



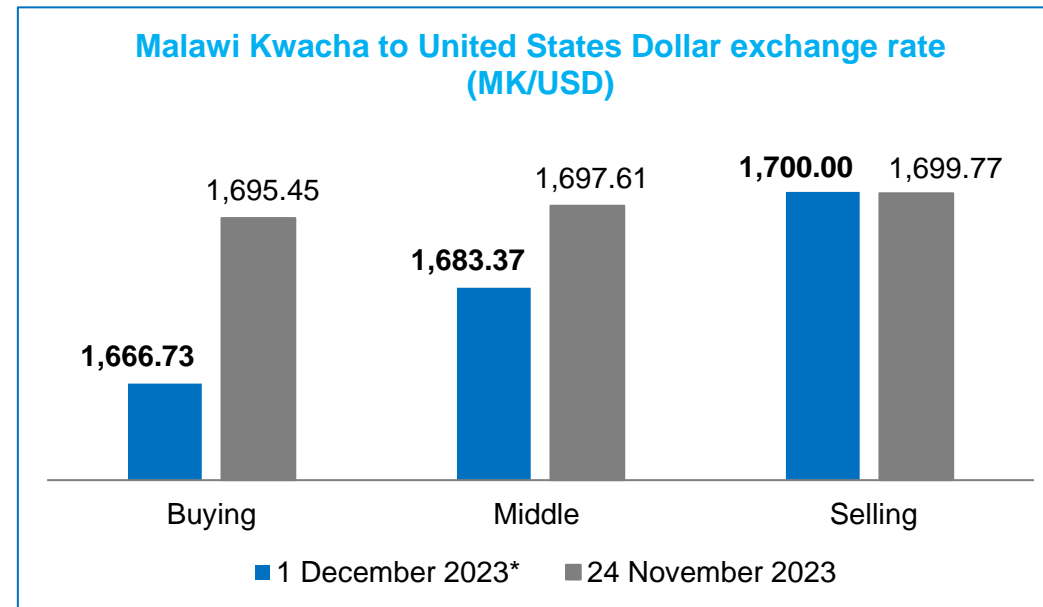
Malawi Financial Market Update

Week ending 1 December 2023

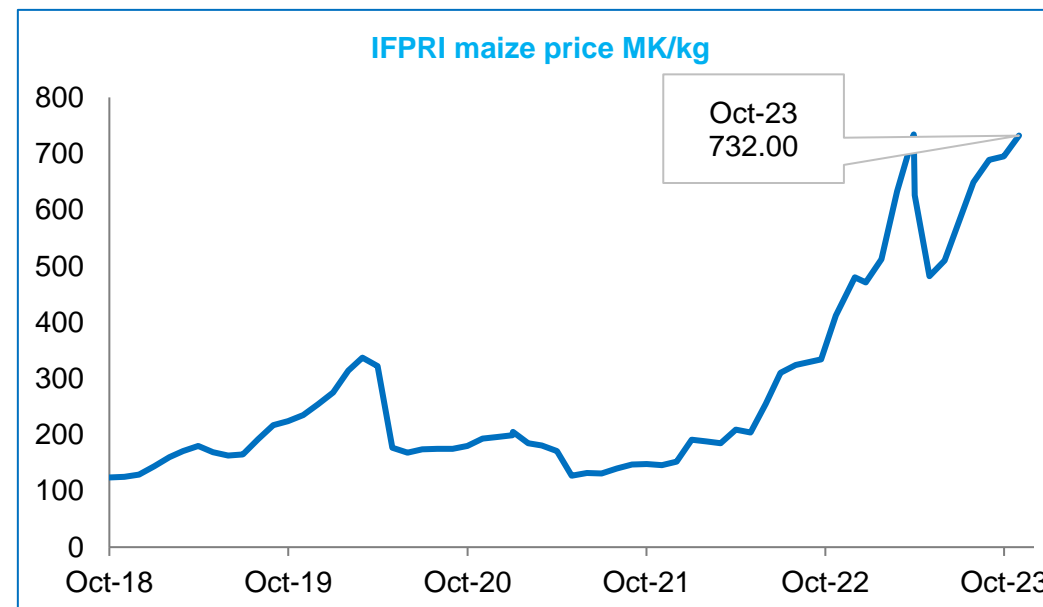


Exchange rate and other market developments

Exchange rate (Source: RBM)



Maize prices (Source: IFPRI)



In a press release dated 1 December 2023, the Reserve Bank of Malawi clarified that the 30% surrender requirement introduced under the Exchange Control Regulations of 2022 only applies to export proceeds and not to other foreign exchange inflows such as equity capital, foreign loans, and donor funding.

