



Malawi Financial Market Update

Week ending 8 July 2022



Financial Market Update: Week ending 8 July 2022

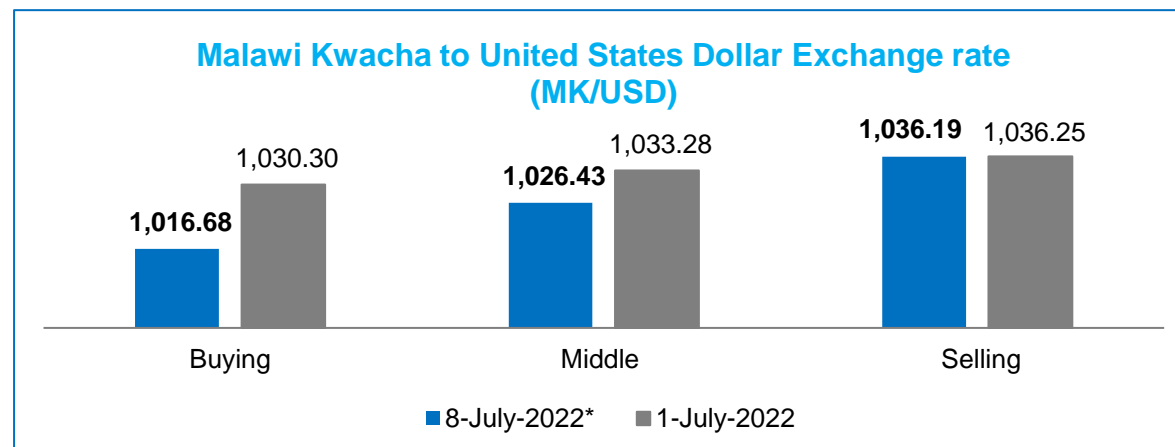
Foreign currency market and other market developments (Source: RBM, MSE, MERA, AHL)

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

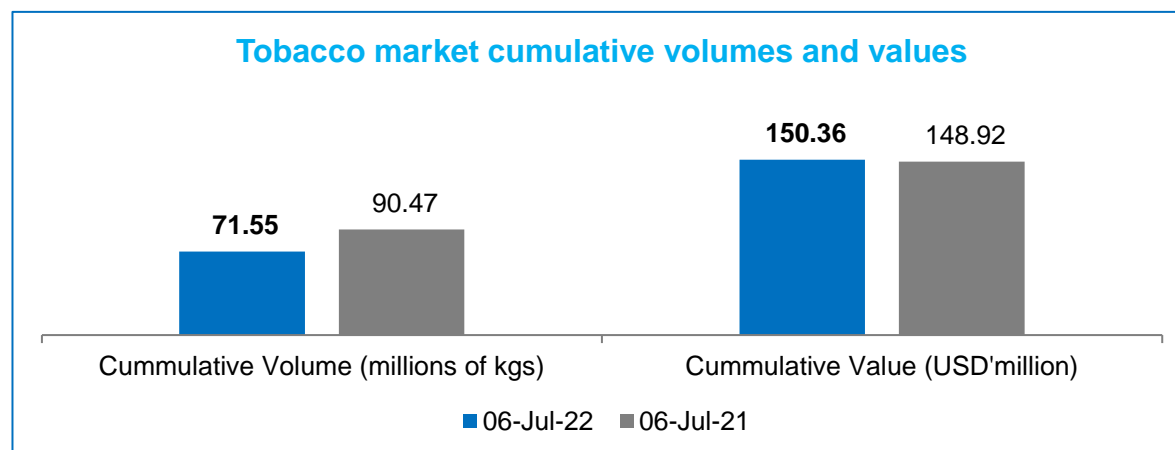
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.66% as it traded at MK1,026.43/USD as of 8 July 2022 from MK1,033.28/USD as of 1 July 2022.

The cumulative value of tobacco sold as of 6 July 2022 was USD150.36 million, an increase of 1% from a cumulative value of USD148.92 million sold as of 6 July 2021.

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

*: Reserve Bank of Malawi opening exchange rates as of 8 July 2022

Half-year Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the half year is expected to be higher or lower than the previous corresponding period by the specified amount.

Amounts in billions of Malawi Kwacha unless specified otherwise.

