



# Malawi Financial Market Update

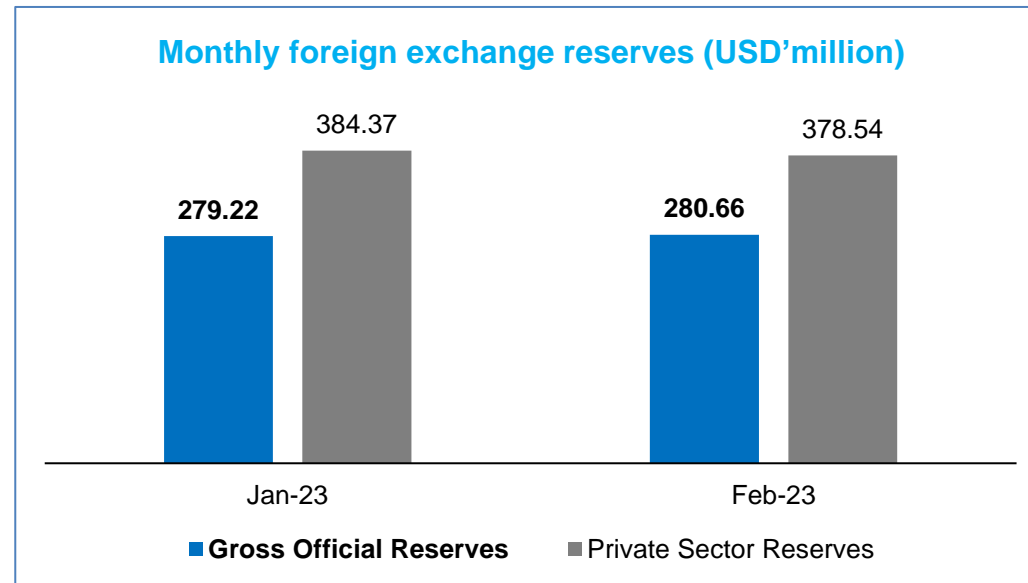
Week ending 24 March 2023



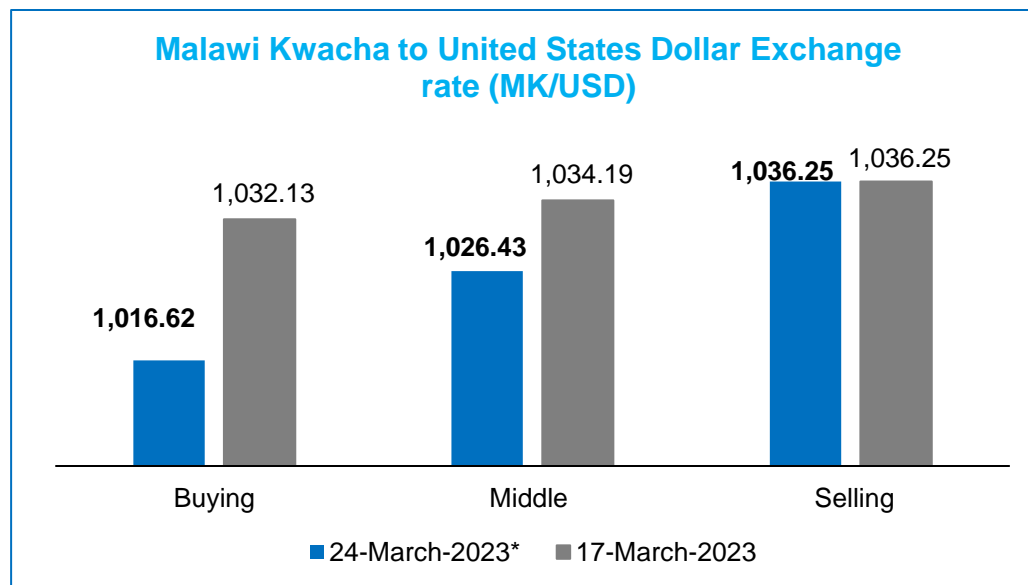
## Foreign currency market and other market developments

The Reserve Bank of Malawi (RBM) has given a pessimistic outlook on the country's economic prospects due to the impact of Tropical Cyclone Freddy. According to the RBM, the pressure on foreign reserves and exchange rates is expected to remain a risk in the short to medium term.

