

Foreign exchange market developments

During the week, the Kwacha appreciated against the USD, GBP and EUR, but depreciated against the ZAR as indicated in the table below.

Closing TT middle exchange rates as at the end of the week			
Currency	13-Oct-23	% Δ	6-Oct-23
USD	1178.9469	↑ -0.03%	1179.2481
GBP	1479.1793	↑ -1.03%	1494.5213
EUR	1275.5757	↑ -0.40%	1280.6890
ZAR	63.3395	↓ 2.81%	61.6070

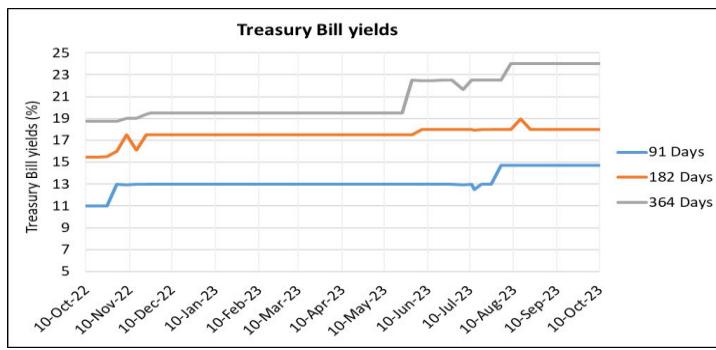
Gross official foreign exchange reserves position			
	31-Aug-23	31-Jul-23	30-Jun-23
Reserves (USD'm)	239.56	267.91	321.53
Import cover (months)	0.96	1.07	1.29
Benchmark import cover (months)	3.00	3.00	3.00

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K9.35b from auctions of Treasury Bills and K6.43b from auctions of Treasury Notes during the week.

Maturities of Government securities for the week amounted to K23.24b and maturities of OMO repos amounted to K20.18b. These transactions resulted in a net injection of K27.64b into the market, compared to a net injection of K19.99b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	10-Oct-23	% pts Δ	3-Oct-23
Amount offered - cost value (K'm)	6,901.00	↑ 0.00%	6,901.00
Applied - cost value (K'm)	9,423.05	35258.54%	26.65
Allotted - cost value (K'm)	9,353.05	34995.87%	26.65
Overall rejection rate	0.74%	0.74	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	10 & 12 Oct 2023	2-Oct-23	25 & 26 Sep 2023
Tenors	2, 3, 5 & 10 years	2, 3, 5 & 10 years	5 & 7 years
Coupon rate	10.00%, 11.00%, 12.50% & 15.00%	10.00%, 11.00%, 12.50% & 15.00%	12.50% & 13.00%
Amount offered - cost value (K'b)			50.25
Total applied - cost value (K'b)	6.43	52.69	9.04
Total allotted - cost value (K'b)	6.43	52.69	9.04
Allotted - weighted average ytm	26.75%, 28.00%, 30.00% & 33.00%	26.75%, 28.00%, 30.00% & 33.00%	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%	12-Oct-23	21-Nov-23
3-year TN	28.00%	12-Oct-23	14-Nov-23
5-year TN	30.00%	12-Oct-23	31-Oct-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	32.00%	25-Sep-23	17-Oct-23
7-year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	33.00%	12-Oct-23	05-Dec-23
10-year Development Bond	23.35%	26-Apr-22	TBA

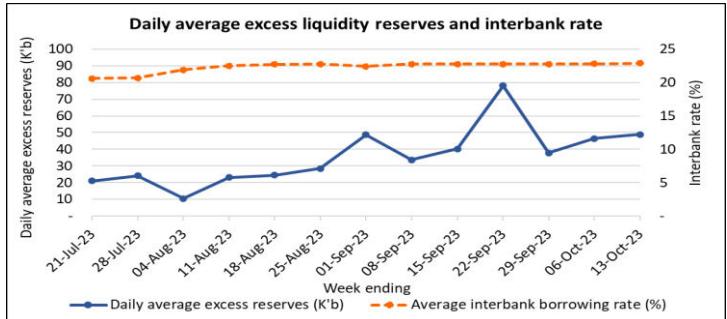
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
17-Oct-23	7	27.74	13.50%
31-Oct-23	5	28.82	12.50%
14-Nov-23	3	33.96	11.00%
21-Nov-23	2	36.79	10.00%
28-Nov-23	5 year IDB	15.00	13.50%
05-Dec-23	10	19.51	10.00%
12-Dec-23	3	33.64	11.00%
26-Dec-23	7	27.43	13.50%

