



Malawi Financial Market Update

Week ending 19 August 2022



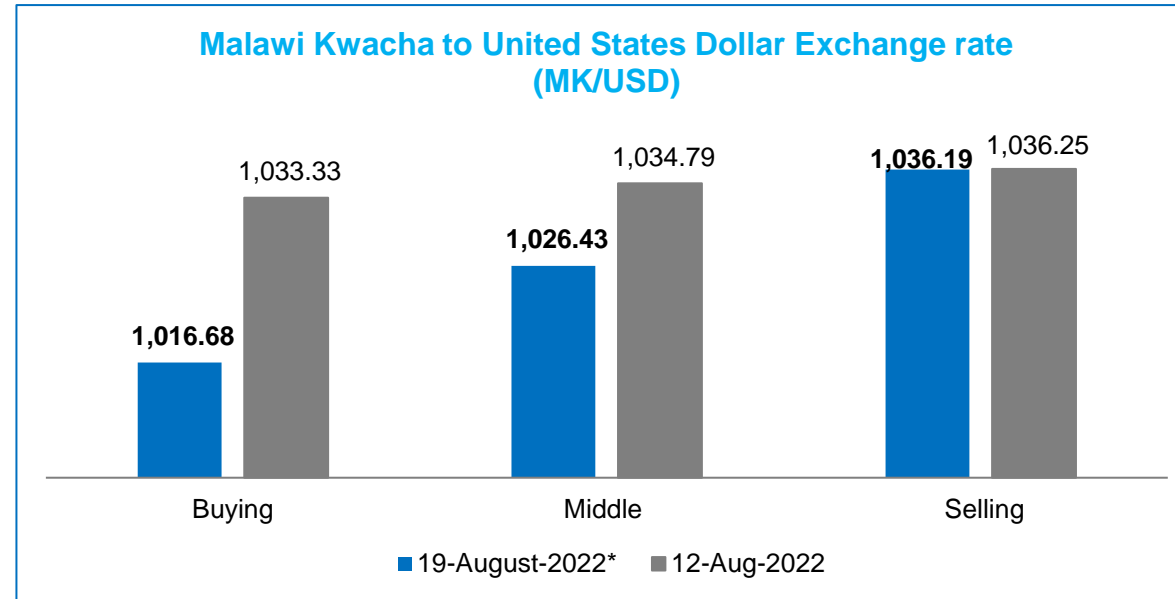
Financial Market Update: Week ending 19 August 2022

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

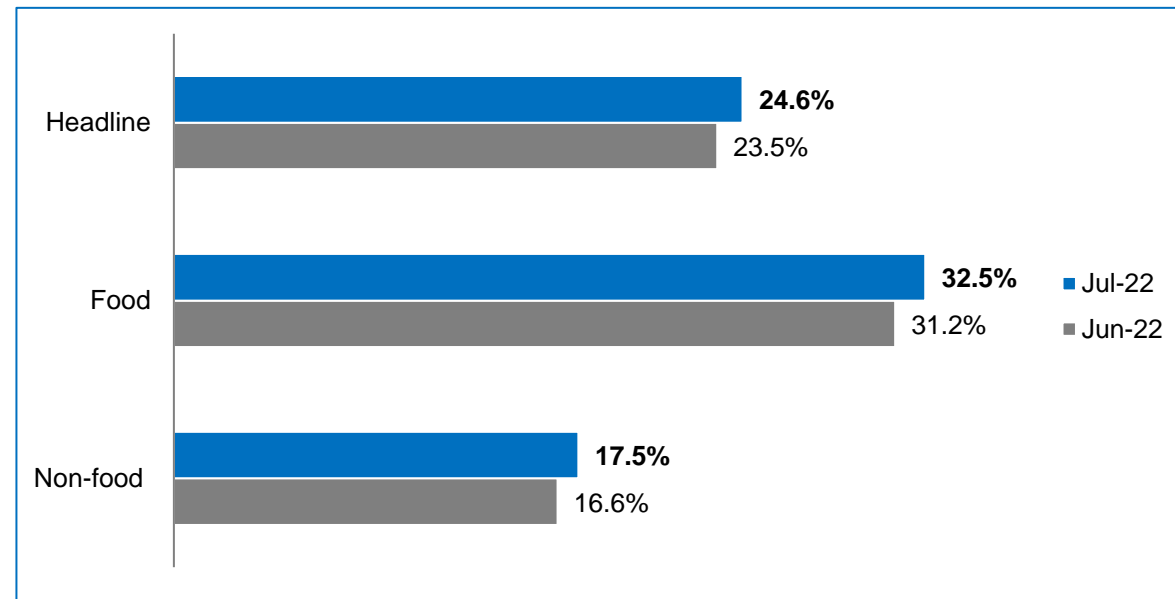
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.81% as it traded at MK1,026.43/USD as of 19 August 2022 from MK1,034.79/USD as of 12 August 2022.

