



# Malawi Financial Market Update

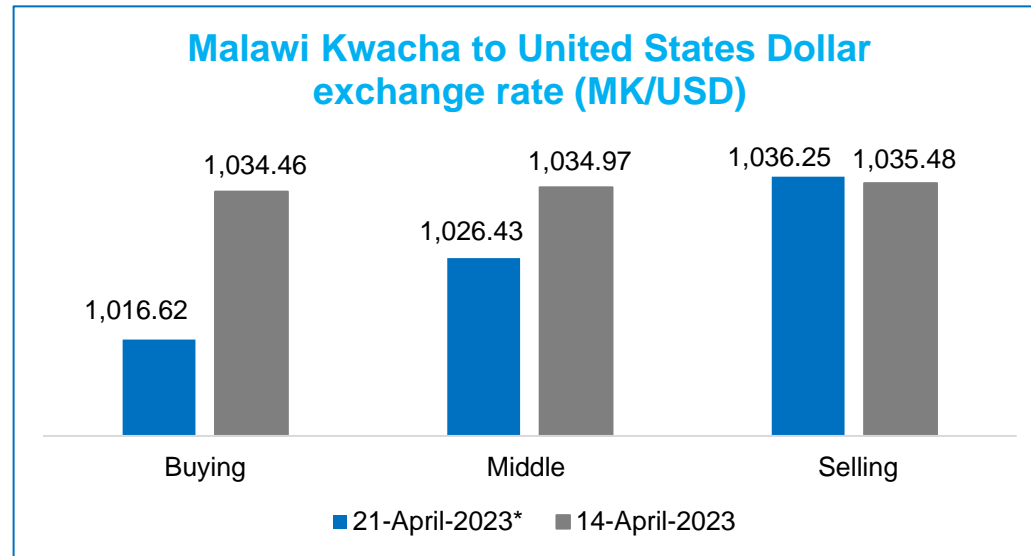
Week ending 21 April 2023



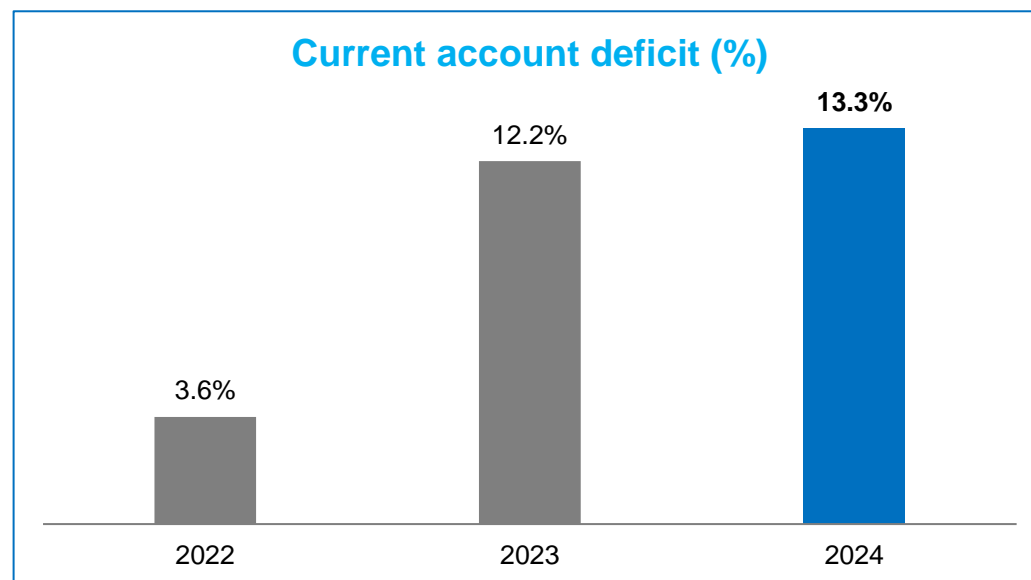
## Foreign currency market and other market developments

### Foreign currency (Source: RBM)

The National Statistical Office (NSO) has revealed that year-on-year headline inflation for Malawi is at 27% percent for March 2023. Food inflation was at 32.4% and non-food inflation at 20.2%



