



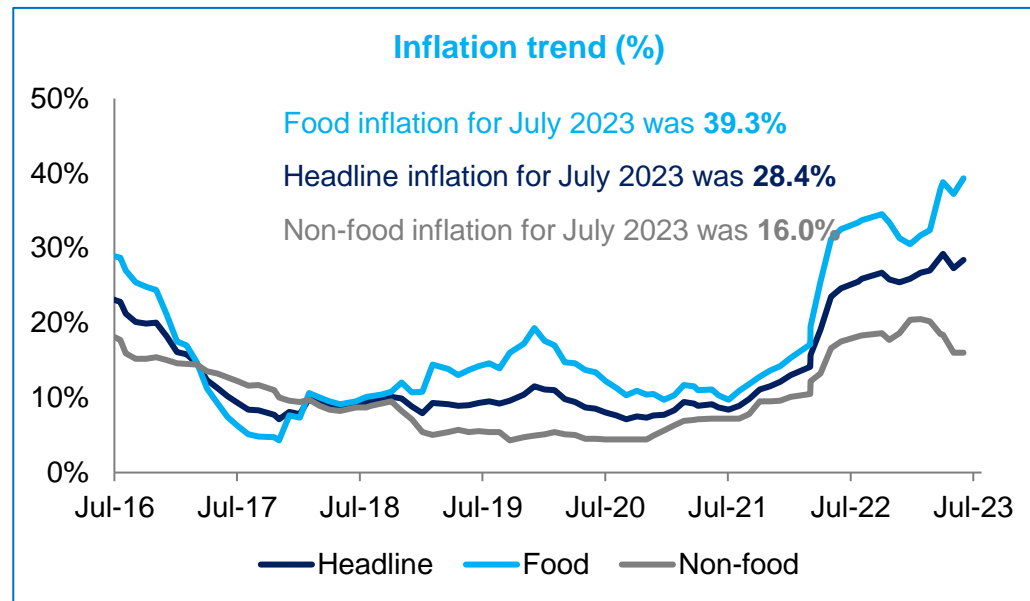
Malawi Financial Market Update

Week ending 18 August 2023

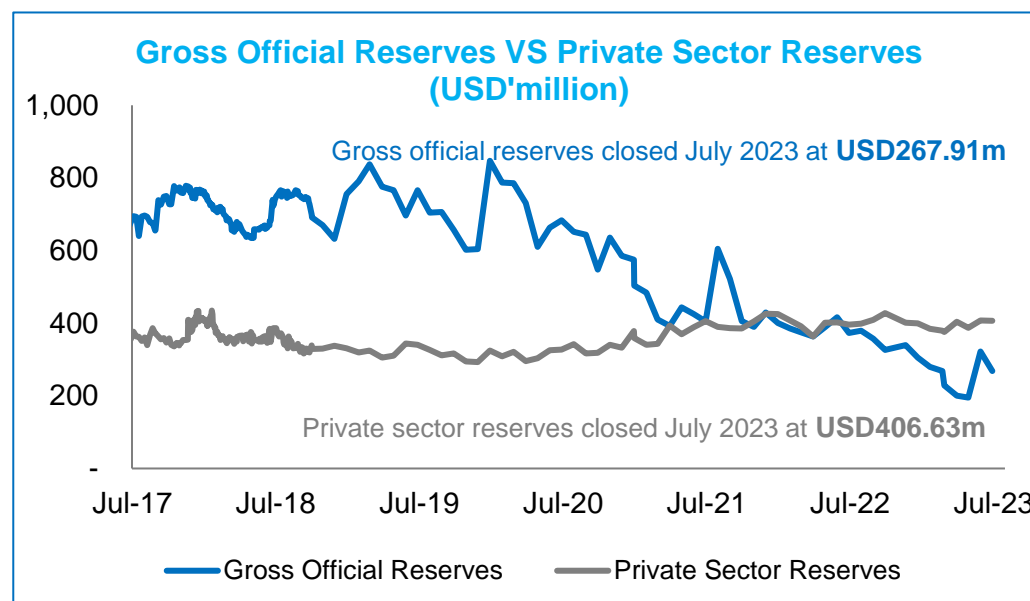


Inflation and other market developments

Inflation (Source: NSO)



Foreign exchange reserves (Source: RBM)



The National Statistical Office (NSO) has disclosed that headline inflation for July 2023 stands at 28.4%, up 1.1 percentage points from 27.3% recorded in June 2023.

