

Foreign exchange market developments

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

Closing TT mid exchange rates			
Currency	28-Jul-23	% Δ	21-Jul-23
USD	1062.2735	0.07%	1061.5013
GBP	1400.2417	-0.26%	1403.8385
EUR	1194.4083	-2.11%	1220.2051
ZAR	60.9886	0.54%	60.6606

Gross official foreign exchange reserves position			
	30-Jun-23	31-May-23	30-Apr-23
Reserves (USD'm)	321.53	194.82	200.08
Import cover (months)	1.29	0.78	0.80
Benchmark import cover (months)	3.00	3.00	3.00

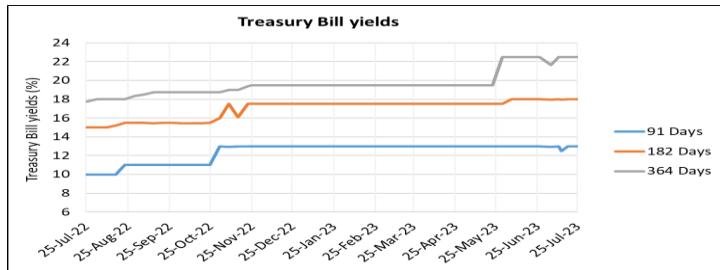
Cumulative tobacco sales			
Date	Week 16 2023 as at 28 July 2023	% Δ	Week 16 2022 as at 15 July
Volume (million kg)	119.32	52.19%	78.40
Value (USD'million)	280.80	68.65%	166.50
Average price (USD/Kg)	2.35	10.85%	2.12

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

Government securities

The government raised K9.43b from auction of Treasury Bills (TB) and K13.21b from auction of a 3-year Treasury Note (TN) during the week.

Access on the Re-discounting Standing Facility amounted to K3.19b. Maturities of Government securities amounted to K52.21b and maturities of OMO repos amounted to K5.08b. These transactions resulted in a net injection of K37.84b into the market, compared to a net injection of K16.27b in the previous week (Source: RBM).



Treasury Bill auctions			
Auction date	25-Jul-23	% pts Δ	18-Jul-23
Amount offered - cost value (K'm)	13,956.00	0.00%	13,956.00
Applied - cost value (K'm)	9,427.15	-48.40%	18,268.23
Alloted - cost value (K'm)	9,427.15	-48.40%	18,268.23
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%	0.0000%	22.5000%
All-type yield	17.8333%	0.0000%	17.8333%

Treasury Note and Bond auctions			
Auction date	25-Jul-23	18-Jul-23	13-Jul-23
Tenors	3 year TN	5 year TN	3 year TN
Coupon rate	11.00%	12.50%	11.00%
Amount offered - cost value (K'b)	72.81	57.25	
Total applied - cost value (K'b)	13.48	7.28	2.60
Total allotted - cost value (K'b)	13.21	7.28	1.89
Allotted - weighted average ytm	26.00%	28.00%	26.00%

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	24.75%	05-Jul-23	04-Jul-23
3-year TN	26.00%	25-Jul-23	05-Sep-23
5-year TN	28.00%	18-Jul-23	26-Sep-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	29.50%	05-Jul-23	08-Aug-23
7-Year Development Bond	27.50%	28-Feb-23	01-Aug-23
10-year TN	31.25%	29-Jun-23	29-Aug-23
10-year Development Bond	23.35%	26-Apr-22	TBA

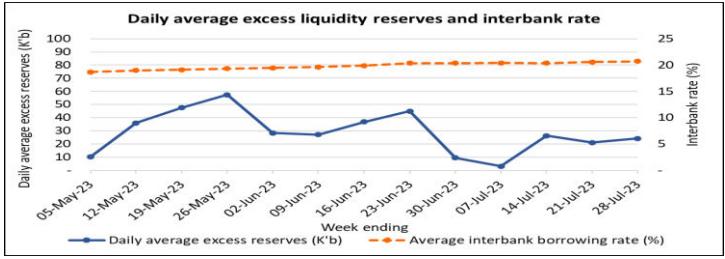
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
01-Aug-23	7-year IDB	20.49	14.50%
08-Aug-23	7	50.25	13.50%
15-Aug-23	2	48.15	10.00%
29-Aug-23	10	26.61	15.00%
05-Sep-23	3	62.81	11.00%
12-Sep-23	2	48.15	10.00%
19-Sep-23	10	15.70	15.00%
26-Sep-23	5	50.25	12.50%

