



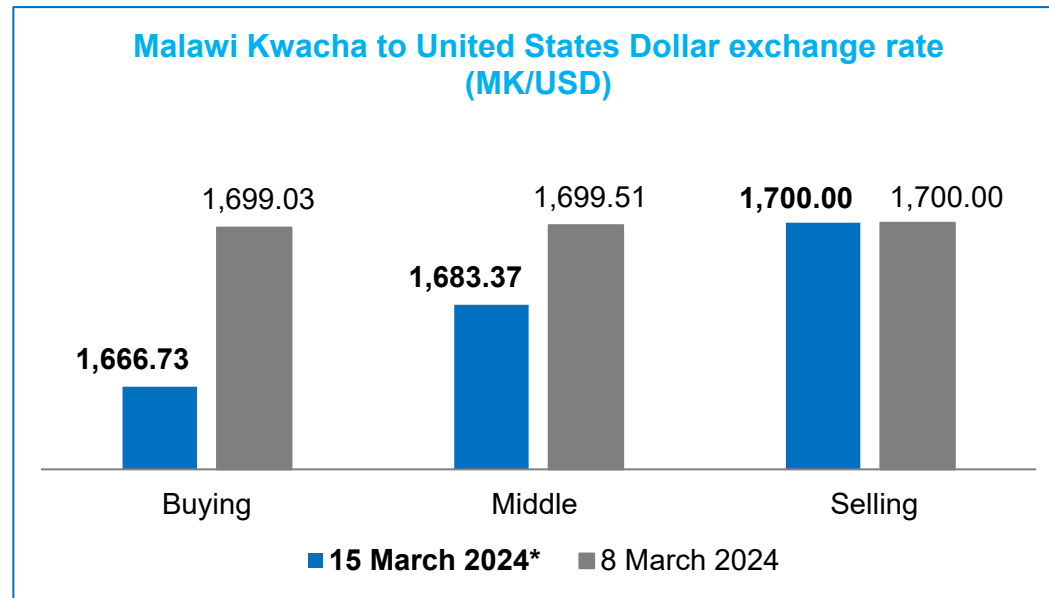
Malawi Financial Market Update

Week ending 15 March 2024

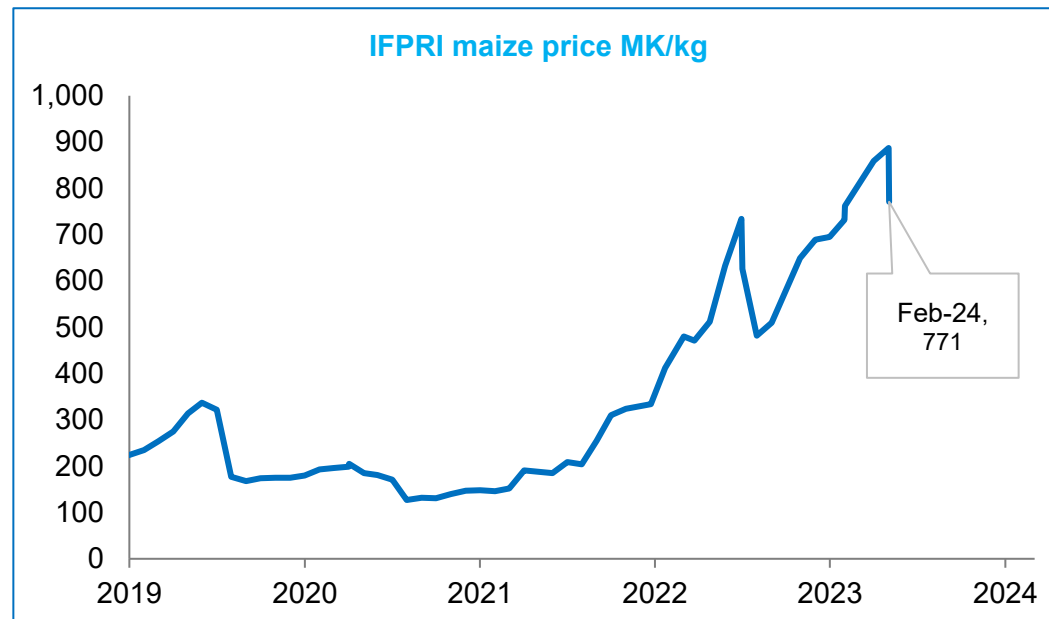


Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi Maize Prices (Source: IFPRI)



According to the figures in the January 2024 monthly economic review, the government's budgetary operations posted a surplus of MK21.6 billion in January 2024.

