



Malawi Financial Market Update

Week ending 30 September 2022



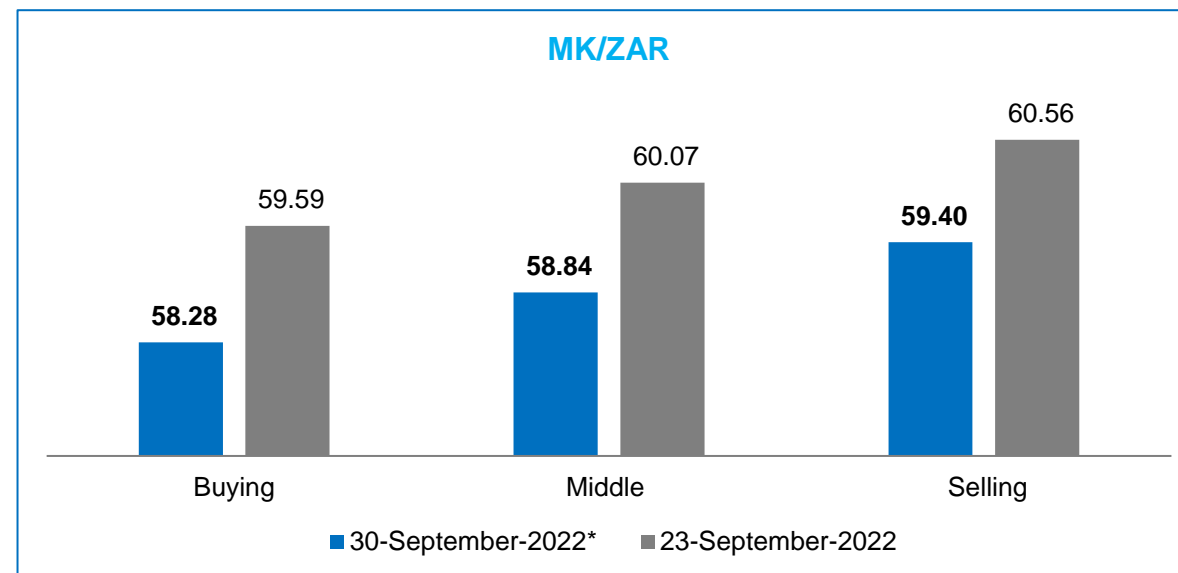
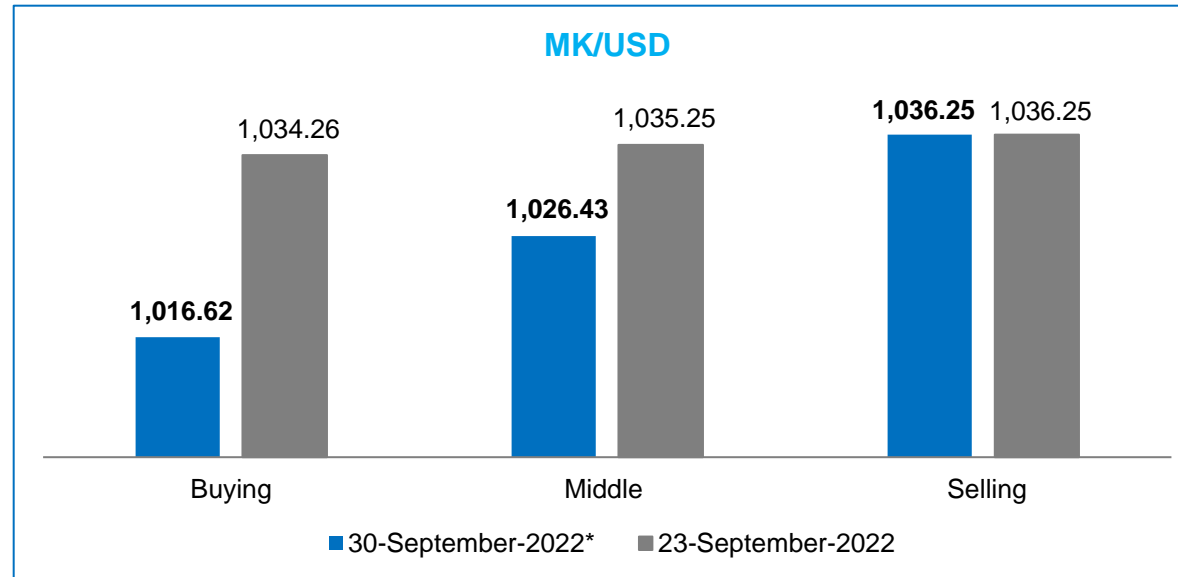
Financial Market Update: Week ending 30 September 2022

