

Malawi Financial Market Update

Week ending 13 June 2025





Market Developments

What happened this week

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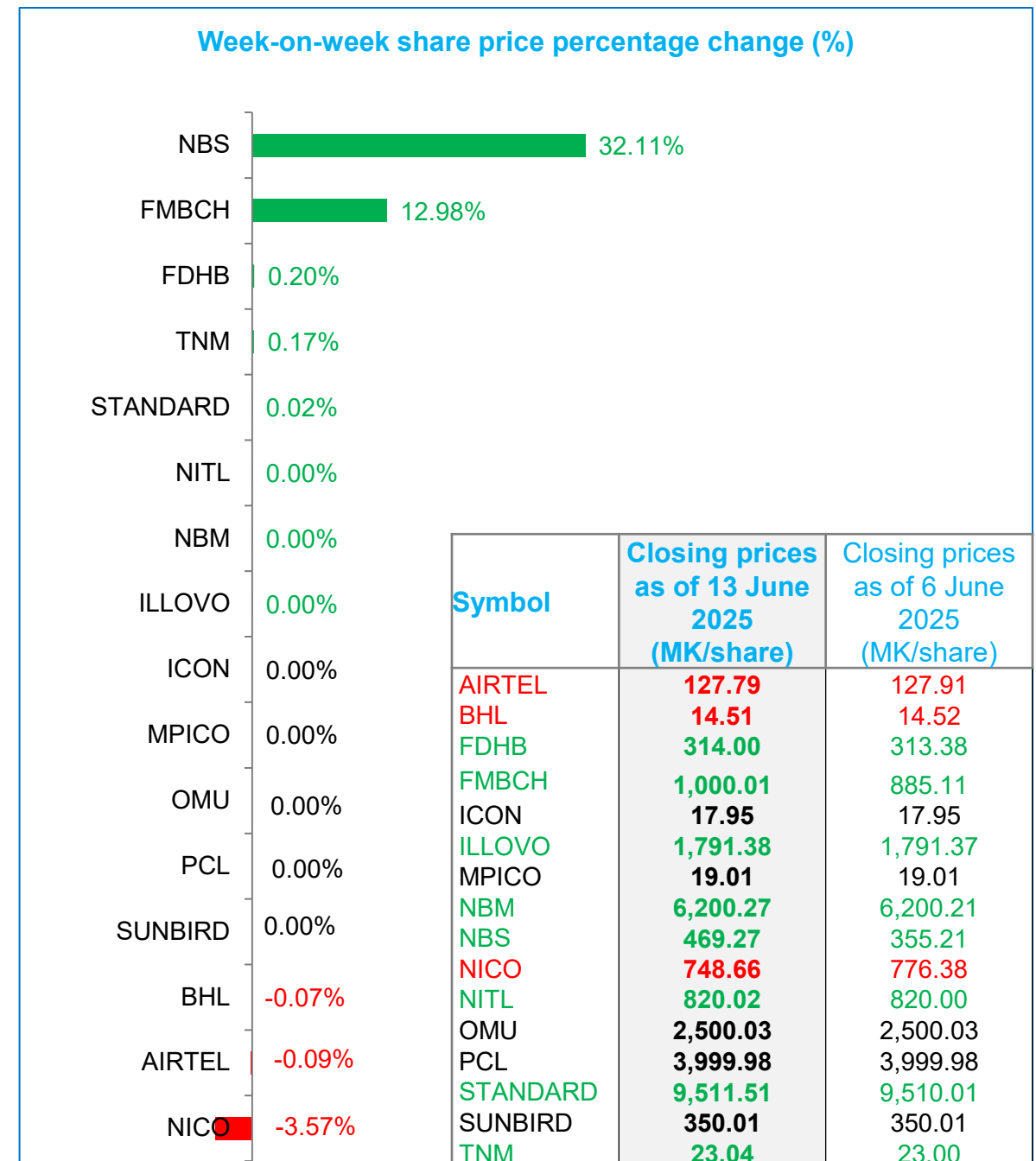
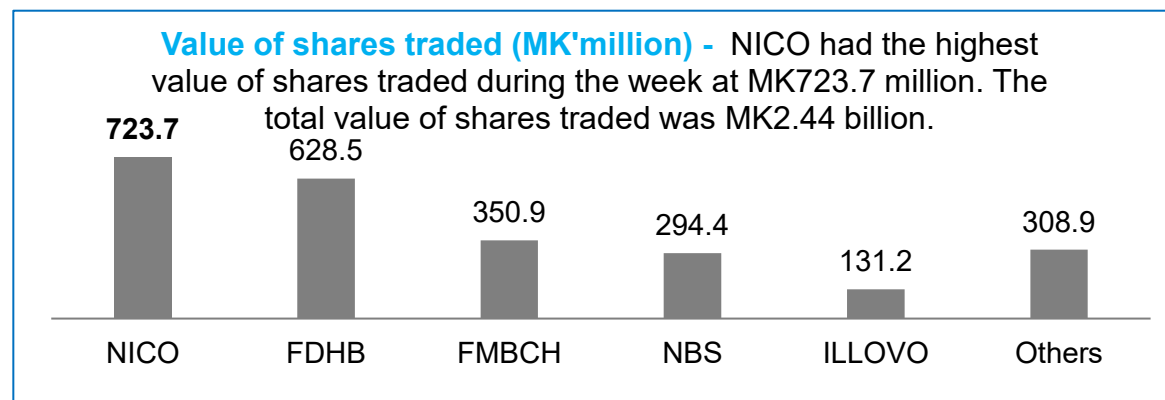
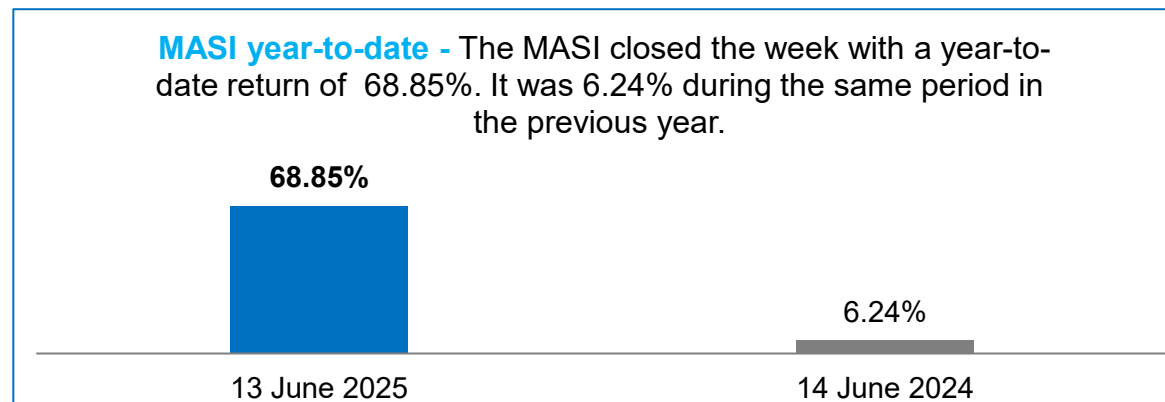
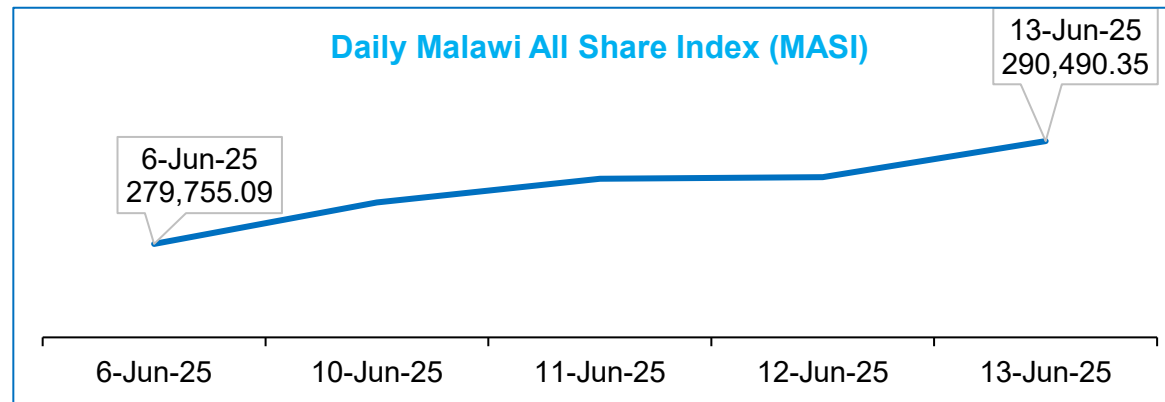
1. The World Bank has raised the global poverty line for low-income countries from USD 2.15 to USD 3 per person per day, pushing Malawi's poverty headcount from 72% to approximately 80%. Economists warn this revision reflects a deepening cost-of-living crisis, as most Malawians now earn below the new threshold amid stagnant incomes and rising prices. Although Malawi's national poverty line remains unchanged, the global revision highlights the increasing disparity between local conditions and global standards. Experts say this poses significant challenges for Malawi's ambition to become a middle-income country by 2063. (*The Nation, 10 June*)
2. Malawi's Songwe Hill Rare Earth Project has been added to the EU Commission's list of strategic projects under the Critical Raw Materials Act, signaling robust global demand for its mineral output. Operated by Mkango Resources, the mine in Phalombe is expected to produce 1,953 tonnes annually of 55% mixed rare earth carbonate over an 18-year mine life. The designation is set to bolster investor confidence and financing prospects. With a 10% government stake, a 5% royalty, and stable tax terms, the project strengthens Malawi's role in the global clean energy supply chain. (*The Nation, 10 June*)
3. Japan's Toho Titanium Company has validated that natural rutile from Sovereign Metals' Kasiya Rutile-Graphite Project in Lilongwe is suitable for producing high-performance titanium metal products. This endorsement follows earlier assessments by ProGraphite and Dorfner Anzplan, which confirmed the quality of the minerals at the site. Sovereign Metals, which owns the world's largest known rutile deposit, is now positioning itself as a key supplier for aerospace and industrial applications amid global efforts to realign critical mineral supply chains. Stakeholders have reiterated the need for investment in mining laboratories and increased local ownership through mandatory dual listings on the Malawi Stock Exchange. The Ministry of Mining reported MK1 billion in royalties in the 2025 fiscal year. (*The Nation, 13 June 2025*)
