



Malawi Monthly Economic Report and an Overview of the World Bank Malawi Economic Monitor 2026

September 2026

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Inflation

The year-on-year headline inflation rate eased to 20.0% in August 2026 from 20.8% in July 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 23.4% during the year. The World Bank projects 23.0%, 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 depreciated, trading at MK1,749.31/USD as of 30 September 2026, from MK1,747.56/USD as of 31 August 2026.

In September 2026, the Export Development Fund (EDF) partnered with FDH Bank plc to establish four additional Gold Trading Centres in Karonga, Mzimba, Mangochi and Nsanje, expanding access to Malawi's formal gold market.

According to the World Bank, the parallel market premium over the official rate has narrowed from a peak of 150% in early 2025 to approximately 130% as of June 2026.

Stock Market

The stock market was bearish in September 2026, with the Malawi All Share Index (MASI) decreasing by 1.85% to 490,269.10 points from 499,484.85 points in August 2026. This brought the MASI year-to-date return to negative 18.02% in September 2026. In September 2025, the MASI year-to-date return was 236.67%. Share price losses in OMU, TNM, NITL, FMBCH, FDHB, NBM and NBS primarily drove this downward movement in the index in September 2026.

Fiscal Policy, Regulatory Developments and Government Securities

The Malawi Government commenced fresh policy negotiations with the International Monetary Fund (IMF) for a potential new Extended Credit Facility (ECF), following the arrival of an IMF mission team in the country on 21 September 2026.

In September 2026, a total of MK373.55 billion was raised from MK552.72 billion in applications for Treasury Bills and the 2-year Treasury Note, representing an overall acceptance rate of 67.58%. There were no auctions for the 3-, 5-, 7-, and 10-year TN tenors.

As of 30 September 2026, the 91-, 182-, and 364-day TB yields were 12.00%, 14.50%, and 16.00%, respectively. There were reopening auctions for a 2-year Treasury Note with a yield of 18.00%

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price in August 2026 increased by 19.55% to MK960/kg (MK48,000 for a 50kg bag), from MK803/kg (MK40,150.00 for a 50kg bag) in July 2026.

As of 30 September 2026, USD287.09 million was realised from the sale of 145.33 million kgs of tobacco at an average price of USD1.98/kg. During the same period in the previous year, USD532.41 million was realised from the sale of 214.25 million kgs at an average price of USD2.49/kg, representing a 46.08% decrease in total sales.

Global oil prices increased, with the average OPEC reference basket increasing by 27.0% to USD109.82/barrel in September 2026 from USD86.44/barrel in August 2026.

An Overview of the World Bank Malawi Economic Monitor 2026

The World Bank projects Malawi's GDP growth at 2.7% in 2026, rising gradually above 3.0% by 2028, but the recovery remains fragile and insufficient to significantly improve living standards. Persistent foreign exchange shortages, energy constraints, limited access to finance, regulatory uncertainty and weak productive capacity continue to suppress private sector activity, while the economy remains highly vulnerable to weather and commodity shocks. Fiscal consolidation has improved, with the FY2025/26 deficit narrowing to 8.8% of GDP and budget execution remaining within the approved envelope for the

first time in more than five years.

The World Bank emphasises that restoring macroeconomic stability will require a unified, market-clearing exchange rate, stronger fiscal and monetary discipline, removal of trade barriers and accelerated export diversification. Reform of State-Owned Enterprises is also identified as critical, with priorities including stronger financial reporting, centralized ownership oversight, annual assessment of fiscal risks and performance-based management and skills-based board appointments to improve accountability, service delivery and the government's management of contingent liabilities.

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, an underwhelming tobacco marketing season, and the lingering impacts of foreign aid cuts. The EIU projects 2.5%, the AfDB forecast growth of 2.3% and the World Bank projects 2.7%. The Malawi government projects growth at 3.8%. Real GDP growth projections for 2027 range from 0.1% to 2.3%, with the EIU citing stronger growth in agriculture, development of the mining sector, reduction in government consumption and Sustained expansion in the services sector.

Opportunities

Press Corporation plc (PCL) has announced that it completed the acquisition of a 70% controlling stake in Mpaladizo Beach Resort Limited from Wild Coast Estates Limited, with the remaining 30% retained by Wild Coast Estates. The investment is expected to support the development of a high-quality lakeshore destination while creating long-term value for shareholders.

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.



Inflation and Monetary Policy

The year-on-year headline inflation rate eased to 20.0% in August 2026 from 20.8% in July 2026, driven by the decrease in food inflation

The commercial bank reference rate for September 2026 was 21.20%, up from 20.80% in August 2026

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

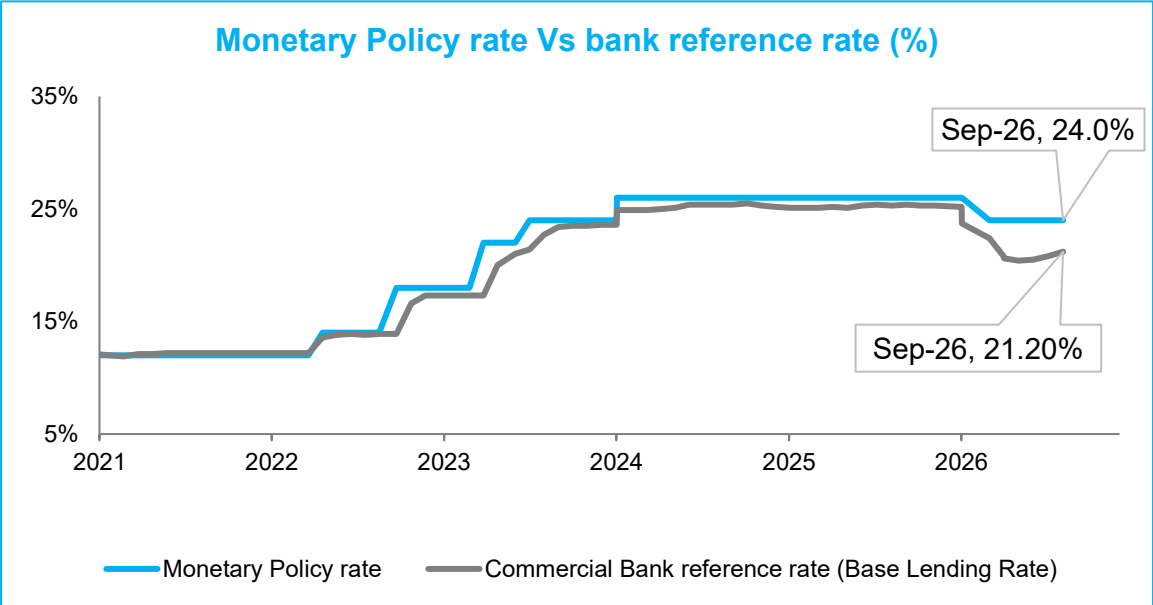
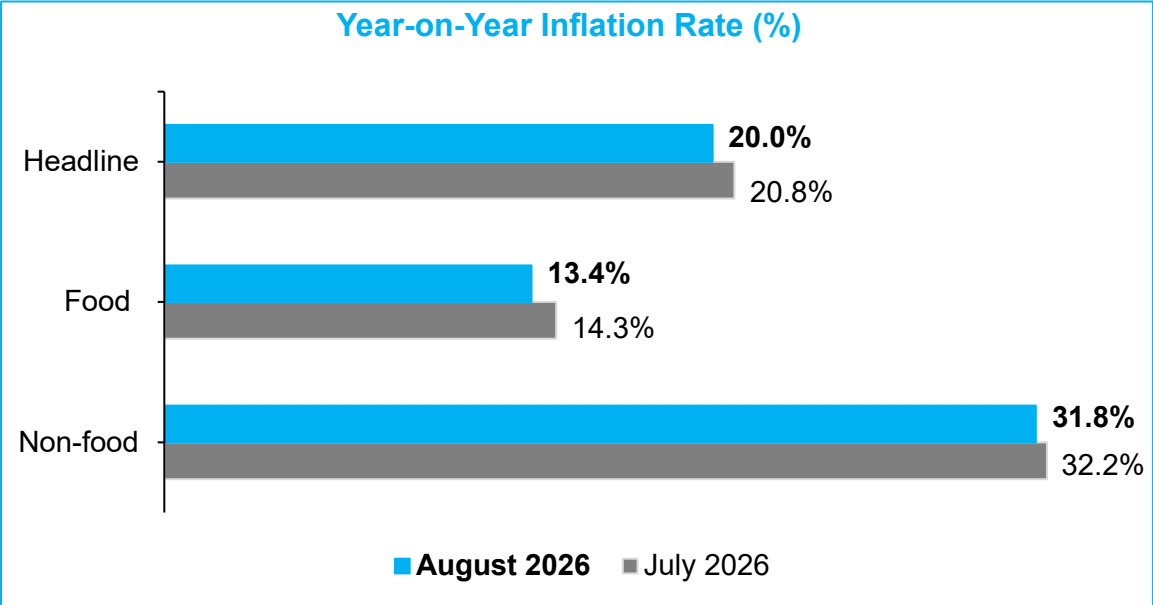
The year-on-year headline inflation rate eased to 20.0% in August 2026 from 20.8% in July 2026, driven by the decrease in food inflation. The food inflation rate declined to 13.4% in August 2026 from 14.3% in July 2026, and the non-food inflation rate decreased to 31.8% in August 2026 from 32.2% in July 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 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 23.4% during the year. The World Bank projects 23.0%, 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 controls and financial sector reforms (Source: RBM)

The Reserve Bank of Malawi (RBM) introduced new control measures on the possession and movement of foreign currency. Individuals will require RBM permission to physically possess more than USD1,000.00 or its equivalent in another foreign currency. Individuals taking or sending more than USD1,000.00 abroad must provide evidence that the funds were obtained from an authorised dealer or obtain permission. The measures also limit the amount of Malawi Kwacha that can be taken or sent abroad to the equivalent of USD5,000.00 for cross-border traders and USD100.00 for ordinary travellers.

