



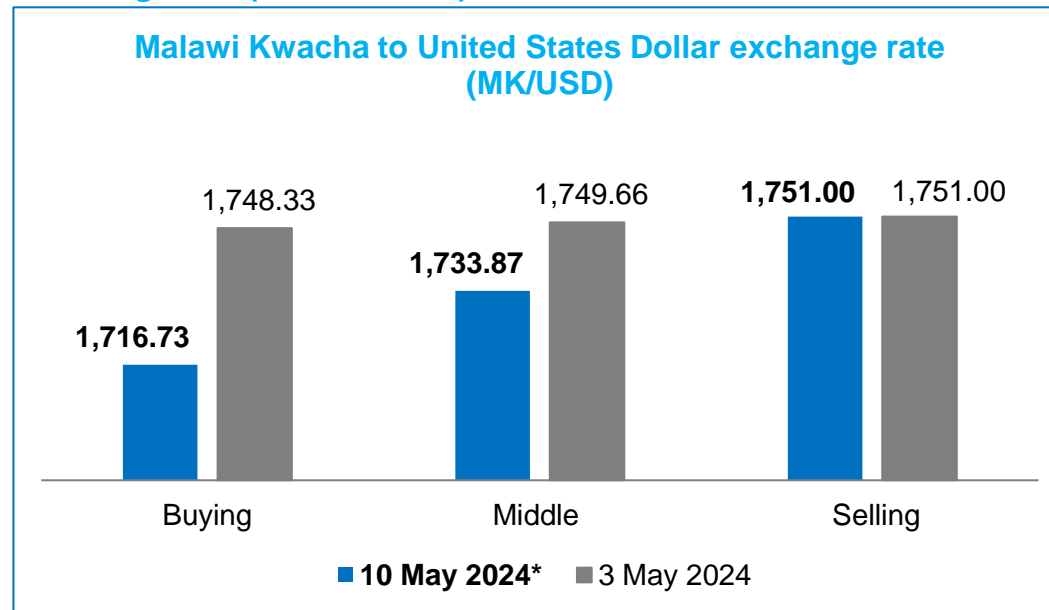
Malawi Financial Market Update

Week ending 10 May 2024

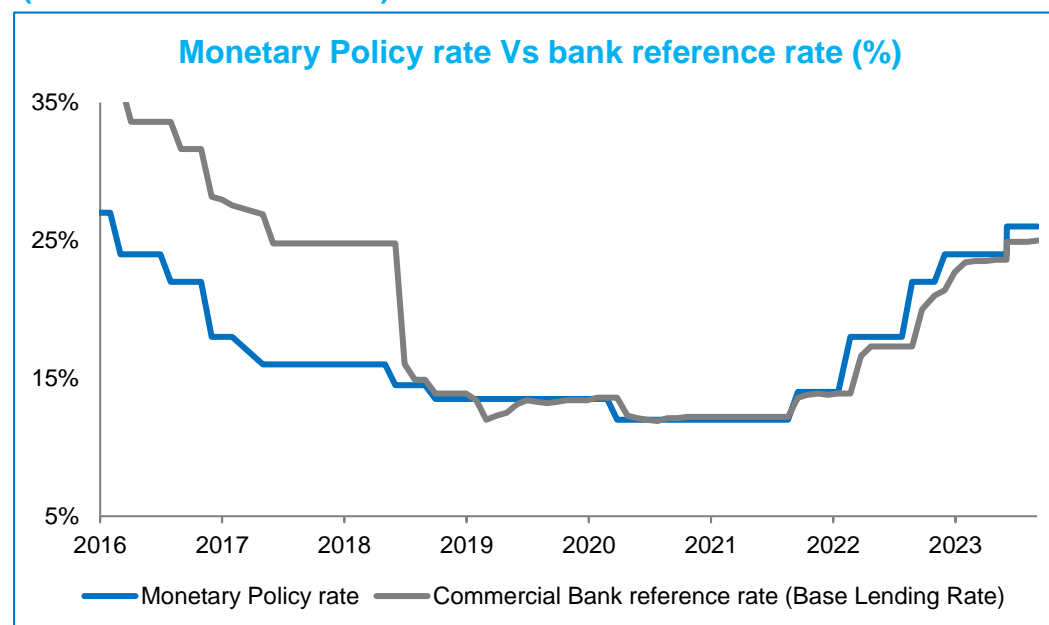


Exchange rate and other market developments

Exchange rate (Source: RBM)



