



# Malawi Financial Market Update

Week ending 2 September 2022



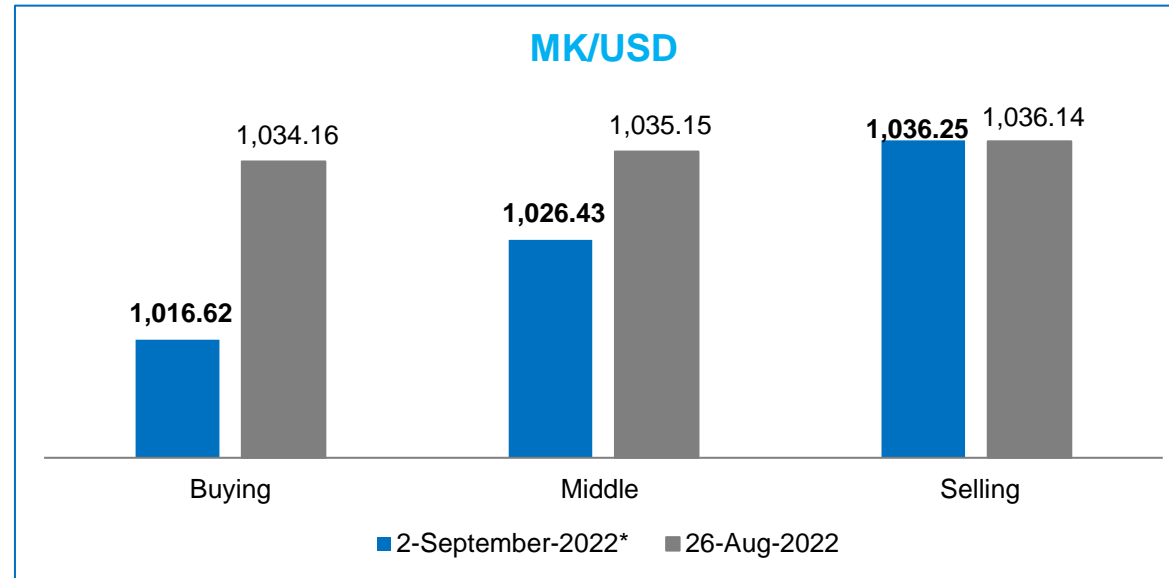
## Financial Market Update: Week ending 2 September 2022

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

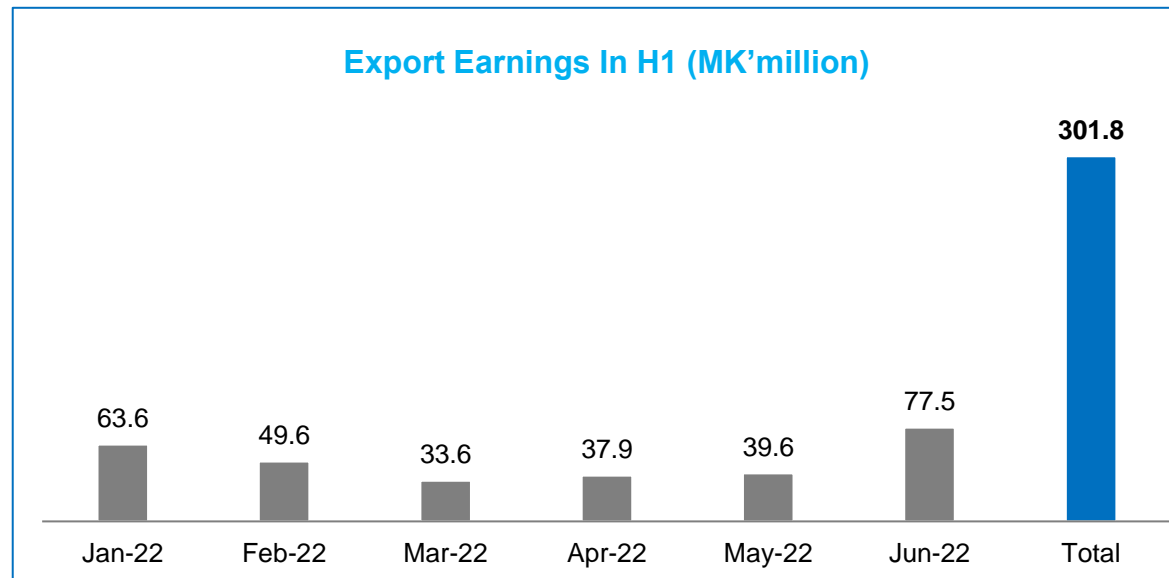
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.84% as it traded at MK1,026.43/USD as of 2 September 2022 from MK1,035.15/USD as of 26 August 2022.

