



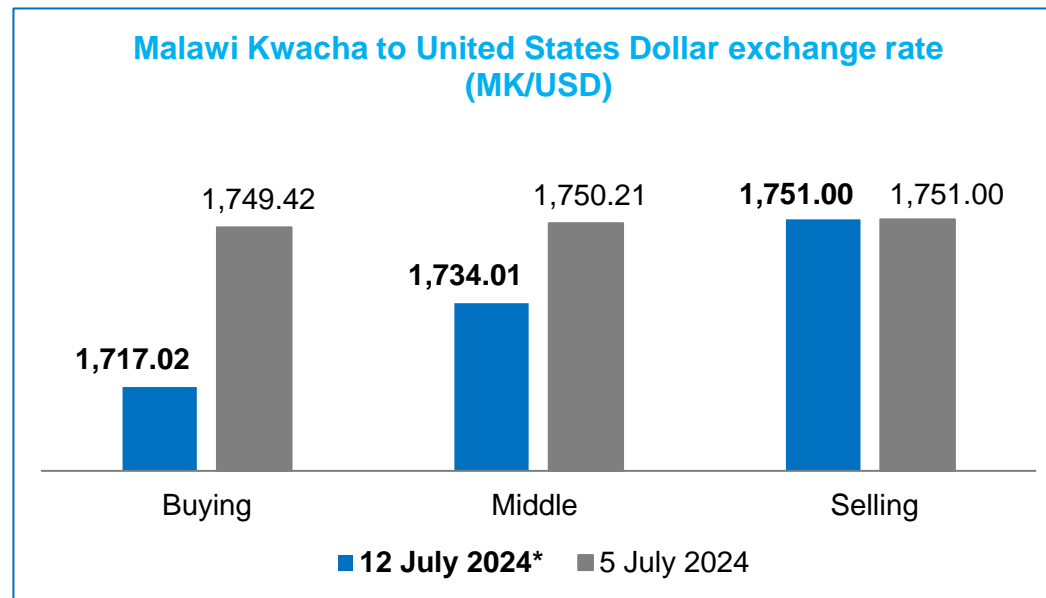
Malawi Financial Market Update

Week ending 12 July 2024

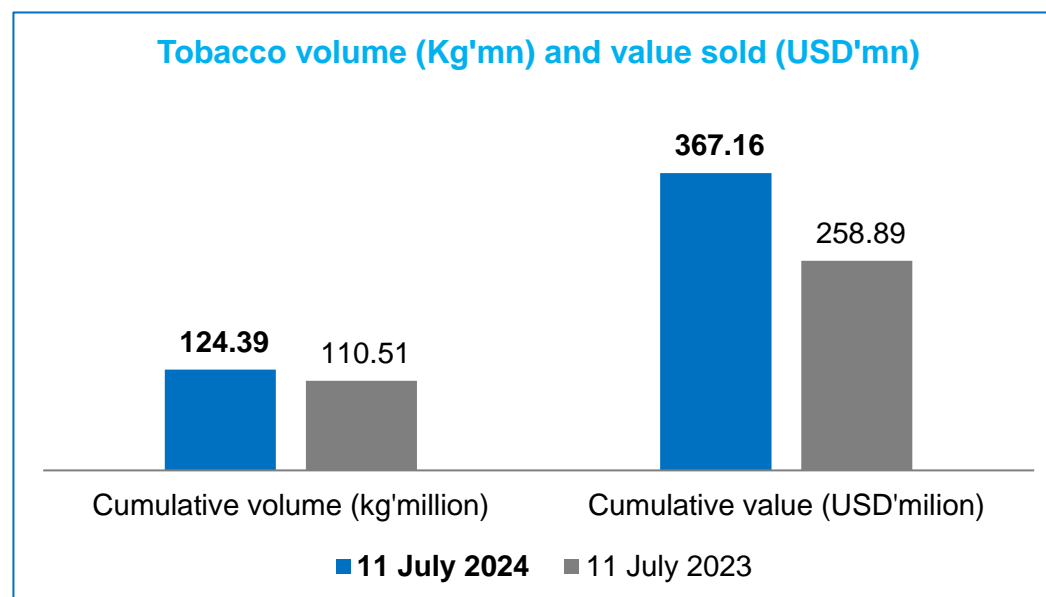


Exchange rate and other market developments

Exchange rate (Source: RBM)



