Bridgepath Capital
Invest to Achieve

Malawi Monthly Economic Report and an Overview of the 2026 Malawi Country Private Sector Diagnostic by the World Bank

June 2026

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Table of Contents

Inflation and Monetary Policy

The year-on-year headline inflation rate eased to 23.4% in May 2026 from 24.3% in April 2026, driven by the decrease in both food and non-food inflation.

The latest inflation forecasts for 2026 vary across institutions. Oxford Economics projects a higher average of 40.8%, citing fuel price increases and currency depreciation driven by a dearth of forex reserves, unsustainable public debt, import dependence, trade imbalances, and reduced external funding. The African Development Bank (AfDB) projects an average of 24.6%. The Economist Intelligence Unit (EIU) expects inflation to average around 23.7% during the year. The World Bank projects 21.9%, driven by high food prices and money creation linked to pre-election deficits. In comparison, the State of the Nation Address (SONA) projects inflation to decline to less than 21.0% in 2026.

Foreign Exchange Market and Reserves Position

Based on the closing middle rates, the Malawi Kwacha was stable, trading at MK1,749.93/USD as of 30 June 2026, from MK1,749.46/USD as of 31 May 2026.

Stock Market

The stock market was bullish in June 2026, with the Malawi All Share Index (MASI) increasing by 2.05% to 524,002.31 points from 513,462.78 points in May 2026. This brought the MASI year-to-date return to negative 12.38% in June 2026. In June 2025, the year-to-date return was 85.74%. The share price gains in FMBCH, SUNBIRD, PCL, ICON and NBS primarily drove this upward movement in the index.

Fiscal Policy, Regulatory Developments and Government Securities

In June 2026, an International Monetary Fund (IMF) Staff Team visited Lilongwe and Blantyre from 8 to 18 June, 2026, following the Government of Malawi’s request for an Extended Credit Facility (ECF) arrangement.

The Government of Malawi launched the National Economic Recovery Plan (NERP) 2025–2030, a five-year strategy designed to stabilize and recover the economy while accelerating growth.

Fiscal Policy, Regulatory Developments and Government Securities (continued)

In June 2026, a total of MK319.93 billion was raised from MK321.73 billion in applications for Treasury Bills and Treasury Notes, representing an overall acceptance rate of 99.44%.

As of 30 June 2026, the 91-, 182-, and 364-day TB yields were 12.00%, 15.00%, and 16.50%, respectively. There were re-opening auctions for a 2-year Treasury Note with a yield of 18.00% and a coupon rate of 10.00%. The Reserve Bank of Malawi (RBM) held Open Market Operation Repurchase Agreements (OMO Repo) auctions for all tenors of OMO Repos in June 2026. No liquidity was withdrawn from the market.

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price in May 2026 fell by 22.61% to MK736/kg (MK36,800 for a 50kg bag), from MK750/kg (MK37,500 for a 50kg bag) in April 2026.

As of 30 June 2026, USD174.05 million was realised from the sale of 84.10 million kilograms (kgs) of tobacco at an average price of USD2.07/kg. During the same period in the previous year, USD327.32 million was realised from the sale of 129.51 million kgs at an average price of USD2.65/kg, representing a 46.83% decrease in earnings compared to the corresponding period last year.

In Malawi, fuel pump prices were adjusted, with petrol prices declining to MK5,619 per litre from MK6,209, representing a 9.50% decrease, and diesel prices decreased to MK6,306 from MK6,687 per litre effective 19 June 2026. Global oil prices decreased, with the OPEC reference basket decreasing by 32.7% to USD76.87 in June 2026 from USD114.28/barrel in May 2026.

An Overview of the 2026 Malawi Country Private Sector Diagnostic by the World Bank

The World Bank’s Country Private Sector Diagnostic (CPSD) for Malawi highlights both the country’s significant economic potential and the key constraints limiting private investment and growth. Malawi benefits from fertile land, a favourable climate, Lake Malawi’s vast blue economy potential, and strategic access to regional markets. The report identifies major binding constraints in the business environment, including limited access to finance, corruption, high taxes, weak infrastructure, shallow capital markets, skills gaps, and restrictive regulatory frameworks. Financial and capital markets remain underdeveloped, with only about 10% of firms accessing bank credit.

To unlock growth, the CPSD identifies three priority sectors with high potential for private investment, job creation, and export earnings: international nature-based tourism, mango production and processing, and commercial rutile and graphite mining. The report estimates that implementing the recommended reforms in the mango sector could attract up to USD290 million in private investment over the medium term, create approximately 60,000 direct and indirect jobs, and generate more than USD100 million in annual exports. Similarly, reforms in the rutile and graphite mining sector are projected to create around 2,500 direct and 6,000 indirect jobs while generating more than USD1.9 billion in annual exports over the medium term, potentially doubling Malawi's exports by 2033.

Malawi Economic Growth Outlook

Real GDP growth projections for 2026 range from 0.5% to 3.8% (average 2.18%). Oxford Economics expects 0.5% growth, citing the combined impacts of the oil price shock and currency depreciation. The EIU projects 2.5%, while the World Bank and the AfDB forecast growth of 2.3%. The Malawi government projects growth at 3.8%.

Opportunities

Continental Holdings Limited (CHL) launched an Initial Public Offering (IPO), marking its first public sale of shares in anticipation of its planned listing on the Malawi Stock Exchange (MSE) on 3 August 2026. The IPO includes an offer for sale of 753,308,604 ordinary shares at MK195 per share. Notably, 25% of all existing shares are being offered to the public, making the total value of the offer MK146.90 billion.

Risks

The recent decline in tobacco earnings, caused by oversupply in the global markets, poses a risk to foreign exchange inflows for Malawi.

The possibility of the El Niño weather phenomenon developing in mid-2026 presents risks to temperature and rainfall patterns, with potential adverse implications for agricultural production and food security.

The year-on-year headline inflation rate eased to 23.4% in May 2026 from 24.3% in April 2026, driven by a decrease in both food and non-food inflation

The commercial bank reference rate for June 2026 was 20.40%, down from 20.60% in May 2026.

The Monetary Policy Committee maintained the policy rate at 24.0%. The Liquidity Reserve Requirement (LRR) ratio for local currency deposits was increased to 12% from 10%, while the LRR for foreign currency deposits was maintained at 3.75%.

Inflation (Source: NSO, WB, EIU, Oxford Economics, GoM)

The year-on-year headline inflation rate eased to 23.4% in May 2026 from 24.3% in April 2026, driven by the decrease in both food and non-food inflation. The food inflation rate declined to 17.6% in May 2026 from 19.1% in April 2026, and the non-food inflation rate decreased to 33.0% in May 2026 from 33.2% in April 2026.

The 2026 inflation projections for Malawi vary across institutions. Oxford Economics forecasts inflation to average 40.8%, citing fuel price increases and pass-through effects of the depreciating currency, driven by a dearth of forex reserves, unsustainable public debt, import dependence, trade imbalances, and reduced external funding. In comparison, the State of the Nation Address (SONA) projected inflation to be less than 21% in 2026. The Economist Intelligence Unit (EIU) expects the inflation rate to average 26.0%, driven by the RBM's continued deficit financing and rising food and fuel prices. The African Development Bank (AfDB) projects inflation to average 24.6% in 2026. The World Bank's projection is 21.9%, citing currency weakness and structural constraints.

The 2026-27 budget statement projects inflation to 15% by the end of the 2026-27 financial year.

Monetary Policy (Source: RBM)

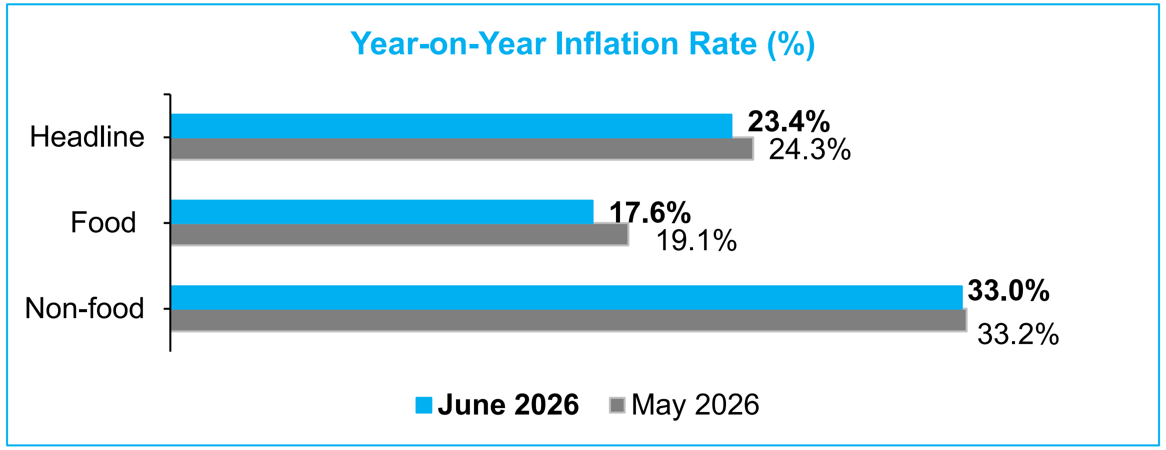
At its second meeting of 2026, held on 29 and 30 April 2026, the Monetary Policy Committee (MPC) decided to maintain the Policy Rate at 24.0%. The MPC maintained the Lombard Rate at 20 basis points above the Policy Rate. The Liquidity Reserve Requirement (LRR) ratio for local-currency deposits was increased to 12% from 10%, while the LRR for foreign-currency deposits was maintained at 3.75%. The next MPC meeting is scheduled for 29 and 30 July 2026. The decision will be announced on 30 July 2026.

