

Malawi Financial Market Update

Week ending 18 July 2025





Market Developments

What happened this week

The World Bank warns that Malawi is in a deepening economic crisis, with weak growth, high inflation, food insecurity, unsustainable debt, and critical forex shortages, urging urgent reforms to stabilize the economy and protect the vulnerable.

The Malawi-Mozambique Power Interconnection Project has received a USD2.15 million (approximately MK3.8 billion) grant to update its feasibility and environmental and social impact studies.

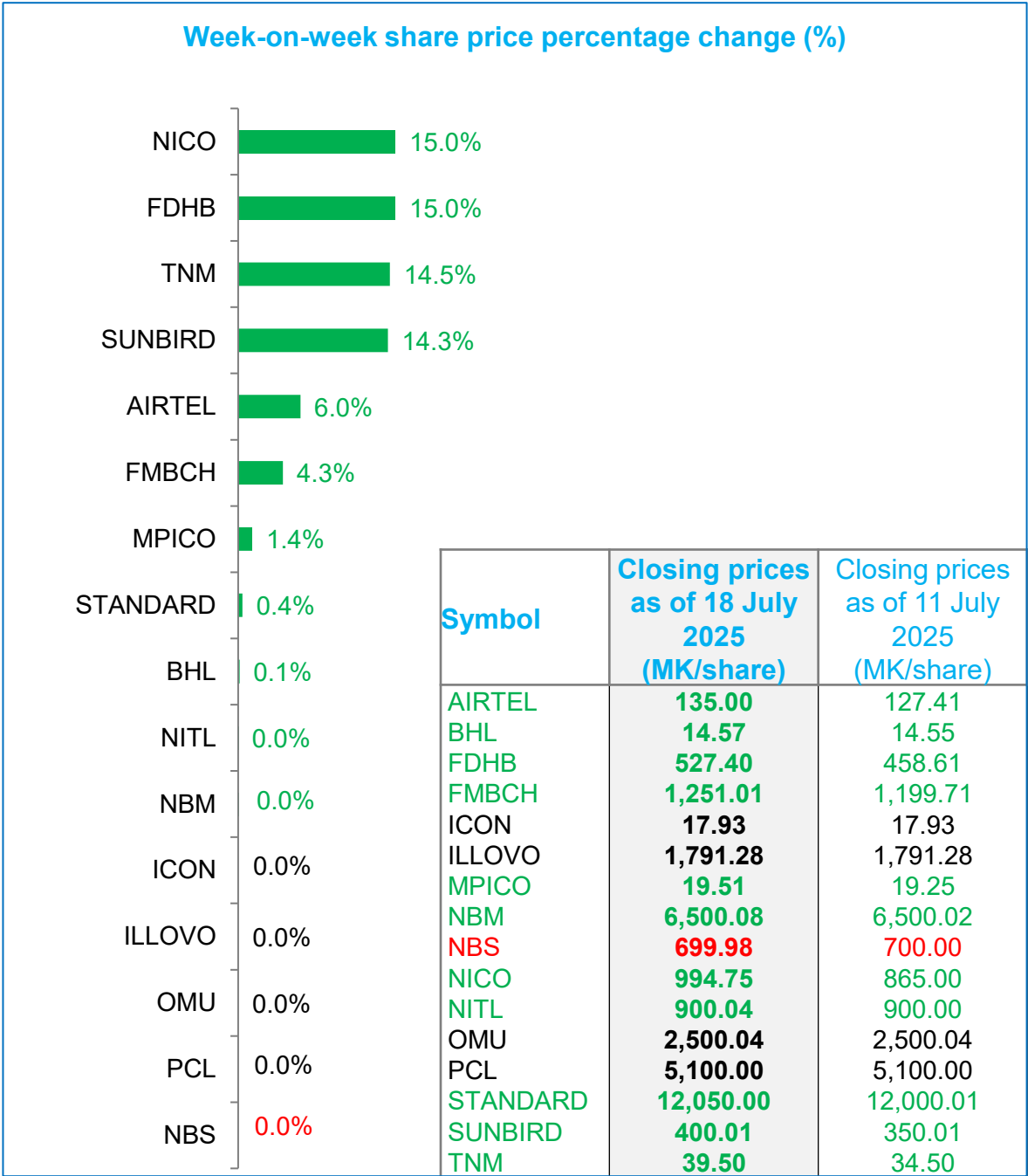
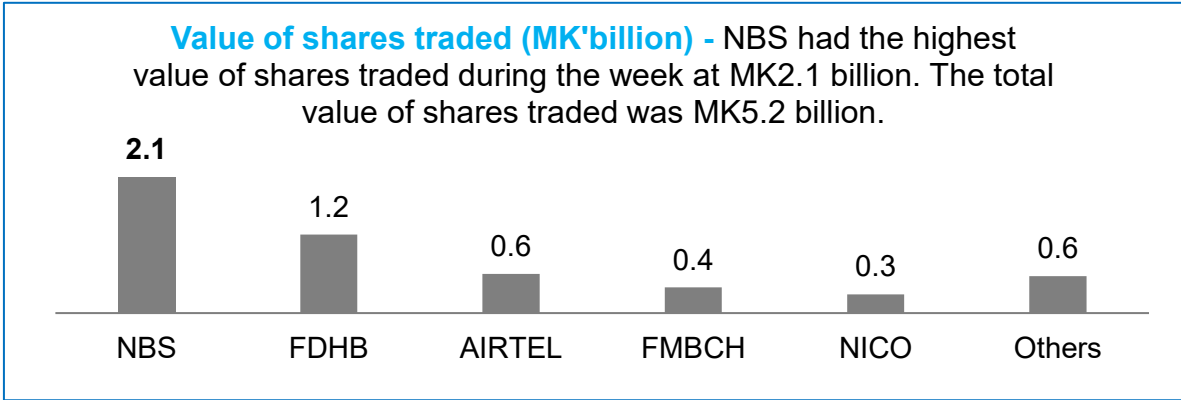
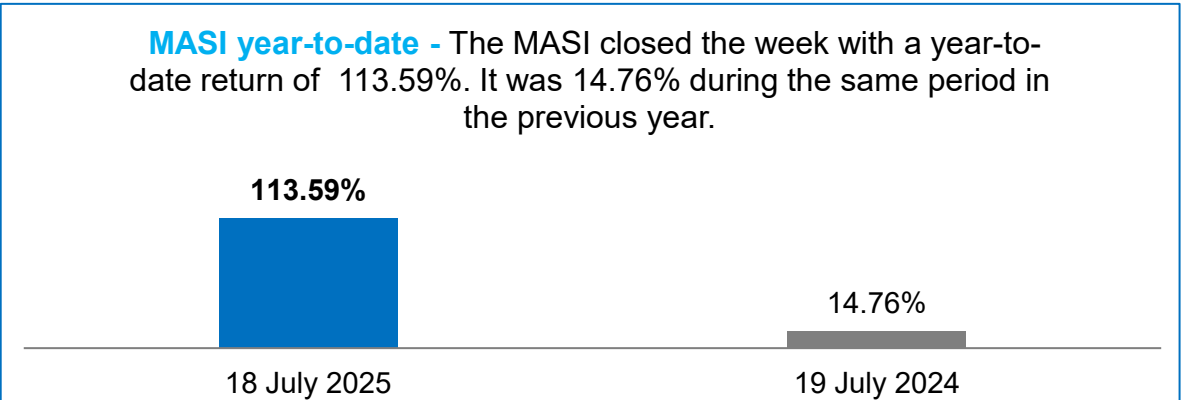
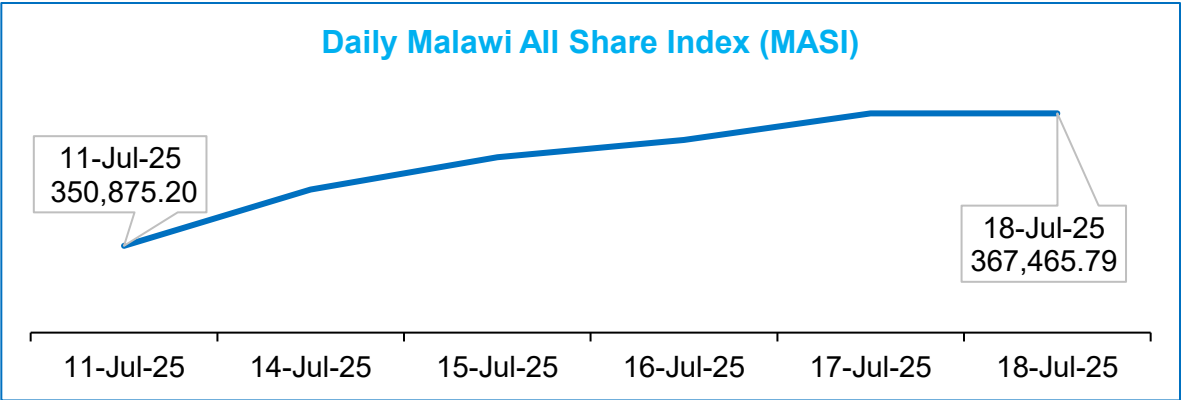
1. According to the World Bank, Malawi is facing a prolonged economic crisis marked by weak growth, high inflation, food insecurity, and rising fiscal and external imbalances. Economic growth has slowed below population growth levels, worsened by climate shocks, foreign exchange shortages, and policy failures. Inflation remains elevated due to rising food prices and monetary expansion, while food production continues to fall short of national needs. The private sector struggles with trade restrictions, energy shortages, and high borrowing costs. With the 2025 elections approaching, spending pressures risk widening the fiscal deficit. Public debt is unsustainable, foreign reserves are critically low, and the IMF program ended prematurely. Urgent reforms are needed to stabilize the economy, boost investment and exports, and protect vulnerable populations from further shocks. (*World Bank, 11 July 2025*)
2. The Malawi-Mozambique Power Interconnection Project has received a USD2.15 million (approximately MK3.8 billion) grant to update its feasibility and environmental and social impact studies for a 400-kilovolt (kV) transmission line linking Tanzania's Iganjo Substation to Malawi's Nkhoma Substation. The project, expected to feed 50 megawatts (MW) into Malawi's grid, aims to boost energy stability and regional connectivity. The USD154 million initiative comes as Malawi grapples with power shortages and seeks to become a full member of the Southern African Power Pool. (*The Nation, 14 July 2025*)
