



# Malawi Financial Market Update

Week ending 23 June 2023

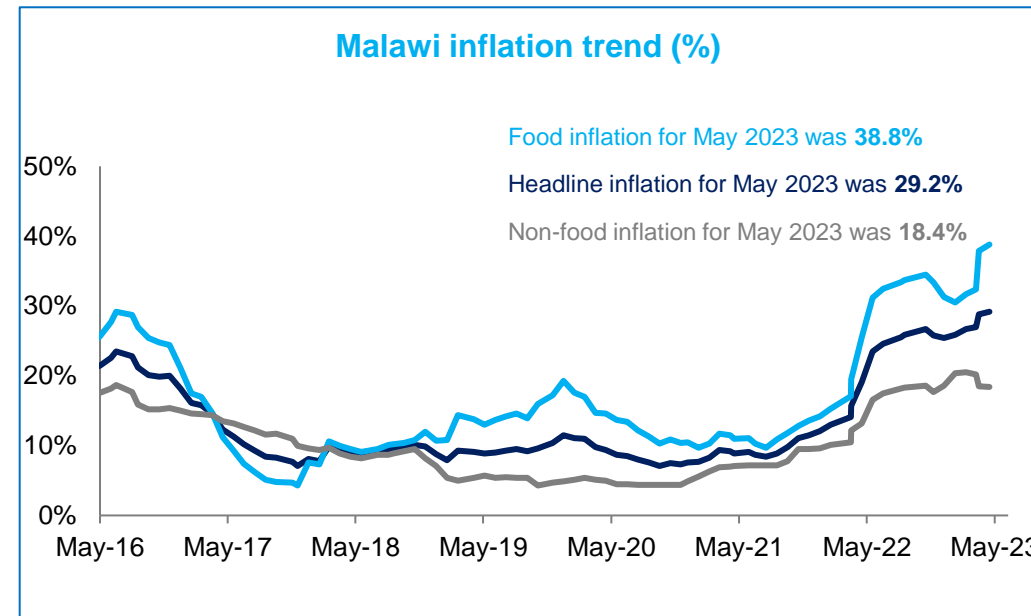


## Foreign currency and other market developments

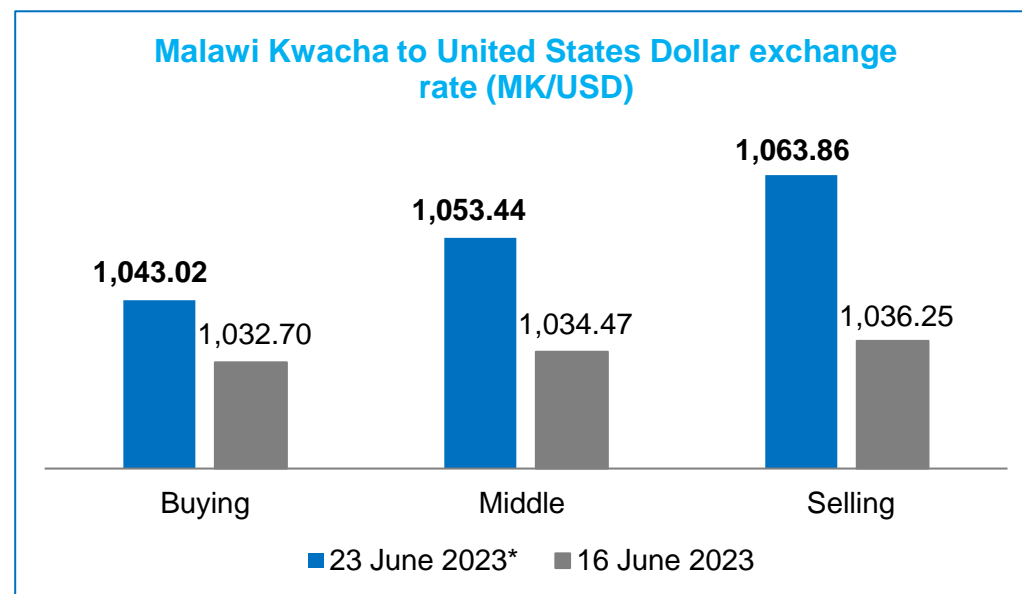
The National Statistical Office (NSO) has disclosed that headline inflation for May 2023 stands at 29.2%, up 0.4 percentage points from 28.8% recorded in April 2023.

