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# MONTHLY ECONOMIC REPORT

MAY 2026

Investment Management | Corporate Finance | Investor Services

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**LIST OF ACRONYMS**

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

## EXECUTIVE SUMMARY

### Economic Outlook — Malawi

The Economist Intelligence Unit has maintained its growth projection for Malawi in its latest report at 2.0% in 2026, compared to an estimated 1.6% in 2025. Growth will be supported by recovery in key sectors and improved maize output, helping to ease inflation. However, structural challenges, including foreign exchange shortages, energy constraints, and fiscal pressures, persist, with upside potential dependent on investment and progress in debt restructuring.

Malawi's tobacco industry generated MK223.4 billion (US\$129.6 million) in the first eight weeks of the 2026 marketing season, with 62.1 million kg sold at an average price of MK3,588 (US\$2.08) per kg, according to the Tobacco Commission. This reflects a decline from the same period in 2025, when sales reached 72.7 million kg worth MK309.3 billion (US\$179 million), representing a 15% drop in volume and a 28% fall in earnings, despite broadly stable market conditions. By week eight, overall rejection rates stood at 5.5%, though auction burley remained heavily affected at 64%, compared to much lower rejection in contract sales (2.8%).

The Malawi Energy Regulatory Authority (MERA) has implemented a slight downward adjustment in fuel pump prices effective 8 May 2026, with petrol and paraffin decreasing by 6.94% and 1.96% to MK6,209 and MK5,710 per litre, respectively. The adjustment follows the Automatic Pricing Mechanism (APM), which aligns domestic fuel prices with international oil market developments and freight costs. Global oil prices slowed amid a two-week ceasefire in the Middle East, which was later extended indefinitely, easing geopolitical tensions in the region.

In May 2026, maize retail prices eased further from MK750/kg to MK736/kg (-2%). Regional averages were South MK747, Central MK727 and North MK707, with notable increases in Mchinji, Kasungu, Thyolo and M'baluku, while Jenda, Mzimba Boma and Lilongwe City recorded significant declines. Cross-border trade remained dominated by imports, mainly from Mozambique, where import parity prices fell below local retail prices. Imported maize continued to supply both border districts and inland markets such as Blantyre and Zomba, reinforcing the influence of cross-border trade on domestic maize markets.

### 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 repayment obligations, including 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 constrain industrial output and elevate 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 May 2026 stood at 23.40%, a decrease from 24.30% reported in April 2026. The decrease in inflation was driven by decreasing both food and non-food prices.

**Government Securities (Source: RBM)**

In May 2026, the average yield for all types of Treasury bills was 14.50%, down from 14.58%, recorded in April 2026.

Tenor	May-26	Apr-26	May-25	Change 1 Month	12 Months
91 days	12.00%	12.00%	16.00%	→ 0.00%	↓ -4.00%
182 days	15.00%	15.00%	20.00%	→ 0.00%	↓ -5.00%
364 days	16.50%	16.75%	26.00%	↓ -0.25%	↓ -9.50%
All Type	14.50%	14.58%	20.67%	↓ -0.08%	↓ -6.17%

During the review period, total Treasury Bill applications amounted to MK362.95 billion, of which MK276.98 billion was allotted, resulting in an overall rejection rate of approximately 23.69%. The 364-day paper accounted for the highest subscription rate at 69.54%, followed by the 182-day paper at 27.08% and lastly, the 91-day paper at 3.38%.

The Reserve Bank did not hold auctions for the 2-year, 3-year, 5-year, 7-year, and 10-year Treasury Notes, suggesting a pause in issuance across the medium-to long-term segment of the domestic debt market.

**Foreign Currency Market (Source: RBM)**

During the month of May 2026, the Malawi Kwacha depreciated against South African Rand and appreciated against the Euro and British Pound. The Kwacha remained unchanged against the US Dollar. See the table below:

CURRENCY	May-26	Apr-26	May-25	% Movement 1 month	% Movement 12 months
MK/USD	1,734.01	1,734.01	1,734.01	→ 0.00%	→ 0.00%
MK/GBP	2,392.75	2,408.29	2,407.39	↑ 0.65%	↑ 0.61%
MK/ZAR	108.71	106.17	92.00	↓ -2.39%	↓ -18.16%
MK/EUR	2,073.23	2,085.91	2,026.61	↑ 0.61%	↓ -2.30%

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 May 2026 decreased to a daily average of MK151.29 billion from MK515.36 billion in April

2026. A sum of MK830.00 billion was accessed through the Lombard facility (discount window borrowing) during the month (No funds were accessed through this window in April 2026).

In May 2026, the overnight borrowing between banks increased to a daily average of MK84.82 billion at an average rate of 12.08%, compared to an average of MK37.08 billion per day at an average rate of 13.19%, in April 2026.

The reference rate in May 2026 stood at 20.60%, a decrease from 20.80% in April 2026.

**Foreign Exchange Reserves (Source: RBM)**

For the month of March, total forex reserves stood at US\$571.60 million (2.30 months of import cover); a decrease from US\$625.70 million (2.50 months of import cover); registered at the end of February 2026 (March 2025: US\$536.00 million, representing 2.14 months of import cover).

	Mar-26 (US\$ million)	Feb-26 (US\$ million)	Mar-25 (US\$ million)	% 1 month change	% 12 months change
Total	571.60	625.70	536.00	↓ -8.65%	↑ 6.64%
<b>Import Cover (Months)</b>					
Total	2.30	2.50	2.14	↓ -8.00%	↑ 7.48%

**Stock Market (Source: MSE)**

The market registered a negative index return as reflected in the downward movement of the Malawi All Share Index (MASI) from 524,387.05 points registered in April 2026 to 513,462.78 points registered in May 2026, giving a month-on-month return on index of -2.08% (-2.08% in US\$ terms). The price gains registered by SUNBIRD (37.90%), ILLOVO (18.70%), BHL(15.97%), PCL(11.24%), MPICO(0.26%) and ICON (0.13%) were not enough to offset share price losses registered by FDH(-9.40%), FMBCH (-8.46%), NBM (-5.50%), NBS(-4.41%), STANDARD(-3.46%), NICO(-1.12%), TNM (-0.13%), AIRTEL(-0.13%), and NITL(-0.02%) resulting in a downward movement of the Malawi All Share Index. The Domestic and Foreign Share Indices fell by -0.73% from 394,615.70 to 391,735.45 points and -9.07% from 92,021.47 to 83,672.89 points, respectively.

Market capitalization decreased in both Malawi Kwacha and US Dollar terms from MK28.59 trillion (US\$16.49 billion) to MK27.99 trillion (US\$16.14

billion) due to share price losses.

The market transacted a total of 43.31 million shares at a total consideration of MK8.12 billion (US\$4.69 million) in 3,318 trades in the month of May 2026. In the previous month of April 2026, the market transacted a total of 19.20 million shares at a total

consideration of MK8.22 billion (US\$4.74 million) in 3,248 trades. This reflects a 126.00% increase in terms of share volume traded and a -1.07% (-1.07% in US Dollar terms) decrease in share value traded. Of the shares traded, 1.52 million NBS shares traded as negotiated deals at a total consideration of K951.70 million

	May-26	Apr-26	May-25	Change (1 month)		Change (12 months)	
	MK/Share	MK/Share	MK/Share		%		%
AIRTEL	112.22	112.37	127.95	↓	-0.13%	↓	-12.29%
BHL	17.50	15.09	14.56	↑	15.97%	↑	20.19%
FMBCH	534.53	583.90	313.59	↓	-8.46%	↑	70.46%
FDHB	1648.83	1820.00	988.86	↓	-9.40%	↑	66.74%
ICON	16.01	15.99	17.95	↑	0.13%	↓	-10.81%
ILLOVO	3,500.02	2,948.66	1,791.39	↑	18.70%	↑	95.38%
MPICO	19.55	19.50	19.00	↑	0.26%	↑	2.89%
NBM	10,394.57	10,999.57	6,200.12	↓	-5.50%	↑	67.65%
NBS	730.56	764.27	338.65	↓	-4.41%	↑	115.73%
NICO	1627.36	1645.81	776.41	↓	-1.12%	↑	109.60%
NITL	3930.18	3930.82	715.22	↓	-0.02%	↑	449.51%
OMU	5,300.02	5,300.00	2,500.03	→	0.00%	↑	112.00%
PCL	8,700.00	7,820.80	3,999.97	↑	11.24%	↑	117.50%
STANDARD	3,999.91	4,143.47	9,510.00	↓	-3.46%	↑	110.30%
SUNBIRD	3100.06	2248.06	350.01	↑	37.90%	↑	785.71%
TNM	29.80	29.84	22.98	↓	-0.13%	↑	29.68%
MASI	513,462.78	524,387.05	283,146.74	↓	-2.08%	↑	81.34%
DSI	391,735.45	394,615.70	213,341.45	↓	-0.73%	↑	83.62%
FSI	83,672.89	92,021.47	49,302.03	↓	-9.07%	↑	69.71%

