



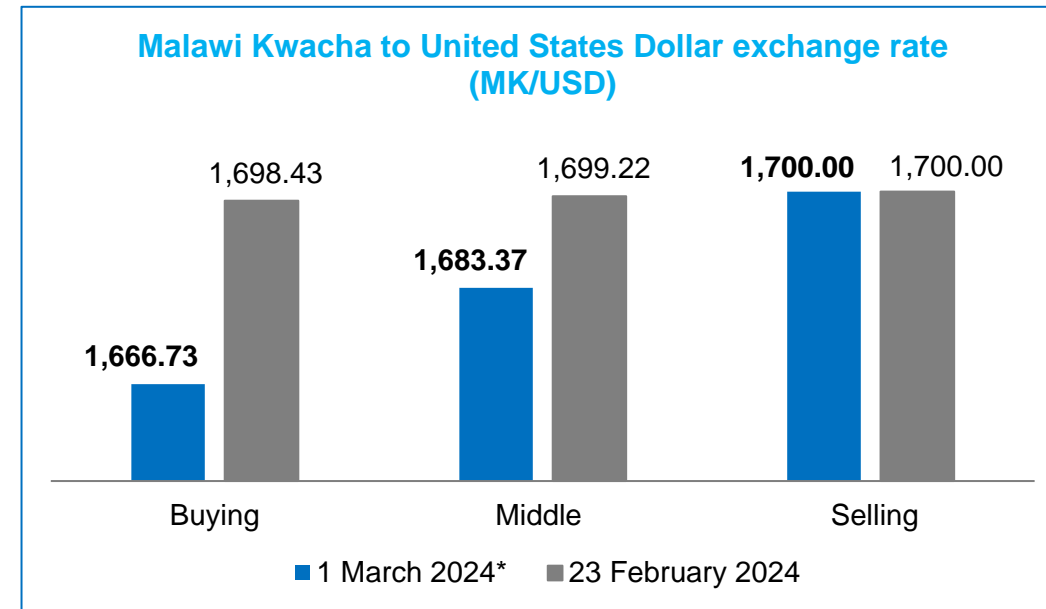
Malawi Financial Market Update

Week ending 1 March 2024

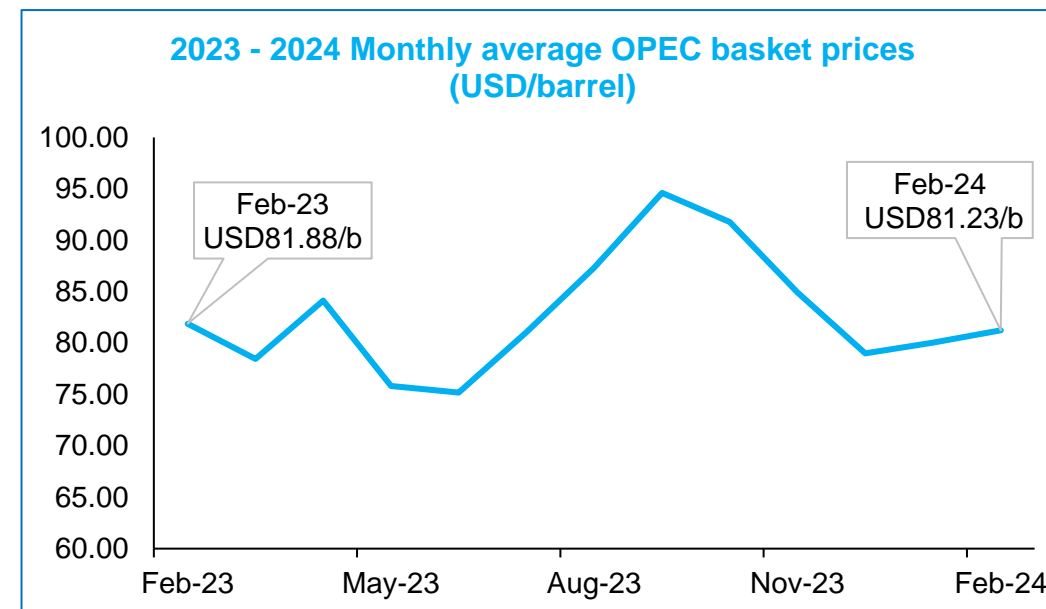


Exchange rate and other market developments

Exchange rate (Source: RBM)



OPEC monthly average basket prices (Source: OPEC)



According to the World Bank, Malawi's economic growth in 2024 is estimated to be 3%.

