



Malawi Financial Market Update

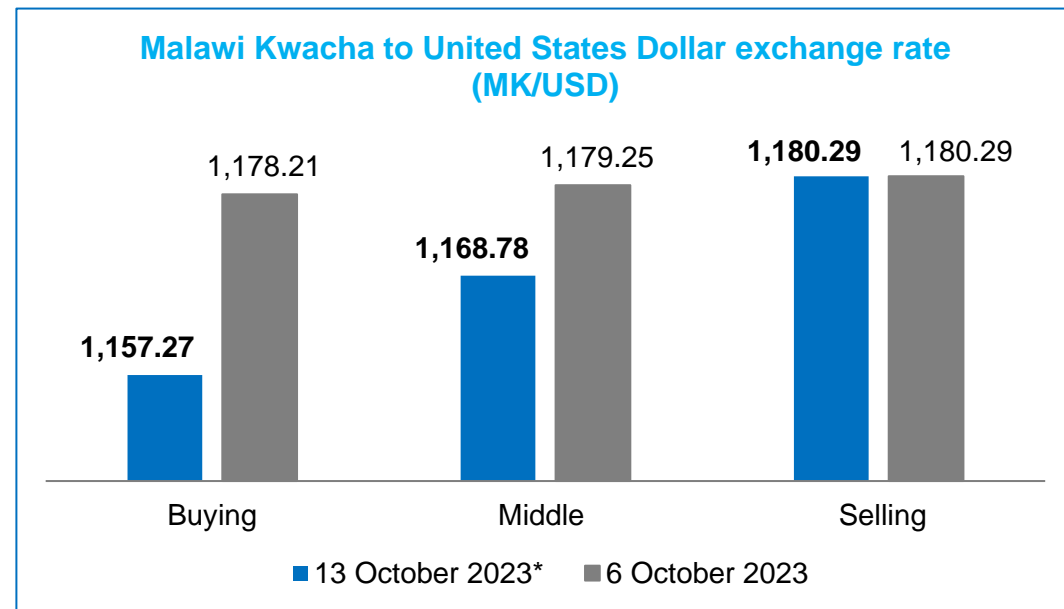
Week ending 13 October 2023



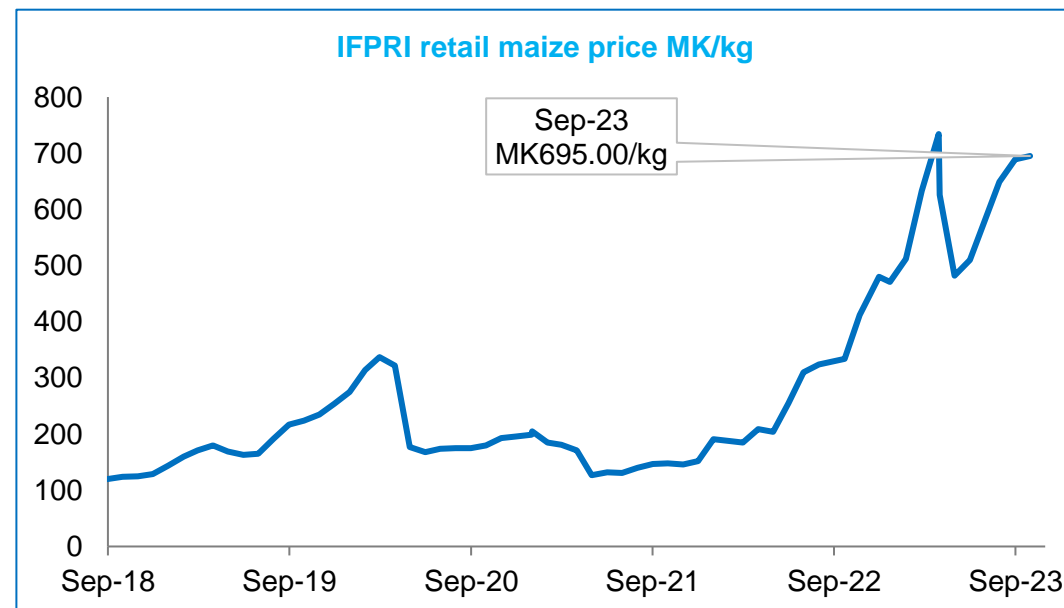
Malawi Financial Market Update: Week ending 13 October 2023

Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi retail maize prices (Source: IFPRI)



What Happened This Week

1. Data from the International Food Policy Research Institute's (IFPRI) September 2023 Monthly Maize Market report shows that average maize prices rose by 1% to MK695 per kilogram (kg) in September 2023 from MK689 per kg in August 2023. According to the IFPRI data, the southern region experienced the highest monthly average retail price at MK743 per kg which was higher than the central region's MK703 per kg and the northern region's MK577 per kg (IFPRI, 5 October 2023).
2. The International Fund for Agricultural Development (Ifad) and the Malawi government have signed a financing agreement of USD57 million (approximately MK63 billion) to support small-scale farmers and micro, small and medium-sized enterprises (MSMEs). Ifad announced that the funding will be channelled through its two ongoing supported programmes, the Programme for Rural Irrigation Development (Pride) and the Financial Access for Rural Markets, Smallholder and Enterprise Programme (Farmse). Pride will receive USD27.7 million (approximately MK30.9 billion) to rehabilitate 5 irrigation schemes and establish two new ones whilst Farmse will receive USD24 million (approximately MK27 billion) to help connect farmers and MSMEs to rural finance (IFAD, 5 October 2023).
3. The Ministry of Transport and Public Works has granted local firm African Rail Corporation (ARC) Malawi Limited a license to provide railway transport services on the Nacala-Blantyre route. ARC Malawi Managing Director was optimistic, stating that once fully operational, the rail transport will reduce the cost of transporting essential goods such as fertilizer and fuel from Mozambique to Malawi. The ARC Malawi Managing Director further stated that ARC Malawi will now negotiate with Nacala Logistics, the concessionaire of the Nacala-Limbe railway line, before the company begins its operations (*The Nation*, 9 October 2023).
4. Press Corporation (PCL) and Cane Products Limited have disclosed that they have resolved the shareholding issues in PressCane Limited, an issue that had been litigated in the courts for more than 17 years. As per the Joint Venture Agreement (JVA), PCL and Cane Products Limited held 50.1% and 49.9% in shareholding of PressCane Limited. The Malawi Supreme Court passed its judgement on 15 December 2022 which entailed maintaining the status quo regarding the shareholding in the JVA. Both shareholders confirmed that there are no further disputes in the courts regarding the issue (*The Nation*, 10 October 2023).
5. Figures from the International Monetary Fund (IMF) website show that the IMF expects Malawi's inflation to go on a downward trend in the medium to long-term. The data indicates that the IMF projects Malawi's inflation to average 27.7% in 2023, before declining to an average of 19.8% in 2024 and 12.2% in 2025 (*The Daily Times*, 12 October 2023).

