



Malawi Financial Market Update

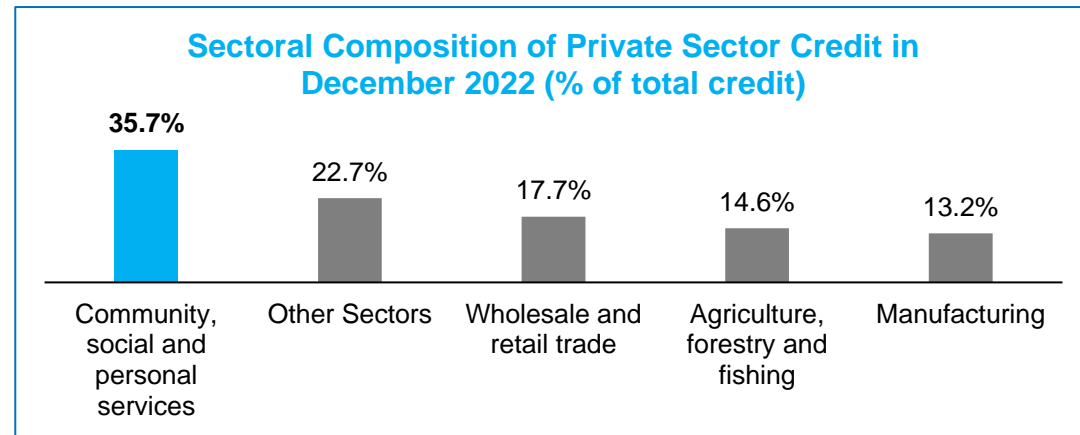
Week ending 17 February 2023



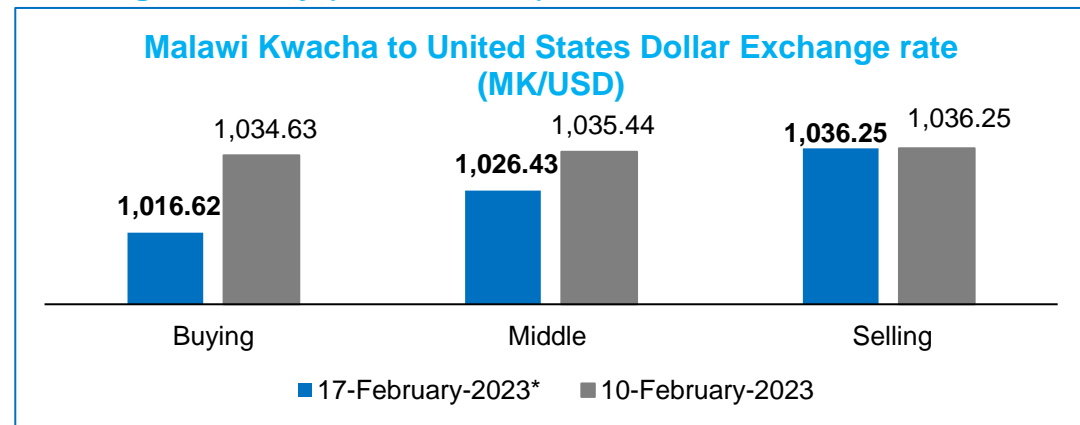
Foreign currency market and other market developments

According to the Reserve Bank of Malawi (RBM), Private sector credit growth declined to 24.1% in December 2022 from 26.5% in the previous month. Community, social, and personal services held the largest share of outstanding credit stock at 35.7%.

