

Foreign exchange market developments

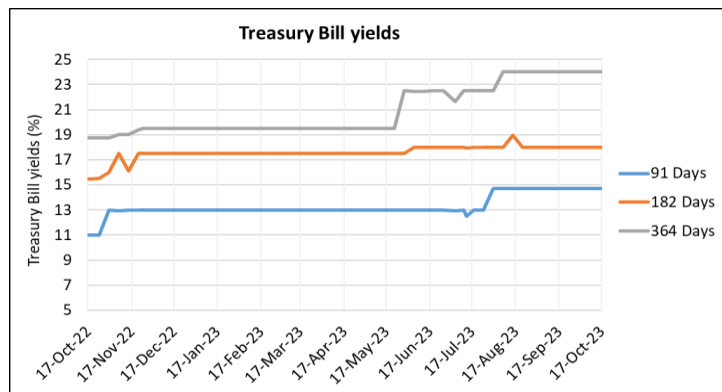
During the week, the Kwacha appreciated against the USD, GBP and ZAR, but depreciated against the EUR as indicated in the table below.

Closing TT middle exchange rates as at the end of the week				
Currency	20-Oct-23		% Δ	13-Oct-23
USD	1178.7900	↑	-0.01%	1178.9469
GBP	1457.9207	↑	-1.44%	1479.1793
EUR	1279.1627	↓	0.28%	1275.5757
ZAR	63.1758	↑	-0.26%	63.3395
Gross official foreign exchange reserves position				
	31-Aug-23	31-Jul-23		30-Jun-23
Reserves (USD'm)	239.56	267.91		321.53
Import cover (months)	0.96	1.07		1.29
Benchmark import cover (months)	3.00	3.00		3.00

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K8.54b from auctions of Treasury Bills and K76.25b from auctions of Treasury Notes during the week. Maturities of Government securities for the week amounted to K49.06b, resulting in a net withdrawal of K35.73b from the market, compared to a net injection of K27.64b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	17-Oct-23		% pts Δ	10-Oct-23
Amount offered - cost value (K'm)	6,901.00	→	0.00%	6,901.00
Applied - cost value (K'm)	8,535.23	→	-9.42%	9,423.05
Allotted - cost value (K'm)	8,535.23	→	-8.74%	9,353.05
Overall rejection rate	0.00%	→	-0.74	0.74%
91 days yield	14.7000%	→	0.0000%	14.7000%
182 days yield	18.0000%	→	0.0000%	18.0000%
364 days yield	24.0000%	→	0.0000%	24.0000%
All-type yield	18.9000%	→	0.0000%	18.9000%

Treasury Note and Bond auctions				
Auction date	17, 18 & 19 Oct 2023	2-Oct-23		25 & 26 Sep 2023
Tenors	2, 3, 5 & 7 years	2, 3, 5 & 10 years		5 & 7 years
Coupon rate	10.00%, 11.00%, 12.50% & 13.50%	10.00%, 11.00%, 12.50% & 15.00%		12.50% & 13.00%
Amount offered - cost value (K'b)	K27.74 for 7-year TN			50.25
Total applied - cost value (K'b)	76.25	52.69		9.04
Total allotted - cost value (K'b)	76.25	52.69		9.04
Allotted - weighted average ytm	26.75%, 28.00%, 30.00% & 32.00%	26.75%, 28.00%, 30.00% & 33.00%		30.00% & 32.00%

Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction		Next auction
2-year TN	26.75%	19-Oct-23		21-Nov-23
3-year TN	28.00%	18-Oct-23		14-Nov-23
5-year TN	30.00%	19-Oct-23		31-Oct-23
5-year Development Bond	28.00%	27-Jun-23		TBA
7-year TN	32.00%	17-Oct-23		26-Dec-23
7-year Development Bond	27.50%	28-Feb-23		TBA
10-year TN	33.00%	12-Oct-23		05-Dec-23
10-year Development Bond	23.35%	26-Apr-22		TBA

