



Malawi Financial Market Update

Week ending 13 December 2024

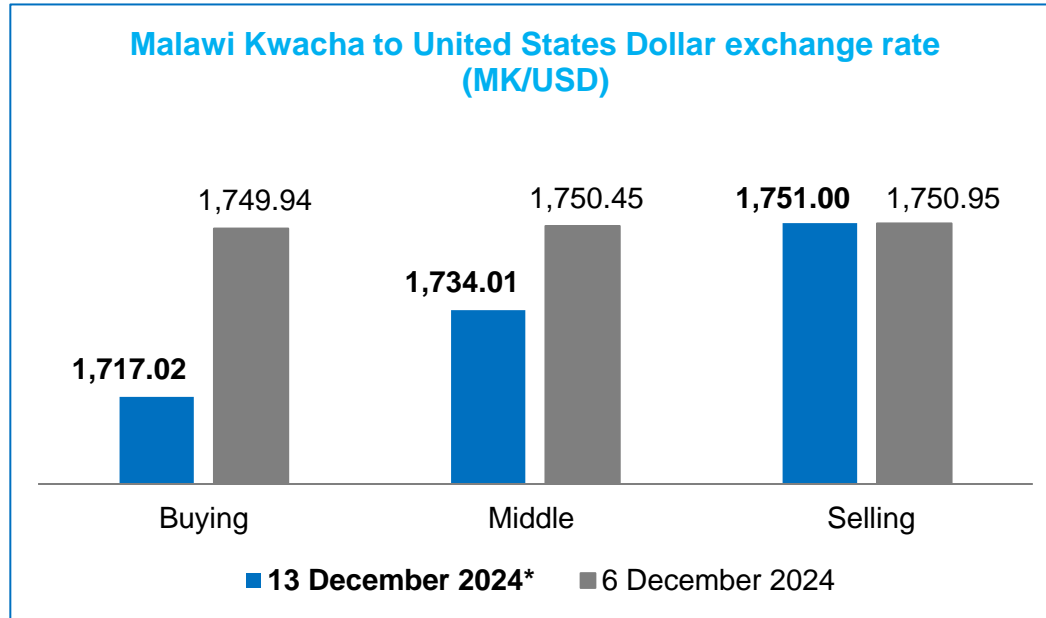


The Reserve Bank of Malawi (RBM) has set limits on foreign currency withdrawals through Authorized Dealer Banks (ADB) for diplomatic offices and staff.

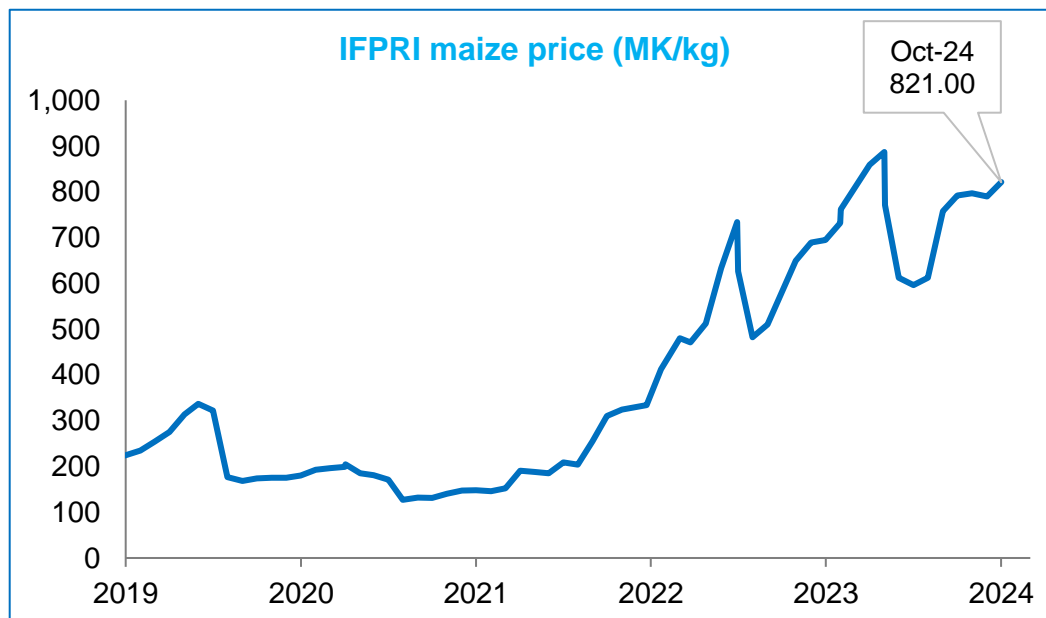
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Exchange rate and other market developments

