



Malawi Financial Market Update

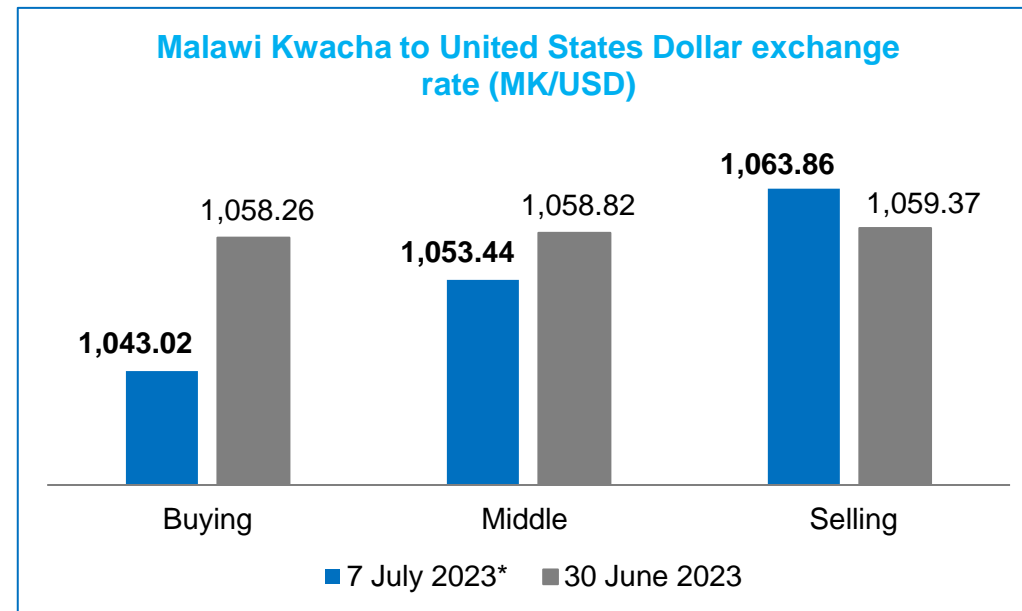
Week ending 7 July 2023



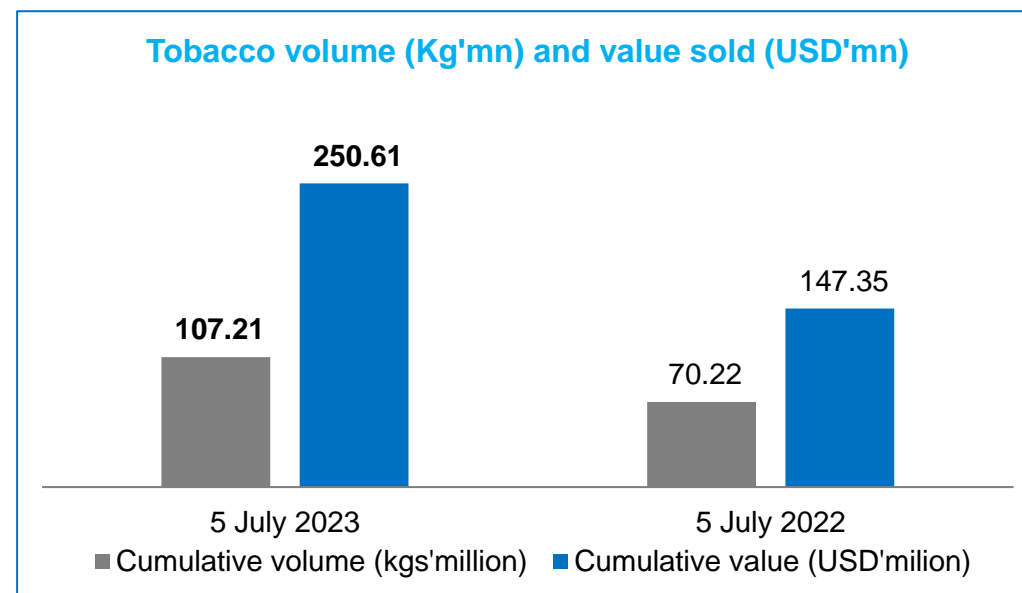
Financial Market Update: Week ending 7 July 2023

Foreign currency and other market developments

Foreign currency (Source: RBM)



Tobacco market (Source: AHL)



