

Malawi Financial Market Update

Week ending 14 February 2025





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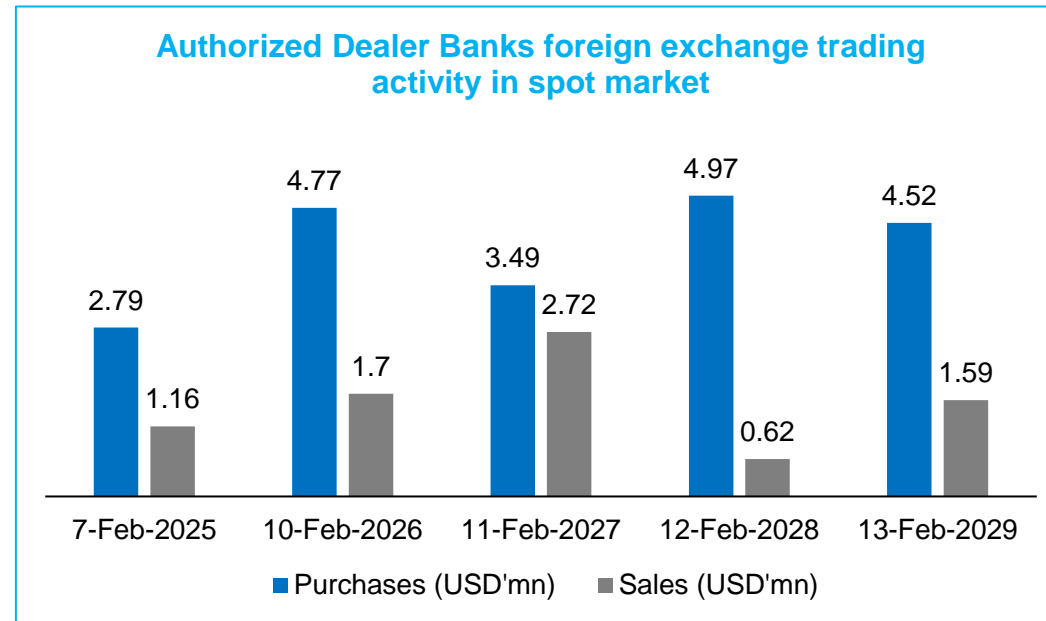
The Northern Region Water Board (NRWB), Central Region Water Board (CRWB), and Southern Region Water Board (SRWB) have proposed tariff increases of 55%, 45%, and 35%, respectively.

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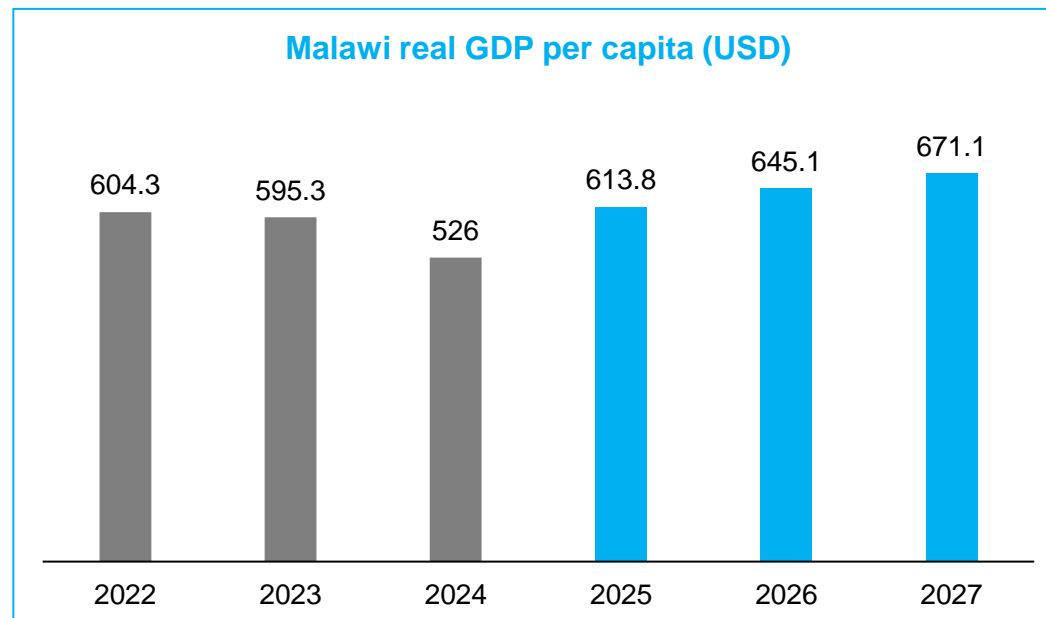
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Exchange rate and other market developments

