



Malawi Financial Market Update

Week ending 16 September 2022

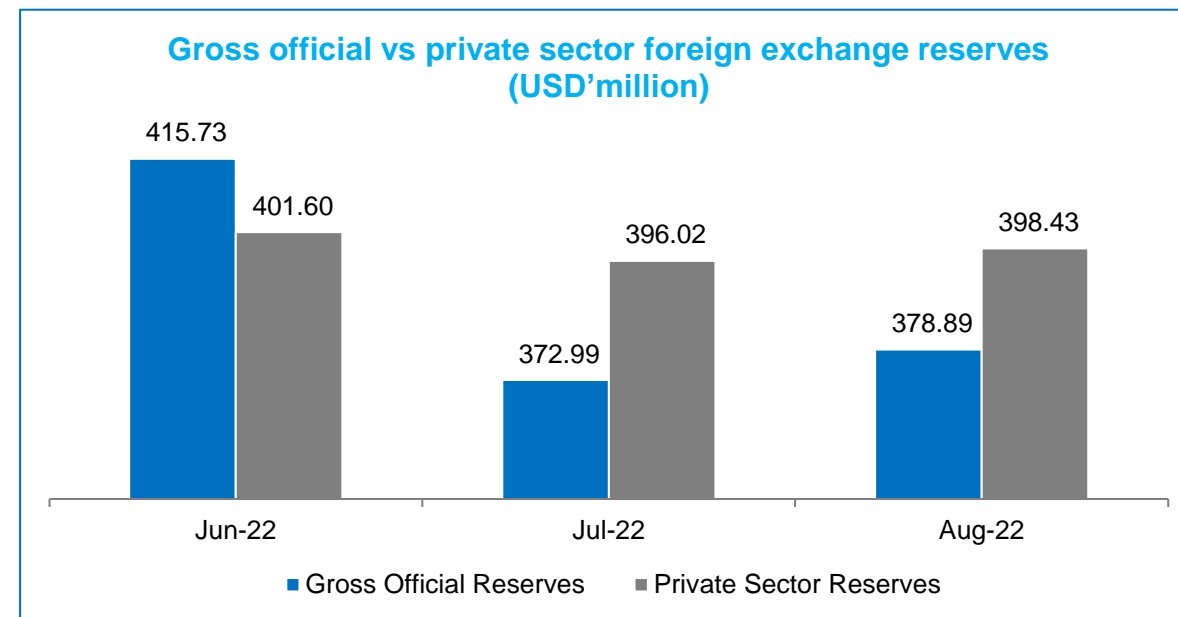
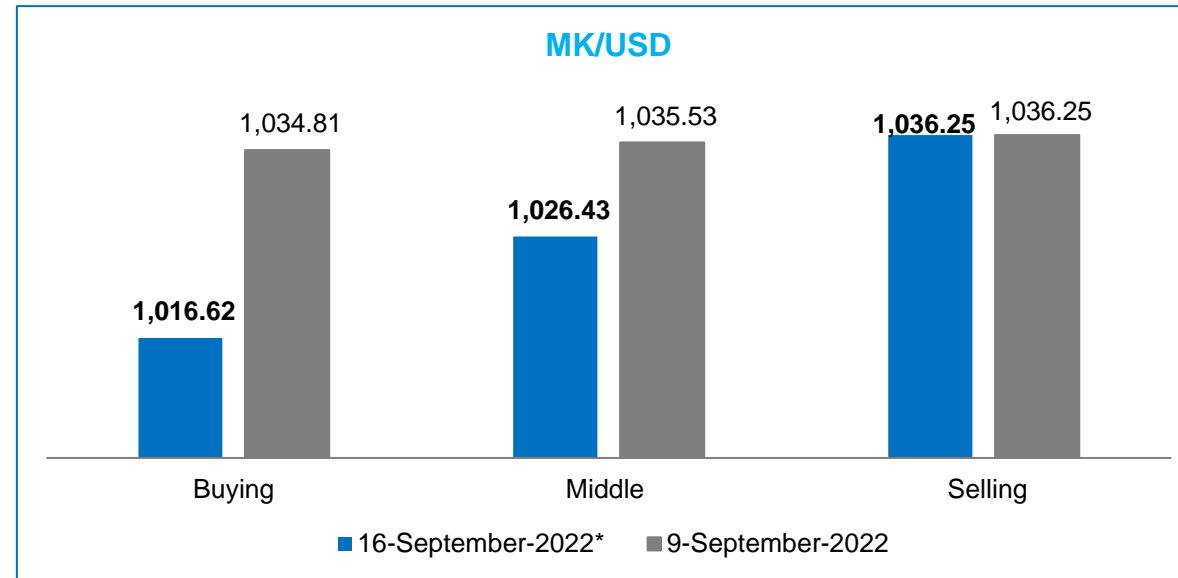


