



Malawi Financial Market Update

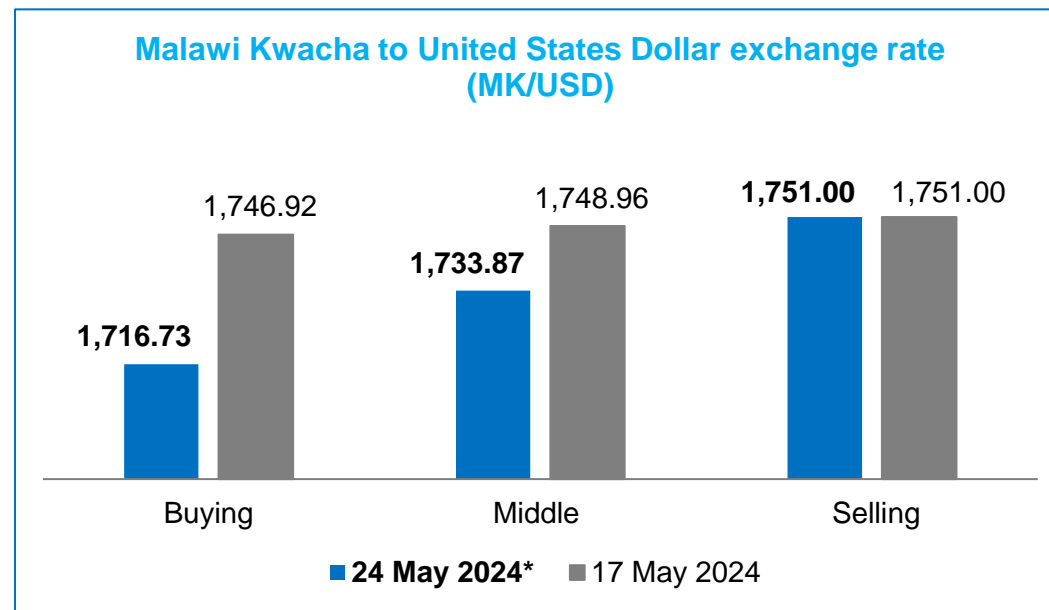
Week ending 24 May 2024



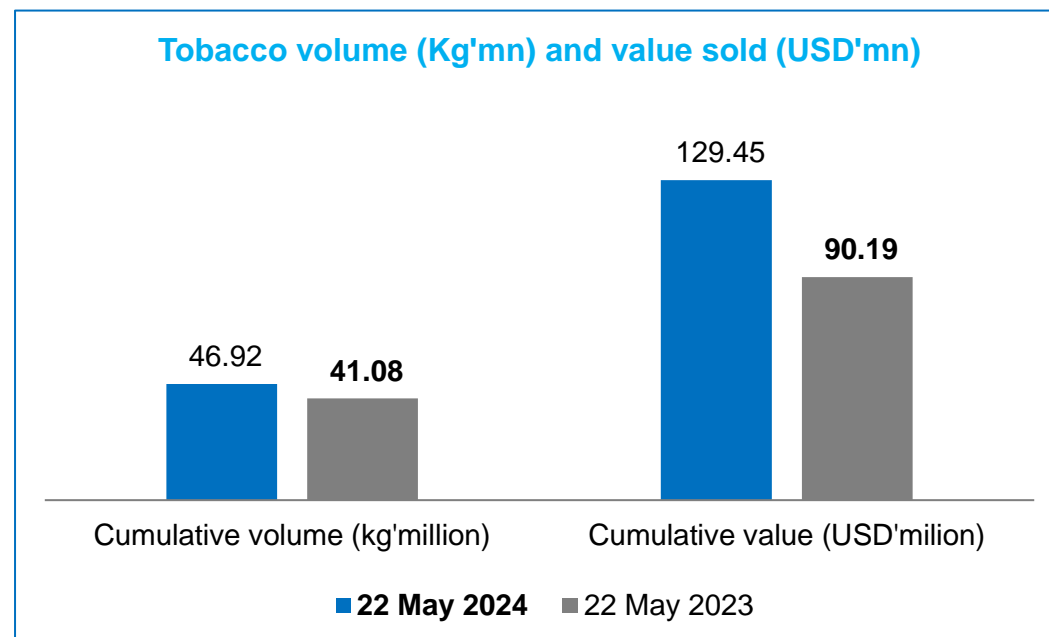
Malawi Financial Market Update: Week ending 24 May 2024

