



Malawi Financial Market Update

Week ending 19 December 2025



Market Developments

What happened this week

Malawi's inflation eased to 27.9% in November 2025 from 29.1% in October 2025.

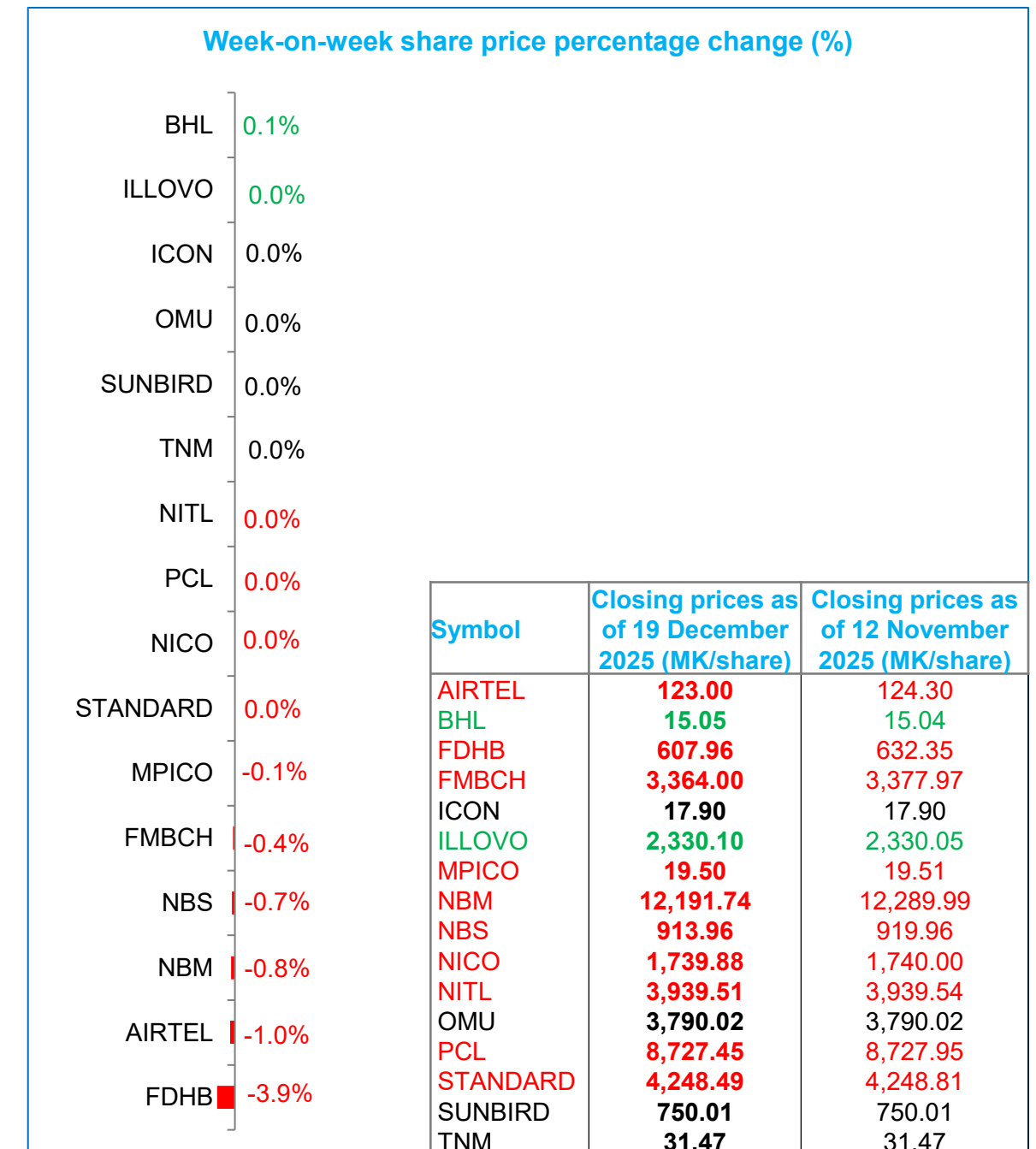
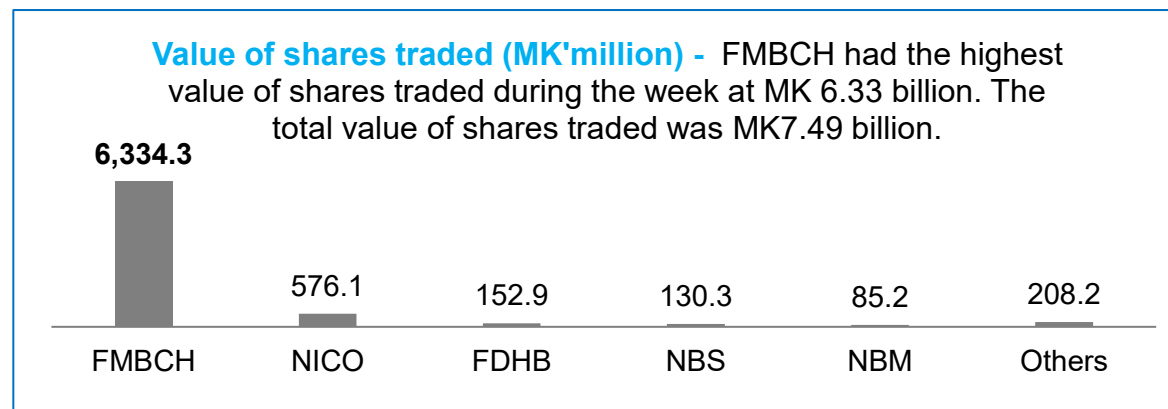
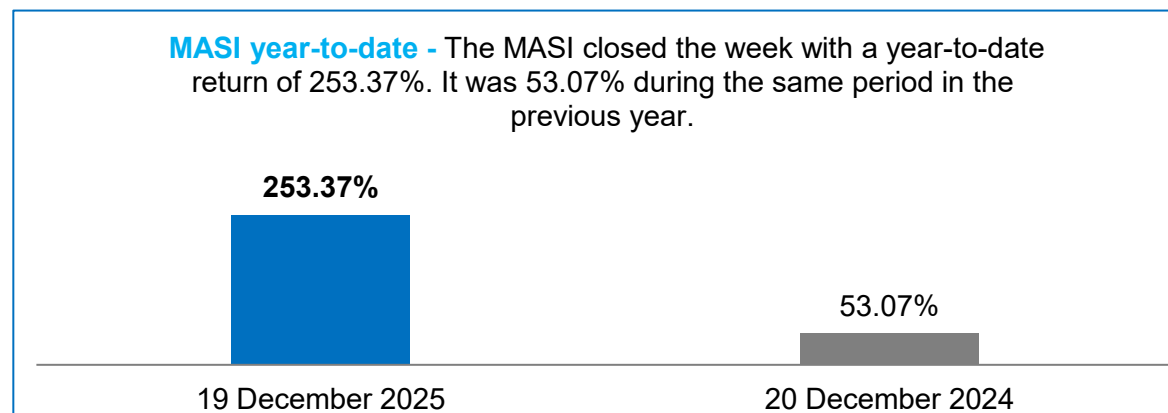
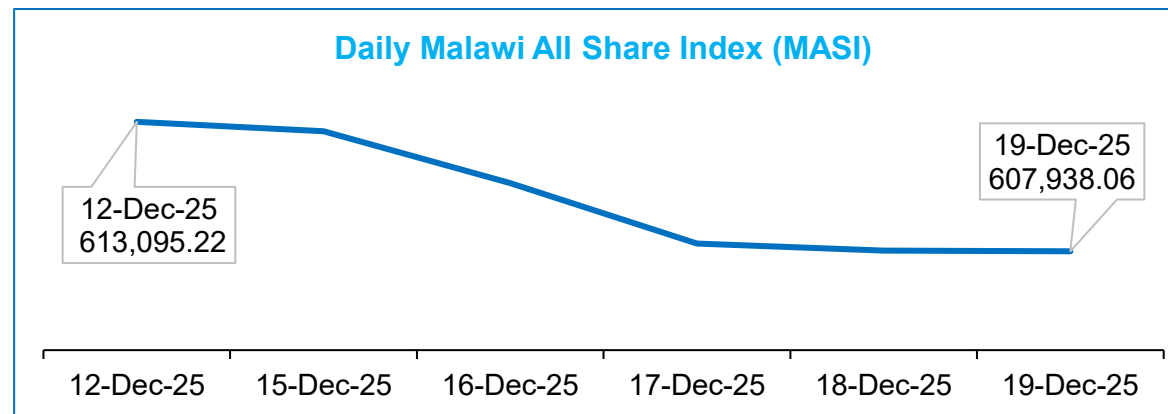
1. A report by the Malawi Economic Justice Network on Domestic Resource Mobilisation shows sustained improvement in tax revenue. Tax collections increased by about 290% to an estimated MK4.3 trillion this fiscal year from MK1 trillion in 2020. However, the tax to GDP ratio declined to about 17% in 2025 from 18.1% in 2024, remaining below the United Nations 20% benchmark. The report cites improved tax administration and compliance as a key driver, but highlights weak non-tax revenue collection at local councils and high expenditure pressures that continue to strain public finances. (*The Daily Times*, 18 December 2025)
2. Growth in private sector credit has picked up in the third quarter of 2025, with annual growth accelerating to 48.9% from 26.3% in the second quarter of 2025. The outstanding private sector credit declined quarter-on-quarter in Q3 2025 by MK257.7 billion to MK2.2 trillion. Over the same period, government borrowing rose sharply, with net credit to the central government increasing by MK900.6 billion to MK7.6 trillion, crowding out private lending. During the same quarter, total banking sector credit rose by MK1.2 trillion to MK10.6 trillion, largely driven by public sector borrowing. (*The Daily Times*, 15 December 2025)