Malawi realized MK301.8 billion from exports in the 6-months period ended June 2022.

### Foreign currency (Source: RBM)



### Export Earnings (source: NSO)



### What Happened this Week

1. A total of USD150 million (about MK154 billion) meant for the Malawi Electricity Access Project (MEAP) has been lying idle at the Ministry of Energy for two years despite the country experiencing a series of blackouts. In 2019, parliament approved the World Bank loan to undertake MEAP as part of the implementation modalities for the National Energy Policy of 2018. The project was supposed to commence in 2020 (*The Daily Times, 29-August-2022*).
2. Malawians are to expect a 25% rise in insurance premiums come 1 October, 2022. In his confirmation, the Insurance Association of Malawi president stated that the rise of premiums is due to the fall of Malawi Kwacha against major trading currencies such as the USD. He further stated that this fall in Kwacha has had multiple effects on the economy leading to rise in prices of various commodities coincidentally affecting value of items of properties insured (*The Daily Times, 29-August-2022*).
3. The Reserve Bank of Malawi (RBM) says despite global trends showing a slowdown in prices for key commodities in July 2022, there is little hope that the decline in prices will trickle down to the country's economy. Thereby putting pressure on the country's inflation rate currently at 24.6%. The RBM said unless there are interventions to reverse the soaring prices of crucial Commodities, heightened inflation pressures could persist up to 2023 (*The Nation, 30-August-2022*).
4. Figures from National Statistical Office (NSO) show that Malawi realized MK301.8 billion from all exports in the 6 months period ending June 2022. However, the earnings are 6% lower the MK321.3 billion recorded same time in 2021. The Director for Center for Research and Consultancy said the decline in export earnings in Kwacha value at a time the local currency is weaker than in 2021 means the USD value declined even more (*The Daily Times, 31-August-2022*).
5. A June 2022 monthly Economic Review issued on 29 August 2022 by the Reserve Bank of Malawi (RBM) has shown that the Central government and state-owned enterprises indebtedness to the banking system increased by MK20.6 billion. According to the report, the development stems from claims on state-owned enterprises, which rose by MK26.8 billion but was partly offset by commercial banks' net claims on central government at MK3.2 billion, monetary authorities net claims at MK2.5 billion and commercial banks' claim on state-owned enterprises of MK519.3 million (*The Daily Times, 2-September-2022*).

