



Malawi Financial Market Update

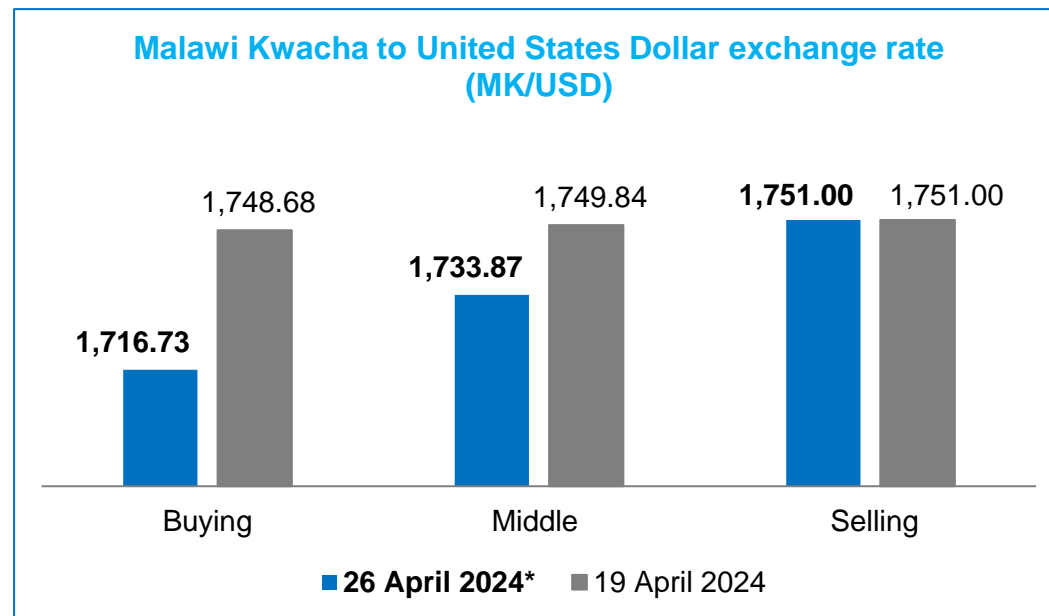
Week ending 26 April 2024



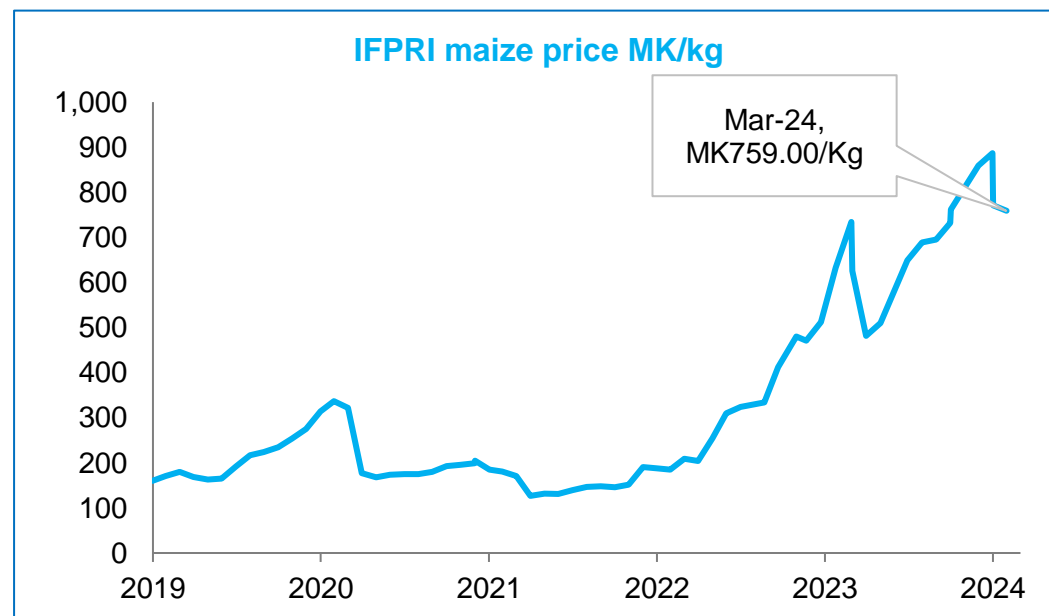
Malawi Financial Market Update: Week ending 26 April 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi maize prices (Source: IFPRI)



