



Malawi Financial Market Update

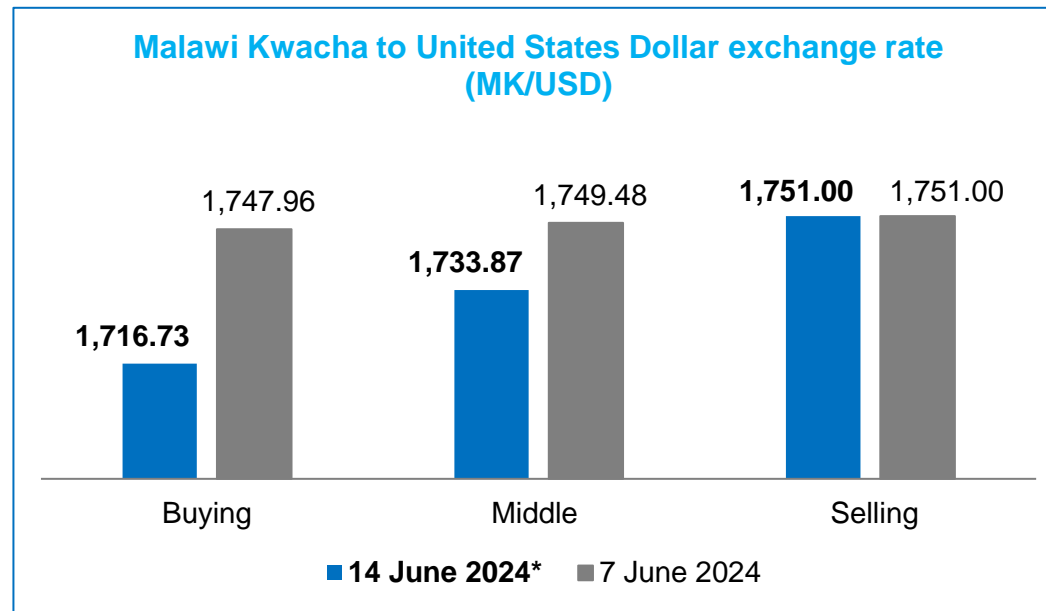
Week ending 14 June 2024



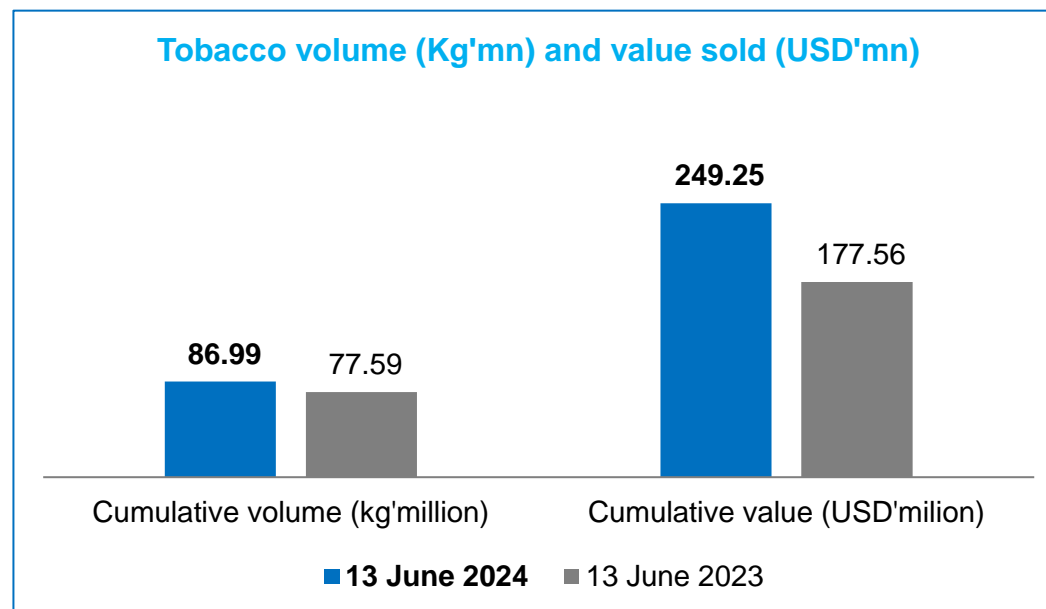
Malawi Financial Market Update: Week ending 14 June 2024

