



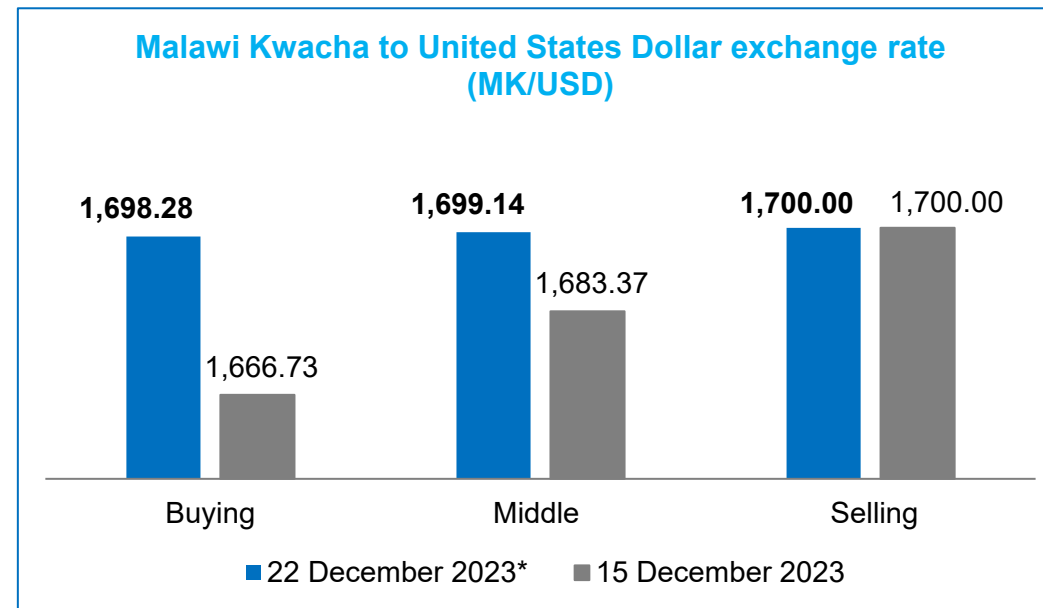
Malawi Financial Market Update

Week ending 22 December 2023

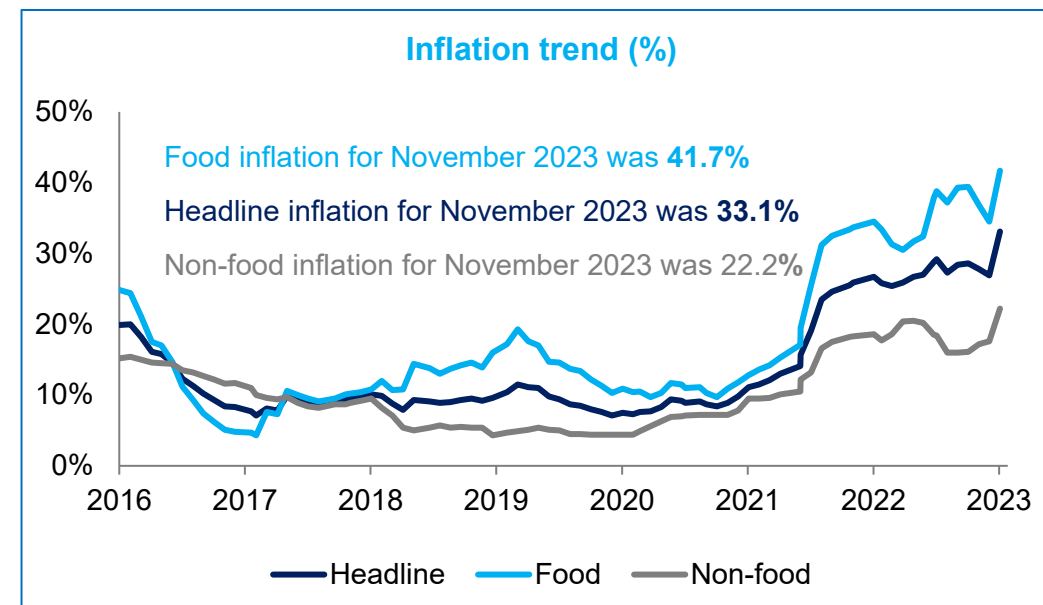


Exchange rate and other market developments

Exchange rate (Source: RBM)



Inflation rate (Source: NSO)



The National Statistical Office (NSO) has disclosed that headline inflation for November 2023 stands at 33.1% up 6.2 percentage points from 26.9% recorded in October 2023. Headline inflation was 25.8% in November 2022.