### Monthly Foreign Exchange Reserve (Source: RBM)



### Foreign currency (Source: RBM)



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

### What Happened This Week

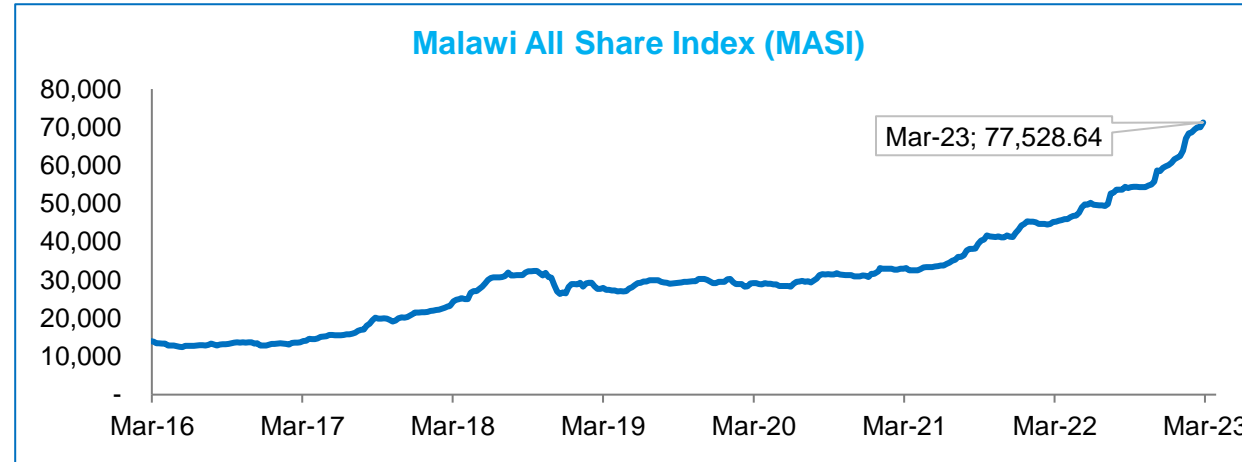
1. The Reserve Bank of Malawi (RBM) has given a pessimistic outlook on the country's economic prospects due to the impact of Tropical Cyclone Freddy. According to the RBM, the pressure on foreign reserves and exchange rates is expected to remain a risk in the short to medium term. Despite this, the RBM believes there is hope for recovery, with domestic real GDP expected to rebound and grow by 2.7% in 2023 from 1.2% in 2022. However, the projection may be revised to account for the impact of Cyclone Freddy. The cyclone disrupted water and electricity services, and affected agriculture and energy sectors, leading to an estimated budget deficit of MK2.0 trillion, according to an analysis by the Economics Association of Malawi (ECAMA), Oxfam and the Lilongwe University of Agriculture and Natural Resources (LUANAR) (*The Nation*, 22 March 2023).
2. Foreign direct investment (FDI) from the UK to Malawi has declined between 2019 and 2021, with FDI standing at MK75.6 billion in 2019, before dropping to MK69.8 billion in 2020, and further to MK65.3 billion in 2021. The decline is attributed to the high costs of doing business in Malawi, such as constant power cuts, high capital costs, unreliable transport systems, and corruption. According to economic experts, Malawi risks missing out on economic growth and job creation opportunities due to the lower FDI levels. The UN Conference on Trade and Development (UNCTAD) also predicts a weak outlook for FDI in Malawi, mainly due to negative or slow growth in many economies across the world. However, Malawi's Investment and Trade Centre (MITC) is reportedly working towards attracting quality FDI by advocating for more business reforms and adapting to new ways of doing investment promotion (*The Nation*, 23 March 2023).
3. Centenary Bank, formerly MyBucks Banking Corporation, has unveiled its new brand and affirmed its commitment to providing quality financial services while contributing to Malawi's national development agenda. Centenary Rural Development Group Limited of Uganda and the Catholic Archdiocese of Lilongwe own a 51% and 49% stake, respectively, in the bank. The bank's expansion and diversification plans aim to bring unique services to the country and accommodate all people. During the unveiling of Centenary Bank held on 22 March 2023, the RBM Deputy Governor, called on commercial banks to remain vigilant in contributing toward national economic growth and serving rural areas (*The Daily Times*, 24 March 2023).



