



# Malawi Financial Market Update

Week ending 15 December 2023



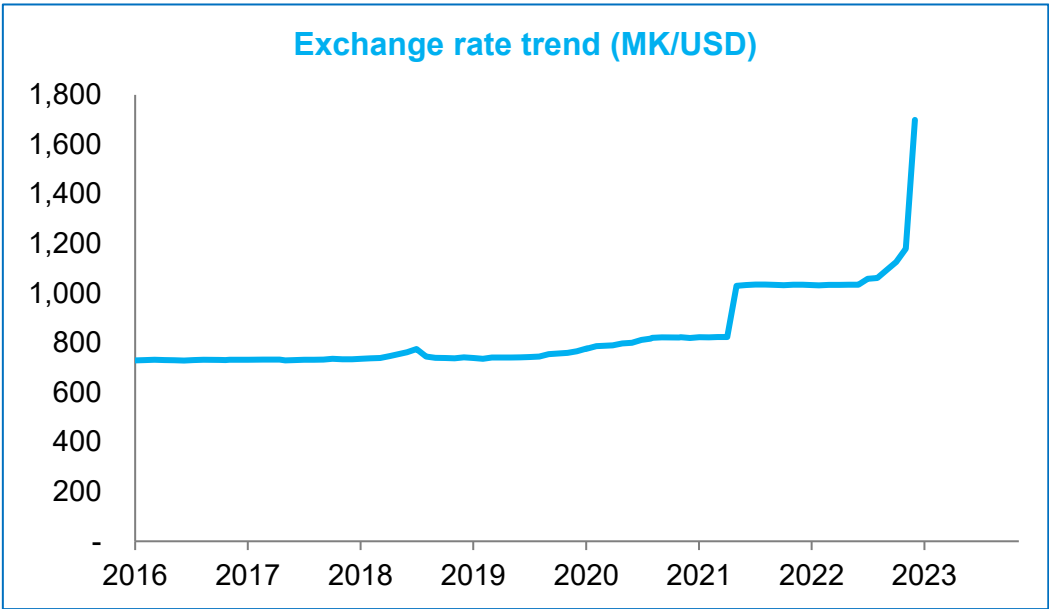
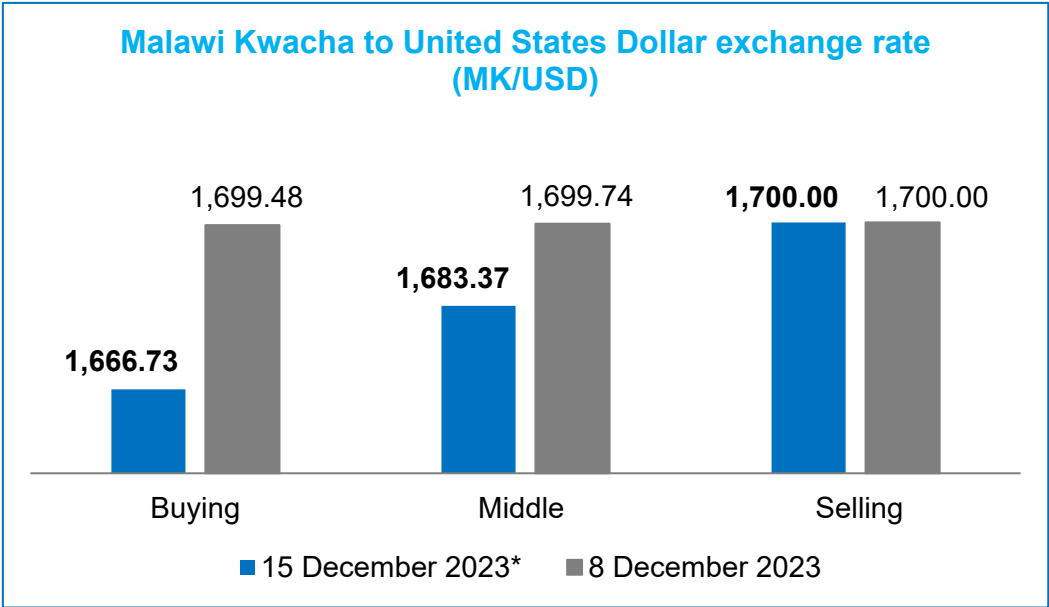


After six years, the World Bank resumed direct budget support to Malawi with a USD137 million (about MK233 billion) package. It consists of an immediate USD80 million (about MK136 billion) transfer and USD57 million (about MK97 billion) as a contingency in case of a crisis.

