



# Malawi Financial Market Update

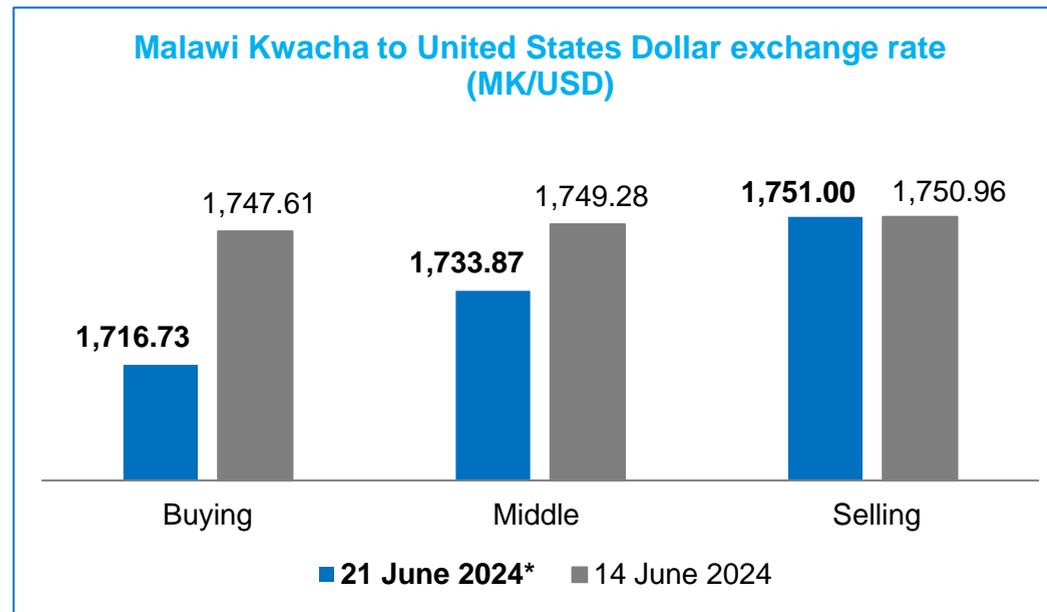
Week ending 21 June 2024



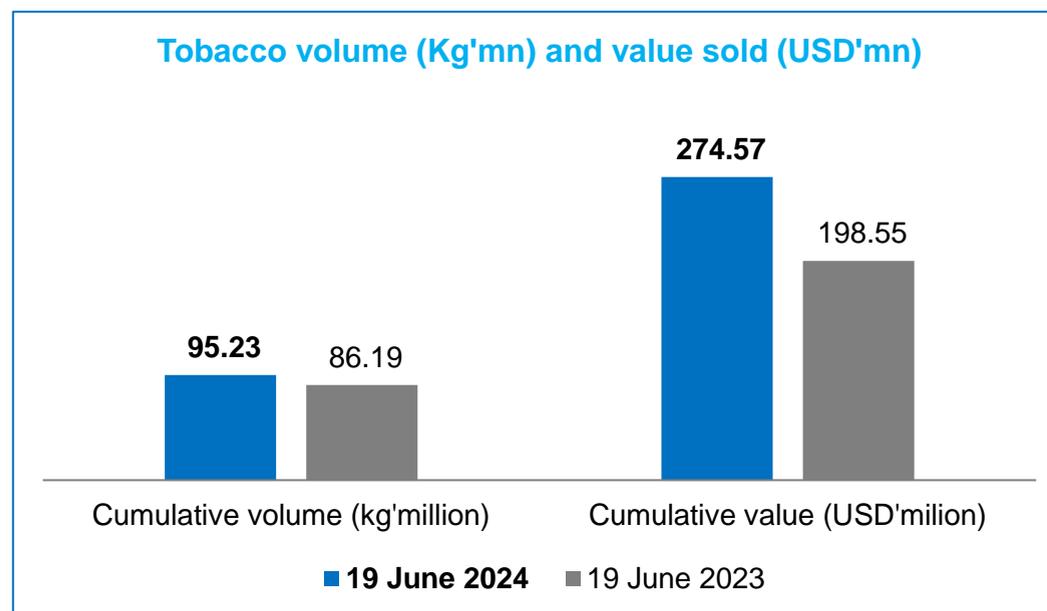
# Malawi Financial Market Update: Week ending 21 June 2024

## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Tobacco Volume and Value Sold (Source: AHL)



\*: Reserve Bank of Malawi opening exchange rates as of 21 June 2024

### What Happened This Week

1. The year-on-year inflation rate for May 2024 is at 32.7%, an increase from the 32.3% recorded in April 2024. Food and Non-Food inflation rates are at 40.7% and 22.1%, respectively (*NSO, 15 June 2024*).
2. FDH Bank has signed a USD15 million (about MK26 billion) agreement with the African Export-Import Bank (Afreximbank) to support local businesses in securing export markets and increasing trade. Under the Africa Trade Exchange (Atex) financing, the facility is aimed at bolstering intra-Africa trade and growing exports to the Caribbean markets for small and medium enterprises (*The Times, 20 June 2024*).
3. The Reserve Bank of Malawi (RBM) says it cannot single-handedly control the rise in inflation, saying there is need for collaborative efforts of stakeholders. They state that monetary policy alone cannot solve the current inflation challenges and that the monetary instruments at their disposal are only effective in managing the demand side of the equation. According to the RBM, imported inflation is a result of the supply gap that can be closed by boosting domestic production to substitute imports (*The Nation, 17 June 2024*).
4. According to the RBM, growth in the private sector credit has moderated, dropping by 60 basis points to 26.0% in April 2024, down from 26.6% in March 2024. It was higher compared to 22.4% registered in April 2023. On a monthly basis, the stock of private sector credit contracted by MK5.8 billion (0.5%) to MK1.3 trillion at the end of April 2024. (*RBM Monthly Economic Review for April 2024*).
5. In April 2024, the central government's total revenues and expenditures were recorded at MK463.5 billion and MK620.4 billion, respectively. This resulted in a deficit of MK156.8 billion, an increase from a deficit of MK69.1 billion and MK95.2 billion recorded in March 2024 and April 2023, respectively (*RBM Monthly Economic Review for April 2024*).
6. The Fertiliser Association of Malawi (FAM) has warned of another delay in the implementation of the 2024/25 Affordable Inputs Programme (AIP) should the process of ordering fertiliser be delayed further. In May 2024, the association said foreign exchange challenges have left the country with a 350,000 metric tonnes shortfall (*The Nation, 18 June 2024*).