Malawi is engaged in efforts with Afreximbank to consider a debt restructuring plan that would allow the country to potentially secure the International Monetary Fund (IMF) Extended Credit Facility (ECF).

### Inflation (Source: NSO)



### Foreign currency (Source: RBM)



\*: Reserve Bank of Malawi opening exchange rates as of 23 June 2023

### What Happened This Week

1. The President of the Republic of Malawi has engaged Afreximbank to consider a debt restructuring plan that would allow Malawi to secure the International Monetary Fund (IMF) Extended Credit Facility (ECF). Currently, Malawi owes Afreximbank and the Trade and Development Bank (TDB) a total of USD850 million (approximately MK850 billion), which the IMF would want to be squared before committing to the ECF. Malawi's next assessment before potentially securing the ECF is due at the end of June 2023 (*The Daily Times, 20 June 2023*).
2. The latest statistics from the National Statistical Office (NSO) reveal that the year-on-year inflation rate for May 2023 stands at 29.2%, an increase of 0.4 percentage points from the 28.8% recorded in April 2023. The food inflation rate rose to 38.8% in May 2023 from 37.9% in April 2023, while non-food inflation rate declined to 18.4% for May 2023 from 18.5% in April 2023 (*NSO, 20 June 2023*).
3. The Reserve Bank of Malawi held a foreign exchange auction on 19 June 2023 in which all authorized dealer banks (ADB) participated and USD350,000 (approximately, MK350 million) was raised. In a letter to the ADBs, the Reserve Bank Malawi stated that foreign exchange auctions will determine the market clearing price of the Malawi Kwacha against the United States Dollar (USD) and other major currencies. As such, effective 21 June 2023, the maximum selling price shall be MK1,063.86 per USD1, a 2.8% increase from MK1,034.65. (*The Reserve Bank of Malawi, 20 June 2023*).
4. First Capital Bank (FCB) Zambia has been the most prominent performer among all FMB Capital Holdings subsidiaries contributing 30% to the company's USD61.2 million (approximately MK61 billion) profit for the year ended 31 December 2022. FCB Malawi contributed 29% to profitability, FCB Botswana contributed 20%, FCB Zimbabwe contributed 19%, and the subsidiary in Mozambique contributed 17% to the group (*The Daily Times, 22 June 2023*).
5. Figures from Auction Holdings Limited (AHL) tobacco sales show that 1.68 million kilograms (Kgs) of tobacco were sold at an average price of USD2.56/Kg on 22 June 2023. This brought cumulative national figures up to 91.82 million Kgs sold at an average price of USD2.31/Kg in the 2023 selling season up to 22 June 2023. The cumulative national value of tobacco sold stood at USD212.34 million (approximately MK212 billion), up 77.95% from USD119.33 million (about MK119 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 23 June 2023*).



