



Malawi Financial Market Update

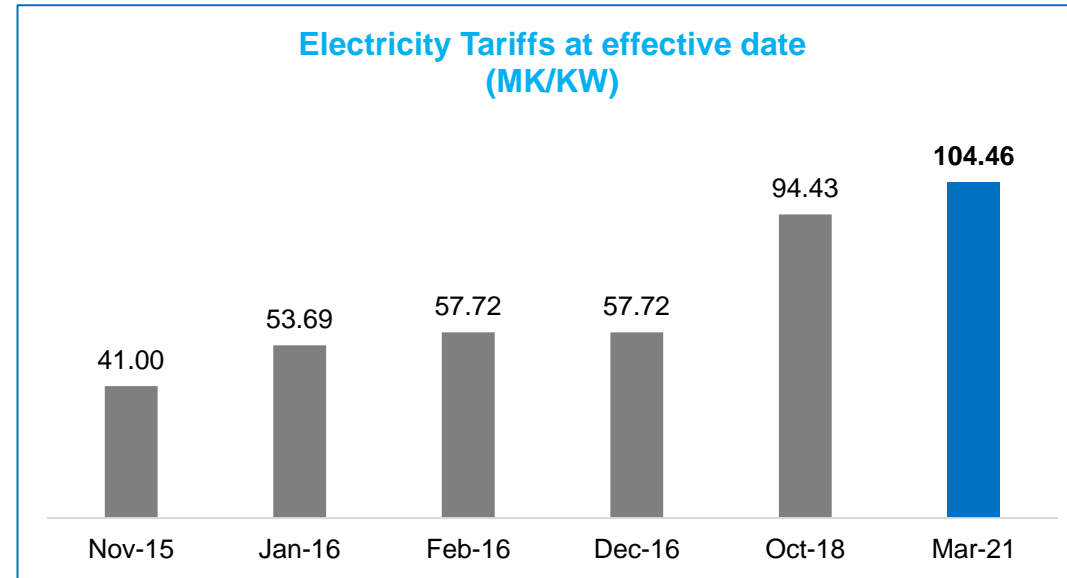
Week ending 6 January 2023



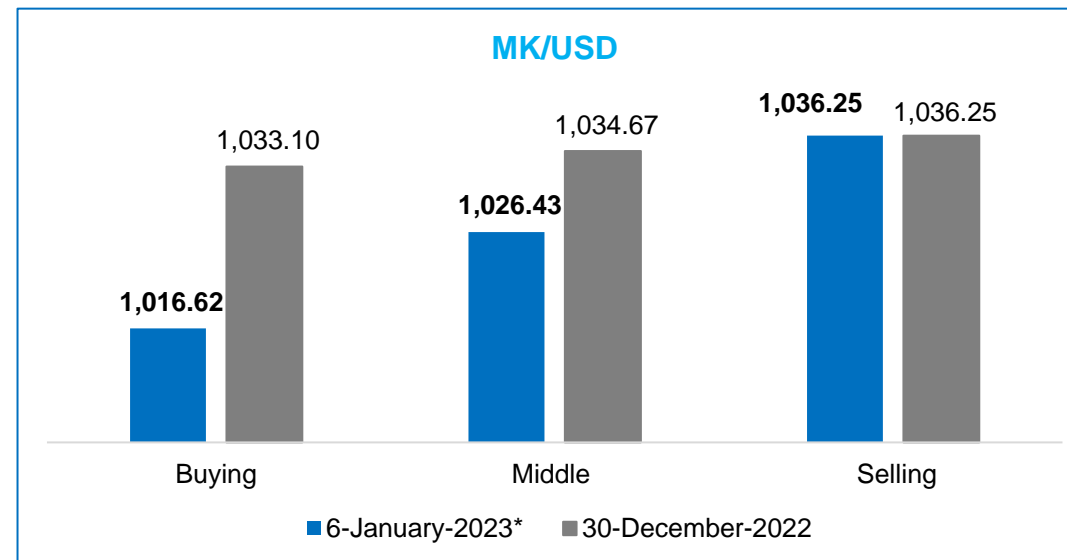
Foreign currency market and other market developments

The MERA will hold public consultations on whether to hike the electricity tariff following propositions from ESCOM and EGENCO. Currently, the electricity tariff is at MK104.46/KW. Approval of a 99% tariff hike will set the tariff at MK207.88/KW.

