



Malawi Financial Market Update

Week ending 23 September 2022



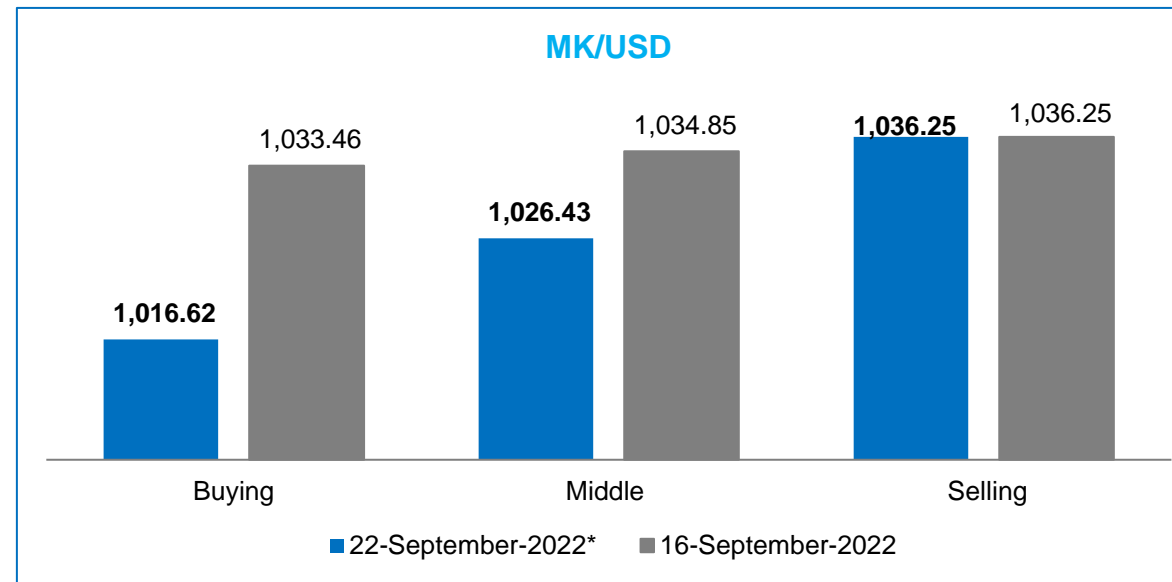
Financial Market Update: Week ending 23 September 2022

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

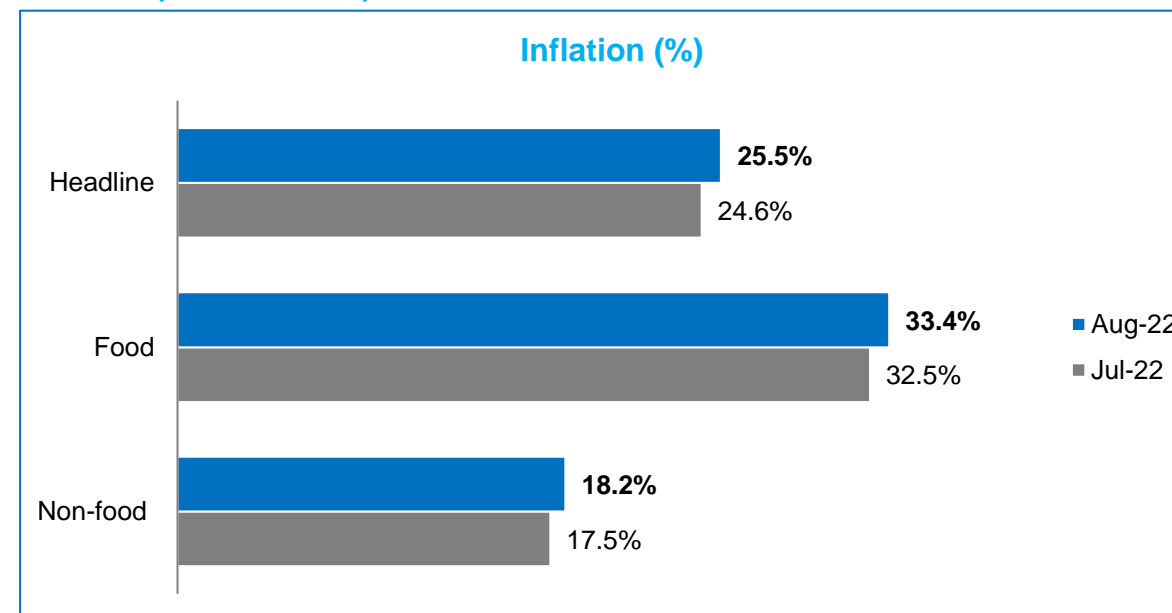
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.81% as it traded at MK1,026.43/USD as of 23 September 2022 from MK1,034.85/USD as of 16 September 2022.

