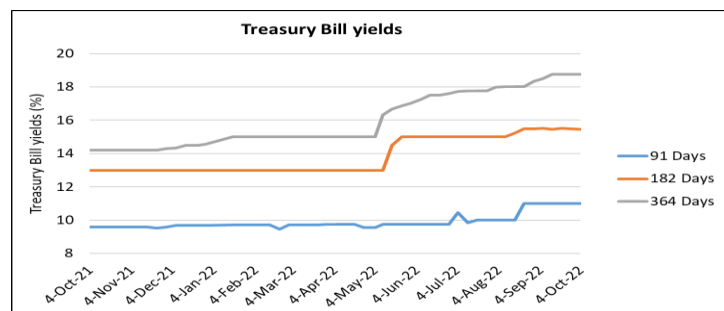


## Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of 0.04% to close the week at 54,369.11 points from 54,389.92 points in the previous week due to share price losses in FDHB (-0.07%), NBS (-0.04%), NITL (-0.01%), OMU (-15.00%) and TNM (-0.08%), which offset share price gains in FMBCH (0.01%), ILLOVO (0.002%), NBM (0.08%) and STANDARD (0.001%). The market traded 8,816,264 shares at a consideration of K1.86b in 121 trades compared to 1,997,864 shares traded at a consideration of K118.61m in 77 trades in the previous week. The year-to-date return on MASI stands at 19.84% compared to 28.35% for the same period in 2021 (Source: MSE).

## Government securities

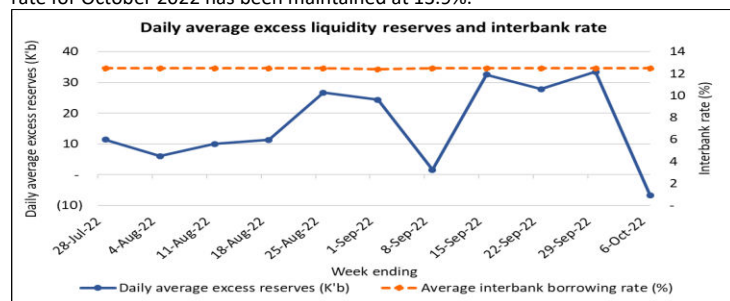
Government raised K6.40b during the week's auction for Treasury Bills (TBs) compared to K16.09b raised in the previous week. The auction registered no rejection on the submitted bids. The average TB yield decreased to 15.0680% from 15.0832% in the previous week on account of a decrease in the 182-day yield to 15.4540% from 15.4997%, while the 91-day and 364 day yields were constant at 11.0000% and 18.7500%, respectively (Source: RBM).



Maturities of Government securities for the week amounted to K17.15b and maturities of OMO reverse repos amounted to K15.33b. RBM conducted OMO repos amounting to K10.50b. These transactions resulted in a net withdrawal of K15.08b from the market compared to a net withdrawal of K29.92b in the previous week (Source: RBM).

## Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to -K6.67b from K33.42b in the previous week. Daily average interbank borrowing decreased to an average of K16.90b from K22.98b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility increased to an average of K49.38b per day during the week from K26.38b per day in the previous week. The Lombard rate remains fixed at 14.20% (Source: RBM). The Reference rate for October 2022 has been maintained at 13.9%.



## Foreign exchange market developments

The Kwacha depreciated by 0.01% to trade at K1034.9409/USD as of 6<sup>th</sup> October 2022 from K1034.866/USD on 29<sup>th</sup> September 2022. The Kwacha also depreciated against GBP (5.16%), EUR (2.40%) and ZAR (1.35%) during the period. Gross official foreign exchange reserves stood at USD357.18m (1.43 months of import cover) on 30<sup>th</sup> September 2022, down from USD378.89 (1.52 months of import cover) on 31<sup>st</sup> August 2022. The recommended minimum import cover is 3 months.

