



Malawi Financial Market Update

Week ending 18 November 2022



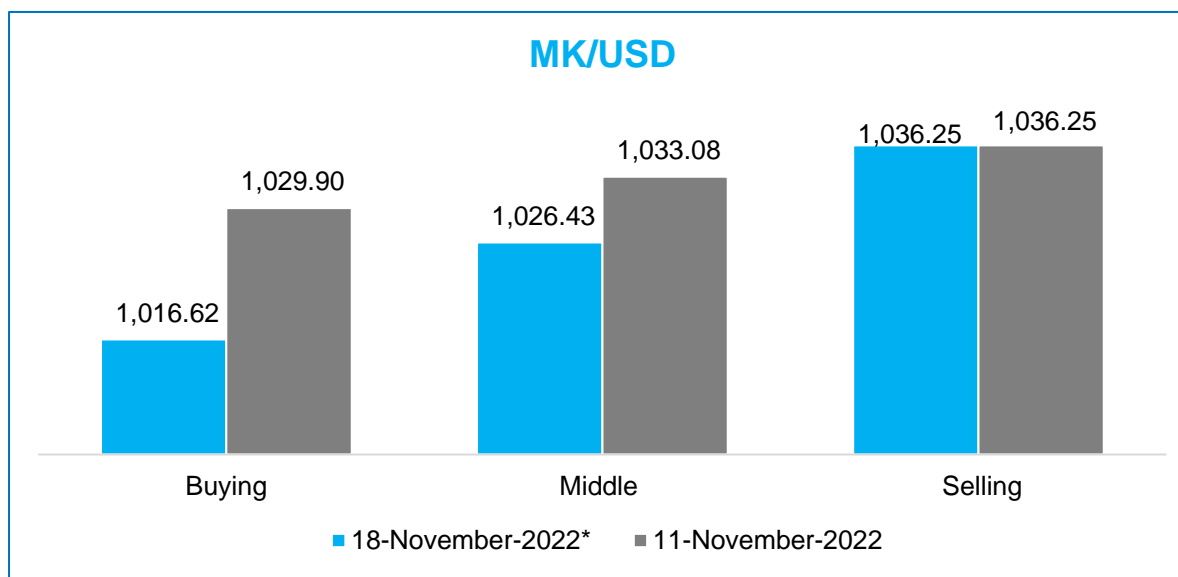
Financial Market Update: Week ending 18 November 2022

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

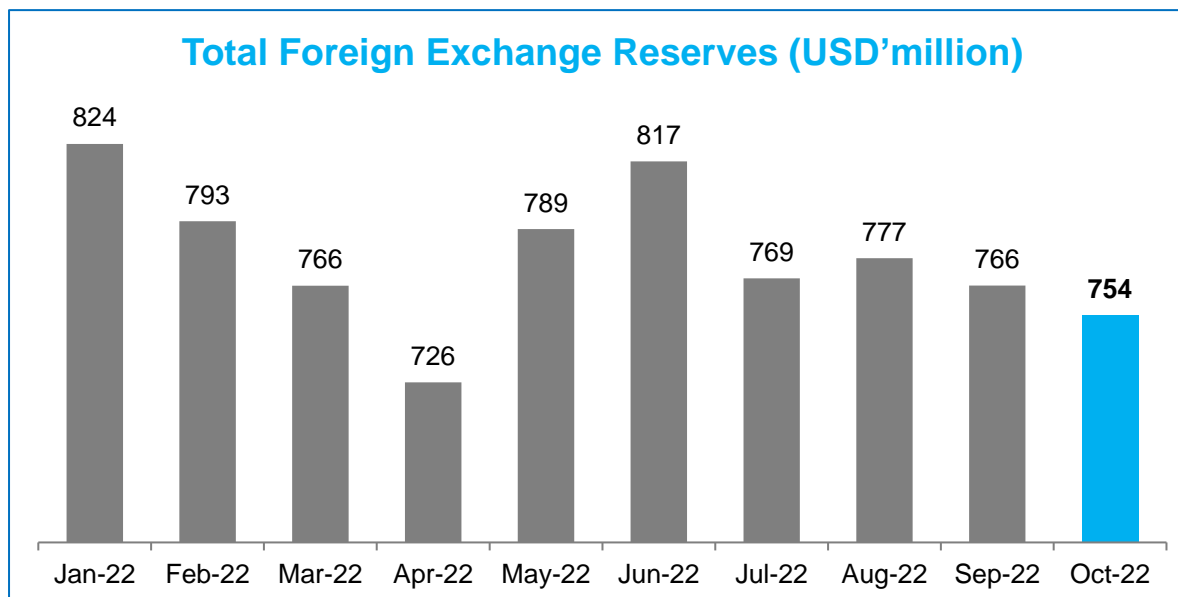
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.64% as it traded at MK1,026.43/USD as of 18 November 2022 from MK1,033.08/USD as of 11 November 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 25.28%.