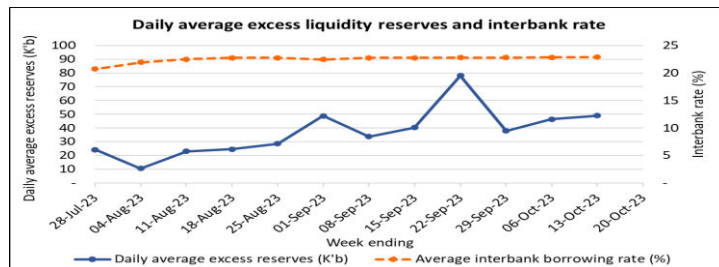
Upcoming auctions of Treasury Notes and Bonds				
Auction date	Tenor (years)	Amount (K'b)		Last auction's coupon rate
31-Oct-23	5	28.82		12.50%
14-Nov-23	3	33.96		11.00%
21-Nov-23	2	36.79		10.00%
28-Nov-23	5-year IDB	15.00		13.50%
05-Dec-23	10	19.51		10.00%
12-Dec-23	3	33.64		11.00%
26-Dec-23	7	27.43		13.50%

Projected maturities				
Week ending	20-Oct-23	27-Oct-23		3-Nov-23
TBs, PNs & TNs (K'm)	49,059	17,169		9,994
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	0	0		0

Data source: RBM

Market liquidity and interbank market activity

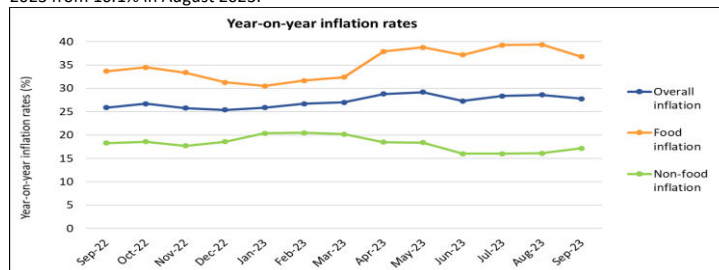
Average daily excess liquidity reserves increased to K89.65b during the week from K48.90b in the previous week. Daily average interbank borrowing increased to K35.48b from K27.28b. Borrowing on the Lombard facility decreased to the average of K75.29b per day from K90.96b per day in the previous week. The average interbank borrowing rate marginally decreased to 22.53% from 22.89%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Policy Rate				
Rate	27-Jul-23		% pts Δ	27-Apr-23
	24.00%	↑	2.00	22.00%
Market Reference Rate				
Rate	Oct-23		% pts Δ	Sep-23
	23.50%	↑	0.10	23.40%

Inflation

The year-on-year headline inflation rate decreased to 27.8% in September 2023 from 28.6% recorded in August 2023 due to a decrease in food inflation rate to 36.8% in September 2023 from 39.4% in August 2023, while non-food inflation rate increased to 17.2% in September 2023 from 16.1% in August 2023.



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.94% to close the week at 114,058.75 points from 115,143.62 points in the previous week due to share price losses in AIRTEL (-0.03%), FMBCH (-0.03%), ICON (-0.06%), NBM (-0.001%), NBS (-0.01%), NICO (-0.61%) and TNM (-0.07%), which offset share price gains in FDHB (2.94%) and STANDARD (0.0003%). The market traded 2,316,736 shares at a consideration of K487.22m in 145 trades, compared to 2,790,284 shares traded at a consideration of K231.14m in 224 trades in the previous week. The year-to-date return on MASI stands at 83.86% compared to 20.59% for the same period in 2022 (Source: MSE).

Stock market trading activity				
	20-Oct-23		% Δ	13-Oct-23
MASI	114,058.75	↓	-0.94%	115,143.62
DSI	89,750.27	↓	0.22%	89,551.75
FSI	14,993.27	↓	-9.02%	16,479.62
Traded volume	2,316,736	↓	-16.97%	2,790,284
Number of trades	145	↓	-35.27%	224
Value of shares traded (K'm)	487.22	↓	-110.79%	231.14
Market capitalisation (K'm)	6,156,431.44	↓	-0.99%	6,218,223.61
Gainers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	68.96	↑	2.94%	66.99
STANDARD	3000.03	↑	0.0003%	3000.02
Losers				
	Closing price (K)		% Δ	Opening price (K)
AIRTEL	99.90	↓	-0.03%	99.93
FMBCH	300.00	↓	-0.03%	300.00
ICON	17.99	↓	-0.06%	18.00
NBM	2101.13	↓	-0.001%	2101.16
NBS	107.97	↓	-0.01%	107.98
NICO	156.83	↓	-0.61%	157.79
TNM	29.78	↓	-0.07%	29.80

News

The MSE conducted a live webinar for potential issuers under the theme "Listing on the Malawi Stock Exchange" on 19th October 2023. The webinar brought together industry experts from the capital markets as speakers to provide insights and practical solutions to raising capital through the Malawi Stock Exchange. The webinar content can be accessed on the MSE website and social media sites (Source: MSE).

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