



Malawi Financial Market Update

Week ending 9 December 2022



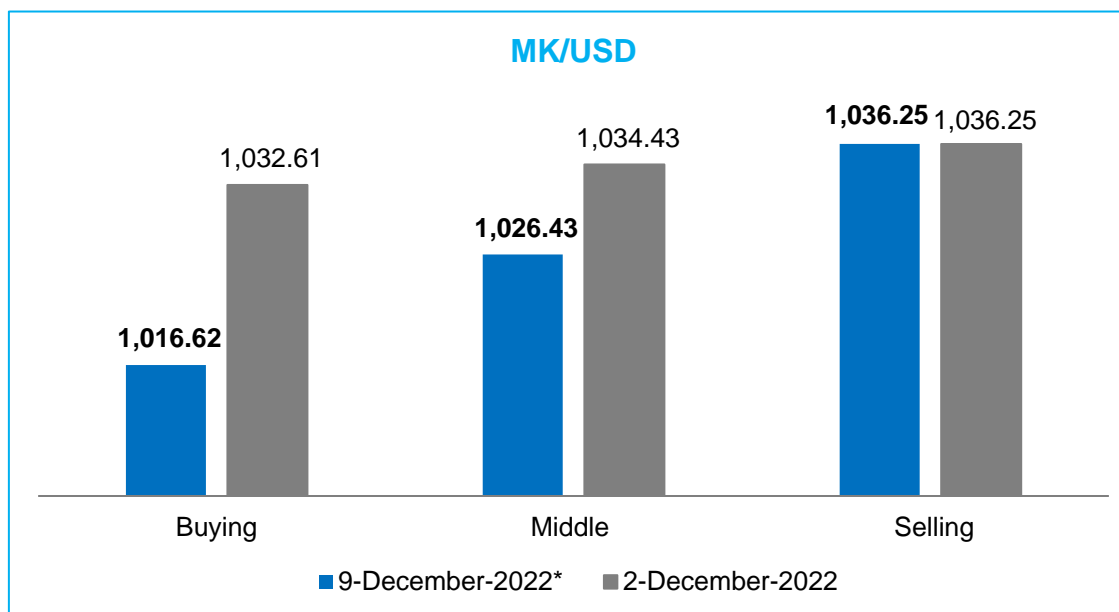
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Foreign currency market and other market developments (Source: RBM)

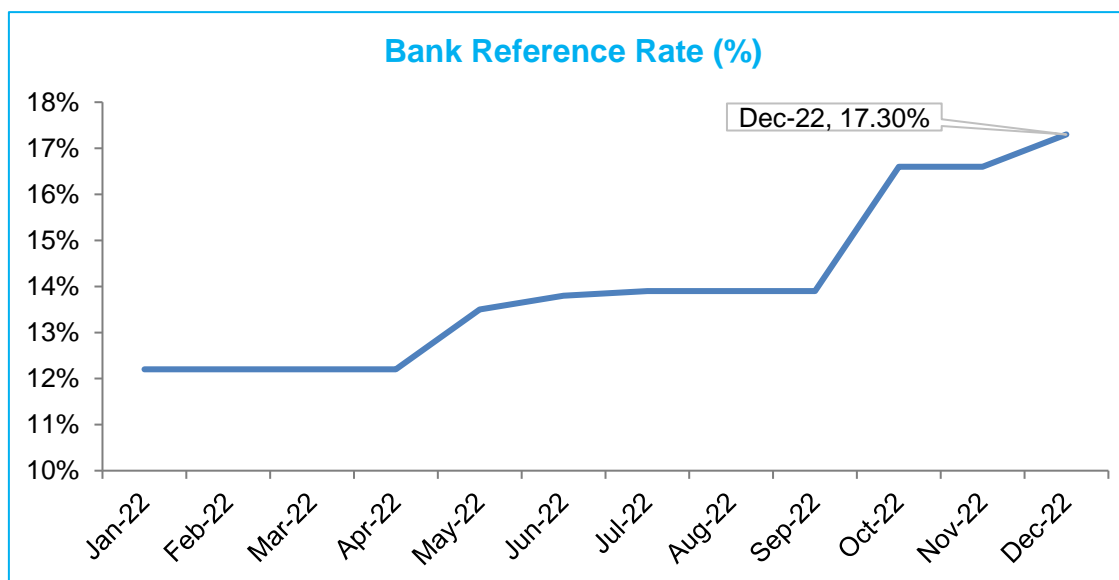
Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.77% as it traded at MK1,026.43/USD as of 9 December 2022 from MK1,034.43/USD as of 2 December 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 25.28%.