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 24 May 2024

What Happened This Week

1. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD129.4 million has been raised in the 2024 tobacco auctions as of 22 May 2024. This represents an increase of 43.5% compared to the USD90.19 million raised as of 22 May 2023. The average price of the tobacco sold was USD2.87 per kilogram, it was USD2.22 per kilogram during the same period last year, representing a 29.3% increase. The kilograms sold grew by 14.2% to 46.92 million kilograms as of 22 May 2024 from 41.08 million kilograms as of 22 May 2023 (*22 May 2024 AHL Tobacco Sales season-to-date report*).
2. An International Monetary Fund (IMF) team visited Malawi to discuss recent economic and financial developments, as well as economic policies that would underpin the First Review under the Extended Credit Facility (ECF) Arrangement. Discussions will continue in the coming weeks to finalize policies to support the completion of the ECF review. According to the IMF, reform efforts will focus on returning to a sustainable fiscal path, rebuilding external buffers, and restoring debt sustainability and external viability, while mitigating the El Nino-induced disaster (*The International Monetary Fund, 23 May 2024*).
3. Following the completion of the IMF mission to Malawi, the IMF staff team leader issued a press statement stating that weather-related shocks continue to impact the Malawian economy, exacerbating food insecurity. She also stated that the economic outlook for 2024 remains positive but economic growth is now projected at 2% reflecting the impact of El Nino on agricultural production and spillovers to the rest of the economy. According to the IMF, a successful winter crop would cushion the impact of drought on the agriculture sector. The statement also highlighted the importance of fiscal discipline, rebuilding international reserves, successful debt restructuring, and addressing weaknesses in governance for macroeconomic stability (*The International Monetary Fund, 23 May 2024*).
4. The World Bank recommended substantial changes in economic management to help the country recover from recent growth-stifling shocks. The Bank's Senior Country Economist for Malawi emphasized the importance of prioritizing investment and production over consumption, reducing state control of the economy, and boosting exports as critical steps toward economic stabilization. Regarding the national budget, he criticized the increased expenditures in the 2024-2025 budget as a setback in the government's efforts to manage fiscal pressure. He also noted that the economic situation remains challenging for the average Malawian, particularly following another poor harvest (*The Daily Times, 23 May 2024*).
5. During the opening of the 34th Malawi International Trade Fair in Blantyre, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) urged the government to review the tax regime to enhance exports and stimulate economic growth. The MCCCI President highlighted the challenges faced by the private sector, including high production costs due to expensive capital, unreliable and costly energy supplies, and elevated landing costs resulting from a poor transportation network and inconsistent regulatory framework. (*The Daily Times, 24 May 2024*).

The International Monetary Fund (IMF) has adjusted the 2024 growth projection to 2%.

The World Bank recommends a substantial change in economic management to help recover the economy.