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

Published Full 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%	18.50	5.00	↑ 270.00%
Period	Dec-25	Dec-24	% Change	Dec-25	Dec-24	% Change
BHL	5.41	-1.37	↑ 494.89%	0.00	0.00	N/A
AIRTEL	51.25	42.72	↑ 5.06%	3.50	2.00	↑ 75.00%
FDH BANK	147.80	74.03	↑ 99.65%	1.68	5.09	↓ -66.99%
ICON	32.64	24.42	↑ 33.66%	0.31	0.29	↑ 6.90%
MPICO	19.32	12.18	↑ 58.62%	0.50	0.43	↑ 16.28%
NBM	197.97	101.71	↑ 94.64%	197.92	126.35	↑ 56.64%
NBS BANK	150.42	72.99	↑ 106.08%	23.00	10.90	↑ 111.01%
NICO	323.51	134.39	↑ 140.72%	40.05	20.00	↑ 100.25%
NITL	202.13	29.76	↑ 579.20%	11.00	6.80	↑ 61.76%
PCL	261.04	126.35	↑ 106.60%	135.42	11.25	↑ 1103.73%
STANDARD	121.70	86.36	↑ 40.92%	14.23	32.28	↓ -55.92%
SUNBIRD	12.48	10.62	↑ 17.51%	14.50	13.00	↑ 11.54%
TNM	21.27	10.05	↑ 111.64%	0.69	0.00	N/A
	Net Profit/(Loss) (US\$ million)			Total Dividend (Per Share) (US\$)		
FMBCH	152.30	103.52	↑ 47.12%	1.40	0.21	↑ 566.67%
TRADING STATEMENT						
ILLOVO	Expects that profit after tax for the half year ending February 2026 to be between 115.0% and 135.0% higher than corresponding period					

## OTHER MARKET DEVELOPMENTS

### Tobacco Sales (Source: AHL & TC).

Malawi's tobacco industry generated MK223.4 billion (US\$129.6 million) in the first eight weeks of the 2026 marketing season, with 62.1 million kg sold at an average price of MK3,588 (US\$2.08) per kg, according to the Tobacco Commission. This reflects a decline from the same period in 2025, when sales reached 72.7 million kg worth MK309.3 billion (US\$179 million), representing a 15% drop in volume

and a 28% fall in earnings, despite broadly stable market conditions. By week eight, overall rejection rates stood at 5.5%, though auction burley remained heavily affected at 64%, compared to much lower rejection in contract sales (2.8%).

### **MRA Records K532 Billion Revenue Collection in April 2026 (Source: MRA).**

Malawi Revenue Authority (MRA) collected K532 billion in April 2026, exceeding its monthly revenue target of K510 billion by 4.3% in the first month of the 2026/27 fiscal year. The strong performance was attributed to ongoing institutional reforms, improved tax administration, and enhanced taxpayer compliance. MRA expressed confidence in achieving and surpassing its annual revenue target of K6.2 trillion, supported by daily tax collections estimated between K2 billion and K4 billion. The development follows the rollout of the Electronic Invoicing System (EIS) aimed at improving VAT collection efficiency.

### **Malawi Pursues New IMF Programme Amid Inflation and Forex Challenges (Source: Ministry of Finance).**

Malawi is set to engage with the International Monetary Fund from June 9–18, 2026 to negotiate a possible new Extended Credit Facility (ECF) programme aimed at restoring macroeconomic stability and supporting economic recovery amid high inflation, foreign exchange shortages and mounting public debt. The discussions come after the expiry of Malawi's previous four-year IMF programme worth US\$175 million (approximately K306 billion) in May 2025 without completing a review. Experts stress that meaningful economic transformation will require improved policy execution, greater transparency, and sustained commitment to reform rather than reliance on external financing alone

### **Decrease In Fuel Prices (Source: MERA).**

The Malawi Energy Regulatory Authority (MERA) reduced the maximum pump price of petrol by 6.94%

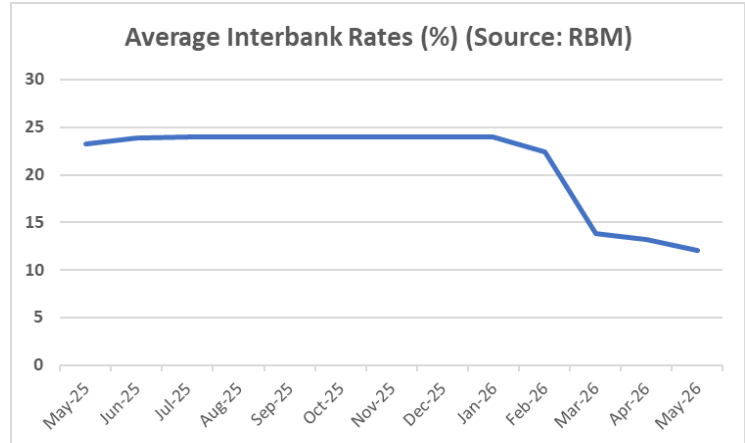
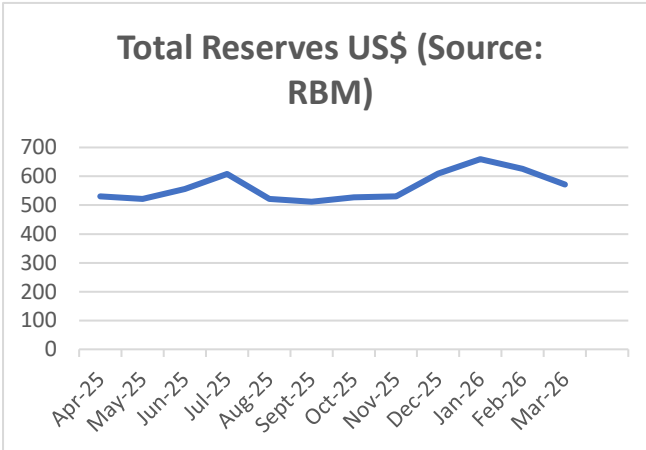
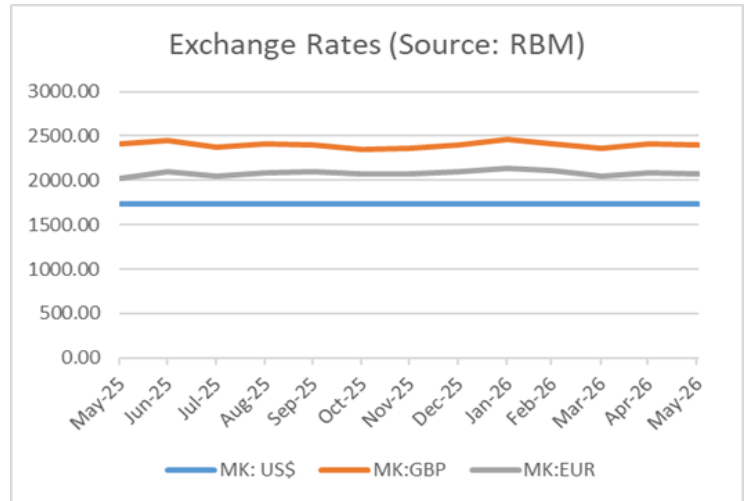
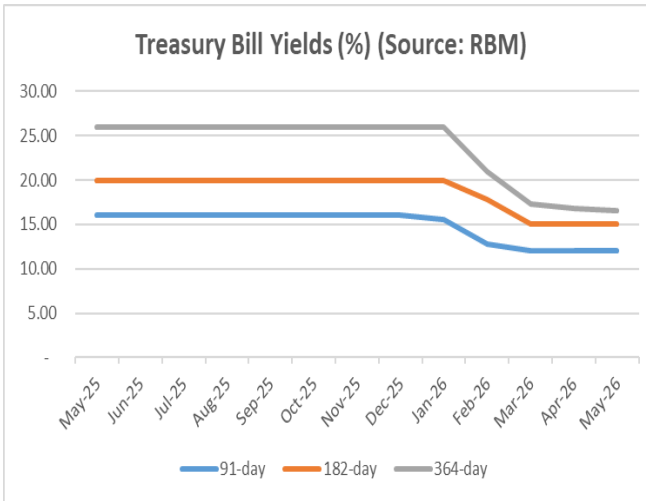
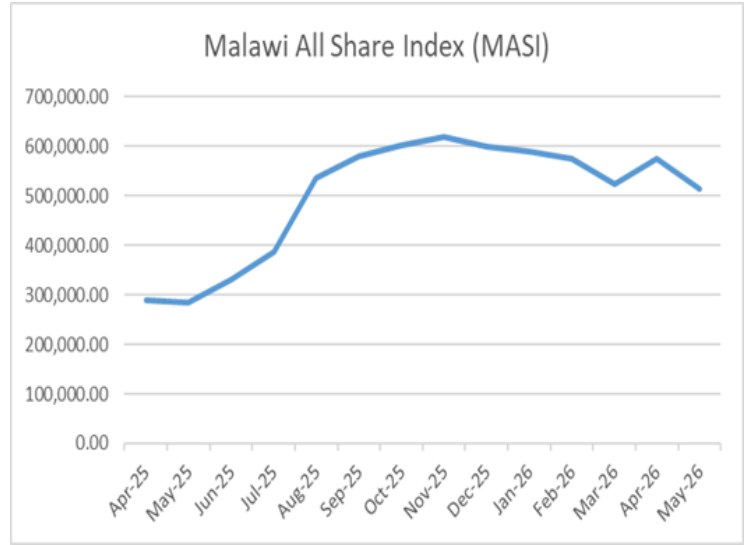
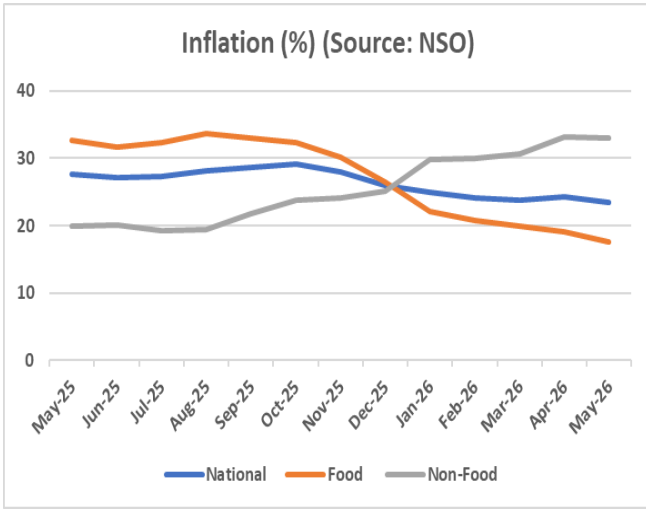
to MK6,209 per litre from MK6,672 per litre, effective 8 May 2026, while diesel prices were maintained at MK6,687 per litre. Industrial kerosene prices were also revised downward by 1.96% to MK5,710 per litre from MK5,824 per litre. The adjustment follows the Automatic Pricing Mechanism (APM), which aligns domestic fuel prices with international oil market developments and freight costs.