Company	Expected PAT 2022H1	PAT 2021H1	Trading statement profit/(loss) expectation
FDH Bank	5.46	4.55	20%
SUNBIRD	0.24	(0.48)	150%
NICO	9.49	7.03	35%
NBM	16.58	12.75	30%
STANDARD	14.48	11.58	25%
ICON	3.68	3.07	20%
AIRTEL	8.51 – 9.08	11.35	-20% to -25%
FMBCH (USD'million)	22.25	13.09	70%
NITL	1.50	1.23	22%
TNM	(5.86)	4.51	-130%

What Happened this Week

- The World Bank indicated that the government of Malawi continues to borrow heavily from commercial banks as its share of outstanding credit rose to 59% as at December 2021, an increase from 50% registered in the same period in the previous year. In the five years prior to 2021, the government's share of outstanding commercial bank credit has almost doubled, rising from 26% as at December 2017 (*The Nation*, 4-July-22).
- The Electricity Generation Company (EGENCO) has put in place measures to help address the power outages. EGENCO has started fixing Tedzani III, from where about 12 megawatts would be added to the national grid. EGENCO is also working on diesel generators that would bring an additional 12 megawatts to the national grid (*The Daily Times*, 4-July-22).
- The cost of borrowing continues to rise as the reference rate, a benchmark for other rates, has been adjusted upward to 13.9% for July 2022, from 12.0% in April 2022. This is on account of the upward revision of the policy rate to 14.0% in May 2022 by the Monetary Policy Committee. If there are more upward revisions of the policy rate, further upwards revisions of the reference rate may be expected (*The Daily Times*, 6-July-22).

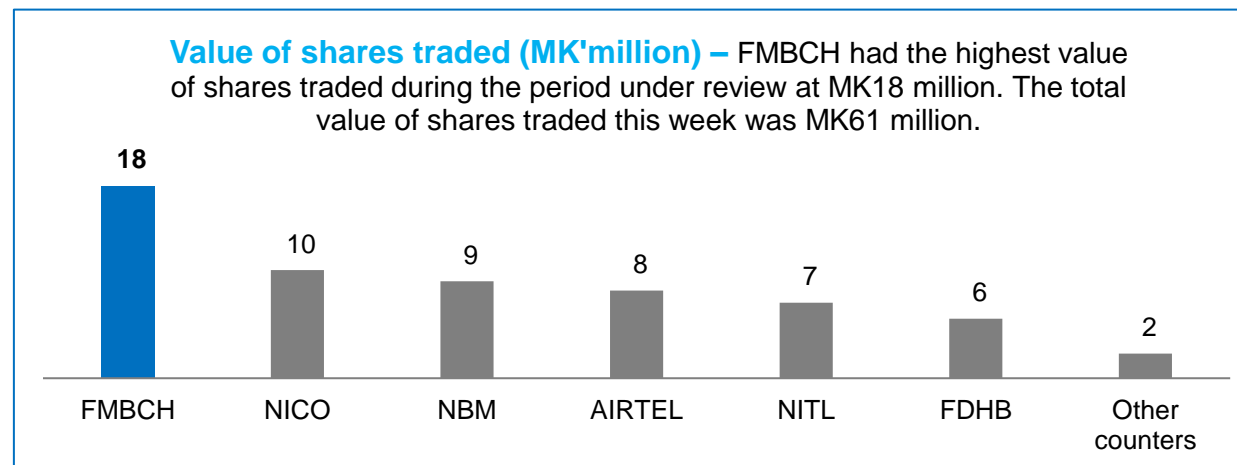
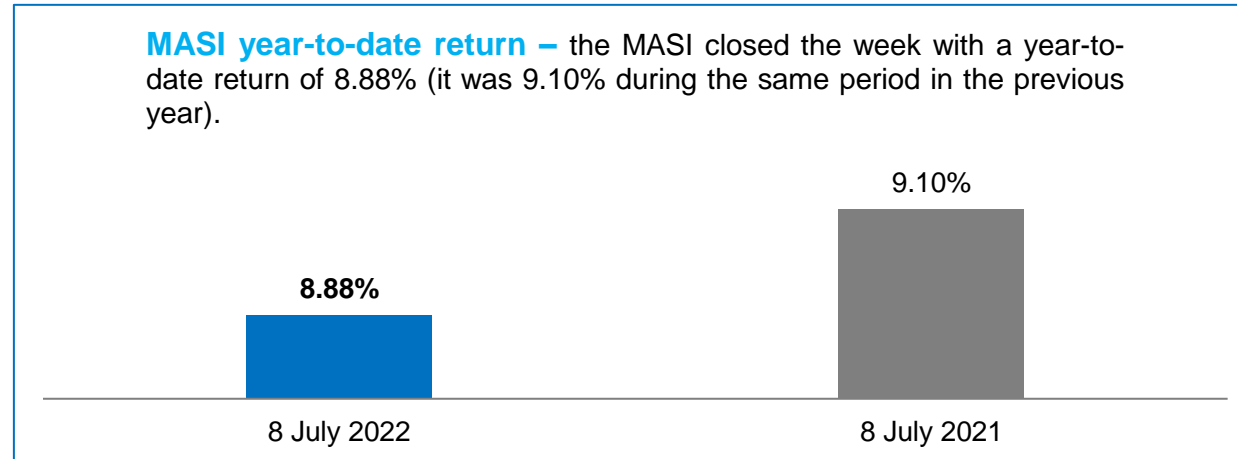
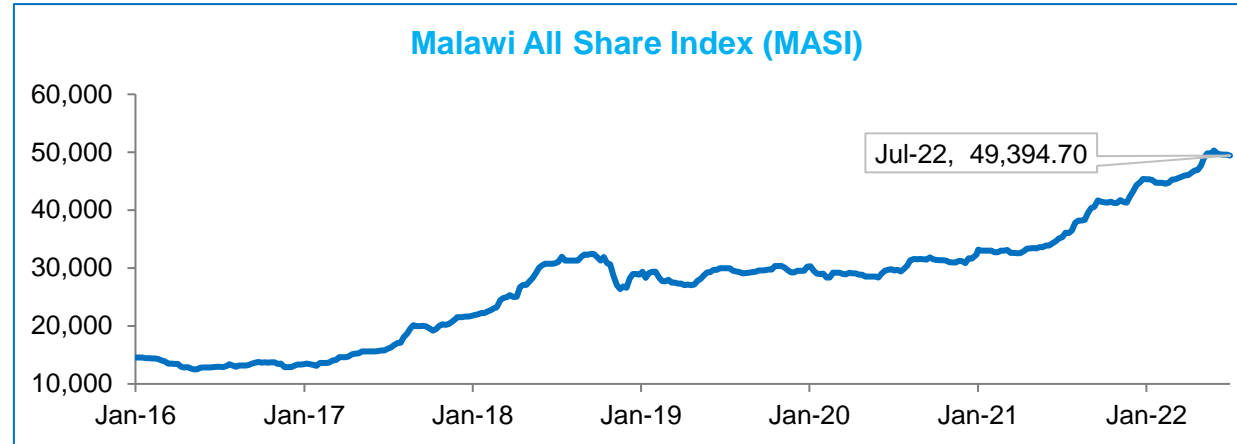