*: Reserve Bank of Malawi opening exchange rates as of 13 October 2023

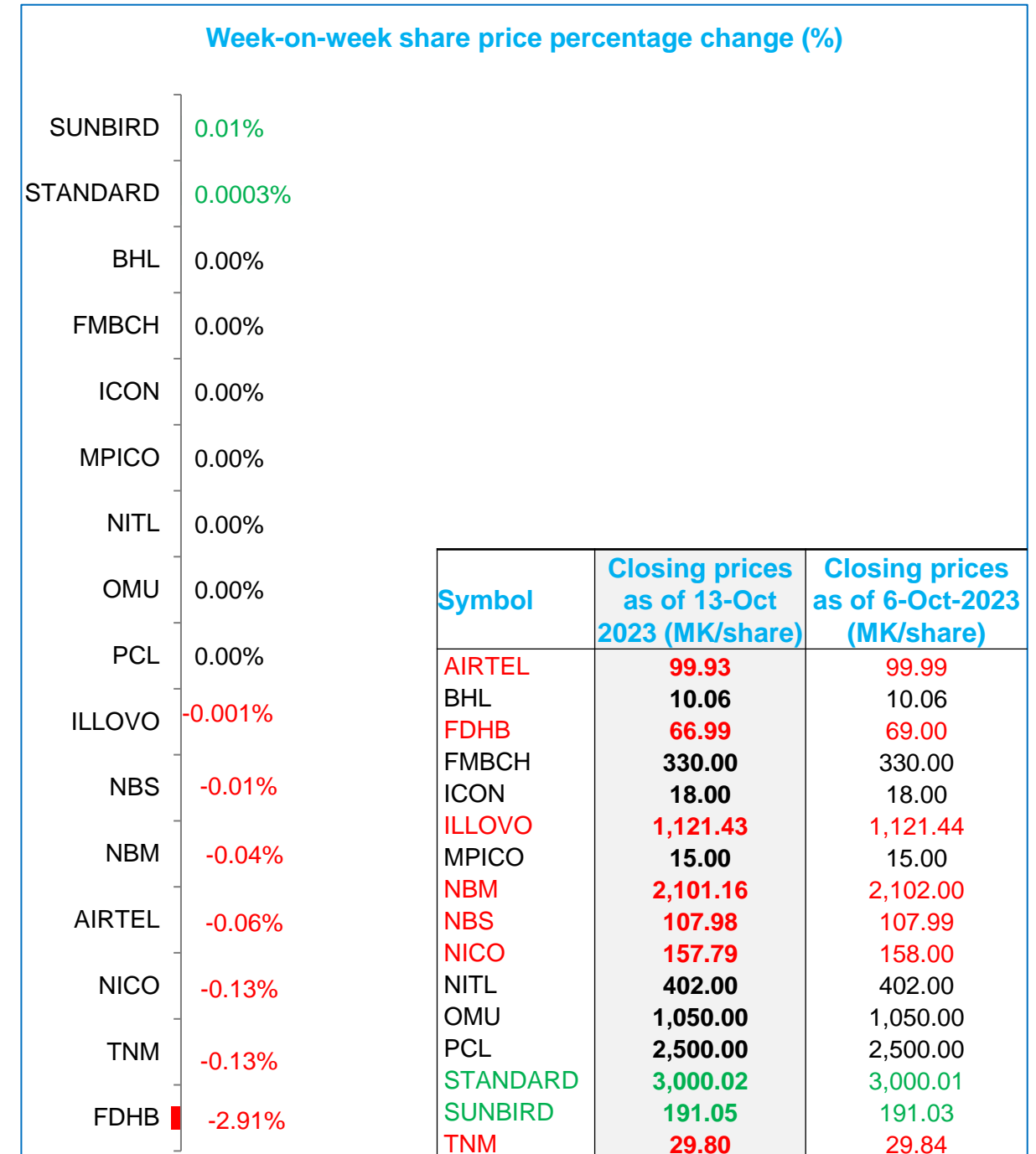
