



# Malawi Financial Market Update

Week ending 2 December 2022

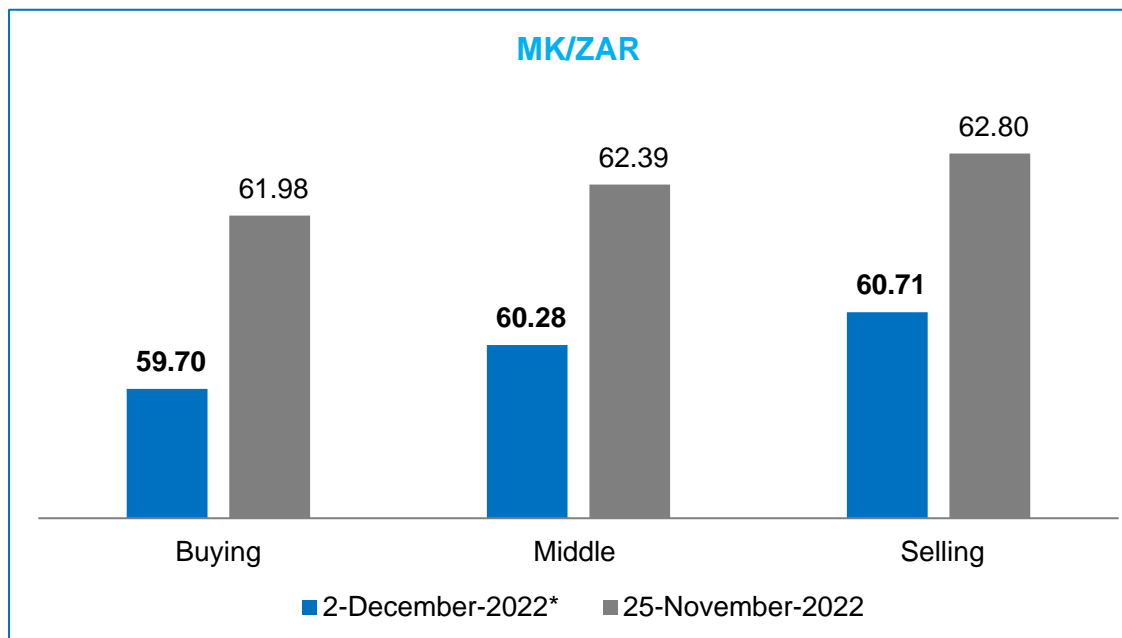
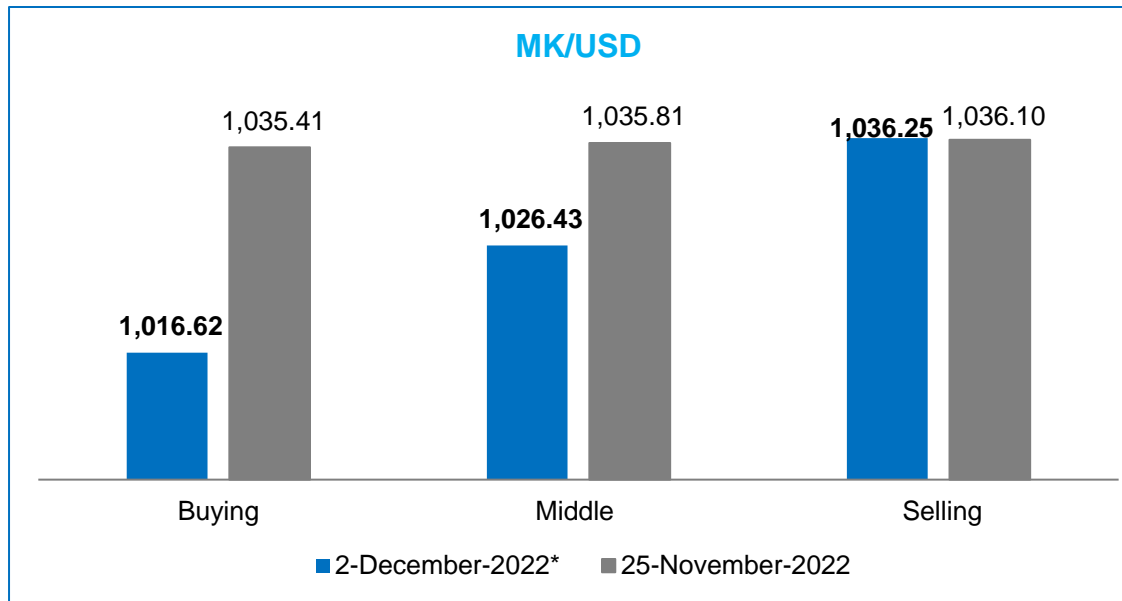


