



Malawi Financial Market Update

Week ending 17 January 2025

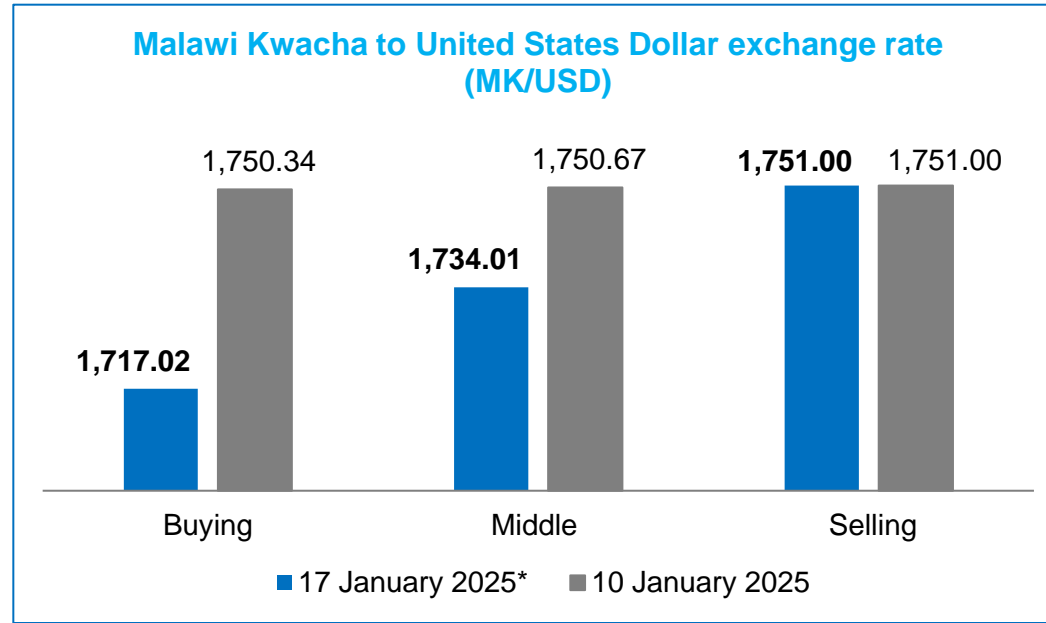


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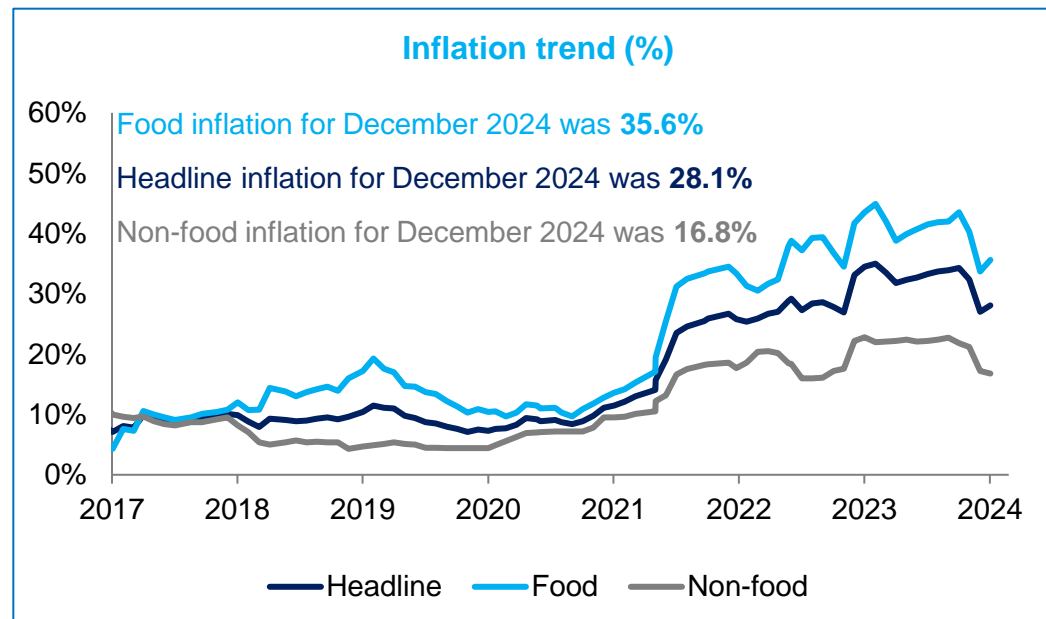
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Exchange rate and other market developments

