



Malawi Financial Market Update

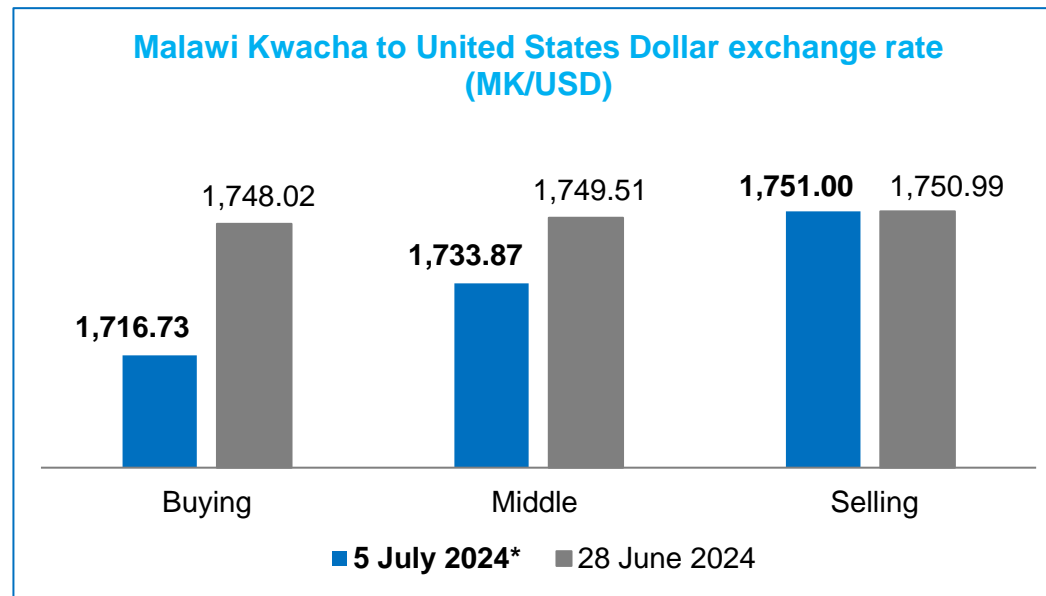
Week ending 5 July 2024



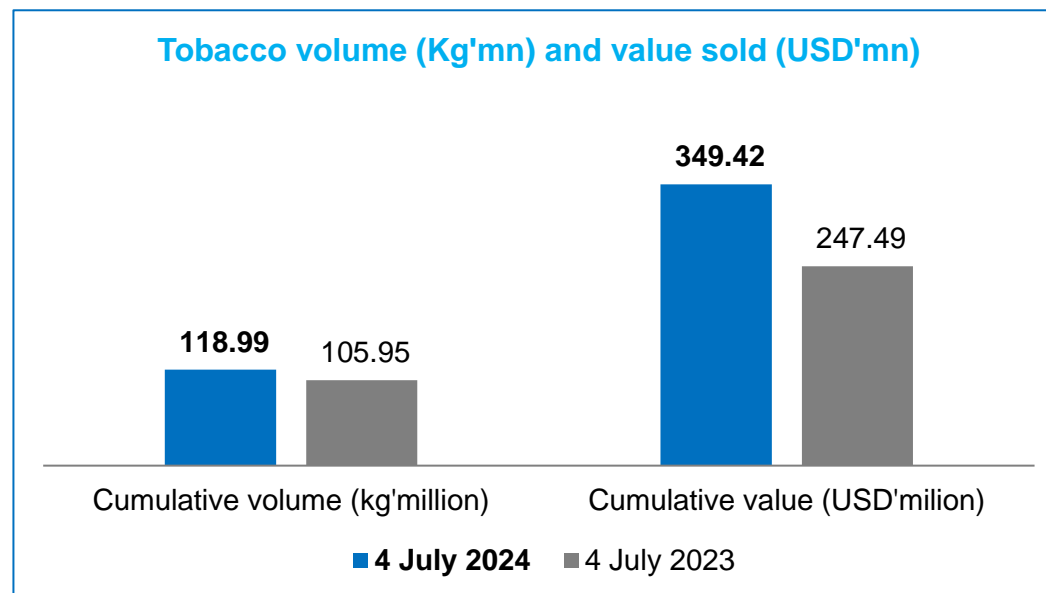
Malawi Financial Market Update: Week ending 5 July 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Tobacco Volume and Value Sold (Source: AHL)