As of 31 October 2022, Malawi had a total of USD754 million in forex reserves. This was a 1.60% decrease from USD766 million reported as of 30 September 2022

Foreign currency (Source: RBM)



Foreign Exchange Reserves (Source: RBM)



What Happened This Week

1. There has been a decline in export earnings as a result of declining tea and sugar prices on the international market. The Reserve Bank of Malawi has reported that tea prices have decline to USD2.28 per kilogramme from USD2.34 per kilogramme while sugar prices have declined to USD0.34 per kilogramme from USD0.35 per kilogramme. Tea prices are expected to decline further following market disruption resulting from the continued Russian-Ukrainian conflict. However, sugar prices are expected to increase due to seasonal decrease in market supply. Meanwhile, the prices of Malawi's major imports, fuel and fertilizer have increased on the international market. This implies a further widening of the trade deficit in Malawi (*The Daily Times*, 15-November-2022).
2. Prior to the parliamentary budget review report which is to be presented on 25 November 2022, it has been reported that Government has spent MK1.39 trillion in the first half of the 2022-23 financial year. This is slightly below half of the national budget which was pegged at MK2.84 trillion. The budget is to be reviewed in consideration of recent economic developments and revisions of projections of economic parameters such as inflation and Gross Domestic Product (GDP). In addition to this, there will be updates on mid-year revenue and grants performance, the impact of austerity measures introduced in the country as well as an update on Agricultural Input Subsidy Programme (AIP) and government's plans on debt financing (*The Daily Times*, 16-November-2022).
3. The International Monetary Fund Executive Board has granted Malawi a waiver after revelations that the Malawi Government misreported its foreign exchange reserves position. The decision to grant the waiver was requested by the government in connection with the misreporting of Net International Reserves (NIR) and it will lead to the country saving USD58.7 million (about MK58 billion). The request and the granting of the waiver comes before the IMF board decides on Malawi's application for a Rapid Credit Facility programme. The Board is set to make a decision on Malawi's RCF application on 21 November 2022 (*The Nation*, 18-November-2022).

