

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.

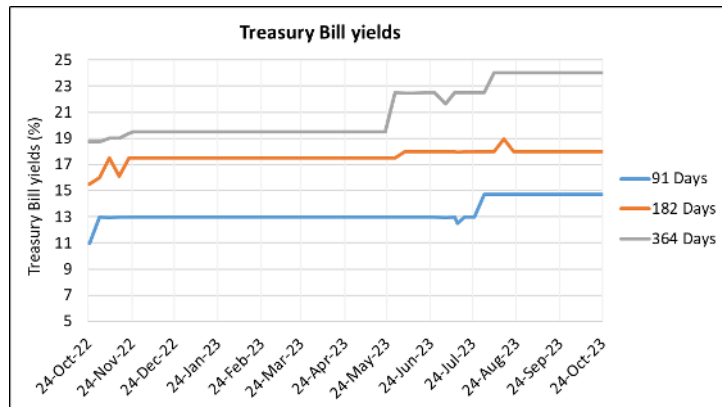
| Closing TT middle exchange rates as at the end of the week | | | | |
|--|-----------|---|--------|-----------|
| Currency | 27-Oct-23 | | % Δ | 20-Oct-23 |
| USD | 1177.5990 | ↑ | -0.10% | 1178.7900 |
| GBP | 1473.8341 | ↓ | 1.09% | 1457.9207 |
| EUR | 1280.7367 | ↓ | 0.12% | 1279.1627 |
| ZAR | 63.5906 | ↓ | 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 | 321.53 |
| Import cover (months) | 0.96 | 1.07 | 1.29 |
| 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 |

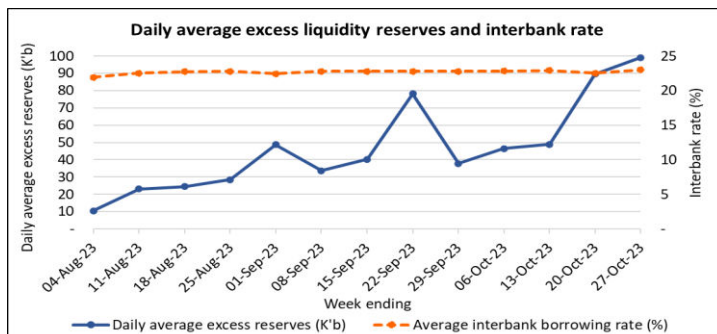
| Upcoming auctions of Treasury Notes and Bonds | | | |
|---|---------------|--------------|----------------------------|
| Auction date | Tenor (years) | Amount (K'b) | Last auction's coupon rate |
| 31-Oct-23 | 5 | 28.82 | 12.50% |
| 14-Nov-23 | 3 | 33.96 | 11.00% |
| 21-Nov-23 | 2 | 36.79 | 10.00% |
| 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

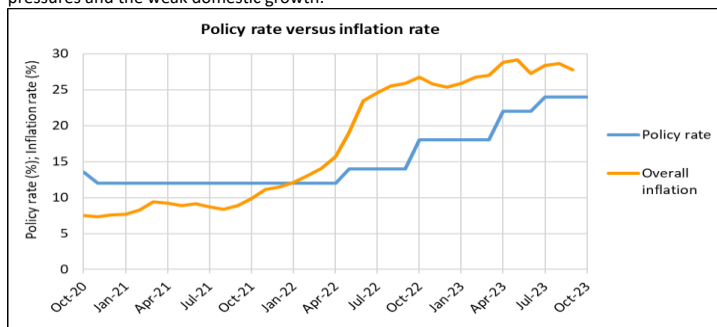
Market liquidity and interbank market activity

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 | Oct-23 | % pts Δ | Sep-23 |
| | 23.50% | ↑ 0.10 | 23.40% |

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.08% to close the week at 113,970.89 points from 114,058.75 points in the previous week due to share price losses in AIRTEL (-0.04%), FDHB (-0.88%), NBS (-0.04%), NICO (-0.54%) and TNM (-0.07%), which offset share price gains in NBM (0.002%), NITL (2.05%), STANDARD (0.0003%) and SUNBIRD (0.005%). The market traded 3,507,300 shares at a consideration of K1.49b in 239 trades, compared to 2,316,736 shares traded at a consideration of K487.22m in 145 trades in the previous week. The year-to-date return on MASI stands at 83.72% compared to 21.07% for the same period in 2022 (Source: MSE).

| 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% | 89,750.27 |
| 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 |
| NITL | 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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