

Malawi Financial Market Update

Week ending 25 April 2025





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Market developments

What happened this week

The potential shutdown of the Millennium Challenge Corporation (MCC) in the United States of America (USA) threatens Malawi's USD350 million Transport and Land Compact under the Millennium Challenge Account Malawi II.

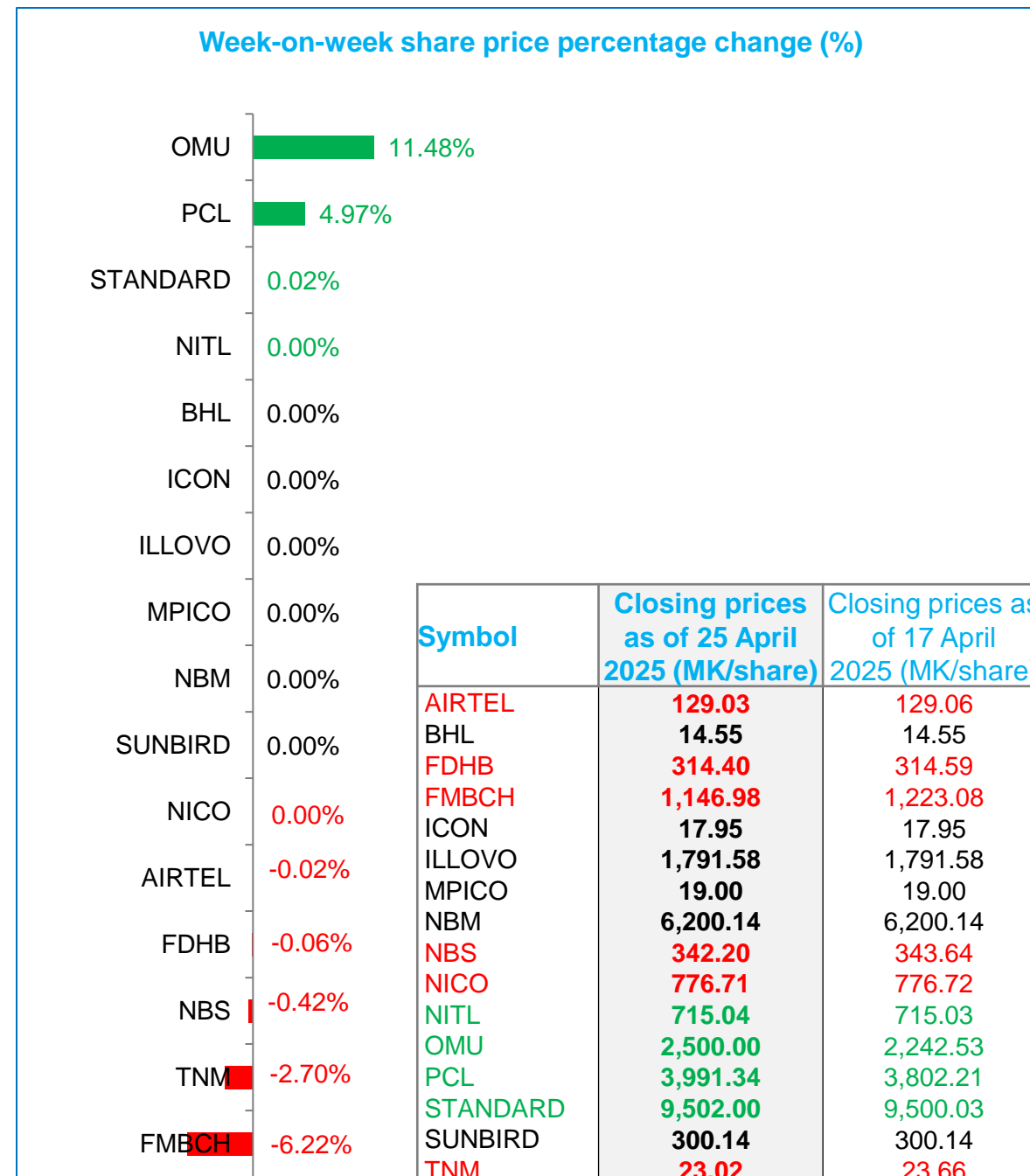
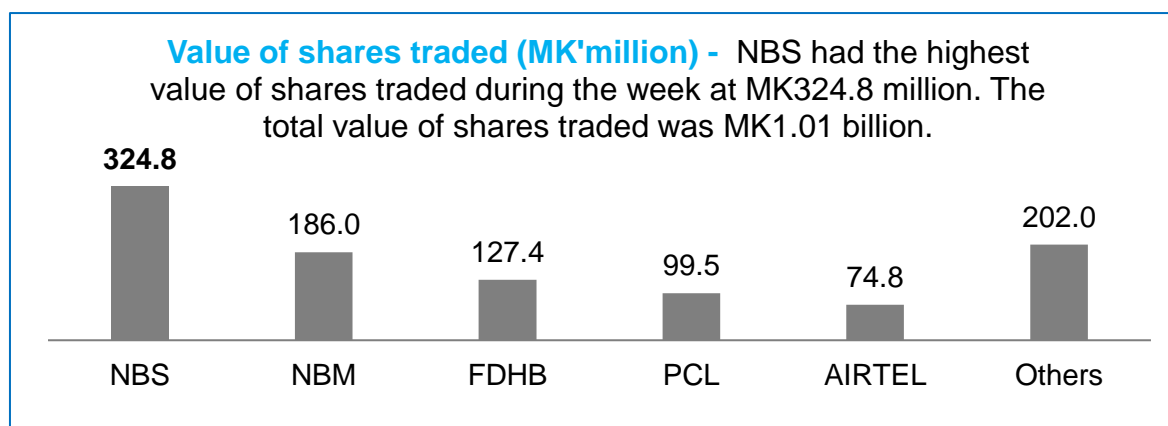
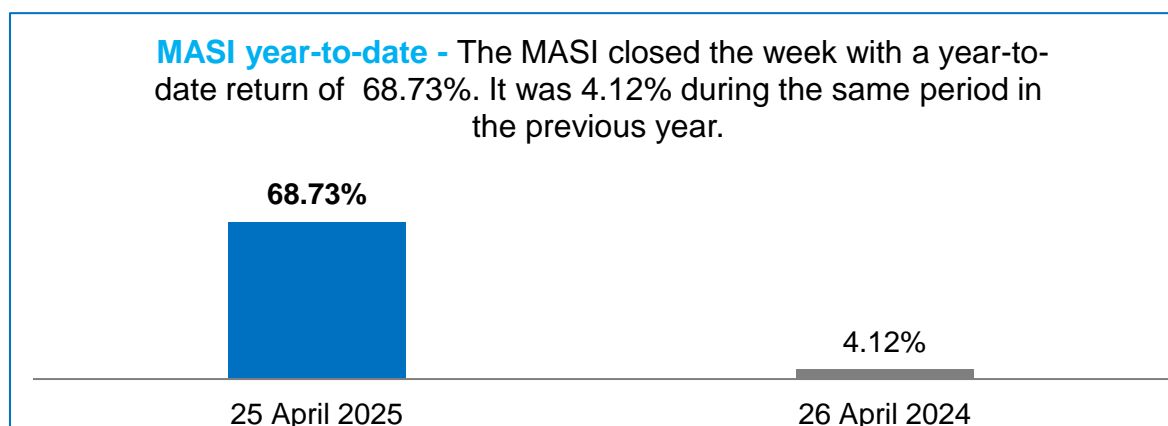
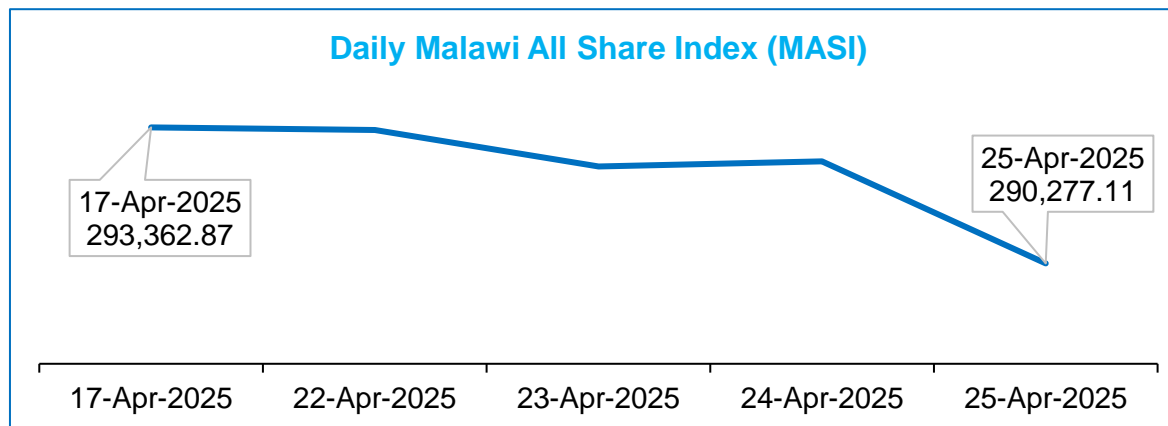
1. Recent developments in the United States of America suggest a possible shutdown of the Millennium Challenge Corporation (MCC), putting at risk the USD350 million (about MK612.8 billion) allocated to Malawi's five-year Transport and Land Compact under the Millennium Challenge Account Malawi II (MCA Malawi II). The Compact, which took effect on 6 May 2024, aims to reduce poverty and boost economic growth by addressing key challenges in Malawi's transport and land sectors. (*The Nation, 25 April 2025*)
2. Sub-Saharan Africa now faces renewed pressure from global trade tensions, notably United States (US) tariff hikes and countermeasures, leading to a downward revision in growth forecasts to 3.8% in 2025 and 4.2% in 2026. Lower external demand, lower commodity