



Malawi Financial Market Update

Week ending 29 July 2022



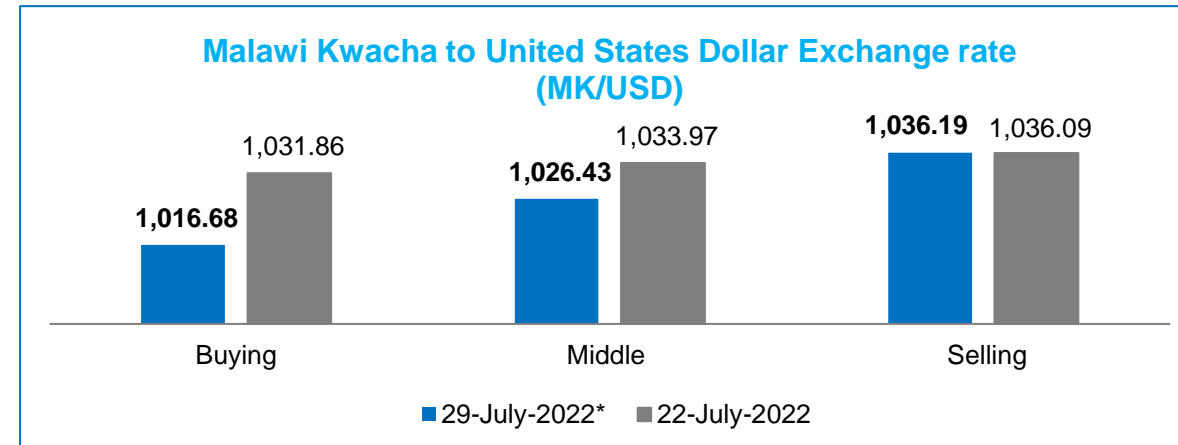
Financial Market Update: Week ending 29 July 2022

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

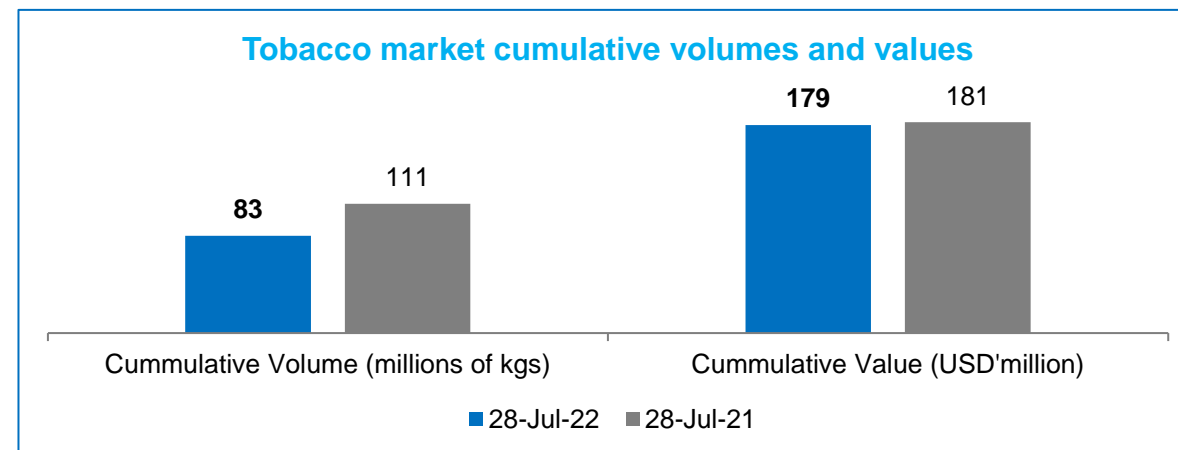
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.73% as it traded at MK1,026.43/USD as of 29 July 2022 from MK1,033.97/USD as of 22 July 2022.

The cumulative value of tobacco sold as of 28 July 2022 was USD179 million, a percentage decrease from a cumulative value of USD181 million sold as of 28 July 2021.

