



Malawi Financial Market Update

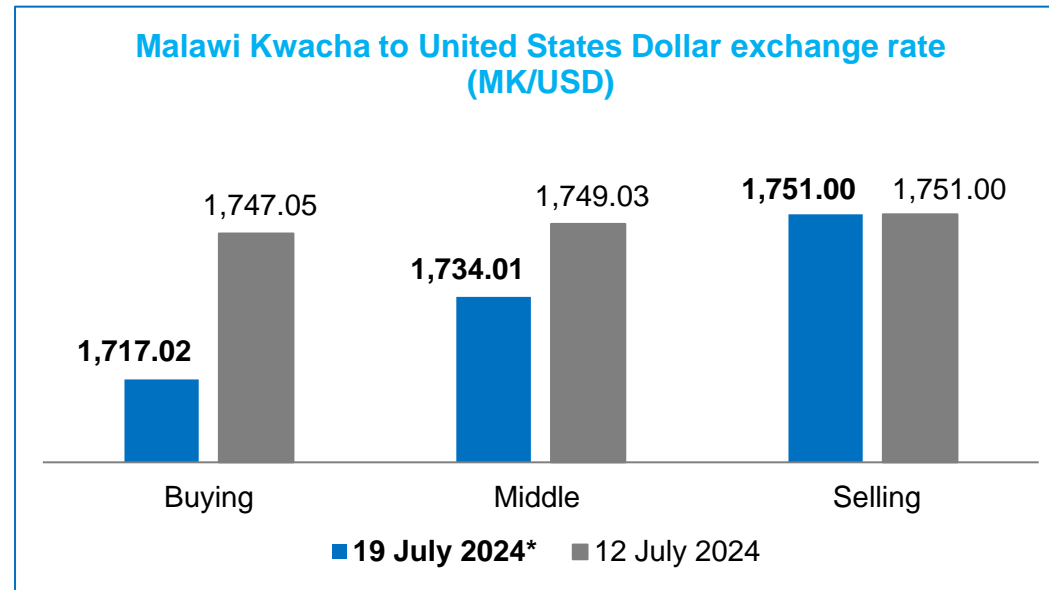
Week ending 19 July 2024



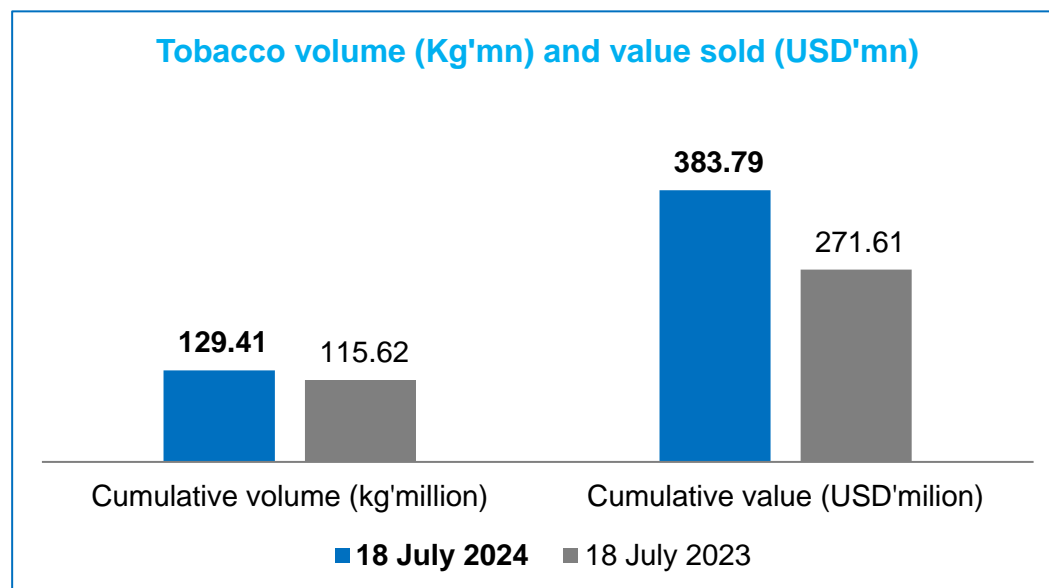
Malawi Financial Market Update: Week ending 19 July 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Tobacco Volume and Value Sold (Source: AHL)



