



Malawi Financial Market Update

Week ending 13 September 2024

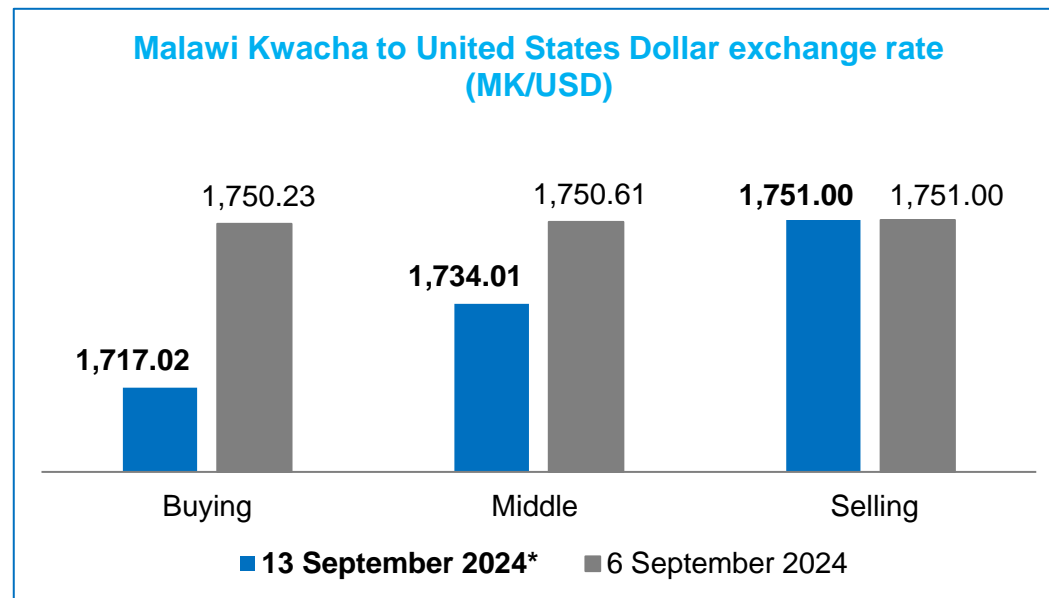


The Reserve Bank of Malawi Deputy Governor has revealed that three creditors out of the targeted four on debt restructuring have given letters of assurance, where they are indicating their readiness to restructure the debt with Malawi.

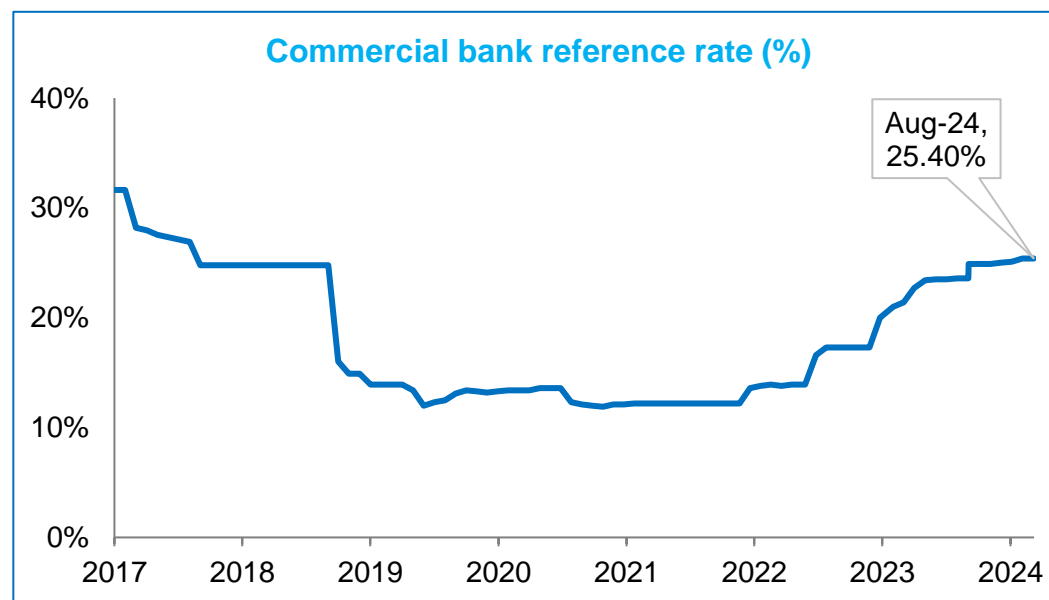
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Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi Commercial Bank Reference Rate (Source: National Bank of Malawi)



