



Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week				
Currency	19-Jan-24	% Δ		12-Jan-24
USD	1699.7296	↓	0.05%	1698.8507
GBP	2223.3453	↑	-0.06%	2224.7518
EUR	1902.8772	↑	-0.54%	1913.1206
ZAR	91.4998	↑	-2.76%	94.1003

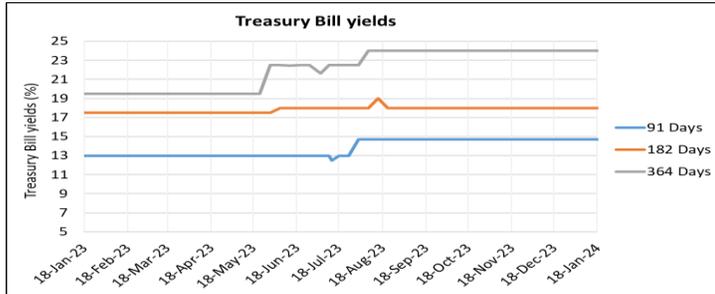
Opening foreign exchange bureaux middle rates as at 10 January 2024				
Currency	10-Jan-24	% Δ		5-Jan-24
USD	1931.6667	↓	0.20%	1927.8125
GBP	2369.3750	↓	0.35%	2361.1458
EUR	2064.5833	↓	0.41%	2056.2500
ZAR	103.2917	↓	0.10%	103.1875

Foreign exchange reserves position			
	30-Nov-23	31-Oct-23	30-Sep-23
Gross official foreign exchange reserves (USD'm)	169.50	169.30	242.68
Gross official reserves import cover (months)	0.70	0.70	0.97
Benchmark import cover for official reserves (months)	3.00	3.00	3.00
Private sector foreign exchange reserves (USD'm)	413.20	396.90	409.46
Private sector reserves import cover (months)	1.70	1.60	1.64
Total economy foreign exchange reserves (USD'm)	582.70	566.20	652.14
Total economy import cover (months)	2.30	2.30	2.61

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K27.68b from auction of Treasury Bills, K0.19b from auction of Treasury Notes and K7.84b from auction of a 7-year Infrastructure Development Bond during the week. Maturities of Government securities for the week amounted to K143.44b. These transactions resulted in a net injection of K107.73b into the market, compared to a net withdrawal of K122.47b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	16 & 18 Jan 2024	% pts Δ	2-Jan-24
Amount offered - cost value (K'm)	9,645.00	↓	9,645.00
Applied - cost value (K'm)	27,682.06	↑	1,398.78
Allotted - cost value (K'm)	27,682.06	↑	1,398.78
Overall rejection rate	0.00%	↓	0.00%
91 days yield	14.7000%	↓	14.7000%
182 days yield	18.0000%	↓	18.0000%
364 days yield	24.0000%	↓	24.0000%
All-type yield	18.9000%	↓	18.9000%

Treasury Note and Bond auctions				
Auction date	18-Jan-24	16-Jan-24	3 & 5 Jan 2024	
Tenors	2, 5 & 10 yr TNs	7-yr IDB	2, 3, 5, 7 & 10 yr TNs	
Coupon rate	10.00%, 12.50% & 15.00%	14.50%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%	
Amount offered - cost value (K'b)		15.00		
Total applied - cost value (K'b)	0.19	7.84	133.58	
Total allotted - cost value (K'b)	0.19	7.84	133.58	
Allotted - weighted average ytm	26.75%, 30.00% & 33.00%	32.00%	26.75%, 28.00%, 30.00%, 32.00% & 33.00%	

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	18-Jan-24	26-Mar-24
3-year TN	28.00%	05-Jan-24	20-Feb-24
5-year TN	30.00%	18-Jan-24	30-Jan-24
5-year Development Bond	28.00%	28-Nov-23	TBA
7-year TN	32.00%	05-Jan-24	27-Feb-24
7-Year Development Bond	32.00%	16-Jan-24	TBA
10-year TN	33.00%	18-Jan-24	06-Feb-24
10-year Development Bond	23.35%	26-Apr-22	TBA

