

Malawi Financial Market Update

Week ending 25 July 2025





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Market Developments

What happened this week

The Reserve Bank of Malawi (RBM) is considering a policy shift towards promoting domestic production as well to stabilize domestic supply and boost exports.

The IMF has called on Malawi to urgently address economic instability through fiscal reforms, tighter monetary policy, debt restructuring, and improved governance to support inclusive growth.

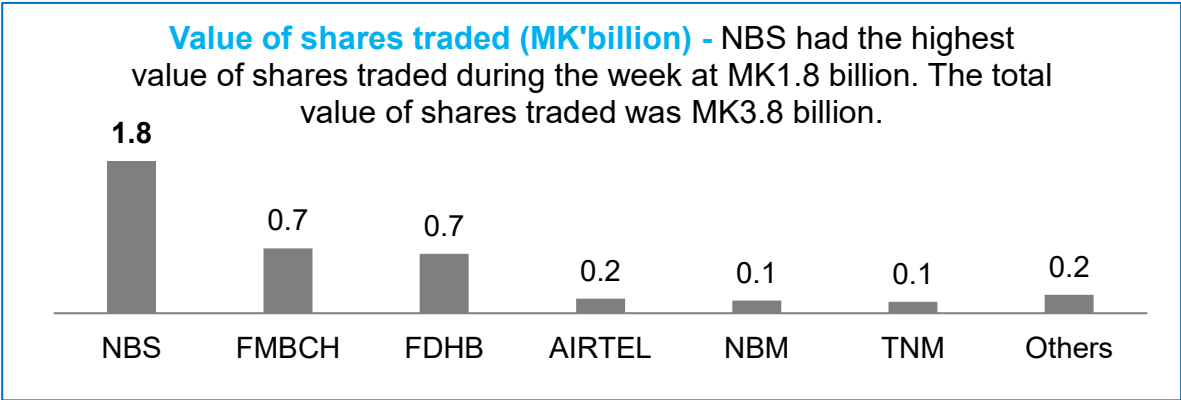
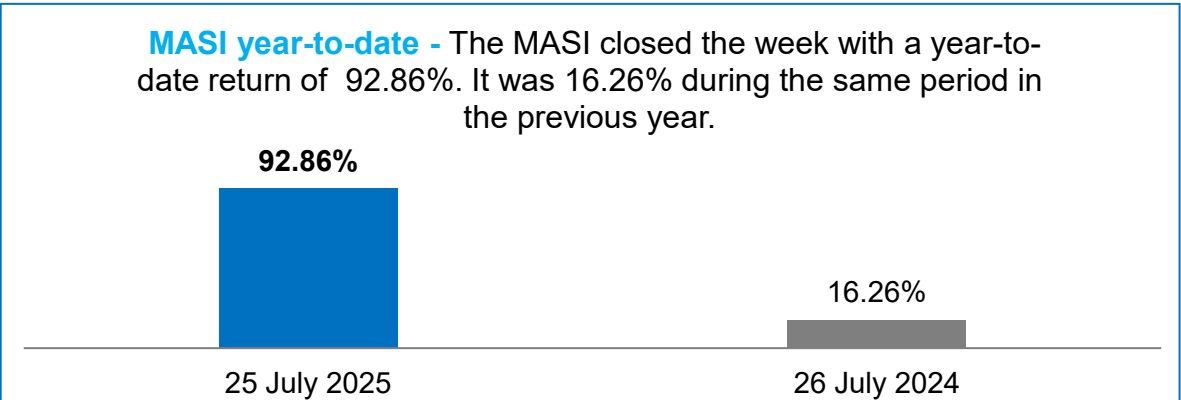
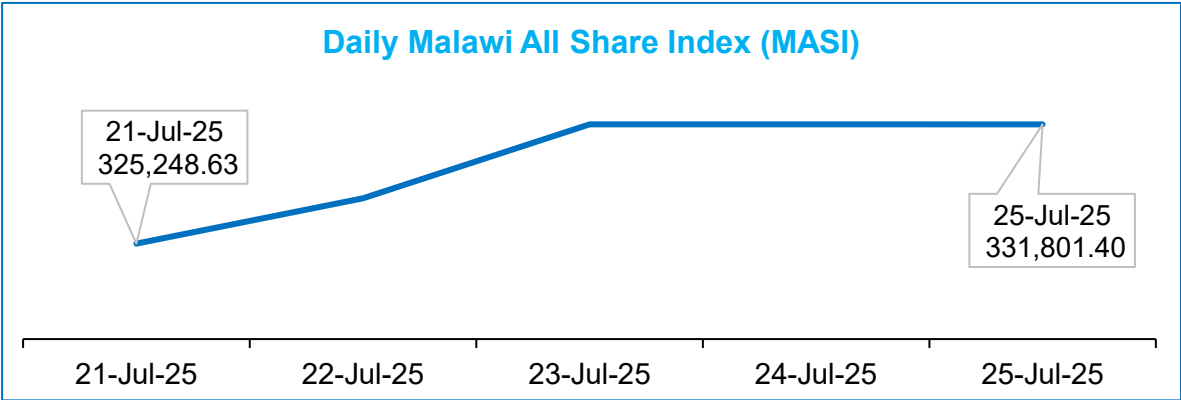
1. The Reserve Bank of Malawi (RBM) is considering a policy shift from focusing primarily on controlling demand through monetary policy to also promoting domestic production to stabilize supply and boost exports. Speaking at the bank's 60th anniversary symposium, the RBM Governor emphasized the need to develop strategies that back the private sector and stimulate production. In their remarks, several economists and business leaders welcomed the change, arguing that current interest rates are too high and suppress private sector growth. They called for a more expansionary stance to enable affordable credit, stimulate supply, and curb inflation. During the event, the President also made a call to the RBM for stronger policy tools to ensure macroeconomic stability in the face of persistent inflation and forex shortages. (*The Nation, 21 July 2025*)
2. The International Monetary Fund (IMF) Executive Board has concluded its 2025 Article IV consultation with Malawi, highlighting significant macroeconomic challenges, including high inflation, unsustainable fiscal and debt dynamics, forex shortages, and declining aid. Real GDP growth slowed to 1.8% in 2024, while public debt rose to 88% of GDP, with interest payments nearing 7% of GDP. The IMF stated that the official exchange rate has been fixed since April 2024, eroding the gains of the 2023 devaluation and contributing to a widening gap between official and parallel market rates. The IMF called for urgent policy action, including domestic revenue-driven fiscal consolidation, tighter monetary policy, external debt restructuring, and a unified market-determined exchange rate. While risks remain high, the IMF identified mining investment and a strong reform agenda as potential stabilizing factors, and urged governance improvements, stronger public financial management, and structural reforms to support long-term, inclusive growth. (*International Monetary Fund, 22 July 2025*)
3. The United Kingdom's (UK) Foreign, Commonwealth and Development Office (FCDO) has cut aid to the Ending Preventable Deaths Programme – a health initiative focused on women and children that operated in 11 countries, including Malawi. This cut aligns with the UK's reduced global Official Development Assistance (ODA) budget, which will drop from GBP9.3 billion in 2024/25 to GBP8.7 billion in 2025/26. This cut comes on the heels of an earlier USD350 million aid withdrawal by USAID, adding pressure to Malawi's heavily donor-dependent health sector, where over 55% of funding comes from external sources. A health financing expert from the University of Malawi estimates that the combined UK and USAID cuts will result in a funding shortfall of around GBP150 million. With only USD4.7 billion secured out of the USD31.2 billion required to implement the Health Sector Strategic Plan III, Malawi is facing a significant financing gap, prompting growing calls for new domestic funding sources. (*The Nation, 25 July 2025*)
