



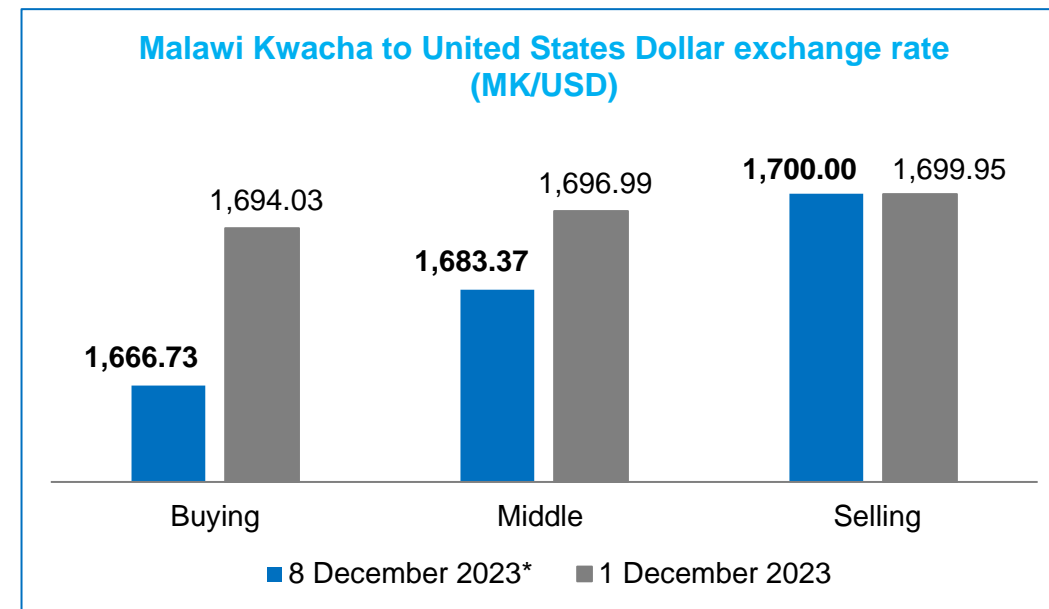
Malawi Financial Market Update

Week ending 8 December 2023

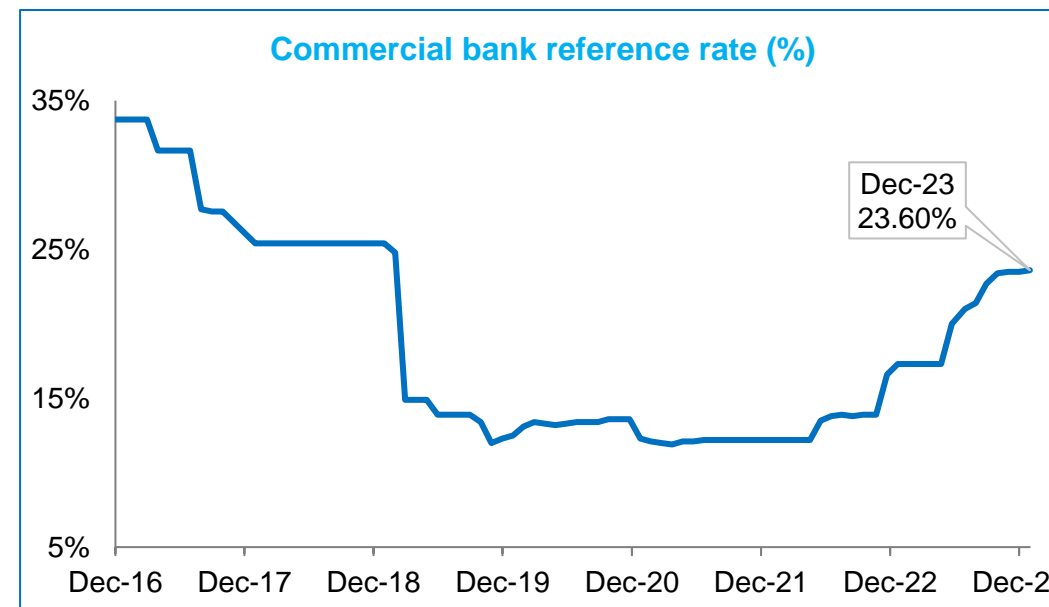


Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial bank reference rate (Source: NBM)



The commercial bank reference rate is now 23.6%, effective 5 December 2023, from 23.5% in the previous month.

