



Malawi Financial Market Update

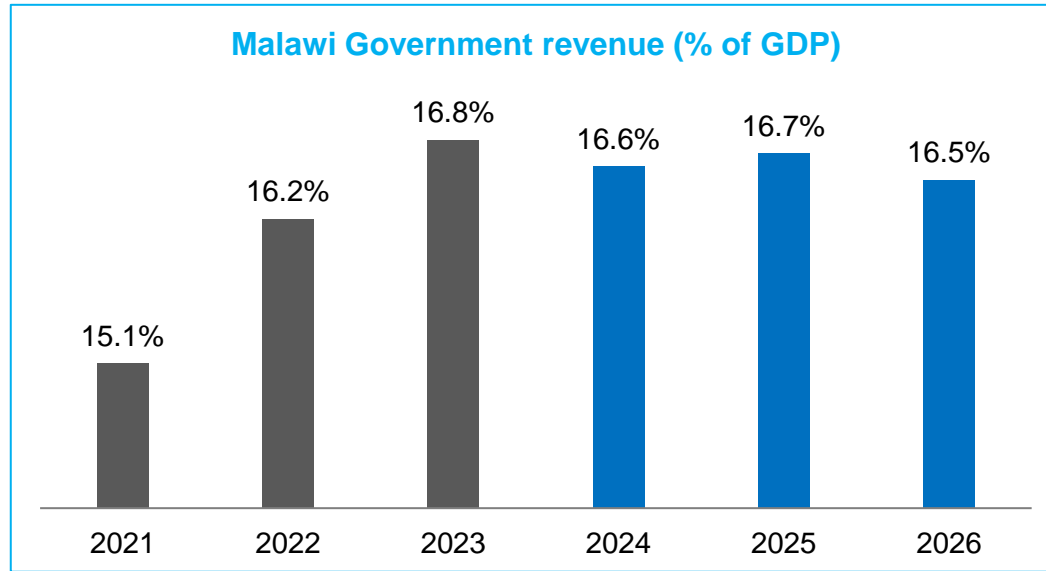
Week ending 25 October 2024



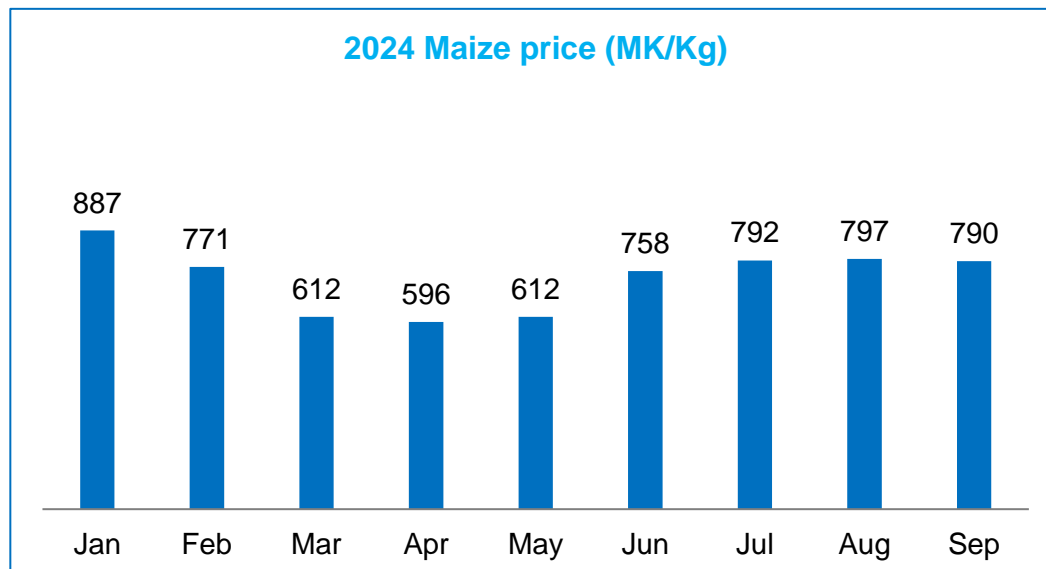
The International Monetary Fund (IMF) has predicted that the local economy will grow by 4% in 2025, up from 1.8% in 2024.