\*: Reserve Bank of Malawi opening exchange rates as of 2 September 2022

\*\* Special meeting



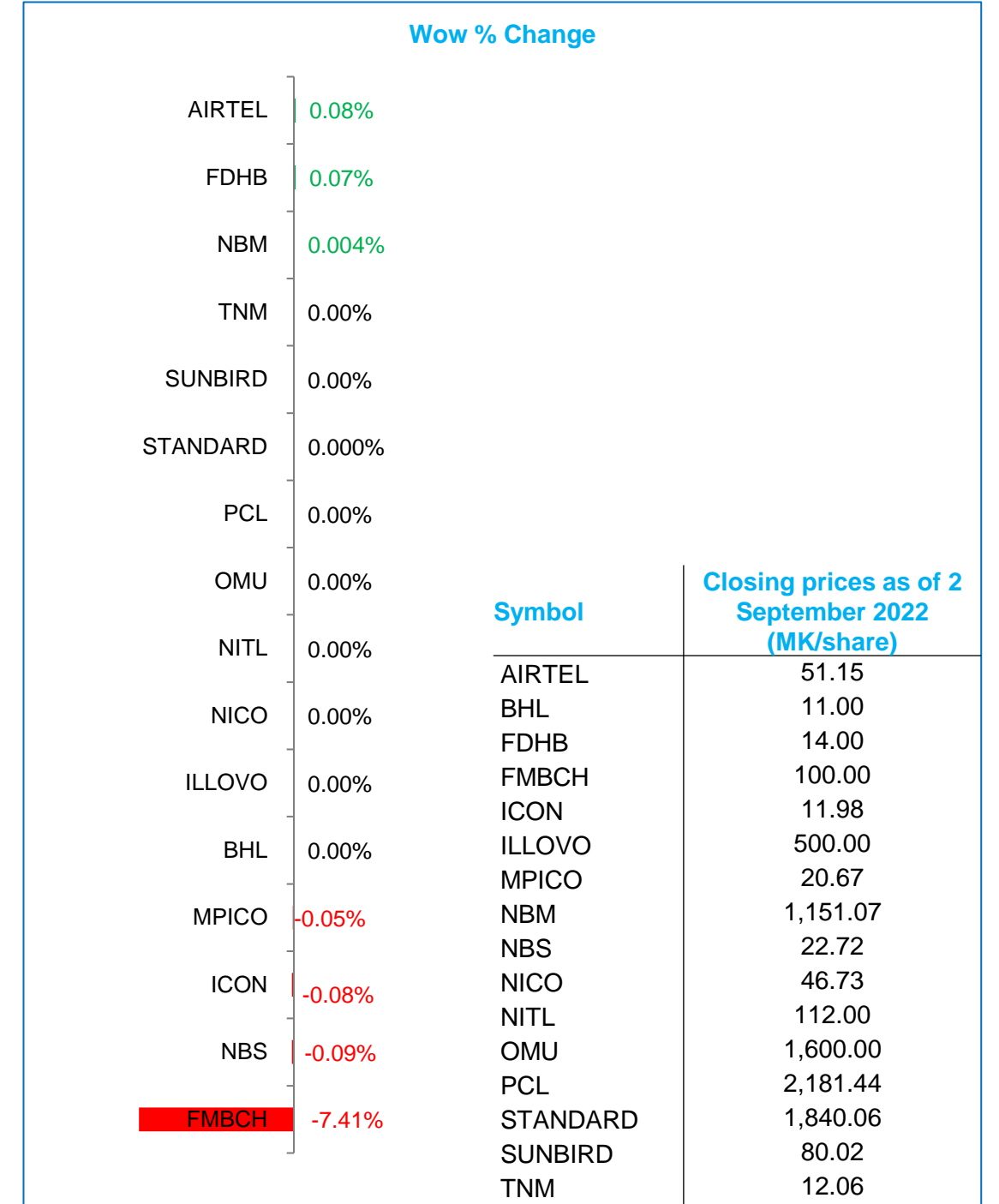
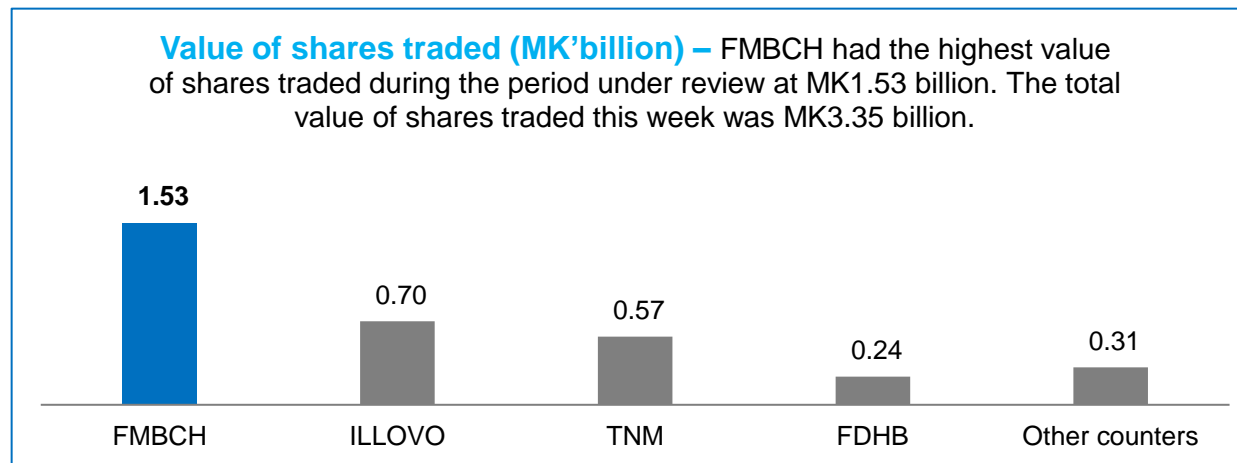
