

## Foreign exchange market developments

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

Closing TT mid exchange rates				
Currency	19-May-23	% Δ	12-May-23	
USD	1034.8799	0.02%	1034.7012	
GBP	1311.8220	-1.29%	1328.9935	
EUR	1150.9749	-1.00%	1162.5796	
ZAR	54.8856	-0.13%	54.9560	

Gross official foreign exchange reserves position			
	28-Feb-23	31-Jan-23	31-Dec-22
Reserves (USD'm)	280.66	279.22	304.65
Import cover (months)	1.12	1.12	1.22
Benchmark import cover (months)	3.00	3.00	3.00

Cumulative tobacco sales - week 6 as at 19 May 2023			
Date	Week 6 2023	% Δ	Week 6 2022
Volume (million kg)	38.99	584.04%	5.70
Value (USD'million)	85.51	670.36%	11.10
Average price (USD/Kg)	2.19	11.73%	1.96

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

## Government securities

The government has temporarily suspended Treasury Bill auctions in compliance with the Third Schedule (Provisions for General Borrowing) of the Public Finance Management (PFM) Act 2022 section 44(2). Auctions of Treasury Notes continue as per the published calendar on the RBM website.

There was an auction of a 3-year Treasury Note during the week, during which the government raised K32.14b. Maturities of Government securities for the week amounted to K25.00b and access on the Re-discounting Standing Facility amounted to K20.53b. These transactions resulted in a net injection of K13.39b into the market, compared to a net injection of K12.78b in the previous week (Source: RBM).

Treasury Bill auctions				
Auction date	25-Apr-23	% pts Δ	14-Apr-23	
Amount offered - cost value (K'm)	38,419.00	0.00%	38,419.00	
Applied - cost value (K'm)	18,514.49	-22.19%	23,793.51	
Allotted - cost value (K'm)	18,514.49	-22.19%	23,793.51	
Overall rejection rate	0.00%	0.00%	0.00%	
91 days yield	12.9789%	-0.0175%	12.9664%	
182 days yield	17.5000%	0.0000%	17.5000%	
364 days yield	19.5000%	0.0000%	19.5000%	
All-type yield	16.6596%	-0.0058%	16.6555%	

Treasury Note and Bond auctions				
Auction date	16-May-23	2-May-23	18-Apr-23	
Tenors	3 years	5 years	7 years	
Coupon rate	11.00%	12.50%	13.50%	
Amount offered - cost value (K'b)	61.66	52.76	57.40	
Total applied - cost value (K'b)	36.14	19.02	20.15	
Total allotted - cost value (K'b)	32.14	19.02	20.15	
Allotted - weighted average ytm	26.00%	28.00%	27.50%	

Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2-year TN	22.75%	31-Mar-23	06-Jun-23	
3-year TN	26.00%	16-May-23	TBA	
5-year TN	28.00%	02-May-23	TBA	
5-year Development Bond	26.00%	29-Nov-22	27-Jun-23	
7-year TN	27.50%	18-Apr-23	13-Jun-23	
7-year Development Bond	27.50%	28-Feb-23	TBA	
10-year TN	28.50%	31-Mar-23	30-May-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)	Previous auction coupon rate	
30-May-23	10	34.26	15.00%	
06-Jun-23	2	77.02	10.00%	
13-Jun-23	7	47.40	13.50%	
27-Jun-23	5 year IDB	10.00	13.50%	

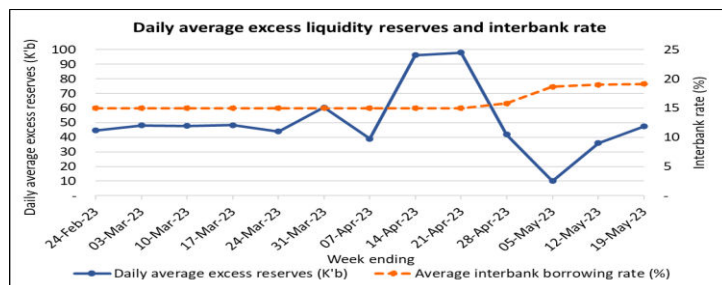
  

Projected maturities				
Week ending	19-May-23	26-May-23	2-Jun-23	
TBs, PNs & TNs (K'm)	24,999	39,809	28,908	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	0	0	0	

