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Malawi Monthly Economic Report and an Overview of the AfDB Malawi Country Focus Report 2026

August 2026

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Table of Contents

	Page
1. Executive Summary and Outlook	3
2. Economic Overview	4
I. Inflation and Monetary Policy	4
II. Stock Market	6
IV. Fiscal Policy, Regulatory Developments and Government Securities	8
3. Market Developments	7
I. Commodities Market Developments	9
II. Other Market Developments	10
4. Malawi Monthly Economic Report and an Overview of the AFDB Malawi Country Focus Report 2026	11
5. Appendices	14
6. Disclaimer	20
7. Contact Information	20

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Inflation

The year-on-year headline inflation rate eased to 20.8% in July 2026 from 21.1% in June 2026, driven by the decrease in food inflation.

The latest inflation forecasts for 2026 vary across institutions, the African Development Bank (AfDB) projects an average of 24.6% due to the Middle East war. The Economist Intelligence Unit (EIU) expects inflation to average around 23.7% during the year. The World Bank projects 21.9%, driven by increases in fuel and utility prices linked to automatic tariff adjustments and conflict in the Middle East. In comparison, the State of the Nation Address (SONA) projects inflation to decline to less than 21.0% in 2026. Oxford Economics projects a higher average of 31.5%, citing fuel shortages, higher fertiliser and oil prices, and expansionary fiscal policy under the Community Development Fund (CDF).

Foreign Exchange Market and Reserves Position

Based on the closing middle rates, the Malawi Kwacha appreciated, trading at MK1,747.56/USD as of 31 August 2026, from MK1,750.55/USD as of 31 July 2026.

Stock Market

The stock market was bearish in August 2026, with the Malawi All Share Index (MASI) decreasing by 1.24% to 499,484.85 points from 505,773.08 points in July 2026. This brought the MASI year-to-date return to negative 16.48% in August 2026. In August 2025, the MASI year-to-date return was 211.15%. Share price losses in NBS, NITL, NBM, FDHB, STANDARD and SUNBIRD primarily drove this downward movement in the index in August 2026.

Fiscal Policy, Regulatory Developments and Government Securities

In August 2026, the Ministry of Finance, Economic Planning and Decentralisation introduced new guidelines restricting government promissory notes to verified liabilities to strengthen debt management, fiscal discipline and transparency

The Parliament of Malawi passed the Bills of Exchange (Amendment) Bill, paving the way for the phasing out of cheque payments as part of broader financial sector reforms to accelerate digitisation and modernise Malawi's payment systems.

Fiscal Policy, Regulatory Developments and Government Securities (continued)

In August 2026, a total of MK400.66 billion was raised from MK495.56 billion in applications for Treasury Bills and the 2-year Treasury Note, representing an overall acceptance rate of 80.85%. There were no auctions for the 3-, 5-, 7-, and 10-year TN tenors.

As of 31 August 2026, the 91-, 182-, and 364-day TB yields were 12.00%, 15.00%, and 16.00%, 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%.

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price in July 2026 increased by 18.47% to MK866/kg (MK43,300 for a 50kg bag), from MK731/kg (MK36,550 for a 50kg bag) in June 2026.

As of 31 August 2026, USD283.62 million was realised from the sale of 142.92 million kilograms (kgs) of tobacco at an average price of USD1.98/kg. During the same period in the previous year, USD517.07 million was realised from the sale of 205.32 million kgs at an average price of USD2.52/kg, representing a 45.15% decrease in total sales.

In Malawi, fuel pump prices were adjusted, with the diesel price declining to MK5,863 per litre from MK6,306, representing a 7.02% decrease, while the petrol price was maintained at MK5,863 per litre effective 1 August 2026. Global oil prices increased, with the OPEC reference basket increasing by 3.8% to USD86.16/barrel in August 2026 from USD82.99/barrel in July 2026.

An Overview of the AFDB Malawi Country Focus Report 2026

The AfDB's Malawi Country Focus Report highlights that Malawi's economic recovery remains fragile, constrained by low economic growth, high inflation, heavy public debt, foreign exchange shortages, climate vulnerability, and limited fiscal space. Real GDP growth is projected at 2.3% in 2026 and 3.3% in 2027, while inflation is expected to remain elevated at 24.6% in 2026 before easing to 18.7% in 2027.

The AfDB recommends macroeconomic stabilisation, fiscal and exchange-rate reforms, improved public investment management, greater private-sector financing, and stronger support for Micro, Small and Medium-sized Enterprises (MSMEs), women and young

An Overview of the AFDB Malawi Country Focus Report 2026 (continued)

entrepreneurs. It also calls for agricultural, Infrastructure, skills development and regulatory reforms to improve productivity and export competitiveness.

On development financing, the AfDB emphasises mobilising domestic and private capital, expanding blended finance, strengthening digital systems, improving transparency and anti-corruption measures, and leveraging institutional investors. Strengthening Malawi's financial system through better regulation, deeper capital markets, financial inclusion, credit information systems and stronger development finance institutions would reduce reliance on unpredictable external financing and support sustainable, inclusive growth.

Malawi Economic Growth Outlook

Real GDP growth projections for 2026 range from 1.8% to 3.8%. Oxford Economics expects 1.8% growth, citing the combined impact of higher Brent crude prices, fuel shortages, a disappointing tobacco marketing season, and the lingering impacts of foreign aid cuts. 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%. For 2027 Real GDP growth projections for 2027 range from 0.1% to 2.3%, with the EIU citing stronger growth in agriculture and development of the mining sector.

Opportunities

PressCane Limited officially commissioned its organic fertiliser plant in Chikwawa, following its operational resumption in June 2026. PressCane expects the product to hit the commercial market during this year's farming season to provide smallholder farmers with a highly affordable alternative to imported chemical inputs.

Risks

The continued reduction in foreign aid poses significant fiscal pressure on Malawi, given the country's heavy reliance on external financing to support the national budget and development programmes.

The potential development of El Niño in 2026 poses risks to temperature and rainfall patterns, with potential adverse implications for agricultural production and food security, which could subsequently contribute to increased inflationary pressures.

The year-on-year headline inflation rate eased to 20.8% in July 2026 from 21.1% in June 2026, driven by the decrease in food inflation.

The commercial bank reference rate for August 2026 was 20.80%, up from 20.50% in July 2026.

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

The year-on-year headline inflation rate eased to 20.8% in July 2026 from 21.1% in June 2026, driven by the decrease in food inflation. The food inflation rate declined to 14.3% in August 2026 from 14.7% in July 2026, and the non-food inflation rate increased to 32.2% in August 2026 from 32.1% in June 2026. Food remains the largest component of the Consumer Price Index (CPI), accounting for 53.7% of the total inflation basket, followed by Housing, Water and Electricity at 23.7%. Together, these two categories account for 77.4% of the CPI basket.

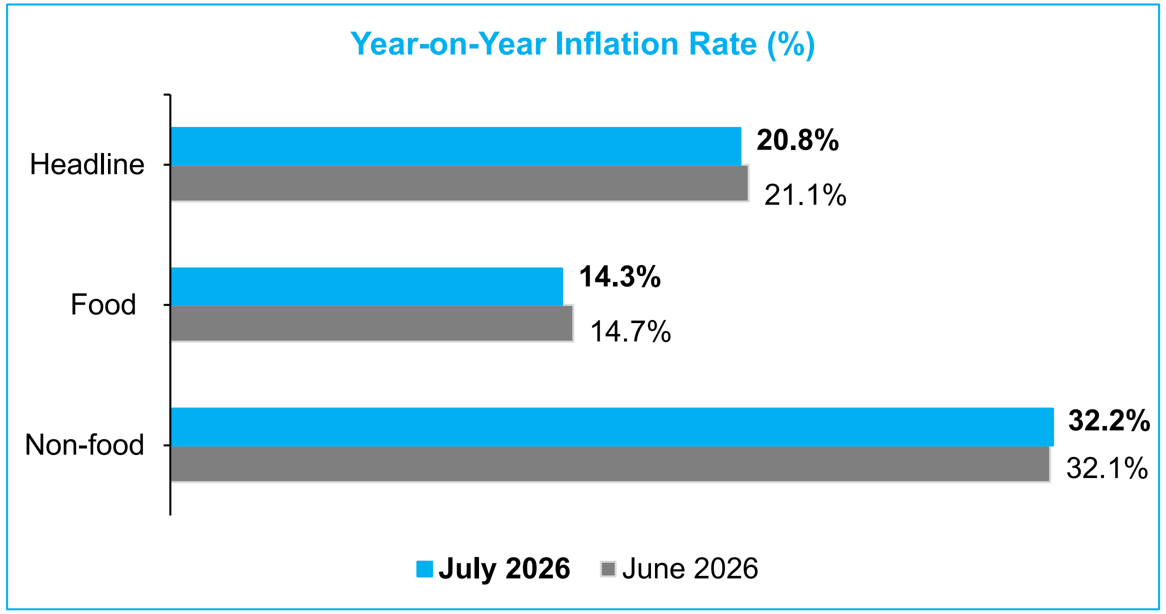
The 2026 inflation projections for Malawi vary across institutions. Oxford Economics forecasts inflation to average of 31.5%, citing fuel shortages, higher fertiliser and oil prices, and expansionary fiscal policy under the Community Development Fund (CDF). In comparison, the State of the Nation Address (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%, driven by increases in fuel and utility prices linked to automatic tariff adjustments and conflict in the Middle East.