Foreign currency (Source: RBM)



Tobacco Market Sales (Source: AHL)



Annual General Meetings

Company	Venue	Date	Time
NITL	Ryalls Hotel, Blantyre	9 August 2022	10:00 hrs

What Happened this Week

1. According to their unaudited summary financial results for the half-year ended 30 June 2022, FDH bank reported a profit after tax of MK8.71 billion, an increase of 91% from a profit after tax of MK4.55 billion reported in the previous period (*The Malawi Stock Exchange, 28-July-22*).
2. The Monetary Policy Committee (MPC) maintained the policy rate at 14.0%, the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign currency denominated deposits at 3.75%, and Lombard rate at 20 basis points above the policy rate. The 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 Reserve Bank of Malawi, 27-July-22*).
3. According to their summary financial statements for the year ended 31 December 2021, United General Insurance Company Limited reported a profit after tax of MK462 million, an increase of 388% from a loss after tax of MK161 million reported in the previous period (*The Nation, 29-July-22*).
4. Malawi is to access USD20.2 million (MK21 billion) from the African Development Bank Group's USD1.5 billion African Emergency Food Production Facility intended to help African countries avert a looming food crises as a result of the Russia-Ukraine war. Half of the funding will be in the form of a grant while the other half will be in the form of a concessional loan (*The Daily Times, 29-July-22*).
5. According to the Voluntary National Review coordinated by the National Planning Commission, Malawi is still struggling to attain the gross domestic product (GDP) growth rate to enable the successful implementation of the United Nation's Sustainable Development Goals (SDGs) by 2030. The report shows that since the implementation of the SDGs in 2016, Malawi's economic growth has averaged 3.5%, which is below the SDG target of 7% (*The Nation, 26-July-22*).

*: Reserve Bank of Malawi opening exchange rates as of 29 July 2022

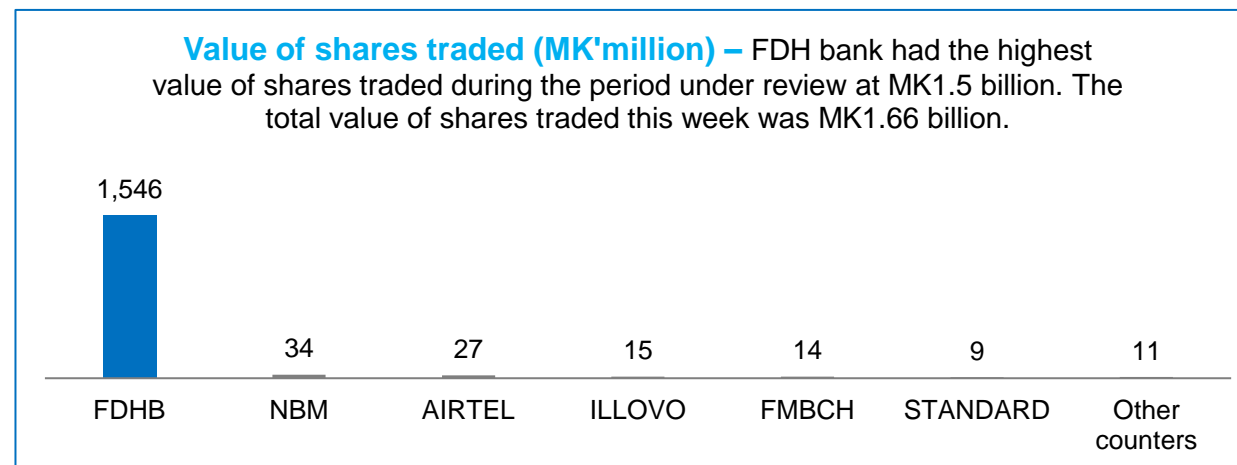
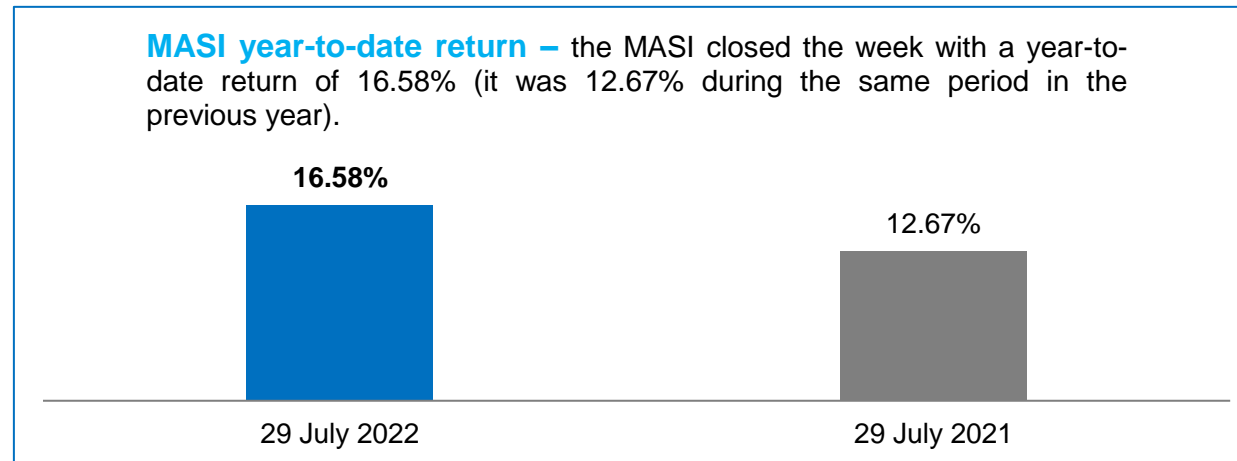
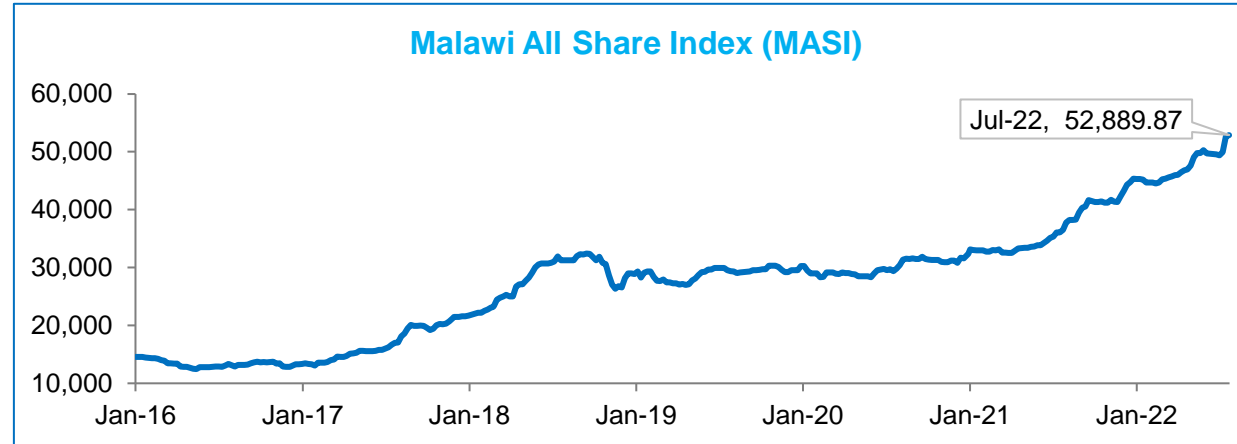


