



Malawi Financial Market Update

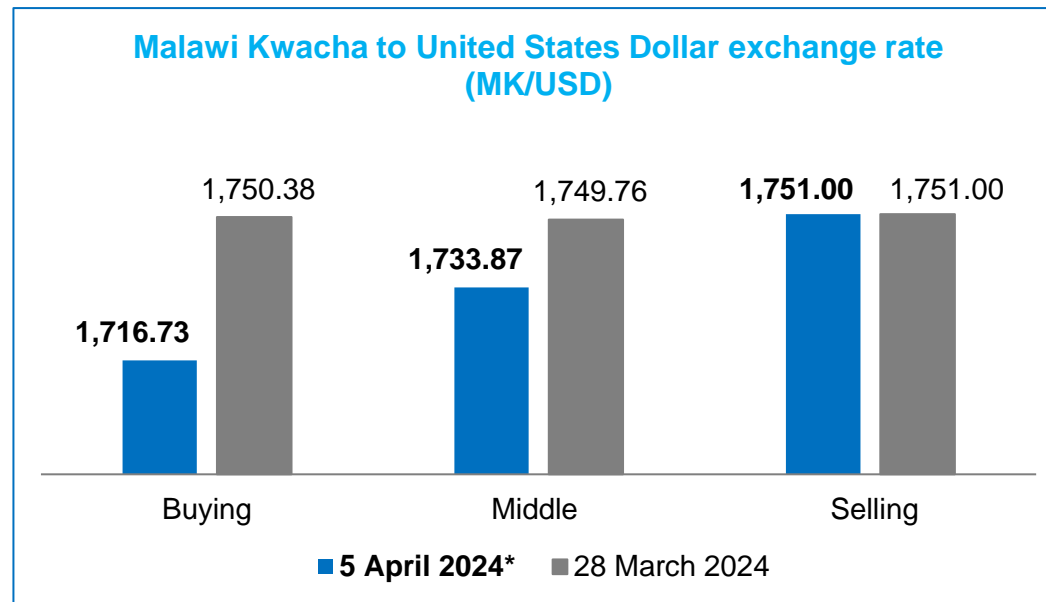
Week ending 5 April 2024



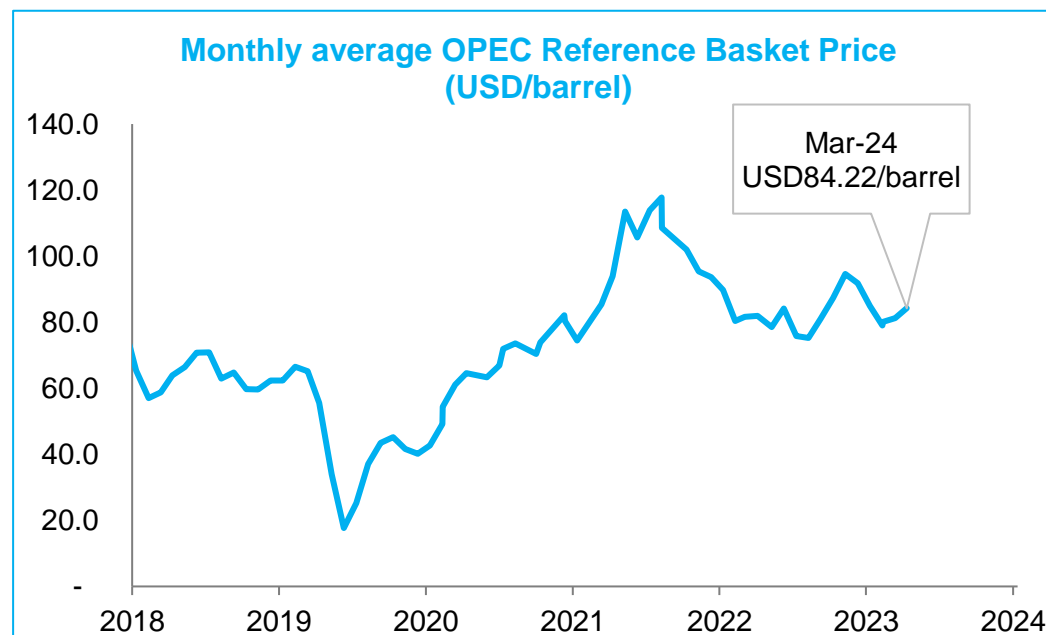
Malawi Financial Market Update: Week ending 5 April 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Global Oil Prices (Source: OPEC)



According to the Tobacco Commission's second round of crop estimates survey for the 2023/2024 farming season, tobacco production is projected to increase by 17%.