The Governments of Malawi and Germany signed a financing agreement on 1 December 2023 in which the German Government committed about EUR40 million (approximately MK75 billion) to assist the Government of Malawi in cushioning vulnerable Malawians from the negative effects of the 44% devaluation.

What Happened This Week

1. The commercial bank reference rate is now 23.6%, effective 5 December 2023, from 23.5% in the previous month (*National Bank of Malawi, 4 December 2023*).
2. On 1 December 2023, the Malawi Energy Regulatory Authority announced that the electricity tariff hike enacted on 9 November 2023 was reversed for domestic consumers only. The reversal followed a directive from the President of the Republic of Malawi, who directed that Malawians should be cushioned against the impact of the recent 44% devaluation of the Kwacha. With the reversal, the average electricity tariff for domestic consumers has been reverted to MK92/kWh as set in September 2023 (*The Malawi Energy Regulatory Authority, 1 December 2023*).
3. In an interview on 1 December 2023, Malawi Revenue Authority (MRA) Head of Corporate Affairs confirmed that the government has nullified its proposed modifications for collecting customs duty on used motor vehicles. Following advice from the International Monetary Fund, the MRA was set to implement a change in customs duty collection on used motor vehicles to boost revenues. However, a gazette issued on 30 November 2023 indicated that the Customs and Excise Amendment Order has been nullified. Therefore, customs duty on used motor vehicles will continue to be based on customs value, which comprises cost, insurance, and freight (*The Malawi Revenue Authority, 1 December 2023*).
4. On 4 December 2023, the Parliament approved the revised MK4.3 trillion 2023/24 national budget after convening the Committee of Supply (*The Nation, 5 December 2023*).
5. The Governments of Malawi and Germany signed a financing agreement on 1 December 2023 in which the German Government committed about EUR40 million (approximately MK75 billion) to assist the Government of Malawi in cushioning vulnerable Malawians from the adverse effects of the 44% devaluation. The German Ambassador stated that the assistance will provide access to finance and training for cooperatives, start-ups, and small and medium enterprises. Additionally, part of the funds will supplement social protection programs such as the social cash transfer program (*The Nation, 6 December 2023*).
6. According to the recently published 2023 third quarter Reserve Bank of Malawi Financial and Economic Review, the 2023 Gross Domestic Product (GDP) growth projection for Malawi has been revised downwards to 1.5% from an earlier forecast of 1.9%. The revision is attributed to lower than anticipated growth in the agriculture, wholesale and retail, and manufacturing sectors, stemming from persistent shortages of foreign exchange, high inflation, and increased episodes of fuel shortages (*The Reserve Bank of Malawi, 6 December 2023*).

