



Malawi Financial Market Update

Week ending 17 October 2025



Market Developments

What happened this week

The year-on-year headline inflation rate rose to 28.7% in September 2025 from 28.2% in August 2025.

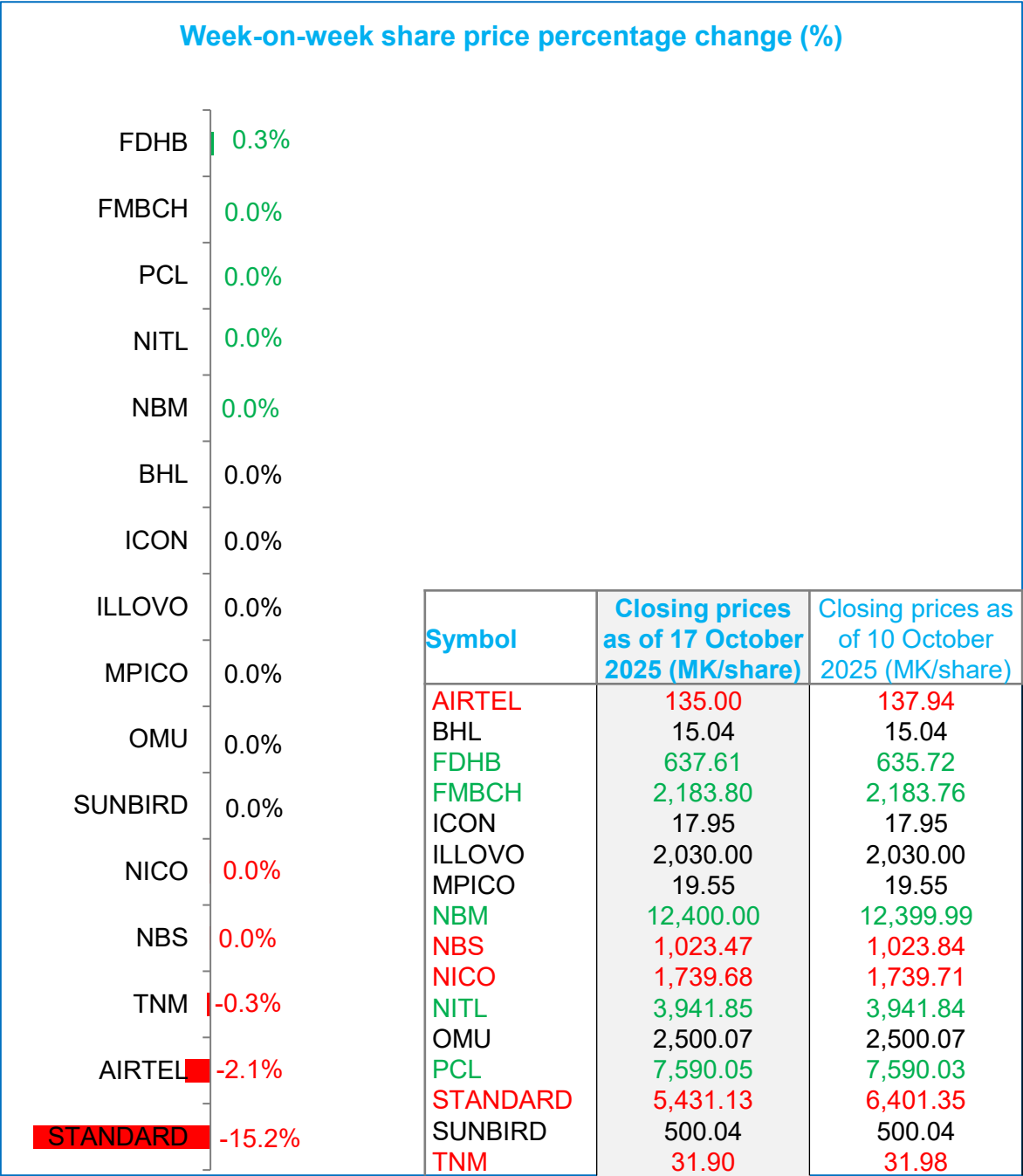
