



Malawi Financial Market Update

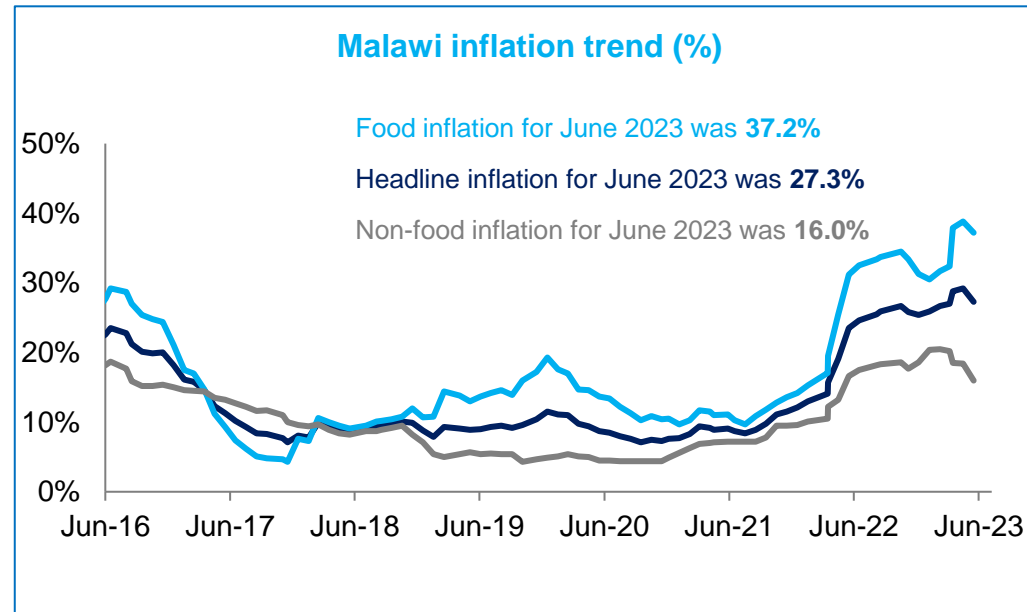
Week ending 21 July 2023



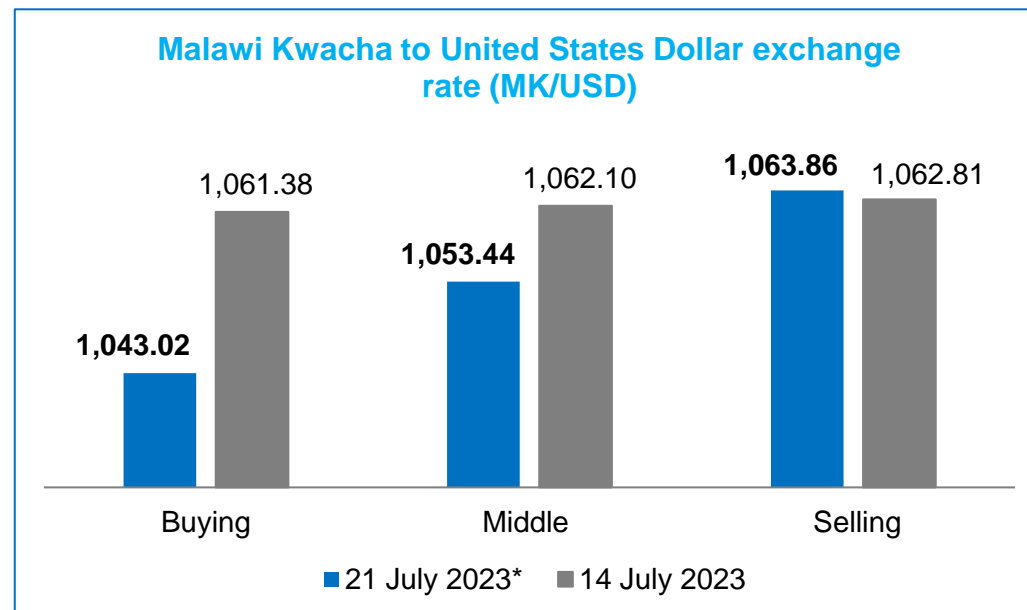
Financial Market Update: Week ending 21 July 2023

Inflation and other market developments

Inflation (Source: NSO)



Foreign currency (Source: RBM)



*: Reserve Bank of Malawi opening exchange rates as of 21 July 2023

The National Statistical Office (NSO) has disclosed that headline inflation for June 2023 stands at 27.3%, down 1.90 percentage points from 29.2% recorded in May 2023.

