



# Malawi Financial Market Update

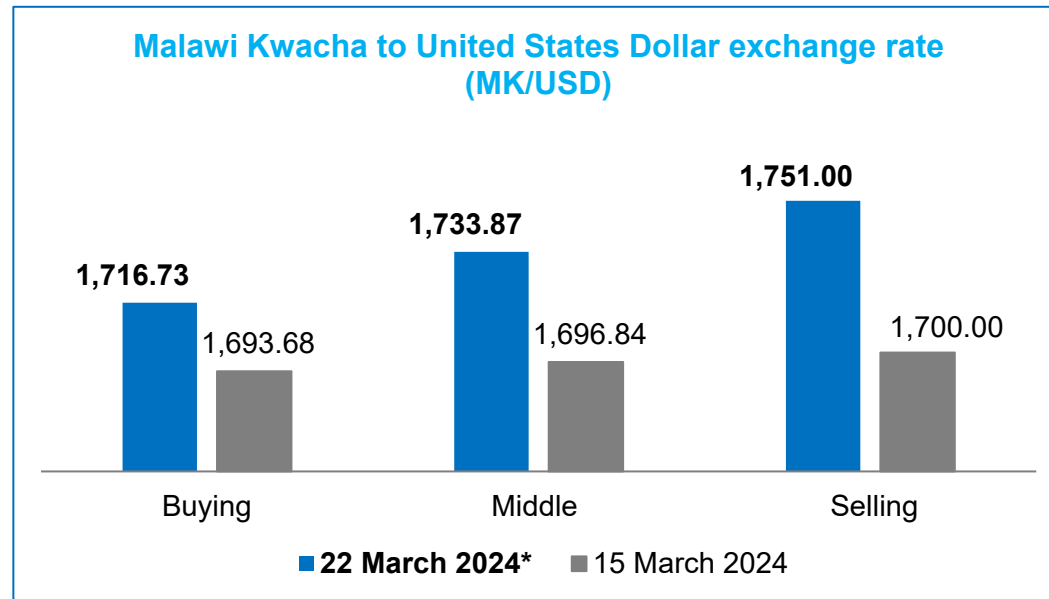
Week ending 22 March 2024



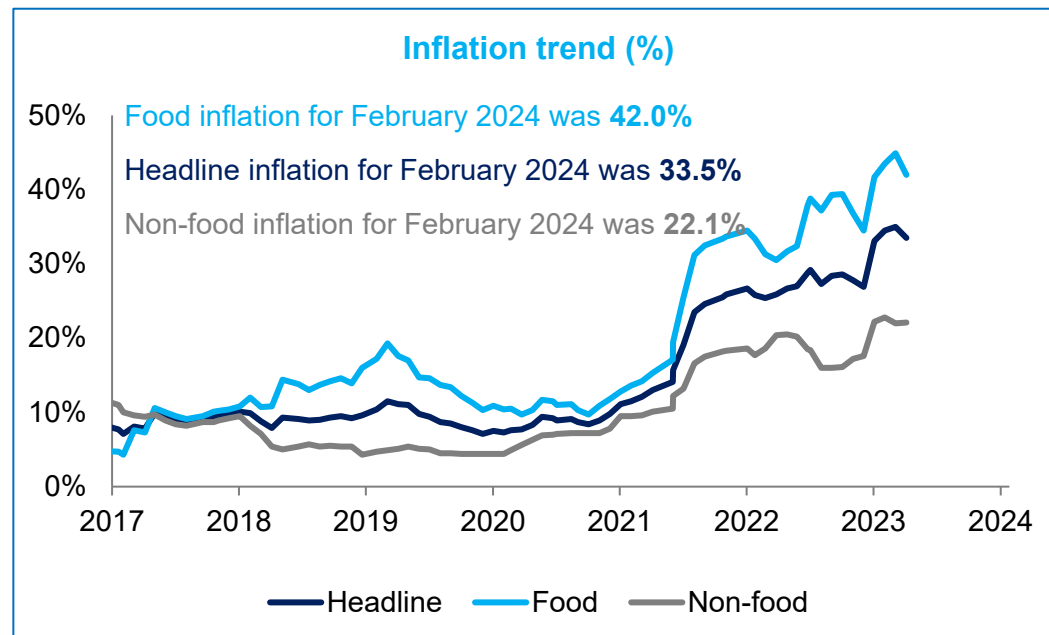
# Malawi Financial Market Update: Week ending 22 March 2024

## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Inflation (Source: NSO)



According to the National Statistical Office (NSO), the year-on-year inflation rate for February 2024 is 33.5%.

