



# Malawi Financial Market Update

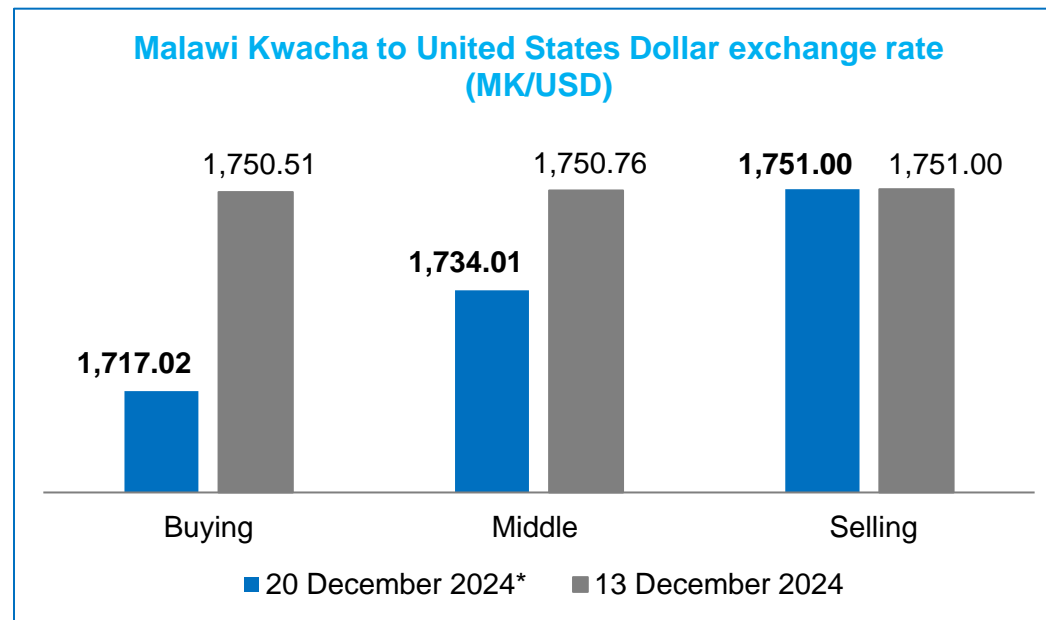
Week ending 20 December 2024



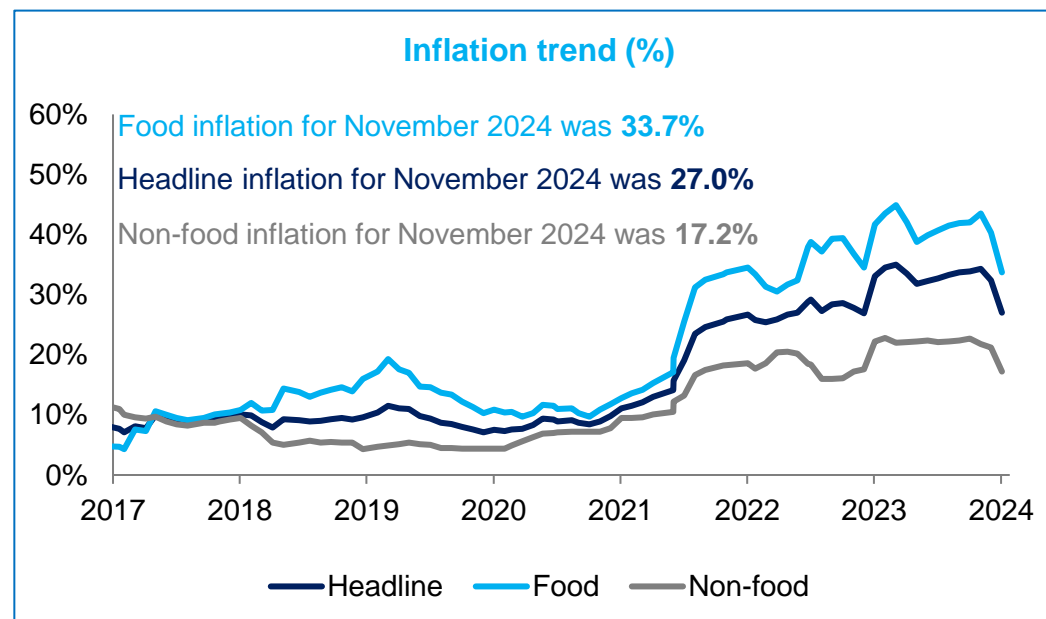
# Malawi Financial Market Update: Week ending 20 December 2024

