



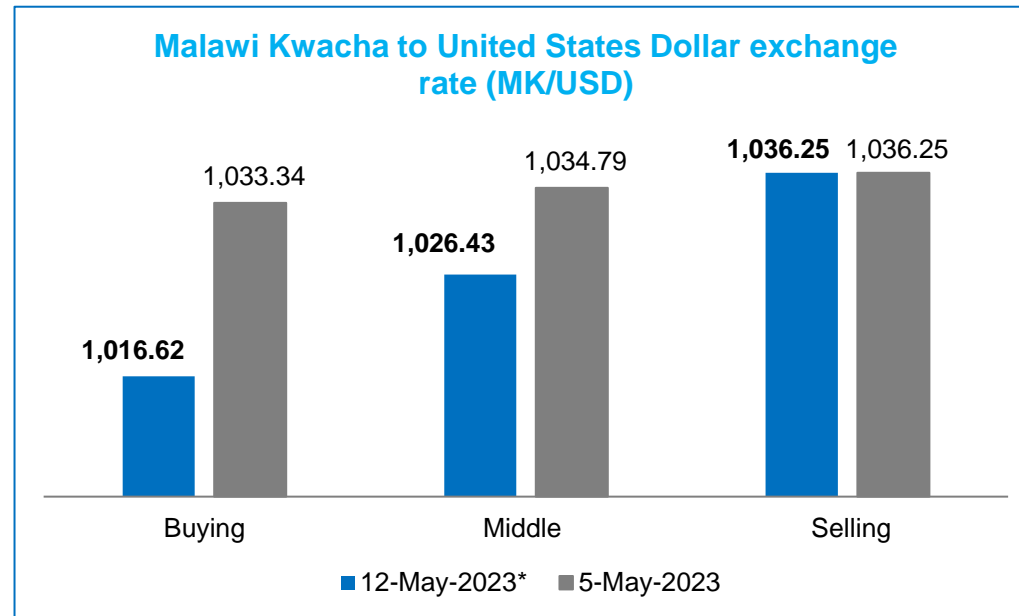
# Malawi Financial Market Update

Week ending 12 May 2023

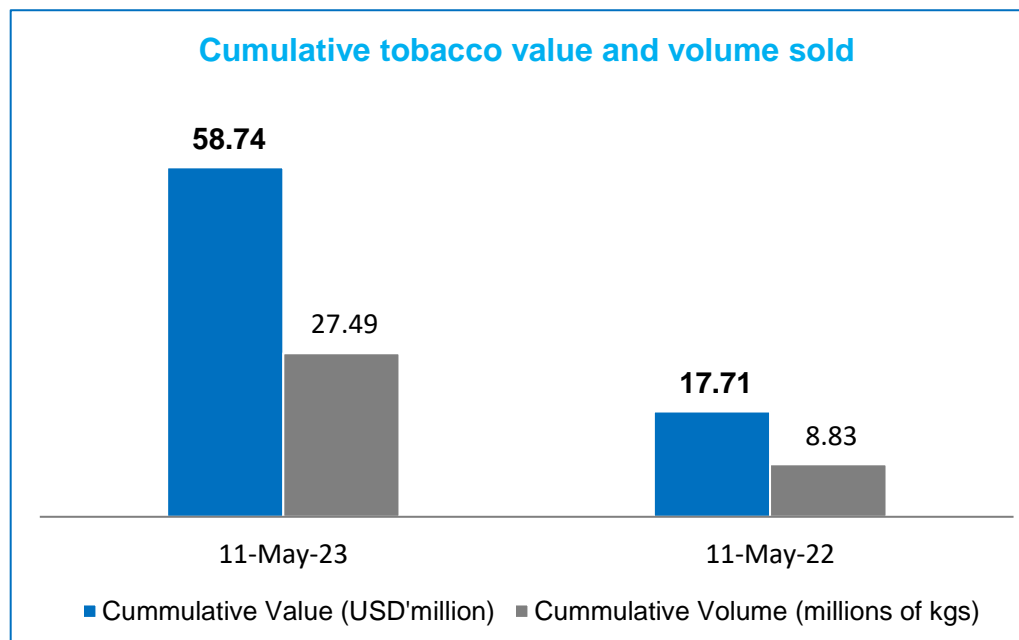


## Foreign currency market and other market developments

### Foreign currency (Source: RBM)



Source: AHL Tobacco Sales Limited 2023



\*: Reserve Bank of Malawi opening exchange rates as of 12 May 2023

### What Happened This Week

1. The Malawi Revenue Authority (MRA) stated that it remains optimistic about hitting its tax revenue target of MK2.11 trillion for the 2023-24 financial year despite a downgrade in economic growth assumptions. The MRA Commissioner highlighted the need to widen the tax net with new initiatives such as operationalizing the collection of rental income tax and a new valuation database to manage customs. During the last quarter (January-March 2023), MRA collected MK398 billion against a target of K388 billion, thereby recording a surplus of MK10 billion. Despite this, the commissioner also pointed out that the government is losing an estimated MK100 billion yearly through tax evasion (*The Daily Times, 8 May 2023*).
2. A report from the International Food Policy Research Institute (IFPRI) shows that retail maize prices in selected markets in Malawi were higher than those in Tanzania, Zimbabwe, Zambia, Mozambique, and South Africa using an exchange rate of MK1,030/USD in April 2023. The weekly average price of old maize decreased by 15% from MK734/kg to MK626/kg between the final weeks of March and April 2023. Within the same period, the weekly average price of newly harvested maize declined by 9% from K533/kg to K483/kg. On average, the Central region experienced the highest prices of new maize (*IFPRI April Report, 8 May 2023*).
3. The Reserve Bank of Malawi notified the investing public on 9 May 2023 that the issuance of Treasury Bills (TBs) was temporarily suspended. However, the Bank will continue to issue Treasury Notes (TNs) with the published April to June 2023 issuance calendar. Temporary suspension of TB auctions complies with the Third Schedule (Provisions for General Borrowing) of the Public Finance Management (PFM) Act 2022 section 44(2). The government will resume the issuance of TBs the moment room is created in accordance with the Act. In addition, the Bank will communicate the next auction date for TBs once the suspension has been lifted (*The Reserve Bank of Malawi, 9 May 2023*).
4. Figures from AHL Tobacco Sales Limited show that 1.13 million kilograms (kgs) of Tobacco was sold at an average price of USD2.14/kg on 11 May 2023. This brought cumulative national figures up to 27.49 million kgs sold at an average price of USD2.14/kg in the 2023 selling season as of 11 May 2023. The cumulative national value of tobacco sold stood at USD58.74 million (approximately MK59 billion), up 232% from the USD17.71 million (about MK18 billion) sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 12 May 2023*).

Tobacco sales have earned USD58.74 million (approximately MK59 billion) from 27.49 million kilograms of all types of tobacco sold thus far in this year's selling season.