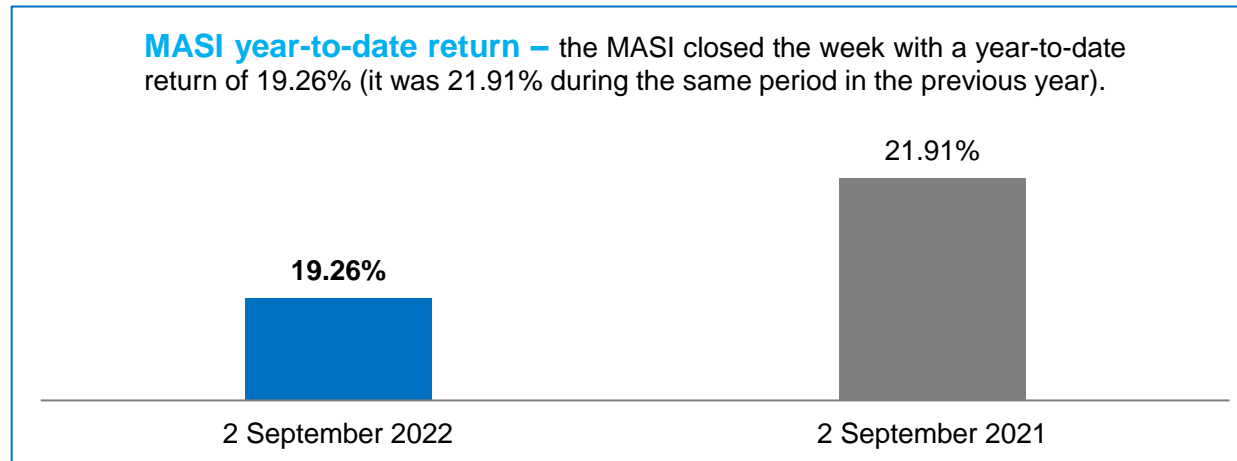
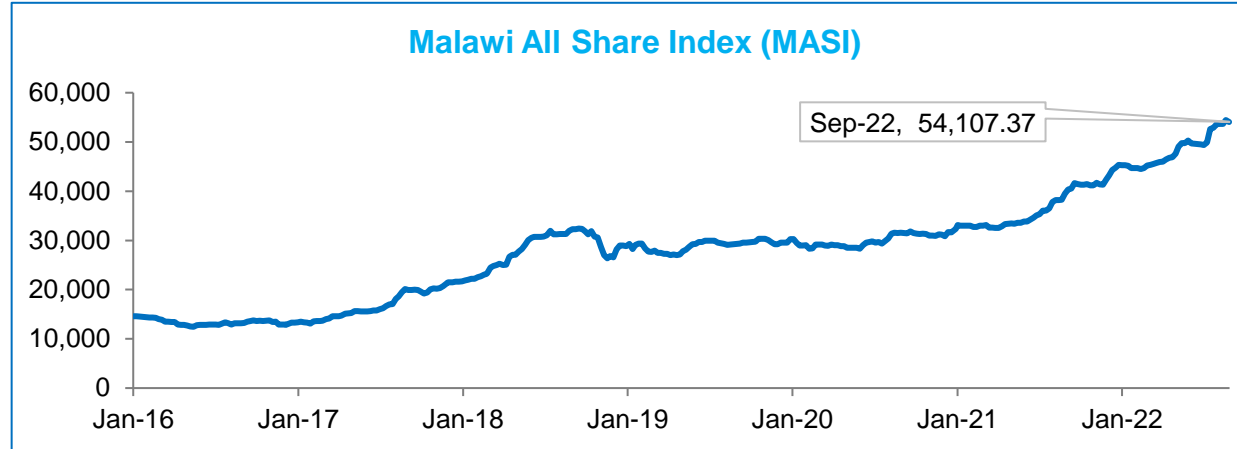
## Financial Market Update: Week ending 2 September 2022

