



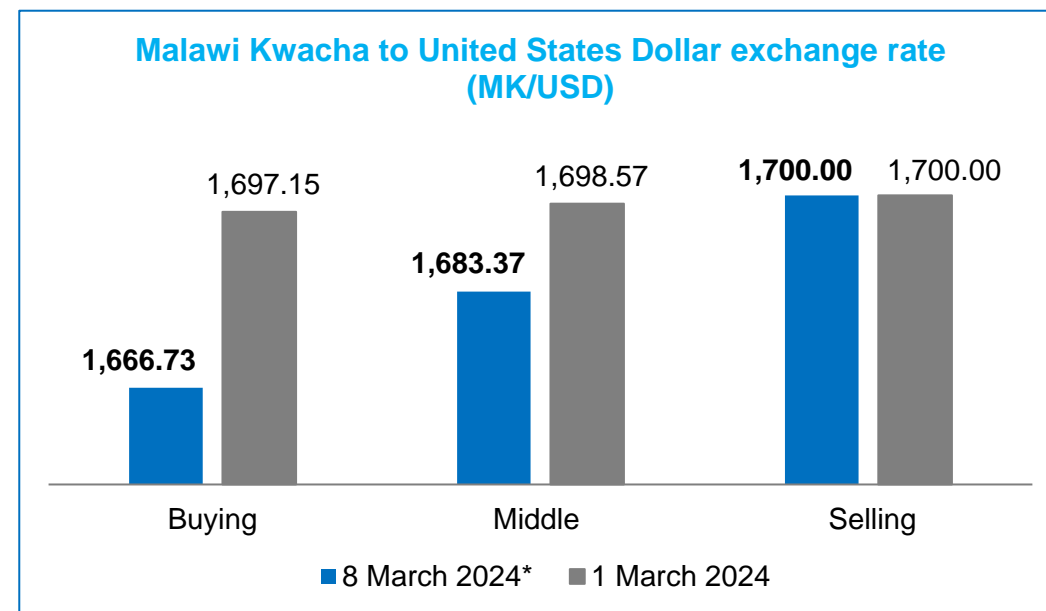
Malawi Financial Market Update

Week ending 8 March 2024

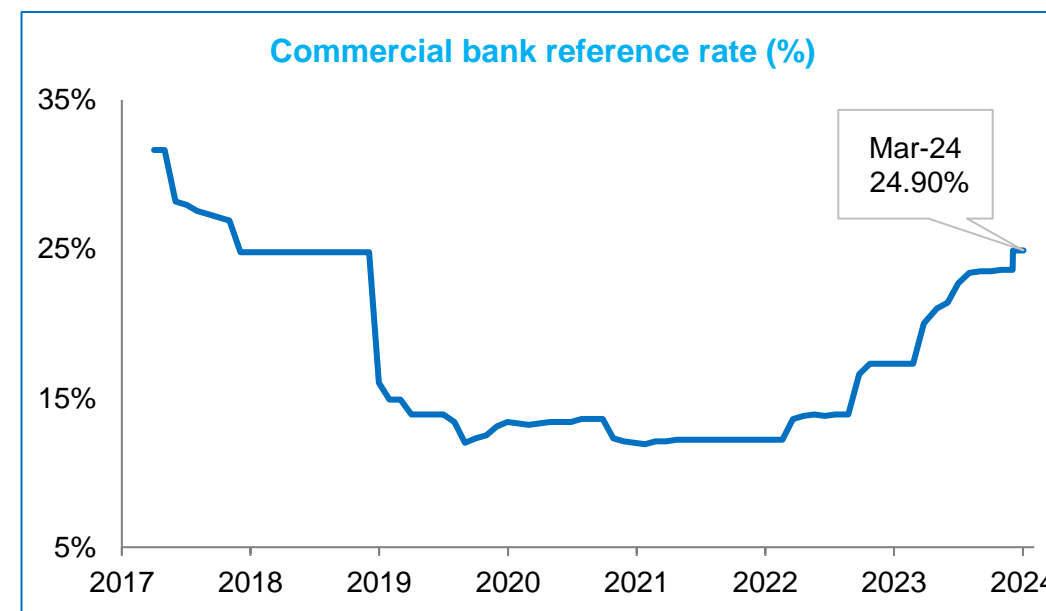


Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial bank reference rate (Source: NBM)



The commercial bank reference rate for March 2024 remains unchanged at 24.9%.

