



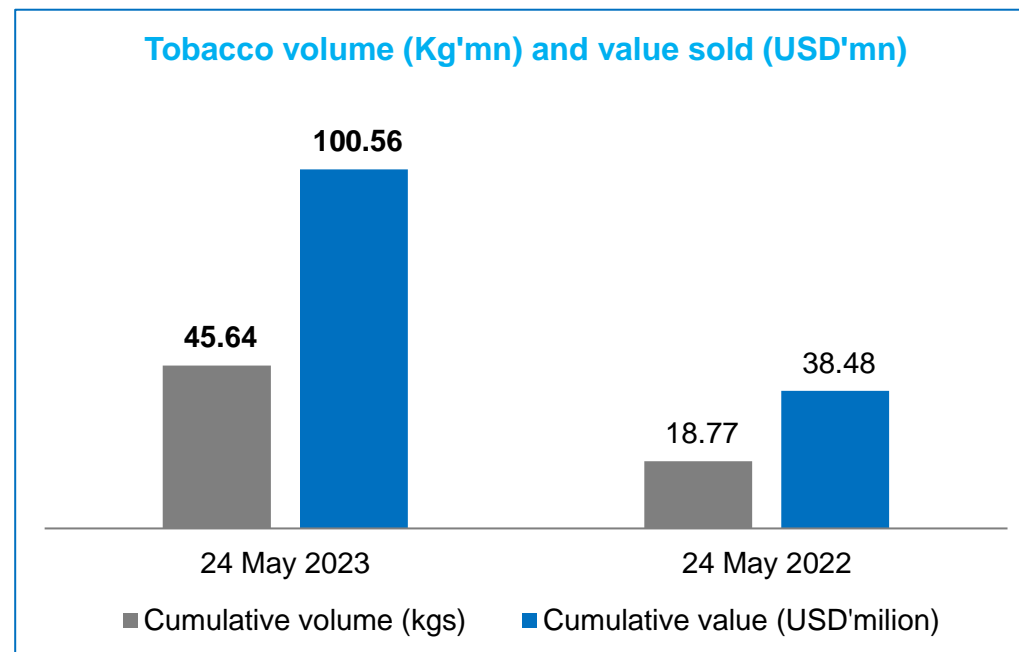
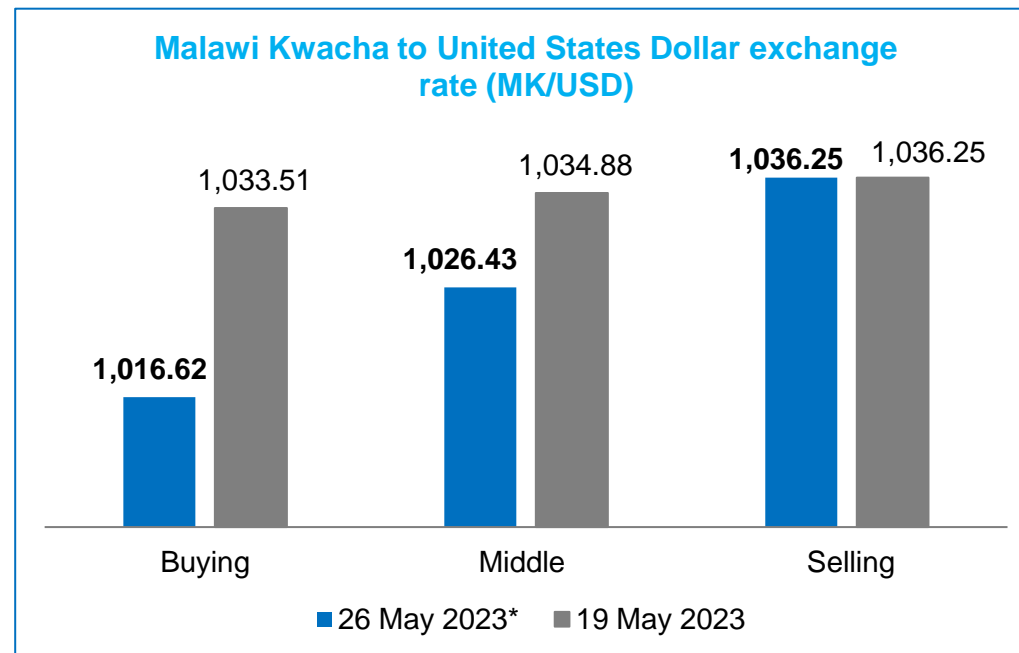
Malawi Financial Market Update