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

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.85% as it traded at MK1,026.43/USD as of 30 September 2022 from MK1,035.25/USD as of 23 September 2022.

The Millennium Challenge Corporation (MCC) has formalized the award of USD350 million (about MK362 billion) second compact to Malawi.

Foreign currency (Source: RBM)



What Happened This Week

1. The government risks losing out on a MK74 billion loan facility it obtained from the World Bank for the Digital Malawi Project. The 5-year Digital Malawi Phase 1 was launched in 2017 but is yet to be fully implemented due to delayed procurement for the national primary data center, internet bandwidth and computer network infrastructure installation for 500 government offices. The project's deadline is June 2024 (*The Daily Times, 26-September-2022*).
2. The European Union (EU) has approved £15 million (MK15 billion) assistance to Malawi to help narrow the food security gap for 3.8 million people between November 2022 and March 2023. The package is part of the MK600 billion the European Development Fund has extended to cushion vulnerable people from potential food crisis, mainly resulting from impact of the Russia and Ukraine war (*The Nation, 26-September-2022*).
3. The Millennium Challenge Corporation (MCC) has formalized the award of its USD350 million (about MK362 billion) second compact to Malawi. The US Secretary of State said his government is committed to Malawi's development agenda through the new compact and other efforts (*The Nation, 29-September-2022*).
4. According to the Reserve Bank of Malawi (RBM), government budgetary operations resulted in a deficit of 2.4% of the country's gross domestic product (GDP) between April and June 2022. The RBM indicates that during this period, total expenditure amounted to MK658.9 billion against revenue of MK387.4 billion (*The Daily Times, 29-September-2022*).
5. The Reserve Bank of Malawi (RBM) says the continued price declines observed in some key commodities such as oil on the global market, could offer some relief regarding the trajectory of inflation in the short-term. The RBM further indicated that inflation rate remains high at 25.5% as effects of the commodity price decline slowly filter to domestic prices (*The Nation, 30-September-2022*).