Malawi Financial Market Update: Week ending 25 October 2024

Malawi Government revenue (Source: World Bank - Macro Poverty Outlook)



Malawi maize price (Source: IFPRI)



What Happened This Week

1. The International Monetary Fund (IMF) has predicted that the local economy will grow by 4% in 2025, up from 1.8% in 2024. Economists based in Scotland suggest that this forecast indicates a potential rebound in key sectors such as agriculture, services, and industry, which could drive overall economic performance. Additionally, sustaining this growth will require sound fiscal management, policy reforms, and investments in infrastructure to promote long-term economic stability (*The Daily Times*, 24 October 2024).
2. According to the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), tea production has decreased in the third quarter of 2024 to 5.5 million kilograms (Kgs) from 12.6 million Kgs in the second quarter. In response, the Tea Research Foundation is promoting the use of appropriate planting materials to sustain or boost production (*MCCCI Economic and Business Review*, 3rd quarter 2024).
3. Malawi and Mozambique have signed a landmark Simplified Trade Regime (STR) agreement under the Southern African Development Community Trade Protocol. This agreement aims to facilitate trade for small-scale cross-border traders and empower them to compete on regional and global levels. The Ministry of Industry and Trade has urged agencies such as the Malawi Revenue Authority and the Immigration Department to implement streamlined procedures for traders crossing the border (*The Nation*, 21 October 2024).
4. The Reserve Bank of Malawi (RBM) says it is anticipating a decline in the country's inflation over the coming months. According to the RBM Deputy Governor, the bank is collaborating with the Ministry of Finance and the Ministry of Agriculture to implement a coordinated action plan aimed at addressing inflationary pressures (*The Daily Times*, 21 October 2024).
5. The Malawi Revenue Authority (MRA) is collaborating with three ministries, departments, and agencies to develop strategies aimed at increasing Value Added Tax (VAT) revenue and enhancing voluntary tax compliance. This initiative is part of the MRA's efforts to secure an USD80 million grant from the World Bank's International Development Association, which will be used to strengthen fiscal governance in Malawi (*The Daily Times*, 25 October 2024).
6. The National Oil Company of Malawi (Nocma) has announced that it has obtained a USD37 million facility from the Arab Bank for Economic Development to support fuel imports. Nocma stated that this funding will enable the authorities to settle a MK67 billion debt owed to fuel suppliers, thereby enhancing the fuel supply situation in the country (*The Daily Times*, 22 October 2024).
7. According to RBM, private sector credit decreased by 2.4 percentage points, falling to 26.8% in August 2024, down from 29.2% in July. Meanwhile, the public sector continues to dominate the credit market, increasing by MK280.2 billion to reach MK5.2 trillion (*RBM Monthly Economic Review*, August 2024).

