



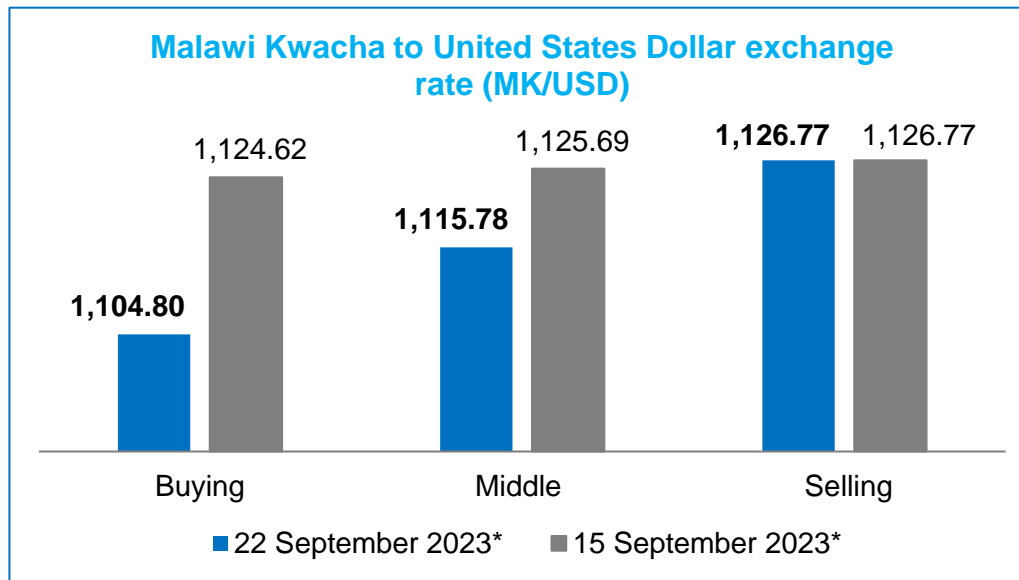
# Malawi Financial Market Update

Week ending 22 September 2023

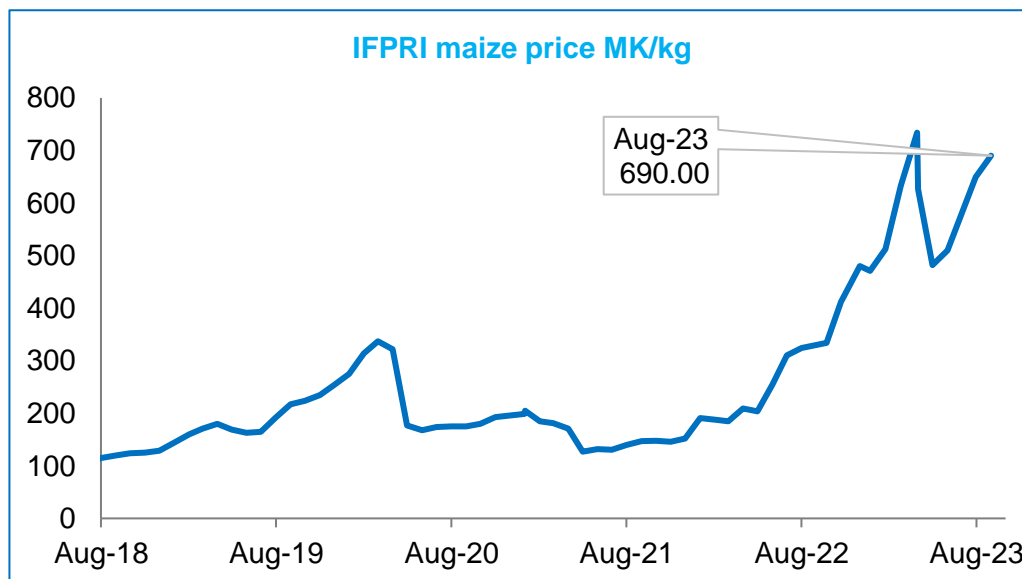


## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Malawi maize prices (Source: IFPRI)