Exchange rate (Source: RBM)



Inflation (Source: NSO)



What Happened This Week

1. Data from the National Statistical Office (NSO) shows that the 2024 annual average headline inflation rate is 32.2%, an increase from 28.8% in 2023. The rise is due to increases in both the average food and non-food inflation rates. The annual average food inflation was 40.2% in 2024 from 37.1% in 2023. Similarly, the average non-food inflation in 2024 was 21.2%, up from 18.8% in 2023. Month-on-month, the headline inflation rate increased to 28.1% in December 2024 from 27.0% in November 2024 (*National Statistical Office, 16 January 2025*).
2. The Malawi Environment Protection Authority (Mepa) has indicated that it has received the Environmental and Social Impact Assessment report for the Mpatamanga hydro-power project. Mepa is expected to review the report in January 2025 and conduct public hearings to gather any concerns about the project. The Mpatamanga hydro-power project is expected to add 358 Megawatts (MW) to the national grid and it is worth about USD1.07 billion (approximately MK1.8 trillion). It will be constructed at Mpatamanga Gorge, along the Shire River, in southern Malawi, between Tedzani and Kapichira Power Stations. According to the project timelines, early works which precede the construction phase are expected to start in 2025. The project is expected to be completed in 2030 (*The Nation, 11 January 2025*).
3. According to the Tobacco Commission (TC), the tentative demand for tobacco in 2025 from buying companies is pegged at 213 million kilograms (Kgs). This represents an increase of 12.1% from 190 million kgs demanded in 2024. According to data from Auction Holdings Limited (AHL), Malawi managed to supply only 133 million kgs in 2024 of the 190 million kgs demanded (*The Daily Times, 13 January 2025*).
4. According to the Food and Agriculture Organization's (FAO) Global and Information and Early Warning System brief, weather forecasts for January to April 2025 indicate a high probability of average to above-average rainfall nationwide. This has provided optimism that maize yields this year might be higher than last year. However, FAO has stated that the outlook remains cautious due to the risks of above-average temperatures in the central and northern districts and potential localized floods (*The Daily Times, 14 January 2025*).
5. In its recently published Business Environment Assessment report for 2024, the Malawi Confederation of Chamber of Commerce and Industry (MCCCI) has called for a tax policy review arguing that the current measures are slowing private sector growth. In particular, MCCCI cited the additional corporate income tax on profits exceeding MK10 billion, introduced in the 2024/25 budget, as a major drawback for businesses. MCCCI has proposed strategies such as tax breaks for specific growth industries as ways of improving the business environment in the country (*The Daily Times, 17 January 2025*).

