



# Malawi Financial Market Update

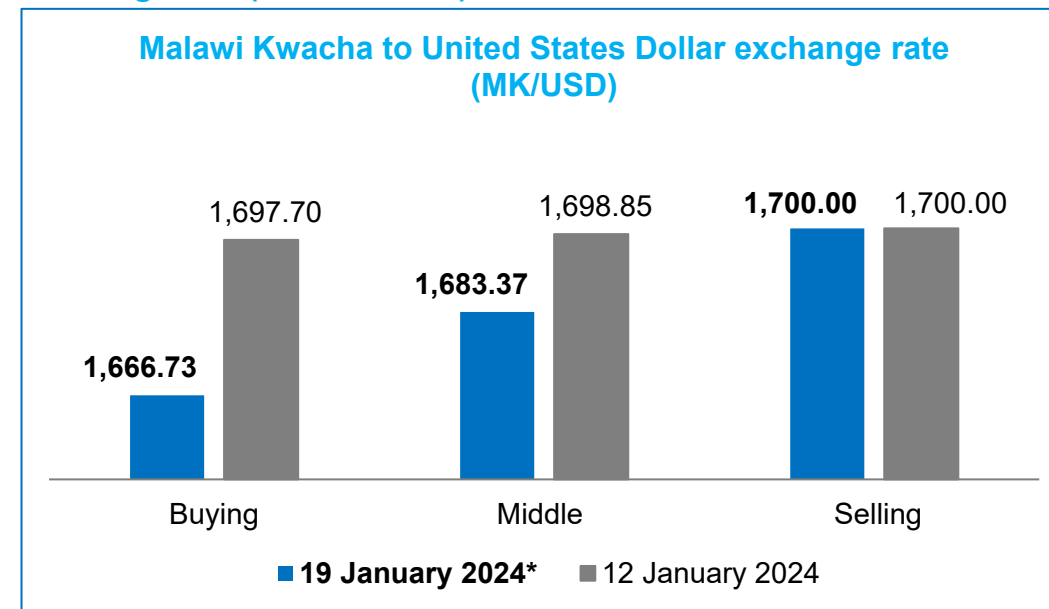
Week ending 19 January 2024



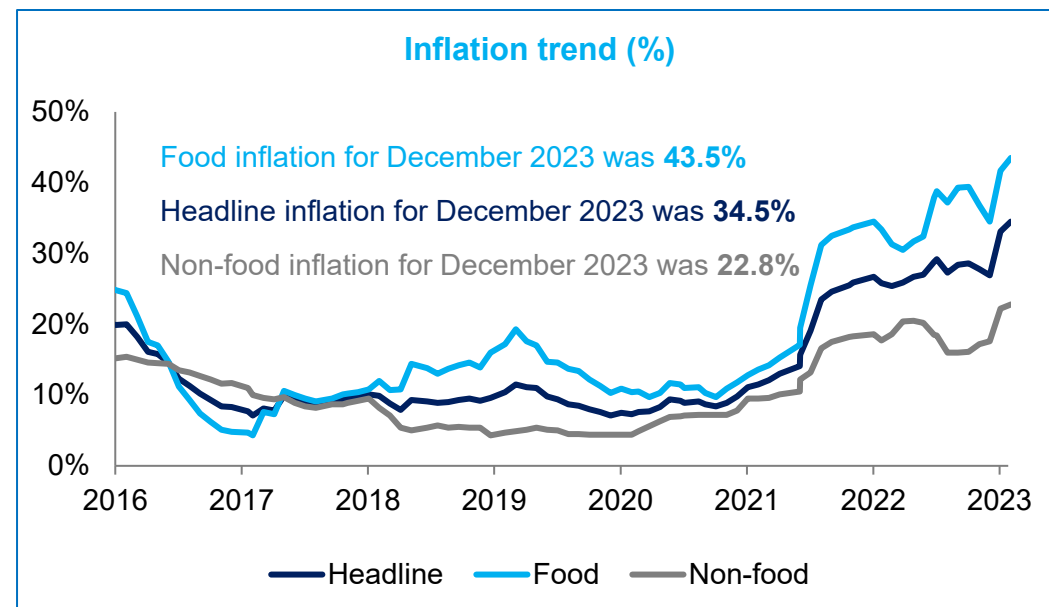


## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Malawi Inflation Figures (Source: NSO)



According to NSO, the annual inflation rate for the year 2023 stands at 28.8%

According to IFPRI, the average retail price of maize in December 2023 increased by 13% to MK859/kg from MK762/kg in November 2023.

