



Malawi Financial Market Update

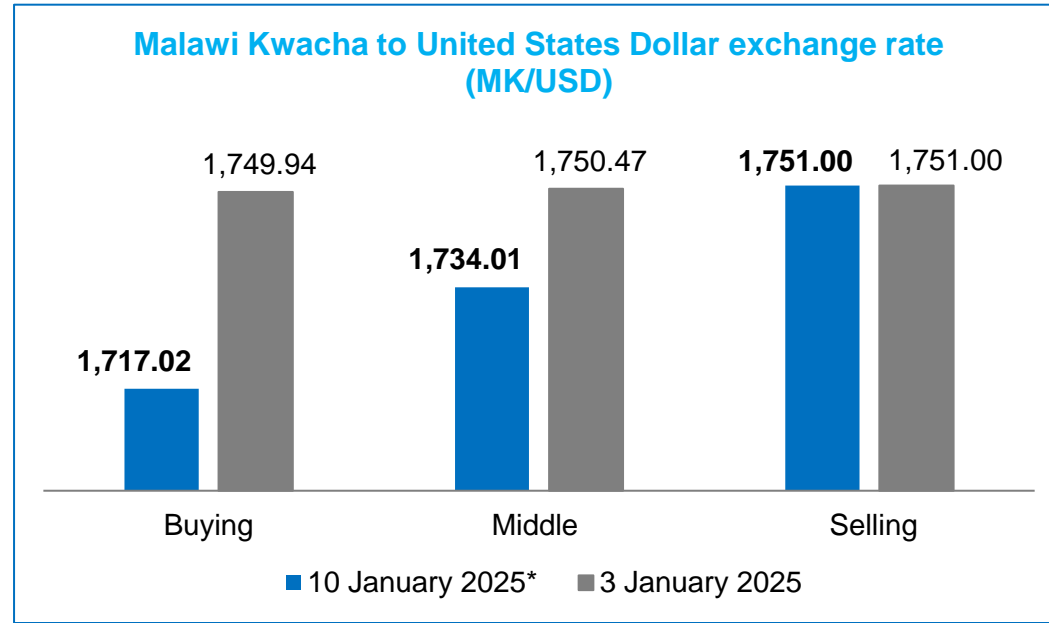
Week ending 10 January 2025



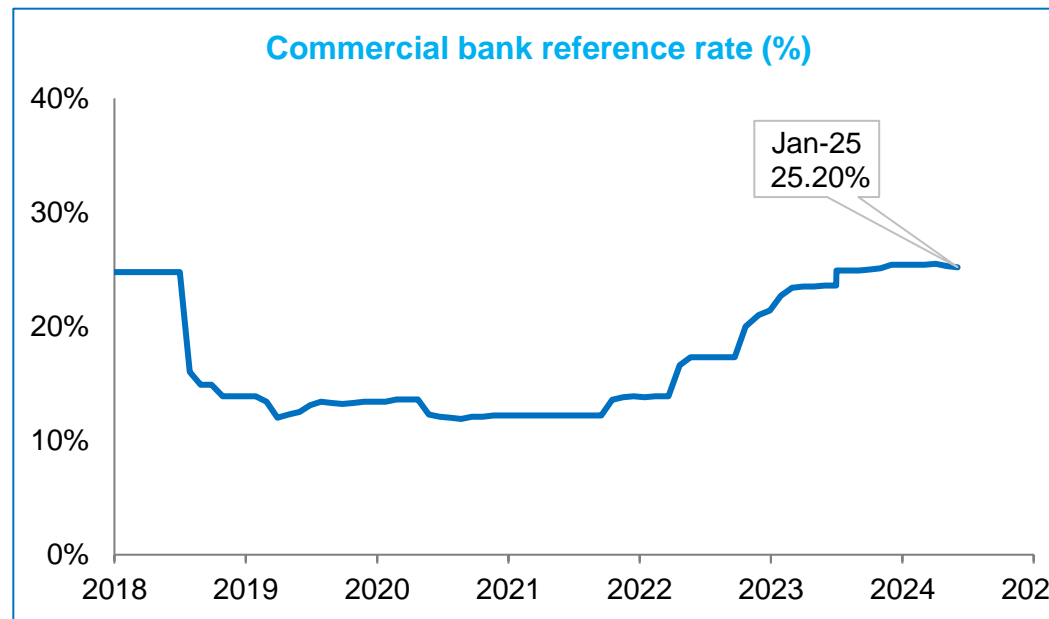
Malawi Financial Market Update: Week ending 10 January 2025