prices, and tighter financial conditions are particularly affecting commodity exporters and countries with high US trade exposure. According to the International Monetary Fund, amid declining aid, high uncertainty, and persistent domestic vulnerabilities (including inflation and fiscal constraints) policymakers must focus on mobilizing domestic resources, improving public financial management, and enabling private sector-led growth. (*International Monetary Fund, 25 April 2025*)
3. NICO Holdings Plc released its audited financial results for the year ended 31 December 2024. Gross revenue rose by 83% to MK516.4 billion, up from MK282.1 billion in 2023, driven primarily by the banking and life insurance segments. Profit after tax (excluding other comprehensive income) increased by 129% to MK134.4 billion, compared to MK58.6 billion in 2023. The total dividend to be paid with respect to 2024 profits is MK20.00 per share or MK20.8 billion, compared to MK10.00 per share or MK10.4 billion in 2023, representing a 100% dividend growth. (*NICO Holdings Plc, 25 April 2025*)
4. Maize retail prices declined by an average of 25% in March 2025, reaching MK1,292/kg (MK64,600 per 50kg bag), down from MK1,719/kg (MK85,950 per 50kg bag) in February 2025. The decline was mainly due to newly harvested maize entering the market. A slower depreciation of the Malawi Kwacha at informal exchange rates commonly used in cross-border maize trade also eased import-related price pressures, while new maize from Mozambique and southern Zambia supplemented imports of old maize from Tanzania. (*IFPRI, 24 April 2025*)
5. Tanzania has closed its borders to agricultural imports from Malawi, with the country's Agriculture Minister declaring it illegal for any Malawian agricultural products to enter Tanzania. He also announced that all maize previously purchased by Malawi to address its food crisis would not be delivered. The move is in retaliation to Malawi's recent ban on several Tanzanian agricultural imports, announced by the Ministry of Trade and Industry. The Tanzanian Minister said that earlier diplomatic efforts had failed, though fresh talks are now underway. (*The Daily Times, 25 April 2025*)
6. FDH Bank Plc will hold its 18th Annual General Meeting on 30 May 2025 at 9:00 AM at the Thomson Frank Mpinganjira Centre of Excellence in Mpemba, Blantyre. (*FDH Bank Plc, 25 April 2025*)
7. As of 24 April 2025, a cumulative 12.0 million kilograms (kg) of tobacco has been sold at an average price of USD2.28/kg. The cumulative amount raised so far is USD27.37 million. (*Auction Holdings Limited, 24 April 2025*)