What Happened This Week

- Expectations are high that the country's foreign exchange position will be enhanced following revelations that Malawi will be among the 15 countries to benefit from the World Bank's USD2.48 billion Inclusive Digitalisation in Eastern and Southern African (Idea) programme. Financed through the International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD), the project aims to address common challenges such as limited internet coverage. The Breton Woods Institution indicates that Malawi will participate in the first phase of the project, which will be implemented in phases over eight years (*The Daily Times, 1 July 2024*).
- Sunbird Tourism Plc unveiled on 27 June 2024 a travel agency called Sunbird Tours and Travel aimed at ensuring seamless tourist travel. The new firm will offer a variety of services that include air ticketing, flights, tours and safaris, customised excursions, accommodation, car hire, and transfers. The firm has been established to consolidate the full-service range offered by Sunbird Hotels and Resorts, leading to a one-stop service hospitality provider (*The Daily Times, 1 July 2024*).
- The International Fund for Agricultural Development (IFAD) and the Government of Malawi, on 2 July 2024, launched a USD53 million agricultural programme that seeks to commercialize agriculture production and enhance the resilience of small-scale farming systems for improved income, food, and nutrition security. Recognizing Malawi's vulnerability to continuous climate shocks, the seven-year Sustainable Agriculture Production Programme with IFAD is designed with flexibility to address immediate needs such as farm inputs and repairs to infrastructure damaged by climate shocks that have a bearing on food security (*IFAD, 2 July 2024*).
- According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD349.42 million has been raised in the 2024 tobacco auctions as of 4 July 2024. This represents an increase of 41.2% compared to the USD247.49 million raised as of 4 July 2023. The average price of the tobacco sold was USD2.94 per kilogram, it was USD2.34 per kilogram during the same period last year, representing a 25.6% increase. The kilograms sold grew by 12.3% to 118.99 million kilograms as of 4 July 2024 from 105.95 million kilograms as of 4 July 2023 (4 July 2024 AHL Tobacco Sales season-to-date report).
- Malawi has compiled tax incentives into a booklet to enable investors in the agriculture sector understand the benefits they can realize from investing in the country. Speaking during the launch of the booklet on 3 July 2024, the Minister of Agriculture said the compilation has also consolidated the preferential treatment that exporters and importers within the Southern Africa Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) blocs get (*The Nation, 4 July 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 5 July 2024