Commercial banks have made an upward adjustment of the Reference rate from 16.6% that prevailed in November 2022 to 17.3% effective from 5 December 2022.

Foreign currency (Source: RBM)



Monthly Bank Reference Rate (Source: Commercial Banks)



Note

*: Reserve Bank of Malawi opening exchange rates as of 9 December 2022

What Happened This Week

1. In the recently released December 2022 Malawi Economic Monitor (MEM), the World Bank has reported that households and the private sector are being severely impacted by Malawi's worsening macroeconomic conditions. Lower agricultural yields and high prices have pushed households into food insecurity while forex shortages have led to the scarcity of inputs, fuel and other essential goods. The report further stated that even though progress is being made toward fiscal consolidation and debt sustainability, government expenditure control remains a challenge. The World Bank has called for urgent actions to stabilize the economy and enhance growth through implementation of macroeconomic reforms that will not only stabilize the economy but will catalyze growth and protect the poor. Furthermore, the report has called for the strengthening of rural labour markets and agricultural commercialization (*The World Bank, MEM, 8-December-2022*)
2. The Government of Malawi in collaboration with the Government of Zambia have launched twin One Stop Border Posts (OSBPs) between Mchinji in Malawi and Mwami in Zambia. The OSBPs were built to ease cross-boarder trade between the two countries as they will enable people and vehicles to stop in a single facility to undergo necessary controls following applicable regional and national laws for entering or exiting states. The coming in of the OSBPs has removed the necessity of travelers from both countries to be cleared on both the Malawian and the Zambian borders. The facilities are worth about USD10 million (approximately MK10.3 billion) each and were constructed with financial assistance from the African Development Bank (AfDB), European Union (EU) and other partners including the Word Bank (*The Daily Times, 8-December-2022*).
3. The Chinese Government has waived all taxes on 98% of goods from Malawi and 10 other developing nations. The Chinese Government announced that this policy will aim at making a conducive environment and win-win approach by building an open economy in the world and helping the least developing countries to accelerate their economic development. Economic experts have said that this could boost Malawi's export growth and ultimately Malawi's economy as local exporters will be able to export more goods to China. The policy according will cover 8,786 items including agricultural products such as Olive oil, Cocoa powder, tea and nuts as well as various chemical and products (*The Nation, 7-December-2022*).

