



Malawi Financial Market Update

Week ending 5 December 2025



Market Developments

What happened this week

The Reserve Bank of Malawi mandated that all tobacco transactions must use US Dollars, ending transactions in Malawi Kwacha to bolster external reserves and enhance foreign exchange inflows.

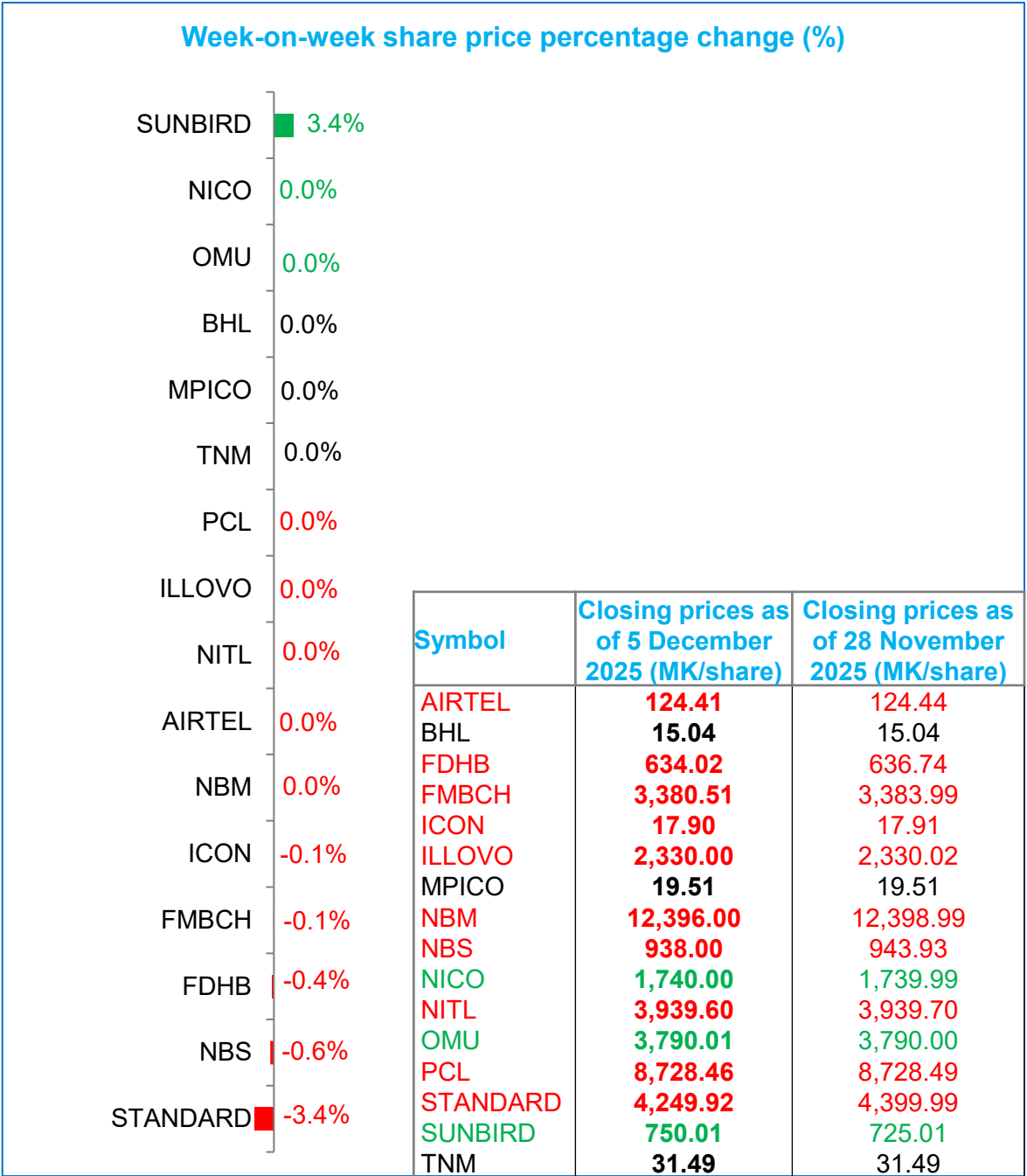
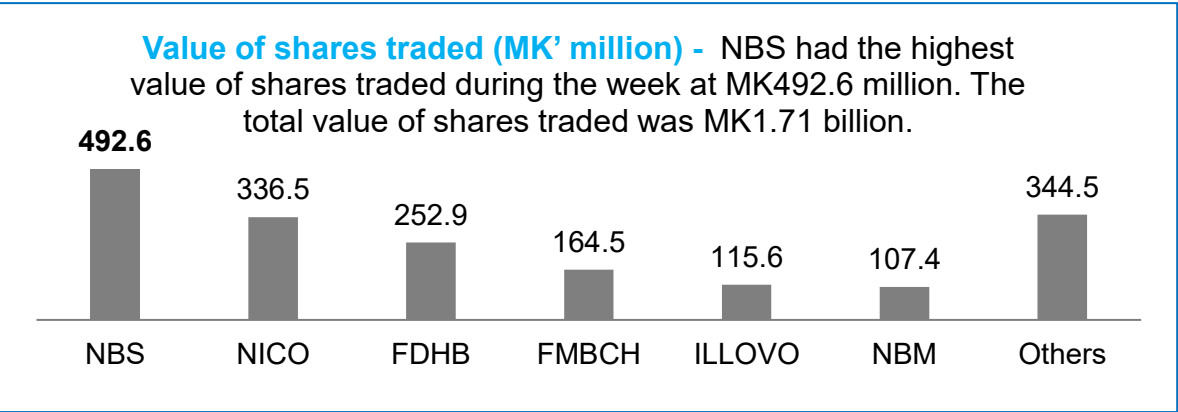
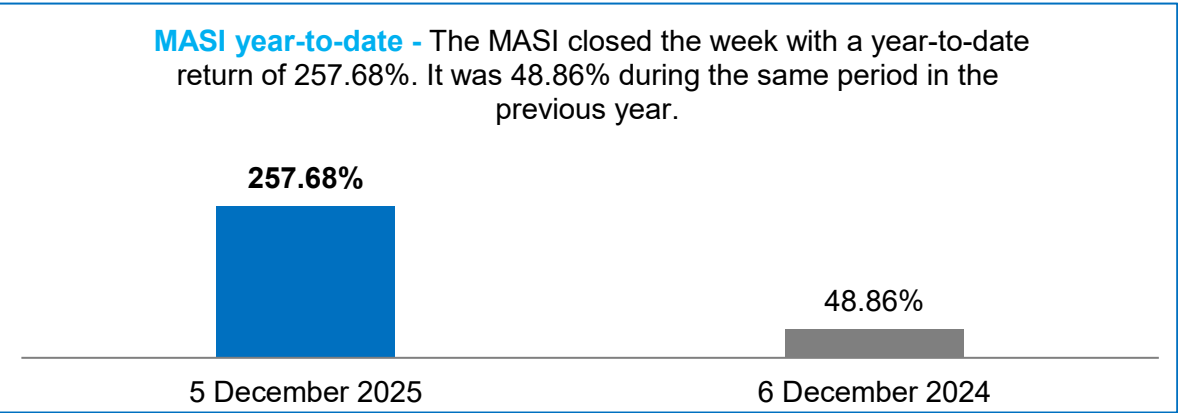
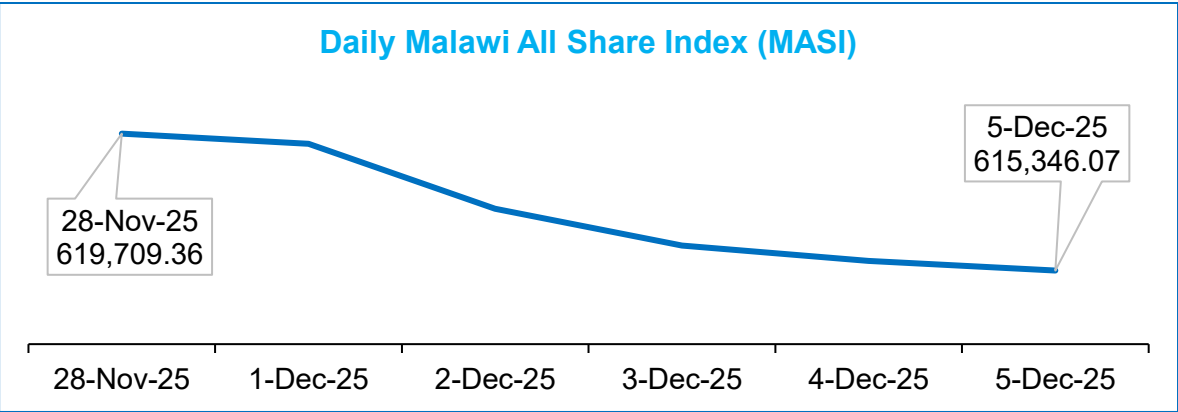
The commercial bank reference rate has been set at 25.3% effective 3 December 2025.