*: Reserve Bank of Malawi opening exchange rates as of 7 July 2023

What Happened This Week

1. Malawi has engaged key foreign creditors in efforts to restructure its debt. The Minister of Finance and Economic Affairs stated that debt-scheduling talks with the Export-Import (Exim) Bank of China have picked up. He further stated that currently, the Exim Bank of China has offered Malawi a three-year moratorium and a three-year extension on the repayment period. Malawi has proposed an elongated extension of repayment from three to fifteen years. The Exim Bank of China is the third largest holder of Malawi's foreign debt, with approximately USD218 million (approximately MK218 billion) (*The Nation, 1 July 2023*).
2. China Tobacco Monopoly Company has granted a "No Objection" to its companies wishing to buy tobacco from Malawi, raising hopes of a potential surge in Malawi tobacco exports to the country. Minister of Trade and Industry noted this as one of the highlights of the 2023 China-Africa Expo. According to the Minister, Malawi has already signed a memorandum of understanding with one Chinese company committed to buying 10 million kilograms of tobacco per year (*The Nation, 1 July 2023*).
3. The commercial bank reference rate is now 21.4%, effective 5 July 2023, from 21.0% in the previous month (*The Daily Times, 5 July 2023*).
4. Illovo Sugar Malawi Plc has unveiled plans to diversify and increase its value proposition by expanding into other crops in the agriculture sector. Currently, the company is engaged in the growing of cotton and soya at a small scale in order to gauge what could be viable in the next one or two years before scaling up. In addition to this, the company also plans to increase its electricity generation at its two factories and be able to sell 30 megawatts to ESCOM in the near future (*The Daily Times, 5 July 2023*).
5. Figures from Auction Holdings Limited (AHL) tobacco sales show that 4.00 million kilograms (Kgs) of tobacco were sold at an average price of USD2.47/Kg during the week ending 7 July 2023. This brought cumulative national figures up to 107.21 million Kgs sold at an average price of USD2.34/Kg in the 2023 selling season up to 5 July 2023. The cumulative national value of tobacco sold stood at USD250.61 million (approximately MK250 billion), up 70.08% from USD147.35 million (about MK147 billion) of value sold during the same period in the previous year (*AHL Tobacco Sales Ltd, 6 July 2023*).

