

Malawi Financial Market Update

Week ending 21 March 2025





Malawi Financial Market Update: Week ending 21 March 2025

Market developments

What Happened This Week

Inflation was 30.7% in February 2025, driven by a rise in both food and non-food inflation.

Standard Bank Malawi Plc declared a second interim dividend of MK16.5 billion after reporting a 64% increase in profit after tax to MK86.4 billion for 2024.

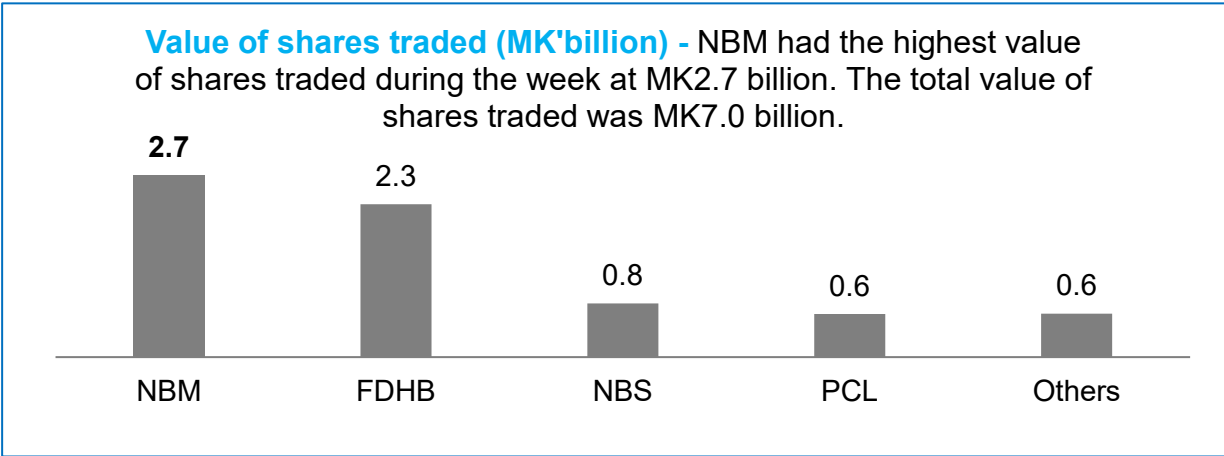
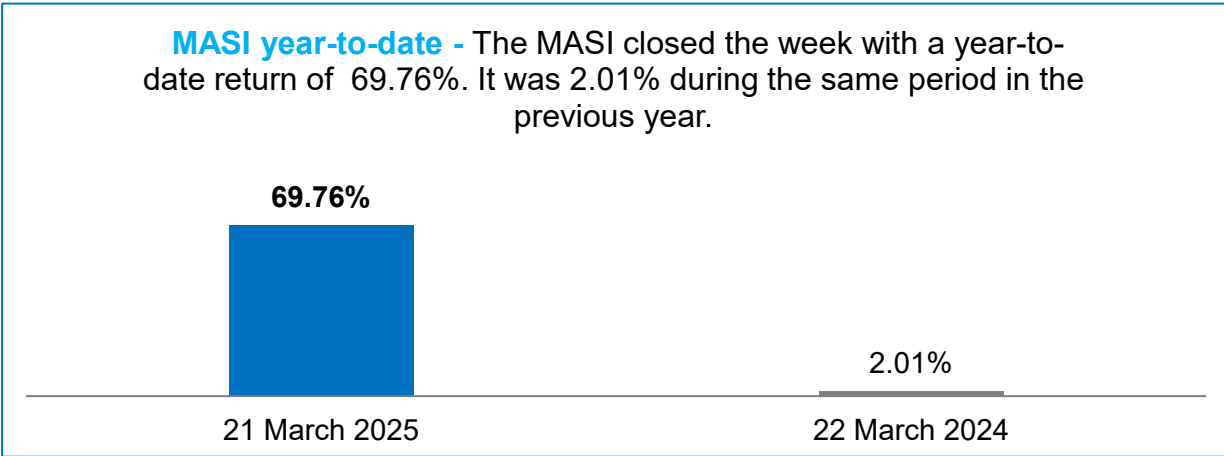
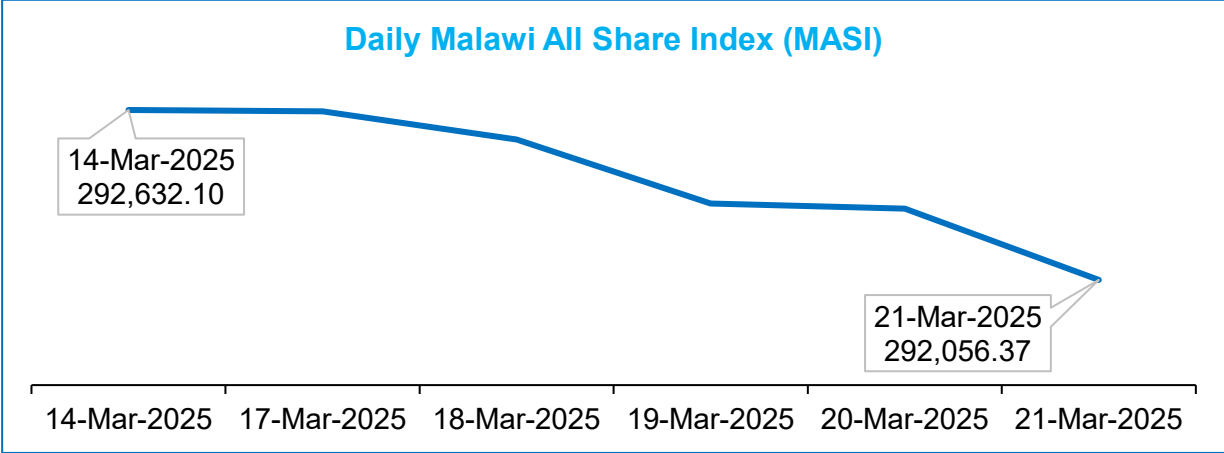
China funds Malawi's new Judicial Complex worth USD26 million and signs an additional USD28 million economic cooperation agreement.

