



Malawi Financial Market Update

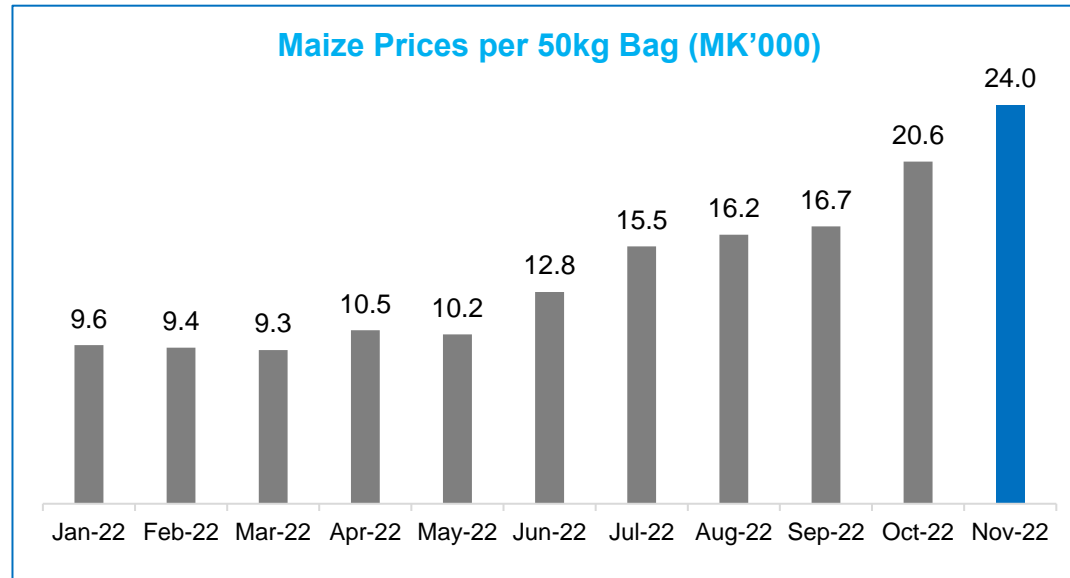
Week ending 30 December 2022



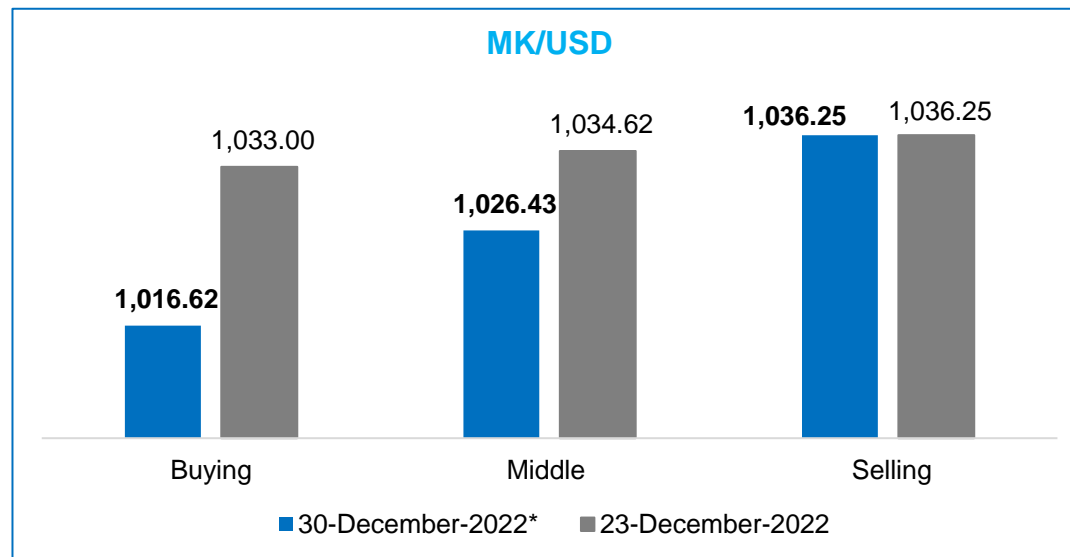
Foreign currency market and other market developments (Source: RBM)

According to the International Food Policy Research Institute (IFPRI), as of November 2022, the average maize price was at MK24,000 per 50Kg bag, a 16.5% increase from MK20,600 per 50Kg bag reported for October 2022. The IFPRI reported that retail maize prices in Malawi were higher than those in other countries such as Zambia, Mozambique, and South Africa.