*: Reserve Bank of Malawi opening exchange rates as of 26 April 2024

What Happened This Week

- As per the Week 1 Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, a total of USD 14.8 million has been raised in the first week of the 2024 tobacco auctions. This represents an increase of 186% compared to the USD 4.5 million raised during the same period last year. The average price of the tobacco sold is USD 2.57 per kilogram, and a total of 5.8 million kilograms have been sold so far. The highest recorded price is USD 3 per kilogram (*Week 1 AHL Tobacco Sales season-to-date report*).
- According to the Reserve Bank of Malawi (RBM) spokesperson, the Central bank will maintain a tight monetary policy amid the high inflation environment. Other stakeholders have argued that the liquidity reserve requirement and quantitative adjustments are some of the tools that the RBM can use to combat inflation besides the policy rate (*The Daily Times, 22 April 2024*).
- The Director of the African Department at the International Monetary Fund (IMF) has hinted at the need for debt relief in Malawi for financing from the IMF and the World Bank to be effective. The World Bank is Malawi's largest creditor, accounting for 33% of the country's external debt at MK2.2 trillion. The Secretary to the Treasury has stated that most of the country's creditors have pledged debt relief for Malawi. Additionally, the Secretary to the Treasury also stated that discussions with creditors are ongoing to ensure that the restructuring process is over as soon as possible in line with the Extended Credit Facility time frame. (*The Nation, 22 April 2024*).
- In their revised trading statement, Press Corporation plc expects the consolidated profit after tax for the year ending 31 December 2023 to range between MK73.5 billion and MK75.4 billion. This represents an increase of between 102% and 107% from the previous corresponding period ended 31 December 2022. This is an increase from their previous trading statement published on 28 December 2023 when the consolidated profit after tax for the year ending 31 December 2023 was expected to close between MK62.8 billion and MK69.8 billion representing an increase of between 73% and 92% from a profit of MK36.3 in the previous year (*Malawi Stock Exchange, 24 April 2024*).



