



Malawi Financial Market Update

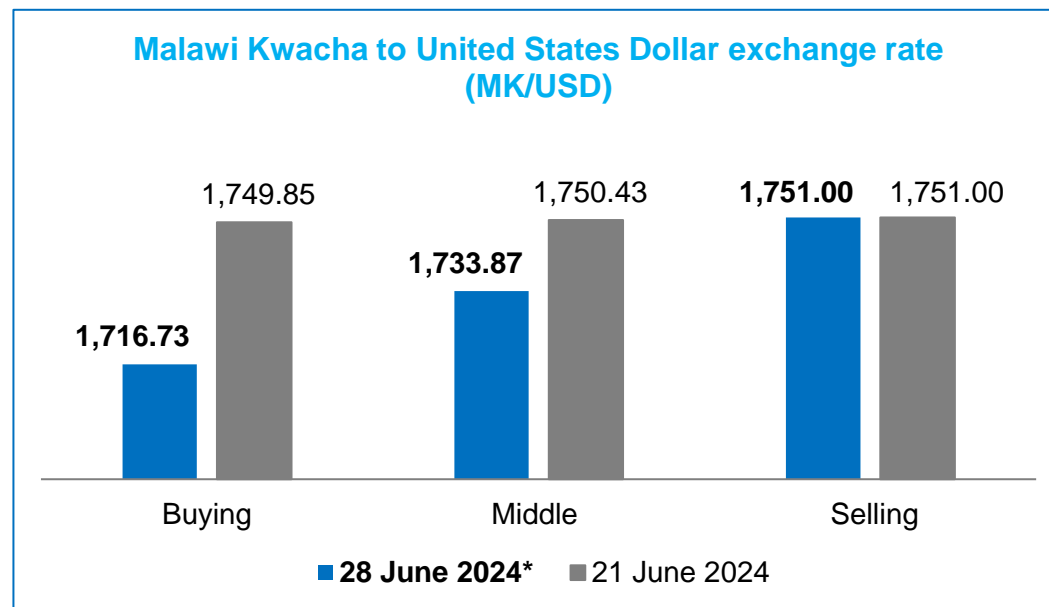
Week ending 28 June 2024



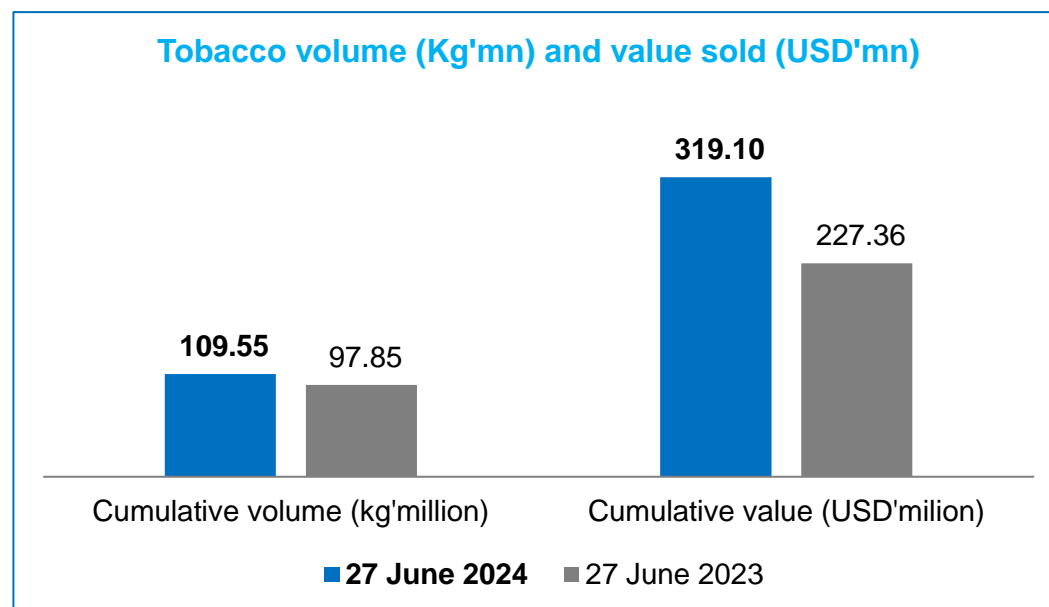
Malawi Financial Market Update: Week ending 28 June 2024

