



Malawi Financial Market Update

Week ending 17 June 2022



Financial Market Update: Week ending 17 June 2022

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

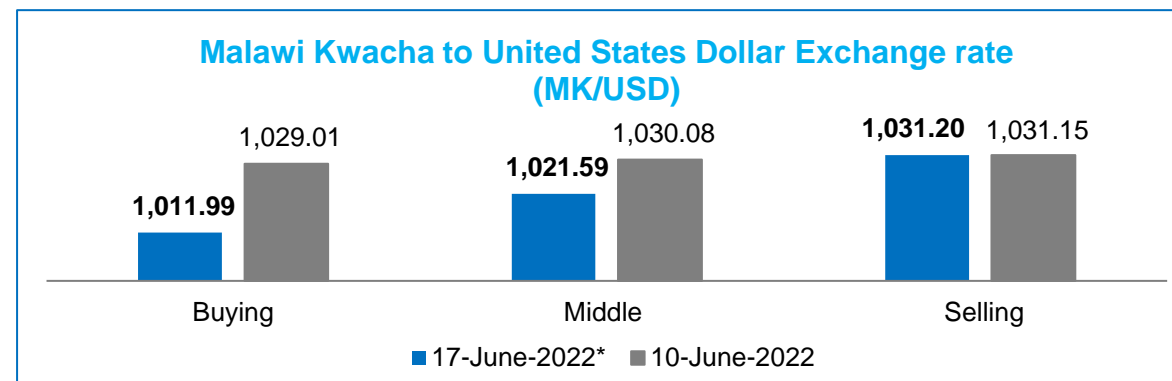
Headline inflation increased to 19.1% in May 2022, from 15.7% in April 2022. This was account of increases in both food and non-food inflation during the period under review.

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 24.69%.

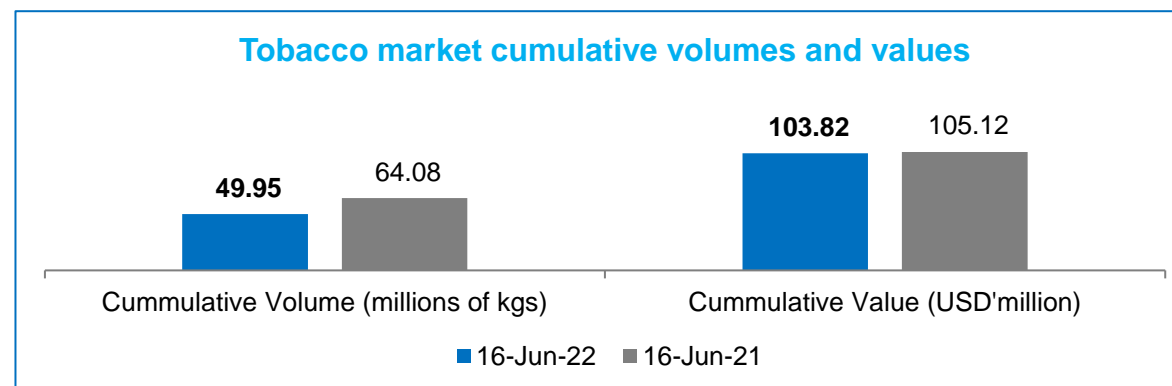
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.82% at MK1,021.59/USD as of 17 June 2022 from MK1,030.08/USD as of 10 June 2022.

The cumulative value of tobacco sold as of 16 June 2022 was USD103.82 million, a decrease of 1% from a cumulative value of USD105.21 million sold as of 16 June 2021.

Foreign currency (Source: RBM)



Tobacco Market Sales (Source: AHL)

