



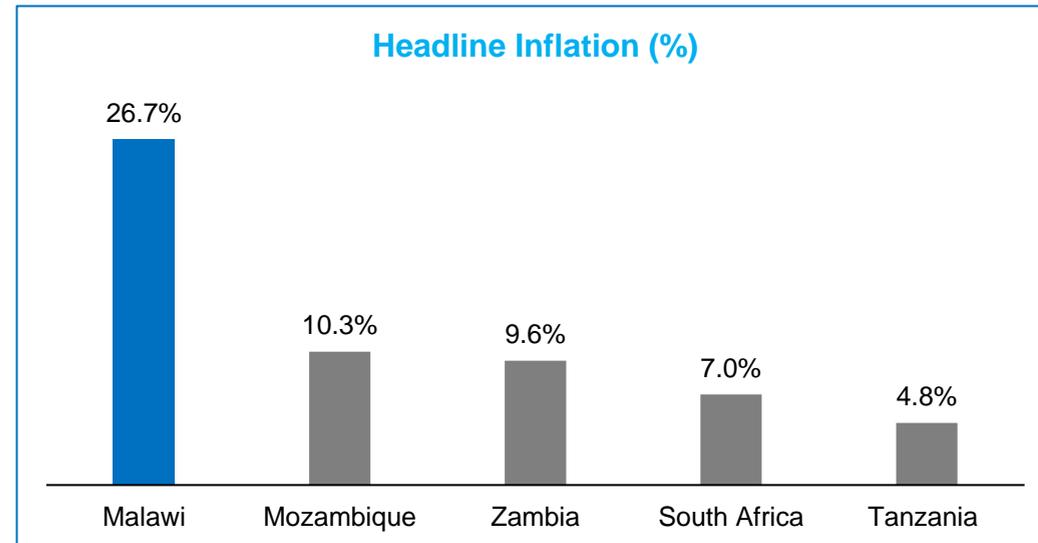
Malawi Financial Market Update

Week ending 31 March 2023

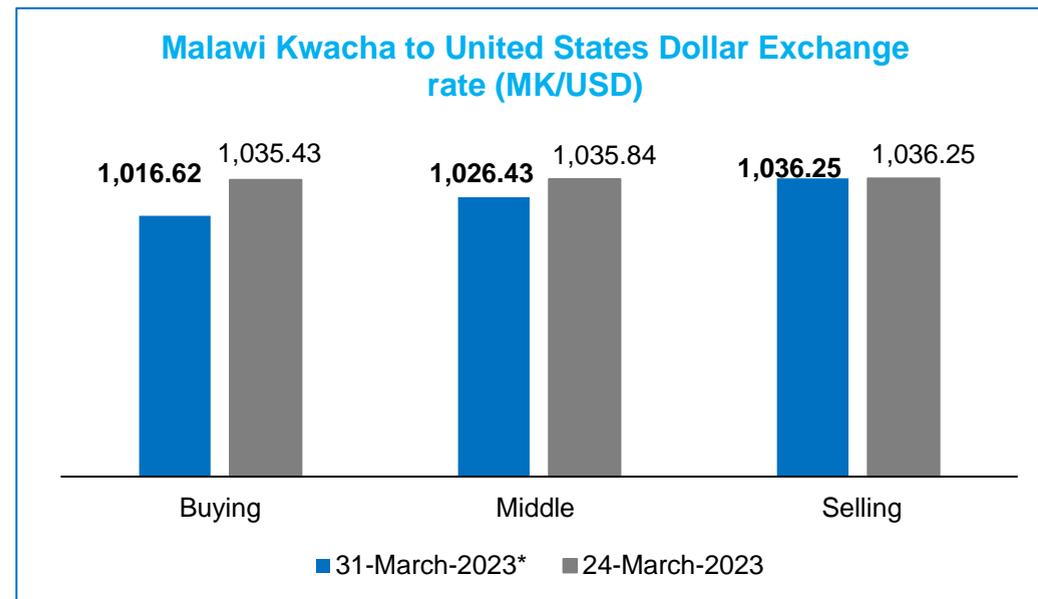


Foreign currency market and other market developments

February 2023 Regional Headline Inflation (Source: RBM)