The Reserve Bank of Malawi (RBM) and Bankers Association of Malawi (BAM) have announced the phasing out of cheques as a payment instrument in Malawi. According to a joint public notice, banks will no longer issue new cheque books, while cheques presented for clearing on or before 29 September 2026 may continue to be processed during a transition period ending 11 March 2027. The move follows the publication of the Bills of Exchange (Amendment) Act of 2026, which provides for the cessation of the issuance and use of cheques. RBM and BAM have urged customers and businesses to shift to alternative payment channels, including internet and mobile banking, electronic funds transfers, cards and mobile money services, and other approved digital payment solutions.





Economic Overview (Continued)

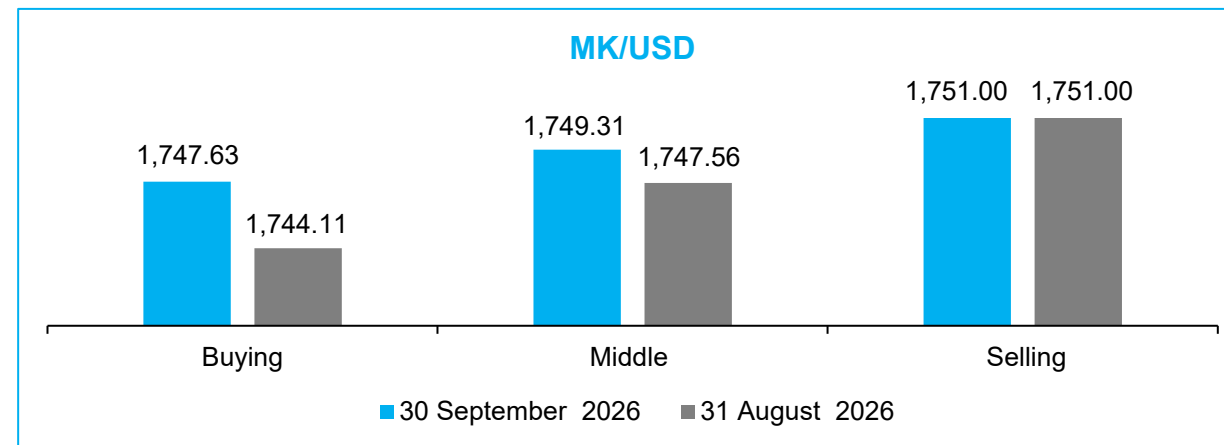
Foreign Exchange and Reserves Position

In July 2026, the country's total foreign exchange reserves decreased by 2.5% to USD600.60 million from USD616.30 million in June 2026

Foreign Exchange (Source: RBM)

Based on the closing middle rates, the Malawi Kwacha depreciated, trading at MK1,749.31/USD as of 30 September 2026, from MK1,747.56/USD as of 31 August 2026. During the same period last year, the Malawi Kwacha traded at MK1,750.37/USD, from MK1,749.95/USD as of August 2025.

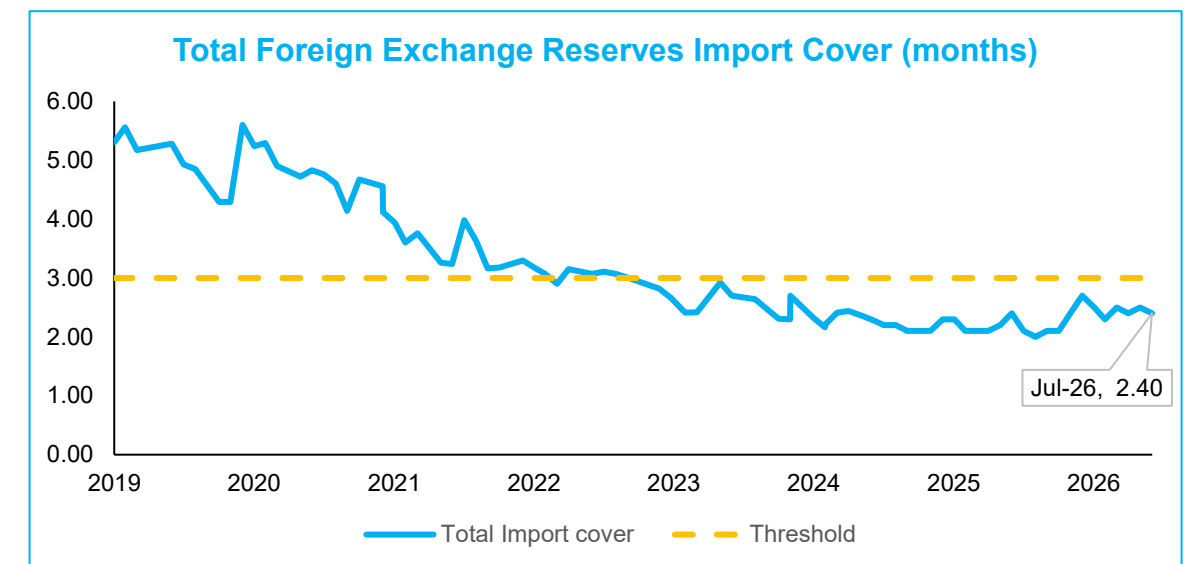
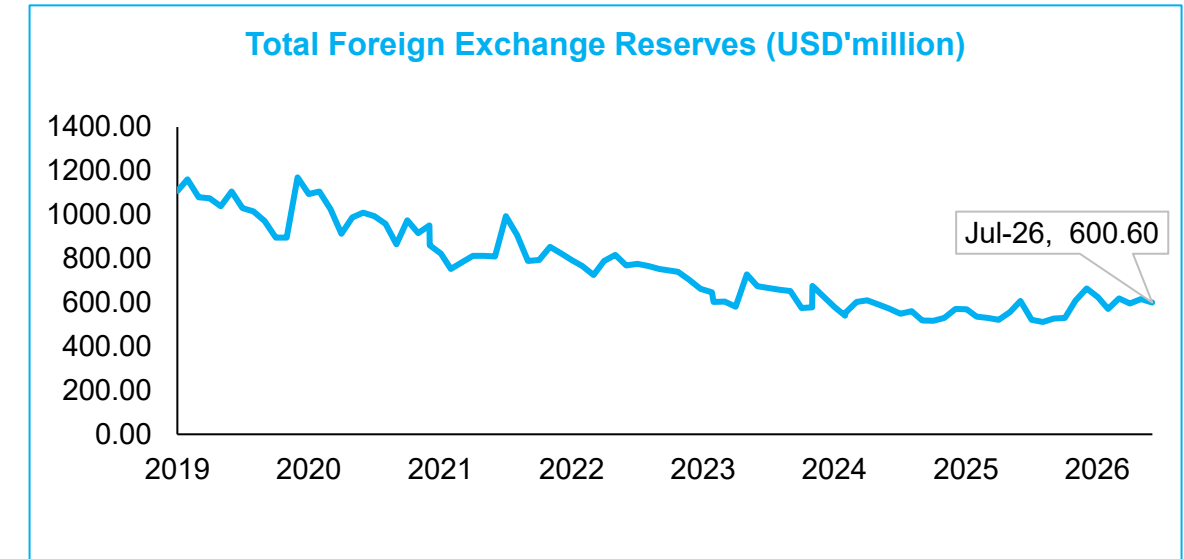
According to the World Bank, The parallel market premium over official rate has narrowed from a peak of 150% in early 2025 to approximately 130% as of June 2026. This persistent gap reflects a confluence of structural vulnerabilities, including deficit-driven money creation, elevated broad money supply growth, and chronic trade deficits.

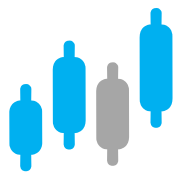


Foreign Exchange Reserves Position (Source: RBM)

In July 2026, the country's total foreign exchange reserves decreased by 2.5% to USD600.6 million from USD616.3 million in June 2026. The import cover decreased to 2.4 months in July 2026 from 2.5 months in June 2026. In July 2025, the total foreign exchange reserves were USD 607.7 million, translating to 2.4 months of import cover.

	July 2026	June 2026	Month-on-month change (%)
Total Reserves (USD'millions)	600.60	616.30	-2.5%
Total Import Cover (Months)	2.4	2.5	-4.0%





Stock Market

The total value of shares traded on the Malawi Stock Exchange in September 2026 was MK10.4 billion, with NBM leading in value at MK3.6 billion

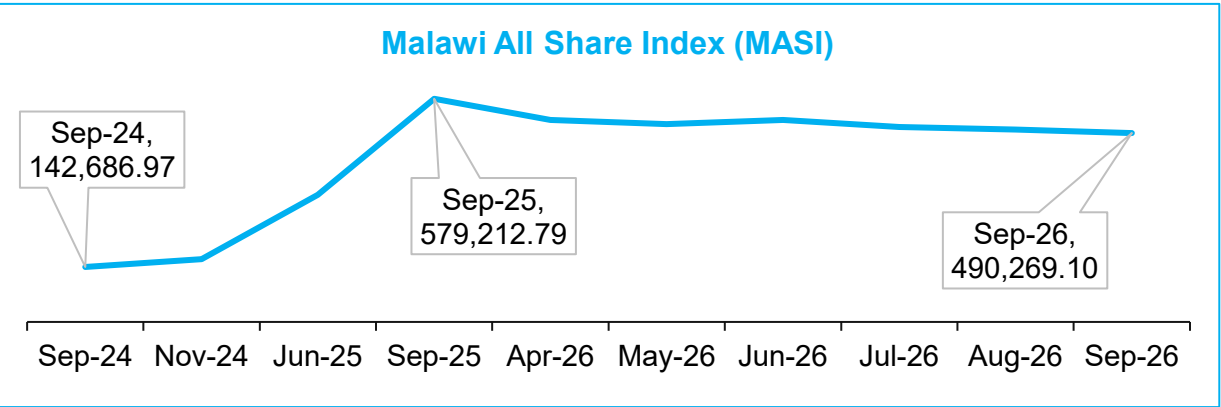
The stock market was bearish in September 2026, with the Malawi All Share Index (MASI) decreasing by 1.85% to 490,269.10 points from 499,484.85 points in August 2026. This brought the MASI year-to-date return to negative 18.02% in September 2026. The downward movement in the MASI was due to share price losses in OMU, TNM, NITL, FMBCH, FDHB, NBM, and NBS