Stock market				
	7-Oct-22	% Δ		30-Sep-22
MASI	54,369.11	↓ -0.04%		54,389.92
DSI	44,364.63	↑ 0.01%		44,360.30
FSI	5,125.56	↓ -0.57%		5,154.73
Traded volume	8,816,264	↑ 341.28%		1,997,864
Number of trades	121	↑ 57.14%		77
Value of shares traded (K'm)	1,856.39	↑ 1465.09%		118.61
Market capitalisation (K'm)	2,939,794.28	↓ -0.12%		2,943,422.46
Gainers				
	Closing price (K)	% Δ		Opening price (K)
FMBCH	100.06	↑ 0.01%		100.05
ILLOVO	500.02	↑ 0.002%		500.01
NBM	1161.00	↑ 0.08%		1160.04
STANDARD	1840.12	↑ 0.001%		1840.10
Losers				
	Closing price (K)	% Δ		Opening price (K)
FDHB	14.98	↓ -0.07%		14.99
NBS	22.65	↓ -0.04%		22.66
NITL	111.99	↓ -0.01%		112.00
OMU	1359.99	↓ -15.00%		1600.00
TNM	12.00	↓ -0.08%		12.01
Treasury Bill auctions				
Auction date	4-Oct-22	% pts Δ		20-Sep-22
Amount offered - cost value (K'm)	23,179.00	↑ 4.54%		22,173.00
Applied - cost value (K'm)	6,397.54	↓ -67.09%		19,436.66
Allotted - cost value (K'm)	6,397.54	↓ -60.23%		16,088.13
Overall rejection rate	0.00%	↓ -17.23%		17.23%
91 days yield	11.0000%	→ 0.0000%		11.0000%
182 days yield	15.4540%	↓ -0.0457%		15.4997%
364 days yield	18.7500%	→ 0.0000%		18.7500%
All-type yield	15.0680%	↓ -0.0152%		15.0832%
Treasury Note and Bond auctions				
Auction date	27-Sep-22	21-Sep-22	13 & 14 Sep 2022	
Tenors	10 years	2 & 3 years	2, 3, 5 & 7 years	
Coupon rate	15.00%	10.00% & 11.00%	10.00%, 11.00%, 12.50% & 13.50%	
Amount offered - cost value (K'b)	27.68			
Total applied - cost value (K'b)	26.90	18.73		102.54
Total allotted - cost value (K'b)	26.90	18.71		102.54
Allotted - weighted average ytm	27.50%	21.50% & 23.00%	21.34%, 23.29%, 25.00% & 26.50%	
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction	Next auction	
2 years	21.50%	21-Sep-22	18-Oct-22	
3 years	23.00%	21-Sep-22	11-Oct-22	
5 years	25.00%	14-Sep-22	15-Nov-22	
7 years	26.50%	14-Sep-22	25-Oct-22	
7-Year Development Bond	26.75%	2-Sep-22	TBA	
10 years	27.50%	27-Sep-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	
11-Oct-22	3	52.30	11%	
18-Oct-22	2	59.30	10%	
25-Oct-22	7	31.54	14%	
1-Nov-22	2	57.30	10%	
15-Nov-22	5	54.61	13%	
22-Nov-22	7	7.00	14%	
29-Nov-22	5	13.00	13%	
13-Dec-22	3	47.30	11%	
27-Dec-22	10	31.54	15%	
Projected maturities				
Week ending	7-Oct-22	14-Oct-22	21-Oct-22	
TBs, PNs & TNs (K'm)	17,150	43,675	26,333	
OMO repos (K'm)	0	0	9,104	
OMO reverse repos (K'm)	15,331	0	8,199	
Reference rate				
Rate	Oct-22	% pts Δ		Sep-22
	13.90%	→ 0.00		13.90%
Inflation rate				
Rate	Aug-22	% pts Δ		Jul-22
	25.5%	↑ 0.9		24.6%
Closing TT mid exchange rates				
	6-Oct-22	% Δ		29-Sep-22
USD	1034.9409	↓ 0.01%		1034.8660
GBP	1208.5308	↓ 5.16%		1149.2605
EUR	1052.6932	↓ 2.40%		1028.0066
ZAR	59.6558	↓ 1.35%		58.8624
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

**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.