



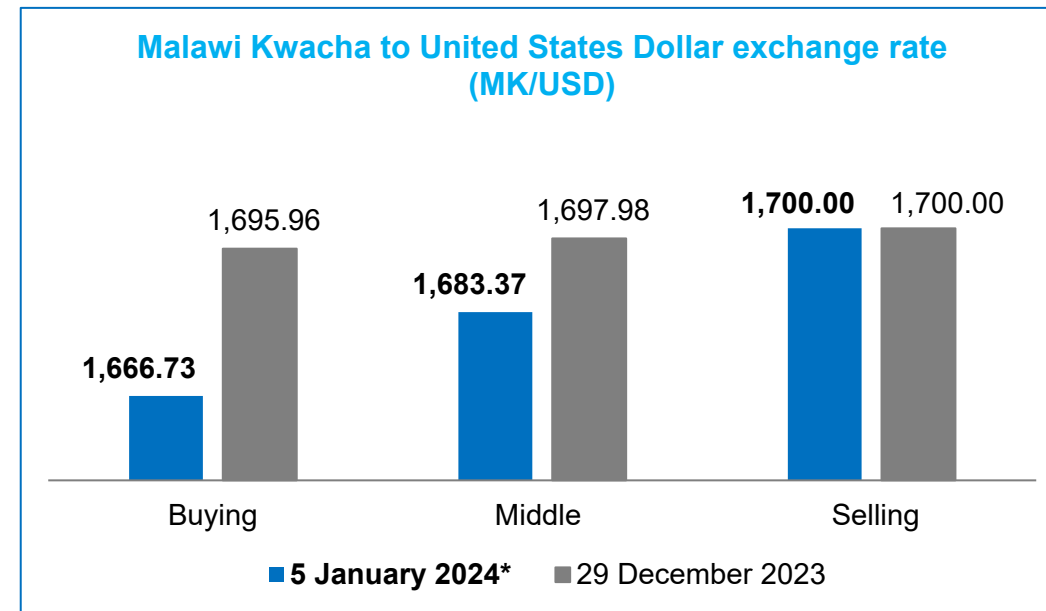
Malawi Financial Market Update

Week ending 5 January 2024

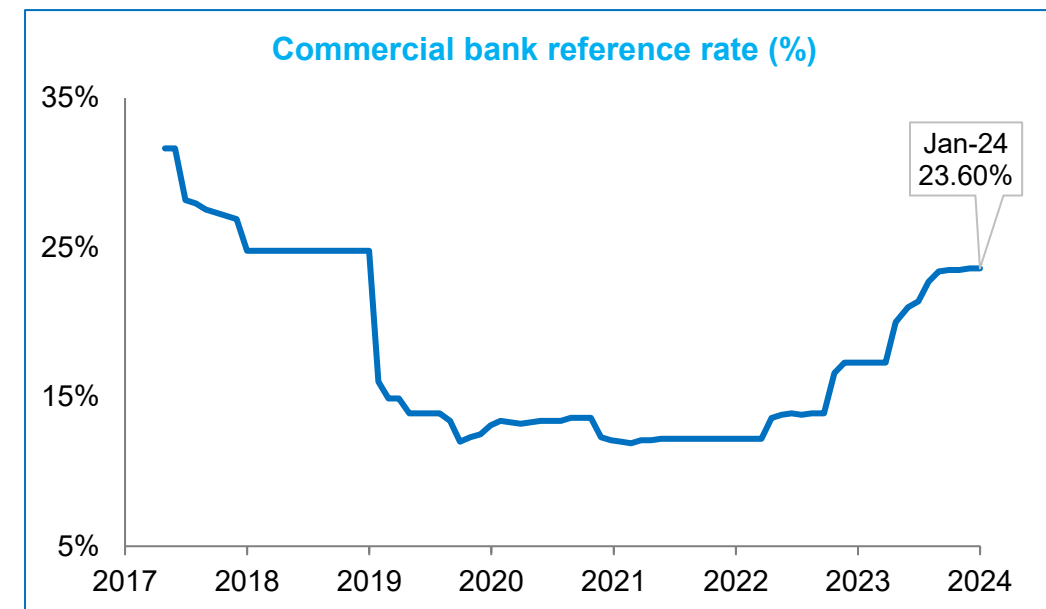


Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial bank reference rate (Source: NBM)



Gala Agricultural Limited intends to invest USD20 million (about MK34 billion) in macadamia nuts cracking machinery to support the crop's value chain and grow exports.