According to the Secretary to the Treasury, the government owes pensioners MK134 billion in arrears.

What Happened This Week

1. According to the Secretary to the Treasury, the government owes pensioners MK134 billion in arrears which have accumulated over a long time. The Treasury has borrowed MK100 billion from commercial banks to settle part of the pension arrears. The obligatory payments will be covered by normal revenue collections. The Reserve Bank of Malawi figures in the June 2023 Financial Stability Report showed that pension contribution arrears had risen to MK31.1 billion from MK23 billion in December 2022. The Centre for Social Accountability and Transparency Executive Director has described the government's decision to borrow money to settle pension arrears as a manifestation of a financial crisis, adding that borrowing for consumption is not sustainable (*The Daily Times*, 2 April 2024).
2. According to the Tobacco Commission's second round of crop estimates survey for the 2023/2024 farming season, tobacco production is projected to increase by 17% to 140 million kgs in 2024 compared to 120 million kgs sold in 2023. This represents a 4-percentage points reduction from the 21% production growth estimated in the first round of the survey which forecasted production of 146 million kgs of tobacco. The lower projected output is attributed to prolonged dry spells in most parts of the country and poor establishment and performance of some Dark Fire Cured tobacco in the northern region (*The Tobacco Commission*, 2 April 2024).
3. Following a survey titled "From Harvest Decline to Food Crisis: The Looming Threat of El Nino Induced Drought on Food Security in Malawi", Lilongwe University of Agriculture and natural Resources (Luanar), Mwapata Institute and catholic Relief Service (CSR) have urged the government to invest in drought-resilient crops and other initiatives to wean the country from its over-dependency on maize. According to the report, maize emerged as the dominant crop cultivated by 94.7% of households and nearly half of the households anticipate significant yield losses and 16.9% expect complete failure, especially of maize. The other crops worth exploring are cowpeas, sorghum, cassava, rice, soya, and sweet potatoes, all of which have shown some considerable level of resilience. Luanar's think-tank Centre for Agriculture Research and Development (Card) says the government should focus on shock-sensitive scalable social protection and invest in resilient national food security through megafarms (*The Nation*, 1 April 2024).
4. FDH Bank plc has registered a profit after tax of MK35.65 billion for the financial year ending 31 December 2023, up by 55.44% from MK22.93 billion recorded in the previous corresponding period (*The Daily Times*, 3 April 2024).