Exchange rate and other market developments

Exchange rate (Source: RBM)



Commercial bank reference rate (Source: NBM)



*: Reserve Bank of Malawi opening exchange rates as of 10 January 2025

What Happened This Week

1. The President of the Republic of Malawi has appointed Dr MacDonald Mafuta Mwale as the new Reserve Bank of Malawi (RBM) Governor, replacing Dr. Wilson Banda. The President also appointed Dr. Kisu Simwaka, who was the RBM's Director of Economic Policy and Research, as Deputy Governor. The Public Appointments Committee of the Parliament confirmed the appointment (*The Daily Times*, 9 January 2025).
2. Telekom Networks Malawi Plc (TNM) has announced a related party transaction in which the company is set to obtain a shareholder's loan from Press Corporation Plc (PCL) amounting to MK4.5 billion. The loan is unsecured, and the applicable annual interest rate will be the prevailing National Bank of Malawi reference rate plus 4.5%, with a repayment period of 12 months. The loan will be used to settle urgent TNM obligations (*The Daily Times*, 10 January 2025).
3. In a presentation to investors in December 2024, Sovereign Metals Limited Chief Executive Officer (CEO) stated that the Kasiya Rutile Mining project is expected to generate USD645 million (about MK1.45 trillion) in revenue and USD415 million (about MK726 billion) in profit annually. According to the pre-feasibility study conducted on the site, Kasiya is the largest rutile resource and the second-largest graphite resource in the World. The CEO also stated that Sovereign Metals Limited completed its mining trial in December 2024 to establish the potential mining methods and verify if the processed mineral meets the required standards (*The Nation*, 10 January 2025).
4. Owners of the Kayelekera uranium mine, Lotus Africa Limited, have signed a Community Development Agreement (CDA) with communities in Karonga district in which the communities will receive 0.45% of revenue from sales annually. The communities will decide on the use of the funds through area development and village development committees. According to the agreement, 0.45% of revenue will be paid into an account for the qualifying communities 12 months after commercial production begins (*The Daily Times*, 9 January 2025).
5. According to the International Food Policy Research Institute (IFPRI) Malawi Maize Market report for December 2024, maize prices increased to MK1,002/Kg in the last week of December 2024 from MK871/Kg in the last week of November (*IFPRI Malawi Maize Market Report, December 2024*).
6. The National Economic Empowerment Fund (NEEF) has stated that it aims to help the country achieve food security through a MK150 billion inputs loan programme targeting 400,000 smallholder farmers. NEEF CEO highlighted that the loan programme could develop into a self-sustaining fund supporting smallholder farmers, thereby replacing the current Affordable Inputs Program (AIP) model. However, the programme's implementation is behind schedule, with only 30,000 farmers receiving inputs due to the Treasury's erratic cash flows (*The Daily Times*, 9 January 2025).
7. The commercial bank reference rate for January 2025 is 25.2%, from 25.3% in December 2024 (*National Bank*, 6 January 2025).

