



# Malawi Financial Market Update

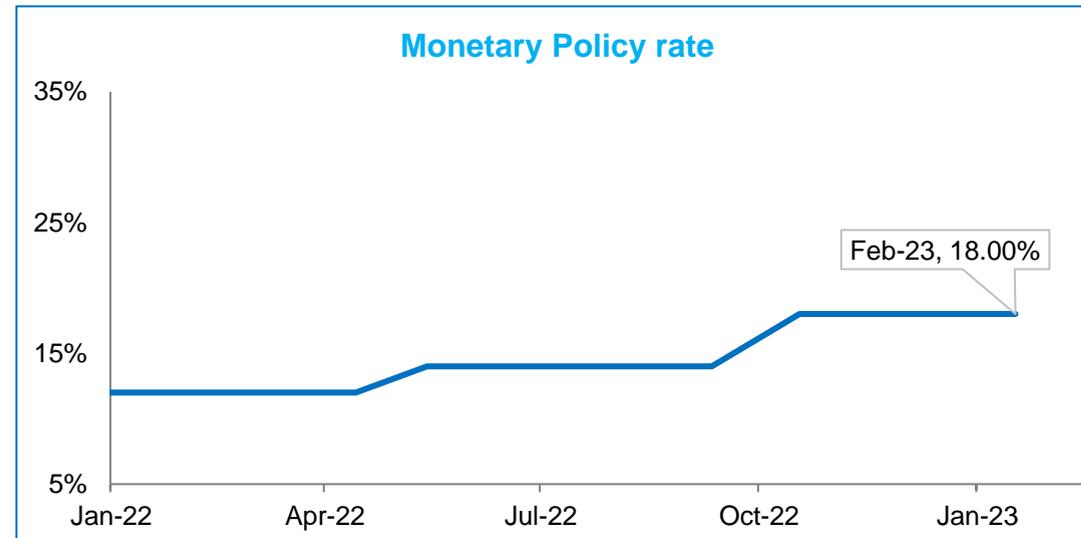
Week ending 3 February 2023



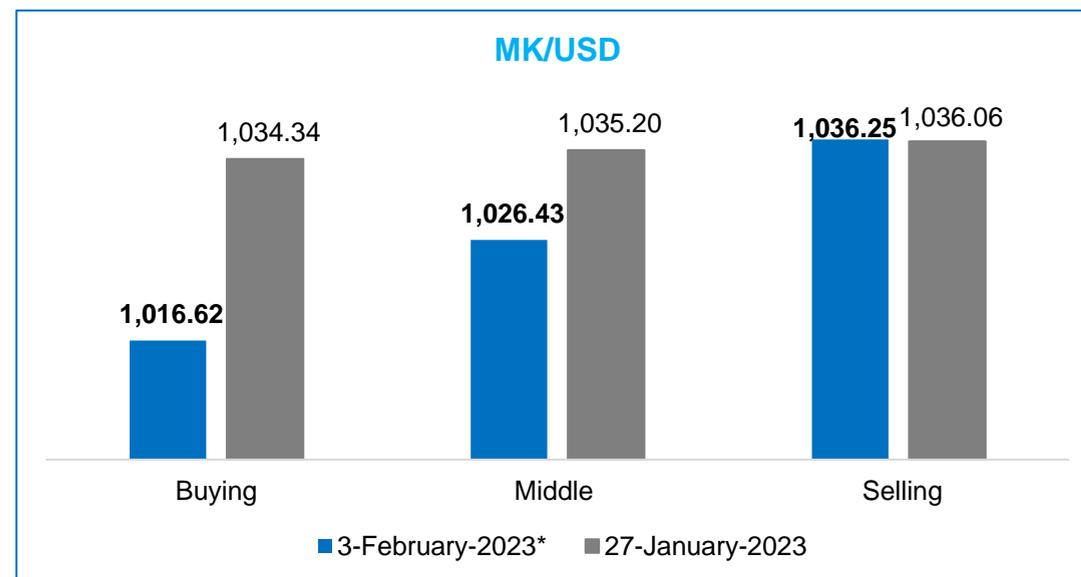
## Foreign currency market and other market developments

The Monetary Policy Committee (MPC) has decided to maintain the policy rate at 18.00%. The Liquidity Reserve Requirement (LRR) on both domestic and foreign deposits was also maintained at 3.75%; and the Lombard rate was maintained at 20 basis points above the policy rate.

