MID-YEAR REPORT

2025

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LIST OF ACRONYMS

ADB:	Authorized Dealer Bank
AFE:	Eastern and Southern Africa
BAM:	Bankers Association of Malawi
BOE:	Bank of England
BHL:	Blantyre Hotels Plc
DOC:	Declaration of Cooperation
DSI:	Domestic Share Index
ECB:	European Central Bank
ECF:	Extended Credit Facility
EIU:	Economist Intelligence Unit
EU:	European Union
EUR:	Euro
EMDE:	Emerging Market and Developing Economy
EDF:	Electricité de France
FSI:	Foreign Share Index
GBP:	British Pound
GDP:	Gross Domestic Product
IMF:	International Monetary Fund
K:	Malawi Kwacha
LRR:	Liquidity Reserve Ratio
MASI:	Malawi All Share Index
MB/D:	Million barrels per day
MPC:	Monetary Policy Committee
M-O-M	Month of Month
MSE:	Malawi Stock Exchange
NBM:	National Bank of Malawi Plc
NBS:	NBS Bank Plc
NGLs:	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
PCE:	Personal Consumption Expenditure
PCL:	Press Corporation Plc
PPP:	Public-Private Partnership
RBM:	Reserve Bank of Malawi
SSA:	Sub Sahara Africa
Sunbird:	Sunbird Tourism Plc
TB:	Treasury Bills
TNM:	Telekom Networks Malawi Plc
TSH:	Tanzania Shillings
TT:	Telegraphic Transfer
UBOS:	Ugandan Bureau of Statistics
UGX:	Ugandan Shillings
UK:	United Kingdom
US:	United States
US$:	United States Dollar
Y-O-Y:	Year on Year
ZAR:	South African Rand
ZK:	Zambian Kwacha

EXECUTIVE SUMMARY

Economic Outlook — Malawi

Various institutions have revised their projections for the Malawian economy, with the average growth estimate now at 2.30 percent for 2025, down from an earlier forecast of 2.58 percent. This moderation in growth expectations reflects subdued economic conditions but still anticipates expansion across key sectors including agriculture, mining and quarrying, manufacturing, accommodation and food services, wholesale and retail trade, as well as information and communication. These sectors are expected to underpin the estimated economic growth in the year.

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.

Monetary Policy Committee (MPC) resolved to maintain the policy rate at 26.0% during its first two meetings held in the first half of the year. In the second meeting held 6th and 7th May 2024, the MPC noted that inflation remains high and significantly above the Reserve Bank of Malawi's medium-term inflation objective of 5.0%. The Committee also decided to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio for foreign currency deposits and domestic currency deposits at 3.75% and 10.0% respectively.

Malawi's Extended Credit Facility (ECF) program with the International Monetary Fund (IMF), valued at US$175.0 million, was automatically terminated on May 14, 2025, following the government's failure to complete any program reviews within the required 18-month period since its approval on November 14, 2023. Although an initial disbursement of US$35.0 million was made shortly after approval, no subsequent reviews were concluded despite ongoing discussions, including recent engagements during the IMF Spring Meetings in Washington, DC.

The World Bank approved a US$350 million grant for Malawi's Mpatamanga Hydropower Storage Project, the country's largest energy investment. The project is projected to double hydropower capacity, generate 1,544 GWh annually, connect over one million households, create jobs, boost growth, and support regional electricity exports.

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.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The headline inflation for the first half of 2025 averaged 28.95%, a decrease from an average of 33.10% recorded in the corresponding period in 2024. Average food inflation for the first half of 2025 was 35.38%, a decrease from an average of 41.30% recorded in the corresponding period in 2024. The non-food inflation decreased to an average of 19.02% in the first half of 2025 from an average of 22.17% recorded in the corresponding period in 2024.

The headline inflation for June 2025 stood at 27.10%, a decrease from 27.70% reported in May 2025. The decrease in inflation was on account of a drop in food prices.

	Jun-25	Dec-24	Jun-24	% Change (6 Months)	% Change (12 Months)
Headline inflation	27.10%	28.10%	33.30%	-1.00%	-6.20%
Food	31.60%	35.60%	41.50%	-4.00%	-9.90%
Non-food	20.10%	16.80%	22.20%	3.30%	-2.10%

Government Securities (Source: RBM)

In the first half of 2025, the average yield for all type Treasury bill was 20.67%, unchanged from second half of 2024.

Tenor	Jun-25	Dec-24	Jun-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 June 2025 stood at K149.69 billion and the entire amount was fully allotted. The 364-day paper accounted for the highest subscription rate at 52.92%, followed by the 182-day paper at 46.99% and lastly 91-day paper at 0.09%.

During the first half of 2024, the government conducted several treasury note auctions. They included a 2-year, 3-year, 5-year, 7-year and 10-year treasury notes as presented below:

TENORS (Years)	Applied (K'bn)	Allotted (K'bn)	Average Yield
2	41.20	41.20	28.75%
3	330.03	330.03	30.00%
5	406.27	406.27	32.00%
7	169.62	169.62	34.00%
10	540.91	540.91	35.00%
Total	**1,488.03**	**1,488.03**	

Foreign Currency Market (Source: RBM)

During the first half of 2025, the Malawi Kwacha appreciated against the Euro and depreciated against British Pound and South African Rand.
The Kwacha remained unchanged against the US Dollar. See the table below:

CURRENCY	Jun-25	Dec-24	Jun-24	% Movement 6 months	% Movement 12 months
MK/USD	1,734.01	1,734.01	1,733.87	0.00%	-0.01%
MK/GBP	2,451.51	2,240.22	2,255.75	-9.43%	-8.68%
MK/ZAR	100.72	95.03	96.69	-5.99%	-4.17%
MK/EUR	2,096.62	1,857.65	1,908.93	-12.86%	-9.83%

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

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

Liquidity levels in the banking system (excess reserves after Central Bank Operations) in June 2025 decreased to a daily average of K86.53 billion from K108.30 billion in December 2024. Access to the Lombard facility (discount window borrowing) in June 2025 averaged K83.82 billion a day at an average rate of 26.20%, compared to an average of K35.64 billion at an average rate of 26.20% the month of December 2024.

In June 2025, the overnight borrowing between banks increased to a daily average of K87.11 billion at an average rate of 23.34% compared to an average of K66.95 billion at an average rate of 23.77% in December 2024.

