



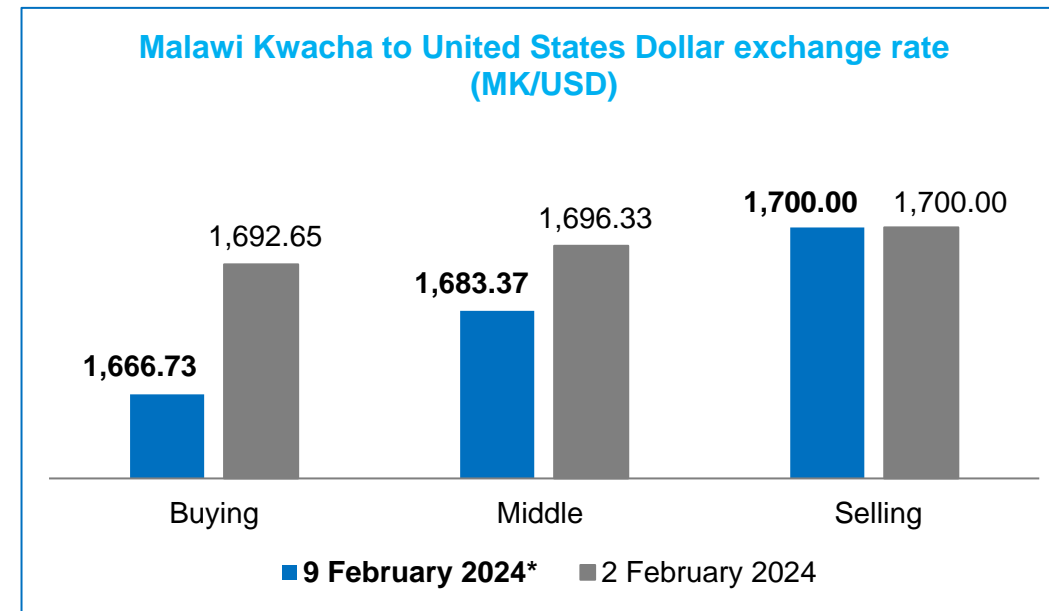
Malawi Financial Market Update

Week ending 9 February 2024

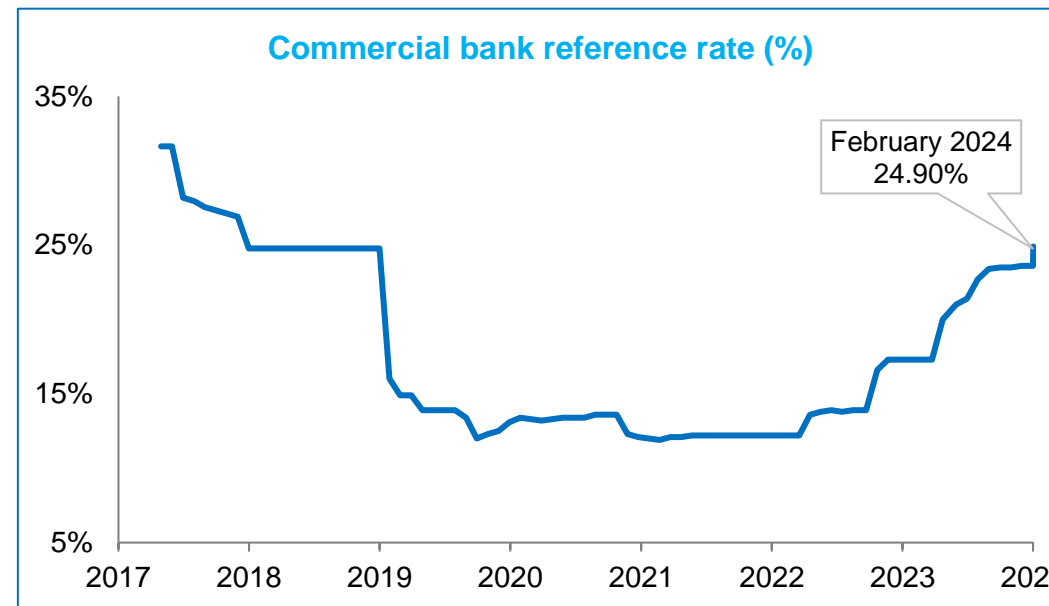


Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial Bank Reference Rates (Source: NBM)



The Policy rate has been increased by 200 basis points to 26%.

