Malawi Monthly Economic Report and an Overview of the Malawi Economic Monitor by the World Bank

January 2025

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Executive Summary and Outlook

Inflation

The 2025 inflation projections for Malawi from various published sources range between 15.3% and 28.3%. The Monetary Policy Committee expects food prices to decline by the end of the first quarter of 2025 due to lean period food response initiatives and the outset of crop harvest. The Committee expects the inflation rate to decline and reach 22.0% by the end of 2025 due to favourable base effects and a supportive monetary policy stance.

According to the World Bank, inflation for 2025 is projected at 27.3%, attributing inflationary pressures to rising food, housing, and utility costs, worsened by an increase in the money supply. The EIU projects inflation at 28.3%, citing deficit financing and currency depreciation, while Oxford Economics projects it at 21.0% due to base effects and better harvests alleviating food price pressures in the second half of the year. The IMF offers the lowest forecast at 15.3%, expecting relief from declining food prices.

Foreign Currency Market and Reserves

Based on closing middle rates, the Malawi Kwacha was stable as it traded at MK1,750.35/USD as of 31 January 2025 from MK1,749.93/USD as of 31 December 2024.

As of 30 November 2024, the country's total foreign exchange reserves decreased by 0.4% to USD516.90 million from USD519.00 million in October 2024. The import cover remained unchanged during the period under review.

The World Bank notes that reserve accumulation remains weak due to persistent foreign exchange distortions and incomplete reforms. The World Bank further states that despite the exchange rate reforms announced in the context of the November 2023 devaluation, the RBM has kept the official exchange rate fixed while key liberalization measures remain unimplemented. Hence, the spread between official and parallel market rates has widened to over 50%, creating substantial opportunities for foreign exchange traders to make significant profits while diverting foreign exchange from official markets.

Government Securities

The government awarded MK274.73 billion through Treasury Bill (TB) and Treasury Note (TN) auctions in January 2025, a 21.0% decrease from the MK347.76 billion awarded in December 2024. The average TB and TN yields were 20.67% and 31.95%, respectively.

Stock Market

The stock market showed strong bullish momentum in January 2025, with the Malawi All Share Index (MASI) rising sharply by 29.90% to 223,474.92 points at the end of January 2025 from 172,039.93 points at the end of December 2024. In comparison, the MASI's year-to-date return in January 2024 stood at 4.25%.

NBS recorded the highest share price gain, surging by 100.68% to MK349.33 in January 2025 from MK174.07 in December 2024. Other notable gainers included FDHB, NBM, FMBCH, SUNBIRD, STANDARD, and MPICO.

TNM recorded the highest share price loss, declining by 20.05% to MK19.98 in January 2025 from MK24.99 in December 2024. There was also a share price loss for AIRTEL.

Fiscal and Monetary Policy

As disclosed in the local debt issuance calendar, the government seeks to raise a total of MK613.6 billion through TB and TN auctions in the first quarter of 2025. This is a 22.6 % rise from the total amount of MK500.7 billion sought in the fourth quarter of 2024.

According to the World Bank, progress towards fiscal consolidation stalled in 2024, as lower-than-expected revenue collection and expenditure slippages during the first half of the 2024/25 Fiscal Year (FY) widened the fiscal deficit. The World Bank also noted that there are implicit subsidies contributing to Malawi's deepening fiscal challenges. This involves a series of quasi-fiscal activities conducted outside the budget including setting fuel prices below cost recovery and the suspension of the November 2023 energy price increase for non-commercial customers. Another example is the fertilizer sector which gets preferential access to foreign exchange, budget allocation from the AIP, and government bailouts for State Owned Enterprises (SOEs) and parastatals in the sector.

The executive order by President Donald Trump on U.S. foreign assistance has frozen USD284.7 million (about MK493.7 billion) in funding for Malawi. The various investment areas by USAid to be consequently affected include HIV and Aids, basic health, agriculture, basic education, family planning, maternal and child health, disaster prevention and preparedness, government and civil society, post secondary school education and general environmental protection.

During its first meeting of 2025 on 30th January, the MPC decided to maintain the Policy Rate at 26.0%, the Lombard rate at 20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) at 10.0% for local currency deposits and 3.75% for foreign currency deposits. This was based on the deceleration of inflation in the fourth quarter of 2024 and the expectation of continued disinflation in 2025.

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price increased by 15% to MK1,002/kg in the last week of December 2024 from K871/kg in November 2024. The year-on-year comparison shows that the retail maize price has increased by 16.6% from MK859/kg in December 2023.

Economic Growth

For 2025, the real GDP growth forecasts for Malawi from various published sources range between 1.6% and 4.3% (median 4%). The forecasted rebound is due to a projected recovery of the agricultural sector that will arise because of anticipated better weather conditions.

The RBM projects growth of 4.3% in 2025, reflecting anticipated good weather conditions and positive benefits from fully operationalizing the mega-farms investments.

The EIU expects real GDP growth of 1.6% in 2025, up from an estimated 1.3% in 2024, as Foreign-currency shortages exacerbated by drought conditions weigh on agricultural output and power supply.

According to the World Bank, real GDP growth for 2025 is anticipated to exceed 4% due to a stronger agricultural season and robust manufacturing output. Ongoing investments in commercialized agriculture, energy and the mining sector are expected to boost economic activity and increase exports, but their benefits will take years to materialize and will require sustained macroeconomic stabilization. According to the World Bank, in the medium-term the Malawi economy is still susceptible to significant downside risks, including increasingly frequent climate-related disasters, expected investments not materializing, and the continued slow pace of macroeconomic adjustment and reform.

Oxford Economics forecasts Malawi's real GDP growth to recover to 2.6% in 2025 from 1.7% in 2024. The improved forecast is based on an improved outlook for rainfall compared with last year's severe drought and the expected reopening of a uranium mine in September 2025.

The IMF projects real GDP growth of 4.0% in 2025, attributing the recovery to anticipated good weather conditions in 2025, which will lead to the agricultural sector's recovery.

Executive Summary and Outlook (continued)

A Brief on the Malawi Economic Monitor (January 2025 edition)

The Malawi Economic Monitor (MEM) provides an in-depth analysis of Malawi's current economic landscape, highlighting key macroeconomic trends, policy developments, and structural challenges. The latest edition focuses on Malawi's economic vulnerabilities, characterized by low growth, high inflation, and increasing fiscal and external imbalances. Against the backdrop of a severe El Niño-induced drought, persistent foreign exchange shortages, and rising public debt, the report underscores the urgency of macroeconomic stabilization, structural reforms, and private sector-driven growth.

The World Bank estimates Malawi's Gross domestic product (GDP) to have grown by only 1.8% in 2024, a downward revision from the 2.0% growth projected in April 2024. With the population growth rate at 2.6%, this marks the third straight year of declining GDP per capita.

The World Bank notes that food insecurity remains a major concern due to weak harvests from 2022 to 2024 and the likelihood of a challenging 2024-25 season. The El Niño-induced drought in early 2024 has adversely affected agricultural output, which is expected to have contracted by 2.0% in 2024. Maize output reached 2.7 million MT, falling short of the 3.3-3.5 million MT required for domestic consumption.

The World Bank states that at 26%, Malawi currently has one of the lowest rates of electricity access among comparable countries. The Mpatamanga Hydropower Storage Project (MHSP) is a strategic investment and would be one of the largest projects in Malawi's history. The project is set to generate over 1,500 gigawatt-hours annually, equivalent to 60% of Malawi's current electricity production. Between 2025 and 2050, the construction of the MHSP is projected to boost nominal GDP by USD1.6 billion, or about 13% of Malawi's projected 2026 GDP.

The Malawi Economic Monitor asserts that the cost of inaction is rising, as continued delays in addressing widening fiscal and current account deficits increase the scale of the eventual adjustment and heighten the risk of further deterioration. Conversely, implementing announced stabilization and adjustment reforms could enable the Malawian economy to achieve significantly higher growth rates over the next five years as planned large-scale investments materialize. These investments would create numerous jobs, boost exports and revenues, and catalyze further foreign direct investment (FDI).

The global shift toward renewable energy and electrification is increasingly mineral-intensive. The World Bank proposes that by developing its mining sector, Malawi can attract foreign investment, create jobs, and stimulate economic growth, while also positioning itself as a crucial player in the green energy supply chain.

Opportunities in Malawi

Agriculture: The Ministry of Agriculture has announced a two-year project, with a budget of MK28 billion, aimed at encouraging 36,000 beneficiaries to adopt organic fertilizers in the country. This initiative follows the enactment of the Fertilizer Act, which is now in effect. In addition to organic fertilizers, the ministry will introduce new types of fertilizers, including Nano Urea, Nano NPK, Nano DAP, organo-mineral fertilizers, and inoculants.

The World Bank noted that Malawi has made significant progress in developing the value chains of groundnuts, macadamia, and soybeans. Successful value chains spark adjacent activity, such as the poultry and fish feed industry for which soybeans constitute a significant input; honey and paprika, which are being intercropped with macadamia; and the agro-input segment, where groundnuts and soybeans are enabling new companies to emerge in inputs such as seed and inoculant.

The International Fund for Agricultural Development (IFAD) and the Government of Malawi, on 2 July 2024, launched a USD53 million agricultural programme that seeks to commercialize agriculture production and enhance the resilience of small-scale farming systems for improved income, food and nutrition security.

Other opportunities in the agricultural industry include large-scale commercial fishing, cannabis production and processing, and large-scale sugarcane production. On 28 March 2024, parliament passed the Cannabis Regulation Act (Amendment) Bill, which is expected to promote participation in the industry.

Tourism: Sunbird Tourism Plc has unveiled plans to construct a high-rise apartment hotel in Lilongwe worth between USD70 million (approximately MK122.5 billion) and USD90 million (approximately MK157.5 billion). The company presented the proposal at the Malawi-European Union (EU) investment forum. The project provides an investment opportunity for investors in the country and abroad, and it has the potential to boost the Malawian tourism industry by providing more capacity to host international tourists. Additionally, the company has also mentioned plans to construct a USD35 million (approximately MK61.3 billion) to USD50 million (approximately MK87.5 billion) five-star hotel in Mangochi, which could equally boost the tourism sector in the country. Further, Rayoni Tourism Group has disclosed plans to construct a four-star hotel in Mzuzu, adding to the list of potential investment opportunities and tourism sector growth in Malawi.

Mining: The World Bank highlights that the global shift toward renewable energy and electrification is increasingly mineral-intensive. By developing its mining sector, Malawi can attract foreign investment, create jobs, and stimulate economic growth while positioning itself as a crucial player in the green energy supply chain. Under the World Bank's baseline scenario, the mining sector grows gradually from 2026 to 2033, then rapidly starting in 2034 as all seven projects come online and reach full capacity. Between 2026 to 2040, the mining sector could generate a total of US$30 billion in exports, with annual exports reaching US$3 billion by 2034 and remaining broadly stable over the life of mines. Under the best-case scenario, mining exports would total US$43 billion over 2025 – 2040, 43% above the baseline.

Risks

The Malawian economy has continued to face several significant risks, including, but not limited to, public debt status, weather-related shocks, inflation, reliance on aid, delays in debt restructuring, and currency depreciation. These risk factors may limit the country's potential for growth and worsen poverty.

According to the EIU, long delays in debt restructuring could impair government funding, leading to an abrupt rise in taxes. An abrupt increase in taxes could contract the economy.

Malawi's high level of indebtedness poses significant risks. The large debt burden can strain government finances, limit fiscal flexibility, and increase vulnerability to external shocks, potentially jeopardizing economic stability and growth.

Furthermore, Malawi faces inflation risk. In 2024, the average headline inflation was 32.2% (full-year average of 28.8% in 2023). The 2025 inflation projections for Malawi from various published sources range between 15.3% and 28.3%. Inflation is expected to ease due to the improvement of the agricultural sector, but downside risks to the outlook include deficit financing and exchange rate weakness.

According to a working paper from the Mwapata Institute, stronger storms have begun surviving long enough to impact Malawi, and data from the United States National Oceanic and Atmospheric Administration suggests that more extreme tropical weather can be expected in the future. Given the detrimental impact weather-related shocks such as Cyclone Freddy have had on Malawi's economy, the threat of more weather-related shocks poses a significant risk.

