



# Malawi Financial Market Update

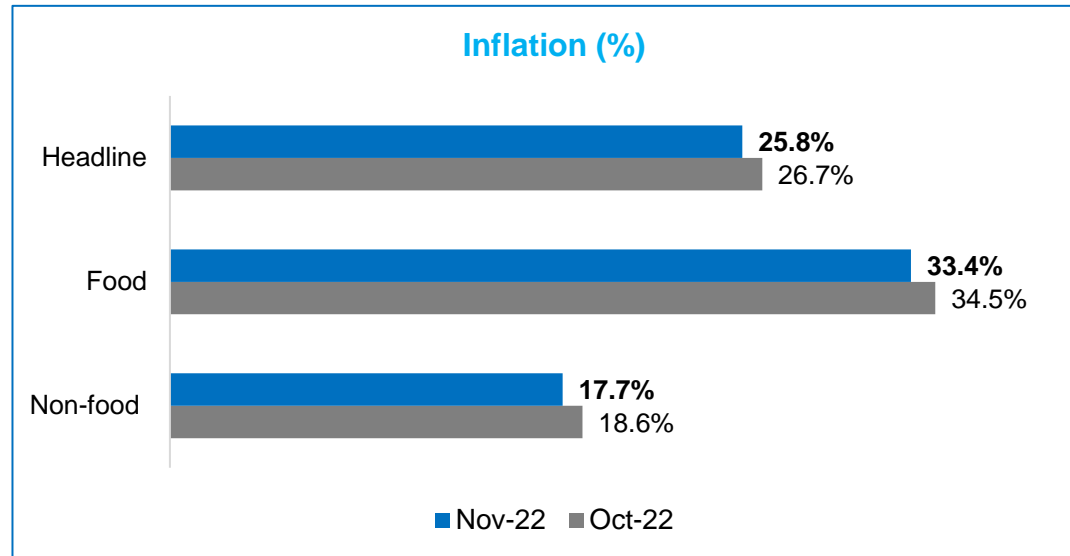
Week ending 23 December 2022



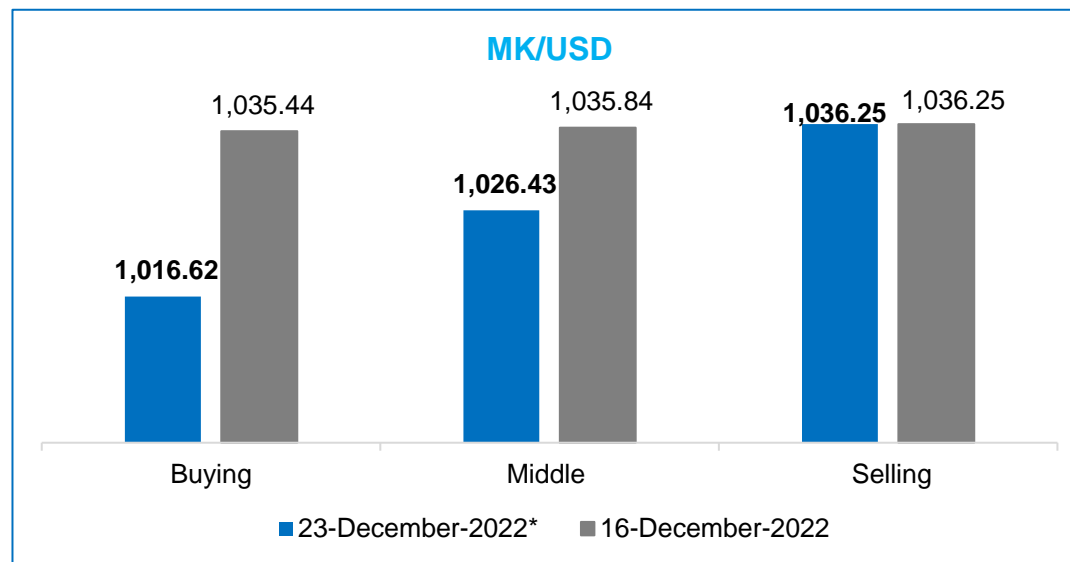
## Foreign currency market and other market developments (Source: RBM)

The headline Inflation rate decreased to 25.8% in November 2022 from 26.7% in October 2022. The decline was a result of decreases in both food and non-food inflation rates. Food Inflation was at 33.4% in November 2022 and non-food inflation was at 17.7%.

