

Malawi Financial Market Update

Week ending 7 February 2025





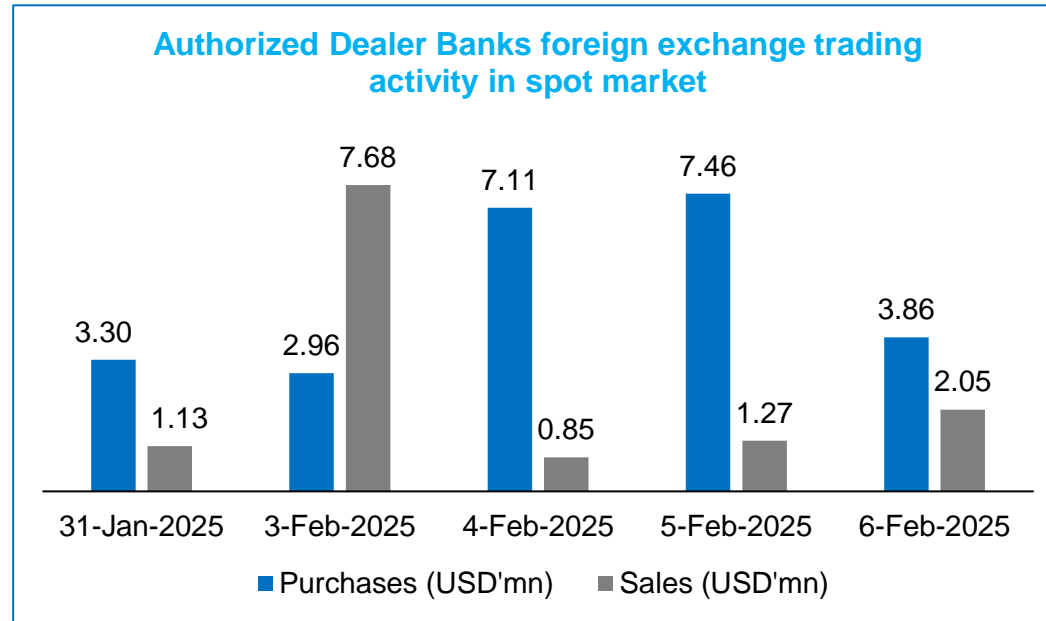
Lotus Resources Limited, the miner at Kayelekera Uranium mine, has announced a multi-million dollar off-take deal for the mine to supply uranium to North American utility PSEG Nuclear LLC.

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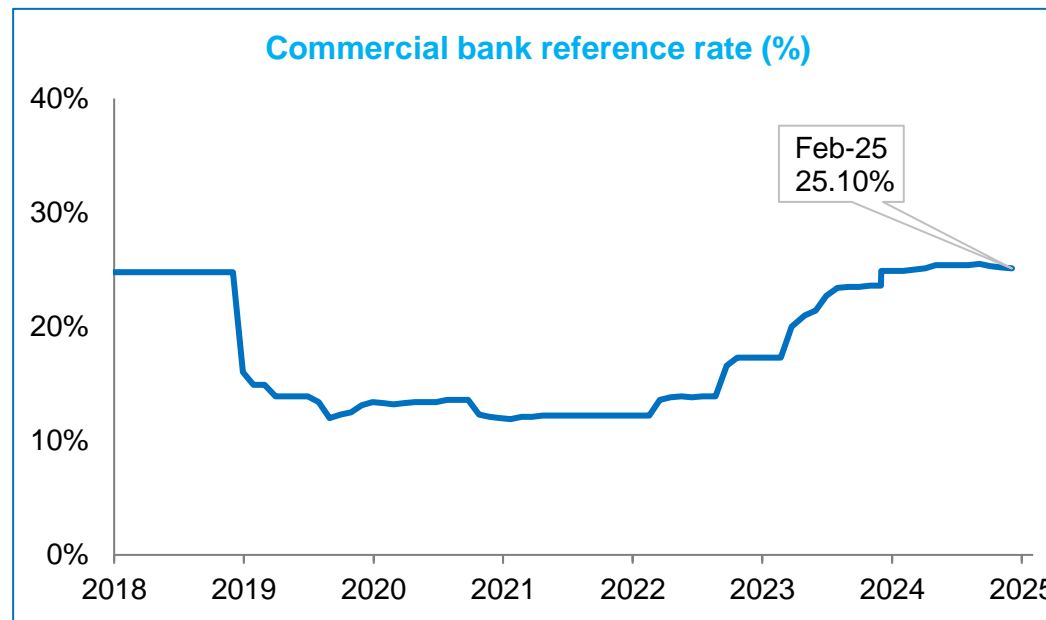
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Exchange rate and other market developments