## Exchange rate and other market developments

### Exchange rate (Source: RBM)



### Inflation (Source: NSO)



The National Statistical Office (NSO) reported that the headline inflation rate decreased to 27.0% in November 2024 from 32.4% in October 2024.

According to a Malawi Government Gazette dated 13 December 2024, public institutions, including research institutions and public universities implementing donor-funded projects will be required to convert 80% of their foreign currency receipts into Kwacha. Non-governmental organizations are expected to convert 70% of their foreign exchange receipts into Kwacha.

### What Happened This Week

1. The Ministry of Finance and Economic Affairs has outlined new foreign exchange controls in a Malawi Government Gazette dated 13 December 2024. According to the gazette, public institutions, including research institutions and public universities implementing donor-funded projects, will be required to open foreign-currency-denominated accounts at the Reserve Bank of Malawi (RBM). The institutions will also be required to convert 80% of their foreign currency receipts into Kwacha at the official buying exchange rate published by the RBM. Additionally, non-governmental organizations are expected to convert 70% of their foreign exchange receipts into Kwacha. The gazette further highlights that breaching the regulations will result in a fine not exceeding MK200 million or an amount equivalent to the financial gain generated by the commission of the offence, whichever is greater and imprisonment for up to five years (*Malawi Government Gazette, 13 December 2024*).
2. The National Statistical Office (NSO) reported that the headline inflation rate decreased to 27.0% in November 2024 from 32.4% in October 2024. Food inflation decreased to 33.7% from 40.3% and non-food inflation to 17.2% from 21.2% over the same period (*NSO, 16 December 2024*).
3. On 16 December 2024, Parliament approved the revised MK6.04 trillion 2024/25 national budget. This represents an upward adjustment of MK41.5 billion from MK5.99 trillion budgeted at the beginning of the fiscal year. According to the Mid-Year Budget Review Statement, the upward revision in expenditure is due to the World Bank's disbursements on maize purchases and winter cropping as a humanitarian response to food insecurity and a program for enhancing public finance management systems (*The Nation, 17 December 2024*).
4. Mining firm Lindian Resources has announced that it has secured a USD50 million (approximately MK87.5 billion) funding agreement and take-off package from United States-based Gerald Metals Group for its Kangankunde Rare Earth Project in Balaka District. According to the announcement, the funding will finance stage one development of the Kangankunde Project, with USD40 million for capital expenditure and the remainder covering costs of creating initial run-of-mine stockpiles. The statement also states that the funding includes a combination of equity and convertible instruments and various prepayment-type loan facilities, which will be partially repaid through the supply of monazite concentrate produced from the project (*Lindian Resources Limited, 16 December 2024*).
5. According to a letter from the European Union (EU) Ambassador to the Minister of Finance and Economic Affairs, Malawi risks losing EUR10 million (approximately MK19 billion) in funding from the EU due to the Treasury's failure to facilitate the district council's opening of foreign currency-denominated accounts (FCDAs) with commercial banks. The funding is meant to support some district councils' projects under the Greening and Growing Malawi-Ulimi ndi Chilengedwe m'Malawi (Uchi) project. According to the letter, if the FCDAs are not operational by 13 January 2025, the EU will de-commit the funds (*The Nation, 16 December 2024*).