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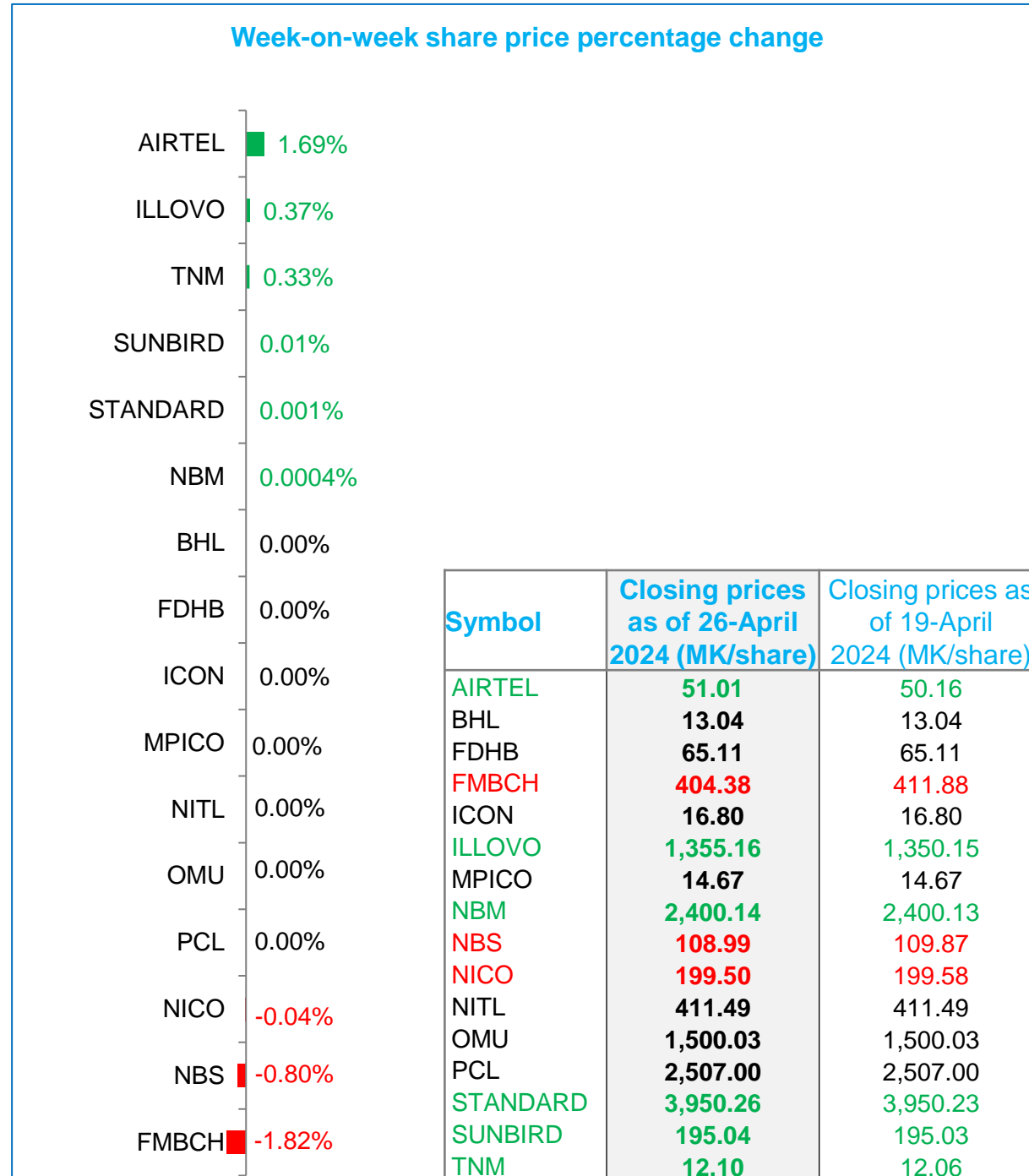
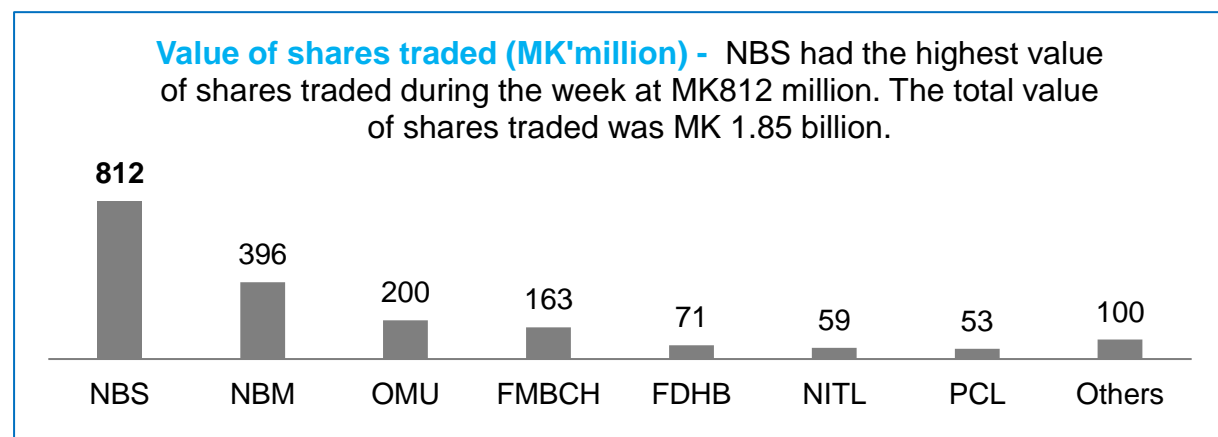