*: Reserve Bank of Malawi opening exchange rates as of 30 September 2022



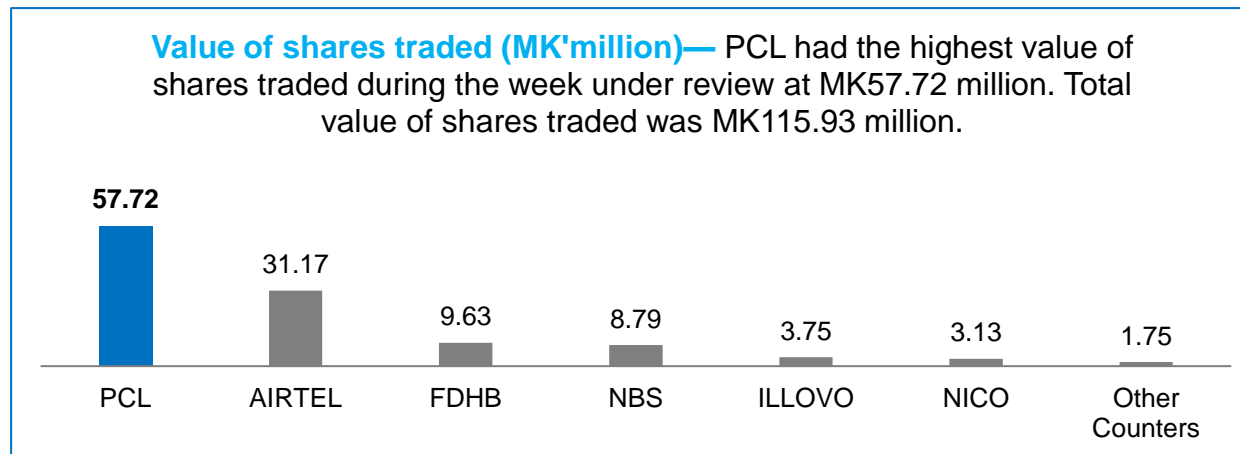
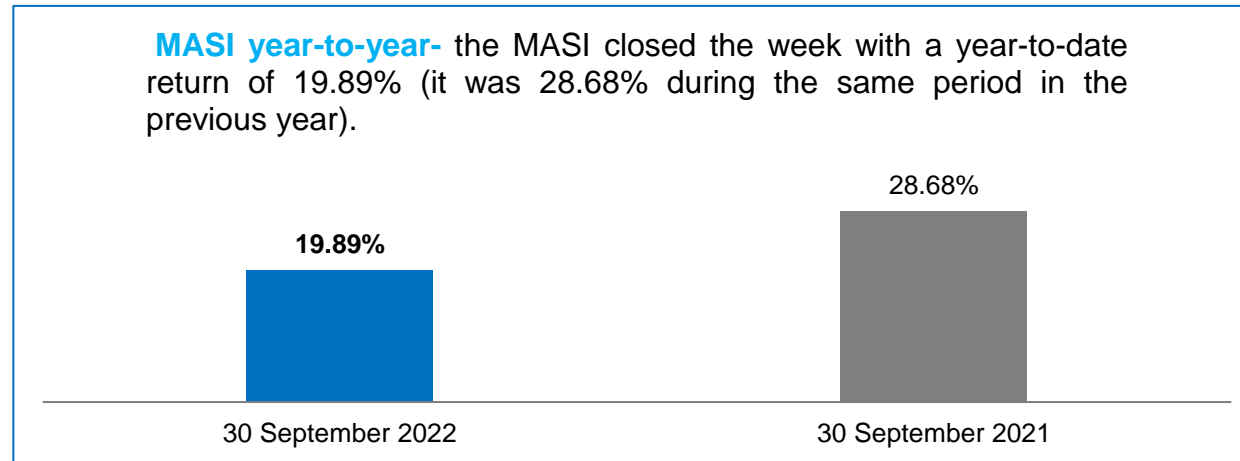
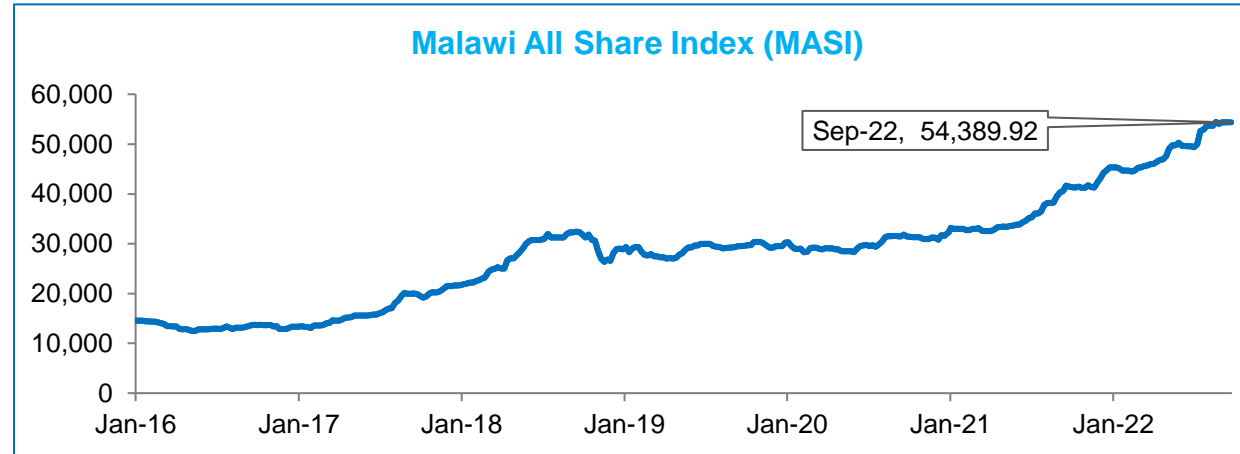
Financial Market Update: Week ending 30 September 2022

