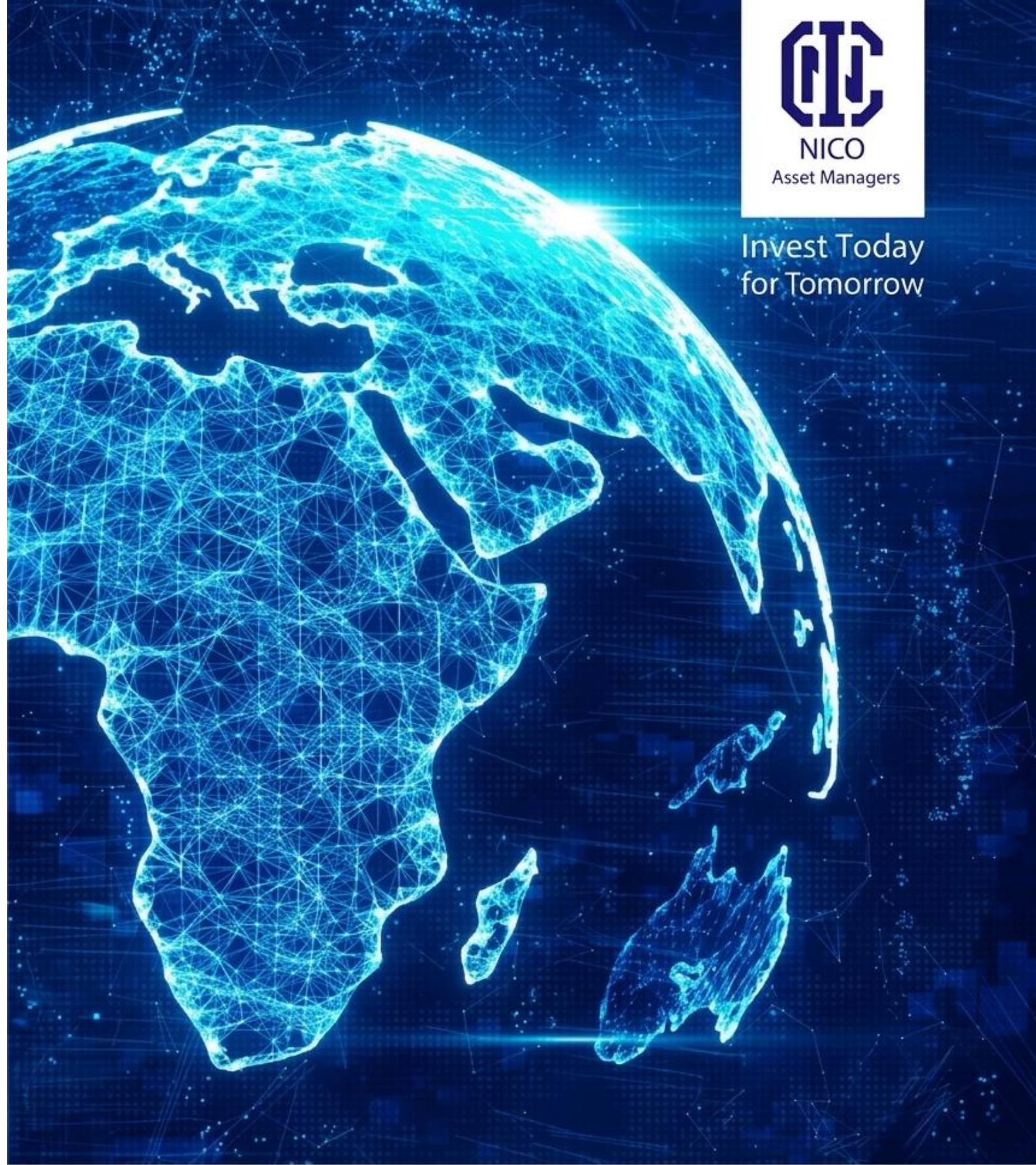




NICO
Asset Managers

Invest Today
for Tomorrow

A large, glowing blue wireframe globe is the central visual element. The continents are represented by a network of interconnected points and lines. The continent of Africa is the most prominent, occupying the left and center of the frame. To the right of Africa, the outlines of South America, Europe, and Asia are visible, though less detailed. The background is a dark blue space filled with faint, distant star-like points and a subtle grid of lines.

Mid-Year Economic Review

2026

Investment Management | Investor Services

LIST OF ACRONYMS

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

EXECUTIVE SUMMARY

Economic Outlook — Malawi

Various institutions have revised their projections for the Malawian economy, with the average growth estimate now at 2.30 percent for 2026, down from an earlier forecast of 2.58 percent. This moderation in growth expectations reflects subdued economic conditions but still anticipates expansion across key sectors including agriculture, mining and quarrying, manufacturing, accommodation and food services, wholesale and retail trade, as well as information and communication. These sectors are expected to underpin the estimated economic growth in the year.

Monetary policy remained tight during the review period, with the Monetary Policy Committee maintaining the Policy Rate at 24.0% while increasing the Liquidity Reserve Requirement on local currency

deposits to 12.0% from 10.0% to absorb excess liquidity. The decision reflects the Reserve Bank of Malawi's commitment to supporting disinflation and anchoring inflation expectations amid persistent risks from exchange rate pressures, elevated fuel prices, and global geopolitical uncertainties.

Discussions between the Government of Malawi and the International Monetary Fund (IMF) on a successor Extended Credit Facility (ECF) program progressed during the quarter, although no agreement had been reached by quarter-end. Securing a new IMF program remains critical to advancing fiscal reforms, restoring debt sustainability, and strengthening macroeconomic stability amid continued external debt distress

Key Economic Risks – Malawi

1. **Interest Rate Risk** - Short-term deposit rates are poised to rise in response to persistent high inflation and limited economic resilience. Month-on-month increases in food prices are exerting upward pressure on borrowing costs. In this environment of heightened risk, the Reserve Bank of Malawi may be compelled to tighten monetary policy further by increasing its policy rate to rein in inflationary pressures.
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 El Nino 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. **Exchange Rates** - A widening gap between its official and parallel exchange rates, driven by acute foreign exchange scarcity. This divergence heightens exchange rate risk for companies with significant FX exposure, such as Airtel and Illovo. The issue is under close watch, as there is possibility that post-election, authorities may pursue a currency realignment to unify rates, reduce the parallel market premium, and restore external competitiveness.
6. **High Population Growth and Demographic Pressures** – Rapid population growth reducing per capita income and overburdening public services, limiting resources for productive economic activities.
7. **Sovereign Debt** - Following the expiry of the Extended Credit Facility (ECF), progress on local debt restructuring in Malawi has slowed. Despite continued concerns about the sustainability of public debt, recent assessments from international institutions express cautious optimism regarding external debt, provided ongoing negotiations are concluded successfully. The situation is being closely monitored, as the issue of local debt restructuring may resurface with Malawi's anticipated pursuit of a new ECF program after the elections and the exposure of the listed banks to the government debts.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The headline inflation for the first half of 2026 averaged 23.60%, a decrease from an average of 28.95% recorded in the corresponding period in 2025. Average food inflation for the first half of 2026 was 19.05%, a decrease from an average of 35.38% recorded in the corresponding period in 2025. The non-food inflation increased to an average of 31.47% in the first half of 2026 from an average of 19.02% recorded in the corresponding period in 2025.

The headline inflation for June 2026 stood at 21.10%, a decrease from 23.40% reported in May 2026. The decrease in inflation was on account of a drop in food prices.

	Jun-26	Dec-25	Jun-25	% Change (1 Months)	% Change (12 Months)
Headline inflation	21.10%	32.40%	27.10%	↓ -11.30%	↓ -6.00%
Food	14.70%	40.30%	31.60%	↓ -25.60%	↓ -16.90%
Non-food	32.10%	21.20%	20.10%	↑ 10.90%	↑ 12.00%

Government Securities (Source: RBM)

Government funding in the first half of 2026 stayed firmly at the short end. Only Treasury Bills and 2-year Treasury Notes were issued, with no 3, 5, 7 or 10-year paper, unlike H1 2024's full curve. Note auctions were heavily oversubscribed early on but rejection rates ran high, with acceptance at just 24% in February and 40% in March as the authorities defended yields, before taking the full, smaller June book at 100% and 18%. Bill appetite lengthened, with the 364-day paper dominating June subscriptions at 64.37%. Both trends signal easing inflation and growing investor comfort with duration.

