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MONTHLY ECONOMIC REPORT

JANUARY 2026

Investment Management | Investor Services



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LIST OF ACRONYMS

ADB:	Authorized Dealer Bank	BOE:	Bank of England
AFE:	Eastern and Southern Africa	BHL:	Blantyre Hotels Plc
BAM:	Bankers Association of Malawi	DOC:	Declaration of Cooperation

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

Economic Outlook — Malawi

Malawi's government projects real GDP growth of 3.8% in 2026, up from 2.7% in 2024, driven primarily

EXECUTIVE SUMMARY

by investments in agriculture, tourism, mining, and manufacturing. Amid persistent economic challenges, the government has implemented the National Economic Recovery Plan (NERP) to

strengthen macroeconomic stability, restore confidence, and support inclusive and sustainable growth. Fiscal consolidation remains central to this strategy, aimed at creating space for targeted public spending in priority sectors, complemented by ongoing digitalisation efforts to mitigate debt vulnerabilities.

In support of food security during the lean season, the first consignments of maize procured by the Government of Malawi from Zambia began arriving in January, with deliveries crossing the Mchinji–Mwami border from Zambia’s Food Reserve Agency silos in Chipata. Over 16,000 metric tonnes had been delivered by mid-January and transported under police escort to the National Food Reserve Agency in Lilongwe, providing critical relief to more than four million food-insecure Malawians.

Meanwhile, the Malawi Energy Regulatory Authority (MERA) increased pump prices of petrol and diesel under the Automatic Pricing Mechanism (APM) to MK4,965 and MK4,945 per litre from MK3,499 and MK3,500, representing increases of 41.9% and 41.3%, respectively, following a previous upward adjustment of 33.2% in September 2025.

Despite these cost pressures, Malawi’s retail maize prices declined in January, contrary to typical lean-season trends, with the national average falling by 16% from K1,161/kg in late December to K978/kg by month-end, reversing last year’s 21.0% increase. Price reductions were recorded across all monitored markets, ranging from less than 1% in Chitipa to 25.0% in Lilongwe, with the sharpest declines observed in the Central and Southern regions. Northern markets recorded the lowest average prices at K923/kg, followed by the Central region (K950/kg) and the Southern region (K1,022/kg).

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. **Foreign Exchange Volatility and Shortages** – Scarcity of foreign exchange leading to higher import costs and potential fuel crises as importing essentials becomes challenging.
7. **Energy Shortages** – Recurrent power outages constrains industrial output and elevates operational costs.
8. **Financial Sector Vulnerabilities** – High concentration of bank portfolios in government securities increases systemic exposure to fiscal stress. Shallow diversification constrains the sector’s ability to absorb shocks, heightening the risk of liquidity pressures or instability during periods of macroeconomic tightening or fiscal slippage.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The headline inflation for January 2026 stood at 24.91%, a decrease from 26.00% reported in December 2025. The decrease in inflation was on account of a decrease in food prices.

	Jan-26	Dec-25	Jan-25	% Change (1 Months)	% Change (12 Months)
Headline inflation	24.87%	26.02%	28.54%	↓ -1.15%	↑ 3.67%
Food	22.12%	26.48%	36.01%	↓ -4.36%	↑ 13.89%
Non-food	29.85%	25.22%	16.93%	↑ 4.63%	↓ -12.92%

Government Securities (Source: RBM)

In January 2026, the average yield for all types of Treasury bills was 20.51%, down from 20.67% recorded in December 2025.

Tenor	Jan-26	Dec-25	Jan-25	Change 1 Month	Change 12 Months
91 days	15.53%	16.00%	16.00%	↓ -0.47%	↓ -0.47%
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	20.51%	20.67%	20.67%	↓ -0.16%	↓ -0.16%

During the review period, total Treasury Bill applications amounted to K440.46 billion, of which K74.31 billion was allotted, all under the 91-day tenor, resulting in an overall rejection rate of approximately 83.1 percent. Allotment was concentrated in the 91-day paper, while the 182-day and 364-day tenors recorded allotment.

During January 2026, the Reserve Bank offered Treasury Note auctions across the 2-year, 3-year, 5-year, 7-year and 10-year tenors. However, no amounts were raised, as no bids were received, and consequently no allotments were made.

Foreign Currency Market (Source: RBM)

During the month of January 2026, 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	Jan-26	Dec-25	Jan-25	% Movement 1 month	% Movement 12 months
MK/USD	1,734.01	1,734.01	1,734.01	⇒ 0.00%	⇒ 0.00%
MK/GBP	2,457.58	2,402.57	2,218.25	↓ -2.29%	↓ -10.79%
MK/ZAR	112.16	107.50	96.24	↓ -4.34%	↓ -16.55%
MK/EUR	2,130.74	2,095.37	1,855.51	↓ -1.69%	↓ -14.83%

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 January 2026 increased to a daily average of K421.81 billion from K58.71 billion in December 2025. Access to the Lombard facility (discount window borrowing) during the month under review averaged K50.61 billion per day, at an average rate of 26.20%, compared to K81.98 billion during the month of December 2025 at an average rate of 26.20%.

In January 2026, the overnight borrowing between banks increased to a daily average of K69.59 billion at an average rate of 23.98%, compared to an average of K137.62 billion per day at an average rate of 23.98% in December 2025.

The reference rate in January 2026 stood at 25.20%, a decrease from 25.40% in December 2025.

Foreign Exchange Reserves (Source: RBM)

For the month of November, total forex reserves stood at US\$530.00 million (2.10 months of import cover); an increase from US\$526.80 million (2.00 months of import cover); registered at the end of October 2025 (November 2024: US\$516.90 million, representing 2.10 months of import cover).

	Nov-25 (US\$ million)	Oct-25 (US\$ million)	Nov-24 (US\$ million)	% 1 month change	% 12 months change
Total	530.00	526.80	516.90	↑ 0.61%	↑ 2.53%
Import Cover (Months)					
Total	2.10	2.10	2.10	⇒ 0.00%	⇒ 0.00%

Stock Market (Source: MSE)

The market registered a negative return on index as reflected in the downward movement of the Malawi All Share Index (MASI) from 598,062.80 points registered in December 2025 to 588,918.946 points registered in January 2026, giving a month-on-month return on index of -1.53% (-1.53% in US\$ terms). The Domestic Share Index inched upwards by 0.30% from 405,749.03 to 406,964.07 points whilst the Foreign Share Index fell by -7.19% from 158,350.47 to 146,972.95 points.

The price gains registered on two counters; SUNBIRD (73.92%) and ILLOVO (15.02%). These gains were offset by share price losses on PCL(-10.32%), FMBCH(-7.28%), TNM(-2.54%), AIRTEL(-2.34%),

NBS (-2.33%), NBM(-2.10%), NICO(-0.94%), BHL(-0.47%), FDHB(-0.41%), ICON(-0.19%), NITL(-0.10%) and STANDARD(-0.03%) resulting into a downward movement of the Malawi All Share Index.

Market capitalization decreased in both Malawi Kwacha and US Dollar terms from MK32.56 trillion (US\$18.78 billion) to MK32.11 trillion (US\$18.52 billion) due to share price losses.

The market transacted a total of 34.86 million shares at a total consideration of MK8.37 billion (US\$4.83 million) in 4,225 trades in the month of January 2026. In the previous month of December 2025, the market transacted a total of 25.27 million shares at a total consideration of MK15.38 billion (US\$8.67 million) in 3,260 trades. This reflects a 37.95% increase in terms of share volume traded and a -45.58% (-45.58% in US Dollar terms) decrease in share value traded.

