



Malawi Financial Market Update

Week ending 28 October 2022



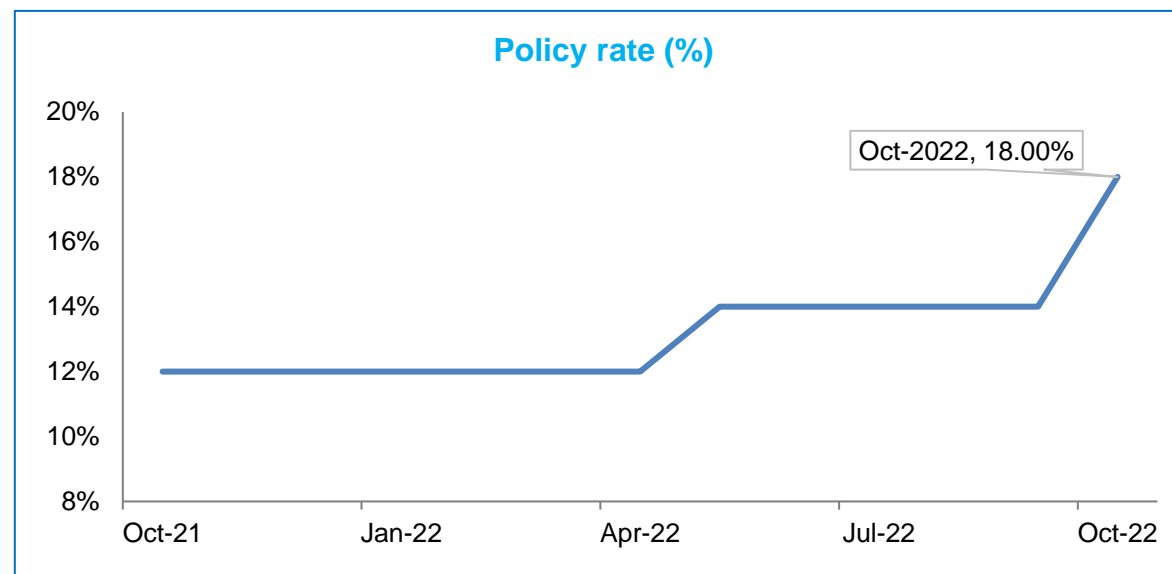
Financial Market Update: Week ending 28 October 2022

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

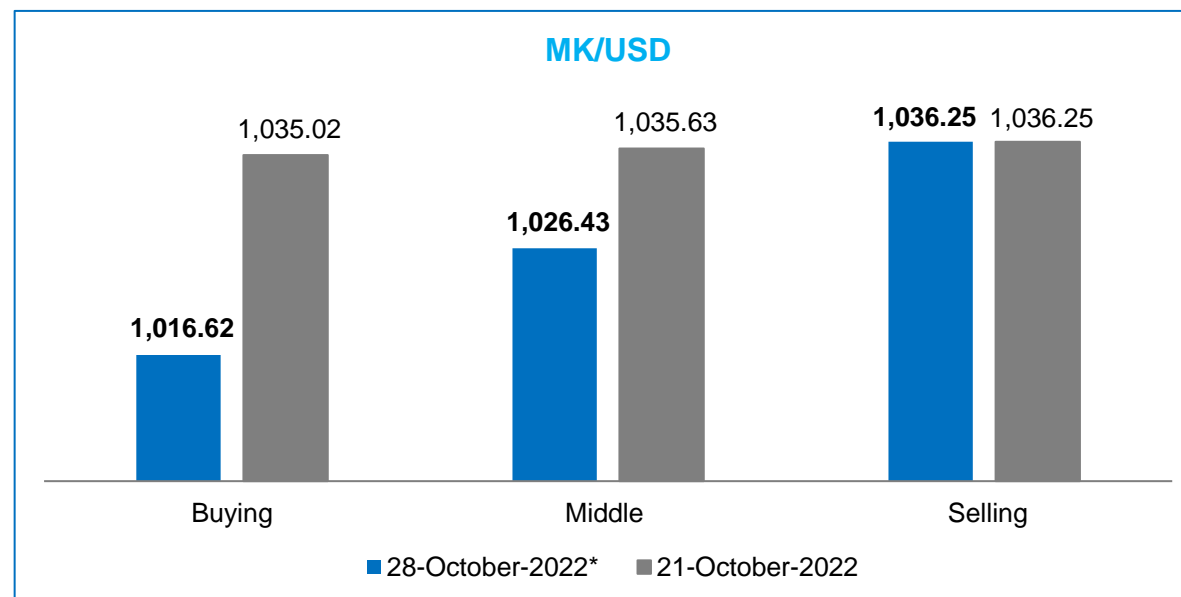
The Policy rate has been adjusted upwards by 4 percentage points, from 14% to 18%. It was kept at 12% during the same period last year.