Projected maturities			
Week ending	13-Oct-23	20-Oct-23	27-Oct-23
TBs, PNs & TNs (K'm)	23,242	49,059	17,169
OMO repos (K'm)	20,184	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 K48.90b during the week from K46.44b in the previous week. Daily average interbank borrowing decreased to K27.28b from K29.88b. Borrowing on the Lombard facility increased to the average of K90.96b per day from K85.80b per day in the previous week. The average interbank borrowing rate marginally increased to 22.89% from 22.83%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Policy Rate			
Rate	27-Jul-23	% pts Δ	27-Apr-23
Market Reference Rate	Oct-23	23.50%	Sep-23
Rate	23.50%	0.10	23.40%
Inflation Rate	Aug-23	28.6%	Jul-23
Rate	28.6%	0.20	28.4%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.25% to close the week at 115,143.62 points from 115,434.24 points in the previous week due to share price losses in AIRTEL (-0.06%), FDHB (-0.03%), ILLOVO (-0.001%), NBM (-0.04%), NBS (-0.01%), NICO (-0.13%) and TNM (-0.13%), which offset share price gains in STANDARD (0.0003%) and SUNBIRD (0.01%). The market traded 2,790,284 shares at a consideration of K231.14m in 224 trades, compared to 5,174,762 shares traded at a consideration of K659.63m in 220 trades in the previous week. The year-to-date return on MASI stands at 85.61% compared to 19.84% for the same period in 2022 (Source: MSE).

Stock market trading activity			
	13-Oct-23	% Δ	06-Oct-23
MASI	115,143.62	↓ -0.25%	115,434.24
DSI	89,551.75	↓ -0.29%	89,810.34
FSI	16,479.62	↑ 0.00%	16,479.62
Traded volume	2,790,284	↓ -46.08%	5,174,762
Number of trades	224	↑ 1.82%	220
Value of shares traded (K'm)	331.14	↓ -64.96%	659.63
Market capitalisation (K'm)	6,218,223.61	↓ -0.25%	6,233,796.22
Gainers	Closing price (K)	% Δ	Opening price (K)
STANDARD	3000.02	↑ 0.0003%	3000.01
SUNBIRD	191.05	↑ 0.01%	191.03
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	99.93	↓ -0.06%	99.99
FDHB	66.99	↓ -0.03%	69.00
ILLOVO	1121.43	↓ -0.001%	1121.44
NBM	2101.16	↓ -0.04%	2102.00
NBS	107.98	↓ -0.01%	107.99
NICO	157.79	↓ -0.13%	158.00
TNM	29.80	↓ -0.13%	29.84

Corporate news

Illovo Sugar Malawi Plc expects its profit after tax (PAT) for the financial year ended 31st August 2023 to be between K53.2b and K58.5b, representing an increase of between 100% and 120% compared to the PAT of K26.6b reported for the financial year ended 31st August 2022 (Source: MSE).

Dividends announced				
Company	Dividend type	Dividend (K/share)	Last day to trade	Last day to register
OMU	Interim declared	18.53	17-Oct-23	20-Oct-23
NITL	Interim declared	1.50	17-Oct-23	20-Oct-23
PCL	Interim declared	9.00	10-Oct-23	13-Oct-23
ICON	Interim declared	0.13	10-Oct-23	13-Oct-23
FMBCH	Interim declared	US\$0.21 cents	7-Nov-23	10-Nov-23
SUNBIRD	Interim declared	2.00	TBA	TBA

Source: MSE

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