



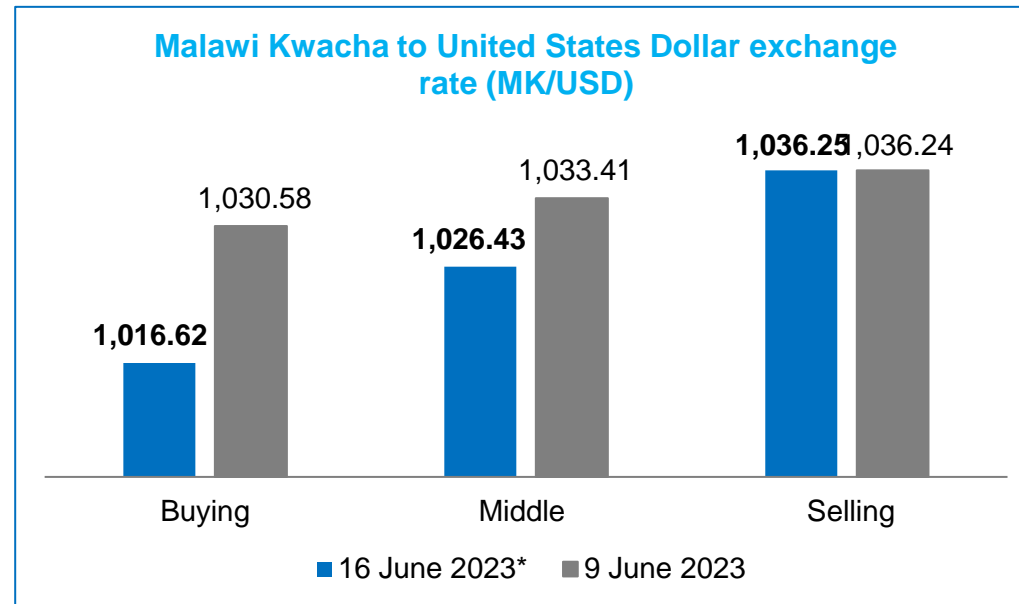
Malawi Financial Market Update

Week ending 16 June 2023

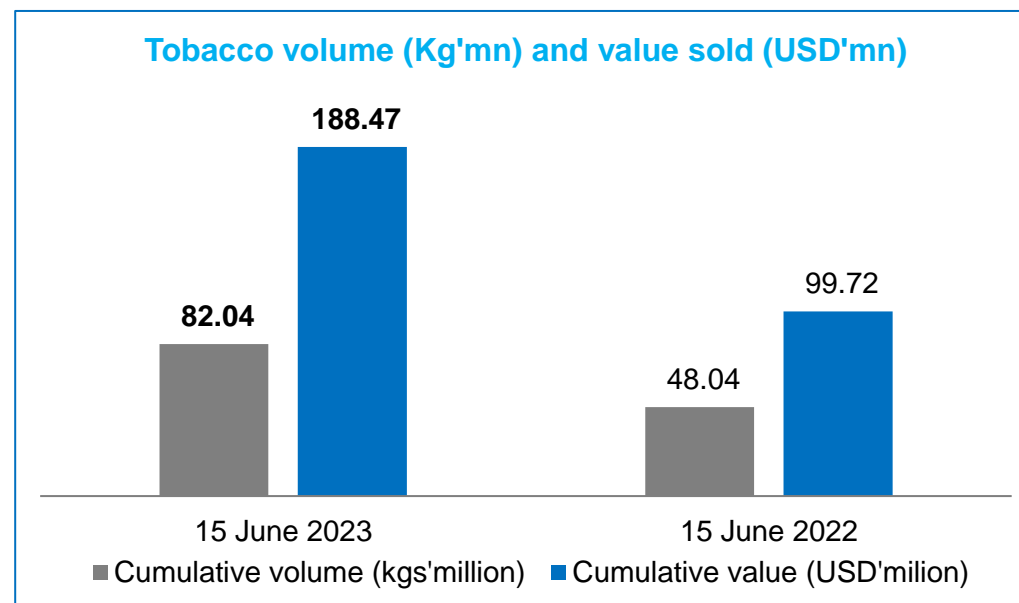


Foreign currency and other market developments

Foreign currency (Source: RBM)