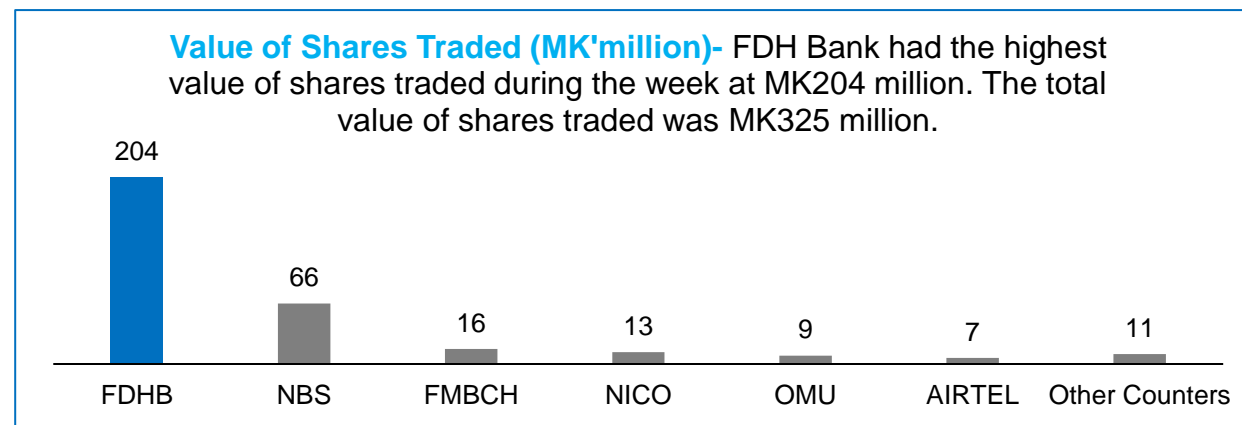
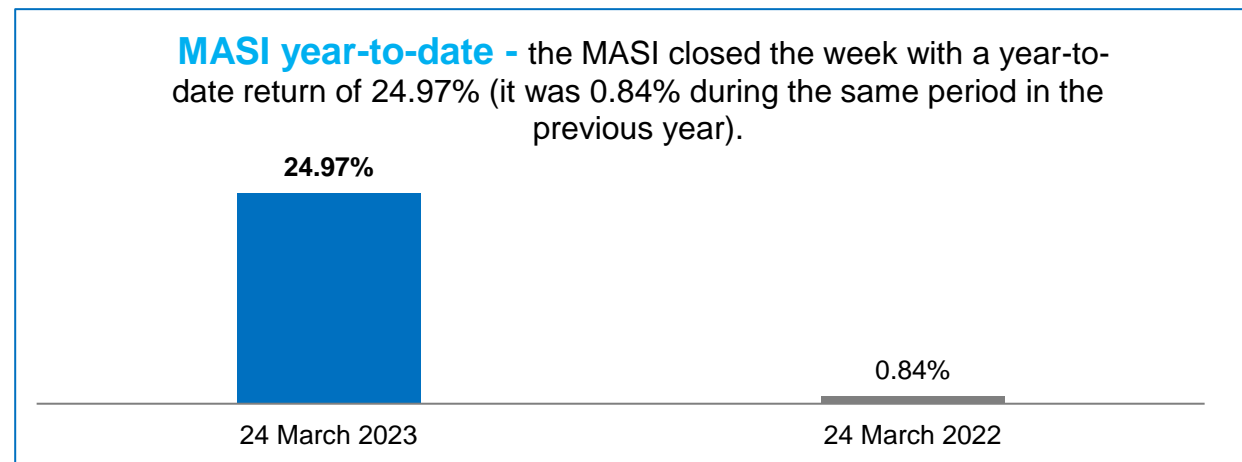
# Financial Market Update: Week ending 24 March 2023

