



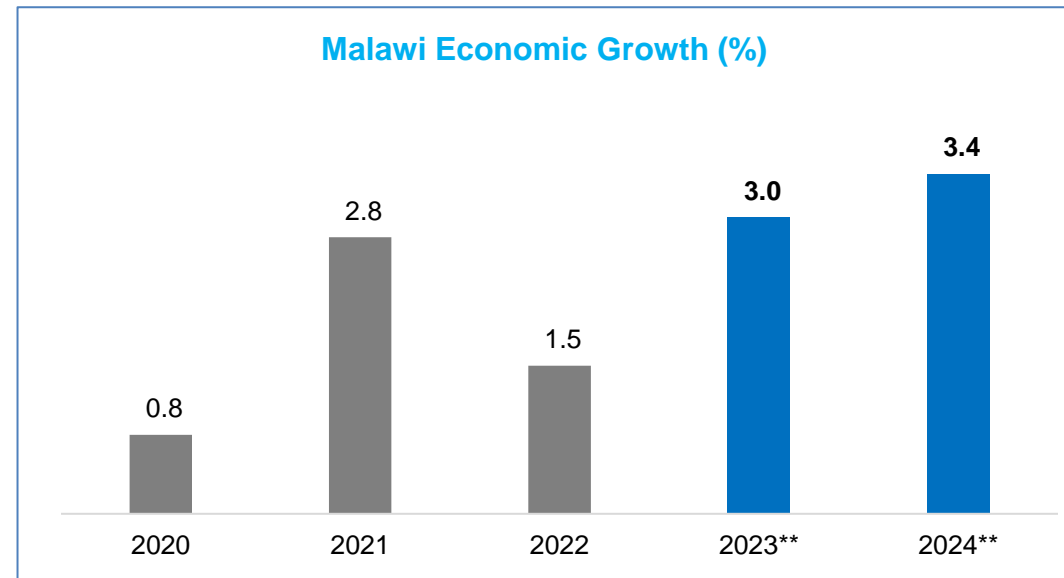
Malawi Financial Market Update

Week ending 13 January 2023

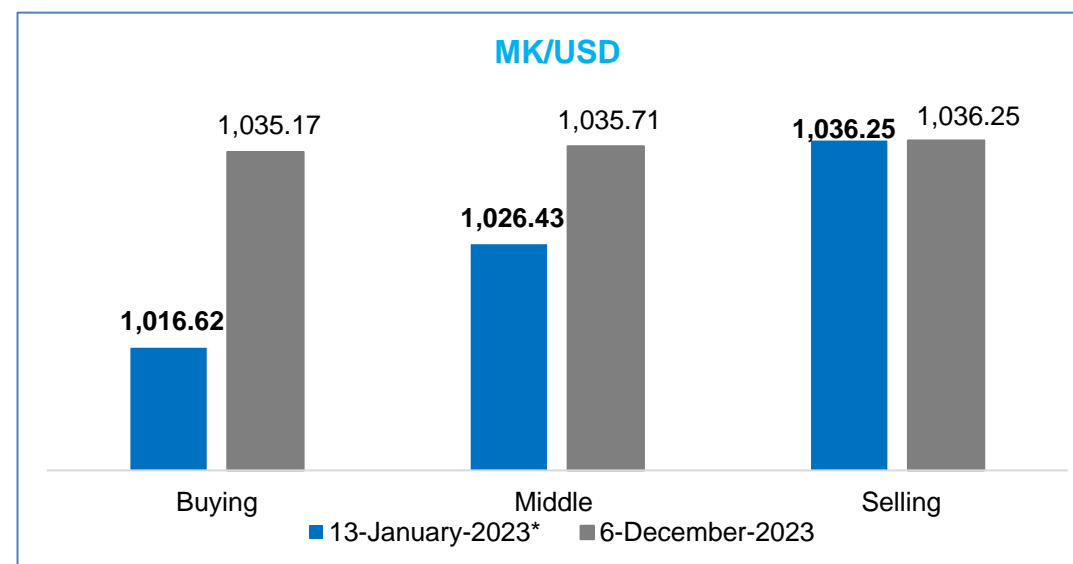


Foreign currency market and other market developments

World Bank Projected GDP growth rate (Source: World Bank GEP)



Foreign currency (Source: RBM)