Stock Market Performance (Source: MSE)

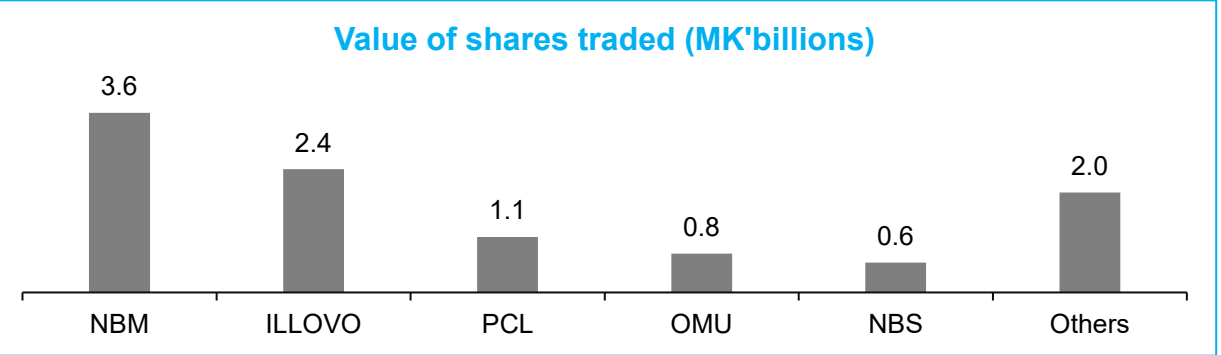
The stock market was bearish in September 2026, with the Malawi All Share Index (MASI) decreasing by 1.85% to 490,269.10 points from 499,484.85 points in August 2026. This brought the MASI year-to-date return to negative 18.02% in September 2026. In September 2025, the year-to-date return was 236.67%.

PCL recorded the highest share price gain in September 2026, rising by 15% to close the month at MK312.78, having opened at MK272.00. There were also marginal share price gains in MPICO and Airtel.

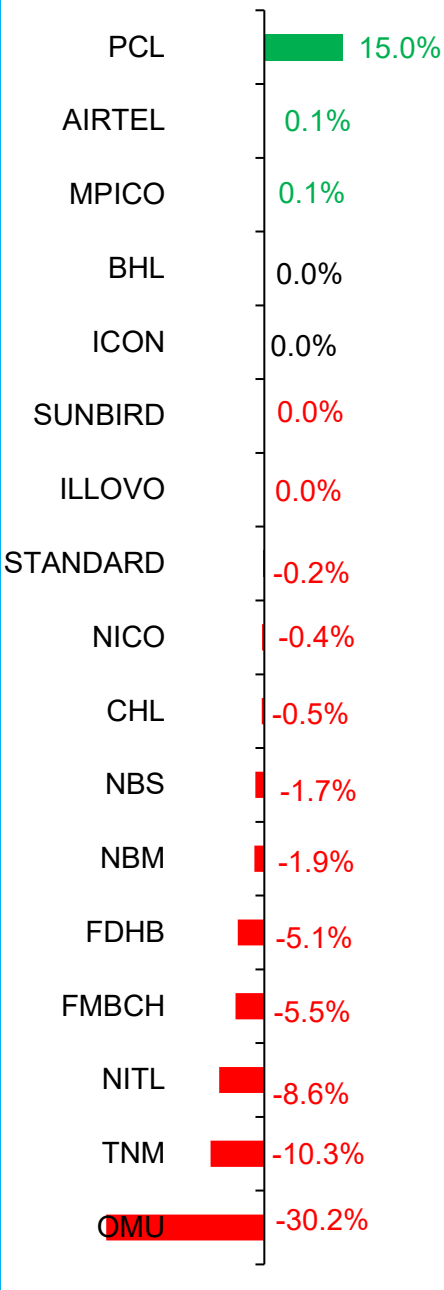
OMU had the highest share price loss in September 2026, falling by 30.2% to MK3,700.00 from MK5,300.00 in August 2026. There were also significant share price losses for TNM, NITL, FMBCH, FDHB, NBM, and NBS recorded during the period under review.



The number of trades on the MSE increased by 9.14% to 2,925 in September 2026 from 2,680 in August 2026. The value of shares traded decreased by 50.25% to MK10.4 billion in September 2026, from MK21.0 billion in August 2026. NBM had the highest value of shares traded at MK3.6 billion in September 2026.

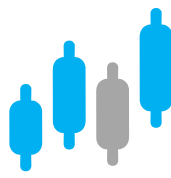


Month-on-month Share Price Percentage Change



Symbol	Closing prices (MK/share)	
	30 September 2026	31 August 2026
AIRTEL	101.89	101.83
BHL	17.52	17.52
CHL	208.93	210.00
FDHB	464.95	489.89
FMBCH	1,789.86	1,894.42
ICON	17.00	17.00
ILLOVO	3,502.01	3,502.11
MPICO	19.61	19.60
NBM	9,124.02	9,299.97
NBS	628.67	639.71
NICO	1,336.98	1,342.35
NITL	3,288.88	3,599.87
OMU	3,700.00	5,300.00
PCL*	312.78	272.00
STANDARD	3,932.56	3,938.79
SUNBIRD	3,499.98	3,500.02
TNM	25.50	28.42

*PCL share price for August 2026 was divided by 35 to reflect the share split done on 7 September 2026



Press Corporation Plc (PCL) on 7 September 2026 listed its subdivided shares on the Malawi Stock Exchange

Economic Overview (Continued)

Stock Market (continued)

Corporate Announcements

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
Airtel Plc	10.26	22.41	(54.2%)
CHL Plc	43.44	19.64	121%
ICON Plc	15.11	12.73	19%
MPICO Plc	13.25	7.60	74%
PCL Plc	144.36	94.39	53%
TNM Plc	12.22	7.97	53%

Dividend Announcements

Counter	Dividend type	Proposed/ Declared	Dividend per share (MK)	Last day to register	Payment date
CHL	Interim	Declared	1.48	16 October 2026	26 October 2026
ICON	Interim	Declared	0.16	16 October 2026	30 October 2026
PCL	Interim	Declared	1.00	16 October 2026	30 October 2026
SUNBIRD	Interim	Declared	3.46	16 October 2026	6 November 2026

Press Corporation plc Share Split

Press Corporation Plc (PCL) on 7 September 2026 listed its subdivided shares on the Malawi Stock Exchange. The listing followed the approval of the share split from one ordinary share to 35 ordinary shares made by PCL shareholders at its 52nd Annual General Meeting (AGM). The subdivision saw PCL's share price adjust to MK272.00 on 7 September 2026 from MK9,521.77 on 3 September 2026.

PCL acquisition of stake in Mpaladizo Beach Resort Limited

Press Corporation plc (PCL) announced that it completed the acquisition of a 70% controlling stake in Mpaladizo Beach Resort Limited from Wild Coast Estates Limited, with the remaining 30% retained by Wild Coast Estates. Mpaladizo Beach Resort is developing a premium lakeshore hospitality resort in Salima District. The acquisition forms part of PCL's strategy to diversify its investment portfolio, strengthen its presence in high-growth sectors and expand its footprint in tourism. The investment is expected to support the development of a high-quality lakeshore destination while creating long-term value for shareholders. The transaction consideration was equivalent to 0.4% of PCL's market capitalisation as at 31 July 2026 and was conducted on an arm's-length basis without related-party involvement.

Trading Statement

Illovo Sugar (MW) plc has released a trading statement indicating that profit after tax for the year ended 31 August 2026 is expected to be between MK102 billion and MK113 billion, representing an increase of 32% to 46% from the prior year's profit after tax of MK77.2 billion.



Economic Overview (Continued)

Fiscal Policy and Government Securities

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 September 2026, a total of MK373.55 billion was raised from MK552.72 billion in applications for Treasury Bills and the 2-year Treasury Note, representing an overall acceptance rate of 67.58%

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

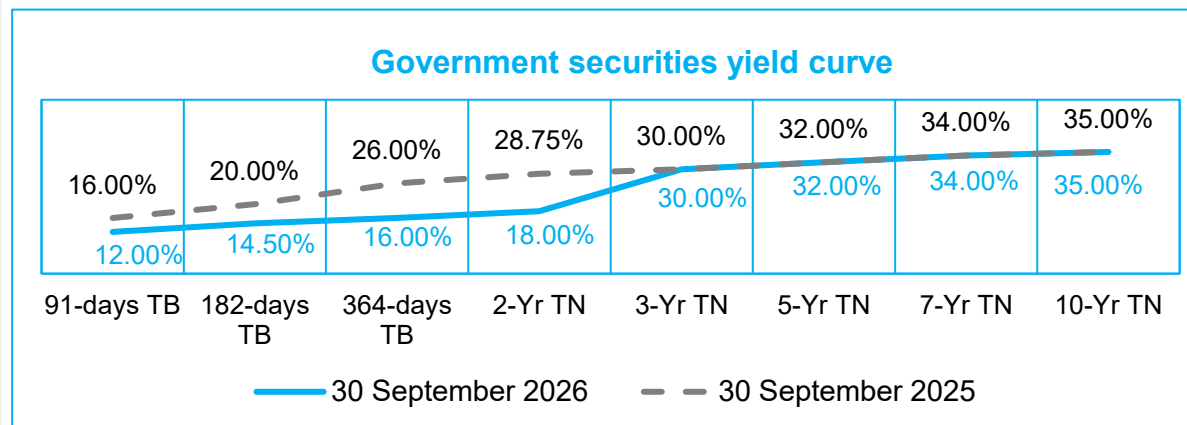
In September 2026, the Office of the President and Cabinet (OPC) issued a directive prohibiting Government-funded workshops, seminars, meetings and other official engagements involving public employees from being held outside their respective duty stations. The directive underscores the Government's determination to eliminate avoidable expenditure, maximise the efficient utilisation of existing public facilities and ensure that public resources are prioritised for essential services and national development priorities. Controlling Officers in Ministries, Departments and Agencies (MDAs) have been directed to maximise the use of existing Government facilities, prohibit external venues for Government-funded activities, and ensure strict compliance with the directive as part of the Government's austerity measures.

