



Malawi Financial Market Update

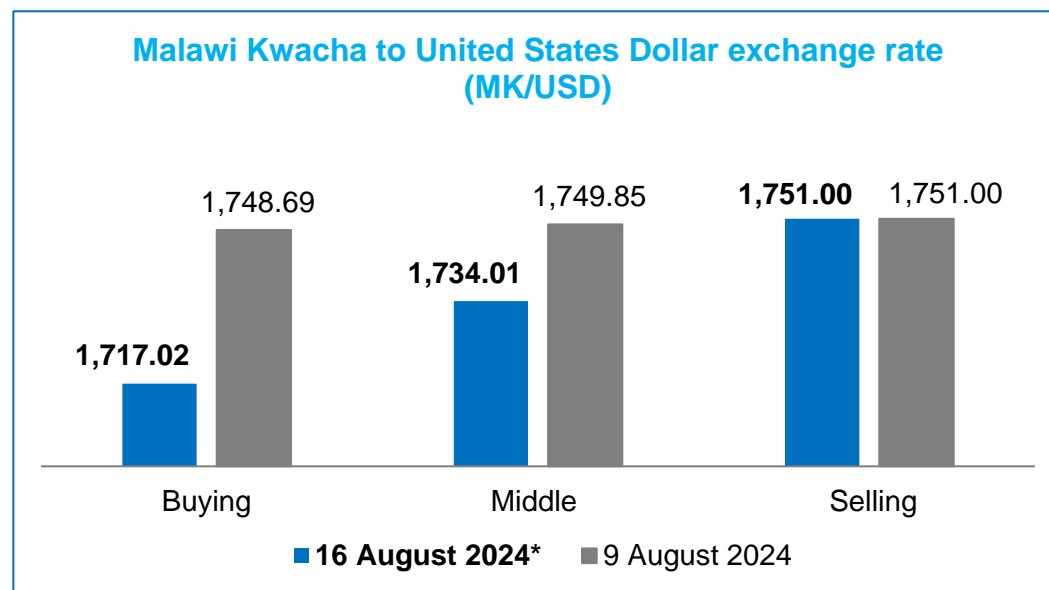
Week ending 16 August 2024



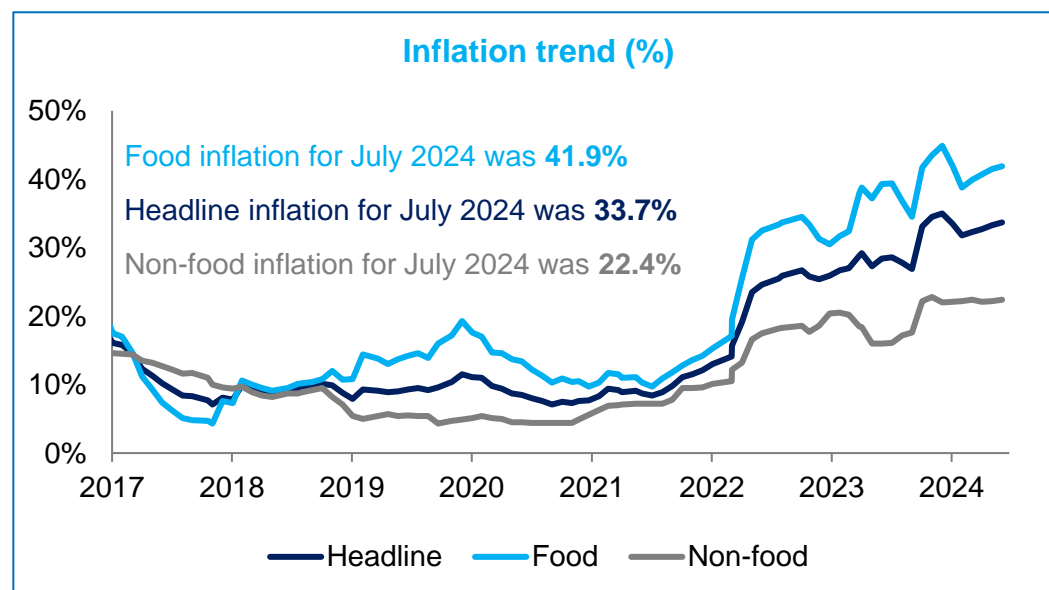
Malawi Financial Market Update: Week ending 16 August 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Inflation (Source: NSO)