Following a Foreign Exchange Auction held by the Reserve Bank of Malawi (RBM), the market selling price remained at MK1,700.00 per USD.

What Happened This Week

1. The latest statistics from the National Statistical Office (NSO) reveal that the year-on-year inflation rate for November 2023 stands at 33.1%, an increase of 6.2 percentage points from 26.9% recorded in October 2023. Food inflation increased to 41.7% from 34.5%, while non-food inflation increased to 22.2% from 17.6% in October 2023 (NSO, 20 December 2023).
2. The Reserve Bank of Malawi (RBM) conducted a Foreign Exchange Auction on 13 December 2023 in which five of the Authorised Dealer Banks (ADB) participated. Based on the auction results, the market selling price remained at MK1,700.00 per USD. A total of USD250,000 was raised from the auction. (RBM Press Release, 18 December 2023).
3. The economy's gross official foreign exchange reserves decreased by 26.9% to USD169.3 million (0.7 months of imports) in October 2023 from USD231.6 million (0.9 months of imports) in the previous month. The reserves stood at USD326.1 million (1.3 months of imports) in the corresponding month of 2022. This is according to the Monthly Economic Review for October 2023 prepared by the RBM (RBM Monthly Economic Review, 18 December 2023).
4. According to the International Food Policy Institute (IFPRI) Malawi Maize Market Report for November 2023, the retail price of maize increased by 4% in November 2023. The average retail price increased to MK762/kg from MK732/kg observed in October 2023. The maize price was highest in the Southern region, averaging MK810/kg, about 23% higher than the price in the Central region at MK724/kg and 35% higher than in the Northern region at MK607/kg. Maize distribution by the Department of Disaster Management Affairs (DoDMA) in some areas of the South helped drive down demand and, consequently, the price. (IFPRI Maize Market Report for November 2023).
5. In their trading statements for December 2023, FMBcapital Holdings (FMBCH) expects that the profit attributable to owners of FMBCH for the year ending 31 December 2023 will increase to USD49.7 million and USD51.3 million from USD 40.1 million. This represents an increase between 24% and 28% from the year ended 31 December 2022. Sunbird Tourism Plc expects an increase in profit after tax for the year ending 31 December 2023 within the range of MK5.2 billion and MK5.6 billion, representing an increase between 70% and 84% from MK3.05 billion for the year ending 31 December 2022. (The Malawi Stock Exchange, 22 December 2023).
6. Ecobank Malawi has secured a \$10 million trade financing guarantee from a French development finance institution, Proparco, to help contribute towards food security in Malawi. The guarantee will enable the bank to secure confirmation lines on Letters of Credit for importation of strategic commodities such as fertilizer, basic foodstuffs and strategic raw materials. (The Daily Times, 19 December 2023).

