



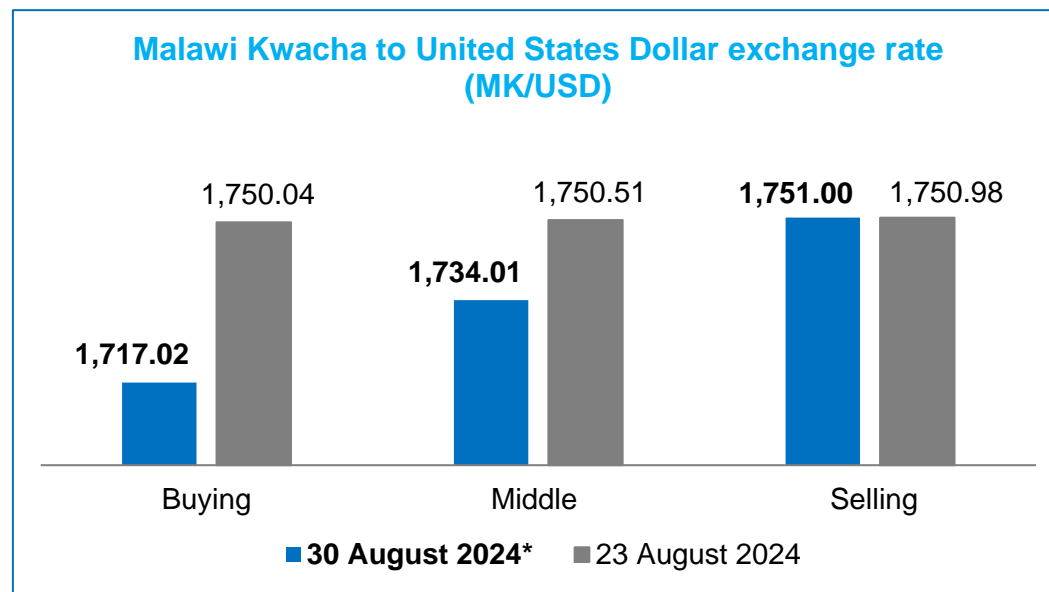
Malawi Financial Market Update

Week ending 30 August 2024



Exchange rate and other market developments

Exchange rate (Source: RBM)



What Happened This Week

1. According to the Revenue Statistics in the Africa 2023 Report published by the Organization for Economic Co-operation and Development (OECD), Malawi's tax-to-Gross Domestic Product ratio has been decreasing with figures falling by 1.8 percentage points from 12.6% in 2020 to 10.8% in 2023. To increase tax revenue, economists have suggested that Malawi should consider expanding its tax base or improving tax collection efficiency, developing a more diversified tax structure, as well as exploring the possibility of taxing land and property sales (*The Daily Times, 28 August 2024*).
2. The United States Government has said Malawi may not meet the commitments necessary to receive a second tranche of the International Monetary Fund (IMF) Extended Credit Facility (ECF) in the coming months. Therefore, the country needs urgent leadership and action at all levels of the government to ensure it stays on course with the ECF and implements the reforms it has committed to stabilize the economy (*Malawi News, 24 August 2024*).

What Happened This Week (continued)

