INVESTMENT BANK

www.cdh-malawi.com



Economic review

Third quarter 2026

Banking innovations that help your business grow

Important disclaimer:

The views expressed in this report are those of the authors and are based on information believed but not warranted to be correct. Any views or information, whilst given in good faith, are not necessarily the views of CDH Investment Bank Limited (CDHIB) and are given with an express disclaimer of responsibility and no right of action shall arise against any of the authors, CDHIB, its directors or its employees either directly or indirectly out of any views, advice or information. The report presented is for information purposes only and does not constitute and should not be construed as investment advice or recommendation. The statistics have been obtained from third party data sources. We believe these sources to be reliable but cannot guarantee their accuracy or completeness. Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters herein.

https://www.cdh-malawi.com



Contents

1. Executive summary 5
2. Interbank market 5
3. Government securities 6
4. Foreign exchange market 8
5. Inflation 10
6. Monetary policy 12
7. Economic growth 13
8. Stock market performance 14

Economic review Third quarter 2026



1. Executive summary

1.1 The third quarter of 2026 (Q3 2026) reflected mixed economic performance. Inflation eased, the Kwacha remained broadly stable against the United States dollar (USD), but growth prospects remained modest, foreign exchange shortages remained prevalent, and the stock market's performance remained relatively weak.

1.2 Monetary policy remained cautious. The policy rate was maintained at 24.0%, the Lombard rate at 24.2%, and the Liquidity Reserve Requirement ratio at 12.0% for local currency deposits and 3.75% for foreign currency deposits.

1.3 Banking-system liquidity tightened, with daily excess reserves averaging K146.13 billion in Q3 2026, down from K219.32 billion in Q2 2026.

1.4 Interbank activity increased, with average daily traded volume rising to K133.44 billion from K70.66 billion in Q2 2026. The interbank borrowing rate increased to 15.06% from 12.51%, reflecting tighter liquidity conditions.

1.5 The Government raised K931.42 billion through Treasury securities during the quarter, marginally lower than K938.82 billion raised in Q2 2026. Treasury Bill yields declined, with the all-type average Treasury Bill yield falling to 14.32% in Q3 2026, from 14.54% in Q2 2026, supporting lower market interest rates and reducing the Government's borrowing costs.

1.6 The Kwacha remained broadly stable against the United States dollar (USD), closing at K1,750.21 per USD from K1,749.93 per USD at the end of June 2026. Foreign exchange shortages, however, remained a key constraint in the economy, with total foreign exchange reserves decreasing to USD 600.60 million (equivalent to 2.40 months of imports) as of July 2026, from USD 616.30 million (2.50 months of imports) as of June 2026.

1.7 Inflation continued to decelerate, with headline inflation averaging 20.1% during Q3 2026, down from 22.9% in Q2 2026 and 28.1% in Q3 2025, as both food and non-food inflation declined.

1.8 Growth prospects remained modest. The Government projects real GDP growth of 2.8% in 2026, while the IMF, World Bank and EIU project lower growth of 2.6%, 2.7% and 2.5%, respectively. For 2027, the IMF and EIU expect Malawi's growth to moderate to 2.3%, reflecting risks from continued geopolitical tensions, foreign exchange shortages, inflationary pressures, fiscal challenges, electricity supply constraints and weather-related shocks.

1.9 The Malawi Stock Exchange remained weak, with the Malawi All Share Index registering a negative return of 6.44% in Q3 2026, although this was an improvement from the negative return of 8.92% in Q2 2026. Compared with Q3 2025, share volume and value traded fell by 73.95% and 52.32%, respectively.

1.10 Overall, the quarter showed gradual stabilisation in inflation and exchange-rate conditions, while Treasury Bill yields eased. However, tighter liquidity increased some market interest rates, and the recovery remained fragile amid persistent structural and macroeconomic constraints.

2. Interbank market

2.1 Liquidity conditions in the banking system decreased in Q3 2026 compared to the levels registered in Q2 2026 but increased when compared to the levels registered in Q3 2025. The banks' daily excess liquidity reserves held with RBM averaged K146.13 billion in Q3 2026 compared to an average of K219.32 billion in Q2 2026 and K114.23 billion in Q3 2025.

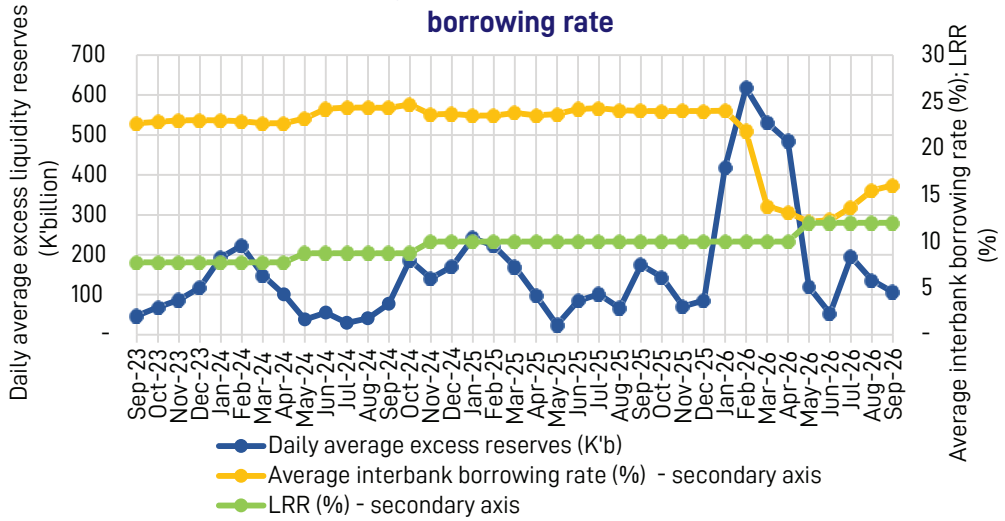
2.2 The volume traded among banks on the interbank market increased in nominal terms to an average of K133.44 billion per day in Q3 2026 from a daily average of K70.66 billion per day in Q2 2026 and K64.97 billion per day in Q3 2025.

