



Malawi Financial Market Update

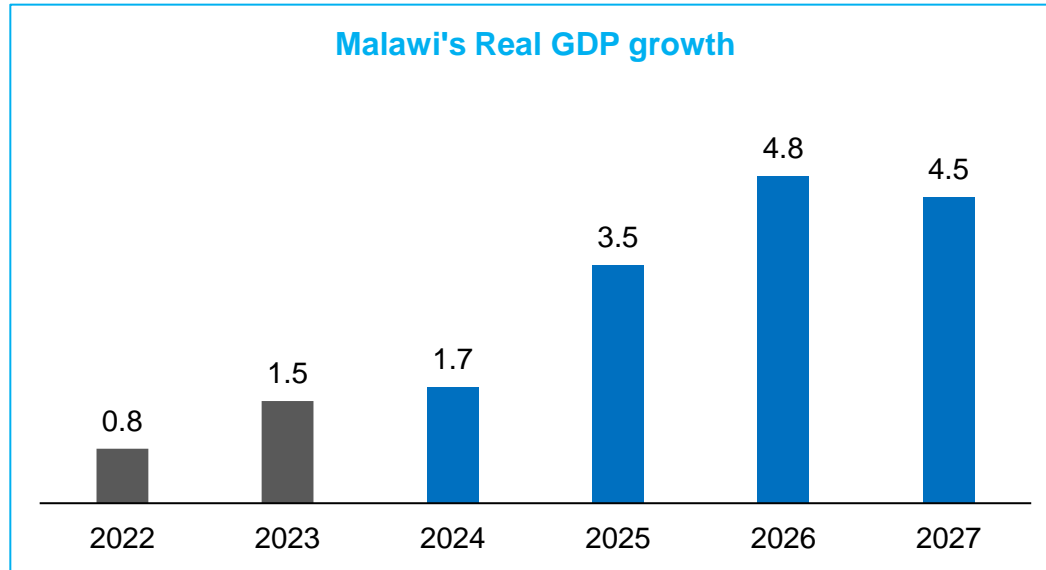
Week ending 1 November 2024



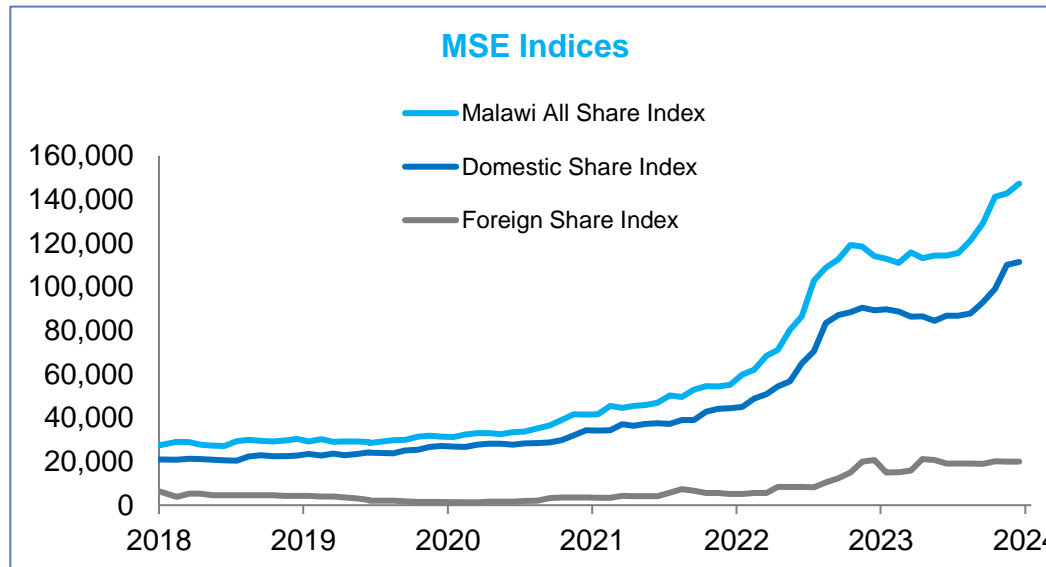
Millennium Challenge Account Malawi II (MCA-M II) has signed agreements with key partners to implement the USD350 million transport component of its compact. Construction is scheduled to begin in 2025.

