



# Malawi Financial Market Update

Week ending 21 October 2022

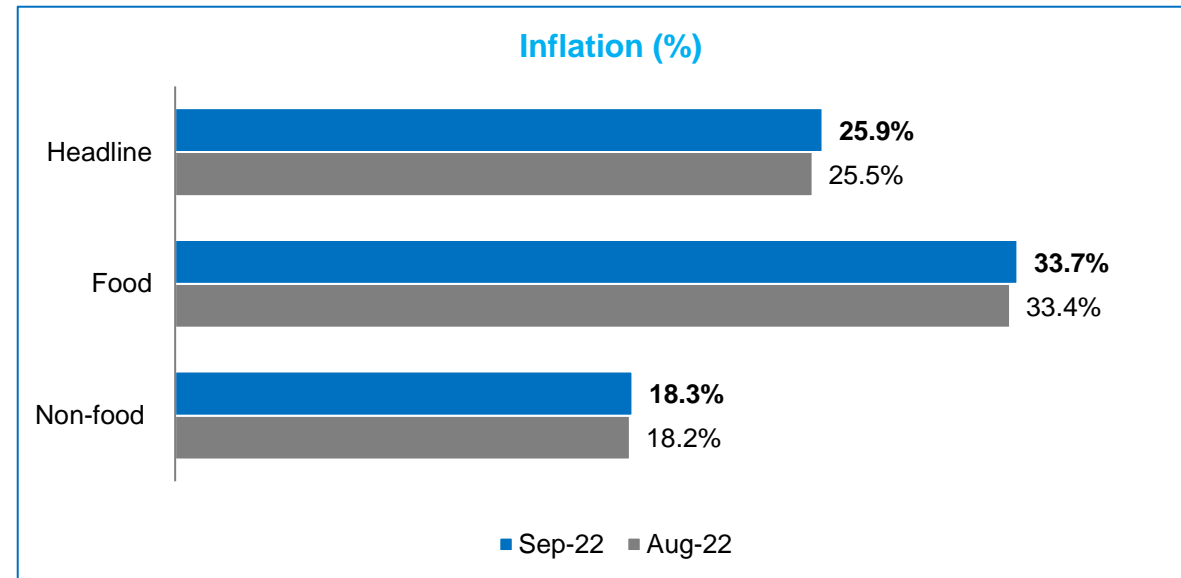


# Financial Market Update: Week ending 21 October 2022

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

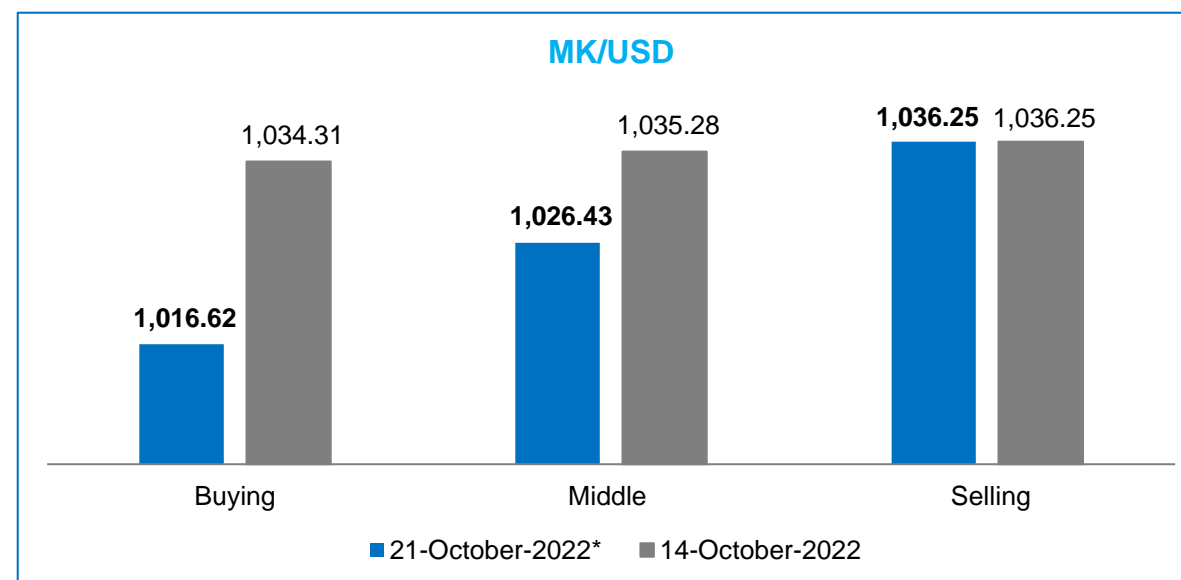
### Inflation Rate (Source: NSO)