Government Securities (Source: RBM)

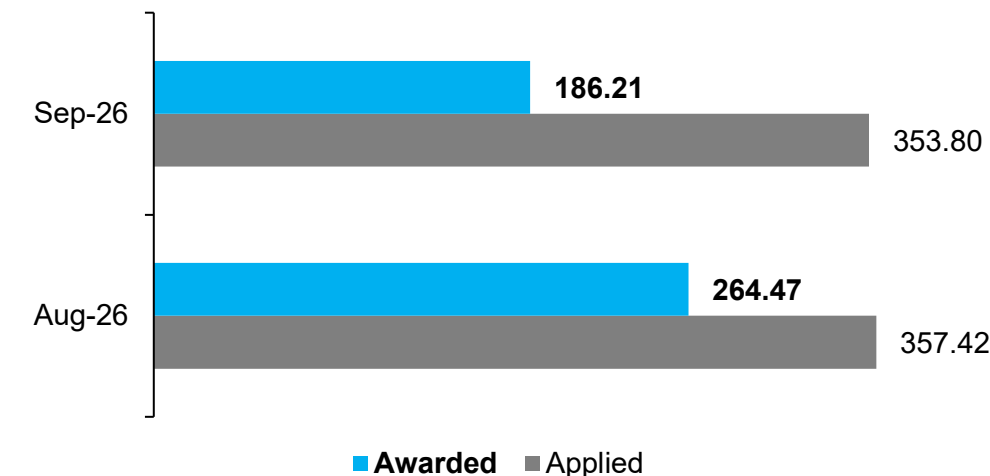
In September 2026, a total of MK373.55 billion was raised from MK552.72 billion in applications for Treasury Bills (TBs) and the 2-year Treasury Note (TN), representing an overall acceptance rate of 67.58%. The total Treasury Bill applications were MK353.80 billion, and the total 2-year Treasury Note applications were MK198.92 billion. The Treasury Bills awarded were MK186.21 billion, and the Treasury Notes awarded were MK187.34 billion. There were no auctions for the 3-, 5-, 7-, and 10-year TN tenors.

Government Securities Yield Curve (Source: RBM)

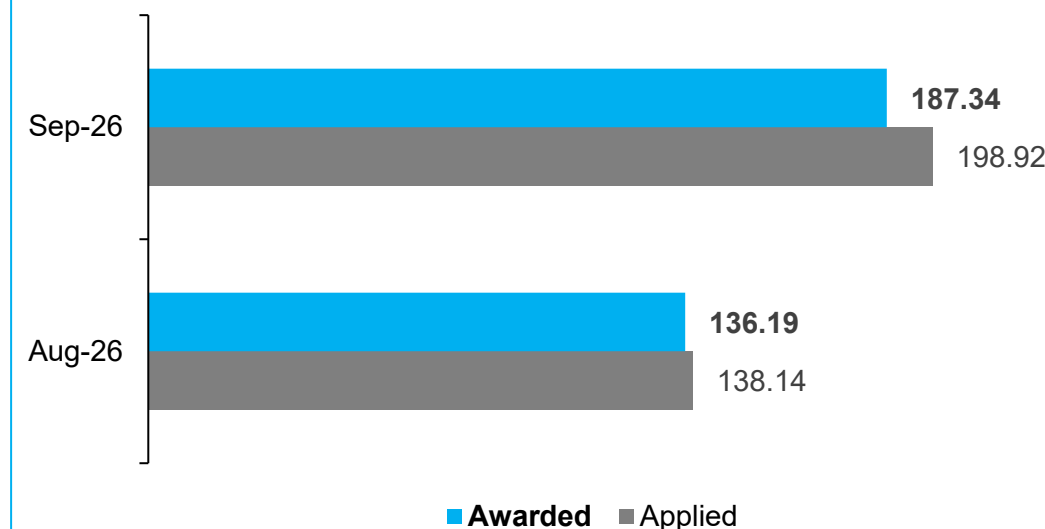
As of 30 September 2026, the 91- and 364-day TB yields remained unchanged from August 2026 at 12.00% and 16.00%, respectively, while the 182-day TB yield decreased to 14.50% from 15.00%. The monthly average TB yield in September 2026 was 14.27%, down from 14.33% in August 2026. The Treasury Note yields remained unchanged in September 2026, averaging 29.80%.



Treasury Bills (MK'billion)



Treasury Notes (MK'billions)





Market Developments

Commodities Market Developments

The average OPEC reference basket price increased by 27.0% to USD109.82/barrel in September 2026 from USD86.44/barrel in August 2026

As of 30 September 2026, the cumulative national revenue from tobacco sales amounted to USD 287.09 million. This represents a 46.08% decrease from USD532.41 million realised during the same period in the previous year. The decline is attributed to a decrease in the average price per kilogram and a reduction in the volume of tobacco sold

Local Maize Price Developments (Source: IFPRI, RBM)

In August 2026, maize prices increased to MK960.00/kg in the final week of August 2026 (equivalent to MK48,000.00 for a 50kg bag) from MK803.00/kg in the last week of July 2026 (equivalent to MK40,150.00 for a 50kg bag). The August 2026 price is 29.41% lower than August 2025, when maize sold for MK1,360.00/kg (MK68,000.00 for a 50kg bag).

At the end of August 2026, the Northern Region registered the lowest maize prices, averaging MK751.00/kg (MK37,550.00 per 50kg bag), followed by the Central Region at MK943.00/kg (MK47,150.00 per 50kg bag), while the Southern Region recorded the highest average price at MK1,037.00/kg (MK51,850.00/50kg bag)

Tobacco Auction Developments (Source: AHL)

Figures from the Auction Holdings Limited (AHL) tobacco sales report show that as of 30 September 2026, 145.33 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 USD287.09 million, representing a 46.08% decrease from USD532.41 million realised during the same period in the previous year. During the same period in the previous year, 214.25 million kgs were sold at an average price of USD2.49/kg. The decline is attributed to a decrease in the average price per kilogram and a reduction in the volume of tobacco sold.

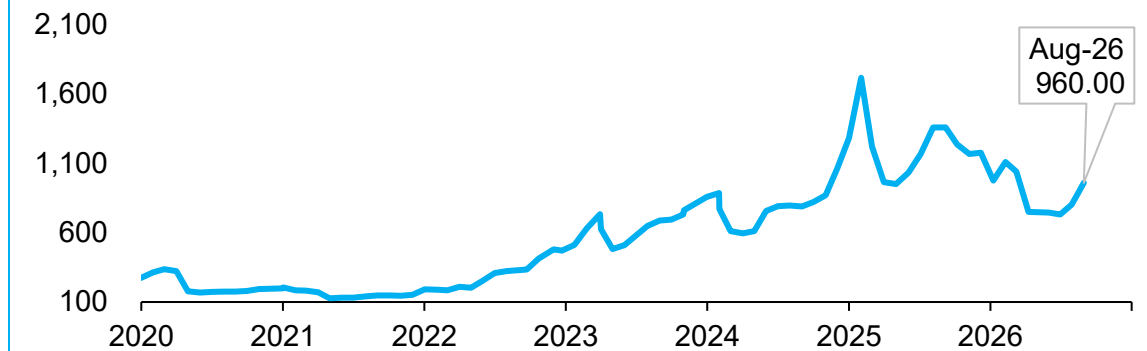
Oil Price Developments (Source: OPEC)

The average Organisation of Petroleum Exporting Countries (OPEC) reference basket price increased by USD23.38, representing a 27.0% month-on-month increase, to USD109.82/barrel in September 2026 from USD86.44/barrel in August 2026. Year-on-year, the price increased by 56.0% from USD70.39/barrel in September 2025.

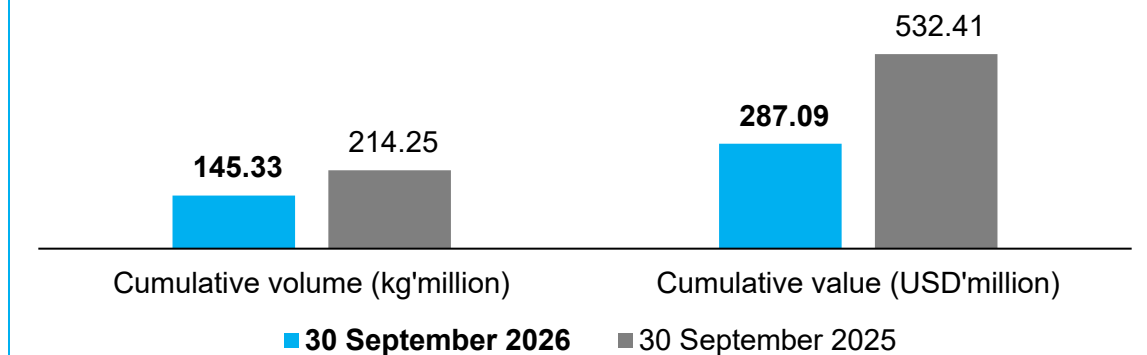
Power and Water Supply (Source: Published Media)

In September 2026, the Ministry of Energy reported that the Mozambique-Malawi (MOMA) 400KV Electricity Interconnector, a strategic project that will connect Malawi to the Southern African Power Pool (SAPP) through Mozambique, has reached a key milestone. This follows the completion and hot commissioning of the transmission line from Matambo Substation in Mozambique to Phombeya Substation in Malawi. The line was energised on 8 August 2026, with 5 megawatts (MW) imported from Mozambique to test the commercial metering equipment at Matambo Substation. Commercial power trading is yet to commence as the Ministry, Electricity Supply Corporation of Malawi (ESCOM), Power Market Limited (PML) and Electricidade de Moçambique (EDM) are finalising tariff and other operational arrangements. Once concluded, the Ministry will announce the start of commercial electricity trading through the interconnector.

