



Malawi Financial Market Update

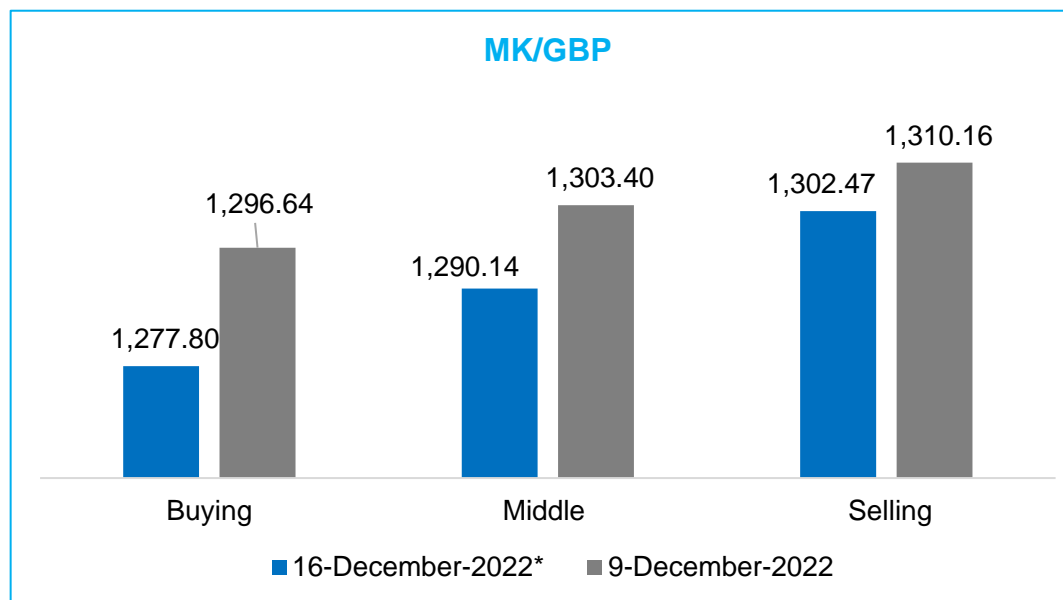
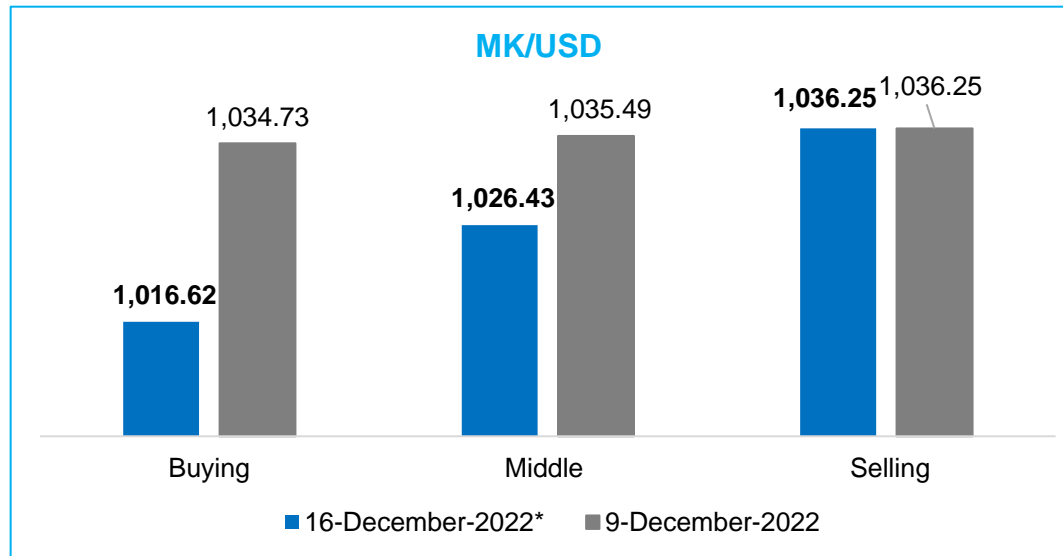
Week ending 16 December 2022



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

Members of Parliament have passed an IDA Bill to allow the government to receive a USD100 million (MK100 billion) grant from IDA. In addition to this, Members of Parliament have passed the Pension Act of 2022 to reduce employees' waiting period for pension proceeds from 6 months to 3 months, and to allow one to claim 50% of their contributions, an increase from the previous 40%.