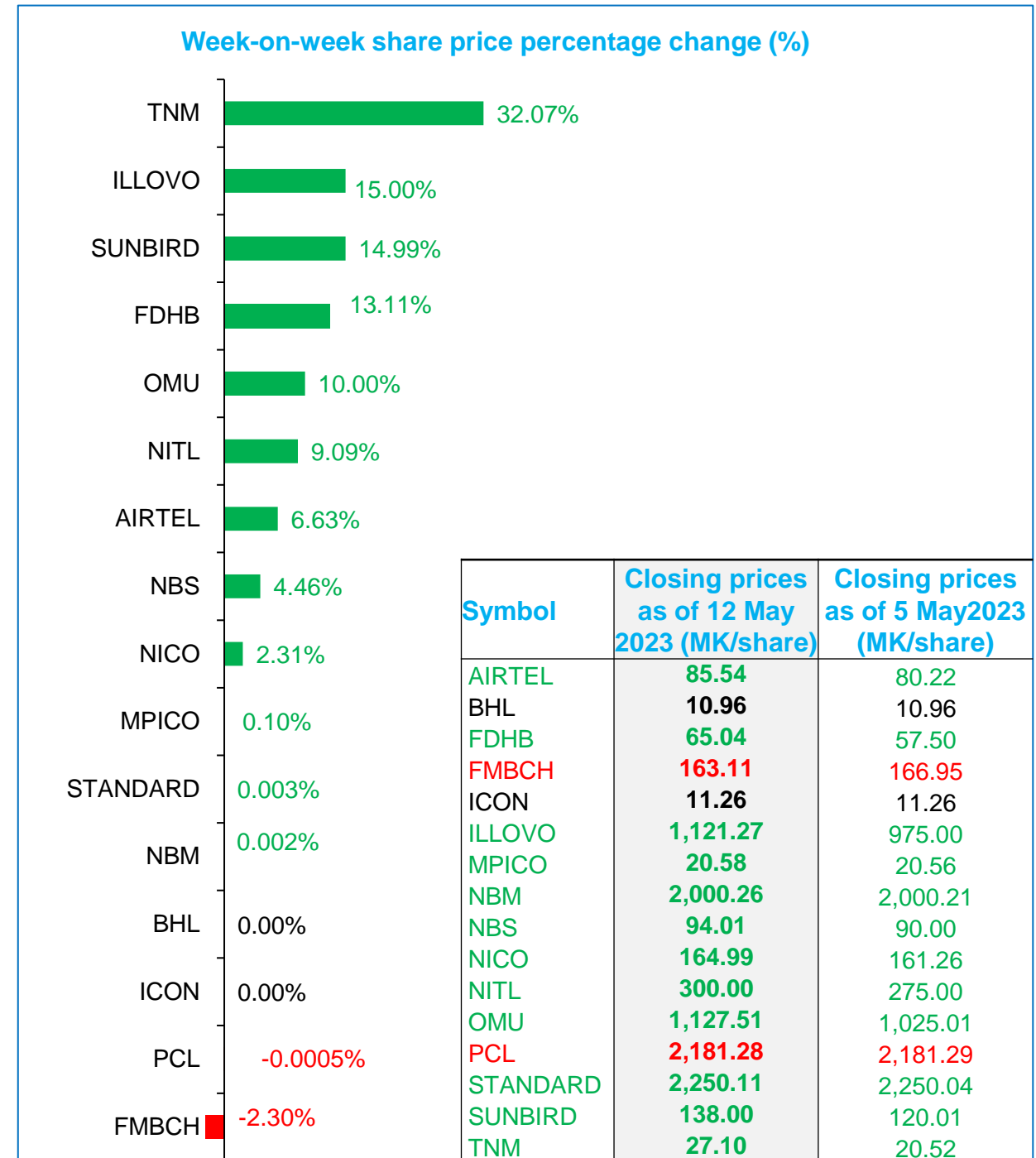
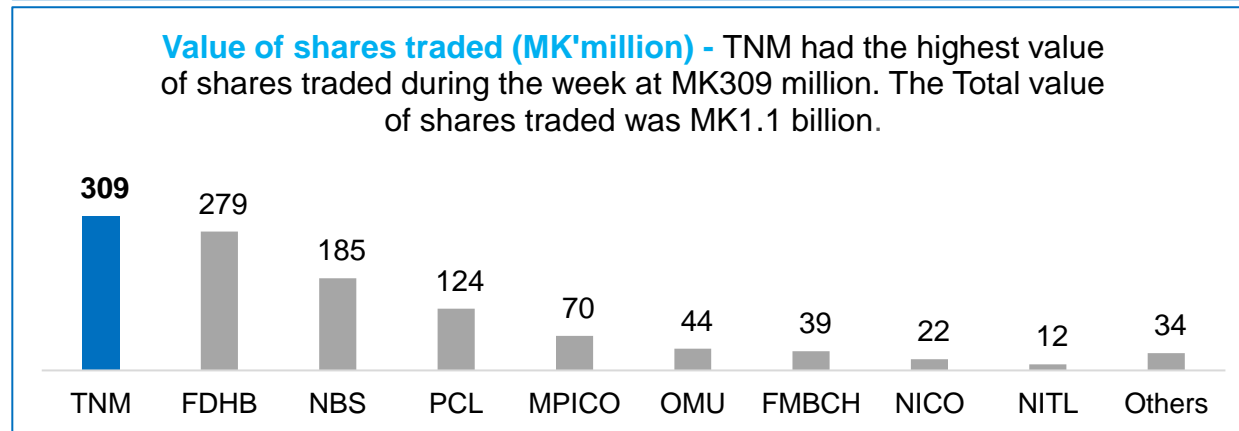