## Foreign currency market and other market developments (Source: RBM)

### Foreign currency (Source: RBM)

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.90% as it traded at MK1,026.43/USD as of 2 December 2022 from MK1,035.81/USD as of 25 November 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 25.28%.

The Malawi Kwacha appreciated against the ZAR by 3.38% as it traded at MK60.28/ZAR as of 2 December 2022 from MK62.39/ZAR as of 25 November 2022.



Note

\*: Reserve Bank of Malawi opening exchange rates as of 2 December 2022

### What Happened This Week

1. The government of Malawi signed an agreement worth USD6.8 billion (approximately MK7.00 trillion) with a philanthropic organization called Bridgin Foundation to fund various infrastructural projects in the health, education, works and energy sectors. The Bridgin Foundation is targeting the economic, social and industrial development of developing countries by investing in their priority projects and programmes. The foundation intends to make investments in various universities in the country and in the construction of government office spaces. In addition to this, the agreement specifies that a total of USD3.3 billion (Approximately MK3.5 trillion) is to be invested in a 1,000 MW power plant to boost electrical power generation in the country. This is by far the largest development programme to be implemented in Malawi and part of the agreement specifies that revenue generated from the projects will be re-invested into other projects that will further contribute to meeting the United Nation's Sustainable Development Goals (SDGs) in the country (*The Daily Times, 29-November-2022*).
2. The European (EU) has deployed a team of experts to assess progress in the country's implementation of public finance management reforms. The EU has set up the mission to assess the country's eligibility to receive direct budgetary support from the organization. This could eventually imply the resumption of direct budgetary support to Malawi that has been suspended since 2013. Economic experts have remarked on the positive implications that a resumption of budgetary support could have on the country such as stabilization of the country's Balance of Payments that is currently facing challenges owing to lack of forex (*The Nation, 30-November-2022*).
3. The EU and other stakeholders have called for reforms in the Affordable Inputs Programme (AIP) citing that in its current state, AIP cannot achieve the goal of food security and sustainable agricultural production in the country. This follows the government's expression of commitment to end the programme in five years by reducing the number of beneficiaries by 20% each year. This is expected to contribute to reducing fiscal deficit in the country and is part of the government's public finance management and debt sustainability reforms (*The Daily Times, 1-December-22*).