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.89% as it traded at MK1,026.43/USD as of 28 October 2022 from MK1,035.63/USD as of 21 October 2022.

Monetary Policy Rate (Source: RBM)



Foreign currency (Source: RBM)



What Happened This Week

- Following the fourth Monetary Policy Committee (MPC) meeting of 2022, the Reserve Bank of Malawi (RBM) has raised the policy rate by 4 percentage points, from 14% to 18%. The MPC revised the policy rate upwards as an attempt at restoring price stability to revive and sustain economic growth. The MPC has kept the Lombard rate at 20 basis points (18.2%) above the policy rate and the Liquidity Reserve Ratio for both domestic and foreign reserves at 3.75%. The upward revision of the policy rate is expected to result in high interest rates and high financing charges for both existing and future credit lines. (*The Nation, 28-October-22*).
- As a result of increasing inflationary pressures, the RBM has revised its projections for inflation for 2022 and 2023. In the recent statement on the MPC meeting, the RBM reported that high inflation could be sustained for a while because of the delayed pass-through of past increases in food and energy prices from global markets to domestic consumer prices. The 2022 annual average inflation is projected to rise to 21.5% and annual projected inflation for 2023 is 21.8%. (*Statement of the fourth MPC meeting, 27-October-22*).
- The Malawi Revenue Authority (MRA) has collected MK748.89 billion during the first half of the 2022-23 financial Year. This is against the targeted MK742.22 billion and represents a MK6.68 billion revenue surplus. According to the MRA, the revenue surplus is a result of the use of different strategies which include minimizing smuggling and intensifying auditing to curb tax avoidance. Taxation experts have applauded the MRA for its improved efficiency and its increased efforts in dealing with corruption (*The Daily Times, 27-October-22*).
- Malcel, a new telecommunications company plans on investing over USD280 million (MK280 billion) in the next five years in putting up infrastructure for its services. The company intends to establish 1,300 sites in order to compete against the existing industry key players, TNM and Airtel. The company will officially launch its services on the market on 1 October 2023 (*The Daily Times, 24-October-22*).