Foreign currency market and other market developments (Source: RBM)

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.88% as it traded at MK1,026.43/USD as of 16 September 2022 from MK1,035.53/USD as of 9 September 2022.

The International Monetary Fund (IMF) has halted Extended Credit Funds (ECF) with Malawi until a resolution is made on the country's debt sustainability situation.

Foreign currency (Source: RBM)



What Happened This Week

1. A report by the Reserve Bank of Malawi (RBM) shows that Commercial banks posted a combined MK68.60 billion profit after tax in the half year of 2022. This represents a 41.4% increase in profit compared to a similar period in 2021. The banking sector remains resilient while almost all other sectors of the economy have been squeezed due to volatility of the operating environment emanating from the COVID pandemic and interrupted global market supply chains due to the Russia-Ukraine war (*The Daily Times, 12-September-2022*).
2. The International Monetary Fund (IMF) has halted Extended Credit Funds (ECF) with Malawi until a resolution is made on the country's debt sustainability situation. This comes barely 3 days after the fund's director said a country like Malawi with no fuel, and food with unsustainable debt, is difficult to enter for the fund (*The Daily Times, 13-September-2022*).
3. The Reserve Bank of Malawi (RBM) says the use of digital financial services rose in first half of 2022. This was reflected through the improvement of transaction in both volume and value compared to the same period in 2021. The RBM's June 2022 Financial Stability Report indicates that the total volume of transactions using digital financial services stood at 460.70 million whereas the value of transaction stood at MK8.20 trillion (*The Nation, 14-September-2022*).
4. As Malawians grapple with the problem of fuel shortage, the government has said it will issue importation permits to firms which consume large quantities of the commodity. This is to allow firms to import directly from diesel suppliers for their industrial use as a way to solve the fuel crisis in the country (*The Daily Times, 15-September-2022*).
5. As of 31 August 2022, the country's gross official forex reserves increased by 1.6% to USD378.89 million, from a gross official foreign exchange reserve position of USD372.99 million as of 31 July 2022. The private sector forex reserves increased to USD398.43 million as of 31 August 2022, from USD396.02 million as of 31 July 2022. Overall, the total foreign exchange reserves held in August 2022 were USD777.32 million, an increase of 1.1% from USD769.01 million held in July 2022.