	Jan-26	Dec-25	Jan-25	Change (1 month)		Change (12 months)	
	MK/Share	MK/Share	MK/Share		%		%
AIRTEL	117.95	120.77	45.00	↓	-2.34%	↑	162.11%
BHL	14.98	15.05	13.51	↓	-0.47%	↑	10.88%
FMBCH	2,965.07	3,197.86	398.68	↓	-7.28%	↑	643.72%
FDHB	597.44	599.89	149.22	↓	-0.41%	↑	300.38%
ICON	15.97	16.00	14.90	↓	-0.19%	↑	7.18%
ILLOVO	2,680.00	2,330.12	1,300.00	↑	15.02%	↑	106.15%
MPICO	19.46	19.51	14.92	↓	-0.26%	↑	30.43%
NBM	11,743.65	11,995.63	3,449.94	↓	-2.10%	↑	240.40%
NBS	892.49	913.76	149.58	↓	-2.33%	↑	496.66%
NICO	1720.27	1736.51	198.70	↓	-0.94%	↑	765.76%
NITL	3934.50	3938.51	411.08	↓	-0.10%	↑	857.11%
OMU	3,790.04	3,790.04	1,866.00	→	0.00%	↑	103.11%
PCL	7,828.00	8,728.43	2,499.83	↓	-10.32%	↑	213.14%
STANDARD	4,247.00	4,248.41	5,335.06	↓	-0.03%	↑	298.03%
SUNBIRD	1700.02	977.50	225.05	↑	73.92%	↑	655.40%
TNM	30.66	31.46	18.49	↓	-2.54%	↑	65.82%
MASI	588,918.94	598,062.80	223,474.92	↓	-1.53%	↑	163.53%
DSI	406,964.07	405,749.03	173,854.75	↑	0.30%	↑	134.08%
FSI	146,972.95	158,350.47	31,921.06	↓	-7.19%	↑	360.43%

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

Published Half Year Financials for 2025 and 2024						
Period	Net Profit/(Loss) (MK' Billion)			Total Dividend (Per Share) (Kwacha)		
	Aug-25	Aug-24	% Change	Aug-25	Aug-24	% Change
ILLOVO	77.56	22.63	↑ 242.68%	14.00	5.80	↑ 141.38%
Period	Jun-25	Jun-25	% Change	Dec-25	Dec-24	% Change
BHL	3.33	-0.78	↑ 526.92%	0.00	0.00	N/A
AIRTEL	22.41	22.33	↑ 5.06%	2.00	0.00	N/A
FDH BANK	60.28	27.94	↑ 115.75%	1.68	3.20	↓ -47.50%
ICON	12.73	9.73	↑ 30.83%	0.30	0.13	↑ 130.77%
MPICO	7.60	5.70	↑ 33.33%	0.00	0.00	N/A
NBM	84.11	42.08	↑ 99.88%	53.90	57.32	↓ -5.97%
NBS BANK	73.45	32.64	↑ 125.03%	13.00	4.94	↑ 163.16%
NICO	124.91	49.28	↑ 153.47%	22.00	6.13	↑ 258.89%
NITL	84.27	4.32	↑ 1850.69%	0.00	5.00	↓ -100.00%
PCL	94.39	45.28	↑ 108.46%	50.60	37.00	↑ 36.76%
STANDARD	48.39	43.37	↑ 11.57%	21.31	31.96	↓ -33.32%
SUNBIRD	5.46	5.42	↑ 0.74%	13.30	8.20	↑ 62.20%
TNM	7.97	2.26	↑ 252.65%	0.20	0.00	N/A
Net Profit/(Loss) (ZAR' billion)			Total Dividend (Per Share) (ZAR)			
OMU	4.20	3.27	↑ 28.56%	23.81	23.97	↓ -0.67%
Net Profit/(Loss) (US\$' million)			Total Dividend (Per Share) (US\$)			
FMBCH	72.89	46.82	↑ 55.68%	0.43	0.63	↓ -31.75%
TRADING STATEMENT						
FDH Bank	Expects its year ending 31 December 2025 profit after tax to be between 92% and 104% higher than the previous corresponding period					
BHL	Expects its year ending 31 December 2025 profit after tax to be between 515% and 535% higher than the previous corresponding period					
Sunbird	Expects its year ending 31 December 2025 profit after tax to be between 23% and 43% higher than the previous corresponding period					
Standard	Expects its year ending 31 December 2025 profit after tax to be between 30% and 40% higher than the previous corresponding period					
NBS Bank	Expects its year ending 31 December 2025 profit after tax to be between 99.3% and 106.2% higher than the previous corresponding period					
NBM	Expects its year ending 31 December 2025 profit after tax to be between 87% and 107% higher than the previous corresponding period					
FMBCH	Expects its year ending 31 December 2025 profit after tax to be between 32% and 51% higher than the previous corresponding period					
TNM	Expects its year ending 31 December 2025 profit after tax to be between 30% and 40% higher than the previous corresponding period					
NITL	Expects its year ending 31 December 2025 profit after tax to be between 571% and 583% higher than the previous corresponding period					
NICO	Expects its year ending 31 December 2025 profit after tax to be between 137% and 148% higher than the previous corresponding period					
MPICO	Expects its year ending 31 December 2025 profit after tax to be between 51% and 66% higher than the previous corresponding period					
PCL	Expects its year ending 31 December 2025 profit after tax to be between 94% and 113% higher than the previous corresponding period					

OTHER MARKET DEVELOPMENT

The Arrival of Imported Maize from Zambia (Source: FewsNet).

In January 2026, the first consignments of maize procured by the Government of Malawi from Zambia began arriving to help alleviate the country's acute food crisis during the lean season. Initial deliveries crossed the Mchinji–Mwami border from Zambia's Food Reserve Agency silos in Chipata, with over 16,000 metric tonnes delivered by mid-January. The shipments, escorted by police to Malawi's National Food Reserve Agency (NFRA) in Lilongwe, provided critical relief to more than four million food-insecure Malawians. Minister of Agriculture, Roza Mbilizi, confirmed that the deliveries represent a key milestone in stabilising maize supply and prices, with the full contracted volume expected by March 2026 despite earlier delays related to payment and logistical challenges.

MERA Increased Fuel prices (Source: IMF)