Through a press statement, the Government has announced the disbursement of MK15.7 billion to the urban poor in cities through Urban Emergency Cash Transfers.

What Happened This Week

1. The applicable commercial bank reference rate for March 2024 has been set at 24.9%, effective 6 March 2024, representing no change from February 2024 (*National Bank of Malawi, 6 March 2024*).
2. Through a press statement, the Government has announced the disbursement of MK15.7 billion to the urban poor in cities through Urban Emergency Cash Transfers. The Government has stated that it has commenced the registration of ultra-poor and vulnerable households in the cities of Blantyre, Lilongwe, Mzuzu, and Zomba. The Cash Transfer programme aims to provide a one-time payment of MK150,000 per household to 105,000 eligible households to cover the lean months of January to March 2024. The Cash Transfer programme will be funded with support from the World Bank, USAID, Iceland, Ireland, UK-FCDO, the European Union, and Norway (*Government of Malawi, 6 March 2024*).
3. In its recently published Malawi Economic Monitor, the World Bank has estimated that as of 2023, the poverty rate in Malawi increased with 71.7% of the population living below the international extreme poverty line of USD2.15 (approximately MK3,620) per person per day. The World Bank has attributed this increase in poverty to the scarcity of *ganyu* (piecework) for poorer households in the country. According to the report, in November 2022, 11.9% of households in rural southern Malawi reported challenges in finding *ganyu*, and in November 2023 the share increased to 20%. The World Bank also noted that *ganyu* wages have been declining in real terms hence exacerbating the situation (*The World Bank, February 2024*).
4. The World Bank has stated that the November 2023 44% devaluation of the Malawi Kwacha has not yet translated into a significant supply of foreign currency on the local market. In the recently published Malawi Economic Monitor, the World Bank has argued that there is continued uncertainty about the credibility of the newly announced exchange rate regime as such this is discouraging the formalization of foreign exchange transactions (*The World Bank, February 2024*).
5. In an interview on 3 March 2024, the Principal Secretary for the Ministry of Water and Sanitation stated that the USD315 million (approximately MK535 billion) Salima-Lilongwe Water Supply project has begun. He stated that the government had accessed the MK105 billion funding borrowed from local commercial banks as such the project is set to begin. This development was confirmed by Khato Civils, the company implementing the project (*The Nation, 4 March 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 8 March 2024