Foreign exchange trading activity (Source: RBM)



Commercial bank reference rate (Source: NBM)



What Happened This Week

1. The Malawi Revenue Authority (MRA) launched an electronic customs tariff system (e-tariff) during International Customs Day 2025 celebrations held in Blantyre on 31 January 2025. According to the MRA Commissioner General, the e-tariff system has been designed to improve competence in customs clearance, allowing businesses to operate with increased speed and certainty (*The Daily Times*, 3 February 2025).
2. Lotus Resources Limited, the miner at Kayelekera Uranium mine, announced a multi-million dollar off-take deal for the mine to supply uranium to North American utility PSEG Nuclear LLC. According to an announcement from Lotus Resources, the current off-take agreement and an off-take agreement from last year represent the sale of a minimum of 2.3 million pounds and up to 2.6 million pounds of uranium produced at Kayelekera from 2026 to the end of 2032 (*The Nation*, 4 February 2025).
3. In its Quarterly Activity Report for December 2024, Global Metals and Mining, the miners of the Kanyika Niobium mine in Mzimba, announced that it had received a commitment from the Electricity Supply Corporation of Malawi (ESCOM) to deliver reliable power and ensure availability for its operations. According to the report, ESCOM confirmed that it will provide 3 Megawatts (MW) of power between 2025 and 2029, with an additional 13MW committed for the second phase from 2029 onward. Additionally, the company also disclosed that it secured a USD1.2 million loan from one of the directors of the company to assist the company with its short-term working capital requirements (*The Nation*, 6 February 2025).
4. In its January 2025 Position on Foreign Exchange Control Measures paper, the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) urged the government to reconsider its approach to foreign exchange management. MCCCI argues that the implementation of the new foreign exchange control measures might result in unintended negative consequences, including a further decline in exports, and consequently, reduced foreign currency inflows. According to the paper, MCCCI is of the view that the Exchange Rate (Repatriation of Exports Proceeds and Operations of Foreign Currency Denominated Accounts) Regulations of 2022 are sufficient to curb illegal forex activities, hence government efforts should focus on ensuring compliance with these regulations (*The Nation*, 7 February 2025).
5. In the World Bank's latest Malawi Economic Monitor, published in January 2025, the World Bank has argued that the Mpatamanga hydropower project has the potential to contribute about USD1.6 billion to Malawi's nominal gross domestic product (GDP). According to the report, the direct benefits from increased electricity production and the indirect benefits on other sectors (excluding the mining sector) could add USD7.2 to USD8.0 billion to GDP. The report further highlights that the indirect benefits from supporting the development of the mining sector could range from an additional USD11.4 billion to USD38 billion (*Malawi Economic Monitor*, January 2025).
6. The commercial bank reference rate for February 2025 is 25.1%, from 25.2% in January 2025 (*National Bank*, 5 February 2025).

