



Foreign exchange market developments

During the week, the Kwacha depreciated against the USD by 2.27%, GBP by 1.73% and EUR by 2.88%, but appreciated against the ZAR by -1.60% as indicated in the table below. This follows a foreign exchange auction the Reserve Bank of Malawi held with banks in the previous week on 27th July 2023 during which a new market selling price of K1,095.32 per USD was determined, increasing from K1,063.86 per USD and representing a Kwacha depreciation of 2.96%.

Closing TT middle exchange rates as at the end of the week				
Currency	4-Aug-23	% Δ	28-Jul-23	
USD	1091.0033	2.70%	1062.2735	
GBP	1424.4676	1.73%	1400.2417	
EUR	1228.7794	2.88%	1194.4083	
ZAR	60.0124	-1.60%	60.9886	

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	

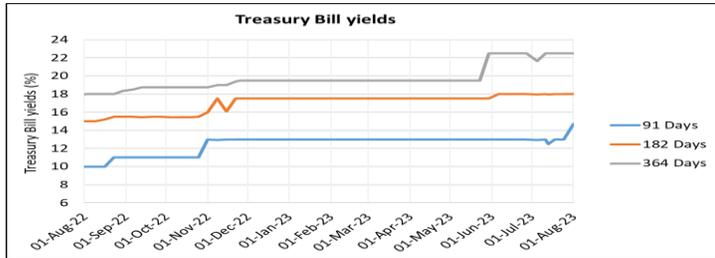
Cumulative tobacco sales				
Date	Week 17 2023 as at 4 August 2023	% Δ	Week 17 2022 as at 22 July	
Volume (million kg)	120.53	47.40%	81.77	
Value (USD'million)	283.76	62.76%	174.34	
Average price (USD/Kg)	2.35	10.33%	2.13	

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

Government securities

The government raised K134.02m from auction of Treasury Bills (TB) during the week. There was no allotment for the 7-year Development Bond that was auctioned during the week.

Access on the Re-discounting Standing Facility amounted to K1.31b and maturities of Government securities for the week amounted to K16.35b. These transactions resulted in a net injection of K17.53b into the market, compared to a net injection of K37.84b in the previous week (Source: RBM).



Treasury Bill auctions				
Auction date	1-Aug-23	% pts Δ	25-Jul-23	
Amount offered - cost value (K'm)	6,177.00	-55.74%	13,956.00	
Applied - cost value (K'm)	179.94	-98.09%	9,427.15	
Allotted - cost value (K'm)	134.02	-98.58%	9,427.15	
Overall rejection rate	25.52%	25.52	0.00%	
91 days yield	14.7000%	1.7000%	13.0000%	
182 days yield	18.0000%	0.0000%	18.0000%	
364 days yield	22.5000%	0.0000%	22.5000%	
All-type yield	18.4000%	0.5667%	17.8333%	

Treasury Note and Bond auctions				
Auction date	1-Aug-23	25-Jul-23	18-Jul-23	
Tenors	7 year IDB	3 year TN	5 year TN	
Coupon rate	14.50%	11.00%	12.50%	
Amount offered - cost value (K'b)	20.49	72.81	57.25	
Total applied - cost value (K'b)	0.01	13.48	7.28	
Total allotted - cost value (K'b)	0.00	13.21	7.28	
Allotted - weighted average ytm		26.00%	28.00%	

Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2-year TN	24.75%	05-Jul-23	15-Aug-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	TBA	
10-year TN	31.25%	29-Jun-23	29-Aug-23	
10-year Development Bond	23.35%	26-Apr-22	TBA	

