



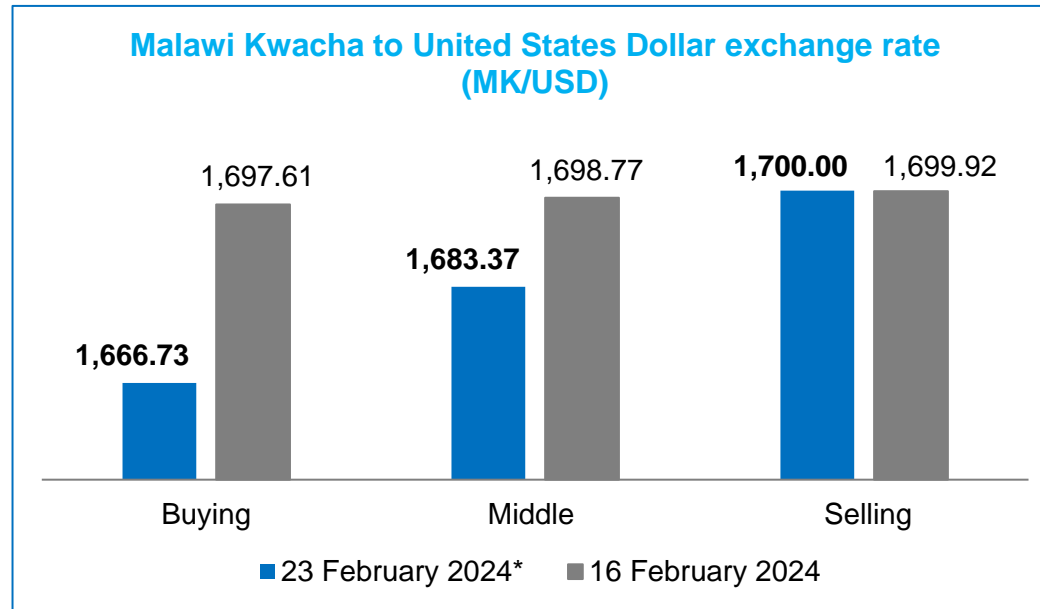
# Malawi Financial Market Update

Week ending 23 February 2024

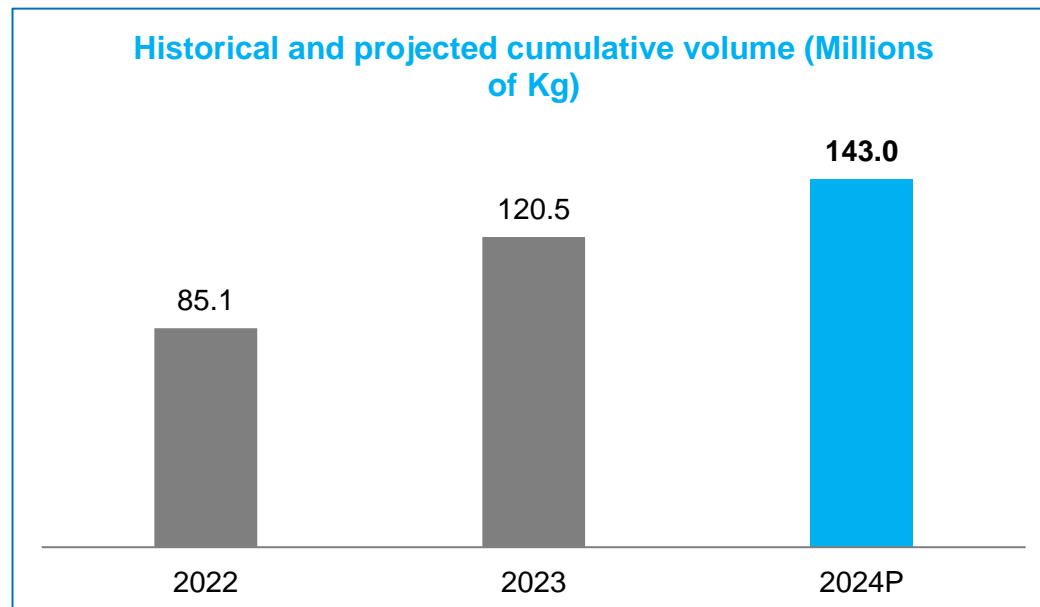


**Exchange rate and other market developments**

**Exchange rate (Source: RBM)**



**Tobacco volumes (Source: Tobacco Commission)**



According to the first round of the crop estimates survey conducted by the Tobacco Commission, tobacco production is projected to increase by 21% in 2024 to reach a cumulative volume of 143 million kg from 120 million kilograms in 2023.

**What Happened This Week**

1. According to the Tobacco Commission’s first round of crop estimates survey for the 2023/2024 farming season, tobacco production is projected to increase by 21% in 2024 from 2023. The report projects a production of 146 million kilograms (kg) in 2024, and 120 million kg of tobacco was sold in 2023. The projected improvement in production is attributed to increased hectareage incentivised by good prices in 2023. The nationwide survey was conducted from 15 January to 2 February 2024 (*The Tobacco Commission, 21 February 2024*).
2. The State President of Malawi has reiterated that the gold procured by the Reserve Bank of Malawi (RBM) will not be sold but purified and used as reserves. The structured market for gold in Malawi followed confirmation of the existence of gold deposits which were being illegally externalized with no export proceeds declaration. Since its inception, RBM has purchased 187 kg for MK19.2 billion with a total value of MK22.1 billion. The gold will be purified and held by the RBM as gold bullion. The purification process has already commenced, and the gold will be purified at the end of the first quarter of 2024. The gold will be sold when substantial stocks have been accumulated, and international gold prices have improved (*The Daily Times, 22 February 2024*).
