MCCCI September 2025 INFLATION BULLETIN

In an increasingly interconnected global economy, understanding the dynamics of inflation is crucial for businesses. This Inflation Bulletin aims to provide an insightful analysis and comprehensive data on the current inflation trends affecting Malawi, its neighboring countries, and selected advanced economies. As businesses face shifts in consumer behavior, it is essential to analyze local and regional economic conditions to make informed decisions.

In this Bulletin;

- Inflation in Malawi arose modestly for the fourth consecutive month.
- Zimbabwe's inflation rate recorded a notable decline from August 2025.
- Zambia's annual inflation rate continues to decline, marking the fifth consecutive month of slowing price growth.
- South Africa's annual inflation rate eased to 3.3 percent in August 2025, down from a ten-month high of 3.5 percent in July.
- Tanzania's annual headline inflation rate for September 2025 was constant at 3.4 percent.
- In advanced economies,
    - The Euro area's consumer price inflation rose slightly to 2.2 percent in September 2025, up from 2.0 percent recorded over the previous three months.
    - The U.S. annual inflation rate accelerated to 2.9% in August 2025, marking the highest level since January and up from 2.7% in both June and July, aligning with market expectations.
    - China's consumer prices fell by 0.3 percent year-on-year in September 2025, a decline sharper than market expectations of a 0.1 percent drop.
    - India's consumer price inflation eased sharply to 1.54 percent in September 2025, down from 2.07 percent in August, marking the lowest level since June 2017.

Issued and compiled by the Malawi Confederation of Chambers of Commerce and Industry
P.O Box 258, Blantyre
mccci@mccci.org
16th September 2025

