



Malawi Financial Market Update

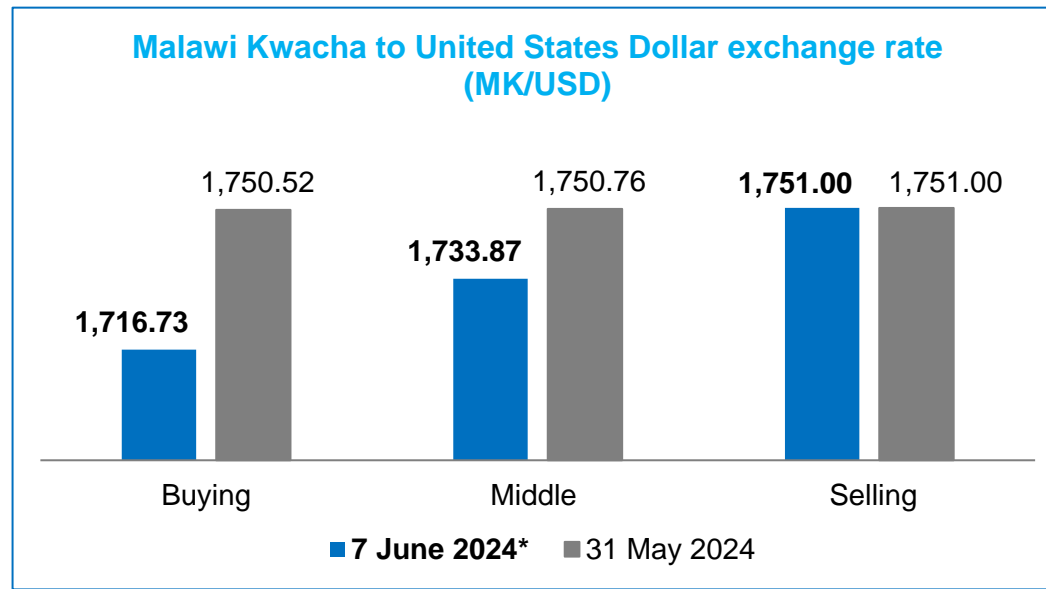
Week ending 7 June 2024



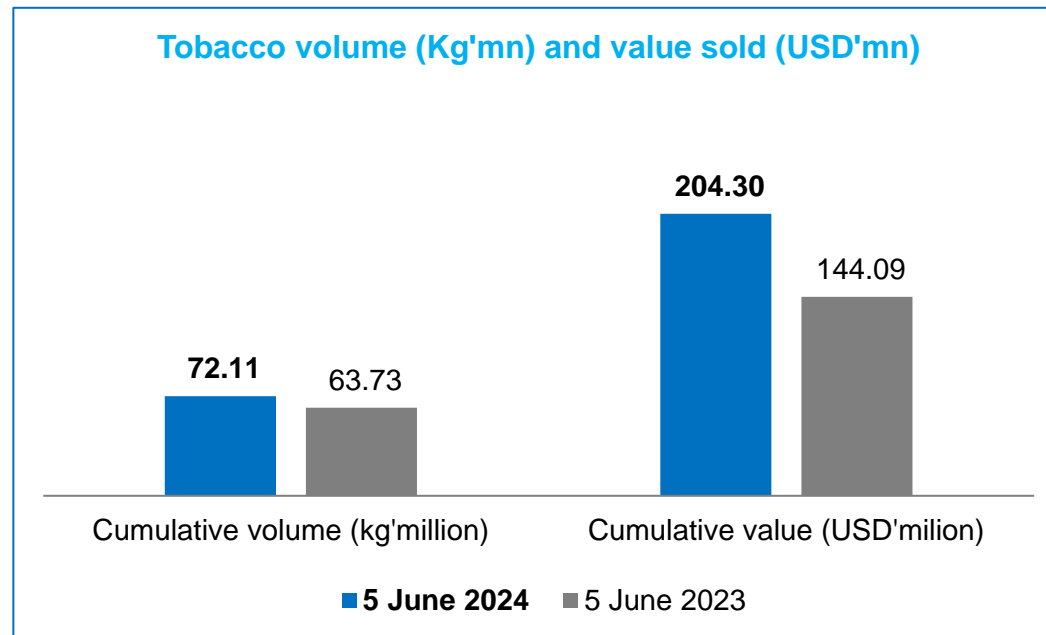
Malawi Financial Market Update: Week ending 7 June 2024

