



Malawi Financial Market Update

Week ending 22 August 2025

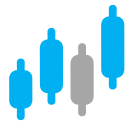


Market Developments

What happened this week

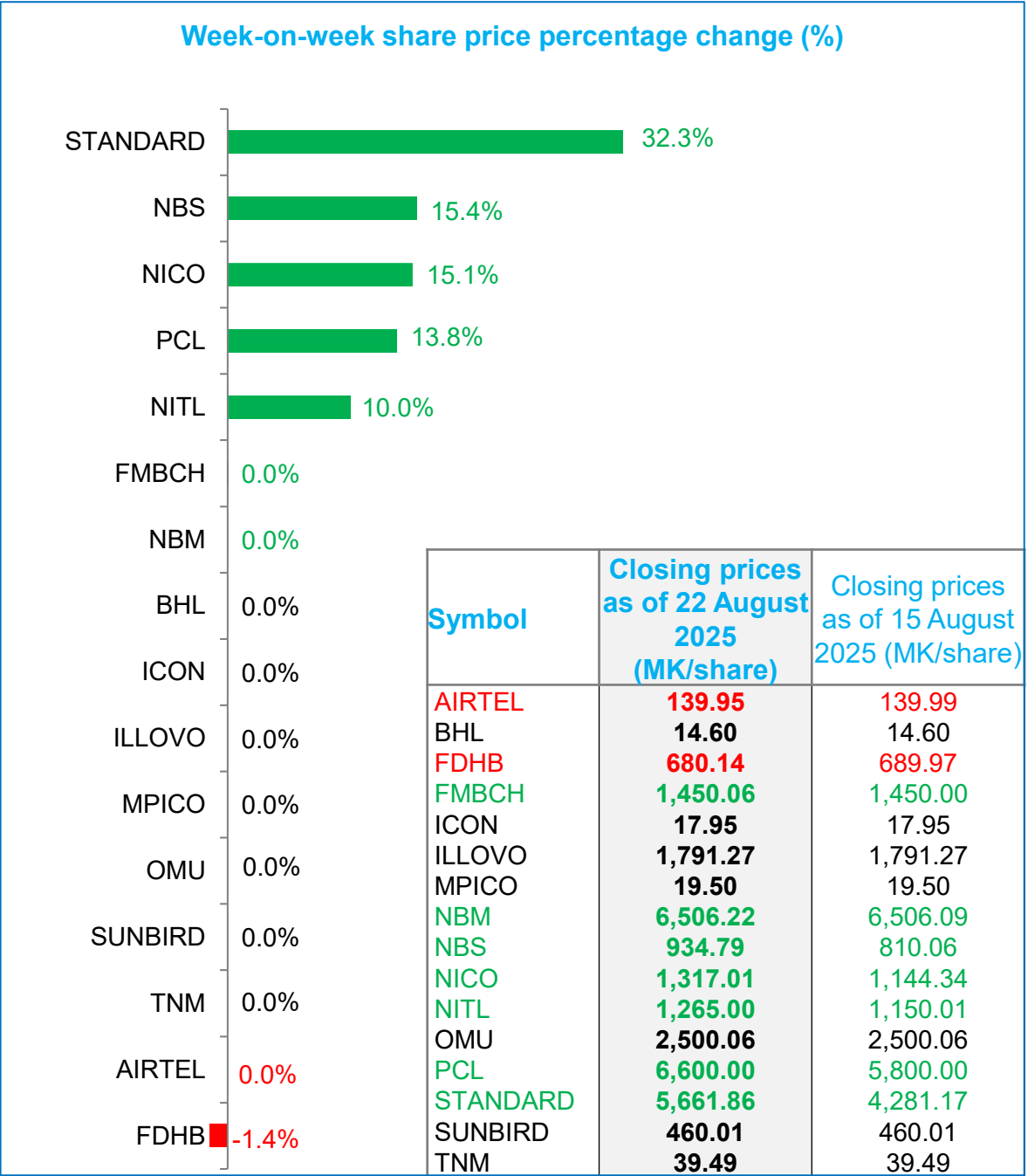
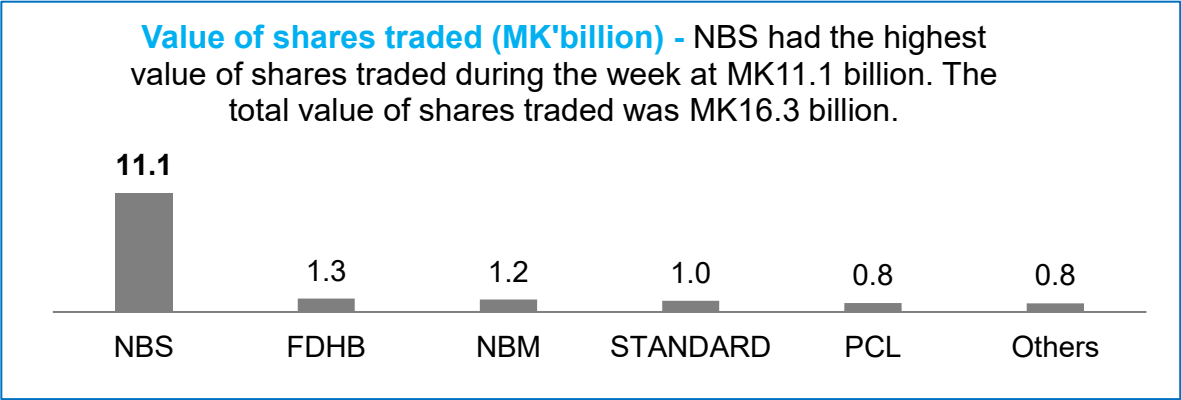
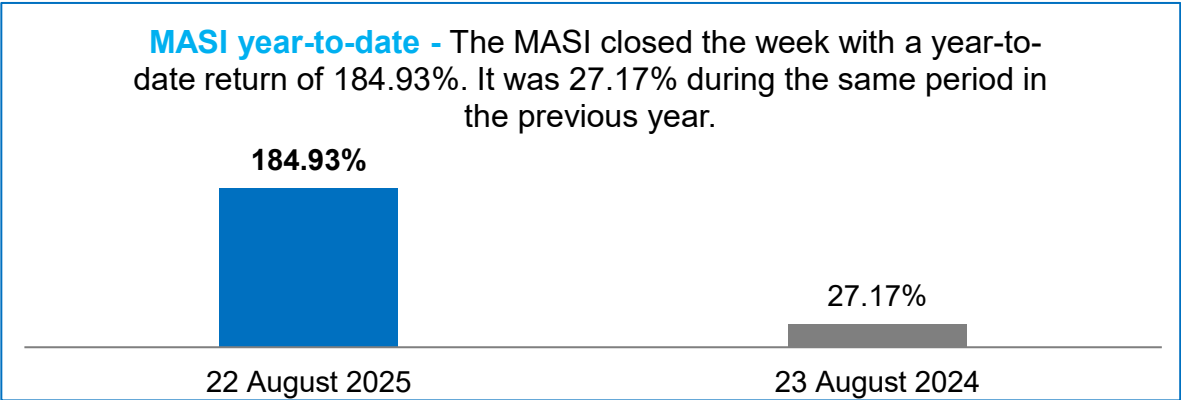