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Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) closing the week ending 25 April 2025 at 290,277.11 points from 293,362.87 points on 17 April 2025. This was primarily driven by the share price losses in TNM and FMBCH which offset the share price gains by OMU and PCL.





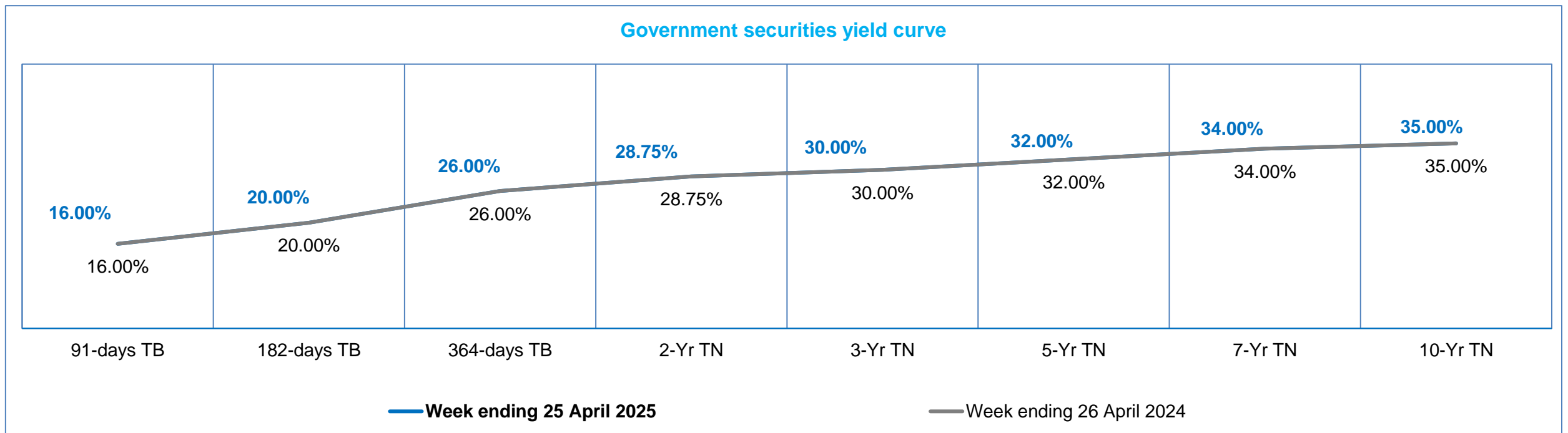
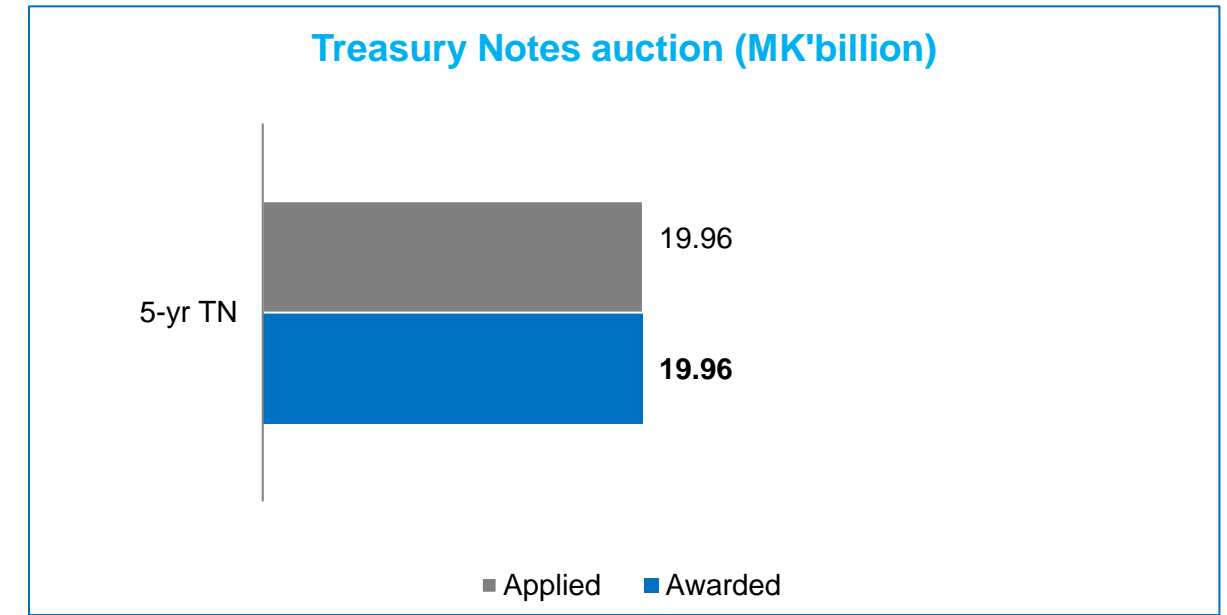
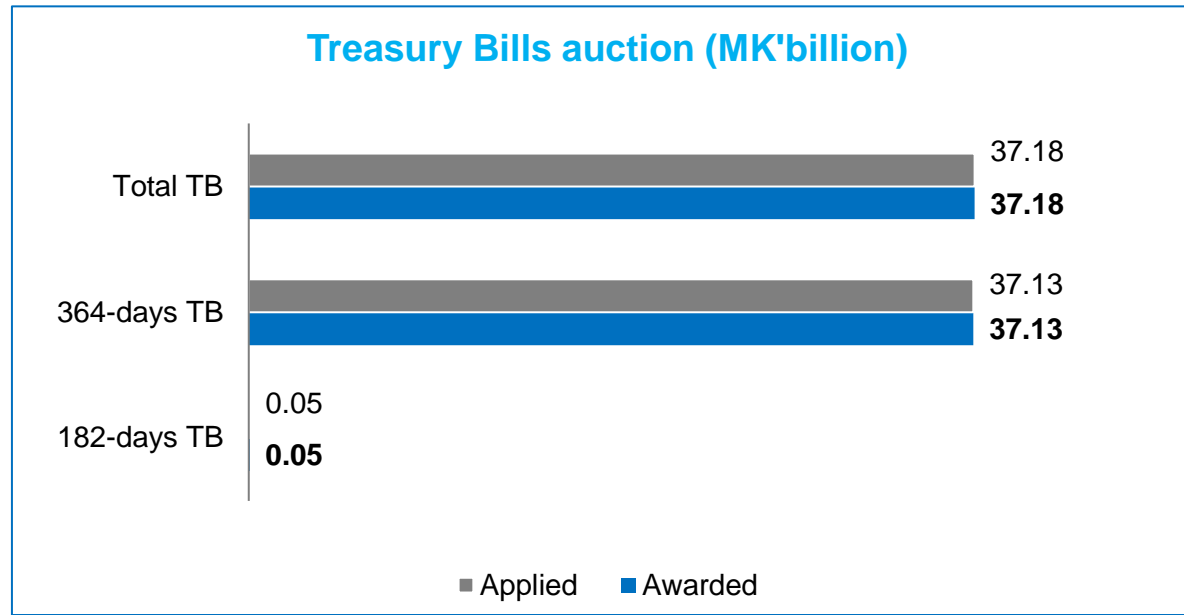
Government securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and a 5-year Treasury Note (TN), raising a cumulative total of MK57.14 billion during the period under review.