What Happened This Week

1. The Year-on-Year inflation rate for July 2024 is at 33.7%, an increase from the 33.3% recorded in June 2024. Food and Non-Food inflation rates are at 41.9% and 22.4%, respectively (NSO, 15 August 2024).
2. According to a study by the National Planning Commission (NPC) in collaboration with the Malawi Tourism Council (MTC) and the National Statistical Office (NSO), high water levels that affected tourism facilities along the shores of Lake Malawi have cost operators MK8.9 billion. The high water levels affected most of the properties along the lake, submerging some and others totally or partially, a scenario that the NPC said cost the country about 0.01% of the Gross Domestic Product (GDP). The NPC indicated that according to the figures, it will take some years for the lakeshore tourism to recover (The Nation, 14 August 2024).
3. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has said it expects a tough business environment in the second half of 2024. This is according to a presentation titled "First Half of 2024 Economic Review: Current Trends and Outlook for the Second Half" delivered during the MCCCI Chapter meeting in Lilongwe on 13 August 2024 (The Daily Times, 14 August 2024).
4. The Ministry of Finance and Economic Affairs has said the government needs as much revenue as possible to avoid over-borrowing for purposes of operations. According to Treasury, when revenue targets are set in collaboration with the Malawi Revenue Authority (MRA), all relevant factors are carefully considered. Treasury also indicated that it is always their expectation that MRA will reach and beat its target. Further, the MRA stated that it is confident of beating the financial year's target of MK3.26 trillion (The Daily Times, 12 August 2024).
5. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD396.73 million has been raised in the 2024 tobacco auctions as of 14 August 2024. This represents an increase of 39.8% compared to the USD283.76 million raised in the 2023 tobacco season. The average price of the tobacco sold was USD2.98 per kilogram, representing a 26.8% increase from USD2.35 per kilogram during the 2023 tobacco season. The kilograms sold grew by 10.6% to 133.31 million kilograms as of 14 August 2024 from 120.53 million kilograms in the 2023 tobacco season (14 August 2024 AHL Tobacco Sales season-to-date report).

