



Malawi Financial Market Update

Week ending 6 September 2024

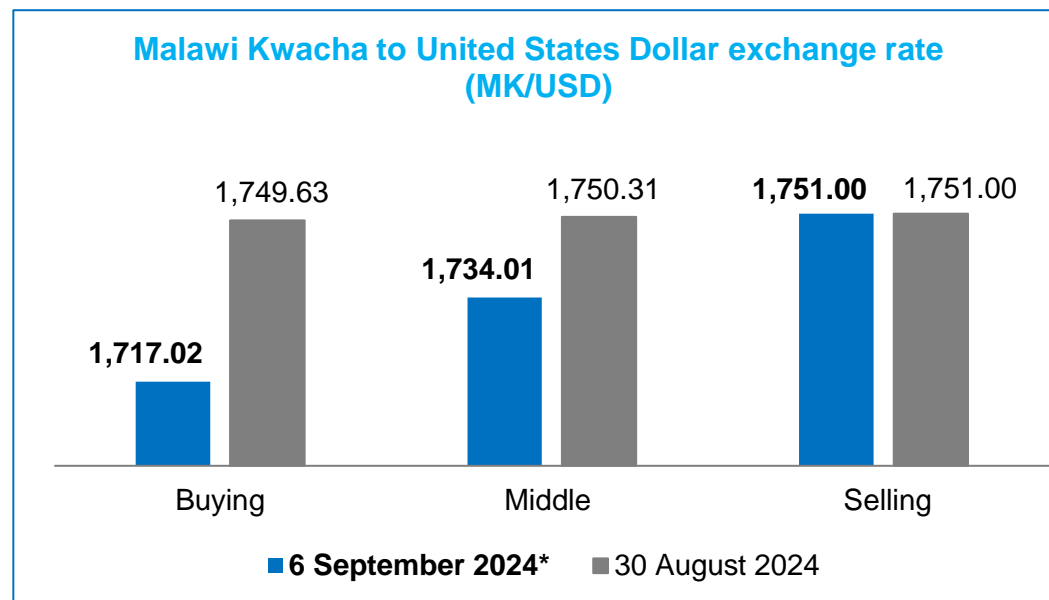


The National Food Balance Sheet indicates that Malawi needs MK150 billion to procure maize for distribution to hunger-stricken households that were hit by recent natural disasters.

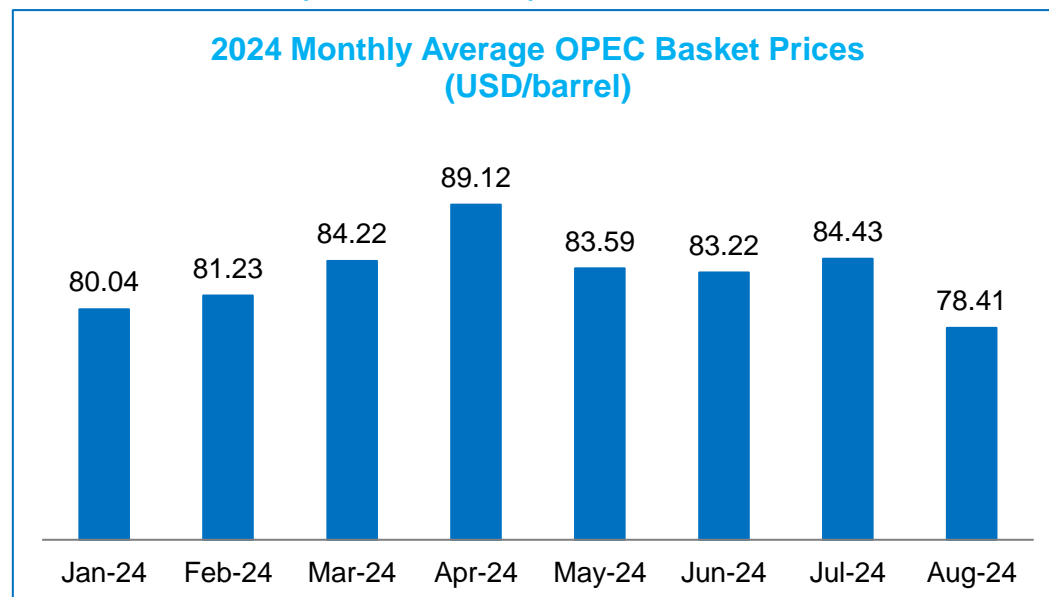
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Exchange rate and other market developments

