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MONTHLY ECONOMIC REPORT

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Investment Management | Corporate Finance | Investor Services

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LIST OF ACRONYMS

ADB:	Authorized Dealer Bank	NICO:	NICO Holdings Plc
AFE:	Eastern and Southern Africa	NITL:	National Investment Trust Plc
BAM:	Bankers Association of Malawi	NSO:	National Statistical Office
BOE:	Bank of England	Non-Doc:	Countries not participating in Declaration of Cooperation
BHL:	Blantyre Hotels Plc	OECD:	Organization for Economic Co-operation and Development
DOC:	Declaration of Cooperation	OMO:	Open Market Operations
DSI:	Domestic Share Index	OPEC:	Organization of the Petroleum Exporting Countries
ECB:	European Central Bank	ORB:	OPEC Reference Basket
ECF:	Extended Credit Facility	PCL:	Press Corporation Plc
EIU:	Economist Intelligence Unit	RBM:	Reserve Bank of Malawi
EU:	European Union	SSA:	Sub Sahara Africa
EUR:	Euro	Sunbird:	Sunbird Tourism Plc
EMDE:	Emerging Market and Developing Economy	TB:	Treasury Bills
ESIA:	Environmental and Social Impact Assessment	TNM:	Telekom Networks Malawi Plc
FSI:	Foreign Share Index	TSH:	Tanzania Shillings
GBP:	British Pound	TT:	Telegraphic Transfer
GDP:	Gross Domestic Product	UBOS:	Ugandan Bureau of Statistics
IMF:	International Monetary Fund	UGX:	Ugandan Shillings
K:	Malawi Kwacha	UK:	United Kingdom
LRR:	Liquidity Reserve Ratio	US:	United States
MASI:	Malawi All Share Index	US\$:	United States Dollar
MB/D:	Million barrels per day	WAEMU:	West African Economic and Monetary Union
MPC:	Monetary Policy Committee	WTO:	World Trade Organisation
M-O-M:	Month of Month	WEO:	World Economic Outlook
MSE:	Malawi Stock Exchange	Y-O-Y:	Year on Year
MEPA:	Malawi Environment Protection Authority	ZAR:	South African Rand
NBM:	National Bank of Malawi Plc	ZK:	Zambian Kwacha
NBS:	NBS Bank Plc		
NGLs:	Natural Gas Liquids		

EXECUTIVE SUMMARY

Economic Outlook — Malawi

Malawi's economy is set to grow by 2.2% in 2025, up from 1.65% the year before, led by a pick-up in mining and quarrying. A drought-ravaged 2024/25 agricultural season left farm output weak, curbing the sector's contribution and weighing on overall growth. As a result, the outlook remains cautious, with prospects tempered by persistent headwinds.

The EIU forecasts that the Kwacha will continue to depreciate gradually between 2024 and 2028 as the RBM allows greater exchange-rate flexibility, reaching MK2,503:US\$1 at end-2026 and MK3,264.4:US\$1 at end-2029, in line with IMF guidance and reflecting the paucity of foreign-exchange reserves.

The Monetary Policy Committee (MPC) of the Reserve Bank of Malawi maintained the policy rate at 26.0% during its third meeting of the year, which was held on July 30 and 31, 2025. The reason for maintaining the rate was that, although headline inflation had moderated to 27.1% in June, down from 30.7% in February, the MPC assessed this easing as insufficient to justify monetary loosening at that stage. The committee also maintained the Lombard rate at

20 basis points above the policy rate, and the Liquidity Reserve Requirement (LRR) at 10.0% for local currency deposits and 3.75% for foreign currency deposits.

Earnings from the 2025 tobacco marketing season reached US\$517.07 million by the end of August, with 205.3 million kilograms sold at an average price of US\$2.52 per kilogram. This was higher than US\$396.78 million earned from 133.3 million kilograms sold at US\$2.98 per kilogram during the same period in 2024.

The IMF concluded its Article IV consultations, highlighting Malawi's ongoing macroeconomic challenges, including slow growth, high inflation, and foreign exchange shortages. Fiscal deficits and low reserves have left the country in debt distress, with stalled reforms and the expiration of the Extended Credit Facility in May 2025. The IMF called for fiscal consolidation, tighter monetary policy, and swift debt restructuring to prevent a worsening crisis, while warning that weather shocks and declining aid could further exacerbate vulnerabilities, risking a debt spiral without urgent policy action.

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. **Climate Change/Natural Disasters** – Changes in weather patterns and extreme conditions like droughts and floods, impacting agricultural production, livelihoods, and infrastructure development.
4. **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.
5. **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.
6. **High Population Growth and Demographic Pressures** – Rapid population growth reducing per capita income and overburdening public services, limiting resources for productive economic activities.
7. **Foreign Exchange Volatility and Shortages** – Scarcity of foreign exchange leading to higher import costs and potential fuel crises as importing essentials becomes challenging.
8. **Fuel and Energy Shortages** – Scarcity of fuel combined with recurrent power outages constrains industrial output and elevates operational costs.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The headline inflation for August 2025 stood at 28.20%, an increase from 27.30% reported in July 2025. The increase in inflation was on account of an increase in food prices.

	Aug-25	Jul-25	Aug-24	% Change (1 Months)	% Change (12 Months)
Headline inflation	28.20%	27.30%	33.90%	↑ 0.90%	↓ -5.70%
Food	33.70%	32.40%	42.00%	↑ 1.30%	↓ -8.30%
Non-food	19.50%	19.30%	22.70%	↑ 0.20%	↓ -3.20%

Government Securities (Source: RBM)

In August 2025, the average yield for all types of Treasury bills was 20.67%, unchanged from July 2025.

Tenor	Aug-25	Jul-25	Aug-24	Change 1 Month	Change 12 Months
91 days	16.00%	16.00%	16.00%	⇒ 0.00%	⇒ 0.00%
182 days	20.00%	20.00%	20.00%	⇒ 0.00%	⇒ 0.00%
364 days	26.00%	26.00%	26.00%	⇒ 0.00%	⇒ 0.00%
All Type	20.67%	20.67%	20.67%	⇒ 0.00%	⇒ 0.00%

Total Treasury Bill applications for the month of August 2025 stood at K116.08 billion and the entire amount was fully allotted. The 364-day paper accounted for the highest subscription rate at 61.41%, followed by the 182-day paper at 37.74%, and lastly the 91-day paper at 0.84%.

During the month of August 2025, the Reserve Bank conducted several Treasury Note Auctions. These auctions included the 2-year, 3-year, 5-year, 7-year and 10-year treasury notes. The auctions raised a total of K395.50 billion, and the entire amount was fully allotted. The weighted average yields were 28.75%, 30.00%, 32.00%, 34.00%, and 35.00% respectively.

Foreign Currency Market (Source: RBM)

During the month of August 2025, the Malawi Kwacha depreciated against the Euro, British Pound and South African Rand.

