



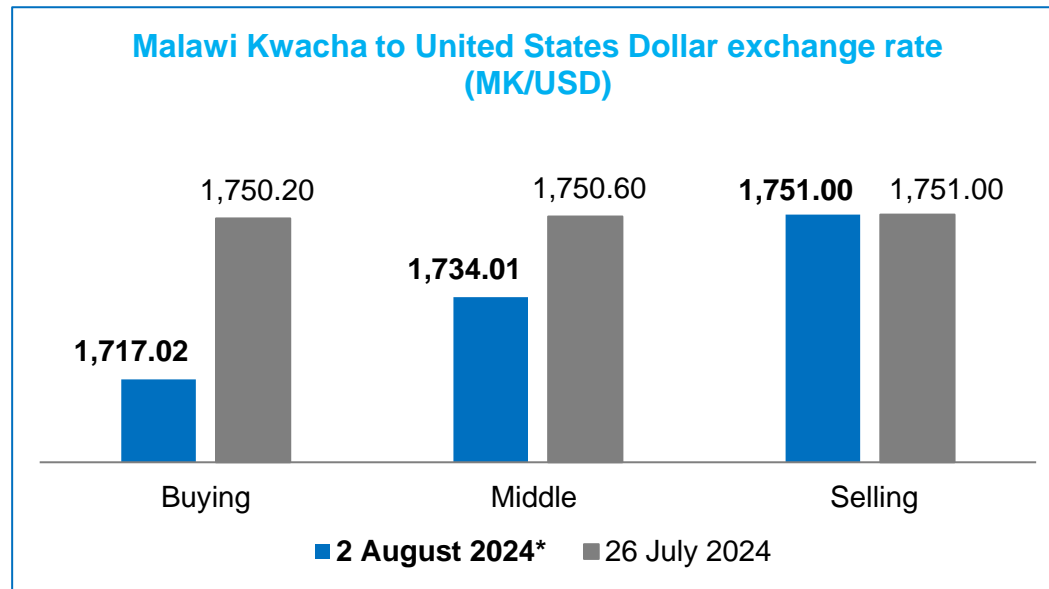
Malawi Financial Market Update

Week ending 2 August 2024

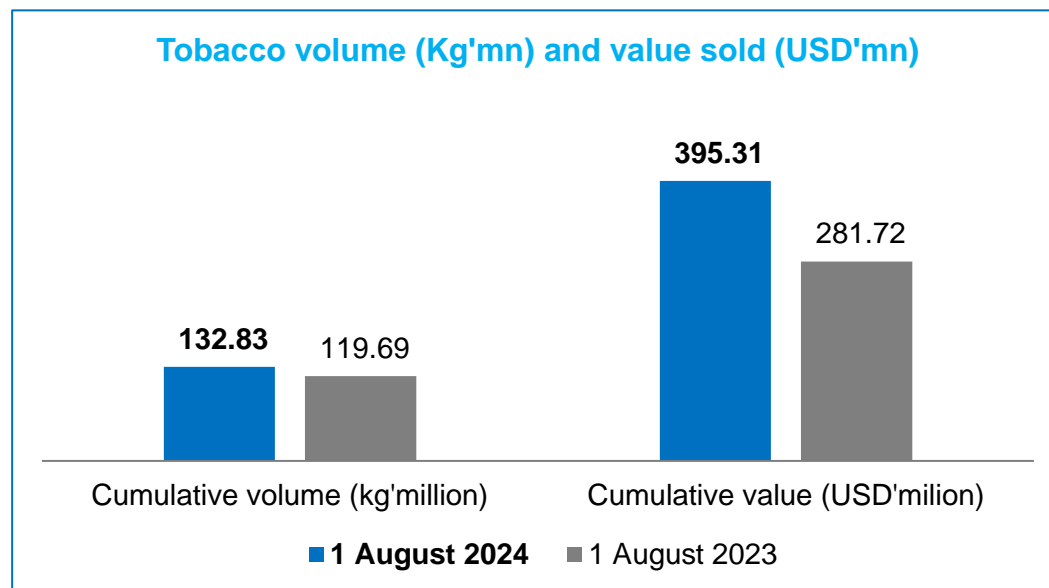


Exchange rate and other market developments

Exchange rate (Source: RBM)



Tobacco Volume and Value Sold (Source: AHL)