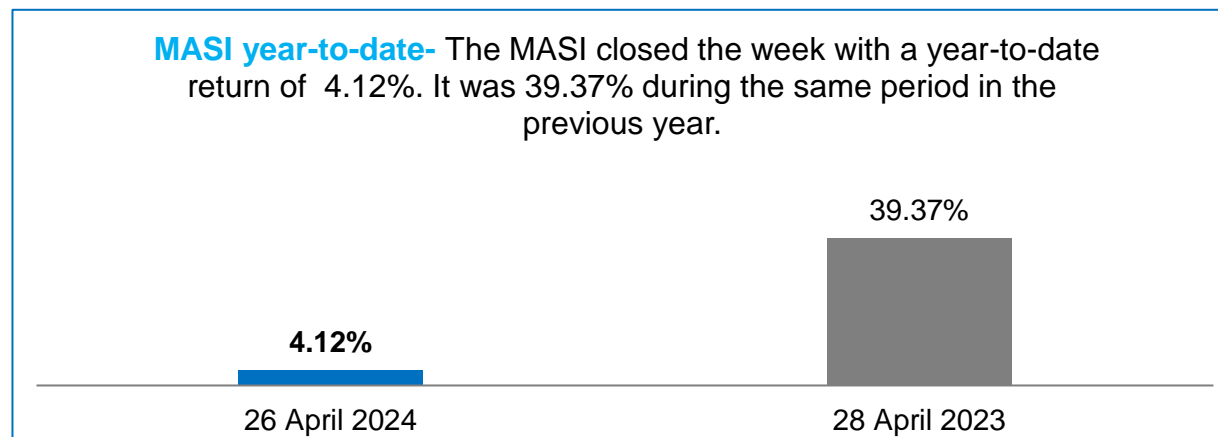
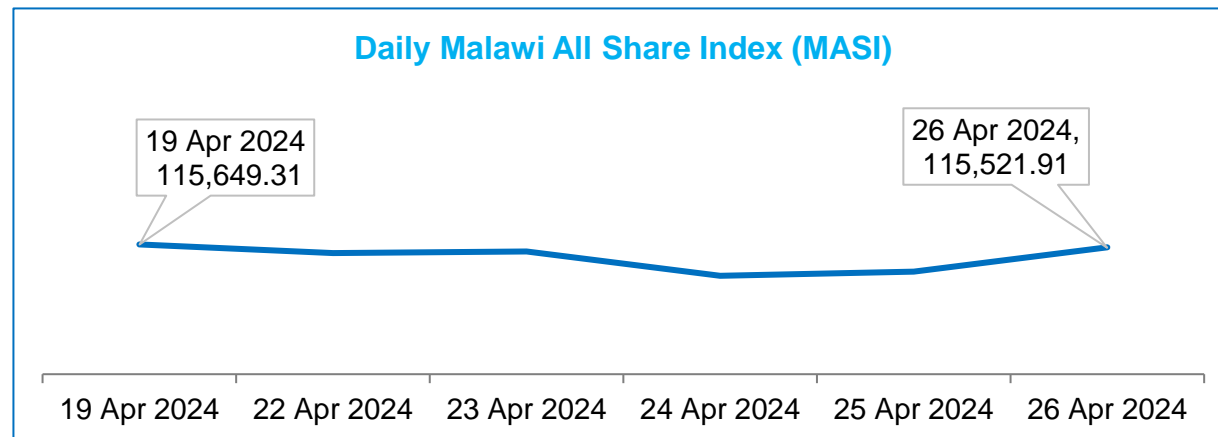
Stock market (Source: MSE)