Monetary Policy rate and Commercial Bank reference rate (Source: RBM and NBM)



*: Reserve Bank of Malawi opening exchange rates as of 10 May 2024

What Happened This Week

1. The applicable commercial bank reference rate has been revised to 25.0% from 24.9%, effective 6 May 2024 (*National Bank of Malawi, 6 May 2024*).
2. The Malawi Government and the United States government's Millennium Challenge Corporation (MCC), has entered into force the Malawi Transport and Land Compact worth USD350 million (about MK613 billion). The compact has three projects namely Accelerated Growth Corridors (AGC) Project, American Catalyst Facility for Development (ACFD) Project and the Increased land Productivity Project. The projects focus on improving road planning and maintenance, catalysing increased private investment, and improving land services and investments respectively. The compact was signed in September 2022, after Malawi completed the preceding compact in September 2018 (*MCC, May 2024*).
3. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD69.2 million has been raised in the 2024 tobacco auctions as of 8 May 2024. This represents an increase of 47.3% compared to the USD47.0 million raised as of 8 May 2023. The average price of the tobacco sold was USD2.69 per kilogram, it was USD2.11 per kilogram during the same period last year, representing a 27.5% increase. The kilograms sold grew by 30% to 25.8 million kilograms as of 8 May 2024 from 22.2 million kilograms as of 8 May 2023 (*8 May 2024 AHL Tobacco Sales season-to-date report*).
4. Following the Monetary Policy Committee (MPC) meeting, the committee decided to maintain the Policy rate at 26.0%. The Committee resolved to maintain the Lombard rate at 20 basis points above the Policy rate. The Liquidity Reserve Requirement (LRR) ratio has been raised by 100 basis points to 8.75% for domestic currency deposits while the LRR ratio on foreign currency deposits has been maintained at 3.75%. (*Reserve Bank of Malawi, 6 May 2024*).
5. The government has transferred to the Reserve Bank of Malawi (RBM) MK600 billion following a MK539 billion loss registered by the RBM in their 2023/24 financial year statements. The funds are aimed at recapitalizing the central bank. The loss was mainly driven by exchange rate losses which were accelerated by the Malawi Kwacha depreciations and the 44% devaluation in November 2023. There was a 92.9% increase in profit after tax before foreign exchange revaluations to MK169.3 billion from MK87.8 billion realized in the previous year. However, exchange rate losses of MK708.7 billion eroded the profit. Foreign exchange revaluation losses stood at MK200.4 billion in the 2022/23 financial year following a 25% devaluation of the local currency during that year. The total loss for the financial year 2023/24 has increased by 378.8% from MK112.6 billion in the previous financial year (*The Nation, 7 May 2024*).

