



# Malawi Financial Market Update

Week ending 6 May 2022



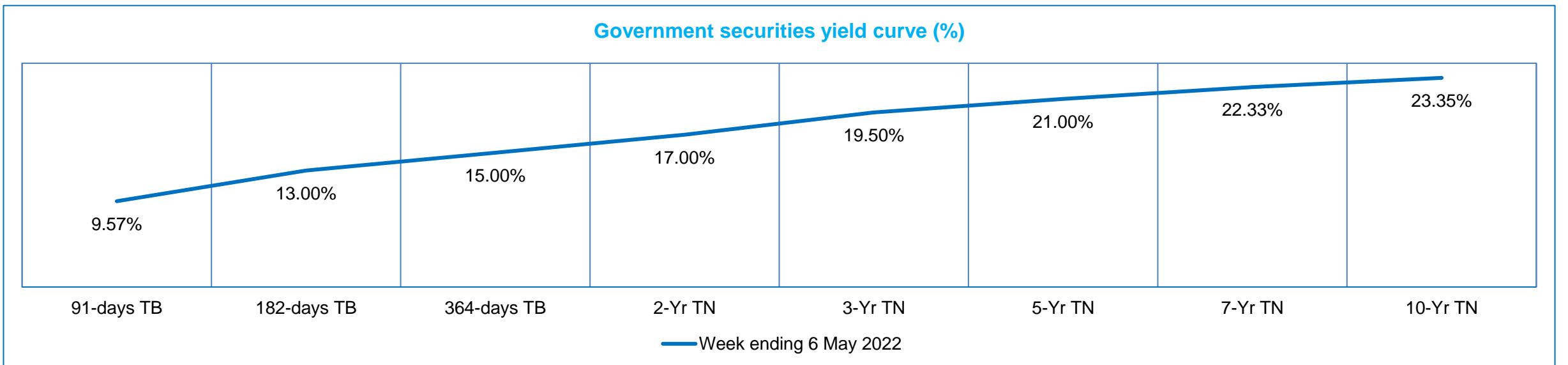