According to the NSO, headline inflation increased to 24.6% in July 2022, from 23.5% in June 2022. This was due to increases from both food and non-food inflation.

Foreign currency (Source: RBM)



Inflation (source: NSO)



*: Reserve Bank of Malawi opening exchange rates as of 19 August 2022

** Special meeting

Annual General Meetings

Company	Venue	Date	Time
NICO	Ryalls Hotel	26 August 2022	10:00 hrs
FMBCH	Virtual	30 August 2022	14:00 hrs
ICON	Ryalls Hotel, Blantyre and Virtually	1 September 2022	14:00 hrs

What Happened this Week

1. According to the National Statistical office (NSO), the headline inflation rate (year on year) increased by 1.1 percentage points to 24.6% in July 2022, from 23.5% registered in the preceding month. During the same period last year, headline inflation increased to 8.7% in July 2021, from 9.1% in June 2021 (*The Daily Times, 19-August-2022*).
2. The Malawi Communication Regulatory Authority (MACRA) has disclosed that the development of digital platforms such as WhatsApp, Zoom and Microsoft Teams has reduced the amount of user fees the authority used to collect through international calls by over 90%. MACRA indicated that between July 2014 and June 2015, the revenue which the authority collected was USD14.4 million (about MK14.4 billion) but between July 2021 and June 2022, the amount collected went down to USD1.5 million (about MK1.4 billion) (*The Daily Times, 15-August-2022*).
3. Barely a week after Airtel has ended their trial for MoFaya bundles, TNM has adjusted its service prices upwards by 20% effective 16 August 2022. The listed company stated that the adjustment has been necessitated by the rising cost of doing business as a result of the 25% devaluation of the local currency, coupled with persistent inflationary pressures. The adjustment of tariffs is necessary to protect shareholder value and capital exposure of the business while maintaining high quality products and services (*The Daily Times, 15-August-2022*).
4. According to the results for the six months ended 30 June 2022, Standard bank plc registered a profit after tax of MK15.8 billion, an increase of 36.8% from a profit after tax of MK11.57 billion registered for the same period in 2021. NBS registered a profit after tax of MK5.09 billion, an increase of 15.8% from a profit after tax of MK4.4 billion registered during the same time in the previous year (*The Nations, 19-August-2022*).