The Kwacha remained unchanged against the US Dollar. See the table below:

CURRENCY	Aug-25	Jul-25	Aug-24	% Movement 1 months	% Movement 12 months
MK/USD	1,734.01	1,734.01	1,734.01	⇒ 0.00%	⇒ 0.00%
MK/GBP	2,410.07	2,370.42	2,352.03	↓ -1.67%	↓ -2.47%
MK/ZAR	100.78	99.39	100.86	↓ -1.40%	↑ 0.08%
MK/EUR	2,083.05	2,044.47	1,978.39	↓ -1.89%	↓ -5.29%

Note: Rates used are Middle Exchange Rates (Source: RBM)

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

Liquidity levels (excess reserves after Central Bank operations) in August 2025 decreased to a daily average of K20.24 billion from K69.83 billion in July 2025. Access to the Lombard facility (discount window borrowing) during the month under review averaged K78.29 billion per day, at an average rate of 26.20%, compared to K60.22 billion during the month of July 2025 at an average rate of 26.20%.

In August 2025, the overnight borrowing between banks increased to a daily average of K65.87 billion at an average rate of 23.99%, compared to an average of K48.91 billion per day at an average rate of 23.98% in July 2025.

The reference rate in August 2025 stood at 25.40%, an increase from 25.30% in July 2025.

Foreign Exchange Reserves (Source: RBM)

For the month of July, total forex reserves stood at US\$607.70 million (2.40 months of import cover); an increase from US\$555.90 million (2.20 months of import cover); registered at the end of June 2025 (July 2024: US\$565.30 million, representing 2.30 months of import cover).

	Jul-25 (US\$ million)	Jun-25 (US\$ million)	Jul-24 (US\$ million)	% 1 month change	% 12 months change
Total	607.70	555.90	565.30	↑ 9.32%	↑ 7.50%
Import Cover (Months)					
Total	2.40	2.20	2.30	↑ 9.09%	↑ 4.35%

Stock Market (Source: MSE)

The Stock market registered a positive return on index as reflected in the upward movement of the Malawi All Share Index (MASI) from 386,281.85 points registered in July 2025 to 535,303.19 points registered in August 2025, giving a month-on-month return on index of 38.58% (38.58% in US\$ terms). The positive return was driven by price gains registered by STANDARD(120.85%), NICO(74.88%), NBS(46.42%), PCL(29.41%), NITL(26.50%), FDHB(25.14%), FMBCH (17.89%), NBM(15.30%), AIRTEL(3.06%), BHL(2.74%), ICON(0.06%), SUNBIRD (0.002%), ILLOVO(0.01%) and OMU(0.0004%). These gains were enough to offset a share price loss registered by TNM(-9.39%). The

Domestic Share and the Foreign Share Indices inched upwards by 42.73% from 289,041.04 to 412,549.45 points and by 17.67% from 69,606.94 to 81,906.38 points respectively.

Market Capitalization increased in both Malawi Kwacha and US Dollar terms from MK21.03 trillion (US\$12.13 billion) in July 2025 to MK29.14 trillion (US\$16.81 billion) in August 2025.

The market transacted a total of 108.31 million shares at a total consideration of MK59.50 billion (US\$34.32 million) in 4,345 trades in the month of August 2025. In the previous month of July 2025, the market transacted a total of 52.04 million shares at a total consideration of MK28.84 billion (US\$16.63 million) in 4,501 trades. This reflects a 108.13% increase in terms of share volume traded and a 106.32% (106.32% in US Dollar terms) increase in share value traded.

	Aug-25	Jul-25	Aug-24	Change (1 month)	Change (12 months)
	MK/Share	MK/Share	MK/Share	%	%
AIRTEL	139.18	135.05	44.96	↑ 3.06%	↑ 209.56%
BHL	15.00	14.60	13.05	↑ 2.74%	↑ 14.94%
FMBCH	1650.40	1399.98	398.50	↑ 17.89%	↑ 314.15%
FDHB	659.99	527.42	149.82	↑ 25.14%	↑ 340.52%
ICON	17.95	17.94	14.99	↑ 0.06%	↑ 19.75%
ILLOVO	1,791.40	1,791.23	1,355.11	↑ 0.01%	↑ 32.20%
MPICO	19.51	19.51	14.95	→ 0.00%	↑ 30.50%
NBM	7,501.02	6,505.62	3,450.01	↑ 15.30%	↑ 117.42%
NBS	1024.94	700.00	149.71	↑ 46.42%	↑ 584.62%
NICO	1740.01	995.00	198.73	↑ 74.88%	↑ 775.56%
NITL	1265.04	1000.01	411.19	↑ 26.50%	↑ 207.65%
OMU	2,500.06	2,500.05	1,866.00	→ 0.00%	↑ 33.98%
PCL	6,600.00	5,100.01	2,499.86	↑ 29.41%	↑ 164.01%
STANDARD	6,499.09	2,942.74	4,850.01	↑ 120.85%	↑ 34.00%
SUNBIRD	460.01	460.00	224.08	↑ 0.00%	↑ 105.29%
TNM	35.79	39.50	18.00	↓ -9.39%	↑ 98.83%
MASI	535,303.19	386,281.85	141,275.06	↑ 38.58%	↑ 278.91%
DSI	412,549.45	289,041.04	110,067.28	↑ 42.73%	↑ 274.82%
FSI	81,906.38	69,606.94	19,974.30	↑ 17.67%	↑ 310.06%

Below is a presentation of the latest published 2023 and 2024 half year financials for the respective companies:

Published Financials for 2025 and 2024						
Period (Half Year)	Net Profit/(Loss) (MK' Billion)			First Interim Dividend (Per Share) (Kwacha)		
	Jun-25	Jun-24	% Change	Jun-25	Jun-24	% Change
FDH BANK	60.28	27.94	↑ 115.75%	1.02	1.89	↓ -46.03%
STANDARD	48.39	43.37	↑ 11.57%	0.00	0.00	N/A
NBS BANK	73.45	32.64	↑ 125.03%	4.70	1.60	↑ 193.75%
NICO	124.91	49.28	↑ 153.47%	35.64	27.84	↑ 28.02%
SUNBIRD	5.46	5.42	↑ 0.74%	2.80	2.50	↑ 12.00%
TNM	7.97	2.26	↑ 252.65%	0.20	0.00	
Net Profit/(Loss) (US\$ million)				First Interim Dividend (Per Share) (US Cents)		
FMBCH	72.89	46.82	↑ 55.68%	0.30	0.21	↑ 42.86%
TRADING STATEMENT						
ILLOVO	Expects that profit after tax for the year ending 31 August 2025 to be between 230.0% and 250.0%					
ICON	Expects that profit after tax for the half year ending June 2025 to be between 18.0% and 33.0% higher					
BHL	Expects that profit after tax for the half year ending June 2025 to be between 529.0% and 549.0% higher than corresponding period					
PCL	Expects that profit after tax for the half year ending June 2025 to be between 97.0% and 112.0% higher than corresponding period					
NITL	Expects that profit after tax for the half year ending June 2025 to be between 1,846.0% and 1,846.0% higher than corresponding period					
MPICO	Expects that profit after tax for the half year ending June 2025 to be between 26.0% and 40.0% higher than corresponding period					

OTHER MARKET DEVELOPMENT

Tobacco Sales (Source: AHL & TC).