Exports of soya beans have grown from USD500,000 in 2013 to about USD133 million in 2021.

What Happened This Week

- Local firm, Gala Agricultural Limited, intends to invest USD20 million (about MK34 billion) in Macadamia nuts cracking machinery to support the crop's value chain and grow exports. In the latest Country Economic Memorandum, The World Bank highlighted that Malawi, with 10,000 hectares, could become a top ten exporter of macadamia nuts globally. In December 2023, Old Mutual Investment Group (OMIG) said that it had secured a pari passu agreement from AGR13 Fund, a blended finance fund providing partial risk guarantee and credit enhancement instruments, to support a USD12.5 million (about MK21 billion) loan to Gala Agricultural Limited to support the company's operations and expansion (*The Nation*, 3 January 2024).
- According to the World Food Programme (WFP) Malawi, 4.4 million Malawians face acute food insecurity between October 2023 and March 2024. To attain food security, through the Government-led Lean Season Response plan, USD226 million (about MK384 billion) is needed to address acute food security either in cash or in-kind. As part of its strategy, the WFP procured and distributed maize while also conducting cash transfer distributions for support in some districts in the country. WFP continued to engage stakeholders, including the Ministry of Agriculture, the National Food Reserve Agency (NFRA), and the Agricultural Commercialisation (AGCOM) project to develop the road map for 2024 (World Food Programme Country Brief, November 2023).
- According to the latest issue of the Country Economic Memorandum, support from the United States Agency for International Development (USAID) has helped boost the contribution of legumes as a share of total national exports. Data from the World Bank and Malawian-registered American firm the Palladium Group shows that exports of groundnuts in Malawi grew from USD14 million in 2021 to more than USD34 million in 2023. Exports of soya beans have also grown from USD500,000 in 2013 to about USD133 million in 2021 (*The Nation*, 2 January 2024).
- The Reserve Bank of Malawi (RBM) has commended the policy paper titled "IMF and World Bank approach to cross-border payments technical assistance", saying it will help reduce the cost of remittances and cross-border payments. According to the IMF, sending USD200 (about MK340,000) to Malawi in 2021 was at USD18 (about MK30,600) or 8.9% of the value of the transaction, which is about 3.9 percentage points higher than the 3% to 5% threshold set by the G20, World Bank and IMF. This development corresponds with a proposal from the Ministry of Finance and Economic Affairs to increase the amount of foreign exchange generated through increased engagement with Malawians living in the diaspora (*The Nation*, 5 January 2024).
- The commercial bank reference rate has been maintained at 23.6%, effective 4 January 2024 (*The Nation*, 4 January 2024).