*: Reserve Bank of Malawi opening exchange rates as of 16 September 2022



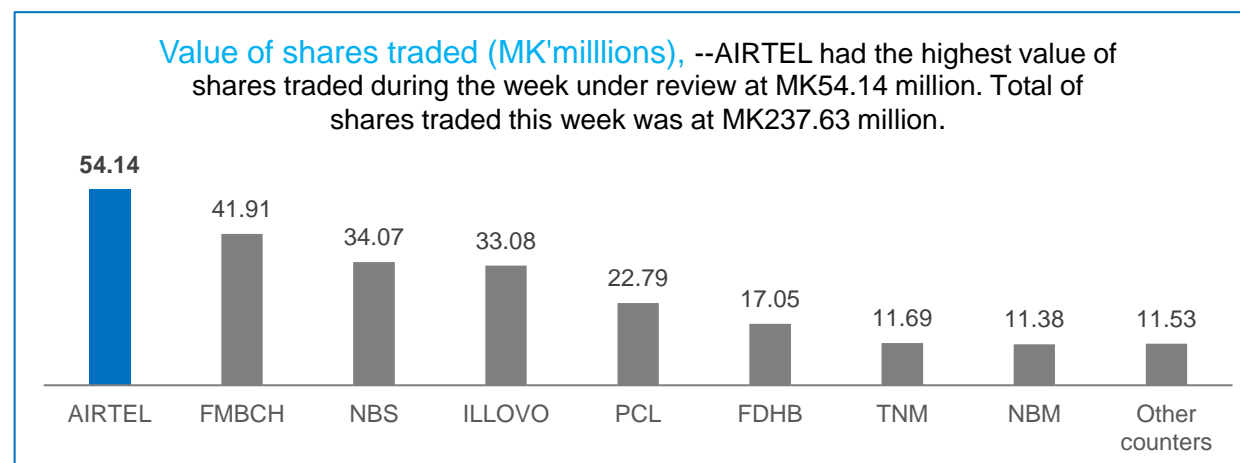
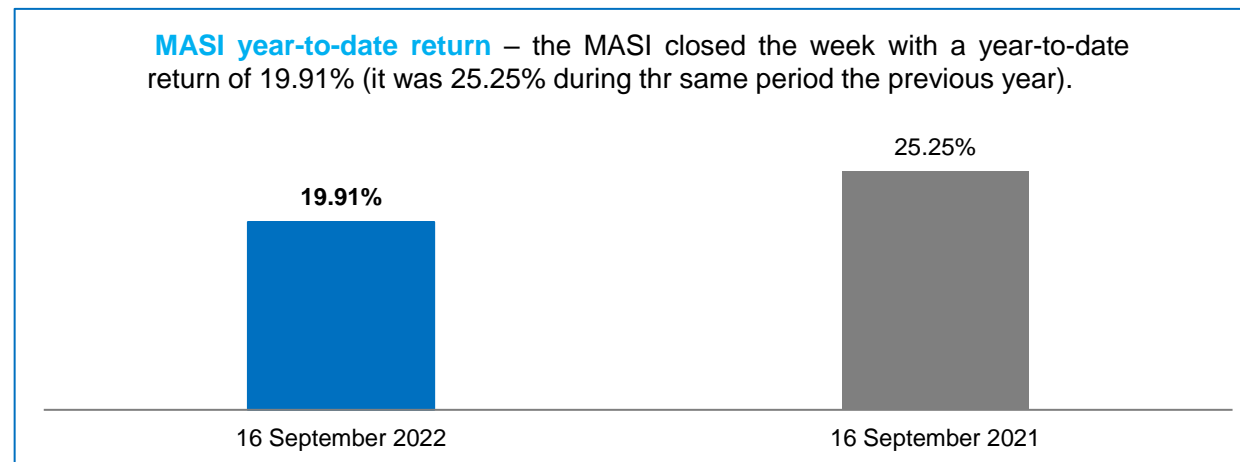
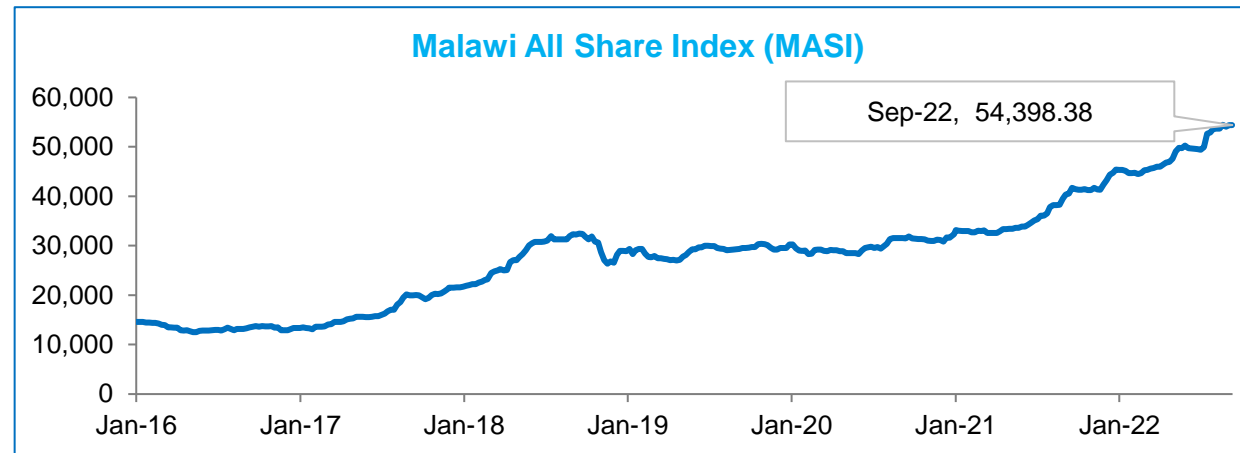
Financial Market Update: Week ending 16 September 2022