Stock market (Source: MSE)

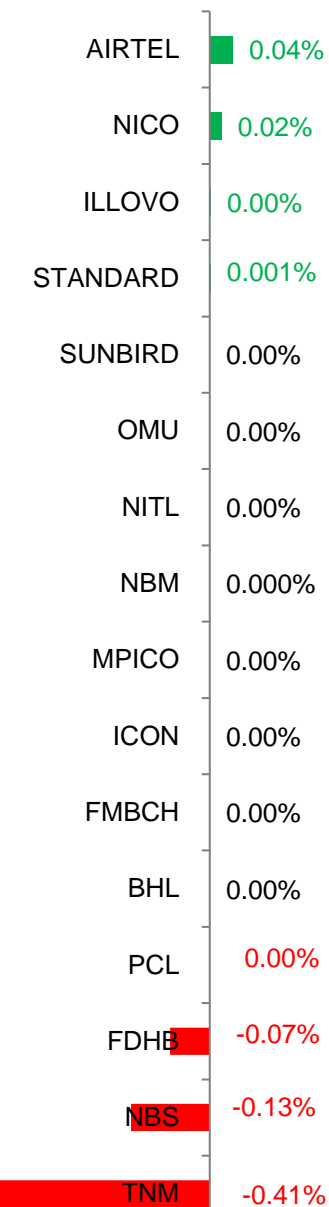
The stock market was marginally bearish over the period with the Malawi All Share Index (MASI) closing the week ending 30 September 2022 at 54,389.92 points from 54,397.73 points for the week ending 23 September 2022. Week-on-week, this represents a decrease of 0.014%.

There were marginal share price gains for AIRTEL, ILLOVO, NICO and Standard Bank during the period under review.

There were marginal share price losses for FDH Bank, NBS, TNM and PCL during the period under review.



Week on week percentage change (%)



Symbol	Closing prices as of 30 September 2022 (MK/share)
AIRTEL	51.18
BHL	10.99
FDHB	14.99
FMBCH	100.05
ICON	11.97
ILLOVO	500.01
MPICO	20.67
NBM	1,160.04
NBS	22.66
NICO	50.96
NITL	112
OMU	1,600.00
PCL	2,181.41
STANDARD	1,840.10
SUNBIRD	80.02
TNM	12.01



