



Malawi Financial Market Update

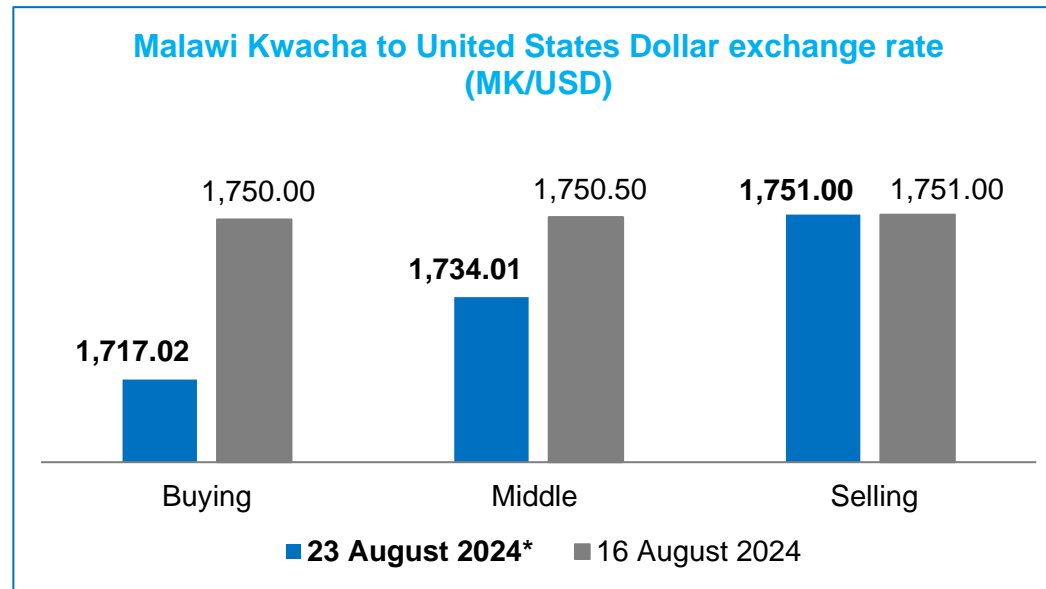
Week ending 23 August 2024



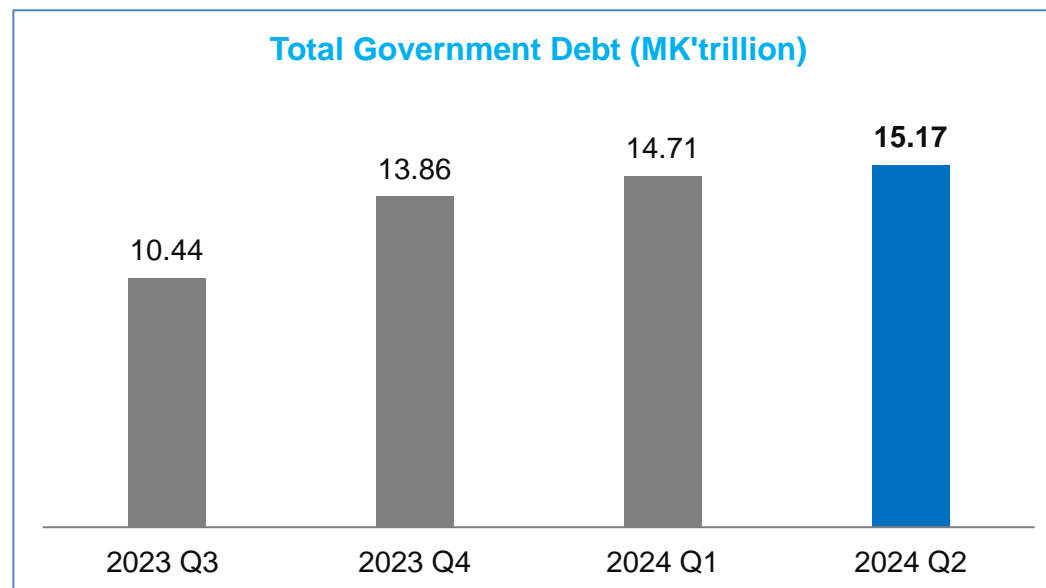
Malawi Financial Market Update: Week ending 23 August 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Government Debt (Source: MoFEA)



