

Malawi Financial Market Update

Week ending 6 June 2025





Market Developments

What happened this week

An IMF team concluded its 2025 Article IV mission to Malawi, noting that fiscal and monetary policies have remained overly accommodative, which has widened the current account deficit and worsened debt dynamics.

Lotus Resources Limited has received environmental and social impact assessment approval from the Malawi Environment Protection Authority (MEPA).

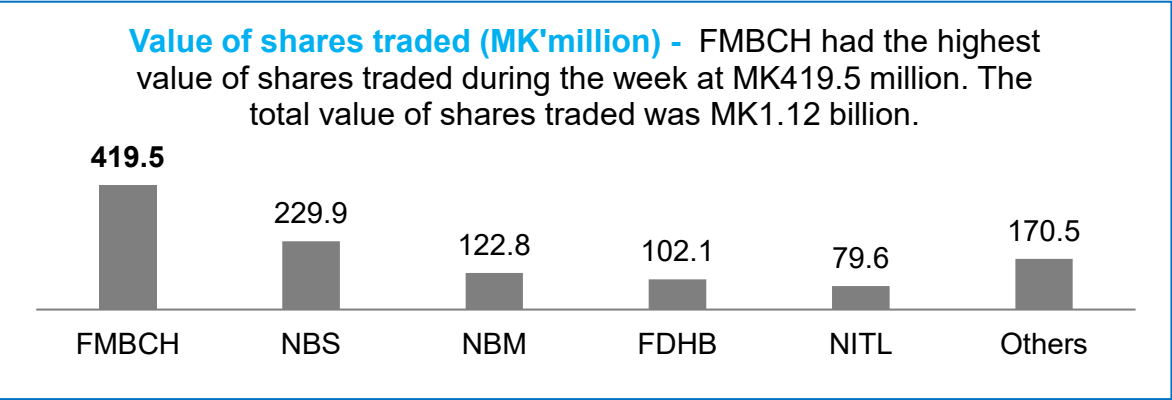
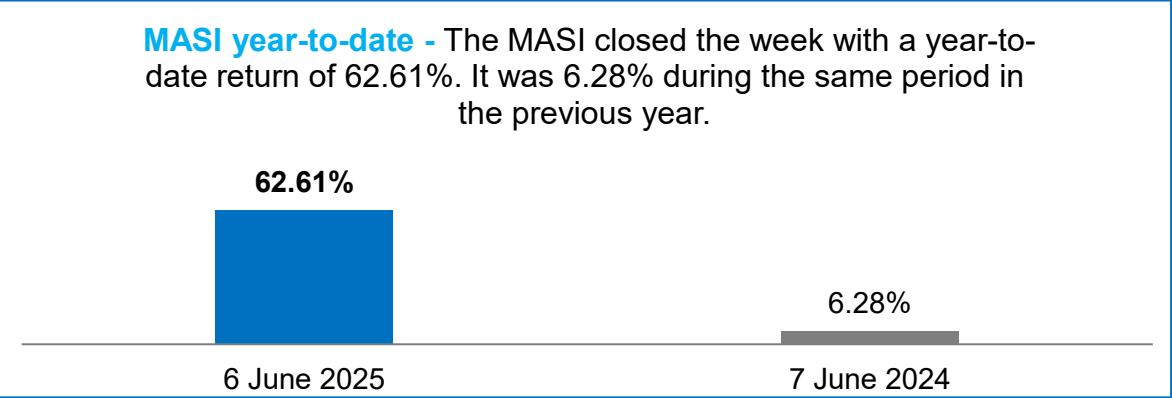
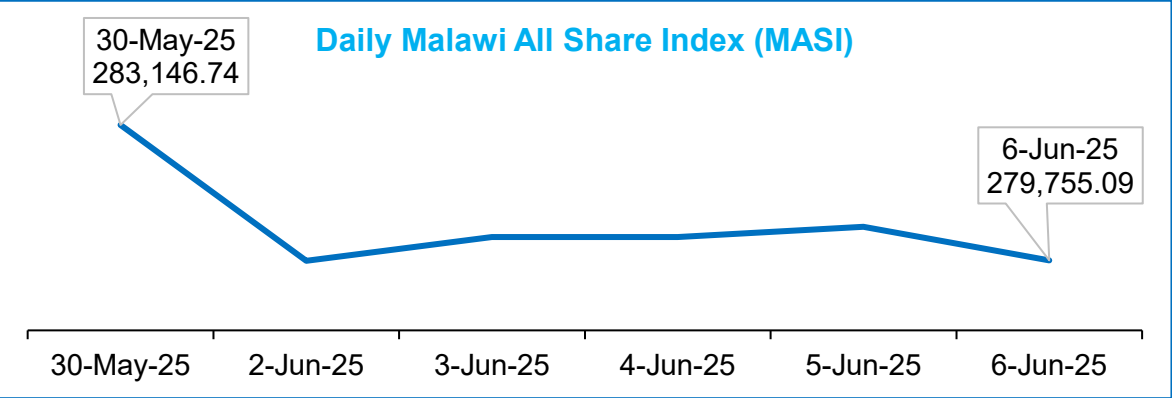
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1. An IMF team concluded its 2025 Article IV mission to Malawi, noting a fragile macroeconomic situation with 1.8% GDP growth in 2024, persistent inflation, forex shortages, and rising food insecurity. According to the IMF, Fiscal and monetary policies have remained overly accommodative, widening the current account deficit to 22% of GDP and worsening debt dynamics. The IMF underscored the urgency of fiscal consolidation, stronger domestic revenue mobilization, tighter monetary policy, and exchange rate unification to restore macroeconomic stability. It also noted the widening gap between official and parallel market exchange rates as a source of economic distortion and diminished investor confidence. Structural reforms in public financial management, governance, and the investment climate remain key to achieving sustainable and inclusive growth. Malawian authorities are developing a homegrown reform program after the ECF arrangement ended. (*IMF, 4 June 2025*)
2. Lotus Resources Limited has received environmental and social impact assessment approval from the Malawi Environment Protection Authority (MEPA), clearing the way for uranium production to resume at Kayelekera Mine in Q3 2025. The approval, however, comes with conditions tied to strict adherence to environmental safeguards. While the company has signed key off-take agreements, including a four-year binding contract signed in March 2025 with an American power utility company for the sale of 600,000 pounds (approximately 272,000 kilograms) of uranium, environmental experts have raised concerns about MEPA's capacity to enforce compliance. Kayelekera is among three major mining projects expected to launch in 2025, alongside Kanyika and Kangankunde, with the sector poised to raise its GDP contribution to 12% by 2027. Mining is a central pillar in Malawi's growth strategy under the ATMM framework. (*The Nation, 6 June 2025*)
3. Standard Bank released a share split circular proposing a subdivision of each existing share into five, increasing the number of issued shares from approximately 234.7 million to 1.17 billion. The split is expected to reduce the share price from MK9,500 to MK1,900, without impacting the company's overall market capitalization. The bank aims to enhance market liquidity and make its shares more accessible to a broader investor base, particularly retail participants. The proposal has board approval and is subject to shareholder approval at the upcoming AGM scheduled for 26 June 2025. (*Standard Bank Plc, 4 June 2025*)