\*: Reserve Bank of Malawi opening exchange rates as of 20 December 2024



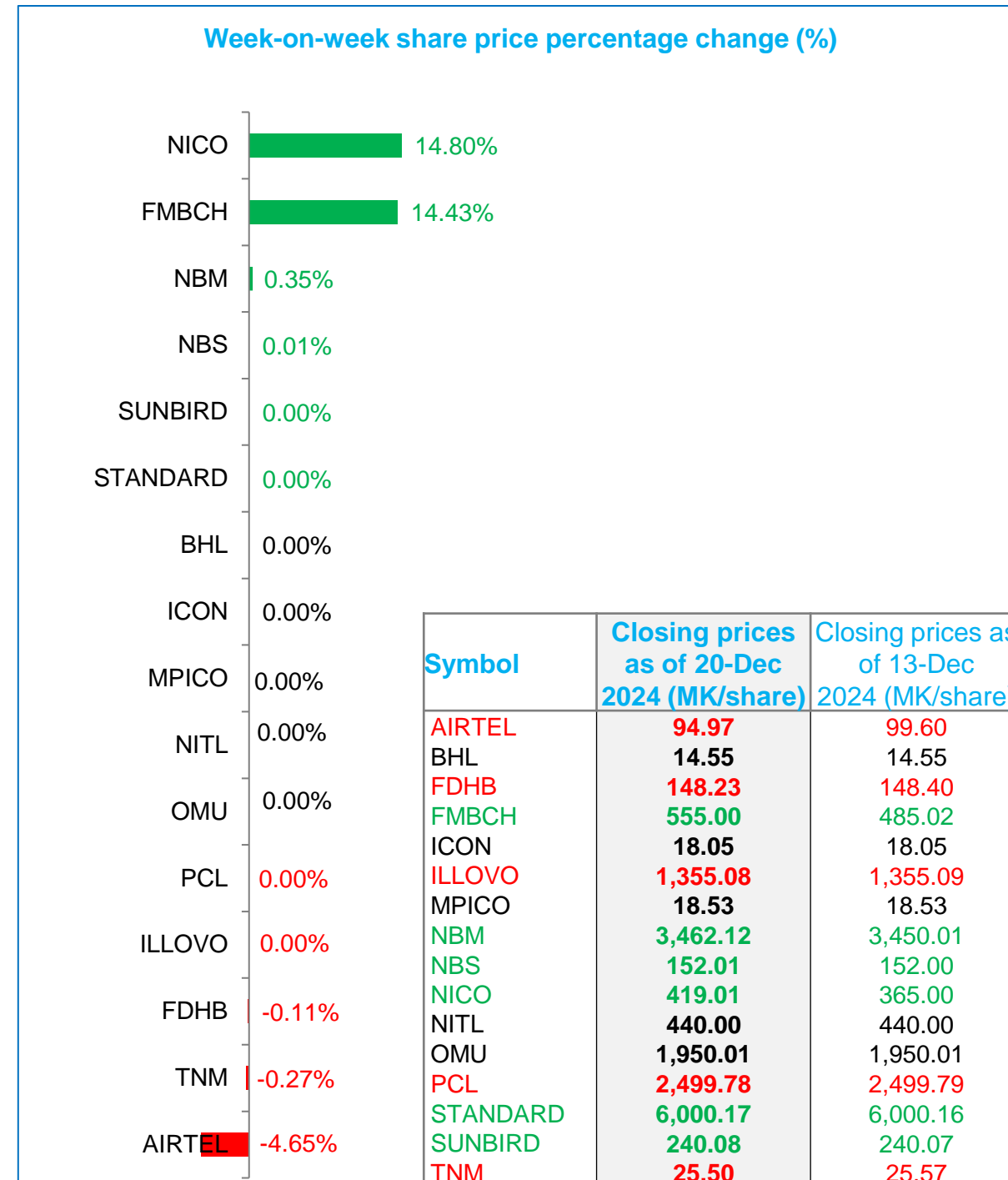
