



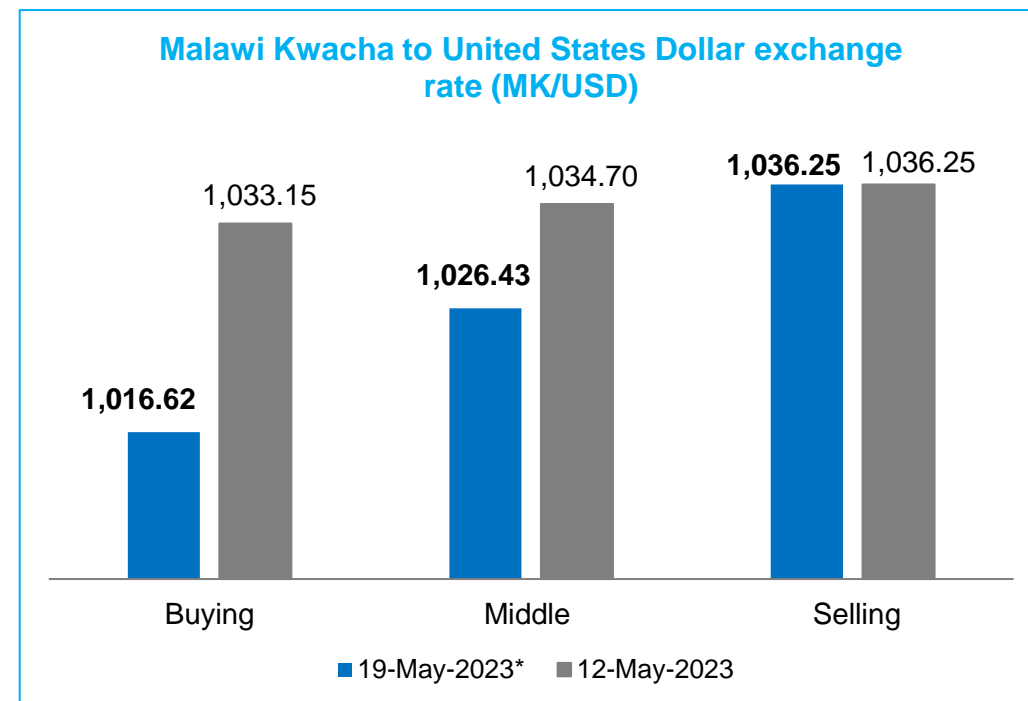
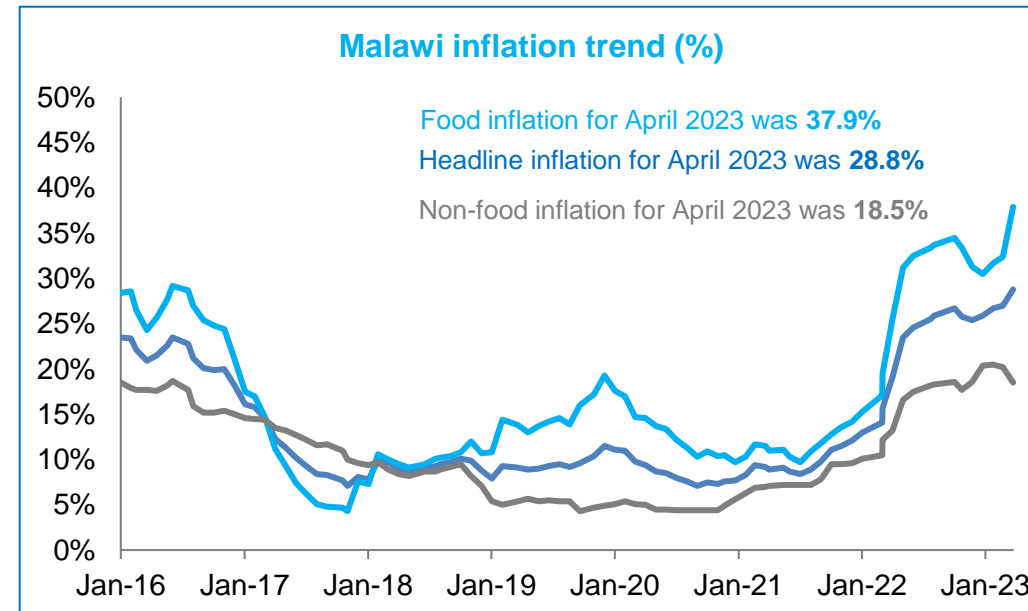
Malawi Financial Market Update