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 14 June 2024

What Happened This Week

1. The Vice President of the Republic of Malawi, Dr. Saulos Klaus Chilima and eight others died in a plane crash on Monday (*The Daily Times*, 12 June 2024).
2. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD249.25 million has been raised in the 2024 tobacco auctions as of 13 June 2024. This represents an increase of 40.4% compared to the USD 177.56 million raised as of 13 June 2023. The average price of the tobacco sold was USD2.87 per kilogram; it was USD2.28 per kilogram during the same period last year, representing a 25.9% increase. The kilograms sold grew by 12.1% to 86.99 million kilograms as of 13 June 2024 compared to 77.59 million kilograms as of 13 June 2023 (*13 June 2024 AHL Tobacco Sales season-to-date report*).
3. The price of cotton has grown by 11% to MK1,000.00 per kilogram from the government-set minimum price of MK900.00 per kilogram for the 2024 season. This is still lower than the MK1,200.00 per kilogram asking price farmers negotiate before opening the market. The president of the Cotton Farmers Association (Cofa) said the future remains promising, with the significant deterrent being the high cost of cotton seed. According to the Council of Malawi (CCM), the country produced about 10 million kilograms of cotton in 2024, which was the same as in the preceding year (*The Daily Times*, 10 June 2024).
4. According to the Reserve Bank of Malawi's Monthly Economic Review, the economy's overall foreign exchange reserves position was recorded at USD595.2 million (2.4 months of imports) at the end of April 2024. This is a 9.1% increase from USD545.7 million (2.2 months of imports) at the end of March 2024. At the end of April 2023, the reported reserves were USD594.4 million (2.4 months of imports) (*The Reserve Bank of Malawi, April 2024*).
5. According to the International Food Policy Institute (IFPRI) Malawi Maize Market Report for May 2024, the retail price of maize increased by 2.9%. The weekly average maize prices in the final week of May grew to MK613/kg from MK596/kg in the final week of April. In the previous year, the market saw a 23% decrease to MK482/kg during the same period (*IFPRI Maize Market Report for May 2024*).
6. Bakhresa Malawi Limited's USD 100 million (approximately MK175.1 billion) plant is projected to be completed in October this year. The cooking oil refinery plant faced foreign exchange challenges, but Bakhresa has said the project is currently at an advanced stage. The executive director of Bakhresa said they strongly believe that cooking oil production will start four months from now as a strategic investment to support the economy of Malawi. The company is committed to diversifying its operations in Malawi with more investments in line with the country's strategic plan for Malawi 2063 (*The Nation*, 10 June 2024).

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The price of cotton has grown by 11% to MK1,000.00 per kg for the 2024 season from MK900.00 per kg.