Private Sector Credit by Sector in December 2022 (Source: RBM)



Foreign currency (Source: RBM)



Annual General Meetings

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

What Happened This Week

1. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has requested the creation of an industrial development fund in the 2023/24 budget to provide capital for investments in the manufacturing sector. MCCCI believes that this fund will encourage the production of goods that can be manufactured within Malawi and replace regular imports. The MCCCI has also asked for the government to offer tax incentives to manufacturing and processing industries that use local inputs in their production. The manufacturing sector only held 13.2% of the outstanding credit stock in December 2022, and MCCCI suggests that tax measures and exchange rates that discourage unnecessary imports, along with improved electricity supply, could help revive local production. Private sector credit growth declined to 24.1% in December 2022 from 26.5% in the previous month. Community, social, and personal services held the largest share of outstanding credit stock at 35.7% (*The Nation, 15-February-23*).
2. Lindian Resources Limited, an Australian Stock Exchange-listed mining firm, has claimed that the Kangankunde Rare Earth Mine in Balaka is a unique non-radioactive rare earth mine that has high quality and high purity minerals, including monazite, which can be sold as a premium product across the globe. The company invested USD5 million (MK5.2 billion) in diamond drilling to understand the grade and nature of mineralization and found that the mine has genuine mining prospects for the next 100 years. In the first phase of mining, the company plans to invest USD25 million (MK25.6 billion) and create jobs for about 70 people. Balaka District Council officials who visited the mine expressed their pleasure with the firm's ethical mining standards and its progress in developing the Kangankunde Rare Earth Mine (*The Nation, 14-February-23*).
3. Heavy rains in Malawi have caused concerns among tobacco farmers about low output, with some crops already damaged by hailstorms. The Tobacco Association of Malawi (TAM), has warned that the heavy downpours could threaten the output of tobacco production during this year's farming season. Agriculture experts have called for farmers to embrace crop insurance as a risk management measure and for greater civic education to inform them about its importance. Last season, Malawi produced about 85 million kilograms of tobacco, falling short of the 100 million kilograms international demand (*The Nation, 17-February-23*).