4. The 2025 cotton marketing season has officially commenced, with farm-gate prices set at MK1,200 per kilogram, a reduction from the previous level of MK1,400 per kilogram. The lower price has sparked concerns about farmers' willingness to continue cultivating cotton despite increased investment. This year, Malawi is projected to produce 22,000 metric tonnes of cotton and earn approximately USD 15 million (MK30 billion) in foreign exchange, a significant increase from the USD 3 million (MK5.9 billion) earned last year from 8,000 metric tonnes. (*The Nation, 11 June 2025*)
5. The European Union has launched the EUR60 million (MK120 billion) Ulimi ndi Chilengedwe (Uchi) programme aimed at enhancing agricultural productivity and regenerating Malawi's natural resource base. The five-year initiative, implemented under the EU's Global Gateway strategy, will support climate-resilient and diversified agriculture across 10 districts, covering about 40% of the country. The programme focuses on sustainable land management, restoring vegetative cover, and addressing environmental pressures such as deforestation and over-reliance on biomass fuel, which have led to a decline in forest cover at a rate of approximately 2% per year. (*The Nation, 11 June 2025*)
6. The Malawian government has acknowledged that forex revenue from the 2025 tobacco marketing season is insufficient to meet demand for fuel procurement and strategic imports. With tobacco traditionally serving as Malawi's top foreign exchange earner, officials stress the need for broader export diversification and structural economic reforms to stabilise import flows in the medium to long term. (*The Daily Times, 13 June 2025*)
7. As of 12 June 2025, a cumulative 95.5 million kilograms (kgs) of tobacco have been sold at an average price of USD2.49/Kg. The cumulative amount raised so far is USD237.8 million. At this time last year, a cumulative 84.5 million kgs of tobacco had been sold at an average price of USD2.86/Kg, and a cumulative USD241.6 million had been raised. (*Auction Holdings Limited, 12 June 2025*)