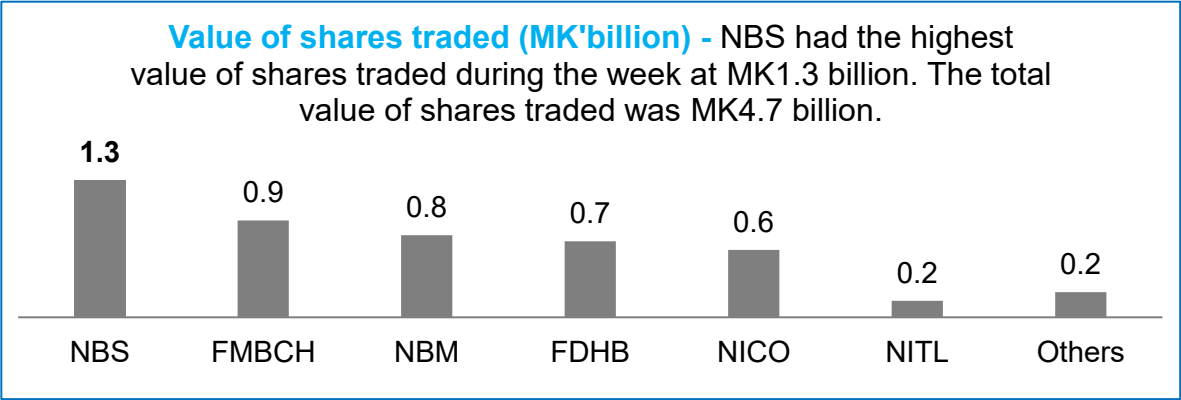
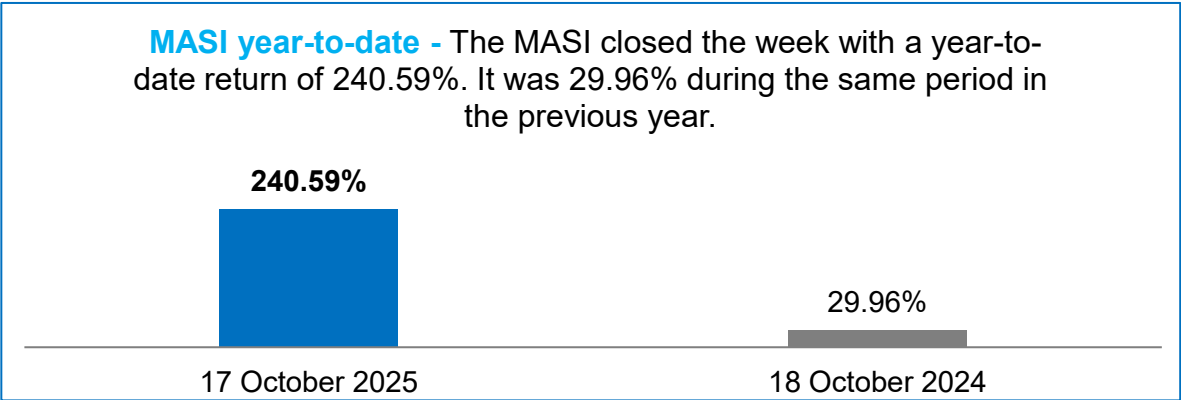
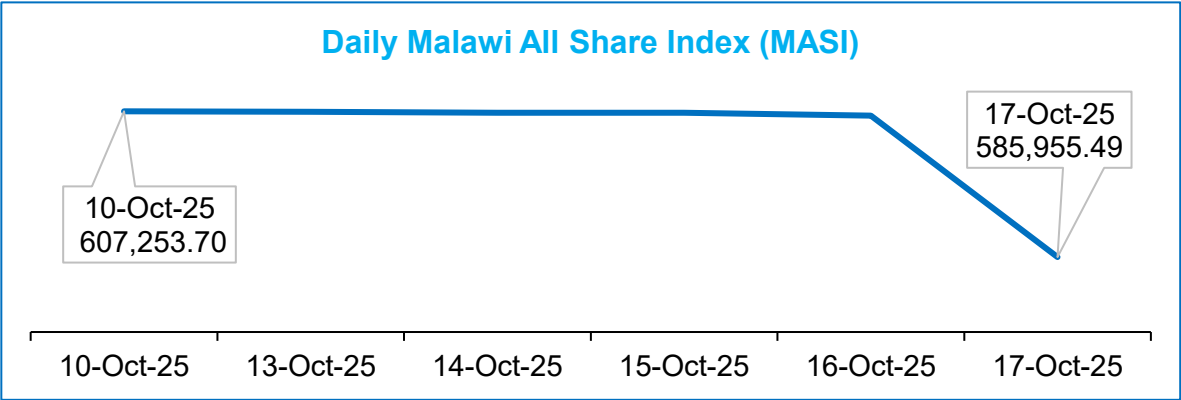
The 2025 Food Security Vulnerability Assessment found that about 4 million people will be unable to meet their food needs during the 2025/2026 lean season.

