



Malawi Financial Market Update

Week ending 27 December 2024



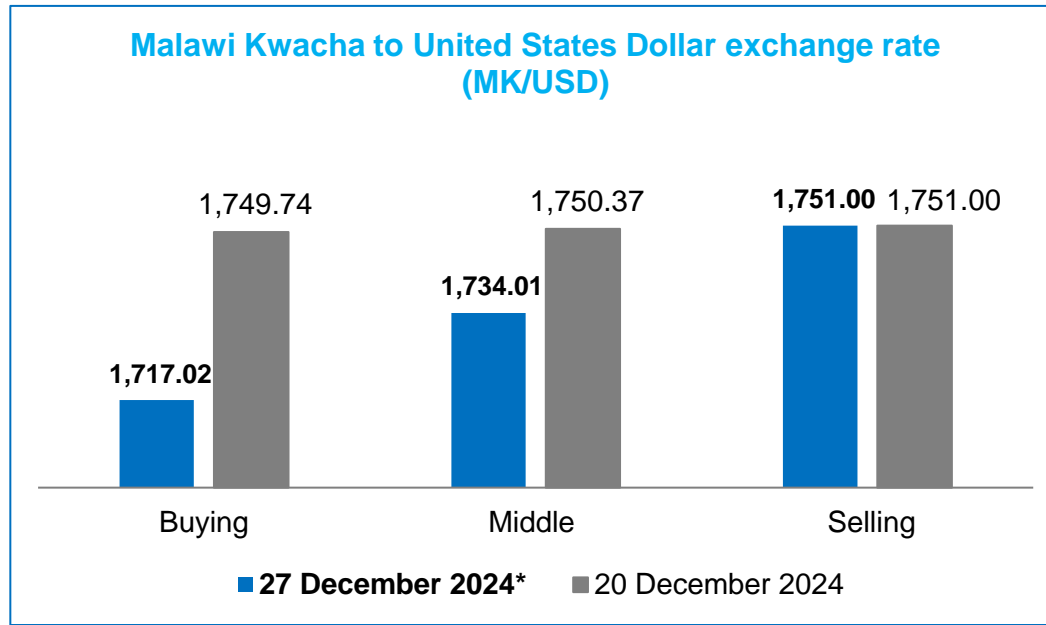
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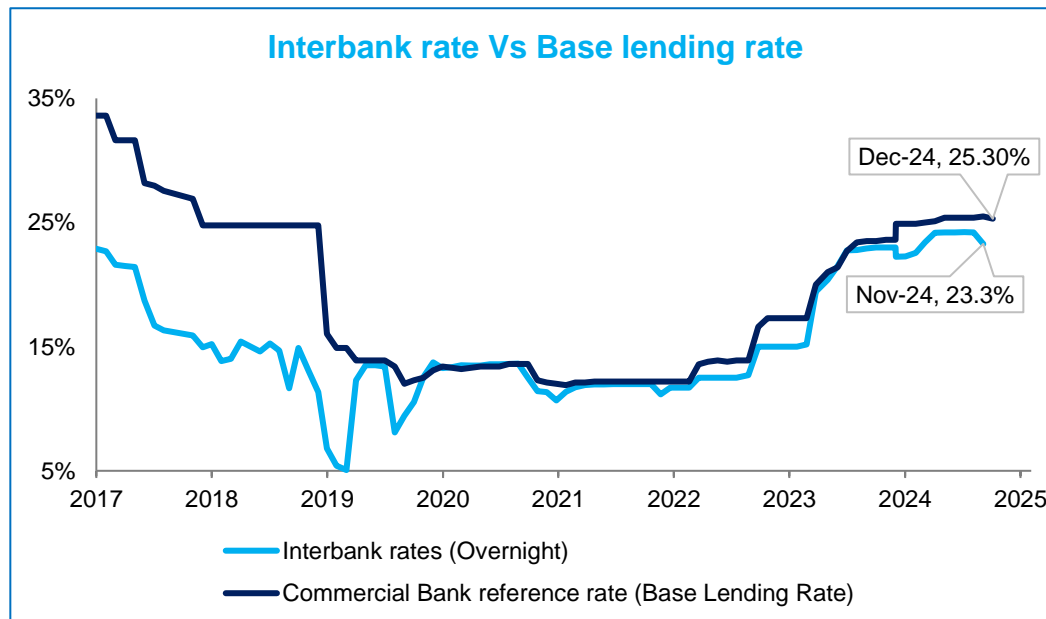
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Exchange rate and other market developments