The 2025 tobacco marketing season progressed throughout August across auction floors in Kasungu, Lilongwe, Limbe, and Mzuzu. Earnings from all tobacco types remained consistently higher than in the same period in 2024. By the end of August, total revenue reached US\$517.07 million from 205.3 million kilograms sold at an average price of US\$2.52 per kilogram. This compared with US\$396.78 million generated from 133.3 million kilograms sold at an average price of US\$2.98 per kilogram during the corresponding period last year. The higher revenue resulted mainly from 30.3% increase in sales volume.

IMF Concluded article iv Consultation in Malawi (Source: IMF)

The IMF finalized its Article IV consultations with Malawian authorities, underscoring that the country faces persistent macroeconomic instability. Economic growth remains sluggish, weighed down by drought, external shocks, and policy slippages. Moreover, inflation stays elevated due to food price pressures and exchange rate pass-through. Consequently, foreign exchange shortages continue to suppress formal economic activity, limiting productivity and competitiveness.

Fiscal imbalances remain large, with a rising domestic interest bill constraining development spending. In addition, external reserves are critically low, and external debt service obligations breach multiple risk thresholds. The IMF's latest Debt Sustainability Analysis, prepared jointly with the World Bank, maintains Malawi's classification as in debt distress, noting no improvement since 2022. Furthermore, reliance on expensive domestic borrowing and stalled restructuring negotiations—particularly with commercial creditors—exacerbate the fiscal strain, thereby heightening economic vulnerabilities.

The Extended Credit Facility (ECF) program expired in May 2025 without completing its review, reflecting

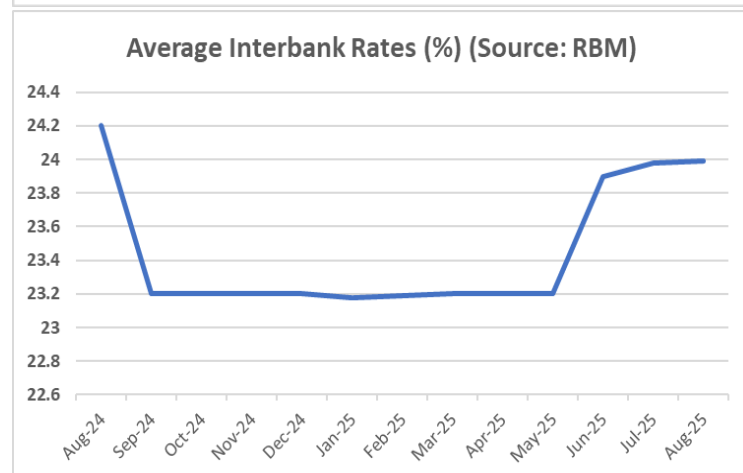
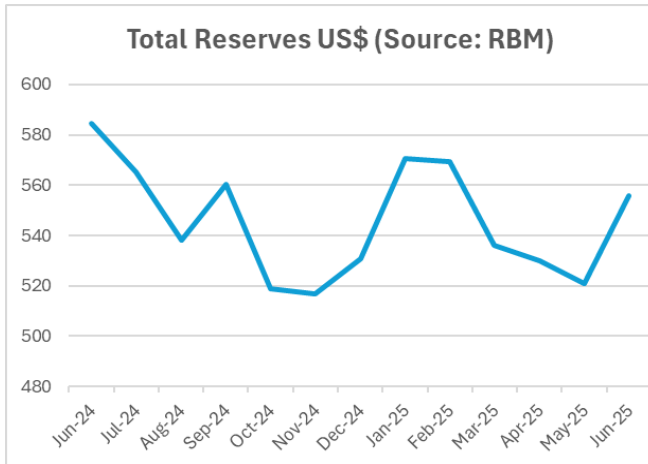
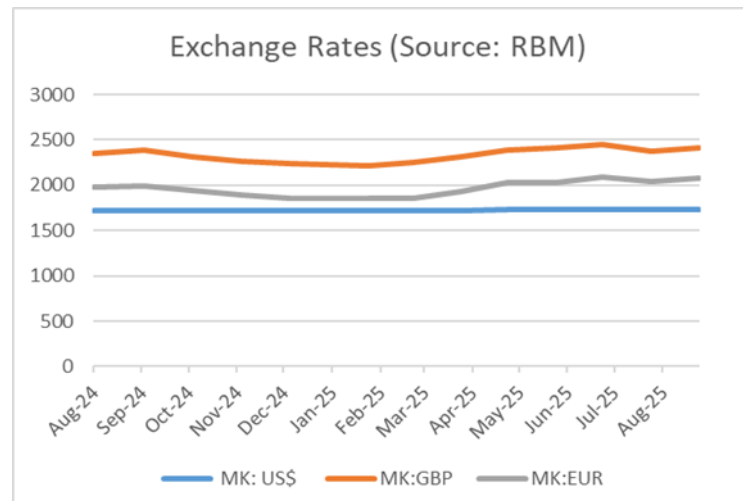
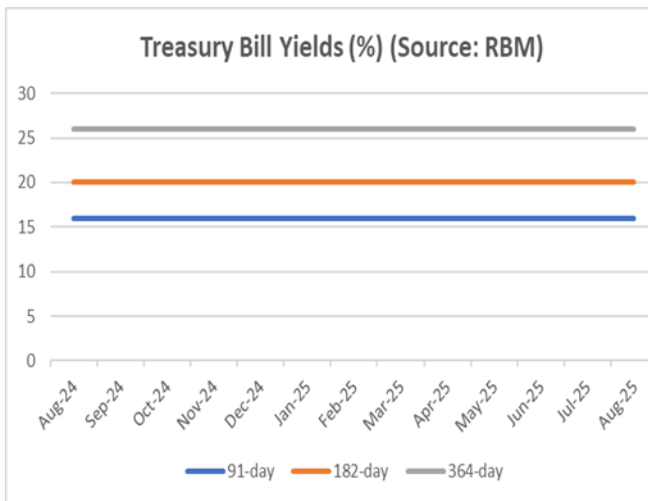
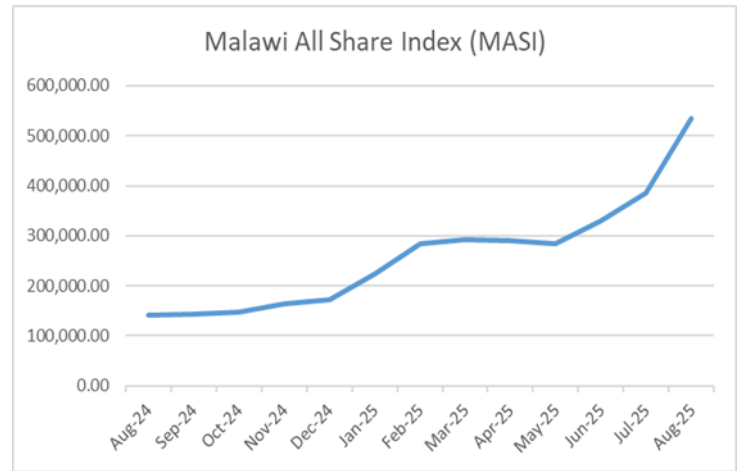
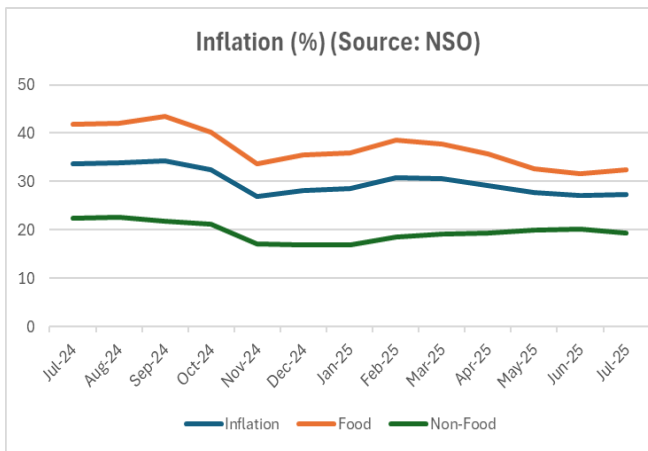
weak reform momentum ahead of elections and reduced official aid inflows. As a result, the IMF warned that, without credible reforms and timely debt restructuring, Malawi risks a worsening debt spiral, with debt service costs projected to exceed 200.0% of revenues by 2035. This scenario would further crowd out private sector investment and poverty-reduction efforts. Therefore, policy recommendations include fiscal consolidation anchored on revenue mobilization and expenditure restraint, tighter monetary policy to rein in inflation, swift completion of external debt restructuring to unlock concessional financing, and a medium-term adjustment strategy to reduce domestic interest expenses and improve debt management. However, risks such as adverse weather events, reduced aid inflows, and renewed exchange rate volatility could deepen the crisis, while successful reform implementation could, conversely, lift growth and ease inflationary pressures.