Note

*: Reserve Bank of Malawi opening exchange rates as of 17 February 2023

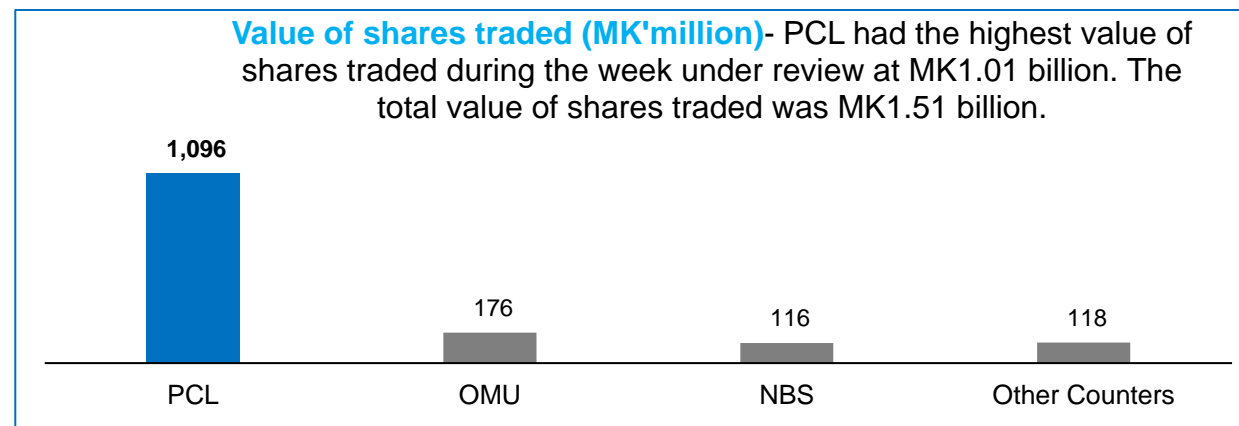
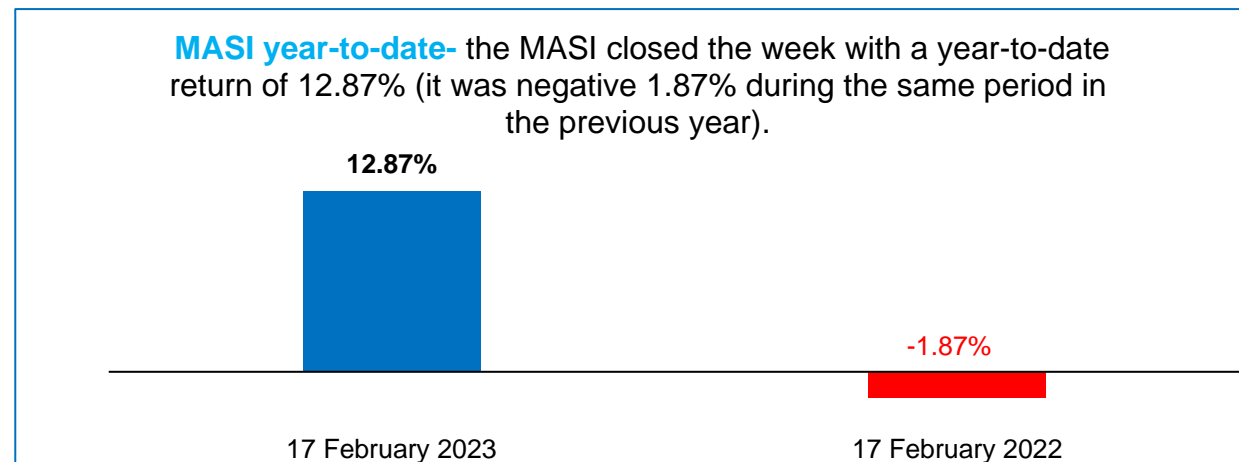
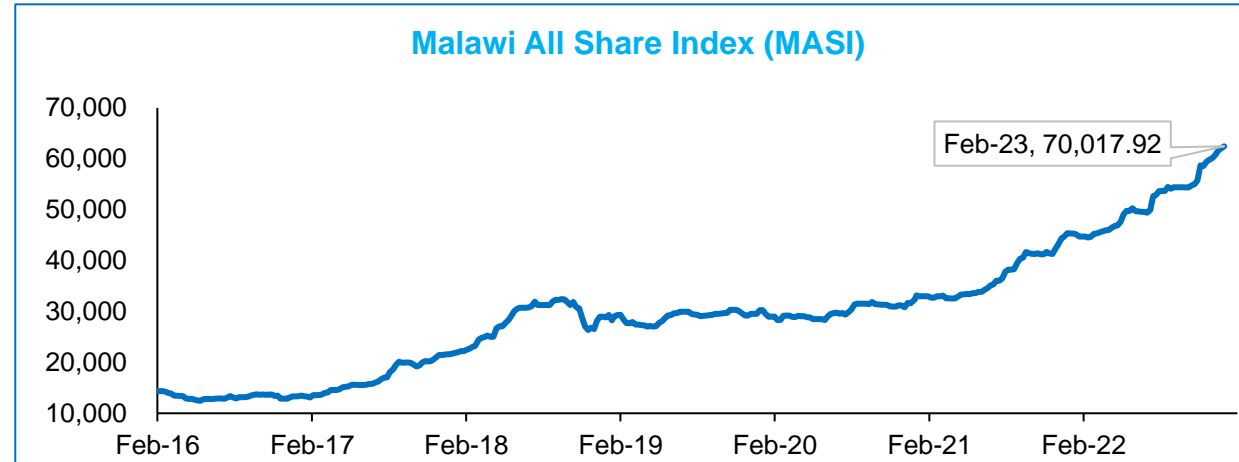