*: Reserve Bank of Malawi opening exchange rates as of 16 August 2024

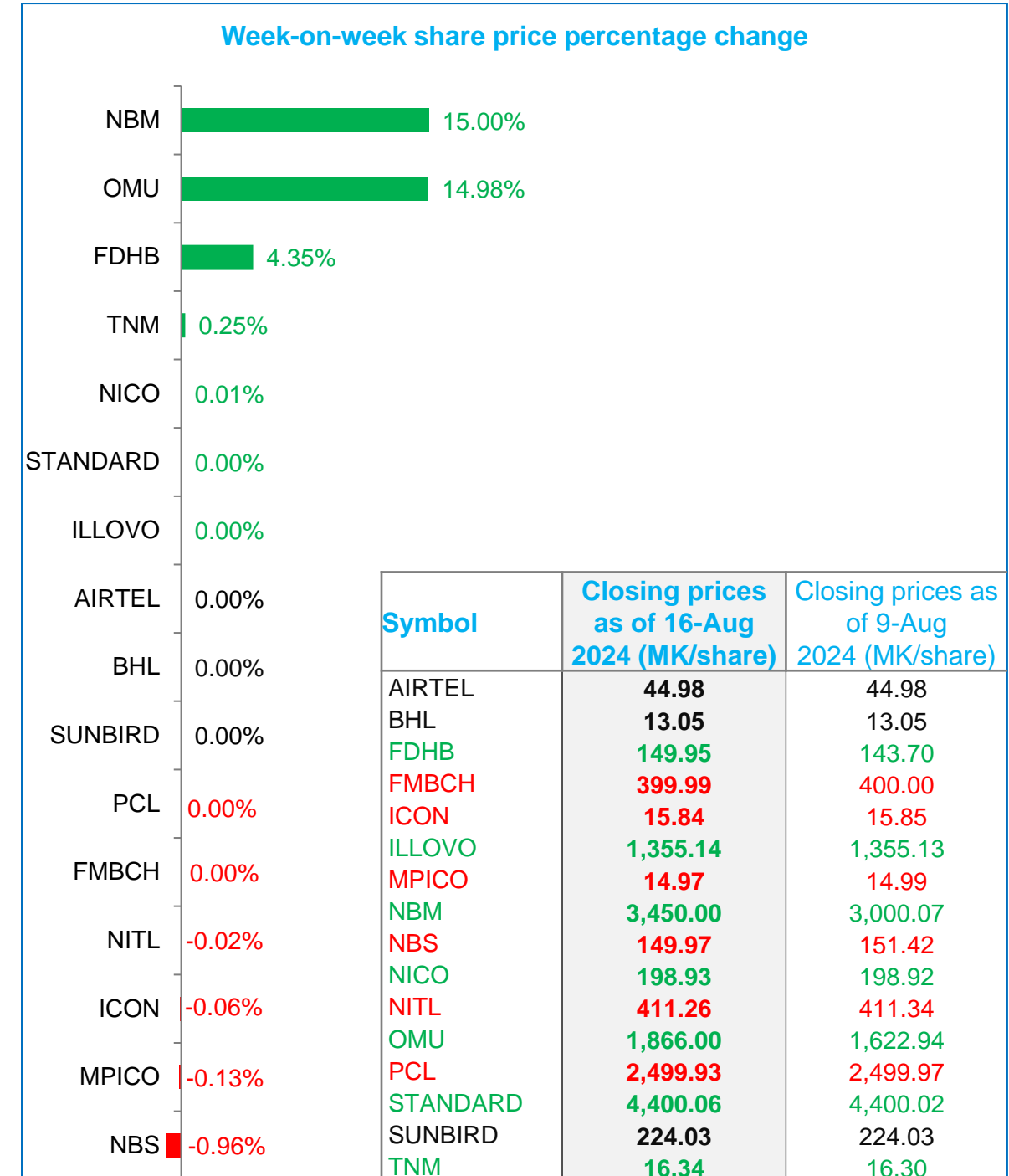
