

# Economic review

Second quarter 2025



INVESTMENT BANK

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## 01

# Executive summary

- 1.1 The Monetary Policy Committee maintained the Policy rate at 26.0%, the Lombard rate at 20 basis points above the Policy rate (26.2%), Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits at 10.0% and the LRR on foreign currency deposits at 3.75%, during their second meeting of 2025 held on 6th and 7th May 2025.
- 1.2 Market interest rates and yields on government securities were broadly stable in Q2 2025 in line with the stable Policy rate.
- 1.3 The level of liquidity on the interbank market decreased in the second quarter of 2025 (Q2 2025) compared to the first quarter of 2025 (Q1 2025) and the second quarter of 2024 (Q2 2024).
- 1.4 The Kwacha was relatively stable against the United States Dollar (USD) during the quarter but depreciated against the British Pound (GBP), Euro (EUR) and the South African Rand (ZAR). The Kwacha to USD Telegraphic Transfer (TT) exchange rate closed the quarter at K1,750.48 per USD, from K1,750.25 per USD as of 31st March 2025.
- 1.5 Foreign exchange shortages remained prevalent during the quarter. Total forex reserves stood at USD521.00m (2.10 months of imports) at the end of May 2025.
- 1.6 Inflation pressure subsided in Q2 2025, with the headline inflation rate decreasing to an average of 28.0% in Q2 2025 from 29.9% in Q1 2025, mainly on account of a decrease in food inflation rate. The headline inflation rate closed at 27.1% in June 2025 from 30.5% in March 2025. The Reserve Bank of Malawi (RBM) projects a decline in overall inflation rate in 2025 to an annual average of 27.0% from an average of 32.2% in 2024.
- 1.7 The government projects an increase in annual real GDP growth rate from 1.8% in 2024 to 3.2% in 2025 and 4.2% in 2026, supported by expected improvements in sectors such as mining, tourism and construction. The World Bank, the International Monetary Fund (IMF) and the Economist Intelligence Unit (EIU) project growth rates of 2.0%, 2.4% and 1.6%, respectively, for 2025.
- 1.8 The stock market registered a positive return of 13.12% on the Malawi All Share Index (MASI) in Q2 2025, lower than the return of 69.52% in Q1 2025 but higher than the return of 6.01% in Q2 2024.
- 1.9 Malawi's Extended Credit Facility (ECF) arrangement with the IMF, which was approved in November 2023 and was worth USD175 million over 48 months, was terminated on 14th May 2025, as no review had been concluded in an 18-month period.

## 02

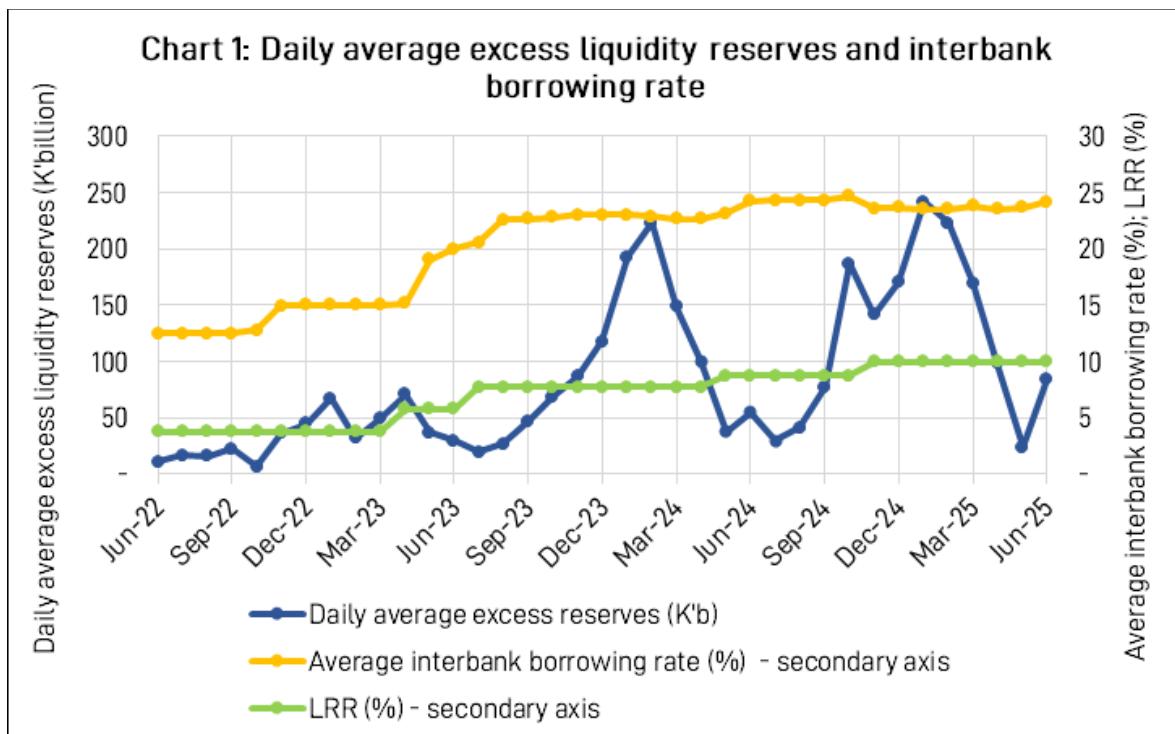
# Interbank market

**2.1** Liquidity conditions in the banking system decreased in Q2 2025 compared to the levels registered in Q1 2025 and Q2 2024. The banks' daily excess liquidity reserves held with RBM averaged K69.01 billion in Q2 2025 compared to an average of K211.32 billion in Q1 2025 and K64.39 billion in Q2 2024.

**2.2** The volume traded among banks on the interbank market decreased in nominal terms to an average of K79.82 billion per day in Q2 2025 from a daily average of K116.53 billion per day in Q1 2025 and K56.86 billion per day in Q2 2024. Funds accessed through the Lombard Facility of the RBM increased to an average of K78.61 billion per day in Q2 2025 from K71.11 billion per day in Q1 2025 and K60.71 billion per day in Q2 2024.

**2.3** The interbank borrowing rate averaged 23.81% in Q2 2025 compared to an average of 23.61% in Q1 2025 and 23.83% in Q2 2024. The Lombard rate was stable at 26.20% in Q2 2025 and Q1 2024 (26.20% in Q2 2024). The stability in the Lombard rate followed a stable Policy rate at 26.00% during the quarter.

**2.4** Chart 1 shows the decrease in liquidity levels in Q2 2025 compared to the previous quarter. The chart also shows that the interbank borrowing rate was largely stable during the quarter.

