



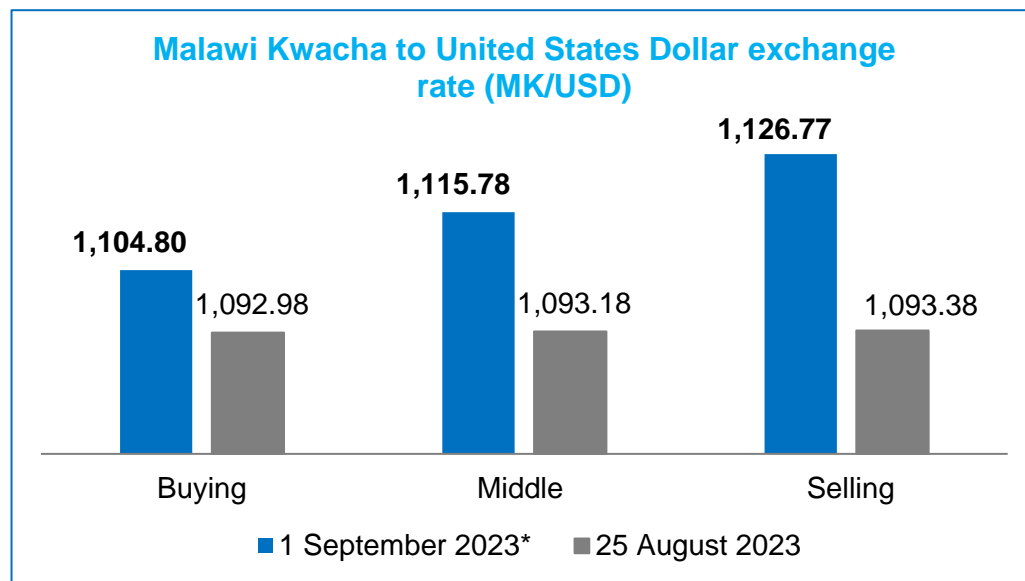
Malawi Financial Market Update

Week ending 1 September 2023

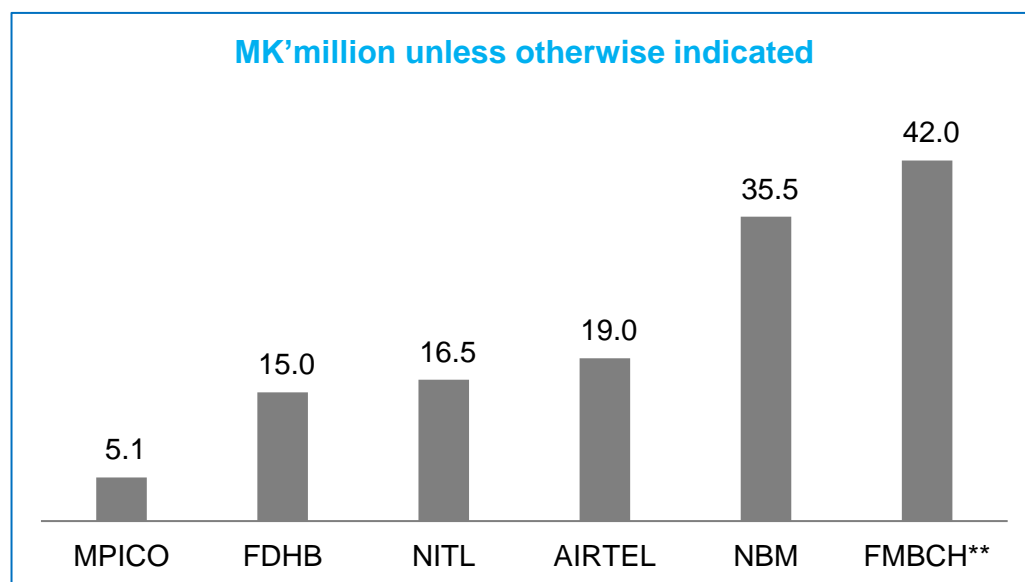


Exchange rate and other market developments

Exchange rate (Source: RBM)



2023 half-year profit after tax (Source: MSE)