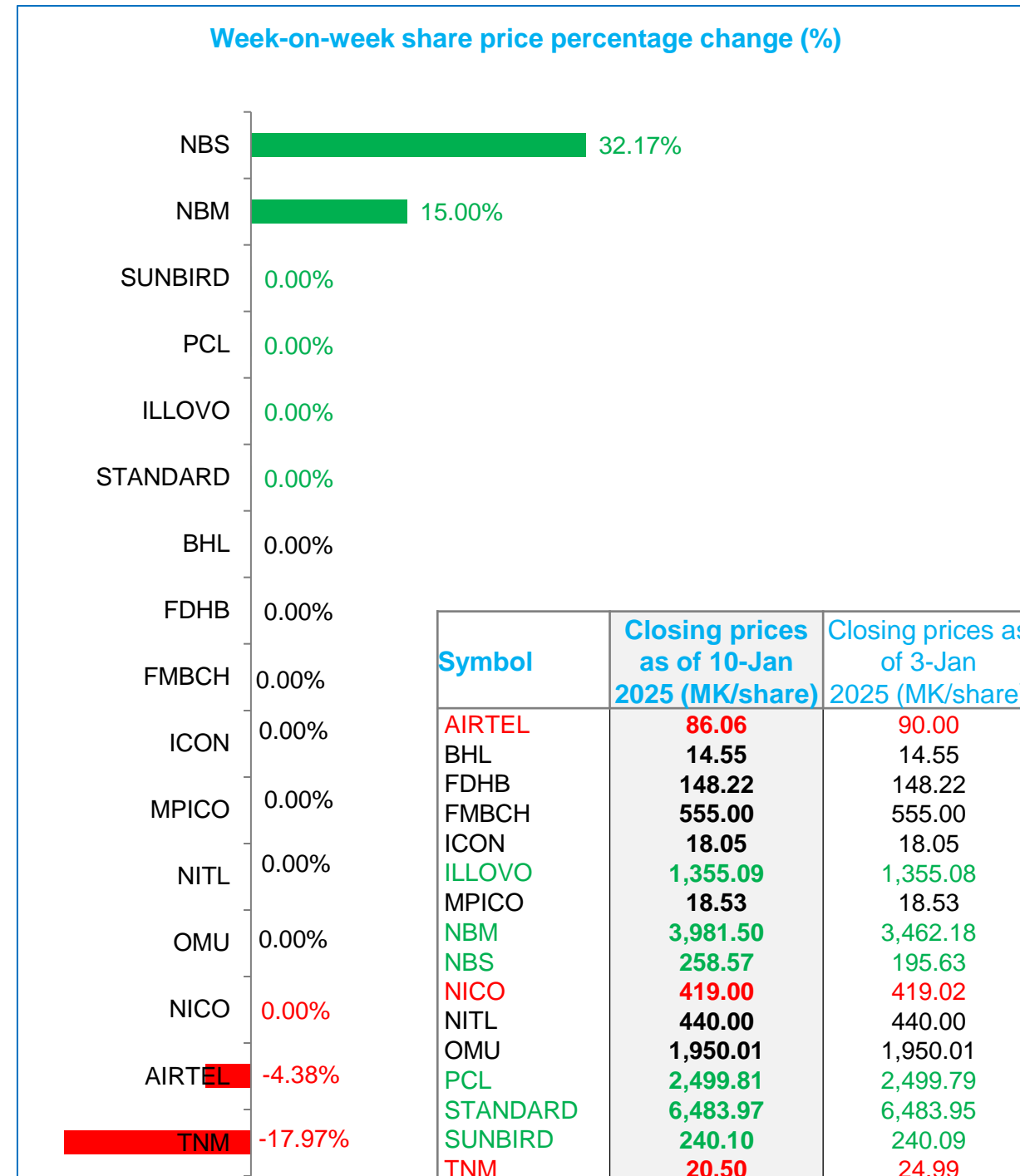
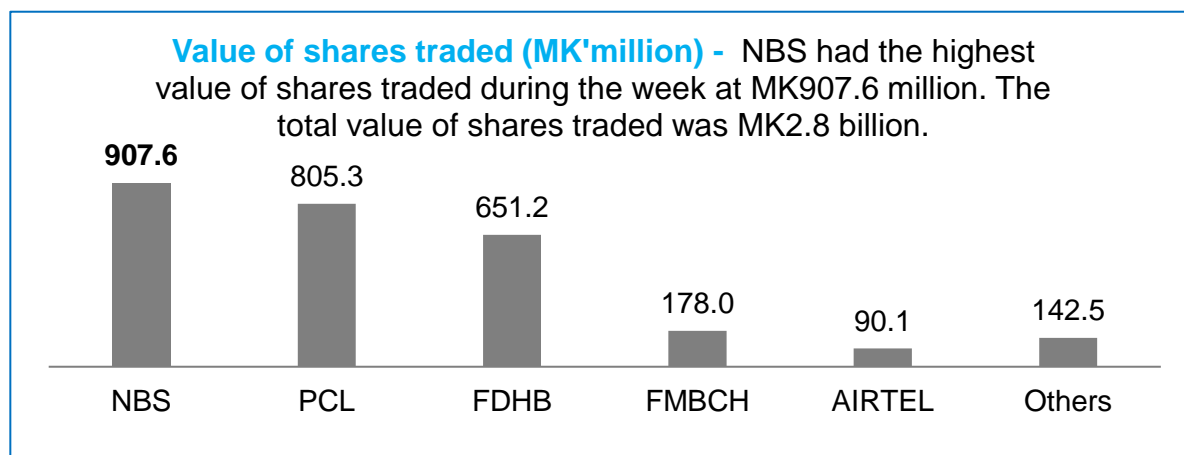
