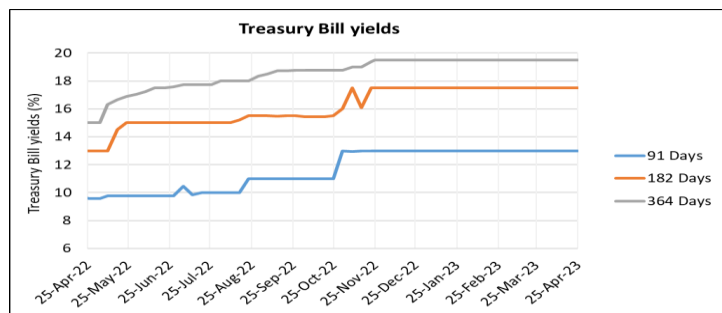


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 6.44% to close the week at 92,032.31 points from 86,462.61 points in the previous week due to share price gains in AIRTEL (0.17%), FDHB (47.81%), FMBCH (2.42%), ILLOVO (14.70%), NBM (0.01%), NBS (12.50%), NICO (7.51%), NITL (10.00%) and TNM (14.38%), which offset a share price loss in MPICO (-0.05%). The market traded 9,218,144 shares at a consideration of K908.59m in 157 trades, compared to 2,690,752 shares traded at a consideration of K301.54m in 180 trades in the previous week. The year-to-date return on MASI stands at 48.35% compared to 3.56% for the same period in 2022 (Source: MSE).

Government securities

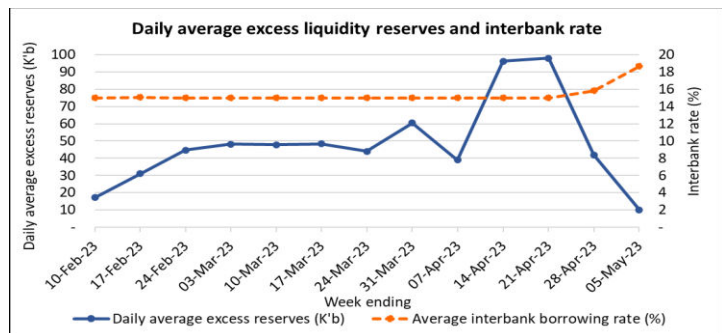
Government did not conduct an auction of Treasury bills (TBs) during the week in review. Consequently, there was no change in the TB yields: 91-day (12.9789%), 182-day (17.5000%) and 364-day (19.5000%) (Source: RBM).



Government however raised K19.02b during the week through auction of a 5-year Treasury Note at an average yield of 28.00%. Maturities of Government securities for the week amounted to K6.80b. This resulted in a net withdrawal of K12.22b from the market compared to a net withdrawal of K8.38b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K10.07b from K41.85b in the previous week. Daily average interbank borrowing decreased to K30.88b from K49.43b in the previous week. Borrowing on the Lombard facility increased to the average of K122.38b per day from K72.38b per day in the previous week. The average interbank borrowing rate increased to 18.67% from 15.82% and the Lombard rate increased to 22.20% from 18.20%. This follows the decision by the Monetary Policy Committee to raise the Policy rate from 18.00% to 22.00%, the Lombard rate from 18.2% to 22.2% and the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits from 3.75% to 5.75% on 27th April 2023 (Source: RBM).



Following the increase in the Policy rate, the Reference rate (the base lending rate for commercial banks) was adjusted upwards to 20.0% effective 4th May 2023, from 17.3% in April 2023.

Foreign exchange market developments

During the week, the Kwacha marginally appreciated against USD by 0.01% to trade at K1034.7947 per USD as at 5th May 2023 from K1034.8605 per USD as at 28th April 2023. The Kwacha however depreciated against GBP, EUR and ZAR by 0.97%, 0.28% and 0.21%, respectively, during the period. Gross official foreign exchange reserves stood at USD280.66m (1.12 months import cover) on 28th February 2023 compared to USD279.22m (1.12 months import cover) on 31st January 2023 (Source: RBM). The recommended minimum import cover is 3 months. As at the end of week 3 of the 2023 tobacco marketing season, on 5th May 2023, the country had cumulatively realised USD42.92m from 20.38m kgs of tobacco sold at an average price of USD2.11/kg. This is compared to USD8.90m that was realised from 4.62m kgs of tobacco sold at an average price of USD1.93/kg as at 5th May 2022 (Source: AHL).