Malawi Financial Market Update: Week ending 1 November 2024

Malawi's Real GDP growth (Source: Oxford Economics – Malawi Economic Forecast)



Malawi Stock Exchange (MSE) indices (Source: MSE)



What Happened This Week

1. Millennium Challenge Account Malawi II (MCA-M II) has signed agreements with key partners to implement the USD350 million transport component of its compact. This initiative aims to improve over 300 kilometres of roads along four key routes. Construction is set to begin in 2025 and is expected to be completed within 30 months (*The Nation, 1 November 2024*).
2. The International Monetary Fund has projected that Malawi's headline inflation will average 30.6% in 2024. A spokesperson for the Reserve Bank of Malawi stated that factors like food supply shortages and climate-related issues have contributed to these rising inflation estimates (*The Daily Times, 31 October 2024*).
3. According to a United Nations (UN) report, Malawi has lost about USD341 million in crops and livestock due to El Niño weather events. The report indicates that climate change is likely to have a significant impact on Malawi's economy, primarily due to its reliance on climate-sensitive sectors and limited capacity to implement adaptation measures, originating from existing macroeconomic vulnerabilities (*UN Socio-Economic Effects of El Nino in Malawi, July 2024*).
4. The Government of Malawi with support from the African Union Development Agency (AUDA-NEPAD) has launched the Zero Hunger Private Sector pledge. This initiative calls upon private sector management to help eradicate hunger in the country by aligning investments with high-impact interventions and public policy priorities. The goal is to close the investment gap and improve food security in Malawi (*The Daily Times, 28 October 2024*).
5. The Malawi Energy Regulatory Authority (Mera) has introduced a fuel rationing system to ensure fair access across the country. Mera says it will coordinate deliveries to designated filling stations and consumers will have limits on fuel purchase. The authority has prohibited the purchase of fuel in jerry cans and has urged all stations to strictly adhere to these measures to prevent hoarding and black-market activity (*The Daily Times, 31 October 2024*).