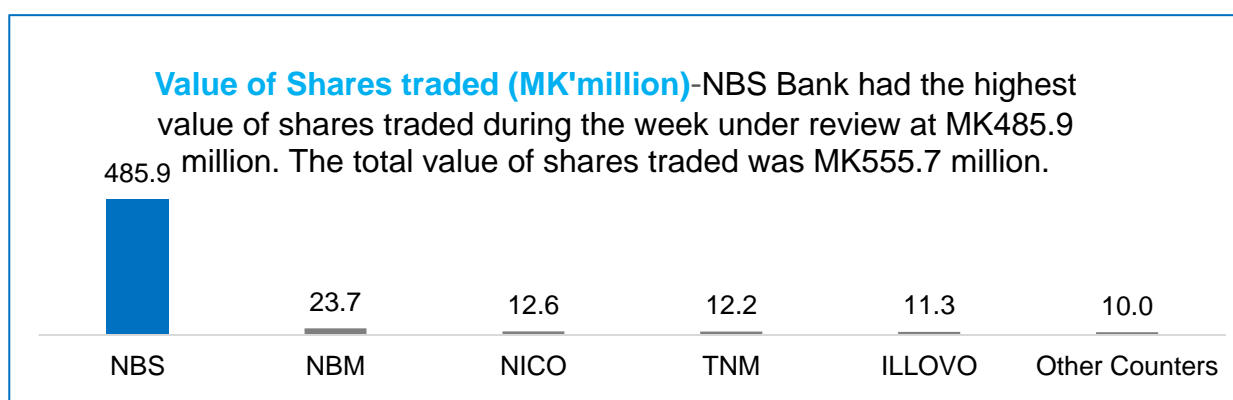
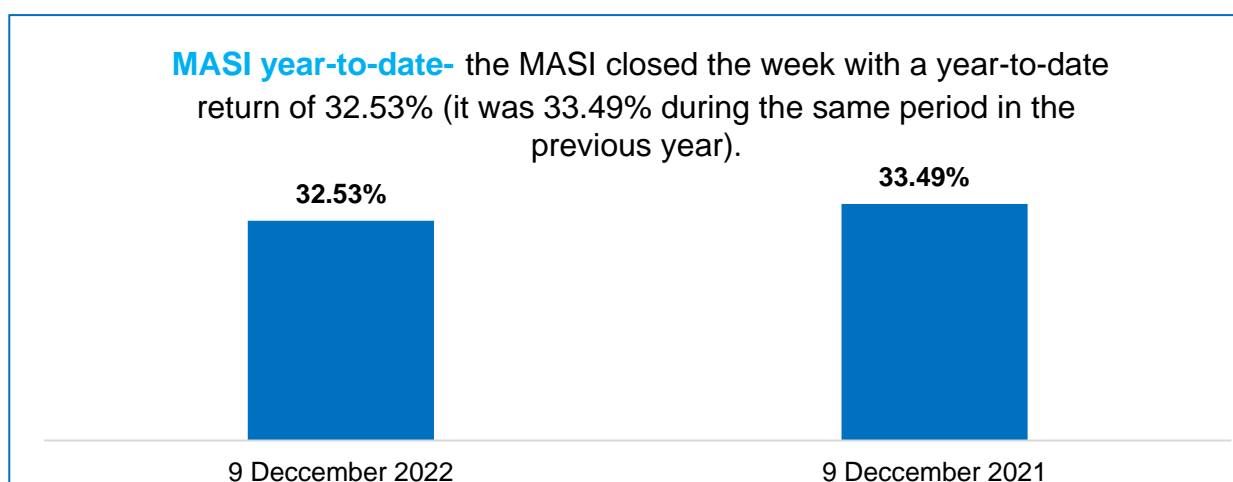
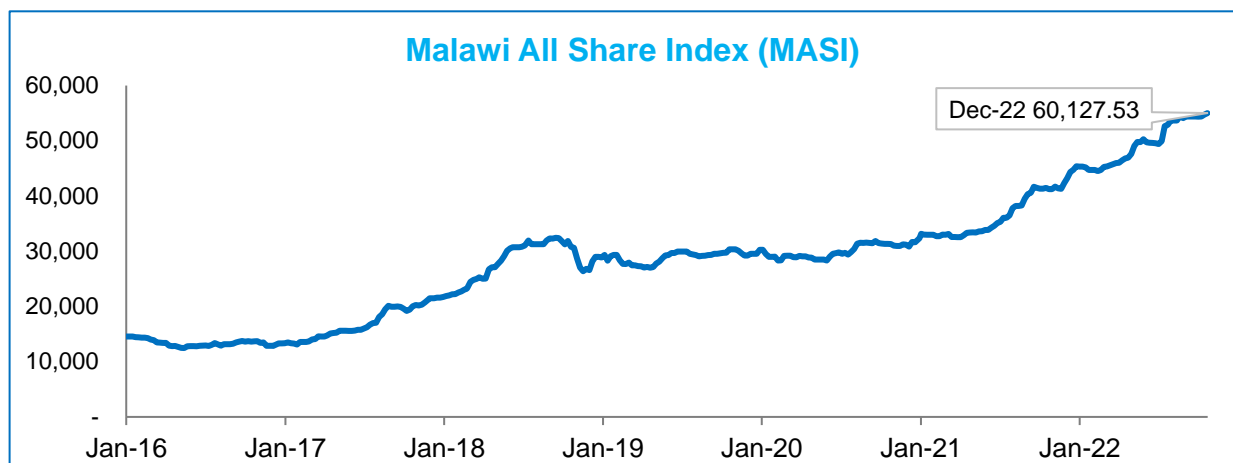