Foreign currency (Source: RBM)



*: Reserve Bank of Malawi opening exchange rates as of 31 March 2023

What Happened This Week

1. The World Bank has warned that Malawi is facing a food price crisis, particularly with the staple grain maize, due to weather-related shocks and continued economic vulnerabilities. The country's food prices are forecast to remain above the five-year average as food prices are expected to rise further, reducing consumption levels and resulting in declining welfare of the people. The loss of some agricultural fields in the Southern Region due to Tropical Cyclone Freddy might exacerbate the situation. Maize prices in the country have remained high, with the current price at around MK40,000 for a 50-kilogram bag, which is above the previous year and the five-year average for the post-harvest period. The inflation rate for February 2023 rose to 26.7%, up from 25.9% in January 2023 on account of rising food prices (*The Nation, 28-March-2023*).
2. The Reserve Bank of Malawi (RBM) has reported that it aims to increase access to formal financial services to 75% of the adult population by 2027, up from the current 46%. RBM Governor stated that the government has committed to this increase in its revised National Strategy for Financial Inclusion, which is expected to create economic opportunities and contribute to poverty reduction. A Digital Financial Services Policy has been embedded in different legislations to enhance the use of digital infrastructure. The RBM has reported that it is currently studying legal frameworks to allow the public to pledge movable assets as collateral to further increase financial inclusion (*The Nation, 29-March-2023*).
3. The Malawi Parliament has passed the 2023-24 national budget of MK3.79 trillion after approving all 58 votes in the financial plan. The Ministry of Finance, revised the budget downwards from MK3.87 trillion to reflect the impact of Tropical Cyclone Freddy, which devastated the Southern Region. The budget does not account for the full extent of damage caused by the cyclone, and the Ministry reported that the government is relying on support from development partners to help with recovery efforts. The budget has allocated more funding to the Roads Authority and the Unforeseen Expenditure vote to assist in the rebuilding process (*The Daily Times, 31-March-2023*).
4. The Electricity Supply Corporation of Malawi (ESCOM) has said it requires USD30 million (about MK30 billion) to restore damaged infrastructure and construct a more resilient system after Cyclone Freddy. ESCOM is currently restoring partially damaged infrastructure, but it is facing challenges to reach some parts of Malawi. The company is reportedly looking towards donations from the World Bank and other multilateral donors to cover the costs (*The Daily Times, 31 March 2023*).

