



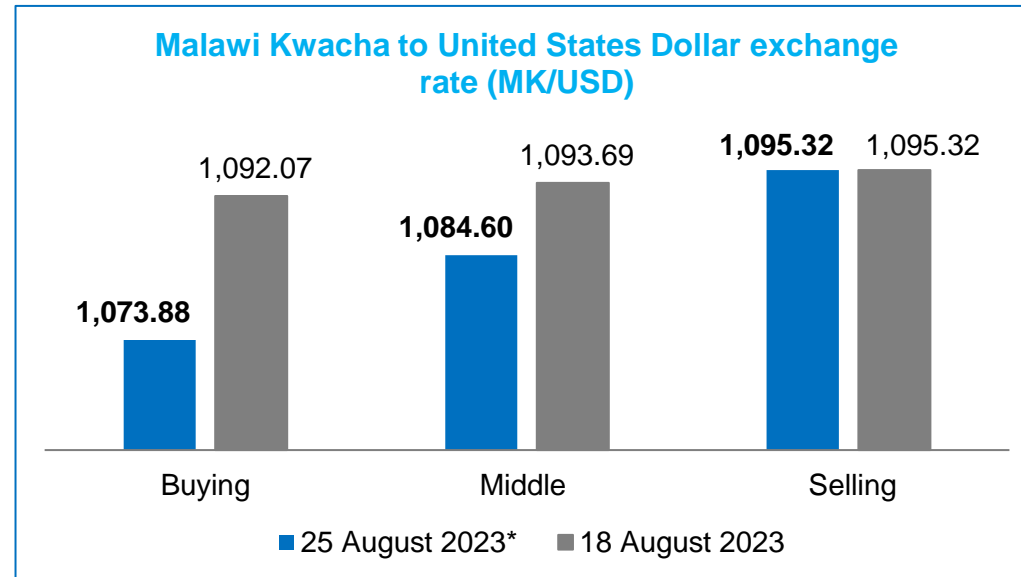
Malawi Financial Market Update

Week ending 25 August 2023

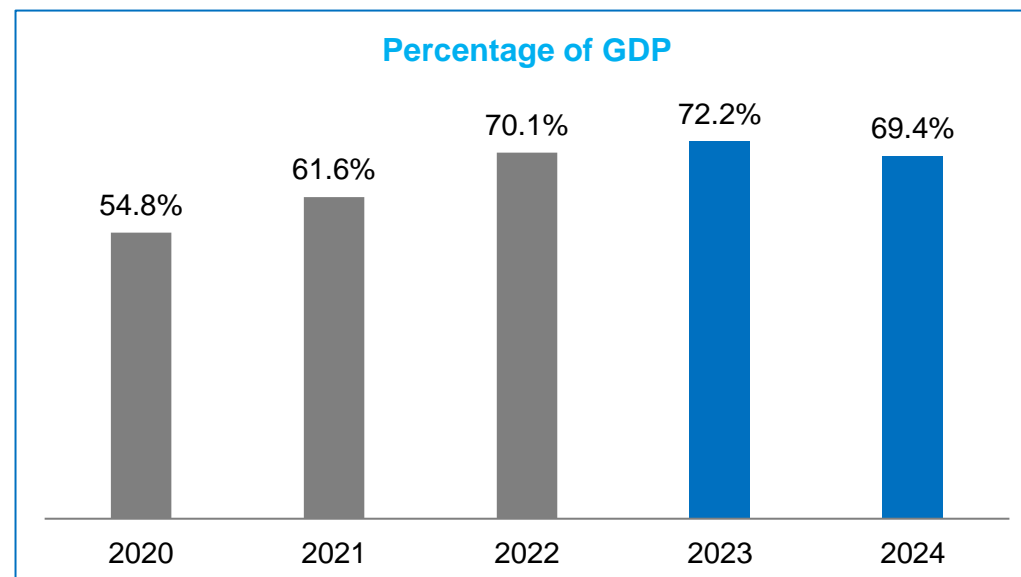


Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi government debt (Source: IMF WEO, July 2023)