The World Bank Country Director for Malawi, Zambia, Zimbabwe and Tanzania, said the total support to Malawi in 2023 is expected to reach USD850 million (about MK1.4 trillion).

Exchange rate and other market developments

Exchange rate (Source: RBM)



What Happened This Week

- On 12 December 2023, the World Bank approved the resumption of direct budget support with a USD137 million (about MK233 billion) package. The approved Malawi First Growth and Resilience Development Policy Operation with Catastrophe Deferred Drawdown Option (Cat-DDO) consists of an immediate USD80 million (about MK136 billion) transfer and a USD57 million (about MK97 billion) that can be triggered in the event of a crisis. The support, which comes in for the first time since 2017, aims to address macroeconomic imbalances, unsustainable debt, and longstanding structural and business environment constraints (*The World Bank Press Release, 12 December 2023*).
- Following Cyclone Freddy's destructive impact, the World Food Programme (WFP) has initiated a monetary intervention to Phalombe residents amounting to MK1.4 billion. The initiative targets 9,411 individuals who are set to receive MK150,000 over the months of November, December and January, which is the period when food resources are scarce (*The Nation, 14 December 2023*).
- On 14 December 2023, the World Bank Country Director for Malawi, Zambia, Zimbabwe and Tanzania said the total support to Malawi in 2023 is expected to reach USD850 million (about MK1.4 trillion). He added that the bank expects to support Malawi with USD240 million towards Cyclone Freddy resilience support before the end of the year (*The Nation, 15 December 2023*).
- According to a country-wide nursery assessment survey held by the Tobacco Commission and other stakeholders in the sector, tobacco farmers are planning to increase tobacco production in the 2023/24 farming season. The survey, held in November 2023, revealed a 22.5% and 37.0% seedbed area and planned hectareage increase, respectively. The prospective increase has been attributed to increase in quota for growers, farmers' plans to cushion themselves against germination failure, increased sponsorship by tobacco buying companies and motivation triggered by better prices fetched in the 2022/23 tobacco marketing season (*The Tobacco Commission, 12 December 2023*).
- According to the Household Financial Literacy and Capability Survey conducted by the Reserve Bank of Malawi (RBM), only 2.1 million people, about 24% of the adult population, had bank accounts as of 2022. This represents a five percentage point decrease from 29% of the adult population recorded in the previous survey in 2019. The RBM spokesperson attributed the drop to increased uptake of digital financial platforms. He added that the RBM in collaboration with the Ministry of Finance and Economic Affairs and other stakeholders is implementing initiatives to promote financial inclusion (*The Nation, 13 December 2023*).

