



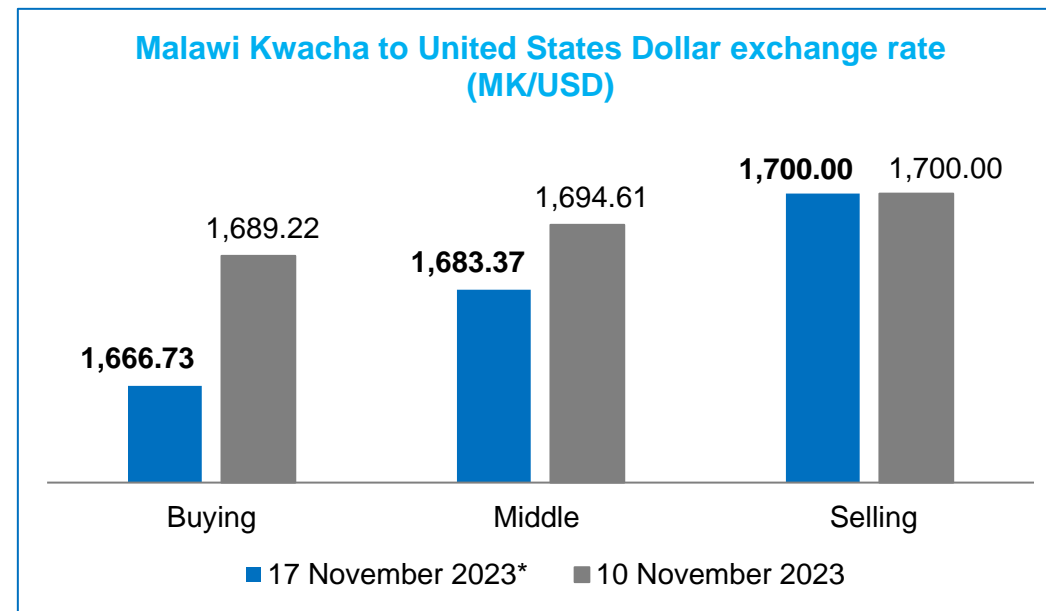
# Malawi Financial Market Update

Week ending 17 November 2023

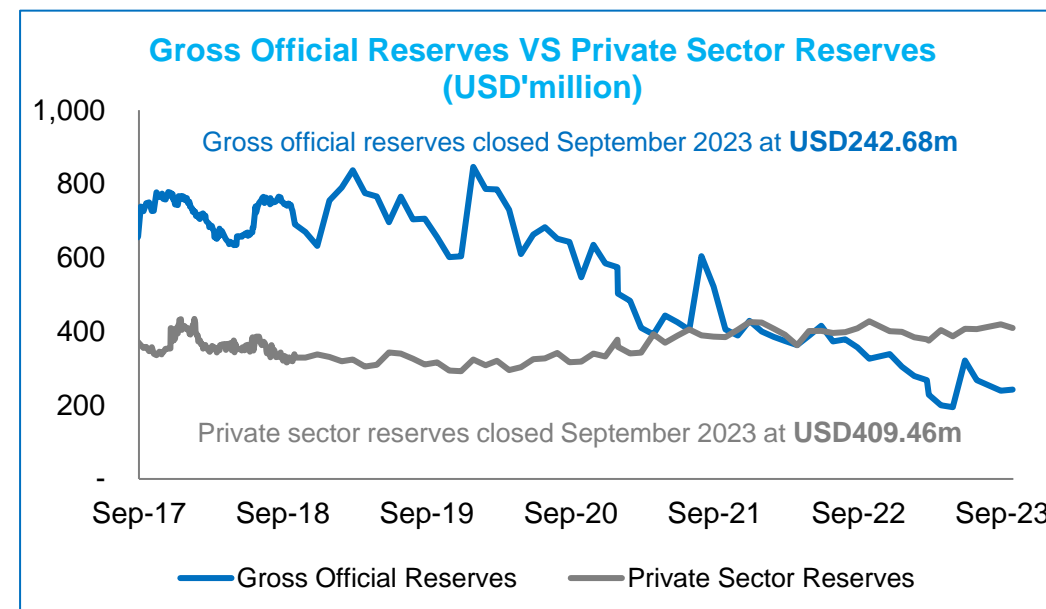


## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Foreign exchange reserves (Source: RBM)



The Executive Board of the International Monetary Fund (IMF) approved a 48-month Extended Credit Facility (ECF) for Malawi worth about USD174 million, with an immediate disbursement of about USD35 million.