Maize prices (Source: IPFRI).

In August, maize prices rose by 16.0%, climbing from K1,169/kg in late July to K1,358/kg driven largely by a surge after a radio report of K1,700/kg prices, which retailers used to justify hikes. Prices increased across all regions but rose fastest in the Southern Region (19.0%), widening the gap with the Central (13.0%) and Northern Regions, where maize remained cheapest at K1,133/kg. This sharp rise contrasts with the modest 4.0% increase seen in the same period last year.

Malawi continued to import more maize than it exported across all monitored borders in August. The rising import parity price, driven by a weaker Kwacha against neighbouring currencies in informal markets, pushed domestic maize prices higher. Most imported maize remained in border districts, indicating that local supply fell short of demand, preventing prices from rising even more sharply without cross-border trade.

TREND GRAPHS



GLOBAL DEVELOPMENTS

Economic Growth

According to the World Bank Global Prospects report, global growth is set to slow to 2.3% in 2025, its weakest pace since 2008 outside of recessions, amid rising trade barriers and persistent policy uncertainty. Most economies are expected to decelerate, with only a sluggish recovery projected for 2026-27, leaving output well below earlier forecasts. Progress in narrowing per capita income gaps and reducing poverty in emerging economies will likely disappoint, as trade policy risks and financial strains loom. Downside risks include further trade restrictions, policy gridlock, softer growth in major economies, mounting conflicts, and climate shocks. A more predictable trade environment and firm multilateral resolve are needed to revive growth, while national policymakers must tackle inflation and shore up fiscal positions. Structural reforms remain critical to strengthen institutions, spur private investment, and enhance labor markets, especially across emerging markets.

The U.S. growth outlook for 2025 has dimmed, with GDP forecast to slow sharply to 1.4% as trade barriers, policy uncertainty, and market volatility dampen consumption, trade, and investment. Investment spending is set to weaken further, squeezed by earlier import surges, new tariffs on capital goods, elevated financing costs, and flagging demand. Modest improvement is expected in 2026, as growth ticks up to 1.6% in line with a gradual easing of uncertainty.

Euro area growth is forecast to slow to 0.7% in 2025 and average just 0.9 percent over 2026–27, falling short of its long-term trend. Weaker prospects reflect higher U.S. tariffs on EU imports, rising uncertainty, financial volatility, and softer external demand all more than offsetting recent fiscal boosts, especially in Germany. While increased German spending should support wider euro-area activity, positive spillovers will likely be muted by sluggish rollout and capacity bottlenecks.

China's growth is set to slow from 5.0% in 2024 to 4.5% in 2025, as higher trade barriers and weakening external demand begin to bite. The drag on exports from U.S. tariff hikes will be only partly cushioned by fresh fiscal support, which aims to shore up

investment, consumption, and industrial activity beyond the ailing property sector. Domestic consumption remains subdued, weighed down by a soft labour

market and persistent property market weakness. Looking further ahead, growth is projected to slip to 4.0% in 2026 and 3.9% in 2027. This gradual deceleration reflects structural headwinds, slowing productivity, an ageing population, and elevated debt, which increasingly constrain China's growth potential.

Emerging market and developing economy (EMDE) growth is expected to slow to 3.8% in 2025, before nudging up to 3.9% in 2026-27 around 1.2 percentage points below the pre-pandemic average. The outlook remains heavily influenced by China's structural slowdown and escalating trade tensions. The broad-based weakness will weigh on nearly 60.0% of EMDEs this year.

Global Oil

In August, the OPEC Reference Basket (ORB) value dropped by \$1.24, m-o-m, to settle at \$69.73/b. All ORB component-related crude benchmarks dropped, which largely offset an increase in most official selling prices for the Asian market, particularly medium sour grades.

The global oil demand growth forecast for 2025 remains at about 1.3 million per barrel (mb/d), year-on-year (y-o-y), unchanged from last month's assessment. In the Organization of Economic Cooperation and Development (OECD), oil demand is forecast to grow by about 0.1 mb/d in 2025, while oil demand in the non-OECD is forecast to grow by about 1.2 mb/d. In 2026, global oil demand is forecast to grow by about 1.4 mb/d, y-o-y, also unchanged from last month's assessment. The OECD is projected to grow by about 0.2 mb/d, y-o-y, while the non-OECD is expected to expand by about 1.2 mb/d, y-o-y.

Production from countries not participating in the declaration of cooperation (Non-DoC) liquids is forecast to grow by about 0.8 mb/d, y-o-y, in 2025, unchanged from last month's assessment. The main growth drivers are expected to be the US, Brazil, Canada and Argentina. The non-DoC liquids production growth forecast for 2026 is also

unchanged at 0.6 mb/d, y-o-y, with Brazil, Canada, the US, and Argentina as the main growth drivers. Meanwhile, 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 2025, averaging 8.7 mb/d, followed by a similar increase of about 0.1 mb/d, y-o-y, in 2026, to average 8.8 mb/d. Crude oil production by countries participating in the DoC increased by 509 Thousand barrels per day (tb/d) in August, m-o-m, to average about 42.40 mb/d, according to available secondary sources.

Currency Movements

GBP/USD hovered around 1.3500 in August, buffeted by US monetary uncertainty and UK fiscal concerns. The pound's rallies after weak US data proved short-lived, weighed down by worries over public spending and soft inflation at home. Resistance near 1.3550 held firm as momentum faded, while robust US labour figures pushed the pair back towards 1.3400. Though President Trump's interventions unsettled the dollar at times, fragile UK consumer sentiment and fiscal doubts kept the pound stuck in a narrow range between 1.3400 and 1.3600.

