



Malawi Financial Market Update

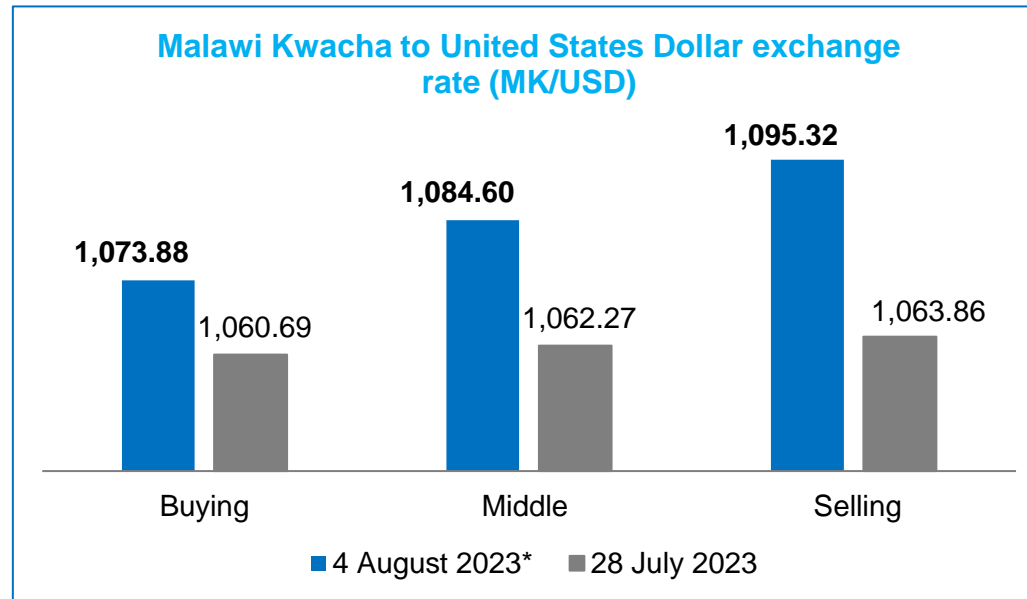
Week ending 4 August 2023



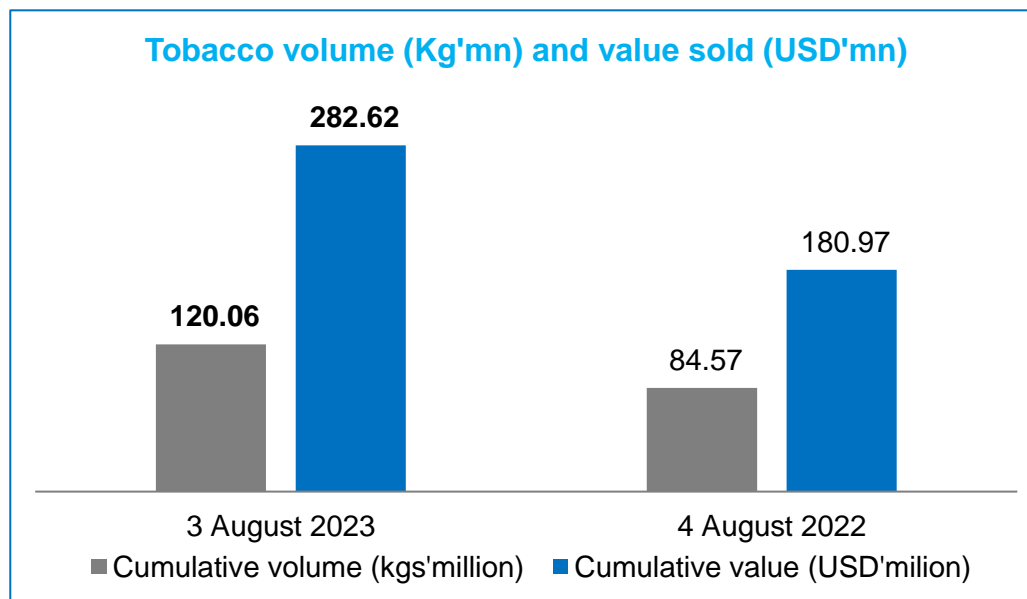
Financial Market Update: Week ending 4 August 2023

Foreign currency and other market developments

Foreign currency (Source: RBM)



Tobacco market (Source: AHL)