Foreign currency (Source: RBM)



What Happened This Week

- Members of Parliament passed an International Development Association (IDA) Authorization Bill to allow the government to receive a USD100 million (approximately MK103 billion) grant from IDA. The funds from the grant are intended to be used in the Malawi Emergency Project whose objective is to protect and ensure sustained delivery of essential health services in the country. The grant will support the health budget for drugs, medical supplies and essential operating expenditures. It will support selected budget lines for the Ministry of Health in the national budget and will thus free some resources in the budget to be used for other expenditures (*The Daily Times, 16-December-22*).
- Members of Parliament have passed the Pension Act of 2022 which has reduced employees' waiting period for pension proceeds from six months to three months and allowing one to claim 50 percent of total contributions with five years to retirement age. The new law will allow retirees to access 50% of their contributions, including interest from a previous 40%. The remaining 50% will be paid out as annuities to the retirees. The new law also proposes stiffer penalties for employers that fail to remit pension deductions to fund managers (*The Daily Times, 16-December-22*).
- Malawi's net remittances have been declining to a monthly average of USD6 million (about MK6.2 billion) in 2022 from a monthly average of USD21 million (MK22 billion) in 2019. Economic experts have stated that this is an indication of their declining relevance as a foreign exchange earner. The decline has been attributed to the lingering effects of the COVID-19 on people's incomes in diaspora. According to the International Fund for Agricultural Development, over 50 percent of remittances are sent to households in rural areas (*The Nation, 14-December-22*).
- The United States (US) government has said that it will commit USD55 billion (about MK57 trillion) to Africa in the next three years. The money will be spent in different sectors to tackle different developmental challenges the continent is currently facing. The money is meant to demonstrate the US's long-standing leadership and partnership in development, economic growth and security in Africa (*The Nation, 14-December-22*).

Note

*: Reserve Bank of Malawi opening exchange rates as of 16 December 2022

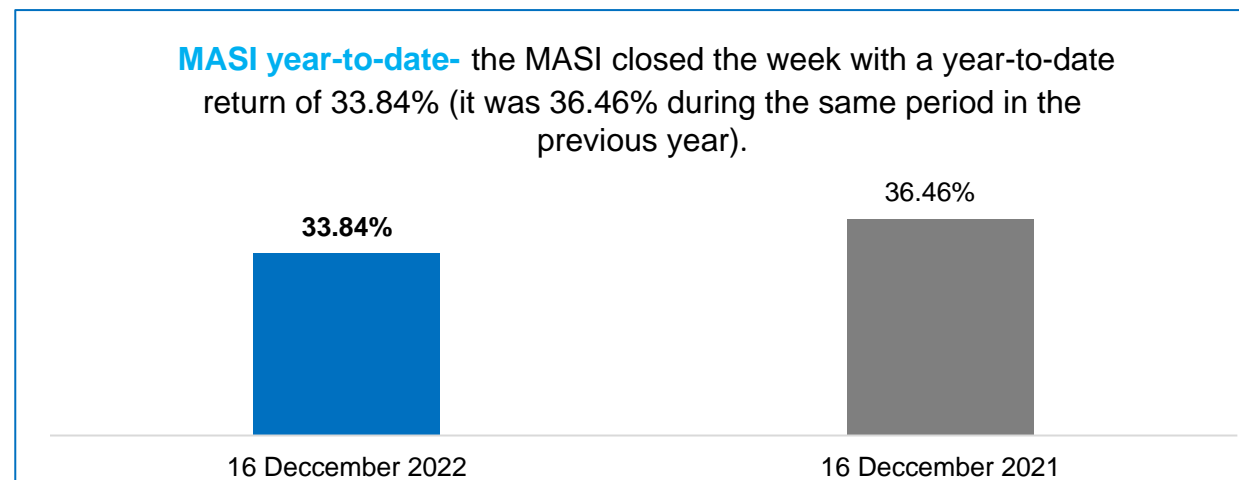
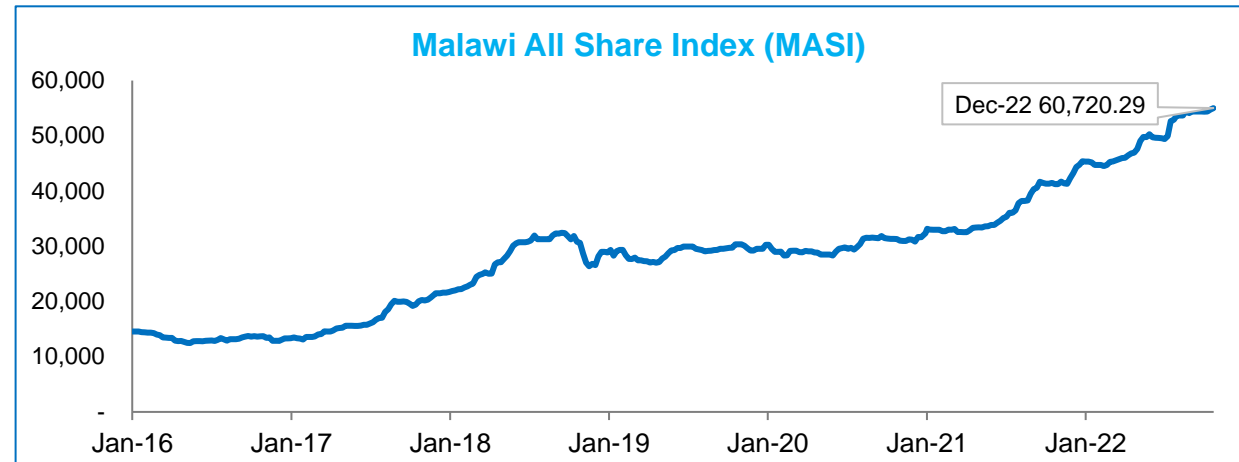