The World Bank has reduced Malawi's economic growth rate projection for the year 2024 to 2.8%

### What Happened This Week

1. According to the National Statistical Office (NSO), the annual year-on-year inflation rate in 2023 is 28.8% compared to 21.0% in 2022. The annual food and non-food inflation rates are 37.1% and 18.8% respectively. The year-on-year inflation rate for December stands at 34.5%, an increase from 33.1% recorded in November 2023 (NSO Consumer Price Indices: December 2023).
2. According to the International Food Policy Institute (IFPRI) Malawi Maize Market Report for December 2023, the retail price of maize increased by 13% in during the month. The average retail price increased to MK859/kg from MK762/kg observed in the last week of November 2023. In the previous year, the market saw a 2% decrease during the same period. The Southern region recorded the highest monthly average retail price of K897/kg, with the Chikwawa market recording the highest weekly average retail price in the final week of December (K1,000/kg). In the Central region, the monthly average settled at K831/kg, reflecting a 7% difference from the prices observed in the Southern region. the Northern region reported the lowest monthly average retail maize price, settling at K643/kg, marking a 28% difference from prices observed in the South (IFPRI Maize Market Report for December 2023).
3. The Malawi Government has approved new minimum wage rates for general workers. The development, which has not yet been gazetted, shows an 80% increase in the minimum wage to MK90,000 from MK50,000 (MK3,461.54 per day) from MK50,000 (MK1,923.08 per day). However, the domestic workers' minimum wage is pegged to increase by 38% to MK52,000 (MK2000 per day) from MK38,000 (MK1,461.54 per day). The minimum wage hike is MK20,000 less than what the Malawi Congress of Trade Unions (MCTU) proposed and MK3,000 less than what the Employers' Consultative Association of Malawi (ECAMA) suggested (The Nation, 19 January 2024).
4. In their January 2024 Global Prospects Report, the World Bank has reduced Malawi's economic growth rate projection for the year 2024 by 0.6 percentage points to 2.8%. The decrease in the forecast is attributed to elevated costs of living, high debt burden and interest rates, heightened financing needs, and increased frequency and intensity of adverse weather, which would hinder growth. The World Bank suggests that the government should accelerate investment and strengthen fiscal policy frameworks. The projection is below the projection made by the Ministry of Finance and Economic Affairs at 3.2% and the International Monetary Fund (IMF) at 3.3% (The Nation, 19 January 2023).

