



Malawi Financial Market Update

Week ending 5 May 2023

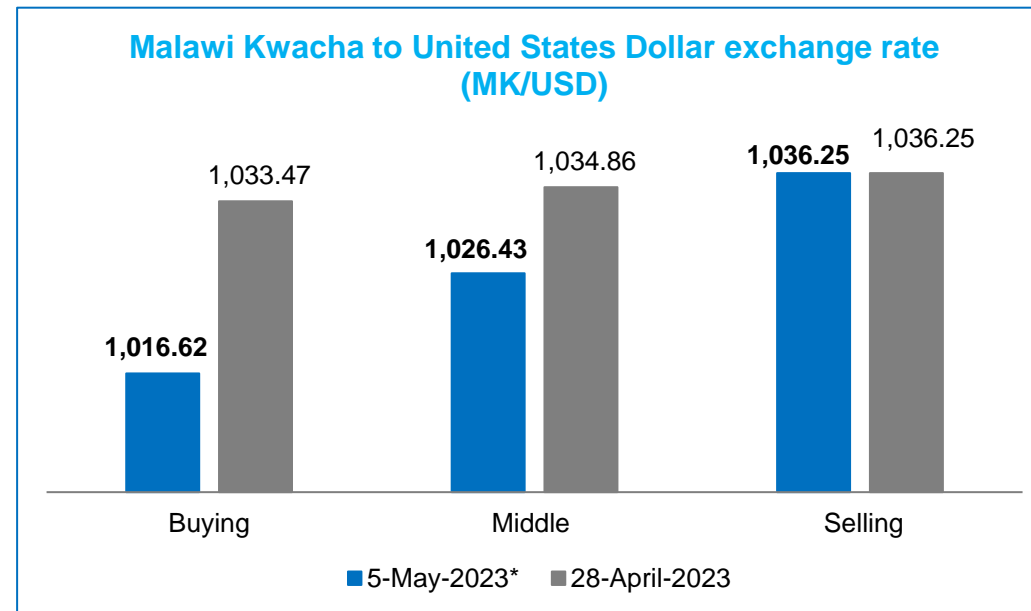


Foreign currency market and other market developments

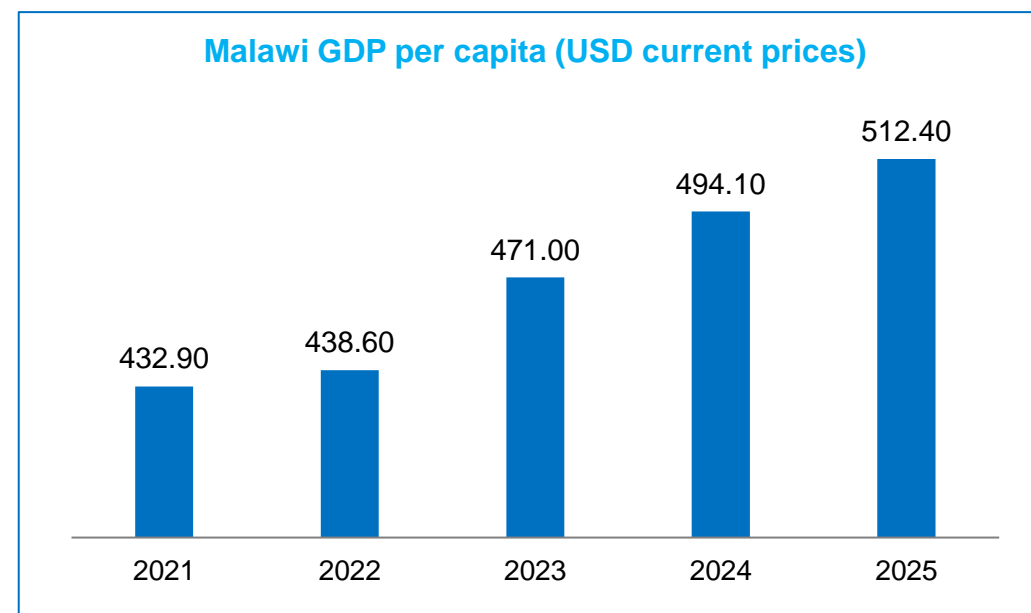
Commercial Banks have raised the bank reference rate to 20.0% from 17.3% in reaction to the Reserve Bank of Malawi's hike of the Policy rate to 22.0% from 18.0%.