3. The Government of Ukraine has donated 19,200 metric tonnes of maize to the World Food Program to help Malawi feed 900,000 of the 5.7 million people requiring food aid due to low harvest. According to Ukraine online publications, the maize will support about 200,000 people in Mozambique and 900,000 people in Malawi (*The Nation, 29 August 2024*).
4. The Global Fund, in partnership with the Government of Malawi has launched three new grants amounting to about USD525 million (about MK893 billion) to combat HIV, tuberculosis (TB) and malaria in the country, from 2024 to 2027 (*The Daily Times, 28 August 2024*).
5. The Ministry of Trade and Industry has amended the Control of Goods Act to support Malawi's industrialization and import substitution drive. This amendment includes the addition of various products to the lists of regulated import and export goods including maize, soybeans and pigeon peas. In addition to that, the Malawi Revenue Authority will not clear the goods unless they are furnished with a valid license from traders (*The Nation, 30 August 2024*).
6. The Ministry of Finance and Economic Affairs has confirmed that the Government of Malawi is set to reform the value-added tax levied on building and construction materials. This is one of the commitments under the four-year USD175 million (about MK306 billion) ECF. Conversely, the education and health sectors are expected to retain special benefits under the proposed reform. A successful implementation of this will allow the government to boost revenue without compromising progress for human capital development (*The Nation, 26 August 2024*).
7. A few weeks ago, the Government of Malawi signed Mining Development Agreements with Lotus Resources Limited and Lancaster Exploration Limited. The Ministry of Mining spokesperson said several priorities must be addressed before production can commence such as finalizing off-take agreements with potential buyers for uranium from the mine. Mining is expected to start in February 2025 gradually increasing from July 2025 and reaching full production capacity from September 2025 (*The Daily Times, 28 August 2024*).
8. The Non-Governmental Organizations Regulatory Authority of Malawi (NGORA) has initiated efforts to track the utilization of foreign exchange received by non-governmental organizations (NGOs). According to the NGOs sector report, the sector's total income amounts to MK589 billion, with MK473 billion coming in the form of forex, exceeding the forex from tobacco sales. (*The Nation, 24 August 2024*).
9. In its revised trading statement, Airtel Malawi Plc disclosed that the company's revised loss after tax for the year ending 31 December 2023 is expected to be within the range of MK15.1 billion and MK15.7 billion, 141% to 143% less than the MK36.9 billion profit reported in 2022. This is a variation from the trading statement issued on 29 December 2023 where the profit/(loss) after tax for the year ending 31 December 2023 was expected to be within the range of MK1.75 billion profit and MK2.0 billion loss (*Airtel Malawi Plc, 27 August 2024*).

*: Reserve Bank of Malawi opening exchange rates as of 30 August 2024



Malawi Financial Market Update: Week ending 30 August 2024

Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 30 August 2024 at 141,275.06 points from 141,099.04 points for the week ending 23 August 2024.