*: Reserve Bank of Malawi opening exchange rates as of 5 April 2024



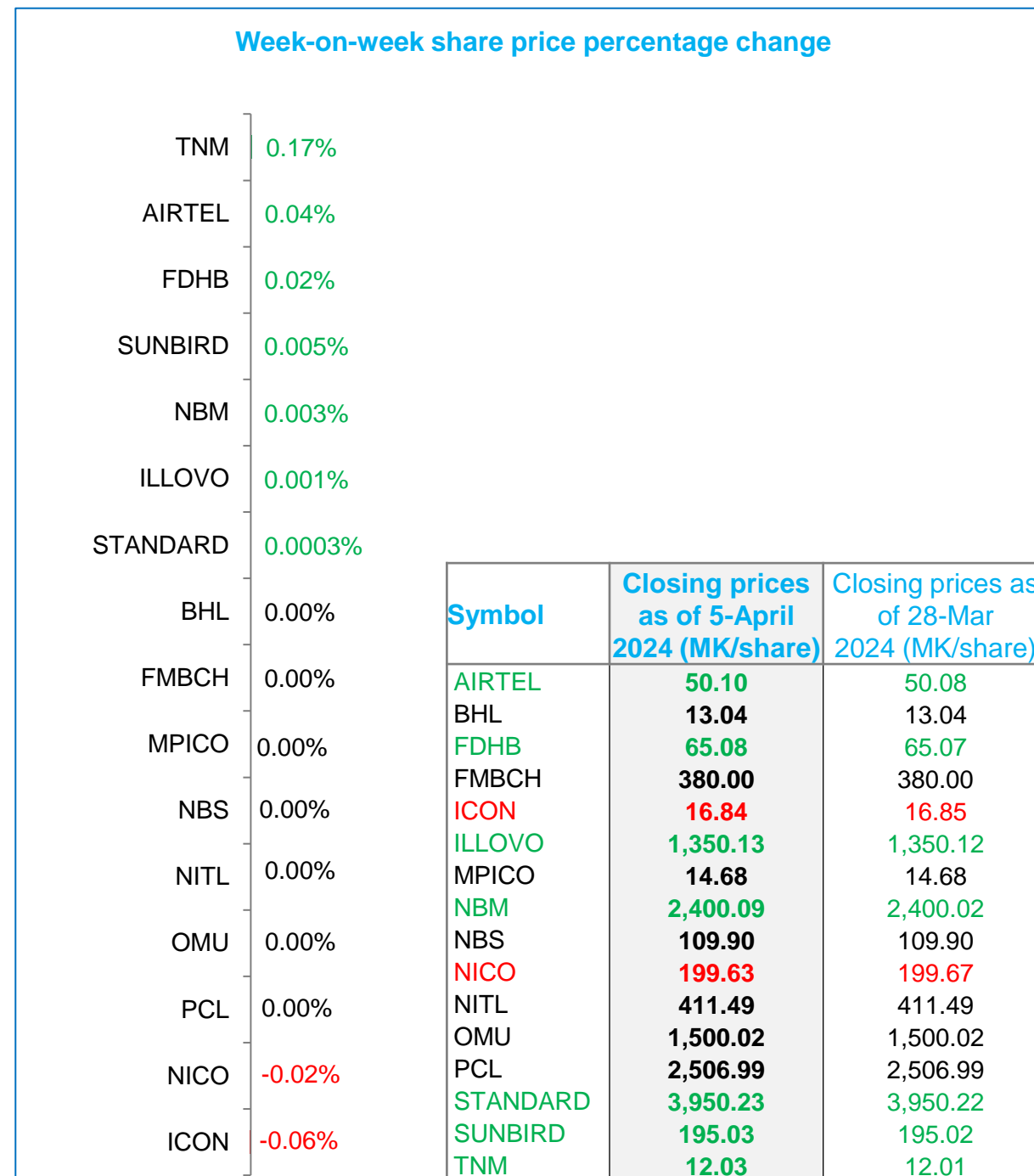
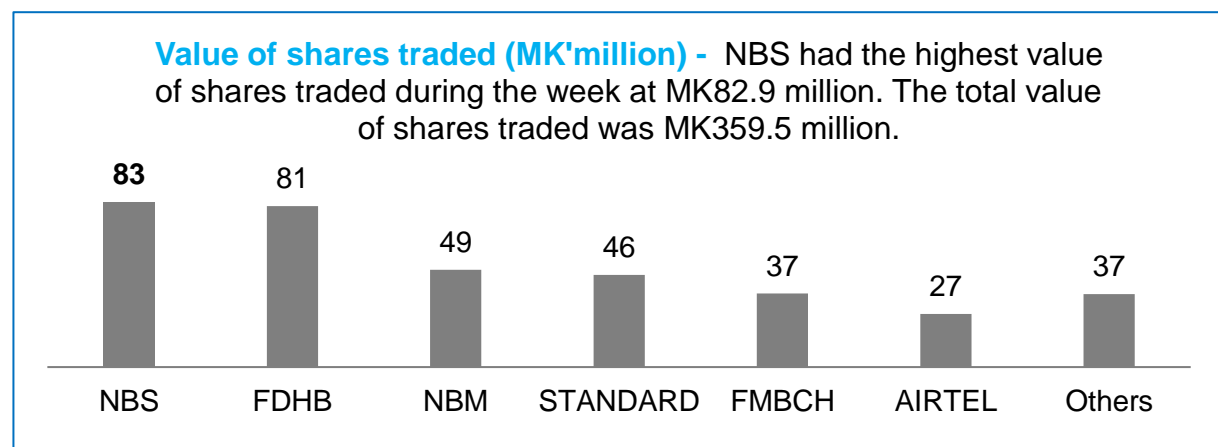