3. In November 2025, Malawi's year-on-year inflation rate eased to 27.9%, down from 29.1% in October 2025. Over the same period, food inflation declined to 30.1% from 32.4%, while non-food inflation rose to 24.2% from 23.8%. National month-to-month inflation was 2.3%, with food inflation at 2.4% and non-food inflation at 2.1%. Urban areas recorded 1.2% overall inflation, with food inflation at 0.9% and non-food inflation at 1.5%, while rural areas recorded 2.8% overall inflation, with food inflation at 3.0% and non-food inflation at 2.4%. (*National Statistical Office*, 16 December 2025)
4. The Reserve Bank of Malawi has introduced immediate foreign exchange measures for tourism enterprises under the Foreign Exchange Act, 2025. Tourism operators serving foreign passport holders must obtain foreign currency dealing licences by 31 January 2026, charge in convertible foreign currency, submit monthly returns, open foreign currency accounts, and repatriate offshore payments. Non-compliance will attract penalties. (*Reserve Bank of Malawi*, 2 December 2025)
5. The government cites completion of procurement processes as the reason for the delayed arrival of 200,000 metric tonnes of maize that Malawi is importing from Zambia. Authorities say all clearances are complete, with deliveries expected toward the end of December 2025 and distribution planned for January 2026. The MK135 billion (about USD77 million) import aims to support national food supplies. (*The Daily Times*, 16 December 2025)