3. According to the National Economic Empowerment Fund (Neef), the organisation has beaten its three-year loan disbursement target by MK23 billion. After rebranding from Malawi Rural Development Fund (Mardef) in 2021, Neef has disbursed MK98 billion from an initial target of MK75 billion. The loan collection rate also improved to 74% compared to 2022, when many people defaulted on loans. In September 2023, Neef requested an additional MK5 billion and was given MK10 billion from the treasury in the 2023/24 financial year (*The Daily Times, 23 February 2024*).
4. At a meeting organized by the Civil Society Agriculture Network (CisaNet), the Malawi Investment and Trade Centre (MITC) stated that it is collaborating with the Halal Trade and Marketing Centre (HTMC) to facilitate halal certification to enable local businesses to supply meat products to gulf nations. According to MITC, meat products are in high demand in countries such as Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The estimated market value for food and beverages is USD60 billion (approximately MK100 trillion), according to the MITC (*The Nation, 20 February 2024*).
5. On 16 February 2024, Illovo Sugar (Malawi) Plc held an investor day forum in Blantyre. Following the discussion, Illovo’s Managing Director stated in an interview that the firm has moved to diversify its value chain and revenue sources by investing in cotton production in the Shire Valley. The cotton production is on a trial basis on 30 hectares of land (*The Nation, 19 February 2024*).