Malawi Electricity Tariffs (Source: ESCOM)



Foreign currency (Source: RBM)



What Happened This Week

- The Malawi Energy Regulatory Authority (MERA) has disclosed that between January 2023 and February 2023, it will hold public consultations to revise the electricity tariff. This follows a proposition made by the Electricity Supply Commission of Malawi (ESCOM) to implement a 99% tariff hike last year. The Electricity Generation Company (EGENCO) also proposed a 36% electricity tariff hike. The Energy Act in the country allows for a tariff hike every four years. The MERA has also disclosed that Malawi could tap 120 MegaWatts (MW), an increase from an initial 70MW, from Mozambique through the Malawi-Mozambique Interconnector project. The project is expected to be completed in December 2023. In addition to this, 21MW from the Serengeti Solar power project in Nkhotakota will be added to the national grid by the end of this month. These additions are expected to ease the power challenges in the country (*The Daily times, 5-January-23*).
- The International Monetary Fund (IMF) has reported that the global economy will face a tougher year in 2023 as the main engines of global growth namely, the United States (US), Europe, and China are experiencing lower economic activity. The forecast has been made considering the continuing effects of the Russian-Ukrainian war, global inflationary pressures, and higher interest rates set by central banks to curb inflation (*The Daily Times, 3-January-23*).
- Commercial Banks in the country have maintained the reference rate at 17.3% for January 2023. The prevailing reference rate was made effective in December 2022 from 16.6% set in November 2022 following an upward adjustment of the policy rate by the Reserve Bank of Malawi (RBM). The reference rate acts as the basis for other interest rates including lending interest rates (*The Daily Times, 6-January-23*).

