

Malawi Stock Exchange (MSE) trading activity

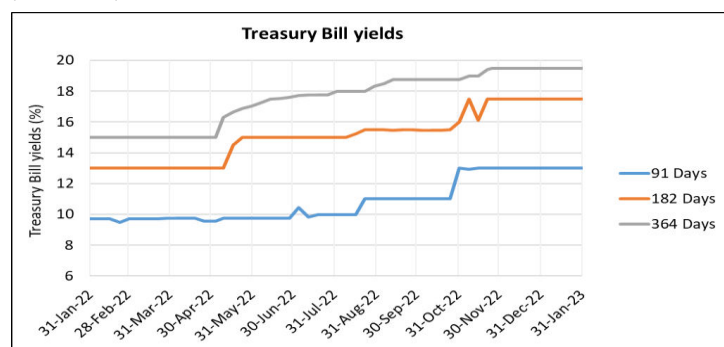
The Malawi All Share Index (MASI) registered a gain of 0.29% to close the week at 68,646.26 points from 68,449.55 points in the previous week due to share price gains in AIRTEL (0.05%), FDHB (3.48%), ILLOVO (0.003%) and NBM (0.45%), which offset price losses in OMU (-0.08%) and PCL (-0.0005%). The market traded 8,817,028 shares at a consideration of K1.32b in 136 trades, compared to 6,956,981 shares traded at a consideration of K445.22m in 159 trades in the previous week. The year-to-date return on MASI stands at 10.66% compared to -1.84% for the same period in 2022 (Source: MSE).

Corporate news

Dividends announced				
Company	Dividend type	Dividend (K/share)	Last day to register	Payable
ILLIOVO	Final proposed	5.44	TBA	TBA

Government securities

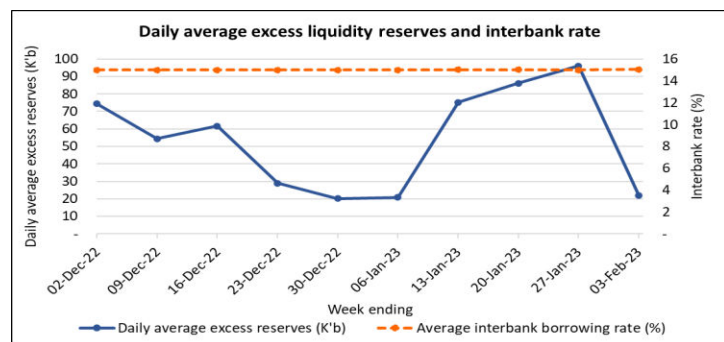
Government raised K10.58b during the week's auction for Treasury Bills (TBs) compared to K32.57b raised in the previous week. The auction registered a 4.35% rejection rate on the submitted bids. The average TB yield was constant at 16.67% from the previous week as the 91-day, 182-day and 364-day yields were constant at 13.00%, 17.50% and 19.50%, respectively (Source: RBM).



Government also raised K11.53b through auction of a 7-year Treasury Note (TN) at an average yield of 27.50% during the week. Maturities of Government securities for the week amounted to K17.54b and maturities of OMO reverse repos amounted to K3.04b. The RBM conducted an outright sale of securities that amounted to K1.47b during the week. These transactions resulted in a net withdrawal of K9.08b from the market compared to a net withdrawal of K11.23b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K21.80b from K96.01b in the previous week. Daily average interbank borrowing increased to K23.34b from K15.25b in the previous week. The average interbank borrowing rate marginally increased to 15.05% from 15.00%. Borrowing on the Lombard facility increased to an average of K71.23b per day during the week from K63.36b per day in the previous week (Source: RBM).



Foreign exchange market developments

During the week, the Kwacha appreciated against USD by -0.35% to trade at K1031.5313/USD as at 3rd February 2023 from K1035.2009/USD as at 27th January 2023. The Kwacha also appreciated against GBP (-1.27%) but depreciated against EUR (0.41%) and ZAR (0.97%) during the period. Gross official foreign exchange reserves stood at USD304.65m (1.22 months import cover) on 31st December 2022 compared to USD338.87 (1.36 months import cover) on 30th November 2022. The recommended minimum import cover is 3 months.