The Government of Germany has provided USD875,000 (approximately MK1.5 billion) to the World Food Programme (WFP) to assist Malawians experiencing crisis-level food insecurity in the lean season.

What Happened This Week

- In a press release dated 1 December 2023, the Reserve Bank of Malawi clarified that the 30% surrender requirement introduced under the Exchange Control (Repatriation of Export Proceeds and Operations of Foreign Currency Denominated Accounts) Regulations, 2022, only applies to export proceeds. The statement stated that the surrender requirement does not apply to other foreign exchange inflows such as equity capital, foreign loans, diaspora remittances and donor funding (*The Nation*, 1 December 2023).
- At a press briefing in Mzuzu city, the European Union (EU) Ambassador hinted that the EU might resume direct budget support to Malawi starting from the 2024/25 financial year. The Ambassador stated that the approval of the Extended Credit Facility (ECF) was an essential step in securing support from the EU. According to the Ambassador, discussions between him and EU officials to resume direct budget support to Malawi are ongoing, and he is optimistic that the EU will soon continue support to Malawi (*The Daily Times*, 27 November 2023).
- During a press briefing on Monday, 27 November 2023, the Minister of Agriculture stated that the Treasury is set to provide MK20 billion to the Malawi Agriculture and Industrial Investment Corporation (MAIIC) and MK10 billion to the National Economic Empowerment Fund (NEEF) to be used in the establishment of mega farms. According to the Minister, through these funds, farmers are expected to access loans with interest rates of about 15% (*The Daily Times*, 28 November 2023).
- The Government of Germany has provided USD875,000 (approximately MK1.5 billion) to the World Food Programme (WFP) to assist Malawians experiencing crisis-level food insecurity in the lean season. The WFP Country Director said that the support will reach vulnerable communities, focusing on those affected by the impacts of Cyclone Freddy. The WFP plans to reach about 1.2 million people from 260,000 households in Chikwawa, Nsanje, Mulanje, and Phalombe (*The Daily Times*, 29 November 2023).
- At a media training in Lilongwe, the Malawi Revenue Authority (MRA) Block Management System (BMS) Manager said that the BMS has helped the MRA to widen the tax base and has helped the authority to collect MK40.9 billion more since its introduction in 2021. According to the BMS Manager, since its introduction, 5,455 new businesses have been registered nationwide. Having successfully established the BMS in Lilongwe, Mzuzu, and Blantyre, the MRA plans to expand the BMS to Zomba for increased coverage (*The Nation*, 27 November 2023).