Data source: RBM

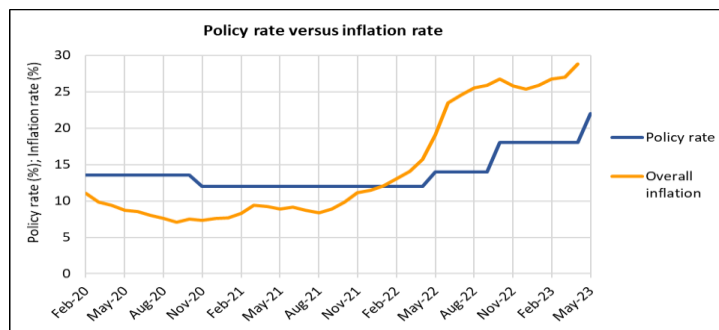
## Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K47.53b during the week, from K36.01b in the previous week. Daily average interbank borrowing slightly decreased to K22.47b from K22.88b. Borrowing on the Lombard facility decreased to the average of K93.68b per day from K110.14b per day in the previous week. The average interbank borrowing rate increased to 19.12% from 18.99% and the Lombard rate remained fixed at 22.20% (Source: RBM).



## Inflation rate for April 2023 at 28.8%

The year-on-year inflation rate increased to 28.8% in April 2023 from 27.0% in March 2023 due to an increase in food inflation rate to 37.9% in April 2023 from 32.4% in March 2023. Non-food inflation rate decreased to 18.5% in April 2023 from 20.2% in March 2023 (Source: National Statistical Office).



Market Reference Rate			
	May-23	% pts Δ	Apr-23
Rate	20.00%	2.70	17.30%

## Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 3.08% to close the week at 100,565.73 points from 97,562.43 points in the previous week due to share price gains in AIRTEL (11.91%), FMBCH (10.35%), ILLOVO (0.003%), NBM (0.0005%), NBS (0.27%), NITL (10.00%), SUNBIRD (14.13%) and TNM (0.33%), which offset share price losses in BHL (-8.76%) and FDHB (-0.14%). The market traded 31,046,113 shares at a consideration of K1.86b in 316 trades, compared to 22,744,623 shares traded at a consideration of K1.12b in 355 trades in the previous week. The year-to-date return on MASI stands at 62.11% compared to 9.75% for the same period in 2022.

Stock market trading activity				
	19-May-23	% Δ	12-May-23	
MASI	100,565.73	3.08%	97,562.43	
DSI	82,391.98	2.51%	80,374.87	
FSI	9,057.45	10.18%	8,220.63	
Traded volume	31,046,113	36.50%	22,744,623	
Number of trades	316	-10.99%	355	
Value of shares traded (K'm)	1,856.96	66.17%	1,117.52	
Market capitalisation (K'm)	5,420,749.03	3.10%	5,257,758.23	

Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	95.73	11.91%	85.54
FMBCH	180.00	10.35%	163.11
ILLOVO	1121.30	0.003%	1121.27
NBM	2000.27	0.0005%	2000.26
NBS	94.26	0.27%	94.01
NITL	330.00	10.00%	300.00
SUNBIRD	157.50	14.13%	138.00
TNM	27.19	0.33%	27.10

Losers	Closing price (K)	% Δ	Opening price (K)
BHL	10.00	-8.76%	10.96
FDHB	64.95	-0.14%	65.04

Data source: MSE

## Corporate news

Illovo Sugar (Malawi) Plc made a profit after tax of K33.73b for the six months period ended 28<sup>th</sup> February 2023, representing an increase of 266% when compared to K9.22b registered in the previous corresponding period (Source: MSE, Illovo)

Dividends announced					
Company	Dividend type	Dividend (K/share)	Last day to trade	Last day to register	Payable
FDHB	Final proposed	0.58	16-May-23	19-May-23	26-May-23
STANDARD	Final proposed	51.14	TBA	TBA	TBA
NITL	Final proposed	2.35	TBA	TBA	TBA
SUNBIRD	Final proposed	1.50	TBA	TBA	TBA
NBS	Final proposed	0.90	TBA	TBA	TBA
NBM	Final proposed	32.11	TBA	TBA	TBA
NICO	Final proposed	1.00	TBA	TBA	TBA
ILLOVO	Interim declared	10.80	TBA	TBA	TBA

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