*: Reserve Bank of Malawi opening exchange rates as of 23 August 2024

What Happened This Week

1. According to the Ministry of Finance and Economic Affairs (MoFEA), as at end-June 2024, the total public debt stock was MK15.17 trillion (81.0% of projected FY2024/25 GDP), equivalent to USD8.75 billion. The domestic debt stock was MK8.01 trillion (USD4.62 billion), and the external debt stock was USD4.13 billion (MK7.16 trillion). Since end-March 2024, total public debt has increased by MK458.27 billion or 3.1%. As at end-June 2024, domestic debt and external debt accounted for 52.8% and 47.2% of total public debt, respectively (*MoFEA, 2024-23 Q1 Debt Bulletin*).
2. Malawi and other countries in Southern Africa have been called to maximise the use of the Indian Ocean port of Nacala in Mozambique for enhanced integration and trade. Consequently, the Malawi Government has secured a 99-year lease agreement to develop a terminal at Nacala Port. The port is used for Malawi's imports, including fuel, fertilizer and pharmaceuticals, as well as exports of agricultural commodities such as tobacco, sugar and pigeon peas. According to Mozambique Ports and Railways officials, the port can handle 10 million tonnes of cargo per year, of which it only handles about 40%. The port is handling 30% of cargo to Malawi, and following the upgrade of the port last year, the port is at its best capacity to handle more volumes of cargo. Between January and July 2024, about 14.5 million litres of fuel for Malawi was ferried through the Nacala Port (*The Daily Times, 21 August 2024*).
3. The Chamber of Mines says the lack of value addition and continued smuggling of gemstones for illicit uses undermine the country's revenue from its mineral products. Data from the Chamber of Mines, also quoted by the Malawi Government Annual Economic Report 2024, shows that the country produced 793 tonnes of gemstones and earned MK539.3 million in the 2023/24 fiscal year. The Chamber of Mines said the informal nature of small-scale businesses in gemstone mining discourages access to finance and technology, making it difficult for proper regulation and investment in value addition. The investment in value addition could generate significant income, provide employment, and create business opportunities for jewellery production and selling (*The Nation, 22 August 2024*).
4. The Government of Malawi represented by the Ministry of Mining and MoFEA signed two Mining Development Agreements with Lotus Resources Limited for the Kayelekera Uranium Project in Karonga, and Lancaster Exploration Limited for Rare Earth mining at Songwe Hill in Phalombe. Key components of these Agreements include shared ownership with the Government of Malawi and a requirement for both companies to be listed on the Malawi Stock Exchange within 36 months from the effective date. The Government of Malawi is entitled to free equity ownership of 15% of the shares in Lotus Resources Limited and 10% in Lancaster Exploration Limited. The public is hereby informed about the opportunity and encouraged to become shareholders once the companies issue their shares to the public through Initial Public Offering (*The Ministry of Mining, 21 August 2024*).