3. According to the Minister of Tourism, the Malawi Tourism Authority is set to become operational by the end of August 2025, following the recent enactment of the Tourism Act 2025. The new authority will handle tourism marketing, product development, licensing, and fund management, while the Ministry of Tourism will focus on policy. The Act also establishes the Malawi College of Tourism as part of broader efforts to boost tourism's role in economic transformation. (*The Nation, 14 July 2025*)
4. Tanzania's introduction of a mandatory USD44 (approximately MK80,000) non-refundable travel insurance for all international visitors has sparked concern among Malawian cross-border traders and the Common Market for Eastern and Southern Africa (COMESA), who view it as a trade barrier. Traders argue the fee disproportionately affects small businesses operating on limited capital and accessing forex at higher black-market rates. On the other hand, Tanzania says the policy enhances tourist protection and eases strain on public health systems. Stakeholders in Malawi are calling for high-level dialogue to address the policy's impact on regional trade and integration. (*The Nation, 15 July 2025*)
5. The United Kingdom (UK) has introduced new trade reforms under the Developing Countries Trading Scheme (DCTS) that will simplify market access for Malawi and other African nations. Key changes include relaxed rules of origin, allowing Malawian exporters to source inputs continent-wide while retaining tariff-free access to the UK. The reforms aim to boost UK-Africa trade, support intra-African commerce, and contribute to poverty reduction. The UK will also offer targeted support to help exporters meet standards and navigate customs. (*The Daily Times, 14 July 2025*)