# Financial Market Update: Week ending 23 June 2023

## Stock market (Source: MSE)

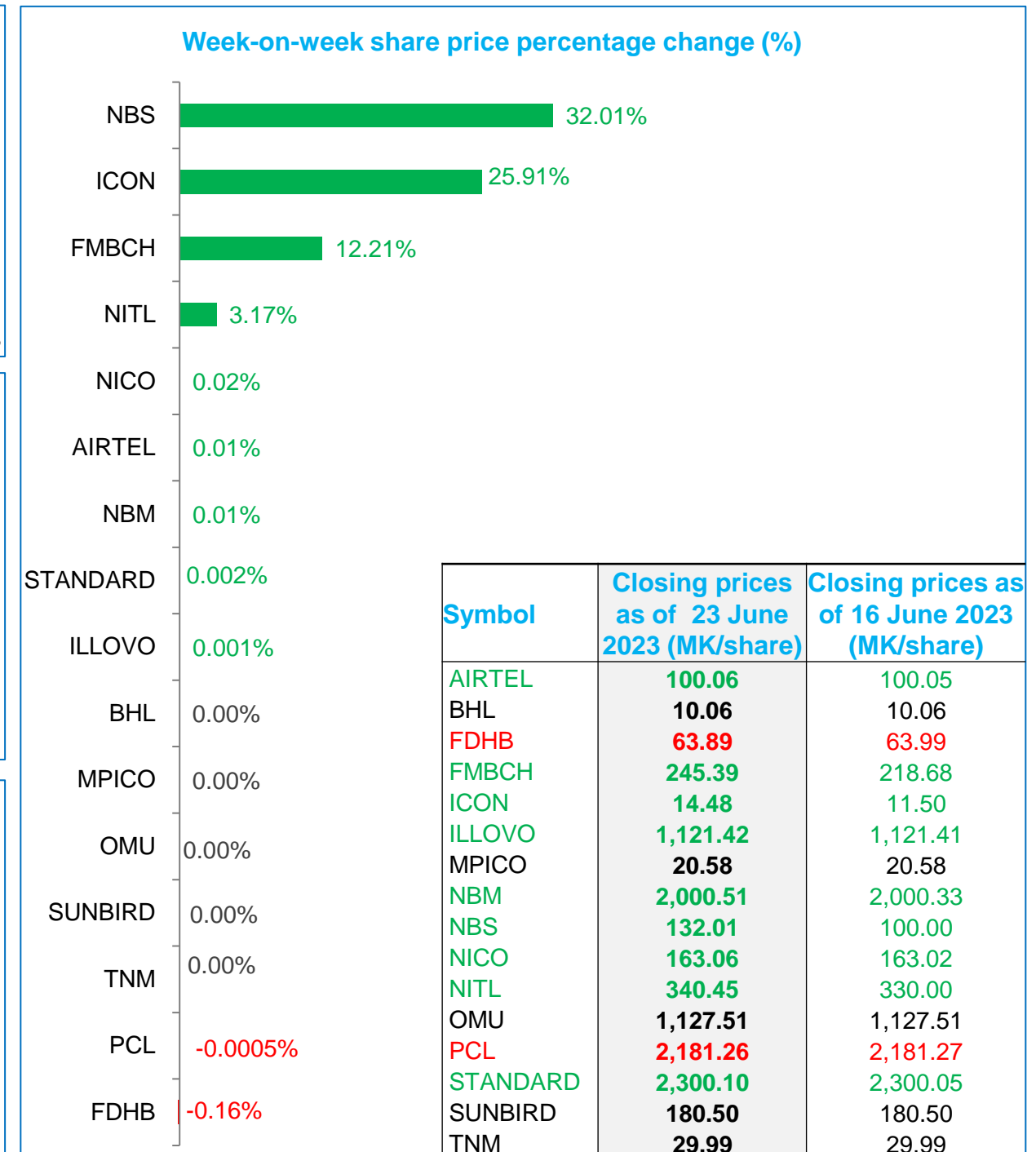
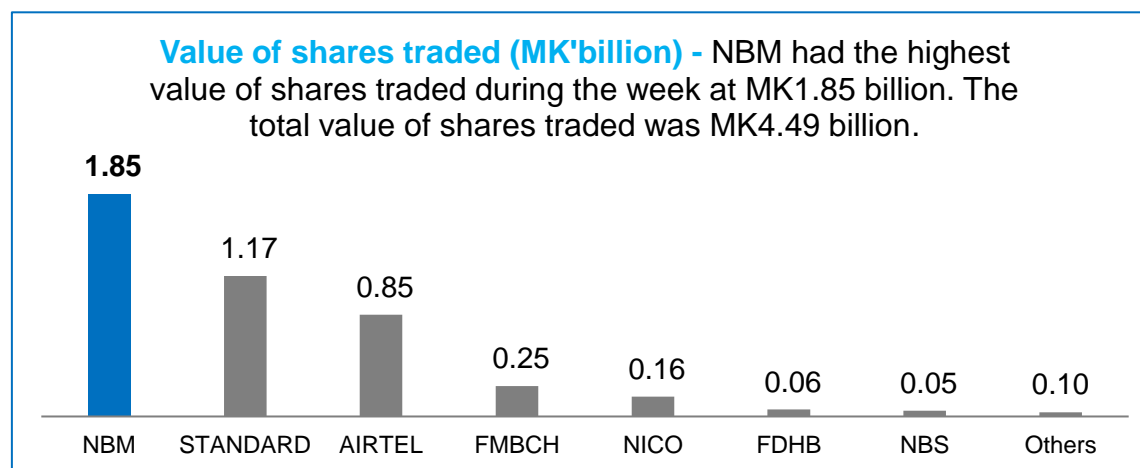
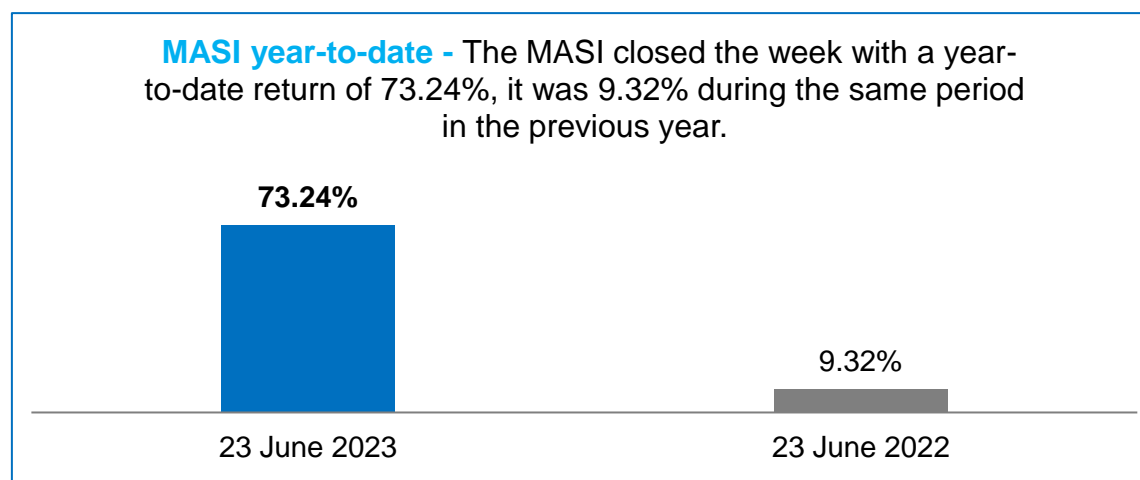
