



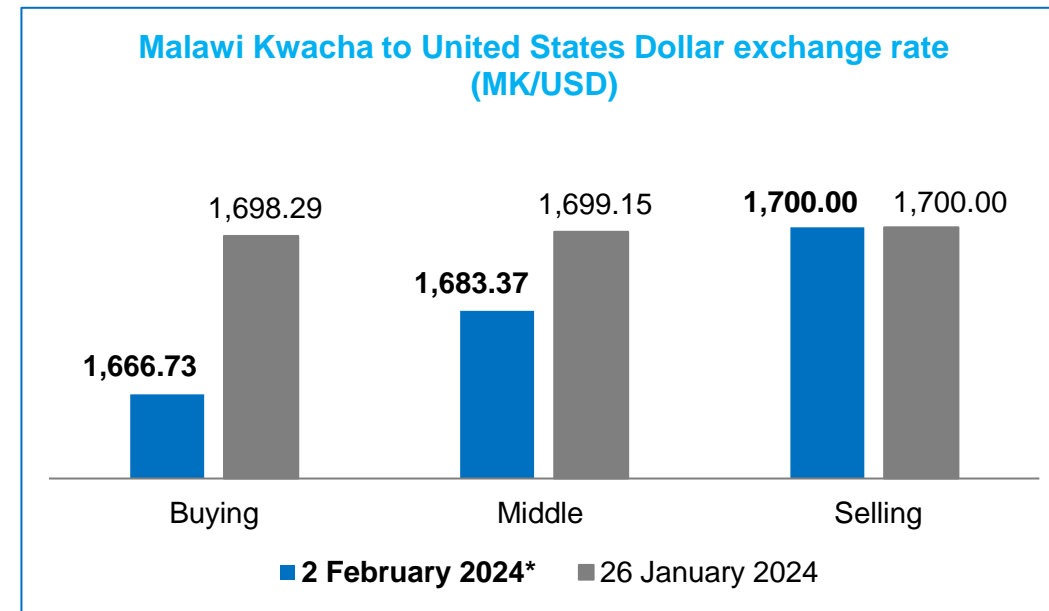
Malawi Financial Market Update

Week ending 2 February 2024

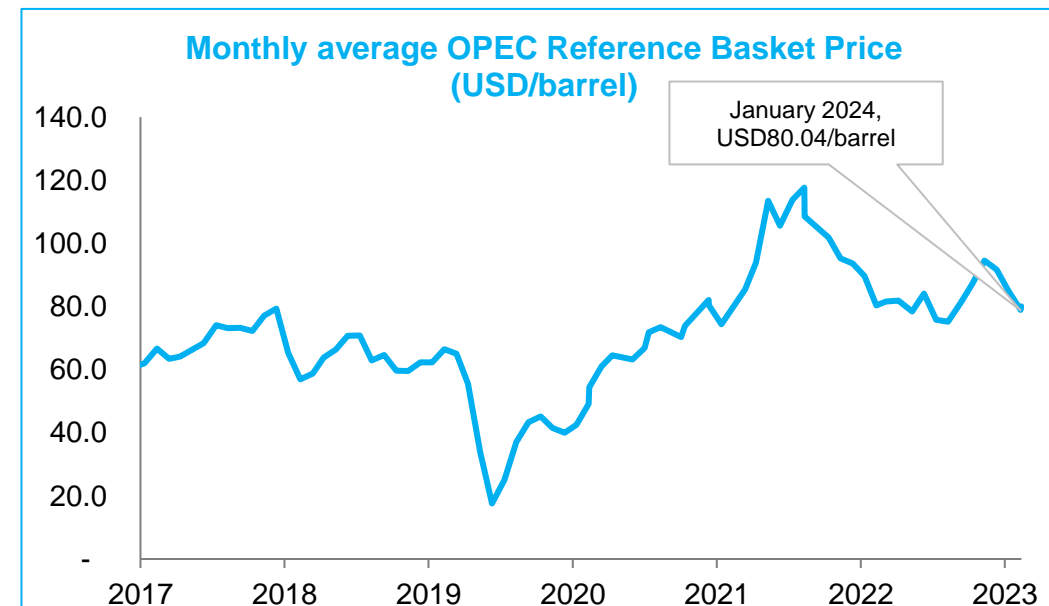


Exchange rate and other market developments

Exchange rate (Source: RBM)



OPEC Basket Prices (Source: OPEC)



According to the IMF, staying on course with the ECF is key to Malawi's restoration of macroeconomic stability.