Week ending 26 May 2023



Foreign currency and other market developments

Foreign currency (Source: RBM)



*: Reserve Bank of Malawi opening exchange rates as of 26 May 2023

What Happened This Week

1. An International Monetary Fund (IMF) team held discussions with select Malawian authorities between 16 and 22 May 2023, regarding the first review of Malawi's Staff Monitored Program with Executive Board Involvement (PMB). Performance under the PMB, based on end-December 2022 targets, was mixed, partly reflecting implementation challenges linked to difficulties in reversing course on government spending in the context of a macroeconomic adjustment program which was adopted late in the fiscal year. This in turn, affected money growth and foreign exchange reserve accumulation. Virtual discussions will continue to pin down modifications of the program targets to reflect negative shocks from Cyclone Freddy (*The IMF, 22 May 2023*).
2. The Ministry of Trade and Industry notified the business community that in line with the Customs and Excise (Amendment) Regulations, 2023, export of the following produce: soya beans, maize grains, groundnuts, pigeon peas, sunflower, sesame seeds, beans, sorghum, millet, cow peas and rice shall only be allowed to be exported from Customs controlled export warehouses. As a consequence, the Ministry is revoking all existing export licences for the above commodities. Exporters are, therefore, requested to reapply for fresh export licences (*The Ministry of Trade and Industry, 22 May 2023*).
3. As at 31 March 2023, gross official reserves decreased to USD216.7 million (0.9 months of import cover) from USD268.1 million (1.1 months of import cover) in February 2023. Similarly, private sector reserves dropped to USD375.4 million (1.5 months of import cover) at end March 2023 from USD378.5 million (1.5 months of import cover) registered in February 2023. In total, foreign exchange reserves held in the country in March 2023 were USD592.1 million, a marginal decrease of 0.08% from USD646.6 million in February 2023. The total foreign exchange reserves import cover decreased to 2.4 months in March 2023 from 2.6 months in February 2023 (*The Reserve Bank of Malawi, Monthly Economic Review for March 2023*).
4. Figures from Auction Holdings Limited (AHL) Tobacco Sales show that 2.14 million kilograms (Kgs) of tobacco were sold at an average price of USD2.29/kg on 24 May 2023. This brought cumulative national figures up to 45.64 million Kgs sold at an average price of USD2.20/kg so far in the 2023 selling season leading up to 24 May 2023. Cumulative national value of tobacco sold stood at USD100.56 million (approximately MK100 billion) up 261.3% from USD38.48 million (approximately MK38 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 25 May 2023*).

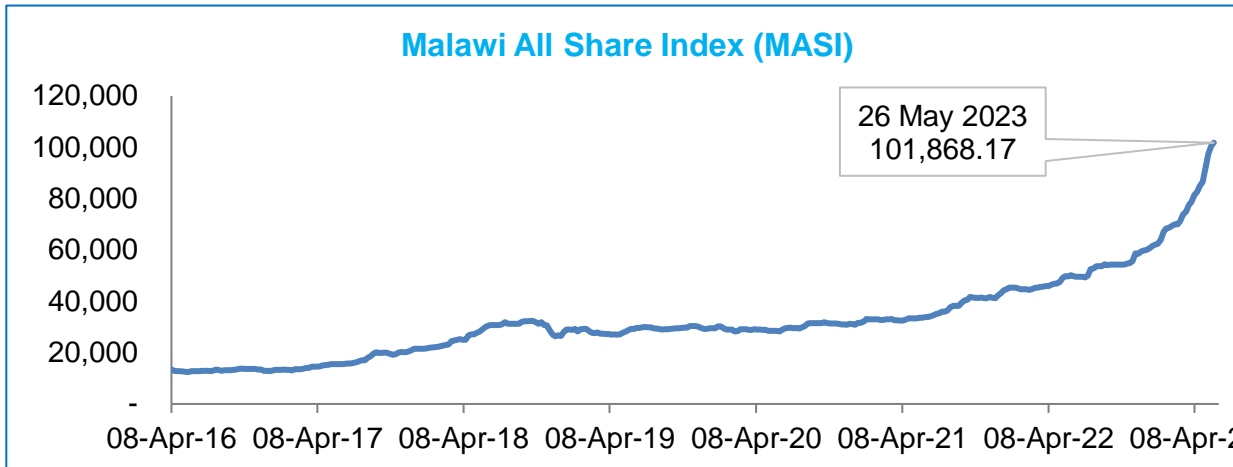
Figures from Auction Holdings Limited Tobacco Sales show that cumulative national value of tobacco sold stands at USD100.56 million (approximately MK100 billion) as up to 24 May in the 2023 selling season.