*: Reserve Bank of Malawi opening exchange rates as of 2 August 2024

What Happened This Week

1. The Malawi Government has signed two agreements with the European Union (EU) totalling EUR93 million (about MK182 billion), in which the EU has committed to financing two projects that respond to the objectives of Malawi Vision 2063. The first financing agreement comprises a EUR55 million concessional loan from the European Investment Bank and a EUR30 million grant from the EU. One project will be implemented by ESCOM to construct a new 132kV line, and the other will support civil society organizations as actors of development (*The Daily Times*, 30 July 2024).
2. The Reserve Bank of Malawi (RBM) has launched a Digital Financial Services (DFS) awareness campaign, with financial support from the African Development Bank (AfDB) worth USD14.3 million (about MK25 billion). The RBM revealed at the launch that the central bank has spent MK23.3 billion on reprinting damaged banknotes in 2024 and has described the situation as worrisome stating that such funds, paid in foreign currency, could have been used for other interventions. The RBM has, therefore, underscored the need for the public to embrace DFS. The AfDB stated that the country needs to embrace DFS to help achieve its economic aspirations (*The Daily Times*, 30 July 2024).
3. The RBM has revised the 2024 annual average inflation projection to 33.5% from 30.0%. The central bank attributed its decision to elevated food prices. The rising food inflation continues to exert pressure on headline inflation. In addition, the RBM has revised Malawi's 2024 economic growth projection downwards to 2.3% from 3.2%. The decision reflects the adverse effect of the El Nino – induced drop in agricultural output (*The Daily Times*, 30 July 2024).
4. The United States (US) Trade and Development Agency announced awarding a grant to Mzuzu WF limited, a subsidiary of JCM Power Corporation, for a feasibility study to establish a 50-megawatt wind energy generation facility. The US Trade and Development Agency Director said the facility represents one of the country's first utility-scale wind farms and will generate opportunities for US suppliers to provide high-tech clean energy solutions (*The Daily Times*, 1 August 2024).
5. According to the Auction Holdings Limited (AHL) Tobacco Sales Season-to-Date report, USD395.31 million has been raised in the 2024 tobacco auctions as of 1 August 2024. This represents an increase of 40.3% compared to the USD281.72 million raised as of 1 August 2023. The average price of the tobacco sold was USD2.98 per kilogram; it was USD2.35 per kilogram during the same period last year, representing a 26.8% increase. The kilograms sold grew 11.0% to 132.83 million as of 1 August 2024 from 119.69 million kilograms as of 1 August 2023 (1 August 2024 AHL Tobacco Sales season-to-date report).

The Malawi Government has signed two agreements totalling EUR93 million (about MK182 billion) with the European Union (EU) to finance two projects that respond to the objectives of the Malawi Vision 2063.

The Reserve Bank of Malawi (RBM) has revised the annual average inflation to 33.5% from 30.0% due to elevated food prices.

The RBM has revised Malawi's 2024 economic growth projection to 2.3% from 3.2%.