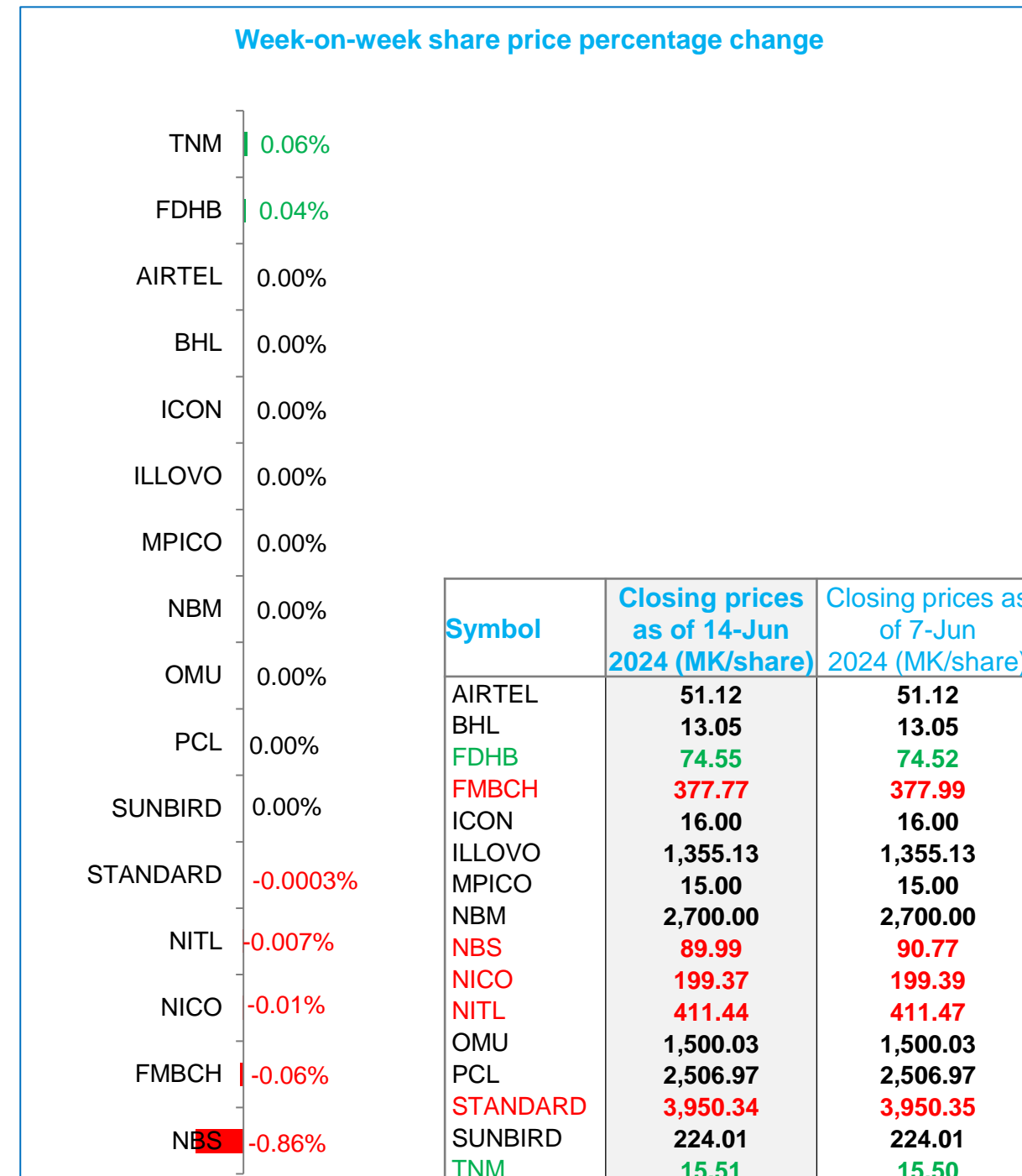
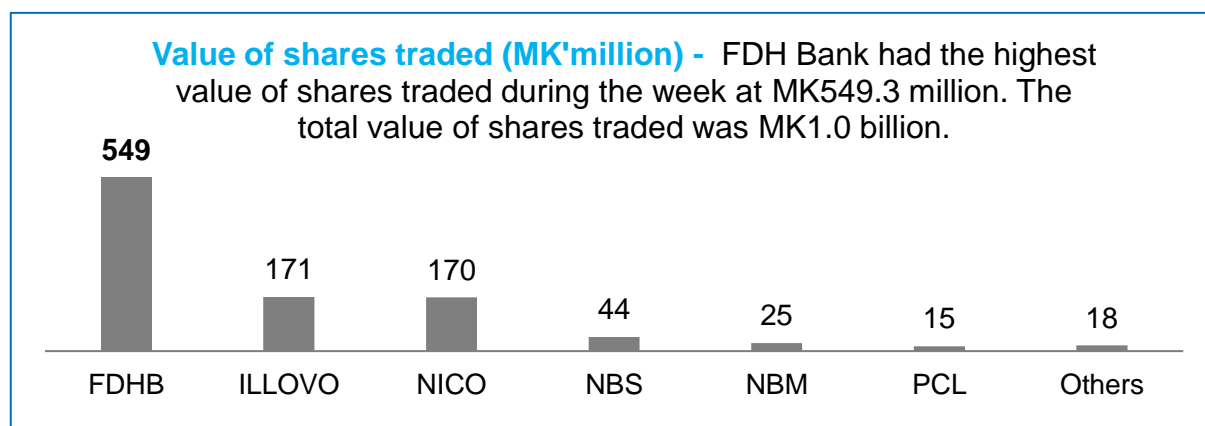
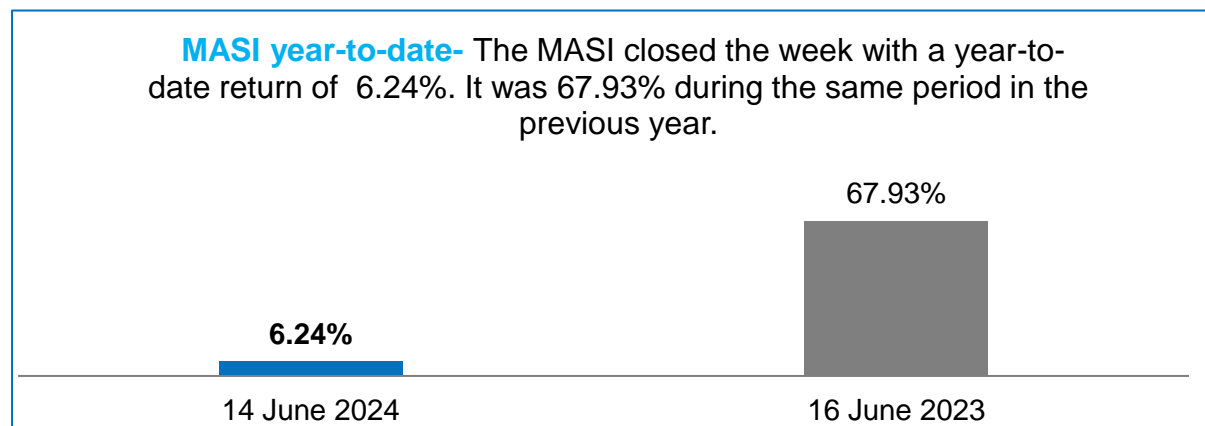
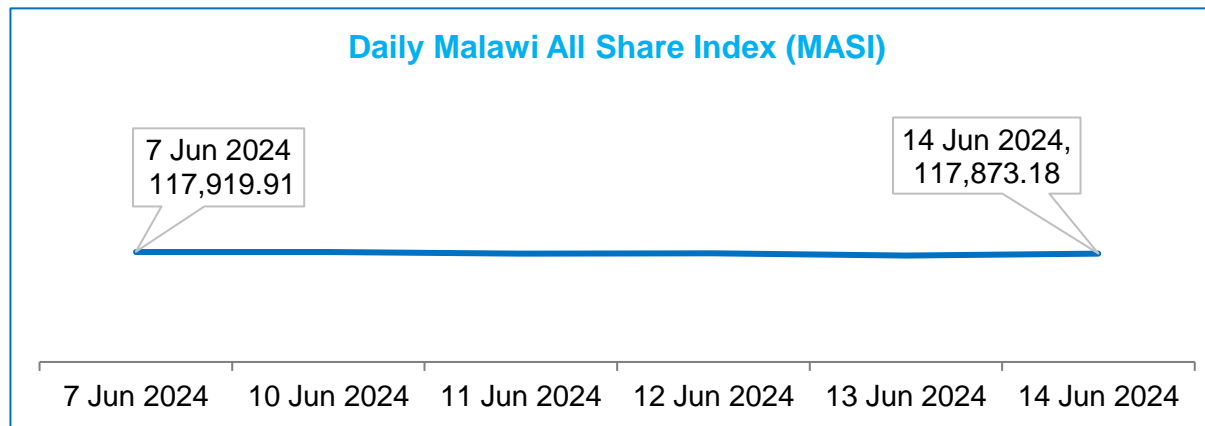
Bakhresa Malawi Limited's USD 100 million (approximately MK175.1 billion) plant is projected to be completed in October this year.



