



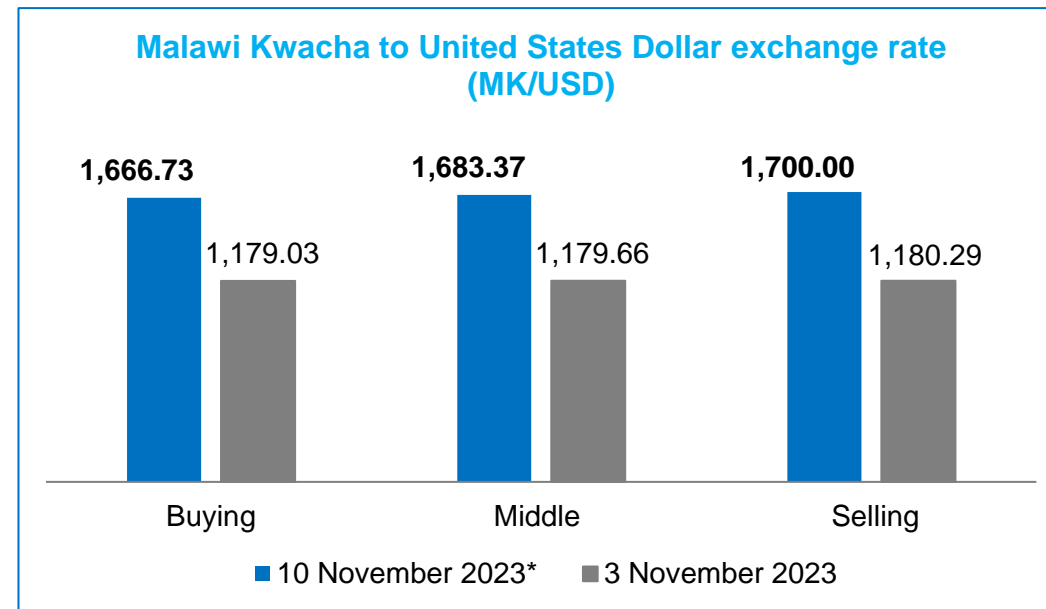
Malawi Financial Market Update

Week ending 10 November 2023

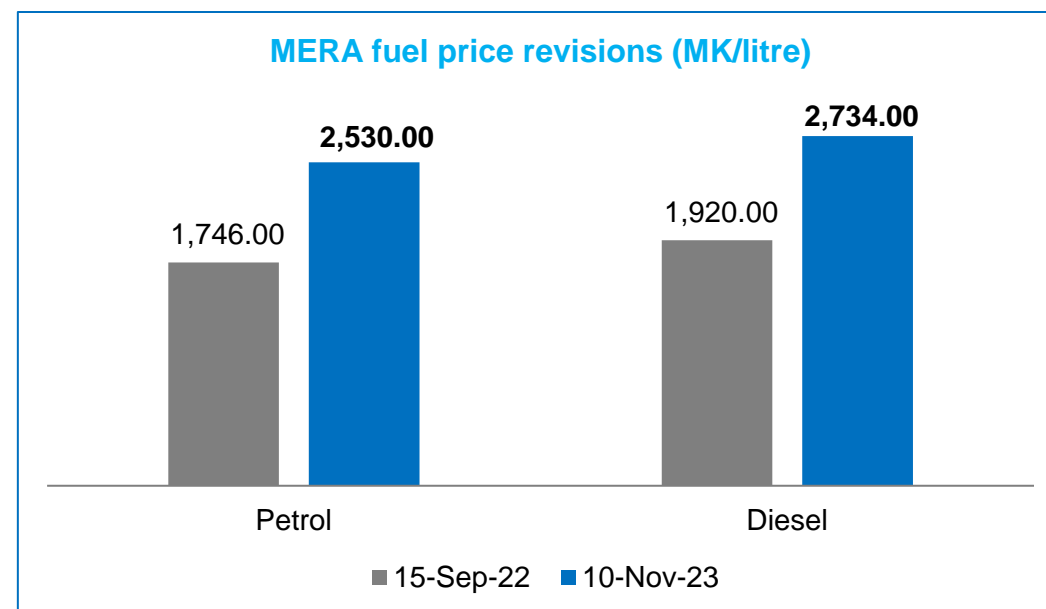


Exchange rate and other market developments

Exchange rate (Source: RBM)