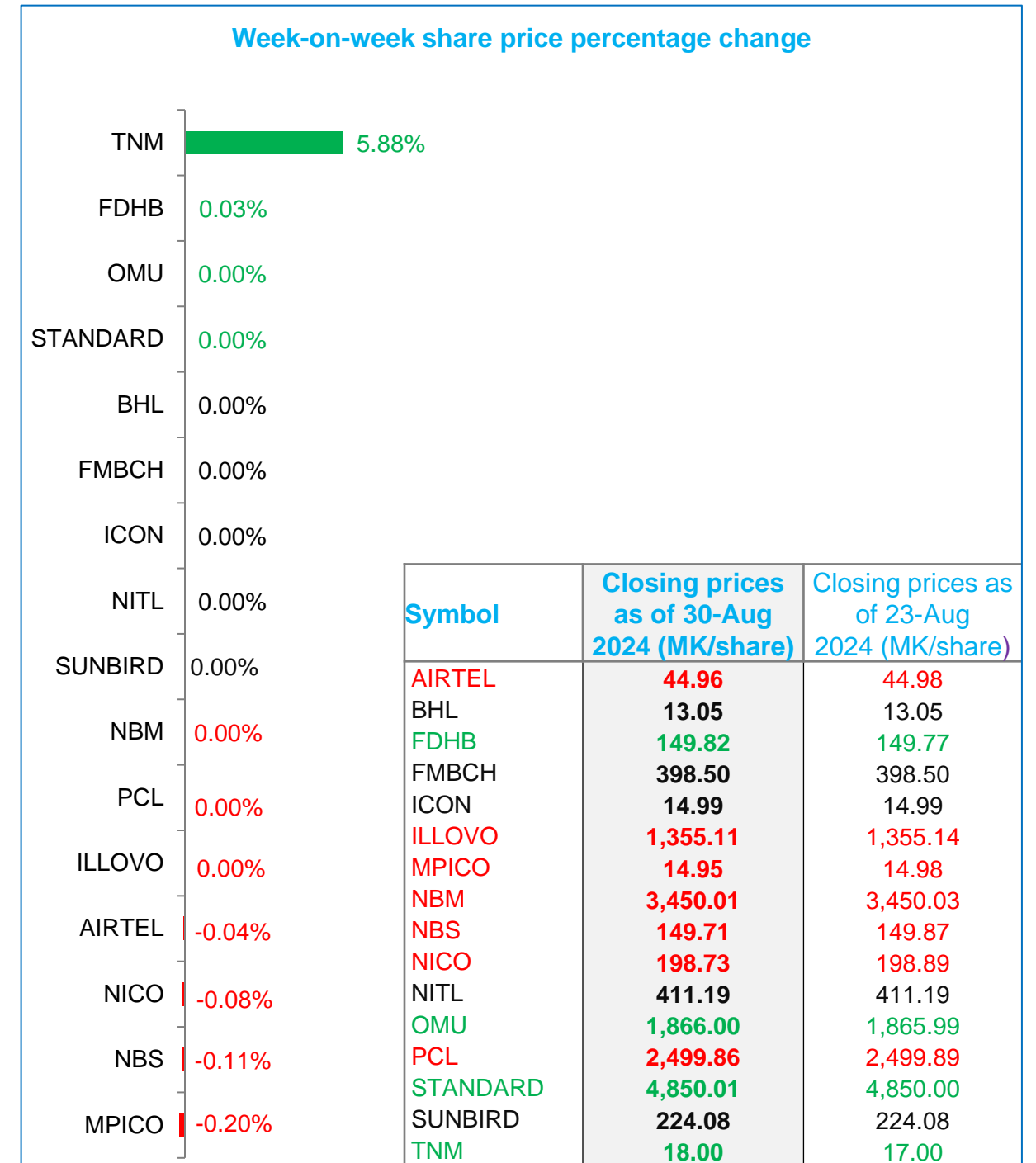
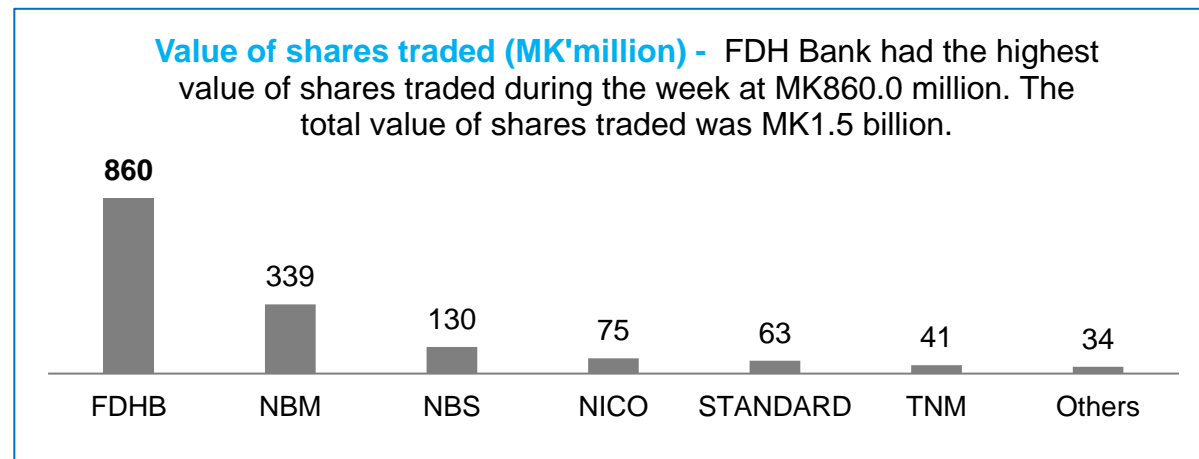
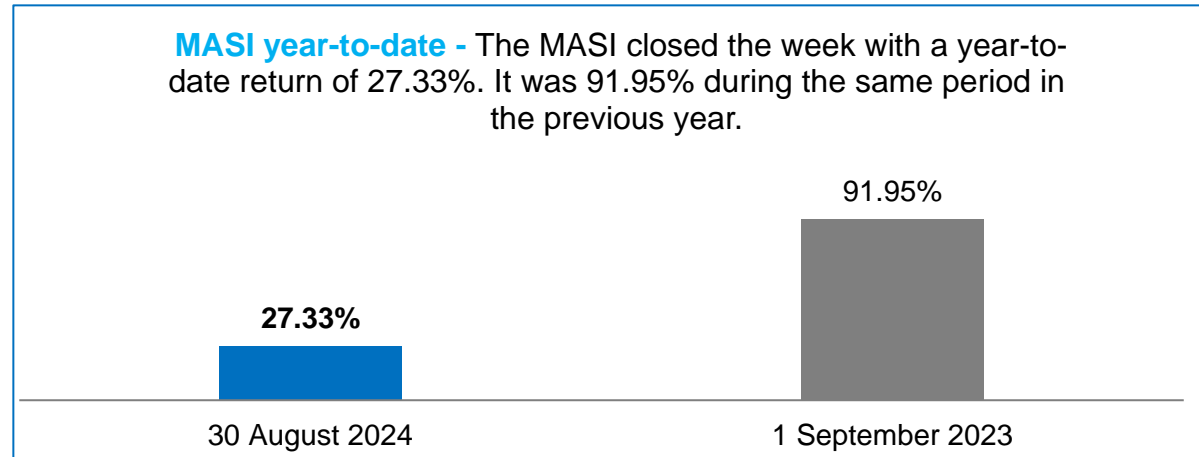