2.3 Funds accessed through the Lombard Facility of the RBM amounted to K5.26 trillion in Q3 2026, increasing from a total of K2.02 trillion in Q2 2026 and K2.36 trillion in Q3 2025, in line with the decreased liquidity in the banking system during the quarter.

2.4 With tighter liquidity conditions, the interbank borrowing rate increased to an average of 15.06% in Q3 2026, from an average of 12.51% in Q2 2026 (24.13% in Q3 2025). The Lombard rate remained unchanged at 24.2% during the quarter.

2.5 Chart 1 shows the decline in liquidity levels in Q3 2026 compared to the previous quarter. The chart also shows the increase in the interbank borrowing rate during the quarter.

Chart 1: Daily average excess liquidity reserves and interbank borrowing rate



(Data source: Reserve Bank of Malawi)

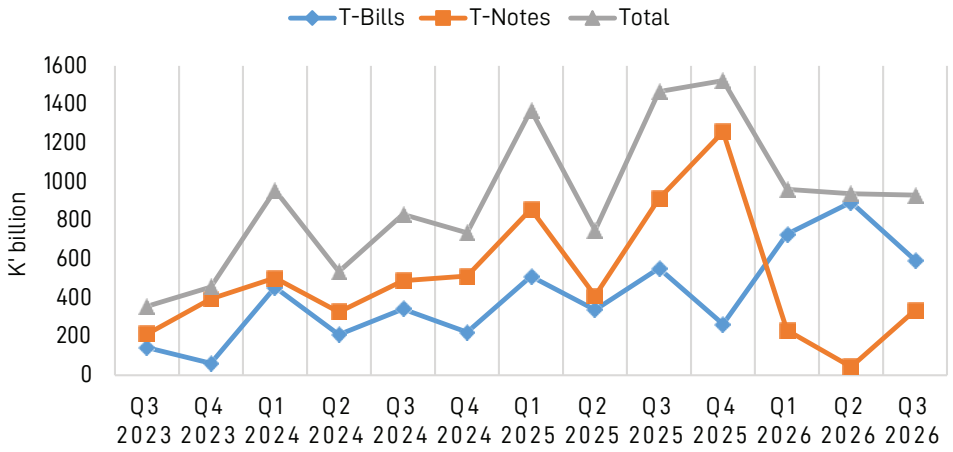
3. Government securities

3.1 The Government raised K595.38 billion in auctions of Treasury Bills (TB) during Q3 2026, representing a decrease of 33.43% from K894.38 billion raised in Q2 2026, and an increase of 7.61% when compared to K553.03 billion that was raised in Q3 2025. The rejection rate was 37.18% during the quarter.

3.2 The Government raised K336.04 billion in auctions of a 2-year Treasury Note (TN) in Q3 2026, representing a nominal increase of 656.10% when compared to K44.44 billion raised from the auction of a 2-year Treasury Note in Q2 2026, and a decrease of 63.22% from K913.56 billion that was raised from Treasury Notes and bonds in Q3 2025.

3.3 Overall, the total amount raised by Government in the domestic market through issuance of Treasury securities (Treasury Bills, Treasury Notes and Development Bonds combined) decreased by 0.79% to K931.42 billion in Q3 2026 when compared to K938.82 billion that was raised in Q2 2026 and decreased by 36.49% when compared to K1.47 trillion that was raised in Q3 2025, as shown in Chart 2:

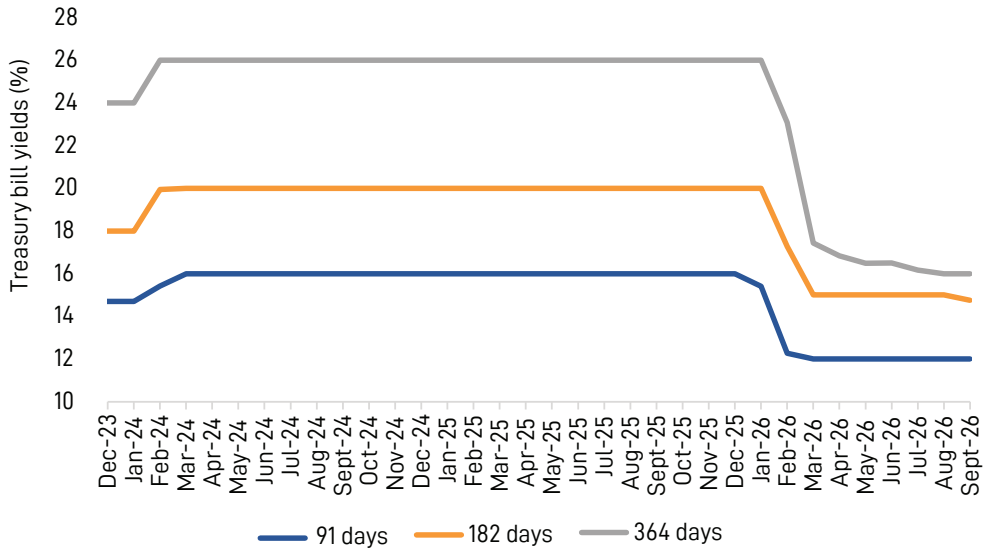
Chart 2: Comparative analysis of amounts raised in treasury securities



(Data source: Reserve Bank of Malawi)