EUR/USD traded narrowly between 1.1600 and 1.1700 in August, with the euro gaining on dollar weakness but facing resistance near 1.1700. The ECB's cautious outlook and rising EU fiscal concerns kept sentiment subdued. The pair remains sensitive to US inflation and jobs data. Markets now focus on the September Fed meeting, where any easing signal could push EUR/USD above 1.1700.

GBP/EUR fluctuated narrowly between 1.1550 and 1.1620 in August, largely driven by each currency's fortunes versus the dollar rather than domestic factors. The pound gained when the euro faltered against the Greenback but slipped whenever the euro held firm. The 1.1600 level acted as both support and resistance amid low momentum, reflected in subdued RSI readings. Traders remained cautious, aware that UK fiscal worries weighed on sterling while the eurozone's sluggish growth offered scant support to the euro. As a result, the cross traded in tight ranges,

with volatility mostly driven by US data rather than local developments.

Global Trade

Global trade showed tentative signs of adjustment in August 2025 amid ongoing geopolitical tensions and shifting tariff policies. Merchandise exports across G20 economies rose by 2.6% in the second quarter, though imports largely stalled after the United States recorded an 18.4% drop in imports following a surge earlier in the year. Asia and Europe posted solid trade growth, buoyed by strong semiconductor and high-tech exports from China and South Korea, alongside rising shipments from Germany, France, and Italy. In contrast, exporters in South America's Argentina and Brazil experienced declines.

Trade policy developments reshaped the landscape in August. The US extended its tariff truce with China by 90 days, averting a return to heavy duties for the moment. However, new tariffs came into force against imports from 74 countries, including a 50% levy on copper products, which affected global supply chains. The US also ended duty-free treatment on low-value imports, raising costs for consumers and businesses alike. These moves coincided with intensified trade defence actions and adjustments in agreements with the EU and Japan.

The global trade outlook remained fraught. Businesses faced rising costs and mounting uncertainty as governments recalibrated tariffs amid geopolitical rivalries and economic realignments. Navigating those complex trade currents taxed the resilience of multinational firms as the year unfolded.

Interest Rate Movements

The US Treasury yield (10-Year) decreased to close at 4.26% in August 2025 from 4.39% recorded in July 2025.

	Aug-25	Jul-25	Aug-24	Change 1 month	Change 12 months
US Fed Rate	4.33%	4.33%	5.33%	0.00%	-1.00%
US Treasury yield (10 years)	4.26%	4.39%	3.87%	-0.13%	0.39%
BOE Rate	4.00%	4.25%	5.00%	-0.25%	-1.00%
ECB Rate	2.15%	2.15%	4.25%	0.00%	-2.10%

(Source: US Federal Reserve, Refinitiv)

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

According to the World Bank's Global Economic Prospects, economic growth in Sub-Saharan Africa is forecast to strengthen to 3.7% in 2025 and average 4.2% in 2026-27, assuming easing inflation and reduced conflict. Despite being one of the few regions expected to grow amid weakening emerging markets, this pace remains below its long-term average and is insufficient to significantly reduce extreme poverty. Downward revisions reflect global trade barriers, policy uncertainty, and weaker commodity demand. While monetary easing should support consumption and investment, high public debt and borrowing costs will require fiscal consolidation, weighing on demand and public finances, especially for commodity exporters facing lower revenues.

Growth in Nigeria is projected to strengthen to 3.6% in 2025 and average 3.8% in 2026–27. In 2024, monetary policy tightening is implemented to address rapid currency depreciation, leading to a gradual decline in inflation. Domestic reforms spur investment, particularly boosting the services sector, with strong performance in financial services and information and communication technology. Services activity continues to be the main driver of economic growth, while the industrial sector remains constrained by subdued crude oil production as the previous year's modest rebound fades.

South Africa's growth is set to edge up to 0.7% in 2025 and average just 1.2% over 2026–27, down a full percentage point per year from earlier forecasts. The downgrade reflects a tougher external environment marked by trade tensions, rising export tariffs, and persistently low potential growth. A modest recovery is expected, supported by rising consumption and investment, aided by looser monetary policy amid subdued inflation. Gains in energy supply and freight infrastructure, alongside reforms to strengthen local government capacity, should further support activity.

Risks to Sub-Saharan Africa's growth are skewed to the downside. Escalating global trade tensions and a slowdown in China threaten commodity demand and prices, straining government finances. Political instability, especially in East Africa and Sahel, risks worsening conflicts that could disrupt food supplies and increase inflation. High debt servicing costs and tighter global financial conditions compound fiscal pressures, while declining donor support adds to vulnerabilities. Meanwhile, the region's growing exposure to climate shocks such as droughts, floods and storms threatens food security and economic stability.

Zambia

Zambia's headline inflation decreased to 12.6% in August 2025, down from 13.0% in July 2025. The Zambian Kwacha closed at ZK23.58/US\$1 in August 2025, compared to ZK22.98/US\$1 recorded in July 2025. According to the IMF, economic growth is projected to grow by 5.8% in 2025.

Zimbabwe

Inflation decreased to 93.8% in August, down from 95.8% in July 2025, driven by falling food and services prices. The Zimbabwean Gold (ZiG) closed at ZiG26.75/US\$1 in August 2025, compared to ZiG26.79/US\$1 in July 2025. According to the IMF, economic growth is projected to grow at 6.0% in 2025.

Uganda

Uganda's headline inflation remained at 3.8% in August 2025, matching the inflation recorded in July 2025. The Ugandan Shilling appreciated against the US Dollar in August 2025, closing at UGX 3,552.14/US\$1, compared to UGX 3,585.18/US\$1 recorded in July 2025. Uganda's economy is projected to grow by 6.2% in 2025.

Tanzania

Tanzania's headline inflation increased to 3.4% in August 2025, up from 3.3% in July 2025. The Tanzanian Shilling appreciated against the US Dollar and closed at TSh2,466.06/US\$1, compared to TSh2,545.79/US\$1 recorded in June 2025. According to the IMF, Tanzania's economy is projected to grow by 5.9% in 2025.

African Rand appreciated against the US Dollar and closed at ZAR17.56/US\$1 in August 2025, compared to ZAR17.74/US\$1 recorded in the previous month. The IMF has projected that economic growth outlook for South Africa to grow at 0.7% in 2025.

South Africa

South Africa headline inflation increased to 3.5% in July 2025, up from 3.0% in June 2025. The South

OUTLOOK FOR SEPTEMBER AND BEYOND – MALAWI

Exchange Rates

Owing to persistent shortages of hard currency and speculation, the spread between the formal exchange rate in July 2025 stood at K1,751.00:US\$1 (TT sell) and the informal market exchange rate of K4,700:US\$1 continues to widen.

Foreign currency inflows are currently being deployed to clear arrears on critical imports, including fuel, fertilizer, and pharmaceuticals. Malawi remains heavily dependent on donor funding and grants to manage its persistently fragile balance of payments. Nevertheless, foreign currency availability modestly improved in July, supported by continued tobacco sales at auction floors, which have strengthened the country's foreign exchange reserves. The Reserve Bank of Malawi has noted this uptick in reserves, underscoring the positive effect of these inflows on external liquidity.