Fuel pump prices (Source: MERA)



As of 9 November 2023, the exchange rate has been adjusted to a selling rate of MK1,700.00/USD from the selling rate of MK1,180.29/USD, representing a 44% devaluation.

As of 10 November 2023, the pump prices of petrol and diesel have been adjusted upwards by 44.9% and 42.4% respectively.

As of 10 November 2023, average electricity tariffs have been adjusted upwards to MK173.70/kWh from MK123.26/kWh, representing a 40.92% increase.

The RBM has directed all Authorized Dealer Banks (ADB) to not deal with International Foreign Exchange Brokers and to set cash sale rates 2% above Telegraphic Transfer (TT) sale rates.

What Happened This Week

- In a communication to all Authorized Dealer Banks (ADB), the Reserve Bank of Malawi (RBM) disclosed that the exchange rate has been adjusted to a selling rate of MK1,700.00/USD from the selling rate of MK1,180.29/USD, effective 9 November 2023. This represents a 44% devaluation. The RBM stated that the adjustment comes because of several factors such as supply-demand imbalances in the market despite adjustments of the exchange rate through the auction system. The RBM also mentioned that spot checks on some market players indicate that the market can clear import bills at this new rate and that the mismatch in exchange rates in the cash and Telegraphic Transfer (TT) markets triggered arbitrage opportunities hence the adjustment (*The Reserve Bank of Malawi, 8 November 2023*).
- According to the Standard Bank weekly market update, following the 44% devaluation of the Kwacha, the RBM has directed all ADBs to not deal with International Foreign Exchange Brokers, as they have been deemed to be distorting the Foreign Exchange (FX) market in Malawi. Adding to this, the RBM has also directed that cash sale rates should be 2% above TT sale rates (*Standard Bank, 9 November 2023*).
- In a press release dated 8 November 2023, the RBM announced a few operational changes to the FX market. According to the press release, Authorized Dealer Banks (ADB) have been granted freedom to negotiate exchange rates for trading with clients and amongst themselves, without being constrained by previous limitations. Secondly, the RBM will conduct buying and selling of FX through competitive auctions at market-determined prices, accessible to all ADBs in good standing. There are no restrictions on the range or level of exchange rates participants can submit, and allotment will be based on the prices submitted. Finally, the frequency of auctions for FX purchases with ADBs will shift from monthly to fortnightly, with sales only occurring when needed to address disorderly market conditions (*The Reserve Bank of Malawi, 8 November 2023*).
- In a press release dated 9 November 2023, the Malawi Energy Regulatory Authority (MERA) announced that pump prices of petrol, diesel and paraffin have been adjusted upwards effective 10 November 2023. The upward adjustment has moved the pump price of petrol to MK2,530/litre from MK1,746/litre, representing a 44.9% increase. The pump price of diesel has moved to MK2,734/litre from MK1,920/litre, representing a 42.40% increase. Finally, the pump price of paraffin has moved to MK1,910/litre from MK1,261/litre, representing a 51.47% increase (*The Malawi Energy Regulatory Authority, 9 November 2023*).
- In a press release dated 9 November 2023, MERA announced that the average electricity tariffs have been adjusted upwards to MK173.70/kWh from MK123.26/kWh, effective 10 November 2023. This represents a 40.92% tariff increase (*The Malawi Energy Regulatory Authority, 9 November 2023*).

