

Malawi Financial Market Update

Week ending 24 January 2025



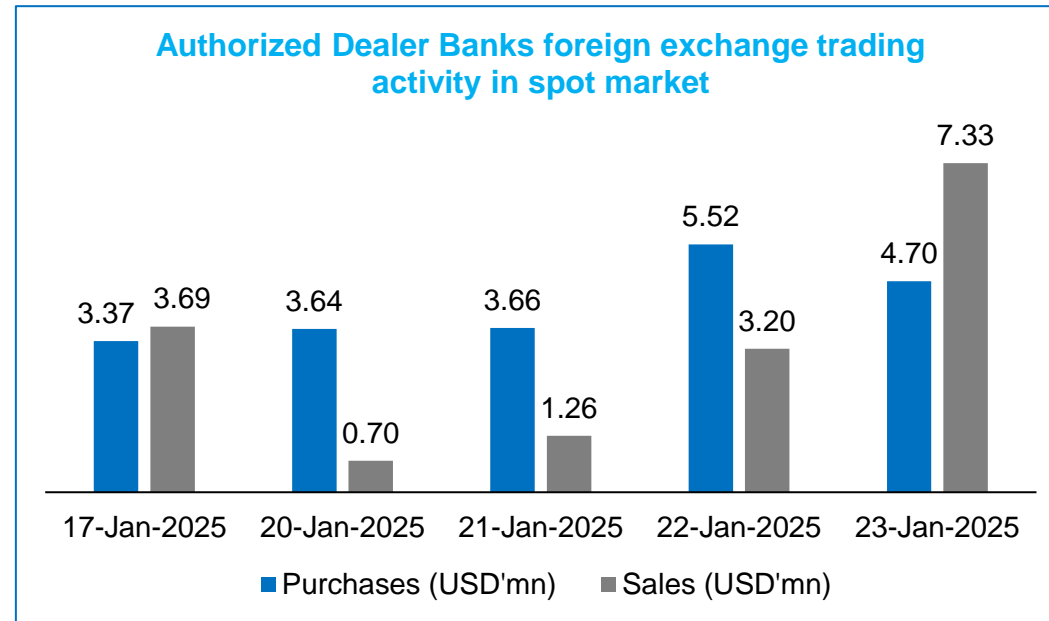


According to a World Food Programme (WFP) press release, the WFP and the government of Malawi have signed an agreement to import 48,000 metric tons of maize, valued at USD35 million (approximately MK61.25 billion) to help food-insecure communities affected by the El Nino-induced drought.

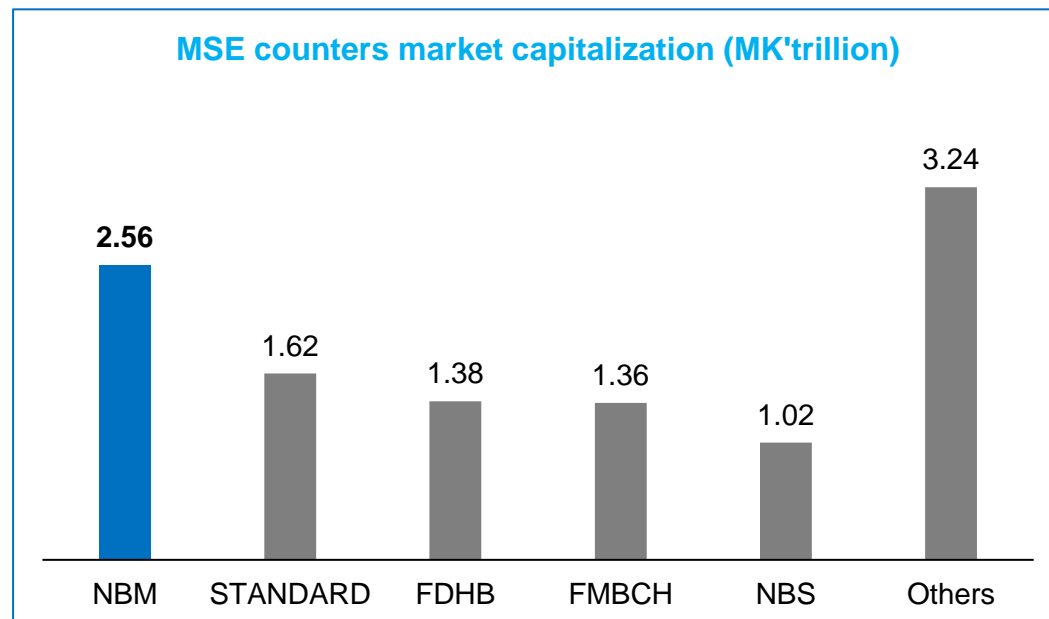
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Exchange rate and other market developments