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 28 June 2024

What Happened This Week

1. The Reserve Bank of Malawi (RBM) say they would like to maintain a very tight monetary policy to contain rising inflation in the economy. This will translate into high policy rates and tighter liquidity reserves. RBM say that recent increases in inflation do not necessarily mean that efforts by the Central Bank are ineffective but that this year has been very difficult considering the cyclones that hit, causing Maize shortages (*The Daily Times, 25 June 2024*).
2. Members of the public under the banner of Minority Shareholders Association of Listed Companies (Misalico) have reiterated the need for the government to offload its shares in Sunbird Tourism Limited. This came out during the company's annual general meeting (AGM) held on 21 June 2024. Currently, the government of Malawi is the largest shareholder with 71% of shares; Press Corporation plc owns 15%, and members of the public own 14%. (*The Daily Times, 25 June 2024*).
3. In May, an International Monetary Fund (IMF) mission that visited Malawi for the Extended Credit Facility (ECF) review left without concluding the first review. It indicated that it would continue engaging the authorities in Malawi on outstanding issues. IMF and Malawi agreed on the first review's quantitative performance criteria and structural benchmarks. A month down the road, the two parties have yet to reach a common ground to complete the first review. The conclusion of the first review will allow Malawi to tap additional resources from the USD175 million (about MK306.43 billion) four-year programme (*The Daily Times, 24 June 2024*).
4. Inflows of foreign direct investment (FDI) into Malawi continue to exhibit a high degree of volatility, indicating the country could be more attractive to foreign investors. The United Nations Conference on Trade and Development (Unctad) World Investment Report indicates that Malawi's FDI stock at USD1.6 million is below its peers such as South Africa (USD124 million), Mozambique (USD57 million), Zambia (USD15 million) and Zimbabwe (USD7 million) (*The Nation, 25 June 2024*).
5. Malawi and China have signed a supplemental loan agreement that will see Beijing restructuring the USD206 million debt that Lilongwe owes them. The restructuring has made the debt interest-subsidized and concessional, implying a lower interest rate, and the grace period has been extended by 78 months (*The Daily Times, 27 June 2024*).
6. Press Corporation Limited (PCL) plans to invest in fertilizer production and agro-processing plant to help establish backward linkages through agriculture. PCL said this aligns with the firm's strategic plan, which runs from 2024 to 2028. Other scoping investment plans include a USD50 million solar power plant in Nkhoma, Lilongwe. The plans are expected to be finalized by the end of this year, and operations will begin at the start of 2025 (*The Nation, 27 June 2024*).