Tobacco sales have earned USD28 million (approximately MK29 billion) from 13.8 million kilograms (kg) of all types of tobacco sold within the first three weeks of this year's selling season.

Foreign currency (Source: RBM)



Source: Oxford Economics Malawi Economic Forecast 2023



*: Reserve Bank of Malawi opening exchange rates as of 5 May 2023

What Happened This Week

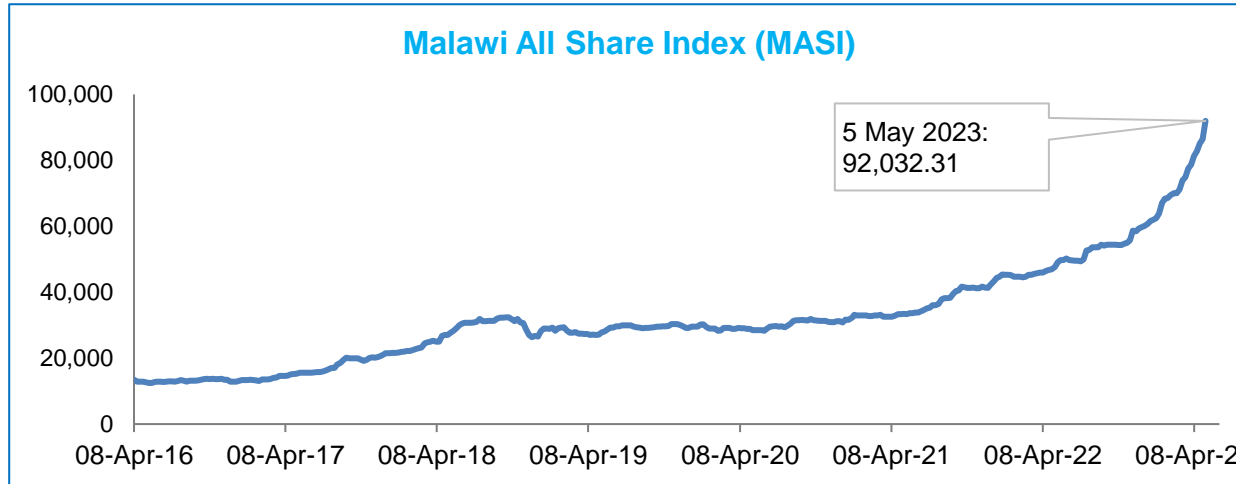
1. A report prepared by the Global Information and Early warning system under the Food and Agriculture Organisation (FAO) shows that Malawi is among 53 countries expected to experience El-Nino-induced dry weather this crop growing season. Malawi will be among the most affected in sub-Saharan Africa as conditions will impact cereal production. The report suggests that a production shock would worsen the existing economic instability should it materialize. However, FAO has developed anticipatory actions in the form of irrigation infrastructure development, farmer capacity development and advance distribution of drought-tolerant crop varieties (*The Nation, 1 May 2023*).
2. The government has authorized Water Boards in the country to raise water tariffs. The utility institutions sought the hike because operational and production costs had significantly risen. The initial proposal, made in December 2022, was suspended on the account that raising tariffs would worsen the cholera outbreak situation prevalent at the time. The implementation of the new figures, which will be known after tariffs are gazette, which is expected to be done in the first quarter of the government financial year. Executive Secretary of the Water Users Association of Malawi noted that the current tariffs are below full cost recovery. The adjustment will allow the boards to meet maintenance and operational cost as well as service debt and renew assets (*The Daily Times, 4 May 2023*).
3. According to the Tobacco Commission, Tobacco sales have earned USD28 million (approximately MK29 billion) from 13.8 million kilograms (kg) of all types of tobacco sold within the first three weeks of this year's selling season. This represents an increase from the USD960,000 (approximately MK960 million) revenue earned from selling about 600,000kg during the same period last year. Currently, tobacco is fetching an average price of USD2.00 per kg which is 34% higher than the USD1.49 per kg during the same time last year. Tobacco remains the country's top export crop and forex earner and 126 million kg is expected to be produced this year (*The Daily Times, 5 May 2023*).
4. Commercial Banks have raised their bank reference rates to 20.0% from 17.3% in reaction to the Reserve Bank of Malawi's hike of the Policy rate to 22.0% to 18.0%. With the current reference rate, which forms part of interest rates charged by banks on loans, borrowers will now be charged between 22.0% and 33.5.0% for loans. The President of the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) highlighted that higher financing costs will likely slow down business activity and borrowing while adding that the government should minimize borrowing to prevent rising government deficit that could undermine the fight against inflation (*The Nation, 5 May 2023*).