The headline Inflation rate increased from 25.5% in August 2022, to 25.9% in September 2022. This was as a result of increases in both food and non-food inflation rates. Food inflation rate was at 33.7% in September 2022 while the non-food inflation was at 18.3%.



Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.85% as it traded at MK1,026.43/USD as of 21 October 2022 from MK1,035.96/USD as of 14 October 2022.

### Foreign currency (Source: RBM)



### What Happened This Week

1. The International Monetary Fund (IMF) has approved Malawi's Rapid Credit Facility (RCF) programme which will allow the country to access 50% of its Special Drawing Rights (SDR) quota with the IMF (approximately USD108.68 million). The application and disbursement was made under the Food Shock window of up to 50% and it is considered as a route to the Extended Credit Facility (ECF) which gives up to 100% of the quota. The RCF is expected to ease the country's current Balance of Payments challenges (*The Daily Times, 19-Oct-22*).
2. The Catholic Archdiocese of Lilongwe together with Centenary Rural Development Group Limited of Uganda are in the process of buying 100% shareholding in MyBucks Banking Corporation (Malawi). A joint statement issued by the directors of the bank and the leadership of the Catholic diocese of Lilongwe has said that the consortium has submitted a final bidding offer to acquire the stake after three months of conducting due diligence on the bank. The bank was owned by MyBucks S.A and began operation in 2015 (*The Nation, 19-Oct-2022*).
3. Nkhotakota District council's decision to issue municipal bonds has impressed the Reserve Bank of Malawi (RBM). The council plans on issuing municipal bonds to finance its planned reforms activities. The council has been commended on taking a broader approach in dealing with its issues and putting an emphasis on the economic development of the district. Once the plan materializes, Nkhotakota will be the first council to issue a municipal bond in the country (*The Nation, 19-Oct-2022*).
4. A debt issuance calendar issued by RBM has revealed that Treasury plans to borrow MK630.7 billion through treasury securities between October 2022 and December 2022. Treasury intends to borrow MK353.8 billion through bills and MK276.8 billion through notes on the domestic market. This is expected to further increase government domestic debt. (*The Daily Times, 20-Oct-2022*).

