



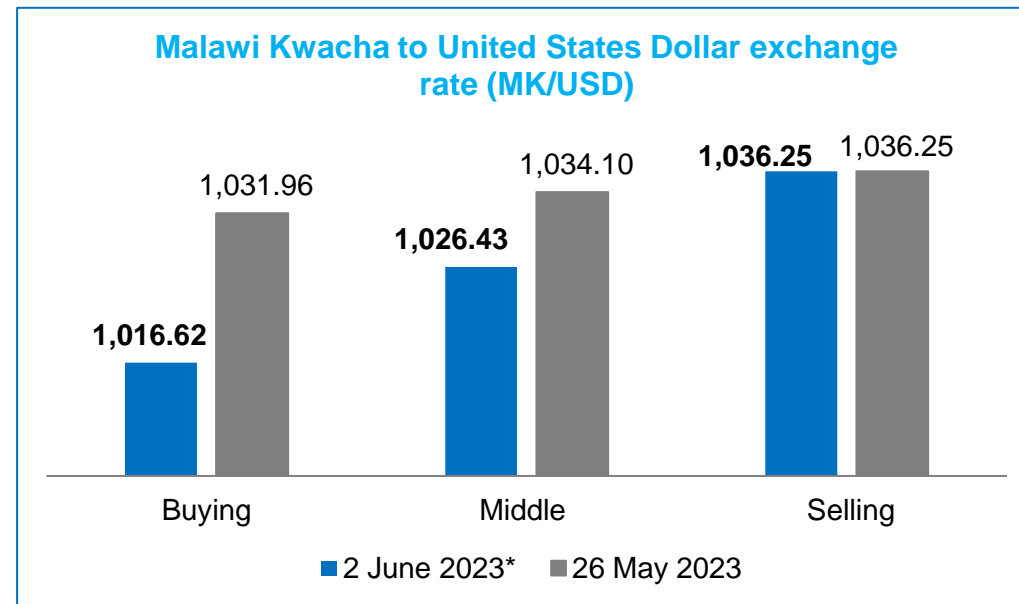
# Malawi Financial Market Update

Week ending 2 June 2023

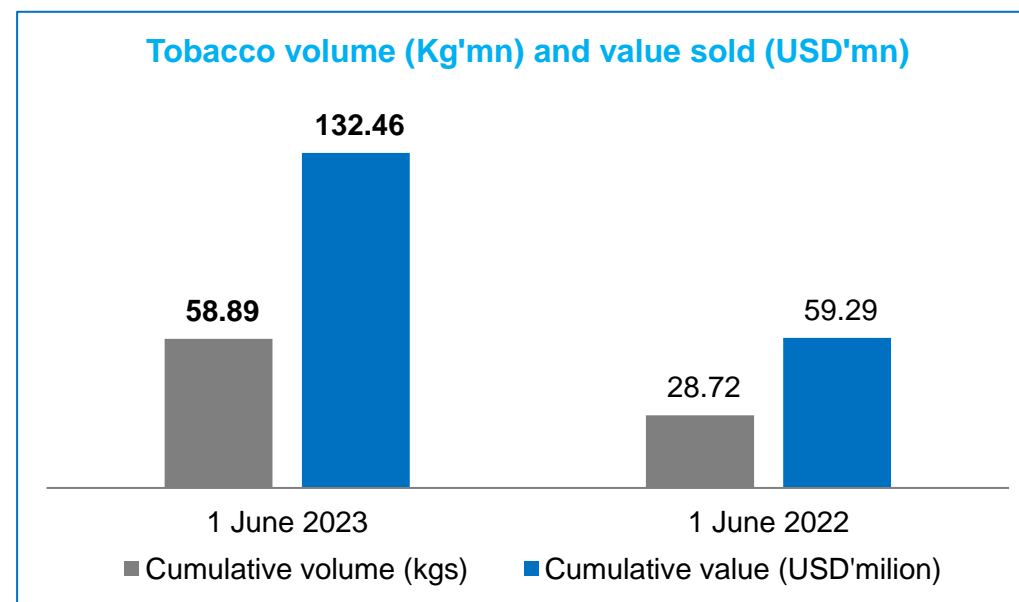


## Foreign currency and other market developments

### Foreign currency (Source: RBM)



### Tobacco market (Source: AHL)



\*: Reserve Bank of Malawi opening exchange rates as of 2 June 2023

### What Happened This Week

1. The Ministry of Mining has developed a five-year Strategic Plan for the period, 2022-2027. The development of this Strategic Plan follows Government's interest for the mining sector to contribute to the sustainable socio-economic growth and development of the country. The aim of the Strategic Plan is to promote growth and sustainable development of the mineral sector with a view to stimulating exports and contributing to import substitution. The Strategic Plan is aligned to the First 10-Year Implementation Plan for the Malawi Vision 2063 covering the period, 2021-2030 (*Ministry of Mining, 29 May 2023*).
2. The Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) warn that acute food insecurity is likely to deteriorate further in 18 countries termed "hunger hotspots". Malawi is categorized as a region of high concern with a projected 3.8 million people in a state of acute food insecurity. Early forecasts suggest the country could experience below-average rainfall in the November–March rainy season which could lead to crop failure and insufficient grazing, affecting future agricultural yield (*FAO and WFP, 29 May 2023*).
3. The World Bank is expanding its support for food security and food systems resilience and a total of USD903 million (approximately MK903 billion) has been approved in International Development Association (IDA) financing of which USD250 million (approximately MK250 billion) is set for Malawi as part of the third phase of the Food Systems Resilience Program (FSRP). The FSRP supports participating countries through medium-term investments that can transform and strengthen the resilience of their food systems by re-building their productive capacity, improving natural resources management, strengthening food value chains and short-term support measures in case of a deteriorating food security situation (*The World Bank, 31 May 2023*).
4. Figures from Auction Holdings Limited (AHL) Tobacco Sales show that 2.13 million kilograms (Kgs) of tobacco were sold at an average price of USD2.51/kg on 1 June 2023. This brought cumulative national figures up to 58.89 million Kgs sold at an average price of USD2.24/kg so far in the 2023 selling season leading up to 1 June 2023. Cumulative national value of tobacco sold stood at USD132.46 million (approximately MK132 billion) up 221.4% from USD59.29 million (approximately MK59 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 2 June 2023*).