6. According to the World Bank's July 2025 Malawi Economic Monitor, Malawi may wait 5 to 10 years before realizing substantial fiscal benefits from its mining sector, despite ongoing progress on key projects. Under a "business-as-usual" scenario, revenues from the Kayelekera uranium and Kasiya rutile mines could exceed USD200 million annually by the early 2030s, which is approximately 10% of current fiscal revenues. If high-risk projects like Makanjira heavy sands and Kangankunde rare earths proceed, revenue potential could grow further. Most government income will come from corporate taxes, royalties, and profit-sharing, making mining a critical part of Malawi's long-term economic strategy. (*The Daily Times, 15 July 2025*)
7. Illovo Sugar Malawi Plc plans to borrow USD45 million (with an option of a further USD15 million) from major shareholder Sucoma Holdings Ltd to ease foreign-currency liquidity pressures. The loan does not require any collateral and won't charge regular interest. However, Illovo will pay a return based on how much cash the company generates, calculated using a standard U.S. lending rate called the Secured Overnight Financing Rate (SOFR) plus a spread of 5%. The loan requires shareholder approval and is backed by an independent fairness opinion confirming market-equivalent terms; full details will follow in a formal circular. (*Illovo Sugar Malawi Plc, 17 July 2025*)
8. The United Nations Educational, Scientific and Cultural Organisation (UNESCO) has declared Mulanje Mountain a World Heritage Site, recognizing its exceptional natural and cultural significance. The mountain's new status is expected to bolster conservation efforts amid threats like proposed bauxite mining. (*Malawi News, 12 July 2025*)
9. As of 17 July 2025, a cumulative USD406.6 million has been raised from tobacco sales. This amount corresponds to a total of 159.6 million kilograms (kg) of tobacco sold at an average price of USD2.55/kg. As of 17 July 2024, a cumulative USD380.7 million had been raised from 128.5 million kgs of tobacco sold at an average price of USD2.96/kg. (*Auction Holdings Limited, 17 July 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 18 July 2025 at 367,465.79 points from 350,875.20 points on 11 July 2025. The upward move of the index was primarily driven by share price gains in NICO, FDHB, TNM, and SUNBIRD.