The total amount raised from the TBs auction was MK37.18 billion.

The total amount raised from the 5-year TN auction was MK19.96 billion.

The average Treasury Bill and Treasury Note yields remained at 20.67% and 31.95%, respectively, during the period under review.



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	25-April-25
Exchange Rates (middle rates)														
MK/USD	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	1,749.65	1,750.25	1,734.01*
MK/GBP	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	2,268.53	2,329.61	2,374.89*
MK/EUR	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	1,873.26	1,945.36	2,026.43*
MK/ZAR	94.64	95.40	95.89	96.89	97.91	101.09	105.69	101.15	99.29	95.82	97.11	97.04	98.15	94.97*
Foreign Exchange Reserves														
Total Reserves (USD'mn)	552.94	603.07	610.18	591.51	572.02	549.85	560.3	519.0	516.9	530.9	570.60	569.5	N/A	N/A
Inflation														
Headline	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	34.3%	32.4%	27.0%	28.1%	28.5%	30.7%	30.5%	N/A
Food	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	43.5%	40.3%	33.7%	35.6%	36.0%	38.5%	37.7%	N/A
Non-food	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	21.8%	21.2%	17.2%	16.8%	16.9%	18.5%	19.2%	N/A
Interest Rates														
Monetary Policy Rate	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%	26.00%
Average Interbank Rate (Overnight)	22.22%	22.54%	23.39%	24.17%	24.20%	24.37%	24.20%	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.20%
Lombard Rate	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%	26.20%
Commercial Bank Reference Rate	24.90%	24.90%	25.00%	25.10%	25.40%	25.40%	25.40%	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%	25.10%
Government Securities Yields														
91-days Treasury Bill	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%	16.00%
182-days Treasury Bill	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%	20.00%
364-days Treasury Bill	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%	26.00%
2-year Treasury Note	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%	28.75%
3-year Treasury Note	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%	30.00%
5-year Treasury Note	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%	32.00%
7-year Treasury Note	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%	34.00%
10-year Treasury Note	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%	35.00%
Year-to-date Return														
MASI	2.96%	2.95%	4.03%	9.15%	16.26%	27.33%	28.60%	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.73%
DSI	0.47%	0.46%	1.68%	7.63%	14.76%	27.45%	28.90%	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.57%
FSI	20.39%	20.39%	20.38%	19.75%	26.76%	26.48%	26.54%	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	105.98%

*: Reserve Bank of Malawi opening exchange rates (middle) as of 25 April 2025

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Contact Information

Head Office – Blantyre

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Lilongwe Office

Bridgepath Capital Limited
Taurus House, Off Presidential Drive
City Center
Lilongwe

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

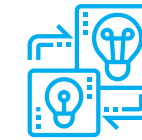
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