



Malawi Financial Market Update

Week ending 11 October 2024

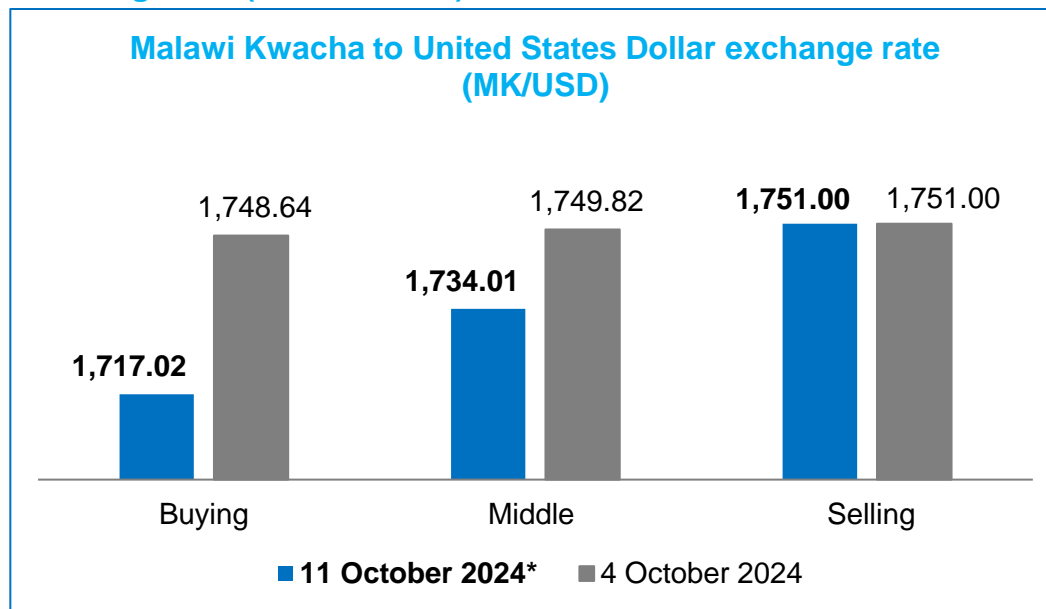


Lindian Resources Limited has signed an off-take contract with a U.S.-based company for its Kangankunde Rare Earth Project in Balaka District.

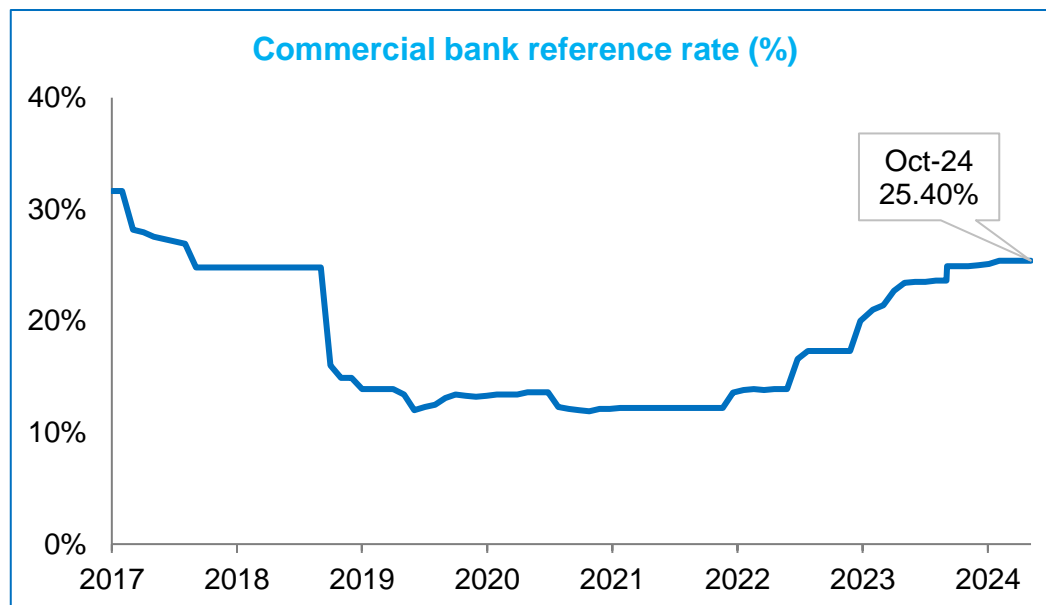
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Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi commercial bank reference rate (Source: National Bank)



