

## Foreign exchange market developments

During the week, the Kwacha depreciated against the USD, but appreciated 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	29-Sep-23		% Δ	22-Sep-23
USD	1126.5027	↓	0.01%	1126.4075
GBP	1412.1697	↑	-0.73%	1422.6073
EUR	1225.2157	↑	-0.08%	1226.1990
ZAR	60.6693	↑	-0.76%	61.1326
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

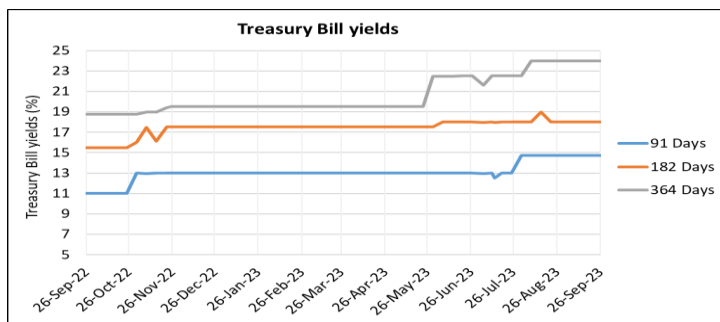
Data source: Reserve Bank of Malawi (RBM)

On 27<sup>th</sup> September 2023, the Reserve Bank of Malawi (RBM) conducted a Foreign Exchange Auction with Authorised Dealer Banks (ADB) aimed at determining the prevailing market clearing price of the Malawi Kwacha against the United States Dollar and other major currencies. Based on the results of the auction, the new market selling price will be K1,180.29 per USD effective 2<sup>nd</sup> October 2023.

## Government securities

The Government raised K10.00m from auctions of Treasury Bills and K9.04b from auctions of Treasury Notes during the week.

Maturities of Government securities for the week amounted to K29.04b. These transactions resulted in a net injection of K19.99b into the market, compared to a net injection of K8.60b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	26-Sep-23		% pts Δ	19 & 22 Sep 2023
Amount offered - cost value (K'm)	3,938.00	↓	0.00%	3,938.00
Applied - cost value (K'm)	10.00	↓	-99.94%	17,218.18
Allotted - cost value (K'm)	10.00	↓	-99.91%	10,565.30
Overall rejection rate	0.00%	↓	-38.64	38.64%
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	25 & 26 Sep 2023	19 & 22 Sep 2023	11, 12, 14 & 15 Sep 2023	
Tenors	5 & 7 years	2, 3, 5 & 10 years	2, 3, 5 & 7 years	
Coupon rate	12.50% & 13.00%	10.00%, 11.00%, 12.50% & 15.00%	10.00%, 11.00%, 12.50% & 13.50%	
Amount offered - cost value (K'b)	50.25	15.70		
Total applied - cost value (K'b)	9.04	7.39	58.22	
Total allotted - cost value (K'b)	9.04	7.39	58.22	
Allotted - weighted average ytm	30.00% & 32.00%	26.75%, 28.00%, 30.00% & 33.00%	26.70%, 28.00%, 30.00% & 30.99%	

Current yields for Treasury Notes and Bonds			
Tenor	Last auction's yield	Last auction	Next auction
2-year TN	26.75%	22-Sep-23	10-Oct-23
3-year TN	28.00%	22-Sep-23	14-Nov-23
5-year TN	30.00%	26-Sep-23	31-Oct-23
5-year Development Bond	28.00%	27-Jun-23	TBA
7-year TN	32.00%	25-Sep-23	17-Oct-23
7-Year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	33.00%	22-Sep-23	05-Dec-23
10-year Development Bond	23.35%	26-Apr-22	TBA

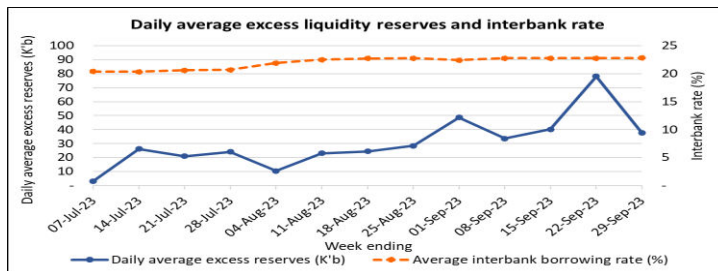
Upcoming auctions of Treasury Notes and Bonds			
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate
10-Oct-23	2	36.87	10.00%
17-Oct-23	7	27.74	13.50%
31-Oct-23	5	28.82	12.50%
14-Nov-23	3	33.96	11.00%
21-Nov-23	2	36.79	10.00%
28-Nov-23	5 year IDB	15.00	13.50%
05-Dec-23	10	19.51	10.00%
12-Dec-23	3	33.64	11.00%
26-Dec-23	7	27.43	13.50%

