



Malawi Financial Market Update

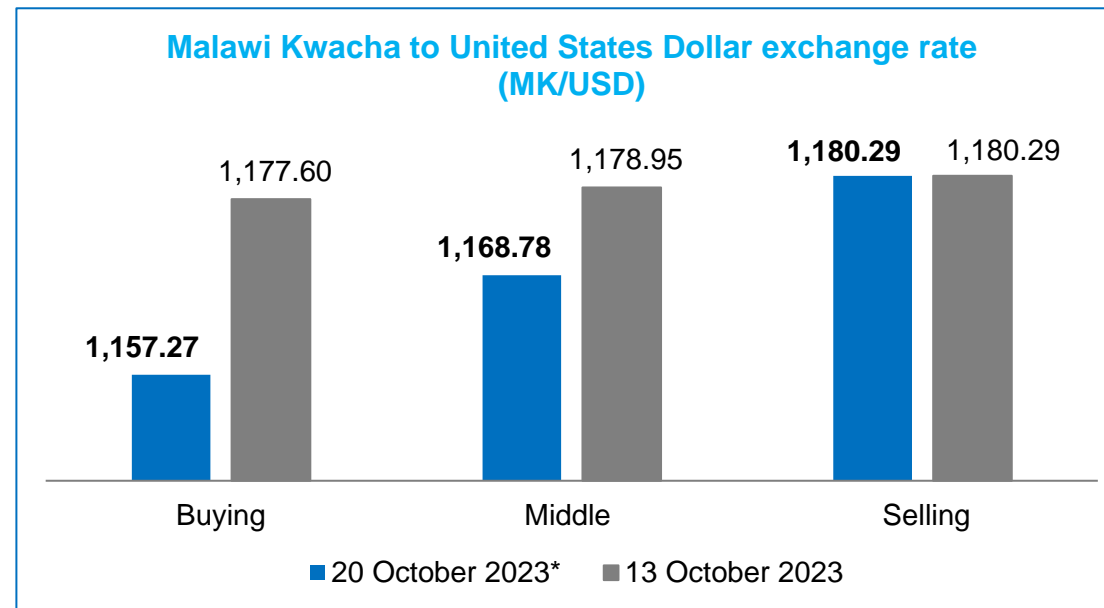
Week ending 20 October 2023



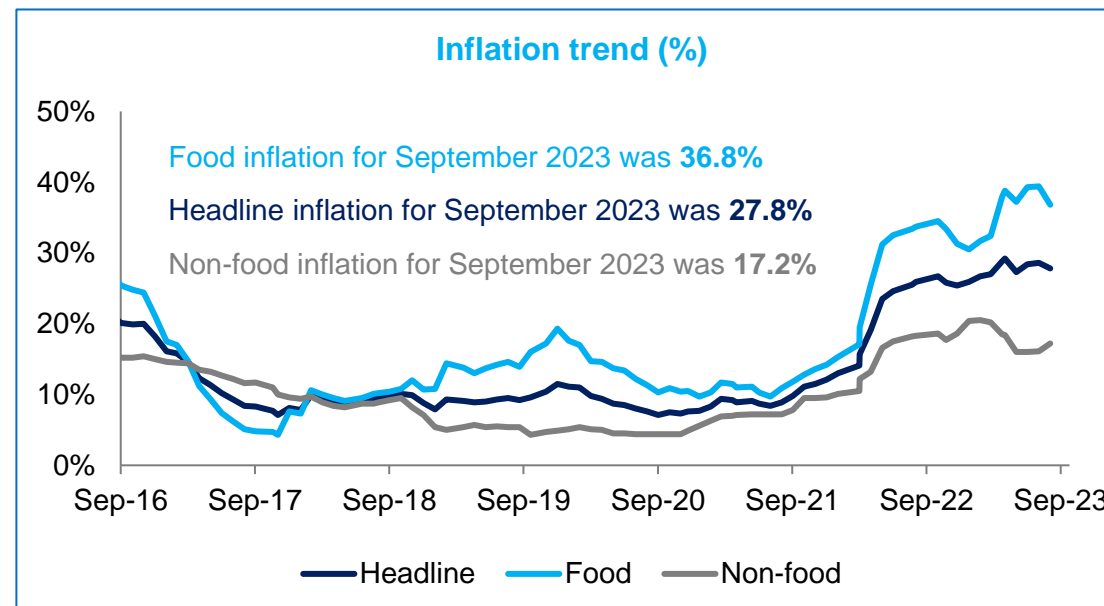
Malawi Financial Market Update: Week ending 20 October 2023

Exchange rate and other market developments

Exchange rate (Source: RBM)



Inflation (Source: NSO)



The National Statistical Office (NSO) has disclosed that headline inflation for September 2023 stands at 27.8%, down 0.8 percentage points from 28.6% recorded in August 2023.