What Happened This Week

1. During the week, several Malawi Stock Exchange listed companies posted their half year financials. AIRTEL posted a 113% increase in half-year profit after tax (PAT) to MK18.99 billion in 2023 from MK8.90 billion in 2022. FDH Bank posted a 72% increase in 2023 half-year (2023H1) PAT to MK15.01 billion in 2023 from MK8.71 billion in 2022. FMBCH also posted an increase in 2023H1 PAT to USD42.03 million in 2023 from USD25.24 million in 2022, representing a 67% increase. Further to this, MPICO published a 61% increase in 2023H1 PAT to MK5.08 billion from MK3.16 billion in 2022. Similarly, NBM published a 60% increase to MK35.48 billion in 2023 from MK22.12 billion in 2022. Finally, NITL posted a 1,027% increase to MK16.49 billion in 2023 from MK1.46 billion in 2022 (*MSE, 28 August-1 September 2023*).
2. A recent Global Information and Early Warning System (GIEWS) on food and agriculture update issued by the Food and Agriculture Organization (FAO) indicates that Malawi is among the southern African countries that will experience extreme heat weather conditions associated with El Nino. For Malawi, the extreme heat conditions are anticipated to be between November 2023 and March 2024, and this suggests that food inflation pressures might persist beyond 2023 as the period encompasses Malawi's agricultural season (*The Daily Times, 28 August 2023*).
3. The International Monetary Fund (IMF) has said the second review of Malawi's Staff Monitored Program with Executive Board Involvement (PMB) is scheduled for 12 September to 19 September 2023. The IMF mission chief has said that the mission will also take stock of progress towards building a track record for an Extended Credit Facility (ECF). The IMF mission chief also said that prior to the in-person mission, they will hold virtual pre-mission technical discussions from 29 August 2023 to 8 September 2023 with the Ministry of Finance and Economic Affairs, the Reserve Bank of Malawi, and others involved in the implementation of the PMB (*The Nation, 28 August 2023*).
4. The second Malawi Multidimensional Poverty Index report jointly published by the Ministry of Finance and Economic Affairs and the National Statistical Office (NSO) shows that multidimensional poverty in Malawi declined to 58.8% in 2023 from 61.7% in 2021. According to the report, literacy and schooling at 14.7%, access to electricity at 11.5%, job diversity at 10.2%, and asset ownership at 10.8% contributed the most to the levels of poverty (*The Daily Times, 1 September 2023*).

*: Reserve Bank of Malawi opening exchange rates as of 1 September 2023
 **: FMBCH profit after tax is in USD millions



