

Malawi Financial Market Update

Week ending 8 August 2025





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Market Developments

What happened this week

Lindian Resources has entered a binding strategic partnership with Iluka Resources, securing a USD20 million term loan and a 15-year offtake agreement for the Kangankunde rare earth project in Malawi.

The Reserve Bank of Malawi (RBM) has revised its 2025 average inflation forecast upward to 28.5% from 27.4%.

FDH Bank Plc has entered into a definitive agreement with Ecobank Transnational Incorporated (ETI) to acquire a 98.87% controlling stake in Ecobank Mozambique SA (EMZ).

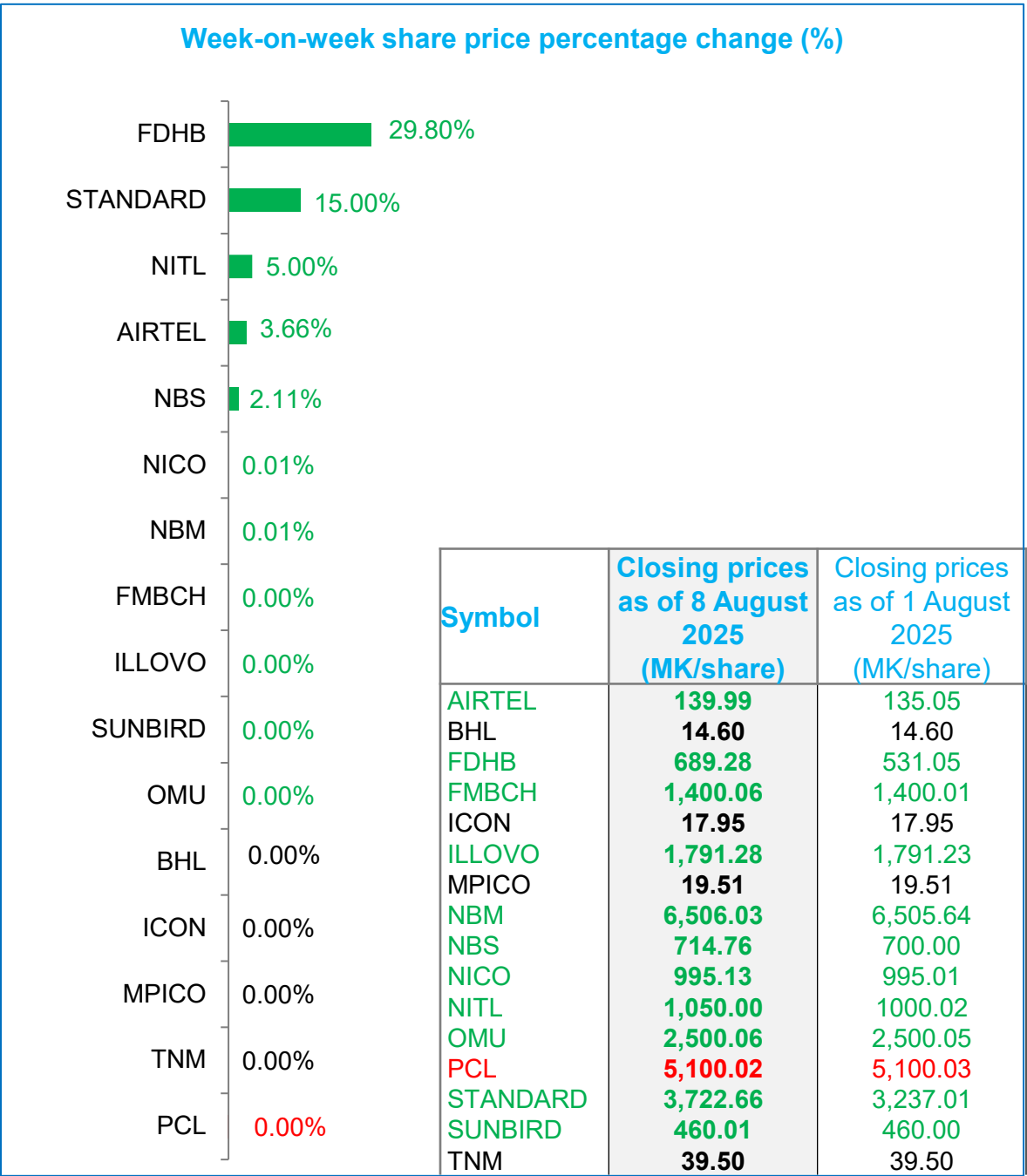
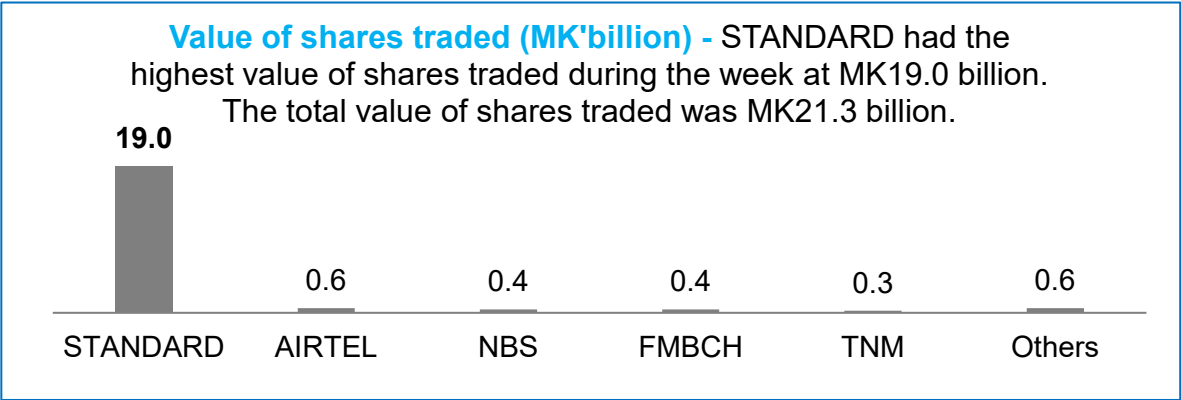
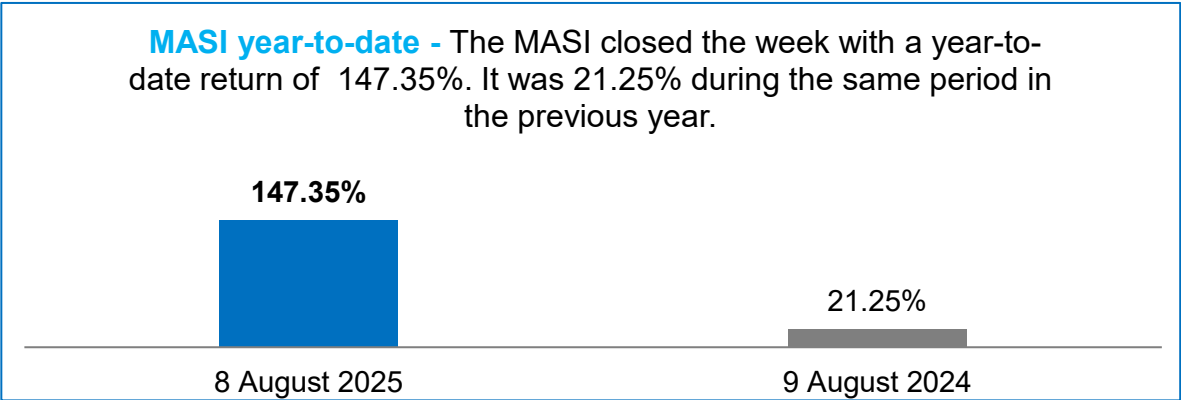
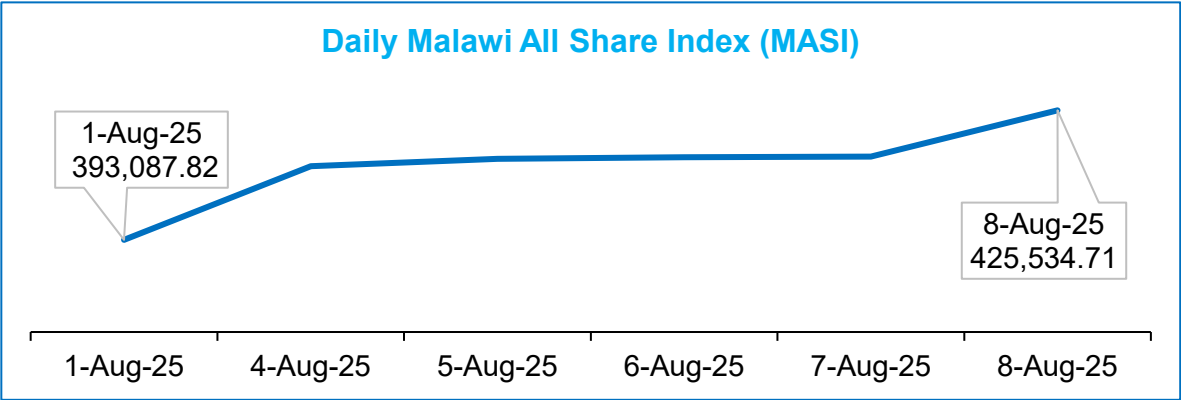
1. Lindian Resources has entered a binding strategic partnership with Iluka Resources to advance the Kangankunde Project in Malawi, one of the world's highest-grade rare earth deposits. The project has an initial Life of Mine of 45 years, based on JORC Ore Reserves, with a high-grade deposit averaging 2.9% Total Rare Earths Oxide (TREO) over the mine life and 3.1% TREO in the first five years. The agreement includes a 15-year offtake arrangement, with a 15-year extension right of first refusal, covering both Phase 1 production of 15,300 tonnes per annum of premium Monazite Concentrate and a planned Phase 2 capacity expansion. Iluka will provide a USD20 million term loan as part of the funding package, subject to due diligence and customary conditions precedent. The partnership offers price protection above operating costs and long-term growth potential through the addition of offtake rights linked to Phase 2 expansion. (*Lindian Resources Ltd, 6 August 2025*)
