ANNUAL ECONOMIC REPORT 2025

NICO
Asset Managers

Investment Management | Investor Services

Tel: 01 832 085 | info@nicoassetmanagers.com | www.nicoassetmagers.com

Contents

LIST OF ACRONYMS

AfDB: African Development Bank
BAM: Bankers Association of Malawi
BOE: Bank of England
BHL: Blantyre Hotels Plc
CAT-DDO: Catastrophe Deferred Drawdown Option
DOC: Declaration of Cooperation
DODMA: Department of Disaster management Affairs
DSI: Domestic Share Index
DXY: United States Dollar Index
ECB: European Central Bank
EIU: Economist Intelligence Unit
ESCOM: Electricity Supply Corporation of Malawi
ESIA: Environmental and Social Impact Assessment
EU: European Union
EUR: Euro
EIB: European Investment Bank
Fed: Federal Reserve
FMBCH: FMB Capital Holdings Plc
FSI: Foreign Share Index
GBP: British Pound
GDP: Gross Domestic Product
IFPRI: International Food Policy Research Institute
IMF: International Monetary Fund
kV: Kilovolt
K: Malawi Kwacha
MASI: Malawi All Share Index
MB/D: Million barrels per day
MERA: Malawi Energy Regulatory Authority
MPC: Monetary Policy Committee
MSE: Malawi Stock Exchange
MT: Metric Tonnes
NBM: National Bank of Malawi Plc
NBS: NBS Bank Plc
NGL: Natural Gas Liquids
NICO: NICO Holdings Plc
NITL: National Investment Trust Plc
NSO: National Statistical Office
Non-Doc: Countries not participating in Declaration of cooperation
OECD: Organization for Economic Co-operation and Development
OMO: Open Market Operations
OPEC: Organization of the Petroleum Exporting Countries
ORB: OPEC Reference Basket
PCL: Press Corporation Plc
PAYE: Pay As You Earn
RBM: Reserve Bank of Malawi
RBZ: Reserve Bank of Zimbabwe
SSA: Sub Sahara Africa
Sunbird: Sunbird Tourism Plc
TB: Treasury Bills
TAMA: Tobacco Association of Malawi
TNM: Telekom Networks Malawi Plc
TB/D: Thousands barrels per day
WEO: World Economic Outlook
WTO: World Trade Organization
TZS: Tanzanian Shilling
UBOS: Ugandan Bureau of Statistics
UGX: Ugandan Shillings
UK: United Kingdom
US: United States
UGX: Ugandian Shillings
US$: United States Dollar
WBWS: Willing Buyer Willing seller
WFP: World Food Programme
ZAR: South African Rand
ZWG: Zimbabwean Gold
ZWL: Zimbabwean Dollar
ZK: Zambian Kwacha

EXECUTIVE SUMMARY

Economic Outlook — Malawi

The economy is estimated to have grown by an average of 2.15% in 2025 across forecasts from the IMF, World Bank, Government of Malawi and EIU—supported by modest gains in agriculture, mining and quarrying, manufacturing, accommodation and food services, wholesale and retail trade, and information and communication. Growth is forecast to rise to 2.78% in 2026, reflecting a gradual strengthening in these sectors.

Total government expenditure for the 2025/26 fiscal cycle was revised upwards from K8.05 trillion to MK8.59 trillion during the November mid-year review, an increase of K512.56 billion. Recurrent spending was projected at K6.66 trillion, accounting for 77.6% of total expenditure.

Severe drought plunged 5.7 million Malawians—nearly a third of the population—into acute food insecurity, compounded by a 540,000 metric tons maize deficit. The World Bank extended a US$45 million emergency grant that enabled swift maize purchases from Zambia, bridging critical fiscal and logistical gaps to avert further crisis. The Malawi Energy Regulatory Authority (MERA) increased fuel prices by 38.3% for petrol and 28.0% for diesel, marking the first rise since November 2023. Petrol was priced at K3,499 per litre, up from K2,530, while diesel rose to K3,500 from K2,734. MERA stated that the hike was necessary to ensure a sustainable fuel supply and to achieve cost-reflective pricing.

China cancelled US$20.0 million (equivalent to MK35.0 billion) of Malawi's interest-free debt and extended repayment periods on other loans to 48 years, easing pressure on the debt-laden economy. The decision, reached after bilateral talks, also includes tariff-free access for Malawian agricultural exports and support for fertilizer and foreign exchange supplies ahead of the 2025/26 farming season.

Key Economic Risks – Malawi

1. **Escalation of Geopolitical Conflicts (e.g., Russia-Ukraine, Middle East tensions)** – Supply chain disruptions and surging commodity prices (oil, gas, grains) leading to heightened imported inflation and reduced global trade volumes, straining fiscal space in the economy.
2. **Uncertainty in External Environment and Trade Protectionism** – Persistently weak export base due to falling demand and protectionist policies, affecting currency stability and exacerbating foreign exchange imbalances from widening trade deficits.
3. **Rising Government Debt and Fiscal Strain** – High debt levels create future obligations for repayment plus interest, crowding out private investment and risking sovereign debt crises.
4. **Persistent Inflation and Cost-of-Living Crisis** – High inflation rates driving up living costs, eroding purchasing power, with measures to curb it resulting in elevated borrowing costs that hinder production and growth.
5. **Foreign Exchange Volatility and Shortages** – Scarcity of foreign exchange leading to higher import costs and potential fuel crises as importing essentials becomes challenging.
6. **Fuel and Energy Shortages** – Scarcity of fuel combined with recurrent power outages constrains industrial output and elevates operational costs.
7. **Financial Sector Vulnerabilities** – High concentration of bank portfolios in government securities increases systemic exposure to fiscal stress. Shallow diversification constrains the sector's ability to absorb shocks, heightening the risk of liquidity pressures or instability during periods of macroeconomic tightening or fiscal slippage.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The average headline inflation rate for 2025 decreased to 28.41% from 32.33% recorded in 2024. This was due to a decrease in both food and non-food inflation as can be seen in the table below:

	2024	2025	% Change
Headline inflation	32.33%	28.41%	-12.12%
Food	40.41%	33.37%	-17.42%
Non-food	21.25%	20.65%	-2.82%

Government Securities (Source: RBM)

During the year , the all-type Treasury bill yield increased to 20.67% from 20.50% recorded in 2024.

Tenor	2024	2025	% Change
91 days	15.84%	16.00%	1.01%
182 days	19.83%	20.00%	0.86%
364 days	25.83%	26.00%	0.66%
All Type	20.50%	20.67%	0.83%

Total Treasury securities issuance for 2025 closed at K7.23 trillion, reflecting a substantial increase from K3.60 trillion in 2024. Over the same period, maturities totaled K1.56 trillion, compared to K1.12 trillion in the previous year. This resulted in net government securities issuance of K5.67 trillion in 2025, significantly higher than the K2.48 trillion recorded in 2024.

Government Debt Operations (K' billion)		
	2024	2025
Treasury Securities Issuance	3,602.9	7,233.5
Treasury Securities Maturity	1,119.3	1,559.9
Net Government Securities Issuance	2,483.6	5,673.6

Foreign Currency Market (Source: RBM)

During the year, the Malawi Kwacha depreciated against the Euro, British Pound and South African Rand. See table below:

CURRENCY	2024	2025	% Change
MK/US Dollar	1,734.01	1,734.01	0.00%
MK/GBP	2,240.22	2,402.57	-7.25%
MK/ZAR	95.03	107.50	-13.13%
MK/EUR	1,857.65	2,095.37	-12.80%

Forex Reserves (Source: RBM)

The official foreign exchange reserves as at 30 November 2025 was estimated at US$530.00 million (2.1 months of imports) compared to US$530.90 million (2.1 months of imports) in December 2024.

	Dec-24	Nov-25	% Change
Official Reserves (US$' million)	530.90	530.00	-0.17%
Import Cover	2.10	2.10	0.00%

Interbank Markets and Interest Rates (Source: RBM, BAM)

Liquidity levels (excess reserves after central bank operations) for the year 2025 decreased to a daily average of K85.56 billion from K96.98 billion recorded in 2024. Access to the Lombard facility (discount window borrowing) during 2025 averaged K74.31 billion per day from K50.53 billion per day in 2024.

During the year 2025, overnight borrowing between banks increased to a daily average of K86.75 billion from K47.95 billion recorded in 2024. This was at an average rate of 23.67% (2024: 23.23%)

The reference rate in December 2025 closed at 25.30%, unchanged from December 2024.

Stock Market (Source: MSE)

The market registered a positive return on index as reflected in the upward movement of the Malawi All Share Index (MASI) from 172,039.93 points registered on 2 January 2025 to 598,062.80 points registered on 31 December 2025, giving a return on index of 247.63%, (247.63% in US$ terms) compared to 55.06%, (50.53% in US$ terms) registered in 2024. The price gains registered by fifteen counters, NITL (795.12%), FMBCH(476.19%), NBS(424.94%), NICO(314.42%), SUNBIRD(307.16%), FDHB(304.70%), PCL(249.17%), NBM(246.48%), STANDARD(227.61%), OMU(94.36%), ILLOVO(71.95%), AIRTEL(34.19%), TNM(25.89%), MPICO(5.29%) and BHL (3.44%) were enough to offset a share price loss by ICON(-11.36%) resulting into an upward movement of the Malawi All Share Index. The Domestic and Foreign Share indices inched upwards by 208.88% from 131,362.56 to 405,749.03 points and by 470.87% from 27,738.47 to 158,350.47 points respectively.

Market capitalization increased in both Kwacha and United States Dollar terms from MK9.38 trillion (US$5.41 billion) on 02 January 2025 to MK32.56 trillion (US$18.78 billion) on 31 December 2025. The huge increase in market capitalization is as a result of share price increases and an increase in number of the dual-listed Old Mutual Limited shares, available for trading on the Malawi Stock Exchange in the period under review.

In 2025, the market transacted a total of 623.70 million shares at a total consideration of MK344.92 billion (US$198.91 million) in 44,827 trades. In the corresponding period 2024, the market transacted a total of 1.25 billion shares at a total consideration of MK124.67 billion (US$72.01 million) in 14,471 trades. This reflects a –50.09% decrease in share volume traded and a 176.67% (176.21% in US$ terms) increase in share value traded.

