



Malawi Financial Market Update

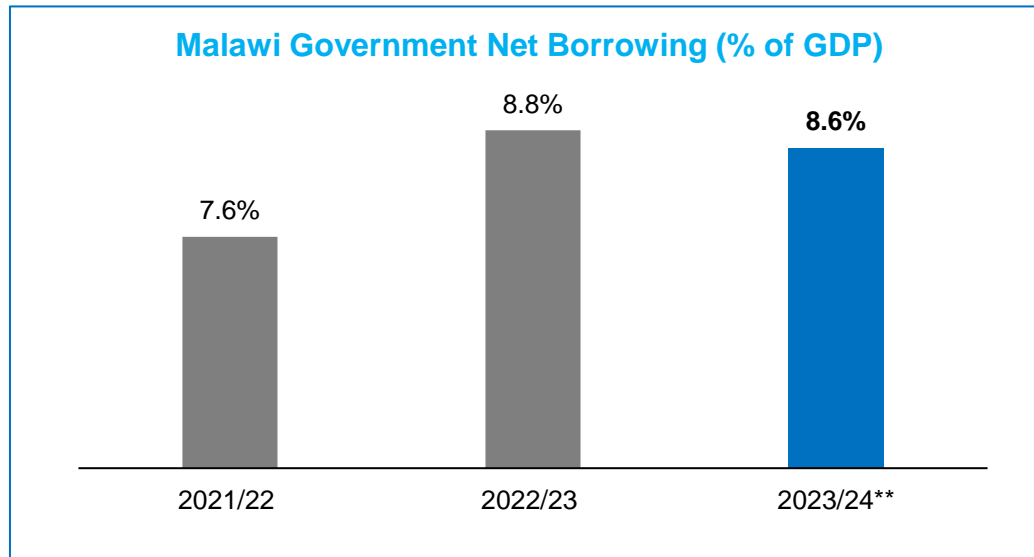
Week ending 10 March 2023



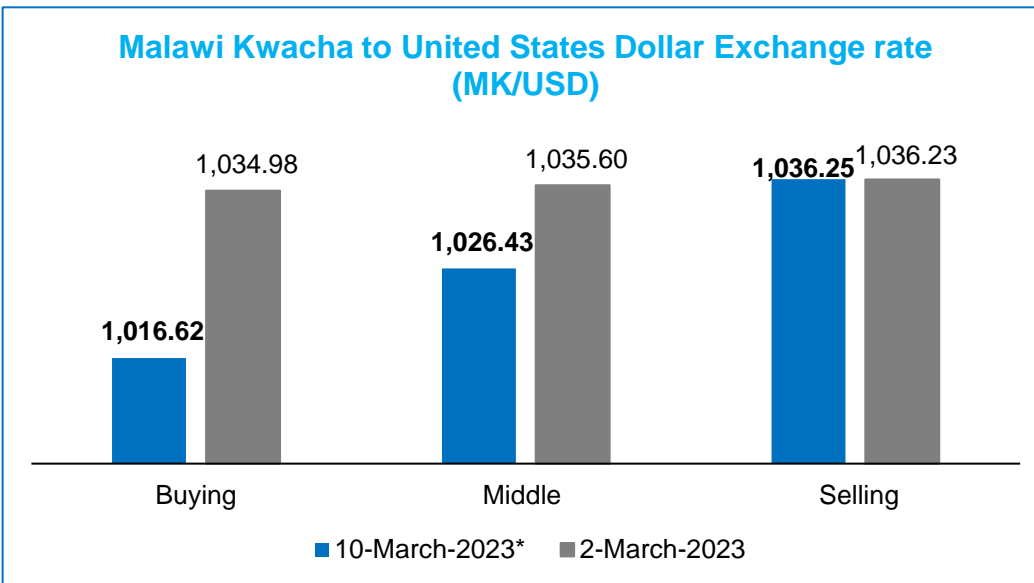
Foreign currency market and other market developments

The Ministry of Finance and Economic Affairs has reported that the country's public debt redemption profile shows that MK1.18 trillion, representing 18.3% of public debt (equivalent to 10.3% of GDP) will mature in the 2022/23 financial year, exposing Malawi to high refinancing and interest rate costs.