*: Reserve Bank of Malawi opening exchange rates as of 18 November 2022

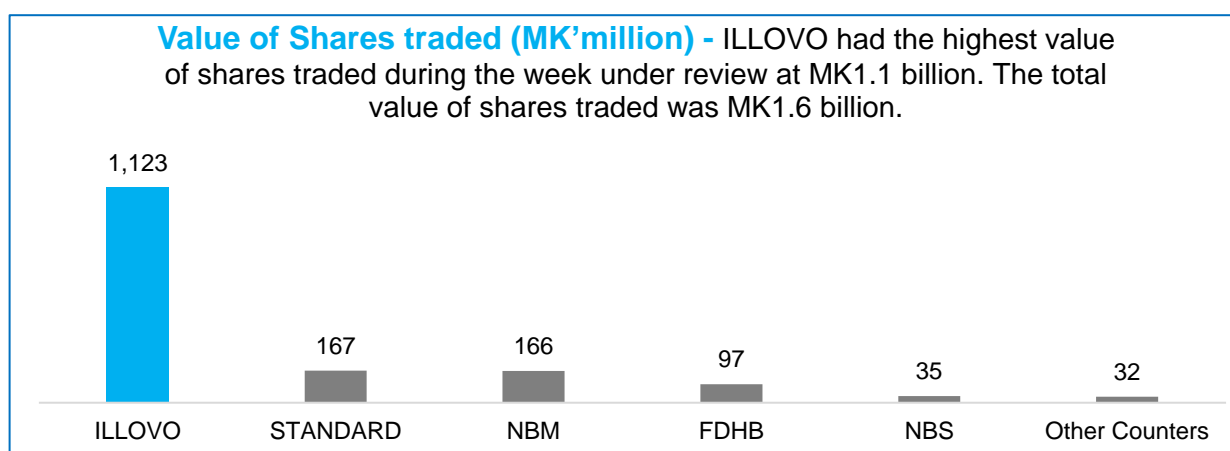
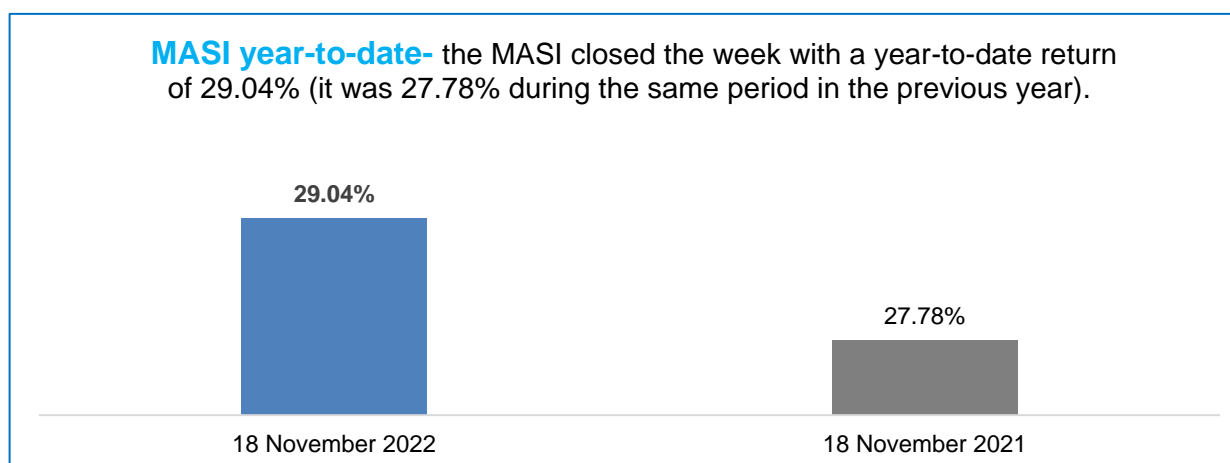
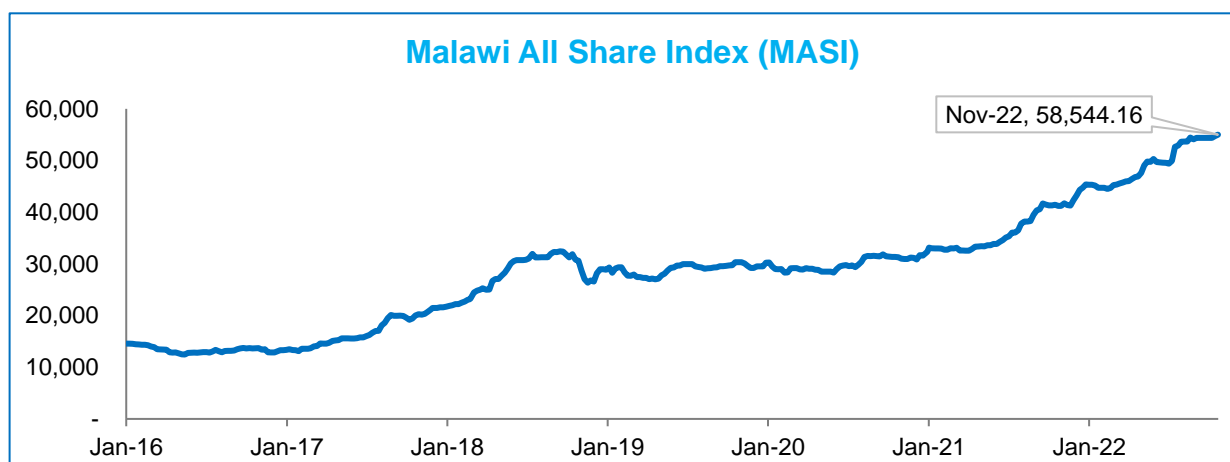