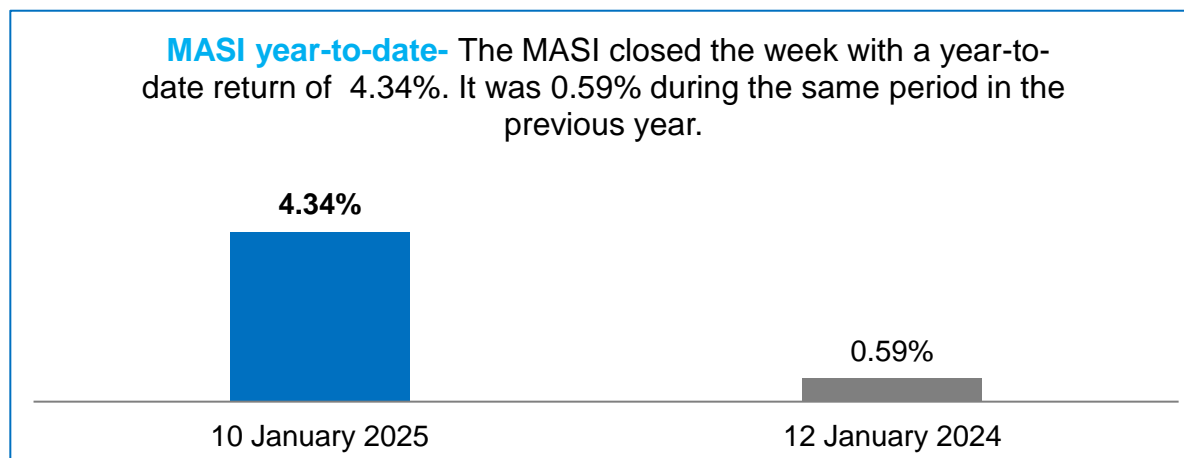
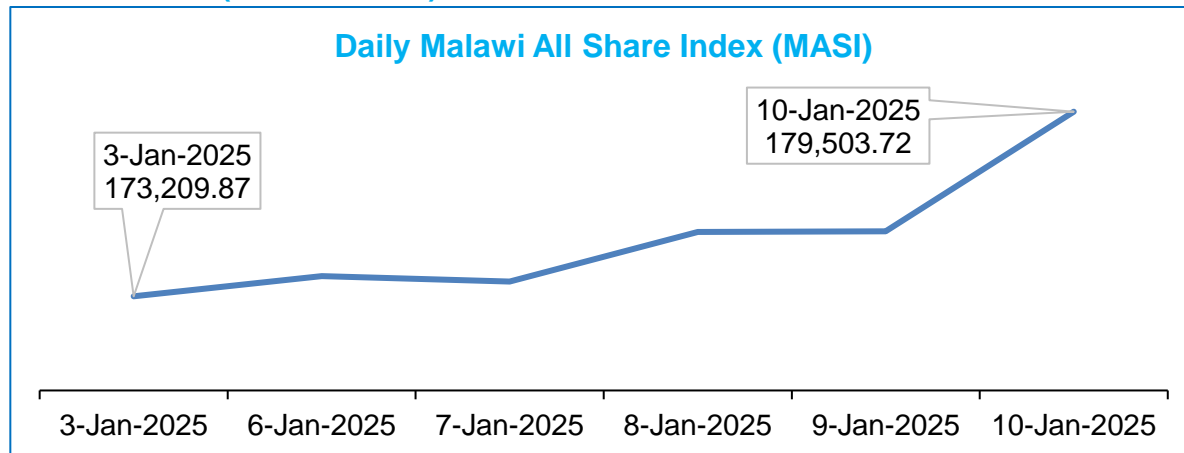


