

Foreign exchange market developments

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

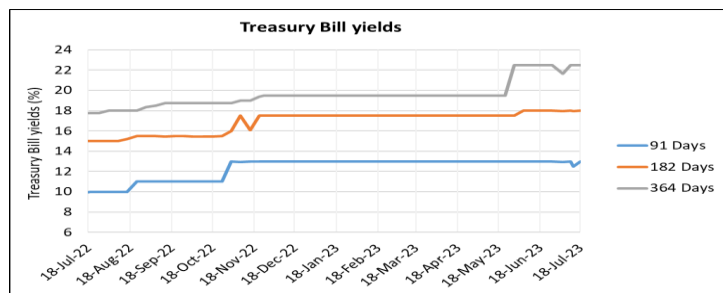
Closing TT mid exchange rates				
Currency	21-Jul-23		% Δ	14-Jul-23
USD	1061.5013	↑	-0.06%	1062.0994
GBP	1403.8385	↑	-1.88%	1430.6868
EUR	1220.2051	↑	-0.72%	1229.0848
ZAR	60.6606	↓	0.32%	60.4694
Gross official foreign exchange reserves position				
	30-Jun-23	31-May-23		30-Apr-23
Reserves (USD'm)	321.53	194.82		200.08
Import cover (months)	1.29	0.78		0.80
Benchmark import cover (months)	3.00	3.00		3.00
Cumulative tobacco sales				
Date	Week 15 2023 as at 21 July 2023		% Δ	Week 15 2022 as at 08 July
Volume (million kg)	117.92		61.31%	73.10
Value (USD'million)	277.30		79.71%	154.30
Average price (USD/Kg)	2.35		11.37%	2.11

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

Government securities

The government raised K18.27b from auction of Treasury Bills (TB) and K7.28b from auction of a 5-year Treasury Note (TN) during the week.

Maturities of Government securities amounted to K31.65b and maturities of OMO repos amounted to K10.17b. These transactions resulted in a net injection of K16.27b into the market, compared to a net injection of K11.16b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	18-Jul-23		11 & 13 July 2023
Amount offered - cost value (K'm)	13,956.00	→	13,956.00
Applied - cost value (K'm)	18,268.23	↑	16,850.72
Allotted - cost value (K'm)	18,268.23	↑	16,850.72
Overall rejection rate	0.00%	→	0.00%
91 days yield	13.0000%	↑	12.7500%
182 days yield	18.0000%	↑	17.9776%
364 days yield	22.5000%	↑	22.5000%
All-type yield	17.8333%	↑	17.7425%

Treasury Note and Bond auctions			
Auction date	18-Jul-23	13-Jul-23	29-Jun-23
Tenors	5 year TN	3 year TN	2, 3 & 7 year TNs
Coupon rate	12.50%	11.00%	11.00% & 15.00%
Amount offered - cost value (K'b)	57.25		73.15
Total applied - cost value (K'b)	7.28	2.60	57.14
Total allotted - cost value (K'b)	7.28	1.89	31.69
Allotted - weighted average ytm	28.00%	26.00%	24.75%, 26.00% & 29.50%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	24.75%	05-Jul-23	04-Jul-23
3-year TN	26.00%	13-Jul-23	25-Jul-23
5-year TN	28.00%	18-Jul-23	26-Sep-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	29.50%	05-Jul-23	08-Aug-23
7-year Development Bond	27.50%	28-Feb-23	01-Aug-23
10-year TN	31.25%	29-Jun-23	29-Aug-23
10-year Development Bond	23.35%	26-Apr-22	TBA