The President of the Republic of Malawi launched the second phase of the Agricultural Commercialization (Agcom II) project on 16 November 2023. The project is worth USD265 million (approximately MK447 billion) and it succeeds Agcom I which run for six years.

The National Statistical Office (NSO) has disclosed that headline inflation for October 2023 stands at 26.9%, down 0.9 percentage points from 27.8% recorded in September 2023.

### What Happened This Week

1. The Executive Board of the International Monetary Fund (IMF) discussed the Second (and last) Review of the Staff-Monitored Program with Executive Board Involvement (PMB) and approved a 48-month arrangement under the Extended Credit Facility (ECF) for Malawi. Through the ECF, Malawi will get about USD174 million, with an immediate disbursement of about USD35 million (*The International Monetary Fund, 15 November 2023*).
2. Malawi is expected to benefit from a USD2 billion African Export-Import Bank (Afreximbank) facility alongside Zimbabwe, Chad, and Egypt. The agreement was signed on Monday, 13 November 2023, in Cairo, Egypt, on the sidelines of the Intra-Africa Trade Fair. According to the framework agreement of the facility, Afreximbank is committing USD2 billion in financing to boost food production, processing, and intra-Africa trade in agricultural products. Through this, African farmers are expected to have opportunities to access larger markets within the continent (*The African Export-Import Bank, 14 November 2023*).
3. Following the 44% devaluation of the Malawian Kwacha, the Minister of Finance had a press briefing on Monday, 13 November 2023, in which he outlined several strategies that the government will utilize to cushion vulnerable Malawians from the short-term effects of the devaluation. According to the minister's statement, there will be Cyclone Freddy recovery interventions in the Southern Region targeting 184,920 households who will receive MK150,000 each and government will re-introduce the Price Shock Urban Emergency Cash Transfer Program which will target 105,000 households in Malawian cities. European Union (EU) Ambassador commended the move to devalue the Kwacha and stated that the EU is considering an early allocation of about EUR60 million (approximately MK113 billion) to help cushion Malawians from the effects of the devaluation (*The Daily Times, 14 November 2023*).
4. The President of the Republic of Malawi launched the second phase of the Agricultural Commercialization (Agcom II) project on Thursday, 16 November 2023, in Ntchisi district. The World Bank funds Agcom II, and it is worth USD265 million (approximately MK447 billion). It succeeds Agcom I which was implemented for six years. During his address at the ceremony, the President stated that he has already identified a big market for Malawi's food produce, as Egypt has offered to buy some of Malawi's produce (*The Nation, 17 November 2023*).
5. The President of the Republic of Malawi had a national address in which he emphasized the need for more austerity measures to help stabilize the economy. Some of the notable austerity measures are that all foreign trips for senior government officials have been suspended until March of next year, and Cabinet Ministers' fuel entitlements have been cut by 50%. The President further directed the Minister of Finance to include provisions for a reasonable wage increase for all civil servants in the mid-year budget review.