*: Reserve Bank of Malawi opening exchange rates as of 4 August 2023

What Happened This Week

1. The Executive Board of the International Monetary Fund (IMF) discussed the first review of the 12-month Staff-Monitored Program with Executive Board involvement (PMB) for Malawi. The review was approved by the management of the IMF on 13 July 2023. Considering a series of shocks, program performance was mixed. They noted that authorities are taking corrective actions to establish a track record of policy implementation, possibly paving the way to an Extended Credit Facility (ECF) arrangement. The Executive Board agreed with staff that Malawi is on track to achieve the objectives of the PMB (*The International Monetary Fund, 31 July 2023*).
2. The Reserve Bank of Malawi (RBM) held a foreign exchange auction on 27 July 2023, in which USD400,000 (approximately MK400 million) was raised. The RBM disclosed that the highest bid rate accepted was MK1,100.00/USD, while the lowest bid rate accepted was MK1,090.00/USD. The weighted average rate accepted was MK1,095.32/USD. The new rate was effective from 1 August 2023. The immediate effect was a depreciation of 2.92% between the official closing middle rate of 31 July 2023 and 1 August 2023. The respective closing middle rates were MK1,061.67/USD for 31 July 2023 and MK1,092.68/USD for 1 August 2023 (*The Reserve Bank of Malawi, 31 July 2023*).
3. In its 2023 Southern Africa Economic Outlook report, the African Development Bank (AfDB) has projected that Malawi's real GDP growth rate is expected to be 2% in 2023. This projection is above the projections of the International Monetary Fund (1.7%), the World Bank (1.4%), and Economist Intelligence Unit (0.7%). Although the projection could entail better economic conditions than in the previous year, where growth was at 0.7%, the AfDB has warned that the outlook is uncertain because Malawi remains subjected to significant downside risks such as persistent inflation (*The Nation, 1 August 2023*).
4. Figures from Auction Holdings Limited (AHL) tobacco sales show that 0.74 million kilograms (Kgs) of tobacco were sold at an average price of USD2.48/Kg during the week ending 4 August 2023. This brought cumulative national figures up to 120.06 million Kgs sold at an average price of USD2.35/Kg in the 2023 selling season up to 3 August 2023. The cumulative national value of tobacco sold stood at USD282.62 million (approximately MK282 billion), up 56.2% from USD180.97 million (approximately MK177 billion) of value sold as of 4 August 2022 (*AHL Tobacco Sales Ltd, 3 August 2023*).
5. The commercial bank reference rate is now 22.7%, effective 3 August 2023, from 21.4% in the previous month (*The Daily Times, 3 August 2023*).

