



Malawi Financial Market Update

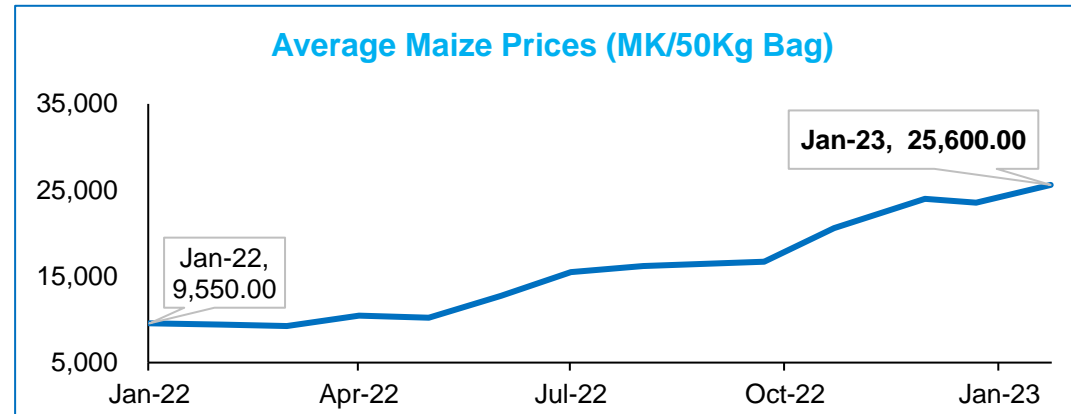
Week ending 10 February 2023



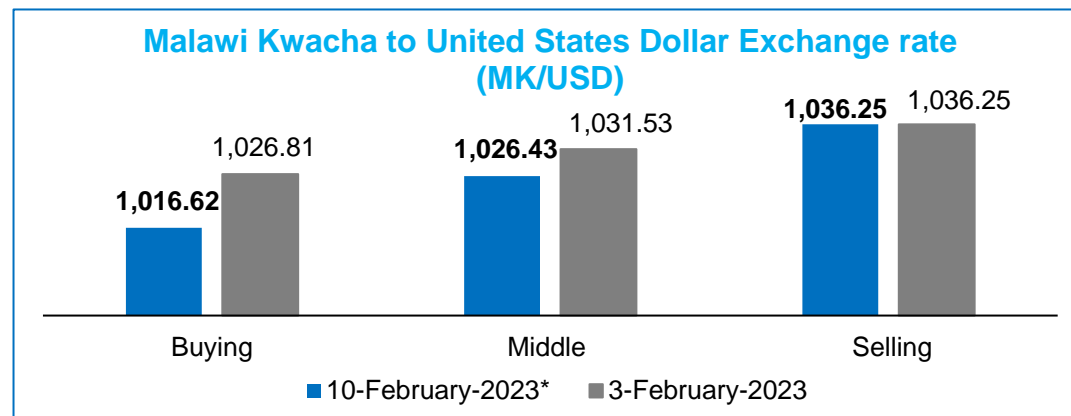
Foreign currency market and other market developments

According to the International Monetary Fund (IMF), Malawi, along with 35 other least-developed countries, is eligible for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. The IMF and the World Bank have pledged to continue to encourage creditors to participate in the voluntary initiative and deliver their share of debt relief.

Average Maize Price (Source: IFPRI)



Foreign currency (Source: RBM)