Foreign exchange trading activity (Source: RBM)



Market Capitalization (Source: MSE)



What Happened This Week

1. According to a World Food Programme (WFP) press release, the WFP and the government of Malawi have signed an agreement to import 48,000 metric tons of maize, valued at USD35 million (approximately MK61.25 billion), to help food-insecure communities affected by the El Nino-induced drought. The funding will come from the World Bank's Crisis Emergency Response Component (CERC) of the Food Systems Resilience Program for Eastern and Southern Africa. The maize procured from this arrangement will be distributed to approximately 954,000 households (*The World Food Programme, 24 January 2025*).
2. In its World Economic Situation and Prospects 2025 report, the United Nations (UN) has projected a Gross Domestic Product (GDP) growth rate of 2.4% in 2025 for Malawi. For 2026, the UN projects a GDP growth rate for Malawi of 2.6%. The UN notes that the growth rate during this period is insufficient to lift per capita income for the country (*The Daily Times, 21 January 2025*).
3. The Competition and Fair Trading Commission (CFTC) has introduced a new penalty framework. The new framework is expected to assist in enforcing the Competition and Fair Trading Act that was passed in parliament in July 2024. Key highlights of the new framework include a base penalty of 2% and 1% of annual turnover for enterprises and individuals, respectively, involved in restrictive trade agreements. The penalty for abuse of market dominance has been set as 4% and 2% of annual turnover for enterprises and individuals, respectively. For cartel activities, the CFTC has set a penalty of 7% and 4% of annual turnover for enterprises and individuals, respectively (*The Daily Times, 23 January 2025*).
4. According to a statement on 21 January 2025 from the Electricity Generation Company (Egenco), restoration works at Kapichira Hydro Power Station in Chikwawa district have been completed. The completion of the restoration works has restored 64.8 megawatts (MW) to the national grid that were lost in December 2024 (*The Nation, 23 January 2025*).
5. National Bank of Malawi Plc (NBM) has become the first company on the Malawi Stock Exchange (MSE) to surpass a market capitalization of MK2 trillion. The achievement is due to a significant surge in the bank's share prices, underscoring investor confidence and the bank's robust market position. NBM's Chief Executive Officer attributed the success to the bank's solid financial performance and medium-term growth plans (*The Daily Times, 20 January 2025*).
6. Airtel Malawi Plc has appointed Aashish Dutt as its new managing director, effective 1 February 2025 (*The Daily Times, 23 January 2025*).

