



Malawi Financial Market Update

Week ending 22 July 2022



Financial Market Update: Week ending 22 July 2022

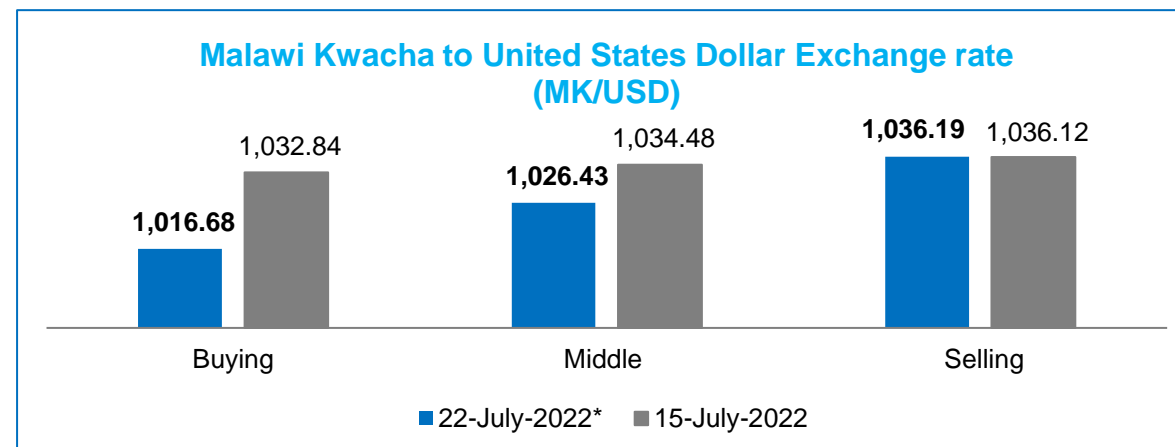
Foreign currency market and other market developments (Source: RBM, MSE, AHL, NSO)

According to the National Statistical Office (NSO), headline inflation increased to 23.5% in June 2022, from 19.1% in May 2022. This was on account of increases in both food and non-food inflation to 31.2% (May 2022: 25.5%) and 16.6% (May 2022: 13.2%) in June 2022, respectively.

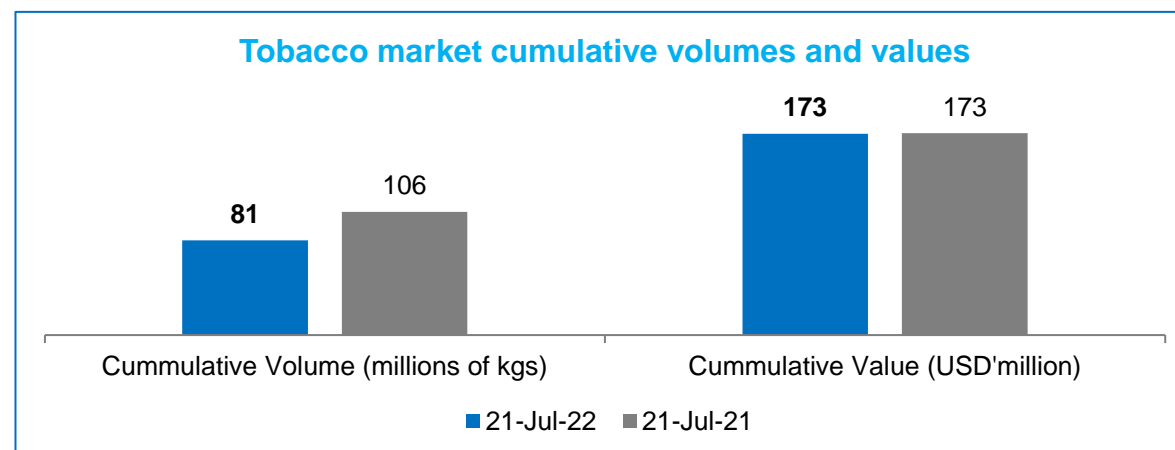
Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 25.28%.

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.78% as it traded at MK1,026.43/USD as of 22 July 2022 from MK1,034.48/USD as of 15 July 2022.

