



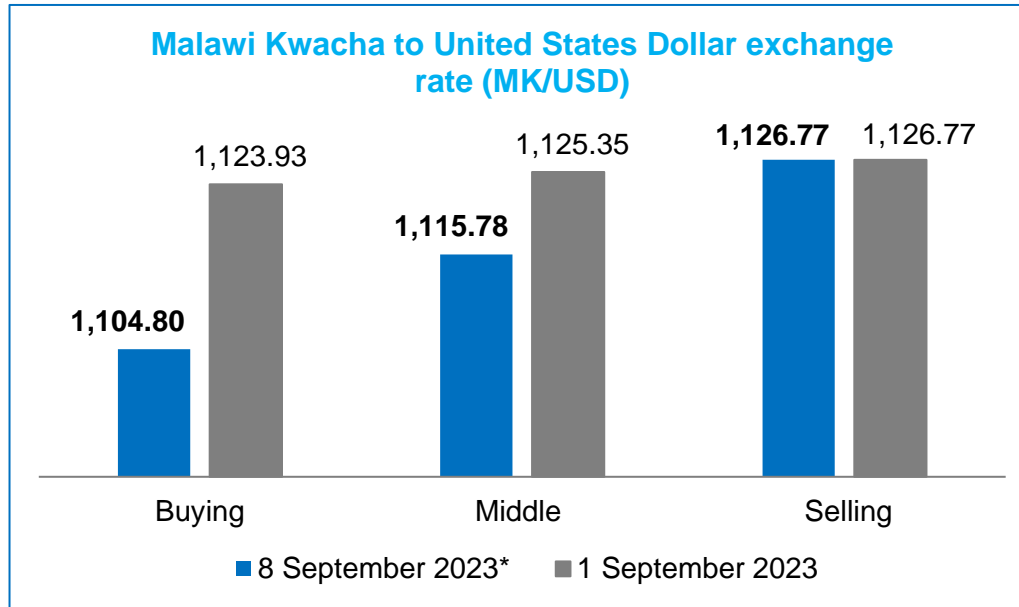
Malawi Financial Market Update

Week ending 8 September 2023

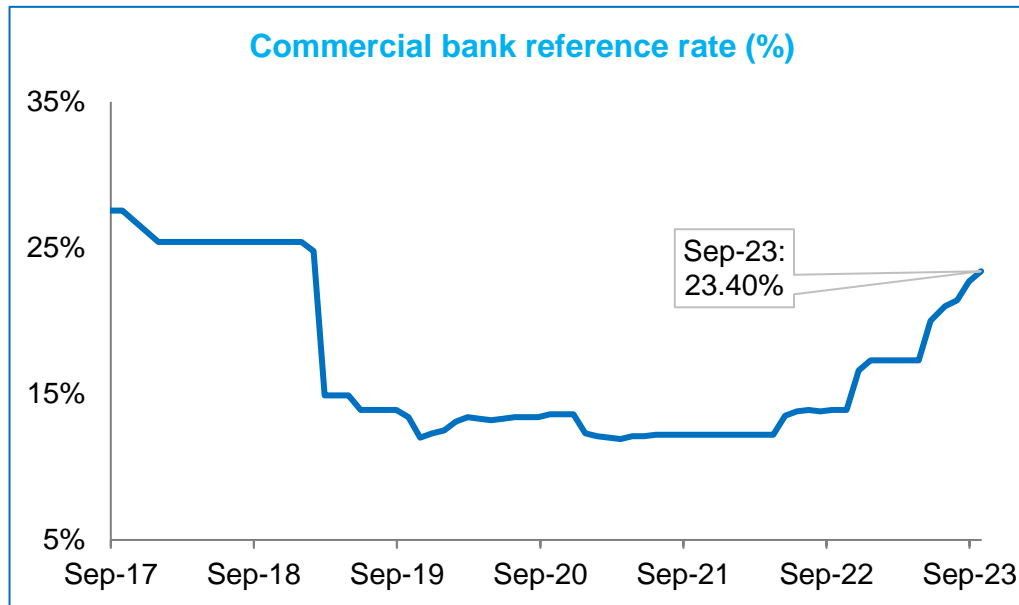


Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial bank reference rate (Source: NBM)



