

Malawi Financial Market Update

Week ending 9 May 2025





Market Developments

What happened this week

In its second meeting of 2025, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 26.0% and the Lombard rate at 20 basis points above the policy rate.

On 2 May 2025, Malawi and Tanzania agreed to ease trade restrictions, with Tanzania lifting its ban on Malawian plant imports and Malawi committing to facilitate cross-border trade.

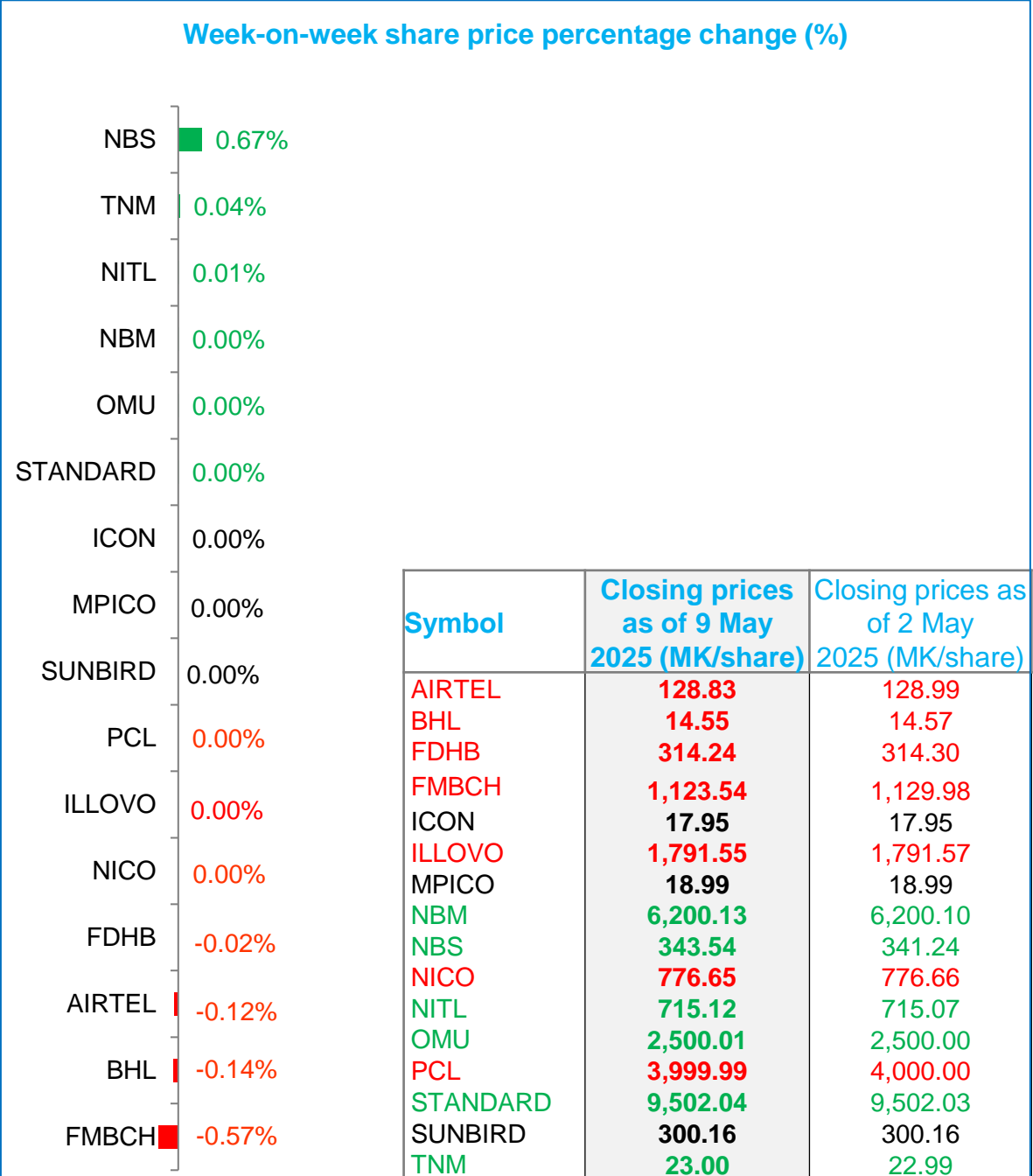
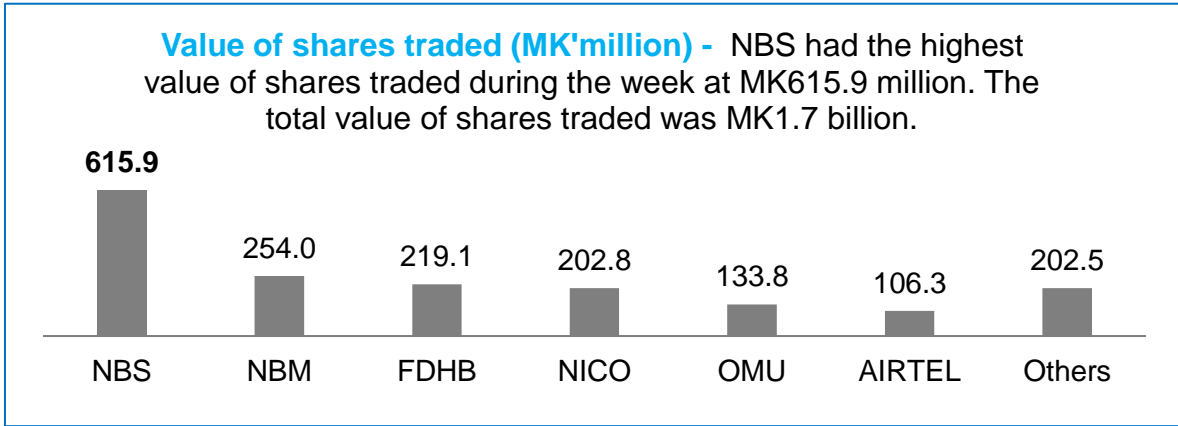
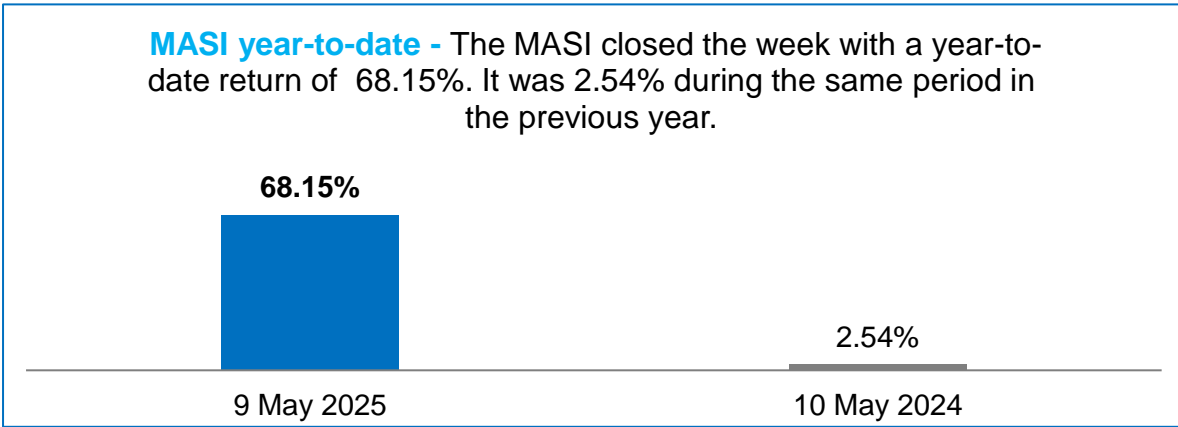
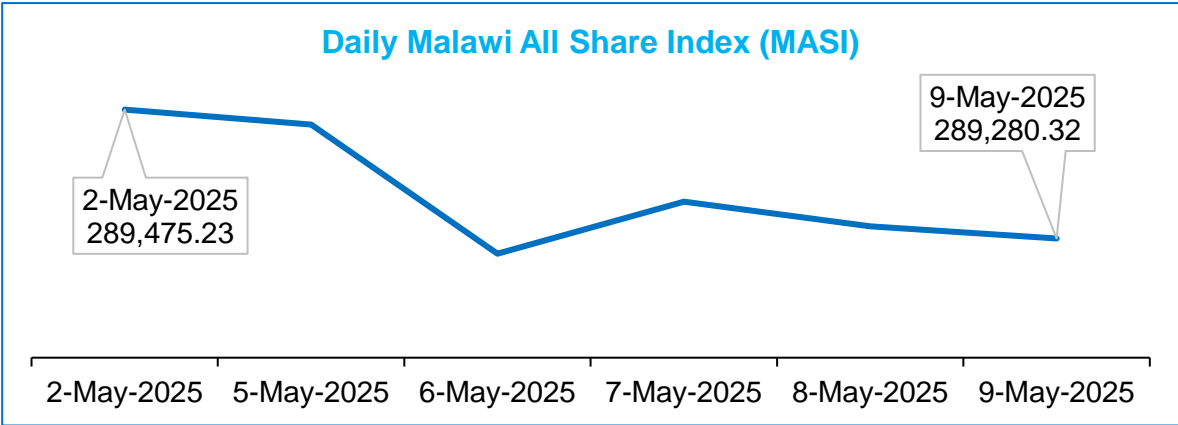
1. The Monetary Policy Committee (MPC) met on 6 and 7 May 2025. The Committee decided to maintain the policy rate at 26.0% and the Lombard rate at 20 basis points above the policy rate. The Liquidity Reserve Requirement (LRR) ratios were also kept unchanged at 10.0% for local currency deposits and 3.75% for foreign currency deposits. In arriving at this decision, the Committee observed moderation in inflationary pressures but noted ongoing risks, particularly from weak agricultural output and fiscal imbalances. The MPC reaffirmed that the current policy stance remains tight enough to drive inflation toward the medium-term target, aided by targeted supply-side interventions and fiscal consolidation. (*Reserve Bank of Malawi, 7 May 2025*)
2. On 2 May 2025, Malawi and Tanzania held a joint ministerial bilateral meeting to discuss the Control of Goods (Import and Export) (Commerce) (Prohibition) Order issued by the Government of Malawi on 13 March 2025, which prohibited the importation of certain goods into Malawi. Following the meeting, Tanzania agreed to lift the prohibition notice on the importation of plant products from Malawi, which had been issued on 23 April 2025. In return, Malawi committed to issuing an administrative instrument to the relevant authorities to facilitate imports and exports between the two countries, effective 2 May 2025. (*Government of Malawi, 5 May 2025*)
