

Foreign exchange market developments

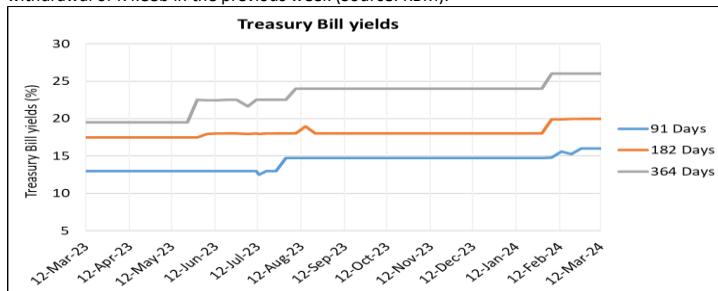
During the week, the Kwacha appreciated against USD, GBP and EUR but depreciated against ZAR as indicated by TT exchange rates in the table below:

Closing TT middle exchange rates as at the end of the week				
Currency	15-Mar-24	% Δ	8-Mar-24	
USD	1696.8423	↑ -0.16%	1699.5126	
GBP	2226.1040	↑ -0.71%	2242.0293	
EUR	1898.2458	↑ -0.49%	1907.5392	
ZAR	93.2403	↓ 0.33%	92.9341	
Opening foreign exchange bureaux middle rates as at the end of the week				
Currency	14-Mar-24	% Δ	8-Mar-24	
USD	1877.6458	↑ -0.00003%	1877.6465	
GBP	2387.1250	↓ 0.28%	2380.4346	
EUR	2064.1875	↓ 0.11%	2061.8258	
ZAR	100.4792	↑ -0.13%	100.6056	
Foreign exchange reserves position				
	29-Feb-24	31-Jan-24	31-Dec-23	
Gross official foreign exchange reserves (USD'm)	143.60	178.06	242.58	
Gross official reserves import cover (months)	0.57	0.71	0.97	
Benchmark import cover for official reserves (months)	3.00	3.00	3.00	
Private sector foreign exchange reserves (USD'm)	396.72	401.88	433.01	
Private sector reserves import cover (months)	1.59	1.61	1.73	
Total economy foreign exchange reserves (USD'm)	540.32	579.94	675.59	
Total economy import cover (months)	2.16	2.32	2.70	

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K58.85b from auction of Treasury Bills and K38.48b from auction of Treasury Notes during the week. Maturities of Government securities for the week amounted to K81.44b, resulting in a net withdrawal of K15.89b from the market, compared to a net withdrawal of K4.88b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	12-Mar-24	% pts Δ	5-Mar-24
Amount offered -cost value (K'm)	14,075.00	↑ 0.00%	14,075.00
Applied - cost value (K'm)	58,891.89	↑ 70.25%	34,591.22
Allotted - cost value (K'm)	58,848.56	↑ 70.13%	34,591.22
Overall rejection rate	0.07%	0.07	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	12 & 14 Mar 2024	5 & 7 Mar 2024	27 & 29 Feb 2024
Tenors	2, 3, 5, 7 & 10 TNs	2, 5, 7 & 10 TNs	3, 5, 7 & 10 yr TNs
Coupon rate	10.0%, 11.0%, 12.5%, 13.5% & 15.0%	10.0%, 12.5%, 13.5% & 15.0%	11.0%, 12.5%, 13.5% & 15.0%
Amount offered -cost value (K'lb)	K53.41b for the 3-yr TN	K48.32b for the 5-yr TN	K49.95b for the 7-yr TN
Total applied - cost value (K'lb)	38.49	25.91	30.05
Total allotted - cost value (K'lb)	38.48	25.89	29.79
Allotted - weighted average ytm	28.75%, 30.0%, 32.0%, 34.0%, 35.0%	28.75%, 32.0%, 34.0%, 35.0%	30.0%, 32.0%, 34.0%, 35.0%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	28.75%	14-Mar-24	26-Mar-24
3-year TN	30.00%	14-Mar-24	TBA
5-year TN	32.00%	14-Mar-24	TBA
5-year Development Bond	28.00%	28-Nov-23	TBA
7-year TN	34.00%	14-Mar-24	TBA
7-Year Development Bond	32.00%	16-Jan-24	TBA
10-year TN	35.00%	14-Mar-24	TBA
10-year Development Bond	23.35%	26-Apr-22	TBA