Financial Market Update: Week ending 16 December 2022

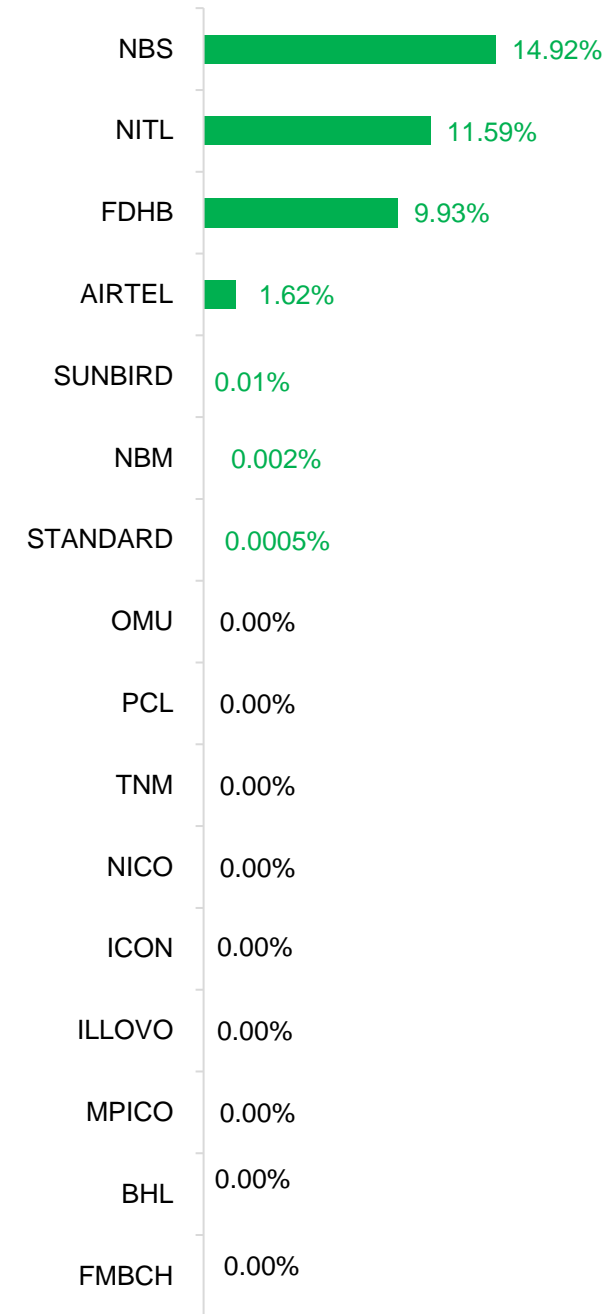
Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 16 December 2022 at 60,720.29 points from 60,127.53 points for the week ending 9 December 2022. This represents a 0.99%, week on week increase.

There were share price gains for NBS, NITL, FDH Bank, and AIRTEL, and marginal share price gains for SUNBIRD, NBM and Standard Bank during the period under review. No counters had share price losses during the week under review.