Headline inflation for the month of August 2022 increased with 0.9% to 25.5% from 24.6% in the month of July 2022. This rise has been triggered by a rise in food and non-food prices.

Foreign currency (Source: RBM)



Inflation (Source: NSO)



*: Reserve Bank of Malawi opening exchange rates as of 23 September 2022

What Happened This Week

1. The General Manager for Petroleum Importers Limited (PIL) said that the shortage of foreign exchange in the country has forced commercial banks to trim the dollar allocation to importers, leading to prevailing product stockouts. The Deputy Chief Executive Officer of National Oil Company of Malawi (NOCMA) shared a similar sentiment saying, the issue is not about the money because NOCMA has billions in Kwacha terms to cover all required fuel imports. However, there is lack of access to foreign exchange (*The Nation*, 19-September-2022).
2. Malawi faces a potential decline in crop output in the 2022/23 agricultural season, particularly the staple grain maize, largely on the account of elevated fertilizer prices. Agriculture experts have said that the situation will push up the cost of producing maize this season compared to the previous one. The high import prices, inflation and depreciation of Kwacha will affect government and traders' capacity to import critical commodities such as fertilizer; thereby pushing up the overall cost of production (*The Nation*, 22-September-2022).
3. Public debt has grown to MK6.38 trillion in March 2022 from MK5.63 trillion in June 2021. Now at 63%, Malawi's debt-to-gross domestic product (GDP) ratio has surpassed the internationally recommended 60%, pushing the country into a state where the country could be unable to meet repayments due to its creditors (*The Daily Times*, 22-September-2022).
4. The United States Development Finance Corporation (DFC) has committed to provide USD25 million for the Golomoti solar power plant project which is expected to add 30 megawatts to the national grid. The DFC Chief Executive officer said their commitment is to support the people of Malawi especially in the energy sector of development (*The Nations*, 23-September-2022).
5. Government through the Minister of Finance has secured USD50 million line of credit from Arab Bank and Economic Development in Africa (BADEA) for fuel imports (*The Nation*, 23-September-2022).