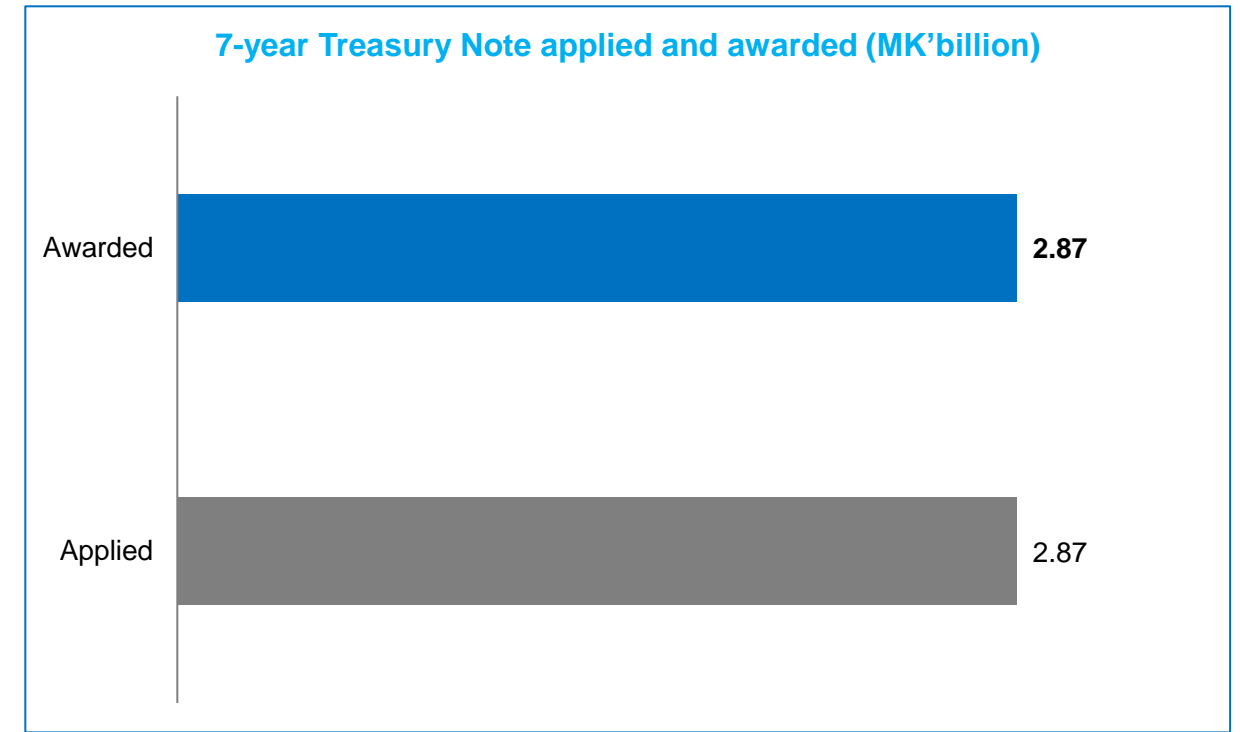
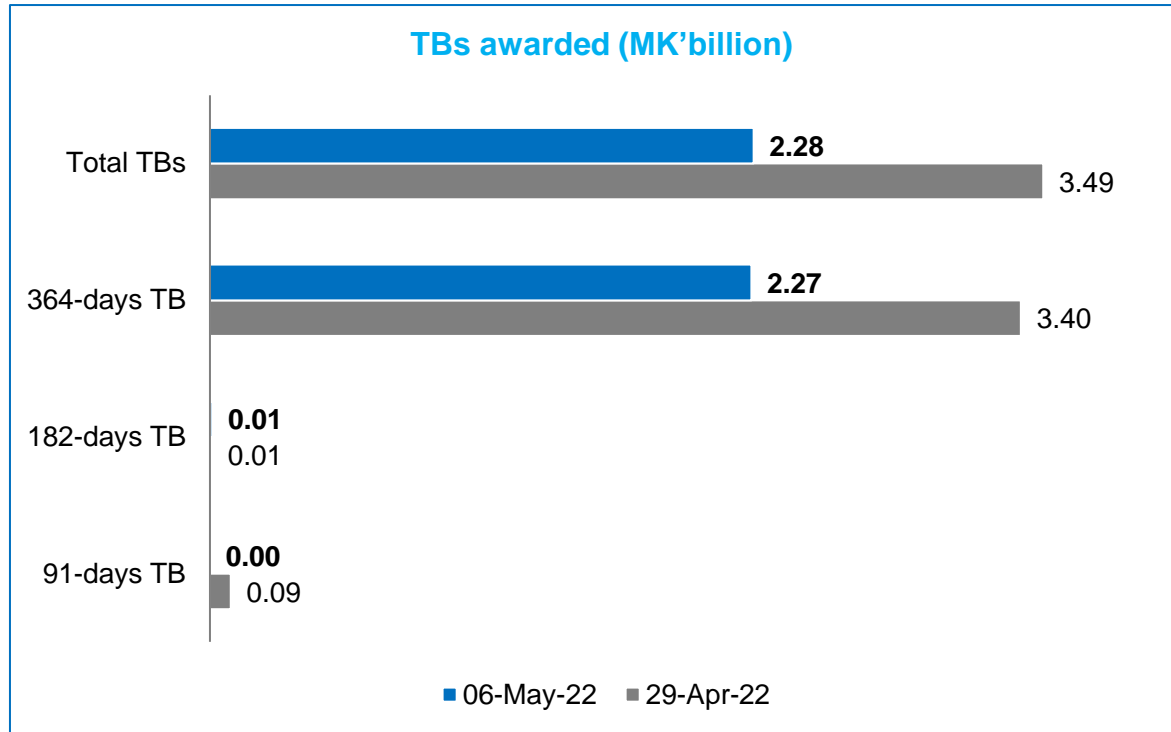
Government securities (Source: RBM)