### Policy rate (Source: RBM)



### Foreign currency (Source: RBM)



Note

\*: Reserve Bank of Malawi opening exchange rates as of 3 February 2023

### What Happened This Week

- During the first Monetary Policy Committee (MPC) meeting of 2023 held on 1 and 2 February 2023, the MPC decided to maintain the policy rate at 18.00%, the Liquidity Reserve Requirement (LRR) on both domestic and foreign deposits was maintained at 3.75%; and the Lombard rate was maintained at 20 basis points above the policy rate. The decision to maintain the policy rate was made to allow for more time for the impact of the October 2022 policy rate adjustment to transmit through the economy. A further adjustment may be necessitated by trends in the inflation rate as the year progresses (*Statement of the Monetary Policy Committee, 2-February-23*).
- Malawi is expected to maximize its earnings from pigeon peas exports to India as the Indian government has waived the 50,000 metric tonnes quota set under a Memorandum of Understanding signed by both countries in 2021. Malawi can now export an unlimited quantity of pigeon peas to India until March 31, 2024. The Ministry of Trade and Industry has urged farmers and grower associations to take advantage of the unlimited market. The waiver signifies an increasing demand for the crop by India, leading to expectations of better prices. The Grain Producers and Traders Association warns that the country may not satisfy the market demand as the news comes at the peak of production. Malawi exported about 49,436 tons of pigeon peas in 2021 and 69,151 tons in 2022, with a larger share being exported to the United Arab Emirates (*The Daily Times, 3-February-23*).
- The United Nations Conference on Trade and Development (UNCTAD) predicts a weak outlook for global Foreign Direct Investment (FDI) in Malawi for 2023 due to a significant number of economies expected to enter a recession and negative or slow growth in many economies. The UN agency's Global Investment Trends Monitor shows that in developing countries, the number of projects in Sustainable Development Goal (SDG) sectors increased by just 3%, while values shrank. The report shows that international project finance deals in developing economies had a negative growth of 6% between 2021 and 2022, while greenfield projects grew by 26%. The report also notes a decline in international investment in climate change mitigation and adaptation, with a shrink of more than 9% in terms of announced values and 6% in project numbers. Meanwhile, several large projects in extractive industries were announced. The Malawi Investment and Trade Centre (MITC) says they are adapting to new ways of attracting quality FDI and will engage in more investor-targeted initiatives in the coming year (*The Nation, 31-January-23*).