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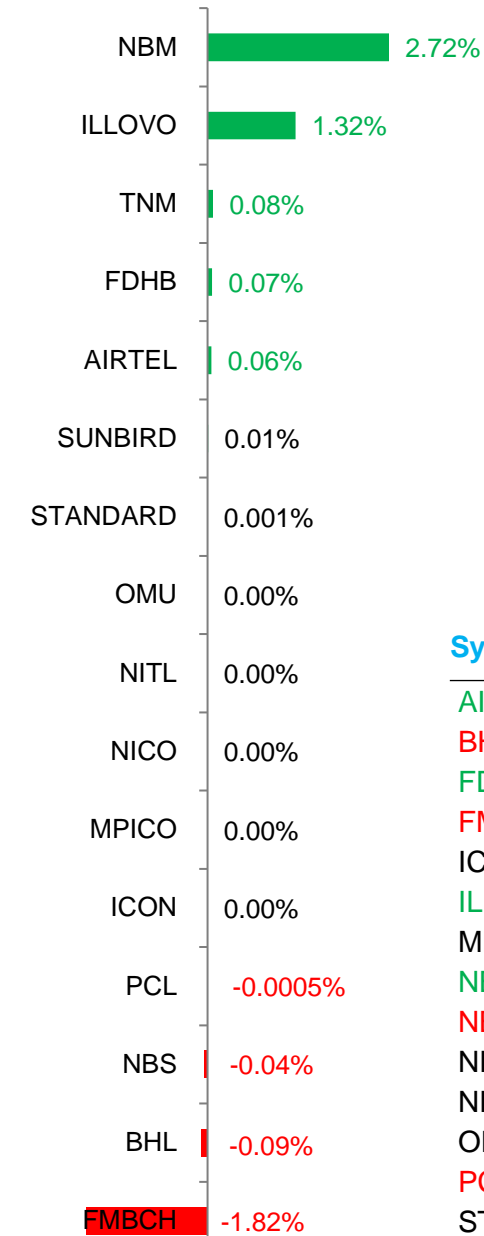
Stock market (Source: MSE)

The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 29 July 2022 at 52,889.87 points from 52,637.81 points for the week ending 22 July 2022. Week-on-week, this represents an increase of 0.48%.