*: Reserve Bank of Malawi opening exchange rates as of 25 August 2023

What Happened This Week

1. The European Union (EU) Ambassador has expressed optimism regarding the upcoming International Monetary Fund (IMF) assessment mission on Malawi's performance which might lead to settling of an Extended Credit Facility (ECF) program. The EU Ambassador said that the IMF's ECF will not instantly rectify the structural deficit facing Malawi, but it will bring in foreign exchange and it will pave the way for support from development partners such as the EU. The Ambassador is hopeful that the ECF will create a conducive business and investment environment (*The Nation, 21 August 2023*).
2. At the 2023 Bankers Association of Malawi (BAM) annual lakeshore conference, the Reserve Bank of Malawi (RBM) Governor urged commercial banks to increase lending to productive sectors of the economy to create jobs, boost exports and import substitution, and promote industrialization. The RBM Governor said that banks will be key in commercializing agriculture and supporting the government's initiatives on mega farms. He said this can be achieved through targeted lending programs, bank guarantees, and capacity building initiatives for small and medium enterprises (*The Nation, 21 August 2023*).
3. The RBM says debt restructuring agreements with African Export and Import Bank (Afreximbank) and Trade and Development Bank could help the country save USD700 million (approximately MK700 billion) in debt repayment during the moratorium period. The RBM Governor said that the agreements the Malawi government is seeking from Afreximbank and Trade and Development Bank are moratoriums to extend loan repayment periods without further interests. The Governor further said that a lot of progress has been made although no deals are done yet (*The Nation, 22 August 2023*).
4. Figures from the Cotton Council of Malawi indicate that the country produced 10,000 metric tonnes (mt) this year, a fall from the 19,500 mt produced last year, representing a 48% drop in output. The figures also show that farmers earned MK5.9 billion this year compared to MK10 billion earned last year, representing a 41% decline in earnings (*The Daily Times, 24 August 2023*).

The European Union (EU) Ambassador has expressed optimism regarding the upcoming International Monetary Fund (IMF) assessment mission on Malawi's performance which might lead to settling of an Extended Credit Facility (ECF) program.



