



# Malawi Financial Market Update

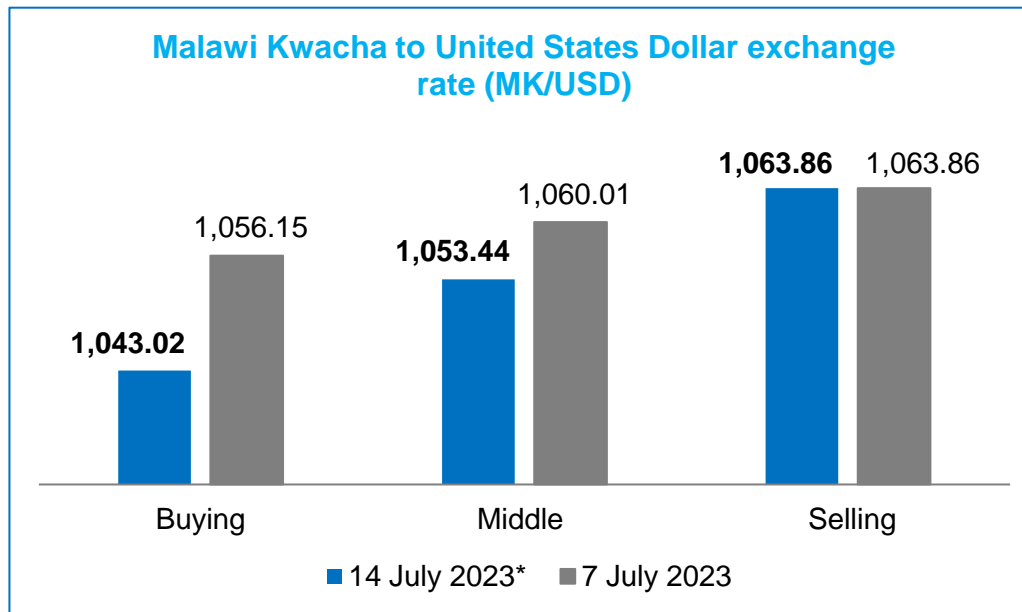
Week ending 14 July 2023



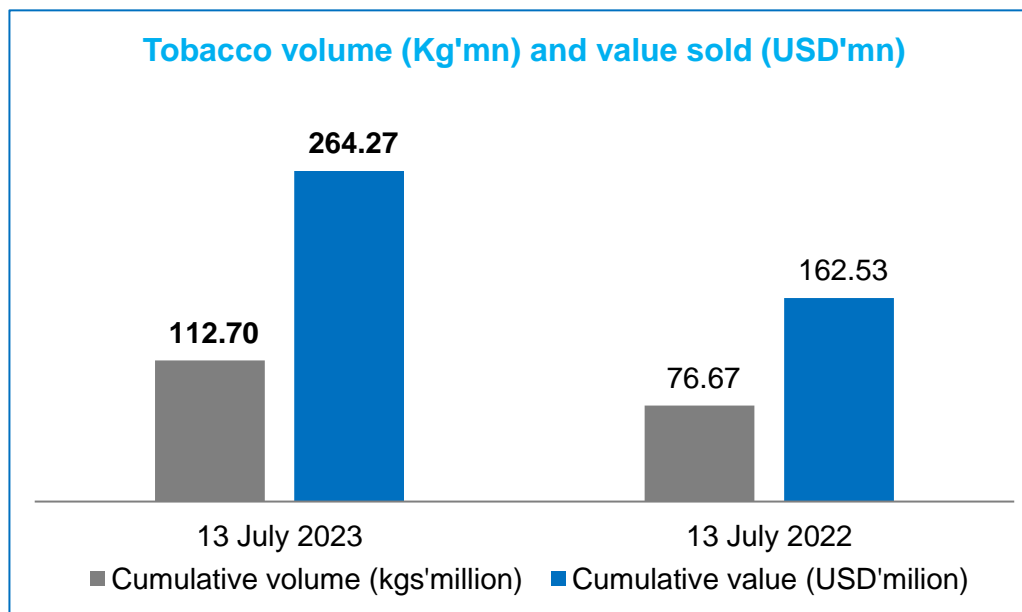
## Financial Market Update: Week ending 14 July 2023