\*: Reserve Bank of Malawi opening exchange rates as of 15 December 2023



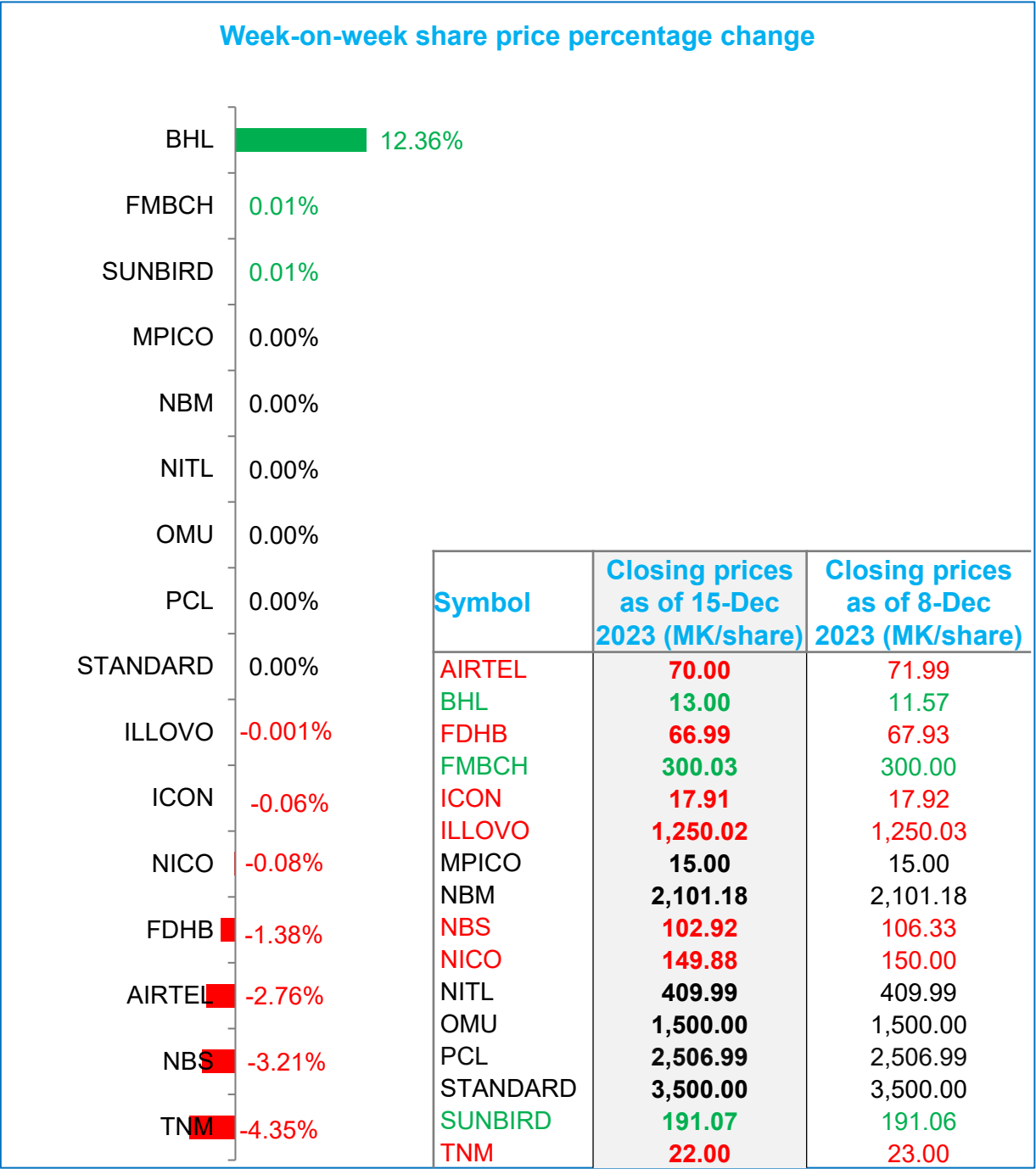
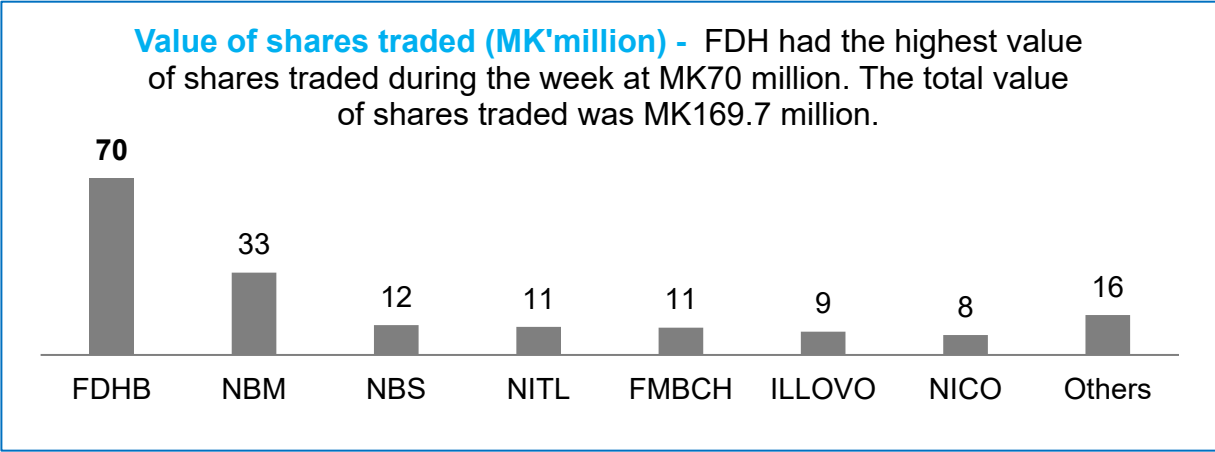