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



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



Symbol	Closing prices as of 29 July 2022 (MK/share)
AIRTEL	51.04
BHL	11.00
FDHB	14.00
FMBCH	108.00
ICON	12.00
ILLOVO	400.00
MPICO	20.69
NBM	1,130.00
NBS	22.74
NICO	46.73
NITL	110.05
OMU	1,600.00
PCL	2,181.44
STANDARD	1,840.04
SUNBIRD	80.02
TNM	11.91



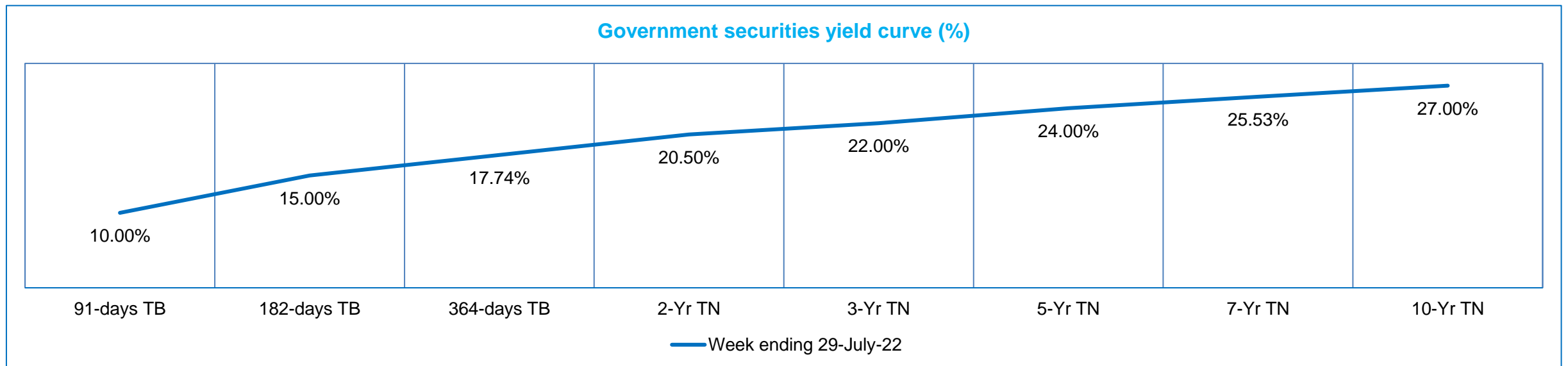
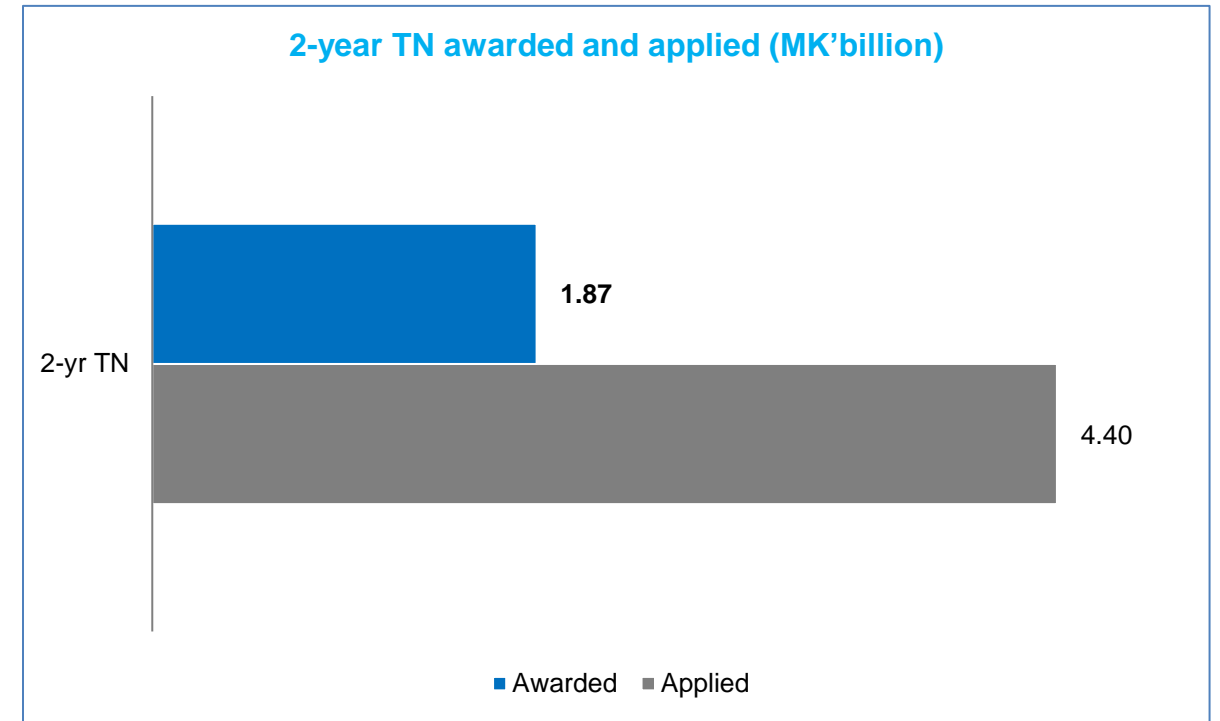
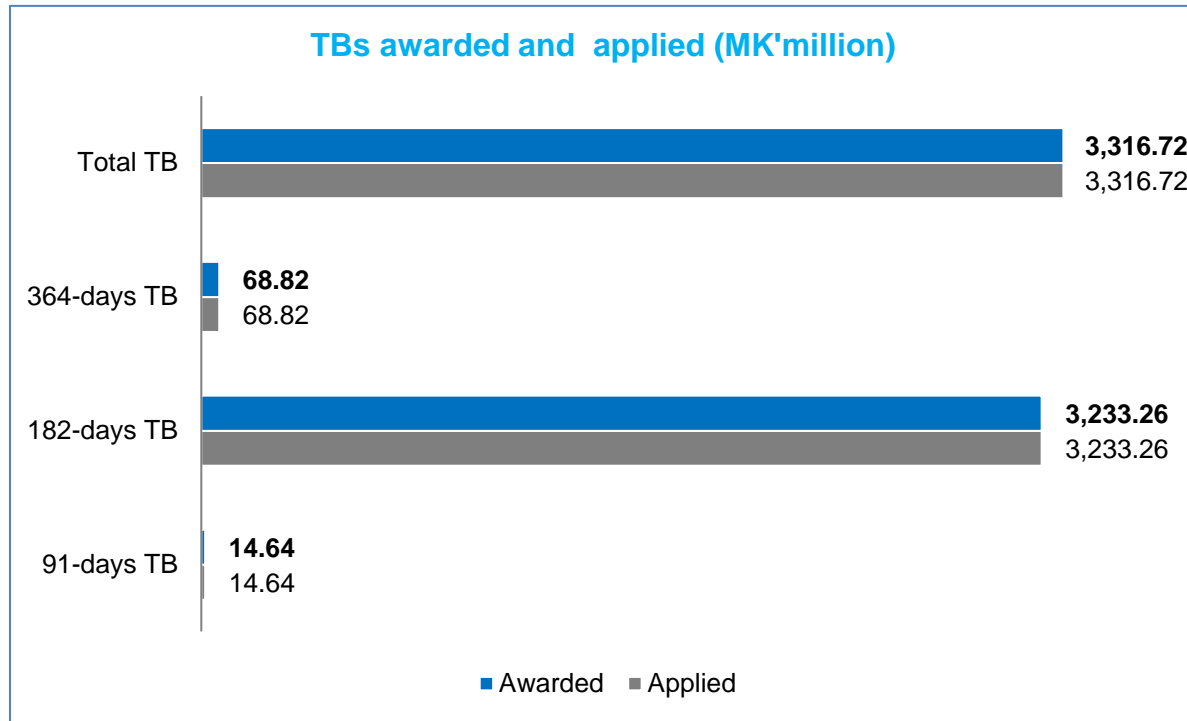
Government securities (Source: RBM)

A total of MK5.19 billion was awarded in this week's auctions of Treasury Bills (TBs) and 2-year Treasury Note (TN).

MK3.32 billion and MK1.87 billion was awarded in the TBs and 2-year TN auctions, respectively.

The TBs auctions had a nil rejection rate while the 2-year TN auction had a rejection rate of 58%.

The average TB yield maintained its position at 14.25% while the average TN yield increased to 23.81% from 23.48% 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 29 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	1,253.69*
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	1,050.97*
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	62.97*
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%	15.005	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%	17.74%
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%	20.50%
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	52,889.87
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	42,717.13
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	5,548.61

*: Reserve Bank of Malawi opening exchange rates as of 29 July 2022

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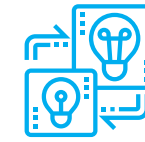
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