



Malawi Financial Market Update

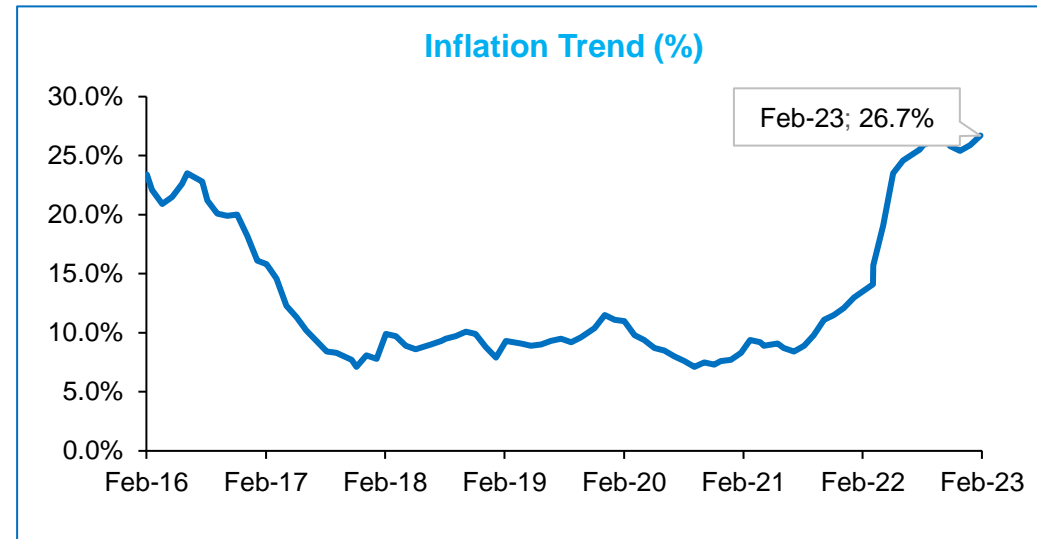
Week ending 17 March 2023



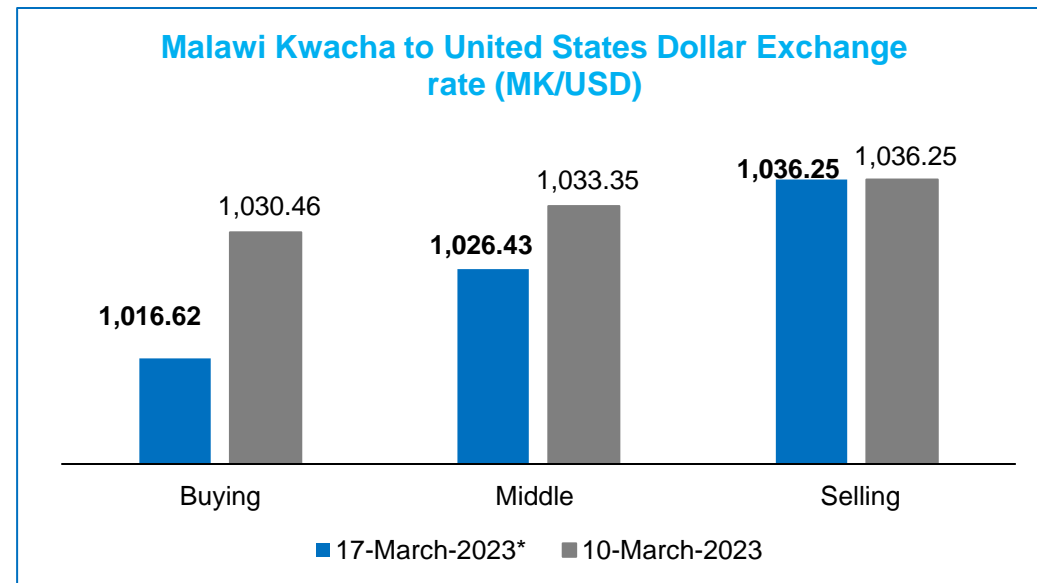
Foreign currency market and other market developments

Malawi has been hit hard by Cyclone Freddy, causing floods and mudslides that damaged power lines, roads, farmlands, and livestock, and disrupting water supply, and telecommunication services. A total of 326 people have been confirmed dead, and 201 people are missing. The disaster has affected over 500,000 people and a total of 183,100 people have been displaced in 317 camps.