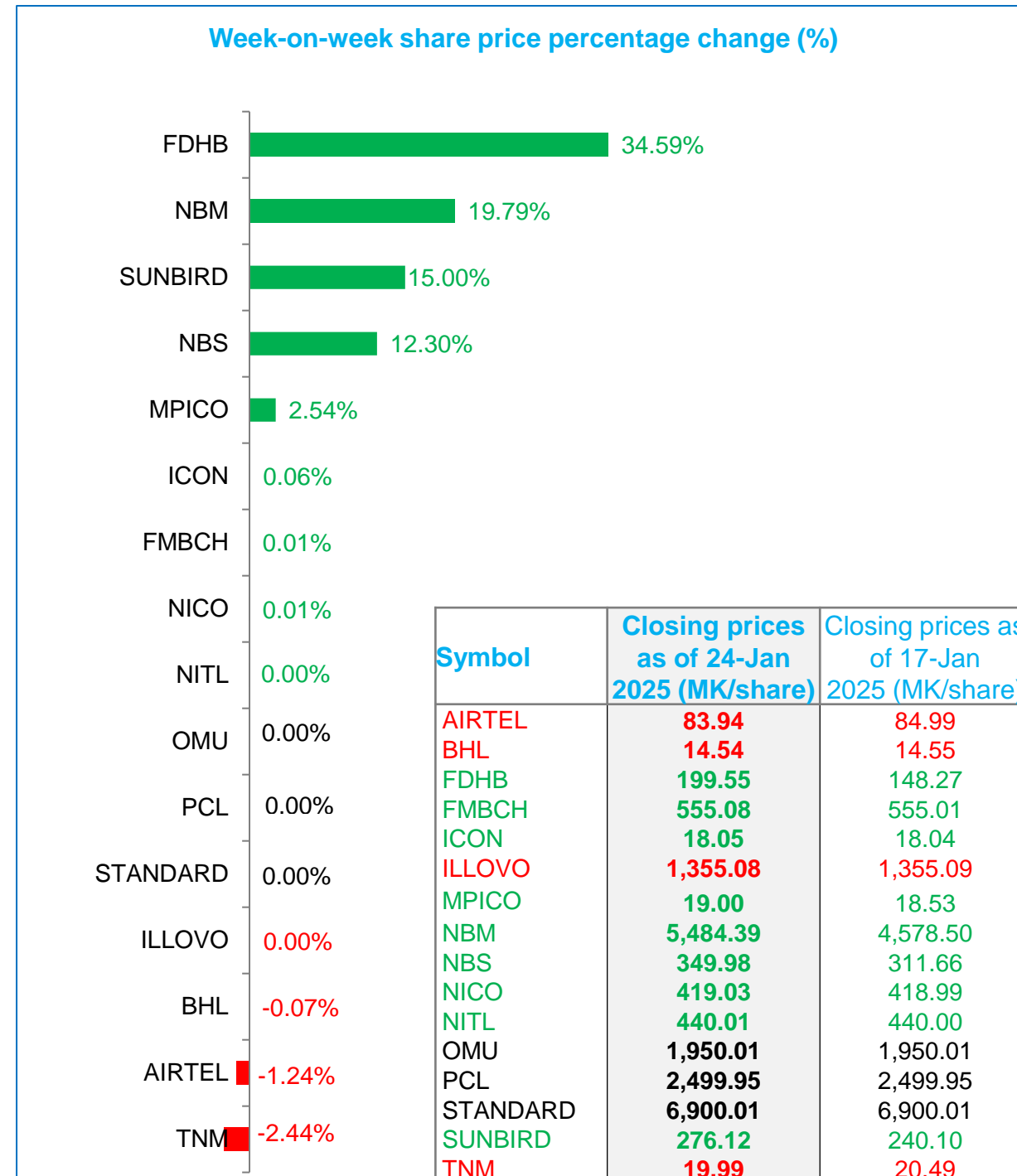
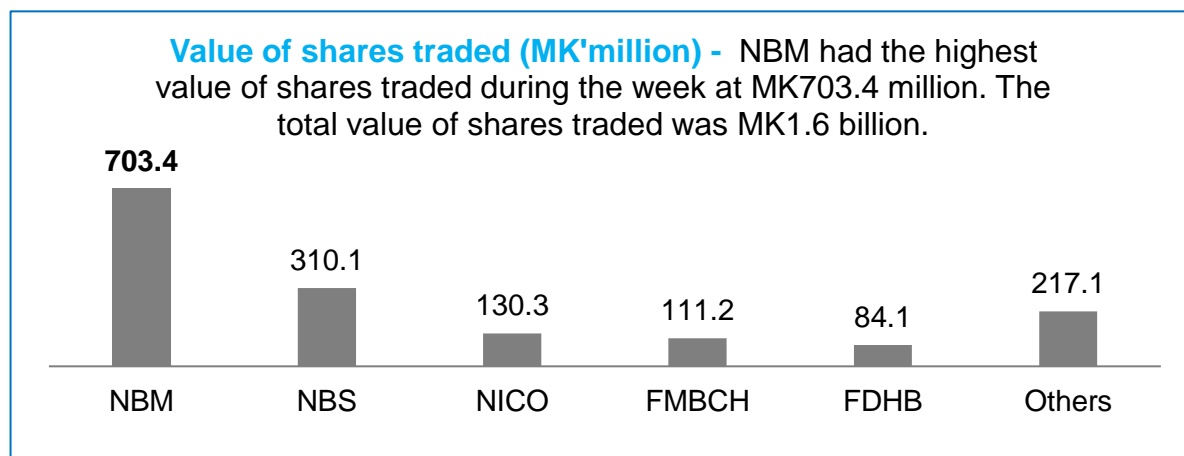