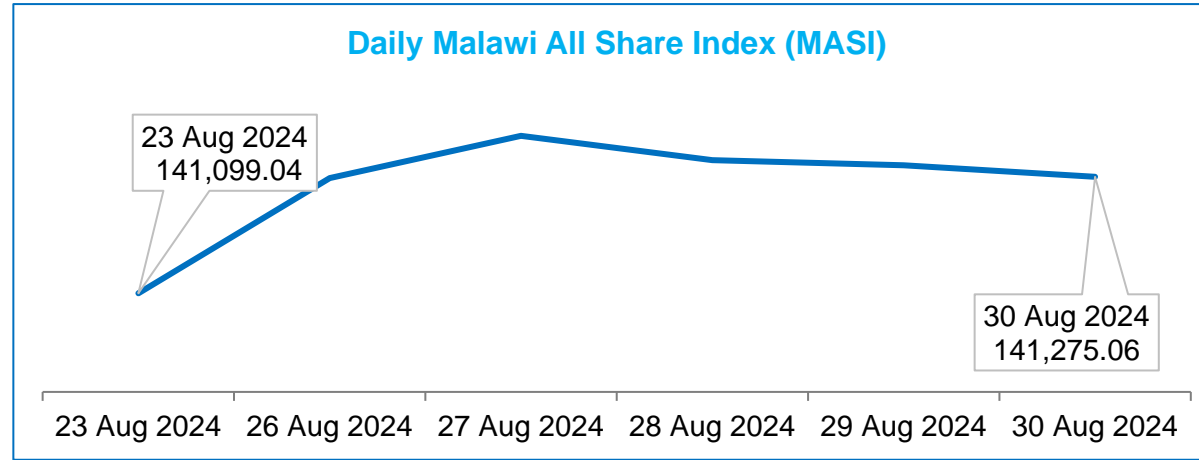
The TNM share price increased by 5.88% during the period under review.