Figures from Auction Holdings Limited (AHL) tobacco sales show that the cumulative national value of tobacco sold stood at USD275.34 million (approximately MK275 billion) as of 20 July 2023.

What Happened This Week

1. In its recently published Malawi Economic Monitor report, the World Bank projects real GDP growth to be 1.4% in 2023 driven by partial recovery in agriculture and resumption of electricity generation. According to the World Bank, there is a significant degree of uncertainty surrounding the country's economic prospects, with numerous potential downside risks such as prolonged foreign exchange shortages, intensifying climate change impacts, rising public debt and inflation. In the absence of sustained economic growth, the World Bank projects poverty levels to increase to 72% of the population in 2023 (*The Nation, 17 July 2023*).
2. The latest statistics from the National Statistical Office (NSO) reveal that the year-on-year inflation rate for June 2023 stands at 27.3%, a decrease of 1.9 percentage points from the 29.2%, recorded in May 2023. The food inflation rate declined to 37.2% in June 2023 from 38.8% in May 2023. Similarly, non-food inflation rate declined to 16.0% in June 2023 from 18.4% for May 2023 (*NSO, 20 July 2023*).
3. Rio Tinto Mining and Exploration, an Anglo-Australian company, is investing 40.4 million Australian Dollars (approximately MK29 billion) in Sovereign Metals Limited which is exploring the Kasiya Rutile Mine prospect. This will result in an initial 15% shareholding. The company has also been offered options to increase its shareholding by 4.99% within 12 months. The proceeds are expected to be used to fund the advancement of Kasiya, including progressing a Definitive Feasibility Study (DFS) focused on the development of a world class low carbon dioxide footprint mine (*The Nation, 20 July 2023*).
4. The World Bank has stated that farm gate prices for agricultural commodities may be among the barriers for international market entry by rendering local produce non-competitive. In the Malawi Economic Monitor report, the World Bank argues that the farmgate prices are in many cases higher than international prices hence encourage imports. For instance, high soybean minimum farmgate prices encourage the importation of cooking oil from neighbouring countries, leaving local value-adding oil mills disadvantaged (*The Daily Times, 20 July 2023*).
5. Figures from Auction Holdings Limited (AHL) tobacco sales show that 3.12 million kilograms (Kgs) of tobacco were sold at an average price of USD2.50/Kg during the week ending 21 July 2023. This brought cumulative national figures up to 117.12 million Kgs sold at an average price of USD2.35/Kg in the 2023 selling season up to 20 July 2023. The cumulative national value of tobacco sold stood at USD275.34 million (approximately MK275 billion), up 59.4% from USD172.78 million (approximately MK172 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 21 July 2023*).