### Inflation Rate (Source: NSO)



### Foreign currency (Source: RBM)



Note

\*: Reserve Bank of Malawi opening exchange rates as of 23 December 2022

### What Happened This Week

1. The World Bank has approved two International Development Association (IDA) grants worth USD210 million (approximately MK218 billion) for Malawi to be used in the health sector and to increase and strengthen national safety nets. Of the two grants, USD100 million (MK104 billion) will be used to finance emergency operations to protect the delivery of essential health services while USD110 million (about MK114 billion) will be used to finance operations in scaling up and strengthening national safety nets (*The Nation, 23-Dec-22*).
2. PUMA energy has committed about USD33 million (about MK34 billion) to solar power generation through which Malawi and other countries will benefit. The company reported that it has 184 solar power generation projects operational across its global network and is on track to open 200 solar projects in 2022. In Malawi there are currently developing 13 sites with a peak capacity of 233 Kilo-Watts (KW). Installing solar power will allow the company to offer their commercial and industrial customers solar power generation packages and potentially other low carbon energy solutions alongside the fuels it supplies (*The Daily Times, 20-Dec-2022*).
3. A report by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has alleged that business in the country failed to recover from effects of the COVID-19 pandemic in 2022 because of the new challenges the county is facing. According to MCCCI, businesses in the country registered capacity losses of up to 20% in September 2022 as a result of power outages. Other challenges in the year include demand-supply mismatches, currency devaluation, shortage of foreign exchange, and cyclones which affected agricultural productivity. The MCCCI has projected that 2023 is expected to be a difficult year for businesses because solutions to the challenges experienced in 2022 were short-term and thus, the challenges are likely to persist or even worsen in the upcoming year (*The Daily Times, 20-Dec-2022*).
4. The Ministry of Water and Sanitation has asked the Parliamentary committee on Natural Resources and Climate to implement a second phase water tariff hike following the increment implemented in November 2021. According to the committee, the hike in the tariff is necessary because of the high costs the water boards are facing in offering their services. The committee is expected to decide on effecting the proposed hike in January 2023 (*The Daily Times, 19-Dec-22*).

