



Foreign exchange market developments

During the week, the Kwacha depreciated against the USD by 2.68% following a foreign exchange auction the Reserve Bank Malawi (RBM) held with Authorised Dealer Banks during the week. The Kwacha also depreciated against GBP, EUR and ZAR during the week.

Closing TT mid exchange rates			
Currency	23-Jun-23	% Δ	16-Jun-23
USD	1062.1837	↓ 2.68%	1034.4748
GBP	1385.9181	↓ 1.41%	1366.6848
EUR	1190.6424	↓ 2.49%	1161.7568
ZAR	58.4733	↓ 0.77%	58.0283

Gross official foreign exchange reserves position			
	31-May-23	30-Apr-23	31-Mar-23
Reserves (USD'm)	194.82	200.08	228.49
Import cover (months)	0.78	0.80	0.91
Benchmark import cover (months)	3.00	3.00	3.00

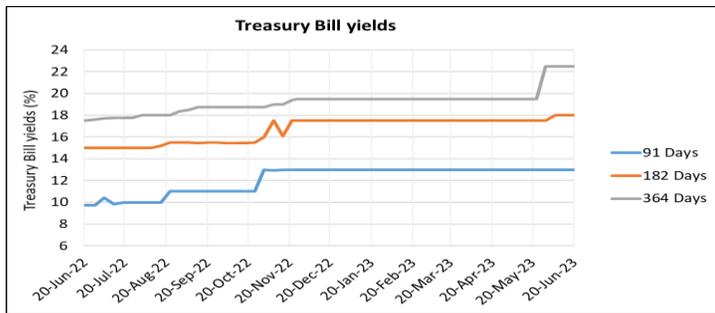
Cumulative tobacco sales			
Date	Week 11 2023 as at 23 June	% Δ	Week 11 2022 as at 10 June
Volume (million kg)	94.29	↑ 124.71%	41.96
Value (USD'million)	218.50	↑ 150.98%	87.06
Average price (USD/kg)	2.32	↑ 12.08%	2.07

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

Government securities

The government raised K10.27b from auction of Treasury Bills (TB) during the week. The 91-day and 182-day TB yields were stable at 13.00% and 18.00%, respectively, while the 364-day TB yield increased to 22.50% from 22.44% the previous week. There was no auction for Treasury Notes during the week.

The RBM conducted OMO repo auctions through which K34.25m was withdrawn from the market. Access on the rediscounting standing facility amounted to K9.81b and maturities of Government securities for the week amounted to K24.33b. These transactions resulted in a net withdrawal of K10.38b from the market, compared to a net withdrawal of K99.92b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	20-Jun-23	% pts Δ	13-Jun-23
Amount offered - cost value (K'm)	16,639.00	↓ 0.00%	16,639.00
Applied - cost value (K'm)	10,267.95	↓ -42.37%	17,816.95
Allotted - cost value (K'm)	10,267.95	↓ -42.37%	17,816.95
Overall rejection rate	0.00%	↑ 0.00%	0.00%
91 days yield	13.0000%	↑ 0.0000%	13.0000%
182 days yield	18.0000%	↑ 0.0000%	18.0000%
364 days yield	22.5000%	↑ 0.0375%	22.4625%
All-type yield	17.8333%	↑ 0.0125%	17.8208%

Treasury Note and Bond auctions			
Auction date	13-Jun-23	6-Jun-23	30 May & 1 Jun 2023
Tenors	2, 3, 5, 7 & 10	2	10
Coupon rate	10.00%, 11.00%, 12.50%, 13.50% & 15.00%	10.00%	15.00%
Amount offered - cost value (K'b)	77.02	34.26	34.26
Total applied - cost value (K'b)	108.32	3.00	15.08
Total allotted - cost value (K'b)	108.32	0.91	14.25
Allotted - weighted average ytm	24.75%, 26.00%, 28.00%, 29.50% & 31.25%	24.75%	31.22%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	24.75%	16-Jun-23	TBA
3-year TN	26.00%	16-Jun-23	TBA
5-year TN	28.00%	16-Jun-23	TBA
5-year Development Bond	26.00%	29-Nov-22	27-Jun-23
7-year TN	29.50%	16-Jun-23	TBA
7-year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	31.25%	16-Jun-23	TBA
10-year Development Bond	23.35%	26-Apr-22	TBA