The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 10 January 2025 at 179,503.72 points from 173,209.87 points on 3 January 2025.

This was primarily driven by NBS and NBM, which increased by 32.17% and 15.00%, respectively. This offset the decrease by TNM and AIRTEL by 17.97% and 4.38%, respectively.

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Stock market (Source: MSE)





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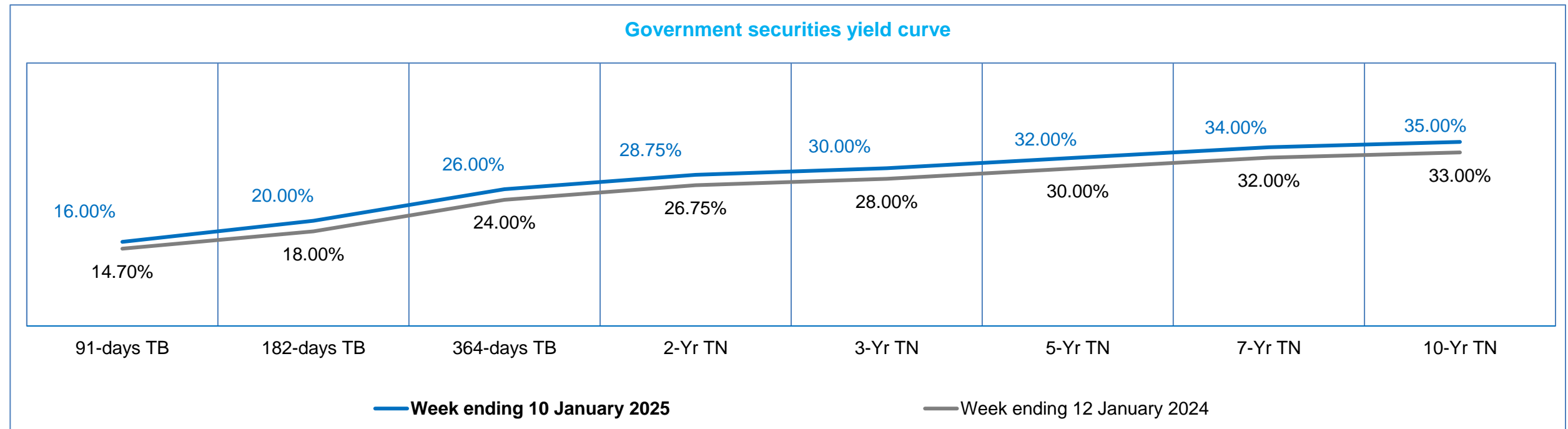
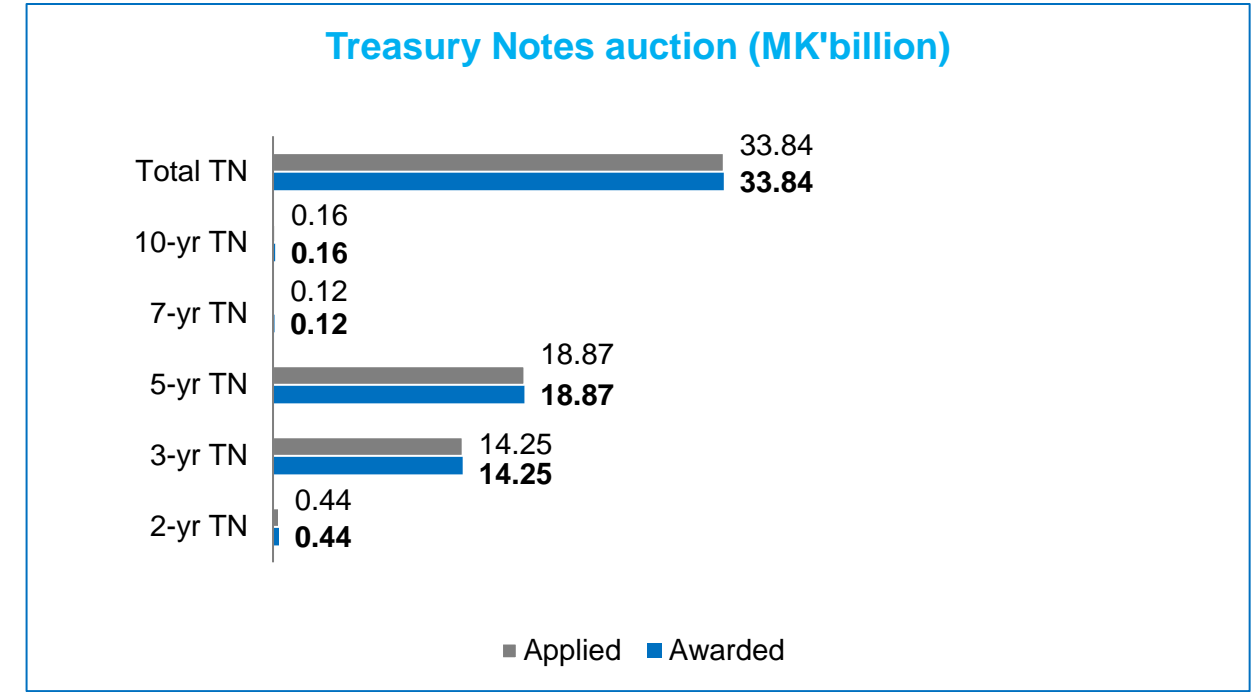
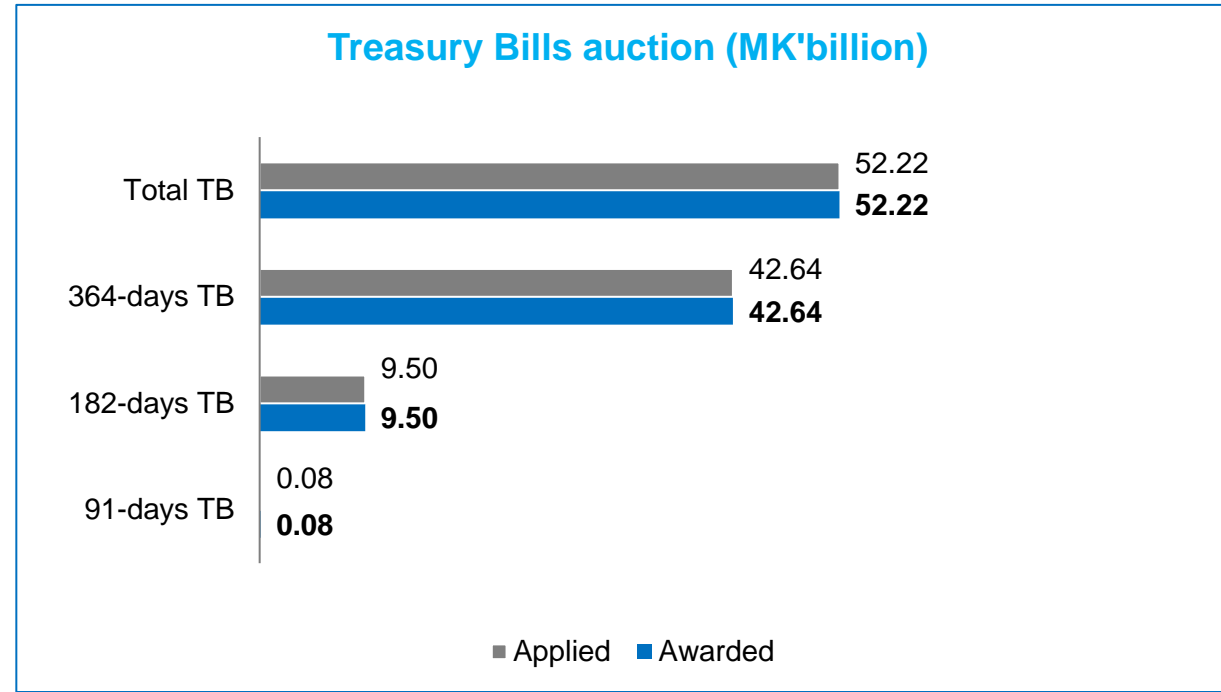
Government securities (Source: RBM)