Week ending 19 May 2023



Inflation and foreign currency market development

Inflation (Source: NSO)



*: Reserve Bank of Malawi opening exchange rates as of 19 May 2023

Data from the National Statistical Office (NSO) reveals that year-on-year headline inflation for Malawi is at 28.8% for April 2023 from 27.0% in March 2023. Food inflation is at 37.9% in April 2023 from 32.4% in March 2023 and non-food inflation is at 18.5% in April 2023 from 20.2% in March 2023.

Figures from Auction Holdings Limited Tobacco Sales show that cumulative national value of tobacco sold stands at USD80.00 million (approximately MK80 billion) as up to 18 May in the 2023 selling season.

What Happened This Week

1. Most sub-Saharan African currencies have weakened against the US dollar, fanning inflationary pressures as import prices surge. The average depreciation for the region since January 2022 is about 8%. A percentage point increase in the rate of depreciation against the US dollar leads, on average, to an increase in inflation of 0.22 percentage points within the first year in the region. Weaker currencies also push up public debt. About 40% of public debt is external in sub-Saharan Africa and over 60% of that debt is in US dollars for most countries (*International Monetary Fund Blog, 15 May 2023*).
2. A report from the World Bank has revealed that Malawi has improved on the Human Capital Index, registering a score of 0.41 in 2020 from 0.36 in 2010. A Human Capital Index score of 0.41 means that the country is using only 41% of its full potential in terms of education, health, and employment. The improvement has been attributed to reductions in child mortality and stunting prevalence as well as improvements in access to basic services. Despite this, high levels of fertility leading to rapid population growth runs the risk of undermining Malawi's growth prospects by increasing social services demand and outpacing job creation (*The Daily times, 17 May 2023*).
3. Airtel Malawi Plc has become the first listed company on the Malawi Stock Exchange (MSE) to have a market capitalization of MK1 trillion after closing at MK95.00 per share on 17 May 2023 with 11 billion shares in issue. The company was listed on the MSE on 24 February 2020 at MK12.69 per share and a market capitalization of MK140 billion (*MSE, 17 May 2023*).
4. Figures from Auction Holdings Limited (AHL) Tobacco Sales show that 2.31 million kilograms (Kgs) of tobacco were sold at an average price of USD2.33/kg on 18 May 2023. This brought cumulative national figures up to 36.62 million Kgs sold at an average price of USD2.18/Kg so far in the 2023 selling season leading up to 18 May 2023. Cumulative national value of tobacco sold stood at USD80.00 million (approximately MK80 billion) up 198.83% from USD26.77 million (approximately MK27 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 19 May 2023*).
5. The latest statistics from the National Statistical Office (NSO) reveal that year-on-year inflation rate for April 2023 stands at 28.8%, an increase of 1.8 percentage points from the 27.0% recorded in March 2023. Food inflation rate rose to 37.9% in April from 32.4% in March 2023 while non-Food Inflation rate declined to 18.5% for the month of April 2023 from 20.2% from the month of March 2023 (*NSO, 19 May 2023*).