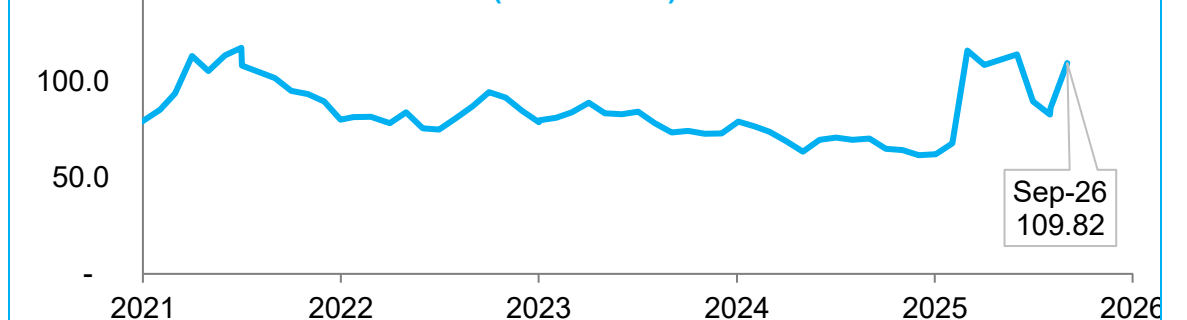
IFPRI Maize Price (MK/Kg)



Tobacco volume (Kg'mn) and value sold (USD'mn)



Monthly average OPEC Reference Basket Price (USD/barrel)





Other Market Developments

In September 2026, The Malawi Government commenced fresh policy negotiations with the International Monetary Fund (IMF) for a potential new Extended Credit Facility (ECF), following the arrival of an IMF mission team in the country on 21 September 2026

The AfDB board approved USD20.5 million (about MK34 billion) in direct budget support for Malawi on 1 September 2026, following a request submitted in May 2026

The European Investment Bank (EIB) committed EUR7.5 million to Centenary Bank to strengthen lending to smallholder farmers and micro agri-food enterprises in Malawi.

Foreign Aid (Source: Published Media)

In September 2026, the African Development Bank (AfDB) opened a new financing window for Malawi under its Global Energy and Fertiliser Crisis Response Framework to help ease pressure on critical imports such as fuel and fertiliser. Malawi is among the first countries invited to apply for the facility, with the government having already submitted its financing request, although the amount it could access had not yet been determined. Separately, the AfDB board approved USD20.5 million (about MK34 billion) in direct budget support for Malawi on 1 September 2026, following a request submitted in May 2026. The additional financing is expected to ease foreign exchange constraints, support fuel and fertiliser imports, strengthen agricultural production and reduce disruptions linked to shortages.

The Malawi Government commenced fresh policy negotiations with the International Monetary Fund (IMF) for a potential new Extended Credit Facility (ECF), following the arrival of an IMF mission team in the country on 21 September 2026. The talks follow the IMF's 8 to 18 June 2026 mission during which the IMF noted that the government had taken measures to reflect global market prices, stabilize public finances and address food security challenges.

The UK provided approximately USD3 million (about MK5.3 billion) to support Malawi's preparedness and response for the forecast El Niño during the 2026/27 rainfall season. The British High Commissioner stated that the funding will support efforts to turn climate forecasts into early action and help communities and the agricultural sector prepare for the anticipated dry conditions. The Department of Climate Change and Meteorological Services has forecast a drier and more erratic 2026/27 rainfall season, particularly in southern and central Malawi, with below-normal rainfall, delayed onset and prolonged dry spells expected.

The European Investment Bank (EIB) committed EUR7.5 million to Centenary Bank to strengthen lending to smallholder farmers and micro agri-food enterprises in Malawi. 50% of the financing will support sustainable and climate-resilient agriculture, while the remaining 50% aims to advance economic empowerment of women. The financing is backed by a European Union (EU) funded guarantee and is complemented by a comprehensive technical assistance program. The technical assistance will aim to strengthen the capacity of Centenary Bank to scale up agriculture lending and deepen its outreach to underserved clients and encourage them to adopt climate-resilient agricultural practices resilience.

Gold purchasing developments (Source: Published Media)

In September 2026, the Export Development Fund (EDF) partnered with FDH Bank plc to establish four additional Gold Trading Centres in Karonga, Mzimba, Mangochi and Nsanje, expanding access to Malawi's formal gold market. The centres will operate from FDH Bank service centres and complement existing facilities in Lilongwe and Liwonde. The expansion aims to bring formal gold purchasing services closer to gold traders and increase

participation in the formal gold market. The Gold Purchase Programme was established by the Government in 2021 and is owned by the RBM, with EDF serving as the implementing agency.

Agriculture and Agribusiness Developments (Source: Published Media)

In September 2026, Malawi's coffee prices fell by 23.8% at the start of the 2026 selling season, with primary processed coffee trading at MK16,000.00 per Kg compared to MK21,000.00/Kg last year. The decline has been attributed to increased production in Brazil and Vietnam, two of the world's main coffee producers. Despite the decline, Malawi's prices remain above those in neighboring countries. However, lower regional prices have reduced cross-border competition and coffee smuggling. Production remains subdued at about 1,000MT annually, down from a peak of 7,000MT in recent years. The recent 15-year Coffee Strategy, launched in November 2025, aims to transform the sector into a USD240 million annual export industry by 2040.

The Ministry of Agriculture, Irrigation and Water Development rolled out the 2026/27 Farm Inputs Subsidy Programme (FISP). According to the Minister of Agriculture, Irrigation and Water Development, the programme has secured 70,000 metric tonnes of fertiliser for resource constrained smallholder maize farming households. Beneficiaries will contribute MK20,000.00 for a 50Kg bag of fertiliser and MK10,000.00 for a 5Kg pack of maize seed. The programme will also introduce a soil health component under which two beneficiaries would work together to produce Mbeya fertilizer, a blend of organic and inorganic materials. Under the revised FISP as unveiled in July this year, 0.61 million smallholder farmers are expected to directly receive subsidised inorganic fertiliser and certified seed, while 1.22 million are to be reached indirectly through integration of Mbeya organic fertiliser production.

National cotton sales closed with a record 99% supply deficit, as farmers supplied only 4,000 metric tonnes against installed ginning capacity of over 400,000 metric tonnes. Despite cotton prices increasing to MK1,500.00/Kg from MK1,200.00/Kg last year, high production costs and limited access to seed continue to constrain output. Industry stakeholders are exploring a MK10 billion financing window for farmers and local seed multiplication to reduce reliance on costly imported seed. The industry targets increasing cotton production to 100,000 metric tonnes by the 2027/28 season, with local seed supply targeted at 600 metric tonnes next season.

An Overview of the World Bank Malawi Economic Monitor Report 2026

September 2026





According to the World Bank, Malawi's Gross Domestic Product (GDP) is projected to grow to 2.7% in 2026, up from an estimated 2.5% in 2025 and is expected to rise gradually to above 3.0% by 2028

According to the World Bank, Malawi's economic recovery is fragile, amid persistent macroeconomic imbalances, limited access to finance, and policy-related distortions such as foreign-exchange shortages

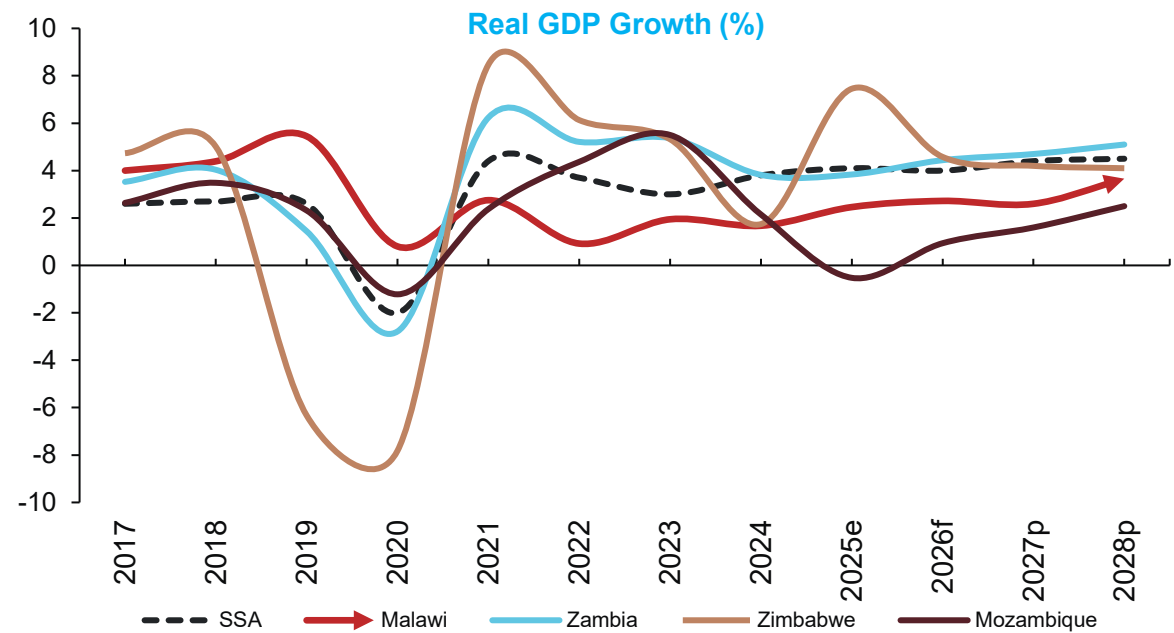
Introduction

The Malawi Economic Monitor (MEM) analyzes economic and structural development issues in Malawi. The MEM aims to foster informed policymaking and a robust debate on the key challenges to inclusive and sustainable economic growth in the country.