*: Reserve Bank of Malawi opening exchange rates as of 1 December 2023



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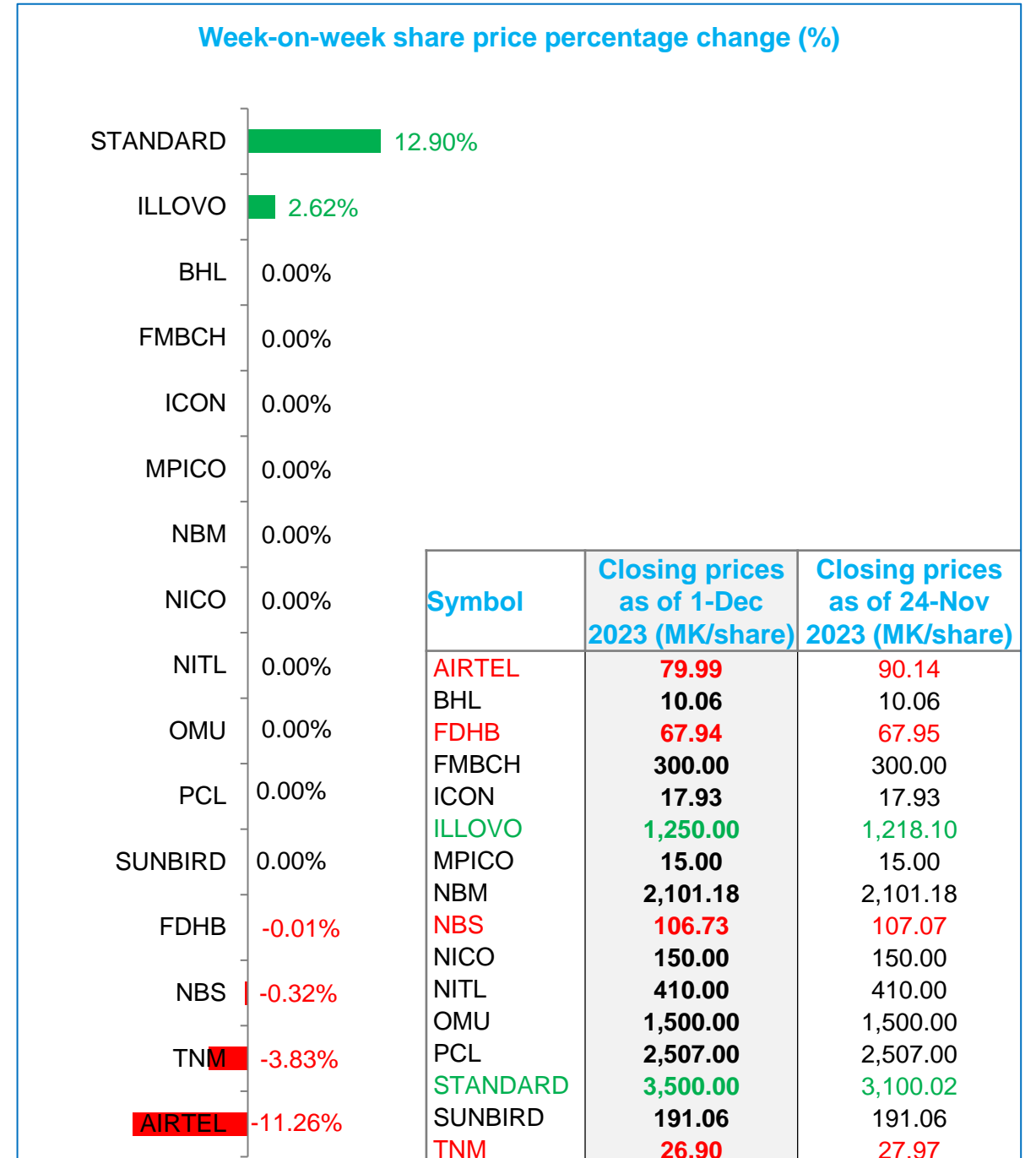
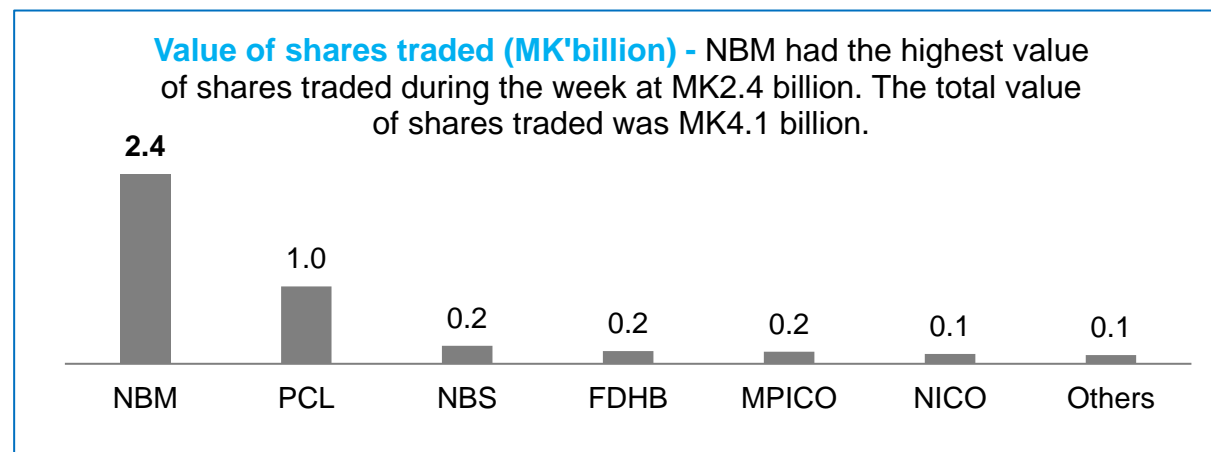
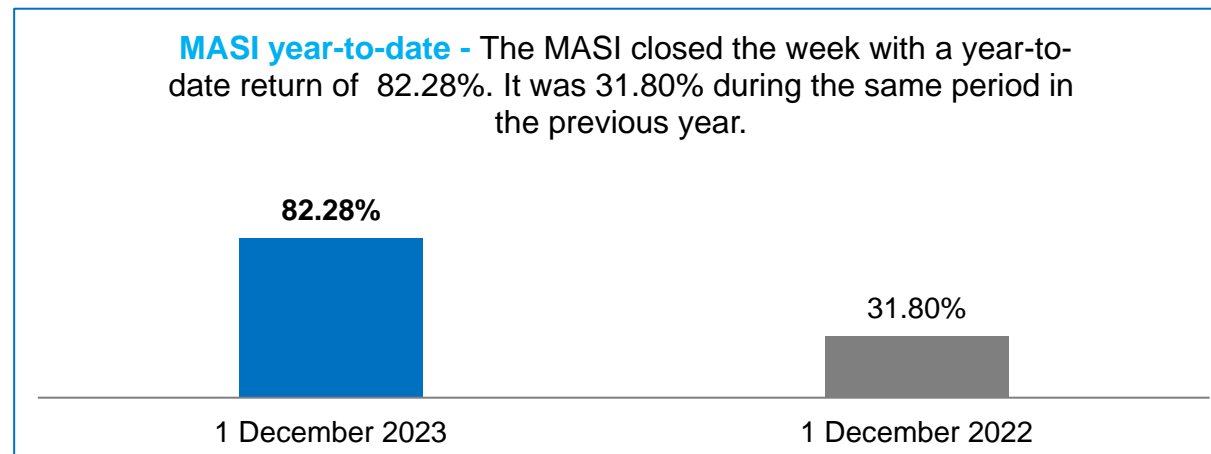
