



Malawi Financial Market Update

Week ending 24 February 2023

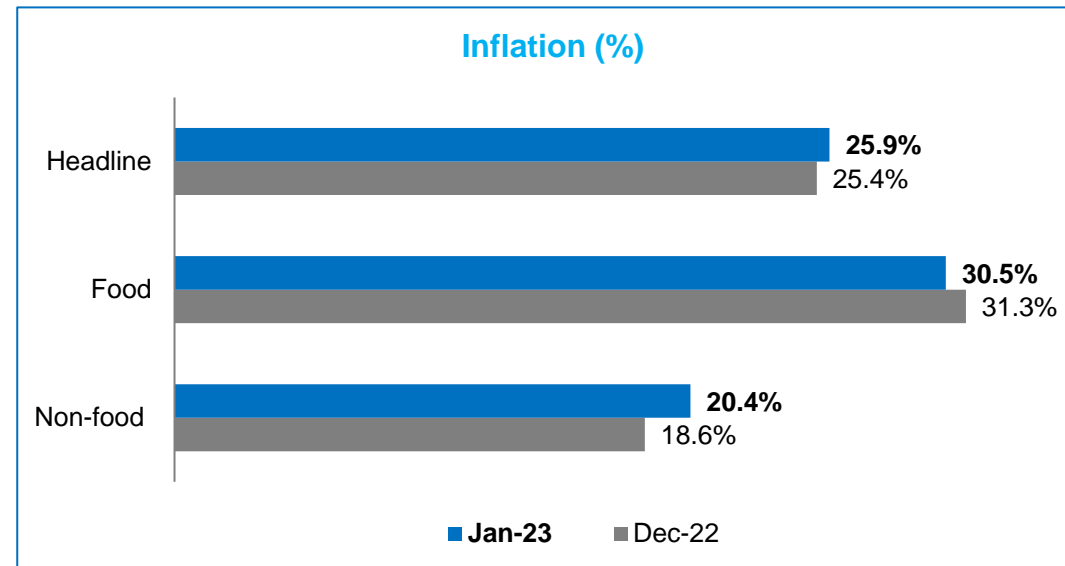


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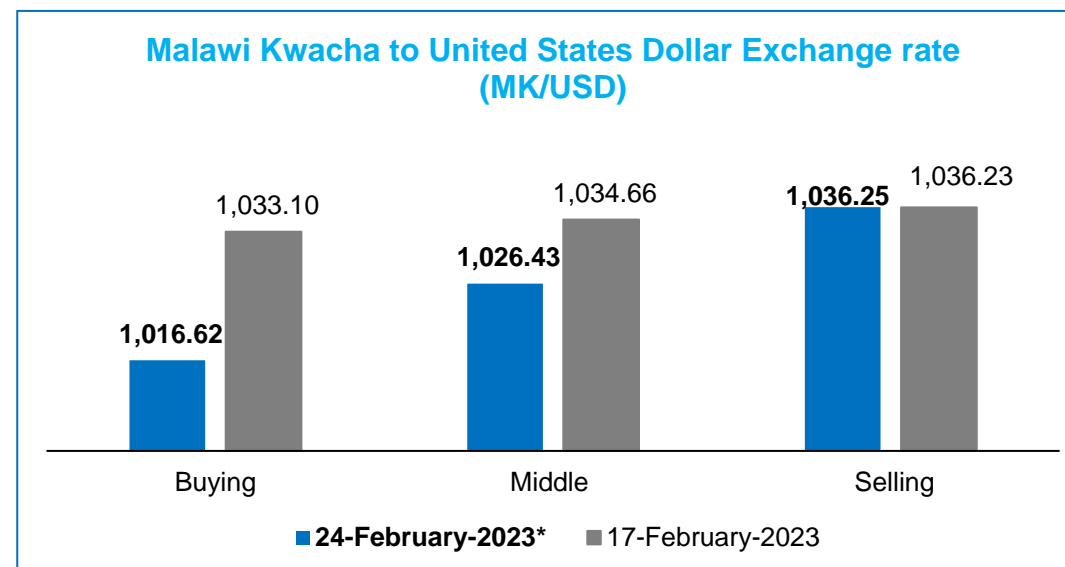
Foreign currency market and other market developments

The National Statistical Office has reported that inflation for January 2023, has increased by 0.5% to 25.9% from 25.4% reported in December 2022. The increase in inflation resulted from an increase in non-food inflation to 20.4% from 18.6% which offset a decrease in the food inflation to 30.5% from 31.3%, during the period.