*: Reserve Bank of Malawi opening exchange rates as of 8 September 2023

What Happened This Week

1. The Malawi Energy Regulatory Authority (MERA) has approved a new electricity base tariff regime. In the new regime, the average tariff will be adjusted by 50.8%, which will be segmented into annual tranches of 18%, 16%, 12%, and 9% to be implemented from 2023 to 2027. This tariff adjustment will move the average electricity tariff from MK104.46/KWh to MK123.26/KWh this year, effective 1 September 2023 (*The Nation*, 4 September 2023).
2. The commercial bank reference rate is now 23.4%, effective 5 September 2023, from 22.7% in August 2023 (*The Nation*, 5 September 2023).
3. In an official press release dated 5 September 2023, the First Deputy Managing Director of the International Monetary Fund (IMF) noted the following key matters following her visit to Malawi. Firstly, discussions were held on the economic and developmental prospects for Malawi. The authorities' efforts under the Staff-Monitored Program with Executive Board Involvement (PMB) to restore macroeconomic stability are commendable. These will set the stage for stronger durable growth and poverty reduction. Secondly, securing debt treatment, strengthening fiscal discipline, and addressing weaknesses in governance remain vital for macroeconomic stability. Lastly, IMF staff and management will continue to offer their strong support to the authorities' efforts to stabilize the economy (*The International Monetary Fund*, 5 September 2023).
4. Figures from the June 2023 Financial Stability Report published by the Reserve Bank of Malawi (RBM) show that most banks experienced an increase in non-performing loans (NPLs) in June 2023. The report indicates that NPLs increased to 6.9% in June 2023 from 6.3% in December 2022. In absolute terms, the NPLs increased by 14.6% to MK77.8 billion from MK67.9 billion in December 2022 (*The Daily Times*, 7 September 2023).
5. During the week, several Malawi Stock Exchange listed companies posted their half year financials. NICO posted a 160% increase in half-year profit after tax (PAT) to MK30.78 billion in 2023 from MK11.82 billion in 2022. PCL posted a 115% increase in 2023 half-year PAT to MK34.29 billion in 2023 from MK15.98 billion in 2022. TNM also posted an increase in 2023 half-year PAT to MK0.78 billion from a loss of MK1.34 billion in 2022. (*MSE*, 6 - 8 September 2023).

The average electricity tariff has increased by 18% to MK123.26/KWh from MK104.46/KWh, effective 1 September 2023.

The commercial bank reference rate is now 23.4%, effective 5 September 2023, from 22.7% in August 2023.