1. The Year-on-Year inflation rate for February 2025 in Malawi rose to 30.7%, up from 28.5% in January. Food inflation increased to 38.5% from 36.0%, while non-food inflation climbed to 18.5% from 16.9%. The month-to-month national inflation rate stood at 3.8%, with food inflation at 4.2% and non-food inflation at 3.1%. Urban inflation was 4.0%, with food and non-food inflation at 4.9% and 2.7%, respectively. Rural inflation was 3.8%, with food and non-food inflation at 3.9% and 3.4%, respectively (*National Statistical Office, 16 March 2025*).
2. Malawi's foreign exchange reserves rose by 7.47% in January 2025, reaching USD570.6 million (2.3 months of import cover), up from USD530.9 million (2.1 months) in December 2024. The increase was driven by higher exports, particularly from tobacco, tea, macadamia nuts, and rubber, alongside a slowdown in imports. The Reserve Bank of Malawi has intensified efforts to curb parallel market trading, but analysts argue that lasting solutions require boosting exports and reducing import dependency (*The Nation, 17 March, 2025*).
3. National Bank of Malawi Plc has issued an update on its 30 December 2024 trading statement, indicating that its consolidated profit after tax for the year ended 31 December 2024 is now expected to be between MK100.0 billion and MK102.0 billion. This represents an increase of 39% to 42% from the MK71.96 billion reported in the previous corresponding period. Shareholders are advised that the information has not been reviewed by external auditors, and the bank expects to publish its full financial statements within the required period. (*National Bank of Malawi Plc, 17 March 2025*)
4. Lotus Resources has signed a binding uranium offtake agreement with a large North American power utility for the sale of 600,000 pounds (lbs) of Kayelekera uranium from 2026 to 2029. The contract features fixed pricing based on long-term market prices, with price escalation linked to inflation targets. A separate agreement with Curzon secures an additional 700,000 lbs of uranium, with the potential for up to 1 million lbs by 2032. Lotus now has sale arrangements for up to 3.2 million lbs of uranium to be produced from Kayelekera. The company is focused on minimizing exposure to uncontracted spot markets through long-term contracts. Production at Kayelekera is on track to begin in Q3 2025, and further contract discussions are ongoing. (*Lotus Resources, 17 March 2025*)
5. Standard Bank Malawi Plc reported a 64% increase in profit-after-tax for 2024, totaling MK86.4 billion, driven by a 27% rise in total revenue. Net interest income grew by 43%, supported by a 29% growth in loans and advances. However, credit impairments increased by 56% due to loan portfolio growth and economic challenges. Net fees and commissions grew by 18%, while trading revenue decreased by 9% due to foreign currency shortages. Earnings per share rose from MK223.49 in 2023 to MK367.51 in 2024. The bank declared a second interim dividend of MK16.5 billion and recommended a final dividend at the upcoming annual general meeting. (*Standard Bank Malawi Plc, 19 March 2025*)
6. The government has banned imports of select goods, including maize flour, fresh milk, rice, and meat products, for three years to protect local industries. However, concerns remain over whether local producers can meet demand. Experts argue that instead of restricting imports, efforts should focus on making industries more competitive. There are also worries about potential conflicts with regional trade agreements. The government insists the ban is temporary and reversible if local manufacturers fail to deliver. (*The Nation, March 19, 2025*)
7. China has committed USD26 million to fund the construction of a new Judicial Complex in Lilongwe as part of ongoing support for Malawi's infrastructure development. The initiative follows high-level discussions aimed at strengthening bilateral ties. Additionally, a USD28 million (approximately MK48 billion) economic cooperation agreement has been signed to support socio-economic projects, including post-disaster reconstruction and healthcare. Authorities have welcomed the support, emphasizing its role in enhancing justice infrastructure and broader development efforts. (*The Daily Times, 21 March 2025*)
8. PressCane Limited has invested over MK10 billion in an effluent treatment plant at Dwangwa, set for commissioning in 2025. The plant will address distillation residue disposal challenges by converting it into bio-fertiliser, providing an eco-friendly alternative for local communities. The project aims to reduce reliance on evaporation ponds and ensure compliance with environmental regulations. Authorities have welcomed the investment as a long-term solution to environmental concerns. (*The Nation, 21 March 2025*)