4. On 21 July 2025, Standard Bank Plc executed a 1-to-5 share split on the Malawi Stock Exchange (MSE), lowering its share price to MK2,140 from MK12,050 to increase accessibility for a broader base of investors. This move expanded the bank's ordinary shares from approximately 235 million to over 1.17 billion. The MSE Chairman commended the split as a step toward dismantling the perception that stock investment is only for the elite. Standard Bank's Board Chairman and the Chief Executive highlighted the bank's growth, noting the share price has risen more than 3,700 times since listing in 1998, and reaffirmed the bank's commitment to inclusive, innovation-driven national development. (*The Daily Times, 25 July 2025*)
5. The Reserve Bank of Malawi (RBM) has identified 19 transformative projects worth over MK1.4 trillion in agriculture, tourism, mining, manufacturing, and health aimed at boosting exports, reducing imports, creating jobs, and driving industrial growth. Launched through the 2025 RBM Projects Compendium at the Investors Symposium in Blantyre, the initiative focuses on mobilizing domestic financing, supported by development partners, in response to declining international aid. Notable initiatives include Castel Malawi's sorghum-based beer project and LUANAR's fertiliser plant, both targeting import substitution and forex savings. The RBM Governor said the central bank may consider reviewing the 26% policy rate to improve access to affordable financing, while urging greater involvement from development finance institutions. (*The Nation, 24 July 2025*)
6. The Minister of Finance and Economic Affairs, in exercise of the powers conferred by section 1 of the Foreign Exchange Act 2025, appointed 1 July 2025 as the date on which the Foreign Exchange Act shall come into force. The new Act replaces the repealed Exchange Control Act. It consolidates previous legislation and court rulings, strengthens the Reserve Bank of Malawi's authority to enforce foreign exchange regulations, retains the Finance Minister's role in setting policy, and enhances the Bank's ability to monitor cross-border financial flows. (*Reserve Bank of Malawi, 21 July 2025*)
7. As of 24 July 2025, a cumulative USD435.4 million has been raised from tobacco sales. This amount corresponds to a total of 170.8 million kilograms (kg) of tobacco sold at an average price of USD2.55/kg. As of 24 July 2024, a cumulative USD390.8 million had been raised from 131.5 million kgs of tobacco sold at an average price of USD2.97/kg. (*Auction Holdings Limited, 24 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 25 July 2025 at 331,801.40 points from 325,248.63 points on 21 July 2025. The share price gain in FMBCH primarily drove the upward move of the index.