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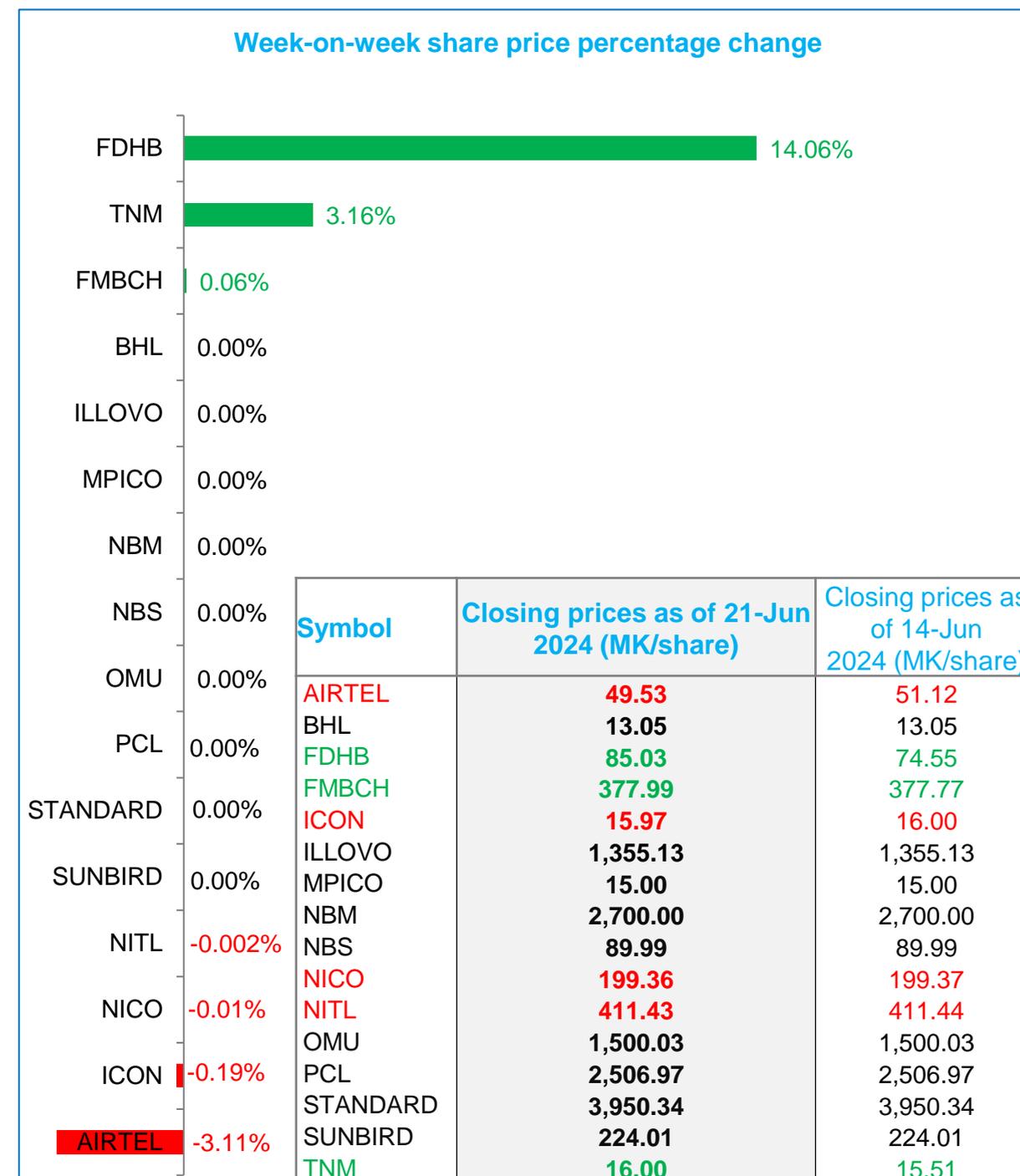
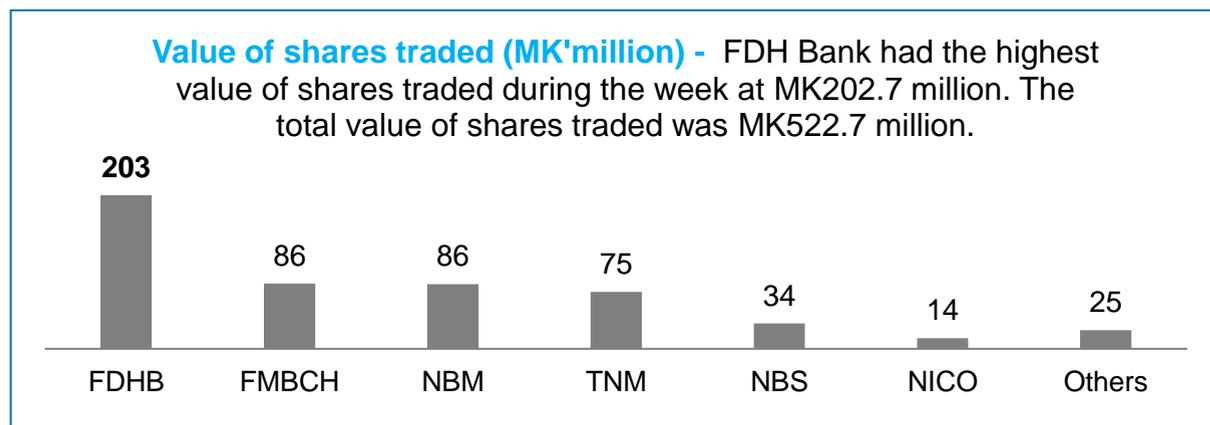
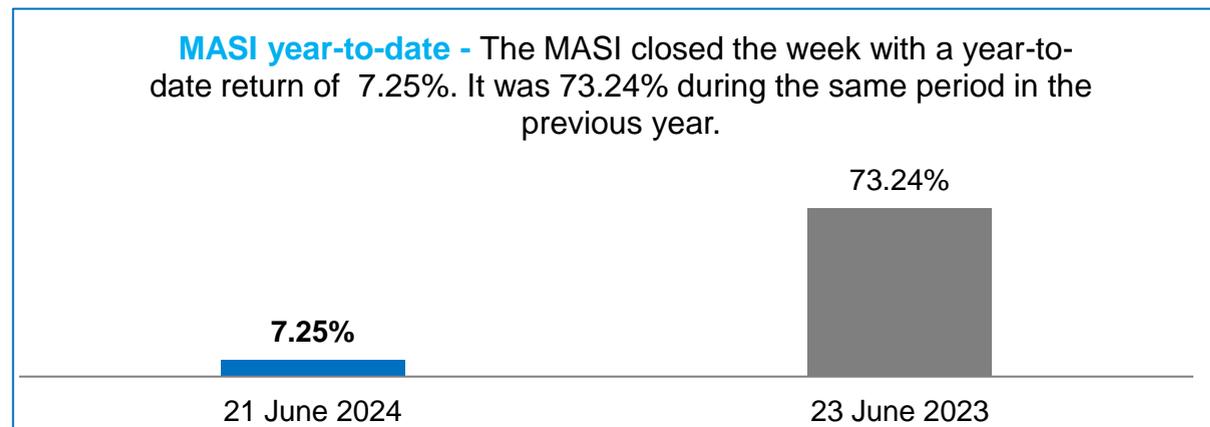