Following the Foreign Exchange Auction held by the Reserve Bank of Malawi (RBM), the market selling price has increased to MK1,751.00 per USD from MK1,700.00 per USD representing a 3.00% increase.

### What Happened This Week

1. According to the National Statistical Office (NSO), the year-on-year inflation rate for February 2024 was 33.5%, a decrease from 35.0% recorded in January 2024. The Food and Non-Food inflation rates are 42.0% and 22.1%, respectively (*NSO Consumer Price Indices: February 2024*).
2. The Reserve Bank of Malawi (RBM) conducted a Foreign Exchange Auction on 18 March 2024, in which four of the Authorised Dealer Banks (ADB) participated. Based on the auction results, the market selling price has increased to MK1,751.00 per USD (*RBM Press Release, 10 January 2024*).
3. According to the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), unfavourable weather patterns threaten to slow down economic growth. The erratic rainfall season could lead to much lower agricultural production than expected. Implementing the winter cropping programme by the government and alternative food crops to substitute maize could help slow down inflation later in the year. In a joint analysis by various stakeholders, Malawi's 2023/24 GDP could contract between 4% and 8.6% due to adverse climatic conditions caused by the El Nino weather pattern (*The Nation, 18 March 2024*).
4. The Parliament of Malawi, on 21 March 2024, unanimously agreed to draft two private member deals with legalizing the regulated cultivation, production, possession, distribution and use of locally produced cannabis (Chamba). The two bills seek to amend the Cannabis Regulations Act and the Dangerous Drugs Act to allow proper regulation and reduce operational challenges being faced in the cannabis production industry. According to Lilongwe South Member of Parliament, Malawi expects USD200 million from cannabis exports in the initial years of the trade before the amount could grow to around USD 700 million per annum. Malawi legalized cannabis farming for industrial and medicinal use in February 2020 (*The Daily Times, 22 March 2024*).