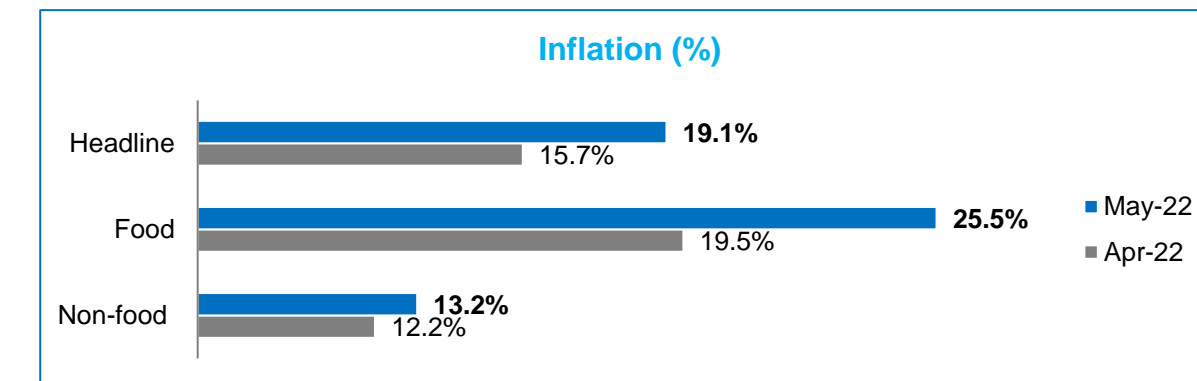


Annual General Meetings

Company	Venue	Date	Time
Sunbird	Sunbird Mount Soche Hotel (Blantyre)	17 June 2022	15:30 hrs
FMBCH	FCB Training Centre (First House, Blantyre)	20 June 2022	15:30 hrs
MPICO	Sunbird Mount Soche Hotel (Blantyre)	21 June 2022	08:30 hrs
Standard Bank	Sunbird Mount Soche Hotel (Blantyre)	23 June 2022	09:00 hrs
FDH Bank	Protea Ryalls Hotel (Blantyre)	27 June 2022	09:00 hrs
NBS	Protea Ryalls Hotel (Blantyre)	28 June 2022	14:30 hrs
AIRTEL	Virtual (Zoom)	30 June 2022	10:00 hrs
TNM	Sunbird Mount Soche	1 July 2022	14:00 hrs

*: Reserve Bank of Malawi opening exchange rates as of 17 June 2022

Inflation (Source: NSO)



What Happened this Week

1. According to the National Statistical Office (NSO), headline inflation increased to 19.1% in May 2022, from 15.7% in April 2022. This was on account of increases in both food and non-food inflation to 25.5% (April 2022: 19.5%) and 13.2% (April: 12.2%) in May 2022, respectively (*The National Statistical Office, 17-June-22*).
2. According to the Reserve Bank of Malawi (RBM), the gross official forex reserves as of 31 May 2022, increased by 6.87% to USD388.22 million, from USD363.27 million as of 30 April 2022. Furthermore, the private sector reserves increased by 10.55% to USD401.13 million, from USD362.84 million during the same period (*The Reserve Bank of Malawi, 14-June-22*).
3. The Ministry of Finance indicated that the audit report on the management of the foreign exchange reserves, particularly between 2017 and 2019 would be ready soon. The report, together with the debt management plan, stand in the way of Malawi and the next four-year Extended Credit Facility (ECF) programme with the international Monetary Fund (IMF). Following the submission of these reports, the government will re-engage the IMF for a staff level agreement which will be taken to the IMF board on 18 July 2022 (*The Daily Times, 14-June-22*).
4. The World Bank indicated that rising fertilizer prices threaten to worsen fiscal pressures in Malawi due to the government's allocation to the Affordable Inputs Program (AIP). The rise in the price of the commodity has partly been a result of the war in Ukraine and the World Bank notes that the effects will be harder on economies such as Malawi which are already affected by climate-change induced shifts in rainfall patterns. The government allocated MK110 billion to the AIP in the 2022-23 national budget, a decrease from MK142 billion allocated in the previous national budget (*The Nation, 13-June-22*).



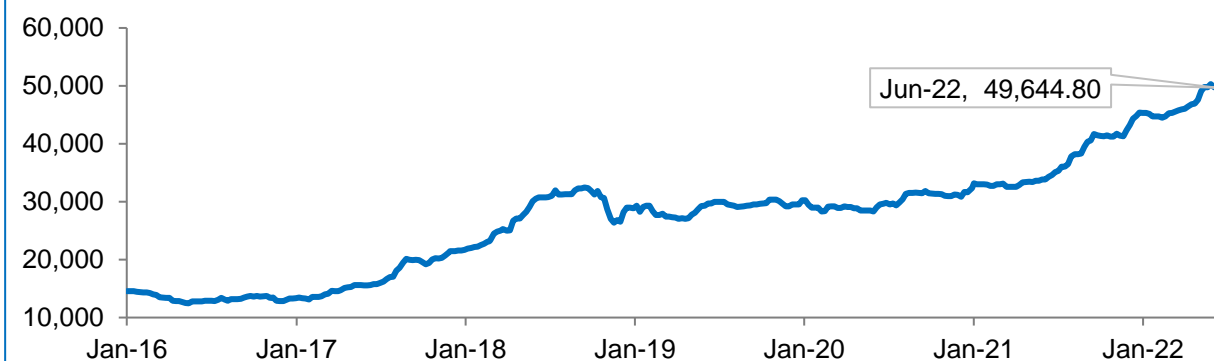
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Stock market (Source: MSE)