As of 31 July 2023, gross official reserves decreased by 16.7% to USD267.91 million (1.07 months of import cover) from USD321.53 million (1.29 months of import cover) in June 2023.

What Happened This Week

1. Data from the International Food Policy Research Institute's (IFPRI) July 2023 Monthly Maize Market report shows that average maize prices rose from MK512 per kilogram (kg) in the last week of June 2023 to MK650 per kg in the last week of July 2023. This represents a 27% increase in the price. The report indicates that compared to the same period last year, maize prices are currently 104% higher. According to the IFPRI data, the southern region experienced the highest monthly average retail price of MK653 per kg which was higher than the central region's MK580 per kg and the northern region's MK489 per kg (*The Nation, 14 August 2023*).
2. As of 31 July 2023, gross official reserves decreased by 16.7% to USD267.91 million (1.07 months of import cover) from USD321.53 million (1.29 months of import cover) in June 2023. Private sector reserves dropped by 0.2% to USD406.63 million (1.63 months of import cover) from USD407.47 million (1.63 months of import cover) in the period under review. In total, foreign exchange reserves held in the country in July 2023 decreased by 7.5% to USD674.54 million from USD729 million in June 2023. The total foreign exchange reserves import cover decreased to 2.70 months from 2.92 months in the period under review (*The Reserve Bank of Malawi, 15 August 2023*).
3. The RBM has stated that Malawi has made progress in putting its affairs in order ahead of the second review of the Staff Monitored Program with Executive Board Involvement (PMB) by the International Monetary Fund (IMF). The RBM governor said that the fiscal authorities have been engaging foreign creditors to agree on debt restructuring and a lot of progress has been made thus far. The governor further said that all things staying constant, by the time the authorities engage the IMF on the Extended Credit Facility (ECF), the discussions on the debt arrangements will have concluded (*The Daily Times, 18 August 2023*).
4. The latest statistics from the National Statistical Office (NSO) reveal that the year-on-year inflation rate for July 2023 stands at 28.4%, an increase of 1.1 percentage points from the 27.3%, recorded in June 2023. The food inflation rate increased to 39.3% in July 2023 from 37.2% in June 2023. The non-food inflation rate maintained at 16.0% in July 2023 (NSO, 18 August 2023).

*: Reserve Bank of Malawi opening exchange rates as of 18 August 2023



Malawi Financial Market Update: Week ending 18 August 2023

Stock market (Source: MSE)