\*: Reserve Bank of Malawi opening exchange rates as of 23 February 2024



# Malawi Financial Market Update: Week ending 23 February 2024

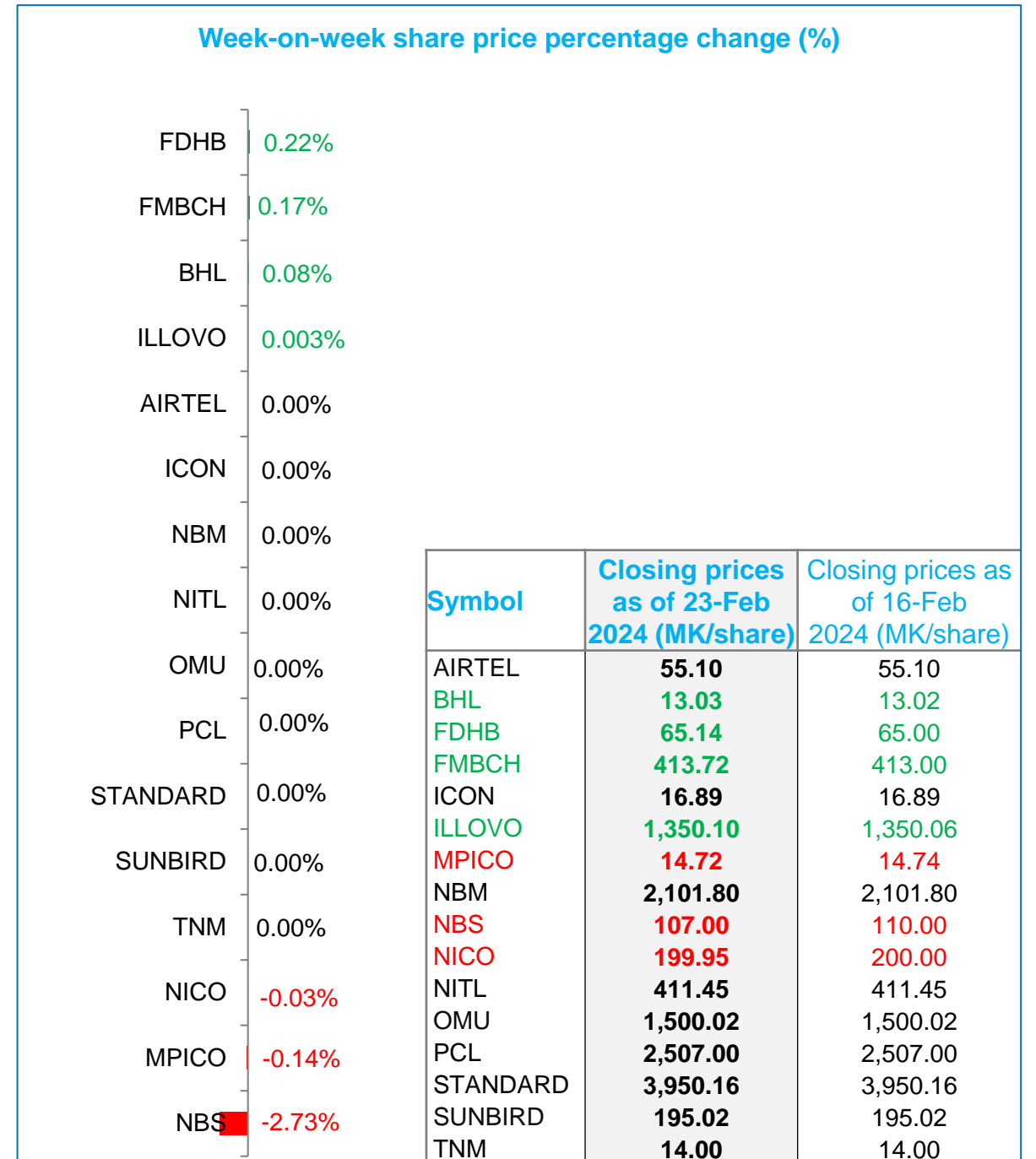
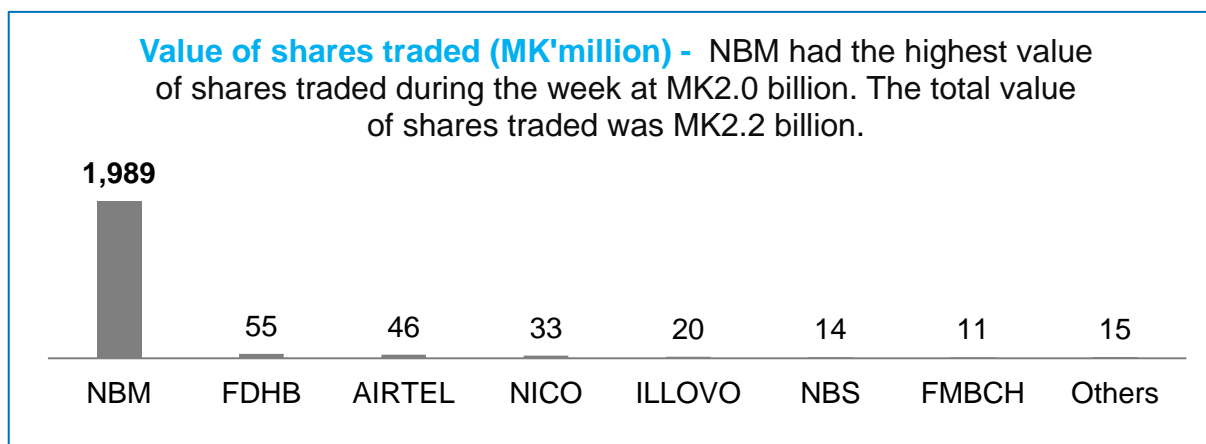
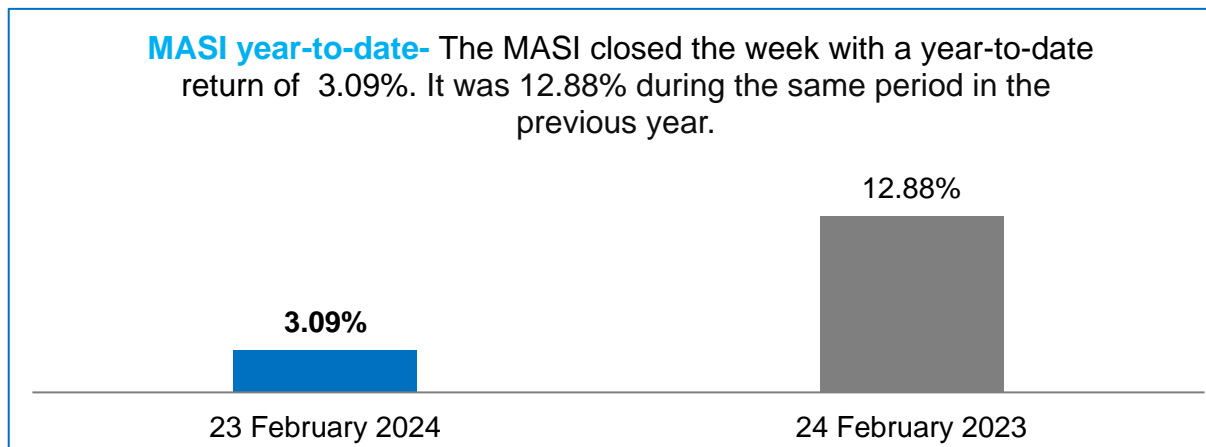