6. Malawi Stock Exchange market capitalisation rose to MK33.4 trillion by November 2025, surpassing the country's nominal GDP of about MK30 trillion. The Malawi All Share Index increased by over 260% year to date, reflecting strong investor demand and price gains across most counters. Analysts say the performance highlights the exchange's growing role in capital formation, although gains were uneven across sectors. (*The Daily Times*, 18 December 2025)
7. Malawi has secured a USD15 million grant from the Kuwait Fund to support development infrastructure and economic recovery, with initial funding targeting the health sector. The funds are expected to finance the construction of Blantyre District Hospital to ease pressure on Queen Elizabeth Central Hospital. (*The Daily Times*, 16 December 2025)
8. Illovo Sugar Malawi's production has declined by about 25% to around 223,000 tonnes in 2025 from its 2021 peak of 297,000 tonnes. The company attributes the drop to adverse weather, including cyclones, floods and shifting rainfall patterns that reduced processing capacity. Domestic sugar stocks remain sufficient to supply the local market until April, while exports have fallen sharply amid rising domestic consumption. (*The Daily Times*, 16 December 2025)
9. Malawi, Mozambique and Zambia are set to sign a landmark agreement to rehabilitate Malawi's existing railway line and construct a new rail link to Chipata and Serenje in Zambia under the Nacala Development Corridor. Officials say the deal will deepen regional integration, lower transport costs, improve trade efficiency and strengthen links to the Nacala Port, which currently operates at about 40% capacity after expansion. The agreement also elevates corridor oversight to the ministerial level to accelerate implementation. (*The Nation*, 17 December 2025)



Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) falling by 0.84%, to close the week ending 19 December 2025 at 607,938.06 points, from 613,095.22 points on 12 December 2025. This downward movement in the index was primarily driven by the share price loss in FDHB.

FDH Bank Plc projects profit after tax of MK142 billion. to K151. billion for the year ending December 2025, representing growth of 92% to 104% from MK74.06 billion in 2024





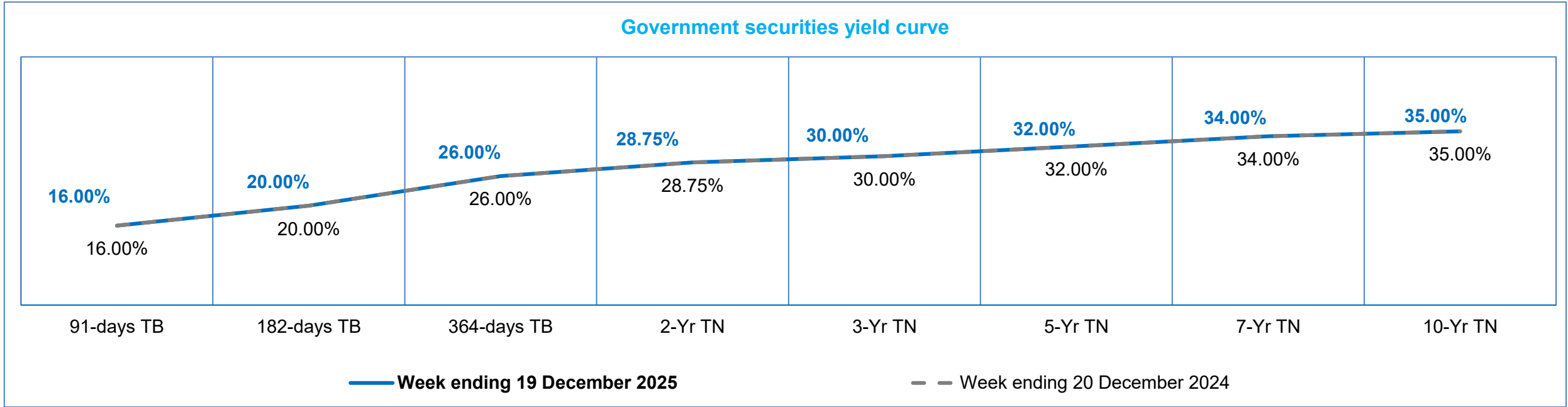
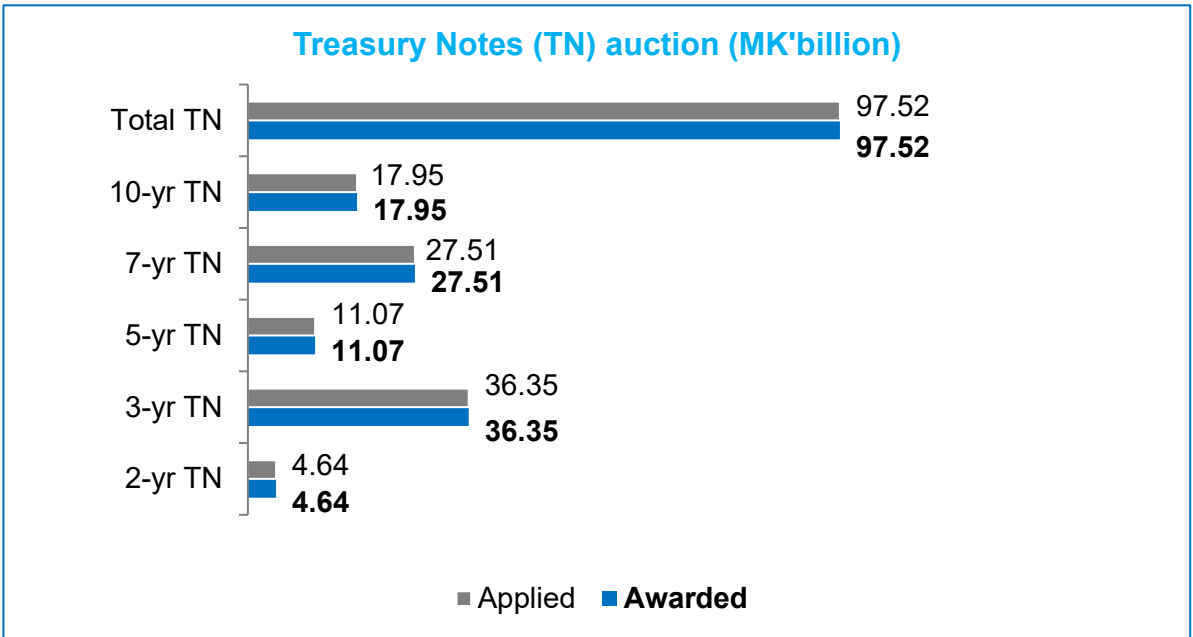
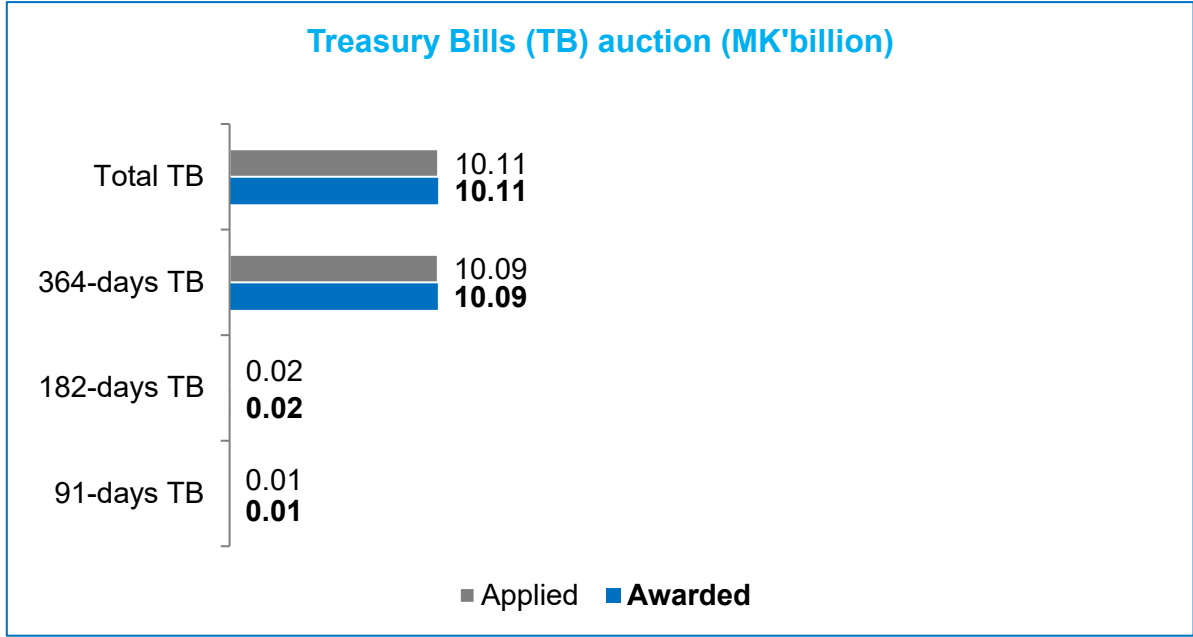
Government Securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TB) and Treasury Notes (TN) during the period under review. A total of MK107.63 billion was raised from the auctions.