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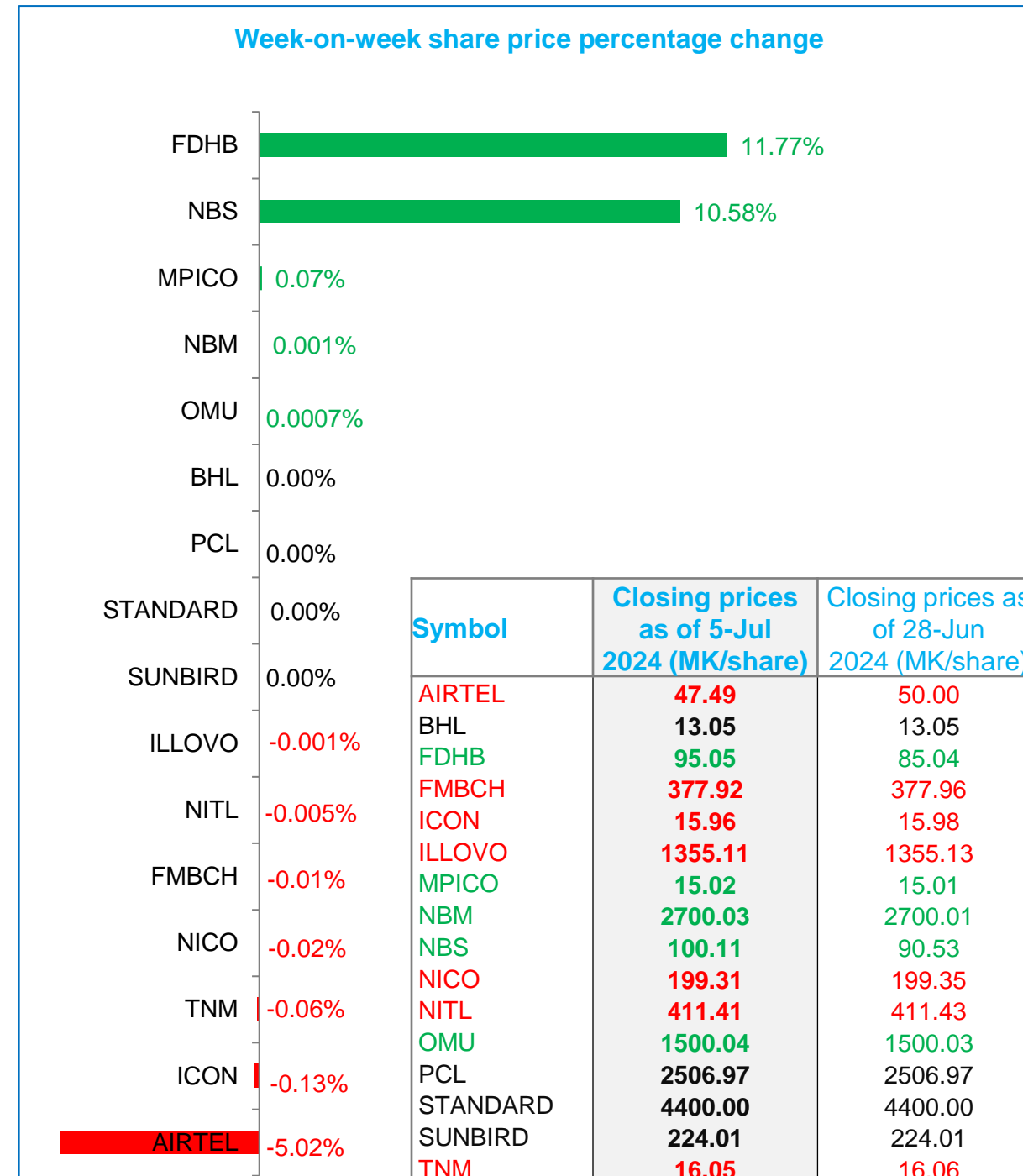