Malawi is set to benefit from 50 megawatts from the Malawi-Mozambique Power Interconnector Project.

What Happened This Week

- Following the conclusion of the staff visit, the International Monetary Fund (IMF) states that staying on course with the Extended Credit Facility (ECF) is key to Malawi's restoration of macroeconomic stability, and risks to the programme remain. According to the IMF representative, risks to the programme include delays and weaker-than-expected implementation of policy adjustments, prolonged debt restructuring process, and further weather-related shocks. Upside risks include a faster-than-anticipated impact of policy actions, successful export diversification, and budget overperformance. Malawi's structural benchmarks under the ECF arrangement include repealing preferential treatment for motor vehicle and VAT relief for current and former public officials and making VAT reviews on building materials, supply of motor vehicles and business inputs (*The Nation, 29 January, 2024*).
- According to the Electricity Supply Corporation of Malawi (Escom), the Malawi-Mozambique Power Interconnector Project will roll out soon as about 80% of the project has been completed. The project is designed to connect Mozambique's and Malawi's power transmission systems to enable both countries to engage in bilateral and regional power trade in the Southern African Power Pool (Sapp). This will translate into improved access to electricity in the country by 50 megawatts. The project is set to conclude in September this year. (*Daily Times, 30 January, 2024*).
- Six local companies have entered the Malawi Stock Exchange (MSE)'s Mzinga Incubation Programme with anticipation of listing on the local bourse at the end of orientation. This includes Agro-Input Supplies Limited, Combine Cargo Limited, Nagowa Finance Limited, WealthNet Finance Public Limited Company, Ziweto Enterprises Limited and Unitech Technologies Limited. The programme will run for 18 months. The companies will be taken through various topics, including corporate governance, financial reporting, business financing, and how to prepare listing documentation, among others. The expectation is that at least two companies graduate to list on EDGEx at the end of the 18 months. Other companies applied but did not go through because of incomplete documentation or failure to meet the eligibility requirements stipulated. (*The Daily Times 30 January, 2024*)
- According to Transparency International, Malawi scored 34 out of 100 in the 2023 Corruption Perceptions Index. The CPI ranks 180 countries and territories around the globe by their perceived levels of public sector corruption, scoring on a scale of 0 (highly corrupt) to 100 (very clean). Malawi ranks number Over two-thirds of countries score below 50 out of 100, which strongly indicates that 115 out of the 180 countries have serious corruption problems. The 2023 Corruption Perceptions Index (CPI) shows that corruption is thriving across the world. The global average is only 43, while most countries have made no progress or declined in the last decade. In 2023, 23 countries fell to their lowest scores ever. (*Corruption Perceptions Index 2023, Transparency International*)