The 2024/25 fiscal year budget expenditure is projected to be MK4.35 trillion.

What Happened This Week

1. According to the budget statement presented by the Minister of Finance on Friday, 23 February 2024, total revenue is estimated to close at MK2.99 trillion, representing 19.7% of Gross Domestic Product(GDP). Domestic revenue is expected to reach MK2.41 trillion, of which tax revenue is estimated at MK2.20 trillion and MK209.24 billion in other revenue. The total expenditure for the 2023/2024 fiscal year is projected at MK4.35 trillion, representing 28.6% of GDP. The expenditure comprises MK3.31 trillion in recurrent expenditure and MK1.04 trillion in development expenditure. The overall deficit for the 2023/2024 fiscal year is estimated at MK1.36 trillion, building up from the first-half deficit of MK569.79 billion announced in November 2023. For the 2024/25 fiscal year, total revenue and grants are estimated at MK4.55 trillion, representing 24.3% of GDP. Domestic revenue is estimated at MK3.38 trillion, representing 18.1% of GDP, of which tax revenue is estimated at K3.26 trillion, and other revenue is projected at K126.54 billion. Total expenditure for the 2024/2025 fiscal year is budgeted at MK5.98 trillion, representing 31.9% of GDP. Of the total expenditure, recurrent expenditure is estimated at K4.21 trillion, representing 22.5% of GDP and 70.4% of total expenditure. The budget's estimated overall balance is a deficit of MK1.43 trillion, which is 7.6% of GDP. The deficit will be financed through domestic borrowing amounting to MK1.23 trillion, representing 6.0% of GDP and MK150 billion from foreign borrowing. The budget assumes that during the fiscal year, the real GDP growth rate will be 3.6%, average inflation rate will be 23.4%, and tax refunds will be 3% of total tax collection. The 2024/2025 national budget also indicates that annual average inflation is expected to improve in 2024 and 2025 to 27.1% and 12.4%, respectively (*2024/2025 Fiscal Year Budget Statement*).
2. Following the launch of the 18th Malawi Economic Monitor (MEM) titled "Turning The Corner?", the World Bank estimates the Malawi economy to have grown by 1.6% in 2023, with 71.7% of the population living below the international poverty line. However, economic growth is projected to increase, driven by an improved macroeconomic environment and sustained structural reforms. Growth is estimated to reach around 3% in 2024, primarily due to a modest easing of global commodity prices, a moderate improvement in agricultural production, and increased output bolstered by improved foreign exchange inflows. Over the medium term, growth is expected to average 4%, underpinned by ongoing and announced macroeconomic reforms designed to address external and fiscal imbalances (*Malawi Economic Monitor, 18th Edition, World Bank*).
3. According to the Ministry of Agriculture, maize production will be lower this year than figures indicated in the first round of crop estimates due to continued dry spells nationwide. The national budget has earmarked about MK100 billion to intensify crop production and irrigation and MK12 billion maize purchases by the National Food Reserve Agency to replenish the Strategic Grain Reserves (*The Nation, 28 February 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 1 March 2024