Stock market (Source: MSE)

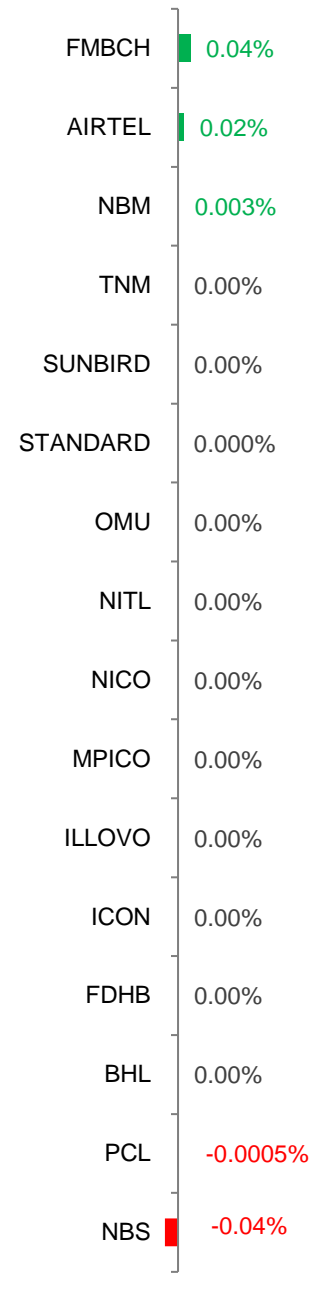
The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 16 September 2022 at 54,398.38 points from 54,394.89 points for the week ending 9 September 2022. Week-on-week, this represents an increase of 0.01%.

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

There were marginal share price losses for PLC and NBS during the period under review.



Week on week percentage change (%)



Symbol	Closing prices as of 16 September 2022 (MK/share)
AIRTEL	51.16
BHL	10.99
FDHB	15.00
FMBCH	100.04
ILLOVO	11.97
ILLOVO	500.00
MPICO	20.67
NBM	1,160.04
NBS	22.71
NICO	50.95
NITL	112.00
OMU	1,600.00
PCL	2,181.43
STANDARD	1,840.08
SUNBIRD	80.02
TNM	12.06