Exchange rate (Source: RBM)



Malawi maize price (Source: IFPRI)



What Happened This Week

1. The Reserve Bank of Malawi (RBM) has set limits on foreign currency withdrawals through Authorized Dealer Banks (ADB) for diplomatic offices and staff. Diplomatic offices can withdraw up to USD15,000 monthly, while ambassadors and consuls are allowed USD3,000. According to the RBM, this will ensure that Foreign Currency Denominated Account (FCDA) holders have access to foreign exchange while improving its management and preventing indiscriminate withdrawals (*The Daily Times, 9 December 2024*).
2. The Ministry of Finance and Economic Affairs, in partnership with UNDP, has launched the National Monitoring and Evaluation (M&E) Policy to boost public sector performance. The policy aims to institutionalize monitoring and evaluation across all government levels, enhancing public sector delivery, accountability, and good governance to achieve national development goals (*The Nation, 10 December 2024*).
3. According to the Employers Consultative Association of Malawi (Ecam), the cost of living in Malawi for a six-member household increased to MK663,204 in November 2024 from MK636,634 in October 2024, representing a 4.17% increase. The Consumers Association of Malawi attributes the rise to increasing inflation driven by high government spending, borrowing, and limited investment in productive sectors (*The Daily Times, 10 December 2024*).
4. During a visit to Mseru Primary School in Lilongwe on 10 December 2024, the United Kingdom (UK) Development Minister announced that the UK government is planning an investment in Malawi's education sector. The investment will be worth GBP39 million (approximately MK90 billion) and span 5 years. The investment is aimed at doubling the number of children with basic Mathematics skills by age 10, supporting 1,500 secondary school girls with scholarships, and expanding school feeding in vulnerable areas (*The Daily Times, 11 December 2024*).
5. According to the Ministry of Tourism, Malawi's tourism sector has substantially recovered following the Covid-19 pandemic, with tourist inflows rising. According to figures from the Ministry, tourist inflows are expected to surpass 1 million in 2024. This would be higher than the current record of 978,327 visitors in 2019. This will also represent an increase from 736,992 visitors in 2023 (*The Daily Times, 12 December 2024*).
6. According to data from the National Statistical Office, between January 2024 and October 2024, Malawi's merchandise trade balance amounted to USD1.9 billion (approximately MK3.3 trillion) representing a 13% increase from a balance of USD1.6 billion (approximately MK2.8 trillion) in the first 10 months of 2023. In the first 10 months of 2024, exports amounted to USD733.39 million (approximately MK1.3 trillion) and imports amounted to USD2.6 billion (approximately MK4.5 trillion) (*The Daily Times, 13 December 2024*).