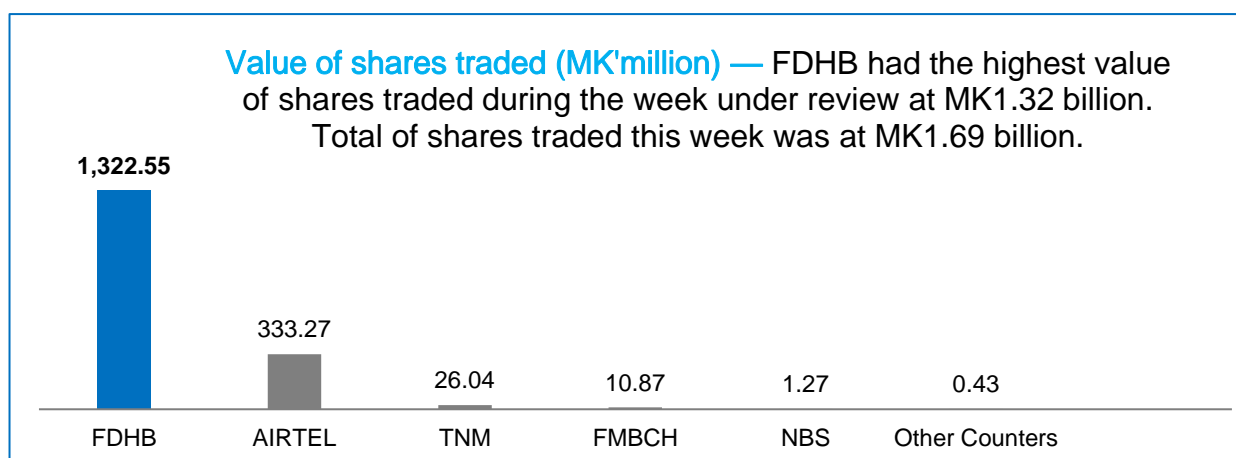
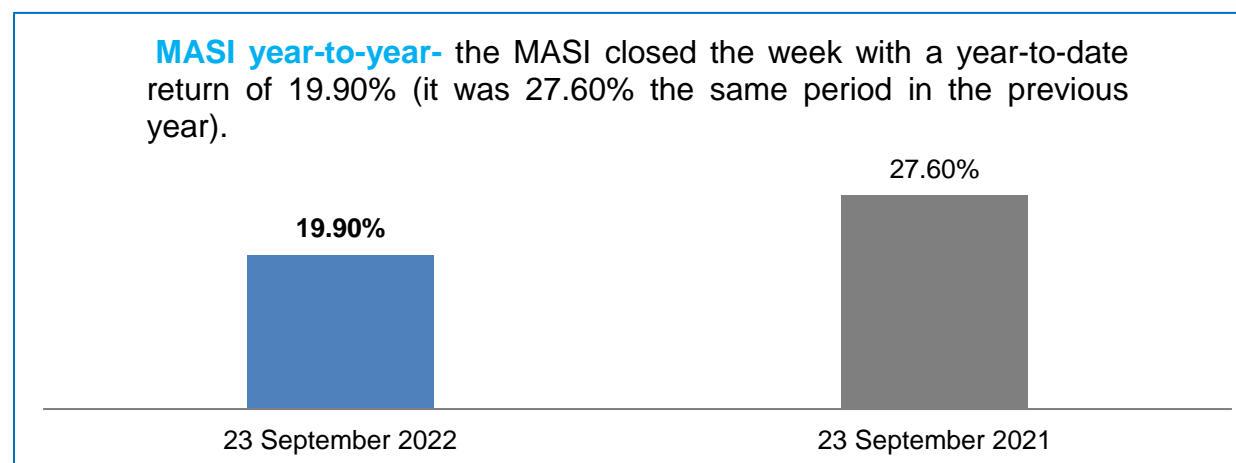
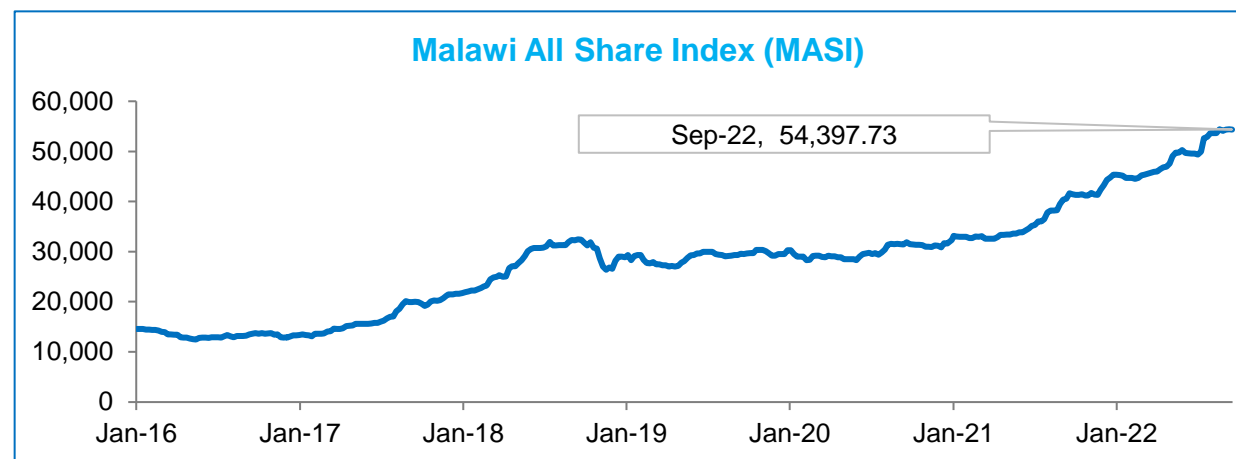


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Stock market (Source: MSE)

The stock market was marginally bearish over the period with the Malawi All Share Index (MASI) closing the week ending 23 September 2022 at 54,397.73 points from 54,398.38 points for the week ending 16 September 2022. Week-on-week, this represents a decrease of 0.001%.

There was a marginal share price gain for FMBCH and a marginal share price loss for NBS, during the period under review.