Foreign currency (Source: RBM)



Tobacco Market Sales (Source: AHL)

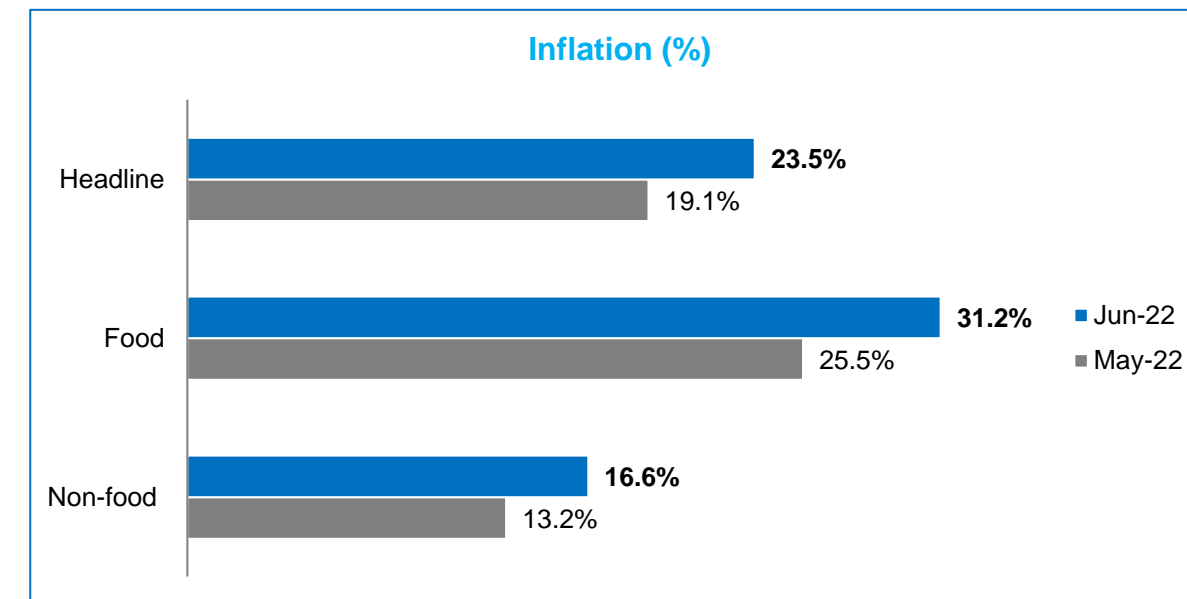


Annual General Meetings

Company	Venue	Date	Time
PCL	Virtual/NBM plc Leadership Centre	25 July 2022	14:00 hrs
BHL	Virtual	28 July 2022	15:30 hrs
NITL	Ryalls Hotel, Blantyre	9 August 2022	10:00 hrs

*: Reserve Bank of Malawi opening exchange rates as of 22 July 2022

Inflation (Source: NSO)



What Happened this Week

1. According to the Reserve Bank of Malawi (RBM) the gross official foreign exchange reserves were USD415.73 million in June 2022, an increase of 11% from USD388.22 million in May 2022. Private sector foreign exchange reserves were USD401.60 million, an increase of 3% from USD401.13 million during the same period (*The Reserve Bank of Malawi, 18-July-22*).
2. The National Food Reserve Agency (NFRA) has received approval from the Public Procurement and Disposal of Assets Authority (PPDA) to procure maize to replenish the national strategic grain reserves. NFRA is ready to start procuring maize from 185 farmer cooperatives and associations that have been selected (*The Nation, 20-July-22*).
3. Malawi's exports to the United States through the African Growth and Opportunity Act (AGOA) continue to decline. In 2021 the exports fell by 9.23% to USD31.31 million (MK32 billion), from USD34.5 million (MK36 billion) in 2020. The performance of Malawi under the AGOA market puts it in the same category as Zambia, Namibia, Gabon and Uganda, which are the countries that have benefitted the least in the 2020/21 financial year (*The Nation, 21-July-22*).