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 MK52.22 billion primarily driven by the 364-days TB.

The total amount raised from the TN auctions was MK33.84 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

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	10-Jan-25
Exchange Rates (middle rates)														
MK/USD	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	1,749.93	1,734.01*
MK/GBP	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	2,250.25	2,193.07*
MK/EUR	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	1,861.87	1,837.29*
MK/ZAR	94.17	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	94.26*
Foreign Exchange Reserves														
Total Reserves (USD'mn)	675.58	576.70	540.32	552.94	603.07	610.18	591.51	572.02	549.85	560.3	519.0	N/A	N/A	N/A
Inflation														
Headline	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	N/A	N/A
Food	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	N/A	N/A
Non-food	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	N/A	N/A
Interest Rates														
Monetary Policy Rate	24.00%	24.00%	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)	23.00%	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.18%
Lombard Rate	24.20%	24.20%	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	23.60%	23.60%	24.90%	24.90%	24.90%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%
Government Securities Yields														
91-days Treasury Bill	14.70%	14.70%	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	18.00%	18.00%	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	24.00%	24.00%	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	26.75%	26.75%	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	28.00%	28.00%	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	30.00%	30.00%	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	32.00%	32.00%	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	33.00%	33.00%	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	78.85%	4.25%	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	4.34%
DSI	69.99%	0.03%	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	5.06%
FSI	181.28%	33.77%	30.43%	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	0.00%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 10 January 2025

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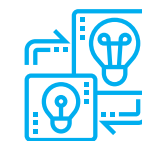
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