Malawi Government Net Borrowing (Source: Ministry of Finance and Economic Affairs)



Foreign currency (Source: RBM)



What Happened This Week

1. Malawi's Ministry of Finance and Economic Affairs has reported that the country's public debt, which was at MK7.9 trillion as of 31 December 2022, is subject to several risk factors. The redemption profile shows that MK1.18 trillion, representing 18.3% of public debt (equivalent to 10.30% of GDP) will mature in the 2022/23 financial year, exposing Malawi to high refinancing and interest rate costs. The Ministry noted that the existing portfolio's cost and risk indicators are prone to additional issuance of relatively short and medium-term securities, such as Treasury Bills and 2-Year and 3-Year Treasury Notes. In the presentation of the 2023-24 National Budget, the Finance Minister announced that the government will continue its debt restructuring strategy to bring public debt levels to moderate risk in the medium-term (*The Nation*, 6 March 2023).
2. A Bank Lending and Systemic Risk Survey conducted by the Reserve Bank of Malawi (RBM) showed an increase in demand for loans and credit lines for households, small and medium enterprises (SMEs), and large enterprises between July and December 2022. The survey results revealed that the increase in demand for loans was largely attributed to rising consumption expenditure, demand for additional working capital, and the demand for additional financing by importers following the adjustment of the exchange rate in May 2022. According to the RBM, most banks maintained tight credit standards and conditions for the approval of loans and credit lines for both short-term and long-term loans, and most banks reported an increase in Non-Performing Loans (NPLs) across all the three economic agents, attributed to the rise in inflation and interest rates, acute foreign exchange shortage, fuel scarcity, and electricity supply disruption (*The Daily Time*, 9 March 2023).
3. Centenary Rural Development Group Limited of Uganda and the Archdiocese of Lilongwe have satisfied all the conditions for the acquisition of 100% shareholding in MyBucks Banking Corporation Malawi, according to a joint statement issued by the respective companies involved. The acquisition process will be completed as soon as the bank receives approval from the Competition and Fair-Trading Commission (CFTC) who are now at an advanced stage in assessing the acquisition. The Registrar of Financial Institutions (RoFI) has approved the change of name from MyBucks Banking Corporation to Centenary Bank Limited (*MyBucks Banking Corporation*, 10 March 2023).