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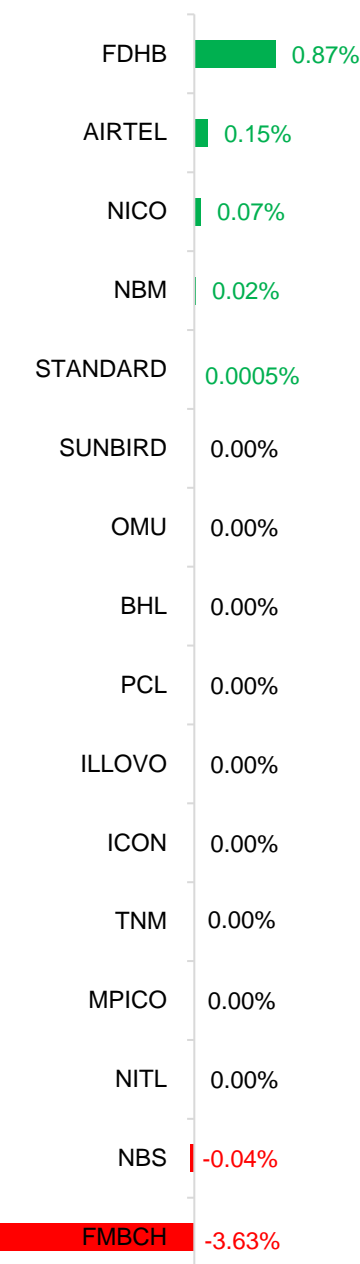
Stock market (Source: MSE)

The stock market was marginally bearish with the Malawi All Share Index (MASI) closing the week ending 18 November 2022 at 58,544.16 points from 58,690.96 points for the week ending 11 November 2022. Week-on-week, this represents a 0.25% decrease.

There were marginal share price gains for FDH Bank, AIRTEL, NICO, NBM and Standard Bank during the period under review. The marginal share price gains offset a share price loss for FMBCH and a marginal share price loss for NBS Bank during the period under review.



Week-on-week percentage change (%)



Symbol	Closing prices as of 18 November 2022 (MK/share)
AIRTEL	55.09
BHL	10.99
FDHB	15.00
FMBCH	110.82
ICON	11.96
ILLOVO	500.10
MPICO	20.66
NBM	1,400.26
NBS	22.60
NICO	55.00
NITL	112.01
OMU	1,156.00
PCL	2,181.38
STANDARD	2,000.03
SUNBIRD	92.03
TNM	12.02