Recent economic developments

According to the World Bank, Malawi's Gross Domestic Product (GDP) is projected to grow to 2.7% in 2026, up from an estimated 2.5% in 2025 and is expected to rise gradually to above 3.0% by 2028. While this would mark the first time in five years that GDP expansion outpaces the country's rate of population growth, which stands at 2.6% per year, this pace of economic growth remains too slow to push a significant number of people out of poverty. The uptick in GDP is set to be underpinned by sustained expansion in the services sector, particularly financial services, alongside an ongoing recovery in agricultural output following the drought caused by the 2024 El Niño event.

Industrial sector performance remains constrained by foreign-exchange distortions, which impede the import of critical inputs and limit productive capacity. Malawi's modest projected growth rate will lag most regional peers, weighed down by the lingering effects of pandemic-era disruptions, structural weaknesses, and policy shortcomings that have collectively constrained economic activity.



Economic activity remains subdued amid inflationary pressures and structural constraints

According to the World Bank, Malawi's economic recovery is fragile, amid persistent macroeconomic imbalances, limited access to finance, and policy-related distortions such as foreign-exchange shortages. While agriculture slightly recovered from the weather-related shocks of 2024, overall growth remains below potential and insufficient to meaningfully raise per-capita incomes, which have been declining since 2022. Structural bottlenecks, particularly in energy supply, access to foreign exchange, and regulatory uncertainty, continue to weigh on private sector activity, limiting economic diversification and export potential.

Private sector activity remains muted. The cumulative impact of years of declining productive capacity, shallow domestic supply chains, and constrained access to long-term credit for capital investment (especially in technology adoption) has eroded the foundation for private sector-led growth. A 2025 survey by the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) shows foreign-exchange availability and inflation remain the top constraints for businesses, with over half of firms operating at less than 50% capacity. Without meaningful progress on foreign-exchange access, energy supply, and support infrastructure, the improvements signaled in the budget are unlikely to shift private sector sentiment, which is expected to reflect caution more than confidence.

Maize prices are among the clearest indicators of both food security conditions and broader macroeconomic stability in Malawi, as this staple food accounts for approximately 54% of the consumer price index basket. Monthly maize prices plummeted in the first half of 2026, easing food insecurity and reducing pressure on low-income households. While maize supply improved and prices have been declining, the structural drivers of food vulnerability remain largely unresolved. The country continues to depend heavily on rain-fed agriculture and regional supply stocks, leaving it exposed to weather-related shocks.

The tobacco sector, which is Malawi's primary source of foreign exchange, presents a more sobering picture, despite a strong production rebound in 2026. The Tobacco Commission projected 2026 production at 214 million Kg, about 20.5% above initial buyer demand of 170 million kg, raising concerns of oversupply. Fourteen weeks into the tobacco marketing season, which began on April 20, sales of 115.6 million Kg of tobacco at an average price of USD2.02/Kg had yielded USD233.32 million. This compares unfavorably with the USD380.56 million generated from the sale of 149.69 million kg, at an average price of USD2.54/Kg, over the same period in 2025, a decline of 38.7% in revenue and 20.5% in price. The drop in earnings reflects weaker demand in the face of increased supply, compounded by high rejection rates at the start of the season.



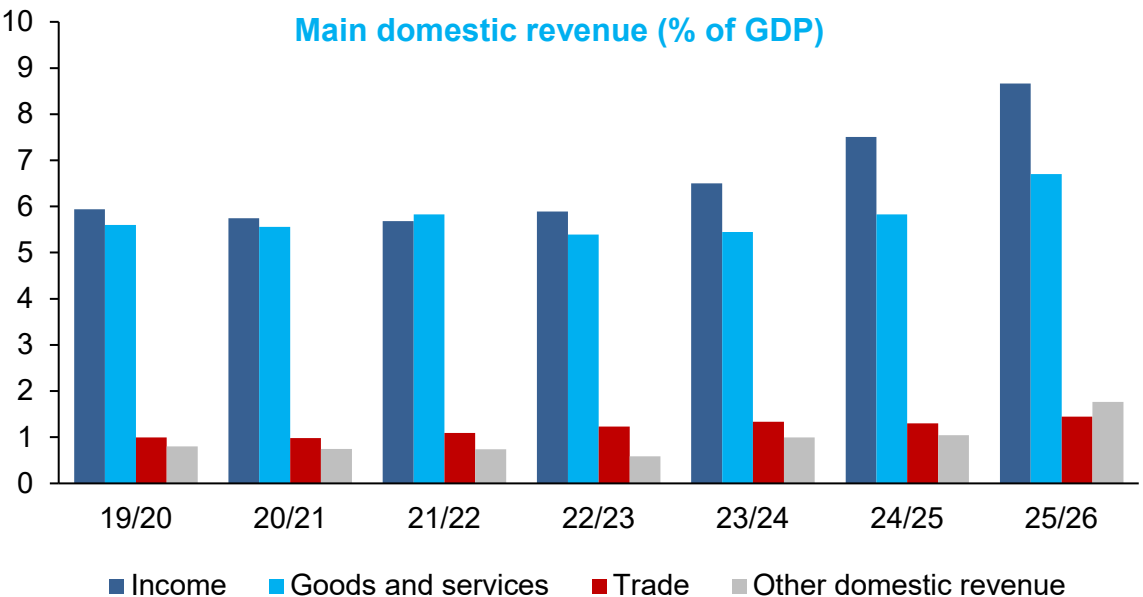
According to the World Bank, The overall budget deficit (including Reserve Bank of Malawi (RBM) operations) stood at 8.8% of GDP in FY2025/26, narrowing by 1.7 percentage points relative to FY2024/25

The World Bank reports that the El Niño that is currently developing poses a particularly acute risk to agricultural output.

Malawi’s public finances are improving after years of double-digit deficits

According to the World Bank, The overall budget deficit (including Reserve Bank of Malawi (RBM) operations) stood at 8.8% of GDP in FY2025/26, narrowing by 1.7 percentage points relative to FY2024/25. For the first time in more than five years, budget execution remained within the envelope approved by parliament at the start of the fiscal year, and expenditures fell below the ceiling as revised mid-year.

Stronger revenue performance and expenditure rationalization underpinned the positive momentum of public finances. Newly introduced revenue measures, including an increase in the VAT rate from 16.5% to 17.5% and an expanded electronic invoicing system, have been yielding results, with domestic revenues rising to 18.6% of GDP in FY2025/26.



On the expenditure side, stronger control measures contributed to reducing total spending by 0.6 percentage points of GDP, bringing it to 29.8% of GDP in FY2025/26. Nevertheless, spending remains skewed toward rigid expenditures, especially interest payments on high-cost domestic borrowing, while expenditure cuts have largely affected capital spending.

Addressing exchange-rate distortions is crucial to resolving the balance-of-payments crisis

The World Bank states that Malawi is experiencing its fourth acute balance-of-payments (BoP) crisis in three decades, with official foreign-exchange reserves at a critically low level. While the crisis has deep structural roots, exchange-rate distortions stand out as a binding constraint, alongside weak trade dynamics and pervasive non-tariff barriers (NTBs).

Narrow exports and NTBs cause structural fragility. Export revenues are heavily concentrated in tobacco, leaving the economy vulnerable to commodity price swings and shifting demand patterns. On the import side, a dense layer of NTBs, including mandatory foreign-exchange surrender requirements, burdensome customs procedures, inconsistent enforcement of standards, and high transit costs inherent to a land-locked geography, simultaneously suppresses export competitiveness and inflates the cost of imports. This pattern has defined all four BoP crises the country has experienced since 1992, underscoring that the vulnerabilities are structural, not cyclical.

Resolving the BoP crisis on a durable basis requires three sets of simultaneous and mutually reinforcing measures. First, Malawi must transition to a unified, market-clearing exchange rate underpinned by credible monetary and fiscal policy, restoring the exchange rate’s role as a shock absorber. Second, the burden of NTBs must be systematically eased, prioritizing the removal of barriers that affect export commodities. Third, and most consequentially for long-run sustainability, Malawi must accelerate export diversification broadening and deepening its foreign-exchange earnings base, so that future depreciations can elicit a genuine supply-side response driven by exports. Without progress on all three fronts, no single policy lever will likely be sufficient to break the cycle.

Medium-Term Economic Outlook

The World Bank reports that inflation is projected to ease relative to 2025, although pressures remain. After averaging 28.4% in 2025, inflation is expected to moderate to around 23% in 2026, largely on the back of declining food prices and reduced deficit financing.

The fiscal position is forecast to remain on a positive trajectory. Ongoing fiscal consolidation efforts are expected to narrow the deficit steadily, with the public debt projected to start declining as reforms continue. Sustaining this path will require maintaining expenditure discipline and accelerating the revenue mobilization measures already underway.



The World Bank’s understanding and addressing of financial and governance challenges facing SOEs is thus at the core of Malawi’s broader economic recovery agenda.