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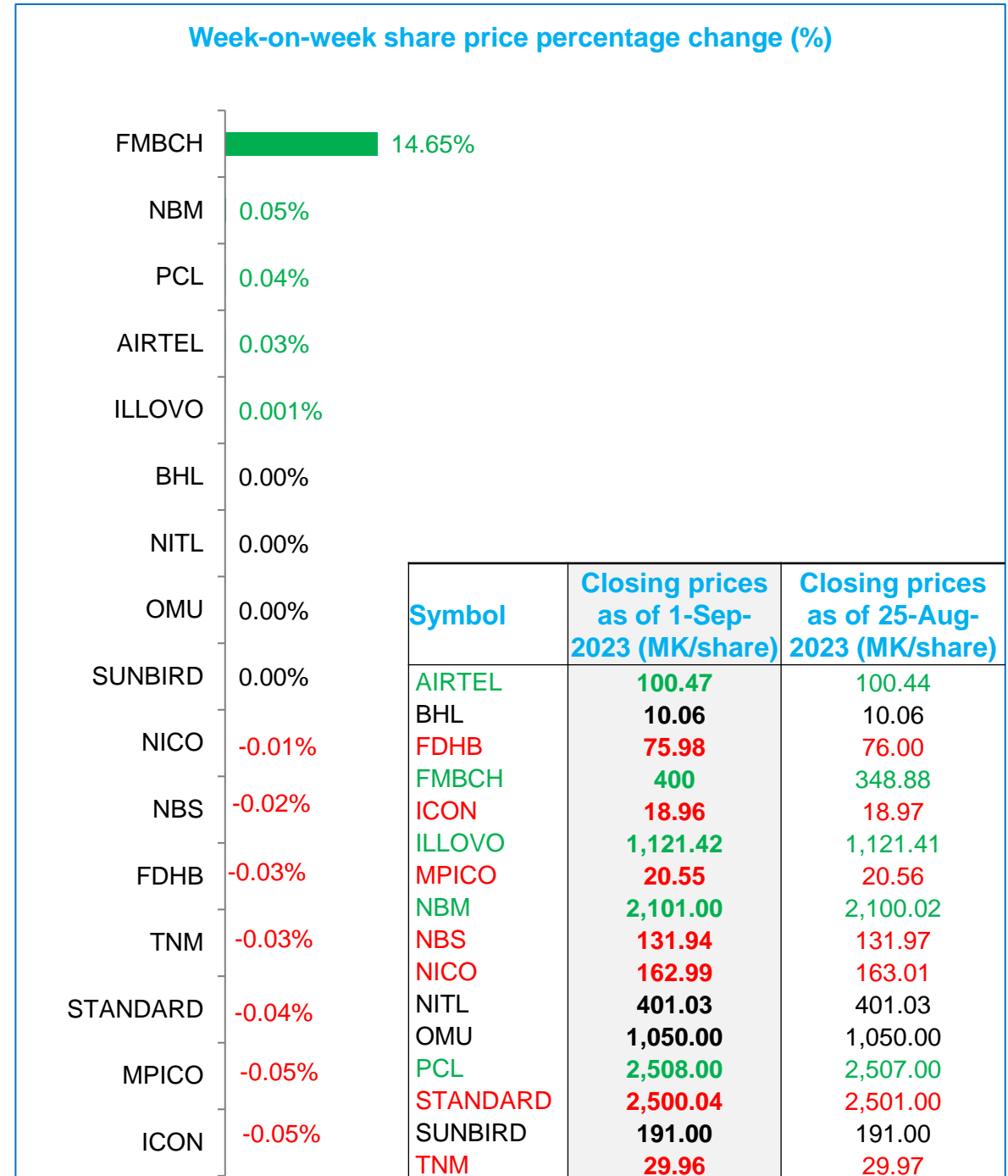
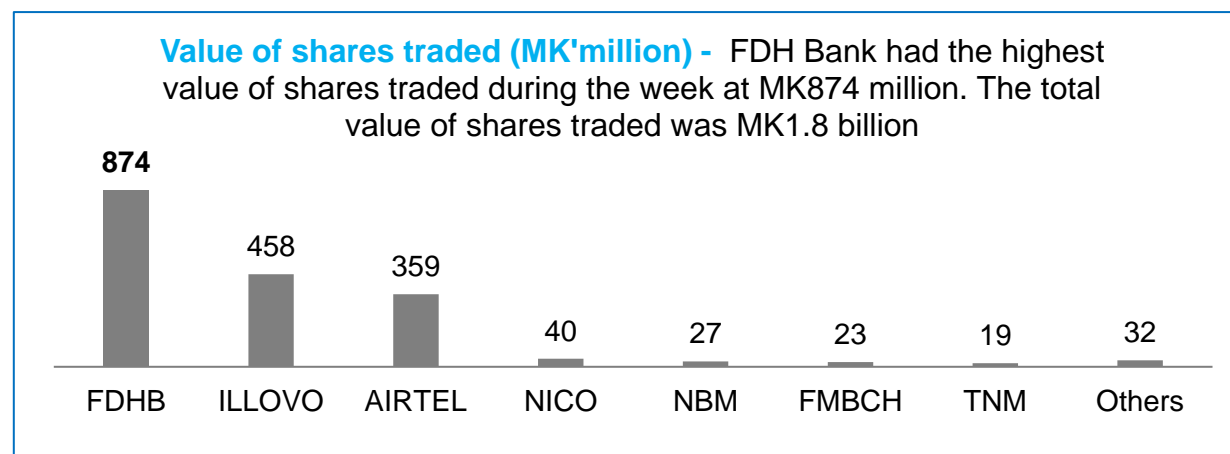
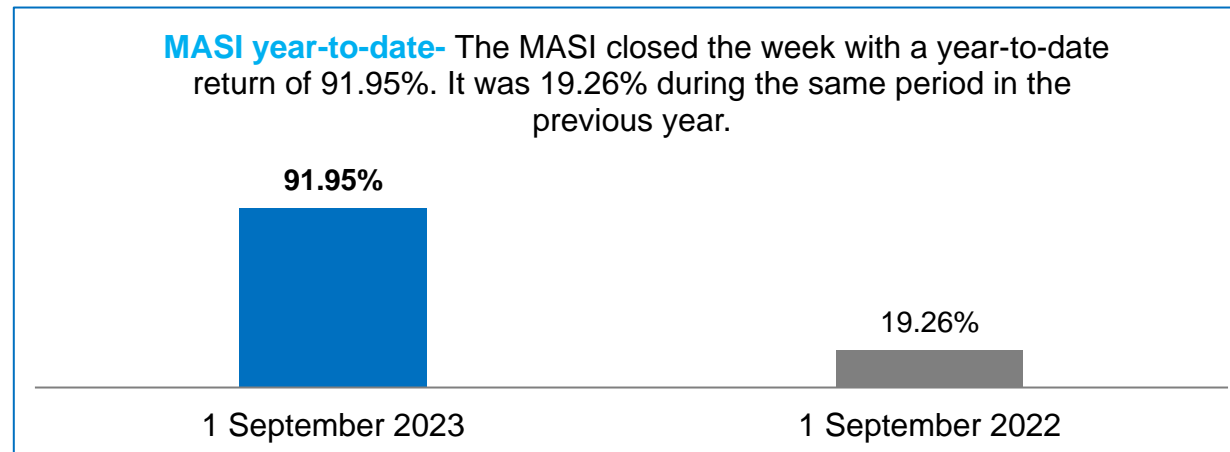
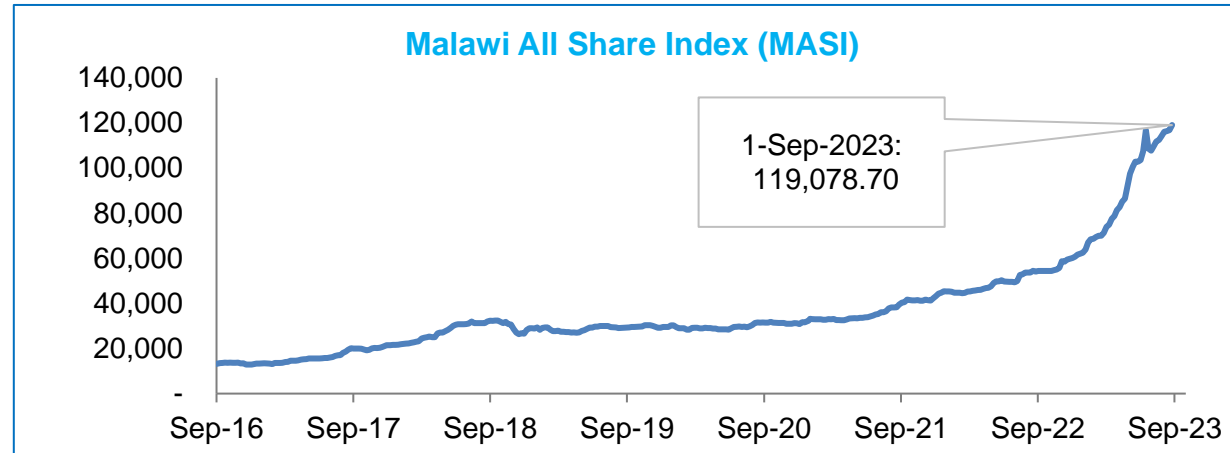
Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 1 September 2023 at 119,078.70 points from 116,845.17 points for the week ending 25 August 2023. Week on week, this represents a 1.91% increase.