Malawi Inflation (Source: National Statistical Office (NSO))



Foreign currency (Source: RBM)



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

What Happened This Week

1. Malawi has been hit hard by Cyclone Freddy, causing floods and mudslides that damaged power lines, roads, farmlands, and livestock, and disrupting water supply and telecommunication services. More than 326 people have been confirmed dead, and thousands are still missing. The disaster has affected the economy, forcing the government to re-align its budget to accommodate a recovery budget line. Private sector players fear for the operating environment and economic outlook, which they say have become more volatile and murky, respectively. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) warns of significant adverse impacts on the private sector due to the recent developments (*The Daily Times, 15 March 2023*).
2. The Malawi Electricity Access Project (MEAP), funded by the World Bank, aims to increase access to solar electricity for about 200,000 households in remote and rural areas in Malawi. The project will provide a capital loan of USD14 million (about MK14.5 billion) to eligible off-grid solar firms to expand small businesses. The project will be implemented by Electricity Supply Corporation of Malawi (ESCOM) and the Ministry of Energy to raise eligible off-grid solar companies and increase access to solar electricity in the country, which is expected to boost the solar market. The project is expected to increase Malawi's electricity coverage from the current 11% to 30%, in line with Malawi 2063, the country's long-term development plan (*The Nation, 16 March 2023*).
3. The World Bank has highlighted the potential of digital technologies to create productive jobs and boost economic growth in Malawi and other African economies. However, the digital divide continues to grow, with only 22% of Malawi's population using digital services despite being within internet reach. The World Bank has called for policies to promote the use of affordable, skill-appropriate technologies that support productive and inclusive jobs. Malawi's National Planning Commission aims to increase network access for internet usage to 80% of the population from the current 13.8%, but progress has been slow (*The Nation, 16 March 2023*).
4. The National Statistical Office (NSO) has reported that inflation has increased to 26.7% in February 2023, from 25.9% in January 2023. The increase was on account of increases in food inflation to 31.7% from 30.5% and non-food inflation increased to 20.5% from 20.4% between January 2023 and February 2023 (*National Statistical Office (NSO), 17 March 2023*).

