

Foreign exchange market developments

During the week, the Kwacha appreciated against the USD, GBP, EUR and ZAR as indicated in the table below:

| Closing TT middle exchange rates as at the end of the week | | | |
|--|-----------|----------|-----------|
| Currency | 8-Sep-23 | % Δ | 1-Sep-23 |
| USD | 124.1848 | ↑ -0.10% | 125.3523 |
| GBP | 1446.3935 | ↑ -1.42% | 1467.2471 |
| EUR | 1242.2117 | ↑ -1.12% | 1256.3171 |
| ZAR | 60.1813 | ↑ -1.28% | 60.9615 |

| Gross official foreign exchange reserves position | | | |
|---|-----------|-----------|-----------|
| | 31-Jul-23 | 30-Jun-23 | 31-May-23 |
| Reserves (USD'm) | 267.91 | 321.53 | 194.82 |
| Import cover (months) | 1.07 | 1.29 | 0.78 |
| Benchmark import cover (months) | 3.00 | 3.00 | 3.00 |

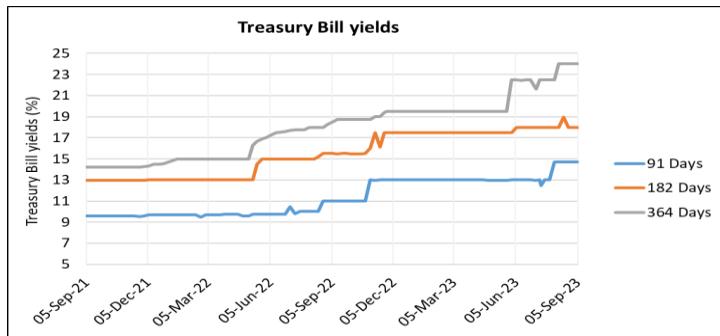
| Cumulative tobacco sales | | | |
|--------------------------|--------------------------------|----------|--------------------------------|
| Date | End season 2023 after 17 weeks | % Δ | End season 2022 after 20 weeks |
| Volume (million kg) | 120.53 | ↑ 41.67% | 85.07 |
| Value (USD'million) | 283.76 | ↑ 55.88% | 182.04 |
| Average price (USD/Kg) | 2.35 | ↑ 9.81% | 2.14 |

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

Government securities

The Government raised K1.80b from auction of Treasury Bills and K13.12b from auction of 3-year and 7-year Treasury Notes during the week.

Maturities of Government securities for the week amounted to K4.96b. These transactions resulted in a net withdrawal of K9.96b from the market, compared to a net withdrawal of K5.35b in the previous week (Source: RBM).



| Treasury Bill auctions | | | |
|-----------------------------------|----------|------------|-----------|
| Auction date | 5-Sep-23 | % pts Δ | 29-Aug-23 |
| Amount offered - cost value (K'm) | 3,938.00 | ↓ -36.25% | 6,177.00 |
| Applied - cost value (K'm) | 1,799.48 | ↓ -74.30% | 7,003.00 |
| Allotted - cost value (K'm) | 1,798.91 | ↓ -74.31% | 7,003.00 |
| Overall rejection rate | 0.03% | ↑ 0.03% | 0.00% |
| 91 days yield | 14.7000% | ↓ 0.0000% | 14.7000% |
| 182 days yield | 18.0000% | ↓ 0.0000% | 18.0000% |
| 364 days yield | 23.9998% | ↓ -0.0002% | 24.0000% |
| All-type yield | 18.8999% | ↓ -0.0001% | 18.9000% |

| Treasury Note and Bond auctions | | | |
|-----------------------------------|----------|----------|-----------|
| Auction date | 7-Sep-23 | 5-Sep-23 | 29-Aug-23 |
| Tenors | 7 years | 3 years | 10 years |
| Coupon rate | 13.50% | 11.00% | 15.00% |
| Amount offered - cost value (K'b) | 62.81 | 26.61 | |
| Total applied - cost value (K'b) | 7.56 | 5.56 | 1.04 |
| Total allotted - cost value (K'b) | 7.56 | 5.56 | 0.46 |
| Allotted - weighted average ytm | 32.00% | 28.00% | 32.83% |

| Current yields for Treasury Notes and Bonds | | | |
|---|----------------------|--------------|--------------|
| Tenor | Last auction's yield | Last auction | Next auction |
| 2-year TN | 26.75% | 25-Aug-23 | 12-Sep-23 |
| 3-year TN | 28.00% | 05-Sep-23 | TBA |
| 5-year TN | 30.00% | 25-Aug-23 | 26-Sep-23 |
| 5-year Development Bond | 28.00% | 27-Jun-23 | TBA |
| 7-year TN | 32.00% | 07-Sep-23 | TBA |
| 7-year Development Bond | 27.50% | 28-Feb-23 | TBA |
| 10-year TN | 32.83% | 29-Aug-23 | 19-Sep-23 |
| 10-year Development Bond | 23.35% | 26-Apr-22 | TBA |