Foreign exchange trading activity (Source: RBM)



Malawi real GDP per capita (Source: Oxford Economics Africa)



What Happened This Week

1. The Northern Region Water Board (NRWB), Central Region Water Board (CRWB), and Southern Region Water Board (SRWB) have proposed tariff increases of 55%, 45%, and 35%, respectively. In the instance of CRWB, it argues that the adjustment is essential for full cost recovery, cautioning that without it, CRWB is projected to incur a net loss margin of 19%. The proposal highlights the necessity of the increase to strengthen financial stability, ensure timely salary payments, fulfil statutory obligations, and service loan repayments. (*The Daily Times*, 8 February 2025).
2. The amount of foreign currency sent back to Malawi by Malawians living abroad plummeted from USD300 million in 2021 to USD112.5 million in 2024, exacerbating the country's foreign exchange challenges. At the same time outflows reached USD126.4 million turning net remittances negative for the first time. (*The Daily Times*, 10 February 2025).
3. The latest Afrobarometer survey reveals that food insecurity is the most pressing concern for Malawians. According to the survey, Malawians seem to hold mixed views of the government's current Agricultural Inputs Programme (AIP). Majorities say the AIP favors particular people, parties, or interests and mainly benefits agriculture-related businesses or public officials rather than poor farmers. Nonetheless, rather than abolishing input subsidies, Malawians overwhelmingly support proposed alternatives such as providing input loans through farmers' clubs or providing cash for inputs to poor farmers. (*Afrobarometer*, 11 February 2025).
4. The European Union (EU) has announced a EUR500 million (approximately K929 billion) energy package for Malawi to support key electricity projects, including the Mpatamanga hydroelectric power plant and the Malawi-Mozambique Interconnector. The funding will focus on energy generation, transmission, and distribution. (*The Nation*, 12 February 2025).
5. President Chakwera has appointed renowned geology expert Prof. Leonard Kalindekafe as the inaugural chief executive officer (CEO) of the Malawi Mining Investment Company (Mamico). This new state-owned company was established to safeguard and maximize the stake and benefits of Malawians from Malawi's mineral deposits. (*The Daily Times*, 13 February 2025).
6. Malawi's tobacco production is projected to exceed 180 million kilograms this year, according to the Tobacco Commission's (TC) first-round crop estimates. This marks a significant rise from last year's total output of 133 million kilograms. The TC's acting CEO attributes the expected increase to improved farming practices and enhanced extension services. (*The Daily Times*, 13 February 2025).
7. On 13 February 2025, the Ministry of Mining retracted its temporary ban on mineral exports, which had been announced the previous day. In a revised statement, the ministry clarified that it had initiated a 21-day review of the valuation framework for gemstones to improve the management and productivity of the artisanal subsector of the mining industry. During this period, the Ministry shall not process export licenses/ permits for gemstones. (*Ministry of Mining*, 13 February 2025).
8. Malawi University of Science and Technology (Must) Endowment Fund has hit K5 billion since its establishment in 2018 following contributions from the corporate sector and the interest the fund is generating. (*The Nation*, 14 February 2025)