Annual General Meetings

Company	Venue	Date	Time
ILLOVO	Ryalls Hotel, Blantyre	22 February 2023	14:00 hrs

Note

*: Reserve Bank of Malawi opening exchange rates as of 10 February 2023

What Happened This Week

1. Malawi, along with 35 other least-developed countries, is eligible for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative, according to the International Monetary Fund (IMF). The IMF and the World Bank have pledged to continue to encourage creditors to participate in the voluntary initiative and deliver their share of debt relief. To be considered for HIPC assistance, a country must have an unsustainable debt burden, a track record of reform, a poverty reduction strategy, and be eligible to borrow from the World Bank and the IMF. The Ministry of Finance and Economic Affairs has stated that the position by the IMF reflected the recognition of efforts to reform the economy and that Treasury is also engaging China and India to get assurance for debt relief. However, some analysts have expressed that debt relief is part of a wider effort to address the development needs of low-income countries, but others have warned that debt forgiveness is not a solution to economic problems (*The Nation, 7-February-23*).
2. According to the International Food Policy Research Institute (IFPRI), the average maize price increased by 9% to MK512/kg (MK25,600 per 50kg bag) in January 2023 from MK471/kg (MK23,550 per 50kg bag) in December 2022. The IFPRI monitored sales from the Agriculture Development and Marketing Corporation (ADMARC) in 10 out of 26 markets. There were no ADMARC purchases in any of the markets monitored by IFPRI. Compared to other countries, maize prices in Malawi were reportedly lower than in Kenya but higher than in Zambia and South Africa (*IFPRI-Malawi Monthly Maize Report, January-23*).
3. Standard Bank, Old Mutual, and Continental Asset Managers have signed a MK34.5 billion (USD33.6 million) agreement to co-finance the Kenyatta Drive and Mzimba Street rehabilitation project. The rehabilitation project, which will be a six-lane road, will be implemented by the Roads Fund Administration (RFA) and financed by Standard Bank as the lead financier, Old Mutual as a co-financier, and Continental Asset Management as another co-financier. The government of Malawi through the Minister of Finance, has hailed Standard Bank for leading the private sector in financing the country's transport and infrastructure development. The Minister has emphasized the importance of the private sector in the country's economy and encouraged other private sector players to follow the financiers' example. Standard Bank raised MK21 billion for the road construction, while Old Mutual and Continental Asset Management contributed MK11 billion and MK2.5 billion, respectively. The deal is the largest local-currency financed arrangement and the RFA will repay the funds over a 15-year period (*The Nation and various online news sources, 10-February-23*).