Tobacco Volume and Value Sold (Source: AHL)



What Happened This Week

1. The National Planning Commission (NPC) has reported 43% progress in the roll-out of the first 10-year Implementation Plan (MIP-1) of Malawi (MW2063) catalytic interventions. This is more than double the previous 20% rating that the NPC reported. However, given the current pace of economic growth, the country's long-term development strategy (MW2063) will face a 15-year lag before the country can achieve the MIP-1 aspiration of becoming a lower-middle income economy by 2030. NPC estimates that for Malawi to meet the 2030 goals, the economy needs to grow by an average of 10.6% in the next five years (*The Nation, 11 July 2024*).
2. The Public Private Partnership Commission (PPPC) says the country's efforts to industrialise key sectors through PPP projects are undermined by a lack of funds to finance feasibility studies. PPPC held a conference with stakeholders on 5 July 2024 to discuss challenges affecting the implementation of PPP projects and find solutions to accelerate potential investments. PPPC said it is struggling to sell projects to investors without feasibility studies in key infrastructure development. However, efforts are underway to find alternative financing options to complement government budget subventions (*The Nation, 8 July 2024*).
3. ICON Properties Plc (ICON) says that given the gloomy economic outlook, it is restructuring some of its projects by delaying their commencement dates. The projects in the pipeline are in the commercial, hospitality, and industrial real estate sectors. ICON says that once project restructuring and negotiations are complete, the company will work towards launching these projects. However, if there are improvements in the economic outlook, ICON could revert to the original commencement dates (*The Nation, 8 July 2024*).
4. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD367.16 million has been raised in the 2024 tobacco auctions as of 11 July 2024. This represents an increase of 41.8% compared to the USD258.89 million raised as of 11 July 2023. The average price of the tobacco sold was USD2.95 per kilogram, it was USD2.34 per kilogram during the same period last year, representing a 26.1% increase. The kilograms sold grew by 12.6% to 124.39 million kilograms as of 11 July 2024 from 110.51 million kilograms as of 11 July 2023 (*11 July 2024 AHL Tobacco Sales season-to-date report*).
5. According to Illovo Sugar Malawi Plc, foreign exchange scarcity has delayed plans to invest in a 40 megawatt power plant that will feed into the national grid. In terms of energy, Illovo is exploring and is at an advanced stage in implementing the project; however, sourcing boilers and related equipment is difficult. Currently, Illovo provides around 90% of its energy requirements from installed electricity generating capacity using renewable resources such as bagasse, a by-product from sugar cane (*The Nation, 9 July 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 12 July 2024