\*: Reserve Bank of Malawi opening exchange rates as of 21 October 2022

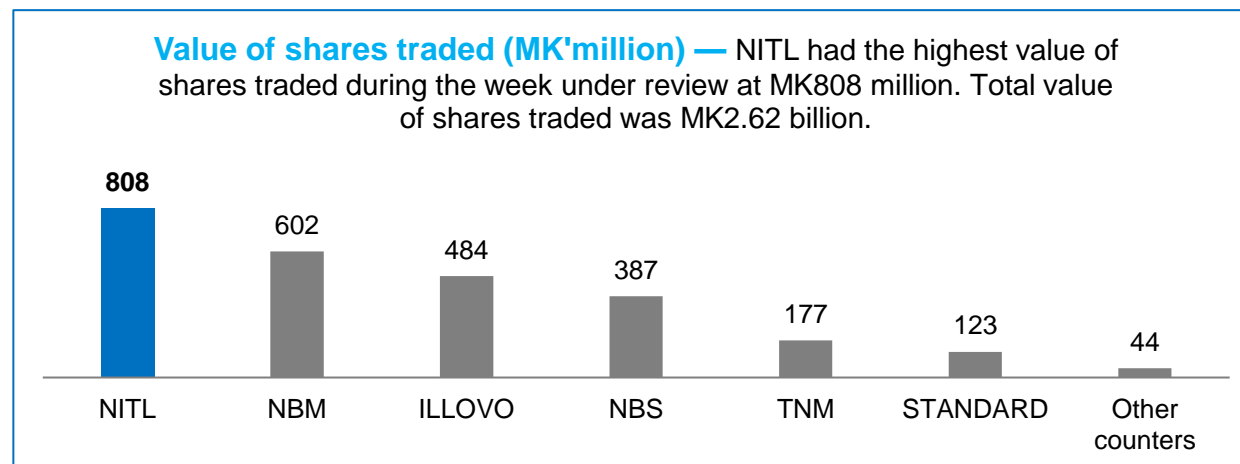
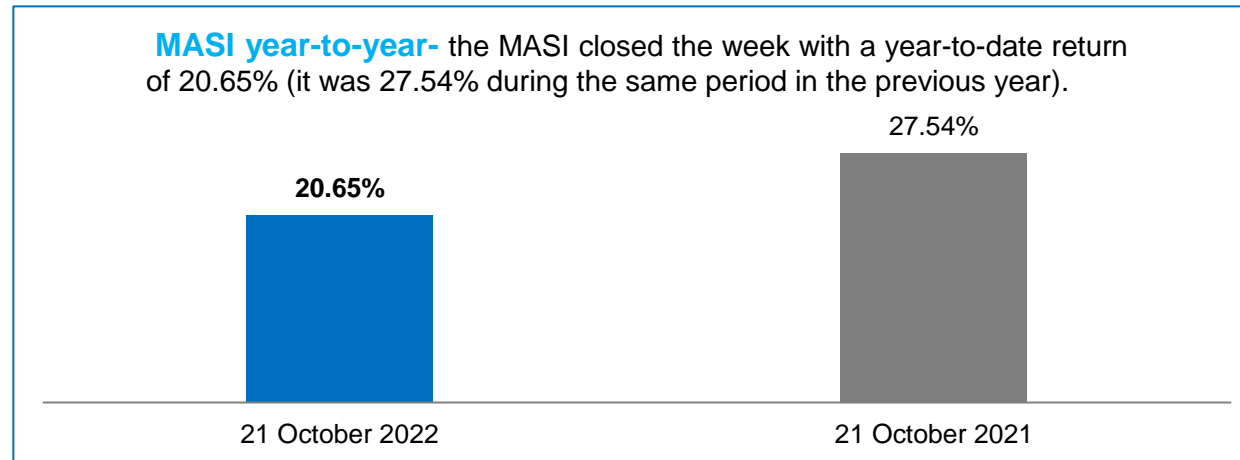
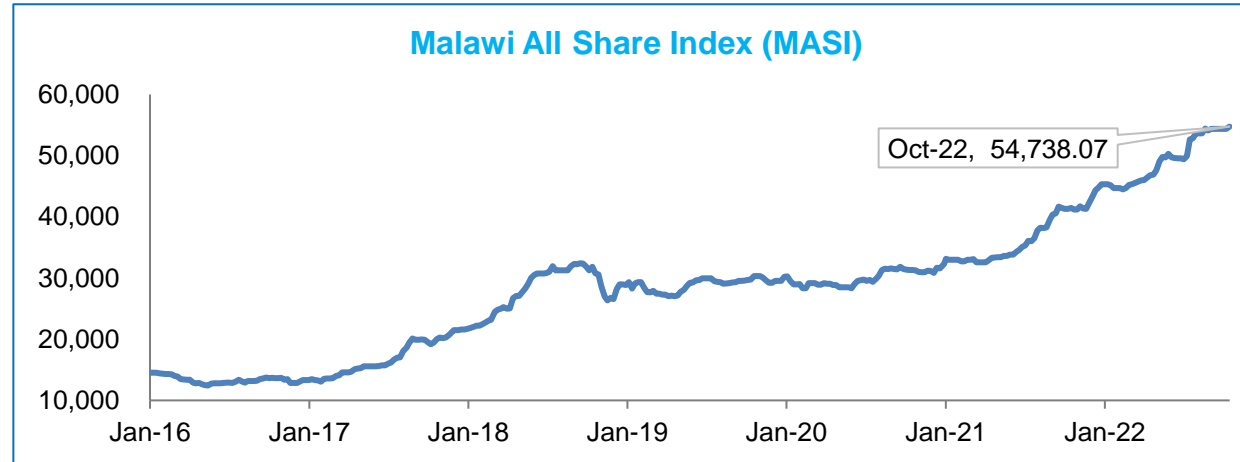