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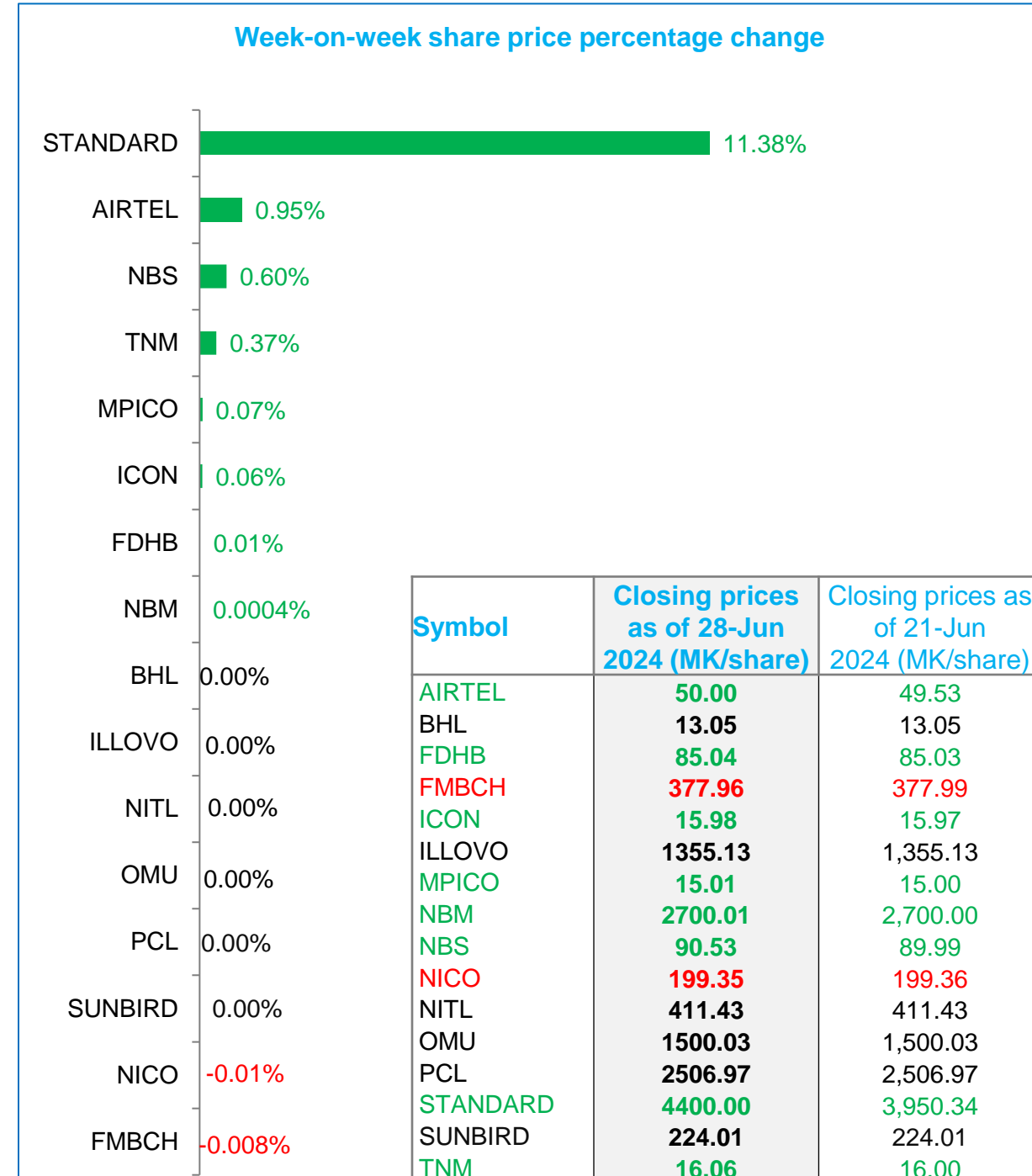