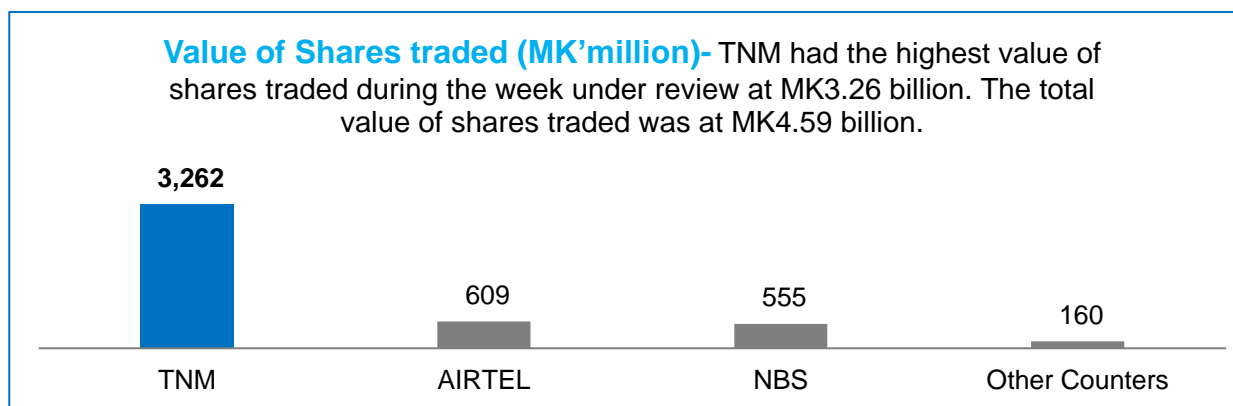
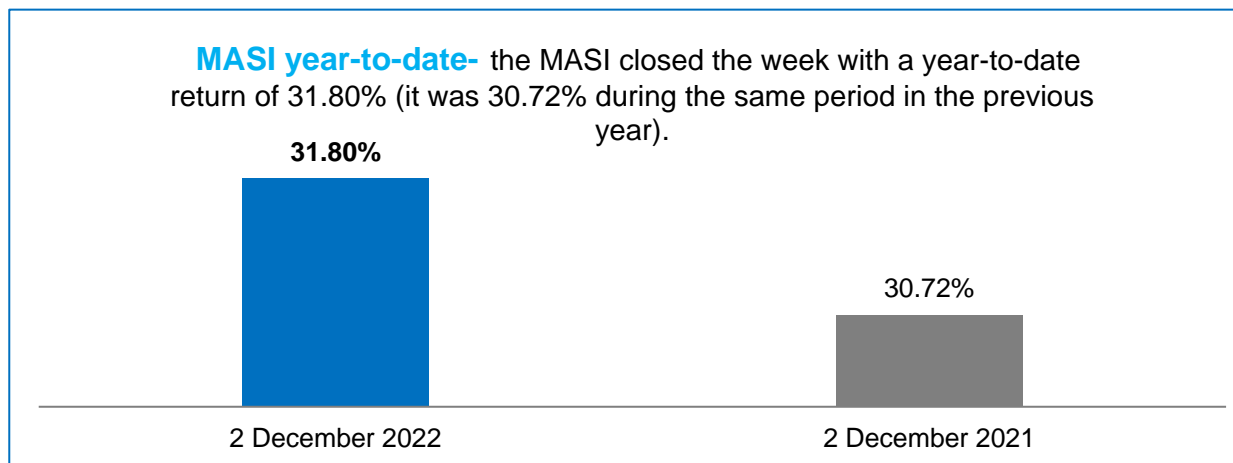
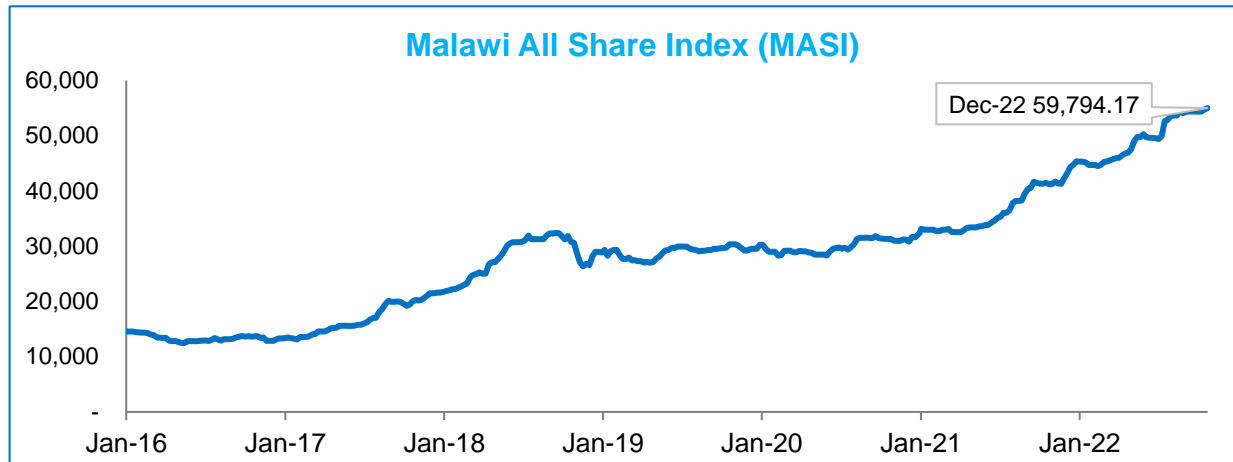