According to the International Food Policy Research Institute (IFPRI) Malawi Maize Market Report for February 2024, the retail price of maize decreased by 12% in February.

What Happened This Week

1. According to the Cotton Council of Malawi (CCM), Malawi is expected to produce about 10,000 metric tonnes of cotton this year, representing no change from last year's production. The CCM has commented that it expects large-scale producers to start growing the crop soon which should greatly improve the country's production (*The Daily Times*, 12 March 2024).
2. According to the figures in the January 2024 monthly economic review, the government's budgetary operations posted a surplus of MK21.6 billion in January 2024, representing a decrease from a surplus of MK28.9 billion recorded in December 2023. According to the report, total revenues in January 2024 amounted to MK406.1 billion, an increase from MK362 billion in the previous month. Total expenditure amounted to MK384.5 billion, an increase from MK333.2 billion in the previous month. Year-on-year, this represents an improvement from a deficit of MK198.5 million recorded in January 2023 (*The Reserve Bank of Malawi*, March 2024).
3. According to the Malawi Revenue Authority (MRA), the Treasury's decision to widen the zero-rated pay-as-you-earn (PAYE) bracket from MK100,000 to MK150,000 will cost it MK50 billion annually. Following the Budget statement for the Fiscal Year 2024/25, effective 1 April 2024, the zero-rated PAYE bracket will be increased from MK100,000 to MK150,000 to cushion employees in formal employment from the effects of the 44% currency devaluation. The next MK350,000 will be taxed at 25%, the next MK2,050,000 will be taxed at 30% and MK2,550,000 will be taxed at 35%. The MRA Commissioner General expects to recoup the loss through increased Value-Added Tax (VAT) collection, resulting from increased disposable income, performing sectors such as finance and insurance, and extension of the 10% corporate income tax on profits of above MK10 billion. For the past three years, MRA has grown tax collections by 36% and has collected MK2.00 trillion out of its target of MK2.18 trillion for the 2023/24 financial year (*The Nation*, 14 March 2024).
4. According to the International Food Policy Research Institute (IFPRI) Malawi Maize Market Report for February 2024, the retail price of maize decreased by 12% in February. The weekly average maize prices in the final week of February dropped to MK771/kg from MK880/kg in the final week of January. In the previous year, the market saw a 24% increase during the same period. The highest weekly average price was recorded in the Southern region at MK1,005/kg and the lowest weekly average price was recorded in the Northern region at MK574/kg. Admarc sales were reported in 22 out of the 26 markets while no purchases were reported in any of the markets monitored by IFPRI (*IFPRI Maize Market Report for February 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 15 March 2024