## Stock market (Source: MSE)

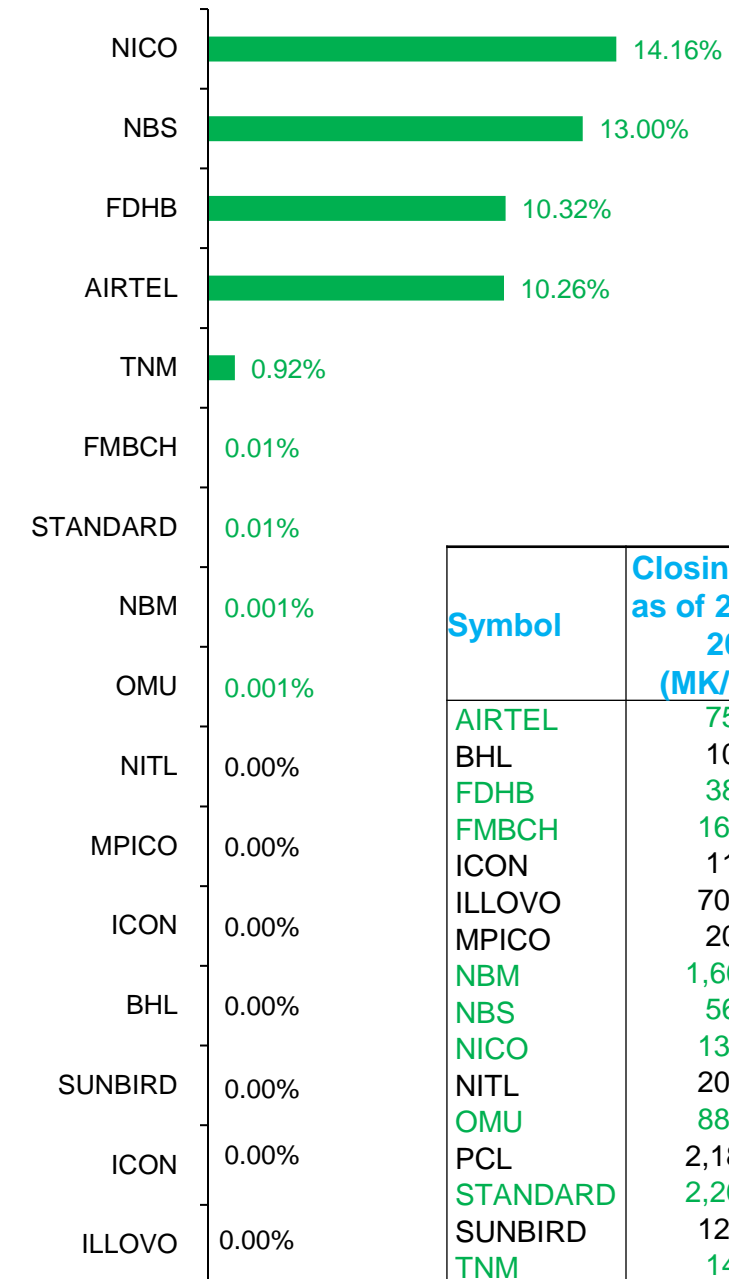
The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 24 March 2023 at 77,528.64 points, from 74,925.62 points for the week ending 17 March 2023. Week on week, this represents a 3.47% increase.



There were share price gains for NICO, NBS, FDH Bank, and AIRTEL as well as marginal share price gains for TNM, FMBCH, Standard Bank, NBM and OMU. No counter experienced a share price loss during the week under review.



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



Symbol	Closing prices as of 24 March 2023 (MK/share)	Closing prices as of 17 March 2023 (MK/share)
AIRTEL	75.00	68.02
BHL	10.96	10.96
FDHB	38.50	34.90
FMBCH	166.99	166.98
ICON	11.90	11.90
ILLOVO	700.00	700.00
MPICO	20.58	20.58
NBM	1,600.17	1,600.16
NBS	56.50	50.00
NICO	135.85	119.00
NITL	200.00	200.00
OMU	880.02	880.01
PCL	2,181.32	2,181.32
STANDARD	2,200.50	2,200.37
SUNBIRD	120.00	120.00
TNM	14.20	14.07

