

Malawi Financial Market Update

Week ending 31 January 2025





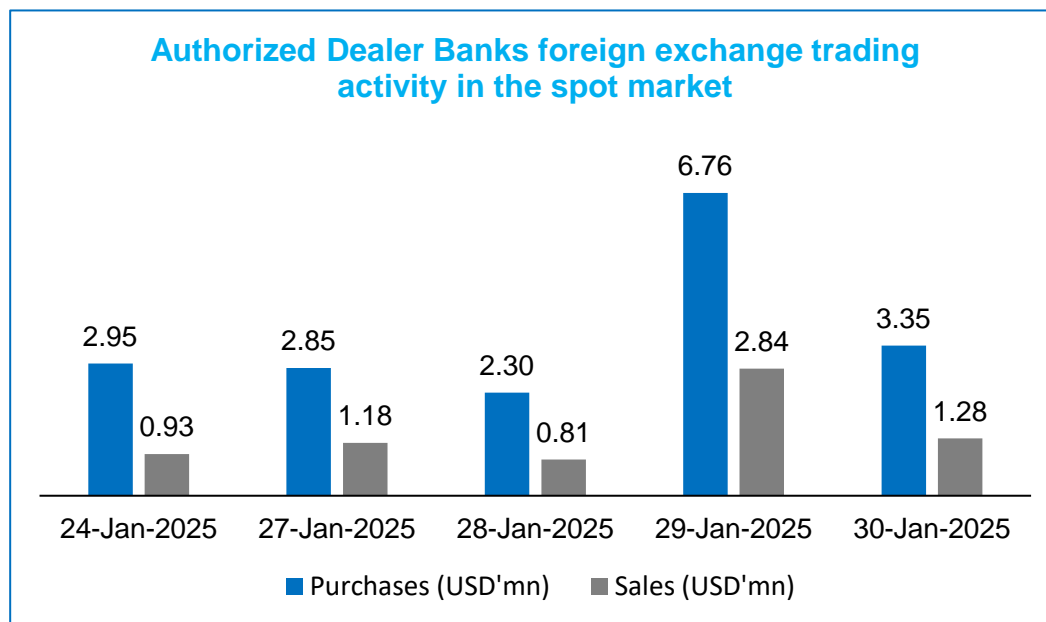
The MPC maintained the Policy Rate at 26% and the LRR at existing levels, citing slowing inflation in late 2024, which, if continues to decline, may allow for future rate cuts in 2025.

The World Bank granted Malawi USD250.8 million to boost electricity access from the current 25.9% to 70% by 2030, aligning with Mission 300 to expand energy access across Africa.

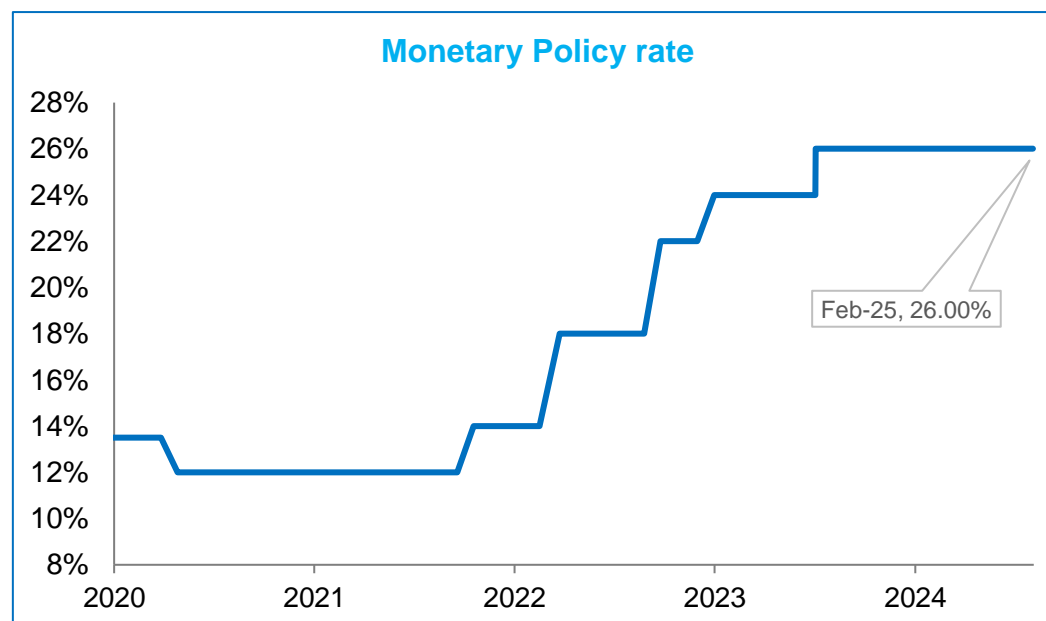
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Exchange rate and other market developments