The stock market was flat with the Malawi All Share Index (MASI) closing the week ending 14 June 2024 at 117,873.18 points from 117,919.91 points for the week ending 7 June 2024.

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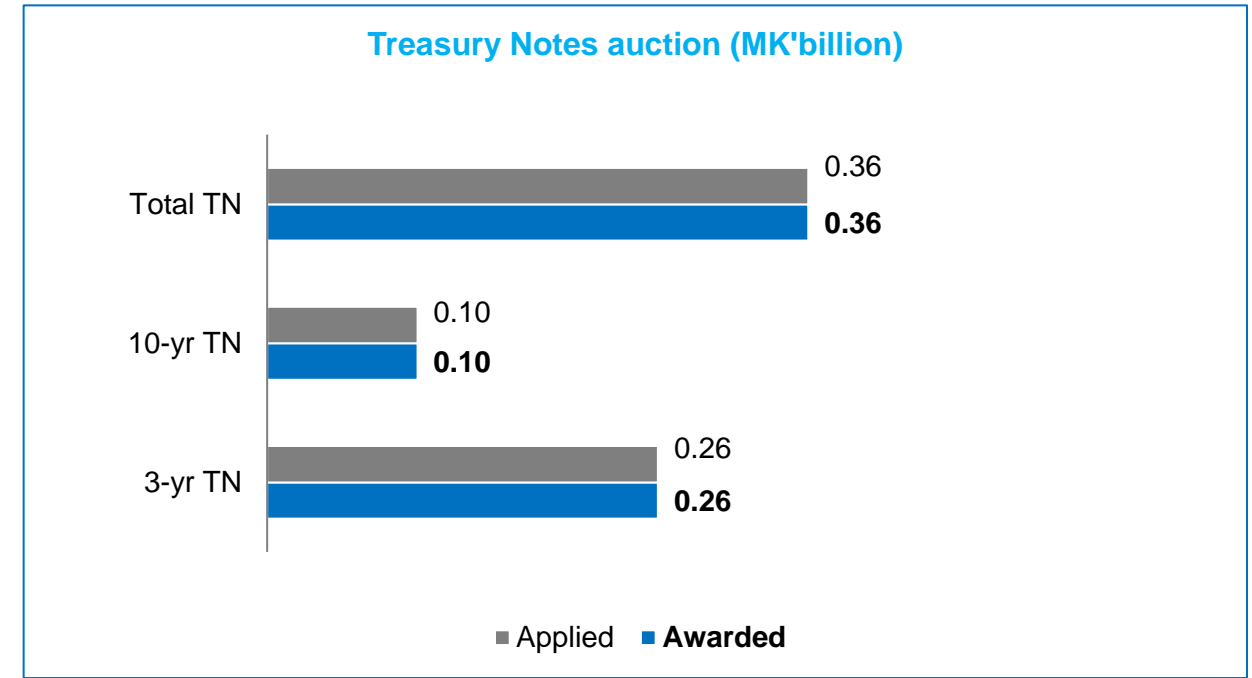
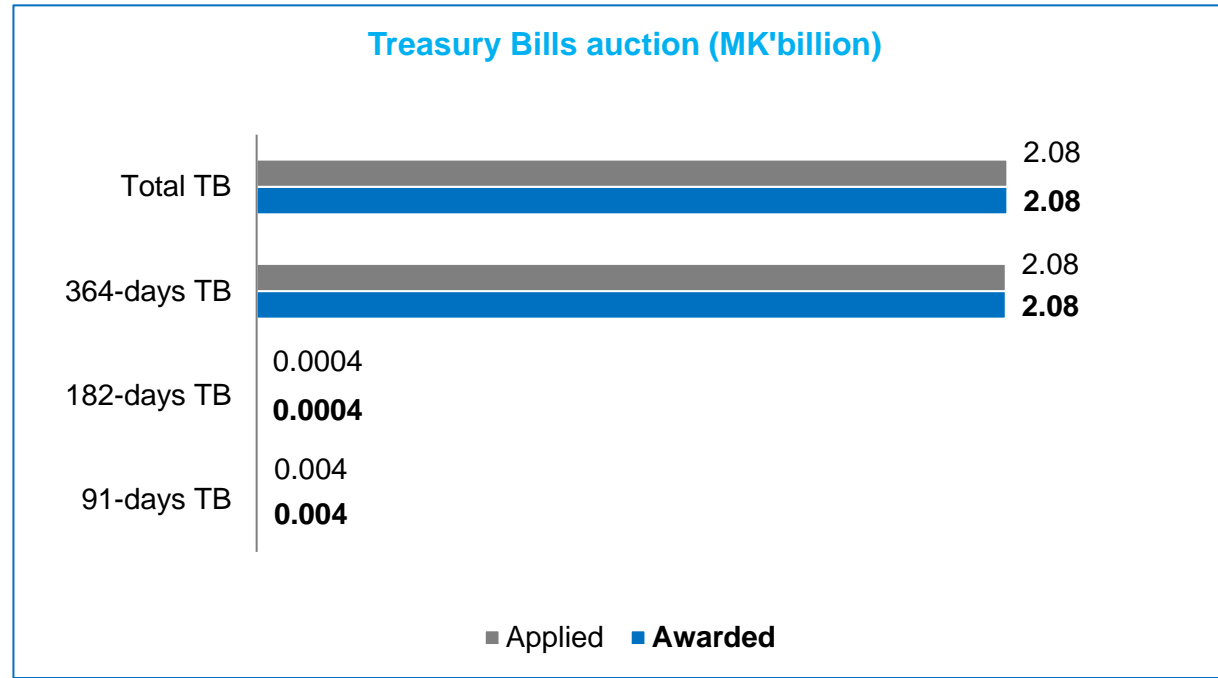
Stock market (Source: MSE)