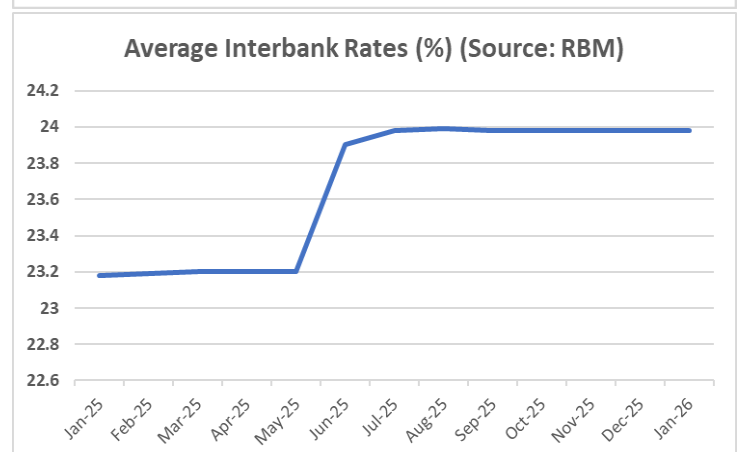
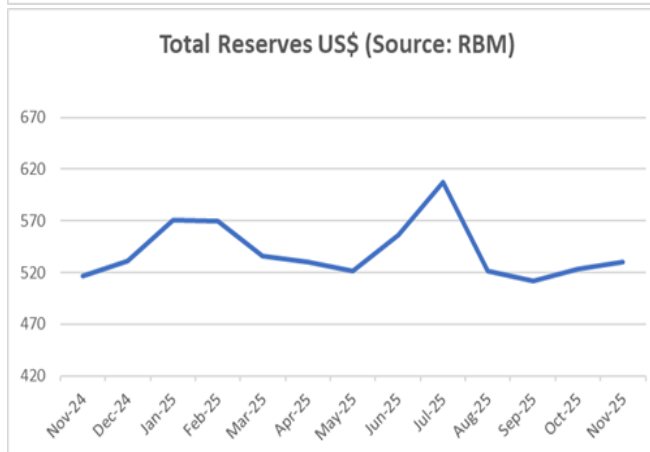
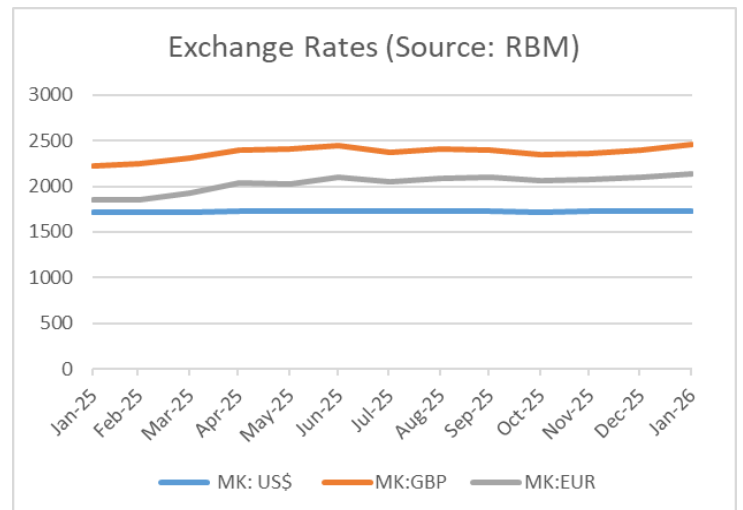
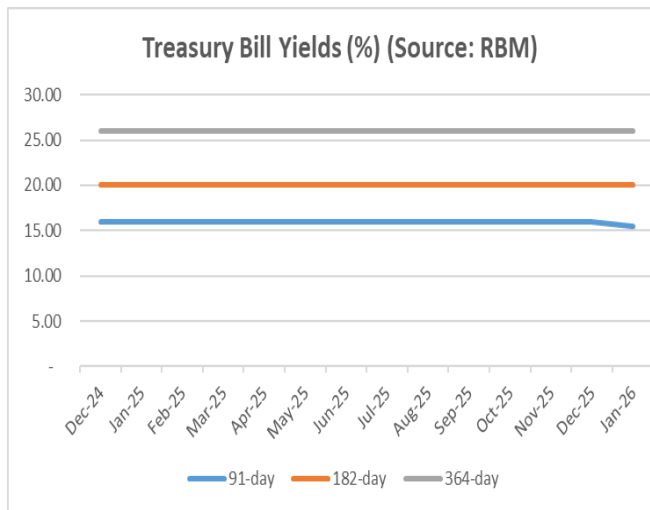
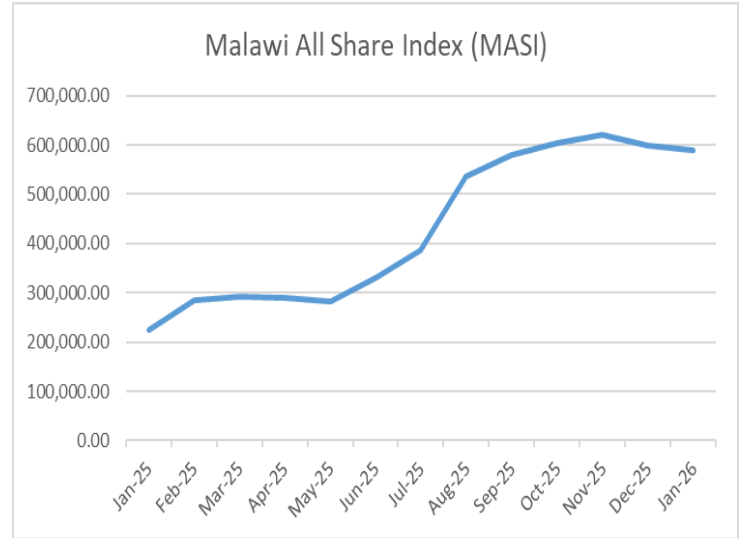
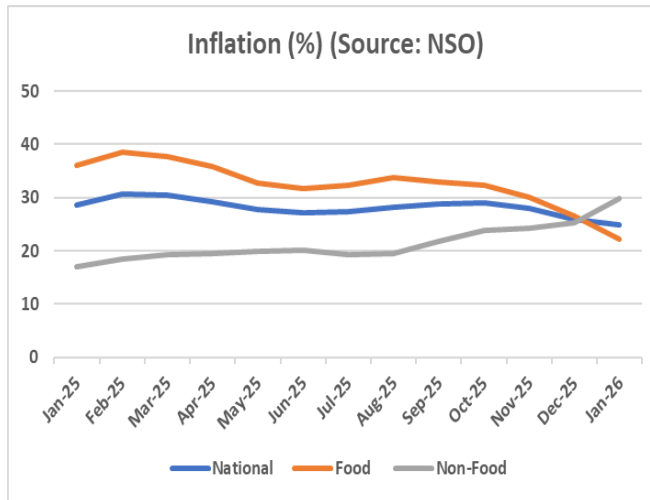
The Malawi Energy Regulatory Authority (MERA) increased pump prices of petrol and diesel under the Automatic Pricing Mechanism (APM) to MK4,965 and MK4,945 per litre from MK3,499 and MK3,500, representing increases of 41.9% and 41.3%, respectively. This follows a previous upward adjustment of 33.2% in September 2025. The Minister of Energy indicated that the reinstatement of the APM and the latest price adjustment are intended to correct significant pricing distortions caused by unpaid fuel-related levies and accumulated losses estimated at MK1.88 trillion. The adjustment is therefore aimed at restoring cost-reflective pricing, improving fiscal transparency, and reducing quasi-fiscal losses within the fuel supply chain, albeit at the expense of near-term inflationary pressures and higher operating costs across the economy.

Maize prices (Source: IPFRI).

Malawi's retail maize prices declined during January, contrary to typical lean-season trends. The national average price fell by 16% from K1,161/kg in late December to K978/kg by the end of the month, reversing the 21.0% increase recorded during the same period last year. Price declines were observed across all monitored markets, ranging from less than 1% in Chitipa to 25.0% in Lilongwe, with the sharpest reductions recorded in the Central and Southern regions. Northern markets recorded the lowest average prices at K923/kg, followed by the Central region (K950/kg) and the Southern region (K1,022/kg).

Informal cross-border maize trade data indicated net imports across most border points, driven primarily by strong inflows from Mozambique and Tanzania. However, Mchinji recorded net outflows despite large-scale imports from Zambia by the NFRA, with the underlying drivers remaining unclear, particularly as Zambian maize prices were broadly comparable to those in Malawi. Nonetheless, favourable import prices and exchange rate dynamics contributed to downward pressure on domestic prices, while anecdotal reports suggest that stock disposals by traders further pushed prices below the previous farm-gate minimum of K1,050/kg.

TREND GRAPHS



GLOBAL DEVELOPMENTS

Economic Growth

According to the World Bank's Global Economic Prospects, global growth is projected to edge down to 2.6% in 2026 before ticking up to 2.7% in 2027—an upward revision from June forecasts despite fading tailwinds from pre-tariff trade surges and supply-chain adjustments. Easing financial conditions and fiscal expansion in major economies will cushion the slowdown from the lagged effects of tight monetary policy, subdued trade, and weak investment. Inflation is expected to ease to 2.6%, though subdued demand continues to challenge job creation in many emerging markets amid expanding workforces.

Euro zone growth is forecast to expand by 1.1% in 2026, with the EU slightly higher at 1.5%, constrained by U.S. tariff shocks, subdued confidence in France and Germany, and lingering energy constraints. Robust labour markets and wage gains are supporting consumer spending, but elevated savings rates are limiting it; investment is rebounding modestly, driven by defence spending, infrastructure, and EU funds, with unemployment easing to 6.2%.

U.S. growth is projected to hold steady at 2.5% in 2026 and edge up to 2.6% in 2027. Tax cuts and deregulation will bolster consumer spending and business investment, offsetting tariff-related headwinds that curbed early momentum. Robust labour markets and AI-driven productivity gains underpin this relative outperformance versus Europe and much of Asia, although inflation remains above target.

East Asia and Pacific growth will moderate to 4.4% in 2026 and 4.3% in 2027, weighed down by China's slowdown despite fiscal measures maintaining its deficit near 4% of GDP. A weaker U.S. dollar supported 2025 outperformance, but 2026 export dynamics are expected to constrain growth amid heightened volatility. Broader Asia is projected at 4.3% (range: 4.1–4.6%), aided by expansionary fiscal policy and development bank support.

Emerging market and developing economies (EMDEs) face a slowdown to 4.0% in 2026 from 4.2% in 2025, followed by a pickup to 4.1% in 2027 as trade frictions ease and commodity prices stabilize. Ex-

China EMDEs hold at 3.7%, while low-income countries achieve 5.6% on stronger domestic demand and exports. Elevated debt levels, demographic pressures, and weak FDI continue to hinder job creation; structural reforms remain essential.