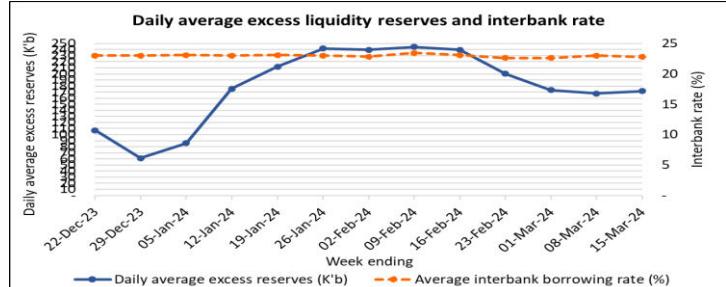
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'lb)	Last auction's coupon rate
26-Mar-24	2-year TN	60.22	10.00%

Projected maturities			
Week ending	15-Mar-24	22-Mar-24	29-Mar-24
TBs, PNs & TNs (K'm)	81.437	27,769	153,554
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

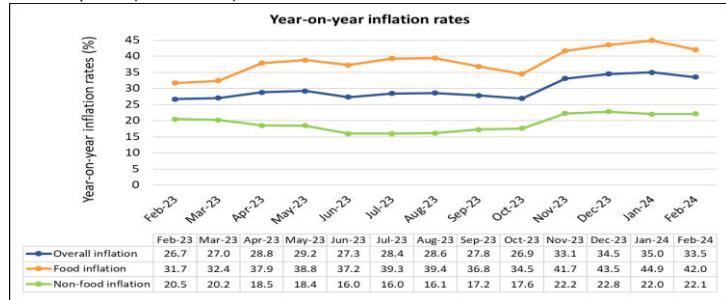
Average daily excess liquidity reserves increased to K171.58b during the week from K167.57b in the previous week. Daily average interbank borrowing decreased to K25.94b from K47.43b. Borrowing on the Lombard facility amounted to K10.0b. The average interbank borrowing rate decreased to 22.79% from 23.02%. The Lombard rate remained fixed at 26.2% (Source: RBM).



Policy Rate			
Rate	01-Feb-24	% pts Δ	27-Oct-23
	26.00%	↑ 2.00	24.00%
Market Reference Rate			
Rate	Mar-24	% pts Δ	Feb-24
	24.90%	→ 0.00	24.90%

Inflation rate

The year-on-year headline inflation rate decreased to 33.5% in February 2024 from 35.0% in January 2024 due to a decrease in food inflation rate to 42.0% from 44.9% in the previous month, while non-food inflation rate slightly increased to 22.1% in February 2024 from 22.0% in January 2024 (Source: NSO).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a marginal loss of -0.01% to close the week at 113,023.04 points from 113,033.04 points in the previous week. The market traded 2,981,378 shares at a consideration of K1.10b in 227 trades, compared to 3,531,982 shares traded at a consideration of K378.10m in 166 trades in the previous week. The year-to-date return on MASI stood at 1.87% as at the end of the week compared to 20.60% for the same period in 2023 (Source: MSE).

Stock market trading activity			
	15-Mar-24	% Δ	08-Mar-24
MASI	113,023.04	↓ -0.01%	113,033.04
DSI	84,444.35	↓ -0.01%	84,452.86
FSI	20,592.47	↓ 0.00%	20,592.97
Traded volume	2,981,378	↓ -15.59%	3,531,982
Number of trades	227	↑ 36.75%	166
Value of shares traded (K'm)	1,102.78	↑ 191.67%	378.10
Market capitalisation (K'm)	6,117,258.52	↓ -0.01%	6,117,795.59
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	50.01	↑ 0.02%	50.00
ILLOVO	1350.13	↑ 0.001%	1350.11
NITL	411.50	↑ 0.002%	411.49
STANDARD	3950.19	↑ 0.0003%	3950.18
Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	65.12	↓ -0.03%	65.14
FMBCH	411.89	↓ -0.002%	411.90
ICON	16.85	↓ -0.12%	16.87
MPICO	14.70	↓ -0.07%	14.71
NBS	109.94	↓ -0.02%	109.96
NICO	199.72	↓ -0.02%	199.75
SUNBIRD	195.02	↓ -0.50%	196.00

Corporate news

Standard Bank (Malawi) Plc posted a profit after tax (PAT) of K52.52b for the year ended 31st December 2023, representing an increase of 34% from PAT of K39.20b for the prior year (Source: Standard Bank).