*: Reserve Bank of Malawi opening exchange rates as of 22 December 2023

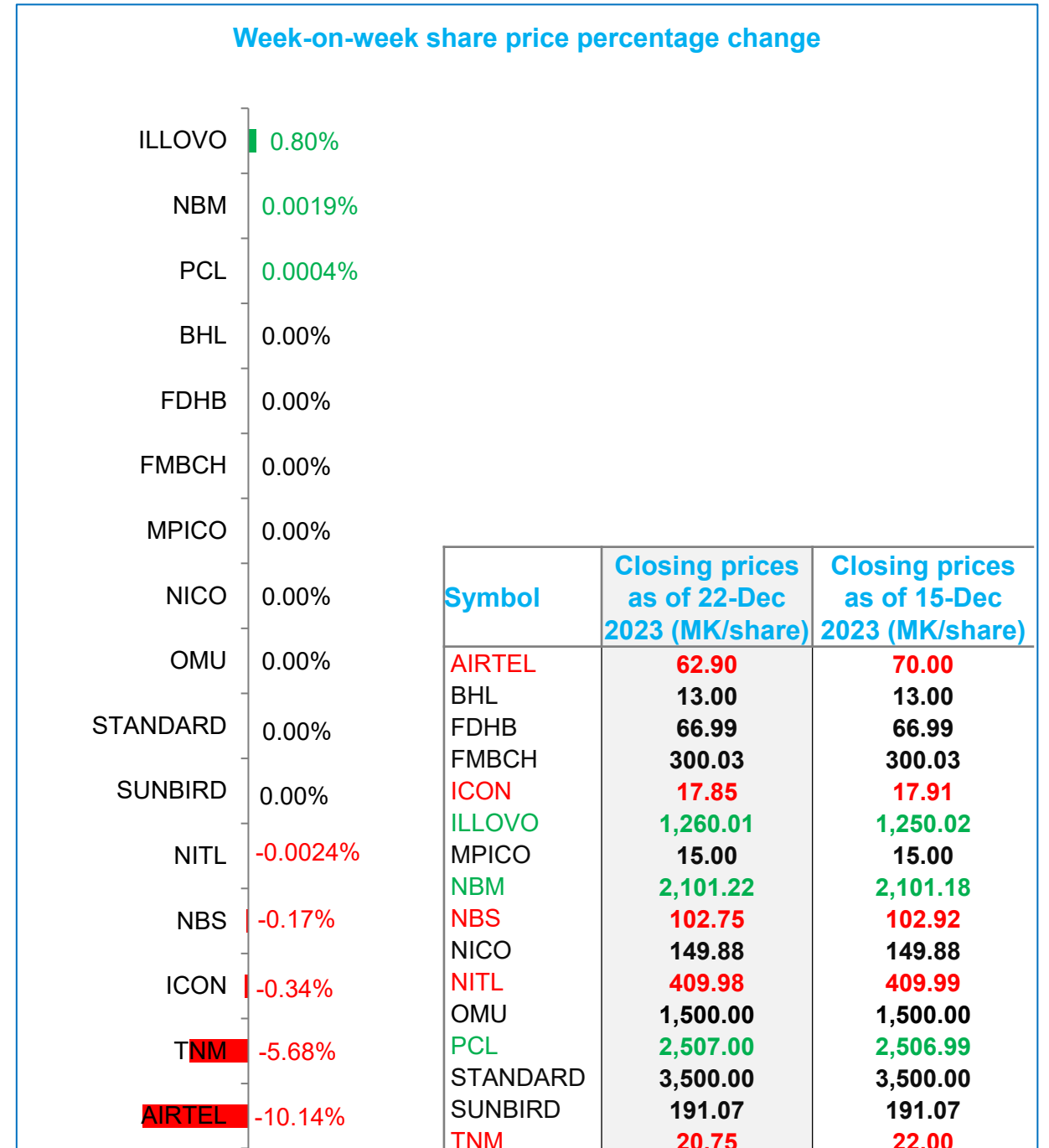
