



Malawi Financial Market Update

Week ending 5 August 2022



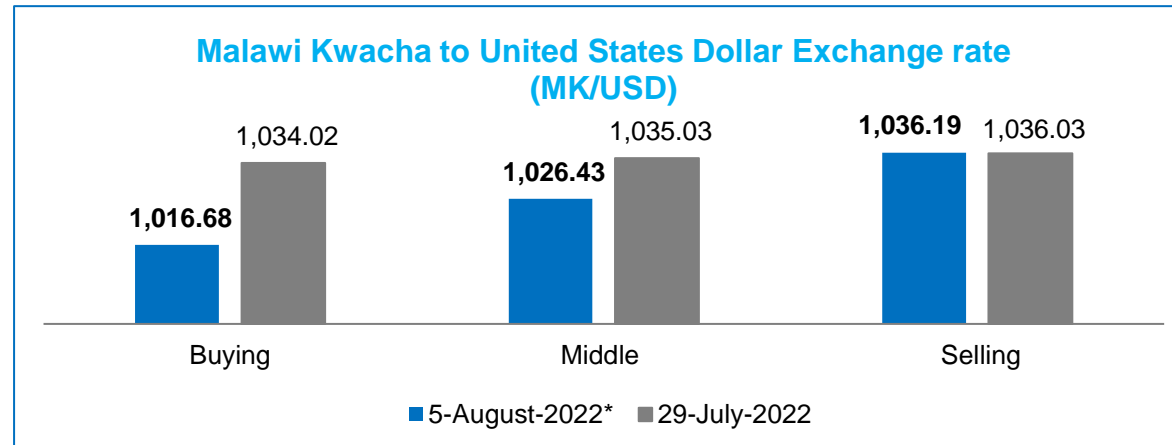
Financial Market Update: Week ending 5 August 2022

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

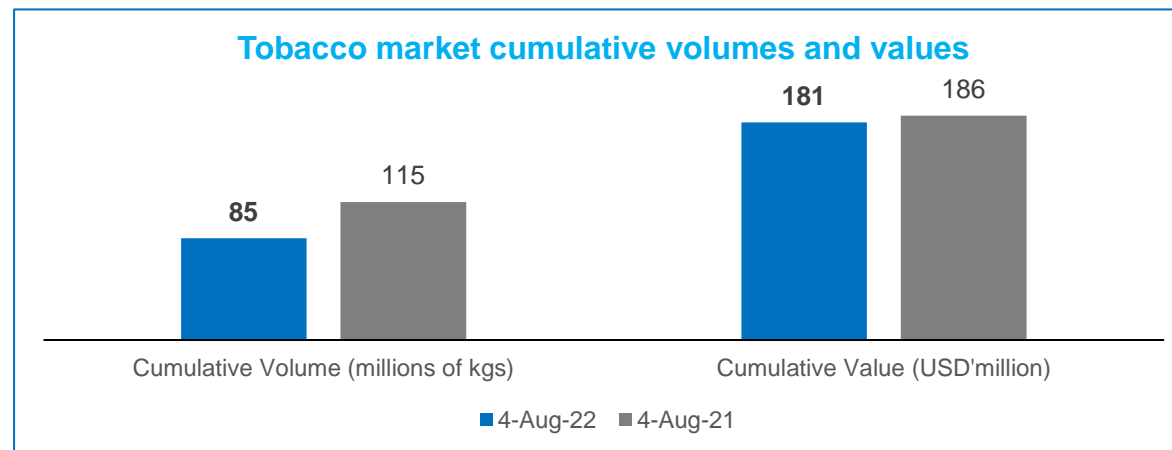
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.83% as it traded at MK1,026.43/USD as of 5 August 2022 from MK1,035.03/USD as of 29 July 2022.