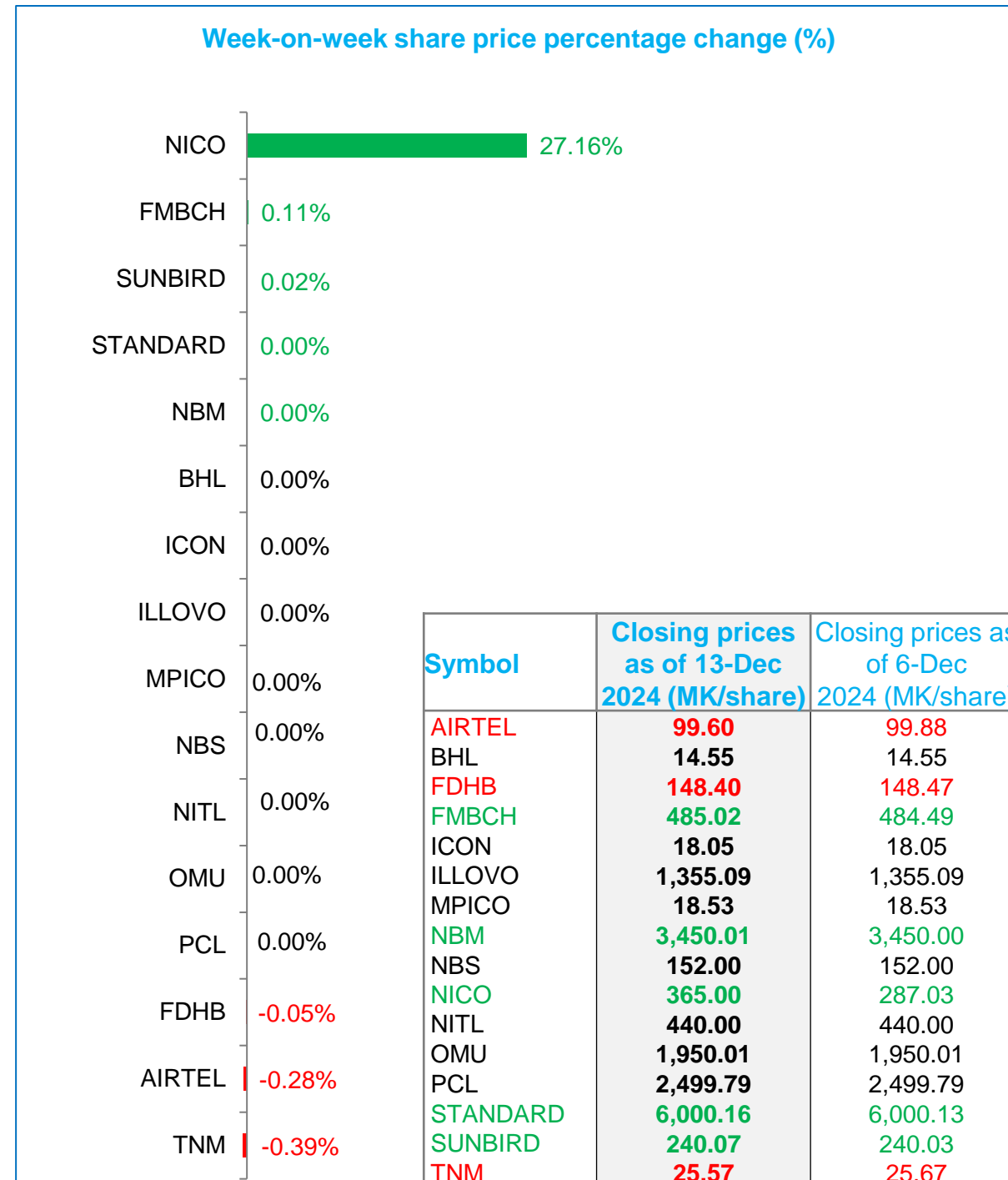
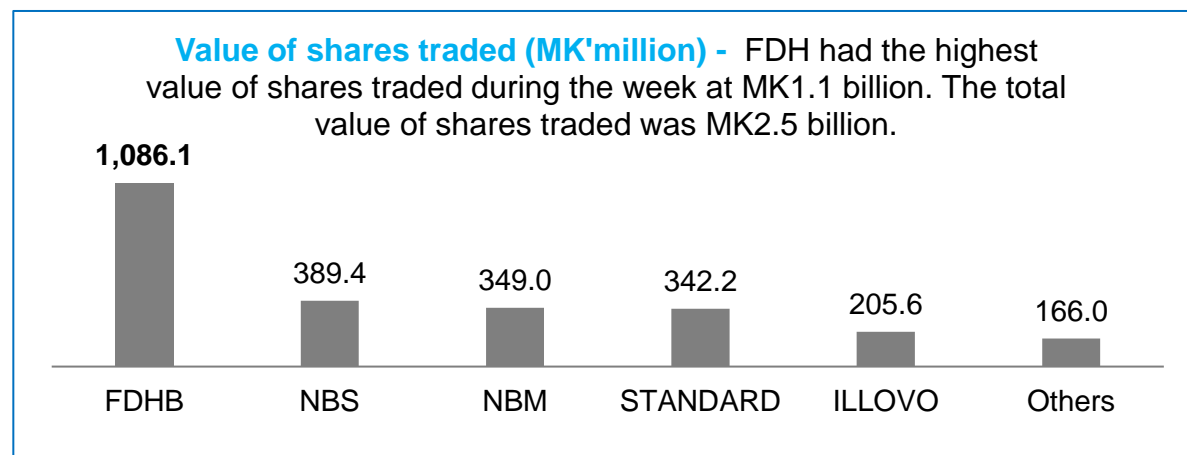
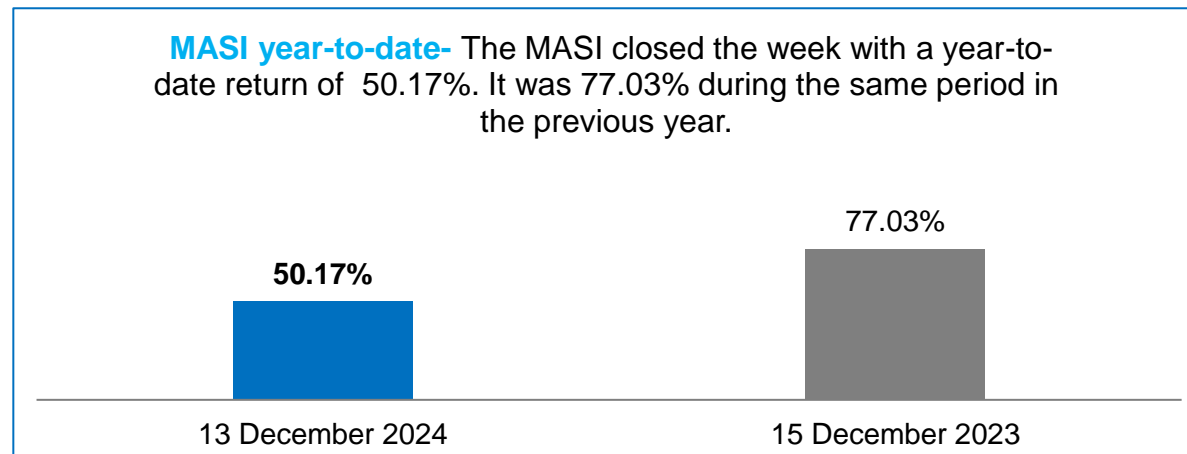
