

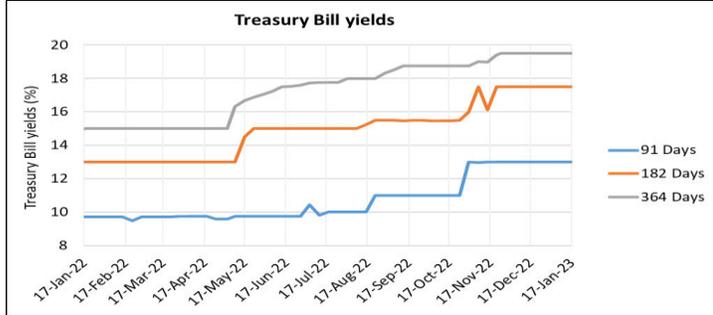


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 4.85% to close the week at 67,055.81 points from 63,956.52 points in the previous week due to share price gains in AIRTEL (0.04%), FDHB (11.55%), FMBCH (31.08%), NICO (8.32%), NITL (14.69%) and STANDARD (9.99%), which offset share price losses in ICON (-0.08%), MPICO (-0.19%) and OMU (-0.001%). The market traded 28,302,243 shares at a consideration of K377.71m in 70 trades, compared to 15,132,609 shares traded at a consideration of K312.59m in 86 trades in the previous week. The year-to-date return on MASI stands at 8.09% compared to -0.15% for the same period in 2022 (Source: MSE).

Government securities

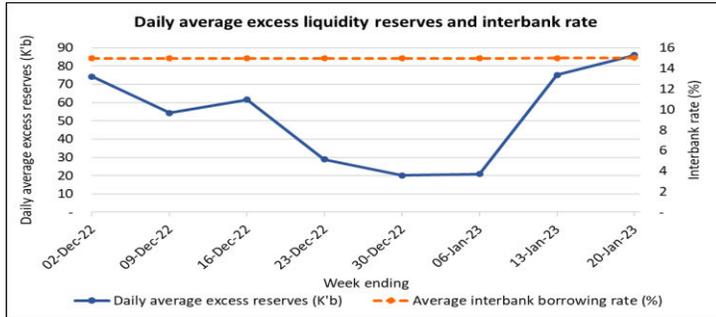
Government raised K18.01b during the week's auction for Treasury Bills (TBs) compared to K19.83b raised in the previous week. The auction registered a rejection rate of 2.60% on the submitted bids. The average all-type TB yield was constant at 16.67% during the week, as the 91-day, 182-day and 364-day yields were stable at 13.00%, 17.50% and 19.50%, respectively (Source: RBM).



Government also raised K54.78b through auctions of 2-year, 3-year and 5-year Treasury Notes (TNs) during the week. Maturities of Government securities for the week amounted to K36.46b and maturities of OMO reverse repos amounted to K2.03b. There was also access on the Rediscounting Standing Facility amounting to K2,14b. These transactions resulted in a net withdrawal of K36.22b from the market compared to a net withdrawal of K9.77b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K86.02b from K75.14b in the previous week. Daily average interbank borrowing decreased to K8.64b from K11.40b in the previous week. The average interbank borrowing rate marginally increased to 15.03% from 15.01%. Borrowing on the Lombard facility increased to an average of K67.44b per day during the week from K66.95b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.09% to trade at K1035.3115 per USD on 20th January 2023 from K1034.4293 per USD on 13th January 2023. The Kwacha also depreciated against GBP (1.76%) during the week. It, however, appreciated against EUR (-0.03%) and ZAR (-3.03%) during the period. Gross official foreign exchange reserves stood at USD304.65m (1.22 months import cover) as at 31st December 2022, decreasing from USD338.87m (1.36 months import cover) as at 30th November 2022 (Source: RBM). The recommended minimum import cover is 3 months.

The Reserve Bank of Malawi (RBM) held the pilot Foreign Exchange Auction, aimed at facilitating the discovery of prevailing market clearing exchange rates for the Kwacha against major currencies, on Friday, 13th January 2023. However, only three of the eight Authorised Dealer Banks (ADB) participated in the auction. Consequently, the RBM announced that the results could not be used to determine the official exchange rate as they may not be representative of the sentiments of the entire banking system (Source: RBM).