The stock market was marginally bearish with the Malawi All Share Index (MASI) closing the week ending 26 April 2024 at 115,521.91 points from 115,649.31 points for the week ending 19 April 2024.

There was a 1.69% share price gain for AIRTEL. There were also marginal share price gains for ILLOVO, TNM, SUNBIRD, STANDARD, and NBM.

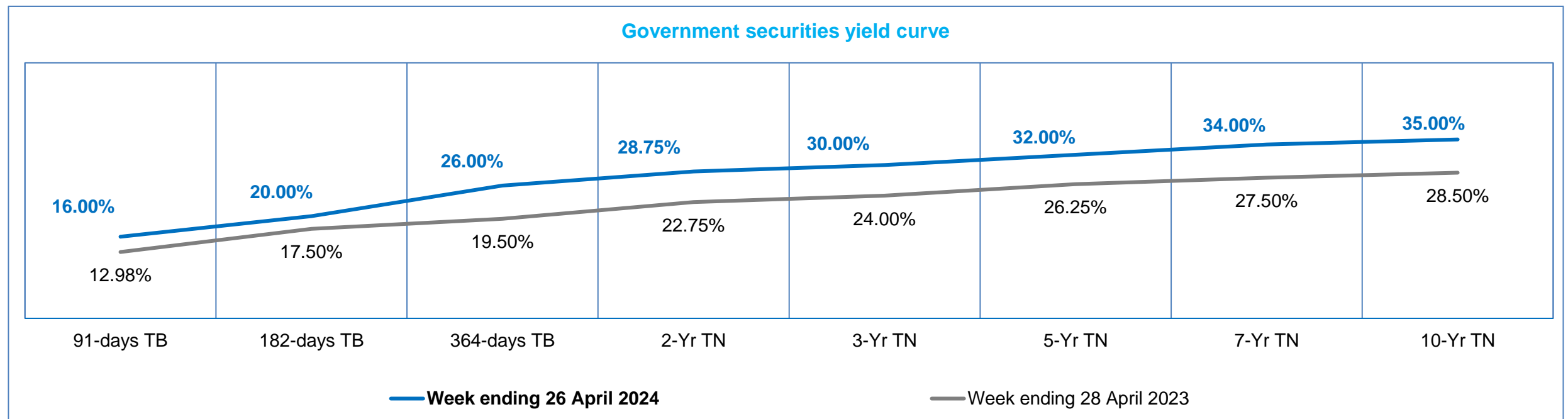
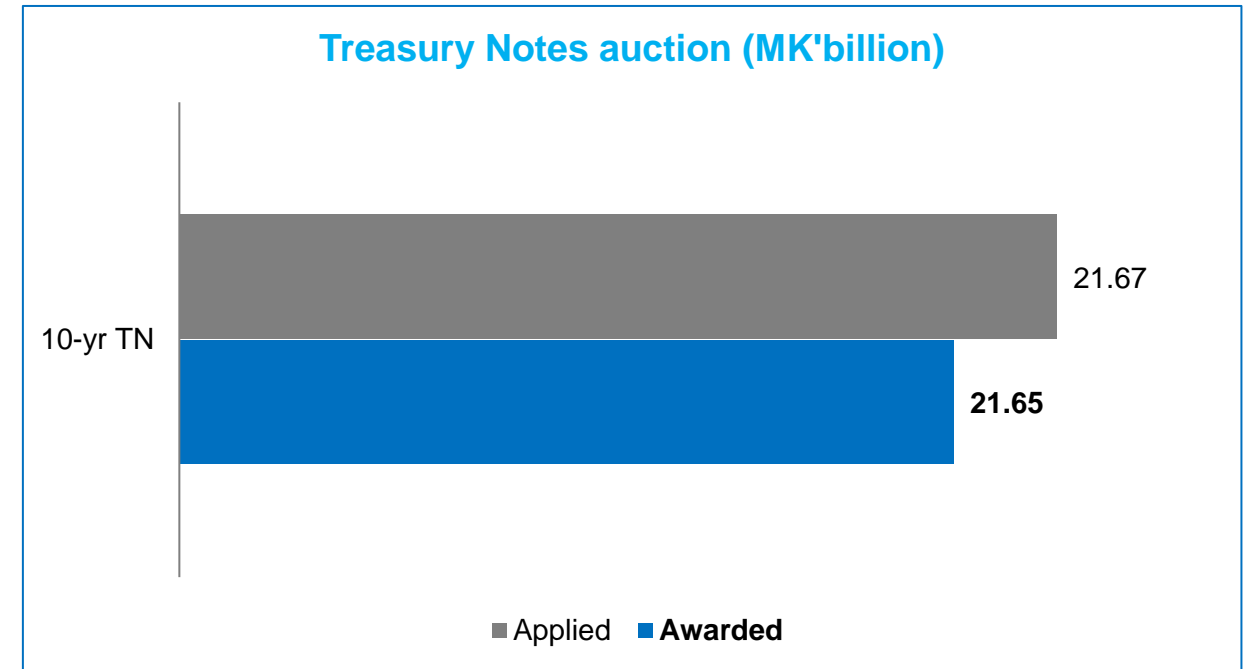
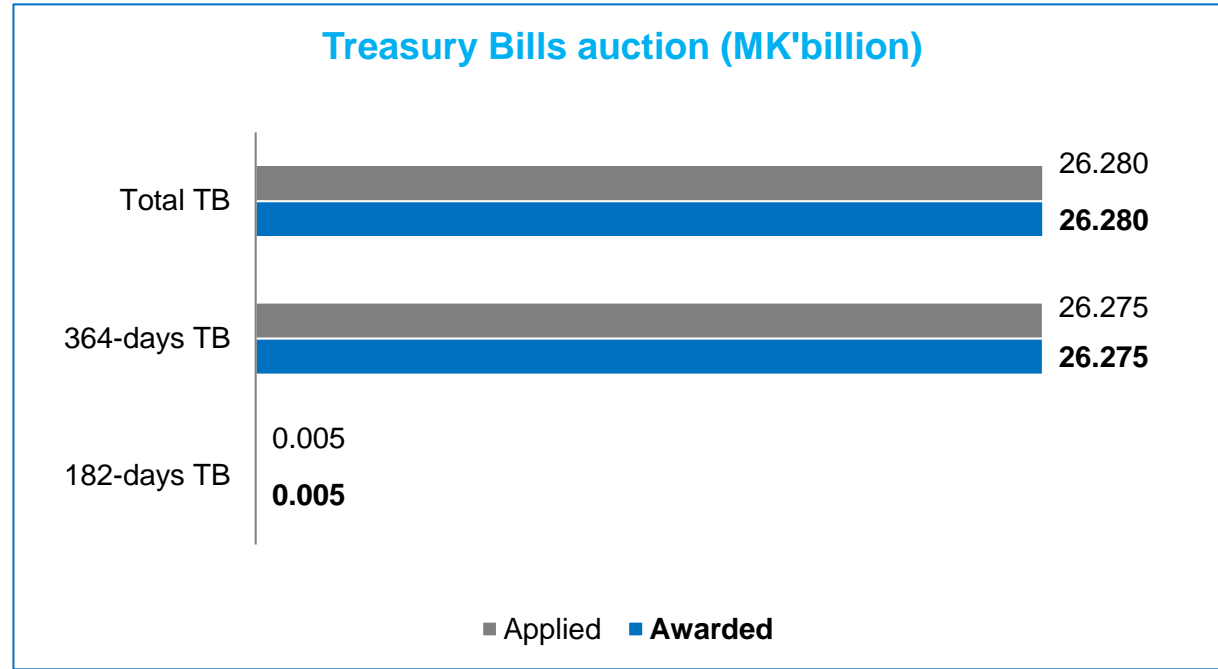
There was a 1.82% share price loss for FMBCH. There were also marginal share price losses for NBS and NICO.