\*: Reserve Bank of Malawi opening exchange rates as of 19 January 2024



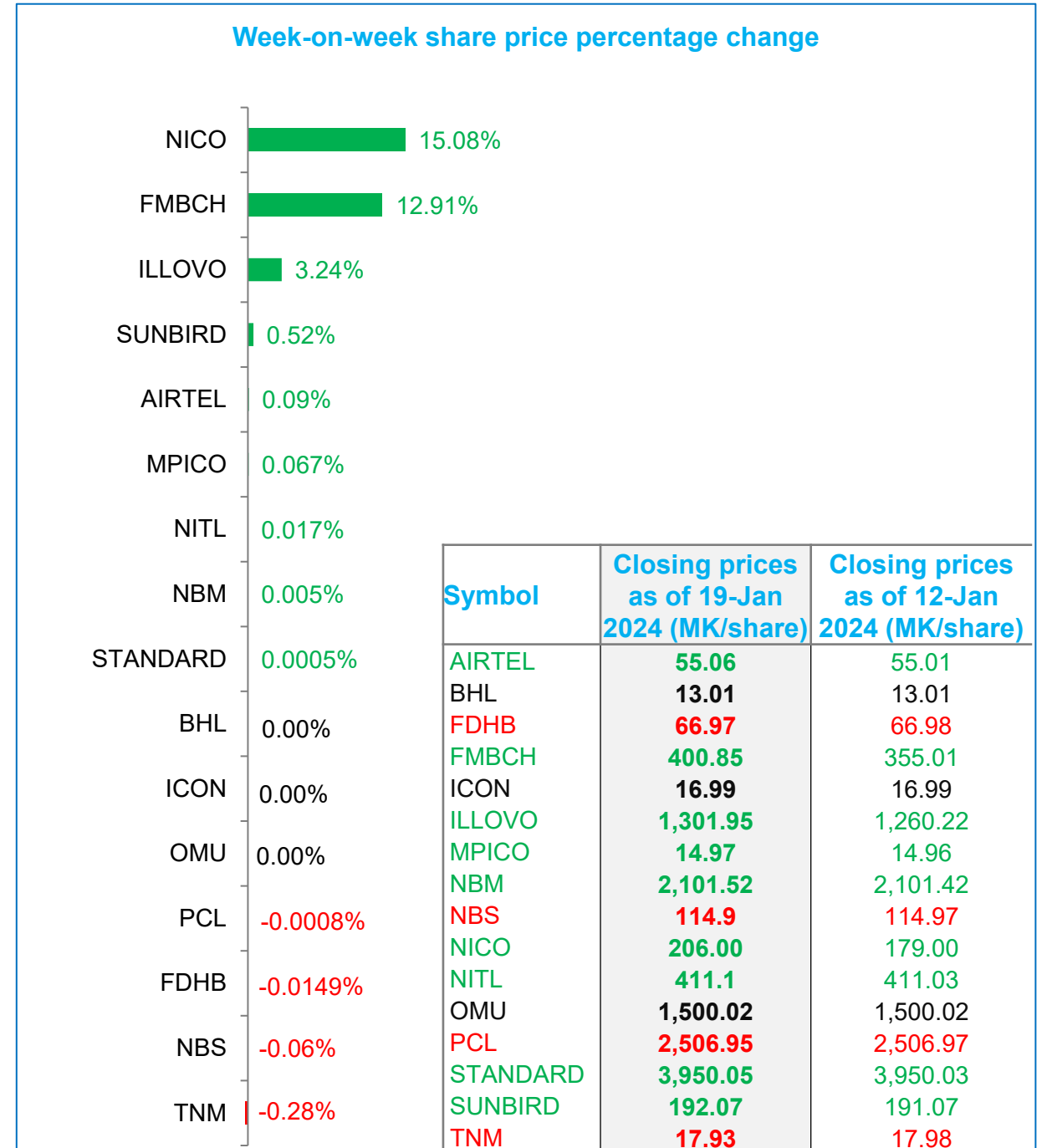
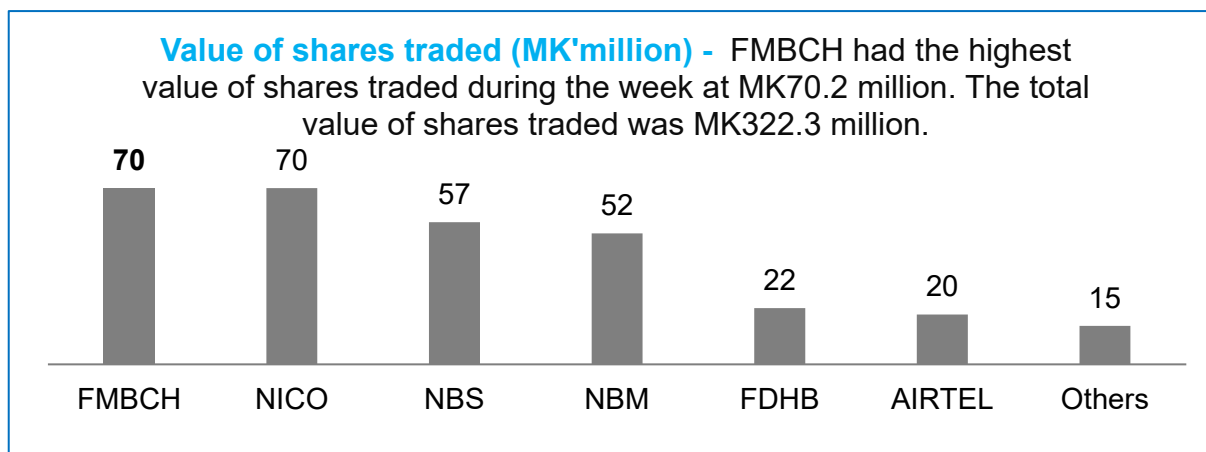
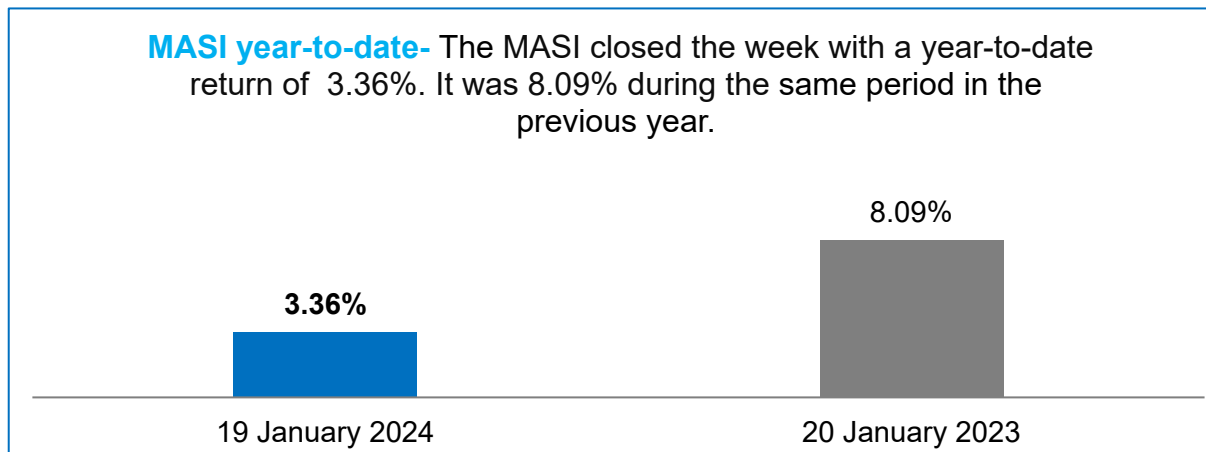
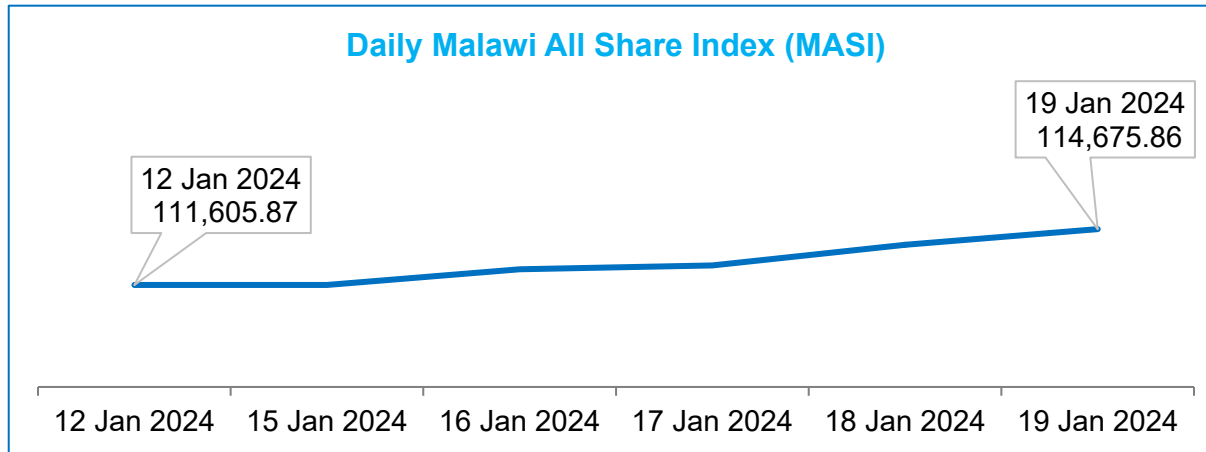
# Malawi Financial Market Update: Week ending 19 January 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 19 January 2024 at 114,675.86 from 111,605.87 points for the week ending 12 January 2024. Week on week, this represents a 2.75% increase.

