



# Malawi Financial Market Update

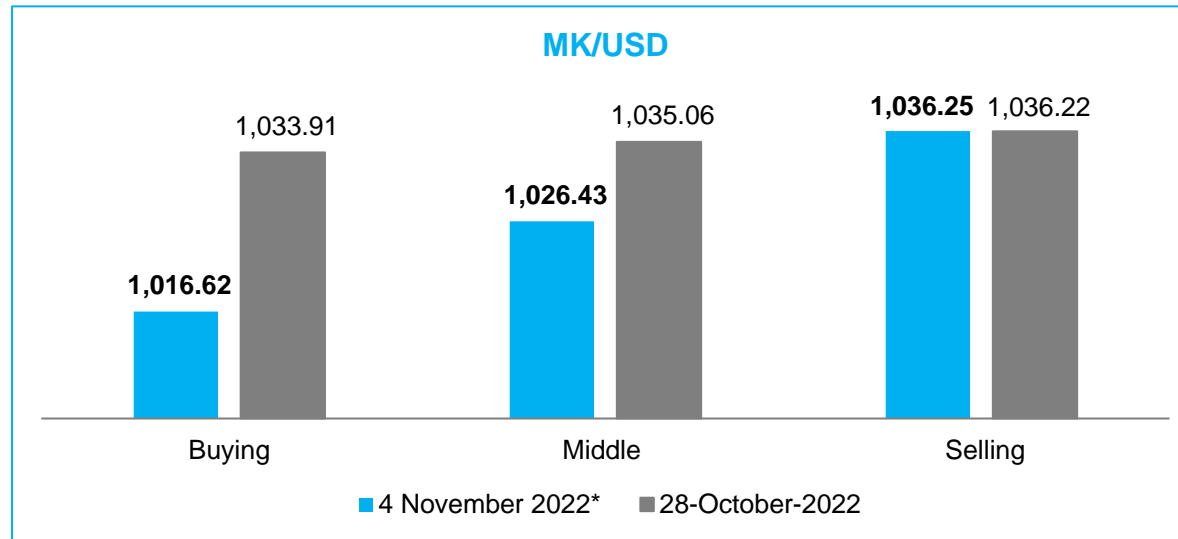
Week ending 4 November 2022



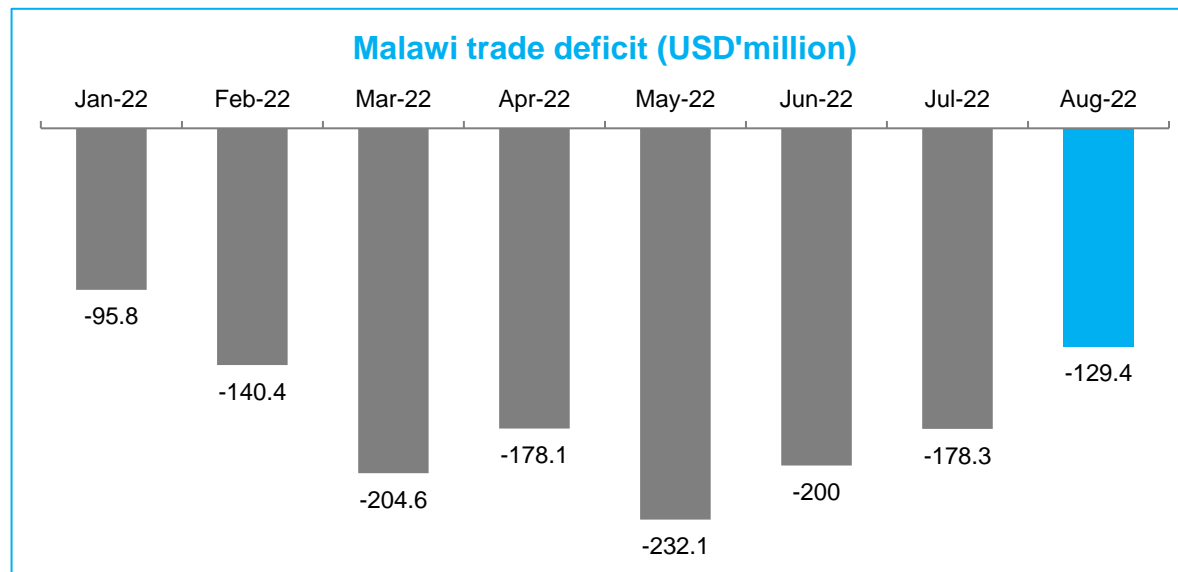
## Foreign currency market and other market developments (Source: RBM)