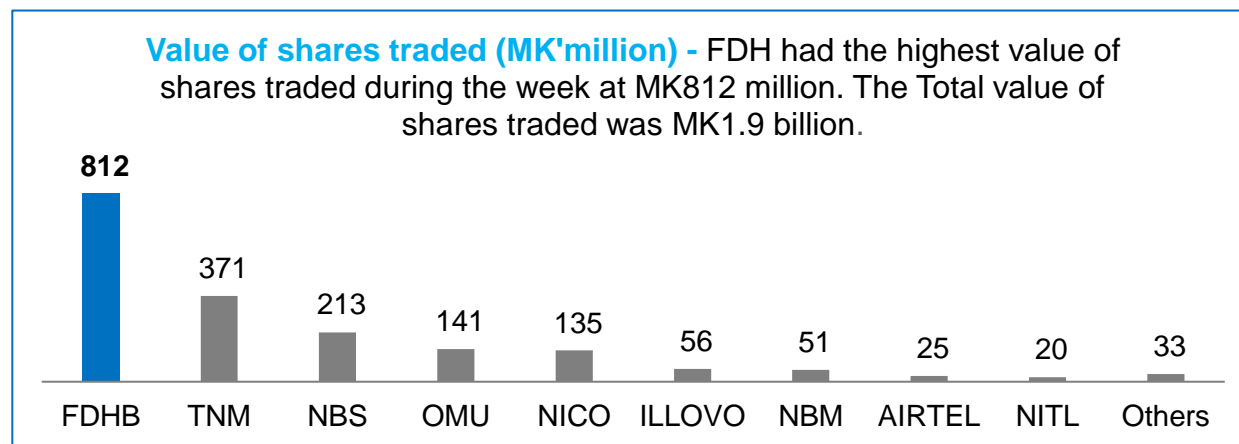
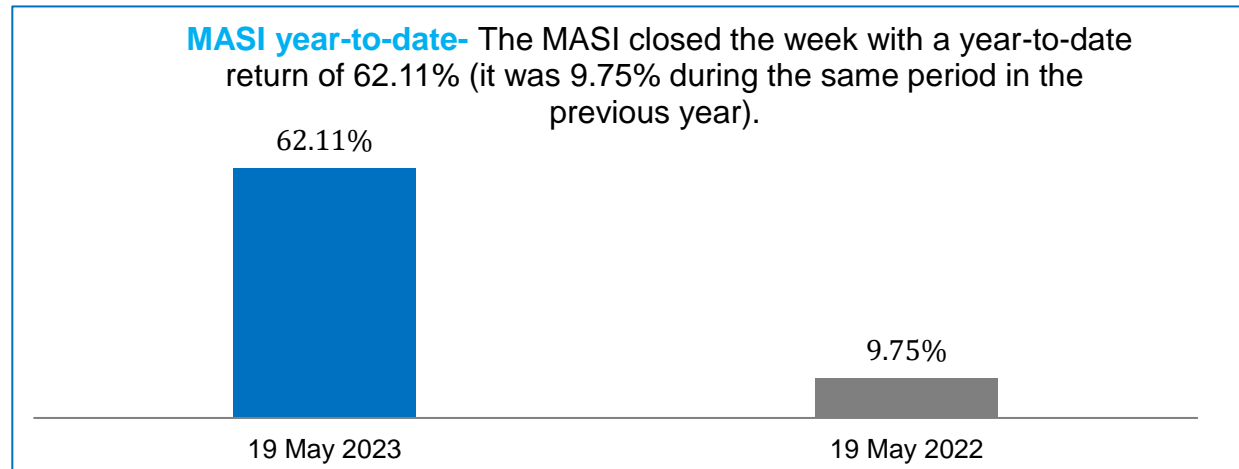
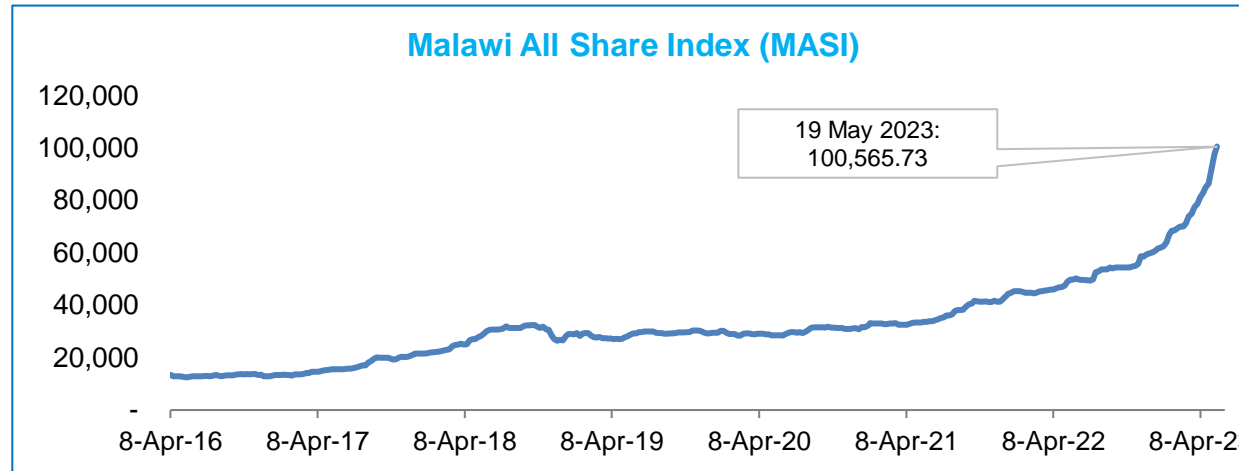