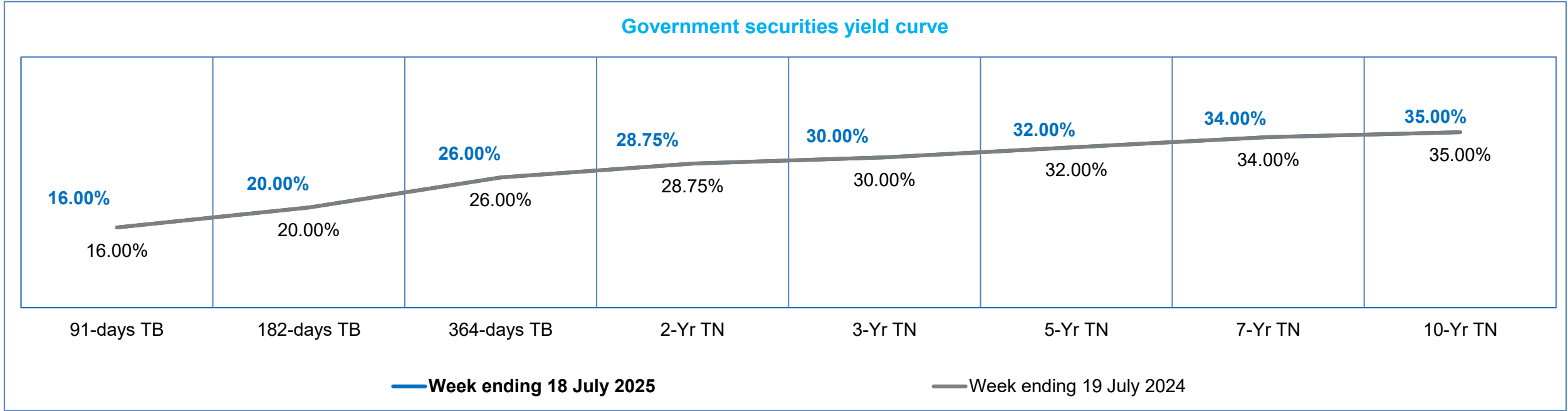
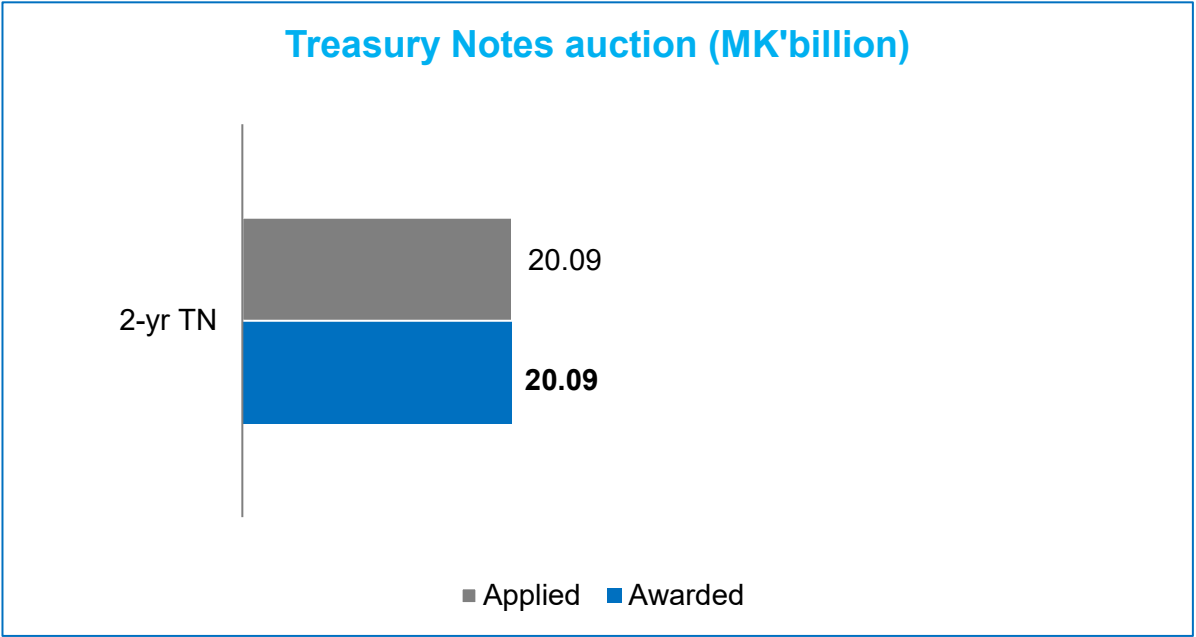
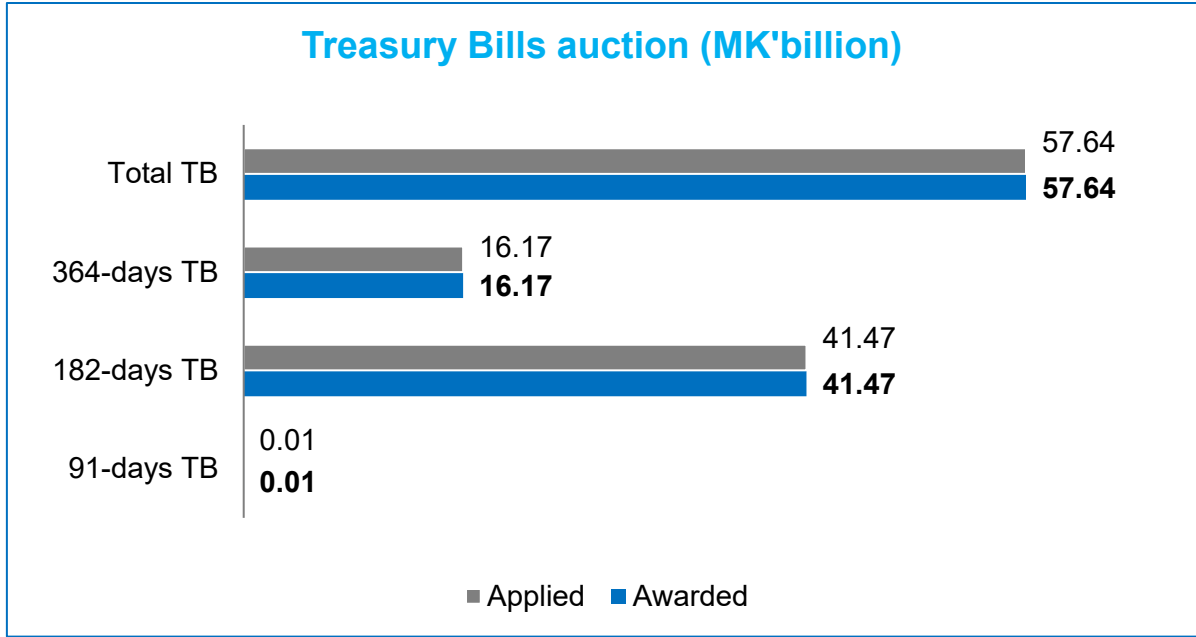