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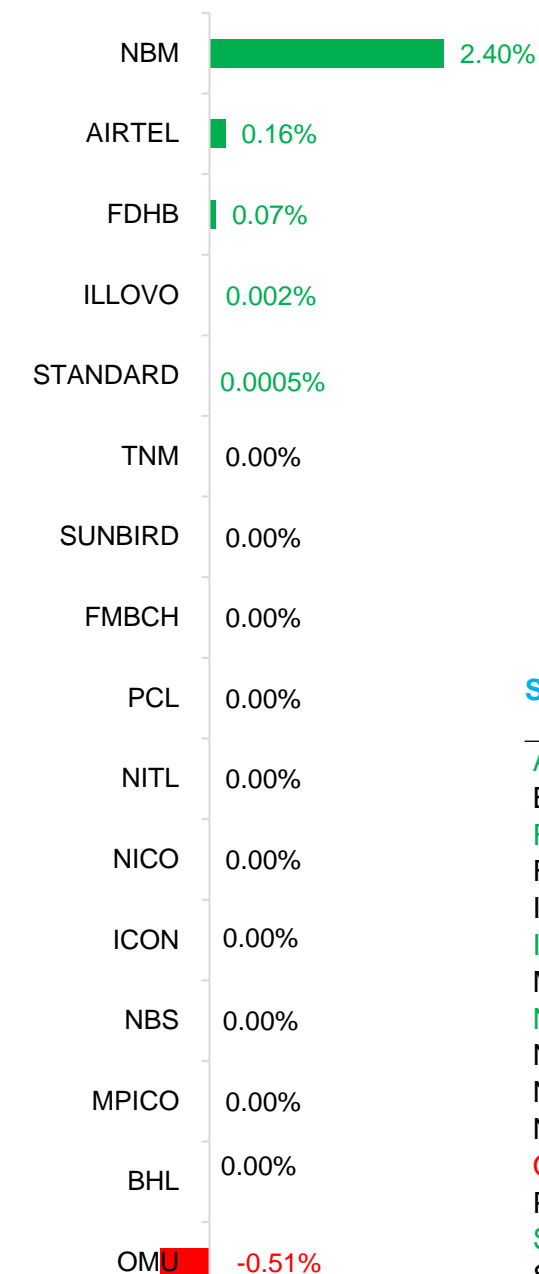
Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 9 December 2022 at 60,127.53 points from 59,794.17 points for the week ending 2 December 2022. This represents a 0.56%, week on week increase.

There was a share price gain for NBM and marginal share price gains for AIRTEL, FDH Bank, ILLOVO and Standard Bank during the period under review. The share price gains offset a marginal share price loss for OMU during the period under review.