Financial Market Update: Week ending 19 May 2023

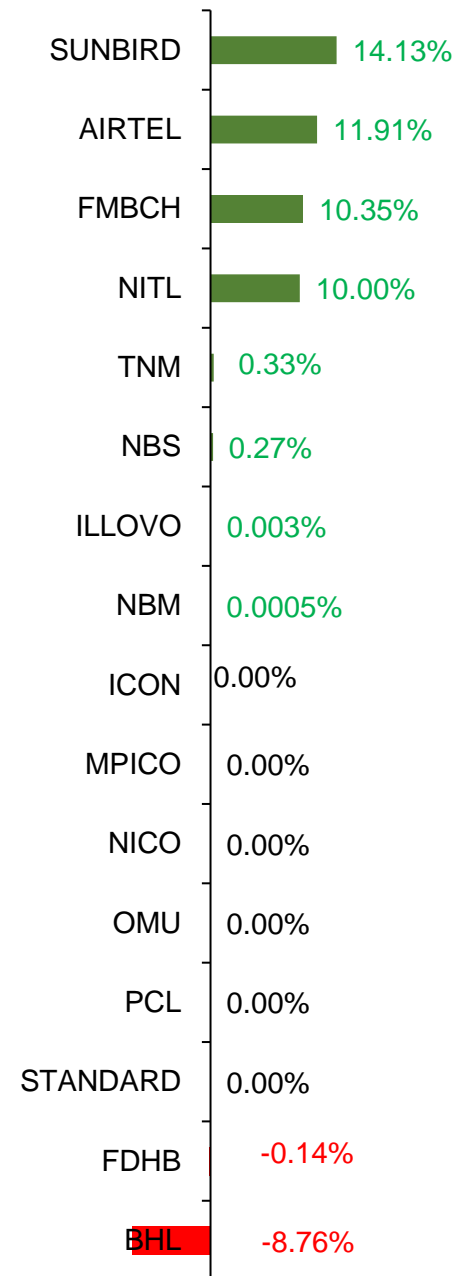
Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 19 May 2023 at 100,565.73 points from 97,562.43 points for the week ending 12 May 2023. Week on week, this represents a 3.1% increase.

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



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



Symbol	Closing prices as of 19 May 2023 (MK/share)	Closing prices as of 12 May 2023 (MK/share)
AIRTEL	95.73	85.54
BHL	10.00	10.96
FDHB	64.95	65.04
FMBCH	180.00	163.11
ICON	11.26	11.26
ILLOVO	1121.30	1,121.27
MPICO	20.58	20.58
NBM	2000.27	2,000.26
NBS	94.26	94.01
NICO	164.99	164.99
NITL	330.00	300.00
OMU	1127.51	1,127.51
PCL	2181.28	2,181.28
STANDARD	2250.11	2,250.11
SUNBIRD	157.50	138.00
TNM	27.19	27.10