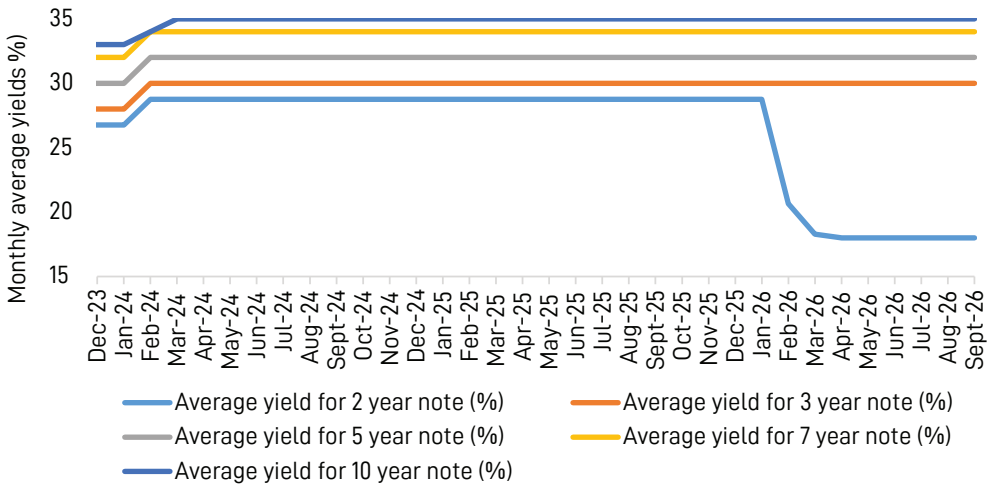
3.4 Regarding yields to maturity on Government securities, while the 91-day Treasury Bill yield was stable at 12.00%, the 182-day and 364-day Treasury Bill yields decreased to 14.92% and 16.06%, respectively, giving an all-type average Treasury Bill yield of 14.32% during the quarter. This is compared to the average of 12.00%, 15.00% and 16.61%, for the 91-day, 182-day and 364-day Treasury Bill yields, respectively, and 14.54% for the all-type average Treasury Bill yield registered in Q2 2026. Charts 3 and 4 and Table 1 below show the decrease in Treasury Bill yields during the quarter.

Chart 3: Monthly average Treasury bill yields



Data source: Reserve Bank of Malawi)

Chart 4: Monthly Average Treasury Note Yields



(Data source: Reserve Bank of Malawi)

Table 1: Quarterly average yields of Treasury Notes

Description	2 years	3 years	5 years	7 years	10 years
Q3 2026 average yield	18.00%	30.00%	32.00%	34.00%	35.00%
Q2 2026 average yield	18.00%	30.00%	32.00%	34.00%	35.00%
Q1 2026 average yield	22.56%	30.00%	32.00%	34.00%	35.00%
Q4 2025 average yield	28.75%	30.00%	32.00%	34.00%	35.00%
Q3 2025 average yield	28.75%	30.00%	32.00%	34.00%	35.00%
2025 annual average yield	28.75%	30.00%	32.00%	34.00%	35.00%
2024 annual average yield	28.58%	29.83%	31.83%	33.83%	34.75%
2023 annual average yield	24.90%	26.17%	28.23%	29.72%	30.91%
Percentage-point change: Q3 2026 vs Q2 2026	0	0	0	0	0
Percentage-point change: Q3 2026 vs Q3 2025	-10.75	0	0	0	0

(Data source: Reserve Bank of Malawi)

3.5 Looking ahead, the yields for Treasury Bills and the 2-year Treasury Note are expected to remain relatively stable in the short to medium term. The yields for longer-dated Treasury Notes are expected to decrease when the Government resumes issuance.

4. Foreign exchange market

4.1 The Kwacha was broadly stable against the US dollar in Q3 2026.

4.2 The Malawi Kwacha to US dollar telegraphic transfer (TT) exchange rate closed the quarter at K1,750.21 per USD, increasing marginally from K1,749.93 per USD as at the end of Q2 2026, representing a marginal depreciation of 0.02% of the Kwacha.

4.3 During the same period, the Kwacha also depreciated against the EUR by 0.92% and the ZAR by 1.73% but appreciated against the GBP by 0.87%, as shown in Table 2a below.

4.4 In terms of TT quarterly averages, as Table 2b indicates, in Q3 2026 the Kwacha marginally appreciated against USD, GBP and EUR by 0.01%, 1.44% and 1.11%, respectively, but depreciated against the ZAR by 1.13%, compared to averages for Q2 2026.

Table 2a: End period TT middle exchange rates

Currency	Sep-26	Jun-26	Mar-26	Dec-25	Sep-25	Sep 2026 - Jun 2026 Change	Sep 2026 - Sep 2025 Change
USD/ MWK	1750.21	1749.93	1750.37	1749.00	1750.37	↓ 0.02%	↑ -0.01%
GBP/ MWK	2362.08	2382.83	2377.41	2416.04	2423.25	↑ -0.87%	↑ -2.52%
EUR/ MWK	2073.53	2054.62	2068.11	2107.54	2103.32	↓ 0.92%	↑ -1.42%
ZAR/ MWK	110.96	109.07	104.66	107.87	103.37	↓ 1.73%	↓ 7.33%

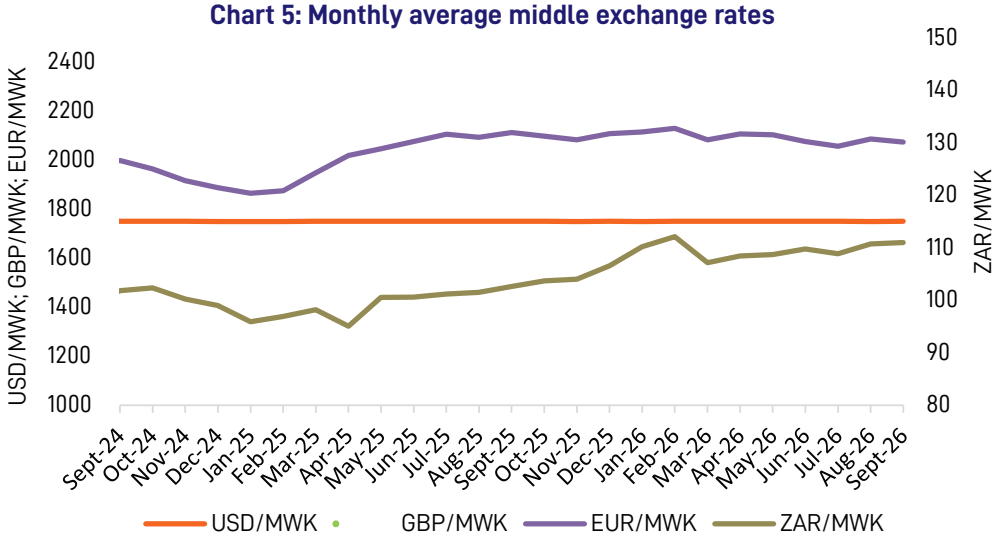
Table 2b: Average TT middle exchange rates