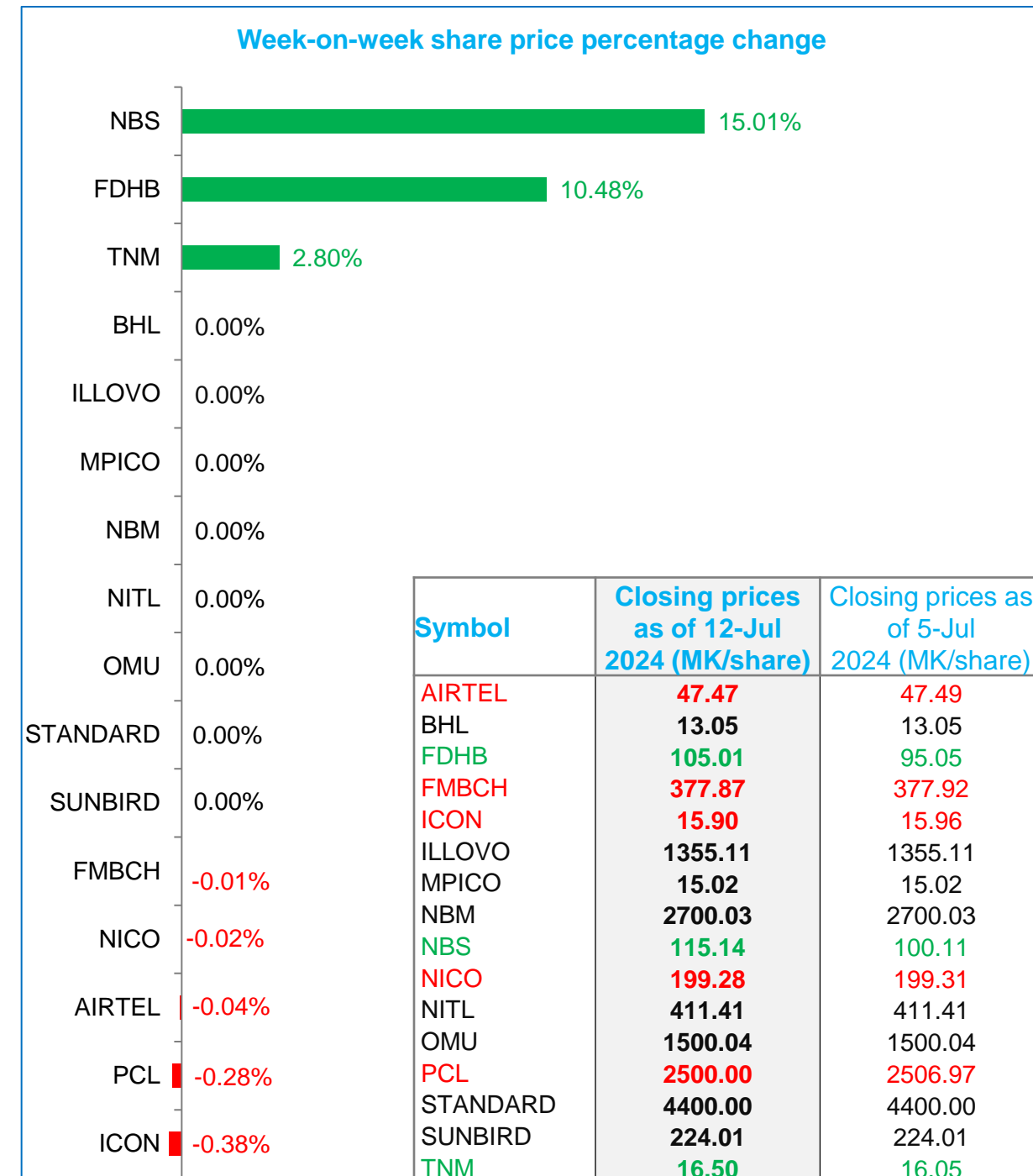
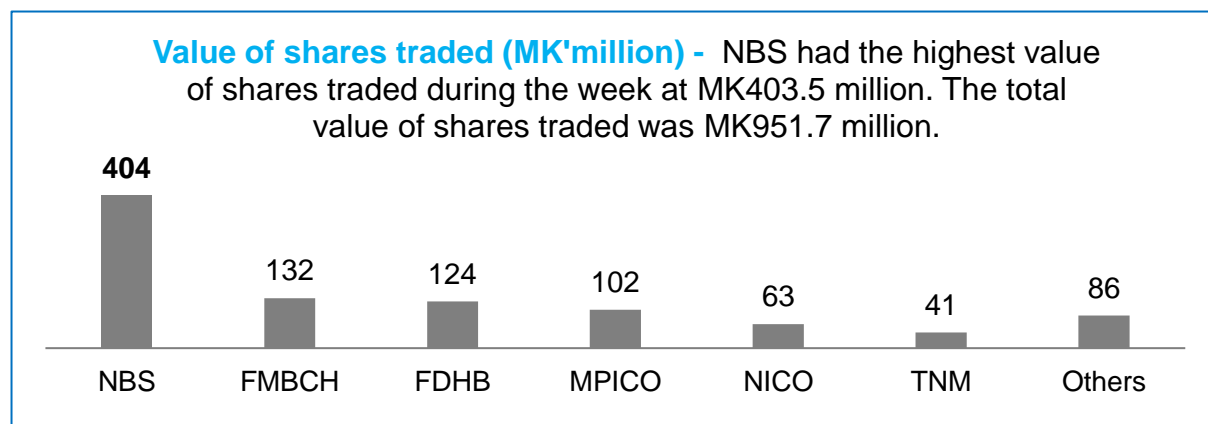