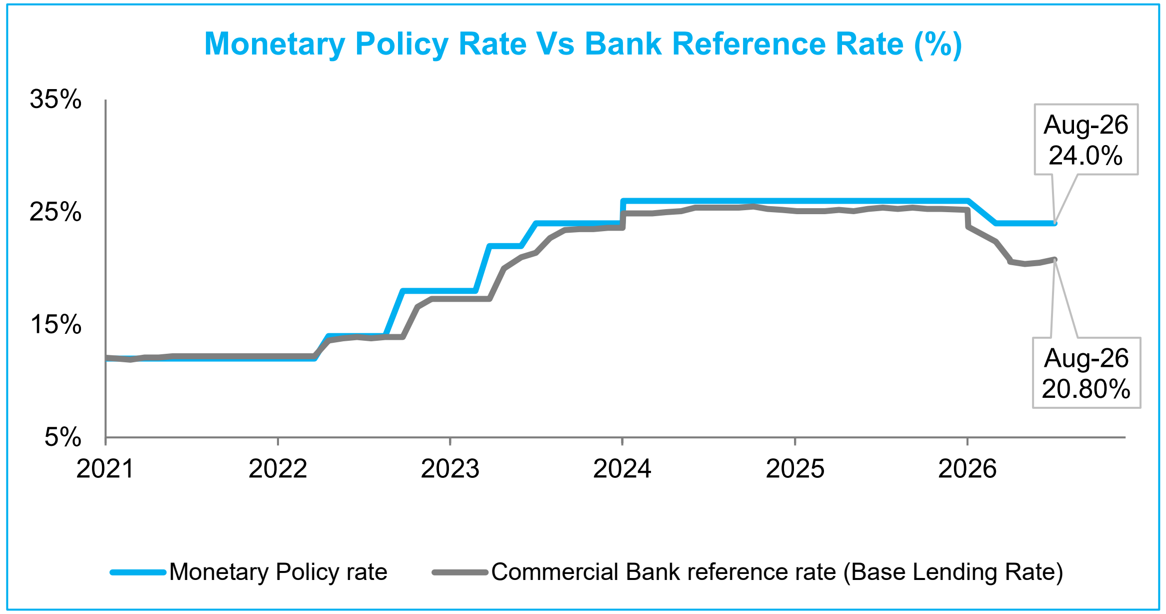
Monetary Policy (Source: RBM)

At its third meeting of 2026, held on 5 and 6 August 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 and foreign currency deposits was maintained at 12% and 3.75%, respectively. The next MPC meeting is scheduled for 28 and 29 October 2026, and the decision will be announced on 29 October 2026.

Annual broad money growth moderated significantly to 21.3% in the second quarter of 2026 from 37.5% in the previous quarter. At this level, broad money growth is below the nominal GDP growth for the first time since 2019. Meanwhile, the banking system liquidity tightened considerably. These developments indicate that previous monetary policy measures are gradually transmitting through financial conditions and supporting the ongoing disinflation process. The banking sector remained stable, adequately capitalised, and resilient, with the ratio of non-performing loans remaining below the regulatory threshold as of August 2026.

The commercial bank reference rate for August 2026 was 20.80%, up from 20.50% in July 2026.





Economic Overview (Continued)

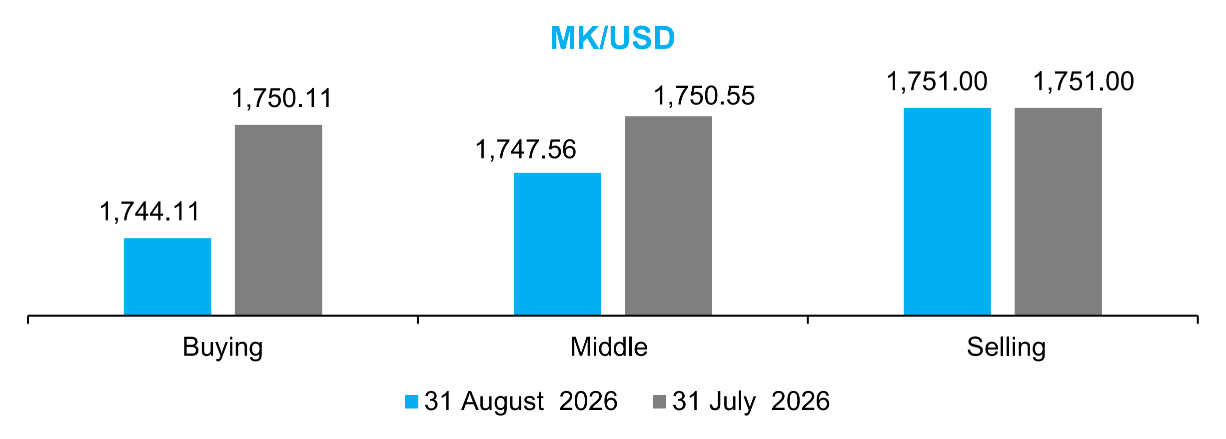
Foreign Exchange and Reserves Position

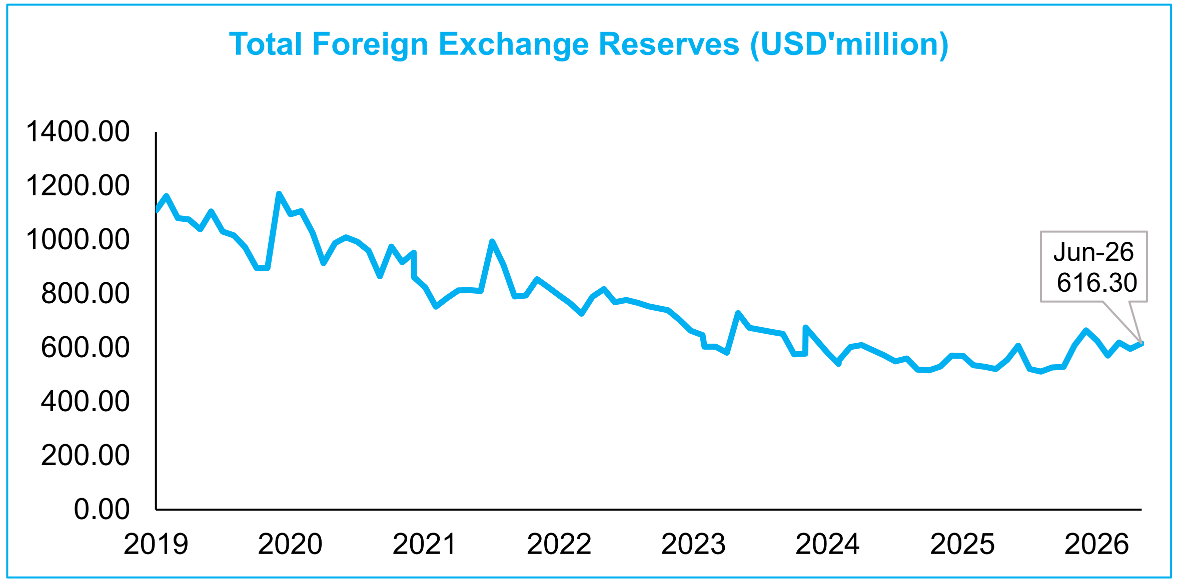
In June 2026, the country's total foreign exchange reserves increased to USD616.3 million from USD596.5 million in May 2026.

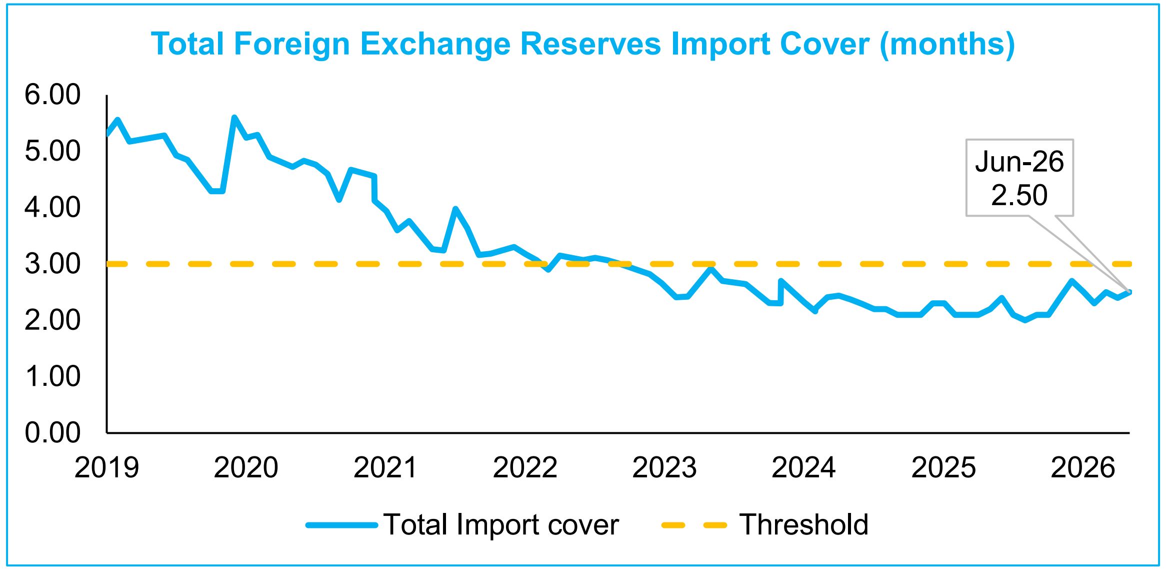
Foreign Exchange (Source: RBM)

Based on the closing middle rates, the Malawi Kwacha appreciated, trading at MK1,747.56/USD as of 31 August 2026, from MK1,750.55/USD as of 31 July 2026. During the same period last year, the Malawi Kwacha traded at MK1,749.95/USD, from MK1,750.58/USD as of July 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.