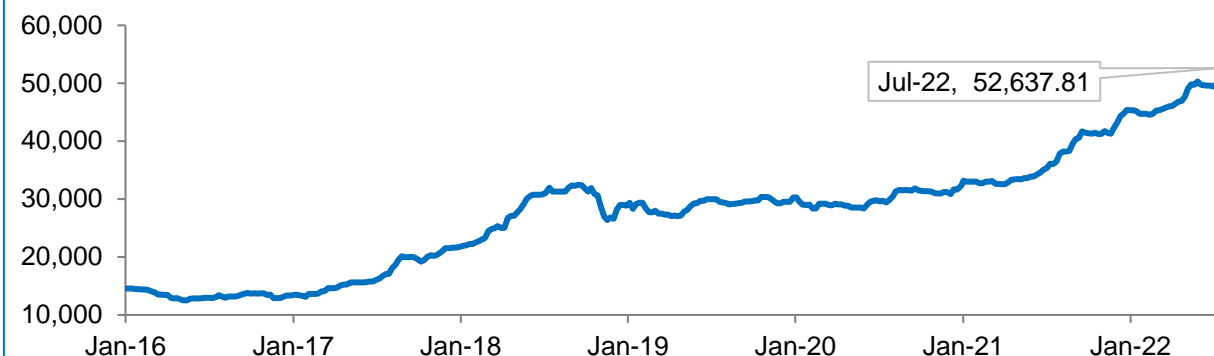
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Stock market (Source: MSE)

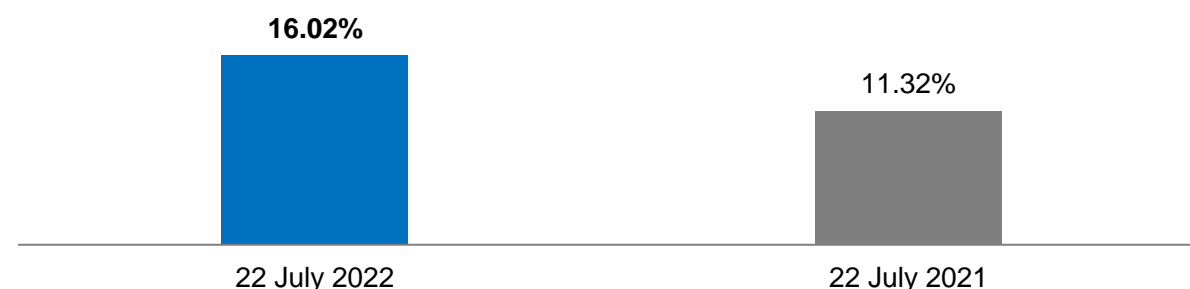
The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 22 July 2022 at 52,637.81 points from 49,936.72 points for the week ending 15 July 2022. Week-on-week, this represents an increase of 5.41%.

There were share price gains for ILLOVO, Standard bank, PCL and AIRTEL as well as marginal share price gains for NITL and NBM. The share price gains offset a share price loss for FMBCH and marginal share price losses for MPICO, NBS and NICO during the period under review.

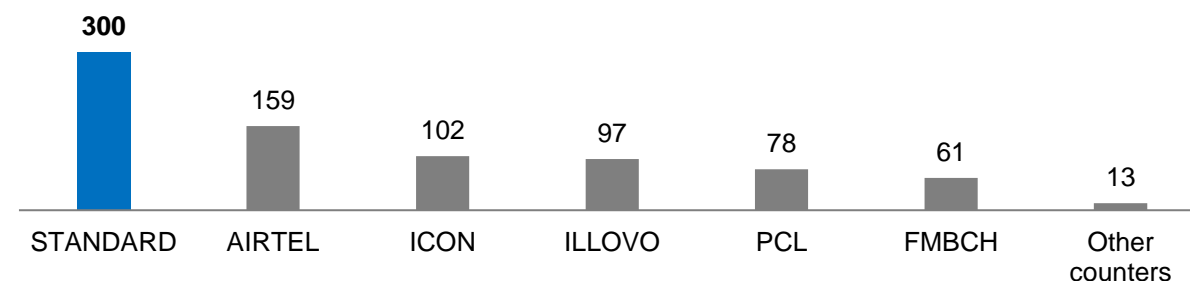
Malawi All Share Index (MASI)