### Stock market (Source: MSE)

The stock market was marginally bearish over the period with the Malawi All Share Index (MASI) closing the week ending 2 September 2022 at 54,107.37 points from 54,448.99 points for the week ending 26 August 2022. Week-on-week, this represents an decrease of 0.63%.

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

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







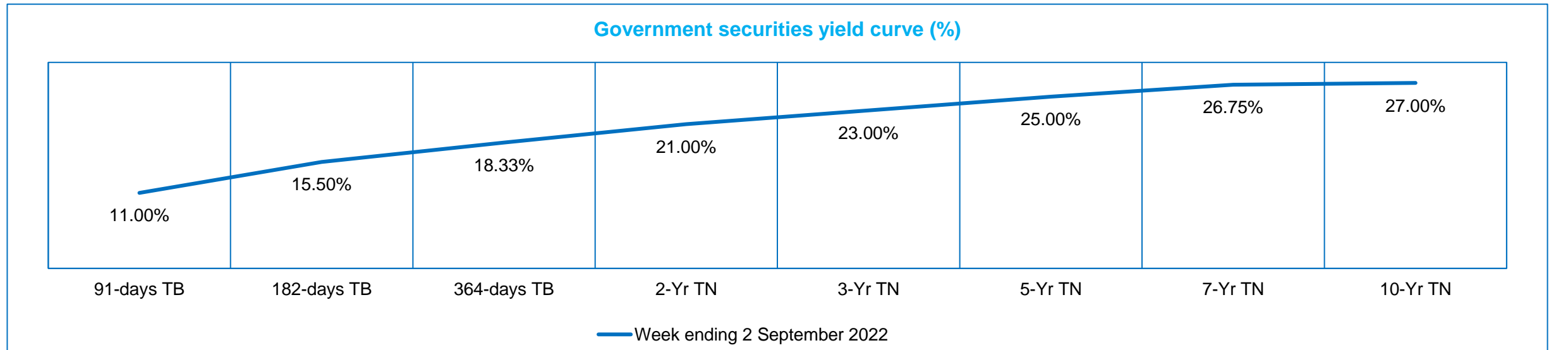
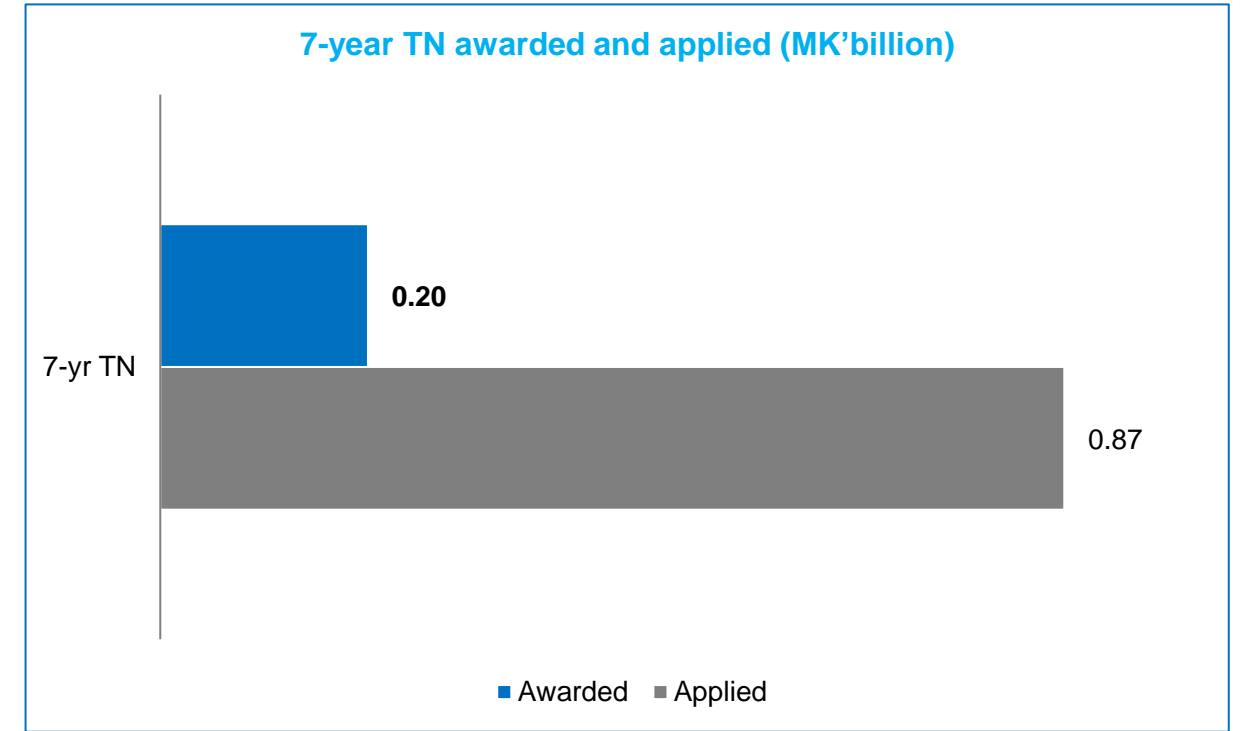
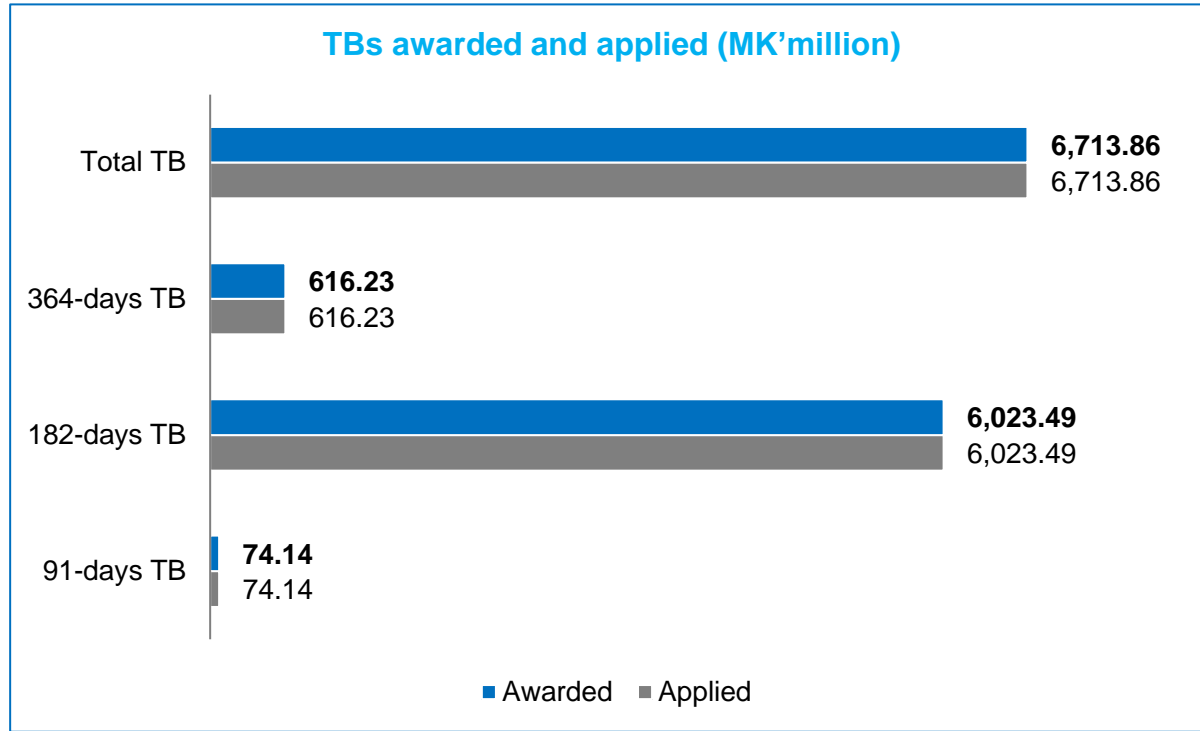
Government securities (Source: RBM)