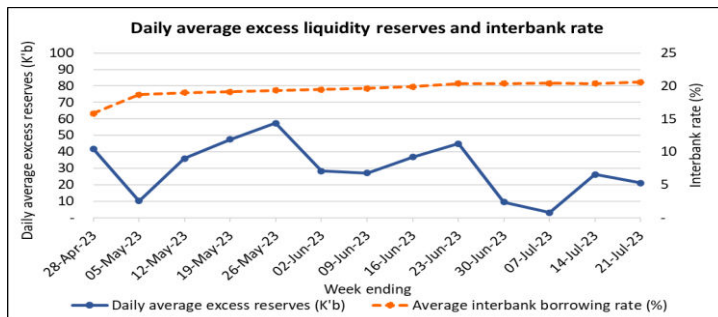
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
25-Jul-23	3	72.81	11.00%
01-Aug-23	7-year IDB	20.49	14.50%
08-Aug-23	7	50.25	13.50%
15-Aug-23	2	48.15	10.00%
29-Aug-23	10	26.61	15.00%
05-Sep-23	3	62.81	11.00%
12-Sep-23	2	48.15	10.00%
19-Sep-23	10	15.70	15.00%
26-Sep-23	5	50.25	12.50%

Projected maturities			
Week ending	21-Jul-23	28-Jul-23	4-Aug-23
TBs, PNs & TNs (K'm)	31,653	52,209	16,349
OMO repos (K'm)	10,165	5,082	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

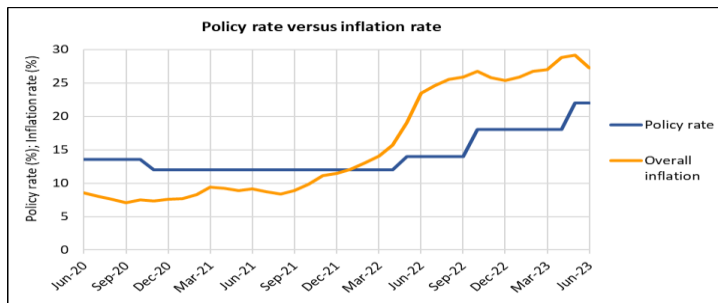
Average daily excess liquidity reserves decreased to K21.00b during the week, from K26.20b in the previous week. Daily average interbank borrowing increased to K16.70b from K9.93b. Borrowing on the Lombard facility decreased to the average of K131.63b per day from K154.15b per day in the previous week. The average interbank borrowing rate increased to 20.60% from 20.35% and the Lombard rate remained fixed at 22.20% (Source: RBM).



Policy Rate			
Rate	27-Apr-23	% pts Δ	2-Feb-23
	22.00%	4.70	17.30%
Market Reference Rate			
Rate	Jul-23	% pts Δ	Jun-23
	21.40%	0.40	21.00%

Inflation rate for June 2023 at 27.3%

The year-on-year inflation rate decreased to 27.3% in June 2023 from 29.2% in May 2023 due to a decrease in food inflation rate to 37.2% in June 2023 from 38.8% in May 2023 and in non-food inflation rate to 16.0% in June 2023 from 18.4% in May 2023 (Source: National Statistical Office).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.85% to close the week at 111,803.72 points from 109,769.61 points in the previous week due to share price gains in AIRTEL (0.01%), FDHB (1.57%), FMBCH (0.18%), NBS (5.57%), PCL (14.98%), STANDARD (0.001%), SUNBIRD (0.01%) and TNM (15.83%). The market traded 10,455,694 shares at a consideration of K661.16m in 279 trades, compared to 3,526,508 shares traded at a consideration of K1.28b in 249 trades in the previous week. The year-to-date return on MASI stands at 80.22% compared to 14.71% for the same period in 2022.

Stock market trading activity			
	21-Jul-23	% Δ	14-Jul-23
MASI	111,803.72	↑	109,769.61
DSI	88,236.99	↑	86,446.81
FSI	14,363.33	↑	14,338.06
Traded volume	10,455,694	↑	3,526,508
Number of trades	279	↑	249
Value of shares traded (K'm)	661.16	↓	1,277.69
Market capitalisation (K'm)	6,033,705.26	↑	5,924,646.19
Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	100.07	↑	100.06
FDHB	66.06	↑	65.04
FMBCH	287.51	↑	287.00
NBS	131.99	↑	125.03
PCL	2508.00	↑	2181.26
STANDARD	2400.02	↑	2400.00
SUNBIRD	190.01	↑	190.00
TNM	30.00	↑	25.90
Losers			
	Closing price (K)	% Δ	Opening price (K)
MPICO	20.56	↓	20.58
NICO	163.02	↓	163.04

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