The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 21 March 2025 at 292,056.37 points from 292,632.10 points on 14 March 2025. TNM and NICO were the primary drivers of this decline.

Stock market (Source: MSE)



Week-on-week share price percentage change (%)

STANDARD	0.06%
AIRTEL	0.01%
PCL	0.01%
FDHB	0.00%
NITL	0.00%
NBM	0.00%
MPICO	0.00%
OMU	0.00%
SUNBIRD	0.00%
ILLOVO	0.00%
FMBCH	-0.02%
BHL	-0.07%
NBS	-0.16%
ICON	-0.17%
NICO	-2.04%
TNM	-4.83%

Symbol	Closing prices as of 21-Mar 2025 (MK/share)	Closing prices as of 14-Mar 2025 (MK/share)
AIRTEL	128.05	128.04
BHL	14.54	14.55
FDHB	315.20	315.19
FMBCH	1,412.23	1,412.54
ICON	17.94	17.97
ILLOVO	1,791.69	1,791.70
MPICO	19.00	19.00
NBM	6,200.11	6,200.09
NBS	349.01	349.57
NICO	779.02	795.24
NITL	634.09	634.08
OMU	1,950.03	1,950.03
PCL	2,500.19	2,500.03
STANDARD	7,935.07	7,930.04
SUNBIRD	300.03	300.03
TNM	25.00	26.27