Economic overview

Inflation (Source: NSO, WB, IMF, EIU, IFPRI, Oxford Economics)

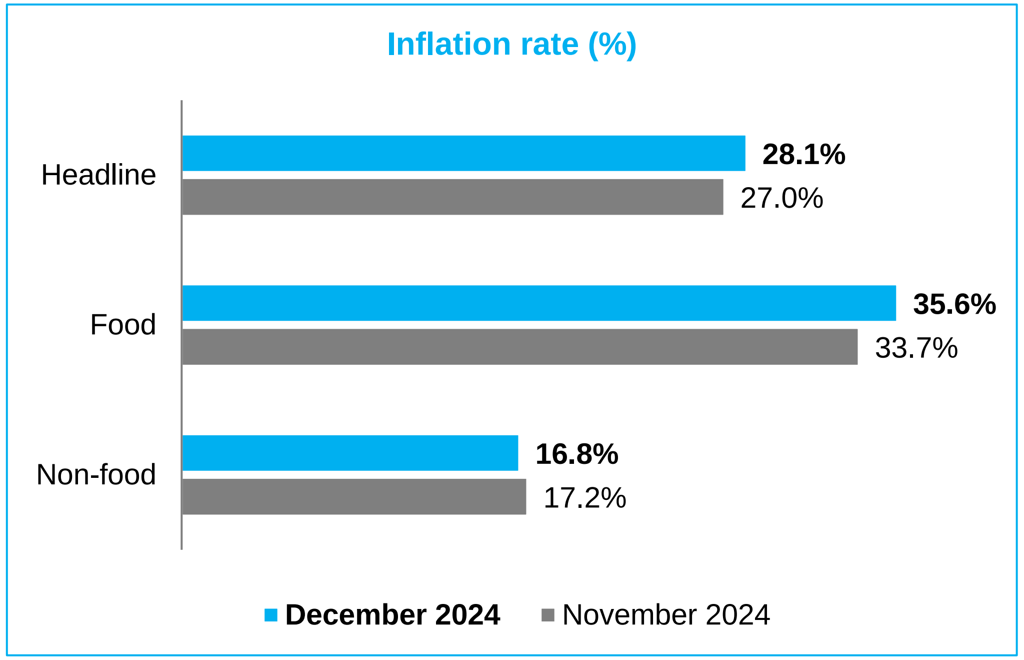
The 2025 inflation projections for Malawi from various published sources range between 15.3% and 28.3%.

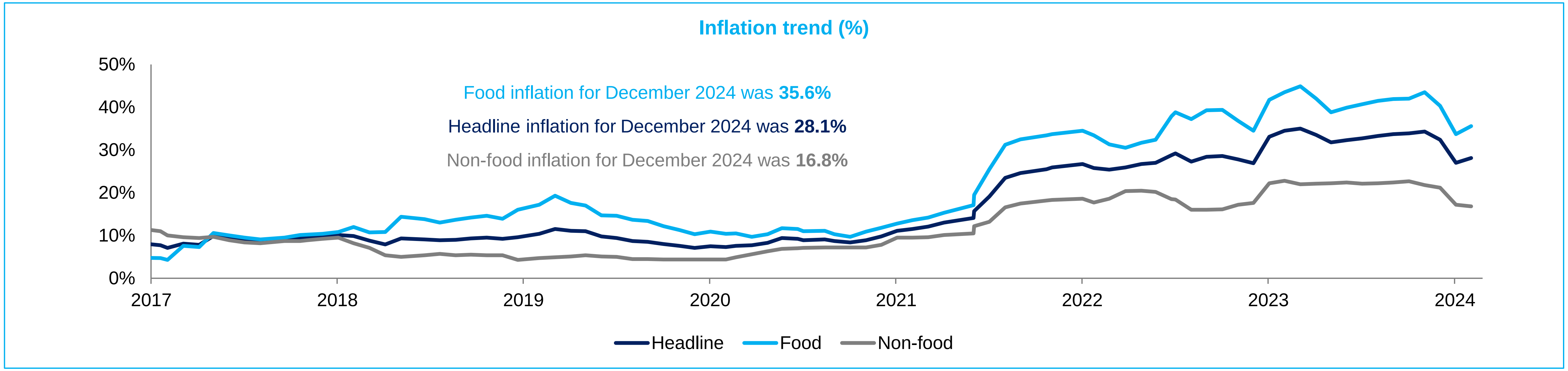
The Monetary Policy Committee expects food prices to decline by the end of the first quarter of 2025 due to lean period food response initiatives and the onset of crop harvest. The Committee expects inflation is to slow down and reach 22.0% by the end of 2025, due to favorable base effects and a supportive monetary policy stance.

The World Bank projects the annual average inflation rate for 2025 at 27.3% as rising prices for food, housing, and utilities continue to drive inflation.

The Monetary Policy Committee (MPC) observed that inflation declined to an average of 29.2% in the fourth quarter of 2024 from an average of 33.9% in the third quarter of 2024. The Committee also observed that food prices rose in December 2024, reflecting strong supply-side factors, such as maize shortages. However, the Committee expects food prices to decline by the end of the first quarter of 2025 due to lean period food response initiatives and the onset of crop harvest. The Committee expects inflation is to slow down and reach 22.0% by the end of 2025, due to favorable base effects and a supportive monetary policy stance.

According to the World Bank, the annual average inflation rate for 2025 is projected at 27.3% as rising prices for food, housing, and utilities continue to drive inflation, and the underlying price pressures remain elevated. This situation has been exacerbated by a significant increase in the money supply, which grew by 51% year-on-year in October 2024, driven in part by monetary financing of the fiscal deficit. According to the EIU, inflation will remain elevated in 2025, at an average of 28.3%, due to continued deficit financing ahead of the 2025 election. This, combined with expected currency weakness as the RBM gradually shifts to a more flexible exchange rate, is expected to keep inflation elevated in 2025. In the view of Oxford Economics, food price inflation will remain elevated in the first half of 2025 due to the rise in the price of white maize and an ongoing and severe fuel shortage, which is hampering food distribution. Nevertheless, they hold the view that the base effects will help ease inflation in 2025, while better harvests will also reduce food price pressures in the second half of the year. Further, the IMF projects the inflation rate at 15.3% due to declining food prices in 2025.





Foreign currency market and Foreign reserve position (Source: RBM)

Based on closing middle rates, the Malawi Kwacha was stable as it traded at MK1,750.35/USD as of 31 January 2025 from MK1,749.93/USD as of 31 December 2024.

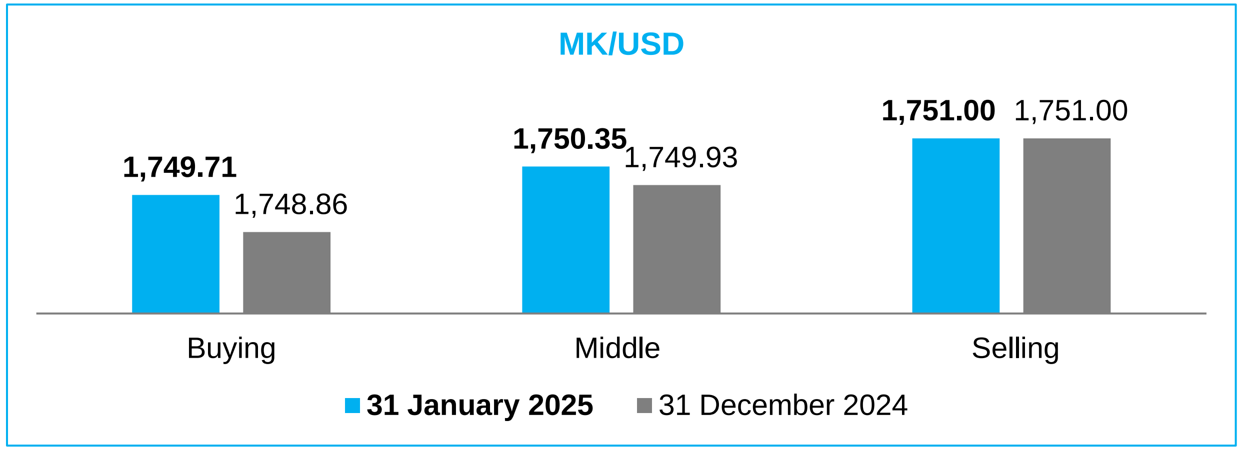
The low foreign exchange reserves have hindered the importation of critical resources such as food, fuel and raw materials. There have been fuel supply challenges in the country since October 2024.

Foreign Currency Market

Based on closing middle rates, the Malawi Kwacha was stable as it traded at MK1,750.35/USD as of 31 January 2025 from MK1,749.93/USD as of 31 December 2024. During the same period last year, the Malawi Kwacha was also stable as it traded at MK1,697.80/USD as of January 2024 from MK1,697.98/USD as of 31 December 2023.

The Reserve Bank of Malawi (RBM) conducted a foreign exchange auction on 9 January 2025, raising USD250,000. According to the RBM, auction results indicate that the market selling price of the US dollar remains at MK1,751.00/USD.

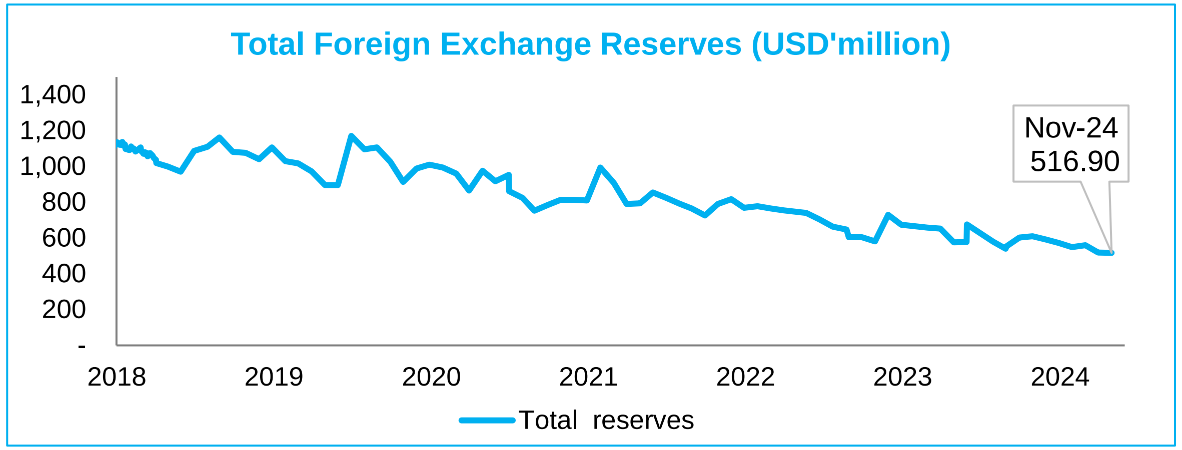
According to the World Bank, the spread between official and parallel market rates has widened to over 50%, creating substantial opportunities for foreign exchange traders to make significant profits, while diverting foreign exchange from official markets. This is significantly higher than the median bureau rate, which has stabilized at a spread of around 11% higher than the official rate, raising concerns that the bureau rate is no longer a reasonable proxy for the parallel market rate.

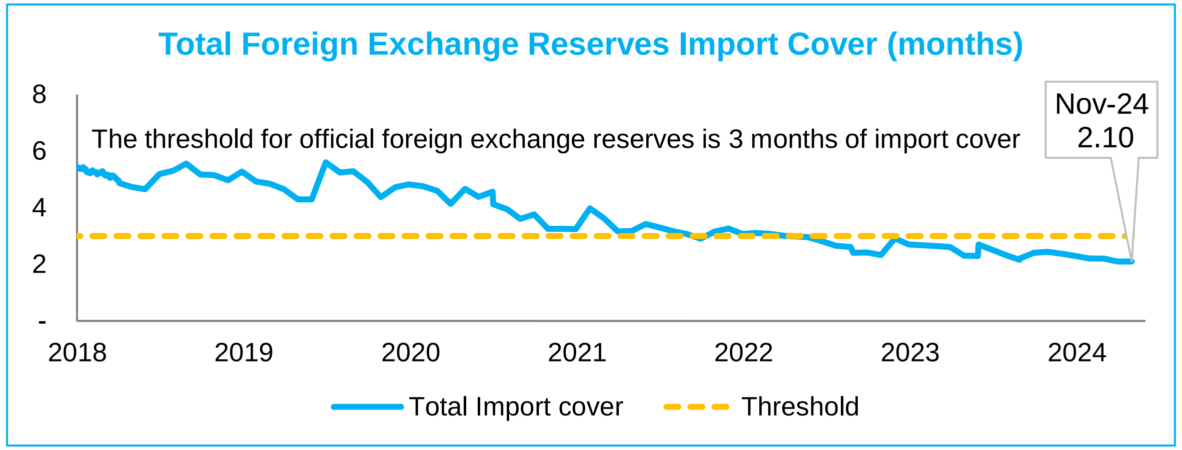


Foreign Exchange Reserves Position

As of 30 November 2024, the country's total foreign exchange reserves decreased by 0.4% to USD516.90 million from USD519.00 million in October 2024. The import cover remained unchanged during the period under review. During the same period in the previous year, the total foreign exchange reserves were USD578.40 million.