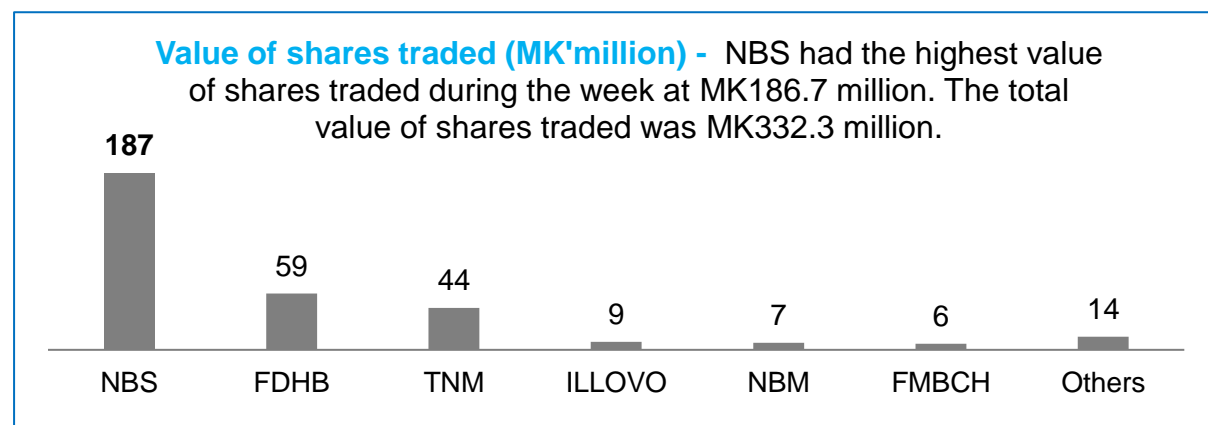
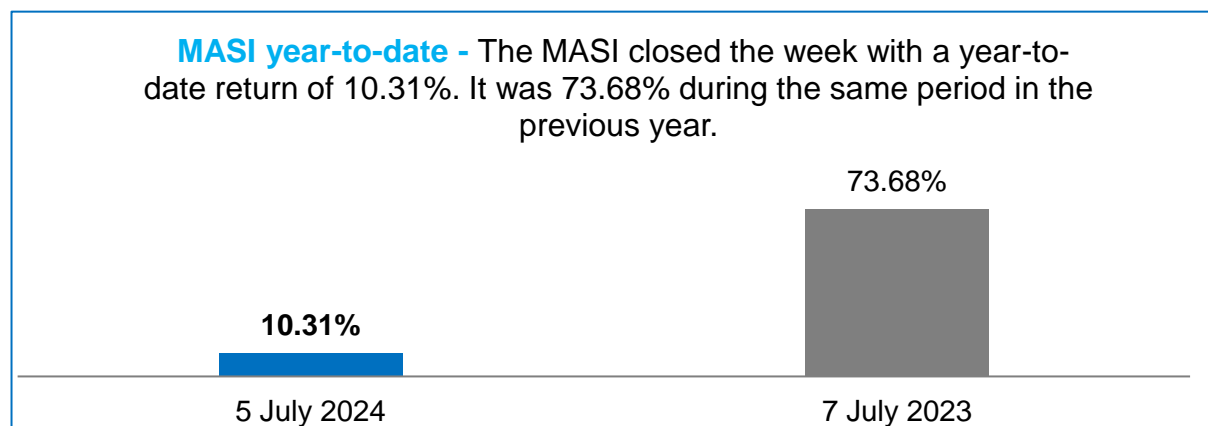
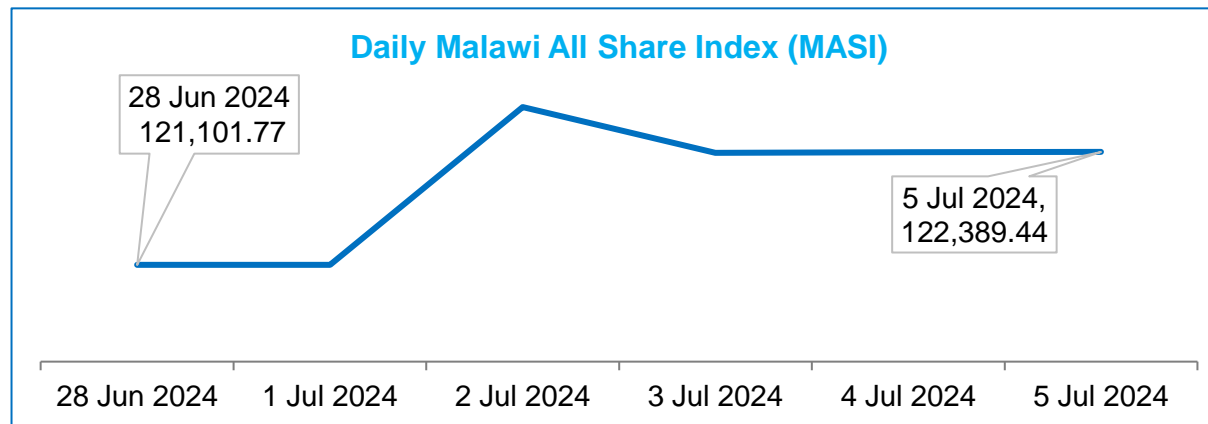