Note

*: Reserve Bank of Malawi opening exchange rates as of 13 January 2023

** : World Bank Projections

What Happened This Week

1. The Reserve Bank of Malawi (RBM) announced the introduction of periodic Foreign Exchange Auctions that will be held every Friday, starting from today, 13 January 2023. In these auctions, Authorized Dealer Banks (ADB) will be submitting bids to sell foreign exchange to the RBM at prices freely determined by ADBs. The bids will be for a minimum of USD50,000 (about MK51 million) and in multiples of USD10,000 (about MK10 million) thereafter. The introduction of these auctions is to discover, determine, and maintain a market clearing price for the Malawi Kwacha against the United States Dollar and other major currencies. According to the RBM, this will promote transparency in the determination of the exchange rate (*RBM Press Release, 12-January-23*).
2. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has reported that the impact of the shocks businesses faced in 2022 will spillover and continue to pose challenges in 2023. The shocks include, foreign exchange shortages, fuel scarcity, inadequate electricity supply and high levels of inflation, all of which dampened business activity in 2022 (*The Nation, 10-January-23*).
3. In the 2023 Global Economic Prospects (GEP) report, the World Bank has forecasted that Malawi's real Gross Domestic Product (GDP) will grow by 3.0% in 2023. The global economy has been projected to grow by 1.7% in 2023. According to the World Bank, lower economic growth is widespread among all regions of the world. The report highlighted that global income growth measured by GDP per capita will be slower in 2023 than it was during the decade before COVID-19 hit. The lower growth has been projected because of the anticipated impacts of monetary policy tightening done in most countries to curb inflation, worsening financial conditions, and the continued impact of the Russia-Ukrainian war (*The World Bank GEP, January-23*).
4. According to the December 2022 maize market report by the International Food Policy Research (IFPRI), maize prices have decreased by 2% to MK471.00/Kg in December 2022 from MK480.00/Kg in November 2022. This means that on average the average price of a 50Kg bag of maize was MK23,550 in December from MK24,000 in November 2022. According to IFPRI, the decline is because the Agricultural Development and Marketing Corporation (ADMARC) which sells at lower prices, resumed the selling of maize in most of the markets in the country. However, maize prices in Malawi remain higher than those in Zambia, Mozambique and South Africa (*IFPRI Monthly Maize Market Report, December-22*).

