



Malawi Financial Market Update

Week ending 6 December 2024

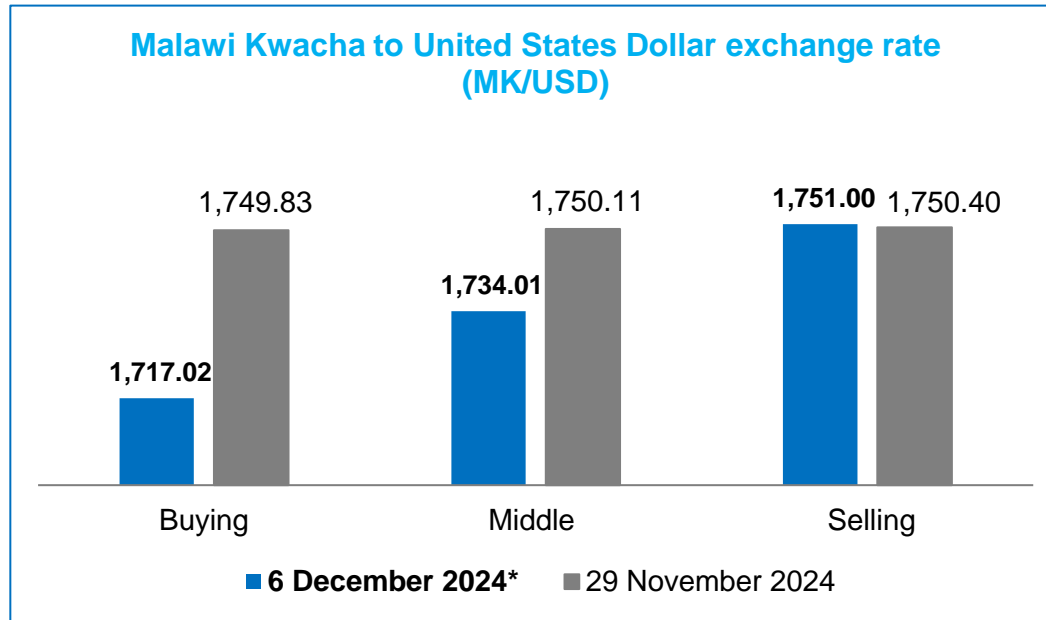


The Minister of Finance and Economic Affairs announced that the 2024-25 budget increased by MK14.5 billion to MK6.04 trillion.

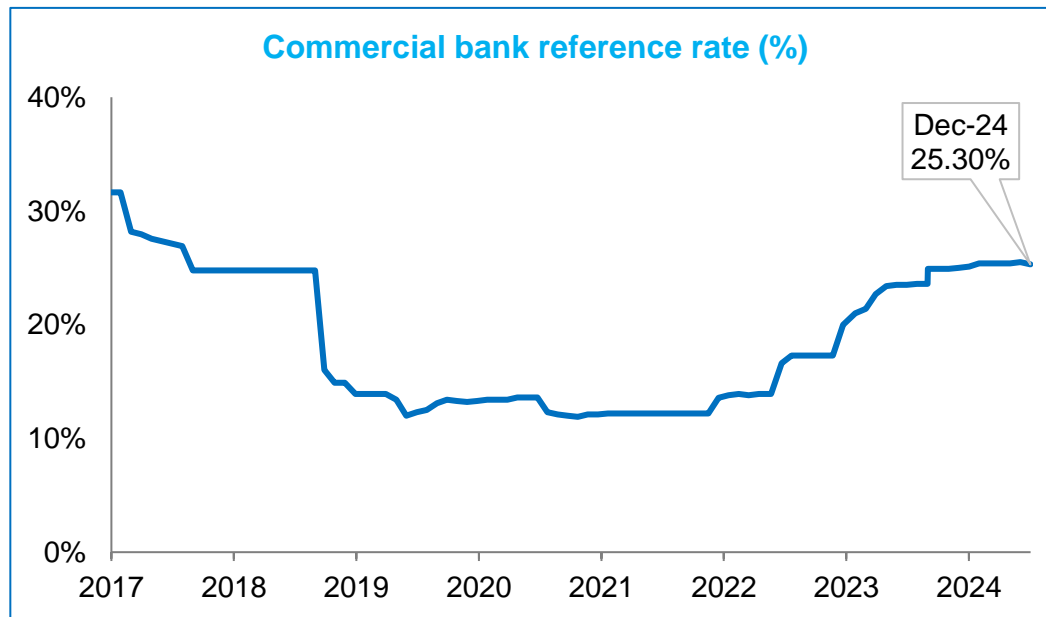
Malawi Financial Market Update: Week ending 6 December 2024

Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial bank reference rate (Source: National Bank of Malawi)



What Happened This Week

1. The commercial bank reference rate has decreased by 0.2 percentage points to 25.3 percent in December, from 25.5 percent in November (*The Daily Times, 5 December 2024*).
2. The Minister of Finance and Economic Affairs announced that the 2024-25 budget increased by MK14.5 billion to MK6.04 trillion. The increase is attributed to World Bank disbursements for maize purchases and winter cropping as a response to food insecurity. In addition to these, a program for improving public finance management systems has also led to the upward revision of expenditure (*The 2024-25 Mid-Year Budget Review Statement- Minister of Finance and Economic Affairs, 4 December 2024*).
3. The Reserve Bank of Malawi (RBM) has revised Malawi’s 2024 real GDP growth projection downward to 1.8 percent from 2.3 percent, citing the adverse effects of El Niño on agricultural output and its broader economic impact. However, growth is expected to rebound to 4.0 percent in 2025, driven by favorable weather, benefits from mega-farm investments boosting agriculture and related industries, and increased economic activity from campaigns and elections stimulating demand (*RBM Financial and Economic Review vol 58- Issue 3, 2024*).
4. The European Union (EU) has called on Malawian authorities and citizens to strictly adhere to the Extended Credit Facility (ECF) programme with the International Monetary Fund. The EU noted that Malawi is struggling to meet performance benchmarks, causing delays in the first programme review and hindering access to the second tranche of the USD175 million credit facility for the balance of payments (*The Daily Times, 2 December*).