The cumulative value of tobacco sold as of 4 August 2022 was USD181 million, a 3% decrease from a cumulative value of USD186 million sold as of 4 August 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
NICO	Ryalls Hotel, Blantyre	26 August 2022	10:00 hrs

What Happened this Week

1. The RBM revised the real GDP forecast for 2022 downwards to 1.7% from an earlier projection of 4.1% due to weather shocks and the impact of the Russo-Ukrainian War. On the contrary, the average headline inflation for 2022 was revised upwards to 23.2% from 12.3%. The revisions are likely to worsen the initial government budget deficit for the 2022/23 fiscal year (*The Daily Times, 1-August-22*).
2. The Government of Malawi (GoM) has decreased the number of beneficiaries for the 2022/23 Affordable Inputs Programme (AIP) by about 50% to 1.9 million from 3.7 million (*The Daily Times, 1-August-22*).
3. The National Food Reserve Agency (NFRA) has revised the price it will purchase maize upwards by 32% to MK290 per KG from MK220 per KG. This has led to a decrease in the quantity of maize that NFRA is expecting to purchase to 40 thousand metric tones from 50 thousand metric tones (*The Nation, 1-August-22*).
4. Parliament has referred the Banking Act Amendment Bill of 2022 to its Budget and Finance Committee as there were sentiments that the deal may scare investors. The Bill intends to provide more options for dealing with failing banks such as enabling the Registrar of Financial Institutions to facilitate mandatory recapitalization of the said banks (*The Nation, 2-August-22*).
5. Agricultural Development and Marketing Corporation (Admarc) has commenced the selling of maize in some districts such as Likoma and Chikwawa. However, the amount of maize that can be bought by an individual has been restricted to a maximum of 25kgs. The rationing was done to stabilize the prices and eliminate abuse of the system by vendors.

