



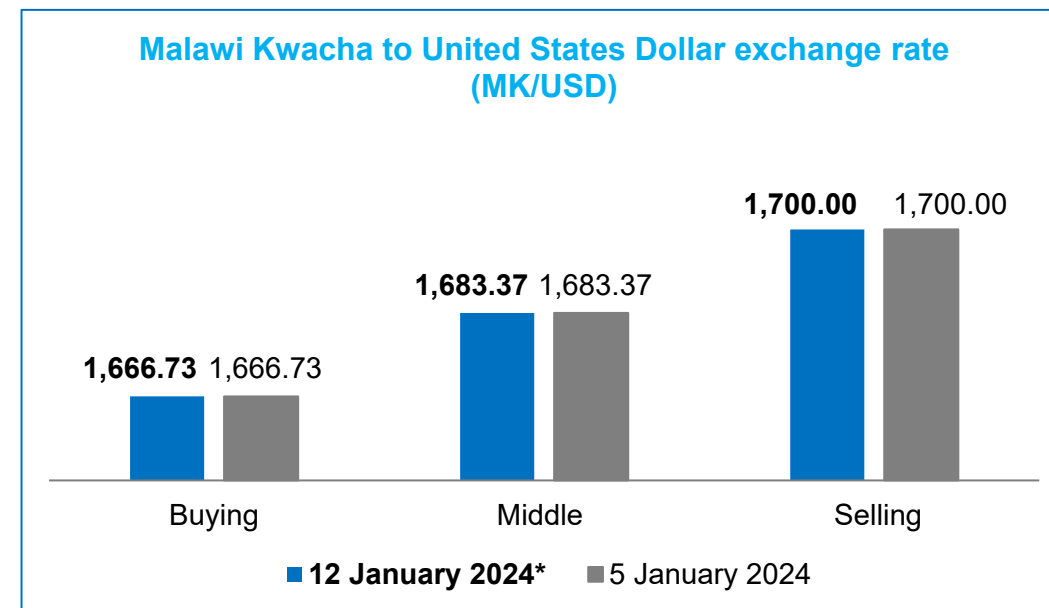
# Malawi Financial Market Update

Week ending 12 January 2024

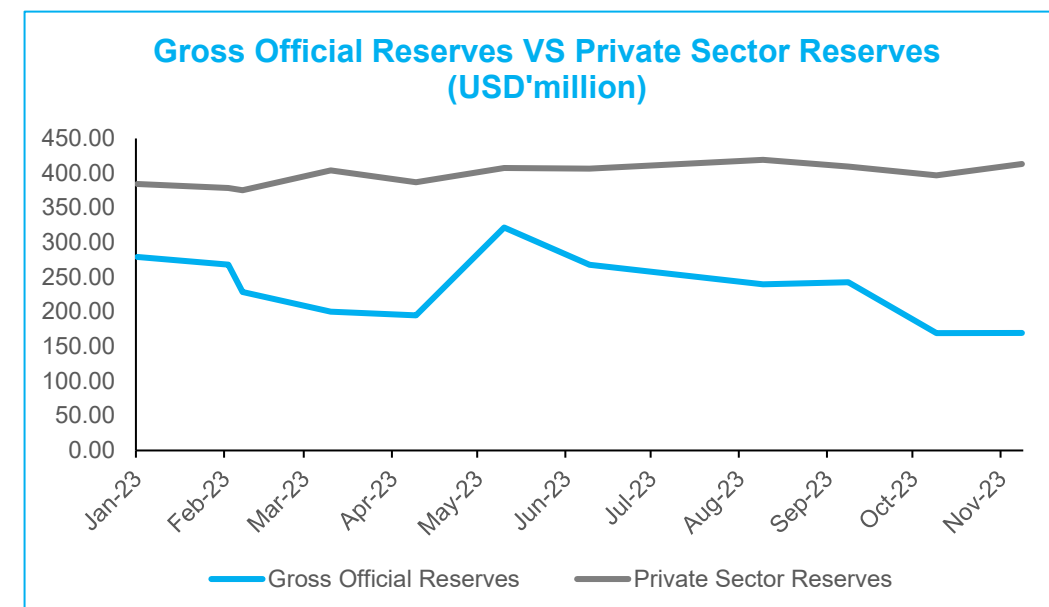


## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Global Oil Prices (Source: OPEC)



The RBM conducted a Foreign Exchange Auction on 10 January 2024. The market selling price remained at MK1,700 per USD.