Monthly Average Maize Prices (Source: IFPRI)



Foreign currency (Source: RBM)



Note

*: Reserve Bank of Malawi opening exchange rates as of 30 December 2022

What Happened This Week

1. According to a press release by MyBucks Banking Corporation, the Registrar of Financial Institutions in Malawi, the Reserve Bank of Malawi (RBM), has granted approval to Centenary Rural Development Group Limited (Centenary Group) of Uganda and the Catholic Archdiocese of Lilongwe to acquire 51% and 49% of shareholding in the bank, respectively. The approval was granted on 23 December 2022, but completion of the transaction awaits approval from COMESA Competition Commission. This means that Centenary Group will become the majority shareholder in MyBucks and MyBucks will become the Group's fourth subsidiary (The Nation, 30-December-22).
2. African Development Bank (AfDB) has set up a USD1.5 billion (MK 1.6 trillion) facility called the African Emergency Food Production Facility to help selected African countries including Malawi, to avoid an imminent food crisis on the continent. The facility will provide 20 million African smallholder farmers with certified seeds and to increase access to fertilizer. This is expected to help produce 38 million tons of food in two years. The AfDB strategy will lead to the production of 11 million tons of wheat, 18 million tons of maize, 6 million tons of rice and 6 million tons of soybeans. The facility will also support market growth and post-harvest management (The Daily Times, 29-December-22).
3. The government of Malawi is planning to roll out a State-owned national mining firm in 2023. According to the government, the project needs MK5 billion seed capital to start operations. The funds for the project are to be allocated in the 2023/2024 National Budget following a request by the Ministry of Mining. However, the Ministry is also exploring alternative sources of finance for the project. Establishment of the firm is expected to promote the local mining industry, contribute towards the country's socio-economic development, and to create job opportunities (The Nation, 29-December-22).
4. High fertilizer prices are expected to increase maize prices on the Malawian market in 2023. Fertilizer prices have more than tripled since 2020 and have remained volatile in 2022. Currently, the average retail price for a 50kg bag of fertilizer is MK70,000, an increase from MK22,042 in August 2020. The high fertilizer prices imply that most small-scale farmers will not use fertilizers in the current season, which will ultimately reduce agricultural input and thus, maize prices will increase. According to the International Food Policy Research Institute (IFPRI), as of November 2022, the average maize price was at MK24,000 per 50Kg bag and this is expected to increase further in 2023 (The Nation, 28-December-22 and IFPRI monthly maize market report, November 2022).