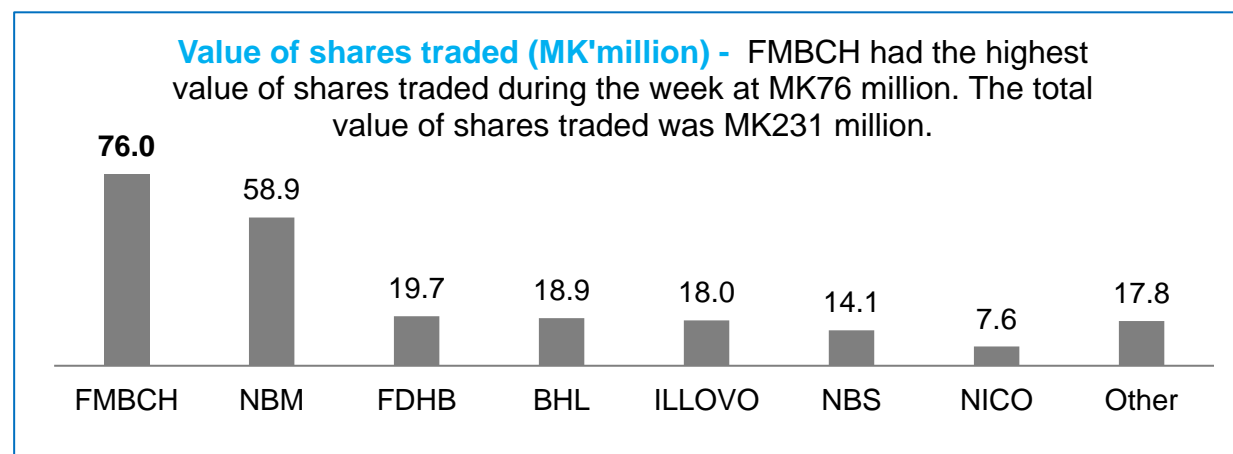
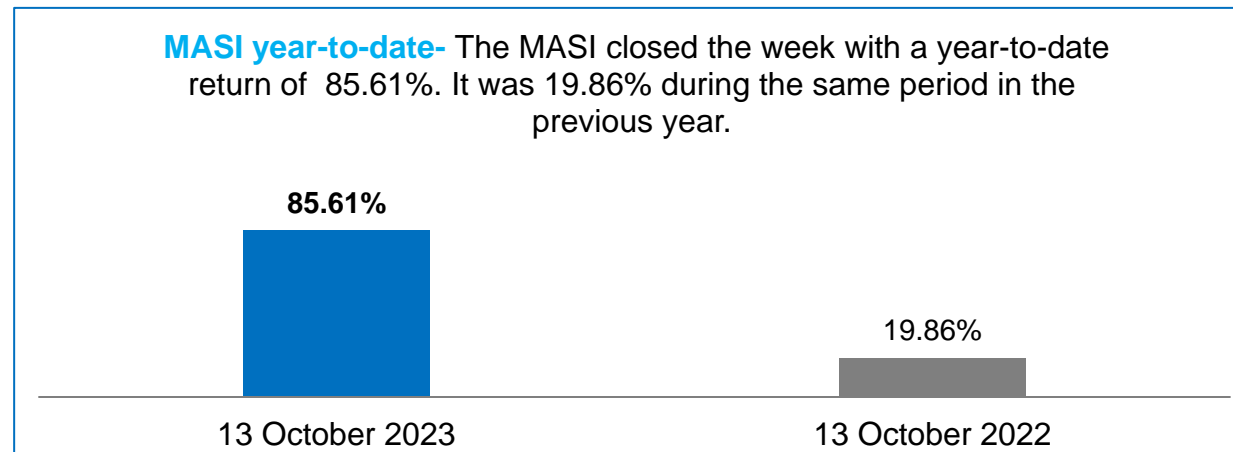
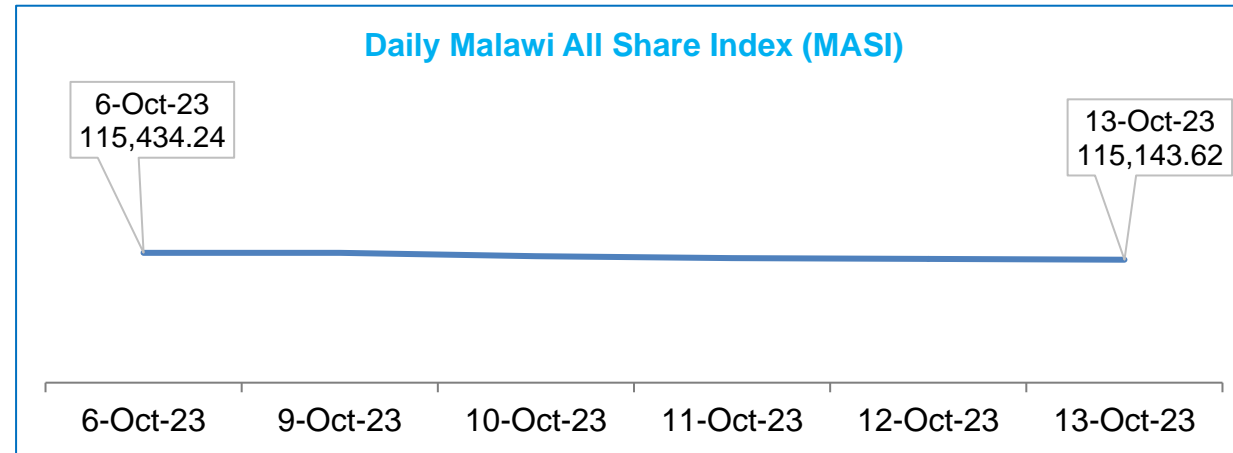