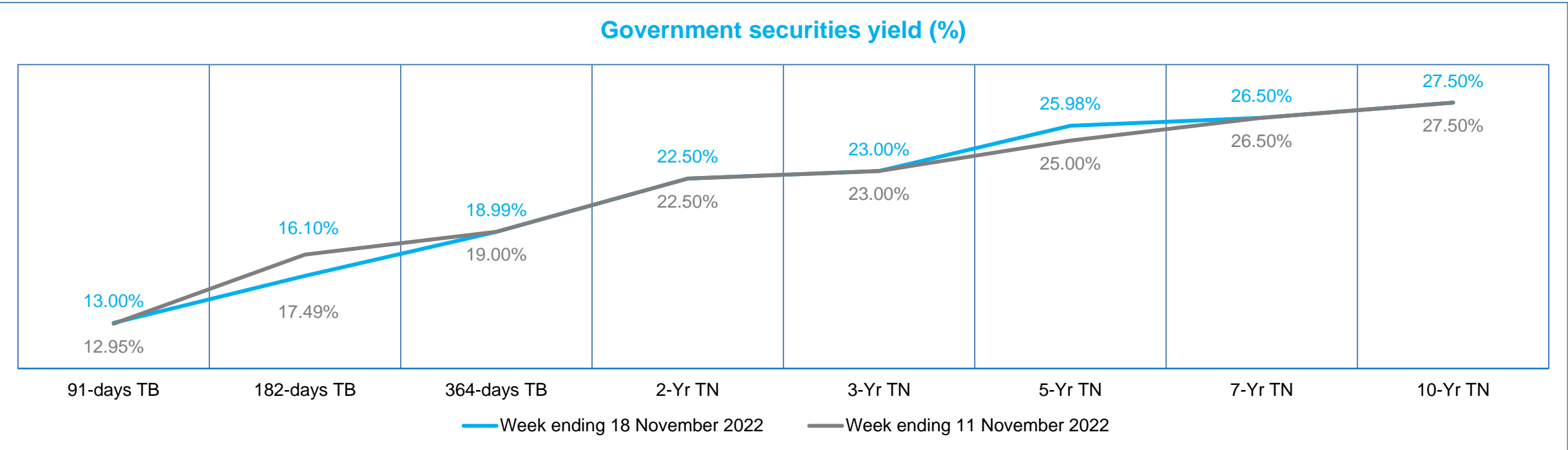
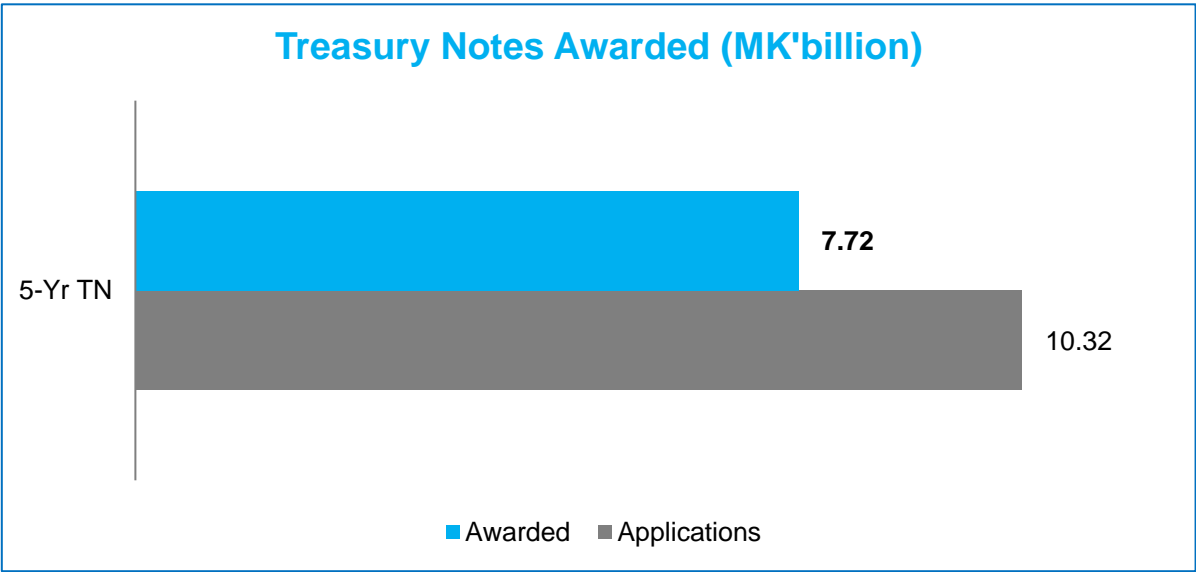
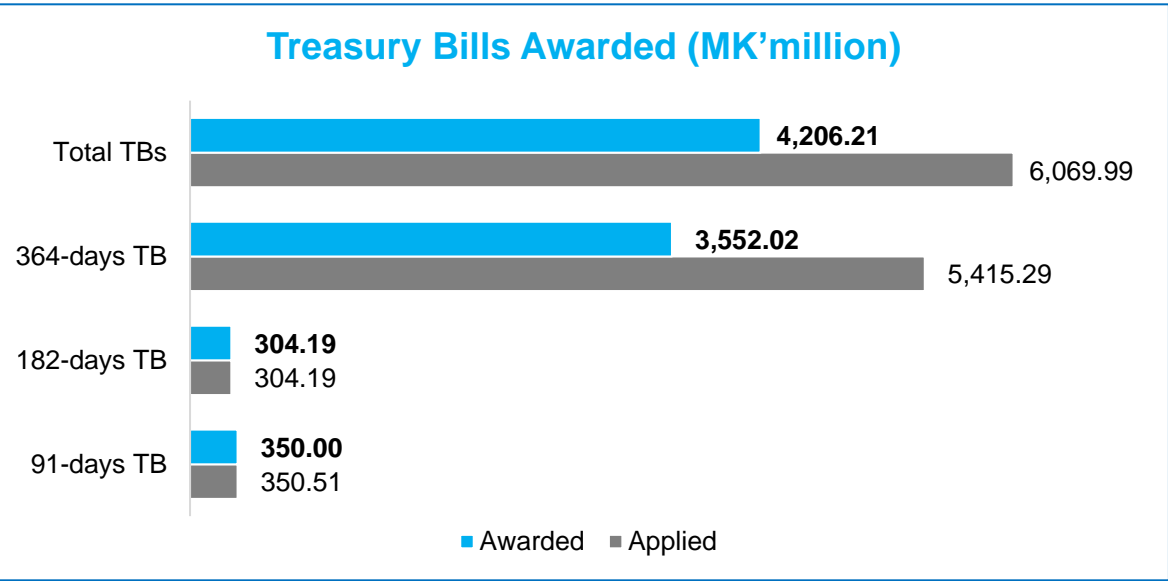
Government securities (Source: RBM)