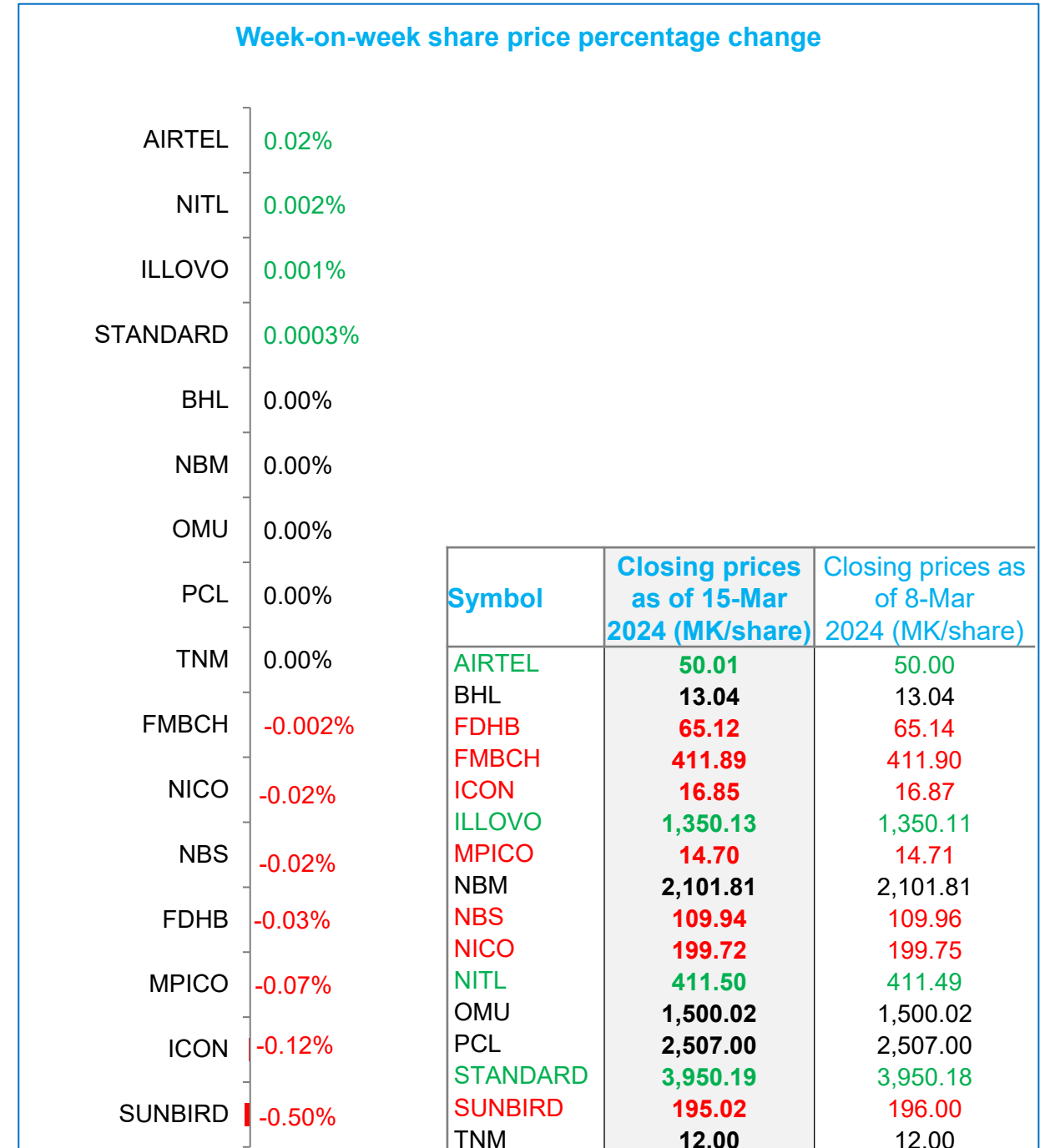
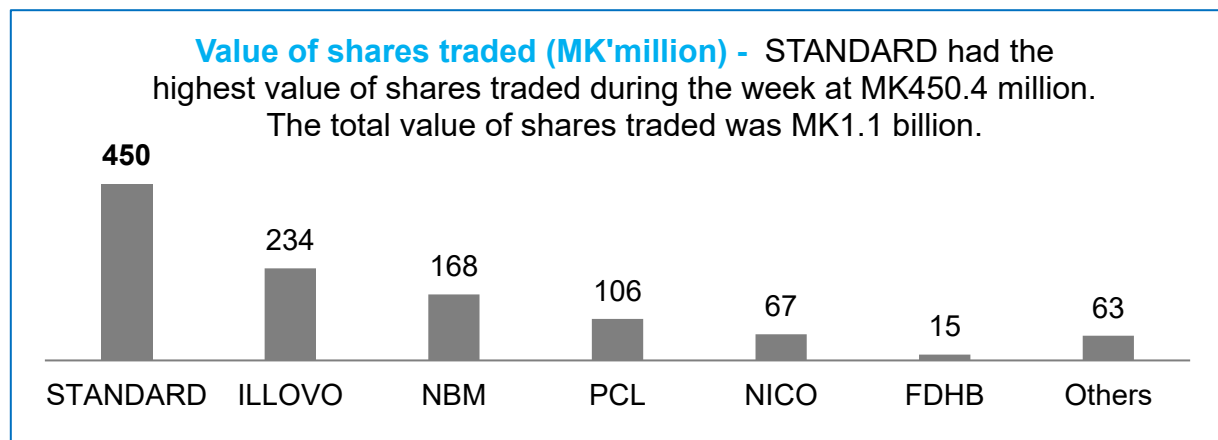
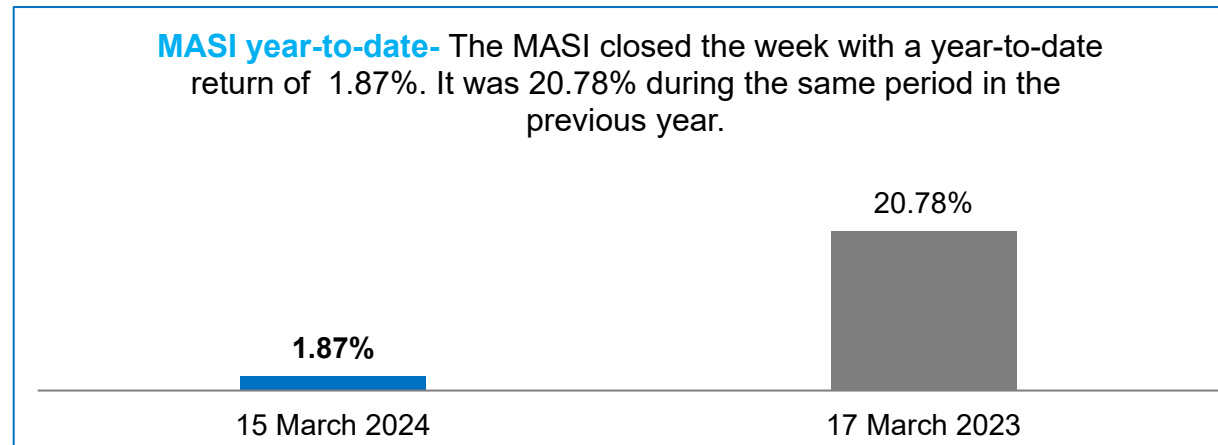