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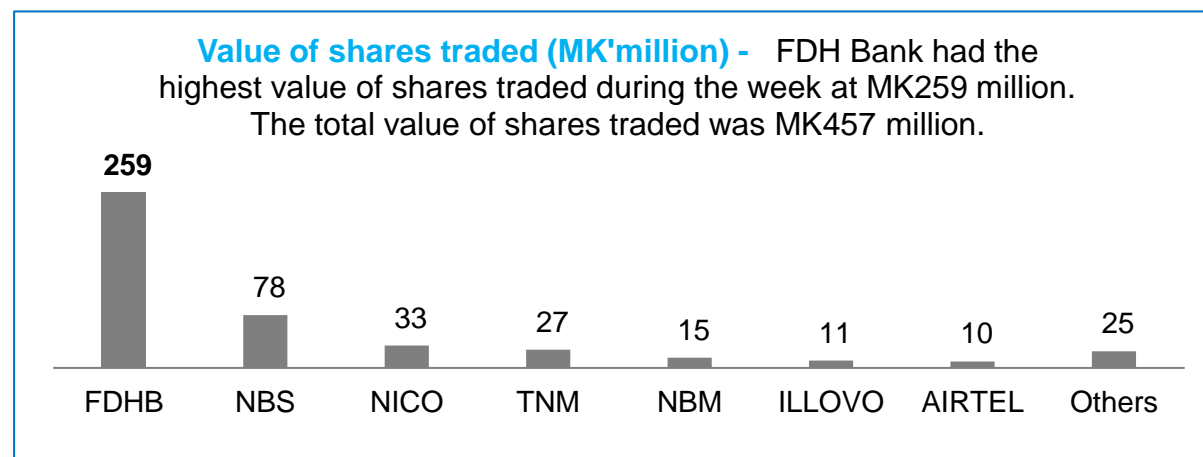
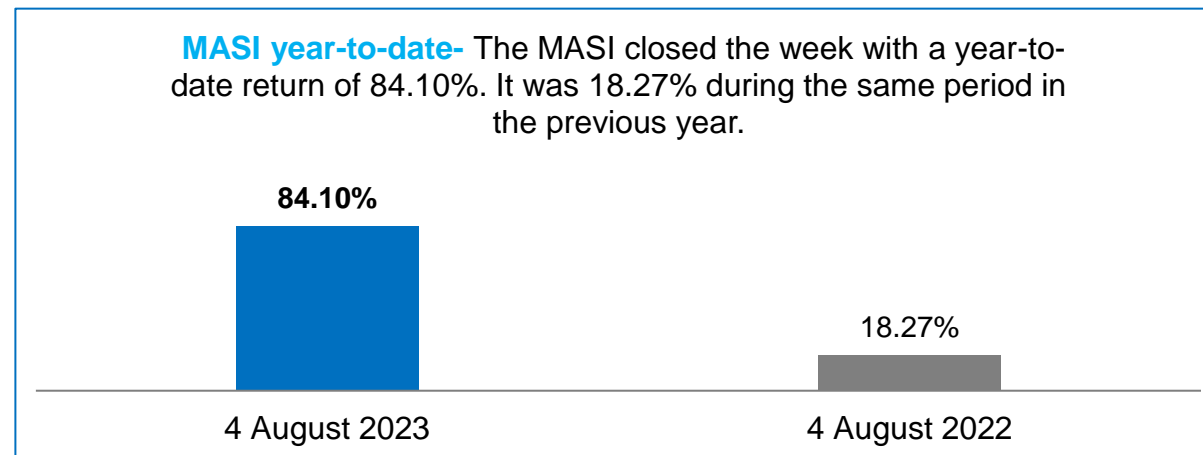
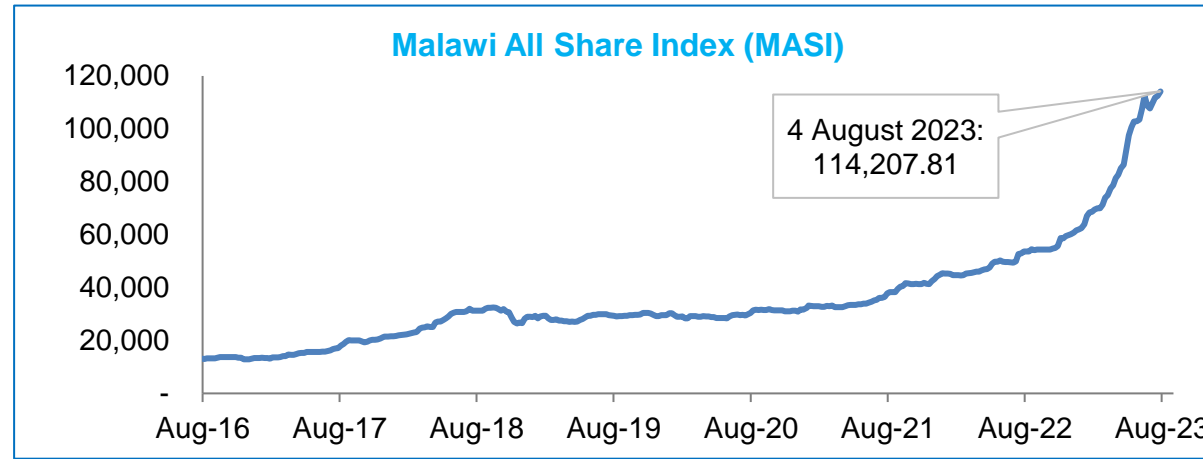
Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 4 August 2023 at 114,207.81 points from 112,492.50 points for the week ending 28 July 2023. Week on week, this represents a 1.52% increase.

There were share price gains for OMU, FDH Bank, STANDARD and FMBCH. There were also marginal share price gains for AIRTEL, NICO and NITL. The share price gains offset a marginal share price loss for NBS during the week under review.

FDH Bank disclosed a half-year profit after tax of MK15.0 billion, up 72% from MK8.7 billion in the previous period.

FDH Bank notified the public of an interim dividend of MK9.0 billion (MK1.3 per share) in respect of 2023 profits.