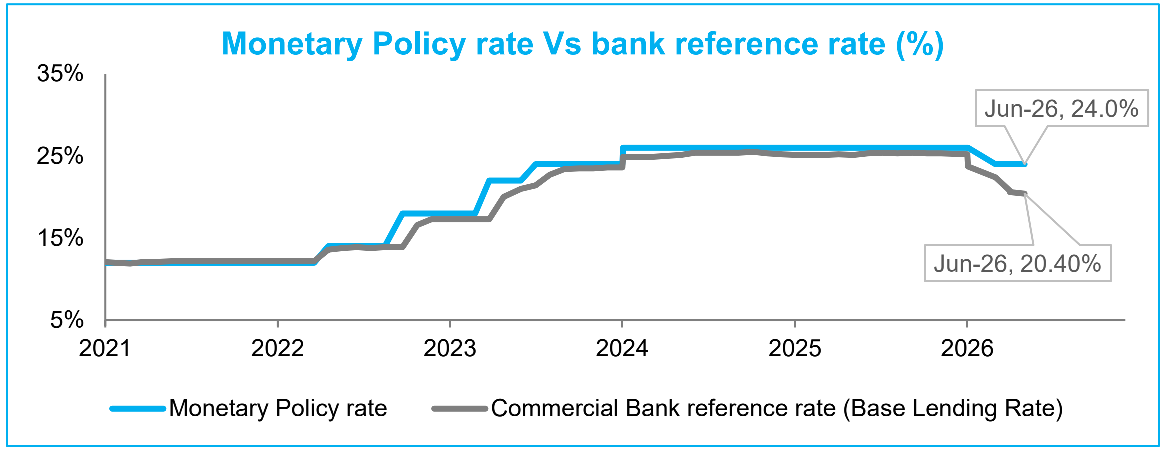
The commercial bank reference rate for June 2026 was 20.40%, down from 20.60% in May 2026.

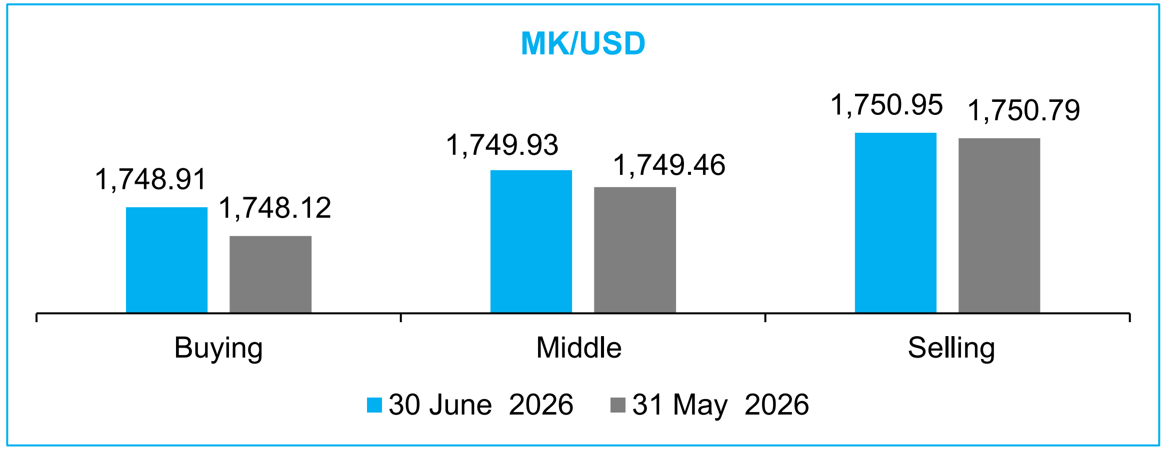
Foreign Exchange (Source: RBM)

Based on the closing middle rates, the Malawi Kwacha was stable, trading at MK1,749.93/USD as of 30 June 2026, from MK1,749.46/USD as of 31 May 2026. During the same period last year, the Malawi Kwacha traded at MK1,750.48/USD, from MK1,750.67/USD as of May 2025.

According to the United Nations (UN), the exchange rate remains significantly overvalued, with a parallel market premium exceeding 140%, which discourages exports and reduces foreign currency inflows. Foreign reserves remain critically low.







Economic Overview (Continued)

Stock Market

The total value of shares traded on the Malawi Stock Exchange in June 2026 was MK38.06 billion, with NBS leading in value at MK10.8 billion.

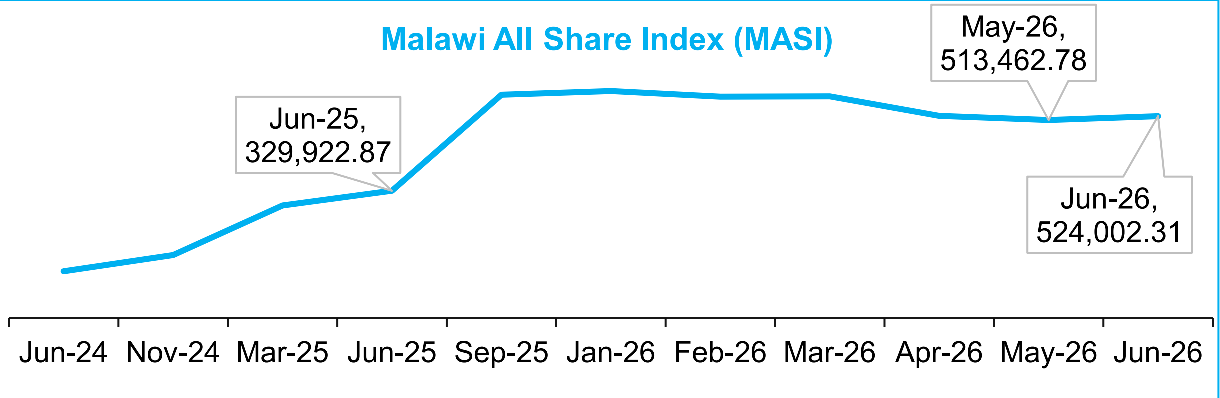
The stock market was bullish in June 2026, with the Malawi All Share Index (MASI) increasing by 2.05% to 524,002.31 points from 513,462.78 points in May 2026. This brought the MASI year-to-date return to negative 12.38% in June 2026. The upward movement in the MASI was due to share price increases in FMBCH, SUNBIRD, ICON and NBS.

Stock Market Performance (Source: MSE)

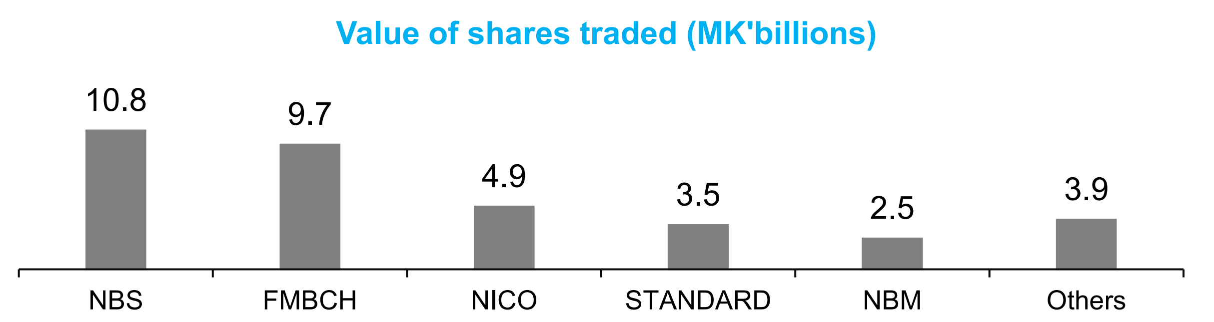
The stock market was bullish in June 2026, with the Malawi All Share Index (MASI) increasing by 2.05% to 524,002.31 points from 513,462.78 points in May 2026. This brought the MASI year-to-date return to negative 12.38% in June 2026. In June 2025, the year-to-date return was 85.74%.

FMBCH recorded the highest share price gain in June 2026, rising by 15.0% to close the month at MK1,895.92, having opened at MK1,648.83. There were also share price gains in SUNBIRD, PCL, ICON and NBS.

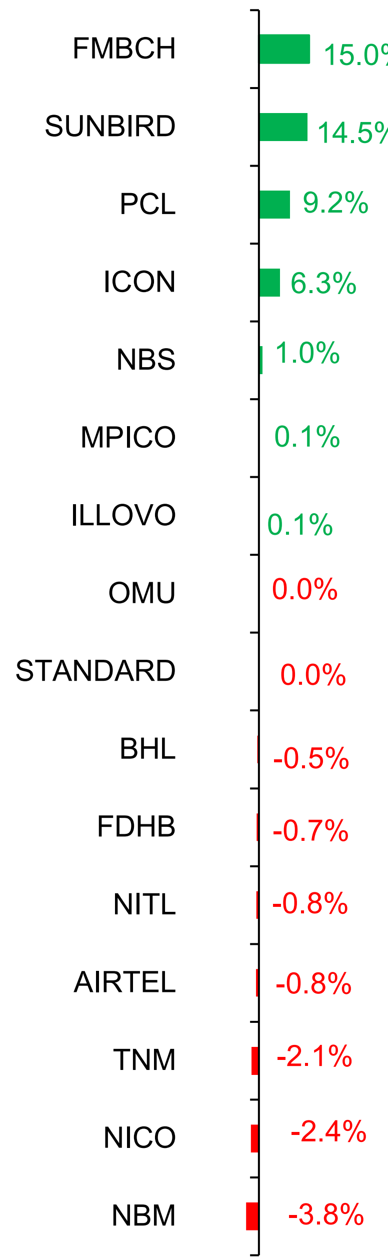
NBM had the highest share price loss in June 2026, falling by 3.8% to MK9,996.00 from MK10,394.57 in May 2026. There were also share price losses for NICO and TNM recorded during the period under review.