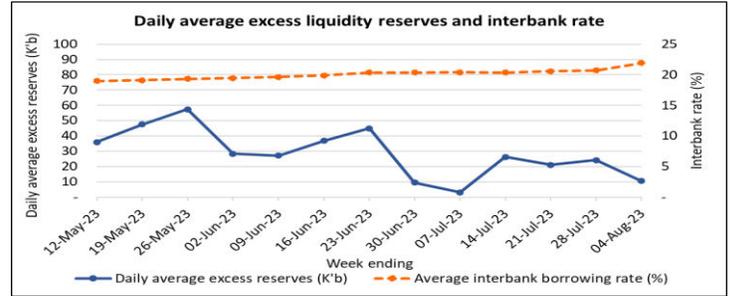
Upcoming auctions of Treasury Notes and Bonds				
Auction date	Tenor (years)	Amount (K'b)	Last auction's coupon rate	
08-Aug-23	7	50.25	13.50%	
15-Aug-23	2	48.15	10.00%	
29-Aug-23	10	26.61	15.00%	
05-Sep-23	3	62.81	11.00%	
12-Sep-23	2	48.15	10.00%	
19-Sep-23	10	15.70	15.00%	
26-Sep-23	5	50.25	12.50%	

Projected maturities				
Week ending	4-Aug-23	11-Aug-23	18-Aug-23	
TBs, PNs & TNs (K'm)	16,349	25,562	20,191	
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 K10.45b during the week, from K24.14b in the previous week. Daily average interbank borrowing increased to K41.30b from K33.02b. Borrowing on the Lombard facility increased to the average of K144.57b per day from K120.41b per day in the previous week. The average interbank borrowing rate increased to 21.92% from 20.72%. The Lombard rate increased to 24.2% from the average of 22.60% in the previous week. The increase in market interest rates and the decrease in liquidity during the week follow Monetary Policy Committee's decision to increase the Policy rate to 24.00% from 22.00% and the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits to 7.75% from 5.75% on 27th July 2023 (Source: RBM).



Policy Rate				
	27-Jul-23	% pts Δ	27-Apr-23	
Rate	24.00%	2.00	22.00%	

Market Reference Rate				
	Jul-23	% pts Δ	Jul-23	
Rate	22.70%	1.30	21.40%	

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

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.52% to close the week at 114,207.81 points from 112,492.50 points in the previous week due to share price gains in AIRTEL (0.01%), FDHB (8.99%), FMBCH (3.82%), NICO (0.01%), NITL (0.002%), OMU (9.38%) and STANDARD (4.17%), which offset a share price loss NBS (-0.01%). The market traded 5,577,355 shares at a consideration of K457.31m in 155 trades, compared to 13,649,384 shares traded at a consideration of K2.66b in 182 trades in the previous week. The year-to-date return on MASI stands at 84.10% compared to 18.27% for the same period in 2022.

Stock market trading activity				
	04-Aug-23	% Δ	28-Jul-23	
MASI	114,207.81	1.52%	112,492.50	
DSI	89,437.93	1.21%	88,364.93	
FSI	15,561.55	3.86%	14,982.64	
Traded volume	5,577,355	-59.14%	13,649,384	
Number of trades	155	-14.84%	182	
Value of shares traded (K'm)	457.31	-82.79%	2,657.26	
Market capitalisation (K'm)	6,166,170.61	1.55%	6,072,138.21	

Gainers				
	Closing price (K)	% Δ	Opening price (K)	
AIRTEL	100.08	0.01%	100.07	
FDHB	72.16	8.99%	66.21	
FMBCH	311.47	3.82%	300.01	
NICO	163.02	0.01%	163.01	
NITL	401.01	0.002%	401.00	
OMU	1050.00	9.38%	960.00	
STANDARD	2500.00	4.17%	2400.02	

Losers				
	Closing price (K)	% Δ	Opening price (K)	
NBS	131.99	-0.01%	132.00	

Corporate news

- FDH Bank Plc registered a consolidated profit after tax (PAT) of K15.014b for the six months ended 30th June 2023, up by 72% from a PAT of K8.707b achieved over a similar period in 2022. Net Interest Income went up by 70% on the back of an increase in other interest-bearing assets and reduced interest expense. Non-interest income increased by 50% mainly due to growth in international trade, trade finance and digital revenue (Source: FDHB, MSE).
- The Board of Blantyre Hotels Plc (BHL) released a press statement proposing to obtain a K4.2b shareholders' loan to service the company's K4b facility with National Bank of Malawi and fund BHL's further commitments on its Lilongwe hotel project. The shareholders' loan is, in principle, an advance by significant shareholders for an expected equity offering in BHL through a rights issue which is expected to raise between K12.1b and K15b. The process for the rights issue offering is expected to commence in 2024 (Source: BHL, MSE).

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