\*: Reserve Bank of Malawi opening exchange rates as of 22 September 2023

### What Happened This Week

1. According to an International Monetary Fund (IMF) press release dated 21 September 2023, IMF staff and Malawian authorities have reached a staff-level agreement on the second (and last) review of the Staff Monitored Program with Executive Board Involvement (PMB). Macroeconomic and financial policies and reforms are to be supported by a new 48-month financing arrangement under the Extended Credit Facility (ECF) of about USD174 million (approximately MK174 billion). The arrangement is expected to catalyse grant financing to support a stable and sustainable macroeconomic position and durable poverty reduction. The agreement is subject to IMF Management and Executive Board approval and receipt of the necessary financing assurances (*IMF, 21 September 2023*).
2. Figures from the Reserve Bank of Malawi (RBM) published in the July 2023 monthly economic review show that tea production dropped to 1.3 million kilograms (kgs) in July 2023 from 1.6 million kgs in June 2023. The report also indicates that tea sales marginally dropped to 0.5 million kgs in July 2023 from 0.6 million kgs in June 2023. Additionally, selling prices also declined, averaging USD1.03 per kg in July 2023 compared to USD1.30 per kg in June 2023. This translated to total earnings of USD600,000 (approximately MK600 million) in July 2023 which were lower than USD800,000 (approximately MK800 million) realized in June 2023 (*The Nation, 16 September 2023*).
3. According to the RBM's July 2023 monthly economic review, Malawi's merchandise trade deficit in July 2023 stood at USD181.5 million (about MK193.5 billion) from USD160.8 million (about MK168.5 billion) recorded in June 2023. The report indicates that the trade deficit was due to faster growth in imports than in exports. Exports rose to USD98.2 million (about MK104.1 billion) in July 2023 from USD61.0 million (about MK63.6 billion) in June 2023 whilst imports rose to USD279.7 million (about MK297.6 billion) in July 2023 from USD221.9 million (about MK232.0 billion) in June 2023 (*The Nation, 16 September 2023*).
4. The latest Malawi Country Policy and Institutional Assessment (CPIA) report released by the World Bank shows that Malawi has registered a marginal decline in its CPIA score to 3.0 this year from 3.1 recorded last year. The report notes that Malawi performed well on Structural policies and policies for Social Inclusion and Equity, scoring 3.6 and 3.3 respectively. However, with scores of 2.9 for Public Sector management and 2.2 for Economic management, the country was deemed to have struggled with these two categories (*The Nation, 16 September 2023*).
5. Data from the RBM's July 2023 monthly economic review shows that central government and state-owned enterprises indebtedness to the banking sector in Malawi has increased by MK120.9 billion to MK2.9 trillion as at end July 2023. Further to this, the report also indicated that commercial banks' net claims on Government increased by MK9.2 billion to MK1.5 trillion in the month. This was due to increases in Treasury notes held by the commercial banks of MK20.9 billion to MK800.2 billion (*The Daily Times, 21 September 2023*).

According to the International Monetary Fund (IMF), IMF staff and Malawian authorities have reached a staff-level agreement on the second (and last) review of the Staff Monitored Program with Executive Board Involvement (PMB). This is expected to lead to a 4-year Extended Credit Facility (ECF) worth USD174 million (approximately MK174 billion) although subject to approval.