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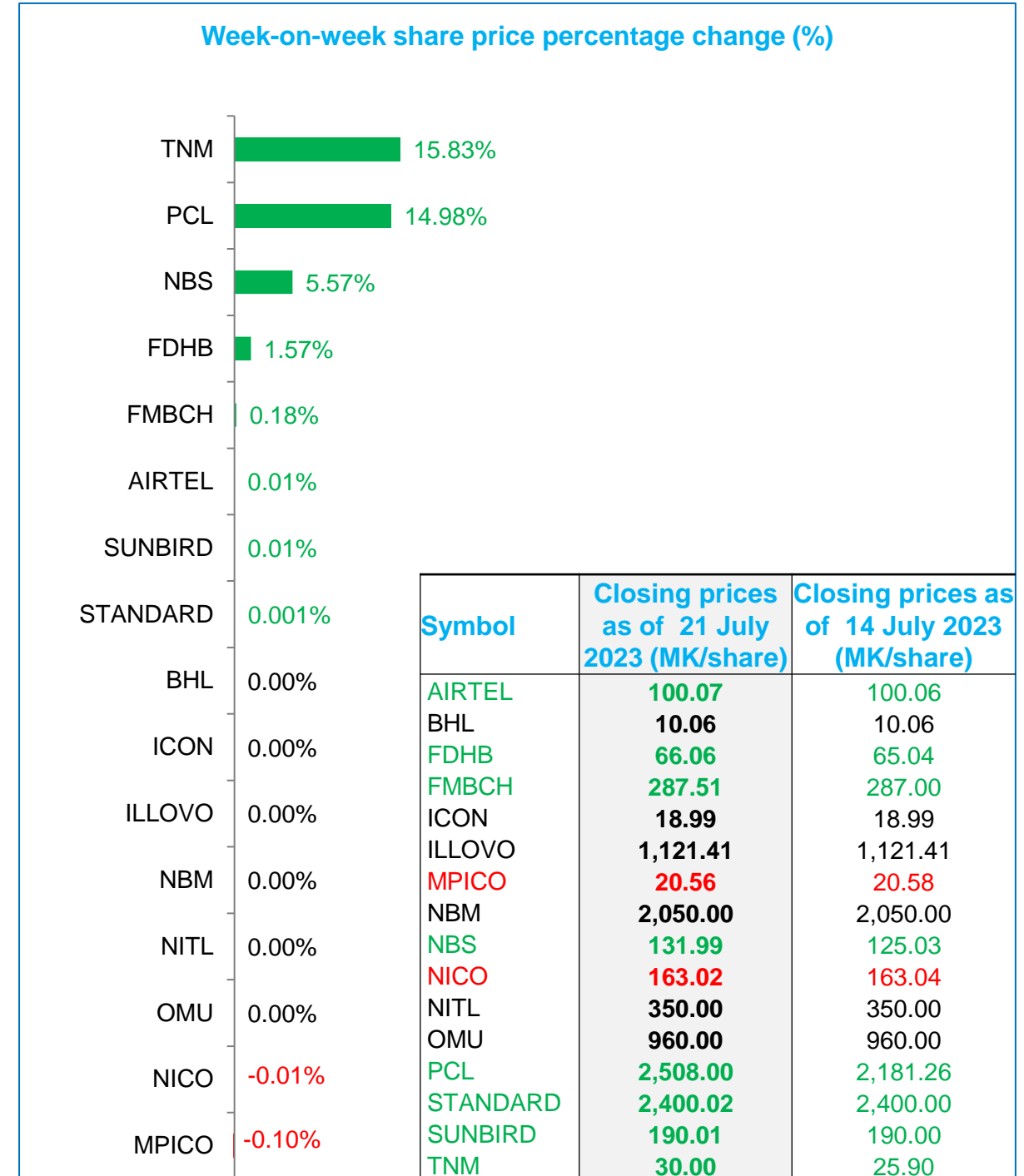
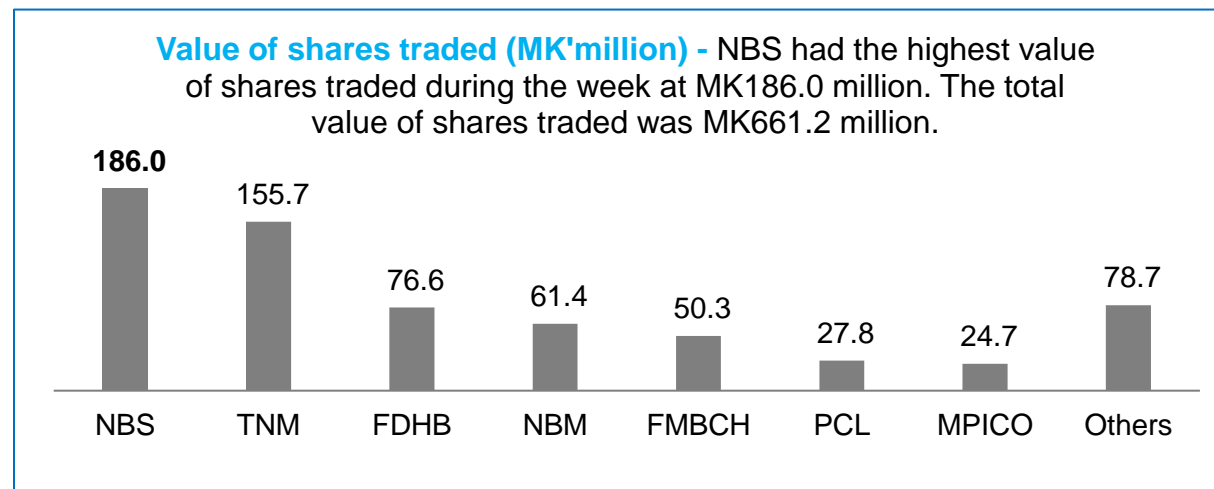
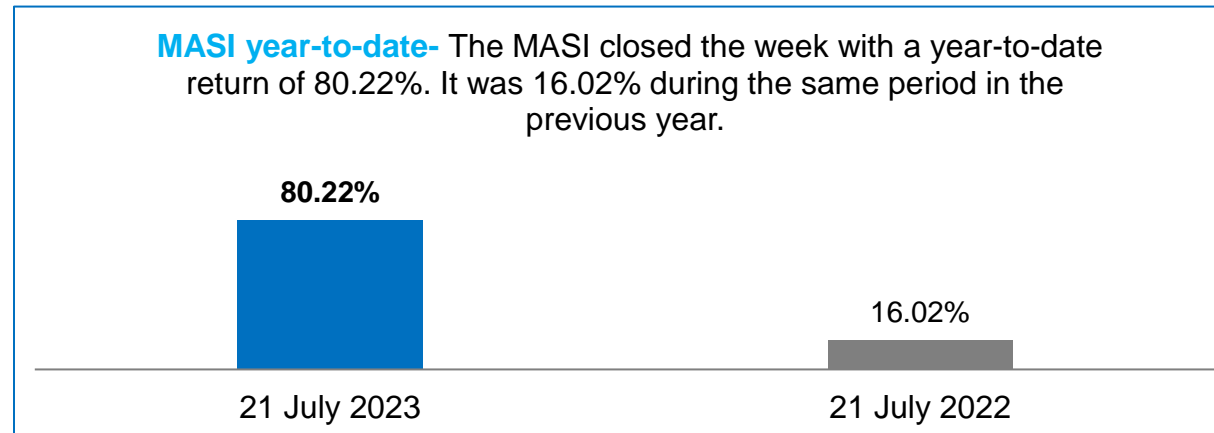
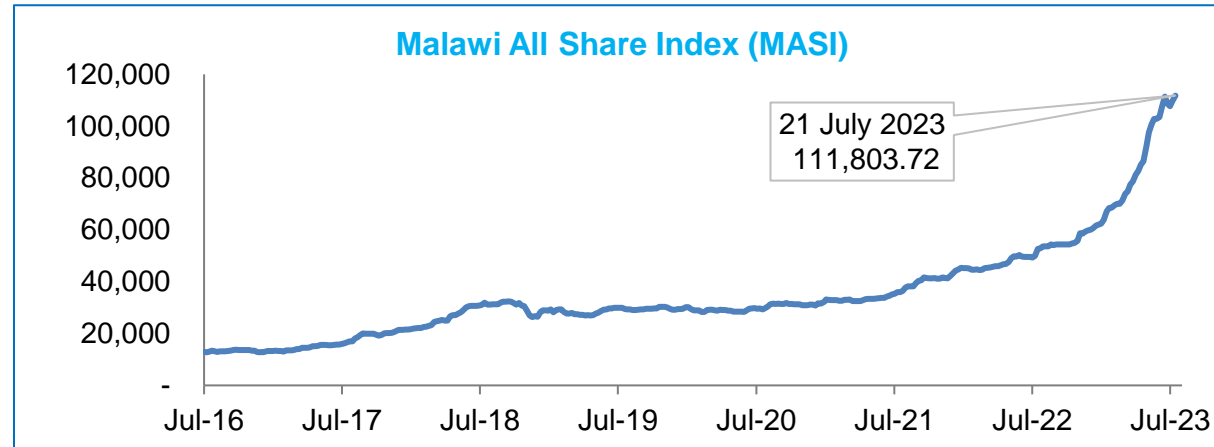
Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 21 July 2023 at 111,803.72 points from 109,769.61 points for the week ending 14 July 2023. Week on week, this represents a 1.85% increase.