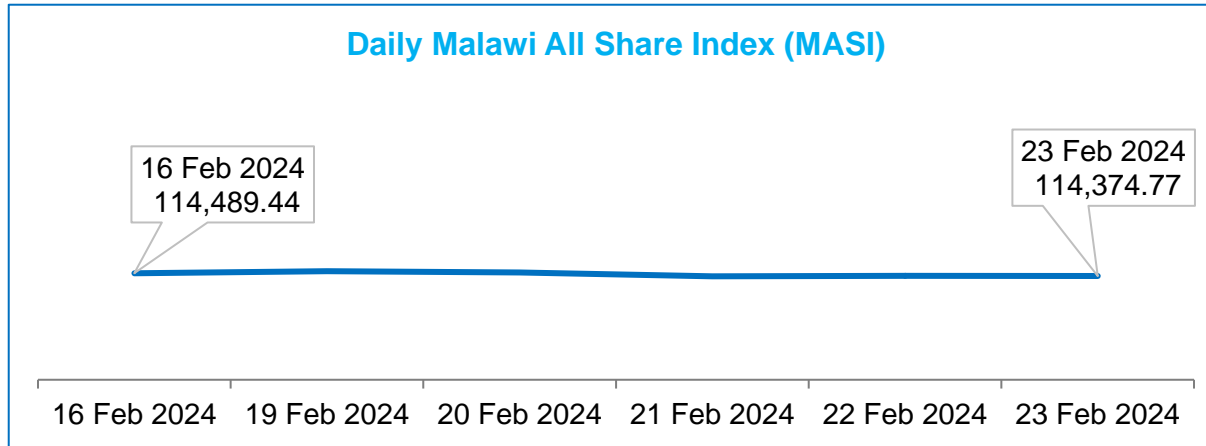
## Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 23 February 2024 at 114,374.77 points from 114,489.44 points for the week ending 16 February 2024. Week on week, this represents a 0.10% decrease.