Financial Market Update: Week ending 17 February 2023

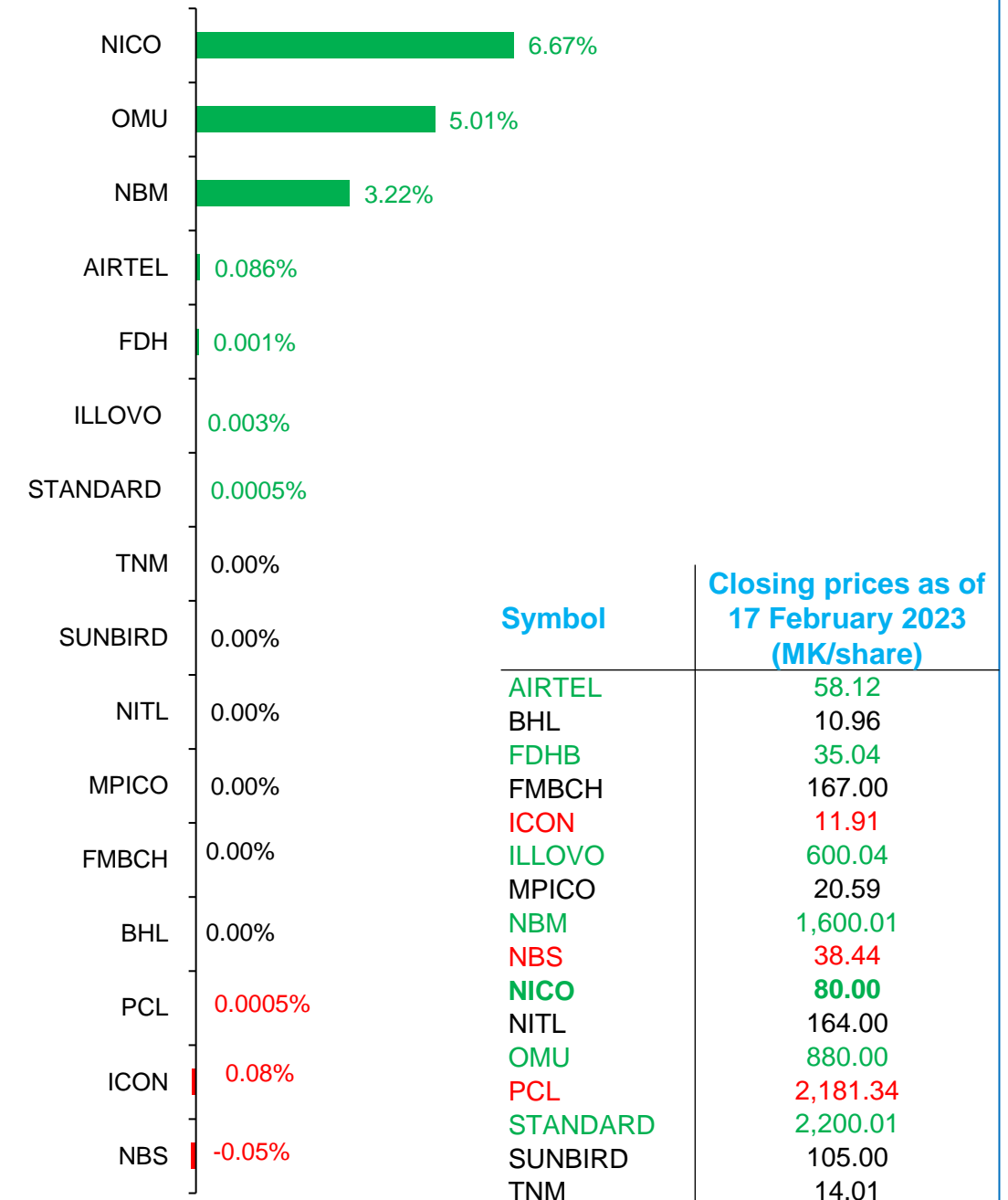
Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 17 February 2023 at 70,017.92 points from 69,470.88 points for the week ending 10 February. Week on week, this represents a 0.79% marginal increase.