Note

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

** : Proposed estimates in the Malawi National 2023/24 Budget

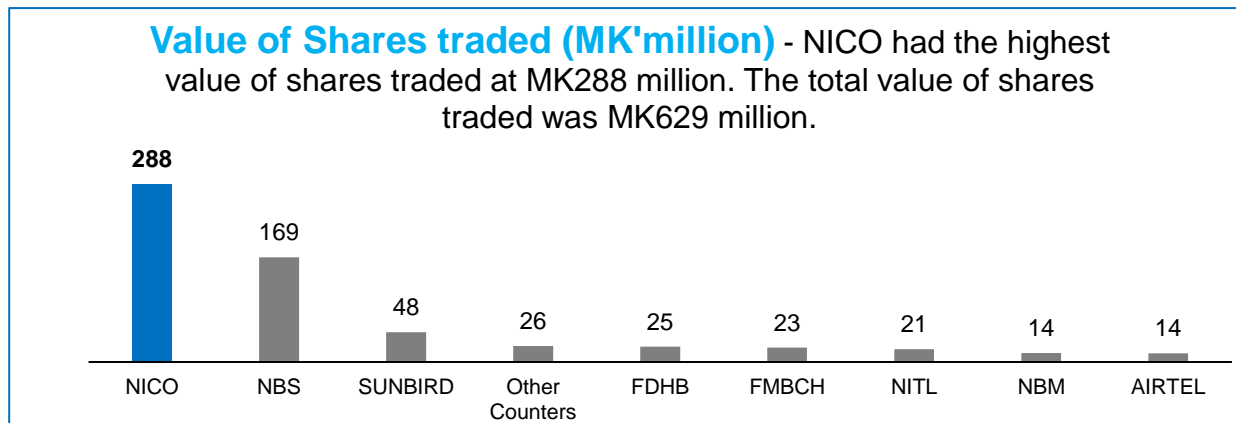
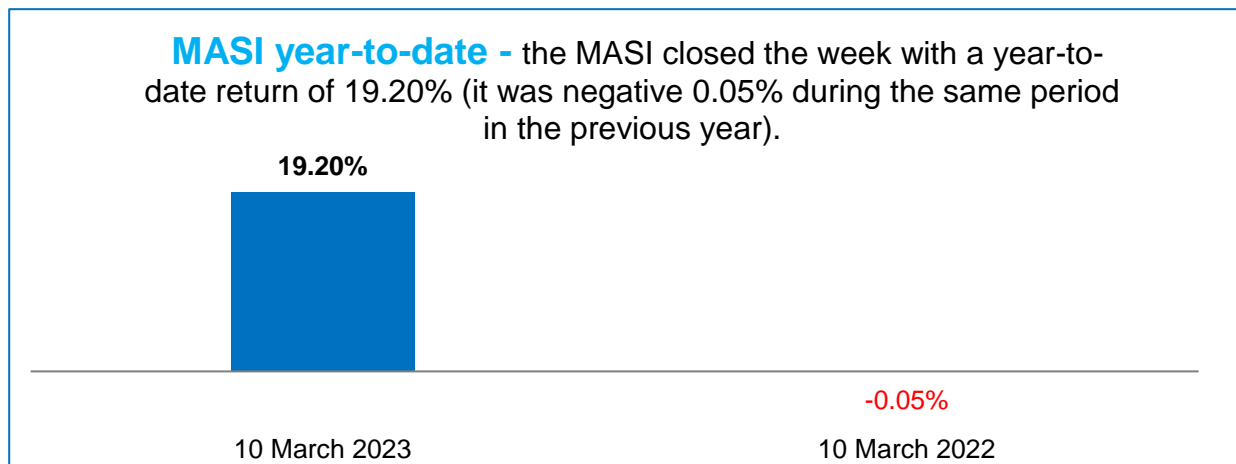
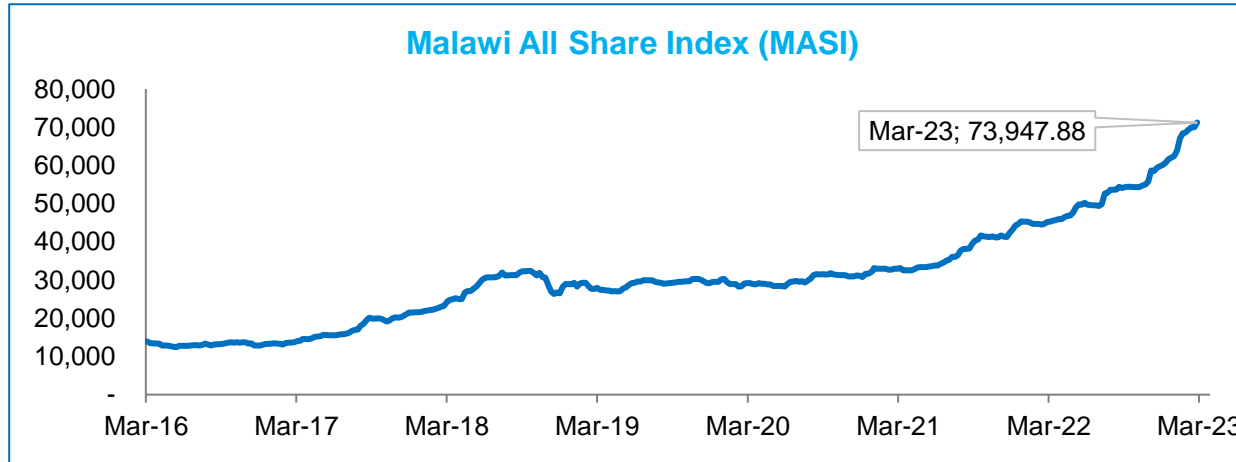