The number of trades on the MSE decreased by 9.86% to 2,991 in June 2026 from 3,318 in May 2026. The value of shares traded increased by 363.02% to MK38.06 billion in June 2026, from MK8.12 billion in May 2026. NBS had the highest value of shares traded at MK10.8 billion in June 2026.



Month-on-month share price change



Symbol	Closing prices (MK/share)	
	30 June 2026	31 May 2026
AIRTEL	111.29	112.22
BHL	17.41	17.50
FDHB	530.66	534.53
FMBCH	1,895.92	1,648.83
ICON	17.02	16.01
ILLOVO	3,501.82	3,500.02
MPICO	19.57	19.55
NBM	9,996.00	10,394.57
NBS	737.96	730.56
NICO	1,588.28	1,627.36
NITL	3,900.00	3,930.18
OMU	5,300.01	5,300.02
PCL	9,500.00	8,700.00
STANDARD	3,999.38	3,999.91
SUNBIRD	3,550.00	3,100.06
TNM	29.17	29.80

Economic Overview (Continued)

Stock Market (continued)

Continental Holdings Limited (CHL) is undertaking an Initial Public Offering (IPO) through an Offer for Sale of 753,308,604 ordinary shares at MK195.00 per share, with a total offer value of MK146.9 billion.

Corporate Announcements

Published Trading Statement

In compliance with the listing requirements of the Malawi Stock Exchange (MSE), a listed company is required to publish a trading statement as soon as there is a reasonable degree of certainty that the financial results for the period to be reported upon will differ by at least 20% from the financial results for the previous corresponding period. Below are the latest trading statement data. All figures are in MK'billion unless otherwise specified.

Counter	30 June 2026	30 June 2025	Trading Statement profit/loss expectation
AIRTEL plc	9.6 - 11.7	22.4	47% – 57%
BHL Plc	(0.10) – (0.08)	3.3	(103.1%) - (102.5%)
FDHB plc	85.6 – 91.7	60.3	42% - 52%
MPICO plc	12.3 -13.7	7.6	62% - 80%
NBM plc	125.3 - 142.1	84.11	49% - 69%
PCL plc	129.0 – 148.1	94.39	37% - 57%
STANDARD plc	58.1 – 65.2	48.4	20% - 35%

Continental Holdings Plc Initial Public Offering (IPO)

Continental Holdings Limited (CHL) is undertaking an Initial Public Offering (IPO) through an Offer for Sale of 753,308,604 ordinary shares at MK195.00 per share, with a total offer value of MK146.9 billion. After the IPO, CHL will have 3,013,234,416 shares in issue, with 25% of the company owned by public shareholders. The offer is partially underwritten up to MK14 billion, and investors must buy a minimum of 300 shares, with additional shares purchased in multiples of 100. Since this is an Offer for Sale, the money raised will go to the selling shareholder, TransAfrica Holdings Limited (TAH) whose ownership will decrease from 57.64% to 32.64%, rather than to CHL. The offer opened on 30 June 2026 and will close on 20 July 2026. The allotment results will be announced on 24 July 2026, and CHL is expected to list on the Malawi Stock Exchange (MSE) on 3 August 2026.

Dividend Announcements

Counter	Dividend type	Proposed/ Declared	Dividend per share (MK)	Last day to register	Payment date
MPICO	Final	Proposed	0.50	17 July 2026	24 July 2026
STANDARD	Final	Declared	15.47	10 July 2026	24 July 2026

Cautionary Statement

Board of Directors of FMB Capital Holdings Plc ("FMBCH" or the "Company") is pleased to announce that the Bank of Mauritius has conveyed its in-principle approval, under section 5(8A) of the Banking Act 2004 of Mauritius, for FMBCH to establish a bank in Mauritius (the "Proposed Bank"). The Proposed Bank will be established as a 50:50 joint venture between FMBCH and Rogers Global Financial Holdings Ltd (RGFHL). The Proposed Bank will combine FMBCH's regional banking expertise, developed through its First Capital Bank operations across five SADC markets, with the partners' deep roots in the Mauritian economy. The Company believes the Proposed Bank will be well positioned to serve the growing trade, investment and financial flows between Mauritius, Africa and the wider region. The successful final outcome of the banking application could have a material impact on the share price of the Company. Shareholders of FMBCH are accordingly advised to exercise caution when dealing in the securities of the Company and to consult their professional advisers if in doubt.

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The Government of Malawi launched the National Economic Recovery Plan (NERP) 2025–2030, a five-year strategy designed to stabilize and recover the economy while accelerating growth.

In June 2026, a total of MK319.93 billion was raised from MK321.73 billion in applications for Treasury Bills and Treasury Notes, representing an overall acceptance rate of 99.44%.

Fiscal Policy and Regulatory Developments (Source: GoM; Published Media)

In June 2026, the Government of Malawi launched the National Economic Recovery Plan (NERP) 2025–2030, a five-year strategy designed to stabilize and recover the economy while accelerating growth. The NERP aims to address food insecurity, restore macroeconomic growth, invest in economic infrastructure, achieve fiscal and debt sustainability, protect vulnerable populations, promote good governance and the rule of law, and enhance the fight against corruption. It sets targets for single-digit inflation, a 6.5% annual GDP growth by 2030, and increased economic resilience through structural reforms.

The National Economic Recovery Plan outlines a comprehensive set of targets to restore macroeconomic stability and drive inclusive growth across key sectors. On the fiscal side, the plan aims to improve fiscal sustainability by reducing the fiscal deficit by 50% by 2028, increasing tax revenue to 18% of GDP, and lowering public debt to 60% of GDP by 2029. In the monetary sector, it targets single-digit inflation by 2029 and aims to moderate reserve money growth to 10% by 2028 to strengthen price stability and policy effectiveness.

For the external sector, the NERP aims to build foreign exchange reserves to cover at least three months of imports and boost export earnings through diversified and fully commercialized value chains. In the real sector, the plan targets a 6% GDP growth rate by 2030, an annual maize production of 4 million metric tonnes, and significant sectoral expansion, including agriculture (6%), tourism (15%), mining (10%), and manufacturing (20%), alongside improvements in governance and structural transformation.

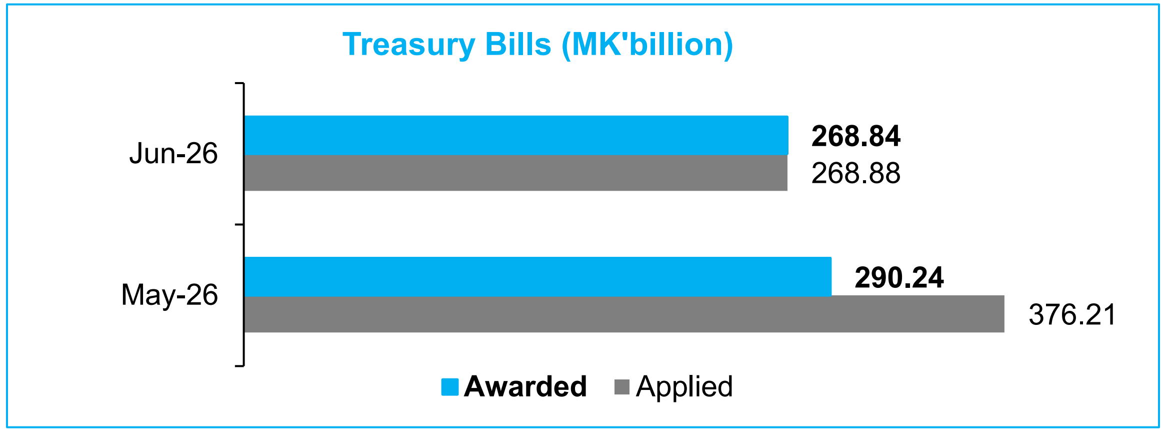
Government Securities (Source: RBM)

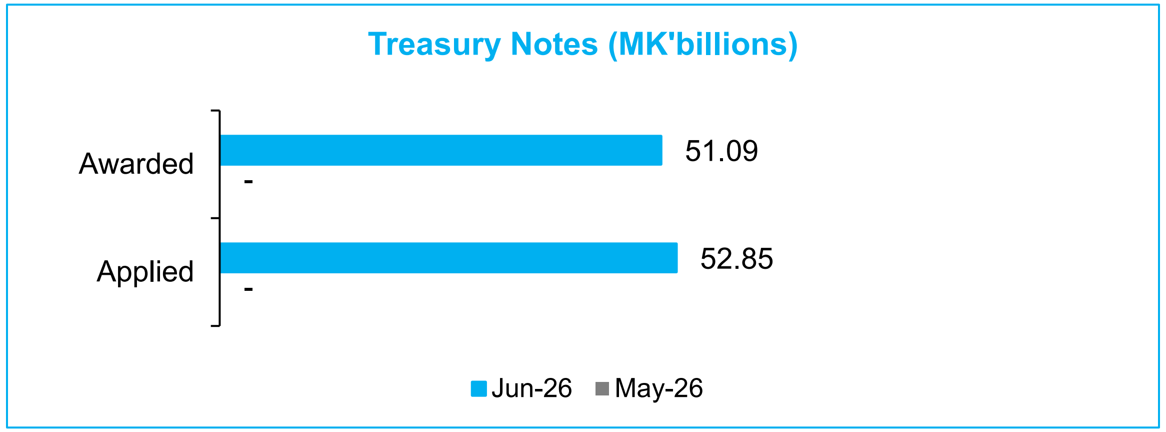
In June 2026, a total of MK319.93 billion was raised from MK321.73 billion in applications for Treasury Bills and Treasury Notes, representing an overall acceptance rate of 99.44%. The treasury bill auctions applied were MK268.88 billion, and the treasury notes auctions applied were MK52.85 billion. The treasury bills awarded was MK268.84 billion and the treasury notes awarded were MK51.09 billion. In June 2026, the TN auctions had a 3.32% rejection rate. There were no auctions for the 3-,5-,7- and 10-year TN tenors.