A total of MK5.15 billion was awarded in Wednesday's auctions of Treasury Bills (TBs) and the 7-year Treasury Note (TN).

MK2.28 billion and MK2.87 billion was awarded in the TBs and 7-year TN auctions, respectively.

Both the TBs and 7-year TN auctions had nil rejection rates.

The average TB yield maintained its position at 12.52%, while the average TN yield increased to 20.64% from 20.57% during the period under review.



TB: Treasury Bill  
TN: Treasury Note  
Yr: Year

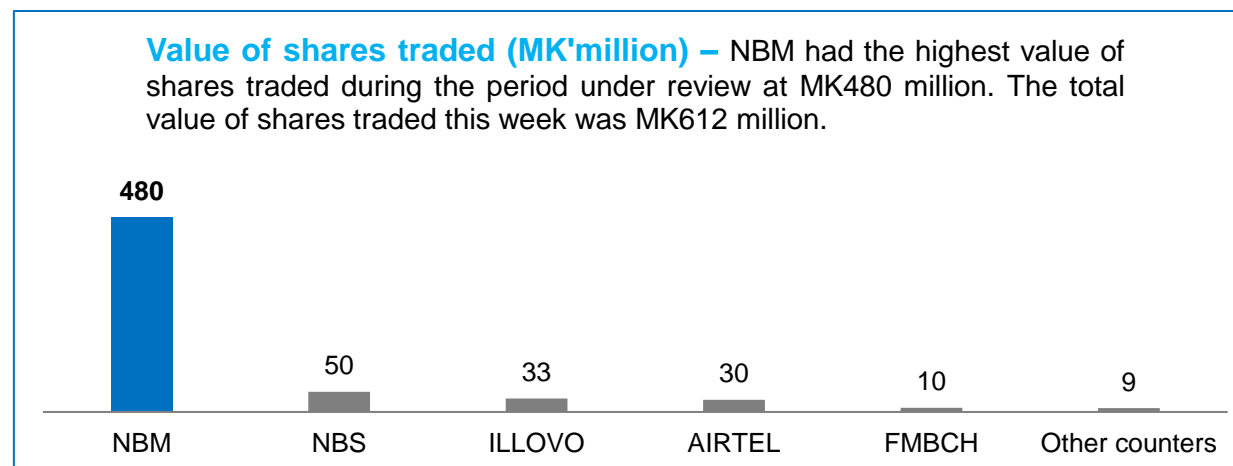
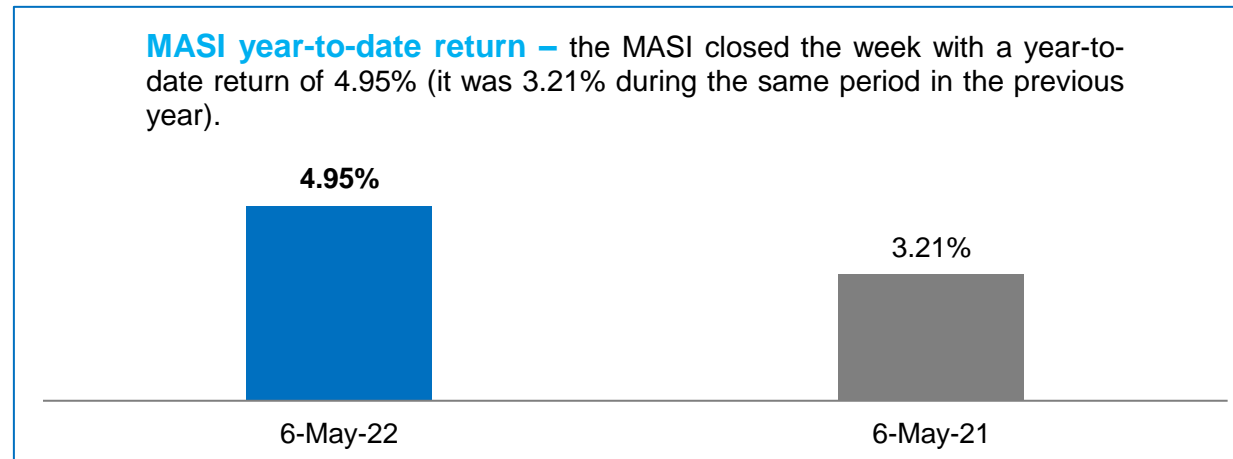
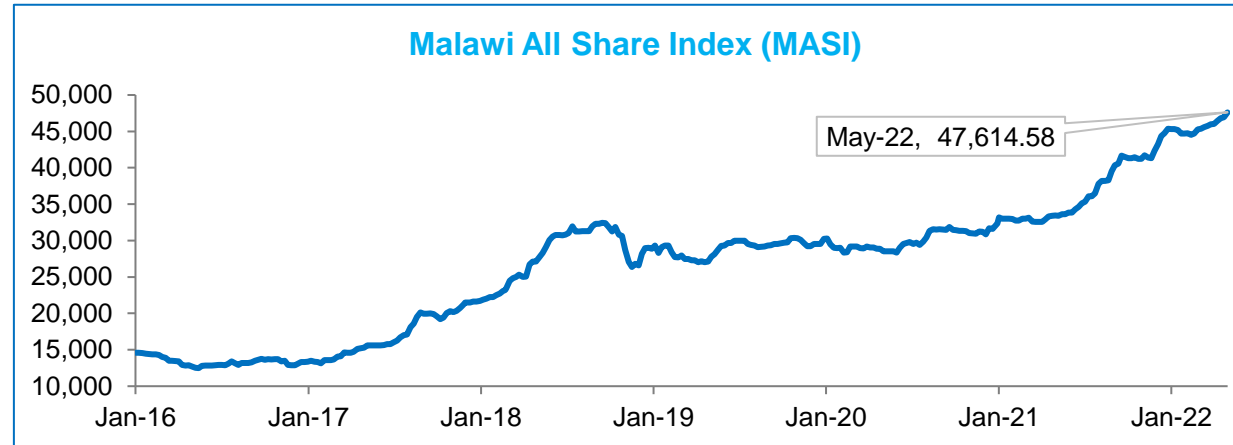