What Happened This Week

- Lindian Resources Limited has signed an off-take contract with a U.S.-based company for its Kangankunde Rare Earth Project in Balaka District. Geological experts suggest that this development could allow mining activities to start within nine months. The contract includes the supply of 45,000 metric tonnes of monazite concentrate, while allowing Lindian to pursue additional sales agreements with other partners (*The Nation*, 10 October 2024).
- The Reserve Bank of Malawi (RBM) is exploring the potential benefits and implications of adopting Central Bank Digital Currencies (CBDCs). CBDC is a digital currency issued by a Central bank that holds value equivalent to the country's fiat currency. RBM says the primary goals of considering a CBDC in Malawi include promoting financial inclusion, increasing payment system efficiency, enhancing transaction safety, and potentially reducing currency printing cost. (*The Daily Times*, 11 October 2024).
- The Bankers Association of Malawi (BAM) has urged financial sector institutions to prioritize regulatory compliance. BAM emphasized that adherence to these standards is not merely a requirement but a vital aspect of their operations (*The Nation*, 7 October 2024).
- The Government of Malawi has announced that it has secured 39,354.3 metric tonnes (MT) of fertilizer, which is less than half of the 104,845 MT needed for this year's Affordable Inputs Programme (AIP). This amount represents only 38% of the total requirement. (*The Daily Times*, 8 October 2024).
- The International Monetary Fund (IMF) announced that its Managing Director met with the President of the Republic Malawi to discuss strategies for enhancing the country's growth. They reviewed progress on Malawi's debt restructuring strategy and explored macroeconomic policies and reforms outlined in Malawi's Extended Credit Facility agreement (*The Daily Times*, 8 October 2024).