In the MEM, the World Bank notes that recent regulations have been introduced to further strengthen foreign exchange controls beyond existing export proceed surrender requirements to encompass the mandatory conversion of foreign currency receipts. While these are intended to bolster official reserves, they could also have the unintended consequence of further increasing capital outflows, reducing liquidity in the formal foreign exchange market, and discouraging private sector investment.





	November 2024	October 2024	Month-on-month change (%)
Total Reserves (USD'millions)	516.9	519.0	-0.4%
Total import cover (months)	2.1	2.1	0.0%

USD – United States Dollar

NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.

Economic overview (continued)

Stock Market (Source: MSE)

The stock market was bullish in January 2025, with the MASI rising by 29.90% to 223,474.92 from 172,039.93 points in December 2024, compared to a 4.25% year-to-date return in January 2024.

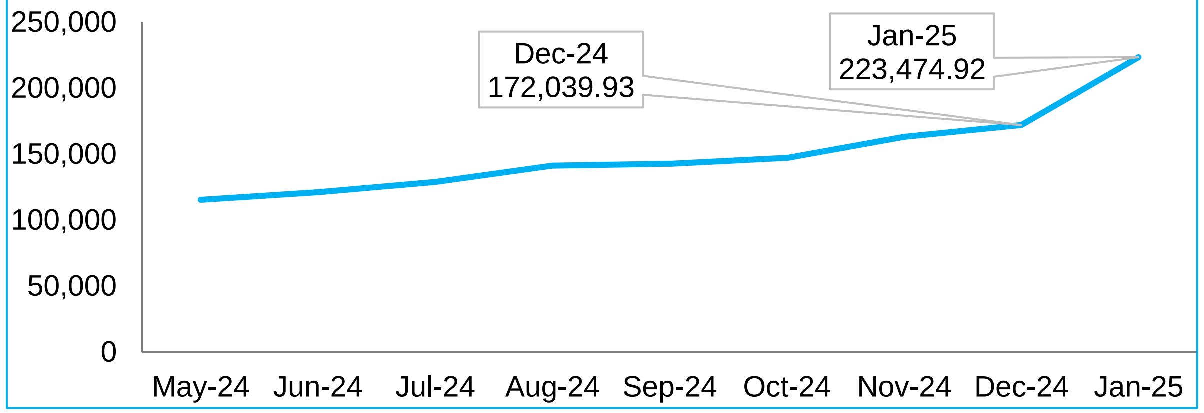
The increase in the MASI was driven by share price increases for NBS, FDHB, NBM, FMBCH, SUNBIRD, STANDARD, and MPICO.

The stock market showed strong bullish momentum in January 2025, with the Malawi All Share Index (MASI) rising sharply by 29.90% to 223,474.92 points at the end of January 2025 from 172,039.93 points at the end of December 2024. In comparison, the MASI's year-to-date return in January 2024 stood at 4.25%.

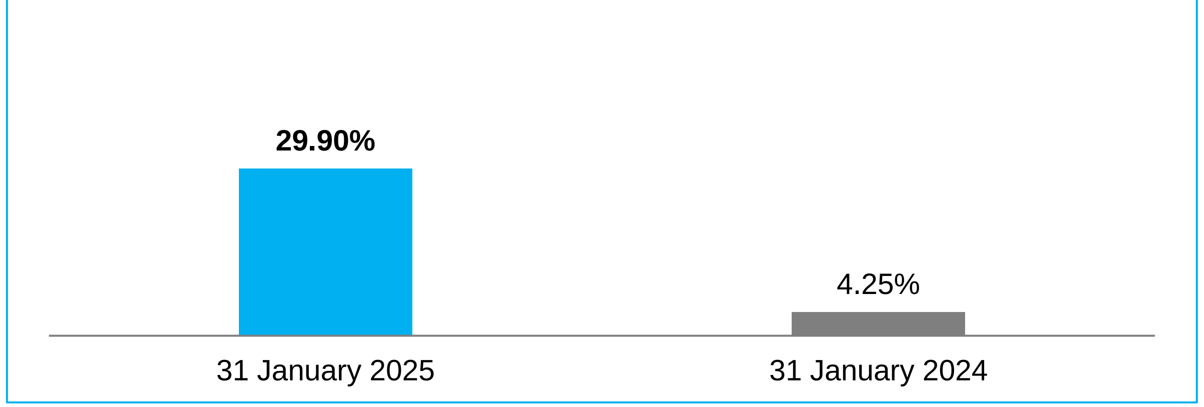
NBS recorded the highest share price gain, surging by 100.68% to MK349.33 in January 2025 from MK174.07 in December 2024. Other notable gainers included FDHB, NBM, FMBCH, SUNBIRD, STANDARD, and MPICO, with NITL and PCL posting marginal increases.

TNM recorded the highest share price loss, declining by 20.05% to MK19.98 in January 2025 from MK24.99 in December 2024. There was also a share price loss for AIRTEL and a marginal share price loss for ICON.

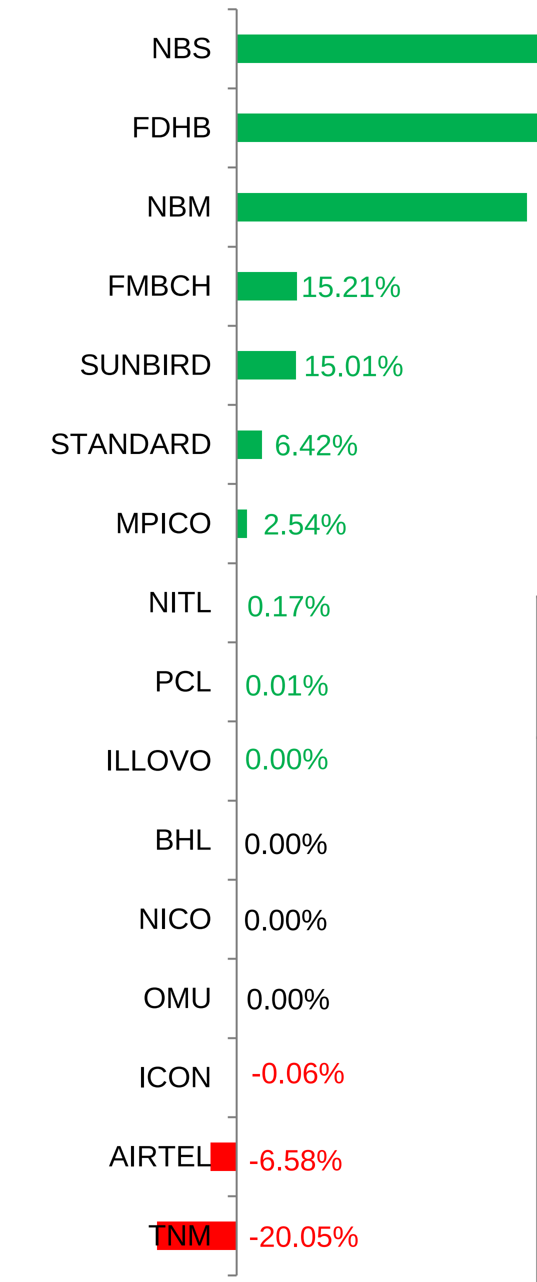
Malawi All Share Index (MASI)



MASI year-to-date return



Month-on-Month share price percentage change (%)



Symbol	Closing prices (MK/share)	
	31 January 2025	31 December 2024
AIRTEL	**84.08**	90.00
BHL	**14.55**	14.55
FDHB	**274.52**	148.23
FMBCH	**639.42**	555.00
ICON	**18.04**	18.05
ILLOVO	**1,355.09**	1,355.08
MPICO	**19.00**	18.53
NBM	**5,998.87**	3,462.17
NBS	**349.33**	174.07
NICO	**419.02**	419.02
NITL	**440.77**	440.00
OMU	**1,950.01**	1,950.01
PCL	**2,499.95**	2,499.79
STANDARD	**6,900.02**	6,483.95
SUNBIRD	**276.12**	240.08
TNM	**19.98**	24.99

Economic overview (continued)

Stock Market (Source: MSE)

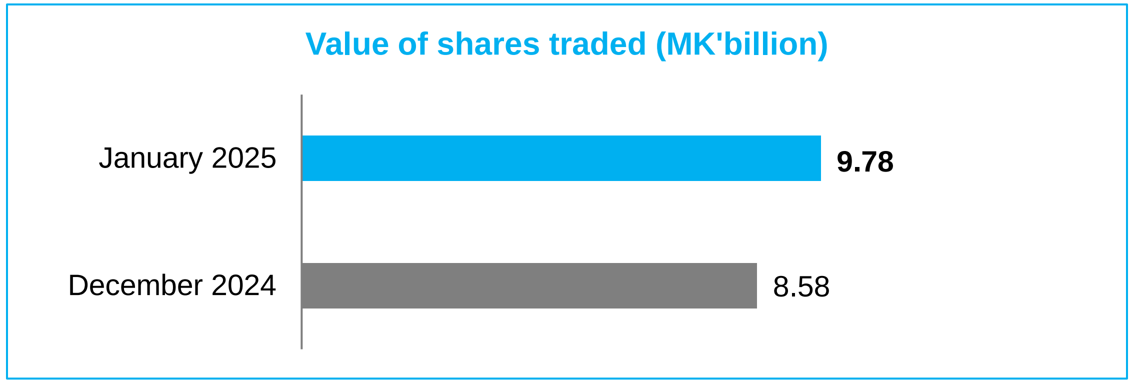
NBS had the highest value of shares traded in January 2025 at MK2.9 billion, followed by NBM at MK2.4 billion.

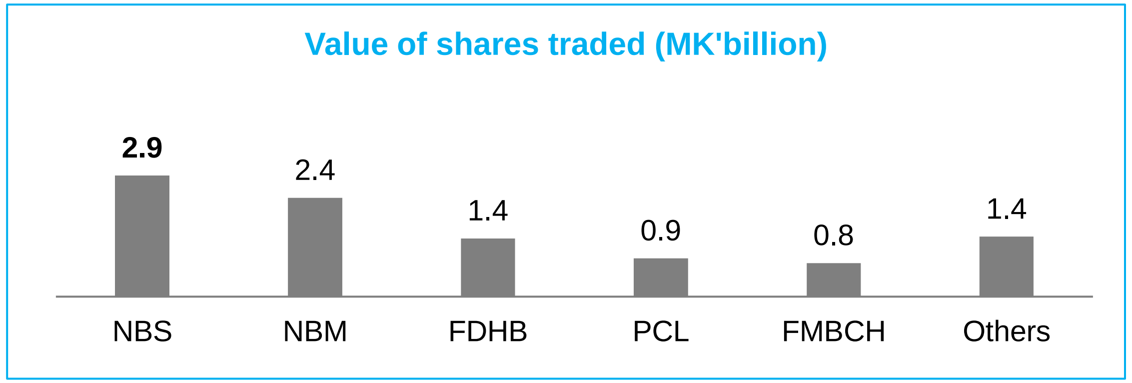
FDH Bank plc issued a cautionary statement in January, announcing ongoing negotiations to acquire a controlling stake in an African bank. The Bank further informs the general public that a progress report will be provided in line with the MSE Listing Rules or as may otherwise be required.

MSE Traded Values

Trading activity on the Malawi Stock Exchange (MSE) increased in January 2025, with the value of shares traded totaling MK9.78 billion, up 14.0% from the MK8.58 billion registered in December 2024. NBS had the highest value of shares traded at MK2.9 billion in January 2025.

The total number of trades increased by 32.7% to 2,060 in January 2025 from 1,552 in December 2024.





Other announcements

FDH Bank plc issued a cautionary statement in January, announcing ongoing negotiations to acquire a controlling stake in an African bank. Shareholders were advised to exercise caution and seek professional advice, as the outcome could impact the bank's share price. FDH Bank Plc further informs the general public that a progress report will be provided in line with the MSE Listing Rules or as may otherwise be required.

