

Foreign exchange market developments

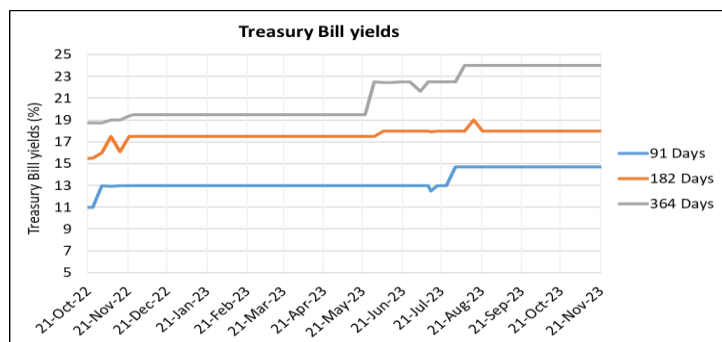
During the week, the Kwacha appreciated against the USD and ZAR but depreciated against the GBP and EUR as indicated in the table below:

| Closing TT middle exchange rates as at the end of the week | | | | |
|--|-----------|-----------|-----------|--|
| Currency | 24-Nov-23 | % Δ | 17-Nov-23 | |
| USD | 1697.6121 | ↑ -0.08% | 1698.9246 | |
| GBP | 2197.3957 | ↓ 1.30% | 2169.0941 | |
| EUR | 1909.6962 | ↓ 0.67% | 1897.0249 | |
| ZAR | 92.5143 | ↑ -1.96% | 94.3632 | |
| Gross official foreign exchange reserves position | | | | |
| | 30-Sep-23 | 31-Aug-23 | 31-Jul-23 | |
| Reserves (USD'm) | 242.68 | 239.56 | 267.91 | |
| Import cover (months) | 0.97 | 0.96 | 1.07 | |
| Benchmark import cover (months) | 3.00 | 3.00 | 3.00 | |

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K1.62b from auction of Treasury Bills and K77.41b from auctions of Treasury Notes during the week. Maturities of Government securities for the week amounted to K19.44b, resulting in a net withdrawal of K59.59b from the market, compared to a net injection of K7.64b in the previous week (Source: RBM).

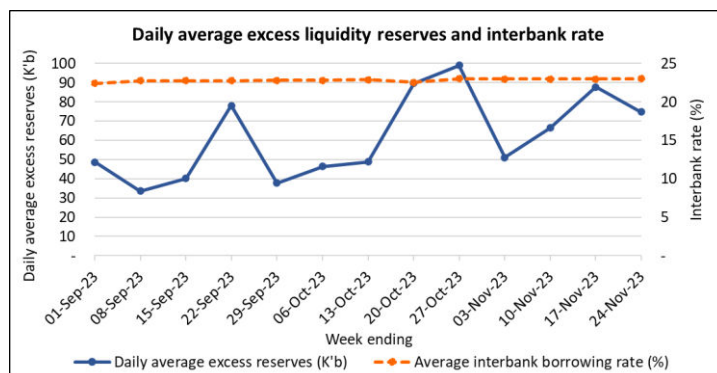


| Treasury Bill auctions | | | | |
|---|---------------------------------|--------------|----------------------------|--|
| Auction date | 21-Nov-23 | % pts Δ | 14-Nov-23 | |
| Amount offered - cost value (K'm) | 10,380.00 | ⇒ 0.00% | 10,380.00 | |
| Applied - cost value (K'm) | 1,615.82 | ↑ 17578.56% | 9.14 | |
| Allotted - cost value (K'm) | 1,615.82 | ↑ 17578.56% | 9.14 | |
| Overall rejection rate | 0.00% | ⇒ 0.00 | 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% | ⇒ 0.0000% | 24.0000% | |
| All-type yield | 18.9000% | ⇒ 0.0000% | 18.9000% | |
| Treasury Note and Bond auctions | | | | |
| Auction date | 21 & 22 Nov 2023 | 14-Nov-23 | 31 Oct & 1 Nov 2023 | |
| Tenors | 2, 3, 5 & 10 years | 3 years | 2, 5 & 10 years | |
| Coupon rate | 10.00%, 11.00%, 12.50% & 15.00% | 11.00% | 10.00%, 12.50% & 15.00% | |
| Amount offered - cost value (K'b) | K36.79b for 2-year TN | 33.96 | K28.82b for 5-year TN | |
| Total applied - cost value (K'b) | 78.53 | 15.86 | 19.00 | |
| Total allotted - cost value (K'b) | 77.41 | 4.80 | 19.00 | |
| Allotted - weighted average ytm | 26.75%, 28.00%, 30.00% & 33.00% | 28.00% | 26.75%, 30.00% & 33.00% | |
| Current yields for Treasury Notes and Bonds | | | | |
| Tenor | Last auction's yield | Last auction | Next auction | |
| 2-year TN | 26.75% | 22-Nov-23 | TBA | |
| 3-year TN | 28.00% | 22-Nov-23 | 12-Dec-23 | |
| 5-year TN | 30.00% | 22-Nov-23 | TBA | |
| 5-year Development Bond | 28.00% | 27-Jun-23 | 28-Nov-23 | |
| 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% | 22-Nov-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 | |
| 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 | 24-Nov-23 | 1-Dec-23 | 8-Dec-23 | |
| TBs, PNs & TNs (K'm) | 19,436 | 99,762 | 48,834 | |
| 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 decreased to K74.70b during the week from K87.73b in the previous week. Daily average interbank borrowing increased to K42.97b from K39.87b. Borrowing on the Lombard facility increased to the average of K53.72b per day from K51.74b per day in the previous week. The average interbank borrowing rate marginally increased to 23.02% from 23.00%. The Lombard rate remained fixed at 24.20% (Source: RBM).