What Happened This Week

1. The National Construction Industry Council (NCIC) has urged the Government of Malawi to create a conducive tax environment to protect the construction sector as production costs are rising. VAT exemptions would help mitigate the rising costs of production materials. Figures from the Reserve Bank of Malawi show that the construction sector's contribution to the economy has risen steadily to 3.60% in 2024 from 3.05% in 2017 (*Weekend Nation, 7 September 2024*).
2. Standard Bank Group says it will revise upwards its exchange rate outlook for Malawi to MK2,300.00 against the dollar by October 2024. According to the Group's report, the revision is a result of intensifying external and fiscal pressures (*The Nation, 11 September 2024*).
3. The Reserve Bank of Malawi (RBM) has refuted speculations that the International Monetary Fund has instructed Minister of Finance and Economic Affairs to devalue the Malawi Kwacha by 60% (*The Daily Times, 12 September 2024*).
4. Karonga District Council expects a Community Development Agreement with Lotus Resources Limited that will cover commercial benefits for the district to optimize economic benefits of the Kayerekera Uranium Mine in Karonga. Lotus signed a mining development agreement which provides for 0.45% of annual revenue to be ploughed back to the surrounding community through Corporate Social Responsibility programs (*Weekend Nation, 7 September 2024*).
5. The Electricity Supply Corporation of Malawi (Escom) and Press Corporation Limited (PCL) are anticipating the approval of their Power Purchase Agreement (PPA). PCL intends to develop a 50 megawatts solar power plant at Nkhoma in Lilongwe as an independent power producer. (*Weekend Nation, 7 September 2024*).
6. The Ministry of Natural Resources and Climate Change says the 2024/25 season is expected to be wetter than the previous season with a high chance of normal rainfall amounts over most parts of the country. This may lead to significant rainfall extremes, raising the risk of flooding that might impact crop yields, properties, infrastructure and lives (*Press Release: Ministry of Natural Resources and Climate Change*).
7. The Reserve Bank of Malawi Deputy Governor has revealed that three creditors out of the targeted four on debt restructuring have given letters of assurance, where they are indicating their readiness to restructure the debt with Malawi. This would help the country see debt sustainability. The discussions are expected to conclude by the end of September to have the country's debt restructured as it is part of the Extended Credit Facility (ECF) programme. (*The Daily Times, 12 September 2024*)