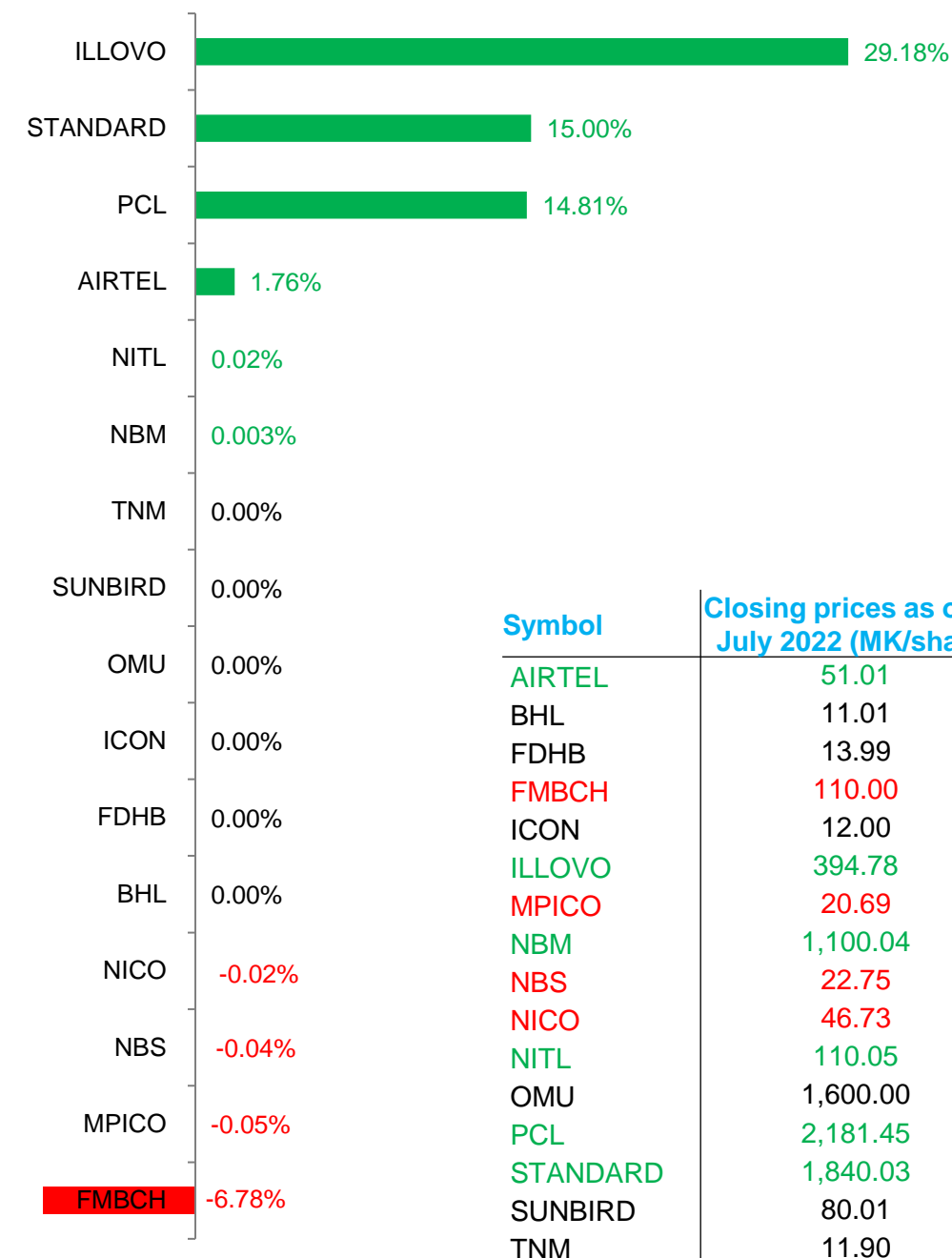
MASI year-to-date return – the MASI closed the week with a year-to-date return of 16.02% (it was 11.32% during the same period in the previous year).



Value of shares traded (MK'million) – Standard bank had the highest value of shares traded during the period under review at MK300 million. The total value of shares traded this week was MK811 million.



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



Symbol	Closing prices as of 22 July 2022 (MK/share)
AIRTEL	51.01
BHL	11.01
FDHB	13.99
FMBCH	110.00
ICON	12.00
ILLOVO	394.78
MPICO	20.69
NBM	1,100.04
NBS	22.75
NICO	46.73
NITL	110.05
OMU	1,600.00
PCL	2,181.45
STANDARD	1,840.03
SUNBIRD	80.01
TNM	11.90



