



Malawi Financial Market Update

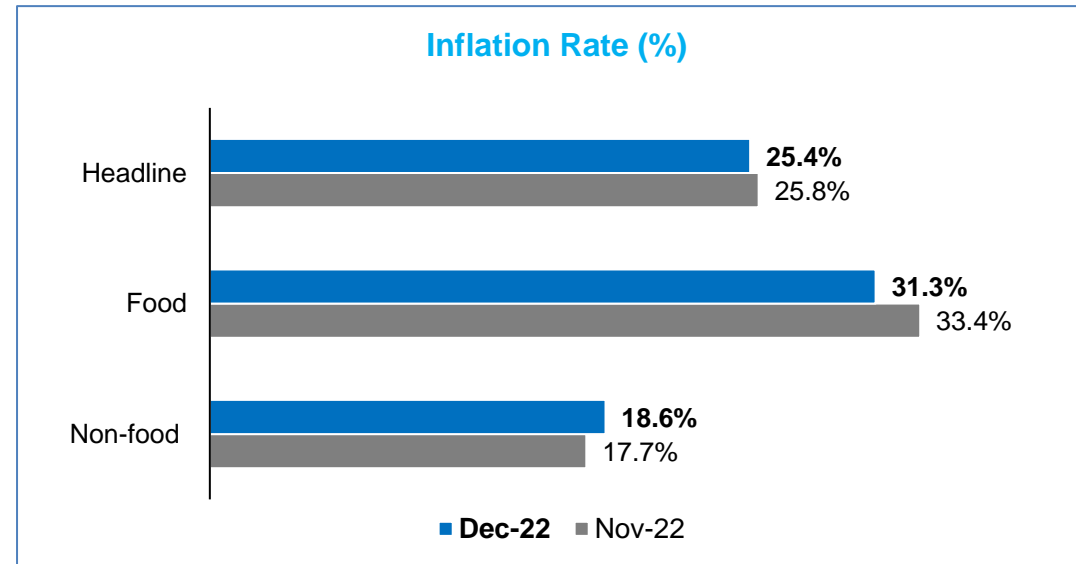
Week ending 20 January 2023



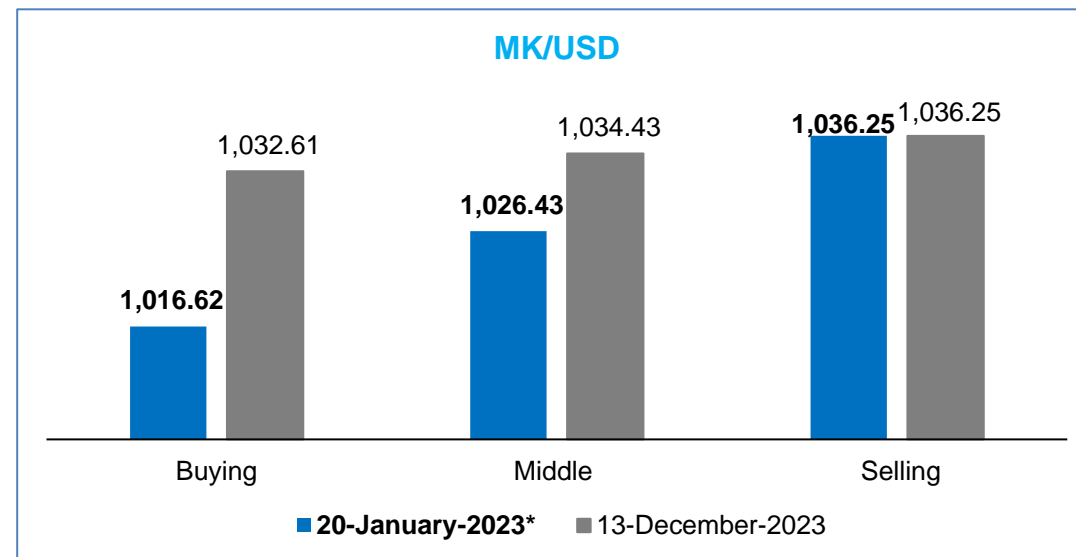
Foreign currency market and other market developments

The headline inflation rate decreased to 25.4% in December 2022 from 25.8% in November 2022. The decline resulted from a decrease in the food inflation rate which offset an increase in non-food inflation rate. The 2022 annual average headline inflation rate was at 21.0% compared to 9.3% recorded in 2021.