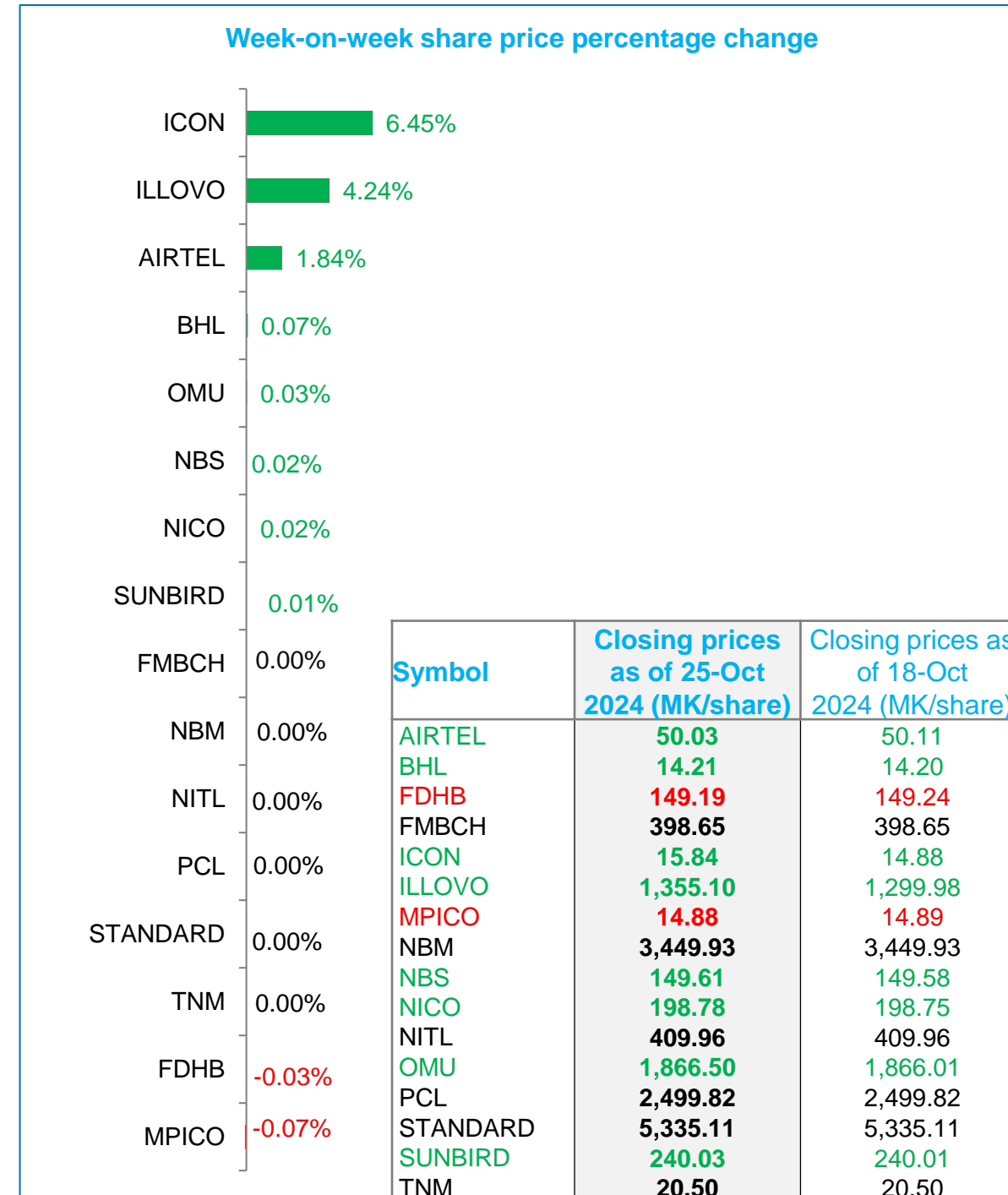
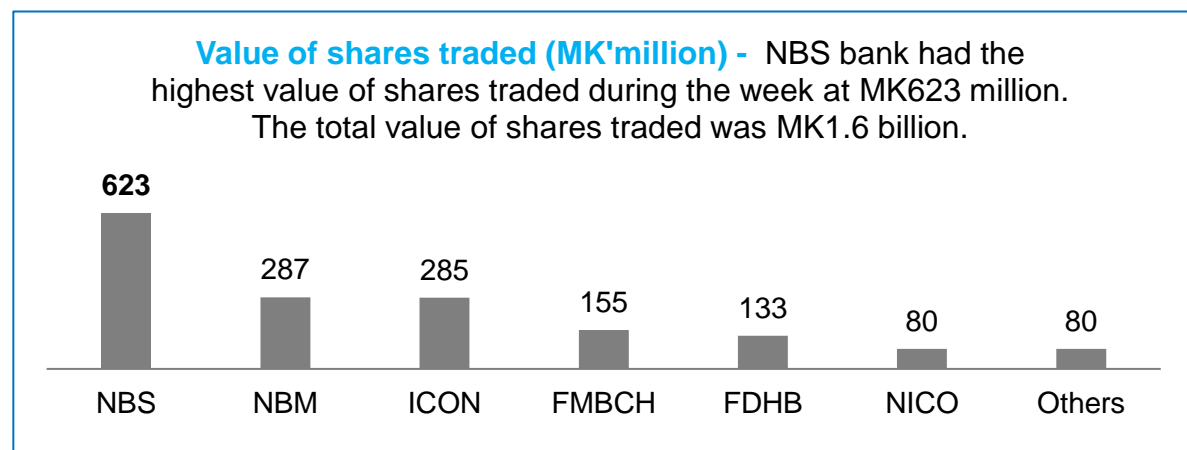
