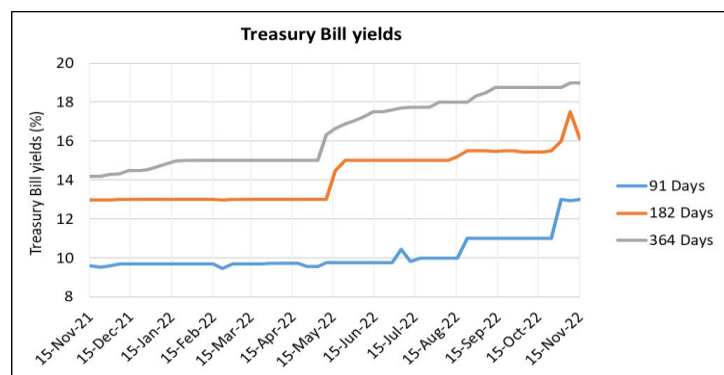


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.25% to close the week at 58,544.16 points from 58,690.96 points in the previous week due to share price losses in FMBCH (-3.63%) and NBS (-0.04%), which offset share price gains in AIRTEL (0.15%), FDHB (0.87%), NBM (0.02%), NICO (0.07%) and STANDARD (0.0005%). The market traded 11,001,252 shares at a consideration of K1.62b in 101 trades, compared to 27,567,956 shares traded at a consideration of K628.18m in 86 trades in the previous week. The year-to-date return on MASI stands at 29.04% compared to 27.79% for the same period in 2021 (Source: MSE).

Government securities

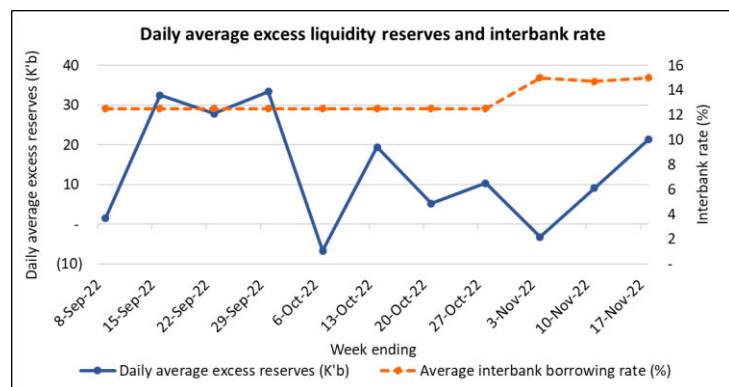
Government raised K4.21b during the week's auction for Treasury Bills (TBs) compared to K3.94b raised in the previous week. The auction registered a rejection rate of 30.70% on the submitted bids. The average TB yield decreased to 16.0303% from 16.4810% in the previous week on the account of a decrease in the 182-day yield to 16.1024% from 17.4947% and the 364-day yield to 18.9884% from 19.0000%. The 91-day yield increased to 13.0000% from 12.9482% during the period (Source: RBM).



The Government also raised K7.72b through auction of a 5-year Treasury note (TN) at an average yield of 25.98%. Maturities of Government securities for the week amounted to K18.41b. This resulted in a net injection of K6.48b into the market compared to a net injection of K36.41b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K21.29b from K9.11b in the previous week. Daily average interbank borrowing decreased to K8.94b from K15.80b in the previous week. The average interbank borrowing rate was constant at 15.00%. Borrowing on the Lombard facility decreased to an average of K26.26b per day during the week from K28.32b per day in the previous week (Source: RBM).



Foreign exchange market developments

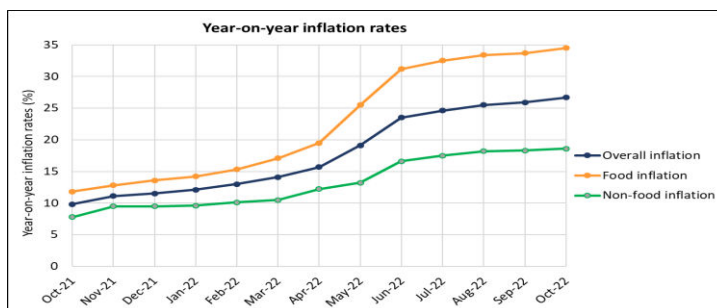
The Kwacha slightly depreciated by 0.04% to trade at K1035.8836/USD as of 17th November 2022 from K1035.4703/USD on 11th November 2022. The Kwacha also depreciated against GBP (4.04%), EUR (3.28%) and ZAR (2.40%) during the same period. Gross official foreign exchange reserves stood at USD326.06 (1.30 months import cover) on 31st October 2022, down from USD357.18 (1.43 months import cover) on 30th September 2022. The recommended minimum import cover is 3 months.