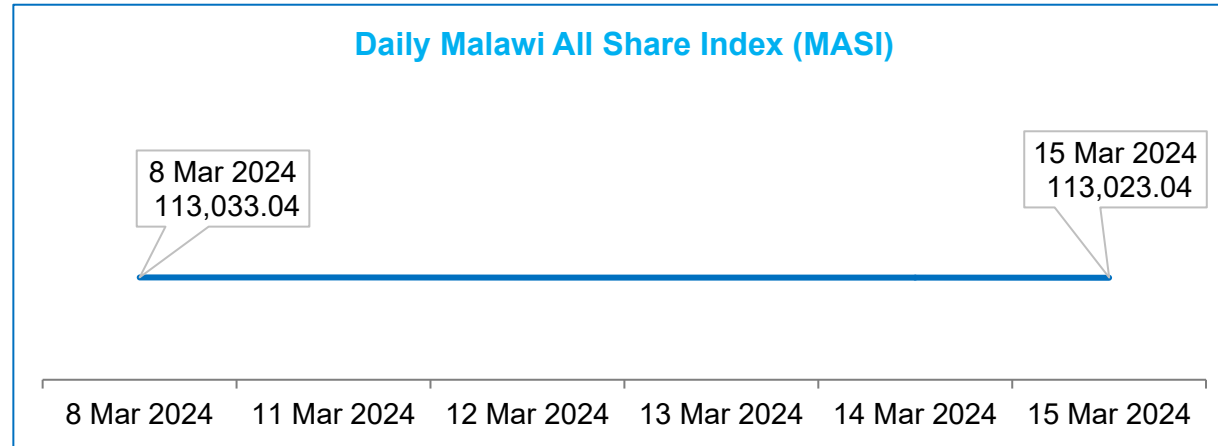
Malawi Financial Market Update: Week ending 15 March 2024

