

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%	12.9964%
182 days yield	17.5000%	0.0000%	17.5000%
364 days yield	19.5000%	0.0000%	19.5000%
All-type yield	16.6595%	-0.0058%	16.6655%

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

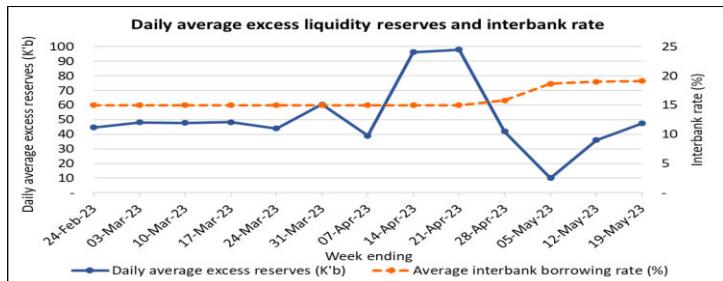
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Previous auction coupon rate
30-May-23	10	34.26	15.00%
06-Jun-23	2	77.02	10.00%
13-Jun-23	7	47.40	13.50%
27-Jun-23	5 year IDB	10.00	13.50%

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).



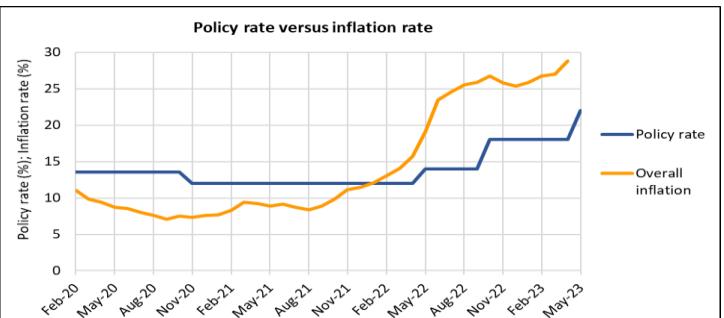
Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of 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.

CDH House, 5 Independence Drive, PO Box 1444, Blantyre, Malawi | <http://www.cdh-malawi.com> | Email: ckamamkhudza@cdh-malawi.com | Tel: +265 (0) 1 821 300; Fax: +265 (0) 1 822 826

Banking innovations that help your business grow

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	Apr-23
Rate	20.00%	2.70

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 28th 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
FDHB	Final proposed	0.58	16-May-23	19-May-23
STANDARD	Final proposed	51.14	TBA	TBA
NITL	Final proposed	2.35	TBA	TBA
SUNBIRD	Final proposed	1.50	TBA	TBA
NBS	Final proposed	0.90	TBA	TBA
NBM	Final proposed	32.11	TBA	TBA
NICO	Final proposed	1.00	TBA	TBA
ILLOVO	Interim declared	10.80	TBA	TBA