### Foreign currency and other market developments

#### Foreign currency (Source: RBM)



#### Tobacco market (Source: AHL)



\*: Reserve Bank of Malawi opening exchange rates as of 14 July 2023

As at 30 June 2023, gross official reserves increased by 65.0% to USD321.53 million from USD194.82 million in May 2023. The total foreign exchange reserves held in the country were USD729 million. This translates to an import cover of 2.92 months.

Figures from Auction Holdings Limited (AHL) tobacco sales show that the cumulative national value of tobacco sold stood at USD264.27 million (approximately MK264 billion) as of 13 July 2023.

#### What Happened This Week

- As at 30 June 2023, gross official reserves increased by 65.0% to USD321.53 million (1.29 months of import cover) from USD194.82 million (0.78 months of import cover) in May 2023. Similarly, private sector reserves increased by 5.3% to USD407.47 million (1.63 months of import cover) from USD386.90 million (1.55 months of import cover) in the period under review. In total, foreign exchange reserves held in the country in June 2023 were USD729.00 million, an increase of 25.3% from USD581.72 million in May 2023. The total foreign exchange reserves import cover increased to 2.92 months in June 2023 from 2.33 months in May 2023 (*The Reserve Bank of Malawi, 10 July 2023*).
- Data in the May 2023 monthly report from the Reserve Bank of Malawi (RBM), shows that Malawi's imports have increased by 330% to USD286.1 million (approximately MK286 billion) in May 2023 from USD66.5 million (approximately MK66 billion) in April 2023. Over the same period, exports grew by 76.4% to USD58.1 million (approximately MK58 billion) in May 2023 from USD32.9 million (approximately MK32 billion) in April 2023. The RBM attributed the rise in imports to increased importation of fuel, pharmaceuticals, vehicles and fertiliser. The rise in exports was attributed to increased sales of sugar, tobacco, pulses and oil seeds, as well as tea and coffee (*The Daily Times, 10 July 2023*).
- Press Corporation Plc (PCL) has disclosed plans to set up a 50-megawatt solar power plant at Nkhoma in Lilongwe at an estimated cost of USD52.5 million (approximately MK53 billion). PCL's Chief Executive Officer stated that the firm is setting up a special purpose vehicle (SPV) to conclude a power purchase agreement with the Electricity Supply Corporation of Malawi (ESCOM). The SPV will then proceed to implement the project, as land has already been identified in Lilongwe. The project is expected to be concluded by the end of 2024 with operations to start in 2025 (*The Daily Times, 13 July 2023*).
- Figures from Auction Holdings Limited (AHL) tobacco sales show that 3.98 million kilograms (Kgs) of tobacco were sold at an average price of USD2.47/Kg during the week ending 14 July 2023. This brought cumulative national figures up to 112.70 million Kgs sold at an average price of USD2.34/Kg in the 2023 selling season up to 13 July 2023. The cumulative national value of tobacco sold stood at USD264.27 million (approximately MK264 billion), up 62.6% from USD162.53 million (approximately MK162 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 13 July 2023*).
- Nyasa Tobacco Buying Company has recently joined as a new tobacco buying firm on the tobacco market. Tobacco farmers have praised the firm for buying tobacco at competitive prices. The company bought the produce at a maximum price of USD3.6/kg and a minimum of USD2/kg on 10 July 2023. (*The Nation, 13 July 2023*).