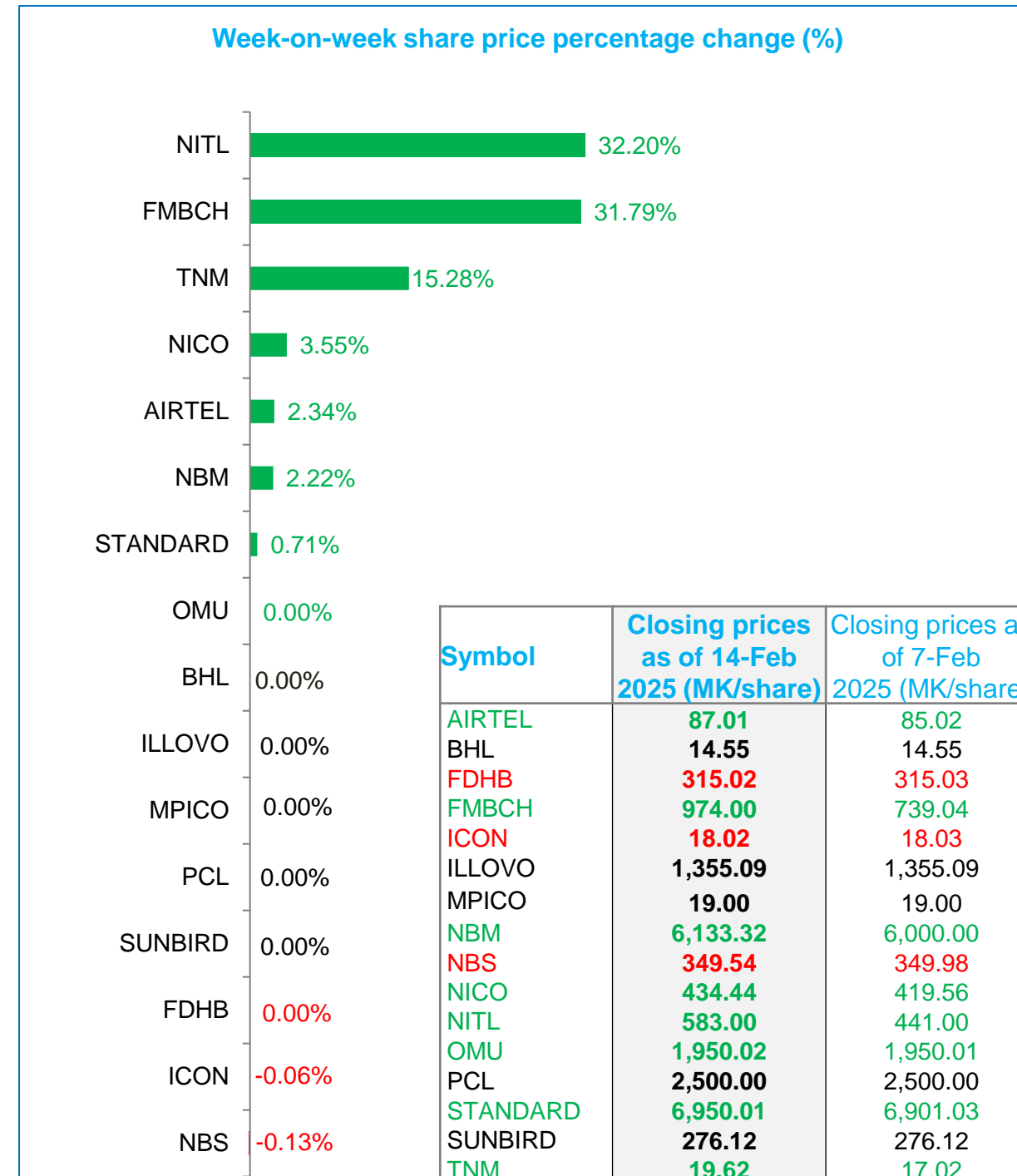
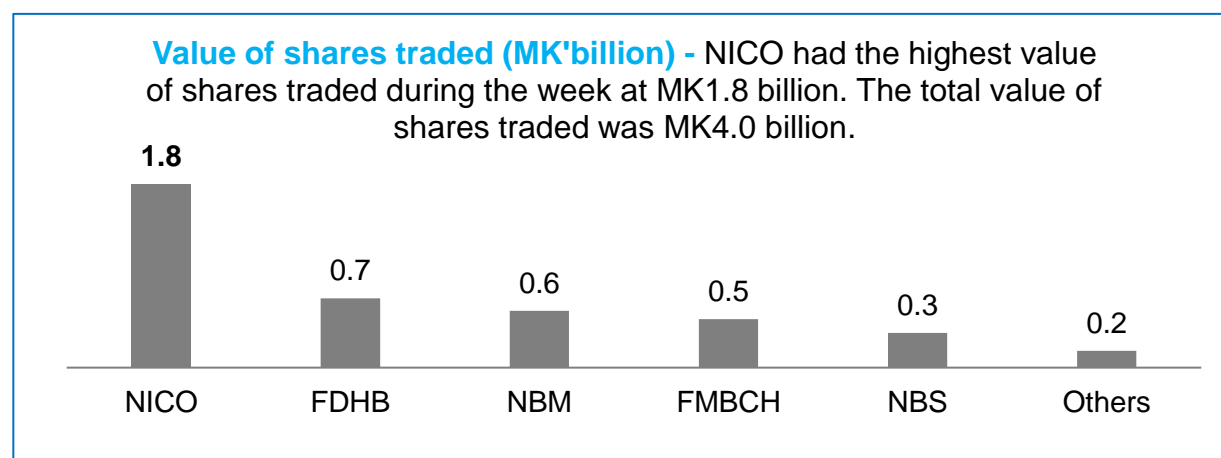
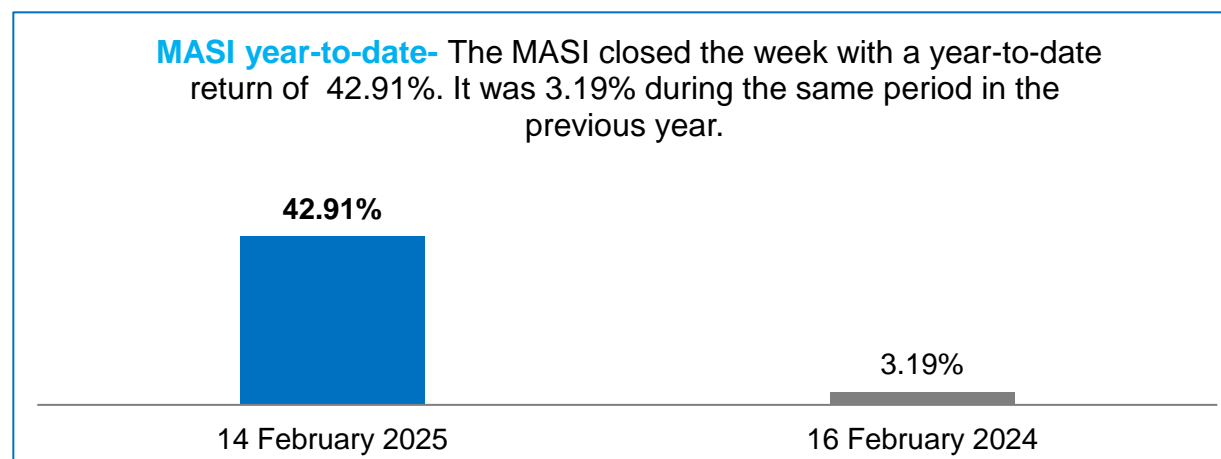