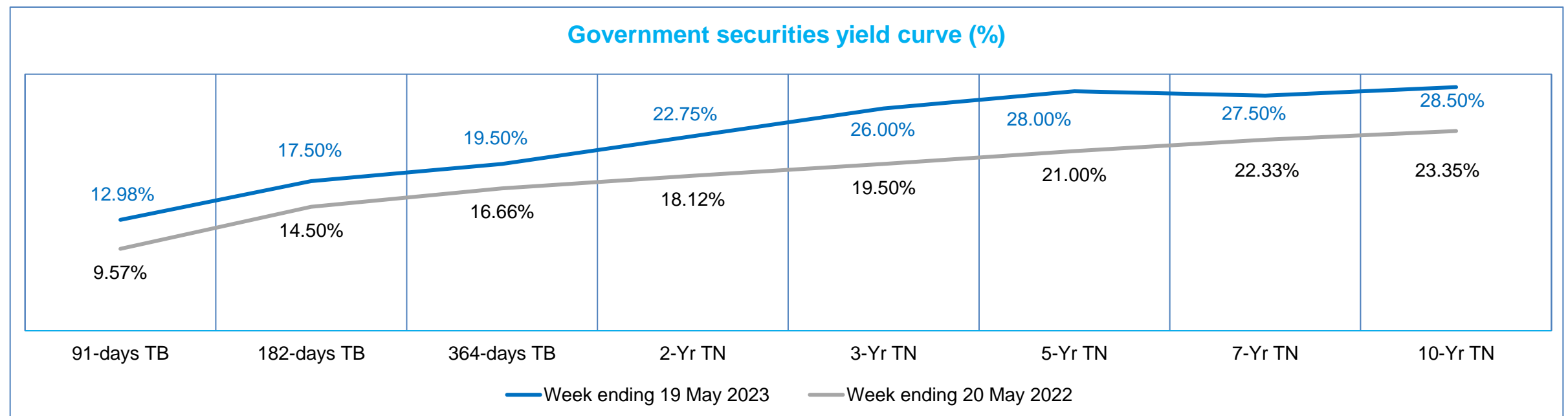
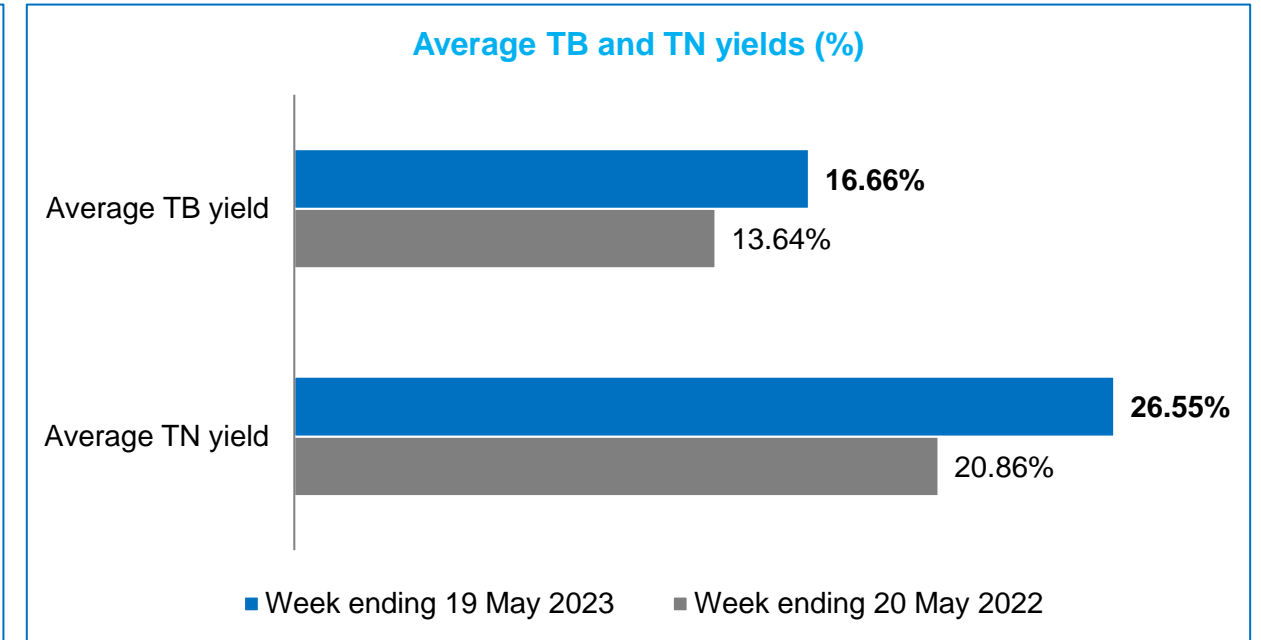
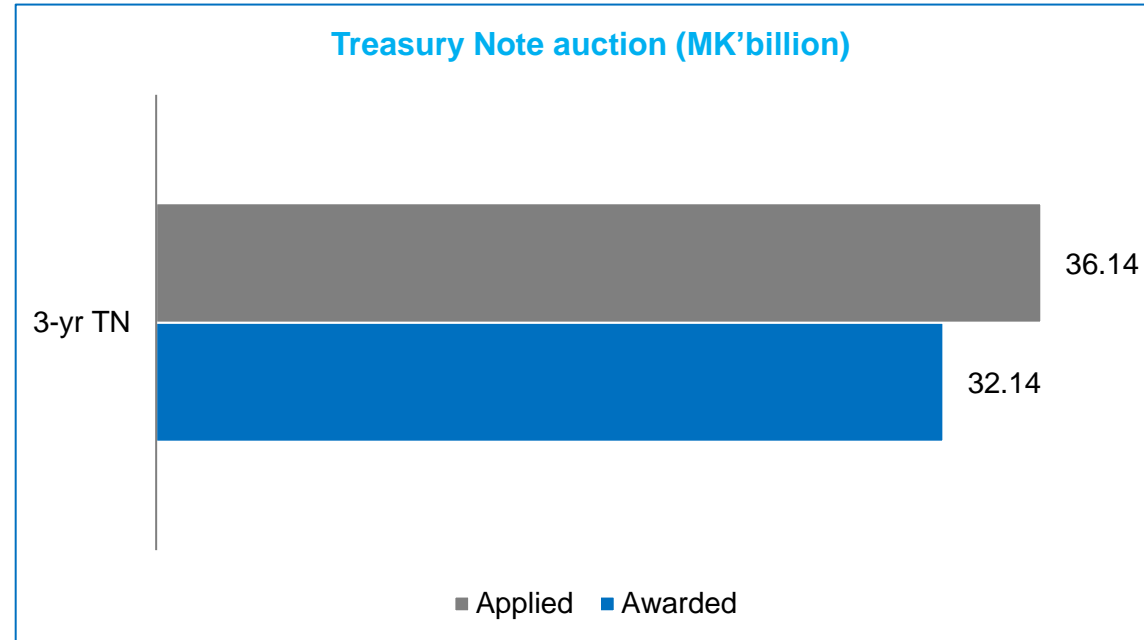


Government securities (Source: RBM)

A total of MK32.14 billion was awarded during this week's 3-year Treasury Note (TN) auction. The 3-year TN auction had a rejection rate of 11.07%

The average TN yield increased its position to 26.55% from 26.15% during the week under review.

The next scheduled auction will be held for the 10-year TN on 30 May 2023.



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	19-May-23
Exchange rates (middle rates)																
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	1,026.43*
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	1,311.28*
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	1,138.53*
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	54.78*
Foreign Exchange Reserves																
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	N/A
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	N/A
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	N/A
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	N/A
Inflation																
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%	28.8%	N/A
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%	37.9%	N/A
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%	18.5%	N/A
Interest Rates																
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%	22.00%
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%	19.26%
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%	22.20%
Government Securities Yields																
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%	12.98%	12.98%
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%
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%
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%
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%	26.00%
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%	28.00%
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%
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%
Stock Market Indices																
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	100,565.73
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	82,391.98
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	9,057.45

*: Reserve Bank of Malawi opening exchange rates as of 19 May 2023

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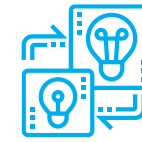
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