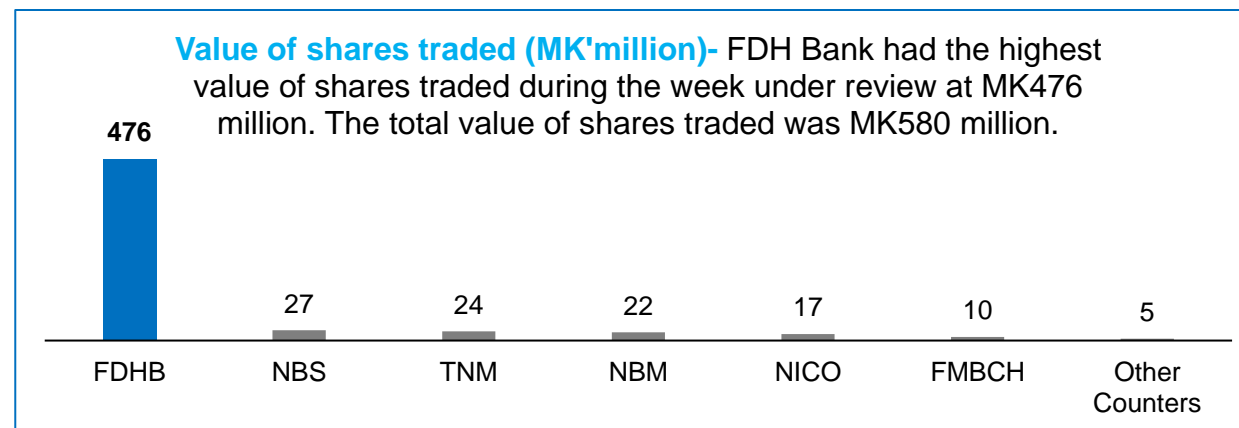
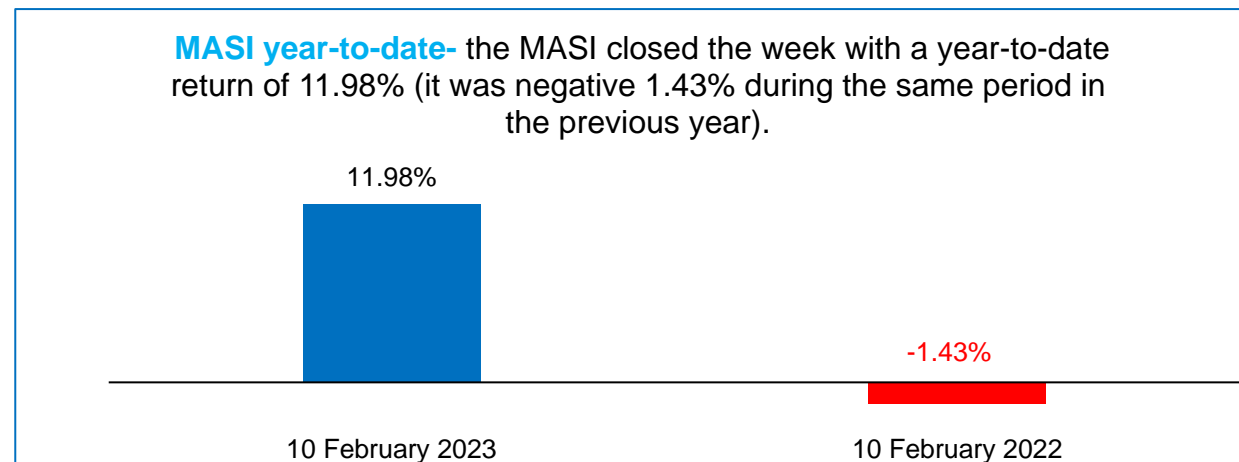
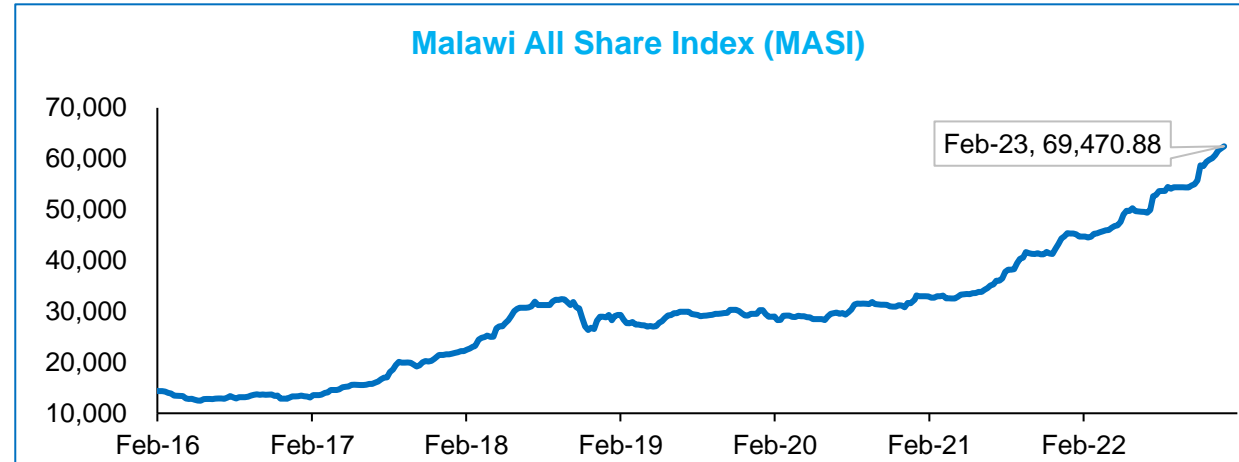
Financial Market Update: Week ending 10 February 2023

Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 10 February 2023 at 69,470.88 points from 68,646.26 points for the week ending 3 February. Week on week, this represents a 1.20% increase.

The year-to-date return on the MASI is 11.98%.