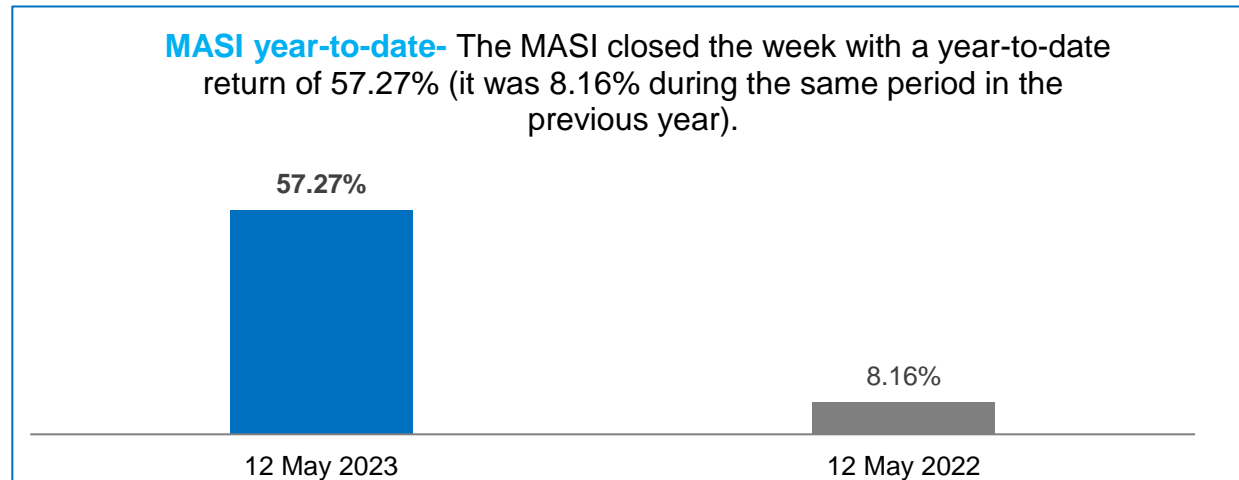
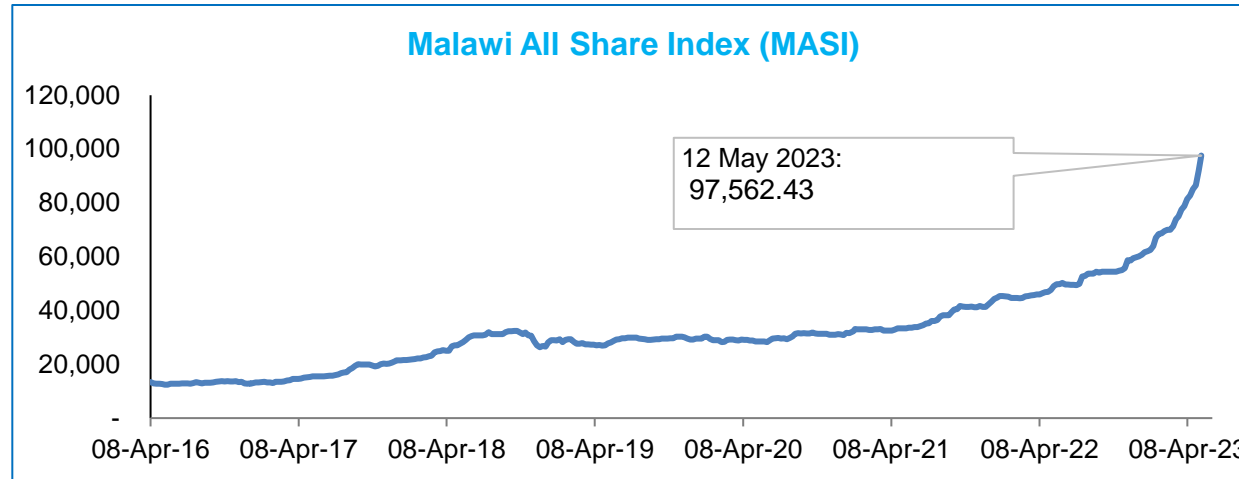