*: Reserve Bank of Malawi opening exchange rates as of 28 October 2022

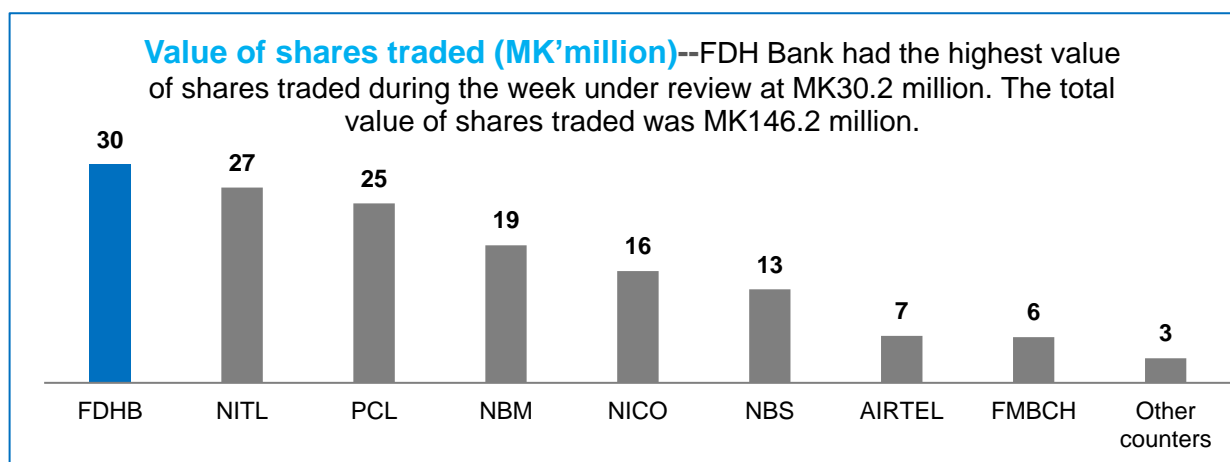
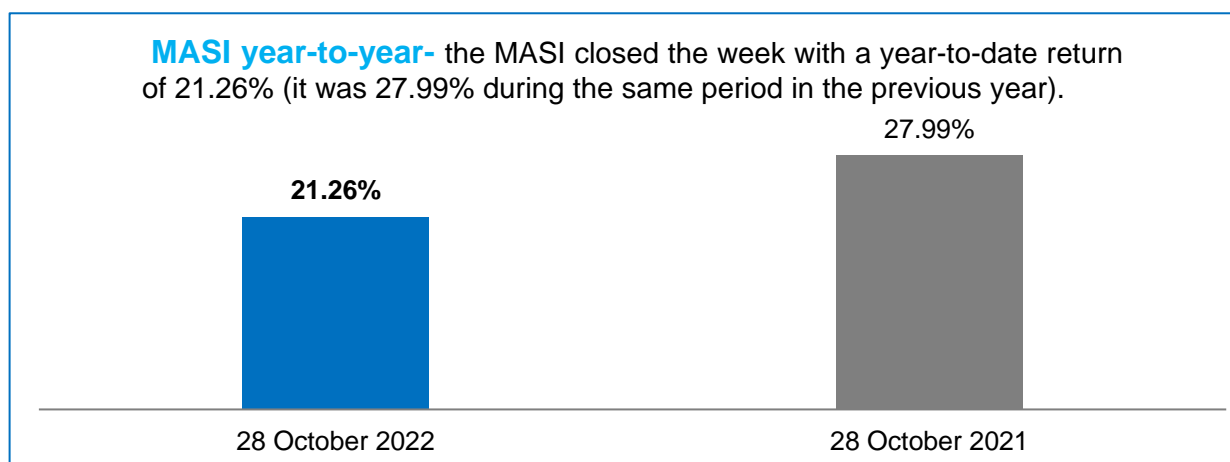
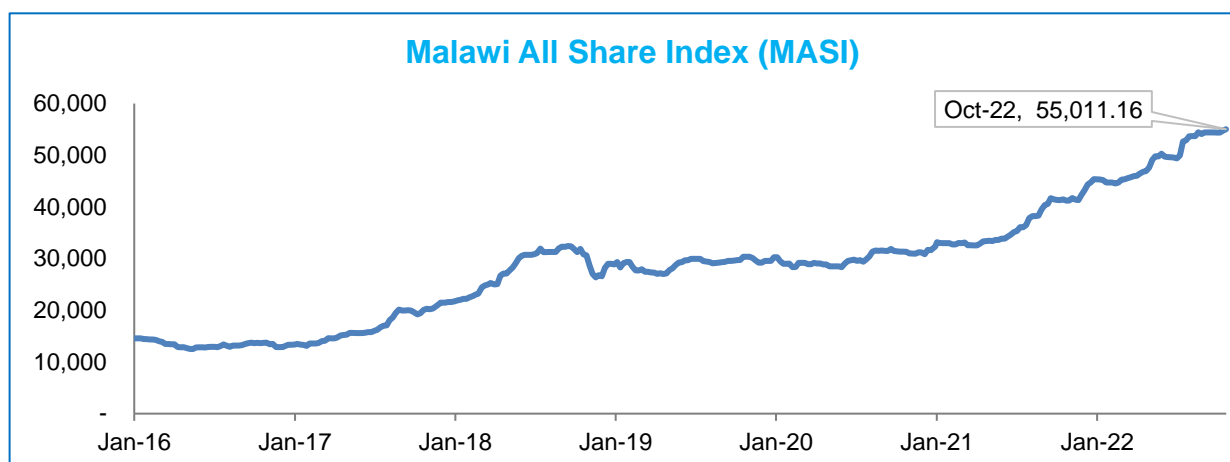