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and a 2-year Treasury Note (TN) during the period under review. A total of MK77.73 billion was raised from the auctions.

The total amount raised from the TBs auction was MK57.64 billion, primarily driven by the 182-days TB.

The total amount raised from the 2-year TN auction was MK20.09 billion.

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





Appendix 1: Historical Economic Indicators

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April-25	May-25	Jun-25	18-Jul-25
Exchange Rates (middle rates)														
MK/USD	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	1,750.48	1,734.01
MK/GBP	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	2,473.04	2,396.32
MK/EUR	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	2,112.10	2,074.83
MK/ZAR	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.15	96.28	100.76	100.57	100.42
Foreign Exchange Reserves														
Total Reserves (USD'mn)	591.51	572.02	549.85	560.3	519.0	516.9	530.9	570.60	569.5	536.0	530.0	521	N/A	N/A
Inflation														
Headline	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	28.5%	30.7%	30.5%	29.2%	27.7%	27.1%	N/A
Food	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	36.0%	38.5%	37.7%	35.8%	32.7%	31.6%	N/A
Non-food	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	16.9%	18.5%	19.2%	19.4%	20.0%	20.1%	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)	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.18%	23.82%	23.99%	23.98%
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	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%
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	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	91.77%	113.59%
DSI	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	89.34%	111.78%
FSI	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	106.49%	124.56%

The 18 July 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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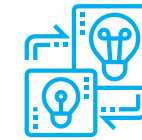
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