



Malawi Financial Market Update

Week ending 26 December 2025



Market Developments

What happened this week

State-owned enterprises profits improved to MK34 billion in 2025 from a MK66.5 billion loss in 2024, but dividend payouts declined to MK4.4 billion in 2025 from MK20.5 billion in 2024.

1. The Ministry of Finance, Economic Planning and Decentralisation, in its December 2025 Consolidated Report on State-Owned Enterprises (SOEs), stated that the SOE sector returned to profitability, posting a consolidated profit of about MK34.1 billion in 2025 from a MK66.5 billion loss in 2024. However, liquidity pressures intensified as dividend remittances fell to MK4.4 billion from MK20.5 billion despite lower total liabilities. The report attributes weak cash flows to rising costs, non-cost-reflective tariffs, trade receivables and persistent intra-SOE arrears. (*Ministry of Finance, Economic Planning and Decentralisation, December 2025*)
2. According to the World Bank's December 2025 Public Finance Review, there is need for reforms to Malawi's Value Added Tax (VAT) system to improve efficiency and broaden the tax base. The review highlights that widespread exemptions weaken revenue collection, with Malawi's VAT efficiency at just 0.12 in 2022, far below regional peers. Additionally, experts warn that VAT increases could raise prices and disproportionately affect low-income households if enforcement and compensatory social-protection measures are weak. The IMF supports broadening the VAT base but stresses that effective administration and social-protection measures are essential to achieve sustainable revenue gains without harming vulnerable Malawians. (*The Nation, 26 December*)
3. The International Monetary Fund (IMF) acknowledges progress in Malawi's revised 2025/26 budget but calls for deeper, medium-term fiscal reforms to stabilize the economy. High domestic financing, large deficits, and rising public debt remain risks. Economists stress the need for enhanced revenue collection, tight expenditure management, and a comprehensive reform package to broaden the tax base, curb domestic borrowing, control inflation, and support sustainable economic recovery. (*The Daily Times, 22 December 2025*)
4. Malawi continues to lag behind regional peers in attracting foreign direct investment (FDI), receiving about USD220 million in 2024, below USD252 million in 2020. Afreximbank data show peers far ahead, including South Africa (USD2.5 billion), Tanzania (USD1.7 billion) and Zambia (USD1.2 billion). Experts cite forex shortages, macroeconomic instability, regulatory inconsistencies and a limited pipeline of bankable projects as key constraints on investor inflows. (*The Daily Times, 24 December 2025*)
5. The Minister of Foreign Affairs has called for deeper, practical cooperation with the Russian Federation in priority sectors including energy, agriculture, mining and health. Speaking at the Second Ministerial Conference of the Russia-Africa Partnership Forum in Cairo, the Minister of Foreign Affairs stated that the Russia-Africa Partnership Action Plan 2023–26 provides a framework for translating commitments into development outcomes aligned with Africa's Agenda 2063 and Malawi 2063. The Minister also invited increased Russian investment to support national and regional development goals. (*The Daily Times, 22 December 2025*)
6. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) stated that domestic capital is available to support economic recovery but warns it will remain invested in government securities without credible reforms. MCCCI chief executive highlighted that investors prefer Treasury instruments due to higher and predictable returns, while many firms operate below 70% capacity, leading to reduced production, job losses, and lower tax revenues. The World Bank country manager noted that structural weaknesses, high inflation, and limited long-term financing further constrain private sector investment. (*The Nation, 23 December 2025*)
7. Malawi's cooperative movement is calling for a dedicated cooperative bank to improve access to tailored financial services. Malawi Federation of Cooperatives proposes the government initially hold a 60% stake, gradually transferring full ownership to cooperatives. The bank would address restrictive conditions in commercial banking, ensure transparency of funds from government and development partners, and serve all cooperative sectors, including agriculture, finance, mining, and housing. The government supports the initiative and will consult cooperatives to establish a sustainable legal and regulatory framework. (*The Daily Times, 24 December 2025*)
8. Illovo Sugar Malawi has attributed ongoing local sugar shortages to hoarding and unauthorised exports. The company stated that production and distribution remain robust, ensuring domestic demand is met. The Consumers Association of Malawi (CAMA) requested distributor information to monitor supply, while the Ministry of Industrialisation, Business Trade and Tourism directed Illovo to maintain adequate sugar stocks through the festive season. (*The Daily Times, 22 December 2025*)

