

Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week			
Currency	18-Aug-23	% Δ	11-Aug-23
USD	1093.6949	⬇️ 0.06%	1093.0724
GBP	1437.0787	⬇️ 0.58%	1428.7926
EUR	1227.1335	⬆️ -0.67%	1235.4685
ZAR	58.5838	⬆️ -1.21%	59.3023

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

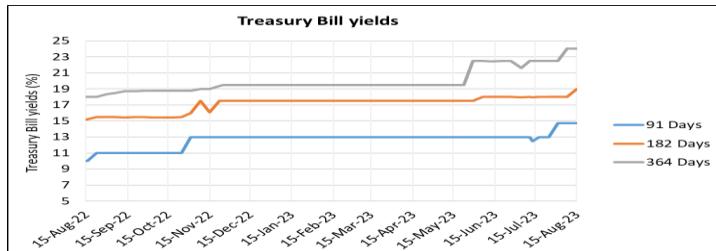
Cumulative tobacco sales			
Date	Week 17 2023 as at 4 August 2023	% Δ	Week 17 2022 as at 22 July
Volume (million kg)	120.53	⬆️ 47.40%	81.77
Value (USD'million)	283.76	⬆️ 62.76%	174.34
Average price (USD/kg)	2.35	⬆️ 10.33%	2.13

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

Government securities

The government raised K7.29b from auction of Treasury Bills and K17.09b from auction of a 2-year Treasury Note during the week.

Access on the Re-discounting Standing Facility amounted to K1.08b. Maturities of Government securities for the week amounted to K20.19b. These transactions resulted in a net withdrawal of K3.11b from the market, compared to a net injection of K9.12b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	15-Aug-23	% pts Δ	8-Aug-23
Amount offered - cost value (K'm)	6,177.00	➡️ 0.00%	6,177.00
Applied - cost value (K'm)	7,285.24	⬆️ 694.01%	917.53
Allotted - cost value (K'm)	7,285.24	⬆️ 694.01%	917.53
Overall rejection rate	0.00%	➡️ 0.00	0.00%
91 days yield	14.7000%	➡️ 0.0000%	14.7000%
182 days yield	18.9808%	⬆️ 0.9808%	18.0000%
364 days yield	24.0000%	➡️ 0.0000%	24.0000%
All-type yield	19.2269%	⬆️ 0.3269%	18.9000%

Treasury Note and Bond auctions			
Auction date	15-Aug-23	8-Aug-23	1-Aug-23
Tenors	2 year TN	7 year TN	7 year IDB
Coupon rate	10.00%	13.50%	14.50%
Amount offered - cost value (K'b)	48.15	50.25	20.49
Total applied - cost value (K'b)	17.09	15.57	0.01
Total allotted - cost value (K'b)	17.09	15.52	0.00
Allotted - weighted average ytm	26.59%	30.46%	

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.59%	15-Aug-23	12-Sep-23
3-year TN	26.00%	25-Jul-23	05-Sep-23
5-year TN	28.00%	18-Jul-23	26-Sep-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	30.46%	08-Aug-23	TBA
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	31.25%	29-Jun-23	29-Aug-23
10-year Development Bond	23.35%	26-Apr-22	TBA

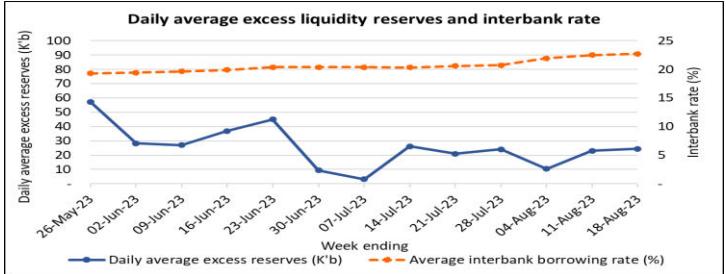
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
29-Aug-23	10	26.61	15.00%
05-Sep-23	3	62.81	11.00%
12-Sep-23	2	48.15	10.00%
19-Sep-23	10	15.70	15.00%
26-Sep-23	5	50.25	12.50%