Foreign Exchange Reserves (Source: RBM)

As of 30 May, total forex reserves stood at US$521.00 million (2.10 months of import cover); a decrease from US$530.90 million (2.10 months of import cover); registered at the end of December 2024 (June 2024: US$584.70 million, representing 2.30 months of import cover).

	May-25 (US$ million)	Dec-24 (US$ million)	Jun-24 (US$ million)	% 6 months change	% 12 months change
Total	521.00	530.90	584.70	-1.86%	-10.89%
Import Cover (Months)					
Total	2.10	2.10	2.30	0.00%	-8.70%

Stock Market (Source: MSE)

The equity market posted a strong performance in the first half of 2025, with the Malawi All Share Index (MASI) rising by 91.77%, from 172,039.87 points at the beginning of the year to 329,922.87 points as at 30 June 2025. The positive return was driven by price gains registered by SUNBIRD (45.79%), STANDARD (81.64%), NITL (88.64%), OMU (28.21%) and NBM (79.09%) FMBCH (107.87%), AIRTEL (41.59%), NBS (302.09%), FDHB (136.19%), TNM (16.05%), MPICO (2.64%), NICO (106.43%), ILLOVO (32.19%) and PCL (104.02%). These gains were enough to offset share price losses registered by ICON (-0.72) resulting into an upward movement of the Malawi All Share Index.

The volume of shares traded in the 6 months of 2025 increased to 345.04 million shares compared to 239.21 million shares traded in the corresponding period in 2024. The traded value of the shares decreased to K172.49 billion (US$99.48 million) from K31.77 billion (US$18.45 million) registered in the corresponding period in 2024.

Counter	Jun-25	Dec-24	Jun-24	Change (6 month)	Change (12 months)
	MK/Share	MK/Share	MK/Share	%	%
AIRTEL	127.43	90.00	50.00	41.59%	154.86%
BHL	14.55	14.55	13.05	0.00%	11.49%
FMBCH	1149.83	555.00	377.96	107.18%	204.22%
FDHB	350.11	148.23	85.04	136.19%	311.70%
ICON	17.92	18.05	15.98	-0.72%	12.14%
ILLOVO	1,791.29	1,355.08	1,355.13	32.19%	32.19%
MPICO	19.02	18.53	15.01	2.64%	26.72%
NBM	6,200.37	3,462.17	2,700.01	79.09%	129.64%
NBS	699.91	174.07	90.53	302.09%	673.12%
NICO	865.00	419.02	199.35	106.43%	333.91%
NITL	830.00	440.00	411.43	88.64%	101.74%
OMU	2,500.03	1,950.01	1,500.03	28.21%	66.67%
PCL	5,100.00	2,499.79	2,506.97	104.017%	103.43%
STANDARD	11,777.54	6,483.95	4,400.00	81.64%	167.67%
SUNBIRD	350.01	240.08	224.01	45.79%	56.25%
TNM	29.00	24.99	16.06	16.05%	80.57%
MASI	329,922.87	172,039.93	121,101.77	91.77%	172.43%
DSI	248,718.38	131,362.56	92,949.19	89.34%	167.59%
FSI	57,277.29	27,738.47	18,911.41	106.49%	202.87%

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

Published Financials for 2024 and 2023						
	Net Profit/(Loss) (MK'Billion)			**Total Dividend (Per Share) (Kwacha)**		
Period (Full year)	**Aug-24**	**Aug-23**	**% Change**	**Dec-24**	**Dec-23**	**% Change**
ILLOVO	22.63	56.88	-60.21%	5.00	29.20	-82.88%
Period (Full Year)	**Dec-24**	**Dec-23**	**% Change**	**Dec-24**	**Dec-23**	**% Change**
AIRTEL	42.72	-15.42	377.04%	2.00	0.98	104.08%
BHL	(1.37)	(0.79)	-73.42%	0.00	0.00	N/A
ICON	24.42	19.16	27.45%	0.29	0.27	7.41%
MPICO	12.18	7.07	72.28%	0.43	0.38	13.16%
STANDARD	86.37	52.52	64.45%	161.93	108.24	49.60%
NBM	101.71	71.96	41.34%	126.36	102.80	22.92%
NICO	134.39	58.72	128.87%	20.00	10.00	100.00%
NITL	29.76	21.50	38.42%	11.10	6.50	70.77%
FDH BANK	74.06	36.65	102.07%	5.09	3.22	58.07%
TNM	10.06	(4.93)	158.21%	0.00	0.00	N/A
NBS BANK	72.99	29.38	148.43%	10.90	4.54	140.09%
SUNBIRD	10.62	5.25	102.29%	13.00	7.70	68.83%
PCL	126.35	75.05	68.35%	11.25	9.00	25.00%
	Net Profit/(Loss) (ZAR' billion)			**Total Dividend (Per Share) (ZAR)**		
OMU	8.39	7.63	9.96%	0.86	0.81	6.17%
	Net Profit/(Loss) (US$' million)			**Total Dividend (Per Share) (US Cents)**		
FMBCH	103.52	91.74	12.84	0.21	0.64	-67.19%
TRADING STATEMENT						
ILLOVO	Expects that profit after tax for the half year ending February 2025 to be between 13.0% and 28.0%					
NBS BANK	Expects that profit after tax for the half year ending June 2025 to be between 116.6% and 126.4% higher					
NICO	Expects that profit after tax for the half year ending June 2025 to be between 135.0% and 155.0% higher than corresponding period					
TNM	Expects that profit after tax for the half year ending June 2025 to be between 246.0% and 266.0% higher than corresponding period					
FDH BANK	Expects that profit after tax for the half year ending June 2025 to be between 107.0% and 118.0% higher than corresponding period					
ICON	Expects that profit after tax for the half year ending June 2025 to be between 18.0% and 33.0% higher than corresponding period					
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 1,742.0% and 1,765.0% 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					
NBM	Expects that profit after tax for the half year ending June 2025 to be between 85.0% and 100.0% higher than corresponding period					

OTHER MARKET DEVELOPMENT

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.

Highlights of the 2025/2026 National Budget Statement (Source: Ministry of Finance).

