



Malawi Financial Market Update

Week ending 4 October 2024

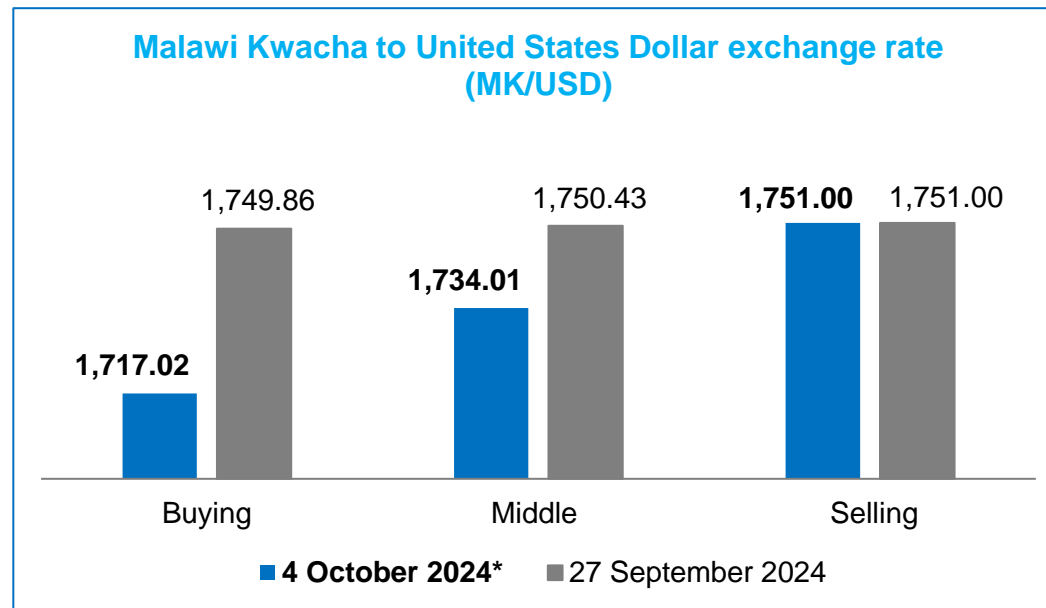


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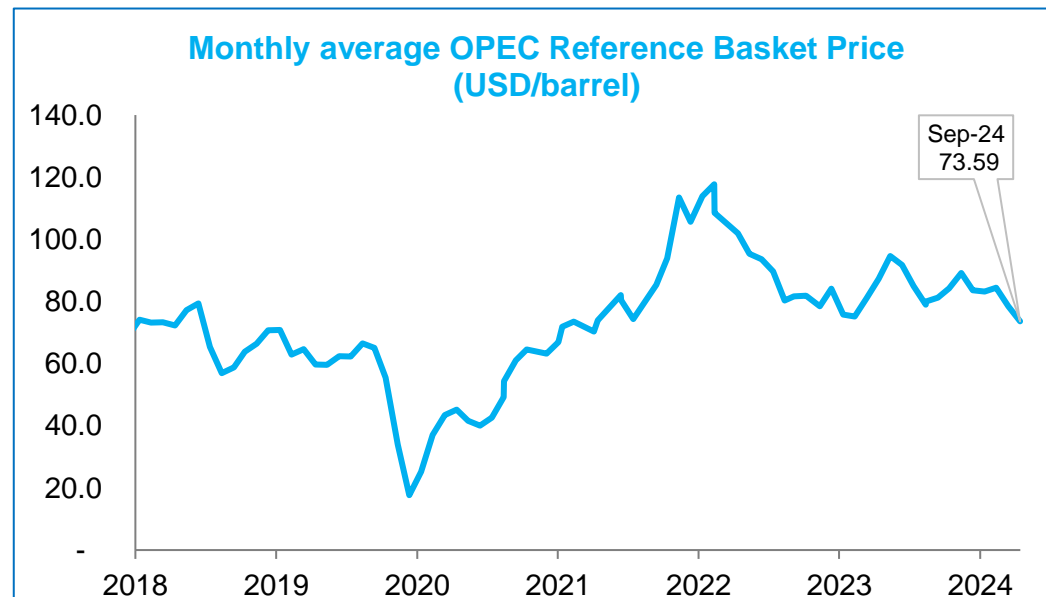
Malawi Financial Market Update: Week ending 4 October 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Monthly average OPEC Reference Basket Price (Source: OPEC)