African Development Bank approves USD7 million Trade Finance Transaction Guarantee Facility for NBS Bank.

### What Happened This Week

1. The Reserve Bank of Malawi (RBM) conducted a Foreign Exchange Auction on 10 January 2024 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 (*RBM Press Release, 10 January 2024*).
2. The Board of Directors of the African Development Bank Group approved a USD7 million Trade Finance transaction Guarantee facility for NBS Bank to support small businesses. The facility will provide a 100% guarantee to international confirming banks for the non-payment risk taken on NBS Bank plc trade finance transactions conducted on behalf of SMEs, local corporates, and women-led businesses. The facility will enable NBS Bank to support the importation of fertilizer, medical supplies and other strategic commodities. The facility is expected to support about USD40 million (about MK 68 billion) of trade over the next three years (*African Development Bank Group*).
3. According to the World Bank investment analysis for Malawi, Malawi's savings rate at 11% is one of the lowest in the world and below the SADC region's 25% threshold. Malawi's investment rates have been low with the exception of two brief investment booms following democratization and in the post Heavily Indebted Poor Countries initiative years. The lower savings rate indicates that the economy is spending more on consumption than investments, reducing output growth, wages and living standards. (*The Nation, 10 January, 2024*).
4. The Bankers Association of Malawi (BAM) has urged the Treasury to reduce the value-added tax (VAT) rate from 16.5% to 15% to encourage consumer spending to stimulate the economy. The BAM Chief Operations Officer said that while direct budget support has resumed, the government can look for other ways of broadening the tax base. However, the Consumers Association of Malawi (CAMA) Executive Director argued that reducing the VAT rate by 1.5 percentage points could not significantly impact consumers.. The 2021/26 Domestic Revenue Mobilisation Strategy revealed that Malawi only collects 14% of VAT potential revenue (*The Nation, 10 January 2024*).
5. The United States (US) government's Millenium Challenge Corporation (MCC) has shifted the official launch of Malawi's second compact by three months to April. The USD350 million (about MK595 billion) compact, which focuses on transport and land infrastructure, was scheduled to be launched this month. According to the statement from the US Embassy, shifting the start of the five-year term will not interrupt project work, and all activities will proceed as planned. Malawi and the USA signed the contract in Washington, DC, on 8 September 2022, and the signing came four years after Malawi qualified for assistance in 2018 (*The Daily Times, 8 January 2024*).