Foreign exchange trading activity (Source: RBM)



Monitory Policy Rate (Source: RBM)



What Happened This Week

1. The Monetary Policy Committee (MPC) convened its first meeting of 2025 on January 29–30 and opted to maintain the Policy Rate at 26.0%, with the Lombard Rate set 20 basis points above it. The Committee also maintained the Liquidity Reserve Ratio (LRR) at 3.75% for foreign currency deposits and 10.0 percent for local currency deposits. The MPC noted that inflation slowed down in the fourth quarter of 2024 and is projected to further decline in 2025, potentially allowing for future interest rate cuts. (*Reserve Bank of Malawi, 30 January 2025*)
2. The World Bank has provided Malawi a USD250.8 million (approximately MK439 billion) grant to support efforts to expand electricity access from 25.9 percent to 70% by 2030. The funding falls under the Accelerating Sustainable and Clean Energy Access Transformation in Malawi (Ascent Malawi) Project, which promotes access to sustainable and clean energy. This initiative aligns with Mission 300, a collaborative effort by the African Development Bank Group, the World Bank Group, and other partners, aiming to connect 300 million more Africans to electricity by 2030. (*The Nation, 28 January 2025*)
3. The 20th Malawi Economic Monitor by the World Bank projects the country's GDP growth at 1.8% in 2024, marking the third consecutive year of declining per capita income due to slow macroeconomic reforms and external shocks like drought. The agricultural sector contracted by 2% following poor harvests, while industrial and services sectors showed modest growth despite foreign exchange shortages. Inflation remains high, and fiscal imbalances persist, further straining economic stability. While GDP growth is expected to exceed 4% in 2025, this depends on improved agricultural output, manufacturing expansion, and successful macroeconomic stabilization efforts. (*Malawi Economic Monitor, 30 January 2025*).
4. Lotus Resources has signed term sheets with Standard Bank Plc and First Capital Bank Limited for equipment financing and working capital facilities to support the restart and scale-up of the Kayerekera uranium project. Production at Kayerekera is on track to restart in the third quarter of 2025, with all essential equipment items ordered, construction crews and mobile equipment mobilized, and work already underway. Over 200 personnel are on-site, marking significant progress toward full operational capacity. (*Lotus Resources Limited, 28 January 2025*)
5. President Donald Trump's executive order on U.S. foreign assistance has frozen USD284.7 million (about MK493.7 billion) in funding for Malawi. The top investment sectors by the USAid in Malawi which will consequently be affected include HIV and Aids, basic health, agriculture, basic education, family planning, maternal and child health, disaster prevention and preparedness, government and civil society, post secondary school education and general environmental protection. (*The Nation, 29 January 2025*)
6. Malawi Airlines plans to launch flights to Mzuzu and Karonga in the first half of the year, enhancing domestic connectivity and economic growth in the Northern Region. It also aims to expand routes to Rwanda and the DRC in support of regional integration. (*The Nation, 27 January 2025*)