Foreign Exchange Reserves Position (Source: RBM)

In June 2026, the country's total foreign exchange reserves increased by 3.3% to USD616.3 million from USD596.5 million in May 2026. The import cover increased to 2.5 months in June 2026 from 2.4 months in May 2026. In June 2025, the total foreign exchange reserves were at USD555.90 million, translating to 2.2 months of import cover.

	May 2026	June 2026	Month-on-month change (%)
Total Reserves (USD'millions)	596.5	616.3	3.3%
Total Import Cover (Months)	2.4	2.5	4.2%

Stock Market

The total value of shares traded on the Malawi Stock Exchange in August 2026 was MK21.0 billion, with PCL leading in value at MK9.0 billion.

The stock market was bearish in August 2026, with the Malawi All Share Index (MASI) decreasing by 1.24% to 499,484.85 points from 505,773.08 points in July 2026. This brought the MASI year-to-date return to negative 16.48% as at 31 August 2026. The downward movement in the MASI was due to share price losses in NBS, NITL, NBM, FDHB, STANDARD and SUNBIRD.

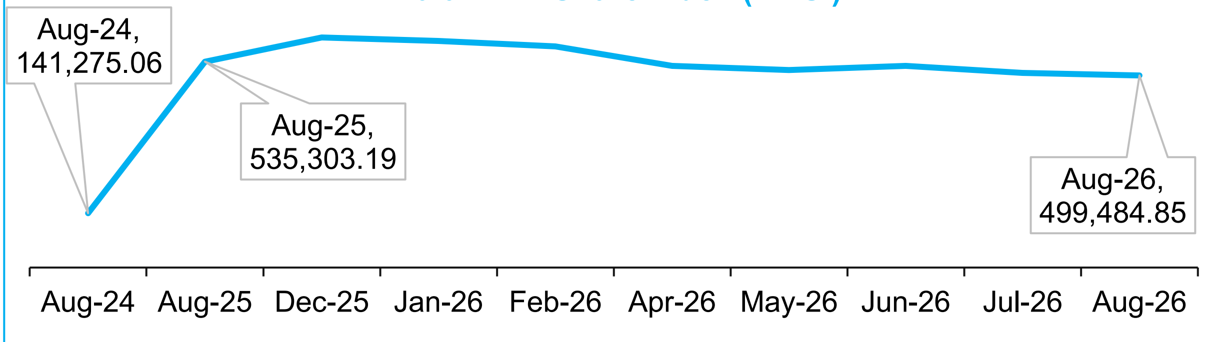
Stock Market Performance (Source: MSE)

The stock market was bearish in August 2026, with the Malawi All Share Index (MASI) decreasing by 1.24% to 499,484.85 points from 505,773.08 points in July 2026. This brought the MASI year-to-date return to negative 16.48% in August 2026. In August 2025, the year-to-date return was 211.15%.

BHL recorded the highest share price gain in August 2026, marginally rising by 0.2% to close the month at MK17.52, having opened at MK17.48. There was also a marginal share price gain in MPICO.

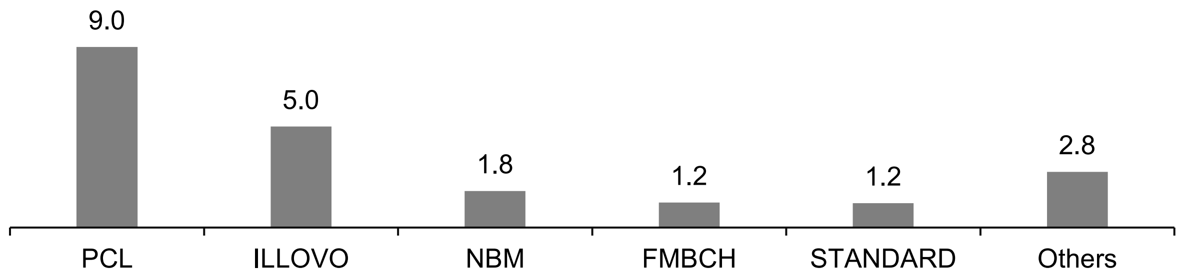
NBS had the highest share price loss in August 2026, falling by 5.0% to MK639.71 from MK673.07 in August 2026. There were also significant share price losses for NITL, NBM, FDHB, STANDARD and SUNBIRD recorded during the period under review.

Malawi All Share Index (MASI)

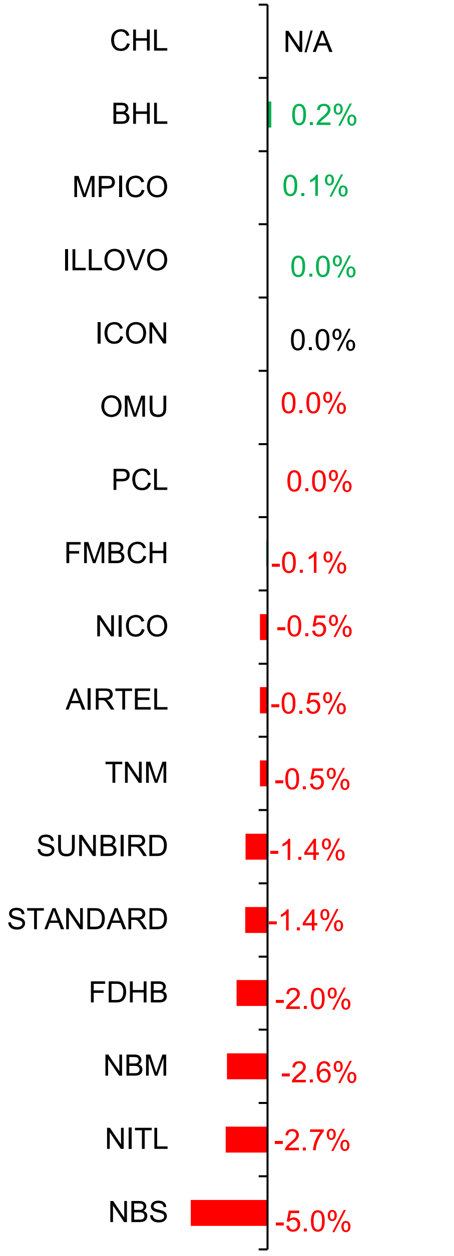


The number of trades on the MSE increased by 26.00% to 2,680 in August 2026 from 2,127 in July 2026. The value of shares traded decreased by 7.28% to MK21.0 billion in August 2026, from MK22.6 billion in July 2026. PCL had the highest value of shares traded at MK9.0 billion in August 2026.

Value of shares traded (MK'billions)



Month-on-month Share Price Percentage Change



Symbol	Closing prices (MK/share)	
	31 August 2026	31 July 2026
AIRTEL	101.83	102.33
BHL	17.52	17.48
CHL	210.00	N/A
FDHB	489.89	499.88
FMBCH	1,894.42	1,895.79
ICON	17.00	17.00
ILLOVO	3,502.11	3,501.95
MPICO	19.60	19.59
NBM	9,299.97	9,548.83
NBS	639.71	673.07
NICO	1,342.35	1,348.83
NITL	3,599.87	3,699.73
OMU	5,300.00	5,300.02
PCL	9,521.12	9,521.77
STANDARD	3,938.79	3,995.87
SUNBIRD	3,500.02	3,550.00
TNM	28.42	28.56

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Stock Market (continued)

Corporate Announcements

Continental Holdings plc (CHL), the parent company of CDH Investment Bank and other financial services businesses, listed on the Malawi Stock Exchange (MSE) on 10 August 2026, becoming the 17th listed counter

Press Corporation Plc (PCL) shareholders approved a 35-for-1 share split aimed at improving the affordability, marketability and liquidity of the company's shares. The additional shares are scheduled to be listed on the Malawi Stock Exchange (MSE) on 7 September 2026

Published Financials

The following companies listed on the MSE have released their unaudited financial results for the half-year ended 30 June 2026.

All figures are in MK'billion unless otherwise specified.

Counter	Profit/(loss) for the half-year ended 30 June 2026	Profit/(loss) for the half-year ended 30 June 2025	Change
FDH Bank Plc	86.42	60.28	43%
FMBCH Plc	86.29*	72.89*	18%
NBM Plc	133.97	84.11	59%
NBS Plc	90.23	73.25	23%
STANDARD Plc	67.47	48.39	39%

**FMBCH Plc figures are in USD'million.*

Dividend Announcements

Counter	Dividend type	Proposed/ Declared	Dividend per share (MK)	Last day to register	Payment date
PCL	Final	Declared	66.52	14 August 2026	28 August 2026
TNM	Final	Declared	0.23	21 August 2026	4 September 2026
ICON	Final	Declared	0.16	11 September 2026	25 September 2026
NBM	Interim	Declared	64.25	11 September 2026	1 October 2026
FMBCH	Interim	Declared	7.62	18 September 2026	2 October 2026

Continental Holdings Plc Initial Public Offering (IPO)

Continental Holdings plc (CHL), the parent company of CDH Investment Bank and other financial services businesses, listed on the Malawi Stock Exchange (MSE) on 10 August 2026, becoming the 17th listed counter and ending a six-year drought since the listing of FDH Bank in 2020. The IPO achieved significant interest, attracting 701.8 million shares valued at MK135.4 billion out of a total of 753.31 million shares available for offer, priced at MK195 per share. This represents a subscription rate of 93%, with over 10,000 individual and institutional investors joining the shareholder base.