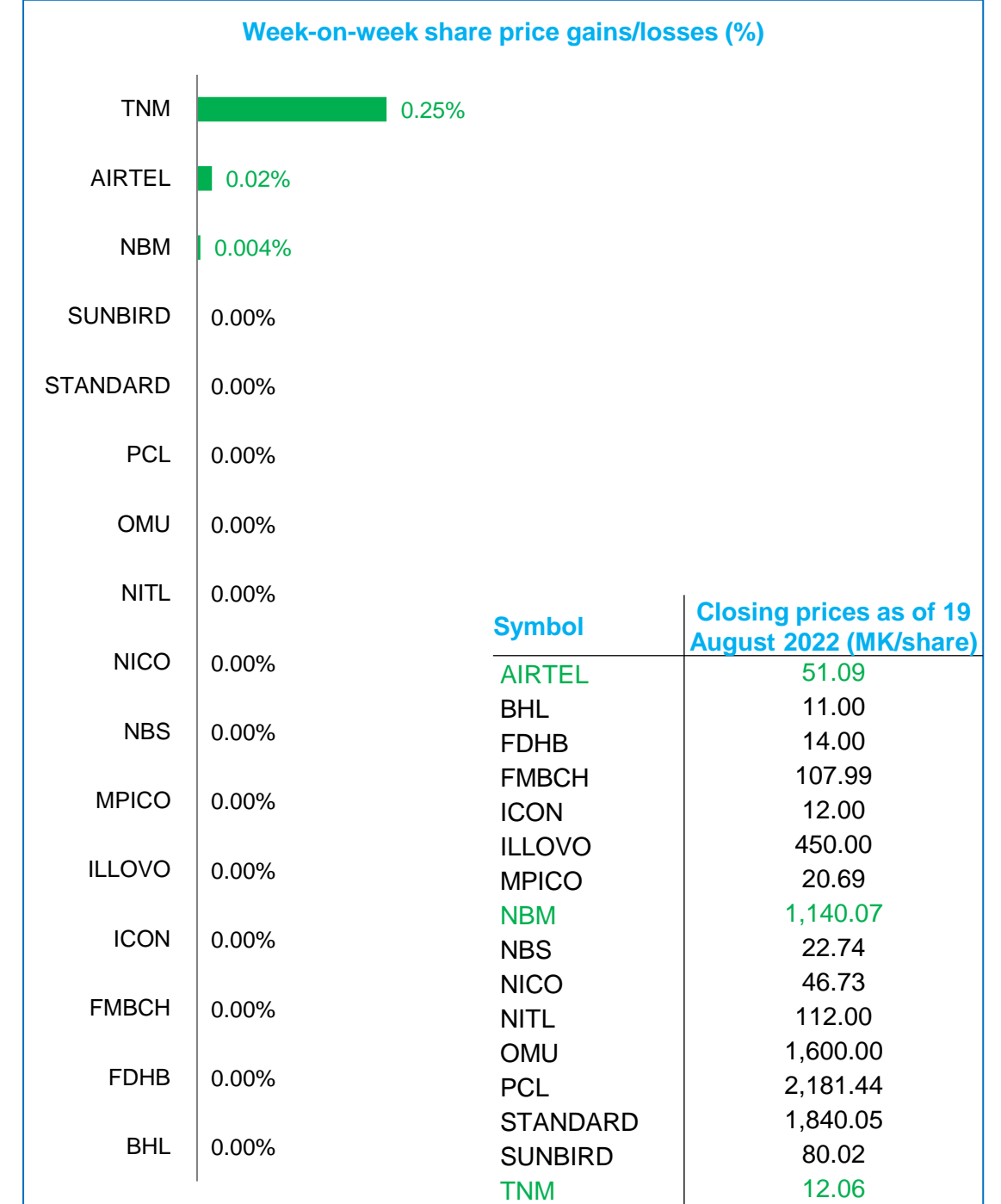
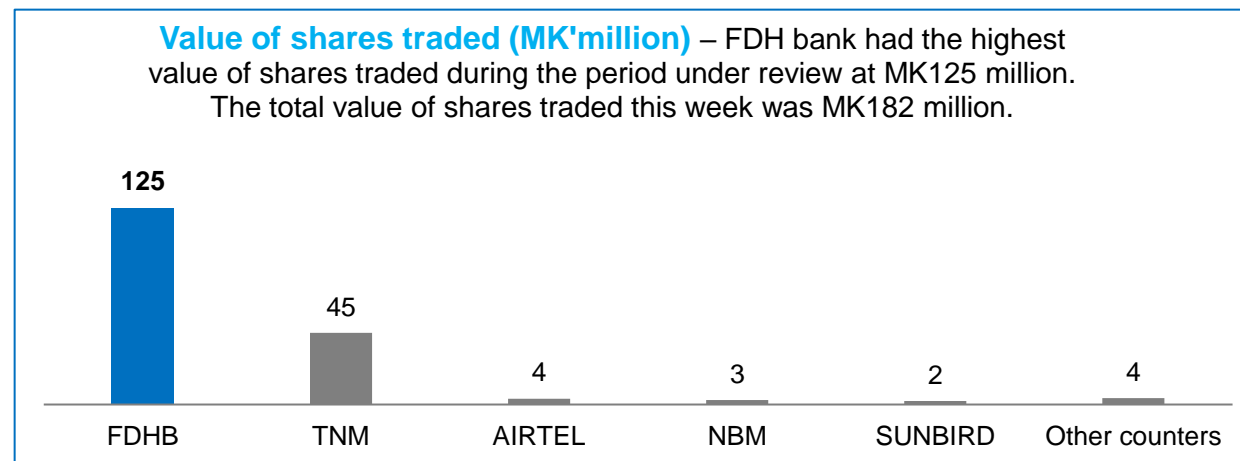