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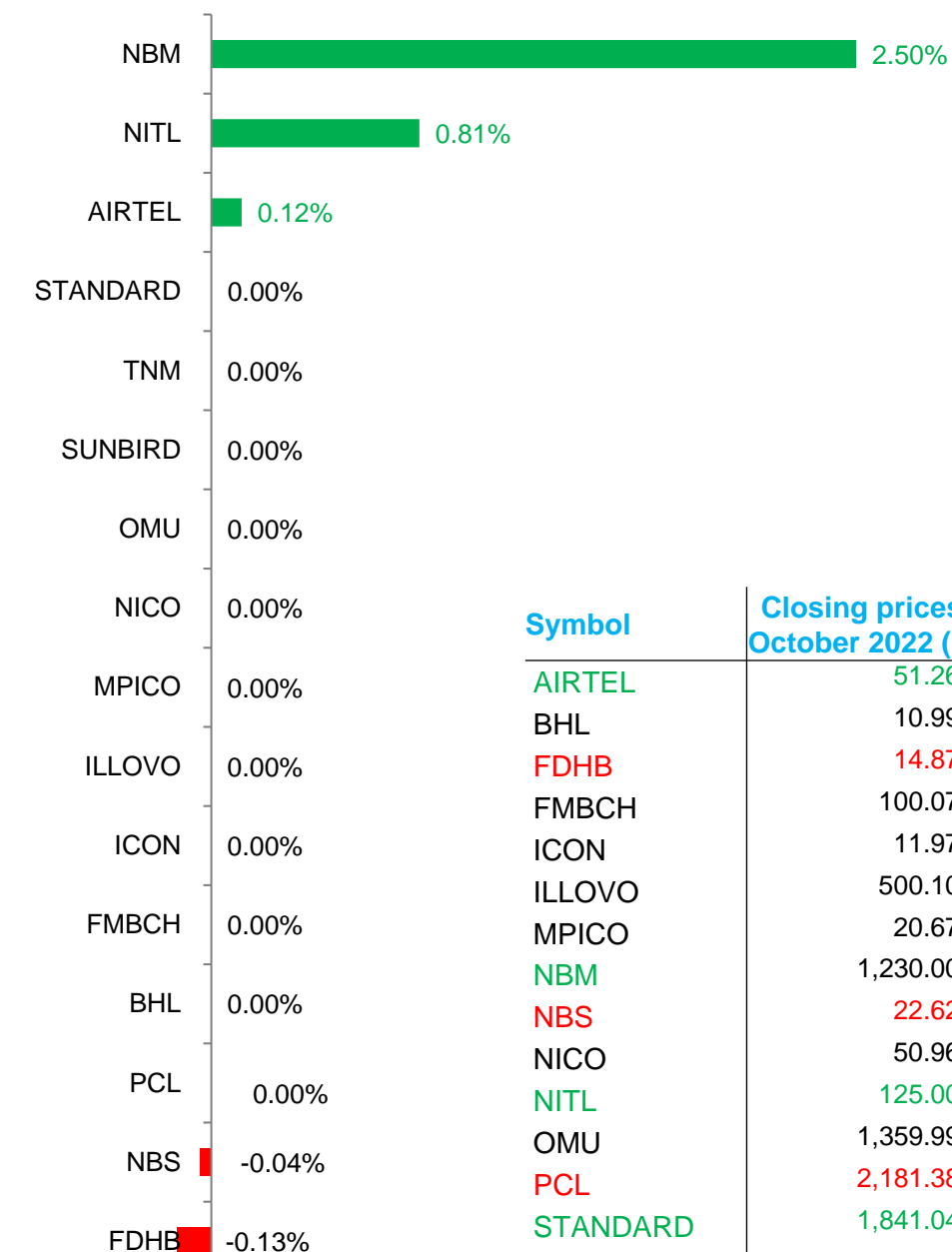
Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 28 October 2022 at 55,011.16 points from 54,738.07 points for the week ending 21 October 2022. Week-on-week, this represents a 0.50% increase.