Projected maturities			
Week ending	28-Jul-23	4-Aug-23	11-Aug-23
TBs, PNs & TNs (K'm)	52,209	16,349	25,562
OMO repos (K'm)	5,082	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 K24.14b during the week, from K21.00b in the previous week. Daily average interbank borrowing increased to K33.02b from K16.70b. Borrowing on the Lombard facility decreased to the average of K120.41b per day from K131.63b per day in the previous week. The average interbank borrowing rate increased to 20.72% from 20.60%. The Lombard rate increased to 24.2% from 22.20% during the week following an increase in the Policy rate (Source: RBM).

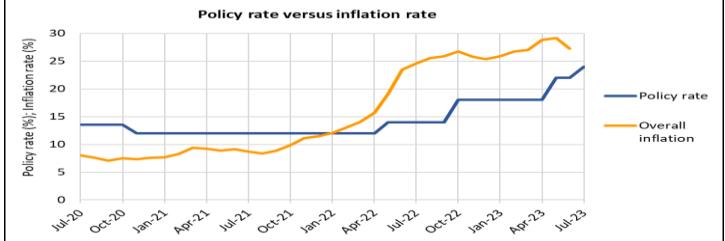


Market Reference Rate			
Rate	Jul-23	% pts Δ	Jun-23
21.40%	21.40%	0.40	21.00%

Inflation Rate			
Rate	Jun-23	% pts Δ	May-23
27.3%	27.3%	-1.90	29.2%

Policy rate raised to 24%

During its third meeting of 2023 held on 26th and 27th July, the Monetary Policy Committee (MPC) decided to increase the Policy rate to 24.0% from 22.0% and the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits to 7.75% from 5.75%. The MPC made this decision in order to address inflationary pressures and contain demand. The LRR ratio on foreign currency deposits was maintained at 3.75% and the Lombard rate was maintained at 20 basis points above the Policy rate, effectively increasing it to 24.2% from 22.2%. The projection for headline inflation rate for 2023 was revised upwards to 29.5% from the 24.5% projected during the previous MPC meeting. Economic growth for Malawi for 2023 is projected at 1.9% (Source: RBM).



Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.62% to close the week at 112,492.50 points from 111,803.72 points in the previous week due to share price gains in FDHB (0.23%), FMBCH (4.35%), NBS (0.01%) and NITL (14.57%), which offset share price losses in ICON (-0.11%), NICO (-0.01%) and TNM (-0.03%). The market traded 13,649,384 shares at a consideration of K2.66b in 182 trades, compared to 10,455,694 shares traded at a consideration of K661.16m in 279 trades in the previous week. The year-to-date return on MASI stands at 81.33% compared to 16.57% for the same period in 2022.

Stock market trading activity			
	28-Jul-23	% Δ	21-Jul-23
MASI	112,492.50	0.62%	111,803.72
DSI	88,364.93	0.14%	88,236.99
FSI	14,982.64	4.31%	14,363.33
Traded volume	13,649,384	30.54%	10,455,694
Number of trades	182	-34.77%	279
Value of shares traded (K'm)	2,657.26	301.91%	661.16
Market capitalisation (K'm)	6,072,138.21	0.64%	6,033,705.26
Gainers	Closing price (K)	% Δ	Opening price (K)
FDHB	66.21	0.23%	66.06
FMBCH	300.01	4.35%	287.51
NBS	132.00	0.01%	131.99
NITL	401.00	14.57%	350.00
Losers	Closing price (K)	% Δ	Opening price (K)
ICON	18.97	-0.11%	18.99
NICO	163.01	-0.01%	163.02
TNM	29.99	-0.03%	30.00

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