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 7 June 2024

What Happened This Week

1. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD204.3 million has been raised in the 2024 tobacco auctions as of 5 June 2024. This represents an increase of 41.8% compared to the USD144.09 million raised as of 5 June 2023. The average price of the tobacco sold was USD2.83 per kilogram, it was USD2.26 per kilogram during the same period last year, representing a 25.2% increase. The kilograms sold grew by 13.1% to 72.11 million kilograms as of 5 June 2024 compared to 63.73 million kilograms as of 5 June 2023 (*5 June 2024 AHL Tobacco Sales season-to-date report*).
2. The June 2024 commercial bank reference rate has been increased to 25.1% from 25.0% in May 2024 (*National Bank of Malawi, 5 June 2024*).
3. Illovo Sugar plc reported a 33% decline in its profit in the six months ended February 2024 after registering a profit-after-tax of MK32.5 billion compared to MK48.6 billion in the prior period (*The Daily Times, 3 June 2024*).
4. The African Development Bank has reduced the 2024 Malawi real GDP to 3.3% from the earlier projection of 3.5% in its report titled African Economic Outlook. The report outlines significant challenges faced by the economy including international reserves shortages, macroeconomic stability, and drought. The report also highlights that dependence on rain-fed agriculture, given the increasing vulnerability to climate change, is also a major risk. The growth of the economy will be driven by the mining, retail, and tourism sectors (*African Development Bank Group, African Economic Outlook 2024*).
5. The World Bank cautioned that carbon pricing revenue remains a relatively small contributor to most countries' national budgets. The Global Director for Climate Change at the World Bank stated that carbon pricing can be effective in incorporating the costs of climate change into economic decision-making. In 2023, it generated USD 104 billion globally (*The Nation, 4 June 2024*).
6. Malawi and the Republic of Korea signed a memorandum of understanding (MoU) on Tuesday on trade and investment promotion. The Minister of Trade and Industry stated that the MoU seeks to attract investment from Korea which has set aside USD 14 billion to be invested in Africa. As Malawi is set to embrace other sectors such as Agriculture, Tourism, and Mining, the MoU would help Malawi's economy stabilize and grow (*The Daily Times, 5 June 2024*).