There were share price gains for TNM, PCL, NBS and FDH Bank. There were also marginal share price gains for FMBCH, AIRTEL, SUNBIRD and STANDARD. The share price gains offset marginal share price losses for NICO and MPICO during the week under review.

At the NITL Annual General Meeting (AGM), a final dividend of MK317 million (MK2.35 per share) was declared. The total dividend payout is MK425 million (MK3.15 per share).

At the NBM AGM, a final dividend of MK15 billion (MK32.12 per share) was declared. The total dividend payout is MK33 billion (MK70.67 per share).



Symbol	Closing prices as of 21 July 2023 (MK/share)	Closing prices as of 14 July 2023 (MK/share)
AIRTEL	100.07	100.06
BHL	10.06	10.06
FDHB	66.06	65.04
FMBCH	287.51	287.00
ICON	18.99	18.99
ILLOVO	1,121.41	1,121.41
MPICO	20.56	20.58
NBM	2,050.00	2,050.00
NBS	131.99	125.03
NICO	163.02	163.04
NITL	350.00	350.00
OMU	960.00	960.00
PCL	2,508.00	2,181.26
STANDARD	2,400.02	2,400.00
SUNBIRD	190.01	190.00
TNM	30.00	25.90

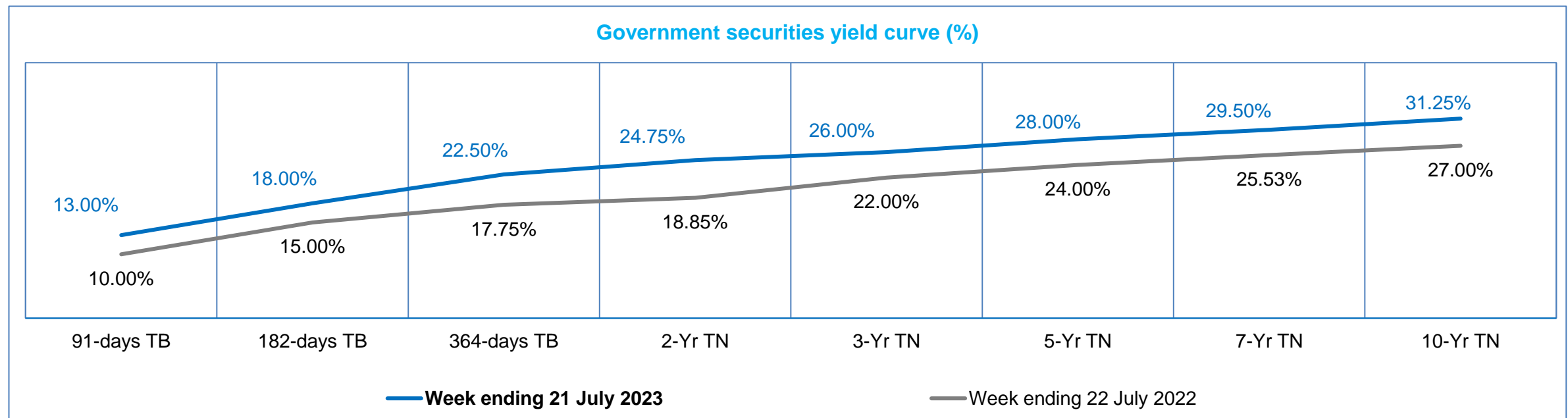
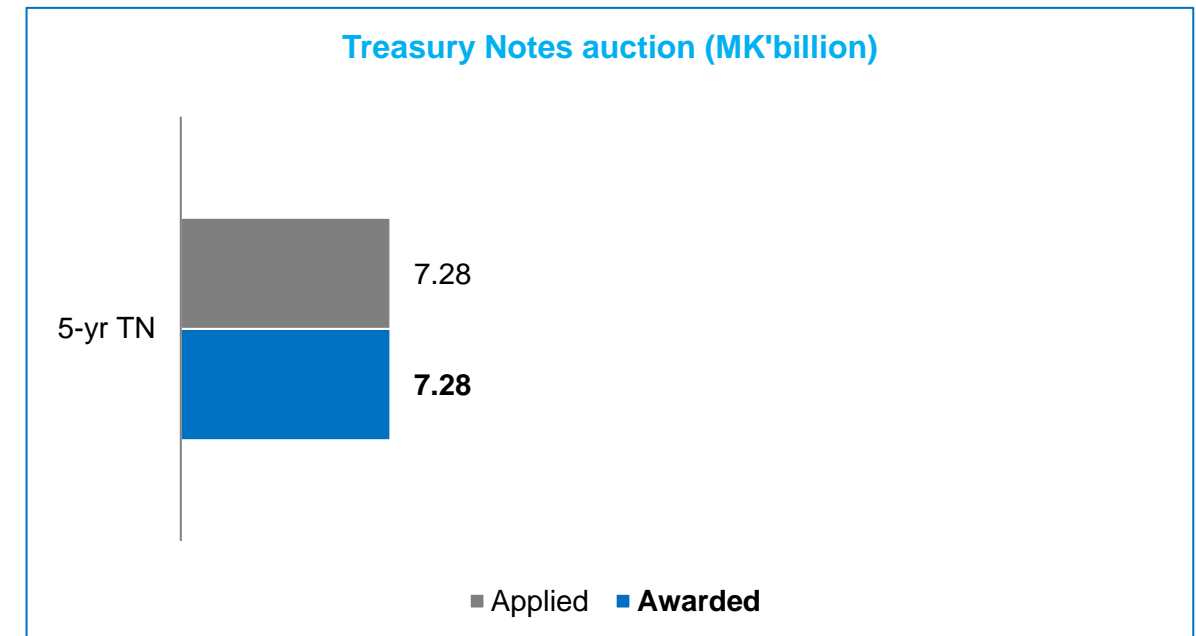
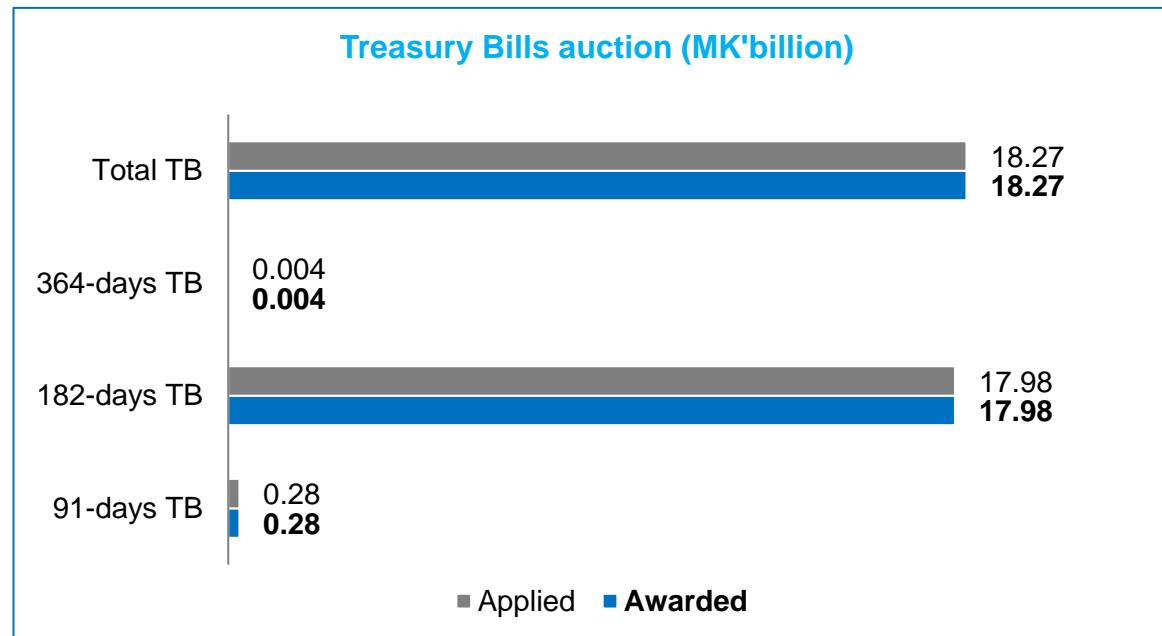


Government securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TBs) on 18 July 2023, and a total of MK18.27 billion was raised from the TBs auctions.

The RBM also held an auction for the 5-year Treasury Note (TN) and MK7.28 billion was raised from the TN auction.

The total amount raised this week stood at MK25.55 billion. The average TB yield increased to 17.83% from 17.65%, 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	21-July-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	1,053.44	1,053.44*
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	1,399.49*
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	1,208.63*
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	60.58*
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	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
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%	29.2%	27.3%	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%	37.2%	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%	16.0%	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%	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%	20.38%	20.40%
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%	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%	21.40%
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%	13.00%
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%	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%	22.50%	22.50%
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%	24.75%	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%	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%	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%	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%	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	108,656.97	111,803.72
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	88,236.99
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	14,363.33

*: Reserve Bank of Malawi opening exchange rates as of 21 July 2023

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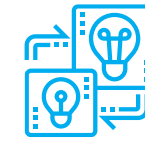
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