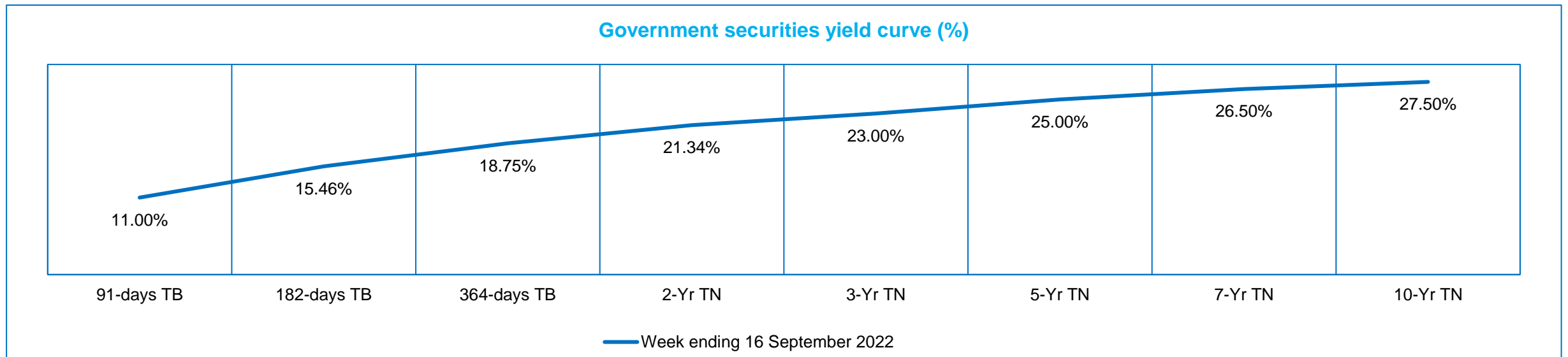
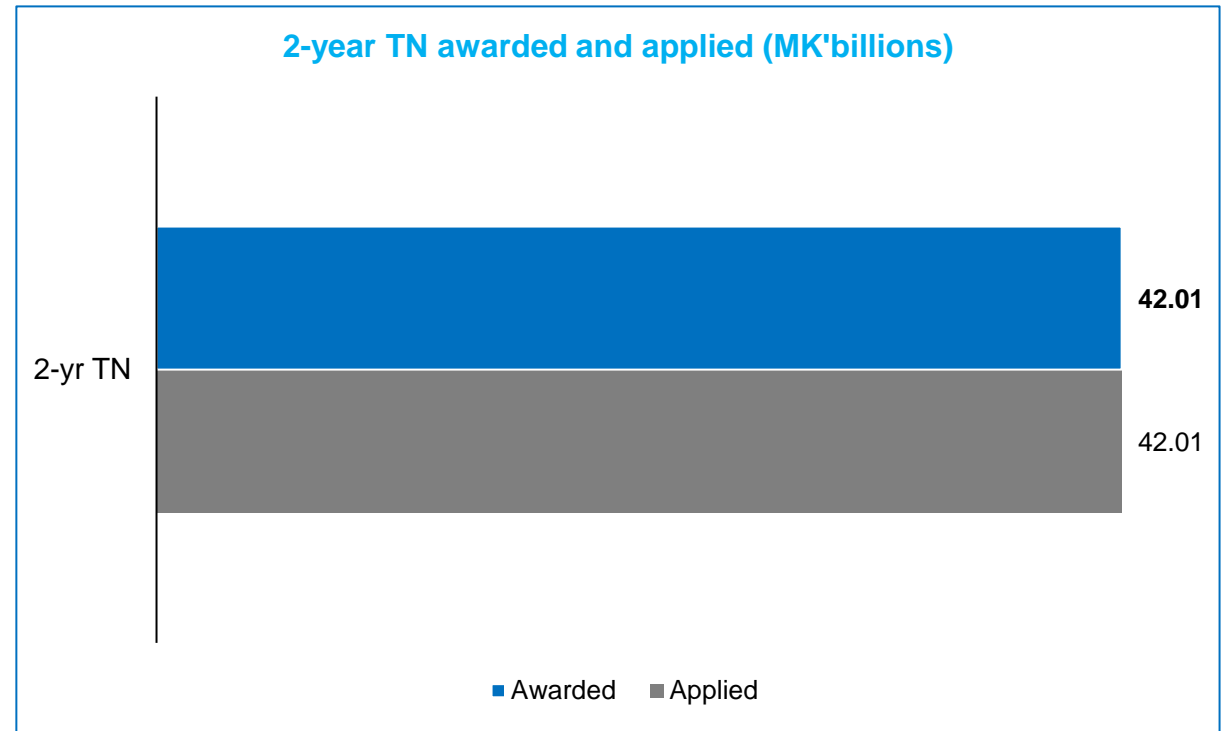
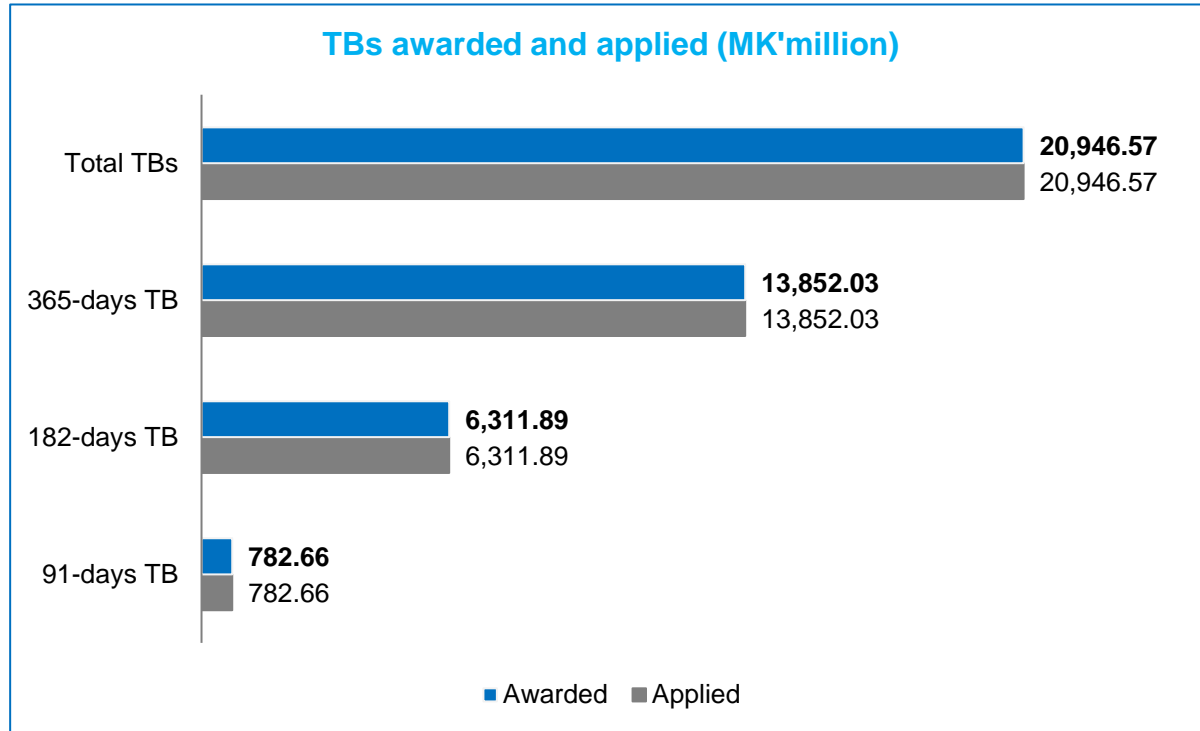
Government securities (Source: RBM)