Note

*: Reserve Bank of Malawi opening exchange rates as of 6 January 2023

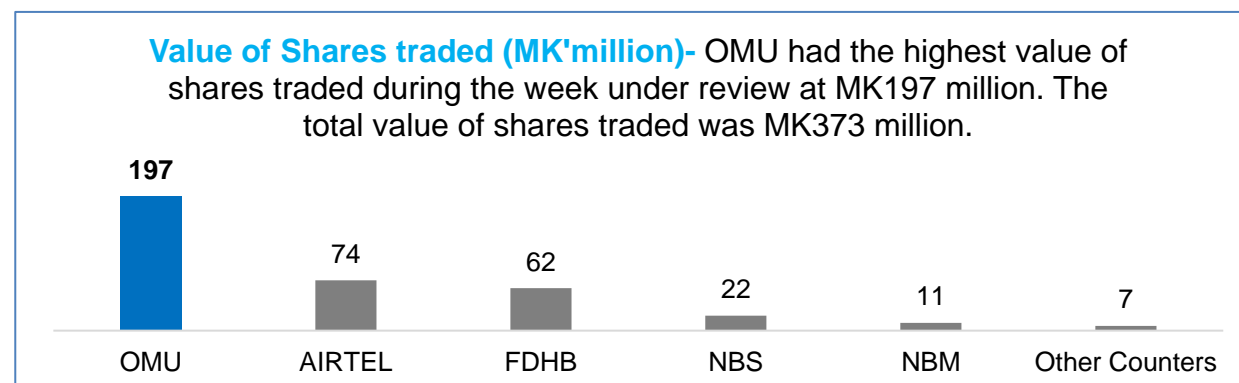
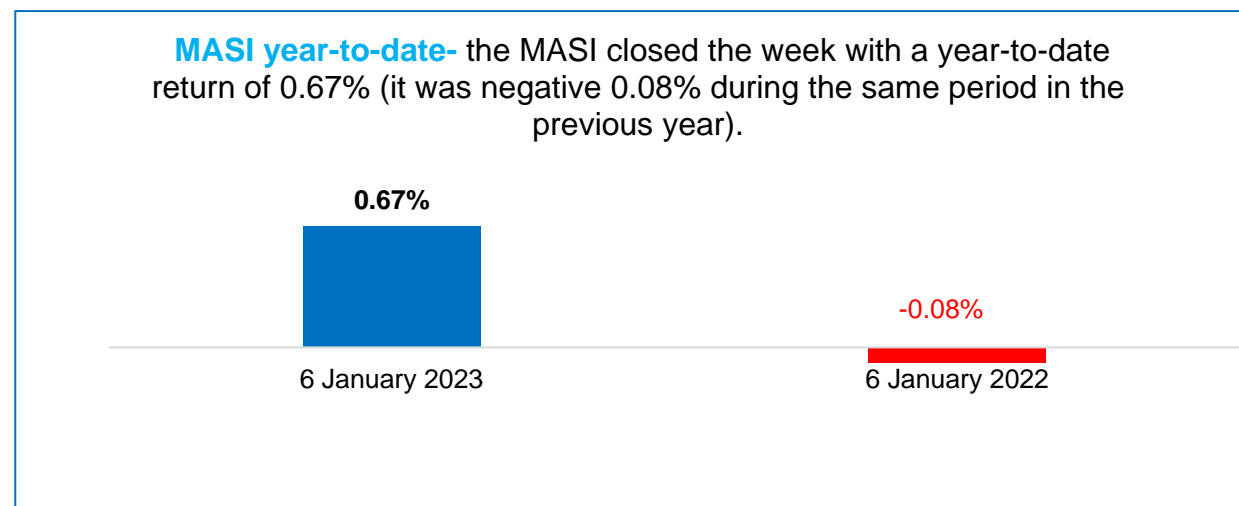
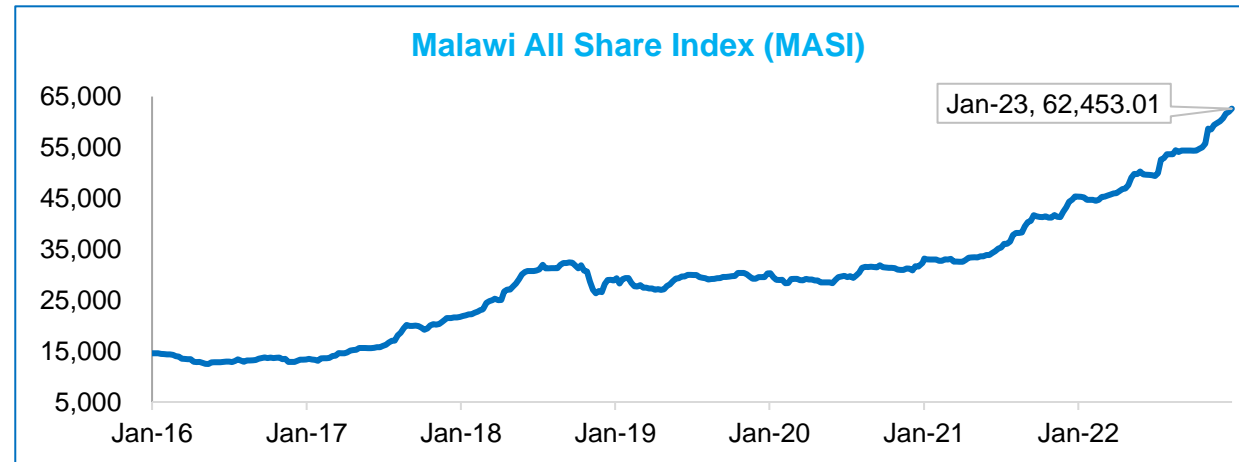


Financial Market Update: Week ending 6 January 2023

Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 6 January 2023 at 62,453.01 points from 62,036.05 points for the week ending 30 December 2022. Week on week, this represents a 0.67% increase.