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Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 13 June 2025 at 290,490.35 points from 279,755.09 points on 6 June 2025. The share price gains in NBS and FMBCH outweighed the share price loss in NICO, resulting in an upward movement of the index.





Government Securities (Source: RBM)

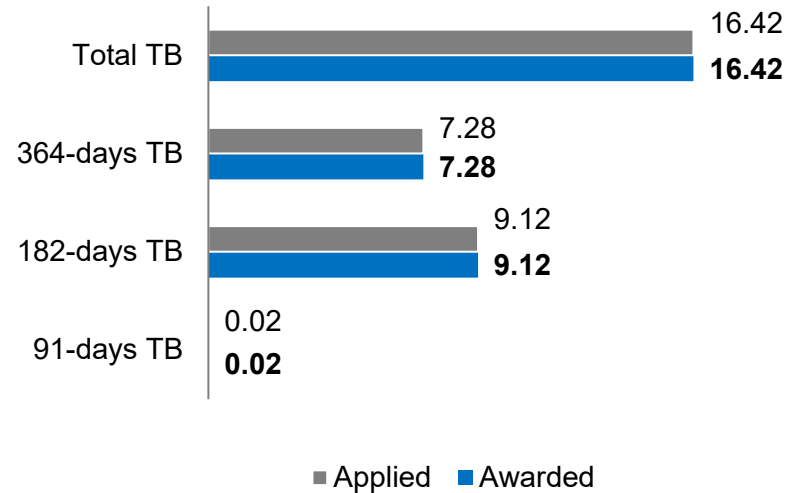
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from the TBs auction was MK16.42 billion, primarily driven by the 182-days TB.