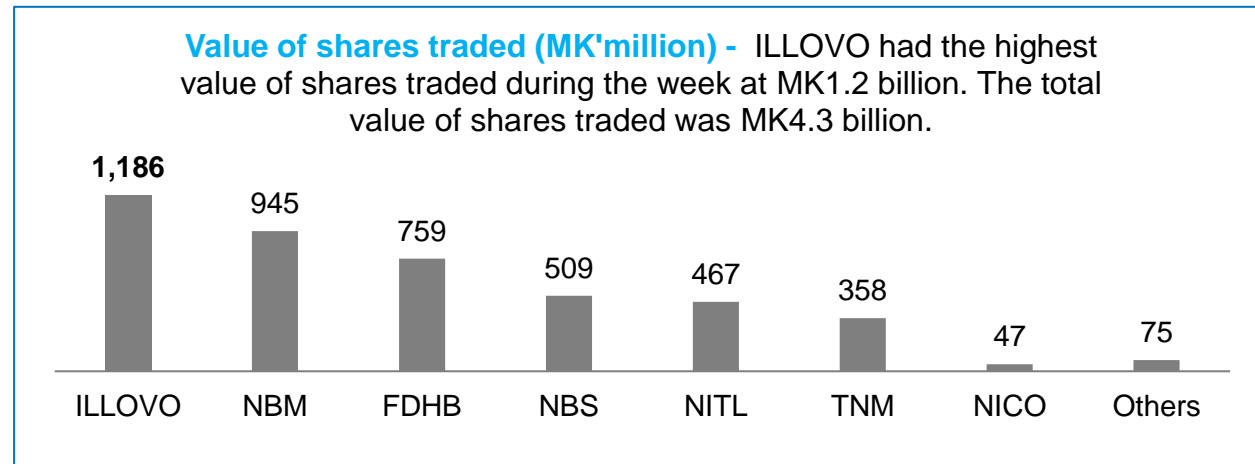
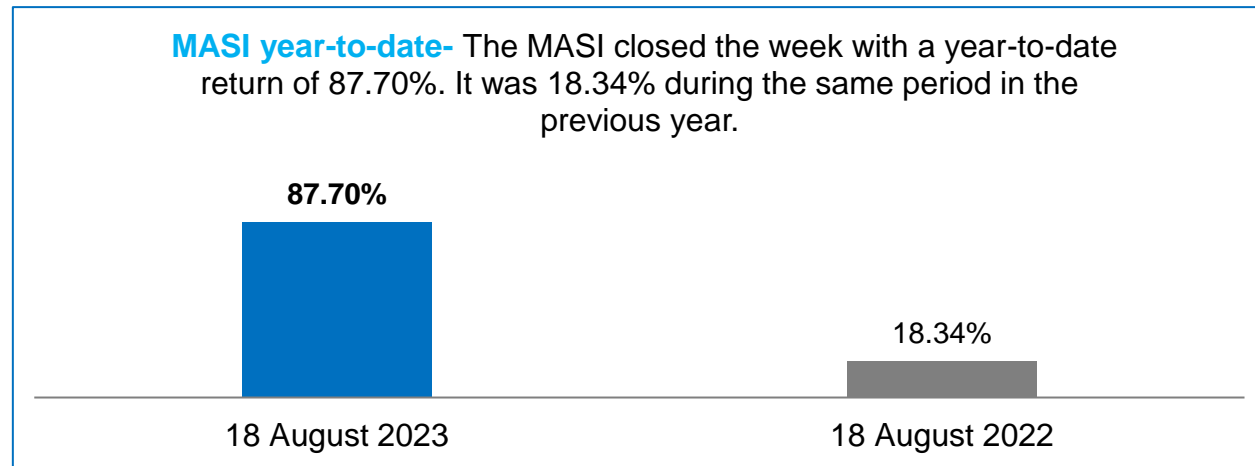
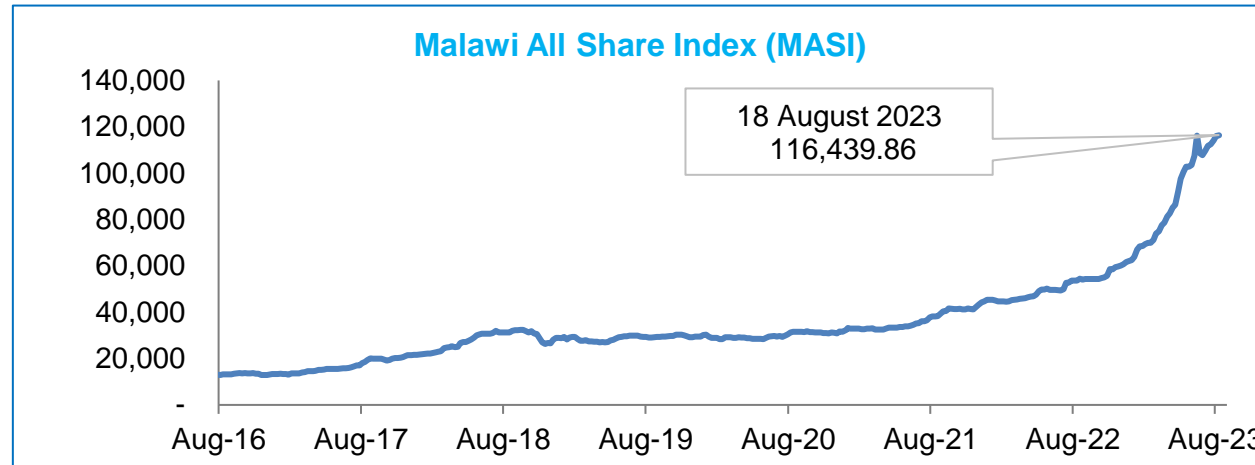
The stock market was marginally bullish, with the Malawi All Share Index (MASI) closing the week ending 18 August 2023 at 116,439.86 points from 116,157.13 points for the week ending 11 August 2023. Week on week, this represents a 0.24% increase.