*: Reserve Bank of Malawi opening exchange rates as of 10 November 2023

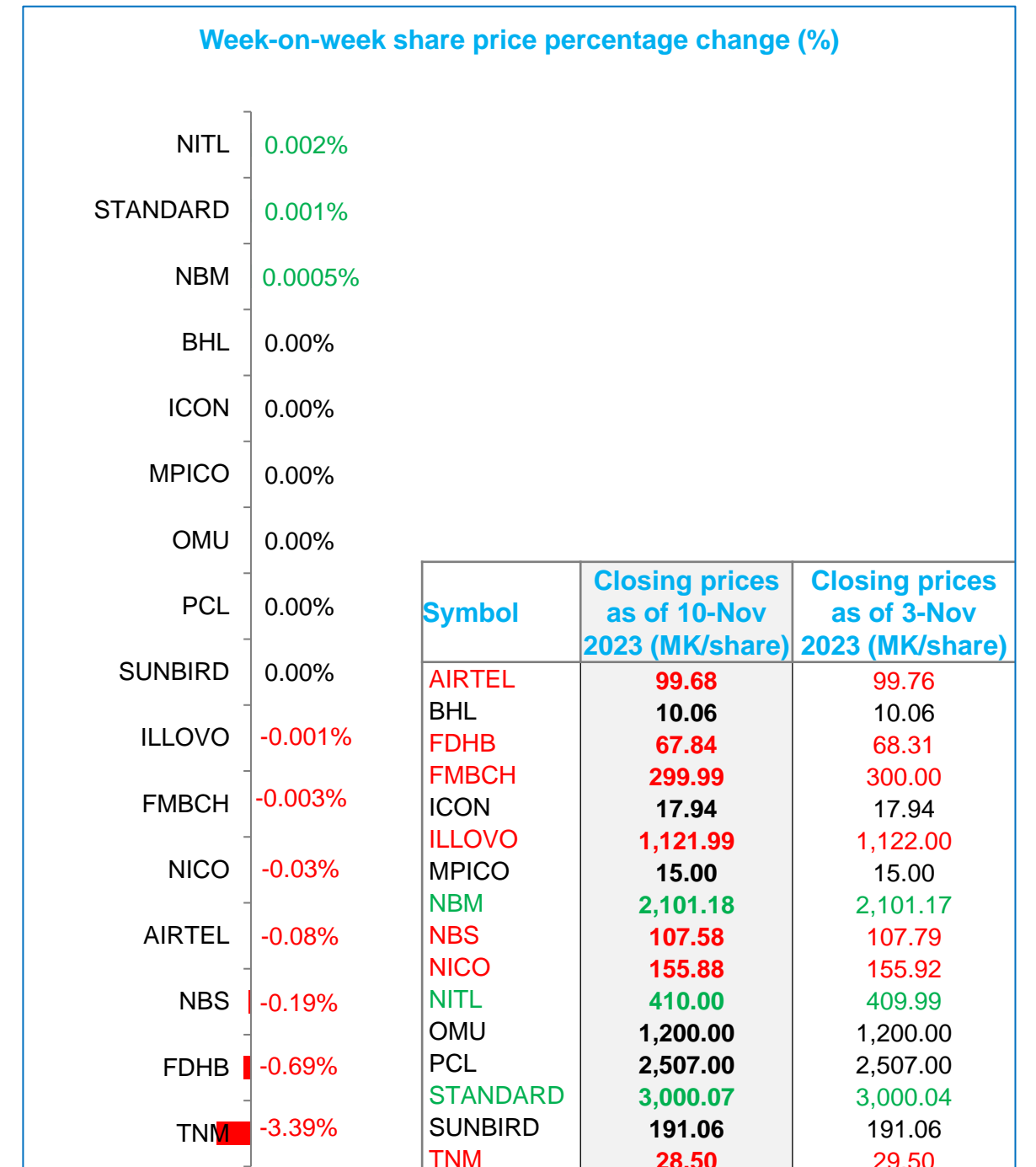