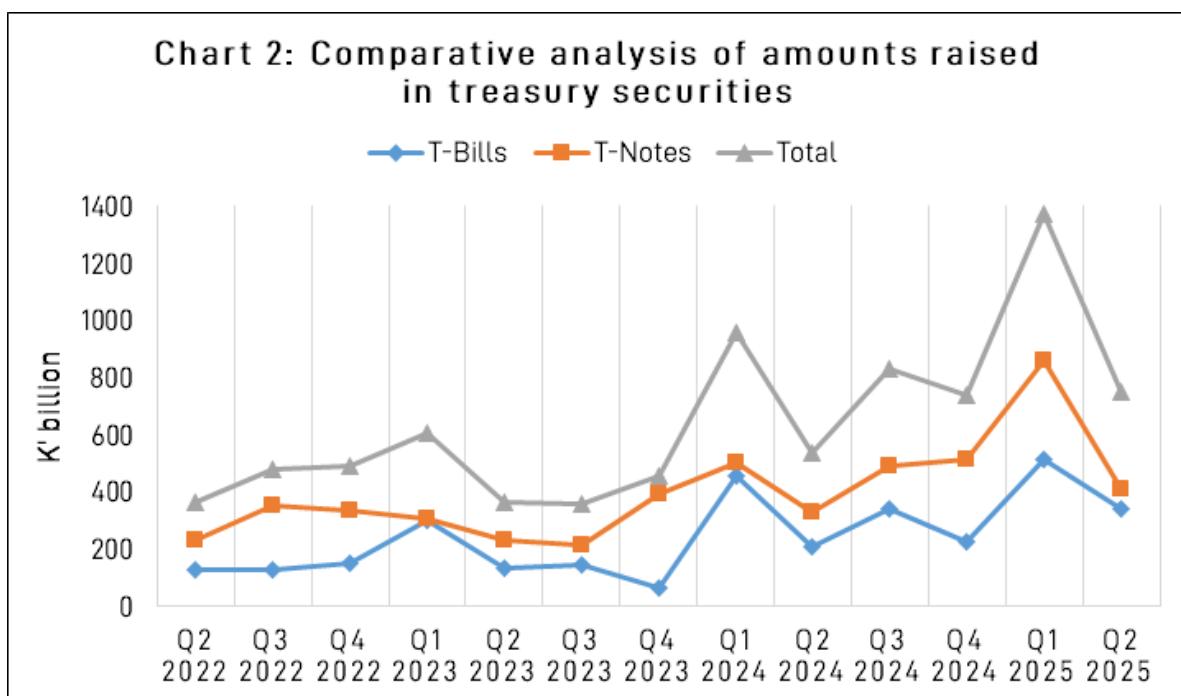


(Data source: Reserve Bank of Malawi)

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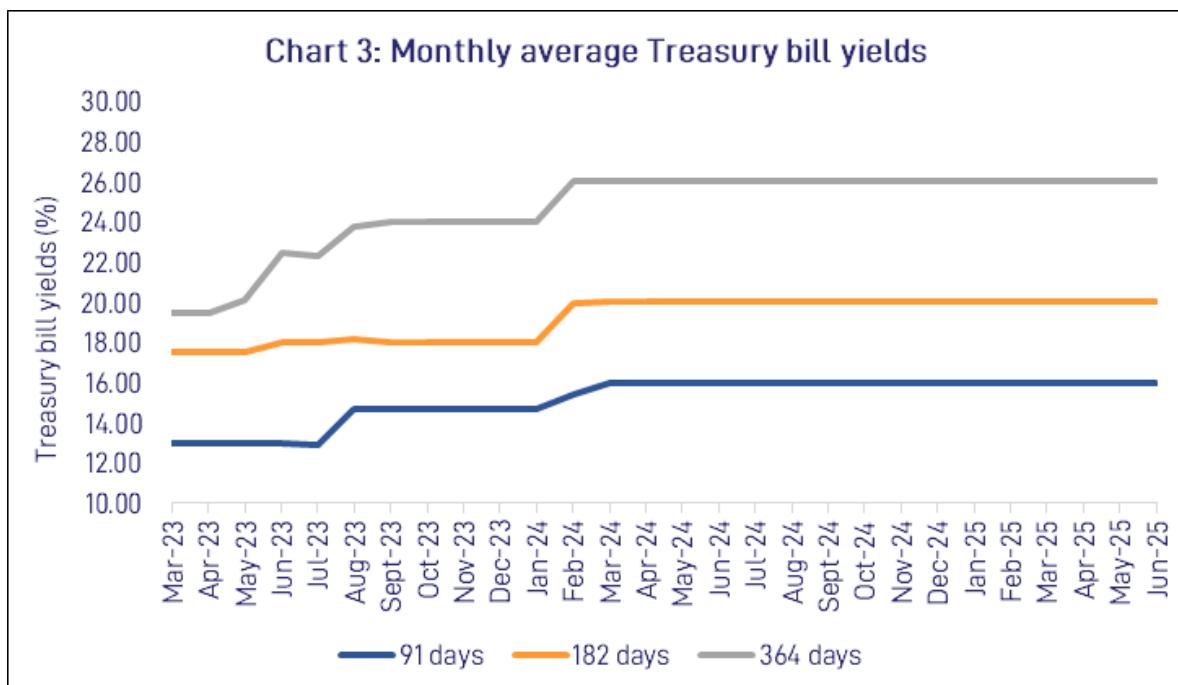
# Government securities

- 3.1 The government raised K338.62 billion in auctions of Treasury Bills (TB) during Q2 2025, representing a decrease of 33.91% from K512.33 billion raised in Q1 2025, and an increase of 61.47% when compared to K209.72 billion that was raised in Q2 2024. There were no rejected bids during the quarter.
- 3.2 K410.56 billion was raised in auctions of Treasury Notes (TNs) and Development Bonds (IDBs) in Q2 2025, representing a nominal decrease of 52.19% when compared to K858.67 billion raised in Q1 2025, and an increase of 25.55% from K327.00 billion that was raised in Q2 2024.
- 3.3 Overall, the total amount raised by government in the domestic market through issuance of Treasury securities (TBs, TNs and IDBs combined) decreased to K749.18 billion in Q2 2025 from K1.371 trillion in Q1 2025 (representing a decrease of 45.36%), and compared to K536.72 billion in Q2 2024 (representing an increase of 39.59%) as shown in Chart 2:

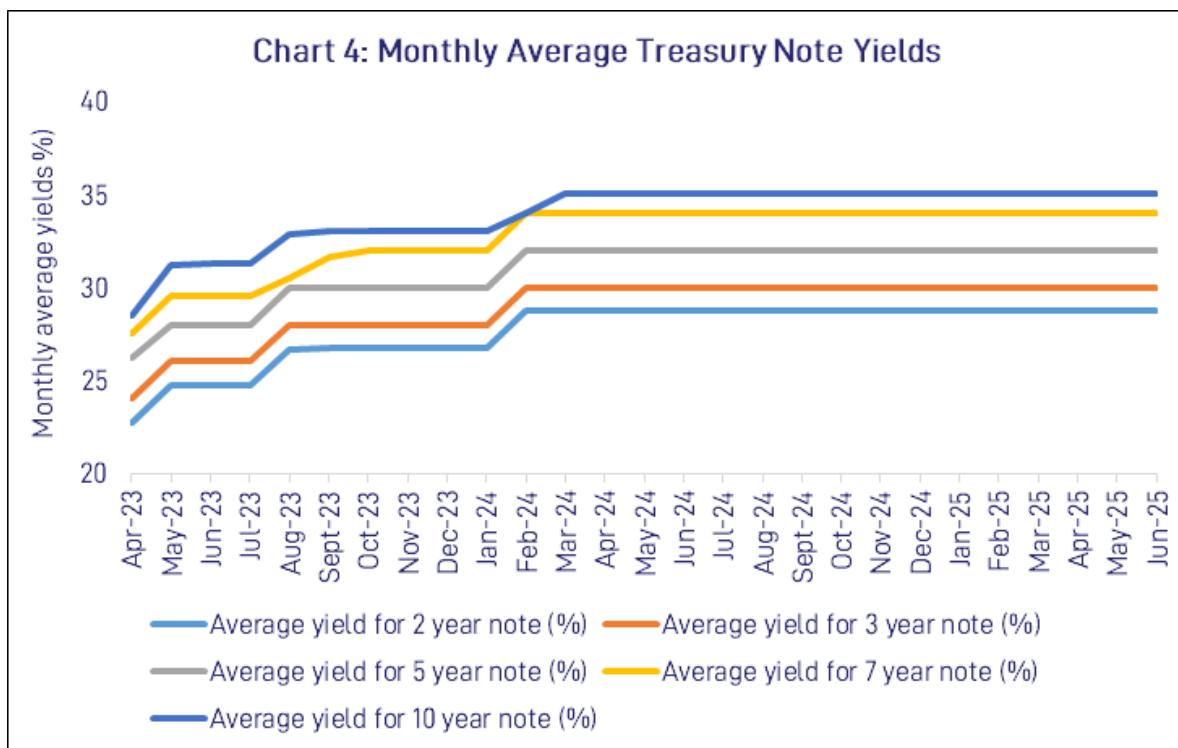


(Data source: Reserve Bank of Malawi)

- 3.4 Yields to maturity (ytm) of government securities remained stable during the quarter, with the 91-day, 182-day and 364-day TB yields at 16.00%, 20.00% and 26.00%, respectively, giving an all-type average TB yield of 20.67%. Yields of Treasury Bills, Treasury Notes and Development Bonds have been stable since March 2024, as shown in Charts 3 and 4 and Table 1 below. The stability reflects a stable Policy rate.



(Data source: Reserve Bank of Malawi)



(Data source: Reserve Bank of Malawi)

| Table 1: Quarterly average yields of Treasury Notes |         |         |         |         |          |
|---|---------|---------|---------|---------|----------|
| Description   | 2 years | 3 years | 5 years | 7 years | 10 years |
| Q2 2025 average yield                               | 28.75%  | 30.00%  | 32.00%  | 34.00%  | 35.00%   |
| Q1 2025 average yield                               | 28.75%  | 30.00%  | 32.00%  | 34.00%  | 35.00%   |
| Q4 2024 average yield                               | 28.75%  | 30.00%  | 32.00%  | 34.00%  | 35.00%   |
| Q3 2024 average yield                               | 28.75%  | 30.00%  | 32.00%  | 34.00%  | 35.00%   |
| Q2 2024 average yield                               | 28.75%  | 30.00%  | 32.00%  | 34.00%  | 35.00%   |
| 2024 average yield                                  | 28.58%  | 29.83%  | 31.83%  | 33.83%  | 34.75%   |
| 2023 average yield                                  | 24.90%  | 26.17%  | 28.23%  | 29.72%  | 30.91%   |
| 2022 average yield                                  | 19.60%  | 21.65%  | 23.80%  | 24.39%  | 25.69%   |
| %pt. increase: Q2 2025 vs Q1 2025                   | 0       | 0       | 0       | 0       | 0        |
| %pt. increase: Q2 2025 vs Q2 2024                   | 0       | 0       | 0       | 0       | 0        |

(Data source: Reserve Bank of Malawi)

**3.5** Looking ahead, government securities' yields to maturity (ytm) are expected to remain elevated in the short to medium term on account of still tight monetary policy and heightened fiscal pressures. The yields are expected to remain stable within current levels in Q3 2025 as no major Policy rate changes are expected during the quarter.

## 04

# Foreign exchange market

- 4.1 The Kwacha remained broadly stable against the USD but depreciated against other major trading currencies during Q2 2025.
- 4.2 The Malawi Kwacha to USD telegraphic transfer (TT) exchange rate closed the quarter at K1,750.48 per USD, increasing marginally from K1,750.25 per USD as at the end of Q1 2025, representing a marginal depreciation of 0.01% of the Kwacha.
- 4.3 During the same period, the Kwacha depreciated against the GBP, EUR and ZAR by 6.16%, 8.57% and 3.22%, respectively, as shown in Table 2a below.
- 4.4 In terms of TT quarterly averages, as Table 2b indicates, in Q2 2025 the Kwacha depreciated against USD, GBP, EUR and ZAR by 0.03%, 6.00%, 7.96% and 1.77%, respectively, compared to averages for Q1 2025.
- 4.5 The RBM continued to hold foreign exchange auctions with Authorised Dealer Banks during the quarter aimed at facilitating the discovery of prevailing market clearing exchange rates for the Kwacha against major currencies. During all the auctions held within Q2 2025, the USD/MWK selling exchange rate was maintained at K1,751 per USD.