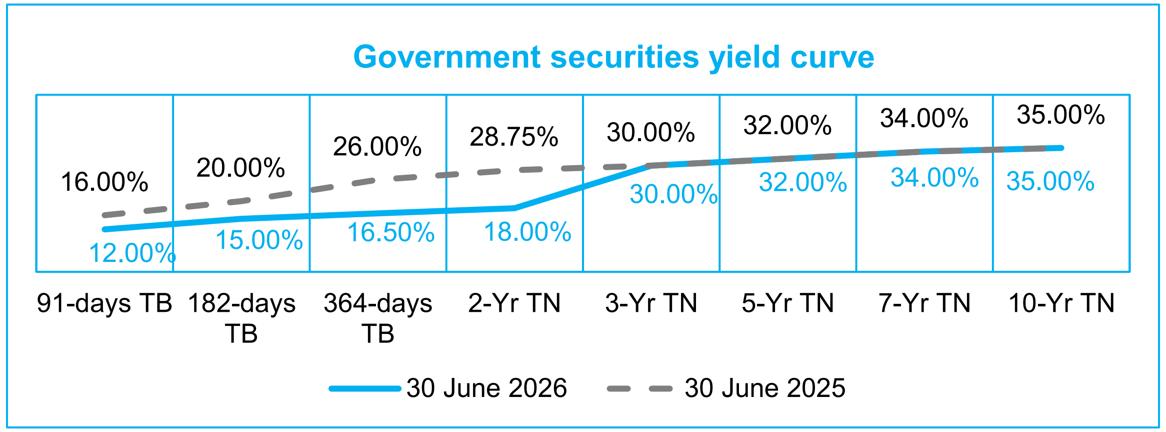
The RBM held Open Market Operation Repurchase Agreements (OMO Repo) auctions for all tenors of OMO Repos in the month of June 2026. No liquidity was withdrawn from the market.

Government Securities Yield Curve (Source: RBM)

As of 30 June 2026, the 91-,182- and 364-day TB yields remained unchanged from May 2026 at 12.00%, 15.00% and 16.50% respectively. The monthly average TB yield remained unchanged in June 2026, averaging 14.50% . The treasury note yields remained unchanged in June 2026, averaging 29.97%.







Market Developments

Commodities Market Developments

The average OPEC reference basket price decreased by USD37.41, representing a 32.7% month-on-month decrease, to USD76.87/barrel in June 2026 from USD114.28/barrel in May 2026.

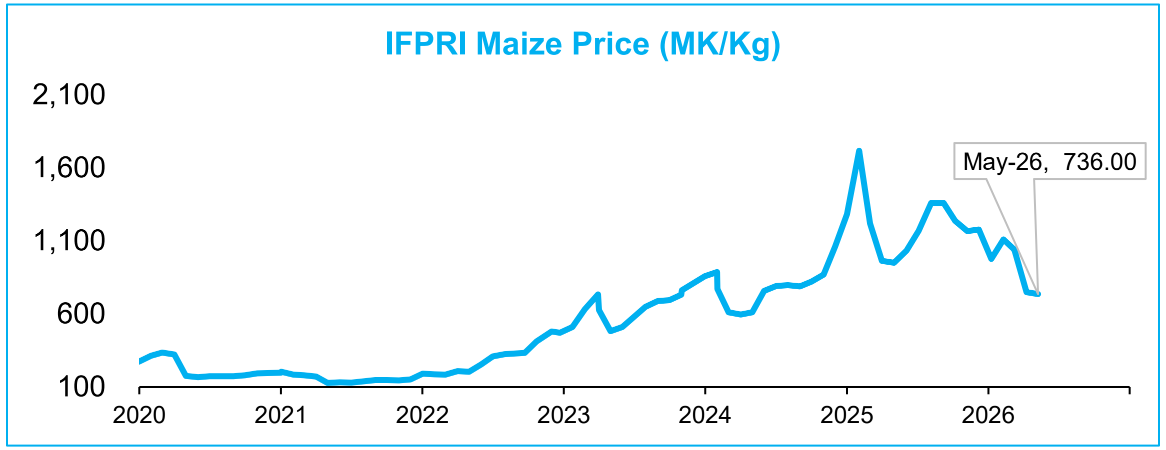
As of 30 June 2026, USD174.05 million was realised from the sale of 84.10 million kilograms (kgs) of tobacco at an average price of USD2.07/kg.

Effective 19 June 2026, the Malawi Energy Regulatory Authority (MERA) reduced petrol prices to MK5,619 per litre from MK6,209, representing a 9.50% decrease, and diesel prices decreased to MK6,306 from MK6,687 per litre, representing a 5.70% decrease.

Local Maize Price Developments (Source: IFPRI, RBM)

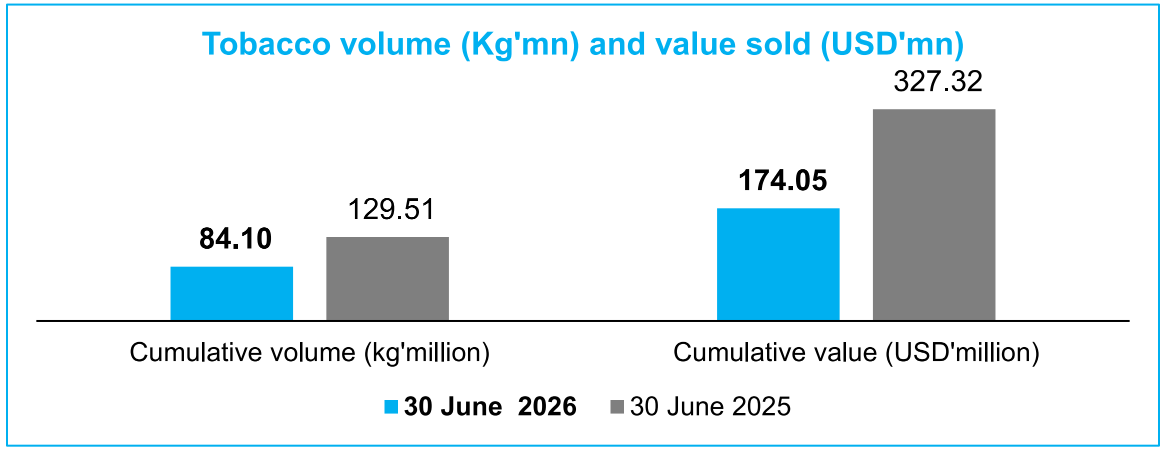
In May 2026, maize prices decreased to MK736/kg in the final week of May 2026 (equivalent to MK36,800 for a 50kg bag) from MK750/kg in the last week of April 2026 (equivalent to MK37,500 for a 50kg bag). The May 2026 price is 22.61% lower than May 2025, when maize sold for MK951.00/kg (MK47,550 for a 50kg bag).

The net decrease in maize prices from the end of May 2026 was smallest in the Central Region and largest in the Southern Region, further widening existing regional disparities. At the end of May 2026, the Northern Region recorded the lowest average maize price at K707/kg, the Central Region followed at K727/kg, while the Southern Region registered the highest regional average price at K747/kg.



Tobacco Auction Developments (Source: AHL)

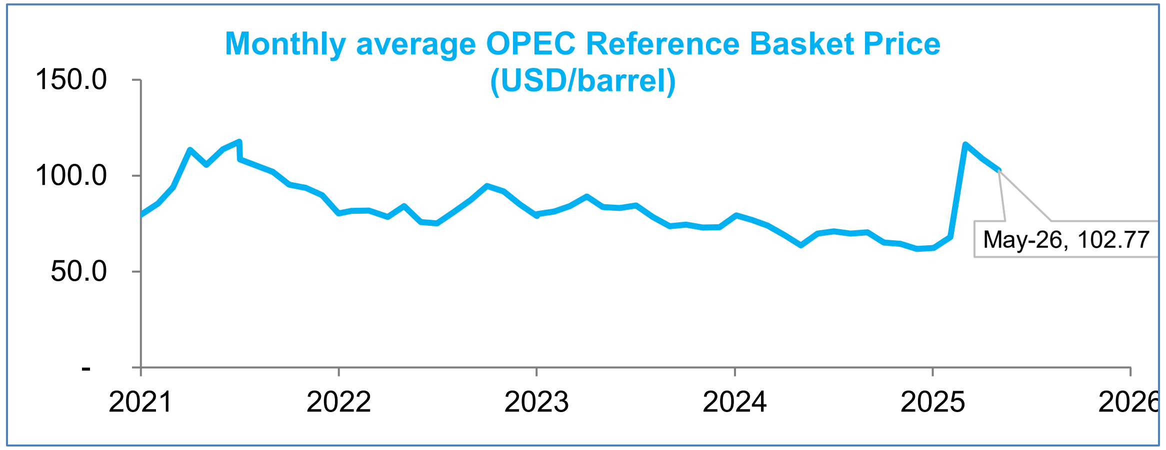
Figures from the Auction Holdings Limited (AHL) tobacco sales report show that as of 30 June 2026, 84.10 million kgs of tobacco were sold at an average price of USD2.07/kg in the 2026 selling season. The cumulative national value of tobacco sold stood at USD174.05 million, representing a 46.83% decrease from USD327.32 million sold during the same period in the previous year. During the same period in the previous year, 129.51 million kgs were sold at an average price of USD2.65/kg.