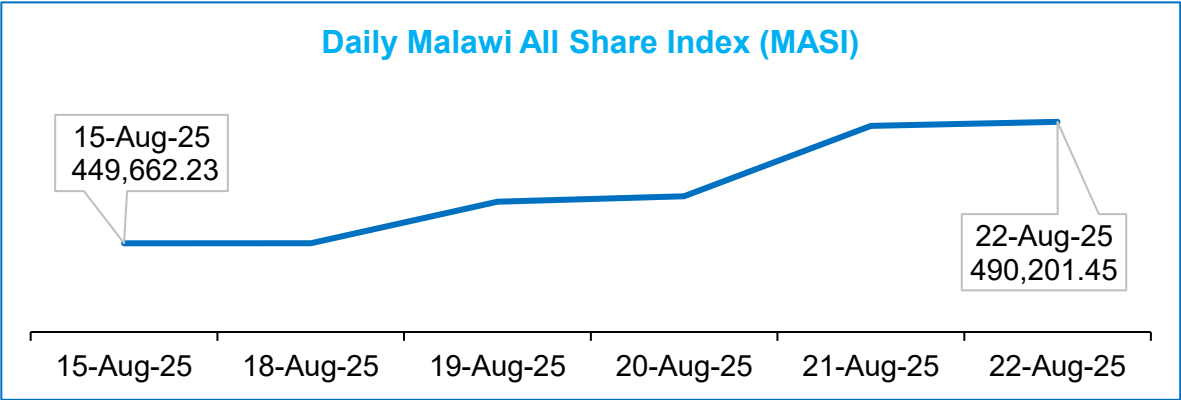
The Reserve Bank of Malawi (RBM) announced the commencement of the Foreign Exchange (Repatriation of Export Proceeds) Directive, 2025, requiring exporters to repatriate export proceeds within 120 days.