Financial Market Update: Week ending 10 March 2023

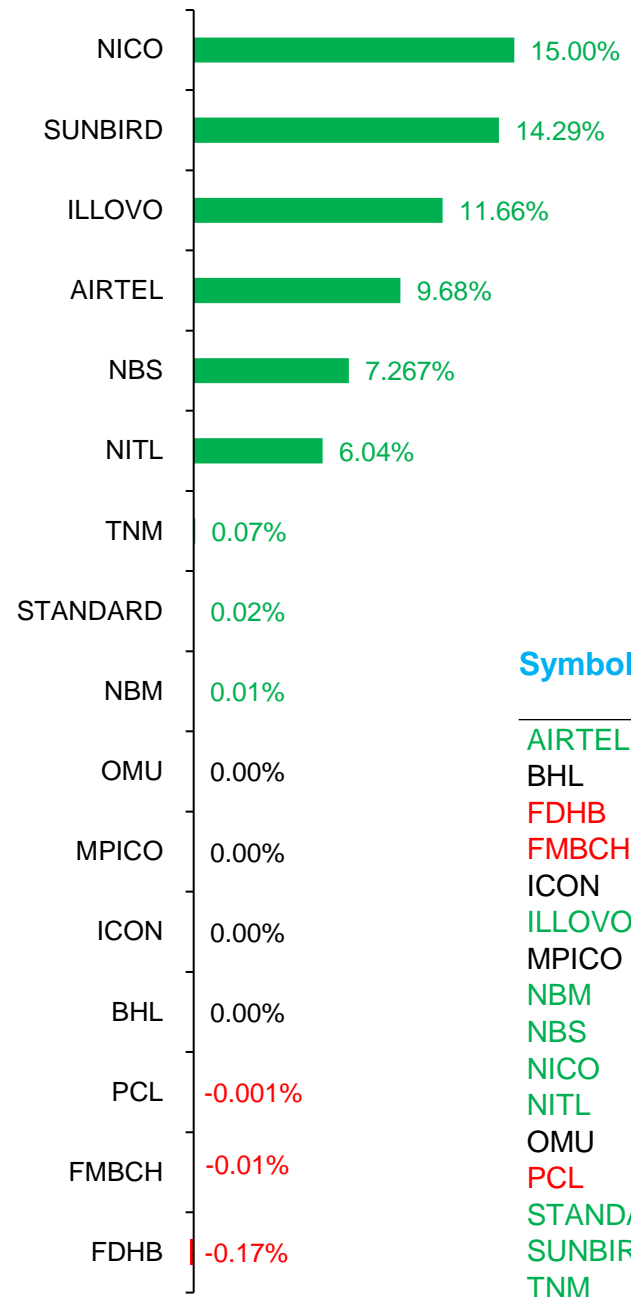
Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 10 March 2023 at 73,947.88 points, from 71,258.32 points for the week ending 3 March 2023. Week on week, this represents a 3.77% increase.

There were share price gains for NICO, SUNBIRD, ILLOVO, AIRTEL, NBS and NITL, as well as marginal share price gains for TNM, Standard Bank, and NBM. The share price gains offset marginal share price losses for FDH Bank, FMBCH, and PCL, during the week under review.



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



Symbol	Closing prices as of 10 March 2023 (MK/share)
AIRTEL	68.00
BHL	10.96
FDHB	34.93
FMBCH	166.99
ICON	11.91
ILLOVO	670.01
MPICO	20.58
NBM	1,600.14
NBS	45.02
NICO	103.50
NITL	200.00
OMU	880.01
PCL	2,181.32
STANDARD	2,200.37
SUNBIRD	120.00
TNM	14.03

