

Foreign exchange market developments

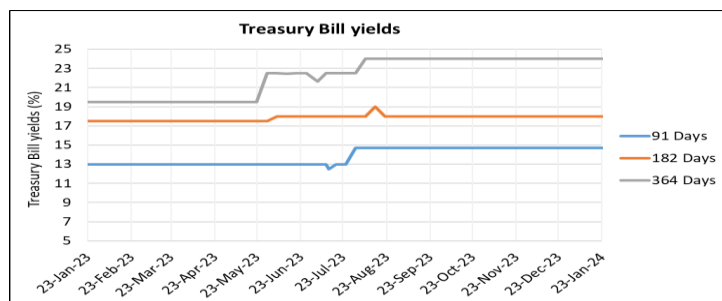
During the week, the Kwacha marginally appreciated against the USD, GBP and EUR but depreciated against the ZAR as indicated in the table below:

Closing TT middle exchange rates as at the end of the week				
Currency	26-Jan-24		% Δ	19-Jan-24
USD	1699.1459	↑	-0.03%	1699.7296
GBP	2222.2386	↑	-0.05%	2223.3453
EUR	1895.4667	↑	-0.39%	1902.8772
ZAR	92.3787	↓	0.96%	91.4998
Opening foreign exchange bureaux middle rates as at 25 January 2024				
Currency	25-Jan-24		% Δ	19-Jan-24
USD	1923.5417	↓	0.33%	1917.1875
GBP	2379.8958	↓	0.66%	2364.3750
EUR	2072.1875	↓	0.48%	2062.2917
ZAR	103.2500	↓	0.06%	103.1875
Foreign exchange reserves position				
	30-Nov-23	31-Oct-23		30-Sep-23
Gross official foreign exchange reserves (USD'm)	169.50	169.30		242.68
Gross official reserves import cover (months)	0.70	0.70		0.97
Benchmark import cover for official reserves (months)	3.00	3.00		3.00
Private sector foreign exchange reserves (USD'm)	413.20	396.90		409.46
Private sector reserves import cover (months)	1.70	1.60		1.64
Total economy foreign exchange reserves (USD'm)	582.70	566.20		652.14
Total economy import cover (months)	2.30	2.30		2.61

Data source: Reserve Bank of Malawi (RBM)

Government securities

The Government raised K13.97b from auction of Treasury Bills and K8.09b from auction of a 10-year Treasury Note during the week. Maturities of Government securities for the week amounted to K19.20b and maturities of OMO repos amounted to K65.02b. These transactions resulted in a net injection of K62.16b into the market, compared to a net injection of K107.73b in the previous week (Source: RBM).

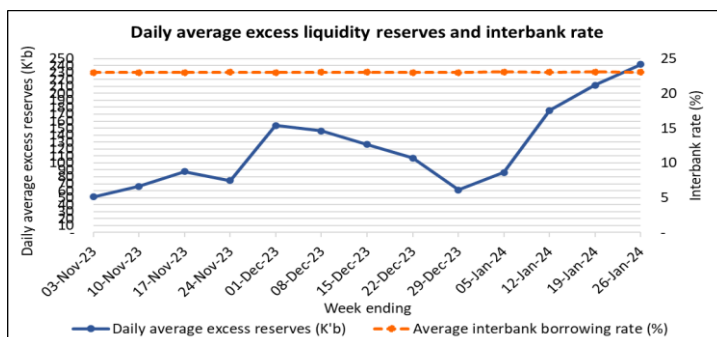


Treasury Bill auctions				
Auction date	23-Jan-24		% pts Δ	16 & 18 Jan 2024
Amount offered - cost value (K'm)	9,645.00	↓	0.00%	9,645.00
Applied - cost value (K'm)	13,973.05	↓	-49.52%	27,682.06
Allotted - cost value (K'm)	13,973.05	↓	-49.52%	27,682.06
Overall rejection rate	0.00%	↓	0.00%	0.00%
91 days yield	14.7000%	↓	0.0000%	14.7000%
182 days yield	18.0000%	↓	0.0000%	18.0000%
364 days yield	24.0000%	↓	0.0000%	24.0000%
All-type yield	18.9000%	↓	0.0000%	18.9000%
Treasury Note and Bond auctions				
Auction date	25-Jan-24		% pts Δ	16-Jan-24
Tenors	10 yr TN		2, 5 & 10 yr TNs	7-yr IDB
Coupon rate	15.00%		10.00%, 12.50% & 15.00%	14.50%
Amount offered - cost value (K'b)				15.00
Total applied - cost value (K'b)	8.09		0.19	7.84
Total allotted - cost value (K'b)	8.09		0.19	7.84
Allotted - weighted average ytm	33.00%		26.75%, 30.00% & 33.00%	32.00%
Current yields for Treasury Notes and Bonds				
Tenor	Last auction's yield	Last auction		Next auction
2-year TN	26.75%	18-Jan-24		26-Mar-24
3-year TN	28.00%	05-Jan-24		20-Feb-24
5-year TN	30.00%	18-Jan-24		30-Jan-24
5-year Development Bond	28.00%	28-Nov-23		TBA
7-year TN	32.00%	05-Jan-24		27-Feb-24
7-Year Development Bond	32.00%	16-Jan-24		TBA
10-year TN	33.00%	25-Jan-24		06-Feb-24
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
30-Jan-24	5-year TN	45.41		12.50%
06-Feb-24	10-year TN	39.73		15.00%
20-Feb-24	5-year TN	45.41		11.00%
27-Feb-24	7-year TN	49.95		13.50%
05-Mar-24	5-year TN	48.33		12.50%
12-Mar-24	3-year TN	53.41		11.00%
26-Mar-24	2-year TN	60.22		10.00%
Projected maturities				
Week ending	26-Jan-24	2-Feb-24		9-Feb-24
TBs, PNs & TNs (K'm)	19,202	7,683		16,152
OMO repos (K'm)	65,024	0		17,973
OMO reverse repos (K'm)	0	0		0