*: Reserve Bank of Malawi opening exchange rates as of 5 January 2024



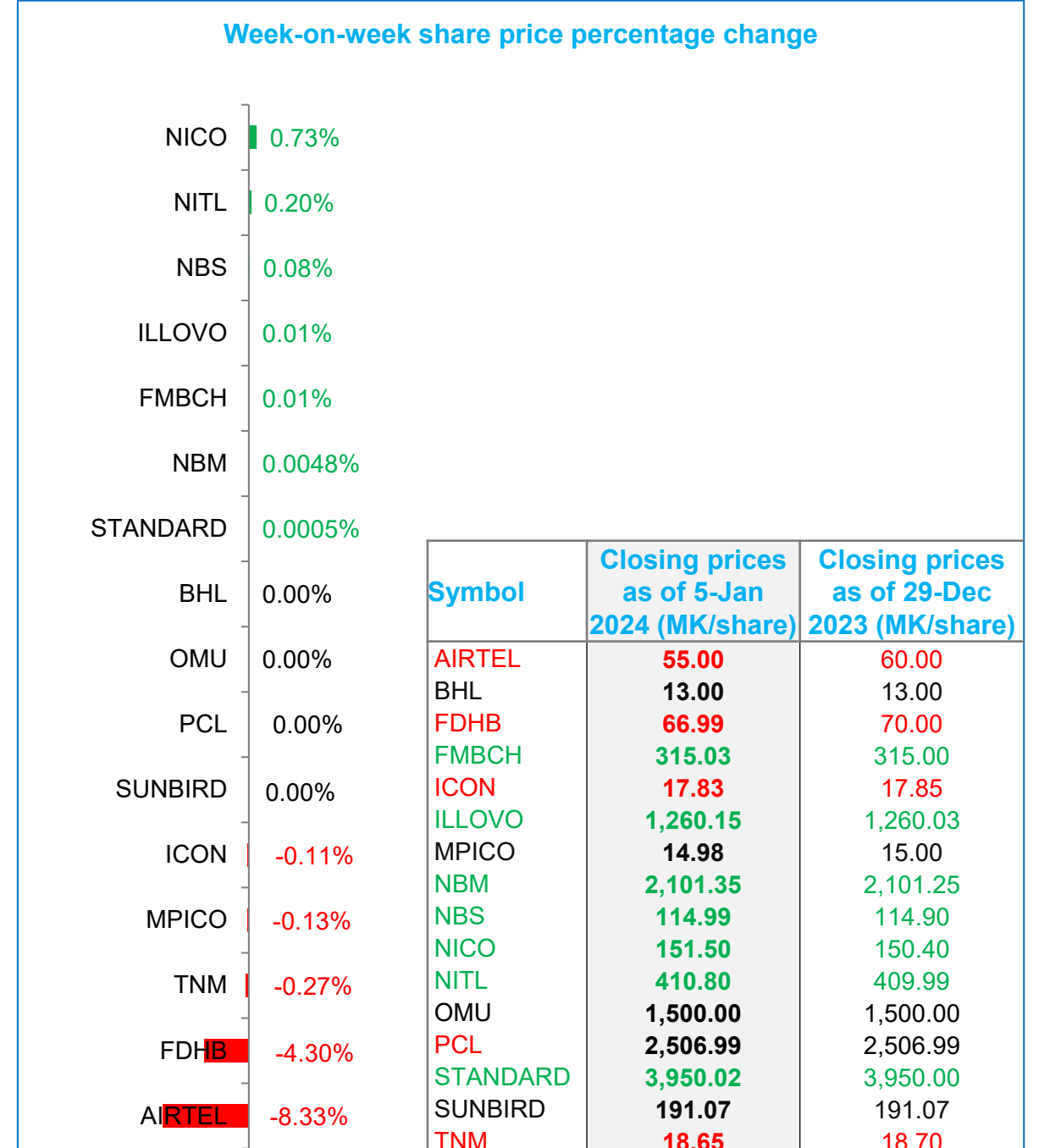
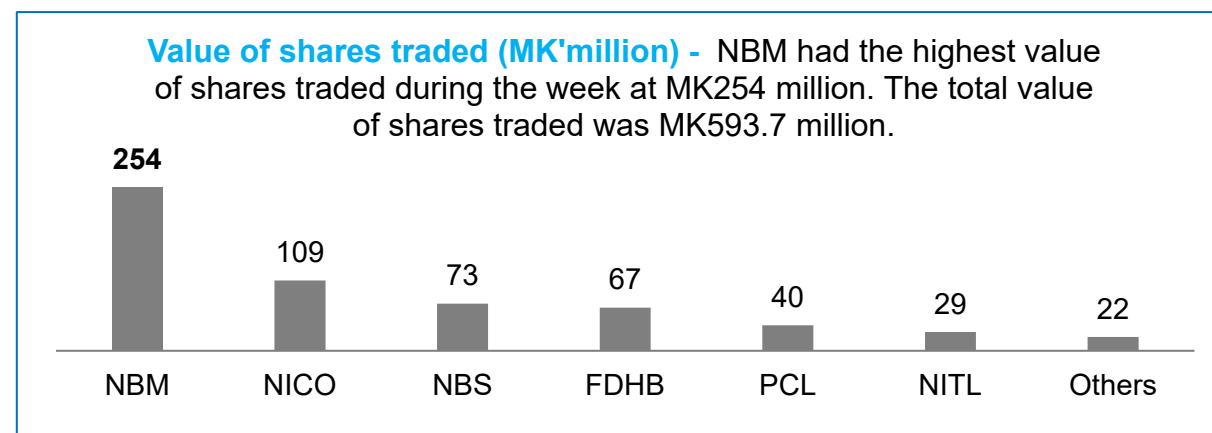