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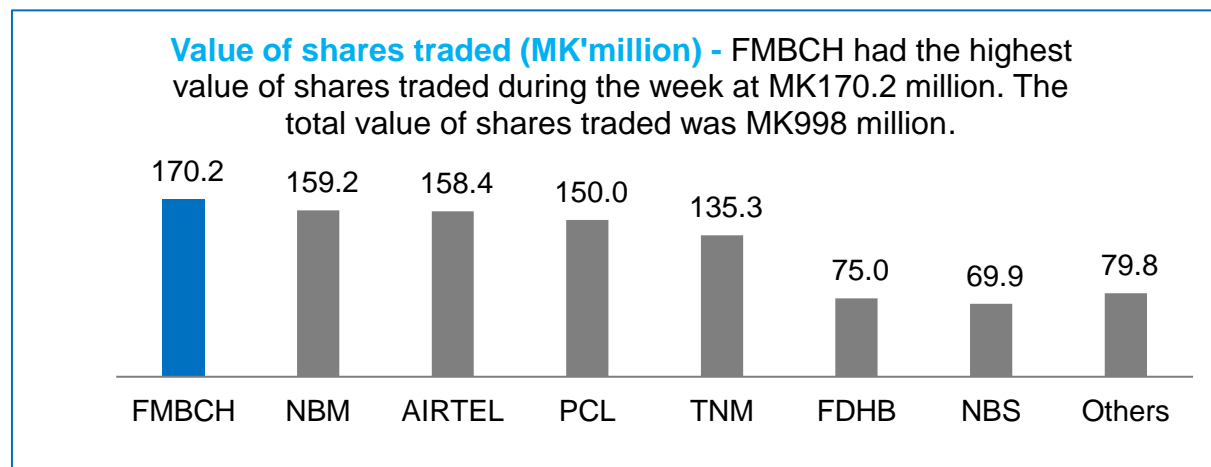
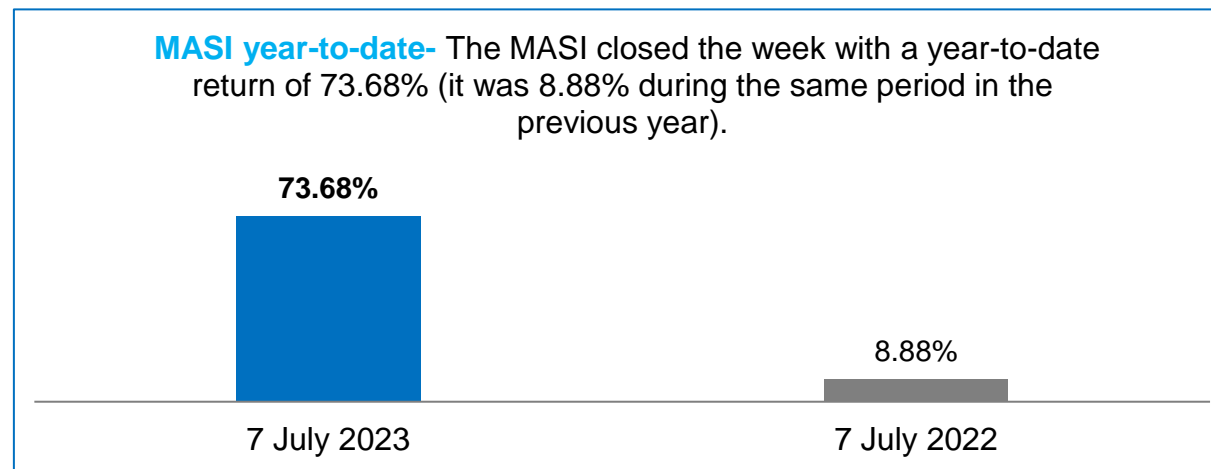
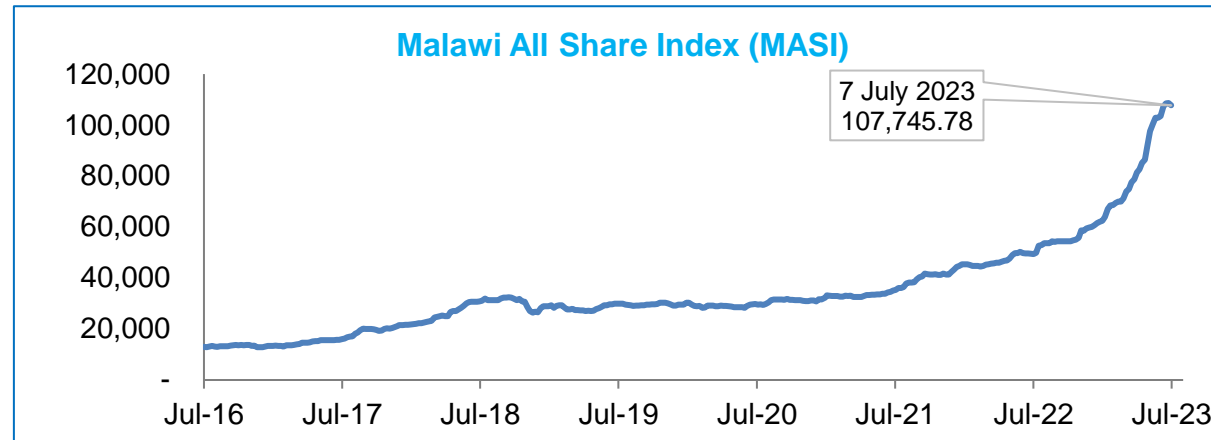
Financial Market Update: Week ending 7 July 2023

Stock market (Source: MSE)

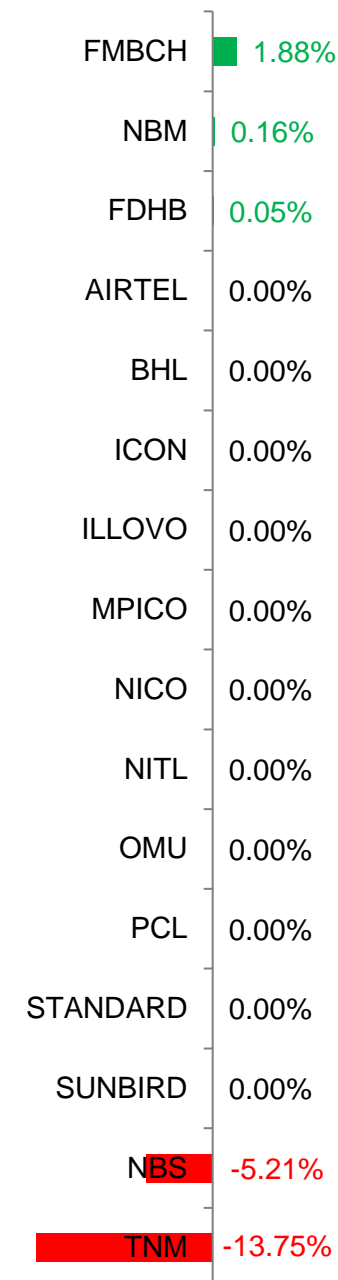
The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 7 July 2023 at 107,745.78 points from 108,656.97 points for the week ending 30 June 2023. Week on week, this represents a 0.84% decrease.