1. The year-on-year inflation rate marginally rose to 27.3% in July 2025, from the 27.1% recorded in June 2025. Food inflation rate rose to 32.4% from 31.6%, while the non-food inflation rate eased to 19.3% from 20.1%. The month-on-month inflation rate for July 2025 stood at 2.3%, with the food inflation rate at 3.2% and the non-food inflation rate at 0.6%. (*National Statistical Office, 18 August 2025*)
2. The Reserve Bank of Malawi (RBM) announced the commencement of the Foreign Exchange (Repatriation of Export Proceeds) Directive, 2025, effective 1 August 2025. Under this directive, exporters must repatriate export proceeds in their registered name to Malawi within 120 days of export. Exporters unable to meet this deadline must apply for an extension through their authorized dealer bank, providing valid reasons and the requested period. Failure to comply attracts a penalty of 150% of the value of the unrepatriated goods or services, possible deregistration, and, if penalties remain unpaid, a fine of MK200 million and up to seven years imprisonment. The RBM further warns that exporters with unreconciled proceeds beyond 120 days must reconcile them within 15 days of this notice or face legal action. (*Reserve Bank of Malawi, 20 August 2025*)
3. Lindian Resources Limited has received firm commitments for a AUD91.5 million, two-tranche institutional placement, issuing 435.7 million new shares at AUD0.21 each. Following this and its strategic partnership with Iluka Resources, the company's board has approved the Final Investment Decision for Stage 1 of the Kangankunde Rare Earths Project. Stage 1, now fully funded, will involve an open-pit mine and processing plant capable of producing 15,300 tonnes per year of premium monazite concentrate, with first production targeted for Q4 2026. Funds will also support increasing Lindian's ownership of Kangankunde to 100% and advancing engineering for a Stage 2 expansion that could lift capacity to 50,000 tonnes annually. Lindian's partnership with Iluka includes a USD20 million loan and a 15-year offtake agreement, providing revenue certainty. Lindian Resources Executive Chairman said the placement demand reflected strong global confidence in Kangankunde as a Tier 1 rare earths project. (*Lindian Resources Limited, 20 August 2025*)
4. As of 21 August 2025, a cumulative USD507.4 million has been raised from tobacco sales. This amount corresponds to a total of 200.5 million kilograms (kgs) of tobacco sold at an average price of USD2.53/kg. As of 21 August 2024, a cumulative USD396.8 million had been raised from the sale of 133.3 million kgs of tobacco at an average price of USD2.98/kg. (*Auction Holdings Limited, 21 August 2025*)
5. The Bankers Association of Malawi (BAM) and the Reserve Bank of Malawi (RBM) have announced plans to phase out cheque usage by December 2025, citing declining use, high operational costs, fraud risks, and inefficiencies compared to modern payment systems. With cheques now accounting for only about 2% of the value of all retail payments, their discontinuation will cut costs, enhance security, promote digital payment adoption, support financial inclusion, reduce environmental impact, and align with Malawi's digital economy agenda. During the transition, banks will run awareness campaigns, assist customers in adopting digital platforms, and improve service delivery. The responsible authorities are amending the laws that govern cheque payments, and the final date for discontinuation will be announced once this process is complete. (*The Nation, 18 August 2025*)
6. The Reserve Bank of Malawi (RBM) issued a public notice warning against the rising cases of illegal foreign currency transactions in the country. The Bank reminds the public that, under the Foreign Exchange Act No. 18 of 2025, only authorized dealers are permitted to buy or sell foreign currency. It is an offence for unauthorized persons to engage in buying, selling, borrowing, lending, or transferring foreign currency, as well as aiding or abetting such activities or falsely presenting themselves as authorized dealers. The Bank emphasizes that informal market dealings and online foreign exchange platforms, including those targeting the diaspora, are illegal. The public is urged to comply with the law and report suspicious activities to relevant authorities, as violations will attract sanctions under the Act. (*Reserve Bank of Malawi, 20 August 2025*)
7. The Ministry of Natural Resources and Climate Change announced the Cabinet's official approval of Malawi's Carbon Market Framework, establishing the country as a credible, transparent, and structured participant in global carbon markets under the Paris Agreement. As a climate-vulnerable yet resource-rich nation, Malawi is committed to leveraging carbon markets as a tool for attracting climate finance, catalyzing green investment, and supporting sustainable development across key sectors. The Ministry invites project developers, carbon credit buyers, investors, and local firms to engage with the government and participate in the emerging carbon market ecosystem. With the adoption of this framework, Malawi joins the ranks of African countries taking bold, coordinated action to structure and govern access to their carbon assets in line with international best practices. (*The Daily Times, 18 August 2025*)



Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 22 August 2025 at 490,201.45 points from 449,662.23 points on 15 August 2025. The share price gains in STANDARD, NBS, NICO, PCL, and NITL drove the upward movement of the index.