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

In a trading statement, ILLOVO disclosed that Profit After Tax (PAT) for the year ending 31 August 2023 is expected to fall within MK53.2 – MK58.5 billion, compared to MK26.6 billion in the previous corresponding period.

In a trading statement, ICON revealed that PAT for the 2023H1 period is expected to fall within MK6.3 – MK6.5 billion, compared to MK4.5 billion in the previous corresponding period.



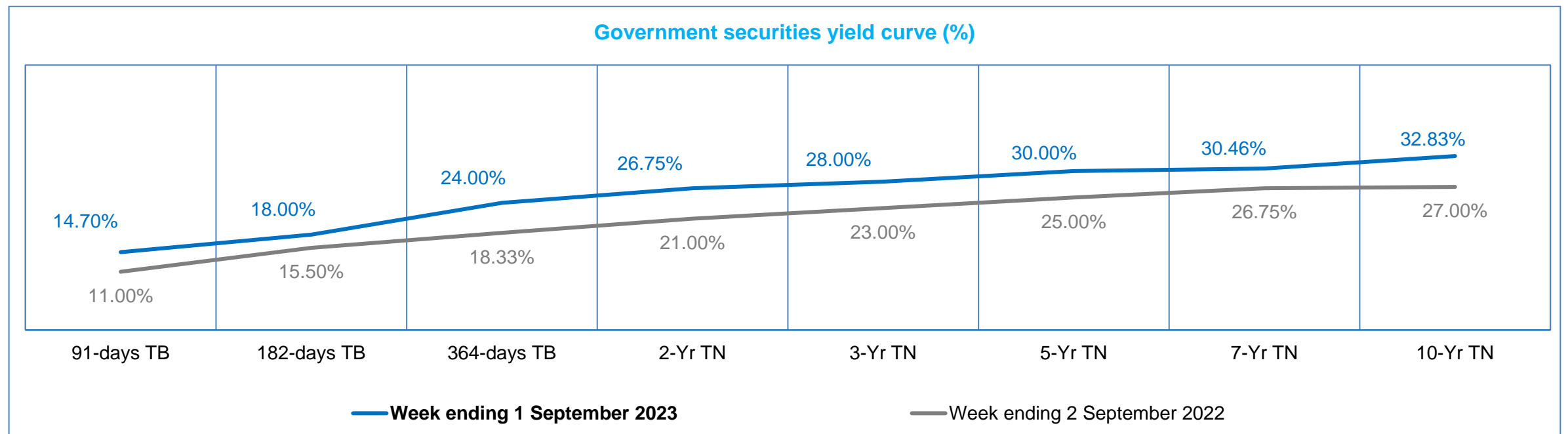
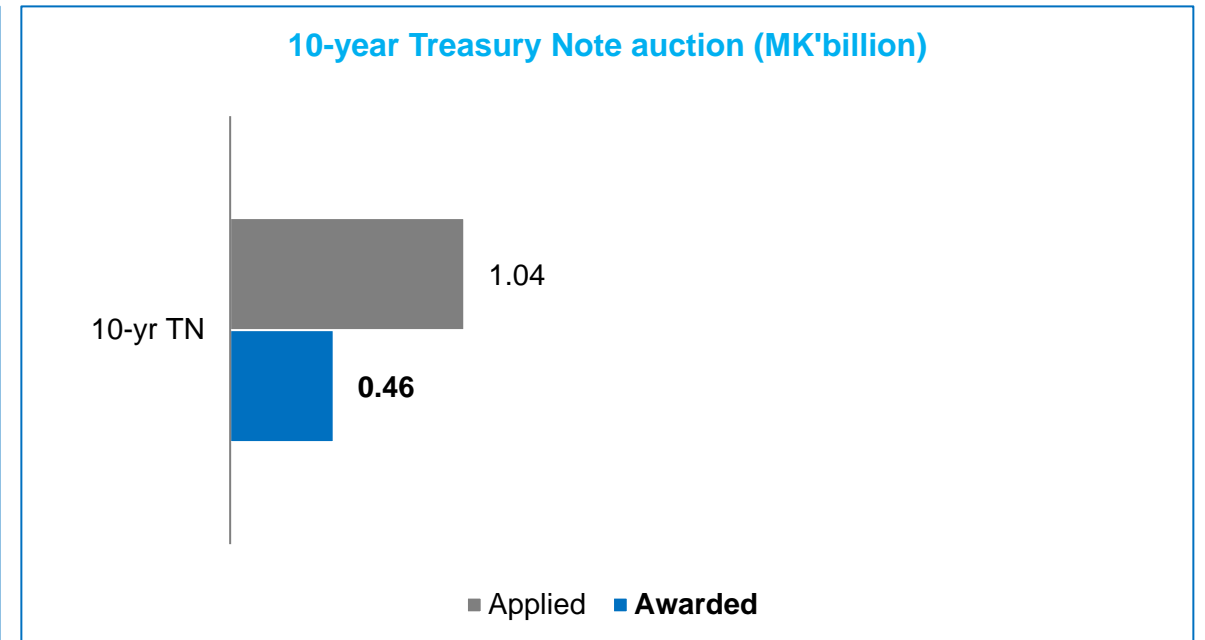
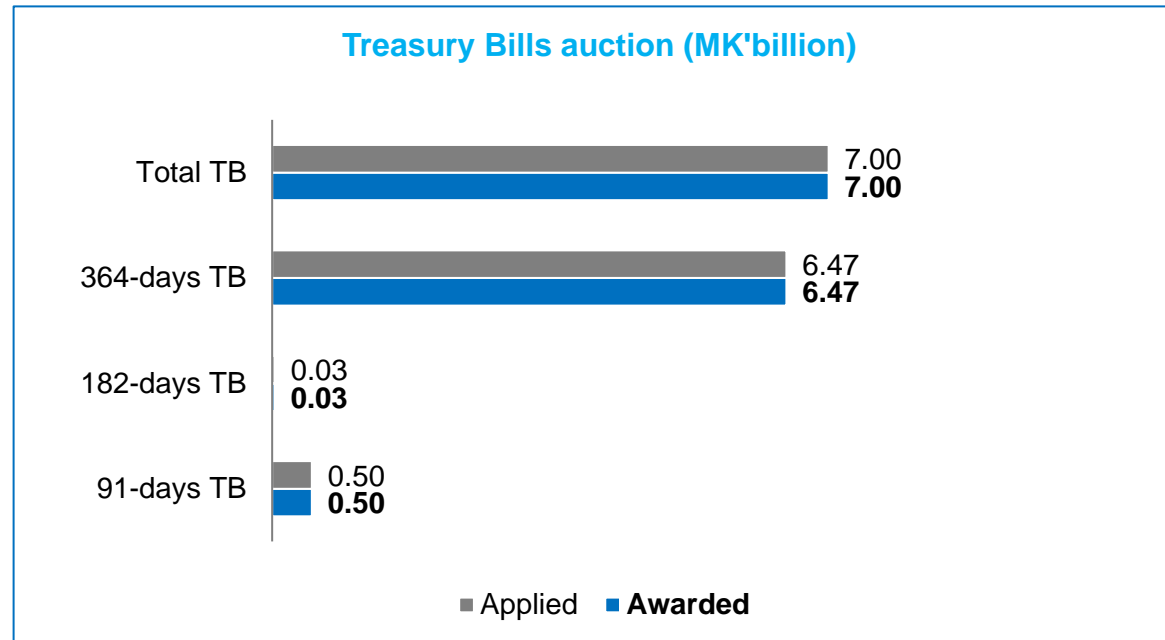