Exchange rate (Source: RBM)



Global Oil Prices (Source: OPEC)



What Happened This Week

1. Malawi's public debt has increased by MK2.54 trillion in the first six months of 2024, reaching MK15.1 trillion, according to the Ministry of Finance. The Economics Association of Malawi stated that the government should reduce reliance on borrowing and foster sustainable economic growth (*The Daily Times*, 4 September 2024).
2. Umodzi Holdings Limited, the manager of Bingu International Convention Centre and President Hotel, has reported a MK948 million profit in the first quarter of this financial year. The success is because of a turnaround strategy. The company faced financial challenges in its early years with accumulated losses, however, the company reported a MK413 million profit for the first time in 2021/22 financial year (*The Nation*, 2 September 2024).
3. The National Food Balance Sheet indicates that Malawi needs MK150 billion to procure maize for distribution to hunger-stricken households that were hit by recent natural disasters. The government, in collaboration with development partners, are working to address this problem (*The Daily Times*, 4 September 2024).
4. According to the Ministry of Natural Resources and Climate Change, Malawi has generated MK150 million through carbon trading. The government finalized the validation for the Malawi Carbon Regulatory Framework, which is designed to facilitate the implementation of trading projects. The Ministry has received about 38 expressions of interest from investors for various projects (*The Business Times*, 3 September 2024).
5. According to the National Water Resource Authority (NWRA), water levels in Lake Malawi will be higher in the 2024/25 hydrological year compared to 2023/24. This would be exacerbated by the La-Nina climate prediction that the country would experience in the 2024/25 rainfall year, which would lead to higher rainfall. Ministry of Water and Sanitation is planning to start constructing physical barriers to ensure no activities below the water benchmark (*The Nation*, 30 August 2024).
6. The Ministry of Water and Sanitation has approved a 10% adjustment to the water tariff effective from 1 September 2024. The development has irked low-income earners who were struggling to buy water at the old price (*The Nation*, 3 September 2024).
7. Old Mutual Investment Group (OMIG) has partnered with the Public Service Pension Trust Fund to start constructing a MK43 billion five-star hotel in Blantyre, which is expected to be completed in 3 years (*The Nation*, 6 September 2024).
8. Lotus Resources Limited, the Australian Stock Exchange-listed miner has signed agreements to supply uranium to two firms and has secured a USD15 million (about MK16 billion) loan facility to boost restart of mining operations. The firm, which is expected to start mining at Kayelekera Uranium Mine in Karonga next year, has signed an agreement with a London-based Curzon Uranium to supply uranium. (*The Nation*, 5 September 2024).