*: Reserve Bank of Malawi opening exchange rates as of 13 September 2024



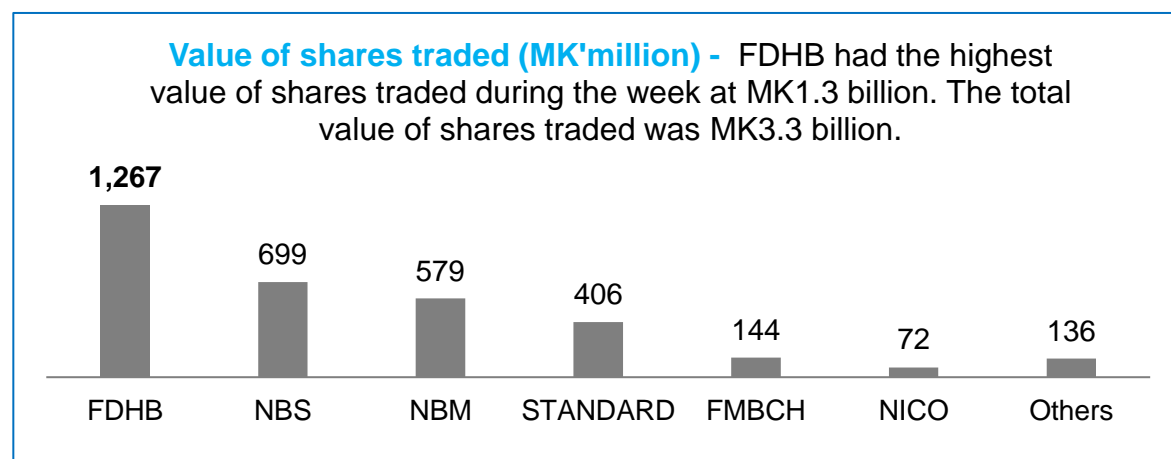
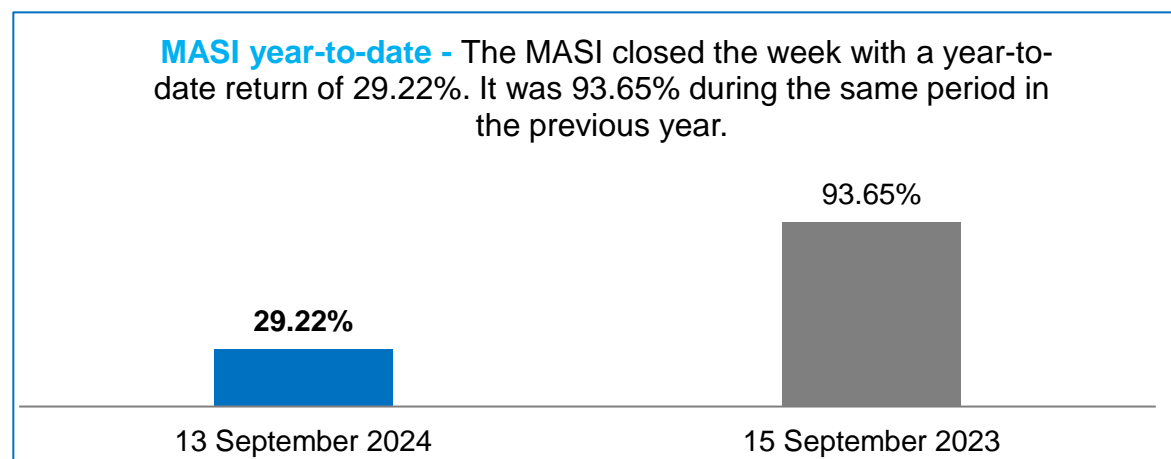
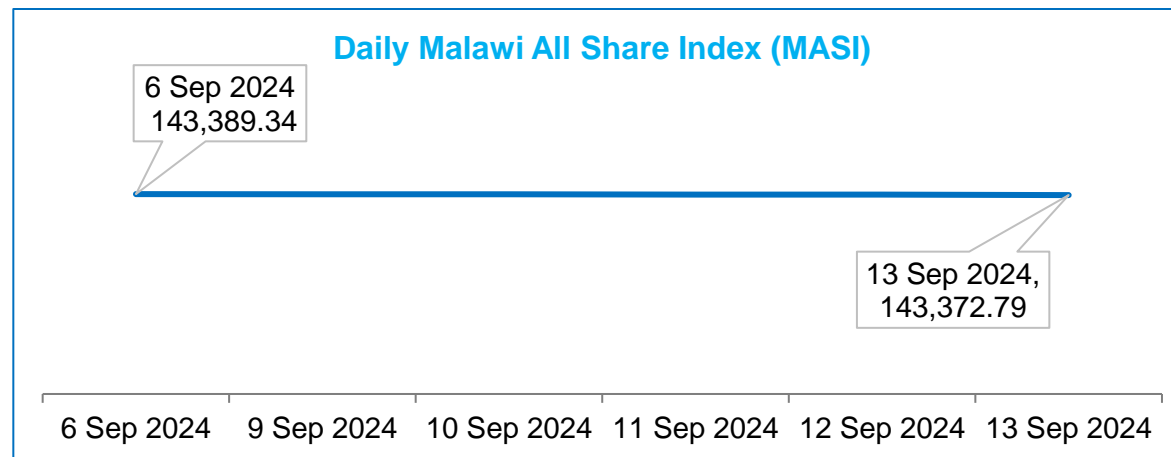
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Stock market (Source: MSE)

The stock market was flat, with the Malawi All Share Index (MASI) closing the week ending 13 September 2024 at 143,372.79 points from 143,389.34 points for the week ending 6 September 2024.

FMB Capital Holdings (FMBCH) disclosed that the profit after tax for the half year ending 30 June 2024 is USD46.8 million from USD42 million in June 2023.

TNM plc's 2024 half-year profit has increased to MK2.26 billion from a loss of MK4.76 billion in 2023.