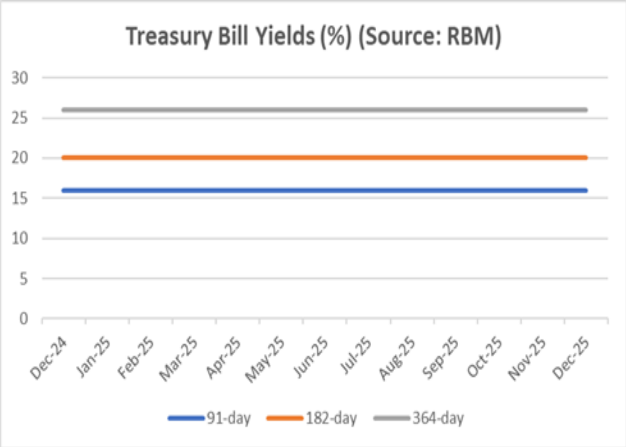
Counter	Dec-25	Dec-24	% Change
	MK/Share	MK/Share	%
AIRTEL	120.77	90.00	34.19%
BHL	15.05	14.55	3.44%
FMBCH	3197.86	555.00	476.19%
FDHB	599.89	148.23	304.70%
ICON	16.00	18.05	-11.36%
ILLOVO	2330.12	1355.08	71.95%
MPICO	19.51	18.53	5.29%
NBM	11,995.63	3462.17	246.48%
NBS	913.76	174.07	424.94%
NICO	1736.51	419.02	314.42%
NITL	3938.51	440.00	795.12%
OMU	3,790.04	1,950.01	94.36%
PCL	8,728.43	2,499.79	249.17%
STANDARD	4,248.41	1,296.79	227.61%
SUNBIRD	977.50	240.08	307.16%
TNM	31.46	24.99	25.89%
MASI	598,062.80	172,039.93	247.63%
DSI	405,749.03	131,362.56	208.88%
FSI	158,350.47	27,738.47	470.87%

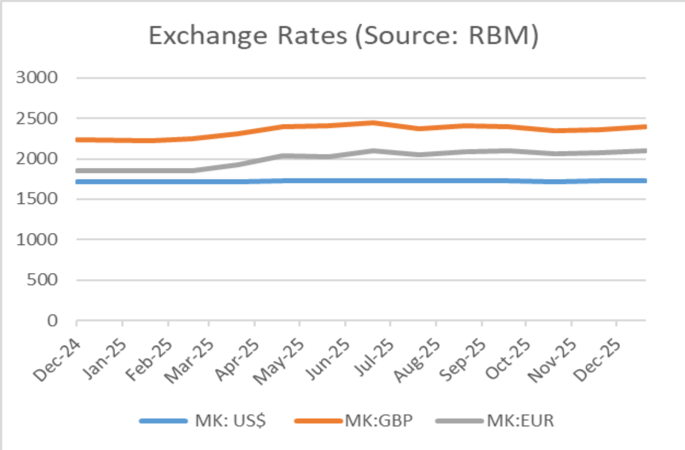
Below is a presentation of the published 2024 and 2025 half year financials for the respective companies.

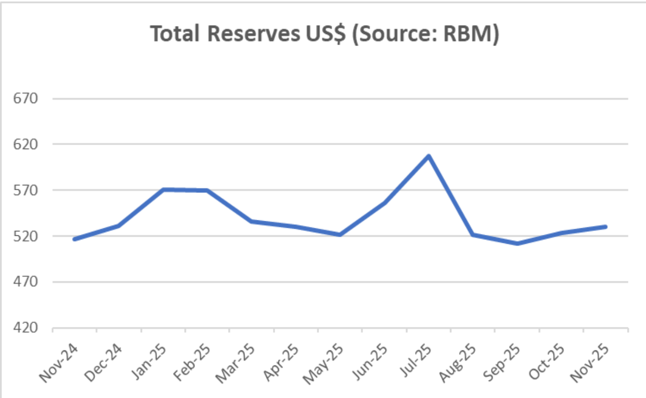
Published Half Year Financials for 2025 and 2024						
	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)		
Period	**Aug-25**	**Aug-24**	**% Change**	**Aug-25**	**Aug-24**	**% Change**
ILLOVO	77.56	22.63	242.68%	14.00	5.80	141.38%
Period	**Jun-25**	**Jun-25**	**% Change**	**Dec-25**	**Dec-24**	**% Change**
BHL	3.33	-0.78	526.92%	0.00	0.00	N/A
AIRTEL	22.41	22.33	5.06%	2.00	0.00	N/A
FDH BANK	60.28	27.94	115.75%	1.68	3.20	-47.50%
ICON	12.73	9.73	30.83%	0.30	0.13	130.77%
MPICO	7.60	5.70	33.33%	0.00	0.00	N/A
NBM	84.11	42.08	99.88%	53.90	57.32	-5.97%
NBS BANK	73.45	32.64	125.03%	13.00	4.94	163.16%
NICO	124.91	49.28	153.47%	22.00	6.13	258.89%
NITL	84.27	4.32	1850.69%	0.00	5.00	-100.00%
PCL	94.39	45.28	108.46%	50.60	37.00	36.76%
STANDARD	48.39	43.37	11.57%	21.31	31.96	-33.32%
SUNBIRD	5.46	5.42	0.74%	13.30	8.20	62.20%
TNM	7.97	2.26	252.65%	0.20	0.00	N/A
	Net Profit/(Loss) (ZAR' billion)			**Total Dividend (Per Share) (ZAR)**		
OMU	4.20	3.27	28.56%	23.81	23.97	-0.67%
	Net Profit/(Loss) (US$' million)			**Total Dividend (Per Share) (US$)**		
FMBCH	72.89	46.82	55.68%	0.43	0.63	-31.75%

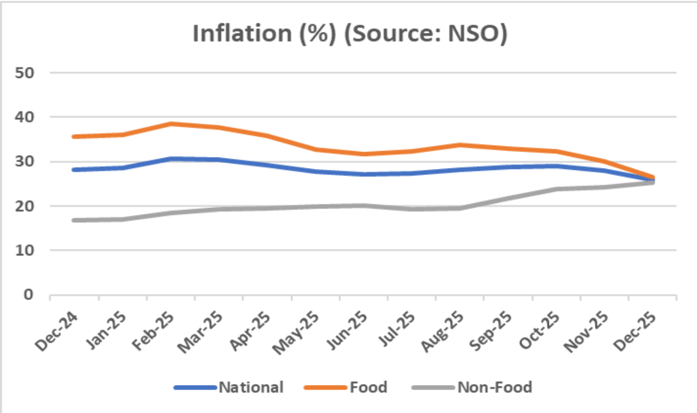
TRADING STATEMENT	
FDH Bank	Expects its year ending 31 December 2025 profit after tax to be between 92% and 104% higher than the previous corresponding period
BHL	Expects its year ending 31 December 2025 profit after tax to be between 515% and 535% higher than the previous corresponding period
Sunbird	Expects its year ending 31 December 2025 profit after tax to be between 23% and 43% higher than the previous corresponding period
Standard	Expects its year ending 31 December 2025 profit after tax to be between 30% and 40% higher than the previous corresponding period
NBS Bank	Expects its year ending 31 December 2025 profit after tax to be between 99.3% and 106.2% higher than the previous corresponding period
NBM	Expects its year ending 31 December 2025 profit after tax to be between 87% and 107% higher than the previous corresponding period
FMBCH	Expects its year ending 31 December 2025 profit after tax to be between 32% and 51% higher than the previous corresponding period
TNM	Expects its year ending 31 December 2025 profit after tax to be between 30% and 40% higher than the previous corresponding period
NITL	Expects its year ending 31 December 2025 profit after tax to be between 571% and 583% higher than the previous corresponding period
NICO	Expects its year ending 31 December 2025 profit after tax to be between 137% and 148% higher than the previous corresponding period
MPICO	Expects its year ending 31 December 2025 profit after tax to be between 51% and 66% higher than the previous corresponding period
PCL	Expects its year ending 31 December 2025 profit after tax to be between 94% and 113% higher than the previous corresponding period

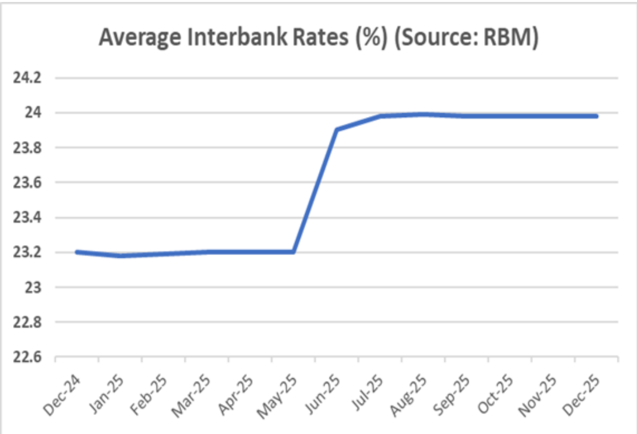
Trend Graphs

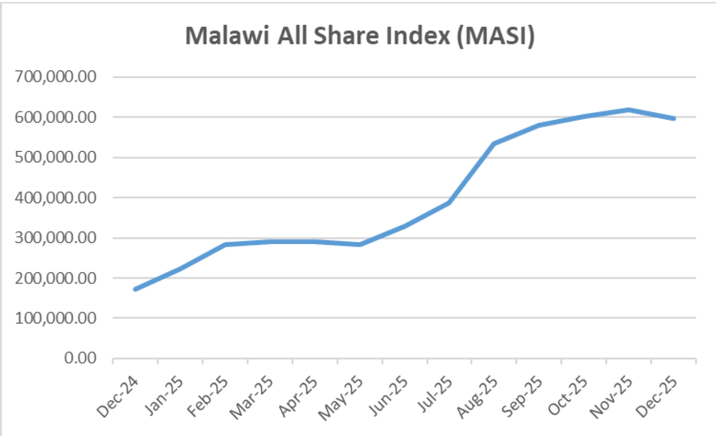












OTHER MARKET DEVELOPMENTS

Expiry of Malawi's IMF Extended Credit Facility (Source: IMF)

Malawi's Extended Credit Facility (ECF) program with the International Monetary Fund (IMF), valued at US$175 million and approved on November 14, 2023, was automatically terminated on May 14, 2025, after the government failed to complete any program reviews within the required 18-month period. Although an initial disbursement of US$35 million was made, no subsequent reviews were concluded despite ongoing discussions. The program faced numerous challenges, including fiscal pressures, insufficient revenue mobilization, unresolved external debt restructuring, and exogenous shocks such as cyclones, drought, and disease outbreaks. The suspension was mutually agreed upon by Malawi and the IMF, with plans to revisit the program after the September 2025 elections to negotiate a more sustainable arrangement.

2025 Tobacco Sales (Source: AHL, TC and TAMA)

The 2025 tobacco marketing season ran for 34 weeks, after which cumulative sales reached 221.3 million kg, a 66.3% increase from the 133.1 million kg recorded in 2024. Despite a 15.2% decline in the all-type average price to US$2.45/kg (from US$2.89/kg in 2024), total proceeds rose to US$542.31 million, up 36.9% from US$396.28 million in 2024. The increase in volume and proceeds largely reflects the extended marketing period in 2025, compared with 17 weeks in 2024.

Food Prices (Source: IFPRI)

In 2025, maize prices in Malawi opened at K1,304/kg in January and rising to a peak of K1,719/kg in February. Strategic regional trade—exports through Mchinji to Zambia and imports via Karonga and Chikwawa—anchored import parity, yielding a trough of K951/kg. Prices closed December at K1,173/kg, with regional averages of K1,007/kg (northern), K1,157/kg (central), and K1,244/kg (southern). This was 17% higher year-on-year than 2024's December close of K1,002/kg. By contrast, 2024 opened at K880/kg in January, fell to a low of K596/kg, and peaked at K1,002/kg amid supply constraints.

