



Malawi Financial Market Update

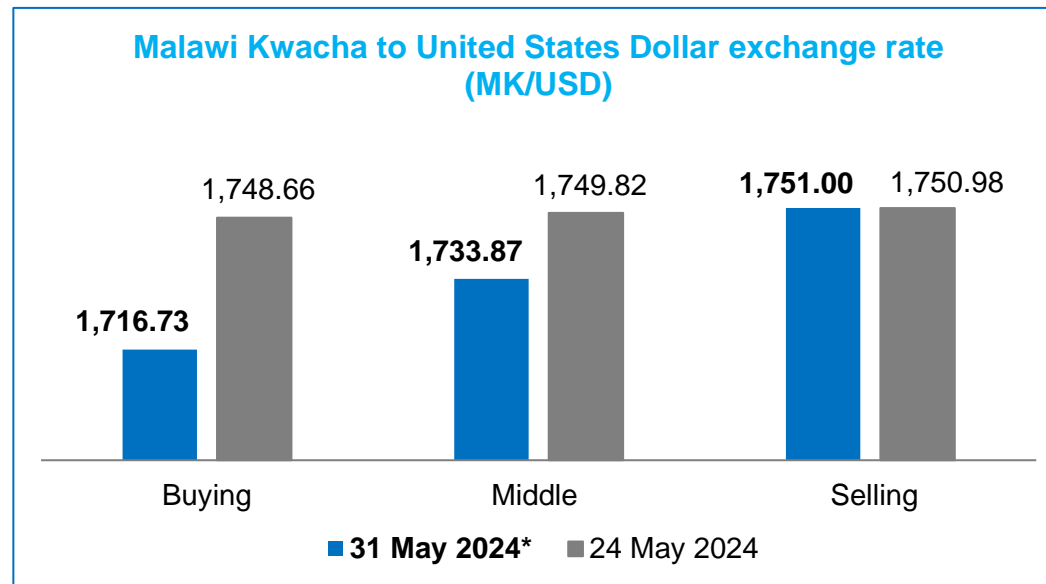
Week ending 31 May 2024



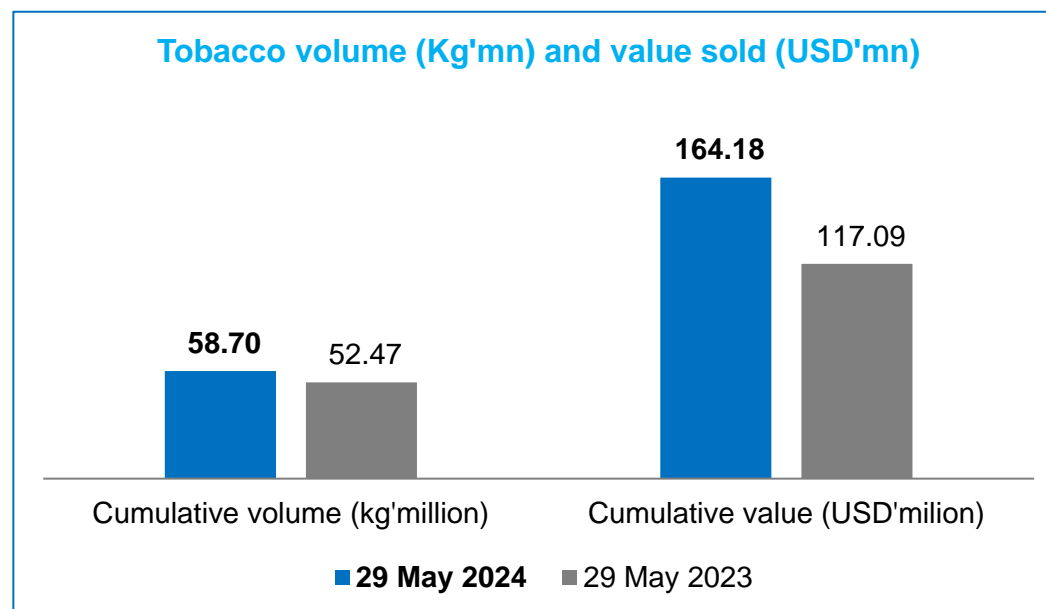
Malawi Financial Market Update: Week ending 31 May 2024