Stock market			
	18-Nov-22	% Δ	11-Nov-22
MASI	58,544.16	↓ -0.25%	58,690.96
DSI	47,681.93	↓ 0.07%	47,650.39
FSI	5,633.45	↓ -3.55%	5,840.55
Traded volume	11,001,252	↓ 60.09%	27,567,956
Number of trades	101	↓ 17.44%	86
Value of shares traded (K'm)	1,618.27	↓ 157.61%	628.18
Market capitalisation (K'm)	3,162,688.37	↓ -0.26%	3,171,064.37
Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	55.09	↑ 0.15%	55.01
FDHB	15.00	↑ 0.87%	14.87
NBM	1400.26	↑ 0.02%	1400.03
NICO	55.00	↑ 0.07%	54.96
STANDARD	2000.03	↑ 0.0005%	2000.02
Losers			
	Closing price (K)	% Δ	Opening price (K)
FMBCH	110.82	↓ -3.63%	115.00
NBS	22.60	↓ -0.04%	22.61
Treasury Bill auctions			
	15-Nov-22	% pts Δ	8-Nov-22
Auction date	15-Nov-22	0.00%	15,362.00
Amount offered - cost value (K'm)	15,362.00	↓ -17.69%	7,374.58
Applied - cost value (K'm)	4,206.21	↓ 6.63%	3,944.58
Alotted - cost value (K'm)	30.70%	↓ -15.81	46.51%
Overall rejection rate	13.0000%	↓ 0.0518%	12.9482%
91 days yield	16.1024%	↓ -1.3923%	17.4947%
182 days yield	18.9884%	↓ -0.0116%	19.0000%
364 days yield	16.0303%	↓ -0.4507%	16.4810%
All-type yield			
Treasury Note and Bond auctions			
	15-Nov-22	1-Nov-22	25-Oct-22
Auction date	15-Nov-22	1-Nov-22	25-Oct-22
Tenors	5 years	2 years	7 years
Coupon rate	12.50%	10.00%	13.50%
Amount offered - cost value (K'b)	54.61	57.30	31.54
Total applied - cost value (K'b)	10.32	2.05	4.62
Total allotted - cost value (K'b)	7.72	2.02	4.62
Allotted - weighted average ytm	25.98%	22.50%	26.50%
Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2 years	22.50%	1-Nov-22	TBA
3 years	23.00%	11-Oct-22	13-Dec-22
5 years	25.98%	15-Nov-22	29-Nov-22
7 years	26.50%	25-Oct-22	TBA
7-Year Development Bond	26.75%	2-Sep-22	22-Nov-22
10 years	27.50%	10-Oct-22	27-Dec-22
10-year infrastructure bond	23.35%	26-Apr-24	TBA
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Previous auction coupon rate
22-Nov-22	7-year DB	7.00	14.50%
29-Nov-22	5	13.00	12.50%
13-Dec-22	3	47.30	11.00%
27-Dec-22	10	31.54	15.00%
Projected maturities			
	18-Nov-22	25-Nov-22	2-Dec-22
TBs, PNs & TNs (K'm)	18,409	47,457	20,166
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	20,530	7,081
Reference rate			
	Nov-22	% pts Δ	Oct-22
Rate	16.60%	↑ 2.70	13.90%
Inflation rate			
	Oct-22	% pts Δ	Sep-22
Rate	26.7%	↑ 0.8	25.9%
Closing TT mid exchange rates			
	17-Nov-22	% Δ	10-Nov-22
USD	1035.8836	↓ 0.04%	1035.4703
GBP	1264.7397	↓ 4.04%	1215.5941
EUR	1102.5038	↓ 3.28%	1067.5131
ZAR	61.2623	↓ 2.40%	59.8257
Gross official foreign exchange reserves position			
	31-Oct-22	30-Sep-22	31-Aug-22
Reserves (USD'm)	326.06	357.18	378.89
Import cover (months)	1.30	1.43	1.52

Sources: MSE, RBM, NSO, AHL

October 2022 headline inflation rate at 26.7%

The year-on-year headline inflation rate stood at 26.7% in October 2022, up from 25.9% in September 2022 and 9.8% in October 2021. Food inflation rate increased to 34.5% in October 2022, from 33.7% in September, while non-food inflation rate increased to 18.6% from 18.3% in the previous month (Source: NSO).



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.