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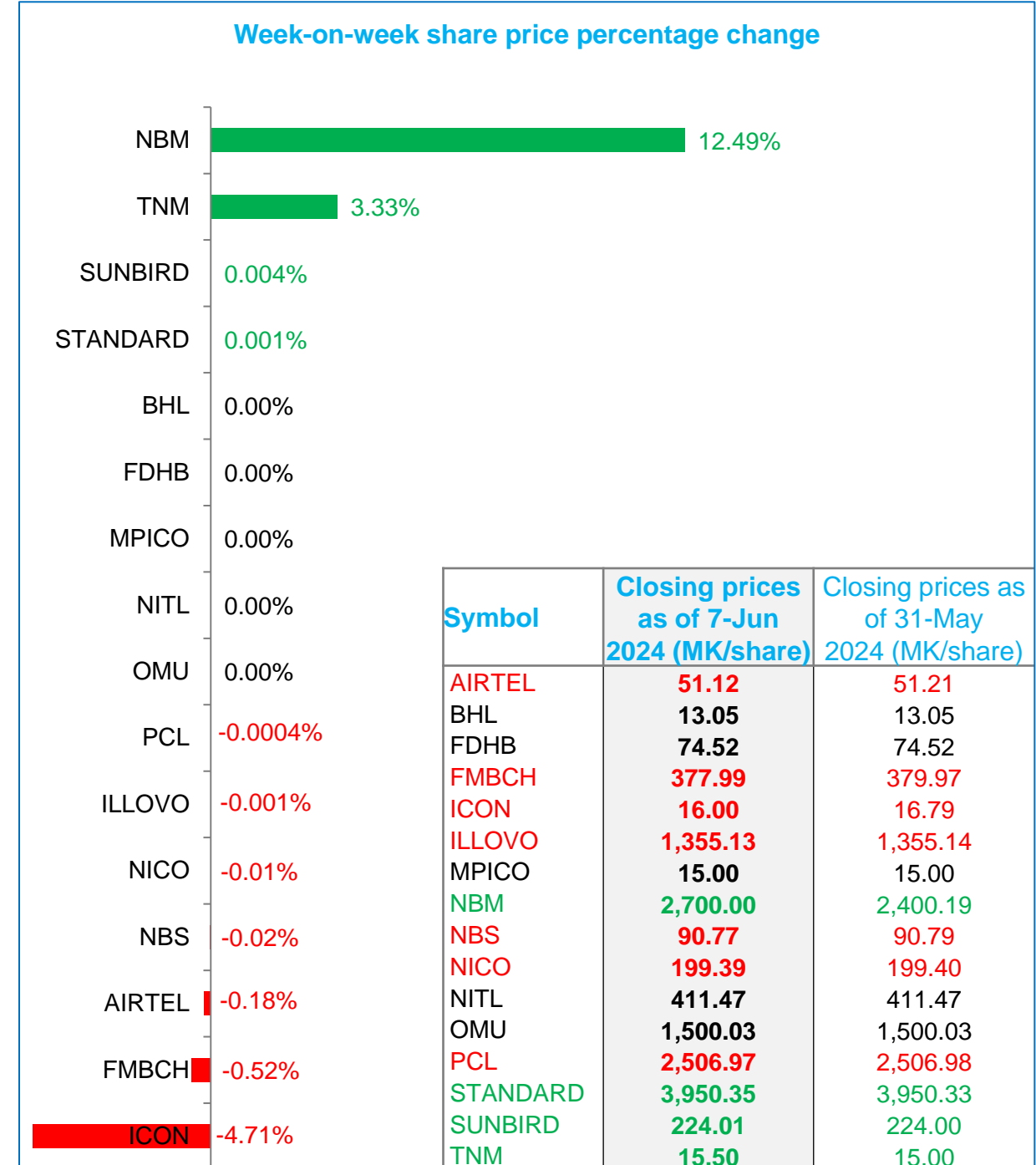
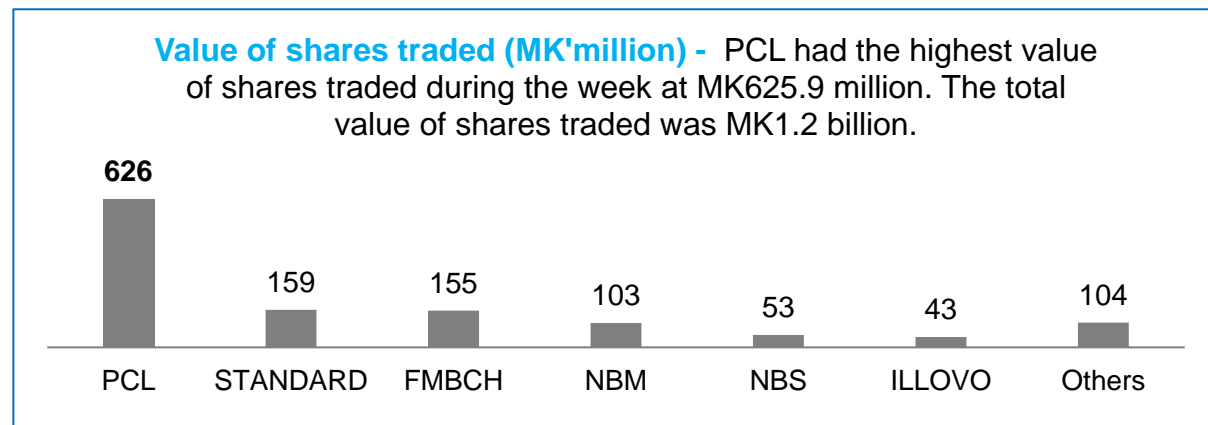