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



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

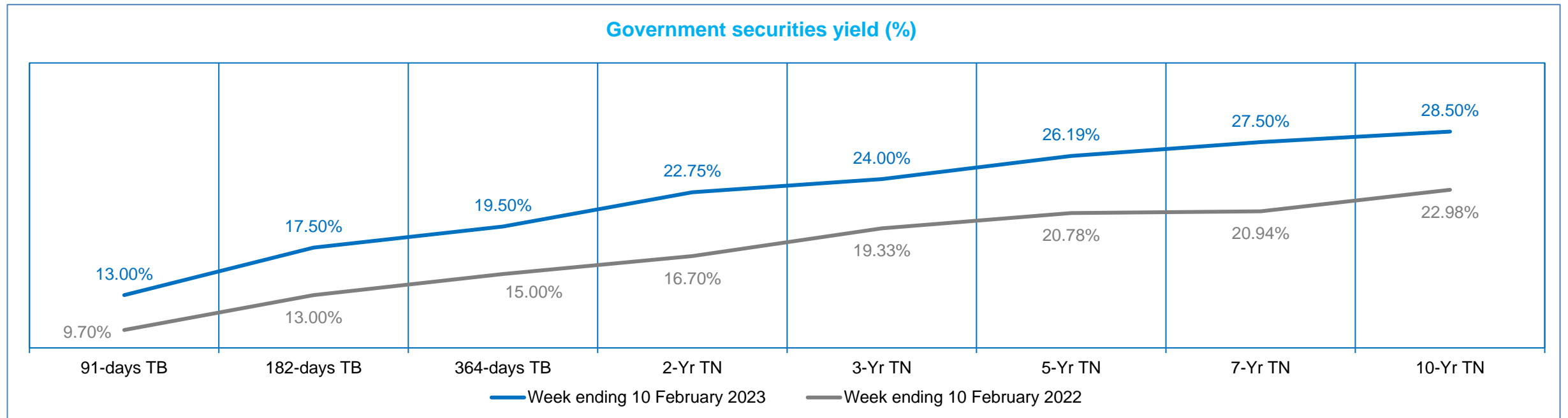
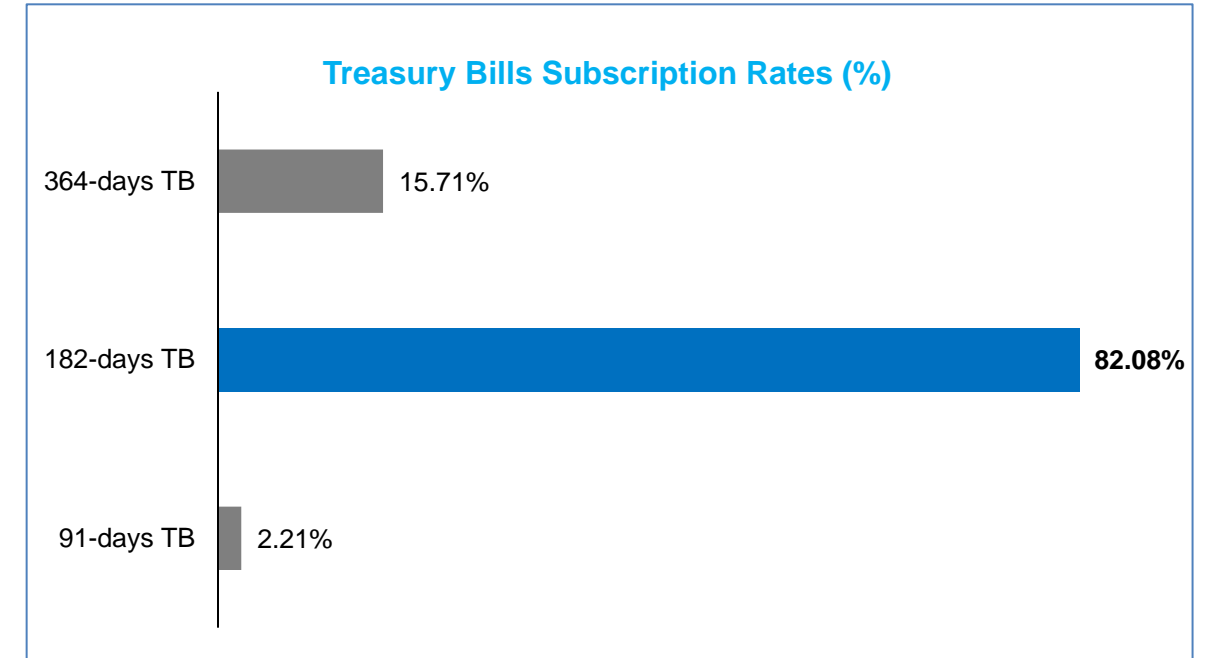
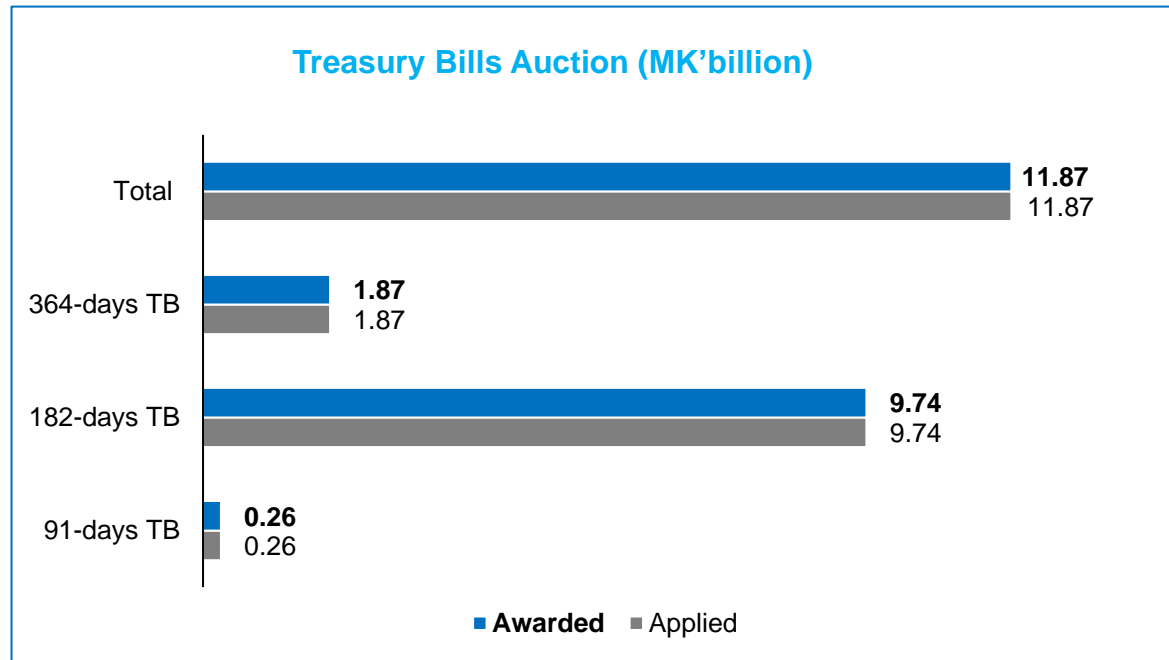
Symbol	Week-on-week share price percentage change (%)	Closing prices as of 10 February 2023 (MK/share)
FDHB	16.73%	35.02
NICO	13.64%	75.00
TNM	0.14%	14.01
NBM	0.002%	1,550.04
OMU	0.001%	838.01
FMBCH	0.00%	167.00
NITL	0.00%	164.00
ILLOVO	0.00%	600.02
STANDARD	0.00%	2,200.00
SUNBIRD	0.00%	105.00
ICON	0.00%	11.92
MPICO	0.00%	20.59
AIRTEL	0.00%	58.07
BHL	0.00%	10.96
PCL	0.00%	2,181.35
NBS	-0.05%	38.48