Tenor	Jun-26	Dec-25	Jun-25	Change 6 Month	Change 12 Months
91 days	12.00%	16.00%	16.00%	↓ -25.00%	↓ -25.00%
182 days	15.00%	20.00%	20.00%	↓ -25.00%	↓ -25.00%
364 days	16.50%	26.00%	26.00%	↓ -36.54%	↓ -36.54%
All Type	14.50%	20.67%	20.67%	↓ -29.85%	↓ -29.85%

Total Treasury Bill applications for the month of June 2026 stood at K268.87 billion and the entire amount was fully allotted. The 364-day paper accounted for the highest subscription rate at 64.37%, followed by the 182-day paper at 30.11% and lastly 91-day paper at 5.52%.

During the month of June 2026, the Reserve Bank conducted several Treasury Note Auctions for the 2-year Note. The auctions raised a total of K51.09 billion, and the entire amount was fully allotted. The weighted average yield was 18%.

Foreign Currency Market (Source: RBM)

During the first half of 2026, the Malawi Kwacha appreciated against the British Pound and Euro but depreciated against South African Rand.

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

CURRENCY	Jun-26	Dec-25	Jun-25	% Movement 6 months	% Movement 12 months
MK/USD	1,734.01	1,734.01	1,734.01	→ 0.00%	→ 0.00%
MK/GBP	2,362.56	2,402.57	2,451.51	↑ 1.67%	↑ 3.63%
MK/ZAR	108.50	107.50	100.72	↓ -0.93%	↓ -7.72%
MK/EUR	2,033.75	2,095.37	2,096.62	↑ 2.94%	↑ 3.00%

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

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

The average Treasury Bill yield dropped to 14.50% in June 2026 from 20.47% in December 2025, reflecting easing inflation and the Reserve Bank's 200 basis point policy rate cut to 24.00% in February 2026.

Liquidity levels (excess reserves after Central Bank operations) in June 2026 decreased to a daily average of K56.36 billion from K151.29 billion in May 2026. Utilization of the Lombard facility moderated to K1.43 trillion, down from K1.90 trillion in the first quarter of 2026.

Interbank borrowing averaged K64.55 billion at an average rate of 12.19%, compared to K62.78 billion at 19.92% in the first quarter of 2026, indicating improved liquidity conditions and significantly lower funding costs.

The bank reference rate in June 2026 stood at 20.50%.

Foreign Exchange Reserves (Source: RBM)

Total foreign exchange reserves amounted to US\$596.5 million (equivalent to 2.4 months of imports) in May 2026, compared with US\$619.8 million (2.5 months of imports) in April 2026 and US\$521.0 million (2.1 months of imports) in May 2025.

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 to 524,002.31 points registered on 30 June 2026,

giving a return on index of minus 12.38%. The negative return was driven by price losses registered by AIRTEL (-7.85%), FMBCH (-11.54%), FDHB(-40.71%), NBM (-16.67%), NBS (-19.24%), NICO(-8.54%), NITL (-0.98%), STANDARD (-5.86%) and TNM (-7.28%). These losses were enough to offset share price gains registered BHL (15.86%), ICON (6.38%), ILLOVO (50.28%), MPICO (0.31%), OMU (39.84%), PCL (8.84%) and SUNBIRD (263.17%) resulting into a downward movement of the Malawi All Share Index.

Year on Year for the MASI, DSI and FSI increased by 58.83%, 57.28% and 67.12% respectively

Counter	Jun-26	Dec-25	Jun-25	Change (6 month)	Change (12 months)
	MK/Share	MK/Share	MK/Share	%	%
AIRTEL	111.29	120.77	127.43	↓ -7.85%	↓ -12.67%
BHL	17.41	15.05	14.55	↑ 15.68%	↑ 19.66%
FMBCHL	1,895.92	3,197.86	1,149.83	↓ -40.71%	↑ 64.89%
FDHB	530.66	599.89	350.11	↓ -11.54%	↑ 51.57%
ICON	17.02	16.00	17.92	↑ 6.38%	↓ -5.02%
ILLOVO	3,501.82	2,330.12	1,791.29	↑ 50.28%	↑ 95.49%
MPICO	19.57	19.51	19.02	↑ 0.31%	↑ 2.89%
NBM	999.60	11,995.63	6,200.37	↓ -91.67%	↓ -83.88%
NBS	737.96	913.76	699.91	↓ -19.24%	↑ 5.44%
NICO	1,588.28	1,736.51	865.00	↓ -8.54%	↑ 83.62%
NITL	3,900.00	3,938.51	830.00	↓ -0.98%	↑ 369.88%
OMU	5,300.01	3,790.04	2,500.03	↑ 39.84%	↑ 112.00%
PCL	9,500.00	8,728.43	5,100.00	↑ 8.84%	↑ 86.27%
STANDAR	3,999.38	4,248.41	11,777.54	↓ -5.86%	↓ -66.04%
SUNBIRD	3,550.00	977.50	350.01	↑ 263.17%	↑ 914.26%
TNM	29.17	31.46	29.00	↓ -7.28%	↑ 0.59%
MASI	524,002.31	598,062.80	329,922.87	↓ -12.38%	↑ 58.83%
DSI	391,195.33	405,749.03	248,718.38	↓ -3.59%	↑ 57.28%
FSI	95,724.37	158,350.47	57,277.29	↓ -39.55%	↑ 67.12%

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

Published Financials for 2024 and 2025						
	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)		
Period (Full year)	Feb-25	Feb-24	% Change	Feb-25	Feb-24	% Change
ILLOVO	58.12	26.33	⬆️ 120.74%	18.50	5.00	⬆️ 270.00%
Period	Dec-25	Dec-24	% Change	Dec-25	Dec-24	% Change
BHL	5.40	-1.37	⬆️ 677.00%	0.00	0.00	N/A
AIRTEL	51.25	42.72	⬆️ 19.96%	3.50	2.00	⬆️ 75.00%
Period (Half Year)	Dec-25	Dec-24	% Change	Dec-25	Dec-24	% Change
ICON	32.64	24.42	⬆️ 33.66%	0.15	0.14	⬆️ 7.14%
MPICO	19.32	12.18	⬆️ 58.62%	0.50	0.43	⬆️ 16.28%
STANDARD	121.70	117.81	⬆️ 3.30%	161.93	29.70	⬆️ 445.22%
NBM	197.97	101.71	⬆️ 94.64%	197.92	126.35	⬆️ 56.64%
NICO	323.50	134.39	⬆️ 140.72%	8.00	4.00	⬆️ 100.00%
NITL	202.13	29.76	⬆️ 579.20%	6.00	4.30	⬆️ 39.53%
FDH BANK	147.79	74.06	⬆️ 99.55%	7.25	1.68	⬆️ 331.55%
TNM	21.27	10.05	⬆️ 158.21%	0.23	0.20	⬆️ 15.00%
SUNBIRD	12.48	10.62	⬆️ 17.51%	14.15	13.00	⬆️ 8.85%
PCL	261.38	126.34	⬆️ 106.89%	68.93	48.28	⬆️ 42.77%
	Net Profit/(Loss) (ZAR' billion)			Total Dividend (Per Share) (ZAR)		
OMU	9.21	8.39	⬆️ 9.77%	0.56	0.52	⬆️ 7.69%
	Net Profit/(Loss) (US\$' million)			Total Dividend (Per Share) (US Cents)		
FMBCH	152.3	103.51	⬆️ 12.84	0.67	0.64	⬆️ 3.00%
TRADING STATEMENT						
AIRTEL	Expects that profit after tax for the half year ending June 2026 to be between 47.0% and 57.0% lower					
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					
NBS BANK	Expects that profit after tax for the half year ending June 2026 to be between 20.0% and 23.0% higher than corresponding period					
NICO	Expects that profit after tax for the half year ending June 2026 to be between 27.0% and 19.0% lower than the corresponding period					
FDH BANK	Expects that profit after tax for the half year ending June 2026 to be between 42.0% and 52.0% higher than corresponding period					
STANDARD BANK	Expects that profit after tax for the half year ending June 2026 to be between 20.0% and 35.0% higher than corresponding period					
BHL	Expects that profit after tax for the half year ending June 2026 to be between 103.1% and 102.5% lower than corresponding period					
PCL	Expects that profit after tax for the half year ending June 2026 to be between 41.0% and 62.0% higher than corresponding period					
NITL	Expects that profit after tax for the half year ending June 2026 to be between 129.0% and 134.0% lower than the corresponding period					
MPICO	Expects that profit after tax for the half year ending June 2026 to be between 62.0% and 80.0% higher than corresponding period					
NBM	Expects that profit after tax for the half year ending June 2026 to be between 49.0% and 69.0% higher than corresponding period					

OTHER MARKET DEVELOPMENT

Update on IMF (Source: IMF)

Discussions with the International Monetary Fund (IMF) on a successor Extended Credit Facility (ECF) program following the expiry of the previous arrangement in 2025. Although no agreement had been reached by the end of the second quarter, both parties reported progress towards a policy reform framework centered on fiscal consolidation, debt sustainability, and macroeconomic stability. Malawi's public debt remains assessed as unsustainable, with external debt in distress, underscoring the importance of successfully concluding creditor negotiations and securing renewed IMF support.