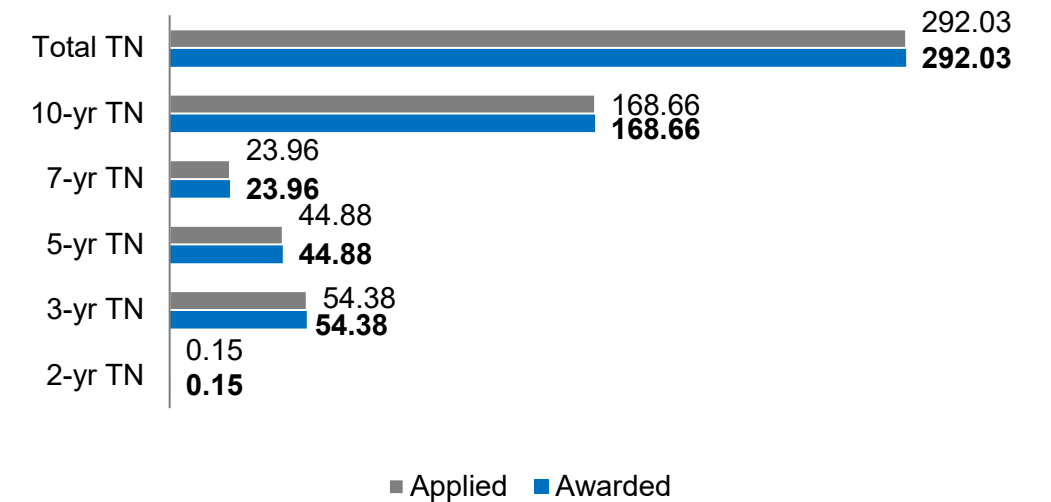
The total amount raised from the TNs auction was MK292.03 billion, primarily driven by the 10-yr TN.

The average yields for Treasury Bills and Treasury Notes remained at 20.67% and 31.95%, respectively, during the period under review.

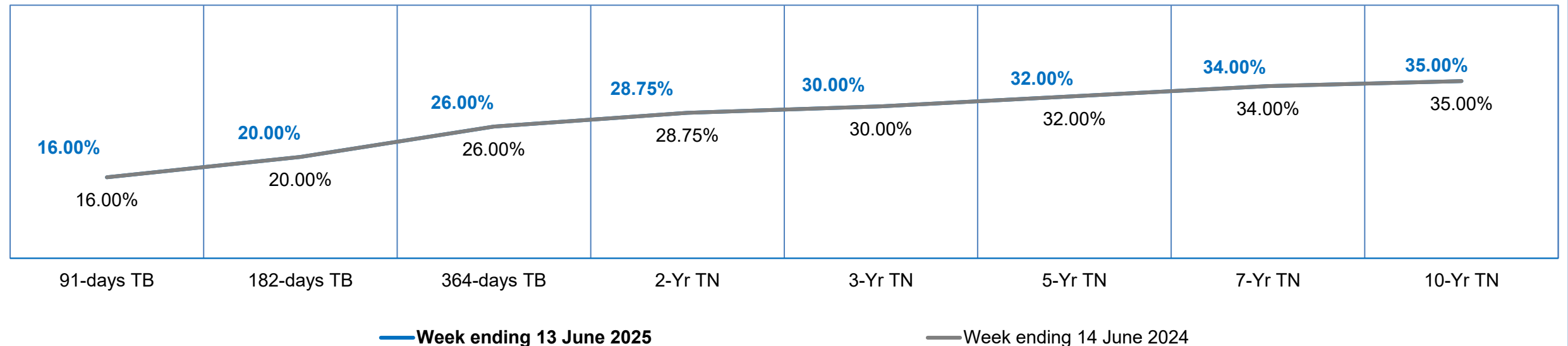
Treasury Bills auction (MK'billion)



Treasury Notes auction (MK'billion)



Government securities yield curve



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April-25	May-25	13-Jun-25
Exchange Rates (middle rates)														
MK/USD	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	1,750.67	1,734.01
MK/GBP	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	2,415.65	2,419.54
MK/EUR	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	2,045.98	2,061.08
MK/ZAR	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.15	96.28	100.76	99.48
Foreign Exchange Reserves														
Total Reserves (USD'mn)	610.18	591.51	572.02	549.85	560.3	519.0	516.9	530.9	570.60	569.5	536.0	N/A	N/A	N/A
Inflation														
Headline	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	28.5%	30.7%	30.5%	29.2%	N/A	N/A
Food	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	36.0%	38.5%	37.7%	35.8%	N/A	N/A
Non-food	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	16.9%	18.5%	19.2%	19.4%	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)	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.18%	23.82%	23.95%
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	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%	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	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	68.85%
DSI	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	67.05%
FSI	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	79.73%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 13 June 2025

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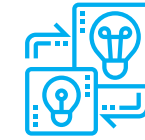
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