



Malawi Financial Market Update

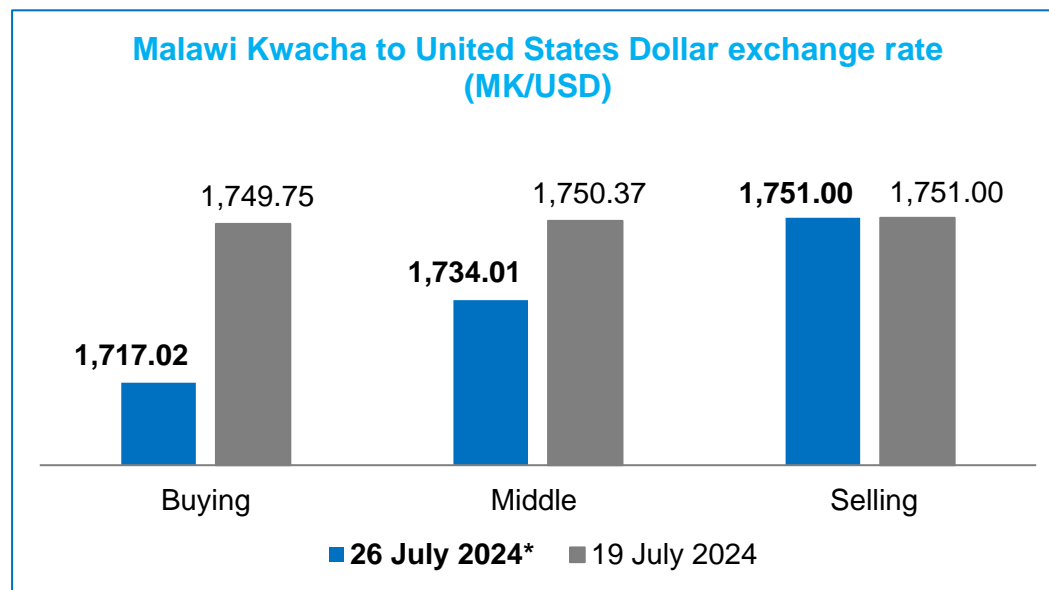
Week ending 26 July 2024



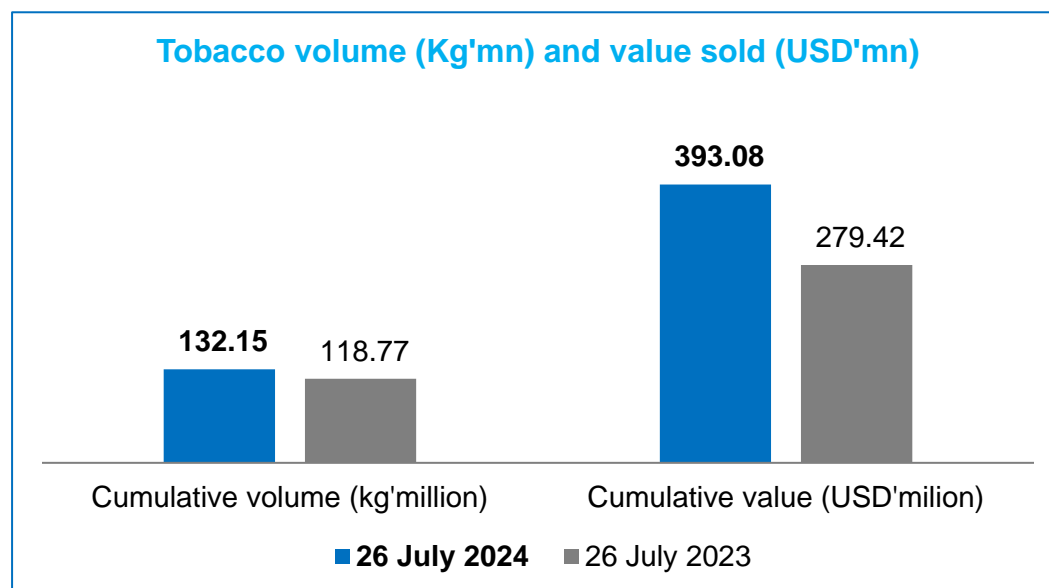
Malawi Financial Market Update: Week ending 26 July 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Tobacco Volume and Value Sold (Source: AHL)