*: Reserve Bank of Malawi opening exchange rates as of 8 December 2023



Malawi Financial Market Update: Week ending 8 December 2023

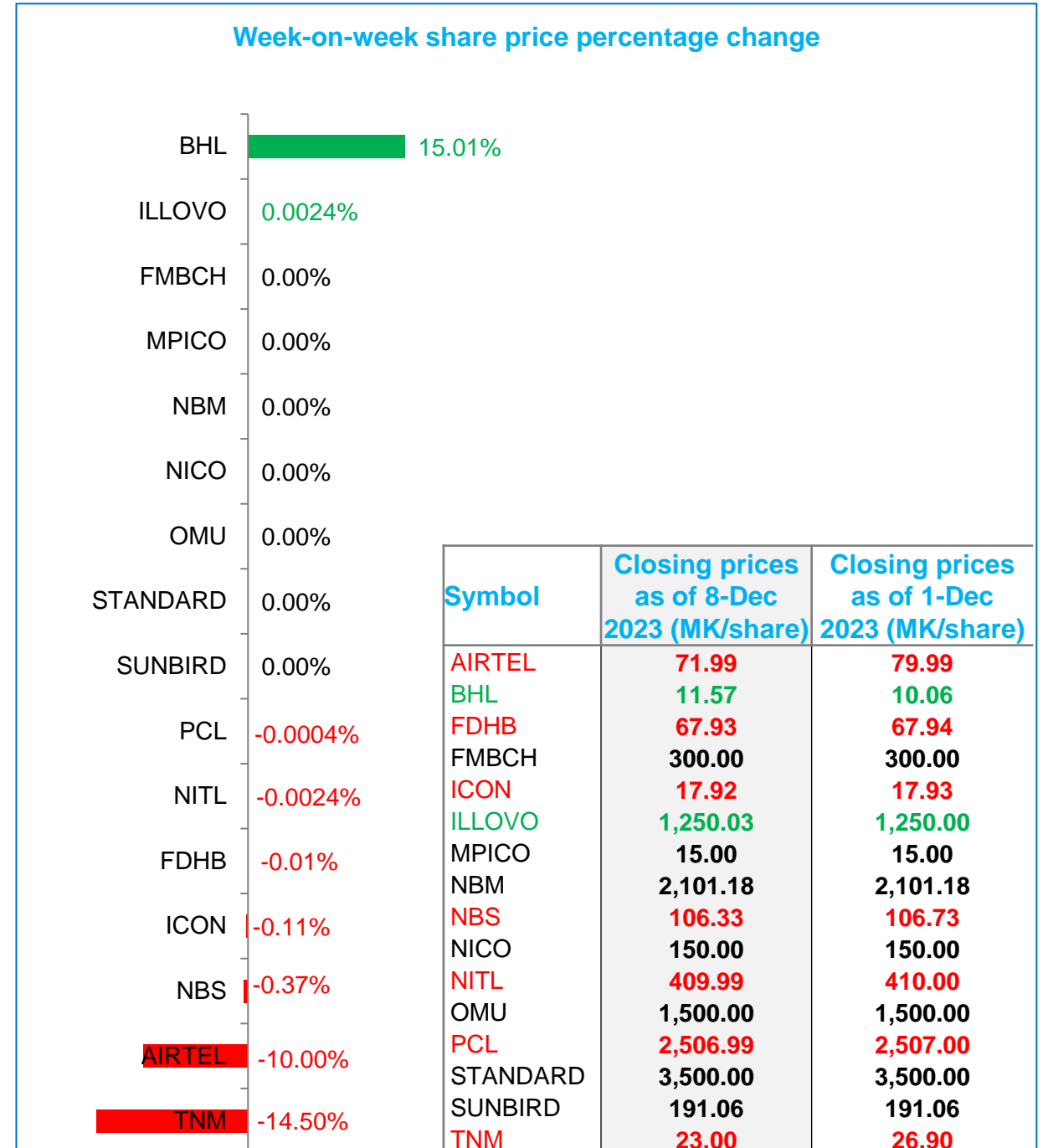
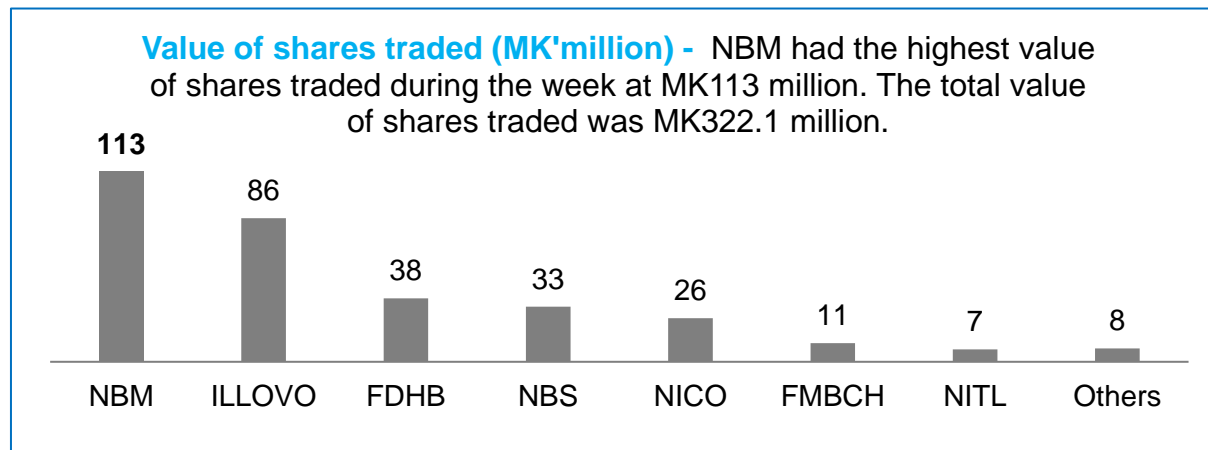
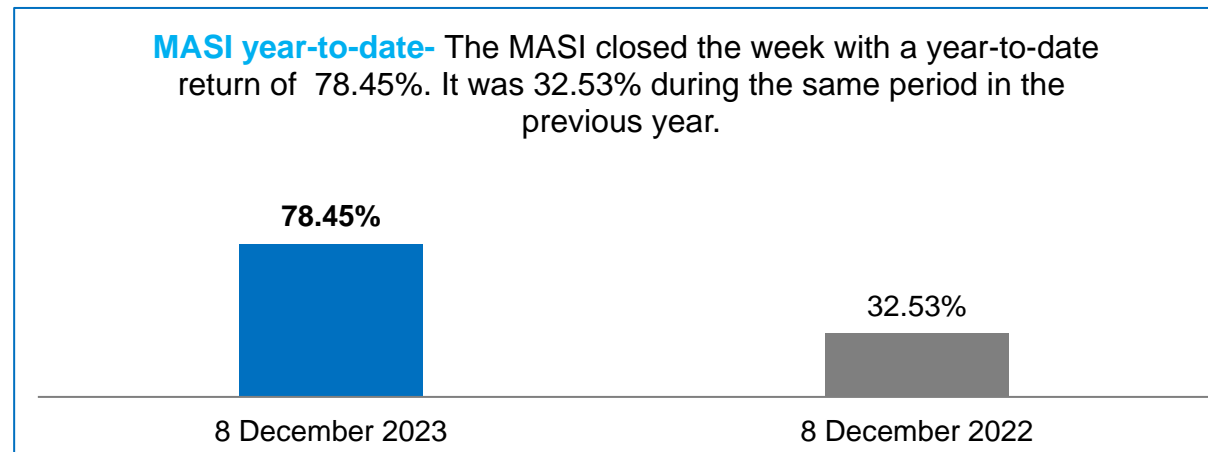
