

Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week			
Currency	15-Sep-23	% Δ	8-Sep-23
USD	1125.6943	↓ 0.13%	1124.1848
GBP	1434.9306	↑ -0.79%	1446.3935
EUR	1233.7671	↑ -0.68%	1242.2117
ZAR	60.7221	↓ 0.90%	60.1813

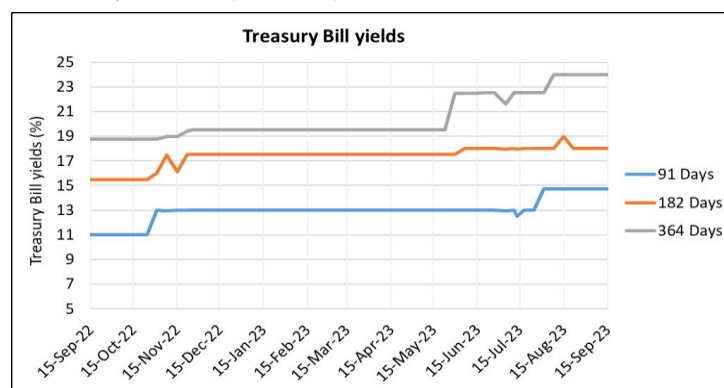
Gross official foreign exchange reserves position			
	31-Jul-23	30-Jun-23	31-May-23
Reserves (USD'm)	267.91	321.53	194.82
Import cover (months)	1.07	1.29	0.78
Benchmark import cover (months)	3.00	3.00	3.00

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K15.92b from auctions of Treasury Bills and K58.22b from auctions of Treasury Notes during the week.

Maturities of Government securities for the week amounted to K39.52b. These transactions resulted in a net withdrawal of K34.65b from the market, compared to a net withdrawal of K9.96b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	11, 12 & 15 Sep 2023	% pts Δ	5-Sep-23
Amount offered - cost value (K'm)	3,938.00	↔ 0.00%	3,938.00
Applied - cost value (K'm)	15,920.43	↑ 784.72%	1,799.48
Allotted - cost value (K'm)	15,920.43	↑ 785.00%	1,798.91
Overall rejection rate	0.00%	↓ -0.03	0.03%
91 days yield	14.7000%	↔ 0.0000%	14.7000%
182 days yield	18.0000%	↔ 0.0000%	18.0000%
364 days yield	23.9999%	↑ 0.0001%	23.9998%
All-type yield	18.9000%	↑ 0.0000%	18.8999%

Treasury Note and Bond auctions			
Auction date	11, 12, 14 & 15 Sep 2023	7-Sep-23	5-Sep-23
Tenors	2, 3, 5 & 7 years	7 years	3 years
Coupon rate	10.00%, 11.00%, 12.50% & 13.50%	13.50%	11.00%
Amount offered - cost value (K'b)			62.81
Total applied - cost value (K'b)	58.22	7.56	5.56
Total allotted - cost value (K'b)	58.22	7.56	5.56
Allotted - weighted average ytm	26.70%, 28.00%, 30.00% & 30.99%	32.00%	28.00%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	15-Sep-23	TBA
3-year TN	28.00%	15-Sep-23	TBA
5-year TN	30.00%	15-Sep-23	26-Sep-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	32.00%	11-Sep-23	TBA
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	32.83%	29-Aug-23	19-Sep-23
10-year Development Bond	23.35%	26-Apr-22	TBA

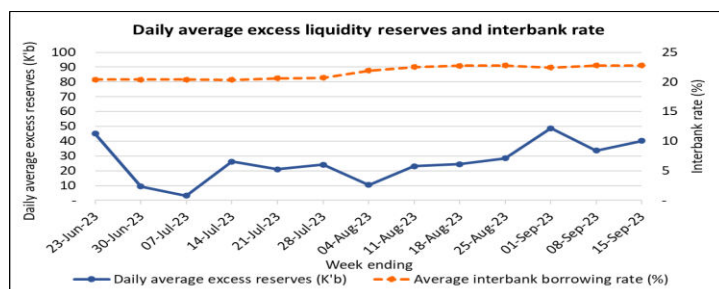
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
19-Sep-23	10	15.70	15.00%
26-Sep-23	5	50.25	12.50%