ILLOVO disclosed that the profit after tax for the year ending 31 August 2024 is expected to be between MK17 billion and MK28 billion.

NITL disclosed that the profit after tax for the half year ending 30 June 2024 is MK4.3 billion.

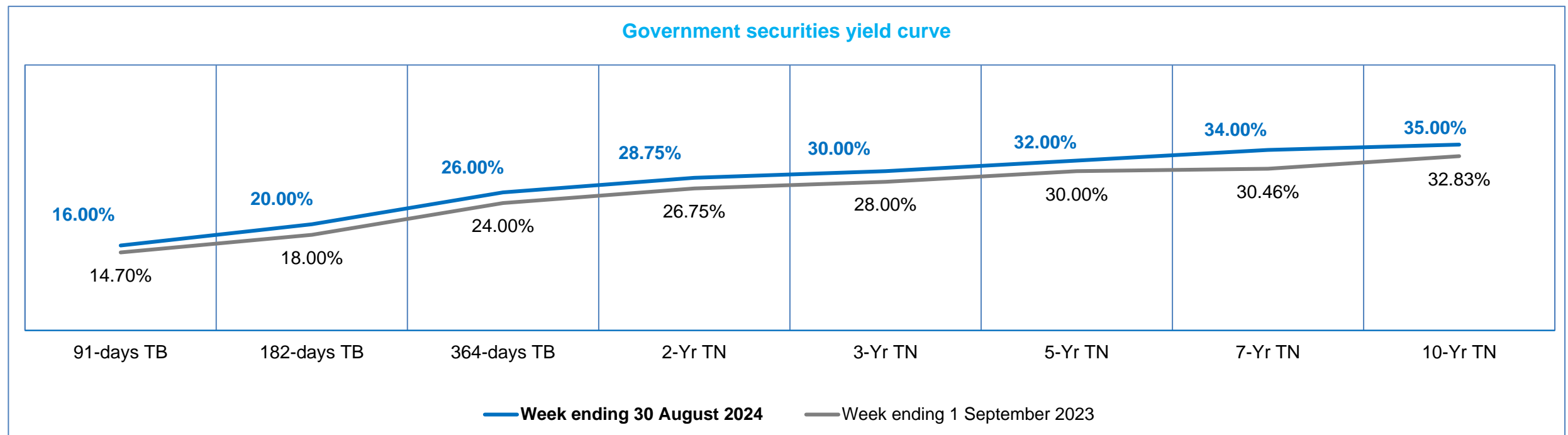
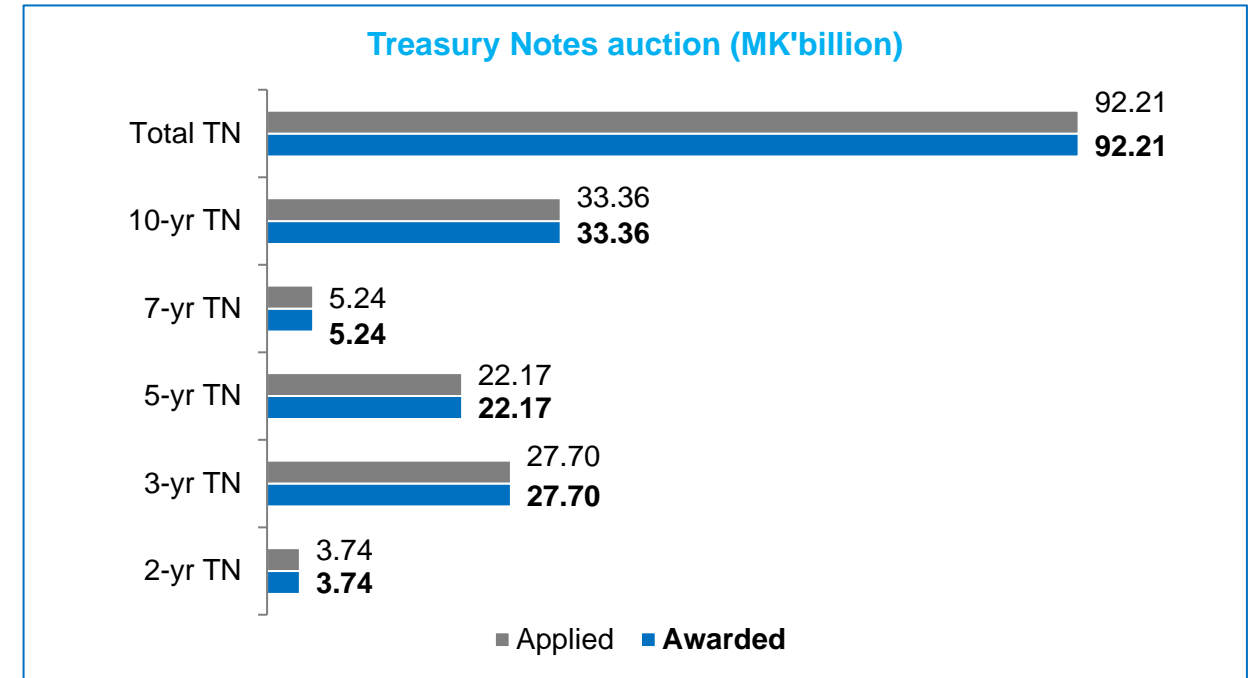
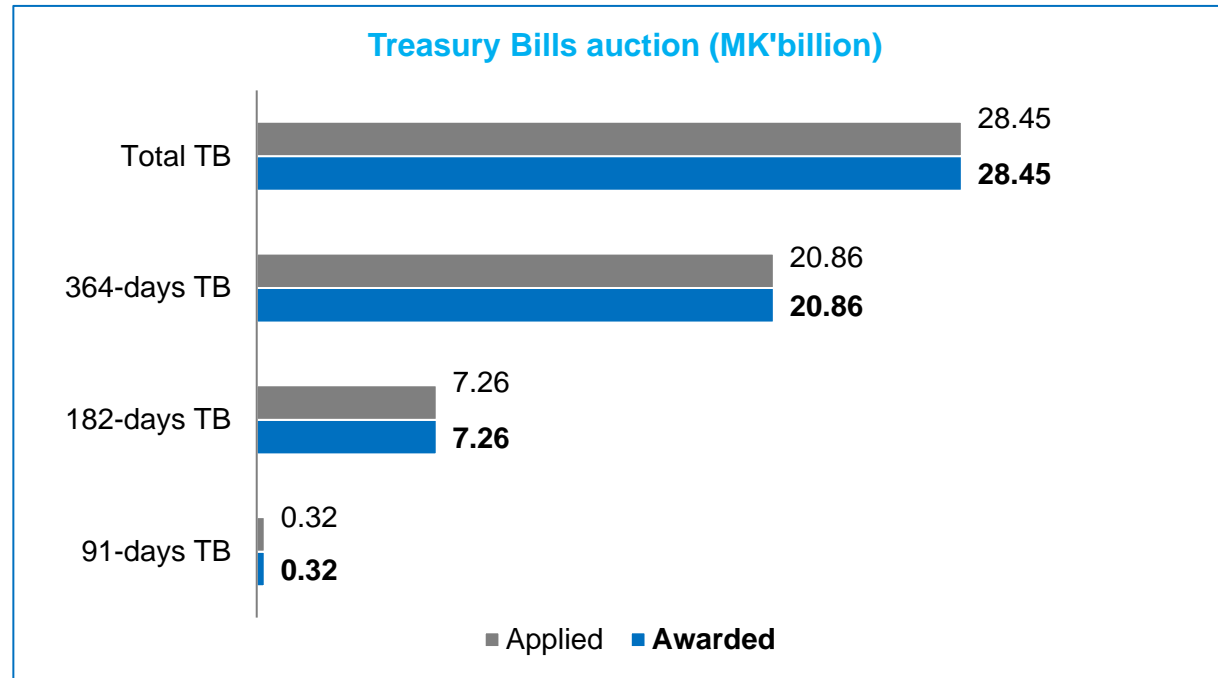
FCB disclosed that the profit after tax for the half year ending 30 June 2024 is MK16.8 billion.

FMBCH disclosed that the profit after tax for the half year ending 30 June 2024 is USD46.8 million





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 MK28.45 billion, primarily driven by the 364-day tenor.

The total amount raised from the TNs was MK92.21 billion, primarily driven by the 3-yr, 5-yr and 10-yr tenors.

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



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	30-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	2,352.03*
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	1,978.39*
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	100.86*
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	141,275.06
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	110,067.28
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 30 August 2024

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