

Foreign exchange market developments

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

Closing TT middle exchange rates as at the end of the week			
Currency	25-Aug-23	% Δ	18-Aug-23
USD	1093.1803	↑ -0.05%	1093.6949
GBP	1410.5951	↑ -1.84%	1437.0787
EUR	1215.8076	↑ -0.92%	1227.1335
ZAR	59.3273	↓ 1.27%	58.5838

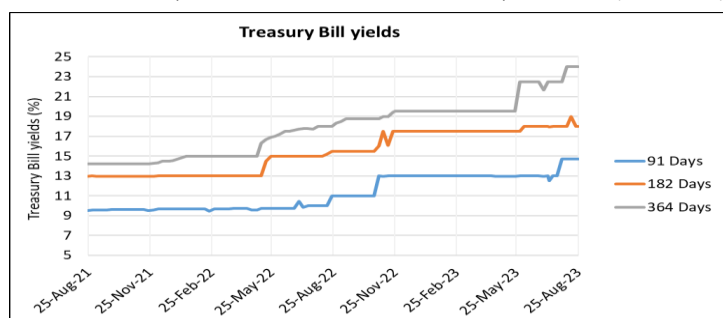
Gross official foreign exchange reserves position			
	31-Jul-23	30-Jun-23	31-May-23
Reserves (USD'm)	267.91	321.53	194.82
Import cover (months)	1.07	1.29	0.78
Benchmark import cover (months)	3.00	3.00	3.00

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

Government securities

The government raised K42.69b from auction of Treasury Bills and K38.29b from auction of 2-, 3- and 5-year Treasury Notes during the week.

Maturities of Government securities for the week amounted to K15.58b and maturities of OMO repos amounted to K10.35b. These transactions resulted in a net withdrawal of K55.05b from the market, compared to a net withdrawal of K3.11b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	22 & 25 August 2023	% pts Δ	15-Aug-23
Amount offered - cost value (K'm)	6,177.00	→ 0.00%	6,177.00
Applied - cost value (K'm)	42,823.29	↑ 487.81%	7,285.24
Allotted - cost value (K'm)	42,694.42	↑ 486.04%	7,285.24
Overall auction rate	0.30%	→ 0.30%	0.30%
91 days yield	14.7000%	→ 0.0000%	14.7000%
182 days yield	18.0000%	↓ -0.9808%	18.9808%
364 days yield	24.0000%	→ 0.0000%	24.0000%
All-type yield	18.9000%	↓ -0.3269%	19.2269%

Treasury Note and Bond auctions			
Auction date	25-Aug-23	15-Aug-23	8-Aug-23
Tenors	2, 3 & 5 years	2 years	7 years
Coupon rate	10.00%, 11.00% & 12.50%	10.00%	13.50%
Amount offered - cost value (K'b)		48.15	50.25
Total applied - cost value (K'b)	38.29	17.09	15.57
Total allotted - cost value (K'b)	38.29	17.09	15.52
Allotted - weighted average ytm	26.75%, 28.00% & 30.00%	26.59%	30.46%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	25-Aug-23	12-Sep-23
3-year TN	28.00%	25-Aug-23	05-Sep-23
5-year TN	30.00%	25-Aug-23	26-Sep-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	30.46%	08-Aug-23	TBA
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	31.25%	29-Jun-23	29-Aug-23
10-year Development Bond	23.35%	26-Apr-22	TBA

