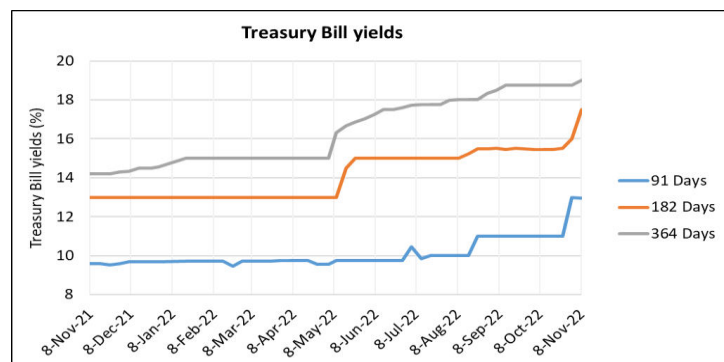


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 5.27% to close the week at 58,690.96 points from 55,751.01 points in the previous week due to share price gains in AIRTEL (5.77%), FMBCH (3.77%), NBM (13.82%) and STANDARD (8.63%), which offset share price losses in FDHB (-0.07%), ICON (-0.08%), MPICO (-0.05%), NICO (-0.02%) and NITL (-10.39%). The market traded 27,567,956 shares at a consideration of K628.18m in 86 trades compared to 12,896,741 shares traded at a consideration of K316.50m in 114 trades in the previous week. The year-to-date return on MASI stands at 29.37% compared to 27.26% for the same period in 2021 (Source: MSE).

Government securities

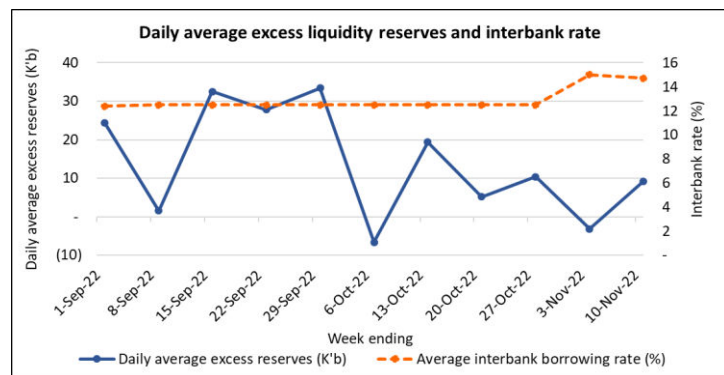
Government raised K3.94b during the week's auction for Treasury Bills (TBs) compared to K649.44m raised in the previous week. The auction registered a rejection rate of 46.51% on the submitted bids. The average TB yield increased to 16.4810% from 15.9167% recorded in the previous week on account of an increase in the 182-day yield to 17.4947% from 16.0000% and the 364-day yield to 19.0000% from 18.7500%. However, the 91-day yield decreased to 12.9482% from 13.0000% in the previous week (Source: RBM).



Maturities of Government securities amounted to K40.35b during the week. This resulted in a net injection of K36.41b into the market compared to a net injection of K7.42b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K9.11b from K-3.18b in the previous week. Daily average interbank borrowing decreased to K15.80b from K21.58b in the previous week. The average interbank borrowing rate decreased to 14.71% from 15.00%. Borrowing on the Lombard facility decreased to an average of K28.32b per day during the week from K41.16b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha slightly appreciated by -0.03% to trade at K1035.4703/USD as at 10th November 2022 from K1035.7526/USD on 3rd November 2022. The Kwacha also appreciated against GBP by -0.07%. However, the Kwacha depreciated against EUR by 2.01% and ZAR by 2.10% during the same period. Gross official foreign exchange reserves stood at USD357.18m (1.43 months of import cover) on 30th September 2022 compared to USD378.89m (1.52 months of import cover) on 31st August 2022 (Source: RBM). The recommended minimum import cover is 3 months.