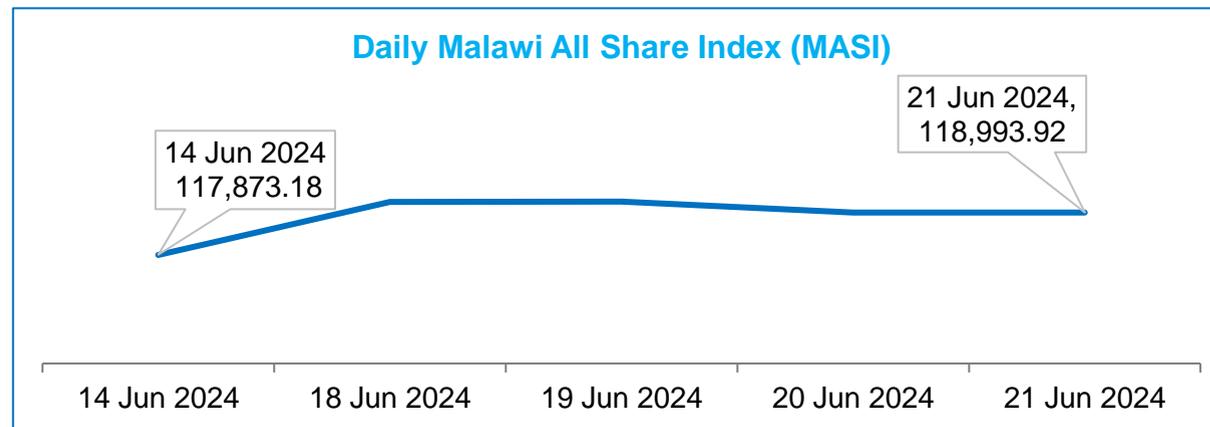
## Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 21 June 2024 at 118,993.92 points from 117,873.18 points for the week ending 14 June 2024.