*: Reserve Bank of Malawi opening exchange rates as of 2 February 2024



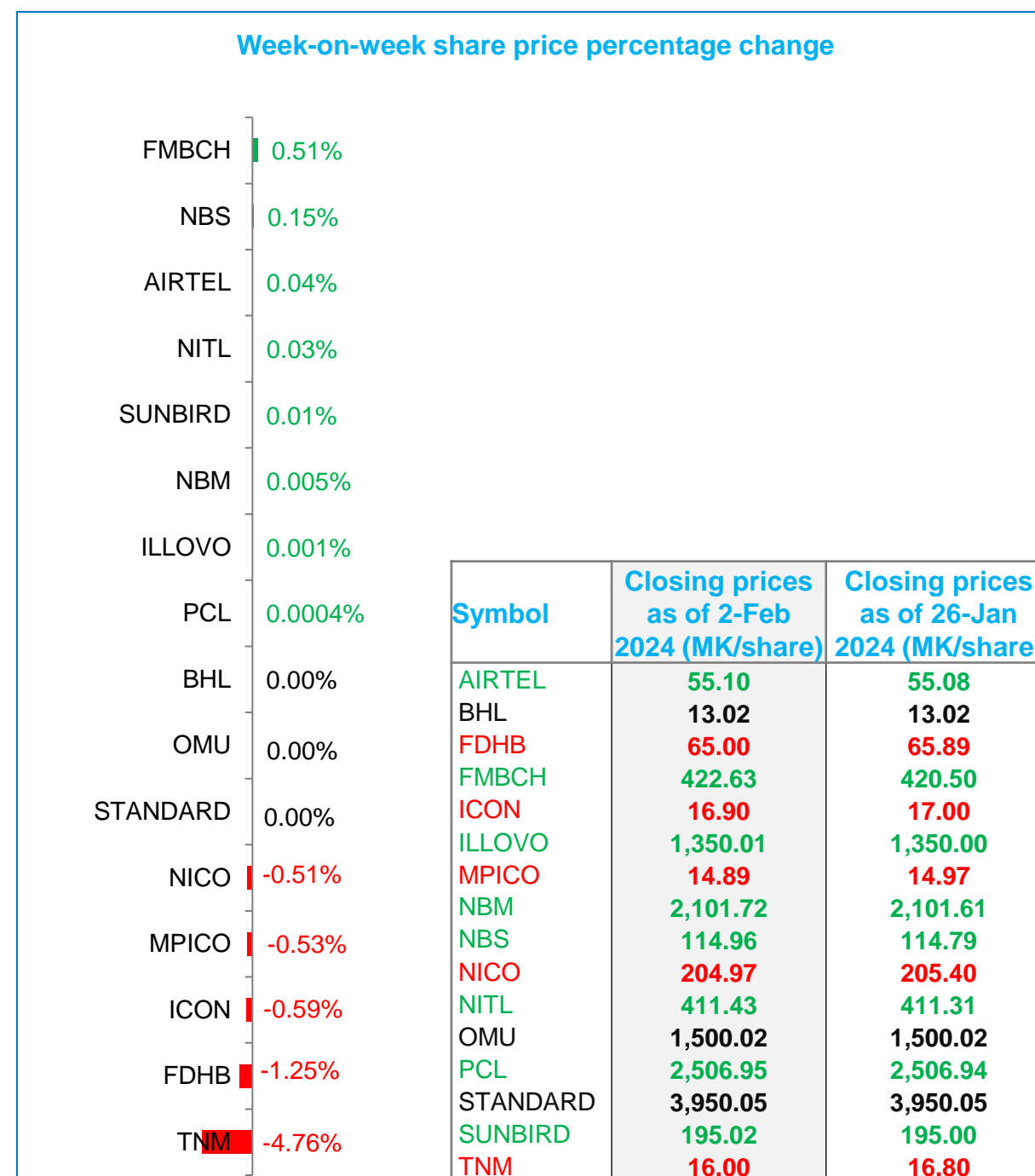
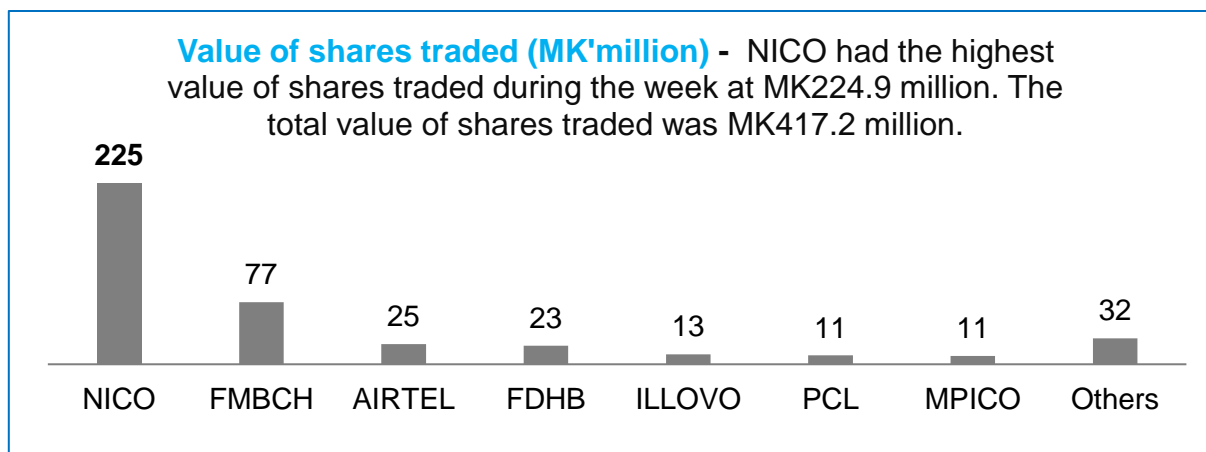