Stock market			
	05-May-23	% Δ	28-Apr-23
MASI	92,032.31	↑ 6.44%	86,462.61
DSI	75,315.07	↑ 6.81%	70,512.35
FSI	8,398.22	↑ 2.39%	8,202.52
Traded volume	9,218,144	↑ 242.59%	2,690,752
Number of trades	157	↓ -12.78%	180
Value of shares traded (K'm)	908.59	↑ 201.32%	301.54
Market capitalisation (K'm)	4,960,986.28	↑ 6.41%	4,662,055.08
Gainers			
	Closing price (K)	% Δ	Opening price (K)
AIRTEL	80.22	↑ 0.17%	80.08
FDHB	57.50	↑ 47.81%	38.90
FMBCH	166.95	↑ 2.42%	163.00
ILLOVO	975.00	↑ 14.70%	850.03
NBM	2000.21	↑ 0.01%	2000.09
NBS	90.00	↑ 12.50%	80.00
NICO	161.26	↑ 7.51%	150.00
NITL	275.00	↑ 10.00%	250.00
TNM	20.52	↑ 14.38%	17.94
Losers			
	Closing price (K)	% Δ	Opening price (K)
MPICO	20.56	↓ -0.05%	20.57
Treasury Bill auctions			
	Auction date	% pts Δ	14-Apr-23
Amount offered - cost value (K'm)	25-Apr-23	0.00%	38,419.00
Applied - cost value (K'm)	18,514.49	↓ -22.19%	23,793.51
Allotted - cost value (K'm)	18,514.49	↓ -22.19%	23,793.51
Overall rejection rate	0.00%	↓ 0.00	0.00%
91 days yield	12.9789%	↓ -0.0175%	12.9964%
182 days yield	17.5000%	↓ 0.0000%	17.5000%
364 days yield	19.5000%	↓ 0.0000%	19.5000%
All-type yield	16.6596%	↓ -0.0058%	16.6655%
Treasury Note and Bond auctions			
	Auction date	2-May-23	18-Apr-23
Tenors	5 years	7 years	2, 3, 5, 7 & 10 years
Coupon rate	12.50%	13.50%	10.00%, 11.00%, 12.50%, 13.50% & 15.00%
Amount offered - cost value (K'b)	52.76	57.40	
Total applied - cost value (K'b)	19.02	20.15	80.56
Total allotted - cost value (K'b)	19.02	20.15	80.56
Allotted - weighted average ytm	28.00%	27.50%	22.75%, 24.00%, 26.25%, 27.50% & 28.50%
Current yields for Treasury Notes and Bonds			
	Tenor	Last auction's yield	Last auction
2-year TN	22.75%	31-Mar-23	06-Jun-23
3-year TN	24.00%	31-Mar-23	16-May-23
5-year TN	28.00%	02-May-23	TBA
5-year Development Bond	26.00%	29-Nov-22	27-Jun-23
7-year TN	27.50%	18-Apr-23	13-Jun-23
7-year Development Bond	27.50%	28-Feb-23	TBA
10-year TN	28.50%	31-Mar-23	30-May-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)
16-May-23	3	61.66	11.00%
30-May-23	10	34.26	15.00%
06-Jun-23	2	77.02	10.00%
13-Jun-23	7	47.40	13.50%
27-Jun-23	5 year IDB	10.00	13.50%
Projected maturities			
	Week ending	5-May-23	12-May-23
TBs, PNs & TNs (K'm)	6,795	12,775	24,999
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	0	0	0
Reference rate			
	May-23	% pts Δ	Apr-23
Rate	20.00%	↑ 2.70	17.30%
Inflation rate			
	Mar-23	% pts Δ	Feb-23
Rate	27.0%	↑ 0.3	26.7%
Cumulative tobacco sales			
	Date	% Δ	5-May-22
Volume (million kg)	20,376,111.00	↑ 341.16%	4,618,742.00
Value (USD'million)	42,918,054.88	↑ 382.36%	8,897,457.16
Average price (USD/Kg)	2.11	↑ 9.33%	1.93
Closing TT mid exchange rates			
	5-May-23	% Δ	28-Apr-23
USD	1034.7947	↑ -0.01%	1034.8605
GBP	1338.0843	↓ 0.97%	1325.2216
EUR	1174.2836	↓ 0.28%	1171.0091
ZAR	58.0140	↓ 0.21%	57.8897
Gross official foreign exchange reserves position			
	28-Feb-23	31-Jan-23	31-Dec-22
Reserves (USD'm)	280.66	279.22	304.65
Import cover (months)	1.12	1.12	1.22

Sources: MSE, RBM, NSO

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