What Happened This Week

1. The Reserve Bank of Malawi (RBM) is set to engage a firm to supply and implement an AI-based cybersecurity solution known as Dark Trace. Cybersecurity experts view this initiative as a significant advancement, highlighting AI's ability to analyze vast amounts of data in real time to detect unusual behaviours and patterns, thereby enhancing threat identification and response efficiency (*The Daily times, 2 October 2024*).
2. ILLOVO Sugar (Malawi) plc has raised the price of sugar by 11.5%, bringing the cost of a one-kilogram packet to MK2,600, effective October 1, 2024. The company emphasizes that the change is necessary to maintain their commitment to providing quality sugar to the market, citing ongoing cost inflation in its supply chain, including increases in essential raw materials and services, as the reasons for this price adjustment (*The Nation, 2 October 2024*).
3. The World Bank says it is committed to support the Shire Valley Transformation Programme, which seeks to enhance the agricultural sector in the Shire Valley district of Chikwawa. Running until 2031, the project aims to benefit 13 farmer cooperatives. While the initiative is valued at USD223 million, it currently faces a funding shortfall of USD150 million (*The Nation, 4 October 2024*).
4. The RBM's July economic review indicated a government surplus of MK13.8 billion. This surplus was driven by a 76% rise in tax revenue, a 69% increase in non-tax revenue, and a substantial MK110 billion boost in grants. The surplus is expected to support key areas like social programs and infrastructure development (*Monthly Economic Review, July 2024*).
5. The Deposit Insurance Corporation is set for its official launch next week. This corporation is a joint venture between the RBM, which holds a 60% shareholding, and the Malawi Government, with a 40% shareholding. Established under the Deposit Insurance Corporation Act of 2022, it aims to protect depositors from the risk of losing eligible deposits due to a bank's failure or closure (*The Daily Times, 1 October 2024*).
6. The Agricultural Development and Marketing Corporation (ADMARC) has been urged by consumers to lower its maize prices, as it currently sells maize at MK790 per kilogram, which is nearly the same as market vendors. However, ADMARC defends its pricing, stating that it aligns with current market trends (*The Nation, 1 October 2024*).