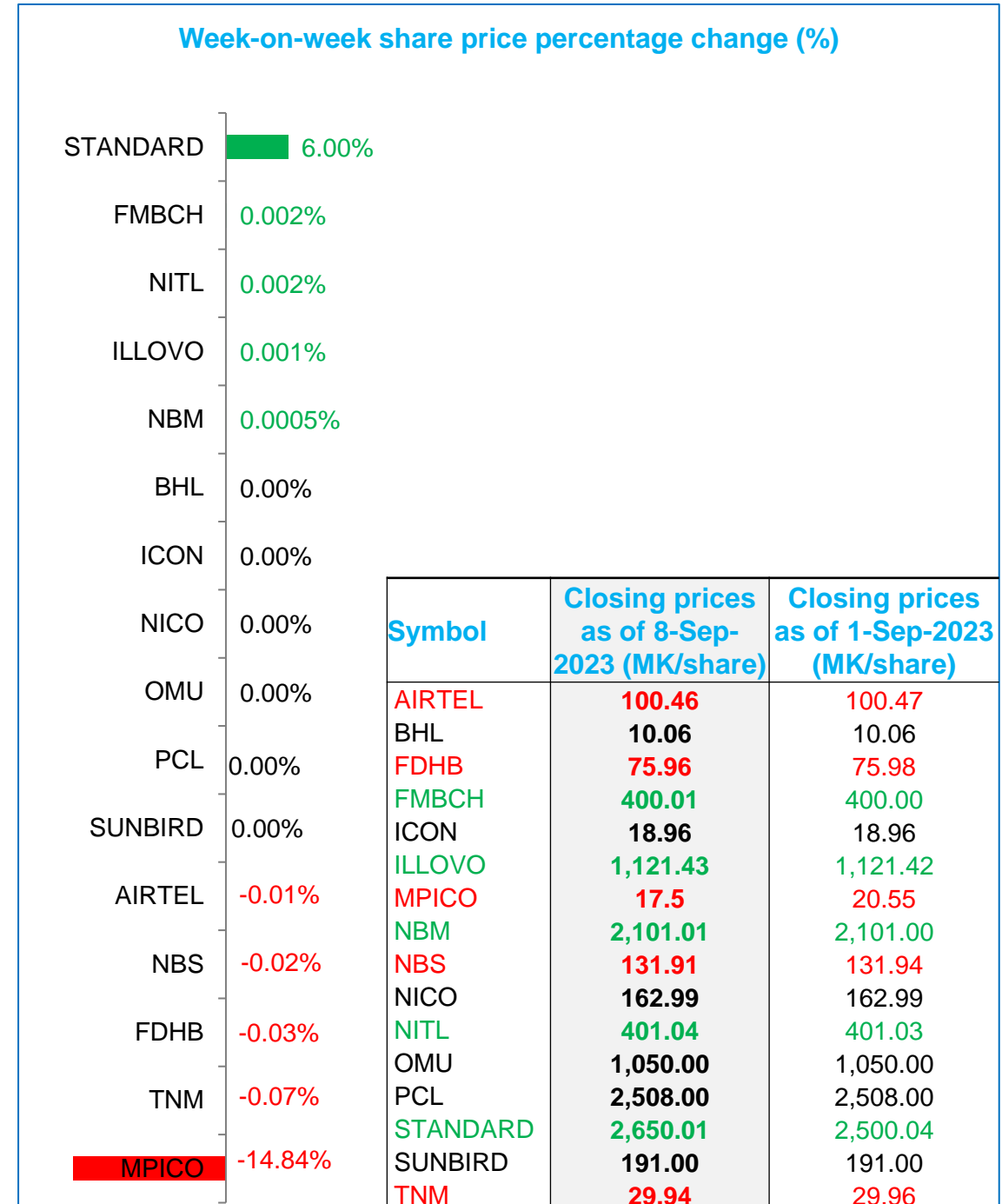
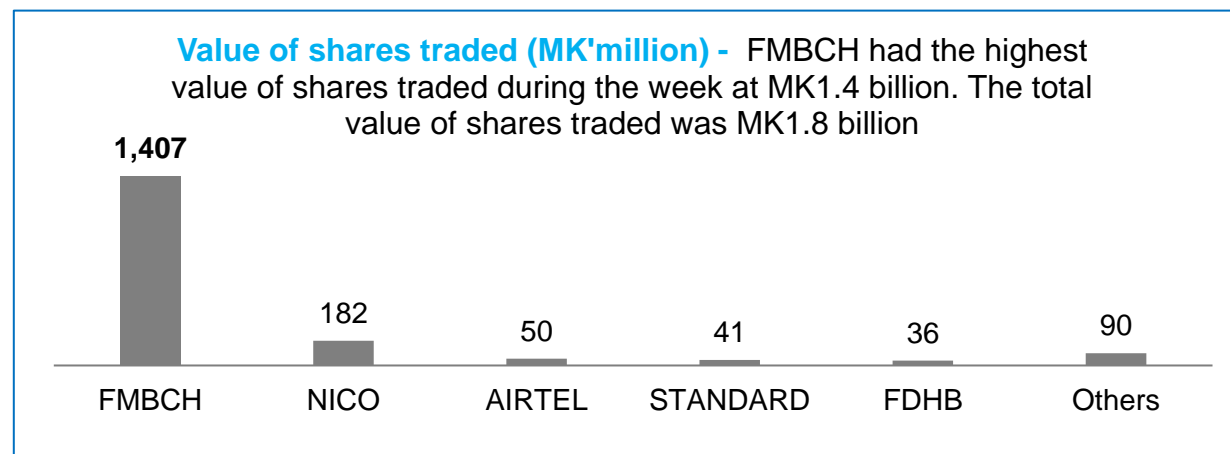
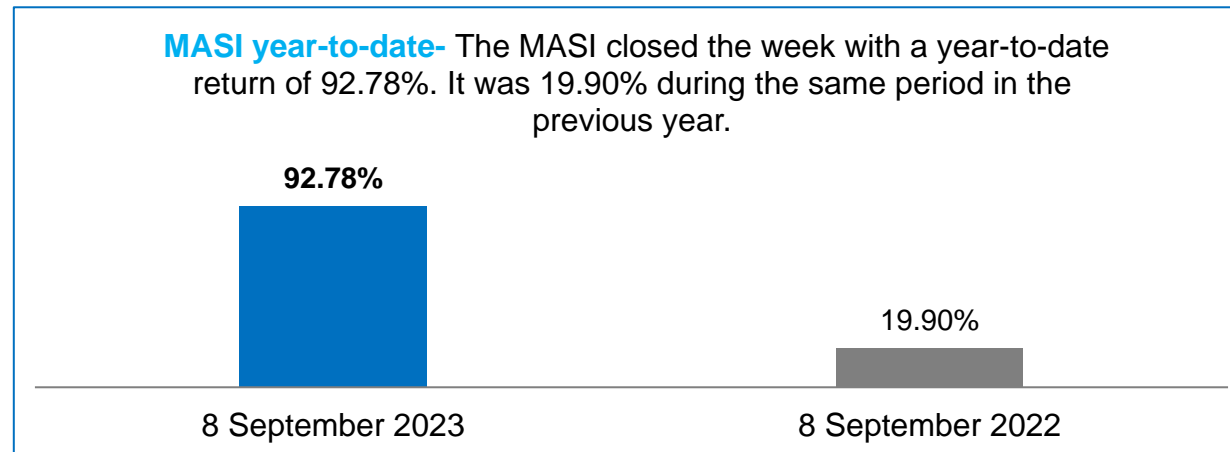