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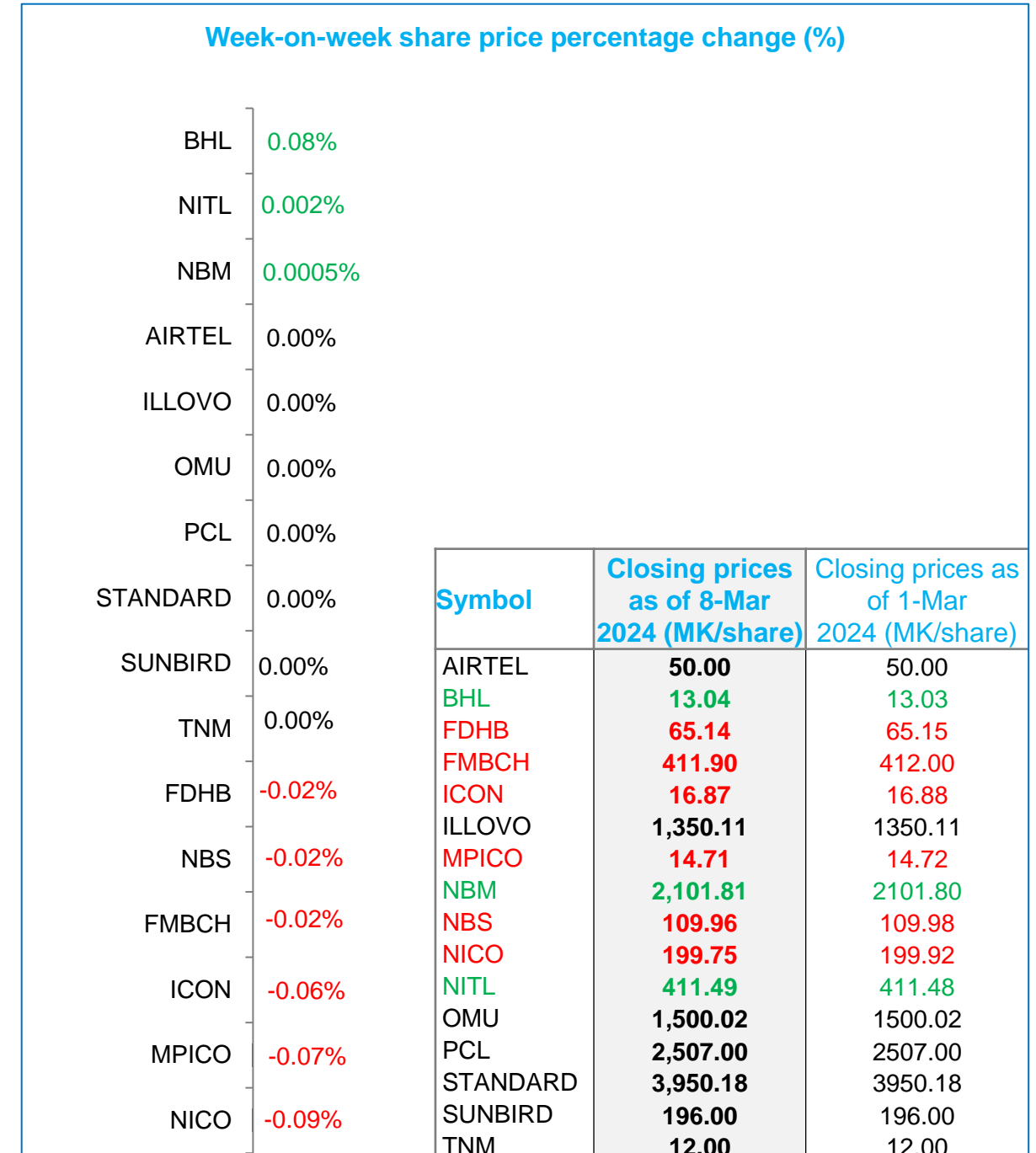
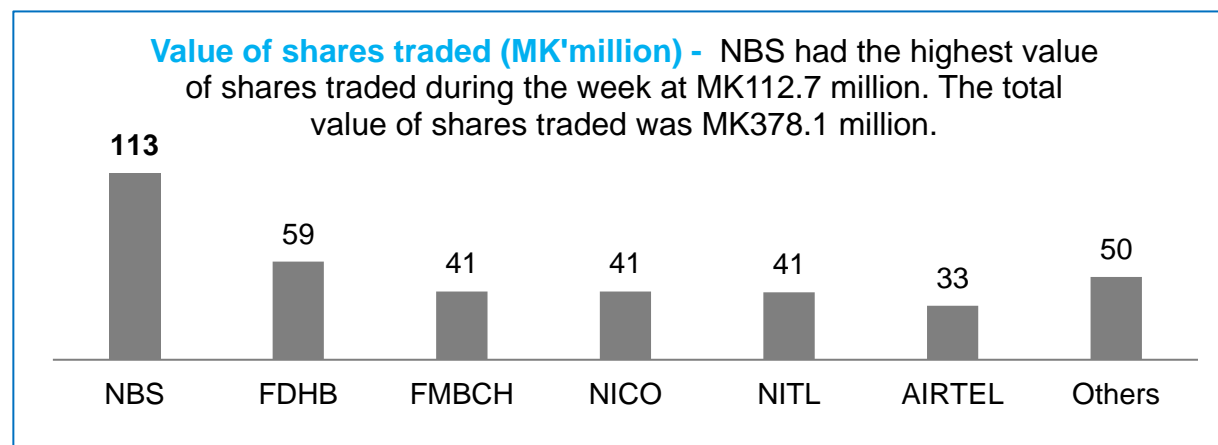