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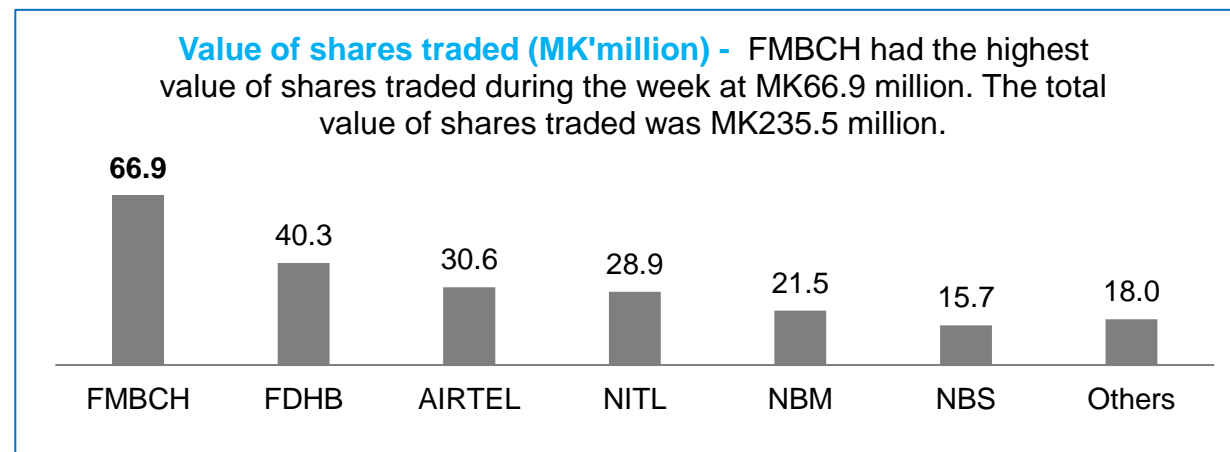
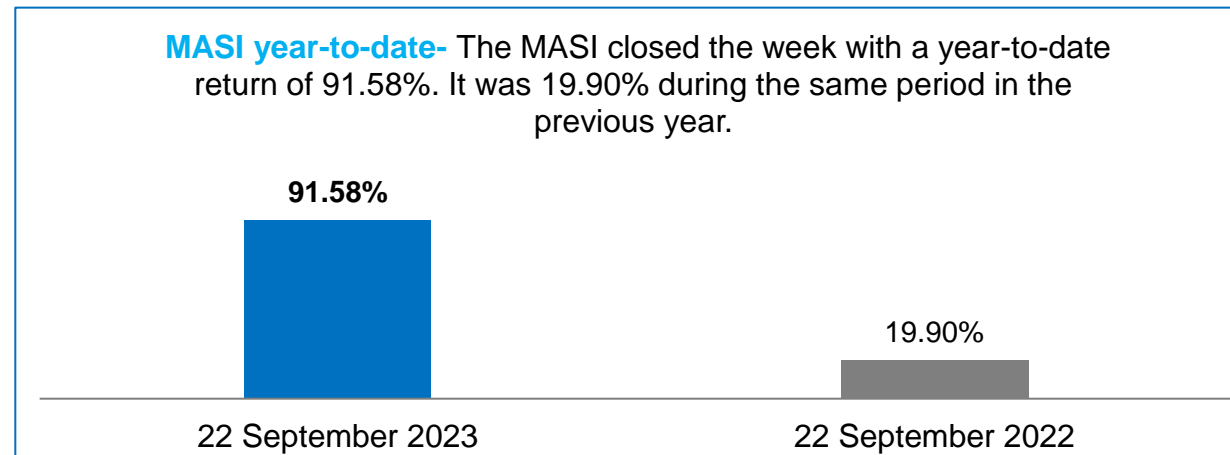
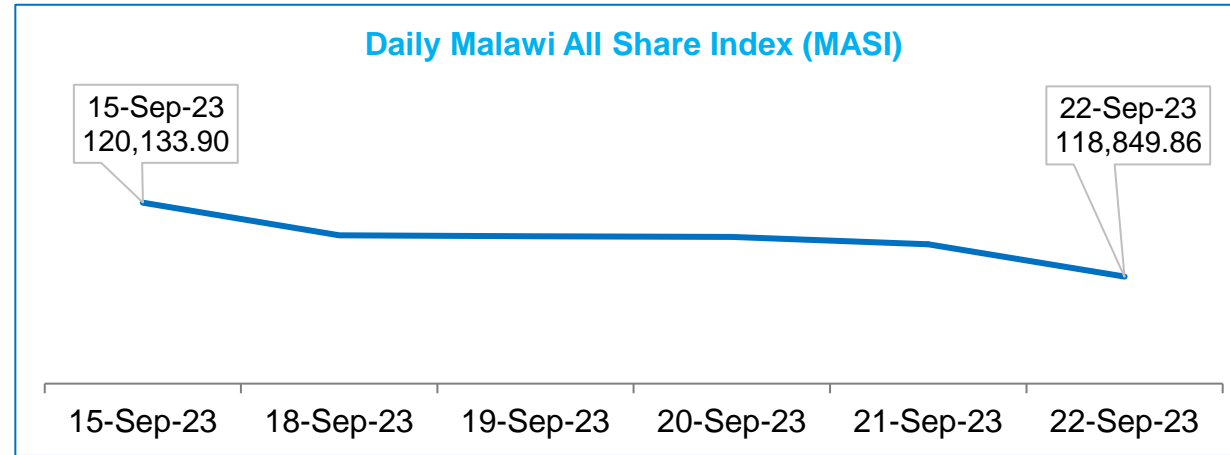
# Malawi Financial Market Update: Week ending 22 September 2023

## Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 22 September 2023 at 118,849.86 points from 120,133.90 points for the week ending 15 September 2023. Week on week, this represents a 1.07% decrease.

There were marginal share price gains for AIRTEL and FMBCH. The share price gains were offset by a 15.71% share price loss for NBS and a 4.96% share price loss for ICON. There were also marginal share price losses by FDH Bank, NICO, TNM and STANDARD during the week under review.

PCL has disclosed an interim dividend for the 2023 financial year amounting to MK1.08 billion representing MK9 per share. The dividend will be paid on 27 October 2023.



Company	Change (%)
AIRTEL	0.01%
FMBCH	0.002%
BHL	0.00%
ILLOVO	0.00%
MPICO	0.00%
NBM	0.00%
NITL	0.00%
OMU	0.00%
PCL	0.00%
SUNBIRD	0.00%
STANDARD	-0.0004%
TNM	-0.07%
NICO	-0.30%
FDHB	-0.44%
ICON	-4.96%
NBS	-15.71%

Symbol	Closing prices as of 22-Sep-2023 (MK/share)	Closing prices as of 15-Sep-2023 (MK/share)
AIRTEL	100.45	100.44
BHL	10.06	10.06
FDHB	75.42	75.75
FMBCH	415.03	415.02
ICON	18.00	18.94
ILLOVO	1,121.43	1,121.43
MPICO	17.50	17.50
NBM	2,101.03	2,101.03
NBS	110.00	130.50
NICO	162.5	162.99
NITL	401.05	401.05
OMU	1,050.00	1,050.00
PCL	2,507.00	2,507.00
STANDARD	2,650.01	2,650.02
SUNBIRD	191.02	191.02
TNM	29.90	29.92



Government securities (Source: RBM)