Table 2a: End period TT middle exchange rates

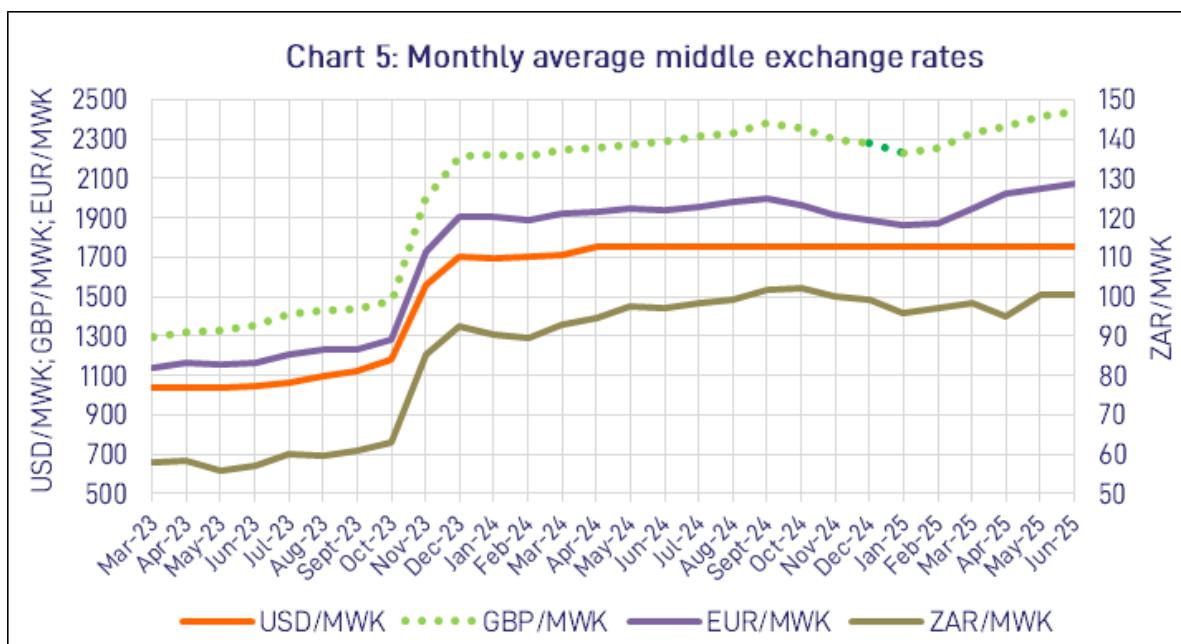
| Currency | Jun-25  | Mar-25  | Dec-24  | Sep-24  | Jun-24  | Jun-2025 - | Jun-2025 - |
|----------|---------|---------|---------|---------|---------|------------|------------|
|          |         |         |         |         |         | Mar 2025   | Jun 2024   |
| USD/MWK  | 1750.48 | 1750.25 | 1749.93 | 1750.37 | 1749.51 | ▼ 0.01%    | ▼ 0.06%    |
| GBP/MWK  | 2473.04 | 2329.61 | 2250.25 | 2411.29 | 2274.74 | ▼ 6.61%    | ▼ 8.72%    |
| EUR/MWK  | 2112.11 | 1945.35 | 1869.77 | 2002.14 | 1922.54 | ▼ 8.57%    | ▼ 9.86%    |
| ZAR/MWK  | 101.31  | 98.15   | 95.89   | 105.69  | 96.89   | ▼ 3.22%    | ▼ 4.56%    |

Table 2b: End period TT middle exchange rates

| Currency | Q2 2025 | Q1 2025 | Q4 2024 | Q3 2024 | Q2 2024 | Q2 2025 - | Q2 2025 - |
|----------|---------|---------|---------|---------|---------|-----------|-----------|
|          |         |         |         |         |         | Q1 2025   | Q2 2024   |
| USD/MWK  | 1750.53 | 1749.95 | 1750.11 | 1750.05 | 1749.38 | ▼ 0.03%   | ▼ 0.07%   |
| GBP/MWK  | 2405.82 | 2269.74 | 2307.98 | 2338.81 | 2271.17 | ▼ 6.00%   | ▼ 5.93%   |
| EUR/MWK  | 2047.13 | 1896.15 | 1922.60 | 1977.01 | 1937.54 | ▼ 7.96%   | ▼ 5.66%   |
| ZAR/MWK  | 98.71   | 97.00   | 100.50  | 99.78   | 96.35   | ▼ 1.77%   | ▼ 2.45%   |

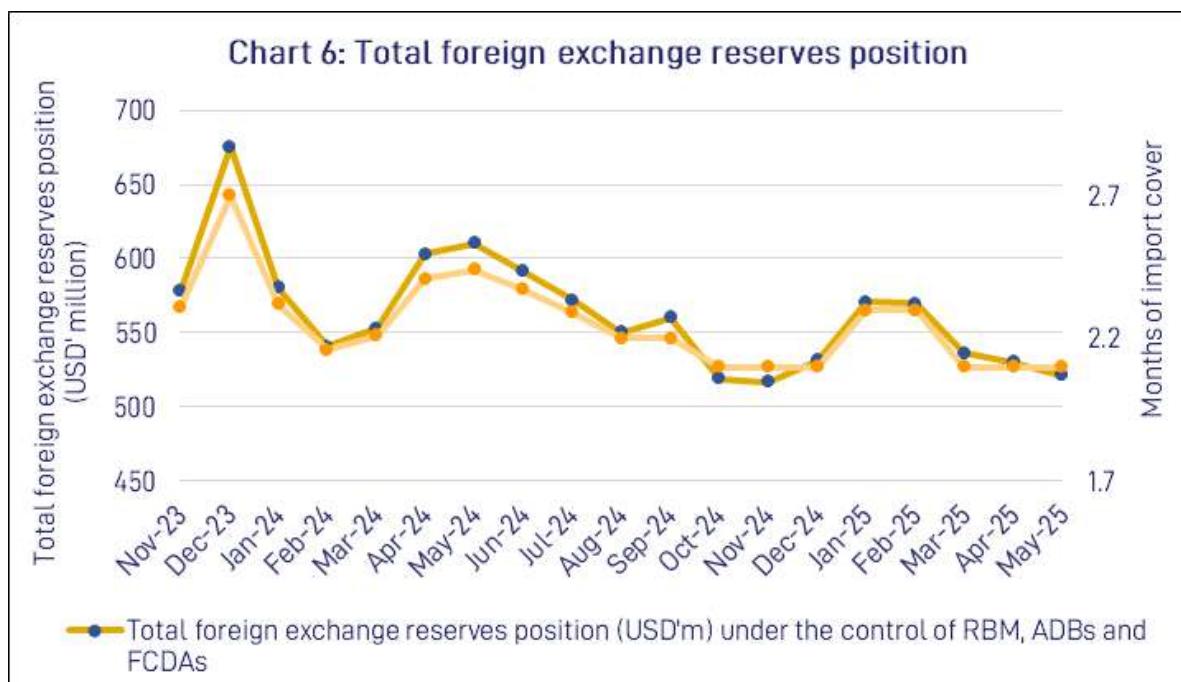
(Data source: Reserve Bank of Malawi)

(Downward and upward arrows represent depreciation and appreciation of the Kwacha, respectively)



(Data source: Reserve Bank of Malawi)

**4.6** Foreign exchange shortages remained prevalent during the quarter. Total (official and private sector) foreign exchange reserves stood at USD521.00m (2.10 months of imports) at the end of May 2025, a decrease from USD536.00m (2.10 months of imports) at the end of March 2025.



