

Foreign exchange market developments

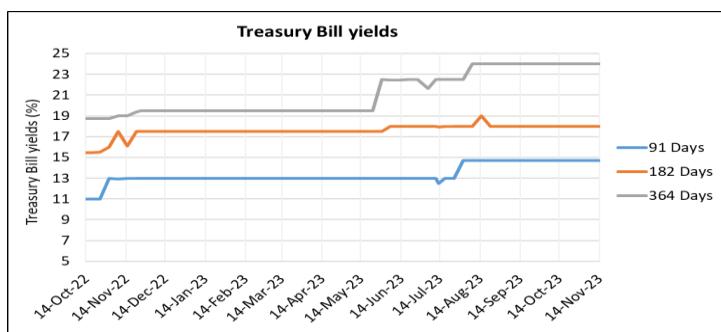
During the week, the Kwacha depreciated against the USD, GBP, EUR and ZAR as indicated in the table below:

Closing TT middle exchange rates as at the end of the week			
Currency	17-Nov-23	% Δ	10-Nov-23
USD	1698.9246	⬇️ 0.25%	1694.6076
GBP	2169.0941	⬇️ 1.53%	2136.3873
EUR	1897.0249	⬇️ 2.01%	1859.7143
ZAR	94.3632	⬇️ 1.32%	93.1319
Gross official foreign exchange reserves position			
	30-Sep-23	31-Aug-23	31-Jul-23
Reserves (USD'm)	242.68	239.56	267.91
Import cover (months)	0.97	0.96	1.07
Benchmark import cover (months)	3.00	3.00	3.00

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K9.14m from auction of Treasury Bills and K4.80b from auction of a 3-year Treasury Note during the week. Maturities of Government securities for the week amounted to K12.45b, resulting in a net injection of K7.64b into the market, compared to a net injection of K6.69b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	14-Nov-23	% pts Δ	7-Nov-23
Amount offered - cost value (K'm)	10,380.00	➡️ 0.00%	10,380.00
Applied - cost value (K'm)	9.14	⬇️ -99.56%	2,089.80
Allocated - cost value (K'm)	9.14	⬇️ -99.56%	2,089.80
Overall rejection rate	0.00%	➡️ 0.00	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	14-Nov-23	31 Oct & 1 Nov 2023	26-Oct-23
Tenors	3 years	2, 5 & 10 years	2 & 10 years
Coupon rate	11.00%	10.00%, 12.50% & 15.00%	10.00% & 15.00%
Amount offered - cost value (K'b)	33.96	K28.82b for 5-year TN	
Total applied - cost value (K'b)	15.86	19.00	1.52
Total allotted - cost value (K'b)	4.80	19.00	1.52
Allotted - weighted average ytm	28.00%	26.75%, 30.00% & 33.00%	26.75% & 33.00%

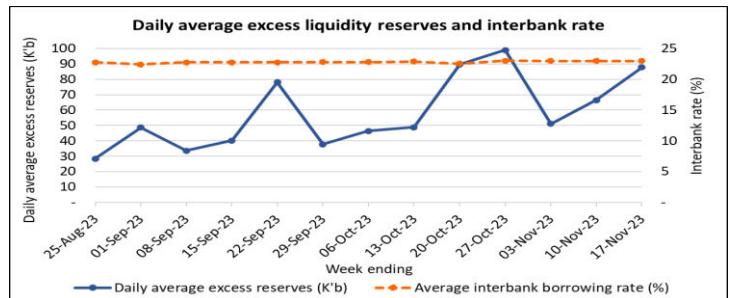
Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	01-Nov-23	21-Nov-23
3-year TN	28.00%	16-Nov-23	14-Nov-23
5-year TN	30.00%	31-Oct-23	31-Oct-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	32.00%	17-Oct-23	26-Dec-23
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	33.00%	01-Nov-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
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	17-Nov-23	24-Nov-23	1-Dec-23
TBs, PNs & TNs (K'm)	12,449	19,436	99,762
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

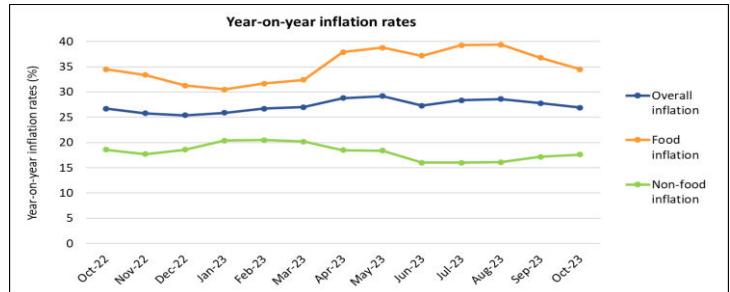
Average daily excess liquidity reserves increased to K87.73b during the week from K66.52b in the previous week. Daily average interbank borrowing increased to K39.87b from K37.60b. Borrowing on the Lombard facility decreased to the average of K51.74b per day from K53.52b per day in the previous week. The average interbank borrowing rate was stable at 23.00%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Policy Rate			
Rate	27-Oct-23	% pts Δ	27-Jul-23
Market Reference Rate	24.00%	➡️ 0.00	24.00%
Rate	23.50%	➡️ 0.00	23.50%

Inflation

The year-on-year headline inflation rate decreased to 26.9% in October 2023 from 27.8% recorded in September 2023 due to a decrease in food Inflation rate to 34.5% in October 2023 from 36.8% in September 2023, while non-food Inflation rate increased to 17.6% in October 2023 from 17.2% in September 2023 (Source: NSO).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.11% to close the week at 113,517.44 points from 113,643.46 points in the previous week due to share price losses in AIRTEL (-2.82%), NBS (-0.13%), NICO (-0.24%) and TNM (-0.46%), which offset share price gains in FDHB (0.22%), FMBCH (0.003%), ILLOVO (0.001%), OMU (25.00%) and STANDARD (3.33%). The market traded 32,374,875 shares at a consideration of K4.74b in 260 trades, compared to 8,839,619 shares traded at a consideration of K1.06b in 160 trades in the previous week. The year-to-date return on MASI stands at 82.99% compared to 29.42% for the same period in 2022 (Source: MSE).

Stock market trading activity			
	17-Nov-23	% Δ	10-Nov-23
MASI	113,517.44	⬇️ -0.11%	113,643.46
DSI	89,225.06	⬇️ -0.16%	89,366.61
FSI	15,048.88	➡️ 0.25%	15,011.31
Traded volume	32,374,875	➡️ 266.25%	8,839,619
Number of trades	260	➡️ 62.50%	160
Value of shares traded (K'm)	4,735.62	➡️ 347.80%	1,057.53
Market capitalisation (K'm)	6,130,876.61	⬇️ -0.07%	6,135,327.09
Gainers	Closing price (K)	% Δ	Opening price (K)
FDHB	67.99	➡️ 0.22%	67.84
FMBCH	300.00	➡️ 0.003%	299.99
ILLOVO	1122.00	➡️ 0.001%	1121.99
OMU	1500.00	➡️ 25.00%	1200.00
STANDARD	3100.01	➡️ 3.33%	3000.07
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	96.87	⬇️ -2.82%	99.68
NBS	107.44	⬇️ -0.13%	107.58
NICO	155.50	⬇️ -0.24%	155.88
TNM	28.37	⬇️ -0.46%	28.50

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 or 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.