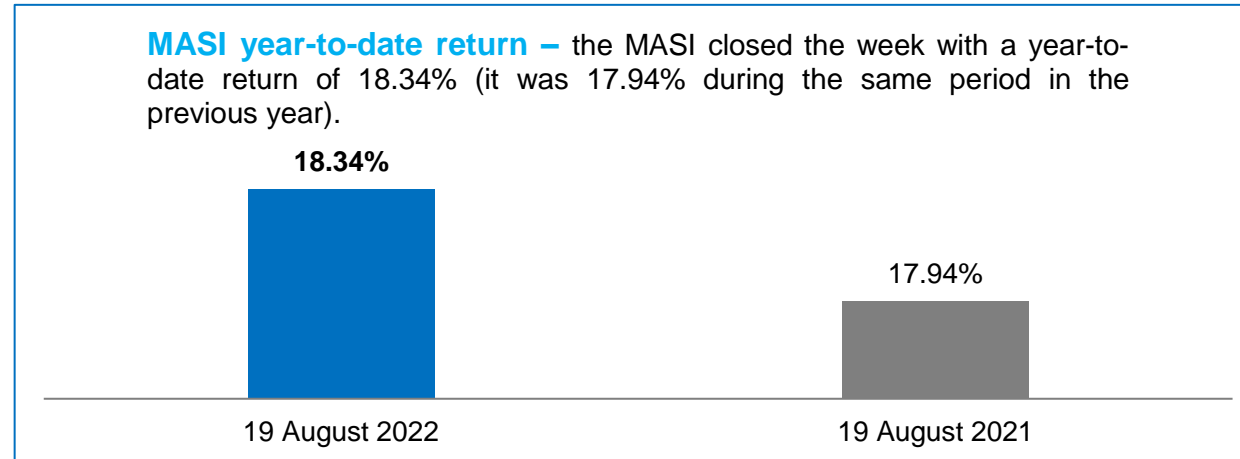
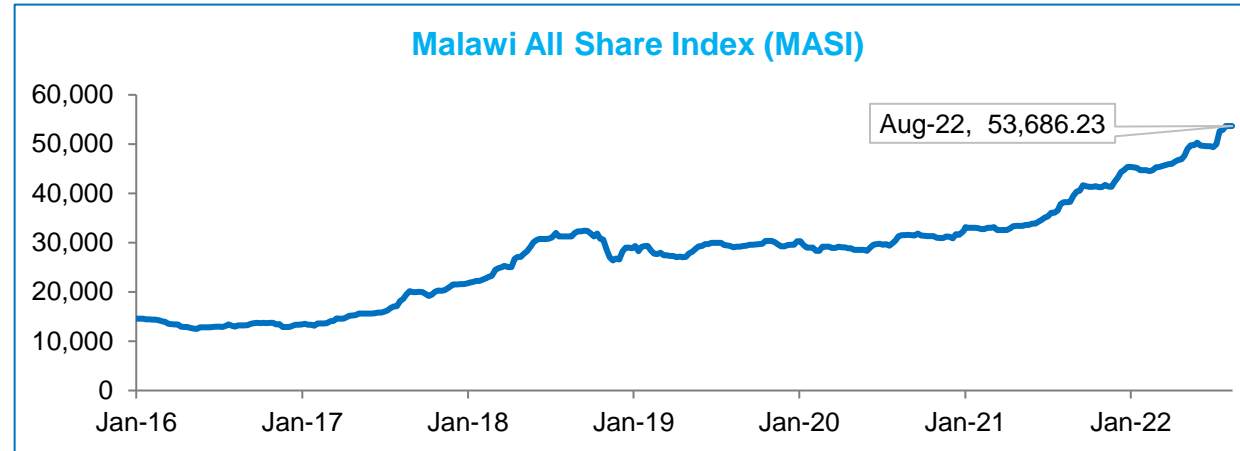