### **Maize prices (Source: IFPRI).**

Maize retail prices continued to ease across Malawi, although at slower pace than in April. National average prices declined by 2% from MK750/kg in the final week of April to MK736/kg by the last week of May. Prices remained substantially below last year's level at MK933/kg during the same period. Throughout the month, retail prices stayed well below the government-approved minimum farmgate price of MK900/kg, suggesting that many farmers likely sold maize at even lower prices than the farmgate level. Price movements remained mixed across monitored markets during the month, with declines concentrated in most Northern and Central region markets, while several Southern region markets registered increases. Significant declines were recorded in Jenda, Mzimba Boma and Lilongwe City, whereas strong increases occurred in Mchinji, Kasungu, Thyolo and M'baluku in Mangochi. Chitipa stood out as one of the few northern markets where prices remained broadly stable despite wider regional declines. The Southern region recording the highest average prices (K747/kg), followed by the Central (K727/kg) and Northern (K707/kg) regions.

Throughout May, maize imports continued to dominate cross-border trade, particularly along the Mozambique border, although occasional exports to Tanzania and Zambia also emerged. Import parity prices declined across most monitored border locations, especially along the Mozambique border, where imported maize traded below prevailing local retail prices, suggesting a simultaneous decline in maize prices in Mozambique under a relatively stable exchange rate environment. Much of the imported maize was transported beyond border districts into inland markets such as Blantyre and Zomba, reinforcing the continued influence of cross-border trade on domestic maize market dynamics.

**TREND GRAPHS**



## GLOBAL DEVELOPMENTS

### Economic Growth

According to the International Monetary Fund's World Economic Outlook, global growth is projected to slow to 3.1% in 2026 before rising slightly to 3.2% in 2027, reflecting the effects of heightened geopolitical tensions, tighter financial conditions, and weaker trade activity. Global headline inflation is projected to rise to 4.4% in 2026 before easing to 3.7% in 2027, while subdued global demand and weak investment continue to constrain employment creation, particularly in emerging market and developing economies facing expanding labour forces and persistent external sector pressures.

Eurozone growth is projected at 1.1% in 2026, with the broader EU forecast slightly higher at 1.5%, constrained by weak industrial activity, subdued confidence in major economies such as France and Germany, and lingering energy-related pressures. Labour market resilience and wage gains continue to support household spending, although elevated savings rates and cautious consumer behaviour are limiting stronger recovery momentum. Unemployment is projected to ease to 6.2%, supported by relatively resilient labour market conditions and modest investment recovery driven by infrastructure and defence spending.

U.S. growth is projected at 2.3% in 2026 and is expected to rise slightly to 2.4% in 2027, supported by resilient consumer spending, strong labour market conditions, and continued investment in artificial intelligence and technology sectors. Tax cuts and deregulation are expected to support business investment and household demand, helping offset external trade headwinds. However, inflation is expected to remain above target, while policy uncertainty and global trade tensions continue to pose downside risks to the outlook.

In East Asia and the Pacific, growth is expected to moderate to 4.4% in 2026 and 4.3% in 2027, weighed down by China's slowdown despite fiscal measures keeping its deficit near 4% of GDP. Broader Asia is projected at 4.3% (range: 4.1–4.6%), supported by expansionary fiscal policy and development bank support.

Emerging market and developing economies (EMDEs) are expected to slow to 4.0% in 2026 from 4.2% in 2025, before recovering to 4.1% in 2027 as trade frictions ease and commodity prices stabilize. Excluding China, EMDE growth is forecast at 3.7%,

while low-income countries are projected at 5.6%, driven by stronger domestic demand and exports. Elevated debt levels, demographic pressures, and weak foreign direct investment continue to limit job creation, highlighting the importance of structural reforms.

Downside risks remain prominent. Escalating trade barriers, policy uncertainty, geopolitical tensions, energy price volatility, financial stress in leveraged markets, and a sharper-than-expected slowdown in China could further constrain growth. Climate-related disasters in vulnerable regions and limited fiscal space in highly indebted low-income countries also pose threats. Upside scenarios, including accelerated disinflation, elevated commodity prices, or rapid trade agreements, remain unlikely. Enhanced global cooperation is critical to mitigate economic fragmentation, protect fragile economies, and address weather-related shocks.

### Global Oil

In May, the OPEC Reference Basket (ORB) value rose by \$5.49/b, m-o-m, to average \$114.55/b. The ICE Brent front-month contract rose in May by \$1.25/b, m-o-m, to average \$103.71/b, while the NYMEX WTI front-month contract dropped by \$0.16/b, m-o-m, to average \$98.51/b. The GME Oman front-month contract dropped by \$1.81/b, m-o-m, to \$102.10/b.

Global oil demand is forecast to grow by a healthy 1.0 million barrels per day (b/d) in 2026, year-on-year (y-o-y). The Organization of Economic Cooperation and Development (OECD) is forecast to grow by about 0.1 mb/d, while the non-OECD is forecast to grow by about 0.9 mb/d. Global oil demand in 2027 is forecast to grow by about 1.7 mb/d, y-o-y, following an upward revision of about 0.2 mb/d from last month's assessment. The OECD is forecast to grow by 0.2 mb/d, while the non-OECD is forecast to grow by about 1.5 mb/d.

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. The main drivers of liquids production growth are expected to be Brazil, the US, Canada, and Argentina. In 2027, non-DoC liquids production is forecast to grow by about 0.6 mb/d, also unchanged from last month's assessment. The growth will mainly be driven by Qatar, Brazil,

Canada, and Argentina. Natural gas liquids (NGLs) and non-conventional liquids from countries participating in the DoC are forecast to increase by about 0.1 mb/d, y-o-y, to average 8.8 mb/d in 2026. Additional growth of about 0.1 mb/d, y-o-y, is forecast for 2027, to average about 8.9 mb/d. In May, crude oil production by countries participating in the DoC decreased by 0.19 mb/d, m-o-m, to average about 33.13 mb/d, according to available secondary sources.