(Data source: Reserve Bank of Malawi)

**4.7** The 2025 tobacco marketing season was opened on 9th April 2025. As at the end of Week 12 of the season on 27th June 2025, the country had realised USD319.50m from the sale of 126.56m kgs of tobacco at an average price of USD2.52/kg, representing an increase of 5.15% in volume and a decrease of 9.72% in value, and 14.29% in price, when compared to the same period in 2024. Total tobacco production for the year was projected at 174.4m kg, up from 133m kg in 2024.

**Table 2c: Cumulative tobacco sales as at the end of week 12**

| Date                   | Week 12 2025<br>(27 June 2025) | % change  | Week 14 2025<br>(5 July 2024) |
|------------------------|--------------------------------|-----------|-------------------------------|
| Volume (Million kg)    | 126.56                         | ▲ 5.15%   | 120.36                        |
| Value (USD Million)    | 319.50                         | ▼ -9.72%  | 353.88                        |
| Average Price (USD/kg) | 2.52                           | ▼ -14.29% | 2.94                          |

**4.8** Looking forward, generally exchange rate depreciation pressures are expected to remain prevalent during the year as the imbalance between demand and supply of forex remains high.

**4.9** The EIU expects a moderate depreciation in 2025 to an exchange rate of K1,780 per USD at year-end.

**Table 2d: EIU exchange rate projections**

| Year                   | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|------------------------|------|------|------|------|------|------|------|
| USD/MWK annual average | 1161 | 1734 | 1748 | 2151 | 2536 | 2833 | 3176 |
| USD/MWK end-period     | 1698 | 1734 | 1780 | 2503 | 2564 | 3074 | 3264 |

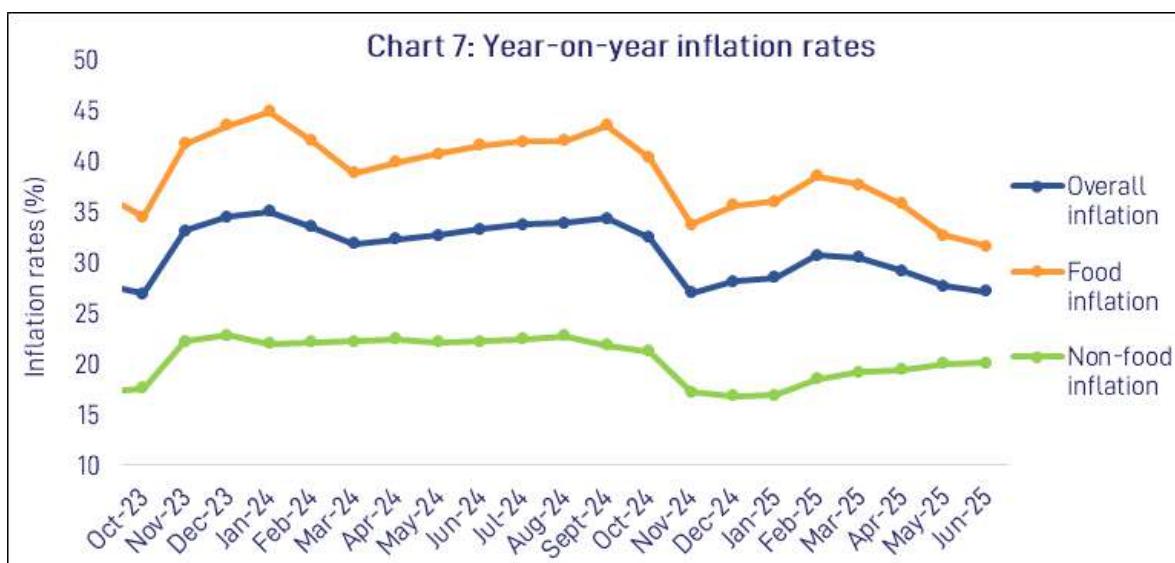
Source: EIU Malawi country report - June 2025

**5.1** Inflation pressures declined during the quarter under review. The year-on-year overall inflation rate averaged 28.0% during Q2 2025, representing a decrease of 1.9 percentage points from an average of 29.9% in Q1 2025 and a decrease of 4.8 percentage points when compared to an average of 32.8% during Q2 2024.

**5.2** The decrease in overall inflation in Q2 2025 relative to Q1 2025 was on account of a decrease in the average year-on-year food inflation rate to 33.4% during Q2 2025 from an average of 37.4% in Q1 2025 (40.7% in Q2 2024), while the average year-on-year non-food inflation rate increased to 19.8% in Q2 2025 from an average of 18.2% in Q1 2025 (22.2% in Q2 2024). The decrease in food inflation was on account of improved food availability following commencement of the agricultural harvest season.

**5.3** As at the end of the quarter, the year-on-year overall inflation rate stood at 27.1% in June 2025, down from 30.5% in March 2025 and 33.3% in June 2024.

**5.4** Chart 7 depicts the trend of inflation rate in the past three years.



**5.5** Looking ahead, inflation pressures could gain momentum to some extent during the lean period, which usually kicks in towards the end of Q3 and is associated with reduced supply of food. It is estimated that this year's actual food production is weaker than was expected.

**5.6** The RBM projects an annual average headline inflation rate of 27% for 2025, down from an average of 32.2% in 2024, on account of favourable base effects and a supportive monetary policy. The EU and the International Monetary Fund (IMF) project an annual average of 28.0% and 29.0%, respectively, in 2025. Key risk to this outlook is growth in domestic money supply.

| Table 3: Projected annual average inflation rates |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|
|   | 2023  | 2024  | 2025f | 2026f | 2027f | 2028f | 2029f |
| Reserve Bank of Malawi (RBM)                      | 28.8% | 32.2% | 27.0% |       |       |       |       |
| International Monetary Fund (IMF)                 |       |       | 29.0% |       |       |       |       |
| Economist Intelligence Unit (EIU)                 | 28.2% | 32.2% | 28.0% | 23.9% | 17.4% | 13.9% | 11.2% |