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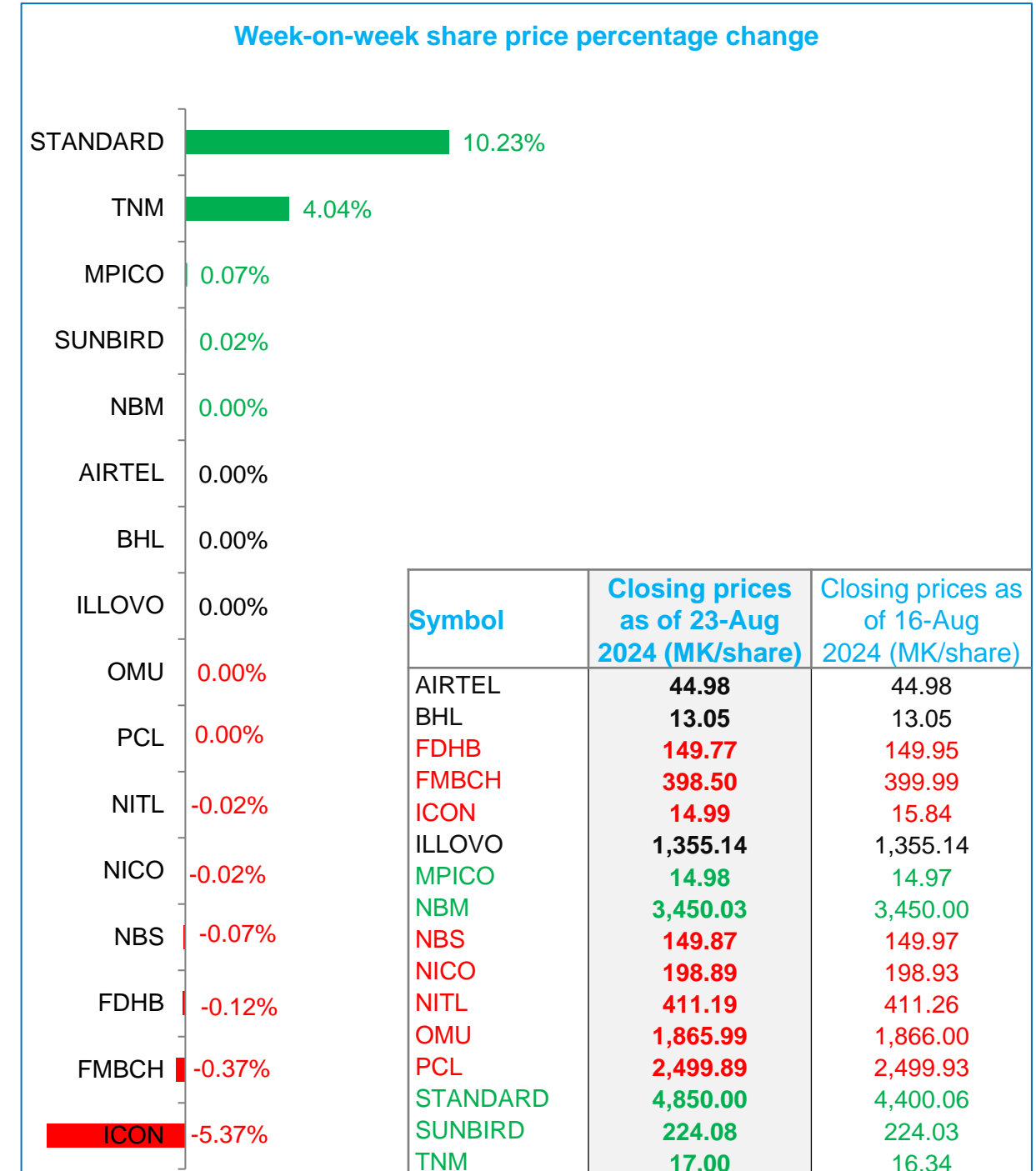
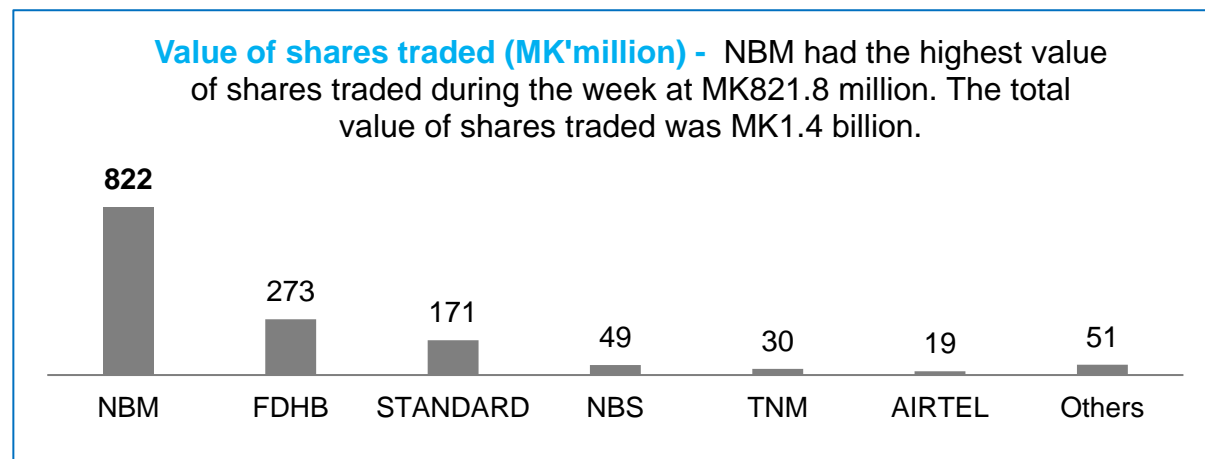
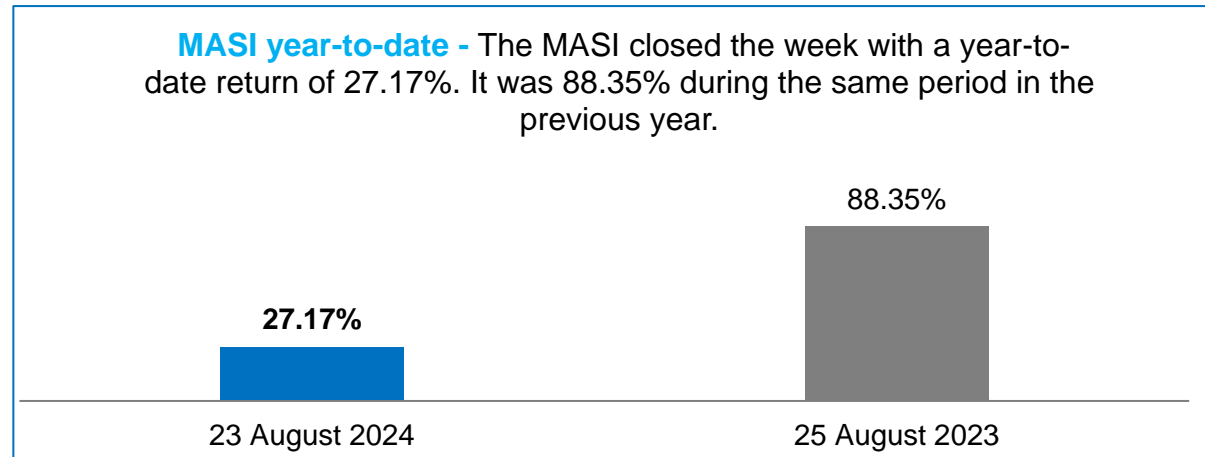
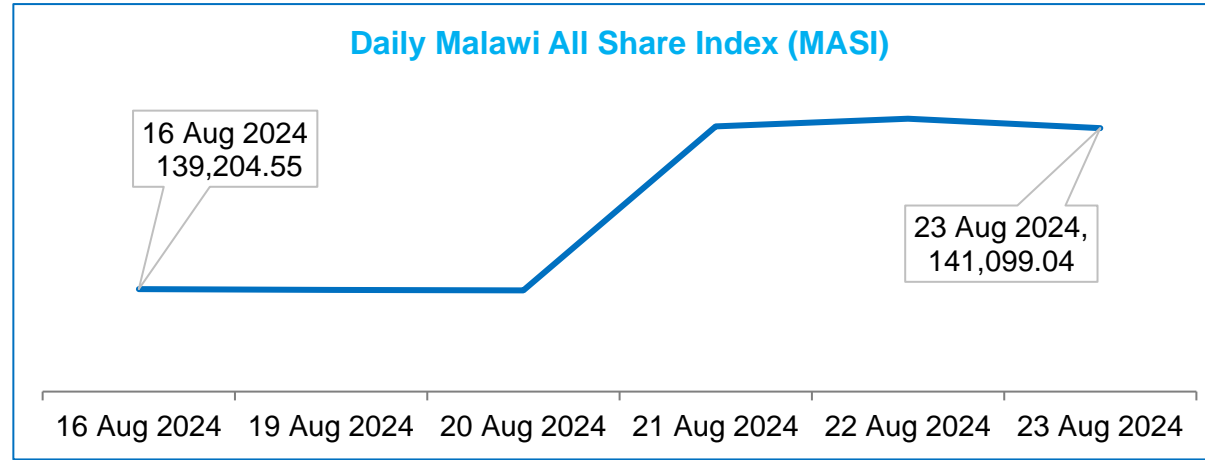
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Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 23 August 2024 at 141,099.04 points from 139,204.55 points for the week ending 16 August 2024.