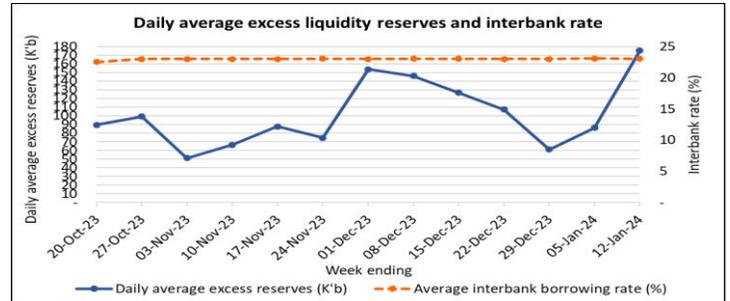
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
30-Jan-24	5-year TN	45.41	12.50%
06-Feb-24	10-year TN	39.73	15.00%
20-Feb-24	3-year TN	45.41	11.00%
27-Feb-24	7-year TN	49.95	13.50%
05-Mar-24	5-year TN	48.33	12.50%
12-Mar-24	3-year TN	53.41	11.00%
26-Mar-24	2-year TN	60.22	10.00%

Projected maturities			
Week ending	19-Jan-24	26-Jan-24	2-Feb-24
TBs, PN's & TN's (K'm)	143,439	19,202	7,683
OMO repos (K'm)	0	65,024	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 K212.01b during the week from K175.38b in the previous week. Daily average interbank borrowing increased to K40.15b from K16.26b. Borrowing on the Lombard facility decreased to the average of K50.25b per day from K66.42b per day in the previous week. The average interbank borrowing rate marginally increased to 23.10% from 23.03%. The Lombard rate remained fixed at 24.20% (Source: RBM).

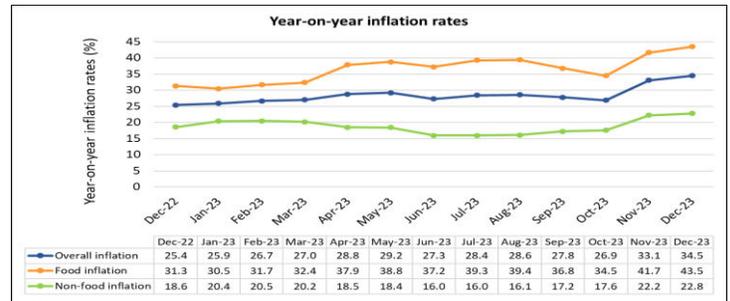


Policy Rate			
	27-Oct-23	% pts Δ	27-Jul-23
Rate	24.00%	⇒	0.00
			24.00%

Market Reference Rate			
	Jan-24	% pts Δ	Dec-23
Rate	23.60%	⇒	0.00
			23.60%

Inflation rate

The year-on-year headline inflation rate increased to 34.5% in December 2023 from 33.1% in November 2023 due to an increase in both food and non-food inflation. The annual average year on year inflation rate for 2023 stands at 28.8%, increasing from the annual average of 21.0% recorded in 2022. (Source: NSO).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 2.75% to close the week at 114,675.86 points from 111,605.87 points in the previous. The market traded 1,814,084 shares at a consideration of K322.28m in 164 trades, compared to 1,783,511 shares traded at a consideration of K334.30m in 200 trades in the previous week. The year-to-date return on MASI stood at 3.36% as at the end of the week compared to 8.78% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	19-Jan-24	% Δ		12-Jan-24
MASI	114,675.86	↑	2.75%	111,605.87
DSI	86,343.35	↑	1.12%	85,390.01
FSI	20,045.50	↑	12.78%	17,774.36
Traded volume	1,814,084	↓	1.71%	1,783,511
Number of trades	164	↓	-18.00%	200
Value of shares traded (K'm)	322.28	↓	-3.59%	334.30
Market capitalisation (K'm)	6,204,477.64	↑	2.81%	6,034,845.08

Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	55.06	↑	55.01
FMBCH	400.85	↑	355.01
ILLOVO	1301.05	↑	1260.22
MPICO	14.97	↑	14.96
NBM	2101.52	↑	2101.42
NICO	206.00	↑	179.00
NITL	411.10	↑	411.03
STANDARD	3950.05	↑	3950.03
SUNBIRD	192.07	↑	191.07

Losers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	66.97	↓	66.98
NBS	114.90	↓	114.97
PCL	2506.95	↓	2506.97
TNM	17.93	↓	17.98

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