The Minister of Transport and Public Works has confirmed that Malawi has signed a two billion Euro (approximately MK2.4 trillion) agreement with a Chinese firm, China Railway Signal, for the construction of a railway network across the country.

What Happened This Week

- The latest statistics from the National Statistical Office (NSO) reveal that the year-on-year inflation rate for September 2023 stands at 27.8%, a decrease of 0.8 percentage points from 28.6% recorded in August 2023. The food inflation rate decreased to 36.8% in September 2023 from 39.4% in August 2023. However, the non-food inflation rate increased to 17.2% in September 2023 from 16.1% in August 2023 (NSO, 18 October 2023).
- According to the Reserve Bank of Malawi (RBM) August 2023 monthly economic review, total government revenues declined to MK217.7 billion in August 2023 from MK246.7 billion in July 2023. The decline in total revenues was attributed to a decrease in tax revenues, which declined to MK160.9 billion in August 2023 from MK203.3 billion in July 2023. In contrast, total government expenditures increased to MK314.9 billion in August 2023 from MK226.0 billion in July 2023. The increase in total expenditure was on account of an increase in recurrent expenditures and development expenditures, which increased to MK252.3 billion and MK62.6 billion in August 2023 from MK189.6 billion and MK36.4 billion in July 2023 respectively (The Reserve Bank of Malawi, 13 October 2023).
- Data in the August 2023 monthly economic review from the RBM shows that Malawi's imports have increased to USD314.2 million (approximately MK344.1 billion) in August 2023 from USD263.1 million (approximately MK279.9 billion) in July 2023. Over the same period, exports increased to USD126.4 million (approximately MK138.0 billion) in August 2023 from USD102.1 million (approximately MK108.2 billion) in July 2023. The RBM attributed the rise in imports to increased importation of fuel, pharmaceuticals, and fertiliser. The rise in exports was attributed to increased sales of sugar, tobacco, tea, and coffee (The Reserve Bank of Malawi, 13 October 2023).
- The Minister of Transport and Public Works has confirmed that Malawi has signed a two billion Euro (approximately MK2.4 trillion) agreement with a Chinese firm, China Railway Signal, for the construction of a railway network across the country. The railway project will be financed by the Chinese and a sovereign wealth fund of the United Arab Emirates. The agreement is under a build-operate-transfer (BOT) contract in which the investors will operate the rail lines for not more than 30 years. The project is expected to run for 5 years, divided into three phases (The Nation, 20 October 2023).
- Malawi Stock Exchange's (MSE) Chief Executive Officer has confirmed that the MSE has revised some of its listing requirements to attract more companies to list on the MSE. Some of the revisions include the reduction of profit history to two from three years, underwriting requirements becoming optional, and a reduction in the capital requirements for a company to MK400 million from MK500 million (The Nation, 20 October 2023).