Source: International Monetary Fund World Economic Outlook 2023



### What Happened This Week

1. The Malawi Confederation of Commerce and Industry (MCCCI) says it anticipates enhanced industrial productivity, especially in the manufacturing sector, following the resumption of electricity generation at the Kapichira hydro-power plant. The development is expected to spur economic and trade activities in a sector dealing with high charges for unreliable power supply and increased production costs from alternative energy sources. The MCCCI noted that a reduction in blackouts will aid in increasing levels of production as well as ease the demand of fuel imports that strain foreign exchange reserves (*The Daily Times, 17 April 2023*).
2. The government of Malawi is engaged with debt advisors to support a credible process for debt restructuring. The strategy aims to achieve debt sustainability and close financing gaps, bringing public debt to moderate risk in the medium term. The impact of cyclone Freddy will likely necessitate re-strategising the debt plan. Malawi's public debt stood at K7.9 trillion as at December 2022, an equivalent of 69.3% of GDP (*The Daily Times, 19 April 2023*).
3. The latest statistics from the National Statistical Office (NSO) reveal that year-on-year headline inflation for Malawi is at 27% for March 2023. Food inflation was at 32.4% and non-food inflation at 20.2%. The Centre for Social Concern Programs highlighted that the development will likely push more Malawians into the poverty bracket following the implications on the rising cost of living, which was at K372,000 in February 2023. The record-high rate at 27% is the highest headline inflation has been since June 2013 (*Daily Times, 20 April 2023*).
4. The Africa Export-Import Bank (Afreximbank) is expected to inject \$900 million (About K932 billion) to develop two out of four industrial parks estimated to kick-start this year and be completed by 2025. The parks are designed to accommodate plots for factory shells suitable for small, medium, and even larger factories as special economic zones to spur development. The initiative looks to boost long-term forex position by producing more value-added goods for exports. Industrial parks have proven to be key engines in the economic growth of both developing and underdeveloped economies, and the Malawi Government has earmarked 624 hectares to develop these zones (*The Nation, 21 April 2023*).