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

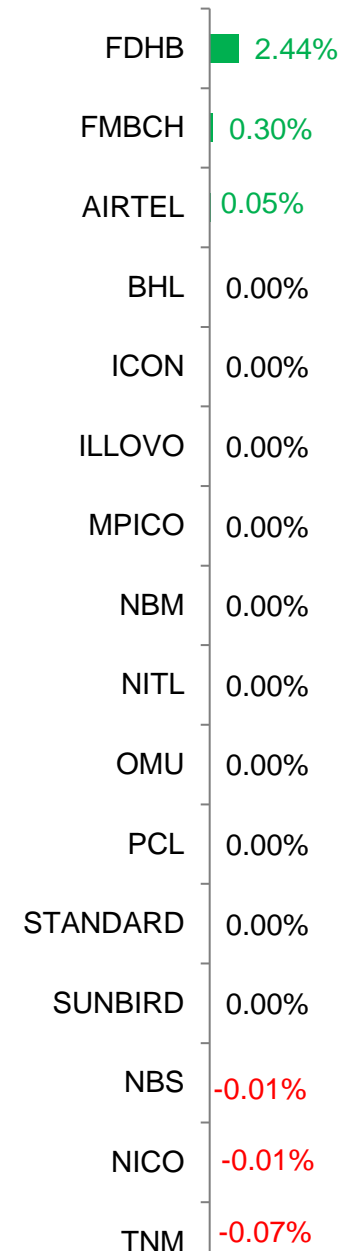
Standard Bank disclosed a 2023 half-year (2023H1) PAT of MK26.92 billion, up 70% from MK15.84 billion in the previous period.

In a revised trading statement, NBS Bank disclosed that PAT for the 2023H1 period is expected to fall within MK11.8 - MK12.3 billion, compared to MK5.09 billion in the previous period.

BHL revised its loss after tax for the year ending 31 December 2022 to MK135.91 million, from MK290.43 million published earlier.



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



Symbol	Closing prices as of 18 August 2023 (MK/share)	Closing prices as of 11 August 2023 (MK/share)
AIRTEL	100.15	100.10
BHL	10.06	10.06
FDHB	76.01	74.20
FMBCH	341.01	340.00
ICON	18.97	18.97
ILLOVO	1,121.41	1,121.41
MPICO	20.56	20.56
NBM	2,100.00	2,100.00
NBS	131.99	132.00
NICO	163.00	163.02
NITL	401.01	401.01
OMU	1,050.00	1,050.00
PCL	2,508.00	2,508.00
STANDARD	2,500.01	2,500.01
SUNBIRD	190.10	190.10
TNM	29.98	30.00