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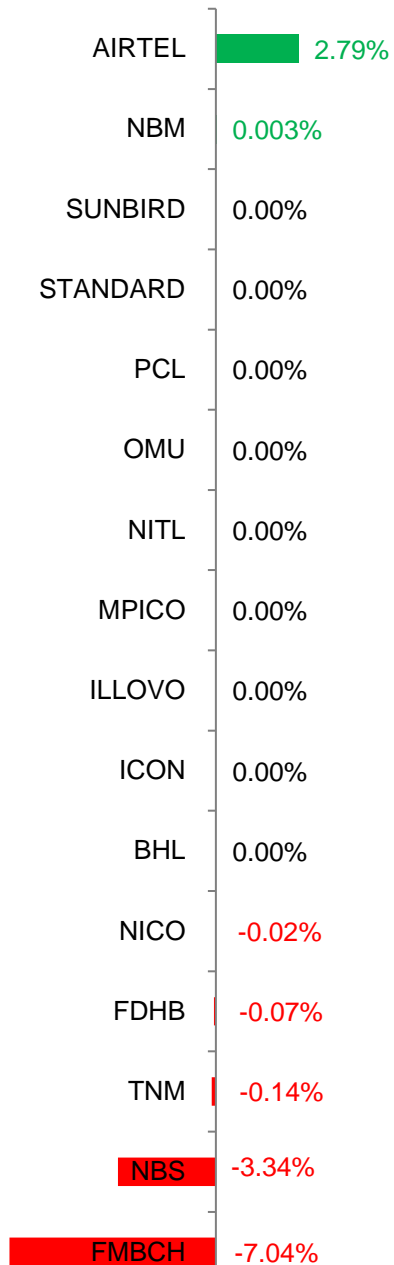
Stock market (Source: MSE)

The stock market was marginally bearish over the period with the Malawi All Share Index (MASI) closing the week ending 8 July 2022 at 49,394.70 points from 49,551.11 points for the week ending 1 July 2022. Week-on-week, this represents a decrease of 0.32%.