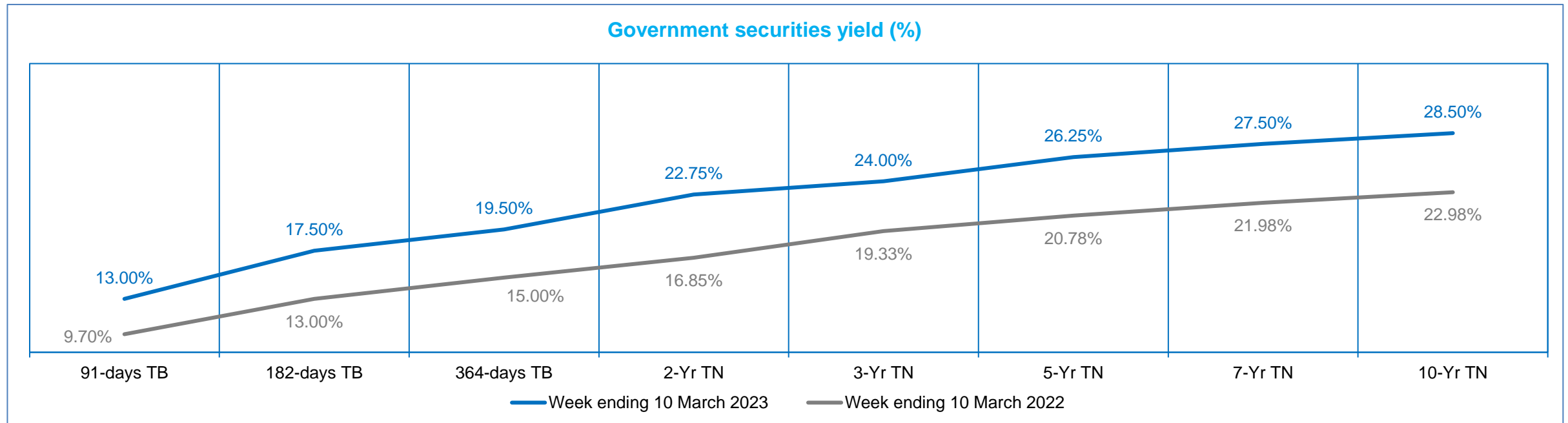
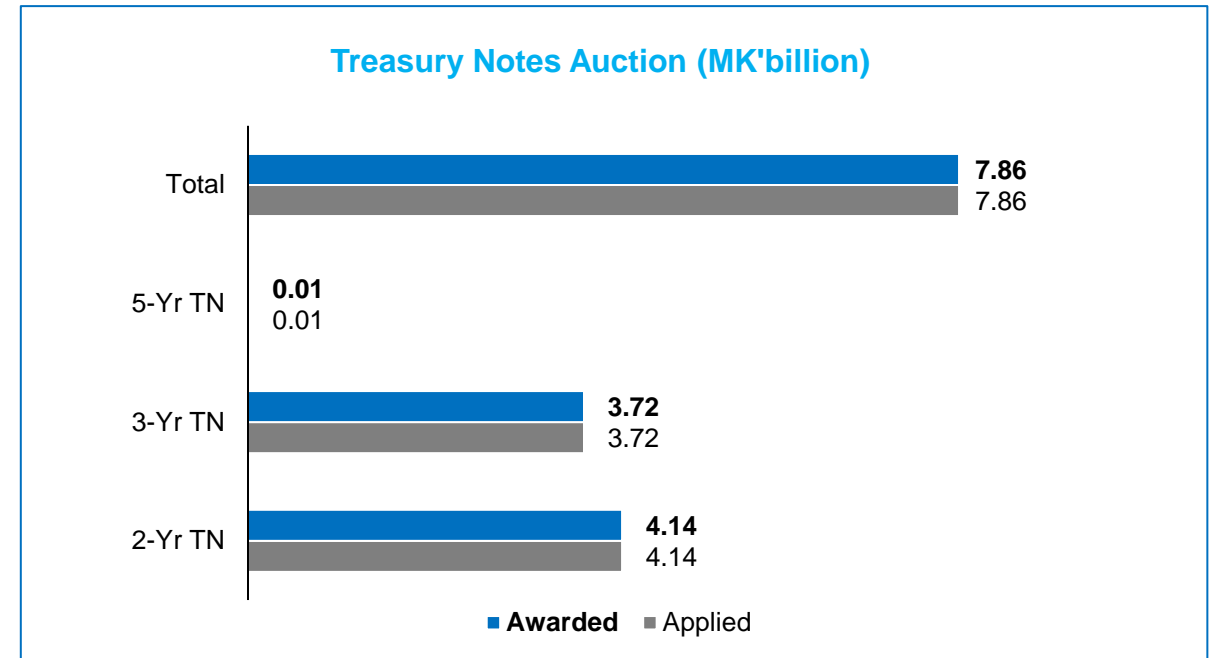
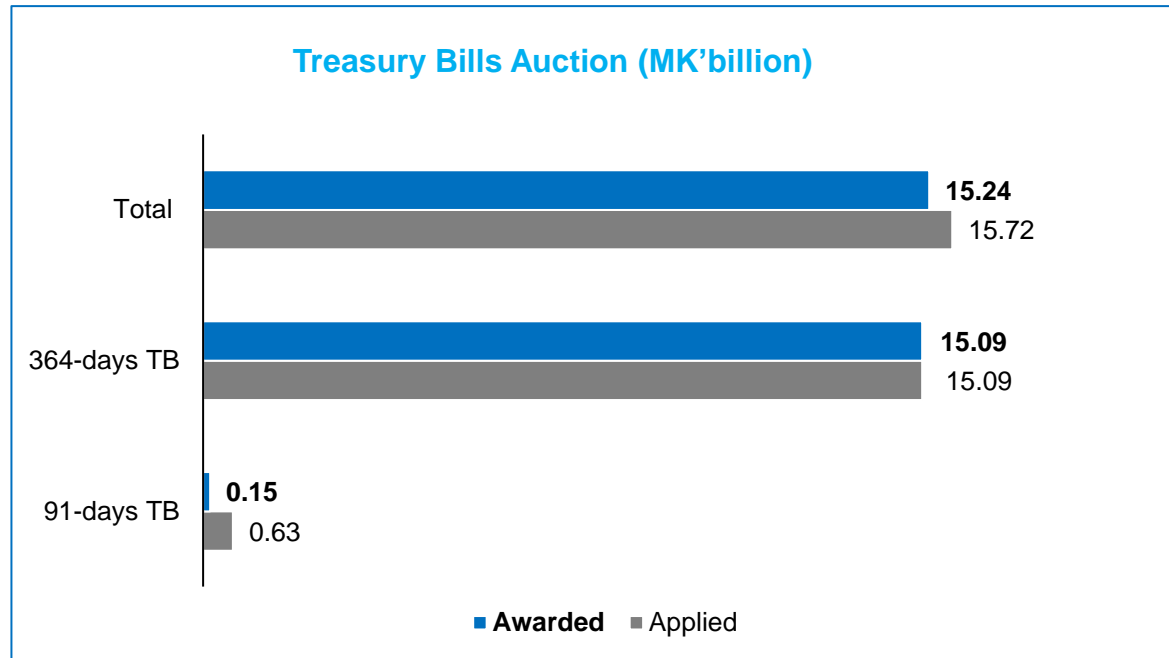