| Policy Rate | | | | |
|-----------------------|-----------|---------|-----------|--|
| Rate | 27-Oct-23 | % pts Δ | 27-Jul-23 | |
| | 24.00% | ⇒ 0.00 | 24.00% | |
| Market Reference Rate | | | | |
| Rate | Nov-23 | % pts Δ | Oct-23 | |
| | 23.50% | ⇒ 0.00 | 23.50% | |
| Inflation Rate | | | | |
| Rate | Oct-23 | % pts Δ | Sep-23 | |
| | 26.9% | ↓ -0.90 | 27.8% | |

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.27% to close the week at 113,206.94 points from 113,517.44 points in the previous week due to share price losses in AIRTEL (-6.95%), FDHB (-0.06%), ICON (-0.06%), NBS (-0.34%), NICO (-3.54%) and TNM (-1.41%), which offset share price gains in ILLOVO (8.57%) and STANDARD (0.0003%). The market traded 7,559,454 shares at a consideration of K4.42b in 274 trades, compared to 32,374,875 shares traded at a consideration of K4.74b in 260 trades in the previous week. The year-to-date return on MASI stands at 82.49% compared to 30.97% for the same period in 2022 (Source: MSE).

| Stock market trading activity | | | | |
|-------------------------------|-------------------|-----------|-------------------|--|
| | 24-Nov-23 | % Δ | 17-Nov-23 | |
| MASI | 113,206.94 | ↓ -0.27% | 113,517.44 | |
| DSI | 88,948.77 | ↓ -0.31% | 89,225.06 | |
| FSI | 15,048.88 | ⇒ 0.00% | 15,048.88 | |
| Traded volume | 7,559,454 | ↓ -76.65% | 32,374,875 | |
| Number of trades | 274 | ↑ 5.38% | 260 | |
| Value of shares traded (K'm) | 4,419.71 | ↓ -6.67% | 4,735.62 | |
| Market capitalisation (K'm) | 6,114,238.30 | ↓ -0.27% | 6,130,876.61 | |
| Gainers | | | | |
| | Closing price (K) | % Δ | Opening price (K) | |
| ILLOVO | 1218.10 | ↑ 8.57% | 1122.00 | |
| STANDARD | 3100.02 | ↑ 0.0003% | 3100.01 | |
| Losers | | | | |
| | Closing price (K) | % Δ | Opening price (K) | |
| AIRTEL | 90.14 | ↓ -6.95% | 96.87 | |
| FDHB | 67.95 | ↓ -0.06% | 67.99 | |
| ICON | 17.93 | ↓ -0.06% | 17.94 | |
| NBS | 107.07 | ↓ -0.34% | 107.44 | |
| NICO | 150.00 | ↓ -3.54% | 155.50 | |
| TNM | 27.97 | ↓ -1.41% | 28.37 | |

| Dividends announced | | | | | |
|---------------------|----------------------|--------------------|-------------------|----------------------|-----------|
| Company | Dividend type | Dividend (K/share) | Last day to trade | Last day to register | Payable |
| SUNBIRD | Interim declared | 2.00 | 5-Dec-23 | 8-Dec-23 | 15-Dec-23 |
| NBS | 2nd interim declared | 1.20 | 5-Dec-23 | 8-Dec-23 | 29-Dec-23 |

Disclaimer: The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice, or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.