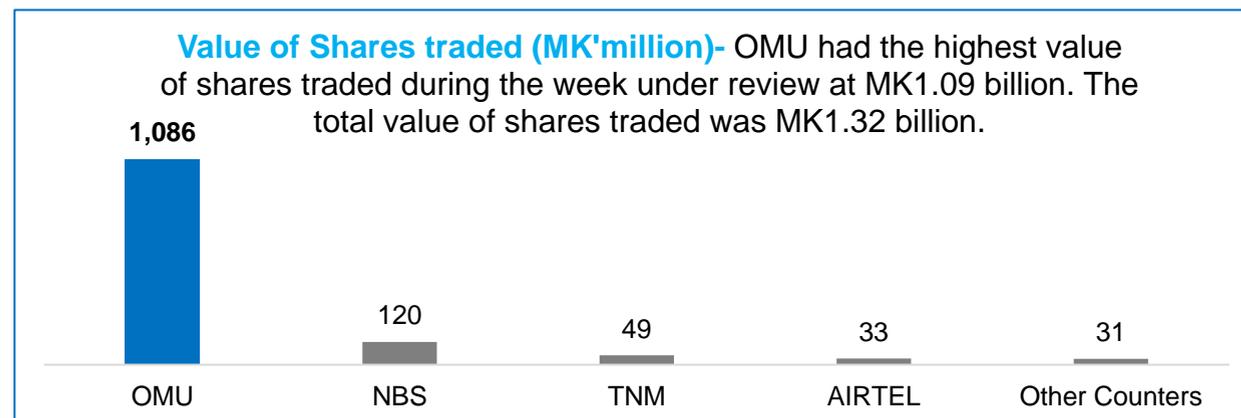
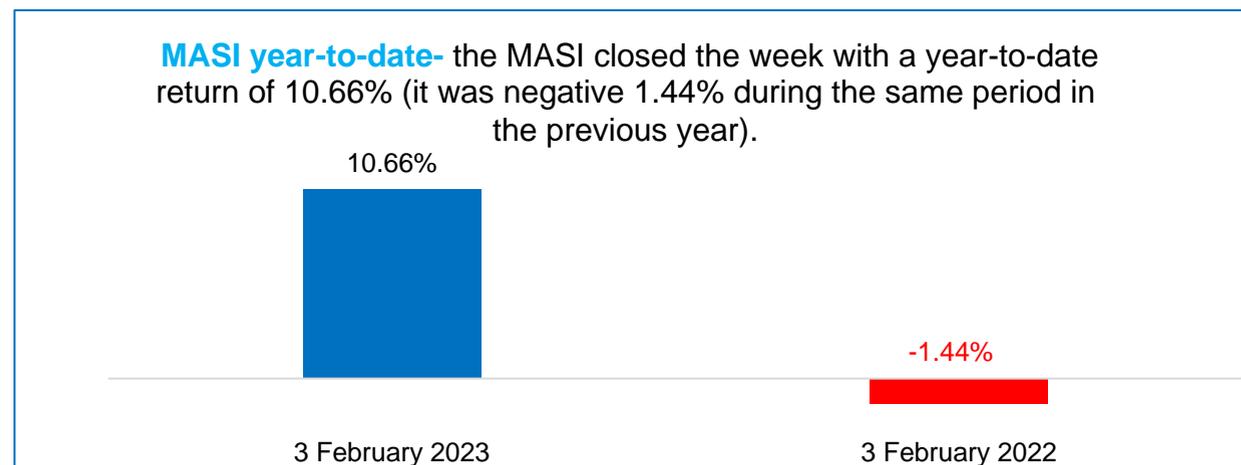
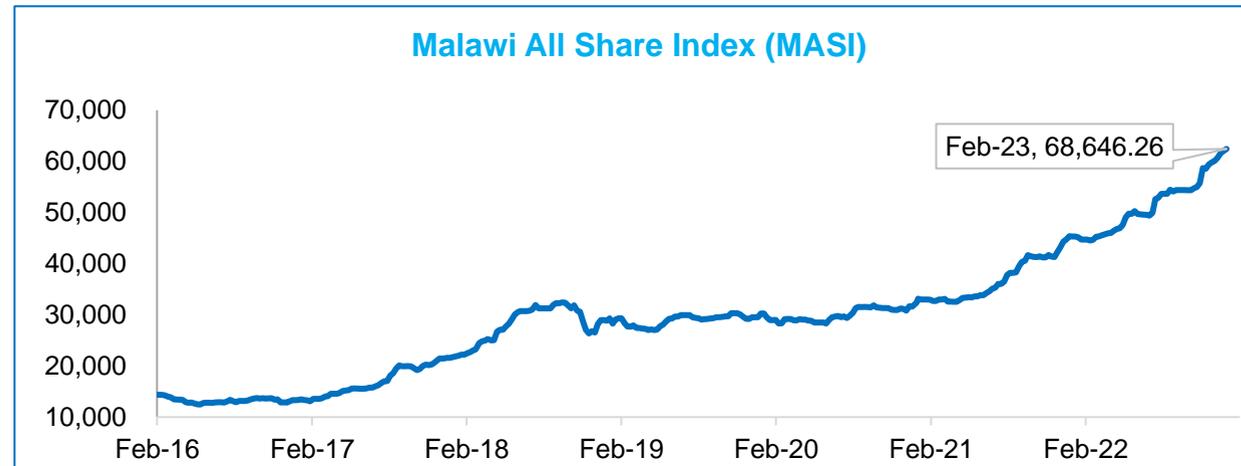
## Financial Market Update: Week ending 3 February 2023

### Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 3 February 2023 at 68,646.26 points from 68,449.55 points for the week ending 27 January 2023. Week on week, this represents a 0.29% marginal increase.

The year-to-date return on the MASI is 10.66%.

There was a share price gain for FDH Bank, as well as marginal share price gains for NBM, AIRTEL, and ILLOVO. The share price gains offset marginal share price losses for OMU and 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 3 February 2023 (MK/share)
FDHB	3.48%	
NBM	0.45%	
AIRTEL	0.05%	58.07
ILLOVO	0.003%	600.02
NICO	0.00%	66.00
FMBCH	0.00%	167.00
NITL	0.00%	164.00
NBS	0.00%	38.50
STANDARD	0.00%	2,200.00
SUNBIRD	0.00%	105.00
ICON	0.00%	30.00
MPICO	0.00%	20.59
TNM	0.00%	13.99
BHL	0.00%	10.96
PCL	0.0005%	2,181.35
OMU	-0.08%	838.00