The stock market was marginally bearish over the period with the Malawi All Share Index (MASI) closing the week ending 17 June 2022 at 49,644.80 points from 49,718.86 points for the week ending 10 June 2022. Week-on-week, this represents a decrease of 0.15%.

There was a share price loss for FMBCH and a marginal share price loss for NITL. The share price losses offset marginal share price gains for AIRTEL, ICON and NBM during the period under review.

Malawi All Share Index (MASI)



MASI year-to-date return – the MASI closed the week with a year-to-date return of 9.43% (it was 5.77% during the same period in the previous year).

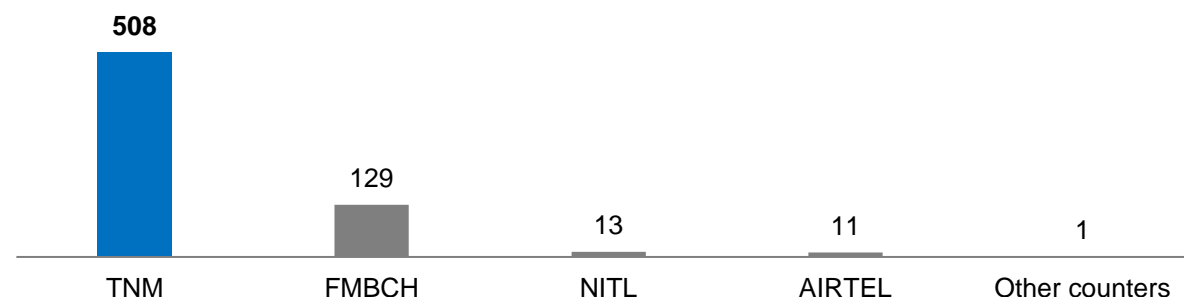
9.43%

5.77%

17 June 2022

17 June 2021

Value of shares traded (MK'million) – TNM had the highest value of shares traded during the period under review at MK508 million. The total value of shares traded this week was MK662 million.



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

AIRTEL	0.12%
ICON	0.08%
NBM	0.001%
TNM	0.00%
SUNBIRD	0.00%
STANDARD	0.00%
PCL	0.00%
OMU	0.00%
NICO	0.00%
NBS	0.00%
MPICO	0.00%
ILLOVO	0.00%
FDHB	0.00%
BHL	0.00%
NITL	-0.03%
FMBCH	-1.55%

Symbol	Closing prices as of 17 June 2022 (MK/share)
AIRTEL	48.60
BHL	11.01
FDHB	14.48
FMBCH	127.99
ICON	12.00
ILLOVO	305.53
MPICO	20.70
NBM	1,000.20
NBS	22.77
NICO	46.75
NITL	110.00
OMU	1,600.00
PCL	1,900.00
STANDARD	1,600.03
SUNBIRD	80.01
TNM	14.00