Data source: RBM

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K241.64b during the week from K212.01b in the previous week. Daily average interbank borrowing decreased to K37.20b from K40.15b. Borrowing on the Lombard facility increased to the average of K56.80b per day from K50.25b per day in the previous week. The average interbank borrowing rate marginally decreased to 23.03% from 23.10%. The Lombard rate remained fixed at 24.20% (Source: RBM).



Policy Rate			
Rate	27-Oct-23	% pts Δ	27-Jul-23
	24.00%	0.00	24.00%
Market Reference Rate			
Rate	Jan-24	% pts Δ	Dec-23
	23.60%	0.00	23.60%
Inflation Rate			
Rate	Dec-23	% pts Δ	Nov-23
	34.5%	1.40	33.1%

Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.00% to close the week at 115,827.94 points from 114,675.86 points in the previous. The market traded 3,215,964 shares at a consideration of K459.10m in 206 trades, compared to 1,814,084 shares traded at a consideration of K322.28m in 164 trades in the previous week. The year-to-date return on MASI stood at 4.40% as at the end of the week compared to 10.63% for the same period in 2023 (Source: MSE).

Stock market trading activity				
	26-Jan-24	% Δ		19-Jan-24
MASI	115,827.94	↑	1.00%	114,675.86
DSI	86,606.15	↑	0.30%	86,343.35
FSI	21,019.06	↑	4.86%	20,045.50
Traded volume	3,215,964	↑	77.28%	1,814,084
Number of trades	206	↑	25.61%	164
Value of shares traded (K'm)	459.10	↑	42.45%	322.28
Market capitalisation (K'm)	6,268,608.28	↑	1.03%	6,204,477.64
Gainers				
	Closing price (K)	% Δ		Opening price (K)
AIRTEL	55.08	↑	0.04%	55.06
BHL	13.02	↑	0.08%	13.01
FMBCH	420.50	↑	4.90%	400.85
ICON	17.00	↑	0.06%	16.99
ILLOVO	1350.00	↑	3.76%	1301.05
NBM	2101.61	↑	0.004%	2101.52
NITL	411.31	↑	0.05%	411.10
SUNBIRD	195.00	↑	1.53%	192.07
Losers				
	Closing price (K)	% Δ		Opening price (K)
FDHB	65.82	↓	-1.72%	66.97
NBS	114.79	↓	-0.10%	114.90
NICO	205.40	↓	-0.29%	206.00
PCL	2506.94	↓	-0.0004%	2506.95
TNM	16.80	↓	-6.30%	17.93

Expected financial results for the year ended 31st December 2023	
Company	Expected change in profit after tax for the year ended 31 December 2023 compared to 2022
FDH Bank Plc	An increase of between 27% and 31% from K22.932 billion registered in 2022.
FMB Capital Holdings Plc	An increase of between 24% and 28% from US\$ 40.1 million registered in 2022.
Sunbird Tourism Plc	An increase of between 70% and 84% from K3.05 billion registered in 2022.
Standard Bank Plc	An increase of between 20% and 35% from K38.8 billion registered in 2022.
Press Corporation Plc	An increase of between 73% to 92% from K36.3 billion registered in 2022.
Airtel Malawi Plc	A decrease of between 95% to 105% from K36.9 billion registered in 2022.
National Bank of Malawi Plc	An increase of between 40% and 55% from K45.9 billion registered in 2022.
NICO Holdings Plc	An increase of between 61% and 74% from K38 billion registered in 2022.
Blantyre Hotels Plc	An increase in loss of between 934% and 954% from a loss of K136 million registered in 2022.
National Investment Trust Plc	An increase of between 179% and 193% from K6.99 billion registered in 2022.
Telekom Networks Malawi Plc	An increase in loss of between 161% and 177% from a loss of K1.80 billion registered in 2022.
NBS Bank Plc	An increase of between 50% and 64% from K18.9 billion registered in 2022.

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.