There were marginal share price gains for FDHB, FMBCH, BHL and ILLOVO during the week under review.

There was a share price loss for NBS.

There were also marginal share price losses for MPICO and NICO during the week under review.





**Government securities (Source: RBM)**

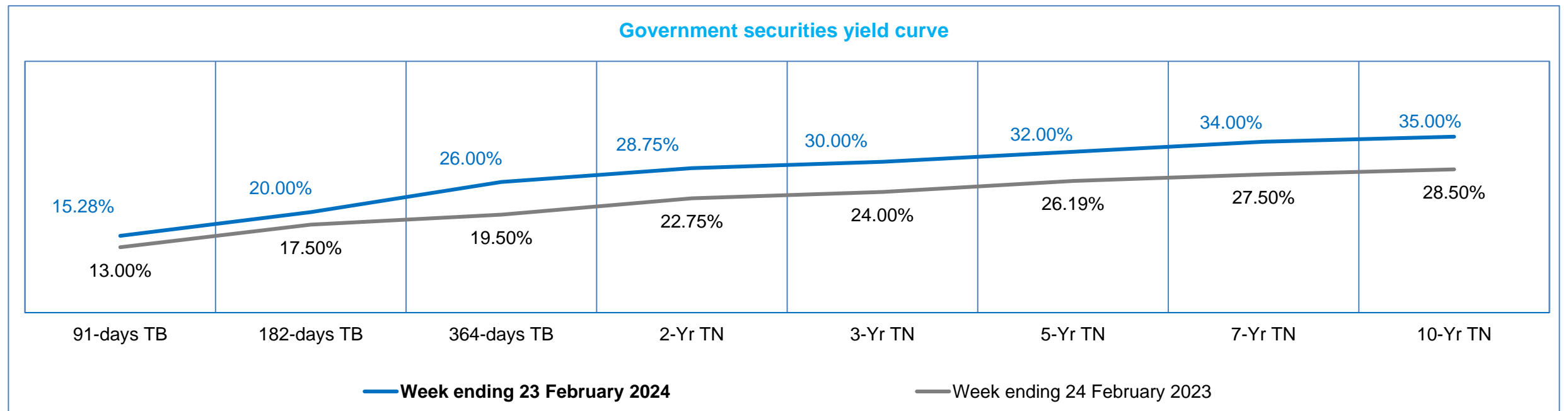
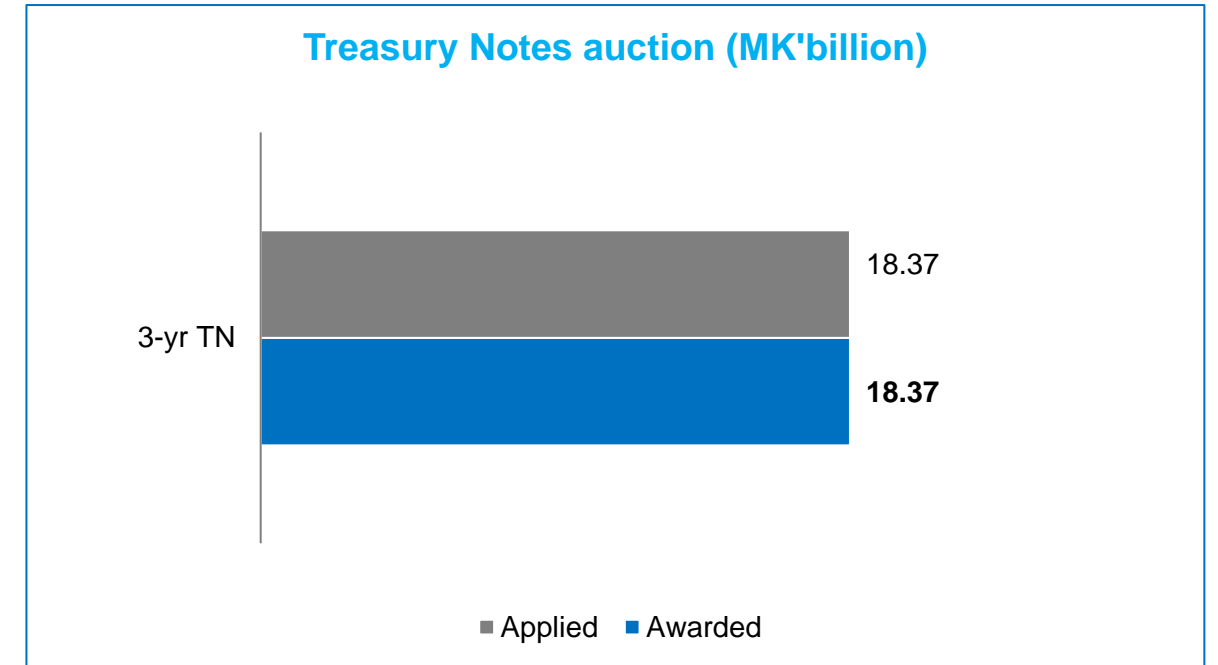
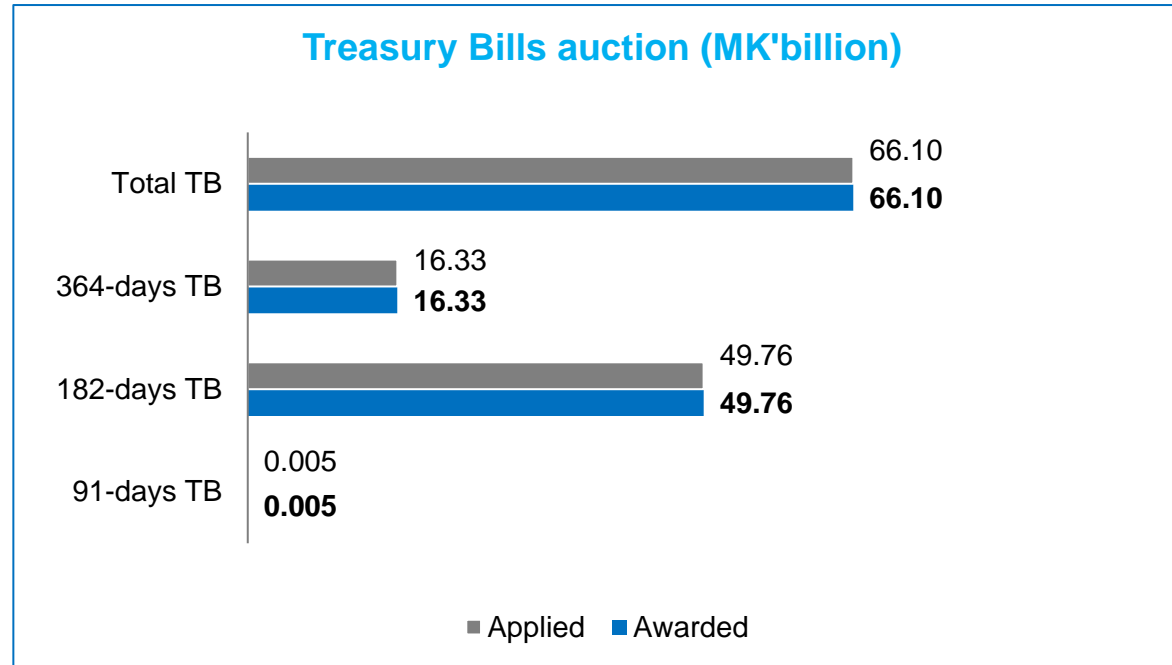
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills and a 3-year Treasury Note during the period under review.