\*: Reserve Bank of Malawi opening exchange rates as of 17 November 2023

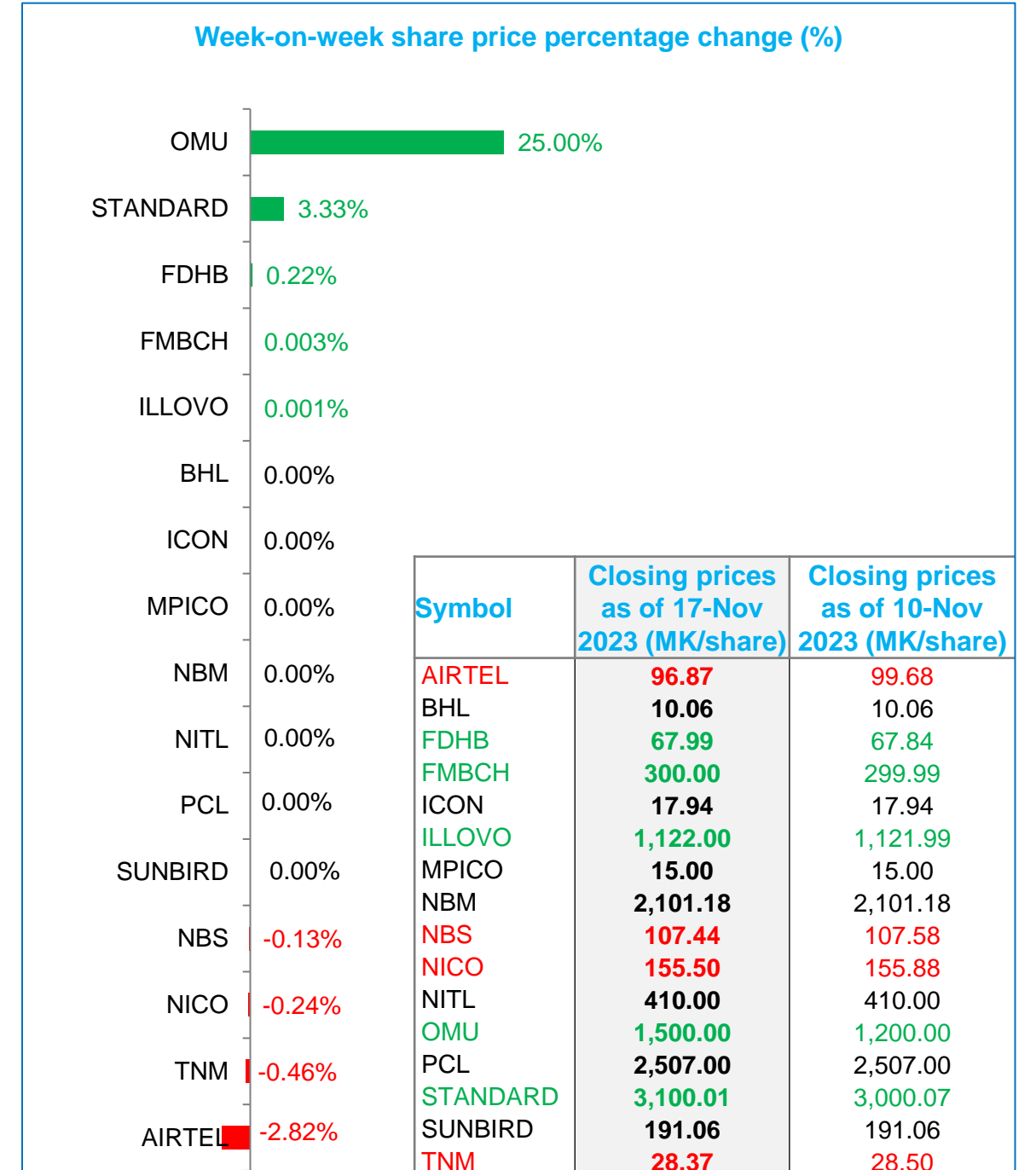