| Stock market | | | |
|---|-------------------|----------------------|-------------------|
| | 11-Nov-22 | % Δ | 4-Nov-22 |
| MASI | 58,690.96 | ↑ 5.27% | 55,751.01 |
| DSI | 47,650.39 | ↑ 5.43% | 45,196.56 |
| FSI | 5,840.55 | ↑ 3.68% | 5,633.45 |
| Traded volume | 27,567,956 | ↑ 113.76% | 12,896,741 |
| Number of trades | 86 | ↓ -24.56% | 114 |
| Value of shares traded (K'm) | 628.18 | ↑ 98.48% | 316.50 |
| Market capitalisation (K'm) | 3,171,064.37 | ↑ 5.25% | 3,013,018.82 |
| Gainers | | | |
| | Closing price (K) | % Δ | Opening price (K) |
| AIRTEL | 55.01 | ↑ 5.77% | 52.01 |
| FMBCH | 115.00 | ↑ 3.77% | 110.82 |
| NBM | 1400.03 | ↑ 13.82% | 1230.01 |
| STANDARD | 2000.02 | ↑ 8.63% | 1841.05 |
| Losers | | | |
| | Closing price (K) | % Δ | Opening price (K) |
| FDHB | 14.87 | ↓ -0.07% | 14.88 |
| ICON | 11.96 | ↓ -0.08% | 11.97 |
| MPICO | 20.66 | ↓ -0.05% | 20.67 |
| NICO | 54.96 | ↓ -0.02% | 54.97 |
| NITL | 112.01 | ↓ -10.39% | 125.00 |
| Treasury Bill auctions | | | |
| | 8-Nov-22 | % pts Δ | 1-Nov-22 |
| Auction date | 8-Nov-22 | | 1-Nov-22 |
| Amount offered - cost value (K'm) | 15,362.00 | → 0.00% | 15,362.00 |
| Applied - cost value (K'm) | 7,374.58 | ↑ 133.76% | 3,154.78 |
| Allotted - cost value (K'm) | 3,944.58 | ↑ 507.38% | 649.44 |
| Overall rejection rate | 46.51% | ↓ -32.90 | 79.41% |
| 91 days yield | 12.9482% | ↓ -0.0518% | 13.0000% |
| 182 days yield | 17.4947% | ↑ 1.4947% | 16.0000% |
| 364 days yield | 19.0000% | ↑ 0.2500% | 18.7500% |
| All-type yield | 16.4810% | ↑ 0.5643% | 15.9167% |
| Treasury Note and Bond auctions | | | |
| | 1-Nov-22 | 25-Oct-22 | 18-Oct-22 |
| Auction date | 1-Nov-22 | 25-Oct-22 | 18-Oct-22 |
| Tenors | 2 years | 7 years | 2 years |
| Coupon rate | 10.00% | 13.50% | 10.00% |
| Amount offered - cost value (K'b) | 57.30 | 31.54 | 59.30 |
| Total applied - cost value (K'b) | 2.05 | 4.62 | 7.28 |
| Total allotted - cost value (K'b) | 2.02 | 4.62 | 7.28 |
| Allotted - weighted average ytm | 22.50% | 26.50% | 21.50% |
| Current yields for Treasury Notes and Bonds | | | |
| | Tenor | Last auction's yield | Last auction |
| 2 years | 2 years | 22.50% | 1-Nov-22 |
| 3 years | 3 years | 23.00% | 11-Oct-22 |
| 5 years | 5 years | 25.00% | 10-Oct-22 |
| 7 years | 7 years | 26.50% | 25-Oct-22 |
| 7-Year Development Bond | 7 years | 26.75% | 2-Sep-22 |
| 10 years | 10 years | 27.50% | 10-Oct-22 |
| 10-year infrastructure bond | 10 years | 23.35% | 26-Apr-24 |
| Upcoming auctions of Treasury Notes and Bonds | | | |
| | Auction date | Tenor (years) | Amount (K'b) |
| 15-Nov-22 | 15-Nov-22 | 5 | 54.61 |
| 22-Nov-22 | 22-Nov-22 | 7 | 7.00 |
| 29-Nov-22 | 29-Nov-22 | 5 | 13.00 |
| 13-Dec-22 | 13-Dec-22 | 3 | 47.30 |
| 27-Dec-22 | 27-Dec-22 | 10 | 31.54 |
| Projected maturities | | | |
| | Week ending | 11-Nov-22 | 18-Nov-22 |
| TBs, PNs & TNs (K'm) | Week ending | 40,352 | 18,409 |
| OMO repos (K'm) | Week ending | 0 | 0 |
| OMO reverse repos (K'm) | Week ending | 0 | 0 |
| Reference rate | | | |
| | Nov-22 | % pts Δ | Oct-22 |
| Rate | 16.60% | ↑ 2.70 | 13.90% |
| Inflation rate | | | |
| | Sep-22 | % pts Δ | Aug-22 |
| Rate | 25.9% | ↑ 0.4 | 25.5% |
| Closing TT mid exchange rates | | | |
| | 10-Nov-22 | % Δ | 3-Nov-22 |
| USD | 1035.4703 | ↑ -0.03% | 1035.7526 |
| GBP | 1215.5941 | ↑ -0.07% | 1216.4633 |
| EUR | 1067.5131 | ↓ 2.01% | 1046.4969 |
| ZAR | 59.8257 | ↓ 2.10% | 58.5979 |
| Gross official foreign exchange reserves position | | | |
| | 30-Sep-22 | 31-Aug-22 | 31-Jul-22 |
| Reserves (USD'm) | 357.18 | 378.89 | 372.99 |
| Import cover (months) | 1.43 | 1.52 | 1.49 |

Sources: MSE, RBM, NSO, AHL

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.