The Economist Intelligence Unit (EIU) forecast that the kwacha will continue to depreciate gradually over the forecast period, reaching MK1,866:US\$1 by the end of 2025 and MK2,722:US\$1 by the end of 2029, in line with IMF guidance and reflecting the paucity of the foreign-exchange reserves (which we forecast will remain low in 2025-26, at an average of 0.9 months of import cover, before rising to 1.8 months by the end of 2029). By 2029, the kwacha will be trading closer to its fair value, with a narrower spread between the official and parallel-market rates, reflecting the achievement of the policy goal of exchange-rate flexibility, coupled with lower inflation.

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

Malawi's year-on-year headline inflation rose to 28.2% in August 2025, up from 27.3% in July 2025, driven by rising food prices. Food inflation increased from 32.4% to 33.7%, while non-food inflation

increased from 19.3% to 19.5%. This increase can be attributed to a rise in the prices of some food items such as maize grains and its products, for example, maize flour, beans, meat, and vegetables.

The Reserve Bank of Malawi (RBM) revised its inflation target upward from 27.0% to 28.5% in the third Monetary Policy Committee (MPC) meeting. The MPC observed that the anticipated favourable base effects, namely, the high inflation levels recorded in early 2024 had been eroded by unfavourable macroeconomic developments. Key among these were persistent food price inflation and volatility in the foreign exchange market. Furthermore, elevated price floors combined with a domestic food deficit in 2025, intensified by the import ban on critical food staples, were expected to sustain price rigidity, thereby anchoring inflation at elevated and sticky levels.

The Monetary Policy Committee will continue to monitor inflation and, if necessary, will raise the policy rate to contain inflation.

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 trade deficit decreased to US\$173.0 million in July 2025 from US\$217.8 million in July 2024, representing a significant 20.5% reduction. This improvement stemmed from a robust 39.8% rise in exports, which increased to US\$117 million in July 2025 from US\$83.7 million during the same month the previous year. Concurrently, imports declined by 3.8%, falling from US\$301.5 million in July 2024 to US\$290.1 million in July 2025. Despite this progress, the export-to-import ratio stood at 0.4, indicating that exports could finance only 40.0% of imports.

Total exports rose sharply by 59.1%, from US\$73.6 million in June 2025 to US\$117.0 million in July 2025. Meanwhile, total imports fell by 6.9%, dropping from US\$311.5 million in June to US\$290.1 million in July.

This shift narrowed the trade deficit by 27.3%, shrinking it from US\$237.9 million in June to US\$173.0 million in July 2025.

The top 10 export commodities in July 2025 totaled \$108.4 million. Tobacco dominated, accounting for \$86.6 million or 74% of the total. Tea followed at \$6.6 million (5.7%), with pulses close behind at \$5.8 million (5%). On the import side, the top 10 commodities amounted to \$181 million. Petrol led imports at \$25.5 million (8.8%), then diesel at \$23.6 million (8.1%), and fertilizer at \$20.9 million (7.2%).

However, Malawi's import requirements, primarily for fuel, food, and manufactured goods, will remain substantial. The primary income account deficit will remain large but is expected to narrow slightly over the forecast period as debt restructuring eases the external debt-repayment schedule.

POSSIBLE IMPACT: *A widening current account deficit will continue to exert further downward pressure on the Kwacha against currencies of Malawi's trading partners. Malawi will need to improve its competitiveness and diversify its export base to improve its trade position.*

Monetary Policy

During the third Monetary Policy Committee (MPC) meeting on July 30th and 31st, 2025, the committee maintained the policy rate at 26.0%, reflecting a cautious approach amid persistently high inflation. Although headline inflation had eased to 27.1% in June from 30.7% in February, the MPC judged the reduction insufficient to warrant monetary loosening at that stage. The decision underscored the committee's commitment to anchoring inflation expectations and consolidating recent disinflationary gains, with a clear bias towards protecting progress towards the medium-term inflation target. Consequently, the MPC revised its inflation forecast for 2025 upward, from 27.0% to 28.5%.

The national maize requirement is 3.5 million tons, but the estimated output stood at only 2.9 million tons, indicating a deficit that is likely to further increase food prices.

The Committee observed that annual growth in money supply rose to 45.8% in the second quarter of 2025, up from 33.9% in the previous quarter. Consequently, it reaffirmed the need for fiscal consolidation alongside targeted structural and

supply-side reforms. The Committee also emphasized strengthening support for productive and export-oriented sectors to improve monetary policy's effectiveness and sustain macroeconomic recovery.

Inflationary headwinds will continue to linger, arising from fiscal slippages (which trigger money-supply growth and drive inflation), local currency weakness due to exchange-rate liberalization and higher government expenditure due to the general elections in 2025. These factors will compel the RBM to maintain a tight monetary policy in 2025 but will likely initiate cuts to the policy rate in 2026-27 as inflation falls toward the target and support growth. The Economic Intelligence Unit (EIU) expects the policy rate to fall to 18.0% by the end of 2027, maintaining a positive real interest rate.

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

The Government of Malawi had planned to borrow MK70.54 billion through treasury bills and MK116.24 billion through treasury notes in August. However, actual borrowing significantly exceeded these targets, with MK116.08 billion raised via treasury bills, 64.6% above the forecast and MK395.50 billion through treasury notes, representing a 240.2% increase over the planned target. This divergence reflects a stronger than anticipated demand for government securities and signals an expansion in fiscal financing beyond initially budgeted levels.

The development indicated a deviation from the original fiscal framework, underscoring an expansion in government borrowing requirements during the period. This trend signalled underlying pressures in fiscal management, likely driven by increased expenditure obligations or revenue shortfalls.

POSSIBLE IMPACT: *The Government faces significant risks to its target of reducing the fiscal deficit, including decrease in support from the country's development partners. 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

Malawian economy is expected to grow by an average of 2.20% in 2025 from 1.65 in 2024. See table below:

Real GDP Growth Projections				
	2022	2023	2024	2025
EIU	0.70%	1.60%	1.30%	1.60%
IMF	0.90%	1.50%	1.80%	2.40%
WORLD BANK	0.90%	1.40%	1.80%	2.00%
GOVERNMENT	1.19%	1.50%	1.70%	2.80%
Average Real GDP	0.92%	1.50%	1.65%	2.20%

(Source: EIU, IMF, WBG, MoF)

The Government of Malawi downgraded its 2025 growth forecast to 2.8% from 3.2%, reflected a sharp slowdown in agricultural output. The agriculture sector's growth estimate was cut to 1.3% from 4.5%, weighed down by adverse weather conditions such as delayed rains, prolonged dry spells and widespread outbreaks of African and Fall armyworms. Despite these setbacks, the revised 2.8% expansion still marked an improvement on the previous year's 1.7% growth estimate, supported by sustained investment in the mining sector.