Oil Price Developments (Source: OPEC)

The average Organisation of Petroleum Exporting Countries (OPEC) reference basket price decreased by USD37.41, representing a 32.7% month-on-month decrease, to USD76.87/barrel in June 2026 from USD114.28/barrel in May 2026. Year-on-year, the price increased by 10.20% from USD69.73/barrel in June 2025.

Effective 19 June 2026, the Malawi Energy Regulatory Authority (MERA) reduced petrol prices to MK5,619 per litre from MK6,209, representing a 9.50% decrease, and diesel prices decreased to MK6,306 from MK6,687 per litre, representing a 5.70% decrease.



Local Mining Industry Developments (Source: Published Media)

In June 2026, Lotus Resources Limited (LSU) temporarily stopped production at Kayelekera Uranium Mine in Karonga, citing a disruption in the third-party acid supply chain linked to geopolitical tensions in the Middle East and acid plant repair works. The company announced that prior to the suspension, the mine demonstrated improved performance. In May, it produced 73,600 pounds of uranium, up from 47,300 pounds in April. This production in May nearly reached the total of 78,300 pounds for the first quarter of 2026. The disruptions are now culminating in several contracted and prepaid deliveries being delayed or not fulfilled. The company indicated that steady-state production is expected later in the year, subject to acid

Market Development (Continued)

Other Market Developments

In June 2026, an IMF Staff Team visited Lilongwe and Blantyre from 8 to 18 June, 2026, following the Government of Malawi's request for an ECF arrangement.

Malawi is in discussions with Afreximbank on debt restructuring and a proposed USD120 million (about MK210 billion) fuel importation facility aimed at easing fuel shortages and foreign exchange constraints.

Local Mining Industry Developments (Source: Published Media) (continued)

supply and funding, while logistics and transport arrangements for uranium shipments are progressing.

Lindian Resources Limited terminated its off-take agreement with Gerald Metals for monazite concentrate from the Kangankunde Rare Earths Project in Balaka District. The company reported that both parties mutually agreed to end the 2023 agreement for the sale and purchase of 45,000 metric tonnes over 60 months. Further to that, the Company stated that the termination will allow the company to be in full control of its sales pipelines, pricing, profitability, strategic jurisdictional strategies and sale quality. The Executive Director of Lindian Resources Limited reported that the project remains on schedule for first production, with commissioning targeted for October and November. The Kangankunde mine is projected to generate USD114 million (about MK205.2 billion) per year over 40 years.

Foreign Aid (Source: Published Media)

In June 2026, the European Union (EU) launched a EUR100 million (about USD108 million) Regional Responses to Climate Displacement Programme, with Malawi receiving EUR17 million (MK34 billion) to support efforts aimed at minimising climate displacements. The EU Ambassador stated that the programme also covers Mozambique, Madagascar, Comoros, Mauritius and Seychelles. The International Organisation of Migration (IOM) Malawi reported that Malawi currently has about 45,000 internally displaced households, with some still living in camps.

Malawi is in discussions with Afreximbank on debt restructuring and a proposed USD120 million (about MK210 billion) fuel importation facility aimed at easing fuel shortages and foreign exchange constraints. Reserve Bank of Malawi data show that gross official reserves declined to USD625.7 million in February from USD664.9 million in January, reducing import cover to 2.5 months from 2.7 months. Malawi's public debt is estimated at MK23 trillion, while interest payments are projected to reach MK2.79 trillion in the 2026/27 financial year, equivalent to 43% of domestic revenues. Treasury data show that Afreximbank is Malawi's largest commercial creditor.

In June 2026, an International Monetary Fund (IMF) Staff Team visited Lilongwe and Blantyre from 8 to 18 June, 2026, following the Government of Malawi's request for an Extended Credit Facility (ECF) arrangement. The Staff Team reviewed recent economic developments and began discussions on policy priorities under the National Economic Recovery Plan (NERP). The IMF Mission Chief stated that discussions with the authorities were constructive and acknowledged recent measures to align domestic prices with global market prices, stabilize public finances, and address food security. The authorities reaffirmed their

Foreign Aid (Source: Published Media) (continued)

commitment to policies aimed at restoring macroeconomic stability and promoting inclusive, resilient growth. The mission also met senior Government Officials, private sector representatives, banks, and development partners, with discussions on a potential ECF arrangement set to continue.

Malawi is among 12 countries set to benefit from a USD202 million (About MK354 billion) joint UN appeal by the Food and Agriculture Organization (FAO) of the United Nations and World Food Programme (WFP) to address the expected impacts of El Niño. The funding will support anticipatory measures, including cash assistance, drought-resistant seeds, livestock protection, and water harvesting.

Tourism (Source: Published Media)

In June 2026, the construction of the 180-bed golf estate Protea Hotels Lilongwe Ryalls, a project being undertaken by Blantyre Hotels Plc (BHL) in partnership with other institutional investors through Oasis Hospitality Limited reached 90% completion, with contractors expecting to hand over the project later this year. The four-star hotel, being developed at an estimated cost of USD60 million (approximately MK107 billion), is expected to strengthen Lilongwe's hospitality infrastructure and enhance its capacity to host international conferences, business travellers, and tourists. The Managing Director of Nico Holdings plc described the progress as a significant milestone, noting that part of the project's financing was raised through a rights issue that generated MK62.4 billion from the public.

Agriculture and Agribusiness Developments (Source: Published Media)

In June 2026, the Agricultural Development and Marketing Corporation (Admarc) was allocated MK60 billion to purchase 65,000 metric tonnes of maize during the current farm marketing season. According to the Admarc spokesperson, maize purchases commenced on 1 June 2026 at the government-approved price of MK900 per kilogramme through designated markets nationwide. In addition to maize, Admarc will also purchase rice, pigeon peas, cotton, and groundnuts. Further to that, the Spokesperson stated that Admarc had put in place necessary logistical arrangements to facilitate smooth and transparent purchasing operations during the 2026-27 marketing season.

Bakhresa Malawi Limited shut down its wheat processing factory in Limbe, Blantyre City, blaming the foreign exchange shortage in the country. The company stated that the factory, which has not been operational since early June, normally processes 500 metric tonnes of wheat flour per day and supplies about 15,000 metric tonnes of flour products monthly, which will now be withdrawn from the market.

An Overview of the 2026 Malawi Private Sector Diagnostic by the World Bank

June 2026

An Overview of the 2026 World Bank Country Private Sector Diagnostic by the World Bank

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According to the World Bank, Malawi's strategic location and membership in multiple trade blocs provide access to wider markets for its exports.

Foreign Direct Investment (FDI) has been declining, leaving Malawi with one of the lowest levels of FDI in the region.

The main sector attracting FDI has been renewable energy, particularly solar and hydropower, followed by metals, as the country's mining industry has begun to attract investors.

Policy choices in Malawi have contributed to macroeconomic imbalances, reinforced structural rigidities, weakened competitiveness, and deepened vulnerability to shocks, thereby impeding progress

Introduction

The Country Private Sector Diagnostic (CPSD) report published by the World Bank seeks to unlock private investment and job creation through policy action to remove impediments to private investment. The CPSD analyzes specific sectors of the economy in which increased private investment could accelerate growth if appropriate policy and regulatory issues are addressed.

Country context and business environment

According to the World Bank, fertile soils and a favorable climate complement the natural beauty of Malawi, including Lake Malawi, which covers 20% of the national surface area and offers enormous potential for blue economy development. The blue economy refers to the sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem. The country has relatively stable institutions and a democratic system, with elections held every five years, the most recent of which concluded in September 2025. Malawi's strategic location and membership in multiple trade blocs provide access to wider markets for its exports. However, policy choices have contributed to macroeconomic imbalances, reinforced structural rigidities, weakened competitiveness, and deepened vulnerability to shocks, thereby impeding progress.