A total of MK11.93 billion was awarded in this week's Treasury Bills (TBs) and 5-year Treasury Note (TN) auctions during the week under review.

MK4.21 billion was awarded in the TBs auctions and MK7.72 billion was awarded in the 5-year TN auction.

The TBs had a 30.70% rejection rate, and the TN had a 25.19% rejection rate.

The average TB yield declined to 16.03% from 16.48% while the average TN yield rose to 25.10% from 24.90% during the week under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Oct-22	Week- ending 18 Nov-22
Exchange rates (middle rates)																		
MK/USD	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	1,032.88	1,026.43*
MK/GBP	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	1,234.05	1,258.21*
MK/EUR	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	1,062.62	1,096.03*
MK/ZAR	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	58.36	60.93*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	326.06	N/A
Private Sector Reserves (USD'mn)	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	427.67	N/A
Total reserves (USD'mn)	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	753.73	N/A
Gross Official Reserves Import cover (months)	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	1.30	N/A
Inflation																		
Headline	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%	N/A	N/A
Food	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%	N/A	N/A
Non-food	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%	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%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%
Average Interbank rate	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%	15.00%	15.00%
Average base lending rate	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%	18.20%	18.20%
Government Securities Yields																		
91-days Treasury Bill	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%	13.00%
182-days Treasury Bill	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%	15.50%	16.10%
364-days Treasury Bill	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%	18.99%
2-year Treasury Note	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%	22.50%
3-year Treasury Note	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%	23.00%
5-year Treasury Note	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%	25.98%
7-year Treasury Note	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%	26.50%
10-year Treasury Note	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%	27.50%
Stock Market Indices																		
MASI	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	55,046.26	58,544.16
DSI	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	44,986.52	47,681.93
FSI	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	5,100.84	5,633.45

*: Reserve Bank of Malawi opening exchange rates as of 18 November 2022

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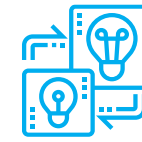
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