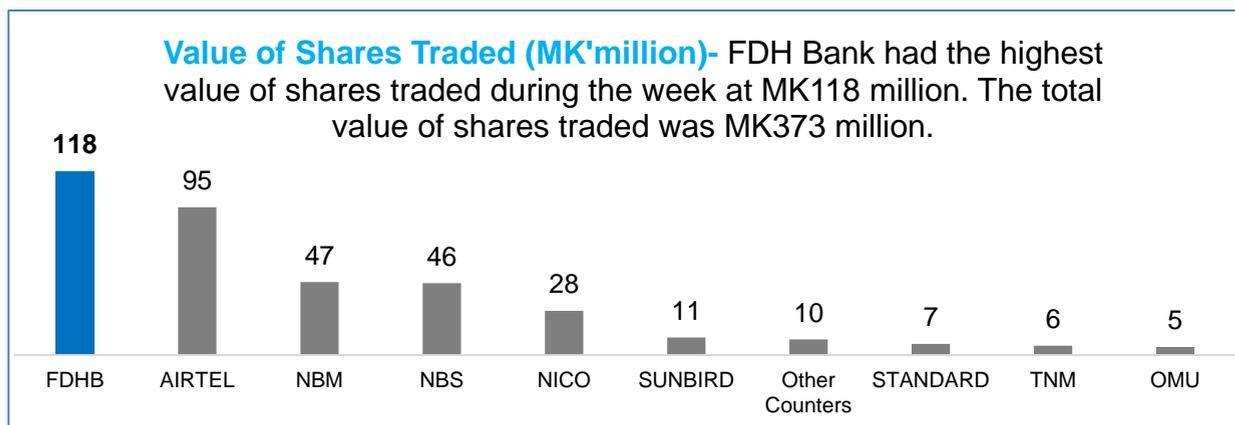
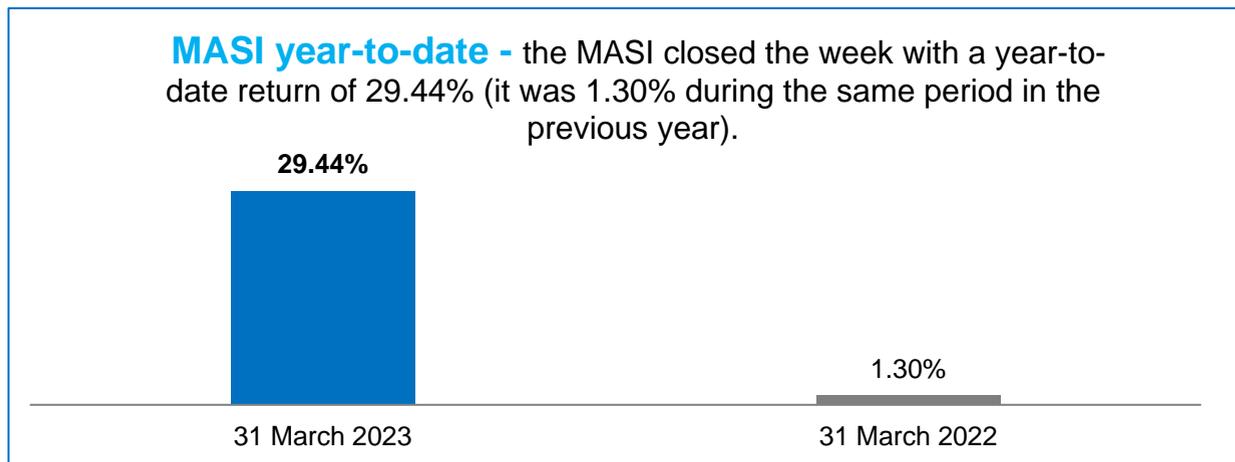
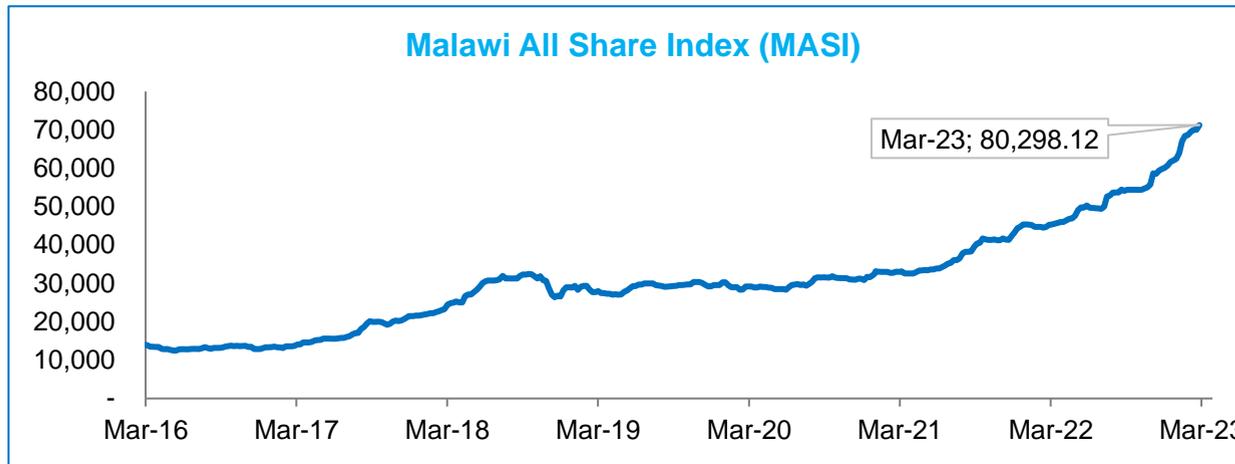