A total of MK66.10 billion was raised from the TB auctions held during the period under review.

MK18.37 billion was raised from the 3-year TN auction held during the period under review.

The average TB yield decreased to 20.43% from 20.49%, while the average TN yield maintained at 31.95% during the period under review.

The decrease in the average TB yield was due to a reduction in the yield of the 91-day TB tenor. Notably, the 91-day TB yield decreased to 15.28% from 15.58%, offsetting the increase in the 182-day TB yield to 20.00% from 19.89%.



TB: Treasury Bill  
TN: Treasury Note  
Yr: Year



## Appendix 1: Historical Economic Indicators

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	23-Feb-2024
<b>Exchange rates (middle rates)</b>														
MK/USD	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	1,697.80	<b>1,683.37*</b>
MK/GBP	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	2,221.35	<b>2,194.90*</b>
MK/EUR	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	1,888.43	<b>1,876.91*</b>
MK/ZAR	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	<b>90.51*</b>
<b>Foreign Exchange Reserves</b>														
Gross Official Reserves (USD'mn)	279.22	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	169.3	165.20	242.58	N/A	<b>N/A</b>
Private Sector Reserves (USD'mn)	384.37	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	396.9	413.20	433.01	N/A	<b>N/A</b>
Total reserves (USD'mn)	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	566.2	578.40	675.58	N/A	<b>N/A</b>
Gross Official Reserves Import cover (months)	1.12	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	2.3	0.7	1.0	N/A	<b>N/A</b>
<b>Inflation</b>														
Headline	25.9%	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	<b>N/A</b>
Food	30.5%	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	<b>N/A</b>
Non-food	20.4%	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	<b>N/A</b>
<b>Interest Rates</b>														
Monetary Policy rate	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%	<b>26.00%</b>
Average Interbank rate	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%	<b>22.00%</b>
Lombard rate	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%	<b>26.20%</b>
Commercial Bank reference rate	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%	<b>24.90%</b>
<b>Government Securities Yields</b>														
91-days Treasury Bill	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%	<b>15.28%</b>
182-days Treasury Bill	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%	<b>20.00%</b>
364-days Treasury Bill	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%	<b>26.00%</b>
2-year Treasury Note	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%	<b>28.75%</b>
3-year Treasury Note	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%	<b>30.00%</b>
5-year Treasury Note	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%	<b>32.00%</b>
7-year Treasury Note	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%	<b>34.00%</b>
10-year Treasury Note	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%	<b>35.00%</b>
<b>Stock Market Indices</b>														
MASI	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	115,670.54	<b>114,374.77</b>
DSI	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	86,383.46	<b>85,576.14</b>
FSI	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	21,124.59	<b>20,683.14</b>

\*: Reserve Bank of Malawi opening exchange rates as of 16 February 2024

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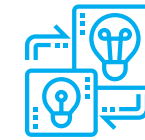
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