\*: Reserve Bank of Malawi opening exchange rates as of 21 April 2023

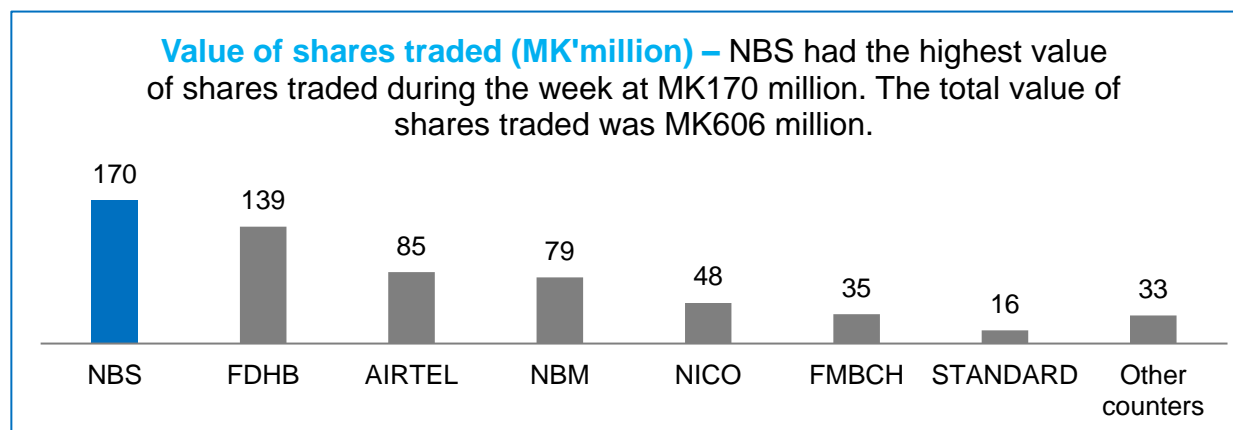
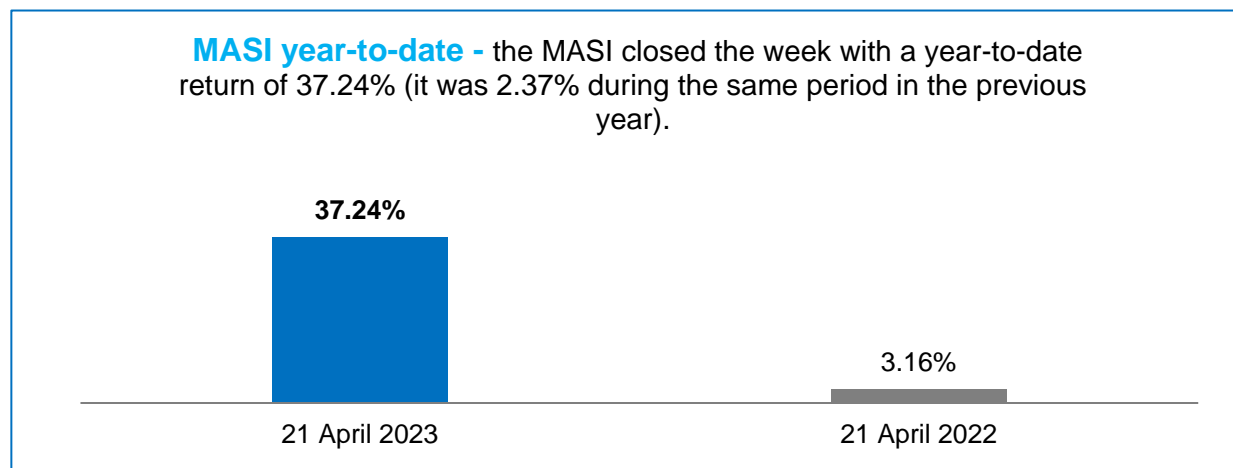
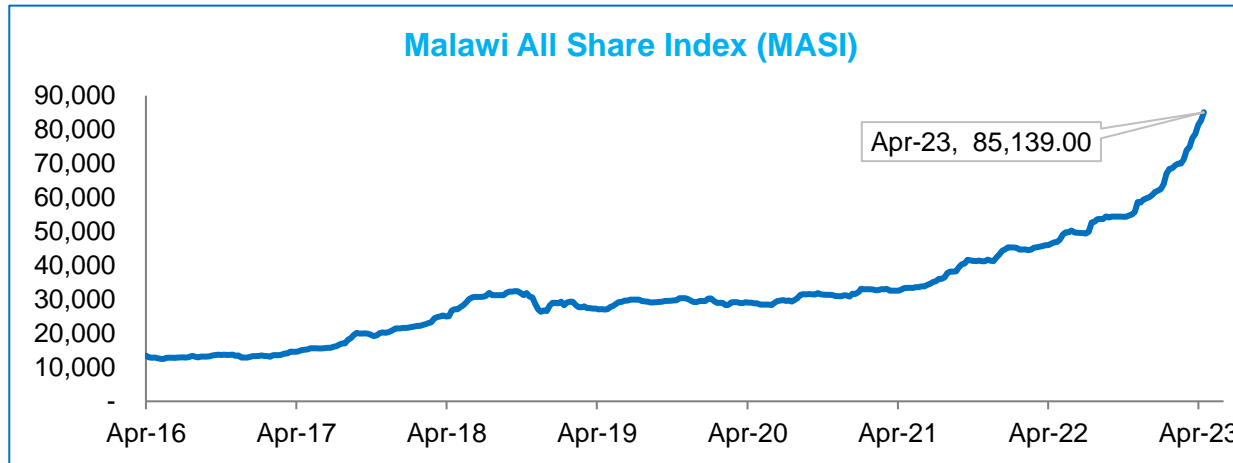