There were share price losses for FMBCH and NBS, as well as marginal share price losses for TNM, FDH bank and NICO. The share price losses offset a share price gain for AIRTEL and a marginal share price gain for NBM during the period under review.



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



Symbol	Closing prices as of 8 July 2022 (MK/share)
AIRTEL	50.03
BHL	11.01
FDHB	13.99
FMBCH	118.00
ICON	12.00
ILLOVO	305.53
MPICO	20.70
NBM	1,000.28
NBS	22.00
NICO	46.74
NITL	110.03
OMU	1,600.00
PCL	1,900.00
STANDARD	1,600.03
SUNBIRD	80.01
TNM	13.98



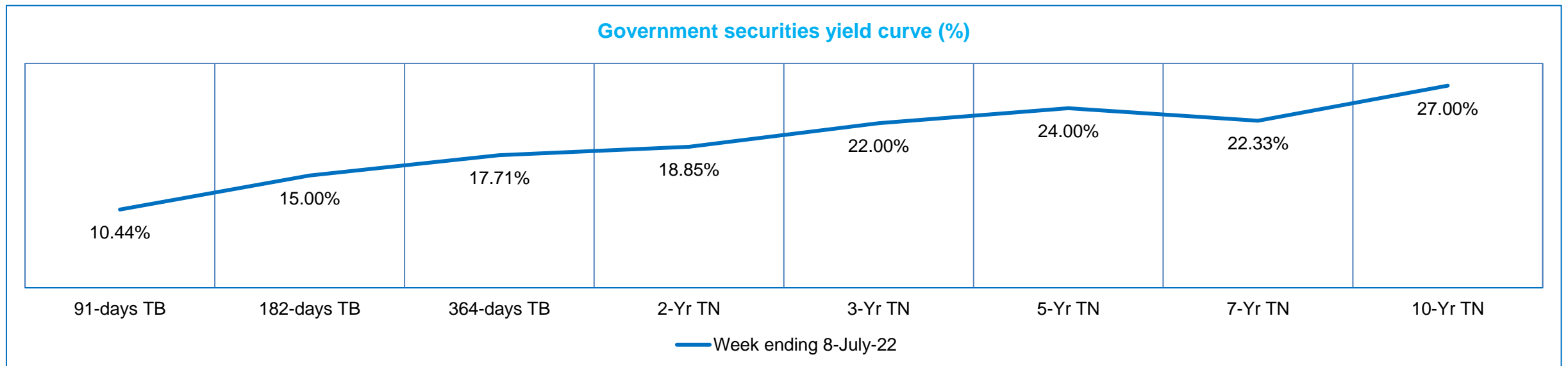
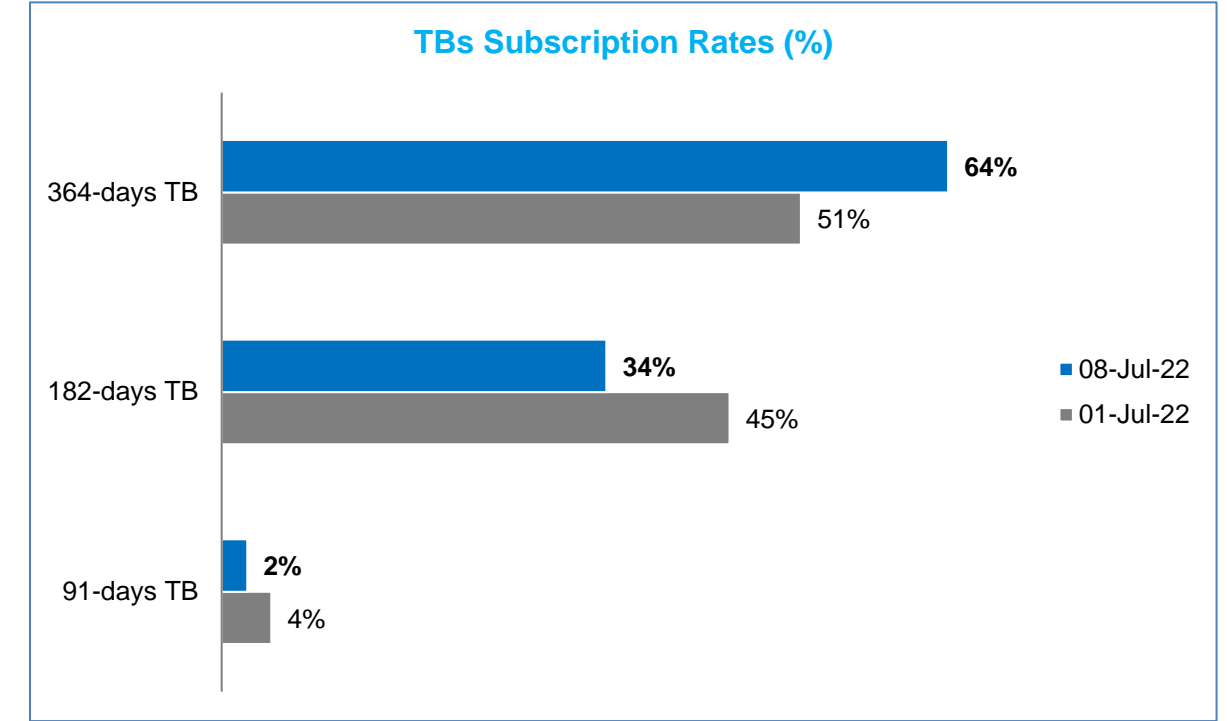
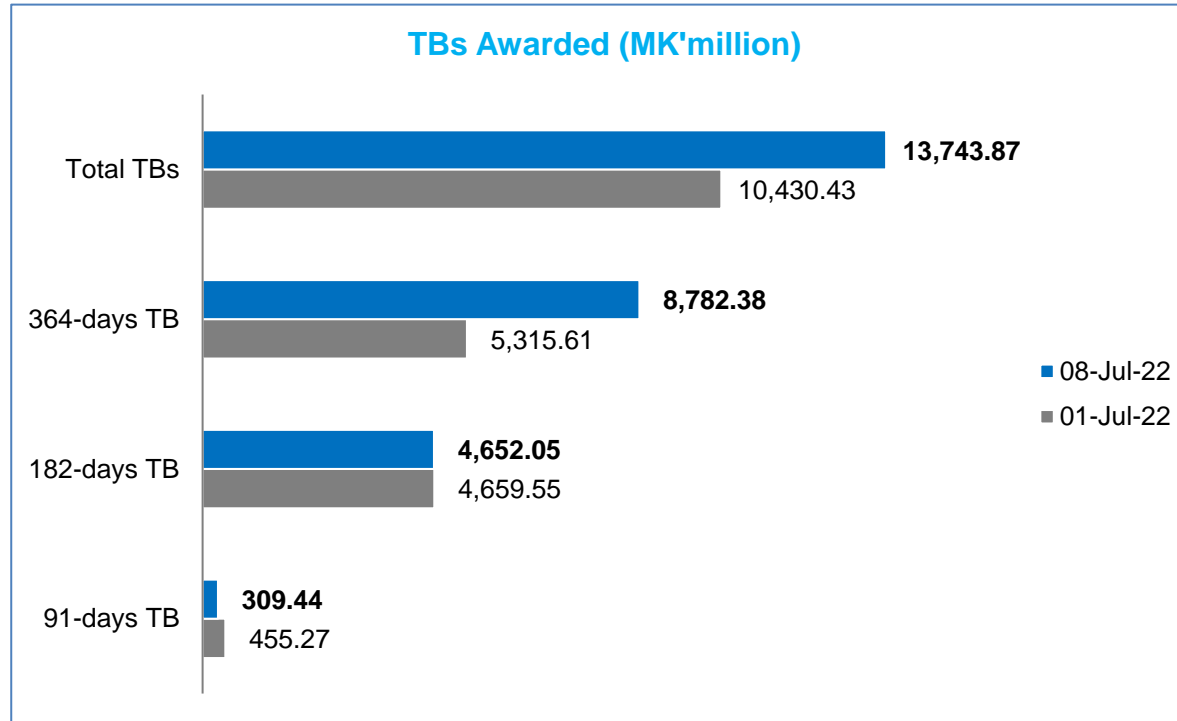
Government securities (Source: RBM)

A total of MK13.74 billion was awarded in this week's TBs auctions.

The TBs auctions had a nil rejection rate.

The 364-days TB had the highest subscription at 64%, during the period under review.

The average TB yield increased to 14.39% from 14.12%..



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 8 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	1,232.13*
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	1,042.24*
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	N/A	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	N/A	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	N/A	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	N/A	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%	N/A	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%	N/A	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%	N/A	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%	10.44%
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%	17.71%
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%	22.33%
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	49,394.70
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	39,219.14
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	6,044.06

*: Reserve Bank of Malawi opening exchange rates as of 8 July 2022

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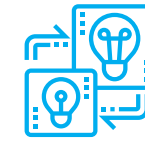
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