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.83% as it traded at MK1,026.43/USD as of 4 November 2022 from MK1,035.06/USD as of 28 October 2022.

### Foreign currency (Source: RBM)



### Trade Balance (Source: RBM)



### What Happened This Week

1. Following the adjustment of the Policy rate (to 18.0% from 14.0%) and the Lombard rate to 20 basis points above the policy rate, by the Reserve Bank of Malawi (RBM), commercial banks have revised their reference or bank lending rates to 16.6% from 13.9% effective from 3 November 2022. The Malawi Confederation of Chambers of Commerce and Industry (MCCI) has faulted the move as it will likely stifle investment in the short- and medium-term because increasing interest rates leads to high financing costs (*The Nation, 2-November-22*).
2. In the recently published Catalogue for Diversified Export Opportunities, the United Nations Conference on Trade and Development (Unctad) has reported that Malawi has an opportunity to explore other commodities in order to diversify its export base to boost exports by up to 35%. According to the report, Malawi's exports have remained minimal and concentrated on a few agro-products and this has made Malawi to consistently perform poorly on export diversification. The report further said there are about 3,956 potential export products for Malawi. In reaction to the report, authorities have stated that there is need for a complete overhaul in the way things are done for Malawi to reach its export potential (*The Nation, 3-November-22*).
3. Malawi trade balance has increased to USD417.9 million (about MK424.2 billion) reported in the third quarter of 2022 from USD252.2 million (about MK216 billion) reported in the second quarter of 2022. The widening of the trade balance is due to a large growth in imports compared to exports. The rise in imports has been attributed to high costs of fertilizer while the rise in exports was driven by tobacco, tea, coffee, pulses and oil seeds. Economic experts have cautioned that further widening of the trade balance will exert pressure on the demand of foreign exchange and ultimately weaken the Kwacha (*The Nation, 1-November-22*).