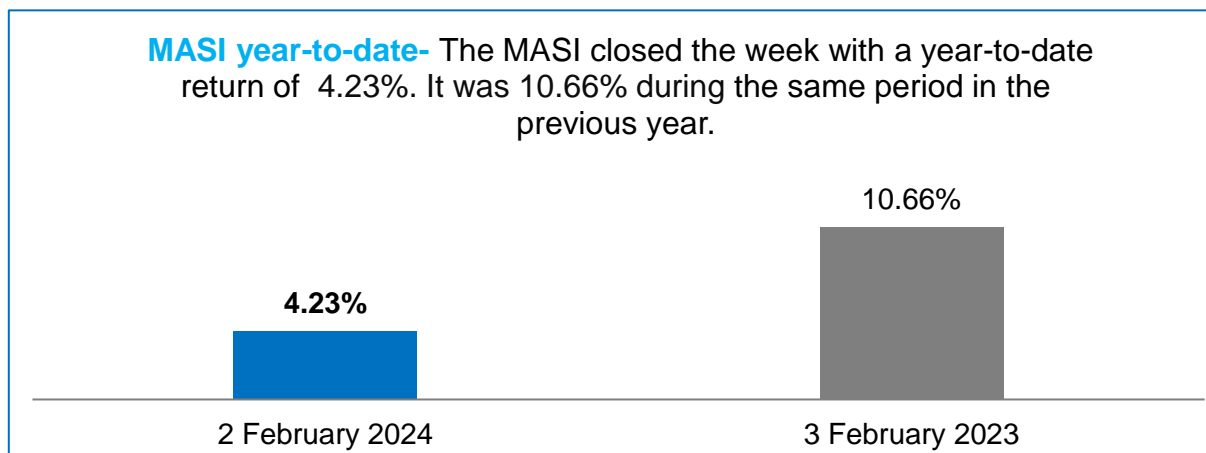
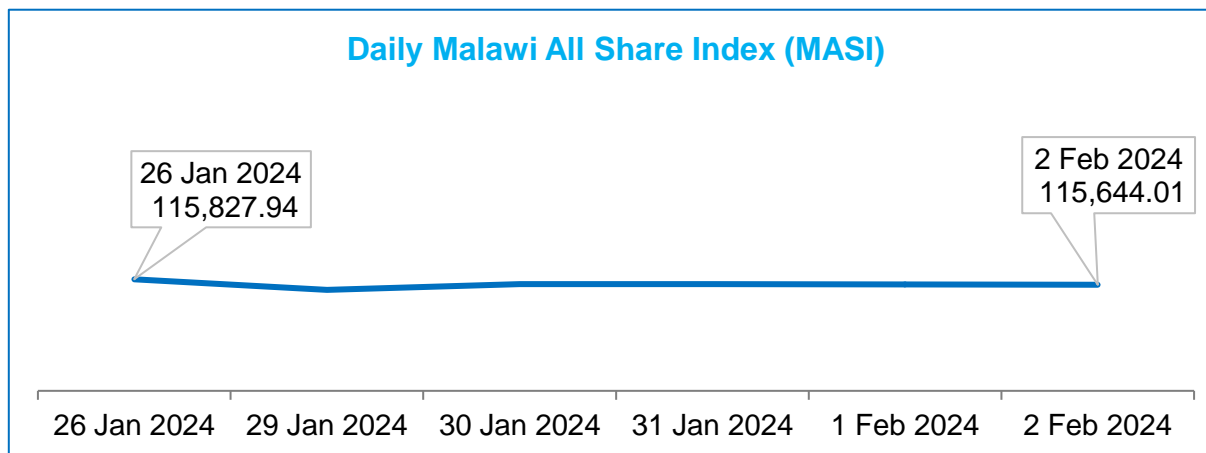
Malawi Financial Market Update: Week ending 2 February 2024

Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 2 February 2024 at 115,644.01 points from 115,827.94 points for the week ending 26 January 2024. Week on week, this represents a 0.16% decrease.

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

There were share price losses for TNM (-4.76%) and FDHB (-1.25%). There were also marginal share price losses for ICON, MPICO and NICO during the week under review.



Symbol	Closing prices as of 2-Feb 2024 (MK/share)	Closing prices as of 26-Jan 2024 (MK/share)
AIRTEL	55.10	55.08
BHL	13.02	13.02
FDHB	65.00	65.89
FMBCH	422.63	420.50
ICON	16.90	17.00
ILLOVO	1,350.01	1,350.00
MPICO	14.89	14.97
NBM	2,101.72	2,101.61
NBS	114.96	114.79
NICO	204.97	205.40
NITL	411.43	411.31
OMU	1,500.02	1,500.02
PCL	2,506.95	2,506.94
STANDARD	3,950.05	3,950.05
SUNBIRD	195.02	195.00
TNM	16.00	16.80



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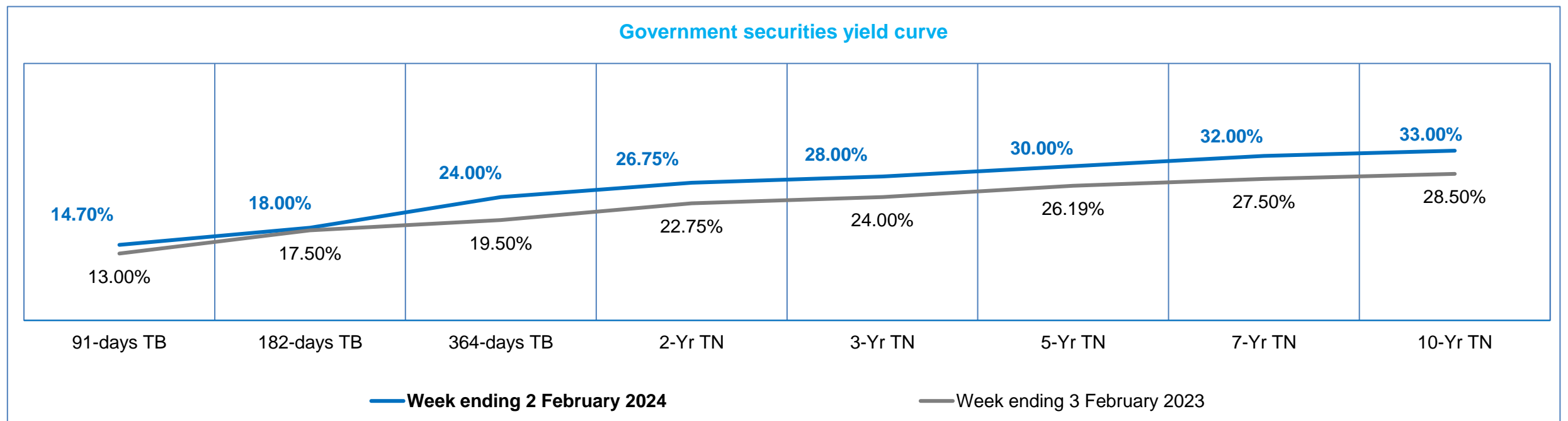
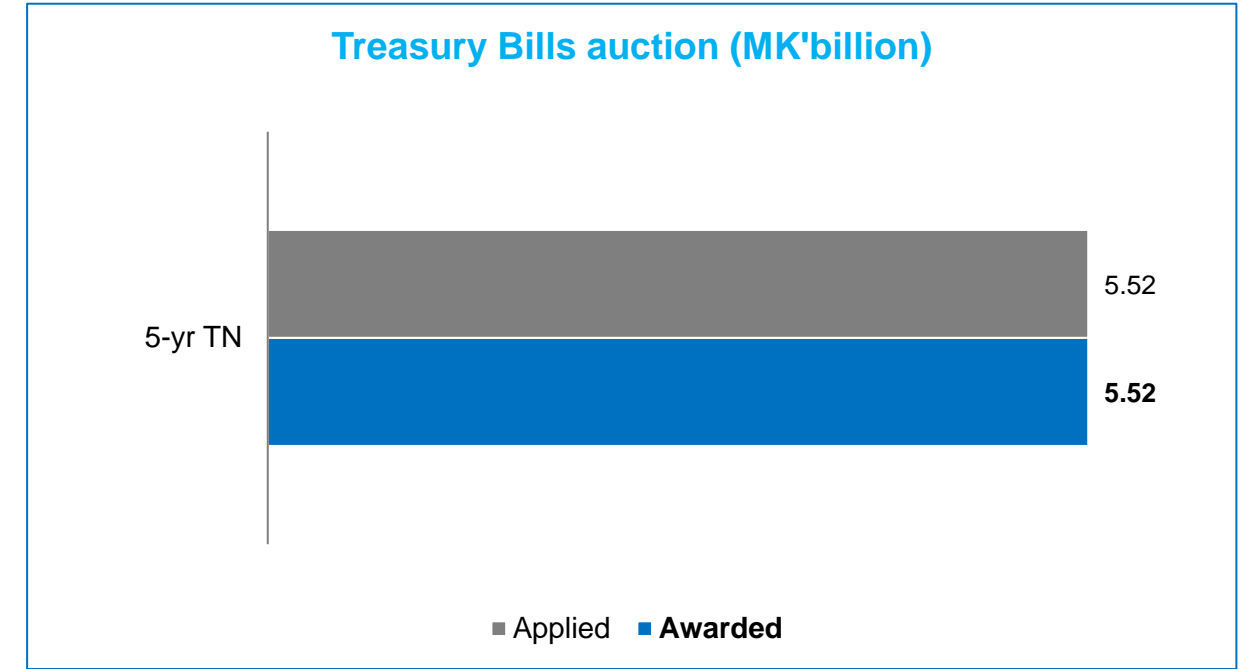
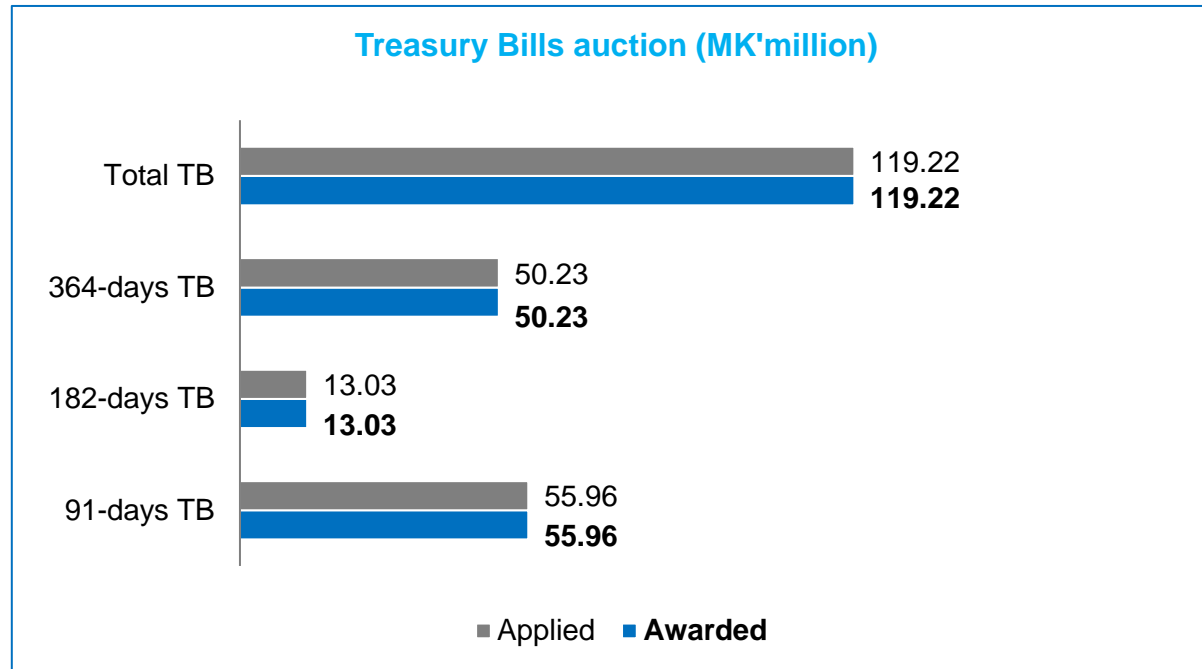
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills and the 5-year Treasury Note during the period under review.

A total amount of MK119.22 million was raised from the TB auctions held during the period under review.

MK5.52 billion was raised from the 5-year TN auction 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

	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	2-Feb-2024
Exchange rates (middle rates)														
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	1,683.37*
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	2,210.16*
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	1,885.93*
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	93.39*
Foreign Exchange Reserves														
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	169.50	N/A	N/A	N/A
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	N/A	N/A	N/A
Total reserves (USD'mn)	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	566.2	582.70	N/A	N/A	N/A
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	N/A	N/A	N/A
Inflation														
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%	N/A	N/A
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%	N/A	N/A
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%	N/A	N/A
Interest Rates														
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%	24.00%
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%	23.00%
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%	24.20%
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%	23.60%
Government Securities Yields														
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%	14.70%
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%	18.00%
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%	24.00%
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%	26.75%
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%	28.00%
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%	30.00%
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%	32.00%
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%	33.00%
Stock Market Indices														
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	115,644.01
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	86,359.86
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	21,124.59

*: Reserve Bank of Malawi opening exchange rates as of 2 February 2024

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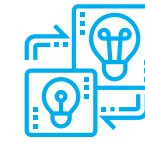
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