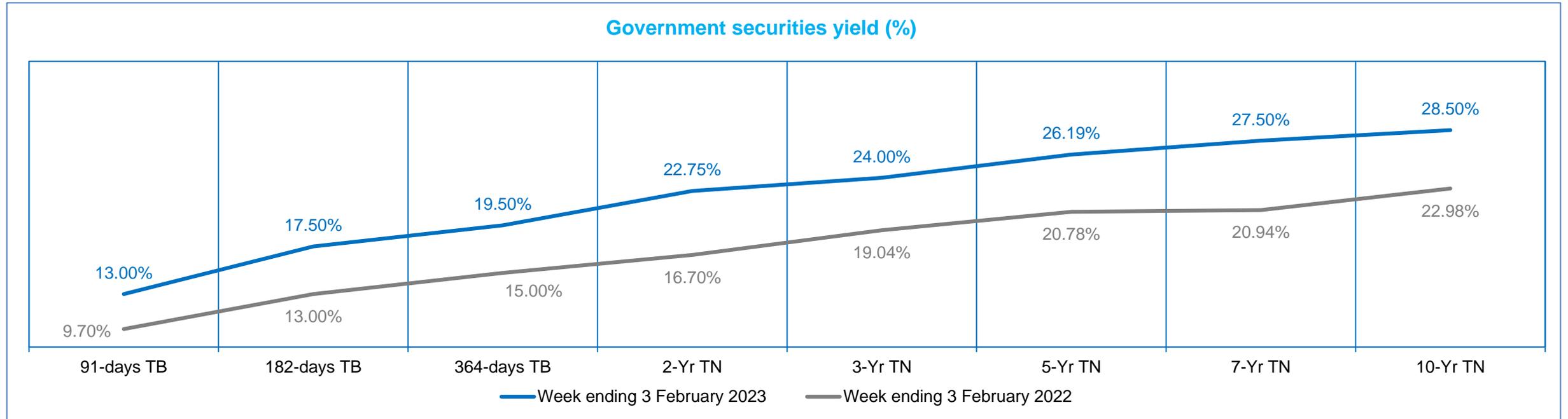
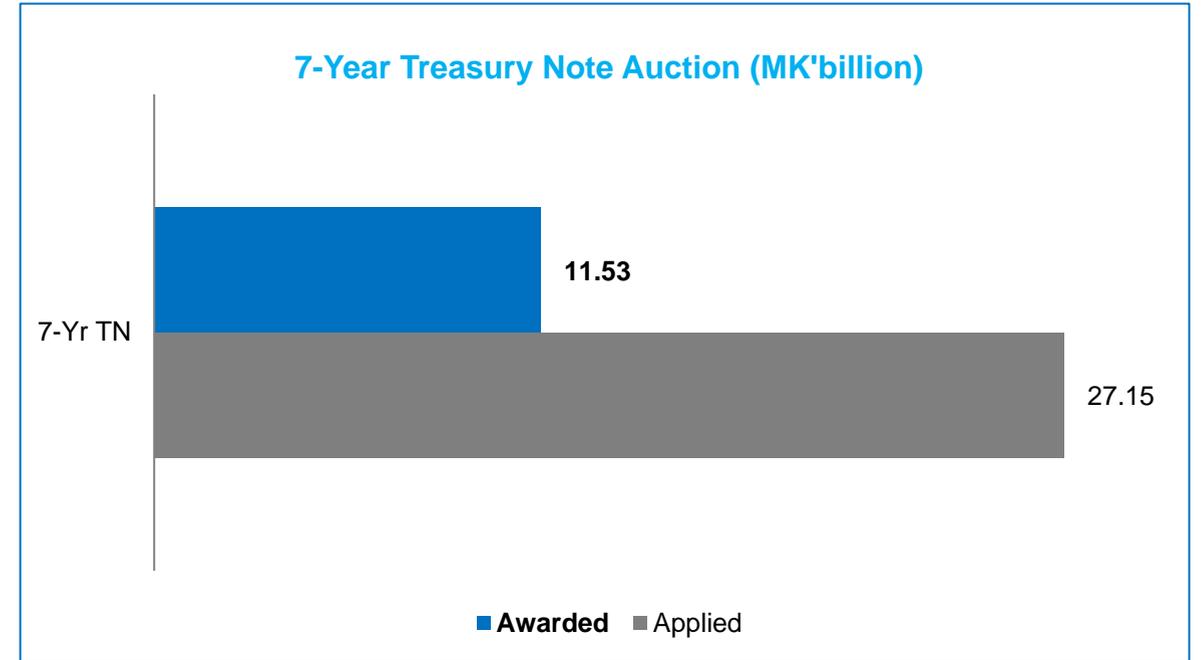
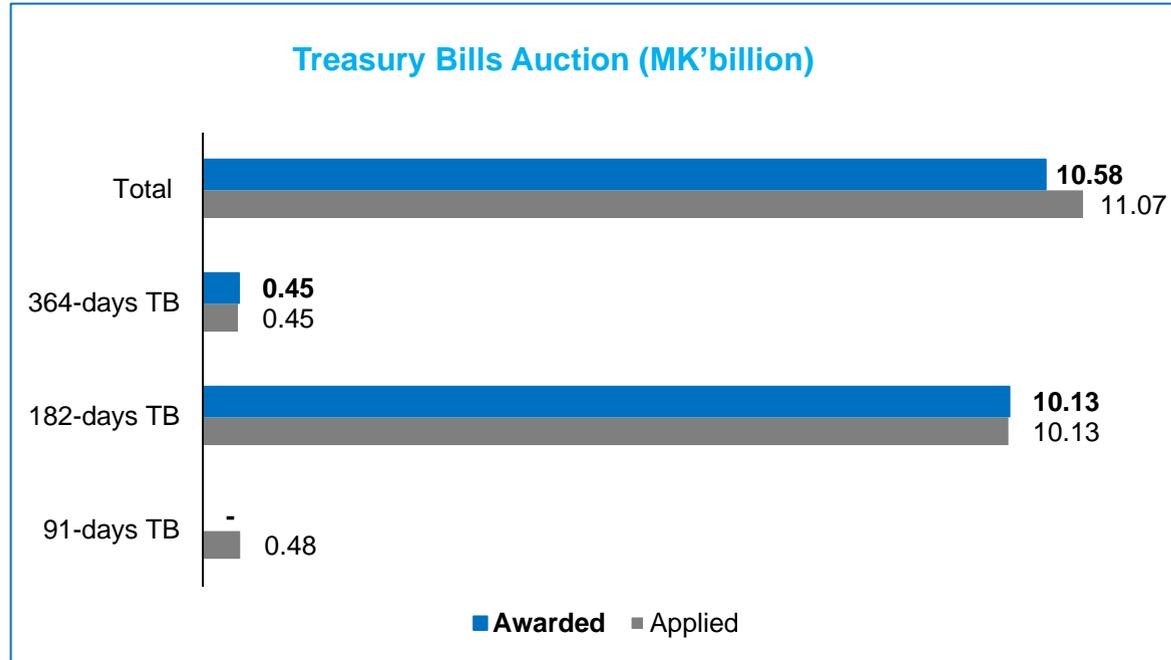
# Financial Market Update: Week ending 3 February 2023

