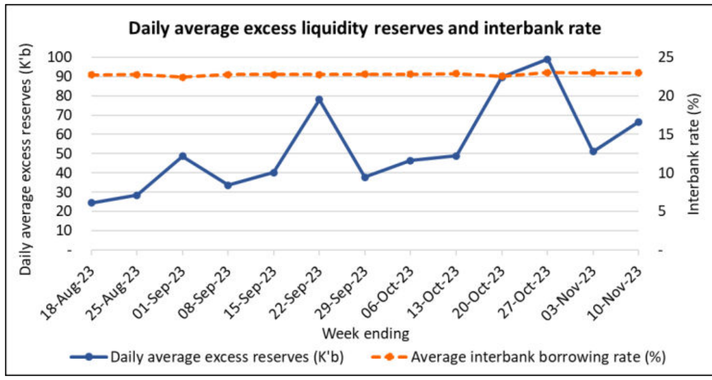


Treasury Bill auctions			
Auction date	7-Nov-23	% pts Δ	31-Oct-23
Amount offered -cost value (K'm)	10,380.00	50.41%	6,901.00
Applied - cost value (K'm)	2,089.80	-59.62%	5,174.94
Alloted - cost value (K'm)	2,089.80	-59.62%	5,174.94
Overall rejection rate	0.00%	0.00	0.00%
91 days yield	14.7000%	0.0000%	14.7000%
182 days yield	18.0000%	0.0000%	18.0000%
364 days yield	24.0000%	0.0000%	24.0000%
All-type yield	18.9000%	0.0000%	18.9000%
Treasury Note and Bond auctions			
Auction date	31 Oct & 1 Nov 2023	26-Oct-23	17, 18 & 19 Oct 2023
Tenors	2, 5 & 10 years	2 & 10 years	2, 3, 5 & 7 years
Coupon rate	10.00%, 12.50% & 15.00%	10.00% & 15.00%	10.00%, 11.00%, 12.50% & 13.50%
Amount offered -cost value (K'b)	K28.82b for 5-year TN		K27.74b for 7-year TN
Total applied - cost value (K'b)	19.00	1.52	76.25
Total allotted - cost value (K'b)	19.00	1.52	76.25
Allotted - weighted average ytm	26.75%, 30.00% & 33.00%	26.75% & 33.00%	26.75%, 28.00%, 30.00% & 32.00%
Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	01-Nov-23	21-Nov-23
3-year TN	28.00%	18-Oct-23	14-Nov-23
5-year TN	30.00%	31-Oct-23	31-Oct-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	32.00%	17-Oct-23	26-Dec-23
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	33.00%	01-Nov-23	05-Dec-23
10-year Development Bond	23.35%	26-Apr-22	TBA
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
14-Nov-23	3	33.96	11.00%
21-Nov-23	2	36.79	10.00%
28-Nov-23	5 year IDB	15.00	13.50%
05-Dec-23	10	19.51	10.00%
12-Dec-23	3	33.64	11.00%
26-Dec-23	7	27.43	13.50%
Projected maturities			
Week ending	10-Nov-23	17-Nov-23	24-Nov-23
TBs, PNs & TNs (K'm)	8,782	12,449	19,440
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 increased to K66.52b during the week from K51.10b in the previous week. Daily average interbank borrowing increased to K37.60b from K35.57b. Borrowing on the Lombard facility decreased to the average of K53.52b per day from K55.73b per day in the previous week. The average interbank borrowing rate was stable at 23.00%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Policy Rate			
	27-Oct-23	% pts Δ	27-Jul-23
Rate	24.00%	0.00	24.00%
Market Reference Rate			
	Nov-23	% pts Δ	Oct-23
Rate	23.50%	0.00	23.50%
Inflation Rate			
	Sep-23	% pts Δ	Aug-23
Rate	27.8%	-0.80	28.6%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.24% to close the week at 113,643.46 points from 113,920.30 points in the previous week due to share price losses in AIRTEL (-0.08%), FDHB (-0.69%), FMBCH (-0.003%), ILLOVO (-0.001%), NBS (-0.19%), NICO (-0.03%) and TNM (-3.39%), which offset marginal share price gains in NBM (0.0005%), NITL (0.002%) and STANDARD (0.0001%). The market traded 8,839,619 shares at a consideration of K1.06b in 160 trades, compared to 7,681,362 shares traded at a consideration of K2.36b in 166 trades in the previous week. The year-to-date return on MASI stands at 83.19% compared to 29.37% for the same period in 2022 (Source: MSE).

Stock market trading activity			
	10-Nov-23	% Δ	03-Nov-23
MASI	113,643.46	-0.24%	113,920.30
DSI	89,366.61	-0.27%	89,612.56
FSI	15,011.31	-0.003%	15,011.81
Traded volume	8,839,619	15.08%	7,681,362
Number of trades	160	-3.61%	166
Value of shares traded (K'm)	1,057.53	-55.28%	2,364.81
Market capitalisation (K'm)	6,135,327.09	-0.24%	6,150,162.62
Gainers	**Closing price (K)**	**% Δ**	**Opening price (K)**
NBM	2101.18	0.0005%	2101.17
NITL	410.00	0.002%	409.99
STANDARD	3000.07	0.001%	3000.04
Losers	**Closing price (K)**	**% Δ**	**Opening price (K)**
AIRTEL	99.68	-0.08%	99.76
FDHB	67.84	-0.69%	68.31
FMBCH	299.99	-0.003%	300.00
ILLOVO	1121.99	-0.001%	1122.00
NBS	107.58	-0.19%	107.79
NICO	155.88	-0.03%	155.92
TNM	28.50	-3.39%	29.50

Dividends announced					
Company	Dividend type	Dividend (K/share)	Last day to trade	Last day to register	Payable
FMBCH	Interim declared	US$0.21 cents	7-Nov-23	10-Nov-23	15-Nov-23
SUNBIRD	Interim declared	2.00	TBA	TBA	TBA

CDH House, 5 independence Drive, PO Box 1444, Blantyre, Malawi I http://www.cdh-malawi.com I Email: ckamamkhudza@cdh-malawi.com I Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826