The proposed budget for the 2025/2026 fiscal year projects total revenue and grants of K5.58 trillion (21.5% of GDP), with domestic revenues estimated at K4.44 trillion and grants at K1.14 trillion. Total expenditure is set at K8.05 trillion (31.1% of GDP), with recurrent expenses at K6.04 trillion and development expenditure at K2.01 trillion, including both foreign- and domestic-financed projects. The budget foresees a deficit of K2.47 trillion (9.5% of GDP), to be financed through domestic borrowing of K2.33 trillion and foreign borrowing of K145.78 billion.

Tobacco Sales (Source: AHL & TC).

Malawi's 2025 tobacco marketing season saw strong volumes across its auction floors, with 129.5 million kilograms sold by end-June. This generated US$327.32 million in revenue at an average price of US$2.53 per kilogram. While the average price was lower than the US$2.92 per kilogram achieved in the corresponding period of 2024, the increased volume (up from 112.04 million kg) meant total earnings remained largely at the same level as the previous year's US$327.01 million.

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.

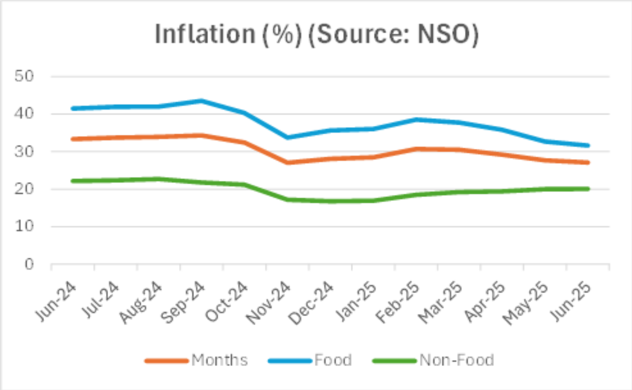
Maize prices (Source: IPFRI).

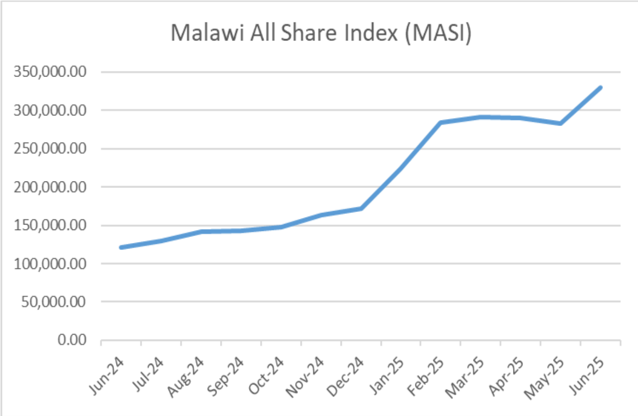
In April, with the onset of the harvest season in Malawi, retail maize prices in Malawi fell sharply during April, dropping from a national average of K1,221/kg at the end of March to K967/kg by the end of April, a 21.0% decline. By the third week of April, the national average retail price had fallen below the government-mandated minimum farmgate price of K1,050/kg, making it likely that many farmers sold maize at even lower prices. Regional disparities persisted, with the Southern Region posting the highest average price (K991/kg), followed by the Central (K969/kg) and Northern (K888/kg) regions. Only 5 out of 26 monitored markets had prices above the minimum farmgate threshold, and the ongoing free maize distribution during harvest contributed to the nationwide price drop.

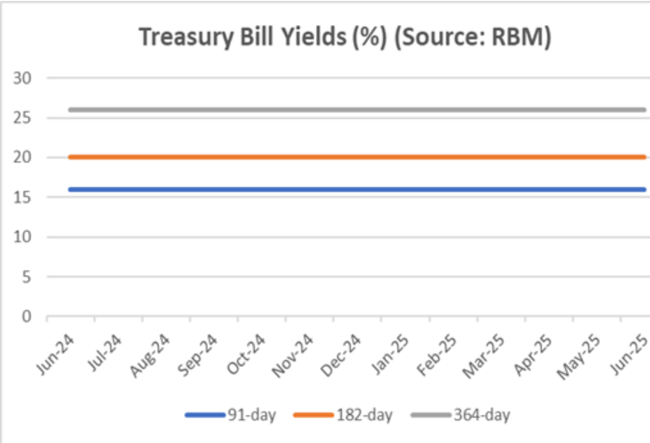
In May, the maize price decline moderated, reaching its seasonal low during the third week at K928/kg, a figure 57.0% higher than the previous year's minimum but still below the government's farmgate price. Regional price trends diverged: most Southern Region markets saw a slight price rebound after early lows, except for declines in Zomba, Blantyre, Thyolo, and Chikwawa. Meanwhile, most Northern and Central Region markets experienced continued price decreases, apart from Jenda, which recorded a small increase due to maize imports from Zambia. Except for Phalombe, prices in all markets remained below the minimum farm gate price during May.

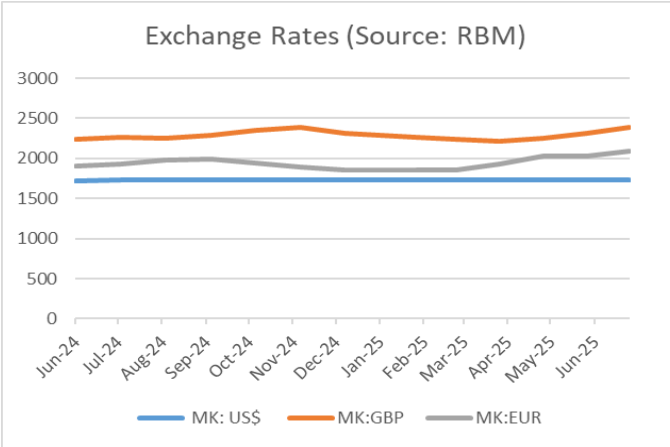
Maize prices rose gradually in June, with the national weekly average increasing from K951/kg in late May to K1,031/kg by month's end, an 8.0% rise approaching the government minimum. The Central Region saw the sharpest price increases (especially in Lilongwe, Mchinji, Dedza), followed by notable gains in the Northern Region. The Southern Region maintained the highest prices (K1,067/kg) but experienced the smallest increase. By the month's end, only half of the markets surveyed were above the minimum farmgate price. Malawi continued to import maize at most border posts, with most June imports sold locally in border districts, highlighting ongoing supply constraints.