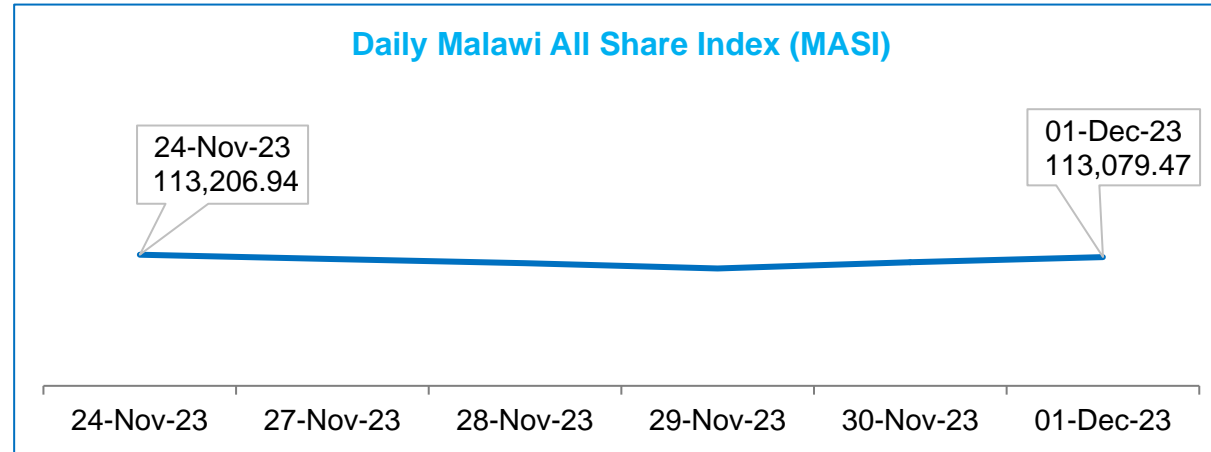
Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 1 December 2023 at 113,079.47 points from 113,206.94 points for the week ending 24 November 2023. Week on week, this represents a 0.11% decrease.