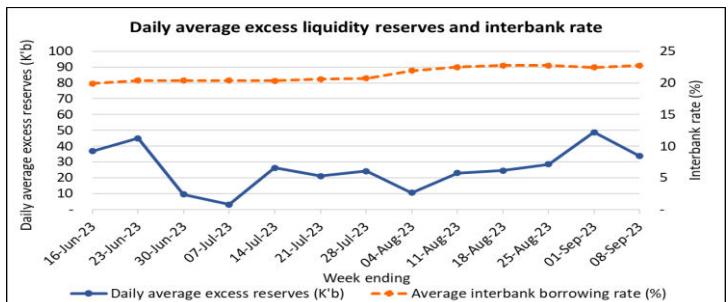
| Upcoming auctions of Treasury Notes and Bonds | | | |
|---|---------------|--------------|----------------------------|
| Auction date | Tenor (years) | Amount (K'b) | Last auction's coupon rate |
| 12-Sep-23 | 2 | 48.15 | 10.00% |
| 19-Sep-23 | 10 | 15.70 | 15.00% |
| 26-Sep-23 | 5 | 50.25 | 12.50% |

| Projected maturities | | | |
|-------------------------|----------|-----------|-----------|
| Week ending | 8-Sep-23 | 15-Sep-23 | 22-Sep-23 |
| TBs, PNs & TNs (K'm) | 4,962 | 39,521 | 26,559 |
| 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 K33.66b during the week from K48.70b in the previous week. Daily average interbank borrowing slightly decreased to K31.01b from K31.06b. Borrowing on the Lombard facility decreased to the average of K72.81b per day from K80.41b per day in the previous week. The average interbank borrowing rate increased to 22.76% from 22.44%. The Lombard rate remained fixed at 24.20% (Source: RBM).



| Policy Rate | | |
|-----------------------|-----------|-----------|
| | 27-Jul-23 | 27-Apr-23 |
| Rate | 24.00% | 2.00 |
| Market Reference Rate | | |
| Rate | Sep-23 | Aug-23 |
| Rate | 23.40% | 22.70% |
| Inflation Rate | | |
| Rate | Jul-23 | Jun-23 |
| Rate | 28.4% | 1.10 |

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.43% to close the week at 119,595.35 points from 119,078.70 points in the previous week due to share price gains in FMBCH (0.002%), ILLOVO (0.001%), NBM (0.0005%), NITL (0.002%) and STANDARD (6.00%), which offset share price losses in AIRTEL (-0.01%), FDHB (-0.03%), MPICO (-14.84%), NBS (-0.02%) and TNM (-0.07%). The market traded 6,867,515 shares at a consideration of K1.81b in 257 trades in the previous week. The year-to-date return on MASI stands at 92.78% compared to 19.52% for the same period in 2022.

| Stock market trading activity | | | |
|-------------------------------|--------------|-----------|--------------|
| | 08-Sep-23 | % Δ | 01-Sep-23 |
| MASI | 119,595.35 | ↑ 0.43% | 119,078.70 |
| DSI | 90,796.89 | ↑ 0.51% | 90,337.56 |
| FSI | 19,948.26 | ↑ 0.003% | 19,947.76 |
| Traded volume | 6,867,515 | ↓ -58.50% | 16,547,614 |
| Number of trades | 309 | ↑ 20.23% | 257 |
| Value of shares traded (K'm) | 1,806.31 | ↓ -1.42% | 1,832.34 |
| Market capitalisation (K'm) | 6,465,308.48 | ↑ 0.43% | 6,437,622.75 |
| Gainers | | | |
| FMBCH | 400.01 | ↑ 0.002% | 400.00 |
| ILLOVO | 1121.43 | ↑ 0.001% | 1121.42 |
| NBM | 2101.01 | ↑ 0.005% | 2101.00 |
| NITL | 401.04 | ↑ 0.002% | 401.03 |
| STANDARD | 2650.01 | ↑ 6.00% | 2500.04 |
| Losers | | | |
| AIRTEL | 100.46 | ↓ -0.01% | 100.47 |
| FDHB | 75.96 | ↓ -0.03% | 75.98 |
| MPICO | 17.50 | ↓ -14.84% | 20.55 |
| NBS | 131.91 | ↓ -0.02% | 131.94 |
| TNM | 29.94 | ↓ -0.07% | 29.96 |

| 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) |
| 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 |
| 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 |
| Telekom Networks Malawi Plc | 780 | ↑ 158% | (1,340) |

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