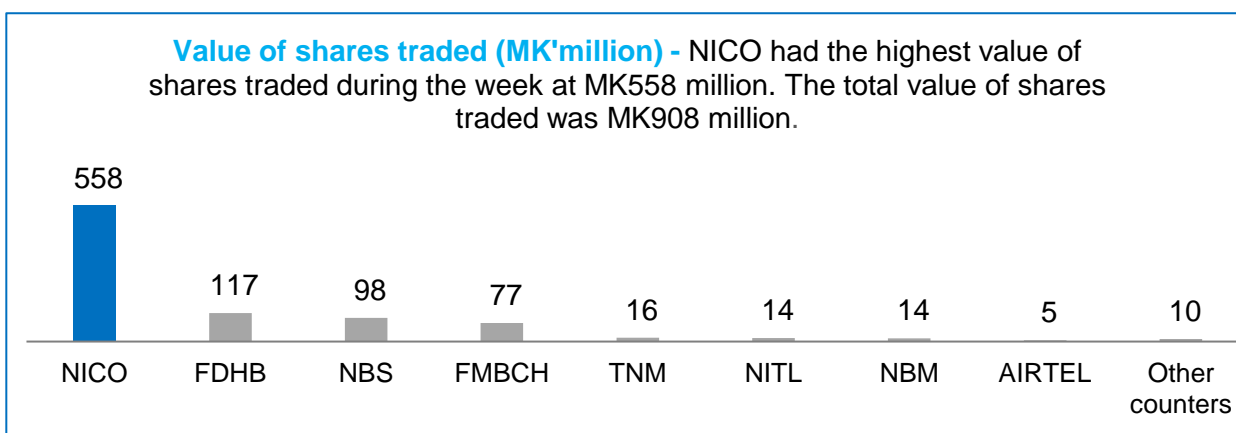
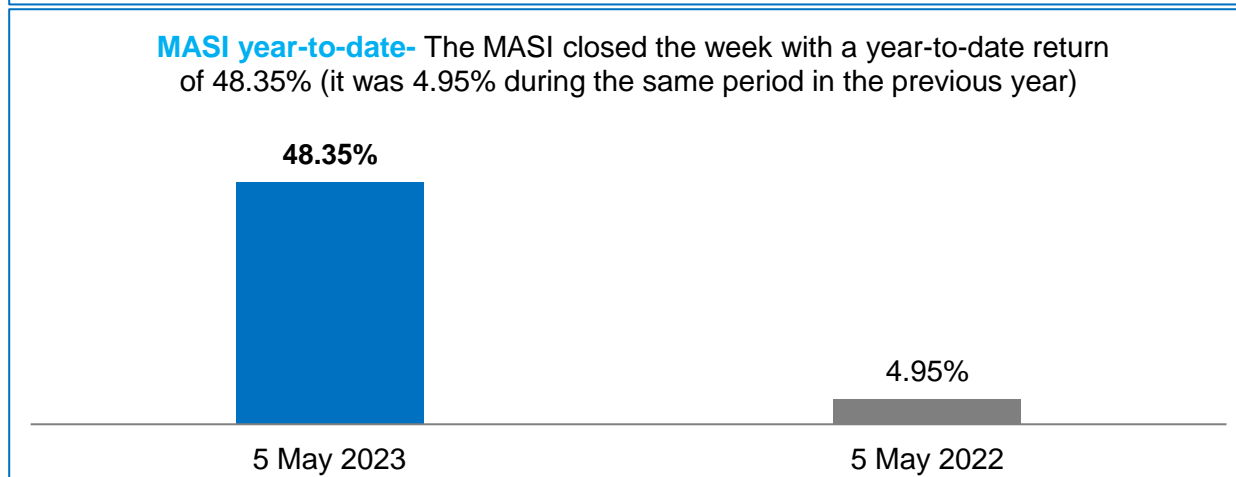
Financial Market Update: Week ending 5 May 2023