**Sources:**

*RBM: Second 2025 Monetary Policy Statement*

*IMF: Press release upon completion of staff mission to Malawi - June 2025*

*EIU: Malawi Country Report, June 2025*

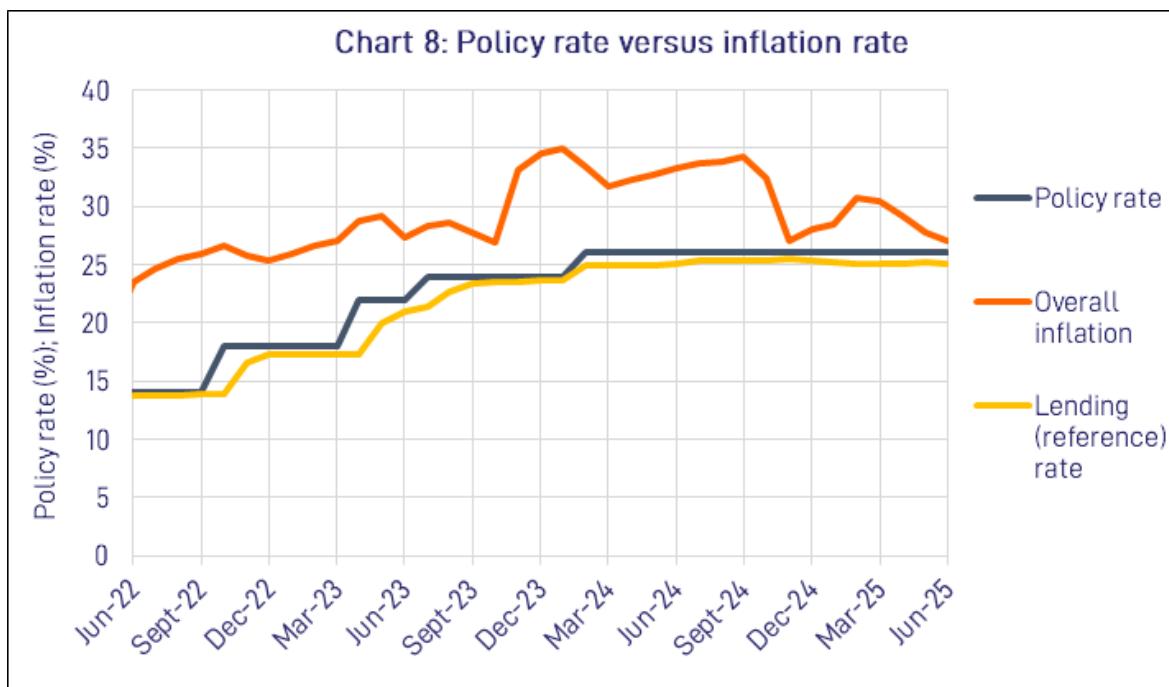
## 06

# Monetary policy

**6.1** The Monetary Policy Committee (MPC) held its second meeting of 2025 on 6th and 7th May 2025. During the meeting, 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) ratio at 10% for local currency deposits and 3.75% for foreign currency deposits.

**6.2** In arriving at this decision, the Committee noted that inflationary pressures had moderated. However, risks remained, including those stemming from low agricultural output and fiscal imbalances.

**6.3** Chart 8 depicts the trend of the Policy rate in relation to inflation rate over the past 2 years. The Policy rate has been below inflation rate since January 2022. However, the decline in inflation in Q2 2025 has resulted in a decrease in the spread between overall inflation rate and the Policy rate to 1.1 percentage points as of June 2025 from 4.5 percentage points as of March 2025.



**6.4** The Market Reference Rate (MRR) was stable in Q2 2025 as the Policy rate remained stable during the period. The MRR averaged 25.1% in Q1 and Q2 2025, compared to an average of 25.0% in Q2 2024.

**6.5** Market interest rates are expected to remain broadly stable in the short to medium term in line with expected continued stability in the Policy rate. The next MPC meeting is scheduled for 6th and 7th August 2025. The Economist Intelligence Unit (EIU) expects the Policy rate to be maintained at 26.0% throughout the year 2025.

# Economic growth

**7.1** According to the April 2025 World Economic Outlook (WEO), the IMF projects a decline in global growth from 3.2% in 2024 to 2.8% in 2025 and 3.0% in 2026. The slowdown reflects the highly unpredictable environment, characterized primarily by trade tensions.

**7.2** Advanced economies are expected to grow by 1.4% in 2025, down from 1.7% in 2024. Growth in emerging markets and developing economies is expected to slow to 3.7% in 2025, from 4.2% in 2024. Sub-Saharan Africa is projected to grow by 3.8% in 2025, unchanged from 2024.

**7.3** In Malawi, the government projects a growth rate of 3.2% for 2025 and 4.2% for 2026, up from 1.8% in 2024. The relative recovery is hinged on expected improvement across sectors such as the mining, tourism and construction sectors.

**7.4** The IMF expects real GDP growth for Malawi to be 2.4% in 2025 and gradually increase to 3.4% over the medium term. The EIU projects a growth rate of 1.6% for 2025. The World Bank projects a growth rate of 2.0% for 2025 and 2.4% for 2026.

**7.5** The World Bank expects Malawi's GDP growth to remain weak in 2025 due to a weak agricultural season, the suspension of some bilateral foreign assistance and the continued difficulties faced by the private sector to import critical inputs. The premature end of the IMF Extended Credit Facility program may also likely have implications for other external financing.

Table 4a: Annual percentage growth rates

| Industry                                | 2023       | 2024e      | 2025f      | 2026f      |
|---|------------|------------|------------|------------|
| Agriculture, Forestry and Fishing       | 0.5        | -0.2       | 0.3        | 5.0        |
| Mining and Quarrying                    | 3.1        | 4.8        | 5.6        | 8.5        |
| Manufacturing                           | 0.1        | 0.3        | 3.9        | 4.7        |
| Utilities                               | 7.4        | 4.7        | 5.4        | 7.0        |
| Construction                            | 5.3        | 5.5        | 6.2        | 4.1        |
| Wholesale and Retail trade              | -2.4       | -1.6       | 4.7        | 5.8        |
| Transport and storage                   | 2.5        | 2.8        | 6.1        | 6.7        |
| Accommodation and food services         | 5.3        | 5.9        | 8.6        | 5.6        |
| Information and communication           | 3.0        | 3.4        | 6.2        | 4.0        |
| Financial and Insurance activities      | 3.1        | 4.4        | 5.5        | 4.3        |
| Real estate activities                  | 1.5        | 2.1        | 4.8        | 6.8        |
| Professional and support services       | 1.3        | 4.0        | 7.8        | 6.7        |
| Public administration and defence       | 3.3        | 4.1        | 4.4        | 4.1        |
| Education                               | 3.0        | 4.6        | 5.0        | 5.1        |
| Human health and social work activities | 2.5        | 3.7        | 4.1        | 4.2        |
| Other services                          | 4.5        | 4.2        | 6.5        | 4.3        |
| <b>GDP in 2017 constant prices</b>      | <b>1.9</b> | <b>1.8</b> | <b>3.2</b> | <b>4.2</b> |