There were 14.06% and 3.16% share price gains for FDH Bank and TNM, respectively.

There was a 3.11% share price loss for AIRTEL during the period under review.

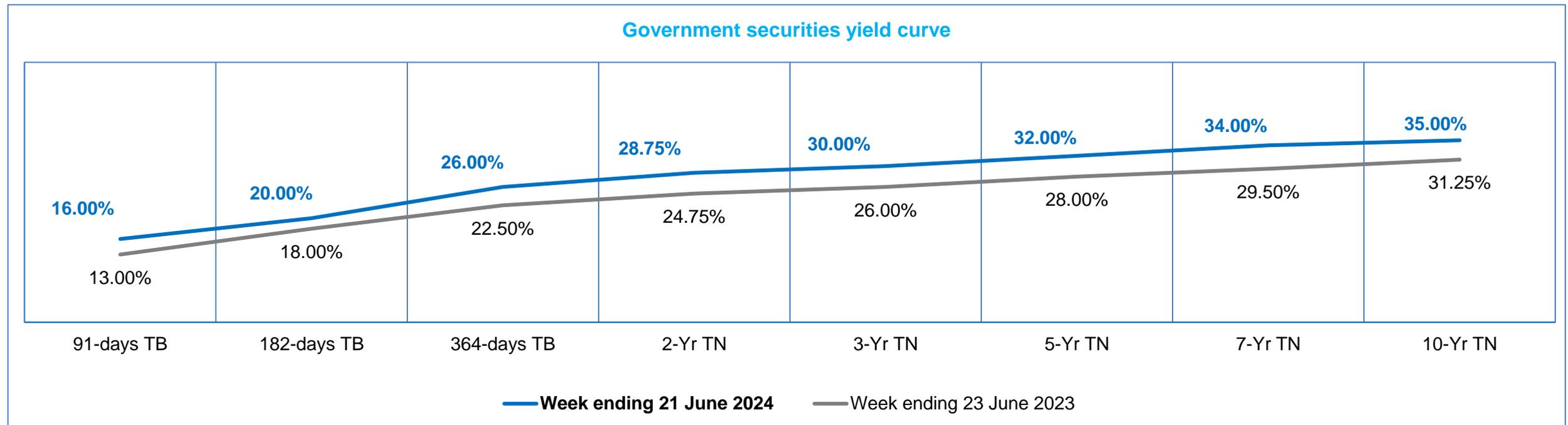
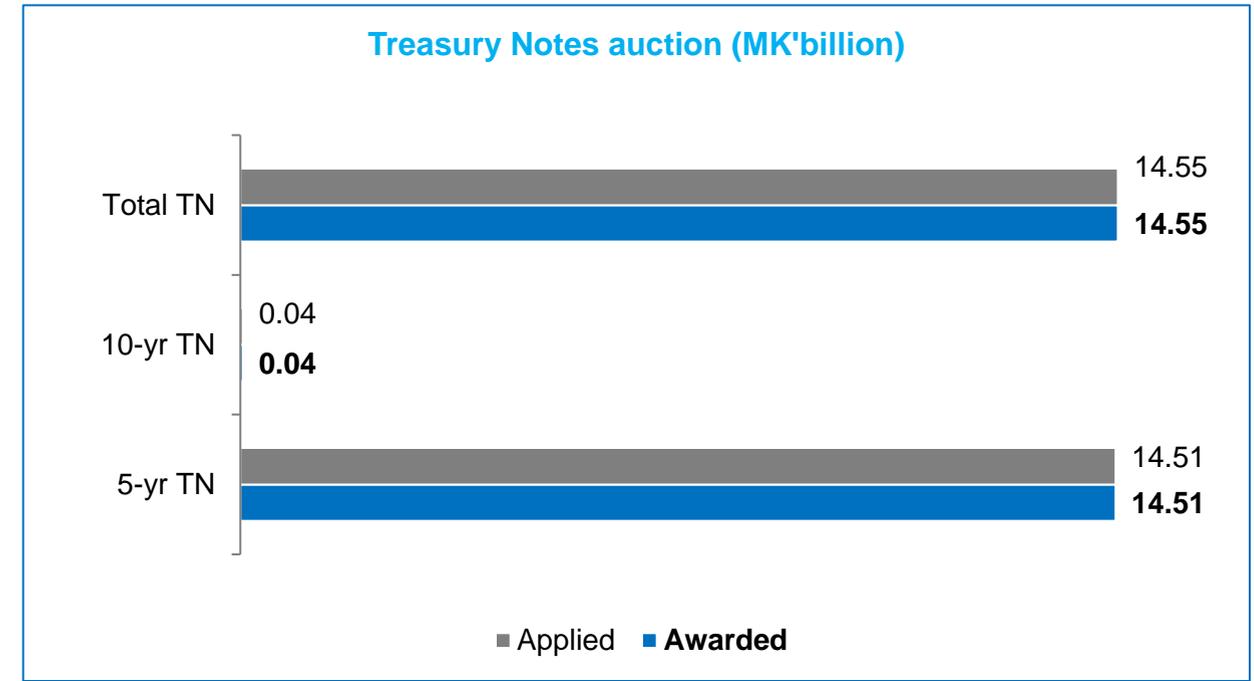
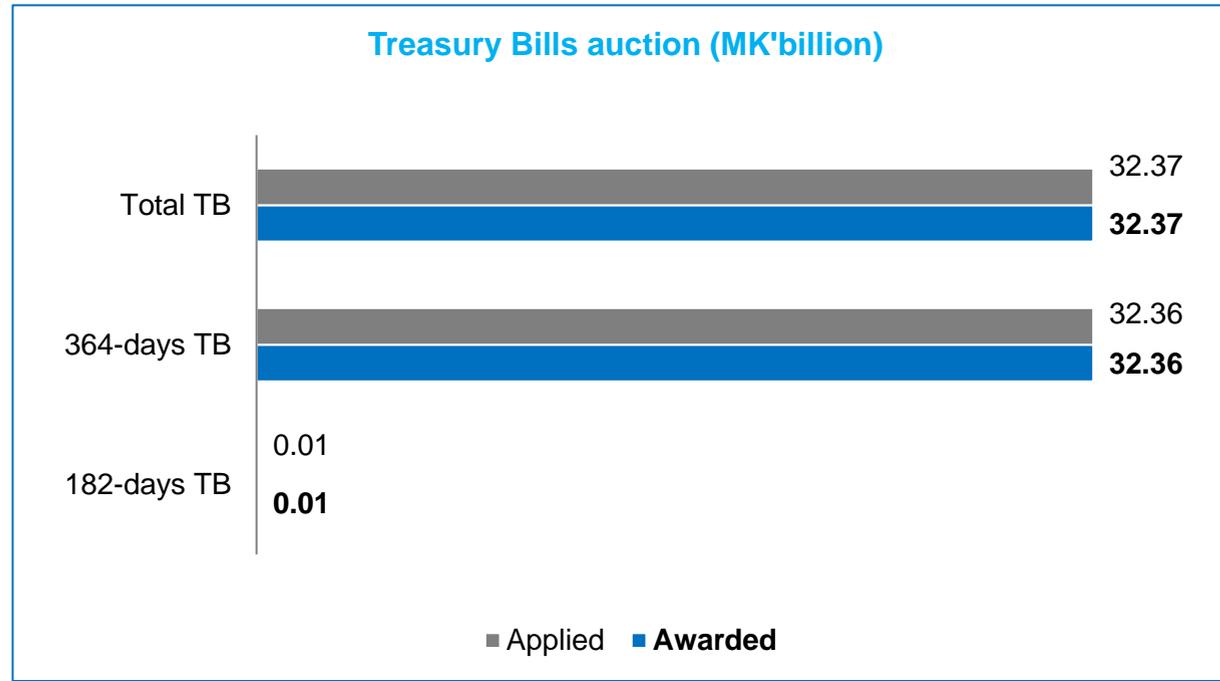
SUNBIRD advises that its profit after tax (PAT) for the half year ending 30 June 2024 is expected to be within the range of MK4.6 billion and MK4.9 billion. The company reported a (PAT) of MK1.6 billion in the corresponding period in 2023.