# Financial Market Update: Week ending 2 November 2022

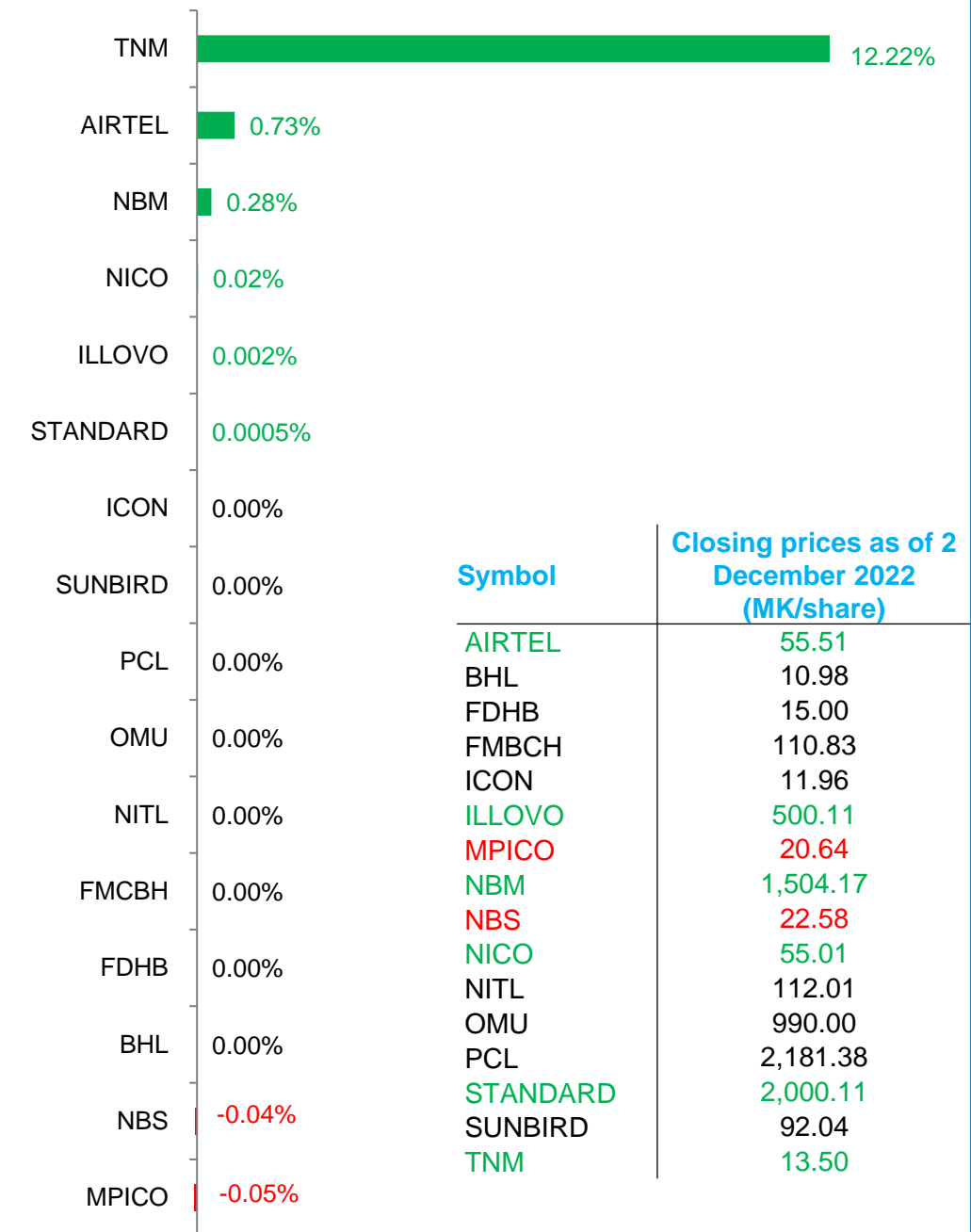
## Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 2 December 2022 at 59,794.17 points from 59,400.97 points for the week ending 25 November 2022. This represents a week-on-week increase of 0.66%.

There was a share price gain for TNM and marginal share price gains for AIRTEL, NBM, NICO, ILLOVO and Standard Bank during the period under review. The share price gains offset marginal share price losses for MPICO and NBS during the week under review.