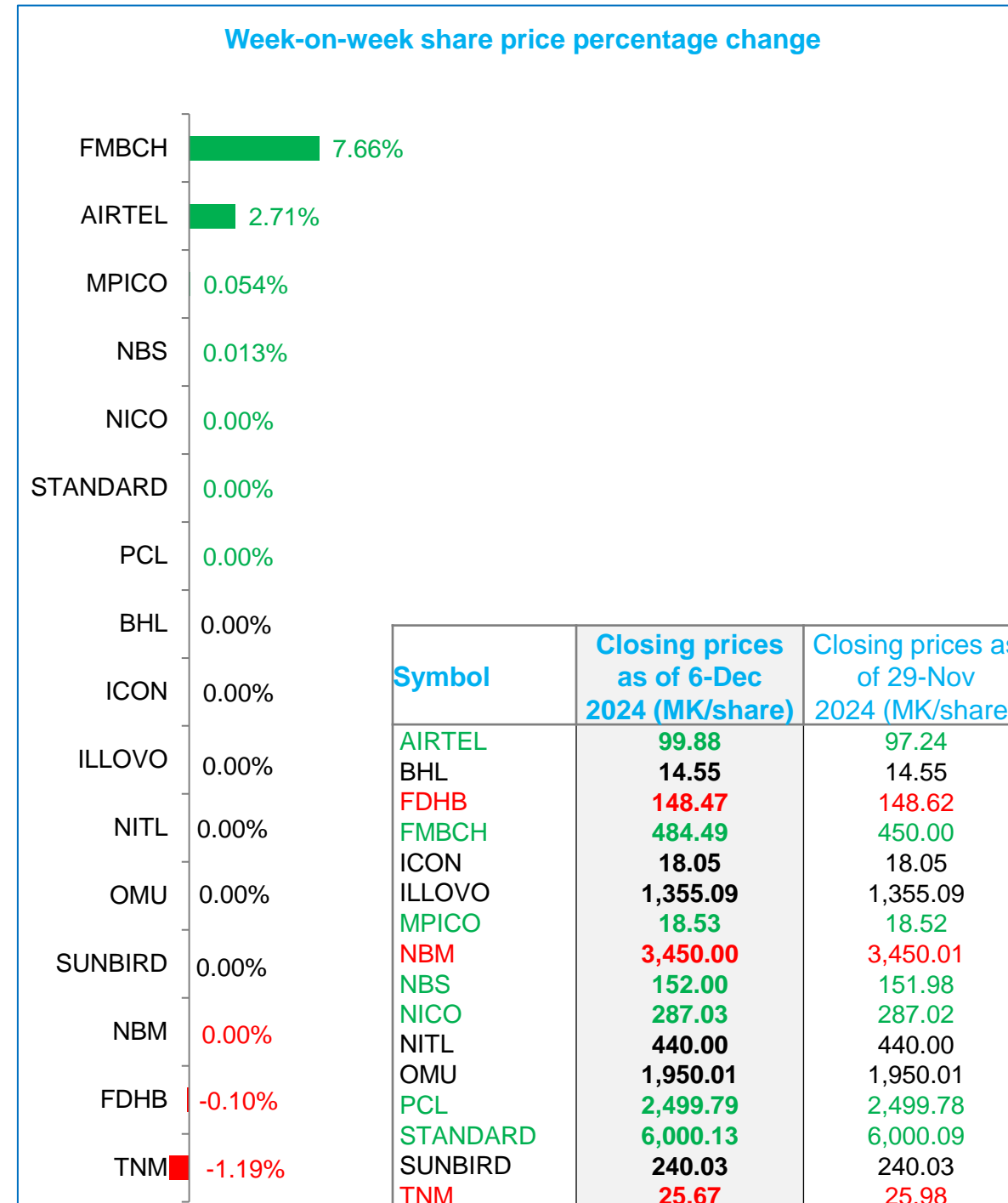
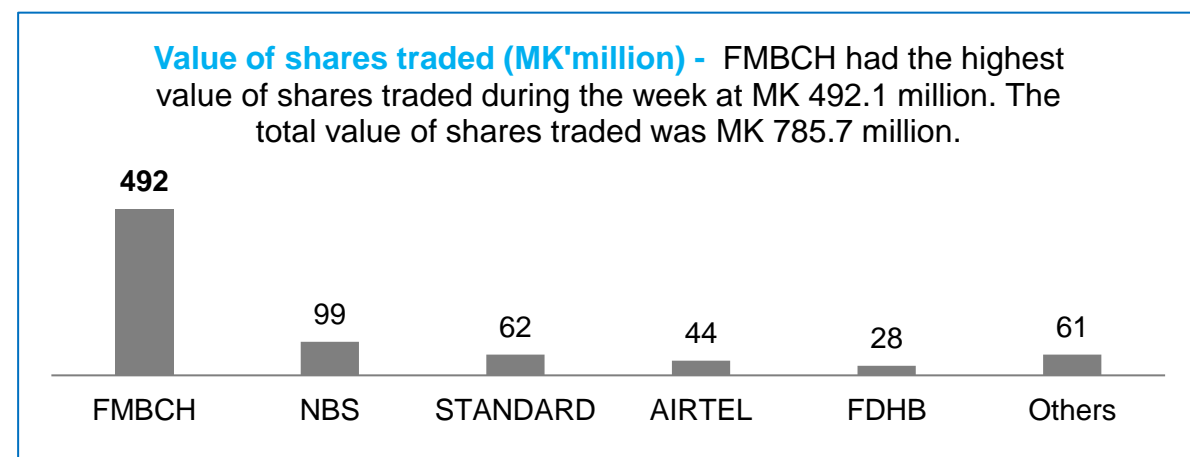
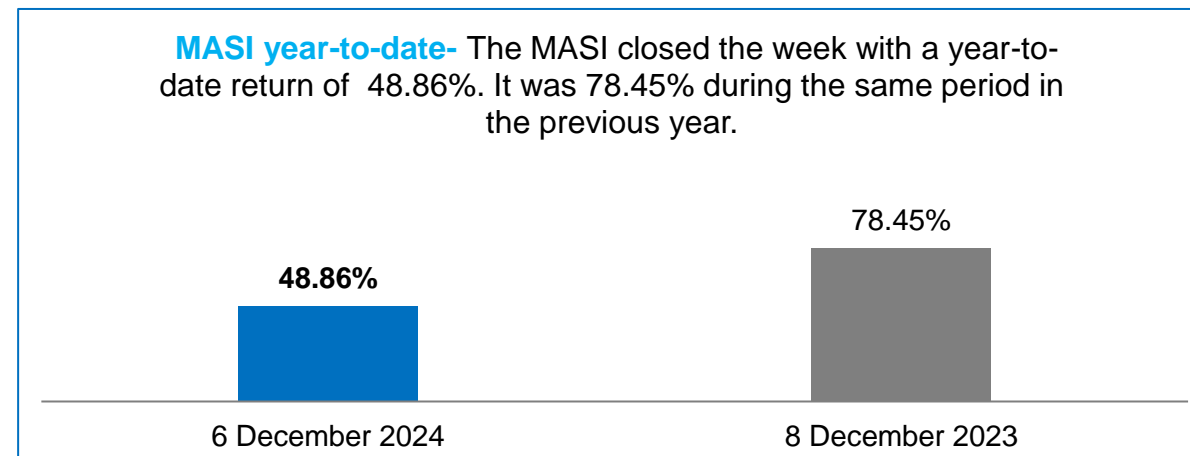