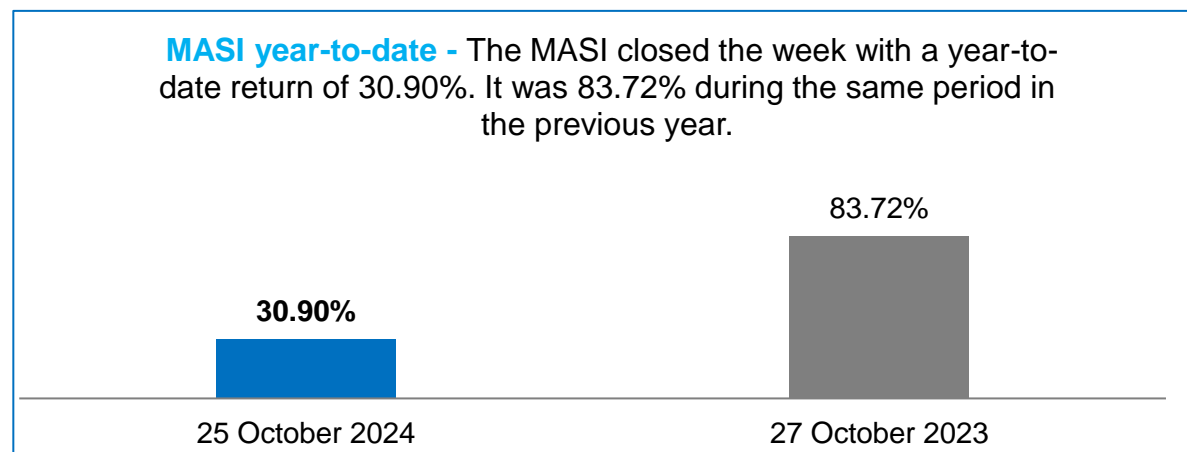
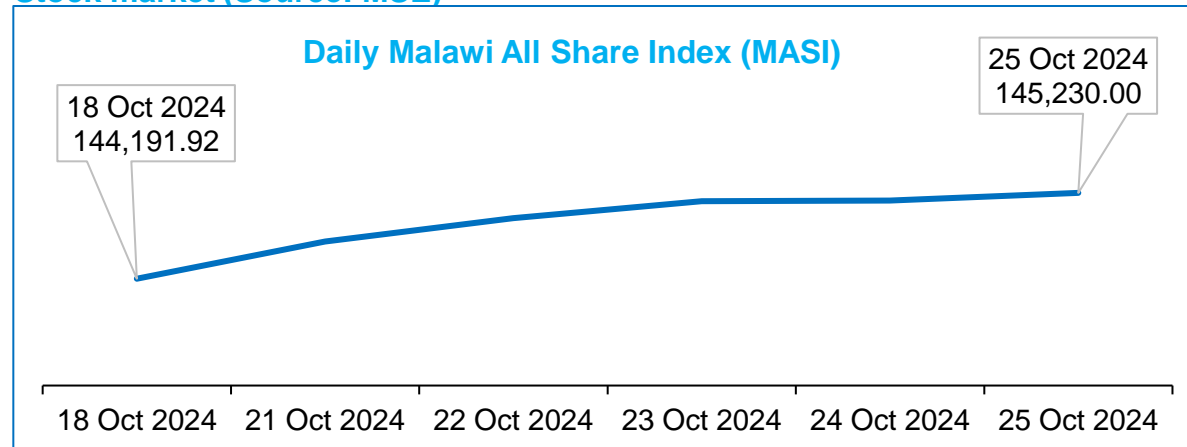