3. Shareholders of Telekom Networks Malawi (TNM) Plc have approved the plan to raise MK30 billion by issuing 1.5 billion new shares to its three main shareholders – Press Corporation Plc, Old Mutual Life Assurance Company Malawi Limited, and NICO Life Insurance Company Limited. According to the TNM Plc Board chairperson, the move will help the company restructure its balance sheet and boost profitability, which has been strained by interest-bearing loans. (*The Nation, 5 May 2025*)
4. Malawi, along with Zambia and Ghana, is struggling to restructure its debts with Afreximbank and the Trade and Development Bank (TDB), which insist their loans be excluded from restructuring. This is causing delays in debt restructuring across all three countries. As of early 2023, each of these lenders held 9% of Malawi's external debt but made up 76% of its 2022 debt service. According to Christian Aid, the loans from the two institutions to Malawi have shorter maturities and high interest rates of 9%, compared to just 1.6% and 1.08% for government and multilateral loans. (*The Nation, 8 May 2025*)
5. Airtel Malawi Plc published its audited summary financial results for the year ended 31 December 2024. The Company generated MK270.97 billion in revenue, a 39.7% increase from the MK194.00 billion generated in 2023. Profit after tax improved to MK42.72 billion from the loss of MK15.42 billion in 2023. The board has recommended a final dividend of MK22 billion (MK2.00 per share), subject to shareholders' approval at the forthcoming Annual General Meeting. (*Airtel Malawi Plc, 6 May 2025*)