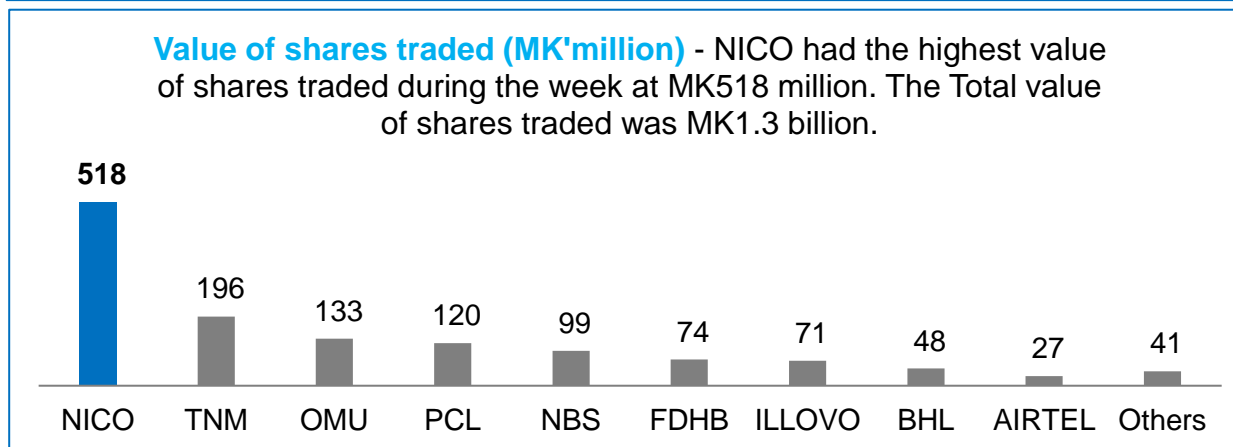
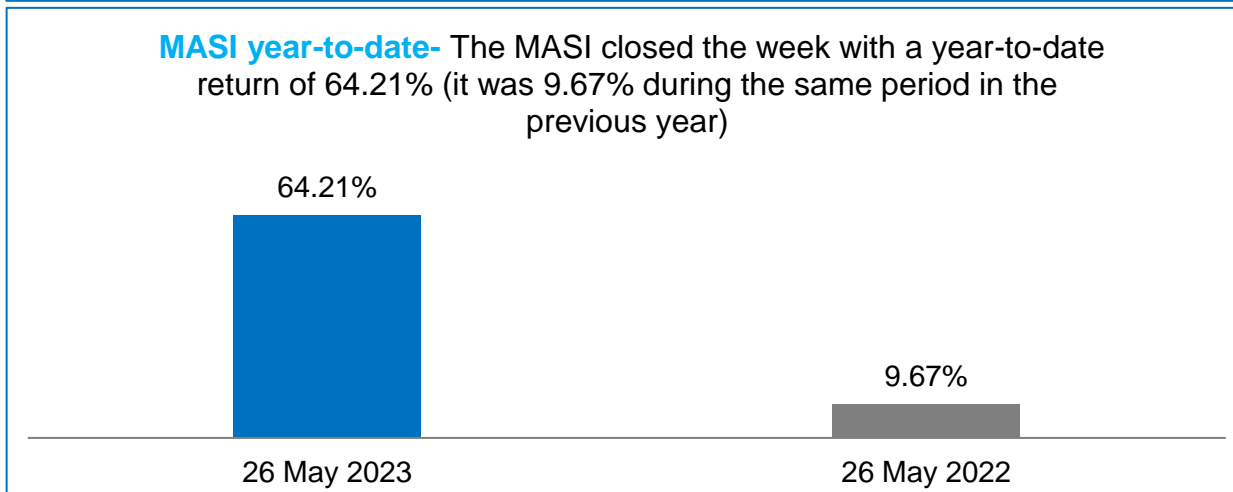
Financial Market Update: Week ending 26 May 2023