What Happened This Week

1. The Green Climate Fund (GCF) has approved a USD52.3 million (about MK91.6 billion) projected aimed at helping Malawi to cope with the devastating effects of climate change and boost the country's long-term food security. The Ecosystems-based Adaptation for Resilient Watersheds and Communities in Malawi (EbAM) project was approved by the GCF Board at its 39th meeting in Songbo, South Korea. The Food and Agriculture Organisation of the United Nations (Fao), which is leading the project, said the project is set to benefit nearly 575,000 vulnerable people in rural communities over six years (*The Daily Times, 18 July 2024*).
2. The year-on-year inflation rate for June 2024 is at 33.3%, an increase from the 32.7% recorded in May 2024. Food and Non-Food inflation rates are at 41.5% and 22.2%, respectively (*NSO, 16 July 2024*).
3. The 3% stamp duty on secondary trading of shares on the 16-counter Malawi Stock Exchange (MSE) that was introduced in 2022/23 fiscal year, according to capital market players, say is deterring the sector's growth and have since appealed to the Reserve Bank of Malawi (RBM) to lobby for its reduction or removal. MSE urge the regulator RBM to lobby for the removal or reduction of the duty, saying it is a disincentive to the sector's growth. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) says Malawi is an outlier country with the highest rate of stamp duty on the trading of shares in Africa (*The Nation, 15 July 2024*).
4. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD383.79 million has been raised in the 2024 tobacco auctions as of 18 July 2024. This represents an increase of 41.3% compared to the USD271.61 million raised as of 18 July 2023. The average price of the tobacco sold was USD2.97 per kilogram, it was USD2.35 per kilogram during the same period last year, representing a 26.4% increase. The kilograms sold grew by 11.9% to 129.41 million kilograms as of 18 July 2024 from 115.62 million kilograms as of 18 July 2023 (*18 July 2024 AHL Tobacco Sales season-to-date report*).
5. The World Bank says Malawi's economic and public finance management remains poor as evidenced by failure of economic policies to reduce poverty and promote sustainable growth, among others. In its latest Country Policy and Institutional Assessment, the Bretton Woods institution rated the country's economic management indicator at 2.2 points out of 10, lower than both sub-Saharan Africa (SSA) and International Development Agency's (IDA) borrowers' average of 3.2 points, and East and Southern African average of 2.9 points (*World Bank, 15 July 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 19 July 2024