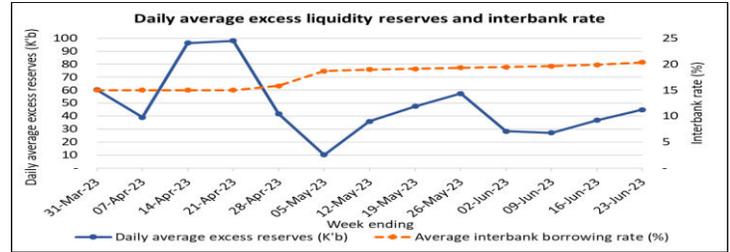
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Coupon rate
27-Jun-23	5 year IDB	10.00	13.50%

Projected maturities			
Week ending	23-Jun-23	30-Jun-23	7-Jul-23
TBs, PNs & TNs (K'm)	24,331	21,301	27,993
OMO repos (K'm)	0	0	14,332
OMO reverse repos (K'm)	0	0	0

Data source: RBM

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K44.98b during the week, from K36.82b in the previous week. Daily average interbank borrowing decreased to K32.38b from K34.92b. Borrowing on the Lombard facility decreased to the average of K89.44b per day from K105.70b per day in the previous week. The average interbank borrowing rate increased to 20.38% from 19.91% and the Lombard rate remained fixed at 22.20% (Source: RBM).

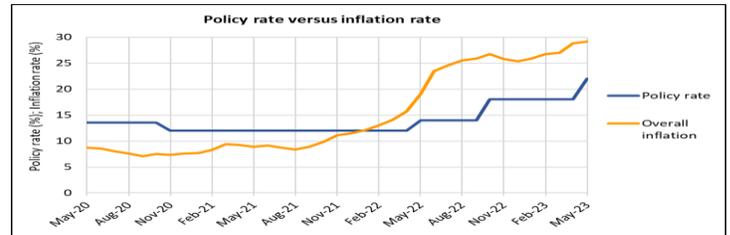


Policy Rate			
Rate	27-Apr-23	% pts Δ	2-Feb-23
Rate	22.00%	↑ 4.70	17.30%

Market Reference Rate			
Rate	Jun-23	% pts Δ	May-23
Rate	21.00%	↑ 1.00	20.00%

Inflation rate for May 2023 at 29.2%

The year-on-year inflation rate increased to 29.2% in May 2023 from 28.8% in April 2023 due to an increase in food inflation rate to 38.8% in May 2023 from 37.9% in April 2023. Non-food inflation rate decreased to 18.4% in May 2023 from 18.5% in April 2023 (Source: National Statistical Office).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 3.16% to close the week at 107,470.16 points from 104,177.24 points in the previous week due to share price gains in AIRTEL (0.01%), FMBCH (12.21%), ICON (25.91%), ILOVO (0.001%), NBM (0.01%), NBS (32.01%), NICO (0.02%), NITL (3.17%) and STANDARD (0.002%), which offset share price losses in FDHB (-0.16%) and PCL (-0.0005%). The market traded 17,319,617 shares at a consideration of K4.49b in 329 trades, compared to 24,012,765 shares traded at a consideration of K1.83b in 295 trades in the previous week. The year-to-date return on MASI stands at 73.24% compared to 9.32% for the same period in 2022.

Stock market trading activity			
	23-Jun-23	% Δ	16-Jun-23
MASI	107,470.16	↑ 3.16%	104,177.24
DSI	85,998.79	↑ 2.25%	84,104.94
FSI	12,297.19	↑ 12.06%	10,973.85
Traded volume	17,319,617	↓ -27.87%	24,012,765
Number of trades	329	↑ 11.53%	295
Value of shares traded (K'm)	4,490.91	↑ 145.19%	1,831.63
Market capitalisation (K'm)	5,797,903.33	↑ 3.20%	5,618,195.54

Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	100.06	↑ 0.01%	100.05
FMBCH	245.39	↑ 12.21%	218.68
ICON	14.48	↑ 25.91%	11.50
ILOVO	1121.42	↑ 0.001%	1121.41
NBM	2000.51	↑ 0.01%	2000.33
NBS	132.01	↑ 32.01%	100.00
NICO	163.06	↑ 0.02%	163.02
NITL	340.45	↑ 3.17%	330.00
STANDARD	2300.10	↑ 0.002%	2300.05

Losers			
	Closing price (K)	% Δ	Opening price (K)
FDHB	63.89	↓ -0.16%	63.99
PCL	2181.26	↓ -0.0005%	2181.27

Corporate news

- Sunbird Tourism Plc expects its profit after tax for the half year ending 30th June 2023 to be 280% higher than the previous corresponding period (Source: Sunbird, MSE).
- FMB Capital Holdings Plc expects to register an increase of more than 40% in consolidated profit after-tax for the half year ending 30th June 2023 compared to the previous corresponding period (Source: FMBCH, MSE).

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