



Malawi Financial Market Update

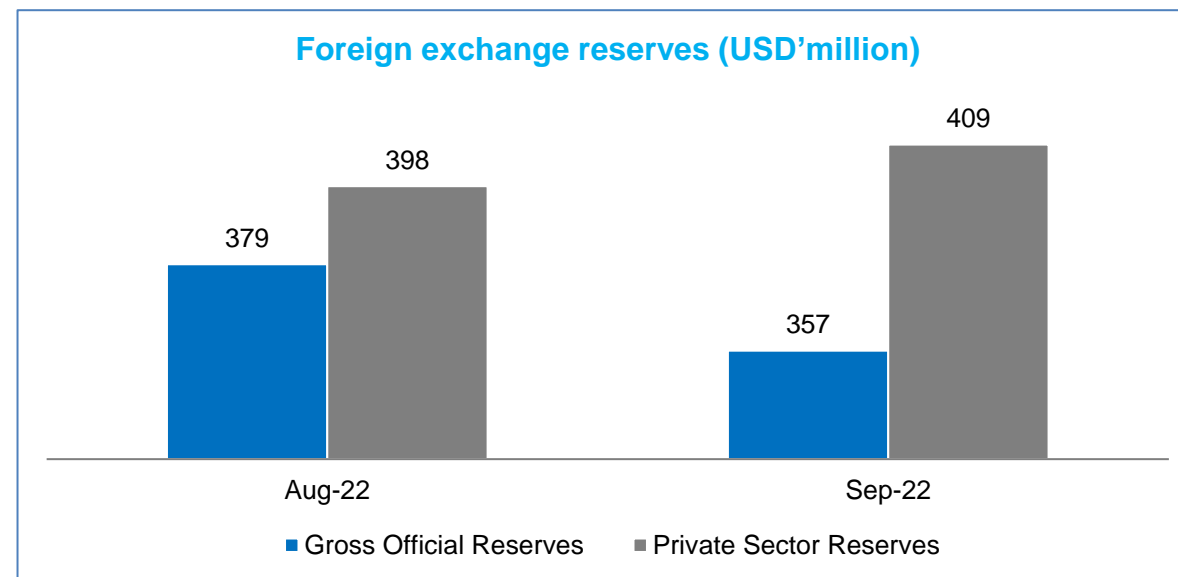
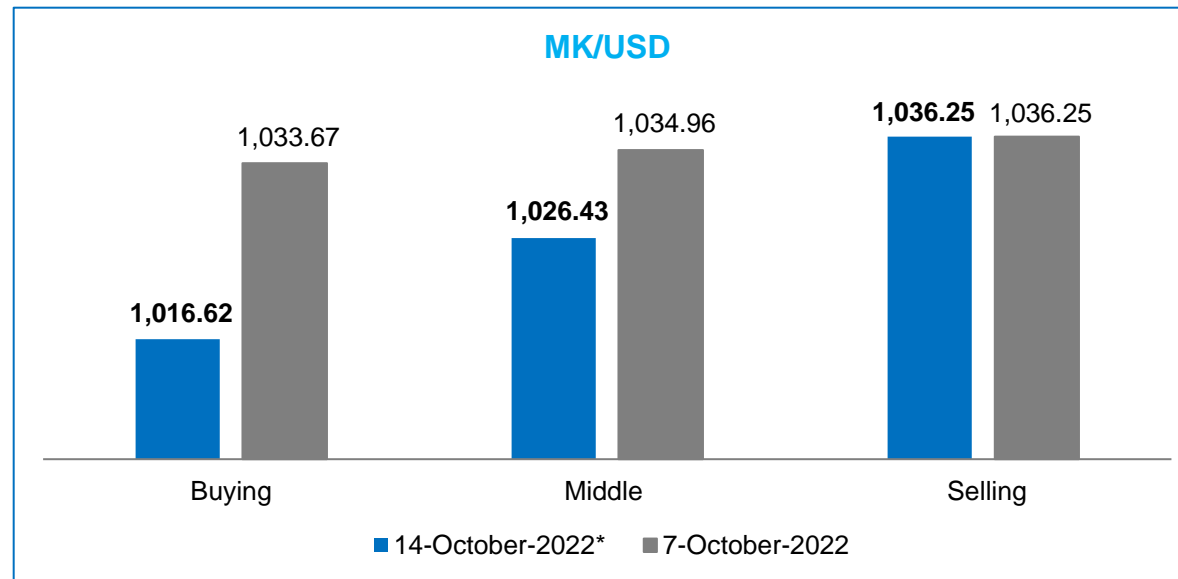
Week ending 14 October 2022