Projected maturities			
Week ending	15-Sep-23	22-Sep-23	29-Sep-23
TBs, PNs & TNs (K'm)	39,521	26,559	29,038
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 K40.24b during the week from K33.66b in the previous week. Daily average interbank borrowing slightly decreased to K30.90b from K31.01b. Borrowing on the Lombard facility increased to the average of K91.13b per day from K72.81b per day in the previous week. The average interbank borrowing rate marginally increased to 22.77% from 22.76%. The Lombard rate remained fixed at 24.20% (Source: RBM).

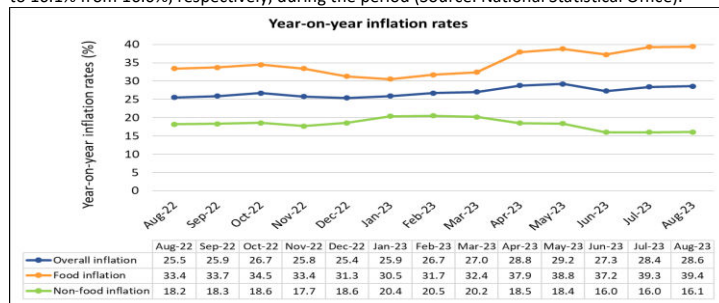


Policy Rate			
Rate	27-Jul-23	% pts Δ	27-Apr-23
	24.00%	↑ 2.00	22.00%

Market Reference Rate			
Rate	Sep-23	% pts Δ	Aug-23
	23.40%	↑ 0.70	22.70%

Inflation

The year-on-year overall inflation rate increased to 28.6% in August 2023 from 28.4% in July 2023 due to an increase in food inflation rate to 39.4% from 39.3% and non-food inflation rate to 16.1% from 16.0%, respectively, during the period (Source: National Statistical Office).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.45% to close the week at 120,133.90 points from 119,595.35 points in the previous week due to share price gains in FMBCH (3.75%), NBM (0.001%), NITL (0.002%), STANDARD (0.0004%) and SUNBIRD (0.01%), which offset share price losses in AIRTEL (-0.02%), FDHB (-0.03%), ICON (-0.11%), NBS (-1.07%), PCL (-0.04%) and TNM (-0.07%). The market traded 8,451,510 shares at a consideration of K3.31b in 287 trades, compared to 6,867,515 shares traded at a consideration of K1.81b in 309 trades in the previous week. The year-to-date return on MASI stands at 93.65% compared to 19.90% for the same period in 2022 (Source: MSE).

Stock market trading activity			
	15-Sep-23	% Δ	08-Sep-23
MASI	120,133.90	↑ 0.45%	119,595.35
DSI	90,693.78	↓ -0.11%	90,796.89
FSI	20,691.93	↑ 3.73%	19,948.26
Traded volume	8,451,510	↑ 23.07%	6,867,515
Number of trades	287	↓ -7.12%	309
Value of shares traded (K'm)	3,314.63	↑ 83.50%	1,806.31
Market capitalisation (K'm)	6,495,997.29	↑ 0.47%	6,465,308.48

Gainers			
	Closing price (K)	% Δ	Opening price (K)
FMBCH	415.02	↑ 3.75%	400.01
NBM	2101.03	↑ 0.001%	2101.01
NITL	401.05	↑ 0.002%	401.04
STANDARD	2650.02	↑ 0.0004%	2650.01
SUNBIRD	191.02	↑ 0.01%	191.00

Losers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	100.44	↓ -0.02%	100.46
FDHB	75.75	↓ -0.03%	75.96
ICON	18.94	↓ -0.11%	18.96
NBS	130.50	↓ -1.07%	131.91
PCL	2507.00	↓ -0.04%	2508.00
TNM	29.92	↓ -0.07%	29.94

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