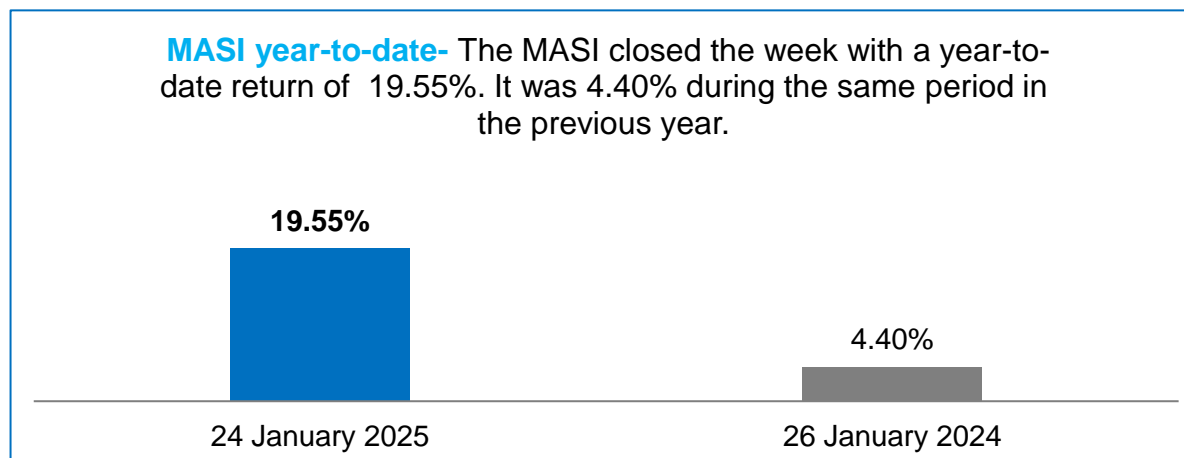
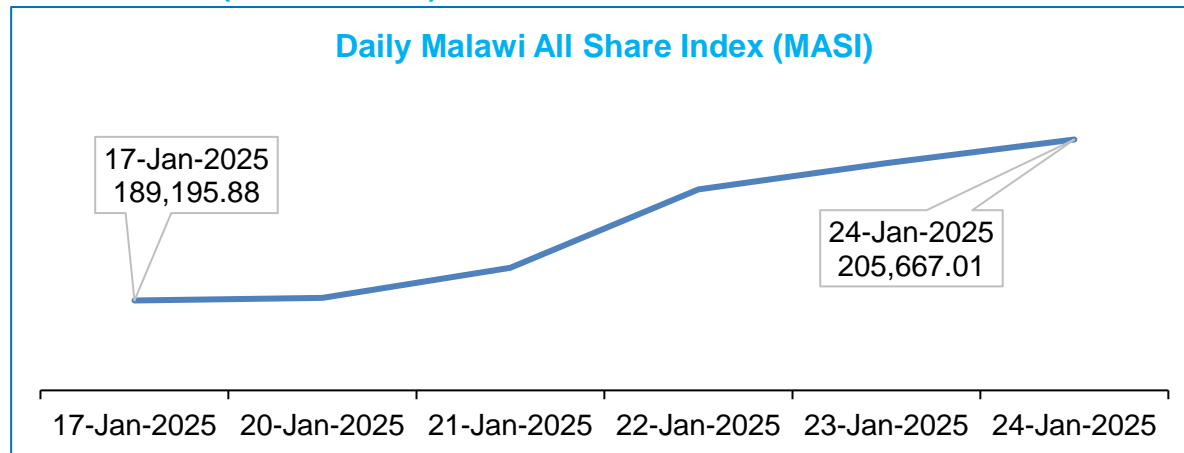