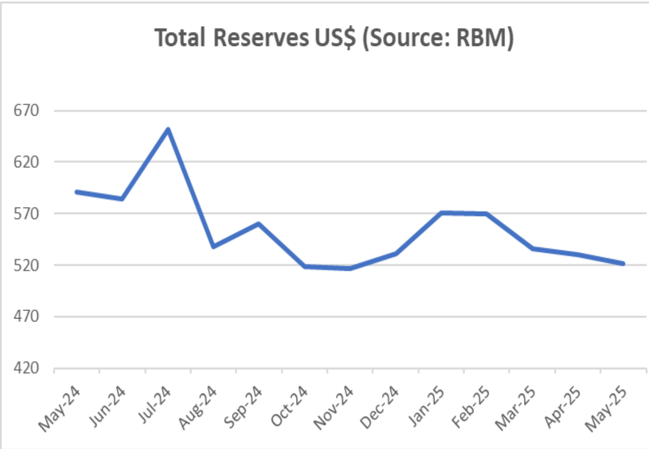
TREND GRAPHS

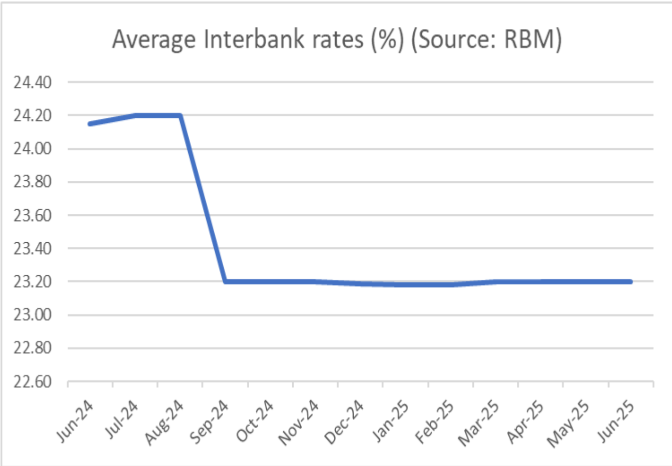












GLOBAL DEVELOPMENTS

Economic Growth

According to the World Bank Global Prospects, 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 percent as trade barriers, policy uncertainty, and market volatility sap 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 percent in line with a gradual easing of uncertainty.

Euro area growth is forecast to slow to 0.7 percent 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 percent in 2024 to 4.5 percent 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 percent in 2026 and 3.9 percent 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 percent in 2025, before nudging up to 3.9 percent 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 percent of EMDEs this year.

Global Oil

In June, the OPEC Reference Basket (ORB) value increased by $6.11, m-o-m, to settle at $69.73 per barrel (/b). All ORB component values rose in line with gains in their respective crude benchmarks. On a year-to-date (y-t-d) basis, the ORB value averaged $72.04/b.

The global oil demand growth forecast for 2025 remains at 1.3 million per barrel (mb/d), year-on-year (y-o-y), unchanged from last month's assessment. Some minor adjustments were made, mainly due to actual data for the first quarter and second quarter of 2025. In the Organization of Economic Cooperation and Development (OECD), oil demand is forecast to grow by about 0.1 mb/d in 2025, while non-OECD demand is forecast to grow by about 1.2 mb/d in 2025. In 2026, global oil demand is forecast to grow by 1.3 mb/d, y-o-y, unchanged from last month's assessments. The OECD is forecast to grow by about 0.1 mb/d, y-o-y, while the non-OECD is forecast to grow by 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 0.7 mb/d, with the US, Brazil, Canada, 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 8.6 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 Thousand barrels per day (tb/d) in June, m-o-m, to average about 41.56 mb/d, according to available secondary sources.

Currency Movements

The GBP/USD pair showed strong bullish momentum, beginning the month on a high note due to positive UK inflation data, upbeat PMI figures, and a weaker USD. Initial resistance near 1.3550 was overcome as strong risk sentiment and investor optimism around the UK economy fueled gains, further supported by the Bank of England's cautious tone. By mid-month, the pair had climbed to 1.3632 before retracing due to profit-taking and a hawkish US inflation reading. A brief dip below 1.3450 followed the disappointing UK unemployment data, though sentiment remained positive thanks to strong average earnings and resilient consumer confidence. In late June, the pair peaked at 1.3771, its highest level since late 2021, before signs of consolidation emerged, with overbought RSI levels capping further upside. The pair remained supported near 1.3700, drawing strength from global risk appetite and ongoing concerns over US economic stability, which were amplified by geopolitical tensions in the Middle East and Donald Trump's repeated criticisms of the Federal Reserve that weighed on USD confidence.

EUR/USD experienced mixed movement, with an upward initially limited by expectations of continued ECB dovishness. In early to mid-June, the pair tested highs above 1.1500 but failed to break out significantly due to weak Eurozone Sentix and PMI figures, as both the manufacturing and services sectors showed contractionary trends that weighed on sentiment. Despite this, traders leveraged favourable USD conditions to push the pair higher. By mid-June, EUR strength was aided by weaker-than-expected US inflation data and a dovish tone from the Federal Reserve, allowing EUR/USD to climb past 1.1550. However, gains remained constrained by the ECB's cautious policy stance and broader geopolitical uncertainties. Although hawkish remarks from some ECB officials caused brief upward pressure, the market remained cautious amid expectations of further rate cuts. By late June, the pair reached highs near 1.1750, supported by political pressure on the Fed from the US President and growing anticipation of a September rate cut. Nonetheless, weak Eurozone retail data and the prospect of continued ECB easing limited further upside. Volatility also rose due to market reactions to developments from the NATO summit and US GDP releases, which occasionally supported Greenback.

The GBP/EUR pair struggled for direction, opening around 1.1860 and coming under downside pressure due to relatively stronger Euro resilience. Market caution was elevated amid global uncertainties, and traders were reluctant to place large directional bets. By mid-June, weak UK jobs data and growing fears of BoE rate cuts drove the pair down below 1.1750. RSI readings suggested potentially oversold conditions, which helped limit further downside. Despite economic pessimism in the Eurozone providing some resilience for the Sterling, bearish momentum prevailed due to mounting concerns over weak UK growth forecasts. In late June, the pair rebounded slightly but remained under pressure as the Euro gained momentum. Traders continued to avoid heavy positioning amid uncertainty surrounding both the BoE and ECB policy outlooks. Support emerged at 1.1673, while repeated rejection near 1.1750 capped upside attempts. By the end of the month, the pair showed signs of stabilisation amid broader FX market indecision and narrowing interest rate expectations.