The Commercial Bank reference rate has been revised to 24.9% from 23.6%

What Happened This Week

- Following the Monetary Policy Committee (MPC) meeting, the committee decided to increase the Policy rate by 200 basis points to 26.0%. The Committee resolved to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ration at 7.75% for domestic currency deposits and 3.75% for foreign currency deposits (*Reserve Bank of Malawi, 5 February 2024*).
- The applicable commercial bank reference rate has been revised to 24.9% from 23.6%, effective 8 February 2024 (*National Bank of Malawi, 8 February 2024*).
- The German Government through its KfW Development bank has extended a EUR16 million grant to Malawi Government to support sexual and reproductive health services. The funds are to be used in the implementation of Phase III of a reproductive health programme locally known as N'zatonse III being implemented by Family Health Services (FHS), formerly Population Services International (PSI) Malawi. According to the German Ambassador, the project will be implemented in 10 districts where mobile clinics will operate (*The Nation, 6 February 2024*).
- In their revised trading statement, FDH Bank Plc expects the consolidated profit after tax for the year ending 31 December 2023 to range between MK34 billion and MK35 billion. This represents an increase of between 48% and 55% from the previous corresponding period ended 31 December 2022. This is an increase from their previous trading statement of the same period published on 11 December 2023 when the consolidated profit after tax was expected to close between MK29.1 billion and MK30.0 billion representing an increase of between 27% and 31% from a profit of MK22.93 billion in the previous year. (*Malawi Stock Exchange, 7 February 2024*).
- The National Economic Empowerment Fund (Neef) intends to introduce a farm input loans programme worth MK17 billion and targets about 100,000 farmers throughout the country. Out of the amount, MK5 billion has already been disbursed to farmers in Kasungu. The loans are to be provided to farmers who engage in irrigation activities with the aim of promoting the government's food security goals. Disbursing farm input loans to farmers across the country between April and June this year (*The Daily Times, 6 February, 2023*).
- The Malawi Government, through the Ministry of Trade intends to revamp the One Village One Product (Ovop) initiative. The initiative which began in 2003, received about 265 pieces of machinery under a line of credit from India. The loan attracted a 10% interest rate, payable over three years. Out of the 265 machinery, 230 machines were disbursed but a recent machine verification exercise indicates that there are 245 machines across the country, out of which 86 were disbursed under Ovop and 85 are operational. It is expected that over 300,000 farmers will benefit from the project resumption (*The Daily Times, 7 February, 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 9 February 2024



