



Malawi Financial Market Update

Week ending 31 October 2025



Market Developments

What happened this week

The World Bank has granted Malawi USD45 million to import maize from Zambia.

The President of the Republic of Malawi has declared a state of disaster in 11 of Malawi's 28 districts due to food insecurity.

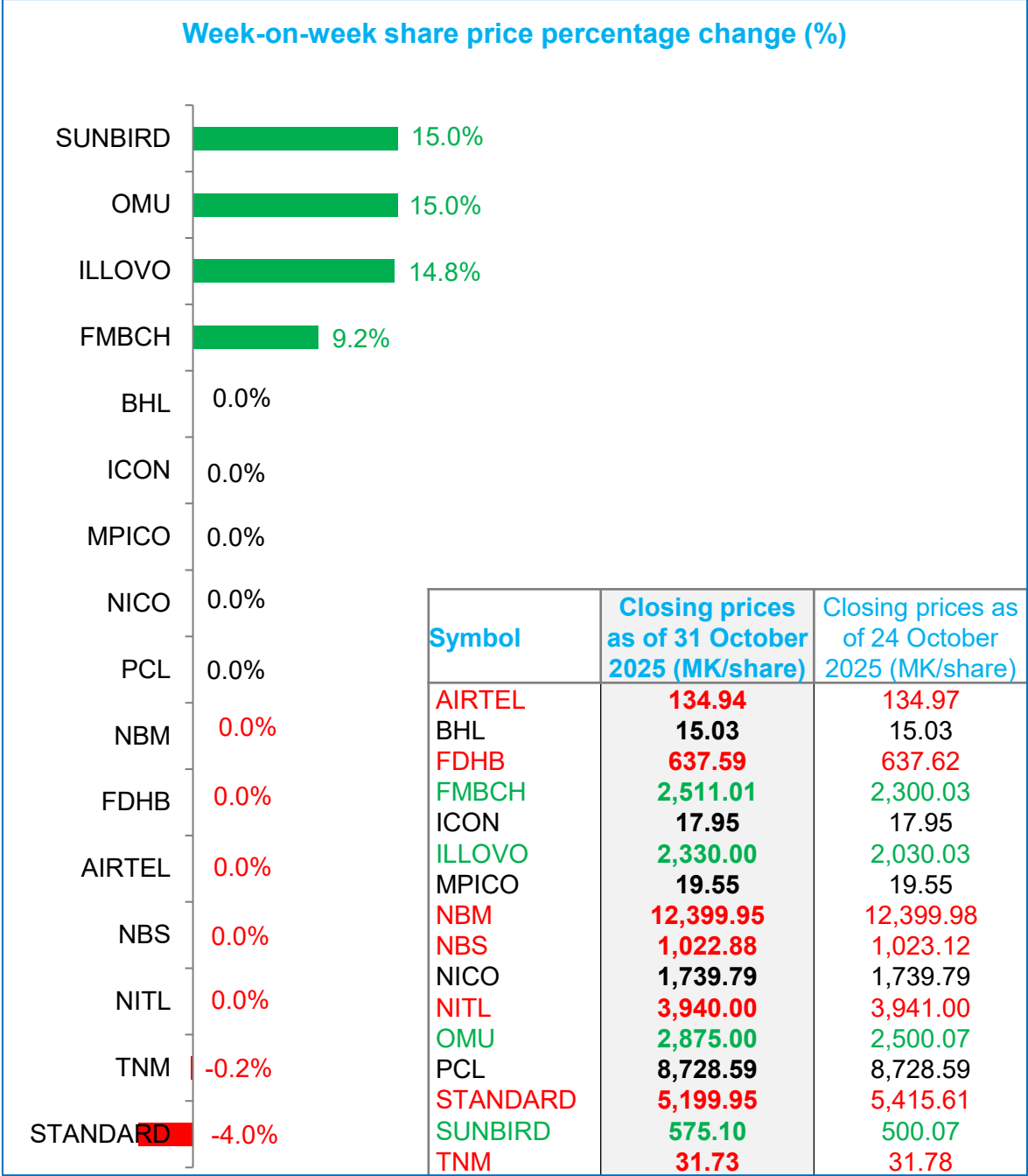
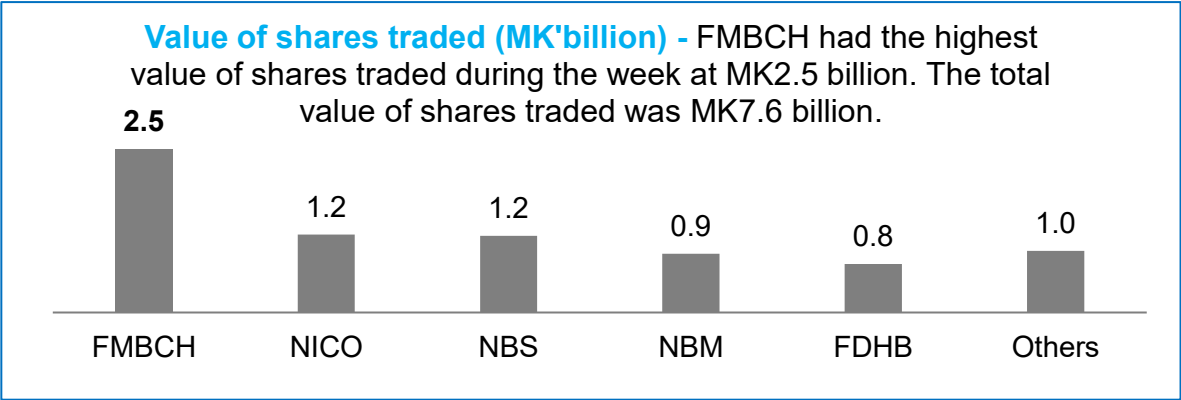
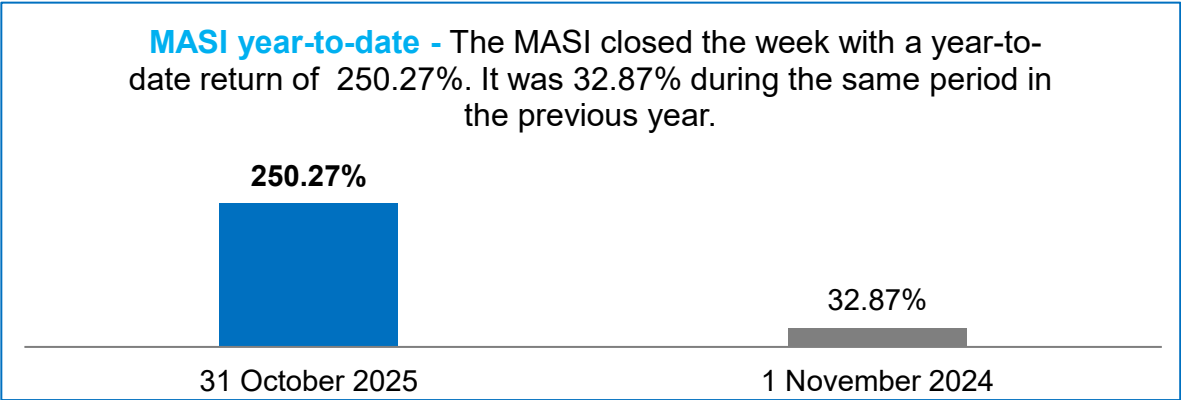
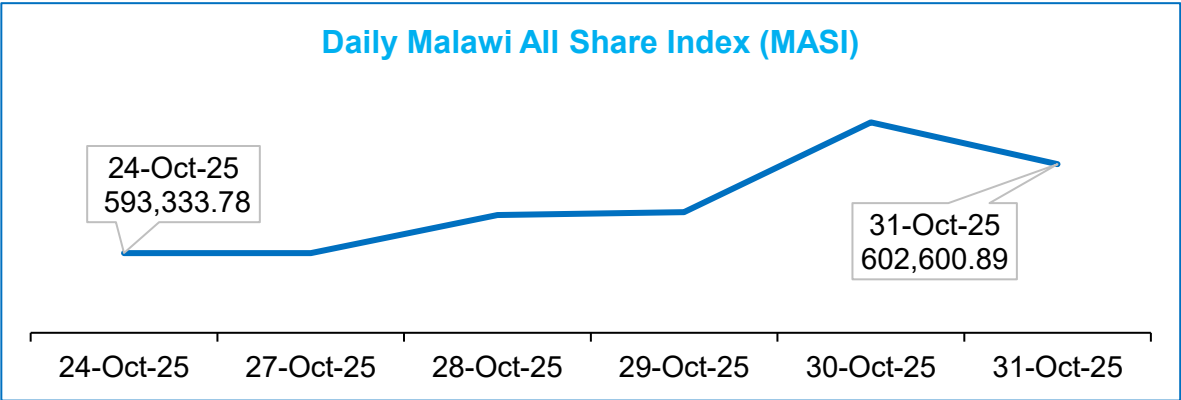
The MPC has maintained the policy rate at 26%.