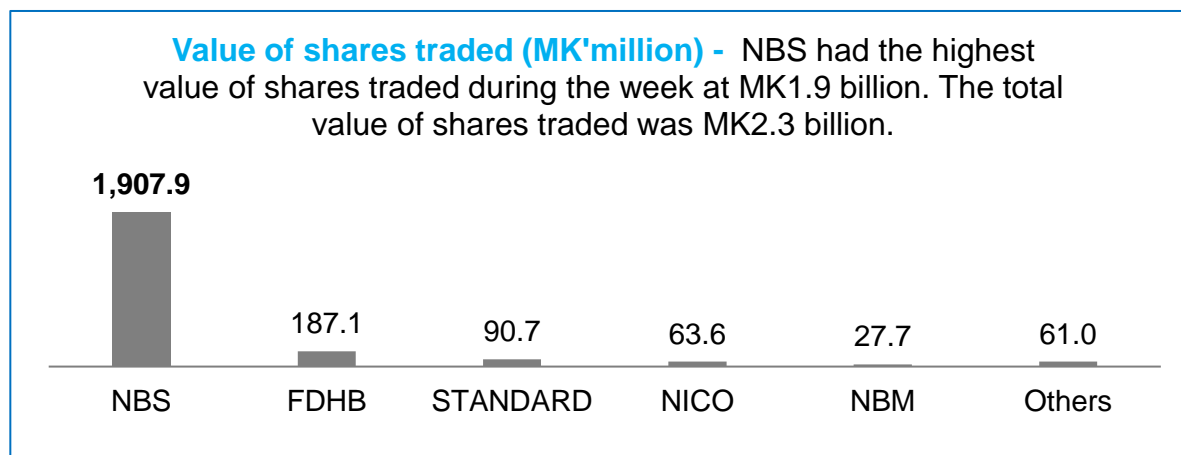
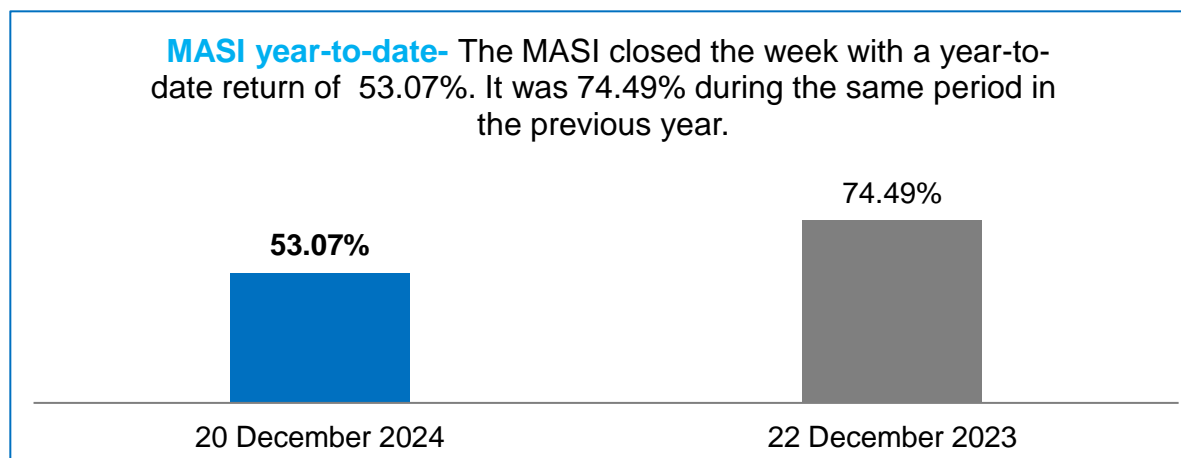
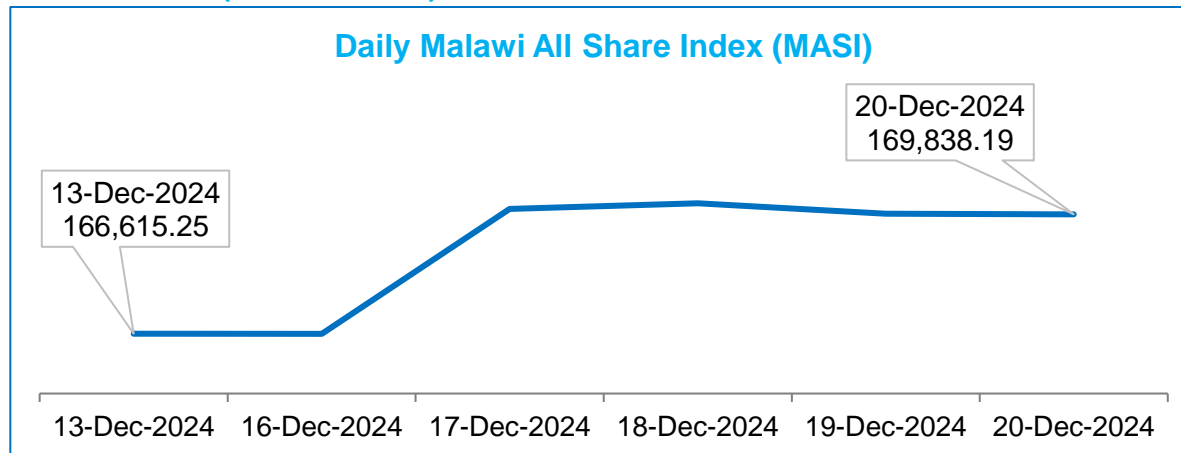