2. The Reserve Bank of Malawi (RBM) has revised its 2025 average inflation forecast upward to 28.5% from 27.4%, citing persistent upside risks primarily from food price inflation driven by supply shocks and structural weaknesses. Market expectations indicate inflation could reach 32.4% by year-end. Economic growth projections for 2025 were lowered from 3.2% to 2.8%, reflecting inflationary pressures. Experts commend RBM's cautious stance of maintaining the policy rate at 26%, highlighting ongoing challenges such as rising maize prices, money supply growth, and fuel and forex volatility as key inflation risks. (*The Nation, 5 August 2025*)
3. The United States government has imposed a 15% tariff on imports from Malawi, aimed at boosting American manufacturing and protecting domestic jobs. This rate is a reduction from the previously announced 17% tariff, which was delayed for 90 days to allow trade negotiations, with a final deadline set for 1 August 2025. Malawi, an African Growth and Opportunity Act (AGOA) beneficiary, has historically enjoyed duty-free access to the US market; however, AGOA is due to expire in September 2025. (*The Nation, 5 August 2025*)
4. The Competition and Fair Trading Commission (CFTC) has announced it will evaluate the potential effects of Shoprite Trading Limited's proposed sale of its Malawi supermarket chain to Karson Investment Trust. The transaction, if approved, will result in Shoprite's exit from Malawi, with Karson planning to rebrand the stores as Shopwise Trading Limited, continuing grocery retail operations. The CFTC will seek feedback from stakeholders on the impact this change may have on competition, consumer welfare, and the broader economy. Meanwhile, the Malawi Congress of Trade Unions has expressed concern over possible job losses resulting from the sale. (*The Nation, 4 August 2025*)
4. The United Nations Conference on Trade and Development (UNCTAD) reports that Malawi's exports remain dominated by commodities, accounting for 91% of merchandise exports between 2021 and 2023. Tobacco leads agricultural exports at 45.3%. This heavy reliance increases vulnerability to external shocks and price volatility. While government initiatives