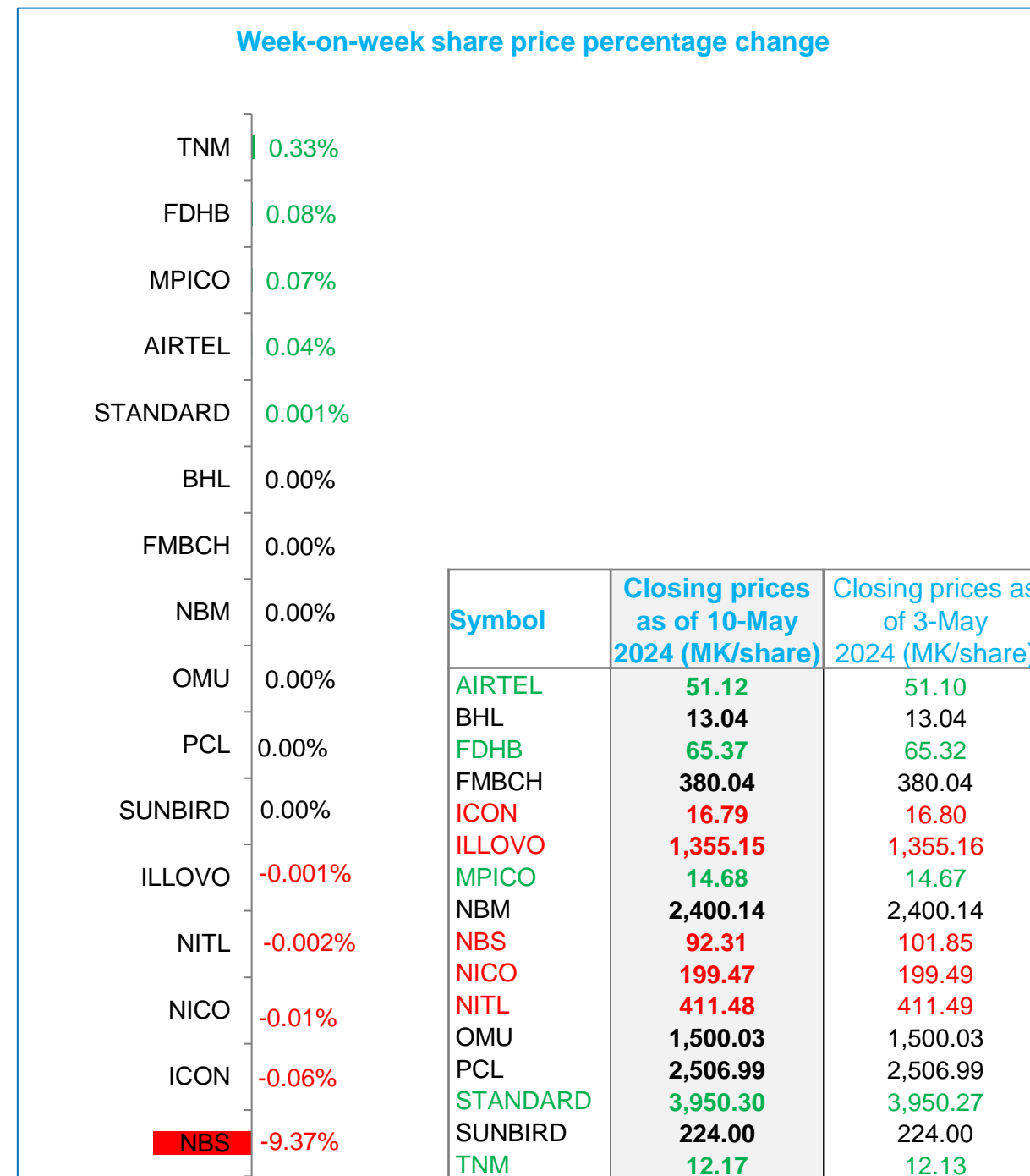
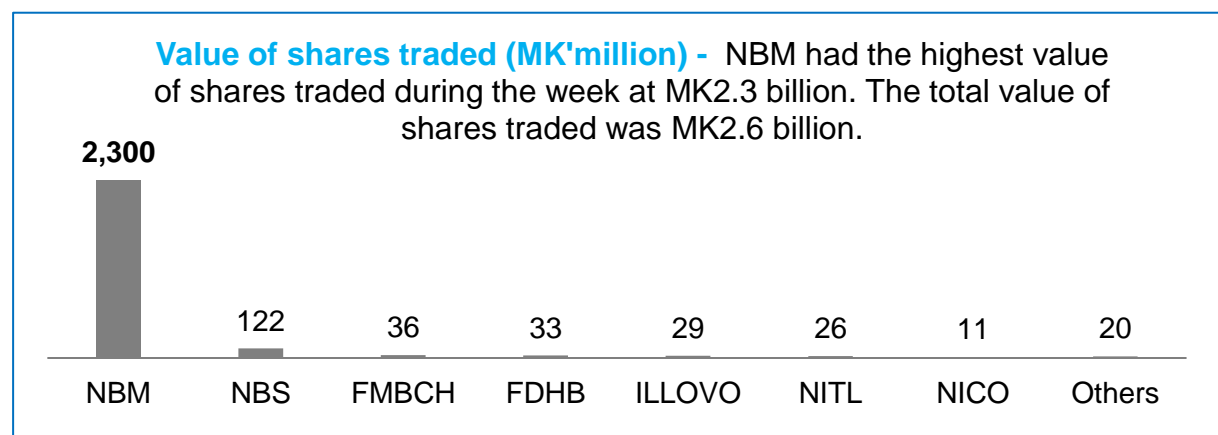