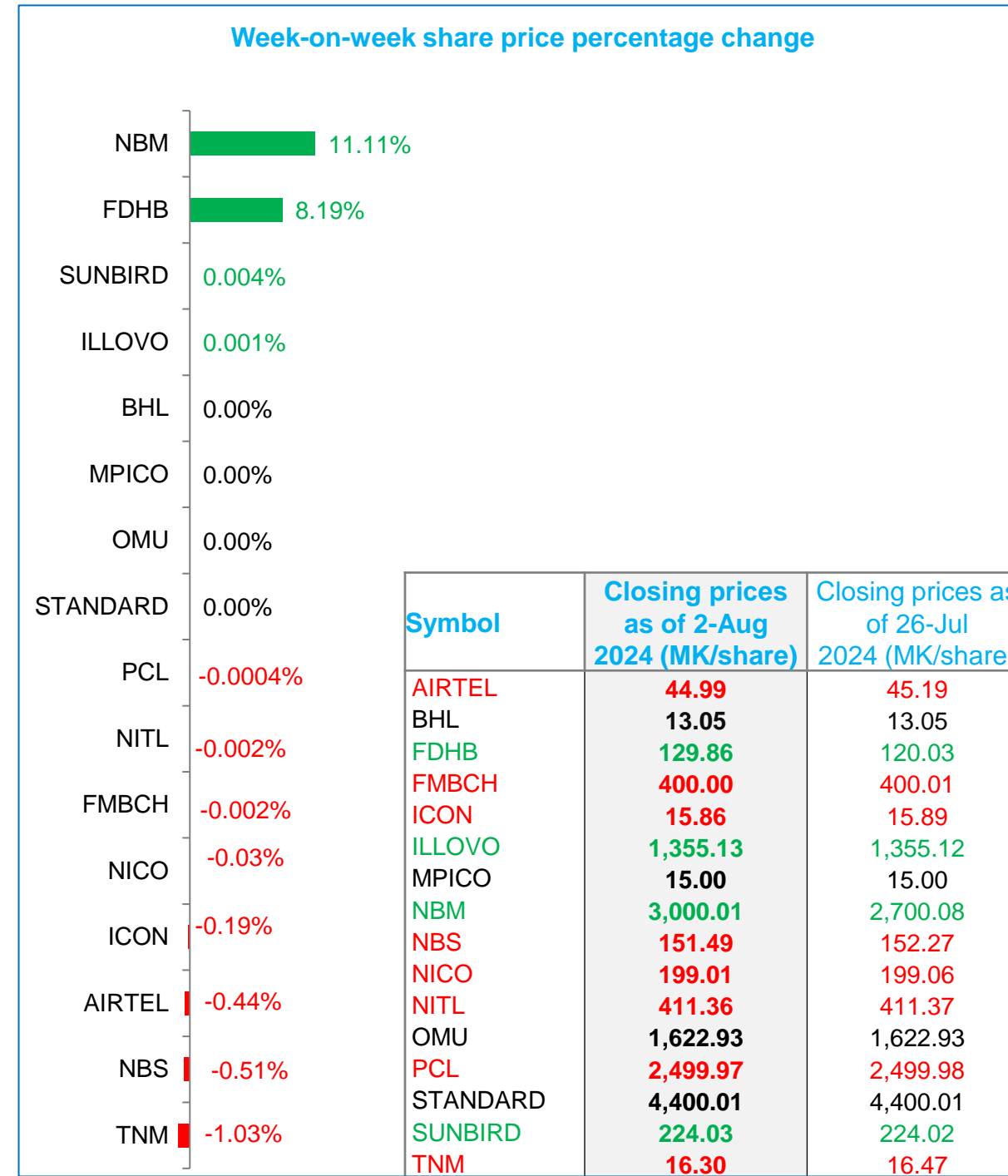
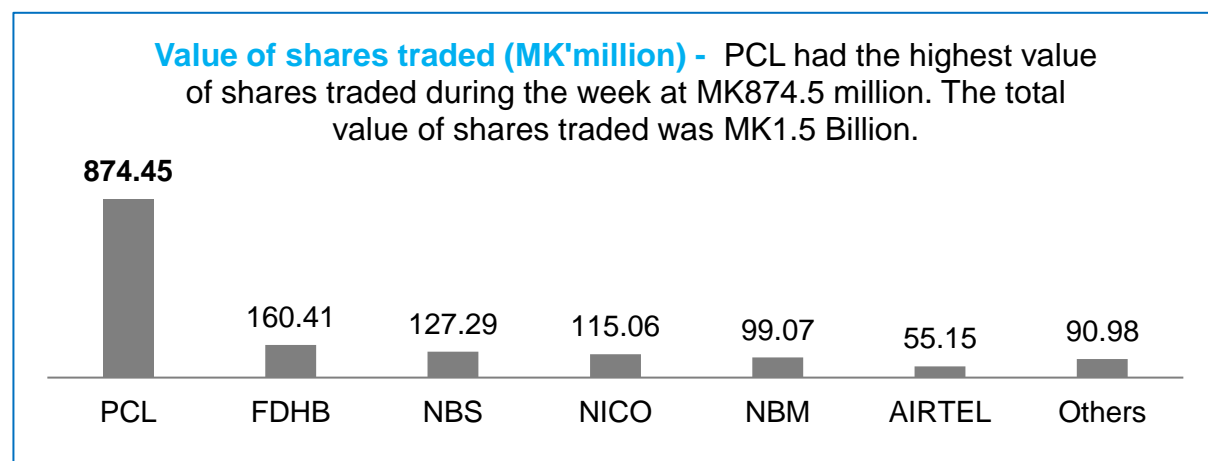