\*: Reserve Bank of Malawi opening exchange rates as of 22 March 2024



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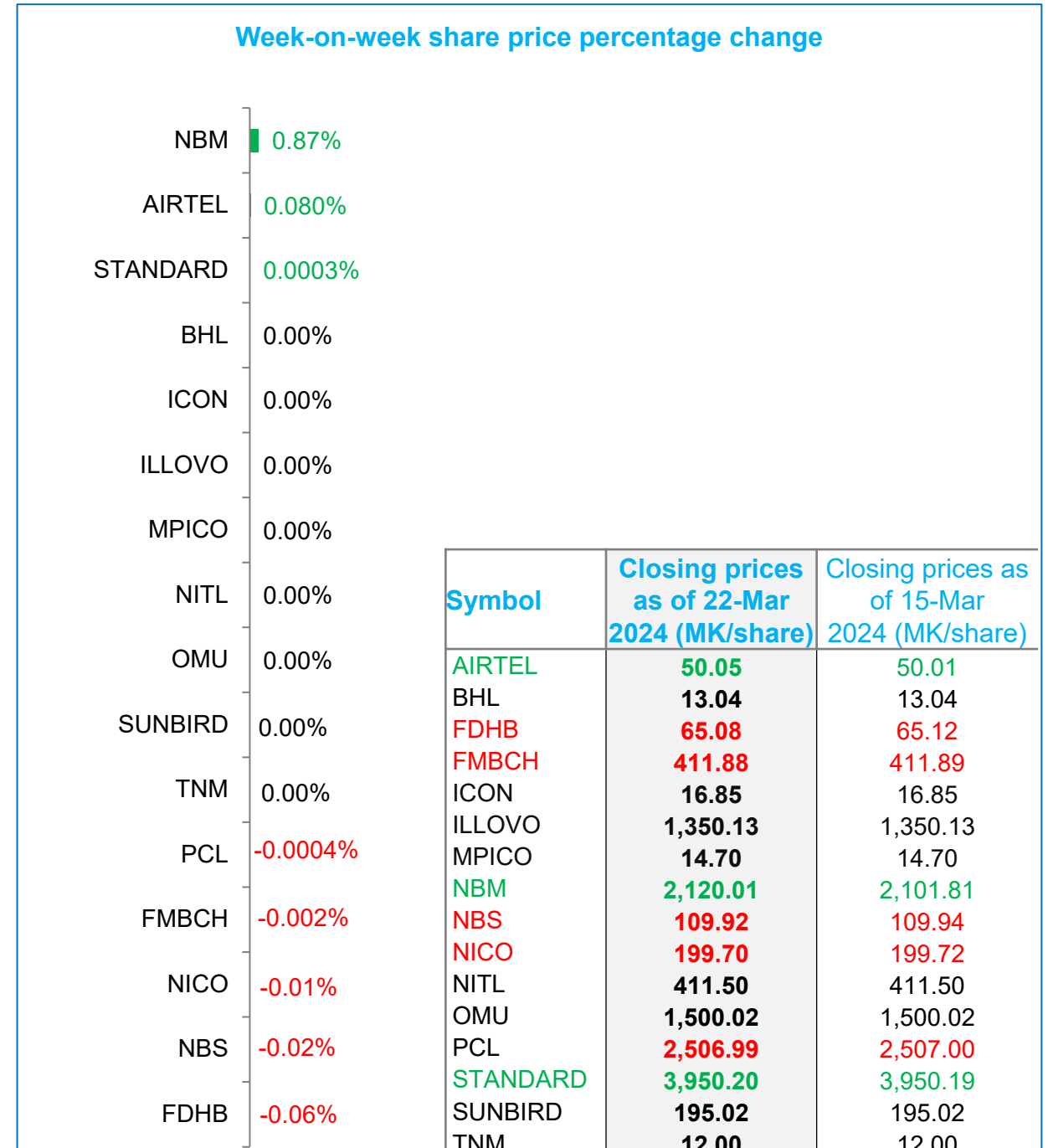