There were share price gains for NICO (15.08%), FMBCH (12.91%), and ILLOVO (3.24%). There were also marginal share price gains for SUNBIRD, AIRTEL, MPICO, NITL, NBM and STANDARD during the week under review.

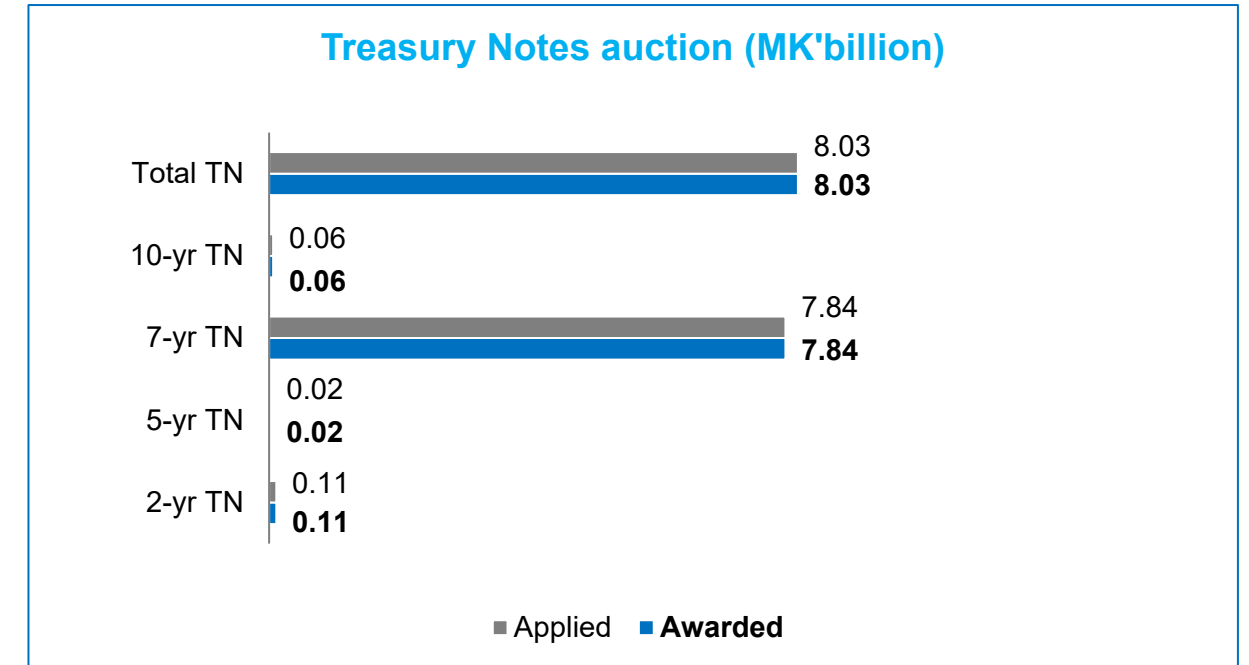
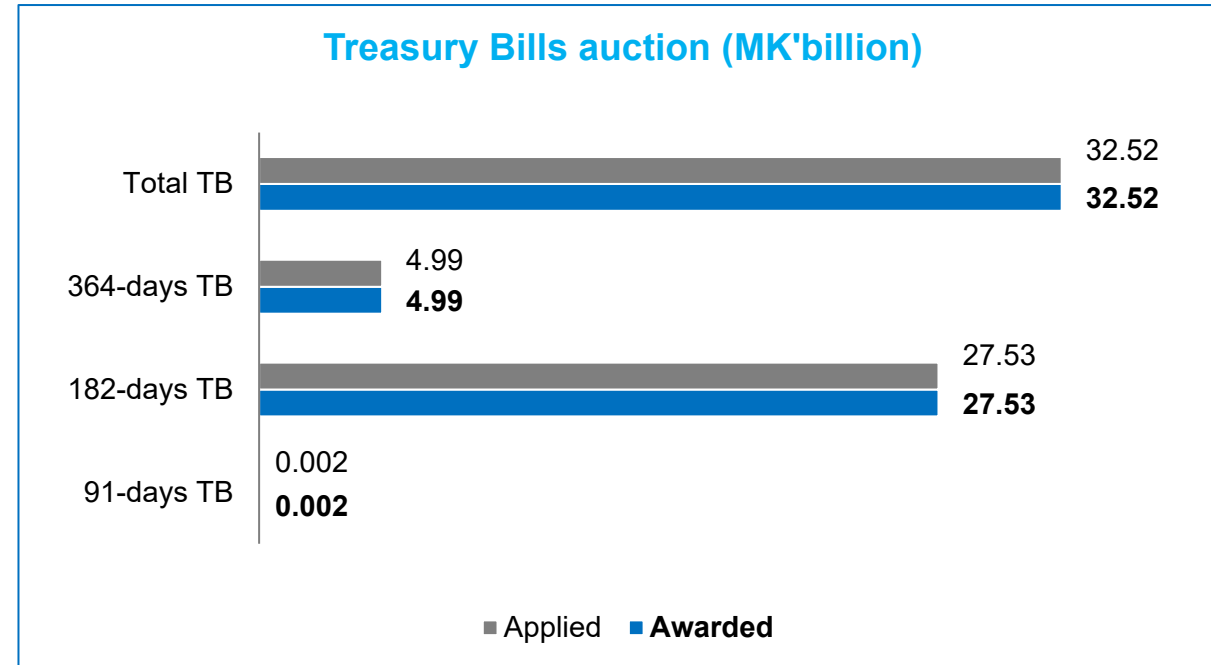
There were marginal share price losses for TNM, NBS, FDHB, and PCL during the week under review.