Week-on-week share price percentage change (%)		
FMBCH	11.9%	
NBM	0.1%	
BHL	0.1%	
AIRTEL	0.0%	
NICO	0.0%	
SUNBIRD	0.0%	
NBS	0.0%	
STANDARD	0.0%	
OMU	0.0%	
FDHB	0.0%	
ICON	0.0%	
MPICO	0.0%	
NITL	0.0%	
PCL	0.0%	
TNM	0.0%	
ILLOVO	0.0%	

Symbol	Closing prices as of 25 July 2025 (MK/share)	Closing prices as of 18 July 2025 (MK/share)
AIRTEL	135.05	135.00
BHL	14.58	14.57
FDHB	527.40	527.40
FMBCH	1,400.02	1,251.01
ICON	17.93	17.93
ILLOVO	1,791.27	1,791.28
MPICO	19.51	19.51
NBM	6,505.04	6,500.08
NBS	700.00	699.98
NICO	994.83	994.75
NITL	900.04	900.04
OMU	2,500.05	2,500.04
PCL	5,100.00	5,100.00
STANDARD	2,410.02	12,050.00
SUNBIRD	400.03	400.01
TNM	39.50	39.50



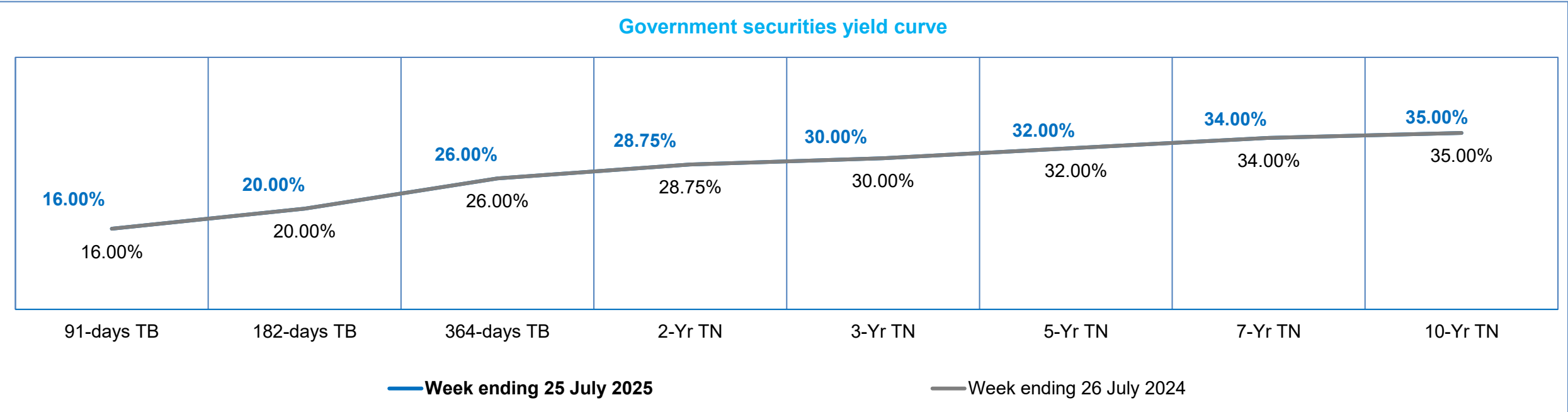
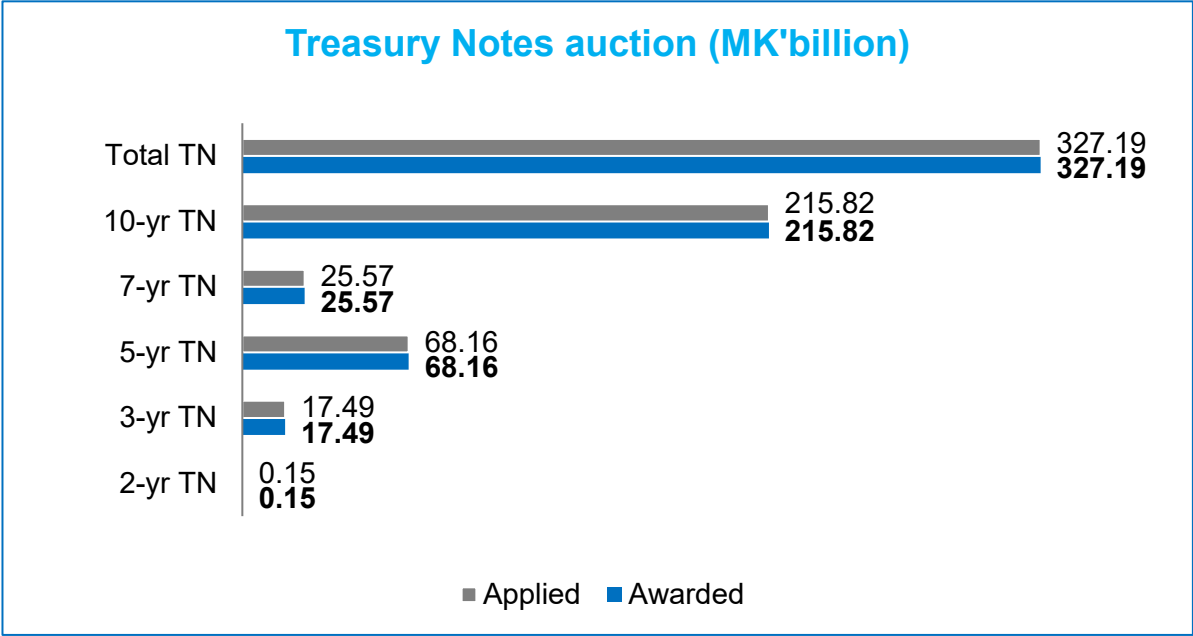
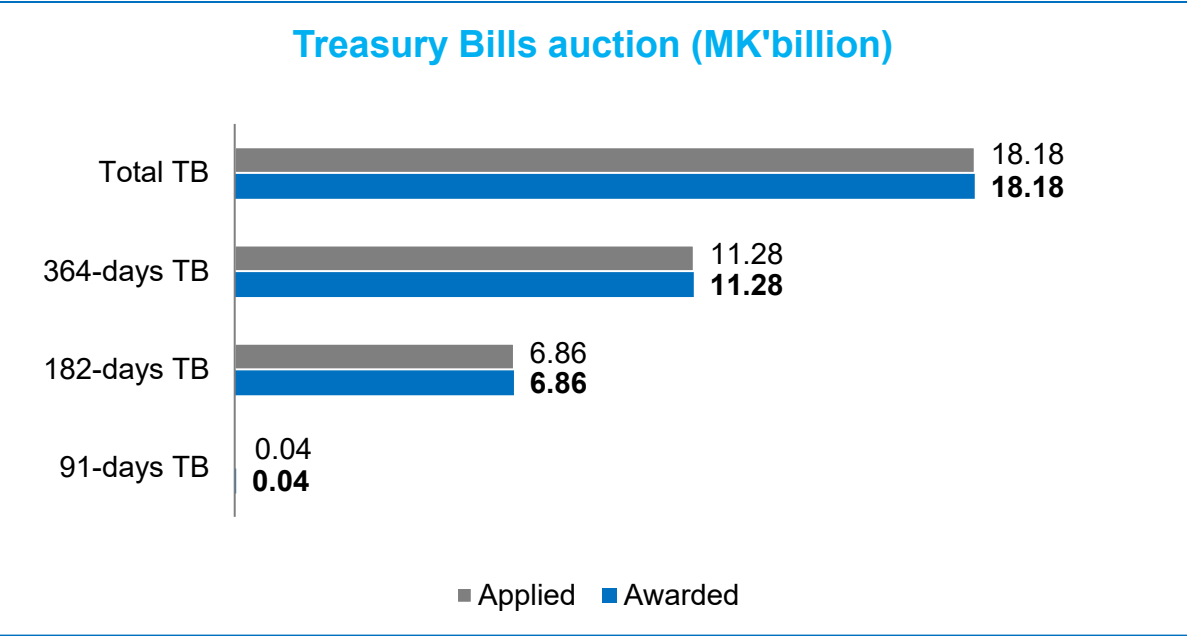
Government Securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review. A total of MK345.37 billion was raised from the auctions.

The total amount raised from the TBs auction was MK18.18 billion, primarily driven by the 364-days TB.

The total amount raised from the TNs auction was MK327.19 billion, primarily driven by the 10-year TN.

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



TB: Treasury Bill
TN: Treasury Note



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	25-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	2,408.46
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	2,097.69
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	101.13
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%	92.86%
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%	83.22%
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%	151.18%

The 25 July 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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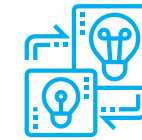
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