1. The Reserve Bank of Malawi (RBM) has mandated that all tobacco transactions at the country's auction floors must be conducted exclusively in United States Dollars, ending a five-year window that allowed Malawi Kwacha transactions. This significant policy shift is aimed at bolstering the country's external reserves, promoting transparency, and enhancing foreign exchange inflows. The change takes effect from the upcoming tobacco marketing season. The RBM Deputy Governor stated that merchants must also declare all foreign exchange they bring into the country to ensure the RBM maintains accurate national reserve records. Furthermore, exporters were reminded of their legal obligation to repatriate all export earnings within 120 days of shipment to ensure broader macroeconomic stability. (*The Daily Times*, 1 December 2025).
2. The Minister of Finance has raised concern that Malawi's growing import appetite is driving the country's economic imbalance. The country is set for a wide trade deficit, having recorded USD2.63 billion in imports against only USD630 million in exports during the first nine months of the year. To address this, the government is providing letters of credit to companies importing critical production commodities and pledged to offer more incentives to the private sector to boost productivity and grow exports. (*The Daily Times*, 2 December 2025)
3. As of 27 November 2025, only 9.6% (about 105,310 households) of the targeted 1.1 million beneficiaries have redeemed their inputs under the Farm Inputs Subsidy Programme (FISP). The low rate is partially attributed to this year's late launch on November 12. Furthermore, 3,800 government employees have been flagged for illegally registering themselves to access subsidized fertiliser, with the Minister of Agriculture warning of legal action against misconduct. (*The Daily Times*, 3 December 2025)
4. The national average retail price of maize dropped by 6% to MK1,168/kg in November 2025 from MK1,238/kg in October 2025, an unusual decline for the start of the lean season. This price stability is attributed primarily to cross-border trade and stable informal exchange rates. However, this market stability is contrasted by the humanitarian crisis as over 4 million Malawians (22% of the population) face acute food insecurity, necessitating an estimated 200,000 metric tons of humanitarian maize assistance. (*The Daily Times*, 5 December 2025)
5. The commercial bank reference rate for December 2025 has remained unchanged from the November reference rate of 25.3%. The reference rate is effective from 3 December 2025. (*National Bank*, 3 December 2025)
6. Standard Bank Malawi plc is integrating into the China Cross-border Interbank Payment System (CIPS), a move described as a breakthrough for financial sovereignty and trade with China. The system, which bypasses the US dollar and correspondent banks, allows settlements for trade with Chinese partners in Renminbi (RMB) in seconds, making payments faster and cheaper without Western banks intermediaries. The integration, secured after obtaining a license in June 2025, is expected to enhance trade goals, reduce exposure to the dollar's volatility, and save African businesses up to 50% on transaction costs. (*The Nation*, 1 December 2025).
7. Portland Cement Limited (PCL) has partnered with China-based Huaxin Building Materials Group to build a USD100 million (about MK175 billion) cement plant. This joint venture aims to ease perennial supply shortages by producing 800,000 metric tonnes of cement annually. Minister of Trade and Industry, highlighted that the project is a significant milestone, expected to create about 500 direct jobs and over 2,000 indirect jobs, while contributing MK35 billion annually in taxes and MK1 billion mining royalties. The plant is also projected to save USD30 million previously spent on clinker imports and while generating USD15 million in annual export earnings. (*The Nation*, 4 December 2025).
8. Extractive sector stakeholders are calling for stronger governance, safer practices, and value addition to unlock the sector's economic potential, combat illicit trade, and ensure fairer benefits for Malawians. They stress that while the government's ban on unprocessed mineral exports is positive, efficient refining and value-addition facilities are urgently needed. Simultaneously, the Songwe Hill Rare Earths project is set to secure a USD100 million (MK175 billion) direct loan from the US Government-owned International Development Finance Corporation (DFC), a significant move that validates the project's strategic importance to global critical mineral supply chains. The Malawi Government holds a 10% shareholding in the mine. (*The Nation*, 5 December 2025).