Global Trade

The World Bank's June 2025 Global Economic Prospects report highlights a sharp slowdown in global trade amid rising trade tensions and policy uncertainty. Global trade growth is forecast to expand by only 1.8 percent in 2025, a significant downward revision of 1.3 percentage points since January. The escalation of tariffs and unpredictable trade policies have dampened business and consumer sentiment worldwide, disrupting supply chains and investment flows. These uncertainties threaten to further suppress global trade momentum, with foreign direct investment also retreating, especially in emerging market and developing economies (EMDEs) where private capital and technology transfers are vital.

The report highlights that nearly all country groups have seen downward revisions to their trade forecasts, with advanced economies particularly hard hit - projected trade growth for 2025 is now roughly half of earlier estimates - while emerging market and developing economies (EMDEs) face cuts of around one-quarter. Trade policy uncertainties are creating significant spillover effects, as countries revert to or introduce new tariffs and retaliatory measures, risking a cascade of restrictions that could further disrupt supply chains and depress demand. This environment challenges EMDEs' ability to attract foreign direct investment, which is vital for technology transfer and capital accumulation in these economies.

Looking ahead, the Bank underscores that the global trade outlook hinges on major economies' willingness to dial back trade barriers and reduce policy uncertainty. Without decisive multilateral cooperation and policy coordination, elevated trade tensions could deepen financial market volatility and stall investment. The report calls for renewed efforts to restore transparency and stability in trade relations, alongside domestic reforms to strengthen fiscal resilience and support vulnerable countries grappling with conflict, debt, and climate challenges. Such actions are deemed essential to revive global trade growth, underpin economic recovery, and foster sustainable long-term development across regions.

Interest Rate Movements

The US Treasury yield (10-Year) decreased to close at 4.38% in June 2025 from 4.28% recorded in December2024.

	Jun-25	Dec-24	Jun-24	Change 1 month	Change 12 months
US Fed Rate	4.38%	4.48%	5.33%	-2.23%	-0.95%
US Treasury yield (10 years)	4.38%	4.39%	4.31%	-0.01%	0.07%
BOE Rate	4.25%	4.75%	5.25%	-0.50%	-1.00%
ECB Rate	2.15%	3.15%	4.25%	-1.00%	-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 percent in 2025 and average 3.8 percent 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—droughts, floods and storms, threatens food security and economic stability.

Zambia

Zambia's average headline inflation increased to 14.2% in the first half of 2025, up from 14.02% in the second half of 2024. The Zambian Kwacha closed at ZK23.81/US$1 in June 2025, compared to ZK25.54/US$1 recorded in June 2024. According to the IMF, economic growth is projected to grow by 5.8% in 2025.

Zimbabwe

Inflation increased to 14.5% in June 2025, up from 2.1% in June 2024, driven by rising food and services prices. The Zimbabwean Gold (ZiG) closed at ZiG26.95/US$1 in June 2025, compared to ZiG13.17/US$1 in June 2024. According to the IMF, economic growth is projected to grow at 6.0% in 2025.

Uganda

Uganda's average headline inflation increased to 3.7% in the first half of 2025, up from 3.37% in the first half of 2024. The Ugandan Shilling appreciated against the US Dollar in June 2025, closing at UGX 3,594.41/US$1, compared to UGX 3,834.90/US$1 recorded in June 2024. According to the IMF, Uganda's economy is projected to grow by 6.2% in 2025.

Tanzania

Tanzania's average headline inflation rate increased to 3.22% in the first half of 2025, up from 3.05% in the second half of 2024. The Tanzanian Shilling appreciated against the US Dollar, closing at TSh2,618.32/US$1 in June 2025, compared to TSh3,262.15/US$1 recorded in June 2024. According to the IMF, Tanzania's economy is projected to grow by 5.9% in 2025.

South Africa

South Africa's average headline inflation rate decreased to approximately 2.9% in the first half of 2025, down from about 4.4% in the first half of 2024.

The South African Rand appreciated against the US Dollar, closing at ZAR 17.68/US$1 in June 2025, compared to ZAR 18.41/US$1 recorded in June 2024. The IMF has projected that economic growth outlook for South Africa to grow at 0.7% in 2025.

OUTLOOK FOR MAY AND BEYOND – MALAWI

Exchange Rates

Persistent shortages of hard currency and speculative pressures caused the disparity between Malawi's official and parallel exchange rates to widen significantly in the first half of 2025. The kwacha exchanged at approximately K1,751 per US dollar on the official market (TT sell rate), while the informal rate soared to a peak of K4,500 before easing to around K3,500. To address the gap and curb volatility, the Reserve Bank of Malawi intensified forex auctions through Authorized Dealer Banks, aiming to more accurately reflect the kwacha's market value.

In the first half of 2025, Malawi's foreign currency inflows were largely used to settle overdue payments for critical imports such as fuel, fertilizer, and pharmaceuticals, amid a persistently weak balance of payments position. The country faced worsening external financing pressures following the end of USAID funded programs and Millennium Challenge Corporation funding and a significant reduction in grants from development partners. Foreign currency availability modestly improved from April following the start of Malawi's 2025 tobacco selling season, which opened on April 9, generating increased foreign exchange from auction floor sales and supporting a slight improvement in foreign exchange reserves. This low reserves despite opening of tobacco sales underscores Malawi's continued vulnerability to external shocks and the urgent need to diversify its export base and strengthen fiscal resilience amid diminishing donor support.

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 average headline inflation declined to 28.95% in the half year of 2025, down from 33.1% in same period last year, driven by falling food prices. Food inflation decreased from 41.39% to 35.38%, while non-food inflation dropped from 22.17% to 19.02%. This decrease can be attributed to a reduction in the prices of some food items such as maize grains and its products, for example, maize flour, rice, and vegetables as maize production increased in 2025 as compared to last year by 9.2%.

The inflationary pressure is expected to continue, with a marginal decrease, despite the onset of harvest season such as maize. This may reduce the price of maize, leading to a reduction in inflation, while fuel prices are expected to remain stable. However, upside risks to inflation will continue throughout 2025, largely arising from the depreciating currency, a rise in government expenditure due to the general elections in 2025, growth in the money supply, reduced agricultural output in 2025 due to dry spells, and the higher production costs that farmers faced in the 2024/2025 agricultural season, which led to higher food prices compared to the 2023/24 harvest season.