What Happened This Week

1. The Monetary Policy Committee (MPC) of the Reserve Bank of Malawi (RBM) has maintained the policy rate at 26%. According to the MPC, the current monetary policy stance has stabilized non-food inflation and sufficiently contained the spill-over effects of food inflation to non-food inflation. Further, the MPC noted that maintaining the current policy stance will help in containing inflationary pressures and ensure that inflation declines towards the medium-term objective of 5% (*Reserve Bank of Malawi, 25 July 2024*).
2. The National Oil Company of Malawi (NOCMA) has attributed its poor performance over the last four years to the erratic availability of forex. NOCMA also highlighted limited storage capacity as another challenge. However, NOCMA is working on expanding the Strategic Fuel Reserves in Blantyre, Lilongwe, and Mzuzu, with a combined storage capacity of 60 million litres. NOCMA aims to double this storage by 2025. NOCMA officials further identified rising global commodity prices as another challenge beyond their control and there are efforts to reduce costs through the use of the railway, which has recently started gaining momentum (*The Nation, 22 July 2024*).
3. The National Economic Empowerment Fund (NEEF) has said it has so far loaned out over MK120 billion to Malawians as at the week ending 19 July 2024. NEEF so far has reached out to 175,000 clients and said the loans have had a significant impact on borrowers, including contributions to job creation, directly and indirectly creating over 500,000 jobs. The government launched the second phase of NEEF and medium-term strategy in Balaka on 25 July 2024 which targets to disburse MK350 billion more funds in five years to cover over 300,000 beneficiaries (*The Daily Times, 23 July 2024*).
4. Malawi's trade with the 21-member Common Market for Eastern and Southern Africa (COMESA) is falling, a situation attributed to a lack of fiscal and monetary policies to drive export growth. Published COMESA data shows that in 2023, out of USD187.4 billion (about MK328 trillion) worth of goods traded in the trade bloc, Malawi's share of exports was only USD966 million (about MK1.6 trillion) compared to imports at USD3.1 billion (about MK5.4 trillion). On the intra-COMESA front, out of the USD14.1 billion (about MK24 trillion) worth of exports, Malawi's share stood at USD161 million (about MK281 billion) while its imports were, at USD247 million (about MK432 billion), according to the data (*The Nation, 23 July 2024*).
5. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD393.08 million has been raised in the 2024 tobacco auctions as of 26 July 2024. This represents an increase of 40.7% compared to the USD279.42 million raised as of 26 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 11.3% to 132.15 million kilograms as of 26 July 2024 from 118.77 million kilograms as of 26 July 2023 (*26 July 2024 AHL Tobacco Sales season-to-date report*).