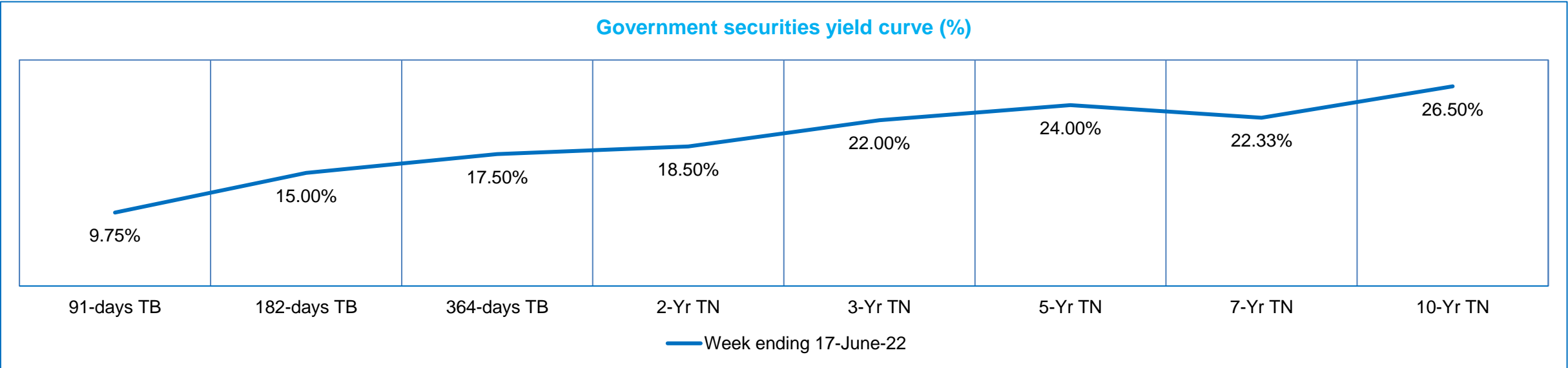
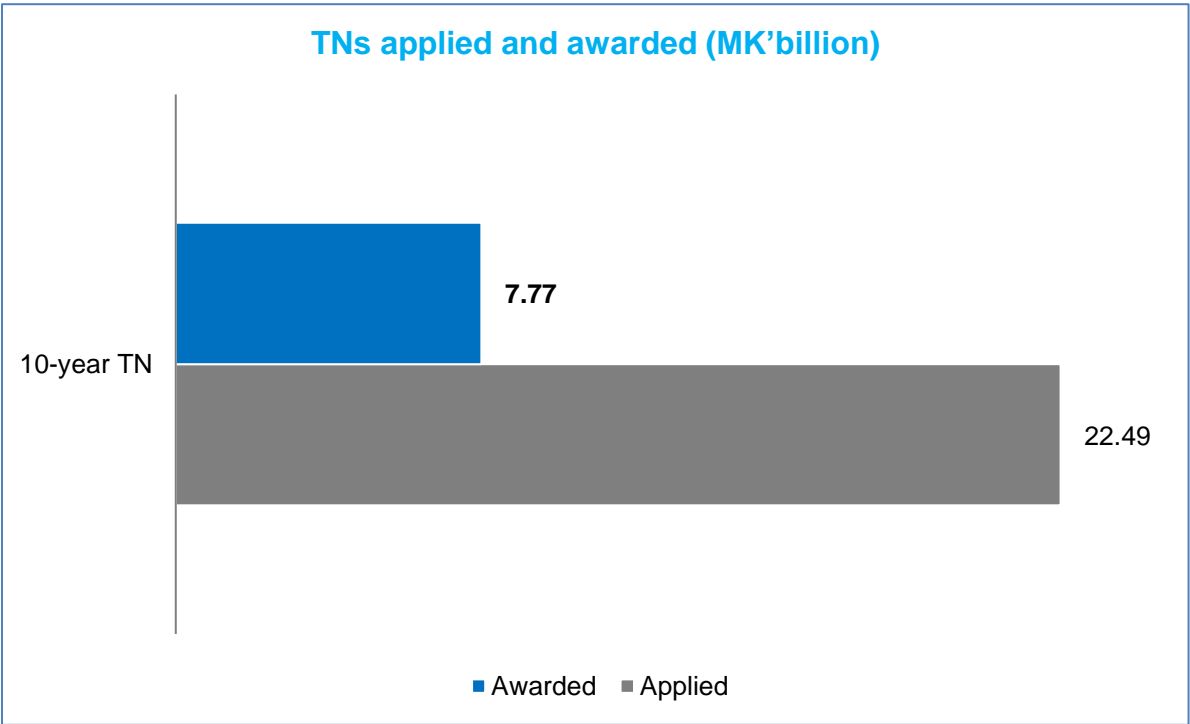
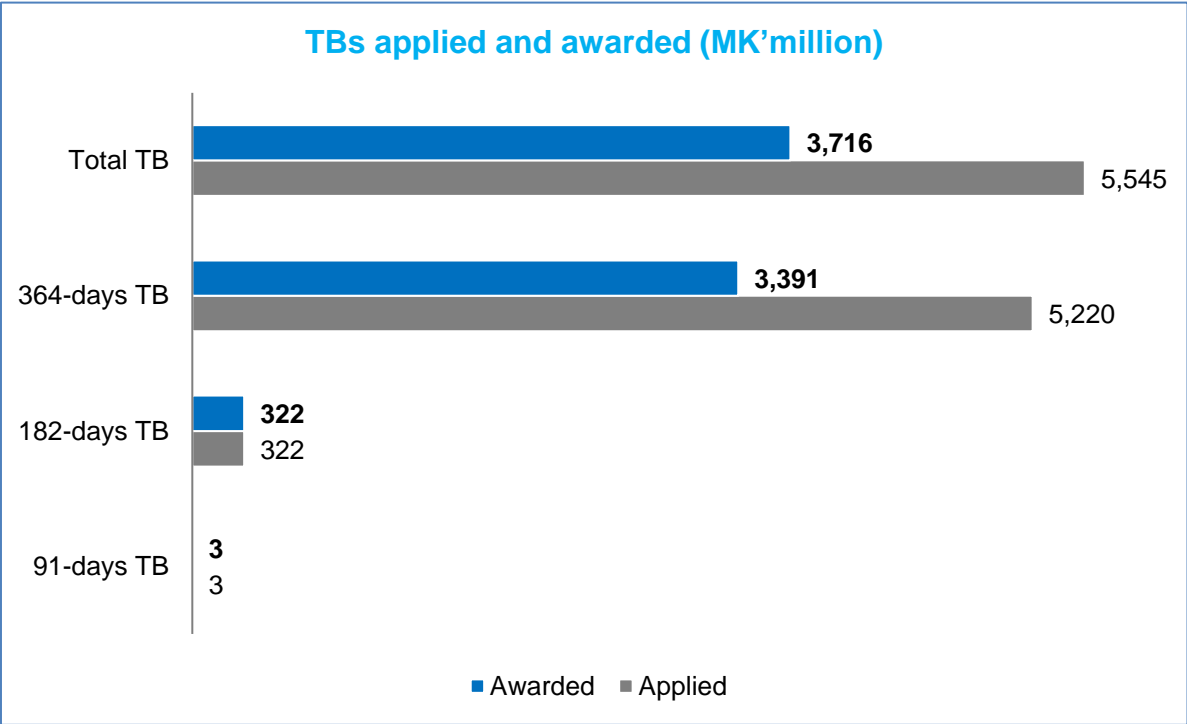
Government securities (Source: RBM)