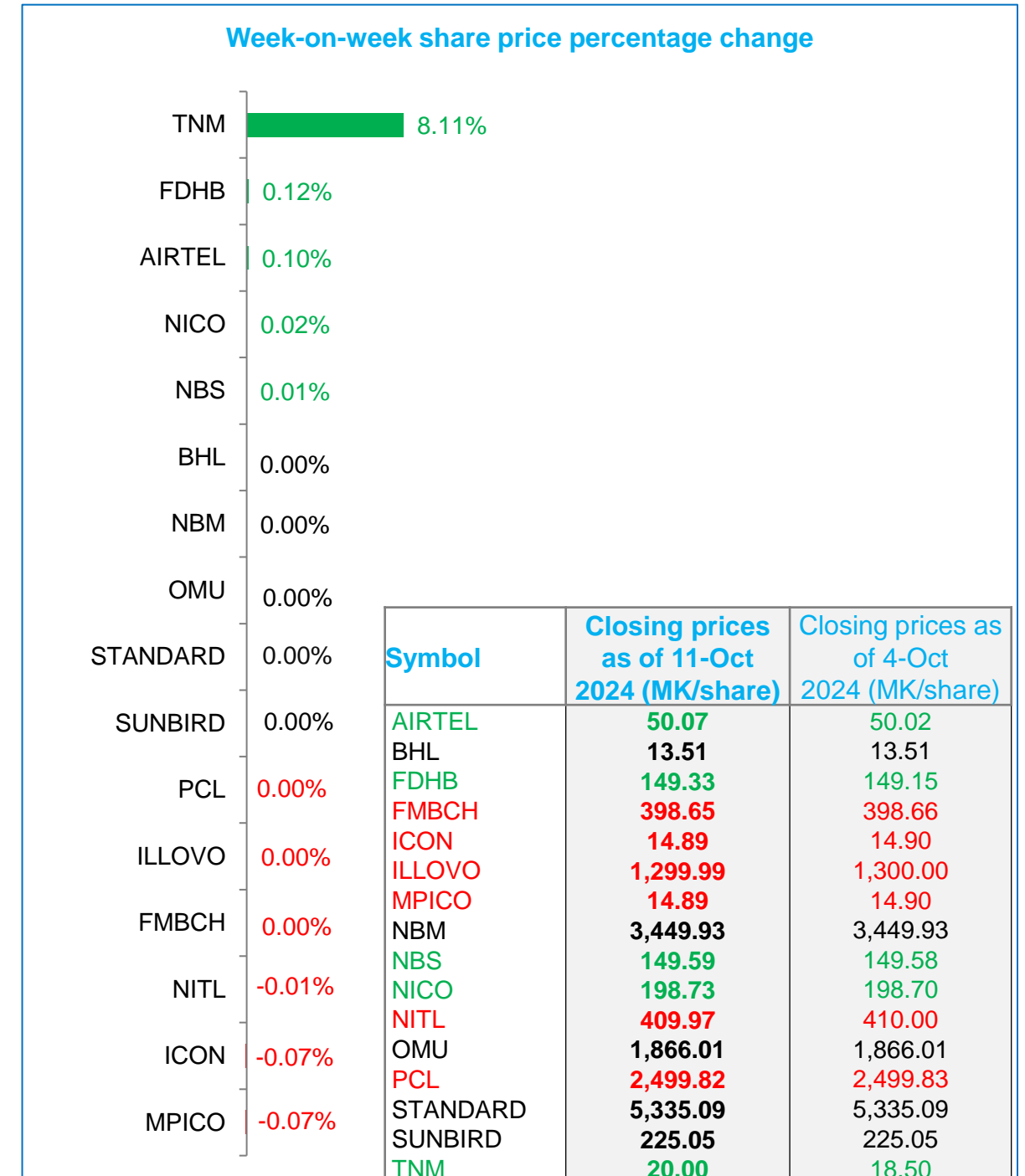
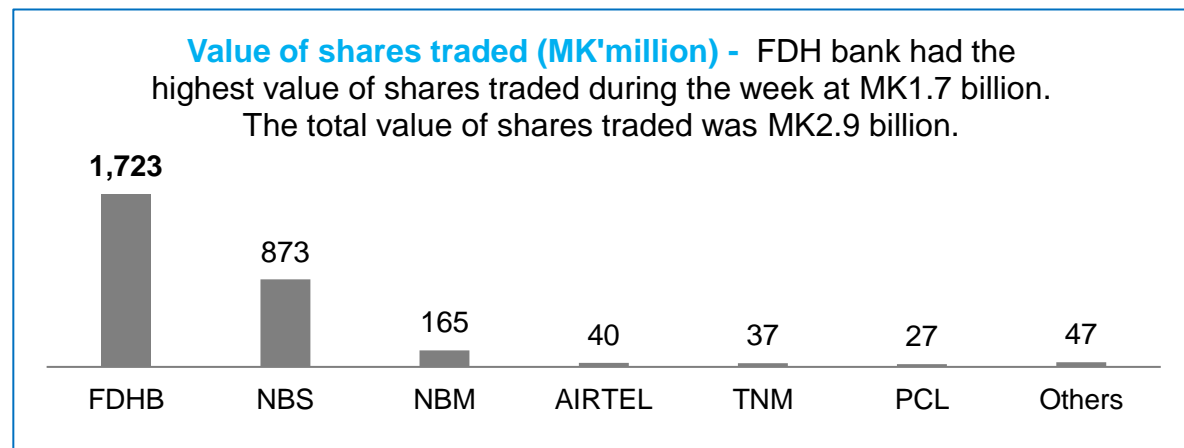
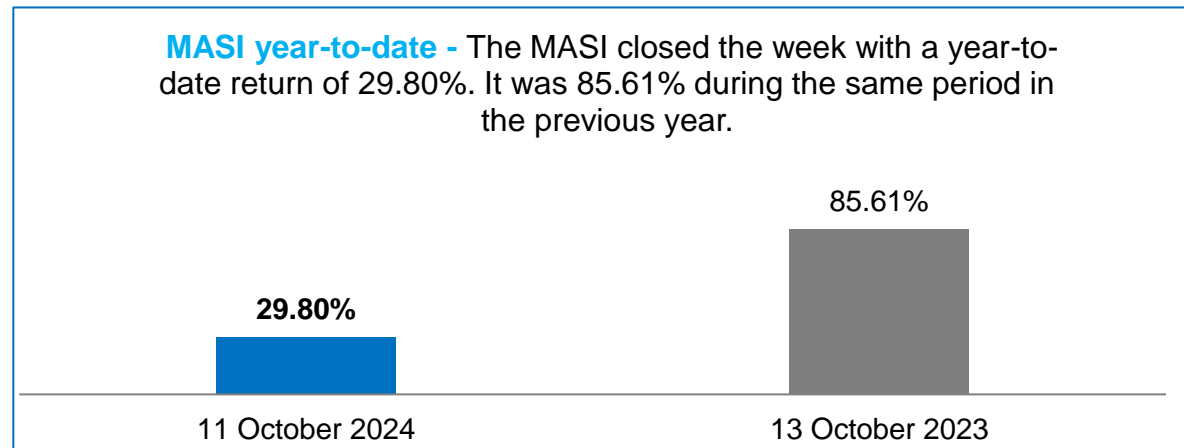