Tobacco market (Source: AHL)



*: Reserve Bank of Malawi opening exchange rates as of 16 June 2023

What Happened This Week

1. The Reserve Bank of Malawi (RBM) has posted a comprehensive loss of MK187.53 billion for the year ended 31 December 2022. This entailed a 342% decline from the MK77.38 billion of profit realized in 2021. The RBM Governor attributed the loss to the revaluation of the Bank's forex liabilities following the 25% devaluation of the Kwacha in May 2022 (*The Daily Times*, 12 June 2023).
2. Electricity Supply Corporation of Malawi Limited (ESCOM) has proposed a 69.7% increase in tariffs to aid in financing operational and capital requirements for the period 2023 to 2027. If the Malawi Energy Regulatory Authority (MERA) approves the proposal, consumers will pay an average of MK177.27 per kilowatt hour (kWh) from the current average of MK104.46/kWh. ESCOM cited that it requires MK1.85 trillion over the 4-year period in order to deliver on customer and stakeholder priorities (*The Nation*, 14 June 2023).
3. Figures from Auction Holdings Limited (AHL) tobacco sales show that 2.40 million kilograms (Kgs) of tobacco were sold at an average price of USD2.50/kg on 15 June 2023. This brought cumulative national figures up to 82.04 million Kgs sold at an average price of USD2.29/Kg so far in the 2023 selling season leading up to 15 June 2023. The cumulative national value of tobacco sold stood at USD188.47 million (approximately MK188 billion) up 189% from USD99.72 million (approximately MK99 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd*, 16 June 2023).

Figures from Auction Holdings Limited (AHL) tobacco sales show that the cumulative national value of tobacco sold stood at USD188.47 million (approximately MK188 billion) as of 15 June 2023.

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Financial Market Update: Week ending 16 June 2023