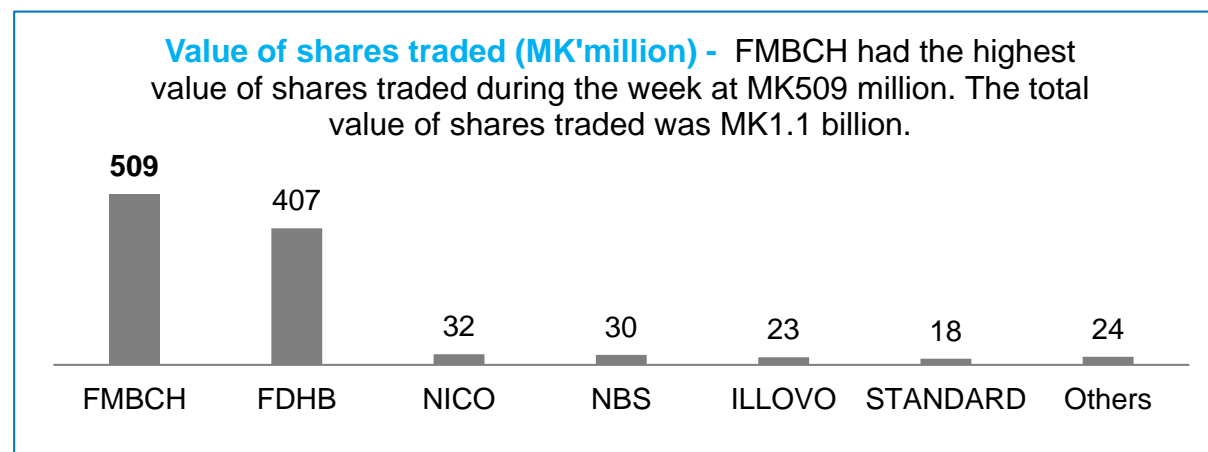
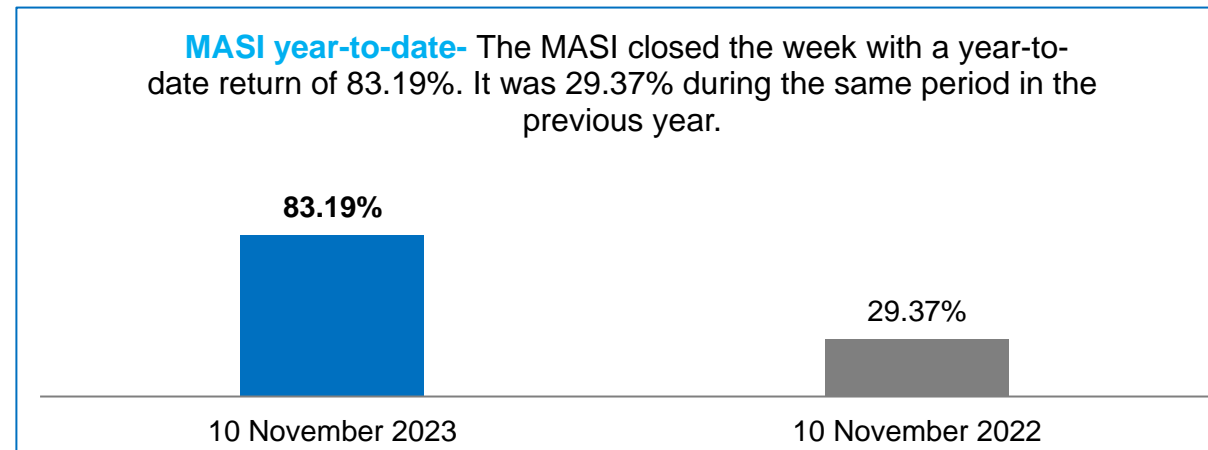
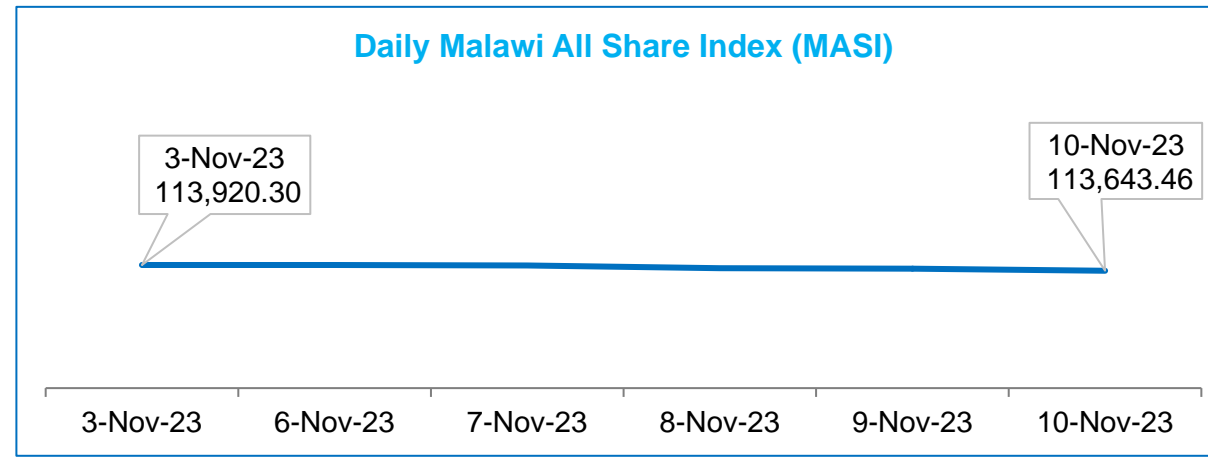