*: Reserve Bank of Malawi opening exchange rates as of 5 August 2022

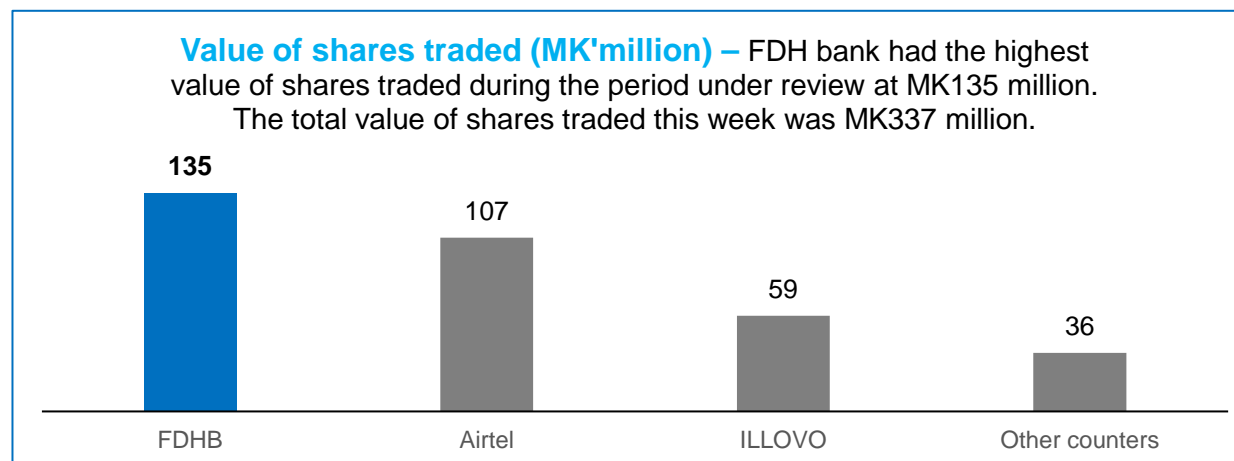
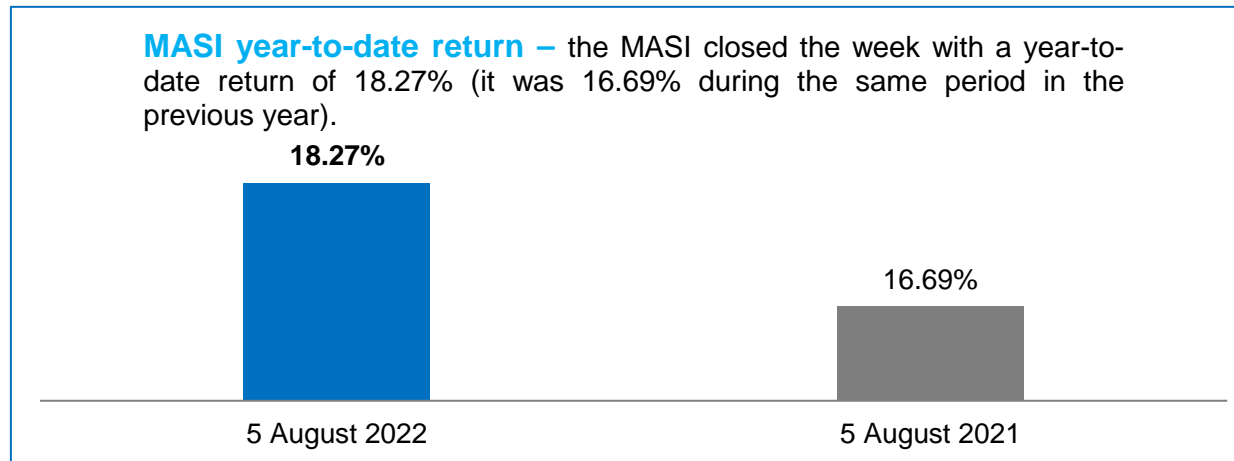
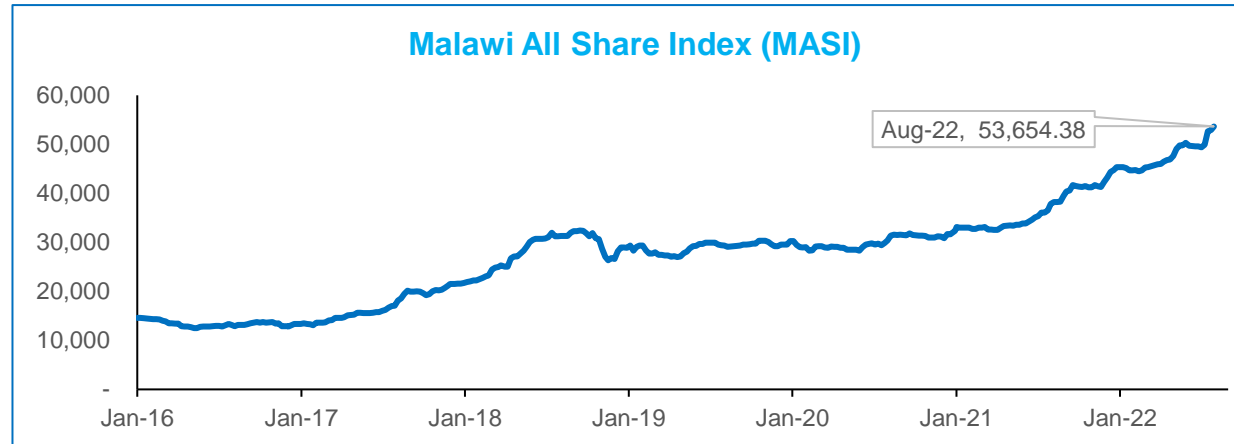