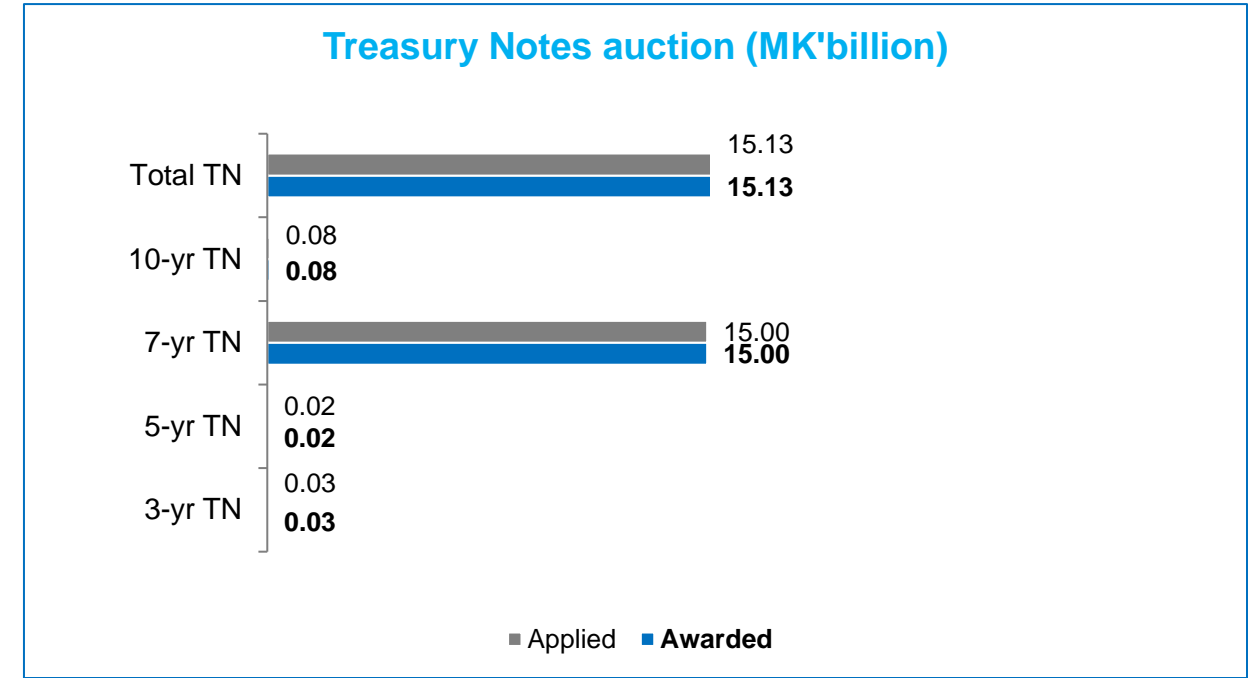
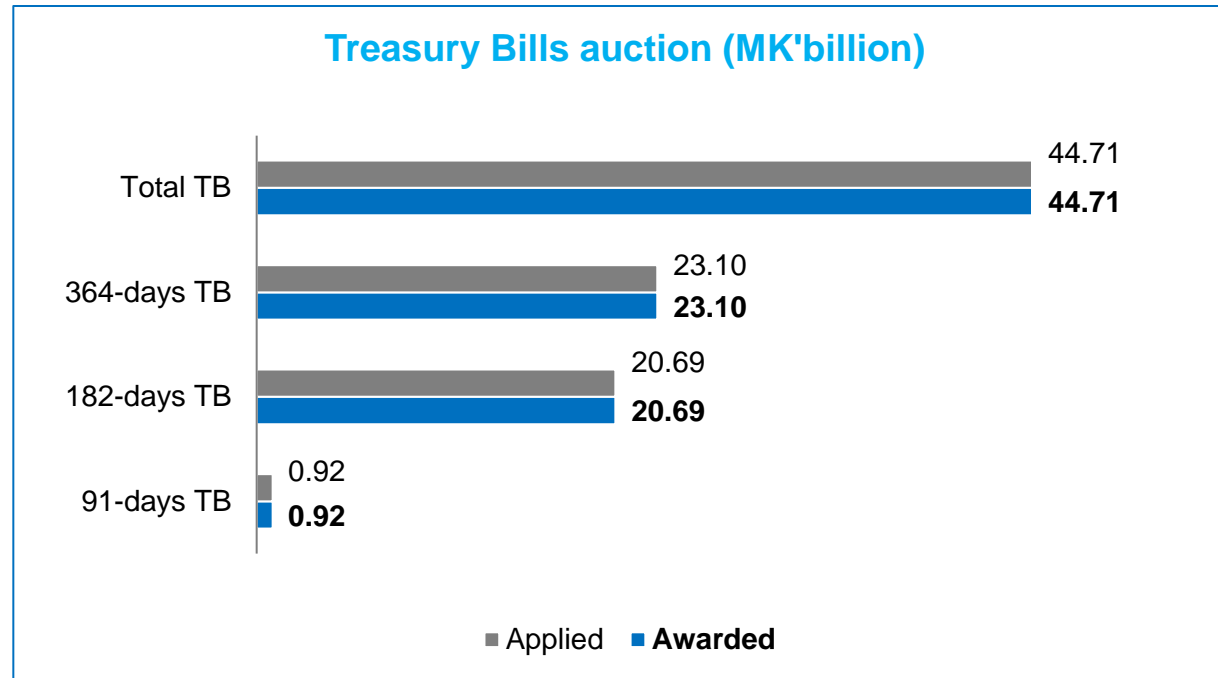