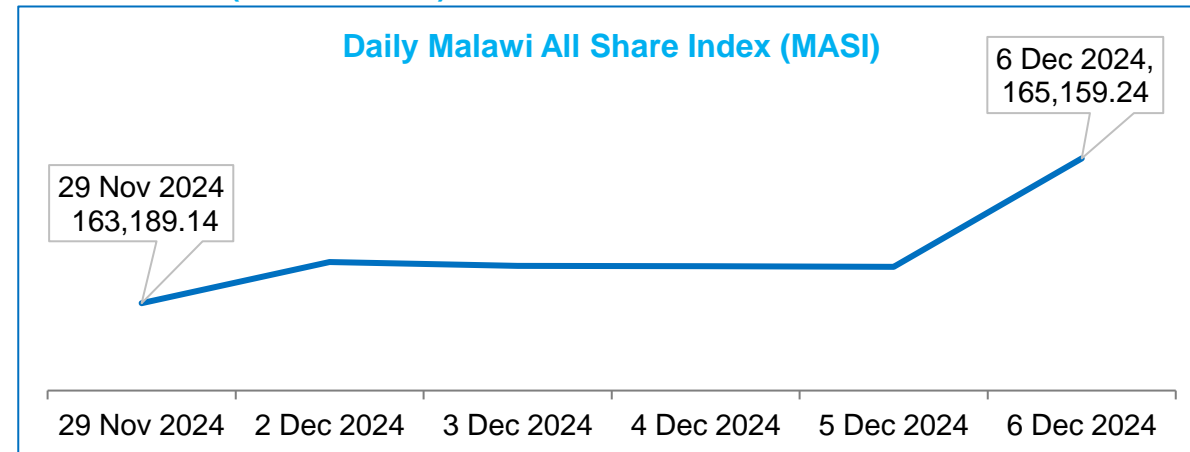
*: Reserve Bank of Malawi opening exchange rates as of 6 December 2024