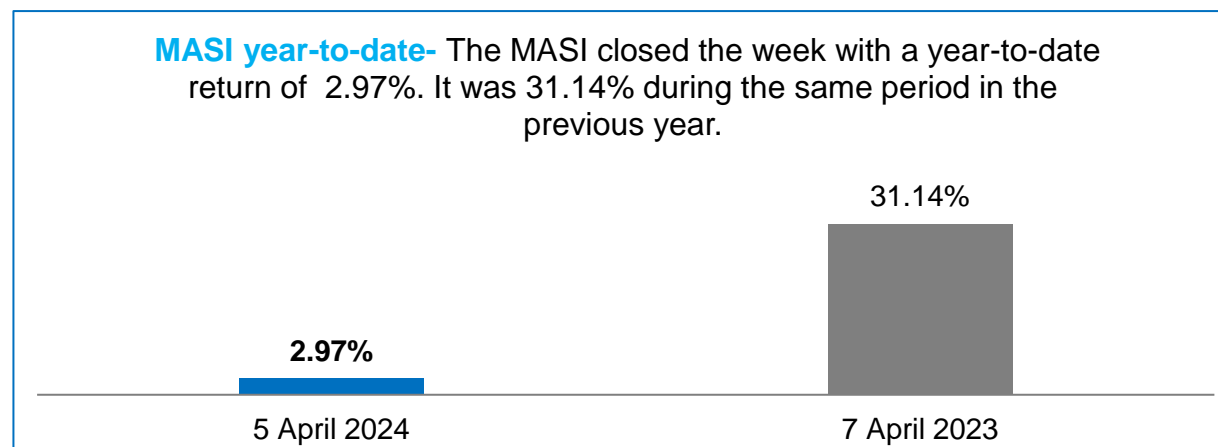
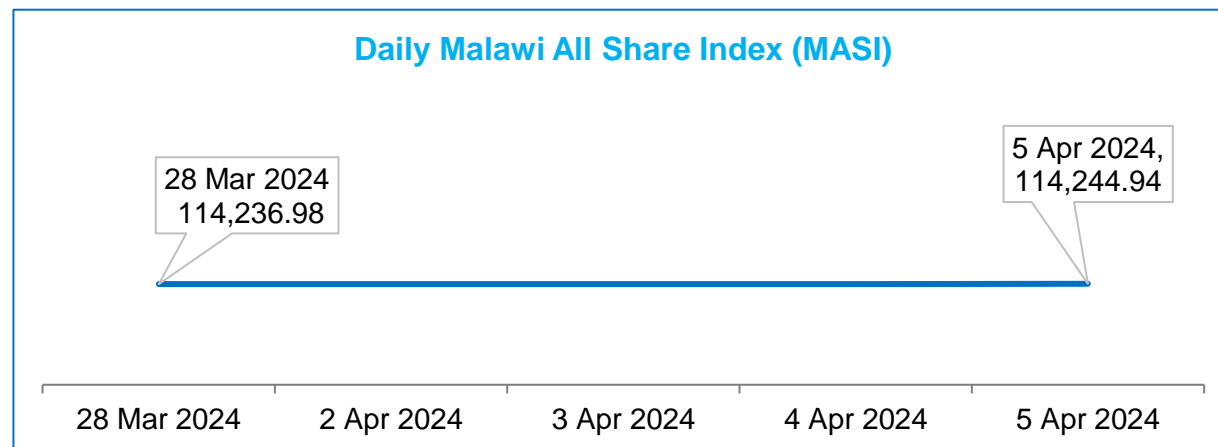
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Stock market (Source: MSE)