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 31 May 2024

What Happened This Week

1. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD164.18 million has been raised in the 2024 tobacco auctions as of 29 May 2024. This represents an increase of 40.2% compared to the USD117.09 million raised as of 29 May 2023. The average price of the tobacco sold was USD2.80 per kilogram, it was USD2.23 per kilogram during the same period last year, representing a 25.6% increase. The kilograms sold grew by 11.9% to 58.70 million kilograms as of 29 May 2024 from 52.47 million kilograms as of 29 May 2023 (*29 May 2024 AHL Tobacco Sales season-to-date report*).
2. The recent Malawi Stock Exchange (MSE) listing requirement review has barred the chairing of two boards and the directorship of more than two boards of listed companies to enhance adherence to corporate governance values. The review has also confined the number of directors within a range of 6 to 12, a decline from no limit. Politically exposed individuals are also barred from the directorship of listed companies. The MSE Chief Executive Officer said that in the listing requirements, the minimum capital requirement has been reduced to MK400 million from MK500 million, the profit history requirement has been reduced from three years to two years, and underwriting is optional to the issuer subject to fulfillment of certain conditions. Listed companies have been given up to June 2025 to fully comply with the new rules (*The Daily Times, 29 May 2024*).
3. The Airtel Malawi plc Annual General Meeting (AGM) scheduled for 31 May 2024 was adjourned to a later date as the Board of Directors considered it necessary to withdraw its audited Financial Statements for the year ending 31st December 2023 along with its dividend recommendation of MK0.977 per share. The decision was made in consultation with its statutory auditors, because of a re-assessment of the accounting treatment for certain USD-indexed tower lease contracts recorded on its balance sheets. This is expected to result in a negative retained earnings position on the balance sheet as at 31 December 2023 (*Airtel Malawi plc Important Notice, 31 May 2024*).
4. The United States Government through the United States Agency for International Development (USAID) has released USD7 million (MK12 billion) for mitigating the impacts of El Nino that scorched at least one million hectares of crops in Malawi (*The Nation Newspaper, 29 May 2024*).
5. The African Development Bank (AfDB) has approved USD22.7 million (approximately MK40 billion) in budget support for Malawi's agricultural reforms to strengthen resilience to climate change (*The Nation Newspaper, 28 May 2024*).
6. The Global Fund has approved a grant of USD419.3 million (approximately MK734.1 billion) for the fight against Tuberculosis and HIV, USD84.4 million (approximately MK147.9 billion) for Malaria and building resilient sustainable systems for health (RSSH) to Malawi under the Public Sector Principal Recipient (PR), the Ministry of Health (*The Daily Times, 29 May 2024*).

The Malawi Stock Exchange (MSE) has reviewed listing requirements regarding the number of directors, and minimum capital requirements, among others.

Airtel Malawi plc Annual General Meeting (AGM) was adjourned to a later date as the Board of Directors considered it necessary to withdraw Financial Statements for the year ending 31 December 2023 alongside the dividend recommendation.