*: Reserve Bank of Malawi opening exchange rates as of 26 July 2024

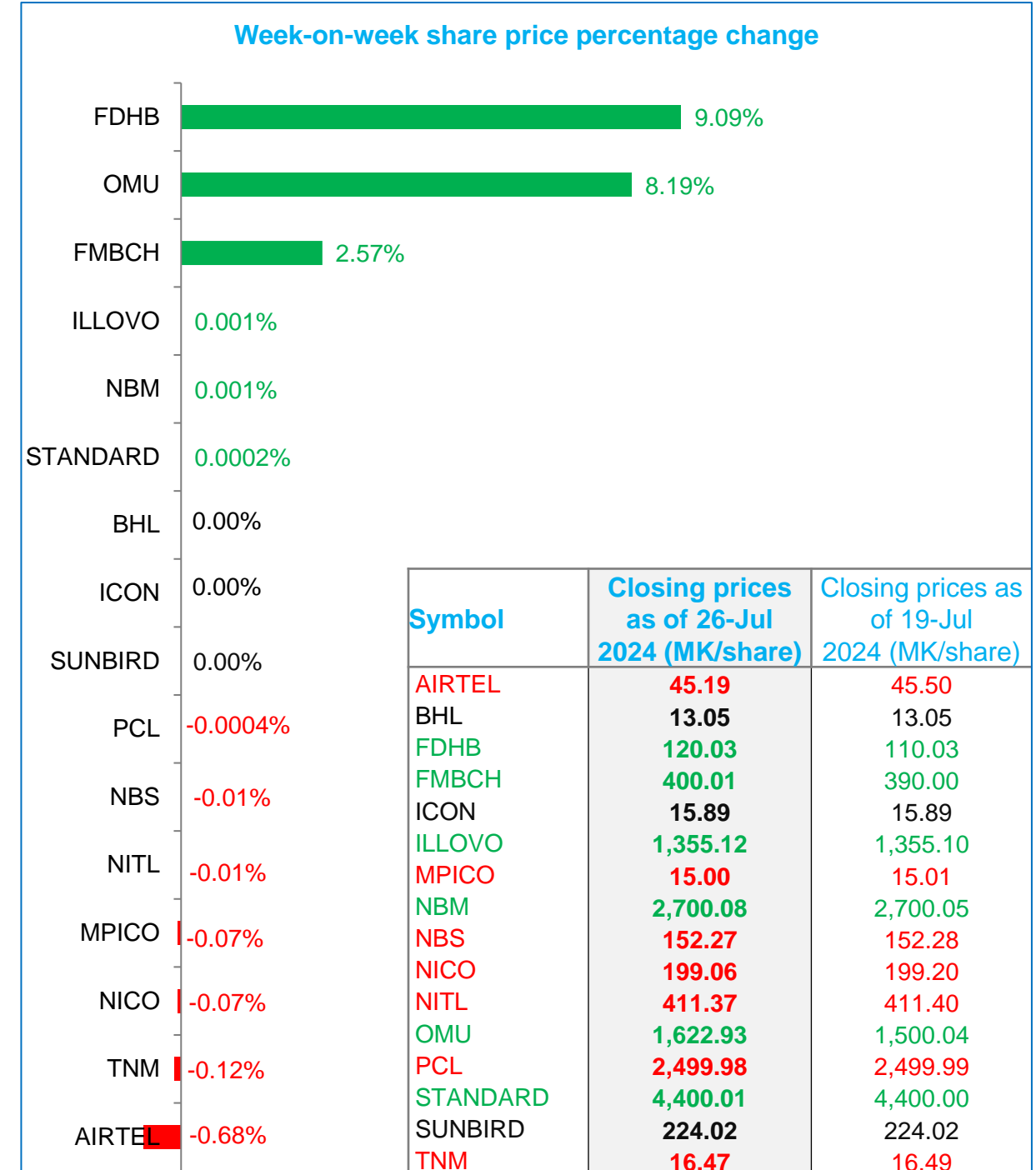