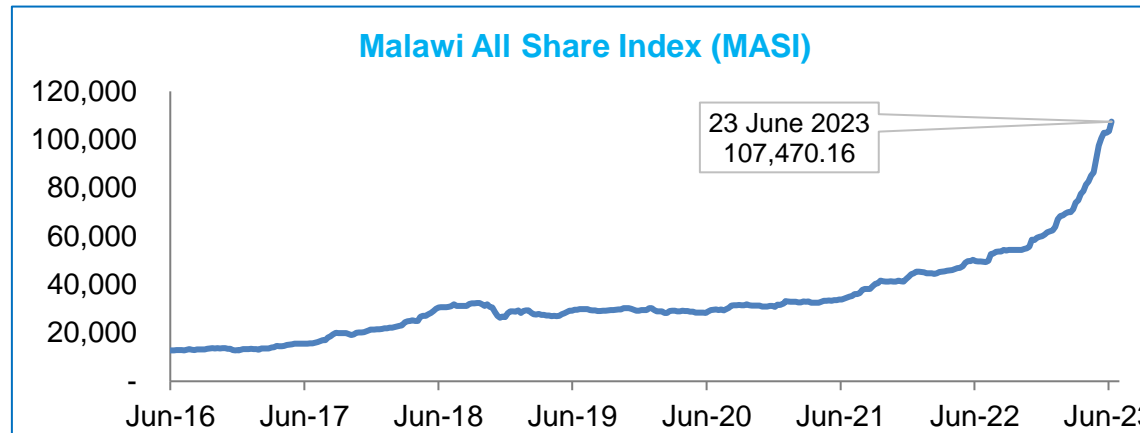
The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 23 June 2023 at 107,470.16 points from 104,177.24 points for the week ending 16 June 2023. Week on week, this represents a 3.16% increase.

