



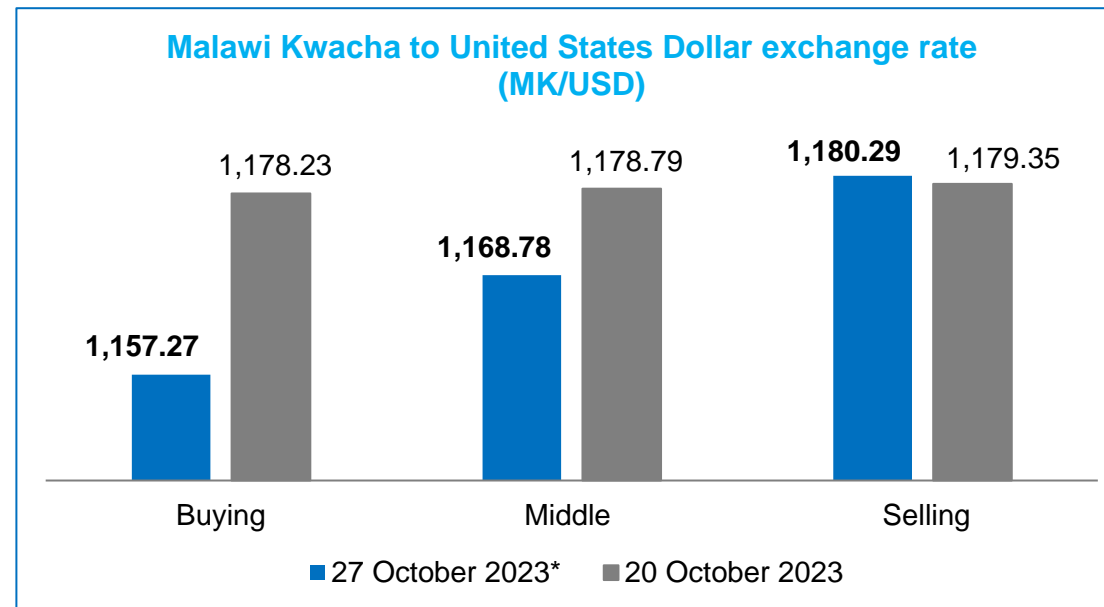
Malawi Financial Market Update

Week ending 27 October 2023

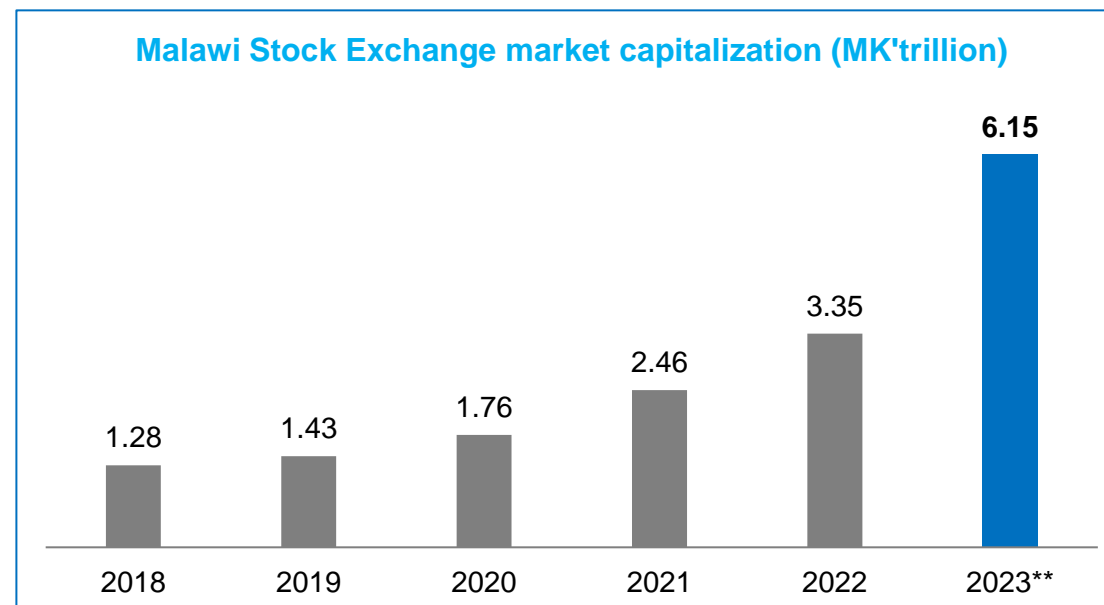


Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi Stock Exchange market capitalization (Source: MSE)