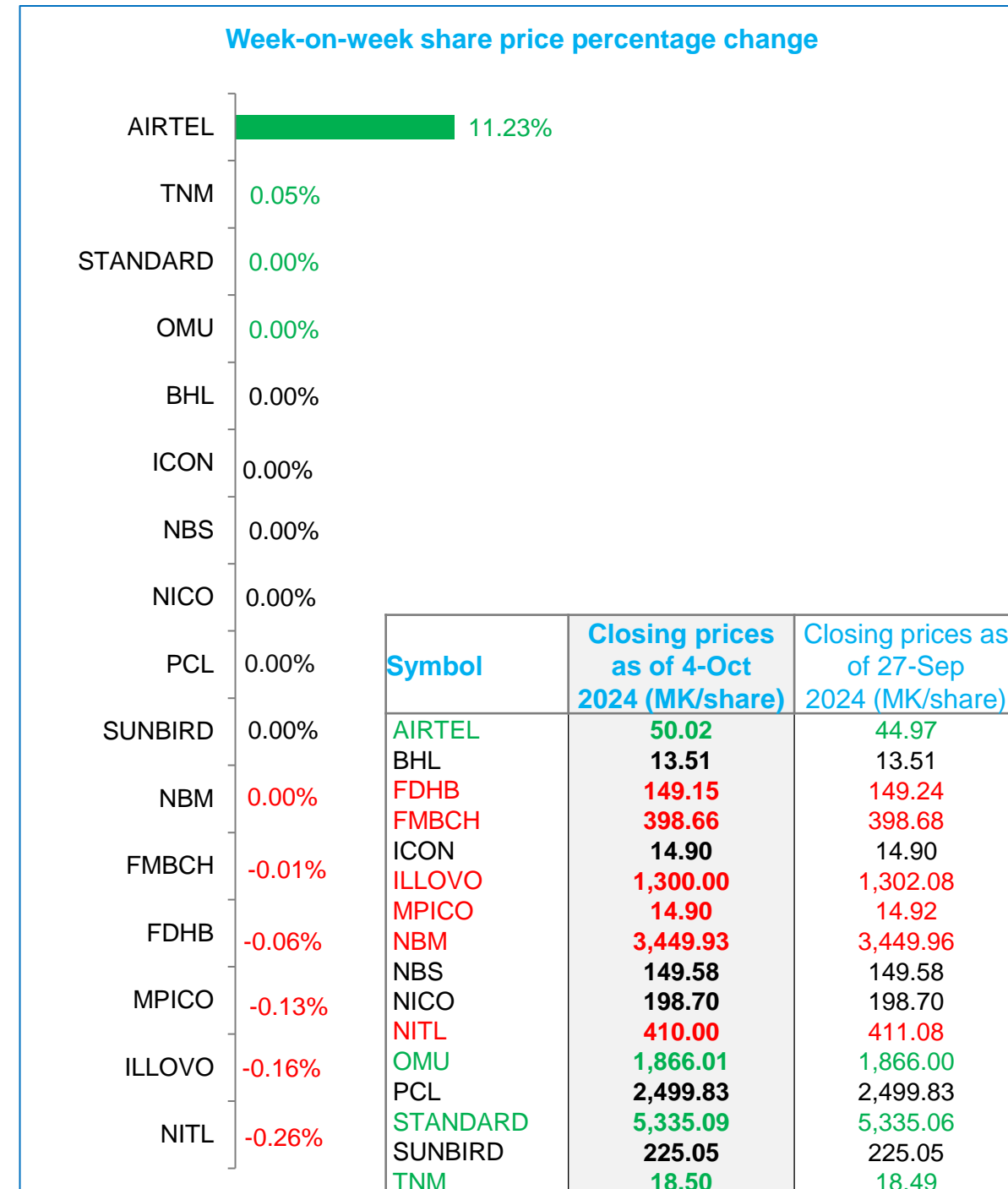
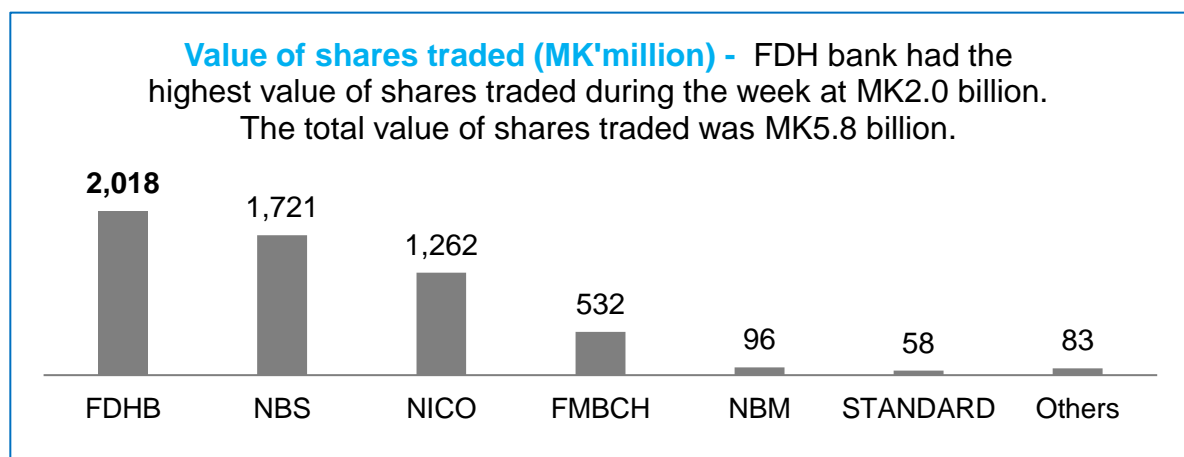
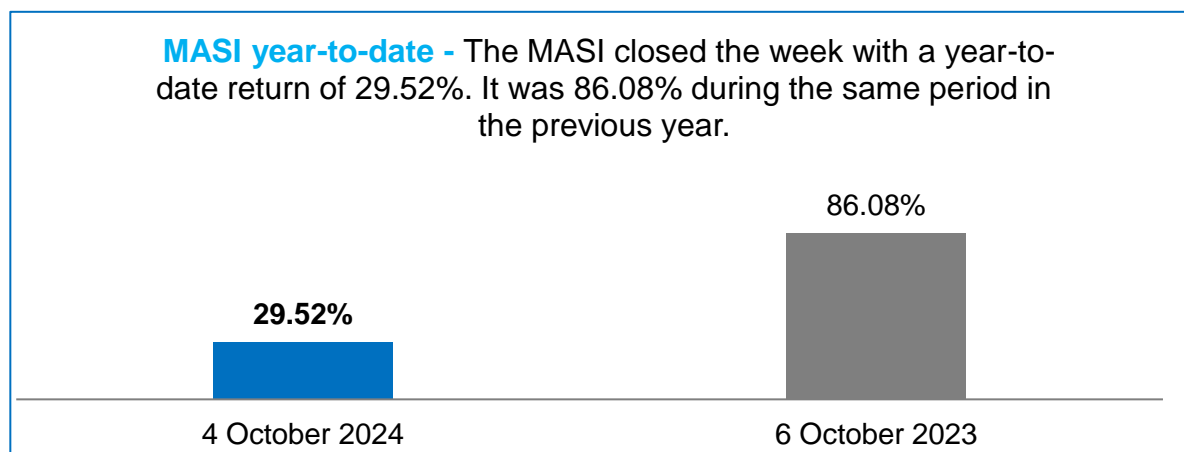