There were share price gains for NBS, ICON, FMBCH and NITL.

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

FMBCH has advised that the after-tax profit, which can be attributed to the owners of FMBCH, is anticipated to increase by more than 40%. Furthermore, the consolidated after-tax profit for the same period is expected to exceed the profits achieved in 2022 by over 40%. All these estimates are provided in US Dollars.

Sunbird has advised that it expects to make MK1.5 billion in profit after tax for the period ending 30 June 2023, up by approximately 280% from MK400 million made in the previous period.



Symbol	Closing prices as of 23 June 2023 (MK/share)	Closing prices as of 16 June 2023 (MK/share)
AIRTEL	100.06	100.05
BHL	10.06	10.06
FDHB	63.89	63.99
FMBCH	245.39	218.68
ICON	14.48	11.50
ILLOVO	1,121.42	1,121.41
MPICO	20.58	20.58
NBM	2,000.51	2,000.33
NBS	132.01	100.00
NICO	163.06	163.02
NITL	340.45	330.00
OMU	1,127.51	1,127.51
PCL	2,181.26	2,181.27
STANDARD	2,300.10	2,300.05
SUNBIRD	180.50	180.50
TNM	29.99	29.99



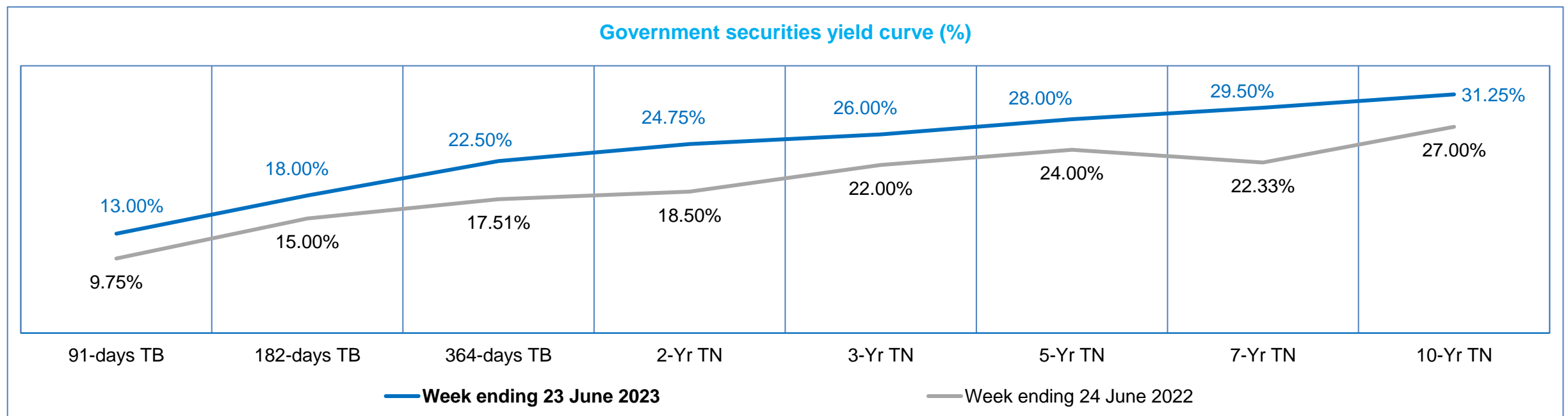
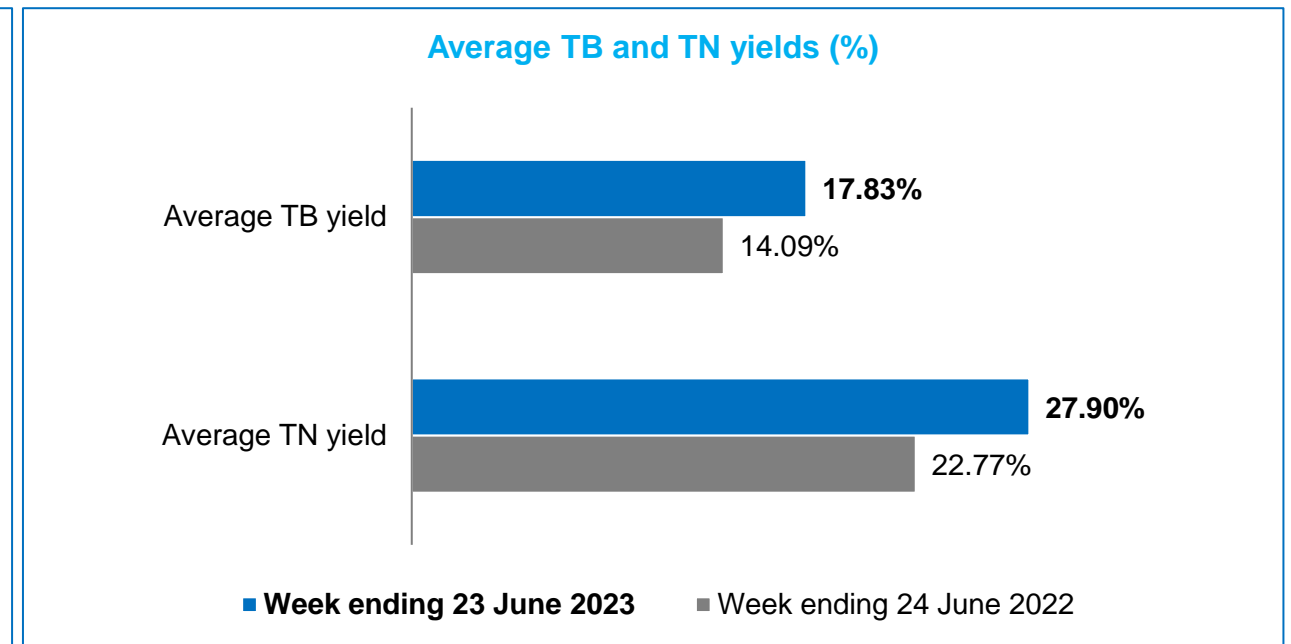
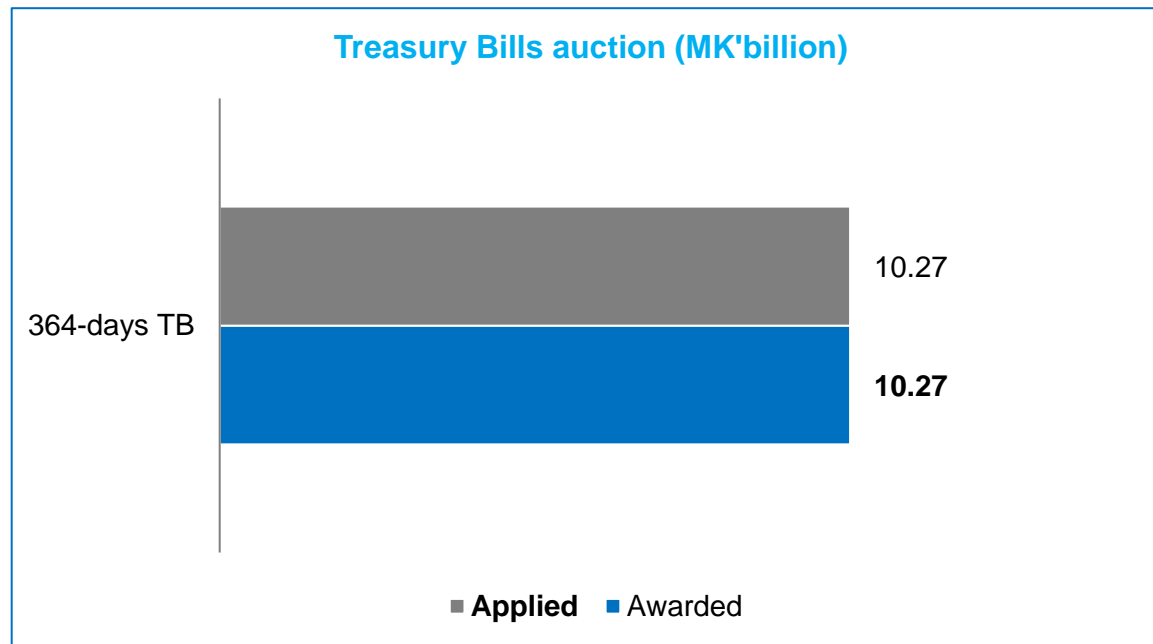
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) on 20 June 2023 and a total of MK10.27 billion was raised from the TBs auctions.