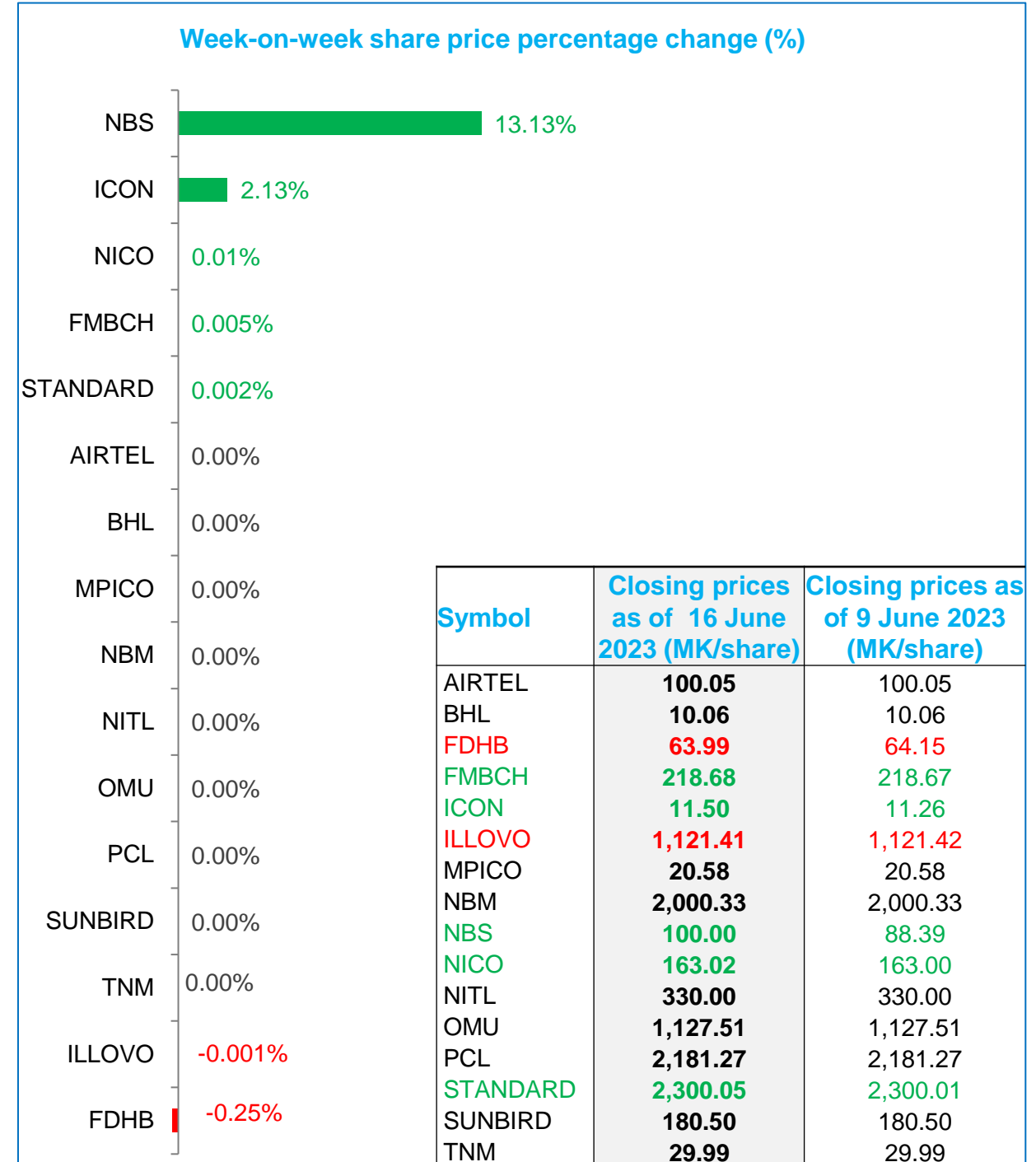
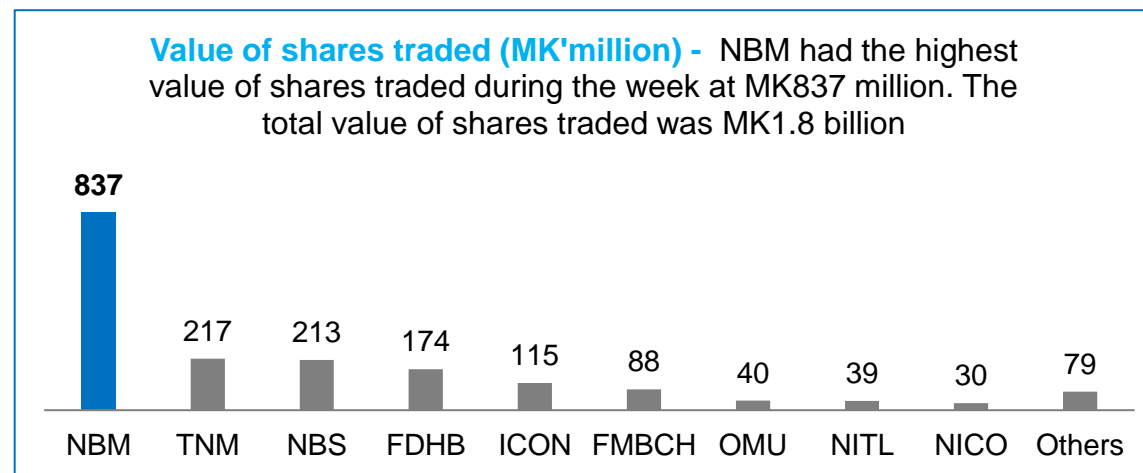