*: Reserve Bank of Malawi opening exchange rates as of 17 January 2025



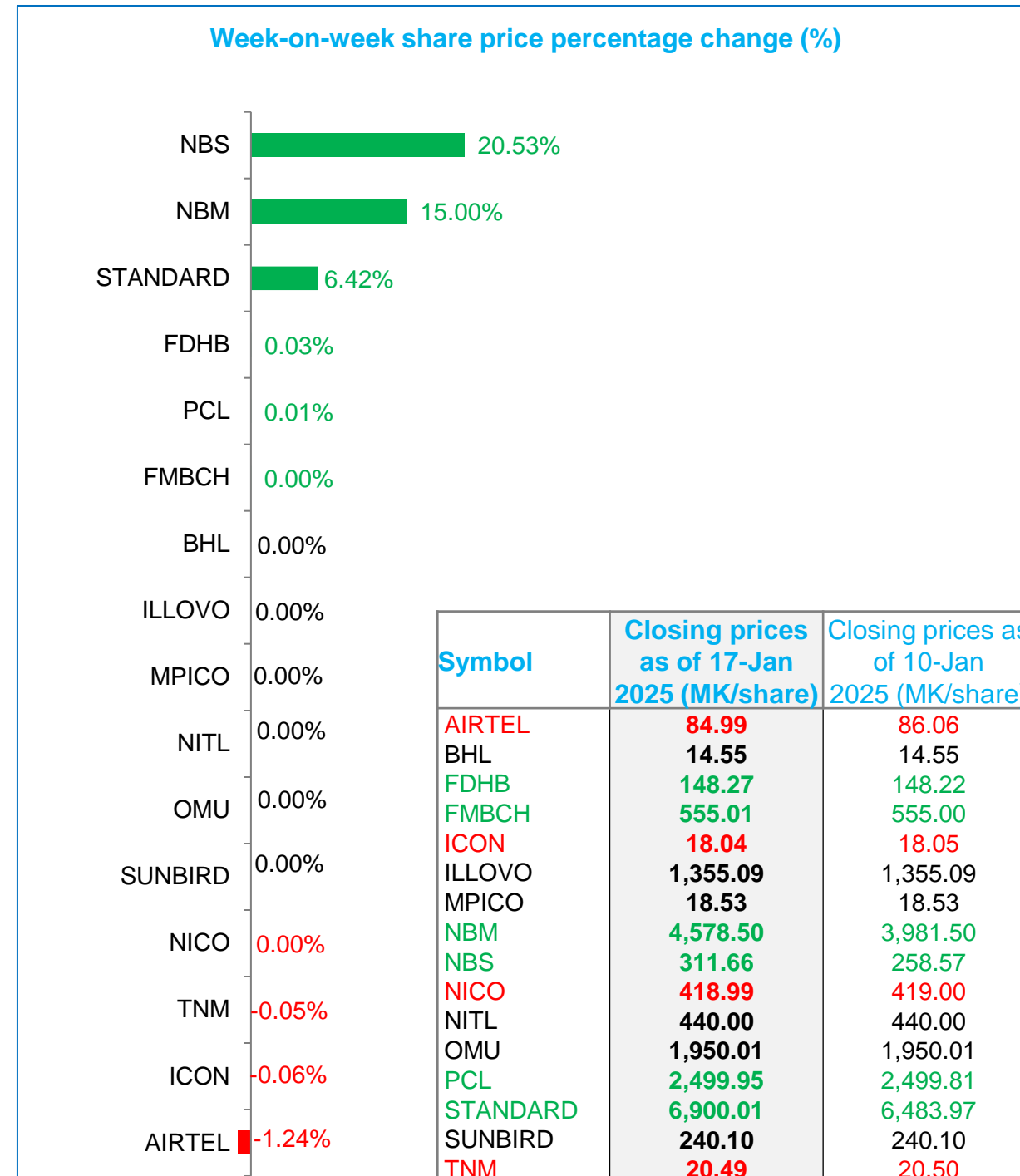
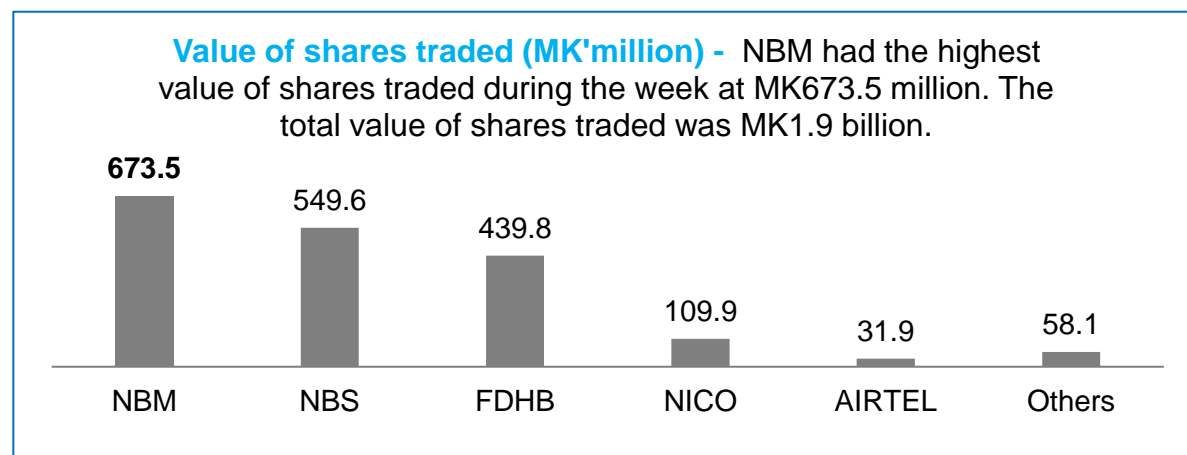
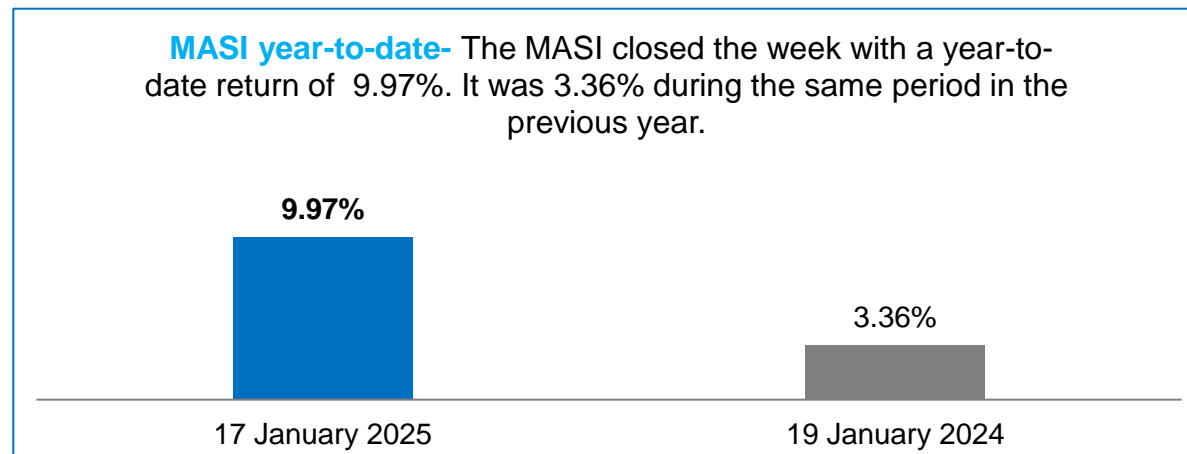