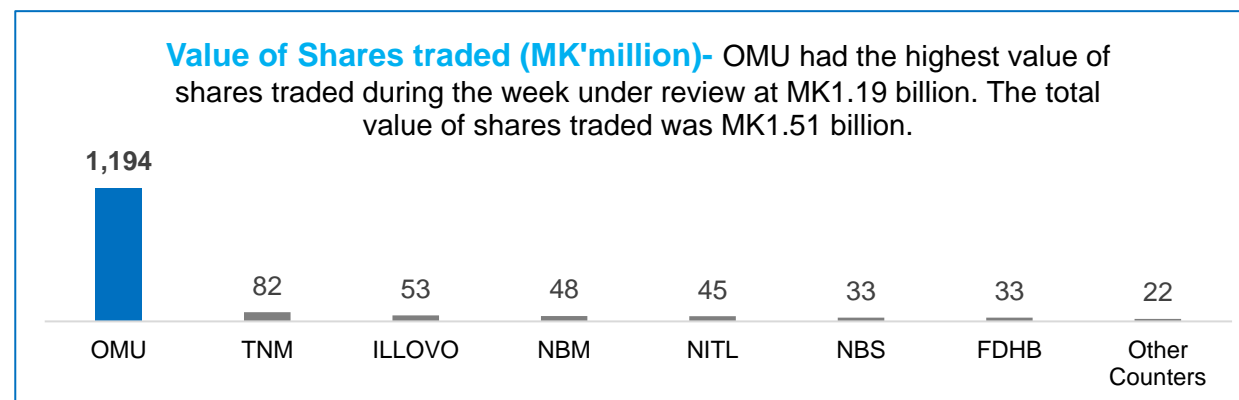
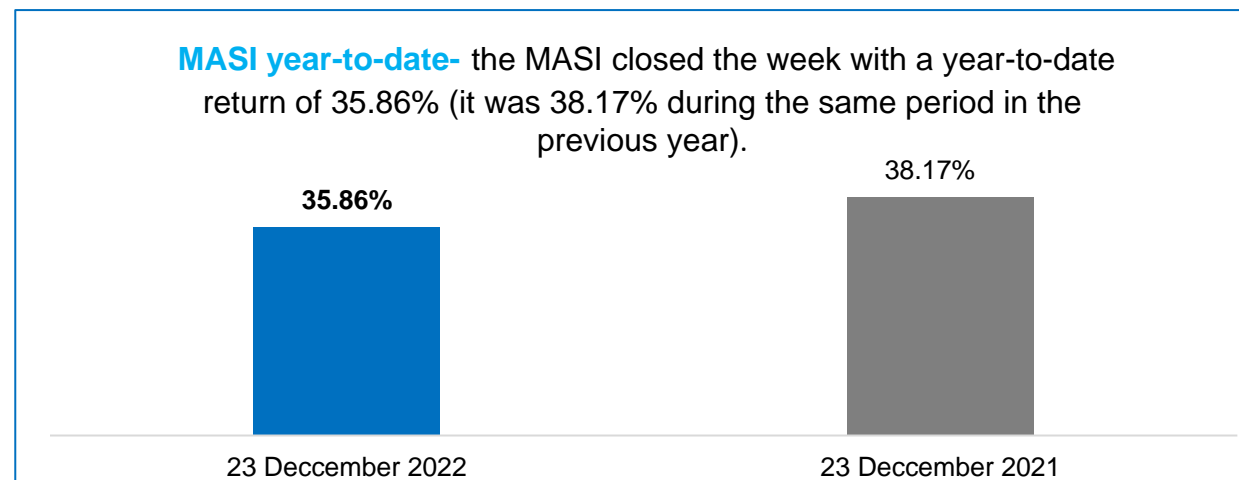
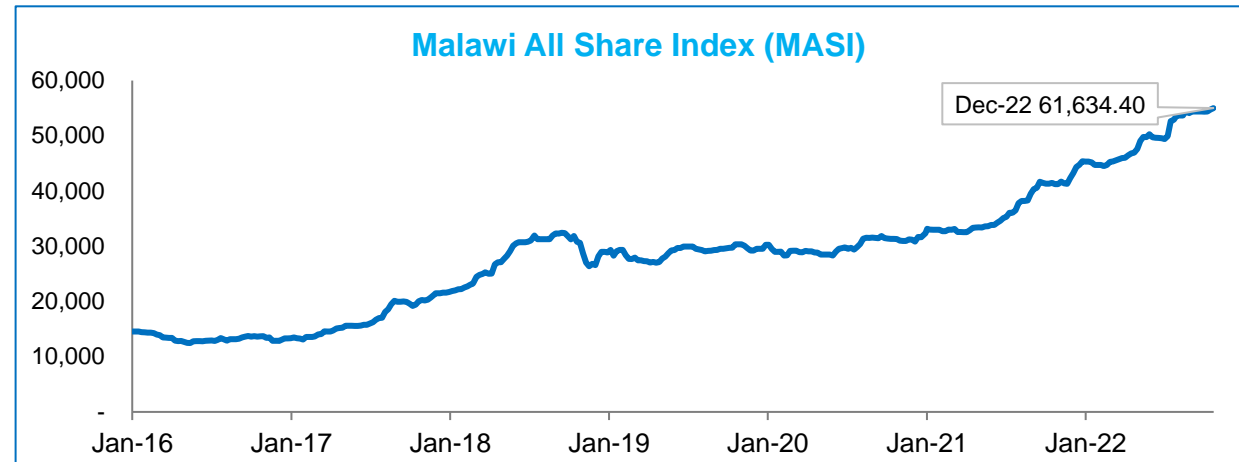