Press Corporation plc Share Split

Press Corporation Plc (PCL) shareholders approved a 35-for-1 share split aimed at improving the affordability, marketability and liquidity of the company's shares. Under the arrangement, each existing ordinary share will be subdivided into 35 ordinary shares. PCL had 120.26 million issued and fully paid ordinary shares out of an authorised share capital of 2.51 billion ordinary shares with a par value of MK0.01 each. Under the approved subdivision, each existing ordinary share will be split into 35 ordinary shares, increasing the number of issued shares to approximately 4.21 billion through the creation of about 4.09 billion additional shares, while preserving shareholders' proportional ownership and rights. The additional shares are scheduled to be listed on the Malawi Stock Exchange (MSE) on 7 September 2026

Cautionary Statement

The Board of Directors of FMB Capital Holdings Plc ("FMBCH" or the "Company") announced 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 Malawi Revenue Authority (MRA) launched its five-year Corporate Strategic Plan covering 2026 to 2031, targeting an increase in the country's tax-to-GDP ratio to 20% from 16.83%. .

In August 2026, a total of MK400.66 billion was raised from MK495.56 billion in applications for Treasury Bills and Treasury Notes, representing an overall acceptance rate of 80.85%.

The Parliament of Malawi passed the Bills of Exchange (Amendment) Bill, paving the way for the phasing out of cheque payments as part of broader financial sector reforms to accelerate digitisation and modernise Malawi's payment systems.

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

In August 2026, the Ministry of Finance, Economic Planning and Decentralisation introduced new guidelines restricting government promissory notes to verified liabilities to strengthen debt management, fiscal discipline and transparency. The framework sets a minimum threshold of MK300 million for smaller promissory notes, with smaller obligations to be settled through normal budget appropriations, while prohibiting notes for unverified claims, ongoing court cases, and new procurement contracts. Promissory notes below MK3 billion will mature within one year, those between MK3 billion and MK10 billion within two years, and those above MK10 billion within three years. All notes are capped at a three-year maturity.

The Parliament of Malawi passed the Bills of Exchange (Amendment) Bill, paving the way for the phasing out of cheque payments as part of broader financial sector reforms to accelerate digitisation and modernise Malawi's payment systems. The reform seeks to replace cheques with digital payment methods, which the government says are increasingly used across the region. Parliament also passed the Pension Amendment Bill and Insurance Amendment Bill to harmonise the management of unclaimed funds with the Public Finance Management Act.

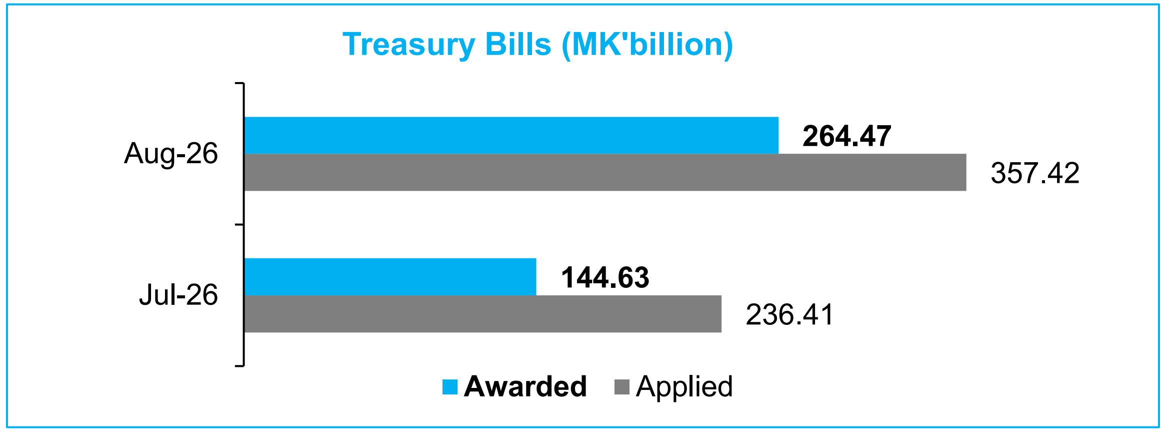
The Malawi Revenue Authority (MRA) launched its five-year Corporate Strategic Plan covering 2026 to 2031, targeting an increase in the country's tax-to-GDP ratio to 20% from 16.83%. According to MRA, the plan targets domestic revenue collections of MK6.1 trillion in the 2026-27 financial year, rising to MK22.5 trillion by 2030-31. MRA also aims to digitise 100% of its core processes by 2031, up from 15% currently, while increasing on-time tax filing rates from 71% to 90%. MRA further plans to fully operationalise its in-house Integrated Tax Administration System by 2031.

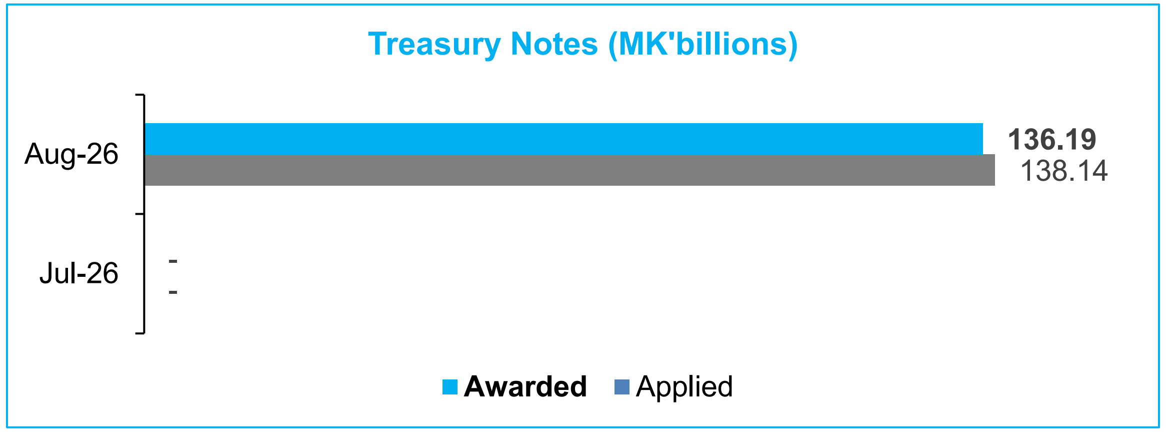
Government Securities (Source: RBM)

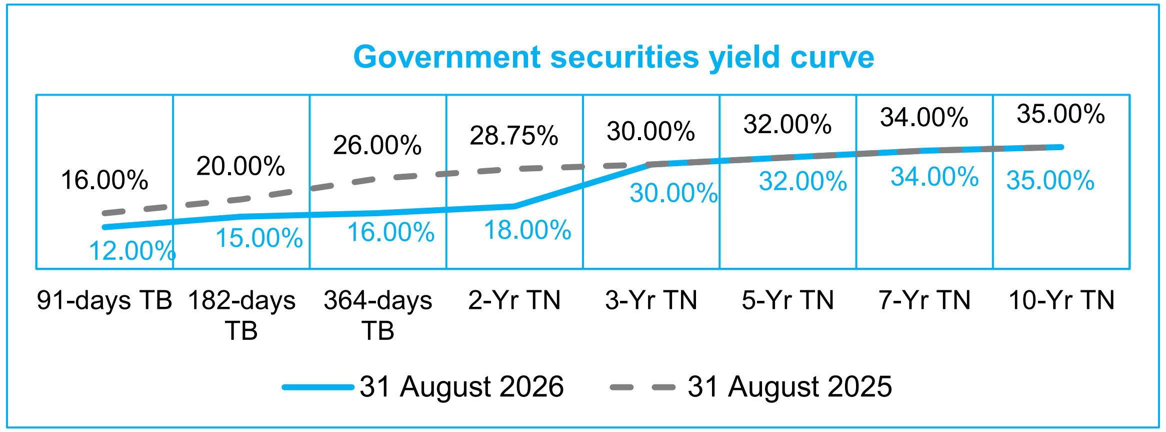
In August 2026, a total of MK400.66 billion was raised from MK495.56 billion in applications for Treasury Bills and the 2-year Treasury Note, representing an overall acceptance rate of 80.85%. The Treasury bill auctions applied were MK357.42 billion, and the 2-year Treasury note auctions applied were MK138.14 billion. The treasury bills awarded were MK264.47 billion, and the treasury notes awarded were MK136.19 billion. There were no auctions for the 3-,5-, 7-, and 10-year TN tenors.

Government Securities Yield Curve (Source: RBM)

As of 31 August 2026, the 91-,182- and 364-day TB yields remained unchanged from July 2026 at 12.00%, 15.00%, and 16.00%, respectively. The monthly average TB yield in August 2026 was 14.33%, down from 14.39% in July 2026. The Treasury note yields remained unchanged in August 2026, averaging 29.80%.







Market Developments

Commodities Market Developments

The average OPEC reference basket price increased by 3.8% to USD86.16/barrel in August 2026 from USD82.99/barrel in July 2026

As of August 31, 2026, the cumulative national revenue from tobacco sales amounted to USD 283.62 million. This represents a 45.15% decrease from USD 517.07 million during the same period in the previous year. The decline can be attributed to a decrease in the average price per kilogram and a reduction in the volume of tobacco sold

Effective 1 August 2026, the Malawi Energy Regulatory Authority (MERA) reduced the diesel price to MK6,306 per litre from MK6,209 per litre, representing a 7.02% decrease, while the petrol price was maintained at MK5,619 per litre.