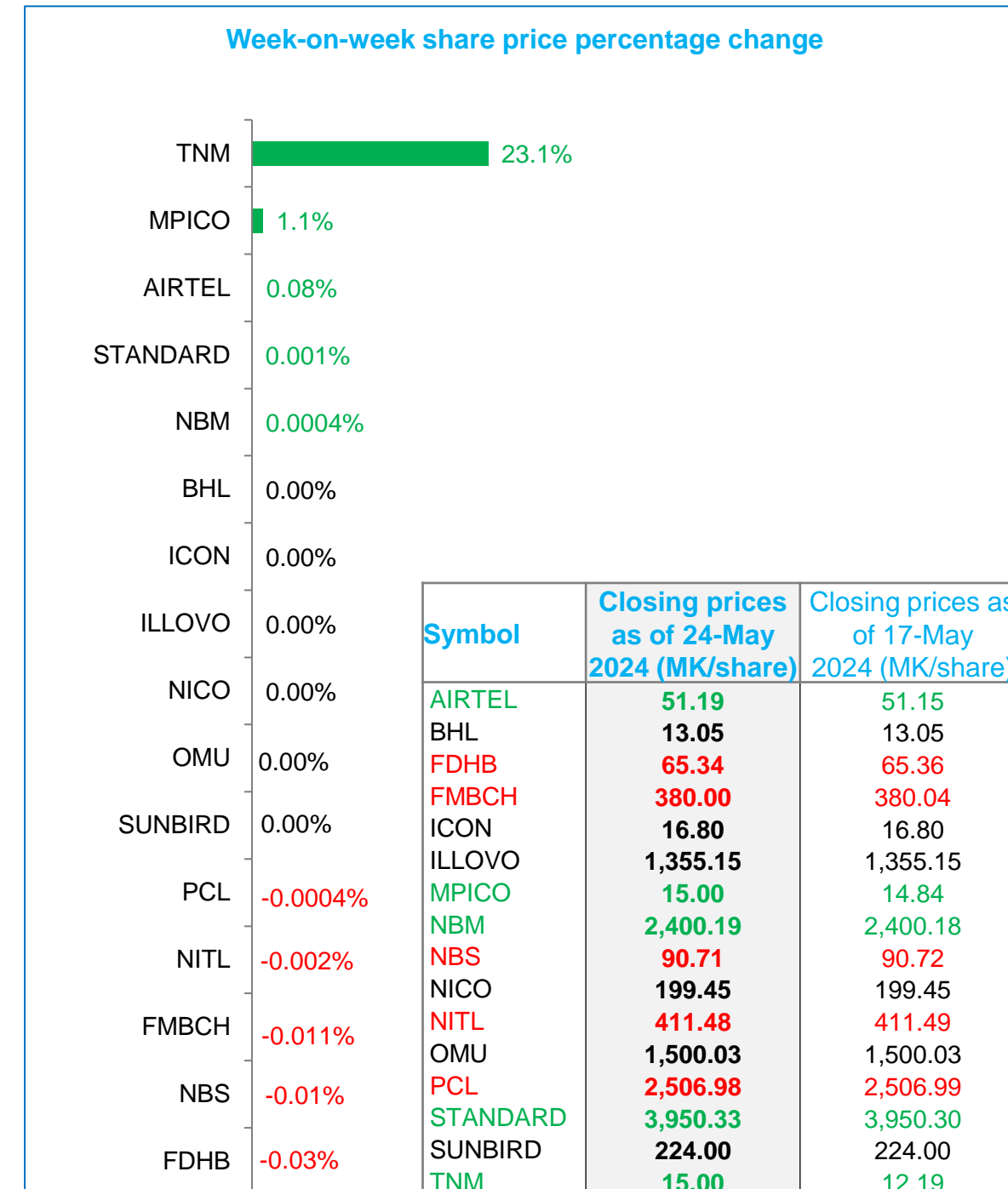
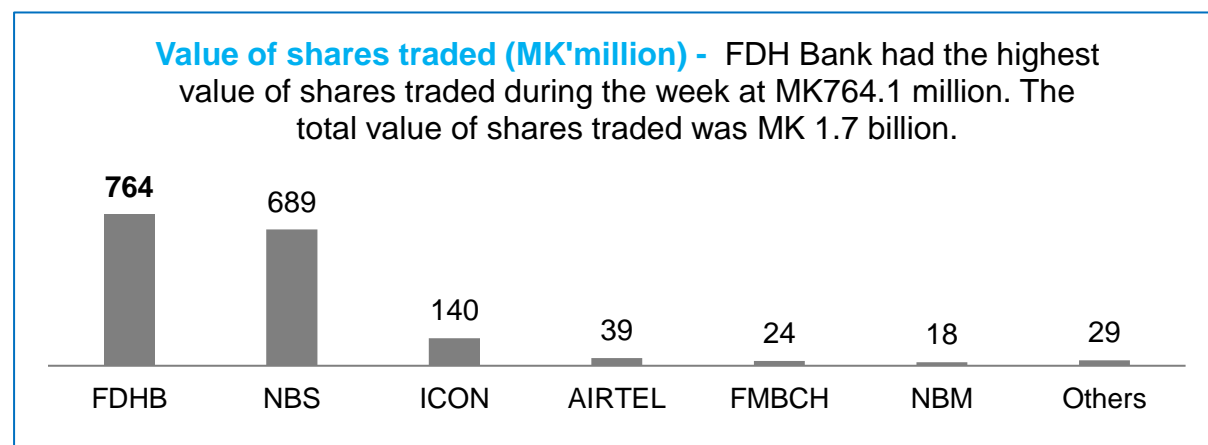
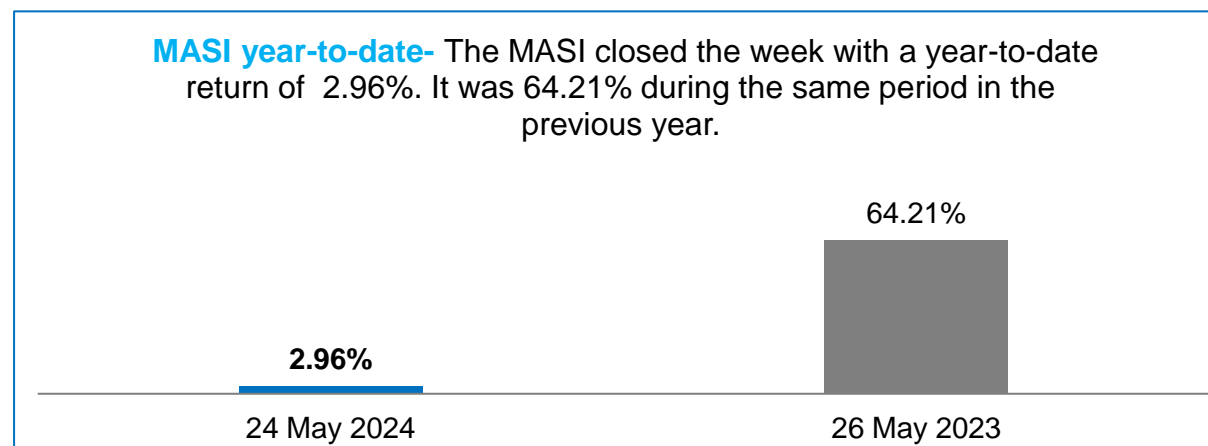