Malawi Financial Market Update: Week ending 5 July 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 5 July 2024 at 122,389.44 points from 121,101.77 points for the week ending 28 June 2024.

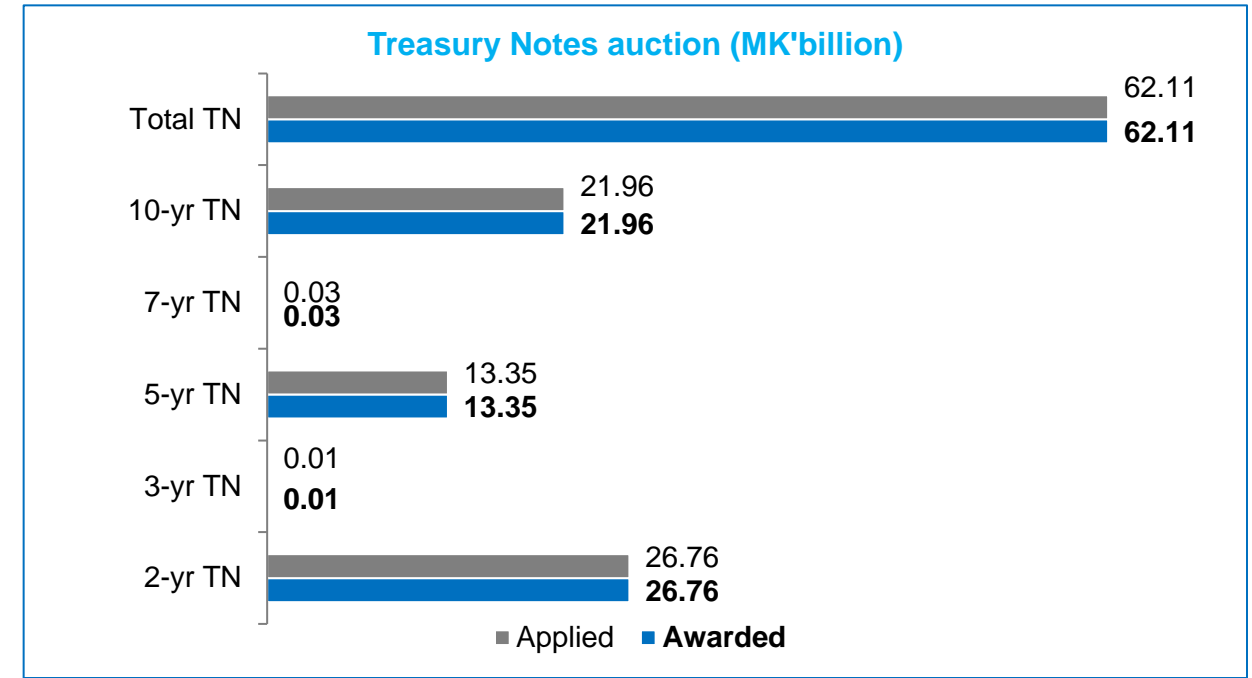
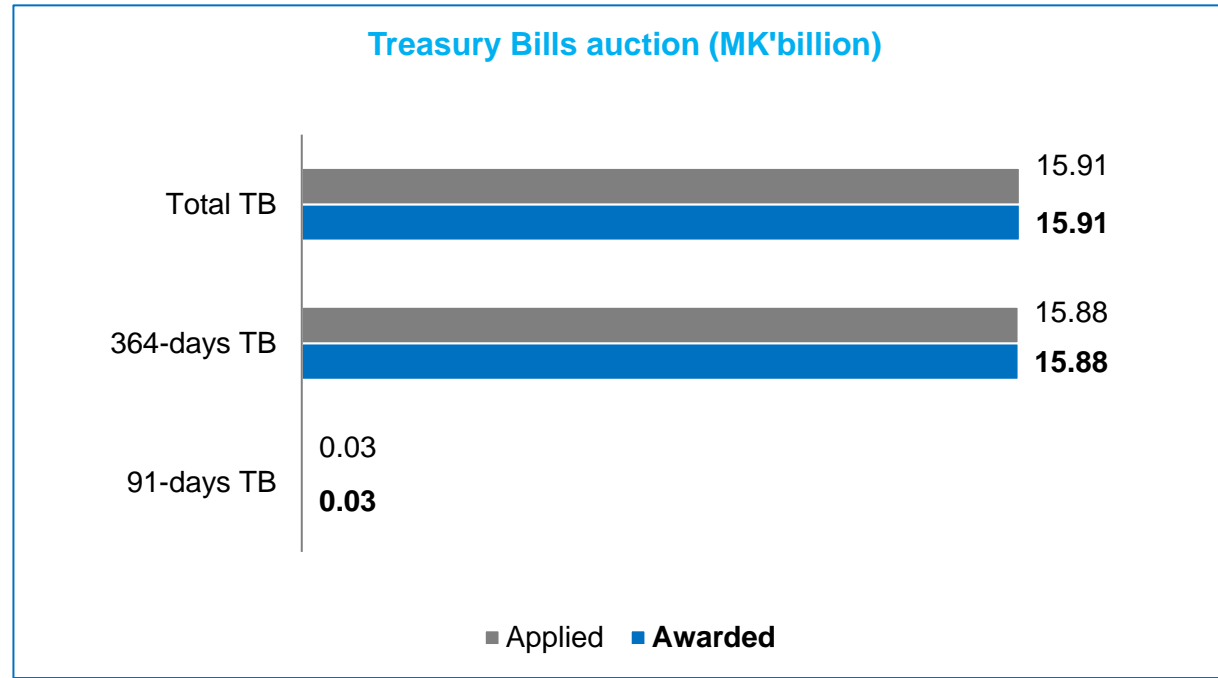
There were 11.77% and 10.58% share price gains for FDH Bank and NBS, respectively during the period under review.