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



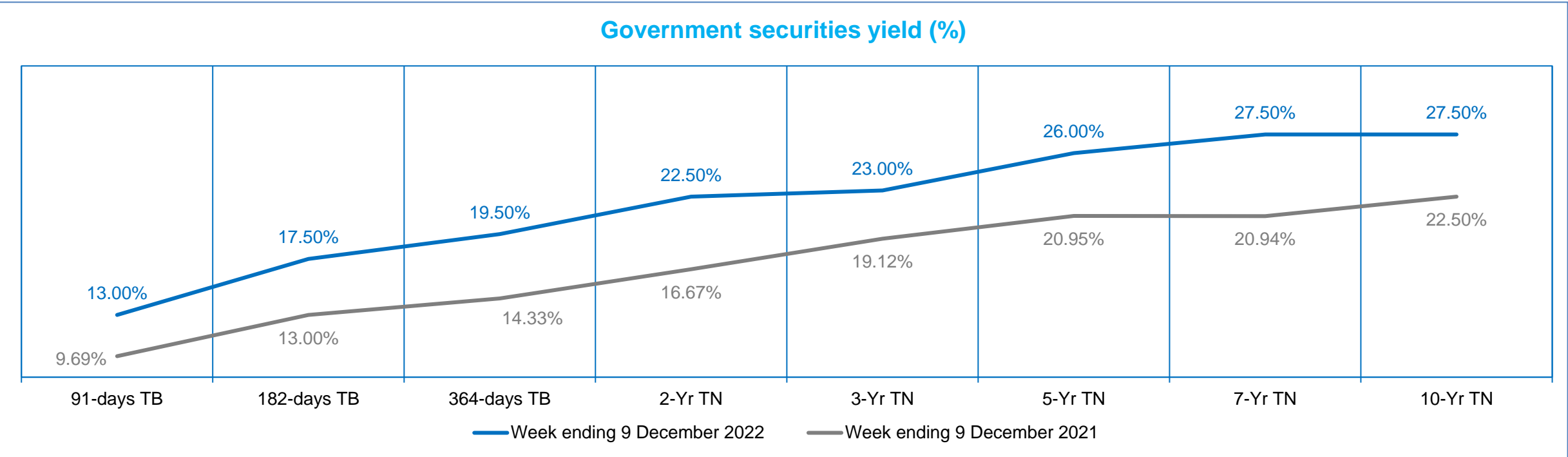
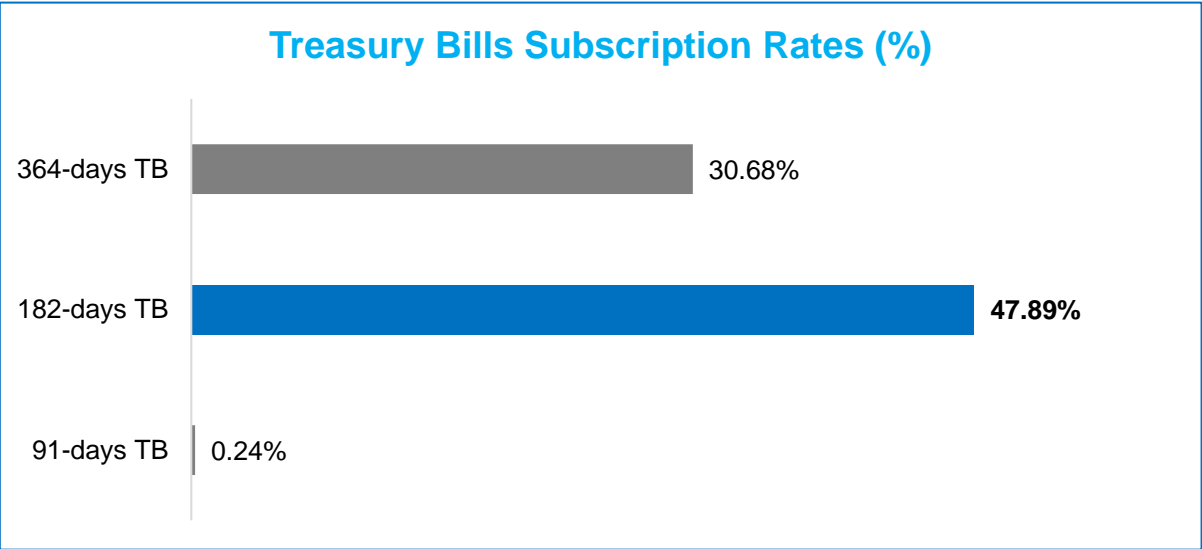
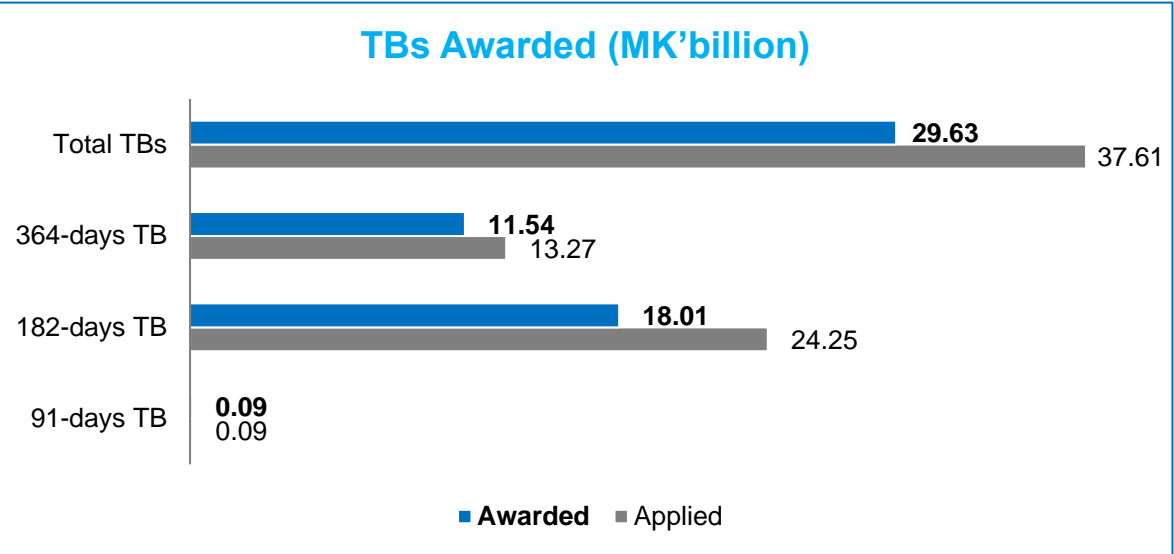
Symbol	Closing prices as of 9 December 2022 (MK/share)
AIRTEL	55.60
BHL	10.98
FDHB	15.01
FMBCH	110.83
ICON	11.96
ILLOVO	500.12
MPICO	20.64
NBM	1,540.20
NBS	22.58
NICO	55.01
NITL	112.01
OMU	985.00
PCL	2,181.38
STANDARD	2,000.12
SUNBIRD	92.04
TNM	13.50



Government securities (Source: RBM)

A total of MK29.63 billion was awarded in this week's Treasury Bills (TBs) auction. No Treasury Notes (TNs) were auctioned during the week under review.

The TBs had a 21.20% rejection rate, and the average TB yield maintained its position at 16.67% 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 9- 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	1,295.95*
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	1,118.23*
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	61.71*
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	N/A	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	N/A	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	N/A	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	N/A	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	60,127.53
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	49,106.99
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 9 December 2022

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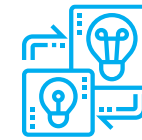
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