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The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 24 January 2025 at 205,667.01 points from 189,195.88 points on 17 January 2025.

This was primarily driven by FDHB, NBM, SUNBIRD, NBS and MPICO, which increased by 34.59%, 19.79%, 15.00%, 12.30% and 2.54%, respectively. This offset the decrease by TNM and AIRTEL which decreased by 2.44% and 1.24%, respectively.

Stock market (Source: MSE)





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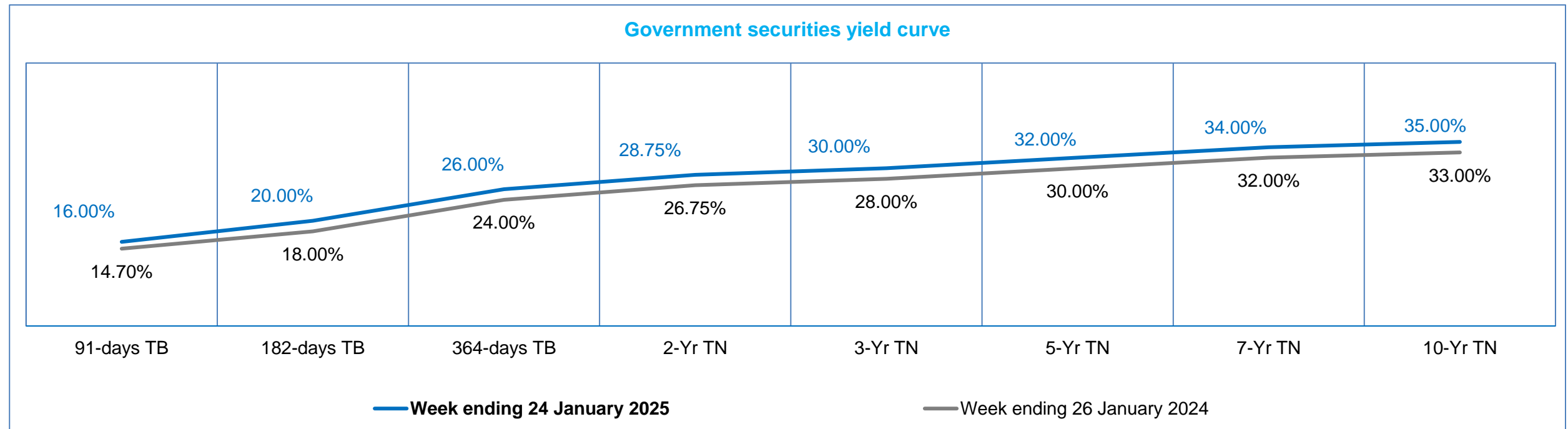
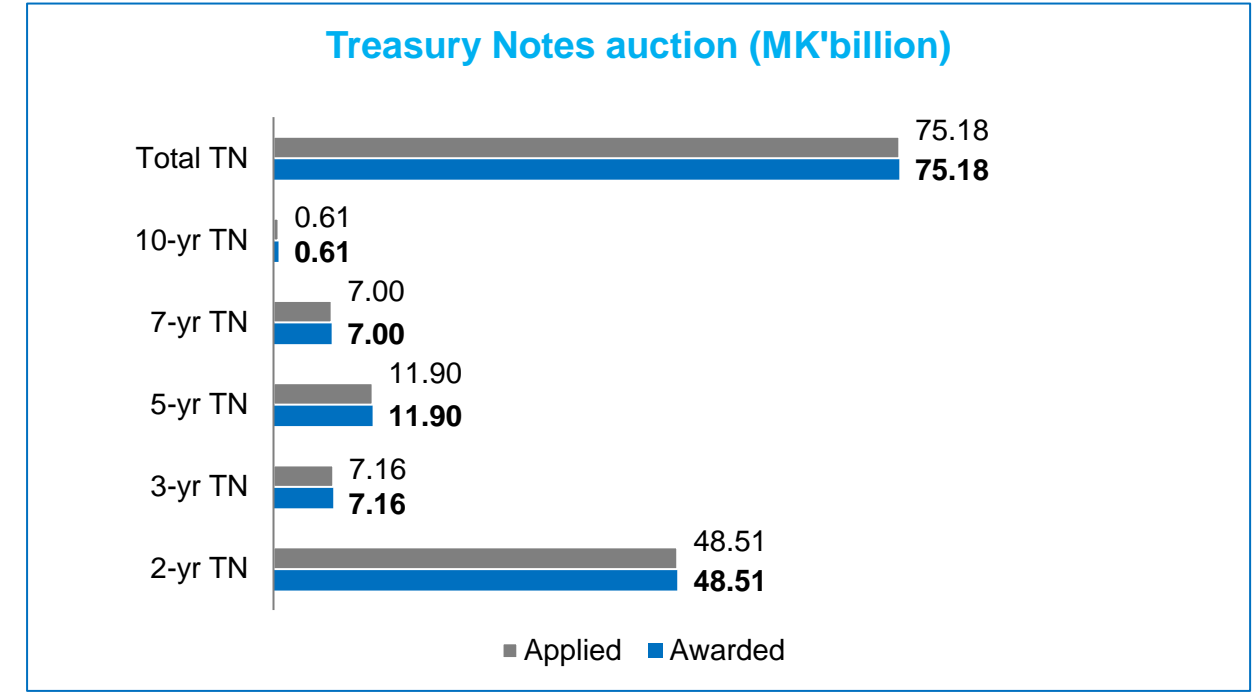
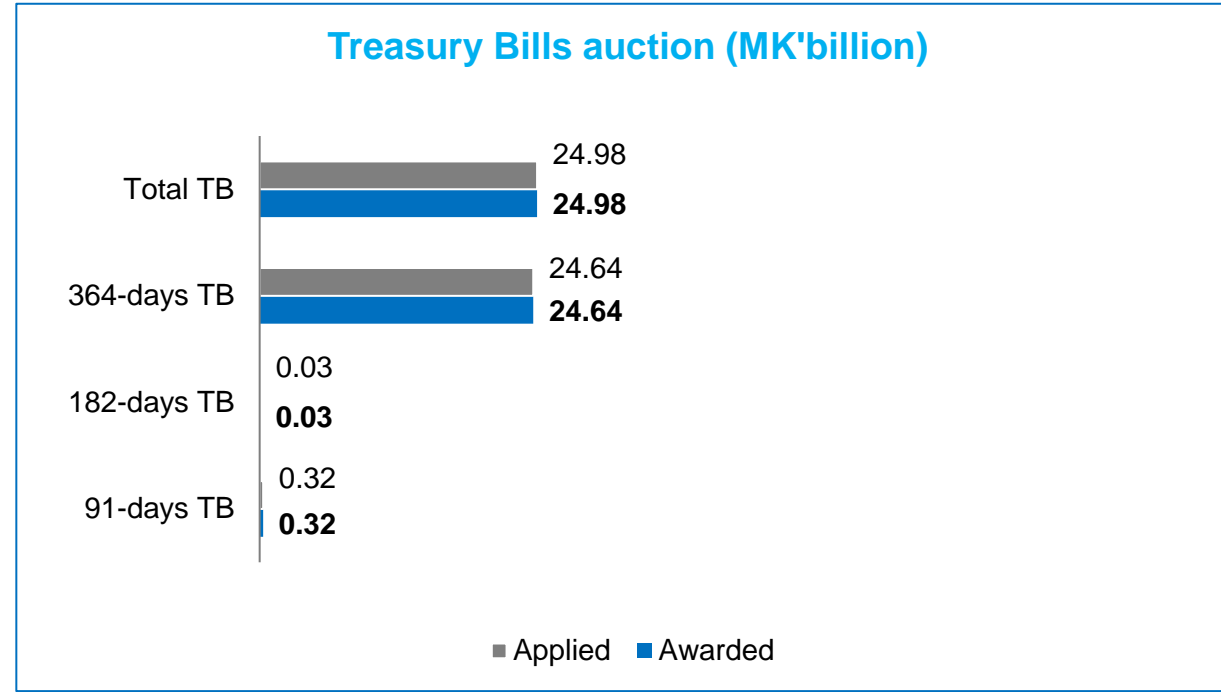
Government securities (Source: RBM)

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 auctions was MK24.98 billion, primarily driven by the 364-days TB.

The total amount raised from the TN auctions was MK75.18 billion, primarily driven by the 2-year TN.

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	24-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	2,215.57*
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	1,866.76*
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	97.05*
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%	23.20%
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%	19.55%
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%	22.78%
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%	0.01%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 24 January 2025

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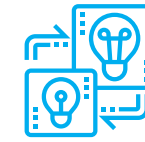
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