## Financial Market Update: Week ending 23 December 2022

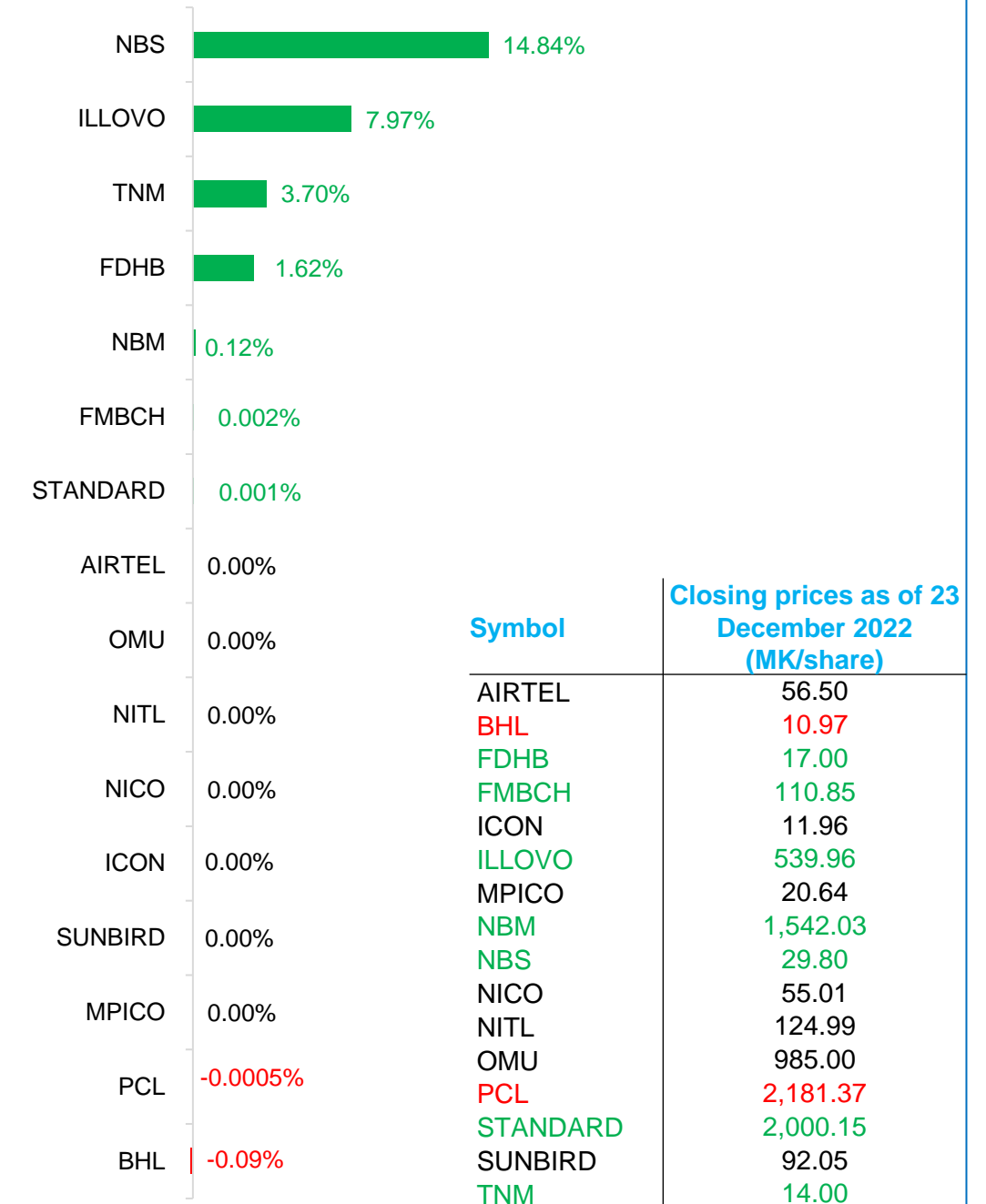
### Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 23 December 2022 at 61,634.40 points from 60,720.29 points for the week ending 16 December 2022. This represents a 1.51% week on week increase.

There were share price gains for NBS, ILLOVO, TNM, and FDH Bank, and marginal share price gains for NBM, FMBCH, and Standard Bank. The share price gains offset marginal share price losses for BHL and PCL during the period under review.