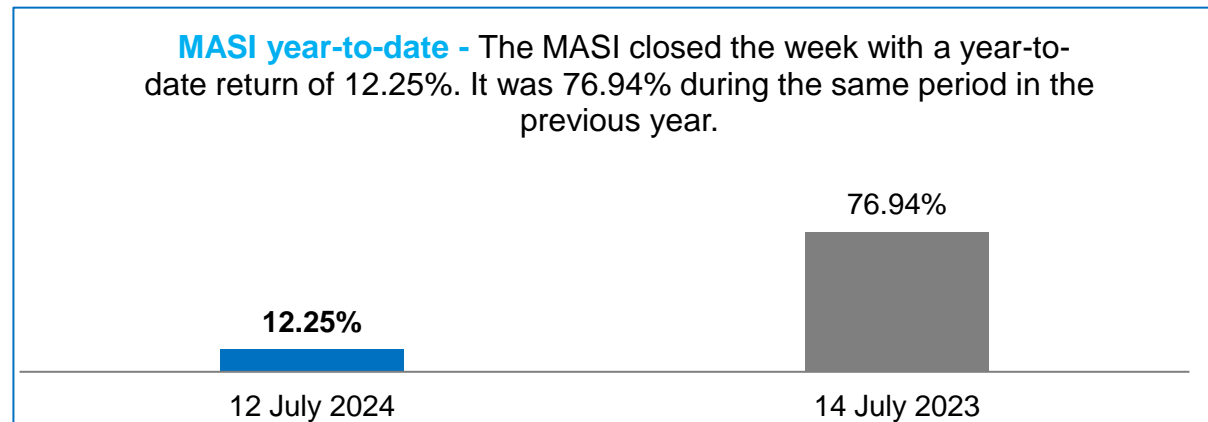
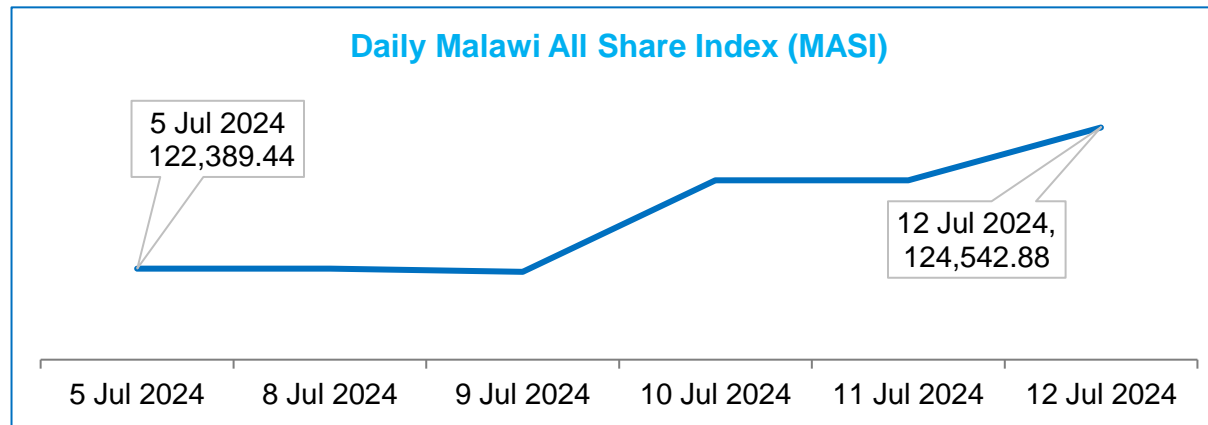