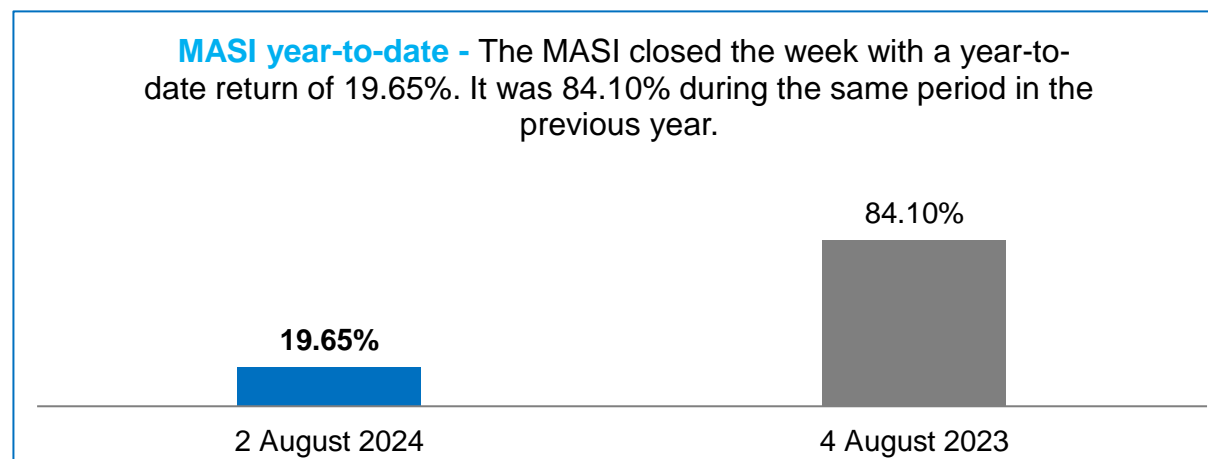
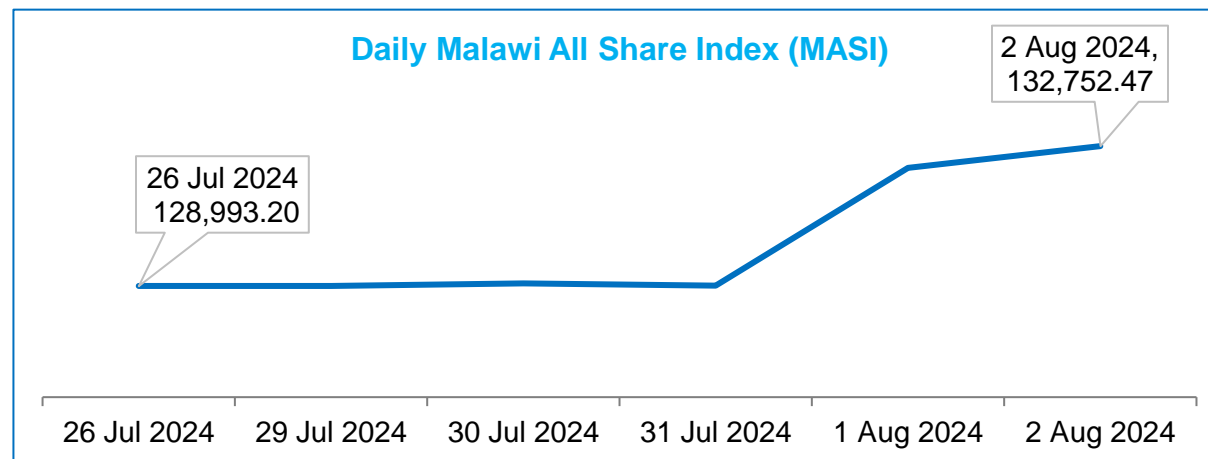