\*: Reserve Bank of Malawi opening exchange rates as of 12 January 2024



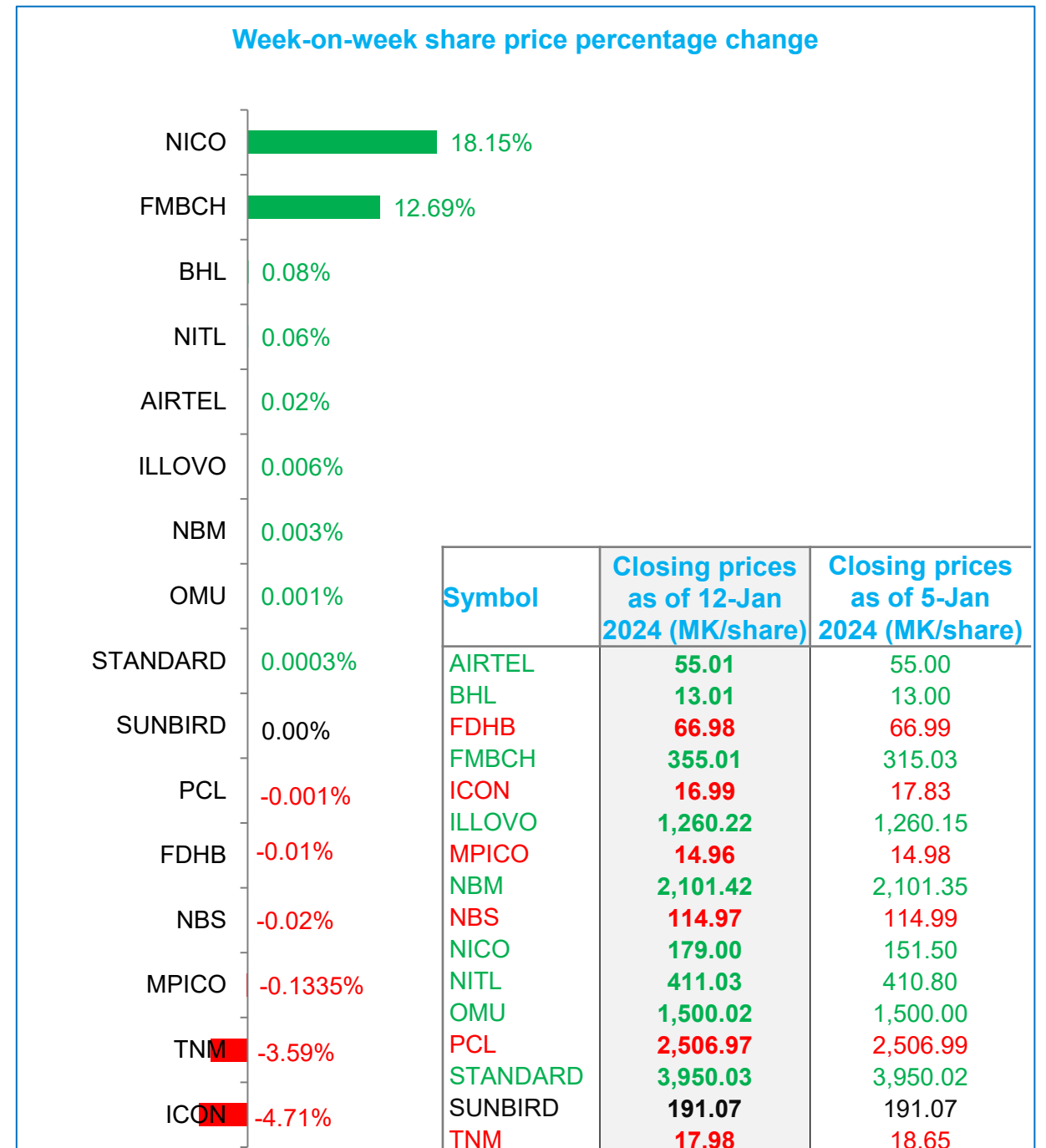
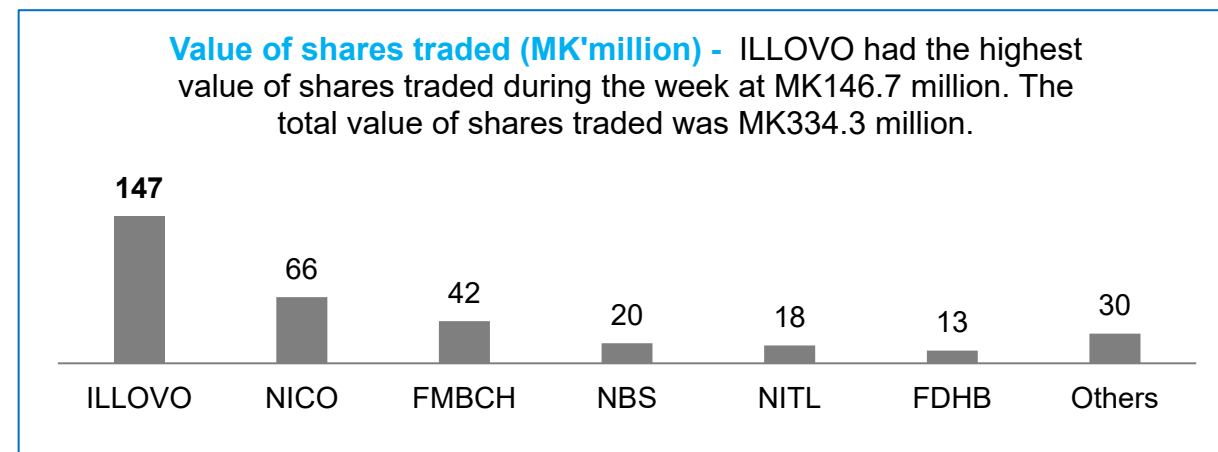