World Bank Approved US$350.0 Million Grant (Source: World Bank)

The World Bank approved a US$350 million grant from the International Development Association (IDA) to support Malawi's landmark Mpatamanga Hydropower Storage Project (MHSP), the country's largest energy investment and foreign direct investment to date. The project was designed to double Malawi's installed hydropower capacity by adding 358.5 megawatts (MW) and was expected to generate 1,544 gigawatt-hours (GWh) of clean electricity annually, thereby connecting over one million households to the national grid. Developed as a public-private partnership (PPP) between the Government of Malawi and the International Finance Corporation (IFC), the MHSP was projected to cost over US$1.5 billion, including financing during construction. The project consortium, selected through an international competitive tender, included Electricité de France (EDF) and SN Malawi BV, backed by British International Investment, Norfund, and TotalEnergies. The MHSP was anticipated to create thousands of jobs, enhance energy security, support inclusive economic growth, and position Malawi as a regional electricity exporter.

MERA increased diesel and petrol prices (Source: MERA)

The Malawi Energy Regulatory Authority (MERA) increased fuel prices by 38.3% for petrol and 28.0% for diesel, marking the first rise since November 2023. Petrol was priced at MK3,499 per litre, up from MK2,530, while diesel rose to MK3,500 from MK2,734. MERA stated that the hike was necessary to ensure a sustainable fuel supply and to achieve cost-reflective pricing.

China Cancelled US$20.0 Million of Malawi's Debt (Source: Times)

China cancelled US$20.0 million (equivalent to MK35.0 billion) of Malawi's interest-free debt and extended repayment periods on other loans to 48 years, easing pressure on the debt-laden economy. The decision, reached after bilateral talks, also includes tariff-free access for Malawian agricultural exports and support for fertilizer and foreign exchange supplies ahead of the 2025/26 farming season.

Highlights of the 2025/2026 budget (Source: Ministry of Finance)

In February 2025, the Ministry of Finance presented a budget in which total expenditure was projected at K8.05 trillion , representing 33.1% of GDP and 33% increase from K6.04 trillion in the previous budget.

Total expenditure was further revised upwards to K8.59 trillion during the November mid-year review, an increase of K512.56 billion, with recurrent spending projected at K6.66 trillion, or 77.6% of total expenditure.

Total revenue and grants for the 2025/26 fiscal year were projected at K5.46 trillion, comprising domestic revenues of K4.44 trillion—including K4.33 trillion in tax revenue and K149.51 billion in other revenue—and grants of K979 billion, of which K870 billion was expected from international organisations and K109 billion from foreign governments.

Development expenditure was projected at K1.93 trillion, including K1.26 trillion for foreign-financed projects and K670.22 billion for domestically financed projects. The overall fiscal balance was estimated at a K3.13 trillion deficit (11.9% of GDP), financed through domestic borrowing of K2.94 trillion and foreign borrowing of K189.19 billion.

The government introduced new tax measures in the mid-year budget review: VAT up from 16.5% to 17.5%; levies on bank transfers (0.05%) and mobile money; PAYE restructuring with a 40.0% top bracket and scrapping of the 25.0% band; plus a 0.5% minimum alternate tax on corporate turnover.

World Bank Granted US$45.0 Million to Malawi (Source: The Nation)

The World Bank extended a US$45.0 million emergency food security grant to Malawi, a measure prompted by severe drought conditions that have left millions vulnerable to hunger. This funding aims to enable the government to purchase maize from Zambia swiftly, addressing acute food shortages and preventing a further deterioration of living standards. The grant underscores the necessity of external support to bridge fiscal and logistical gaps in crises where domestic resources fall short.

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

Sub-Saharan Africa in 2025 maintained a resilient but uneven economic performance, with regional real GDP growth projected at 4.1 percent—unchanged from 2024—and a modest pickup expected in 2026. Several of the world's fastest-growing economies were in the region, notably Benin, Côte d'Ivoire, Ethiopia, Rwanda, and Uganda, where macroeconomic stabilization and reform efforts underpinned robust activity. Yet this headline masked marked divergence, as many resource-intensive and conflict-affected countries—home to most of the region's population—saw much weaker outcomes, with income per capita rising by only about 1.0% a year on average.

Inflation and external positions improved in aggregate but remained fragile in a significant subset of countries. Median headline inflation fell from above 6.0% at end-2023 to around 4.0% in 2025, helped by lower global food and fuel prices and tight monetary policy, but roughly one-fifth of economies, including Angola, Ethiopia, Ghana, and Nigeria, continued to face double-digit inflation. External buffers were also stretched: about one-third of the region held reserves below the three-month import adequacy benchmark, and in low-income countries median reserves declined to roughly 2½ months of imports, reflecting repeated foreign-exchange interventions to support domestic currencies.

The external environment remained challenging despite some easing in global financial conditions. Global growth slowed relative to 2024, oil prices softened to the detriment of fuel exporters, while prices for cocoa, coffee, copper, and gold stayed well above pre-pandemic levels, benefiting some non-fuel commodity producers. Sovereign spreads narrowed and portfolio inflows resumed after years of net outflows, but borrowing costs stayed elevated and rollover risks were sizeable, with large Eurobond repayments falling due in 2025–26 and access still heavily differentiated by countries' fundamentals and policy credibility. At the same time, the trade and aid landscape deteriorated: tariffs on exports to the United States rose, Africa Growth and Opportunity Act (AGOA) preferences expired, and bilateral aid—about 1.5% of regional income—was projected to fall by 16–28%, severely tightening fiscal constraints in aid-dependent states.

Against this backdrop, macro-financial vulnerabilities and downside risks remained pronounced. Public-debt ratios had stabilized but at high levels, interest-to-revenue ratios far exceeded those in other emerging and developing regions, and some 20 countries were already at high risk of or in debt distress, forcing difficult trade-offs that crowded out priority development spending in countries such as Kenya and Nigeria. As governments shifted from costly external borrowing toward domestic financing, banks' holdings of sovereign paper rose faster in Sub-Saharan Africa than in other regions, deepening the bank–sovereign nexus and heightening the danger of feedback loops between sovereign stress, banking-sector health, and private-sector credit. These overlapping fiscal, monetary, and external pressures—compounded by the prospect of weaker global growth, financial volatility, further aid cuts, and climate or political shocks—left the region's outlook "holding steady" but exposed, underscoring the centrality of domestic revenue mobilization and stronger debt management to rebuild resilience.

Zambia

Zambia's annual inflation rate for 2025 closed at average of 14.0% compared to 15.0% in the previous year. In terms of the exchange rate, the Zambian Kwacha (ZK) closed at ZK22.14/US$ in 2025 compared to ZK27.91/US$ in December 2024. According to the IMF, economic growth is projected at 6.4% in 2026, compared with 5.8% in 2025.

Zimbabwe

The headline inflation rate for Zimbabwe for 2025 closed at 12.4% compared to 2.5% in 2024. The Zimbabwean Gold (ZiG) closed at ZiG25.98/US$1 in December 2025, compared to ZiG25.80/US$1 in December 2024. According to the IMF, the economy is projected to grow by 4.6% in 2026, down from 6.0% in 2025.

Tanzania

The annual headline inflation rate for 2025 was 3.6% compared to 3.0% recorded in 2024. During the month of December 2025, the Tanzanian Shilling closed at TSh2,447.46/US$1 compared to TSh2,406.67/US$1 recorded in December 2024.

According to the IMF, the economy is projected to grow by 6.2% in 2026, down from 6.0% in 2025.

Uganda

The headline inflation rate for Uganda for 2025 closed at 3.1% compared to 3.3% in 2024. The Ugandan Shilling in December 2025 closed at UGX3,619.73/US$ compared to UGX3,681.14/US$ recorded in 2024. The IMF, in its October Regional Economic Outlook report, the economy is projected to grow by 6.4% in 2026, down from 6.3% in 2025.

South Africa

South Africa's headline inflation rate averaged at 3.2% in 2025 compared to 4.4% in 2024. In terms of the exchange rate, the South African Rand (ZAR) closed at ZAR16.57/US$ in 2025 compared to ZAR18.26/US$ in 2024. The IMF, in its October Regional Economic Outlook report, the economy is projected to grow by 1.2% in 2026, down from 0.9% in 2025.

GLOBAL DEVELOPMENT

Economic Growth

The global economy is projected to grow by 3.2% in 2025, according to the IMF's October 2025 World Economic Outlook. This represents a slight slowdown from 3.3% in 2024, with a further moderation to 3.1% expected in 2026. The resilience observed in early 2025 was largely temporary, driven by businesses and consumers front-loading purchases ahead of anticipated U.S. tariff increases. However, the underlying momentum is weakening as the initial boost fades and the persistent drag from trade policy uncertainty, higher barriers, and fragmented supply chains begins to materialize more fully across global activity.

Looking ahead, the growth outlook is clouded by significant downside risks. Prolonged trade policy uncertainty and the potential for further protectionist escalation could severely dampen investment and disrupt global supply chains. Furthermore, similarities between the current artificial intelligence investment boom and the dot-com bubble raise concerns about a possible market correction, which could negatively impact wealth and consumption. Major economies face distinct challenges: the United States contends with tighter immigration policies reducing labor supply, China grapples with a protracted property sector crisis and industrial overcapacity, and many nations struggle with elevated public debt and rising borrowing costs, limiting their fiscal policy space.

Additional vulnerabilities threaten to undermine the fragile recovery. Pressure on central bank independence in some countries risks eroding hard-won credibility, potentially not anchoring inflation expectations. For low-income and commodity-importing nations, the combination of reduced official development assistance, volatile global food and energy prices, and high debt service burdens presents a particularly acute challenge, increasing the risk of falling further behind. These intersecting pressures could exacerbate social strains and geopolitical instability, creating negative feedback loops for global growth.

Despite the prevailing headwinds, potential upside catalysts could improve the trajectory. A material reduction in trade policy uncertainty through clearer multilateral agreements could boost global output. Similarly, if the adoption of artificial intelligence translates into faster-than-expected productivity growth across industries, it could provide a welcome lift to medium-term prospects. Ultimately, navigating this complex landscape requires policymakers to reinforce confidence through predictable, rules-based policies, safeguard the independence of key institutions, and strengthen international cooperation to mitigate fragmentation and build a more resilient global economy.

Global Oil

Countries not participating in the Declaration of Cooperation (Non-DoC) liquids supply in 2026 is forecast to grow by about 0.6 million barrels per day (mb/d), year-on-year, with Brazil, Canada, the US, and Argentina as the main growth drivers. In 2027, non-DoC liquids production is also forecast to grow by 0.6 mb/d, mainly driven by Brazil, Canada, Qatar, and Argentina. Natural gas liquids (NGLs) and non-conventional liquids from countries participating in the Declaration of Cooperation (DoC) are forecast to grow by 0.1 mb/d, y-o-y, in 2026, to average about 8.8 mb/d, followed by a similar increase in 2027 of about 0.1 mb/d, y-o-y, to average about 8.9 mb/d. Crude oil production by countries participating in the DoC decreased by 238 thousand barrels per day (tb/d), in December, m-o-m, to average about 42.83 mb/d, according to available secondary sources.