Malawi Financial Market Update: Week ending 1 March 2024

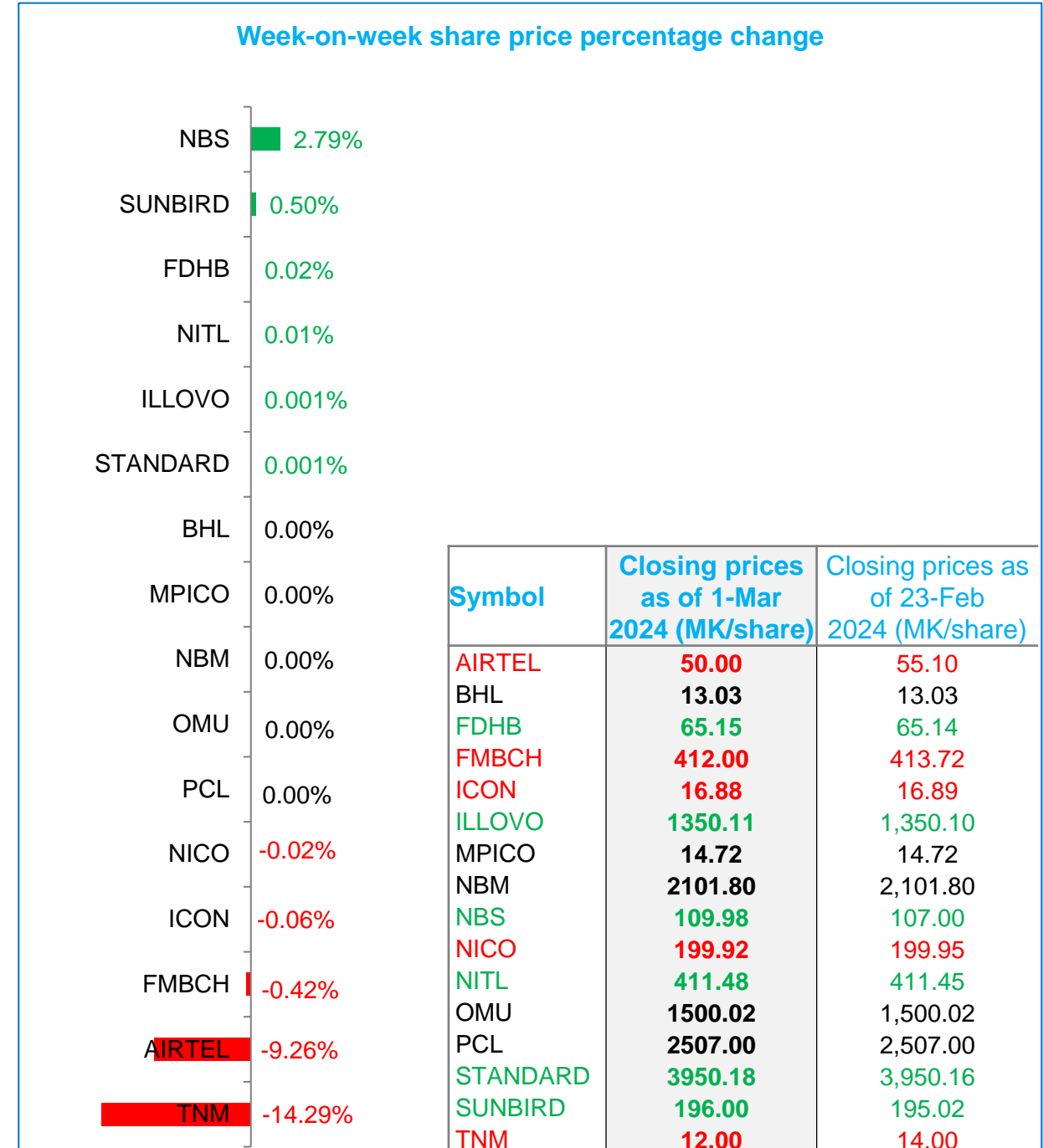
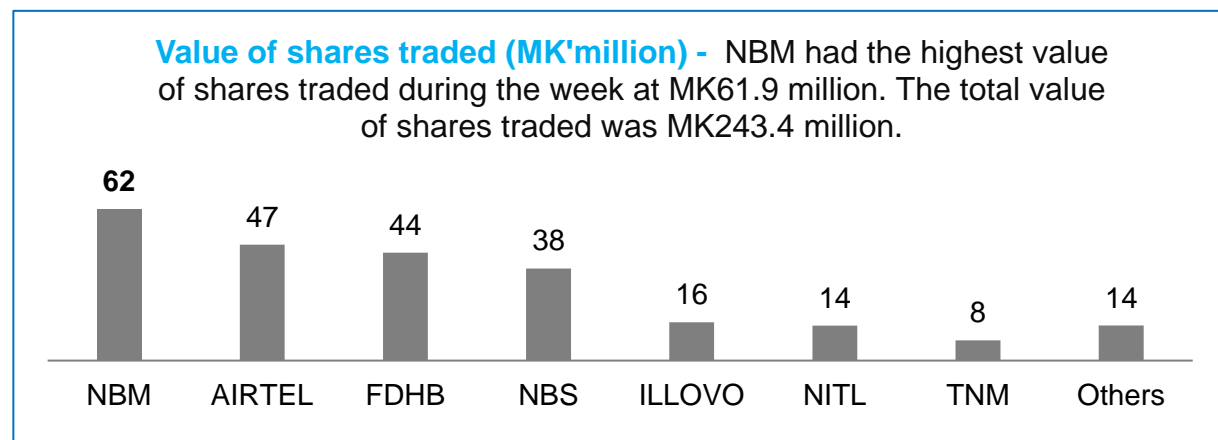
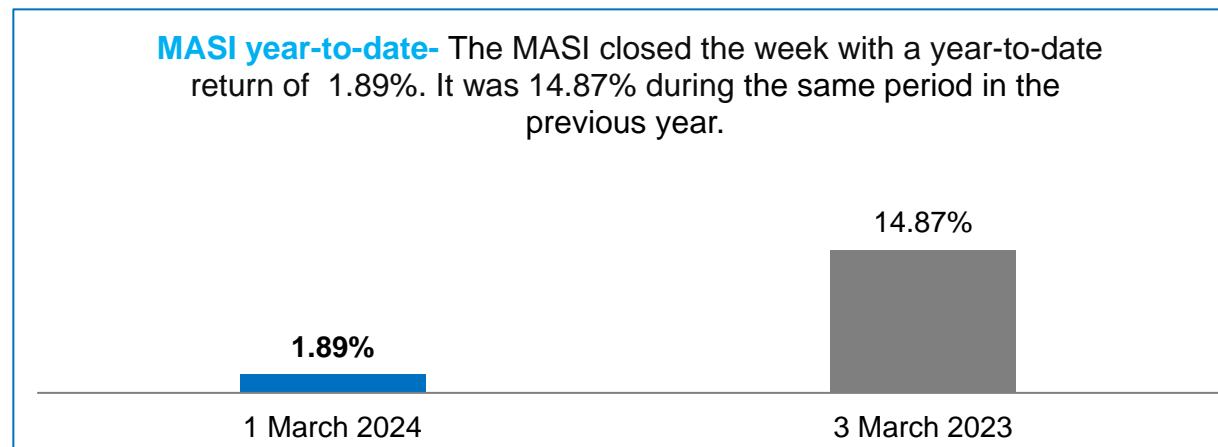
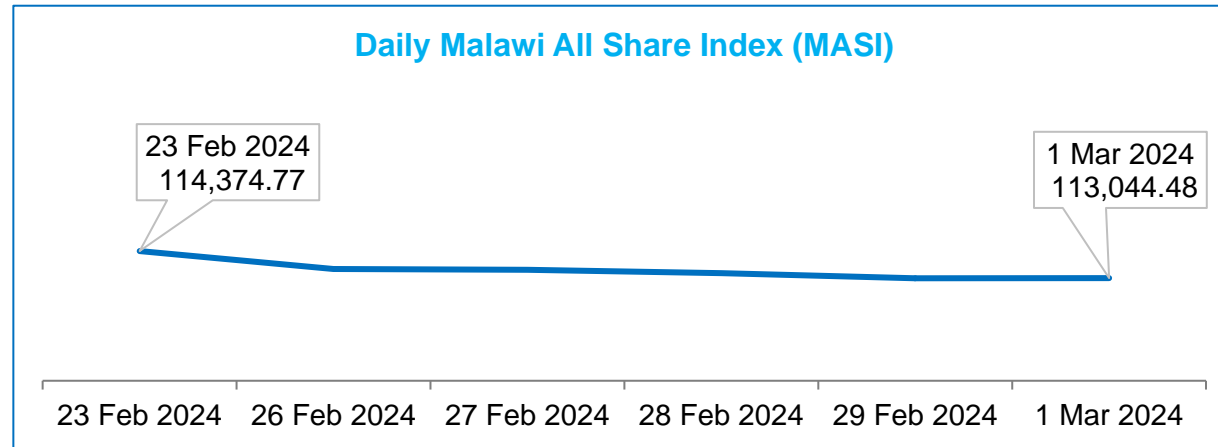
Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 1 March 2024 at 113,044.48 points from 114,374.77 points for the week ending 23 February 2024. Week on week, this represents a 1.16% decrease.