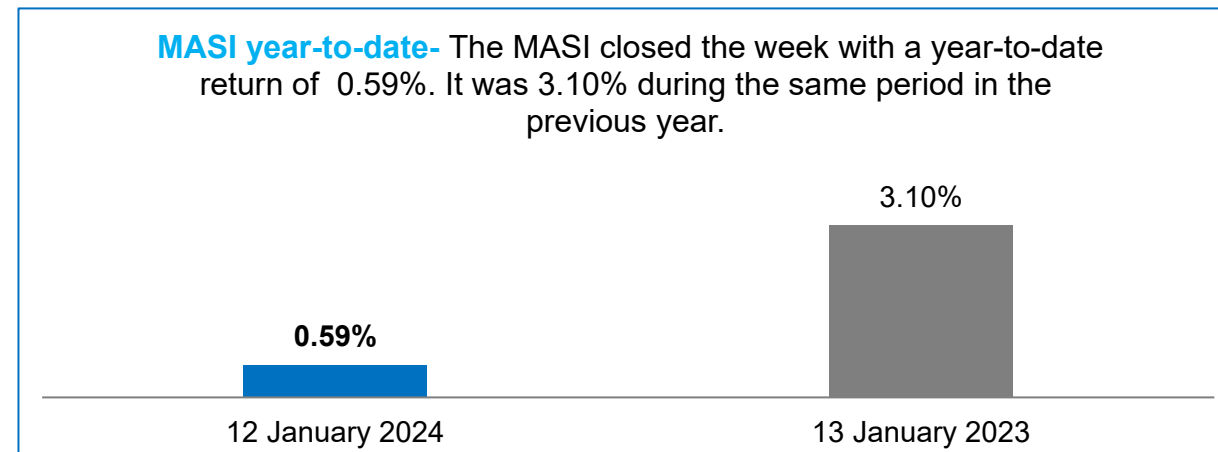
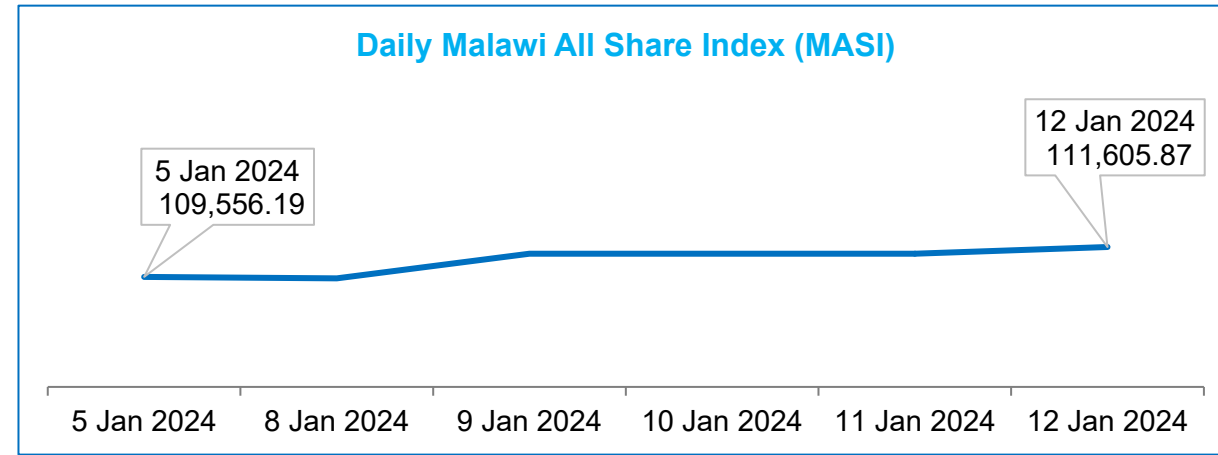
# Malawi Financial Market Update: Week ending 12 January 2024

## Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 12 January 2024 at 111,605.87 from 109,556.19 points for the week ending 5 January 2024. Week on week, this represents a 1.87% increase.

There were share price gains for NICO (18.15%) and FMBCH (12.69%). There were also marginal share price gains for BHL, NITL, AIRTEL, ILLOVO, NBM, OMU and STANDARD during the week under review.

The marginal share price gains were offset by ICON and TNM share price losses amounting to 4.71% and 3.59%, respectively. There were also marginal share price losses for MPICO, NBS, FDHB and PCL during the week under review.





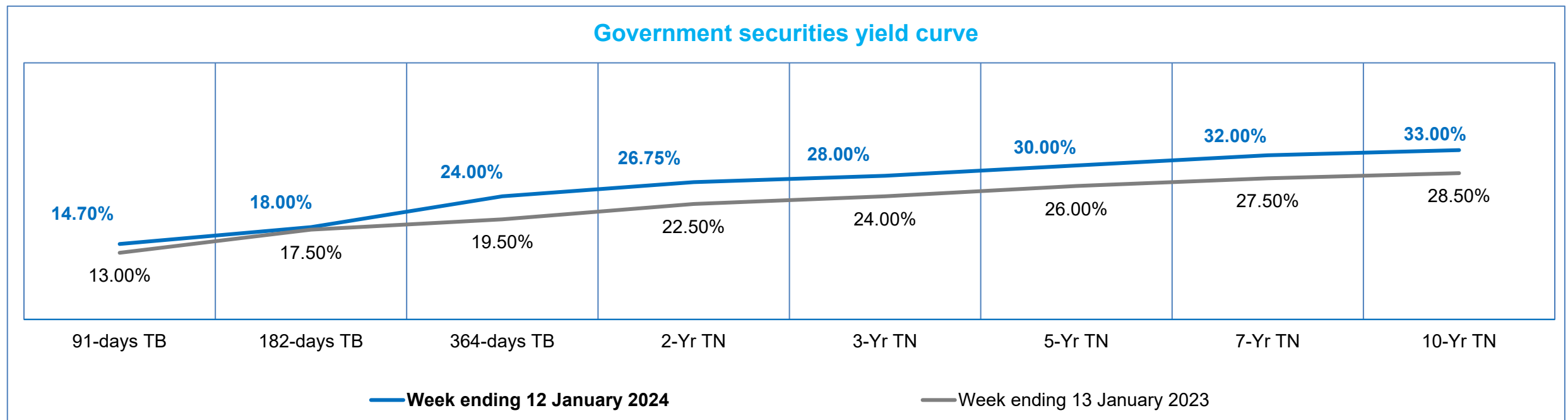
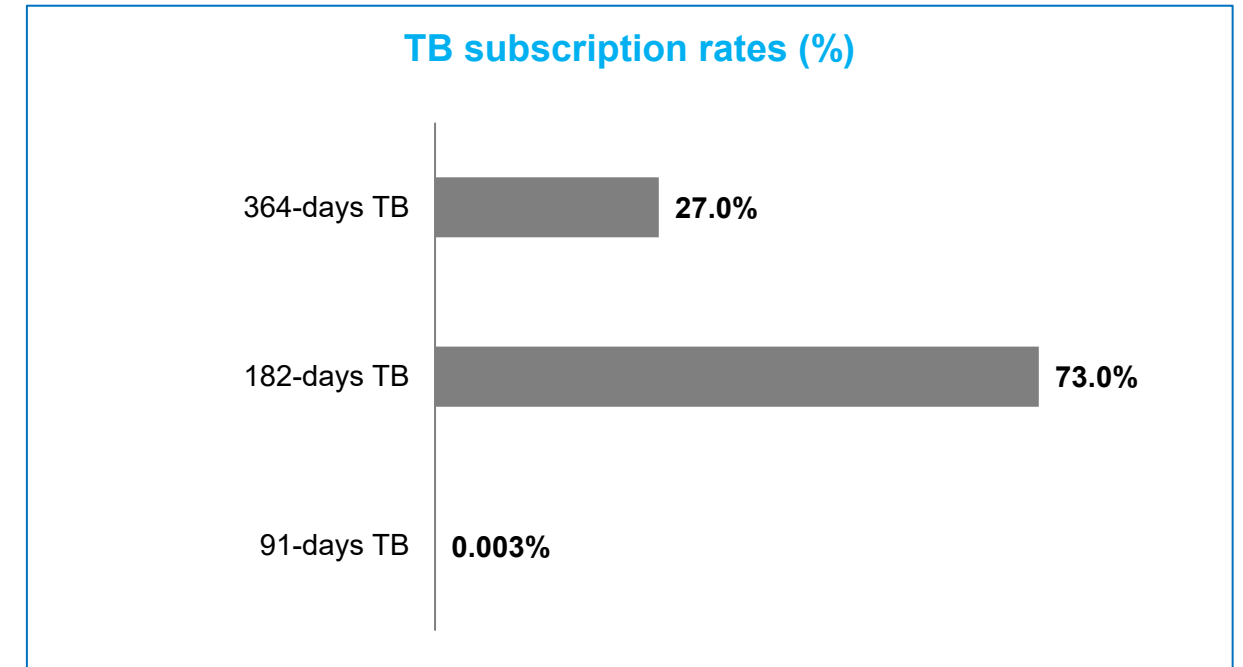
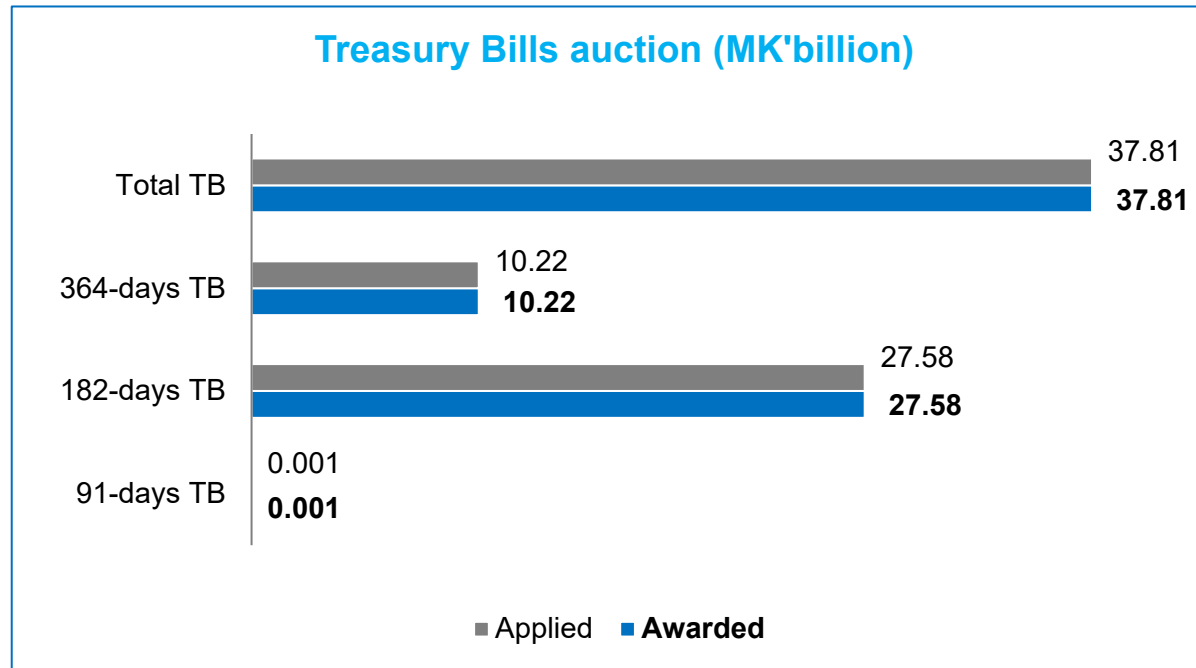
**Government securities (Source: RBM)**