The global oil demand growth forecast for 2026 remains unchanged at 1.4 mb/d. The Organisation for Economic Cooperation and Development (OECD) is forecast to grow by 0.15 mb/d, while the non-OECD is forecast to grow by around 1.2 mb/d. In 2027, global oil demand is forecast to grow by about 1.3 mb/d, y-o-y. The OECD is forecast to grow by 0.1 mb/d next year, while the non-OECD is forecast to grow by around 1.2 mb/d, y-o-y.

The ORB closed 2025 at US$61.74, representing a decline of US$17.64, or 28.57%, compared to US$79.38 per barrel at the beginning of the year.

Currency Movements

In 2025, the US dollar experienced sharp depreciation across 2025, with the DXY index plunging over 10.0% year-to-date by year-end—its worst annual performance in decades—driven by aggressive Trump tariffs sparking trade war fears, Fed rate cuts from 4.5% to 3.75%, and policy uncertainty. EUR/USD surged from roughly 1.08 to above 1.10, while EUR/GBP strengthened notably as the pound weakened less aggressively than the dollar.

EUR/USD strengthened as the ECB maintained steadier policy compared to the Fed's easing, bolstered by relatively better eurozone growth outpacing a US slowdown. Meanwhile, EUR/GBP edged higher because the Bank of England cut rates more cautiously than the Fed, supported by persistent UK services inflation that preserved sterling's relative strength against the dollar's steeper fall. The Euro remained under pressure towards the end of the year as the potential of trade tariffs being implemented by then President-elect Donald Trump cast a shadow over it. Although Trump only confirmed that tariffs were planned on goods arriving from Mexico and Canada (as well as further ones for imports from China), many expect the Eurozone to be targeted in early 2025. Economic growth in the European bloc had already decreased, and the potential of a further headwind could lead the bloc to slip into recession in 2025.

EUR/GBP strengthened modestly in 2025 as the pound faced heavier downward pressure than the euro, rising from around 0.83 to 0.86+ by year-end, reflecting GBP/EUR declining from 1.21 to roughly 1.16. UK fiscal tightening fears—tax hikes and budget austerity—eroded sterling confidence more than eurozone challenges, despite the Bank of England cutting rates more cautiously (25bp total) than the Fed due to sticky services inflation. Eurozone relative resilience stemmed from ECB pausing cuts earlier amid US tariff chaos safe-haven flows, plus EU-US trade optimism, making the pound's 4.8% drop versus euro milder than its 10%+ USD decline but sufficient to lift the cross-pair higher with technical support holding at 0.84 before late euro strength prevailed.

Global Trade

Global trade in 2025 reached a record high, surpassing US$35.0 trillion in goods and services for the first time, marking a 7.0% increase or US$2.2 trillion rise from 2024. This growth outpaced earlier forecasts, with the World Trade Organization revising its projection upward to 2.4% for merchandise trade volume after stronger-than-expected first-half performance. Despite headwinds like geopolitical tensions and policy uncertainty, trade demonstrated resilience throughout the year.

East Asia and Africa led the expansion, with East Asia recording the strongest export growth at 9.0% over the trailing four quarters and Africa showing robust import and intra-regional trade increases. South-South trade among developing economies grew 8.0% year-on-year, enhancing diversification, while services trade outperformed goods, rising nearly 9.0% to contribute US$750 billion of the total gain. Strong U.S. imports early in the year and AI-related product demand further boosted merchandise volumes, which expanded 4.9% in the first half of the year.

Growth decelerated in the second half, with third-quarter expansion at 2.5% and a fourth quarter forecast of just 0.5% for goods, amid higher costs and uneven demand. Goods accounted for US$1.5 trillion of the annual rise, but manufacturing—especially electronics—drove momentum while energy and automotive sectors lagged. High trade imbalances and trends like friendshoring persisted, signaling challenges ahead despite the year's record performance.

In 2026, global trade is expected to remain positive but slow markedly from the record expansion seen in 2025, as weaker global growth and softening demand in major economies weigh on cross-border flows. International bodies project world GDP growth of about 2.6–3.3% in 2026, implying more modest trade volume growth compared with the 7.0% surge that pushed trade above US$35.0 trillion in 2025, with tighter financial conditions, lingering geopolitical tensions and more complex regulations reshaping supply chains and tempering both goods and services trade.

Global Commodity Prices (Source: World Bank)

The World Bank's October 2025 Commodity Markets Outlook reports a significant and persistent surge in fertilizer prices, which climbed by 19.0% year-on-year in the first nine months of 2025 and jumped nearly 14.0% in the third quarter alone—marking the fifth consecutive quarterly increase. This sharp rise is attributed to a confluence of strong global demand, binding trade restrictions (notably China's export limits on nitrogen and phosphate fertilizers), production shortfalls, and elevated input costs. The price surge has severely eroded farmers' profit margins, as it coincides with declining food commodity prices, creating a cost-price squeeze that threatens crop yields as producers may reduce fertilizer application.

Looking ahead to 2026, the report forecasts a moderation in fertilizer prices, with an expected decline of about 5.0%. This easing is predicated on the assumption that some export restrictions may relax and new production capacity will come online, particularly in East Asia and the Middle East. However, prices are projected to remain well above their 2015-19 average due to structurally higher input costs and ongoing geopolitical trade measures. Key risks to this outlook include the potential for maintained Chinese export curbs, spikes in natural gas prices (a critical input), and stronger-than-expected demand, which could push prices higher than currently forecast.

Interest Rate Movements (Source: The Federal Reserve, BOE & ECB).

The United States (US) Treasury yield (10-year) decreased to close at 4.14% in December 2025 from 4.39% recorded in December 2024.

	Dec-25	Dec-24	% Change
US Fed Rate	3.63%	4.50%	-0.87%
US Treasury yield (10 years)	4.14%	4.39%	-0.25%
BOE Rate	3.75%	4.75%	-1.00%
ECB Rate	2.15%	3.15%	-1.00%

OUTLOOK FOR 2026 AND BEYOND – MALAWI

Exchange Rates

The Kwacha closed 2025 at K1,734.01 per US dollar, unchanged from its end-2024 level. In contrast, the informal market exchange rate closed the year at around K3,500/US$1 (2024: K3,200/US$1). During the year, the parallel market exchange rate reached levels of up to K5,000/US$1.

During the year, the United States government dismantled USAID, significantly affecting Malawi, for which development assistance had been an important source of foreign exchange inflows. This shock was compounded by a 46.0% decline in grants from international organisations, as highlighted in the mid-year budget review. As a result, Malawi's foreign exchange reserves fell below the minimum adequacy threshold of three months of import cover, intensifying pressures in the foreign exchange market. In addition, the suspension of disbursements under the Millennium Challenge Compact further constrained foreign currency inflows, exacerbating external liquidity shortages and amplifying pressure on the Kwacha.

In response to mounting pressures, the Ministry of Finance announced tighter oversight of foreign-exchange dealers to curb market malpractice. Measures include annual licence renewals and a ban on forex derivatives until regulations are finalised.

The Economist Intelligence Unit (EIU) forecast that the new government has ruled out either devaluing or floating the kwacha, and we expect the currency to remain at K1,734:US$1 in 2026. It emphasized that the IMF will continue to push for Malawi to shift towards a market-determined exchange rate, but in the absence of a funded programme the authorities will continue to heavily manage the Malawian Kwacha. With foreign exchange reserves remaining perilously low, the central bank will continue to operate tight exchange rate controls and limit access to foreign currency through official channels to compress demand, but EIU believe periodic devaluations will be inevitable and only a question of timing and scale. The kwacha will weaken gradually in 2027-2030 to an average of K2,792:US$1 in 2030.

POSSIBLE IMPACT: *Lower foreign exchange inflows coupled with a large appetite for imports are likely to maintain downward pressure on the value of the Kwacha as foreign reserves continue to decline, resulting in further depreciation of the Kwacha. This will also induce inflationary pressures stemming from increased price of imports in domestic currency terms.*

Inflation

The average headline inflation rate for 2025 stood at 28.4%, compared to 32.3% recorded in 2024. The annual headline inflation rate was 0.5 percentage points lower than the Reserve Bank of Malawi (RBM)'s forecast of 28.9%, made during the fourth Monetary Policy Committee (MPC) meeting. This forecast had been adjusted from 28.5% due to the increase in pump prices. The year-on-year inflation rate for December 2025 stood at 26.0%, down from 28.1% in the same period in 2024.

The outlook for 2026 suggests a gradual easing of inflation. Maize prices began declining from October to December 2025, and the arrival of imported maize from Zambia in January is expected to help stabilize prices despite the deficit. Inflationary pressures are likely to ease further as the domestic harvest approaches.

Upside risks to inflation will persist in 2026, mainly due to the depreciating currency, the carryover maize deficit from 2025, which will affect maize prices, and rising fuel prices. The Monetary Policy Committee will continue to monitor inflation closely and adjust the policy rate if necessary to contain inflationary pressures.

The EIU projects that inflation will average 28.8% in 2025, driven by deficit monetisation by the RBM and sustained currency weakness on the parallel market. Inflation is forecast to rise slightly to 29.0% in 2026 and to average 28.6% annually from 2026 to 2029, up from the previous forecast of 16.6%.

POSSIBLE IMPACT: *Rising prices reduce the purchasing power of households and lower the consumption of important items, especially food. Poor households will suffer disproportionately from food inflation, given the large share of food in their consumption basket.*

External Sector

The merchandise trade balance increased by 20.6% to a deficit of US$227.4 million on average in 2025, from a deficit of US$188.6 million in 2024. Total exports decreased by 5.3% on average to US$75.0

million in 2025 from US$79.2 million the previous year. Primary exports for Malawi remain tobacco, tea, sugar, and scrap metals; tobacco sold at lower prices on average compared to 2024.

Imports of commodities increased on average by US$12.7 million to US$302.4 million in 2025, compared to US$267.7 million in 2024. Primary imports for Malawi are petrol, fertiliser, diesel, machinery, cereals, and pharmaceuticals.

In 2026, Malawi's merchandise trade deficit is expected to narrow further, driven primarily by import compression rather than export growth. Declining grant inflows—reflecting donor reprioritisation toward defense spending—and reduced external support are likely to constrain foreign-exchange availability, limiting the country's capacity to import fuel, fertiliser, and capital goods.

However, this improvement in the merchandise trade balance will not signal a strengthening of the external position. The Economist Intelligence Unit (EIU) projects that Malawi will remain without an Extended Credit Facility (ECF) programme over the medium term, implying continued financing gaps, weak reserve buffers, and elevated balance-of-payments risks.