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## Government securities (Source: RBM)



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

MK0.01 billion was raised from the 182-days TB auction, and MK32.36 billion from the 364-days TB auction. There were no applications for the 91-days TB.

MK14.51 billion was raised from the 5-year TN auction and MK0.04 billion from the 10-year TN auction.

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



## Appendix 1: Historical Economic Indicators

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	21-Jun-2024
<b>Exchange rates (middle rates)</b>														
MK/USD	1,034.46	1,058.82	1,061.67	1,094.74	1,126.50	1,179.83	1,699.31	1,697.98	1,697.80	1,698.50	1,750.38	1,745.70	1,750.76	<b>1,733.87*</b>
MK/GBP	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	2,256.81	2,285.22	<b>2,261.82*</b>
MK/EUR	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	1,922.25	1,951.14	<b>1,913.93*</b>
MK/ZAR	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.64	95.40	95.89	<b>99.38*</b>
<b>Foreign Exchange Reserves</b>														
Gross Official Reserves (USD'mn)	194.82	321.53	267.91	239.56	242.68	169.3	165.20	242.58	174.80	143.60	N/A	N/A	N/A	<b>N/A</b>
Private Sector Reserves (USD'mn)	386.90	407.47	406.63	419.35	409.46	396.9	413.20	433.01	401.90	396.72	N/A	N/A	N/A	<b>N/A</b>
Total reserves (USD'mn)	581.72	729.00	674.54	658.91	652.14	566.2	578.40	675.58	576.70	540.32	552.94	603.07	610.18	<b>N/A</b>
Gross Official Reserves Import cover (months)	0.78	1.29	1.07	0.96	0.97	2.3	0.7	1.0	0.70	0.57	N/A	N/A	N/A	<b>N/A</b>
<b>Inflation</b>														
Headline	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	<b>N/A</b>
Food	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	<b>N/A</b>
Non-food	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	<b>N/A</b>
<b>Interest Rates</b>														
Monetary Policy rate	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	<b>26.00%</b>
Average Interbank rate	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	<b>24.19%</b>
Lombard rate	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	26.20%	26.20%	26.20%	26.20%	<b>26.20%</b>
Commercial Bank reference rate	20.00%	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%	23.60%	23.60%	24.90%	24.90%	24.90%	25.00%	<b>25.10%</b>
<b>Government Securities Yields</b>														
91-days Treasury Bill	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%	16.00%	16.00%	16.00%	16.00%	<b>16.00%</b>
182-days Treasury Bill	17.50%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	20.00%	20.00%	20.00%	20.00%	<b>20.00%</b>
364-days Treasury Bill	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	<b>26.00%</b>
2-year Treasury Note	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%	26.75%	26.75%	28.75%	28.75%	28.75%	28.75%	<b>28.75%</b>
3-year Treasury Note	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	<b>30.00%</b>
5-year Treasury Note	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	32.00%	32.00%	32.00%	32.00%	<b>32.00%</b>
7-year Treasury Note	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%	32.00%	32.00%	34.00%	34.00%	34.00%	34.00%	<b>34.00%</b>
10-year Treasury Note	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%	33.00%	33.00%	35.00%	35.00%	35.00%	35.00%	<b>35.00%</b>
<b>Stock Market Indices</b>														
MASI	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	114,228.31	115,418.29	<b>118,993.92</b>
DSI	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	86,753.99	87,814.00	<b>91,072.45</b>
FSI	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	19,012.49	19,011.00	<b>18,912.90</b>

\*: Reserve Bank of Malawi opening exchange rates (middle) as of 21 June 2024

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