

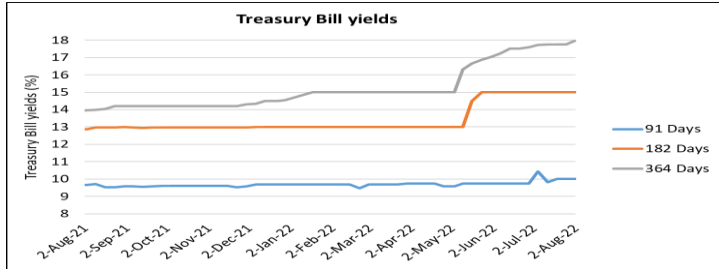


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.45% to close the week at 53,654.38 points from 52,889.87 points in the previous week due to share price gains in AIRTEL (0.04%), ILOVO (12.50%), NBM (0.88%), STANDARD (0.001%) and TNM (0.34%) while the other counters remained constant. The market traded 12,697,335 shares at a consideration of K337.43m in 112 trades compared to 111,827,385 shares traded at a consideration of K1.66b in 129 trades in the previous week. The year-to-date return on MASI stands at 18.27% compared to 12.69% for the same period in 2021 (Source: MSE).

Government securities

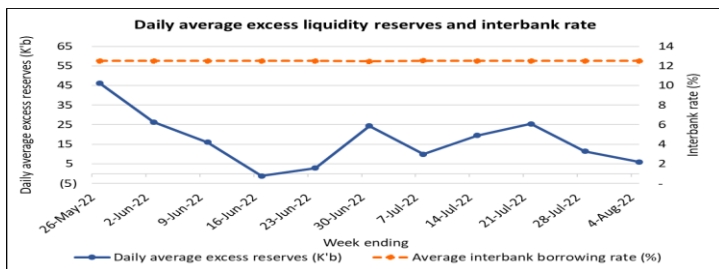
Government raised K2.92b during the week's auction for Treasury Bills (TBs) compared to K3.32b raised in the previous week. The auction registered no rejection on the submitted bids. The average TB yield increased to 14.3309% from 14.2479% in the previous week on account of an increase in the 364-day yield to 17.9928% from 17.7438%. The 91-day and 182-day yields were constant at 10.0000% and 15.0000%, respectively (Source: RBM).



The Government also raised K78.05b in auctions of 2-year, 3-year and 7-year Treasury Notes (TN) during the week. Maturities of Government securities for the week amounted to K5.30b and maturities of OMO reverse repos amounted to K15.49b. RBM also conducted OMO reverse repos amounting to K15.00b during the week. This resulted in a net withdrawal of K76.16b from the market compared to a net injection of K8.43b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Daily average excess liquidity reserves decreased to K6.00b from K11.37b in the previous week. Daily average interbank borrowing decreased to K22.45b from K26.81b in the previous week. The average interbank borrowing rate was constant at 12.50%. Borrowing on the Lombard facility increased to K180.55b during the week from K25.00b in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha depreciated by 0.06% to trade at K1035.2822/USD as at 4th August 2022 from K1034.7051/USD as at 28th July 2022. The Kwacha also depreciated against GBP (0.07%) and ZAR (0.07%) during the period. It, however, appreciated against EUR (-0.27%). Gross official foreign exchange reserves stood at USD415.73m (1.66 months of imports) on 30th June 2022 compared to USD388.22m (1.55 months of imports) on 31st May 2022. The recommended minimum import cover is 3 months. As at 5th August 2022, the tobacco market had cumulatively realized US\$181.33m from 84.74m kgs of tobacco sold at an average price of \$2.14/kg (Source: AHL).

COVID-19 update

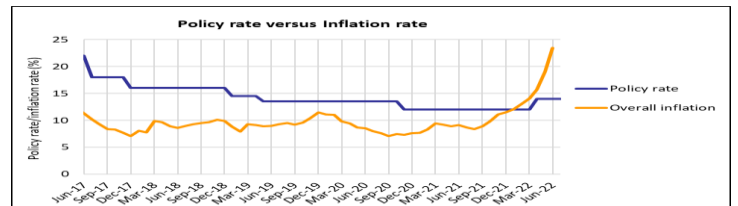
Cumulative confirmed COVID-19 cases in Malawi stood at 87,570 as at 5th August 2022, out of which 618 were reported to be active. COVID-19 infections averaged 25 positive cases this week compared to 28 positive cases in the previous week. So far, 83,992 people have recovered while 2,670 have died from the disease. A total of 4,894,097 doses have been administered in the country so far, 68,469 have received their booster doses, while 2,075,943 people are fully vaccinated, representing 10.59% of the total Malawi population (19.6 million). Globally, total confirmed cases of COVID-19 amounted 584.50m and 6.42m deaths as at 7th August 2022 (Source: Johns Hopkins University and Medicine).

Table with multiple sections: Stock market, Treasury Bill auctions, Treasury Note and Bond auctions, Current yields for Treasury Notes and Bonds, Upcoming auctions of Treasury Notes and Bonds, Projected maturities, Reference rate, Inflation rate, Cumulative tobacco sales - Week 19, Closing TT mid exchange rates, and Gross official foreign exchange reserves position.

Sources: MSE, RBM, NSO, AHL

Monetary policy

The Monetary Policy Committee held its third meeting of 2022 on 27th July, during which they maintained the Policy rate at 14.0%, the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate (14.2%). This decision was necessitated by the need to allow more time for the impact of the April 2022 Policy rate increase to transmit through the economy. The forecast for annual average headline inflation rate for 2022 was revised upwards to 23.2% from an earlier forecast of 12.3%. The MPC stated that they stand ready to adjust the Policy rate upwards should inflationary pressures persist. Real economic growth is expected to decelerate to 1.7% in 2022 from an estimated growth of 3.9% in 2021 (Source: RBM).



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