The stock market was flat, with the Malawi All Share Index (MASI) closing the week ending 5 April 2024 at 114,244.94 from 114,236.98 points for the week ending 28 March 2024.

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

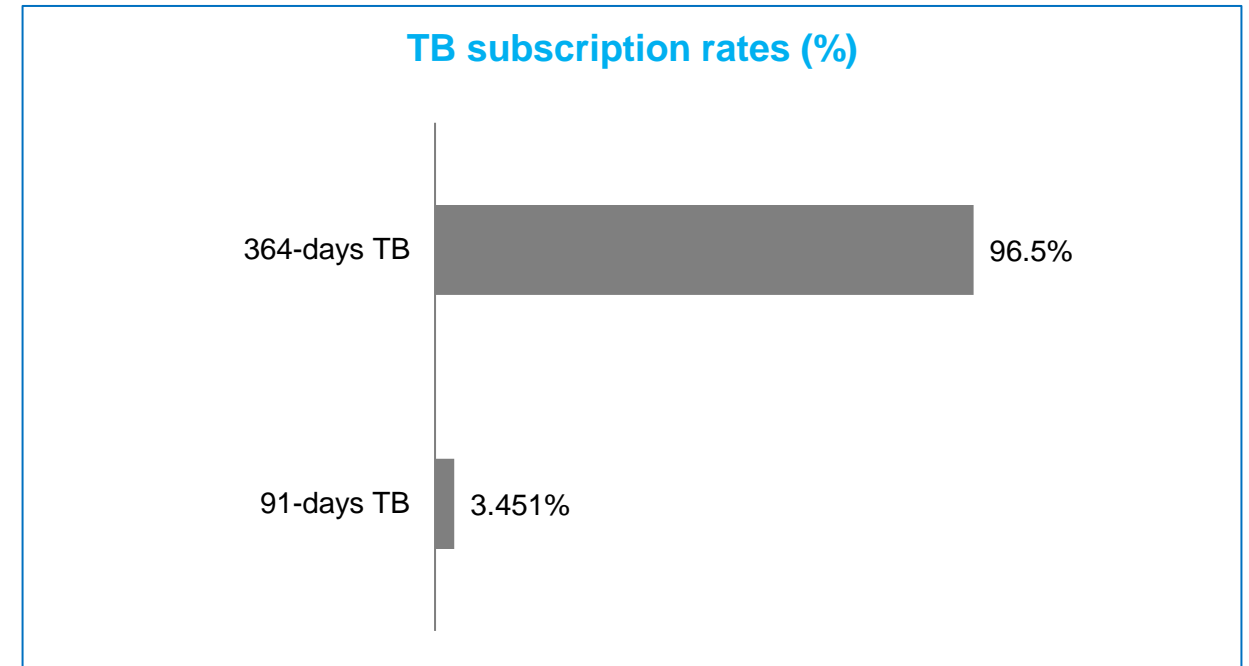
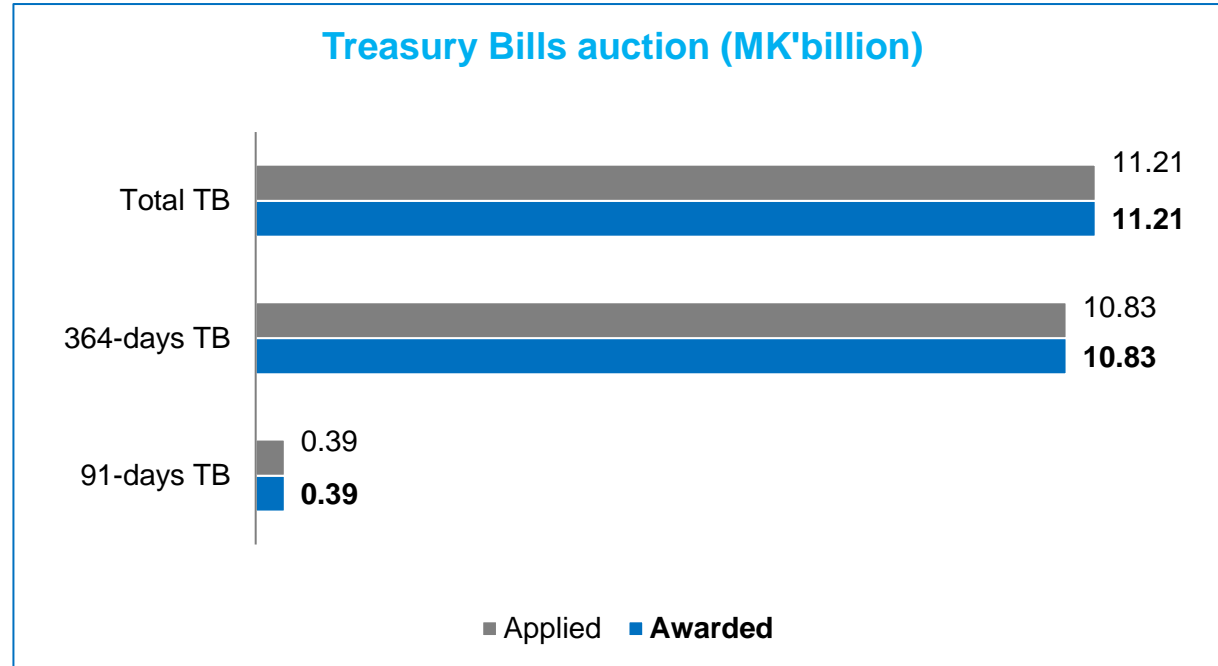
There were marginal share price losses for ICON and NICO during the week under review.