## Financial Market Update: Week ending 6 May 2022

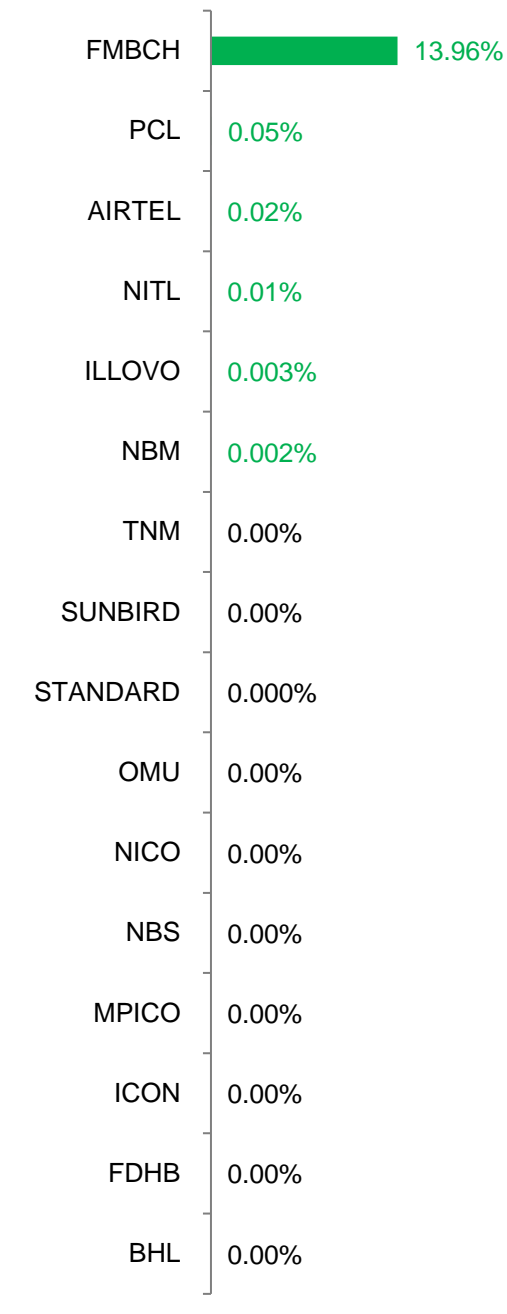
### Stock market (Source: MSE)

The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 6 May 2022 at 47,614.58 points from 46,934.16 points for the week ending 29 April 2022. Week-on-week, this represents an increase of 1.45%.