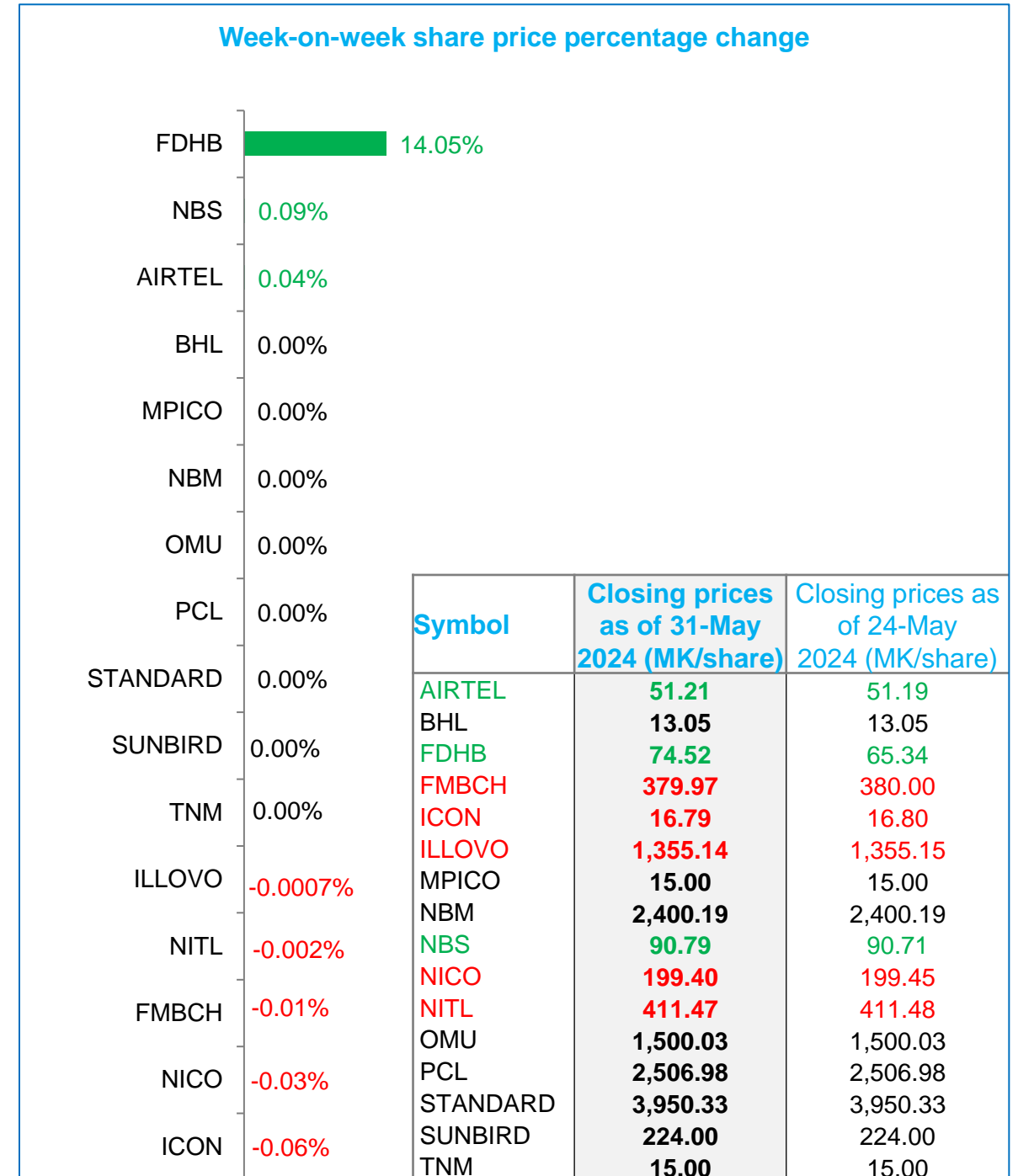
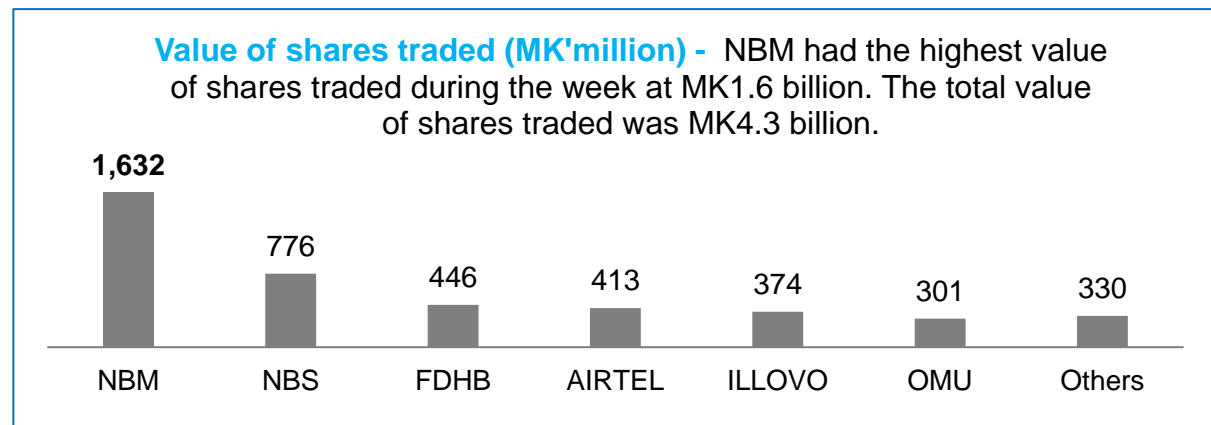
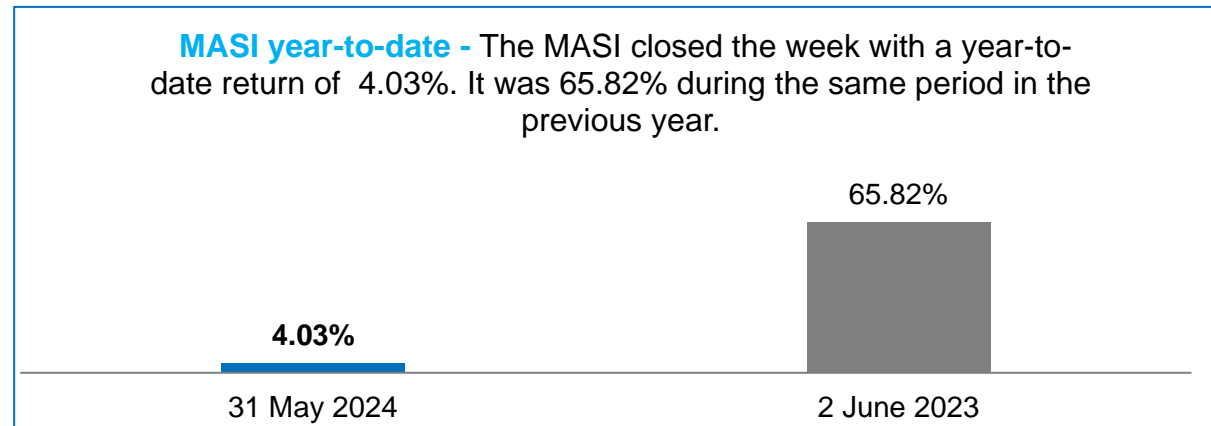
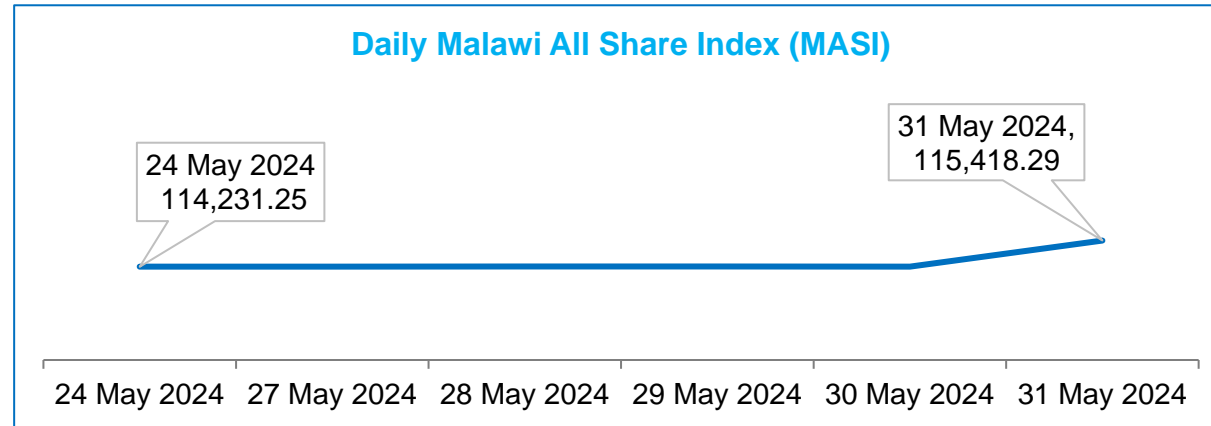
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Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 31 May 2024 at 115,418.29 points from 114,231.25 points for the week ending 24 May 2024.