Financial Market Update: Week ending 31 March 2023

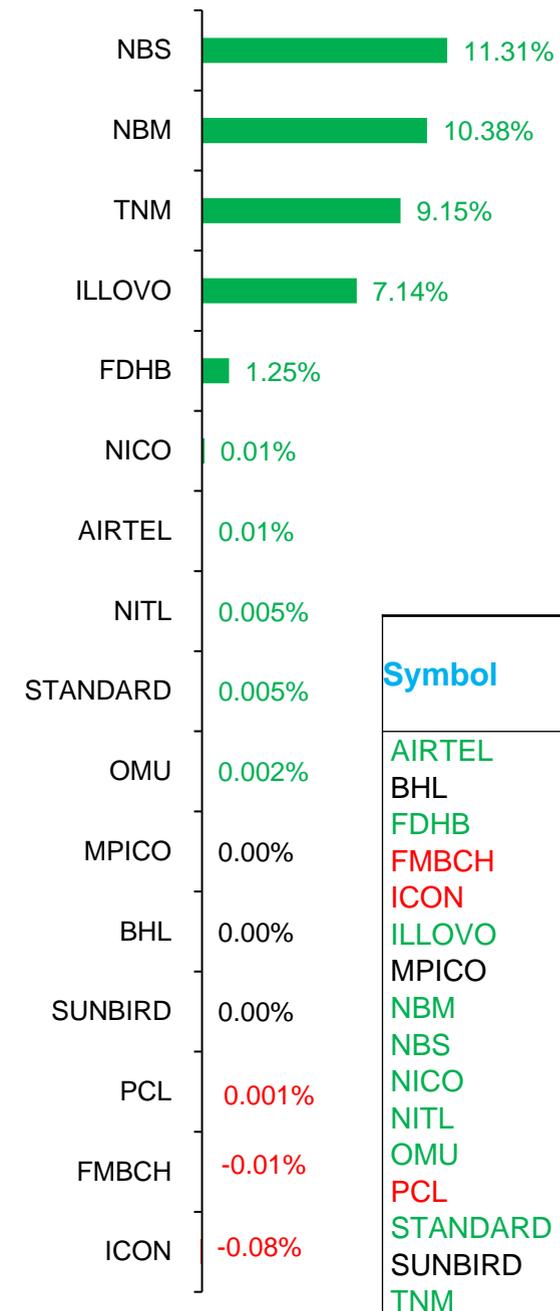
Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 31 March 2023 at 80,298.12 points, from 77,528.64 points for the week ending 24 March 2023. Week on week, this represents a 3.57% increase.

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



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



Symbol	Closing prices as of 31 March 2023 (MK/share)	Closing prices as of 24 March 2023 (MK/share)
AIRTEL	75.01	75.00
BHL	10.96	10.96
FDHB	38.98	38.50
FMBCH	166.98	166.99
ICON	11.89	11.90
ILLOVO	750.00	700.00
MPICO	20.58	20.58
NBM	1,766.29	1,600.17
NBS	62.89	56.50
NICO	136.00	135.85
NITL	200.01	200.00
OMU	880.04	880.02
PCL	2,181.30	2,181.32
STANDARD	2,200.60	2,200.50
SUNBIRD	120.00	120.00
TNM	15.50	14.20