\*: Reserve Bank of Malawi opening exchange rates as of 4 November 2022



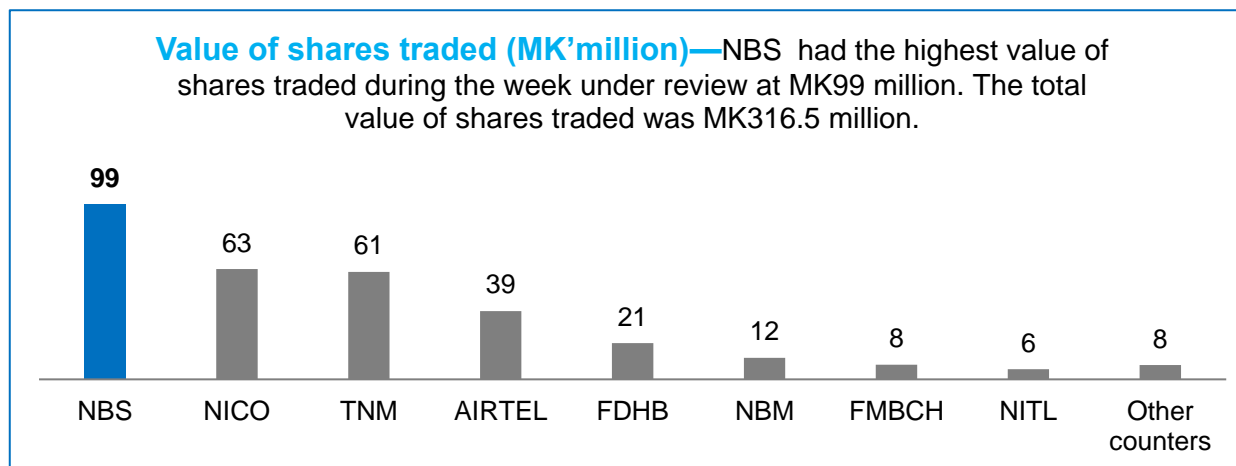
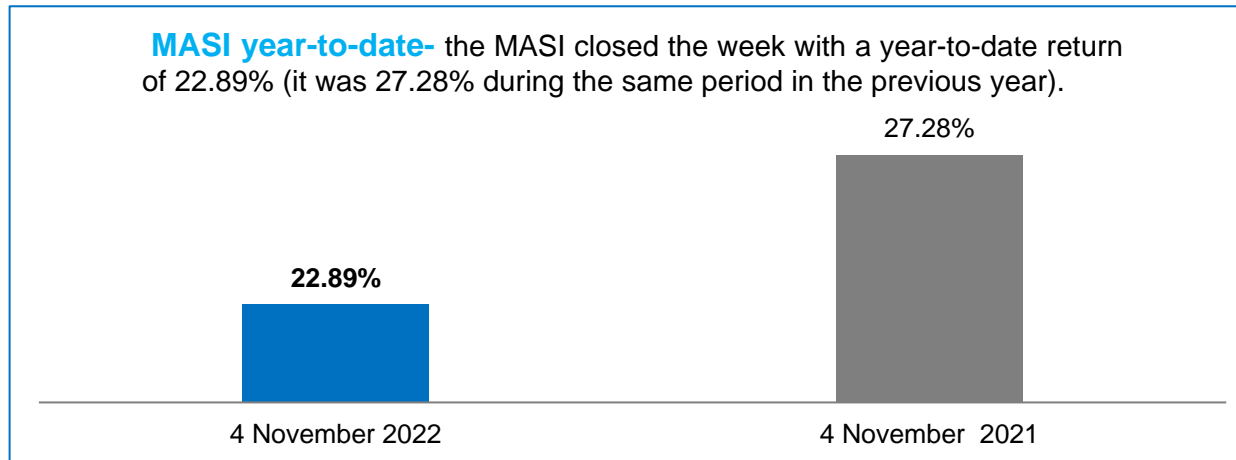
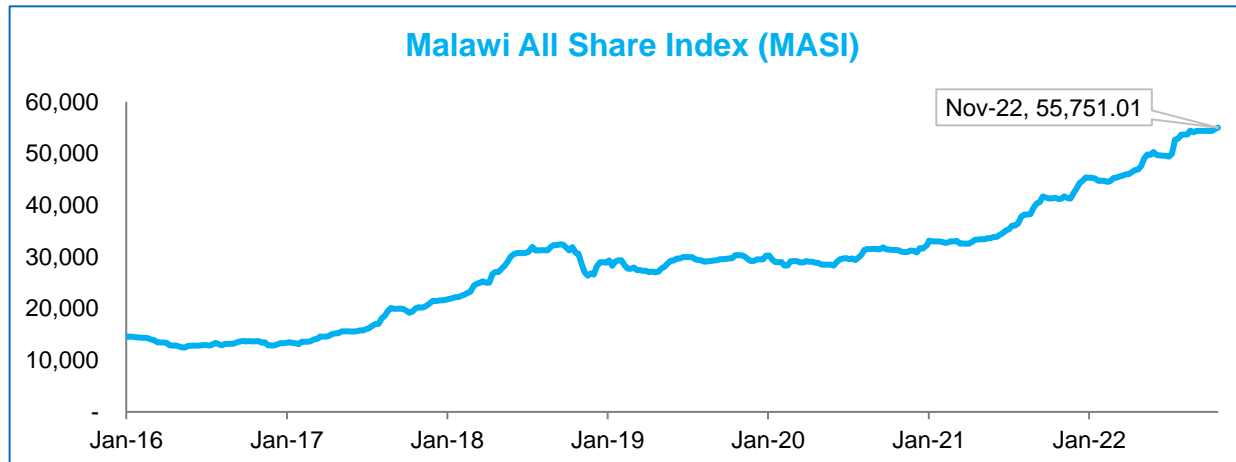