Highlights of the 2026/2027 National Budget Statement (Source: Ministry of Finance).

The proposed budget for the 2026/2027 fiscal year projects total revenue and grants of MK8.126 trillion (25.8% of GDP), with total expenditure estimated at MK10.978 trillion (34.9% of GDP). The budget envisages a fiscal deficit of MK2.852 trillion (9.06% of GDP), which will be financed through a combination of domestic and external borrowing. The 2026/2027 budget prioritises increased development spending, enhanced domestic revenue mobilisation, and investments in productive sectors aligned with the Malawi 2063 agenda, while maintaining fiscal consolidation amid persistent macroeconomic challenges, including high public debt, elevated inflation, and foreign exchange constraints.

Tobacco Sales (Source: AHL & TC).

Between 20 April and 19 June 2026, Malawi's tobacco market generated K258.5 billion from the sale of 71.8 million kilograms of leaf at an average price of US\$2.07/kg. Compared with the same period in 2025, when 86.5 million kilograms were sold at US\$2.48/kg, the season recorded a decline of 14.7 million kilograms and an estimated K112.7 billion revenue shortfall.

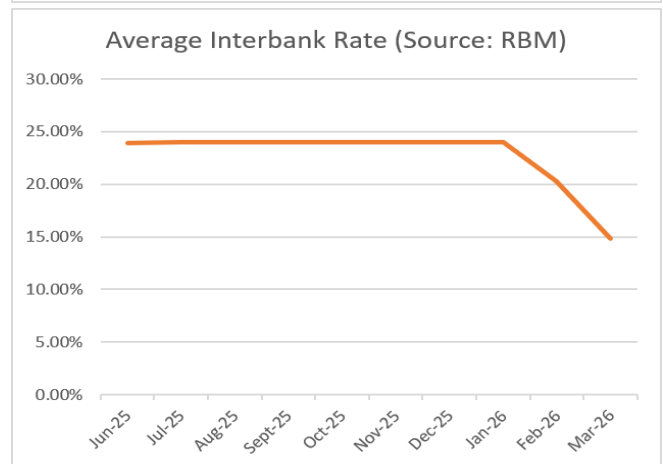
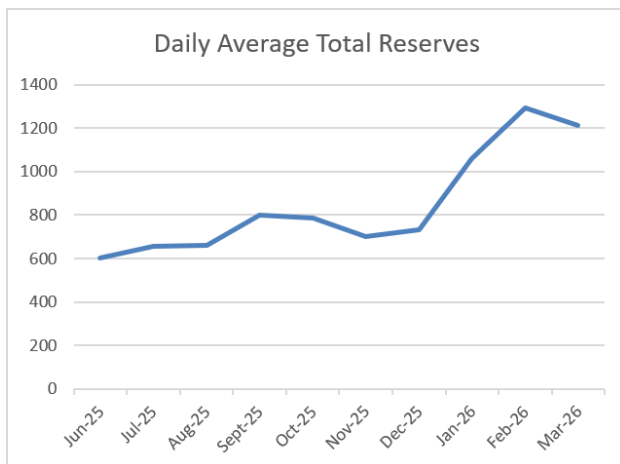
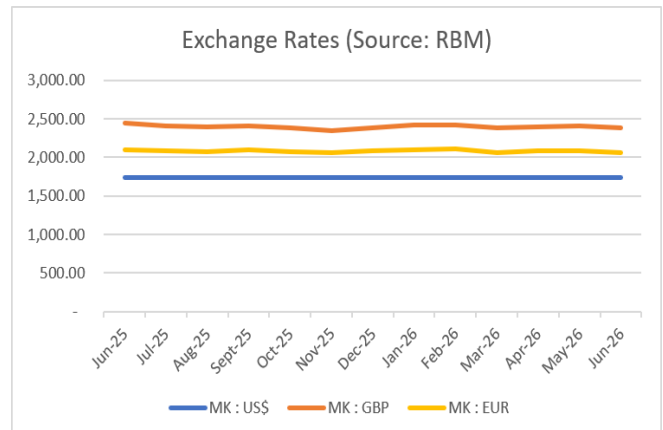
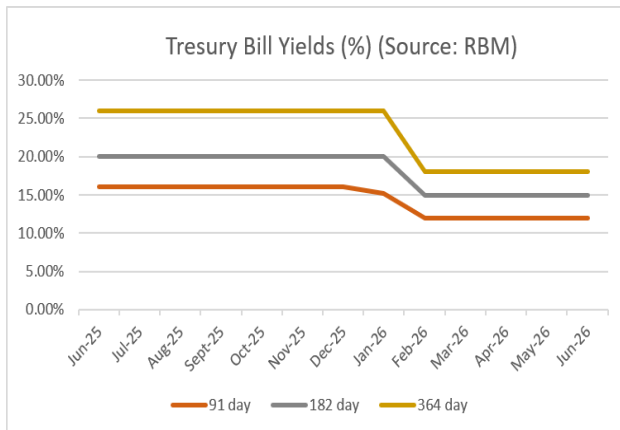
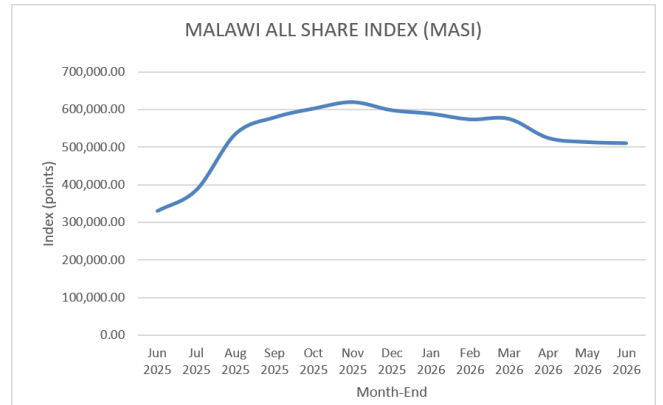
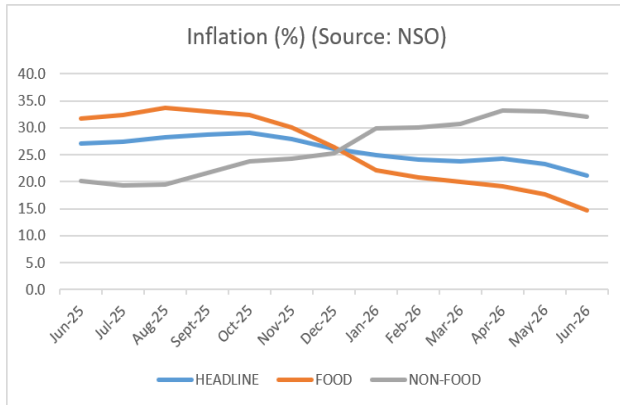
The season began with rejection rates above 90 percent, but by week seven of trading, these had improved to 60–62 percent as grading and buyer confidence strengthened. By 19 June 2026, overall market uptake had reached 96 percent, although auction floors accounted for only 39.4 percent of sales, reflecting the growing dominance of contract farming. Lower global prices and reduced volumes have kept earnings below 2025 levels.

Maize prices (Source: IPFRI).

Maize prices in Malawi continued their downward trend in June 2026, supported by increased availability of newly harvested maize and continued imports. The national average retail price declined by 2% from K745/kg in the final week of May to K727/kg in the final week of June, extending the gradual decline observed since October 2025. Compared with June 2025, when maize prices averaged K1,031/kg, current prices were 29% lower, reflecting improved market supply conditions. However, retail prices remained significantly below the government-set minimum farmgate price of K900/kg, indicating that many farmers likely sold their maize at prices below the official benchmark, potentially reducing farm incomes.

Regional price movements remained uneven, with the largest declines recorded in the Northern Region, where the arrival of newly harvested maize pushed prices down by 11% since the end of May. Declines in parts of the Central and Southern Regions were largely offset by increases in other markets, further widening the price gap between the northern and southern parts of the country. Cross-border imports continued to play an important role in keeping domestic maize prices low, particularly along the Mozambique border. Although import parity prices increased during June due to depreciation of the Malawi kwacha in informal exchange markets, they remained below domestic retail prices, limiting upward price pressures and helping to keep maize affordable for consumers.