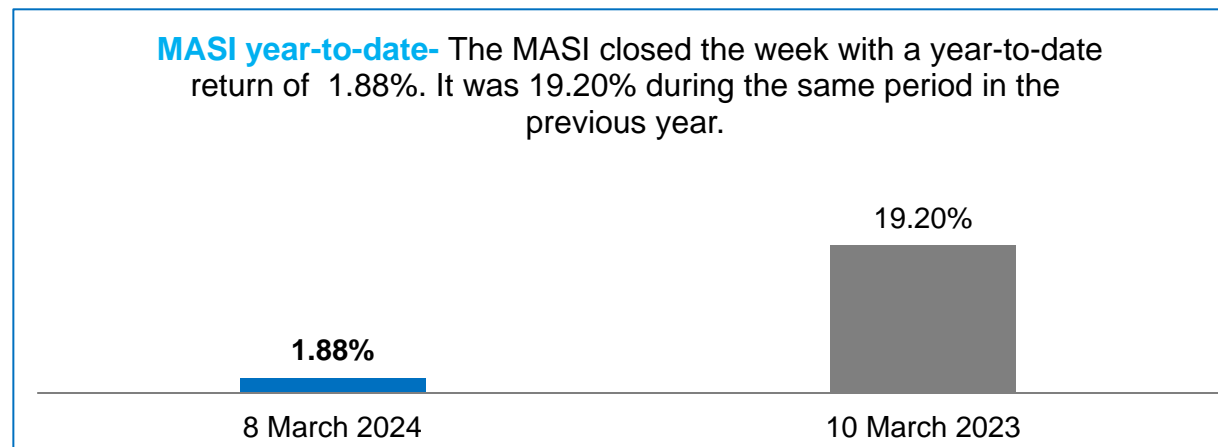
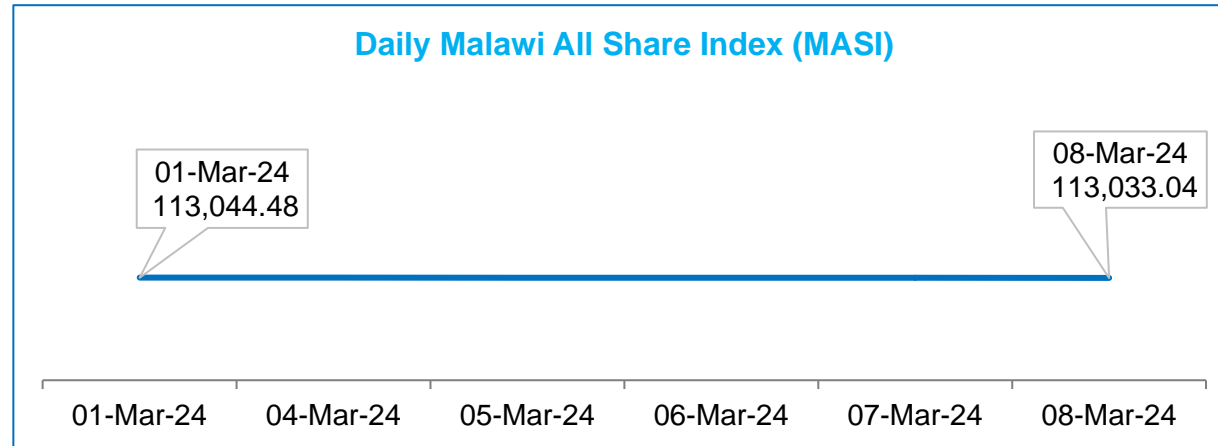
Stock market (Source: MSE)