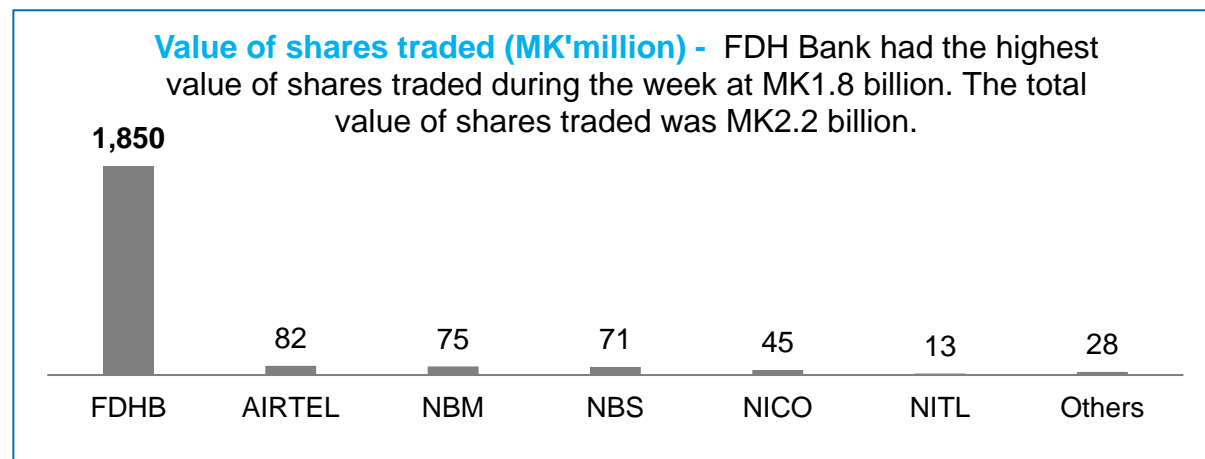
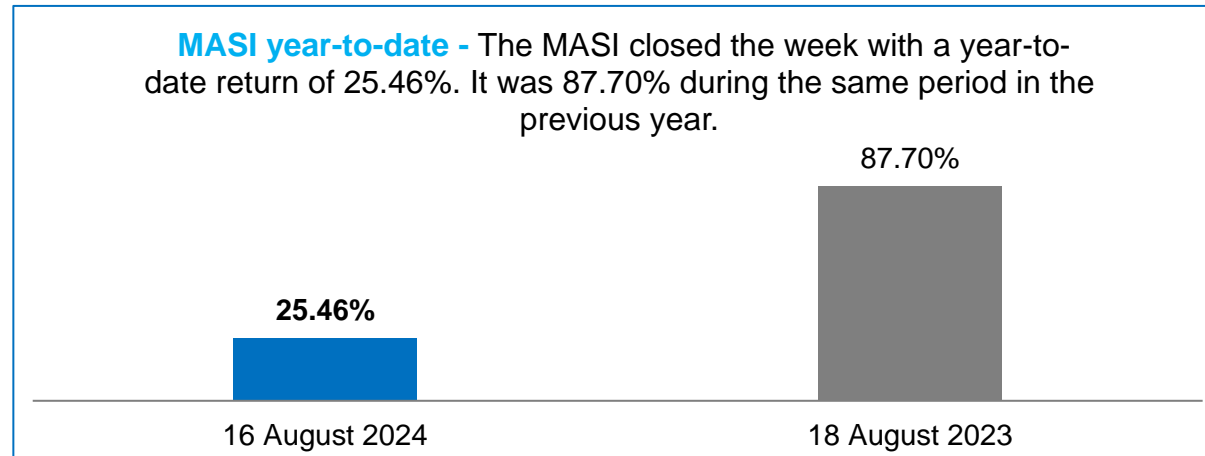
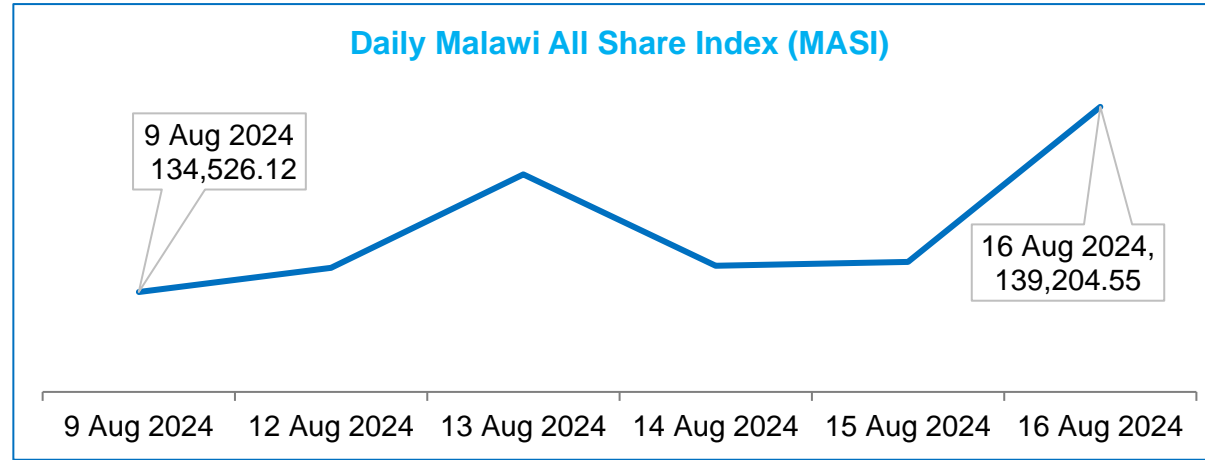