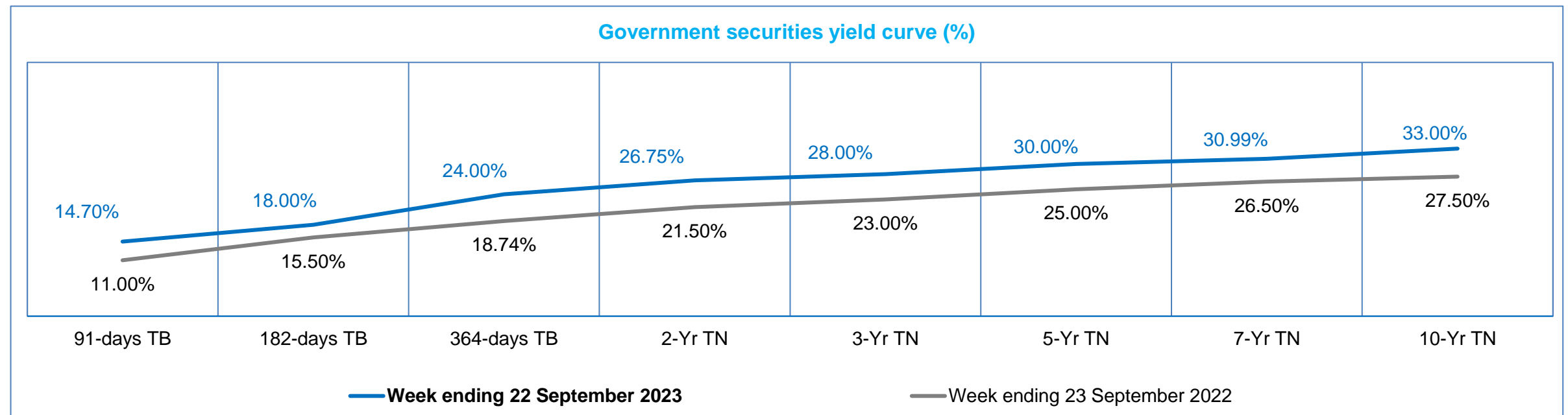
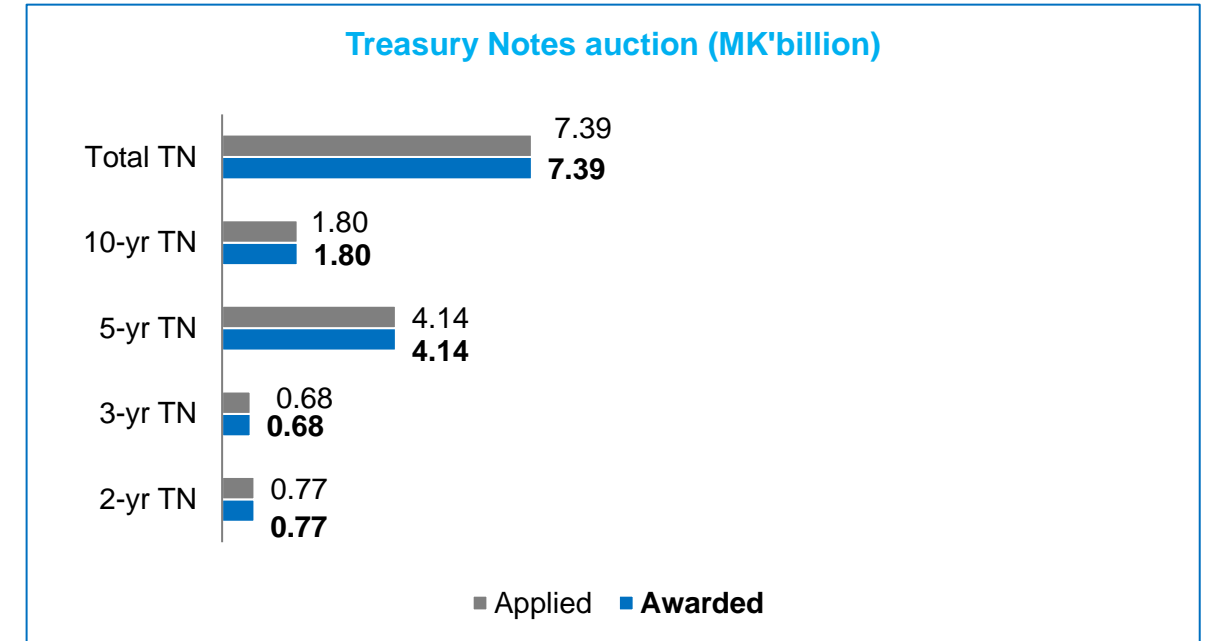
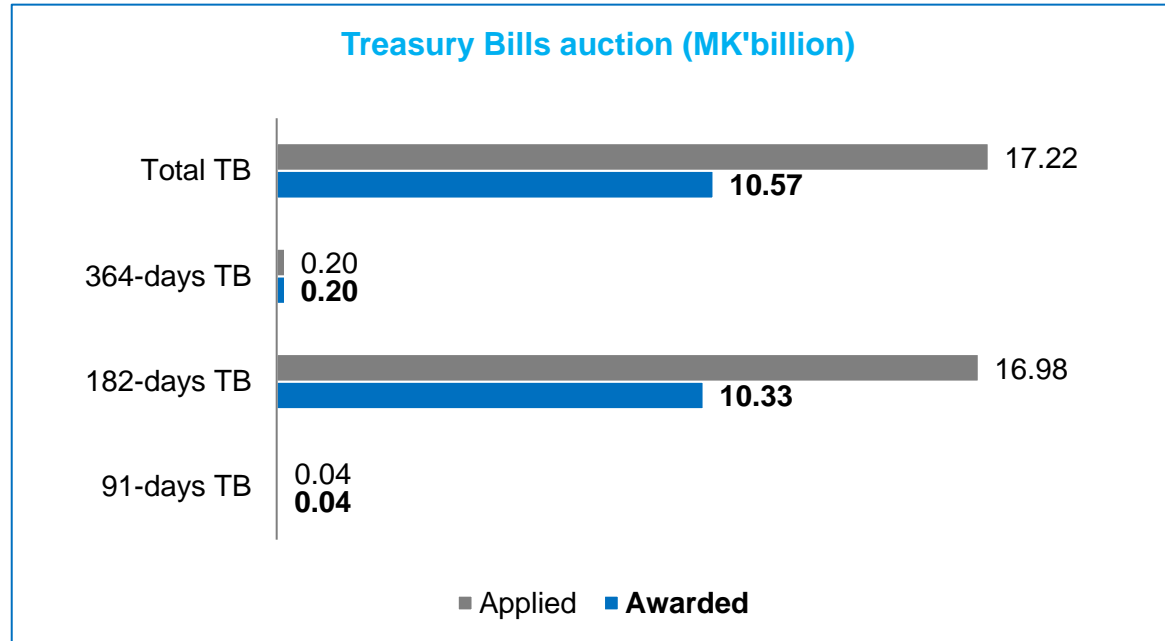
The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