The stock market was flat, with the Malawi All Share Index (MASI) closing the week ending 8 March 2024 at 113,033.04 points from 113,044.48 points for the week ending 1 March 2024.

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

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

Illovo Sugar Malawi (Plc) announced the declaration of a MK4.20 billion final dividend (MK5.80 per share) with respect to 2023 profits. The dividend will be paid on 28 March 2024.





Government securities (Source: RBM)

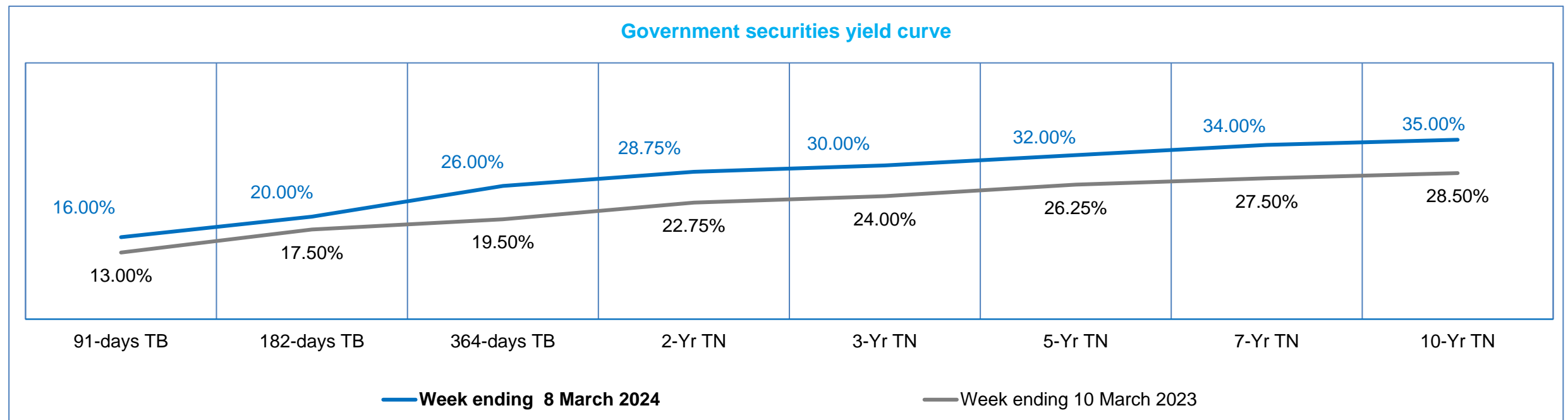
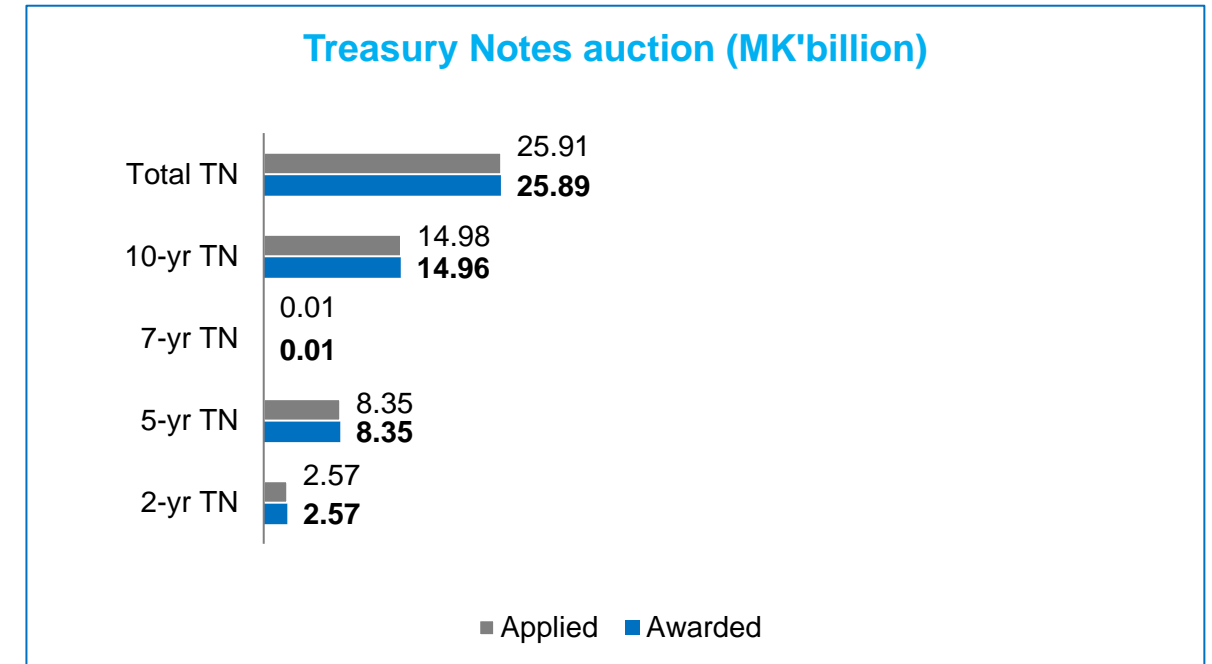
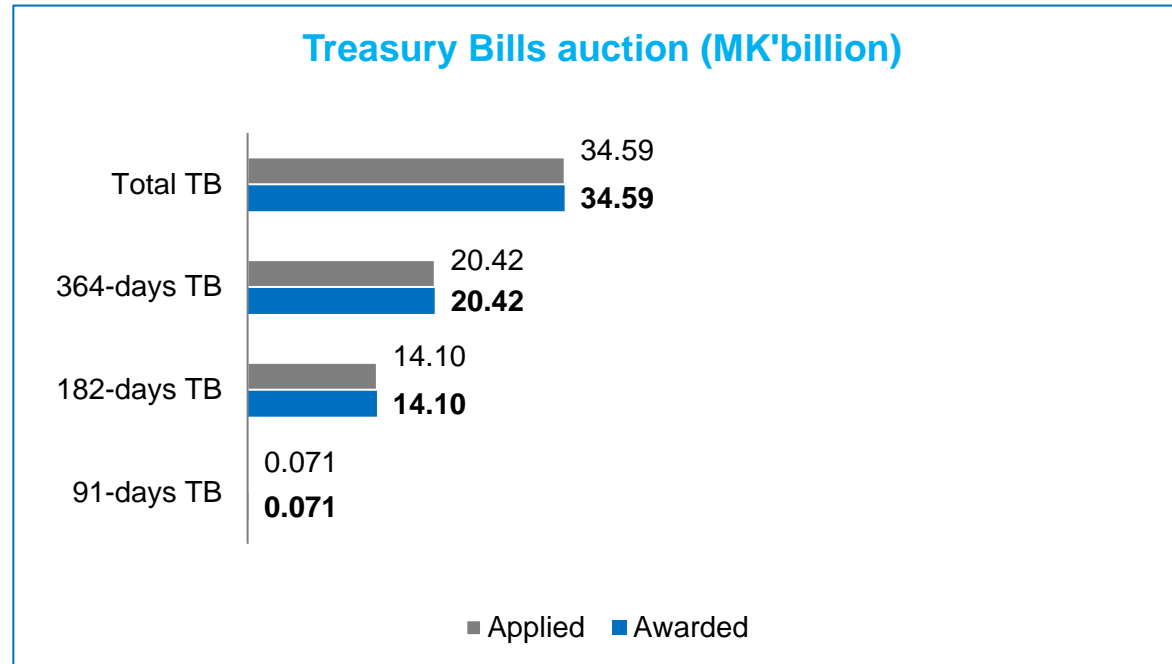
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills and Treasury Notes during the period under review.

A total of MK34.59 billion was raised from the TB auctions held during the period under review.

A total of MK25.89 billion was raised from the TN auctions held during the period under review.

There were no applications for the 3-year TN 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-2024	8-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	2,220.74*
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	1,897.72*
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	92.84*
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%	22.50%
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	113,033.04
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	84,452.86
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	20,592.97

*: Reserve Bank of Malawi opening exchange rates as of 8 March 2024

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