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

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.82% as it traded at MK1,026.43/USD as of 14 October 2022 from MK1,034.96/USD as of 7 October 2022.

Foreign currency (Source: RBM)



What Happened This Week

1. As of 30 September 2022, the country's gross official foreign exchange reserves decreased by 6% to USD357 million, from a gross official foreign exchange reserve position of USD379 million as of 31 August 2022. The private sector foreign exchange reserves increased by 3% to USD409 million as of 30 September 2022, from USD398 million as of 31 August 2022. Overall, the total foreign exchange reserves held in September 2022 were USD766 million, a percentage increase from USD777 million held in August 2022 (*Reserve Bank of Malawi*).
2. The International Monetary Fund's (IMF's) Managing Director has indicated that Malawi is in a difficult situation and cannot take on more debt. According to the IMF, IMF programmes aim to minimize what the IMF lends to countries and maximise what the IMF programmes bring as a package of support from other sources. Particularly for low-income countries, IMF programmes help mobilise support in the form of grants (*The Daily Times, 10-October-22*).
3. The Tobacco Act which became effective in 2019 is under review. The law was passed in 2018 and was intended to regulate the production, manufacturing and marketing of tobacco. Areas that have attracted mixed views include proposals to rework provisions that should guide the contract farming system of tobacco without crippling the auction marketing system (*The Daily Times, 10-October-22*).
4. Economists and labour experts have backed a Centre for social Concern (CfSC) proposal to increase the minimum wage to MK100,000 from MK50,000 to cushion low-income earners from the rising cost of living. The Employers Consultative Association of Malawi (ECAM) indicated that it is in the interest of the employer, government and all stakeholders to make sure that the bare minimum is enough for their employees' survival (*The Nation, 12-October-22*).