A total amount of MK10.57 billion was raised from all the TBs auctions during the period under review.

An amount of MK7.39 billion was raised from all the TNs auctions held during the period under review.

The 10-year TN yield increased to 33.00% from 32.83%.

The average TB yield remained constant at 18.90%, whilst the average TN yield marginally increased to 29.75% from 29.71% 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	22-Sep-23
<b>Exchange rates (middle rates)</b>																		
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	<b>1,115.78*</b>
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	<b>1,411.06*</b>
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	<b>1,223.96*</b>
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	<b>60.76*</b>
<b>Foreign Exchange Reserves</b>																		
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
<b>Inflation</b>																		
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%	28.6%	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%	39.4%	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%	16.1%	N/A
<b>Interest Rates</b>																		
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%	<b>24.00%</b>
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%	<b>22.78%</b>
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%	<b>24.20%</b>
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%	<b>23.40%</b>
<b>Government Securities Yields</b>																		
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%	<b>14.70%</b>
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%	<b>18.00%</b>
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%	<b>24.00%</b>
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%	<b>26.75%</b>
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%	<b>28.00%</b>
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%	<b>30.00%</b>
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%	<b>30.99%</b>
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%	<b>33.00%</b>
<b>Stock Market Indices</b>																		
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	<b>118,849.86</b>
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	<b>89,550.85</b>
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	<b>20,692.42</b>

\*: Reserve Bank of Malawi opening exchange rates as of 22 September 2023

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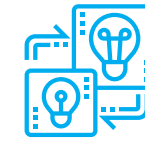
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