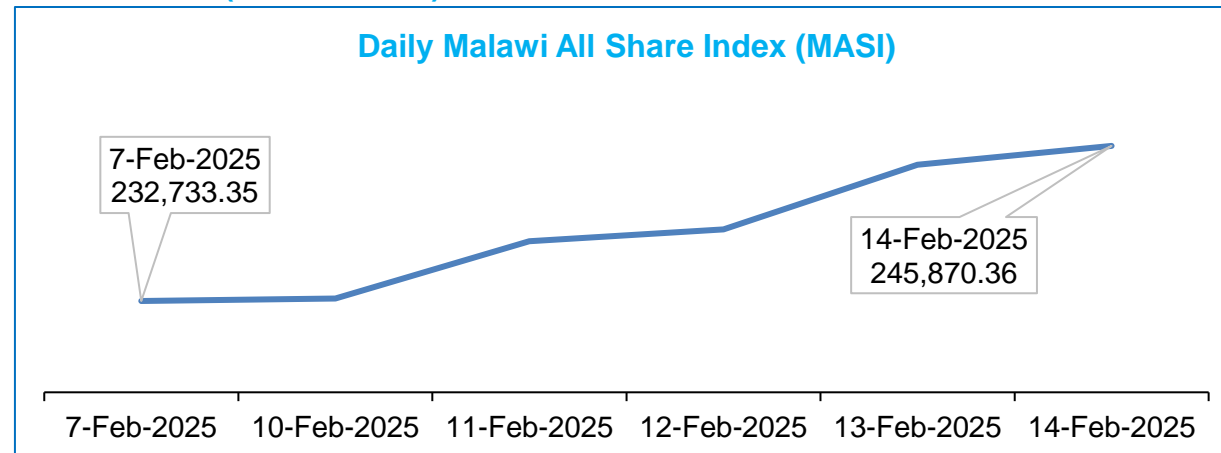
Malawi Financial Market Update: Week ending 14 February 2025