Downside risks to global growth remain prominent. Escalating trade barriers and policy uncertainty—exacerbated by the U.S. tariff agenda and retaliatory measures—threaten to further constrain trade and erode confidence. Geopolitical tensions in the Middle East or elsewhere could drive up energy prices and disrupt supply chains, while financial stress may intensify if tighter conditions expose vulnerabilities among highly leveraged firms or markets. A sharper-than-expected slowdown in China would have widespread repercussions for commodities and EMDEs, compounded by climate-related disasters in vulnerable regions and limited fiscal space in highly indebted low-income countries. Upside scenarios, such as accelerated disinflation, elevated commodity prices, or rapid trade agreements, appear unlikely. Enhanced global cooperation is critical to mitigate economic fragmentation, protect fragile economies from conflict and debt vulnerabilities, and address weather-related shocks.

Global Oil

In January, the OPEC Reference Basket (ORB) value rose by \$0.61/b, month-on-month (m-o-m), to average \$62.31/b. The ICE Brent front-month contract rose by \$3.10/b, m-o-m, to average \$64.73/b, and the NYMEX WTI front-month contract increased by \$2.39/b, m-o-m, to average \$60.26/b. The GME Oman front-month contract rose by \$0.83/b, m-o-m, to average \$62.79/b.

The global oil demand growth forecast for 2026 remains at 1.4 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 increase by 0.15 mb/d, while the non-OECD is forecast to grow by about 1.2 mb/d. In 2027, global oil demand is forecast to grow by about 1.3 mb/d, y-o-y, unchanged from last month's assessment. The OECD is forecast to grow by 0.1 mb/d next year, while the non-OECD is forecast to increase by about 1.2 mb/d, y-o-y.

Production from countries not participating in the declaration of cooperation (Non-DoC) is forecast to grow by about 0.6 mb/d, y-o-y, in 2026, unchanged from last month's assessment, mainly driven by Brazil, Canada, US, and Argentina. In 2027, non-DoC liquids production is forecast to grow by about 0.6 mb/d, unchanged from last month's assessment, mainly driven by Brazil, Canada, Qatar, and Argentina. Natural gas liquids (NGLs) and non-conventional liquids from countries participating in the Declaration of Cooperation (DoC) are forecast to grow by 0.1 mb/d, y-o-y, in 2026, to average about 8.8 mb/d, followed by similar growth in 2027 of about 0.1 mb/d, y-o-y, to average about 8.9 mb/d. In January, crude oil production by countries participating in the DoC decreased by 439 thousand barrels per day (tb/d), m-o-m, to average about 42.45 mb/d, according to available secondary sources.

Currency Movements

In January 2026, the dollar index (DXY) traded in a tight range through January 2026, hovering between 96-97 support and 101 resistance after a 10.0% slide over 2025. Consolidation reflected fading Fed cut bets amid resilient US growth and tariff brinkmanship, though momentum stayed muted. Forecasts pegged a gentle January average near 98, with bears eyeing a 96 breakdown and bulls a 102 break for rebound hopes. Recent lows around 97.75 tested multi-month floors before stabilisation kicked in.

EUR/USD chopped sideways in January, pinned below 1.10 as euro-zone growth woes and US outperformance capped upside. ECB policy divergence—faster cuts versus Fed caution—kept pressure on, though tariff fears dented dollar appeal too. The pair probed 1.08 support mid-month before rebounding modestly, with traders watching ECB rhetoric and German data for breakout clues. Volatility stayed low, mirroring DXY doldrums.

GBP/USD eked out gains in January 2026, nudging above 1.27 on UK wage resilience and Bank of England hawkishness against a steady dollar. Yet US tariff threats and Brexit echoes capped rallies near 1.29 resistance. The pound drew succour from services strength, but manufacturing fragility and

fiscal worries loomed; a DXY stall let GBP/USD hold key 1.25 support amid thin year-start flows.

Global Trade

Global trade entered 2026 amid intensified tariff pressures. The WTO slashed its merchandise growth forecast to a feeble 0.5% for the year on January 26th, down from 1.8%, blaming delayed blows from America's protectionist hikes under President Trump. Beijing notched a record \$1.19trn surplus for 2025, up 20.0%, by flooding markets with exports while chasing self-reliance. The Global Trade Alert tallied 571 policy interventions in January alone, spotlighting US tariffs, bilateral pacts, critical-minerals subsidies and AI investment surges. Trump ratcheted threats, eyeing 100.0% levies on Canadian goods over Ottawa's China flirtations and 50.0% on its aircraft; South Korea faced hikes from 15.0% to 25.0% unless it bent on digital rules.

Nations Conference on Trade and Development's (UNCTAD) warned of sluggish 2.6% global growth crimping trade, with South-South flows—now 57% of developing exports—offering solace amid fragmentation. Front-loading ahead of US tariffs juiced 2025 goods trade by 1.6 points to 3.4%, but 2026 faces a slowdown to 2.2%, per World Bank estimates, as stockpiles dwindle. WTO data refreshed on January 22nd showed persistent services strength, though digitally deliverable ones lag in poor countries. Protectionism swelled tariffs last year, especially in manufacturing; WTO reform talks loom amid disputes, with developing nations pushing for market safeguards and special treatment.

Interest Rate Movements

The US Treasury yield (10-Year) increased to close at 4.21% in January 2026 from 4.14% recorded in December 2025.

	Jan-26	Dec-25	Jan-25	Change 1 month	Change 12 months
US Fed Rate	3.63%	3.63%	4.38%	↔ 0.00%	↓ -0.75%
US Treasury yield (10 years)	4.21%	4.14%	4.63%	↑ 0.07%	↓ -0.42%
BOE Rate	3.75%	3.75%	4.75%	↔ 0.00%	↓ -1.00%
ECB Rate	2.15%	2.15%	2.90%	↔ 0.00%	↓ -0.75%

(Source: US Federal Reserve, Refinitiv)

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

According to the latest World Bank's Global economic prospects, growth in sub-Saharan Africa is projected to firm to 4.3% in 2026 and 4.5% in 2027, propped up by stronger investment and exports. That uptick—revised up by 0.2 points from June 2025—will depend on no further external deterioration and security gains in fragile states. Yet these rates will lag the 2000-19 average by half a point. They will generate too few jobs for the region's swelling workforce and do little to lift per-capita incomes against extreme poverty, which claims over 70% of the global total in SSA. Tariff rises, notably the probable end of America's African Growth and Opportunity Act in late 2025, will hit textile and vehicle exporters. The African Continental Free Trade Area should help by boosting regional ties.

Policymakers will keep monetary settings cautious to tame inflation while aiding growth. Fiscal deficits will narrow amid tighter budgets. Debt-to-GDP ratios will dip slightly but stay high, with interest costs well above the 2010-19 norm after post-covid borrowing and dearer loans. Angola, Republic of Congo, Kenya and Nigeria will continue to benefit from regained market access, easing funds. South Africa is projected to edge to 1.4% growth in 2026 and 1.5% in 2027 via energy and logistics reforms plus public outlays that will lure private money. Nigeria is projected to reach 4.4% both years—its best in a decade—on services, farm recovery and oil volume gains against soft prices. Ethiopia is projected to steady at 7.1% in 2026 then climb to 7.7% in 2027, thanks to looser money, productivity lifts and investment return. Commodity exporters such as Guinea, Liberia and Zambia are projected to grow at 4.3-4.5% on mining strength; non-resource sorts like Benin, Côte d'Ivoire, Rwanda and Uganda are projected to outpace them at 6.1-6.2%.

Sub-Saharan Africa's growth outlook remains subject to downside risks. Tighter trade barriers, stalled reforms, escalating conflicts, extreme weather, sharp reductions in official development assistance (ODA), subdued global growth, declining commodity prices, and restrictive financial conditions all pose threats to these projections. Exporters such as Côte d'Ivoire, Kenya, and South Africa face heightened vulnerabilities from U.S. tariffs and AGOA's expiry;

climate shocks will severely impact fragile states from the Sahel to southern Africa, while aid reductions will disproportionately affect Somalia and South Sudan. Upside potential from improved Chinese market access or firmer commodity prices appears limited.