Monthly Inflation Rate (Source: NSO)



Foreign currency (Source: RBM)



What Happened This Week

1. The country's gross official forex reserves declined by 10% to USD304.65 million as at 31 December 2022, from USD338.87 million as at 30 November 2022. Similarly, private sector reserves declined to USD399.20 million from USD400.77 million in the period under review. According to The Malawi Confederation of Chambers of Commerce and Industry (MCCCCI), Malawi is currently facing forex shortages, and this is affecting the importation of basic goods. Economic experts have highlighted the need to invest in productive sectors such as mining as they can bring in the necessary forex (*The Nation, 19-January-23*)
2. A Precious Minerals Unit at the Export Development Fund (EDF) has been established to launch formal gemstones trading in the country. This follows a decision by the Ministry of Mining and the Reserve Bank of Malawi (RBM) to mandate EDF to start purchasing precious stones in the country. The Unit will go around the country in hotspots where minerals are mined for purchase but will also welcome walk-in sellers at its offices. According to the Ministry of Mining, this initiative will be backed by the formalized artisanal and small-scale miners (ASM) sub-sectors. The Ministry of Mining reported that accumulatively, as of 30 November 2022, gold purchases in the country have reached a total volume of 186.96 kilograms (Kgs) at a total purchase cost of MK9.4 billion. As of Monday, 16 January 2023, gold prices on the international market were at USD61,935 (about MK64 million) per Kg. This means the country could potentially realize USD11.7 million (about MK12.9 billion) from the sell of its gold reserves (*The Daily Times, 19-January-23*)
3. The Tobacco Commission of Malawi has been engaging tobacco farmers in the country on costs involved in the production of tobacco this year. The exercise is intended to determine the minimum price of tobacco in the upcoming tobacco marketing season. The Commission is working together with Agricultural Research and Extension Trust (ARET) to come up with prices that will be shared with tobacco buyers for their input. According to the Commission, the exercise will not only help in determining the price of tobacco but will also guide decision making by institutions such as insurers, lenders and others involved in the tobacco value chain (*The Daily Times, 20-January-23*).