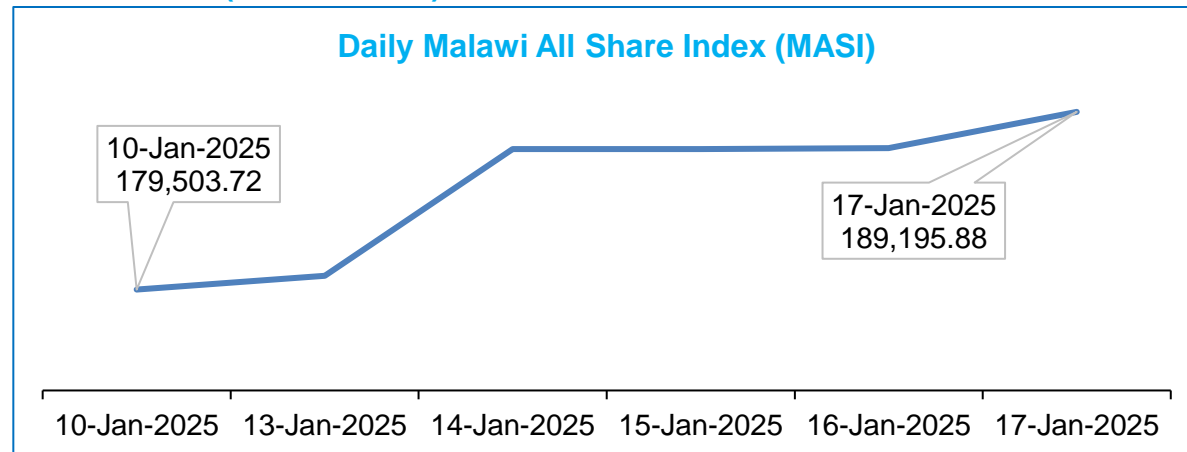
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The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 17 January 2025 at 189,195.88 points from 179,503.72 points on 10 January 2025.