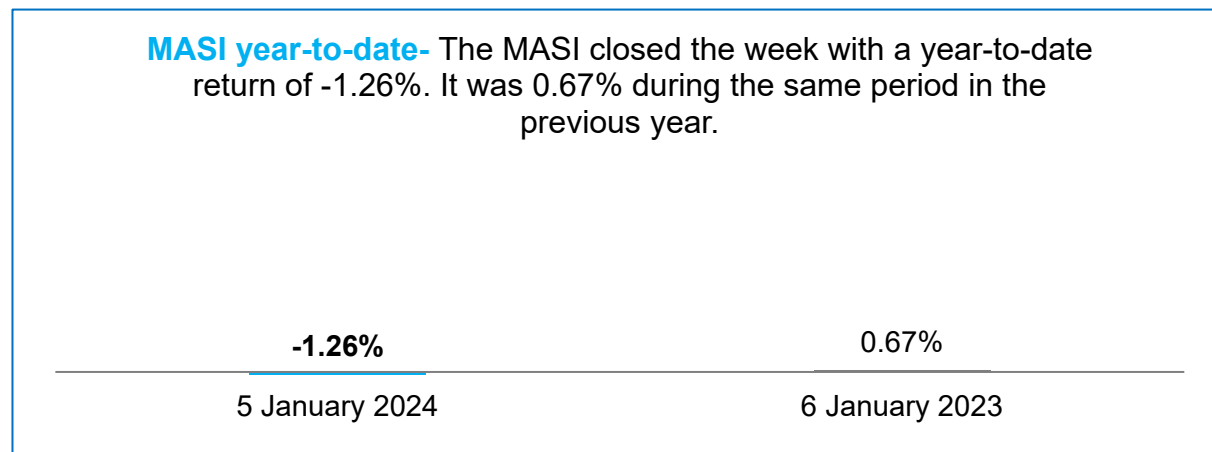
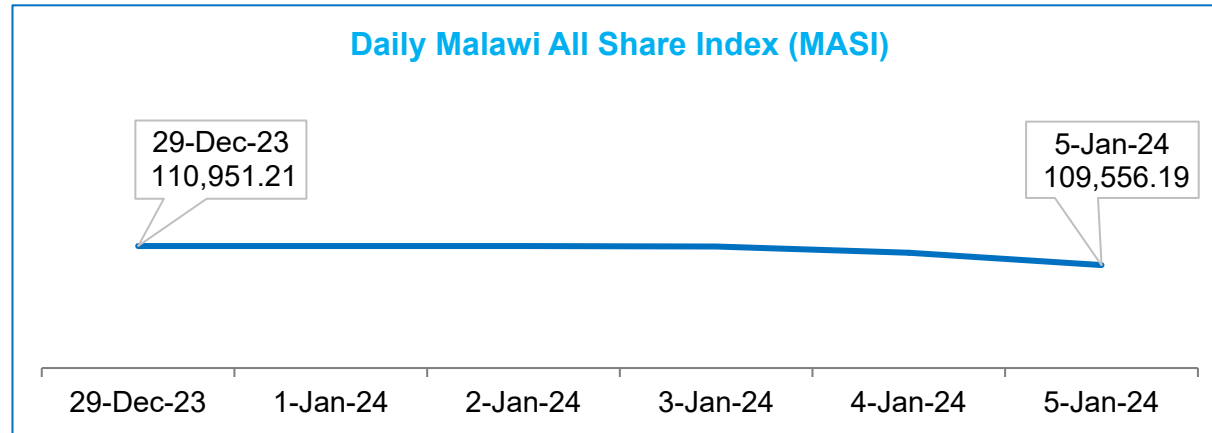
Malawi Financial Market Update: Week ending 5 January 2024