A total of MK11.49 billion was awarded in this week's auctions of Treasury Bills (TBs) and 10-year Treasury Note (TNs). The yield for 10-year was 26.50%.

MK3.72 billion and MK7.77 billion was awarded in the TBs and 10-year TN auctions, respectively.

The TBs auctions had a rejection rate of 33%, and the TNs auctions had a rejection rate of 65%.

The average TB yield maintained its position at 14.08%, and the average TN yield increased to 22.67% from 22.18% during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	May-22	Week ending 17 June 2022
Exchange rates (middle rates)																		
MK/USD	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	1,029.90	1,021.59*
MK/GBP	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	1,380.71	1,290.88*
MK/EUR	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	1,180.96	1,097.82*
MK/ZAR	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	72.04	65.06*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	363.27	388.22	N/A
Private Sector Reserves (USD'mn)	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	362.84	401.13	N/A
Total reserves (USD'mn)	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	726.11	789.35	N/A
Gross Official Reserves Import cover (months)	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	1.45	1.55	N/A
Inflation																		
Headline	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%	15.70%	19.10%	N/A
Food	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%	19.50%	25.50%	N/A
Non-food	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%	12.20%	13.20%	N/A
Interest Rates																		
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%	14.00%	14.00%
Average Interbank rate	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%	11.84%	12.50%
Average base lending rate	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%	13.50%	13.80%
Government Securities' Yields																		
91-days Treasury Bill	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%	9.75%	9.75%
182-days Treasury Bill	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%	15.00%	15.00%
364-days Treasury Bill	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%	17.03%	17.50%
2-year Treasury Note	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%	18.50%	18.50%
3-year Treasury Note	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%	21.90%	22.00%
5-year Treasury Note	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%	23.95%	24.00%
7-year Treasury Note	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%	22.33%	22.33%
10-year Treasury Note	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%	23.35%	26.50%
Stock Market Indices																		
MASI	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	50,300.44	49,644.80
DSI	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	39,037.30	39,054.12
FSI	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	7,305.55	6,539.01

*: Reserve Bank of Malawi opening exchange rates as of 17 June 2022

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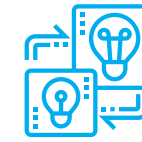
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