Stock market (Source: MSE)

The stock market was flat, with the Malawi All Share Index (MASI) closing the week ending 15 March 2024 at 113,023.04 points from 113,033.04 points for the week ending 8 March 2024.

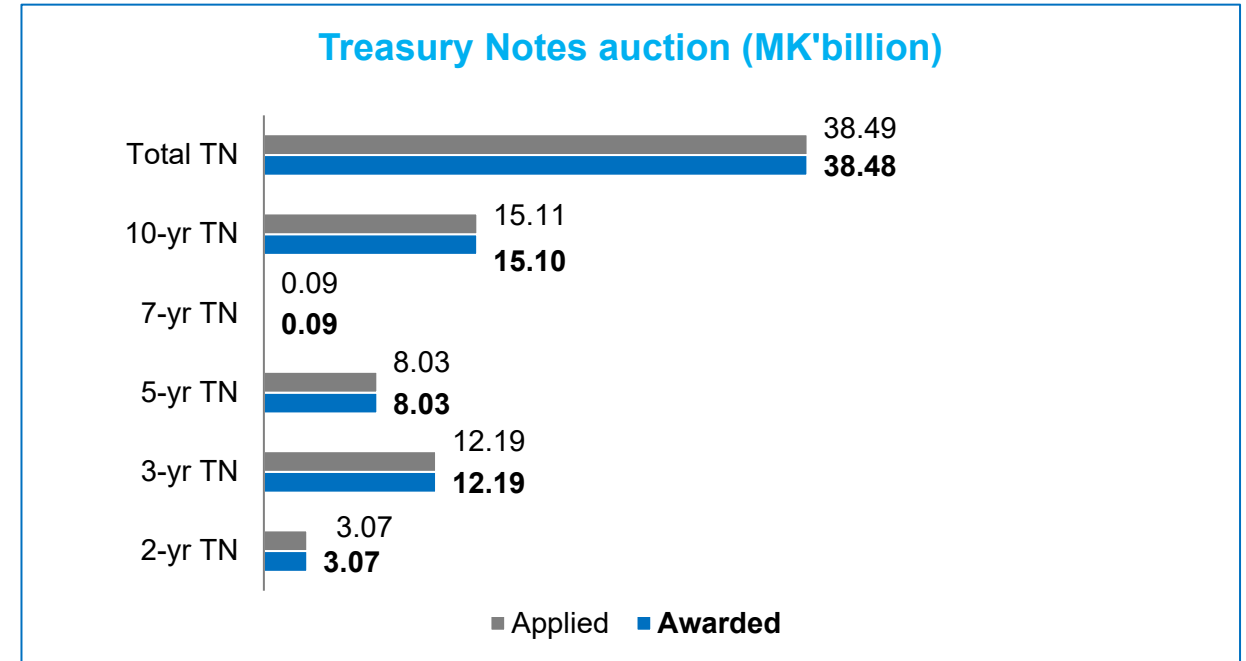
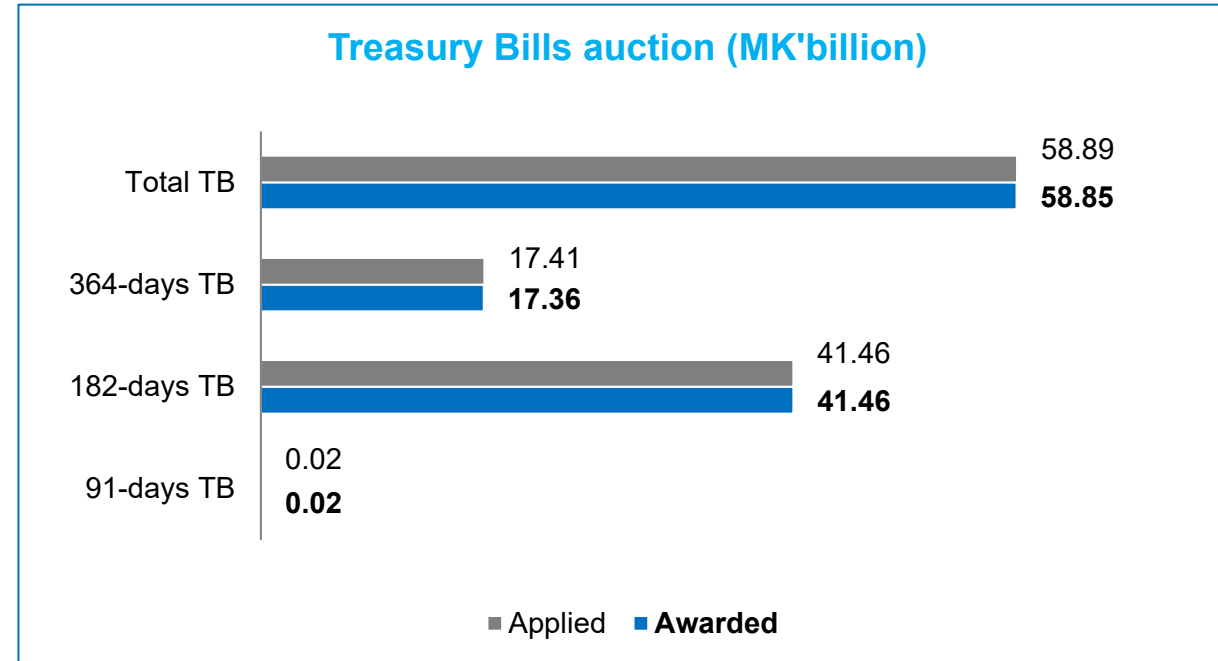
There were marginal share price gains for AIRTEL, NITL, ILLOVO, and STANDARD during the week under review.