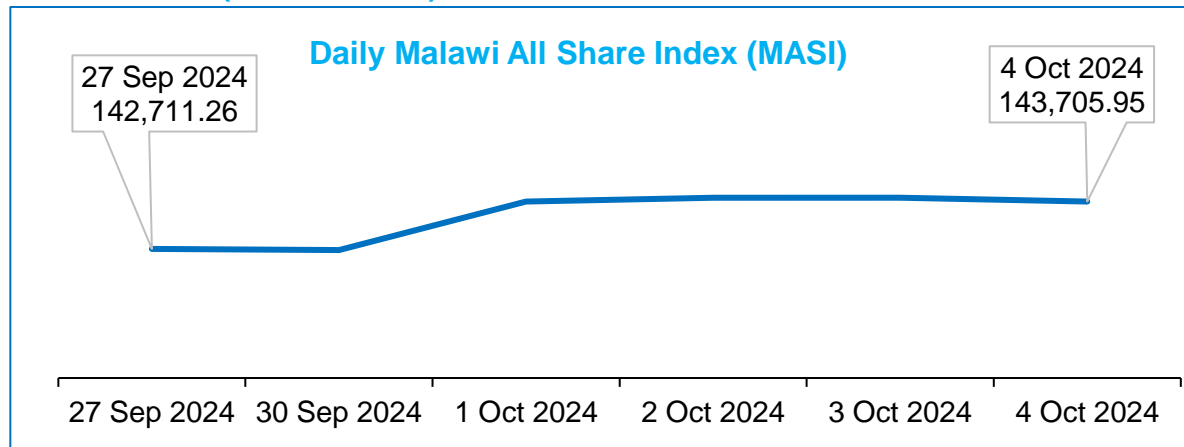
*: Reserve Bank of Malawi opening exchange rates as of 4 October 2024