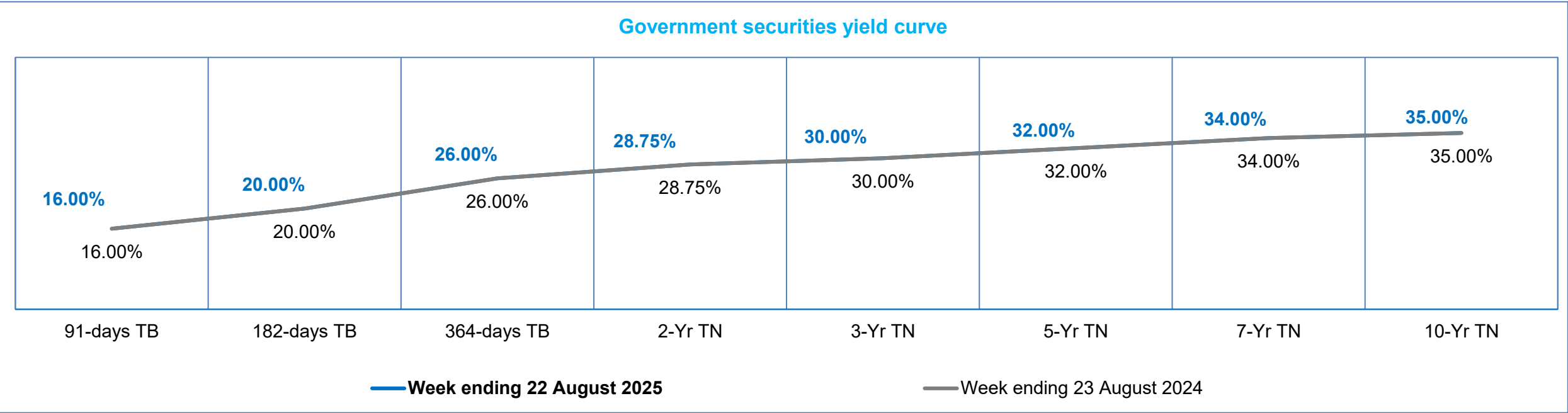
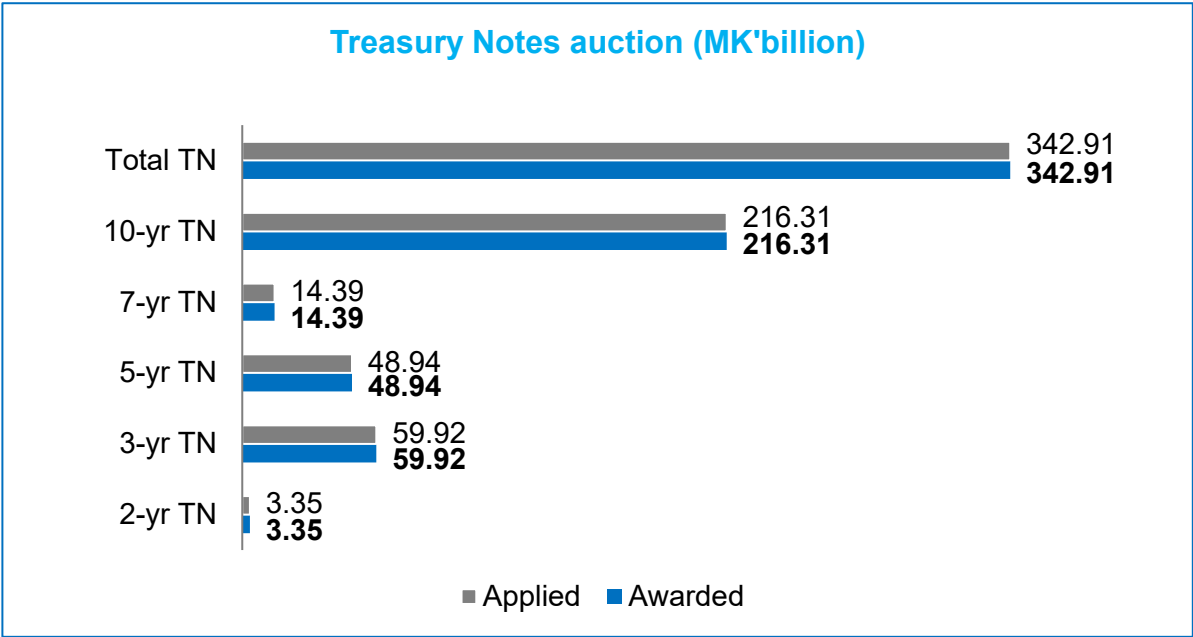
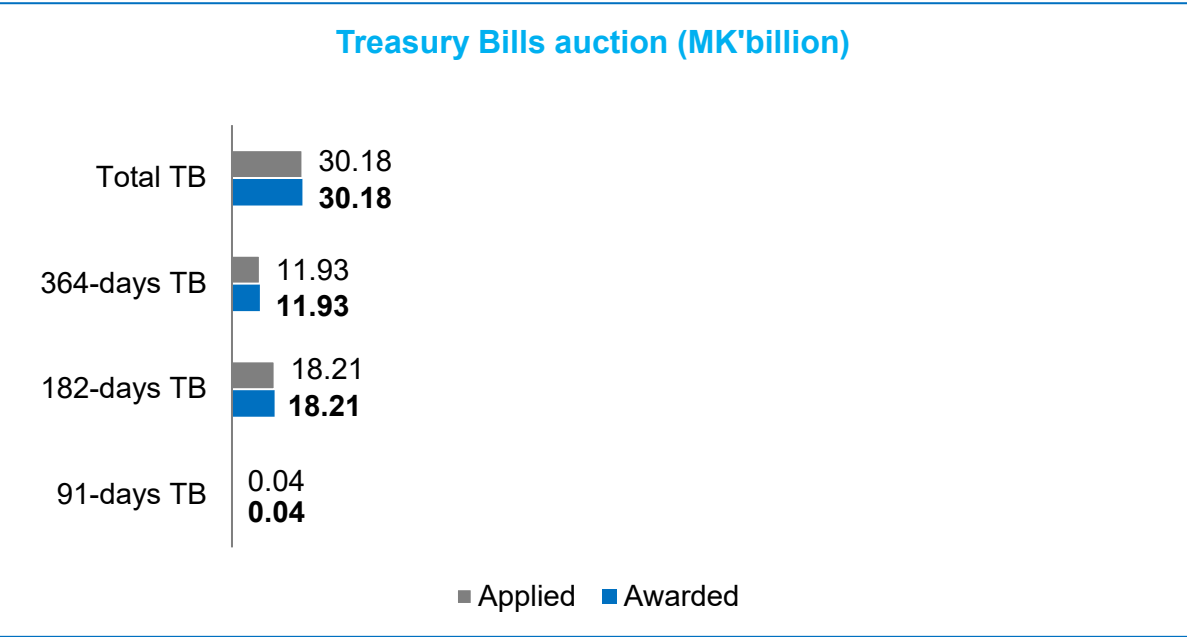
Government Securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review. A total of MK373.09 billion was raised from the auctions.