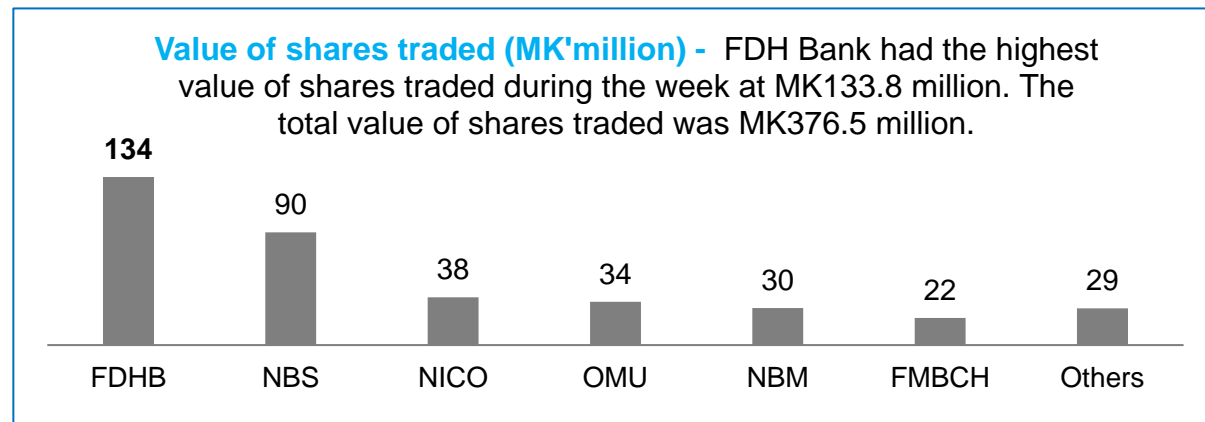
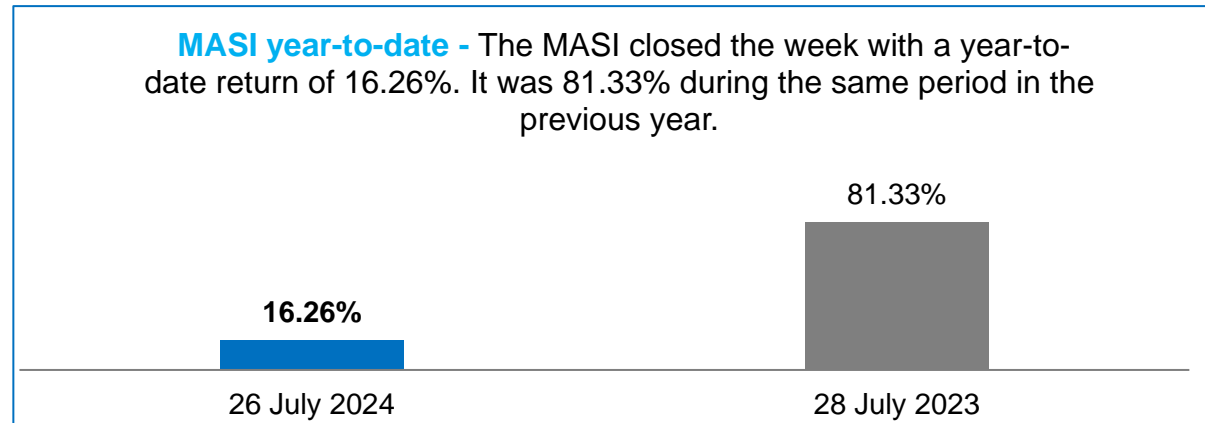
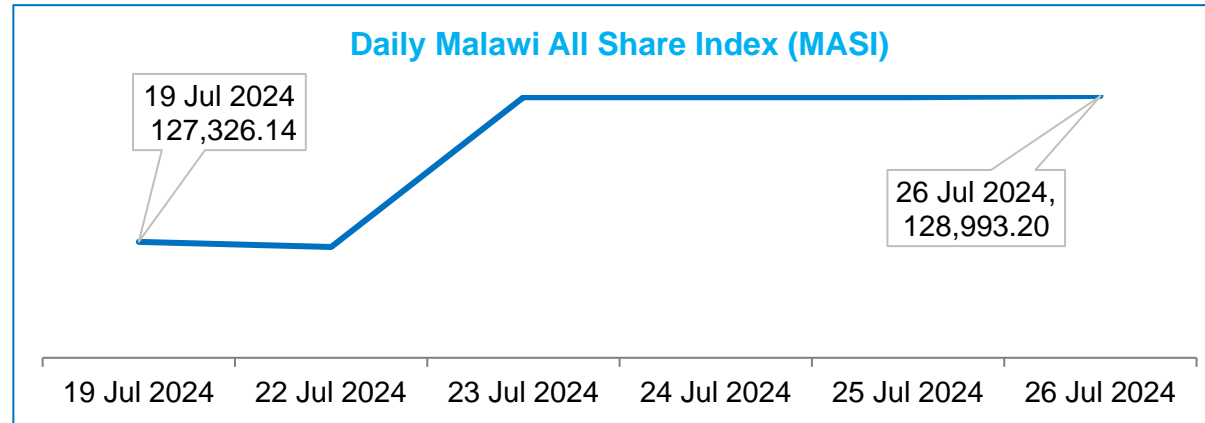