Note

*: Reserve Bank of Malawi opening exchange rates as of 20 January 2023



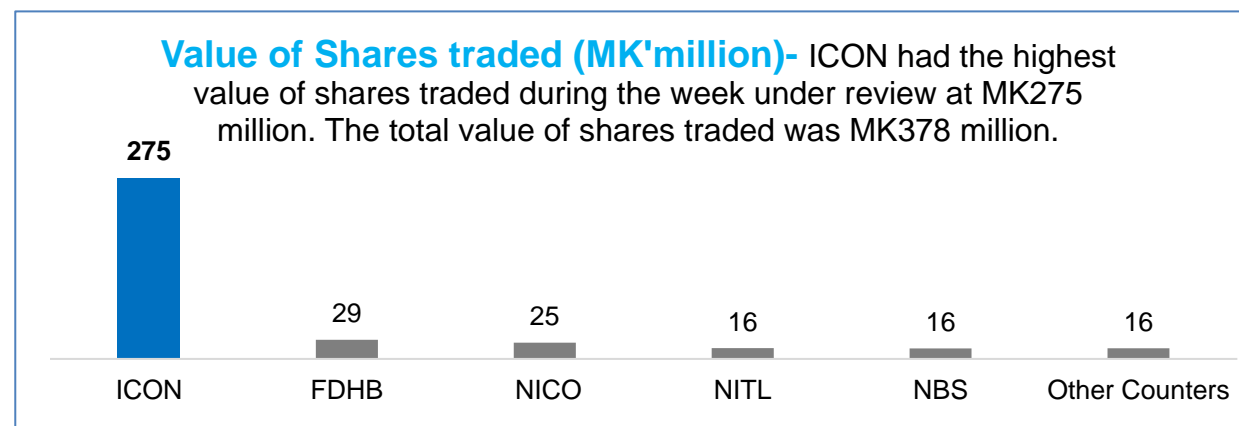
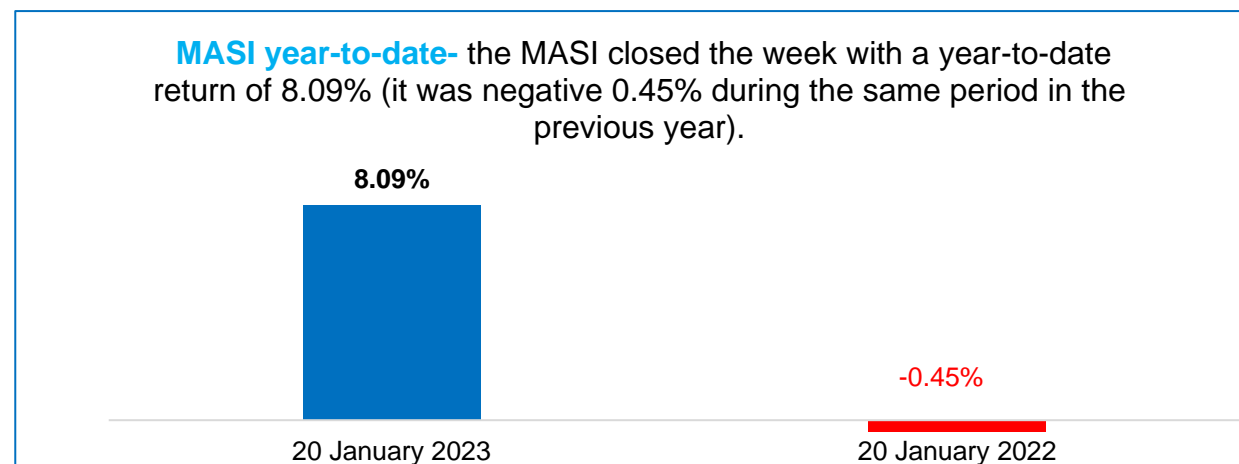
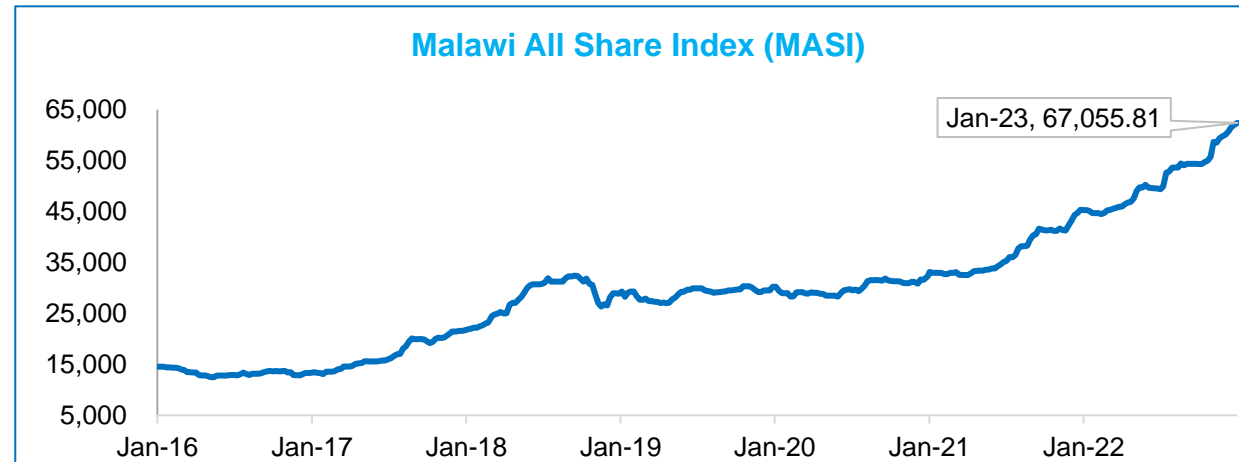
Financial Market Update: Week ending 20 January 2023