Currency	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q3 2026 - Q2 2026 Change	Q3 2026 - Q3 2025 Change
USD/MWK	1750.21	1750.35	1750.18	1750.01	1750.39	↑ -0.01%	↑ -0.01%
GBP/ MWK	2379.97	2414.81	2427.98	2391.84	2427.25	↑ -1.44%	↑ -1.95%
EUR/ MWK	2072.38	2095.60	2109.45	2096.54	2104.31	↑ -1.11%	↑ -1.52%
ZAR/ MWK	110.18	108.95	109.80	104.75	101.76	↓ 1.13%	↓ 8.27%

(Data source: Reserve Bank of Malawi)

(Downward and upward arrows represent depreciation and appreciation of the Kwacha, respectively)

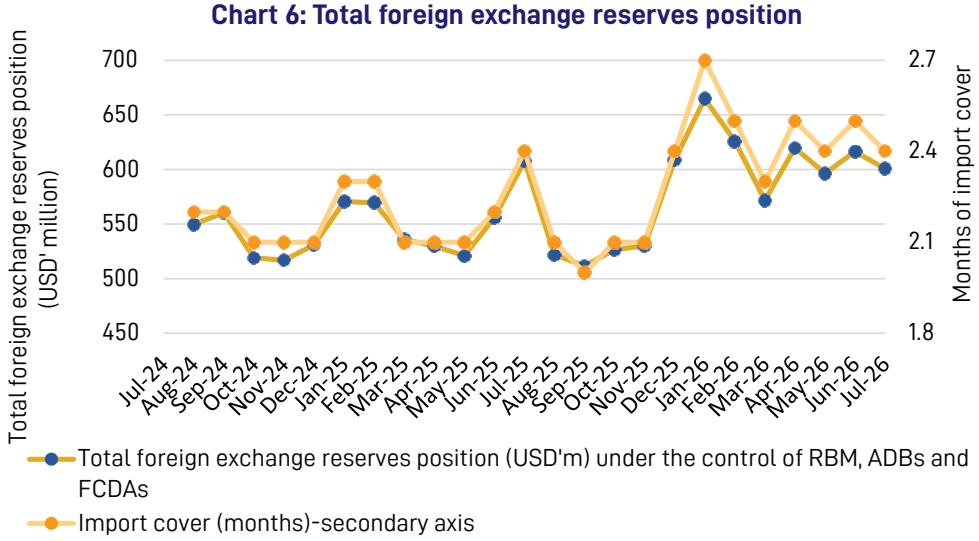
Chart 5: Monthly average middle exchange rates



(Data source: Reserve Bank of Malawi)

4.5 The country continues to face foreign exchange shortages, with total (official and private sector) foreign exchange reserves observed at USD 600.60 million (2.40 months of imports) at the end of July 2026, down from USD 616.30 million (2.50 months of imports) at the end of June 2026 and USD 607.70 million (2.40 months of imports) as of July 2025.

Chart 6: Total foreign exchange reserves position



(Data source: Reserve Bank of Malawi)

4.6 The tobacco market has registered lower performance this year compared to the 2025 tobacco selling season. As of the end of Week 23 of the season, on 25th September 2026, a total of 145.33 million kgs of tobacco had been sold at an average price of USD1.98/kg, generating proceeds of USD287.09 million. This represents a decrease of 34.32% in sales volume, 47.06% in sales value and 19.18% in average price compared with the end of season statistics for 2025 (Data source: AHL).

4.7 Looking ahead, in the short to medium term, especially during the lean period, Kwacha depreciation risks are expected to rise amid weak tobacco export earnings this year and reduced funding from development partners.

4.8 The EIU expects the USD/MWK exchange rate to remain broadly stable in 2026 but gradually increase to an average of K1,853 per USD in 2027 and K2,792 per USD in 2030.

Table 2d: Economist Intelligence Unit (EIU) exchange rate projections

Year	2024	2025	2026	2027	2028	2029	2030
USD/MWK annual average	1734	1734	1734	1853	2127	2514	2792
USD/MWK end-period	1734	1734	1734	2007	2324	2690	2966