TREND GRAPHS



GLOBAL DEVELOPMENTS

Economic Growth

According to the World Bank's Global Economic Prospects (June 2026), global growth is projected to slow from 2.9% in 2025 to 2.5% in 2026, marking the weakest pace since the COVID-19 pandemic. The slowdown reflects higher energy prices, renewed inflation pressures, tighter monetary conditions, and weaker trade activity following heightened geopolitical tensions. Growth is expected to recover gradually to 2.8% in 2027–28 as energy prices ease, financial conditions improve, and trade strengthens. However, risks remain tilted to the downside, including further commodity supply disruptions, persistent trade uncertainty, geopolitical tensions, financial stress, and climate-related shocks. Policy priorities include strengthening multilateral cooperation, maintaining price stability, improving fiscal sustainability, and implementing structural reforms to support investment, productivity, and job creation.

The United States outlook remains relatively resilient, with GDP growth forecast at 2.2% in 2026, supported by fiscal easing and continued investment linked to artificial intelligence. Growth is expected to remain broadly stable at 2.1% in 2027 and 2.0% in 2028. While the U.S. economy has been less affected by global energy disruptions due to its position as a major energy producer, uncertainty, financial conditions, and trade developments remain important factors influencing the outlook.

Euro area growth is projected to slow to 0.8% in 2026, before improving to 1.3% in both 2027 and 2028. The weaker near-term outlook reflects the region's exposure to higher energy prices due to its reliance on imported oil and natural gas. Nevertheless, activity is expected to gradually strengthen as energy prices decline, inflation pressures ease, monetary conditions become more supportive, and uncertainty recedes.

China's economic growth is forecast to slow from 5.0% in 2025 to 4.2% in 2026, before stabilizing around 4.3% in 2027 and 4.2% in 2028. The moderation reflects ongoing structural challenges, including weaker productivity growth, demographic pressures, and continued constraints from the property sector. While policy support and investment,

including technology-related investment, are expected to provide some support, China's longer-term growth potential remains limited by structural headwinds.

Growth in emerging market and developing economies (EMDEs) is expected to slow from 4.4% in 2025 to 3.6% in 2026, before recovering to 4.2% in 2027–28. The near-term slowdown reflects weaker activity in economies affected by geopolitical disruptions, higher energy costs, tighter financial conditions, and weaker trade. The outlook remains challenging for many EMDEs, where slower growth, constrained fiscal space, and weaker investment prospects risk delaying improvements in per capita incomes and poverty reduction.

Global Oil

Global oil prices strengthened during May 2026, with the OPEC Reference Basket (ORB) increasing by US\$5.49 per barrel month-on-month to average US\$114.55 per barrel. Brent crude prices also rose to US\$103.71 per barrel, while West Texas Intermediate (WTI) edged slightly lower to US\$98.51 per barrel. OPEC maintained its global economic growth forecasts at 3.1% for 2026 and 3.2% for 2027, supported by resilient growth across major economies despite ongoing geopolitical and trade-related uncertainties.

On the demand side, OPEC projects global oil demand to increase by 1.0 million barrels per day (mb/d) in 2026, driven largely by non-OECD economies, while demand growth for 2027 was revised upward to 1.7 mb/d. Global oil supply is expected to remain robust, with production from non-OPEC+ (Non-DoC) countries forecast to grow by 0.6 mb/d in both 2026 and 2027, led by Brazil, the United States, Canada and Argentina. Meanwhile, crude oil production by OPEC+ (DoC) countries declined by 0.19 mb/d in May to average 33.13 mb/d, reflecting ongoing production adjustments.

Currency Movements

The GBP/USD pair experienced a volatile first half of 2026, initially benefiting from broad US dollar weakness and expectations of a more accommodative Federal Reserve policy path. Sterling strengthened during the first quarter, reaching highs above 1.38 in late January, as markets priced in potential US rate cuts and maintained confidence in the UK currency. However,

momentum faded as concerns over the UK growth outlook and expectations of further Bank of England easing weighed on sterling. During June, GBP/USD declined by approximately 1.5%, falling from 1.3459 at the start of the month to 1.3257 by month-end. The decline reflected renewed dollar support amid global uncertainty and cautious investor positioning, while weaker UK economic expectations limited sterling upside. Despite the June pullback, the pair remained within a relatively broad range as markets continued to assess the diverging monetary policy outlooks of the Federal Reserve and Bank of England.

The EUR/USD pair recorded a volatile first half of 2026, initially benefiting from broad US dollar weakness and shifting expectations around Federal Reserve policy. The pair opened the year on a strong footing, briefly trading above 1.20 in January as markets priced in a more accommodative US monetary policy outlook. During June, EUR/USD came under pressure, declining from levels above 1.16 towards 1.14 as weaker Eurozone economic indicators weighed on sentiment. Nevertheless, expectations of future Federal Reserve easing and softer US inflation trends provided support for the euro, preventing a sharper decline. By the end of June, the pair stabilized around 1.1420, reflecting ongoing uncertainty surrounding the relative monetary policy paths of the ECB and Federal Reserve.

The GBP/EUR pair traded within a narrow range during the first half of 2026 as markets weighed contrasting economic conditions between the UK and Eurozone. Opening at 1.1534, the pair declined marginally to 1.1498 by the end of March as concerns over UK growth prospects and expectations of further Bank of England easing limited sterling upside. Although early-year sentiment was supported by expectations of a slower BoE easing cycle relative to the ECB, renewed rate-cut expectations later pressured the pound. In June, GBP/EUR weakened towards the 1.15 level as the euro benefited from improved resilience in the Eurozone economy. However, oversold technical conditions and uncertainty surrounding both central banks' policy trajectories provided support, allowing the pair to **stabilize** and recover towards 1.1609 by month-end.

Global Trade

The World Bank's June 2026 Global Economic Prospects report highlights a moderation in global

trade growth amid persistent trade policy uncertainty, geopolitical tensions, and shifting tariff measures. Global goods and services trade growth is projected to slow from 4.8 percent in 2025 to 2.9 percent in 2026, reflecting the fading effects of earlier front-loading activity ahead of higher trade barriers, delayed tariff impacts, and disruptions linked to geopolitical conflicts. Although recent trade agreements and lower effective tariff rates are expected to provide some support, elevated uncertainty continues to weigh on business confidence, investment decisions, and global supply chains.

The report notes that trade policy uncertainty remains a key risk to the global outlook, as renewed trade restrictions, potential retaliatory measures, and uncertainty surrounding existing agreements could further weaken international trade flows. While initiatives such as new free trade agreements and improved market access arrangements provide some positive momentum, the long-term effects of trade fragmentation could disproportionately affect emerging market and developing economies (EMDEs), particularly those reliant on exports, foreign investment, and global value chains for growth and technological advancement.

Looking ahead, the World Bank highlights that global trade prospects will depend on efforts to reduce trade barriers, strengthen policy coordination, and restore stability in international economic relations. However, downside risks remain significant, including escalating geopolitical tensions, disruptions to key shipping routes, higher energy prices, and tighter global financial conditions. A prolonged deterioration in trade relations and increased uncertainty could undermine investment, weaken productivity growth, and slow economic recovery, particularly in vulnerable economies.

Interest Rate Movements

The US Treasury yield (10-Year) decreased to 4.49% in June 2026 from 4.66% recorded in December 2025.

	Jun-26	Dec-25	Jun-25	Change 1 month	Change 12 months
US Fed Rate	3.63%	3.75%	4.38%	↓ -3.20%	↓ -0.75%
US Treasury yield (10 years)	4.49%	4.66%	4.38%	↓ -0.17%	↑ 0.11%
BOE Rate	3.75%	3.75%	4.25%	→ 0.00%	↓ -0.50%
ECB Rate	2.40%	2.40%	2.15%	→ 0.00%	↑ 0.25%

(Source: US Federal Reserve, Refinitiv)

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

The World Bank's Global Economic Prospects, June 2026 report indicates that economic growth in Sub-Saharan Africa (SSA) strengthened to an estimated 4.1% in 2025, supported by higher commodity prices, improved agricultural output, easing inflation, and gradual monetary policy relaxation. Strong exports of commodities such as precious metals, copper, and coffee boosted fiscal revenues, while structural reforms in major economies improved investor confidence and supported private investment. However, growth momentum remains vulnerable to weaker external demand and rising energy costs linked to geopolitical tensions. Looking ahead, SSA growth is forecast to slow slightly to 4.0% in 2026 before recovering to an average of 4.4% in 2027–28, with the slowdown reflecting the effects of the Middle East conflict, higher energy and food prices, and tighter financial conditions. While oil exporters such as Nigeria and Angola may benefit from higher energy prices, most SSA economies, as net energy importers, face increased fuel, fertilizer, and transport costs, which could raise inflation and weaken household consumption.