Malawi Financial Market Update: Week ending 16 August 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 16 August 2024 at 139,204.55 points from 134,526.12 points for the week ending 9 August 2024.

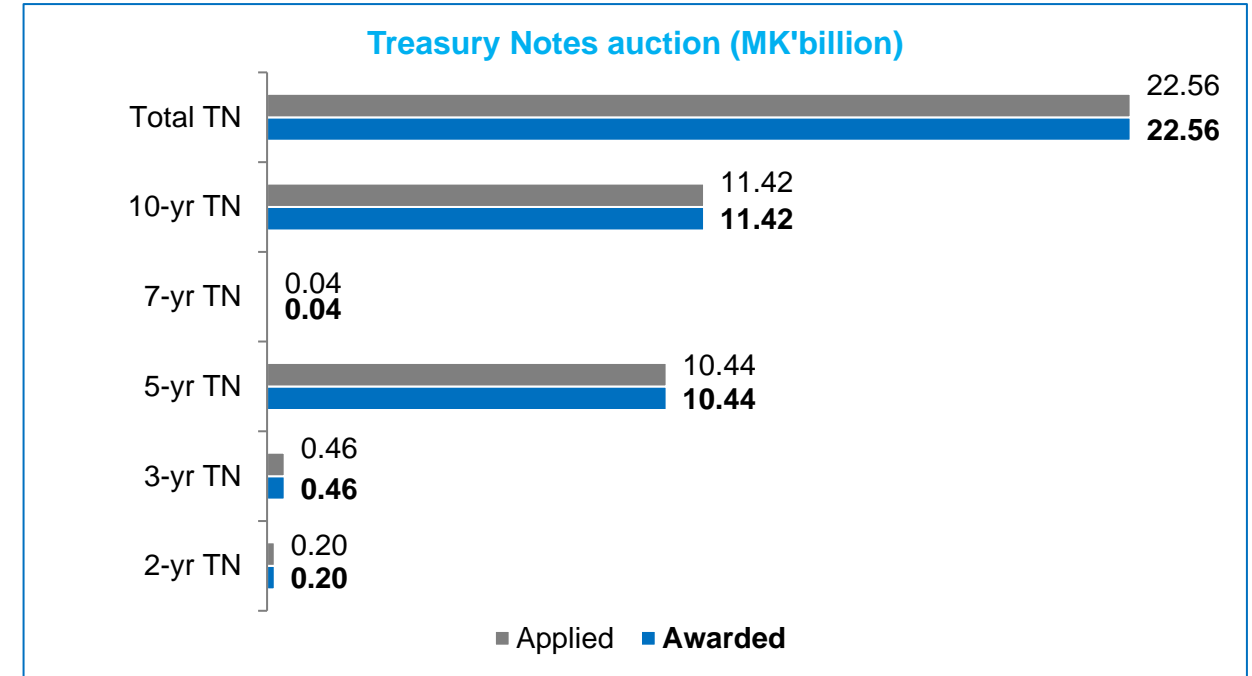
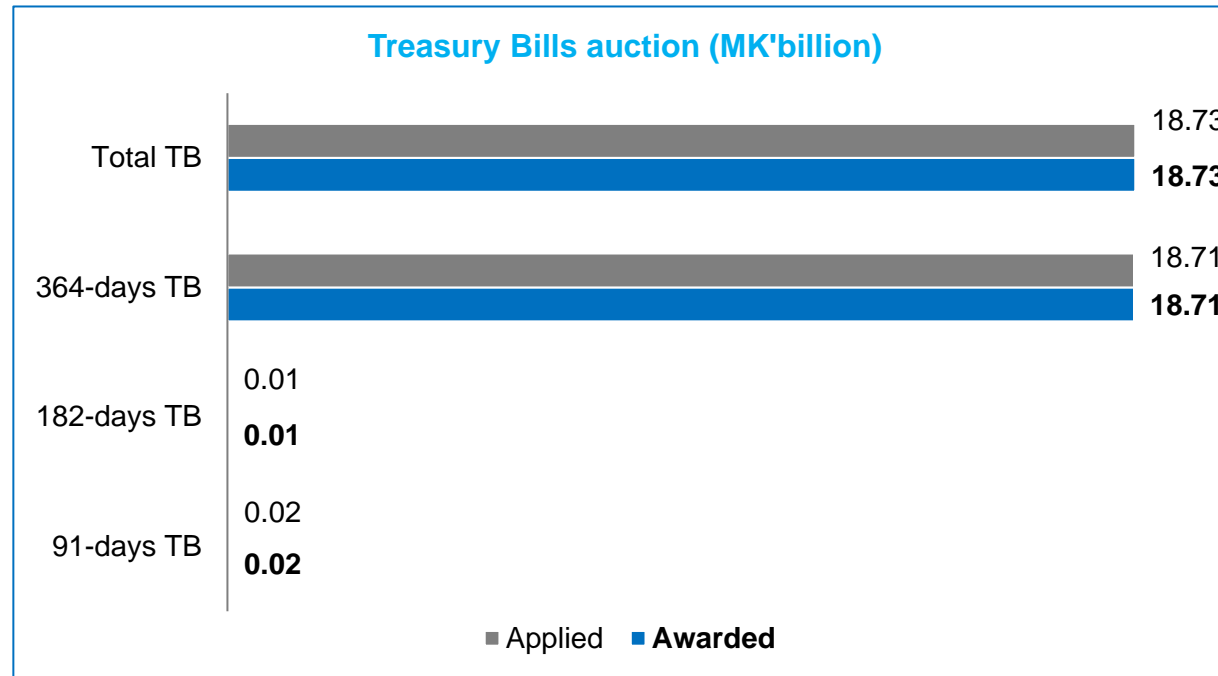
NBM, OMU and FDH Bank increased by 15.00%, 14.98% and 4.35% respectively, during the period under review.