The EIU forecasts real GDP growth of just 1.6% in 2025, up from an estimated 1.3% in 2024, as hard-

currency shortages and drought conditions hamper agricultural output and worsen erratic power supply, negatively impacting private consumption (as agriculture remains the main source of livelihoods), investment, and net exports. An expected stabilization of electricity supply, as new power plants (chiefly solar and wind) come online, will support the manufacturing and services sectors, boosting growth in exports and investment.

Kayerekera mine, operated by Australia's Lotus Resources resumed its operations in August is poised to bolster export earnings. Meanwhile, import spending is projected to continue its decline through 2025, following a sharp fall in 2024, reflecting a deepening balance-of-payments crisis and persistent foreign currency shortages. From 2026 onward, imports are expected to rebound alongside an improving growth outlook.

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)	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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. 5.
Insufficient Power Supply	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. Lower per capita income as resources stretch thin. 2. Overburdened public services (health, 	<ol style="list-style-type: none"> 1. Enhance family planning education and access. 2. Invest in education and skills

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

APPENDIX

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

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-24
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	2,352.03	2,390.96	2,313.80	2,269.87	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
MK : ZAR	100.86	104.74	101.15	98.82	95.03	96.24	96.63	98.00	96.39	100.61	100.72	99.39	100.78
MK : EUR	1,978.39	1,993.75	1,938.02	1,887.66	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
Forex reserves (Source: RBM)													
Total Reserves (US\$m)	572.02	544.80	560.30	519.00	516.90	530.90	569.50	536.00	530.00	521.00	555.90	607.70	N/A
Total Import Cover (months)	2.29	2.20	2.20	2.10	2.10	2.10	2.30	2.10	2.10	2.10	2.20	2.40	N/A
% Inflation (NSO)													
Headline Inflation	33.90	34.30	32.40	27.00	28.10	28.50	30.70	30.50	29.20	27.70	27.10	27.30	28.20
Food	42.00	43.50	40.30	33.70	35.60	36.00	38.50	37.30	35.80	32.70	31.60	32.40	33.70
Non Food	22.70	21.80	21.20	17.20	16.80	16.90	18.50	19.20	19.40	20.00	20.10	19.30	19.50
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	23.36%	24.21%	24.23%	24.20%	20.39%	24.20%	24.20%	23.18%	23.20%	23.20%	23.90%	23.98%	23.98%
Average Base Lending Rates	24.90%	25.40%	25.40%	25.40%	25.50%	25.50%	25.40%	25.40%	25.10%	25.40%	25.40%	25.40%	25.40%
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	141,275.06	142,686.97	147,216.86	163,189.14	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
DSI	110,067.28	111,316.63	115,350.80	127,560.53	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
FSI	19,974.30	19,983.22	19,978.82	22,536.25	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
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	2,530.00	2,530.00	2,530.00	2,530.00
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	2,734.00	2,734.00	2,734.00	2,734.00
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

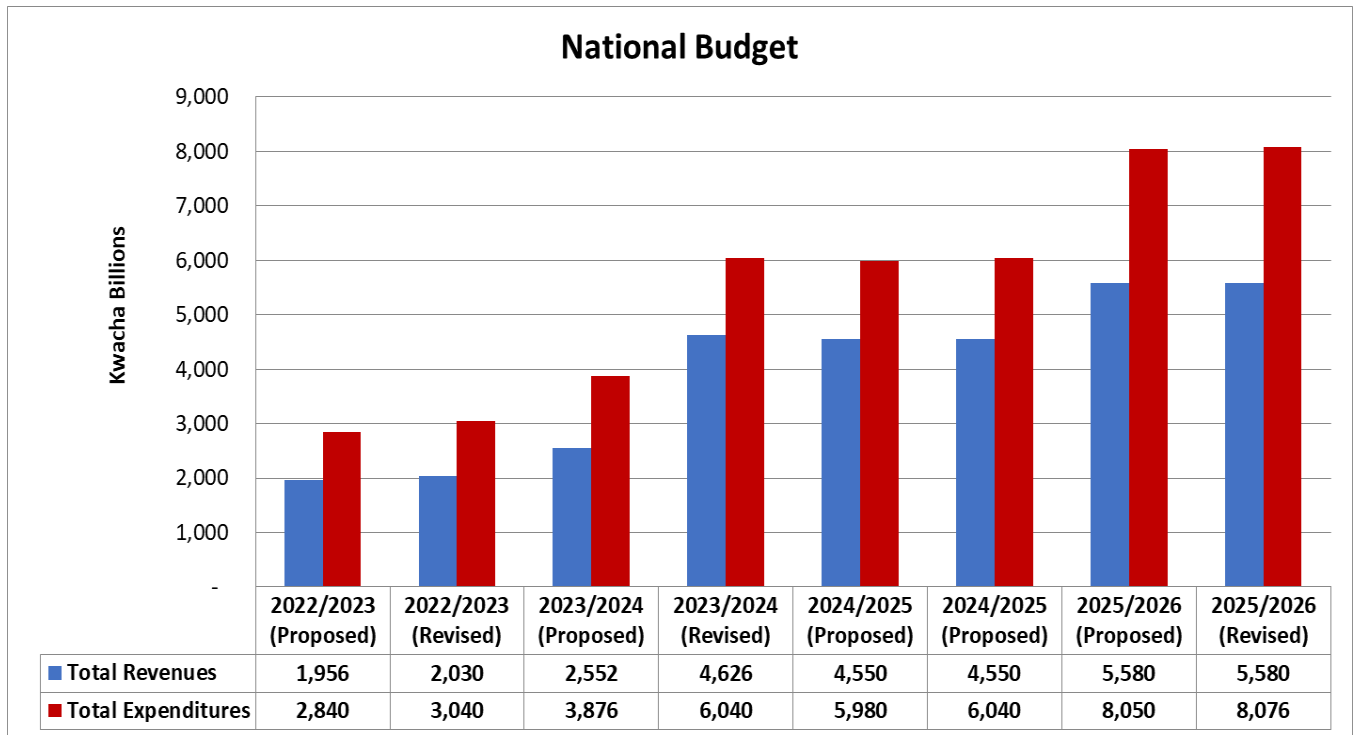
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
TANZANIA													
Exchange rate													
US\$	2,695.00	2,718.48	2,693.13	2,620.50	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
GBP	3,546.08	3,647.52	3,493.67	3,319.88	3,015.60	3,546.08	3,263.78	3,426.42	3,591.74	3,496.81	3,598.89	3,387.18	3,329.64
ZAR	151.91	159.11	152.33	144.37	127.81	151.91	151.91	144.78	144.78	143.67	147.30	141.73	139.56
EUR	2,985.32	3,040.21	2,917.07	2,764.57	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
Inflation %	3.10	3.10	3.00	3.10	3.10	3.10	3.20	3.30	3.20	3.20	3.30	3.30	3.40
UGANDA													
Exchange rate													
US\$	3,720.82	3,711.31	3,711.63	3,667.00	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
GBP	4,899.20	4,910.00	4,800.00	4,690.00	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
EUR	4,121.55	4,110.00	3,975.00	3,885.00	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
Inflation %	3.50	3.00	2.90	2.90	3.30	3.60	3.70	3.40	3.50	3.80	3.90	3.80	3.80
Central Bank Rate %	9.75	10.00	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\$	26.12	26.49	26.76	26.92	27.89	26.12	26.12	28.21	27.96	26.62	23.81	22.98	23.58
GBP	34.40	35.44	34.70	34.02	34.96	34.40	35.95	36.98	37.27	35.87	32.61	30.34	31.74
ZAR	1.48	1.54	1.51	1.49	1.52	1.48	1.55	1.56	1.50	1.48	1.34	1.27	1.33
Inflation %	16.70	15.60	15.70	16.50	16.70	16.70	16.80	16.50	16.50	15.30	14.10	13.00	12.60
Central Bank Rate %	14.00	13.50	13.50	14.00	14.00	14.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50
MOZAMBIQUE													
Exchange Rate													
US\$	64.54	63.91	63.90	63.90	63.91	64.54	63.90	63.90	63.27	63.90	63.90	63.91	63.91
ZAR	3.65	3.72	3.63	3.54	3.47	3.65	3.49	3.49	3.42	3.62	3.62	3.63	3.65
EUR	71.43	71.51	69.54	67.52	66.44	71.43	69.64	69.12	72.18	72.95	75.22	74.79	74.70
Inflation%	2.75	2.45	2.68	2.84	4.15	2.75	4.74	4.77	3.99	4.00	4.50	3.96	4.79