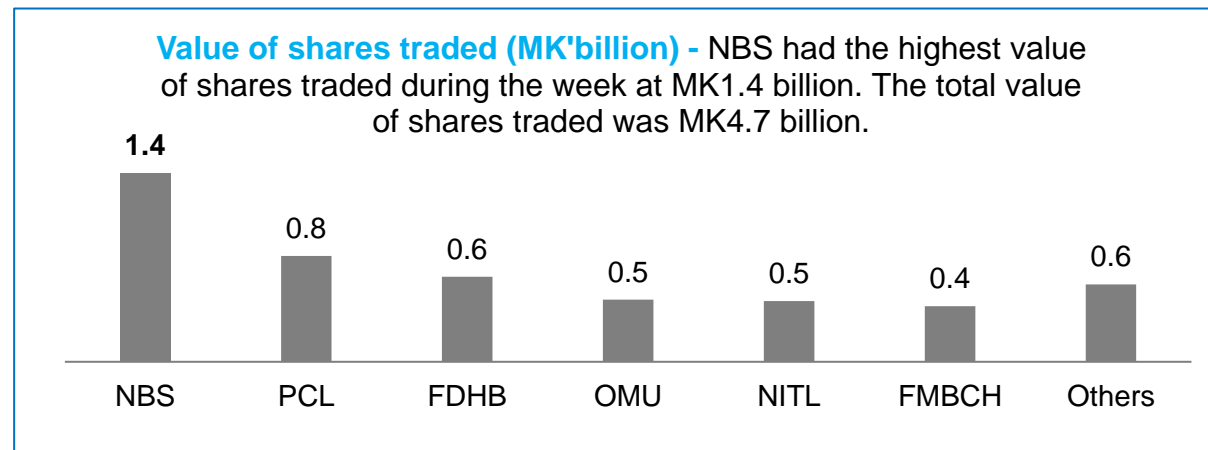
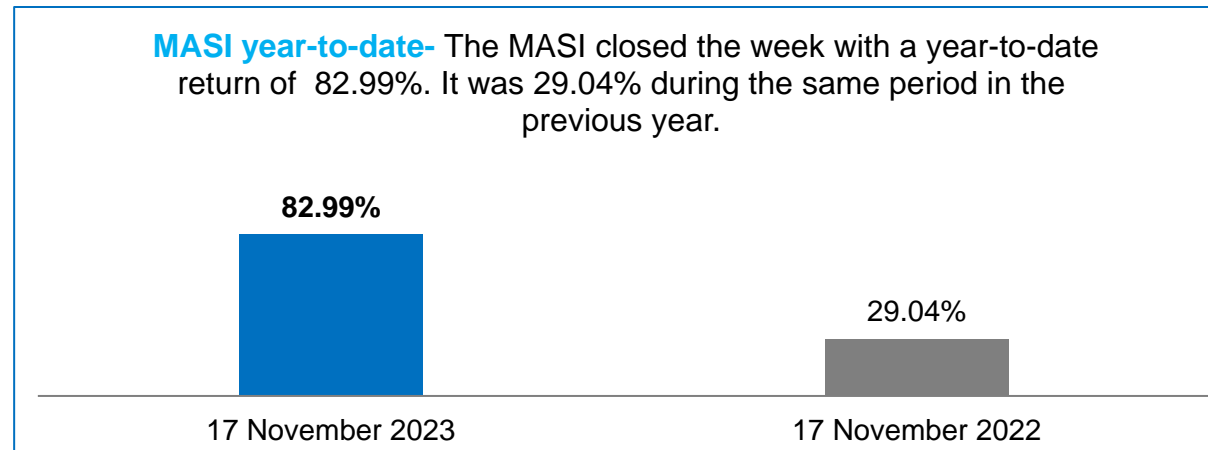
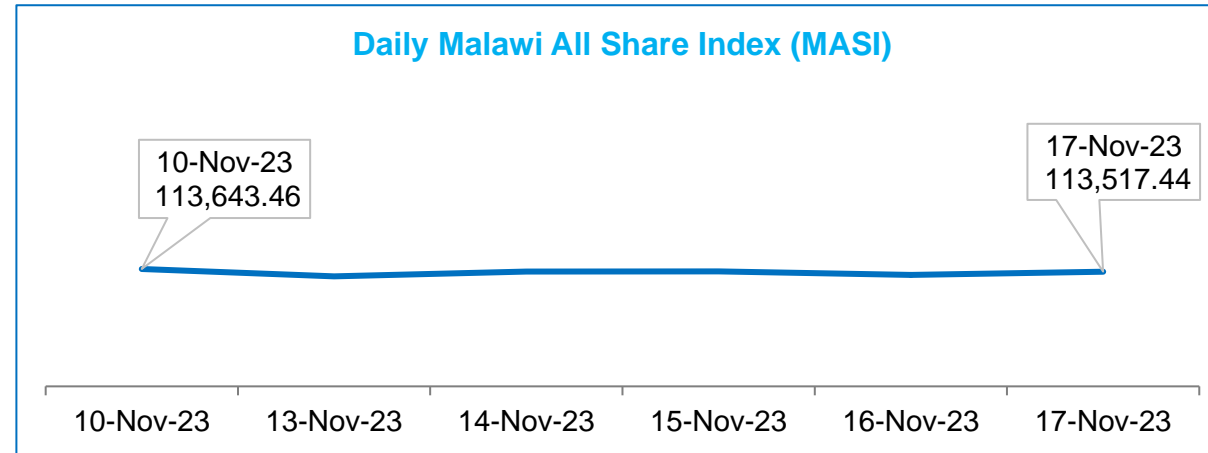