*: Reserve Bank of Malawi opening exchange rates as of 20 October 2023

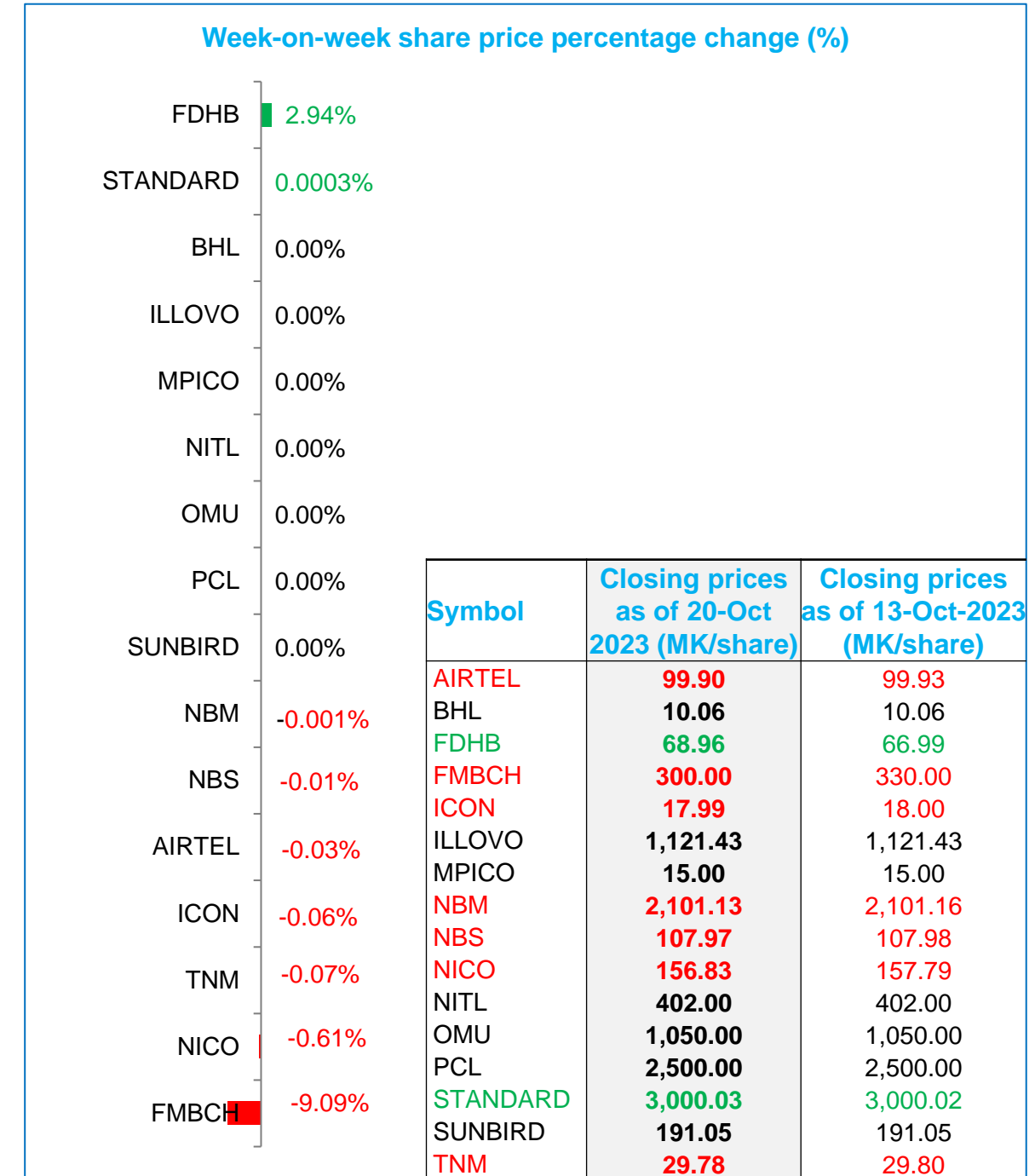
