

Malawi Financial Market Update

Week ending 18 April 2025





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Market developments

What happened this week

Parliament has passed the 2025 Foreign Exchange Bill, replacing the 1984 Exchange Control Act.

Headline inflation rate dropped to 30.5% in March from 30.7% in February. Food inflation eased while non-food inflation rose.

Coca-Cola Beverages Malawi has launched a USD14.9 million plastic bottle production line in Lilongwe.

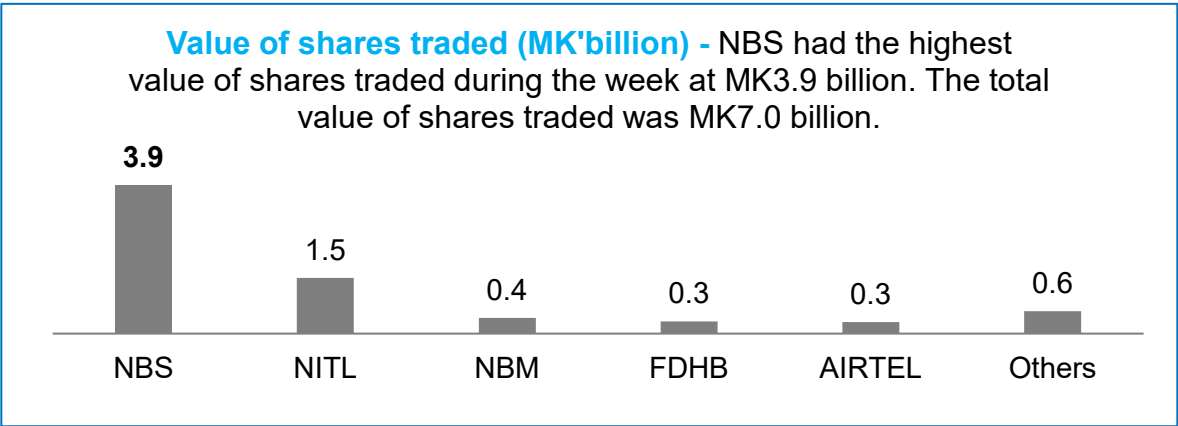
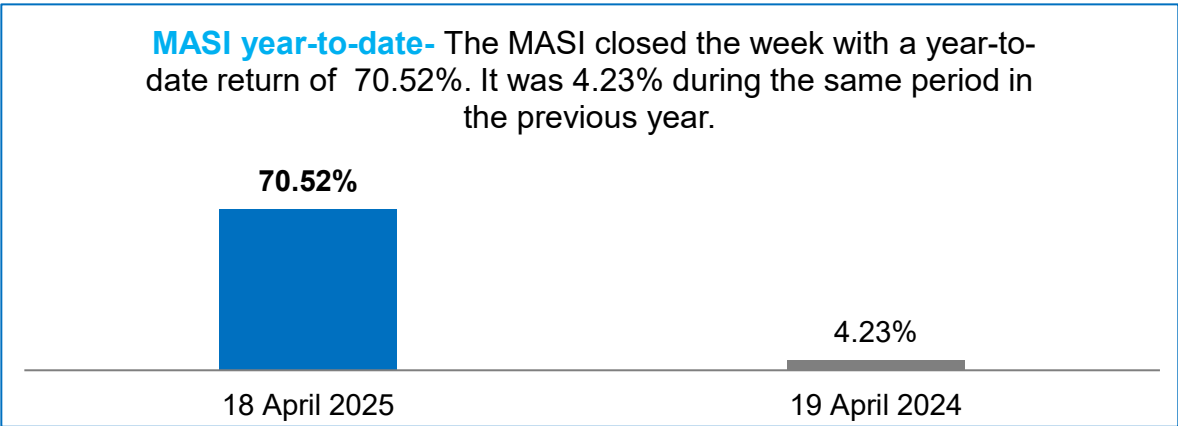
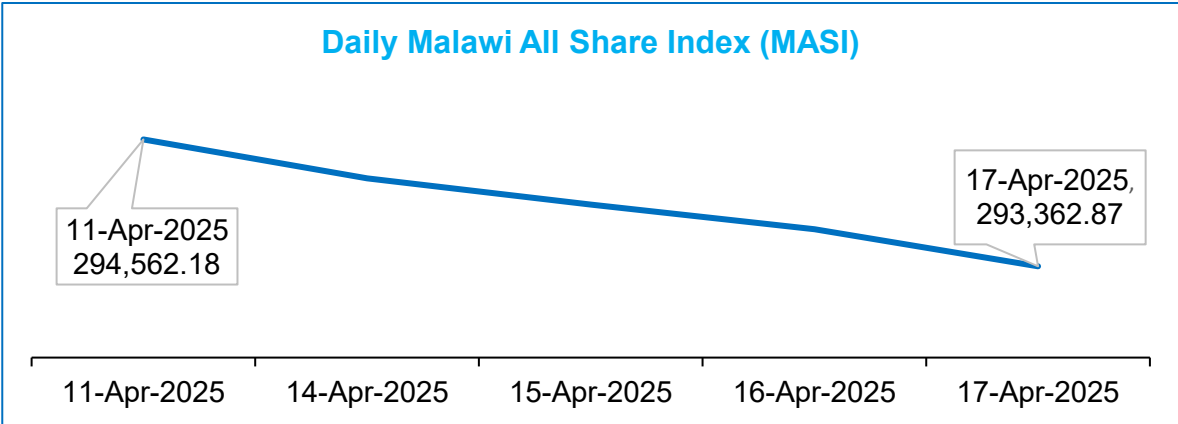
1. Standard Bank Plc has issued a cautionary announcement regarding a proposed share subdivision (share split) aimed at enhancing the liquidity and marketability of its shares. The split will not affect shareholders' percentage ownership in the company. The proposal is subject to regulatory and shareholder approvals. Shareholders are therefore advised to exercise caution and seek professional advice when dealing in the company's shares until further details are formally announced. (*Standard Bank Plc, 14 April 2025*)
2. Parliament has passed the 2025 Foreign Exchange Bill, replacing the 1984 Exchange Control Act. The new law shifts from controlling to managing foreign exchange transactions, aiming to enhance transparency and reduce black market activity. It introduces tougher penalties, with fines raised from MK10,000 to MK200 million and potential imprisonment for offenders. The Act closes loopholes that enabled forex leakage and non-compliance, while setting a more business-friendly forex regime with clearer rules and automatic processes. The Reserve Bank of Malawi has welcomed the development as a positive step forward. (*The Times, 14 April 2025*)
3. Malawi could see a 59% drop in US foreign assistance in 2025, reducing forex inflows by USD177 million and leading to a projected GDP loss of USD127 million. Health, the largest aid-receiving sector, faces the most significant absolute cuts. This highlights Malawi's weak resilience to shocks, exacerbated by macroeconomic imbalances and lack of buffers. Policy shifts like adopting a flexible exchange rate, supporting exports, and fiscal reforms could mitigate losses. Boosting mining and agriculture, diversifying donor funding, and integrating aid into national systems are key. Long-term resilience depends on financing services through domestic revenues in line with Malawi's 2063 goals. (*IFPRI & NPC, 16 April 2025*)