There was a 14.05% share price gain for FDH Bank. There were also marginal share price gains for NBS and AIRTEL during the period under review.

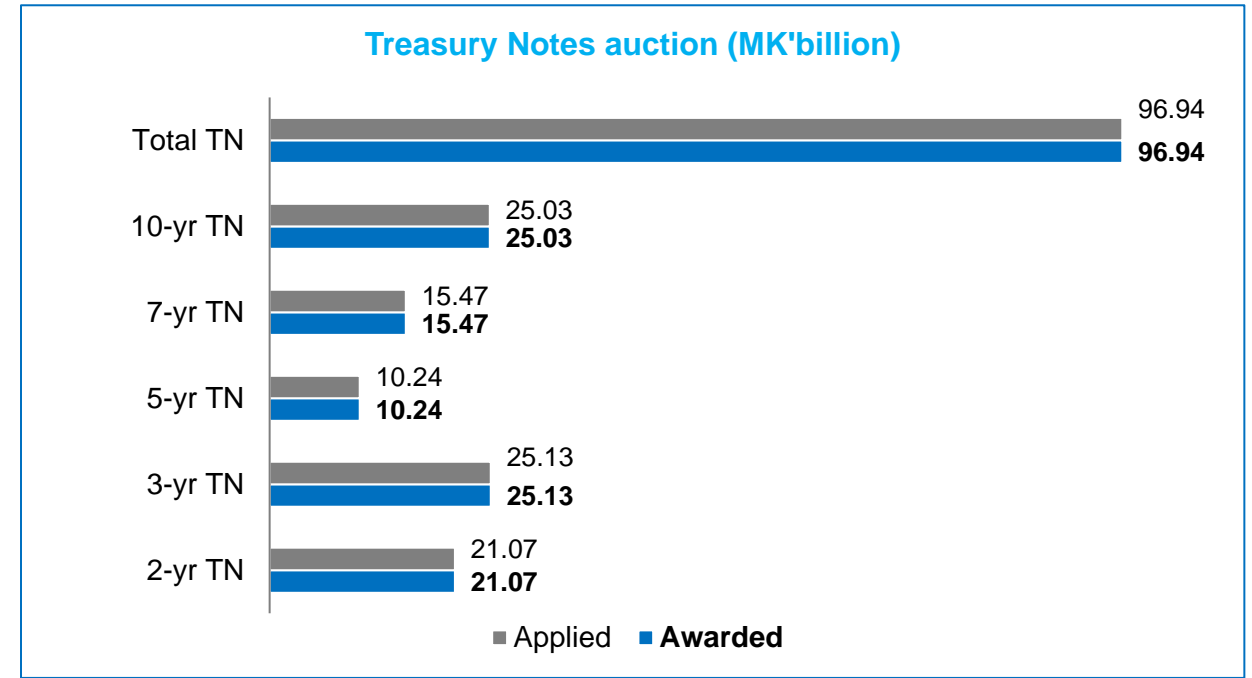
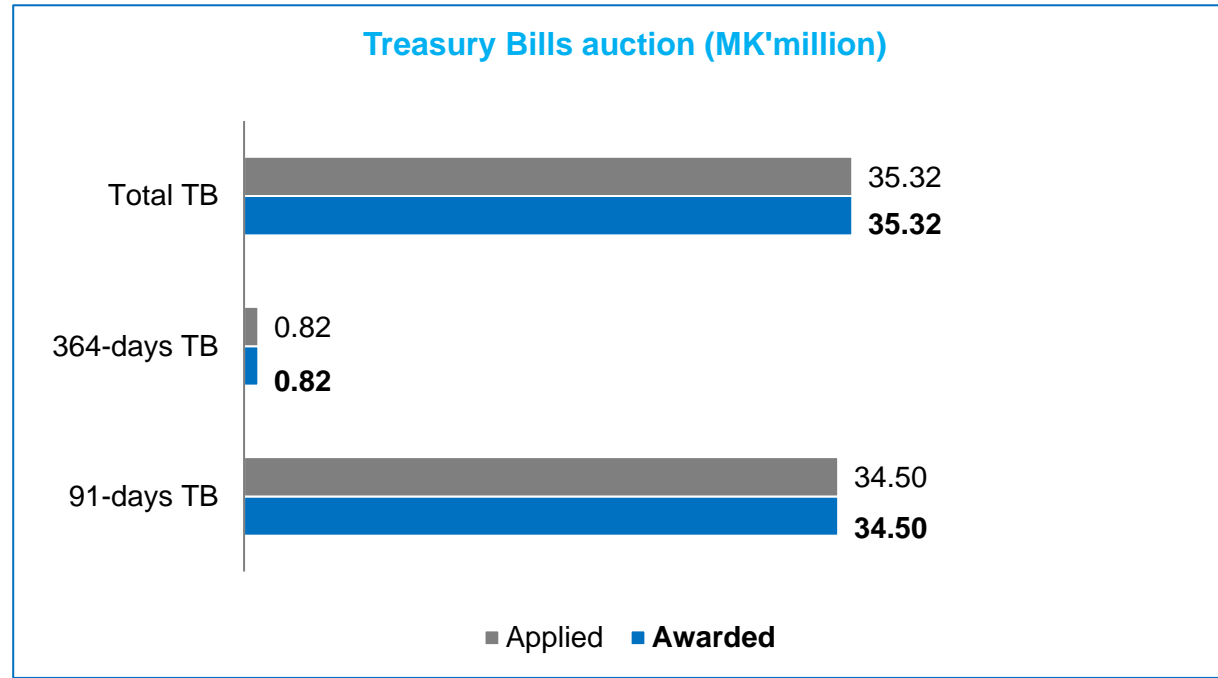
There were marginal share price losses for ICON, NICO, FMBCH, NITL, and ILLOVO during the period under review.