# Financial Market Update: Week ending 4 November 2022

## Stock market (Source: MSE)

The stock market was marginally bullish with the Malawi All Share Index (MASI) closing the week ending 4 November 2022 at 55,751.01 points from 55,011.16 points for the week ending 28 October 2022. Week-on-week, this represents a 1.34% increase.

There were share price gains for SUNBIRD, FMBCH, NICO and AIRTEL and marginal share price gains for TNM, FDH Bank, NBM and Standard Bank during the period under review. The share price gains offset share price losses for OMU and marginal share price losses for NBS during the period under review.



## Week-on-week percentage change





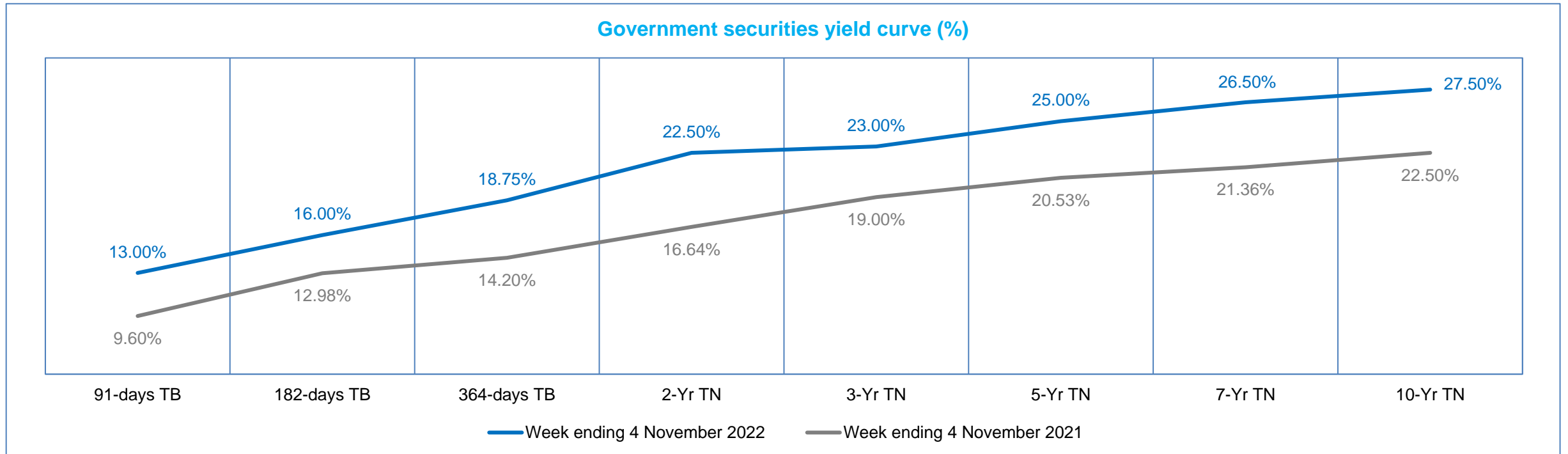
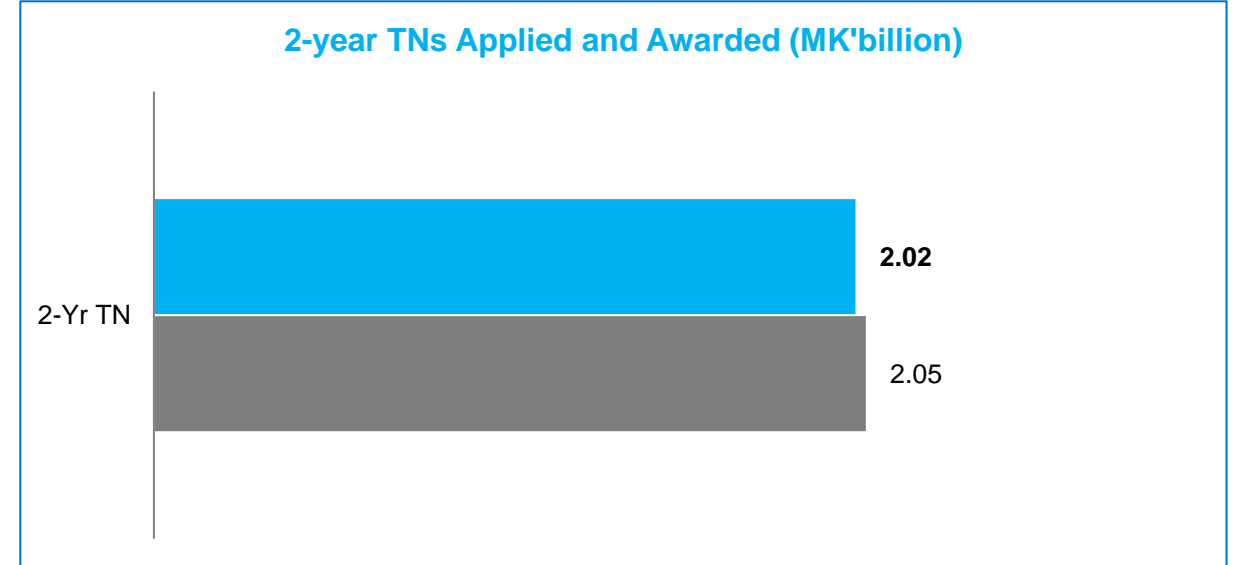
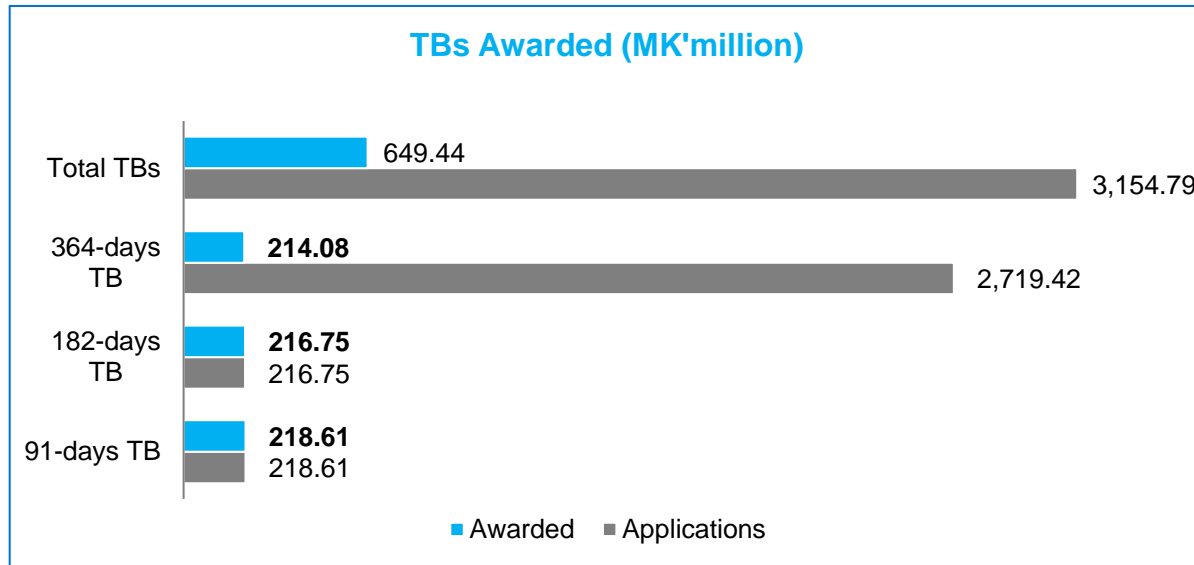
## Government securities (Source: RBM)

A total of MK2.67 billion was awarded in this week's Treasury Bills (TBs) and 2-year Treasury Note (TN) auctions.