The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 20 December 2024 at 169,838.19 points from 166,615.25 points for the week ending 13 December 2024. This was primarily driven by NICO and FMBCH.

In a trading statement, FDH Bank disclosed that profit after tax (PAT) for the year ended 31 December 2024 is expected to be in the range of MK59.2 billion to MK62.5 billion, representing an increase of between 66% and 75% from the MK35.6 billion in the prior year.

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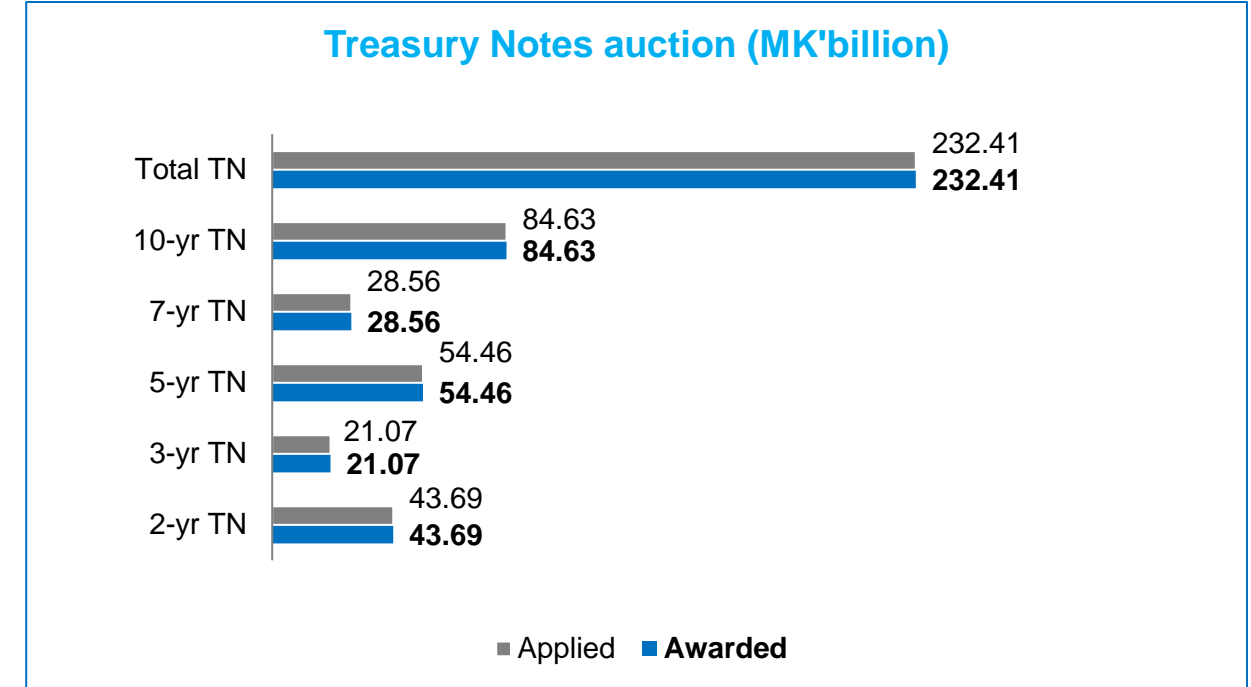
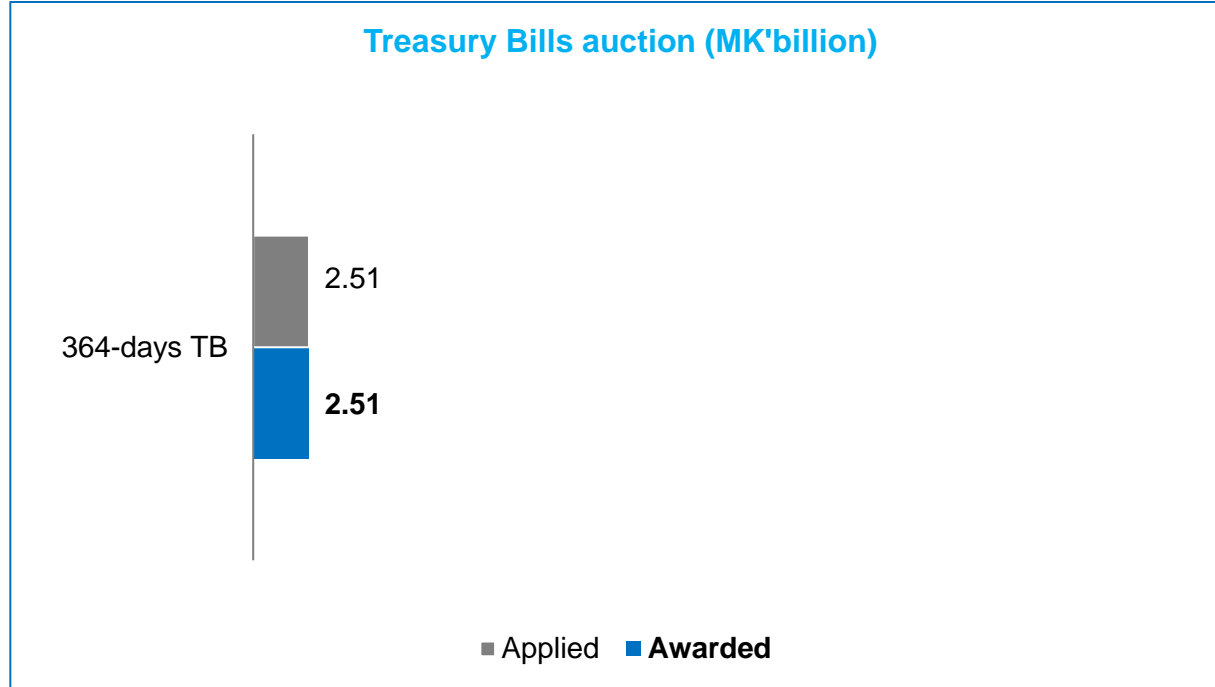
### Stock market (Source: MSE)