A total of MK6.91 billion was awarded in this week's auctions of Treasury Bills (TBs) and 7-year Treasury Note (TN).

MK6.71 billion and MK0.20 billion was awarded in the TBs and 7-year TN auctions, respectively.

The TBs auction had a nil rejection rate and the 7-year TN had a rejection rate of 77%.

The average TB yield increased to 14.94% from 14.83% and the average TN yield increased to 24.55% from 24.50% 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 2 September 2022
<b>Exchange rates (middle rates)</b>																		
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	<b>1,026.43*</b>
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	<b>1,220.36*</b>
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	<b>1,054.1619*</b>
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	<b>61.18*</b>
<b>Foreign Exchange Reserves</b>																		
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	N/A	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	N/A	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	N/A	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	N/A	N/A
<b>Inflation</b>																		
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
<b>Interest Rates</b>																		
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%	<b>14.00%</b>
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%	<b>12.50%</b>
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%	<b>13.80%</b>
<b>Government Securities' Yields</b>																		
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%	<b>11.00%</b>
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%	<b>15.50%</b>
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%	<b>18.33%</b>
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%	<b>21.00%</b>
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%	<b>22.50%</b>
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%	<b>25.00%</b>
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%	<b>26.75%</b>
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%	<b>27.00%</b>
<b>Stock Market Indices</b>																		
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	<b>54,107.37</b>
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	<b>44,110.83</b>
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	<b>5,152.25</b>

\*: Reserve Bank of Malawi opening exchange rates as of 2 September 2022

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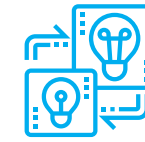
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