Company	Percentage Change
SUNBIRD	0.01%
ILLOVO	0.00%
AIRTEL	0.00%
BHL	0.00%
NICO	0.00%
OMU	0.00%
PCL	0.00%
STANDARD	0.00%
TNM	0.00%
NBM	0.00%
NITL	0.00%
FMBCH	-0.01%
NBS	-0.01%
FDHB	-0.06%
MPICO	-0.07%
ICON	-0.13%

Symbol	Closing prices as of 13-Sep 2024 (MK/share)	Closing prices as of 6-Sep 2024 (MK/share)
AIRTEL	44.94	44.94
BHL	13.05	13.05
FDHB	149.68	149.77
FMBCH	398.47	398.49
ICON	14.95	14.97
ILLOVO	1,355.12	1,355.11
MPICO	14.93	14.94
NBM	3,449.98	3,450.01
NBS	149.66	149.68
NICO	198.70	198.70
NITL	411.16	411.18
OMU	1,866.00	1,866.00
PCL	2,499.86	2,499.86
STANDARD	5,335.01	5,335.01
SUNBIRD	225.03	225.01
TNM	18.01	18.01



Government securities (Source: RBM)

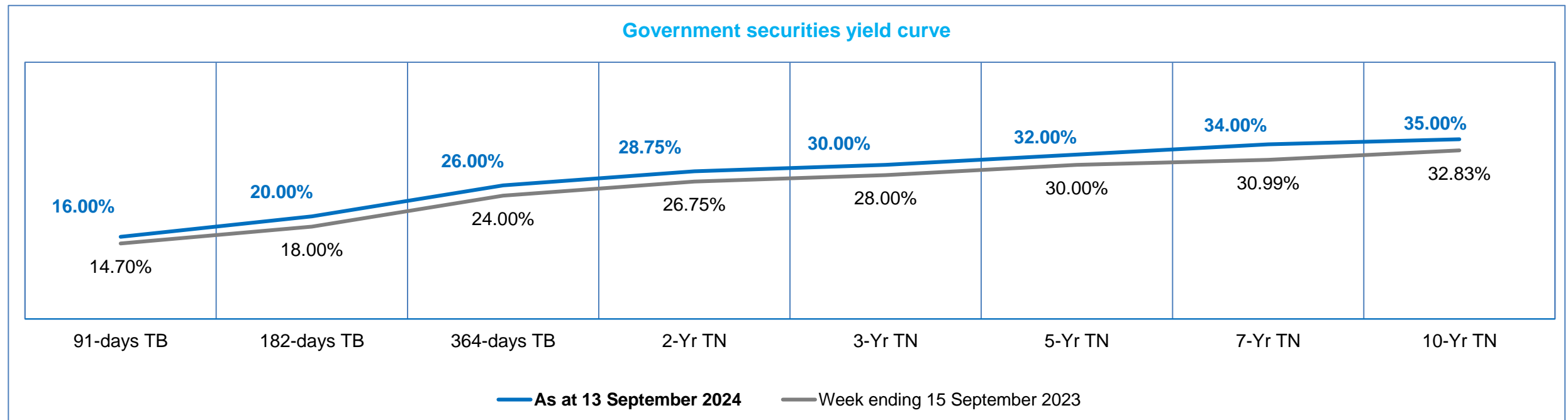


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from TBs was MK44.71 billion, primarily driven by the 364-day and 182-day tenor.

The total amount raised from TNs was MK15.13 billion, primarily driven by the 7-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

k	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	13-Sept-2024
Exchange rates (middle rates)														
MK/USD	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	1,750.31	1,734.01*
MK/GBP	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	2,368.68	2,347.20*
MK/EUR	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	1,994.06	1,979.10*
MK/ZAR	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	100.73*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation														
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.24%
Lombard Rate	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%	26.20%
Commercial Bank Reference Rate	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%	25.40%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Stock Market Indices														
MASI	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	143,372.79
DSI	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	111,935.02
FSI	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	19,973.80

*: Reserve Bank of Malawi opening exchange rates (middle) as of 13 September 2024

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Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

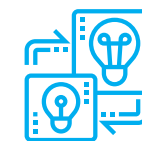
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