The total amount raised from the TB auctions was MK10.11billion.

The total amount raised from the TN auctions was MK97.52 billion.

As at 19 December 2025, the average yields for Treasury Bills and Treasury Notes remained at 20.67% and 31.95%, respectively, unchanged from yields observed in the week ending 20 December 2024.



TB: Treasury Bill
TN: Treasury Note



Appendix 1: Historical Economic Indicators

	Dec-24	Jan-25	Feb-25	Mar-25	April-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	19-Dec-25
Exchange Rates (middle rates)													
MK/USD	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	1,749.95	1,734.01	1,734.01
MK/GBP	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	2,371.39	2,359.88	2,388.99
MK/EUR	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	2,078.57	2,068.76	2,093.05
MK/ZAR	95.82	97.11	97.04	98.15	96.28	100.76	100.57	100.34	101.77	103.60	103.58	104.06	106.64
Foreign Exchange Reserves													
Total Reserves (USD'mn)	530.9	570.60	569.5	536.0	530.0	521.0	555.9	607.7	523.9	511.8	526.8	N/A	N/A
Inflation													
Headline	28.1%	28.5%	30.7%	30.5%	29.2%	27.7%	27.1%	27.3%	28.2%	28.7%	29.1%	N/A	N/A
Food	35.6%	36.0%	38.5%	37.7%	35.8%	32.7%	31.6%	32.4%	33.7%	33.0%	32.4%	N/A	N/A
Non-food	16.8%	16.9%	18.5%	19.2%	19.4%	20.0%	20.1%	19.3%	19.5%	21.7%	23.8%	N/A	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)	23.22%	23.19%	23.18%	23.19%	23.18%	23.82%	23.99%	23.98%	23.98%	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	25.30%	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%	25.40%	25.30%	25.40%	25.30%	25.30%
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	55.06%	29.90%	64.92%	69.52%	68.39%	64.58%	91.77%	124.53%	211.15%	236.67%	250.27%	259.98%	253.37%
DSI	52.11%	32.35%	50.42%	56.52%	62.53%	62.41%	89.34%	120.03%	214.05%	236.40%	233.38%	217.65%	210.50%
FSI	75.65%	15.08%	152.62%	148.16%	103.82%	77.74%	106.49%	150.94%	195.28%	239.14%	348.11%	503.79%	500.25%

The 19 December 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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