like the National Export Strategy (NES 2021/26) and Buy Malawi aim to diversify exports and boost value addition, progress has been limited. The World Bank forecasts a decline in global commodity prices through 2026, posing further risks to Malawi's economic outlook. (*The Nation, 6 August 2025*)
5. As of 7 August 2025, a cumulative USD482.3 million has been raised from tobacco sales. This amount corresponds to a total of 189.5 million kilograms (kg) of tobacco sold at an average price of USD2.55/kg. As of 8 August 2024, a cumulative USD396.4 million had been raised from 133.1 million kgs of tobacco sold at an average price of USD2.98/kg. (*Auction Holdings Limited, 7 August 2025*)
6. FDH Bank Plc has entered into a definitive agreement with Ecobank Transnational Incorporated (ETI) to acquire a 98.87% controlling stake in Ecobank Mozambique SA (EMZ), with the remaining 1.13% held by Fundo Para O Fomento De Habitação, Mozambique's housing development fund. The transaction, valued at 0.7% of FDH Bank's market capitalisation as at 31 July 2025, will be fully financed from retained earnings and is expected to close within the 2025 financial year. All necessary regulatory approvals have been obtained, with completion subject to agreed conditions precedent. (*FDH Bank Plc, 5 August 2025*)
7. NICO Holdings Plc announced a final dividend of MK4.172 billion (MK4.00 per share) for 2024, payable on 28 August 2025 to shareholders registered by 22 August. The ex-dividend date is 20 August. (*NICO Holdings Plc, 7 August 2025*)
8. NITEL approved a final dividend of MK580.5 million (MK4.30 per share) payable on 29 August 2025 to shareholders registered by 22 August. The ex-dividend date is 20 August. (*National Investment Trust Plc, 7 August 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 8 August 2025 at 425,534.71 points from 393,087.82 points on 1 August 2025. The share price gains in FDHB, STANDARD, NITL, AIRTEL and NBS drove the upward movement of the index.