Malawi Financial Market Update: Week ending 12 July 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 12 July 2024 at 124,542.88 points from 122,389.44 points for the week ending 5 July 2024.

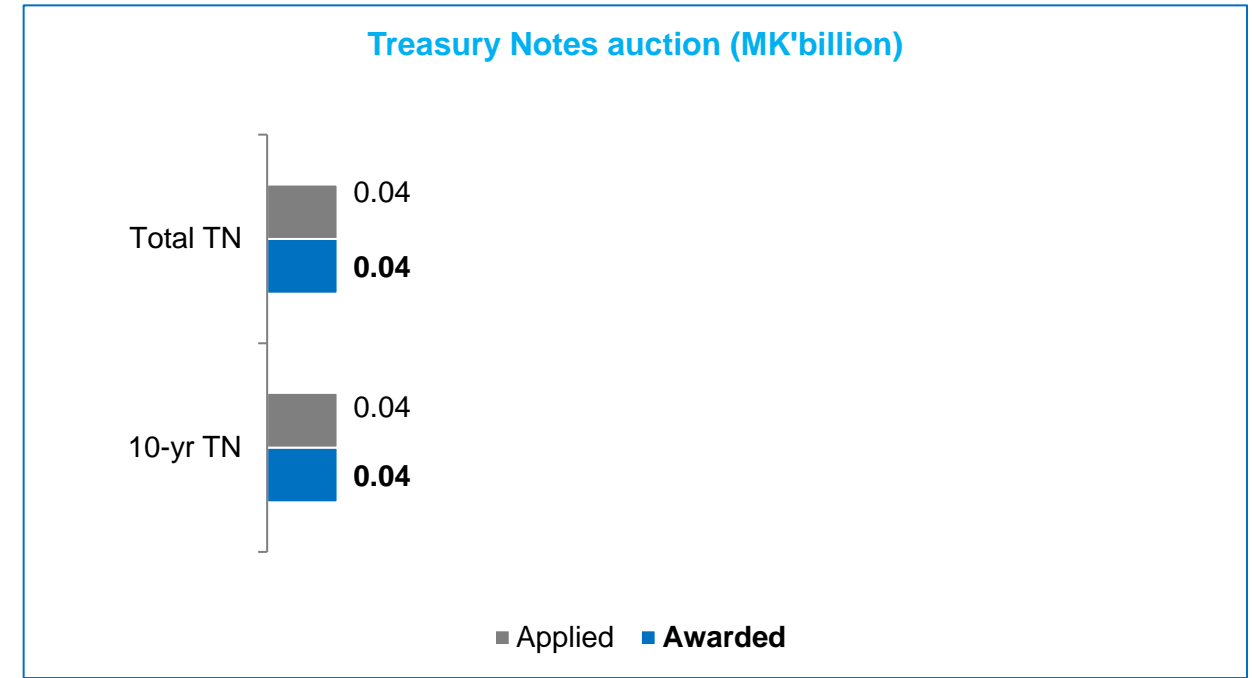
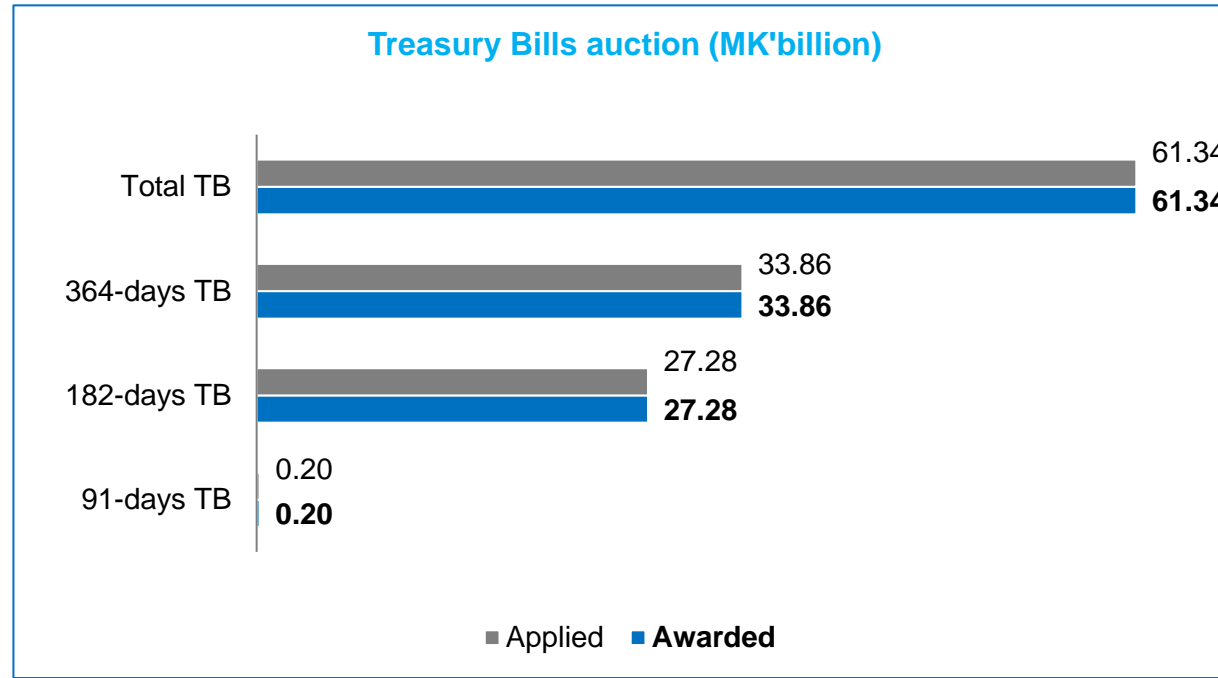
There were 15.01%, 10.48%, and 2.80% share price gains for NBS, FDH Bank, and TNM, respectively, during the period under review.





