

Malawi Stock Exchange (MSE) trading activity

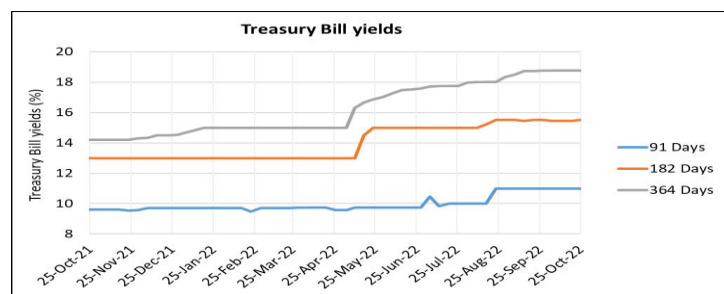
The Malawi All Share Index (MASI) registered a gain of 0.50% to close the week at 55,011.16 points from 54,738.07 points in the previous week due to share price gains in AIRTEL (0.12%), NBM (2.50%), NITL (0.81%) and STANDARD (0.001%) which offset share price losses in FDHB (-0.13%), NBS (-0.04%) and PCL (-0.001%). The market traded 3,386,272 shares at a consideration of K146.21m in 64 trades compared to 44,820,552 shares traded at a consideration of K2.62b in 113 trades in the previous week. The year-to-date return on MASI stands at 21.26% compared to 27.99% for the same period in 2021 (Source: MSE).

Corporate news

Illovo Sugar Malawi Plc expects its profit after tax for the year ended 31st August 2022 to be at least 25% more than the profit after tax it reported for the year ended 31st August 2021 (Source: MSE).

Government securities

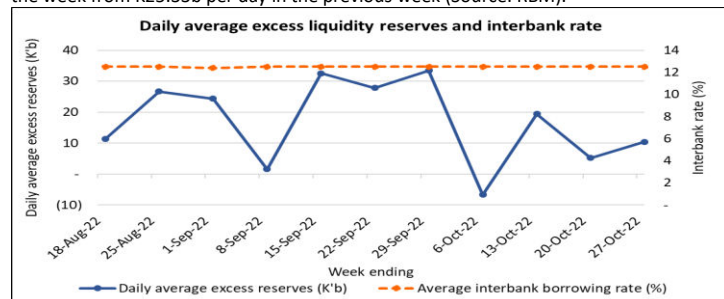
Government raised K4.28b during the week's auction for Treasury Bills (TBs) compared to K867.80m raised in the previous week. The auction registered a rejection rate of 28.24% on the submitted bids. The average TB yield increased from 15.0680% to 15.0833% during the week on the account of an increase in the 182-day yield from 15.4540% to 15.5000%. The 91-day and 364-day yields were constant at 11.0000% and 18.7500%, respectively (Source: RBM).



Government also raised K4.62b through auction of a 7-year Treasury Note (TN) at an average yield of 26.50% during the week. Maturities of Government securities and OMO reverse repos amounted to K9.85b and K5.31b, respectively. The RBM conducted OMO reverse repos aimed at injecting liquidity in the banking system amounting to K9.68b and access on the rediscounting standing facility amounted to K190.00m. These transactions resulted in a net injection of K5.51b into the market compared to a net injection of K33.78b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K10.36b from K5.22b in the previous week. Daily average interbank borrowing decreased to K22.94b from K30.38b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility decreased to an average of K24.36b per day during the week from K25.33b per day in the previous week (Source: RBM).



Foreign exchange market developments

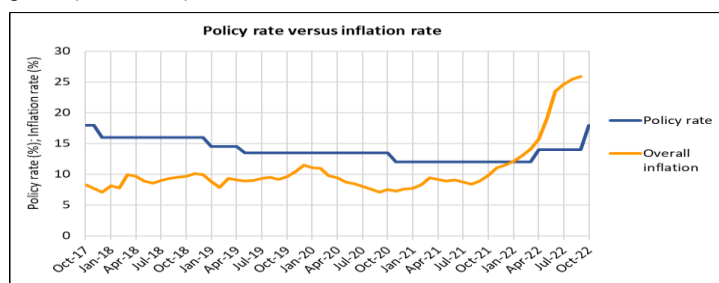
The Kwacha appreciated by -0.14% to trade at K1034.1140/USD as of 27th October 2022 from K1035.5850/USD on 20th October 2022. The Kwacha, however, depreciated against GBP (3.97%), EUR (2.87%) and ZAR (4.15%) during the period. Gross official foreign exchange reserves stood at USD357.18m (1.43 months import cover) on 30th September 2022 compared to USD378.89m (1.52 months import cover) on 31st August 2022. The recommended minimum import cover is 3 months.