There were no applications for the 91-day and 182-day TBs and hence no allotments. An amount of MK10.27 billion was raised from the 364-day TB auction.

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

The Reserve Bank of Malawi held an auction for Open Market Operations repo for the following tenors 10, 14, 28 and 60-day repo on 23 June 2023. An amount of MK34.23 billion was withdrawn from the market. The yields ranged from 21.00% to 21.50%.



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	23-Jun-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	1,034.46	<b>1,053.44*</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	1,317.23	<b>1,379.95*</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	1,135.21	<b>1,184.97*</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	53.58	<b>58.33*</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	228.49	200.08	194.82	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	375.36	403.93	386.90	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	659.20	603.85	604.01	581.72	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	0.91	0.80	0.78	N/A
<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%	28.8%	29.2%	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%	38.8%	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%	18.4%	N/A
<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%	22.00%	<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%	19.26%	<b>20.37%</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%	22.20%	<b>22.20%</b>
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%	<b>21.00%</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%	12.98%	13.00%	<b>13.00%</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>18.00%</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%	22.49%	<b>22.50%</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%	24.75%	<b>24.75%</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%	26.00%	<b>26.00%</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%	28.00%	<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%	29.50%	<b>29.50%</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%	31.19%	<b>31.25%</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	102,837.75	<b>107,470.16</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	83,365.40	<b>85,998.79</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	10,396.15	<b>12,297.19</b>

\*: Reserve Bank of Malawi opening exchange rates as of 23 June 2023

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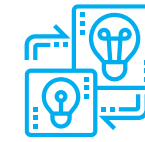
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