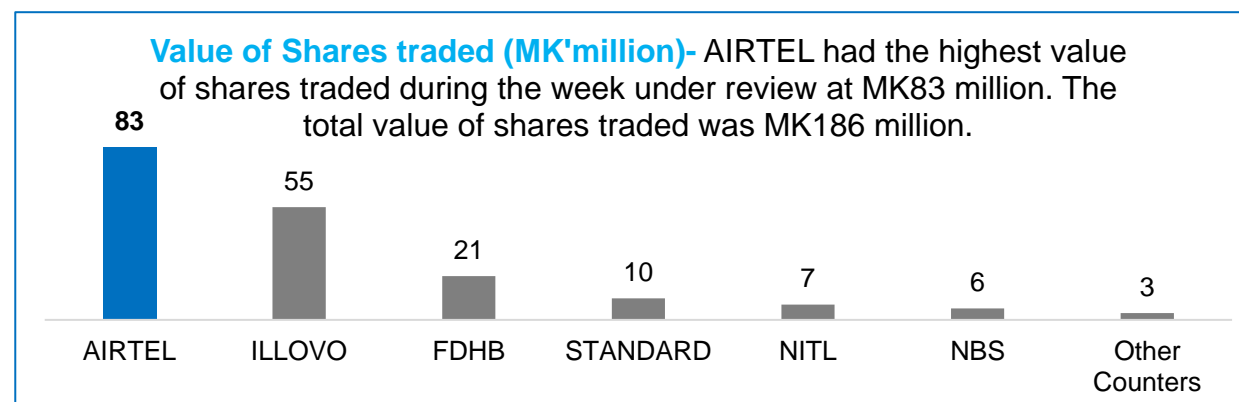
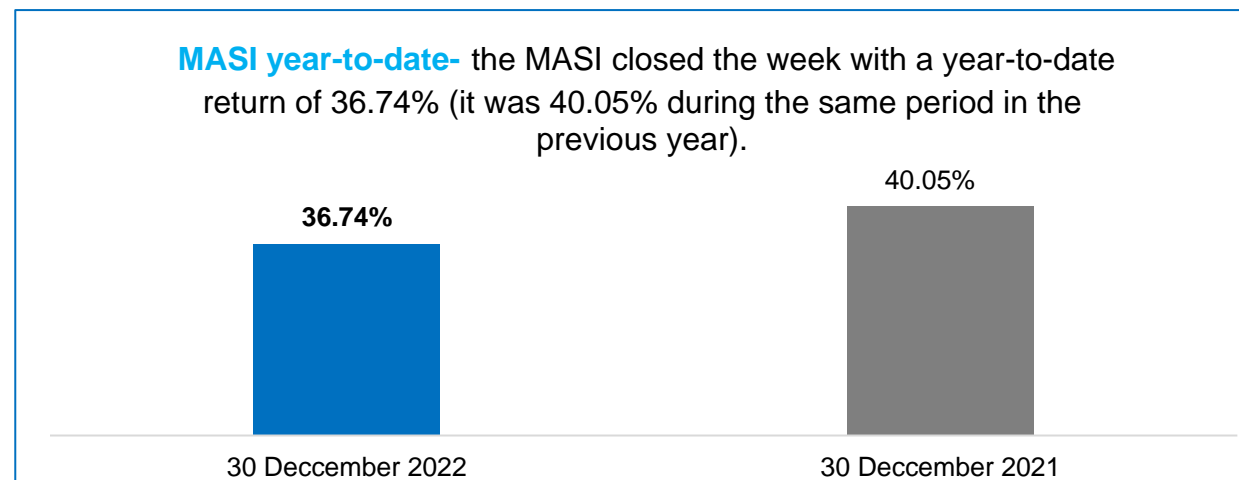
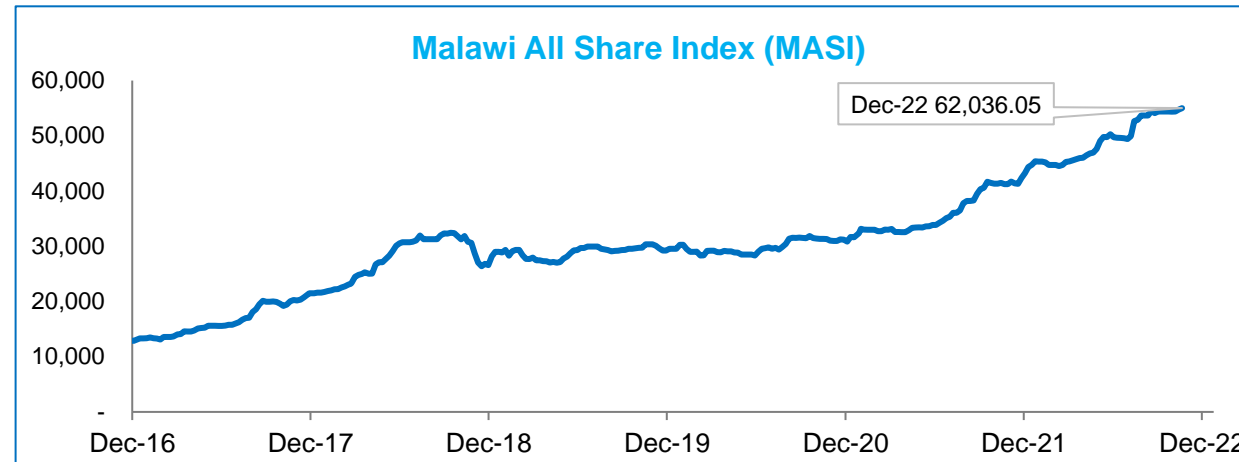