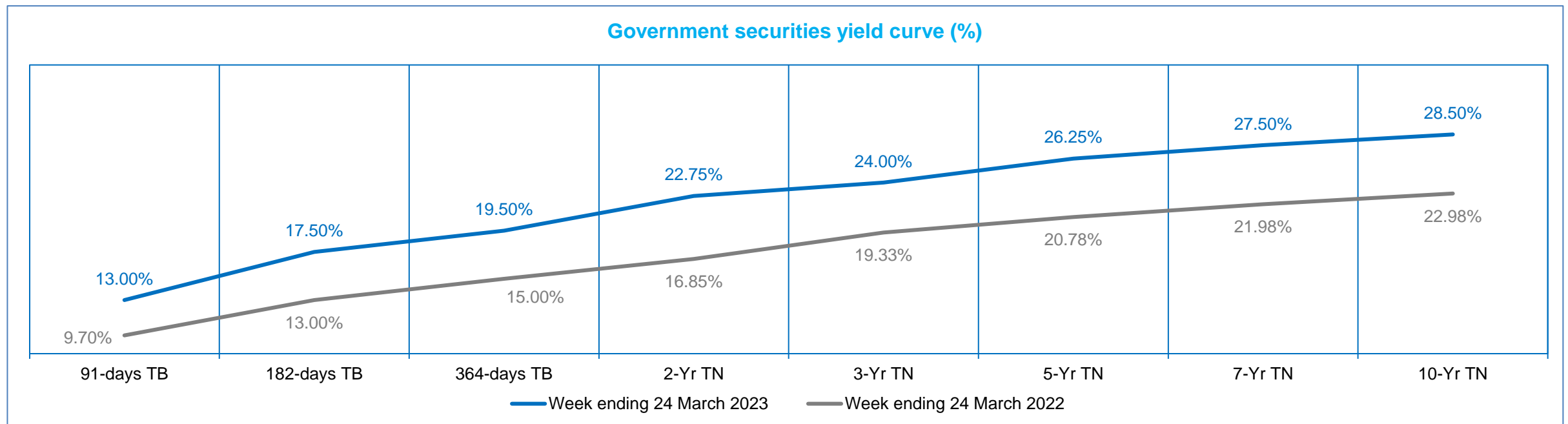
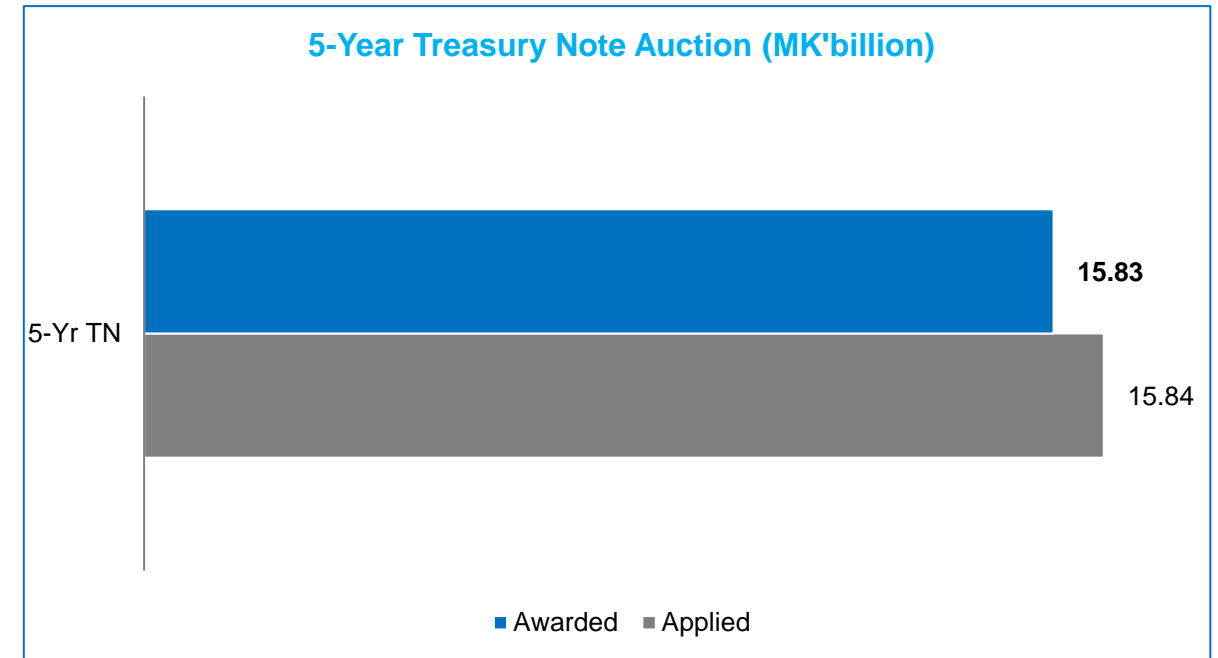
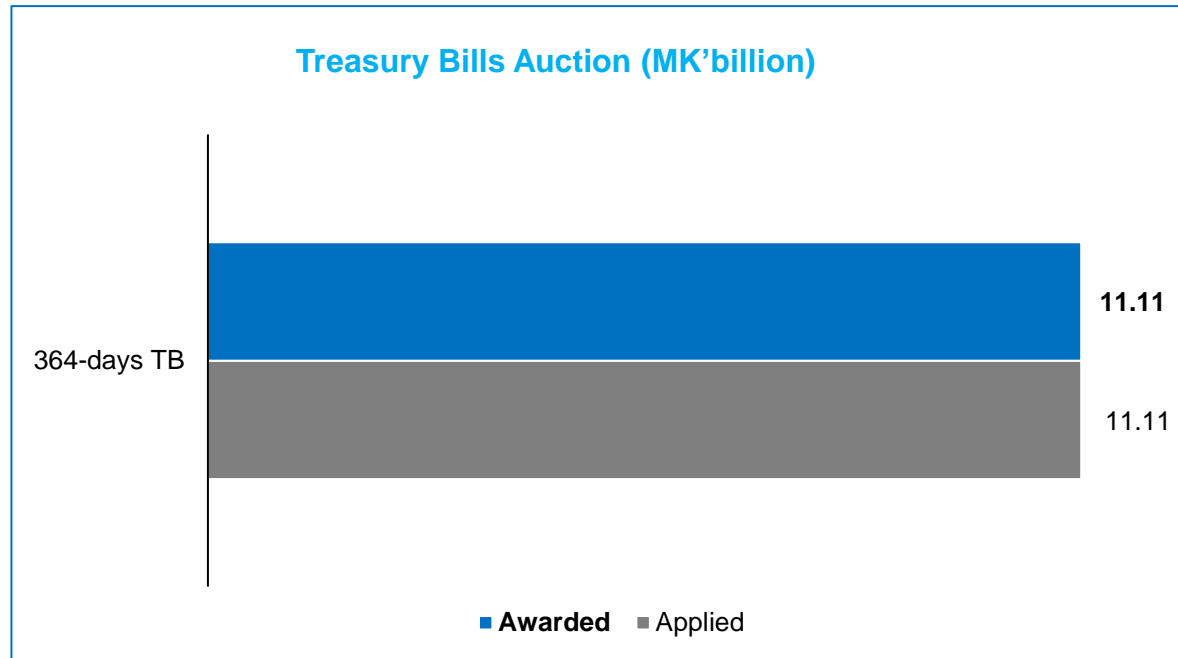


