

Foreign exchange market developments

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

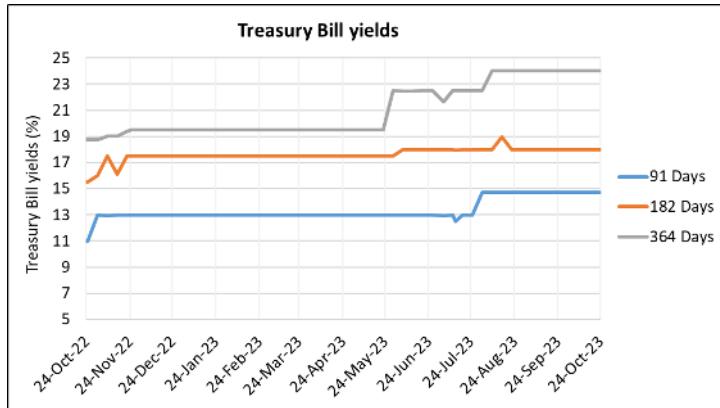
Closing TT middle exchange rates as at the end of the week			
Currency	27-Oct-23	% Δ	20-Oct-23
USD	117.5990	▲ 0.10%	1178.7900
GBP	1473.8341	▼ 1.09%	1457.9207
EUR	1280.7367	▼ 0.12%	1279.1627
ZAR	63.5906	▼ 0.66%	63.1758

Gross official foreign exchange reserves position		
	31-Aug-23	31-Jul-23
	30-Jun-23	
Reserves (USD'm)	239.56	267.91
Import cover (months)	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 K2.63b from auctions of Treasury Bills and K1.52b from auctions of Treasury Notes during the week. Maturities of Government securities for the week amounted to K17.17b, resulting in a net injection of K13.02b into the market, compared to a net withdrawal of K35.73b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	24-Oct-23	% pts Δ	17-Oct-23
Amount offered - cost value (K'm)	6,901.00	▲ 0.00%	6,901.00
Applied - cost value (K'm)	2,625.94	▼ -69.23%	8,535.23
Allotted - cost value (K'm)	2,625.94	▼ -69.23%	8,535.23
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	26-Oct-23	17, 18 & 19 Oct 2023	2-Oct-23
Tenors	2 & 10 years	2, 3, 5 & 7 years	2, 3, 5 & 10 years
Coupon rate	10.00% & 15.00%	10.00%, 11.00%, 12.50% & 13.50%	10.00%, 11.00%, 12.50% & 15.00%
Amount offered - cost value (K'b)		K27.74 for 7-year TN	
Total applied - cost value (K'b)	1.52	76.25	52.69
Total allotted - cost value (K'b)	1.52	76.25	52.69
Allotted - weighted average ytm	26.75% & 33.00%	26.75%, 28.00%, 30.00% & 32.00%	26.75%, 28.00%, 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%	26-Oct-23	21-Nov-23
3-year TN	28.00%	18-Oct-23	14-Nov-23
5-year TN	30.00%	19-Oct-23	31-Oct-23
5-year Development Bond	28.00%	27-Jun-23	TBA
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%	26-Oct-23	05-Dec-23
10-year Development Bond	23.35%	26-Apr-22	TBA

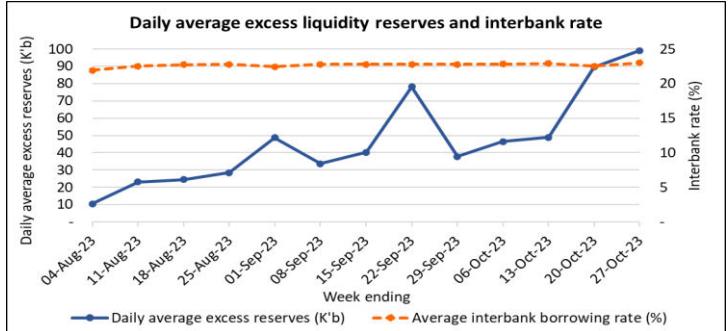
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
31-Oct-23	5	28.82	12.50%
14-Nov-23	3	33.96	11.00%
21-Nov-23	2	36.79	10.00%
28-Nov-23	5 year IDB	15.00	13.50%
05-Dec-23	10	19.51	10.00%
12-Dec-23	3	33.64	11.00%
26-Dec-23	7	27.43	13.50%

Projected maturities			
Week ending	27-Oct-23	3-Nov-23	10-Nov-23
TBs, PNs & TNs (K'm)	17,169	9,994	8,782
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0

Data source: RBM

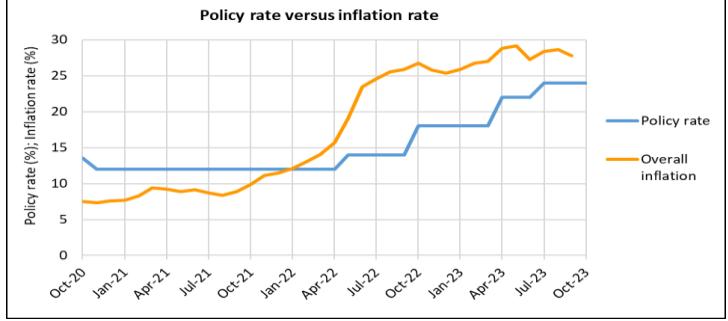
Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K99.09b during the week from K89.65b in the previous week. Daily average interbank borrowing decreased to K24.04b from K35.48b. Borrowing on the Lombard facility decreased to the average of K54.22b per day from K75.29b per day in the previous week. The average interbank borrowing rate increased to 23.01% from 22.53%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Monetary policy

The Monetary Policy Committee (MPC) held its fourth meeting of 2023 on 26th and 27th October 2023 during which they decided to maintain the Policy rate at 24.0%, the Lombard rate at 20 basis points above the Policy rate (24.2%), the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits at 7.75% and the LRR on foreign currency deposits at 3.75%. The MPC arrived at this decision considering the recent moderation in inflationary pressures and the weak domestic growth.



Market Reference Rate			
Rate	% pts Δ	Oct-23	Sep-23
23.50%	▲ 0.10	23.40%	

Stock market trading activity			
	27-Oct-23	% Δ	20-Oct-23
MASI	113,970.89	▼ -0.08%	114,058.75
DSI	89,672.09	▼ -0.09%	99,750.27
FSI	14,993.27	▲ 0.00%	14,993.27
Traded volume	3,507,300	▲ 51.39%	2,316,736
Number of trades	239	▲ 64.83%	145
Value of shares traded (K'm)	1,485.67	▲ 204.93%	487.22
Market capitalisation (K'm)	6,151,723.12	▼ -0.08%	6,156,431.44
Gainers	Closing price (K)	% Δ	Opening price (K)
NBM	2101.17	▲ 0.002%	2101.13
NTL	410.23	▲ 2.05%	402.00
STANDARD	3000.04	▲ 0.0003%	3000.03
SUNBIRD	191.06	▲ 0.005%	191.05
Losers	Closing price (K)	% Δ	Opening price (K)
AIRTEL	99.86	▼ -0.04%	99.90
FDHB	68.35	▼ -0.88%	68.96
NBS	107.93	▼ -0.04%	107.97
NICO	155.99	▼ -0.54%	156.83
TNM	29.76	▼ -0.07%	29.78

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