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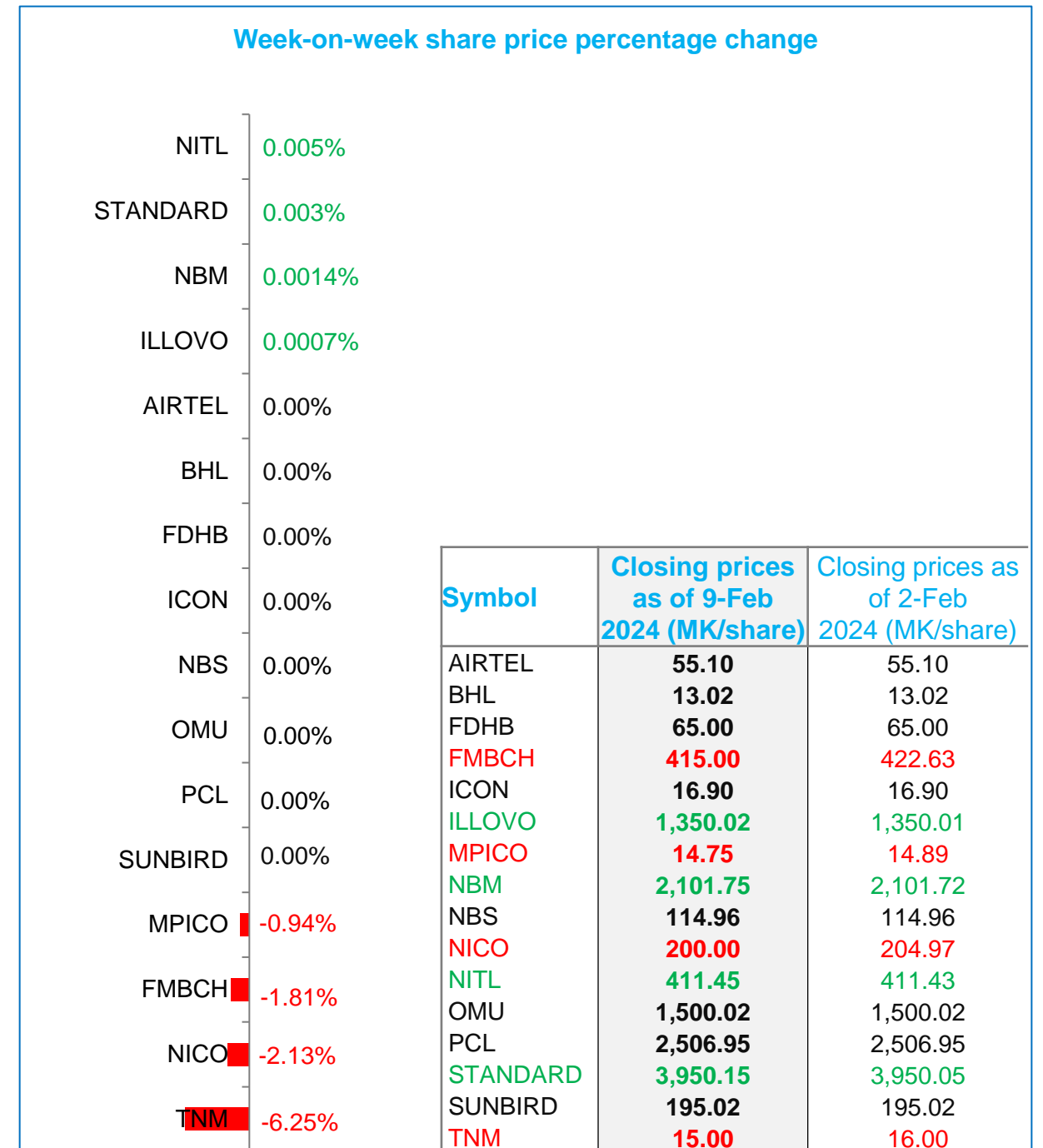
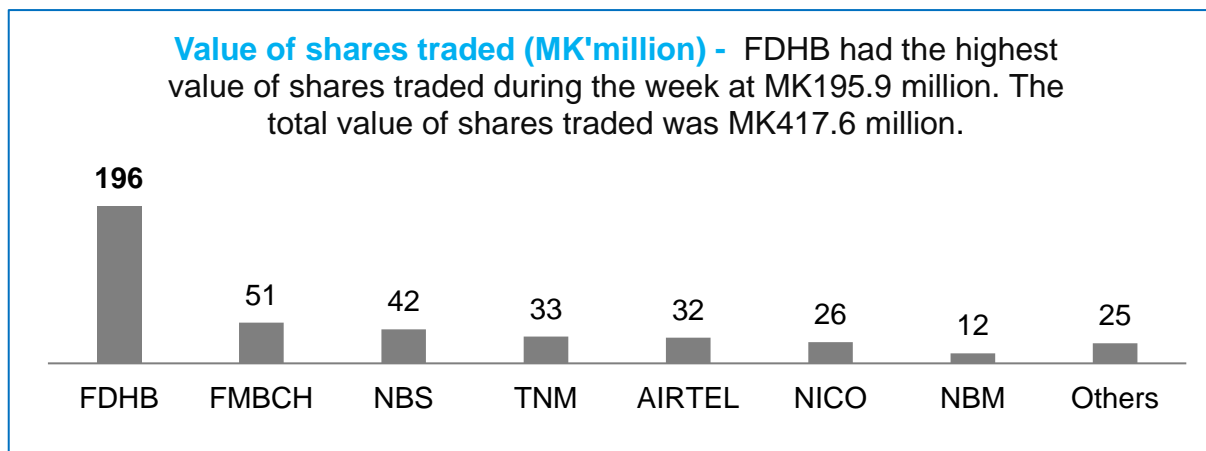
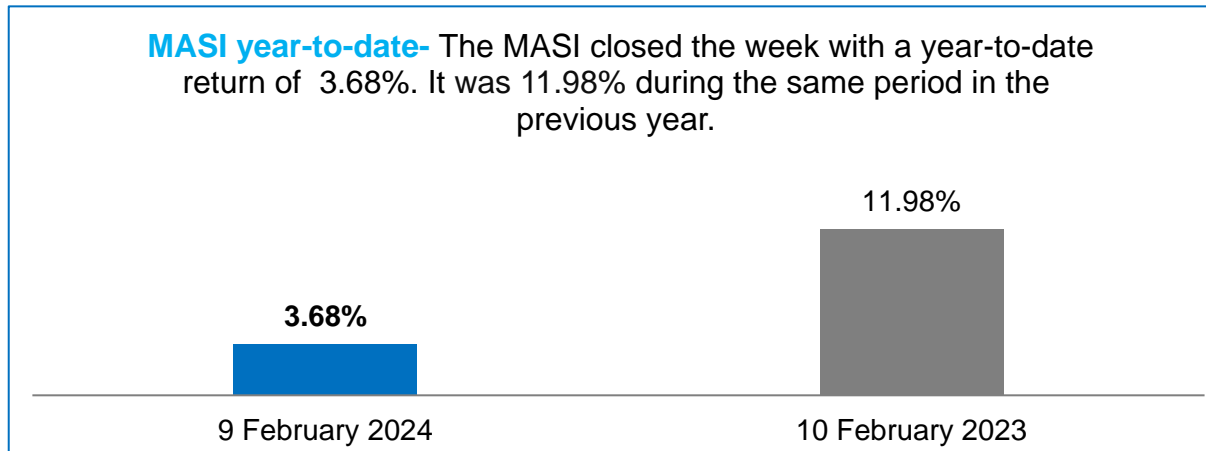
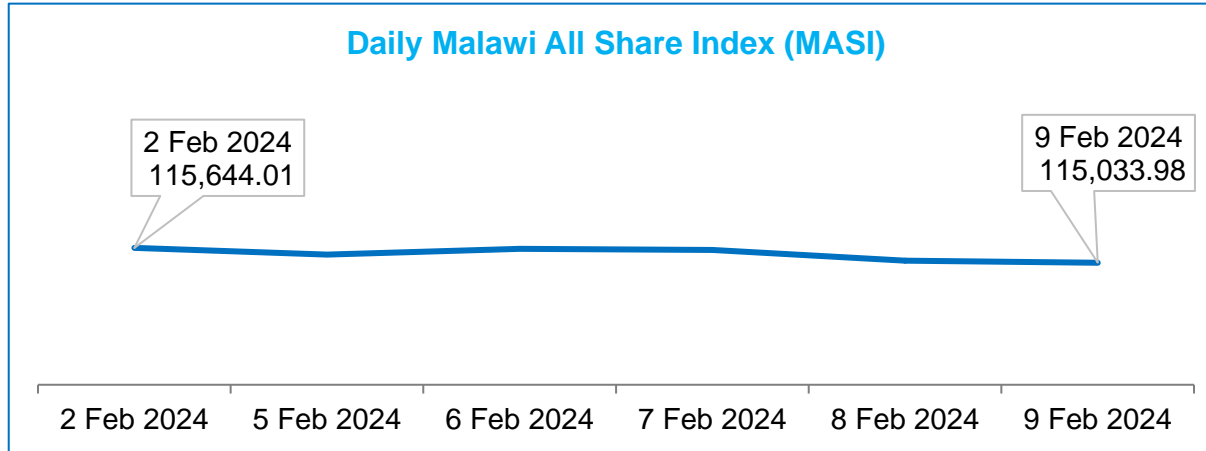
Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 9 February 2024 at 115,033.98 points from 115,644.01 points for the week ending 2 February 2024. Week on week, this represents a 0.53% decrease.