Malawi Financial Market Update: Week ending 26 July 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 26 July 2024 at 128,993.20 points from 127,326.14 points for the week ending 19 July 2024.

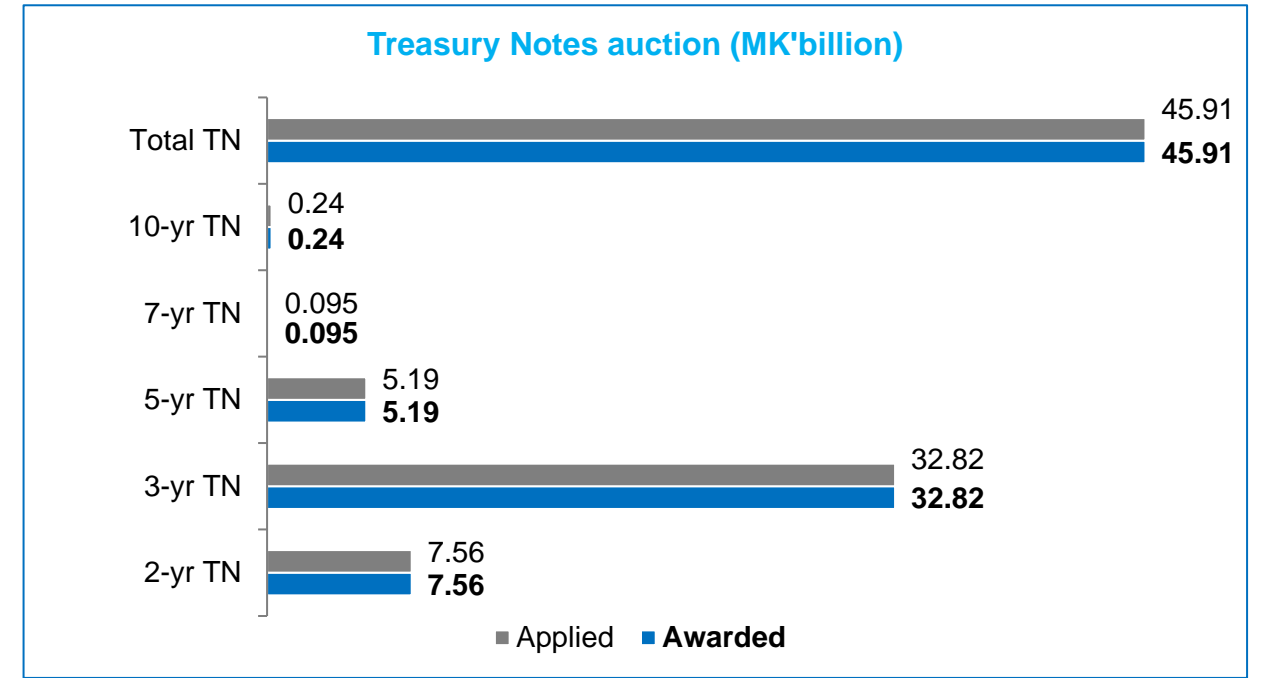
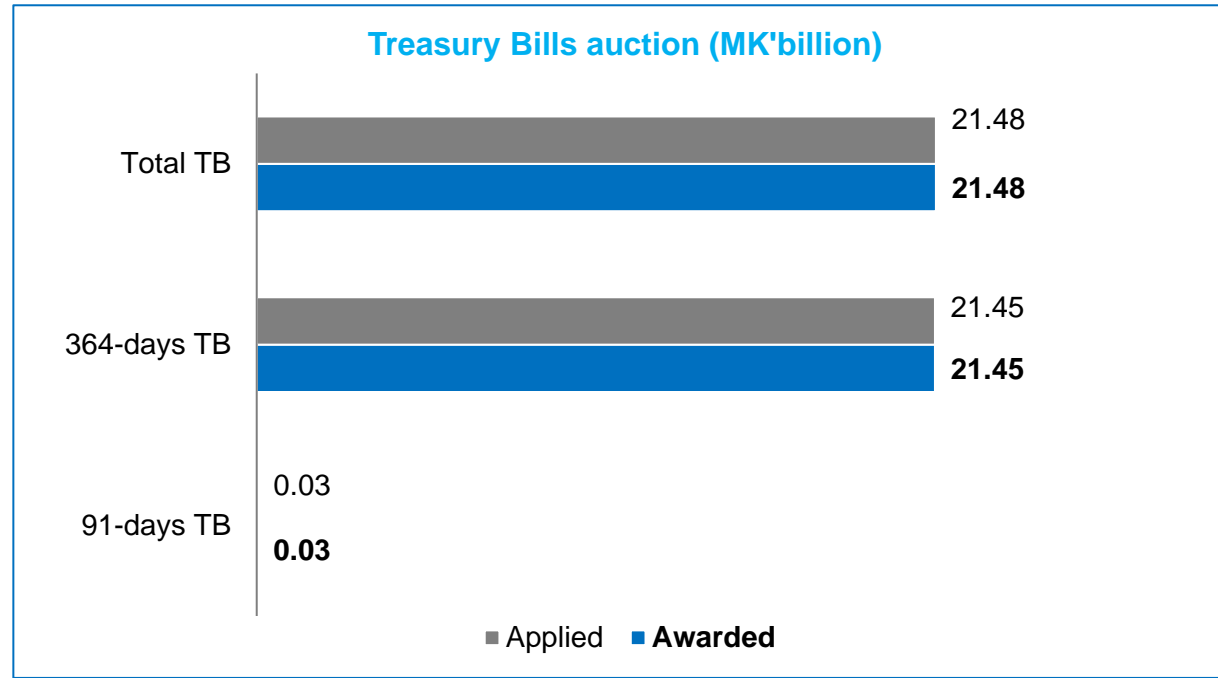
FDH bank increased by 9.09%, OMU by 8.19% and FMBCH by 2.57% during the period under review.