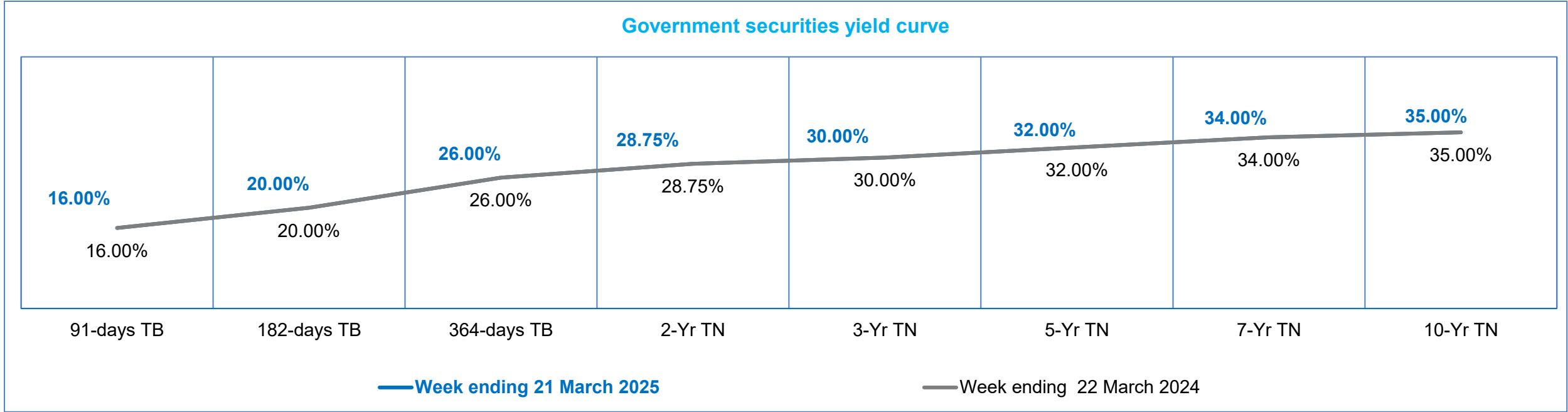
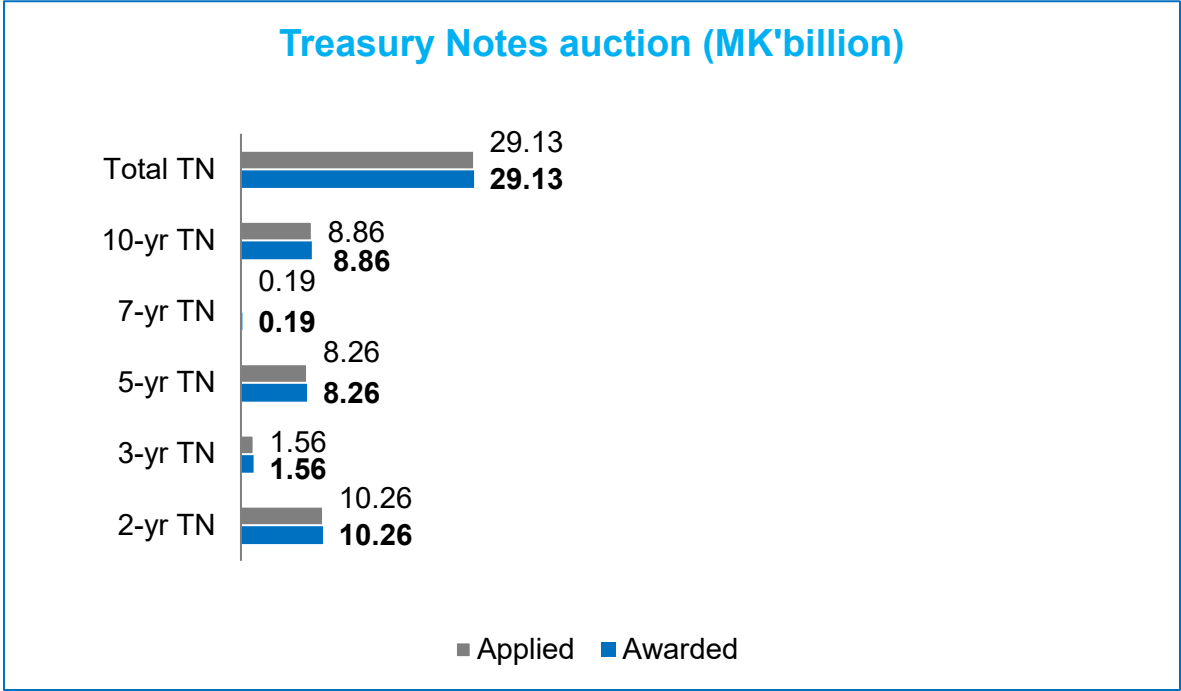
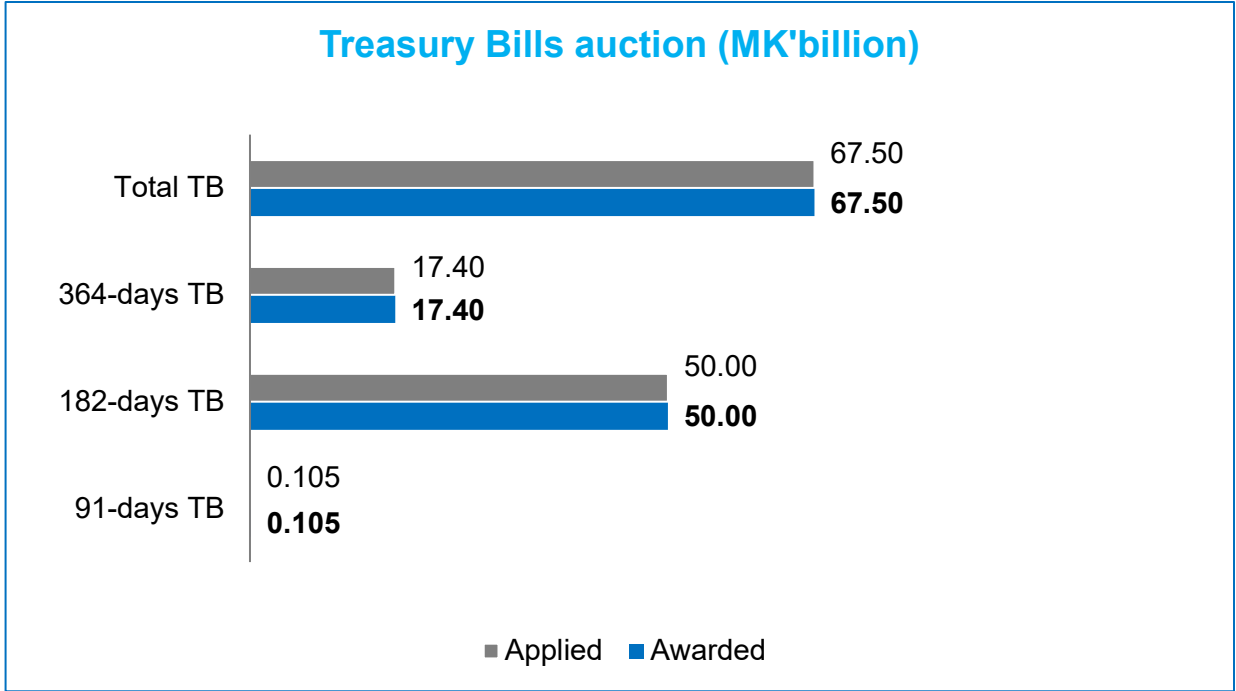
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from the TB auctions was MK67.50 billion, primarily driven by the 182-days TB.