6. The Agricultural Development and Marketing Corporation (ADMARC) Limited has exported 566,470 metric tonnes of cotton lint to Switzerland. The Division Manager for Ngabu Ginnery in Chikwawa said that the assignments from the 2023-24 and 2024-25 growing season are worth about USD800,000 in value. He attributed ADMARC's success to its strong working relationships with farmers, enabling the purchase and export of all produced cotton. (*The Daily Times, 8 May 2025*)
7. The U.S. government's suspension of financial aid to Malawi in early 2025 has resulted in the termination of contracts for 4,451 healthcare workers, disrupting key health services, particularly those related to HIV, AIDS, and malaria. A joint study by Malawi's National Planning Commission and the International Food Policy Research Institute warns that the aid halt is undermining essential health services, including vaccination programs, and urges the Malawian government to diversify funding sources to avoid overreliance on single donors. Local health advocates have expressed concern over the growing impact on service delivery and public health outcomes. (*The Nation, 8 May 2025*)
8. The commercial bank Reference Rate for May 2025 was set at 25.2%, effective from 6 May 2025. (*National Bank of Malawi Plc, 6 May 2025*)
9. As of 8 May 2025, a cumulative 31.6 million kilograms (kgs) of tobacco have been sold at an average price of USD2.35/kg. The cumulative amount raised so far is USD74.3 million. At this time last year, a cumulative 30.1 million kgs of tobacco had been sold at an average price of USD2.70/kg, and a cumulative USD81.2 million had been raised. (*Auction Holdings Limited, 8 May 2025*)