What Happened This Week

- Following the fourth Monetary Policy Committee (MPC) meeting held on 26 and 27 October 2023, the MPC has resolved to maintain the Policy rate at 24.0%. The Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits and the LRR ratio on foreign currency deposits have also been maintained at 7.75% and 3.75% respectively. The MPC also decided to maintain the Lombard rate at 20 basis points above the policy rate (*The Reserve Bank of Malawi, 27 October 2023*).
- The United Nations Conference on Trade and Development (UNCTAD), in its 2023 Commodities and Development report, has called for increased efforts towards export diversification in countries such as Malawi, where 60% of merchandise export revenues come from primary commodities. In the report, the UNCTAD stated that such reliance on primary products increases vulnerability to shocks and it cited economic and political shocks such as the Russia-Ukraine war and Covid-19 that disrupted global commodity markets as examples of the vulnerability to shocks (*The Nation, 25 October 2023*).
- Data from the Reserve Bank of Malawi shows that in the first 5 months of the budget implementation, the government collected revenues amounting to MK1.04 trillion and spent MK1.36 trillion. In April, government revenues stood at MK185.80 billion whilst expenditure was at MK281.00 billion. In May, government revenues were recorded at MK184.90 billion while expenditure was seen at MK285.7 billion. In June, revenues increased to MK203.90 billion and expenditure dropped to MK255.40 billion. In July, government revenues amounted to MK246.70 billion and expenditure amounted to MK226.00 billion. Finally, in August, government revenues reached MK217.70 billion whilst expenditure reached MK314.90 billion (*The Nation, 26 October 2023*).
- The United Kingdom has launched a GBP10 million (approximately MK14.9 billion) Malawi Value Chain (MVC) project that is expected to run from 2023 to 2028. The project aims at encouraging foreign and domestic investment and increasing the value of Malawi's exports, especially in high value export sectors. The MVC project will focus on value chains of macadamia, mango, and mining (*The Daily Times, 26 October 2023*).
- According to Oxford Economics, real GDP growth for 2023 is forecasted at 1.9%. The strong 2023 tobacco marketing season is expected to bolster real GDP growth in 2023 by offsetting the negative effects of adverse weather conditions. Real GDP growth forecast for 2024 is 3.8% thanks to stronger private consumption and exports. Consumer price index (CPI) inflation is projected to average of 27.8% in 2023 and 21.5% in 2024. Food price inflation is expected to remain elevated in the short run due to crop loss caused by Cyclone Freddy as well as low yields of the 2023 harvest. (*Oxford Economics, 27 October 2023*).

*: Reserve Bank of Malawi opening exchange rates as of 27 October 2023
 **: Market capitalization as of 27 October 2023