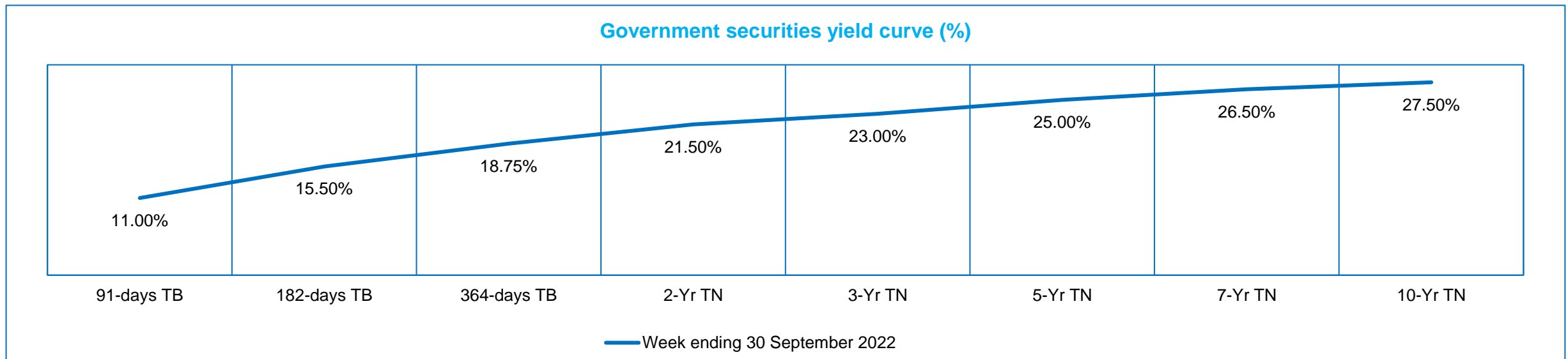
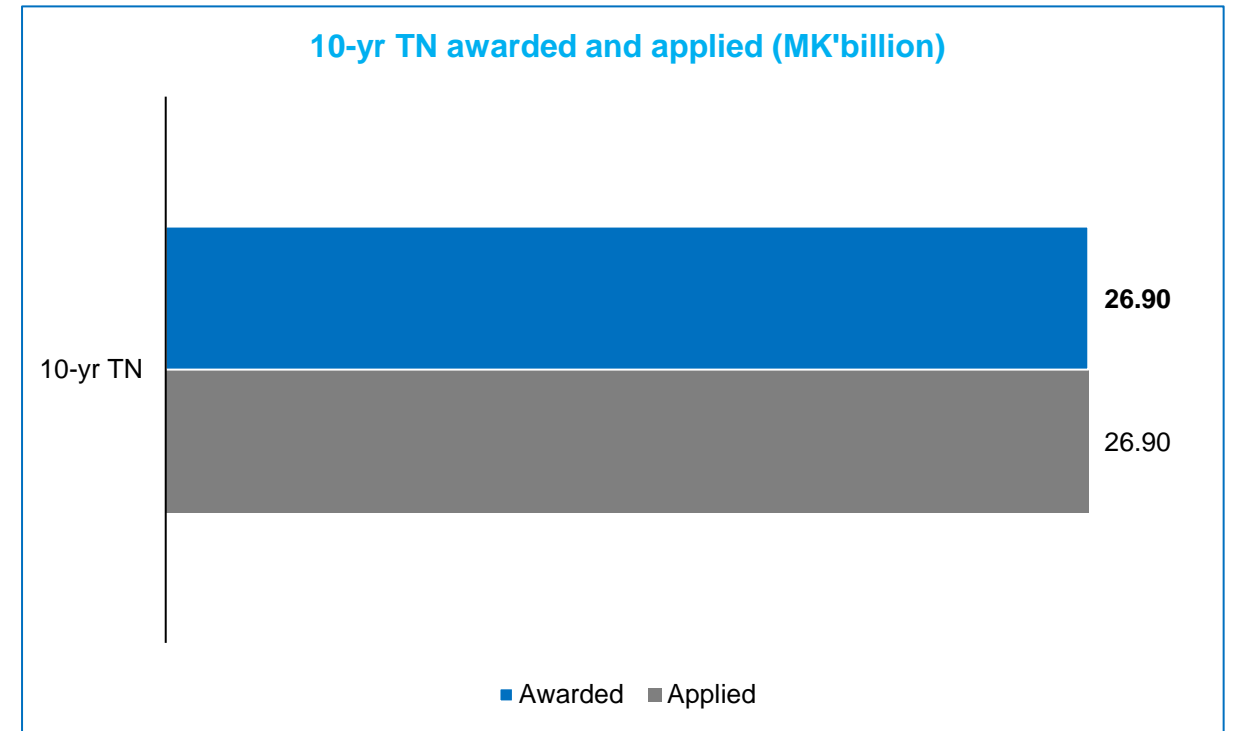
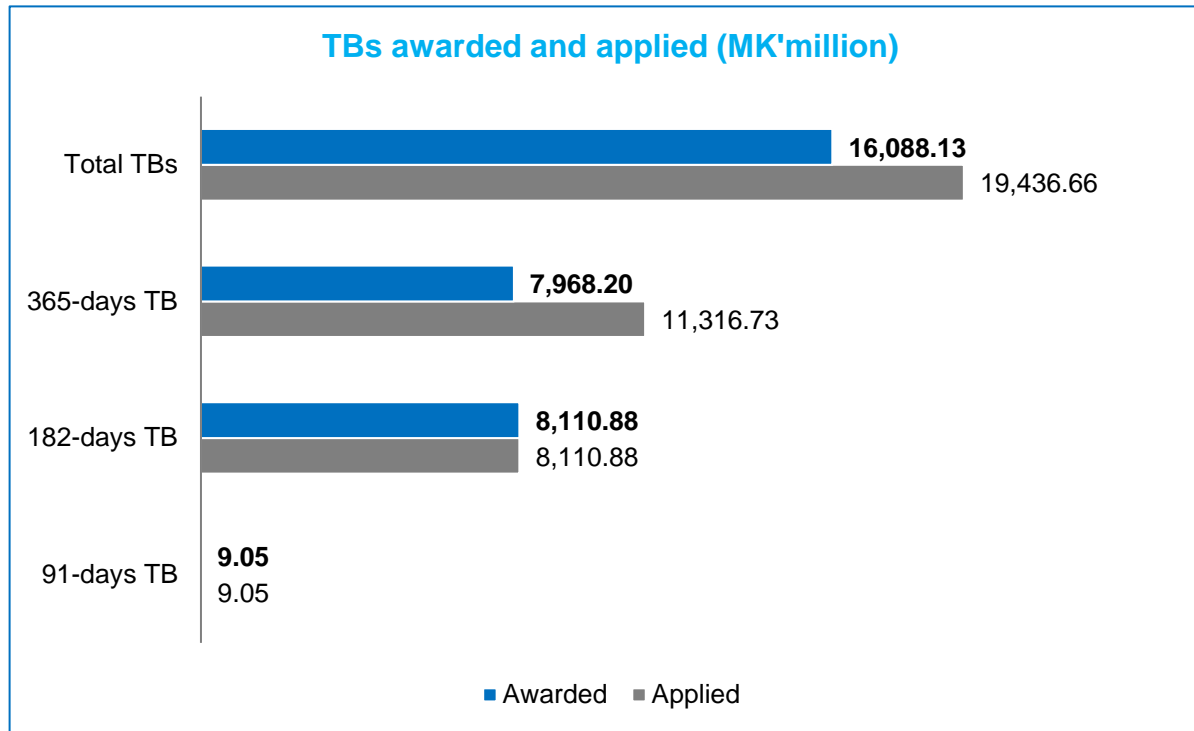
Government securities (Source: RBM)

A total of MK42.99 billion was awarded in this week's auctions of Treasury Bills (TBs) and 10-year Treasury Note (TN).

MK16.09 billion and MK26.90 billion was awarded in the TBs and TN auctions, respectively.

The TBs auctions had a 17.23% rejection rate, the 10-yr TN had a nil rejection rate.

The average TB yield maintained its position at 15.08% and the average TN yield maintained its position at 24.70% 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 30 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	1,175.11*
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	1,036.93*
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	58.84*
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%	15.00%	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%	18.75%
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%	21.50%
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	54,389.92
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	44,360.30
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 30 September 2022

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

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

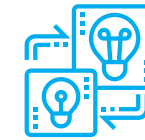
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**