*: Reserve Bank of Malawi opening exchange rates as of 6 September 2024



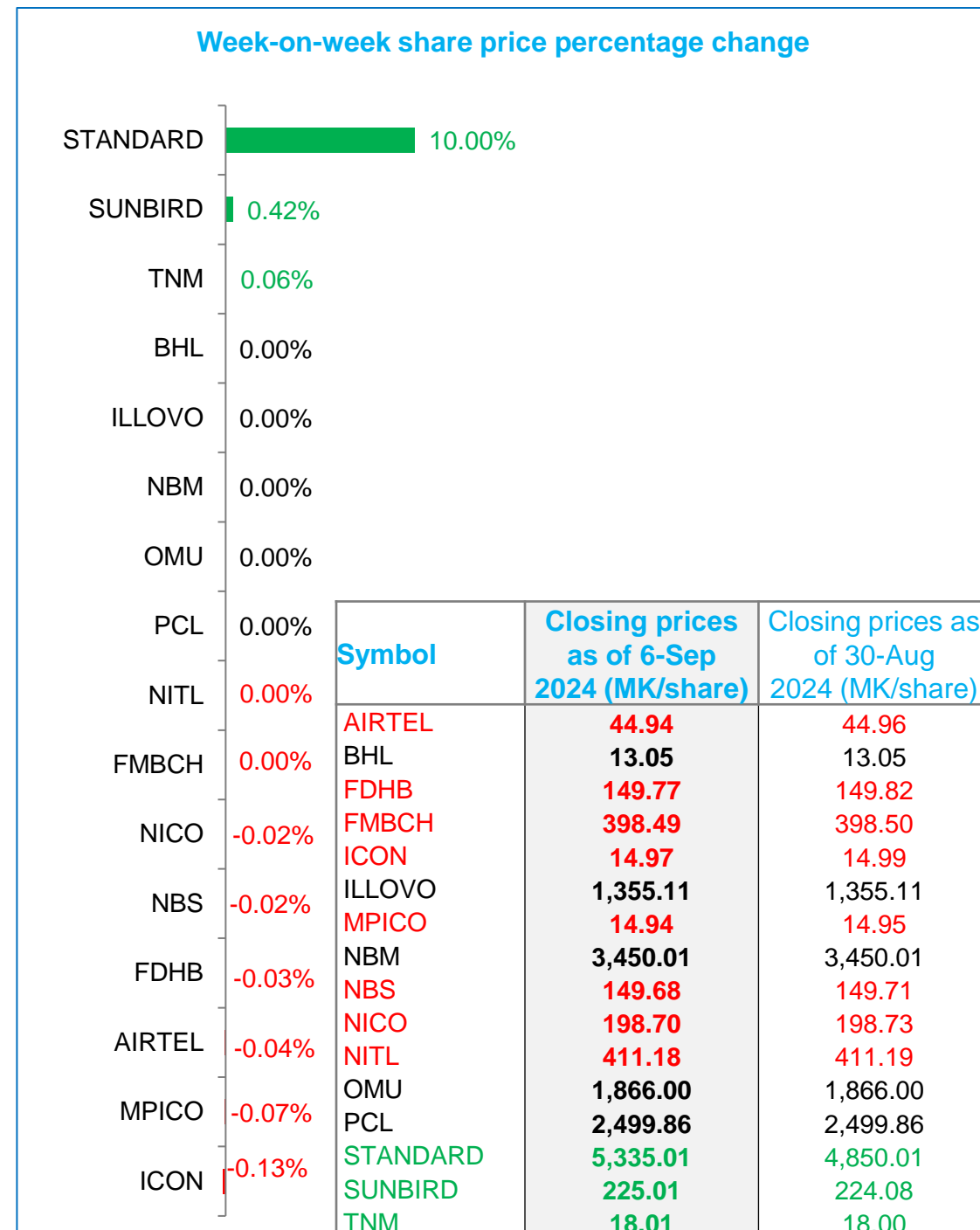
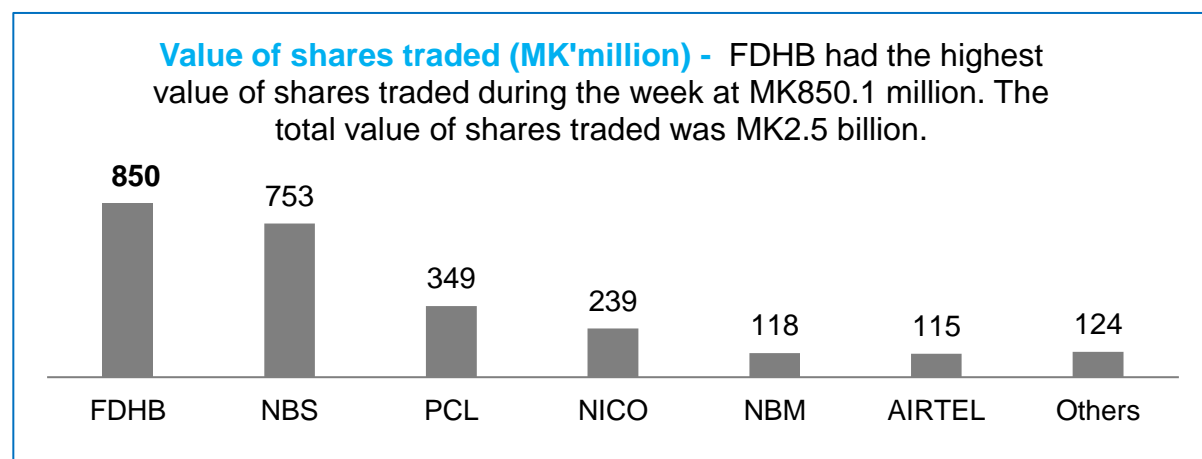
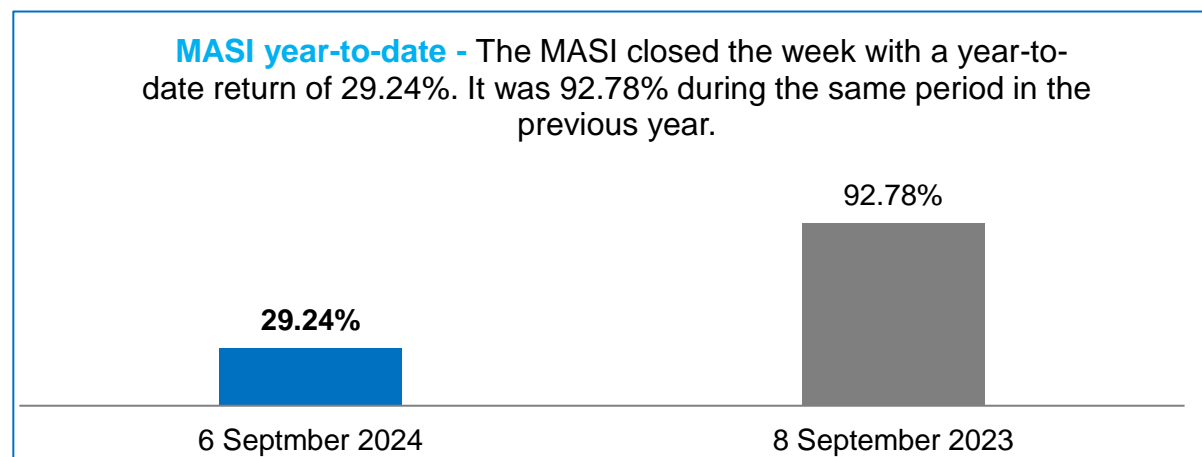
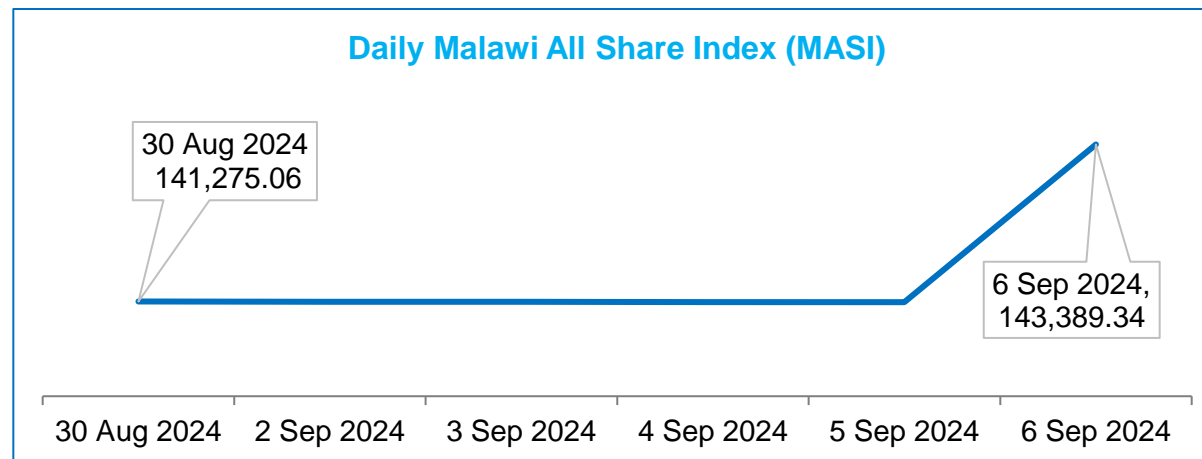
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Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 6 September 2024 at 143,389.34 points from 141,275.06 points for the week ending 30 August 2024.