The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 6 December 2024 at 165,159.24 points from 163,189.14 points for the week ending 29 November 2024. This was primarily driven by FMBCH and AIRTEL.

Malawi Financial Market Update: Week ending 6 December 2024

Stock market (Source: MSE)





Malawi Financial Market Update: Week ending 6 December 2024

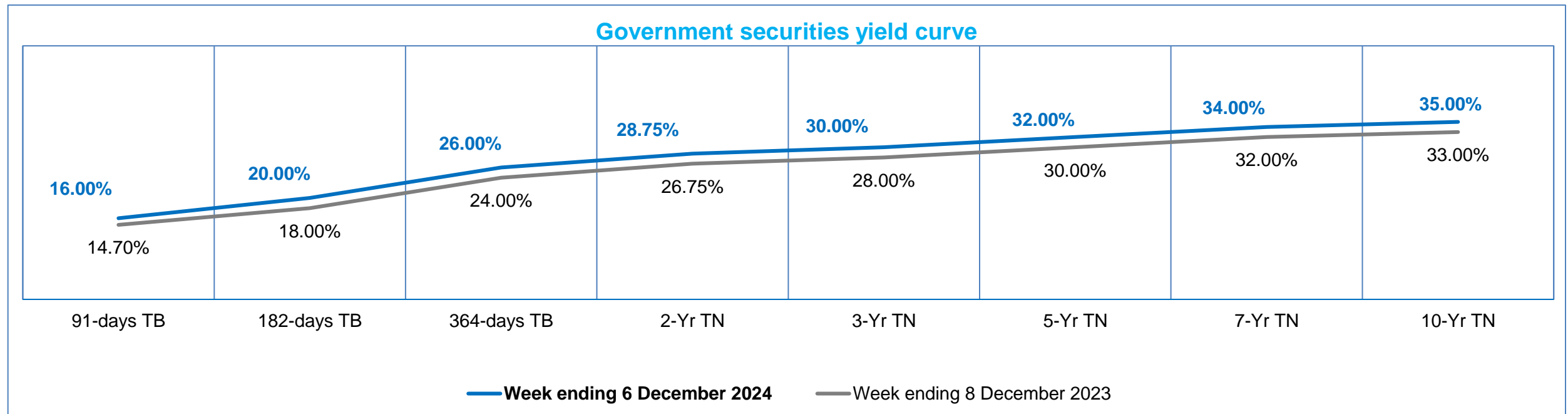
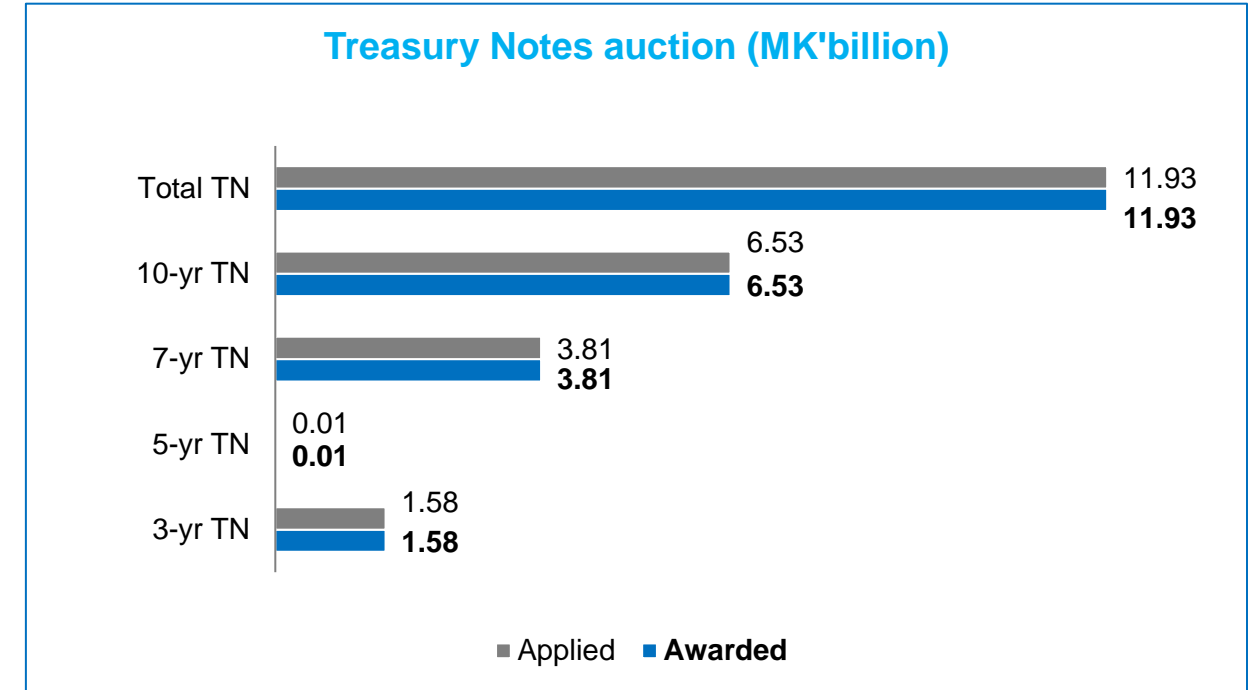
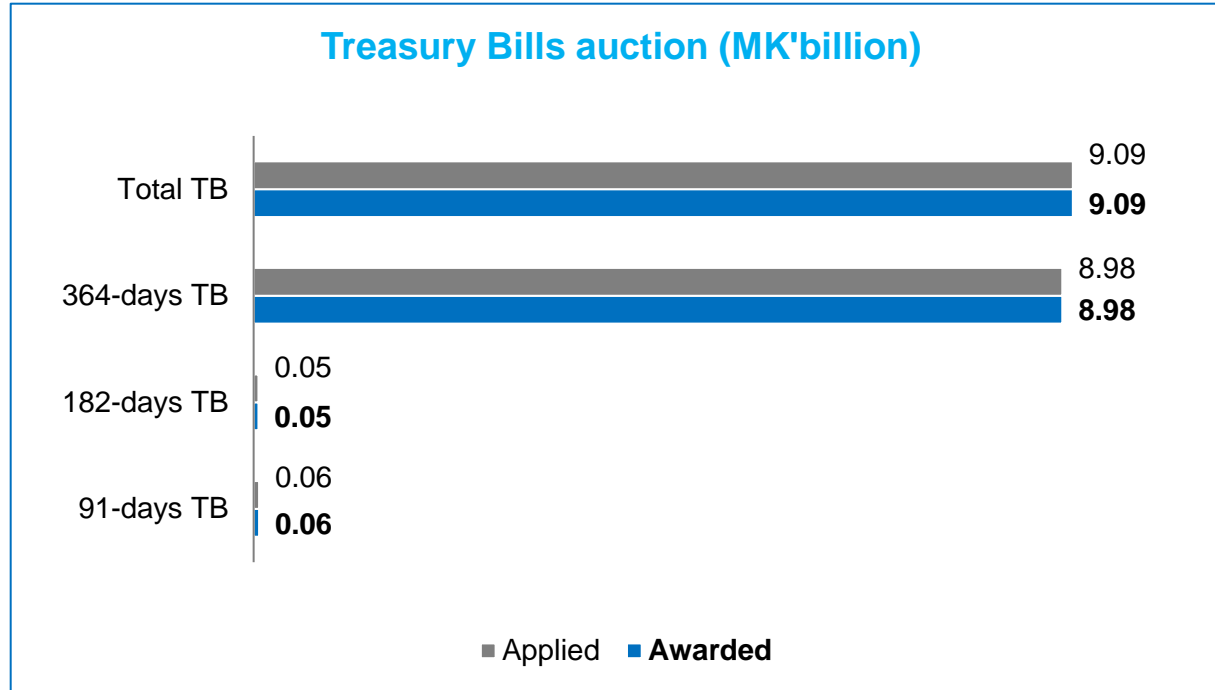
Government securities (Source: RBM)

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

The total amount raised from the TB auction was MK9.09 billion, primarily driven by the 364-days TB.

The total amount raised from the TN auction was MK11.93 billion, primarily driven by 10-year and 7-year TN. There were no applications for 2-year TN.

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	6-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	2,275.41*
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	1,887.48*
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	99.07*
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	N/A	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%	23.29%
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%	48.86%
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%	48.19%
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%	53.53%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 6 December 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.**