1. The year-on-year headline inflation rate rose to 28.7% in September 2025 from 28.2% in August 2025. This was driven by the rise in non-food inflation, which offset the decline in food inflation. The non-food inflation rate rose to 21.7% from 19.5%, while the food inflation rate eased to 33.0% from 33.7%. (*National Statistical Office, 15 October 2025*)
2. The 2025 Food Security Vulnerability Assessment by the Malawi Vulnerability Assessment Committee (MVAC) found that about 4 million people (22% of the population) will be unable to meet their food needs during the 2025/2026 lean season (October to March). These are people who are classified as in Crisis (Phase 3) or Emergency (Phase 4) under the Integrated Phase Classification (IPC) scale, requiring urgent humanitarian support to prevent hunger and malnutrition. An additional 6 million people (33%) are in Stressed (Phase 2) conditions with minimally adequate food consumption but unable to afford some essential non-food expenditures without engaging in stress coping strategies, underscoring the need for resilience and risk reduction measures. To assist the most vulnerable, the government estimates a requirement of 200,000 metric tonnes of maize, worth approximately MK387.2 billion, to sustain affected households for three to six months of the lean period. (*The Daily Times, 14 October 2025*)
3. The Zambian President announced that Zambia is ready to sell 200,000 metric tonnes of maize to Malawi to help address its food shortages. He revealed that he received an urgent request from Malawi's President, seeking Zambia's assistance in purchasing maize. The Zambian President added that the arrangement would not only support Malawi's food needs but also allow Zambia to make profits from the sale. (*The Daily Times, 16 October 2025*)
4. The Reserve Bank of Malawi (RBM) has reassured the public that there are no plans to devalue the kwacha, citing growing goodwill from development partners and an observed increase in foreign exchange inflows, which the RBM projects to continue into the foreseeable future. The RBM Governor emphasized that the RBM will focus on supporting the private sector to boost exports and domestic forex generation. He also warned commercial banks against forex market malpractices and that any abuse in the forex market through derivatives such as forwards and options will not be tolerated, stressing that the RBM will penalize any offenders to maintain stability. (*The Nation, 14 October 2025*)
6. The Common Market for Eastern and Southern Africa (COMESA) has launched its first interoperable cross-border payment system linking Malawi and Zambia. The Digital Retail Payments Platform (DRPP) allows traders and consumers to make instant, low-cost transactions in their local currencies, without relying on scarce foreign exchange. This marks the first successful demonstration of real-time regional payments under the supervision of the Reserve Bank of Malawi (RBM) and the Bank of Zambia (BoZ). The pilot phase follows months of collaboration among central banks and financial players. Malawi's early adopters include TNM Mpamba, FDH Bank and Finca Malawi. The COMESA chairperson urged member states to invest in digital infrastructure and interoperable payment platforms to make the region the most efficient place for trade. For Malawi, the DRPP could help preserve foreign reserves and enhance the kwacha's regional value. (*The Nation, 13 October 2025*)
7. The Electricity Supply Corporation of Malawi (ESCOM) announced that the Battery Energy Storage System (BESS) project is progressing towards its February 2026 completion target. With the country's electricity still dominated by hydropower and 101 megawatts (MW) of solar power added to diversify supply, BESS is key to managing solar power's intermittency. The BESS system will help stabilize the national grid by storing surplus solar energy and releasing it when generation drops, reducing load shedding and improving power reliability. The system will enhance energy stability, enable greater renewable integration, and provide reliable power to homes, industries, and various vital services. It will also cut reliance on diesel generators and lower carbon emissions, supporting a cleaner and more resilient energy future for Malawi. (*The Daily Times, 16 October 2025*)
8. As of 16 October 2025, a cumulative USD538.5 million (approximately MK940.9 billion) has been raised from tobacco sales. This amount corresponds to a total of 218.2 million kilograms (kgs) of tobacco sold at an average price of USD2.47/kg. By the same time in 2024, a cumulative USD396.9 million (approximately MK693.6 billion) had been raised from the sale of 133.4 million kgs of tobacco at an average price of USD2.98/kg. (*Auction Holdings Limited, 16 October 2025*)



Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) falling by 3.5% and closing the week ending 17 October 2025 at 585,955.49 points from 607,253.70 points on 10 October 2025. This downward movement in the index was primarily driven by the share price losses in STANDARD and AIRTEL.





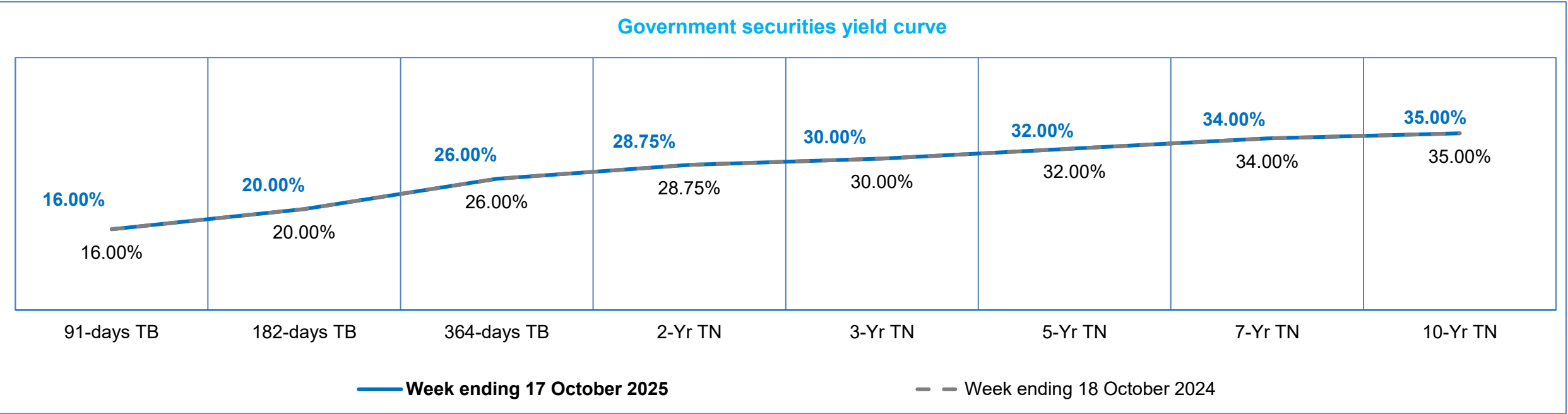
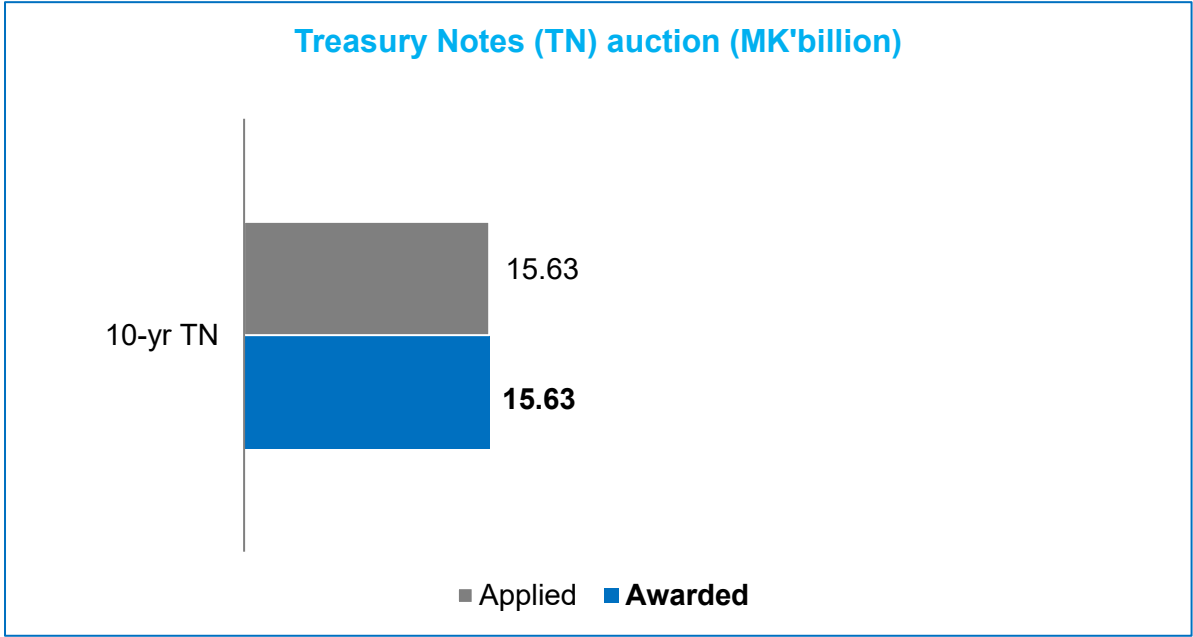
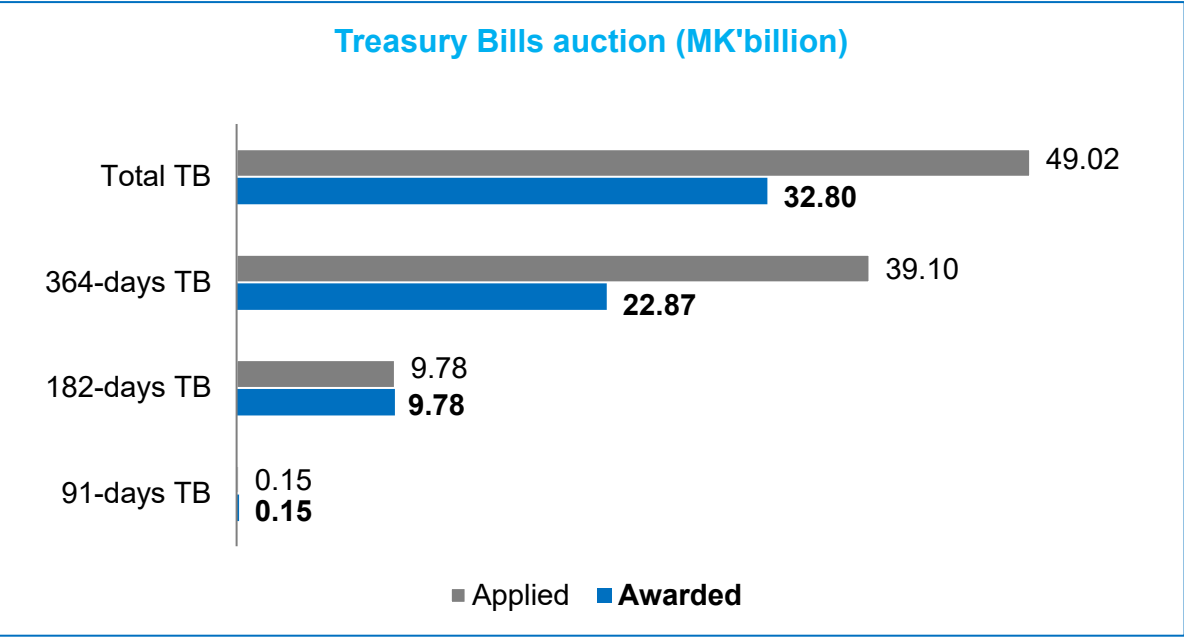
Government Securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and the 10-year Treasury Note (TN) during the period under review. A total of MK48.43 billion was raised from the auctions.