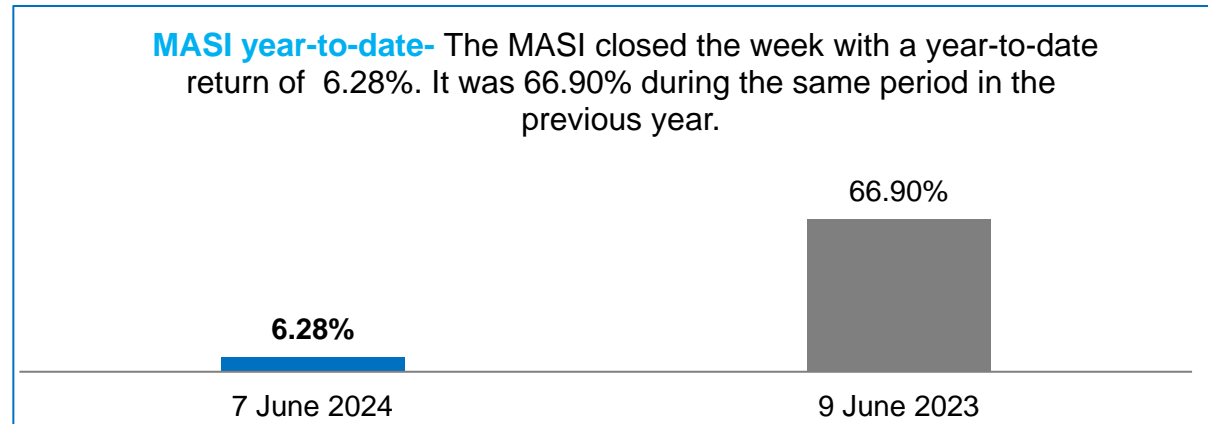
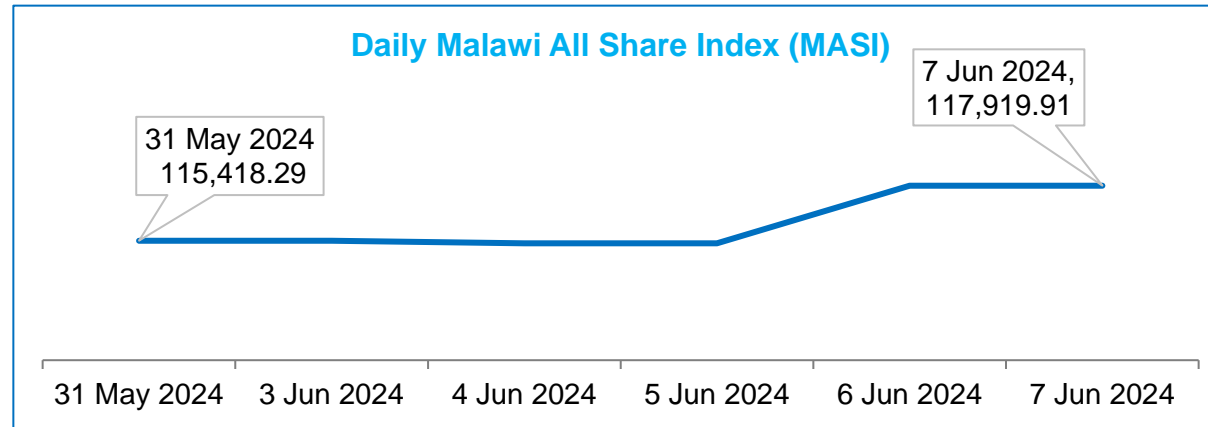
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Stock market (Source: MSE)