## Week-on-week Percentage Change (%)





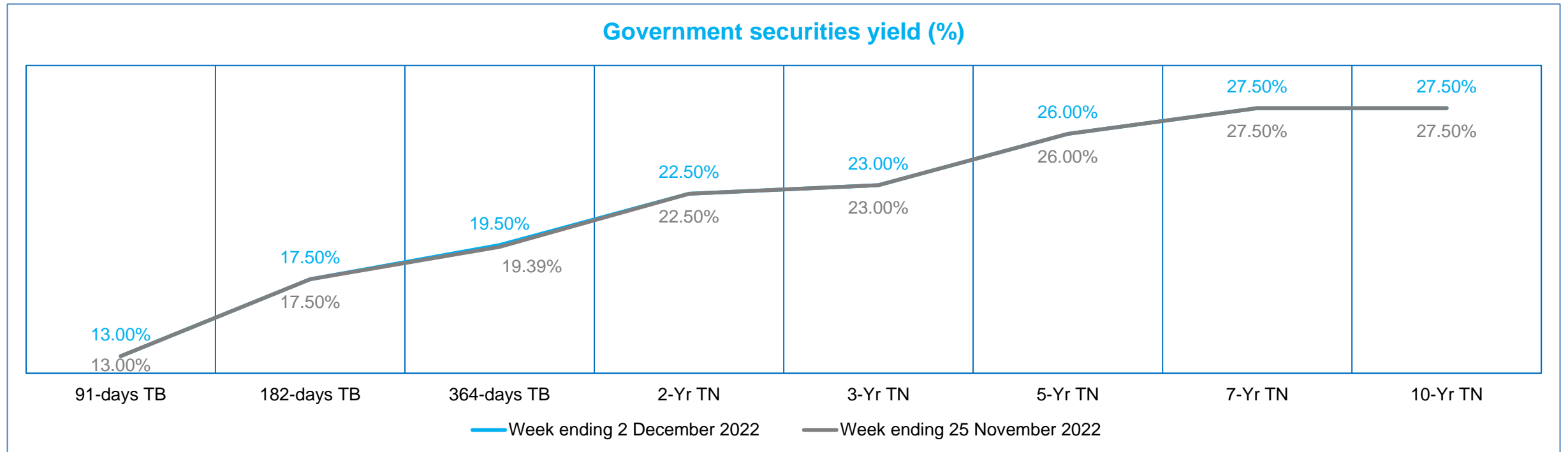
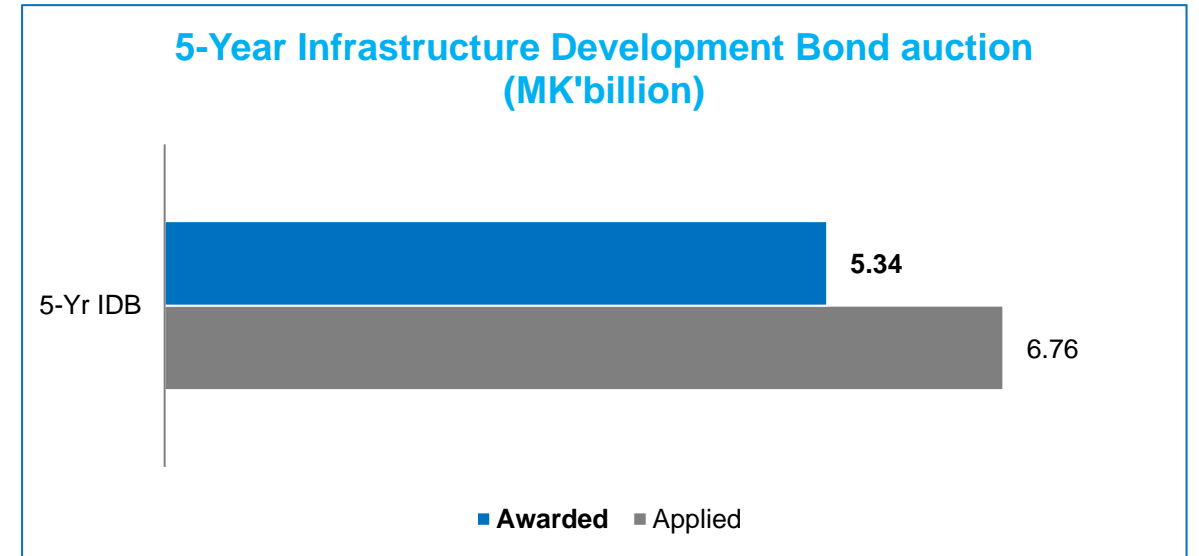
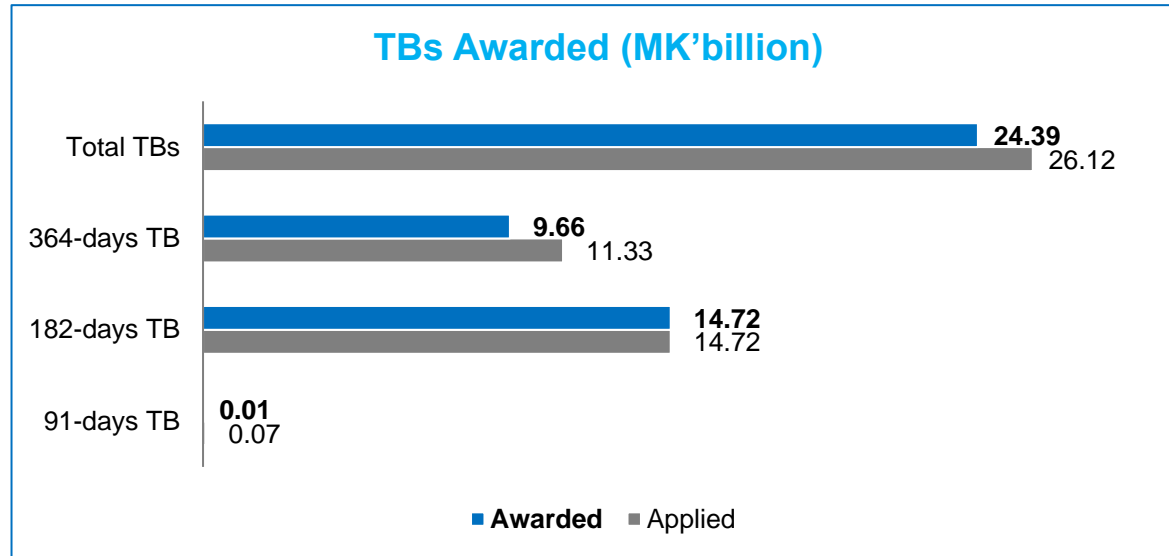
Government securities (Source: RBM)