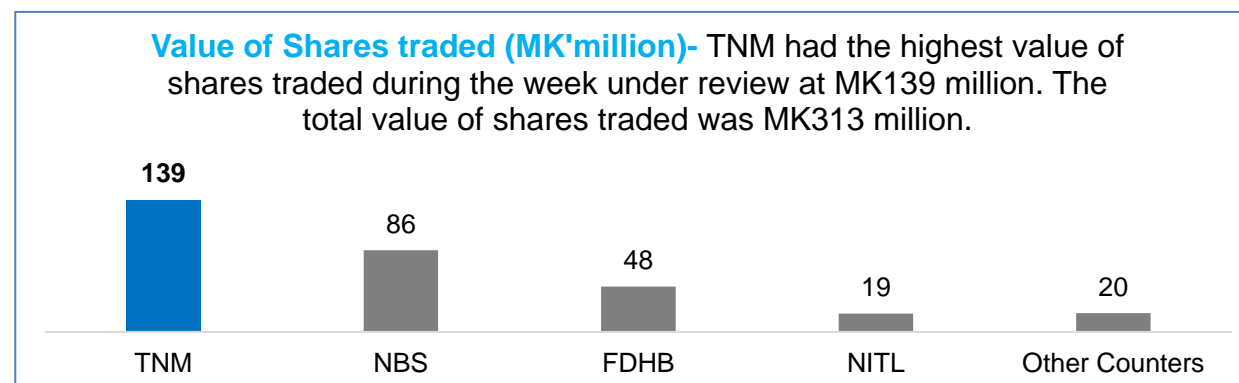
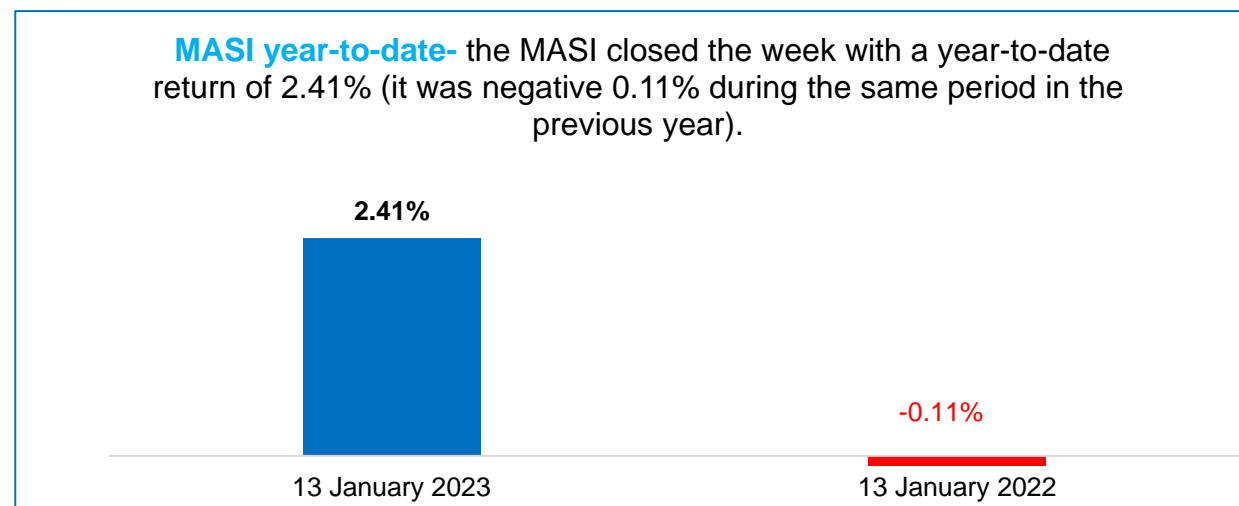
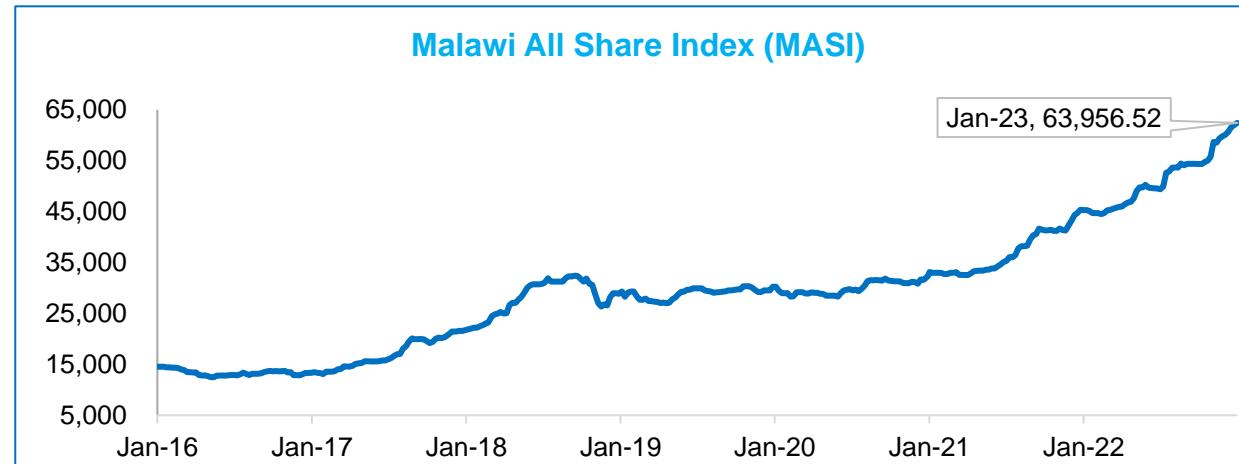


Financial Market Update: Week ending 13 January 2023

Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 13 January 2023 at 63,956.52 points from 62,453.01 points for the week ending 6 January 2023. Week on week, this represents a 2.41% increase.

There were share price gains for FDH Bank, FMBCH, NITL, and SUNBIRD as well as marginal share price gains for AIRTEL, and NBM. No counters experienced share price losses in the period under review.



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

FDHB	25.40%
FMBCH	14.92%
NITL	14.41%
SUNBIRD	14.06%
AIRTEL	0.56%
NBM	0.002%
ILLOVO	0.00%
NBS	0.00%
NICO	0.00%
TNM	0.00%
ICON	0.00%
OMU	0.00%
STANDARD	0.00%
MPICO	0.00%
BHL	0.00%
PCL	0.00%

Symbol	Closing prices as of 13 January 2023 (MK/share)
AIRTEL	57.00
BHL	10.97
FDHB	23.30
FMBCH	127.40
ICON	11.95
ILLOVO	540.00
MPICO	20.64
NBM	1,543.03
NBS	38.50
NICO	60.01
NITL	143.00
OMU	985.00
PCL	2,181.36
STANDARD	2,000.17
SUNBIRD	105.00
TNM	14.00