Financial Market Update: Week ending 30 December 2022

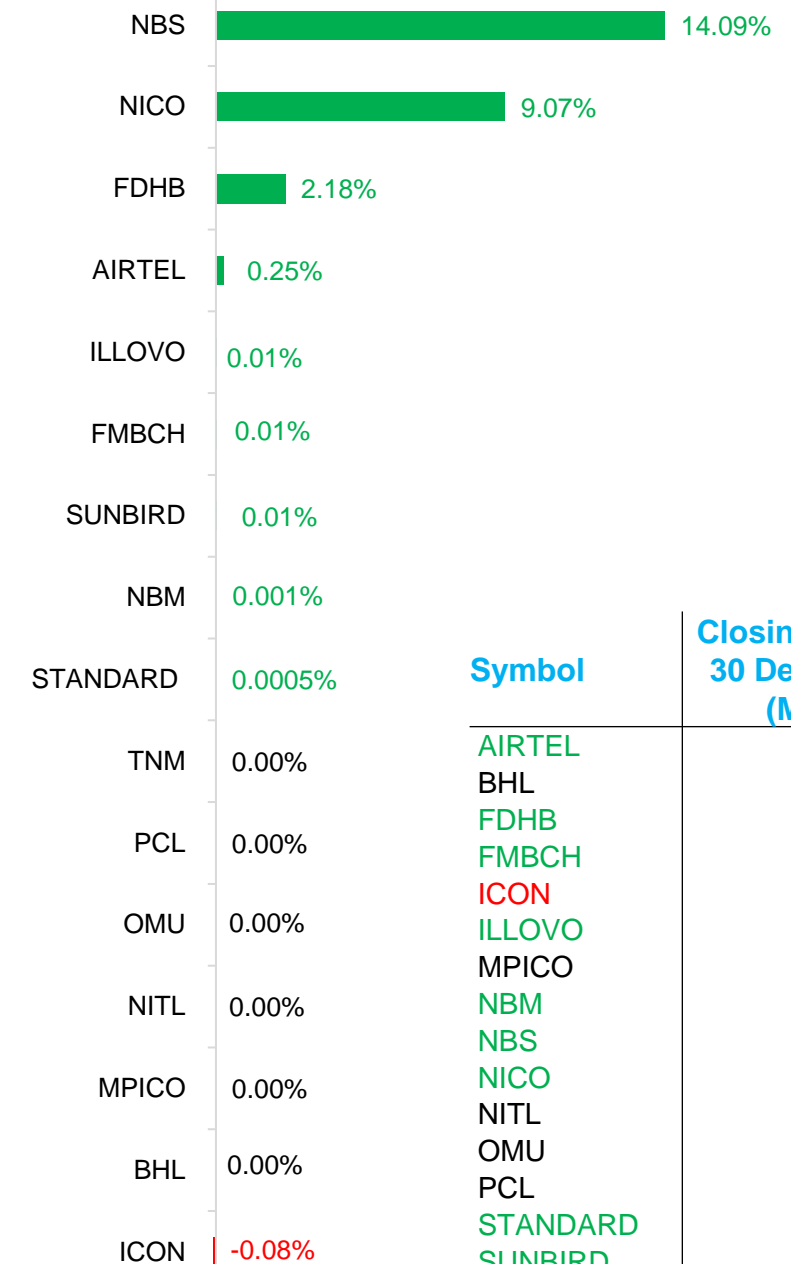
Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 30 December 2022 at 62,036.05 points from 61,634.40 points for the week ending 23 December 2022. Week on week, this represents a 0.65% increase.