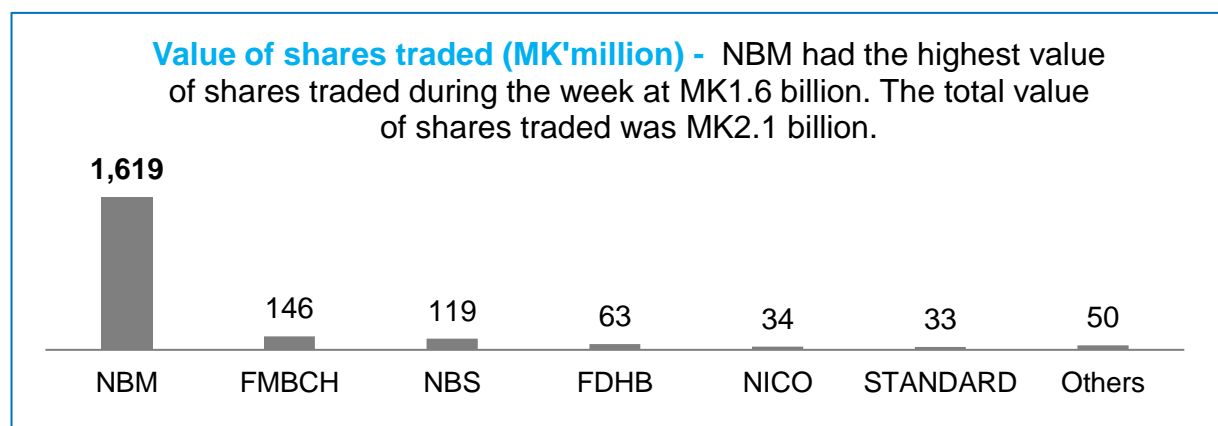
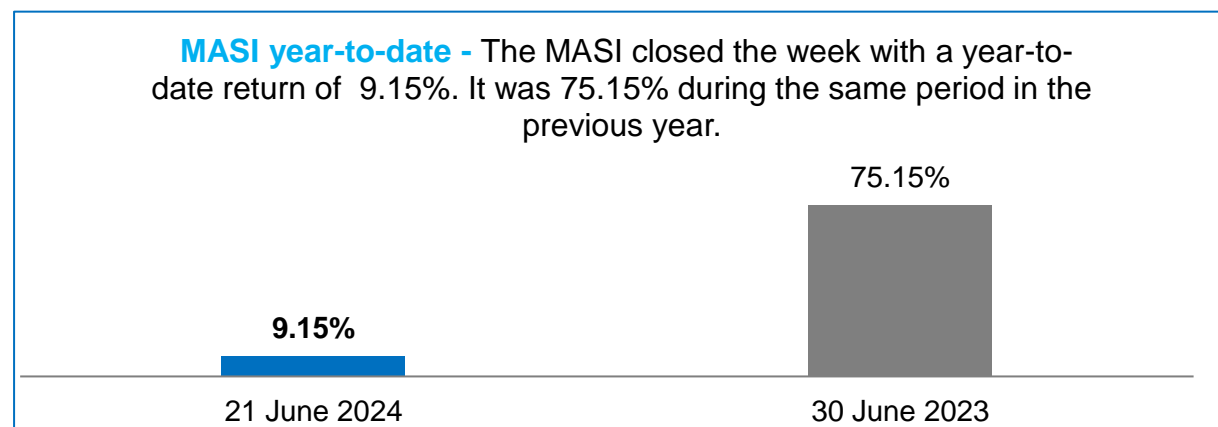
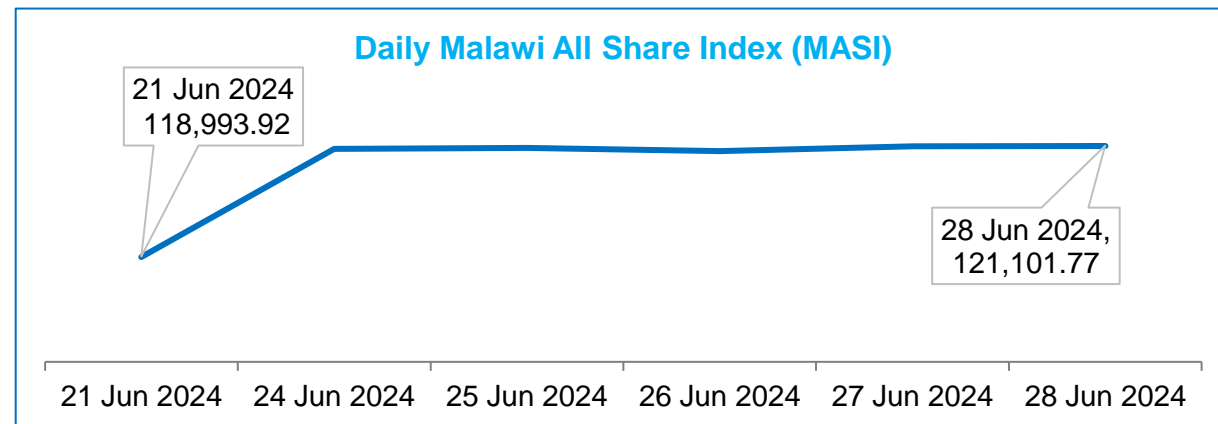