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Stock market				
	03-Mar-23	% Δ		27-Jan-23
MASI	68 646.26	0.29%		68 449.55
DSI	54 522.12	0.32%		54 347.03
FSI	8 377.58	-0.001%		8 377.67
Traded volume	8 817 028	26.74%		6 956 981
Number of trades	136	-14.47%		159
Value of shares traded (K'm)	1 319.91	196.46%		445.22
Market capitalisation (K'm)	3 707 522.83	0.28%		3 696 989.48
Gainers				
	Closing price (K)	% Δ		Opening price (K)
AIRTEL	58.07	0.05%		58.04
FDHB	30.00	3.48%		28.99
ILLOVO	600.02	0.003%		600.00
NBM	1550.01	0.448%		1543.09
Losers				
	Closing price (K)	% Δ		Opening price (K)
OMU	838.00	-0.08%		838.67
PCL	2 181.35	-0.0005%		2 181.36
Treasury Bill auctions				
	31-Jan-23	% pts Δ		24-Jan-23
Auction date	31-Jan-23	0.00%		20-Jan-23
Amount offered - cost value (K'm)	20 452.00	0.00%		20 452.00
Applied - cost value (K'm)	11 065.06	-66.03%		32 568.27
Allotted - cost value (K'm)	10 584.24	-67.50%		32 568.27
Overall rejection rate	4.35%	4.35		0.00%
91 days yield	13.0000%	0.0000%		13.0000%
182 days yield	17.5000%	0.0000%		17.5000%
364 days yield	19.5000%	0.0000%		19.5000%
All-type yield	16.6667%	0.0000%		16.6667%
Treasury Note and Bond auctions				
	31-Jan-23	24-Jan-23		11 & 20 Jan 2023
Auction date	31-Jan-23	24-Jan-23		2, 3 & 5 years
Tenor	7 years	5 years		10.00%, 11.00% & 12.50%
Coupon rate	13.50%	12.50%		
Amount offered - cost value (K'b)	26.14	51.64		56.64
Total applied - cost value (K'b)	27.15	29.46		55.06
Total allotted - cost value (K'b)	11.53	29.16		54.78
Allotted - weighted average ytm	27.50%	26.19%		22.66%, 24.00%, 26.00%
Current yields for Treasury Notes and Bonds				
	Last auction's yield	Last auction		Next auction
Tenor				
2-year TN	22.75%	20-Jan-23		28-Feb-23
3-year TN	24.00%	20-Jan-23		14-Feb-23
5-year TN	26.19%	24-Jan-23		21-Mar-23
5-year Development Bond	26.00%	29-Nov-22		TBA
7-year TN	27.50%	31-Jan-23		TBA
7-year Development Bond	27.50%	25-Nov-22		28-Feb-23
10-year TN	28.50%	28-Dec-22		21-Feb-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)	Previous auction coupon rate
	14-Feb-23	3	68.28	11.00%
	21-Feb-23	10	21.09	15.00%
	28-Feb-23	7-year IDB	10.00	14.50%
	14-Mar-23	2	61.64	10.00%
	21-Mar-23	5	56.64	12.50%
Projected maturities				
	3-Feb-23	10-Feb-23		17-Feb-23
TBs, PNs & TNs (K'm)	17 539	28 802		22 380
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	3 044	0		0
Reference rate				
	Feb-23	% pts Δ		Jan-23
Rate	17.30%	0.00		17.30%
Inflation rate				
	Dec-22	% pts Δ		Nov-22
Rate	25.4%	-0.4		25.8%
Closing TT mid exchange rates				
	3-Feb-23	% Δ		27-Jan-23
USD	1031.5313	-0.35%		1035.2009
GBP	1296.2877	-1.27%		1313.0108
EUR	1160.9069	0.41%		1156.1652
ZAR	61.9372	0.97%		61.3435
Gross official foreign exchange reserves position				
	31-Dec-22	30-Nov-22		31-Oct-22
Reserves (USD'm)	304.65	338.87		326.06
Import cover (months)	1.22	1.36		1.30

Sources: MSE, RBM, NSO, AHL

MPC maintains Policy rate at 18.0%

The Monetary Policy Committee (MPC), at its meeting held on 1st and 2nd February 2023, decided to maintain the Policy rate at 18.0%, the Lombard rate at 20 basis points above the Policy rate (18.2%) and the Liquidity Reserve Requirement (LRR) ratio on both domestic and foreign currency denominated deposits at 3.75%. The decision was made mainly to allow more time for the RBM to assess the impact of the price adjustments emanating from the normalization of global commodity prices. Headline inflation rate is projected to average 18.2% in 2023 from 21.0% in 2022 and real economic growth is projected to pick up to 2.7% in 2023 from 1.2% in 2022 (Source: RBM).