Local Maize Price Developments (Source: IFPRI, RBM)

In July 2026, maize prices increased to MK866/kg in the final week of July 2026 (equivalent to MK43,300 for a 50kg bag) from MK731/kg in the last week of June 2026 (equivalent to MK36,550 for a 50kg bag). The July 2026 price is 25.92% lower than July 2025, when maize sold for MK1,169.00/kg (MK58,450 for a 50kg bag).

At the end of July 2026, the Northern Region registered the lowest maize prices, averaging MK618/kg (MK30,900 per 50kg bag), followed by the Central Region at MK773/kg (MK38,650 per 50kg bag), while the Southern Region recorded the highest average price at MK866/kg (MK43,300/50kg bag).

Tobacco Auction Developments (Source: AHL)

Figures from the Auction Holdings Limited (AHL) tobacco sales report show that as of 31 August 2026, 142.92 million kgs of tobacco were sold at an average price of USD1.98/kg in the 2026 selling season. The cumulative national value of tobacco sold stood at USD283.62 million, representing a 45.15% decrease from USD517.07 million sold during the same period in the previous year. During the same period in the previous year, 205.32 million kgs were sold at an average price of USD2.52/kg. The decline can be attributed to a decrease in the average price per kilogram and a reduction in the volume of tobacco sold

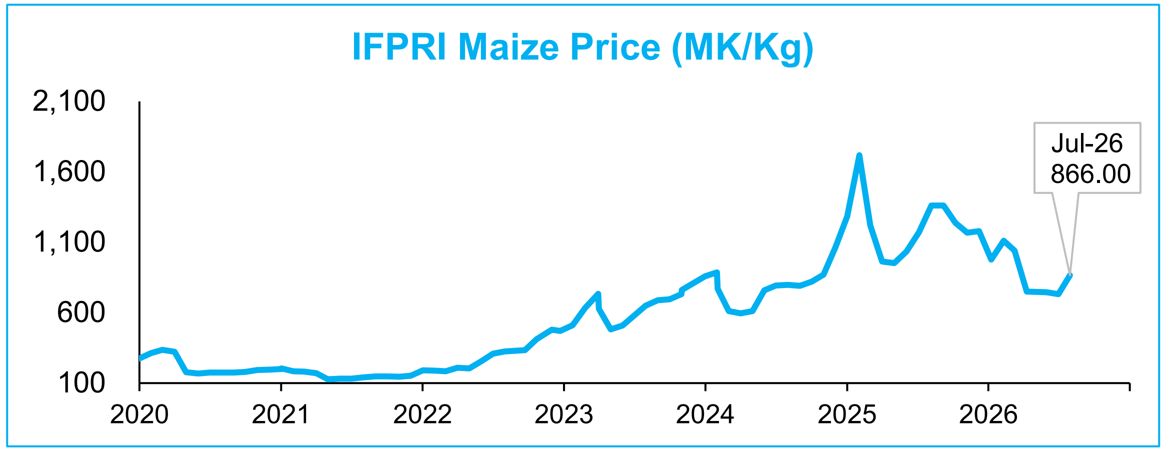
Oil Price Developments (Source: OPEC)

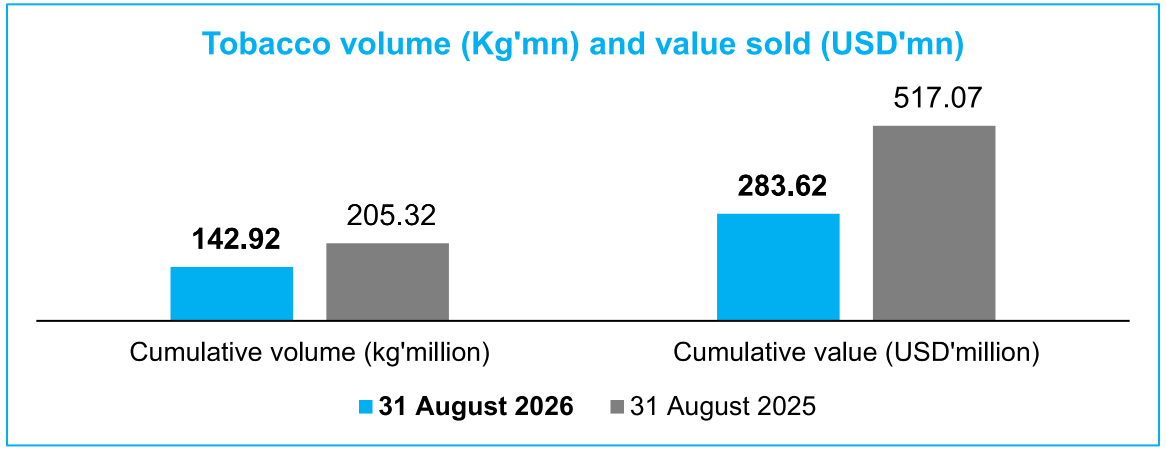
The average Organisation of Petroleum Exporting Countries (OPEC) reference basket price increased by USD3.17, representing a 3.8% month-on-month increase, to USD86.16/barrel in August 2026 from USD82.99/barrel in July 2026. Year-on-year, the price increased by 23.6% from USD69.73/barrel in August 2025.

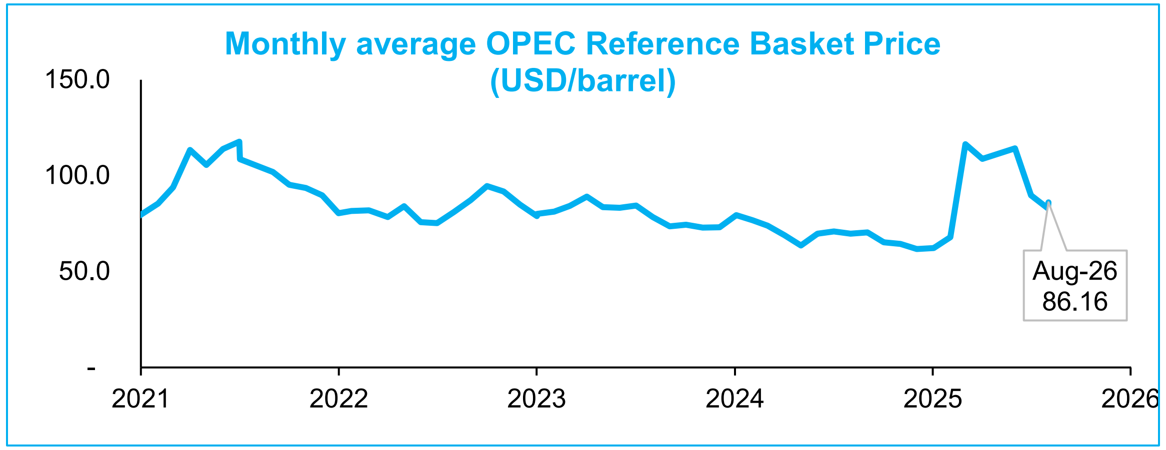
Effective 1 August 2026, the Malawi Energy Regulatory Authority (MERA) reduced the diesel price to MK5,863 per litre from MK6,306 per litre, representing a 7.02% decrease, while the petrol price was maintained at MK5,619 per litre.

Local Mining Industry Developments (Source: Published Media)

In August 2026, Lotus Resources Limited announced that acid production and uranium processing resumed at the Kayelekera Uranium Mine in Malawi following a suspension in June 2026. The suspension came due to disruptions in third-party acid supply and a setback in commissioning the acid plant. The Managing Director stated that the company was pleased with the restart of processing, with uranium drumming expected to follow shortly, while processing optimisation and critical maintenance continued during the suspension. The acid plant is expected to provide improved acid supply security and significantly reduced reagent costs, with sufficient sulphur inventory and supply visibility for the remainder of 2026.







In August 2026, the European Union (EU) committed EUR143 million (about MK287 billion) to support Malawi's agriculture, energy, education, skills development and social protection sectors, alongside an additional EUR13 million (about MK26 billion) in direct budgetary support.

Malawi's five water boards received approval for new tariffs, with increases ranging from 11% to 70%. The Central Region Water Board (CRWB) recorded the largest increase in domestic water tariffs at 70%.

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

Lindian Resources Limited provided an update on progress at its Kangankunde Rare Earths Project in Balaka, stating that first monazite concentrate production is targeted for the fourth quarter (Q4) of 2026. Front-end commissioning is expected in late October 2026, with practical completion targeted for November 2026. Active mining operations, including production drilling and blasting, are already underway, with ore being mined and stockpiled ahead of plant commissioning. According to the Executive Director, the project has entered an important phase as construction, mining, and operational preparations are progressing simultaneously.

Foreign Aid (Source: Published Media)

In August 2026, the European Union (EU) committed EUR143 million (about MK287 billion) to support Malawi's agriculture, energy, education, skills development and social protection sectors, alongside an additional EUR13 million (about MK26 billion) in direct budgetary support. The development financing includes EUR35 million for the Agricatalyst Programme to help transform agriculture from subsistence farming into competitive, sustainable and climate-resilient agri-food systems, EUR40 million for the Malawi Energy Efficiency Enhancing Programme, and EUR68 million for youth empowerment, school feeding and social protection. The energy programme will also leverage EUR85 million in co-financing from the European Investment Bank to rehabilitate hydropower plants affected by climate shocks and strengthen critical electricity infrastructure.