Stock market (Source: MSE)

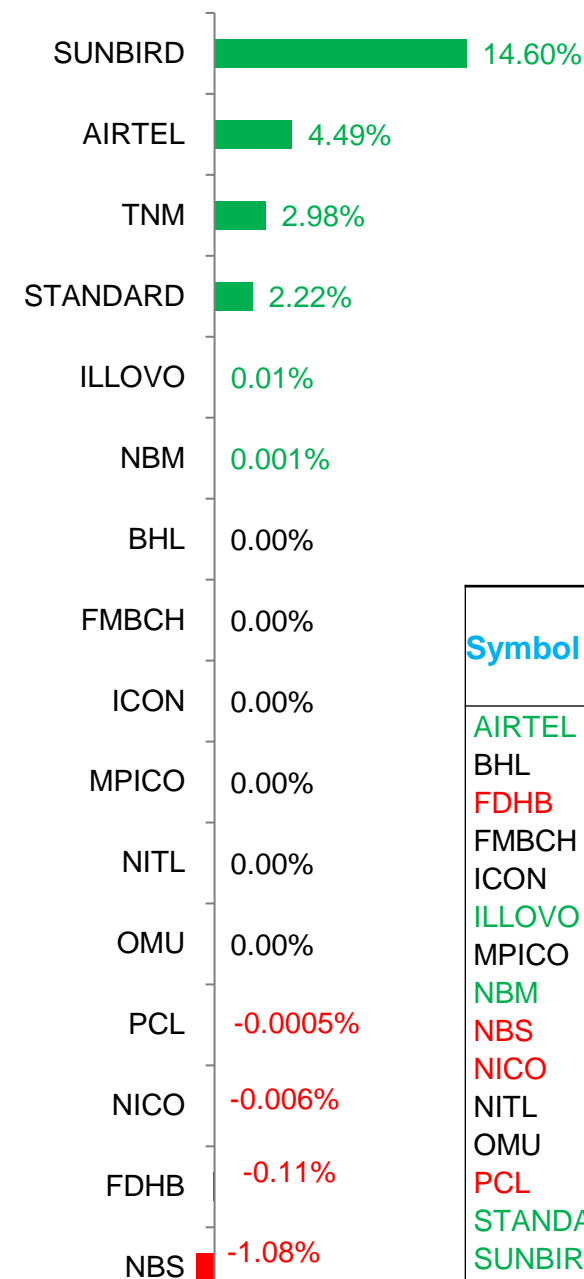
The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 26 May 2023 at 101,868.17 points from 100,565.73 points for the week ending 19 May 2023. Week on week, this represents a 1.29% increase.