The World Bank states that despite certain common challenges, Malawi’s SOEs are very diverse in terms of financial performance, importance to and of the sector in which they operate, and governance quality — a picture that calls for a sequenced reform strategy.

Medium-Term Economic Outlook (continued)

Downside risks are significant, and the currently developing El Niño has elevated both their probability and potential severity. Policy reversals could trigger renewed fiscal slippage and a return to monetary financing of the deficit, undermining stabilization gains. Failure to address exchange-rate misalignment and structural bottlenecks would prolong supply constraints and delay recovery in employment and household incomes. The El Niño that is currently developing poses a particularly acute risk to agricultural output. Malawi’s food system approaches this expected shock in a vulnerable state: parts of the seed production system have not fully recovered from the 2024 El Niño-affected harvest, and even the 2026 harvest, while better than those of the previous two years, is expected to fall short of national consumption needs. A poor 2027 harvest would trigger a deeper food-insecurity crisis during the lean season. Fertilizer shortages, compounded by disruption from the Middle East conflict, risk reducing 2027 yields further, while foreign-exchange constraints limit the government’s capacity to procure emergency imports of maize at scale.

Reforming State-Owned enterprises for better services

According to the World Bank, state-owned enterprises (SOEs) play a central role in Malawi’s development, delivering essential services in sectors where private investment has historically been limited. Their performance directly impacts household welfare and private sector competitiveness, and they have the potential to drive economic growth, productivity, and job creation by balancing commercial and public policy objectives. Understanding and addressing the financial and governance challenges facing SOEs is thus at the core of Malawi’s broader economic recovery agenda. SOE reform should be framed not primarily as a divestiture or efficiency exercise, but as a risk-based fiscal and service-delivery program focused on improving the entities and sectors that pose the greatest threat to macroeconomic stability and citizen welfare.

No.	State-Owned Enterprise	Sector	Assets MK Billion	USD million
1	Electricity Supply Corporation of Malawi Ltd (ESCOM)	Energy	394.00	USD228
2	National Oil Company of Malawi (NOCMA)	Energy	338.80	USD197
3	Electricity Generation Company (EGENCO)	Energy	289.00	USD168
4	Lilongwe Water Board (LWB)	Water	202.40	USD117
5	Northern Region Water Board (NRWB)	Water	110.90	USD64
6	Agricultural Development & Marketing Corporation (ADMARC)	Agriculture	102.30	USD59
7	Blantyre Water Board (BWB)	Water	86.80	USD50
8	Southern Region Water Board (SRWB)	Water	49.00	USD28
9	Umodzi Holdings Limited (UHL)	Trade & Tourism	32.10	USD19
10	Central Region Water Board (CRWB)	Water	22.80	USD13

Reform and Policy priorities

The World Bank states that despite certain common challenges, Malawi’s SOEs are very diverse in terms of financial performance, importance to and of the sector in which they operate, and governance quality a picture that calls for a sequenced reform strategy. Such a strategy should direct scarce administrative capacity and political capital toward progress around key entities and issues, with a view to generating the highest degree of positive impact on the wider economy.

Four reform priorities stand out as foundational. Such priorities, as outlined below;

- 1. Enforce the Public Financial Management (PFM) act 2022 to establish a reporting baseline.** Prioritizing compliance with the Act, beginning with timely submission and public disclosure of audited financial statements, would mark a significant governance improvement at relatively modest administrative cost.
- 2. Centralise ownership oversight to strengthen accountability.** Centralizing the setting of commercial objectives and the approval of strategic plans within a single ownership function could reduce the scope for political interference, clarify lines of accountability, and provide the government with a more coherent basis for performance management.
- 3. Institutionalise the credit-risk framework for ongoing fiscal oversight. The government’s adoption of the IMF Debt Guarantees and Loans Assessment Tool (DGLAT) methodology is a meaningful step forward in the management of SOE-related fiscal risk.** To build on such progress, moving from a periodic diagnostic exercise to a routine annual assessment would enable Ministry of Finance Economic Planning and Decentralization (MoFEPD) to track changes in the risk profile of individual entities over time, and to intervene proactively before fiscal costs materialize. The annual publication of risk classifications would make the government’s contingent liabilities visible to Parliament and development partners. Combining this with the broader Fiscal Risk and Management Strategy recommended by the IMF would offer Malawi a more complete and publicly accessible accounting of its total fiscal exposure, spanning on-lending, guarantees, quasi-fiscal activities, and intra-sector arrears.
- 4. Introduce performance-based contracts and skills-based board appointments.** Holding management accountable for measurable outcomes across financial sustainability, service quality, and reporting compliance would enable a positive change in the incentive structure at the level of individual entities. Pairing performance-based contracts with reforms to board appointment processes with a view to prioritizing professional qualifications and sectoral expertise over other considerations would strengthen the governance environment in which those incentives operate.

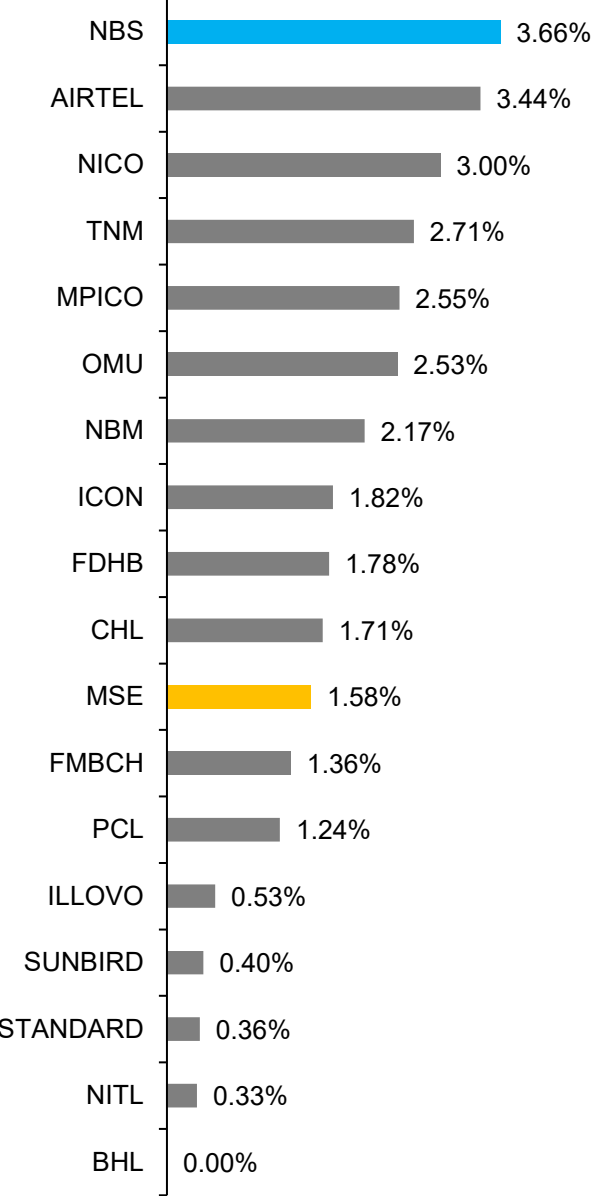
Appendices



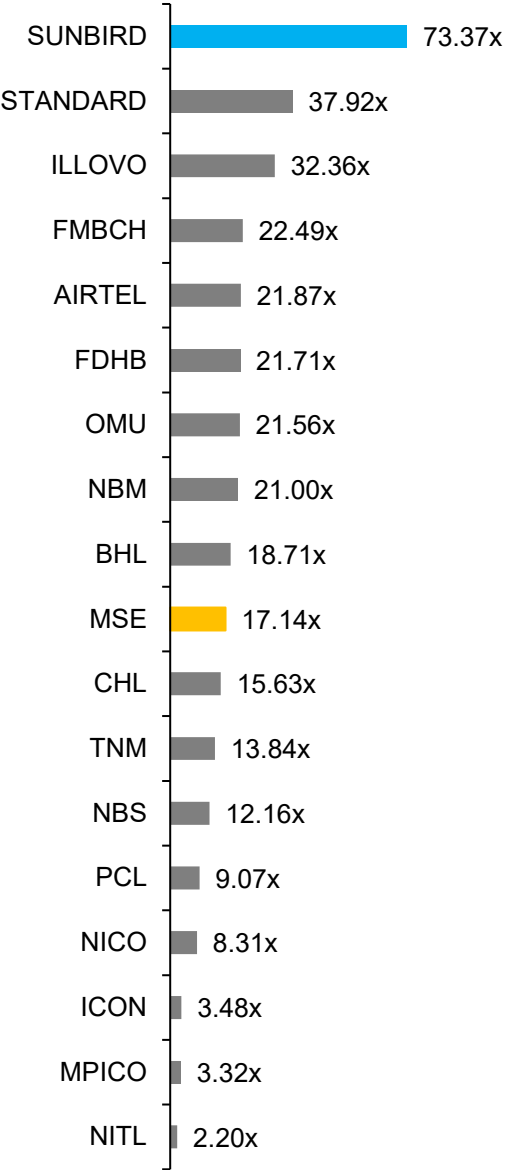
Appendix 1: Historical Monthly Economic Indicators