POSSIBLE IMPACT: *An improvement on the current account deficit will alleviate the downward pressure on the Kwacha versus currencies of Malawi's trading partners leading to a more stable currency. Malawi will need to improve its competitiveness and diversify its export base to continue improving its trade position.*

Monetary Policy

The Monetary Policy Committee (MPC), at its fourth meeting of 2024, resolved to maintain the policy rate at 26.0% and the Liquidity Reserve Requirement (LRR) on domestic and foreign deposits at 10.0% and 3.75%, respectively.

In making this decision, the Committee noted that inflation picked up marginally from 28.0% in the second quarter to 28.1% in the third quarter. The MPC welcomed the government's initiative to import maize to address the food shortage, which is expected to dampen food inflationary pressures. Furthermore, the MPC observed that reducing inflation requires targeted fiscal consolidation. These initiatives should be complemented by supply-side interventions from relevant stakeholders to ease structural constraints and reinforce macroeconomic stability.

Throughout the four MPC meetings, the Committee maintained the policy rate despite a projected maize deficit of about 540,000 metric tons and a government import plan of only 200,000 metric tons, which was intended to provide relief during the lean season (October 2025–March 2026). Maize imports began arriving in January 2026 and are expected to ease food supply constraints, contributing to a moderation in inflation during 2026. Against this backdrop, the MPC is expected to likely reduce the policy rate in view of moderating inflation.

The Economist Intelligence Unit (EIU) projects that, at the RBM Monetary Policy Committee (MPC) meeting, even as inflation remains very high in 2026 during a period of ongoing deficit monetisation, the central bank is expected to keep its main policy rate at 26% over the year to support economic activity.

POSSIBLE IMPACT: *Rising interest rates may result in a slowdown of inflation due to a decrease in consumption spending. However, this will be at a cost of rising costs of borrowing which will hamper investments in the real economy and hinder economic growth.*

Fiscal Policy

Total expenditure was revised upwards to K8.59 trillion during the November mid-year review, an increase of K512.56 billion, with recurrent spending projected at K6.66 trillion, or 77.6% of total expenditure.

Total revenue and grants for the 2025/26 fiscal year were projected at K5.46 trillion, comprising domestic revenues of K4.44 trillion—including K4.33 trillion in tax revenue and K149.51 billion in other revenue—and grants of K979 billion, of which K870 billion was expected from international organisations and K109 billion from foreign governments.

Development expenditures were projected at K1.93 trillion, including K1.26 trillion for foreign-financed projects and K670.22 billion for domestically financed projects. The overall fiscal balance was estimated at a K3.13 trillion deficit (11.9% of GDP), financed through domestic borrowing of K2.94 trillion and foreign borrowing of K189.19 billion.

The government introduced new tax measures in the mid-year budget review: VAT up from 16.5% to 17.5%; levies on bank transfers (0.05%) and mobile money; PAYE restructuring with a 40.0% top bracket and scrapping of the 25.0% band; plus a 0.5% minimum alternate tax on corporate turnover. The government also introduced 20% surcharge on imported cement

POSSIBLE IMPACT: *The Government faces significant risks to its target of reducing the fiscal deficit, including greater than expected expenditures on social spending for families affected by drought. The fiscal deficit is likely to increase in the short to medium term, putting further upward pressure on interest rates due to increased borrowing to finance the budget.*

Economic Growth

Real GDP Growth Projections				
	2023	2024	2025	2026
EIU	1.60%	1.30%	1.60%	2.00%
IMF	1.50%	1.80%	2.40%	2.70%
WORLD BANK	1.40%	1.80%	1.90%	2.60%
GOVERNMENT	1.50%	1.70%	2.70%	3.80%
Average Real GDP	**1.50%**	**1.65%**	**2.15%**	**2.78%**

Based on various institutions' projections, the economy is expected to grow by an estimated average of 2.15% in 2025. For 2026, the economy is expected to grow by 2.78%, a rebound from 2025. The growth estimates are on account of growth in Agriculture, Mining and Quarrying, Manufacturing, Accommodation and Food services, Wholesale and Retail Trade, as well as Information and Communication sectors. The first-round crop production estimates produced by the Ministry of Agriculture which will most likely be released at the end of the first quarter are expected to give a better picture of the country's growth trajectory for 2026.

The cement industry will get a boost insofar as the Portland Cement Balaka project starts. This will lead to an improvement in the infrastructure sector. Resumption of production at the Kayelekera mine, owned by Lotus, will also help. However, surging fertilizer prices risk economic growth, as most Malawians will need to dig deep into their pockets to afford inputs used in farming. The maize deficit poses a similar risk, which explains the headwinds to growth.

Looking forward, under the Bank's baseline scenario, Malawi's mining sector is projected to grow gradually from 2026 to 2033 and then accelerate from 2034 onward as all seven major projects come online. These projects include Kayelekera Uranium, Kasiya Rutile–Graphite, Kangankunde Rare Earth Elements, Kanyika Niobium, Songwe Hills Rare Earth Elements, Makanjira Heavy Sands, and Malingunde Graphite. Between 2026 and 2040, the sector could generate a total of US$30 billion in exports, with annual exports reaching approximately US$3 billion by 2034 and remaining broadly stable over the life of the mines. Under a best-case scenario, mining exports could total US$43 billion over 2025–2040, representing a 43 percent increase over the baseline.

POSSIBLE IMPACT: *Malawi's weak business environment, fiscal indiscipline and rising current account deficit will continue to stunt economic growth in the short to medium term. However, successful implementation of the MW2063 agenda enhances the future economic growth prospects of the country in the long term.*

ECONOMIC RISKS

ECONOMIC RISK	IMPACT ON ECONOMY	MITIGATING MEASURES
Escalation of Geopolitical Conflicts (e.g., Russia-Ukraine, Middle East tensions)	1. Prolonged supply chain disruptions, especially energy and food. 2. Surging commodity prices (oil, gas, grains). 3. Heightened imported inflation. 4. Reduced global trade volumes.	1. Diversify supply chains away from conflict zones. 2. Build strategic reserves for energy and food. 3. Strengthen regional trade agreements. 4. Promote domestic production of critical goods.
Climate Change/ Natural Disasters	1. Persistent agricultural losses due to droughts, floods, and heatwaves. 2. Widespread infrastructure damage. 3. Rising insurance costs and unbudgeted recovery spending. 4. Displacement of populations affecting labour markets.	1. Invest in climate-resilient agriculture (e.g., drought-resistant crops). 2. Upgrade infrastructure with adaptive designs. 3. Expand early warning systems and disaster response. 4. Diversify economic reliance beyond vulnerable sectors.
Persistent Inflation and Cost-of-Living Crisis	1. Sustained high cost of living eroding purchasing power. 2. Wage stagnation relative to prices. 3. Elevated borrowing costs impacting businesses and households. 4. Social unrest due to declining living standards.	1. Tighten monetary policy to control inflation. 2. Expand social safety nets (e.g., subsidies for essentials). 3. Encourage wage growth in key sectors. 4. Promote competition to reduce price gouging.
Rising Government Debt and Fiscal Strain	1. Larger budget deficits due to servicing high debt levels. 2. Crowding out private investment as borrowing competes for funds. 3. Risk of sovereign debt crises in vulnerable economies.	1. Implement fiscal consolidation through targeted spending cuts. 2. Broaden tax base and improve compliance. 3. Negotiate debt relief or restructuring with creditors.
Foreign Exchange Volatility and Shortages	1. Higher costs for imports, exacerbating inflation. 2. Reduced industrial output due to scarce raw materials 3. Currency depreciation straining forex reserves. 4. Fuel shortages disrupting transport and energy sectors.	1. Diversify exports to stabilize forex inflows. 2. Encourage remittances via incentives for diaspora. 3. Promote local manufacturing for import substitution. 4. Secure forex swaps or credit lines with allies.
Insufficient Power Supply	1. Commercial productivity remains small scale as large-scale enterprises are difficult to implement with limited power supply. 2. Low industrial productivity in the manufacturing sector resulting in low economic productivity and dampening economic growth. 3. Deferment of development by investors due to lack of infrastructure	1. Encourage use of energy-saving bulbs. 2. Rehabilitate and develop new power plants. 3. Public-Private Partnerships to enhance energy production through alternative power sources. 4. The entrance of Independent Power Producers (IPPs) may help boost power generation.
High Population Growth and Demographic Pressures	1. Lower per capita income as resources stretch thin. 2. Overburdened public services (health, education).	1. Enhance family planning education and access. 2. Invest in education and skills training for youth.

	3. Youth unemployment fuelling social instability.	3. Stimulate job creation in urban and rural areas.
Uncertainty in External Environment and Trade Protectionism	1. Falling demand for exports due to global slowdowns. 2. Reduced foreign investment amid protectionist policies. 3. Lower remittances as host economies tighten borders. 4. Barriers to accessing international finance.	1. Diversify export markets and products. 2. Strengthen domestic investment climate. 3. Negotiate trade deals to counter protectionism. 4. Build resilience through regional economic blocs

APPENDIX

Appendix 1: Selected economic indicators for Malawi (RBM, MSE,MERA,NSO)

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Exchange Rates													
MK : US$	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01	1,734.01
MK : GBP	2,240.22	2,218.25	2,310.59	2,246.47	2,392.21	2,407.39	2,451.51	2,370.42	2,410.07	2,400.96	2,349.17	2,359.88	2,402.57
MK : ZAR	95.03	96.24	96.63	98.00	96.39	100.61	100.72	99.39	100.78	103.64	103.34	104.06	107.50
MK : EUR	1,857.65	1,855.51	1,854.62	1,926.24	2,033.40	2,026.61	2,096.62	2,044.47	2,083.05	2,096.44	2,066.62	2,068.76	2,095.37
Forex reserves (Source: RBM)													
Total Reserves (US$'mn)	516.90	530.90	569.50	536.00	530.00	521.00	555.90	607.70	521.90	511.80	526.80	N/A	N/A
Total Import Cover (months)	2.10	2.10	2.30	2.10	2.10	2.10	2.20	2.40	2.10	2.00	2.10	N/A	N/A
% Inflation (NSO)													
Headline Inflation	28.10	28.50	30.70	30.50	29.20	27.70	27.10	27.30	28.20	28.70	29.11	27.91	26.00
Food	35.60	36.00	38.50	37.30	35.80	32.70	31.60	32.40	33.70	33.00	32.38	30.13	26.50
Non Food	16.80	16.90	18.50	19.20	19.40	20.00	20.10	19.30	19.50	21.70	23.78	24.20	25.40
Interbank Rates (Source: RBM)													
Monetary Policy Rate	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Average Interbank Rate	20.39%	24.20%	24.20%	23.18%	23.20%	23.20%	23.90%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%
Average Base Lending Rates	25.50%	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%	25.40%	25.30%	25.40%	25.30%	25.30%
Treasury Bill Yields (Source: RBM)													
91 day Treasury Bill Yield	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
182 day Treasury Bill yield	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
364 day Treasury Bill yield	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Stock Market Indices (Point) (Source:													
MASI	172,039.93	223,474.92	283,722.24	291,644.54	289,692.81	283,146.74	329,922.87	386,281.85	535,303.19	579,212.79	602,600.89	619,709.36	598,062.80
DSI	131,362.56	173,854.75	197,589.16	205,607.20	213,500.56	213,341.45	248,718.38	289,041.04	412,549.45	441,898.89	437,930.45	417,628.19	405,749.03
FSI	27,738.47	31,921.06	70,073.16	68,836.03	56,537.57	49,302.03	57,277.29	69,606.94	81,906.38	94,071.23	124,300.17	167,481.69	158,350.47
Fuel Prices per Litre (Source: MERA)													
Petrol	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	3,499.00	3,499.00	3,499.00	3,499.00
Diesel	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	3,500.00	3,500.00	3,500.00	3,500.00
Paraffin	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00