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



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



Symbol	Closing prices as of 26 May 2023 (MK/share)	Closing prices as of 19 May 2023 (MK/share)
AIRTEL	100.03	95.73
BHL	10.00	10.00
FDHB	64.88	64.95
FMBCH	180.00	180.00
ICON	11.26	11.26
ILLOVO	1,121.42	1,121.30
MPICO	20.58	20.58
NBM	2,000.29	2,000.27
NBS	93.24	94.26
NICO	164.98	164.99
NITL	330.00	330.00
OMU	1,127.51	1,127.51
PCL	2,181.27	2,181.28
STANDARD	2,300.01	2,250.11
SUNBIRD	180.50	157.50
TNM	28.00	27.19



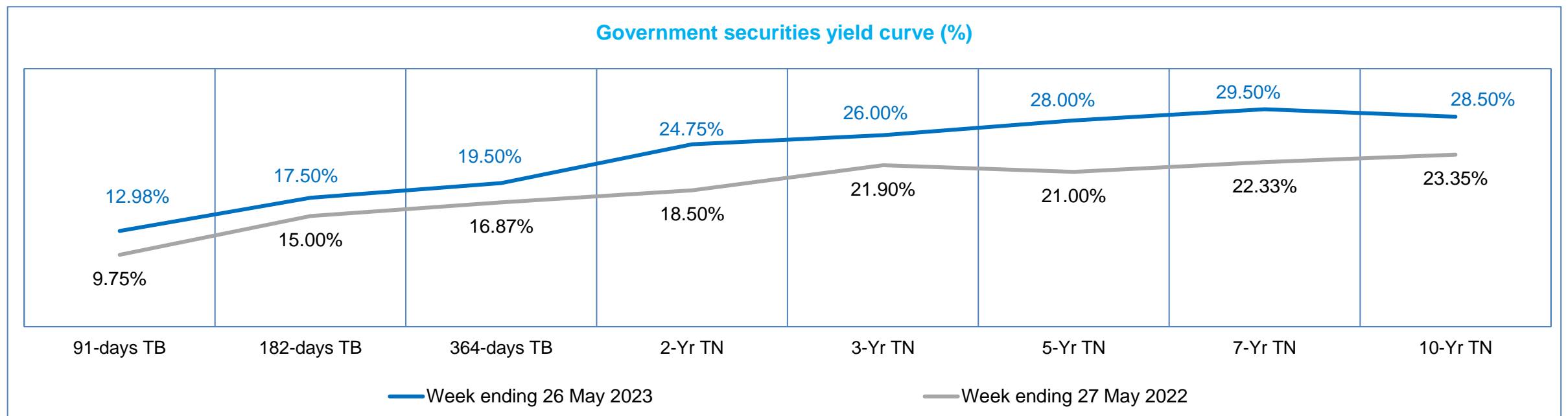
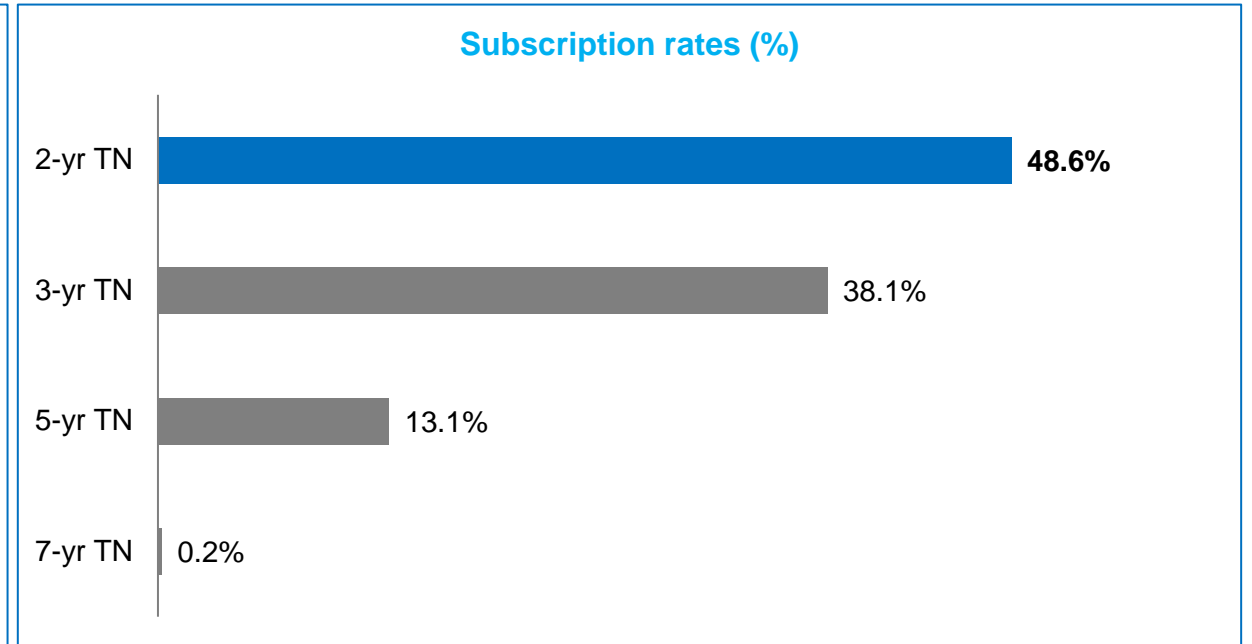
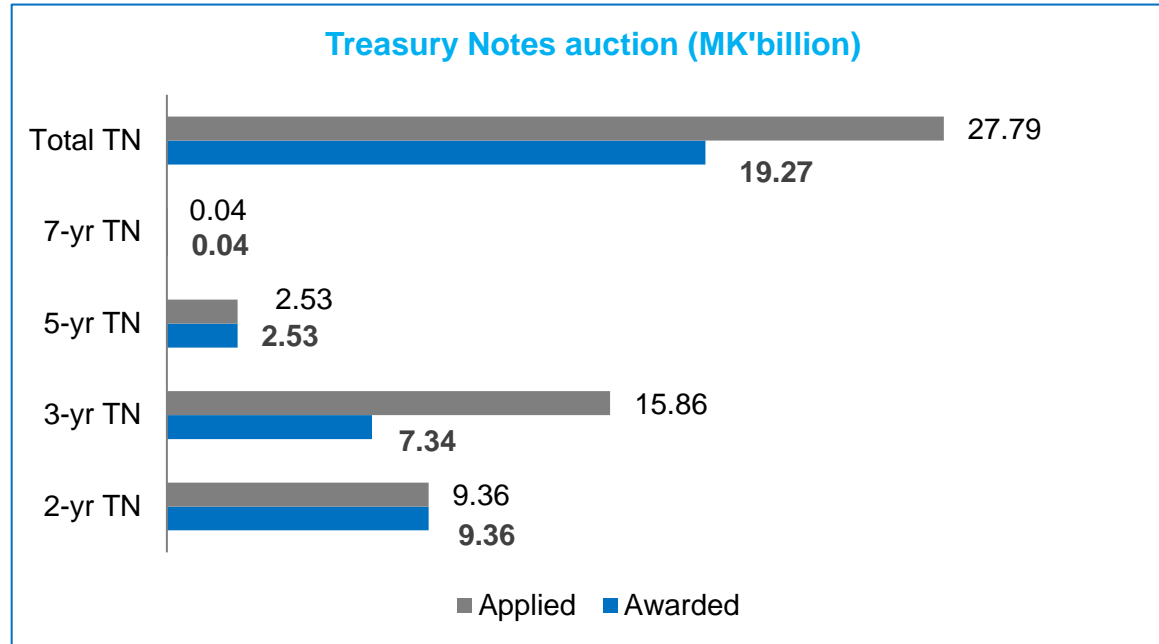
Government securities (Source: RBM)

The government held a re-opening for the 3-year and 5-year Treasury Notes (TNs) on 23 May 2023, in which a total of MK8.05 billion was raised.

The government held a second re-opening on 25 May 2023, in which the 2,3,5 and 7-year TNs were auctioned and a total of MK11.22 was raised.

The total amount raised this week stood at MK19.27 billion.

The average TN yield increased its position to 27.35% from 26.55% 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	26-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	1,304.30*
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	1,135.15*
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	53.50*
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	216.70	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	375.40	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	592.1	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	0.87	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	101,868.17
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	83,550.90
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 26 May 2023

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

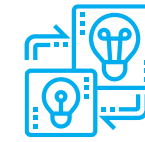
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**