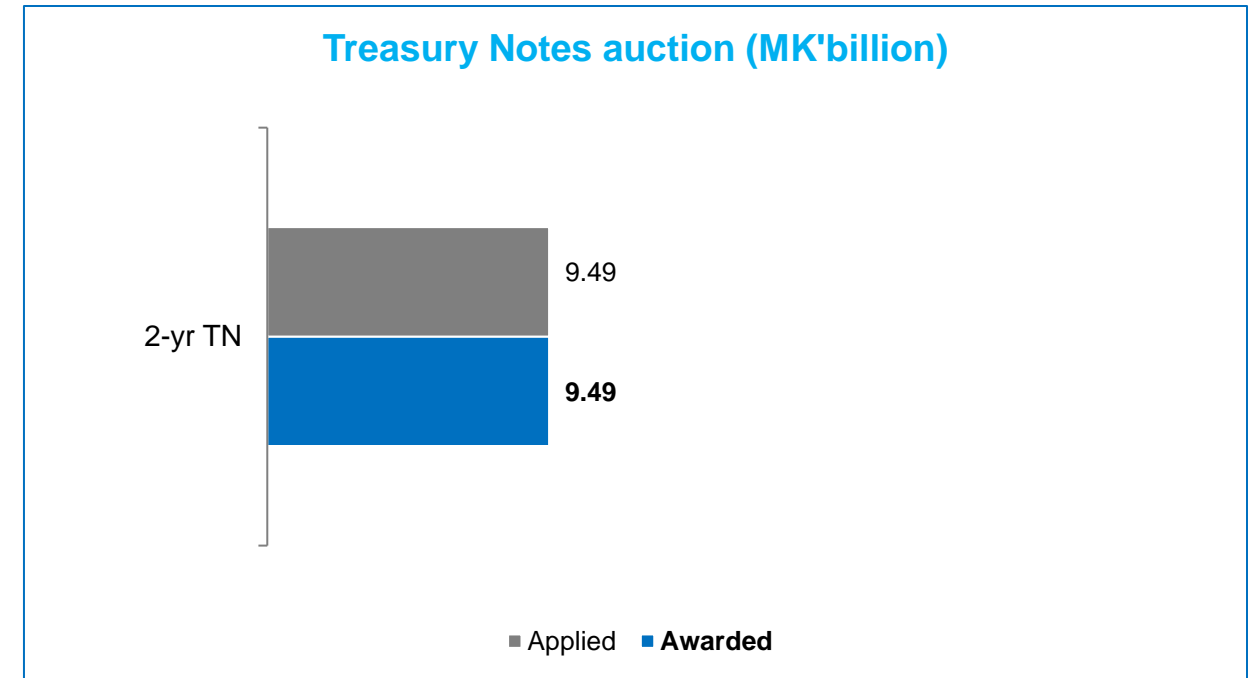
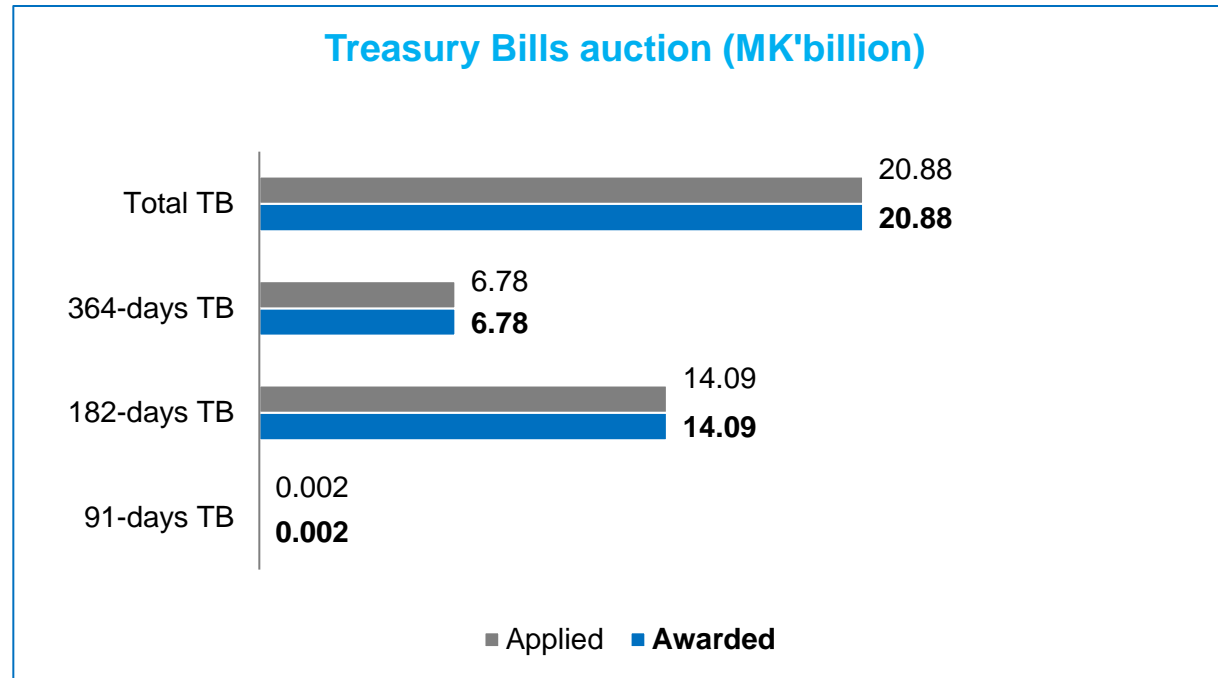
TNM disclosed that the profit after tax for the half year ending 30 June 2024 is MK2.26 billion.