# Financial Market Update: Week ending 21 April 2023

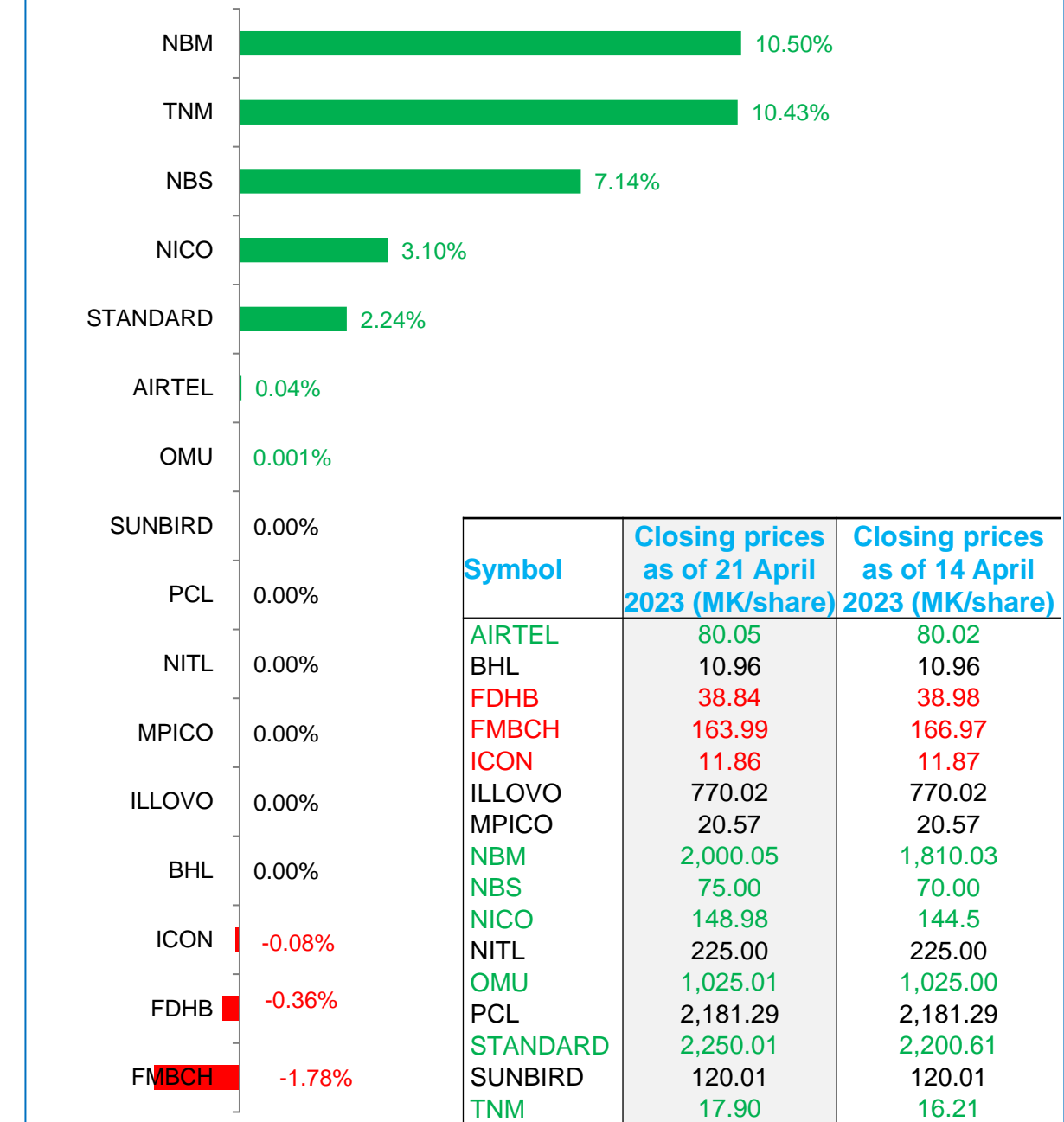
## Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 21 April 2023 at 85,139.0 points from 82,734.42 points for the week ending 14 April 2023. Week on week, this represents a 2.91% increase.

There were share price gains for NBM, TNM, NBS, NICO and Standard Bank. There were also marginal share price gains for Airtel and OMU. The share price gains offset a share price loss for FMBCH as well as marginal share price losses for FDH Bank and ICON, during the week under review.