Stock market (Source: MSE)

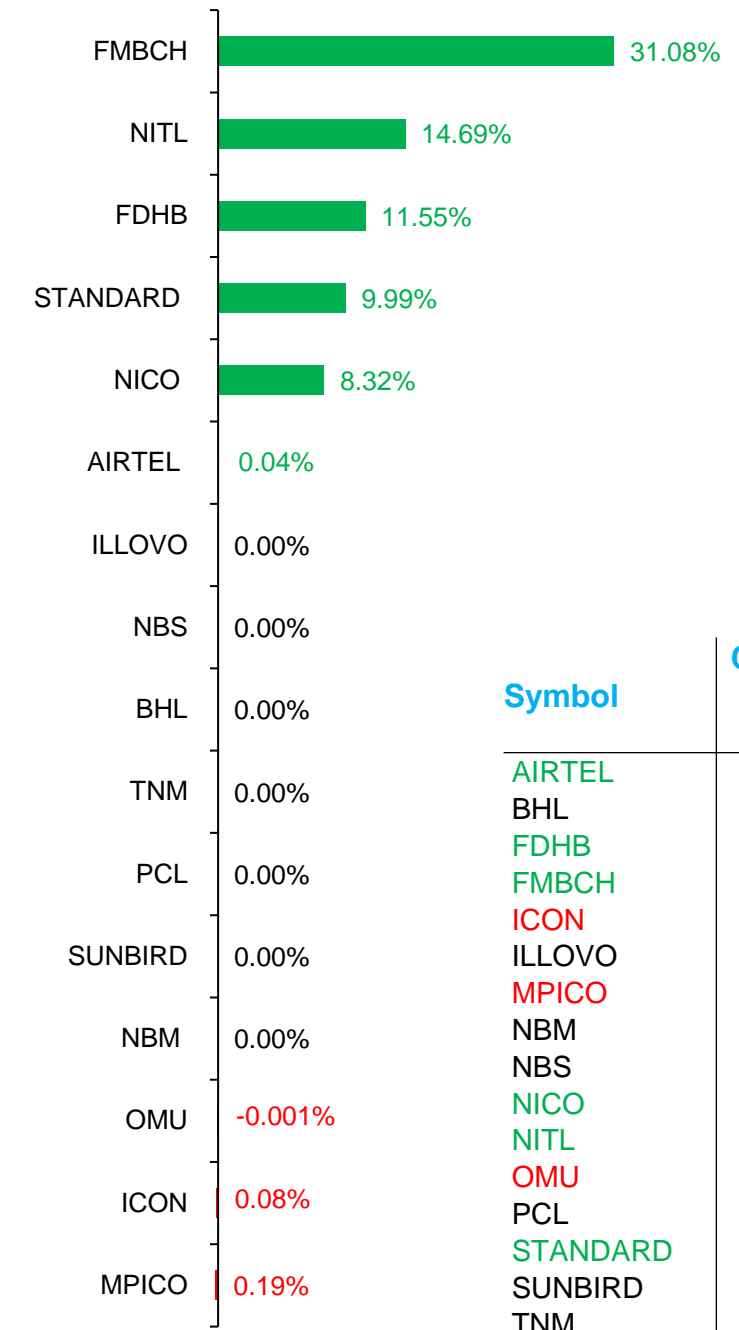
The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 20 January 2023 at 67,055.81 points from 63,956.52 points for the week ending 13 January 2023. Week on week, this represents a 4.85% increase.

The Year-to-date return on the MASI is 8.09%.

There were share price gains for FMBCH, NITL, FDH Bank, Standard Bank, and NICO as well as a marginal share price gain for AIRTEL. The share price gains offset share price losses for MPICO, ICON and OMU in the period under review.