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

Malawi's trade deficit widened significantly in the first half of 2025, reaching $1.43 billion, up 23.3% from $1.16 billion recorded in the same period last year. This growing imbalance was primarily driven by imports, which rose by 20.4% to $1.71 billion from $1.42 billion in the first half of 2024. Exports also increased but at a slower pace, rising by 7.7% to $0.28 billion from $0.26 billion, insufficient to offset the surge in imports.

Total exports surged to US$73.5 million in June 2025, up 112.5% from US$34.6 million in May, driven by strong export performance across several sectors. Meanwhile, total imports declined slightly to US$311.5 million, down 1% from US$314.8 million the previous month. Consequently, the trade deficit narrowed by 15.1% to US$237.9 million in June from US$280.0 million in May 2025, reflecting the combined effect of rising exports and modestly lower imports.

The persistent expansion of the trade deficit highlights Malawi's dependence on key imports such as refined petroleum products, fertilizers, and industrial machinery, vital for domestic consumption and economic development. Meanwhile, the export earnings continue to be dominated by agricultural commodities like tobacco, tea, and sugar. The widening trade gap reflects ongoing challenges in boosting export diversification and domestic production, which could help reduce vulnerability to external shocks and strengthen Malawi's economic resilience.

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

In the first half of 2025, Malawi's Monetary Policy Committee (MPC) maintained the policy rate at 26.0% and kept the Liquidity Reserve Requirement (LRR) ratios steady at 10.0% for domestic deposits and 3.75% for foreign deposits during meetings in January and May. The MPC noted that inflation slowed in the fourth quarter of 2024, creating room for possible rate reductions, but by the first quarter of 2025 inflation had risen slightly to an average of 29.9%, leading to an upward revision of the annual inflation forecast from 26.5% to 27.0%. Food prices increased in December 2024 due to supply-side pressures but were expected to decline by the end of March 2025 as harvests began. The committee emphasized the importance of complementing monetary policy with measures to boost economic productivity and strengthen foreign exchange reserves amid ongoing inflation risks and fiscal challenges.

This increase is attributed to persistently high food prices expected in the second quarter, driven by higher production costs related to inputs used during the 2024/25 agricultural season. These factors have pushed food prices, particularly maize, higher, despite being the harvest period. Additionally, the national maize requirement is 3.5 million tons, but the estimated output stands at only 2.9 million tons, indicating a deficit that is likely to further increase food prices. The maize production shortfall is projected to continue increasing throughout 2025.

In its second meeting, the MPC noted that money supply growth slowed from 48.2% in Q1 2024 to 33.9% in Q1 2025, reflecting the impact of earlier policy measures. Food prices rose due to supply pressures but are expected to ease slightly in Q2 with the harvest season. The Committee stressed that monetary policy should be supported by efforts to boost economic productivity and strengthen foreign exchange reserves.

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 2025/26 budget estimates total revenue and grants at K5.58 trillion (21.5% of GDP), with domestic revenue projected at K4.44 trillion, mostly from taxes, and grants at K1.14 trillion, largely from international donors. Total expenditure is set at K8.05 trillion (31.2% of GDP), dominated by recurrent spending (75%) at K6.04 trillion, while development outlays total K2.01 trillion, split between foreign and domestic financing. The resulting fiscal deficit stands at K2.47 trillion (9.5% of GDP), to be financed primarily through domestic borrowing of minus K2.33 trillion and a smaller portion of foreign loans.

Malawi's Extended Credit Facility (ECF) program with the International Monetary Fund (IMF), valued at US$175.0 million, was automatically terminated on May 14, 2025, due to the government's failure to complete any program reviews within the required 18-month period following its approval on November 14, 2023. Although an initial disbursement of US$35.0 million was made shortly after program commencement, no further reviews have been finalized despite ongoing consultations, including recent discussions during the IMF Spring Meetings in Washington, DC.

This development is expected to exert significant pressure on government expenditure, potentially compelling the government to seek alternative financing sources. As a result, the fiscal deficit may widen, with increased reliance on domestic borrowing and other lenders who may charge higher interest rates, particularly for short-term loans. This situation underscores the urgent need for fiscal consolidation and reforms to ensure debt sustainability and restore macroeconomic stability.

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

In the first half of 2025, several institutions including the Reserve Bank of Malawi (RBM), the International Monetary Fund (IMF), and the World Bank revised their growth projections for Malawi's economy downward. On average, these projections were adjusted from 2.58% to 2.30%, reflecting a more subdued economic outlook amid challenges such as constrained foreign exchange availability and a weaker agricultural season. See the 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%	1.80%	3.20%
Average Real GDP	**0.92%**	**1.50%**	**1.68%**	**2.30%**

(Source: EIU, IMF, WBG, MoF)

In the first half of 2025, the Government of Malawi held firm to its growth forecast of 3.2%, anchored on expansion in agriculture, mining, manufacturing, and services such as trade and communications. The outlook hinges largely on the performance of the agricultural sector and the foreign exchange and development financing generated by tobacco sales.

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.

The RBM notes that weak agricultural performance, due to delayed rainfall and prolonged dry spells in some parts of Malawi, poses downside risks. Increased tobacco output, combined with the expected resumption of uranium mining at the mothballed Kayelekera mine (owned by Australia-based Lotus Resources) in the third quarter of 2025, the Malawi Environment Protection Authority's approval of the environmental and social impact assessment has cleared the way for final regulatory sign-off. This is expected to boost export earnings and support economic growth. Import spending is expected to continue falling in 2025 (following a sharp decline in 2024), reflecting the deep balance-of-payments crisis and a shortage of hard currency. From 2026 onwards, import growth is expected to resume as economic growth strengthens. Government consumption growth will pick up in 2025 and 2026 before easing in the latter part of the forecast period, as the government pursues fiscal austerity measures under guidance from the IMF.