**Currency Movements**

In May 2026, the US Dollar Index (DXY) exhibited a distinct V-shaped recovery, trading within a lower, compressed band of approximately 97.63 to 98.58 during the first week. However, the greenback steadily climbed over the following weeks, ultimately closing the month fortified in the 99.00 to 99.54 range. This mid-month turnaround and eventual late-month surge were heavily driven by a shifting macroeconomic structure, where sticky US inflation reading at 3.8% and strong domestic economic signals forced traders to push back anticipated Federal Reserve rate cut timelines. Furthermore, prolonged safe-haven demand stemming from unresolved geopolitical frictions in the Middle East and fluctuating energy markets kept the index anchored well above its key support lines. By the end of May, the DXY's firm positioning near its 99.54 peak underscored the dollar's broad, underlying resilience against its major currency basket peers, setting a bullish short-term technical tone heading into June.

EURUSD staged a partial recovery from mid-month troughs near 1.1583, consolidating in a 1.158–1.179 range to reach highs of 1.1792 on May 8 after dipping to 1.1583 lows, then stabilizing between the 1.1600 support level and the 1.1691 midpoint pivot. This ~0.18% average daily gain across sessions was influenced by ECB policy signals and Eurozone data, rebounding over 180 pips from prior geopolitical pressures while testing resistance at 1.182, amid DXY's ~58% euro weighting that tempered upside. Broader dynamics included divergent inflation paths—Eurozone energy costs lingering higher versus US shale buffers—positioning the pair for potential volatility into June as markets priced ECB rate path divergences from the Fed.

GBPUSD navigated heightened volatility within a 1.3309-1.3633 year-to-date band, trading around 1.3431 mid-month as UK CPI cooled to 2.8% in April

(down from 3.3% in March), reflecting a more favourable annual comparison and government support with bills. An early tactical decline breached bearish channel patterns, but the pair later pushed above 1.3390 resistance toward 1.3450-1.3490 targets by late May, before surging to 1.3625 on May 27 as dollar weakness and Middle East optimism fueled risk appetite. This rebound reflected pound sensitivity to domestic wage growth and BoE hawkishness (~12% DXY weight), though USD resilience capped gains, with traders monitoring UK retail sales and potential fiscal updates for further directional cues

**Global Trade**

The WTO released its Global Trade Outlook Update, slashing 2026 global merchandise (goods) trade volume growth forecast from 1.2% to just 0.5%, blaming geopolitical tensions, weakening demand, and structural shifts. China's electromechanical exports proved resilient (up 8.3% YoY, 39.6% of total), signaling pockets of strength in high-tech/low-carbon segments amid broader pressures. The report highlighted risks to supply chains, especially for export-oriented sectors, with elevated energy prices from conflicts threatening food, travel, and transport-related services trade.

Despite the gloom, the report noted pockets of resilience, such as China's electromechanical exports—which rose 8.3% year-on-year and comprised 39.6% of its total in that category—spurred by demand for high-tech, low-carbon, and modular products. Director-General Ngozi Okonjo-Iweala emphasized the rules-based system's durability amid risks, urging stakeholders to monitor structural shifts in export profiles and supply chains. Overall, the WTO projected global GDP easing to 2.6% in 2026 from 2.7% in 2025, with potential for slight recovery if conflicts de-escalate and AI spending persists.

**Interest Rate Movements**

The US Treasury yield (10-Year) increased to close at 4.45% in May 2026 from 4.40% recorded in April 2026.

	May-26	Apr-26	May-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)	4.45%	4.40%	4.42%	↑ 0.05%	↑ 0.03%
BOE Rate	3.75%	3.75%	4.25%	⇒ 0.00%	↓ -0.50%
ECB Rate	2.15%	2.15%	2.25%	⇒ 0.00%	↓ -0.10%

(Source: US Federal Reserve, Refinitiv)

## REGIONAL MARKET DEVELOPMENTS

According to the latest World Bank Africa Economic Update, economic activity in Sub-Saharan Africa is projected to expand by 4.1% in 2026, unchanged from 2025 but 0.3 percentage points lower than the 4.4% forecast published in October 2025. The downgrade reflects mounting geopolitical risks, particularly the conflict in the Middle East, alongside high debt-service burdens and persistent structural constraints. Despite this, domestic demand remains supportive, with private consumption and investment continuing to underpin growth amid improving macroeconomic conditions and a weaker US dollar. Rising fuel, food and fertiliser prices linked to geopolitical tensions, however, pose increasing risks to the region's recovery.

Consumer-price inflation continues to moderate across much of Sub-Saharan Africa. The regional median inflation rate declined from 4.4% in 2024 to 3.7% in 2025, with 33 of 47 countries recording slower inflation during the period. However, inflation is projected to rise to 4.8% in 2026 before easing to about 3.8% during 2027–28, largely reflecting the anticipated impact of Middle East tensions on global fuel, food and fertiliser prices. The earlier decline in inflation was supported by lower global commodity prices, stronger and more stable exchange rates, improved external balances and tighter monetary policies across the region.

Sub-Saharan Africa's outlook continues to balance improving macroeconomic fundamentals against significant downside risks. Although more than 60% of countries are expected to improve their primary fiscal balances between 2024 and 2026, external debt-service pressures remain elevated, with the ratio of external public debt service to revenue projected to increase from 15.4% in 2024 to 18.2% in 2025. Slower growth in major economies, geopolitical tensions, climate-related shocks and declining external financing could further weaken growth prospects. At the same time, regional trade integration, improving macroeconomic stability and investment in productive sectors continue to provide opportunities for stronger and more resilient growth over the medium term.

### Zambia

Headline inflation decreased to 6.6% in May 2026, down from 6.8% in April 2026. The Zambian Kwacha closed at ZK18.39/US\$1 in May 2026, compared to ZK18.79/US\$1 recorded in April 2026. According to the IMF, economic growth is projected to grow by 4.3% in 2026.

### Zimbabwe

Headline inflation decreased to 4.4% in May 2026, down from 4.8% in April 2026, driven by easing global oil and food price pressures. The Zimbabwean Gold (ZiG) closed averaging around ZiG26.22/US\$1 in May 2026, compared to ZiG25.34/US\$1 recorded in April 2026. According to the IMF, economic growth is projected to grow at 5.0% in 2026.

### Uganda

Headline inflation increased to 3.2% in May 2026, up from 3.0% in April 2026. The Ugandan Shilling appreciated against the US Dollar in May 2026, closing at UGX3772.18/US\$1, compared to UGX3761.00/US\$1 recorded in April 2026. Uganda's economy is projected to grow by 7.5% in 2026.

### Tanzania

Tanzania's headline inflation increased to 4.2% in May 2026, up from 4.0% in April 2026. The Tanzanian Shilling depreciated against the US Dollar and closed at TSh2,609.21/US\$1 in May 2026, compared to TSh2599.00/US\$1 recorded in April 2026. According to the IMF, Tanzania's economy is projected to grow by 5.9% in 2026.

### South Africa

South Africa's headline inflation increased to 4.5% in May 2026, up from 4.0% in April 2026, driven by rising food and transport costs. The South African Rand depreciated against the US Dollar and closed at ZAR18.35/US\$1 in May 2026, compared to ZAR16.67/US\$1 recorded in the previous month. The World Bank has projected economic growth outlook for South Africa to grow by 1.0% in 2026.

## **OUTLOOK FOR MAY AND BEYOND – MALAWI**

### **Exchange Rates**

Owing to persistent shortages of hard currency and speculation, the spread between the formal and informal exchange rates in April 2026 stood at K1,751.00:US\$1 (TT sell), while the informal market exchange rate was K3,800:US\$1.

The EIU stated that, despite the government ruling out a devaluation or float of the currency, the central bank continues to heavily manage the official exchange rate, keeping the kwacha at about MK1,750 per US\$1 since March 2024, while the parallel market has seen sharp depreciation, with the currency currently trading at about MK4,400 per US\$1. It projects that the IMF will continue to push Malawi toward a market-determined exchange rate, but in the absence of a funded programme, the authorities are likely to maintain tight control of the kwacha. With little prospect of a new IMF programme being agreed, aid flows from other partners are expected to remain constrained, although support from the World Bank and African Development Bank will continue for humanitarian efforts and infrastructure projects, including small-scale solar power and transport infrastructure.