## Government securities (Source: RBM)

A total of MK22.11 billion was awarded in this week's Treasury Bills (TBs) and 7-Year Treasury Note (TN) auctions.

The TBs had a 4.35% rejection rate while the TNs had a 57.53% rejection rate.

The average TB and TN yields maintained their position at 16.67%, and 25.75%, 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 3- Feb-23
<b>Exchange rates (middle rates)</b>																		
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	<b>1,026.43*</b>
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	<b>1,291.40*</b>
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	<b>1,151.74*</b>
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	<b>61.88*</b>
<b>Foreign Exchange Reserves</b>																		
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
<b>Inflation</b>																		
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
<b>Interest Rates</b>																		
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%	<b>18.00%</b>
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%	<b>15.00%</b>
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%	<b>18.20%</b>
<b>Government Securities Yields</b>																		
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%	<b>13.00%</b>
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%	<b>17.50%</b>
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%	<b>19.50%</b>
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%	<b>22.75%</b>
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%	<b>24.00%</b>
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%	<b>26.19%</b>
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%	<b>27.50%</b>
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%	<b>28.50%</b>
<b>Stock Market Indices</b>																		
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	<b>68,459.87</b>
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	<b>54,522.12</b>
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	<b>8,377.58</b>

\*: Reserve Bank of Malawi opening exchange rates as of 3 February 2023

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**Contact Information**

Bridgepath Capital Limited  
1<sup>st</sup> Floor (106), Development House  
Corner Henderson Street Road  
P.O. Box 2920  
Blantyre

Tel No: + 265 1 828 355

Email: [info@bridgepathcapitalmw.com](mailto:info@bridgepathcapitalmw.com)

Website: [www.bridgepathcapitalmw.com](http://www.bridgepathcapitalmw.com)

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