The total amount raised from the TBs auction was MK30.18 billion, primarily driven by the 182-days TB.

The total amount raised from the TNs auction was MK342.91 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

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April-25	May-25	Jun-25	Jul-25	22-Aug-25
Exchange Rates (middle rates)														
MK/USD	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	1,750.58	1,734.01
MK/GBP	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	2,408.88	2,394.35
MK/EUR	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	2,082.69	2,071.08
MK/ZAR	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.15	96.28	100.76	100.57	100.34	100.82
Foreign Exchange Reserves														
Total Reserves (USD'mn)	572.02	549.85	560.3	519.0	516.9	530.9	570.60	569.5	536.0	530.0	521.0	555.9	N/A	N/A
Inflation														
Headline	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	28.5%	30.7%	30.5%	29.2%	27.7%	27.1%	27.3%	N/A
Food	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	36.0%	38.5%	37.7%	35.8%	32.7%	31.6%	32.4%	N/A
Non-food	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	16.9%	18.5%	19.2%	19.4%	20.0%	20.1%	19.3%	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)	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.18%	23.82%	23.99%	23.98%	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	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%	25.40%
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	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	91.77%	124.53%	184.93%
DSI	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	89.34%	120.03%	189.44%
FSI	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	106.49%	150.94%	159.81%

The 22 August 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Head Office – Blantyre

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Lilongwe Office

Bridgepath Capital Limited
Taurus House, Off Presidential Drive
City Center
Lilongwe

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

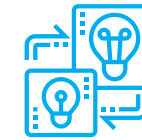
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modelling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**