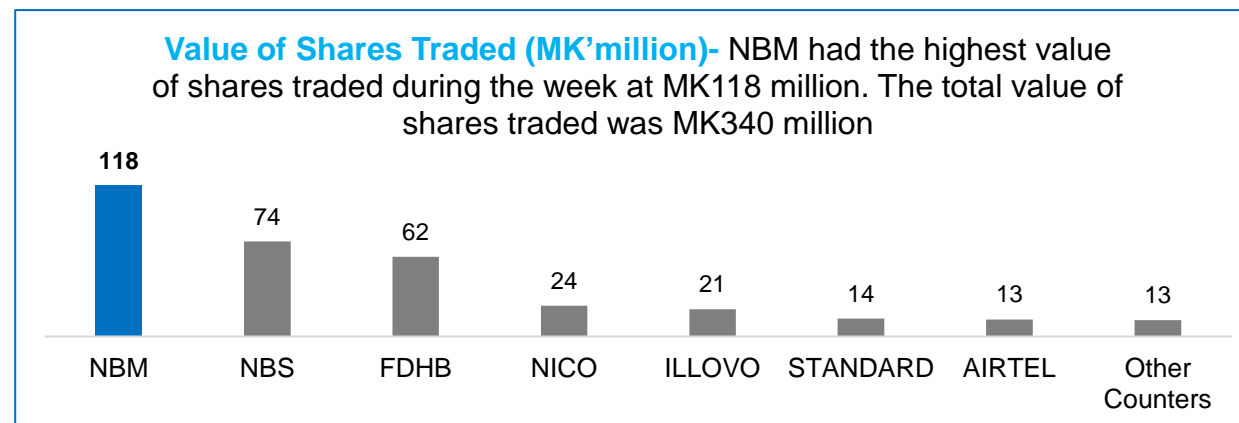
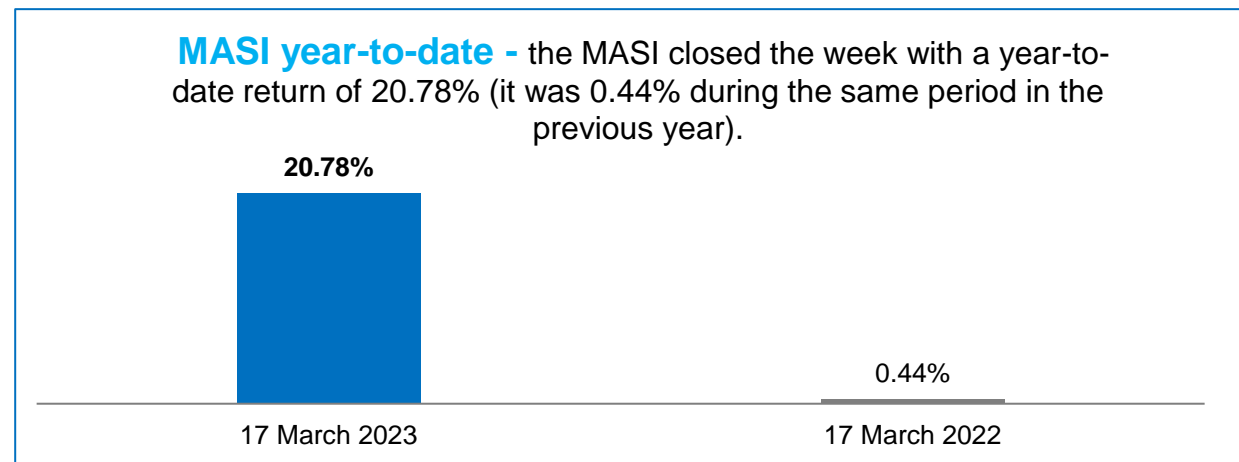
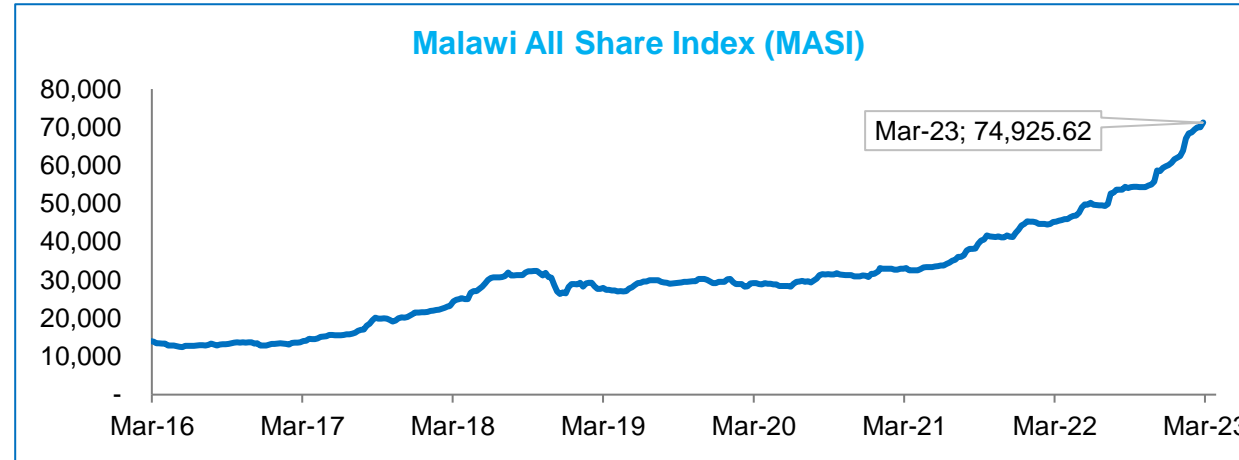