Key Macroeconomic Imbalances in Malawi have deepened

The World Bank has reported that structural and macroeconomic imbalances in Malawi have worsened due to policy decisions. These choices have led to Malawi having one of the lowest savings and growth rates in the world. Below is a table outlining the macroeconomic imbalances in Malawi;

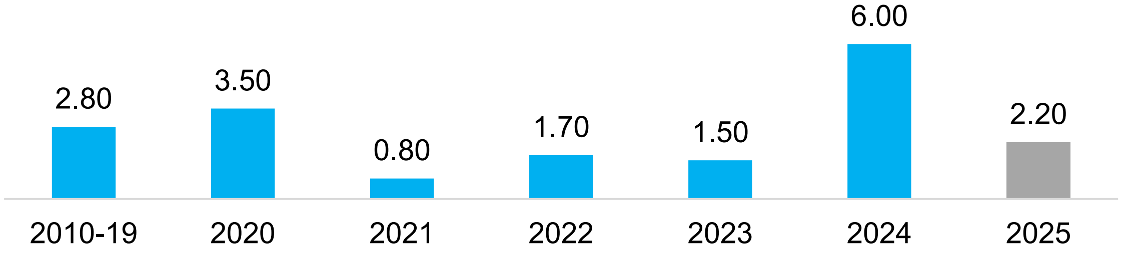
Indicator	2010-19	2020	2021	2022	2023	2024	2025*
Real GDP growth (%)	4.4	0.8	4.6	0.9	1.9	1.7	1.9
Inflation, period average (%)	16.1	8.6	9.2	20.9	28.7	32.2	28.4
Total reserves (in months of Imports)	2.3	2.8	2.9	1.8	0.6	0.4	0.5

**Estimated values*

Investment patterns and integration

The World Bank reported that Foreign Direct Investment (FDI) has been declining, leaving Malawi with one of the lowest levels of FDI in the region. The main sector attracting FDI has been renewable energy, particularly solar and hydropower, followed by metals, as the country's mining industry has begun to attract investors. However, translating announced FDI into realized investment has proved difficult, with many announced projects yet to materialize.

FDI net inflows (% of GDP)



Financial and capital market development

The World Bank has identified several limitations in the financial and capital markets that currently hinder economic and business growth in Malawi. Some of these limitations include the following:

1. Financial institutions provide limited and costly credit to the private sector.
2. About 10% of firms receive financing from commercial banks, similar to the regional average for Sub-Saharan Africa.
3. The domestic capital market is small, shallow, and illiquid.
4. Other forms of financing are also limited. In the absence of international bond issuance and with very little access to international capital markets.

Business environment and institutional constraints

The World Bank highlighted that the main constraints to doing business in Malawi include corruption, taxes, and access to finance. This is reflected in the 2025 World Bank Enterprise Survey 16 which indicates that corruption, access to finance, and tax rates were the most frequently cited constraints faced by firms, with corruption and tax rates becoming more prominent than in the 2014 Enterprise Survey, followed by informality and electricity.

Labor market and skills landscape

The availability of skilled labor is a constraint for firms, although the severity of this constraint is broadly in line with regional and structural comparators. The share of firms that view an inadequately educated workforce as a significant or severe constraint to business is 11.9%, which is slightly lower than in other countries within the region or at a similar income level.

According to the World Bank, limited availability of land for accommodation and complementary activities in high-potential tourism sites discourages private investment.

The World Bank states that international nature-based tourism, the mango industry, and commercial mining of rutile and graphite have the potential to contribute to job creation, growth, and exports.

Sector selection

This Country Private Sector Diagnostic examines three subsectors of the economy in which concrete policy actions could generate commercially viable opportunities to attract private investment. These subsectors are international nature-based tourism, the mango industry, and commercial mining of rutile and graphite. All three subsectors have the potential to contribute to job creation, growth, and exports.

Sectors were selected based on three criteria:

1. Potential to attract private capital if reforms to alleviate constraints are undertaken in the near term.
2. Potential to generate development impact over the medium term, with a particular focus on creating more jobs and generating foreign exchange.
3. Feasibility of removing constraints through near-term public sector action.

Sector selection is not intended to be exhaustive. Private investors may identify profitable opportunities in other sectors.

Sector	Potential for private investment in the medium term if constraints are removed	Feasibility of removing constraints in the near term	Contribution to job creation	Contribution to other development objectives
Mango production and processing	HIGH	HIGH	HIGH	HIGH
International nature-based tourism	HIGH	MEDIUM	HIGH	HIGH
Commercial rutile and graphite mining	HIGH	HIGH	MEDIUM	HIGH

International nature-based tourism

According to the World Bank, Malawi has several strengths as a destination for international nature-based tourism. The country offers a mix of iconic wildlife, Africa's third-largest freshwater lake with exceptional biodiversity, alpine highlands surrounding the highest mountain in tropical southern Africa, and vibrant rural landscapes. The sector is concentrated largely in the southern region, with accommodation centered around the lake, river, and safari experiences in Liwonde, as well as the mountain destinations of Mulanje and Zomba.

Despite Malawi's strong tourism potential, several structural and infrastructure constraints continue to limit private investment in the sector. The World Bank outlines the following key constraints and recommendations.

Constraints

1. Limited availability of land for accommodation and complementary activities in high-potential tourism sites discourages private investment.
2. Road infrastructure linking the airports in Lilongwe and Blantyre to key tourist destinations is poorly maintained.
3. Flights to Malawi are limited because the airports in Lilongwe and Blantyre do not yet hold certification aligned with International Civil Aviation Organization (ICAO) standards.
4. Malawi's air transport markets are relatively restricted, resulting in higher fares and low traffic volumes.

Recommended actions

1. Offer a diverse range of tourism concessions to attract investment in accommodations and complementary experiences at anchor sites, with a focus on attracting globally connected investors with a successful track record of serving international tourists in similar operations.
2. Prioritize road upgrades and maintenance for major tourism routes.
3. Undertake the safety and infrastructure improvements needed to certify the airports in Lilongwe and Blantyre.
4. Liberalize air transport markets through the implementation of the Single African Air Transport Market and the opening of regional routes.

According to the World Bank the global mango market is large and growing, valued at USD68 billion in 2024, it has expanded at nearly 7% a year.

Implementing the recommended reforms in Mango production and processing sector could help unlock the potential of the sector to attract as much as USD290 million in private investment over the medium term, create 60,000 direct and indirect jobs, and generate more than USD100 million in annual exports.

The Kasiya project alone could generate up to USD800 million in annual exports of rutile and graphite

Mango production and processing

According to the World Bank the global mango market is large and growing, valued at USD68 billion in 2024, it has expanded at nearly 7% a year. Malawi has natural advantages that support its ability to supply this market. The relative ease of growing mangoes in Malawi, and the scope to expand more organized production, is indicated in current levels of noncommercial production in household backyards. Total production in Malawi, largely from backyard cultivation, is comparable to that of Mexico and exceeds that of leading exporters such as Peru and Thailand, yet those countries export more than 100 times as much as Malawi does. Implementing the recommended reforms could help unlock the potential of the sector to attract as much as USD290 million in private investment over the medium term, create 60,000 direct and indirect jobs, and generate more than USD100 million in annual exports.

However, realizing this potential will require addressing key barriers that constrain private investment and export competitiveness. The World Bank highlights the following constraints and corresponding recommendations;

Constraints

1. Limited availability of leasehold land with secure tenure.
2. Access to leasehold land is particularly difficult for foreign investors.
3. Limited passenger flights reduce the availability of air cargo and raise its costs.
4. Weak traceability and phytosanitary systems pose risks to investment, and inadequate compliance reduces market access.

Recommendations

1. Implement clear procedures for renewing, canceling, and reassigning leases and subleases.
2. Ease restrictions on access to land for foreign investors.
3. Upgrade airports to reduce logistics costs and increase air cargo capacity by enabling additional international airline routes and aligning airport infrastructure with international standards
4. Strengthen traceability and phytosanitary compliance systems to reduce the risk of mangoes from Malawi losing market access.
5. Strengthen pest and disease management by establishing a mango-specific quality and pest management framework and developing protocols aligned with international standards, while promoting voluntary compliance to avoid excessive costs.

Commercial Rutile and Graphite mining

The World Bank reported that Malawi's rutile and graphite resources present significant opportunities to attract private investment, driven by the global transition to green energy. The country hosts the world's largest known natural rutile deposit and the second-largest known flake graphite deposit, with the Kasiya project expected to support investment in mining, processing, and downstream value addition. Additional rare earth and mineral sands projects under development include Kangankunde, Makanjira, and Songwe Hill. Reforms in the sector are estimated to create approximately 2,500 direct and 6,000 indirect jobs, while investments could generate more than USD1.9 billion in annual exports over the medium term, potentially doubling Malawi's exports by 2033. Despite the sector's strong investment potential, several policy and regulatory barriers continue to constrain private investment.

Constraints

1. Lack of clarity regarding the government equity interest in mining projects under the Mines and Minerals Act of 2023.
2. Lack of standardization in Mining Development Agreements (MDAs), resulting in lengthy negotiations.
3. Lack of clarity on Community Development Agreements (CDAs) and their implementation.
4. Lack of effective consultation with key stakeholders, including the private sector, on mining-related regulatory and policy changes.

Recommendations

1. Clarify the government equity interest by establishing a specific equity share through regulation or an amendment to the Mines and Minerals Act of 2023.
2. Adopt a model MDA framework with standardized fiscal and legal terms to promote transparency, predictability, and efficiency.
3. Issue regulations or guidelines that establish clear requirements and implementation processes for CDAs and clarify the definition of project-affected communities
4. Establish mandatory consultation requirements and a transparent process for consultation on regulatory changes through a regulation or other appropriate legal instrument.