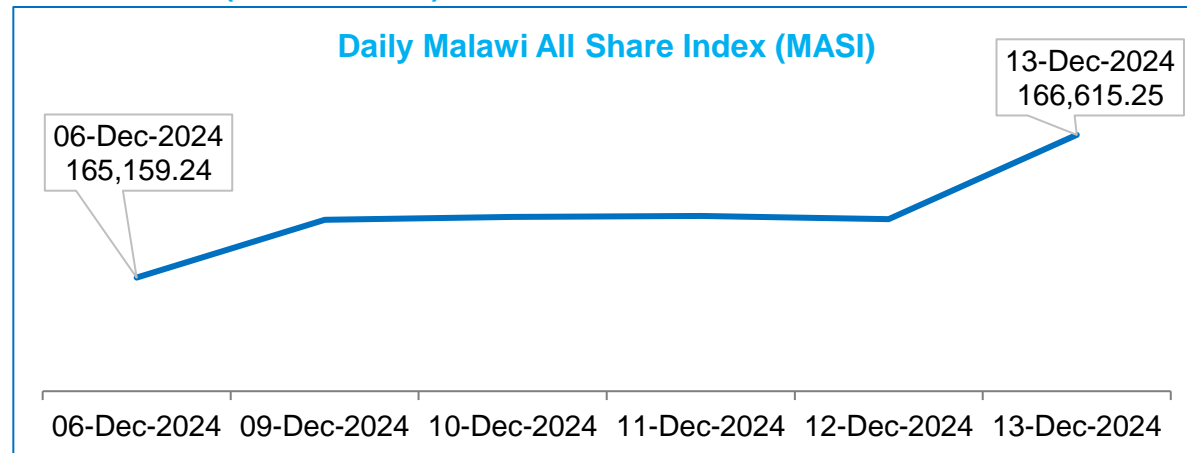
*: Reserve Bank of Malawi opening exchange rates as of 13 December 2024