Zambia

Zambia's headline inflation decreased to 9.4% in January 2026, down from 11.2% December 2025. The Zambian Kwacha closed at ZK19.75/US\$1 in November 2025, compared to ZK22.11/US\$1 recorded in December 2025. According to the World Bank, economic growth is projected to grow by 5.8% in 2026.

Zimbabwe

Inflation decreased to 4.1% in January, down from 15.0% in December 2025, driven by falling food and services prices. The Zimbabwean Gold (ZiG) closed at ZiG25.58/US\$1 in January 2026, compared to ZiG25.98/US\$1 in December 2025. According to the World Bank, economic growth is projected to grow at 5.0% in 2026.

Uganda

Uganda's headline inflation increased to 3.2% in January 2026, from 3.1% in December 2025. The Ugandan Shilling appreciated against the US Dollar in January 2026, closing at UGX3580.14/US\$1, compared to UGX3,619.73/US\$1 recorded in December 2025. Uganda's economy is projected to grow by 6.4% in 2026.

Tanzania

Tanzania's headline inflation decreased to 3.3% in January 2026, from 3.6% in December 2025. The Tanzanian Shilling depreciated against the US Dollar and closed at TSh2,518.05/US\$1, compared to TSh2,447.46/US\$1 recorded in December 2025. According to the World Bank, Tanzania's economy is projected to grow by 6.2% in 2026.

South Africa

South Africa's headline inflation decreased to 3.5% in January 2026, down from 3.6% in December 2025. The South African Rand appreciated against the US Dollar and closed at ZAR16.14/US\$1 in January 2026, compared to ZAR16.57/US\$1 recorded in the previous month. The World Bank has projected that economic growth outlook for South Africa to grow at 1.4% in 2026.

OUTLOOK FOR FEBRUARY AND BEYOND – MALAWI

Exchange Rates

Owing to persistent shortages of hard currency and speculation, the spread between the formal exchange rate in January 2025 stood at K1,751.00:US\$1 (TT sell), while the informal market exchange rate was K3,800:US\$1.

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

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

Inflation

Malawi's year-on-year headline inflation declined to 24.9% in January 2026 from 26.0% in December 2025, driven primarily by falling food prices. Food inflation decreased from 26.5% to 22.1%, while non-food inflation increased from 25.2% to 29.9%. The decline in headline inflation was largely attributed to falling prices of key food items such as rice, maize, and maize products, alongside a notable reduction in vegetable prices.

The Malawi Energy Regulatory Authority (MERA) increased the pump prices of petrol and diesel under the Automatic Pricing Mechanism (APM) to MK4,965 and MK4,945 per litre from MK3,499 and MK3,500, representing price adjustments of 41.9% and 41.3%,

respectively. MERA indicated that the adjustment was necessary to ensure a sustainable fuel supply and restore cost-reflective pricing. These increases are expected to exert upward pressure on prices in the coming months, as transport and production costs rise following the fuel price adjustment.

Month-on-month inflation increased to 3.7% in January from 3.0% in December, despite food inflation declining from 3.2% to 2.4%. Non-food inflation rose sharply to 6.2% from 2.6%, reflecting increases across key components. Housing, Water, and Electricity (23.7% of the CPI basket) increased from 2.78% to 6.57%; Transportation (4.1% of CPI) rose significantly from 0.52% to 15.52%; Communication (4.1% of CPI) increased from 0.00% to 14.32%; and Furnishing and Household Equipment (2.2% of CPI) rose from 1.07% to 2.08%.

Upside risks to inflation are expected to persist in 2026, mainly due to currency depreciation pressures, reduced donor support, and potential climatic shocks affecting agricultural production. The Monetary Policy Committee will continue to monitor inflation developments closely and may adjust the policy rate if necessary to contain inflationary pressures.

The EIU projects that inflation will rise slightly to 29.0% in 2026 and average 28.6% over 2026–2029, significantly higher than the previous forecast of 16.6%. In the absence of a new IMF-supported programme, continued deficit monetisation by the Reserve Bank of Malawi (RBM), alongside expected currency depreciation and periodic exchange rate adjustments driven by foreign exchange shortages, is likely to sustain elevated inflationary pressures, keeping inflation around 29% in 2026 despite anticipated declines in food and energy prices. Inflation is, however, expected to moderate gradually thereafter, averaging about 24% by 2030 as domestic food and energy prices ease.

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

In November 2025, Malawi's total exports fell to US\$109.4 million, a 26.7% decrease from US\$149.1 million in November 2024, reflecting persistent challenges in key sectors such as tobacco amid weaker global commodity prices and domestic production constraints. On a month-on-month basis, however, exports showed recovery, rising 25.5% from US\$87.1 million in October 2025 to US\$109.4 million in November 2025.

Total Imports reached US\$348.3 million in November 2025, up 15.6% from US\$301.2 million a year earlier and driven by elevated costs for essentials like fuel, fertilizers, and machinery to support agriculture and infrastructure. Month-on-month, imports climbed by 10.2% from US\$315.9 million in October 2025 to US\$348.3 million in November 2025.

This dynamic resulted in a trade deficit of US\$238.9 million in November 2025, which widened 57.1% year-on-year from US\$152.1 million in November 2024. Month-on-month, the deficit grew more modestly by 4.4% from US\$228.8 million in October 2025 to US\$238.9 million in November 2025. With an export-to-import ratio of 0.31—meaning exports covered just 31.0% of imports—the imbalance underscores persistent structural weaknesses in the current account, exerting downward pressure on foreign exchange reserves and contributing to kwacha depreciation.

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

The Reserve Bank of Malawi (RBM) rescheduled its first Monetary Policy Committee (MPC) meeting of 2026, previously planned for 28–29 January in Mzuzu to a later date not yet confirmed. The Monetary Policy

Committee (MPC) was expected to deliberate on a potential reduction of the policy rate from 26%, driven by inflation's downward trend in that has been on downward trajectory since November 2025. Market expectations leaned toward a rate cut; however, recent petrol and diesel price hikes may prompt the RBM to adopt a cautious stance and hold rates steady.

Additional agenda items were anticipated to include Malawi's growth prospects, inflation trends, and the impact of January maize arrivals. These discussions would have leveraged the government's maize imports from Zambia, which were recognized as a significant positive in the RBM's October fourth quarter MPC meeting.

The Economist Intelligence Unit (EIU) projects that, although food and energy prices are expected to ease, inflation will remain elevated in 2026, largely reflecting continued deficit monetisation. In response to these conditions, the Reserve Bank of Malawi (RBM) is expected to maintain its policy rate at 26% during 2026 to support economic activity, with interest rates remaining negative in real terms.

Over the medium-term period (2027–2030), inflation is anticipated to moderate slightly as domestic food and energy prices continue to decline. However, persistent fiscal deficits, ongoing deficit financing, and expected currency depreciation—potentially involving periodic exchange-rate adjustments due to foreign reserve shortages—are likely to keep inflation relatively high. As a result, monetary policy easing is expected to be gradual, with the policy rate projected to decline to around 22% by the end of 2030.

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 successfully raised K74.31 billion through a Treasury Bills auction, with the full amount allocated exclusively to the 91-day tenor despite robust market subscriptions totaling K440.46 billion. Applications for the 91-day paper reached K147.80 billion, while bids for the 182-day and 364-day tenors stood at K159.72 billion and K132.94 billion, respectively, receiving no allotments.

This strategic preference for short-term instruments underscores the authorities' commitment to maintaining portfolio flexibility and mitigating the risk of committing to elevated longer-term yields, thereby supporting prudent fiscal management amid ongoing debt sustainability efforts.

The Minister of Finance announced that the government-initiated discussions regarding potential domestic debt restructuring. During budget consultative meetings, the Minister reaffirmed the government's commitment to proceed with local debt restructuring upon agreement with lenders, emphasizing a case-by-case approach that incorporates haircuts where necessary. The restructuring will be executed prudently to minimize economic disruption while addressing fiscal sustainability.