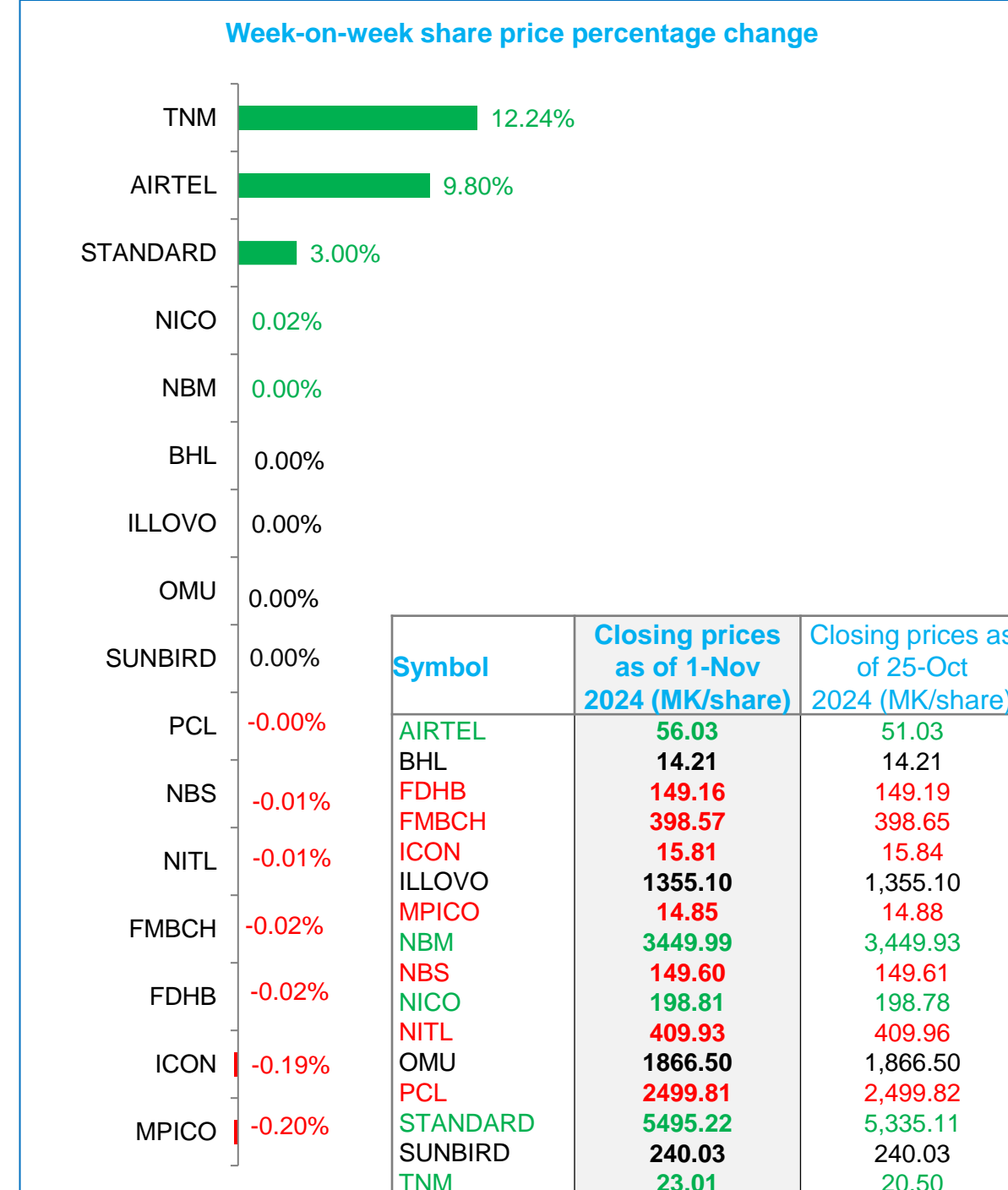
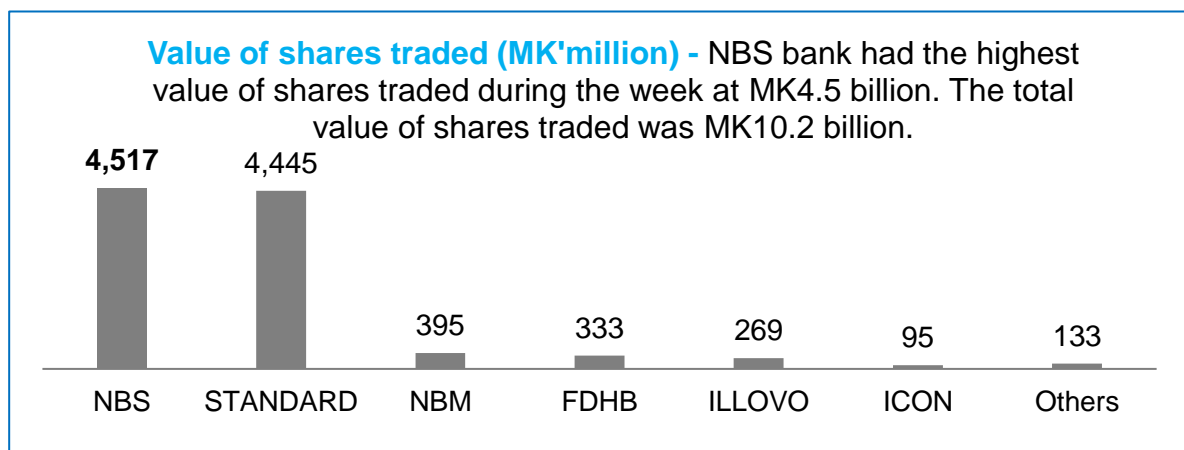