The total amount raised from the TN auctions was MK29.13 billion, primarily driven by the 2, 5 and 10-year TNs.

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

Government securities (Source: RBM)





Appendix 1: Historical Economic Indicators

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	21-Mar-25
Exchange Rates (middle rates)														
MK/USD	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	1,750.35	1,749.65	1,734.01*
MK/GBP	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	2,233.84	2,268.53	2,309.52*
MK/EUR	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	1,866.83	1,873.26	1,934.99*
MK/ZAR	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.24*
Foreign Exchange Reserves														
Total Reserves (USD'mn)	540.32	552.94	603.07	610.18	591.51	572.02	549.85	560.3	519.0	516.9	530.9	570.60	N/A	N/A
Inflation														
Headline	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	28.5%	30.7%	N/A
Food	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	36.0%	38.5%	N/A
Non-food	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	16.9%	18.5%	N/A
Interest Rates														
Monetary Policy Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Average Interbank Rate (Overnight)	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%
Lombard Rate	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%
Commercial Bank Reference Rate	24.90%	24.90%	24.90%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%
Government Securities Yields														
91-days Treasury Bill	16.00%	16.00%	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	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
364-days Treasury Bill	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
2-year Treasury Note	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%
3-year Treasury Note	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
5-year Treasury Note	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
7-year Treasury Note	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
10-year Treasury Note	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Year-to-date Return														
MASI	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.76%
DSI	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	55.98%
FSI	30.43%	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	153.11%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 21 March 2025

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

Head Office - Blantyre

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Lilongwe Office

Bridgepath Capital Limited
Taurus House, Off Presidential Drive
City Center
Lilongwe

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

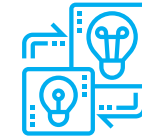
Website: www.bridgepathcapitalmw.com

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.**