Corporate Announcements

Published Financial Year Trading Statement

Companies listed on the MSE are required to release trading statements if their profits are expected to be different by more than 20% from the prior year's profits. Accordingly, almost all the companies listed on the MSE have issued trading statements in respect of profits for the year ending 31 December 2024. Below are the latest trading statement data:

All figure are in MK'billion (unless otherwise specified)

Counter	31 December 2024	31 December 2023	Trading Statement profit/loss expectation
AIRTEL	43.1 - 47.7	(15.40)	380% - 409%
BHL	(1.70) - (1.85)	(0.79)	114% - 133%
FDHB	72.9 - 75.2	35.60	105% - 111%
ICON	22.0 - 25.0	19.20	15% - 30%
MPICO	11.4 - 12.8	7.10	61% - 81%
NBM	93.0 - 98.3	72.00	29% - 37%
NBS	68.6 - 72.5	29.40	133% - 147%
NICO	122.0 - 131.0	59.00	107% - 122%
NITL	28.0 - 30.5	21.50	30% - 42%
PCL	115.7 - 122.5	75.10	54% - 63%
STANDARD	78.8 - 86.7	52.50	50% - 65%
SUNBIRD	10.7 - 11.8	5.30	102% - 122%
TNM	8.1 - 9.1	(4.80)	271% - 291%

Dividends

Counter	Dividend type	Proposed/Declared	Dividend per share (MK)	Last day to register	Payment date
STANDARD	Interim	Declared	21.31	07th February 2025	14th February 2025
ILLOVO	Final	Proposed	5.00	TBA	TBA

Annual General Meetings

MSE Code	Venue	Date	Times
ILLOVO	Ryalls Hotel	25th February 2025	14:00hrs

Economic overview (continued)

Government securities (Source: RBM)

The government awarded MK274.73 billion through Treasury Bill (TB) and Treasury Note (TN) auctions in January 2025, a 21.0% decrease from the MK347.76 billion awarded in December 2024.

In January 2025, the average TB and TN yields were 20.67% and 31.95%, respectively.

Treasury Bills (TBs)

In January 2025, the government sought to borrow MK69.29 billion through TB auctions, a 6.0% increase from MK65.37 billion in December 2024. Participants applied for MK136.36 billion, which was all awarded, reflecting a 53.3% increase from MK88.95 billion awarded in December 2024. The auctions had a nil rejection rate.

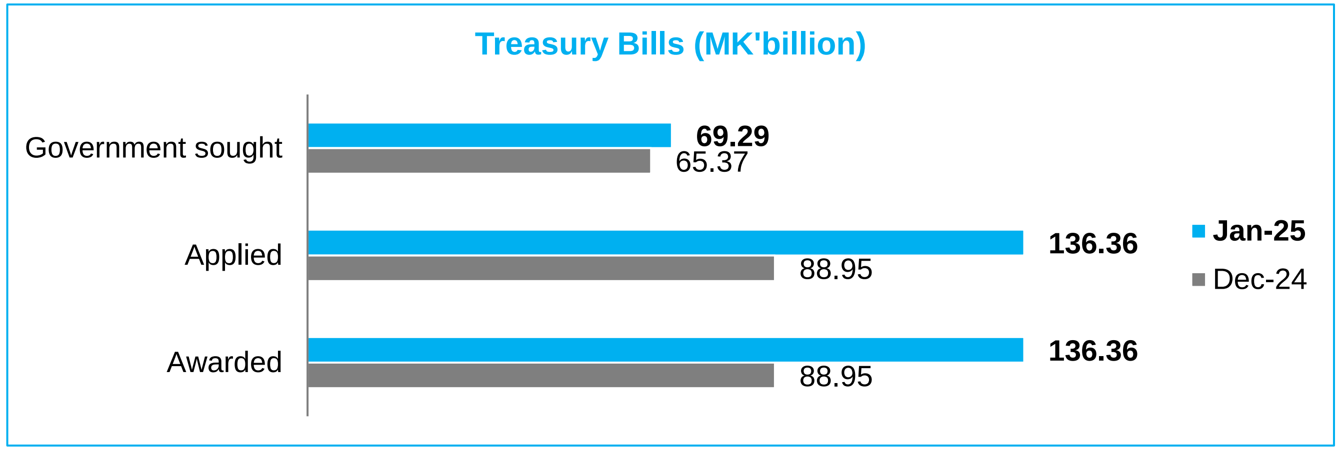
Treasury Notes (TNs)

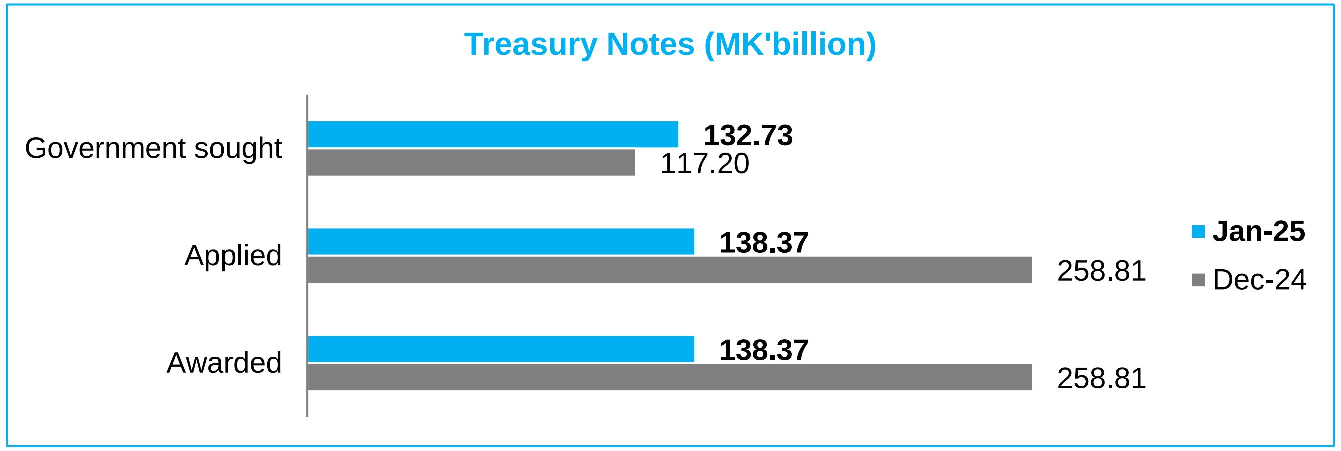
In January 2025, the government sought to borrow MK132.73 billion through TN auctions, a 13.2% increase from MK117.20 billion in December 2024. Participants applied for MK138.37 billion, which was all awarded, reflecting a 46.5% decrease from the awarded amount of MK258.81 billion in December 2024. The auctions had a nil rejection rate.

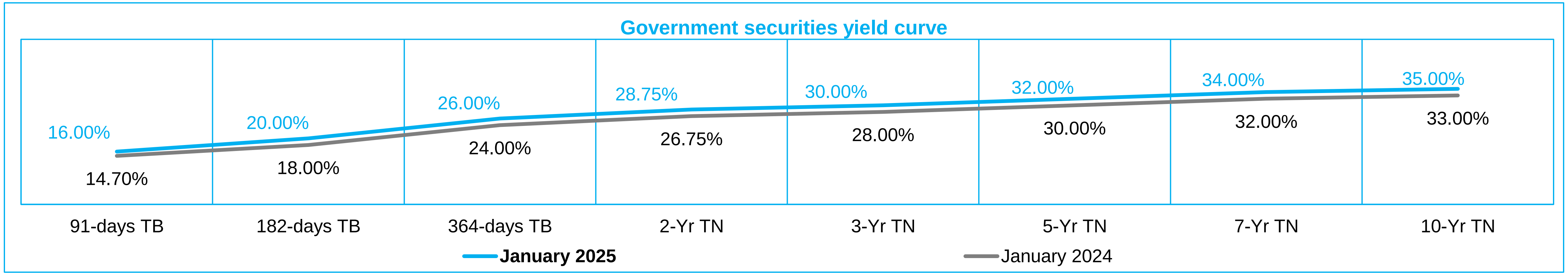
Government Securities Yield Curve

In January 2025, the 91, 182, and 364-day TB yields remained at 16.00%, 20.00%, and 26.00%, respectively, resulting in an average TB yield of 20.67%, up from the average yield of 18.90% in January 2024.

In January 2025, the 2, 3, 5, 7, and 10-year TN yields remained at 28.75%, 30.00%, 32.00%, 34.00%, and 35.00%, respectively, resulting in an average TN yield of 31.95%, up from the average yield of 29.95% in January 2024.







Fiscal and Monetary Policy Developments

The government seeks to raise MK613.6 billion in the first quarter of 2025 through TB and TN auctions.

On the first meeting of 2025, the MPC resolved to maintain the Policy Rate at 26.0% and the Liquidity Reserve Requirement (LRR) at 10.0% for local currency deposits and 3.75% for foreign currency deposits.

Fiscal Policy (Source: Various published media, RBM)

According to the World Bank, progress towards fiscal consolidation stalled in 2024. Lower-than-expected revenue collection and expenditure slippages during the first half of Fiscal Year (FY) 2024/25 widened the fiscal deficit, further undermining the fiscal consolidation envisaged under the IMF Extended Credit Facility (ECF) supported reform program. In the first half of FY2024/25 (April – September 2024), the Treasury exceeded its debt-issuance targets, yet it may still fail to cover the government's financing needs. Despite failing to reach its revenue targets during the first half of FY2024/25, the government has raised its revenue projections for the full fiscal year. The World Bank cautions that overly optimistic targets create risk of significant further expenditure slippages, and Malawi is likely to again post one of the largest budget deficits in Sub-Saharan Africa, which could lead to the continued accumulation of arrears and further monetary financing of the fiscal deficit.

In January 2025, the Ministry of Finance held pre-budget consultations for the 2025/26 fiscal year. Among the various proposals raised was the full implementation of the Integrated Financial Management and Information System (IFMIS) to alleviate the leaks in the public procurement system. There were also propositions for various tax reforms, including the adjustment of the Pay As You Earn tax brackets to compensate for inflation effects and the incorporation of the informal sector into the tax net to enhance revenue mobilization. Other propositions were to review tax policies in order to incentivize investment and increase import substitution.

President Donald Trump's executive order on U.S. foreign assistance has frozen USD284.7 million (about MK493.7 billion) in funding for Malawi. The top investment sectors by the USAid in Malawi which will consequently be affected include HIV and Aids, basic health, agriculture, basic education, family planning, maternal and child health, disaster prevention and preparedness, government and civil society, post secondary school education and general environmental protection.

According to the RBM's November Monthly Economic review, in November 2024, the central government's total revenues and expenditures were recorded at MK341.6 billion and MK512.5 billion, respectively. This resulted in a deficit of K171.0 billion, an improvement from a deficit of K213.1 billion recorded in October 2024.

As disclosed in the local debt issuance calendar, the government seeks to raise MK398.9 billion through TN auctions and MK214.8 billion through TB auctions, for a total of MK613.6 billion in the first quarter of 2025. This is a 22.6 % rise from the total amount of MK500.7 billion sought in the fourth quarter of 2024.

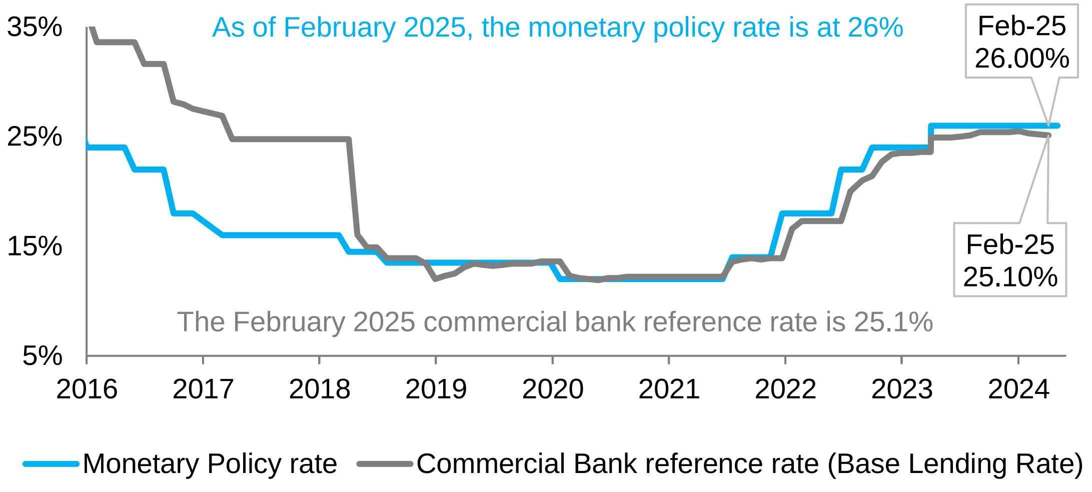
Monetary Policy (Source: RBM, NBM)

During its first meeting of 2025 on 29th–30th January, the MPC decided to maintain the Policy Rate at 26.0%, the Lombard rate at 20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) at 10.0% for local currency deposits and 3.75% for foreign currency deposits.