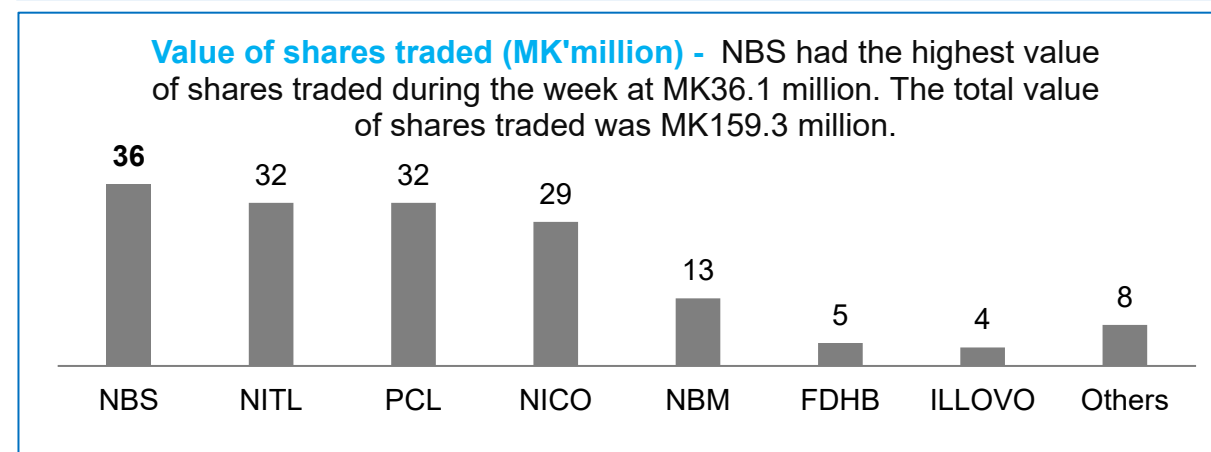
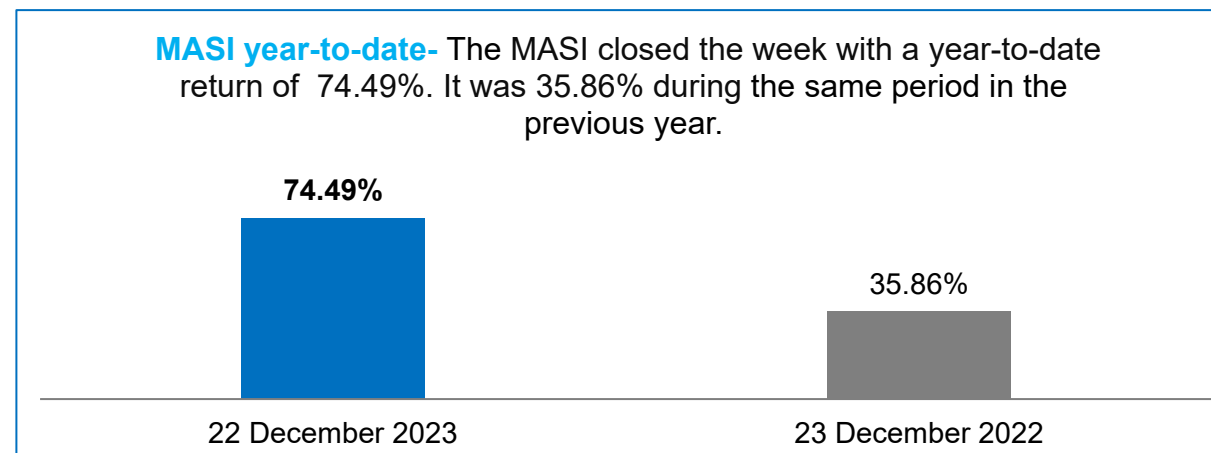
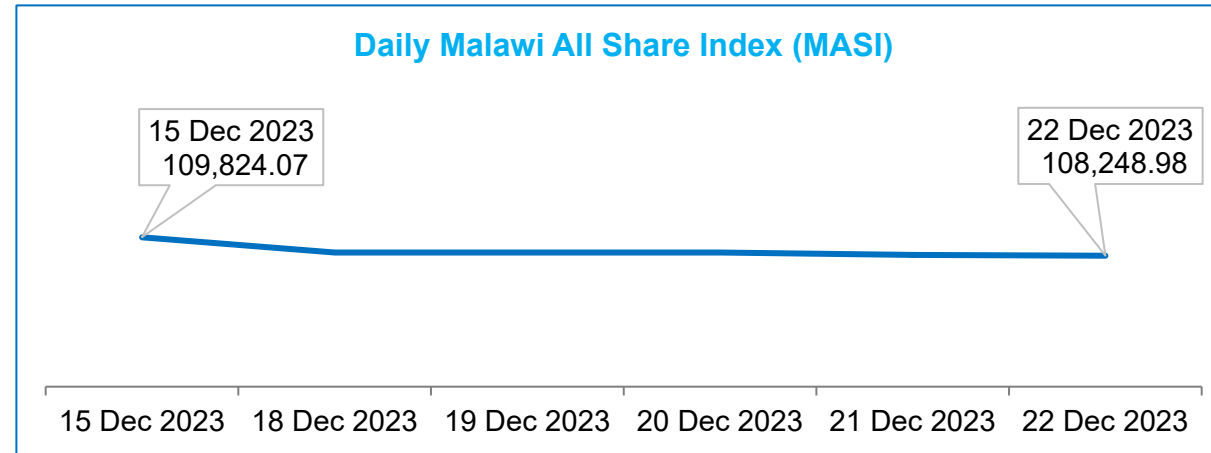