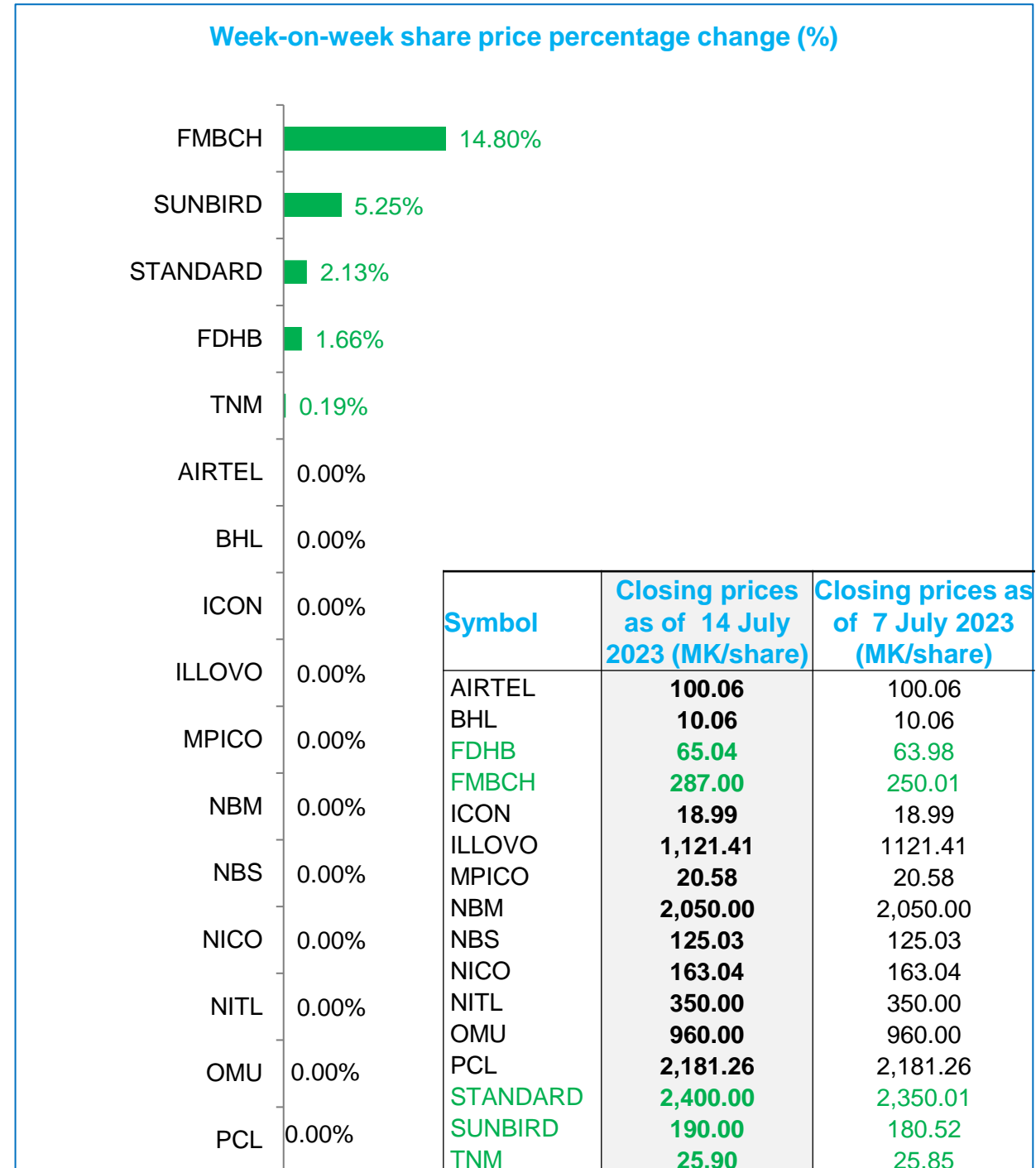
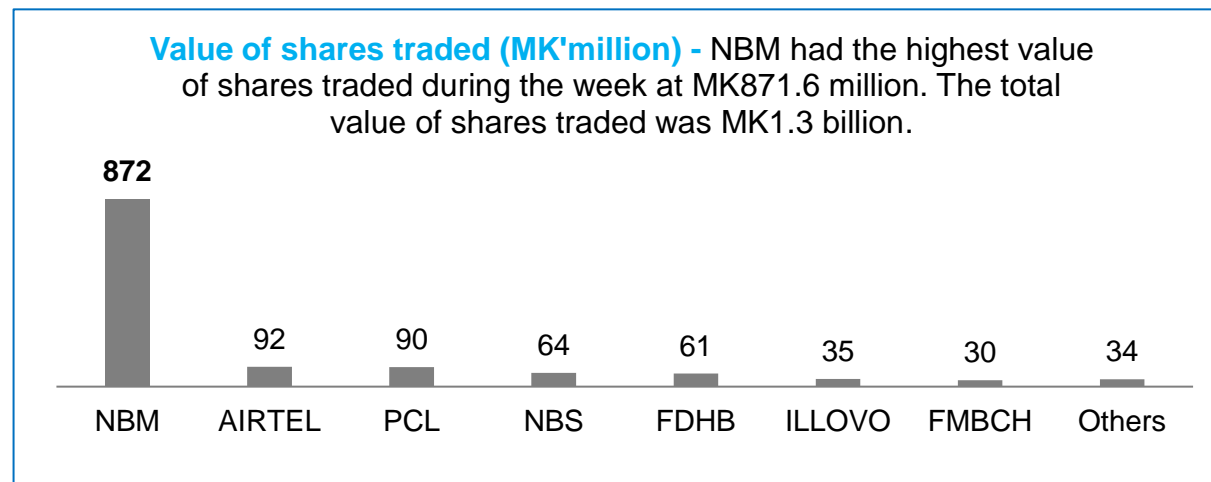
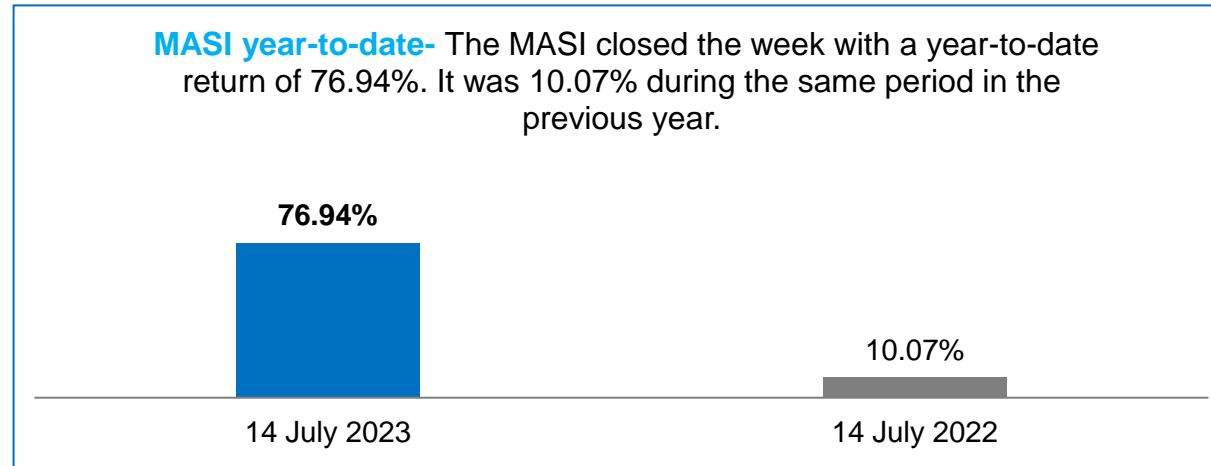