Power and Water Supply (Source: Published Media)

In August 2026, the Minister of Energy has commissioned the 10 Megawatts(MW) Salima Solar Power Plant, the first phase of a 50MW Electricity Generation Company of Malawi (Egenco) planned project, to help address frequent electricity blackouts and improve access to electricity. The project is expected to support economic activity by reducing power disruptions. Egenco currently supplies 444MW to the national grid, comprising 390MW from hydro, 53MW from diesel and 1.3MW from solar.

Malawi's five water boards received approval for new tariffs, with increases ranging from 11% to 70%. The Central Region Water Board (CRWB) recorded the largest increase in domestic water tariffs at 70%, followed by the Southern Region Water Board (SRWB) at 50%. The Northern Region Water Board (NRWB) and Blantyre Water Board (BWB) increased tariffs by approximately 36%, while the Lilongwe Water Board (LWB) raised tariffs by 20%. The tariff increases come as the five boards recorded an average non-revenue water of 33.4% in 2025, above the 25% international benchmark, while several boards continue to face financial losses and unpaid bills.

Manufacturing (Source: Published Media)

In August 2026, PressCane Limited officially commissioned its organic fertiliser plant in Chikwawa, marking a major milestone in its waste-to-value green initiatives following its operational resumption in June 2026. The newly established facility has a daily production capacity of 100 metric tonnes (MT) of organic fertiliser, which is equivalent to 600 bags of 50 kg per day. PressCane expects the product to hit the commercial market during this year's farming season to provide smallholder farmers with a highly affordable alternative to imported chemical inputs.

Following the commissioning of Portland Cement Malawi Limited's MK175 billion (USD100 million) Balaka cement factory in 2025, national cement imports declined by 8% over seven months, contributing to a stabilisation of local cement prices. According to MRA, cement customs revenue collected at the Mchinji One-Stop Border Post declined by 22%, resulting from the surge in domestic supply. Subsequently, local cement prices have eased to between MK16,000 and MK42,000 per 50kg bag, from a peak of MK52,000 per 50kg bag in mid-2025.

Agriculture and Agribusiness Developments (Source: Published Media)

In August 2026, the National Food Reserve Agency (NFRA) purchased 26,663 metric tonnes (MT) of maize against its 108,000MT target, spending MK24 billion so far. NFRA is buying maize at MK900 per kilogramme and aims to complete procurement before the onset of the rains. NFRA is accessing a second MK20 billion tranche from the Government's MK100 billion allocation. However, competition from vendors and agro dealers has made it difficult to secure supplies at the current price, with traders calling for the buying price to be increased to MK1,000 per kilogramme. NFRA's procurement is aimed at strengthening strategic grain reserves ahead of the forecast El Niño weather pattern, with stocks expected to reach about 170,000MT if the target is achieved, still below the estimated annual national requirement of 217,000MT.

The Malawi Government invested MK16 billion in measures to strengthen food security and prepare for the anticipated El Niño, including MK10.8 billion for 800 solar-powered irrigation systems. The systems are expected to benefit 8,000 farmers, bring 4,000 hectares under irrigation and produce 100,000 metric tonnes of food during the 2026/27 lean season. The remaining MK5.2 billion will fund farmer training, equipment distribution and installation, as well as fertiliser and seed distribution. The investment comes as the 2026 Malawi Vulnerability Assessment Committee report projects 2.6 million people, or 14% of the population, will face food shortages between October and March.

An Overview of the AfDB Malawi Country Focus Report 2026

August 2026

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The AfDB reports that Malawi's inflation is now expected to fall by a smaller margin and remain elevated at 24.6% in 2026 due to the Middle East war, before easing to 18.7% in 2027 as cost-push inflationary pressures mount despite declining food prices.

According to the AfDB, in the short term, policy should focus on macroeconomic stabilisation by better aligning the exchange rate, reducing fiscal dominance, and restoring a credible macro- fiscal framework that gives businesses greater certainty.

Introduction

The Malawi Country Focus Report (CFR) delivers an annual, country-level assessment that complements the Bank's African Economic Outlook (AEO). The CFR identifies Malawi's principal barriers to development financing, including institutional capacity constraints and fiscal limitations, and recommends priority reforms and policy actions. These recommendations consider policy reform trade-offs, sequencing, and the feasibility of reform implementation, considering Malawi's political economy and exposure to global fragmentation.

Economic performance and outlook

The AfDB reports that Africa's growth projections for 2026 and 2027 assume that the current global shock will last only for two to three months. This could lead to a 0.2 percentage point lower than the earlier estimate of 4.2% reported in the January 2026 edition of Africa's Macroeconomic Performance and Outlook (MEO) prior to the current shock. Under this scenario, Africa's projected growth could surpass that of Asia, with the continent poised to become the best-performing region in 2026–27. If the conflict lasts for three to six months, before a gradual de-escalation of tensions, real GDP growth is projected to decline by 0.4 percentage points to 4.0% in 2026.

Malawi's economic growth slowed to below 2.0% since 2022. This performance lags the African average of 2.7% in 2023 and 3.9% in 2025, and the global average of 3.3% during the same period. Despite a favourable 2025/26 agricultural season, which should enhance exports, the Middle East war is expected to dent the recovery in economic growth in 2026, now projected at 2.3% before recovering to 3.3% in 2027.

Malawi's Key macroeconomic and social indicators

Indicators	2022	2023	2024	2025(e)	2026(p)	2027(p)
Real GDP growth	0.9	1.9	1.8	2.7	2.3	3.3
Real GDP growth per Capita	-1.7	-0.7	-0.8	0.1	-0.3	0.8
Inflation	20.8	28.7	32.3	28.5	24.6	18.7
Overall Fiscal Balance, including Grants (%)	-8.9	-10.1	-10.6	-9.9	-10.7	-10.0
Current Account (%GDP)	-18.4	-15.5	-21.7	-19.0	-17.5	-15.3

(e): Estimates and (p): Projections

Inflation - Fiscal and External Position

Inflation is now expected to fall by a smaller margin and remain elevated at 24.6% in 2026 due to the Middle East war, before easing to 18.7% in 2027 as cost-push inflationary pressures mount despite declining food prices. Fiscal slippages, driven by optimistic budget assumptions, will keep the fiscal deficit high, albeit on a declining trajectory. Meanwhile, the current account is projected at 17.5% in 2026 and 15.3% of GDP in 2027.

Risks

The AfDB states that Malawi's macroeconomic outlook is fragile due to high debt levels, climate vulnerability, and inflationary pressures. Public debt was greater than 90% of GDP in 2025 and poses a huge risk to financial sector stability while also leaving no fiscal space for development expenditure, as interest payments represent about 50% of domestic revenue.

The Middle East crisis poses a new risk unless quickly resolved. Foreign currency shortages and persistent foreign exchange distortions hamper imports of critical raw materials, while the economy's dependence on rain-fed agriculture leaves it highly vulnerable to climate-related shocks.

Policy options to accelerate Malawi's economic development

According to the AfDB, in the short term, policy should focus on macroeconomic stabilisation by better aligning the exchange rate, reducing fiscal dominance, and restoring a credible macro- fiscal framework that gives businesses greater certainty. This would help reduce distortions that have pushed firms into inefficient diversification simply to secure foreign exchange. Reforms should also address gender-based land tenure barriers and expand access to finance for women and young entrepreneurs, especially in rural areas where agriculture remains the main source of livelihoods.

In the medium term, efforts to reduce the share of domestic credit absorbed by the public sector should be matched by policies that crowd in private investment, particularly in energy and transport infrastructure, where large deficits continue to raise business costs and weaken competitiveness. The Reserve Bank of Malawi should create conditions for greater access to finance for Micro, Small, and Medium Enterprises (MSMEs), while the government strengthens market-driven skills development to raise productivity and support private-sector participation.

Over the longer term, Malawi needs sustained regulatory reform and predictable policies to remove structural barriers to productivity growth and export expansion. Current agricultural subsidies have not delivered higher productivity and have discouraged diversification, limiting export potential.

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The AfDB reports that Malawi's journey toward a resilient, inclusive, and impactful financial sector will need concerted efforts to address structural gaps

According to AfDB, Malawi is at a critical stage in pursuing inclusive and sustainable transformation. Recent reforms in procurement, fiscal accountability, and digital systems have strengthened transparency, anti-corruption efforts, and the investment climate

Mobilising Malawi's development financing at scale in a fragmented world

According to the AfDB, Malawi is at a critical stage in pursuing inclusive and sustainable transformation. Recent reforms in procurement, fiscal accountability, and digital systems have strengthened transparency, anti-corruption efforts, and the investment climate. Legal changes, including the Financial Crimes Act and the Public Procurement and Disposal of Assets Act, alongside digital procurement platforms and participatory budgeting, have improved oversight and public trust. Yet major constraints remain. Limited institutional capacity, weak public investment management, high interest rates, debt distress, and restricted access to long-term finance continue to undermine budget credibility and slow progress. Sustaining reform momentum will be essential to translate the gains into lasting development outcomes