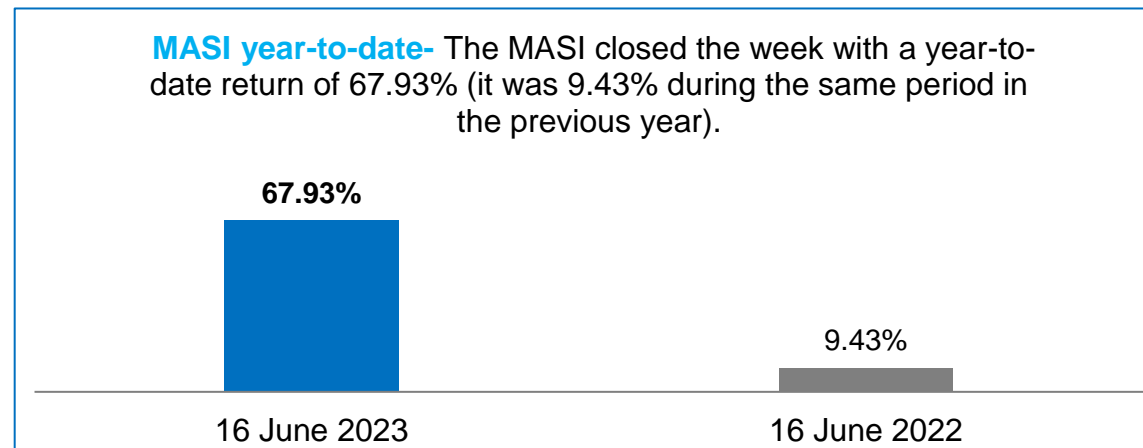
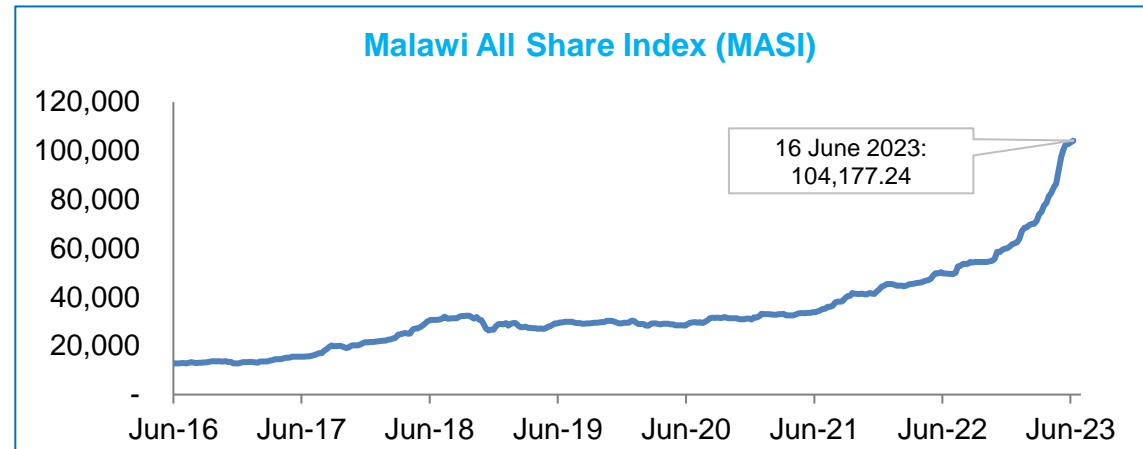
Stock market (Source: MSE)