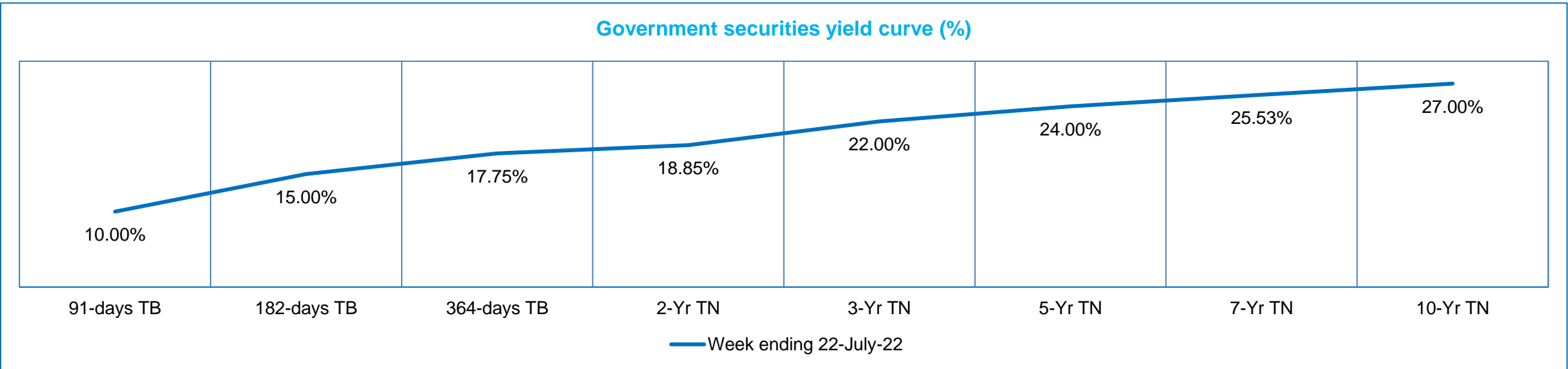
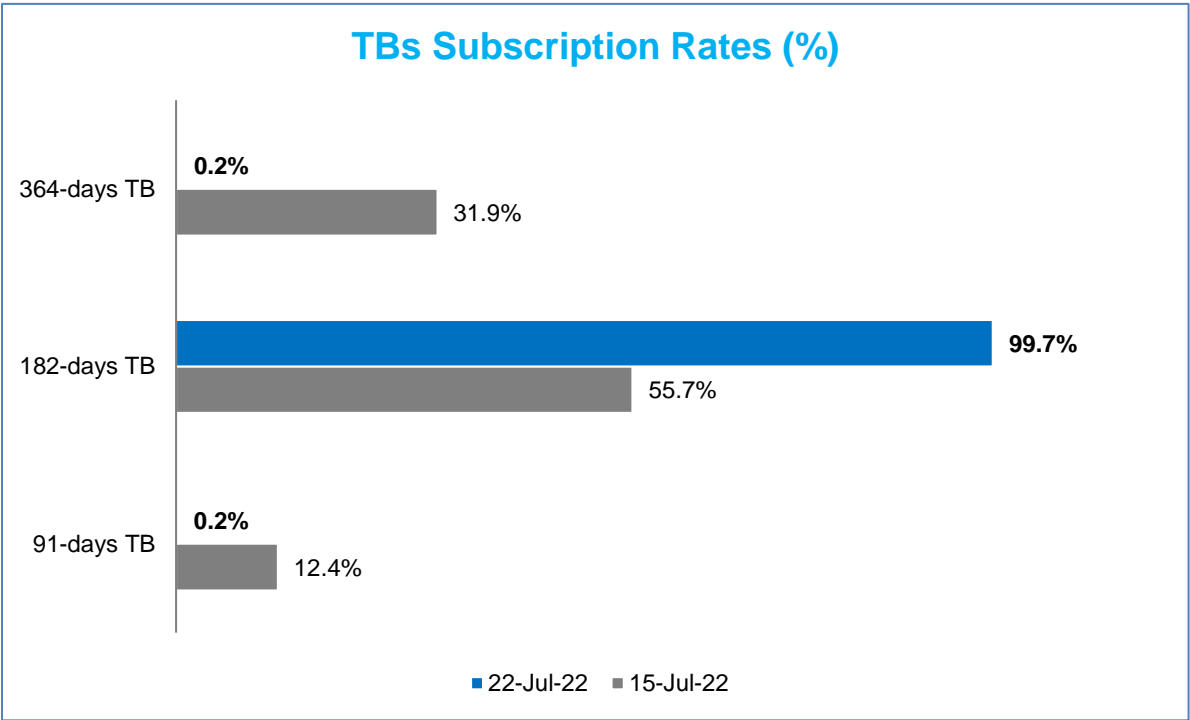
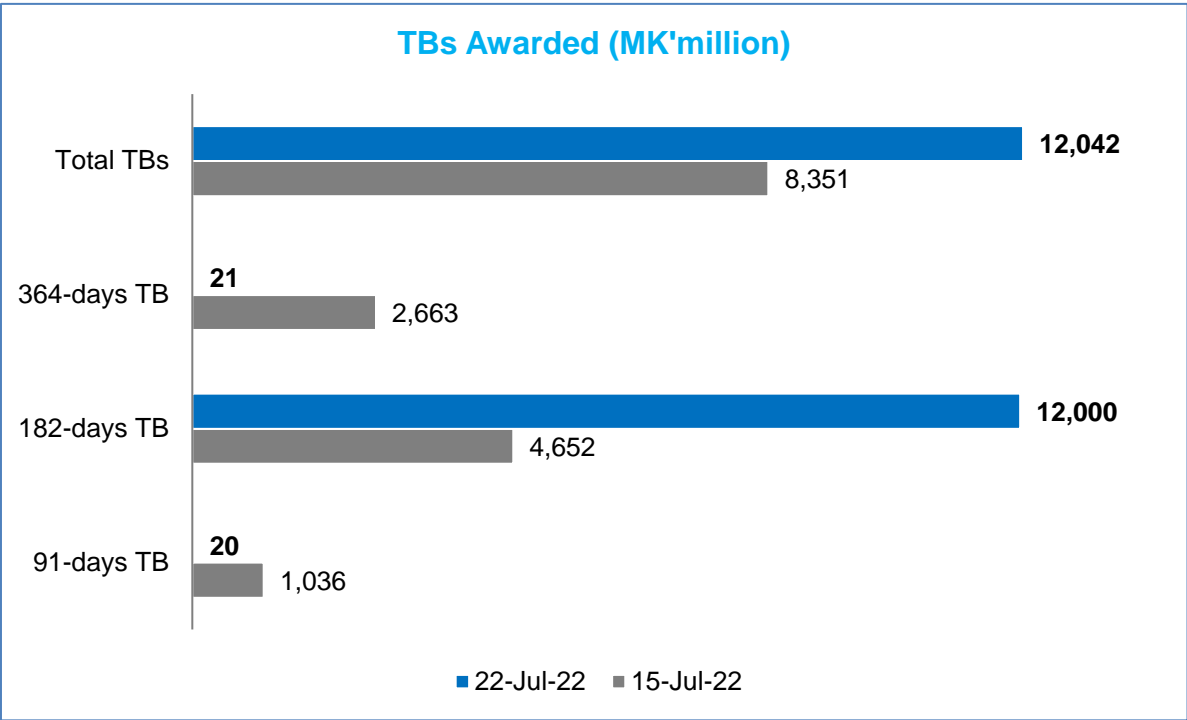
Government securities (Source: RBM)