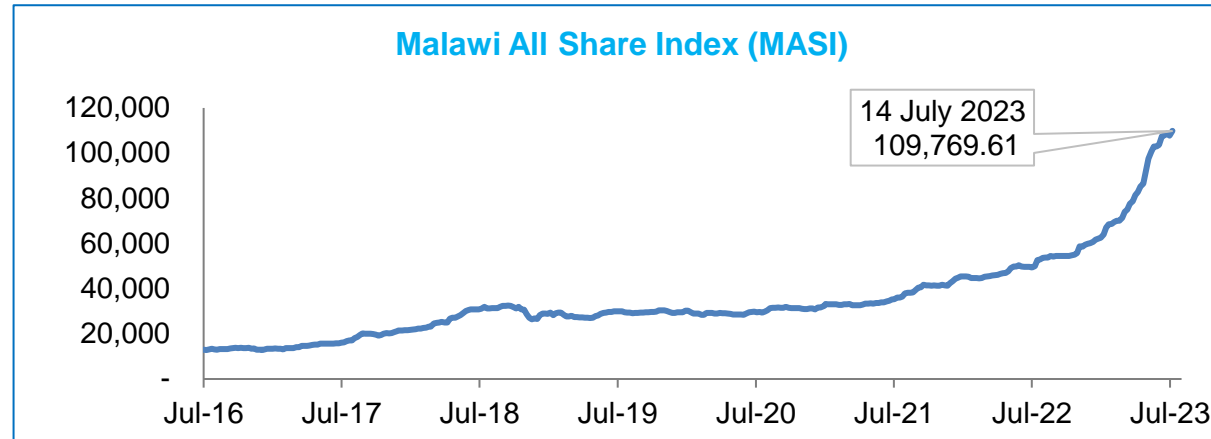
# Financial Market Update: Week ending 14 July 2023

## Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 14 July 2023 at 109,769.61 points from 107,745.78 points for the week ending 7 July 2023. Week on week, this represents a 1.88% decrease.

There were share price gains for FMBCH, SUNBIRD, STANDARD and FDH Bank. There was also a marginal share price gain for TNM. There were no share price losses during the week under review.

At the Airtel Malawi Plc annual general meeting held within the week, a dividend of MK27.5 billion (MK2.50 per share) was approved in respect of the financial year ending 31 December 2022.



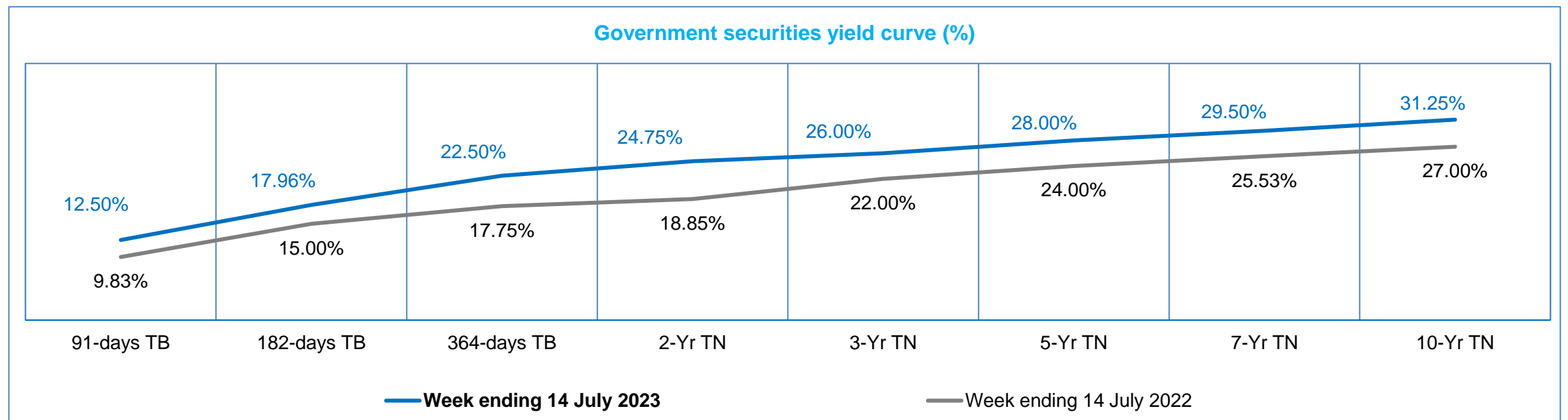
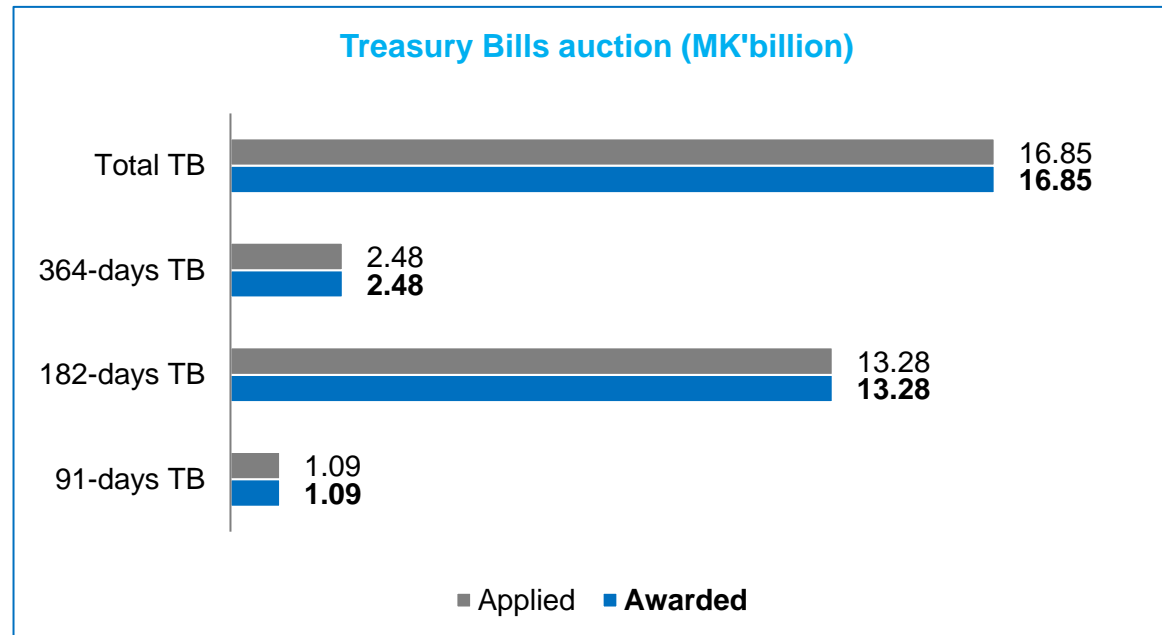


Government securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TBs) on 11 July 2023, and a total of MK3.28 billion was raised from the TBs auctions.

On 13 July 2023, the RBM held re-openings for all tenors of TBs as well as the 2 and 3-year Treasury Notes (TNs). MK13.57 billion was raised from the 91-day and 182-day TBs. MK1.89 billion was raised from the 3-year TN. There were no applications for the 364-day TB and the 2-year TN during the re-opening.

The total amount raised this week stood at MK18.74 billion. The average TB yield increased to 17.65% from 17.52%, while the average TN yield maintained at 27.90% during the period 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	Jun-23	14-July-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	1,053.44	<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	1,367.48	<b>1,422.27*</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	1,177.92	<b>1,216.87*</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	57.82	<b>60.44*</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	321.53	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	407.47	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	729.00	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	1.29	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	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	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	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%	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%	20.38%	<b>20.34%</b>
Average base lending rate	12.20%	12.20%	12.20%	14.20%	14.20%	14.20%	14.20%	14.20%	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	22.20%	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%	21.00%	<b>21.40%</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%	13.00%	<b>12.50%</b>
182-days Treasury Bill	12.99%	13.00%	13.00%	15.00%	15.00%	15.00%	15.50%	15.50%	15.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	18.00%	<b>17.96%</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%	22.50%	<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%	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%	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%	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%	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%	31.25%	<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	108,656.97	<b>109,769.61</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	87,071.03	<b>86,446.81</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	12,297.19	<b>14,338.06</b>

\*: Reserve Bank of Malawi opening exchange rates as of 14 July 2023

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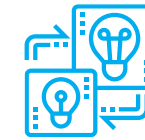
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