

Foreign exchange market developments

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

Closing TT mid exchange rates				
Currency	16-Jun-23		% Δ	9-Jun-23
USD	1034.4748	↓	0.10%	1033.4112
GBP	1366.6848	↓	2.25%	1336.5492
EUR	1161.7568	↓	1.02%	1150.0003
ZAR	58.0283	↓	2.71%	56.4989

Gross official foreign exchange reserves position			
	31-May-23	30-Apr-23	31-Mar-23
Reserves (USD'm)	194.82	200.08	228.49
Import cover (months)	0.78	0.80	0.91
Benchmark import cover (months)	3.00	3.00	3.00

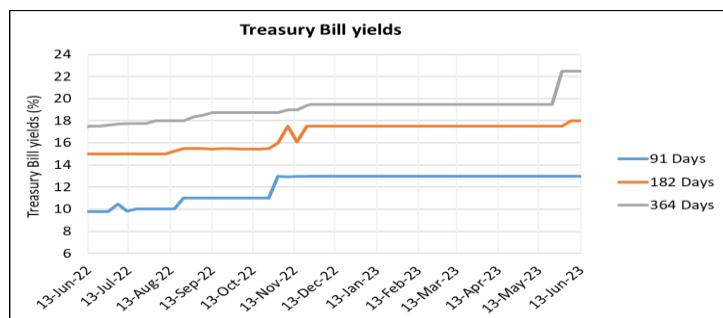
Cumulative tobacco sales			
Date	Week 10 2023 as at 16 June	% Δ	Week 10 2022 as at 3 June
Volume (million kg)	84.25	↑ 160.43%	32.35
Value (USD'million)	193.84	↑ 189.75%	66.90
Average price (USD/Kg)	2.30	↑ 11.11%	2.07

Data source: Reserve Bank of Malawi (RBM) and AHL

Government securities

During this week's auctions, the government raised K17.82b from Treasury Bills (TB) and K108.32b from Treasury Notes (TN). The 91-day TB yield was stable at 13.00%, the 182-day TB yield increased to 18.00% from 17.99% in the previous week, while the 364-day TB yield decreased to 22.46% from 22.47%. The average yields for the 2-year, 3-year, 5-year, 7-year and 10-year TNs were at 24.75%, 26.00%, 28.00%, 29.50% and 31.25%, respectively.

Access on the rediscounting standing facility amounted to K0.22b and maturities of Government securities for the week amounted to K26.44b. These transactions resulted in a net withdrawal of K99.92b from the market, compared to a net injection of K32.23b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	13-Jun-23		% pts Δ	6-Jun-23
Amount offered - cost value (K'm)	16,639.00	→	0.00%	16,639.00
Applied - cost value (K'm)	17,816.95	↓	-45.45%	32,663.56
Allotted - cost value (K'm)	17,816.95	↓	9.02%	16,342.50
Overall rejection rate	0.00%	→	-49.97	49.97%
91 days yield	13.0000%	→	0.0000%	13.0000%
182 days yield	18.0000%	↑	0.0147%	17.9853%
364 days yield	22.4625%	↓	-0.0098%	22.4723%
All-type yield	17.8208%	↓	0.0016%	17.8192%

Treasury Note and Bond auctions				
Auction date	13-Jun-23	6-Jun-23	30 May & 1 Jun 2023	
Tenors	2, 3, 5, 7 & 10	2	2	
Coupon rate	10.00%, 11.00%, 12.50%, 13.50% & 15.00%	10.00%	15.00%	
Amount offered - cost value (K'b)		77.02	34.26	
Total applied - cost value (K'b)	108.32	3.00	15.08	
Total allotted - cost value (K'b)	108.32	0.91	14.25	
Allotted - weighted average ytm	24.75%, 26.00%, 28.00%, 29.50% & 31.25%	24.75%	31.22%	

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	24.75%	16-Jun-23	TBA
3-year TN	26.00%	16-Jun-23	TBA
5-year TN	28.00%	16-Jun-23	TBA
5-year Development Bond	26.00%	29-Nov-22	27-Jun-23
7-year TN	29.50%	16-Jun-23	TBA
7-year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	31.25%	16-Jun-23	TBA
10-year Development Bond	23.35%	26-Apr-22	TBA

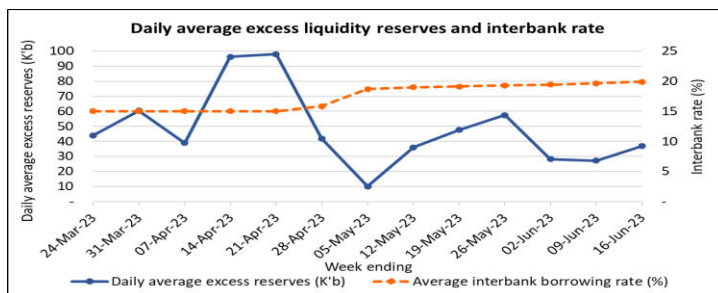
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Previous auction coupon rate
27-Jun-23	5 year IDB	10.00	13.50%