There was a share price gain for FMBCH and marginal share price gains for PCL, AIRTEL, NITL, ILLOVO and NBM during the period under review.



### Week-on-week share price gains/losses (%)



Symbol	Closing prices as at 6 May 2022 (MK/share)
AIRTEL	42.03
BHL	11.01
FDHB	15.29
FMBCH	126.50
ICON	12.00
ILLOVO	305.51
MPICO	20.70
NBM	948.56
NBS	22.78
NICO	55.00
NITL	110.02
OMU	1,785.00
PCL	1,900.00
STANDARD	1,400.11
SUNBIRD	90.02
TNM	16.00



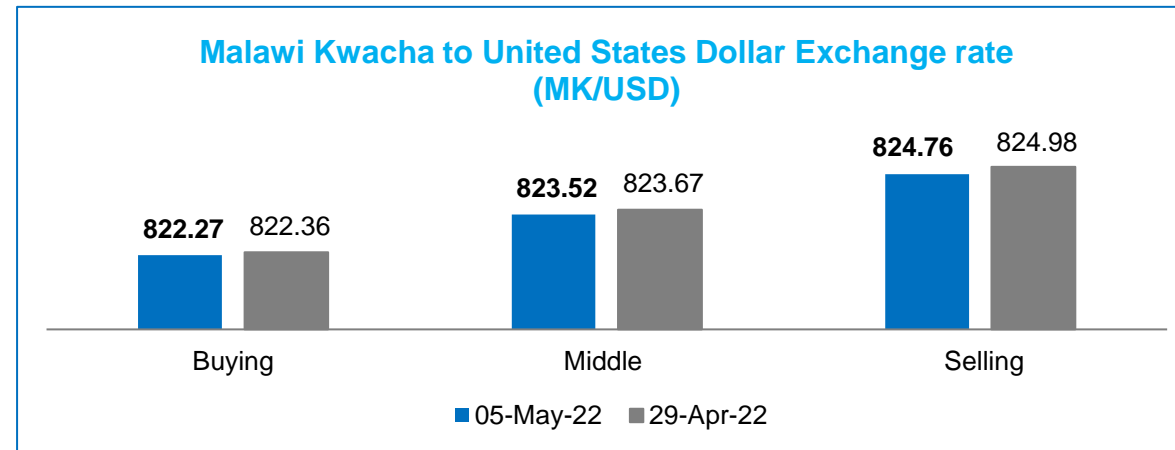
## Financial Market Update: Week ending 6 May 2022

### Foreign currency market and other market developments (Source: RBM, MSE)

The Reserve Bank of Malawi (RBM) revised the Policy rate upwards to 14% from 12%, while maintain the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign currency denominated deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate.

Week-on-week, the Malawi Kwacha was relatively stable as it traded at MK823.52/USD as of 5 May 2022 from MK823.67/USD as of 29 April 2022. Year-to-date, the Kwacha has depreciated by 0.51%.

### Foreign currency (Source: RBM)



### Latest Summary Published Accounts

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2021	31 December 2020	Actual Change in profit/(loss)
Standard Bank	24.77	23.74	4%
Old Mutual (ZAR'billion)	7.21	5.09	42%
Sunbird Tourism plc	0.75	(1.18)	164%
NITL plc	4.67	1.48	216%
National Bank of Malawi plc	34.21	22.45	52%
FDH Bank plc	11.66	13.99	-17%
NBS Bank plc	7.69	7.05	9%
TNM plc	9.69	7.73	25%