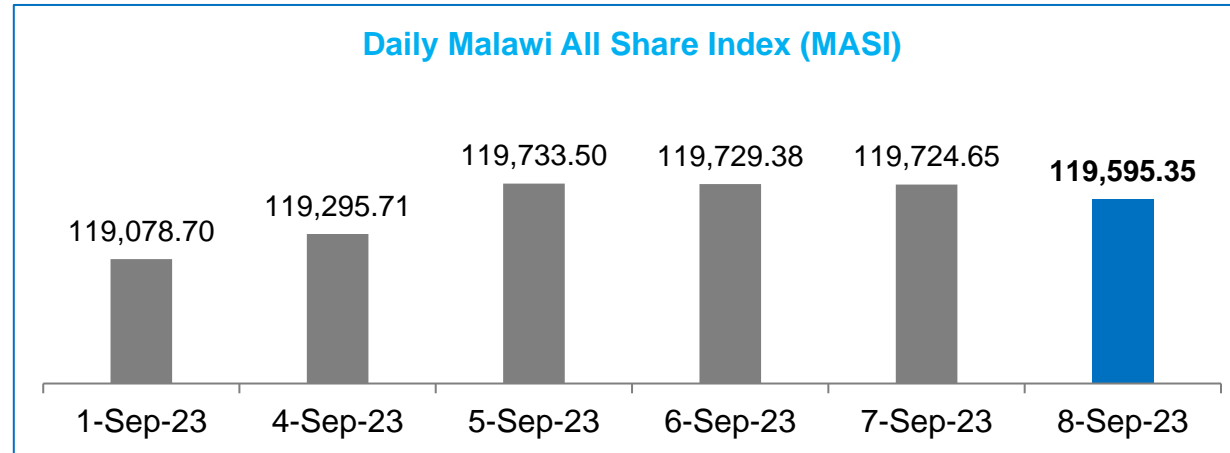
Malawi Financial Market Update: Week ending 8 September 2023