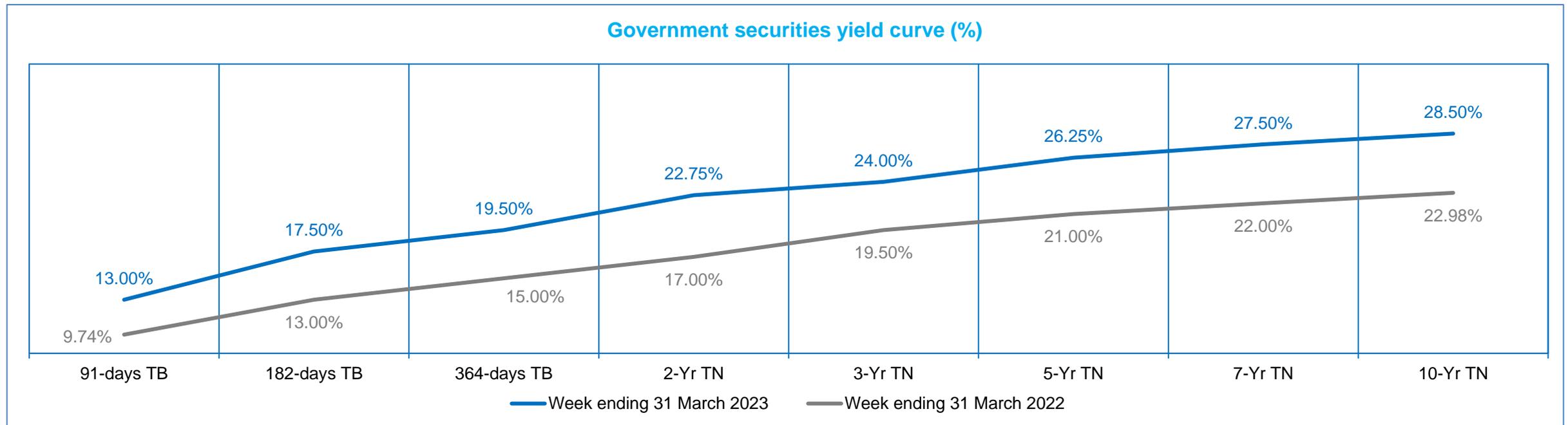
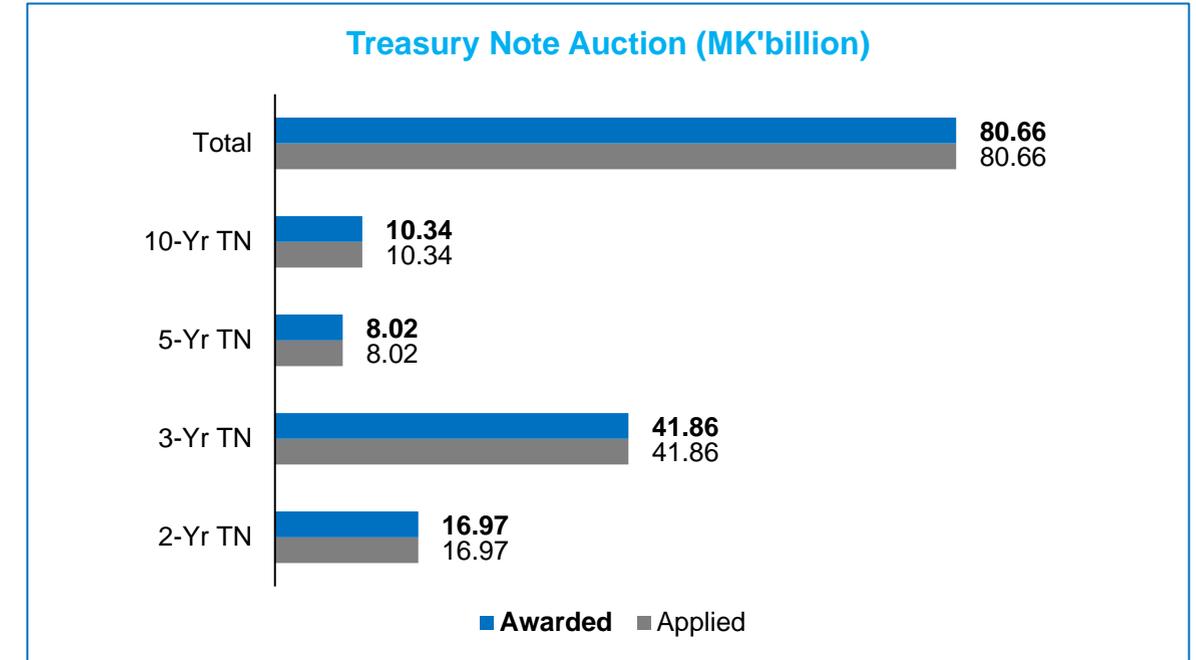
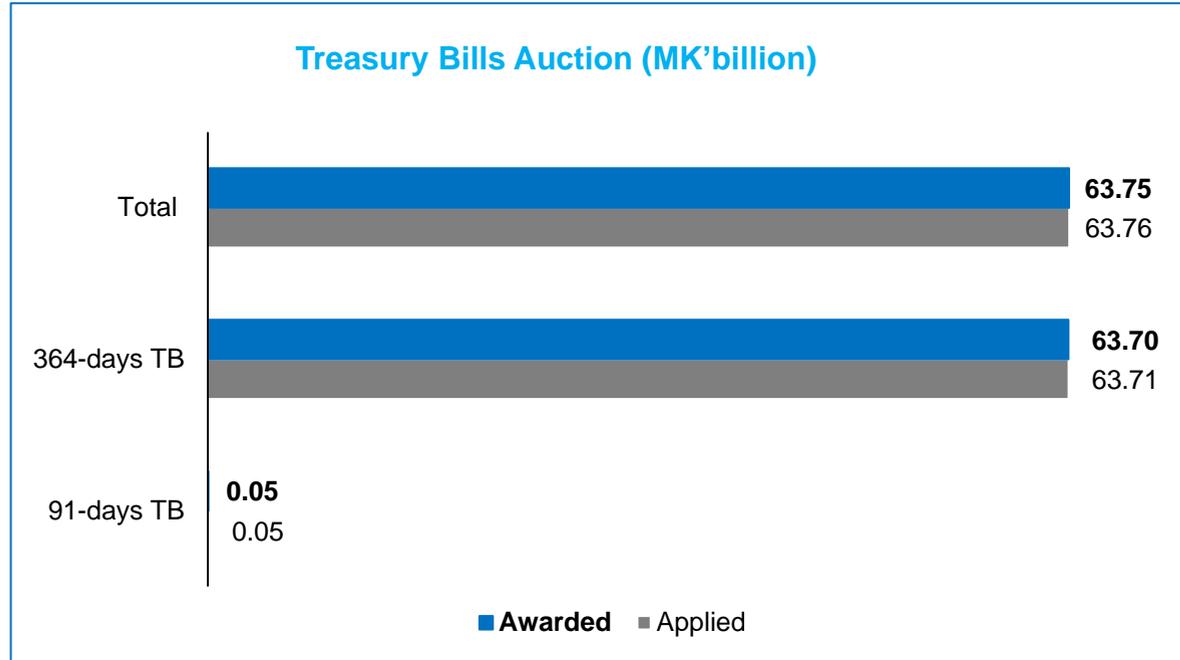


Government securities (Source: RBM)

A total of MK144.42 billion was awarded during this week's Treasury Bills (TBs) auction and Treasury Note (TN) re-openings held from 28 March 2023 to 31 March 2023.

The TBs had a 0.02% rejection rate while the TNs had a nil 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	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	1,309.06*
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	1,151.64*
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	59.20*
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	280.66	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	378.54	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	659.2	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	1.12	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	80,298.12
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	64,886.76
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	8,381.79

*: Reserve Bank of Malawi opening exchange rates as of 31 March 2023

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