This decision was based on slowing overall inflation in the fourth quarter of 2024. However, food inflation rose in December due to supply-side issues like maize shortages, reinforcing the need for productivity-boosting measures. The committee expects inflation to continue declining and reach 22.0% by the end of 2025 due to favorable base effects and a supportive monetary policy stance. This would potentially allow interest rate cuts, but the committee warns of rising food prices, external sector imbalances, and fiscal pressures as risks to the expected disinflation.

The commercial bank reference rate for February 2025, effective 5 February 2025, is 25.1%, a decrease from the January 2025 reference rate of 25.2%

Monetary Policy rate Vs bank reference rate (%)



Commodity Market Developments

Maize, Oil, and other commodities market developments

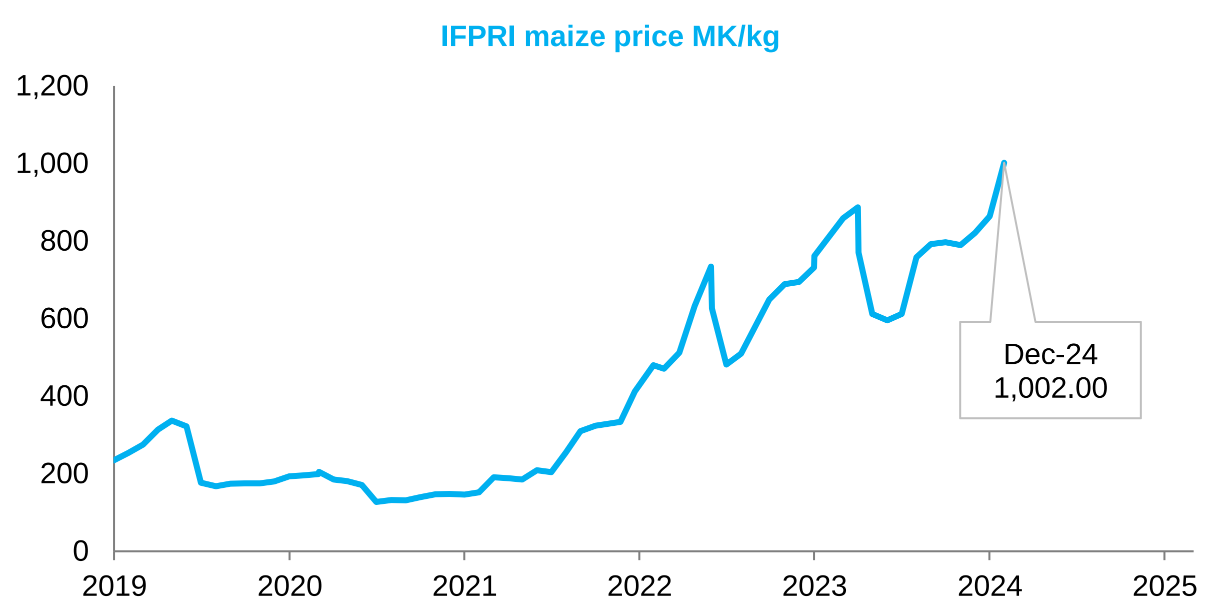
The retail maize price increased by 15% to MK1002/kg in the last week of December 2024 from MK871/kg in November 2024 due to uncertainties about rainfall patterns, rising transportation costs caused by fuel shortages and an increase in the informal exchange rate (K3100/USD), further driving up the cost of imported inputs and goods.

The monthly average OPEC reference basket price increased by 8.6% to USD79.38/barrel in January 2025 from USD73.07/barrel in December 2024. Year-on-year, it has declined by 0.8% from an average price of USD80.04/barrel as of January 2024.

Local Maize Price Developments (Source: IFPRI)

Data from the International Food Policy Research Institute (IFPRI) December 2024 monthly maize market report showed that maize prices increased by 15% to MK1,002/kg in the last week of December 2024 from MK871/kg in November 2024. Traders attribute this increase to several factors, including wholesalers raising their prices due to uncertainties about rainfall patterns, which have led to concerns over future supply. Additionally, the limited market supply is exacerbated by rising transportation costs caused by fuel shortages and an increase in the informal exchange rate (K3100/USD), further driving up the cost of imported inputs and goods.

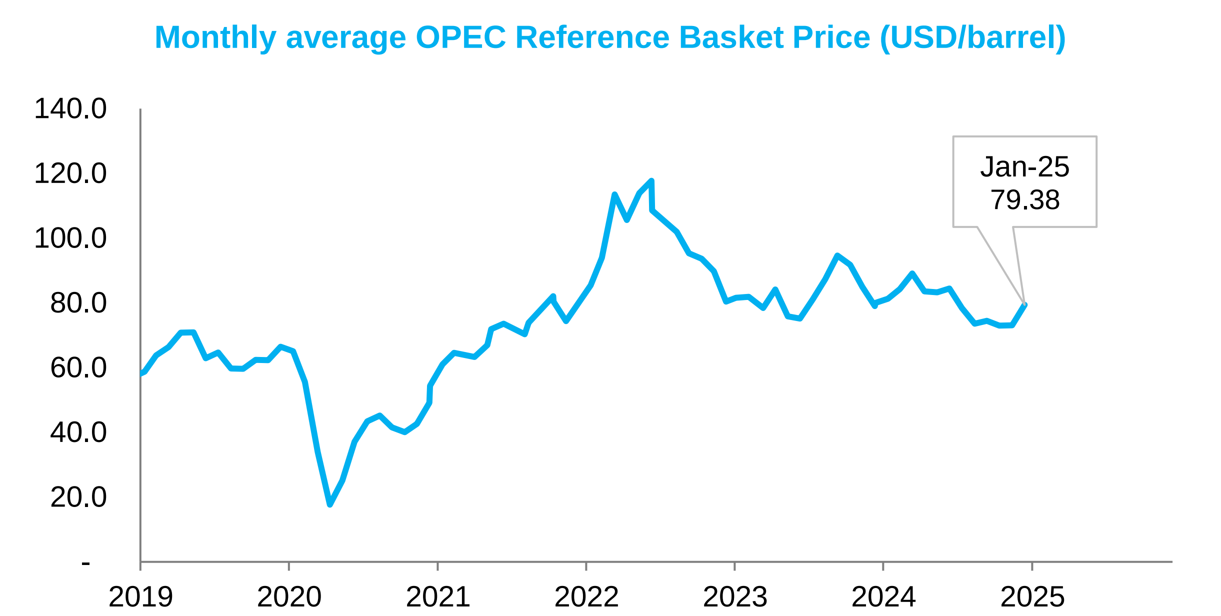
The highest prices were recorded in the Southern region, followed by the Central region, with the Northern region having the lowest prices. The year-on-year comparison shows that the retail maize price has increased by 16.6% from MK859/kg in December 2023.



Global Oil Price Developments (Source: OPEC)

The monthly average OPEC reference basket price rose by 8.6% month-on-month to USD79.38/barrel in January 2025 from USD73.07/barrel in December 2024 but declined by 0.8% year-on-year from USD80.04/barrel in January 2024.

In the January 2025 Monthly Oil Market Report, OPEC forecasts global oil demand growth of 1.4 million barrels per day (mb/d) for 2025, with the Organization for Economic Co-operation and Development (OECD) demand rising by 0.1 mb/d and non-OECD demand rising by 1.3 mb/d. OPEC expects this growth to continue into 2026. Total world oil demand is anticipated to reach 104.2 mb/d in the first quarter of 2025 and 105.2 mb/d for the year.



Other Commodity Price Developments (Source: World Bank)

According to World Bank commodities price data, global tea prices decreased to USD2.73/Kg in January 2025 from USD2.96/Kg in December 2024. World sugar prices continued declining, reaching USD0.40/Kg in January 2025 from USD0.44/Kg in December 2024. For fertilizers, Urea prices increased to USD380.50 per metric ton (USD380.50/mt) in January 2025 from USD352.30/mt in December 2024, Diammonium Phosphate (DAP) prices increased to USD582.70/mt in January 2025 from USD568.30/mt in December 2024, and Potassium Chloride prices continued to rise to USD302.20/mt in January 2025 from USD292.50/mt in December 2024.

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Overview of the Malawi Economic Monitor by the World Bank

January 2025

According to the World Bank, Malawi's real GDP growth was estimated at 1.8% in 2024.

Pertaining to the frequent fuel shortages, the World Bank points out that the regulated pump prices are set too low to cover the escalating import and transportation costs. This makes it hard to pay suppliers, and as debts piles up, suppliers stop selling fuel to Malawi on credit.

According to the World Bank, below-cost fuel prices are part of a wider trend of providing implicit subsidies across sectors and products through quasi-fiscal activities conducted outside the budget.

Introduction

The Malawi Economic Monitor (MEM), January 2025 edition, provides an in-depth analysis of Malawi's current economic landscape, highlighting key macroeconomic trends, policy developments, and structural challenges. The latest edition focuses on Malawi's economic vulnerabilities, characterized by low growth, high inflation, and increasing fiscal and external imbalances. Against a severe El Niño-induced drought, persistent foreign exchange shortages, and rising public debt, the report underscores the urgency of macroeconomic stabilization, structural reforms, and private sector-driven growth. Additionally, it provides a special feature on Malawi's mining sector and its potential role in the global energy transition, positioning mineral resource development as a crucial avenue for economic transformation.

1. Economic Developments

1.1 Global and Regional Context

The global economic recovery has remained broadly resilient amid sustained disinflation. Global real GDP growth stabilized at 2.7% in 2023 and is expected to stay at that level through 2025. At the regional level, the 2023 to 2024 El Niño phenomenon caused significant weather disruptions across Southern Africa, adversely impacting agriculture, water availability, and overall economic stability.

1.2 Recent Economic Developments

The World Bank estimates Malawi's Gross domestic product (GDP) to have grown by only 1.8% in 2024, a downward revision from the 2.0% growth projected in April 2024. With the population growth rate at 2.6%, this marks the third straight year of declining GDP per capita.

Food insecurity remains a major concern due to weak harvests from 2022 to 2024 and the likelihood of a challenging 2024-25 season. The El Niño-induced drought in early 2024 has adversely affected agricultural output, which is expected to have contracted by 2.0% in 2024. Maize output reached 2.7 million MT, falling short of the 3.3-3.5 million MT required for domestic consumption. As a result, approximately 5.7 million people (28% of the population) are expected to face crisis-level food insecurity between October 2024 and March 2025. The limited availability of fertilizer, including for beneficiaries of the Affordable Input Program (AIP), may negatively impact the 2024-25 agricultural season.

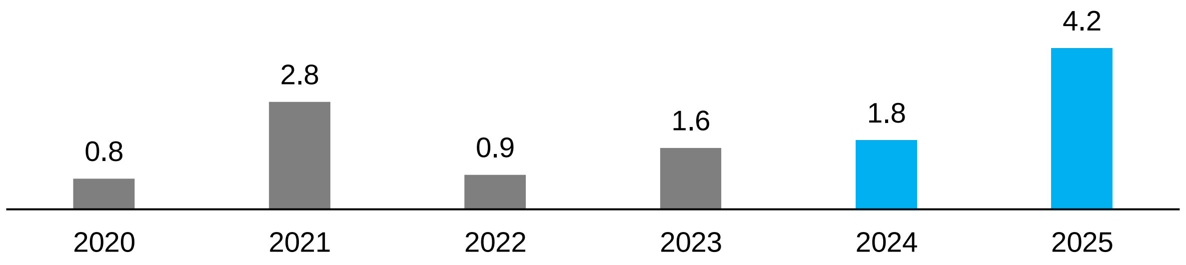
Limited access to foreign exchange continues to impede activity in the industrial and services sectors, as continued shortages of foreign exchange and a rising exchange-rate premium on the parallel market continue to constrain imports of raw materials and other production inputs.

According to the World Bank, the multiple protracted fuel shortages are due to insufficient supply of foreign exchange, rising debts due to implicit subsidies through delayed price adjustments, and logistical challenges. The regulated pump prices are set too low to cover the escalating import and transportation costs. This makes it hard to pay suppliers, leading to cash shortages and supply chain issues. Fuel suppliers have been selling to Malawi on credit, but as debts pile up, they are stopping credit sales, causing repeated shortages. The underpricing of fuel has resulted in MK785 billion in losses for petroleum importers. According to the World Bank, the underpricing of fuel is one of the implicit subsidies that are a key driver of Malawi's deepening fiscal challenges.