4. Lindian Resources says Malawi is well-placed to become a key rare earth minerals supplier as the US-China trade war disrupts global supply. Stage one of the Kangankunde project in Balaka, seen as low-risk and economically strong, is set to produce 15,300 tonnes annually of 55% concentrate rich in neodymium and praseodymium. These are vital for high-strength magnets, turbines, and aircraft engines. The mine is expected to generate over USD1 billion in economic benefits during its lifespan. With road works ahead of schedule and offtake talks ongoing, experts urge more investment in local exploration to fully tap into the country's mineral potential. (*The Times, 16 April 2025*)
5. The year-on-year inflation rate slightly declined to 30.5% in March 2025, down from 30.7% in February. Food inflation rate eased to 37.7% from 38.5%, while the non-food inflation rate rose to 19.2% from 18.5%. The month-on-month inflation rate for March 2025 stands at 0.8%, with food inflation rate at 0.5% and non-food inflation rate at 1.4%. (*National Statistical Office, 17 April 2025*)
6. As of 17 April 2025, a cumulative 6.71 million kilograms (kg) of tobacco has been sold at an average price of USD2.28/kg. The cumulative amount raised so far is USD15.33 million. (*Auction Holdings Limited, 17 April 2025*)
7. The Reserve Bank of Malawi (RBM) estimates that at least 30% of the country's foreign exchange is lost annually through illicit exports, equating to over USD285 million based on 2024 export figures. In response, RBM is investigating 100 exporters for failing to declare export proceeds, in line with the Foreign Exchange Control Regulation (2024). The central bank recently revised its forex conversion policy, requiring exporters to convert 25% of proceeds into local currency, down from 30%, to balance forex needs with exporter concerns. The move aims to improve accountability and protect Malawi's forex reserves. (*The Nation, 18 April 2025*)
8. Tanzania has threatened to ban all Malawian agricultural imports and suspend fertilizer exports if Malawi does not reverse its recent import ban by next week. The ban, introduced last month, restricts imports of products like rice, maize flour, and milk to protect local producers. Tanzania argues the move harms its traders and may block Malawian goods from passing through its borders. Economic experts warn that the standoff risks disrupting trade, fueling inflation, and undermining regional free trade principles. Both countries are under pressure to resolve the issue diplomatically. (*The Times, 18 April 2025*)
9. Coca-Cola Beverages Malawi has commissioned a USD14.9 million (approx. MK26.07 billion) Polyethylene Terephthalate (PET) production line at its Lilongwe plant. The facility, which produces 19,200 bottles per hour, aims to reduce reliance on imported plastic bottles, thereby conserving foreign exchange and enhancing self-sufficiency in the packaging supply chain. The move is expected to create jobs and ease pressure on forex reserves. The AI-powered system enhances efficiency by detecting and resolving issues before they disrupt production. (*The Nation, 18 April 2025*)



Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 18 April 2025 at 293,362.87 points from 294,562.18 points on 11 April 2025. This was primarily driven by the share price losses in TNM and FMBCH which offset the share price increase by OMU.

The total value of shares traded was MK7.0 billion. NBS had the highest value of shares traded at MK3.9 billion.



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

OMU	15.00%
MPICO	0.11%
AIRTEL	0.02%
NITL	0.00%
STANDARD	0.00%
BHL	0.00%
ICON	0.00%
NBM	0.00%
SUNBIRD	0.00%
PCL	0.00%
NICO	0.00%
ILLOVO	0.00%
FDHB	-0.04%
NBS	-0.39%
FMBCH	-1.68%
TNM	-5.06%

Symbol	Closing prices as of 17 April 2025 (MK/share)	Closing prices as of 11 April 2025 (MK/share)
AIRTEL	129.06	129.03
BHL	14.55	14.55
FDHB	314.59	314.71
FMBCH	1,223.08	1,244.00
ICON	17.95	17.95
ILLOVO	1,791.58	1,791.65
MPICO	19.00	18.98
NBM	6,200.14	6,200.14
NBS	343.64	344.99
NICO	776.72	776.74
NITL	715.03	715.01
OMU	2,242.53	1,950.03
PCL	3,802.21	3,802.22
STANDARD	9,500.03	9,500.00
SUNBIRD	300.14	300.14
TNM	23.66	24.92