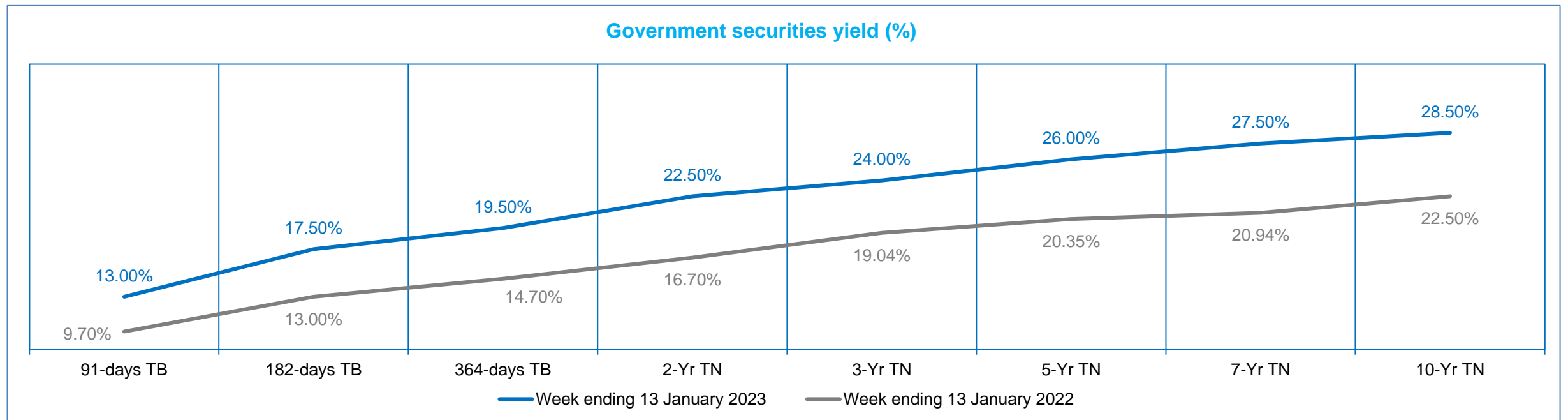
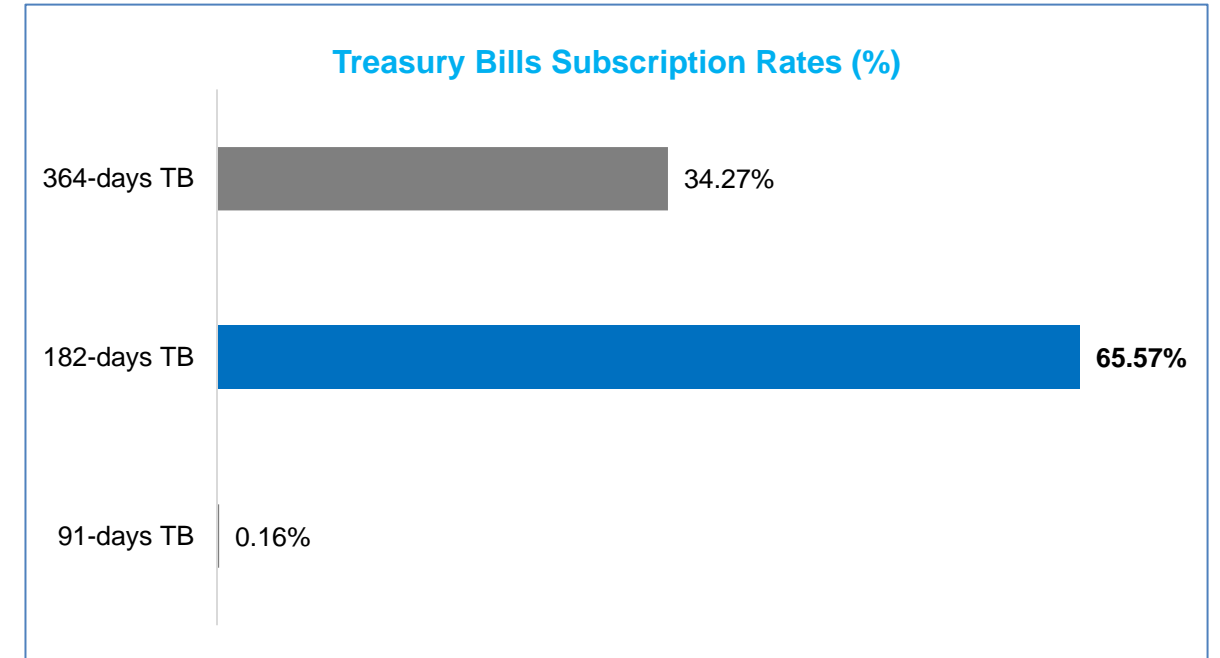
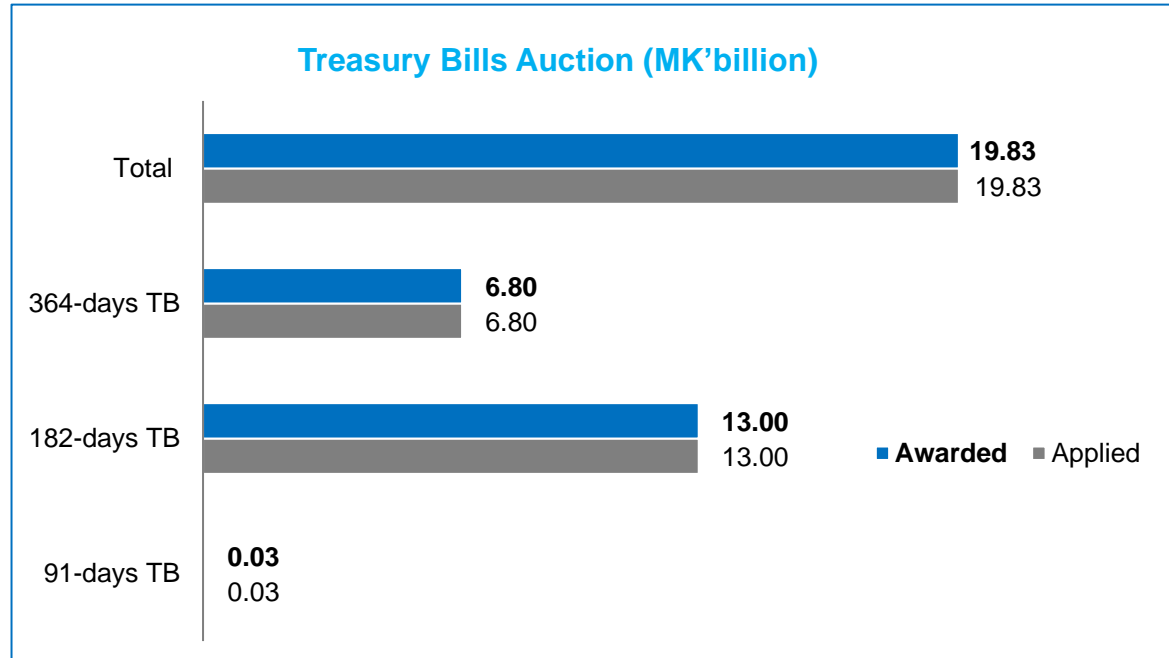