Symbol	Closing prices as of 19-Jan 2024 (MK/share)	Closing prices as of 12-Jan 2024 (MK/share)
AIRTEL	55.06	55.01
BHL	13.01	13.01
FDHB	66.97	66.98
FMBCH	400.85	355.01
ICON	16.99	16.99
ILLOVO	1,301.95	1,260.22
MPICO	14.97	14.96
NBM	2,101.52	2,101.42
NBS	114.9	114.97
NICO	206.00	179.00
NITL	411.1	411.03
OMU	1,500.02	1,500.02
PCL	2,506.95	2,506.97
STANDARD	3,950.05	3,950.03
SUNBIRD	192.07	191.07
TNM	17.93	17.98



**Government securities (Source: RBM)**

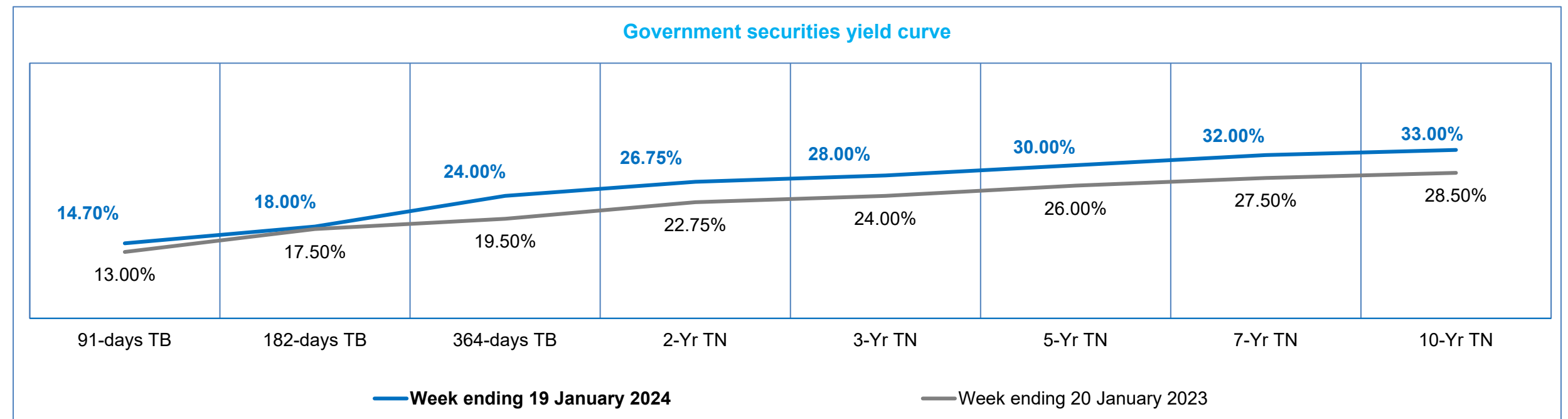


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills and Treasury Notes during the period under review.

A total amount of MK32.52 billion was raised from the TB auctions held during the period under review.

MK40.55 billion was raised from the TN auctions held during the period under review.

The average TB and TN yield 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

	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	19-Jan-2024
<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>2,201.49*</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>1,885.93*</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>91.46*</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%	34.5%	<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%	43.5%	<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%	22.8%	<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>114,675.86</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>86,343.35</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>20,045.50</b>

\*: Reserve Bank of Malawi opening exchange rates as of 19 January 2024

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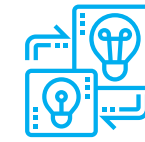
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