Inflation (Source: National Statistical Office (NSO))



Foreign currency (Source: RBM)



Note

*: Reserve Bank of Malawi opening exchange rates as of 24 February 2023

What Happened This Week

1. Malawi's inflation rate for January 2023 increased to 25.9% from 25.4% reported for December 2022. This was due to a rise in non-food inflation to 20.4% from 18.6%, despite a decline in food inflation from 31.3% to 30.5% during the period. According to the Consumers Association of Malawi (CAMA), maize prices have jumped by 40% over the past few weeks, leading to difficult economic conditions for consumers, particularly those with no income. The Reserve Bank of Malawi (RBM) has stated that the current inflation level is not conducive to supporting economic growth, which is projected to be no more than 2.7% in 2022. According to economic experts, the outlook for inflation is uncertain and will depend on factors such as the upcoming harvest and the tobacco marketing season (*National Statistical Office (NSO) and The Nation, 22-February-23*).
2. The Export Development Fund (EDF), a Reserve Bank of Malawi institution, has started buying rough gemstones from small-scale artisanal miners to promote the growth and diversification of exports. The structured market for gemstones was established in the first week of February to help provide responsible markets for locals and boost foreign reserves. Gemstones, which include ruby, sapphire, aquamarine, tourmaline and rhodolite garnet are mined by small-scale miners across the country, but marketing them requires use of sophisticated techniques. However, there is a need for civic education to help locals differentiate between gemstones and others. The Ministry of Mining is fighting illegal mining of precious stones that has become rampant in the country. The gemstones were exported raw resulting in significant loss of earnings (*The Nation, 22-February-23*).
3. Despite consistent allocation of at least 10% of the national budget to the agriculture sector over the past five years, Malawi has failed to achieve desired sectoral growth, according to data from the African Development Bank (AfDB). The AfDB noted that the sector's production and productivity has remained below its potential and cannot match the increasing demand from domestic and export markets. Several factors have been cited as the reasons, including land fragmentation, climate change, low access to inputs, weak market linkages, and lack of investment. Agriculture remains the backbone of Malawi's economy, contributing about 25% to the country's GDP and employing about 64% of the labor force (*The Nation, 24-February-23*).