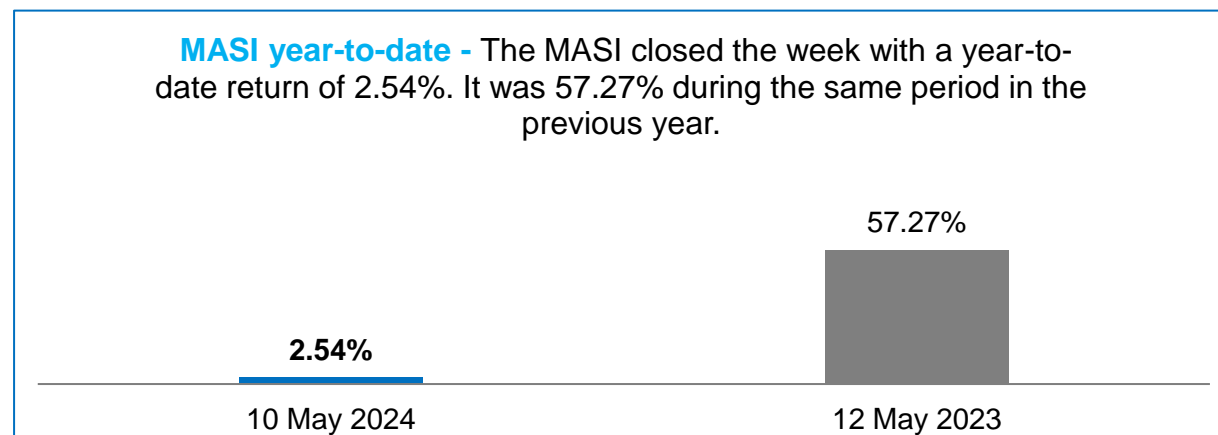
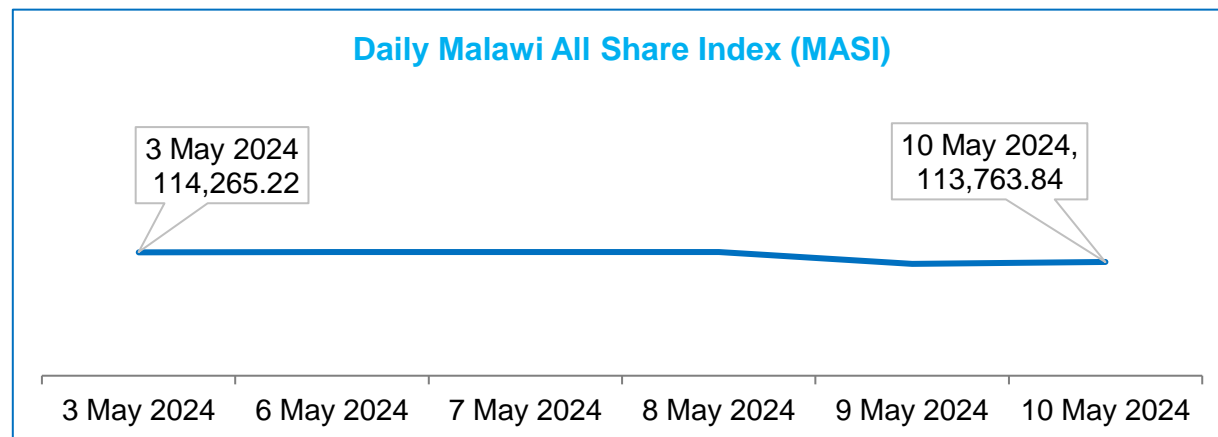