Stock market (Source: MSE)

The stock market was slightly bearish, with the Malawi All Share Index (MASI) closing the week ending 5 January 2024 at 109,556.19 from 110,951.21 points for the week ending 29 December 2023. Week on week, this represents a 1.26% decrease.

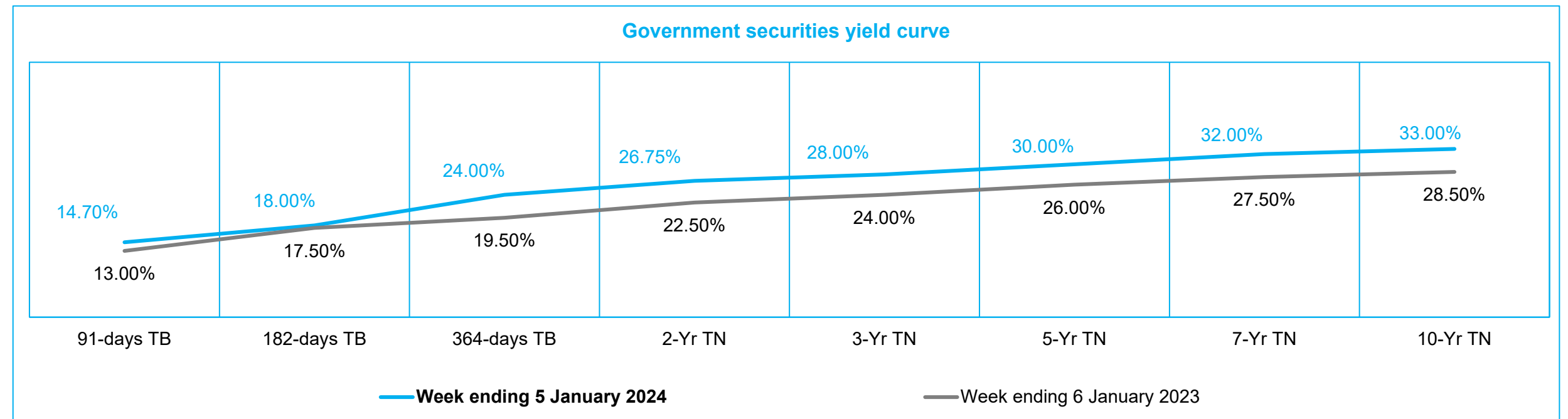
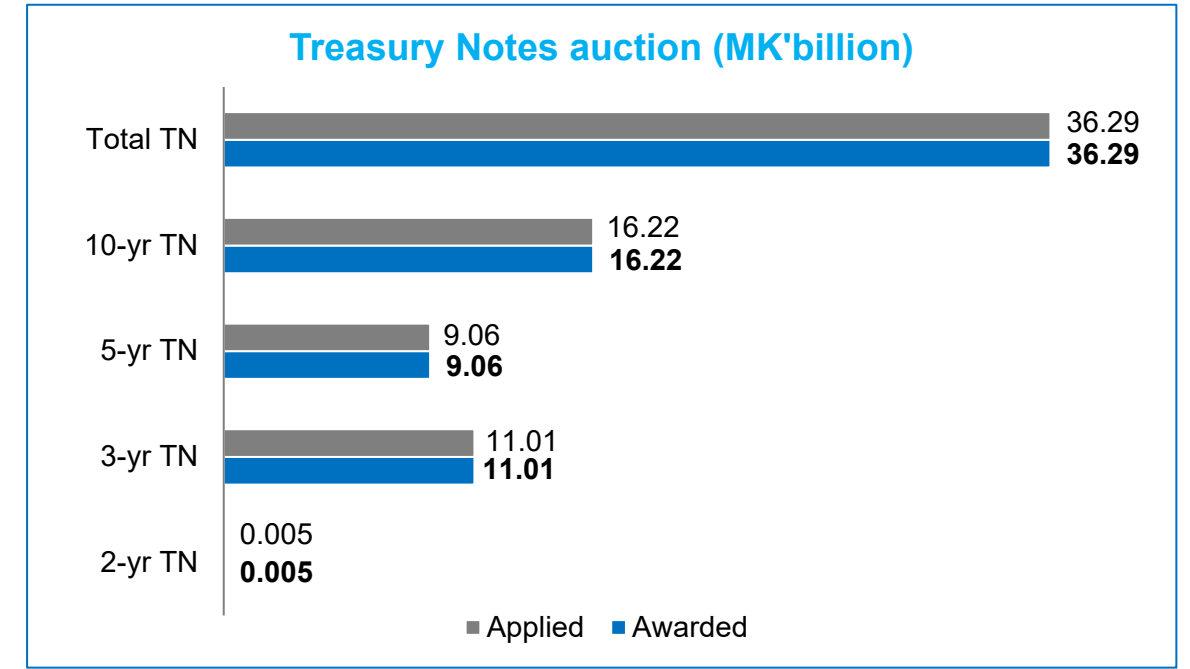
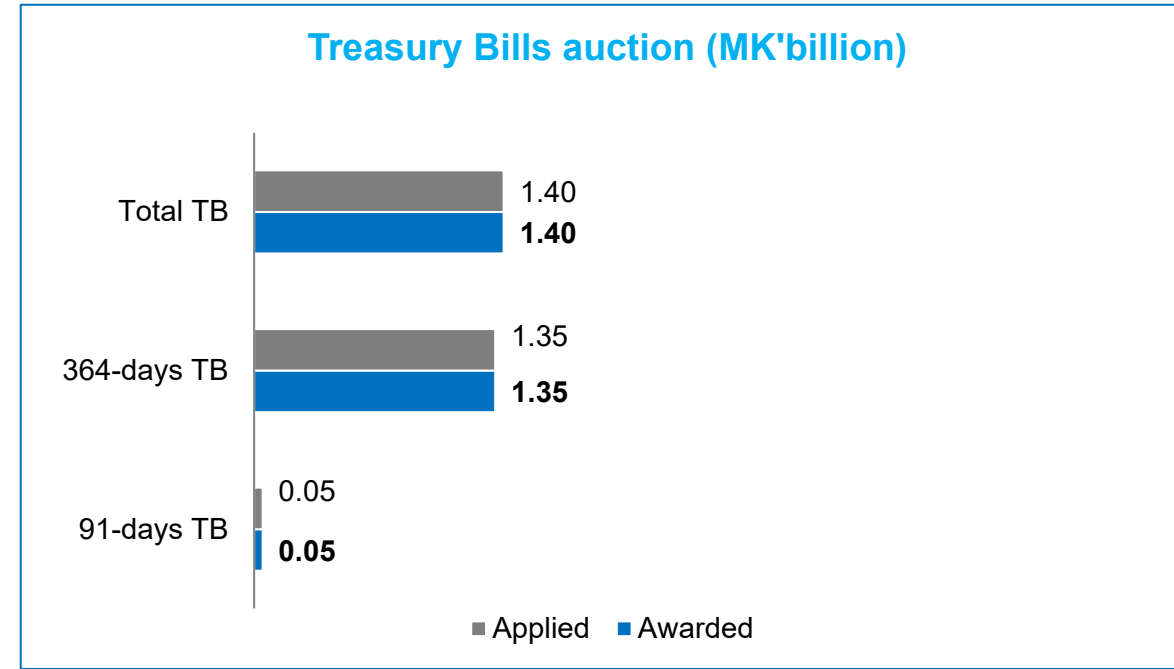
There were marginal share price gains for NICO, NITL, NBS, ILLOVO, FMBCH, NBM and STANDARD during the week under review.