Malawi Financial Market Update: Week ending 10 November 2023

Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 10 November 2023 at 113,643.46 points from 113,920.30 points for the week ending 3 November 2023. Week on week, this represents a 0.24% decrease.

There were marginal share price gains for NITL, Standard Bank, and NBM. The marginal share price gains were offset by a 3.39% share price loss for TNM and marginal share price losses for FDH Bank, NBS, AIRTEL, NICO, FMBCH, and ILLOVO during the week under review.





Government securities (Source: RBM)

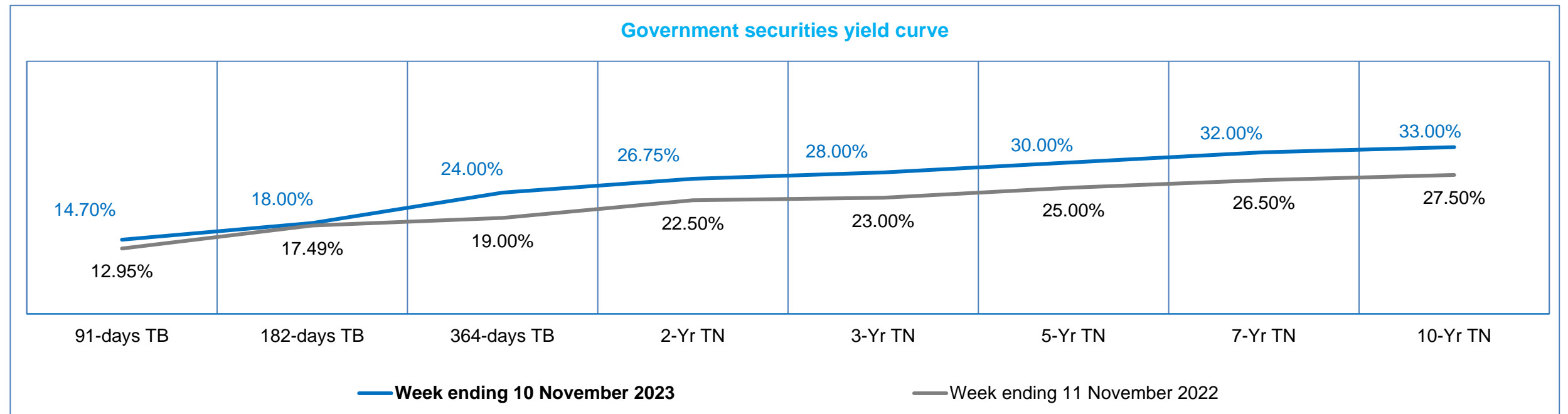
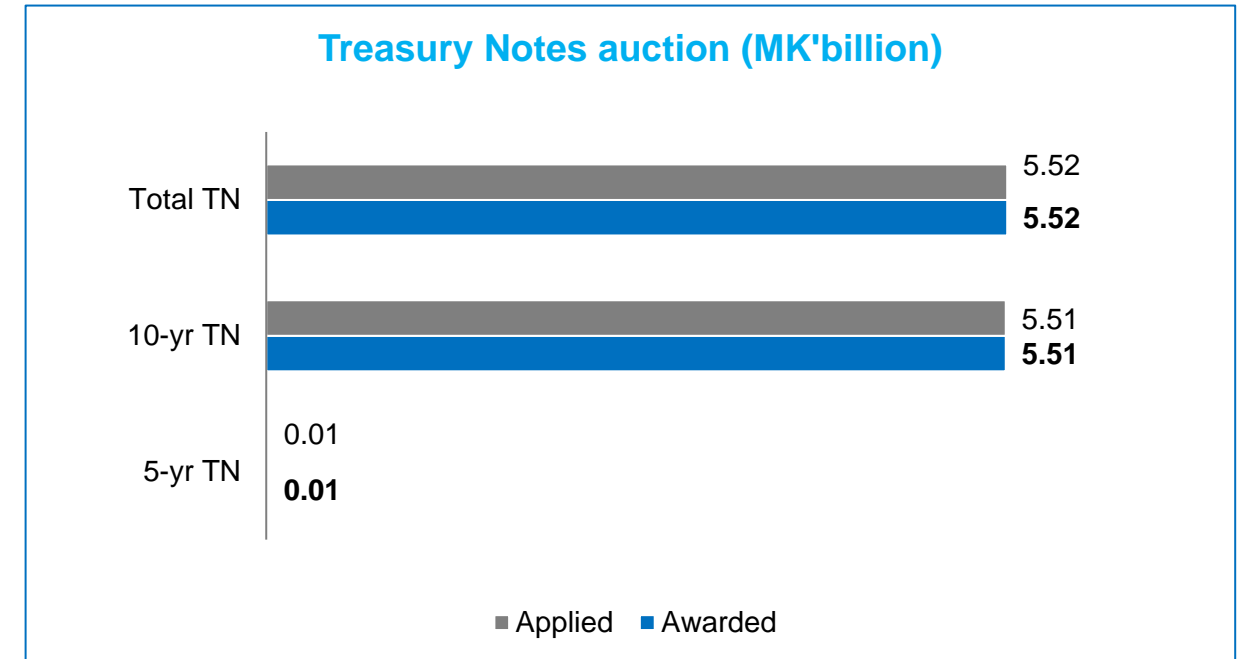
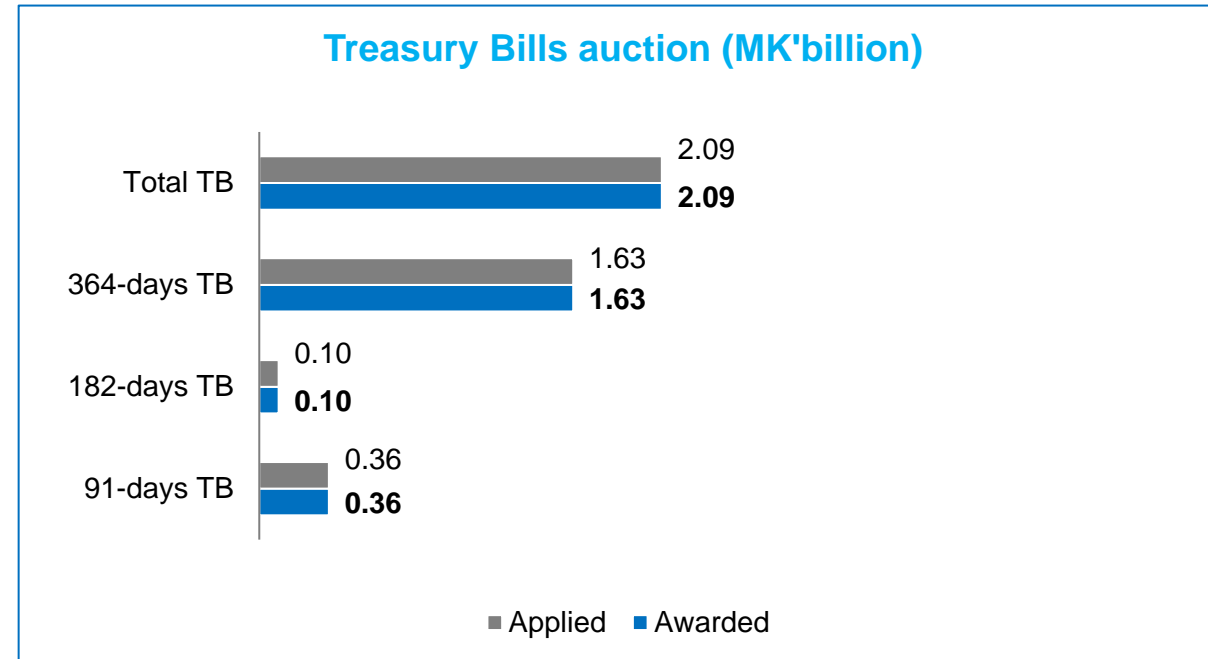
The RBM held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