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



Symbol	Closing prices as of 4 August 2023 (MK/share)	Closing prices as of 28 July 2023 (MK/share)
AIRTEL	100.08	100.07
BHL	10.06	10.06
FDHB	72.16	66.21
FMBCH	311.47	300.01
ICON	18.97	18.97
ILLOVO	1,121.41	1,121.41
MPICO	20.56	20.56
NBM	2,050.00	2,050.00
NBS	131.99	132.00
NICO	163.02	163.01
NITL	401.01	401.00
OMU	1,050.00	960.00
PCL	2,508.00	2,508.00
STANDARD	2,500.00	2,400.02
SUNBIRD	190.01	190.01
TNM	29.99	29.99

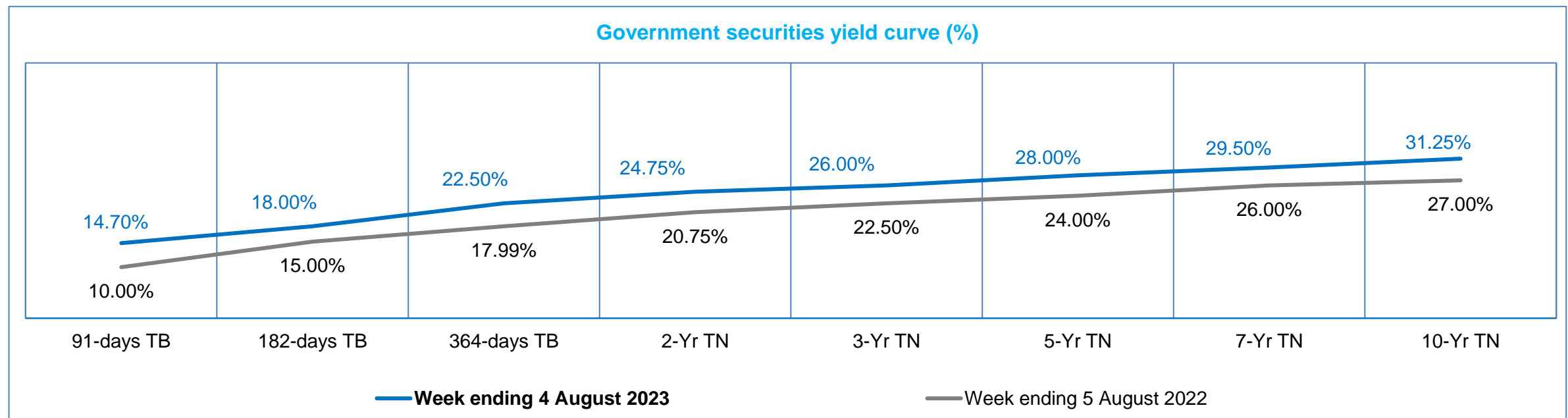
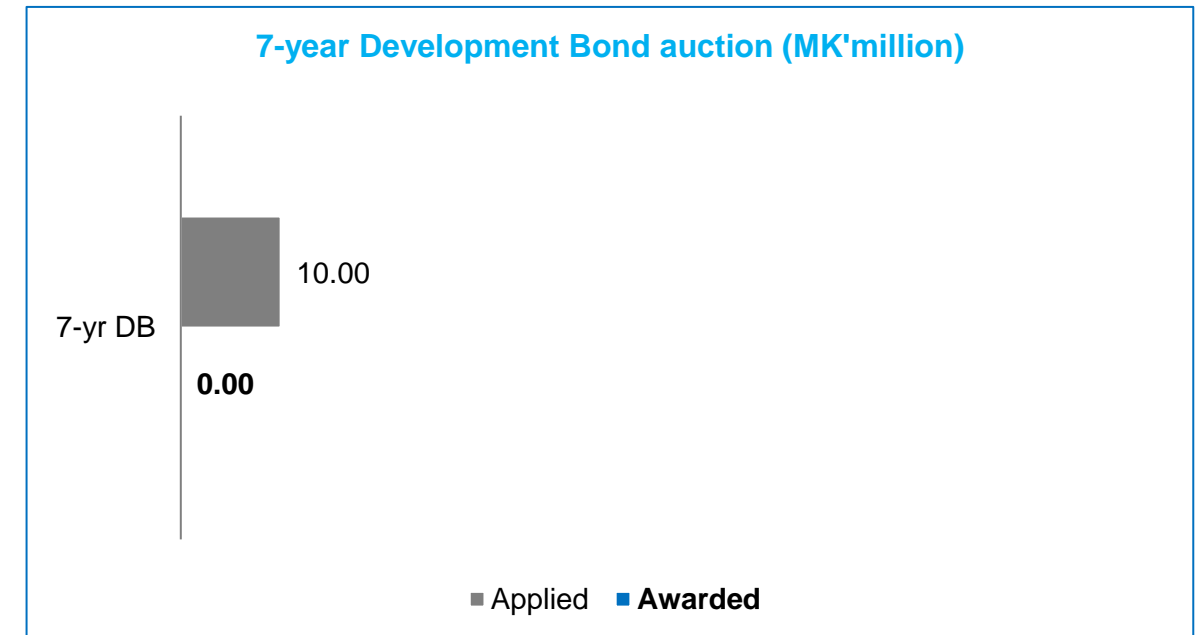
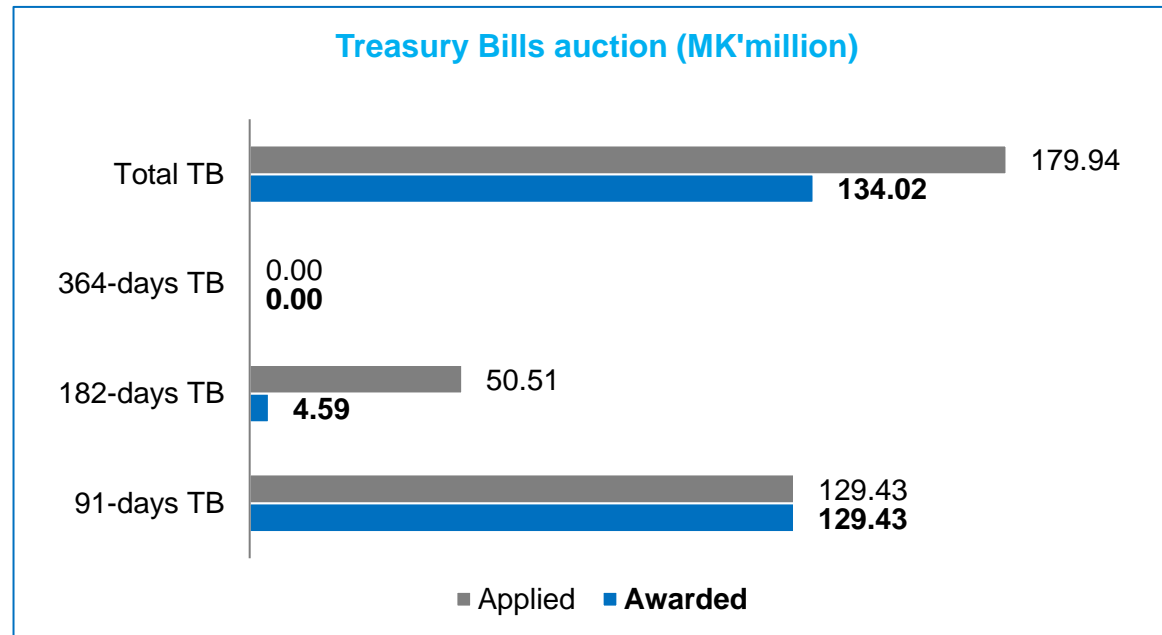