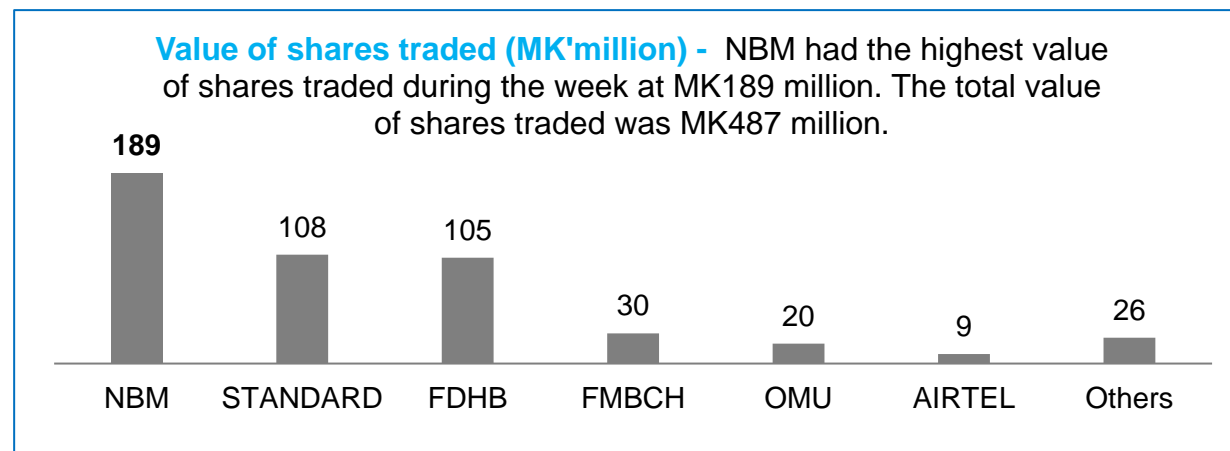
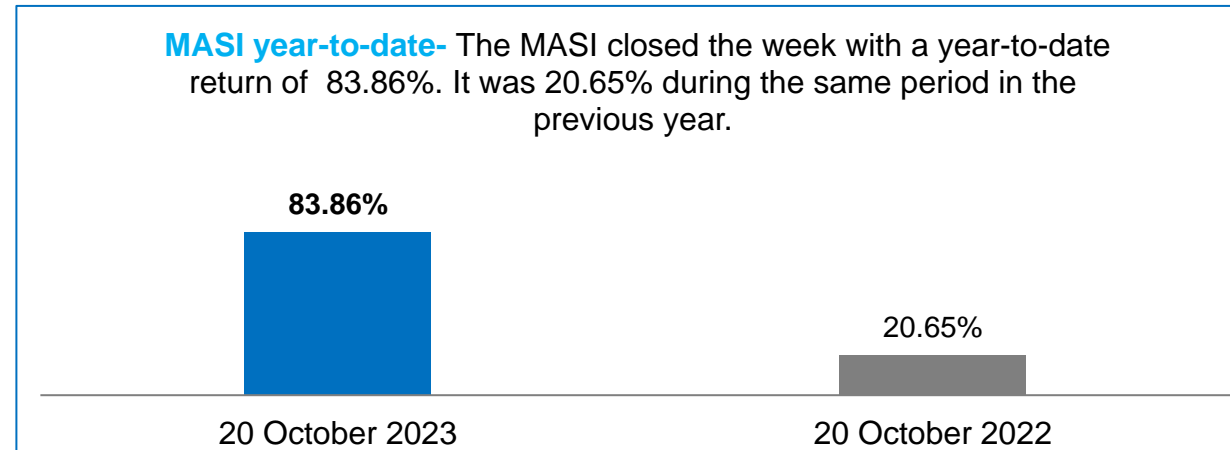
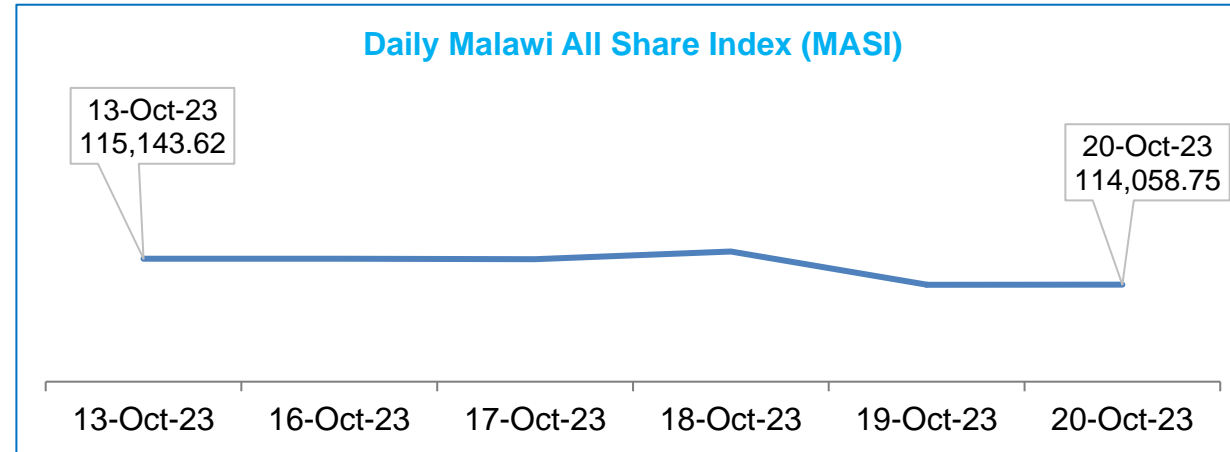