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 7 June 2024 at 117,919.91 points from 115,418.29 points for the week ending 31 May 2024.

There were 12.49% and 3.33% share price gains for NBM and TNM, respectively.

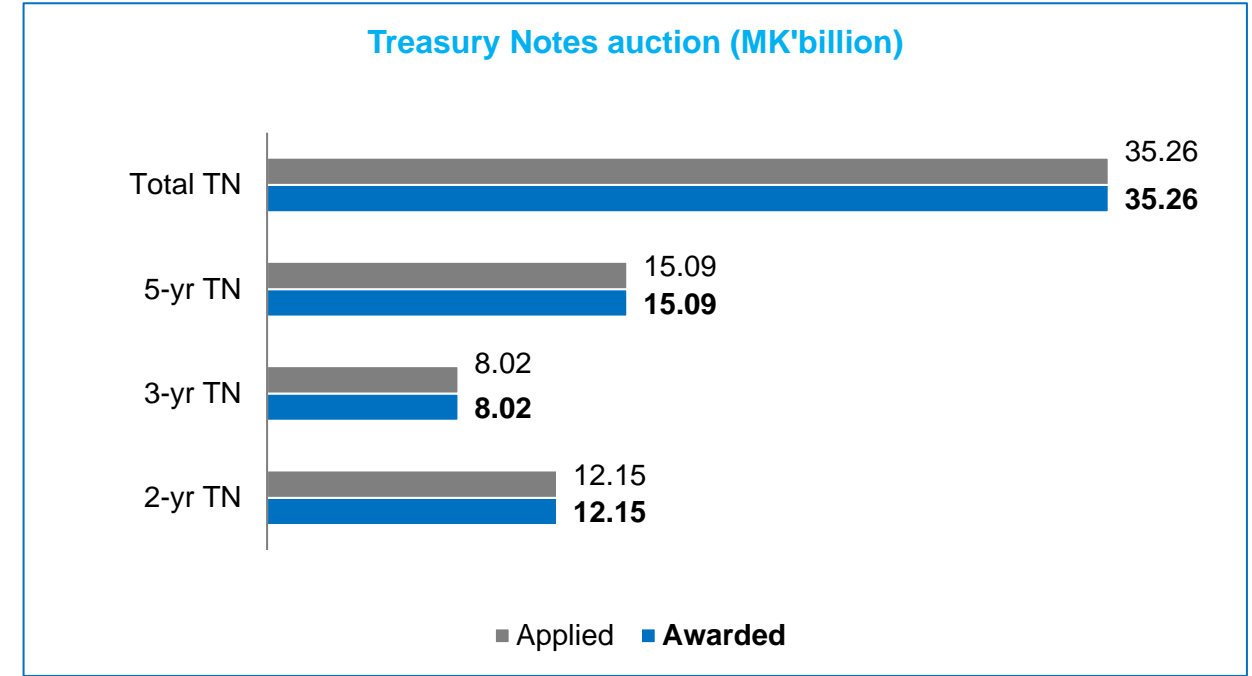
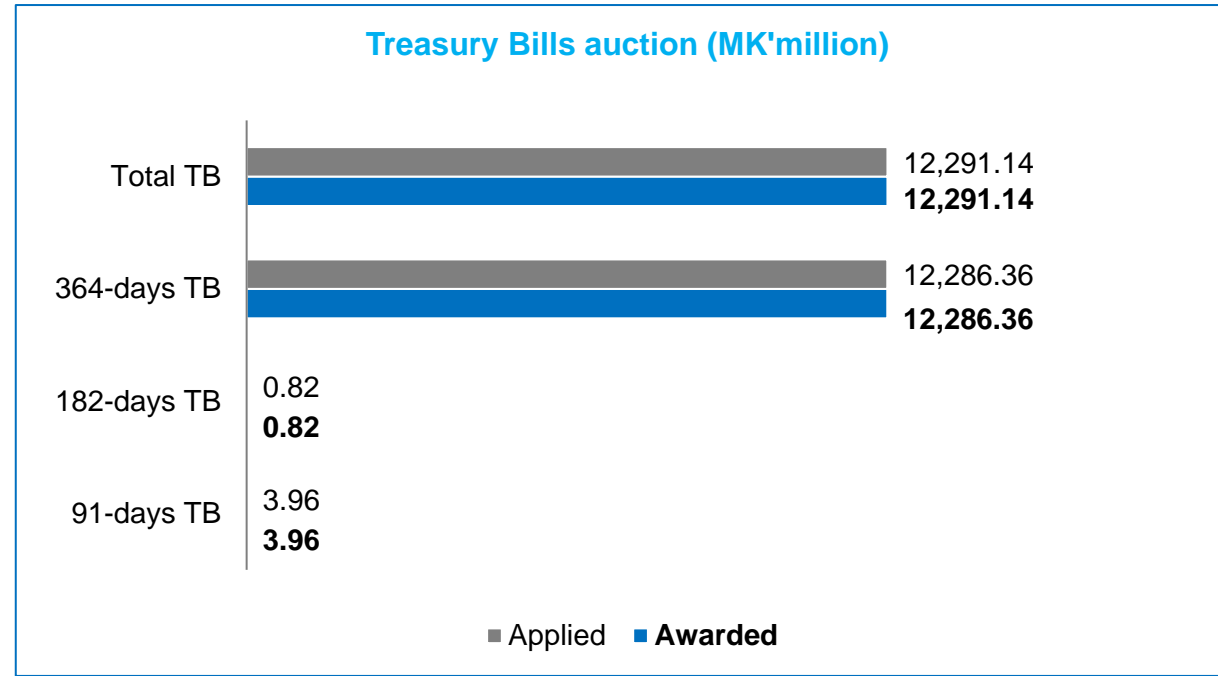
There was a 4.71% share price loss for ICON. There were also marginal share price losses for FMBCH and AIRTEL during the period under review.