Malawi Financial Market Update: Week ending 28 June 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 28 June 2024 at 121,101.77 points from 118,993.92 points for the week ending 21 June 2024.

There was an 11.38% share price gain for STANDARD.

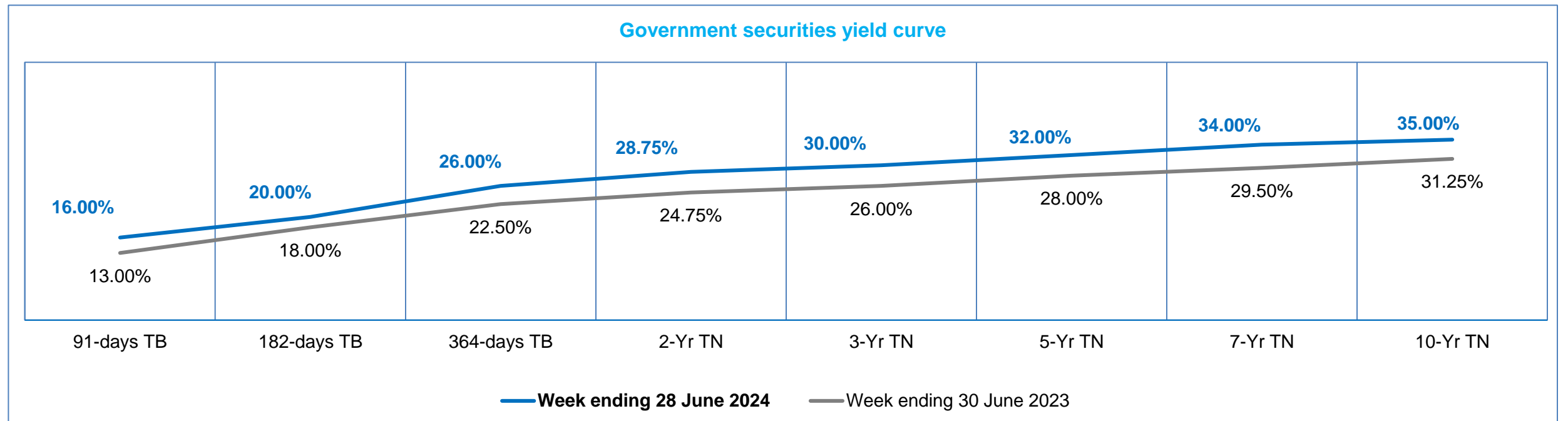
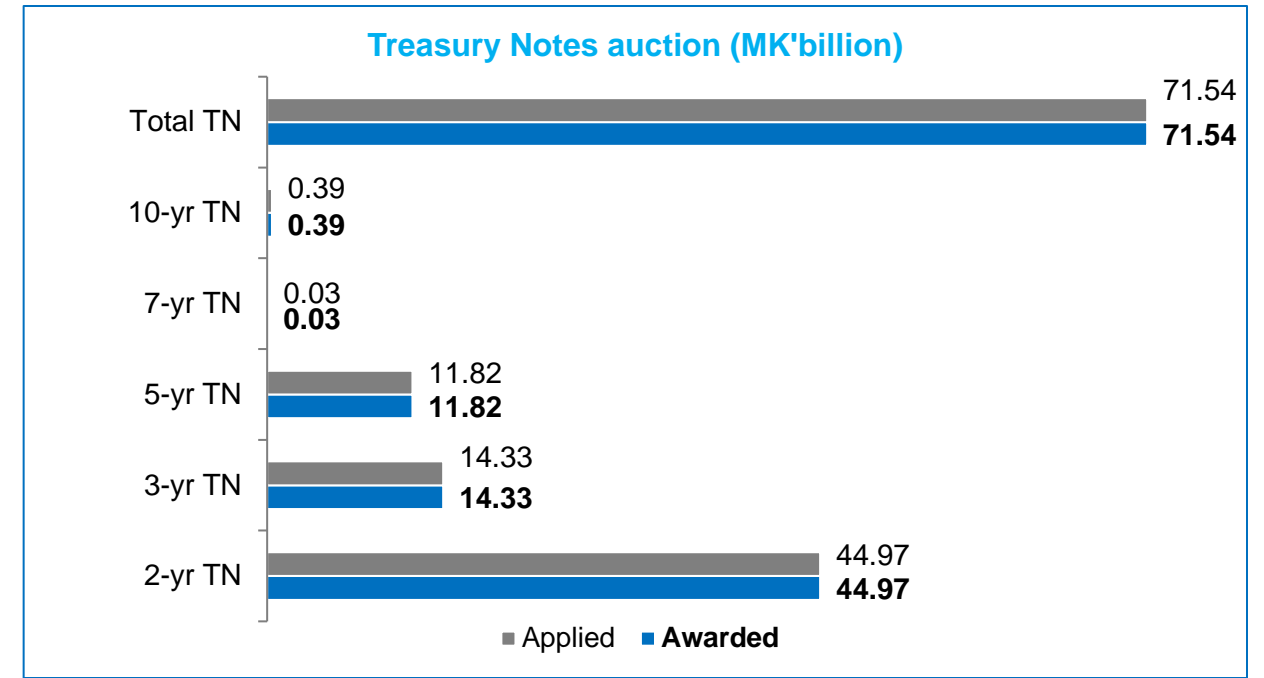
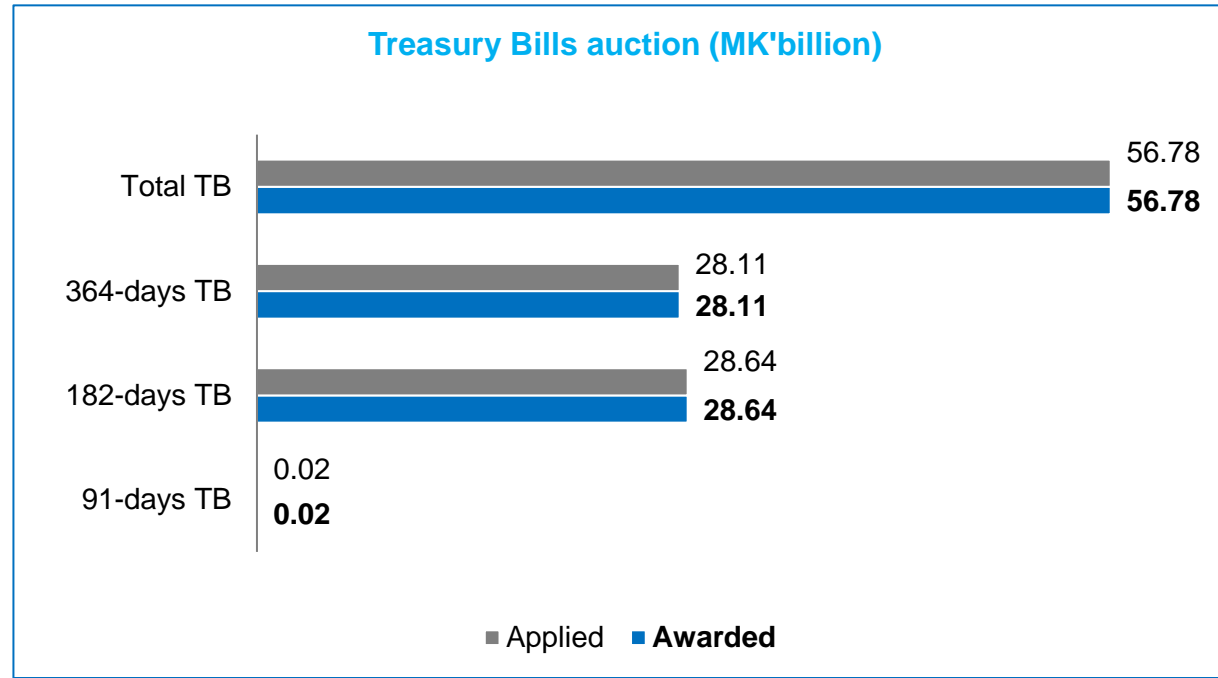