4. As of 5 June 2025, a cumulative 83.6 million kilograms (kgs) of tobacco have been sold at an average price of USD2.47/Kg. The cumulative amount raised so far is USD206.5 million. At this time last year, a cumulative 72.1 million kgs of tobacco had been sold at an average price of USD2.83/Kg, and a cumulative USD204.3 million had been raised. (*Auction Holdings Limited, 5 June 2025*)
5. The Electricity Supply Corporation of Malawi (ESCOM) has announced the completion of tower installations for the 76.4 kilometre high-voltage power line under the Malawi-Mozambique Power Interconnection Project. The development paves the way for the commencement of 50 megawatts (MW) power imports from Mozambique, expected to begin in September 2025. The USD154 million (MK270 billion) project, part of the Southern African Power Pool framework, will link Malawi's Phombeya Substation to Mozambique's Matambo Substation. The interconnection is projected to ease power outages and enhance grid reliability, with Malawi set to pay about USD4.5 million (MK7.8 billion) monthly for the imports over the first five years. The country currently has an installed generation capacity of 554MW. (*The Nation, 6 June 2025*)
6. The African Development Bank (AfDB) has raised concerns over Malawi's limited capacity to mobilise and allocate capital effectively, citing a constrained investment climate and ageing infrastructure. According to its 2025 African Economic Outlook, only 18% of GDP comes from domestic resource mobilization, while 70% of the budget is spent on recurrent expenditures, and 60% of domestic credit is absorbed by government borrowing, limiting financing for private sector productivity. The report notes that renewable natural capital per capita declined by 4% between 1995 and 2018, while non-renewable assets increased by 231%, reflecting an imbalance in resource management. Independent observers say the country's rich resource base remains underexploited due to high production costs, inefficient supply chains, and reliance on imports. They add that meaningful investment in manpower development could drive innovation and lower production costs. (*The Nation, 3 June 2025*)
7. The Institute of Chartered Accountants in Malawi (ICAM) has stated that, despite high inflation rates, the country does not meet the full criteria for a hyperinflationary economy under IAS 29. This assessment counters recent projections by EY Global and PwC, which listed Malawi among hyperinflationary economies. ICAM pointed out that while the cumulative inflation threshold of 100% over three years has been surpassed, other qualitative indicators, such as loss of confidence in the local currency or indexation of prices, are not present. The Reserve Bank of Malawi also emphasized its commitment to price stability, as headline inflation fell to 29.2% in April 2025. (*The Nation, 3 June 2025; ICAM, 31 May 2025*)



Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 6 June 2025 at 279,755.09 points from 283,146.74 points on 30 May 2025. The share price loss in FMBCH outweighed the share price gains in NITL and NBS, driving the index down.



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

NITL	14.65%
NBS	4.89%
TNM	0.09%
MPICO	0.05%
NBM	0.00%
PCL	0.00%
STANDARD	0.00%
ICON	0.00%
OMU	0.00%
SUNBIRD	0.00%
ILLOVO	0.00%
NICO	0.00%
AIRTEL	-0.03%
FDHB	-0.07%
BHL	-0.27%
FMBCH	-10.49%

Symbol	Closing prices as of 6 June 2025 (MK/share)	Closing prices as of 30 May 2025 (MK/share)
AIRTEL	127.91	127.95
BHL	14.52	14.56
FDHB	313.38	313.59
FMBCH	885.11	988.86
ICON	17.95	17.95
ILLOVO	1,791.37	1,791.39
MPICO	19.01	19.00
NBM	6,200.21	6,200.12
NBS	355.21	338.65
NICO	776.38	776.41
NITL	820.00	715.22
OMU	2,500.03	2,500.03
PCL	3,999.98	3,999.97
STANDARD	9,510.01	9,510.00
SUNBIRD	350.01	350.01
TNM	23.00	22.98



Government Securities (Source: RBM)

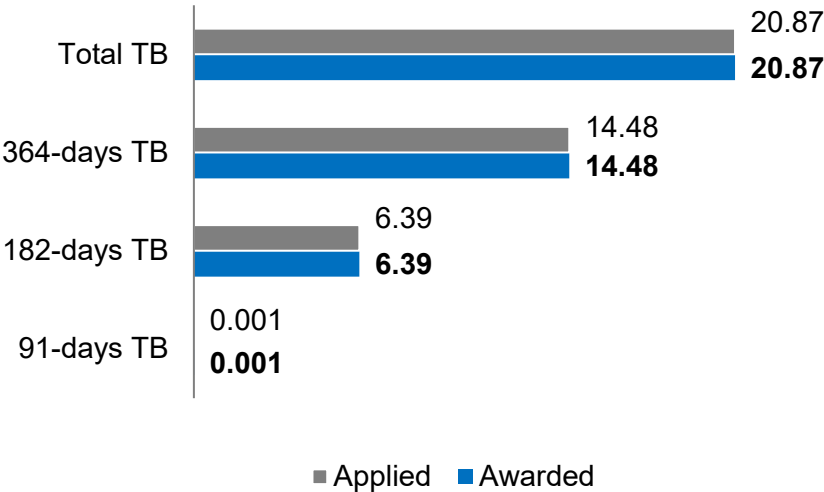
The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from the TBs auction was MK20.87 billion, primarily driven by the 364-days TB.