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Government securities (Source: RBM)

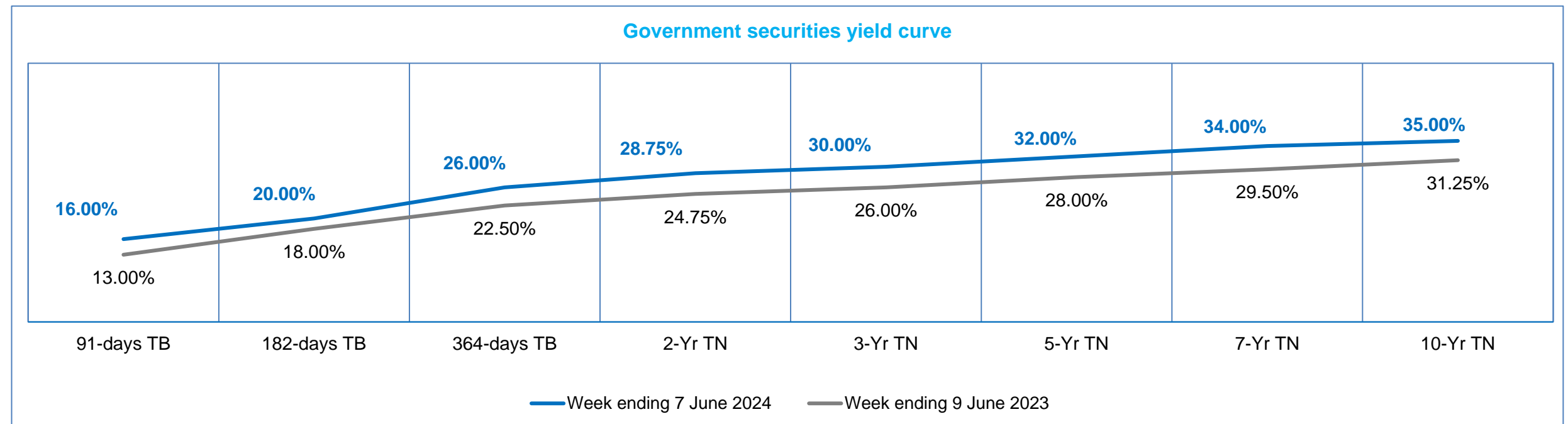


The Reserve Bank of Malawi held auctions for all tenors of TBs and all tenors of TNs during the period under review.

MK3.96 million was raised from the 91-days TB auction, MK0.82 million from the 182-days TB auction, and MK12.29 billion from the 364-days TB auction.

MK12.15 billion was raised from the 2-year TN auction, MK8.02 billion from the 3-year TN auction, and MK15.09 billion from the 5-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

	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	7-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	2,282.71*
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	1,944.46*
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	94.38*
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%	24.01%
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	117,919.91
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	90,116.78
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	18,912.90

*: Reserve Bank of Malawi opening exchange rates (middle) as of 7 June 2024

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