Week-on-week share price percentage change (%)



Symbol	Closing prices as of 16 December 2022 (MK/share)
AIRTEL	56.50
BHL	10.98
FDHB	16.50
FMBCH	110.83
ICON	11.96
ILLOVO	500.12
MPICO	20.64
NBM	1,540.23
NBS	25.95
NICO	55.01
NITL	124.99
OMU	985.00
PCL	2,181.38
STANDARD	2,000.13
SUNBIRD	92.05
TNM	13.50

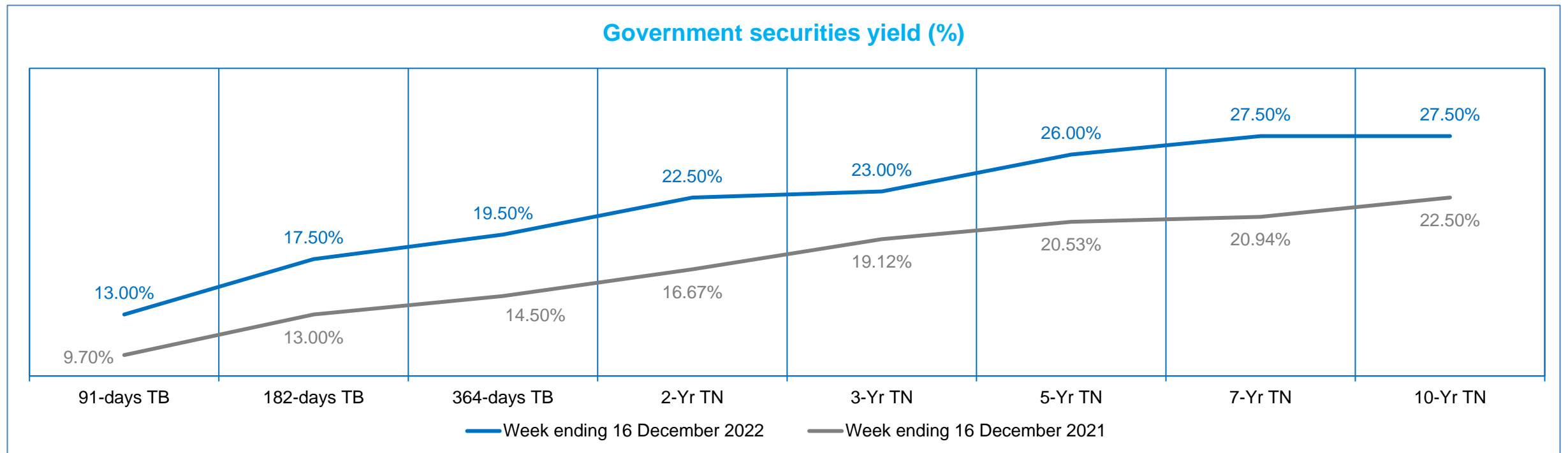
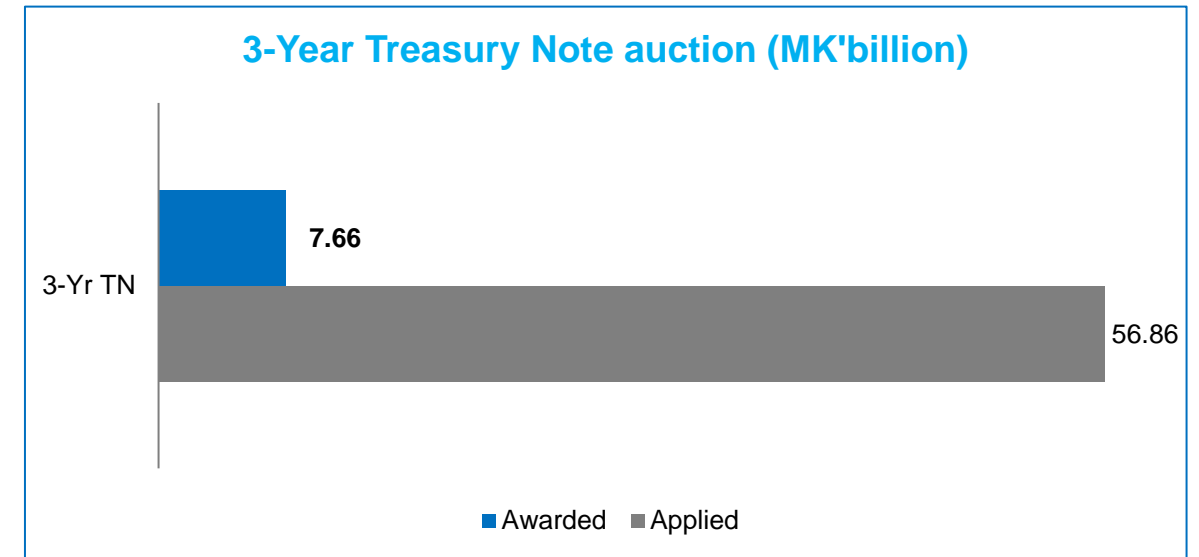
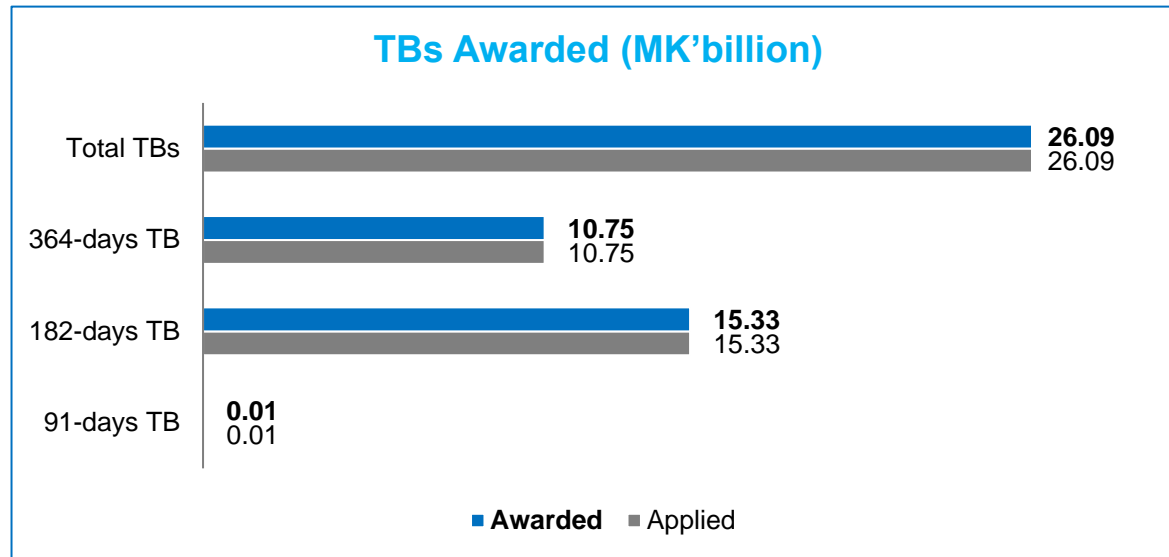