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 2.78% in 2026 from 2.15 in 2026. See table below:

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

(Source: EIU, IMF, WBG, MoF)

Based on various institutions' projections, the economy is expected to grow by an estimated average of 2.15% in 2025. For 2026, the economy is expected to grow by 2.78%, a rebound from 2025.

The growth estimates are on account of growth in Agriculture, Mining and Quarrying, Manufacturing, Accommodation and Food services, Wholesale and Retail Trade, as well as Information and Communication sectors. The first-round crop production estimates produced by the Ministry of Agriculture which will most likely be released at the end of the first quarter are expected to give a better picture of the country's growth trajectory for 2026.

Malawi's government projects real GDP growth of 3.8% in 2026, up from 2.7% in 2024, propelled mainly by investments in agriculture, tourism, mining and manufacturing. Beset by enduring headwinds, it has launched the National Economic Recovery Plan (NERP) to shore up stability, restore confidence and hasten inclusive, sustainable progress. Fiscal consolidation anchors the effort, creating elbow room for public spending in these core sectors—now augmented by digitalisation—to sidestep debt distress.

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

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

ECONOMIC RISKS

ECONOMIC RISK	IMPACT ON ECONOMY	MITIGATING MEASURES
Escalation of Geopolitical Conflicts (e.g., Russia-Ukraine, Middle East tensions)	<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. Deferral 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)

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
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	2,218.25	2,310.59	2,246.47	2,392.21	2,407.39	2,451.51	2,370.42	2,410.07	2,400.96	2,349.17	2,359.88	2,402.57	2,457.58
MK : ZAR	96.24	96.63	98.00	96.39	100.61	100.72	99.39	100.78	103.64	103.34	104.06	107.50	112.16
MK : EUR	1,855.51	1,854.62	1,926.24	2,033.40	2,026.61	2,096.62	2,044.47	2,083.05	2,096.44	2,066.62	2,068.76	2,095.37	2,130.74
Foreign reserves (Source: RBM)													
Total Reserves (US\$ mn)	530.90	569.50	536.00	530.00	521.00	555.90	607.70	521.90	511.80	526.80	530.00	NA	NA
Total Import Cover (months)	2.10	2.30	2.10	2.10	2.10	2.20	2.40	2.10	2.00	2.10	2.10	NA	NA
% Inflation (NSO)													
Headline Inflation	28.50	30.70	30.50	29.20	27.70	27.10	27.30	28.20	28.70	29.11	27.91	26.00	24.87
Food	36.00	38.50	37.30	35.80	32.70	31.60	32.40	33.70	33.00	32.38	30.13	26.50	22.12
Non Food	16.90	18.50	19.20	19.40	20.00	20.10	19.30	19.50	21.70	23.78	24.20	25.40	29.85
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	24.20%	24.20%	23.18%	23.20%	23.20%	23.90%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%
Average Base Lending Rates	25.20%	25.10%	25.10%	25.10%	25.20%	25.10%	25.30%	25.40%	25.30%	25.40%	25.30%	25.30%	25.20%
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%	15.62%
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)													
MAI	223,474.92	283,722.24	291,644.54	289,692.81	283,146.74	329,922.87	386,281.85	535,303.19	579,212.79	602,600.89	619,709.36	598,062.80	598,062.80
DSI	173,854.75	197,589.16	205,607.20	213,500.56	213,341.45	248,718.38	289,041.04	412,549.45	441,898.89	437,930.45	417,628.19	405,749.03	405,749.03
FSI	31,921.06	70,073.16	68,836.03	56,537.57	49,302.03	57,277.29	69,606.94	81,906.38	94,071.23	124,300.17	167,481.69	158,350.47	158,350.47
Fuel Prices per Litre (Source: MERA)													
Petrol	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	3,499.00	3,499.00	3,499.00	3,499.00	4,965.00
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	3,500.00	3,500.00	3,500.00	3,500.00	4,945.00
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

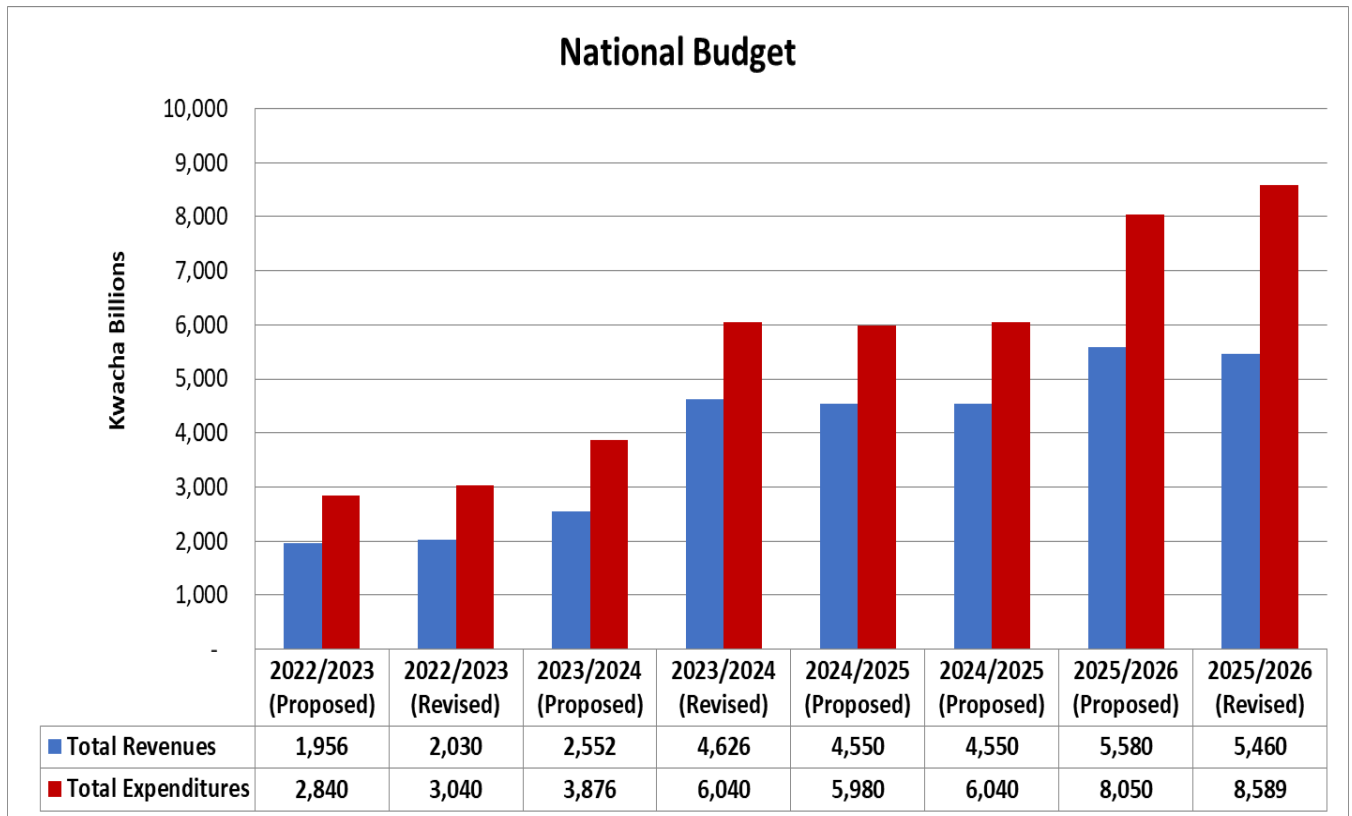
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
TANZANIA													
Exchange rate													
US\$	2,695.00	2,581.29	2,649.98	3,053.62	2,583.82	2,618.32	2,545.79	2,466.06	2,442.85	2,451.64	2,436.80	2,453.55	2,518.05
GBP	3,546.08	3,263.78	3,426.42	3,591.74	3,496.81	3,598.89	3,387.18	3,329.64	3,285.14	3,260.44	3,222.91	3,311.80	3,461.57
ZAR	151.91	151.91	144.78	144.78	143.67	147.30	141.73	139.56	141.45	142.01	142.21	147.51	157.49
EUR	2,985.32	2,696.67	2,858.47	3,053.62	2,976.56	3,073.65	2,920.54	2,876.63	2,870.83	2,854.69	2,820.59	2,885.00	3,000.01
Inflation %	3.10	3.20	3.30	3.20	3.20	3.30	3.30	3.40	3.40	3.50	3.40	3.60	3.30
UGANDA													
Exchange rate													
US\$	3,720.82	3,677.71	3,662.55	3,665.64	3,630.86	3,594.41	3,585.09	3,552.14	3,490.18	3,481.00	3,624.91	3,619.73	3,580.14
GBP	4,899.20	4,899.20	4,745.93	4,905.73	4,892.95	4,934.41	4,792.55	4,792.73	4,533.20	4,704.71	4,796.84	4,878.07	4,953.84
EUR	4,121.55	4,121.55	3,969.47	4,167.47	4,120.30	4,214.45	4,145.80	4,142.51	4,095.90	4,044.22	4,200.00	4,248.30	4,290.98
Inflation %	3.60	3.70	3.40	3.50	3.80	3.90	3.80	3.80	4.00	3.40	3.10	3.10	3.20
Central Bank Rate %	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
ZAMBIA													
Exchange rate													
US\$	26.12	26.12	28.21	27.96	26.62	23.81	22.98	23.58	23.87	22.21	22.97	22.11	19.75
GBP	34.40	35.95	36.98	37.27	35.87	32.61	30.34	31.74	32.02	29.11	30.36	29.82	27.15
ZAR	1.48	1.55	1.56	1.50	1.48	1.34	1.27	1.33	1.38	1.28	1.34	1.34	1.24
Inflation %	16.70	16.80	16.50	16.50	15.30	14.10	13.00	12.60	12.30	11.90	10.90	11.20	9.40
Central Bank Rate %	14.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.25	14.25	14.25
MOZAMBIQUE													
Exchange Rate													
US\$	64.54	63.90	63.90	63.27	63.90	63.90	63.91	63.91	63.91	63.90	63.27	63.62	63.67
ZAR	3.65	3.49	3.49	3.42	3.62	3.62	3.63	3.65	3.66	3.52	3.70	3.85	3.94
EUR	71.43	69.64	69.12	72.18	72.95	75.22	74.79	74.70	73.87	74.00	73.20	74.70	75.58
Inflation%	2.75	4.74	4.77	3.99	4.00	4.50	3.96	4.79	4.93	4.83	4.38	3.23	3.04