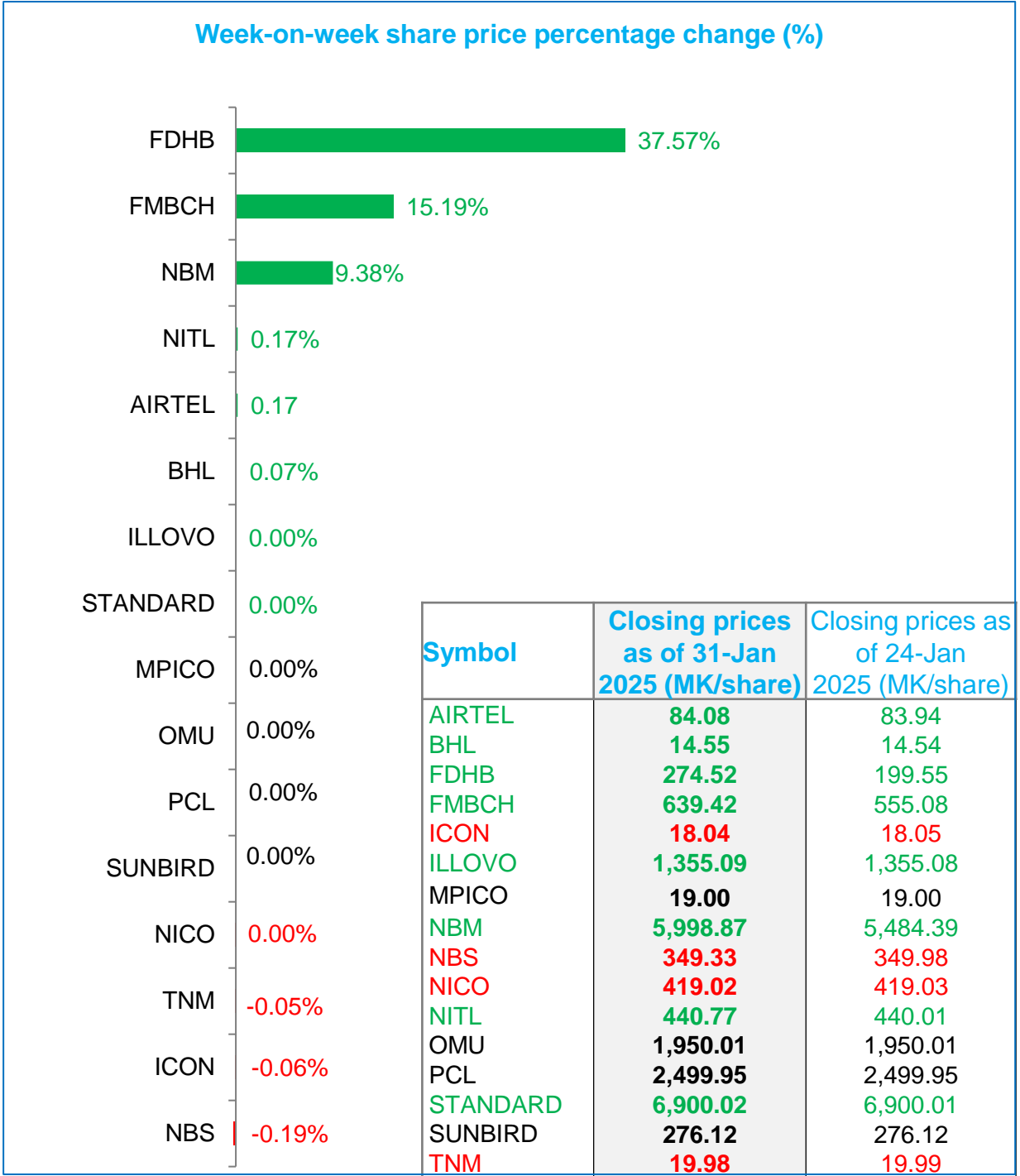
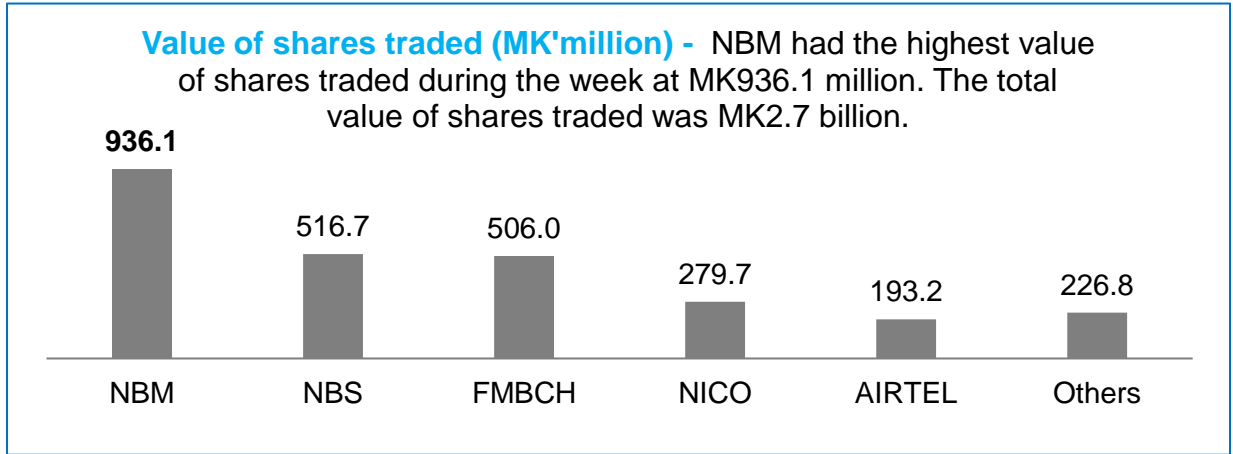