There were 12.90% and 2.62% share price gains for Standard Bank and ILLOVO, respectively. The share price gains were offset by 11.26% and 3.83% share price losses for AIRTEL and TNM, respectively. There were also marginal share price losses for NBS and FDH Bank during the week under review.

FDH Bank announced a second interim dividend of MK6.56 billion (MK0.95 per share) in respect of 2023 profits.

Illovo disclosed a profit after tax of MK56.8 billion for the year ending 31 August 2023, up 113% from MK26.6 billion in the previous year.





Government securities (Source: RBM)

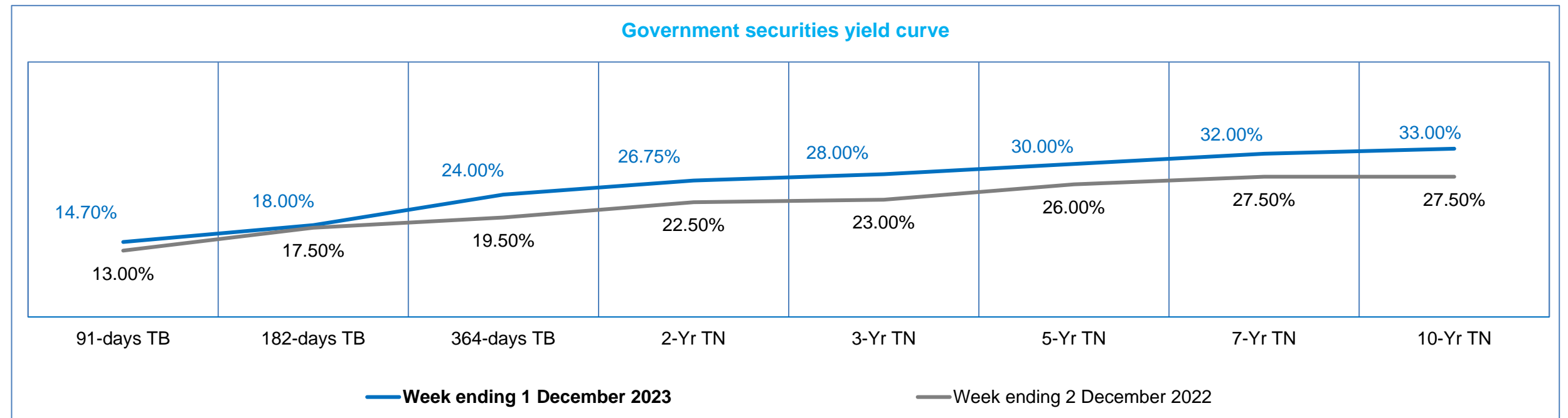
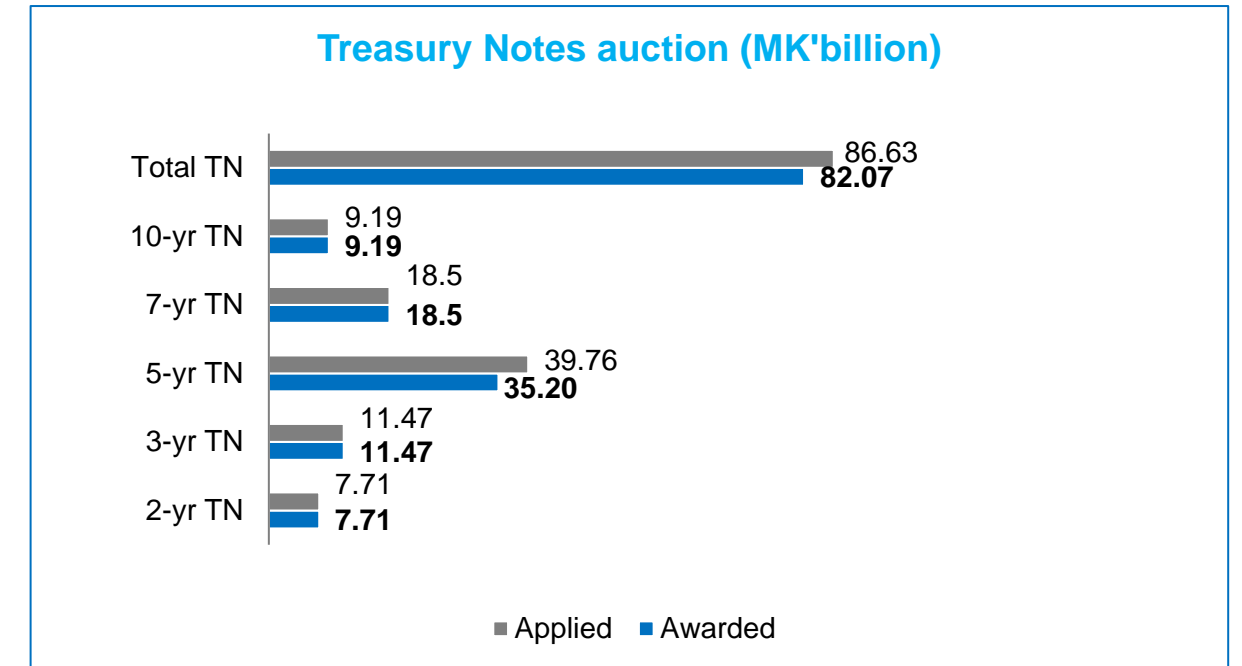
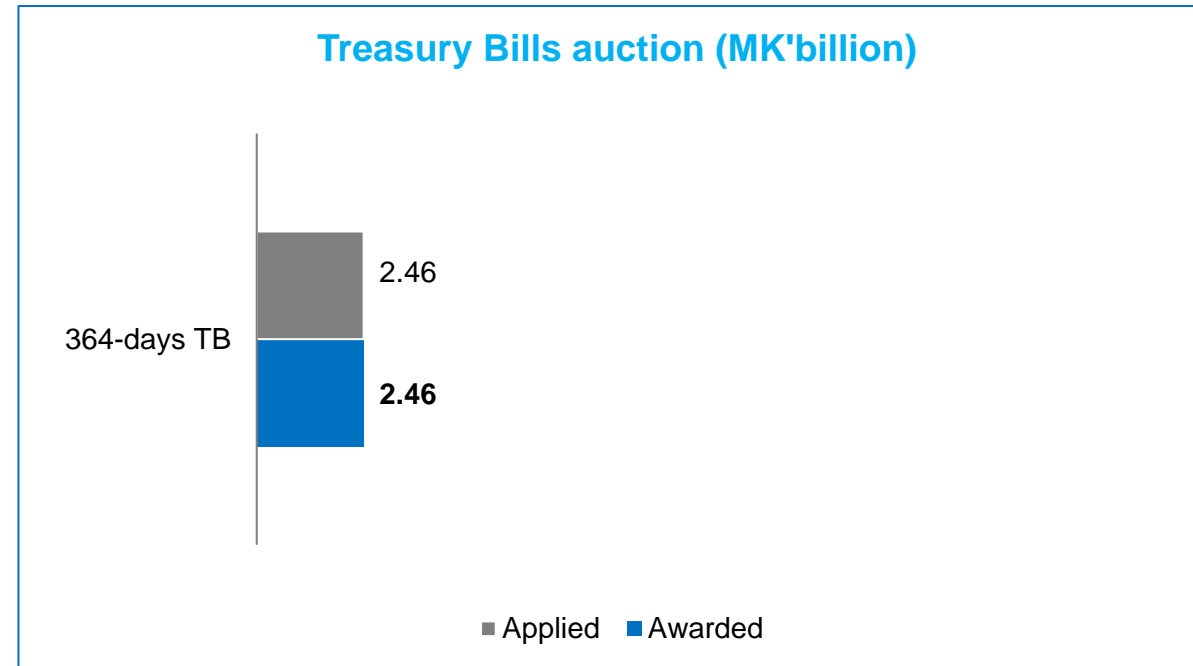
The RBM held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

A total amount of MK2.46 billion was raised from the TBs auctions held during the period under review.

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

An amount of MK82.07 billion was raised from all the TNs auctions 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.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



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	1-Dec-2023
Exchange rates (middle rates)														
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	1,683.37*
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	2,192.13*
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	1,890.78*
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	92.16*
Foreign Exchange Reserves														
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
Inflation														
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
Interest Rates														
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%	24.00%
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%	23.00%
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%	24.20%
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%	23.50%
Government Securities Yields														
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%	14.70%
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%	18.00%
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%	24.00%
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%	26.75%
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%	28.00%
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%	30.00%
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%	32.00%
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%	33.00%
Stock Market Indices														
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	113,079.47
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	88,835.35
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	15,048.88

*: Reserve Bank of Malawi opening exchange rates as of 1 December 2023

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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

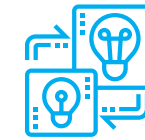
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