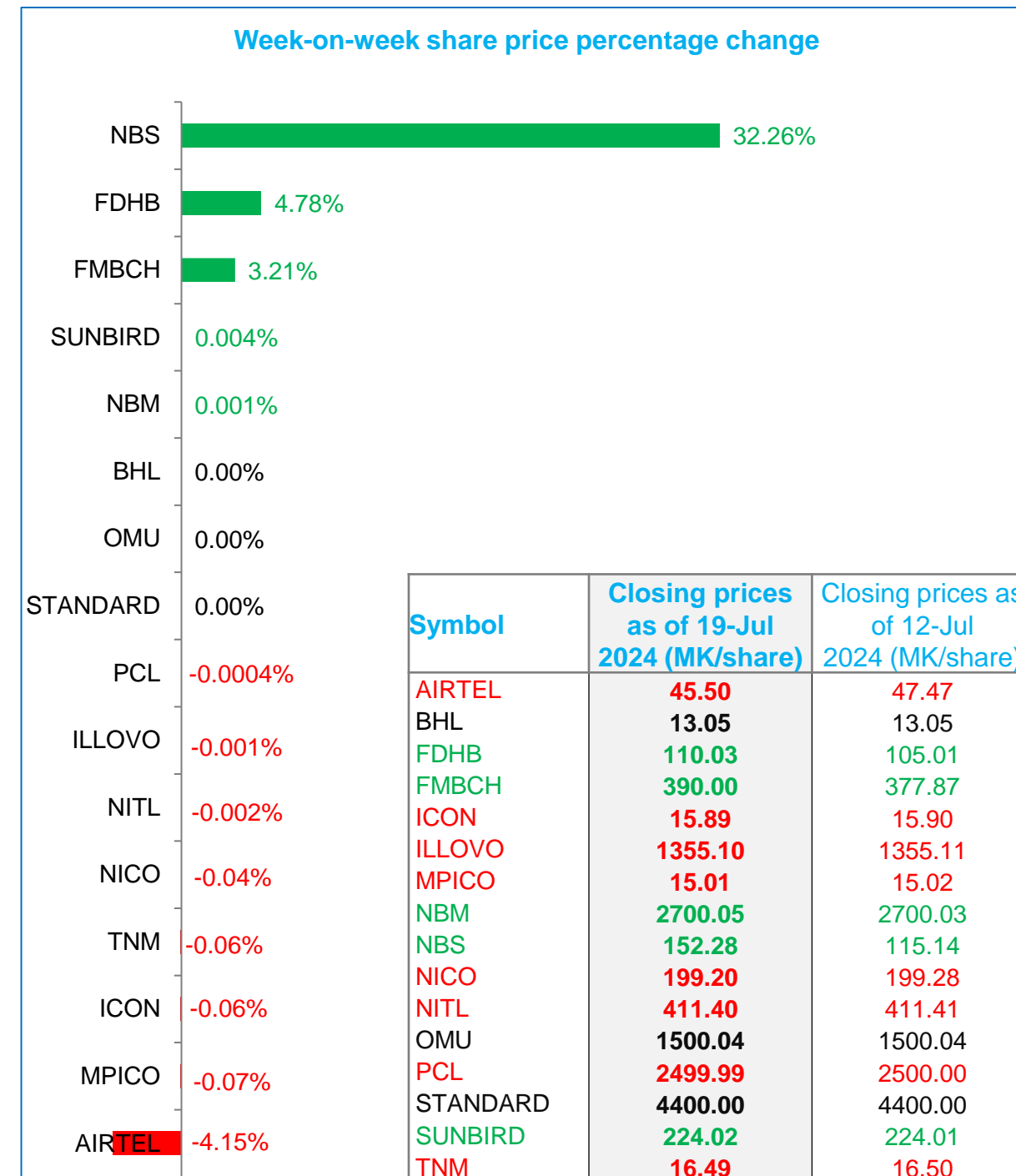
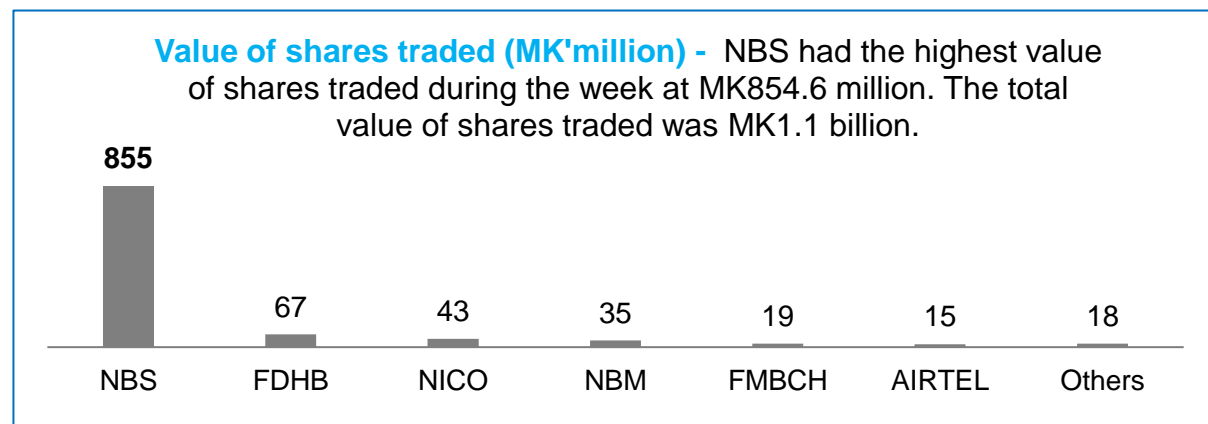