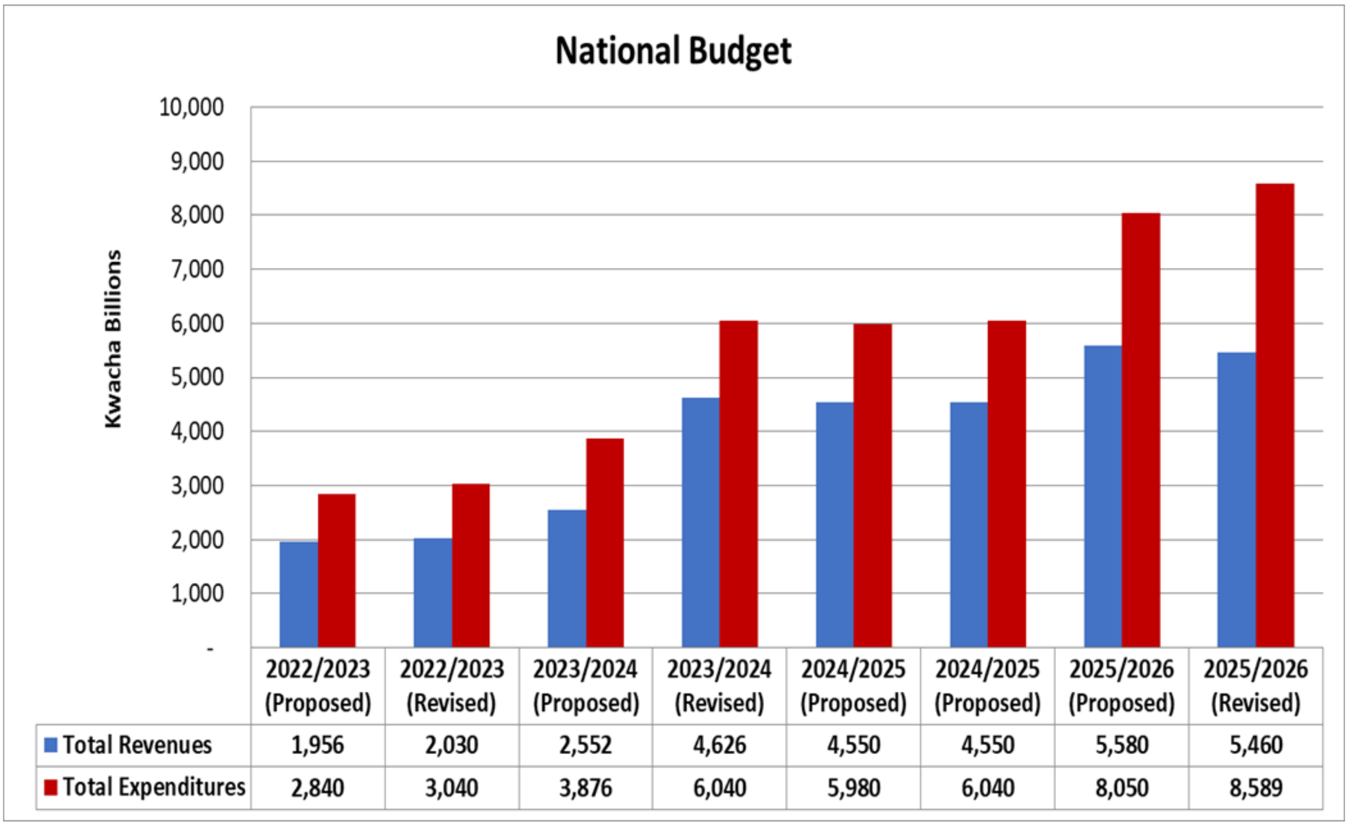
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia, and Mozambique

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
TANZANIA													
Exchange rate													
US$	2,394.76	2,695.00	2,581.29	2,649.98	3,053.62	2,583.82	2,618.32	2,545.79	2,466.06	2,442.85	2,451.64	2,436.80	2,453.55
GBP	3,015.60	3,546.08	3,263.78	3,426.42	3591.74	3496.81	3598.89	3387.18	3329.64	3285.14	3260.44	3222.91	3311.80
ZAR	127.81	151.91	151.91	144.78	144.78	143.67	147.30	141.73	139.56	141.45	142.01	142.21	147.51
EUR	2,501.92	2,985.32	2,696.67	2,858.47	3,053.62	2,976.56	3,073.65	2,920.54	2,876.63	2,870.83	2,854.69	2,820.59	2,885.00
Inflation %	3.10	3.10	3.20	3.30	3.20	3.20	3.30	3.30	3.40	3.40	3.50	3.40	3.60
UGANDA													
Exchange rate													
US$	3,681.14	3,720.82	3,677.71	3,662.55	3,665.64	3,630.86	3,594.41	3,585.09	3,552.14	3,490.18	3,481.00	3,624.91	3,619.73
GBP	4,670.00	4,899.20	4,899.20	4,745.93	4,905.73	4,892.95	4,934.41	4,792.55	4,792.73	4,533.20	4,704.71	4,796.84	4,878.07
EUR	3,850.00	4,121.55	4,121.55	3,969.47	4,167.47	4,120.30	4,214.45	4,145.80	4,142.51	4,095.90	4,044.22	4,200.00	4,248.30
Inflation %	3.30	3.60	3.70	3.40	3.50	3.80	3.90	3.80	3.80	4.00	3.40	3.10	3.10
Central Bank Rate %	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
ZAMBIA													
Exchange rate													
US$	27.89	26.12	26.12	28.21	27.96	26.62	23.81	22.98	23.58	23.87	22.21	22.97	22.11
GBP	34.96	34.40	35.95	36.98	37.27	35.87	32.61	30.34	31.74	32.02	29.11	30.36	29.82
ZAR	1.52	1.48	1.55	1.56	1.50	1.48	1.34	1.27	1.33	1.38	1.28	1.34	1.34
Inflation %	16.70	16.70	16.80	16.50	16.50	15.30	14.10	13.00	12.60	12.30	11.90	10.90	11.20
Central Bank Rate %	14.00	14.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.25	14.25
MOZAMBIQUE													
Exchange Rate													
US$	63.91	64.54	63.90	63.90	63.27	63.90	63.90	63.91	63.91	63.91	63.90	63.27	63.62
ZAR	3.47	3.65	3.49	3.49	3.42	3.62	3.62	3.63	3.65	3.66	3.52	3.70	3.85
EUR	66.44	71.43	69.64	69.12	72.18	72.95	75.22	74.79	74.70	73.87	74.00	73.20	74.70
Inflation%	4.15	2.75	4.74	4.77	3.99	4.00	4.50	3.96	4.79	4.93	4.83	4.38	3.23

(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

Appendix 3: Budget Framework (Source: Ministry of Finance)

K'Billion	2022/2023 (Proposed)	2022/2023 (Revised)	2023/2024 (Proposed)	2024/2024 (Revised)	2024/2025 (Proposed)	2024/2025 (Revised)	2025/2026 (Proposed)	2025/2026 (Revised)
Total Revenues	**1,956**	**2,030**	**2,552**	**4,626**	**4,550**	**4,550**	**5,580**	**5,461**
Domestic revenues	1,636	1,628	2,240	3,386	3,380	3,380	3,386	4,478
Grants	320		312	1,240	1,170	1,170	1,140	979
Budgetary support								
Earmarked grants								
Total Expenditure	**2,840**	**3,040**	**3,876**	**6,040**	**5,980**	**6,040**	**8,050**	**8,589**
Reccurent expenditure	2,019		2,980	4,456		2,217	6,040	6,663
Wages & Salaries	670						1,530	1,630
Interest on debt	524						2,170	2,272
Investment Expenditure	821		896	1,584	1,770	1,770	2,010	1,926
Deficit/Surplus	**(883)**	**(1,010)**	**(1,325)**	**(1,414)**	**(1,430)**	**(1,490)**	**(2,470)**	**(3,128)**
Deficit as a % of Revenue	**-45%**	**-50%**	**-52%**	**-31%**	**-31%**	**-33%**	**-44%**	**-57%**



Appendix 4: Central Government Budgetary Operations in billions of Kwacha (Source: RBM)

Table 3: Central Government Budgetary Operations (MK' billion)

Category	2024		2025										
	Nov	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**
Total Revenues	**341.6**	**351.0**	**515.6**	**302.7**	**345.3**	**435.1**	**348.4**	**392.1**	**647.4**	**424.0**	**398.3**	**566.7**	**422.1**
Domestic Revenues	248.3	240.8	434.4	253.6	305.9	368.6	290.2	326.0	543.9	337.2	326.1	526.5	331.5
Tax Revenue	239.8	221.9	405.7	202.3	240.1	315.5	260.7	218.6	519..2	307.0	300.5	510.3	317.4
Non -Tax revenue	8.5	18.9	28.7	51.3	65.8	53.1	29.5	107.4	24.5	30.2	25.6	16.1	13.9
Departmental receipts	5.5	5.0	5.4	2.2	3.6	3.7	11.3	5.2	8.8	4.6	10.7	2.9	4.5
Other Receipts	3.0	13.9	23.3	49.1	62.2	49.4	18.2	102.2	15.8	25.6	14.9	13.3	9.4
Grants	93.3	110.2	81.2	49.1	39.4	66.5	58.2	66.1	103.5	86.9	72.2	40.3	90.8
Total Expenditures	**512.5**	**595.0**	**522.3**	**549.5**	**498.2**	**565.5**	**648.4**	**631.0**	**740.0**	**690.8**	**725.7**	**577.5**	**498.5**
Recurrent Expenditure	406.2	483.1	376.3	448.6	410.3	442.3	536.3	529.0	570.3	552.6	588.4	517.0	421.8
Interest Payments	115.5	211.1	99.8	170.3	89.7	166.2	135.8	134.0	202.2	138.6	201.1	201.9	154.1
Domestic	111.0	203.4	99.3	156.0	87.8	163.9	129.5	131.4	199.5	127.0	192.6	197.7	151.5
Foreign	4.5	7.8	0.5	14.3	1.9	2.4	6.2	2.7	2.7	11.6	8.5	4.2	2.6
Other Expenditures	25.5	27.7	25.6	2.3	10.9	10.6	11.9	2.3	6.0	15.1	20.8	24.7	22.7
Development	106.3	111.9	146.0	100.9	87.9	123.2	112.1	102.0	169.6	138.1	137.3	60.5	76.7
Deficit (-) /Surplus	**-171.0**	**-243.9**	**-6.7**	**-246.8**	**-152.9**	**-130.4**	**-300.0**	**-238.9**	**-92.5**	**-266.7**	**-327.4**	**-10.8**	**-76.4**
Financing (net)	382.7	384.7	209.6	565.0	537.4	-95.2	348.9	906.5	351.7	711.0	359.8	520.9	722.4
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	382.7	384.7	209.6	565.0	537.4	-95.2	348.9	906.5	351.7	711.0	359.8	520.9	722.4
Banking System	196.8	359.7	105.2	307.0	383.5	-12.8	346.2	790.8	363.0	690.3	332.3	392.4	760.4
Non-Bank Sector	185.9	25.0	104.4	258.0	153.8	-82.4	2.7	115.7	-11.3	20.7	27.5	128.5	-38.0
Errors and Omissions	211.7	140.8	202.9	318.3	384.5	-225.6	48.9	667.6	259.2	444.3	32.4	510.1	646.0