Malawi Financial Market Update: Week ending 9 May 2025

Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 9 May 2025 at 289,280.32 points from 289,475.23 points on 2 May 2025.





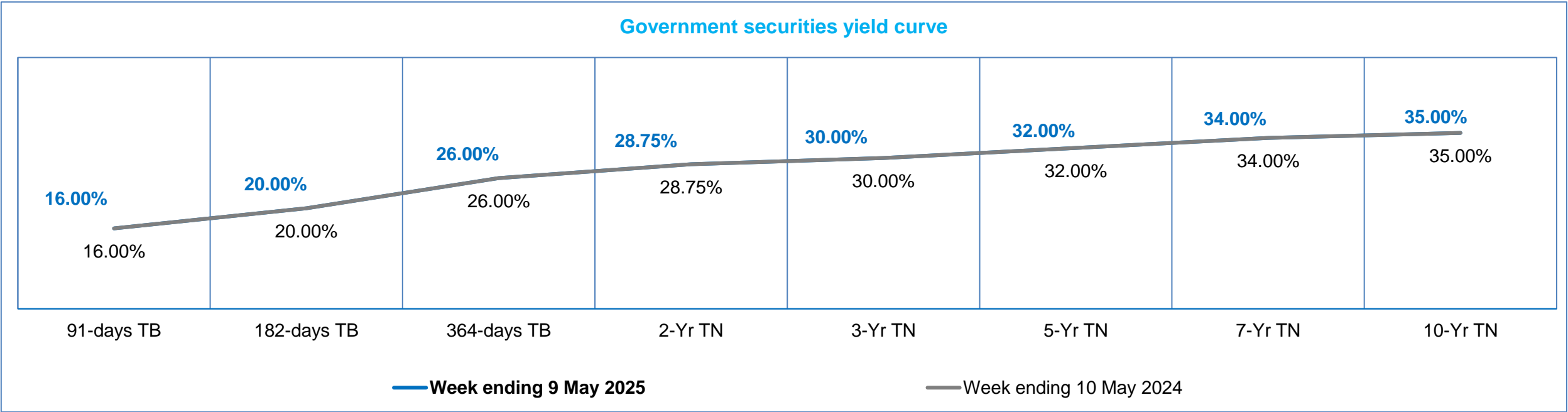
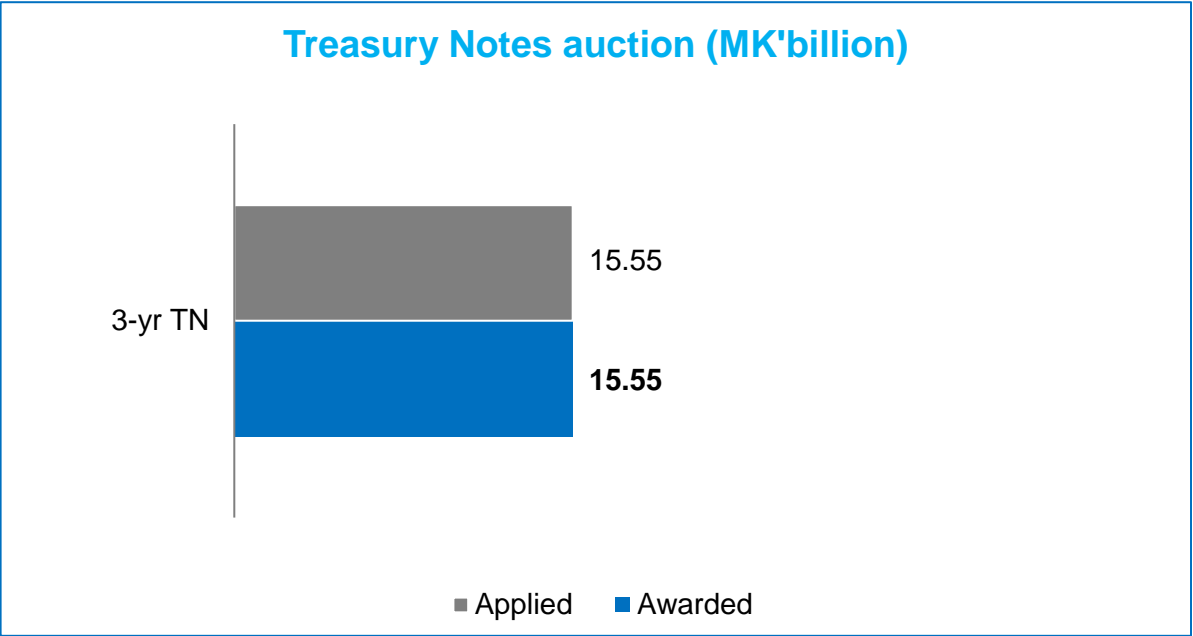
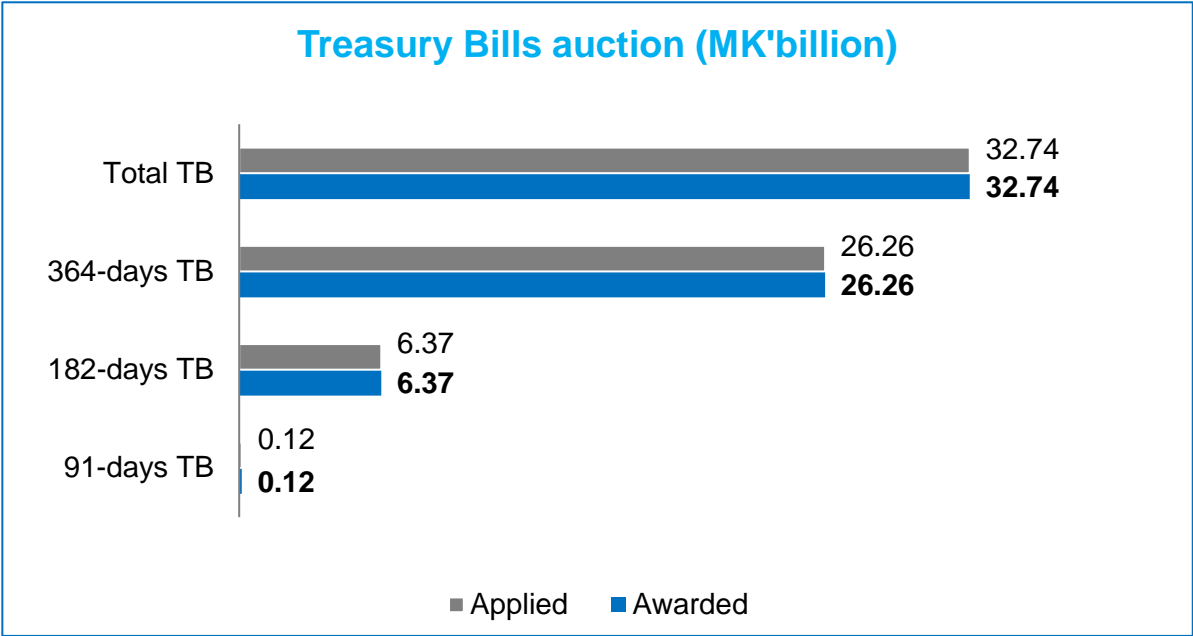
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and the 3-year Treasury Note (TN) during the period under review.

The total amount raised from the TBs auction was MK32.74 billion, primarily driven by the 364-days TB.

The total amount raised from the 3-year TN auction was MK15.55 billion.

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

The RBM also held an Open Market Operation (OMO) Repo auction during the period under review, in which MK45 billion was withdrawn from the market.





Appendix 1: Historical Economic Indicators

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April-25	9-May-25
Exchange Rates (middle rates)														
MK/USD	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	1,750.51	1,734.01*
MK/GBP	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	2,412.28	2,365.96*
MK/EUR	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	2,052.11	2,007.68*
MK/ZAR	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.15	96.28	98.03*
Foreign Exchange Reserves														
Total Reserves (USD'mn)	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	N/A
Inflation														
Headline	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	N/A
Food	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	N/A
Non-food	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	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)	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.18%	23.23%
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%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%	25.10%	25.20%
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	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.39%	68.15%
DSI	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.53%	62.58%
FSI	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	103.82%	101.79%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 9 May 2025

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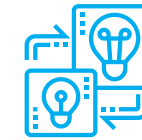
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