Exchange rate (Source: RBM)



Interbank rate (Source: NSO) and Base lending rate (Source: NBM)



*: Reserve Bank of Malawi opening exchange rates as of 27 December 2024

What Happened This Week

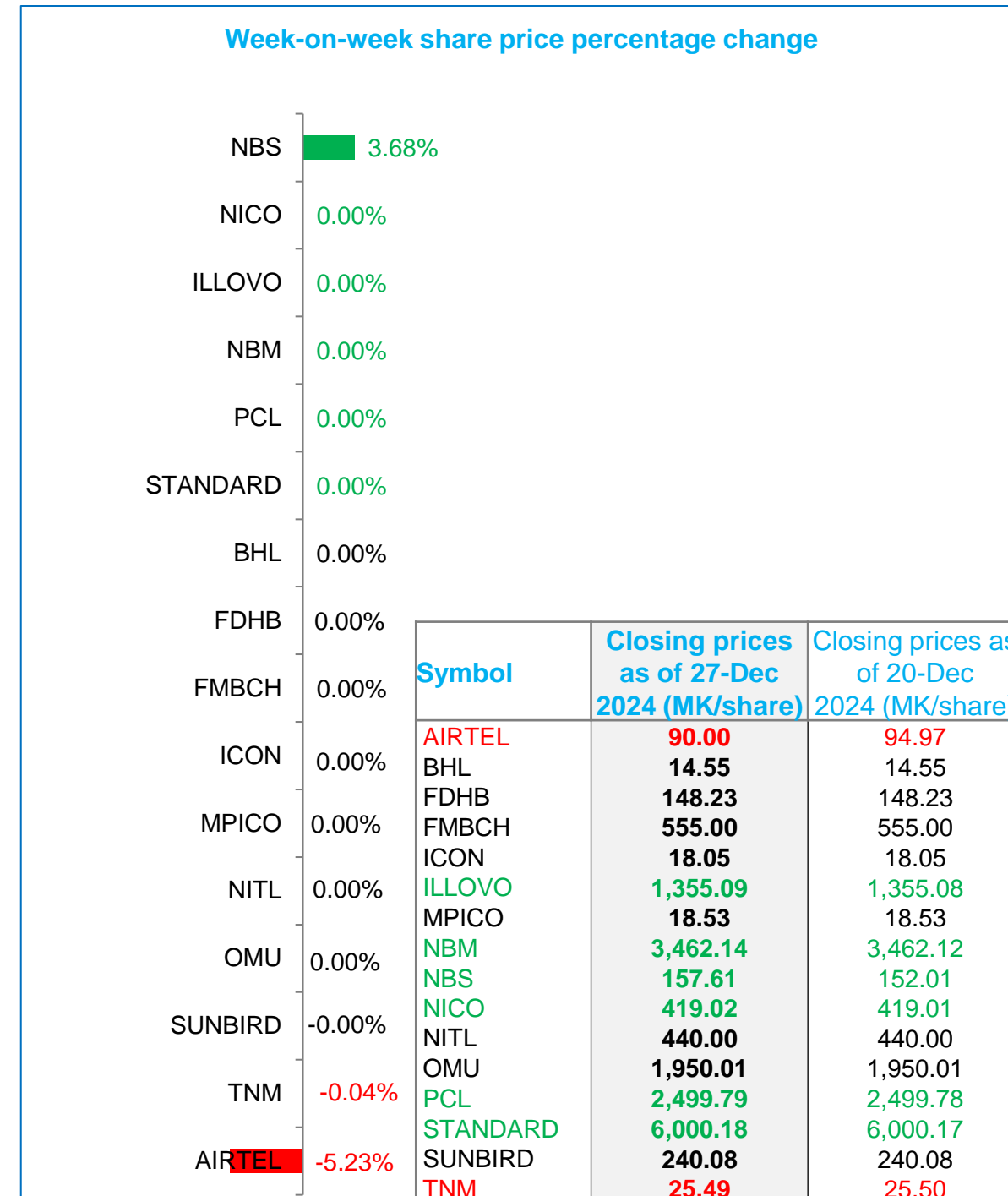
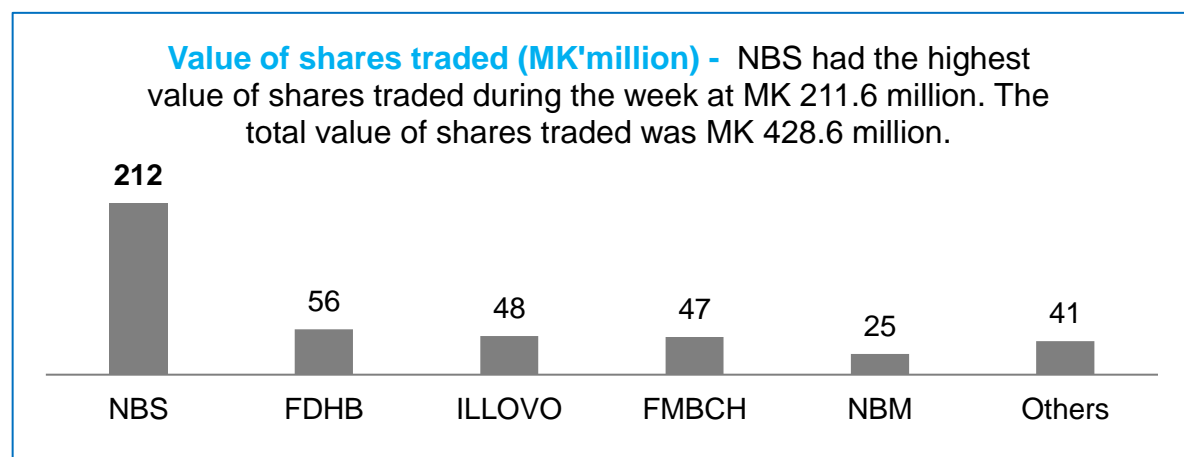
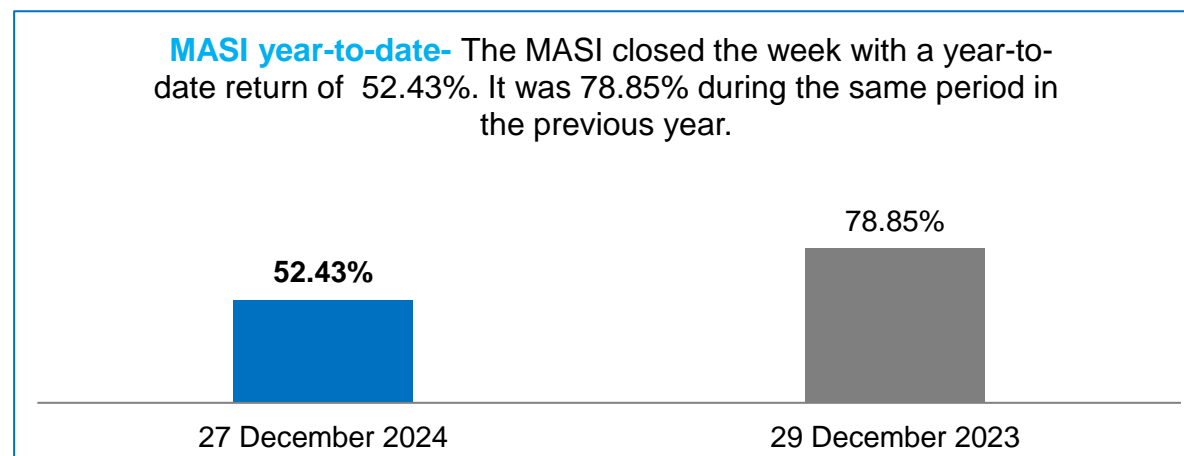
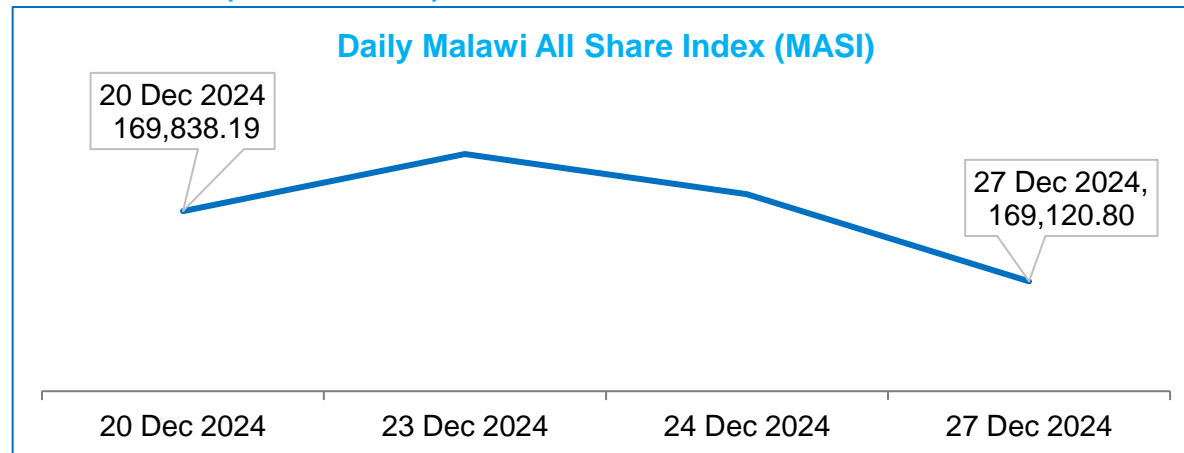
- Global Metals and Mining has signed a USD10 million (about MK17.5 billion) loan agreement with South African based Industrial Development Corporation (IDC) to finance the first phase of the construction of the rare metal Kanyika Niobium Mine in Mzimba. The agreement proposes that IDC will provide Project HoldCo with a secure convertible loan available partially in ZAR55 million (about MK5 billion) and USD7.05 million (MK12.3 billion). The loan will fund the completion of an updated Bankable Feasibility Study (BFS), the Front-end engineering design (Feed), and certain pre-implementation activities for the project's early works. (*The Nation, 26 December 2024*).