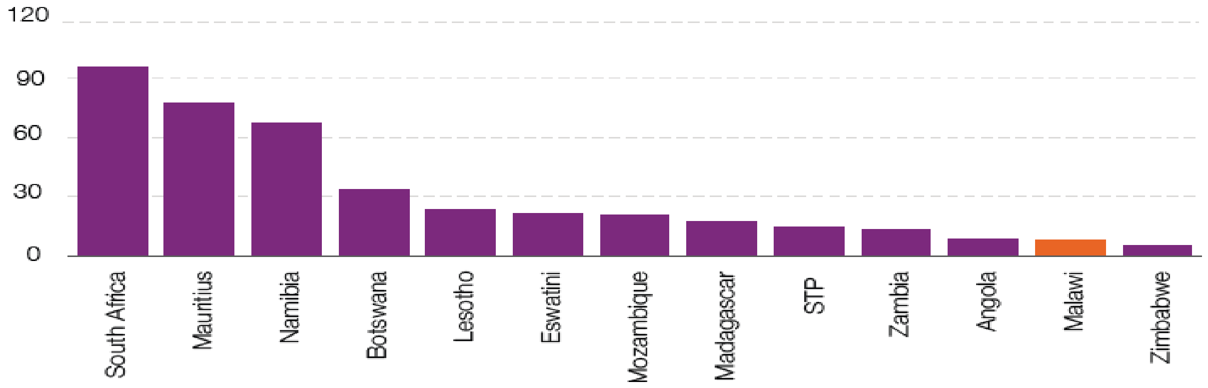
To consolidate recent gains and accelerate advancement, the AfDB recommends that Malawi undertake the following actions:

- Improve revenue and expenditure forecasting, integrate comprehensive digital systems, and invest in institutional capacity-building to ensure efficient budget execution and minimise fiscal slippage.
- Rigorously enforce anti-corruption strategies, continuously update legal frameworks, and ensure the full implementation of transparency measures, including beneficial ownership disclosures and digital procurement procedures to deepen structural and legal reforms.
- Enhance access to finance for MSMEs, broaden blended finance initiatives, and leverage domestic institutional investor resources to close investment gaps, especially in key sectors such as agribusiness, energy, and infrastructure to foster private sector growth.
- Promote digital transformation by expanding the scope of digitalization within both the public and private sectors, standardising products and systems to support regional and international trade and encourage innovation through programs such as the Muuni Fund.
- Enhance the investment climate through sustaining regulatory reforms to streamline. business processes, safeguard property rights, and ensure effective contract enforcement, while proactively addressing macroeconomic instability and sovereign risk

Strengthening and consolidating Malawi's financial systems and agency in the changing world

The AfDB reports that Malawi's journey toward a resilient, inclusive, and impactful financial sector will need concerted efforts to address structural gaps. The persistent gap between development financing needs and the reliability of traditional external funding sources underscore the urgency for self-sufficiency and reform. Despite notable progress in digital financial inclusion and improvement in banking sector resilience, Malawi's financial system remains constrained by structural weaknesses, limited long-term financing, high asset concentration, and external challenges such as low sovereign credit ratings and restrictive global risk assessment methodologies. These factors have collectively hindered the country's ability to mobilise and allocate capital efficiently, leaving key sectors underserved and the economy vulnerable to shocks.

Domestic Credit to the Private Sector in the Country and Across the Continent, % of GDP, 2015-2024



To address these challenges, Malawi should prioritise consolidating and integrating its financial architecture, harmonising regulatory frameworks with regional standards, and deepening cross-border financial cooperation. This will not only enhance market liquidity and sector competitiveness but also open pathways to affordable, long-term capital. Strengthening the Reserve Bank of Malawi's regulatory oversight, supporting the development of domestic capital markets, and fostering innovation through digital transformation are essential steps.

Furthermore, advancing financial literacy, especially in rural areas, and formalising rural finance structures are crucial for broad-based inclusion. The government should implement comprehensive fiscal reforms to reduce public debt and crowding out of private investment, while incentivising the development of safe savings products and affordable micro-insurance. Finally, revitalizing development finance institutions and improving information-sharing infrastructure - such as credit bureaus and collateral registries - will support MSMEs and industrial growth. By executing these recommendations, Malawi can reduce dependence on unpredictable external funding, strengthen its financial sovereignty, and lay a solid foundation for sustainable, inclusive economic development.

Appendices

Appendix 1: Historical Monthly Economic Indicators

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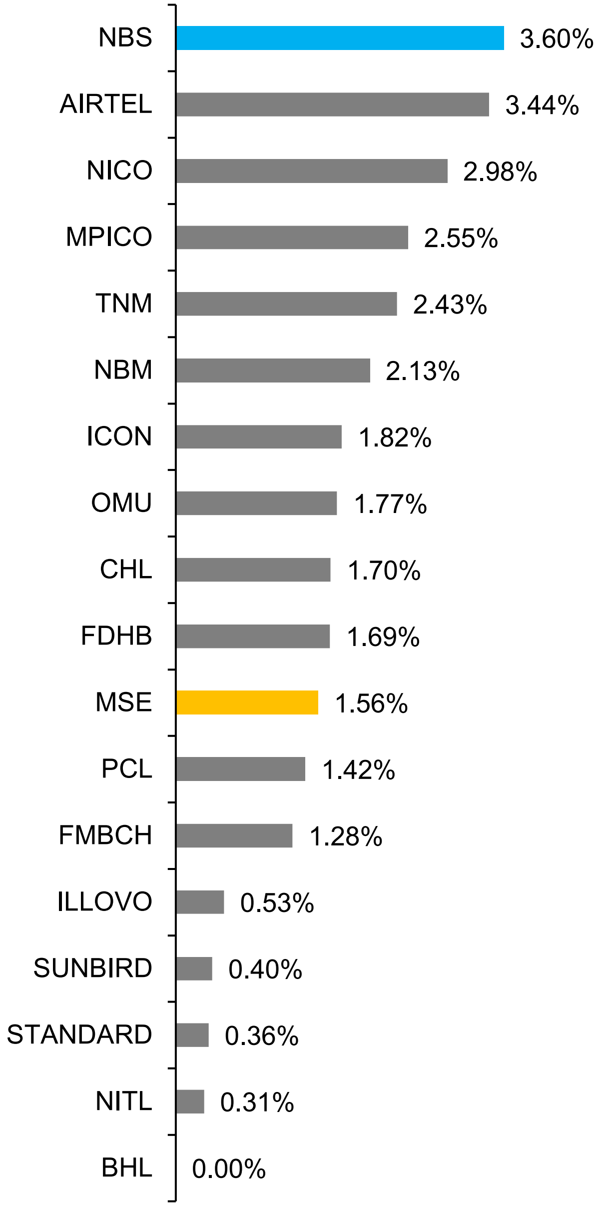
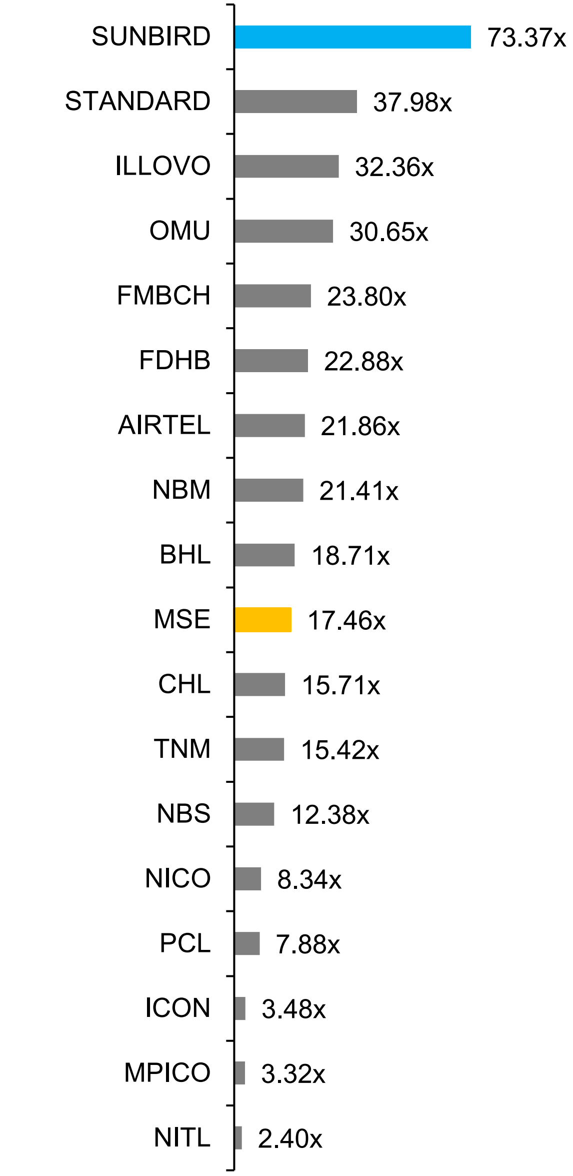
	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Exchange Rates (middle rates)													
MK/USD	1,749.95	1,750.37	1,749.95	1,750.07	1,749.00	1,749.55	1,750.45	1,750.37	1,749.68	1749.46	1,749.93	1,750.55	**1,747.56**
MK/GBP	2,424.53	2,423.25	2,371.39	2,377.10	2,416.04	2,456.90	2,424.72	2,377.41	2,426.11	2,421.30	2,382.83	2,422.03	**2,437.74**
MK/EUR	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	2,072.04	**2,083.82**
MK/ZAR	101.77	103.60	103.58	103.68	107.63	113.67	113.20	104.66	107.04	110.29	109.07	107.90	**110.79**
Foreign Exchange Reserves													
Total Reserves (USD'mn)	523.9	511.8	526.8	530.0	608.9	664.90	625.70	571.60	619.8	596.5	616.3	N/A	**N/A**
Inflation													
Headline	28.2%	28.7%	29.1%	27.9%	26.0%	24.9%	24.1%	23.8%	24.3%	23.4%	21.1%	20.8%	**N/A**
Food	33.7%	33.0%	32.4%	30.1%	26.5%	22.1%	20.8%	20.0%	19.1%	17.6%	14.7%	14.3%	**N/A**
Non-food	19.5%	21.7%	23.8%	24.2%	25.2%	29.8%	30.0%	30.7%	33.2%	33.0%	32.1%	32.2%	**N/A**
Interest Rates													
Monetary Policy Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	24.00%	24.00%	24.00%	24.00%	24.00%	**24.00%**
Average Interbank Rate (Overnight)	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	16.50%	13.85%	12.86%	12.07%	12.20%	13.69%	**15.44%**
Lombard Rate	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	24.20%	24.20%	24.20%	24.20%	**24.20%**
Commercial Bank Reference Rate	25.40%	25.30%	25.40%	25.30%	25.30%	25.20%	24.70%	22.40%	20.80%	20.80%	20.40%	20.50%	**20.80%**
Government Securities Yields													
91-days Treasury Bill	16.00%	16.00%	16.00%	16.00%	16.00%	15.00%	12.00%	12.00%	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%	15.00%	15.00%	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%	17.90%	17.53%	16.83%	16.48%	16.50%	16.17%	**16.00%**
2-year Treasury Note	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	20.65%	18.87%	18.87%	18.87%	18.00%	18.00%	**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	211.15%	236.67%	250.27%	259.98%	247.63%	-1.53%	-3.91%	-3.80%	-12.32%	-14.15%	-12.38%	-15.43%	**-16.48%**
DSI	214.05%	236.40%	233.38%	217.65%	208.88%	0.30%	-0.75%	-0.43%	-2.74%	-3.45%	-3.59%	-7.62%	**-9.00%**
FSI	195.28%	239.14%	348.11%	503.79%	470.87%	-7.19%	-13.69%	-14.21%	-41.89%	-47.16%	-39.55%	-39.55%	**-39.60%**