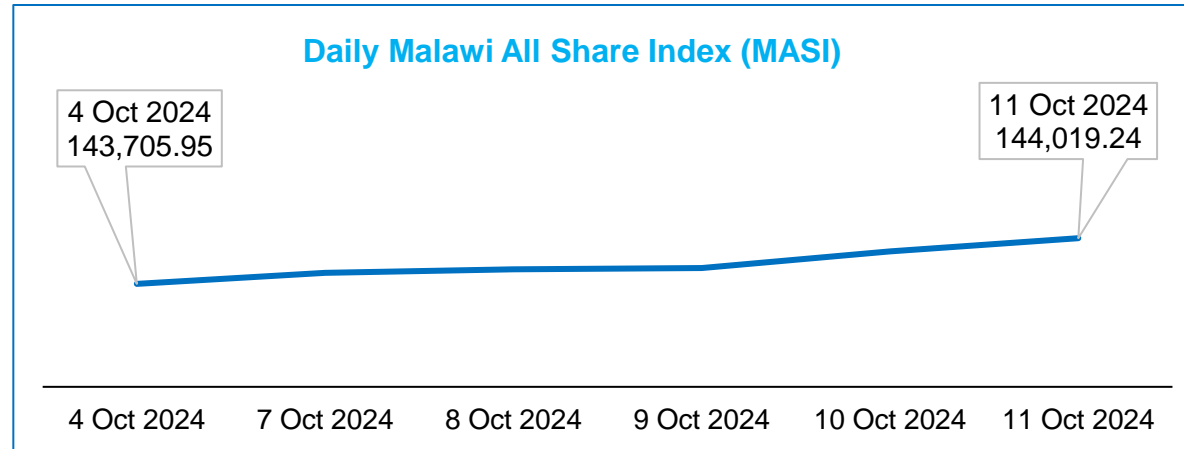
*: Reserve Bank of Malawi opening exchange rates as of 11 October 2024