Malawi Financial Market Update: Week ending 12 July 2024

Government securities (Source: RBM)

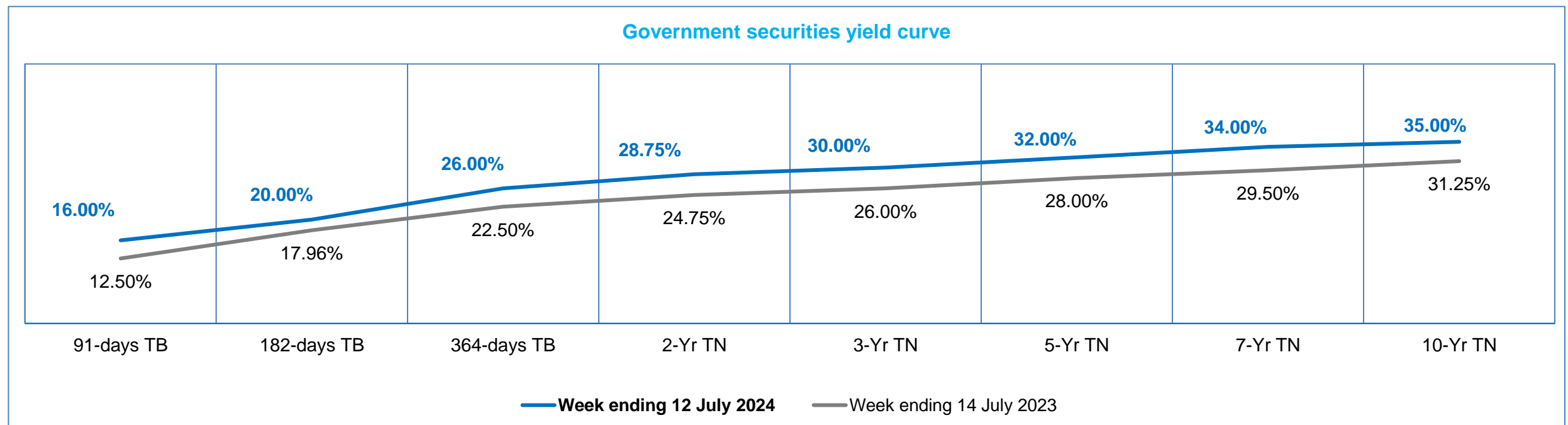


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and the 10-year Treasury Note (TN) during the period under review.

The total amount raised was MK61.34 billion from TBs largely driven by the 182- and 364-days tenor.

The total amount raised was MK40 million from the 10-year TN.

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

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	12-Jul-2024
Exchange rates (middle rates)														
MK/USD	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	1,749.51	1,734.01*
MK/GBP	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	2,274.74	2,306.12*
MK/EUR	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	1,922.54	1,940.88*
MK/ZAR	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.64	95.40	95.89	96.89	99.25*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation														
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%
Lombard Rate	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%	26.20%
Commercial Bank Reference Rate	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%	25.40%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Stock Market Indices														
MASI	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	124,542.88
DSI	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	96,014.61
FSI	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	18,906.96

*: Reserve Bank of Malawi opening exchange rates (middle) as of 12 July 2024

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