MPICO plc disclosed that its profit after tax decreased by 13% to MK7.1 billion in 2023 from MK8.1 billion in 2022.





Government securities (Source: RBM)



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

MK0.005 billion was raised from the 182-days TB auction, while MK26.275 billion was raised from the 364-days TB. There were no applications for the 91-days TB during the period under review.

A total of MK21.65 billion was raised from the 10-year TN auction 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



Appendix 1: Historical Economic Indicators

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-2024	26-Apr-2024
Exchange rates (middle rates)														
MK/USD	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	1,750.38	1,733.87*
MK/GBP	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	2,268.77	2,233.25*
MK/EUR	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	1,949.34	1,915.36*
MK/ZAR	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.79	93.96*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	228.49	200.08	194.82	321.53	267.91	239.56	242.68	169.3	165.20	242.58	174.80	143.60	N/A	N/A
Private Sector Reserves (USD'mn)	375.36	403.93	386.90	407.47	406.63	419.35	409.46	396.9	413.20	433.01	401.90	396.72	N/A	N/A
Total reserves (USD'mn)	603.85	604.01	581.72	729.00	674.54	658.91	652.14	566.2	578.40	675.58	576.70	540.32	N/A	N/A
Gross Official Reserves Import cover (months)	0.91	0.80	0.78	1.29	1.07	0.96	0.97	2.3	0.7	1.0	0.70	0.57	N/A	N/A
Inflation														
Headline	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	N/A
Food	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	N/A
Non-food	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	N/A
Interest Rates														
Monetary Policy rate	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%	26.00%
Average Interbank rate	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.60%
Lombard rate	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%	26.20%
Commercial Bank reference rate	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%	24.90%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Stock Market Indices														
MASI	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	114,236.98	115,521.91
DSI	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	86,761.71	86,959.22
FSI	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	19,012.48	20,220.39

*: Reserve Bank of Malawi opening exchange rates (middle) as of 26 April 2024

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