Source: Reserve Bank of Malawi

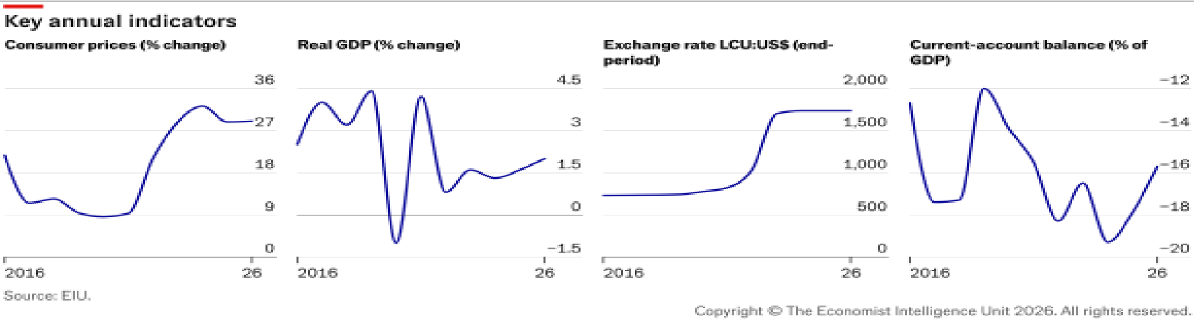
Appendix 5: Malawi selected Economic indicators (Source: RBM)

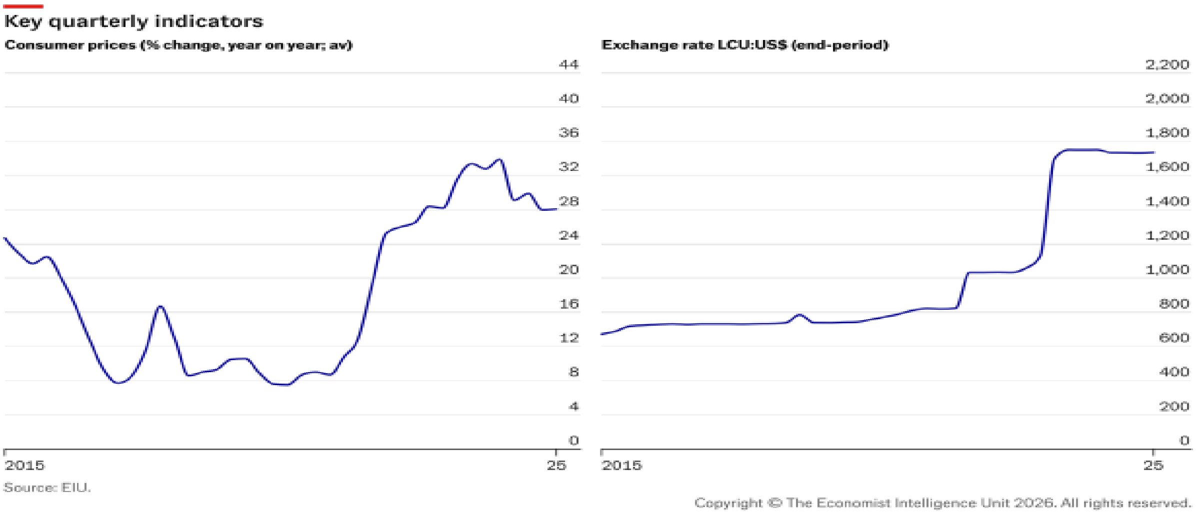
Table 8: Selected Economic Indicators (in MK' billion, unless otherwise stated)

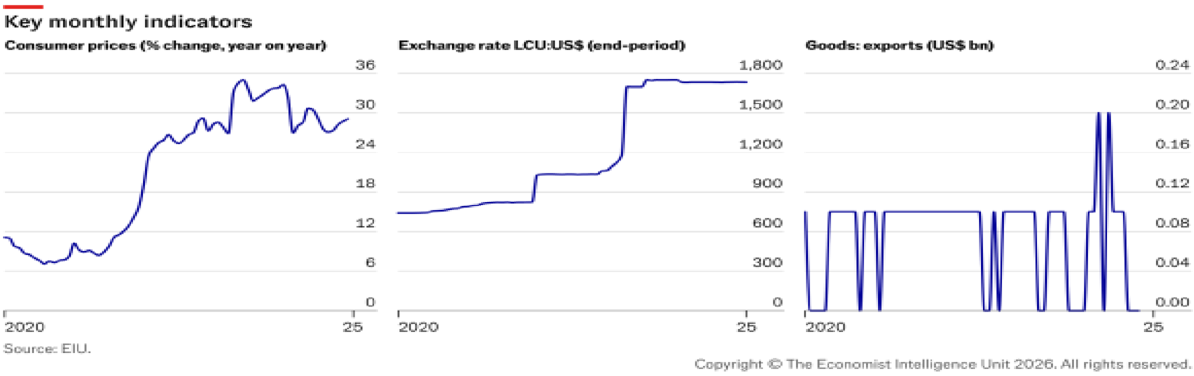
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024 Nov	2025 Nov
Real Sector[1]											
Population (million)	16.8	17.4	17.9	18.5	19.1	19.5	19.4	19.8	20.3	20.3	20.7
GDP at current market prices	3,812.6	4,631.9	5,266.3	8,098.5	8,816.2	9,861.2	11,795.7	15,516.5	19,671.8	19,671.8	24,779.5
Real GDP growth (percent)	2.7	5.1	4.0	5.1	0.9	3.9	0.9	1.9	1.7	1.7	2.7
GDP per capita (K'000)	226.9	266.6	293.7	437.8	461.6	505.7	604.9	783.3	969.1	969.1	1220.7
GDP per capita (US$)	318.1	365.1	401.0	592.2	615.8	628.7	637.4	674.6	557.5	557.5	697.3
Consumer Price Index (CPI)[2]	233.7	260.7	104.7	114.5	124.4	136.0	147.1	144.0	190.3	196.6	253.0
Year-on-year inflation rate (percent)	21.7	11.5	9.2	9.4	8.6	9.3	21.0	28.8	32.2	27.0	27.9
Fiscal Sector											
Total Revenue	810.0	946.6	1,079.1	1,208.5	1,302.0	1,141.5	1,928.8	2,928.9	4,198.6	341.6	422.1
Domestic Revenues	742.0	858.7	988.6	1,058.5	1,096.0	989.7	1,682.2	2,225.2	2,970.0	248.3	331.5
Grants	67.0	87.9	90.5	145.0	206.1	151.8	246.6	703.6	1,228.6	93.3	90.8
Total expenditure	964.3	1,136.1	1,316.7	1,446.2	1,804.4	1655.5	2,739.0	3,331.1	5,745.3	512.5	498.5
Recurrent	832.5	973.1	1,119.9	1,241.9	1,557.0	969.2	2,345,0	2,741.2	4,400.5	406.2	421.8
Development	131.8	163.0	196.9	204.3	247.4	670.8	393.9	590.0	1,344.7	124.3	76.7
Deficit/GDP ratio (after grants)	-4.0	-4.1	-4.5	-2.9	-5.7	-5.3	-6.8	-2.8	-7.8	-1.1	-0.3
Monetary Sector											
Net Foreign Assets	348.2	463.8	152.5	163.3	-223.3	-315.6	-485.7	-1062.6	-1633.6	-1,659.5	-1,660.5
Net Domestic Credit	1007.8	1238.8	1397.5	1601.7	2012.5	2720.1	3866	5425.6	7686.1	7,311.3	11,040.6
Government	513.9	708.6	744.1	700.5	976.9	1636.6	2475.5	3686.2	5494.5	5,180.8	7,951.9
Statutory bodies	9.5	8.6	130.8	216.8	213.4	206.7	318.8	476.3	541.7	539.2	658.4
Private (gross)	455.3	488.4	493.2	595	692.8	821.9	1020	1202.2	1555.5	1,512.0	2,247.2
Money Supply (M2)	923.3	1077.3	1198.3	1320.5	1541.4	2004.4	2782.1	3678.9	5339	5,036.0	7,274.4
M2 Growth Rate (annual percent)	15.2	19.7	11.5	10.2	16.7	30	38.8	32.2	45.1	38.3	44.4
Reserve Money	250.2	279.6	289.8	303.4	342.1	449.4	570.9	830.8	1482.1	1,352.8	1,997.7
Banks Deposits	60.3	78.2	59.6	26	57.3	89.3	100.6	267.9	595.7	531.1	629.2
External Sector											
Overall Balance	47.3	-107.5	-0.6	-63.7	193.1	125.9	293.0	-90.2	141.5	..	..
Current Account	-722.0	-1,152.0	-1,255.6	-984.9	-1,228.2	-1,545.4	-2,165.6	-2,406.3	-3,641.2	..	..
Exports (fob)	737.5	611.2	814.5	975.4	838.3	809.0	874.4	1,136.3	1,655.96	261.1	191.4
Imports (cif)	1,577.6	1,864.1	2,141.6	2,421.2	2,285.7	2,625.8	2867.2	3,668.6	5,596.28	517.4	609.42
Trade balance	-840.1	-1,252.9	-1,327.1	-1,445.9	-1,447.5	-1,816.8	-1,992.8	-2,532.2	-3,940.32	-256.3	-418.0
Capital account balance	605.8	694.7	632.6	533.7	553.0	598.5	723.4	1,292.8	1,424.4	..	..
Total economy foreign exchange reserves	586.7	739.4	660.1	700.7	626.1	593.6	715.2	1,141.6	929.0	904.7	927.5
Gross official reserves	438.6	549.9	548.2	605.5	437.2	346.5	302.1	406.3	260.7	196.0	139.8
Commercial banks	148.1	189.5	111.9	95.2	188.9	247.1	413.0	735.2	668.2	708.7	787.7
Import cover (Official reserves in months)	2.8	3.6	3.6	2.9	4.0	1.7	1.2	1.0	0.6	0.5	0.3
Current account balance/GDP (percent)	-18.9	-17.6	-17.4	-12.0	-13.9	-15.5	-18.4	-15.5	-18.3	..	..
Debt/GDP (percent)	66.3	61.2	62.7	44.7	53.4	60.1	68.7	81.3	87.7	67.5	..
Debt Service/Exports (percent)	4.0	6.1	6.3	6.8	13.0	10.6	13.5	14.6	15.8	40.6	..
MK/US Dollar (eop)	725.01	730.46	733.69	738.87	773.11	819.44	1034.67	1697.80	1749.93	1750.11	1750.07
MK/US Dollar (pd avg)	713.85	726.65	732.33	742.23	749.53	805.90	949.04	1161.09	1738.34	1750.29	1749.73