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. 5.
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,	1. Enhance family planning education and access. 2. Invest in education and skills

	education). 3. Youth unemployment fuelling social instability.	training for youth. 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)

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-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	2,255.75	2,293.27	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
MK : ZAR	96.69	97.77	100.86	104.74	101.15	98.82	95.03	96.24	96.63	98.00	96.39	100.61	100.72
MK : EUR	1,908.93	1,932.49	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
Forex reserves (Source: RBM)													
Total Reserves (US$'mn)	610.18	591.51	572.02	544.80	560.30	519.00	516.90	530.90	569.50	536.00	530.00	521.00	N/A
Total Import Cover (months)	2.44	2.37	2.29	2.20	2.20	2.10	2.10	2.10	2.30	2.10	2.10	2.10	N/A
% Inflation (NSO)													
Headline Inflation	33.30	33.70	33.90	34.30	32.40	27.00	28.10	28.50	30.70	30.50	29.20	27.70	27.10
Food	41.50	41.90	42.00	43.50	40.30	33.70	35.60	36.00	38.50	37.30	35.80	32.70	31.60
Non Food	22.20	22.40	22.70	21.80	21.20	17.20	16.80	16.90	18.50	19.20	19.40	20.00	20.10
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%	23.36%	23.36%	24.21%	24.23%	24.20%	20.39%	24.20%	24.20%	23.18%	23.20%	23.20%	
Average Base Lending Rates	25.00%	25.10%	24.90%	25.40%	25.40%	25.40%	25.50%	25.50%	25.40%	25.40%	25.10%	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	121,101.77	128,996.65	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
DSI	92,949.19	99,107.18	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
FSI	18,911.41	20,018.57	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
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

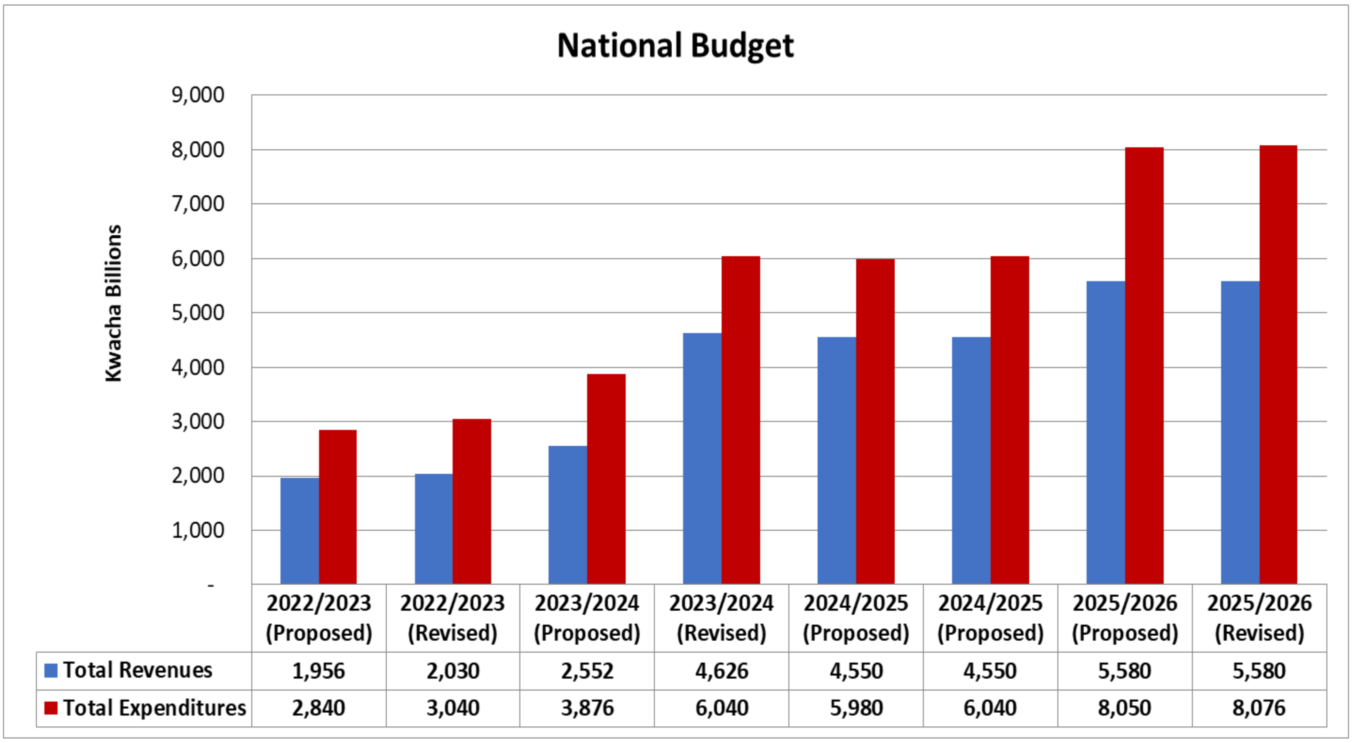
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
TANZANIA													
Exchange rate													
US$	2,620.50	2,394.76	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
GBP	3,319.88	3,015.60	3,546.08	3,647.52	3,493.67	3,319.88	3,015.60	3,546.08	3,263.78	3,426.42	3591.74	3496.81	3598.89
ZAR	144.37	127.81	151.91	159.11	152.33	144.37	127.81	151.91	151.91	144.78	144.78	143.67	147.30
EUR	2,764.57	2,501.92	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
Inflation %	3.10	3.10	3.10	3.10	3.00	3.10	3.10	3.10	3.20	3.30	3.20	3.20	3.30
UGANDA													
Exchange rate													
US$	3,667.00	3,681.14	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
GBP	4,690.00	4,670.00	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
EUR	3,885.00	3,850.00	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
Inflation %	3.90	4.00	3.50	3.00	2.90	2.90	3.30	3.60	3.70	3.40	3.50	3.80	3.90
Central Bank Rate %	9.75	9.75	9.75	10.00	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	3.90
ZAMBIA													
Exchange rate													
US$	26.92	27.89	26.12	26.49	26.76	26.92	27.89	26.12	26.12	28.21	27.96	26.62	23.81
GBP	34.02	34.96	34.40	35.44	34.70	34.02	34.96	34.40	35.95	36.98	37.27	35.87	32.61
ZAR	1.49	1.52	1.48	1.54	1.51	1.49	1.52	1.48	1.55	1.56	1.50	1.48	1.34
Inflation %	16.50	16.70	16.70	15.60	15.70	16.50	16.70	16.70	16.80	16.50	16.50	15.30	14.10
Central Bank Rate %	14.00	14.00	14.00	13.50	13.50	14.00	14.00	14.00	14.50	14.50	14.50	14.50	14.50
MOZAMBIQUE													
Exchange Rate													
US$	63.90	63.91	64.54	63.91	63.90	63.90	63.91	64.54	63.90	63.90	63.27	63.90	63.90
ZAR	3.54	3.47	3.65	3.72	3.63	3.54	3.47	3.65	3.49	3.49	3.42	3.62	3.62
EUR	67.52	66.44	71.43	71.51	69.54	67.52	66.44	71.43	69.64	69.12	72.18	72.95	75.22
Inflation%	2.84	4.15	2.75	2.45	2.68	2.84	4.15	2.75	4.74	4.77	3.99	4.00	4.50