There were marginal share price losses for SUNBIRD, ICON, MPICO, FDHB, NBS, NICO, and FMBCH during the week under review.





Government securities (Source: RBM)

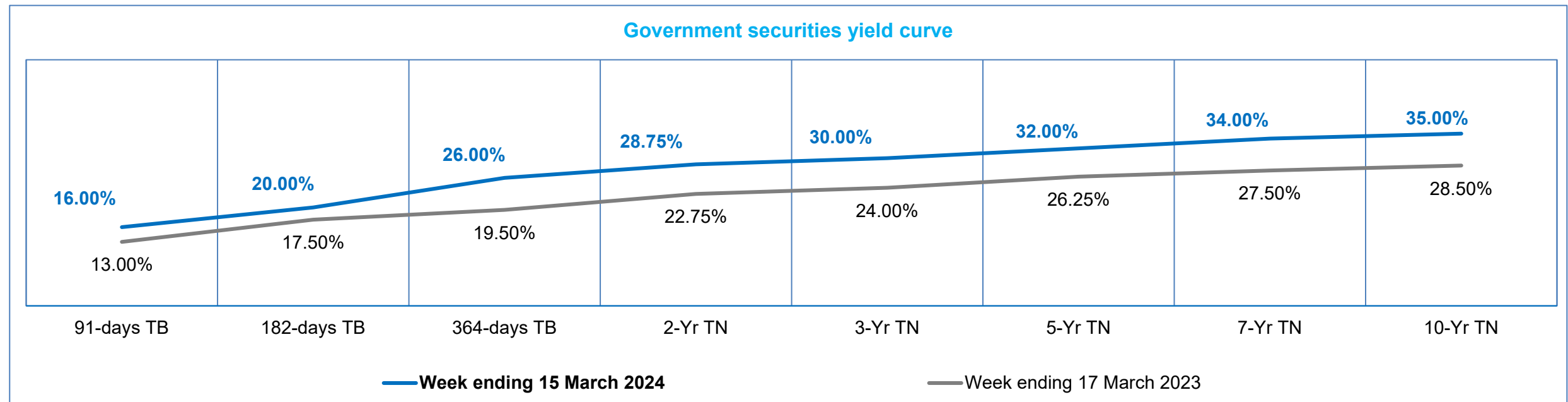


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills and Treasury Notes during the period under review.

A total of MK58.85 billion was raised from the TB auctions held during the period under review.

A total of MK38.48 billion was raised from the TN auctions held during the period under review.

The average TB and TN yields maintained at 20.67% and 31.95% during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	15-Mar-2024
Exchange rates (middle rates)														
MK/USD	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	1,698.50	1,683.37*
MK/GBP	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	2,217.83	2,220.56*
MK/EUR	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	1,887.38	1,885.06*
MK/ZAR	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	92.39*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	169.3	165.20	242.58	174.80	N/A	N/A
Private Sector Reserves (USD'mn)	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	396.9	413.20	433.01	401.90	N/A	N/A
Total reserves (USD'mn)	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	566.2	578.40	675.58	576.70	N/A	N/A
Gross Official Reserves Import cover (months)	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	2.3	0.7	1.0	0.70	N/A	N/A
Inflation														
Headline	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	N/A	N/A
Food	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	N/A	N/A
Non-food	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	N/A	N/A
Interest Rates														
Monetary Policy rate	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%	26.00%
Average Interbank rate	15.00%	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.55%
Lombard rate	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%	26.20%
Commercial Bank reference rate	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%	24.90%
Government Securities Yields														
91-days Treasury Bill	13.00%	13.00%	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%	16.00%	16.00%
182-days Treasury Bill	17.50%	17.50%	17.50%	17.50%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	20.00%	20.00%
364-days Treasury Bill	19.50%	19.50%	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%
2-year Treasury Note	22.75%	22.75%	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%	26.75%	26.75%	28.75%	28.75%
3-year Treasury Note	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	30.00%	30.00%
5-year Treasury Note	26.19%	26.25%	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	32.00%	32.00%
7-year Treasury Note	27.50%	27.50%	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%	32.00%	32.00%	34.00%	34.00%
10-year Treasury Note	28.50%	28.50%	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%	33.00%	33.00%	35.00%	35.00%
Stock Market Indices														
MASI	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	113,039.66	113,023.04
DSI	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	84,454.87	84,444.35
FSI	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	20,597.92	20,592.47

*: Reserve Bank of Malawi opening exchange rates as of 15 March 2024

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