Malawi Financial Market Update: Week ending 5 April 2024

Government securities (Source: RBM)

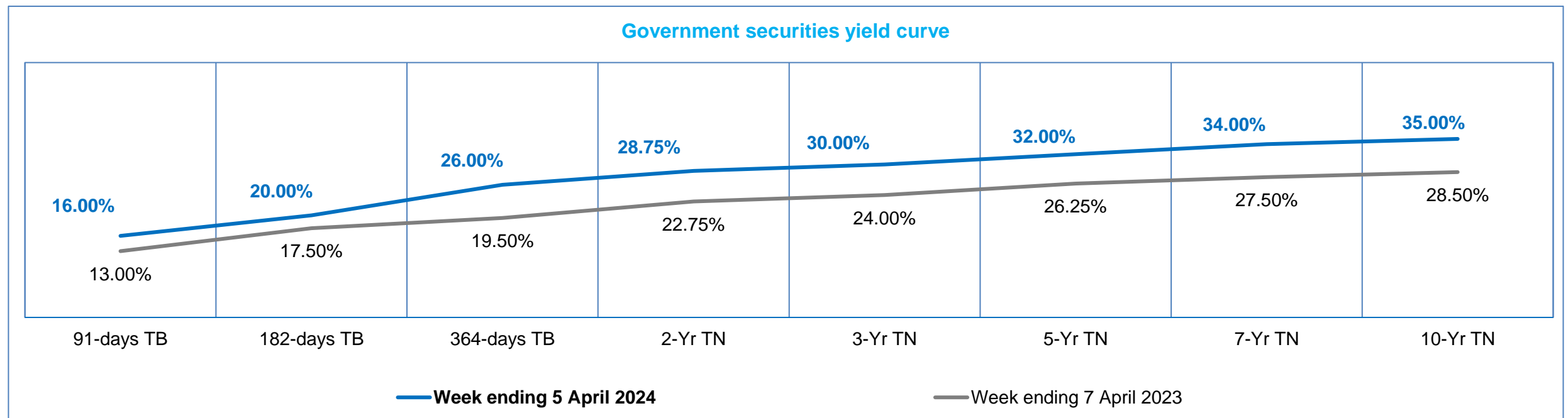


The Reserve Bank of Malawi held auctions for the 91-day and 364-day Treasury Bills during the period under review.

A total of MK386.97 million was raised from the 91-day TB auction held during the period under review.

A total of MK10.83 billion was raised from the 364-day TB auction held during the period under review.

The average TB yield maintained at 20.67% during the period under review.



TB: Treasury Bill



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	5-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	2,254.50*
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	1,933.22*
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	95.45*
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%	N/A	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%	N/A	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%	N/A	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%	22.34%
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	114,244.94
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	86,768.78
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	19,012.48

*: Reserve Bank of Malawi opening exchange rates as of 5 April 2024

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