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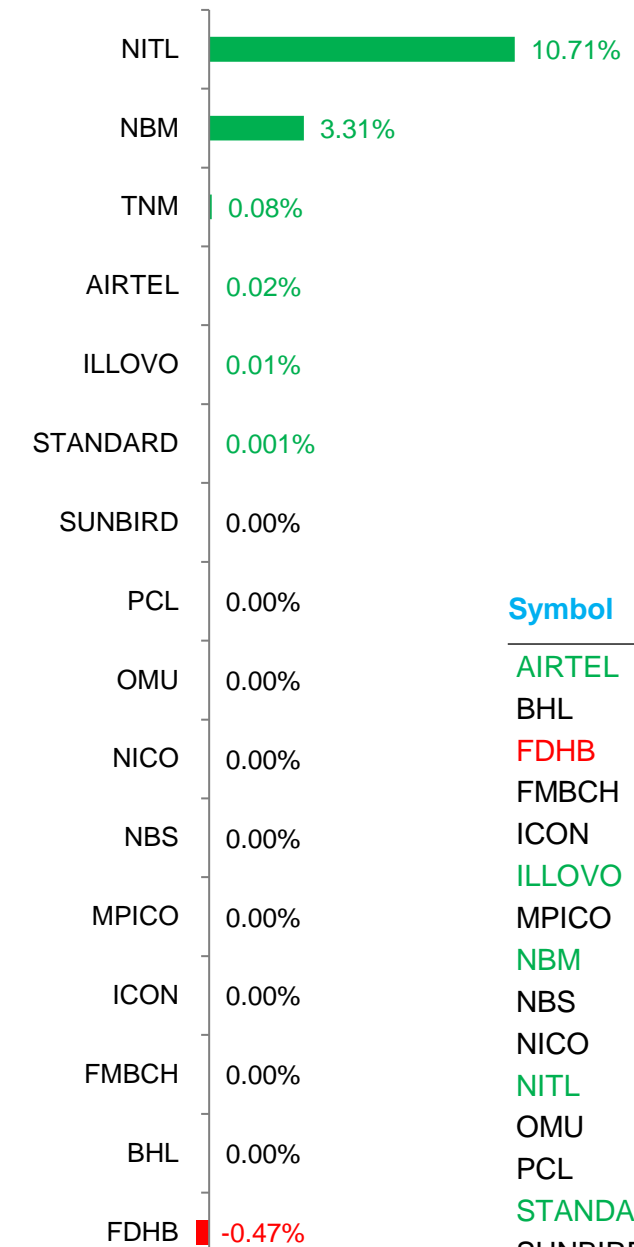
## Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 21 October 2022 at 54,738.07 points, from 54,736.68 points for the week ending 14 October 2022. Week-on-week, this represents an increase of 0.67%.

There were share price gains for NITL and NBM and there were marginal share price gains for TNM, AIRTEL, ILLOVO and Standard Bank, during the period under review. The share price gains offset a marginal share price loss for FDH Bank during the period under review.



## Week on week percentage change (%)



Symbol	Closing prices as of 21 October 2022 (MK/share)
AIRTEL	51.20
BHL	10.99
FDHB	14.89
FMBCH	100.07
ICON	11.97
ILLOVO	500.10
MPICO	20.67
NBM	1,200.01
NBS	22.63
NICO	50.96
NITL	124.00
OMU	1,359.99
PCL	2,181.40
STANDARD	1,841.02
SUNBIRD	80.03
TNM	12.01