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Stock market				
	20-Jan-23	% Δ		13-Jan-23
MASI	67 055,81	↑ 4,85%		63 956,52
DSI	53 092,71	↑ 2,35%		51 871,22
FSI	8 395,75	↑ 30,50%		6 433,77
Traded volume	28 302 243	↑ 87,03%		15 132 609
Number of trades	70	↓ -18,60%		86
Value of shares traded (K'm)	377,71	↑ 20,83%		312,59
Market capitalisation (K'm)	3 623 843,33	↑ 4,95%		3 452 938,23
Gainers				
	Closing price (K)	% Δ		Opening price (K)
AIRTEL	57,02	↑ 0,04%		57,00
FDHB	25,99	↑ 11,55%		23,30
FMBCH	167,00	↑ 31,08%		127,40
NICO	65,00	↑ 8,32%		60,01
NITL	164,00	↑ 14,69%		143,00
STANDARD	2200,00	↑ 9,99%		2000,17
Losers				
	Closing price (K)	% Δ		Opening price (K)
ICON	11,94	↓ -0,08%		11,95
MPICO	20,60	↓ -0,19%		20,64
OMU	984,99	↓ -0,001%		985,00
Treasury Bill auctions				
	17-Jan-23	% pts Δ		10-Jan-23
Auction date	17-Jan-23			10-Jan-23
Amount offered - cost value (K'm)	20 452,00	⇒ 0,00%		20 452,00
Applied - cost value (K'm)	18 490,64	⇒ -6,74%		19 828,01
Allotted - cost value (K'm)	18 009,82	⇒ -9,17%		19 828,01
Overall rejection rate	2,60%	↑ 2,60		0,00%
91 days yield	13,0000%	⇒ 0,0000%		13,0000%
182 days yield	17,5000%	⇒ 0,0000%		17,5000%
364 days yield	19,5000%	⇒ 0,0000%		19,5000%
All-type yield	16,6667%	⇒ 0,0000%		16,6667%
Treasury Note and Bond auctions				
	11 & 20 Jan 2023	28-Dec-22		19 & 20 Dec 2022
Auction date	11 & 20 Jan 2023	28-Dec-22		19 & 20 Dec 2022
Tenors	2, 3 & 5 years	10 years		2, 3, 5, 7 & 10 years
Coupon rate	10,00%, 11,00% & 12,50%	15,00%		10,00%, 11,00%, 12,50%, 13,50% & 15,00%
Amount offered - cost value (K'b)	56,64	31,54		73,06
Total applied - cost value (K'b)	55,06	6,58		72,67
Total allotted - cost value (K'b)	54,78	6,58		72,67
Allotted - weighted average ytm	22,66%, 24,00%, 26,00%	28,50%		22,50%, 24,00%, 26,00%, 27,50% & 28,49%
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction		Next auction
2-year TN	22,75%	20-Jan-23		28-Feb-23
3-year TN	24,00%	20-Jan-23		14-Feb-23
5-year TN	26,00%	20-Jan-23		24-Jan-23
5-year Development Bond	26,00%	29-Nov-22		TBA
7-year TN	27,50%	20-Dec-22		31-Jan-23
7-Year Development Bond	27,50%	25-Nov-22		28-Feb-23
10-year TN	28,50%	28-Dec-22		21-Feb-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
24-Jan-23	5	51,64		12,50%
31-Jan-23	7	26,14		13,50%
14-Feb-23	3	68,28		11,00%
21-Feb-23	10	21,09		15,00%
28-Feb-23	7-year IDB	10,00		14,50%
14-Mar-23	2	61,64		10,00%
21-Mar-23	5	56,64		12,50%
Projected maturities				
Week ending	20-Jan-23	27-Jan-23		3-Feb-23
TBs, PNs & TNs (K'm)	36 461	58 079		17 539
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	2 029	5 076		3 044
Reference rate				
Rate	Jan-23	% pts Δ		Dec-22
Rate	17,30%	⇒ 0,00		17,30%
Inflation rate				
Rate	Dec-22	% pts Δ		Nov-22
Rate	25,4%	↓ -0,4		25,8%
Closing TT mid exchange rates				
	20-Jan-23	% Δ		13-Jan-23
USD	1035,3115	↓ 0,09%		1034,4293
GBP	1321,1932	↓ 1,76%		1298,3123
EUR	1151,4785	↑ -0,03%		1151,7678
ZAR	61,2694	↑ -3,03%		63,1868
Gross official foreign exchange reserves position				
	31-Dec-22	30-Nov-22		31-Oct-22
Reserves (USD'm)	304,65	338,87		326,06
Import cover (months)	1,22	1,36		1,30

Sources: MSE, RBM, NSO, AHL

December 2022 headline inflation rate at 25,4%

The year-on-year headline inflation rate stood at 25.4% in December 2022, down from 25.8% in November 2022 (11.5% in December 2021). Food inflation rate decreased to 31.3% in December 2022 from 33.4% in November 2022, while non-food inflation rate increased to 18.6% from 17.7% in the previous month. Annual year-on-year inflation rate for 2022 stands at 21.0% compared to 9.3% registered in 2021 (Source: NSO).