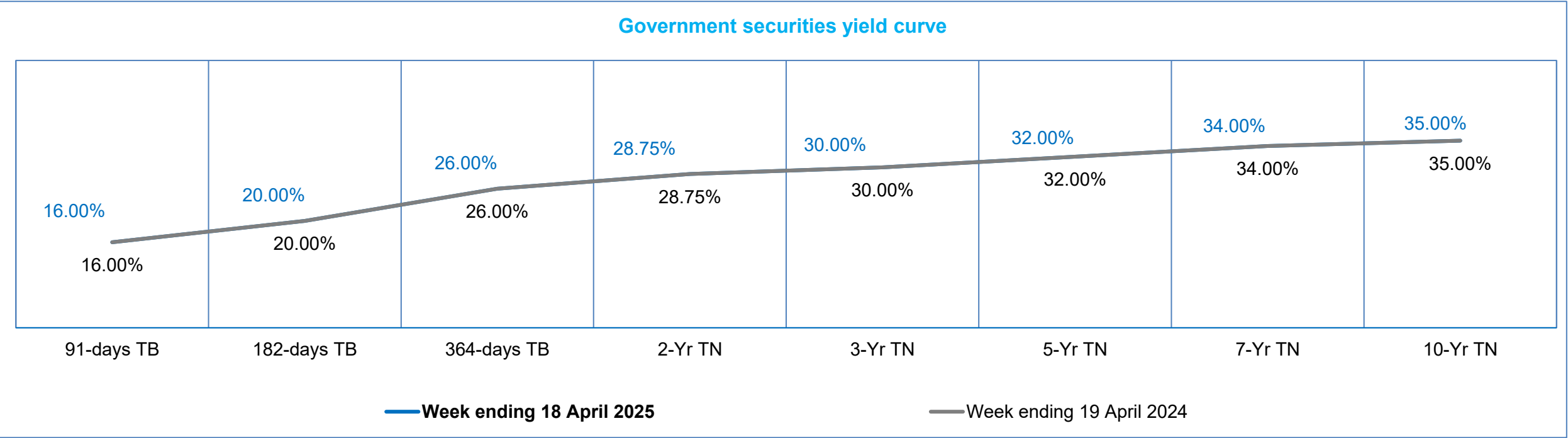
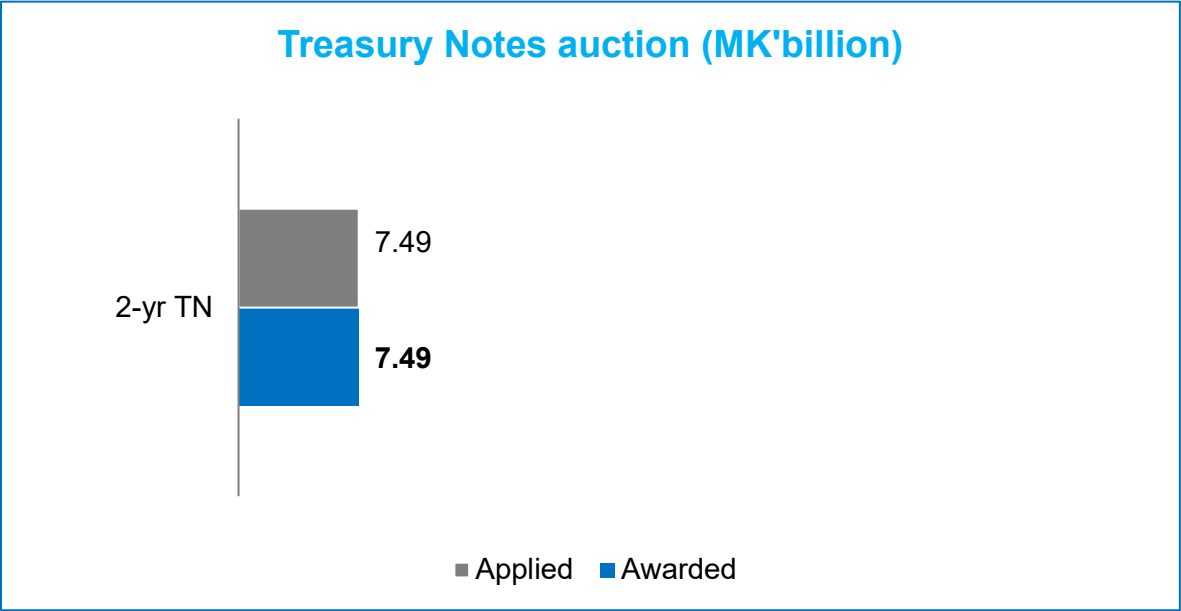
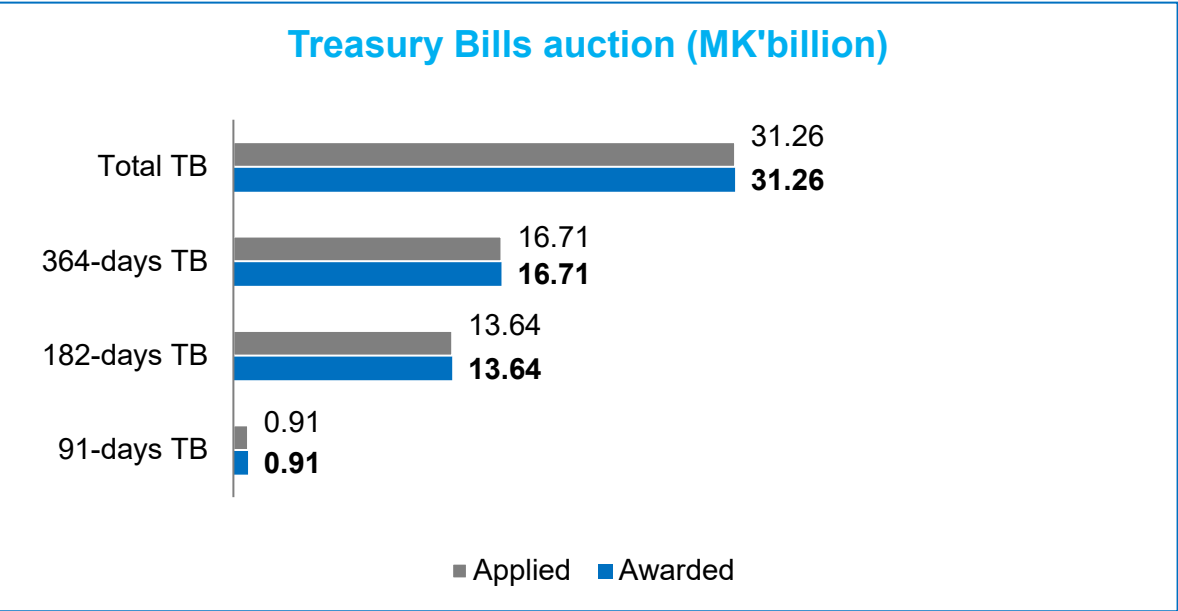
Government securities (Source: RBM)

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 TBs auction was MK31.26 billion.

The total amount raised from the 2-year TN auction was MK7.49 billion.

The average Treasury Bill and Treasury Note yields remained at 20.67% and 31.95%, respectively, during the period under review.



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	17-April-25
Exchange Rates (middle rates)														
MK/USD	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	1,750.25	1,734.01*
MK/GBP	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	2,329.61	2,363.10*
MK/EUR	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	1,945.36	2,029.47*
MK/ZAR	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.15	94.59*
Foreign Exchange Reserves														
Total Reserves (USD'mn)	552.94	603.07	610.18	591.51	572.02	549.85	560.3	519.0	516.9	530.9	570.60	569.5	N/A	N/A
Inflation														
Headline	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	28.5%	30.7%	30.5%	N/A
Food	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	36.0%	38.5%	37.7%	N/A
Non-food	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	16.9%	18.5%	19.2%	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)	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.14%
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%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	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	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	70.52%
DSI	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.43%
FSI	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	119.46%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 17 April 2025

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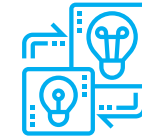
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