A total amount of MK2.09 billion was raised from the TBs auctions held during the period under review.

An amount of MK5.52 billion was raised from all the TNs auctions held during the period under review.

There were no applications for the 2, 3 and 7-year TNs 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

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	10-Nov-23
Exchange rates (middle rates)														
MK/USD	1,032.88	1,034.42	1,031.87	1,031.87	1,033.68	1,033.80	1,034.86	1,034.46	1,058.82	1,061.67	1,094.74	1,126.50	1,179.83	1,683.37
MK/GBP	1,234.05	1,276.81	1,305.57	1,305.57	1,280.21	1,315.33	1,325.22	1,317.23	1,377.77	1,400.92	1,429.20	1,412.17	1,473.63	2,119.65
MK/EUR	1,062.62	1,105.82	1,152.30	1,152.30	1,128.21	1,156.66	1,171.01	1,135.21	1,183.15	1,203.76	1,226.61	1,225.22	1,285.81	1,849.69
MK/ZAR	58.36	62.11	60.72	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.98
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	326.06	338.87	304.65	279.22	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	N/A	N/A
Private Sector Reserves (USD'mn)	427.67	400.77	399.20	384.37	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	N/A	N/A
Total reserves (USD'mn)	753.73	739.64	703.85	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	N/A	N/A
Gross Official Reserves Import cover (months)	1.30	1.36	1.22	1.12	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	N/A	N/A
Inflation														
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates														
Monetary Policy rate	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Average Interbank rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%
Lombard rate	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	22.20%	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%
Commercial Bank reference rate	13.90%	16.60%	17.30%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%
Government Securities Yields														
91-days Treasury Bill	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%	14.70%
182-days Treasury Bill	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	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%	24.00%
2-year Treasury Note	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%	26.75%
3-year Treasury Note	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%	28.00%
5-year Treasury Note	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%	30.00%
7-year Treasury Note	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%	32.00%
10-year Treasury Note	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%	33.00%
Stock Market Indices														
MASI	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	113,969.91	113,643.46
DSI	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	89,656.70	89,366.61
FSI	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	15,011.81	15,011.31

*: Reserve Bank of Malawi opening exchange rates as of 10 November 2023

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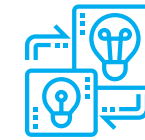
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