Government securities (Source: RBM)

A total of MK23.10 billion was awarded in this week's Treasury Bills (TBs) auction, and a TBs and Treasury Notes (TNs) reopening held on 9 March 2023.

The TBs had a 3.06% rejection rate, while the TNs had a nil rejection rate.

The average TB yield maintained its position at 16.67%, while the average TN yield rose to 25.80% from 25.79%, during the week under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Feb-23	Week- ending 10- Mar-23	
Exchange rates (middle rates)																			
MK/USD	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	1,033.68	1,026.43*	
MK/GBP	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	1,280.21	1,260.64*	
MK/EUR	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	1,129.46	1,119.08*	
MK/ZAR	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	57.32	57.11*	
Foreign Exchange Reserves																			
Gross Official Reserves (USD'mn)	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	N/A	
Private Sector Reserves (USD'mn)	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	N/A	
Total reserves (USD'mn)	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	N/A	
Gross Official Reserves Import cover (months)	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	N/A	
Inflation																			
Headline	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	N/A	
Food	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	N/A	
Non-food	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	N/A	
Interest Rates																			
Monetary Policy rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Average Interbank rate	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%	15.00%	15.00%
Average base lending rate	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%	18.20%	18.20%
Government Securities Yields																			
91-days Treasury Bill	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%	13.00%	13.00%
182-days Treasury Bill	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%	17.50%	17.50%
364-days Treasury Bill	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%	19.50%	19.50%
2-year Treasury Note	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%	22.75%	22.75%
3-year Treasury Note	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%	24.00%	24.00%
5-year Treasury Note	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%	26.19%	26.25%
7-year Treasury Note	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%	27.50%	27.50%
10-year Treasury Note	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%	28.50%	28.50%
Stock Market Indices																			
MASI	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	71,069.31	73,947.88	
DSI	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	56,674.50	59,235.87	
FSI	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	8,382.28	8,382.28	

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

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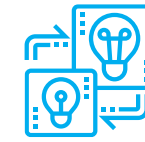
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