The marginal share price gains were offset by AIRTEL and FDHB share price losses amounting to 8.33% and 4.30%, respectively. There were also a marginal share price losses for TNM, MPICO and ICON during the week under review.





Government securities (Source: RBM)



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

A total of MK1.40 billion was raised from the TBs auctions held during the period under review.

MK36.29 billion was raised from the TN 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.

There were no applications for the 182-day TB and the 7-year TN

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-2023	5-Jan-2024
Exchange rates (middle rates)														
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	1,697.98	1,683.37*
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	2,224.30	2,196.46*
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	1,917.45	1,894.77*
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	94.17	92.67
Foreign Exchange Reserves														
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	N/A	N/A	N/A
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	N/A	N/A	N/A
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	N/A	N/A	N/A
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	N/A	N/A	N/A
Inflation														
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	N/A
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	N/A
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	N/A
Interest Rates														
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%	24.00%
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%	23.00%
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%	24.20%
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%	23.60%
Government Securities Yields														
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%	14.70%
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%	18.00%
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%	24.00%
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%	26.75%
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%	28.00%
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%	30.00%
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%	32.00%
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%	33.00%
Stock Market Indices														
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	109,556.19
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	85,117.61
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	15,793.05

*: Reserve Bank of Malawi opening exchange rates as of 5 January 2024

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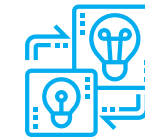
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