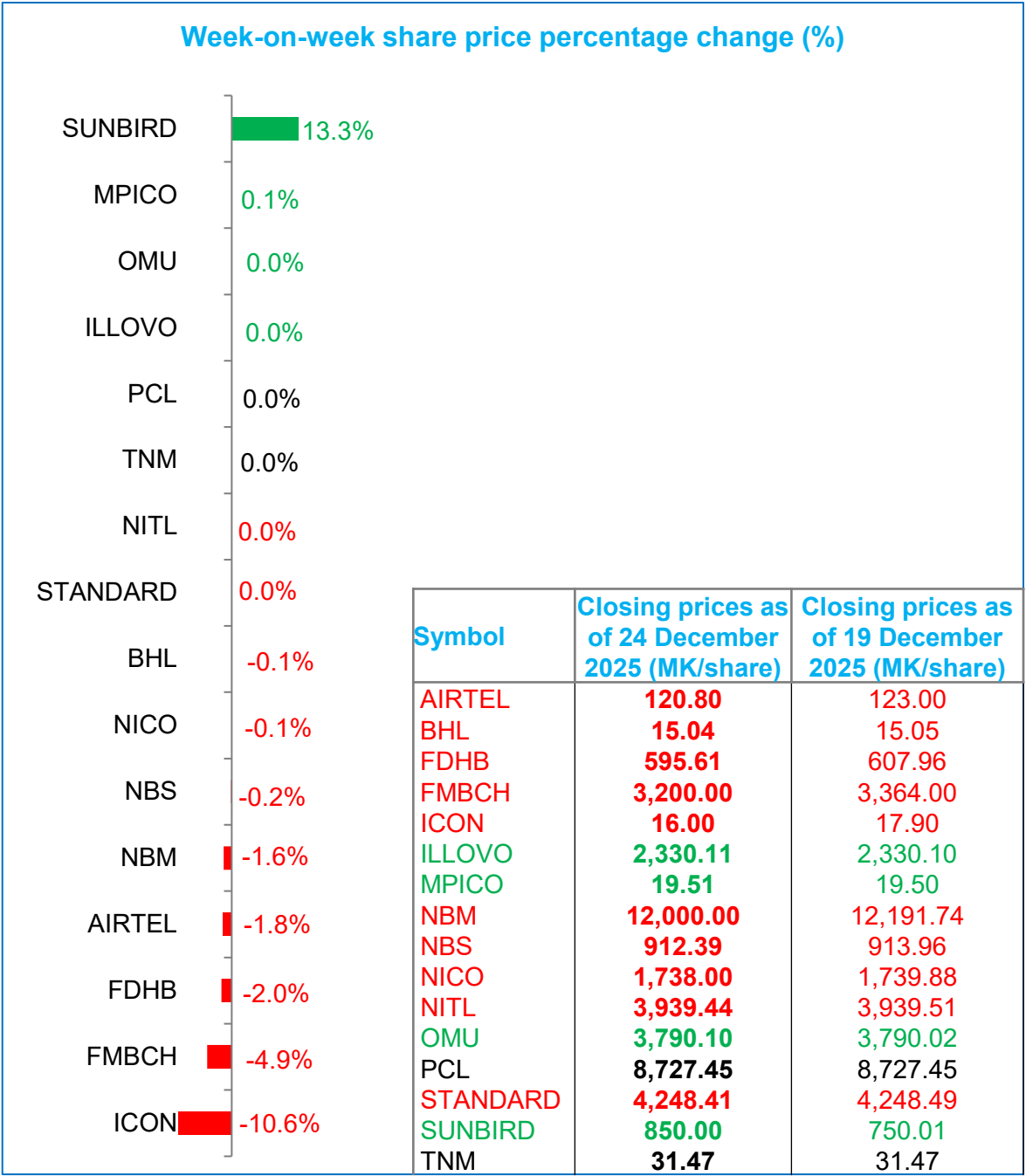
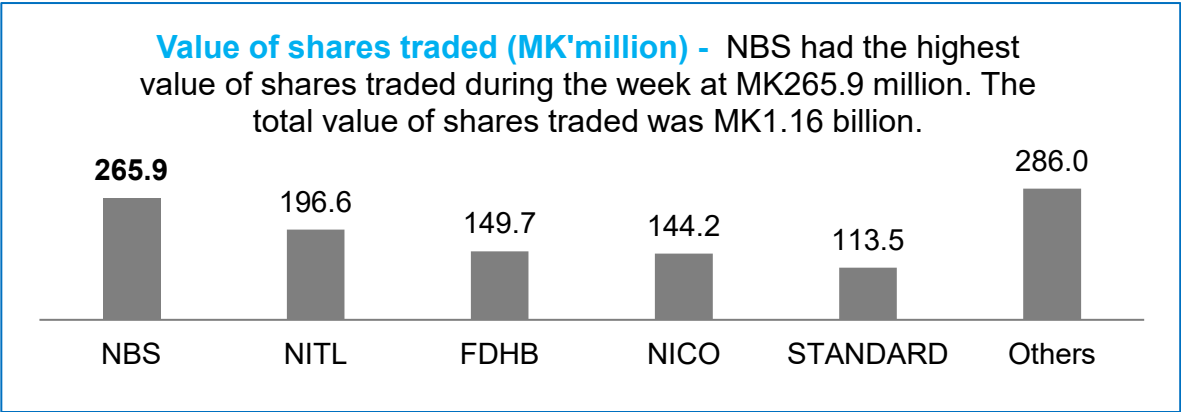