Malawi Financial Market Update: Week ending 16 August 2024

Government securities (Source: RBM)

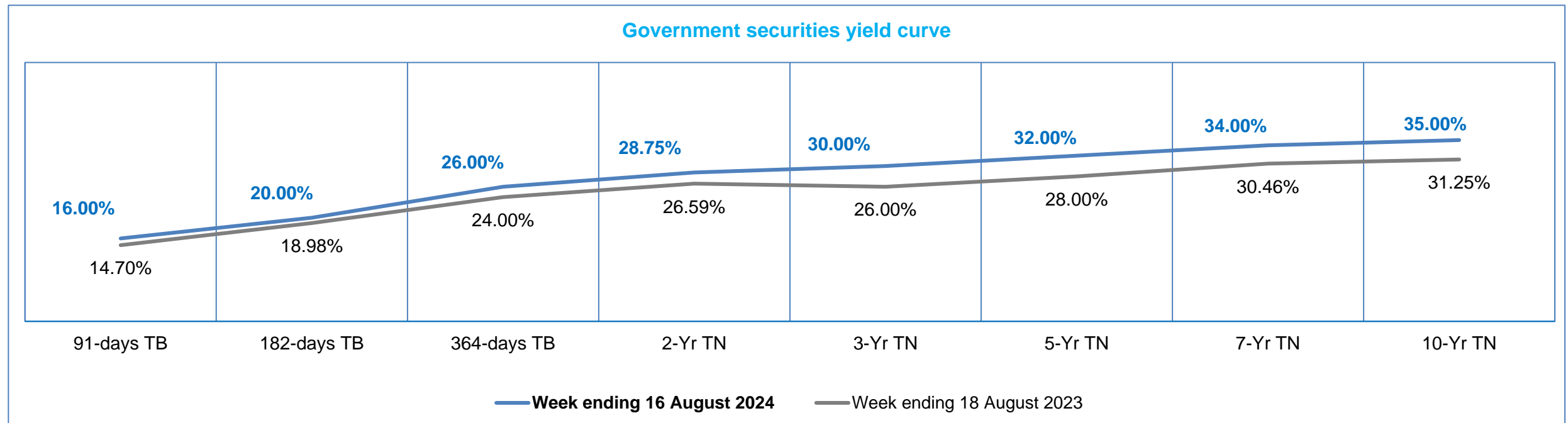


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from TBs was MK18.73 billion, primarily driven by the 364-day tenor.

The total amount raised from the TNs was MK22.56 billion, primarily driven by the 5-yr and 10-yr tenors.

The average TB and TN yields maintained at 20.67% and 31.95% during the period under review.



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	16-Aug-2024
Exchange rates (middle rates)														
MK/USD	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	1,749.95	1,734.01*
MK/GBP	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	2,311.11	2,300.77*
MK/EUR	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	1,947.33	1,961.96*
MK/ZAR	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.64	95.40	95.89	96.89	97.91	99.39*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation														
Headline	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	N/A
Food	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	N/A
Non-food	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate	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%	24.20%
Lombard Rate	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%	26.20%
Commercial Bank Reference Rate	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%	25.40%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Stock Market Indices														
MASI	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	128,996.65	139,204.55
DSI	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	99,107.18	108,167.12
FSI	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	20,018.57	20,048.12

*: Reserve Bank of Malawi opening exchange rates (middle) as of 16 August 2024

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