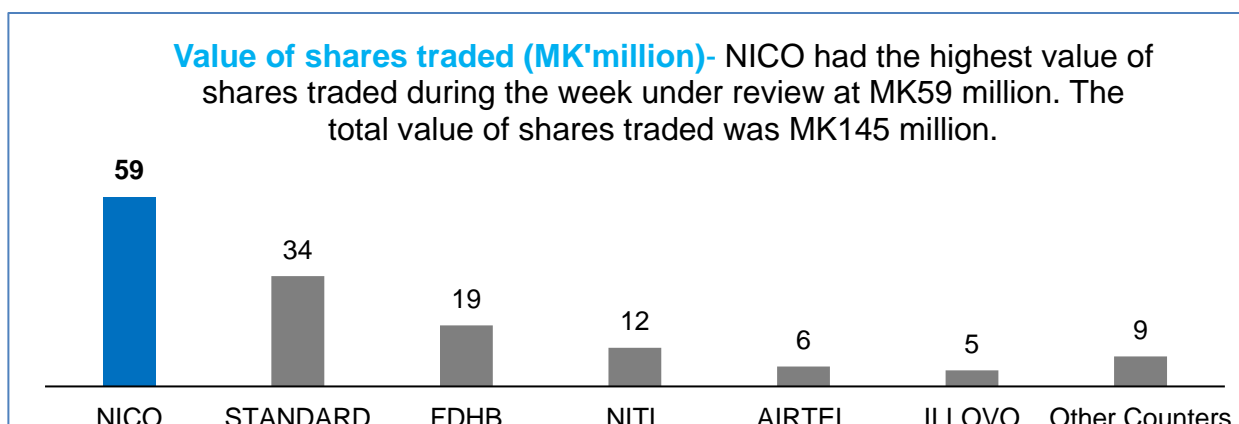
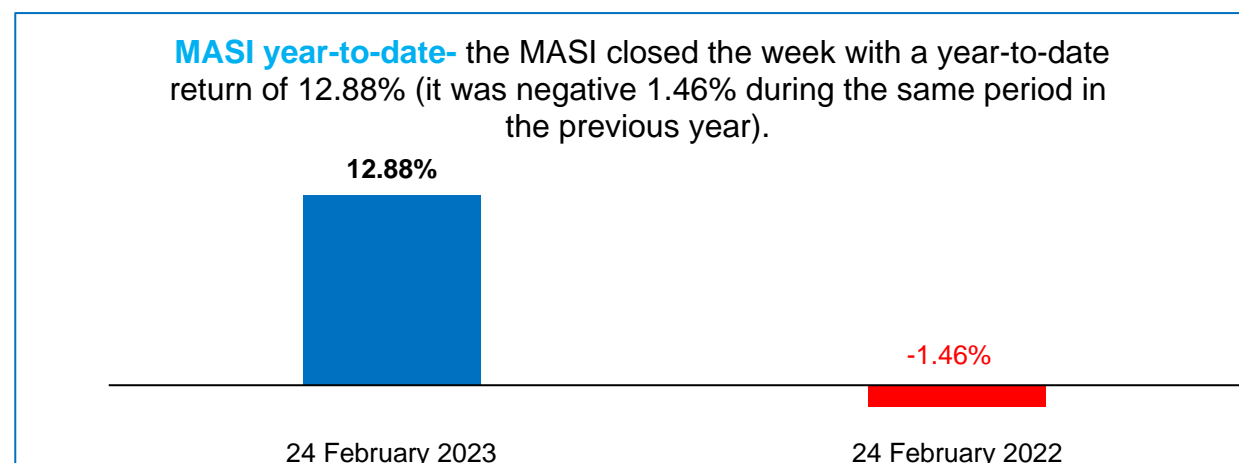
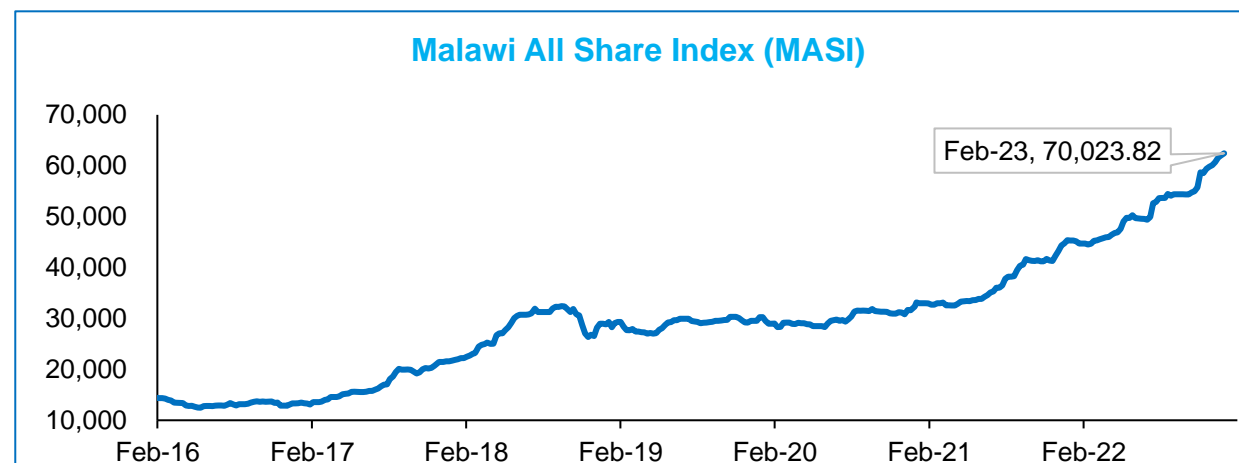


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Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 24 February 2023 at 70,023.82 points from 70,017.92 points for the week ending 17 February 2023. Week on week, this represents a 0.01% marginal increase.

There were marginal share price gains for TNM, AIRTEL, ILLOVO, NBM, OMU, and Standard Bank. The marginal share price gains offset a marginal share price loss in MPICO during the week under review.