*: Reserve Bank of Malawi opening exchange rates as of 14 October 2022

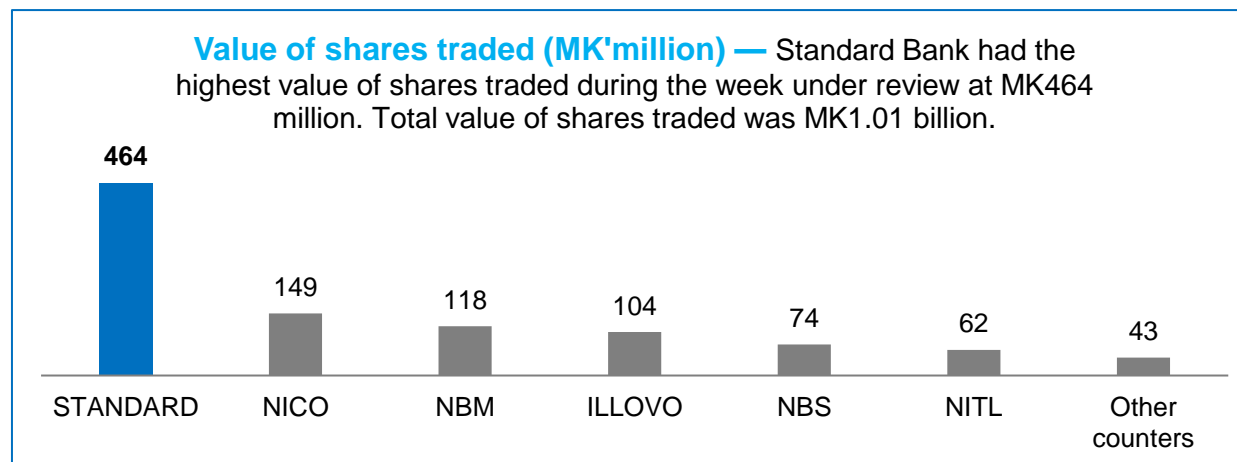
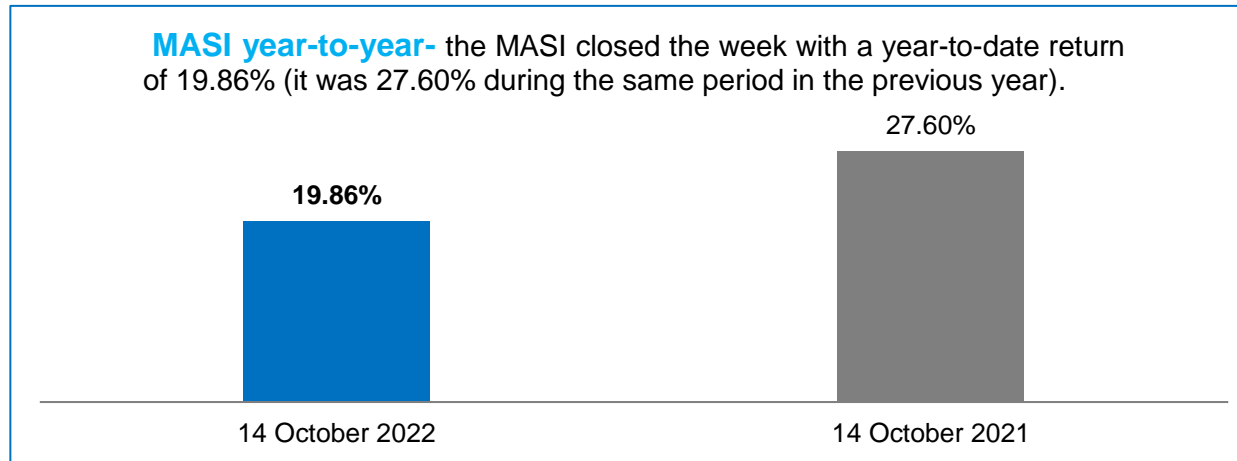
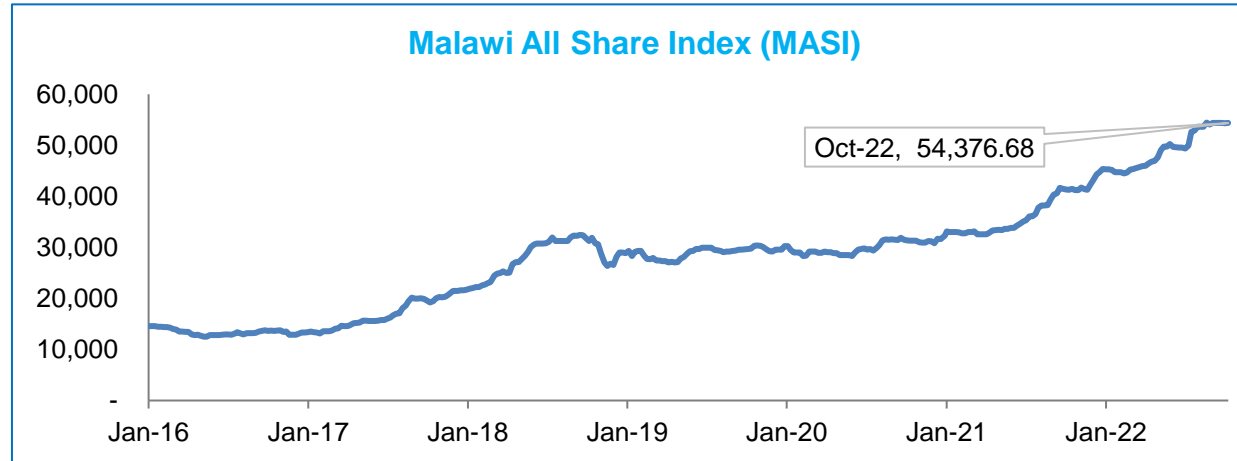