Malawi Financial Market Update: Week ending 25 October 2024

The stock market was slightly bullish with the Malawi All Share Index (MASI) closing the week ending 25 October 2024 at 145,230.00 points from 144,191.92 points for the week ending 18 October 2024.

This was primarily driven by 6.45% and 4.24% share price gains for ICON and ILLOVO respectively.

Stock market (Source: MSE)





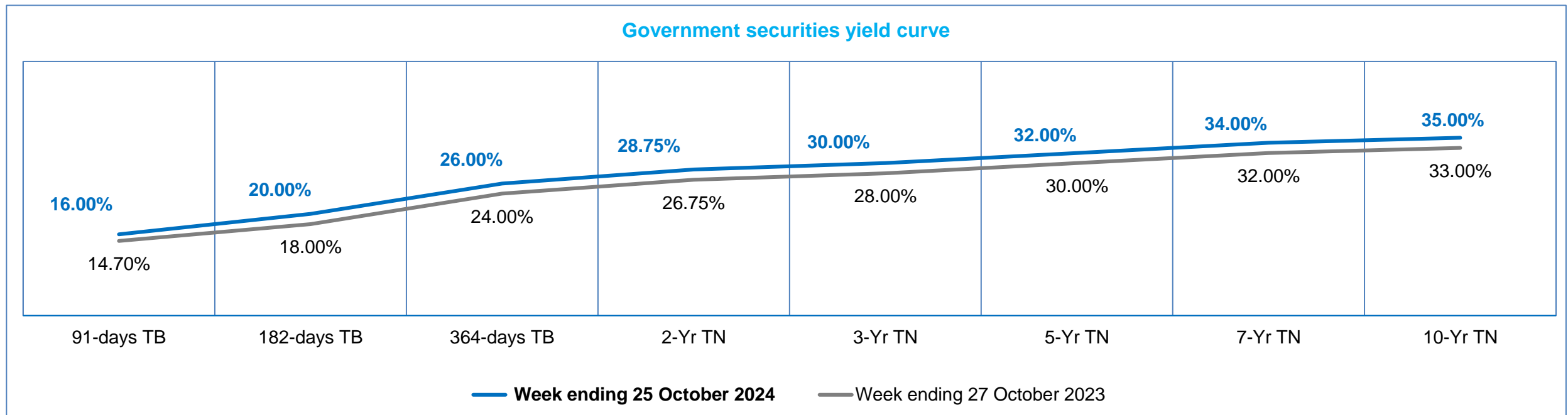
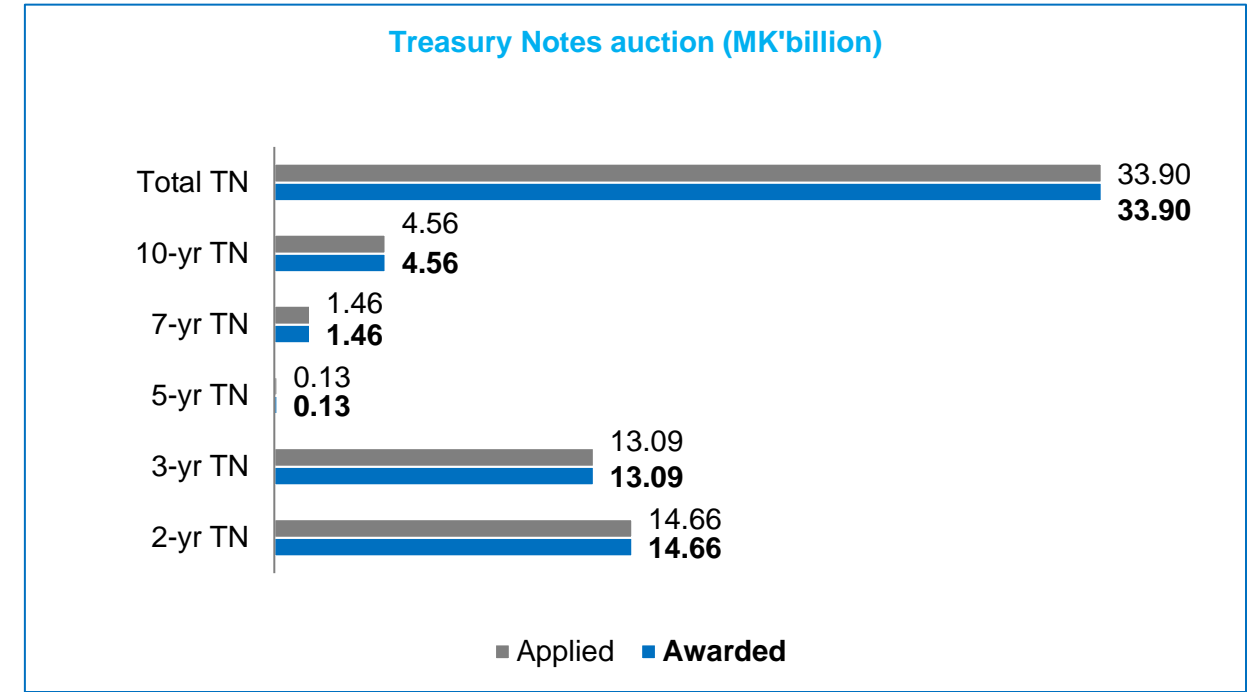
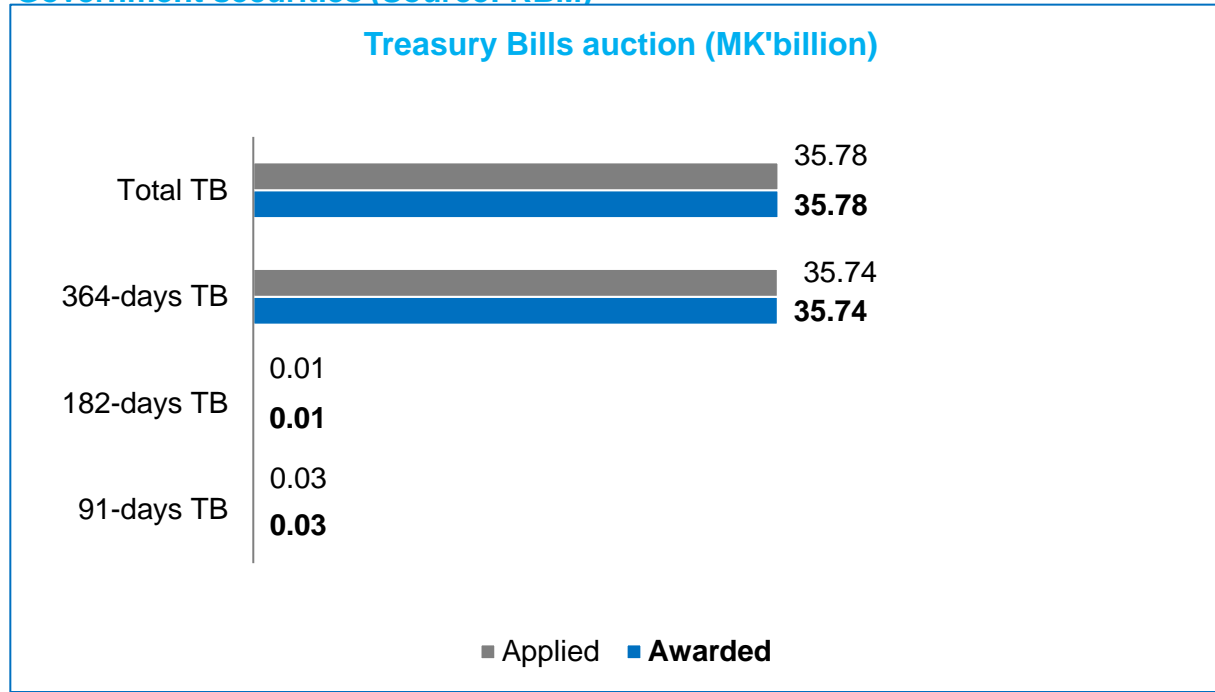
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