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

TNM	0.07%
AIRTEL	0.03%
ILLOVO	0.002%
NBM	0.001%
OMU	0.001%
STANDARD	0.0005%
FDH	0.00%
NICO	0.00%
SUNBIRD	0.00%
NITL	0.00%
NBS	0.00%
FMBCH	0.00%
BHL	0.00%
PCL	0.00%
ICON	0.08%
MPICO	-0.05%

Symbol	Closing prices as of 24 February 2023 (MK/share)
AIRTEL	58.14
BHL	10.96
FDHB	35.04
FMBCH	167.00
ICON	11.91
ILLOVO	600.05
MPICO	20.58
NBM	1,600.03
NBS	38.44
NICO	80.00
NITL	164.00
OMU	880.01
PCL	2,181.34
STANDARD	2,200.02
SUNBIRD	105.00
TNM	14.02



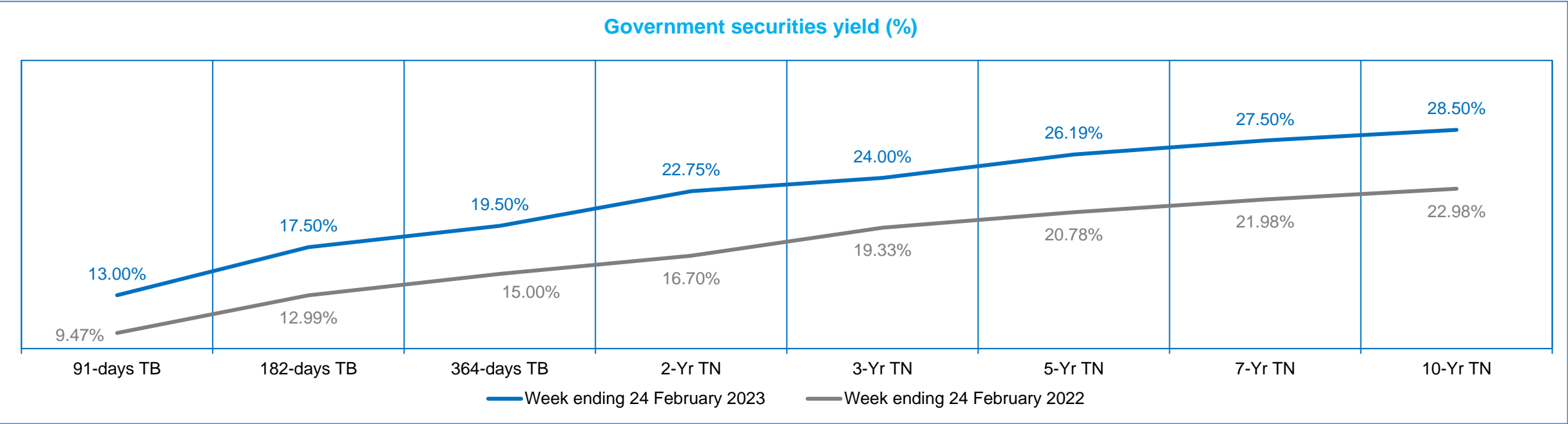
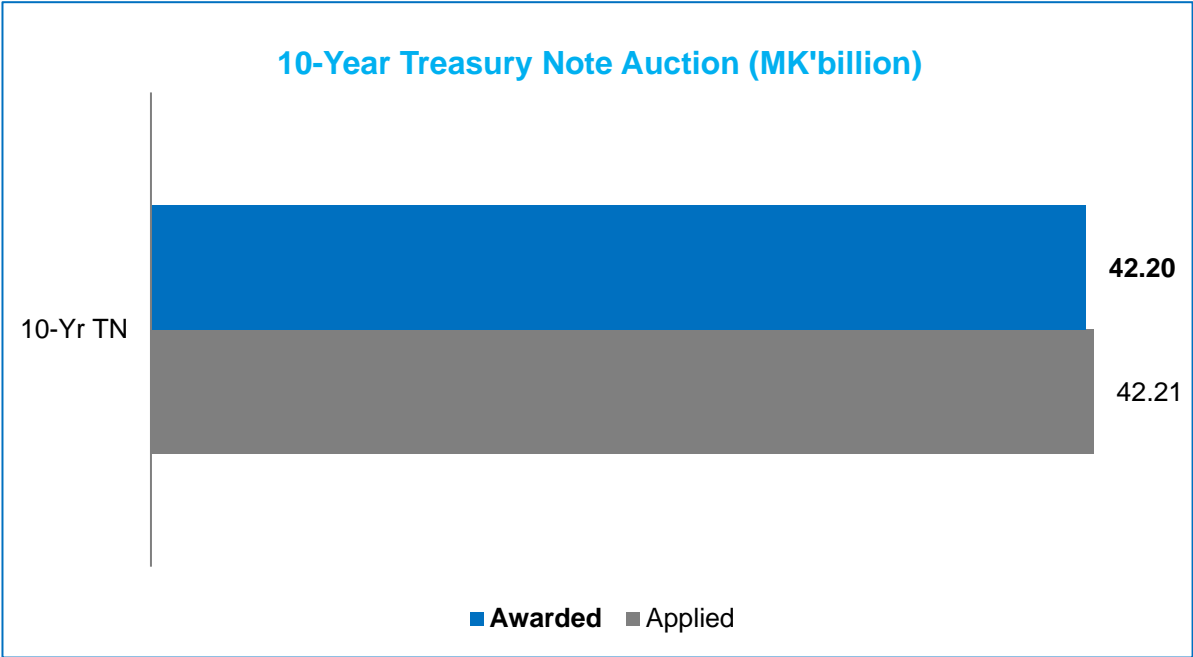
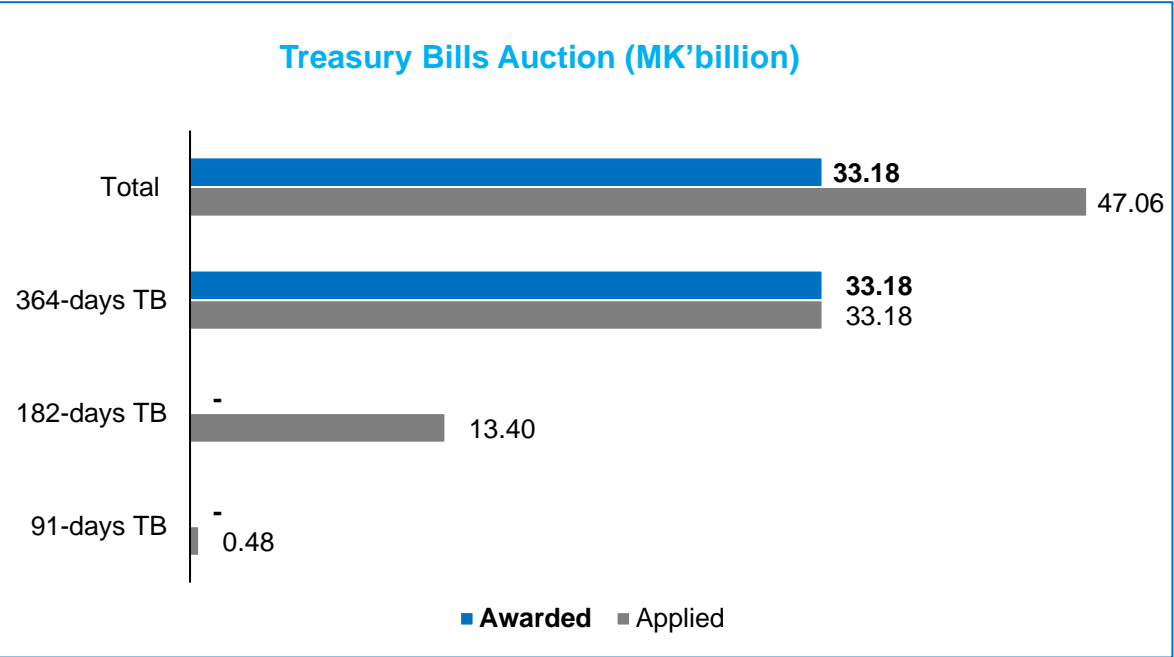
Government securities (Source: RBM)

A total of MK75.38 billion was awarded in this week's Treasury Bills (TBs) and 10-Year Treasury Note (TN) auctions.

The TBs had a 29.49% rejection rate, while the TN had a 0.02% rejection rate.

The average TB and TN yields maintained their positions at 16.67%, and 25.79%, respectively, during the week under review

Issuance of the 182-day Treasury Bill has been temporarily suspended until further notice because there has been an overallocation of the tenor.



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 24- 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	1,270.68*
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	1,120.24*
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	58.07*
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	279.22	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	384.37	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	663.59	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	1.12	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%	25.9%	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%	30.5%	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%	20.4%	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	70,023.82
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	55,743.83
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 24 February 2023

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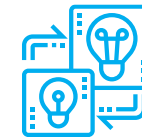
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