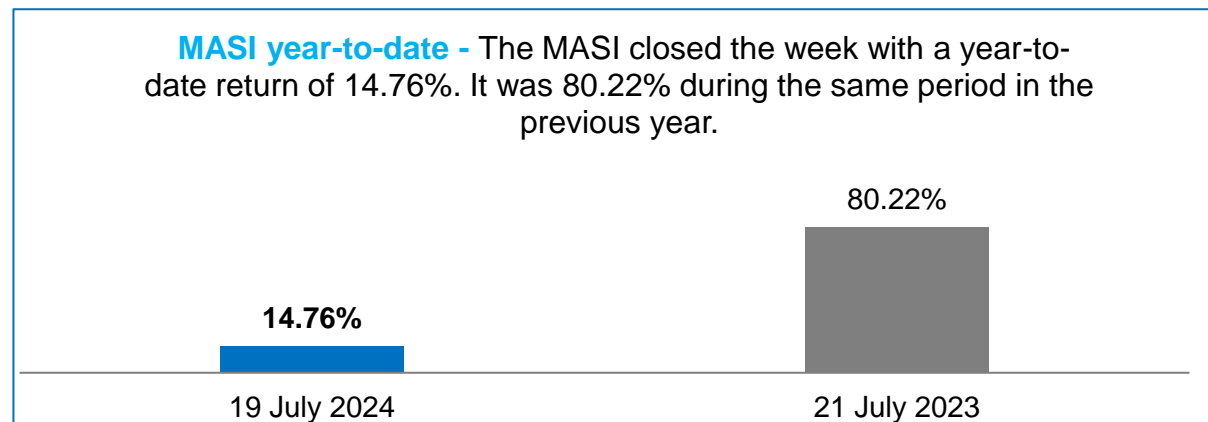
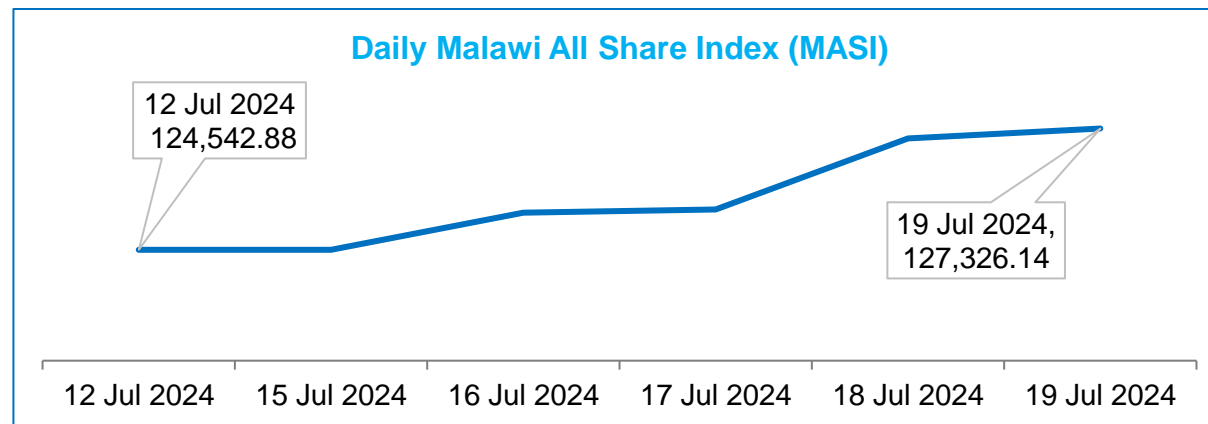