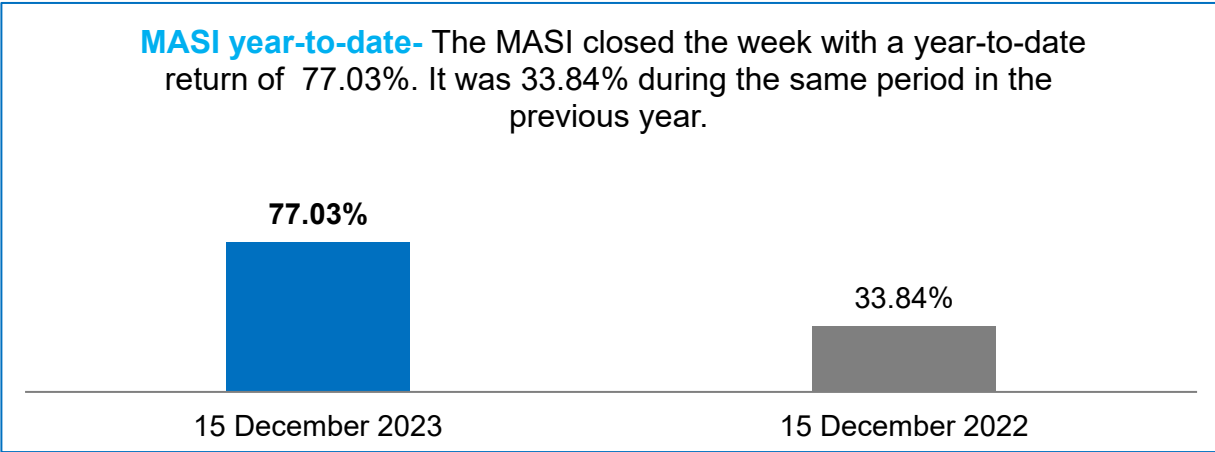
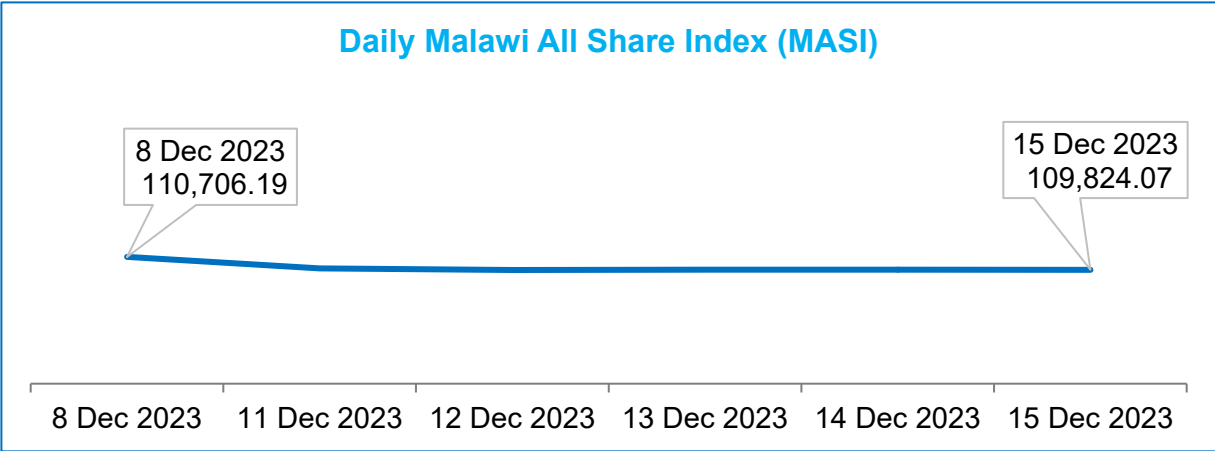
# Malawi Financial Market Update: Week ending 15 December 2023

Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 15 December 2023 at 109,824.07 points from 110,706.19 points for the week ending 8 December 2023. Week on week, this represents a 0.80% decrease.

There was a 12.36% share price gain for BHL. There were also marginal share price gains for FMBCH and SUNBIRD. The share price gains were offset by 4.35%, 3.21%, 2.76% and 1.38% share price losses for TNM, NBS, AIRTEL and FDHB, respectively. There were also marginal share price losses for NICO, ICON and ILLOVO during the week under review.

FDH Bank announced that its profit after tax for the year ending 31 December 2023 is expected to close within the range of MK29.1 billion and MK30.0 billion. This represents an increase of between 27% and 31% from MK22.9 billion in 2022.





Government securities (Source: RBM)

The RBM held auctions for all tenors of Treasury Bills (TBs) and the 3-year (3-Yr) Treasury Note (TN) during the period under review.

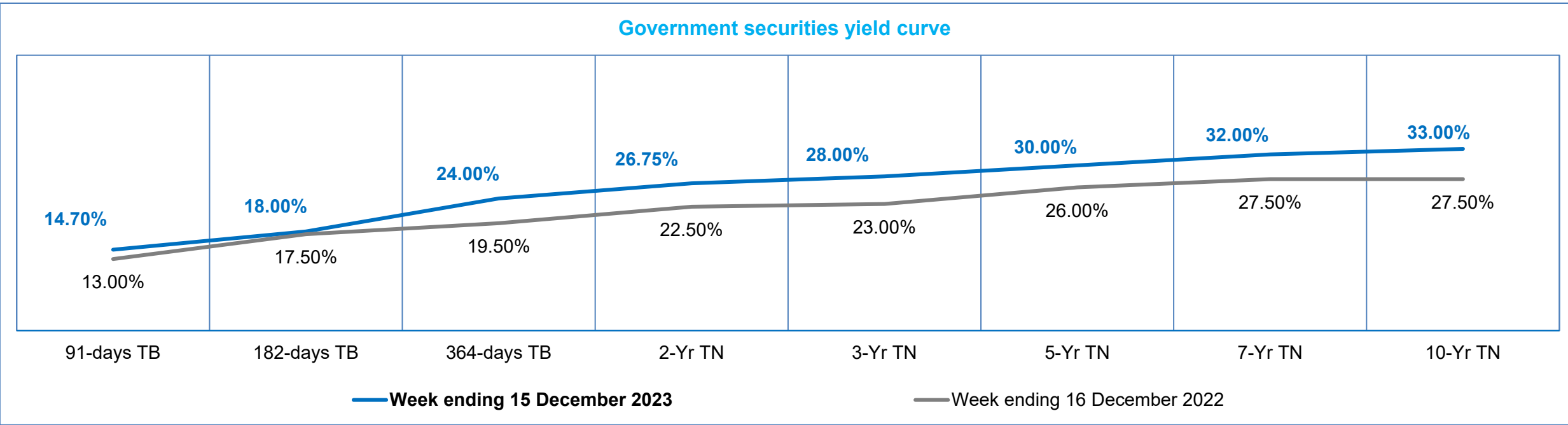
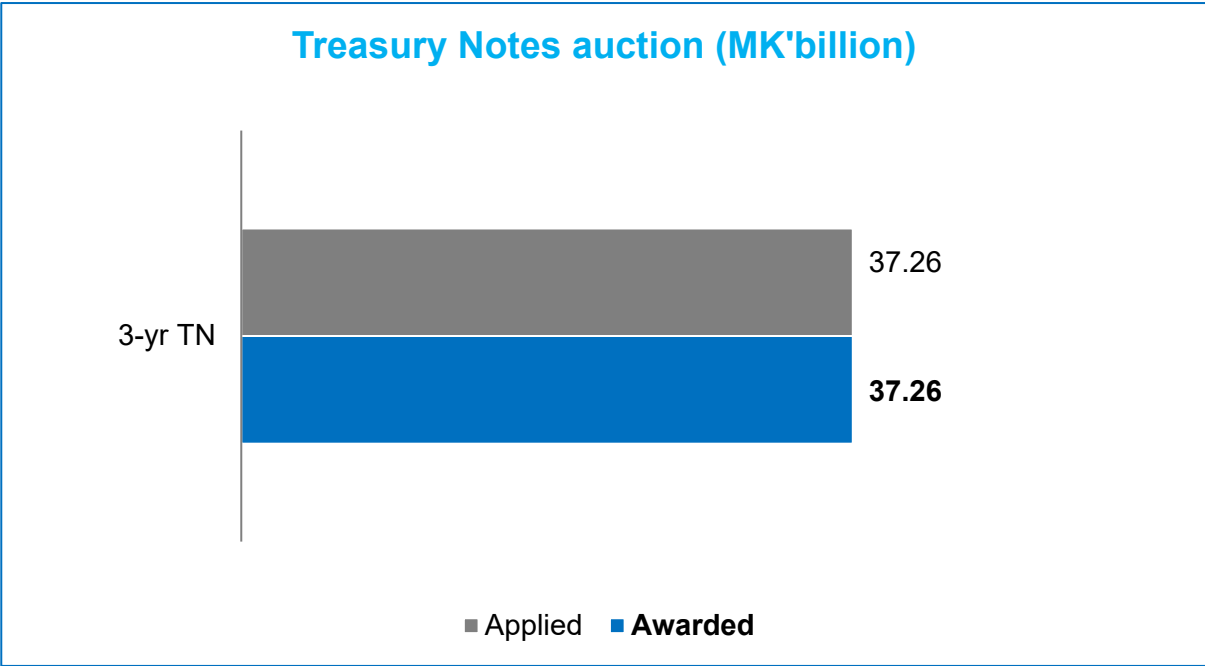
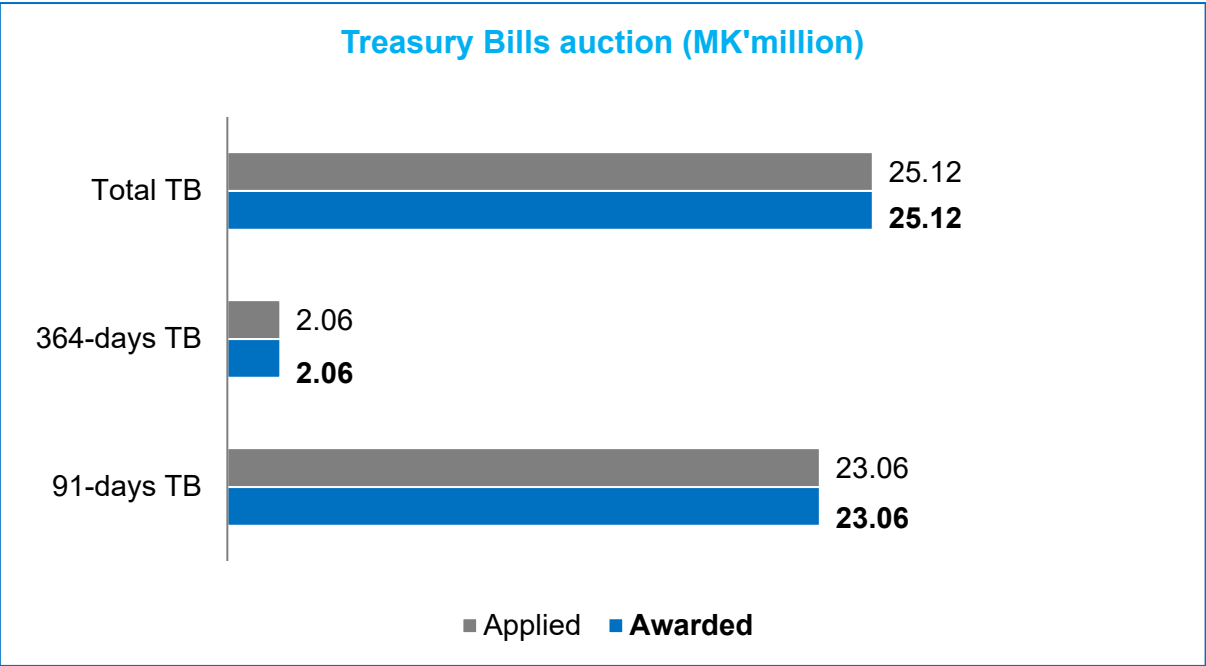
A total amount of MK25.12 million was raised from the TBs auctions held during the period under review.