Financial Market Update: Week ending 17 March 2023

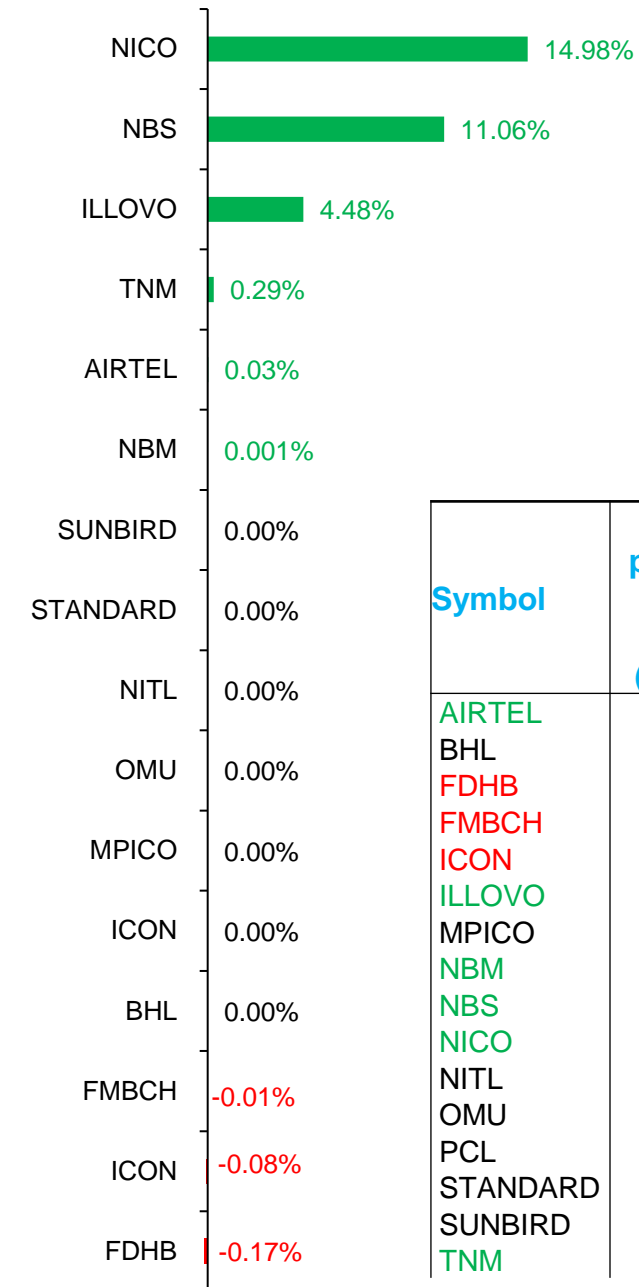
Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 17 March 2023 at 74,925.62 points, from 73,947.88 points for the week ending 10 March 2023. Week on week, this represents a 1.32% increase.

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



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



Symbol	Closing prices as of 17 March 2023 (MK/share)	Closing prices as of 10 March 2023 (MK/share)
AIRTEL	68.02	68.00
BHL	10.96	10.96
FDHB	34.90	34.93
FMBCH	166.98	166.99
ICON	11.90	11.91
ILLOVO	700.00	670.01
MPICO	20.58	20.58
NBM	1,600.16	1,600.14
NBS	50.00	45.02
NICO	119.00	103.50
NITL	200.00	200.00
OMU	880.01	880.01
PCL	2,181.32	2181.32
STANDARD	2,200.37	2200.37
SUNBIRD	120.00	120.00
TNM	14.07	14.03