Projected maturities			
Week ending	18-Aug-23	25-Aug-23	1-Sep-23
TBs, PNs & TNs (K'm)	20,191	15,578	2,105
OMO repos (K'm)	0	10,353	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

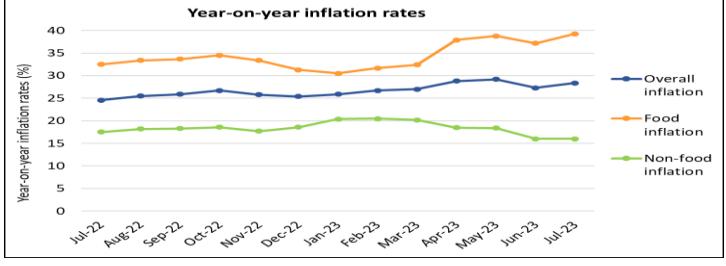
Average daily excess liquidity reserves increased to K24.48b during the week from K23.03b in the previous week. Daily average interbank borrowing increased to K35.54b from K28.60b. Borrowing on the Lombard facility decreased to the average of K138.82b per day from K157.40b per day in the previous week. The average interbank borrowing rate increased to 22.74% from 22.50%. The Lombard rate remained fixed at 24.2% (Source: RBM).



Policy Rate			
	27-Jul-23	% pts Δ	27-Apr-23
Rate	24.00%	⬆️ 2.00	22.00%
Market Reference Rate			
Aug-23	22.70%	⬆️ 1.30	Jul-23
Rate			21.40%

Inflation

The year-on-year headline inflation rate increased to 28.4% in July 2023 from 27.3% recorded in June 2023 due to an increase in food inflation rate to 39.3% in July 2023 from 37.2% in June 2023, while non-food inflation rate was constant at 16.0%.



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.24% to close the week at 116,439.86 points from 116,157.13 points in the previous week due to share price gains in AIRTEL (0.05%), FDHB (2.44%) and FMBCH (0.30%), which offset share price losses in NBS (-0.01%), NICO (-0.01%) and TNM (-0.07%). The market traded 29,423,201 shares at a consideration of K4.35b in 343 trades, compared to 8,658,211 shares traded at a consideration of K611.54m in 220 trades in the previous week. The year-to-date return on MASI stands at 87.70% compared to 18.34% for the same period in 2022.

Stock market trading activity			
	18-Aug-23	% Δ	11-Aug-23
MASI	116,439.86	⬆️ 0.24%	116,157.13
DSI	90,278.01	⬆️ 0.24%	90,065.62
FSI	17,025.11	⬆️ 0.29%	16,975.06
Traded volume	29,423,201	⬆️ 239.83%	8,658,211
Number of trades	343	⬆️ 55.91%	220
Value of shares traded (K'm)	4,345.96	⬆️ 610.66%	611.54
Market capitalisation (K'm)	6,289,024.93	⬆️ 0.24%	6,274,104.57
Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	100.15	⬆️ 0.05%	100.10
FDHB	76.01	⬆️ 2.44%	74.20
FMBCH	341.01	⬆️ 0.30%	340.00
Losers	Closing price (K)	% Δ	Opening price (K)
NBS	131.99	⬇️ -0.01%	132.00
NICO	163.00	⬇️ -0.01%	163.02
TNM	29.98	⬇️ -0.07%	30.00

Company	H1 2023 profit after tax (K'm)		H1 2022 profit after tax (K'm)
	Change (%)	Value (K'm)	
CDH Investment Bank Ltd	5,463	⬆️	118%
Centenary Bank Ltd	970	⬆️	201%
FDH Bank Plc	15,015	⬆️	72%
First Capital Bank Plc	16,787	⬆️	128%
Standard Bank Malawi Plc	26,922	⬆️	70%
			15,835

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.