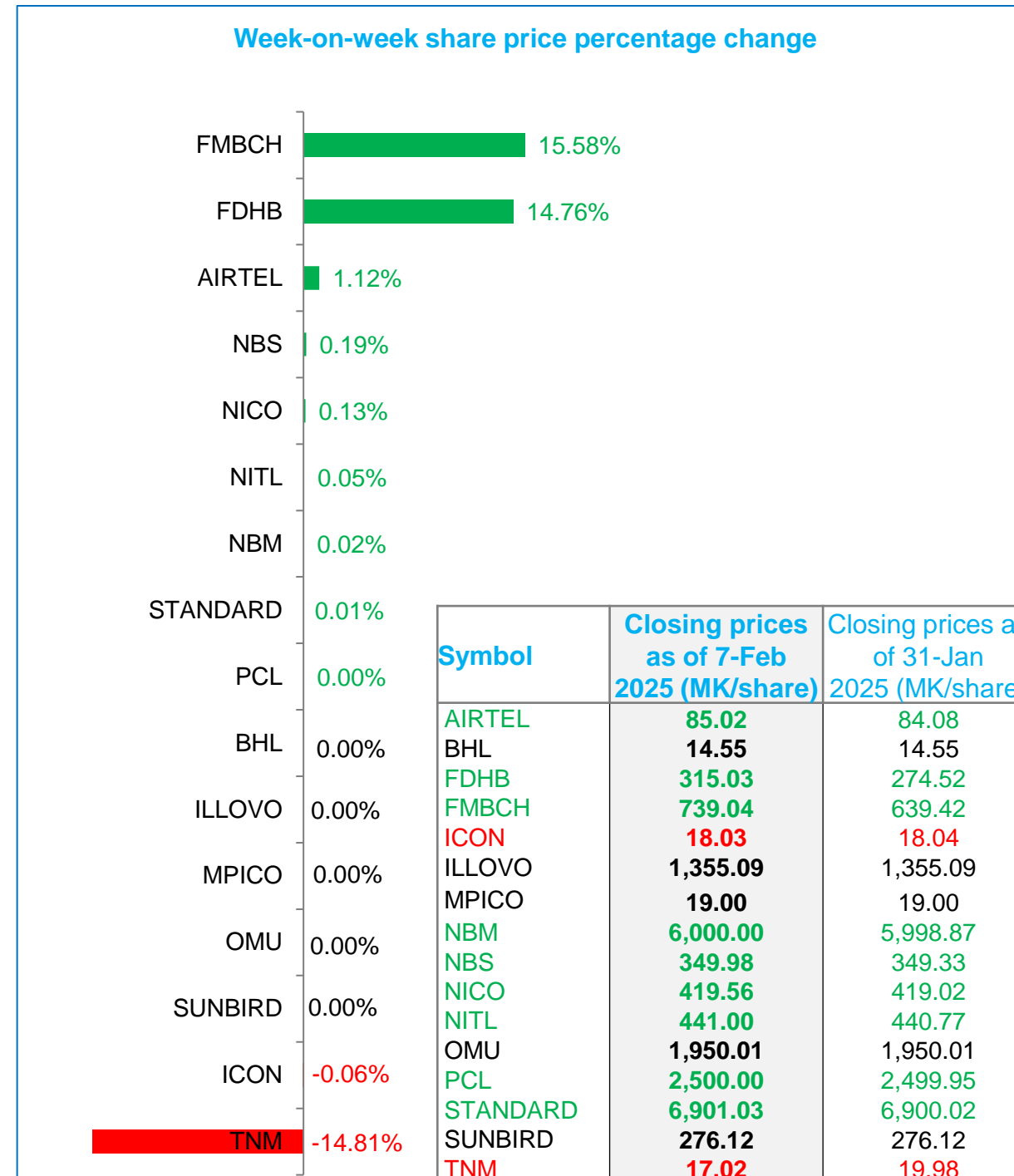
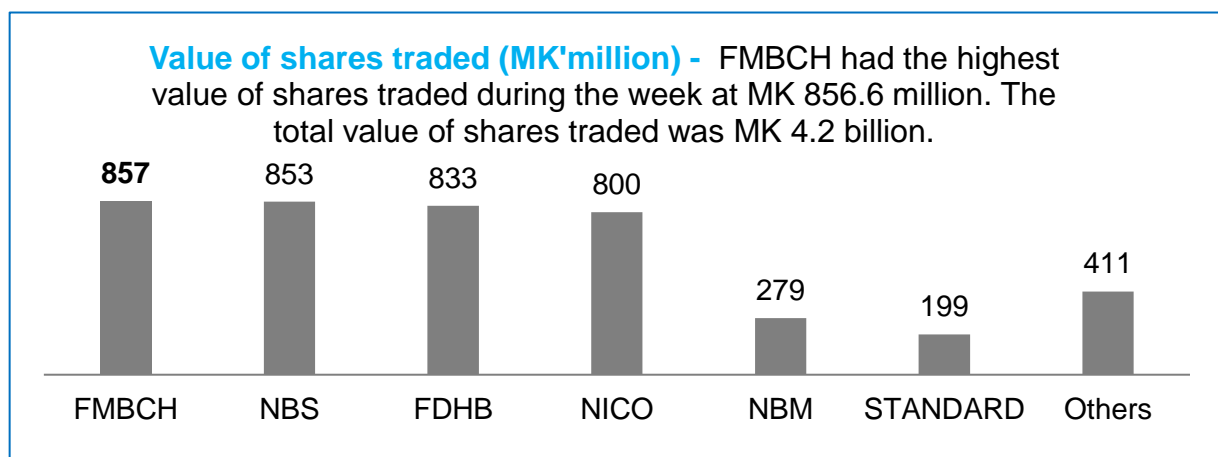