Malawi Financial Market Update: Week ending 2 August 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 2 August 2024 at 132,752.47 points from 128,993.20 points for the week ending 26 July 2024.

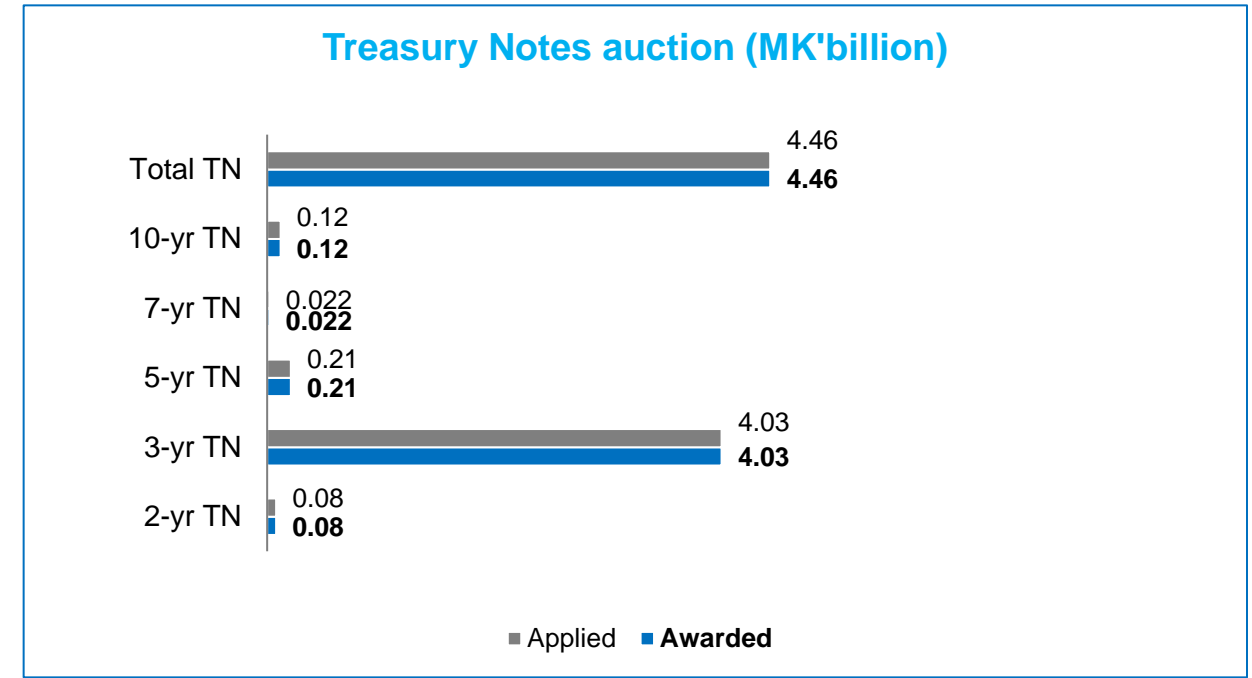
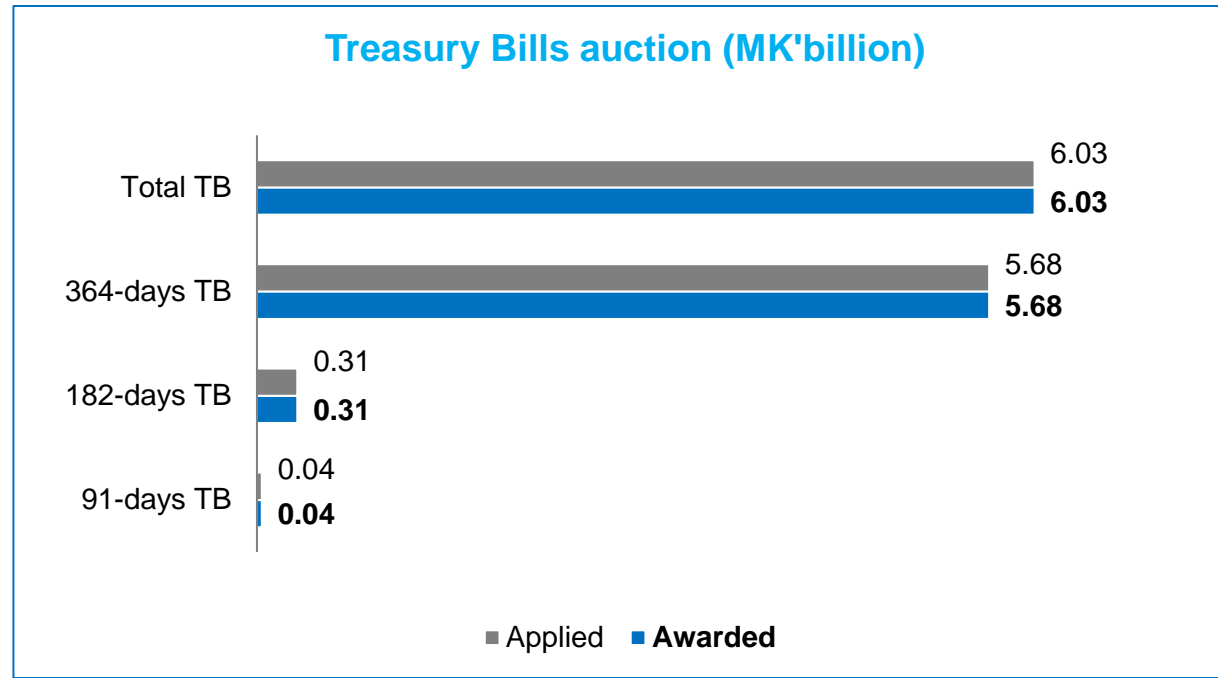
NBM increased by 11.11% and FDH by 8.19% during the period under review.