There was a share price gain for FMBCH. There were also marginal share price gains for NBM and FDH Bank. The share price gains were offset by share price losses for TNM and NBS during the week under review.

According to a trading statement released this week, PCL expects its half-year profit after tax for 30 June 2023 to be at least 65% higher than the previous period.



Week-on-week share price percentage change (%)



Symbol	Closing prices as of 7 July 2023 (MK/share)	Closing prices as of 30 June 2023 (MK/share)
AIRTEL	100.06	100.06
BHL	10.06	10.06
FDHB	63.98	63.95
FMBCH	250.01	245.39
ICON	18.99	18.99
ILLOVO	1121.41	1,121.41
MPICO	20.58	20.58
NBM	2,050.00	2,046.71
NBS	125.03	131.90
NICO	163.04	163.04
NITL	350.00	350.00
OMU	960.00	960.00
PCL	2,181.26	2,181.26
STANDARD	2,350.01	2,350.01
SUNBIRD	180.52	180.52
TNM	25.85	29.97



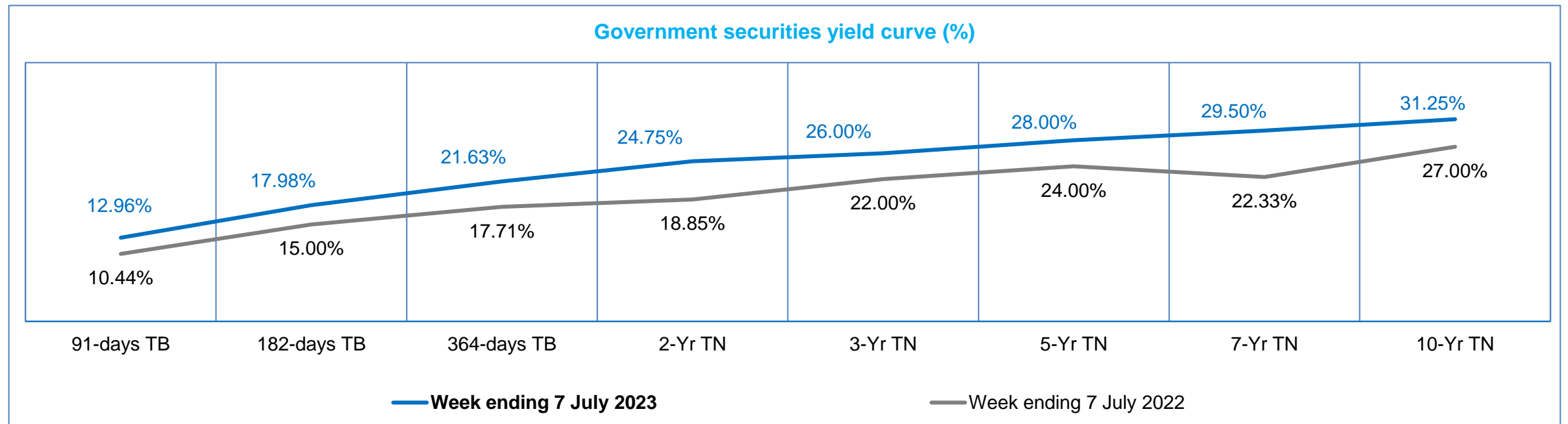
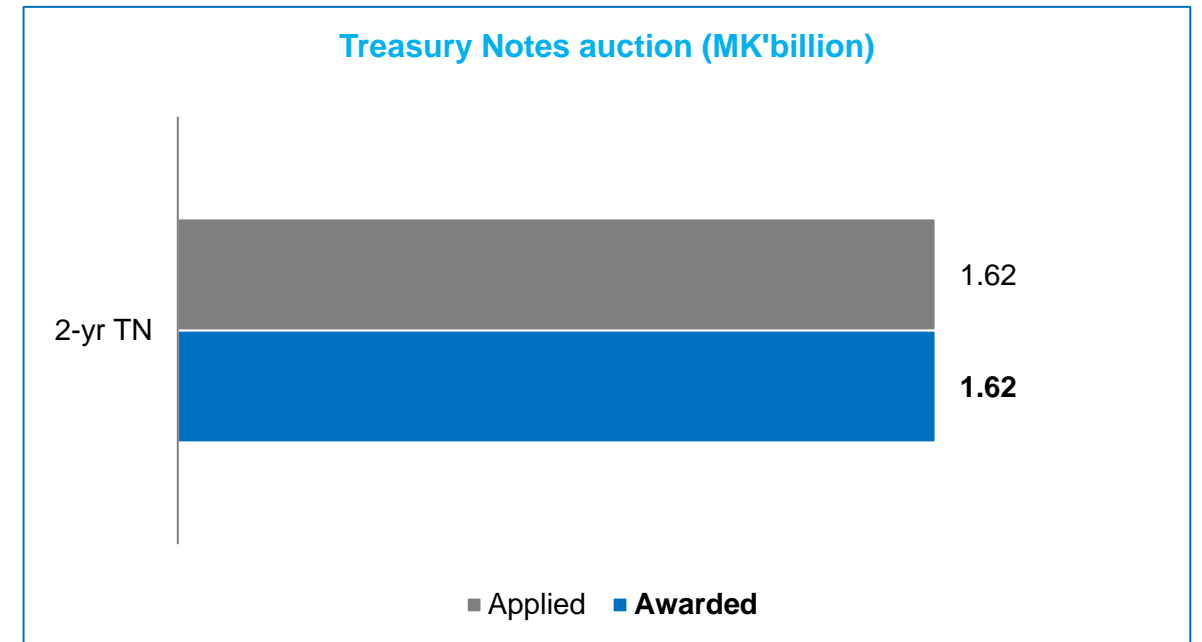
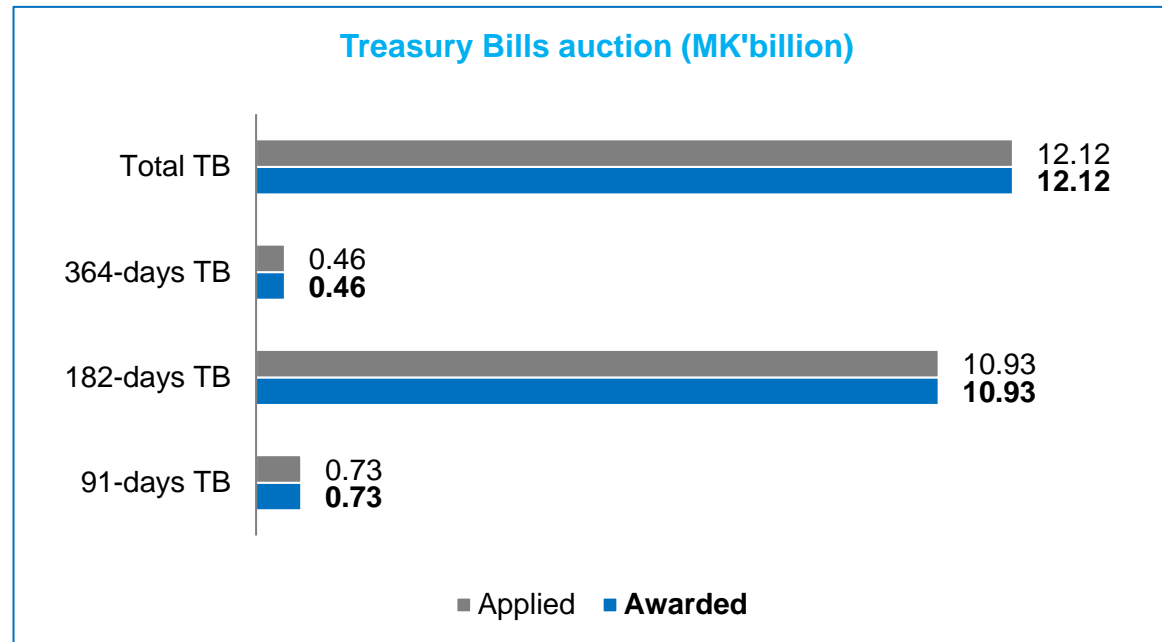
Government securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TBs) on 5 July 2023, and a total of MK12.12 billion was raised from the TBs auctions.

The RBM also held an auction for the 2-year TN on 5 July 2023, and a total of MK1.62 billion was raised.

The total amount raised this week stood at MK13.74 billion as of 6 July 2023. The average TB yield decreased to 17.52% from 17.83%, while the average TN yield maintained at 27.90% during the period under review.

On 7 July 2023, the RBM held re-openings for all tenors of TBs as well as the 2,3 and 7-year TNs.



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	7-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	1,382.56*	
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	1,181.83*	
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	56.89*	
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	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	375.36	403.93	386.90	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	659.20	603.85	604.01	581.72	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	0.91	0.80	0.78	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%	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	
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%	20.39%	
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%	12.96%	
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%	17.98%	
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%	21.63%	
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	107,745.78	
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	86,081.02	
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	12,505.39	

*: Reserve Bank of Malawi opening exchange rates as of 7 July 2023

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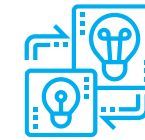
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