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



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



Symbol	Closing prices as of 30 December 2022 (MK/share)
AIRTEL	56.64
BHL	10.97
FDHB	17.37
FMBCH	110.86
ICON	11.95
ILLOVO	540.00
MPICO	20.64
NBM	1,542.05
NBS	34.00
NICO	60.00
NITL	124.99
OMU	985.00
PCL	2,181.37
STANDARD	2,000.16
SUNBIRD	92.06
TNM	14.00

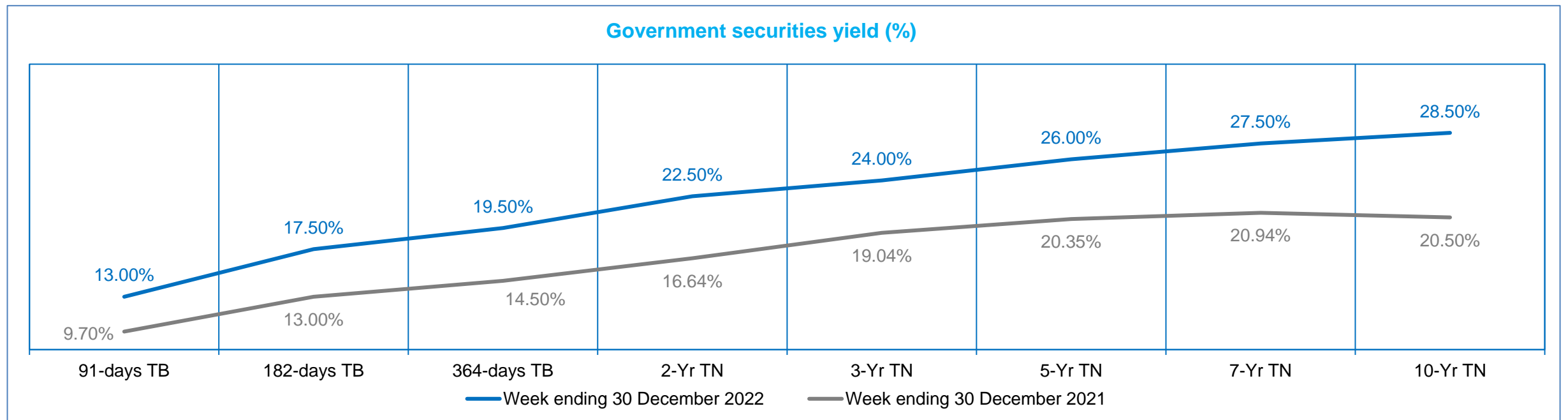
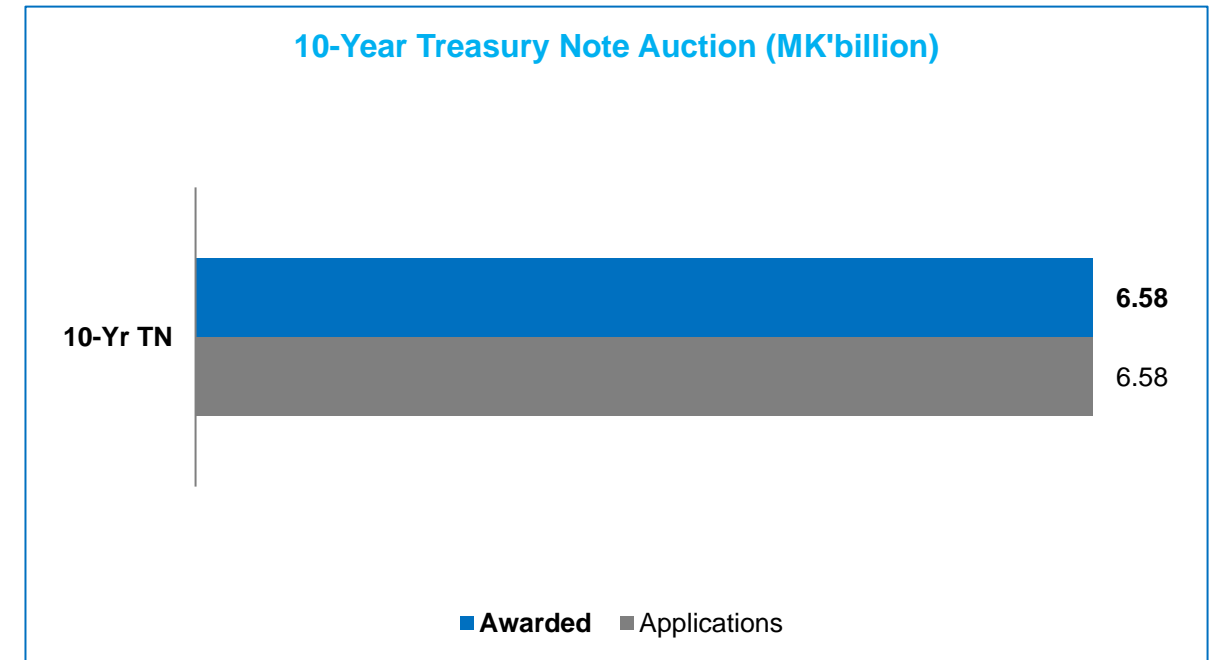
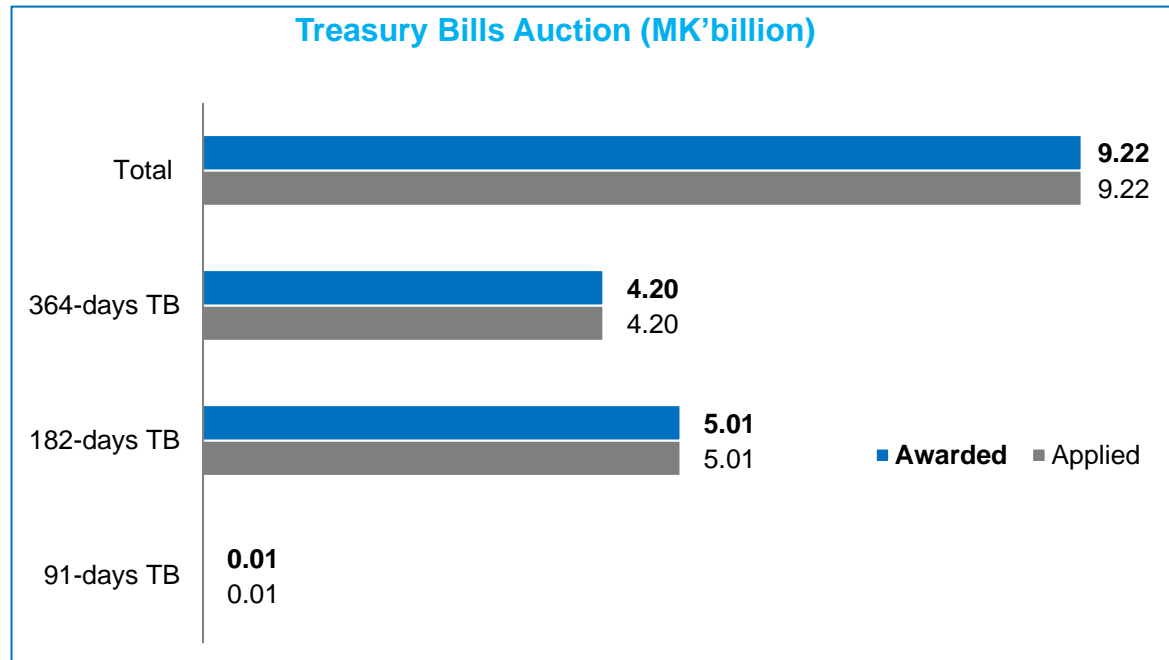


Government securities (Source: RBM)

A total of MK15.80 billion was awarded in this week's Treasury Bills (TBs) and 10-Year Treasury Note (TN) auctions.

Both TBs and TNs had nil rejection rates.

The average TB yield and the average TN yield maintained their positions at 16.67% and 25.70%, 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 30- 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	1,273.64*
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	1,125.74*
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	62.35*
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%	25.8%	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%	33.4%	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%	17.7%	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%	15.005	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%	24.00%
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%	28.50%
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	62,036.05
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	50,804.03
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	5,614.30

*: Reserve Bank of Malawi opening exchange rates as of 30 December 2022

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

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

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

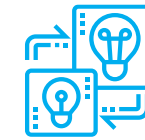
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**