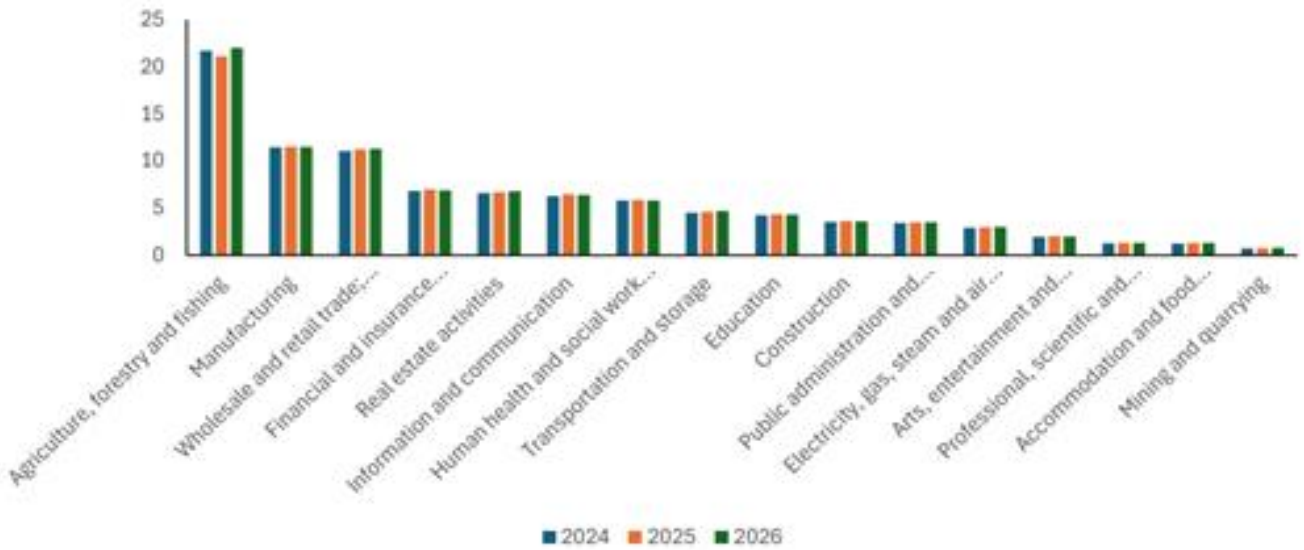
(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

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

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

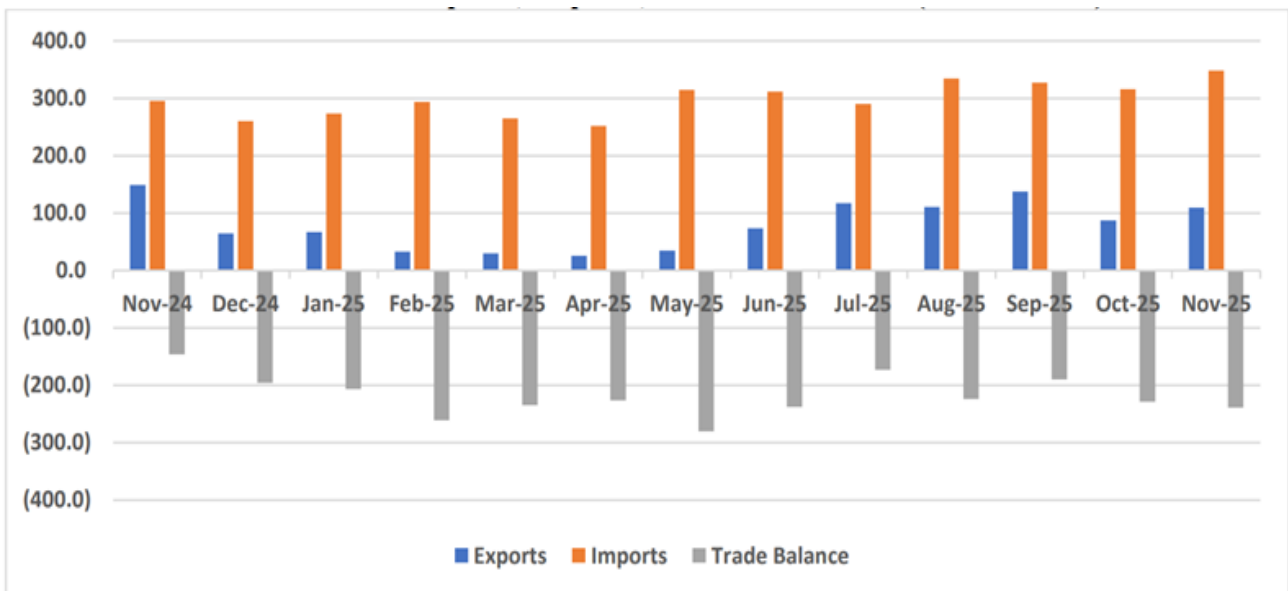


Appendix 4: GDP per sector (Source: RBM)



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

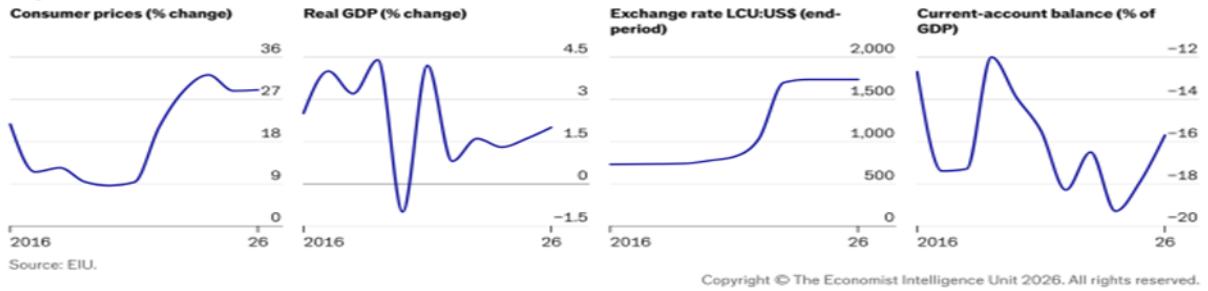
Appendix 5: Merchandise Trade (US\$' millions) (Source: RBM)