Financial Market Update: Week ending 14 October 2022

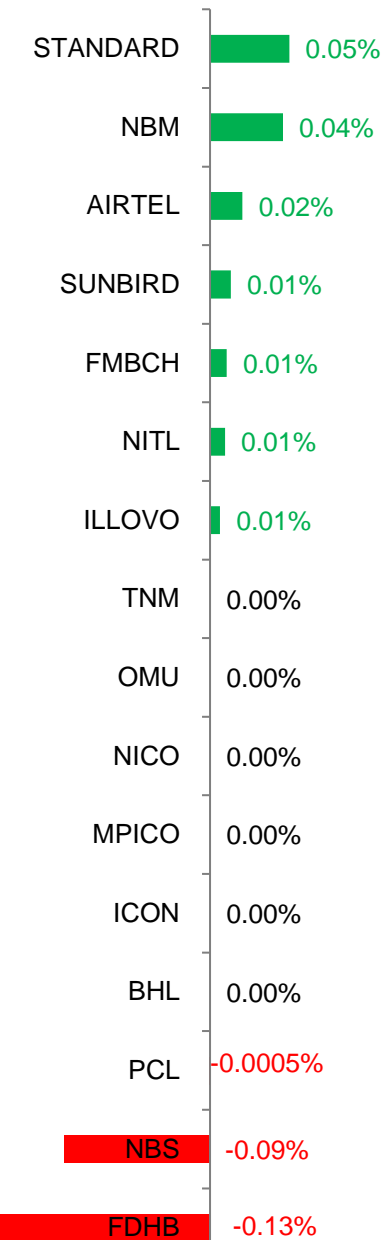
Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 14 October 2022 at 54,376.68 points from 54,369.11 points for the week ending 7 October 2022. Week-on-week, this represents an increase of 0.01%.

There were marginal share price gains for Standard Bank, NBM, AIRTEL, SUNBIRD, FMBCH, NITL and ILLOVO during the period under review. The share price gains offset marginal share price losses for FDH Bank, NBS and PCL during the period under review.



Week on week percentage change (%)



Symbol	Closing prices as of 14 October 2022 (MK/share)
AIRTEL	51.19
BHL	10.99
FDHB	14.96
FMBCH	100.07
ICON	11.97
ILLOVO	500.05
MPICO	20.67
NBM	1,161.51
NBS	22.63
NICO	50.96
NITL	112.00
OMU	1,359.99
PCL	2,181.40
STANDARD	1,841.00
SUNBIRD	80.03
TNM	12.00