The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 14 February 2025 at 245,870.36 points from 232,733.35 points on 7 February 2025.

This was primarily driven by NITL, FMBCH, TNM, NICO, AIRTEL and NBM.

Press Corporation Limited (PCL) has acquired a 10% shareholding in a financial institution registered in Liberia and licensed by the Central Bank of Liberia. Further details will be published in the financial statements for the fiscal year ending 31 December 2024, following their assessment and approval by the Board of Directors.

Stock market (Source: MSE)





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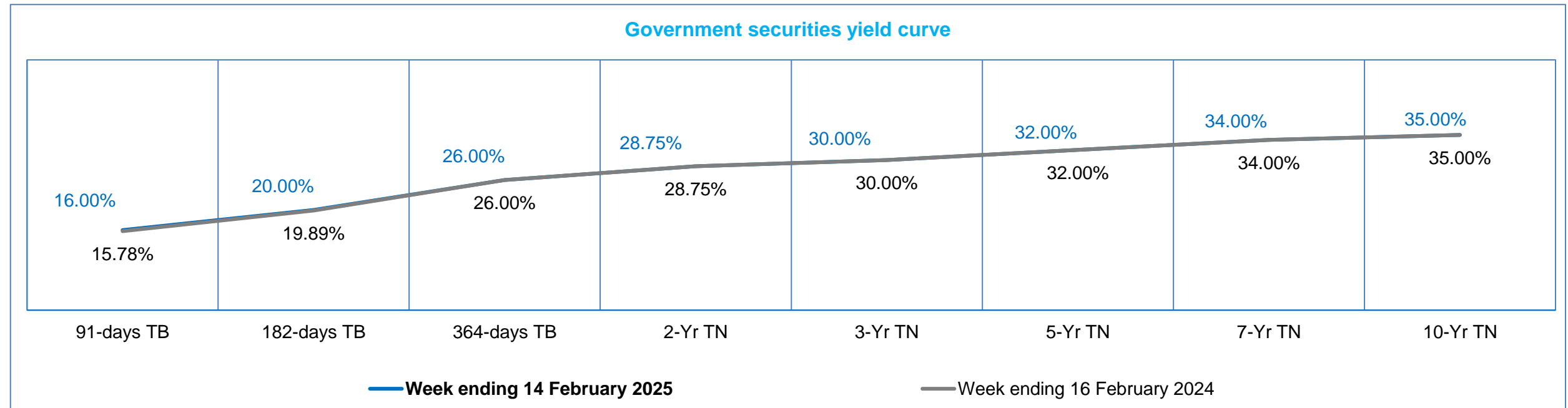
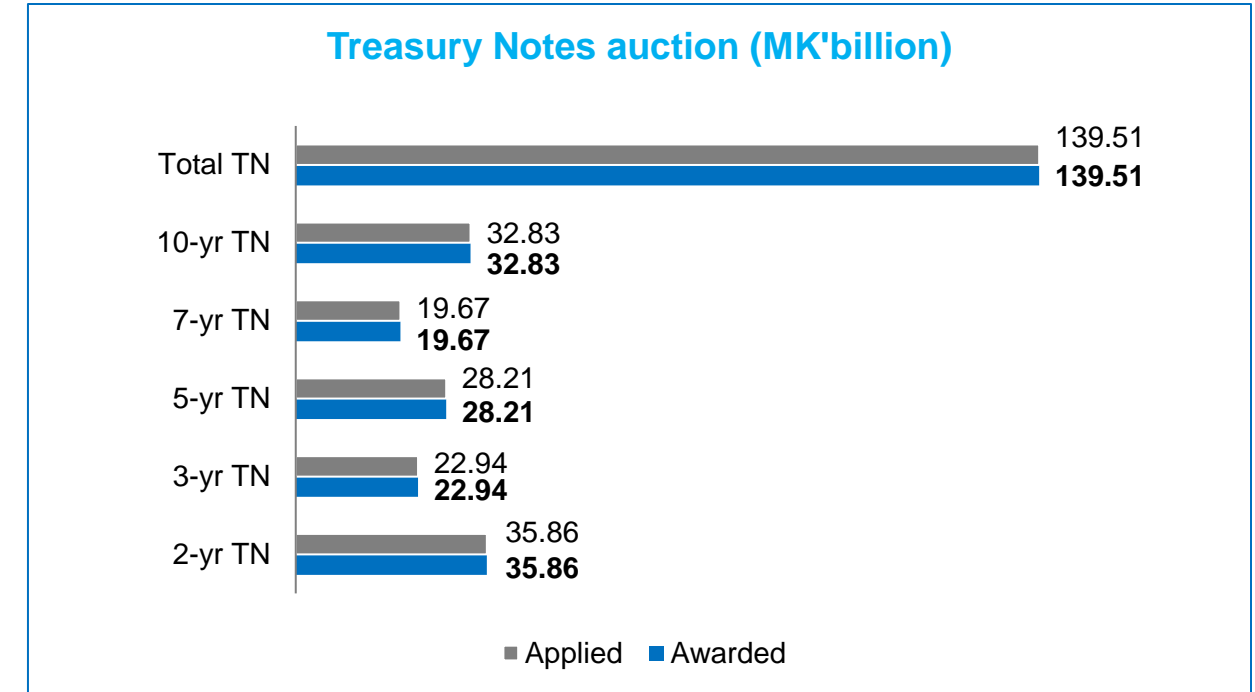
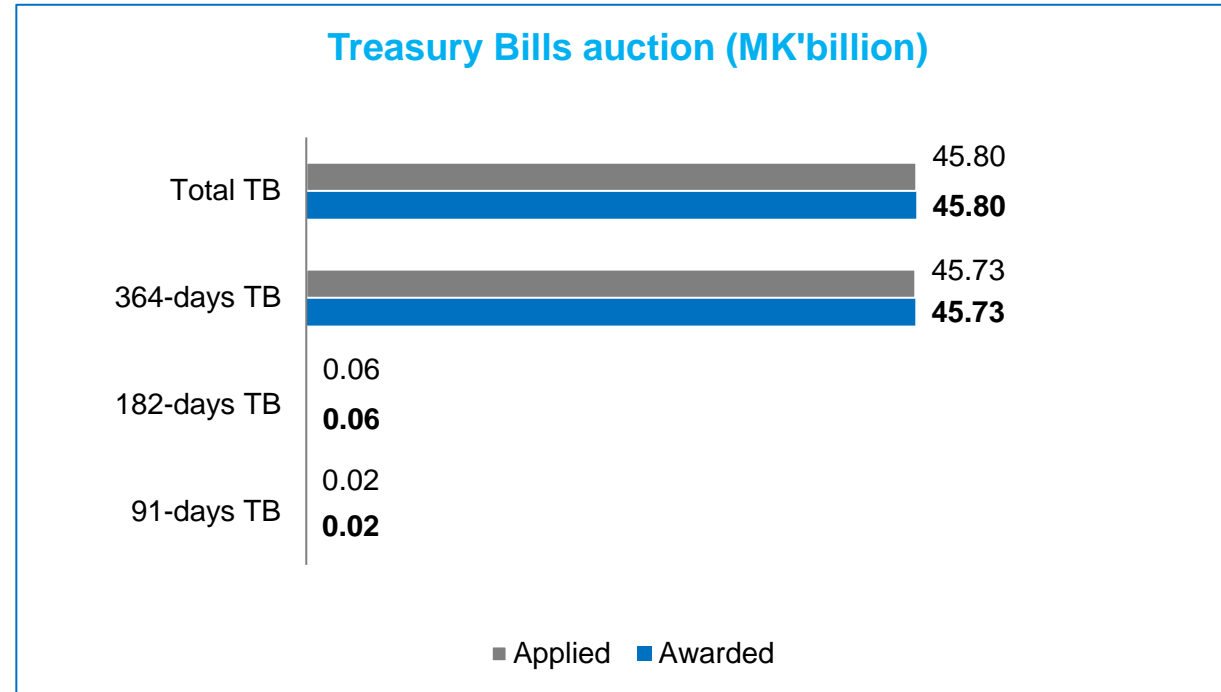
Government securities (Source: RBM)

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 MK45.80 billion, primarily driven by the 364-days TB.

The total amount raised from the TN auctions was MK139.51 billion, primarily driven by the 2-year and 10-year TNs.

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

	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	14-Feb-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	1,750.35	1,734.01*
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	2,233.84	2,241.83*
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	1,861.87	1,866.83	1,867.12*
MK/ZAR	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	96.66*
Foreign Exchange Reserves														
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	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	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	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	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%	26.00%
Average Interbank Rate (Overnight)	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%	23.17%
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%	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%	25.10%
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%	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%	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%	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%	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%	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%	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%	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%	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%	42.91%
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%	37.64%
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%	74.84%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 14 February 2025

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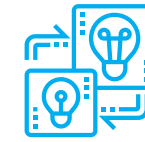
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