# Malawi Financial Market Update: Week ending 20 December 2024

## Government securities (Source: RBM)

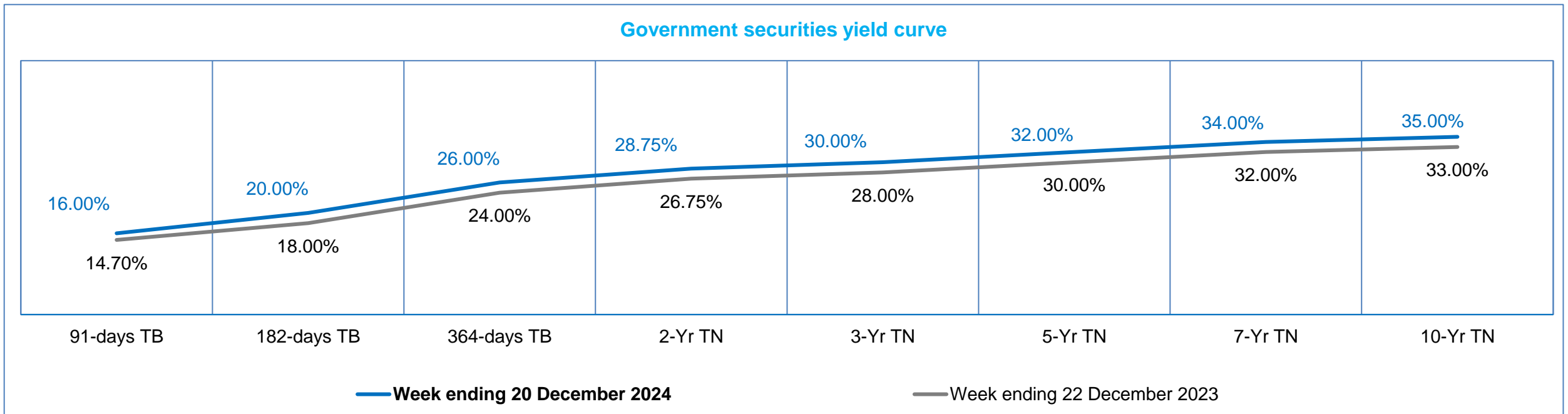


The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TNs) during the period under review.

The total amount raised from the TB auction was MK2.51 billion, all from the 364-day TB.

The total amount raised from the TN auctions was MK232.41 billion.

The average TB and TN yields maintained at 20.67% and 31.95%, respectively, during the period under review.



TB: Treasury Bill  
TN: Treasury Note



## Appendix 1: Historical Economic Indicators

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	20-Dec-24
<b>Exchange Rates (middle rates)</b>														
MK/USD	1,699.31	1,697.98	1,697.80	1,698.50	1,750.38	1,745.70	1,750.76	1,749.51	1,749.95	1,750.31	1,750.37	1,749.95	1,750.11	<b>1,734.01*</b>
MK/GBP	2,219.25	2,224.30	2,221.35	2,217.83	2,268.77	2,256.81	2,285.22	2,274.74	2,311.11	2,368.68	2,411.29	2,338.28	2,290.94	<b>2,228.43*</b>
MK/EUR	1,907.62	1,917.45	1,888.43	1,887.38	1,949.34	1,922.25	1,951.14	1,922.54	1,947.33	1,994.06	2,003.14	1,953.49	1,904.40	<b>1,847.83*</b>
MK/ZAR	92.72	94.17	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	<b>97.09*</b>
<b>Foreign Exchange Reserves</b>														
Gross Official Reserves (USD'mn)	165.20	242.58	174.80	143.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
Private Sector Reserves (USD'mn)	413.20	433.01	401.90	396.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
Total Reserves (USD'mn)	578.40	675.58	576.70	540.32	552.94	603.07	610.18	591.51	572.02	549.85	560.3	519.0	N/A	<b>N/A</b>
Gross Official Reserves Import Cover (months)	0.7	1.0	0.70	0.57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<b>N/A</b>
<b>Inflation</b>														
Headline	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	<b>N/A</b>
Food	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	<b>N/A</b>
Non-food	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	<b>N/A</b>
<b>Interest Rates</b>														
Monetary Policy Rate	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	<b>26.00%</b>
Average Interbank Rate (Overnight)	23.00%	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	<b>23.13%</b>
Lombard Rate	24.20%	24.20%	24.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	<b>26.20%</b>
Commercial Bank Reference Rate	23.50%	23.60%	23.60%	24.90%	24.90%	24.90%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	<b>25.30%</b>
<b>Government Securities Yields</b>														
91-days Treasury Bill	14.70%	14.70%	14.70%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	<b>16.00%</b>
182-days Treasury Bill	18.00%	18.00%	18.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	<b>20.00%</b>
364-days Treasury Bill	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	<b>26.00%</b>
2-year Treasury Note	26.75%	26.75%	26.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	<b>28.75%</b>
3-year Treasury Note	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	<b>30.00%</b>
5-year Treasury Note	30.00%	30.00%	30.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	<b>32.00%</b>
7-year Treasury Note	32.00%	32.00%	32.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	<b>34.00%</b>
10-year Treasury Note	33.00%	33.00%	33.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	<b>35.00%</b>
<b>Year-to-date Return</b>														
MASI	81.81%	78.85%	4.25%	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	<b>53.07%</b>
DSI	74.35%	69.99%	0.03%	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	<b>49.84%</b>
FSI	168.05%	181.28%	33.77%	30.43%	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	<b>75.65%</b>

\*: Reserve Bank of Malawi opening exchange rates (middle) as of 20 December 2024

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