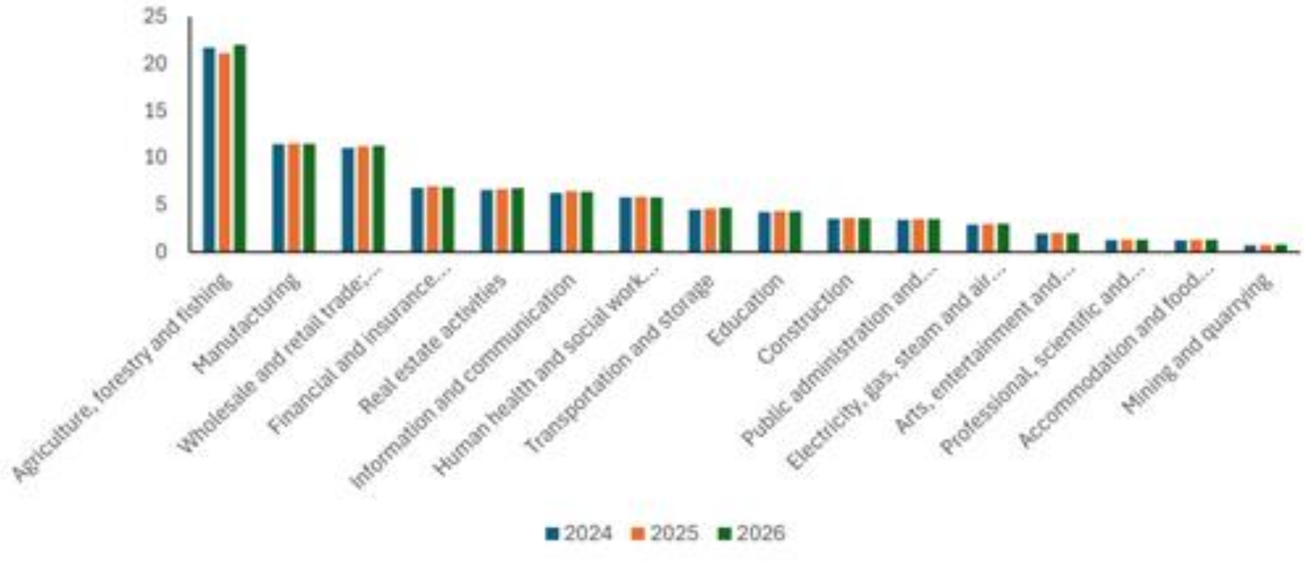
(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

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**
Reccurent 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)

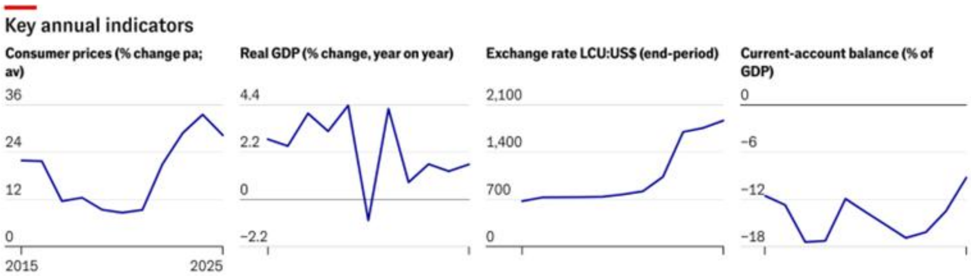


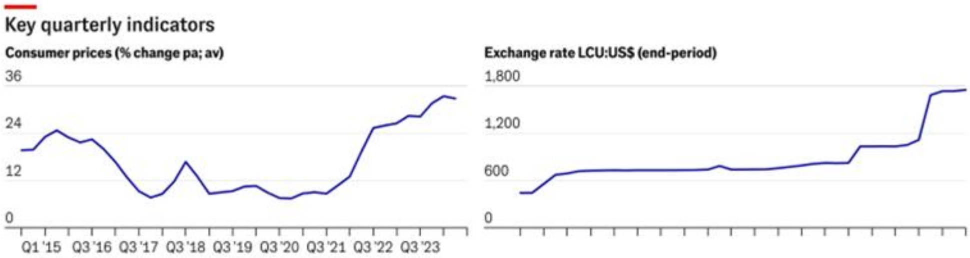
Source: National Statistical Office, Reserve Bank, Ministry of Finance and Economic Affairs

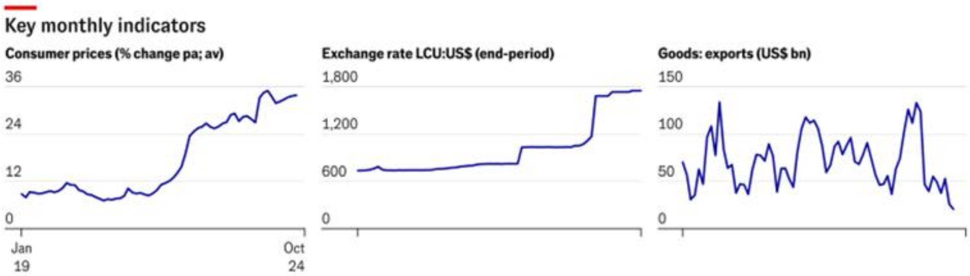
Appendix 5: Merchandise Trade (US$' millions) (Source: RBM)

Source: National Statistical Office

Appendix 6: Comparable Indicators (Source: EIU)







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 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**

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"To provide innovative investment and financial solutions that grow our client's' wealth"

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- Company set up

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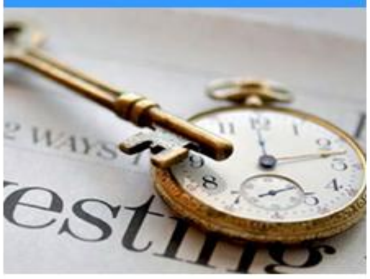

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