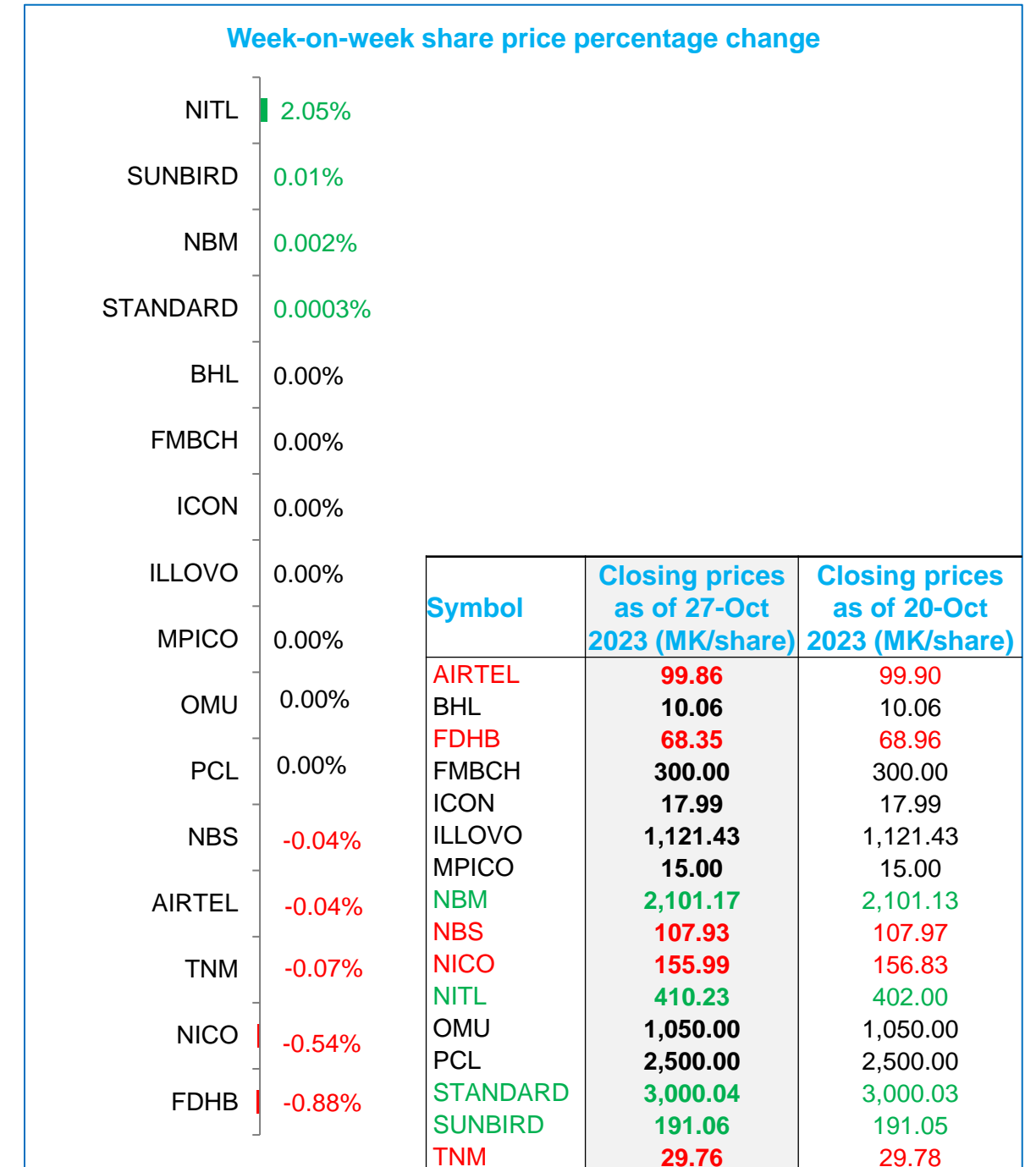
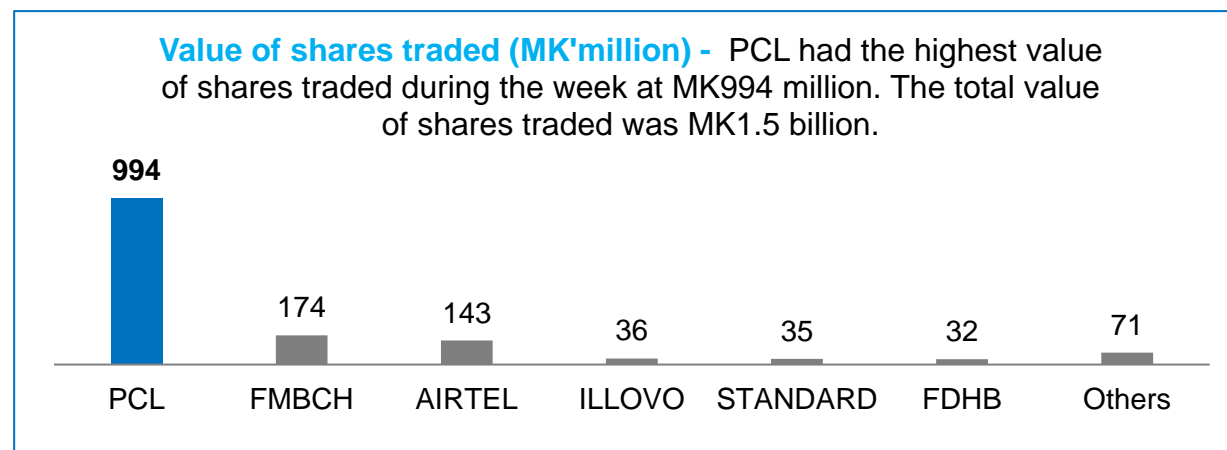