A total of MK12.04 billion was awarded in this week's auctions of Treasury Bills (TBs).

The TBs auctions had a rejection rate of 6%.

The 182-days TB had the highest subscription rate at 99.7%.

The average TB yield increased to 14.25% from 14.19% during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	June-22	Week ending 22 July 2022
Exchange rates (middle rates)																		
MK/USD	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	1,033.36	1,026.43*
MK/GBP	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	1,289.26	1,227.41*
MK/EUR	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	1,108.47	1,045.73*
MK/ZAR	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	65.02	62.40*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	415.73	N/A
Private Sector Reserves (USD'mn)	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	401.60	N/A
Total reserves (USD'mn)	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	817.33	N/A
Gross Official Reserves Import cover (months)	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	1.66	N/A
Inflation																		
Headline	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%	23.50%	N/A
Food	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%	31.20%	N/A
Non-food	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%	16.60%	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%	14.00%	14.00%	14.00%
Average Interbank rate	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%	12.48%	12.50%
Average base lending rate	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%	14.20%	14.20%
Government Securities' Yields																		
91-days Treasury Bill	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%	10.00%
182-days Treasury Bill	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%	15.00%
364-days Treasury Bill	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%	17.60%	17.75%
2-year Treasury Note	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%	18.85%	18.85%
3-year Treasury Note	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%	22.00%
5-year Treasury Note	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%	24.00%
7-year Treasury Note	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%	25.53%
10-year Treasury Note	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%	27.00%	27.00%
Stock Market Indices																		
MASI	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	49,596.14	52,637.81
DSI	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	39,011.21	42,415.25
FSI	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	6,538.52	5,647.70

*: Reserve Bank of Malawi opening exchange rates as of 22 July 2022

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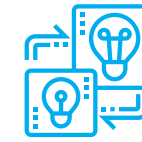
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