- The World Bank has advised the Malawi Government to court the private sector to invest in key economic sectors that will stimulate economic growth. These sentiments come after the Ministry of Finance and Economic Affairs cut the Ministry of Tourism's budget by 7.6% to MK8.77 billion from MK9.44 billion and that of the Ministry of Mining by 19% to MK7.00 billion from MK8.74 billion. The World Bank Country Manager urges to create a conducive environment for increased domestic and foreign private investment in the agriculture, tourism and mining (ATM) sectors. (*The Nation, 24 December 2024*).
- The National Planning Commission (NPC) has predicted that La Nina, which Malawi is expected to experience, could fuel an 8% maize production jump compared to the 2022-23 growing season. The NPC Research Manager said the forecast assumes that farmers get necessary inputs such as seed and fertilizer on time. The prediction further states that if the mild La Nina turns strong, then Malawi could have a 14% drop in maize production. (*The Daily Times, 25 December 2024*).
- In their trading statement, Blantyre Hotels Plc (BHL) advises that its consolidated profit before finance charges and tax is expected to close within the range of MK580 million to MK700 million, representing a decrease of between 56% and 47% from the projected profit before finance charges and tax of MK1.3 billion indicated in the Rights Offer Prospectus for the year ending 31 December 2024. (*The Malawi Stock Exchange, 23 December 2024*).
- In their trading statement, Standard Bank Plc advises that its profit after tax (PAT) for the year ending 31 December 2024 will be in the range of MK78.8 billion and MK86.7 billion, representing an increase between 50% and 60% from MK52.5 billion in the prior year. (*The Malawi Stock Exchange, 27 December 2024*).
- In their trading statement, Sunbird Tourism plc advises that its PAT for the year ending 31 December 2024 is expected to be within the range of MK10.7 billion and MK11.8 billion, representing an increase of between 102% and 122% from MK5.3 billion in the prior year. (*The Malawi Stock Exchange, 24 December 2024*).