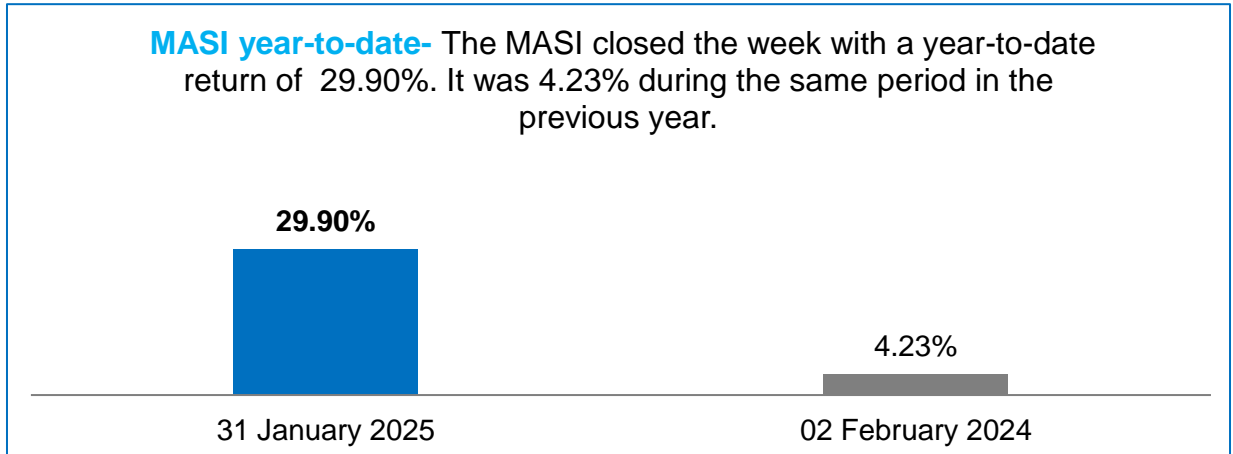
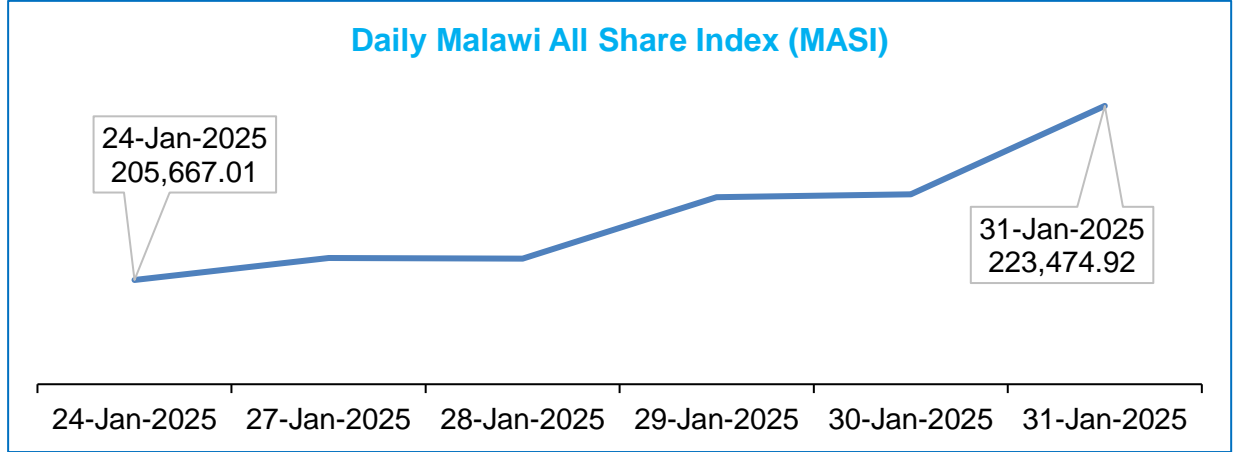