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Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 13 October 2023 at 115,143.62 points from 115,434.24 points for the week ending 6 October 2023. Week on week, this represents a 0.25% decrease.

There were marginal share price gains for SUNBIRD and STANDARD. The marginal share price gains were offset by a 2.91% share price loss for FDH Bank and marginal share price losses for TNM, NICO, AIRTEL, NBM, NBS, and ILLOVO during the week under review.





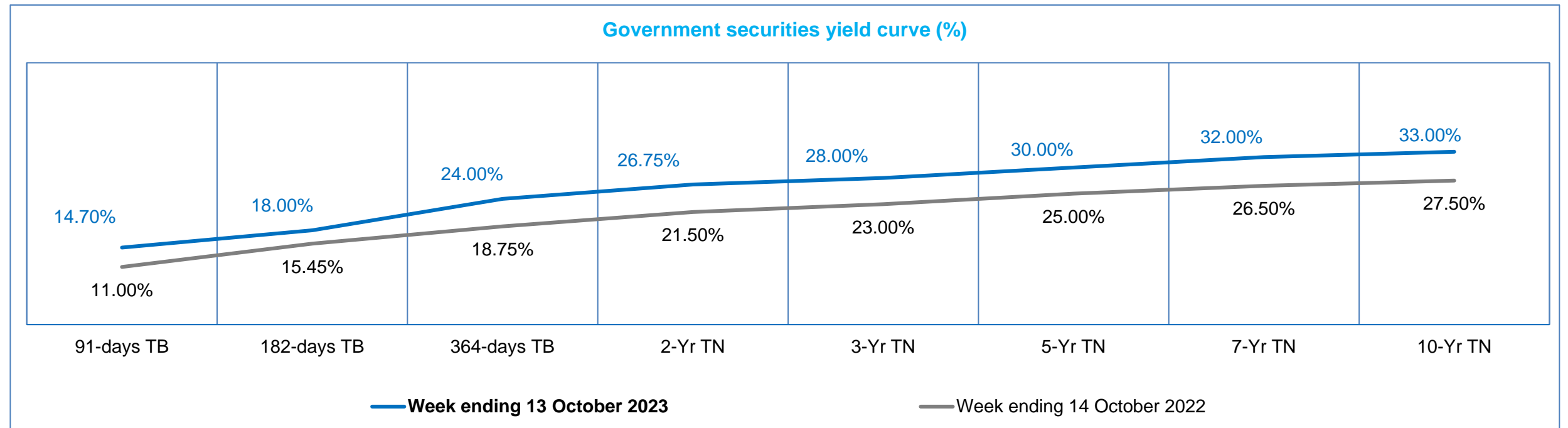
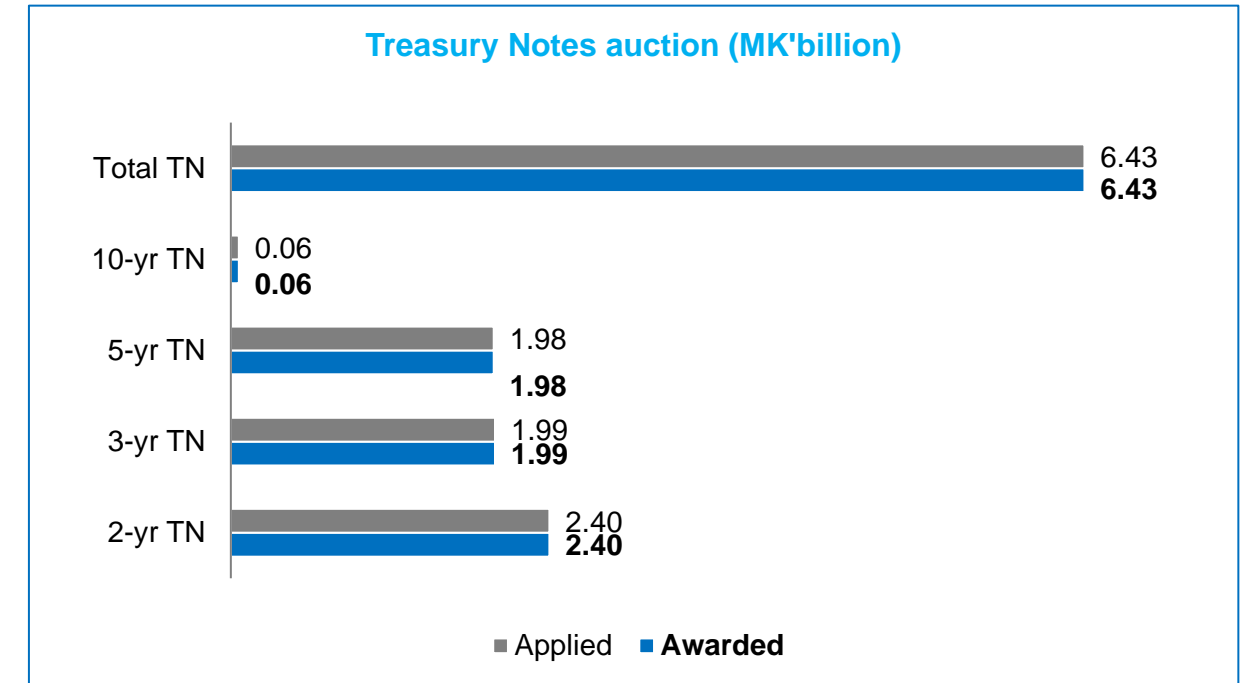
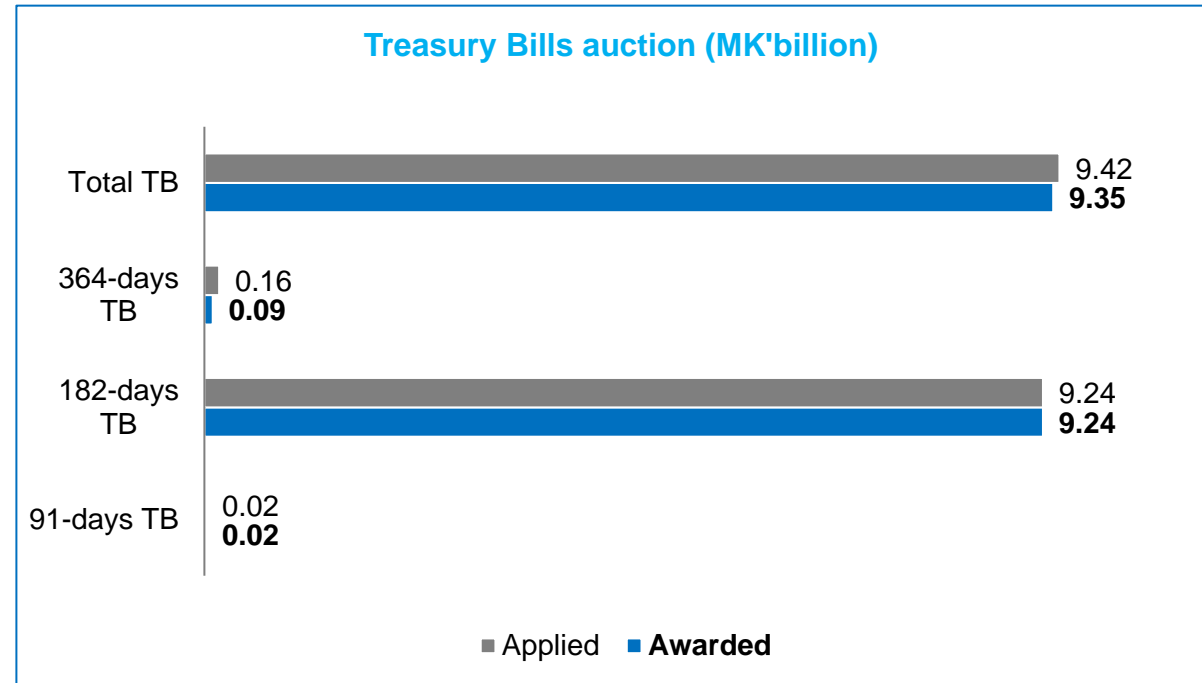
Government securities (Source: RBM)