The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 27 December 2024 at 169,120.80 points from 169,838.19 points for the week ending 20 December 2024. This was primarily driven by AIRTEL which decreased by 5.23%.

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Stock market (Source: MSE)





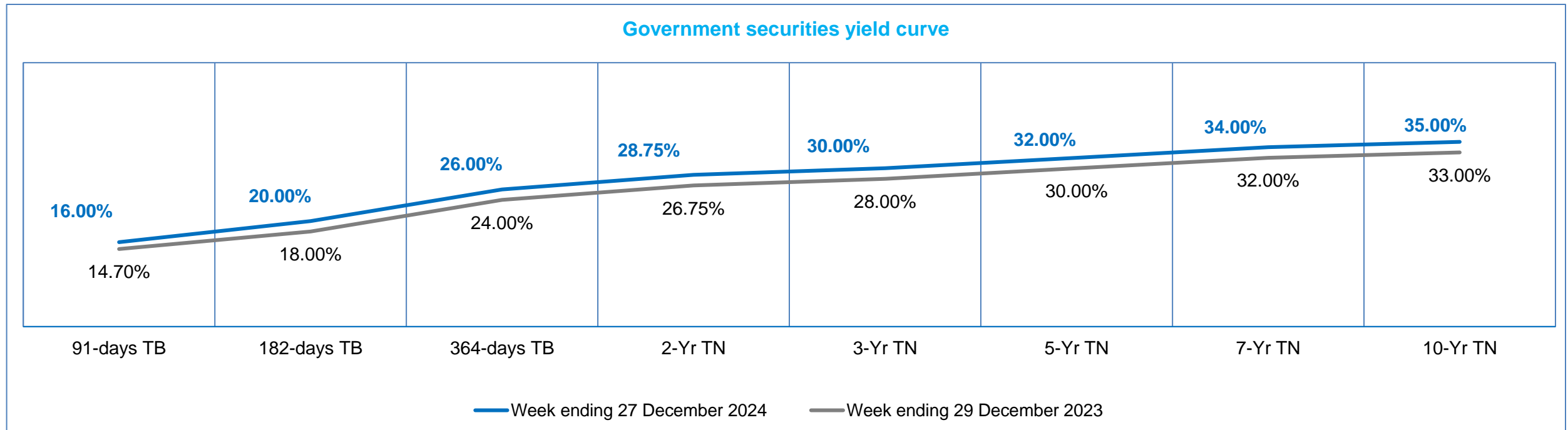
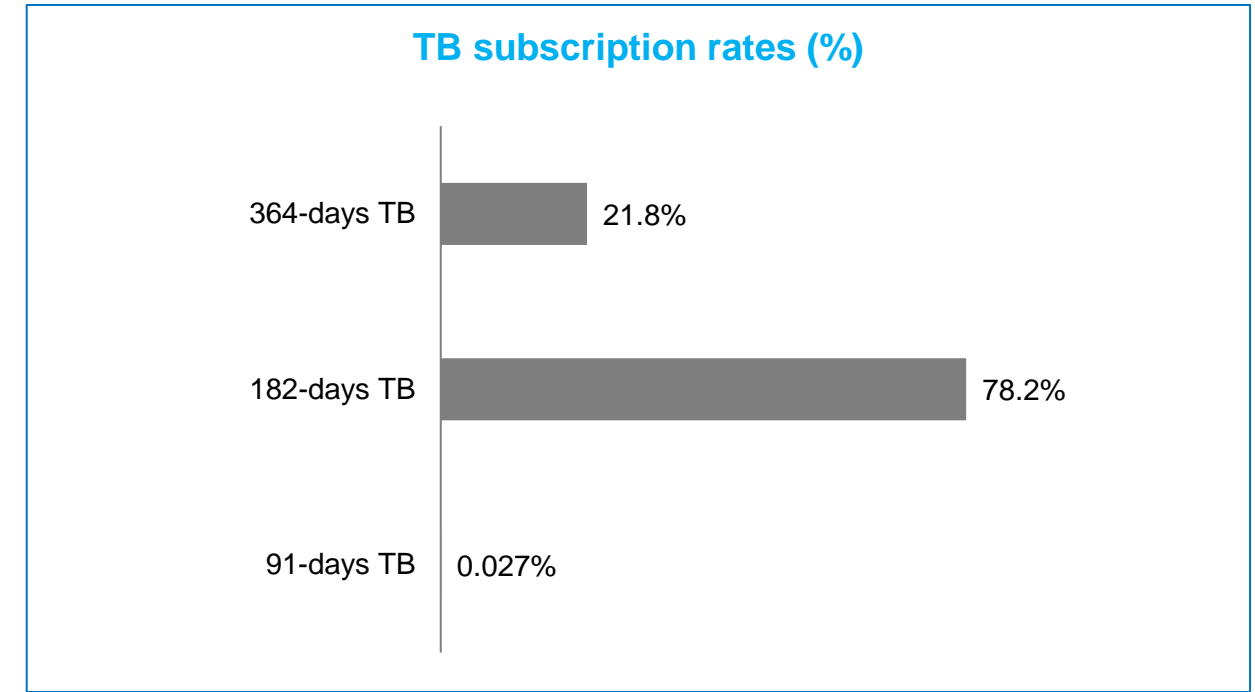
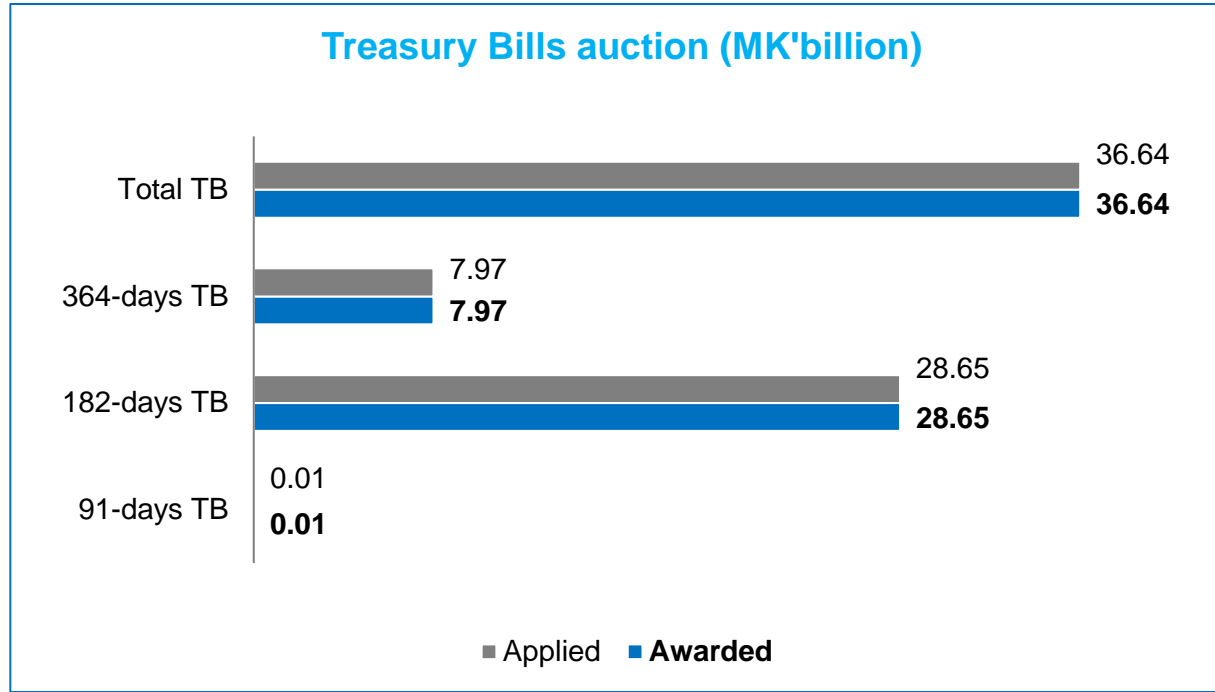
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Government securities (Source: RBM)

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

The total amount raised from the TB auction was MK36.64 billion primarily driven by the 182-days TB.

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	27-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	2,235.93*
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	1,859.08*
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	94.98*
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	519.0	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%	27.0%	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%	33.7%	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%	17.2%	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 (Overnight)	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%	23.20%
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%	52.43%
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%	49.10%
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%	75.65%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 27 December 2024

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