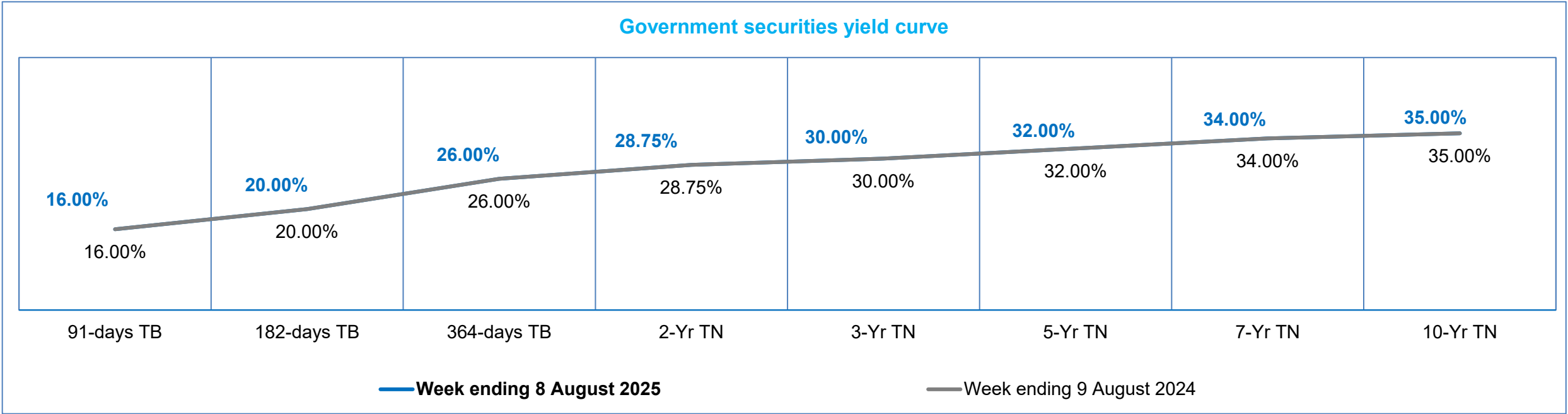
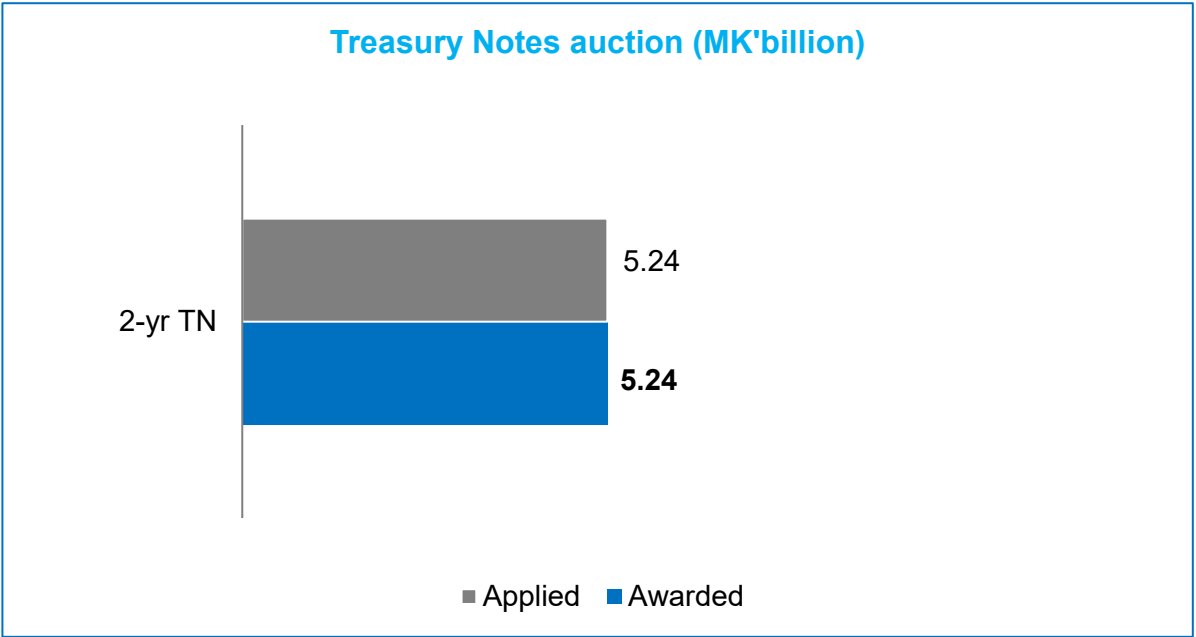
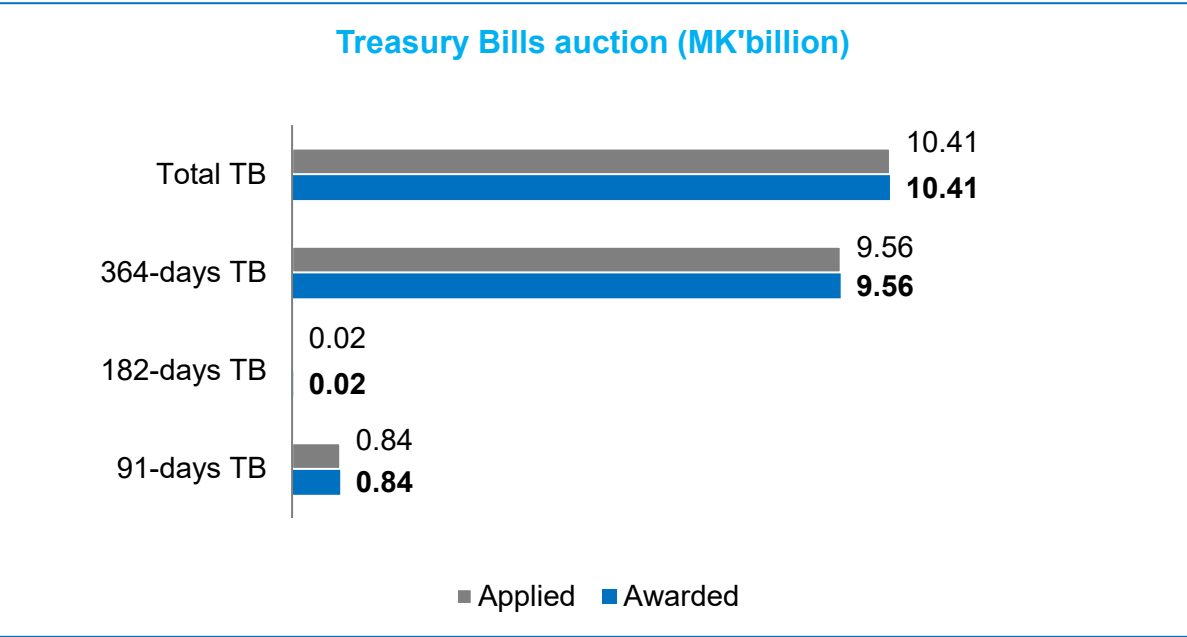
Government Securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and the 2-year Treasury Note (TN) during the period under review. A total of MK15.65 billion was raised from the auctions.

The total amount raised from the TBs auction was MK10.41 billion.

The total amount raised from the TN auction was MK5.24 billion.

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	8-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	2,397.93
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	2,080.01
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	100.75
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	N/A	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%	N/A	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%	N/A	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%	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)	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%	23.99%
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%	147.35%
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%	146.83%
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%	150.95%

The 8 August 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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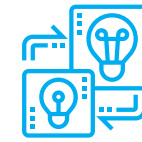
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