Malawi Financial Market Update: Week ending 5 July 2024

Government securities (Source: RBM)

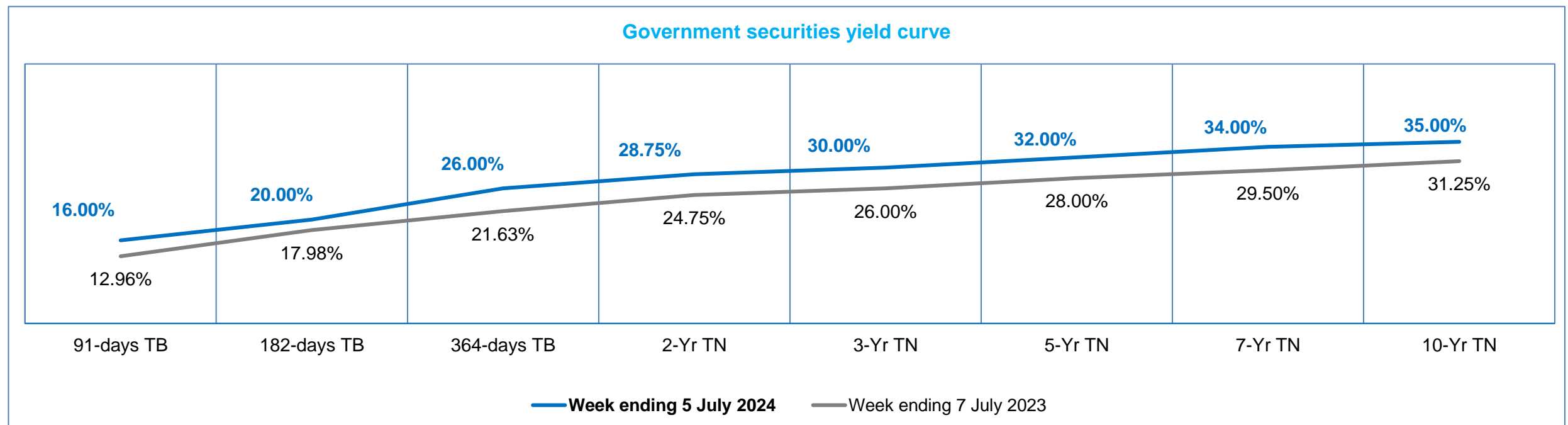


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised was MK15.91 billion from TBs largely driven by the 364-days tenor which was MK15.88 billion.

The total amount raised was MK62.11 billion from TNs largely driven by the 2-year, 5-year and 10-year TNs which were MK26.76 billion, MK13.35 billion and MK21.96 billion, respectively.

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	5-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	1,733.87*
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	2,281.11*
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	1,932.50*
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	98.08*
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	122,389.44
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	92,096.52
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	18,909.43

*: Reserve Bank of Malawi opening exchange rates (middle) as of 5 July 2024

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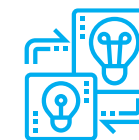
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