1. The World Bank has granted Malawi USD45 million (about MK78.7 billion) in emergency funding to import 200,000 metric tonnes of maize from Zambia, which is being offered at about USD355 per tonne (about MK621,600 per tonne), the equivalent of MK621/kg and below the current local prices of around MK1,300/kg. The Malawi Finance Minister announced the grant after attending the World Bank Annual Meetings, noting that the funds are immediately available. Additional pledges of USD3 million each from China and the International Fund for Agricultural Development (IFAD) will support rice and other food purchases for vulnerable households. The Minister also engaged with the African Development Bank (AfDB), the International Monetary Fund (IMF), and the Chinese government to secure additional financial support. (*The Nation*, 25 October 2025)
2. The President of the Republic of Malawi has declared a State of Disaster in 11 of Malawi's 28 districts due to severe food insecurity caused by prolonged dry spells, high commodity prices, and macroeconomic challenges. A recent report by the Malawi Vulnerability Assessment Committee (MVAC) revealed that approximately four million people — 22% of the population — will face food shortages during the 2025/26 consumption period. In response, the government has developed a Lean Season Food Insecurity Response Plan, which includes distributing free maize and cash through the Social Cash Transfer Programme starting 1 November 2025. The worst-hit districts include Neno, Thyolo, and Mulanje, with food insecurity rates ranging from 20% to 35%. Authorities are also promoting irrigation farming and considering drought-resistant seed varieties to mitigate future crises, with total humanitarian needs estimated at 200,000 metric tonnes of maize worth MK387.20 billion. (*The Nation*, 27 October 2025)
3. The Reserve Bank of Malawi's Monetary Policy Committee (MPC) met on 28th and 29th October 2025 and decided to maintain the policy rate at 26.0%. The Lombard Rate remains 20 basis points above the policy rate, while the Liquidity Reserve Requirement (LRR) stays at 10.0% for domestic deposits and 3.75% for foreign currency deposits. The MPC observed a slight rise in inflation to 28.1% from 28.0% in the third quarter of 2025. It revised the 2025 inflation forecast to 28.9% from 28.5%, partly due to higher fuel prices and noted that limited fiscal consolidation and ongoing supply-side challenges continue to pressure inflation. (*Reserve Bank of Malawi*, 31 October 2025)
4. The World Bank's Investment Project Financing with Deferred Drawdown Option has helped Malawi's local banks access letters of credit for importing vital goods such as fuel, fertilizer, and medical supplies. Previously, banks struggled to obtain these credits despite never defaulting on payments. The facility, guaranteed by the Reserve Bank of Malawi and backed by the International Development Association (IDA), restored global confidence in Malawi's financial sector. Since its launch in October 2024, it has supported several transactions, including one worth USD 1 million (about MK1.7 billion) for 1,500 metric tonnes of fertilizer, and continues to fund imports valued between USD45,000 (about MK79 million) and USD10 million (about MK15.5 billion). With an initial allocation of USD60 million (about MK105 billion), the project now involves five local and three international confirming banks. The World Bank noted that this initiative strengthens trade finance during foreign exchange shortages and has been expanded to other Southeast African countries, demonstrating its effectiveness as a flexible and sustainable financial tool. (*The Nation*, 30 October 2025)
5. The Finance Minister has announced full audits of the Mega Farms initiative and the National Economic Empowerment Fund (Neef) farm-input loan programme, following reports of abuse and resource misallocation. The audits will assess fund disbursement, project performance, and loan recovery to ensure accountability and that resources benefit intended farmers. In the 2025–26 budget, the government allocated MK38.3 billion to Mega Farms and MK70 million to Neef's Farm Input Loan Programme, part of the MK693.3 billion agriculture budget. Transparency advocates have welcomed the audits, emphasizing the need for accountability in a sector employing over 70% of Malawians and critical to food security and economic growth. (*The Daily Times*, 27 October 2025)
6. Over four million kilograms of tobacco worth approximately MK17.2 billion remain unsold at Mzuzu Floors, despite an extended marketing season. Farmers report low daily sales, poor prices (often below USD2/kg) and contract breaches by buyers, leaving them unable to repay loans or cover basic needs. The Tobacco Commission and Tama Farmers Trust acknowledge the oversupply and are engaging stakeholders to address the issue. (*The Nation*, 20 October 2025)