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



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



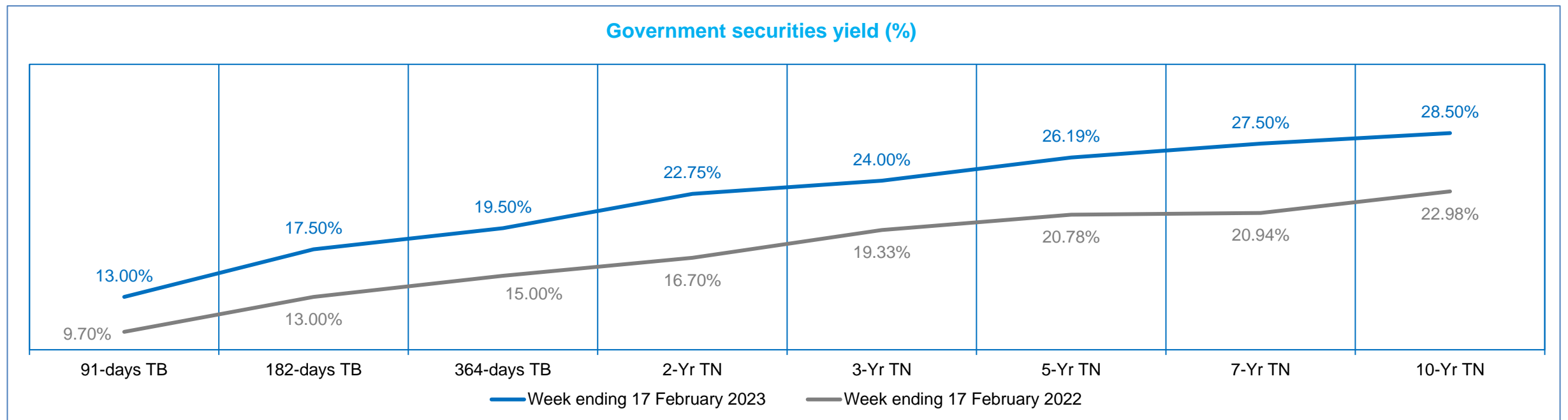
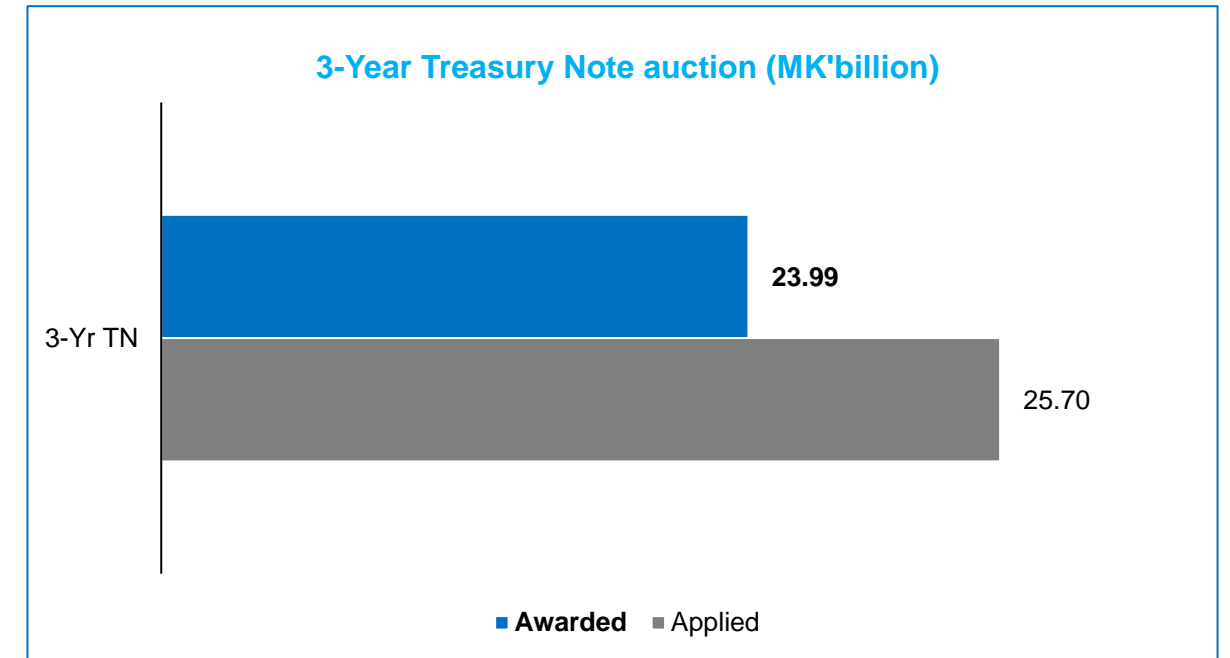
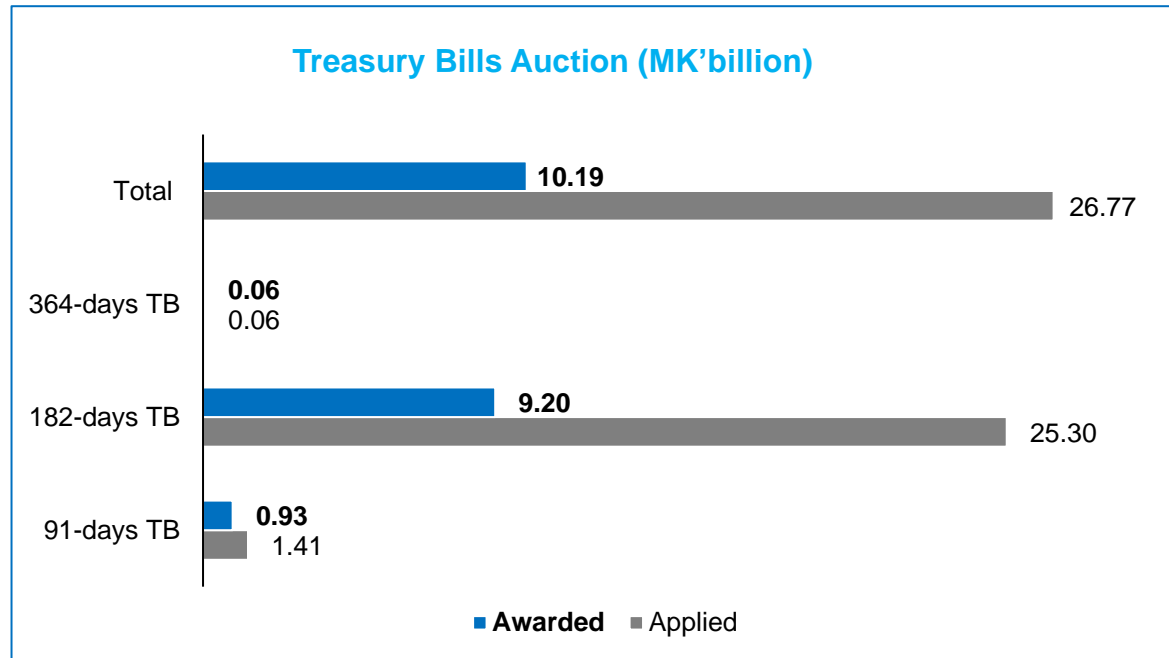


Government securities (Source: RBM)

A total of MK34.18 billion was awarded in this week's Treasury Bills (TBs) and 3-Year Treasury Note (TN) auctions.

The TBs had a 62% rejection rate, while the TN had a 7% rejection rate.

The average TB and TN yields maintained their positions at 16.67%, and 25.79%, respectively, 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 17- 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	1,262.75*
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	1,124.36*
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	57.99*
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	70,017.92
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	55,738.58
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	8,382.77

*: Reserve Bank of Malawi opening exchange rates as of 17 February 2023

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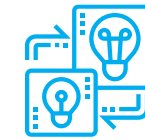
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