Malawi Financial Market Update: Week ending 10 May 2024

Stock market (Source: MSE)

The stock market was bearish with the Malawi All Share Index (MASI) closing the week ending 10 May 2024 at 113,763.84 points from 114,265.22 points for the week ending 3 May 2024.

There was a 9.37% share price loss for NBS. There were also marginal share price losses for ICON, NICO, NITL, and ILLOVO.





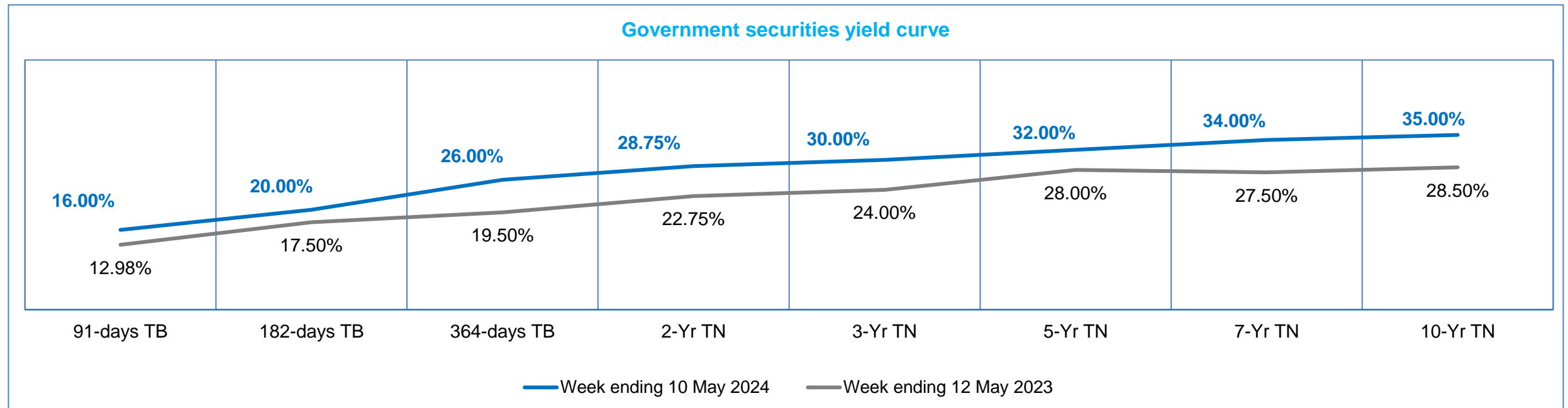
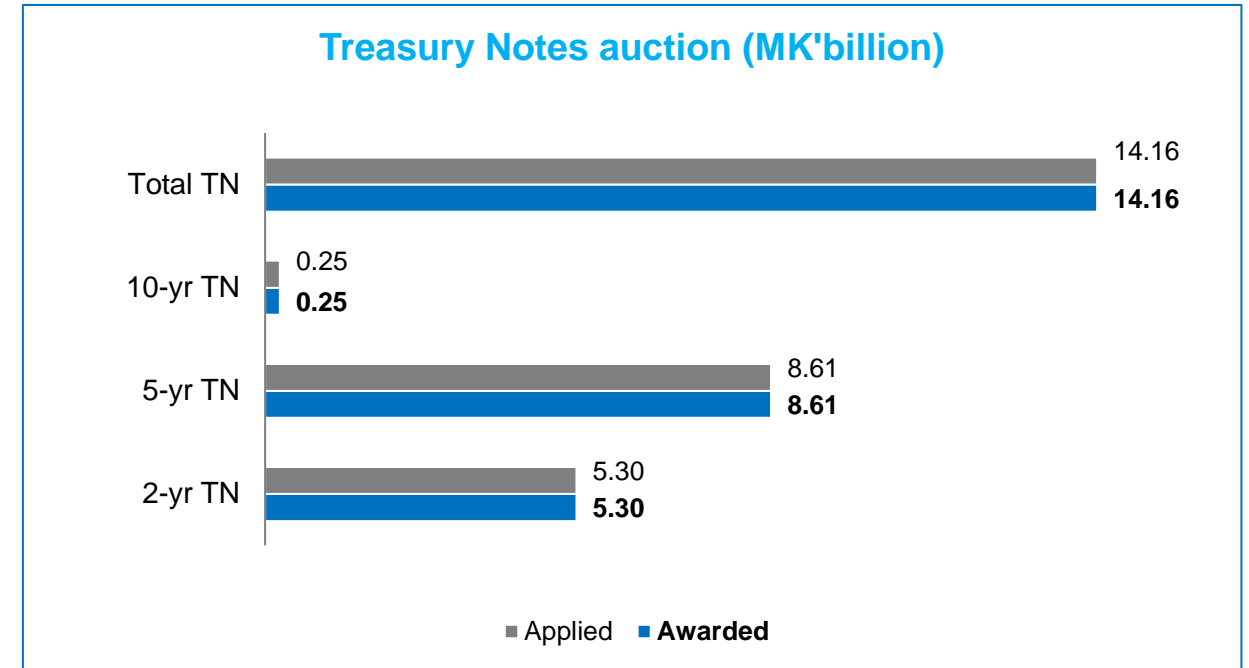
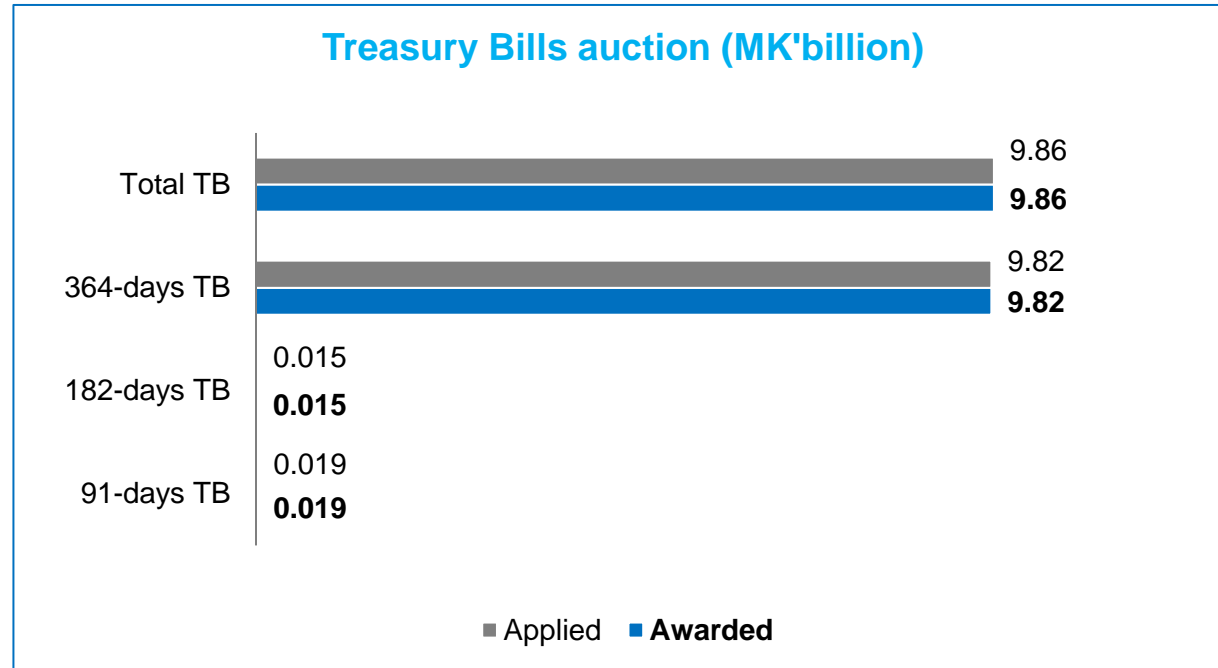
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of TBs and the 2-year, 5-year, 10-year TNs during the period under review.