Financial Market Update: Week ending 19 August 2022

Stock market (Source: MSE)

The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 19 August 2022 at 53,686.23 points from 53,678.38 points for the week ending 12 August 2022. Week-on-week, this represents an increase of 0.02%.

There were marginal share price gains for TNM, AIRTEL and NBM during the period under review.



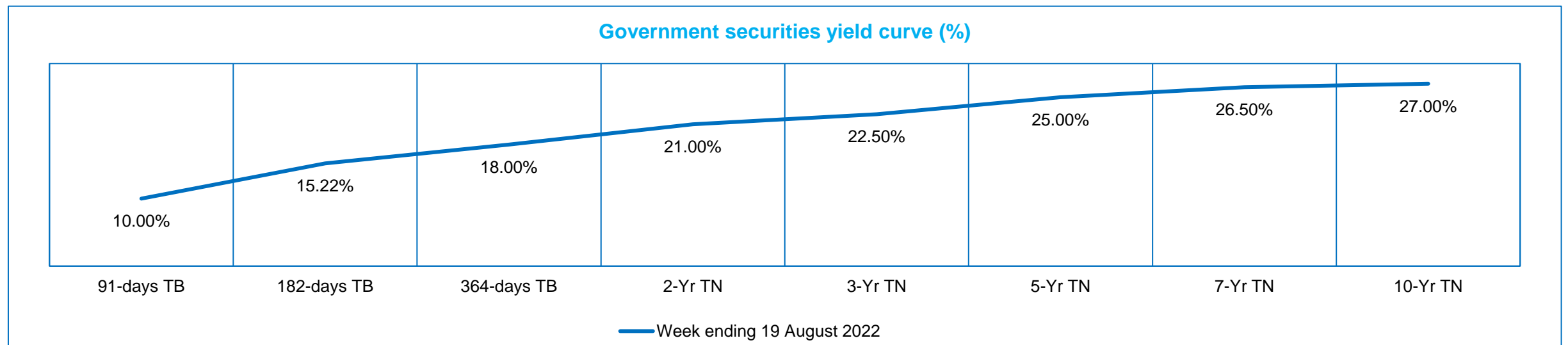
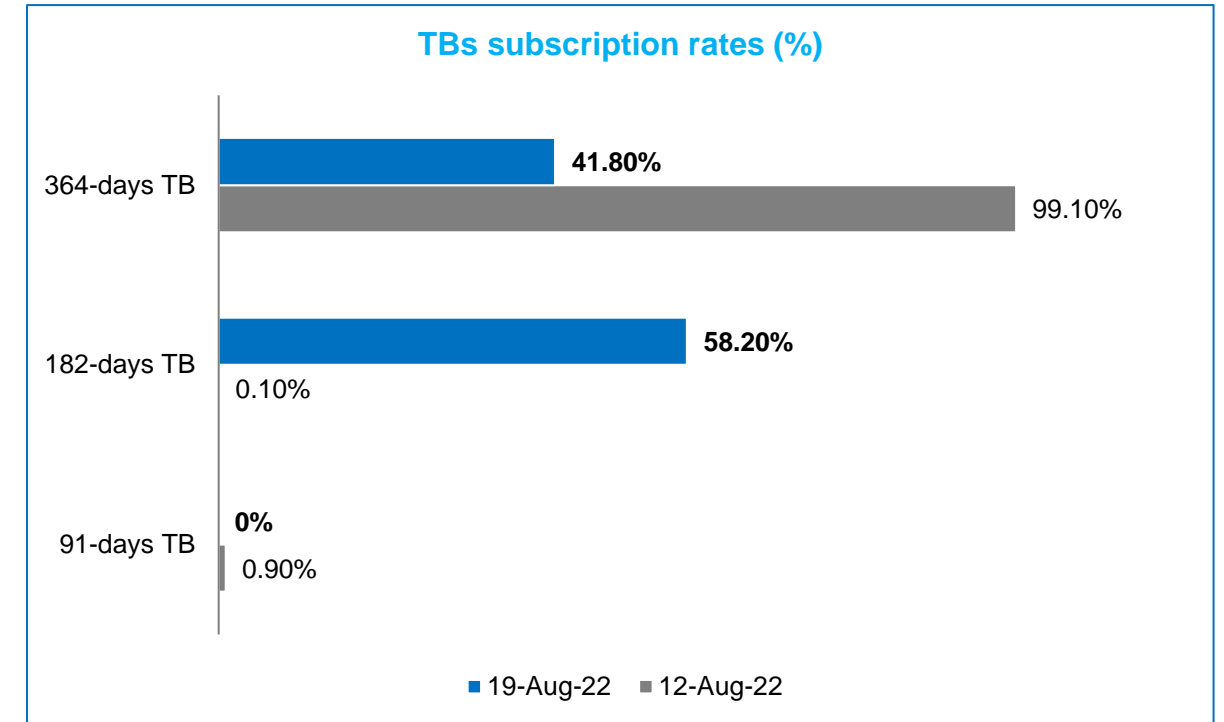
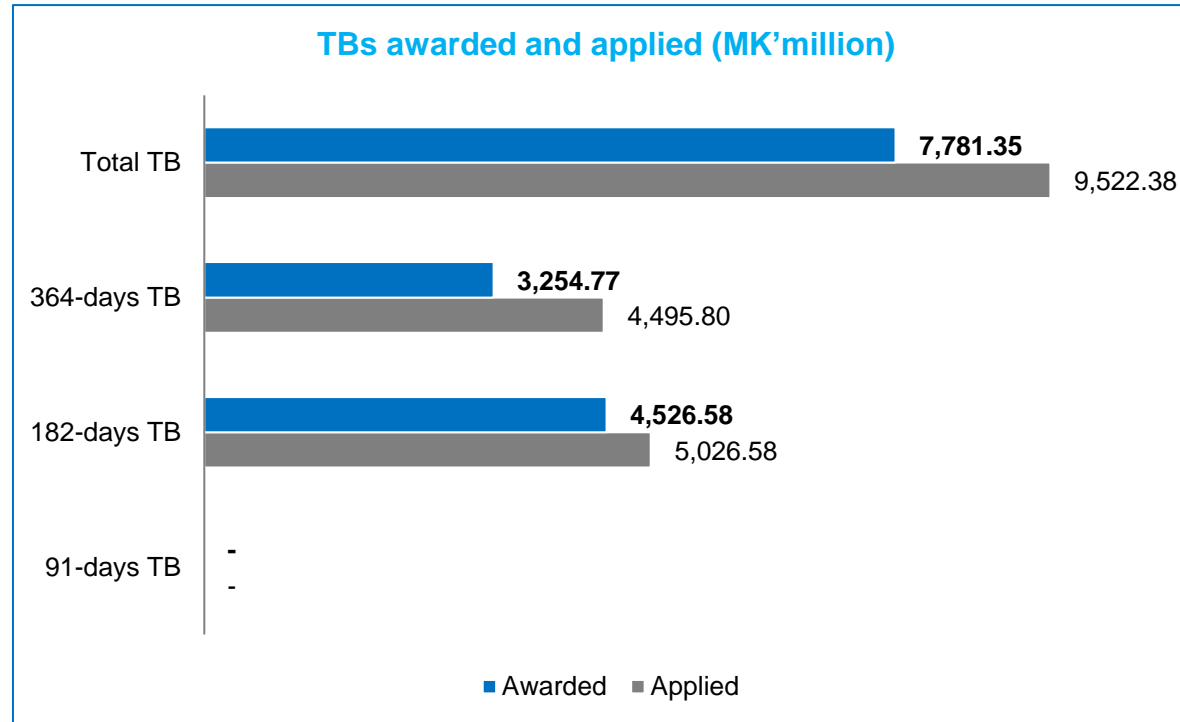