The stock market was bullish with the Malawi All Share Index (MASI) closing the week ending 4 October 2024 at 143,705.95 points from 142,711.26 points for the week ending 27 September 2024.

Malawi Financial Market Update: Week ending 27 September 2024

Stock market (Source: MSE)





Malawi Financial Market Update: Week ending 4 October 2024

Government securities (Source: RBM)

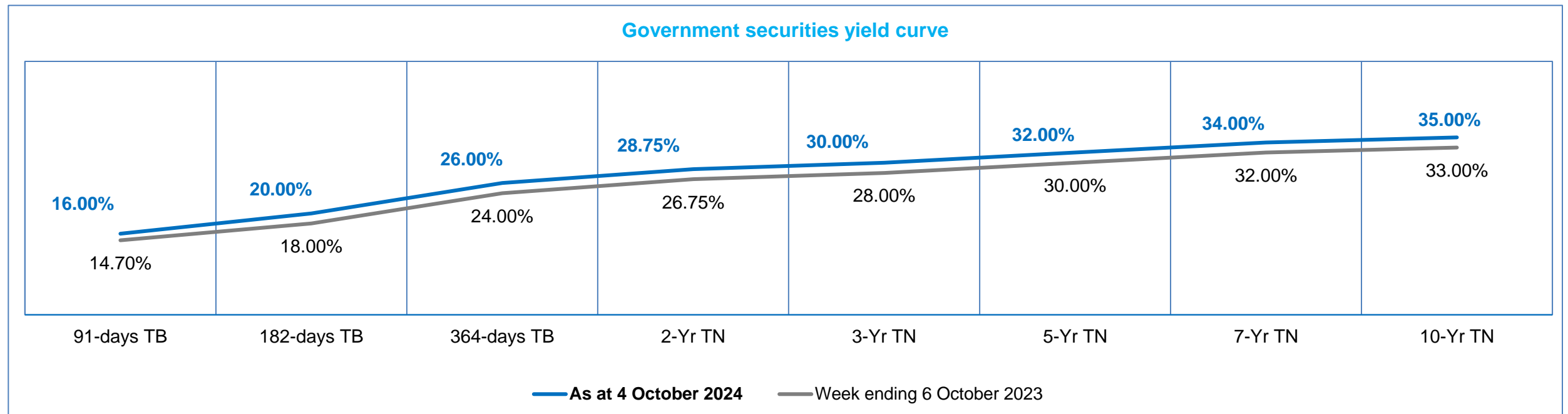
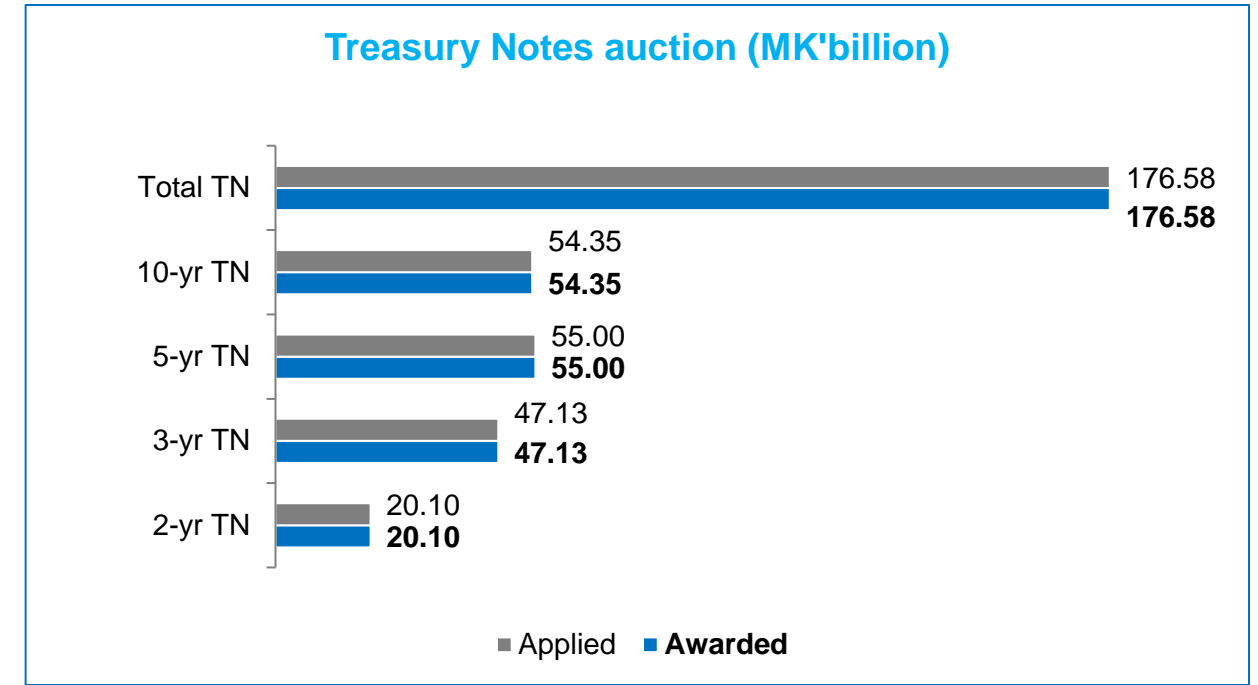
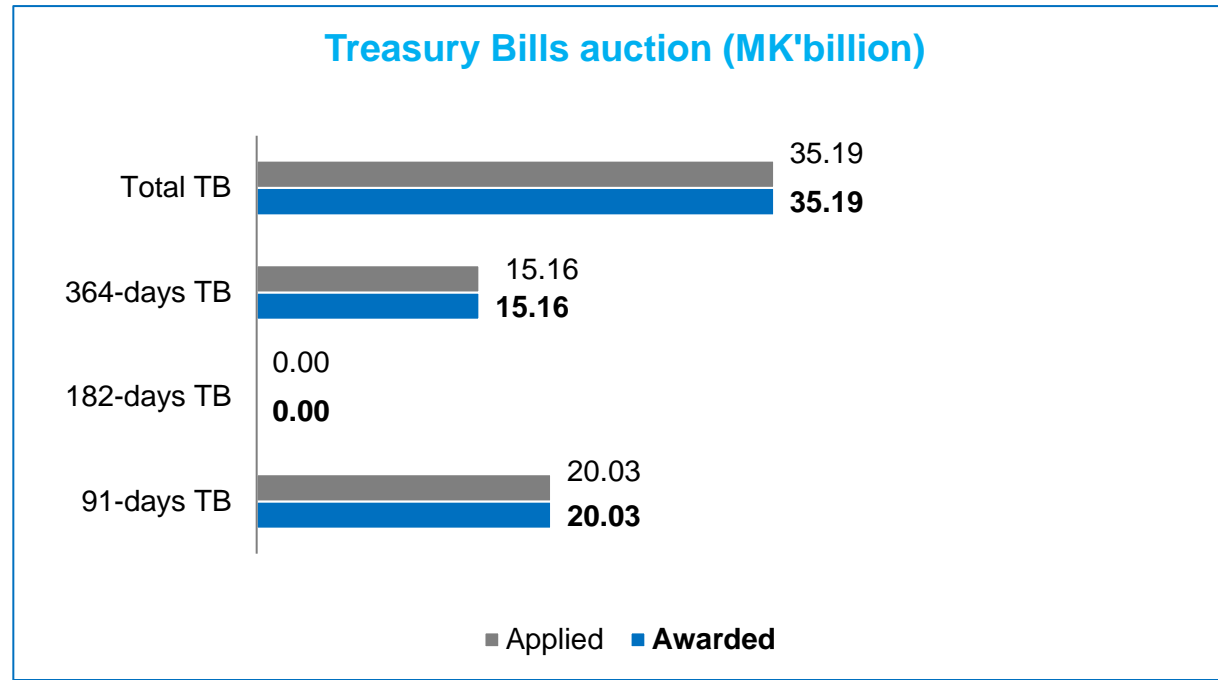
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs), Treasury Notes (TN), and OMO Repo during the period under review.

The total amount raised from TBs was MK35.19 billion, primarily driven by the 91-day tenor and the 364-day tenor.

The total amount raised from the TNs was MK176.58 billion, primarily driven by 5-year and 10-year tenor.

During the OMO Repo auction, MK6 billion was withdrawn from the market.

The average TB, TN, and OMO Repo yields maintained at 20.67%, 31.95%, and 26% during the period under review.



TB: Treasury Bill
TN: Treasury Note

OMO: Open Market Operations
Repo: Repurchase



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	4-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	2,345.95*
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	1,969.99*
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	102.47*
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	143,705.95
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	111,224.10
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	19,982.23

*: Reserve Bank of Malawi opening exchange rates (middle) as of 4 October 2024

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