The total amount raised from the TBs auction was MK32.80 billion, primarily driven by the 364-days TB.

The total amount raised from the 10-year TN auction was MK15.63 billion.

The average yields for Treasury Bills and Treasury Notes remained at 20.67% and 31.95%, respectively, during the period under review.





Appendix 1: Historical Economic Indicators

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	April-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	17-Oct-25
Exchange Rates (middle rates)													
MK/USD	1,749.95	1,750.11	1,749.93	1,750.35	1,749.65	1,750.25	1,750.51	1,750.67	1,750.48	1,750.58	1,749.95	1,750.37	1,734.01
MK/GBP	2,338.28	2,290.94	2,250.25	2,233.84	2,268.53	2,329.61	2,412.28	2,415.65	2,473.04	2,408.88	2,424.53	2,423.25	2,405.07
MK/EUR	1,953.49	1,904.40	1,861.87	1,866.83	1,873.26	1,945.36	2,052.11	2,045.98	2,112.10	2,082.69	2,103.70	2,103.32	2,093.05
MK/ZAR	101.15	99.29	95.82	97.11	97.04	98.15	96.28	100.76	100.57	100.34	101.77	103.60	102.96
Foreign Exchange Reserves													
Total Reserves (USD'mn)	519.0	516.9	530.9	570.60	569.5	536.0	530.0	521.0	555.9	607.7	521.9	N/A	N/A
Inflation													
Headline	32.4%	27.0%	28.1%	28.5%	30.7%	30.5%	29.2%	27.7%	27.1%	27.3%	28.2%	28.7%	N/A
Food	40.3%	33.7%	35.6%	36.0%	38.5%	37.7%	35.8%	32.7%	31.6%	32.4%	33.7%	33.0%	N/A
Non-food	21.2%	17.2%	16.8%	16.9%	18.5%	19.2%	19.4%	20.0%	20.1%	19.3%	19.5%	21.7%	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%
Average Interbank Rate (Overnight)	24.20%	23.23%	23.22%	23.19%	23.18%	23.19%	23.18%	23.82%	23.99%	23.98%	23.98%	23.98%	23.98%
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%
Commercial Bank Reference Rate	25.40%	25.50%	25.30%	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%	25.40%	25.30%	25.40%
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%
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%
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%
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%
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%
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%
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%
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%
Year-to-date Return													
MASI	32.69%	47.08%	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	91.77%	124.53%	211.15%	236.67%	240.59%
DSI	33.57%	47.71%	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	89.34%	120.03%	214.05%	236.40%	232.19%
FSI	26.51%	42.71%	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	106.49%	150.94%	195.28%	239.14%	289.72%

The 17 October 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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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

Website: www.bridgepathcapitalmw.com

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