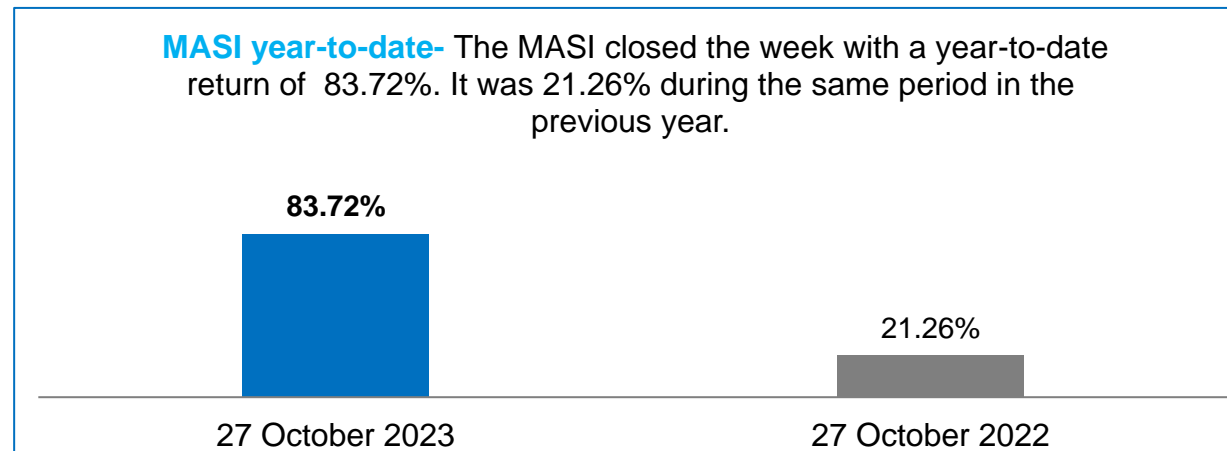
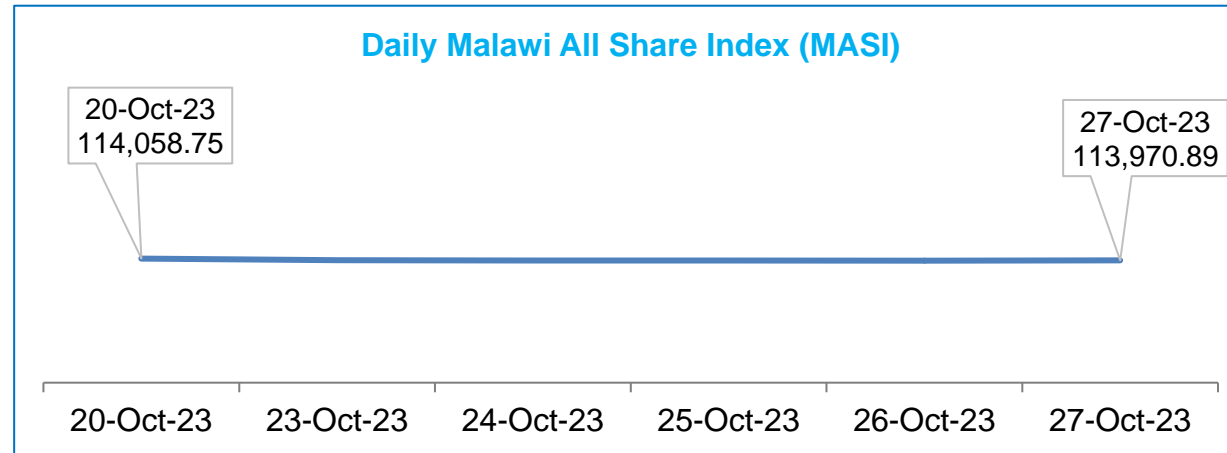