Appendices

Appendix 1: Historical Monthly Economic Indicators

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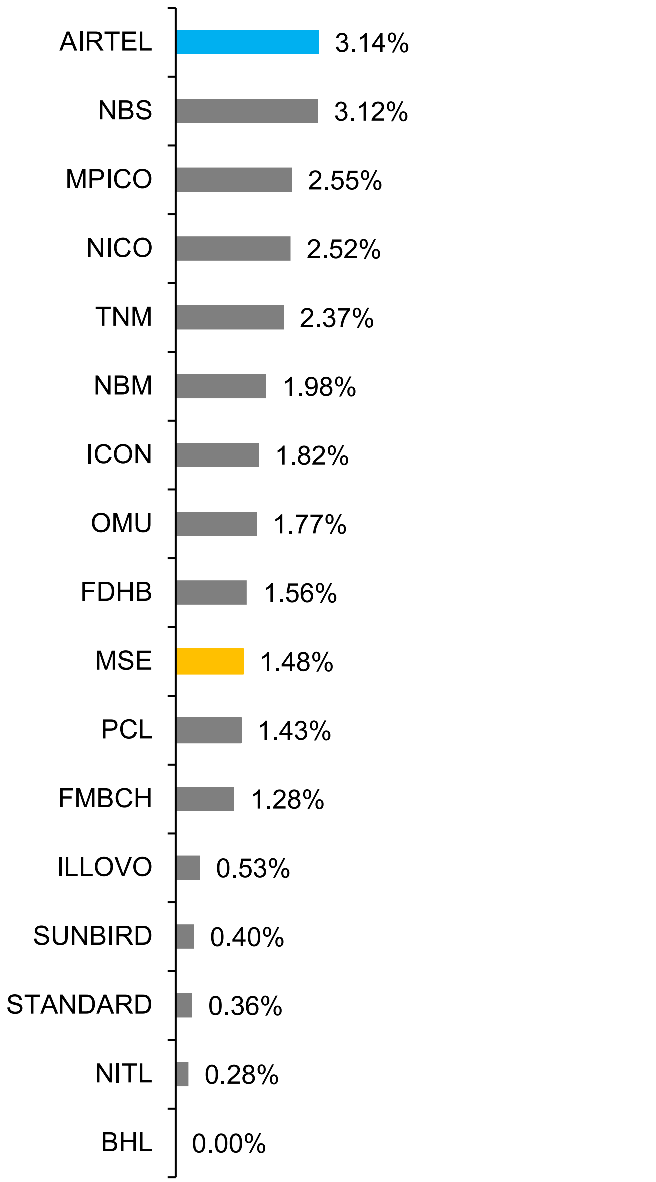
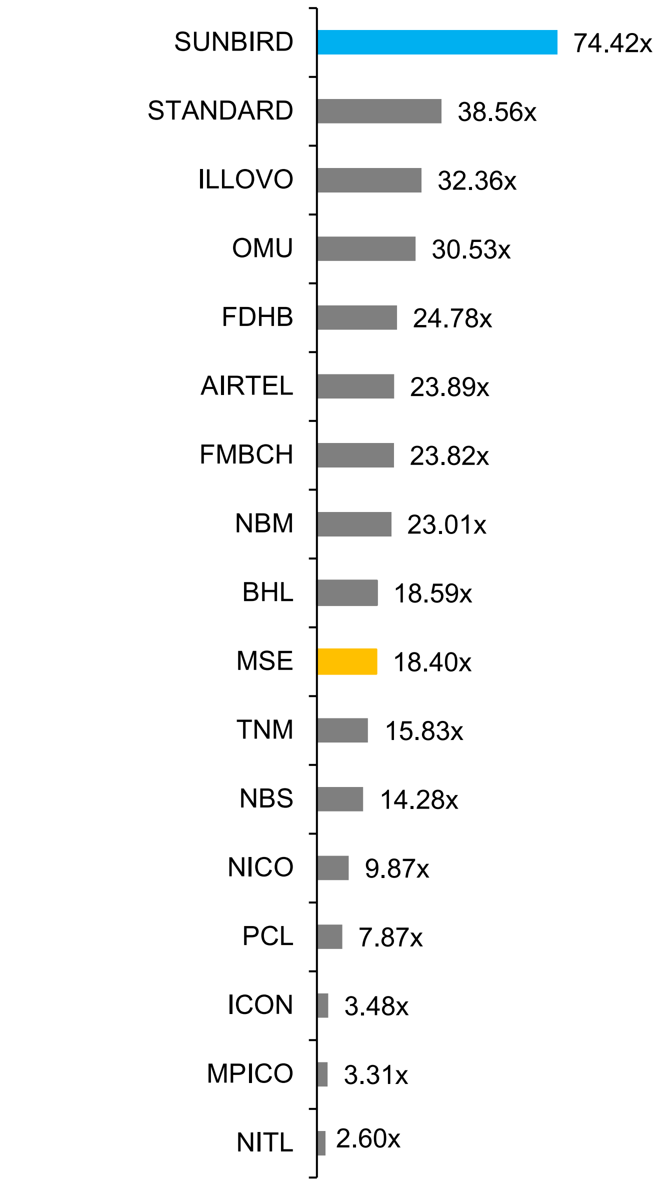
	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Exchange Rates (middle rates)													
MK/USD	1,750.48	1,750.58	1,749.95	1,750.37	1,749.95	1,750.07	1,749.00	1,749.55	1,750.45	1,750.37	1,749.68	1749.46	**1,749.93**
MK/GBP	2,473.04	2,408.88	2,424.53	2,423.25	2,371.39	2,377.10	2,416.04	2,456.90	2,424.72	2,377.41	2,426.11	2,421.30	**2,382.83**
MK/EUR	2,112.10	2,082.69	2,103.70	2,103.32	2,078.57	2,087.24	2,107.54	2,148.87	2,127.37	2,068.11	2,099.68	2,099.68	**2,054.62**
MK/ZAR	100.57	100.34	101.77	103.60	103.58	103.68	107.63	113.67	113.20	104.66	107.04	110.29	**109.07**
Foreign Exchange Reserves													
Total Reserves (USD'mn)	555.9	607.7	523.9	511.8	526.8	530.0	608.9	664.90	625.70	571.60	N/A	N/A	**N/A**
Inflation													
Headline	27.1%	27.3%	28.2%	28.7%	29.1%	27.9%	26.0%	24.9%	24.1%	23.8%	24.3%	23.4%	**N/A**
Food	31.6%	32.4%	33.7%	33.0%	32.4%	30.1%	26.5%	22.1%	20.8%	20.0%	19.1%	17.6%	**N/A**
Non-food	20.1%	19.3%	19.5%	21.7%	23.8%	24.2%	25.2%	29.8%	30.0%	30.7%	33.2%	33.0%	**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%	24.00%	24.00%	24.00%	**24.00%**
Average Interbank Rate (Overnight)	23.99%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	16.50%	13.85%	12.86%	12.07%	**12.20%**
Lombard Rate	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	24.20%	24.20%	**24.20%**
Commercial Bank Reference Rate	25.10%	25.30%	25.40%	25.30%	25.40%	25.30%	25.30%	25.20%	24.70%	22.40%	20.80%	20.80%	**20.40%**
Government Securities Yields													
91-days Treasury Bill	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	15.00%	12.00%	12.00%	12.00%	12.00%	**12.00%**
182-days Treasury Bill	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	15.00%	15.00%	15.00%	15.00%	**15.00%**
364-days Treasury Bill	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	17.90%	17.53%	16.83%	16.48%	**16.50%**
2-year Treasury Note	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	20.65%	18.87%	18.87%	18.87%	**18.00%**
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	91.77%	124.53%	211.15%	236.67%	250.27%	259.98%	247.63%	-1.53%	-3.91%	-3.80%	-12.32%	-14.15%	**-12.38%**
DSI	89.34%	120.03%	214.05%	236.40%	233.38%	217.65%	208.88%	0.30%	-0.75%	-0.43%	-2.74%	-3.45%	**-3.59%**
FSI	106.49%	150.94%	195.28%	239.14%	348.11%	503.79%	470.87%	-7.19%	-13.69%	-14.21%	-41.89%	-47.16%	**-39.55%**

Appendix 2: Selected stock market statistics as of 30 June 2026

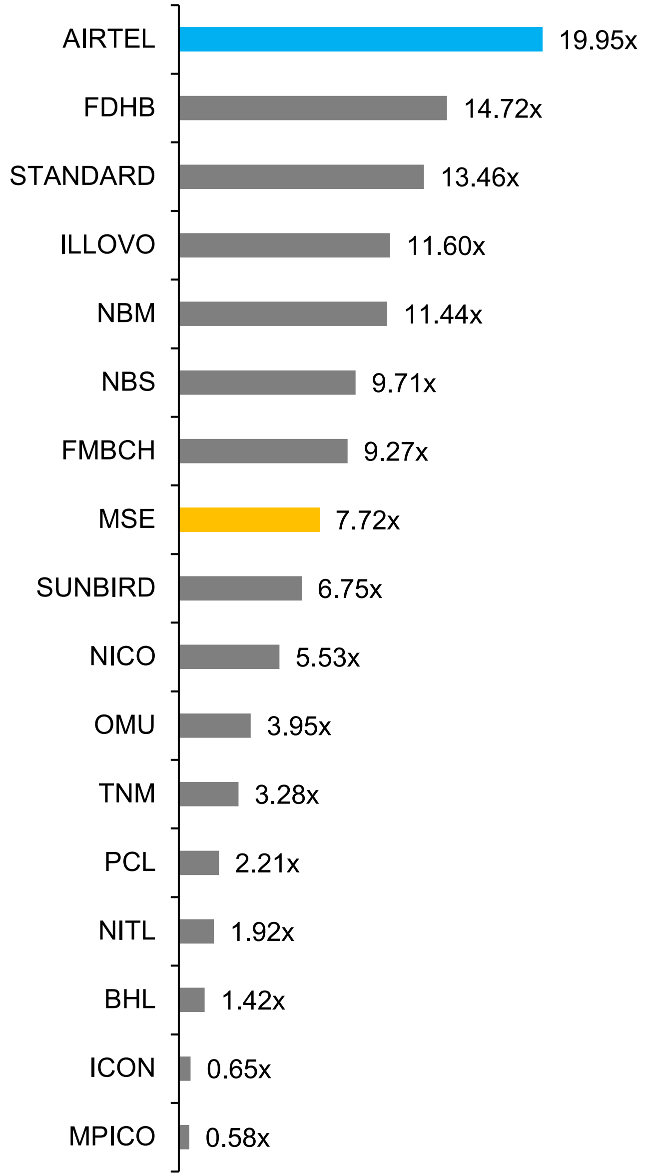
Dividend yield (%) - the weighted average dividend yield on the MSE was 1.48% in June 2026. The counter with the highest dividend yield was AIRTEL at 3.14%