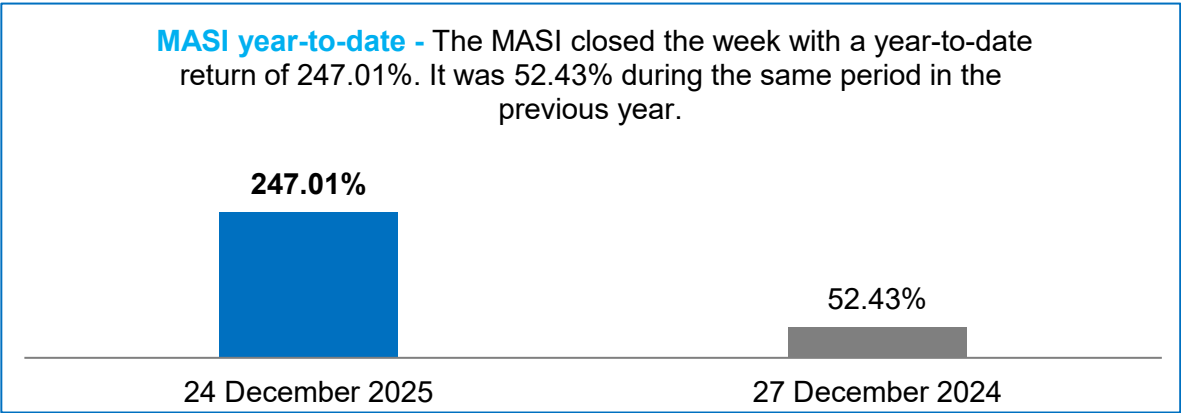
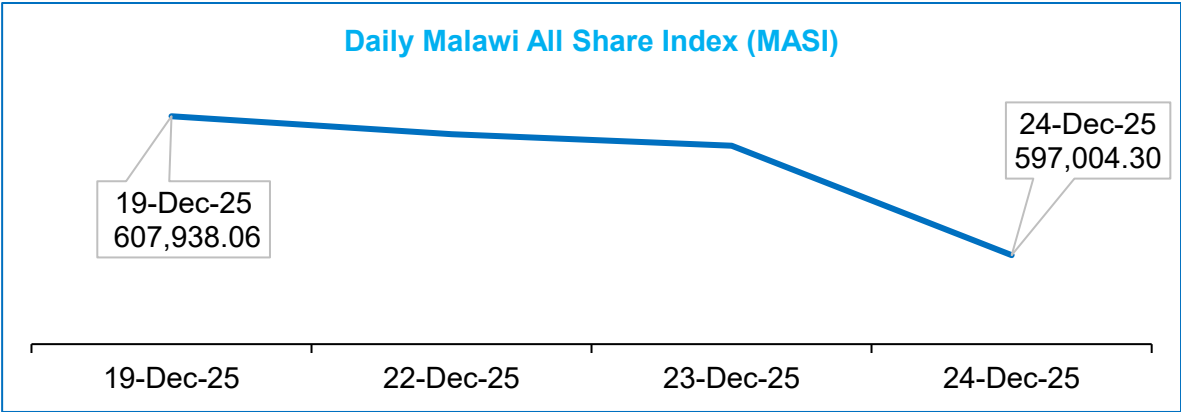