Government securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TBs) on 1 August 2023, and a total of MK134.02 million was raised from the TBs auctions.

The RBM also held an auction for a 7-year Development Bond (DB) in which no funds were raised.

The total amount raised this week stood at MK134.02 million. The average TB yield increased to 18.40% from 17.83% while the average TN yield maintained at 27.90% during the period under review.



DB: Development Bond
TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Jul-23	4-Aug-23
Exchange rates (middle rates)																		
MK/USD	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	1,084.60*
MK/GBP	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	1,388.31	1,420.55*
MK/EUR	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	1,191.37	1,223.27*
MK/ZAR	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	61.01	59.79*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation																		
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates																		
Monetary Policy rate	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%	24.00%	24.00%
Average Interbank rate	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%	20.51%	21.85%
Lombard rate	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%	24.20%	24.20%
Commercial bank reference rate	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%	22.70%
Government Securities Yields																		
91-days Treasury Bill	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%	14.70%
182-days Treasury Bill	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%	18.00%	18.00%
364-days Treasury Bill	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%	22.50%
2-year Treasury Note	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%	24.75%
3-year Treasury Note	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%	26.00%
5-year Treasury Note	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%	28.00%
7-year Treasury Note	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%	29.50%
10-year Treasury Note	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%	31.25%
Stock Market Indices																		
MASI	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	112,492.50	114,207.81
DSI	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	88,364.93	89,437.93
FSI	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	14,982.64	15,561.55

*: Reserve Bank of Malawi opening exchange rates as of 4 August 2023

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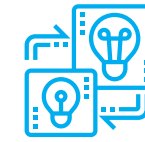
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