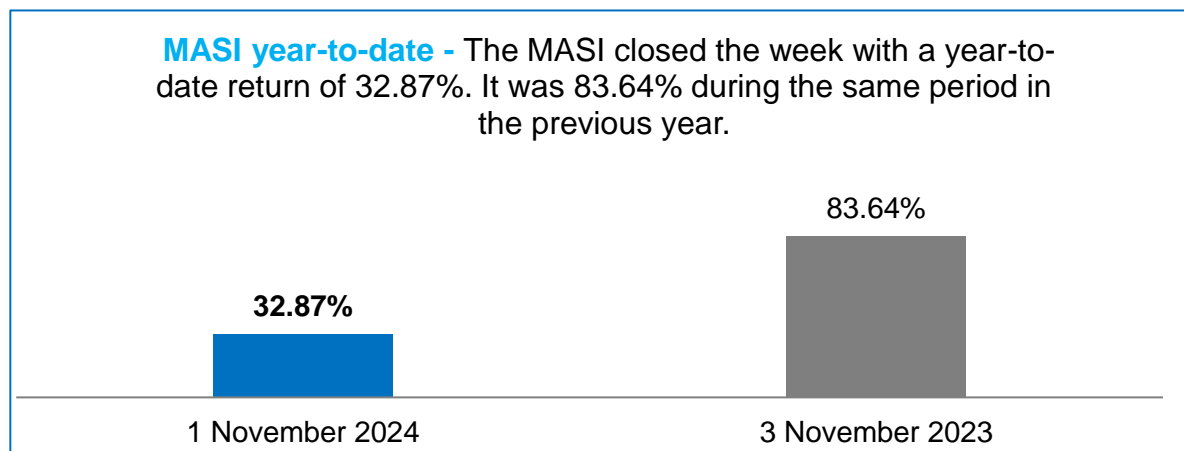
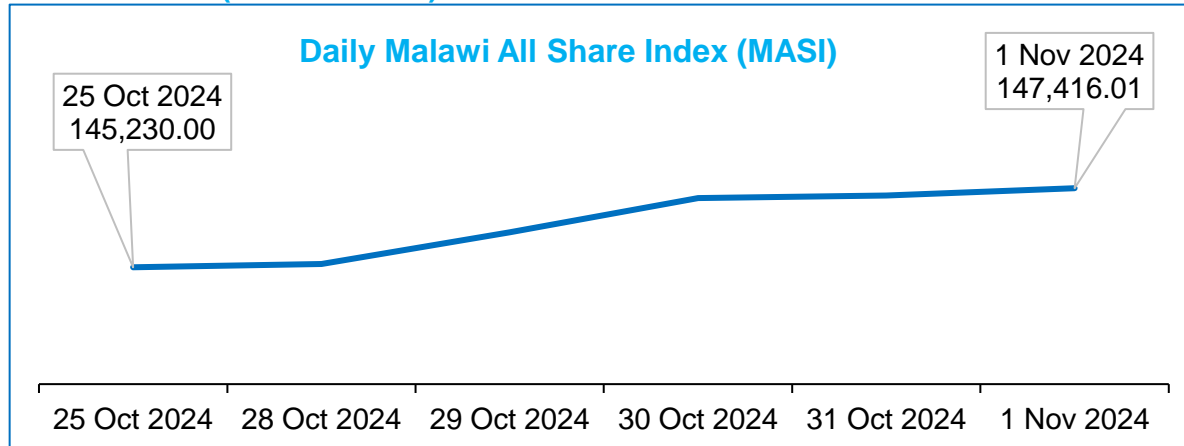