# Malawi Financial Market Update: Week ending 17 November 2023

## Stock market (Source: MSE)

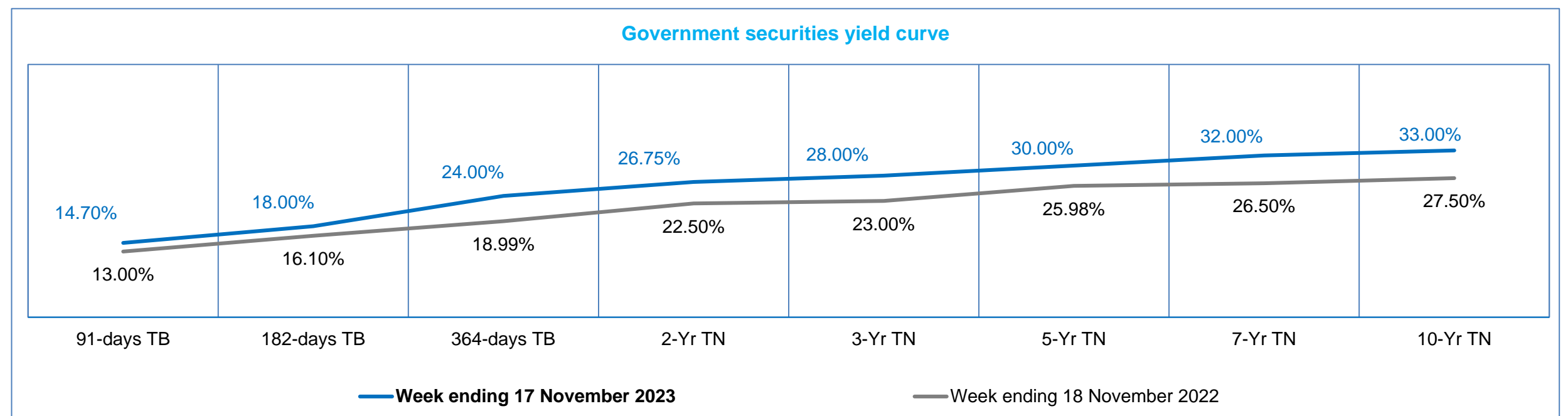
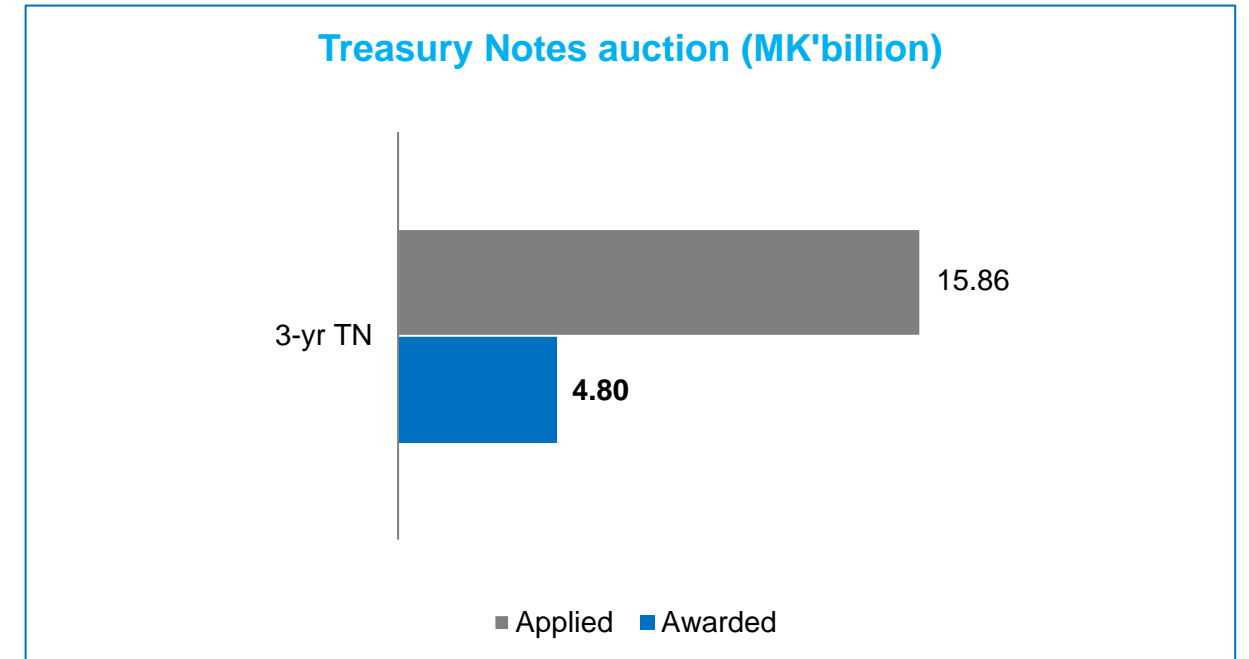
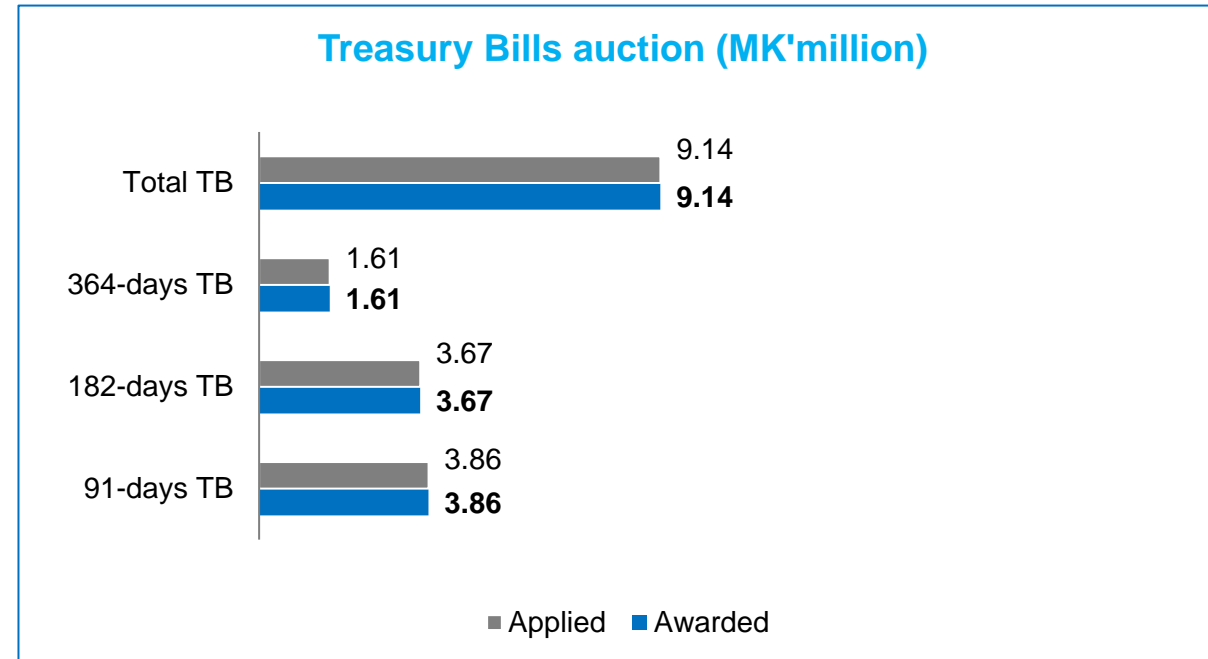
The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 17 November 2023 at 113,517.44 points from 113,643.46 points for the week ending 10 November 2023. Week on week, this represents a 0.11% decrease.