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

There were share price losses for TNM, NICO and FMBCH.

There was also a marginal share price loss for MPICO during the week under review.





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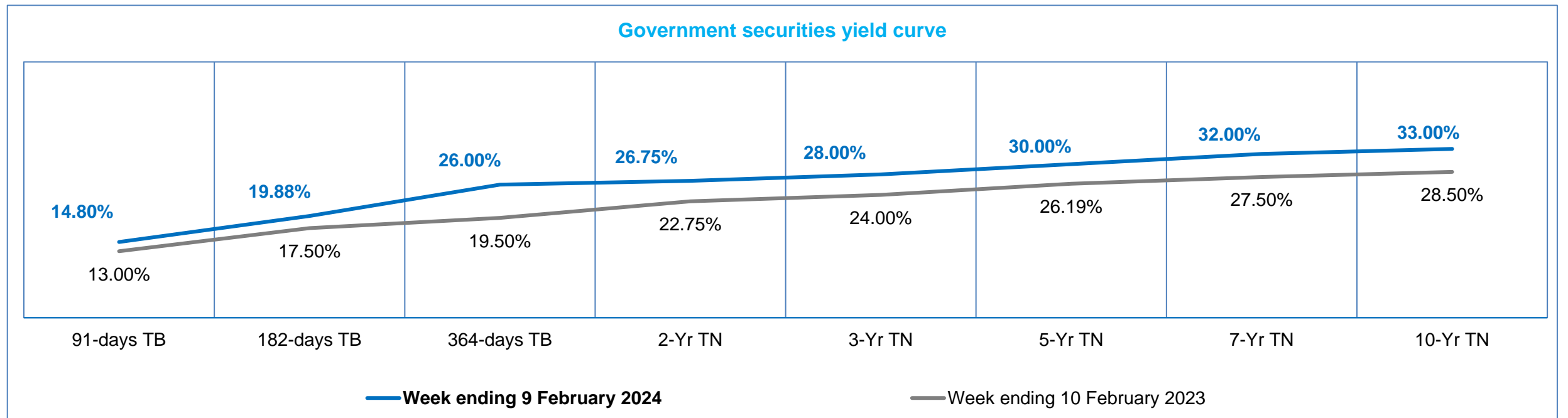
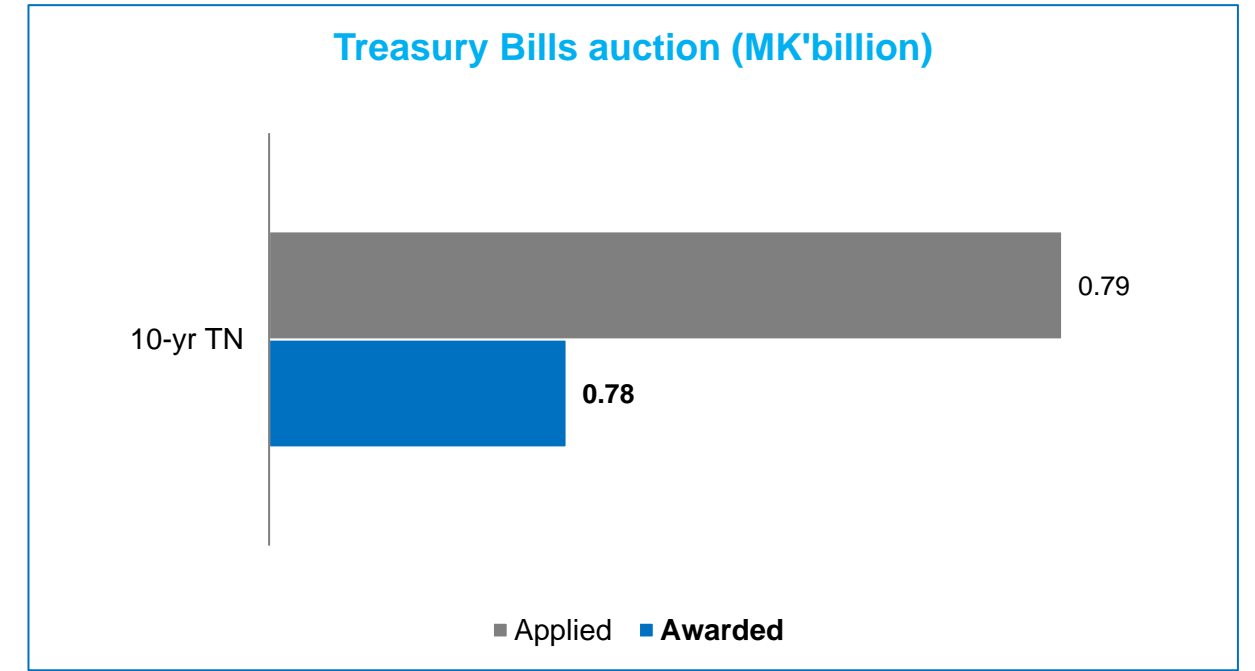
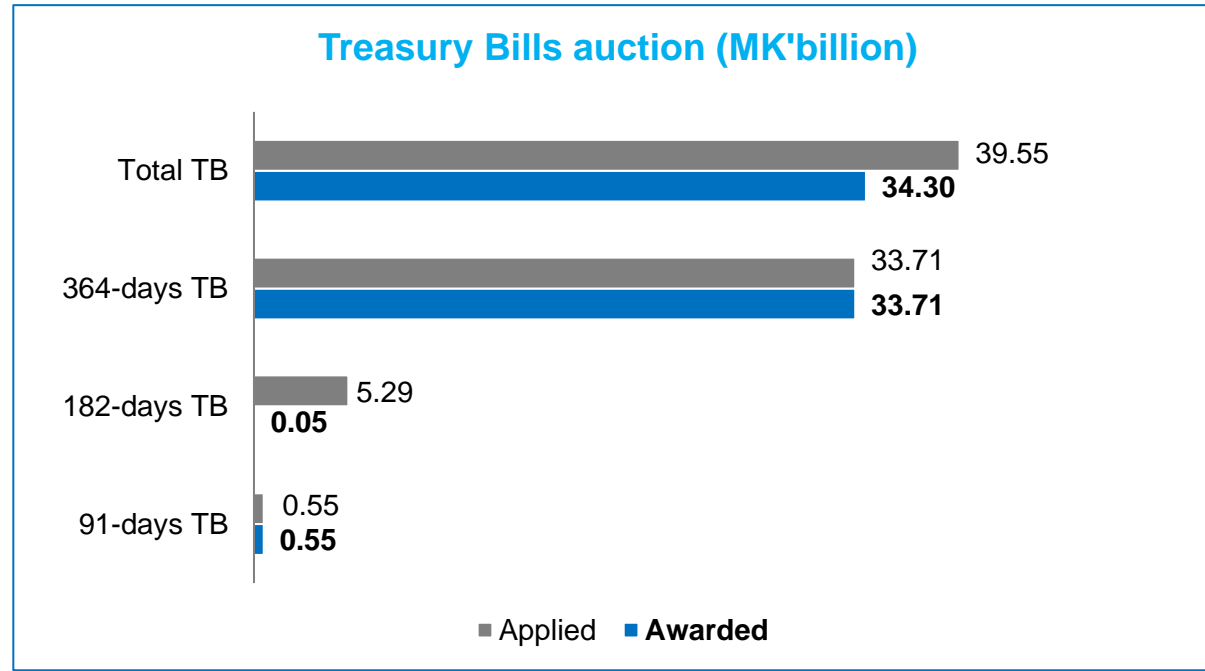
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills and the 10-year Treasury Note during the period under review.

A total amount of MK39.55 billion was raised from the TB auctions held during the period under review.

MK0.78 billion was raised from the 10-year TN auction held during the period under review.

The average TB increased to 20.23% from 18.90% while the TN yield remained constant at 29.95%, 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	9-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	2,187.27*
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	1,867.72*
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	91.48*
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%	26.00%
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%	23.24%
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%	26.20%
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%	24.90%
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%	14.80%
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%	19.88%
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%	25.00%
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	115,033.98
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	86,113.05
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	20,746.56

*: Reserve Bank of Malawi opening exchange rates as of 9 February 2024

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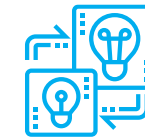
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