Government securities (Source: RBM)

A total of MK19.83 billion was awarded in this week's Treasury Bills (TBs) auction. No Treasury Notes (TNs) were auctioned during the week.

MK0.03 billion was awarded for the 91-day TB, MK13.00 billion was awarded for the 182-day TB, and MK6.80 billion was awarded for the 364-day TB.

The TBs had a nil 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

	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	Dec-22	Week- ending 13- Jan-23
Exchange rates (middle rates)																		
MK/USD	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	1,034.67	1,026.43*
MK/GBP	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	1,282.60	1,287.49*
MK/EUR	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	1,130.92	1,145.40*
MK/ZAR	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	62.69	63.10*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation																		
Headline	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	N/A
Food	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	N/A
Non-food	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	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%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	18.00%	18.00%
Average Interbank rate	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%	15.00%
Average base lending rate	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%	18.20%
Government Securities Yields																		
91-days Treasury Bill	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%	13.00%
182-days Treasury Bill	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%	17.50%
364-days Treasury Bill	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%	19.50%
2-year Treasury Note	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%	22.50%
3-year Treasury Note	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%	24.00%
5-year Treasury Note	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%	26.00%
7-year Treasury Note	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%	27.50%
10-year Treasury Note	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%	28.50%
Stock Market Indices																		
MASI	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	63,956.52
DSI	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	51,871.22
FSI	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	6,433.77

*: Reserve Bank of Malawi opening exchange rates as of 13 January 2023

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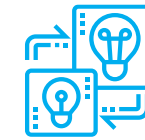
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