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



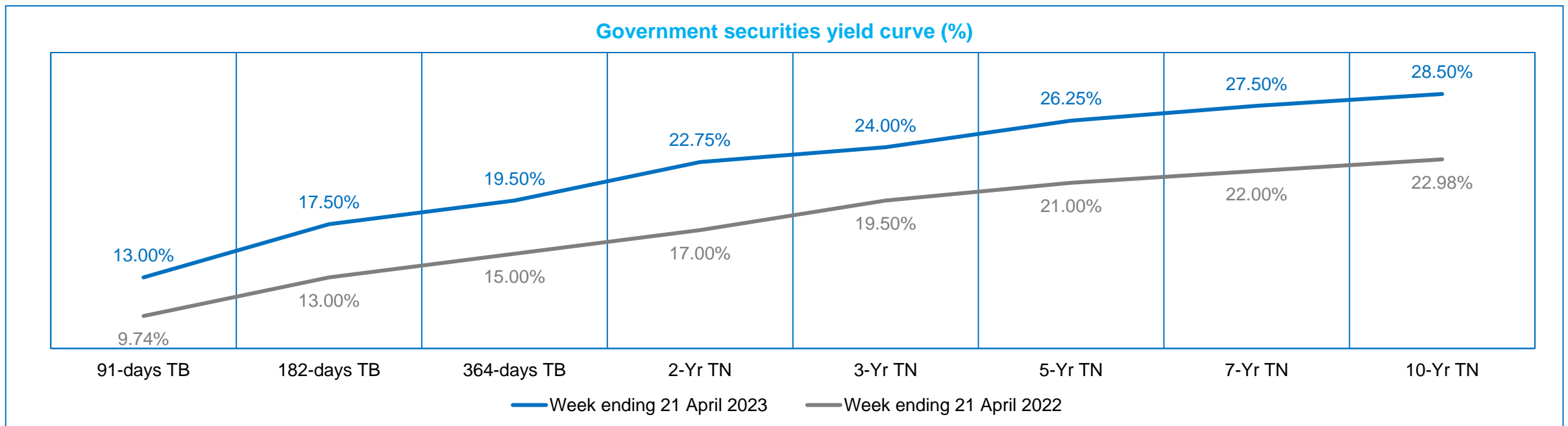
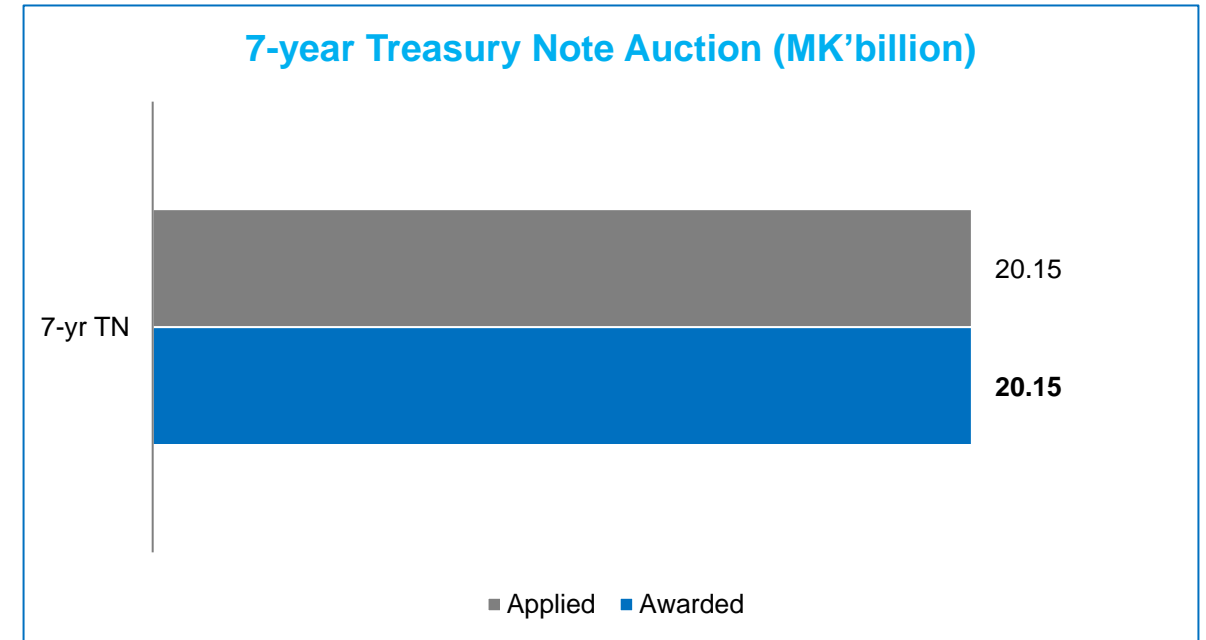
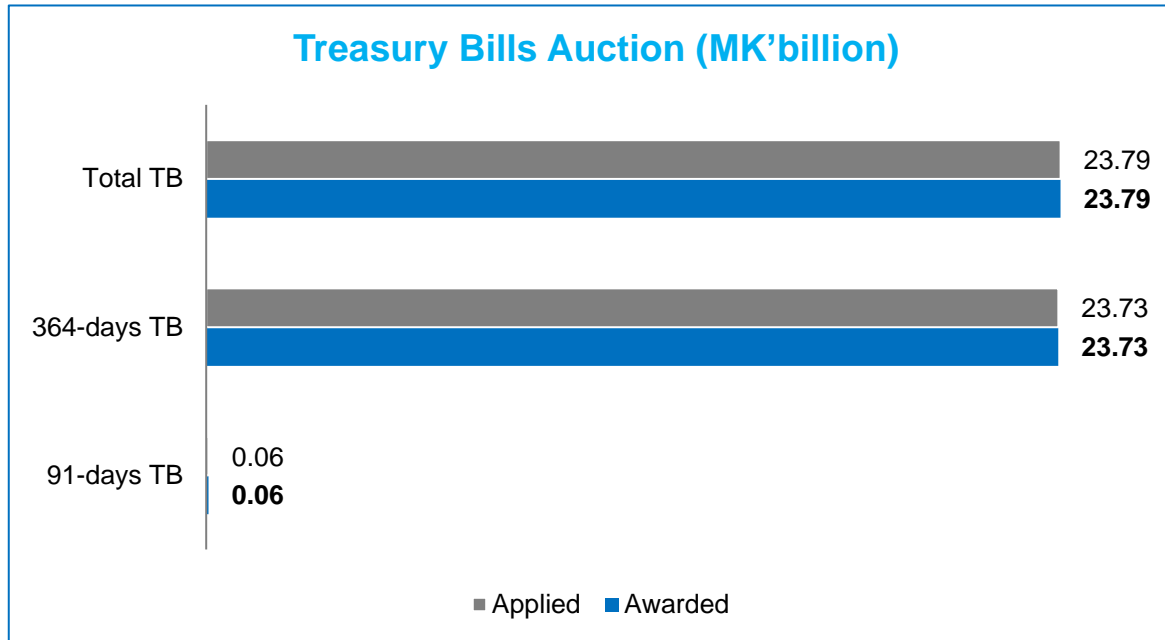


Government securities (Source: RBM)

A total of MK43.94 billion was awarded during this week's Treasury Bills (TBs) and 7-year Treasury Note (TN) auctions.

A total of MK23.79 billion was raised from the TBs auctions and MK20.15 billion from the 7-year TN auction. Both securities had a nil rejection rate.

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





# 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	21-Apr-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	1,033.80	<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	1,315.33	<b>1,312.97*</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	1,156.66	<b>1,158.40*</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	59.76	<b>58.99*</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	N/A	<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	N/A	<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	N/A	<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	N/A	<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%	27.0%	<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%	32.4%	<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%	20.2%	<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%	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%	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%	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%	13.00%	<b>13.00%</b>
182-days Treasury Bill	13.00%	13.00%	12.99%	13.00%	13.00%	15.00%	15.00%	15.00%	15.50%	15.50%	15.50%	17.50%	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%	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%	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%	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%	26.25%	<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%	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%	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	80,298.12	<b>85,139.00</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	64,886.76	<b>69,296.18</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	8,381.79	<b>8,251.57</b>

\*: Reserve Bank of Malawi opening exchange rates as of 21 April 2023

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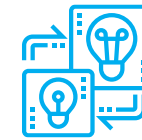
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