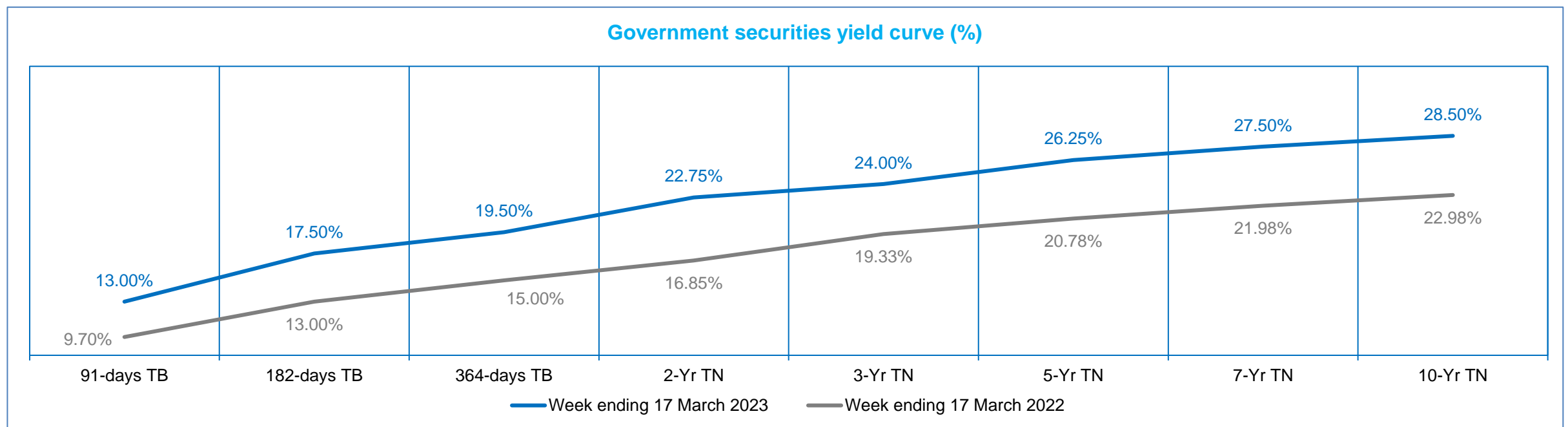
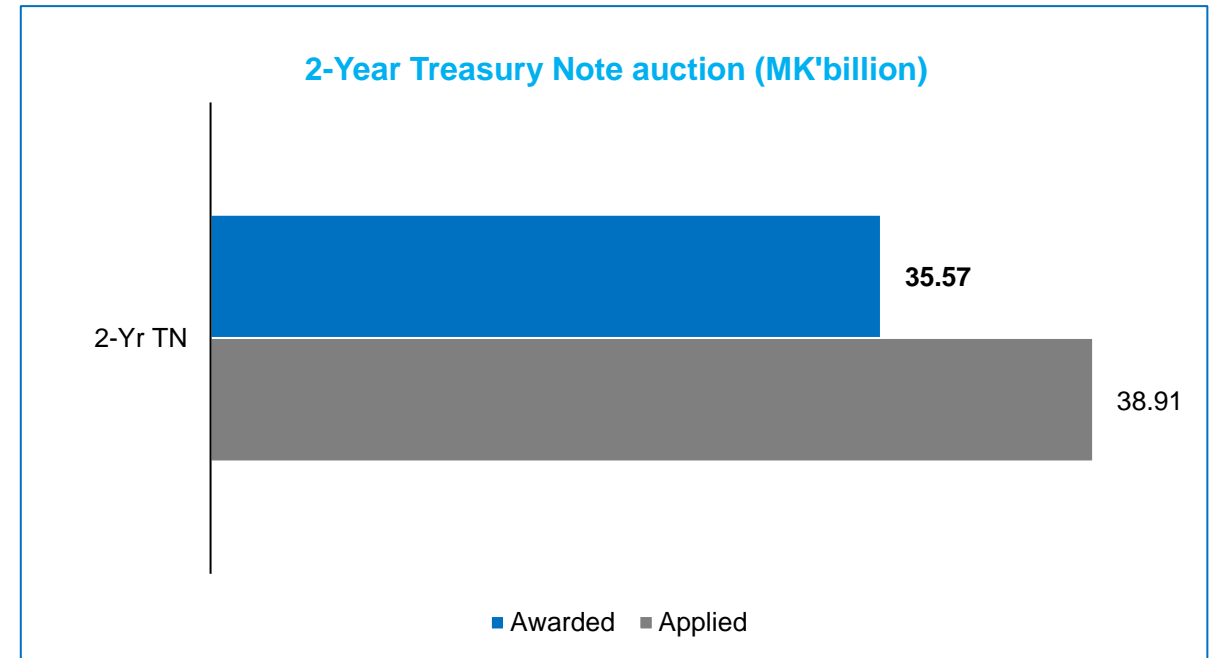
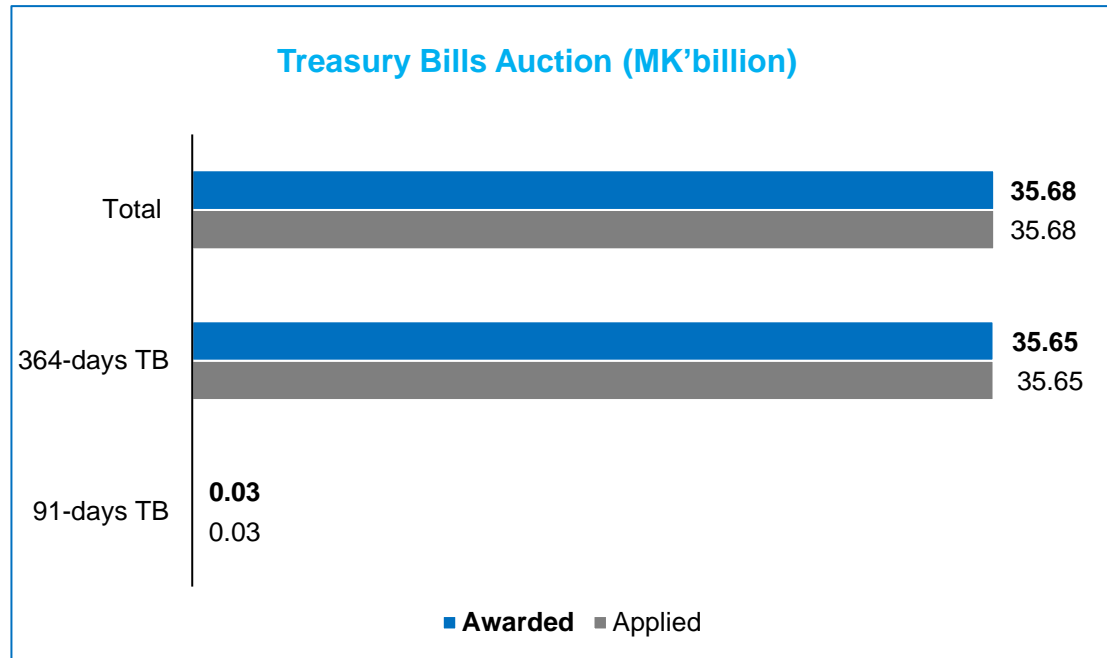