Source: Government Annual Economic Report 2025 - March 2025



| Table 4b: World Bank Projections                |      |       |       |       |       |
|---|------|-------|-------|-------|-------|
|   | 2023 | 2024e | 2025p | 2026p | 2027p |
| <b>GDP at constant market prices (% change)</b> | 1.9  | 1.8   | 2.0   | 2.4   | 3.2   |
| Agriculture                                     | 0.7  | -0.2  | 2.2   | 3.0   | 3.9   |
| Industry  | 2.5  | 2.1   | 2.2   | 2.2   | 2.7   |
| Services  | 1.8  | 2.6   | 1.8   | 2.2   | 3.1   |

Source: Malawi Economic Monitor - July 2025

| Table 4c: Projections by the Economist Intelligence Unit |      |       |       |       |       |       |
|--|------|-------|-------|-------|-------|-------|
|  | 2023 | 2024e | 2025f | 2026f | 2027f | 2027f |
| Real GDP growth  | 1.6  | 1.3   | 1.6   | 2.3   | 2.5   | 2.8   |
| Agriculture  | 1.0  | -1.0  | 1.3   | 1.6   | 1.6   | 2.3   |
| Industry   | 1.4  | 2.2   | 2.0   | 2.2   | 2.7   | 2.9   |
| Services   | 2.0  | 2.2   | 1.6   | 2.6   | 2.9   | 3.5   |

Source: Malawi One-click Report - June 2025

| Table 4d: IMF projections |      |       |
|---------------------------|------|-------|
|                           | 2024 | 2025f |
| Real GDP growth           | 1.8  | 2.4   |

Source: IMF Press release upon completion of staff mission to Malawi - June 2025



08

# IMF's Extended Credit Facility (ECF) Program

- 8.1 Malawi's Extended Credit Facility (ECF) arrangement with the IMF, which was approved in November 2023 and was worth USD175 million over 48 months, was terminated on 14th May 2025, as no review had occurred in an 18-month period. Only USD35 million had been disbursed at the start of the programme.
- 8.2 The ECF arrangement envisaged deep fiscal consolidation to curb money supply growth and alleviate inflation and exchange-rate pressures. However, owing to Malawi's enduring economic issues, there had been no progress on the necessary reforms.
- 8.3 According to the EIU, with the formal end of the ECF, donor support could be constrained in the near term as financial support from other bilateral and multilateral donors has been largely dependent on progress in the ECF arrangement.
- 8.4 The EIU expects a new ECF programme to be negotiated in 2026, following the September 2025 general elections, when government can undertake tough economic reforms.
- 8.5 Following the termination of the ECF arrangement, an IMF team visited Malawi from 22nd May to 3rd June 2025 to hold meetings with the Malawian authorities and other counterparts from the public and private sectors and civil society. Discussions focused on policies to restore macroeconomic stability, and the structural reforms needed to foster strong, inclusive, and durable growth.
- 8.6 The IMF confirmed that after the expiry of the ECF arrangement, the Malawian authorities are designing a homegrown reform program.

# Stock market performance

**9.1** The Malawi Stock Exchange (MSE) registered a positive return on the Malawi All Share Index of 13.12% (13.12% in USD terms) in Q2 2025 compared to a return of 69.52% (69.52% in USD terms) in Q1 2025 and 6.01% (6.01% in USD terms) in Q2 2024.

**9.2** The Domestic Share Index (DSI) registered a positive return of 20.97% and the Foreign Share Index (FSI) registered a negative return of -16.79% during the quarter.

**9.3** The year-to-date return on the MASI stood at 91.77% at the end of June 2025, higher than 9.15% as at the end of June 2024.

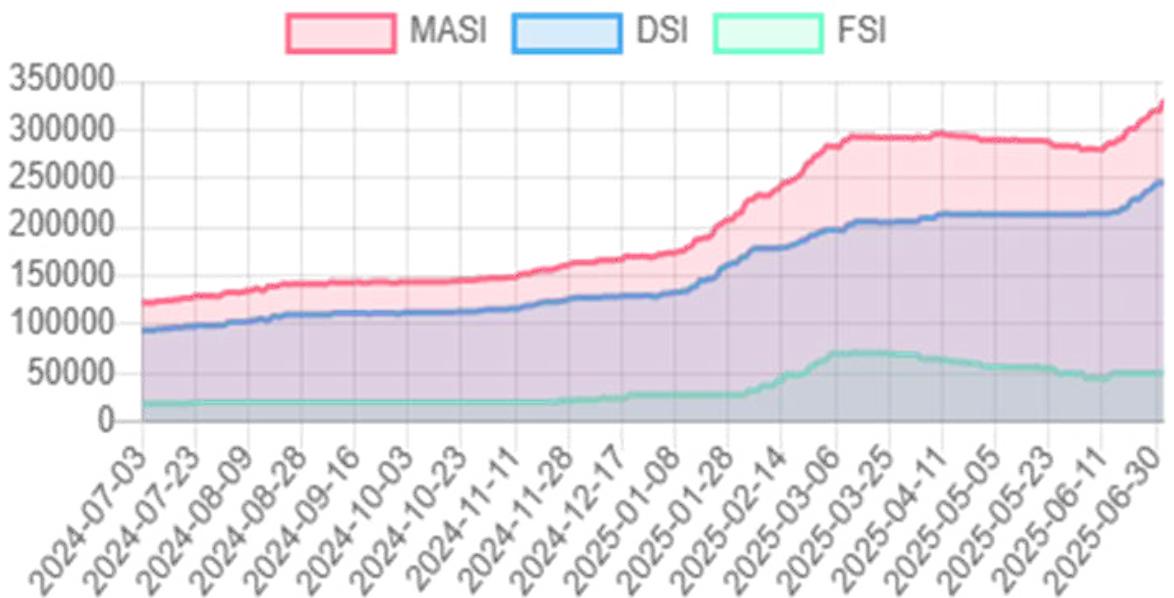
**9.4** The market also registered an increase in both total volume and total value of shares traded. The market transacted a total of 241.70 million shares at a total consideration of K132.98 billion (USD76.69 million) in 8,786 trades. In the corresponding period in 2024, the market transacted a total of 185.27 million shares at a total consideration of K22.86 billion (USD13.19 million) in 3,017 trades. This reflects a 30.46% increase in terms of share volume and a 481.60% (481.60 in USD terms) increase in share value. Of the shares traded, 73.30 thousand NBM shares traded as negotiated deals at a total consideration of K417.81 million.