MK0.65 billion and MK2.02 billion was awarded in the TBs and 2-year TN auction, respectively.

The TBs had a 79.41% rejection rate while the TNs had a 1.00% rejection rate.

The average TB yield marginally rose to 15.92% from 15.08% while the average TN yield rose to 24.90% from 24.70% during the week under review.



TB: Treasury Bill  
TN: Treasury Note  
Yr: Year



## Appendix 1: Historical Economic Indicators

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Week ending 4 Nov-22	
<b>Exchange rates (middle rates)</b>																			
MK/USD	811.95	817.43	820.40	822.17	821.34	822.88	818.44	822.81	822.10	823.60	823.67	1,029.90	1,033.36	1,035.03	1,035.42	1,033.79	1,032.88	<b>1026.43</b>	
MK/GBP	1,192.94	1,203.74	1,196.67	1,168.72	1,201.21	1,194.23	1,208.01	1,211.73	1,283.92	1,214.22	1,150.18	1,380.71	1,289.26	1,296.86	1,240.77	1,180.36	1,234.05	<b>1,185.26</b>	
MK/EUR	1,032.04	1,048.56	1,044.60	1,026.14	1,037.74	1,099.91	1,138.47	1,072.50	1,170.30	1,031.32	966.40	1,180.96	1,108.47	1,085.01	1,066.19	1,047.49	1,062.62	<b>1,033.65</b>	
MK/ZAR	61.42	60.79	60.90	58.90	59.04	57.21	57.68	61.82	64.84	66.90	59.34	72.04	65.02	64.13	62.49	58.78	58.36	<b>57.70</b>	
<b>Foreign Exchange Reserves</b>																			
Gross Official Reserves (USD'mn)	424.99	404.18	604.50	521.87	405.66	389.26	429.17	399.98	385.40	374.48	363.27	388.22	415.73	372.99	378.89	357.18	N/A	<b>N/A</b>	
Private Sector Reserves (USD'mn)	388.78	405.79	389.47	386.05	384.75	404.81	425.52	424.49	407.22	391.49	362.84	401.13	401.60	396.02	398.43	408.84	N/A	<b>N/A</b>	
Total reserves (USD'mn)	813.77	809.97	993.97	907.92	790.41	794.07	854.69	824.47	792.62	765.97	726.11	789.35	817.33	769.01	777.32	766.02	N/A	<b>N/A</b>	
Gross Official Reserves Import cover (months)	1.70	1.62	2.42	2.09	1.62	1.56	1.72	1.60	1.54	1.50	1.45	1.55	1.66	1.49	1.52	1.43	N/A	<b>N/A</b>	
<b>Inflation</b>																			
Headline	9.1%	8.7%	8.4%	8.9%	9.8%	11.1%	11.5%	12.1%	13.0%	14.10%	15.70%	19.10%	23.50%	24.6%	25.5%	25.9%	N/A	<b>N/A</b>	
Food	11.1%	10.3%	9.7%	10.9%	11.8%	12.8%	13.6%	14.2%	15.3%	17.10%	19.50%	25.50%	31.20%	32.5%	33.4%	33.7%	N/A	<b>N/A</b>	
Non-food	7.2%	7.2%	7.2%	7.2%	7.8%	9.5%	9.5%	9.6%	10.1%	10.50%	12.20%	13.20%	16.60%	17.5%	18.2%	18.3%	N/A	<b>N/A</b>	
<b>Interest Rates</b>																			
Monetary Policy rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	<b>18.00%</b>
Average Interbank rate	11.94%	11.96%	11.98%	11.98%	11.98%	11.98%	11.98%	11.15%	11.70%	11.70%	11.70%	11.84%	12.48%	12.50%	12.50%	12.50%	15.00%	<b>15.00%</b>	