Malawi Financial Market Update: Week ending 25 August 2023

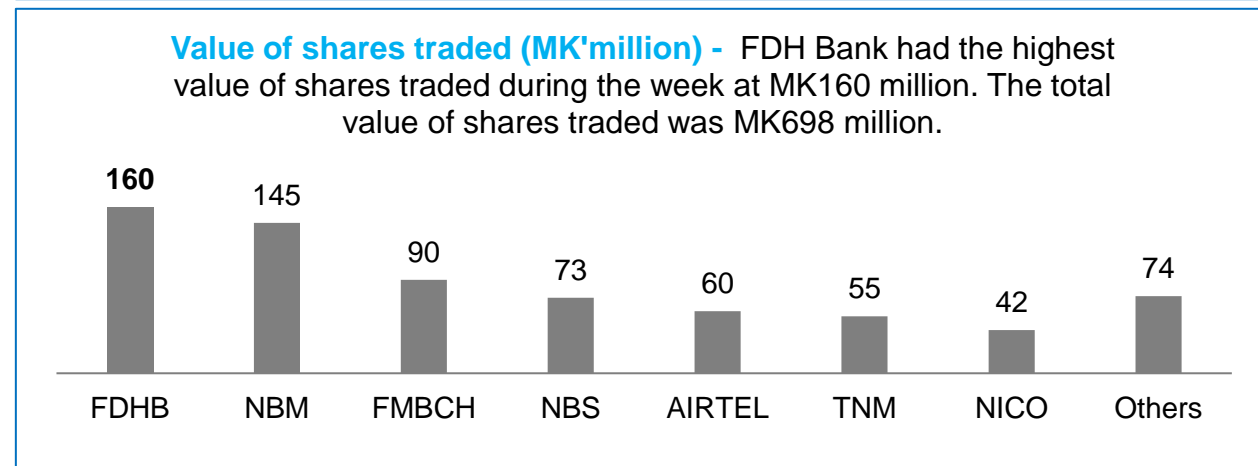
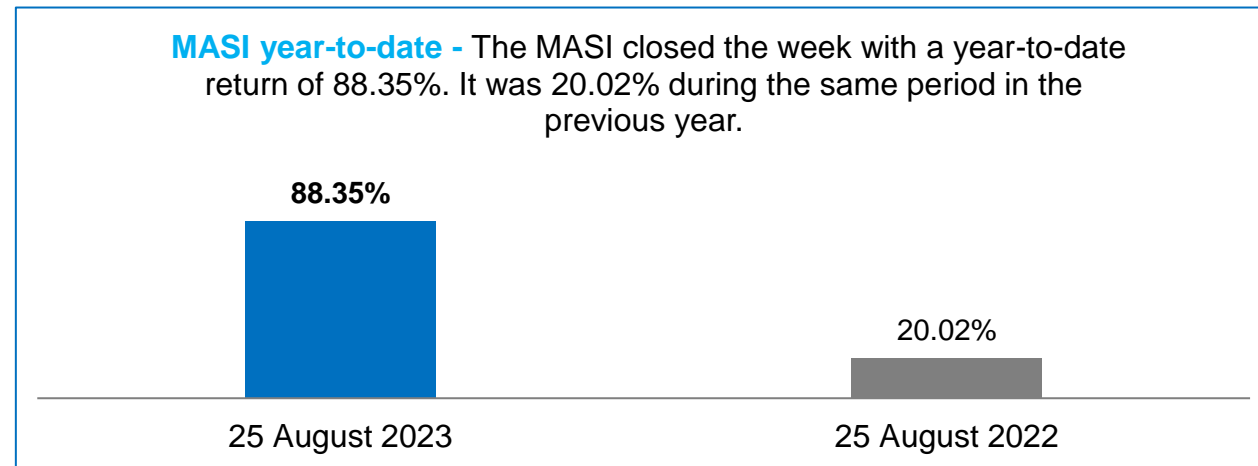
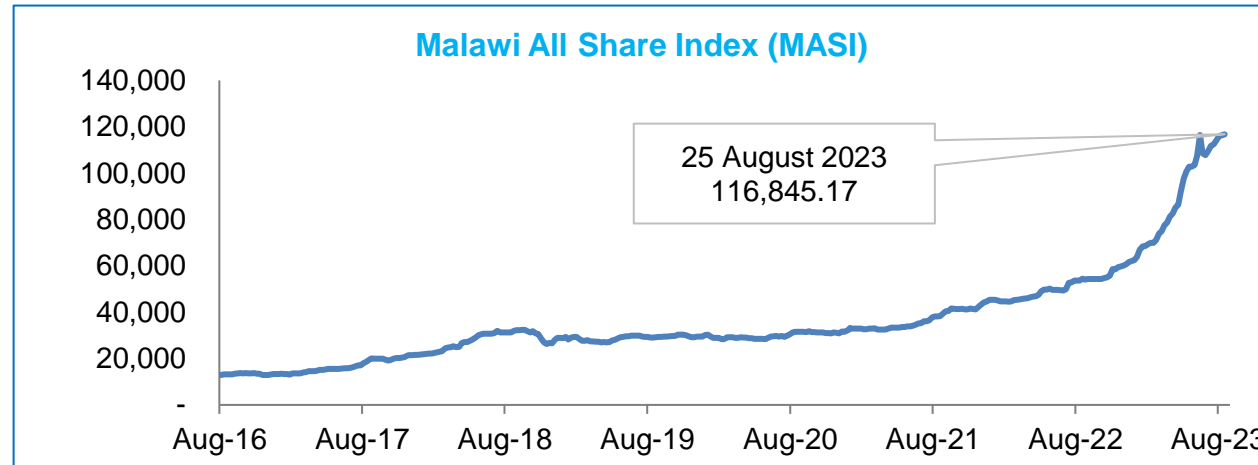
Stock market (Source: MSE)

The stock market was marginally bullish, with the Malawi All Share Index (MASI) closing the week ending 25 August 2023 at 116,845.17 points from 116,439.86 points for the week ending 18 August 2023. Week on week, this represents a 0.35% increase.

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

NBS Bank disclosed a 2023 half-year (2023H1) profit after tax (PAT) of MK12.2 billion, up 139% from MK5.09 billion in the previous corresponding period.

In a revised trading statement, Press Corporation disclosed that the consolidated PAT for the 2023H1 period is expected to fall within MK31.95 – MK32.75 billion, compared to MK15.98 billion in the previous corresponding period.