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



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

Symbol	Week-on-week share price percentage change (%)	Closing prices as of 6 January 2023 (MK/share)
NBS	13.24%	38.50
FDHB	6.97%	18.58
AIRTEL	0.07%	56.68
NBM	0.06%	1,543.00
NICO	0.02%	60.01
STANDARD	0.0005%	2,000.17
ILLOVO	0.00%	540.00
FMBCH	0.00%	110.86
SUNBIRD	0.00%	92.06
TNM	0.00%	14.00
ICON	0.00%	11.95
OMU	0.00%	985.00
NITL	0.00%	124.99
BHL	0.00%	10.97
PCL	0.0005%	2,181.36
MPICO	0.00%	20.64

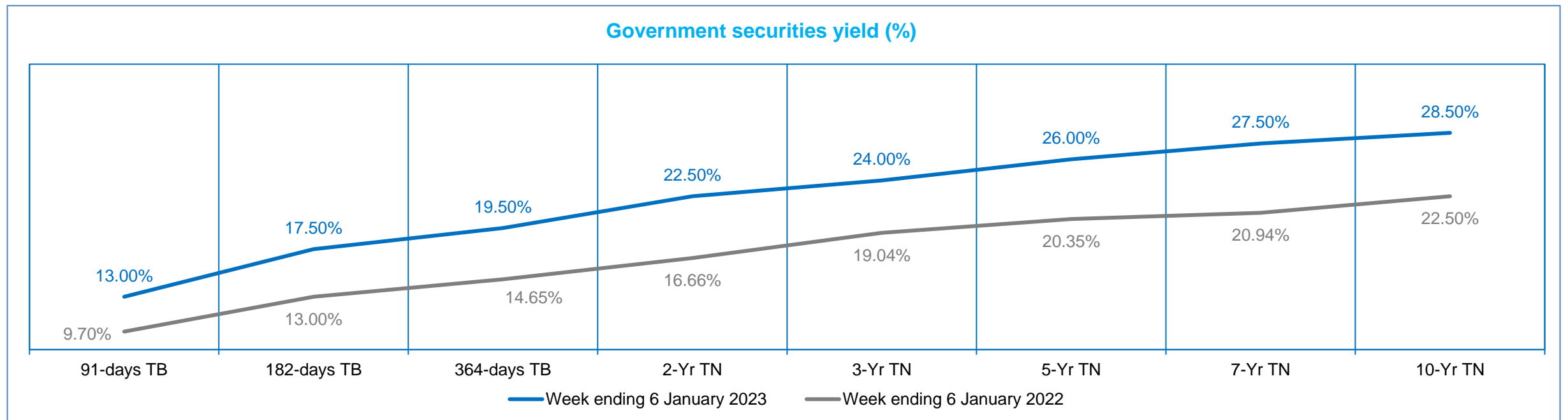
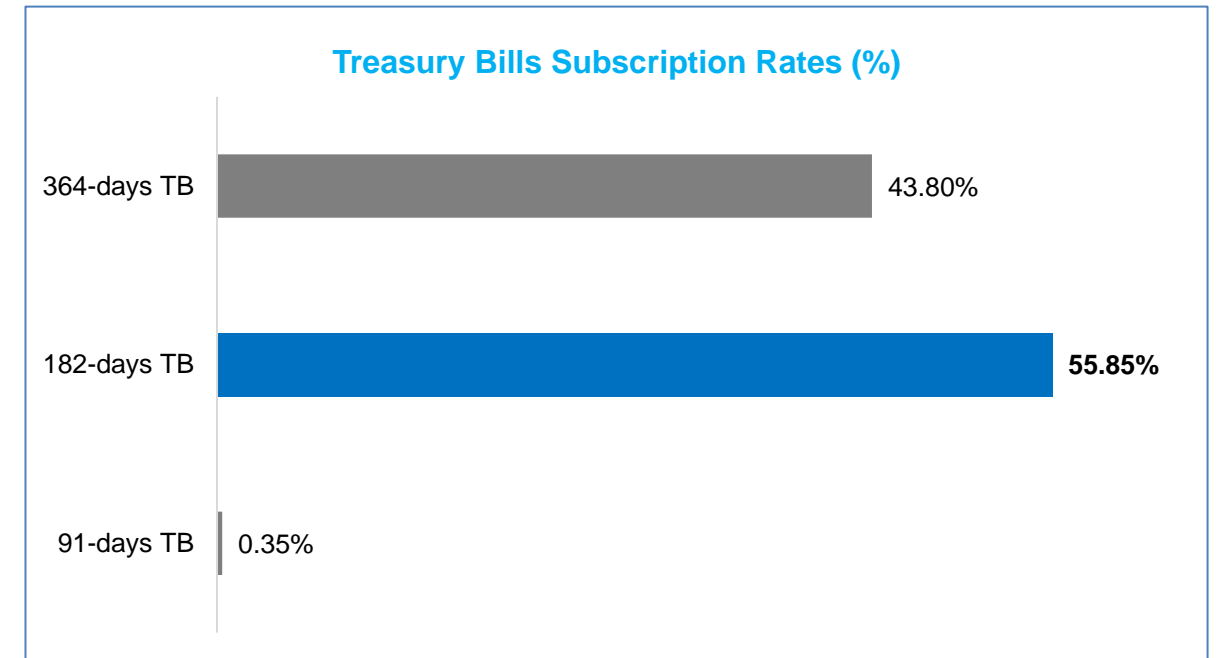
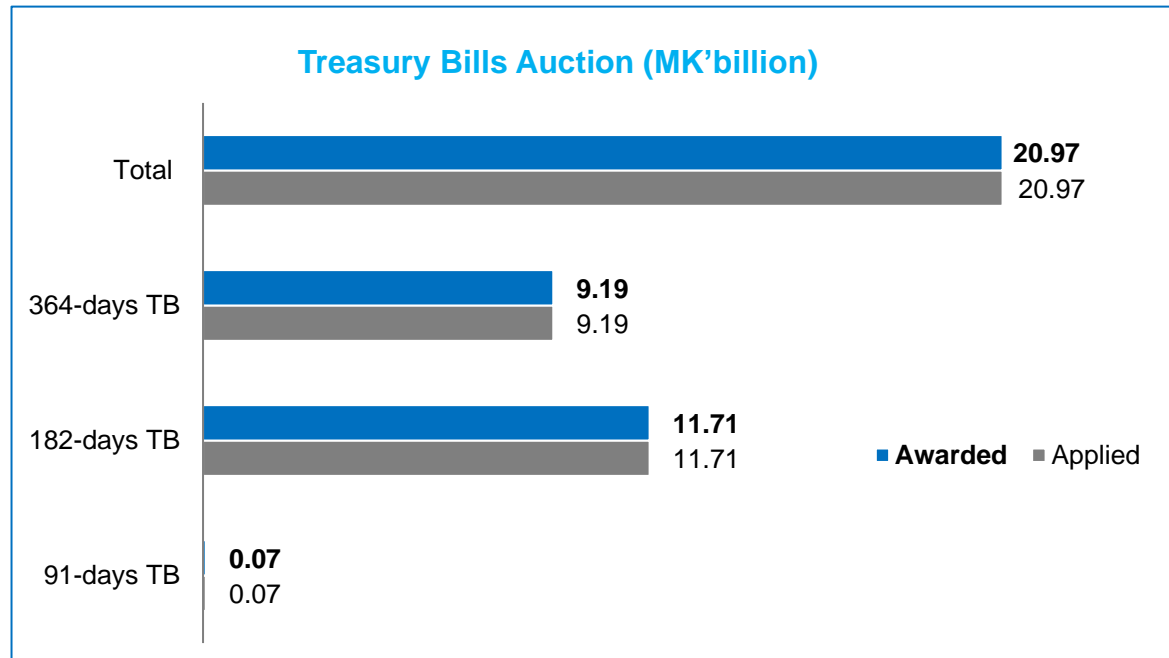


Government securities (Source: RBM)

A total of MK20.97 billion was awarded in this week's Treasury Bills (TBs) auction. No Treasury Notes (TNs) were auctioned during the week.

MK0.07 billion was awarded for the 91-day TB, MK11.71 billion was awarded for the 182-day TB, and MK9.19 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 6- 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	1,259.48*
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	1,111.78*
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	61.49*
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	62,453.01
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	51,175.06
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	5,614.30

*: Reserve Bank of Malawi opening exchange rates as of 6 January 2023

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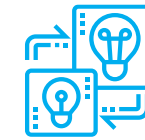
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