Government securities (Source: RBM)

A total of MK71.25 billion was awarded during this week's Treasury Bills (TBs) and 2-Year Treasury Note (TN) auctions and reopening held on Monday, 13 March 2023 and Tuesday, 14 March 2023.

The TBs had a nil rejection rate, while the TNs had an 8.58% rejection rate.

The average TB and TN yields maintained their positions at 16.67% and 25.80%, respectively, during the week under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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 17-Mar-23
Exchange rates (middle rates)																
MK/USD	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	1,208.01	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	1,284.95*
MK/EUR	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	1,125.42*
MK/ZAR	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	57.68*
Foreign Exchange Reserves																
Gross Official Reserves (USD'mn)	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)	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)	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)	1.72	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	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%	26.7%	N/A
Food	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%	31.7%	N/A
Non-food	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%	20.5%	N/A
Interest Rates																
Monetary Policy rate	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%	18.00%
Average Interbank rate	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%
Average base lending rate	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%
Government Securities Yields																
91-days Treasury Bill	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%
182-days Treasury Bill	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%
364-days Treasury Bill	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%
2-year Treasury Note	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%
3-year Treasury Note	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%
5-year Treasury Note	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%	26.25%
7-year Treasury Note	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%
10-year Treasury Note	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%
Stock Market Indices																
MASI	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	74,925.62
DSI	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	60,106.26
FSI	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	8,381.78

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

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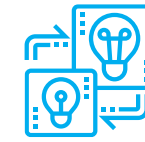
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