This was primarily driven by NBS, NBM, and STANDARD, which increased by 20.53%, 15.00%, and 6.42%, respectively. This offset the decrease by AIRTEL by 1.24%.

Standard Bank Malawi has announced an interim dividend of MK5 billion (MK21 per share) for the year ended 31 December 2024. The dividend will be paid on 14 February 2025.

Stock market (Source: MSE)





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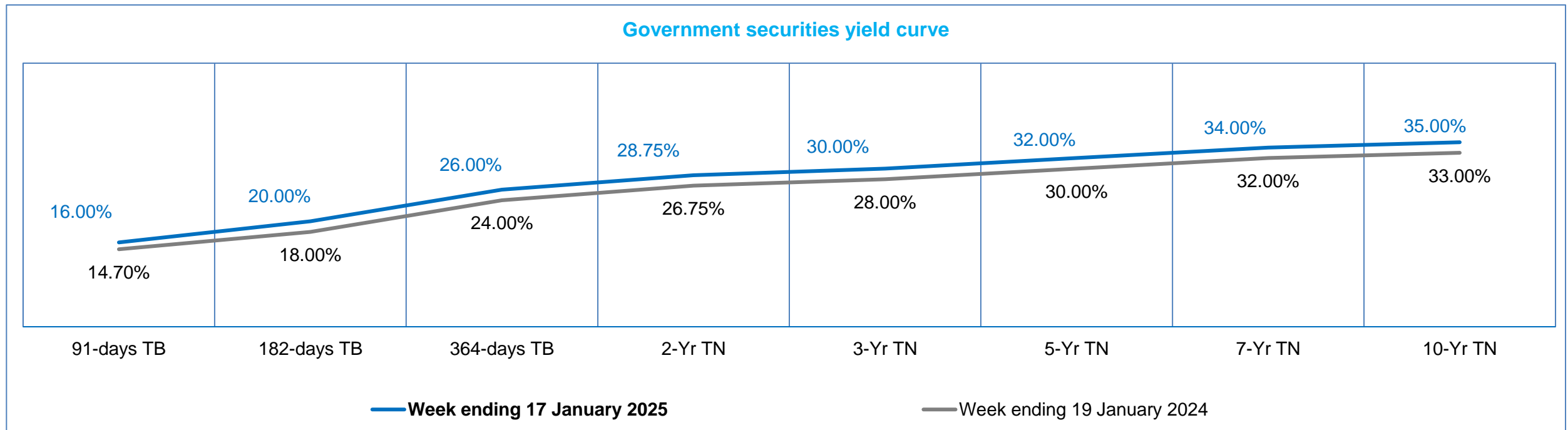
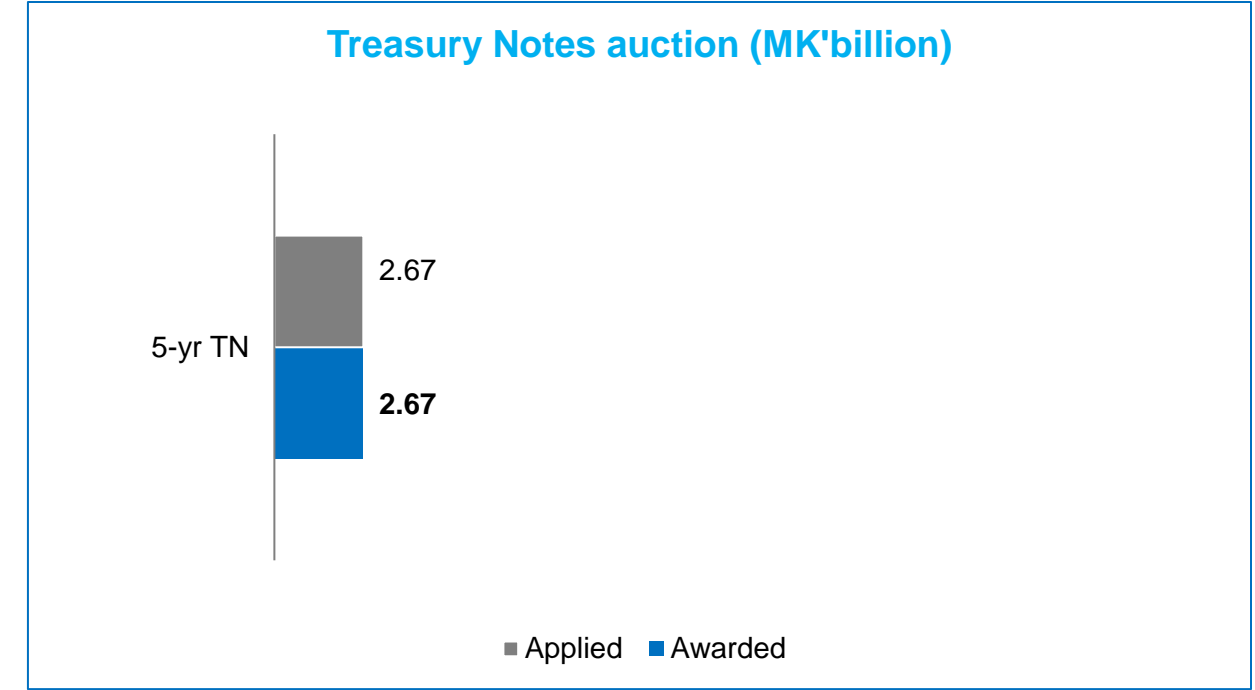
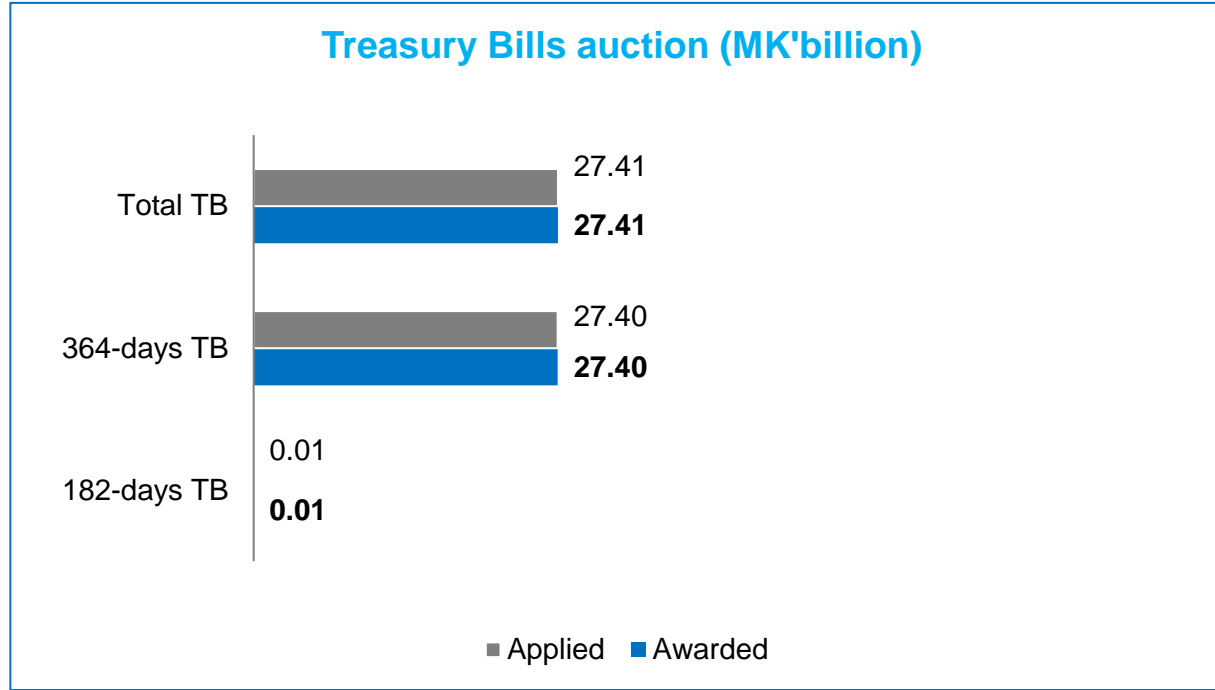
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and a 5-year Treasury Note (TN) during the period under review.

The total amount raised from the TB auction was MK27.41 billion, primarily driven by the 364-days TB. There were no applications for the 91-days TB.

The total amount raised from the 5-year TN auction was MK2.67 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	17-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	2,181.10*
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	1,838.18*
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	95.12*
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	516.9	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%	28.1%	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%	35.6%	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%	16.8%	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%	23.19%
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%	9.97%
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%	11.62%
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 17 January 2025

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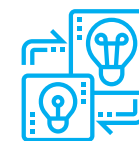
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