Malawi Financial Market Update: Week ending 19 July 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 19 July 2024 at 127,326.14 points from 124,542.88 points for the week ending 12 July 2024.

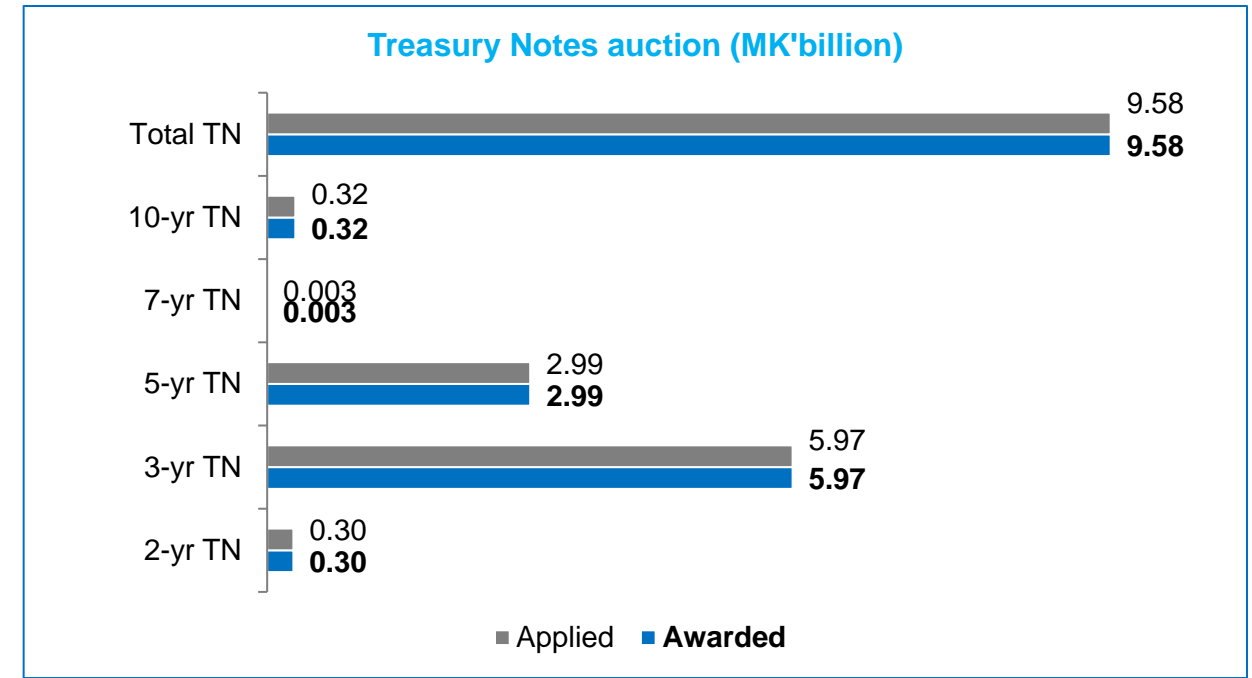
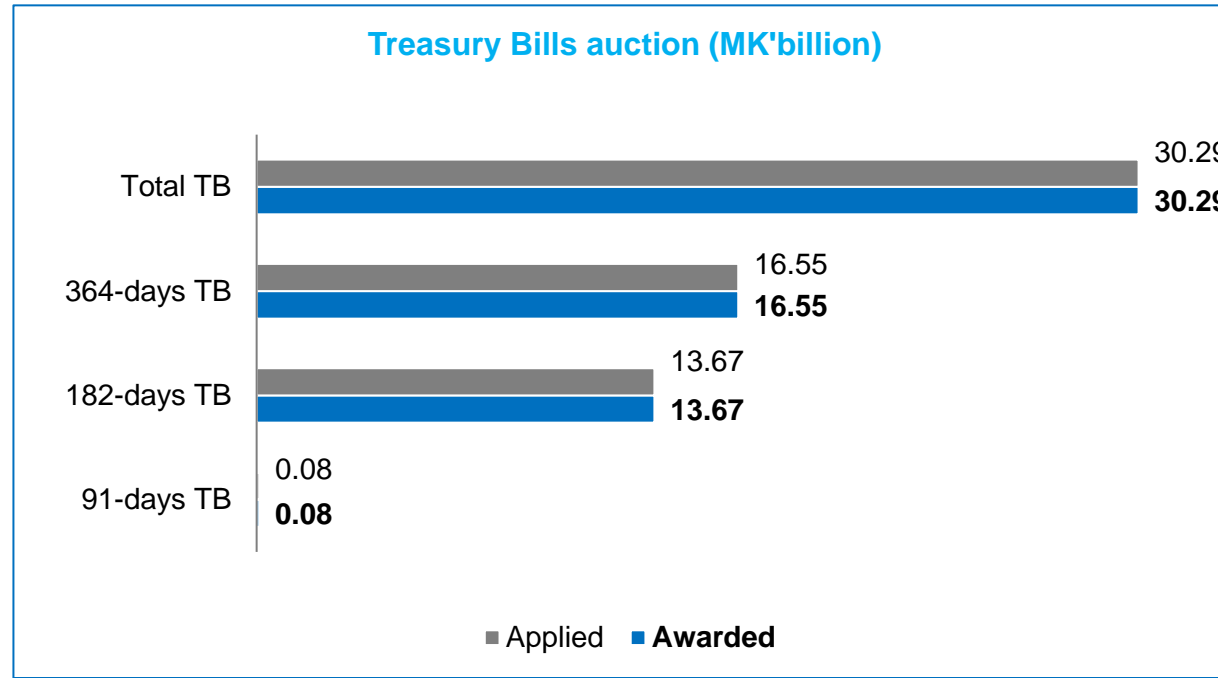
There were 32.26%, 4.78%, and 3.21% share price gains for NBS, FDH Bank, and FMBCH, respectively, during the period under review.