Source: National Statistical Office, Reserve Bank of Malawi and Ministry of Finance and Economic Affairs

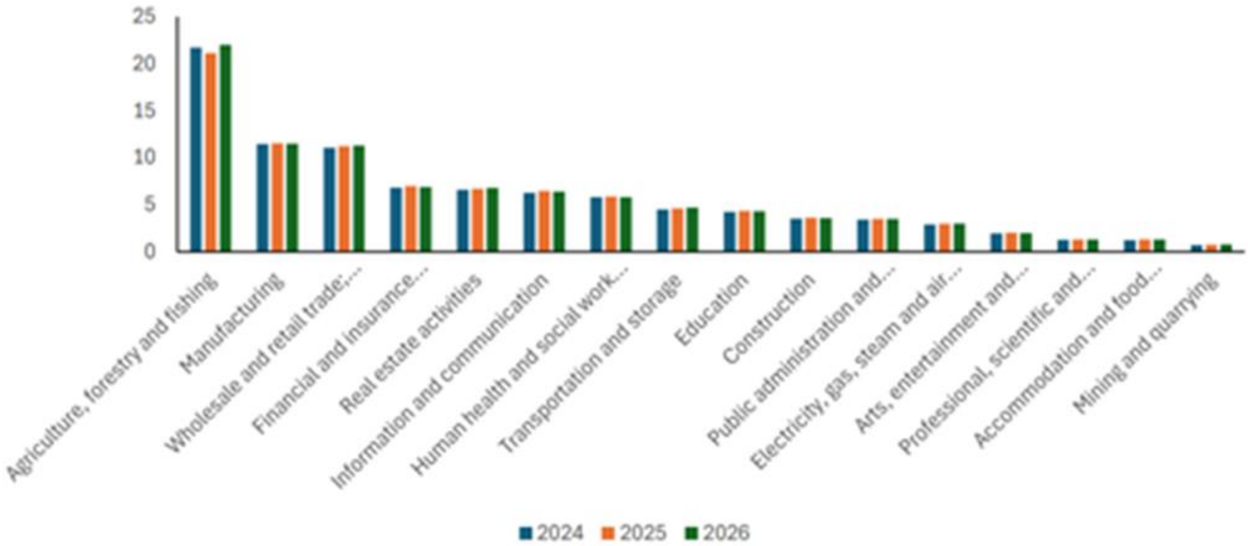
Appendix 6: Economic Trends—Malawi (Source: EIU)







Appendix 7: Contribution to GDP by sector (Source: NSO, RBM)



Source: National Statistical Office, Reserve Bank, Ministry of Finance and Economic Affairs

Appendix 8: Malawi Economic growth Projections (Source: EIU)

Economic growth

%

	2024	2025	2026	2027	2028	2029	2030
GDP	1.3	1.6	2.0	1.8	2.6	2.9	2.9
Private consumption	0.9	1.2	1.1	1.2	1.0	1.2	1.1
Government consumption	1.3	1.6	1.5	1.6	1.4	1.2	1.3
Gross fixed investment	1.4	2.6	2.2	2.4	2.3	2.4	2.3
Exports of goods & services	3.9	3.8	4.0	3.9	4.6	4.8	4.7
Imports of goods & services	3.1	3.2	2.9	3.1	3.0	3.1	3.0
Domestic demand	1.0	1.4	1.3	1.4	1.2	1.3	1.3
Agriculture	-1.0	1.3	1.6	1.6	2.3	2.8	3.3
Industry	2.2	2.0	2.2	2.7	2.9	2.9	3.0
Services	2.2	1.6	2.6	2.9	3.0	3.2	2.7

Appendix 9: Global Projections (Source: WBG)

	2022	2023	2024e	2025f	2026f	2027f	2025f	2026f
World	**3.3**	**2.8**	**2.8**	**2.3**	**2.4**	**2.6**	**-0.4**	**-0.3**
Advanced economies	**2.9**	**1.7**	**1.7**	**1.2**	**1.4**	**1.5**	**-0.5**	**-0.4**
United States	2.5	2.9	2.8	1.4	1.6	1.9	-0.9	-0.4
Euro area	3.5	0.4	0.9	0.7	0.8	1.0	-0.3	-0.4
Japan	0.9	1.4	0.2	0.7	0.8	0.8	-0.5	-0.1
Emerging market and developing economies	**3.8**	**4.4**	**4.2**	**3.8**	**3.8**	**3.9**	**-0.3**	**-0.2**
East Asia and Pacific	3.6	5.2	5.0	4.5	4.0	4.0	-0.1	-0.1
China	3.1	5.4	5.0	4.5	4.0	3.9	0.0	0.0
Indonesia	5.3	5.0	5.0	4.7	4.8	5.0	-0.4	-0.3
Thailand	2.6	2.0	2.5	1.8	1.7	2.3	-1.1	-1.0
Europe and Central Asia	1.5	3.6	3.6	2.4	2.5	2.7	-0.1	-0.2
Russian Federation	-1.4	4.1	4.3	1.4	1.2	1.2	-0.2	0.1
Türkiye	5.5	5.1	3.2	3.1	3.6	4.2	0.5	-0.2
Poland	5.3	0.2	2.9	3.2	3.0	2.9	-0.2	-0.2
Latin America and the Caribbean	4.0	2.4	2.3	2.3	2.4	2.6	-0.2	-0.2
Brazil	3.0	3.2	3.4	2.4	2.2	2.3	0.2	-0.1
Mexico	3.7	3.3	1.5	0.2	1.1	1.8	-1.3	-0.5
Argentina	5.3	-1.6	-1.8	5.5	4.5	4.0	0.5	-0.2
Middle East and North Africa	5.4	1.6	1.9	2.7	3.7	4.1	-0.7	-0.4
Saudi Arabia	7.5	-0.8	1.3	2.8	4.5	4.6	-0.6	-0.9
Iran, Islamic Rep. [2]	3.8	5.0	3.0	-0.5	0.3	1.8	-3.2	-1.9
Egypt, Arab Rep. [2]	6.6	3.8	2.4	3.8	4.2	4.6	0.3	0.0
South Asia	6.0	7.4	6.0	5.8	6.1	6.2	-0.4	-0.1
India [2]	7.6	9.2	6.5	6.3	6.5	6.7	-0.4	-0.2
Bangladesh [2]	7.1	5.8	4.2	3.3	4.9	5.7	-0.8	-0.5
Pakistan [2]	6.2	-0.2	2.5	2.7	3.1	3.4	-0.1	-0.1
Sub-Saharan Africa	3.9	2.9	3.5	3.7	4.1	4.3	-0.4	-0.2
Nigeria	3.3	2.9	3.4	3.6	3.7	3.8	0.1	0.0
South Africa	2.1	0.8	0.5	0.7	1.1	1.3	-1.1	-0.8
Angola	3.0	1.0	4.4	2.7	2.6	3.2	-0.2	-0.3
Memorandum items:								
Real GDP[1]								
High-income countries	2.9	1.7	1.9	1.3	1.5	1.7	-0.5	-0.4
Middle-income countries	3.9	4.8	4.4	4.1	4.0	4.0	-0.2	-0.1
Low-income countries	4.4	2.8	4.6	5.3	6.1	6.0	-0.4	0.2
EMDEs excluding China	4.2	3.7	3.6	3.4	3.7	4.0	-0.4	-0.2
Commodity-exporting EMDEs	3.3	2.7	3.1	2.9	3.2	3.4	-0.3	-0.2
Commodity-importing EMDEs	4.0	5.2	4.7	4.3	4.1	4.2	-0.2	-0.1
Commodity-importing EMDEs excluding China	5.4	4.9	4.2	3.9	4.4	4.6	-0.5	-0.2
EM7	3.5	5.4	4.8	4.1	3.9	3.9	-0.1	0.0
World (PPP weights) [3]	3.5	3.4	3.3	2.9	3.0	3.1	-0.3	-0.2
World trade volume [4]	**5.9**	**0.8**	**3.4**	**1.8**	**2.4**	**2.7**	**-1.3**	**-0.8**

Disclaimer

This report has been prepared for indicative purposes only. Whilst every effort has been made to ensure the accuracy of information contained herein no responsibility or liability whatsoever resulting from the use of information contained in this report is accepted by *NICO Asset Managers Limited.* Recipients of this report shall be solely responsible for making their own independent appraisal and investigation into all matters contemplated in this report.

NICO Asset Managers Limited is a specialist investment management and advisory firm, providing a premier range of investment management, corporate finance, infrastructure development and investor services to institutional and individual investors.

We are registered with the Reserve Bank of Malawi as a Portfolio/Investment Manager, Investment Advisor and Transfer Secretary. We are a wholly owned subsidiary of NICO Holdings Plc.

Vision

To be the preferred provider of investment and financial solutions through a culture of excellence and innovation.

Mission Statement

To provide innovative investment and financial solutions that grow our clients' wealth.

Our Services

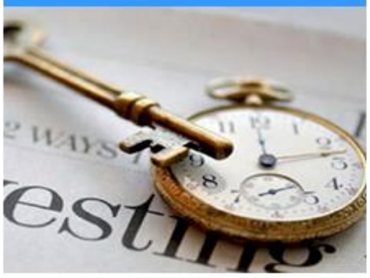
Investment/Fund Management

- Pension fund management- Segregated Funds
- Pension fund management- Pooled Funds
- Institutional Fund management
- Trust fund management
- NICO Nominees - Fixed Deposit
- NICO Nominees - Invest Plus

Corporate Finance

- Capital raising
- Feasibility studies
- Company valuation
- Mergers and Acquisitions
- Company set up

Investor Services



- Transfer Secretarial Services
- Economic Research
- Company Secretarial Services

Registered by the Registrar of Financial Institutions (Reserve Bank of Malawi)

RBM Portfolio/Investment Manager Licence No: PM003/25
RBM Transfer Secretarial License No: TS002/25

Contact Us

Head Office
NICO Asset Managers Limited
19 Glyn Jones Road
Chibisa House
P.O Box 3173
Blantyre
Tel no: 01 832 085/086
Fax no: 01 821617
Email:invest@nicoassetmanagers.com

Lilongwe Branch
NICO Asset Managers Limited
Umodzi Park
Chilembwe Road
P.O Box 30729
Lilongwe 3
Tel no: 01 757 085/086
Fax no: 01 821 617
Website: www.nicoassetmanagers.com