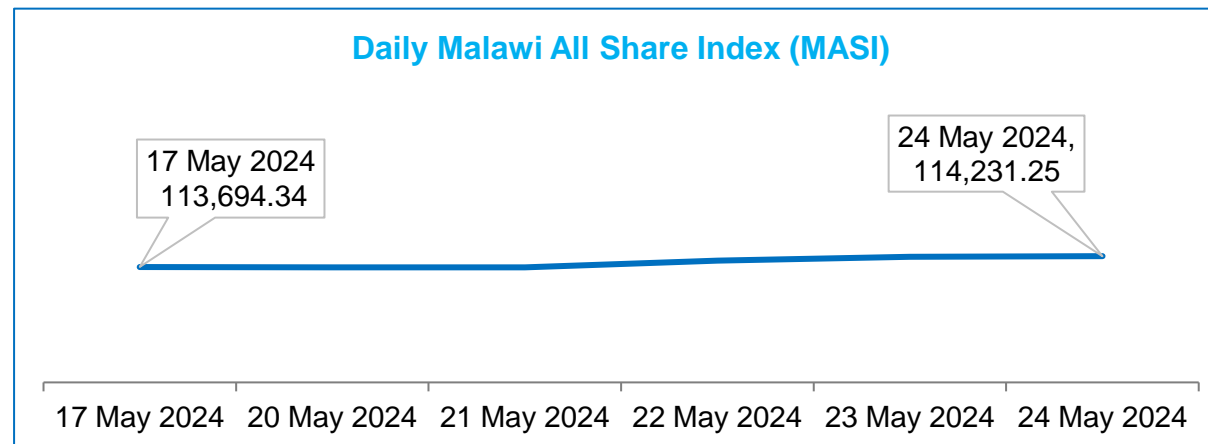
Malawi Financial Market Update: Week ending 24 May 2024