Government securities (Source: RBM)

A total amount of MK7.46 billion was raised during this week's auctions of Treasury Bills (TBs) and 10-year Treasury Note (TN) which were held by the Reserve Bank of Malawi.

An amount of MK7.00 billion and MK0.46 billion was raised from the TBs and the 10-yrTN auctions, respectively.

The average TB yield maintained its position at 18.90% while the average TN yield marginally increased to 29.61% from 29.29% during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Aug-23	1-Sep-23
Exchange rates (middle rates)																		
MK/USD	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	1,094.74	1,115.78*
MK/GBP	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	1,429.20	1,453.35*
MK/EUR	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	1,226.61	1,244.64*
MK/ZAR	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	60.02	60.91*
Foreign Exchange Reserves																		
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation																		
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates																		
Monetary Policy rate	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%	24.00%
Average Interbank rate	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%	22.77%
Lombard rate	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%	24.20%
Commercial bank reference rate	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%	22.70%
Government Securities Yields																		
91-days Treasury Bill	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%	14.70%
182-days Treasury Bill	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%	18.00%	18.00%
364-days Treasury Bill	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%	24.00%
2-year Treasury Note	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%	26.75%
3-year Treasury Note	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%	28.00%
5-year Treasury Note	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%	30.00%
7-year Treasury Note	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%	30.46%
10-year Treasury Note	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%	32.83%	32.83%
Stock Market Indices																		
MASI	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	119,077.99	119,078.70
DSI	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	90,336.93	90,337.56
FSI	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	19,947.76	19,947.76

*: Reserve Bank of Malawi opening exchange rates as of 1 September 2023

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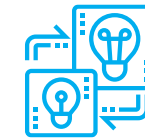
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