Symbol	Closing prices as of 28-Jun 2024 (MK/share)	Closing prices as of 21-Jun 2024 (MK/share)
AIRTEL	50.00	49.53
BHL	13.05	13.05
FDHB	85.04	85.03
FMBCH	377.96	377.99
ICON	15.98	15.97
ILLOVO	1355.13	1,355.13
MPICO	15.01	15.00
NBM	2700.01	2,700.00
NBS	90.53	89.99
NICO	199.35	199.36
NITL	411.43	411.43
OMU	1500.03	1,500.03
PCL	2506.97	2,506.97
STANDARD	4400.00	3,950.34
SUNBIRD	224.01	224.01
TNM	16.06	16.00



Malawi Financial Market Update: Week ending 28 June 2024

Government securities (Source: RBM)



The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised was MK56.78 billion from TBs split largely between 182- and 364-days tenor.

The total amount raised was MK71.54 billion from TNs largely driven by the 2-year TN which was MK44.97 billion.

A total of MK63.54 billion was raised from the 7-, 14- and 21-days Open Market Operations auctions during the period under review. The average yield for all tenors were 26%.

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	28-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	2,255.75*
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	1,908.93*
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	96.69*
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	610.18	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%	32.7%	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%	40.7%	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%	22.1%	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%	24.25%
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	121,101.77
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	92,949.19
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	18,911.41

*: Reserve Bank of Malawi opening exchange rates (middle) as of 28 June 2024

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