Below-cost fuel prices are part of a wider trend of providing implicit subsidies across sectors and products through quasi-fiscal activities conducted outside the budget. A major example is the foreign-exchange market, where the RBM sells foreign-exchange reserves at the official rate, which is significantly below the rate at which most market participants can access foreign exchange. Between 2019 and 2024, the RBM sold over USD1.1 billion in foreign exchange to banks and other entities, much of which was used to buy fuel and fertilizer. Other examples include the suspension of the November 2023 energy price increase for non-commercial customers. This has caused ESCOM to lose money and accumulate over USD50 million in debt. Another example is the fertilizer sector, which benefits from preferential access to foreign exchange, a budget allocation from the AIP, and the government covering arrears and losses from key institutions in the sector.

Inflation is gradually easing but remains high. The World Bank projects an annual average inflation rate of 27.3%, noting that rising prices for food, housing, and utilities continue to drive inflation, and underlying price pressures remain elevated. This situation has been exacerbated by a significant increase in the money supply, which grew by 51% year-on-year in October 2024, driven in part by monetary financing of the fiscal deficit.

Malawi real GDP growth (%)



The Mpatamanga Hydropower Storage Project (MHSP) is set to be one of the largest projects in Malawi's history. According to the World Bank, between 2025 and 2050, the construction of the MHSP is projected to boost nominal GDP by USD1.6 billion.

Rising public debt remains a concern, and achieving mutually acceptable restructuring agreements with creditors is crucial to restore debt sustainability in the medium term.

The World Bank states that at 26%, Malawi currently has one of the lowest rates of electricity access among comparable countries. The Mpatamanga Hydropower Storage Project (MHSP) is a strategic investment and would be one of the largest projects in Malawi's history. The project is set to generate over 1,500 gigawatt-hours annually, equivalent to 60% of Malawi's current electricity production. The MHSP is expected to significantly impact Malawi's economy in several ways. During the construction phase, the project will generate substantial investment, with multiplier effects on GDP and job creation. Once the MHSP is operational, it will have a transformative impact on multiple sectors, including transportation, finance, agriculture, processed food and real estate. Between 2025 and 2050, the construction of the MHSP is projected to boost nominal GDP by USD1.6 billion, or about 13% of Malawi's projected 2026 GDP.

The World Bank notes that Malawi's banking sector remains highly profitable, benefiting from government borrowing and high interest rates. However, the banking sector's preference for safer investments, especially government borrowing, high exposure to relatively few large clients, and the concentration of lending in specific sectors could pose risks. Continued vigilance, risk management, and diversification will reinforce resilience in the banking sector.

1.3 Medium-term Economic Outlook

A year since the government's new macroeconomic reform program started, supported by an IMF Extended Credit Facility (ECF) and development partner budget support, efforts to address rising fiscal and external imbalances have faltered. Existing structural challenges are compounded by continued overspending and debt accumulation, which impede the country's long-term development prospects.

The Word Bank observed that public debt stock continues to grow, driven by large primary deficits, exchange-rate pressure, and unrecorded obligations. High-cost Treasury notes continue to dominate deficit financing. Treasury notes are traded at a significant discount due to the wide margin between their coupon rates and yields across tenors, which enhances their attractiveness to investors but comes at a steep cost to the government. Public and publicly guaranteed debt remains in distress and is currently unsustainable, but the government is attempting to reach an agreement on debt restructuring with its creditors. Malawi has successfully restructured its debt with its largest official bilateral creditor, China, and seems to have made significant progress with some other creditors. However, negotiations with two main commercial creditors, Trade and Development Bank (TDB) and Afreximbank, have been underway since June 2022 and are advancing slowly. Achieving a mutually acceptable restructuring agreement with these creditors is crucial to restore debt sustainability in the medium term.

In the World Bank's view, Malawi's economy remains highly vulnerable. While GDP growth for 2025 is projected to exceed 4%, supported by a stronger agricultural season and robust manufacturing output, persistent foreign exchange shortages continue to pose serious challenges for the economy's recovery. Ongoing investments in commercialized agriculture, energy and the mining sector are expected to boost economic activity and increase exports, but their benefits will take years to materialize and will require sustained macroeconomic stabilization.

The World Bank also cautions that prudent macroeconomic management will be especially critical in the run-up to the 2025 elections. Over the past 30 years and five electoral cycles, fiscal deficits during election years were on average 74% higher than in the four preceding years. Given Malawi's existing economic vulnerabilities, a similar lapse in budget discipline would severely compromise macroeconomic stability.

The Malawi Economic Monitor asserts that the cost of inaction is rising, as continued delays in addressing widening fiscal and current account deficits increase the scale of the eventual adjustment and heighten the risk of further deterioration. Conversely, implementing announced stabilization and adjustment reforms could enable the Malawian economy to achieve significantly higher growth rates over the next five years as planned large-scale investments materialize. These investments would create numerous jobs, boost exports and revenues, and catalyze further foreign direct investment (FDI).

Realizing Malawi's significant medium-term growth potential and avoiding a further weakening of the economy will require urgent reforms in three areas:

a) Restoring macroeconomic stability

- **Resume fiscal consolidation**: Tighten expenditure controls and implement substantive tax policy and administration reforms to resume fiscal consolidation.
- **Finalize debt restructuring:** Conclude external debt restructuring to sustainably deliver debt relief and contain domestic borrowing.
- **Bolster foreign-exchange reserves:** Fully implement the exchange-rate reforms announced in the November 2023 RBM circular and continue reducing foreign-exchange sales to the market.

b) Creating conditions for increased investment and exports

- **Eliminate implicit fuel and energy subsidies:** Implement the existing formula to ensure cost-reflective fuel and energy prices and reduce MERA, NOCMA and ESCOM arrears.
- **Develop transparent mining revenue management systems:** Develop suitable mining revenue management arrangements to (i) ensure high savings and investment and (ii) manage pressures for consumption spending.

An Overview of the Malawi Economic Monitor by the World Bank (continued)

According to the World Bank, realizing Malawi's medium-term growth potential will entail restoring macroeconomic stability, creating conditions for increased investment and exports, and building resilience and protecting the poor

Mining has the potential to be a catalyst for economic transformation in Malawi as the global shift towards renewable energy and electrification has led to a surge in demand for minerals such as graphite, titanium, uranium, and rare earth elements, all found in abundance in Malawi.

- **Phase out foreign-exchange surrender and conversion requirements:** Set credible targets to phase out surrender and conversion requirements, starting with the 30 percent foreign-exchange surrender requirement on exports earnings and holdings, especially in priority sectors.

a) Building resilience and protecting the poor

- **Reform AIP subsidies to support more resilient and productive agriculture:** Continue reforming the AIP fertilizer subsidy to reduce fiscal burden, improve targeting and rebalance agricultural spending towards sustainable farming practices and irrigation.
- **Prepare for the next disaster:** Implement policies to build resilience, including the Disaster Risk Management Act, and establish a disaster fund.
- **Expand energy access:** Finalize and implement the Energy Compact to enable investments that would significantly increase energy access by 2030

2. Unlocking the Potential of Malawi's Mining Sector amid the Global Energy Transition: Grow, Protect, and Benefit.

Introduction

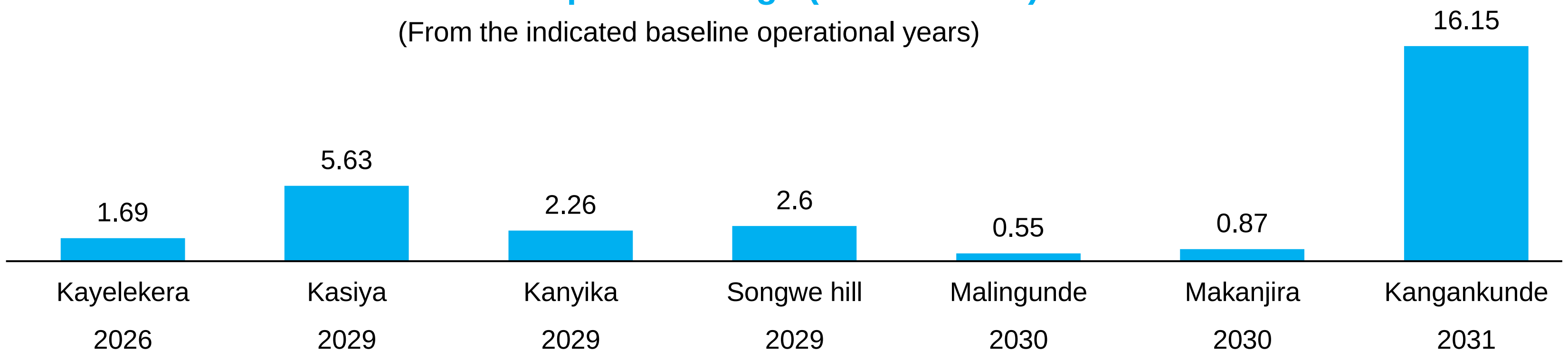
According to the World Bank, Malawi possesses a wealth of energy-transition minerals (ETM) that could provide vast development opportunities, but only if key constraints are addressed. Improving the environment for mining investment would significantly alleviate fiscal pressures, stimulate economic growth, create high-quality jobs, and potentially kickstart a broader virtuous cycle of investment and growth.

Opportunities

The global shift towards renewable energy and electrification has led to a surge in demand for minerals such as graphite, titanium, uranium, and rare earth elements, all found in abundance in Malawi. Developing the mining sector can significantly boost Malawi's GDP, generate foreign exchange and create high-paying jobs. Mining projects can also anchor transformative investments in infrastructure, especially in energy and transportation.

2025-2040 Export Earnings (USD billions)

(From the indicated baseline operational years)



Source: World Bank 2023.

An Overview of the Malawi Economic Monitor by the World Bank (continued)

The World Bank notes that despite its vast potential, there are still major challenges to be addressed in order to develop Malawi's mining sector

Project	Ownership	Stage	Product	Current Project Production Start Date (Best Case)	Price Volatility (30%)	Technical Complexity (10%)	Government Relations (10%)	Financial Securing of Funds (25%)	Power and Transport (25%)	Overall Schedule Impact	Proposed Production Start Date (Base Case)
Kasiya	Sovereign Metals Ltd.	Pre-Feasibility Study (PFS) Complete, PFS Optimization ongoing.	Rutile, Graphite	24/11/2027	3	2	3	3	3	**2.9**	14/03/2029
Malingunde	Sovereign Metals Ltd.	Environmental and social studies complete, moving towards PFS	Graphite	30/03/2028	3	3	3	4	2	**3**	09/10/2030
Songwe Hill	Mkango Resources Ltd.	DFS Complete, Awaiting final permits	Rare Earth Elements	02/09/2027	5	3	3	5	4	**4.35**	24/05/2029
Kangankunde	Mkango Resources Ltd.	Pre-Feasibility Study (PFS) Complete, Awaiting DFS	Rare Earth Elements	19/01/2028	5	2	2	3	4	**3.65**	18/06/2031
Kanyika	Globe Metals & Mining	DFS Complete, awaiting MDA and final permits	Niobium, Tantalum	05/02/2026	3	3	3	4	3	**3.25**	18/07/2029
Kayelekera	Lotus Resources Ltd.	Definitive Feasibility Study (DFS) Complete	Uranium	11/09/2025	4	3	3	4	4	**3.8**	05/03/2026
Livingstonia	Globe Metals & Mining	Early Exploration Stage	Uranium	28/03/2029	4	3	3	4	5	**4.05**	21/05/2031
Makanjira	MAWEI Mining	Initial Exploration Stage	Mineral Sands	04/01/2029	2	3	3	4	5	**3.45**	25/09/2030

Source: World Bank Malawi Economic Monitor, January 2025

Notes: The status and anticipated schedules of major mining projects and their major controlling factors until production. High score= high risk; low score= low risk

During the production phase, mining exports could increase the available fiscal space, generate significant foreign exchange, and ease debt challenges, but this process will take 5 to 10 years. Under the World Bank's baseline scenario, the mining sector grows gradually from 2026 to 2033 and then rapidly starting in 2034 as all seven projects come online and reach their full capacity. Between 2026 and 2040, the mining sector could generate a total of USD30 billion in exports, with annual exports reaching USD3 billion by 2034 and remaining broadly stable over the life of mines. Under the best-case scenario, mining exports would total USD43 billion over 2025 – 2040, 43% above the baseline.

Challenges

The World Bank notes that despite its vast potential, major challenges hinder the development of Malawi's mining sector. The government has limited experience administering large mining projects, and concerns around weak governance, lengthy permitting processes, and uncertain regulatory frameworks deter investors. Increased capacity is also needed to design, implement, and operate large-scale public investment projects necessary for the sector's growth. Inadequate energy and transportation infrastructure, such as poor road networks, limited rail connections, and an unreliable power supply, increase operational costs and hinder project development.