The report highlights that fiscal pressures remain a key challenge across the region due to high borrowing costs, reduced concessional financing, and declining official development assistance. For low-income countries (LICs), risks remain tilted to the downside, with prolonged geopolitical tensions threatening energy supplies, increasing food and fuel prices, and worsening debt vulnerabilities. Higher fertilizer costs disrupted trade routes, climate-related shocks, and outbreaks such as Ebola in the Democratic Republic of Congo and Uganda could further weaken economic activity by affecting trade, labor supply, and investor confidence. Although reforms in countries such as South Africa, Nigeria, and Ethiopia, alongside greater regional trade integration through the African Continental Free Trade Area, are expected to support growth, persistent risks from conflict, food insecurity, and weaker global demand could weigh on investment and long-term development. However, increased

demand for critical minerals linked to energy transition and artificial intelligence, as well as improved market access through trade initiatives, could provide some support to the region's growth outlook.

Zambia

Zambia's headline inflation continued to moderate in 2026, declining from 9.4% in January to 6.5% in June 2026. The Zambian Kwacha closed at ZK18.0815/US\$1. According to the IMF, Zambia's economic growth is projected at 5.8% in 2026.

Zimbabwe

Zimbabwe's inflation environment moderated significantly in 2026, ranging from 4.1% in January to 4.7% in June 2026. The ZiG closed at ZiG26.77/US\$1. According to the IMF, economic growth is projected to be approximately 5.0% in 2026.

Uganda

Uganda's headline inflation increased to 3.7% in June 2026, up from 3.2% in January 2026. The Ugandan Shilling depreciated against the US Dollar in June 2026, closing at UGX3,665.14/US\$1, compared to UGX3,580.14/US\$1 recorded in January 2026. The IMF has projected that the economy of Uganda will grow at 7.5% in 2026.

Tanzania

Tanzania's headline inflation rate increased to 4.0% in June 2026, up from 3.3% in January 2026. The Tanzanian Shilling depreciated against the US Dollar and closed at TSh2,623.51/US\$1 in June 2026, compared to TSh2,518.05/US\$1 recorded in January 2026. The IMF has projected that the economy of Tanzania will grow at 5.9% in 2026.

South Africa

The headline inflation rate is projected at 4.7% in June 2026 in South Africa an increase from 4.5% percent in May 2026. The South African Rand depreciated slightly against the US Dollar and closed at ZAR16.41/US\$1 in June 2026, compared to ZAR16.27/US\$1 recorded in the previous month. The IMF has projected that economic growth outlook for South Africa to grow at 1.1% in 2026.

OUTLOOK FOR JUNE AND BEYOND – MALAWI

Exchange Rates

"Malawi's official exchange rate remained steady at MK1,751 per US dollar in the second quarter, while the parallel market rate surged sharply to MK3,800, widening the gap since Q1 2025. After the opening of the 2026 tobacco season, the parallel rate dropped sharply to MK3,600 from MK3,900 before ending the quarter at MK3,800. Meanwhile, official reserves declined 3.8% month-on-month to US\$596.5 million (2.4 months of import cover) in May 2026, from US\$619.8 million (2.5 months) in April 2026, though remaining above the US\$521.0 million (2.1 months) recorded in May 2025. External pressures persist; merchandise trade contracted 46.3%, but exports rose 70.6% to US\$227.8 million as imports fell 53.3% to US\$624.9 million, highlighting ongoing balance of payments challenges."

The stability of the kwacha against the US dollar is a positive development, particularly given that key imports such as fuel, fertilizer and machinery are largely invoiced in US dollars. This stability helps contain import costs and supports domestic price stability. Furthermore, the appreciation of the kwacha against the British pound, euro, South African rand, Chinese yuan, Indian rupee and Japanese yen is likely to lower the cost of imports from these trading partners, providing some relief to businesses reliant on imported intermediate goods and consumers purchasing imported products.

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.*

Inflation

Malawi's year-on-year headline inflation declined to 21.1% in June 2026, down from 23.4% in May, driven by falling food prices. Food inflation decreased from 17.6% to 14.7%, while non-food inflation declined from 33.0% to 32.1%. This decrease can be attributed to a reduction in the prices of some food items such as maize grains and its products, for example, maize flour, rice, and vegetables.

Inflation is expected to continue moderating over the coming months, supported by a sustained decline in

food prices following the 2026 harvest season. Improved maize availability has increased market supply, leading to consecutive monthly declines in maize prices and easing food inflation. Fuel prices are also expected to remain stable or decline modestly, as easing geopolitical tensions in the Middle East reduce upward pressure on international oil prices.

Despite the improvement, risks to inflation remain. Exchange rate depreciation, elevated non-food inflation, adverse weather conditions affecting future agricultural production, and fluctuations in global commodity and energy prices could slow the pace of disinflation. Consequently, while headline inflation is expected to continue declining, it is likely to remain above the Reserve Bank of Malawi's medium-term target in the near term.

POSSIBLE IMPACT: *Lower inflation is expected to improve household purchasing power and support consumer spending. However, persistent non-food inflation and exchange rate pressures may keep the Reserve Bank of Malawi cautious, delaying monetary policy easing and keeping interest rates elevated in the near term.*

External Sector

The merchandise trade deficit widened to US\$237.9 million in March 2026, from US\$213.6 million in February 2026 and US\$234.8 million in March 2025. The deterioration reflected an 18.9% decline in export earnings to US\$53.3 million, alongside a 4.2% increase in imports to US\$291.2 million. Consequently, the export-to-import ratio declined to 0.18, indicating that export proceeds financed only about 18% of import payments, highlighting Malawi's continued dependence on imports.

Total exports fell by 18.9% from US\$65.8 million in February 2026 to US\$53.3 million in March 2026, although they remained significantly higher than the US\$30.1 million recorded in March 2025. The monthly decline was mainly driven by lower earnings from tobacco, which fell to US\$29.5 million from US\$39.3 million, and pulses, which declined to US\$2.0 million from US\$6.3 million.

Meanwhile, total imports increased by 4.2% to US\$291.2 million in March 2026 from US\$279.4

million in the previous month and were also above the US\$264.8 million recorded in March 2025. The increase was primarily attributed to higher imports of miscellaneous goods, textile articles, plastics, and electrical machinery and equipment. However, imports of fuel, fertilizers, and pharmaceuticals declined during the month, partly offsetting the overall increase in import demand.

Looking ahead, Malawi's external sector is expected to remain under pressure as the country's heavy reliance on imported fuel, machinery, industrial inputs, and consumer goods continues to outweigh export earnings. Although the commencement of the 2026 tobacco marketing season may support export receipts in the coming months, sustained improvements in the trade balance will depend on broader export diversification and stronger foreign exchange inflows.

POSSIBLE IMPACT: *The widening trade deficit is expected to exert pressure on foreign exchange reserves and the exchange rate, as import demand continues to outpace export earnings.*

Monetary Policy

The Monetary Policy Committee (MPC) met on 29–30 April 2026 and maintained the Policy Rate at 24.0%, while increasing the Liquidity Reserve Requirement (LRR) on local currency deposits to 12.0% from 10.0% and maintaining the 3.75% requirement for foreign currency deposits. The Committee considered the policy stance appropriate to contain excess liquidity, sustain the disinflation process and anchor inflation expectations. Although inflation is projected to average 22.0% in 2026, down from 28.4% in 2025, upside risks from geopolitical tensions, higher fuel prices and exchange rate pressures continue to limit the scope for monetary easing, reinforcing the need for continued fiscal consolidation and structural reforms to support macroeconomic stability.

POSSIBLE IMPACT: *The tighter monetary policy stance is expected to reduce inflationary pressures and support exchange rate stability. However, higher borrowing costs and reduced liquidity may slow private sector investment and economic growth.*

Fiscal Policy

Malawi's 2026/27 national budget projects total expenditure of MK10.978 trillion (34.9% of GDP),

against total revenue and grants of MK8.126 trillion (25.8% of GDP), resulting in a fiscal deficit of MK2.852 trillion (9.06% of GDP). Domestic revenue is estimated at MK6.454 trillion, although revenue mobilization remains a challenge as past performance has fallen below the targets set under the Domestic Revenue Mobilization Strategy (DRMS).