Stock market				
	28-Oct-22	% Δ		21-Oct-22
MASI	55,011.16	0.50%		54,738.07
DSI	44,935.54	0.54%		44,692.54
FSI	5,126.05	0.00%		5,126.05
Traded volume	3,386,272	-92.44%		44,820,552
Number of trades	64	-43.36%		113
Value of shares traded (K'm)	146.21	-94.43%		2,623.68
Market capitalisation (K'm)	2,974,199.45	0.49%		2,959,566.01
Gainers				
	Closing price (K)	% Δ		Opening price (K)
AIRTEL	51.26	0.12%		51.20
NBM	1230.00	2.50%		1200.01
NITL	125.00	0.81%		124.00
STANDARD	1841.04	0.001%		1841.02
Losers				
	Closing price (K)	% Δ		Opening price (K)
FDHB	14.87	-0.13%		14.89
NBS	22.62	-0.04%		22.63
PCL	2,181.38	-0.001%		2,181.40
Treasury Bill auctions				
	25-Oct-22	% pts Δ		18-Oct-22
Auction date	25-Oct-22	0.00%		23,179.00
Amount offered - cost value (K'm)	23,179.00	0.00%		867.80
Applied - cost value (K'm)	5,959.35	586.72%		867.80
Allotted - cost value (K'm)	4,276.54	392.80%		867.80
Overall rejection rate	28.24%	28.24%		0.00%
91 days yield	11.0000%	0.0000%		11.0000%
182 days yield	15.5000%	0.0460%		15.4540%
364 days yield	18.7500%	0.0000%		18.7500%
All-type yield	15.0833%	0.0153%		15.0680%
Treasury Note and Bond auctions				
	25-Oct-22	18-Oct-22		10 & 11 Oct 2022
Auction date	25-Oct-22	18-Oct-22		2,3,5,7 & 10 years
Tenor	7 years	2 years		2,3,5,7 & 10 years
Coupon rate	13.50%	10.00%		10.00%, 11.00%, 12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)	31.54	59.30		198.10
Total applied - cost value (K'b)	4.62	7.28		198.10
Total allotted - cost value (K'b)	4.62	7.28		198.10
Allotted - weighted average ytm	26.50%	21.50%		21.50%, 23.00%, 25.00%, 26.50% & 27.50%
Current yields for Treasury Notes and Bonds				
	Tenor	Last auction's yield	Last auction	Next auction
2 years	2 years	21.50%	18-Oct-22	1-Nov-22
3 years	3 years	23.00%	11-Oct-22	13-Dec-22
5 years	5 years	25.00%	10-Oct-22	15-Nov-22
7 years	7 years	26.50%	25-Oct-22	22-Nov-22
7-Year Development Bond	26.75%	2-Sep-22		TBA
10 years	27.50%	10-Oct-22		27-Dec-22
10-year infrastructure bond	23.35%	26-Apr-24		TBA
Upcoming auctions of Treasury Notes and Bonds				
	Auction date	Tenor (years)	Amount (K'b)	Previous auction coupon rate
1-Nov-22	1-Nov-22	2	57.30	10.00%
15-Nov-22	15-Nov-22	5	54.61	12.50%
22-Nov-22	22-Nov-22	7	7.00	13.50%
29-Nov-22	29-Nov-22	5	13.00	12.50%
13-Dec-22	13-Dec-22	3	47.30	11.00%
27-Dec-22	27-Dec-22	10	31.54	15.00%
Projected maturities				
	Week ending	28-Oct-22	4-Nov-22	11-Nov-22
TBs, PNs & TNs (K'm)		9,849	152,831	40,352
OMO repos (K'm)		0	0	0
OMO reverse repos (K'm)		5,310	10,621	0
Reference rate				
	Rate	Oct-22	% pts Δ	Sep-22
		13.90%	0.00	13.90%
Inflation rate				
	Rate	Sep-22	% pts Δ	Aug-22
		25.9%	0.4	25.5%
Closing TT mid exchange rates				
	27-Oct-22	% Δ		20-Oct-22
USD	1034.1140	-0.14%		1035.5850
GBP	1242.8687	3.97%		1195.4405
EUR	1070.9603	2.87%		1041.0967
ZAR	60.2411	4.15%		57.8397
Gross official foreign exchange reserves position				
	30-Sep-22	31-Aug-22		31-Jul-22
Reserves (USD'm)	357.18	378.89		372.99
Import cover (months)	1.43	1.52		1.49

Sources: MSE, RBM, NSO, AHL

MPC raises the policy rate

The Monetary Policy Committee (MPC), at its meeting held on 25th and 26th October 2022, decided to raise the Policy rate by 400 basis points to 18%. However, the MPC maintained the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio on both domestic and foreign currency denominated deposits at 3.75%. The decision to raise the Policy Rate was deemed necessary to restore price stability, which is essential for reviving and sustaining high economic growth (Source: RBM).



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