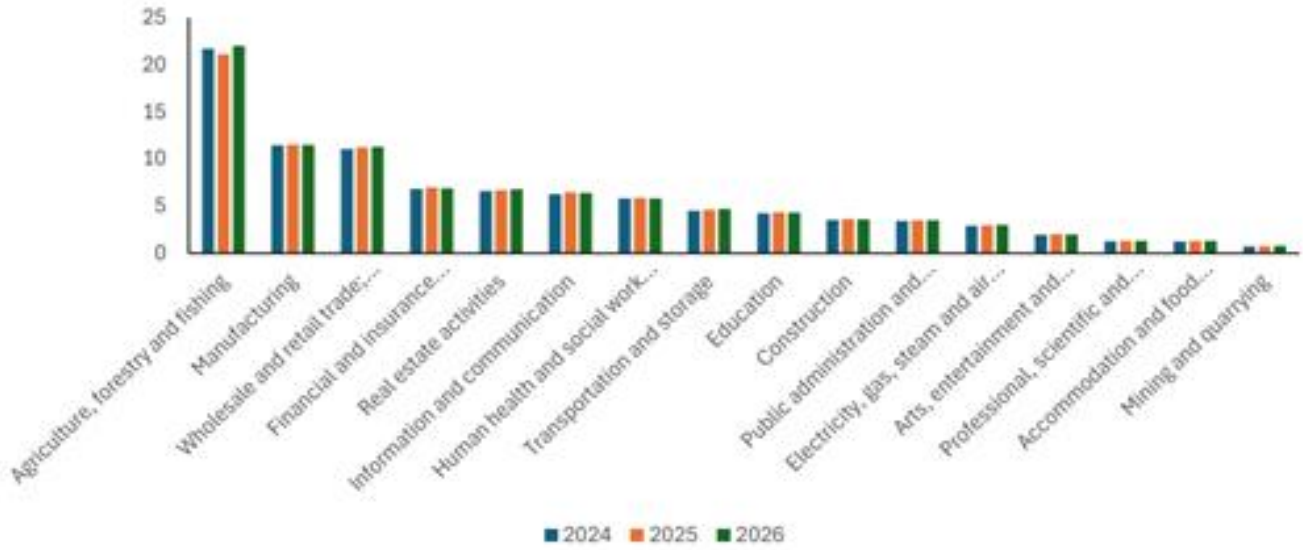
(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

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	5,580
Domestic revenues	1,636	1,628	2,240	3,386	3,380	3,380	3,386	
Grants	320		312	1,240	1,170	1,170	1,140	
Budgetary support								
Earmarked grants								
Total Expenditure	2,840	3,040	3,876	6,040	5,980	6,040	8,050	8,076
Recurrent expenditure	2,019		2,980	4,456		2,217	6,040	
Wages & Salaries	670						1,530	
Interest on debt	524						2,170	
Investment Expenditure	821		896	1,584	1,770	1,770	2,010	
Deficit/Surplus	(883)	(1,010)	(1,325)	(1,414)	(1,430)	(1,490)	(2,470)	(2,496)
Deficit as a % of Revenue	-45%	-50%	-52%	-31%	-31%	-33%	-44%	-45%



Appendix 4: GDP per sector (Source: RBM)



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

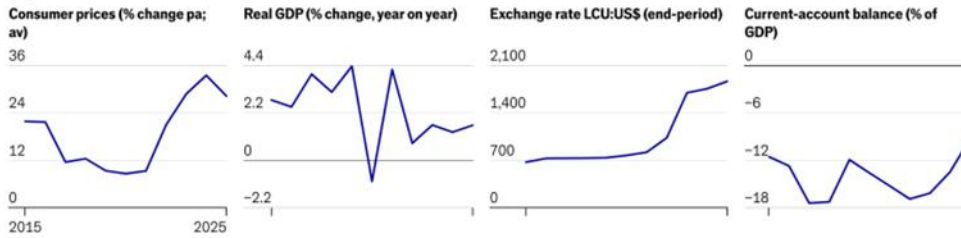
Appendix 5: Merchandise Trade (US\$' millions) (Source: RBM)



Source: National Statistical Office

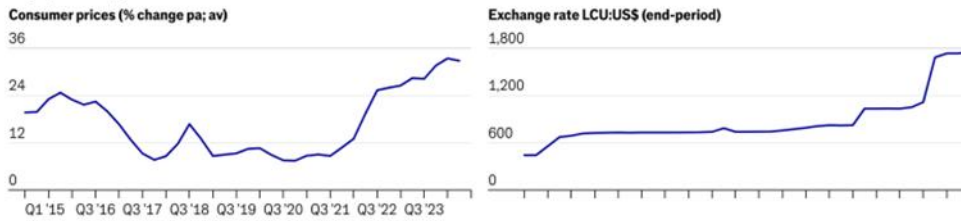
Appendix 6: Comparable Indicators (Source: EIU)

Key annual indicators



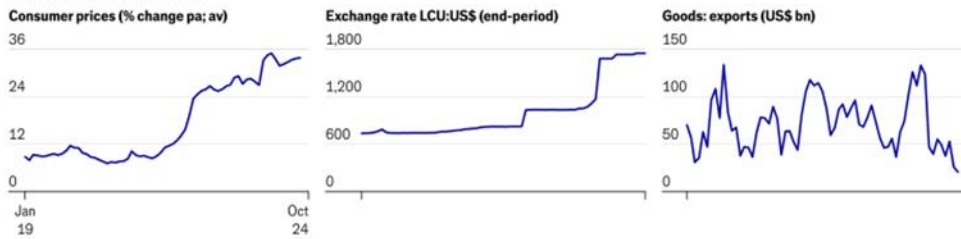
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Key quarterly indicators



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Key monthly indicators



Appendix 7: Global Projections (Source: World Bank)

	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 GDP¹								
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 volume⁴	5.9	0.8	3.4	1.8	2.4	2.7	-1.3	-0.8

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