Week on week percentage change (%)

FMBCH	0.01%
TNM	0.00%
SUNBIRD	0.00%
STANDARD	0.000%
PCL	0.00%
OMU	0.00%
NITL	0.00%
NICO	0.00%
NBM	0.000%
MPICO	0.00%
ILLOVO	0.00%
ICON	0.00%
FDHB	0.00%
BHL	0.00%
AIRTEL	0.00%
NBS	-0.09%

Symbol

Closing prices as of 23 September 2022 (MK/share)

AIRTEL	51.16
BHL	10.99
FDHB	15.00
FMBCH	100.05
ICON	11.97
ILLOVO	500.00
MPICO	20.67
NBM	1,160.04
NBS	22.69
NICO	50.95
NITL	112.00
OMU	1,600.00
PCL	2,181.43
STANDARD	1,840.08
SUNBIRD	80.02
TNM	12.06



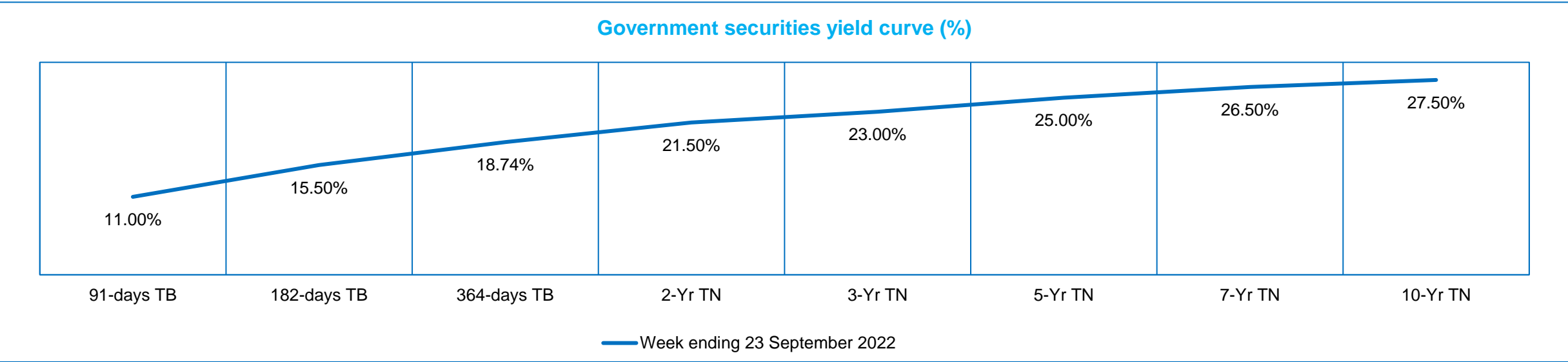
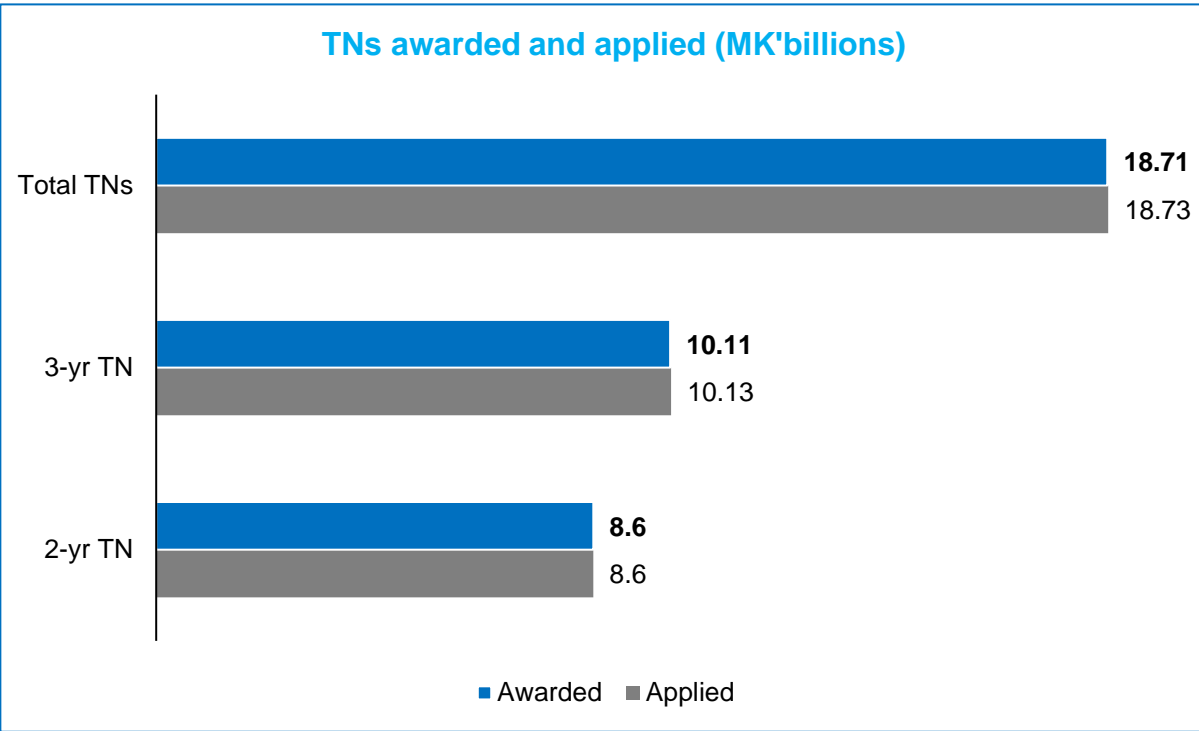
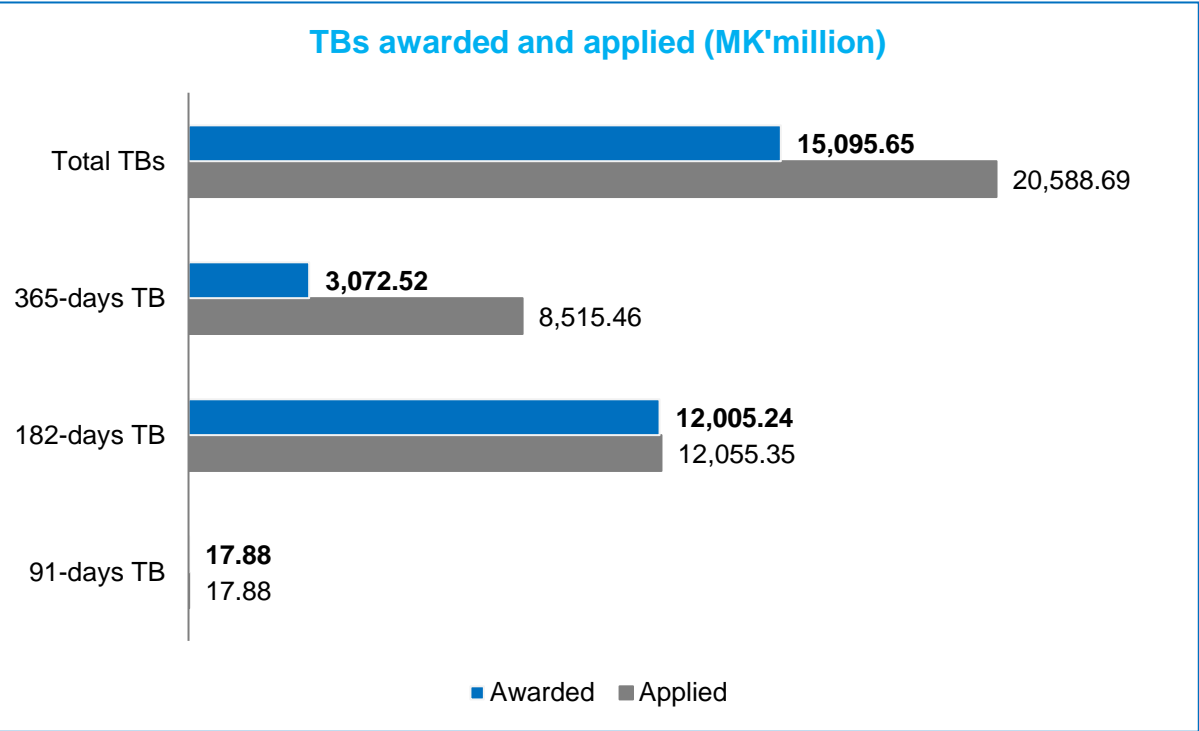
Government securities (Source: RBM)

A total of MK33.81 billion was awarded in this week's auctions of Treasury Bills (TBs) and 2-year Treasury Note (TN) and 3-year Treasury Note (TN).

MK15.10 billion and MK18.71 billion was awarded in the TBs and TNs auctions, respectively.

The TBs auctions had a 26.68% rejection rate, the 2-year TN had a nil rejection rate, and the 3-year TN had a 0.20% rejection rate.

The average TB yield increased to 15.08% from 15.07% and the average TN yield increased to 24.70% from 24.67% 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 23 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	1,188.11*
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	1,038.83*
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	60.04*
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%	25.5%	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%	33.4%	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%	18.2%	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%	15.005	15.00%	15.50%	15.50%
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%	18.74%
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%	21.50%
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	54,397.73
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	44,367.25
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	5,154.73

*: Reserve Bank of Malawi opening exchange rates as of 23 September 2022

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