Projected maturities			
Week ending	16-Jun-23	23-Jun-23	30-Jun-23
TBs, PNs & TNs (K'm)	26,444	24,331	21,301
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 K36.82b during the week, from K27.09b in the previous week. Daily average interbank borrowing increased to K34.92b from K25.76b. Borrowing on the Lombard facility increased to the average of K105.70b per day from K87.24b per day in the previous week. The average interbank borrowing rate increased to 19.91% from 19.64% and the Lombard rate remained fixed at 22.20% (Source: RBM).



Policy Rate			
Rate	27-Apr-23	% pts Δ	2-Feb-23
	22.00%	↑	4.70
			17.30%
Market Reference Rate			
Rate	Jun-23	% pts Δ	May-23
	21.00%	↑	1.00
			20.00%
Inflation Rate			
Rate	Mar-23	% pts Δ	Mar-23
	28.8%	↑	1.8
			27.0%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.62% to close the week at 104,177.24 points from 103,536.44 points in the previous week due to share price gains in FMBCH (0.005%), ICON (2.13%), NBS (13.13%), NICO (0.01%) and STANDARD (0.002%), which offset share price losses in FDHB (-0.25%) and ILLOVO (-0.001%). The market traded 24,012,765 shares at a consideration of K1.83b in 295 trades, compared to 20,415,263 shares traded at a consideration of K3.34b in 340 trades in the previous week. The year-to-date return on MASI stands at 67.93% compared to 9.43% for the same period in 2022.

Stock market trading activity				
	16-Jun-23	% Δ	09-Jun-23	
MASI	104,177.24	↑ 0.62%	103,536.44	
DSI	84,104.94	↑ 0.68%	83,535.13	
FSI	10,973.85	↑ 0.00%	10,973.35	
Traded volume	24,012,765	↓ 17.62%	20,415,263	
Number of trades	295	↓ -13.24%	340	
Value of shares traded (K'm)	1,831.63	↓ -45.18%	3,341.36	
Market capitalisation (K'm)	5,618,195.54	↑ 0.61%	5,583,857.05	
Gainers				
	Closing price (K)	% Δ	Opening price (K)	
FMBCH	218.68	↑ 0.005%	218.67	
ICON	11.50	↑ 2.13%	11.26	
NBS	100.00	↑ 13.13%	88.39	
NICO	163.02	↑ 0.01%	163.00	
STANDARD	2300.05	↑ 0.002%	2300.01	
Losers				
	Closing price (K)	% Δ	Opening price (K)	
FDHB	63.99	↓ -0.25%	64.15	
ILLOVO	1121.41	↓ -0.001%	1121.42	

Corporate news

- National Investment Trust Plc expects its profit after tax for the half year ending 30 June 2023 to be at least K11.5b compared to K1.5b reported for the half year ended 30 June 2022.
- Telekom Networks Malawi Plc expects its profit after tax for the half year ending 30 June 2023 to be approximately 150% higher than the previous corresponding period.

Dividends announced					
Company	Dividend type	Dividend (K/share)	Last day to trade	Last day to register	Payable
FMBCH	2nd interim declared	0.3381 US cents	6-Jun-23	9-Jun-23	16-Jun-23
ILLOVO	interim declared	10.80	20-Jun-23	23-Jun-23	30-Jun-23
STANDARD	Final proposed	51.14	3-Jul-23	7-Jul-23	21-Jul-23
MPICO	Final proposed	0.22	11-Jul-23	14-Jul-23	28-Jul-23
NBM	Final proposed	32.11	18-Jul-23	21-Jul-23	28-Jul-23
NITL	Final proposed	2.35	TBA	TBA	TBA
SUNBIRD	Final proposed	1.50	TBA	TBA	TBA
NBS	Final proposed	0.90	TBA	TBA	TBA
NICO	Final proposed	1.00	TBA	TBA	TBA
ICON	Final proposed	0.13	TBA	TBA	TBA
AIRTEL	Final proposed	2.50	TBA	TBA	TBA

Annual general meetings			
Company	Venue	Date	Time
FMBCH	First Capital Bank Training Centre, Blantyre	19-Jun-23	16:00 hrs
STANDARD	Bingu International Conference Centre	22-Jun-23	9:00hrs
NICO	Ryalls Hotel, Blantyre	28-Jun-23	10:00 hrs
SUNBIRD	Sunbird Mount Soche, Soche International Conference Centre	29-Jun-23	15:30hrs
MPICO	Sunbird Capital Hotel	30-Jun-23	10:00 hrs
NBM	Sunbird Mount Soche	20-Jul-23	14:00 hrs

Data source: MSE

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.