Source: EIU One-click Report: Malawi – September 2026

5. Inflation

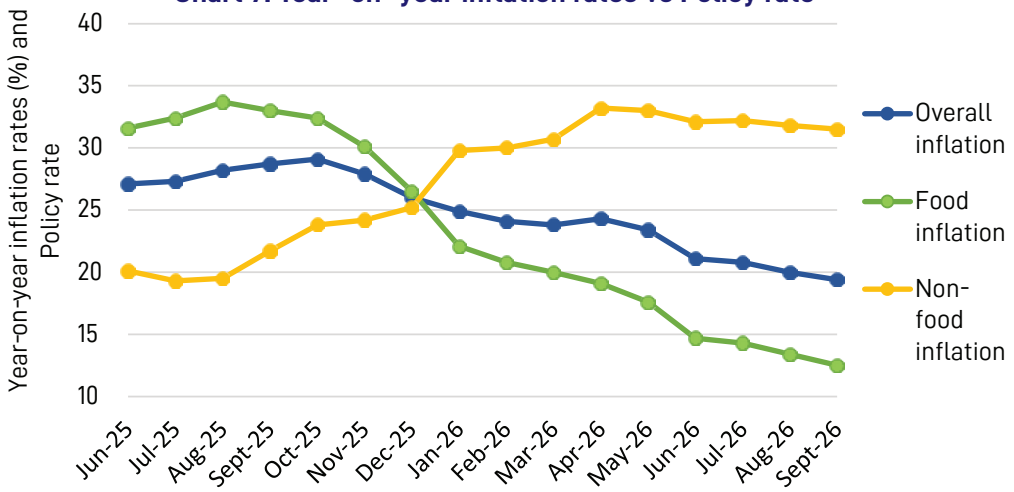
5.1 Inflation declined during the quarter under review. The year-on-year overall inflation rate averaged 20.1% during Q3 2026, representing a decrease of 2.8 percentage points from an average of 22.9% in Q2 2026 and a decrease of 8.0 percentage points when compared to an average of 28.1% during Q3 2025. The decrease in overall inflation in

Q3 2026 relative to Q2 2026 was on account of a decrease in the average year-on-year food inflation rate to 13.4% during Q3 2026, from an average of 17.1% in Q2 2026 (33.0% in Q3 2025), and a decrease in the average year-on-year non-food inflation rate to 31.8% in Q3 2026, from an average of 32.8% in Q2 2026 (20.2% in Q3 2025).

5.2 As of September 2026, the year-on-year overall inflation rate stood at 19.4%, down from 21.1% in June 2026 and 28.7% in September 2025.

5.3 Chart 7 depicts the trend in inflation rates in the past year.

Chart 7: Year -on- year inflation rates vs Policy rate



(Data source: National Statistical Office)

5.4 Looking ahead, the RBM maintained its forecast for annual average headline inflation for 2026 at 22.0% in the third 2026 monetary policy statement released on 6th August 2026. The RBM expected headline inflation to continue declining over the medium term, supported by improved food supply conditions, continued fiscal consolidation, and the cumulative effects of previous monetary policy tightening.

5.5 However, significant upside risks remain, including ongoing geopolitical tensions and the expected El Niño weather conditions during the 2026/27 agricultural season which could impact agricultural production and food availability and lead to a rise in food prices.

5.6 The IMF, World Bank and EIU project the annual average of 21.9%, 23.0% and 23.4%, respectively, for 2026.

5.7 RBM's medium term inflation target remains 5.0%.

Table 3: Projected annual average inflation rates						
	2025	2026f	2027f	2028f	2029f	2030f
Reserve Bank of Malawi (RBM)	28.4%	22.0%				
International Monetary Fund (IMF)	28.4%	21.9%	25.0%			
Economist Intelligence Unit (EIU)	28.4%	23.4%	24.1%	26.2%	25.4%	24.3%
World Bank	28.4%	23.0%				
BMI	28.4%	21.8%	22.8%	19.5%	11.3%	7.3%
Average	28.4%	22.4%	24.0%	22.9%	18.4%	15.8%
Sources:						
RBM: Third Monetary Policy Statement of 2026, August 2026 *IMF: World Economic Outlook – October 2026* *EIU: One-click report: Malawi – September 2026* *World Bank: Malawi Economic Monitor, September 2026* *BMI: Malawi Country Risk Report – October 2026*						

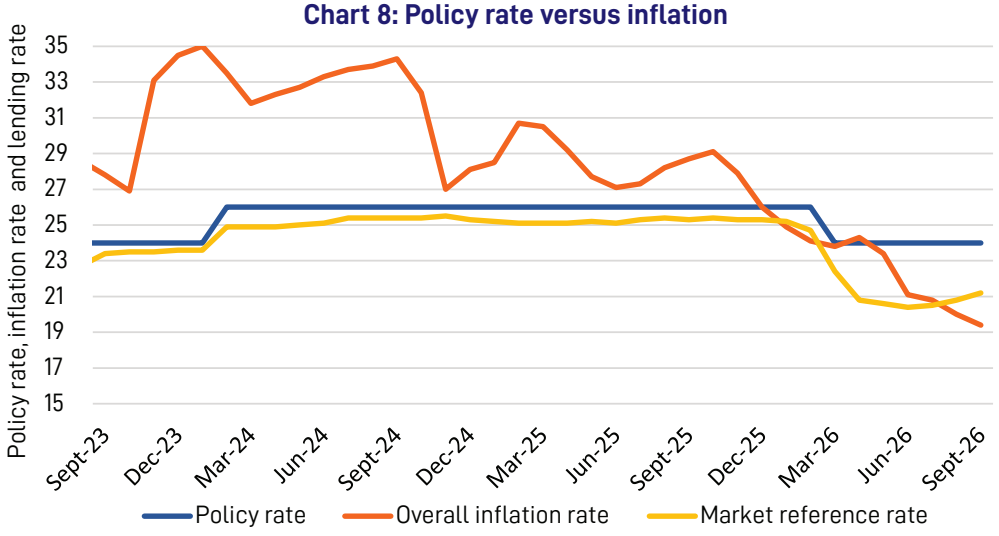
6. Monetary policy

6.1 The Monetary Policy Committee (MPC) held its third meeting of 2026 on 5th and 6th August 2026. During the meeting, the MPC decided to maintain the policy rate at 24.0%, the Lombard rate at 20 basis points above the policy rate (24.2%), and the Liquidity Reserve Requirement (LRR) ratio at 12.0% for local currency deposits and 3.75% for foreign currency deposits.

6.2 The MPC decided to maintain the monetary policy stance after assessing that the prevailing stance remained appropriate to support the disinflation process while preserving the progress made towards restoring macroeconomic stability.