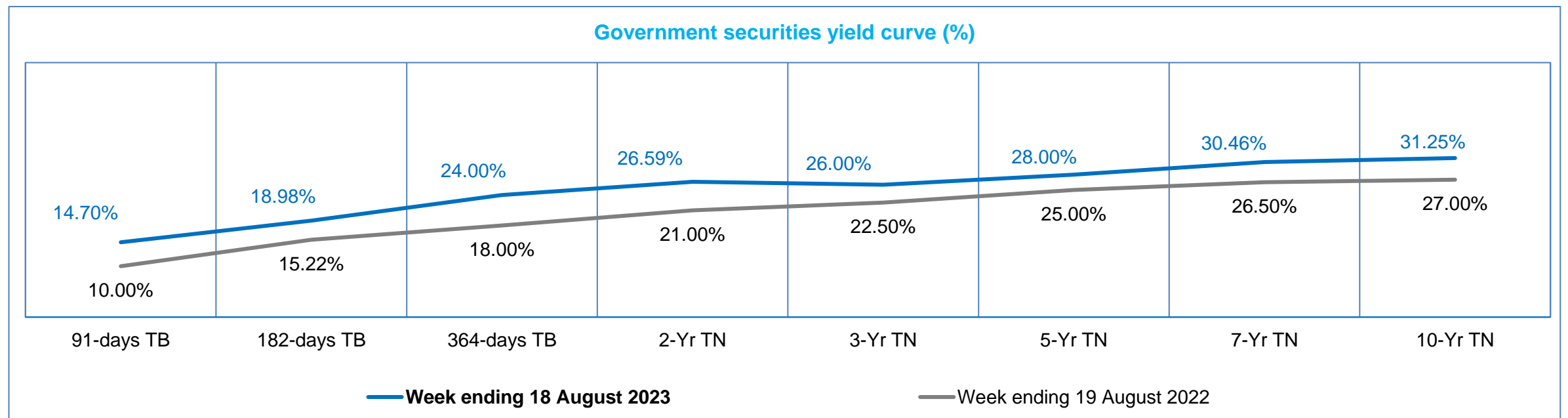
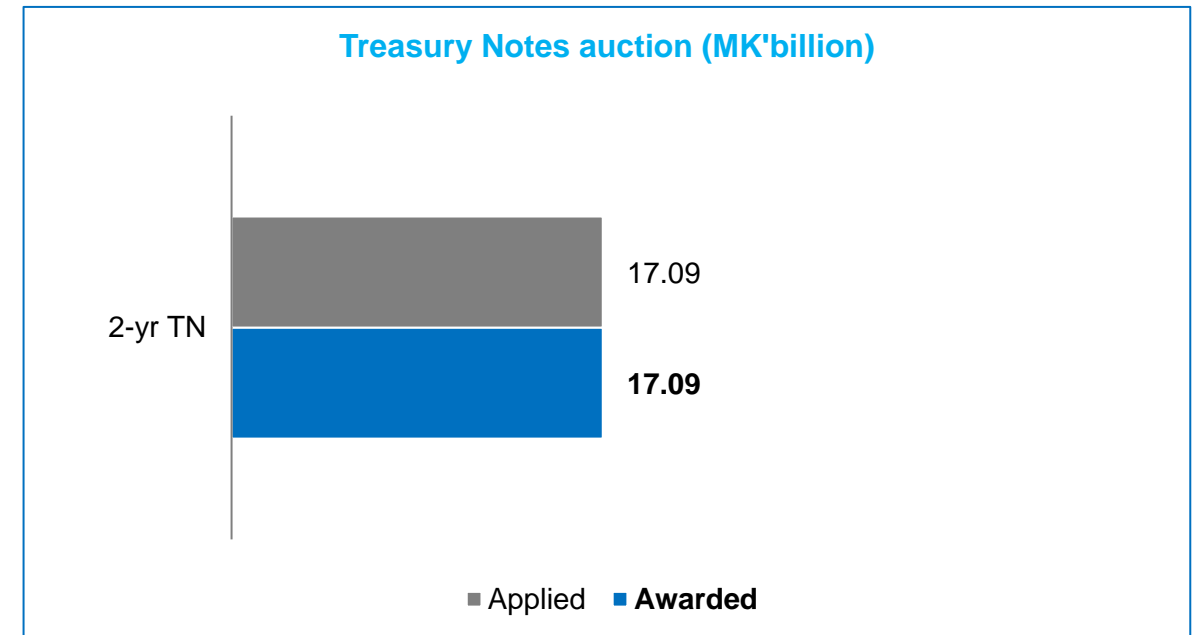
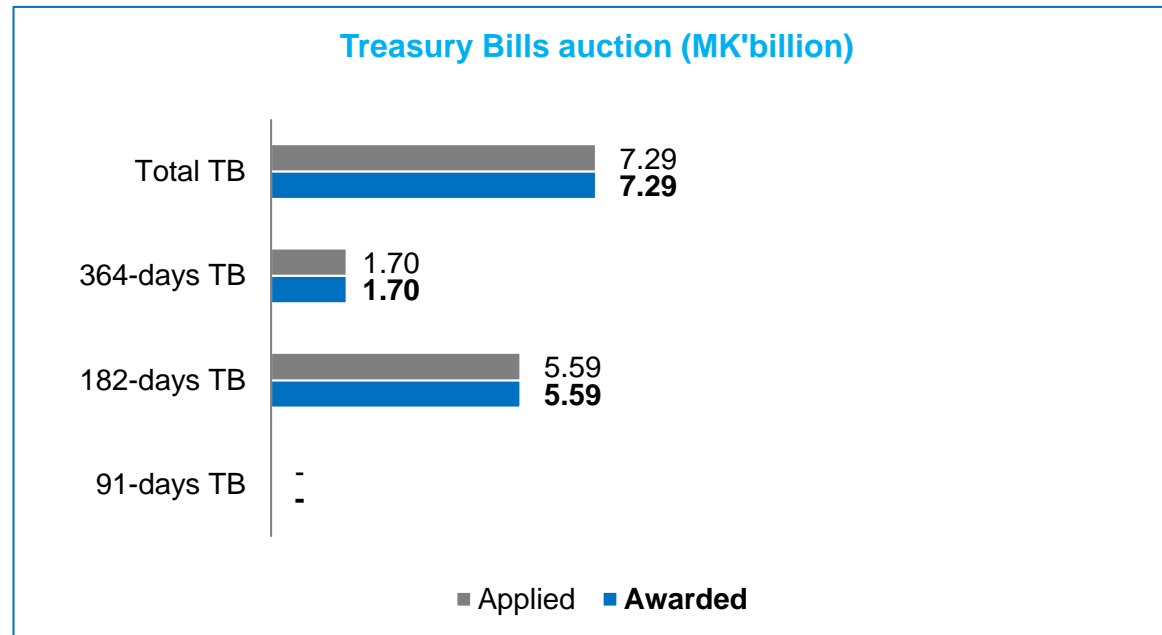
Government securities (Source: RBM)

A total amount of MK24.38 billion was raised during Treasury Bills (TBs) and Treasury Notes (TNs) auctions held by the Reserve Bank of Malawi on 15 August 2023.

In the TBs and TNs auctions, totals of MK7.29 billion and MK17.09 billion were raised, respectively.

The TBs and TNs auctions both had nil rejection rates.

The average TB yield increased to 19.23% from 18.90% and the average TN yield increased to 28.46% from 28.09% during the period under review.



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	18-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	1,215.45*	
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	58.68*	
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	267.91	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	406.63	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	674.54	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	1.07	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%	28.4%	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%	39.3%	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%	16.0%	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%	22.58%	
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%	18.98%	
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%	24.00%	
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%	26.59%	
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%	30.46%	
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	116,439.86	
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	90,278.01	
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	17,025.11	

*: Reserve Bank of Malawi opening exchange rates as of 18 August 2023

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

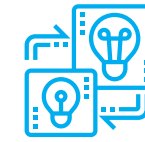
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**