ZAR: South African Rand

### Dividends

Counter	Dividend type	Proposed/declared	Dividend per share (MK)	Last day to register	Date of payment
OMU	Final	Proposed	27.10	19 April 2022	23 May 2022
Standard Bank	Final	Proposed	8.52	TBA	TBA
NITL	Final	Proposed	2.25	TBA	TBA
NBM	Final	Proposed	23.55	TBA	TBA
NBS	Final	Proposed	0.75	TBA	TBA
FDHB	Final	Proposed	0.29	TBA	TBA
TNM	Final	Proposed	0.10	TBA	TBA

### What Happened this Week

1. The Reserve Bank of Malawi (RBM) has revised its annual average inflation projection for 2022 to 12.3% from 10.4% during the second Monetary Policy Committee (MPC) meeting of the year. The adjustment is to reflect pressures from rising international commodity prices exacerbated by the Russia-Ukraine war, recent increase in domestic fuel pump prices, exchange rate pressures and persistent fiscal slippages. The RBM also revised the Policy rate upwards to 14% from 12%, while maintain the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign currency denominated deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate (*The Reserve Bank Of Malawi, 29-April-22*).
2. The RBM indicates that sustaining the Affordable Inputs Programme (AIP) will exert pressure on the budget and the foreign exchange reserves. The RBM indicated that Russia and Ukraine are among the major global producers of fertilizer as such the continued conflict between these countries and the associated sanctions have interrupted the supply of the commodity (*The Daily Times, 2-May-22*).
3. The Ministry of Energy has indicated that electricity supply challenges are expected to reduce following the addition of 29 megawatts to the national grid. The additional supply has been accessed through addressing the shortfalls from Tedzani II and IV power stations (*The Nation, 2-May-22*).
4. The Ministry of Health says shortage of foreign currency is hampering the procurement of drugs for the country's hospitals. This is despite the government recapitalizing the Central Medical Stores Trust (CMST) with MK12 billion. The Ministry is engaging RBM to find ways of mitigating the foreign currency challenges (*The Nation, 3-May-22*).