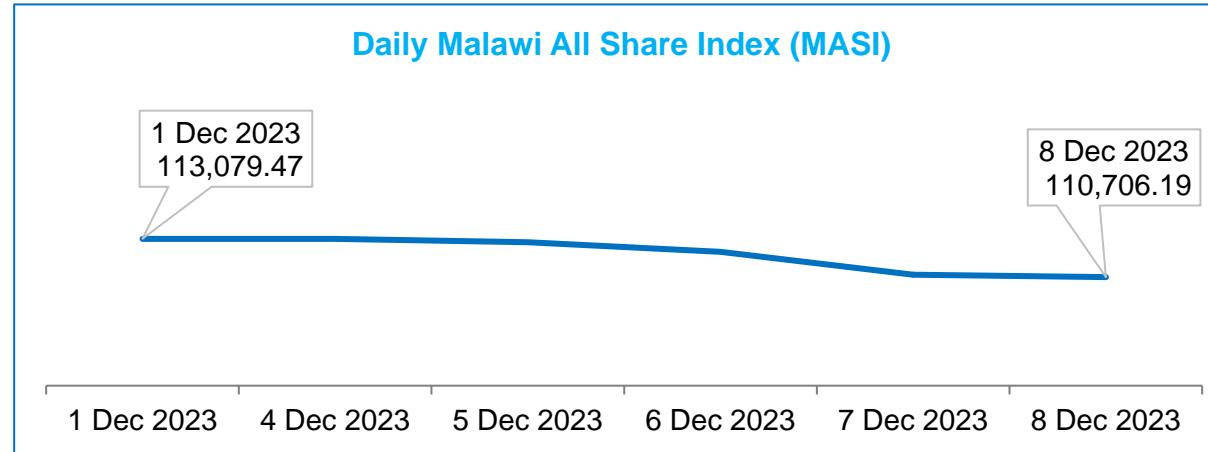
Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 8 December 2023 at 110,706.19 points from 113,079.47 points for the week ending 1 December 2023. Week on week, this represents a 2.10% decrease.