The Reserve Bank of Malawi emphasized that it expects foreign exchange shortages to persist in 2026, as the country has limited capacity to attract foreign exchange inflows. This suggests that forex shortages are likely to remain a key challenge.

**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 headline year-on-year inflation decreased from 24.3% in April 2026 to 23.4% in May 2026, driven primarily by moderate decreasing food prices and slight decreasing non-food prices. Food inflation declined from 19.1% to 17.6%, while non-food inflation drops from 33.2% to 33.0%. The decrease in headline inflation was largely due to decreasing

maize and fuel prices that pushed down food and non-food prices respectively.

In the month of May, the Malawi Energy Regulatory Authority (MERA) announced a decrease in pump prices, dropping petrol to K6,209 per litre and paraffin to MK5,710 per litre, representing decreases of 6.94% and 1.96%, respectively. The adjustment, triggered under the Automatic Pricing Mechanism (APM), reflected decreasing global oil prices, geopolitical tensions in the Middle East, lowering import costs and market distortions. The decrease is expected to reduce pressure on transportation costs, goods prices, business margins, and the overall cost of living, while Malawi's reliance on fuel imports continues to expose the economy to global shocks.

The RBM revised its 2026 inflation projection from 24.8%, reported after the First Monetary Policy Committee (MPC) meeting, to an average of 22.0% in 2026 in the Second MPC meeting. The downward revision was mainly attributed to improved maize harvest prospects and easing food inflation during the harvest season. However, the RBM noted that non-food inflation remains elevated due to fuel price adjustments, exchange rate pressures, and global uncertainties, particularly rising geopolitical tensions that could increase energy and import costs.

The Economist Intelligence Unit (EIU) continues to note that inflation in Malawi remains high despite recent moderation in food prices. While improved harvests and increased maize supplies have contributed to slower food inflation, persistent foreign exchange shortages, fiscal pressures, and import-related costs continue to sustain inflationary pressures. The recent increase in non-food inflation following fuel price adjustments highlights the vulnerability of inflation to domestic cost shocks and external developments.

The inflation outlook remains challenging despite expectations of further moderation during 2026. Improved agricultural production is expected to support lower food inflation, but upside risks remain from fuel prices, foreign exchange constraints, fiscal financing pressures, and potential disruptions to global commodity markets arising from geopolitical tensions. Inflation is therefore expected to remain above desired levels over the medium term, although at lower levels than those recorded in 2025.

**POSSIBLE IMPACT:** *Although easing food prices may provide some relief to households, persistently high inflation continues to erode purchasing power and constrain household consumption. Poor households remain particularly vulnerable given their high dependence on food purchases and limited capacity to absorb increases in non-food costs such as transport, energy, and other essential goods.*

## External Sector

In March 2026, Malawi's exports totaled US\$53.3 million, reflecting a strong 77.4% year-on-year increase from US\$30 million in March 2025. Month-on-month, exports fell from US\$65.7 million in February 2026 to US\$53.3 million, a decline of 18.9%.

Imports reached US\$291.2 million in March 2026, up 10% from US\$264.8 million in March 2025 and 4.2% from US\$279.4 million in February 2026. This resulted in a trade deficit of US\$237.9 million, up 1.3% year-on-year from US\$234.8 million and 11.3% month-on-month from US\$213.7 million, with an export-to-import ratio of 0.18.

The Economist Intelligence Unit (EIU) maintains that Malawi's trade deficit is likely to narrow gradually over the medium term, supported by higher exports of tobacco, sugar, tea and other agricultural commodities, as well as potential growth in mining exports. However, the EIU notes that foreign exchange shortages, limited export diversification and weather-related risks to agricultural production remain key constraints to external sector performance. While easing global oil prices may provide some relief to the import bill, continued geopolitical uncertainties and structural import dependence are expected to keep external vulnerabilities elevated.

Malawi's import requirements, particularly for fuel, food and manufactured goods, are expected to remain high. Although ongoing debt restructuring efforts may ease external repayment pressures, persistent trade deficits and foreign exchange shortages are likely to continue weighing on the balance of payments and the exchange rate outlook.

**POSSIBLE IMPACT:** *Persistent trade deficits and foreign exchange shortages will continue to exert pressure on the Kwacha and constrain access to imported goods and production inputs. Strengthening export competitiveness and diversifying the export base remain critical for improving external sector resilience.*

## Monetary Policy

During the Second Monetary Policy Committee (MPC) meeting held on 29–30 April 2026, the Committee maintained the policy rate at 24.0% following the 200 basis-point reduction implemented in March 2026. The Committee also increased the Liquidity Reserve Requirement (LRR) ratio on local currency deposits to 12.0% from 10.0%, while maintaining the LRR on foreign currency deposits at 3.75%. The decision reflected easing inflationary pressures, improved food supply prospects, and a more favourable inflation outlook, although the Committee noted that excess liquidity, foreign exchange shortages, fuel price developments, and geopolitical uncertainties continued to pose risks to price stability.

The Economist Intelligence Unit (EIU) notes that the Reserve Bank of Malawi's decision to lower the policy rate in March 2026 was aimed at supporting economic recovery and private-sector credit growth. However, monetary policy transmission is expected to remain constrained by banks' continued preference for government securities and structural weaknesses in credit markets. Persistent foreign exchange shortages and fiscal financing pressures are also expected to limit the effectiveness of monetary easing.

The EIU expects inflationary pressures to moderate gradually during 2026, supported by improved agricultural production and easing food prices. Nevertheless, inflation is projected to remain elevated due to continued fiscal pressures, exchange rate vulnerabilities, and non-food inflation driven by fuel and import-related costs. As a result, the EIU expects the RBM to maintain a cautious monetary policy stance, with limited scope for further policy rate reductions in the near term.

The EIU further notes that upside risks to inflation remain significant, particularly from foreign exchange constraints, fiscal deficit financing, and potential increases in global commodity prices arising from geopolitical tensions. Consequently, the RBM is expected to prioritise price stability while balancing the need to support economic activity. Over the medium term, a sustained decline in inflation and improved external sector conditions would create greater room for monetary policy easing.

**POSSIBLE IMPACT:** *Lower interest rates and easing inflation are expected to support credit growth, investment and household spending. However, persistent foreign exchange shortages, fiscal pressures and structural constraints may continue to*

*limit the effectiveness of monetary policy in stimulating economic activity.*

**Fiscal Policy**

The 2026/27 Budget introduced significant tax reforms to boost revenue, notably extending VAT at the standard 17.5% rate to foreign digital service providers for the first time. This measure, alongside the rollout of the new Electronic Invoicing System on 1 May, aims to enhance tax compliance and curb leakages. The Budget projects tax revenue at approximately K6.2 trillion, targeting a reduction in the fiscal deficit to around 9% of GDP. However, the government continue borrowing regardless of the new tax reform with MK276.9 billion in May 2026 as compared to MK147.1 billion borrowed through the same way in May 2025, signifying 88.24% increase.

Preliminary data for May indicates tobacco earnings have dropped sharply by 55% compared to the same period in 2025, a trend that could strain both revenue and foreign exchange inflows. Concurrently, the government faces significant spending pressures, with the Agricultural Development and Marketing Corporation (Admarc) entering the maize market with only K5 billion of its K60 billion budget released, highlighting continued constraints on agricultural subsidies and social support.

**POSSIBLE IMPACT:** *The Government faces significant risks to its target of reducing the fiscal deficit, including revenue shortfalls from weaker-than-expected tobacco exports and constrained subsidy disbursements. 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**

The Malawian economy is expected to grow by an average of 2.58% in 2026 from 2.08% in 2025. 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%	2.10%	2.20%
WORLD BANK	1.40%	1.80%	1.90%	2.30%
GOVERNMENT	1.50%	1.70%	2.70%	3.80%
<b>Average Real GDP</b>	<b>1.50%</b>	<b>1.65%</b>	<b>2.08%</b>	<b>2.58%</b>

*(Source: EIU, IMF, WBG, MoF)*

Based on various institutions’ projections, Malawi’s economy is expected to grow by an estimated average of 2.58% in 2026, up from 2.08% in 2025,

indicating a modest recovery in economic activity. The projected growth is supported by expected improvements in agriculture, mining and quarrying, manufacturing, accommodation and food services, wholesale and retail trade, and information and communication sectors.