# Appendix 1: Historical Economic Indicators

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	Week ending 6 May 2022
<b>Exchange rates (middle rates)</b>																		
MK/USD	776.82	776.49	787.03	790.30	797.66	800.17	811.95	817.43	820.40	822.17	821.34	822.88	818.44	822.81	822.10	823.60	823.67	<b>823.52</b>
MK/GBP	1,070.14	1,107.24	1,140.90	1,139.62	1,164.37	1,191.58	1,192.94	1,203.74	1,196.67	1,168.72	1,201.21	1,194.23	1,208.01	1,211.73	1,283.92	1,214.22	1,150.18	<b>1,151.79</b>
MK/EUR	987.95	991.78	1,006.72	993.04	1,035.48	1,042.52	1,032.04	1,048.56	1,044.60	1,026.14	1,037.74	1,099.91	1,138.47	1,072.50	1,170.30	1,031.32	966.40	<b>977.70</b>
MK/ZAR	56.43	54.60	55.69	56.13	59.33	62.28	61.42	60.79	60.90	58.90	59.04	57.21	57.68	61.82	64.84	66.90	59.34	<b>61.75</b>
<b>Foreign Exchange Reserves</b>																		
Gross Official Reserves (USD'mn)	574.26	502.98	483.38	410.16	392.01	414.41	424.99	404.18	604.50	521.87	405.66	389.26	429.17	399.98	385.40	374.48	-	-
Private Sector Reserves (USD'mn)	377.97	358.29	340.50	342.58	392.61	369.64	388.78	405.79	389.47	386.05	384.75	404.81	425.52	424.49	407.22	391.49	-	-
Total reserves (USD'mn)	952.23	861.27	823.88	752.74	784.62	784.05	813.77	809.97	993.97	907.92	790.41	794.07	854.69	824.47	792.62	765.97	-	-
Gross Official Reserves Import cover (months)	2.75	2.41	2.31	1.96	1.88	1.77	1.70	1.62	2.42	2.09	1.62	1.56	1.72	1.60	1.54	1.50	-	-
<b>Inflation</b>																		
Headline	7.60%	7.70%	8.30%	9.40%	9.2%	8.9%	9.1%	8.7%	8.4%	8.9%	9.8%	11.1%	11.5%	12.1%	13.0%	14.10%	-	-
Food	10.50%	9.70%	10.30%	11.70%	11.5%	11.0%	11.1%	10.3%	9.7%	10.9%	11.8%	12.8%	13.6%	14.2%	15.3%	17.10%	-	-
Non-food	4.90%	5.60%	6.30%	6.90%	7.0%	7.1%	7.2%	7.2%	7.2%	7.2%	7.8%	9.5%	9.5%	9.6%	10.1%	10.50%	-	-
<b>Interest Rates</b>																		
Monetary Policy rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	<b>14.00%</b>
Average Interbank rate	11.41%	11.34%	10.67%	11.37%	11.72%	13.36 %	11.94%	11.96%	11.98%	11.98%	11.98%	11.98%	11.98%	11.15%	11.70%	11.70%	11.70%	<b>12.10%</b>
Average base lending rate	12.30%	12.10%	12.00%	11.90%	12.10%	12.10%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	<b>13.20%</b>
<b>Government Securities' Yields</b>																		
91-days Treasury Bill	9.95%	9.95%	9.95%	9.95%	9.88%	9.98%	9.62%	9.33%	9.60%	9.59%	9.60%	9.58%	9.70%	9.70%	9.47%	9.74%	9.57%	<b>9.57%</b>
182-days Treasury Bill	12.49%	12.59%	12.80%	12.80%	12.77%	12.80%	12.81%	12.96%	12.96%	12.98%	12.98%	12.98%	13.00%	13.00%	12.99%	13.00%	13.00%	<b>13.00%</b>
364-days Treasury Bill	13.53%	13.64%	13.77%	13.80%	13.80%	13.83%	13.87%	12.06%	14.08%	14.20%	14.20%	14.22%	14.47%	15.00%	15.00%	15.00%	15.00%	<b>15.00%</b>
2-year Treasury Note	16.46%	16.50%	16.50%	16.50%	16.50%	16.51%	16.65%	16.63%	16.63%	16.63%	16.64%	16.64%	16.66%	16.70%	16.70%	17.00%	17.00%	<b>17.00%</b>
3-year Treasury Note	18.30%	18.56%	18.66%	18.66%	18.80%	18.80%	18.97%	19.00%	18.99%	18.99%	18.99%	19.00%	19.05%	19.04%	19.33%	19.50%	19.50%	<b>19.50%</b>
5-year Treasury Note	19.77%	19.95%	19.97%	19.98%	19.98%	19.98%	20.08%	20.00%	20.09%	20.26%	20.44%	20.53%	20.54%	20.78%	20.78%	21.00%	21.00%	<b>21.00%</b>
7-year Treasury Note	20.00%	20.00%	20.50%	20.50%	20.50%	20.50%	20.59%	20.98%	21.36%	21.36%	21.36%	21.15%	20.94%	20.94%	21.98%	22.00%	22.00%	<b>22.33%</b>
10-year Treasury Note	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	21.85%	22.54%	23.01%	23.25%	23.00%	22.50%	22.50%	22.98%	22.98%	22.98%	23.35%	<b>23.35%</b>
<b>Stock Market Indices</b>																		
MASI	32,392.84	32,988.58	33,009.75	32,562.96	33,380.63	33,676.89	35,144.56	36,496.03	38,945.62	41,550.15	41,458.37	41,565.98	45,367.68	44,501.63	45,472.09	45,921.23	46,934.16	<b>47,614.58</b>
DSI	27,755.46	28,090.02	28,108.19	27,710.72	28,257.89	28,376.03	28,739.26	29,749.56	31,959.22	34,266.54	34,188.36	34,284.11	37,061.70	36,322.34	37,186.63	37,584.34	37,283.40	<b>37,287.52</b>
FSI	1,363.88	1,613.58	1,614.45	1,614.33	1,844.72	2,030.51	3,234.45	3,479.97	3,479.97	3,450.70	3,450.25	3,450.24	4,223.15	4,183.22	4,182.23	4,184.71	5,720.11	<b>6,488.06</b>

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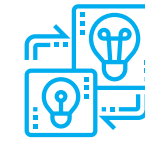
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