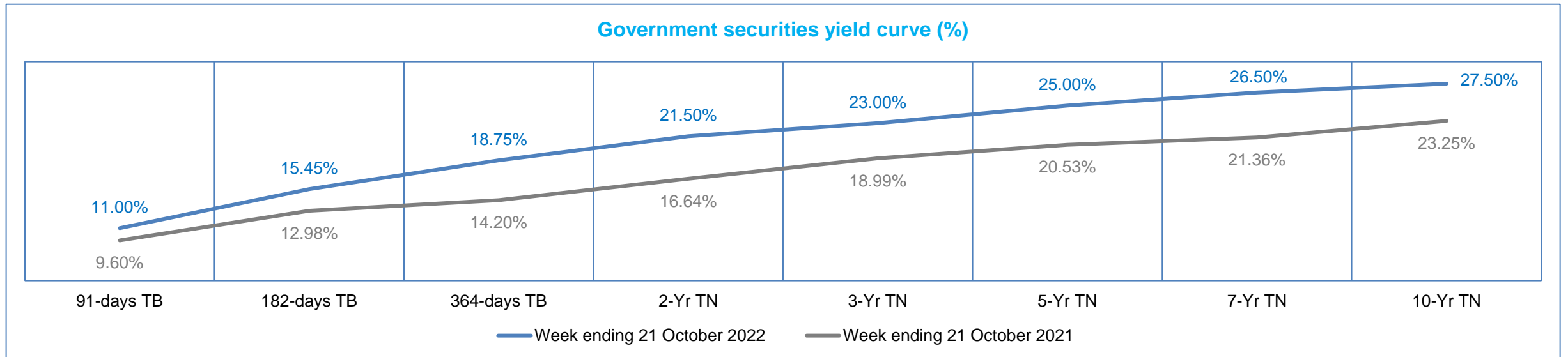
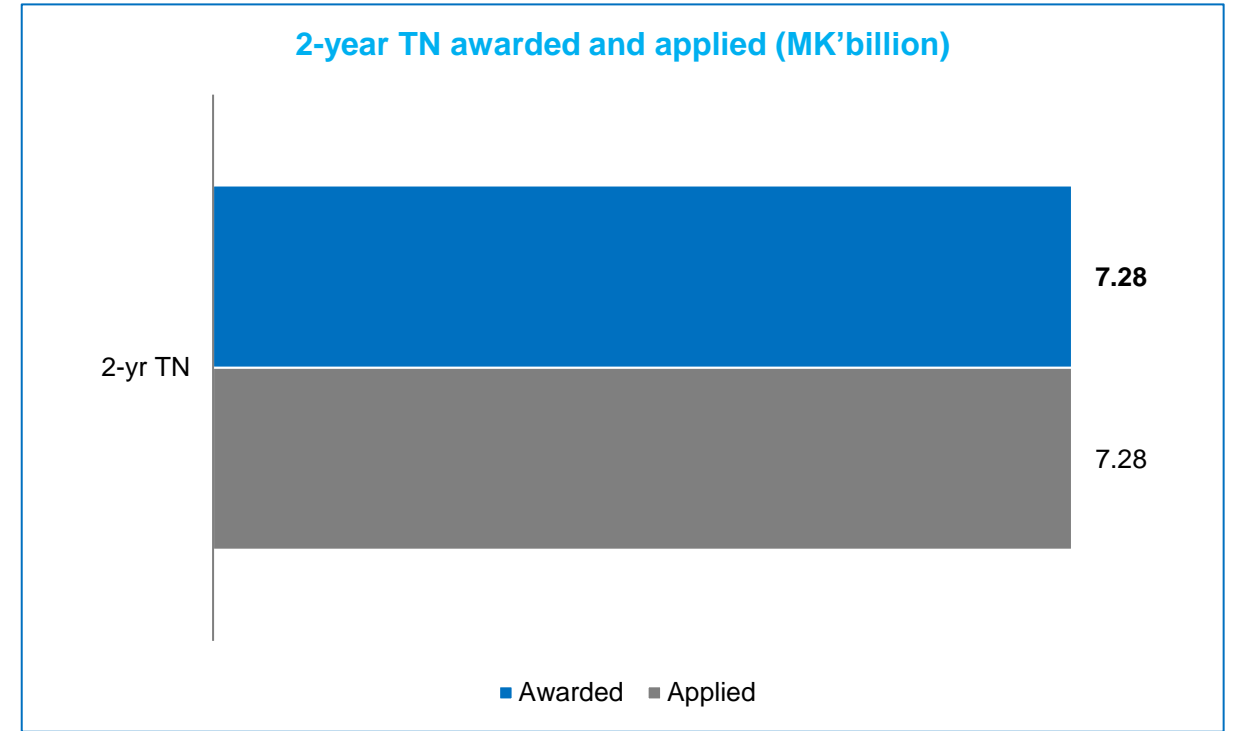
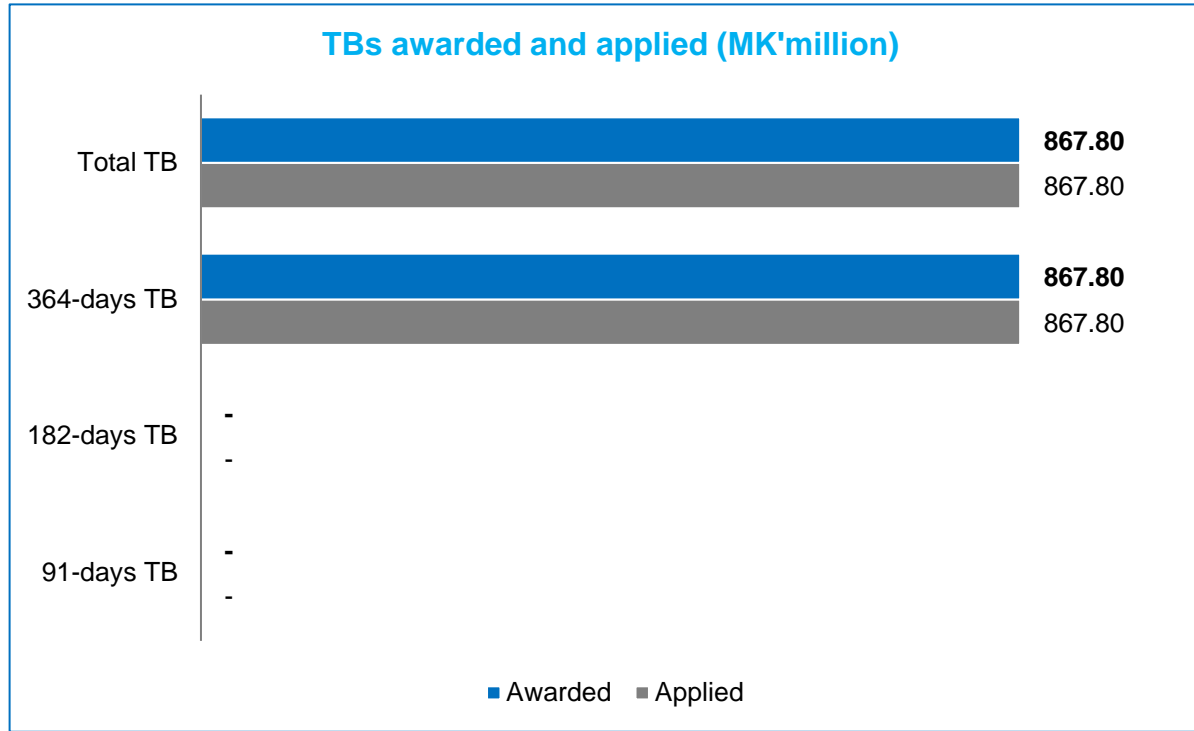
Government securities (Source: RBM)