Government securities (Source: RBM)

A total of MK26.94 billion was awarded during this week's Treasury Bills (TBs) and 5-Year Treasury Note (TN) auctions.

The TBs had a nil rejection rate while the TNs had a 0.06% 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 24-Mar-23
<b>Exchange rates (middle rates)</b>																
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	<b>1,026.43*</b>
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	<b>1,298.70*</b>
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	<b>1,145.19*</b>
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	<b>58.41*</b>
<b>Foreign Exchange Reserves</b>																
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	280.66	<b>N/A</b>
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	378.54	<b>N/A</b>
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	659.2	<b>N/A</b>
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	1.12	<b>N/A</b>
<b>Inflation</b>																
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%	<b>N/A</b>
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%	<b>N/A</b>
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%	<b>N/A</b>
<b>Interest Rates</b>																
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%	<b>18.00%</b>
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%	<b>15.00%</b>
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%	<b>18.20%</b>
<b>Government Securities Yields</b>																
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%	<b>13.00%</b>
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%	<b>17.50%</b>
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%	<b>19.50%</b>
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%	<b>22.75%</b>
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%	<b>24.00%</b>
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%	<b>26.25%</b>
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%	<b>27.50%</b>
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%	<b>28.50%</b>
<b>Stock Market Indices</b>																
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	<b>77,528.64</b>
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	<b>62,422.06</b>
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	<b>8,382.28</b>

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

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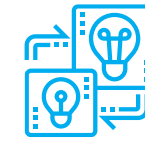
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