The stock market was marginally bullish, with the Malawi All Share Index (MASI) closing the week ending 16 June 2023 at 104,177.24 points from 103,536.44 points for the week ending 9 June 2023. Week on week, this represents a 0.62% increase.

There were share price gains for NBS and ICON. There were also marginal share price gains for NICO, FMBCH and STANDARD. The share price gains offset marginal share price losses for ILLOVO and FDH Bank during the week under review.

National Investment Trust Plc advises that the profit after tax for the 6 months period ending 30 June 2023 is expected to be at least MK11.5 billion as compared to MK1.5 billion reported for the previous period.

Telekom Networks Malawi Plc advises that profit after tax for the half year ending 30 June 2023 is expected to be MK0.67 billion, approximately 150% higher than the loss of MK1.34 billion made in the previous period.





Government securities (Source: RBM)

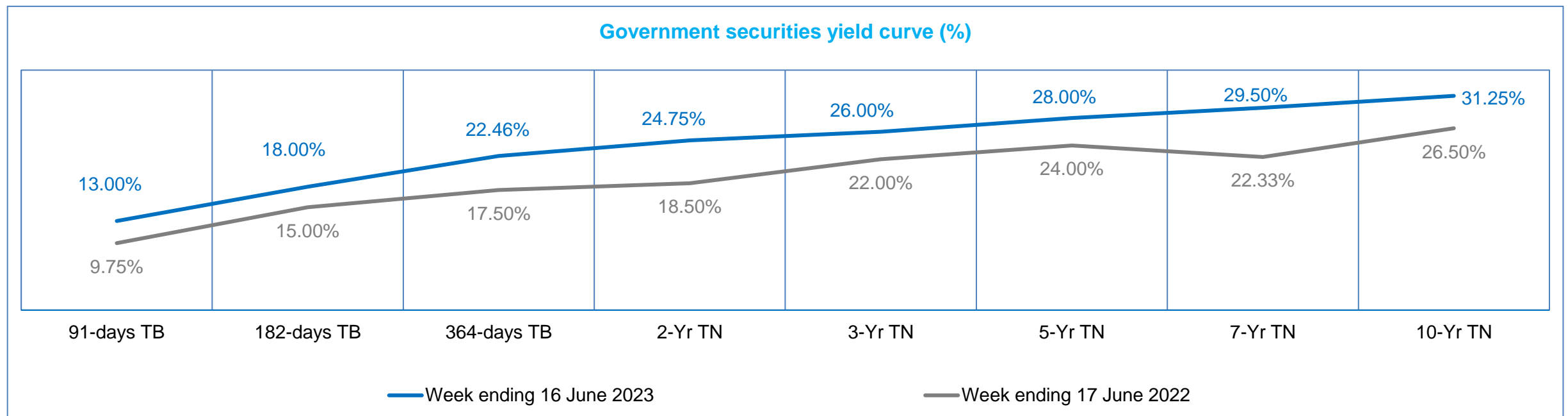
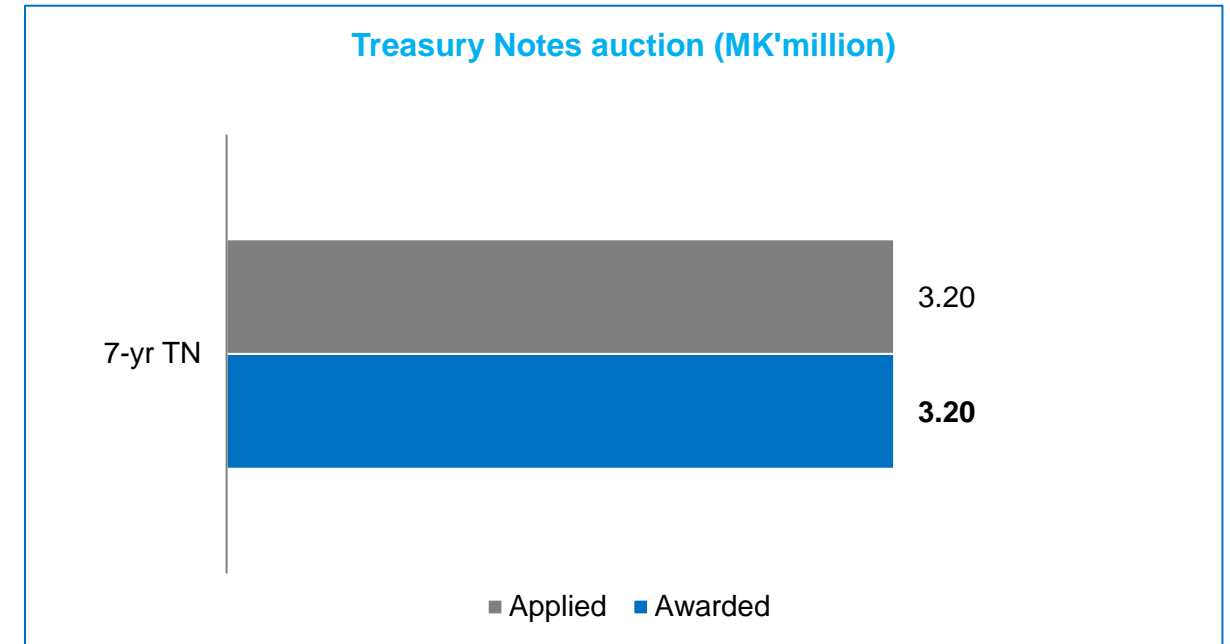
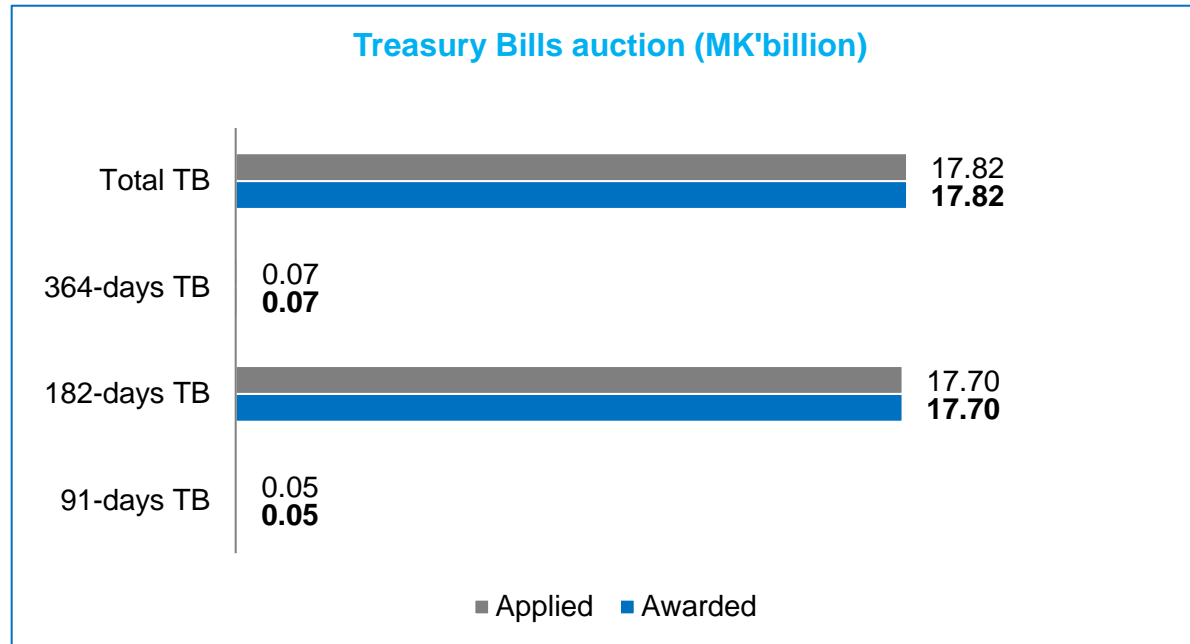
The Reserve Bank of Malawi held auctions of all tenors of Treasury Bills (TBs) on 13 June 2023, and a total of MK17.82 billion was raised from the TB auctions.

The Reserve Bank of Malawi also held an auction for the 7-year Treasury Note (TN) and raised MK3.20 million.

The total amount raised stood at MK17.82 billion as at 15 June 2023.

The average TB yield marginally decreased to 17.82% from 17.83% while the average TN yield maintained at 27.90% during the period under review.

The Reserve Bank of Malawi also held re-openings for all tenors of TNs on 16 June 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	May-23	16-Jun-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	1,034.46	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	1,317.23	1,352.62*
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	1,135.21	1,157.35*
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	53.58	58.08*
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	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	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	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	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	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	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	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%	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%	19.66%
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%	22.20%
Commercial bank reference rate	12.20%	12.20%	12.20%	13.50%	13.80%	13.90%	13.80%	13.90%	13.90%	16.60%	17.30%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%
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%	13.00%	13.00%
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%	18.00%
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%	22.49%	22.46%
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%	24.75%	24.75%
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%	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%	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%	29.50%	29.50%
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%	31.19%	31.25%
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	102,837.75	104,177.24
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	83,365.40	84,104.94
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	10,396.15	10,973.35

*: Reserve Bank of Malawi opening exchange rates as of 16 June 2023

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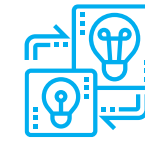
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