# Financial Market Update: Week ending 12 May 2023

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 12 May 2023 at 97,562.43 points from 92,032.31 points for the week ending 5 May 2023. Week on week, this represents a 6.01% increase.

There were share price gains for TNM, ILLOVO, SUNBIRD, FDH Bank, OMU, NITL, AIRTEL, NBS and NICO. There were also marginal share price gains for MPICO, STANDARD and NBM. The share price gains offset a share price loss for FMBCH and a marginal share price loss for PCL during the week under review.



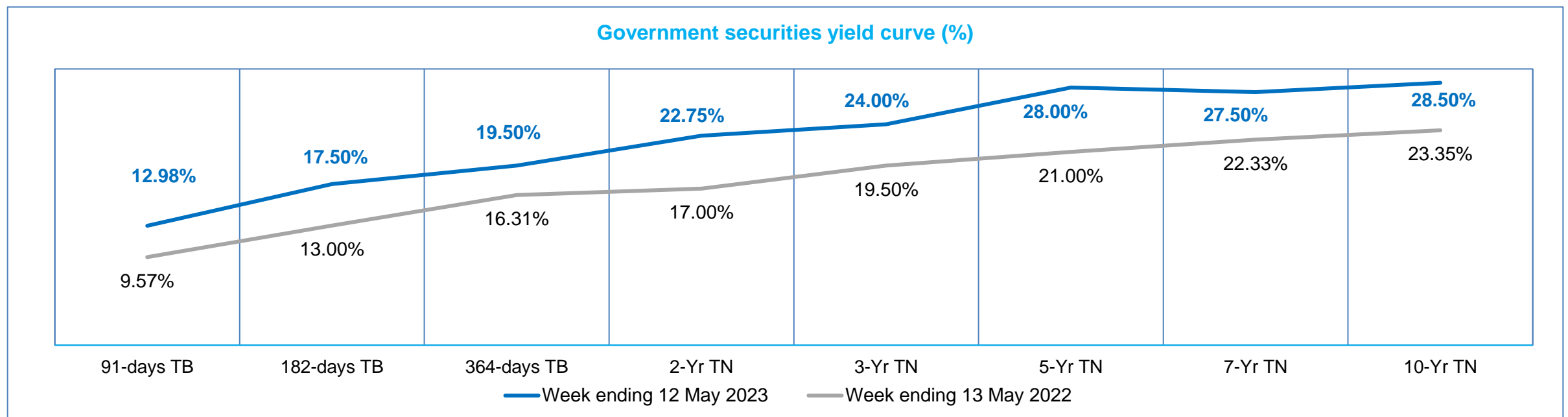
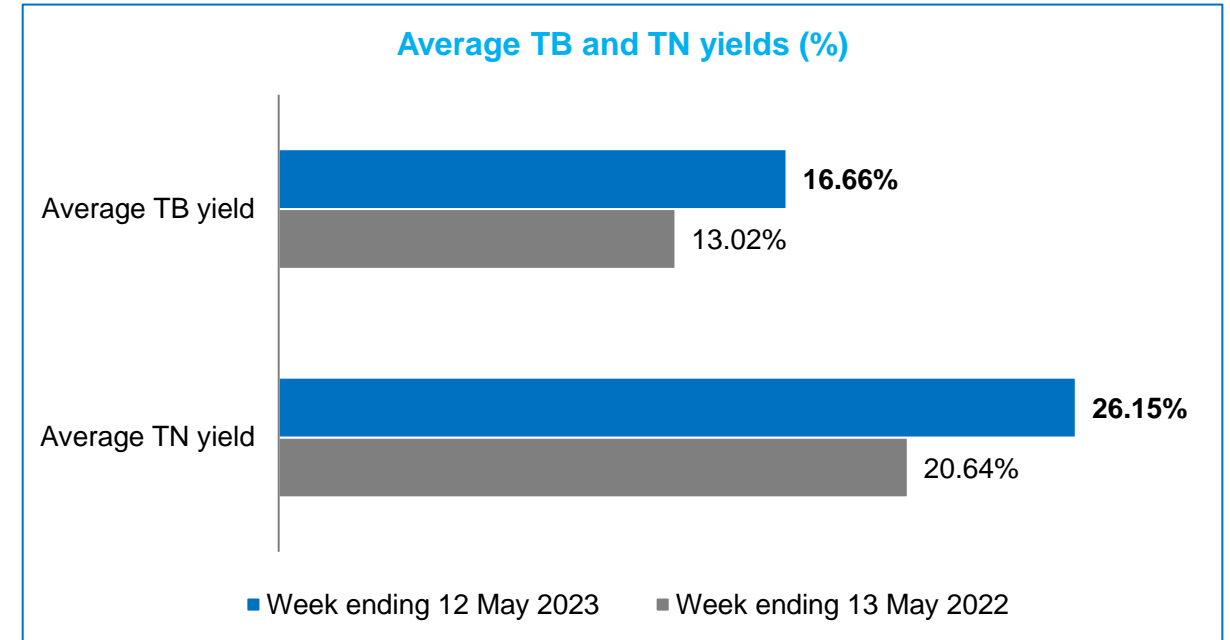
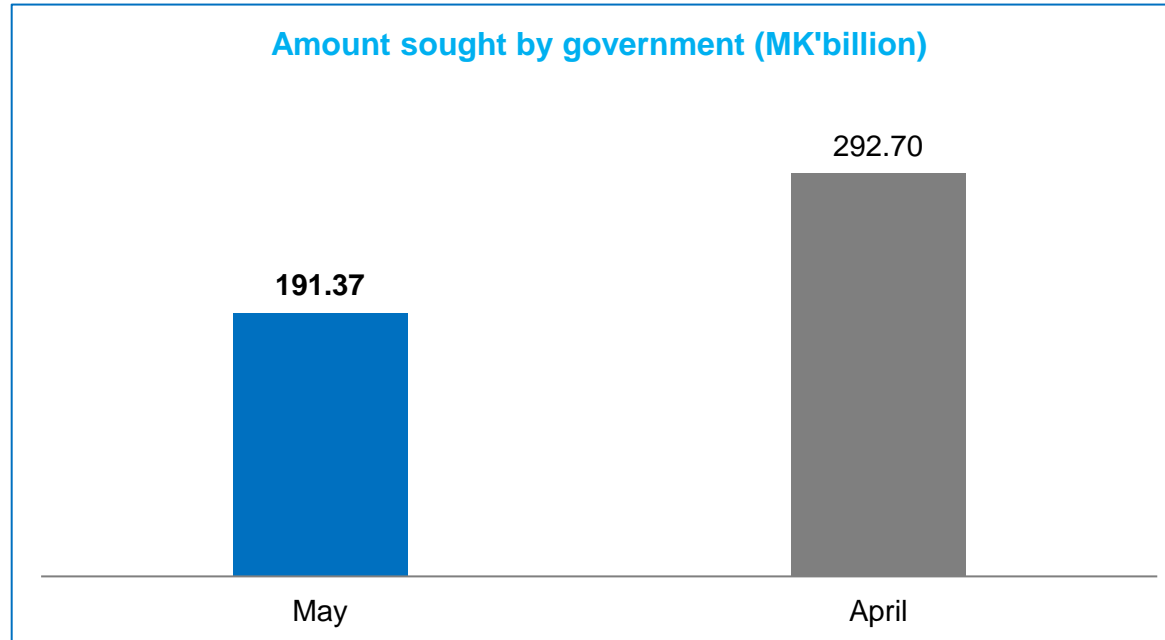