Outsized expectations for immediate socioeconomic benefits from mining often clash with the realities of complex operations, leading to frustration and disillusionment

The largest and most immediate benefit of mining development will be government revenues from taxes and equity dividends. Substantial gains will also be generated through capital investments, spillover effects on other sectors, and increased human capital.

Project	Operationalization year		2025 – 2040 export earnings (US$ billions)	
	Baseline	Best case	Baseline	Best case
Kasiya	2029	2027	5.63	6.73
Kanyika	2029	2026	2.26	3.02
Kayelekera	2026	2025	1.69	1.75
Malingunde	2030	2028	0.55	0.69
Kagankunde	2031	2028	16.15	26.65
Songwe hill	2029	2027	2.60	3.09
Makanjira	2030	2029	0.87	1.00
Total export earnings			**29.76**	**42.92**

Additionally, outsized expectations for immediate socioeconomic benefits from mining often clash with the realities of complex operations, leading to frustration and disillusionment. Fluctuations in global metal prices create unpredictable revenue streams, complicating the planning and budgeting process. The lack of transparency and the infrequently traded nature of many minerals found in Malawi, combined with the dominance of certain countries in their production, pose risks for the mine financiers. It also adds complexity for operators who must conduct technical studies while simultaneously securing sales agreements alongside their financing. Finally, a lack of specialized educational programs and experienced professionals in mining-related fields hampers the sector's development.

The following measures are crucial to address these challenges and support the development of Malawi's mining sector.

Pillar 1: Enabling the Mining Sector's Growth

First, it is essential to expedite the development of projects in the pipeline by accelerating the negotiation of mining development agreements (MDAs) and streamlining permitting processes. Staff training and the engagement of specialized transaction advisors will be crucial to enhance the government's capacity to negotiate MDAs. Developing comprehensive investment-promotion plans, de-risking the sector through robust, publicly available geoscientific research, establishing transparent data-sharing arrangements and creating efficient permitting processes will attract more investors. Effectively monitoring large-scale operations and managing MDAs will also require improved government capacity in sectoral institutions. Investments in road networks, rail connections, and renewable energy systems will reduce operational costs and facilitate the sector's growth. Finally, the updated mining policy and the legislative and regulatory framework will foster a more stable and predictable business environment.

Pillar 2: Social and Environmental Protection

The Malawi Environmental Protection Agency (MEPA) and the Ministry of Mining require adequate resources to effectively monitor mining activities and enforce environmental regulations. Making all documents related to mine development publicly available will increase transparency and support community-based monitoring. Occupational health and safety (OHS) standards relevant to the mining sector and updated regulations should be reviewed to align these with international best practices. Promoting stakeholder engagement by establishing a functional platform for multi-stakeholder dialogue will improve communication and build trust. Strengthening environmental policies, laws, and regulations will help protect people and ecosystems.

Pillar 3: Benefit Realization and Management

The largest and most immediate benefit of mining development will be government revenues from taxes and equity dividends. Substantial gains will also be generated through capital investments, spillover effects on other sectors, and increased human capital. Strengthening customs and tax administration by providing targeted training for customs officers, modernizing digital systems, investing in infrastructure, and fostering cross-sectoral coordination is critical to maximizing revenue collection. Analyzing skills gaps, establishing specialized educational programs, and encouraging apprenticeships and internships will help build a skilled workforce. Implementing policies that incentivize local hiring, procurement, and partnerships will ensure a broader distribution of economic benefits. Over time, encouraging greater domestic value addition will expand job creation and diversify exports. Finally, introducing measures to insulate the budget from the cyclicality of mineral revenues and ensure the maintenance of adequate foreign exchange reserves will mitigate the impacts of price volatility.

Conclusion

Malawi has a unique opportunity to leverage its mineral wealth to drive sustainable economic development. By addressing the challenges and prioritizing the actions outlined in the MEM's Special Topic section, the government can create a modern and fit-for-purpose framework for the mining sector that attracts greater investment, boosts domestic revenue, and ensures a broad and equitable distribution of benefits.

Appendices

Appendix 1: Historical Monthly Economic Indicators

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	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Exchange rates (middle rates)													
MK/USD	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	**1750.35**
MK/GBP	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	**2233.84**
MK/EUR	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	1,869.77	**1866.83**
MK/ZAR	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.89	**97.11**
Foreign Exchange Reserves													
Gross Official Reserves (USD'mn)	174.80	143.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Private Sector Reserves (USD'mn)	401.90	396.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total reserves (USD'mn)	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
Gross Official Reserves Import cover (months)	0.70	0.57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Inflation													
Headline	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	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	22.0%	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%	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	23.00%	22.63%	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.29%	23.20%	**23.19%**
Lombard Rate	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%	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%	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%	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%	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%	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%	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%	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%	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%	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	4.25%	1.88%	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	**29.90%**
DSI	0.03%	-2.21%	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	**32.35%**
FSI	33.77%	30.43%	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	**15.08%**

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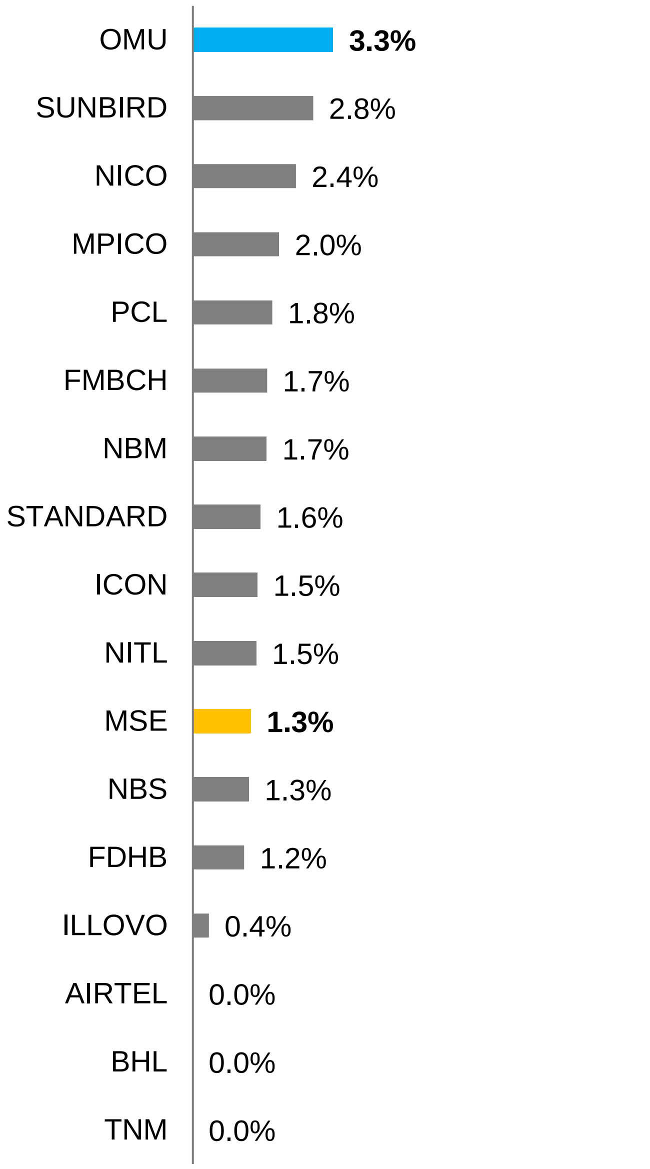
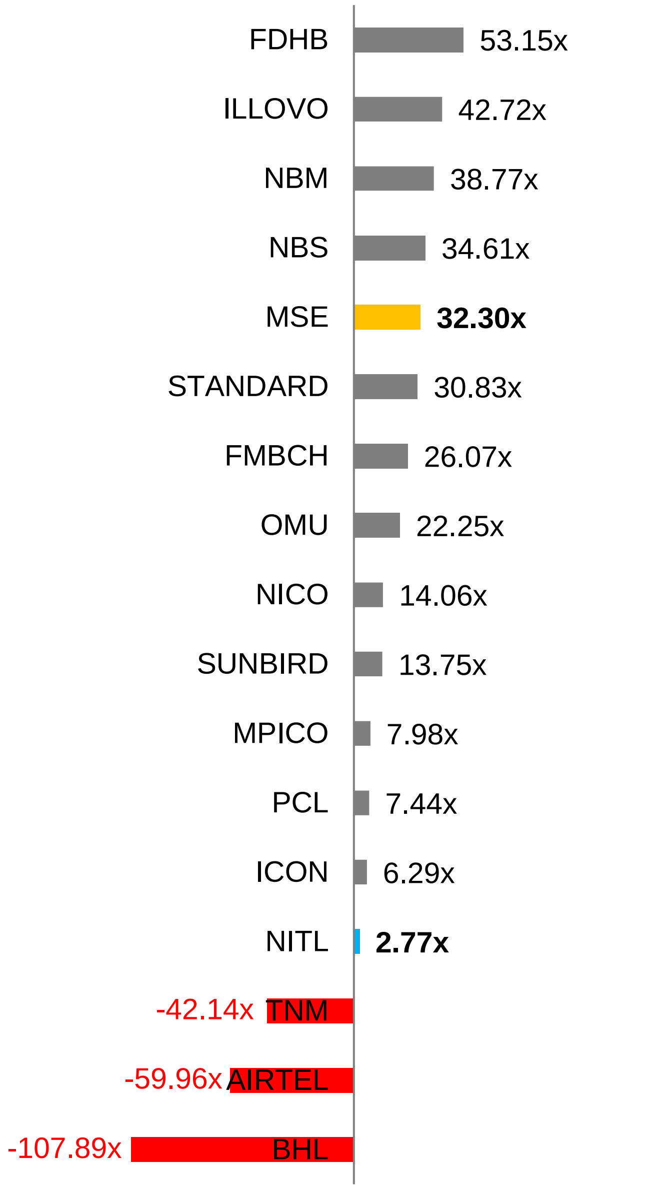
Appendix 2: Selected stock market statistics as of 31 January 2025

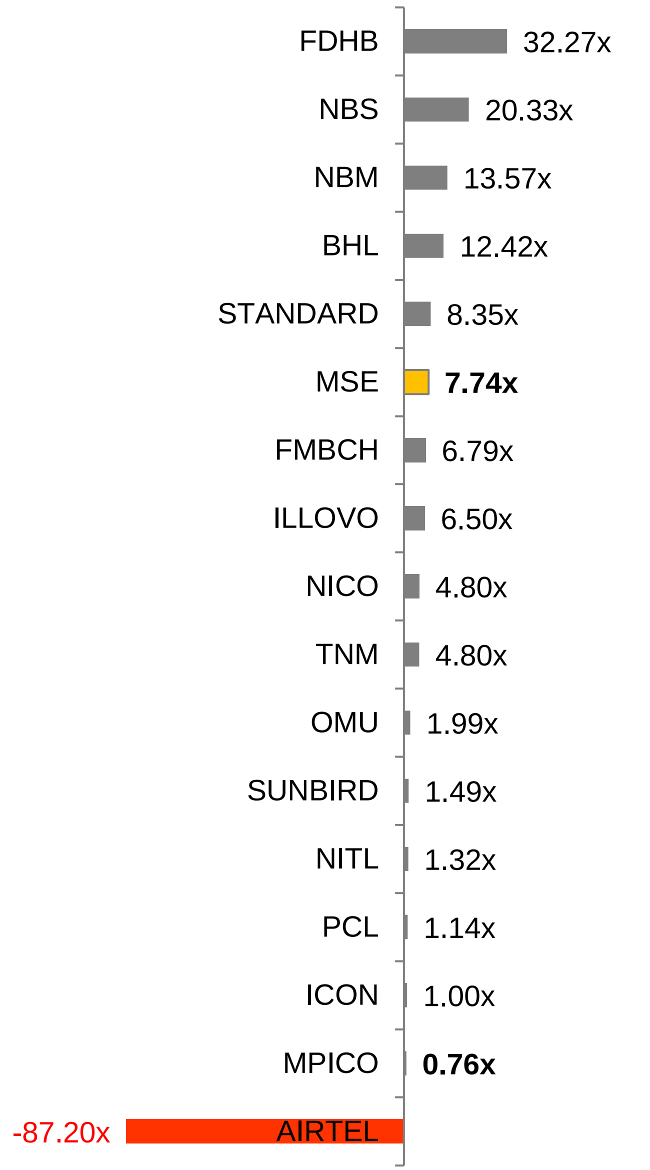
Dividend Yield (%) - the weighted average dividend yield on the MSE was 1.3% in January 2025. The counter with the highest dividend yield was OMU at 3.3%.