Symbol	Closing prices as of 2-Aug 2024 (MK/share)	Closing prices as of 26-Jul 2024 (MK/share)
AIRTEL	44.99	45.19
BHL	13.05	13.05
FDHB	129.86	120.03
FMBCH	400.00	400.01
ICON	15.86	15.89
ILLOVO	1,355.13	1,355.12
MPICO	15.00	15.00
NBM	3,000.01	2,700.08
NBS	151.49	152.27
NICO	199.01	199.06
NITL	411.36	411.37
OMU	1,622.93	1,622.93
PCL	2,499.97	2,499.98
STANDARD	4,400.01	4,400.01
SUNBIRD	224.03	224.02
TNM	16.30	16.47



Government securities (Source: RBM)

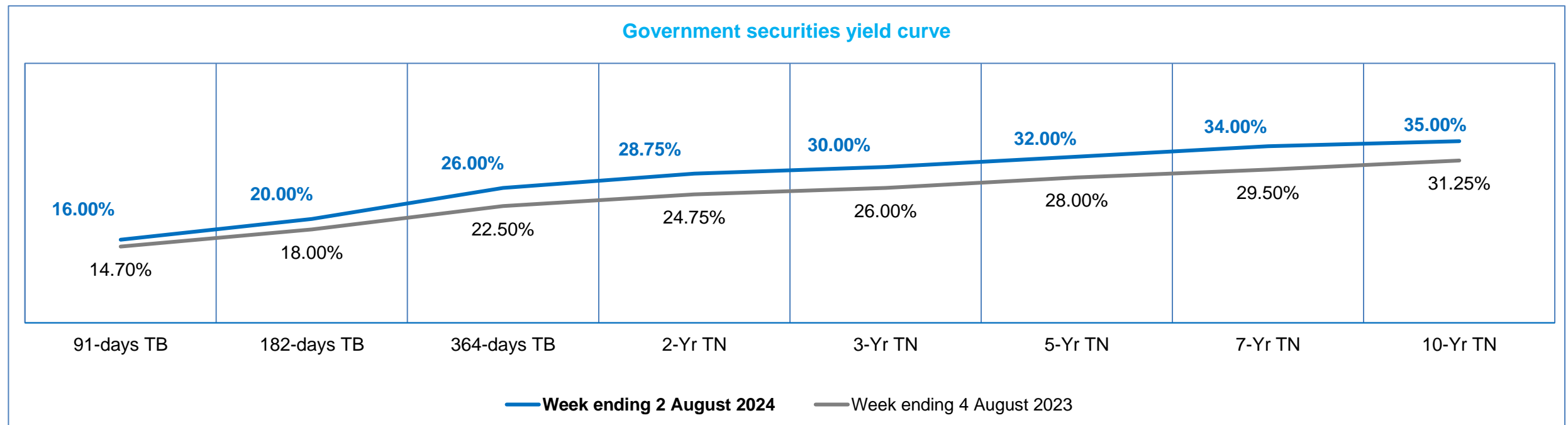


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from TBs was MK6.03 billion primarily driven by the 364-days tenor.

The total amount raised from the TNs was MK4.46 billion, primarily 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

	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	2-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	2,274.69*
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	1,929.09*
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	97.11	98.10*
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%	N/A	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%	N/A	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%	N/A	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	132,752.47
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	102,449.14
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	20,018.57

*: Reserve Bank of Malawi opening exchange rates (middle) as of 2 August 2024

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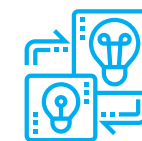
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