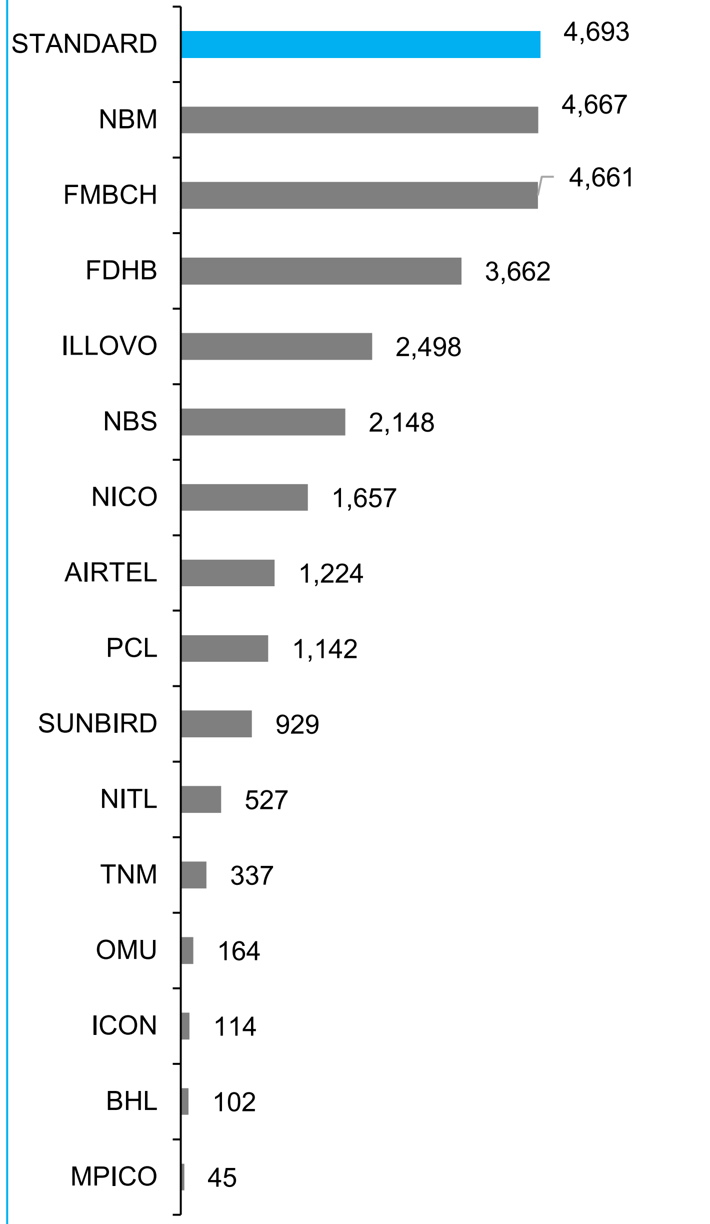
P/E Ratio - the weighted average price to earnings ratio on the MSE was 18.40x in June 2026. The counter with the lowest positive ratio was NITL at 2.60x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 7.72x in May 2026. The counter with the lowest positive ratio was MPICO at 0.58x.



Market Capitalization (MK'billion) - STANDARD had the highest market capitalization at MK4.7 trillion in June 2026.



Appendix 3: Oxford Macroeconomic Projections (Annual Percentage Changes Unless Specified)

Indicator	2023	2024	2025	2026	2027	2028
Real GDP growth	1.9	1.8	2.0	0.5	1.8	7.3
Consumer price index (CPI) inflation	28.8	32.2	28.4	40.8	33.9	15.7
Private consumption	4.2	4.6	3.7	1.1	0.2	4.5
Government consumption	-4.4	9.3	4.4	-1.7	0.7	3.3
Fixed Investment	-15.5	-5.6	-5.3	-6.1	-6.9	4.8
Exports of goods and services	22.4	-12.2	-4.2	1.6	6.4	7.5
Imports of goods and services	1.7	7.0	5.3	1.7	-0.1	5.7
Current-account balance (% of GDP)	-15.8	-18.1	-13.5	-11.4	-8.2	-7.5
Government balance (% of GDP)	-7.8	-11.0	-13.4	-14.3	-13.0	-10.5
Government debt (% of GDP)	86.7	87.6	72.8	85.1	81.5	71.4
Exchange rate MK/USD (end-period)	1,698.0	1,734.1	1,732.4	2,444.1	2,926.8	2,980.2
Central bank policy rate (%, av)	22.0	25.8	26.0	32.0	26.1	14.7

Source: Oxford Economics, April 2026

Appendix 4: EIU Macroeconomic Projections

Indicator	2024	2025	2026	2027	2028	2029	2030
Real GDP growth (%)	1.3	2.3	2.5	2.3	2.6	2.9	2.9
Industrial production incl construction (% change)	2.2	2.0	2.2	2.7	2.9	2.9	2.9
Consumer price inflation (av)	32.2	28.4	23.7	24.1	26.2	25.4	24.3
Short-term interest rate (av)	15.8	15.0	14.0	13.0	11.0	10.0	9.0
Government balance (% of GDP)	-9.2	-9.6	-9.8	-9.1	-8.5	-8.2	-7.8
Exports of goods fob (USD bn)	1.0	1.1	1.1	1.1	1.3	1.3	1.5
Imports of goods fob (USD bn)	-3.0	-3.1	-3.2	-3.3	-3.4	-3.3	-3.5
Current-account balance (USD bn)	-2.1	-2.4	-2.6	-2.6	-2.6	-2.6	-2.6
Current-account balance (% of GDP)	-18.7	-17.4	-16.2	-15.1	-15.0	-14.9	-14.4
Exchange rate MK/USD (av)	1,734	1,734	1,734	1,853	2,127	2,514	2,792
Exchange rate MK/USD (end-period)	1,734	1,734	1,734	2,007	2,324	2,690	2,966

Source: EIU Five-Year Forecast (Malawi), June 2026

Appendix 5: List of Acronyms and Abbreviations

Admarc : Agricultural Development and Marketing Corporation
AFCTA : African Continental Free Trade Agreement
AfDB : African Development Bank
AHL : Auction Holdings Limited
av : Average
BHL : Blantyre Hotels Plc
Bn : Billion
CPSD : Country Private Sector Diagnostic
CDAs : Community Development Agreements
CPI : Consumer Price Index
ECF : Extended Credit Facility
EIU : Economist Intelligence Unit
EUR : Euro
FDHB : FDH Bank Plc
FDI : Foreign Direct Investment
FMBCH : FMB Capital Holdings Plc
FY : Fiscal year
GBP : Great British Pound
GDP : Gross Domestic Product
HDI : Human Development Index
IFPRI : International Food Policy Research Institute
IPO : Initial Public Offering
ICAO : International Civil Aviation Organization
IMF : International Monetary Fund
Kg : Kilogram
LRR : Liquidity Reserve Requirement
LSU : Lotus Resources Limited
MASI : Malawi All Share Index
MEDF : Malawi Enterprise Development Fund
MDAs : Mining Development Agreements
MERA : Malawi Energy Regulatory Authority
MK : Malawi Kwacha
Mn : Million
MPC : Monetary Policy Committee
MSE : Malawi Stock Exchange
MT : Metric tons
NBM : National Bank of Malawi Plc
NBS : NBS Bank Plc
NERP : National Economic Recovery Plan
NICO : NICO Holdings Plc
NITL : National Investment Trust Limited Plc
NSO : National Statistical Office
OMO Repo : Open Market Operation Repurchase Agreements
OMU : Old Mutual Limited Plc
OPEC : Organization of the Petroleum Exporting Countries
Orano CE : Orano Chimie-Enrichissement
P/BV : Price to book value
P/E : Price to earnings
PCL : Press Corporation Limited Plc
RBM : Reserve Bank of Malawi
SONA : State of the Nation Address
TAH : Trans Africa Holdings Limited
TB : Treasury Bill
TN : Treasury Note
TNM : Telekom Networks Malawi Plc
UN : United Nations
USD : United States Dollar
WB : World Bank

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tnm always with	Fairness Opinion on the MK30 billion issue for cash	Independent expert	2025
MyBucks Banking Corporation	Sell-side advisor on the disposal of the bank to an investor consortium	Lead advisor	2021 - 2022
Press Corporation Plc	Valuation of Unlisted Equity Investments	Valuation expert	2022 - 2024

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