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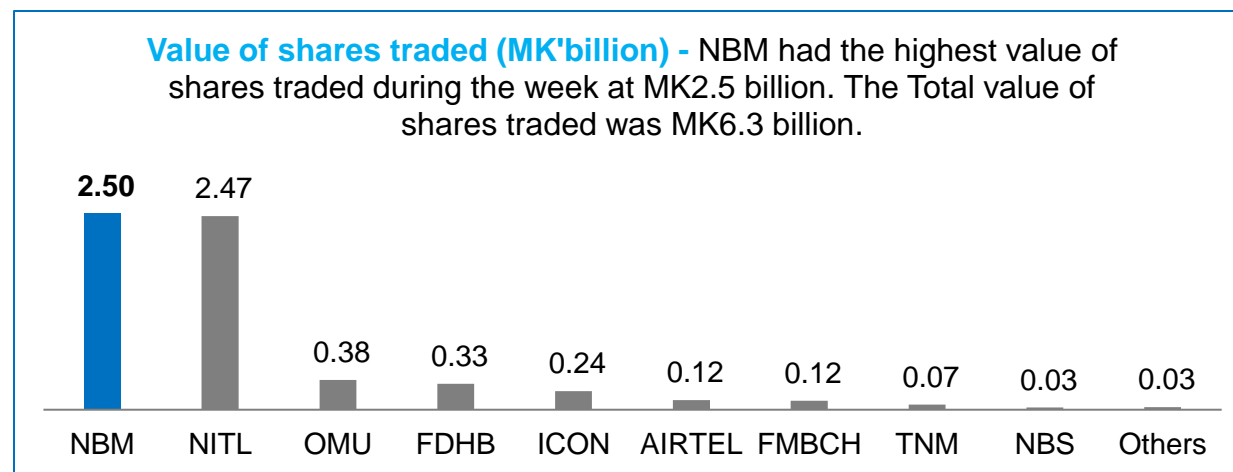
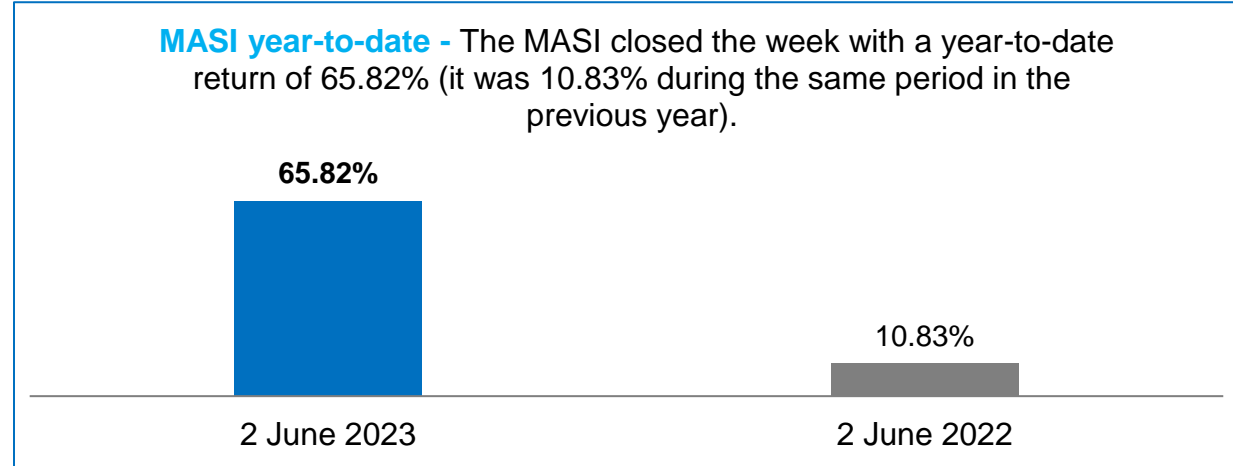
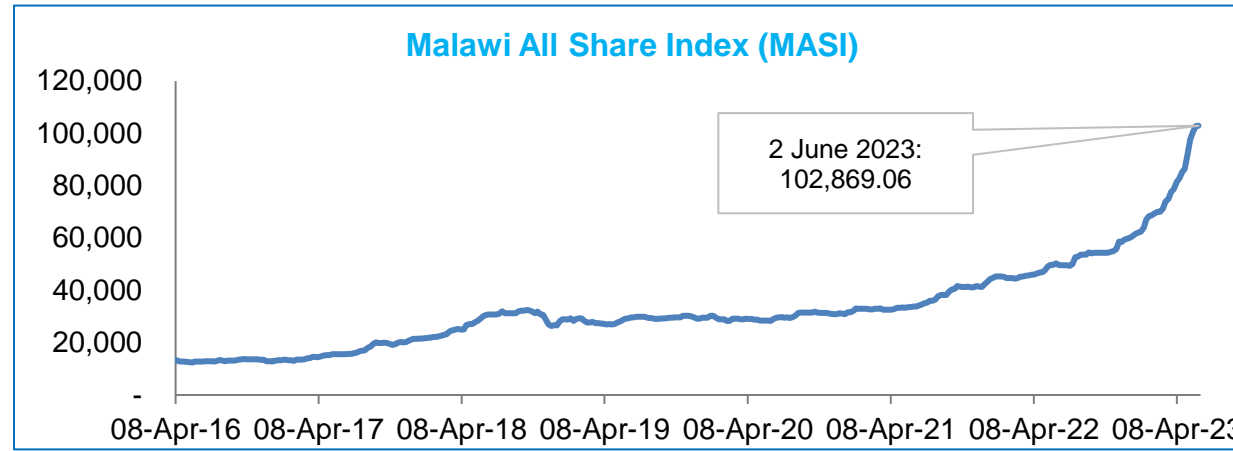


## Financial Market Update: Week ending 2 June 2023

### Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 2 June 2023 at 102,869.06 points from 101,868.17 points for the week ending 26 May 2023. Week on week, this represents a 0.98% increase.