There was a 25% share price gain for Old Mutual Limited, and a 3.3% share price gain for Standard Bank, as well as marginal share price gains for FDH Bank, FMBCH, and ILLOVO. The share price gains were offset by a 2.82% share price loss for AIRTEL and marginal share price losses for TNM, NICO, 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 MK9.14 million was raised from the TBs auctions held during the period under review.

An amount of MK4.80 billion was raised from all the TNs auctions held during the period under review.

There were applications for only 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

	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	17-Nov-23
<b>Exchange rates (middle rates)</b>														
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	<b>1,683.37*</b>
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	<b>2,150.86*</b>
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	<b>1,881.25*</b>
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	<b>94.36*</b>
<b>Foreign Exchange Reserves</b>														
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
<b>Inflation</b>														
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
<b>Interest Rates</b>														
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%	<b>24.00%</b>
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%	<b>23.00%</b>
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%	<b>24.20%</b>
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%	<b>23.50%</b>
<b>Government Securities Yields</b>														
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%	<b>14.70%</b>
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%	<b>18.00%</b>
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%	<b>24.00%</b>
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%	<b>26.75%</b>
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%	<b>28.00%</b>
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%	<b>30.00%</b>
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%	<b>32.00%</b>
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%	<b>33.00%</b>
<b>Stock Market Indices</b>														
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	<b>113,517.44</b>
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	<b>89,225.06</b>
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	<b>15,048.88</b>

\*: Reserve Bank of Malawi opening exchange rates as of 17 November 2023

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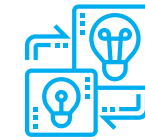
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