**9.5** Table 6 shows performance of individual companies in Q2 2025 and Chart 9 shows a graphical analysis of the Malawi All Share Index (MASI), Domestic Share Index (DSI) and Foreign Share Index (FSI) over the past year.

| Company               | 30-Jun-25  | 31-Mar-25  | 30-Jun-24  | 30 Jun 2025 - 31 Mar 2025<br>(quarterly)<br>price change<br>(%) | 30 Jun 2025 - 30 Jun 2024<br>(year-on-year)<br>price change<br>(%) | Market indices              |                              |
|-----------------------|------------|------------|------------|---|--|-----------------------------|------------------------------|
|                       |            |            |            |   |  | P/E ratio as at 30 Jun 2025 | P/BV ratio as at 30 Jun 2025 |
| <b>Market indices</b> |            |            |            |   |  |                             |                              |
| MASI                  | 329,922.87 | 291,644.54 | 121,101.77 | 13.12%  | 172.43%  |                             |                              |
| DSI                   | 248,718.38 | 205,607.20 | 92,949.19  | 20.97%  | 167.59%  |                             |                              |
| FSI                   | 57,277.29  | 68,836.03  | 18,911.41  | -16.79%   | 202.87%  |                             |                              |
| <b>Gainers</b>        |            |            |            |   |  |                             |                              |
| NBS                   | 699.91     | 347.97     | 90.53      | 101.14%   | 673.12%  | 27.91                       | 18.17                        |
| PCL                   | 5,100.00   | 2,875.01   | 2,506.97   | 77.39%  | 103.43%  | 9.48                        | 1.76                         |
| STANDARD              | 11,777.54  | 7,941.08   | 4,400.00   | 48.31%  | 167.67%  | 32.00                       | 10.64                        |
| NITL                  | 830.00     | 634.98     | 411.43     | 30.71%  | 101.74%  | 3.77                        | 1.52                         |
| OMU                   | 2,500.03   | 1,950.03   | 1,500.03   | 28.20%  | 66.67%   | 16.35                       | 2.18                         |
| SUNBIRD               | 350.01     | 300.14     | 224.01     | 16.62%  | 56.25%   | 8.62                        | 1.31                         |
| TNM                   | 29.00      | 24.93      | 16.06      | 16.33%  | 80.57%   | 33.27                       | 6.45                         |
| NICO                  | 865.00     | 776.87     | 199.35     | 11.34%  | 333.91%  | 12.53                       | 5.80                         |
| FDHB                  | 350.11     | 315.19     | 65.07      | 11.08%  | 438.05%  | 32.62                       | 24.80                        |
| MPICO                 | 19.02      | 19.00      | 15.01      | 0.11%   | 26.72%   | 5.12                        | 0.67                         |
| NBM                   | 6,200.37   | 6,200.10   | 2,700.01   | 0.004%  | 129.64%  | 28.31                       | 10.78                        |
| <b>No movement</b>    |            |            |            |   |  |                             |                              |
| BHL                   | 14.55      | 14.55      | 13.05      | 0.00%   | 11.49%   | (62.42)                     | 1.32                         |
| <b>Losers</b>         |            |            |            |   |  |                             |                              |
| ILLOVO                | 1,791.29   | 1,791.64   | 1,355.13   | -0.02%  | 32.19%   | 56.47                       | 8.59                         |
| ICON                  | 17.92      | 17.95      | 15.98      | -0.17%  | 12.14%   | 4.90                        | 0.82                         |
| AIRTEL                | 127.43     | 128.24     | 50.00      | -0.63%  | 154.86%  | 32.81                       | 43.65                        |
| FMBCH                 | 1,149.83   | 1,384.50   | 377.96     | -16.95%   | 204.22%  | 23.90                       | 8.59                         |

(Data source: Malawi Stock Exchange)

### Chart 9: Malawi Stock Exchange share price indices



(Chart source: Malawi Stock Exchange)

**9.6** Standard Bank Plc announced a proposed subdivision of every 1 existing ordinary share in the company into 5 subdivided ordinary shares. The share split is intended to increase liquidity of the company's shares on MSE. The last cum-split trade date is 15th July 2025, last day to register for the proposed subdivision is 18th July 2025 and the listing date of the subdivided shares is 21st July 2025.

**9.7** Most listed companies are expecting significant increases in profits for the half year ended June 2025 as indicated in Table 7 below:

Table 6: Expected profit after tax for the half year ending 30 June 2025

| Company                       | Expected 2025 half year profit after tax range | Expected change (%) range | 2024 half year profit after tax |
|-------------------------------|--|---------------------------|---------------------------------|
| NBS Bank Plc                  | K70.6b to K73.8b                               | 116.6% to 126.4%          | K32.6b                          |
| NICO Holdings Plc             | K115b to K125b                                 | 135% to 155%              | K49b                            |
| Telekom Networks Malawi Plc   | K7.82b to K8.27b                               | 246% to 266%              | K2.26b                          |
| FDH Bank Plc                  | K57.8b to K60.8b                               | 107% to 118%              | K27.9b                          |
| ICON Properties plc           | K11b to K13b                                   | 18% to 33%                | K9.7b.                          |
| Blantyre Hotels Plc           | K3.35b to K3.51b                               | 529% to 549%              | Loss of K781m                   |
| Press Corporation Plc         | K89.26b to K96.03b                             | 97% to 112%.              | K45.28b                         |
| National Investment Trust Plc | K79.5b to K80.5b                               | 1,742% to 1,765%          | K4.32b                          |
| MPICO Plc                     | K7.18b to K7.99b                               | 26% to 40%                | K5.7b                           |
| National Bank of Malawi Plc   | K77.90b to K84.12b                             | 85% to 100%               | K42.07b                         |

(Source: Malawi Stock Exchange)

# Conclusions

- 10.1** Inflation pressures subsided in Q2 2025 on account of improved food availability following a crop harvest but could begin to gain momentum during the lean period.
- 10.2** Market interest rates were relatively stable in Q2 2025 as the Policy rate was unchanged during the quarter. It is expected that the interest rates will remain stable in the short term as the Policy rate remains stable.
- 10.3** The Kwacha was also relatively stable against the USD during the quarter but depreciated against other major trading currencies. Generally, exchange rate depreciation pressures are expected to remain prevalent during the rest of the year as the imbalance between demand and supply of forex remains high.
- 10.4** Malawi's Extended Credit Facility (ECF) arrangement with the IMF, which was approved in November 2023 and was worth USD175 million over 48 months, was terminated on 14th May 2025, as no review had occurred in an 18-month period. The termination of the program could constrain donor support in the near term as financial support from other bilateral and multilateral donors has been largely dependent on progress in the ECF arrangement.
- 10.5** The overall performance of the MSE in Q2 2025 was better than that of the corresponding period in 2024. The stock market registered a positive return on the Malawi All Share Index of 13.12% and an increase in total value and volume traded shares.
- 10.6** The Government expects an increase in real GDP growth rate to 3.2% in 2025 and 4.2% in 2026 from 1.8% in 2023, supported by expected improvements in sectors such as mining, tourism and construction. The World Bank, IMF and EIU, however, expect the country's economic growth to remain subdued at 2.0%, 2.4% and 1.6%, respectively, in 2025.



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