Average base lending rate	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	13.50%	13.80%	13.90%	14.20%	14.20%	18.20%	<b>18.20%</b>	
<b>Government Securities Yields</b>																			
91-days Treasury Bill	9.62%	9.33%	9.60%	9.59%	9.60%	9.58%	9.70%	9.70%	9.47%	9.74%	9.57%	9.75%	9.75%	10.00%	11.00%	11.00%	11.00%	<b>13.00%</b>	
182-days Treasury Bill	12.81%	12.96%	12.96%	12.98%	12.98%	12.98%	13.00%	13.00%	12.99%	13.00%	13.00%	15.00%	15.005	15.00%	15.50%	15.50%	15.50%	<b>16.00%</b>	
364-days Treasury Bill	13.87%	12.06%	14.08%	14.20%	14.20%	14.22%	14.47%	15.00%	15.00%	15.00%	15.00%	17.03%	17.60%	17.74%	18.33%	18.75%	18.75%	<b>18.75%</b>	
2-year Treasury Note	16.65%	16.63%	16.63%	16.63%	16.64%	16.64%	16.66%	16.70%	16.70%	17.00%	17.00%	18.50%	18.85%	20.50%	21.00%	21.50%	21.50%	<b>22.50%</b>	
3-year Treasury Note	18.97%	19.00%	18.99%	18.99%	18.99%	19.00%	19.05%	19.04%	19.33%	19.50%	19.50%	21.90%	22.00%	22.00%	23.00%	23.00%	23.00%	<b>23.00%</b>	
5-year Treasury Note	20.08%	20.00%	20.09%	20.26%	20.44%	20.53%	20.54%	20.78%	20.78%	21.00%	21.00%	23.95%	24.00%	24.00%	25.00%	25.00%	25.00%	<b>25.00%</b>	
7-year Treasury Note	20.59%	20.98%	21.36%	21.36%	21.36%	21.15%	20.94%	20.94%	21.98%	22.00%	22.00%	22.33%	22.33%	25.53%	26.75%	26.50%	26.50%	<b>26.50%</b>	
10-year Treasury Note	21.85%	22.54%	23.01%	23.25%	23.00%	22.50%	22.50%	22.98%	22.98%	22.98%	23.35%	23.35%	27.00%	27.00%	27.00%	27.50%	27.50%	<b>27.50%</b>	
<b>Stock Market Indices</b>																			
MASI	35,144.56	36,496.03	38,945.62	41,550.15	41,458.37	41,565.98	45,367.68	44,501.63	45,472.09	45,921.23	46,934.16	50,300.44	49,596.14	52,889.87	54,454.45	54,389.92	55,011.16	<b>55,751.01</b>	
DSI	28,739.26	29,749.56	31,959.22	34,266.54	34,188.36	34,284.11	37,061.70	36,322.34	37,186.63	37,584.34	37,283.40	39,037.30	39,011.21	42,717.13	44,109.31	44,360.30	44,935.54	<b>44,196.56</b>	
FSI	3,234.45	3,479.97	3,479.97	3,450.70	3,450.25	3,450.24	4,223.15	4,183.22	4,182.23	4,184.71	5,720.11	7,305.55	6,538.52	5,548.61	5,548.61	5,154.73	5,126.05	<b>5633.45</b>	

\*: Reserve Bank of Malawi opening exchange rates as of 4 November 2022

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**Contact Information**

Bridgepath Capital Limited  
1<sup>st</sup> Floor (106), Development House  
Corner Henderson Street Road  
P.O. Box 2920  
Blantyre

Tel No: + 265 1 828 355

Email: [info@bridgepathcapitalmw.com](mailto:info@bridgepathcapitalmw.com)

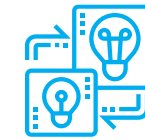
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