A total of MK29.73 billion was awarded in this week's Treasury Bills (TBs) and 5-year Infrastructure Development Bond (IDB) auctions.

MK24.39 billion was awarded in the TBs auction and MK5.34 billion was awarded in the 5-year IDB auction.

The TBs had a 6.63% rejection rate, and the 5-year IDB had a 21.01% rejection rate.

The average TB and TN yields maintained their positions 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

	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 2- Dec-22
<b>Exchange rates (middle rates)</b>																		
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	<b>1,026.43*</b>
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	<b>1,292.99*</b>
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	<b>1,112.52*</b>
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	<b>60.28*</b>
<b>Foreign Exchange Reserves</b>																		
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
<b>Inflation</b>																		
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%	26.7%	<b>N/A</b>
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%	34.5%	<b>N/A</b>
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%	18.6%	<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%	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	18.00%	<b>18.00%</b>
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%	<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%	12.20%	13.50%	13.80%	13.90%	14.20%	14.20%	18.20%	<b>18.20%</b>
<b>Government Securities Yields</b>																		
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%	<b>13.00%</b>
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%	<b>17.50%</b>
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%	<b>19.50%</b>
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%	<b>22.50%</b>
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%	<b>23.00%</b>
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%	<b>26.00%</b>
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%	<b>27.50%</b>
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%	<b>27.50%</b>
<b>Stock Market Indices</b>																		
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	<b>59,794.17</b>
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	<b>48,809.88</b>
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	<b>5,613.43</b>

\*: Reserve Bank of Malawi opening exchange rates as of 2 December 2022

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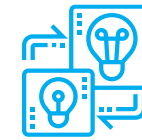
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