6.3 Chart 8 depicts the relationship between the policy rate and inflation over the past two years.

Chart 8: Policy rate versus inflation



(Data source: Reserve Bank of Malawi, National Statistical Office)

6.4 The Market Reference Rate (MRR) slightly increased in Q3 2026, largely due to an increase in interbank rates during the quarter, despite the policy rate remaining stable and savings rates declining during the period. The MRR averaged 20.8% during the quarter, compared to an average of 20.6% in Q2 2026 and 25.3% in Q3 2025 and stood at 21.2% as of September 2026.

6.5 The next MPC meeting is scheduled for 28th and 29th October 2026. The decision will be announced on 29th October 2026.

6.6 The EIU expects the central bank to cut the policy rate to 22% by end-2026 as it prioritises supporting access to credit and economic growth, amid declining inflation.

6.7 As of September 2026, the policy rate was above the overall inflation rate by 4.6 percentage points.

7. Economic growth

7.1 According to the IMF's October 2026 World Economic Outlook (WEO), global economic activity remains resilient, although performance varies across countries. The technology upturn, economic buffers and policy adaptations have helped mitigate the effects of geopolitics-driven disruptions.

7.2 Global growth is projected to decelerate from 3.5% in 2025 to 3.1% in 2026, before recovering to 3.4% in 2027. Energy-importing economies outside the technology value chain face the most challenging outlook.

7.3 Growth in advanced economies is projected to edge up from 2.0% in 2025 to 2.1% in 2026, before slowing to 1.8% in 2027.

7.4 Growth in emerging market and developing economies is projected to slow from 4.5% in 2025 to 3.7% in 2026, before recovering to 4.4% in 2027.

7.5 Growth in Sub-Saharan Africa is expected to remain stable at 4.5% in 2026. However, this regional figure masks substantial differences across countries, reflecting variations in policy space, reform implementation, commodity exposure, climate shocks and access to external financing. Oil-importing, non-resource-intensive economies are more adversely affected by higher energy and food prices. Meanwhile, some larger economies continue to benefit from earlier stabilisation and reform efforts, despite headwinds from declining official development assistance.

7.6 For Malawi, medium-term growth prospects remain positive but modest. The RBM projects annual GDP growth of 2.8% in 2026, slightly above the 2.5% recorded in 2025. The expected moderate improvement is largely supported by stronger agricultural production.

7.7 The IMF, World Bank and EIU project growth rates of 2.6%, 2.7% and 2.5%, respectively, for 2026. For 2027, the IMF and EIU expect Malawi's growth to moderate to 2.3%.

7.8 Key risks to Malawi's growth outlook include continued geopolitical tensions affecting supply chains and commodity prices, persistent foreign currency shortages that constrain business operations, intermittent power supply and expected El Niño weather conditions that could adversely affect agricultural production.

7.9 The Government has developed a 2026/27 El Niño National Preparedness Plan with a total funding requirement of approximately K488.5 billion, of which about K163.7 billion has been identified or committed, leaving a financing gap of approximately K324.8 billion. The Government has called on the private sector and other stakeholders to partner with the Government in financing and implementing the plan.

Table 4a: Malawi Government projections		
	2025	2026f
Real GDP growth	2.5	2.8

Source: RBM's Third Monetary Policy Statement of 2026, August 2026

Table 4b: IMF projections			
	2025	2026f	2027f
Real GDP growth	2.5	2.6	2.3

Source: IMF World Economic Outlook – October 2026

Table 4c: World Bank Projections				
	2025	2026f	2027f	2028f
GDP at constant market prices (% change)	1.9	2.7		3.0

Source: Malawi Economic Monitor – September 2026

Table 4d: Projections by the Economist Intelligence Unit						
	2025	2026f	2027f	2028f	2029f	2030f
Real GDP growth	2.3	2.5	2.3	2.6	2.9	2.9
Agriculture	1.3	1.6	1.6	2.3	2.8	3.3
Industry	2.0	2.2	2.7	2.9	2.9	3.0
Services	1.6	2.6	2.9	3.0	3.2	2.7

Source: Malawi Country Report – September 2026

8. Stock market performance

8.1 The Malawi Stock Exchange registered a negative return on the Malawi All Share Index of 6.44% (-6.44% in USD terms) in Q3 2026, compared to a negative return of 8.92% (-8.92% in USD terms) in Q2 2026 and a positive return of 75.56% (75.56% in USD terms) registered in Q3 2025.

8.2 The Domestic Share Index (DSI) registered a negative return of 6.46%, and the Foreign Share Index (FSI) registered a negative return of 6.44% during the quarter.

8.3 The year-to-date return on MASI stood at -18.02% (-18.02% in USD terms) at the end of September 2026 compared to 236.67% (236.67% in USD terms) during the same period in 2025.

8.4 Five companies registered share price gains during the quarter: PCL (15.23%), CHL (7.14%), BHL (0.63%), MPICO (0.20%) and ILLOVO (0.01%), while twelve companies registered share price losses.

8.5 Market activity also weakened, with declines in the total value traded, the volume of shares traded, and the total number of deals executed. The market transacted a total of 49.81 million shares at a total consideration of K54.03 billion (USD31.16 million) in 7,732 trades. In the corresponding period in 2025, the market transacted a total of 191.21 million shares at a total consideration of K113.33 billion (USD65.36 million) in 14,056 trades. This reflects a 73.95% decrease in terms of share volume traded and a 52.32% (52.32% in US dollar terms) decrease in share value traded.

8.6 There were no trades on the Debt Securities Board during the quarter.

8.7 Continental Holdings Plc (CHL) listed on the Malawi Stock Exchange main board on 10th August 2026, bringing the total number of listed companies on MSE to 17.

8.8 On 7th September 2026, Press Corporation Plc (PCL) listed additional ordinary shares on the MSE following a subdivision of every one (1) ordinary share of the company into thirty-five (35) ordinary shares, increasing the total number of ordinary shares from 120,255,713 to 4,208,949,955, according to the company's share register on the record date. As a result of the subdivision, the company's share price was reduced by a factor of thirty-five (35) as of the record date.