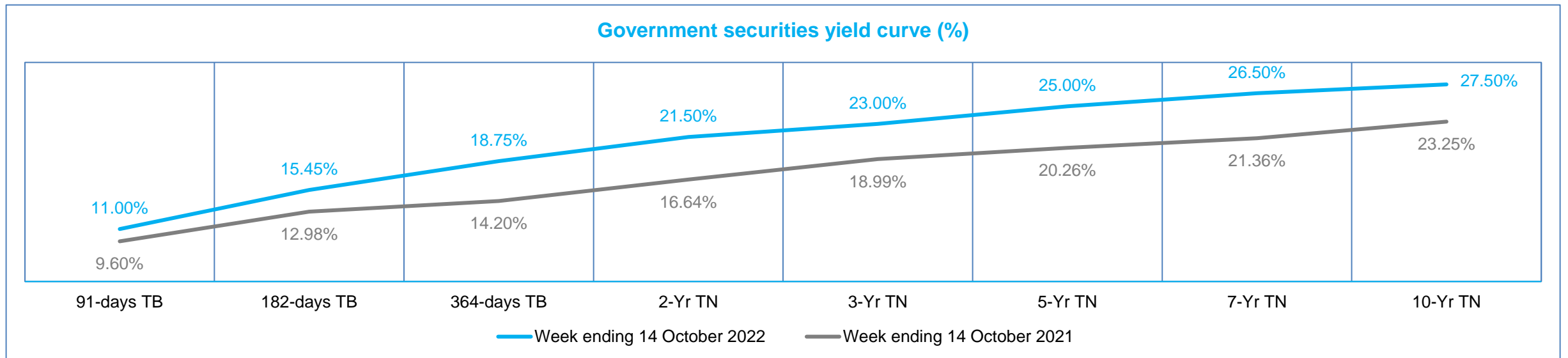
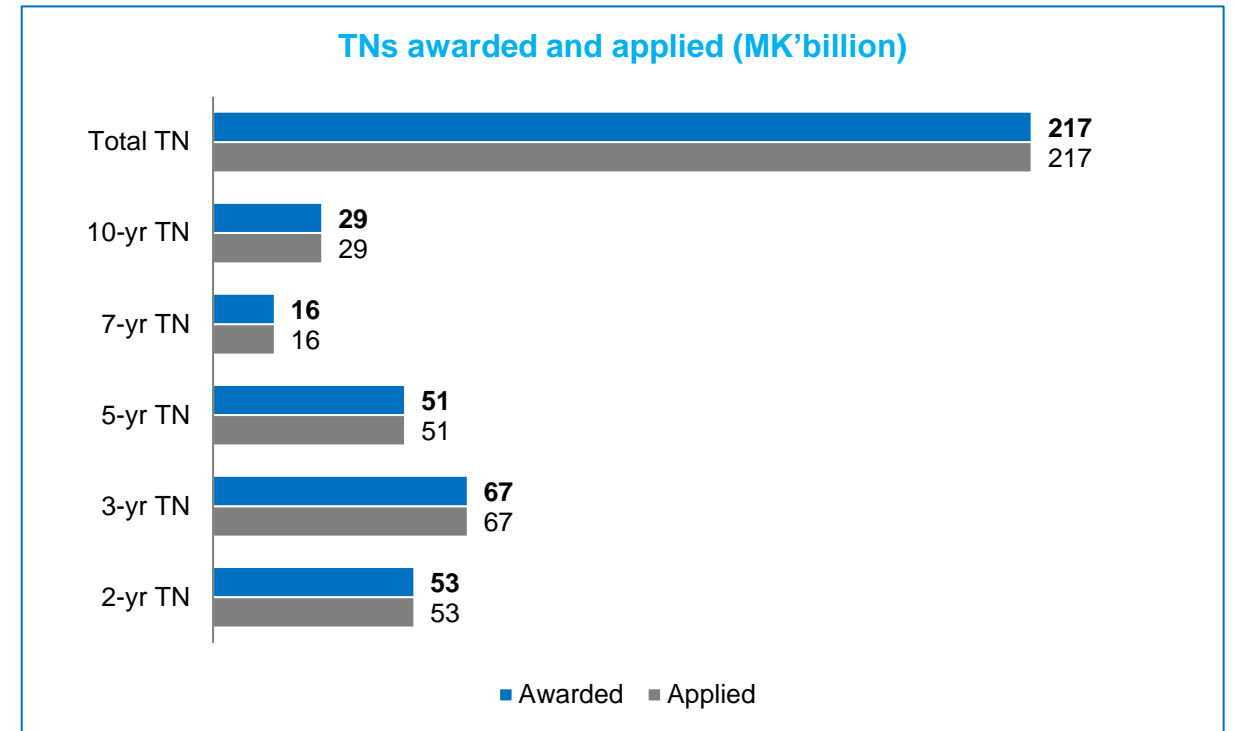
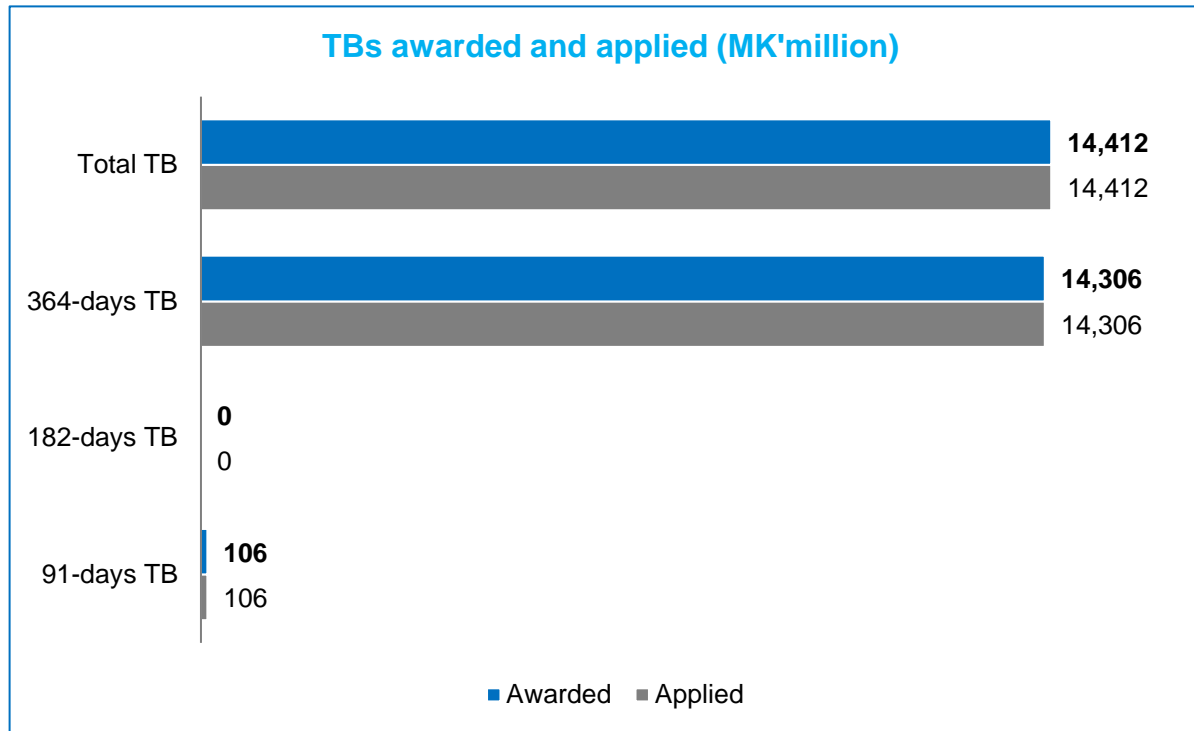
Government securities (Source: RBM)