A total of MK62.96 billion was awarded in this week's auctions of Treasury Bills (TBs) and 2-year Treasury Note (TN).

MK20.95 billion and MK42.01 billion was awarded in the TBs and TN auctions, respectively.

The TBs auctions together with the 2-yr TN had nil rejection rates.

The average TB yield increased to 15.07% from 15.00% and the average TN yield increased to 24.67% from 24.60% during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	August-22	Week ending 16 Sept-2022
Exchange rates (middle rates)																		
MK/USD	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	1,035.42	1,026.43*
MK/GBP	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	1,240.77	1,211.37*
MK/EUR	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	1,066.19	1,055.95*
MK/ZAR	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	62.49	60.14*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	378.89	N/A
Private Sector Reserves (USD'mn)	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	398.43	N/A
Total reserves (USD'mn)	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	777.32	N/A
Gross Official Reserves Import cover (months)	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	1.52	N/A
Inflation																		
Headline	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	N/A
Food	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	N/A
Non-food	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	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%	14.00%	14.00%	14.00%	14.00%	14.00%
Average Interbank rate	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%	12.50%
Average base lending rate	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%	14.20%	14.20%
Government Securities' Yields																		
91-days Treasury Bill	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%	11.00%	11.00%
182-days Treasury Bill	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%	15.50%	15.46%
364-days Treasury Bill	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%	18.33%	18.75%
2-year Treasury Note	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%	21.34%
3-year Treasury Note	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%	23.00%	23.00%
5-year Treasury Note	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%	25.00%
7-year Treasury Note	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%	26.75%	26.50%
10-year Treasury Note	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%	27.50%
Stock Market Indices																		
MASI	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	54,454.45	54,398.38
DSI	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	44,109.31	44,368.22
FSI	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	5,152.23

*: Reserve Bank of Malawi opening exchange rates as of 16 September 2022

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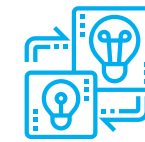
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