The Standard Bank share price increased by 10% during the period under review.





Government securities (Source: RBM)

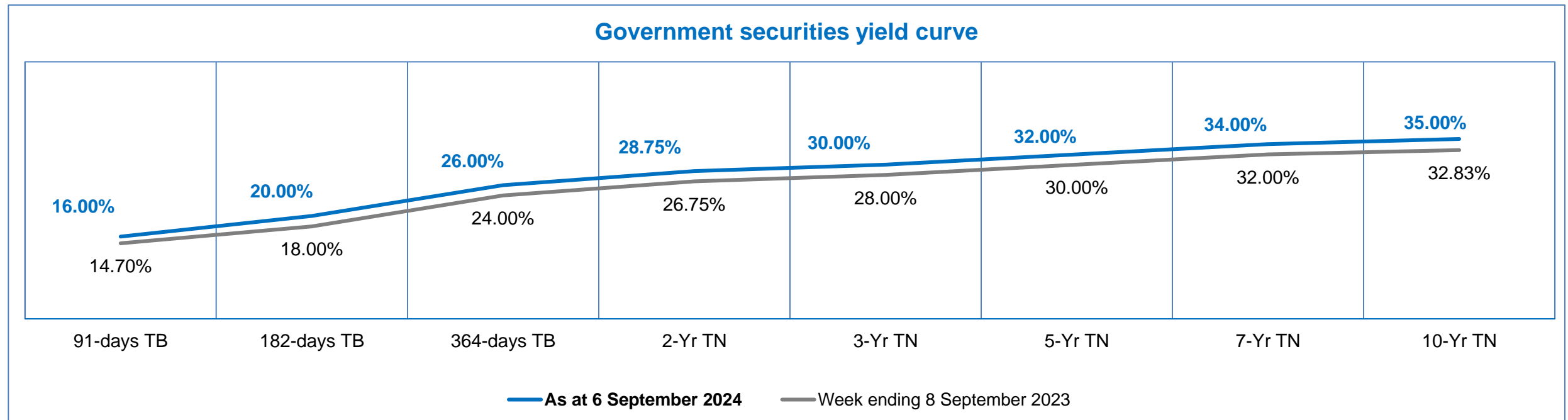


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and a 2-year Treasury Note (TNs) during the period under review.

The total amount raised from TBs was MK20.88 billion, primarily driven by the 182-day tenor.

The total amount raised from the 2-year TN was MK9.49 billion.

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

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	6-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	2,353.99*
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	1,985.53*
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	100.90*
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%	24.31%
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	143,389.34
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	111,948.97
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 6 September 2024

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