Stock market (Source: MSE)

The stock market was flat with the Malawi All Share Index (MASI) closing the week ending 24 May 2024 at 114,231.25 points from 113,694.34 points for the week ending 17 May 2024.

There were 23.1% and 1.1% share price gains for TNM and MPICO, respectively. There were also marginal share price gains for AIRTEL, STANDARD, and NBM during the period under review.

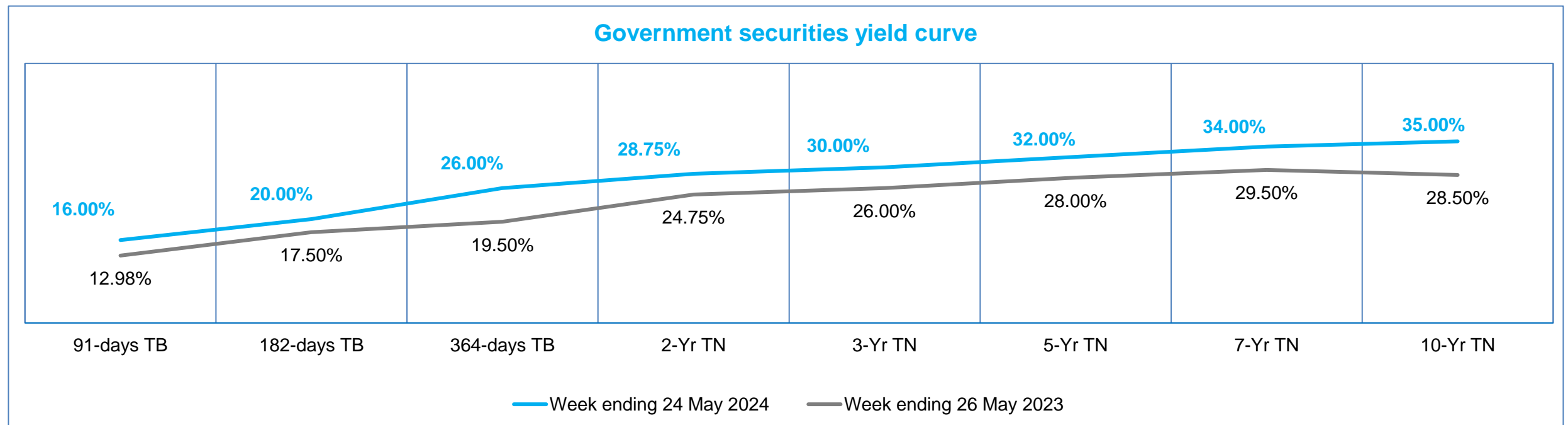
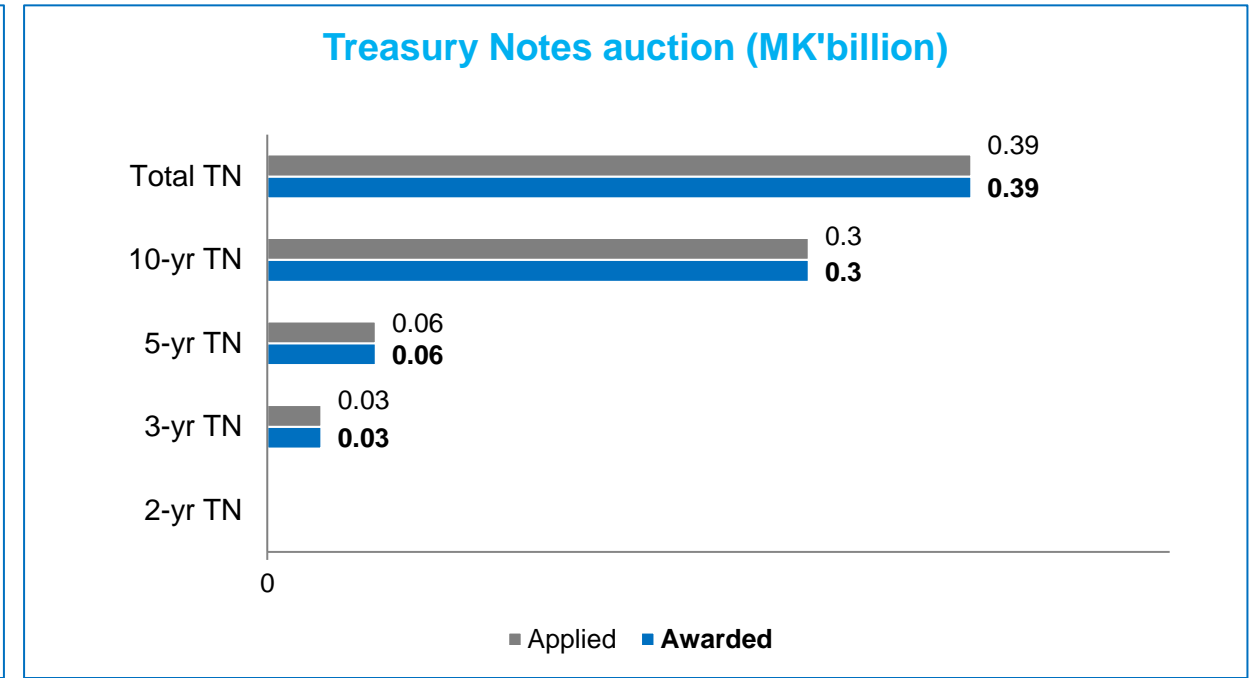
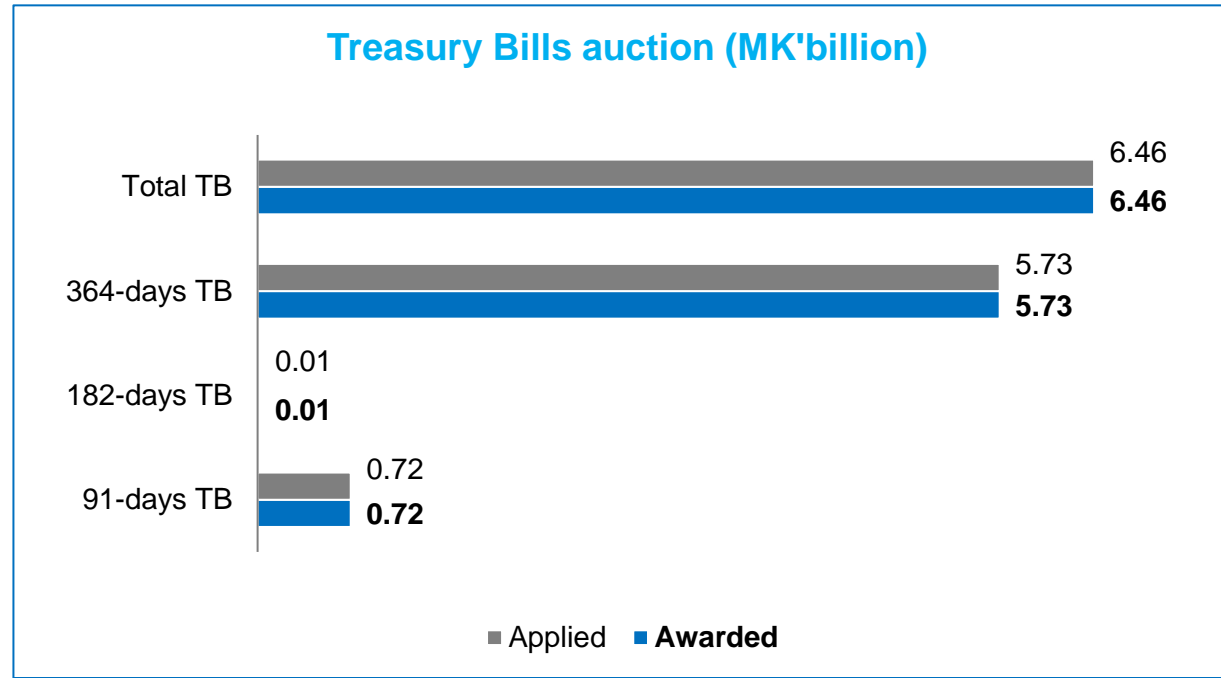
There were marginal share price losses for FDH Bank, NBS, FMBCH, NITL, and PCL during the period under review.





Malawi Financial Market Update: Week ending 24 May 2024

Government securities (Source: RBM)



The Reserve Bank of Malawi held auctions for all tenors of TBs and the 3-year, 5-year, 10-year TNs during the period under review.

MK717.25 million was raised from the 91-days TB auction, MK11.00 million from the 182-days TB auction, and MK5.73 billion from the 364-days TB auction.

A total of MK0.03 billion was raised from the 3-year TN auction, MK0.06 billion from the 5-year TN auction, and MK0.3 billion from the 10-year TN auction, all 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	24-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	2,266.28*
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	1,930.54*
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	96.83*
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	N/A	N/A	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%	32.3%	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%	39.9%	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%	22.4%	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%	23.63%
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	114,231.25
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	86,756.60
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	19,012.49

*: Reserve Bank of Malawi opening exchange rates (middle) as of 24 May 2024

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

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

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
 Achieve.
 Be Different.**