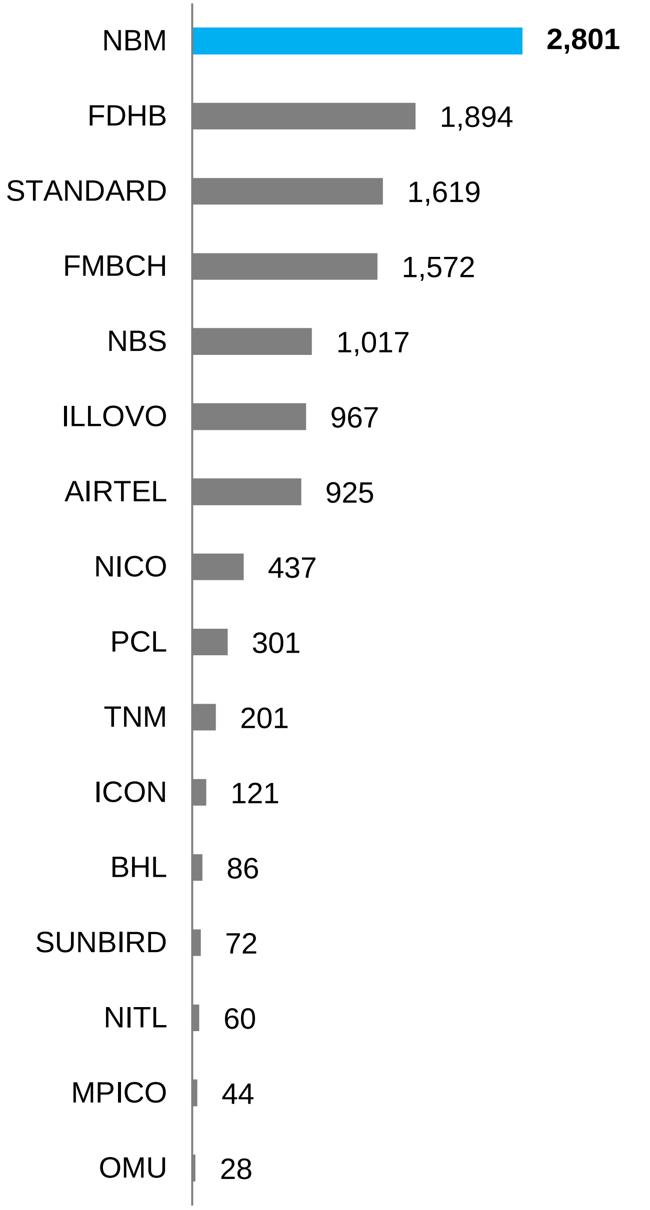
P/E Ratio - the weighted average price to earnings ratio on the MSE was 32.30x in January 2025. The counter with the lowest positive ratio was NITL at 2.77x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 7.74x in January. The counter with the lowest positive ratio was MPICO at 0.76x.



Market Capitalization (MK'billion) - NBM had the highest market capitalization at MK2.80 trillion in January 2025.



Appendix 3: IMF, World Bank, and AfDB Projections

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IMF projections

Annual percentage change (unless otherwise indicated)	2021	2022	2023	2024	2025
Real GDP	4.6	0.9	1.5	1.8	4.0
Consumer prices, annual average	9.3	20.8	28.8	30.6	15.3
Overall fiscal balance, including grants (% of GDP)	-8.3	-9.3	-9.2	-8.0	-5.6
Government debt (% of GDP)	66.5	76.7	91.3	84.5	82.3
Broad money (% of GDP)	20.1	23.6	25.2	25.2	25.2
External current account, including grants	-15.4	-16.7	-16.3	-13.9	-13.8
External debt (% of GDP)	37.4	31.3	33.2	41.3	43.0
Reserves (months of imports of goods and services)	0.2	0.4	0.7	1.9	3.0

Source: IMF Sub-Saharan Africa Regional Economic Outlook, October 2024

AfDB projections

Annual percentage change (unless otherwise indicated)	2022	2023	2024	2025
Real GDP growth	0.9	1.5	3.3	3.8
Consumer price index inflation	20.8	28.7	27.3	14.3

Source: AfDB Malawi Country Focus Report, July 2024

World Bank projections

Annual percentage change (unless otherwise indicated)	2021	2022	2023	2024 est.	2025 proj.
National Accounts and Prices					
GDP at constant market prices (% change)	2.8	0.9	1.6	1.8	4.2
Consumer prices (annual average)	9.3	20.9	28.7	33.6	27.3
Money and Credit (average)					
Broad money (% change)	23.6	34.3	34.0	45.5	45.5
Credit to the private sector (% change)	15.3	15.1	14.8	14.9	14.9
External Sector (US$ millions)					
Exports (goods and services)	1,591.1	1,490.1	1,562.9	1,418.5	1,792.1
Imports (goods and services)	3,770.4	3,707.1	3,944.9	3,584.5	4,090.3
Gross official reserves	79.0	120.0	201.0	133.1	--
(months of imports)	0.3	0.5	0.7	0.5	--
Current account (% of GDP)	-15.2	-17.3	-16.1	-18.7	-16.5
Exchange rate (MWK/US$ average)	805.9	949.0	1,161.1	1,738.34	--
Debt Stock					
External debt (public sector, % of GDP)	38.2	34.1	48.5	47.2	46.7
Domestic public debt (percentage of GDP)	19.3	42.6	42.8	38.2	36.5
Total public debt (percentage of GDP)	57.5	76.7	91.3	85.4	83.2

Source: World Bank Malawi Economic Monitor, January 2025

Appendix 4: EIU and Oxford Economics Projections

EIU projections

Economic growth (%)	2024	2025	2026	2027	2028	2029
Real GDP	1.3	1.6	2.3	2.5	2.8	3.0
Private consumption	1.1	1.2	2.2	2.8	3.0	3.2
Government consumption	1.5	1.6	2.1	2.0	1.9	1.8
Gross fixed investment	1.9	2.6	3.2	4.4	4.5	5.2
Exports of goods & services	3.9	3.6	5.0	4.9	5.2	5.0
Imports of goods & services	3.3	3.0	4.5	4.8	5.0	4.9
Domestic demand	1.2	1.4	2.3	2.9	3.1	3.3
Agriculture	-1.0	1.3	1.6	1.6	2.3	2.0
Industry	2.2	2.0	2.2	2.7	2.9	2.9
Services	2.2	1.6	2.6	2.9	3.0	3.5
Key indicators						
Consumer price inflation (av; %)	33.5	28.3	23.9	17.4	13.9	11.1
Government balance (% of GDP)	-4.8	-5.1	-4.8	-4.4	-4.2	-4.0
Current-account balance (% of GDP)	-13.5	-9.3	-8.1	-7.6	-5.8	-5.5
Short-term interest rate (av; %)	16.0	15.0	14.0	12.0	10.0	8.0
Exchange rate MK: US$ (av)	1,730	1,816	1,993	2,204	2,414	2,629

Source: EIU Malawi Five-year Forecast Report, December 2024

Oxford Economics Projections

Annual percentage changes unless specified	2023	2024	2025	2026	2027
Real GDP growth	1.9	1.7	2.6	4.5	4.4
CPI inflation	28.6	32.2	21.0	12.8	8
Exports of goods (US$'bn)	1.1	1.1	1.2	1.3	1.4
Exports of services (US$'bn)	0.5	0.5	0.5	0.6	0.6
Imports of goods (US$'bn)	3	3.1	3.3	3.4	3.6
Imports of services (US$'bn)	1	0.9	0.9	0.9	1
Exports of goods	2.8	7.2	7.5	7.2	7.1
Imports of goods	4.5	4.3	4.6	4.6	4.7
Current account (US$'bn)	-2.3	-2	-1.9	-1.9	-1.9
Current account balance (% of GDP)	-18.1	-17.8	-14.1	-12.8	-11.9
Exchange rate per USD (year average)	1,161.1	1,734.3	1,825.3	1,929.9	2,035.2
External debt total (US$'bn)	3.6	4.8	5.3	5.7	6.1
Government balance (% of GDP)	-9.2	-7.2	-6.2	-5.7	-5.5
Government debt (% of GDP)	91.4	90	84.7	83.7	83.3
Population (million)	21.1	21.7	22.2	22.8	23.4
Nominal GDP (US$'bn)	12.6	11.4	13.6	14.7	15.7
GDP per capita (US$ current prices)	595.3	526	613.8	645.1	671.1

Source: Oxford Economics Malawi Economic Forecast, February 2025

Appendix 5: World Bank commodity market prices

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World Bank commodity prices

	Annual averages				Monthly averages						
					July	August	September	October	November	December	January
Produce (USD/mt)	**2021**	**2022**	**2023**	**2024**	**2024**	**2024**	**2024**	**2024**	**2024**	**2024**	**2025**
Soybeans	583.0	675.0	598.0	462.0	470.0	400.0	391.0	442.0	436.0	409.0	401.0
Maize	259.5	318.8	252.7	190.6	177.4	170.3	185.0	190.3	201.3	202.6	214.4
Sugar & Tea (USD/Kg)											
Sugar - EU	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Sugar - U.S.	0.7	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Sugar - World	0.4	0.4	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.4	0.4
Tea - average	2.7	3.1	2.7	3.0	3.3	3.2	3.3	3.2	3.1	3.0	2.7
Fertilizers (USD/mt)											
DAP	601.0	772.2	550.0	563.7	539.4	546.0	554.8	573.4	574.5	568.3	582.7
Phosphate rock	123.2	266.2	321.7	321.7	152.5	152.5	152.5	152.5	152.5	152.5	152.5
Potassium chloride	542.8	863.4	383.2	295.1	300.6	294.0	286.9	278.1	281.0	292.5	302.0
TSP	538.2	716.1	480.2	474.6	505.8	507.2	504.4	503.8	491.0	477.5	478.0
Urea, E. Europe	483.2	700.0	358.0	338.3	342.5	342.5	337.5	374.8	352.3	352	380.5
Precious Metals (USD/toz)											
Gold	1,800.0	1,801.0	1,943.0	2,388.0	2,398.0	2,470.0	2,571.0	2,690.0	2,651.0	2,648	2,710
Platinum	1,091.0	962.0	966.0	955.0	979.0	945.0	967.0	999.0	966.0	938.0	949.0
Silver	25.2	21.8	23.4	28.3	29.8	28.5	30.1	32.4	31.1	30.8	30.4

Source: World Bank Commodities Price Data (The Pink Sheet), January 2025

Appendix 6: List of Acronyms and Abbreviations

AfDB: African Development Bank
AIP: Affordable Input Program
av: Average
BHL: Blantyre Hotels Plc
bn: Billion
CEM: Country Economic Memorandum
CPI: Consumer Price Index
DAP: Diammonium Phosphate
DFS Definitive Feasibility Study
ECF: Extended Credit Facility
EIU: Economist Intelligence Unit
ESCOM: Electricity Supply Corporation of Malawi
ETM: Energy Transition Minerals
EU: European Union
EUR: Euro
FDHB: FDH Bank Plc
FDI: Foreign Direct Investment
FMBCH: FMB Capital Holdings Plc
FY: Fiscal Year
GBP: Great British Pound
GDP: Gross Domestic Product
IFAD: International Fund for Agricultural Development
IFMIS: Integrated Financial Management and Information System
IFPRI: International Food Policy Research Institute
IMF: International Monetary Fund
Kg: Kilogram
LRR: Liquidity Reserve Requirement
MASI: Malawi All Share Index
Mb/d: Million barrels per day
MDA: Mining Development Agreements
MEM: Malawi Economic Monitor
MEPA: Malawi Environmental Protection Agency
MERA: Malawi Energy Regulatory Authority
MK: Malawi Kwacha
Mn: Million
MPC: Monetary Policy Committee
MSE: Malawi Stock Exchange
Mt: Metric tons
NBM: National Bank of Malawi Plc
NBS: NBS Bank Plc
NICO: NICO Holdings Plc
NITL: National Investment Trust Limited Plc
NOCMA: National Oil Company of Malawi
NSO: National Statistical Office
OECD: Organization for Economic Co-operation and Development
OHS Occupational Health and Safety
OMU: Old Mutual Limited Plc
OPEC: Organization of the Petroleum Exporting Countries
P/BV: Price to book value
PCL: Press Corporation Limited Plc
P/E: Price to earnings
PFS: Pre-Feasibility Study
RBM: Reserve Bank of Malawi
TB: Treasury Bill
TN: Treasury Note
TNM: Telekom Networks Malawi Plc
Toz: Troy ounces
UN: United Nations
US: United States of America
USD: United States Dollar
VAT: Value Added Tax

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