Stock market (Source: MSE)

The stock market was bearish, with the Malawi All Share Index (MASI) falling by 0.64% to close the week ending 5 December 2025 at 615,346.07 points, from 619,709.36 points on 28 November 2025. This downward movement in the index was primarily driven by the share price loss in STANDARD.





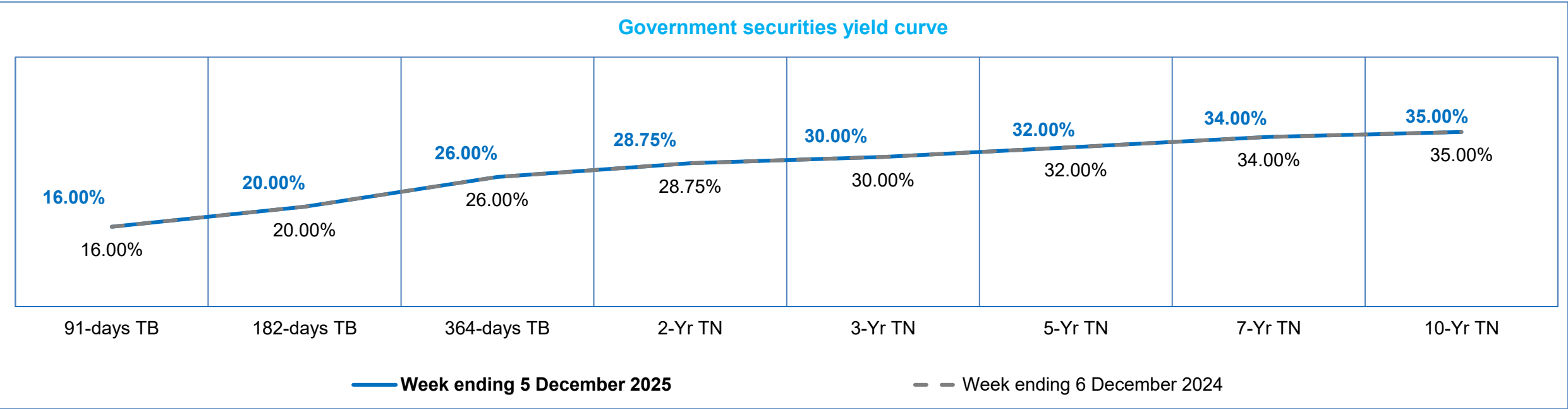
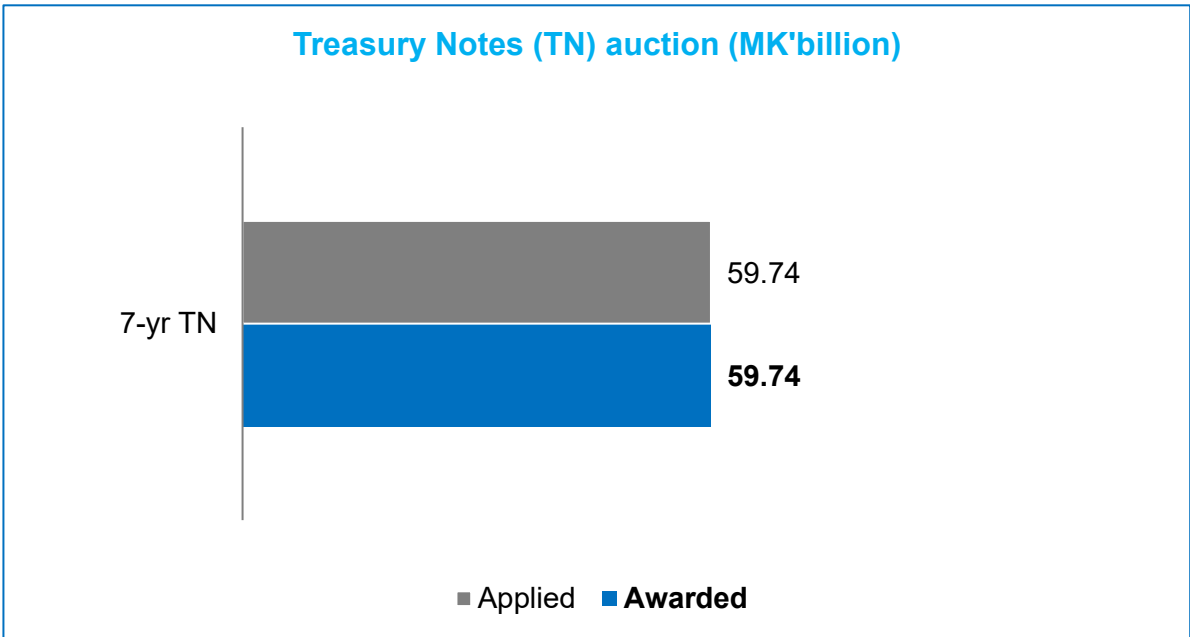
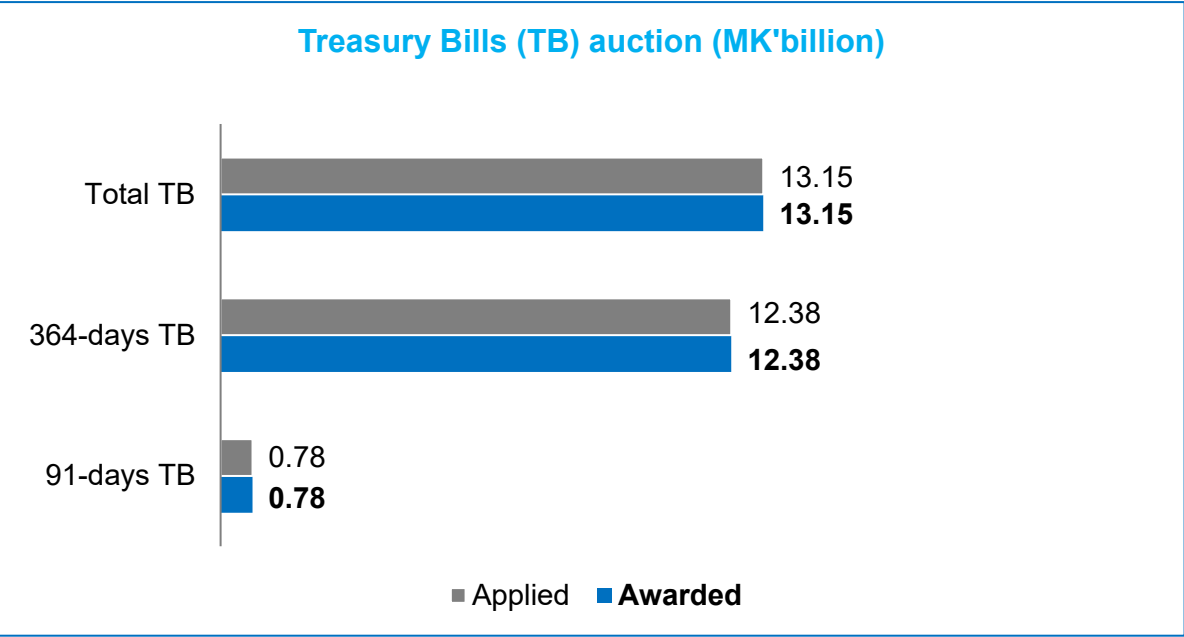
Government Securities (Source: RBM)

The Reserve Bank of Malawi (RBM) held auctions for all tenors of Treasury Bills (TB) and a 7-year Treasury Note (TN) during the period under review. A total of MK72.89 billion was raised from the auctions.

The total amount raised from the TB auctions was MK13.15 billion.

The total amount raised from the 7-year TN auction was MK59.74 billion.

As at 5 December, 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 6 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	5-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	2,383.99
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	2,082.33
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	105.39
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	N/A	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%	257.68%
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%	215.05%
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%	503.17%

The 5 December 2025 exchange rates are Middle (TT) opening exchange rates as reported by the Reserve Bank of Malawi.

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