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

A total amount of MK37.81 billion was raised from the TB auctions held during the period under review.

There were no Treasury Note (TN) auctions during the period under review.

The average TB yield remained constant at 18.90% during the period under review.



TB: Treasury Bill  
TN: Treasury Note  
Yr: Year



## Appendix 1: Historical Economic Indicators

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	12-Jan-2023
<b>Exchange rates (middle rates)</b>														
MK/USD	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	<b>1,683.37*</b>
MK/GBP	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	2,212.41	<b>2,215.02*</b>
MK/EUR	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	1,918.18	<b>1,902.92*</b>
MK/ZAR	60.72	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	<b>93.23*</b>
<b>Foreign Exchange Reserves</b>														
Gross Official Reserves (USD'mn)	304.65	279.22	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	169.3	169.50	N/A	<b>N/A</b>
Private Sector Reserves (USD'mn)	399.20	384.37	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	396.9	413.20	N/A	<b>N/A</b>
Total reserves (USD'mn)	703.85	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	566.2	582.70	N/A	<b>N/A</b>
Gross Official Reserves Import cover (months)	1.22	1.12	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	2.3	0.7	N/A	<b>N/A</b>
<b>Inflation</b>														
Headline	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	<b>N/A</b>
Food	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	<b>N/A</b>
Non-food	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	<b>N/A</b>
<b>Interest Rates</b>														
Monetary Policy rate	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%	<b>24.00%</b>
Average Interbank rate	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%	<b>23.00%</b>
Lombard rate	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%	<b>24.20%</b>
Commercial Bank reference rate	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%	<b>23.60%</b>
<b>Government Securities Yields</b>														
91-days Treasury Bill	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%	<b>14.70%</b>
182-days Treasury Bill	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%	<b>18.00%</b>
364-days Treasury Bill	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%	<b>24.00%</b>
2-year Treasury Note	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%	<b>26.75%</b>
3-year Treasury Note	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%	<b>28.00%</b>
5-year Treasury Note	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%	<b>30.00%</b>
7-year Treasury Note	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%	<b>32.00%</b>
10-year Treasury Note	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%	<b>33.00%</b>
<b>Stock Market Indices</b>														
MASI	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	110,951.21	<b>111,605.87</b>
DSI	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	86,359.68	<b>85,390.01</b>
FSI	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	15,792.06	<b>17,774.36</b>

\*: Reserve Bank of Malawi opening exchange rates as of 12 January 2024

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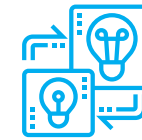
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