The total amount raised from the TBs was MK35.78 billion, primarily driven by the 364-day tenor.

The total amount raised from the TNs was MK33.90 billion, primarily driven by the 2-year and 3-year tenor.

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

Government securities (Source: RBM)



TB: Treasury Bill
TN: Treasury Note



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 | 25-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 | 2,316.13* |
| 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 | 1,932.67* |
| 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 | 100.96* |
| 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% | 34.3% | 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% | 43.5% | 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% | 21.8% | 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% |
| Year-to-date Return | | | | | | | | | | | | | | |
| MASI | 90.90% | 83.72% | 81.81% | 78.85% | 4.25% | 1.88% | 2.96% | 2.95% | 4.03% | 9.15% | 16.26% | 27.33% | 28.60% | 30.90% |
| DSI | 75.53% | 76.48% | 74.35% | 69.99% | 0.03% | -2.21% | 0.47% | 0.46% | 1.68% | 7.63% | 14.76% | 27.45% | 28.90% | 31.52% |
| FSI | 268.57% | 167.39% | 168.05% | 181.28% | 33.77% | 30.43% | 20.39% | 20.39% | 20.38% | 19.75% | 26.76% | 26.48% | 26.54% | 26.53% |

*: Reserve Bank of Malawi opening exchange rates (middle) as of 25 October 2024

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

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

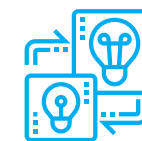
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**