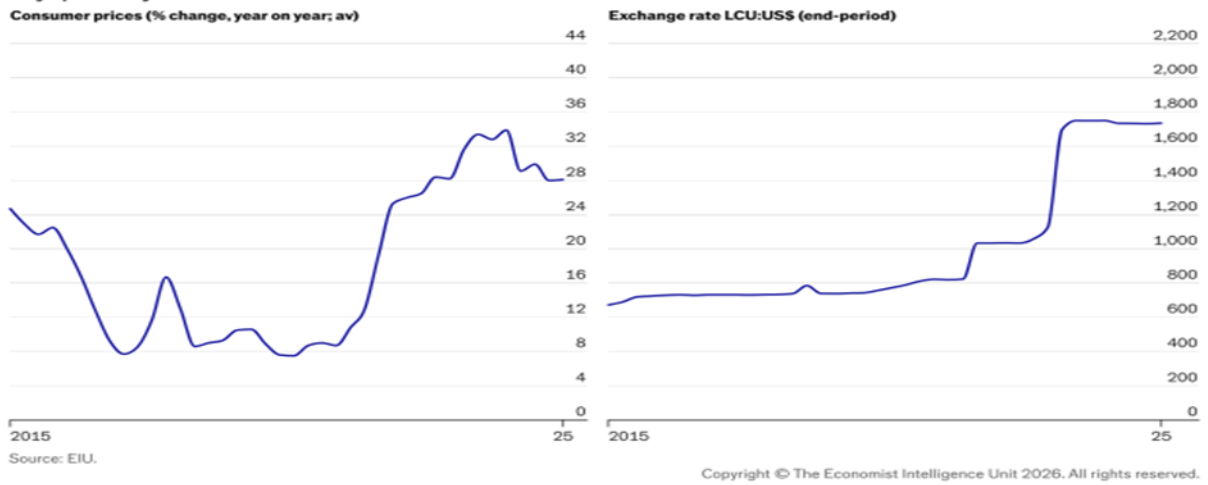
Source: National Statistical Office

Appendix 6: Comparable Indicators (Source: EIU)

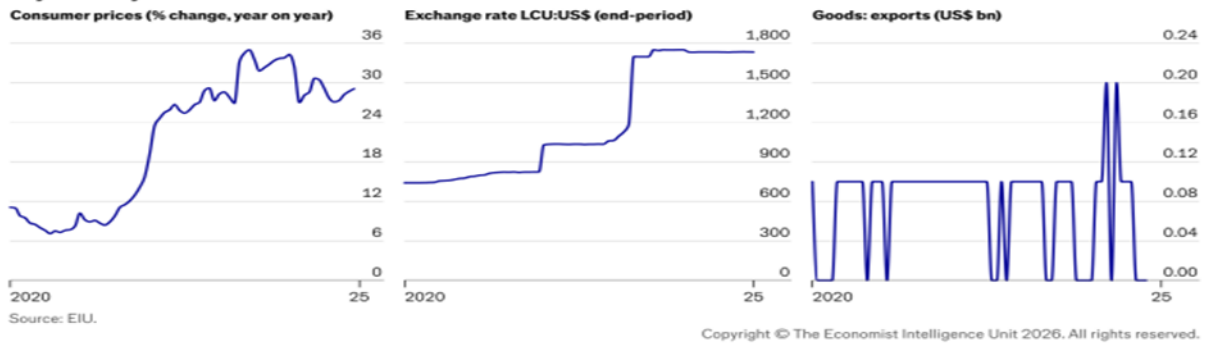
Key annual indicators



Key quarterly indicators



Key monthly indicators



Appendix 7: Global Projections (Source: World Bank)

	2023	2024	2025e	2026f	2027f	2025e	2026f	2027f
World	2.8	2.8	2.7	2.6	2.7	0.4	0.2	0.1
Advanced economies	1.6	1.7	1.7	1.6	1.6	0.5	0.2	0.0
United States	2.9	2.8	2.1	2.2	1.9	0.7	0.6	0.0
Euro area	0.5	0.9	1.4	0.9	1.2	0.7	0.1	0.2
Japan	0.7	-0.2	1.3	0.8	0.8	0.6	0.0	0.0
Emerging market and developing economies	4.4	4.3	4.2	4.0	4.1	0.3	0.2	0.2
East Asia and Pacific	5.2	5.0	4.8	4.4	4.3	0.3	0.4	0.3
China	5.4	5.0	4.9	4.4	4.2	0.4	0.4	0.3
Indonesia	5.0	5.0	5.0	5.0	5.2	0.3	0.2	0.2
Thailand	2.0	2.5	2.0	1.8	2.5	0.2	0.1	0.2
Europe and Central Asia	3.6	3.6	2.4	2.4	2.7	0.0	-0.1	0.0
Russian Federation	4.1	4.3	0.9	0.8	1.0	-0.5	-0.4	-0.2
Türkiye	5.0	3.3	3.5	3.7	4.4	0.4	0.1	0.2
Poland	0.2	3.0	3.3	3.2	2.9	0.1	0.2	0.0
Latin America and the Caribbean	2.4	2.4	2.2	2.3	2.6	-0.1	-0.1	0.0
Brazil	3.2	3.4	2.3	2.0	2.3	-0.1	-0.2	0.0
Mexico	3.4	1.4	0.2	1.3	1.8	0.0	0.2	0.0
Argentina	-1.9	-1.3	4.6	4.0	4.0	-0.9	-0.5	0.0
Middle East, North Africa, Afghanistan and Pakistan	2.1	2.6	3.1	3.6	3.9	0.4	-0.1	-0.1
Saudi Arabia	0.5	2.7	3.8	4.3	4.4	1.0	-0.2	-0.2
Iran, Islamic Rep. ²	5.3	3.7	-1.1	-1.5	0.6	-0.6	-1.8	-1.2
Egypt, Arab Rep. ²	3.8	2.4	4.4	4.3	4.8	0.6	0.1	0.2
South Asia	8.0	6.3	7.1	6.2	6.5	1.0	-0.2	0.0
India ²	9.2	6.5	7.2	6.5	6.6	0.9	0.0	-0.1
Bangladesh ²	5.8	4.2	3.7	4.6	6.1	0.4	-0.3	0.4
Sri Lanka	-2.3	5.0	4.6	3.5	3.1	1.1	0.4	0.0
Sub-Saharan Africa	3.0	3.7	4.0	4.3	4.5	0.3	0.2	0.2
Nigeria	3.3	4.1	4.2	4.4	4.4	0.6	0.7	0.6
South Africa	0.7	0.6	1.3	1.4	1.5	0.6	0.3	0.2
Ethiopia ²	7.2	8.1	7.2	7.1	7.7	0.8	0.6	0.5
Memorandum items:								
Real GDP¹								
High-income countries	1.7	1.9	1.7	1.7	1.8	0.4	0.2	0.1
Middle-income countries	4.9	4.4	4.4	4.1	4.2	0.3	0.1	0.2
Low-income countries	1.0	3.6	5.0	5.7	5.6	0.2	-0.1	0.0
EMDEs excluding China	3.8	3.8	3.7	3.7	4.0	0.3	-0.1	0.0
Commodity-exporting EMDEs	2.9	3.3	3.0	3.1	3.3	0.1	-0.1	-0.1
Commodity-importing EMDEs	5.2	4.7	4.7	4.4	4.4	0.4	0.3	0.2
Commodity-importing EMDEs excluding China	4.9	4.3	4.4	4.3	4.7	0.4	-0.1	0.1
EM7	5.4	4.8	4.5	4.1	4.1	0.4	0.2	0.2
World (PPP weights) ³	3.4	3.3	3.3	3.1	3.2	0.4	0.1	0.1
World trade volume⁴	0.6	3.4	3.4	2.2	2.7	1.6	-0.2	0.0

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Contact Us



Head Office

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

Lilongwe Branch

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