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 MK9.35 billion was raised from the TBs auctions held during the period under review.

An amount of MK6.43 billion was raised from all the TNs auctions held during the period under review.

The average TB and TN yields remained constant at 18.90% and 29.95% respectively during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	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	Sep-23	13-Oct-23	
Exchange rates (middle rates)																			
MK/USD	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	1,126.50	1,168.78*	
MK/GBP	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	1,412.17	1,469.29*	
MK/EUR	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	1,225.22	1,269.33*	
MK/ZAR	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	60.67	63.42*	
Foreign Exchange Reserves																			
Gross Official Reserves (USD'mn)	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	239.56	N/A	N/A	
Private Sector Reserves (USD'mn)	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	419.35	N/A	N/A	
Total reserves (USD'mn)	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	658.91	N/A	N/A	
Gross Official Reserves Import cover (months)	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	0.96	N/A	N/A	
Inflation																			
Headline	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	N/A	
Food	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	N/A	
Non-food	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	N/A	
Interest Rates																			
Monetary Policy rate	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%
Average Interbank rate	11.84%	12.48%	12.50%	12.50%	12.50%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	19.26%	20.38%	20.51%	22.76%	22.79%	22.84%
Lombard rate	14.20%	14.20%	14.20%	14.20%	14.20%	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%
Commercial bank reference rate	13.50%	13.80%	13.90%	13.80%	13.90%	13.90%	16.60%	17.30%	17.30%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%	21.40%	22.70%	23.40%	23.50%
Government Securities Yields																			
91-days Treasury Bill	9.75%	9.75%	10.00%	11.00%	11.00%	11.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%
182-days Treasury Bill	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%	18.00%	18.00%
364-days Treasury Bill	17.03%	17.60%	17.74%	18.33%	18.75%	18.75%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%
2-year Treasury Note	18.50%	18.85%	20.50%	21.00%	21.50%	21.50%	22.50%	22.50%	22.75%	22.75%	22.75%	22.75%	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%
3-year Treasury Note	21.90%	22.00%	22.00%	23.00%	23.00%	23.00%	23.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%
5-year Treasury Note	23.95%	24.00%	24.00%	25.00%	25.00%	25.00%	26.00%	26.00%	26.19%	26.19%	26.25%	26.25%	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%
7-year Treasury Note	22.33%	22.33%	25.53%	26.75%	26.50%	26.50%	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%
10-year Treasury Note	23.35%	27.00%	27.00%	27.00%	27.50%	27.50%	27.50%	28.50%	28.50%	28.50%	28.50%	28.50%	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%
Stock Market Indices																			
MASI	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	118,426.19	115,143.62	
DSI	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	89,173.86	89,551.75	
FSI	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	20,692.42	16,479.62	

*: Reserve Bank of Malawi opening exchange rates as of 13 October 2023

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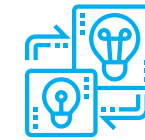
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