Malawi Financial Market Update: Week ending 1 November 2024

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 1 November 2024 at 147,416.01 points from 145,230.00 points for the week ending 25 October 2024.

This was primarily driven by 12.24%, 9.80% and 3.00% share price gains for TNM, AIRTEL and STANDARD respectively.

Stock market (Source: MSE)





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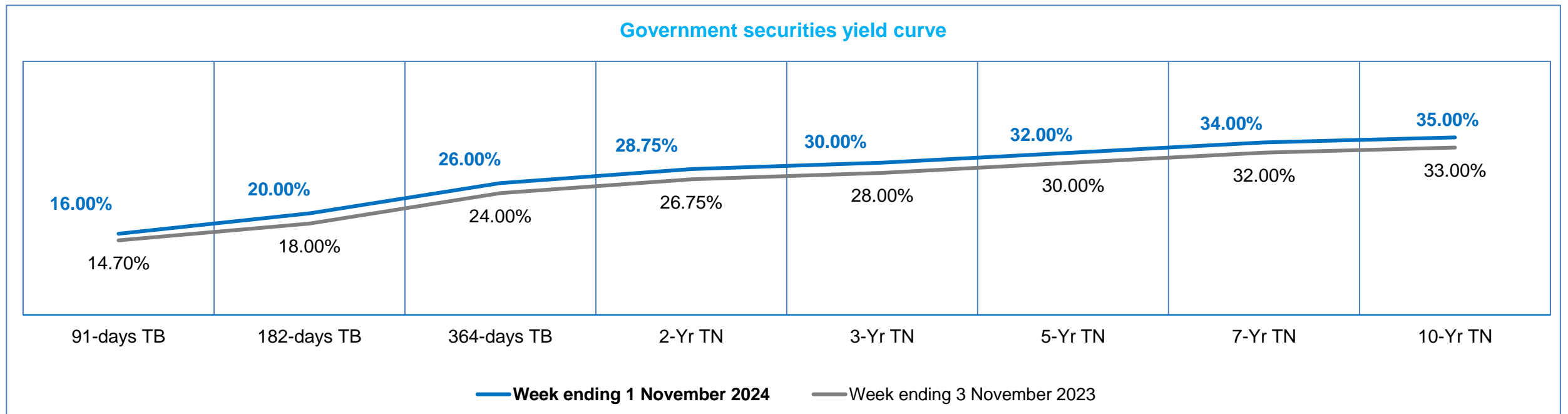
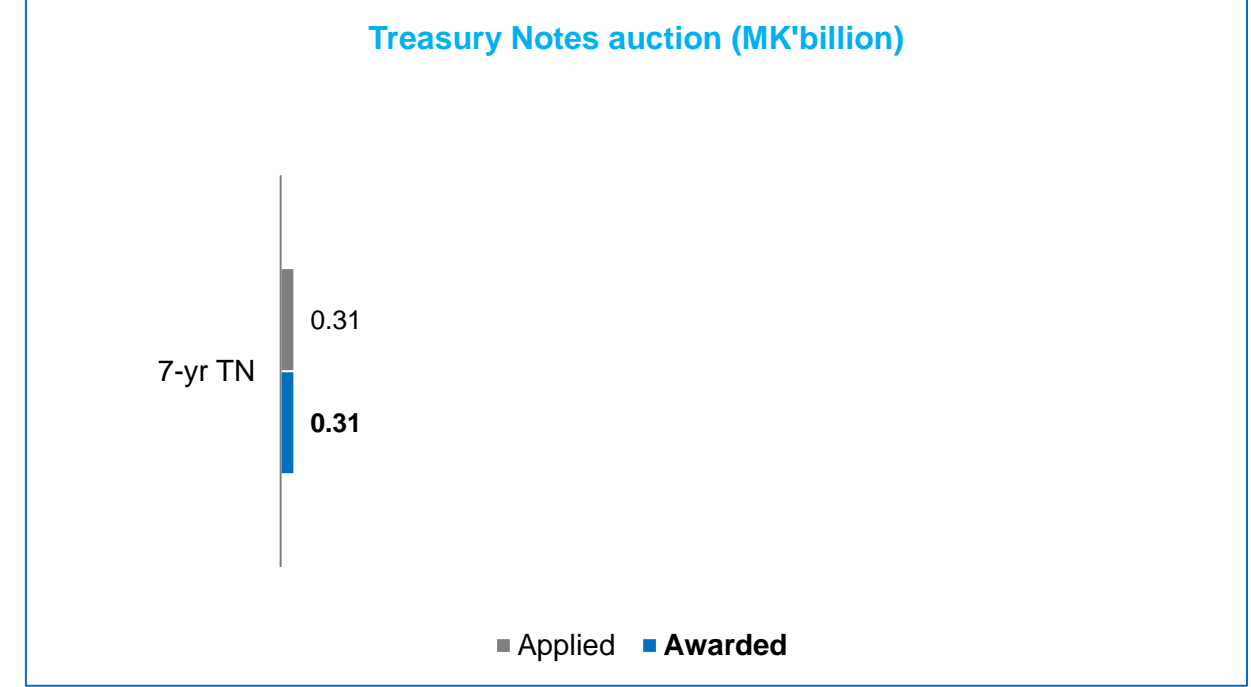
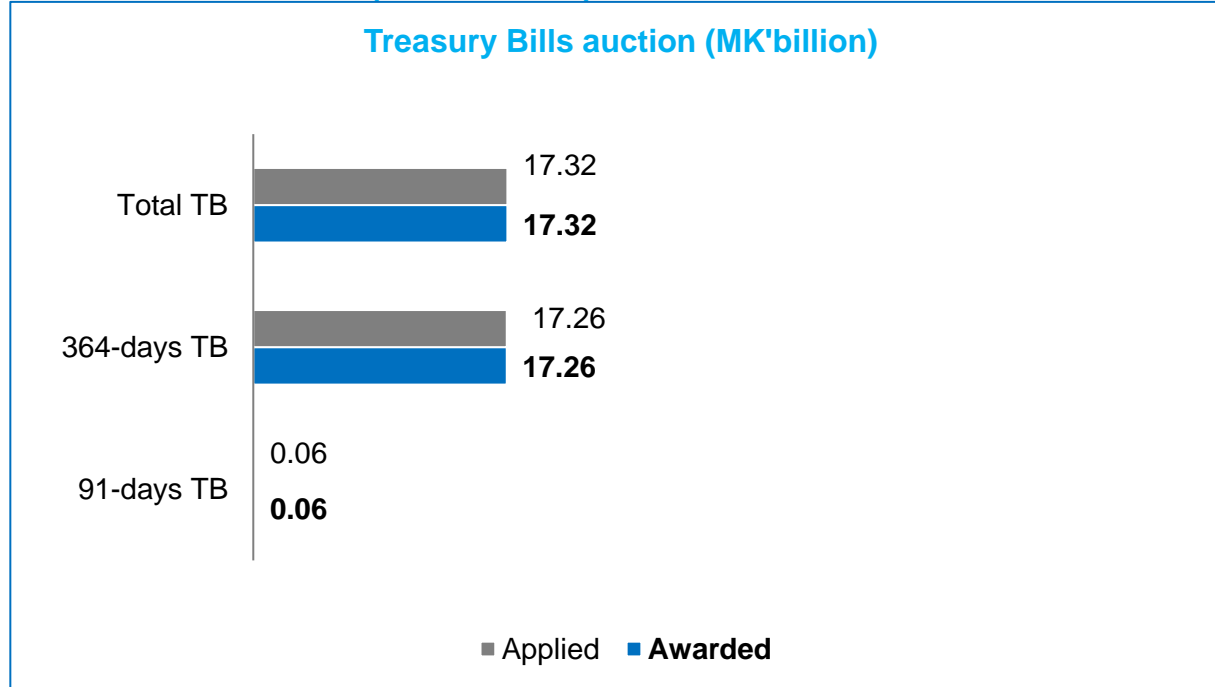
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and a 7-year tenor of Treasury Note (TN) during the period under review.

The total amount raised from the TBs was MK17.32 billion, primarily driven by the 364-day tenor.

The total amount raised on the 7-year TN was MK0.31 billion.

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

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	1-Nov-24
Exchange rates (middle rates)														
MK/USD	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	N/A	1,734.01*
MK/GBP	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	N/A	2,303.27*
MK/EUR	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	N/A	1,942.13*
MK/ZAR	63.95	92.72	93.54	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	N/A	101.33*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total reserves (USD'mn)	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	N/A
Gross Official Reserves Import cover (months)	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	N/A
Inflation														
Headline	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	N/A
Food	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	N/A
Non-food	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	N/A
Interest Rates														
Monetary Policy Rate	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%	N/A
Average Interbank Rate	22.91%	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	N/A	N/A
Lombard Rate	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%	N/A
Commercial Bank Reference Rate	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%	N/A
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Year-to-date Return														
MASI	83.72%	81.81%	78.85%	4.25%	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	32.87%
DSI	76.48%	74.35%	69.99%	0.03%	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	33.78%
FSI	167.39%	168.05%	181.28%	33.77%	30.43%	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	26.51%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 1 November 2024

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