## Government securities (Source: RBM)

The Reserve Bank of Malawi, on 9 May 2023, stated that issuance of Treasury Bills (TB) has temporarily been suspended. The Bank will continue to issue Treasury Notes (TN) in tandem with the published April to June 2023 Issuance Calendar.

The next scheduled auction will be held for the 3-year TN on 16 May 2023.

The average TB and TN yield maintained at 16.66% and 26.15% respectively during the week under review.



TB: Treasury Bill  
TN: Treasury Note  
Yr: Year



## Appendix 1: Historical Economic Indicators

	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	Apr-23	12-May-23	
<b>Exchange rates (middle rates)</b>																	
MK/USD	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	1,034.86	<b>1,026.43*</b>	
MK/GBP	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	1,325.22	<b>1,323.44*</b>	
MK/EUR	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	1,171.01	<b>1,155.55*</b>	
MK/ZAR	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	57.89	<b>56.40*</b>	
<b>Foreign Exchange Reserves</b>																	
Gross Official Reserves (USD'mn)	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	N/A	<b>N/A</b>	
Private Sector Reserves (USD'mn)	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	N/A	<b>N/A</b>	
Total reserves (USD'mn)	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	N/A	<b>N/A</b>	
Gross Official Reserves Import cover (months)	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	N/A	<b>N/A</b>	
<b>Inflation</b>																	
Headline	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%	N/A	<b>N/A</b>	
Food	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%	N/A	<b>N/A</b>	
Non-food	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%	N/A	<b>N/A</b>	
<b>Interest Rates</b>																	
Monetary Policy rate	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%	18.00%	18.00%	<b>22.00%</b>
Average Interbank rate	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%	15.00%	<b>18.68%</b>
Average base lending rate	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%	18.20%	<b>22.20%</b>
<b>Government Securities Yields</b>																	
91-days Treasury Bill	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%	12.98%	<b>12.98%</b>
182-days Treasury Bill	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%	17.50%	<b>17.50%</b>
364-days Treasury Bill	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%	19.50%	<b>19.50%</b>
2-year Treasury Note	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%	22.75%	<b>22.75%</b>
3-year Treasury Note	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%	24.00%	<b>24.00%</b>
5-year Treasury Note	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%	26.25%	26.25%	<b>28.00%</b>
7-year Treasury Note	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%	27.50%	<b>27.50%</b>
10-year Treasury Note	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%	28.50%	<b>28.50%</b>
<b>Stock Market Indices</b>																	
MASI	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	86,462.61	<b>97,562.43</b>	
DSI	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	70,512.35	<b>80,374.87</b>	
FSI	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	8,202.52	<b>8,220.63</b>	

\*: Reserve Bank of Malawi opening exchange rates as of 12 May 2023

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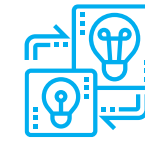
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