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



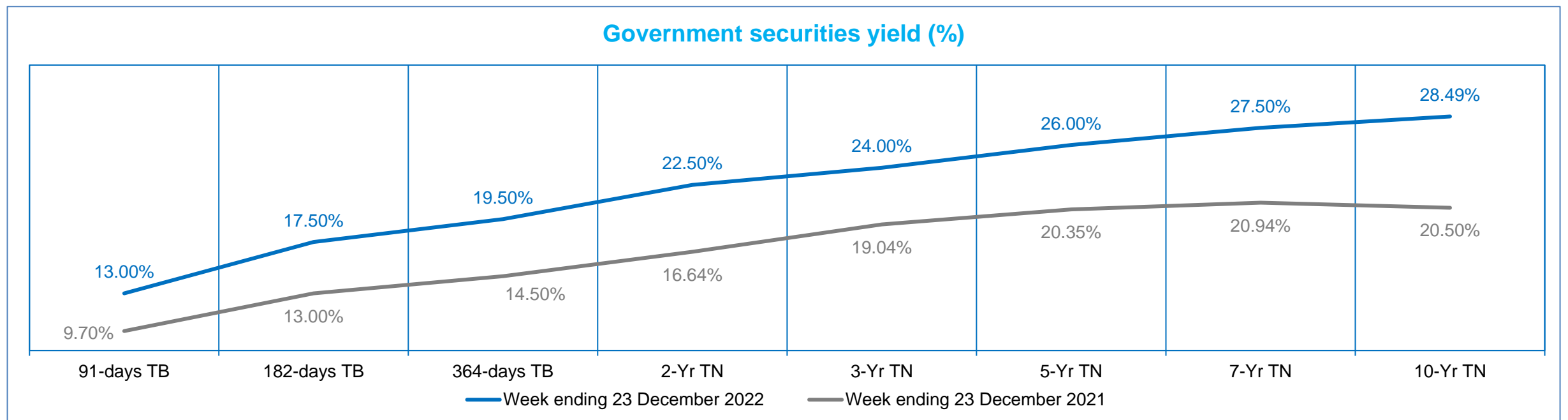
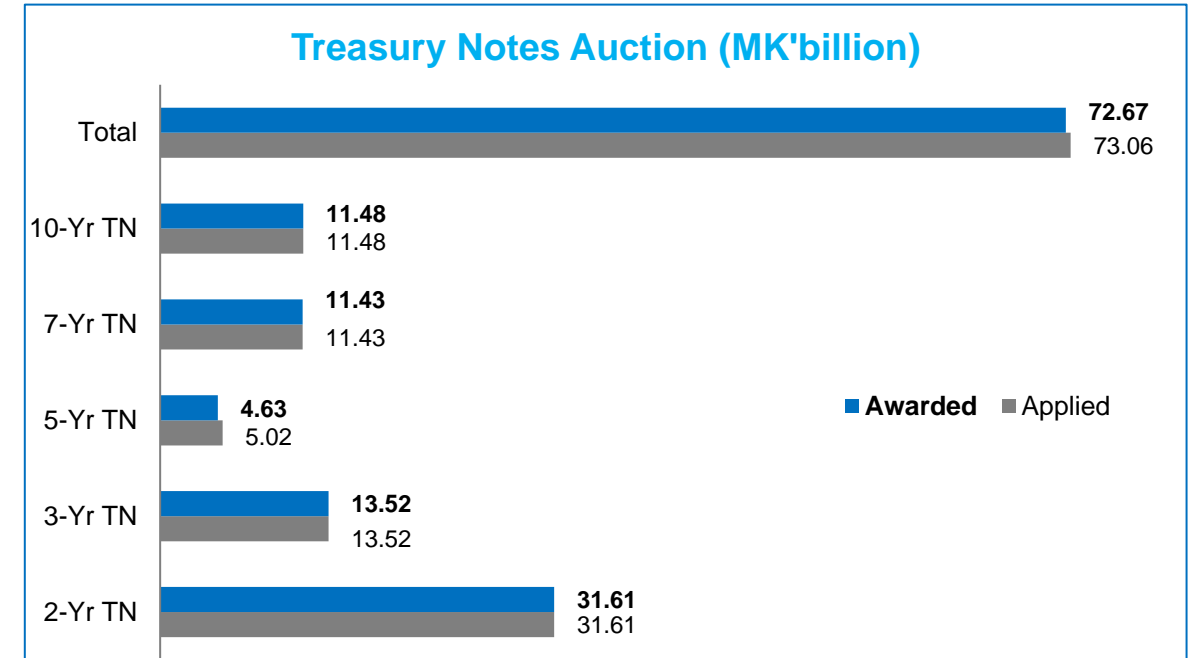
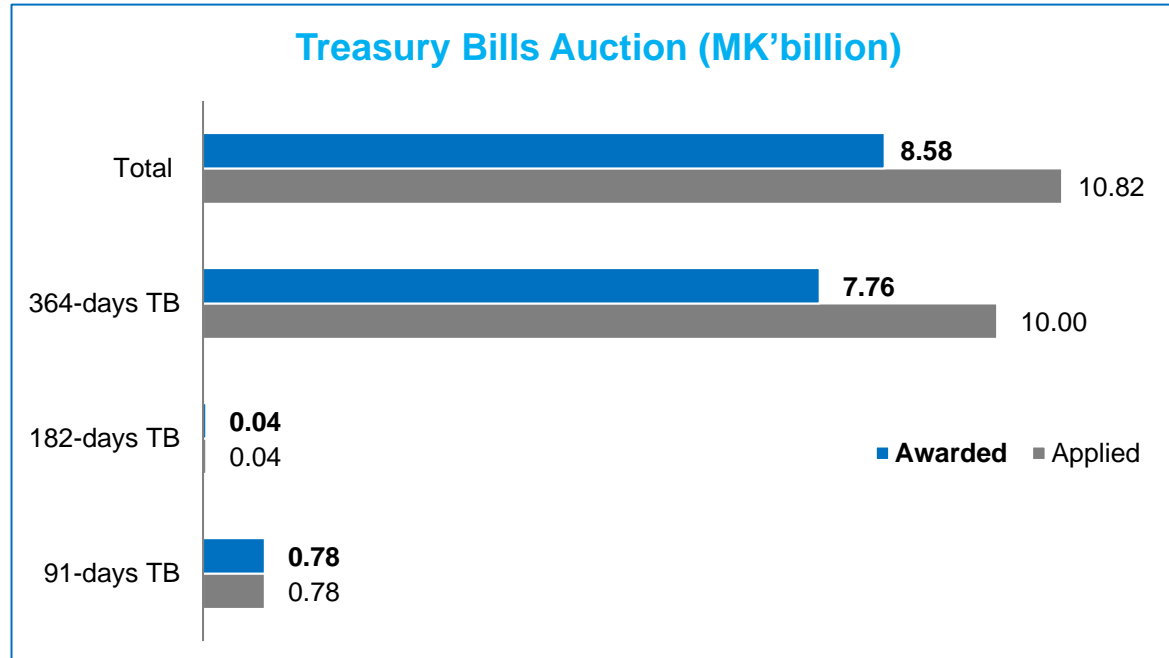