A total of MK231 billion was awarded in this week's Treasury Bills (TBs) and Treasury Notes (TNs) auctions.

MK14 billion and MK216 billion was awarded in the TBs and TNs auctions, respectively.

The TBs and TNs auctions had nil rejection rates.

The average TB and TN yields maintained their positions at 15.07% and 24.70% respectively, during the week under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Jun-22	Jul-22	Aug-22	Sep-22	Week ending 14 Oct-2022
Exchange rates (middle rates)																		
MK/USD	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	1,033.79	1,026.43*
MK/GBP	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	1,180.36	1,196.36*
MK/EUR	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	1,047.49	1,033.76*
MK/ZAR	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	58.78	
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	357.18	N/A
Private Sector Reserves (USD'mn)	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	408.84	N/A
Total reserves (USD'mn)	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	766.02	N/A
Gross Official Reserves Import cover (months)	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	1.43	N/A
Inflation																		
Headline	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	N/A
Food	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	N/A
Non-food	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	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%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Average Interbank rate	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%	12.50%
Average base lending rate	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%	14.20%
Government Securities' Yields																		
91-days Treasury Bill	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%	11.00%
182-days Treasury Bill	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%	15.45%
364-days Treasury Bill	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%	18.75%
2-year Treasury Note	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%	21.50%
3-year Treasury Note	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%	23.00%
5-year Treasury Note	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%	25.00%
7-year Treasury Note	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%	26.50%
10-year Treasury Note	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%	27.50%
Stock Market Indices																		
MASI	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	54,389.92	54,376.68
DSI	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	44,360.30	44,370.98
FSI	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	5,126.05

*: Reserve Bank of Malawi opening exchange rates as of 14 October 2022

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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

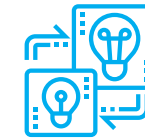
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