Stock market (Source: MSE)

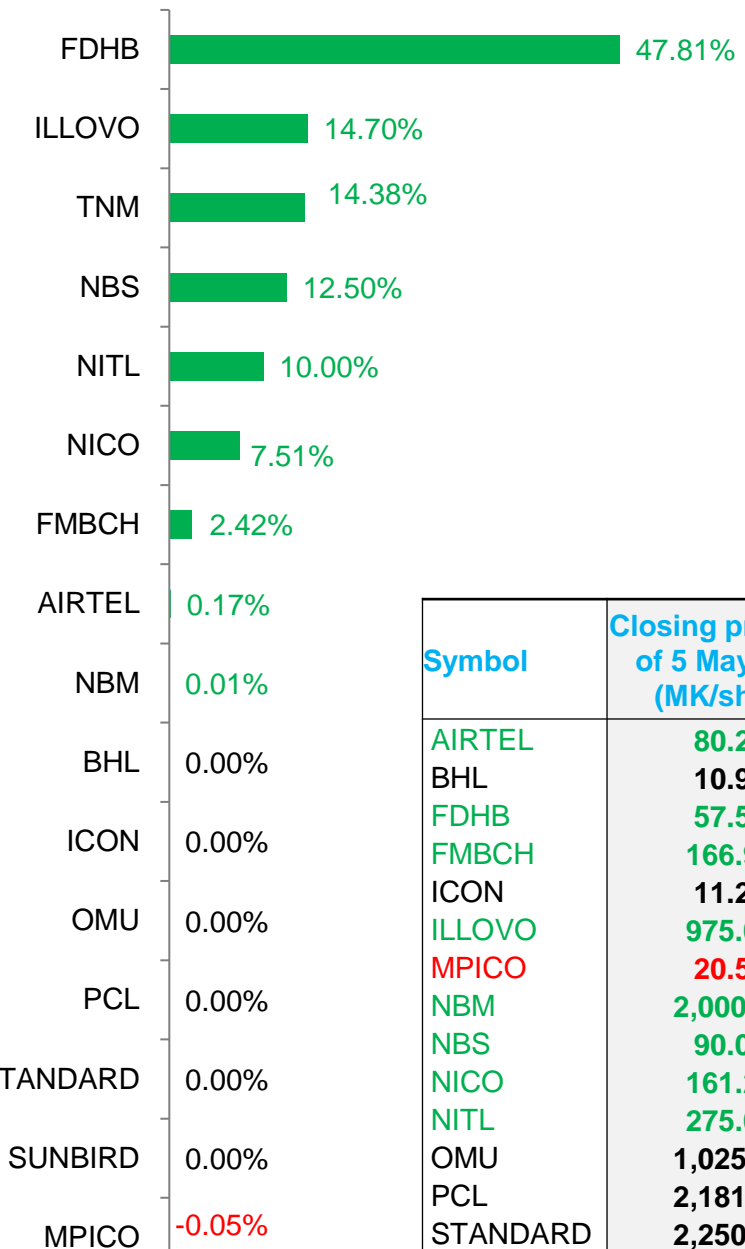
The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 5 May 2023 at 92,032.31 points from 86,462.61 points for the week ending 28 April 2023. Week on week, this represents a 6.44% increase.