Malawi Financial Market Update: Week ending 26 July 2024

Government securities (Source: RBM)

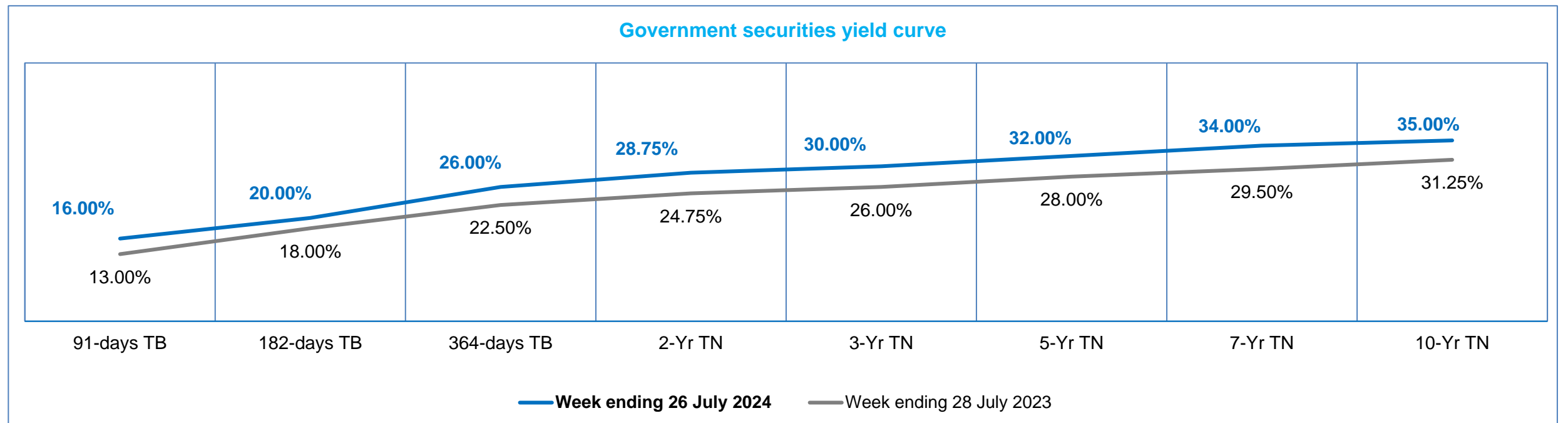


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised was MK21.48 billion from TBs largely driven by the 364-days tenor.

The total amount raised was MK45.91 billion from the TNs largely driven by the 3-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	26-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	2,296.48*
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	1,938.74*
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	97.57*
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	128,993.20
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	99,103.73
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	20,019.07

*: Reserve Bank of Malawi opening exchange rates (middle) as of 26 July 2024

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