Projected maturities			
Week ending	29-Sep-23	6-Oct-23	13-Oct-23
TBs, PNs & TNs (K'm)	29,038	16,973	23,242
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 decreased to K37.81b during the week from K78.07b in the previous week. Daily average interbank borrowing increased to K40.82b from K32.72b. Borrowing on the Lombard facility decreased to the average of K63.53b per day from K91.84b per day in the previous week. The average interbank borrowing rate marginally increased to 22.80% from 22.78%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Policy Rate			
Rate	27-Jul-23	24.00%	% pts Δ
		2.00	27-Apr-23
		22.00%	
Market Reference Rate			
Rate	Sep-23	23.40%	% pts Δ
		0.70	Aug-23
		22.70%	
Inflation Rate			
Rate	Aug-23	28.6%	% pts Δ
		0.20	Jul-23
		28.4%	

## Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.36% to close the week at 118,426.19 points from 118,849.86 points in the previous week due to share price losses in FDHB (-4.26%), MPICO (-0.03%), NBS (-0.92%), NICO (-1.54%), PCL (-0.28%) and TNM (-0.07%), which offset share price gains in ILLOVO (0.001%), NBM (0.004%), STANDARD (1.89%) and SUNBIRD (0.005%). The market traded 36,779,870 shares at a consideration of K4.89b in 225 trades, compared to 1,455,640 shares traded at a consideration of K235.54m in 228 trades in the previous week. The year-to-date return on MASI stands at 90.90% compared to 19.89% for the same period in 2022 (Source: MSE).

Stock market trading activity				
	29-Sep-23		% Δ	22-Sep-23
MASI	118,426.19	↓	-0.36%	118,849.86
DSI	89,173.86	↓	-0.42%	89,550.85
FSI	20,692.42	↓	0.00%	20,692.42
Traded volume	36,779,870	↓	-24.26%	1,455,640
Number of trades	225	↓	-1.32%	228
Value of shares traded (K'm)	4,891.25	↓	-19.76%	235.54
Market capitalisation (K'm)	6,404,492.20	↓	-0.35%	6,427,194.33
Gainers				
	Closing price (K)		% Δ	Opening price (K)
ILLOVO	1121.44	↑	0.001%	1121.43
NBM	2101.12	↑	0.004%	2101.03
STANDARD	2700.01	↑	1.89%	2650.01
SUNBIRD	191.03	↑	0.005%	191.02
Losers				
	Closing price (K)		% Δ	Opening price (K)
FDHB	72.21	↓	-4.26%	75.42
MPICO	15.00	↓	-0.03%	17.50
NBS	108.99	↓	-0.92%	110.00
NICO	160.00	↓	-1.54%	162.50
PCL	2500.00	↓	-0.28%	2507.00
TNM	29.88	↓	-0.07%	29.90

## News

On 25<sup>th</sup> September 2023, the Government of Malawi listed 5 Development Bonds and 25 Treasury Notes on the MSE with a combined face value of MK1.69 trillion, bringing the total number of listed debt securities on the MSE to 84. The 5 Development Bonds have a total nominal value of MK0.10 trillion whilst the 25 Treasury Notes have a total nominal value of MK1.59 trillion (Source: MSE).

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)	
Listed banks				
FDH Bank Plc	15,015	↑	72%	8,707
First Capital Bank Plc	16,787	↑	128%	7,360
National Bank of Malawi Plc	35,483	↑	60%	22,118
NBS Bank Plc	12,157	↑	139%	5,090
Standard Bank Malawi Plc	26,922	↑	70%	15,835
Unlisted banks				
CDH Investment Bank Ltd	5,463	↑	118%	2,503
Centenary Bank Ltd	970	↑	201%	(959)
Ecobank Ltd	14,287	↑	78%	8,031
Listed non-bank companies				
Airtel Malawi Plc	18,991	↑	113%	8,901
Blantyre Hotels Plc	(494)	↓	-6%	(466)
MPICO Plc	5,082	↑	61%	3,161
National Investment Trust Plc	16,490	↑	1027%	1,463
NICO Holdings Plc	30,784	↑	160%	11,822
Press Corporation Plc	34,287	↑	115%	15,977
Sunbird Tourism Plc	1,587	↑	296%	400
Telekom Networks Malawi Plc	780	↑	158%	(1,340)

**Disclaimer:** The views expressed in this report are those of the author and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against the author, CDHIB, its directors or its employees either directly or indirectly out of any views, advice, or information. The information presented are for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.