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



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



Symbol	Closing prices as of 5 May 2023 (MK/share)	Closing prices as of 28 April 2023 (MK/share)
AIRTEL	80.22	80.08
BHL	10.96	10.96
FDHB	57.50	38.90
FMBCH	166.95	163.00
ICON	11.26	11.26
OMU	975.00	850.03
ILLOVO	20.56	20.57
MPICO	2,000.21	2,000.09
NBM	90.00	80.00
NBS	161.26	150.00
NICO	275.00	250.00
NITL	1,025.01	1,025.01
OMU	2,181.29	2,181.29
PCL	2,250.04	2,250.04
STANDARD	120.01	120.01
SUNBIRD	20.52	17.94
TNM		

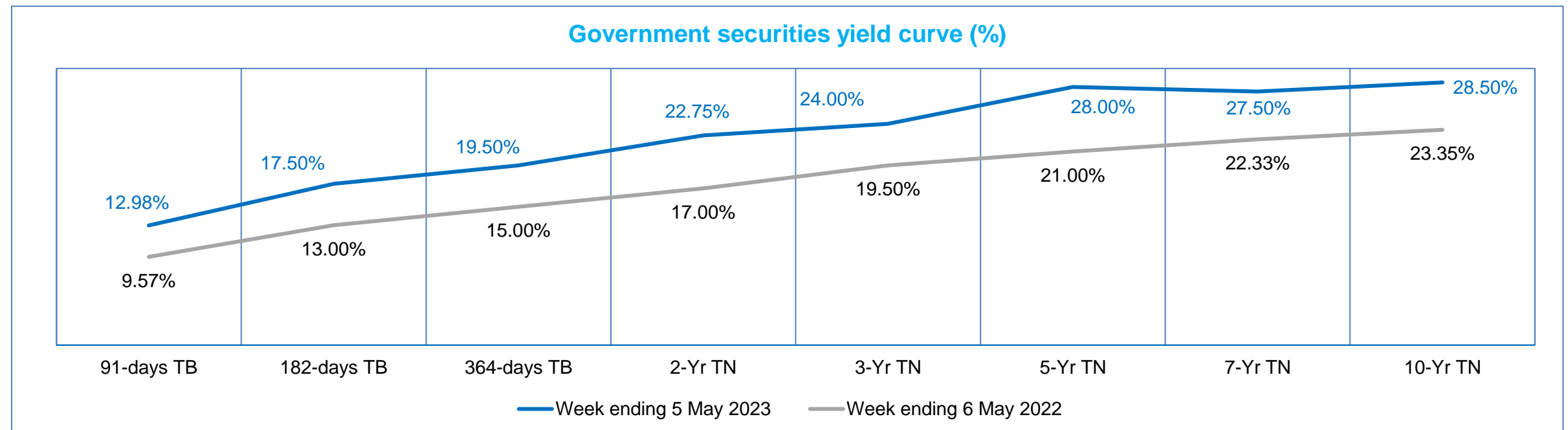
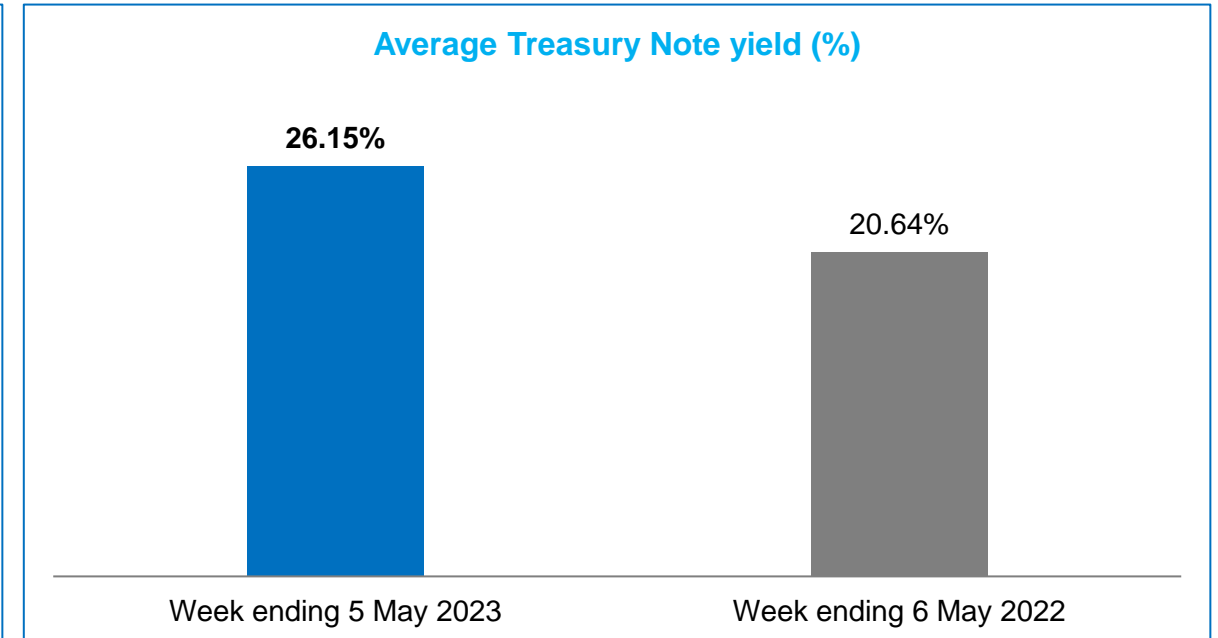
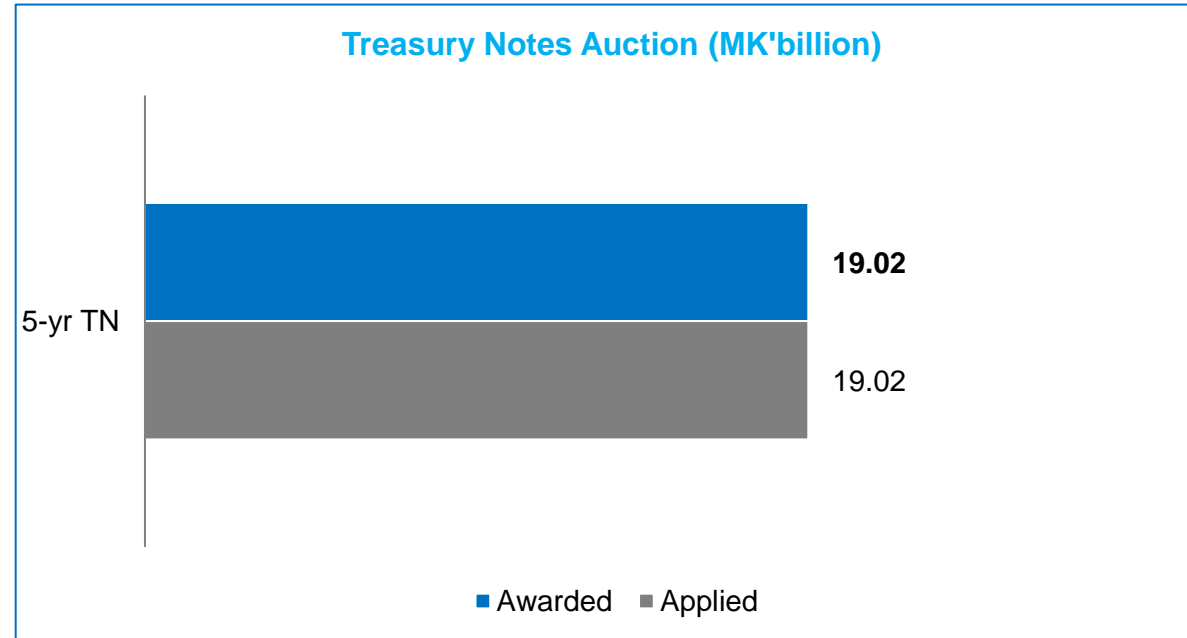


Government securities (Source: RBM)

MK19.02 billion was awarded during this week's Treasury Notes (TNs) auction involving the 5-year TN. The Treasury Bills (TBs) and all other TNs were not auctioned during the period under review.

The 5-year TN yield increased by 1.75 percentage points to 28.00% from 26.25% during the week under review.

The average TN yield increased to 26.15% from 25.80% 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	5-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	1,332.42*
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	1,166.55*
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	57.87*
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%	N/A	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%	N/A	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%	N/A	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%	18.68%
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%	24.00%
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	90,032.31
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	70,512.35
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	8,202.52

*: Reserve Bank of Malawi opening exchange rates as of 5 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

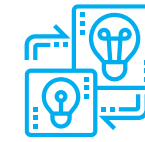
Website: www.bridgepathcapitalmw.com

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.**