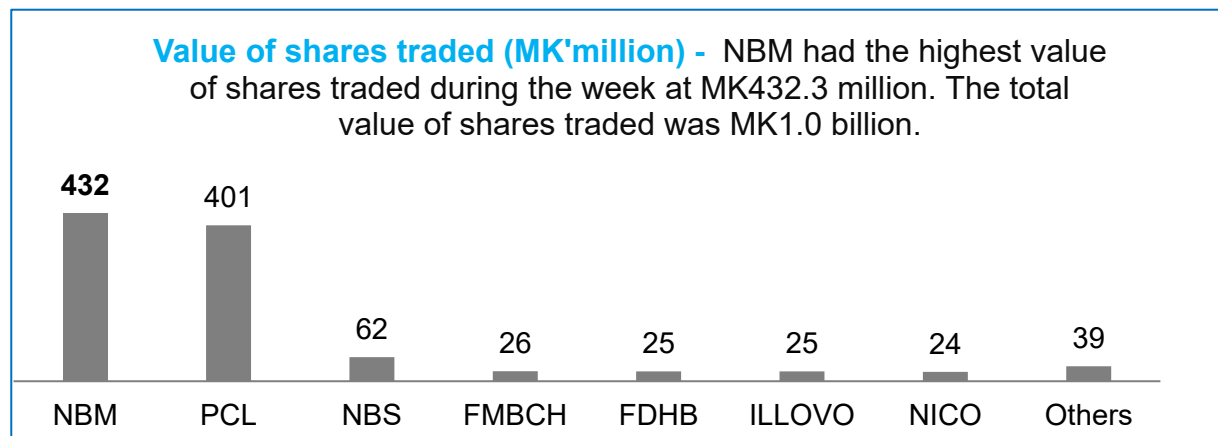
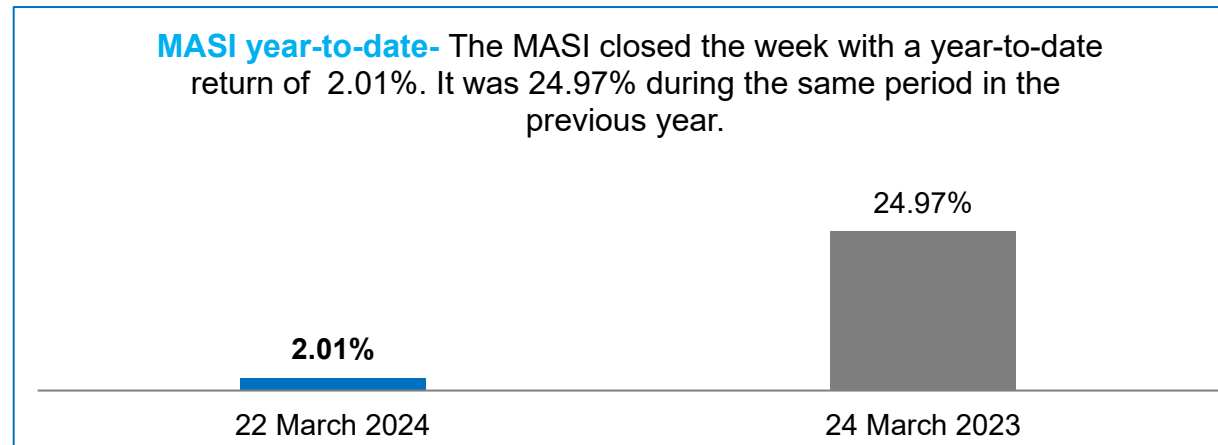
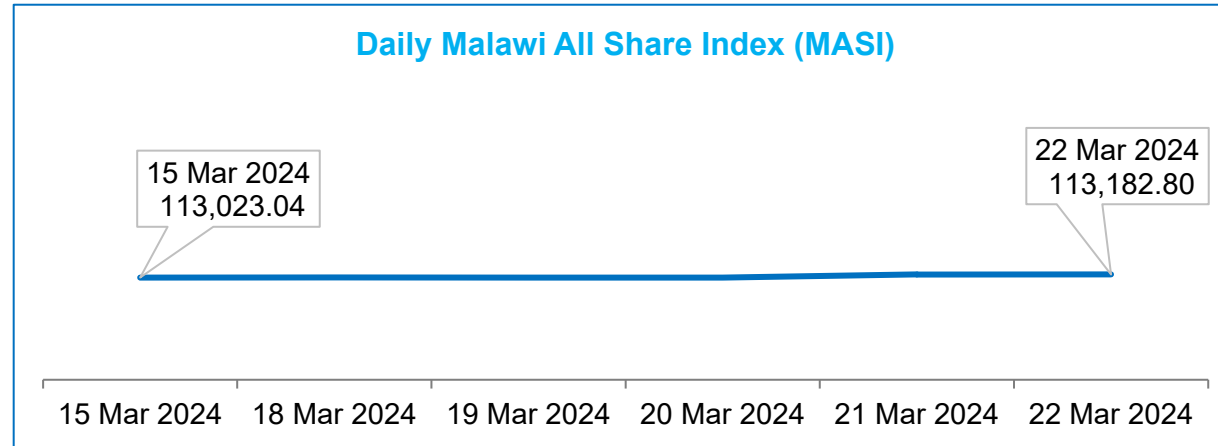
## Stock market (Source: MSE)

