

Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week				
Currency	22-Sep-23		% Δ	15-Sep-23
USD	1126.4075	↓	0.06%	1125.6943
GBP	1422.6073	↑	-0.86%	1434.9306
EUR	1226.1990	↑	-0.61%	1233.7671
ZAR	61.1326	↓	0.68%	60.7221

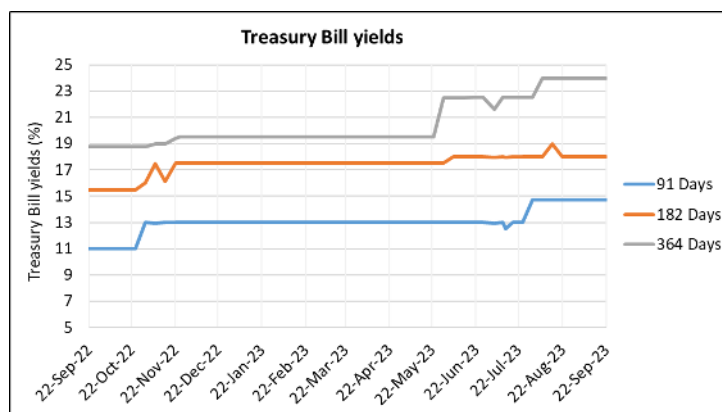
Gross official foreign exchange reserves position			
	31-Jul-23	30-Jun-23	31-May-23
Reserves (USD'm)	267.91	321.53	194.82
Import cover (months)	1.07	1.29	0.78
Benchmark import cover (months)	3.00	3.00	3.00

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K10.57b from auctions of Treasury Bills and K7.39b from auctions of Treasury Notes during the week.

Maturities of Government securities for the week amounted to K26.56b. These transactions resulted in a net injection of K8.60b into the market, compared to a net withdrawal of K34.65b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	19 & 22 Sep 2023		% pts Δ	11, 12 & 15 Sep 2023
Amount offered - cost value (K'm)	3,938.00	→	0.00%	3,938.00
Applied - cost value (K'm)	17,218.18	↓	8.15%	15,920.43
Allotted - cost value (K'm)	10,565.30	↓	-33.64%	15,920.43
Overall rejection rate	38.64%	↓	38.64	0.00%
91 days yield	14.7000%	→	0.0000%	14.7000%
182 days yield	18.0000%	→	0.0000%	18.0000%
364 days yield	24.0000%	↓	0.0001%	23.9999%
All-type yield	18.9000%	↓	0.0000%	18.9000%

Treasury Note and Bond auctions				
Auction date	19 & 22 Sep 2023	11, 12, 14 & 15 Sep 2023		7-Sep-23
Tenors	2, 3, 5 & 10 years	2, 3, 5 & 7 years		7 years
Coupon rate	10.00%, 11.00%, 12.50% & 15.00%	10.00%, 11.00%, 12.50% & 13.50%		13.50%
Amount offered - cost value (K'b)	15.70			
Total applied - cost value (K'b)	7.39	58.22		7.56
Total allotted - cost value (K'b)	7.39	58.22		7.56
Allotted - weighted average ytm	26.75%, 28.00%, 30.00% & 33.00%	26.70%, 28.00%, 30.00% & 30.99%		32.00%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	22-Sep-23	TBA
3-year TN	28.00%	22-Sep-23	TBA
5-year TN	30.00%	22-Sep-23	26-Sep-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	32.00%	11-Sep-23	TBA
7-year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	33.00%	22-Sep-23	TBA
10-year Development Bond	23.35%	26-Apr-22	TBA