MK19 million was raised from the 91-days TB auction, MK15 million was raised from the 182-days TB auction, and MK9.86 billion was raised from the 364-days TB auction.

A total of MK5.3 billion was raised from the 2-year TN auction, MK8.61 billion from the 5-year TN auction, and MK0.25 billion from the 10-year TN auction held during the period under review.

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





Appendix 1: Historical Economic Indicators

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-2024	Apr-2024	10-May-2024
Exchange rates (middle rates)														
MK/USD	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	1,745.70	1,733.87*
MK/GBP	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	2,256.81	2,239.14*
MK/EUR	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	1,922.25	1,925.18*
MK/ZAR	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.79	95.43	96.76*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	604.01	581.72	729.00	674.54	658.91	652.14	566.2	578.40	675.58	576.70	540.32	552.94	603.07	N/A
Gross Official Reserves Import cover (months)	0.80	0.78	1.29	1.07	0.96	0.97	2.3	0.7	1.0	0.70	0.57	2.21	2.41	N/A
Inflation														
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates														
Monetary Policy rate	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%	26.00%
Average Interbank rate	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.23%
Lombard rate	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%	26.20%
Commercial Bank reference rate	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%	25.00%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Stock Market Indices														
MASI	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	114,228.31	113,763.84
DSI	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	86,753.99	86,339.14
FSI	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	19,012.49	19,014.47

*: Reserve Bank of Malawi opening exchange rates (middle) as of 10 May 2024

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Contact Information

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

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com

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