A total of MK8.15 billion was awarded in this week's Treasury Bills (TBs) and 2-year Treasury Note (TN) auctions.

MK0.87 billion and MK7.28 billion was awarded in the TBs and 2-year TN auctions, respectively.

The TBs and 2-year TN 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 21 Oct-2022
<b>Exchange rates (middle rates)</b>																		
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	<b>1,026.43*</b>
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	<b>1,184.20*</b>
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	<b>1,033.12*</b>
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	<b>64.37*</b>
<b>Foreign Exchange Reserves</b>																		
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
<b>Inflation</b>																		
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%	25.9%	<b>N/A</b>
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%	33.7%	<b>N/A</b>
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%	18.3%	<b>N/A</b>
<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%	14.00%	14.00%	14.00%	14.00%	14.00%	<b>14.00%</b>
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%	<b>12.50%</b>
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%	<b>14.20%</b>
<b>Government Securities' Yields</b>																		
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%	<b>11.00%</b>
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%	<b>15.45%</b>
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%	<b>18.75%</b>
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%	<b>21.50%</b>
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%	<b>23.00%</b>
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%	<b>25.00%</b>
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%	<b>26.50%</b>
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%	<b>27.50%</b>
<b>Stock Market Indices</b>																		
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	<b>54,738.07</b>
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	<b>44,692.54</b>
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	<b>5,126.05</b>

\*: Reserve Bank of Malawi opening exchange rates as of 21 October 2022

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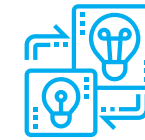
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