Fiscal pressures remain significant, with public debt projected at MK23.9 trillion, equivalent to 91% of GDP. Domestic debt interest payments account for the largest share of interest obligations, highlighting the risks associated with increased reliance on domestic borrowing. However, the budget shows efforts towards fiscal consolidation, with statutory obligations expected to decline from an average of 94.05% of domestic revenue between 2022/23 and 2025/26 to about 78.9% in 2026/27.

The budget places greater emphasis on productive sectors, allocating approximately MK395 billion (19.92% of the development budget excluding CDF) to Agriculture, Tourism, Mining and Manufacturing. Agriculture receives the largest share, while mining allocations have increased, reflecting efforts to support industrialization and economic diversification. Nevertheless, the report notes that stronger investment is still needed in areas such as manufacturing, structured markets, and value addition to achieve Malawi's long-term transformation goals under MW2063

POSSIBLE IMPACT: *The large fiscal deficit and high debt levels could increase government borrowing needs, placing upward pressure on interest rates. Continued fiscal pressures may also limit spending flexibility, while stronger investment in agriculture and productive sectors could support growth, improve food security, and reduce economic vulnerability if implementation is effective.*

Economic Growth

Various institutions have revised their projections for the Malawian economy, and based on these revisions, the economy is expected to grow by an average of 2.58% 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%	2.10%	2.20%
WORLD BANK	1.40%	1.80%	1.90%	2.30%
GOVERNEMENT	1.50%	1.70%	2.70%	3.80%
Average Real GDP	1.50%	1.65%	2.08%	2.58%

(Source: EIU, IMF, WBG, MoF)

The Government of Malawi has increased its growth projection for 2026 to 3.8%, premised on the successful implementation of strategic investments and supply-side reforms aimed at increasing productive capacity across key sectors of the economy. Growth is expected to be driven by improvements in agriculture through irrigation and productivity-enhancing measures, the revival of mining operations, expansion of manufacturing activity, tourism development, and investments in energy and infrastructure. These interventions are expected to address structural constraints, boost economic activity, and support a stronger and more sustainable growth trajectory.

Malawi's economic recovery remained modest during the first half of 2026, constrained by persistent foreign exchange shortages, elevated inflation, fiscal pressures and the lingering effects of weather-related shocks on agricultural production. Although growth prospects improved slightly compared with 2025, economic activity continued to be weighed down by limited access to imported inputs, subdued private consumption and investment, and weak industrial

production. Forecasts for 2026 generally place real GDP growth between 2.0% and 2.3%, with the IMF projecting 2.2%, the EIU 2.0%, and both the World Bank and African Development Bank around 2.3%.

The Reserve Bank of Malawi (RBM) continues to identify adverse weather conditions, foreign exchange shortages and inflationary pressures as key downside risks to growth. Nevertheless, improved tobacco marketing receipts during the 2026 season, together with continued progress toward the reopening of the Kayelekera uranium mine, are expected to strengthen export earnings over the medium term. Electricity supply has also shown gradual improvement as additional generation capacity, including renewable energy projects, is incorporated into the national grid, supporting activity in the manufacturing and services sectors. While import demand remains constrained by limited foreign exchange availability, imports are expected to recover gradually as macroeconomic conditions improve. At the same time, the government's commitment to fiscal consolidation under the IMF-supported program is expected to moderate public expenditure growth while helping restore macroeconomic stability over the medium term.

POSSIBLE IMPACT: *The improved growth outlook is expected to support higher investment, export earnings, and economic activity. However, persistent foreign exchange shortages, inflation, and fiscal pressures remain key risks that could constrain the pace of recovery.*

ECONOMIC RISKS

ECONOMIC RISK	IMPACT ON ECONOMY	MITIGATING MEASURES
Escalation of Geopolitical Conflicts (e.g., Russia-Ukraine, Middle East tensions)	1. Prolonged supply chain disruptions, especially energy and food. 2. Surging commodity prices (oil, gas, grains). 3. Heightened imported inflation. 4. Reduced global trade volumes.	1. Diversify supply chains away from conflict zones. 2. Build strategic reserves for energy and food. 3. Strengthen regional trade agreements. 4. Promote domestic production of critical goods.
Climate Change/ Natural Disasters	1. Persistent agricultural losses due to droughts, floods, and heatwaves. 2. Widespread infrastructure damage. 3. Rising insurance costs and unbudgeted recovery spending. 4. Displacement of populations affecting labour markets.	1. Invest in climate-resilient agriculture (e.g., drought-resistant crops). 2. Upgrade infrastructure with adaptive designs. 3. Expand early warning systems and disaster response. 4. Diversify economic reliance beyond vulnerable sectors.
Persistent Inflation and Cost-of-Living Crisis	1. Sustained high cost of living eroding purchasing power. 2. Wage stagnation relative to prices. 3. Elevated borrowing costs impacting businesses and households. 4. Social unrest due to declining living standards.	1. Tighten monetary policy to control inflation. 2. Expand social safety nets (e.g., subsidies for essentials). 3. Encourage wage growth in key sectors. 4. Promote competition to reduce price gouging.
Rising Government Debt and Fiscal Strain	1. Larger budget deficits due to servicing high debt levels. 2. Crowding out private investment as borrowing competes for funds. 3. Risk of sovereign debt crises in vulnerable economies.	1. Implement fiscal consolidation through targeted spending cuts. 2. Broaden tax base and improve compliance. 3. Negotiate debt relief or restructuring with creditors.
Foreign Exchange Volatility and Shortages	1. Higher costs for imports, exacerbating inflation. 2. Reduced industrial output due to scarce raw materials 3. Currency depreciation straining forex reserves. 4. Fuel shortages disrupt transport and energy sectors.	1. Diversify exports to stabilize forex inflows. 2. Encourage remittances via incentives for diaspora. 3. Promote local manufacturing for import substitution. 4. Secure forex swaps or credit lines with allies. 5.
Insufficient Power Supply	1. Commercial productivity remains small scale as large-scale enterprises are difficult to implement with limited power supply. 2. Low industrial productivity in the manufacturing sector resulting in low economic productivity and dampening economic growth. 3. Deferment of development by investors due to lack of infrastructure	1. Encourage use of energy-saving bulbs. 2. Rehabilitate and develop new power plants. 3. Public-Private Partnerships to enhance energy production through alternative power sources. 4. The entrance of Independent Power Producers (IPPs) may help boost power generation.

High Population Growth and Demographic Pressures	1. Lower per capita income as resources stretches thin. 2. Overburdened public services (health, education). 3. Youth unemployment fuelling social instability.	1. Enhance family planning education and access. 2. Invest in education and skills training for youth. 3. Stimulate job creation in urban and rural areas.
Uncertainty in External Environment and Trade Protectionism	1. Falling demand for exports due to global slowdowns. 2. Reduced foreign investment amid protectionist policies. 3. Lower remittances as host economies tighten borders. 4. Barriers to accessing international finance.	1. Diversify export markets and products. 2. Strengthen domestic investment climate. 3. Negotiate trade deals to counter protectionism. 4. Build resilience through regional economic blocs