Government securities (Source: RBM)

A total of MK81.25 billion was awarded in this week's Treasury Bills (TBs) and Treasury Notes (TNs) auctions.

The TBs had a 20.66% rejection rate, and the TNs had a 1.00% rejection rate.

The average TB yield maintained its position at 16.67% and the average TN yield rose to 25.70% from 25.30% 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 23- Dec-22
<b>Exchange rates (middle rates)</b>																		
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	<b>1,026.43*</b>
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	<b>1,273.01*</b>
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	<b>1,121.08*</b>
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	<b>61.62*</b>
<b>Foreign Exchange Reserves</b>																		
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
<b>Inflation</b>																		
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%	25.8%	<b>N/A</b>
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%	33.4%	<b>N/A</b>
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%	17.7%	<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%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	<b>18.00%</b>
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%	<b>15.00%</b>
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%	<b>18.20%</b>
<b>Government Securities Yields</b>																		
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%	<b>13.00%</b>
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%	<b>17.50%</b>
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%	<b>19.50%</b>
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%	<b>22.50%</b>
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%	<b>24.00%</b>
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%	<b>26.00%</b>
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%	<b>27.50%</b>
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%	<b>28.49%</b>
<b>Stock Market Indices</b>																		
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	<b>61,634.40</b>
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	<b>50,447.04</b>
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	<b>5,613.80</b>

\*: Reserve Bank of Malawi opening exchange rates as of 23 December 2022

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**Contact Information**

Bridgepath Capital Limited  
1<sup>st</sup> Floor (106), Development House  
Corner Henderson Street Road  
P.O. Box 2920  
Blantyre

Tel No: + 265 1 828 355

Email: [info@bridgepathcapitalmw.com](mailto:info@bridgepathcapitalmw.com)

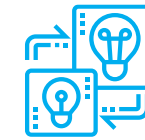
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