There was a 15.01% share price gain for BHL. There was also a marginal share price gain for ILLOVO. The share price gains were offset by 14.50% and 10.00% share price losses for TNM and AIRTEL, respectively. There were also marginal share price losses for NBS, ICON, FDH Bank, NITL, and PCL during the week under review.

NICO announced a second interim dividend of MK2.09 billion representing MK2.00 per share in respect of 2023 profits.

Illovo announced a second interim dividend of MK8.99 billion representing MK12.60 per share in respect of 2023 profits.



Symbol	Closing prices as of 8-Dec 2023 (MK/share)	Closing prices as of 1-Dec 2023 (MK/share)
AIRTEL	71.99	79.99
BHL	11.57	10.06
FDHB	67.93	67.94
FMBCH	300.00	300.00
ICON	17.92	17.93
ILLOVO	1,250.03	1,250.00
MPICO	15.00	15.00
NBM	2,101.18	2,101.18
NBS	106.33	106.73
NICO	150.00	150.00
NITL	409.99	410.00
OMU	1,500.00	1,500.00
PCL	2,506.99	2,507.00
STANDARD	3,500.00	3,500.00
SUNBIRD	191.06	191.06
TNM	23.00	26.90



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.

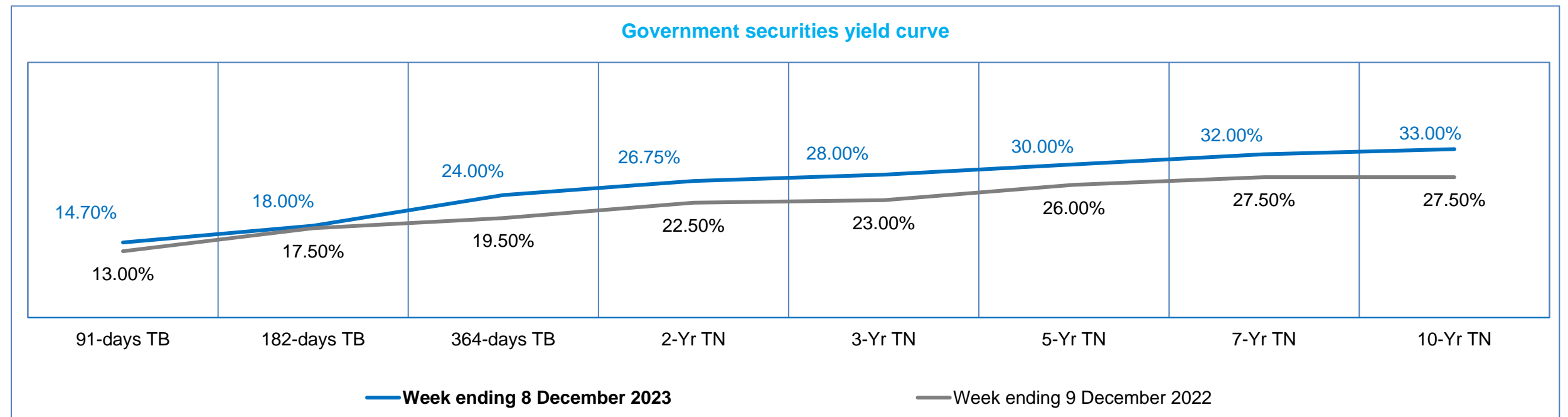
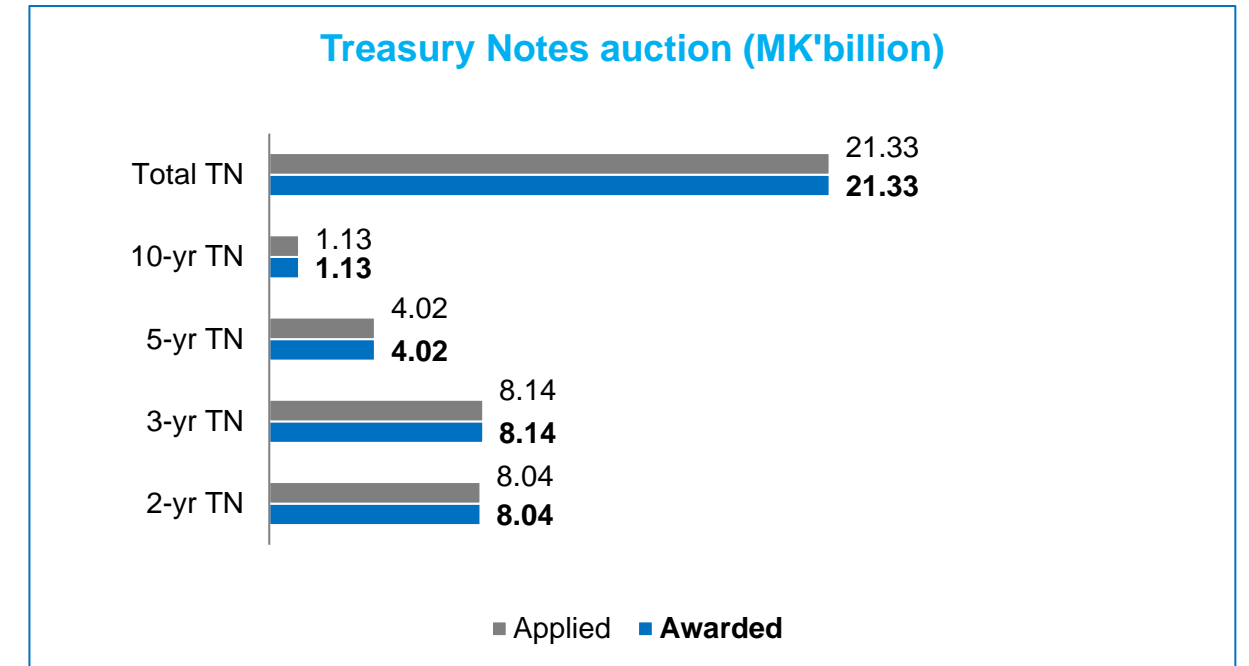