Malawi Financial Market Update: Week ending 26 December 2025

Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) falling by 1.80%, to close the week ending 26 December 2025 at 597,004.30 points, from 607,938.06 points on 19 December 2025. This downward movement in the index was primarily driven by the share price loss in ICON and FMBCH.

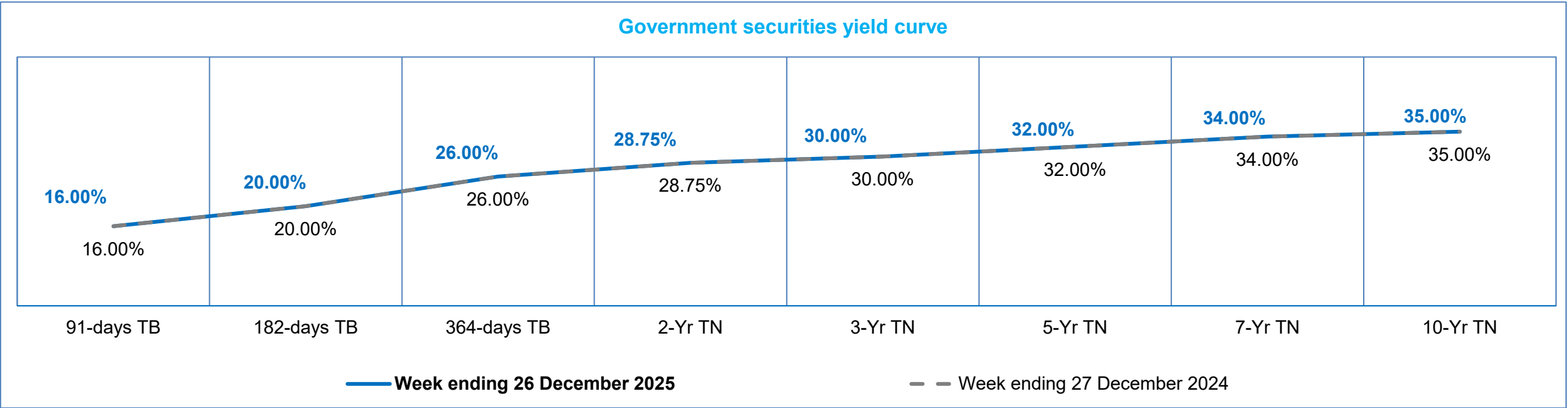
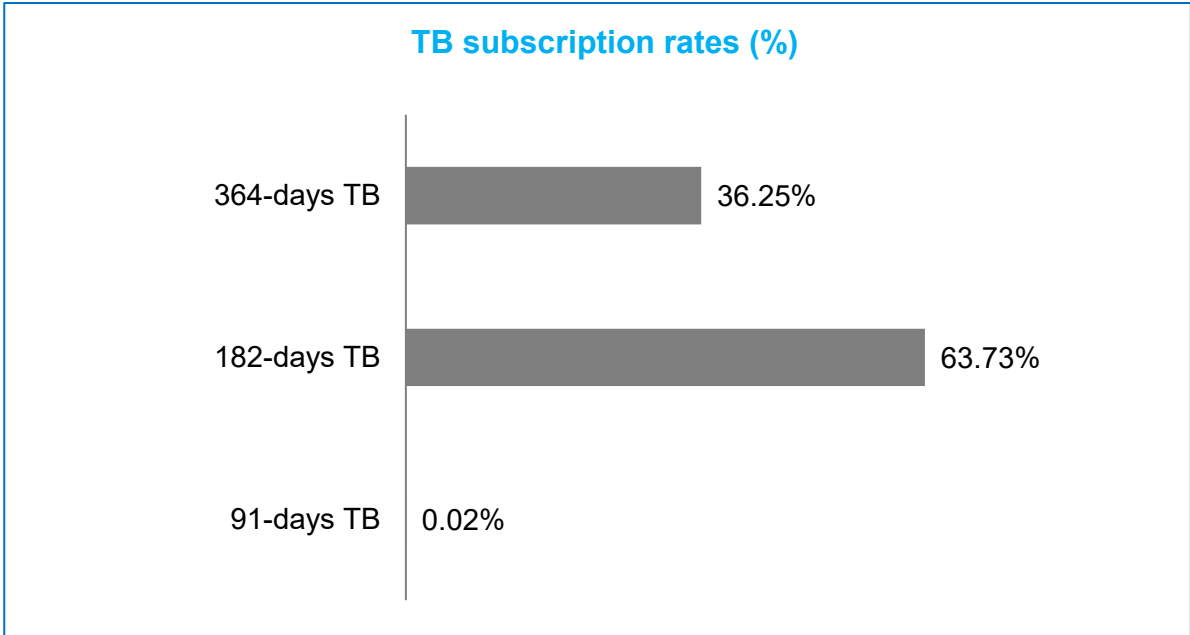
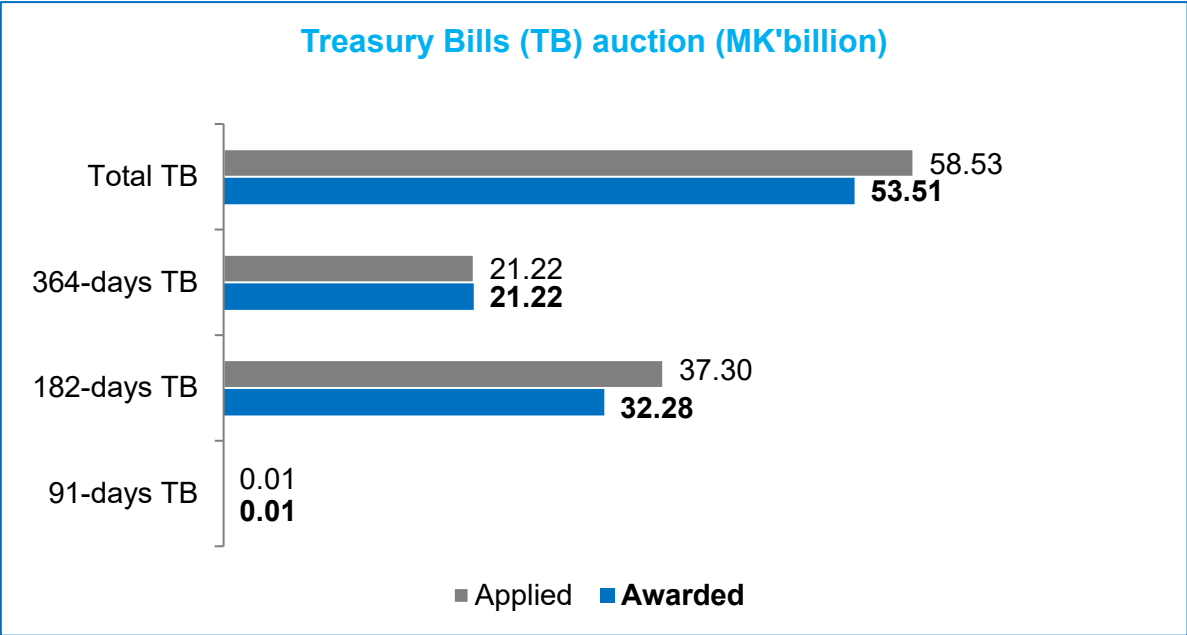
Blantyre Hotels Plc projects profit after tax of MK5.57 billion. to K5.84 billion for the year ending 31 December 2025, representing growth of 507% to 526% from a MK1.37 billion loss in 2024





Government Securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TB) during the period under review. A total of MK53.51 billion was raised from the auctions.



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	26-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	2,413.82
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	2,106.62
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	107.24
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%	27.9%	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%	30.1%	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%	24.2%	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%
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%	247.01%
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%	208.09%
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%	471.25%

The 24 December 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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