Malawi Financial Market Update: Week ending 19 July 2024

Government securities (Source: RBM)

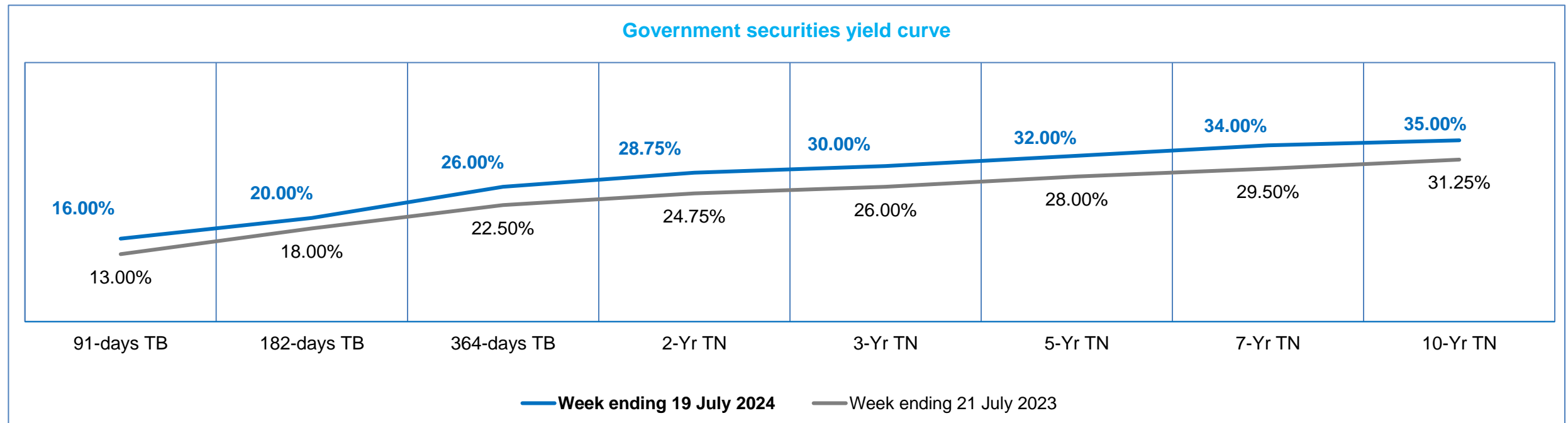


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised was MK30.29 billion from TBs largely driven by the 182- and 364-days tenor.

The total amount raised was MK9.58 billion from the TNs largely driven by the 3-year and 5-year tenor.

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	19-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	2,308.80*
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	1,943.74*
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	97.67*
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	591.51	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%	33.3%	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%	41.5%	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%	22.2%	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	127,326.14
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	98,020.59
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	19,507.94

*: Reserve Bank of Malawi opening exchange rates (middle) as of 19 July 2024

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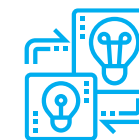
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