Financial Market Update: Week ending 5 August 2022

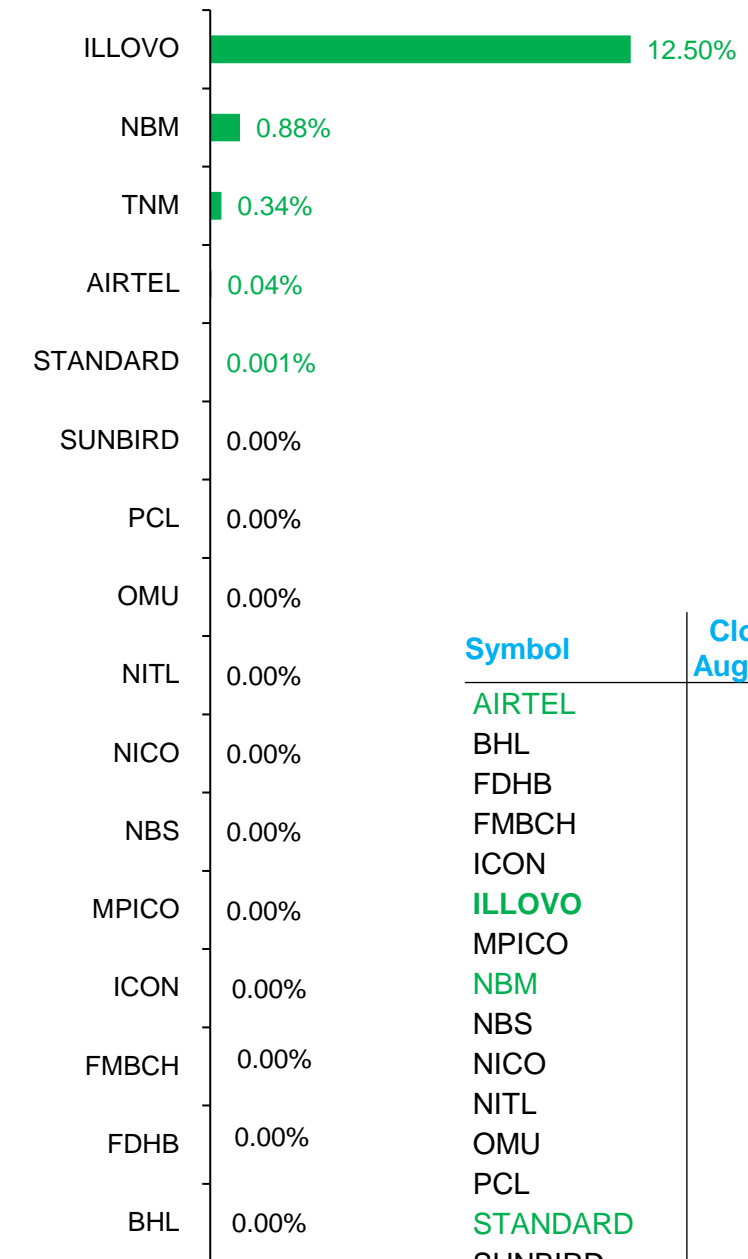
Stock market (Source: MSE)

The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 5 August 2022 at 53,654.38 points from 52,889.87 points for the week ending 29 July 2022. Week-on-week, this represents an increase of 1.45%.

There were share price gains for ILLOVO as well as marginal share price gains for NBM, TNM, AIRTEL and Standard Bank, during the period under review.



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



Symbol	Closing prices as of 5 August 2022 (MK/share)
AIRTEL	51.06
BHL	11.00
FDHB	14.00
FMBCH	108.00
ICON	12.00
ILLOVO	450.00
MPICO	20.69
NBM	1,140.00
NBS	22.74
NICO	46.73
NITL	110.05
OMU	1,600.00
PCL	2,181.44
STANDARD	1,840.05
SUNBIRD	80.02
TNM	11.95