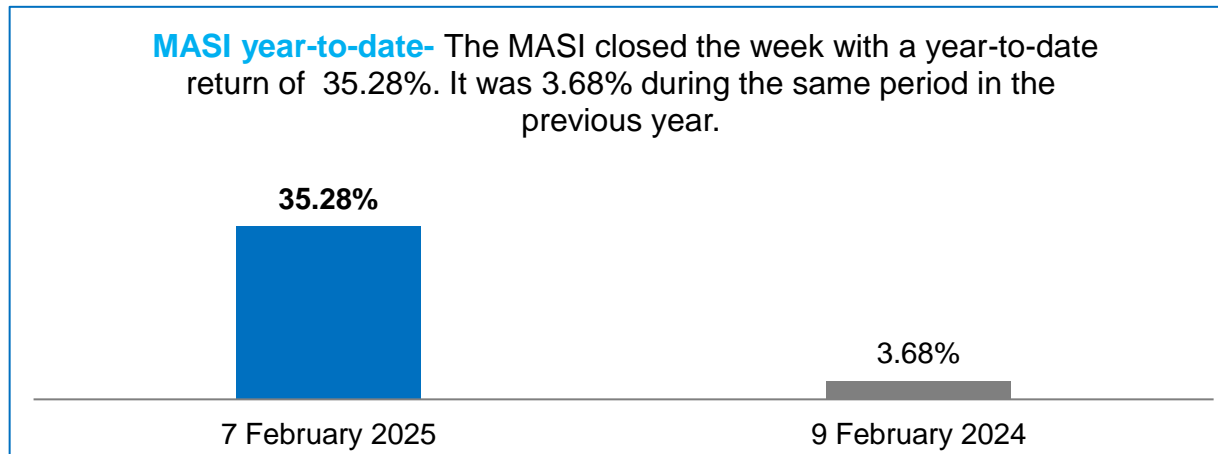
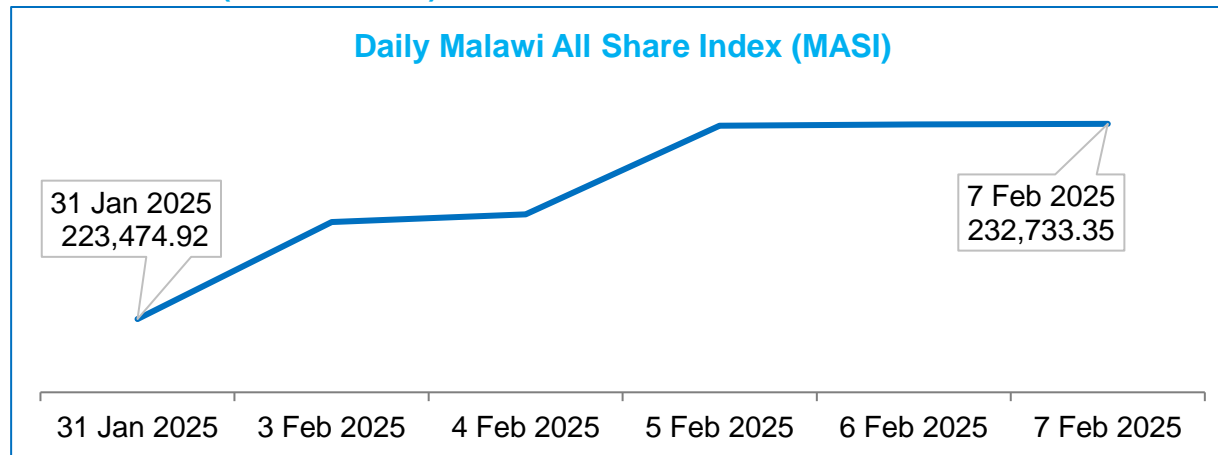