The Economist Intelligence Unit forecasts that Malawi’s real GDP growth will rise from an estimated 1.6% in 2025 to 2.0% in 2026, before averaging around 2.6% annually during 2027–30. However, economic performance is expected to remain constrained by persistent foreign exchange shortages, limited external financing, and the absence of a new IMF-supported programme. These factors are likely to continue suppressing imports and limiting private-sector activity. In addition, inadequate electricity generation and low electrification levels remain major obstacles to economic growth, despite ongoing efforts to expand power supply through renewable energy and other infrastructure projects.

The RBM, during the Second Monetary Policy Committee meeting, maintained its 2026 growth forecast at 3.8%, unchanged from the projection contained in the First Quarter Monetary Policy Report. The outlook reflects expected improvements in agriculture, manufacturing and construction activities. As of end-May 2026, no revised growth forecast had been announced. Nevertheless, downside risks remain elevated, particularly from foreign exchange shortages, inflationary pressures and uncertainty in the global economic environment. Rising geopolitical tensions in the Middle East also pose risks through higher commodity prices and increased pressure on Malawi’s import bill.

The mining sector is expected to support export growth over the forecast period, driven by progress on strategic projects including the reopening of the Kayelekera Uranium Mine and the development of the Kangankunde and Kanyika rare earth projects. However, challenges such as infrastructure bottlenecks, financing constraints, foreign exchange shortages and regulatory delays are likely to continue limiting the pace of investment. The government’s target of significantly increasing mining’s contribution to GDP remains ambitious and may take longer to achieve than initially anticipated.

Beyond mining, agriculture is expected to recover moderately following improved weather conditions and anticipated gains in tobacco production. Nevertheless, climate-related risks, including droughts and floods, remain significant given the sector’s heavy reliance on rainfall. Import expenditure is expected to remain subdued as authorities

continue efforts to preserve foreign exchange reserves, while fiscal pressures are likely to constrain government spending, particularly on capital projects.

**POSSIBLE IMPACT:** Persistent foreign exchange shortages, infrastructure constraints, fiscal pressures and a challenging business environment are expected to continue weighing on economic growth in the short to medium term. However, increased mining activity, agricultural recovery and successful implementation of the MW2063 agenda could support stronger and more sustainable economic growth over the longer term.

**ECONOMIC RISKS**

<b>ECONOMIC RISK</b>	<b>IMPACT ON ECONOMY</b>	<b>MITIGATING MEASURES</b>
Escalation of Geopolitical Conflicts (e.g., Russia-Ukraine, Middle East tensions)	<ol style="list-style-type: none"> <li>1. Prolonged supply chain disruptions, especially energy and food.</li> <li>2. Surging commodity prices (oil, gas, grains).</li> <li>3. Heightened imported inflation.</li> <li>4. Reduced global trade volumes.</li> </ol>	<ol style="list-style-type: none"> <li>1. Diversify supply chains away from conflict zones.</li> <li>2. Build strategic reserves for energy and food.</li> <li>3. Strengthen regional trade agreements.</li> <li>4. Promote domestic production of critical goods.</li> </ol>
Climate Change/ Natural Disasters	<ol style="list-style-type: none"> <li>1. Persistent agricultural losses due to droughts, floods, and heatwaves.</li> <li>2. Widespread infrastructure damage.</li> <li>3. Rising insurance costs and unbudgeted recovery spending.</li> <li>4. Displacement of populations affecting labour markets.</li> </ol>	<ol style="list-style-type: none"> <li>1. Invest in climate-resilient agriculture (e.g., drought-resistant crops).</li> <li>2. Upgrade infrastructure with adaptive designs.</li> <li>3. Expand early warning systems and disaster response.</li> <li>4. Diversify economic reliance beyond vulnerable sectors.</li> </ol>
Persistent Inflation and Cost-of-Living Crisis	<ol style="list-style-type: none"> <li>1. Sustained high cost of living eroding purchasing power.</li> <li>2. Wage stagnation relative to prices.</li> <li>3. Elevated borrowing costs impacting businesses and households.</li> <li>4. Social unrest due to declining living standards.</li> </ol>	<ol style="list-style-type: none"> <li>1. Tighten monetary policy to control inflation.</li> <li>2. Expand social safety nets (e.g., subsidies for essentials).</li> <li>3. Encourage wage growth in key sectors.</li> <li>4. Promote competition to reduce price gouging.</li> </ol>
Rising Government Debt and Fiscal Strain	<ol style="list-style-type: none"> <li>1. Larger budget deficits due to servicing high debt levels.</li> <li>2. Crowding out private investment as borrowing competes for funds.</li> <li>3. Risk of sovereign debt crises in vulnerable economies.</li> </ol>	<ol style="list-style-type: none"> <li>1. Implement fiscal consolidation through targeted spending cuts.</li> <li>2. Broaden tax base and improve compliance.</li> <li>3. Negotiate debt relief or restructuring with creditors.</li> </ol>
Foreign Exchange Volatility and Shortages	<ol style="list-style-type: none"> <li>1. Higher costs for imports, exacerbating inflation.</li> <li>2. Reduced industrial output due to scarce raw materials</li> <li>3. Currency depreciation straining forex reserves.</li> <li>4. Fuel shortages disrupting transport and energy sectors.</li> </ol>	<ol style="list-style-type: none"> <li>1. Diversify exports to stabilize forex inflows.</li> <li>2. Encourage remittances via incentives for diaspora.</li> <li>3. Promote local manufacturing for import substitution.</li> <li>4. Secure forex swaps or credit lines with allies.</li> <li>5.</li> </ol>
Insufficient Power Supply	<ol style="list-style-type: none"> <li>1. Commercial productivity remains small scale as large-scale enterprises are difficult to implement with limited power supply.</li> <li>2. Low industrial productivity in the manufacturing sector resulting in low economic productivity and dampening economic growth.</li> <li>3. Deferral of development by investors due to lack of infrastructure</li> </ol>	<ol style="list-style-type: none"> <li>1. Encourage use of energy-saving bulbs.</li> <li>2. Rehabilitate and develop new power plants.</li> <li>3. Public-Private Partnerships to enhance energy production through alternative power sources.</li> <li>4. The entrance of Independent Power Producers (IPPs) may help boost power generation.</li> </ol>
High Population Growth and Demographic Pressures	<ol style="list-style-type: none"> <li>1. Lower per capita income as resources stretch thin.</li> <li>2. Overburdened public services (health,</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance family planning education and access.</li> <li>2. Invest in education and skills</li> </ol>

	<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)

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
<b>Exchange Rates</b>														
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	1,734.01
MK : GBP	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	2,405.96	2,310.59	2,408.29	2,392.75
MK : ZAR	96.39	100.61	100.72	99.39	100.78	103.64	103.34	104.06	107.50	112.16	112.37	98.00	106.17	108.71
MK : EUR	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	2,108.23	1,926.24	2,085.91	2,073.23
<b>Forex reserves (Source: RBM)</b>														
Total Reserves (US\$m)	530.00	521.00	555.90	607.70	521.90	511.80	526.80	530.00	608.90	659.00	625.70	571.60	N/A	N/A
Total Import Cover (months)	2.10	2.10	2.20	2.40	2.10	2.00	2.10	2.10	2.40	2.60	2.50	2.30	N/A	N/A
<b>% Inflation (NSO)</b>														
Headline Inflation	29.20	27.70	27.10	27.30	28.20	28.70	29.11	27.91	26.00	24.87	24.09	23.82	24.30	23.40
Food	35.80	32.70	31.60	32.40	33.70	33.00	32.38	30.13	26.50	22.12	20.83	20.00	19.08	17.60
Non Food	19.40	20.00	20.10	19.30	19.50	21.70	23.78	24.20	25.40	29.85	30.05	30.74	33.23	33.00
<b>Interbank Rates (Source: RBM)</b>														
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%	24.00%	24.00%	24.00%
Average Interbank Rate	23.20%	23.20%	23.90%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	22.42%	13.87%	13.17%	12.08%
Average Base Lending Rates	25.10%	25.20%	25.10%	25.30%	25.40%	25.30%	25.40%	25.30%	25.30%	25.20%	23.70%	22.40%	20.80%	20.60%
<b>Treasury Bill Yields (Source: RBM)</b>														
91 day Treasury Bill Yield	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	15.62%	12.75%	12.00%	12.00%	12.00%
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%	17.75%	15.00%	15.00%	15.00%
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%	20.97%	17.29%	16.75%	16.50%
<b>Stock Market Indices (Point) (Source: MASI)</b>														
MAI	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	574,679.80	575,320.68	524,387.05	513,462.78
DSI	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	402,723.18	403,989.25	394,615.70	391,735.45
FSI	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	136,674.36	135,842.57	92,021.47	83,672.89
<b>Fuel Prices per Litre (Source: MERA)</b>														
Petrol	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	4,965.00	4,965.00	6,672.00	6,209.00
Diesel	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	4,945.00	4,945.00	6,687.00	6,687.00
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	3,200.00	5,824.00	5,710.00