There was a 2.79% share price gain for NBS. There were also marginal share price gains for SUNBIRD, FDHB, NITL, ILLOVO and STANDARD during the week under review.

There were 14.29% and 9.26% share price losses for TNM and AIRTEL, respectively, during the period under review.

There were also marginal share price losses for FMBCH, ICON 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 Treasury Notes during the period under review.

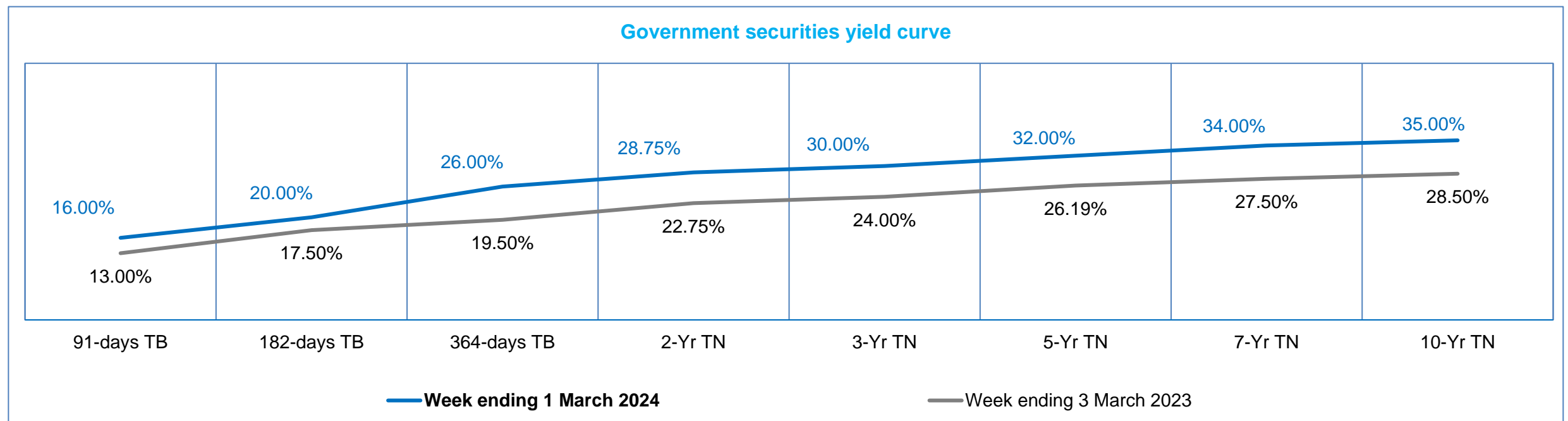
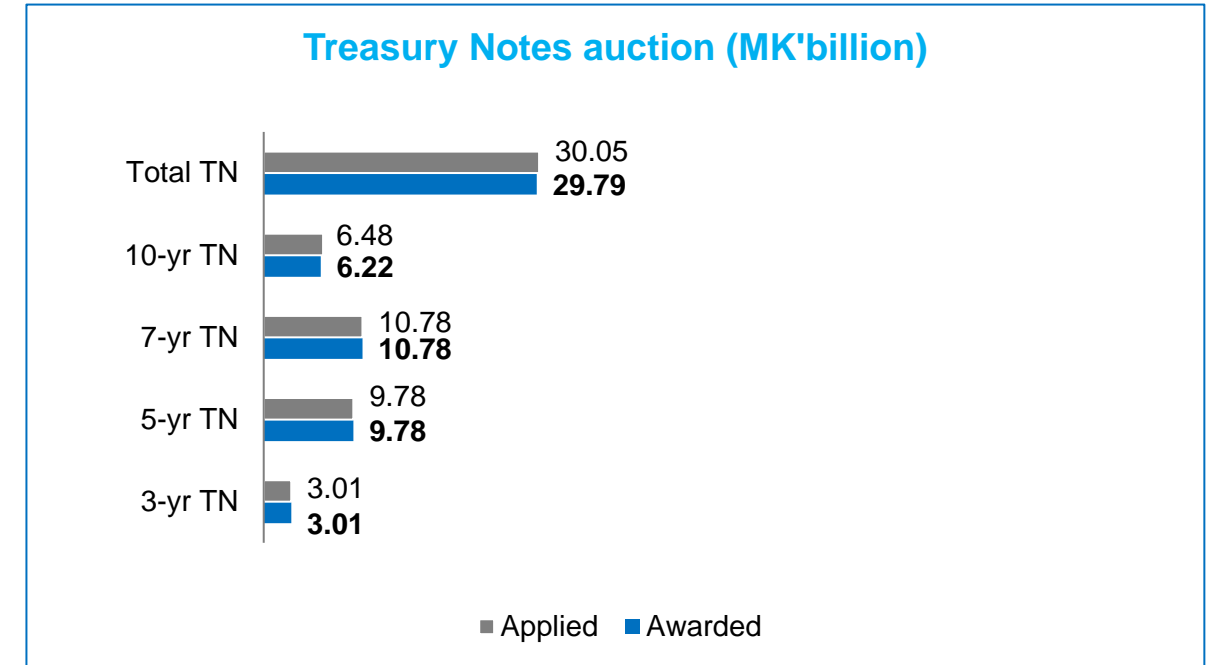
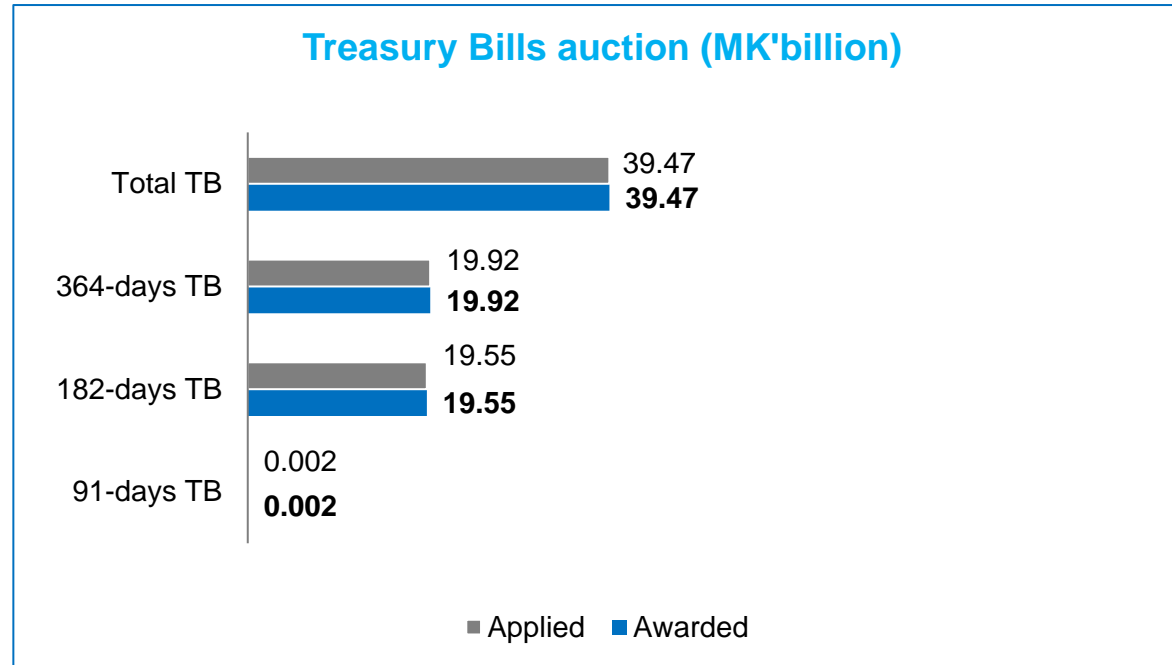
A total of MK39.47 billion was raised from the TB auctions held during the period under review.

A total of MK29.79 billion was raised from the TN auctions held during the period under review.

There were no applications for the 2-year TN during the period under review.

The average TB yield increased to 20.67% from 20.43%, while the average TN yield maintained at 31.95% during the period under review.

The increase in the average TB yield was due to an increase in the 91-day TB yield to 16.00% from 15.28%.



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-2024	1-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	2,188.66*
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	1,874.31*
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	90.43*
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	N/A	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	N/A	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	N/A	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	N/A	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%	22.26%
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	113,044.48
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	84,459.17
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	20,597.92

*: Reserve Bank of Malawi opening exchange rates as of 1 March 2024

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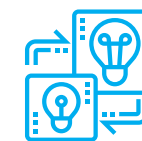
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