STANDARD and TNM increased by 10.23% and 4.04%, respectively, during the period under review.

ICON decreased by 5.37% during the period under review.



Symbol	Closing prices as of 23-Aug 2024 (MK/share)	Closing prices as of 16-Aug 2024 (MK/share)
AIRTEL	44.98	44.98
BHL	13.05	13.05
FDHB	149.77	149.95
FMBCH	398.50	399.99
ICON	14.99	15.84
ILLOVO	1,355.14	1,355.14
MPICO	14.98	14.97
NBM	3,450.03	3,450.00
NBS	149.87	149.97
NICO	198.89	198.93
NITL	411.19	411.26
OMU	1,865.99	1,866.00
PCL	2,499.89	2,499.93
STANDARD	4,850.00	4,400.06
SUNBIRD	224.08	224.03
TNM	17.00	16.34



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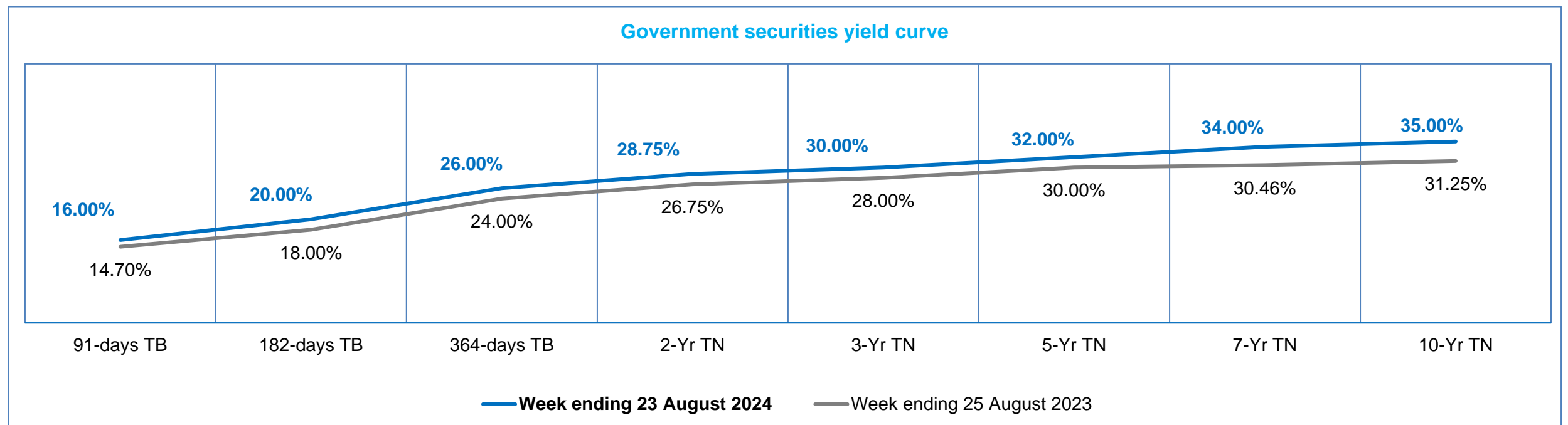
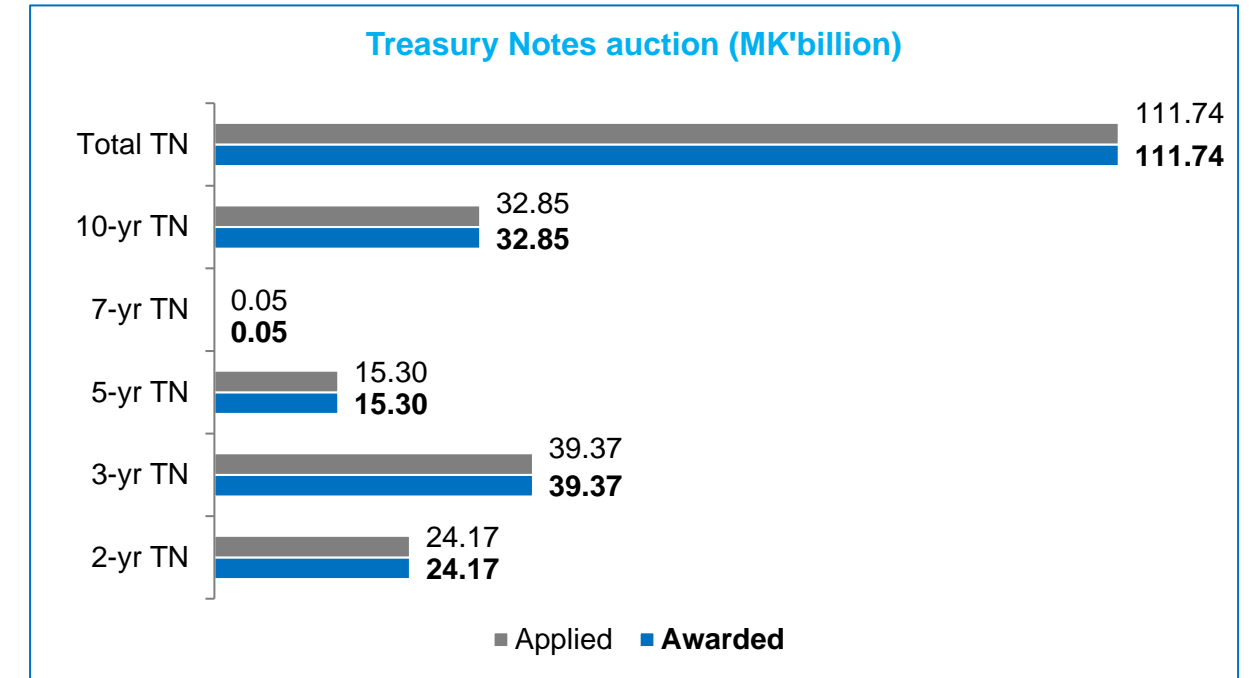
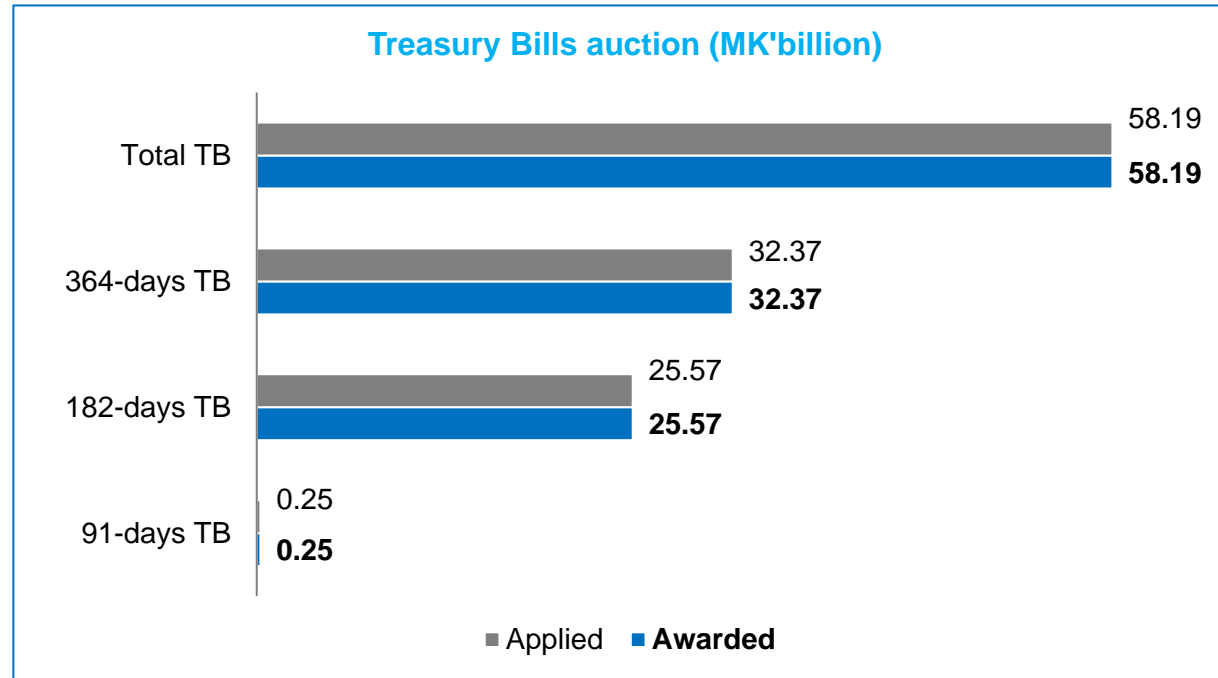
Government securities (Source: RBM)

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 MK58.19 billion, primarily driven by the 182- and 364-day tenor.

The total amount raised from the TNs was MK111.74 billion, primarily driven by the 3-yr and 10-yr tenors.

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

	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	23-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	2,341.31*
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	1,986.43*
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	99.23*
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	572.02	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	141,099.04
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	109,910.66
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	19,974.30

*: Reserve Bank of Malawi opening exchange rates (middle) as of 23 August 2024

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