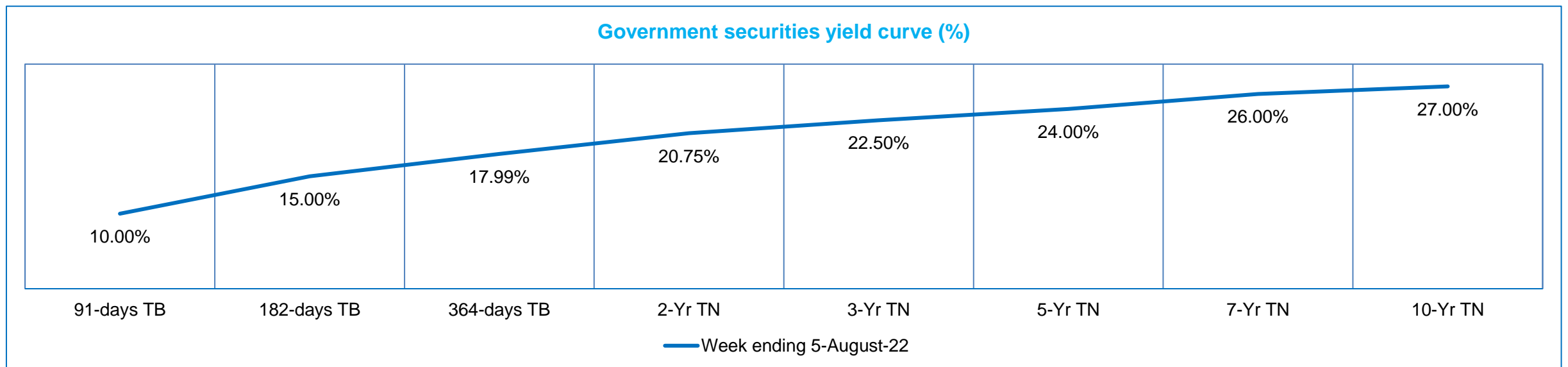
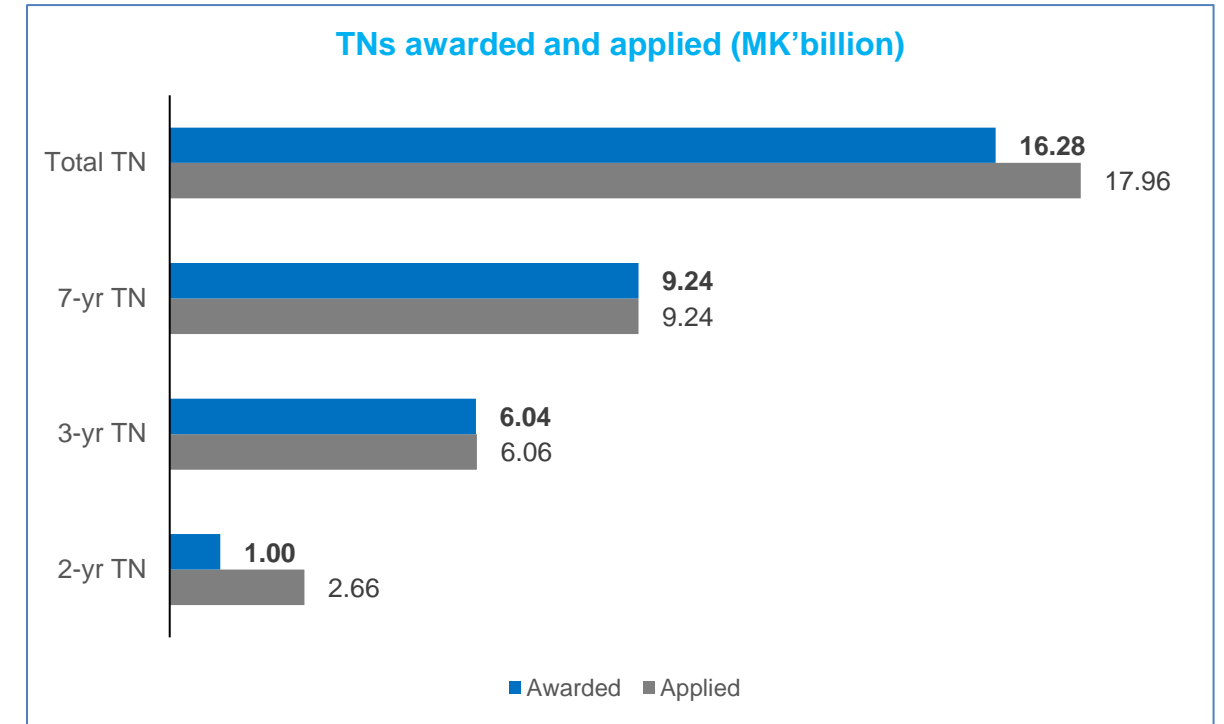
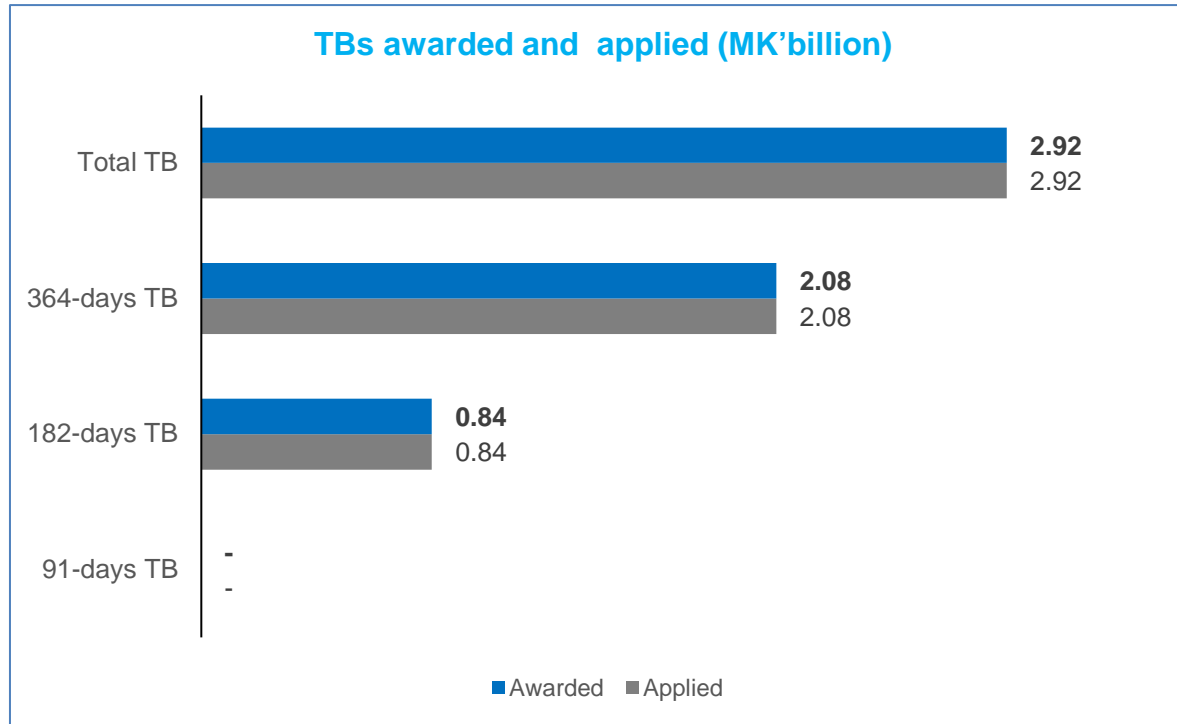
Government securities (Source: RBM)

A total of MK19.20 billion was awarded in this week's auctions of Treasury Bills (TBs) and Treasury Note (TNs).

MK2.92 billion and MK16.28 billion was awarded in the TBs and TNs auctions, respectively.

The TBs auctions had a nil rejection rate while the TN auctions had a rejection rate of 9%.

The average TB yield increased to 14.33% from 14.25% and the average TN yield increased to 24.88% from 23.81% during the period under review.



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 5 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	1,245.99*
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	1,049.53*
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	61.74*
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	N/A	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	N/A	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	N/A	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	N/A	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%	N/A	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%	N/A	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%	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%	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%	15.00%
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%	17.99%
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%	20.75%
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%	24.00%
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%	26.00%
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	53,654.38
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	43,397.39
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	5,548.61

*: Reserve Bank of Malawi opening exchange rates as of 5 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

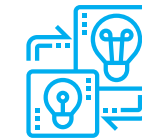
Website: www.bridgepathcapitalmw.com

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