There was a share price gain for NBM and marginal share price gains for AIRTEL, NITL and Standard Bank, 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 28 October 2022 (MK/share)
AIRTEL	51.26
BHL	10.99
FDHB	14.87
FMBCH	100.07
ICON	11.97
ILLOVO	500.10
MPICO	20.67
NBM	1,230.00
NBS	22.62
NICO	50.96
NITL	125.00
OMU	1,359.99
PCL	2,181.38
STANDARD	1,841.04
SUNBIRD	80.03
TNM	12.01



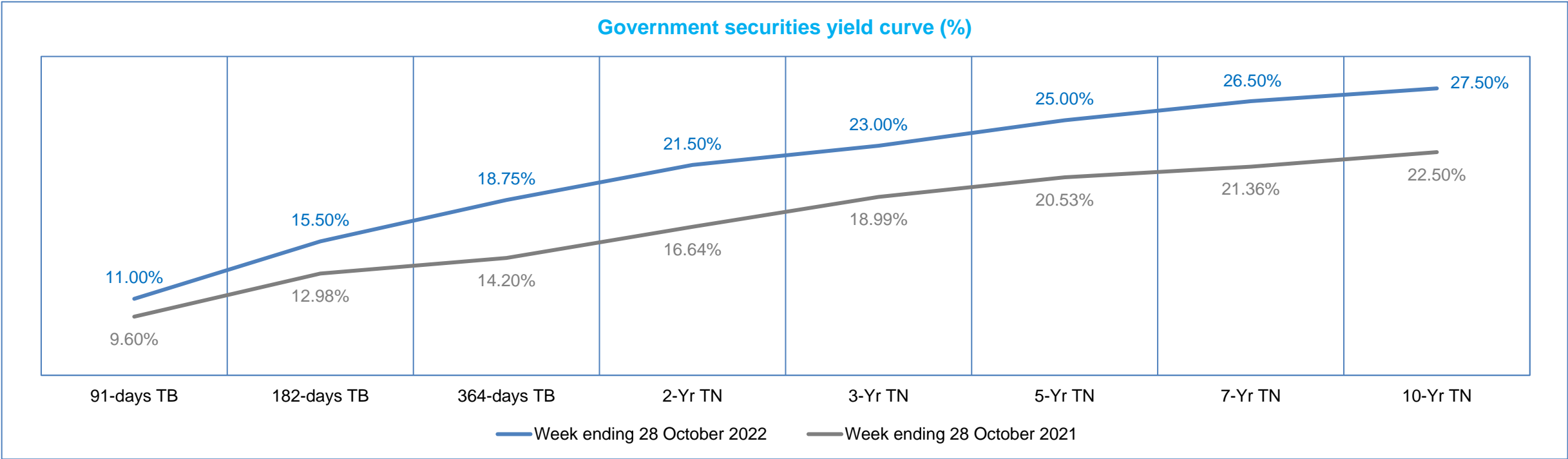
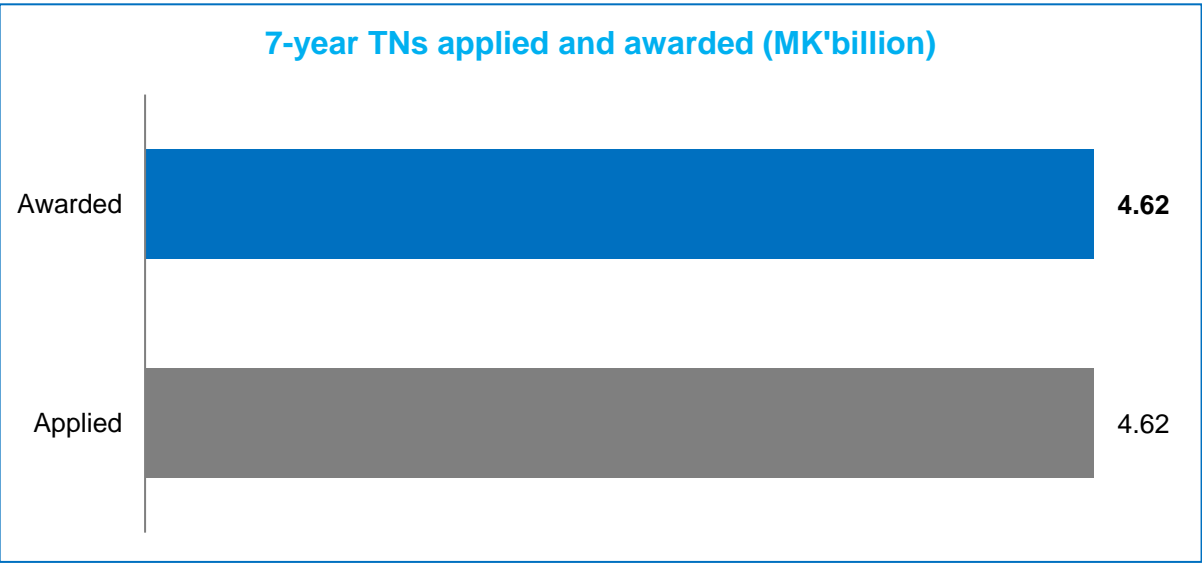
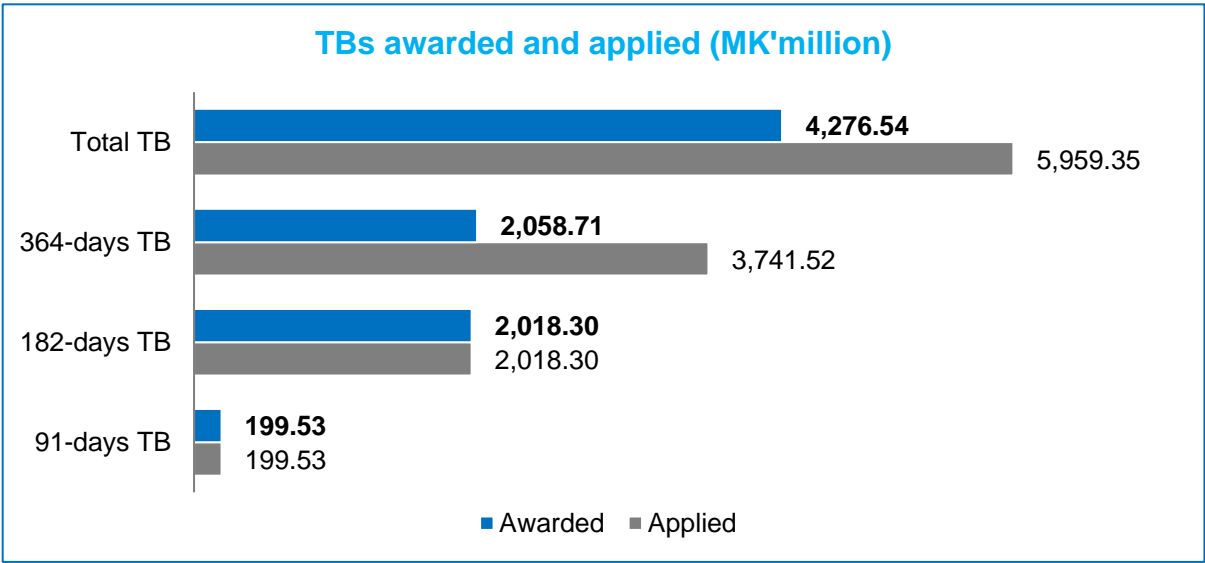
Government securities (Source: RBM)

A total of MK8.90 billion was awarded in this week's Treasury Bills (TBs) and 7-year Treasury Note (TN) auctions.

MK4.28 billion and MK4.62 billion was awarded in the TBs and 7-year TN auction, respectively.

The TBs had a 28.24% rejection rate while the TNs had a nil rejection rate.

The average TB yield marginally rose to 15.08% from 15.07% while the average TN yield remained at 24.70% 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 28 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	1,219.72*
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	1,053.53*
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	58.68*
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%	25.9%	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%	33.7%	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%	18.3%	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%	18.00%
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%	15.50%
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	55,011.16
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	44,935.54
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 28 October 2022

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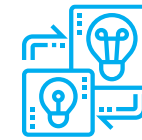
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