APPENDIX

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

	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
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	2,451.51	2,412.05	2,400.41	2,410.82	2,385.74	2,344.69	2,387.63	2,415.26	2,426.20	2,382.32	2,402.65	2,407.74	2,381.38
MK : EUR	2,096.62	2,086.64	2,077.50	2,095.34	2,079.64	2,063.92	2,089.95	2,097.15	2,112.64	2,063.65	2,089.70	2,084.71	2,057.06
Forex reserves (Source: RBM)													
Total Reserves (US\$'mn)		607.70	521.90		526.80	608.90		659.50	625.70	571.60			
Total Import Cover (months)													
% Inflation (NSO)													
Headline Inflation	27.10	27.34	28.23	28.69	29.11	27.91	26.02	24.87	24.09	23.82	24.30	23.35	21.12
Food	31.60	32.45	33.74	33.01	32.38	30.13	26.48	22.12	20.83	20.00	19.08	17.63	14.68
Non Food	20.10	19.29	19.46	21.70	23.78	24.20	25.22	29.85	30.05	30.74	33.23	33.04	32.12
Interbank Rates (Source: RBM)													
Average Interbank Rate	23.93%	23.99%	23.98%	23.98%	23.98%	23.98%	23.98%	23.98%	20.24%	14.81%			
Average Base Lending Rates	25.40%												
Treasury Bill Yields (Source: RBM)													
91 day	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	15.25%	12.00%	12.00%	12.00%	12.00%	12.00%
182 day	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	15.00%	15.00%	15.00%	15.00%	15.00%
364 day	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Stock Market Indices (Point)													
MAI	329,922.87	386,281.85	535,303.19	579,212.79	602,600.89	619,709.36	598,062.80	588,918.94	574,679.80	575,320.68	524,387.05	513,462.78	524,002.31
DSI	248,718.38	289,041.04	535,303.19	441,898.89	437,930.45	417,628.19	405,749.03	406,964.07	402,723.18	403,989.25	394,615.70	391,735.45	391,195.33
FSI	52,277.29	69,606.94	81,906.38	94,071.23	124,300.17	167,481.69	158,350.47	146,972.95	136,674.36	135,842.57	92,021.47	83,672.89	95,724.37
Fuel Prices per Litre (Source: MERA)													
Petrol	2,530.00	2,530.00	2,530.00	2,530.00	3,499.00	3,499.00	3,499.00	4,965.00	4,965.00	4,965.00	6,972.00	6,972.00	5,619.00
Diesel	2,734.00	2,734.00	2,734.00	2,734.00	3,500.00	3,500.00	3,500.00	4,945.00	4,945.00	4,945.00	6,687.00	6,687.00	6,306.00
Paraffin	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	3,822.00	3,822.00	3,822.00	5,709.00	5,709.00	4,771.00

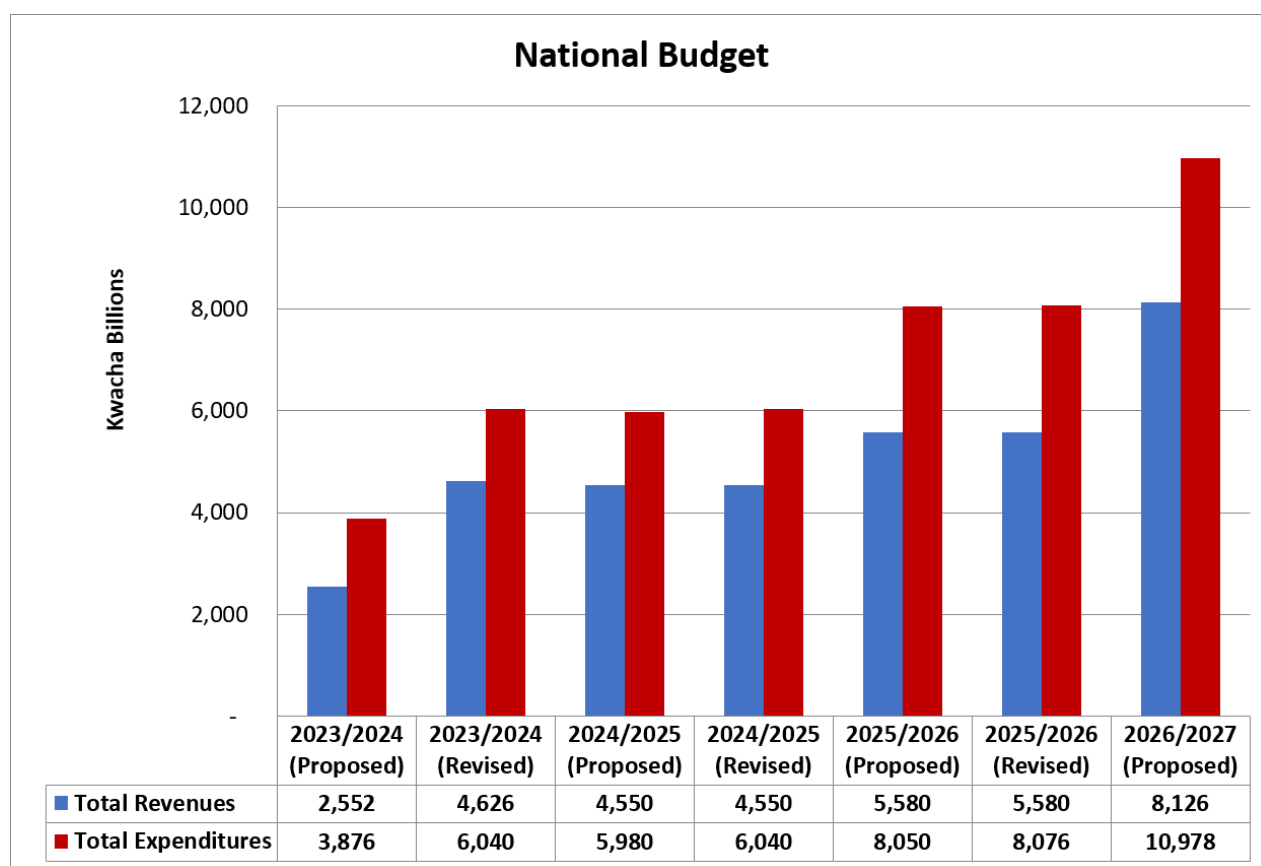
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
TANZANIA													
Exchange rate													
US\$	2,618.32	2,546.93	2,463.28	2,442.85	2,451.64	2,436.80	2,447.46	2,518.05	2,542.45	2,577.40	2601.98	2609.21	2,623.52
GBP	3,598.89	3,387.18	3,316.07	3,285.14	3,260.44	3,222.91	3,303.59	3,461.57	3,427.22	3,416.70	3,506.43	3,504.17	3,474.59
ZAR	147.30	141.87	139.12	141.45	142.01	142.21	147.15	157.49	159.69	150.54	155.43	160.80	159.59
EUR	3,073.65	2,937.63	2,874.16	2,870.83	2,854.69	2,820.59	2,877.97	3,000.01	3,002.38	2,966.07	3,040.68	3,038.95	2,992.12
Inflation %	3.30	3.30	3.40	3.40	3.50	3.40	3.60	3.30	3.20	3.20	4.00	4.20	4.00
UGANDA													
Exchange rate													
US\$	3,595.00	3,583.30	3,549.50	3,492.30	3,480.00	3,629.00	3,623.10	3,603.20	3,603.30	3,762.90	3,761.00	3,769.90	3,659.40
GBP	4,937.73	4,745.83	4,790.05	4,685.76	4,577.94	4,809.19	4,877.28	4,866.62	4,855.94	4,968.04	5,111.41	5,079.10	4,867.98
EUR	4,237.50	4,092.50	4,145.00	4,089.50	4,014.50	4,213.00	4,251.00	4,212.50	4,254.00	4,340.00	4,407.50	4,399.50	4,192.00
Inflation %	3.90	3.80	3.80	4.00	3.40	3.10	3.10	3.20	2.90	2.80	3.00	3.20	3.70
ZAMBIA													
Exchange rate													
US\$	23.81	22.98	23.58	23.87	22.20	22.97	22.14	19.75	18.80	19.12	18.79	18.39	18.08
GBP	24.40	30.34	32.10	32.10	29.22	30.29	29.78	27.06	25.39	25.30	25.69	24.73	24.10
ZAR	1.11	1.26	1.35	1.39	1.28	1.34	1.34	1.23	1.18	1.14	1.13	1.13	1.10
Inflation %	14.10	13.00	12.60	12.30	11.90	10.90	11.20	9.40	7.50	7.10	6.80	6.60	6.50
MOZAMBIQUE													
Exchange Rate													
US\$	63.89	63.89	63.87	63.91	63.62	63.62	63.90	63.59	63.91	64.59	63.91	64.59	64.60
ZAR	3.59	3.51	3.62	3.71	3.69	3.73	3.86	3.96	4.02	3.72	3.78	3.92	3.88
EUR	74.99	73.03	74.66	74.99	73.73	74.20	74.69	75.71	75.57	73.48	74.62	74.14	72.65
Inflation%	4.15	3.96	4.79	4.93	4.83	4.38	3.23	3.04	3.20	3.40	4.41	7.22	7.51