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Government securities (Source: RBM)

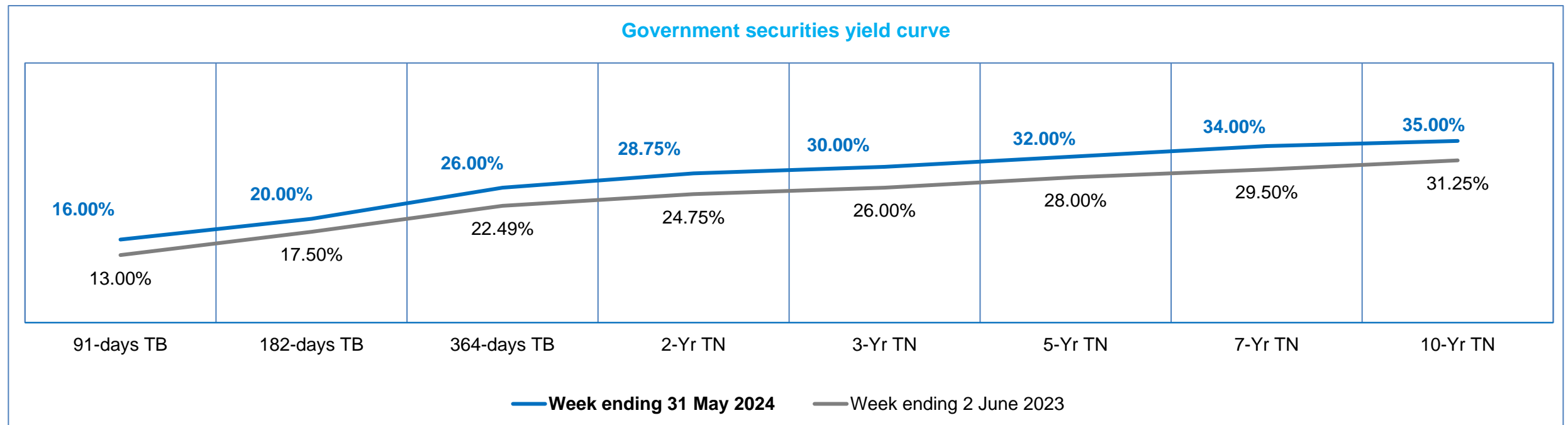


The Reserve Bank of Malawi held auctions for all tenors of TBs and all tenors of TNs during the period under review.

MK34.50 million was raised from the 91-days TB auction, and MK0.82 million from the 364-days TB auction. No applications were made from the 182-days TB auction.

A total of MK21.07 billion was raised from the 2-year TN auction, MK25.13 billion from the 3-year TN auction, MK10.24 billion from the 5-year TN auction, MK15.47 billion from the 7-year TN auction, and MK25.03 billion from the 10-year TN 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.



TB: Treasury Bill
TN: Treasury Note



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	31-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	2,270.39*
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	1,931.43*
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	95.04*
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%	23.81%
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	115,418.29
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	87,814.00
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	19,011.00

*: Reserve Bank of Malawi opening exchange rates (middle) as of 31 May 2024

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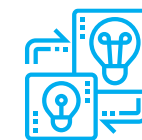
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