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



Symbol	Closing prices as of 20 January 2023 (MK/share)
AIRTEL	57.02
BHL	10.97
FDHB	25.99
FMBCH	167.00
ICON	11.94
ILLOVO	540.00
MPICO	20.60
NBM	1,543.03
NBS	38.50
NICO	65.00
NITL	164.00
OMU	984.99
PCL	2,181.36
STANDARD	2,200.00
SUNBIRD	105.00
TNM	14.00



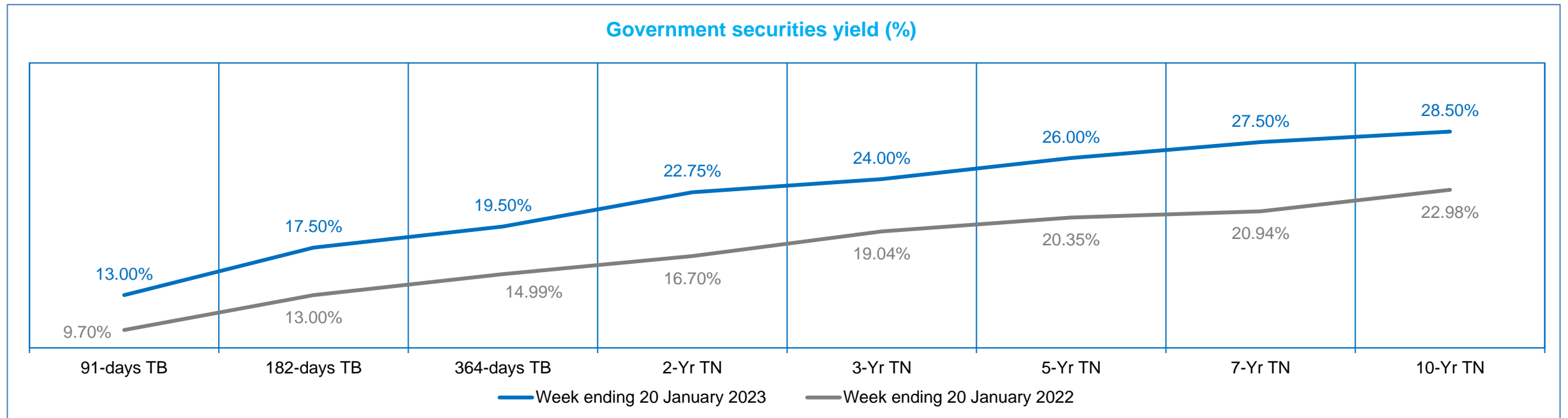
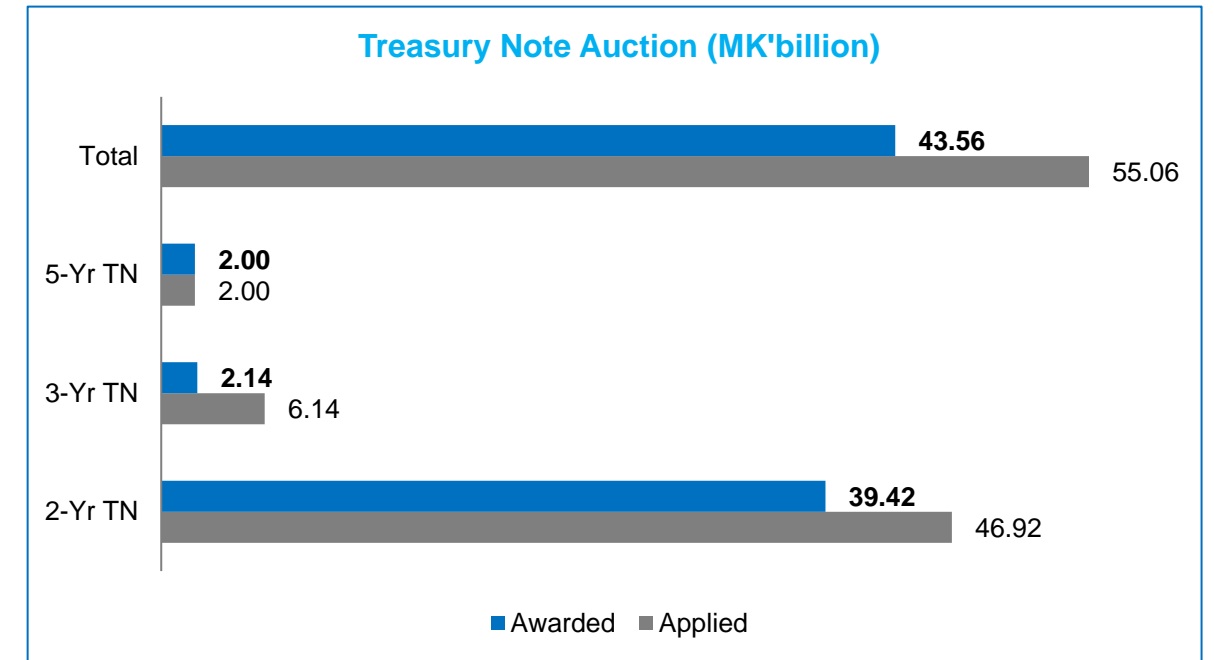
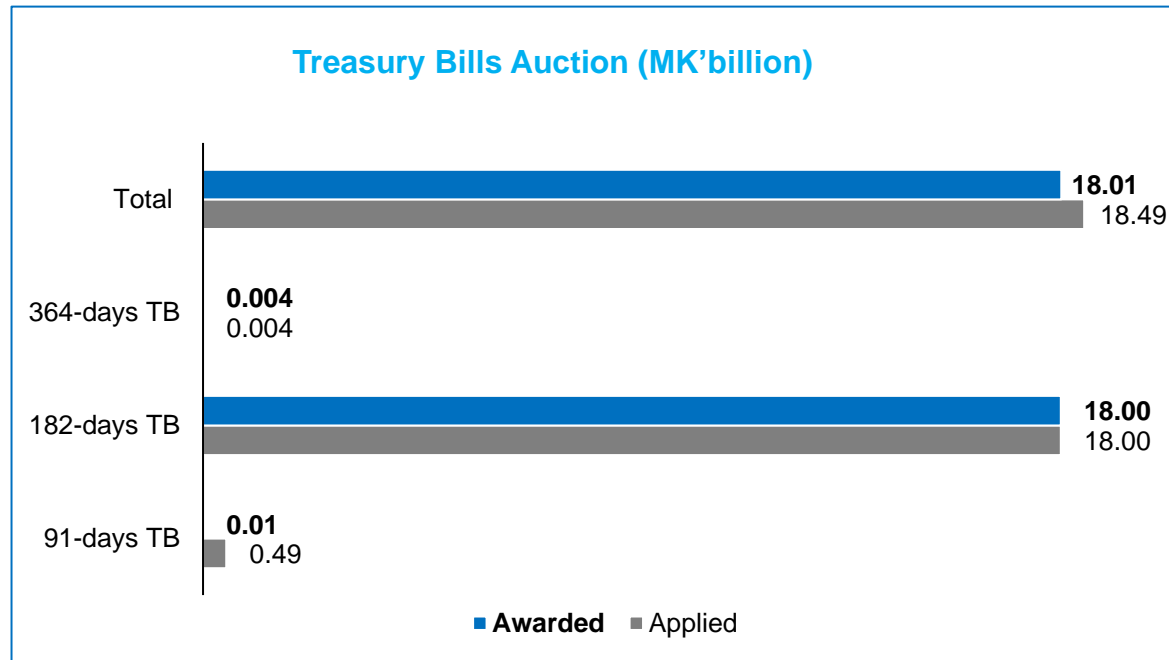
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Government securities (Source: RBM)

A total of MK61.58 billion was awarded in this week's Treasury Bills (TBs) and Treasury Notes (TNs) auctions.

The TBs had a 2.60% rejection rate while the TNs had a nil rejection rate.

The average TB yield maintained its position at 16.67% and the average TN yield rose to 25.71% from 25.70% during the week 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 20- 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	1,308.74*
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	1,145.19*
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	61.30*
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	304.65	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	399.20	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	703.85	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	1.22	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%	25.4%	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%	31.3%	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%	18.6%	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%	22.75%
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	67,055.81
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	53,092.71
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	8,395.75

*: Reserve Bank of Malawi opening exchange rates as of 20 January 2023

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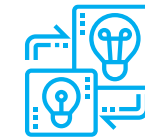
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