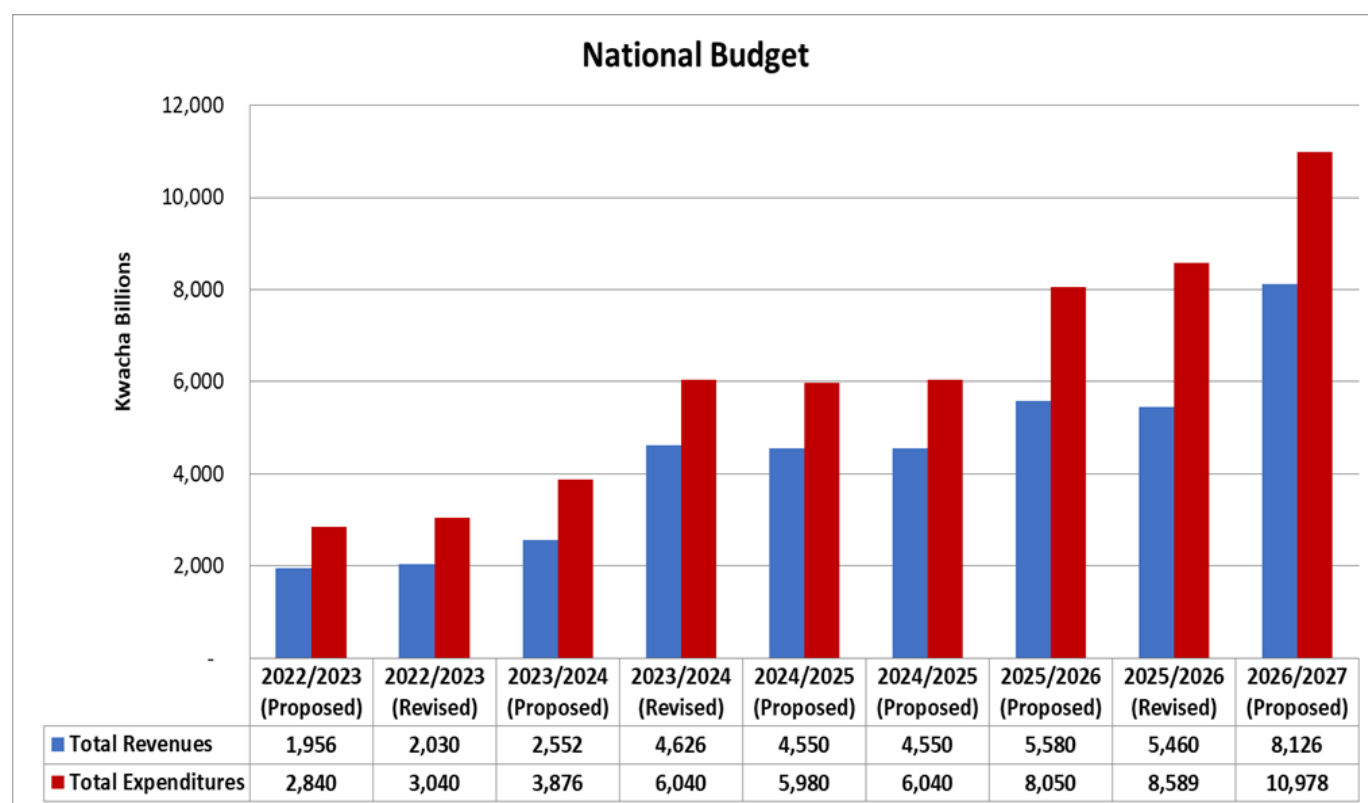
## Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
<b>TANZANIA</b>													
Exchange rate													
US\$	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	2,546.74	2,581.57	2,599.00	2,609.21
GBP	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	3,450.83	3,416.70	3,470.00	3,504.17
ZAR	143.67	147.30	141.73	139.56	141.45	142.01	142.21	147.51	157.49	160.17	150.54	155.57	160.80
EUR	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	3,007.95	2,965.70	2,950.00	3,038.95
Inflation %	3.20	3.30	3.30	3.40	3.40	3.50	3.40	3.60	3.30	3.20	3.20	4.00	4.20
<b>UGANDA</b>													
Exchange rate													
US\$	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	3,599.64	3,756.41	3,761.00	3,772.18
GBP	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	4,855.56	4,957.15	5,010.00	5,076.34
EUR	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	4,251.18	4,307.29	4,280.00	4,398.21
Inflation %	3.80	3.90	3.80	3.80	4.00	3.40	3.10	3.10	3.20	2.90	2.80	3.00	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
<b>ZAMBIA</b>													
Exchange rate													
US\$	26.62	23.81	22.98	23.58	23.87	22.21	22.97	22.11	19.75	18.80	19.12	18.79	18.39
GBP	35.87	32.61	30.34	31.74	32.02	29.11	30.36	29.82	27.15	25.33	25.33	25.38	24.72
ZAR	1.48	1.34	1.27	1.33	1.38	1.28	1.34	1.34	1.24	1.18	1.12	1.12	1.30
Inflation %	15.30	14.10	13.00	12.60	12.30	11.90	10.90	11.20	9.40	7.50	7.10	6.80	6.60
Central Bank Rate %	14.50	14.50	14.50	14.50	14.50	14.50	14.25	14.25	14.25	13.50	13.50	13.25	13.25
<b>MOZAMBIQUE</b>													
Exchange Rate													
US\$	63.90	63.90	63.91	63.91	63.91	63.90	63.27	63.62	63.67	63.92	63.91	73.00	63.91
ZAR	3.62	3.62	3.63	3.65	3.66	3.52	3.70	3.85	3.94	3.90	3.80	3.81	3.94
EUR	72.95	75.22	74.79	74.70	73.87	74.00	73.20	74.70	75.58	75.41	73.85	83.00	74.39
Inflation%	4.00	4.50	3.96	4.79	4.93	4.83	4.38	3.23	3.04	3.20	3.37	4.41	7.22

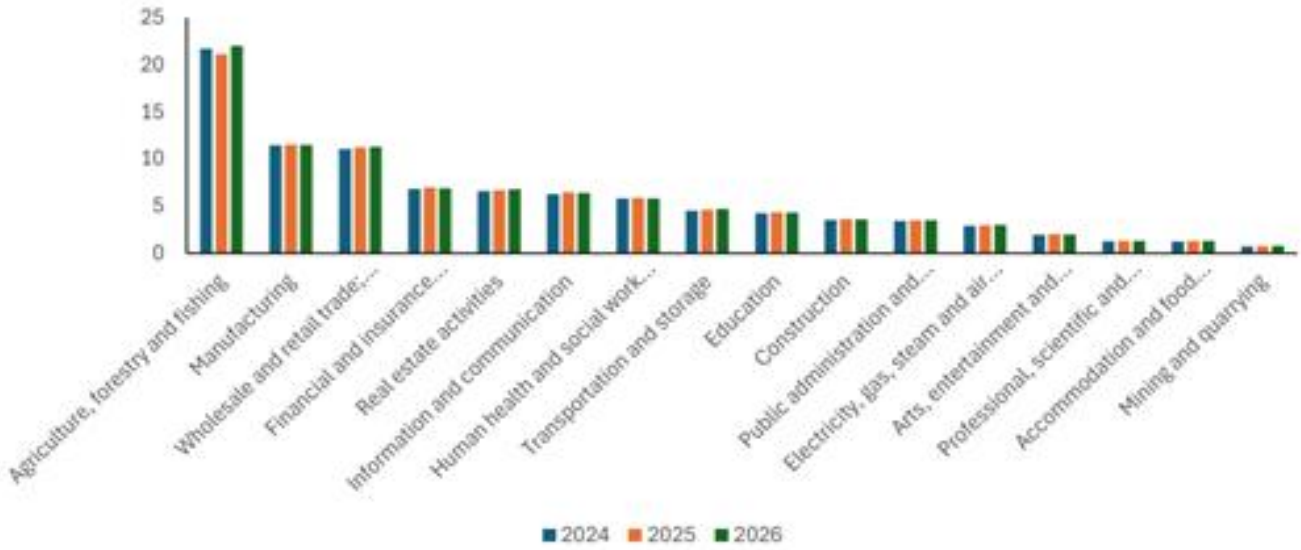
(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