Government securities (Source: RBM)

A total of MK33.75 billion was awarded in this week's Treasury Bills (TBs) and Treasury Notes (TNs) auctions.

The TBs had a nil rejection rate, and the TNs had an 87% rejection rate.

The average TB and TN yields maintained their position at 16.67% and 25.30%, respectively during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Nov-22	Week- ending 16- Dec-22	
Exchange rates (middle rates)																			
MK/USD	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	1,034.42	1,026.43*	
MK/GBP	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	1,276.81	1,290.14*	
MK/EUR	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	1,105.82	1,125.00*	
MK/ZAR	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	62.11	60.39*	
Foreign Exchange Reserves																			
Gross Official Reserves (USD'mn)	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	338.87	N/A	
Private Sector Reserves (USD'mn)	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	400.77	N/A	
Total reserves (USD'mn)	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	739.64	N/A	
Gross Official Reserves Import cover (months)	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	1.36	N/A	
Inflation																			
Headline	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%	26.7%	N/A	N/A	
Food	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%	34.5%	N/A	N/A	
Non-food	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%	18.6%	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%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	18.00%	
Average Interbank rate	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%	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%	13.50%	13.80%	13.90%	14.20%	14.20%	18.20%	18.20%	18.20%	
Government Securities Yields																			
91-days Treasury Bill	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%	13.00%	
182-days Treasury Bill	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%	15.50%	17.50%	17.50%	
364-days Treasury Bill	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%	19.50%	19.50%	
2-year Treasury Note	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%	22.50%	
3-year Treasury Note	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%	23.00%	
5-year Treasury Note	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%	26.00%	26.00%	
7-year Treasury Note	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%	27.50%	27.50%	
10-year Treasury Note	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%	27.50%	
Stock Market Indices																			
MASI	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	55,795.69	60,720.29	
DSI	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	48,811.22	49,603.33	
FSI	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	5,613.43	5,612.81	

*: Reserve Bank of Malawi opening exchange rates as of 16 December 2022

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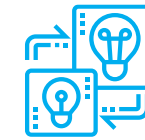
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