Government securities (Source: RBM)

A total of MK11.87 billion was awarded in this week's Treasury Bills (TBs) auctions. No Treasury Notes (TNs) were auctioned during the week.

The TBs had a nil rejection rate, and the average TB yield maintained its position at 16.67% during the week under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Jan-23	Week- ending 10- Feb-23
Exchange rates (middle rates)																		
MK/USD	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	1,031.87	1,026.43*
MK/GBP	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	1,305.57	1,279.35*
MK/EUR	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	1,152.30	1,133.88*
MK/ZAR	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	60.72	59.44*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation																		
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates																		
Monetary Policy rate	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%	18.00%
Average Interbank rate	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%	15.00%
Average base lending rate	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%	18.20%
Government Securities Yields																		
91-days Treasury Bill	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%	13.00%
182-days Treasury Bill	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%	17.50%
364-days Treasury Bill	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%	19.50%
2-year Treasury Note	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%	22.75%
3-year Treasury Note	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%	24.00%
5-year Treasury Note	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%	26.19%	26.19%
7-year Treasury Note	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%	27.50%
10-year Treasury Note	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%	28.50%
Stock Market Indices																		
MASI	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	68,451.77	69,470.88
DSI	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	54,351.80	55,255.88
FSI	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	8,374.09	8,377.58

*: Reserve Bank of Malawi opening exchange rates as of 10 February 2023

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

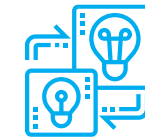
Website: www.bridgepathcapitalmw.com

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.**