The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 13 December 2024 at 166,615.25 points from 165,159.24 points for the week ending 13 December 2024. This was primarily driven by NICO.

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Stock market (Source: MSE)





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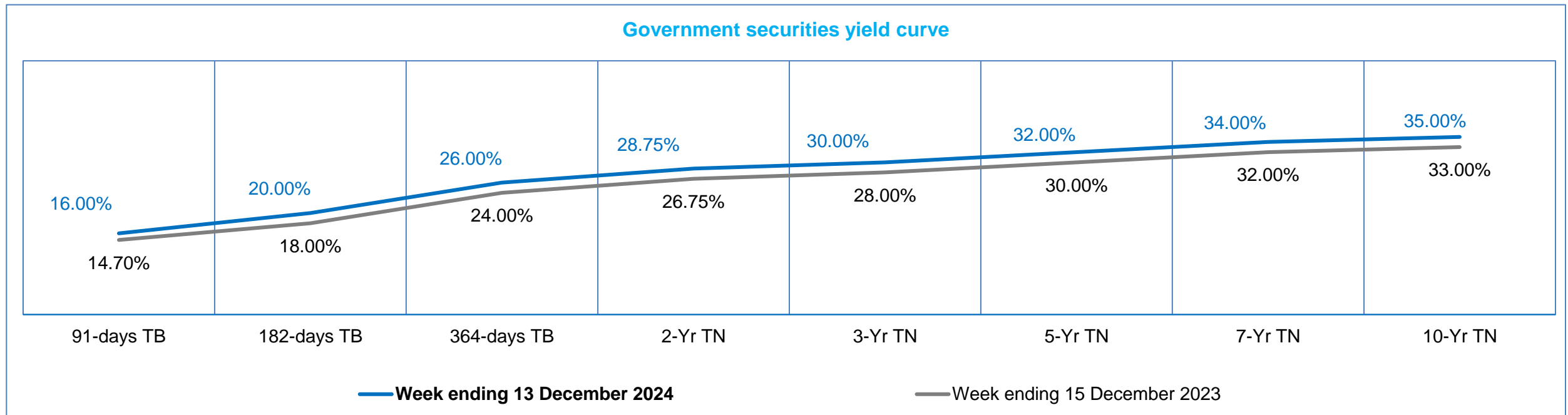
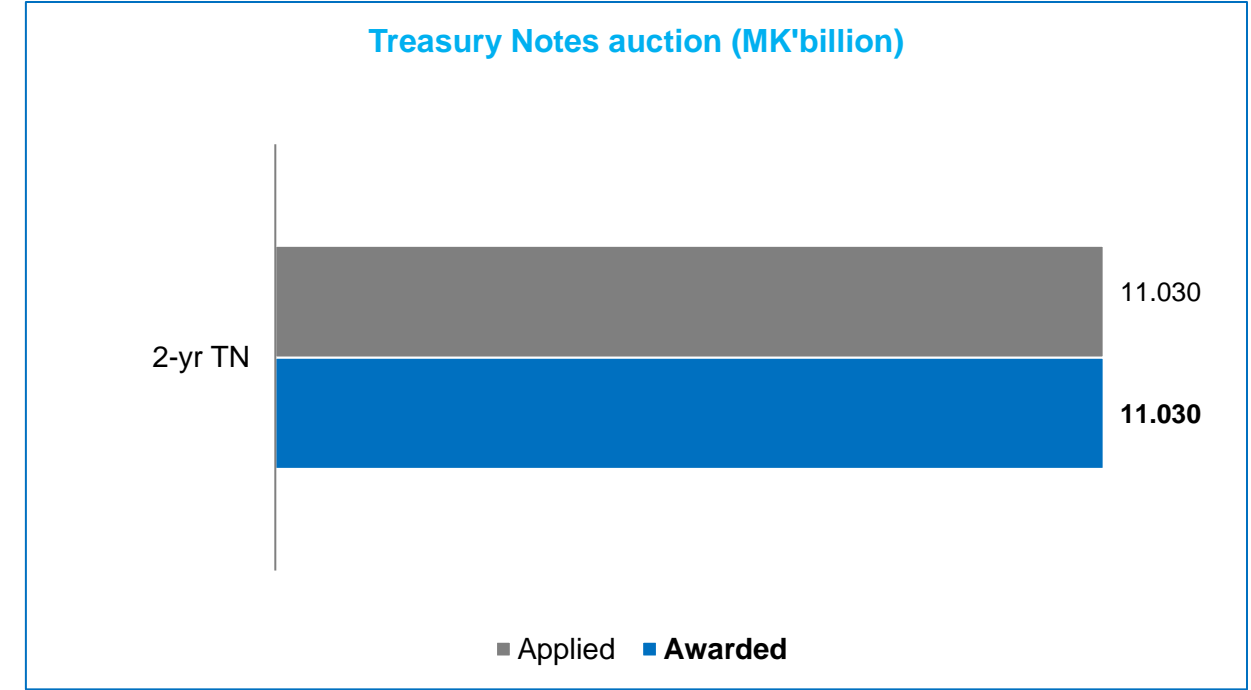
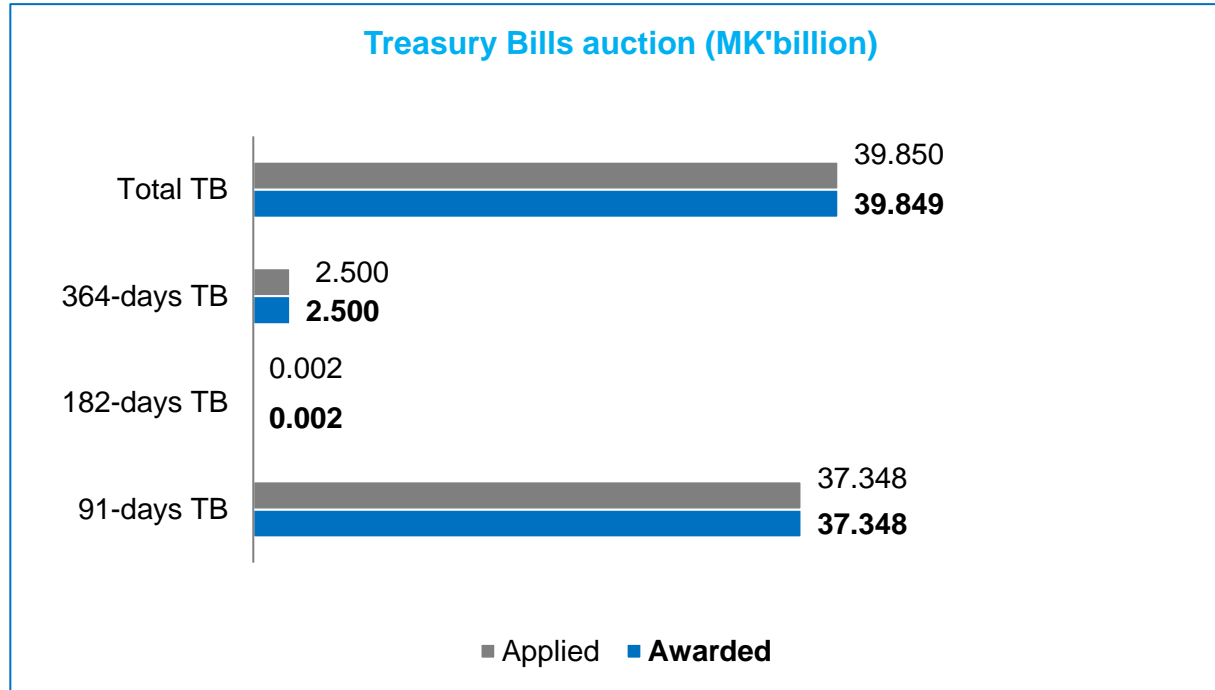
Government securities (Source: RBM)