There were applications for only the 91-days and 364-days TB during the period under review.

An amount of MK37.26 billion was raised from the 3-Yr TN auction 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.

The RBM also held OMO Repo auctions for 28-days, 29-days, 30-days, 42-days and 61-days repos. An amount of MK65 billion was raised. The average yields ranged between 23% and 24% for all tenors.



TB: Treasury Bill  
TN: Treasury Note  
Yr: Year

OMO: Open Market Operations  
Repo: Repurchases



## Appendix 1: Historical Economic Indicators

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	15-Dec-2023
<b>Exchange rates (middle rates)</b>														
MK/USD	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	1,699.31	<b>1,683.37*</b>
MK/GBP	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	2,219.25	<b>2,211.20*</b>
MK/EUR	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	1,907.62	<b>1,904.13*</b>
MK/ZAR	62.11	60.72	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	<b>94.54*</b>
<b>Foreign Exchange Reserves</b>														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
<b>Inflation</b>														
Headline	25.8%	25.4%	25.9%	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	N/A	N/A
Food	33.4%	31.3%	30.5%	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	N/A	N/A
Non-food	17.7%	18.6%	20.4%	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	N/A	N/A
<b>Interest Rates</b>														
Monetary Policy rate	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%	<b>24.00%</b>
Average Interbank rate	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%	<b>23.00%</b>
Lombard rate	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%	<b>24.20%</b>
Commercial Bank reference rate	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%	<b>23.60%</b>
<b>Government Securities Yields</b>														
91-days Treasury Bill	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%	<b>14.70%</b>
182-days Treasury Bill	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%	<b>18.00%</b>
364-days Treasury Bill	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%	<b>24.00%</b>
2-year Treasury Note	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%	<b>26.75%</b>
3-year Treasury Note	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%	<b>28.00%</b>
5-year Treasury Note	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%	<b>30.00%</b>
7-year Treasury Note	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%	<b>32.00%</b>
10-year Treasury Note	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%	<b>33.00%</b>
<b>Stock Market Indices</b>														
MASI	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	112,790.18	<b>109,824.07</b>
DSI	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	88,577.93	<b>85,937.50</b>
FSI	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	15,048.88	<b>15,050.37</b>

\*: Reserve Bank of Malawi opening exchange rates as of 15 December 2023

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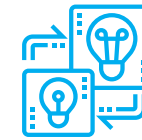
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