Stock market (Source: MSE)

The stock market was marginally bullish, with the Malawi All Share Index (MASI) closing the week ending 8 September 2023 at 119,595.35 points from 119,078.70 points for the week ending 1 September 2023. Week on week, this represents a 0.43% increase.

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

In a revised trading statement, BHL disclosed that loss after tax for the half-year ending 30 June 2023 is expected to be MK494 million, compared to MK484 million in the previous corresponding period.





Government securities (Source: RBM)

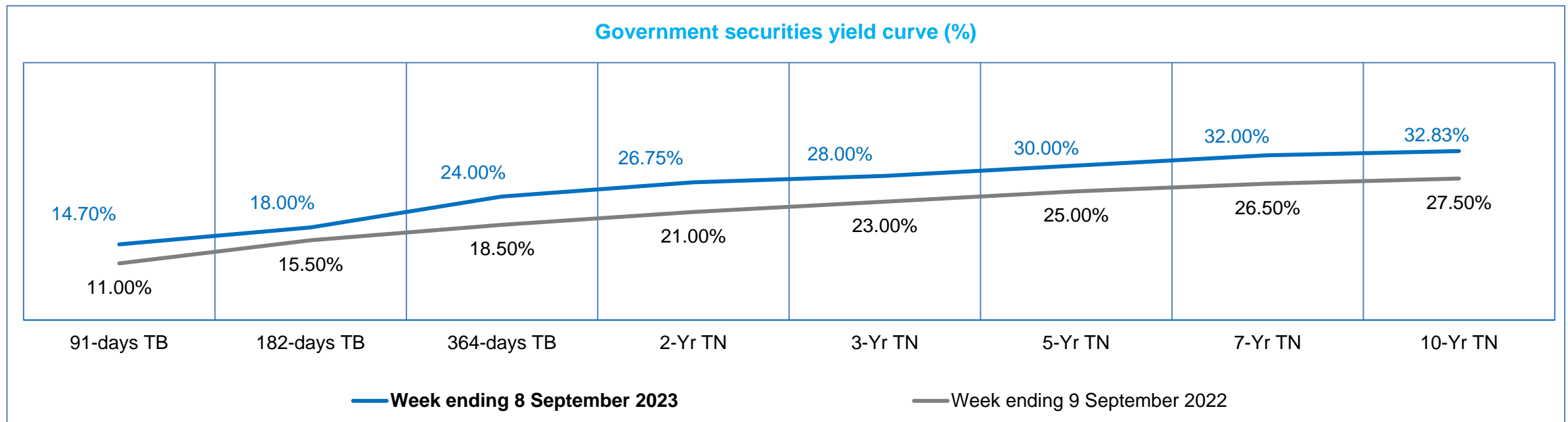
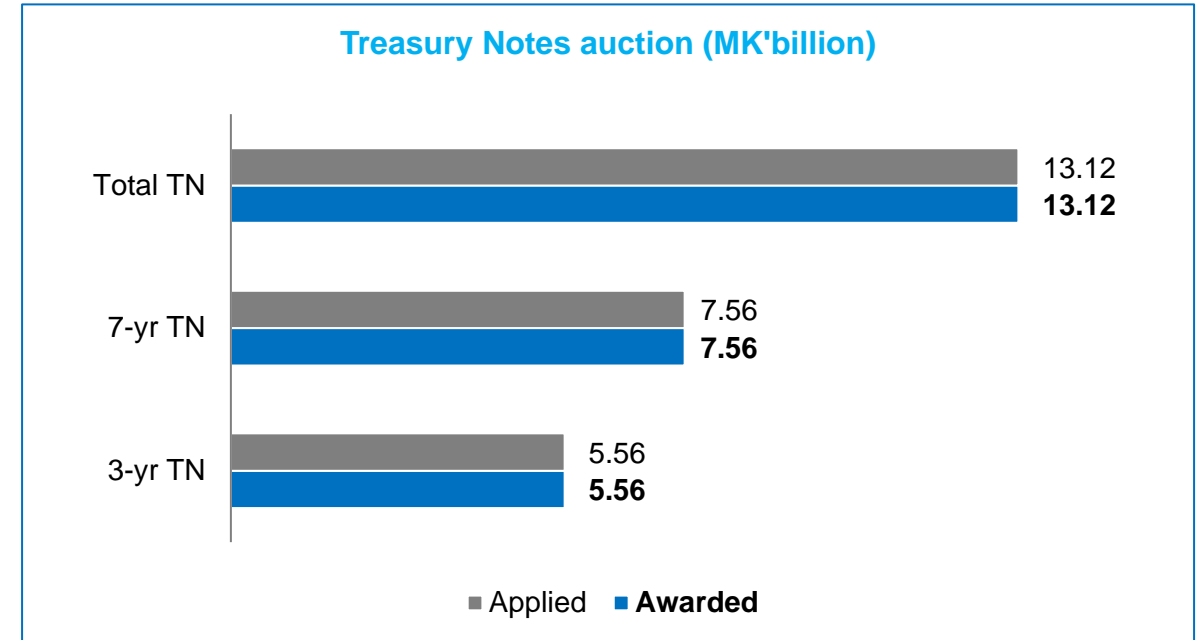
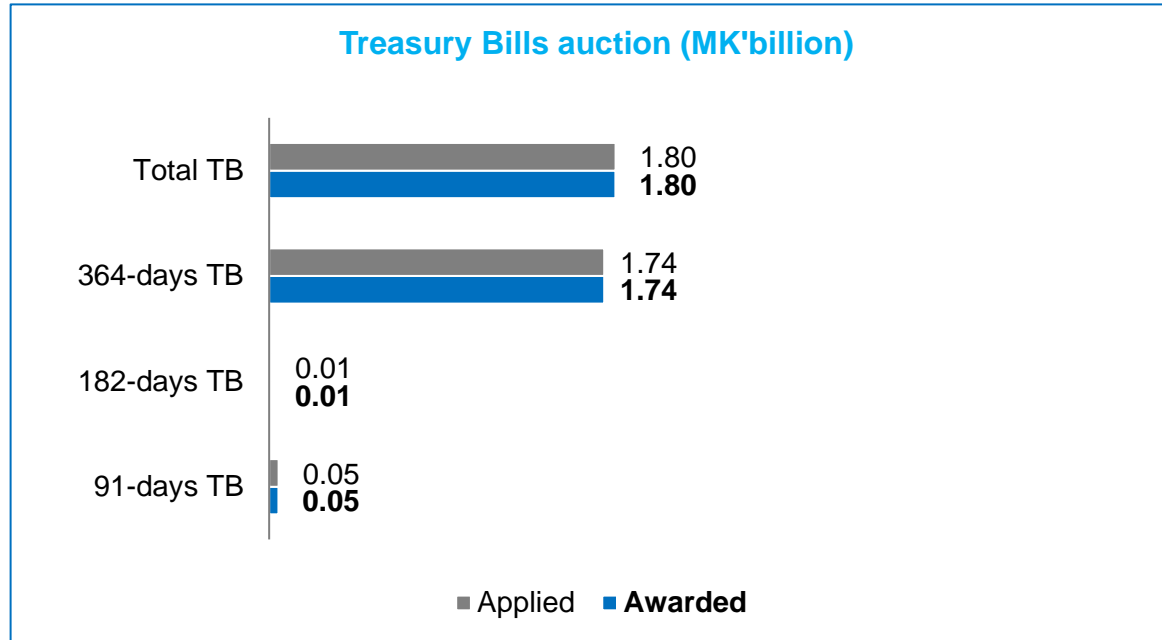
A total amount of MK14.92 billion was raised during this week's auctions of Treasury Bills (TBs) and Treasury Note (TNs) which were held by the Reserve Bank of Malawi.

An amount of MK1.80 billion and MK5.56 billion was raised from the TBs and the 3-yr TN auctions, respectively on 5 September 2023.

On 8 September 2023, the RBM held re-openings for all tenors of TBs and 2, 3, 5 and 7-year TNs. There were no applications for all tenors of TBs and for the 2, 3, and 5-year TNs. An amount of MK7.56 billion was raised from the 7-year TN.

The 7-year TN yield increased to 32.00% from 30.46%.

The average TBs yields maintained at 18.90% while the average TNs yield increased to 29.92% from 29.61% respectively 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	8-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	1,437.37*
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	1,232.69*
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	60.28*
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%	22.76%
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%	23.40%
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%	32.00%
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	119,595.35
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	90,796.89
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	19,948.26

*: Reserve Bank of Malawi opening exchange rates as of 8 September 2023

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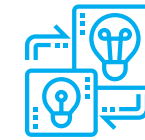
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