Malawi Financial Market Update: Week ending 14 June 2024

Government securities (Source: RBM)

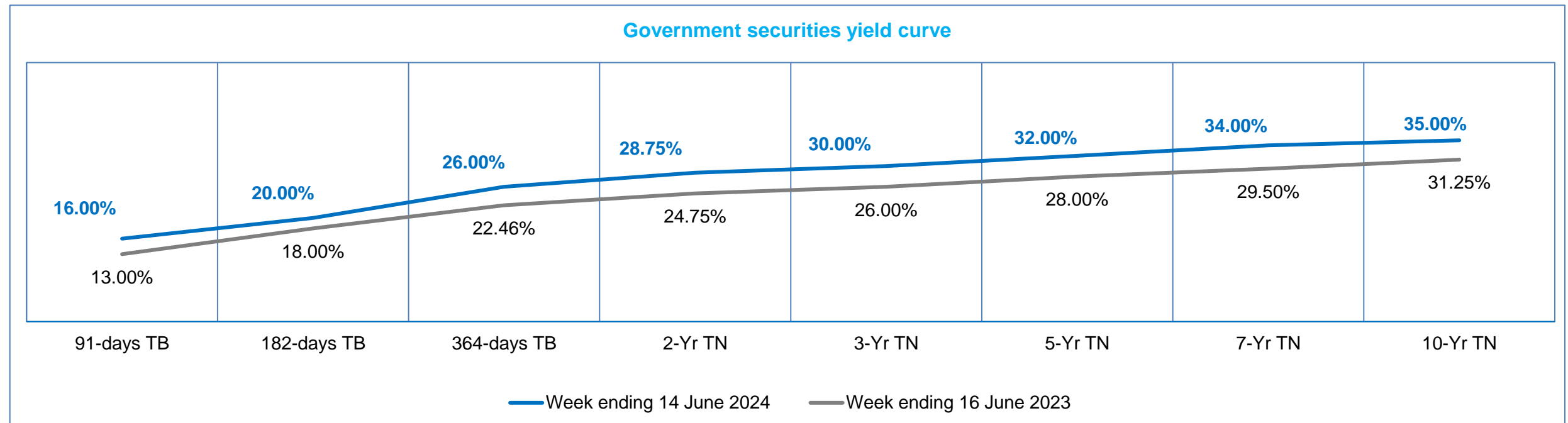


The Reserve Bank of Malawi held auctions for all tenors of TBs and all tenors of TNs during the period under review.

MK4.03 million was raised from the 91-days TB auction, MK0.38 million from the 182-days TB auction, and MK2.08 billion from the 364-days TB auction.

MK0.26 billion was raised from the 3-year TN auction and MK0.10 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	14-Jun-2024
Exchange rates (middle rates)														
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	1,733.87*
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	2,274.32*
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	1,915.36*
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	96.80*
Foreign Exchange Reserves														
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	N/A
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	N/A
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	N/A	N/A
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	N/A
Inflation														
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%	N/A	N/A
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%	N/A	N/A
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%	N/A	N/A
Interest Rates														
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%	26.00%
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%	24.24%
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%	26.20%
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%	25.10%
Government Securities Yields														
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%	16.00%
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%	20.00%
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%	26.00%
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%	28.75%
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%	30.00%
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%	32.00%
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%	34.00%
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%	35.00%
Stock Market Indices														
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	117,873.18
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	90,083.74
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	18,902.00

*: Reserve Bank of Malawi opening exchange rates (middle) as of 14 June 2024

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