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

The total amount raised from the TB auction was MK39.85 billion, primarily driven by the 91-days TB.

The total amount raised from the TN auction was MK11.03 billion.

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



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	13-Dec-24
Exchange Rates (middle rates)														
MK/USD	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	1,749.95	1,750.11	1,734.01*
MK/GBP	2,219.25	2,224.30	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	2,338.28	2,290.94	2,260.94*
MK/EUR	1,907.62	1,917.45	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	1,953.49	1,904.40	1,868.37*
MK/ZAR	92.72	94.17	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	100.31*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	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	N/A
Private Sector Reserves (USD'mn)	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	N/A
Total Reserves (USD'mn)	578.40	675.58	576.70	540.32	552.94	603.07	610.18	591.51	572.02	549.85	560.3	N/A	N/A	N/A
Gross Official Reserves Import Cover (months)	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	N/A
Inflation														
Headline	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	N/A	N/A
Food	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	N/A	N/A
Non-food	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	N/A	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.27%
Lombard Rate	24.20%	24.20%	24.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%
Commercial Bank Reference Rate	23.50%	23.60%	23.60%	24.90%	24.90%	24.90%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Year-to-date Return														
MASI	81.81%	78.85%	4.25%	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	50.17%
DSI	74.35%	69.99%	0.03%	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	49.67%
FSI	168.05%	181.28%	33.77%	30.43%	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	53.69%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 13 December 2024

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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

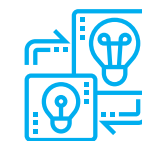
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