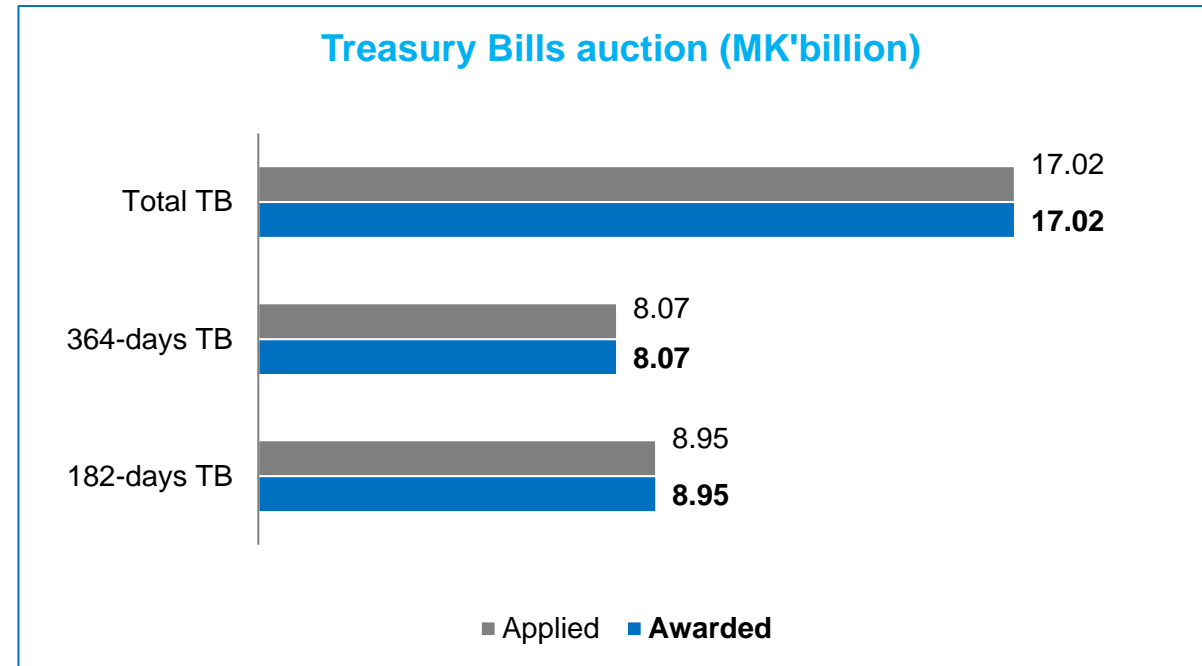
A total amount of MK17.02 billion was raised from the TBs auctions held during the period under review.

There were applications for only the 182-days, and 364-days TB during the period under review.

An amount of MK21.33 billion was raised from all the TNs auctions held during the period under review.

There were no applications for the 7-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

	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	8-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	2,182.07*
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	1,869.46*
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	92.43*
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%	23.60%
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	110,706.19
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	86,723.58
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 8 December 2023

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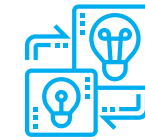
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