Malawi Financial Market Update: Week ending 27 October 2023

Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 27 October 2023 at 113,970.89 points from 114,058.75 points for the week ending 20 October 2023. Week on week, this represents a 0.08% decrease.

There was a 2.05% share price gain for NITL and marginal share price gains for SUNBIRD, NBM, and Standard Bank. The share price gains were offset by marginal share price losses for FDH Bank, NICO, TNM, AIRTEL, and NBS during the week under review.





Government securities (Source: RBM)

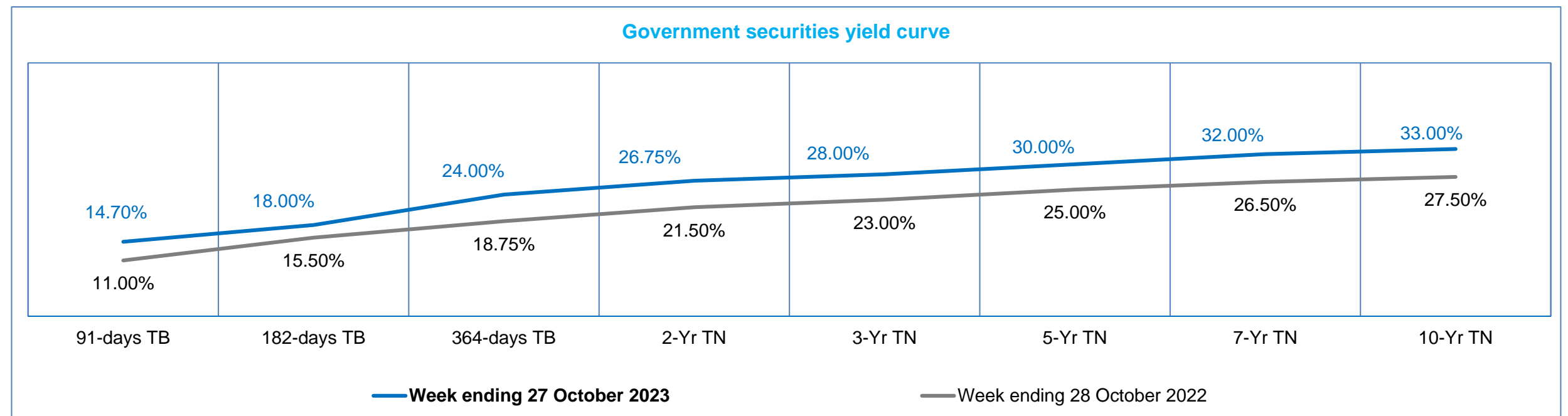
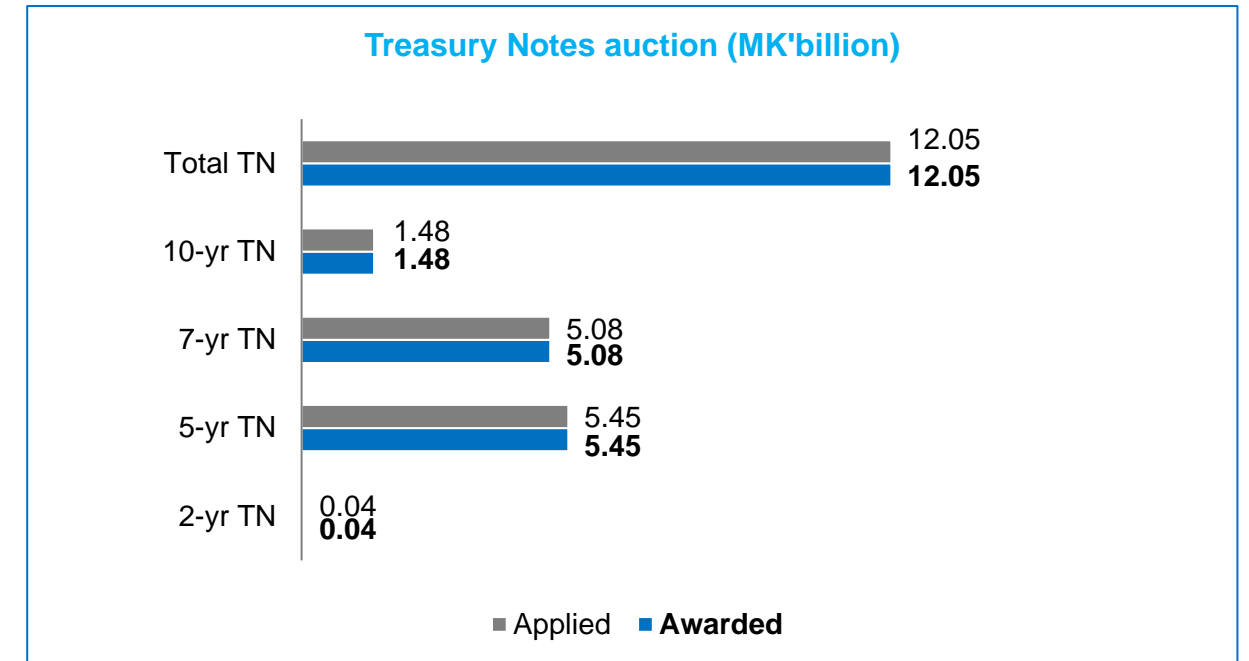
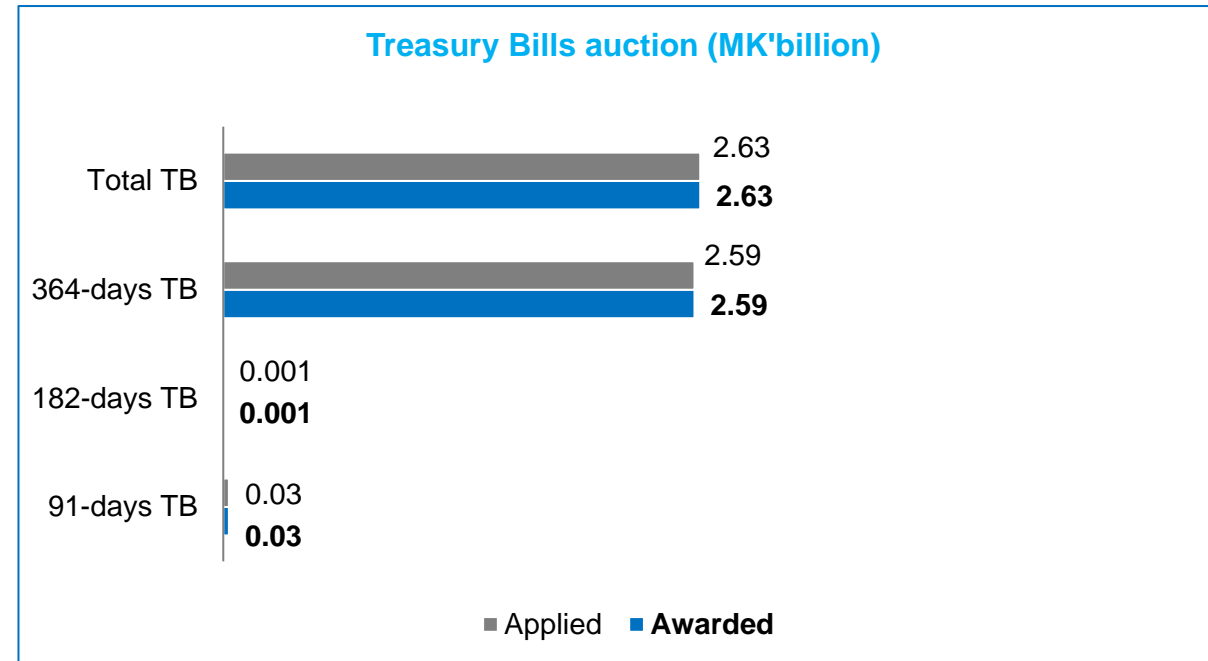
The RBM held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

A total amount of MK2.63 billion was raised from the TBs auctions held during the period under review.

An amount of MK12.05 billion was raised from all the TNs auctions held during the period under review.

There were no applications for the 3-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	27-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	1,460.02*	
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	1,271.62*	
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	63.62*	
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%	22.99%
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	113,970.89	
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	89,672.09	
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 27 October 2023

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

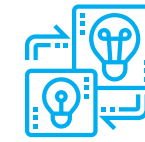
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**