Government securities (Source: RBM)

A total of MK7.78 billion was awarded in this week's auctions of Treasury Bills (TBs) and no Treasury Notes (TNs) were traded.

The TBs auctions had a rejection rate of 18%.

The average TB yield increased to 14.41% from 14.33% during the previous week's auction.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	July-22	Week ending 19 August 2022
Exchange rates (middle rates)																		
MK/USD	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	1,035.03	1,026.43*
MK/GBP	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	1,296.86	1,258.52*
MK/EUR	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	1,085.01	1,065.47*
MK/ZAR	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	64.13	63.75*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	372.99	N/A
Private Sector Reserves (USD'mn)	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	396.02	N/A
Total reserves (USD'mn)	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	769.01	N/A
Gross Official Reserves Import cover (months)	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	1.49	N/A
Inflation																		
Headline	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%	24.6%	N/A
Food	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%	32.5%	N/A
Non-food	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%	17.5%	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%	14.00%	14.00%	14.00%	14.00%
Average Interbank rate	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%	12.50%
Average base lending rate	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%	13.90%	13.80%
Government Securities' Yields																		
91-days Treasury Bill	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%	10.00%
182-days Treasury Bill	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%	15.22%
364-days Treasury Bill	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%	18.00%
2-year Treasury Note	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%	21.00%
3-year Treasury Note	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%	22.50%
5-year Treasury Note	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%	25.00%
7-year Treasury Note	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%	26.50%
10-year Treasury Note	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%	27.00%
Stock Market Indices																		
MASI	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	53,686.23
DSI	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	43,426.12
FSI	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	5,548.11

*: Reserve Bank of Malawi opening exchange rates as of 19 August 2022

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

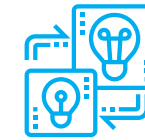
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Project Finance Advisory



Capital Raising



Business Plans/feasibility studies/Financial Projections



Equity/IPO Advisory