Company	Week-on-week share price percentage change (%)
FMBCH	2.31%
SUNBIRD	0.47%
AIRTEL	0.29%
STANDARD	0.04%
NICO	0.006%
NITL	0.005%
NBM	0.001%
BHL	0.00%
ICON	0.00%
ILLOVO	0.00%
MPICO	0.00%
OMU	0.00%
FDHB	-0.01%
NBS	-0.02%
TNM	-0.03%
PCL	-0.04%

Symbol	Closing prices as of 25 August 2023 (MK/share)	Closing prices as of 18 August 2023 (MK/share)
AIRTEL	100.44	100.15
BHL	10.06	10.06
FDHB	76.00	76.01
FMBCH	348.88	341.01
ICON	18.97	18.97
ILLOVO	1,121.41	1,121.41
MPICO	20.56	20.56
NBM	2,100.02	2,100.00
NBS	131.97	131.99
NICO	163.01	163.00
NITL	401.03	401.01
OMU	1,050.00	1,050.00
PCL	2,507.00	2,508.00
STANDARD	2,501.00	2,500.01
SUNBIRD	191.00	190.10
TNM	29.97	29.98

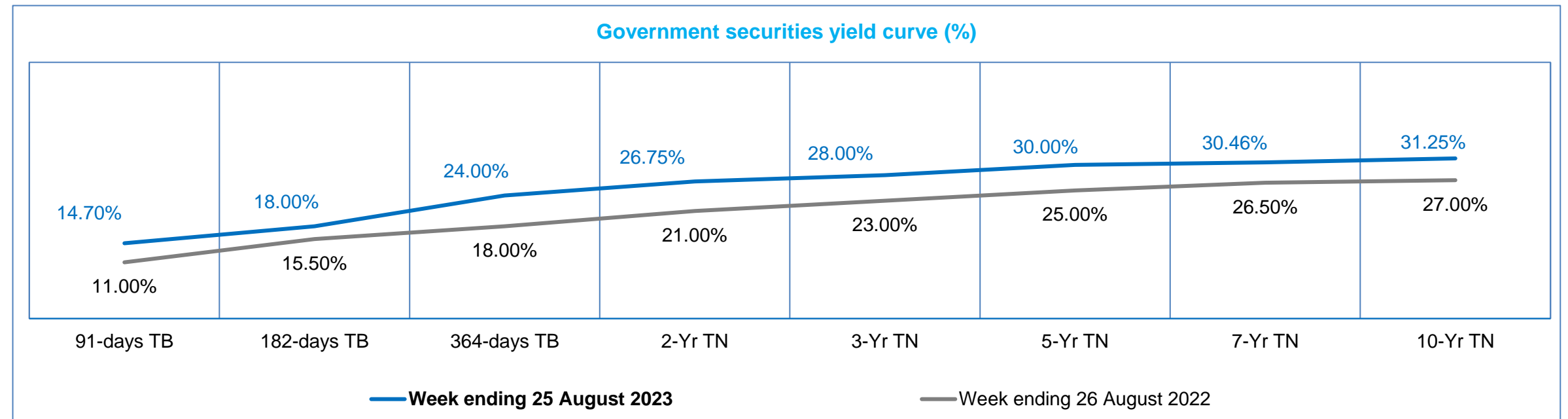
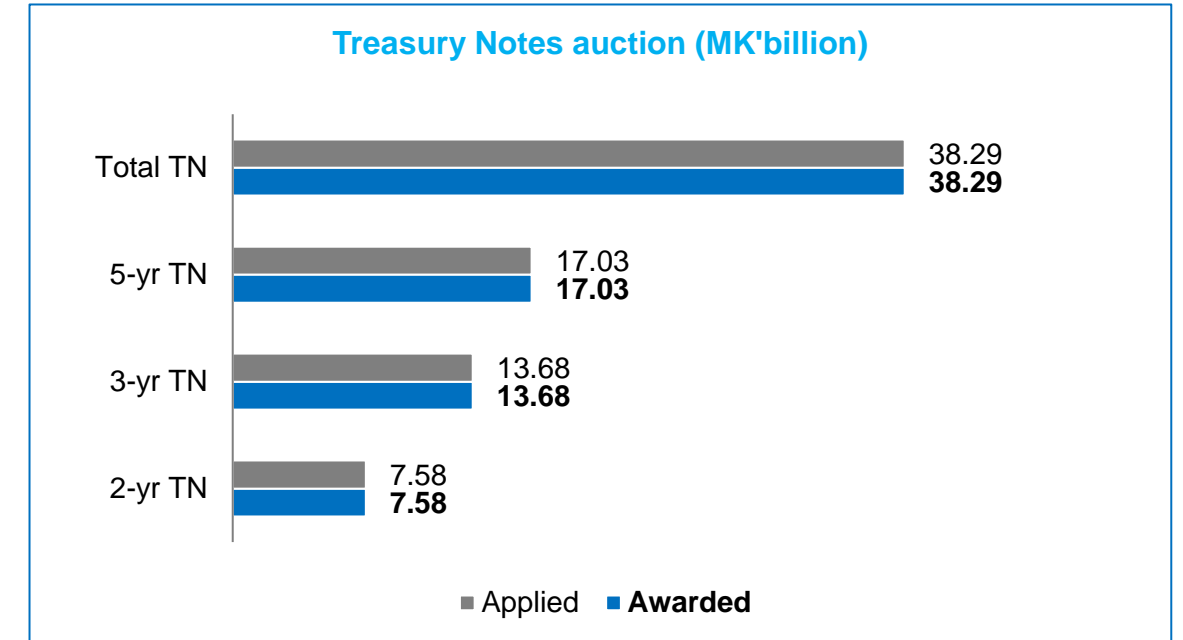
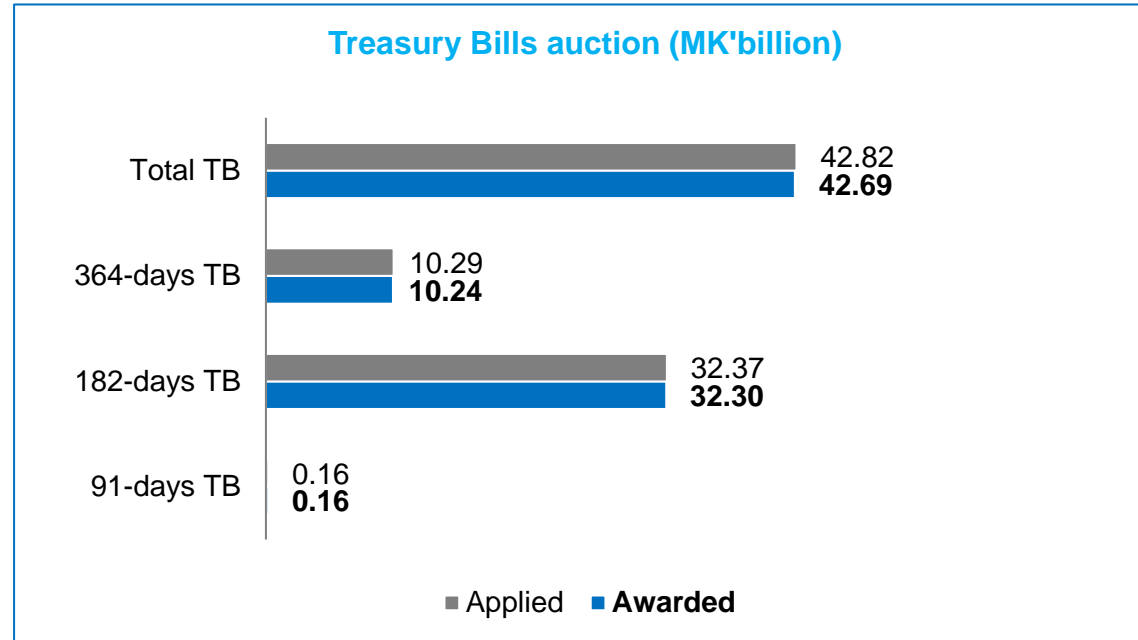


Government securities (Source: RBM)

A total amount of MK80.98 billion was raised during Treasury Bills (TBs) and Treasury Notes (TNs) auctions held by the Reserve Bank of Malawi during the period under review.

An amount of MK42.69 billion and MK38.29 billion was raised from the TBs and TNs auctions, respectively.

The average TB yield declined to 18.90% from 19.23% and the average TN yield increased to 29.29% from 28.46% 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	25-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	1,404.35*	
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	1,205.17*	
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	59.23*	
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%	22.76%	
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%	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%	26.75%	
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%	28.00%	
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%	30.00%	
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	116,845.17	
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	90,333.35	
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	17,415.02	

*: Reserve Bank of Malawi opening exchange rates as of 25 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

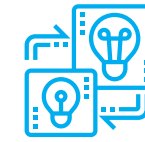
Website: www.bridgepathcapitalmw.com

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.**