Stock market (Source: MSE)

The stock market was bullish, with the Malawi All Share Index (MASI) rising by 1.6% to close the week ending 31 October 2025 at 602,600.89 points, from 593,333.78 points on 24 October 2025. This upward movement in the index was primarily driven by the share price gains in SUNBIRD, OMU, ILLOVO and FMBCH, which offset the share price loss in STANDARD.





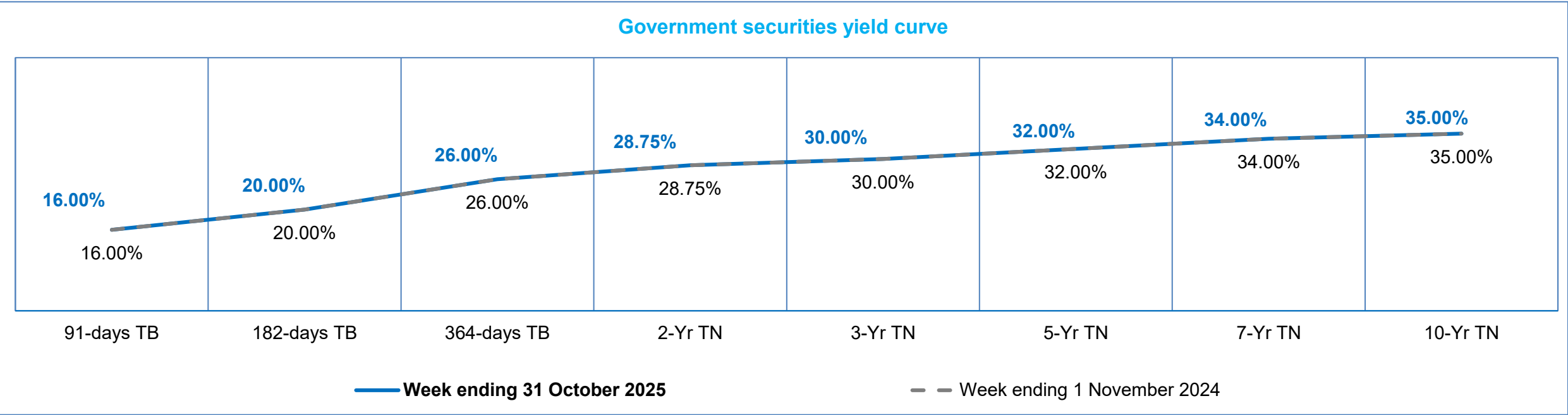
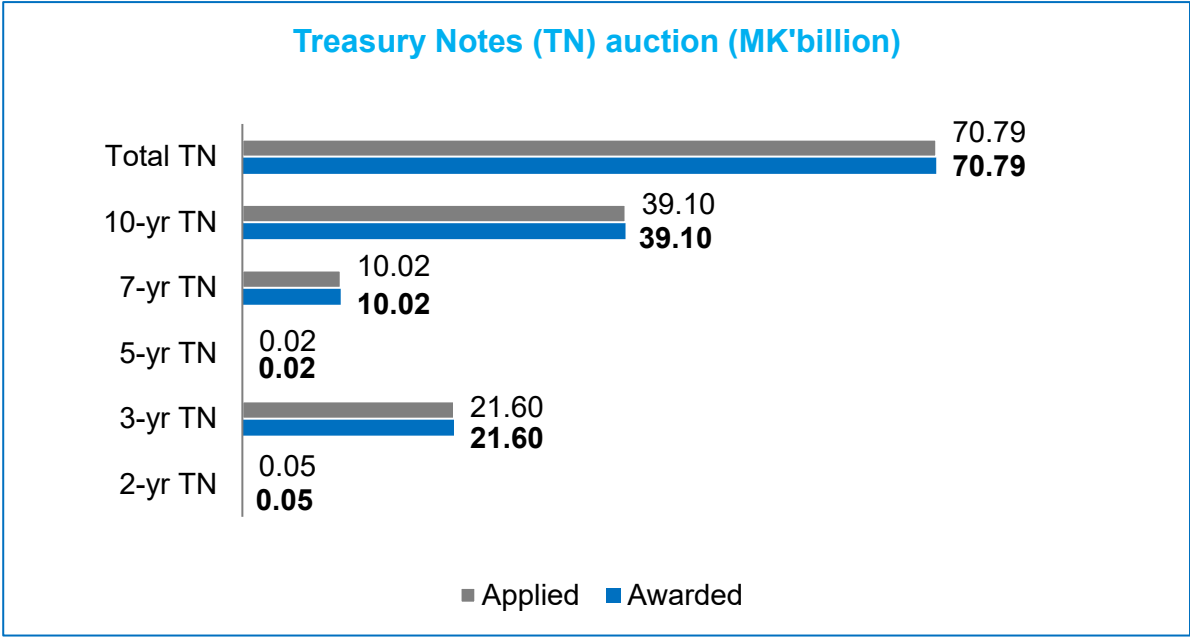
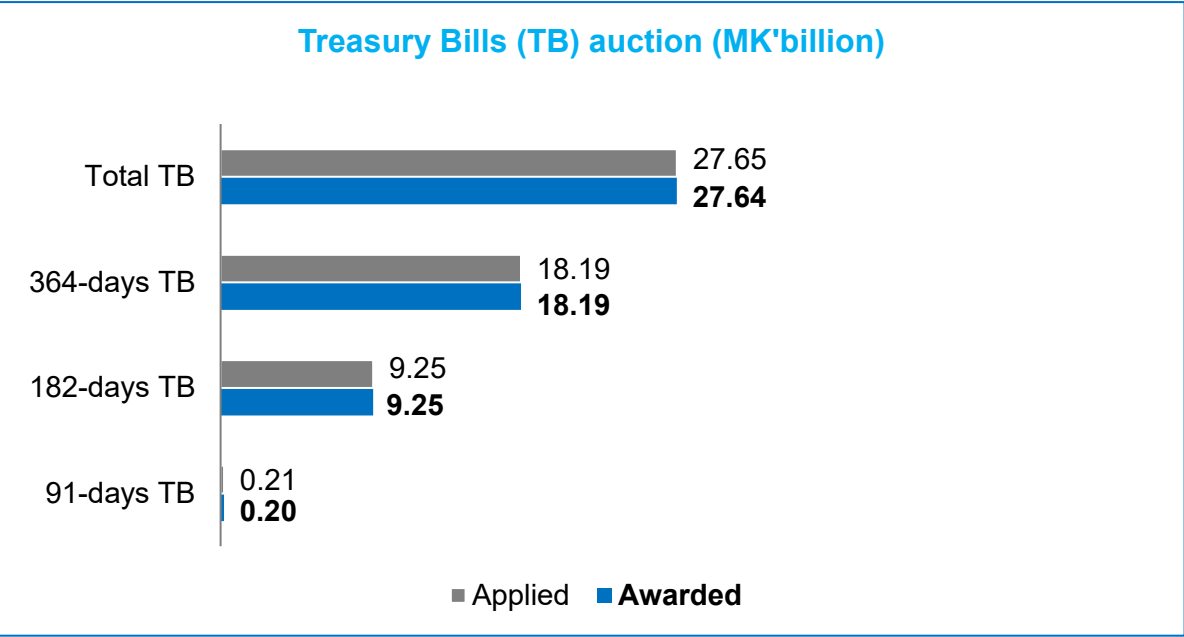
Government Securities (Source: RBM)

The Reserve Bank of Malawi held auctions for all tenors of Treasury Bills (TBs) and Treasury Notes (TN) during the period under review. A total of MK98.43 billion was raised from the auctions.

The total amount raised from the TB auction was MK27.64 billion, primarily driven by the 364-days TB.

The total amount raised from the TN auction was MK70.79 billion, primarily driven by the 10-year TN.

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	31-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	2,349.17
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	2,066.62
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	103.34
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%	250.27%
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%	233.38%
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%	348.11%

The 31 October 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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