Malawi Financial Market Update: Week ending 22 December 2023

Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 22 December 2023 at 108,248.98 from 109,824.07 points for the week ending 15 December 2023. Week on week, this represents a 1.43% decrease.

There were marginal share price gains for ILLOVO, NBM and PCL. The marginal share price gains were offset by 10.14%, 5.68% share price losses for AIRTEL and TNM, respectively. There were also marginal share price losses for ICON, NBS and NITL during the week under review.





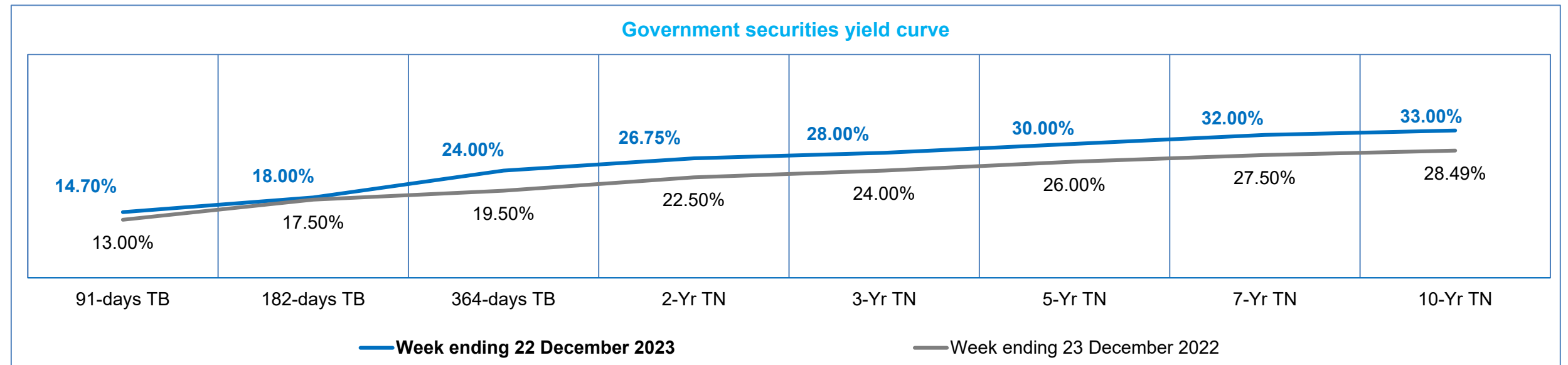
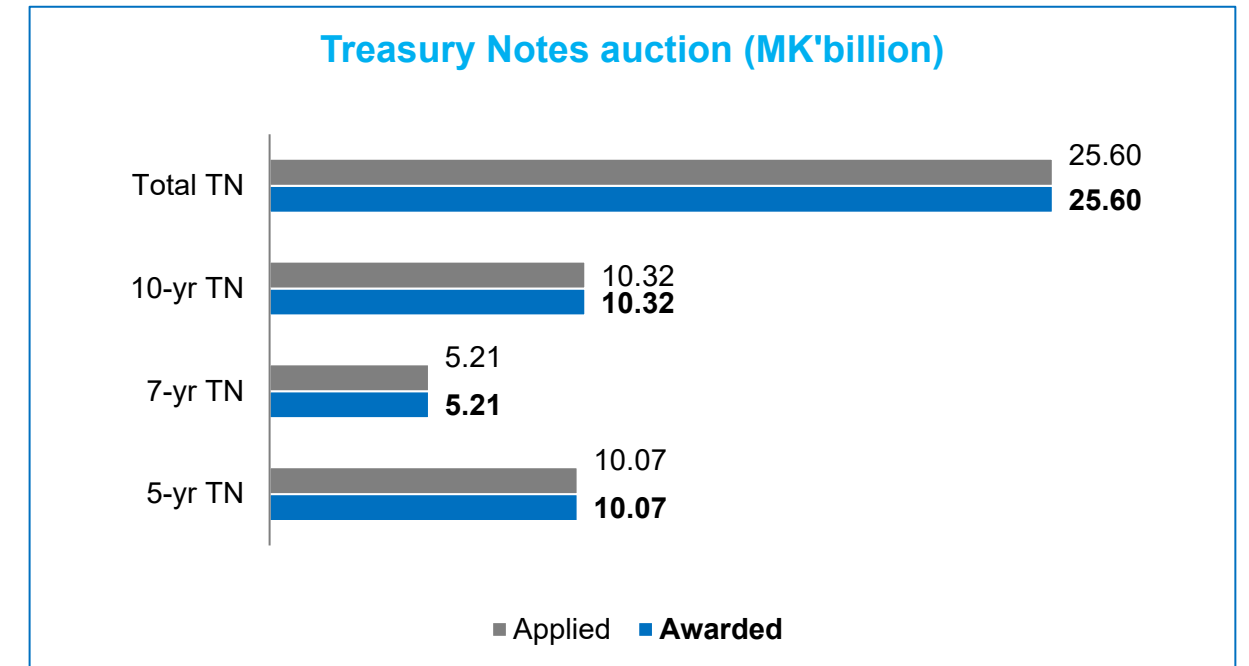
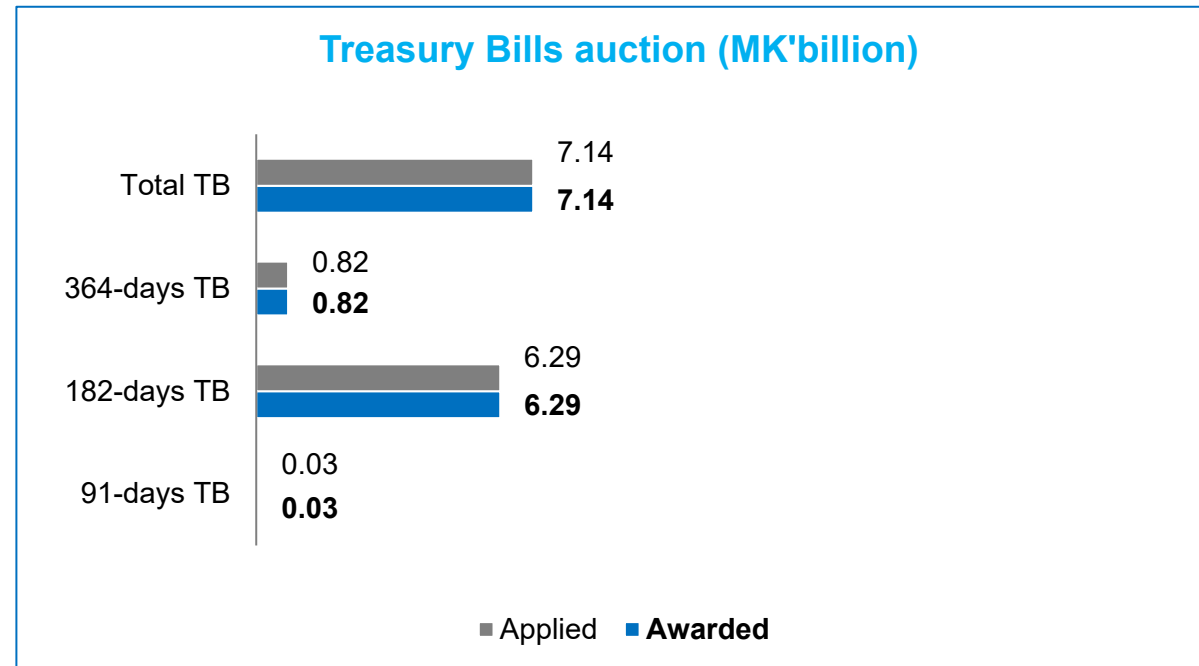
Government securities (Source: RBM)

The RBM held auctions for all tenors of Treasury Bills (TBs) and the 5-year, 7-year, and 10-year Treasury Notes (TNs) during the period under review.

A total amount of MK7.14 billion was raised from the TBs auctions held during the period under review.

An amount of MK25.60 billion was raised from the TNs 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.



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	22-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	2,199.93*
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	1,906.56*
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	94.24*
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	169.3	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	396.9	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	566.2	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	2.3	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%	33.1%	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%	41.7%	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%	22.2%	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%	23.60%
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	108,248.98
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	84,535.97
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	15,050.37

*: Reserve Bank of Malawi opening exchange rates as of 22 December 2023

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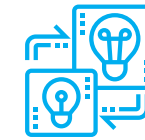
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