The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 31 January 2025 at 223,474.92 points from 205,667.01 points on 24 January 2025.

This was primarily driven by FDHB, FMBCH and NBM, which increased by 37.57%, 15.19%, and 9.38%, respectively.

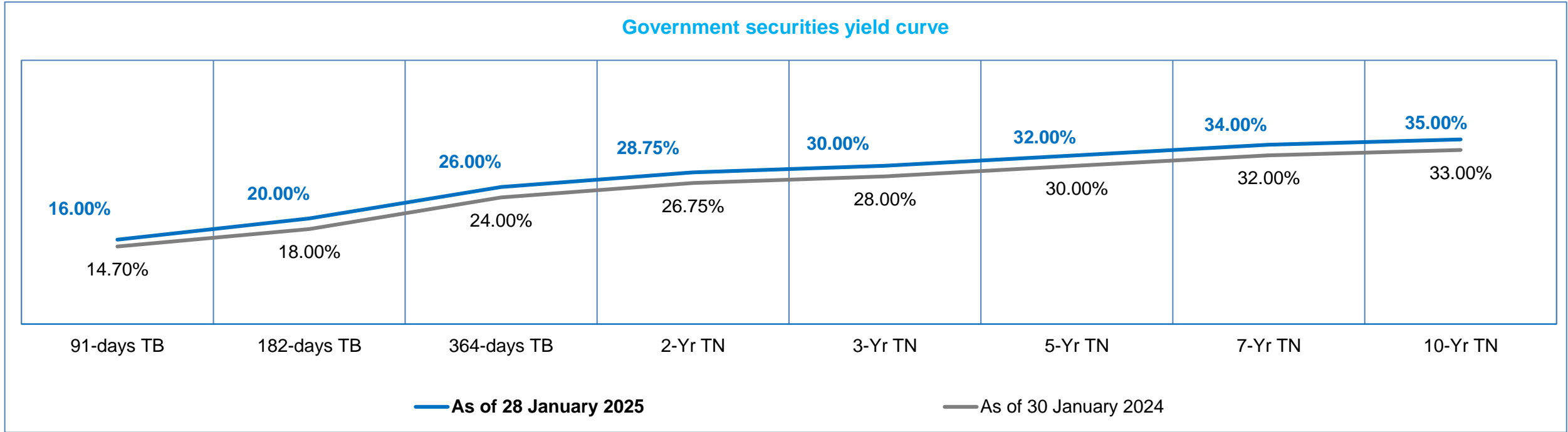
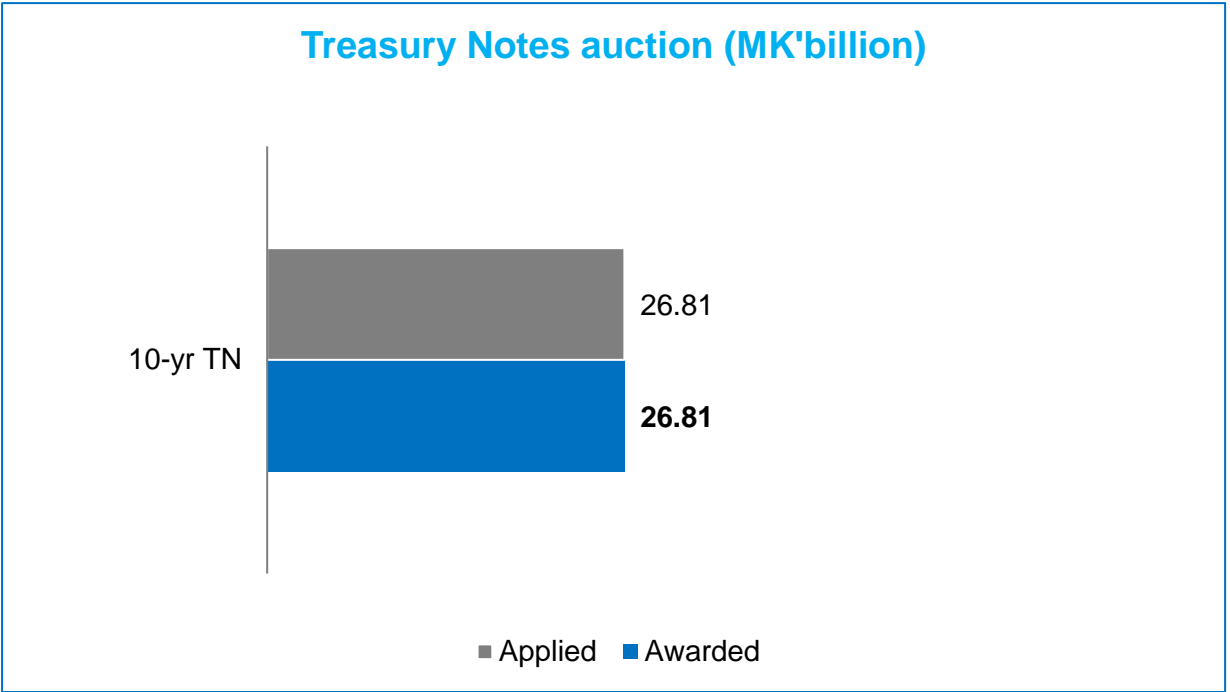
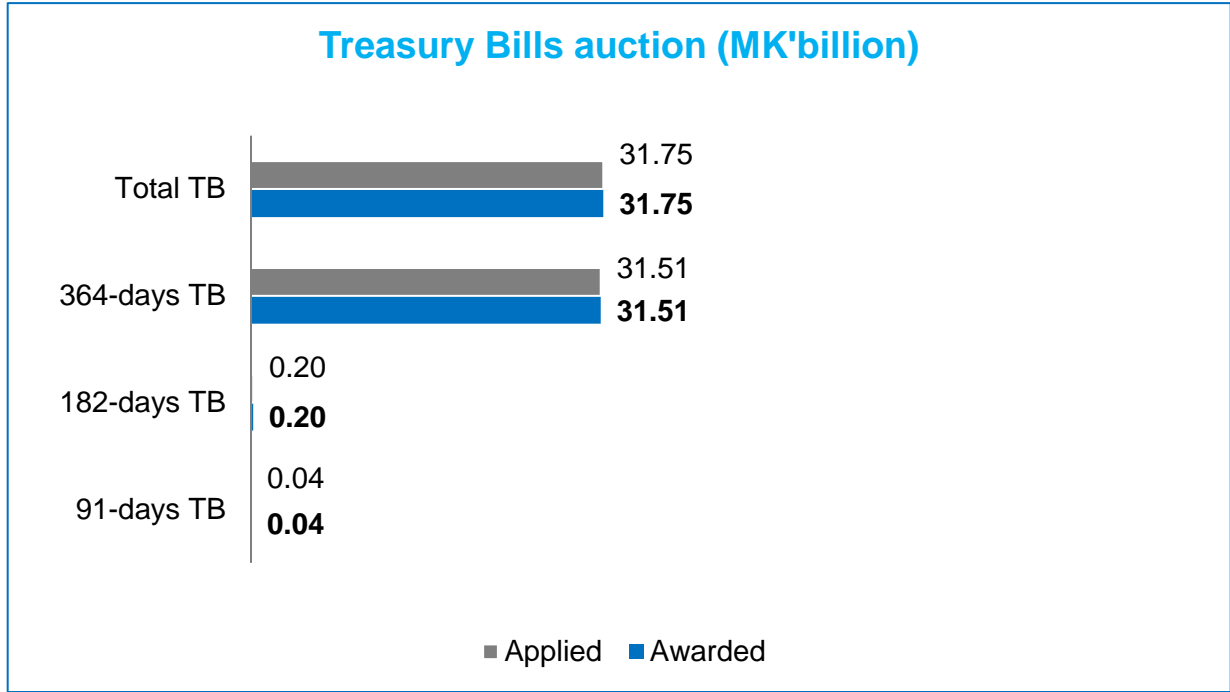
Malawi Financial Market Update: Week ending 31 January 2025

Stock market (Source: MSE)





Government securities (Source: RBM)



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	31-Jan-25
Exchange Rates (middle rates)														
MK/USD	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	1,749.93	1,734.01*
MK/GBP	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	2,250.25	2,218.25*
MK/EUR	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	1,861.87	1,855.51*
MK/ZAR	94.17	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	96.24*
Foreign Exchange Reserves														
Total Reserves (USD'mn)	675.58	576.70	540.32	552.94	603.07	610.18	591.51	572.02	549.85	560.3	519.0	516.9	N/A	N/A
Inflation														
Headline	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	N/A
Food	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	N/A
Non-food	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate (Overnight)	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%
Lombard Rate	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%	26.20%
Commercial Bank Reference Rate	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%	25.20%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Year-to-date Return														
MASI	78.85%	4.25%	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%
DSI	69.99%	0.03%	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%
FSI	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%	15.08%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 31 January 2025

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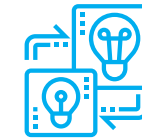
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