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Exchange Rates (middle rates)													
MK/USD	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	1,749.31
MK/GBP	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	2,379.70
MK/EUR	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	2,046.83
MK/ZAR	103.60	103.58	103.68	107.63	113.67	113.20	104.66	107.04	110.29	109.07	107.90	110.79	110.12
Foreign Exchange Reserves													
Total Reserves (USD'mn)	511.8	526.8	530.0	608.9	664.90	625.70	571.60	619.8	596.5	616.3	600.6	N/A	N/A
Inflation													
Headline	28.7%	29.1%	27.9%	26.0%	24.9%	24.1%	23.8%	24.3%	23.4%	21.1%	20.8%	20.0%	N/A
Food	33.0%	32.4%	30.1%	26.5%	22.1%	20.8%	20.0%	19.1%	17.6%	14.7%	14.3%	13.4%	N/A
Non-food	21.7%	23.8%	24.2%	25.2%	29.8%	30.0%	30.7%	33.2%	33.0%	32.1%	32.2%	31.8%	N/A
Interest Rates													
Monetary Policy Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	24.00%	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%	16.50%	13.85%	12.86%	12.07%	12.20%	13.69%	15.44%	16.00%
Lombard Rate	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%
Commercial Bank Reference Rate	25.30%	25.40%	25.30%	25.30%	25.20%	24.70%	22.40%	20.80%	20.80%	20.40%	20.50%	20.80%	21.20%
Government Securities Yields													
91-days Treasury Bill	16.00%	16.00%	16.00%	16.00%	15.00%	12.00%	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%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	14.50%
364-days Treasury Bill	26.00%	26.00%	26.00%	26.00%	26.00%	17.90%	17.53%	16.83%	16.48%	16.50%	16.17%	16.00%	16.00%
2-year Treasury Note	28.75%	28.75%	28.75%	28.75%	28.75%	20.65%	18.87%	18.87%	18.87%	18.00%	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	236.67%	250.27%	259.98%	247.63%	-1.53%	-3.91%	-3.80%	-12.32%	-14.15%	-12.38%	-15.43%	-16.48%	-18.02%
DSI	236.40%	233.38%	217.65%	208.88%	0.30%	-0.75%	-0.43%	-2.74%	-3.45%	-3.59%	-7.62%	-9.00%	-9.81%
FSI	239.14%	348.11%	503.79%	470.87%	-7.19%	-13.69%	-14.21%	-41.89%	-47.16%	-39.55%	-39.55%	-39.60%	-43.44%

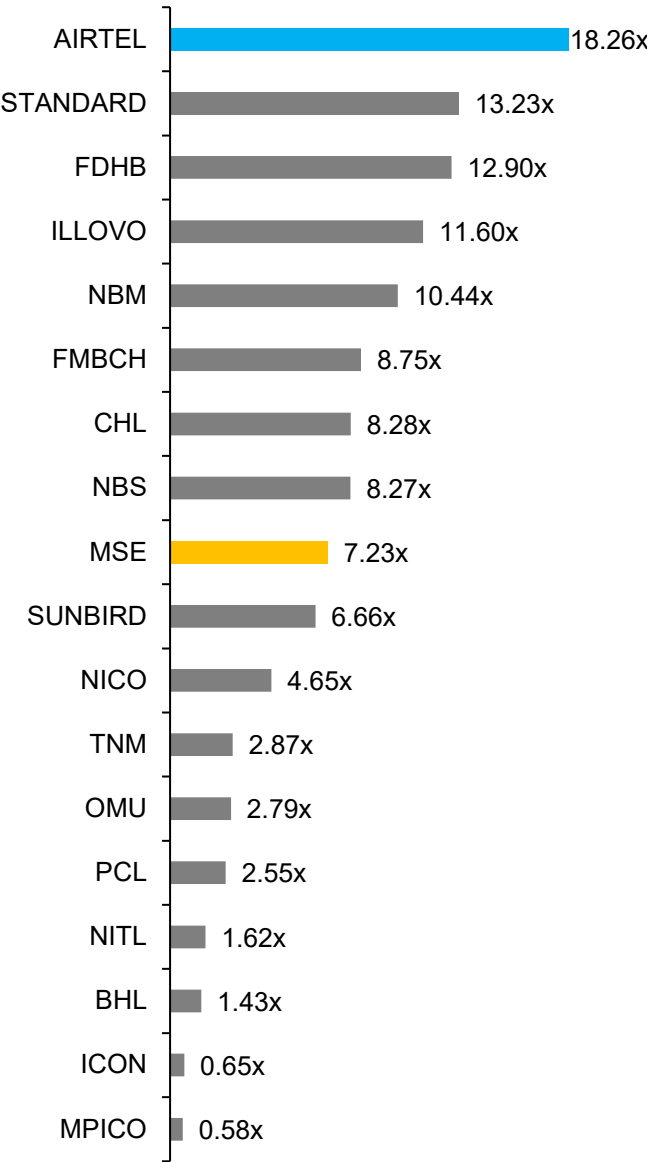
Dividend yield (%) - the weighted average dividend yield on the MSE was 1.58% in September 2026. The counter with the highest dividend yield was NBS at 3.66%



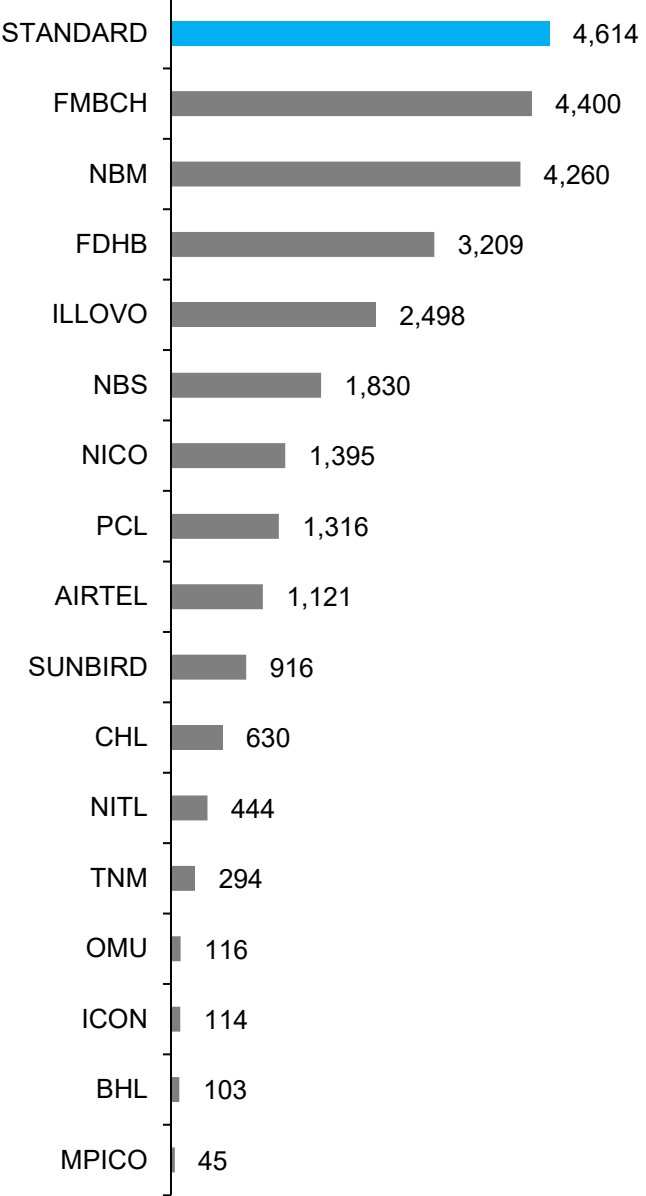
P/E Ratio - the weighted average price to earnings ratio on the MSE was 17.14x in September 2026. The counter with the lowest positive ratio was NITL at 2.20x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 7.23x in September 2026. The counter with the lowest positive ratio was MPICO at 0.58x.



Market Capitalisation (MK'billion) - STANDARD had the highest market capitalization at MK4.6 trillion in September 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

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	23.4	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	-8.8	-8.4	-7.8	-7.3	-7.0
Exports of goods fob (USD bn)	1.0	1.0	1.1	1.1	1.3	1.3	1.5
Imports of goods fob (USD bn)	-3.0	-3.5	-3.5	-3.6	-3.7	-3.6	-3.9
Current-account balance (USD bn)	-1.7	-2.1	-2.9	-2.9	-3.0	-2.9	-2.9
Current-account balance (% of GDP)	-15.0	-13.8	-16.4	-15.0	-14.7	-14.2	-13.2
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), September 2026

Appendix 5: List of Acronyms and Abbreviations

AHL	: Auction Holdings Limited
ADMARC	: Agricultural Development & Marketing Corporation
Av	: Average
BHL	: Blantyre Hotels Plc
BWB	: Blantyre Water Board
Bn	: Billion
CDAs	: Community Development Agreements
CRWB	: Central Region Water Board
CFR	: Country Focus Report
DGLAT	: Debt Guarantees and Loans Assessment Tool
ECF	: Extended Credit Facility
EIU	: Economist Intelligence Unit
ESCOM	: Electricity Supply Corporation of Malawi Ltd
EGENCO	: Electricity Generation Company
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
LWB	: Lilongwe Water Board
MASI	: Malawi All Share Index
MEDF	: Malawi Enterprise Development Fund
MEM	: Malawi Economic Monitor
MERA	: Malawi Energy Regulatory Authority
MoFEPD	: Ministry of Finance Economic Planning and Decentralization
MK	: Malawi Kwacha

Mn	: Million
MPC	: Monetary Policy Committee
MSE	: Malawi Stock Exchange
MT	: Metric tons
NBM	: National Bank of Malawi Plc
NOCMA	: National Oil Company of Malawi
NBS	: NBS Bank Plc
NICO	: NICO Holdings Plc
NITL	: National Investment Trust Limited Plc
NTB	: Non-tariff barriers
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
PFM	: Public Financial Management
RBM	: Reserve Bank of Malawi
SADC	: Southern African Development Community
SRWB	: Southern Region Water Board
SONA	: State of the Nation Address
TAH	: Trans Africa Holdings Limited
TB	: Treasury Bill
TN	: Treasury Note
TNM	: Telekom Networks Malawi Plc
UHL	: Umodzi Holdings Limited
UN	: United Nations
USD	: United States Dollar
VAT	: Value Added Tax
WB	: World Bank

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