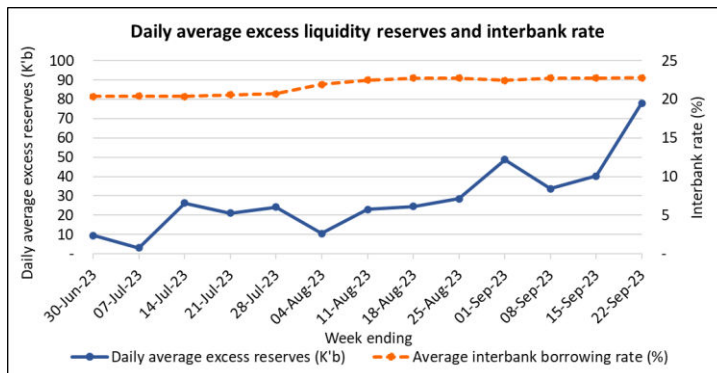
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
26-Sep-23	5	50.25	12.50%

Projected maturities			
Week ending	22-Sep-23	29-Sep-23	6-Oct-23
TBs, PNs & TNs (K'm)	26,559	29,038	16,973
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 K78.07b during the week from K40.24b in the previous week. Daily average interbank borrowing increased to K32.72b from K30.90b. Borrowing on the Lombard facility increased to the average of K91.84b per day from K91.13b per day in the previous week. The average interbank borrowing rate marginally increased to 22.78% from 22.77%. The Lombard rate remained fixed at 24.20% (Source: RBM).

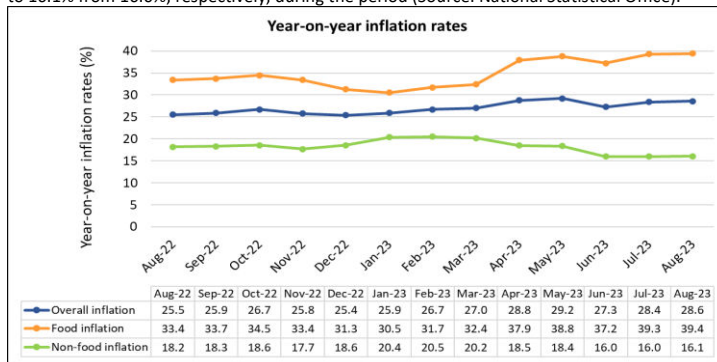


Policy Rate			
Rate	27-Jul-23	% pts Δ	27-Apr-23
	24.00%	2.00	22.00%

Market Reference Rate			
Rate	Sep-23	% pts Δ	Aug-23
	23.40%	0.70	22.70%

Inflation

The year-on-year overall inflation rate increased to 28.6% in August 2023 from 28.4% in July 2023 due to an increase in food inflation rate to 39.4% from 39.3% and non-food inflation rate to 16.1% from 16.0%, respectively, during the period (Source: National Statistical Office).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -1.07% to close the week at 118,849.86 points from 120,133.90 points in the previous week due to share price losses in FDHB (-0.44%), ICON (-0.03%), NBS (-15.71%), NICO (-0.30%), STANDARD (-0.0004%) and TNM (-0.07%), which offset share price gains in AIRTEL (0.01%) and FMBCH (0.002%). The market traded 1,455,640 shares at a consideration of K235.54m in 228 trades, compared to 8,451,510 shares traded at a consideration of K3.31b in 287 trades in the previous week. The year-to-date return on MASI stands at 91.58% compared to 19.90% for the same period in 2022 (Source: MSE).

Stock market trading activity				
	22-Sep-23		% Δ	15-Sep-23
MASI	118,849.86	↓	-1.07%	120,133.90
DSI	89,550.85	↓	-1.26%	90,693.78
FSI	20,692.42	↓	0.00%	20,691.93
Traded volume	1,455,640	↓	-82.78%	8,451,510
Number of trades	228	↓	-20.56%	287
Value of shares traded (K'm)	235.54	↓	-92.89%	3,314.63
Market capitalisation (K'm)	6,427,194.33	↓	-1.06%	6,495,997.29

Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	100.45	0.01%	100.44
FMBCH	415.03	0.002%	415.02

Losers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	75.42	-0.44%	75.75
ICON	18.00	-0.03%	18.94
NBS	110.00	-15.71%	130.50
NICO	162.50	-0.30%	162.99
STANDARD	2650.01	-0.0004%	2650.02
TNM	29.90	-0.07%	29.92

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