Malawi Financial Market Update: Week ending 20 October 2023

Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 20 October 2023 at 114,058.75 points from 115,143.62 points for the week ending 13 October 2023. Week on week, this represents a 0.94% decrease.

There was a 2.94% share price gain for FDH Bank and a marginal share price gain for STANDARD Bank. The share price gains were offset by a 9.09% share price loss for FMBCH and marginal share price losses for NBM, NBS, AIRTEL, ICON, TNM, and NICO during the week under review.





Government securities (Source: RBM)

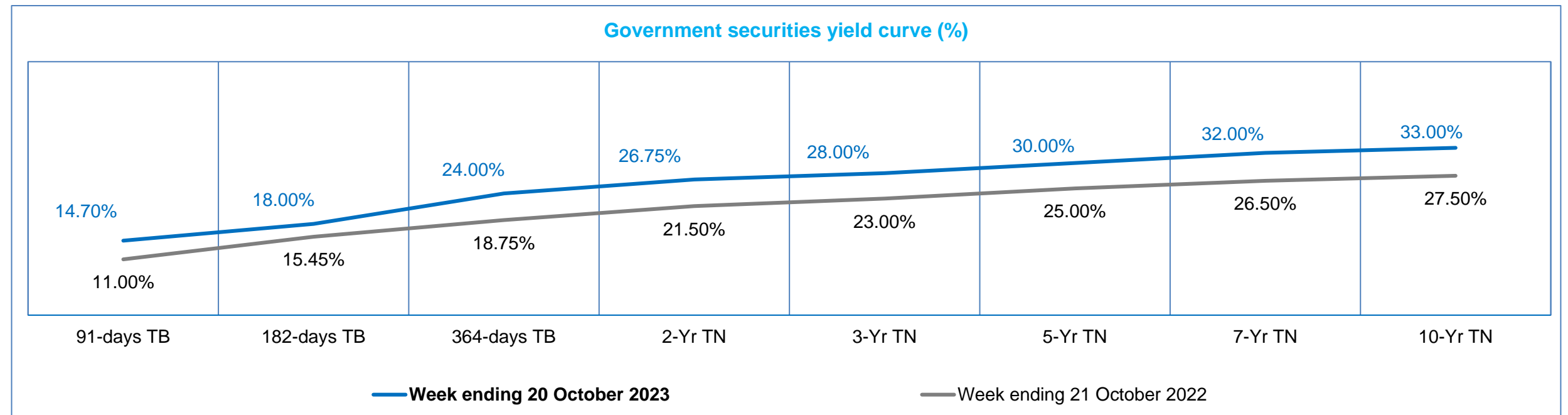
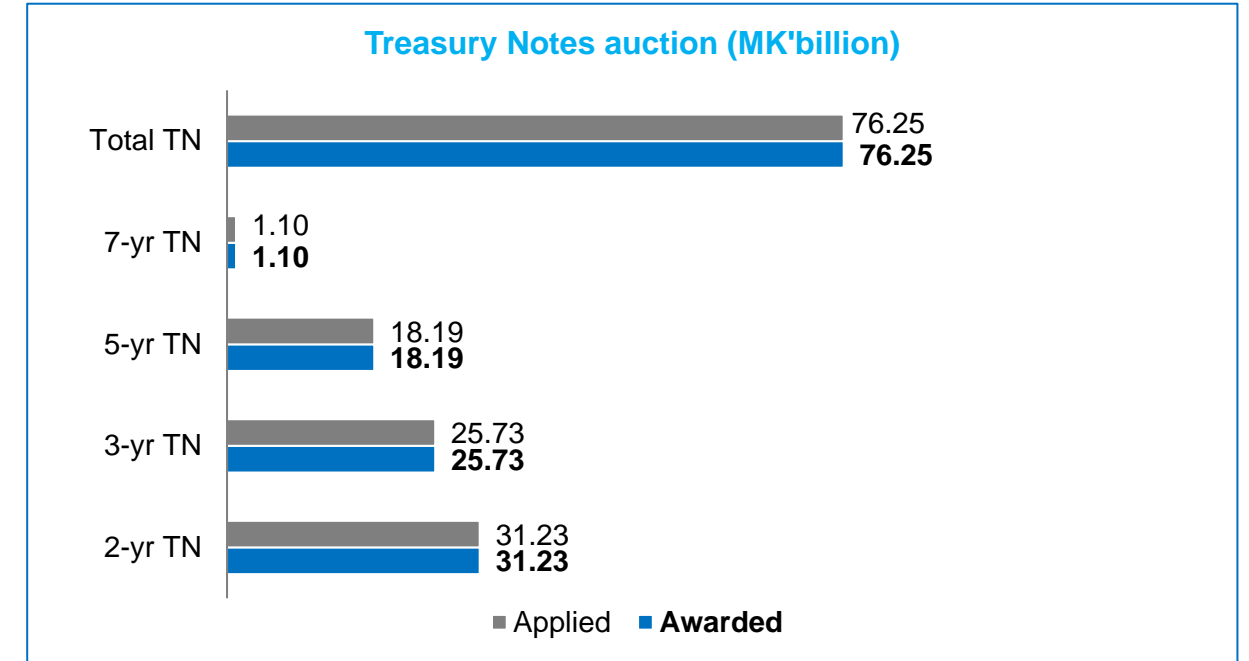
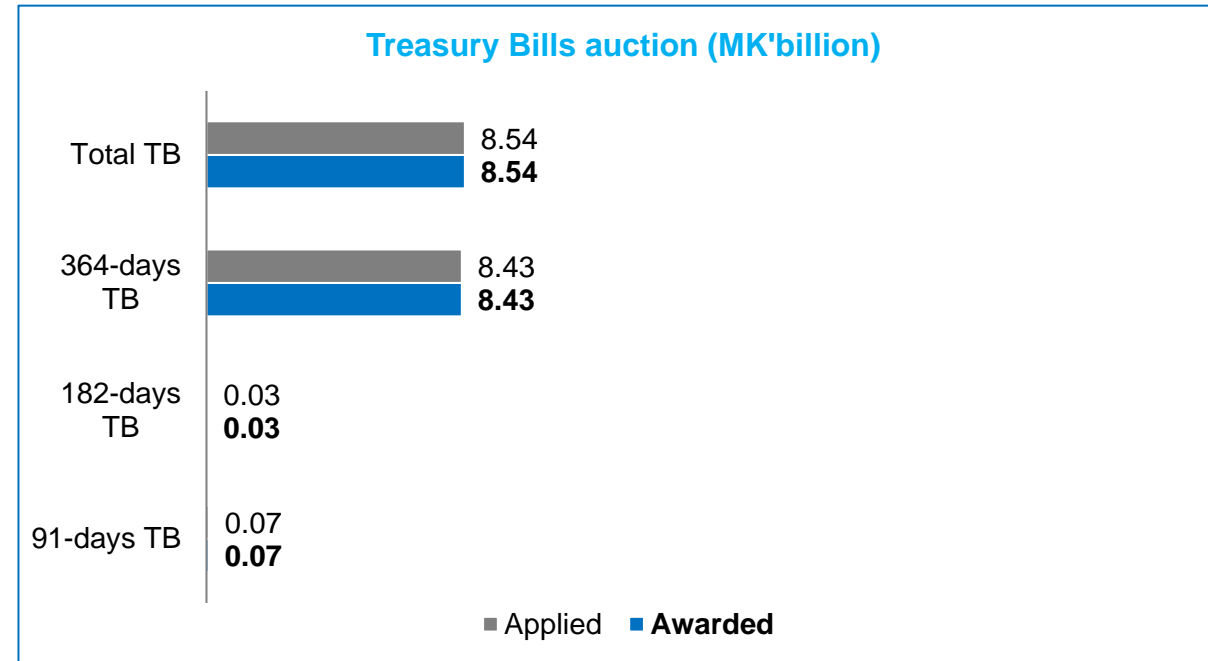
The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

A total amount of MK8.54 billion was raised from the TBs auctions held during the period under review.

An amount of MK76.25 billion was raised from all the TNs auctions held during the period under review.

There were no applications for the 10-year TN 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	20-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	1,461.11*	
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	1,273.19*	
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	63.34*	
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%	27.8%	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%	36.8%	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%	17.2%	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%	22.96%
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%	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%	
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%	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%	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%	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%	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%	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%	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	114,058.75	
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	89,750.27	
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	14,993.27	

*: Reserve Bank of Malawi opening exchange rates as of 20 October 2023

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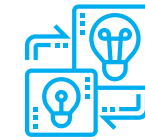
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