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The stock market was bullish, with the Malawi All Share Index (MASI) closing the week ending 7 February 2025 at 232,733.35 points from 223,474.92 points on 31 January 2025.

This was primarily driven by FDHB, FMBCH and NBM, which increased by 37.57%, 15.19%, and 9.38%, respectively, offsetting the decrease by TNM of 14.81%.

Stock market (Source: MSE)





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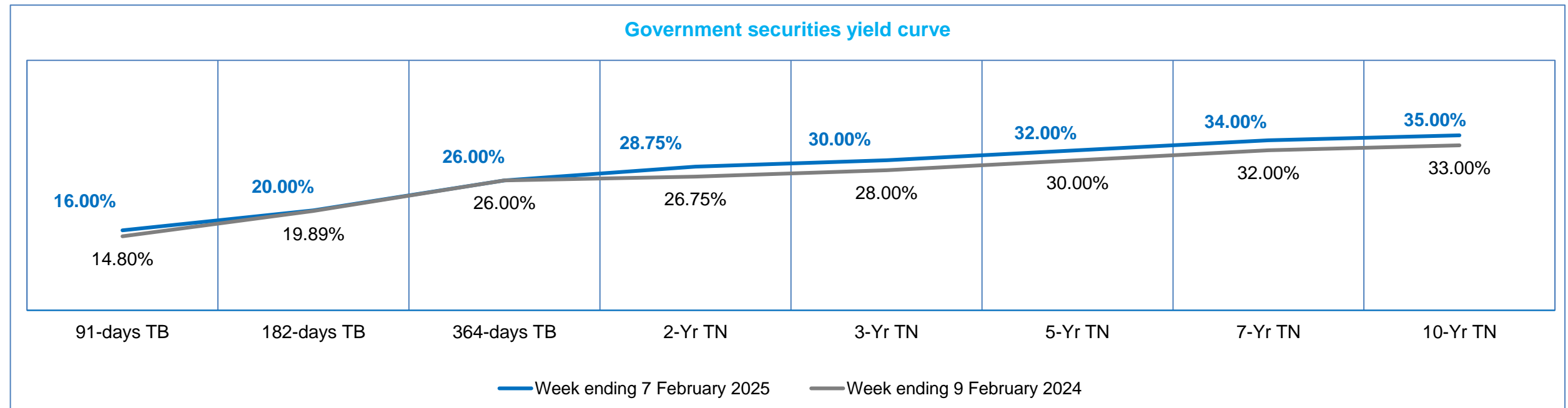
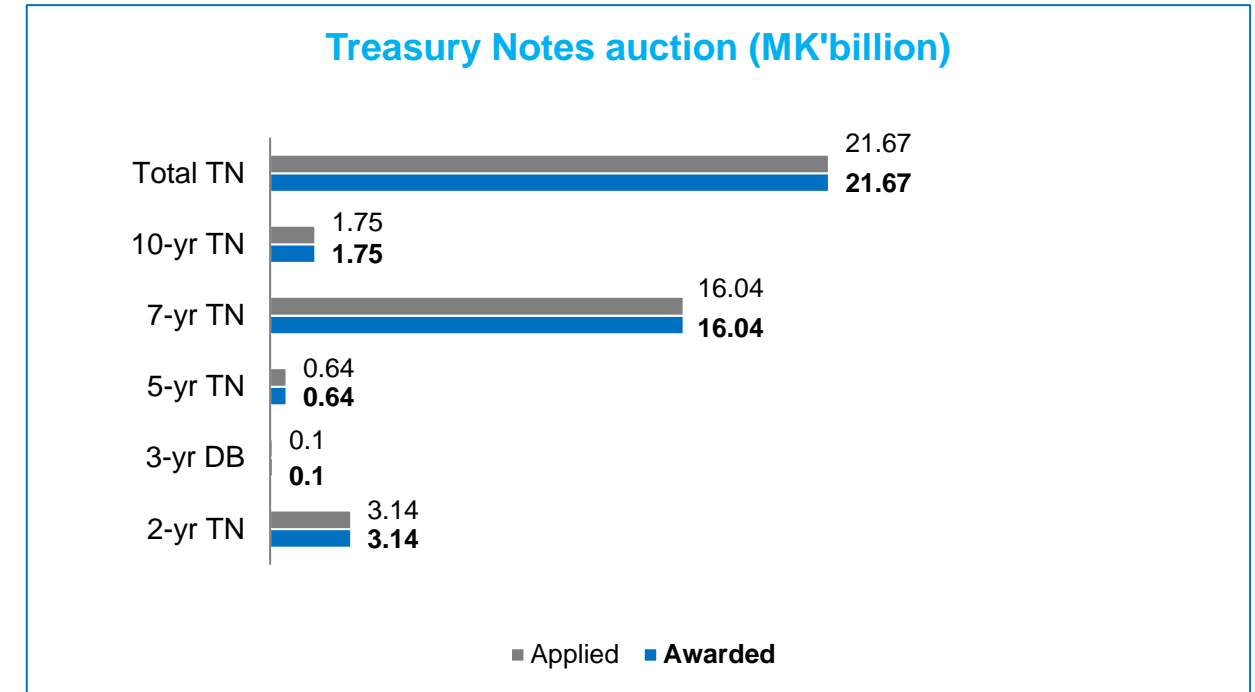
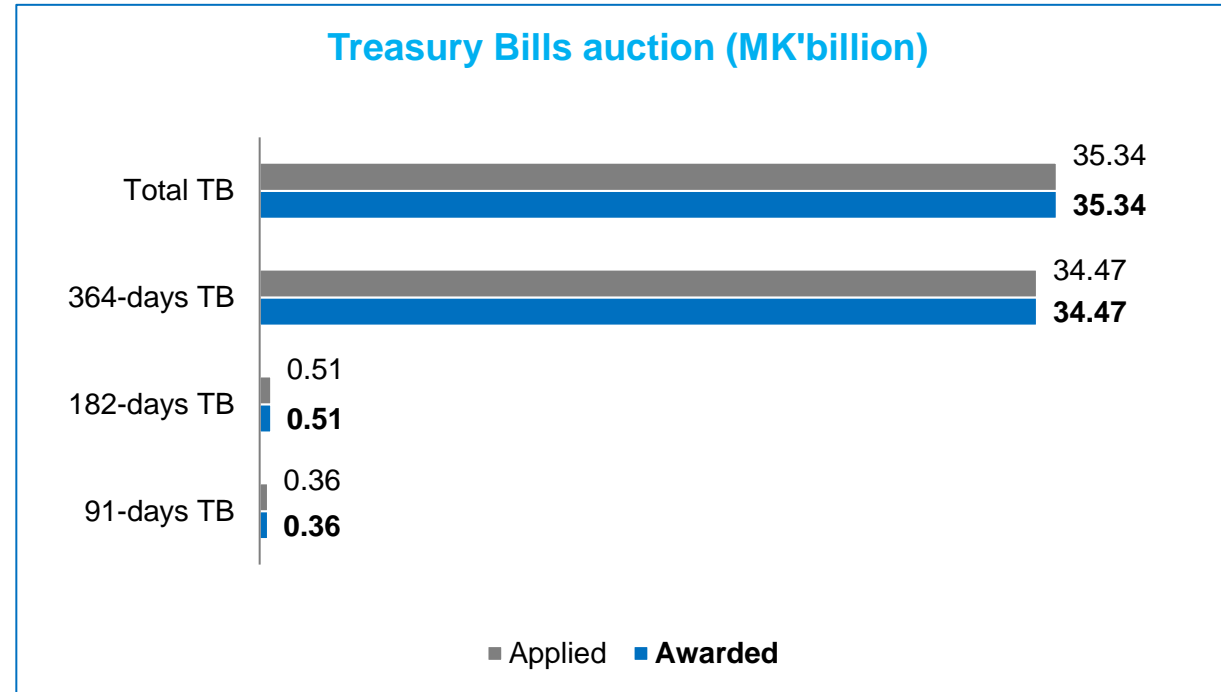
Government securities (Source: RBM)

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 MK35.34 billion, primarily driven by the 364-days TB.

The total amount raised from the TN auctions was MK21.67 billion, primarily driven by the 7-year, 2-year, and 10-year tenors.

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	7-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	2,219.15*
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	1,853.19*
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	96.73*
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%	23.20%
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%	35.28%
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%	35.68%
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%	32.87%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 7 February 2025

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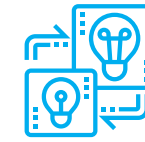
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