The stock market was marginally bullish, with the Malawi All Share Index (MASI) closing the week ending 22 March 2024 at 113,182.80 points from 113,023.04 points for the week ending 15 March 2024.

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

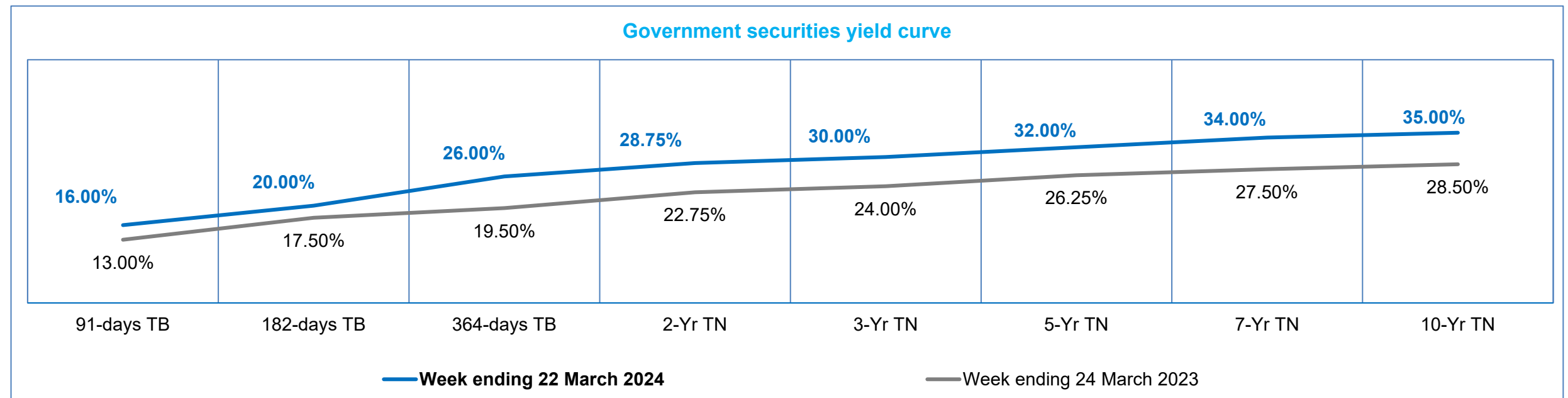
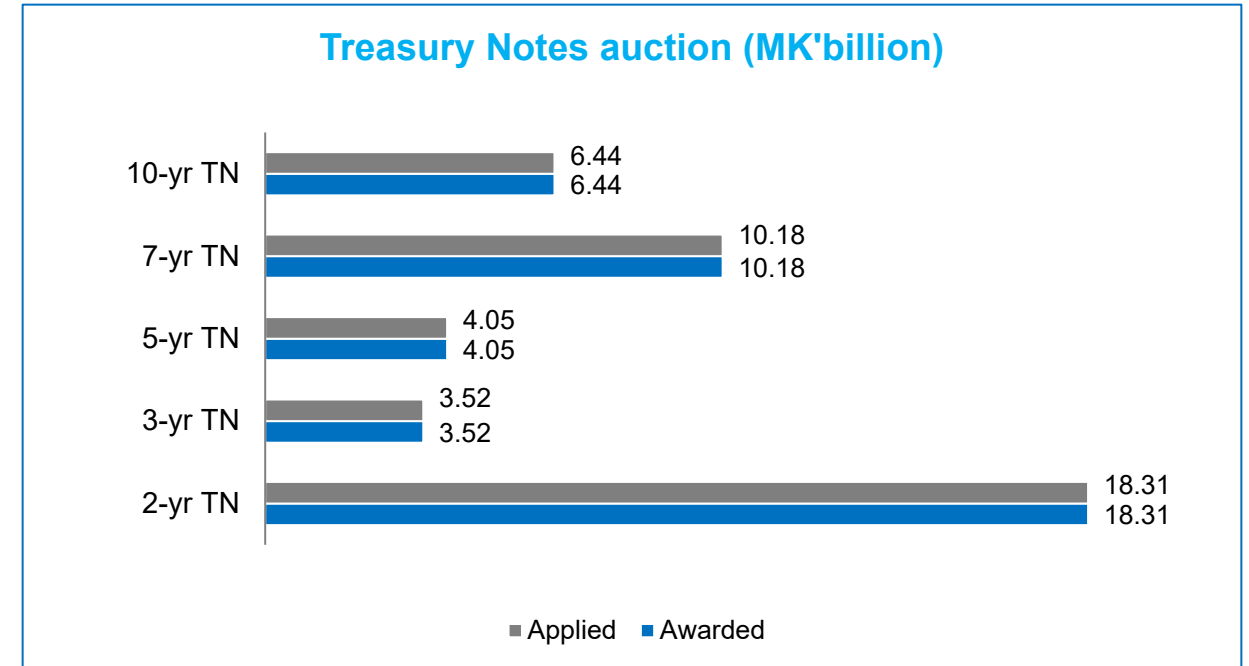
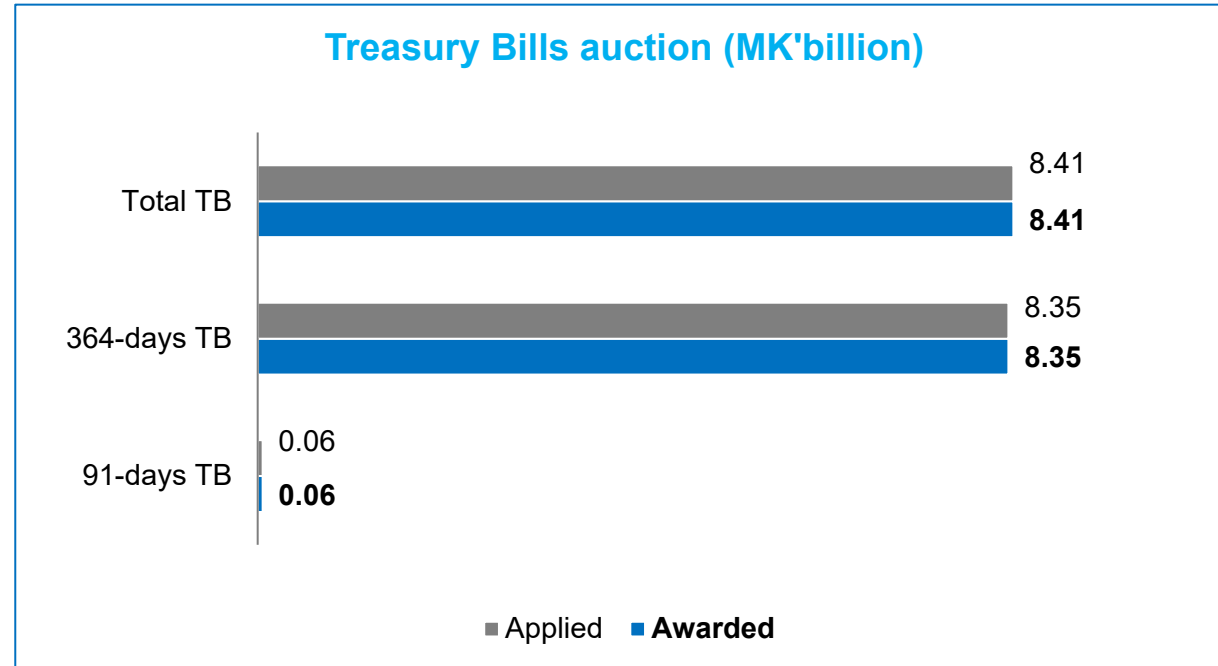
There were marginal share price losses for FDHB, NBS, NICO, FMBCH and PCL during the week under review.