8.9 Table 5 shows the share price performance of individual companies in Q3 2026 compared to Q2 2026 and Q3 2025.

Table 5: Share trading summary

Company	30-Sept-26	30-Jun-26	31-Dec-25	30-Sept-25	30 Sep 2026 - 30 Jun 2026 (quarterly) price change (%)	30 Sep 2026 - 31 Dec 2025 (year-to-date) price change (%)	30 Sep 2026 - 30 Sep 2025 (year-on-year) price change (%)	P/E ratio as at 30 Sep 2026	P/BV ratio as at 30 Sep 2026
Market indices									
MASI	490,269.10	524,002.31	598,062.80	579,212.79	-6.44%	-18.02%	-15.36%		
DSI	365,938.09	391,195.33	405,749.03	441,898.89	-6.46%	-9.81%	-17.19%		
FSI	89,558.52	95,724.37	158,350.47	94,071.23	-6.44%	-43.44%	-4.80%		
Gainers									
PCL	312.78	271.43	249.38	216.86	15.23%	25.42%	44.23%	9.07	2.55
CHL	208.93	195.00	195.00		7.14%	7.14%		15.63	8.28
BHL	17.52	17.41	15.05	15.02	0.63%	16.41%	16.64%	18.71	1.43
MPICO	19.61	19.57	19.51	19.55	0.20%	0.51%	0.31%	3.32	0.58
ILLOVO	3,502.01	3,501.82	2,330.12	1,792.02	0.01%	50.29%	95.42%	32.36	11.6
Losers									
ICON	17	17.02	16	17.95	-0.12%	6.25%	-5.29%	3.48	0.65
SUNBIRD	3,499.98	3,550.00	977.5	500.04	-1.41%	258.05%	599.94%	73.37	6.66
STANDARD	3,932.56	3,999.38	4,248.41	6,468.90	-1.67%	-7.43%	-39.21%	37.92	13.23
FMBCH	1,789.86	1,895.92	3,197.86	1,898.08	-5.59%	-44.03%	-5.70%	22.49	8.75
AIRTEL	101.89	111.29	120.77	137.95	-8.45%	-15.63%	-26.14%	21.87	18.26
NBM	9,124.02	9,996.00	11,995.63	10,904.73	-8.72%	-23.94%	-16.33%	21	10.44
FDHB	464.95	530.66	599.89	637.89	-12.38%	-22.49%	-27.11%	21.71	12.9
TNM	25.5	29.17	31.46	32	-12.58%	-18.94%	-20.31%	13.84	2.87
NBS	628.67	737.96	913.76	1,024.50	-14.81%	-31.20%	-38.64%	12.16	8.27
NITL	3,288.88	3,900.00	3,938.51	3,551.02	-15.67%	-16.49%	-7.38%	2.2	1.62
NICO	1,336.98	1,588.28	1,736.51	1,739.85	-15.82%	-23.01%	-23.16%	8.31	4.65
OMU	3,700.00	5,300.01	3,790.04	2,500.06	-30.19%	-2.38%	48.00%	21.56	2.79

(Data source: Malawi Stock Exchange)

8.10 Some listed companies and unlisted financial institutions published their financial results for the half year ended 30th June 2026 as indicated in Table 6 below:

Table 6: Published financial results for the half year ended 30 June 2026			
	2026 profit after tax	Growth	2025 profit after tax
Listed companies	**K'million**	**%**	**K'million**
Continental Holdings Plc	43,437	↑ 121.22%	19,635
FMB Capital Holdings Plc	86,290	↑ 18.39%	72,885
MPICO Plc	13,252	↑ 74.36%	7,600
National investment Trust Plc	(26.97)	↓ -132.04%	84.16
NICO Holdings Plc	100,645	↓ -19.43%	124,909
Sunbird Plc	6,002	↑ 9.98%	5,457
Telkom Networks Malawi Plc	12,220	↑ 53.32%	7,970
Listed banks	**K'million**	**%**	**K'million**
FDH Bank Plc	86,418	↑ 43.36%	60,279
National Bank of Malawi Plc	133,973	↑ 59.28%	84,109
NBS Bank Plc	90,232	↑ 23.19%	73,247
Standard Bank (Malawi) Plc	67,471	↑ 39.42%	48,394
Unlisted banks	**K'million**	**%**	**K'million**
CDH Investment Bank	41,024	↑ 124.08%	18,308
Centenary Bank	5,625	↑ 81.13%	3,105
Ecobank	37,276	↑ 27.27%	29,289
First Capital Bank	67,563	↑ 33.79%	50,501

9. Conclusions

9.1 Q3 2026 showed mixed but gradually stabilising economic conditions. Inflation and Treasury Bill yields eased, the policy rate remained unchanged, and the Kwacha was broadly stable against the United States dollar. However, tighter liquidity increased some market interest rates, while persistent foreign exchange shortages, weak stock market performance and modest growth prospects continued to constrain the recovery.

9.2 Inflation continued to decline, averaging 20.1% during Q3 2026, down from 22.9% in Q2 2026 and 28.1% in Q3 2025, as both food and non-food inflation eased. Nevertheless, short- to medium-term upside risks remain, particularly from adverse weather conditions and higher energy and commodity prices.

9.3 Monetary policy remained cautious, with the policy rate maintained at 24.0%, the Lombard rate at 24.2%, and the Liquidity Reserve Requirement ratio at 12.0% for local currency deposits and 3.75% for foreign currency deposits. Liquidity tightened during the quarter, contributing to higher interbank borrowing rates, increased use of the Lombard Facility and a slight rise in the Market Reference Rate.

9.4 The Government's domestic borrowing remained substantial at K931.42 billion, while Treasury Bill yields declined to an all-type average of 14.32%. Short- to medium-term yields are expected to remain relatively stable, with possible declines in longer-dated yields when the Government resumes issuance.