There were share price gains for FMBCH and TNM. There were also marginal share price gains for AIRTEL, NBM and ILLOVO. The share price gains offset share price losses for NBS and NICO as well as 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 2 June 2023 (MK/share)	Closing prices as of 26 May 2023 (MK/share)
AIRTEL	100.05	100.03
BHL	10.00	10.00
FDHB	64.45	64.88
FMBCH	209.00	180.00
ICON	11.26	11.26
ILLOVO	1,121.43	1,121.42
MPICO	20.58	20.58
NBM	2,000.31	2,000.29
NBS	88.45	93.24
NICO	163.00	164.98
NITL	330.00	330.00
OMU	1,127.51	1,127.51
PCL	2,181.27	2,181.27
STANDARD	2,300.01	2,300.01
SUNBIRD	180.50	180.50
TNM	28.46	28.00



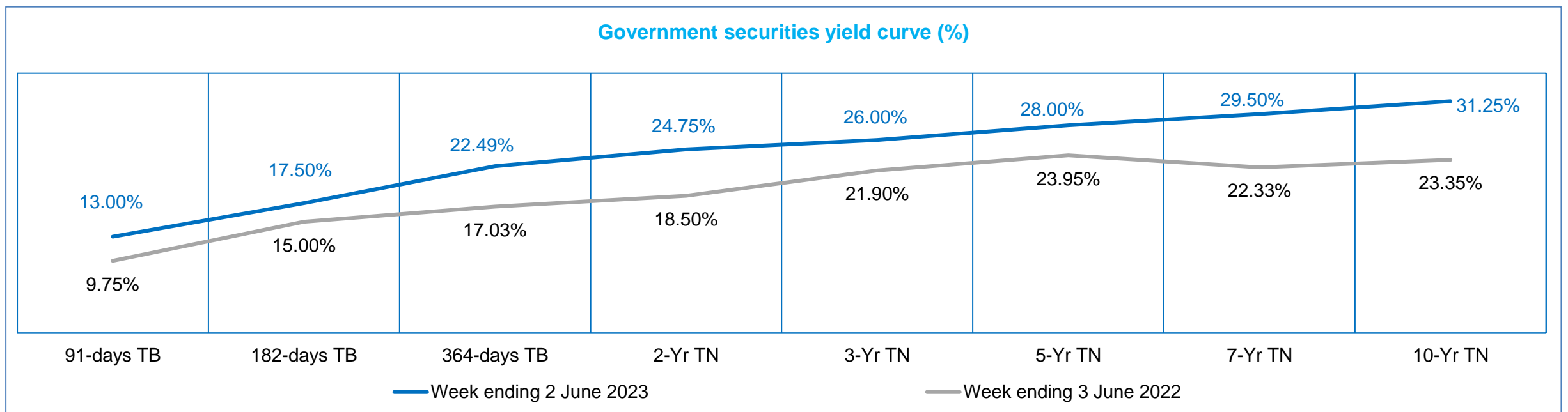
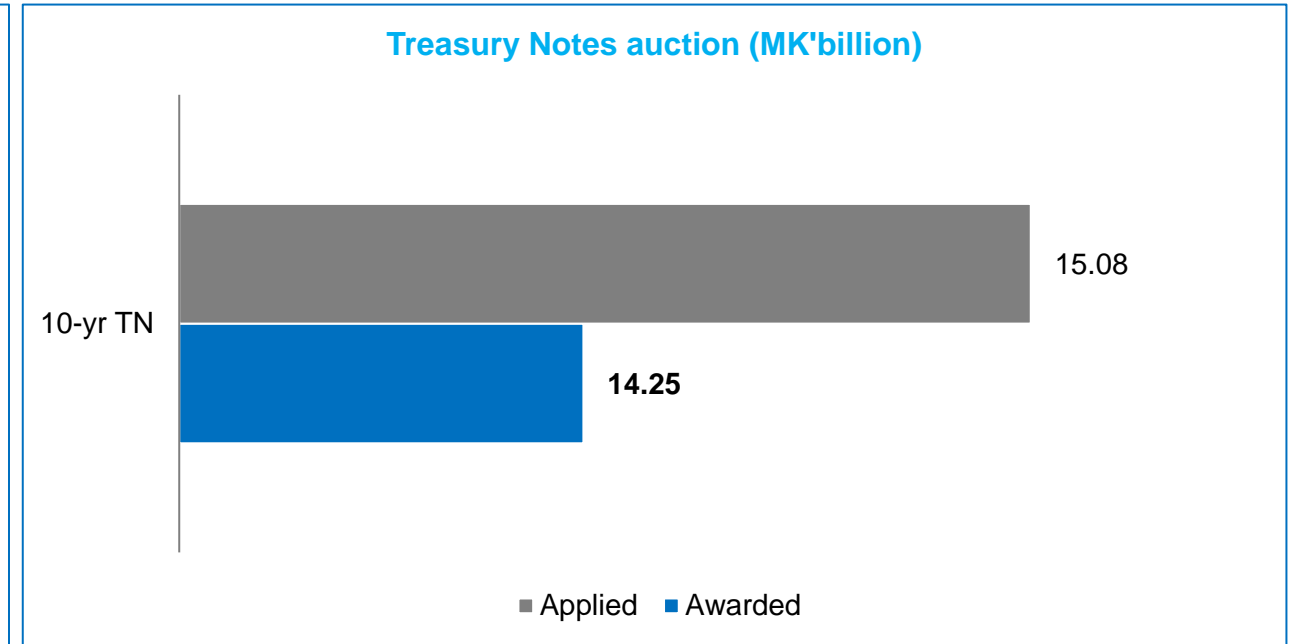
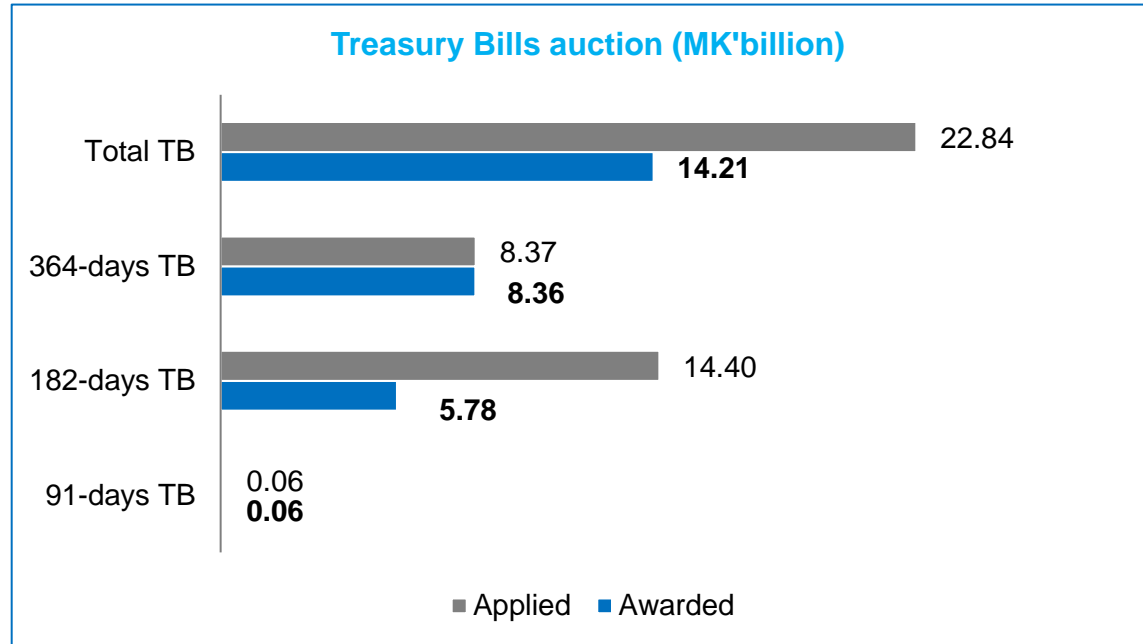
Government securities (Source: RBM)

The Reserve Bank of Malawi resumed issuance of all tenors of Treasury Bills (TBs) on 30 May 2023 and a total of MK14.21 billion was raised from the TB re-opening.

The Reserve Bank of Malawi also held an initial auction for the 10-year Treasury Note (TN) and raised MK13.40 billion. A re-opening was held on 1 June 2023 in which MK0.85 billion was awarded, bringing the total awarded from TNs at MK14.25 billion. The 10-year TN yield increased to 31.25% from 28.50% during the week under review.

The total amount raised this week stood at MK28.46 billion.

The average TB and TN yield increased to 17.66% and 27.90% respectively 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	May-23	2-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>1,026.43*</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>1,325.13*</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>1,138.85*</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>54.03*</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	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
<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%	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
<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>19.47%</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>
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%	17.30%	<b>17.30%</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>17.50%</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>22.49%</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>102,869.06</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>83,316.44</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>10,494.25</b>

\*: Reserve Bank of Malawi opening exchange rates as of 2 June 2023

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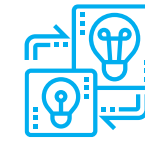
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