Standard Bank plc has registered a profit after tax of MK52.5 billion for the financial year ending 31 December 2023, up by 34% from MK39.2 billion recorded in the previous corresponding period.





## Government securities (Source: RBM)



The Reserve Bank of Malawi held auctions for the 91-days and 364-days Treasury Bills, and all tenors of Treasury Notes during the period under review.

A total of MK8.41 billion was raised from the TB auctions held during the period under review.

A total of MK42.50 billion was raised from the TN auctions held during the period under review.

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



## 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	22-Mar-2024
<b>Exchange rates (middle rates)</b>														
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	<b>1,733.87*</b>
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	<b>2,256.46*</b>
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	<b>1,935.18*</b>
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	<b>94.47*</b>
<b>Foreign Exchange Reserves</b>														
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
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	<b>N/A</b>
<b>Inflation</b>														
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%	33.5%	<b>N/A</b>
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%	42.0%	<b>N/A</b>
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%	22.1%	<b>N/A</b>
<b>Interest Rates</b>														
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%	<b>26.00%</b>
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%	<b>22.55%</b>
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%	<b>26.20%</b>
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%	<b>24.90%</b>
<b>Government Securities Yields</b>														
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%	<b>16.00%</b>
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%	<b>20.00%</b>
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%	<b>26.00%</b>
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%	<b>28.75%</b>
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%	<b>30.00%</b>
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%	<b>32.00%</b>
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%	<b>34.00%</b>
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%	<b>35.00%</b>
<b>Stock Market Indices</b>														
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	<b>113,182.80</b>
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	<b>84,586.90</b>
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	<b>20,591.98</b>

\*: Reserve Bank of Malawi opening exchange rates as of 22 March 2024

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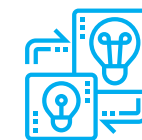
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