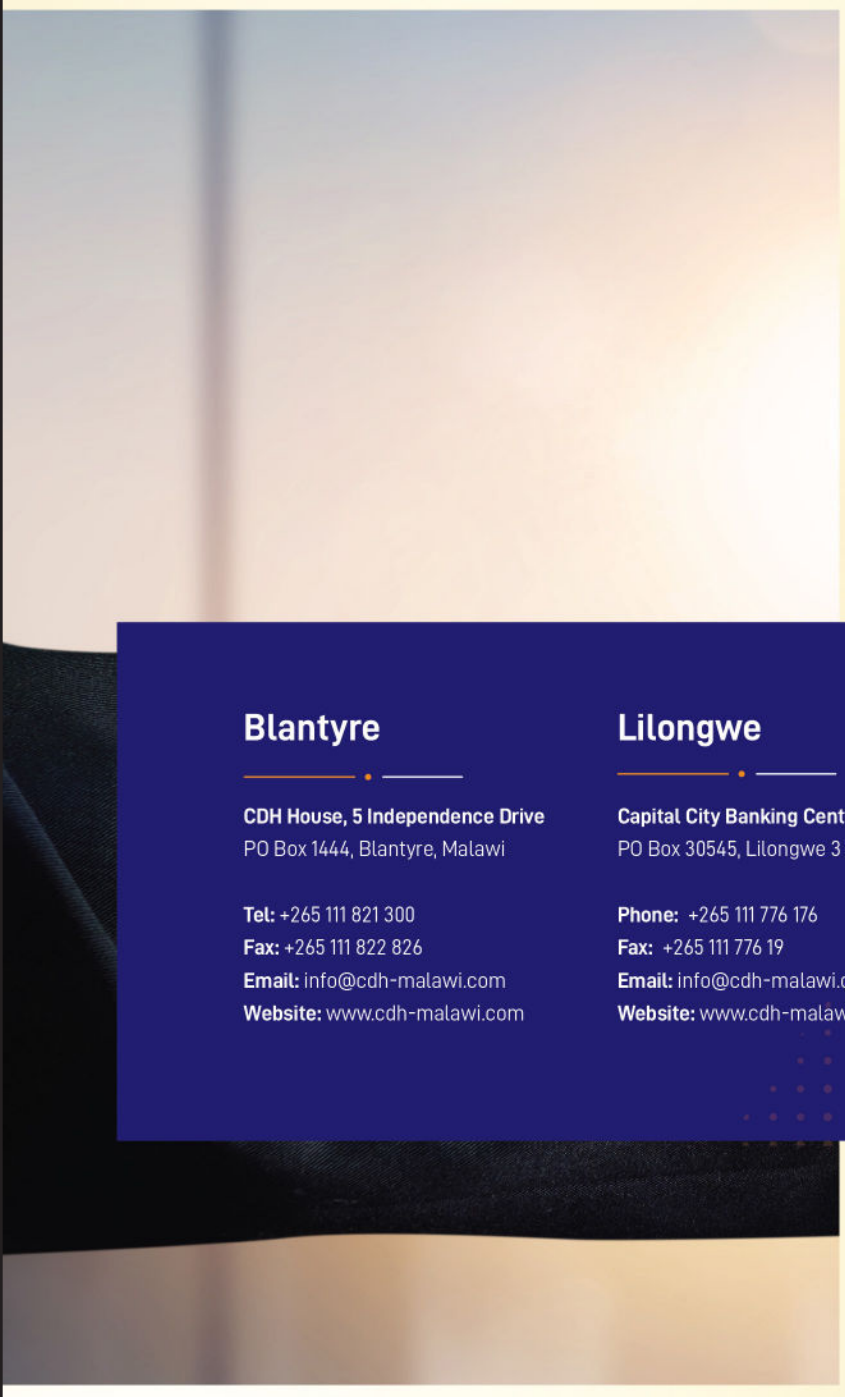
9.5 The Kwacha remained broadly stable against the United States dollar. Total foreign exchange reserves stood at USD 600.60 million, equivalent to 2.40 months of imports,

at the end of July 2026, down from USD 616.30 million and 2.50 months of imports at the end of June 2026. Foreign exchange shortages remain a key constraint, while weaker tobacco export earnings could increase depreciation risks in the short to medium term.

9.6 Growth is expected to remain modest in 2026, with Government projecting real GDP growth of 2.8%, while the IMF, World Bank and EIU project 2.6%, 2.7% and 2.5%, respectively. The outlook remains constrained by geopolitical tensions, foreign exchange shortages, inflationary pressures, fiscal challenges, intermittent electricity supply and weather-related risks.

9.7 The Malawi Stock Exchange remained weak in Q3 2026, with MASI registering a negative return of 6.44%, although this was an improvement from the negative return of 8.92% in Q2 2026. The year-to-date return stood at -18.02% at the end of September 2026, while trading activity declined markedly compared with Q3 2025.

9.8 Overall, the near-term outlook is for cautious stabilisation rather than a strong rebound. Sustained recovery will depend on stronger foreign exchange inflows, continued disinflation, improved fiscal conditions, reliable electricity supply and stronger performance in key productive sectors.



Blantyre

CDH House, 5 Independence Drive
PO Box 1444, Blantyre, Malawi

Tel: +265 111 821 300
Fax: +265 111 822 826
Email: info@cdh-malawi.com
Website: www.cdh-malawi.com

Lilongwe

Capital City Banking Centre
PO Box 30545, Lilongwe 3 Malawi

Phone: +265 111 776 176
Fax: +265 111 776 19
Email: info@cdh-malawi.com
Website: www.cdh-malawi.com

City Mall, Mchinji Roundabout
PO Box 30545, Lilongwe 3 Malawi

Phone: +265 111 753 464
Fax: +265 111 753 833
Email: info@cdh-malawi.com
Website: www.cdh-malawi.com