Malawi Financial Market Update: Week ending 11 October 2024

The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 11 October 2024 at 144,019.24 points from 143,705.95 points for the week ending 4 October 2024 primarily driven by TNM plc.

Stock market (Source: MSE)





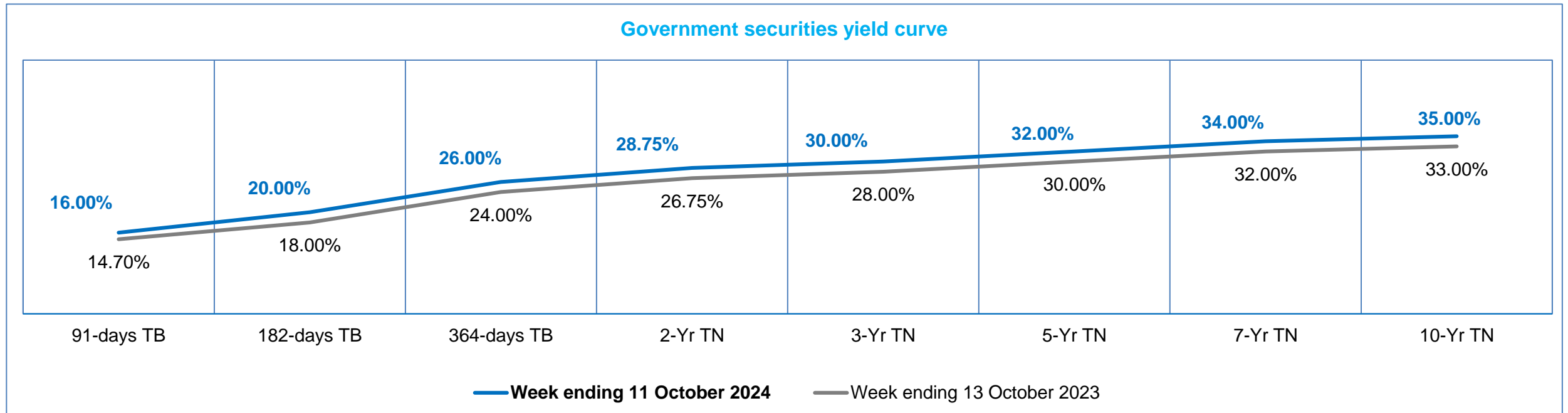
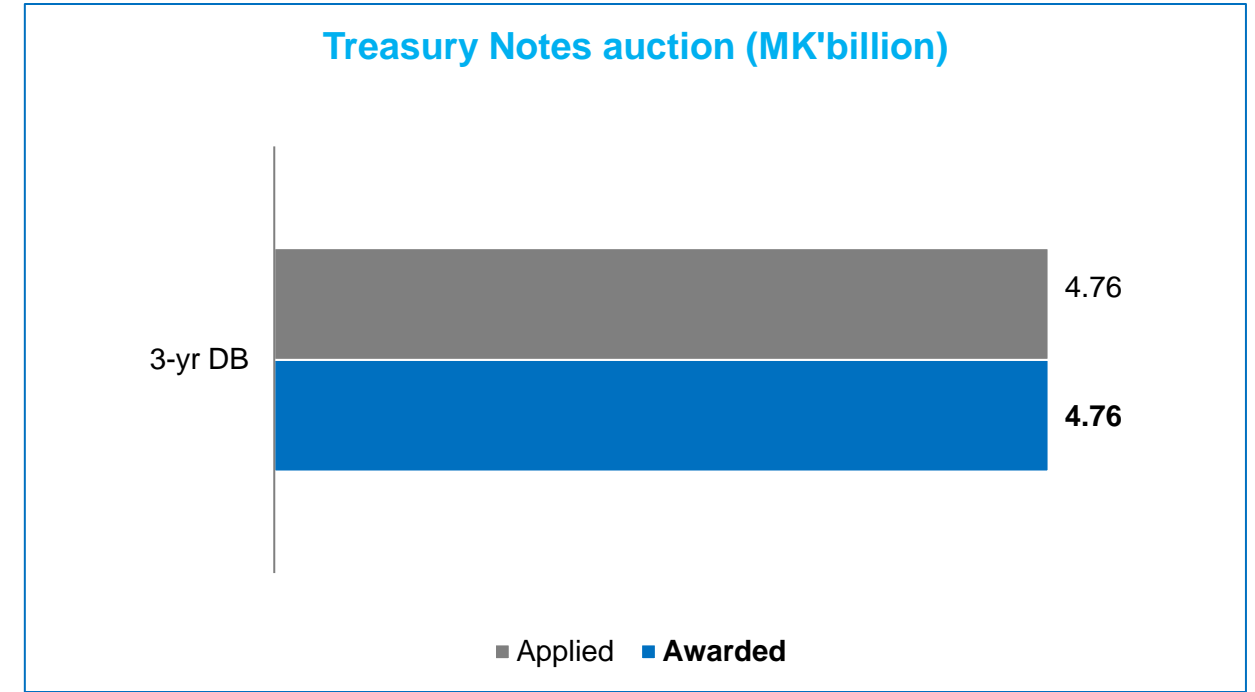
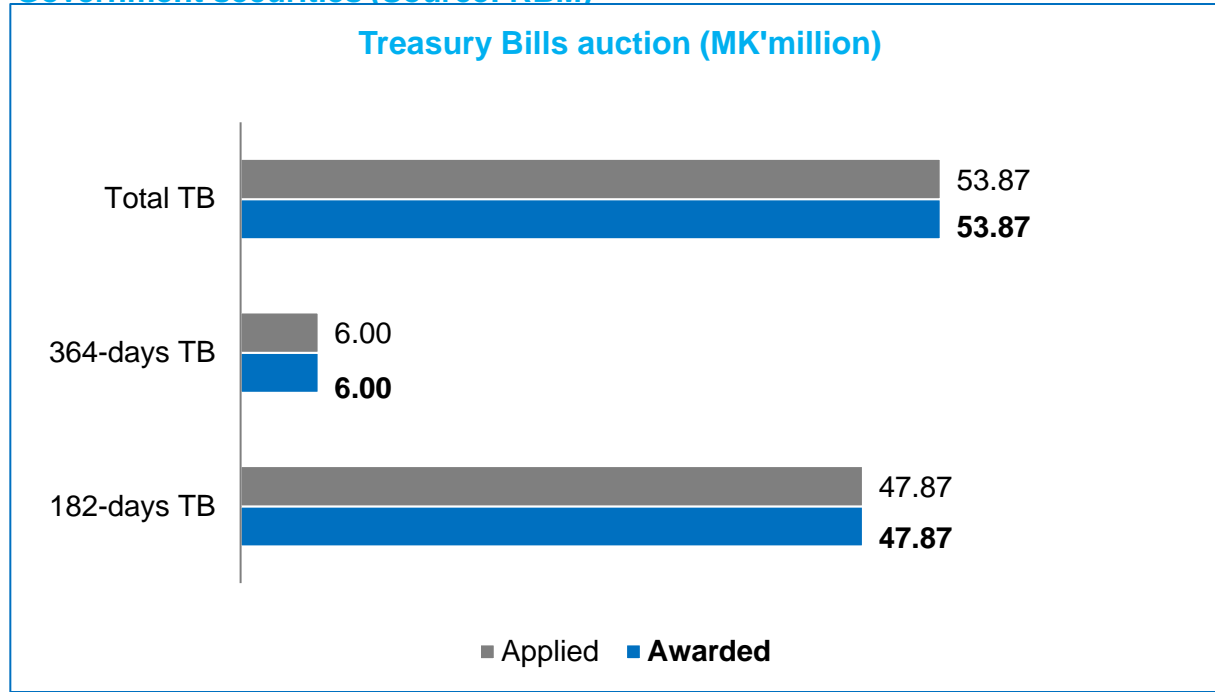
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and a 3-year Development Bond (DB) during the period under review.

The total amount raised from the TBs was MK53.87 million, primarily driven by the 182-day tenor.

The total amount raised from the 3-year DB was MK4.76 billion.

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



TB: Treasury Bill
DB: Development Bond



Appendix 1: Historical Economic Indicators

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	11-Oct-24
Exchange rates (middle rates)														
MK/USD	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	1,750.37	1,734.01*
MK/GBP	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	2,411.29	2,330.41*
MK/EUR	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	2,003.14	1,952.67*
MK/ZAR	60.67	63.95	92.72	93.54	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.99*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	652.14	566.2	578.40	675.58	576.70	540.32	552.94	603.07	610.18	591.51	572.02	549.85	N/A	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation														
Headline	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	N/A	N/A
Food	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	N/A	N/A
Non-food	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	N/A	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%
Lombard Rate	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%	26.20%
Commercial Bank Reference Rate	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%	25.40%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Stock Market Indices														
MASI	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	142,686.97	144,019.24
DSI	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	111,316.63	112,503.26
FSI	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	19,983.22	19,981.73

*: Reserve Bank of Malawi opening exchange rates (middle) as of 11 October 2024

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