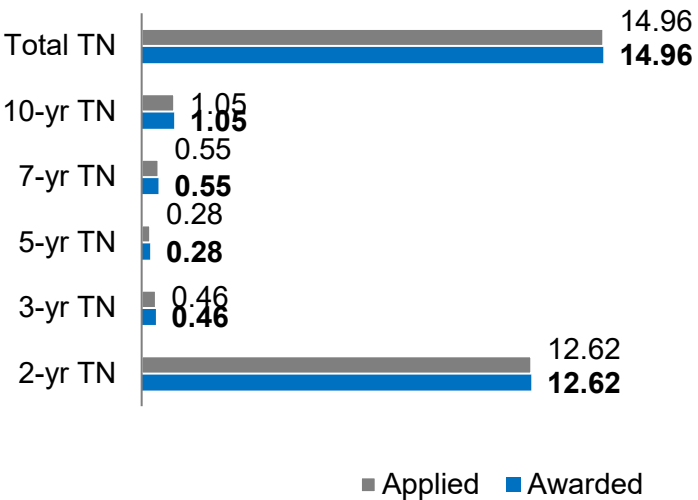
The total amount raised from the TNs auction was MK14.96 billion, primarily driven by the 2-yr TN.

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

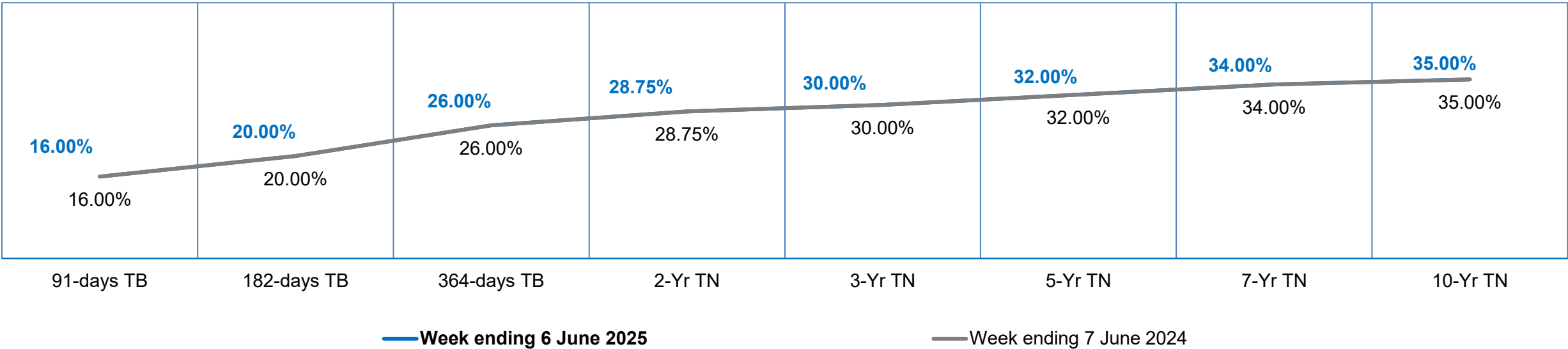
Treasury Bills auction (MK'billion)



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	6-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	1,734.01*	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	2,407.39*	2,419.72
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	2,026.61*	2,042.15
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	100.61*	100.60
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%	23.68%
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%	62.61%
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%	63.17%
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%	59.21%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 6 June 2025

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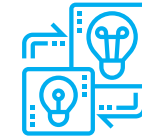
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