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

K'Billion	2022/2023 (Revised)	2023/2024 (Proposed)	2024/2024 (Revised)	2024/2025 (Proposed)	2024/2025 (Revised)	2025/2026 (Proposed)	2025/2026 (Revised)	2026/2027 (Proposed)
<b>Total Revenues</b>	<b>2,030</b>	<b>2,552</b>	<b>4,626</b>	<b>4,550</b>	<b>4,550</b>	<b>5,580</b>	<b>5,461</b>	<b>8,126</b>
Domestic revenues	1,628	2,240	3,386	3,380	3,380	3,386	4,478	6,454
Grants		312	1,240	1,170	1,170	1,140	979	1,672
Budgetary support								
Earmarked grants								
<b>Total Expenditure</b>	<b>3,040</b>	<b>3,876</b>	<b>6,040</b>	<b>5,980</b>	<b>6,040</b>	<b>8,050</b>	<b>8,589</b>	<b>10,978</b>
Recurrent expenditure		2,980	4,456		2,217	6,040	6,663	7,581
Wages & Salaries						1,530	1,630	1,923
Interest on debt						2,170	2,272	2,793
Investment Expenditure		896	1,584	1,770	1,770	2,010	1,926	3,397
<b>Deficit/Surplus</b>	<b>(1,010)</b>	<b>(1,325)</b>	<b>(1,414)</b>	<b>(1,430)</b>	<b>(1,490)</b>	<b>(2,470)</b>	<b>(3,128)</b>	<b>(2,852)</b>
<b>Deficit as a % of Revenue</b>	<b>-50%</b>	<b>-52%</b>	<b>-31%</b>	<b>-31%</b>	<b>-33%</b>	<b>-44%</b>	<b>-57%</b>	<b>-35%</b>



**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)**



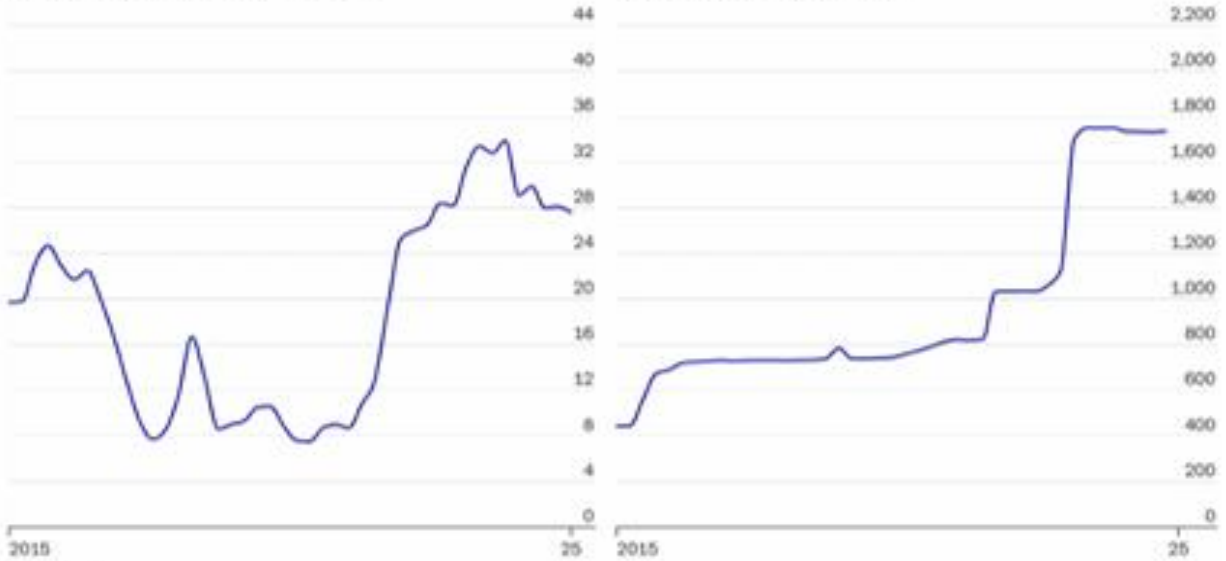
Source: National Statistical Office

## Appendix 6: Comparable Indicators (Source: EIU)

### Key quarterly indicators

Consumer prices (% change, year on year; av)

Exchange rate LCU:US\$ (end-period)



Source: EIU.

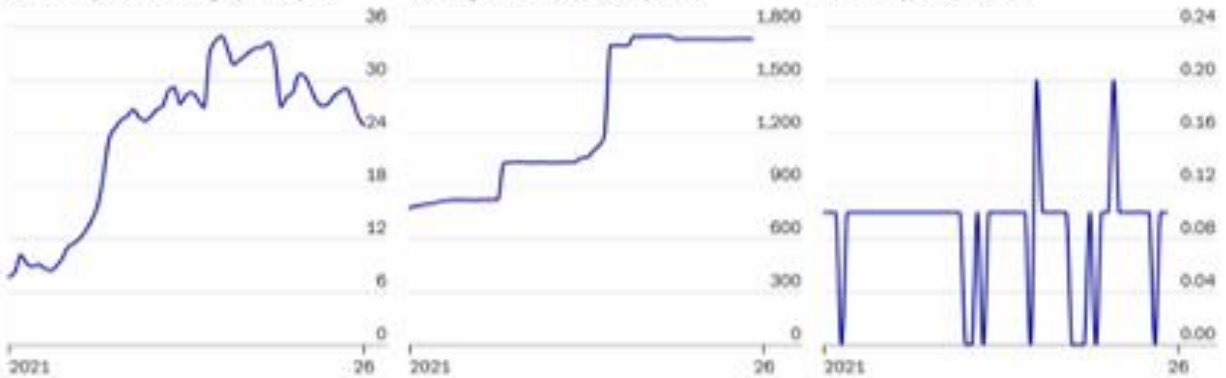
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### Key monthly indicators

Consumer prices (% change, year on year)

Exchange rate LCU:US\$ (end-period)

Goods: exports (US\$ bn)



Source: EIU.

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**Appendix 7: Global Projections (Source: World Bank)**

	2023	2024	2025e	2026f	2027f	2025e	2026f	2027f
<b>World</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>	<b>0.4</b>	<b>0.2</b>	<b>0.1</b>
<b>Advanced economies</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>	<b>0.5</b>	<b>0.2</b>	<b>0.0</b>
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
<b>Emerging market and developing economies</b>	<b>4.4</b>	<b>4.3</b>	<b>4.2</b>	<b>4.0</b>	<b>4.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
<b>East Asia and Pacific</b>	<b>5.2</b>	<b>5.0</b>	<b>4.8</b>	<b>4.4</b>	<b>4.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>
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
<b>Europe and Central Asia</b>	<b>3.6</b>	<b>3.6</b>	<b>2.4</b>	<b>2.4</b>	<b>2.7</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>
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
<b>Latin America and the Caribbean</b>	<b>2.4</b>	<b>2.4</b>	<b>2.2</b>	<b>2.3</b>	<b>2.6</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.0</b>
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
<b>Middle East, North Africa, Afghanistan and Pakistan</b>	<b>2.1</b>	<b>2.6</b>	<b>3.1</b>	<b>3.6</b>	<b>3.9</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.1</b>
Saudi Arabia	0.5	2.7	3.8	4.3	4.4	1.0	-0.2	-0.2
Iran, Islamic Rep. <sup>2</sup>	5.3	3.7	-1.1	-1.5	0.6	-0.6	-1.8	-1.2
Egypt, Arab Rep. <sup>2</sup>	3.8	2.4	4.4	4.3	4.8	0.6	0.1	0.2
<b>South Asia</b>	<b>8.0</b>	<b>6.3</b>	<b>7.1</b>	<b>6.2</b>	<b>6.5</b>	<b>1.0</b>	<b>-0.2</b>	<b>0.0</b>
India <sup>2</sup>	9.2	6.5	7.2	6.5	6.6	0.9	0.0	-0.1
Bangladesh <sup>2</sup>	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
<b>Sub-Saharan Africa</b>	<b>3.0</b>	<b>3.7</b>	<b>4.0</b>	<b>4.3</b>	<b>4.5</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
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 <sup>2</sup>	7.2	8.1	7.2	7.1	7.7	0.8	0.6	0.5
<b>Memorandum items:</b>								
<b>Real GDP<sup>1</sup></b>								
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) <sup>3</sup>	3.4	3.3	3.3	3.1	3.2	0.4	0.1	0.1
<b>World trade volume<sup>4</sup></b>	<b>0.6</b>	<b>3.4</b>	<b>3.4</b>	<b>2.2</b>	<b>2.7</b>	<b>1.6</b>	<b>-0.2</b>	<b>0.0</b>

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