Appendix 2: Selected stock market statistics as of 31 August 2026

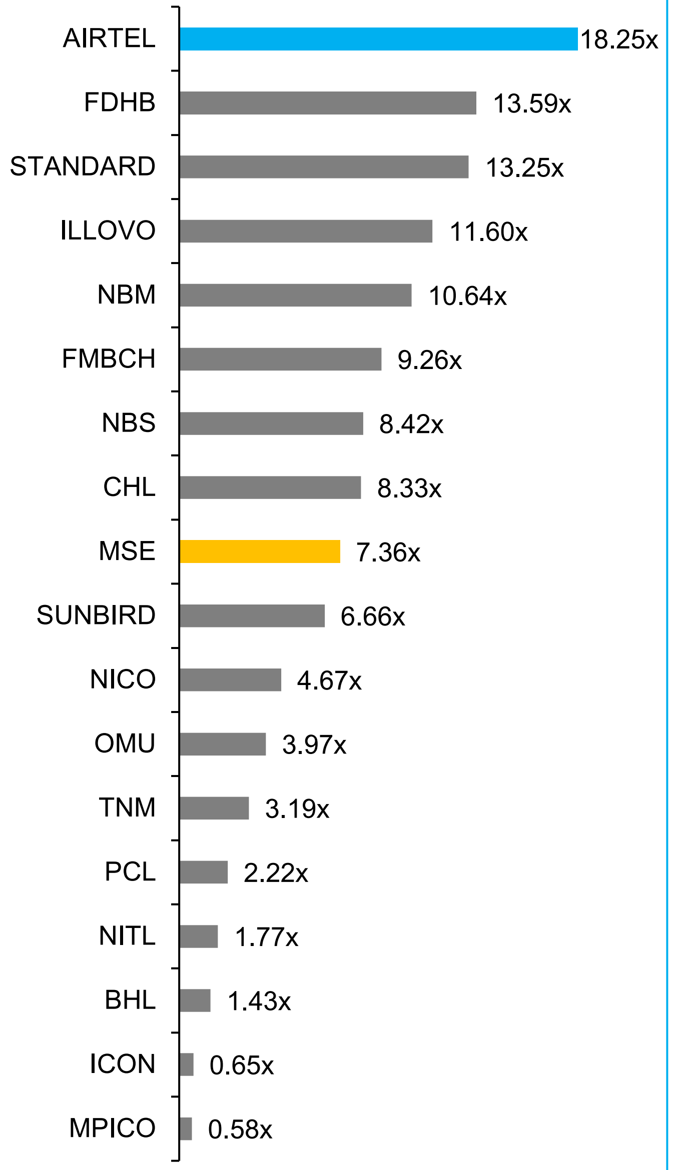
Dividend yield (%) - the weighted average dividend yield on the MSE was 1.56% in August 2026. The counter with the highest dividend yield was NBS at 3.60%



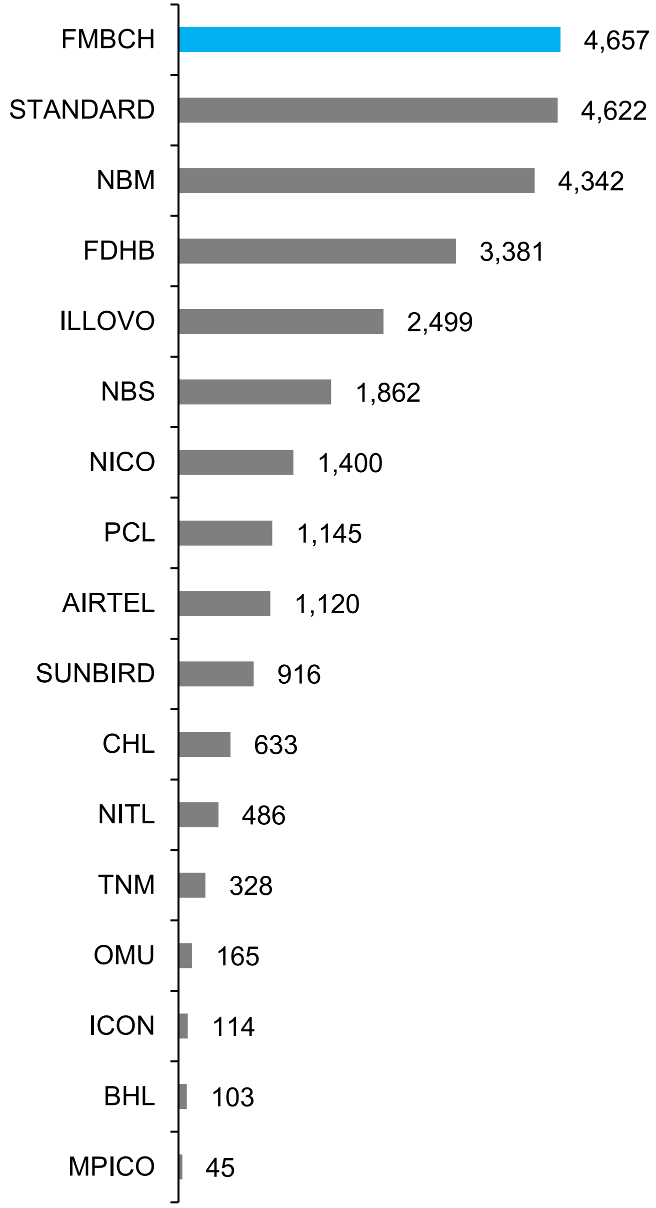
P/E Ratio - the weighted average price to earnings ratio on the MSE was 17.46x in August 2026. The counter with the lowest positive ratio was NITL at 2.40x.



P/BV Ratio- the weighted average price to book value ratio on the MSE was 7.36x in August 2026. The counter with the lowest positive ratio was MPICO at 0.58x.



Market Capitalisation (MK'billion) - FMBCH had the highest market capitalization at MK4.7 trillion in August 2026.



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

Indicator	2024	2025	2026	2027	2028	2029
Real GDP growth	1.7	2.0	1.8	0.1	2.7	5.8
Consumer price index (CPI) inflation	32.2	28.4	31.5	43.2	16.5	12.8
Private consumption	4.6	3.7	2.3	-1.3	0.4	3.6
Government consumption	9.3	4.4	-0.7	-0.6	-0.3	2.8
Fixed Investment	-5.6	-5.3	-4.0	-9.6	-3.5	7.2
Exports of goods and services	-12.2	-4.2	3.3	4.2	2.1	3.1
Imports of goods and services	7.0	5.3	3.2	-1.9	0.7	6.6
Current-account balance (% of GDP)	-18.1	-13.5	-10.3	-9.9	-9.0	-8.7
Government balance (% of GDP)	-11.0	-13.4	-15.3	-13.1	-10.7	-8.1
Government debt (% of GDP)	87.6	72.8	103.3	88.7	83.8	76.4
Exchange rate MK/USD (end-period)	1,734.1	1,732.4	2,545.6	2,791.4	3,026.6	3’270.7
Central bank policy rate (%, av)	25.8	26.0	26.5	32.0	27.0	21.5

Source: Oxford Economics, July 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

AfDB : African Development Bank
AEO : African Economic Outlook
AHL : Auction Holdings Limited
av : Average
BHL : Blantyre Hotels Plc
Bn : Billion
CPSD : Country Private Sector Diagnostic
CDAs : Community Development Agreements
CFR : Country Focus Report
CDF : Community Development Fund
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
IFPRI : International Food Policy Research Institute
IPO : Initial Public Offering
IMF : International Monetary Fund
Kg : Kilogram
LRR : Liquidity Reserve Requirement
MASI : Malawi All Share Index
MEDF : Malawi Enterprise Development Fund
MEO : Africa's Macroeconomic Performance and Outlook
MSMEs : Micro, Small and Medium-sized Enterprises
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
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
P/BV : Price to book value
P/E : Price to earnings
PCL : Press Corporation Limited Plc
RBM : Reserve Bank of Malawi
SADC : Southern African Development Community
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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