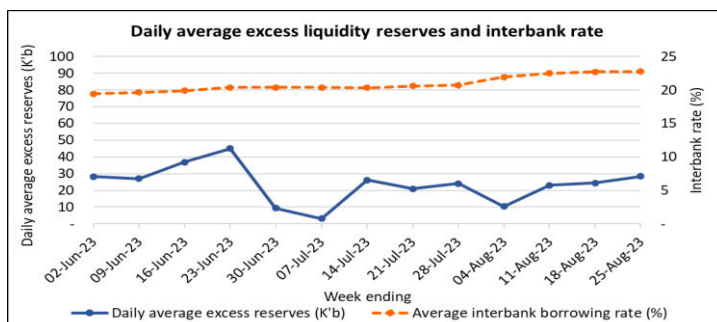
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
29-Aug-23	10	26.61	15.00%
05-Sep-23	3	62.81	11.00%
12-Sep-23	2	48.15	10.00%
19-Sep-23	10	15.70	15.00%
26-Sep-23	5	50.25	12.50%

Projected maturities			
Week ending	25-Aug-23	1-Sep-23	8-Sep-23
TBs, PNs & TNs (K'm)	15,578	2,105	4,962
OMO repos (K'm)	10,353	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 K28.47b during the week from K24.48b in the previous week. Daily average interbank borrowing decreased to K31.50b from K35.54b. Borrowing on the Lombard facility decreased to the average of K126.99b per day from K138.82b per day in the previous week. The average interbank borrowing rate increased to 22.77% from 22.74%. The Lombard rate remained fixed at 24.20% (Source: RBM).



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

Market Reference Rate			
	Aug-23	% pts Δ	Jul-23
Rate	22.70%	↑ 1.30	21.40%

Inflation Rate			
	Jul-23	% pts Δ	Jun-23
Rate	28.4%	↑ 1.10	27.3%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.35% to close the week at 116,845.17 points from 116,439.86 points in the previous week due to share price gains in AIRTEL (0.29%), FMBCH (2.31%), NBM (0.001%), NICO (0.01%), NITL (0.005%), STANDARD (0.04%) and SUNBIRD (0.47%), which offset share price losses in FDHB (-0.01%), NBS (-0.02%), PCL (-0.04%) and TNM (-0.03%). The market traded 5,849,247 shares at a consideration of K697.58m in 392 trades, compared to 29,423,201 shares traded at a consideration of K4.35b in 343 trades in the previous week. The year-to-date return on MASI stands at 88.35% compared to 20.02% for the same period in 2022.

Stock market trading activity			
	25-Aug-23	% Δ	18-Aug-23
MASI	116,845.17	↑ 0.35%	116,439.86
DSI	90,333.35	↑ 0.06%	90,278.01
FSI	17,415.02	↑ 2.29%	17,025.11
Traded volume	5,849,247	↓ -80.12%	29,423,201
Number of trades	392	↑ 14.29%	343
Value of shares traded (K'm)	697.58	↓ -83.95%	4,345.96
Market capitalisation (K'm)	6,311,703.69	↑ 0.36%	6,289,024.93

Gainers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	100.44	↑ 0.29%	100.15
FMBCH	348.88	↑ 2.31%	341.01
NBM	2100.02	↑ 0.001%	2100.00
NICO	163.01	↑ 0.01%	163.00
NITL	401.03	↑ 0.005%	401.01
STANDARD	2501.00	↑ 0.04%	2500.01
SUNBIRD	191.00	↑ 0.47%	190.10

Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	76.00	↓ -0.01%	76.01
NBS	131.97	↓ -0.02%	131.99
PCL	2507.00	↓ -0.04%	2508.00
TNM	29.97	↓ -0.03%	29.98

Published bank financial results for the half year ended 30th June 2023			
Company	H1 2023 profit after tax (K'm)	Change (%)	H1 2022 profit after tax (K'm)
CDH Investment Bank Ltd	5,463	↑ 118%	2,503
Centenary Bank Ltd	970	↑ 201%	(959)
Ecobank Ltd	14,287	↑ 78%	8,031
FDH Bank Plc	15,015	↑ 72%	8,707
First Capital Bank Plc	16,787	↑ 128%	7,360
NBS Bank Plc	12,157	↑ 139%	5,090
Standard Bank Malawi Plc	26,922	↑ 70%	15,835

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