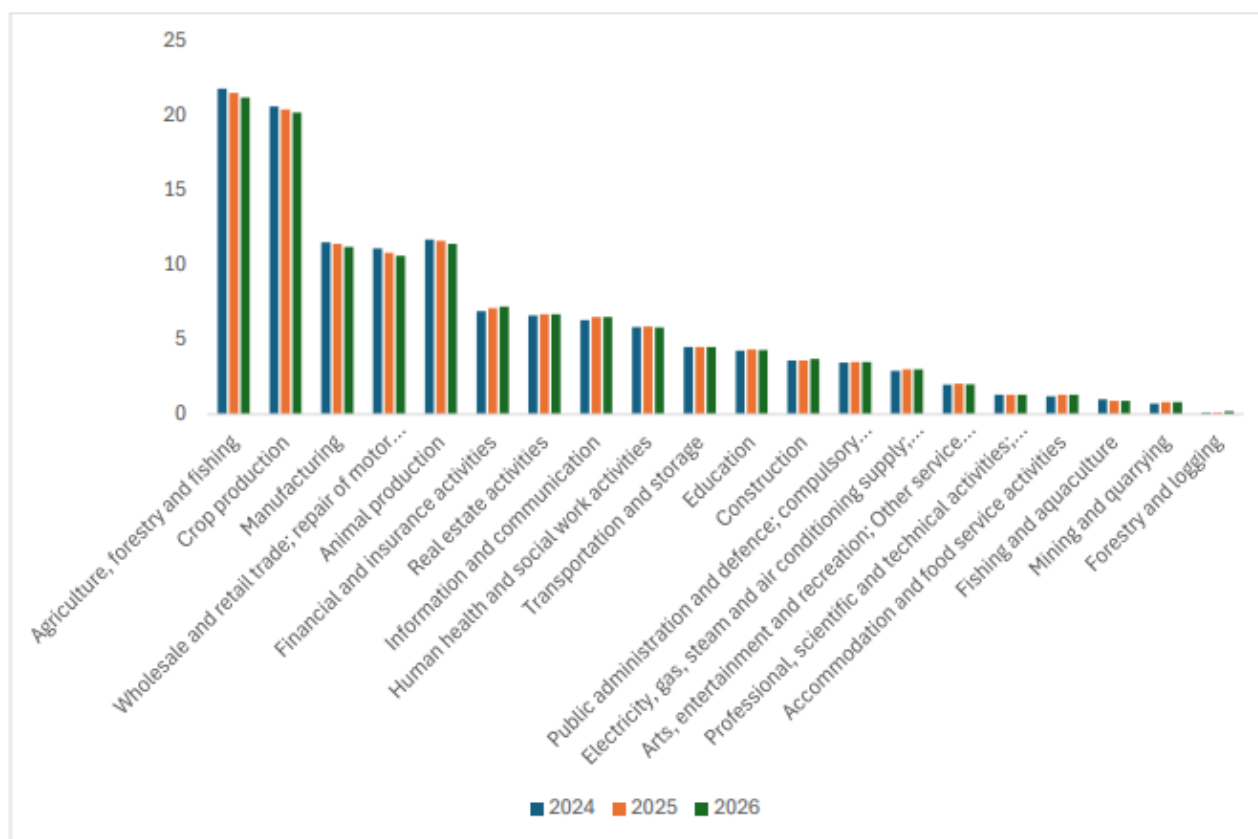
(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

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

K' Billion	2022/2023 (Revised)	2023/2024 (Proposed)	2023/2024 (Revised)	2024/2025 (Proposed)	2024/2025 (Revised)	2025/2026 (Proposed)	2025/2026 (Revised)	2026/2027 (Proposed)
Total Revenues	2,030	2,552	4,626	4,550	4,550	5,580	5,528	8,126
Domestic revenues	1,628	2,240	3,386	3,380	3,380	3,386	4,545	
Grants		312	1,240	1,170	1,170	1,140		
Budgetary support								
Earmarked grants								
Total Expenditure	3,040	3,876	6,040	5,980	6,040	8,050	8,430	10,978
Recurrent expenditure		2,980	4,456		2,217	6,040	6,667	
Wages & Salaries						1,530		
Interest on debt						2,170		
Investment Expenditure		896	1,581	1,770	1,770	2,010		
Deficit/Surplus	(1,010)	(1,325)	(1,414)	(1,430)	(1,490)	(2,470)	(2,902)	(2,852)
Deficit as a % of Revenue	-50%	-52%	-31%	-31%	-33%	-44%	-52%	-35%



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: Global Projections (Source: World Bank)

	2023	2024	2025e	2026f	2027f	2028f	2026f	2027f
World	2.8	2.9	2.9	2.5	2.8	2.8	-0.1	0.1
Advanced economies	1.6	1.8	1.8	1.5	1.8	1.7	-0.1	0.2
United States	2.9	2.8	2.1	2.2	2.1	2.0	0.0	0.2
Euro area	0.5	1.0	1.4	0.8	1.3	1.3	-0.1	0.1
Japan	0.7	-0.2	1.1	0.7	0.9	0.8	-0.1	0.1
Emerging market and developing economies	4.3	4.4	4.4	3.6	4.2	4.1	-0.4	0.1
East Asia and Pacific	5.2	5.0	5.0	4.2	4.4	4.3	-0.2	0.1
China	5.4	5.0	5.0	4.2	4.3	4.2	-0.2	0.1
Indonesia	5.0	5.0	5.1	5.0	5.2	5.2	0.0	0.0
Thailand	2.2	2.9	2.4	1.7	2.1	2.4	-0.1	-0.4
Europe and Central Asia	3.6	3.9	2.5	2.1	2.3	2.6	-0.3	-0.4
Russian Federation	4.1	4.9	1.0	0.8	0.7	0.7	0.0	-0.3
Türkiye	5.0	3.3	3.6	2.8	3.7	4.3	-0.9	-0.7
Poland	0.2	3.2	3.6	3.1	2.6	2.9	-0.1	-0.3
Latin America and the Caribbean	2.3	2.3	2.3	2.2	2.5	2.6	-0.1	-0.1
Brazil	3.2	3.4	2.3	1.9	2.0	2.2	-0.1	-0.3
Mexico	3.1	1.4	0.6	1.3	1.7	1.9	0.0	-0.1
Argentina	-1.9	-1.3	4.4	3.6	3.7	3.5	-0.4	-0.3
Middle East, North Africa, Afghanistan, and Pakistan	2.0	2.9	4.0	1.6	5.0	4.0	-2.7	0.7
Saudi Arabia	0.5	2.6	4.5	3.1	4.9	3.7	-1.2	0.5
United Arab Emirates	4.3	6.6	6.2	2.4	4.1	4.2	-2.6	-1.0
Egypt, Arab Rep. ²	3.8	2.4	4.4	4.6	4.0	4.6	0.3	-0.8
South Asia	6.6	6.8	7.0	6.3	6.9	7.1	0.1	0.4
India ²	7.2	7.1	7.7	6.6	7.2	7.0	0.1	0.6
Bangladesh ²	5.8	4.2	3.5	3.8	4.6	5.5	-0.8	-1.5
Sri Lanka	-2.0	5.0	5.0	3.6	3.8	3.9	0.1	0.7
Sub-Saharan Africa	3.0	3.8	4.1	4.0	4.4	4.5	-0.3	-0.1
Nigeria	3.3	4.1	4.0	4.1	4.2	4.3	-0.3	-0.2
South Africa	0.8	0.5	1.1	1.0	1.5	1.7	-0.4	0.0
Ethiopia ²	7.2	8.1	9.2	8.0	6.9	8.4	0.9	-0.8
Memorandum items:								
Real GDP¹								
High-income countries	1.7	1.9	1.9	1.5	1.9	1.8	-0.2	0.1
Middle-income countries	4.7	4.5	4.6	3.9	4.3	4.3	-0.3	0.0
Low-income countries	1.2	3.7	5.0	5.4	5.6	5.4	-0.3	0.0
EMDEs excluding China	3.6	4.0	3.9	3.2	4.1	4.1	-0.6	0.1
Commodity-exporting EMDEs	2.9	3.5	3.3	2.4	3.5	3.3	-0.9	0.1
Commodity-importing EMDEs	5.0	4.8	4.8	4.2	4.5	4.5	-0.2	0.1
Commodity-importing EMDEs excluding China	4.3	4.5	4.5	4.1	4.7	5.0	-0.2	0.0
EM7	5.2	4.9	4.6	3.9	4.2	4.2	-0.2	0.1
World (PPP weights) ³	3.2	3.4	3.5	2.9	3.4	3.4	-0.3	0.1
World trade volume ⁴	0.4	3.8	4.8	2.9	3.3	3.1	0.7	0.6

Disclaimer

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

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

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

Vision

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

Mission Statement

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

Our Services

Investment/Fund Management



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

Corporate Finance



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

Investor Services



- Transfer Secretarial Services
- Economic Research
- Company Secretarial Services

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

RBM Portfolio/Investment Manager Licence No: PM003/25

RBM Transfer Secretarial License No: TS002/25

Contact Us



Head Office

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

Lilongwe Branch

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