MALAWI INFLATION RATE

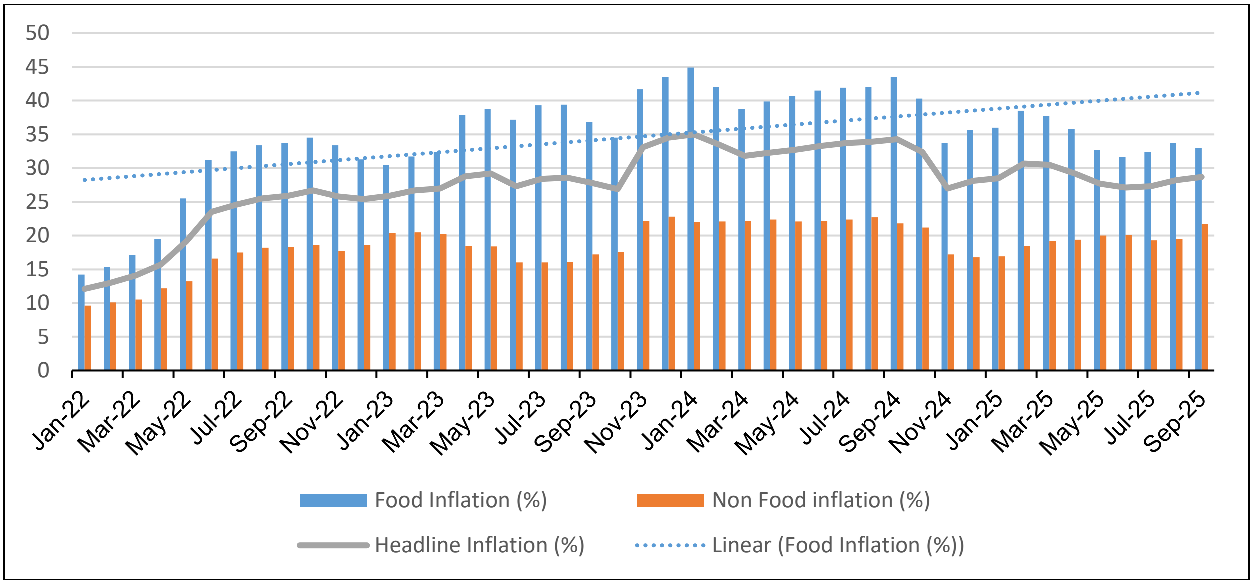

Figure 1: Inflation Trends for Malawi *Source: National Statistical Office*

Malawi's year-on-year inflation rate rose to 28.7 percent in September 2025, representing a 0.5 percentage point increase from 28.2 percent recorded in August 2025. While food inflation eased slightly to 33.0 percent from 33.7 percent in August, non-food inflation accelerated to 21.7 percent from 19.5 percent over the same period, indicating rising cost pressures across several key sectors. The increase in non-food inflation was broad-based, with clothing and footwear registering the highest surge, rising from 39.4% in August to 41.0% in September 2025, suggesting continued pressures from import costs and currency depreciation. Housing, water, and electricity inflation climbed from 19.7% to 22.2%, reflecting higher rental and utility costs, while furnishing and household equipment inflation rose from 33.1% to 35.5%, driven by increasing prices of durable goods and household materials. Similarly, health-related expenses increased from 21.4% to 23.8% in September 2025, reflecting the rising cost of medical supplies and private healthcare services. Transportation inflation rose modestly from 12.4% to 13.1% in September 2025, while education costs saw a sharp jump from 7.4% to 14.8%, likely due to higher tuition and school-related fees. The restaurants and hotels sector also recorded an increase from 29.7% to 31.2% in September 2025, showing growing cost pressures in hospitality, whereas communication and recreation remained relatively stable.

Overall, the data indicates that Malawi continues to experience elevated inflationary pressures, particularly in the non-food segment, averaging above 20%. This sustained rise in prices is eroding household purchasing power and increasing business operating costs. To mitigate these pressures, targeted policy measures aimed at stabilizing utility tariffs, and the exchange rate are essential to support both consumer welfare and private sector resilience.

Issued and compiled by the Malawi Confederation of Chambers of Commerce and Industry
P.O Box 258, Blantyre
mccci@mccci.org
16th September 2025

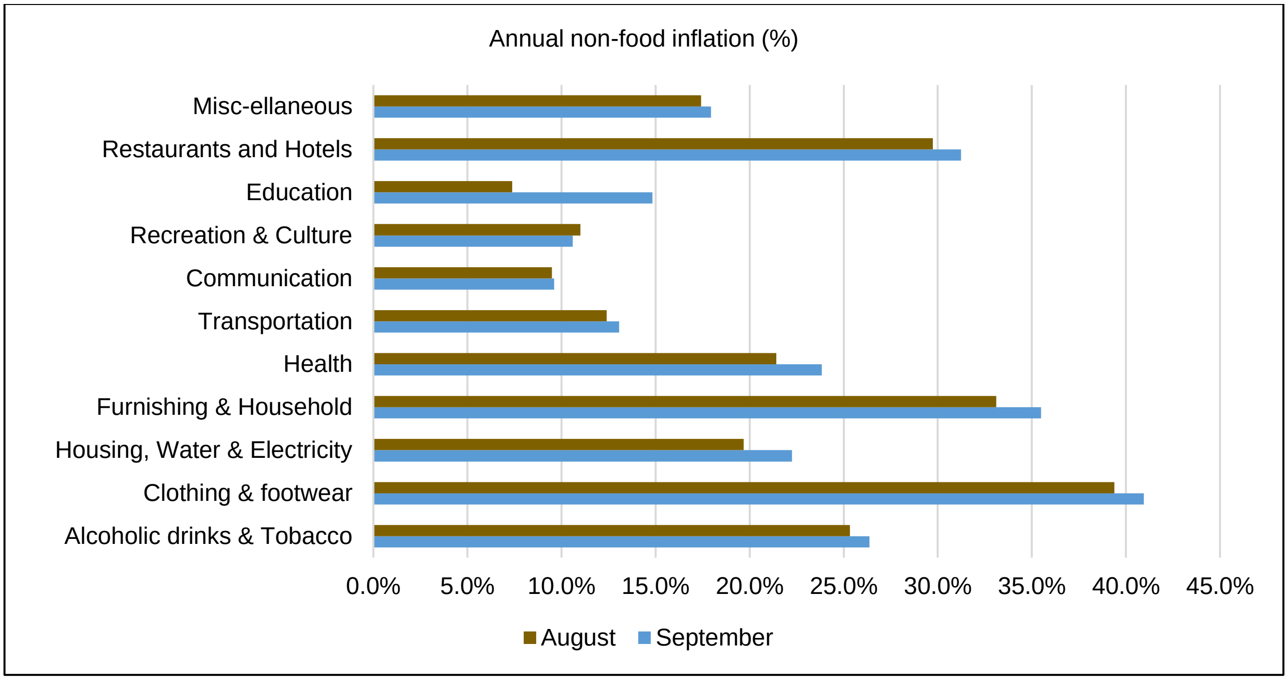

Figure 2: Inflation for Nonfood items *Source: National Statistical Office*

ZIMBABWE INFLATION RATE

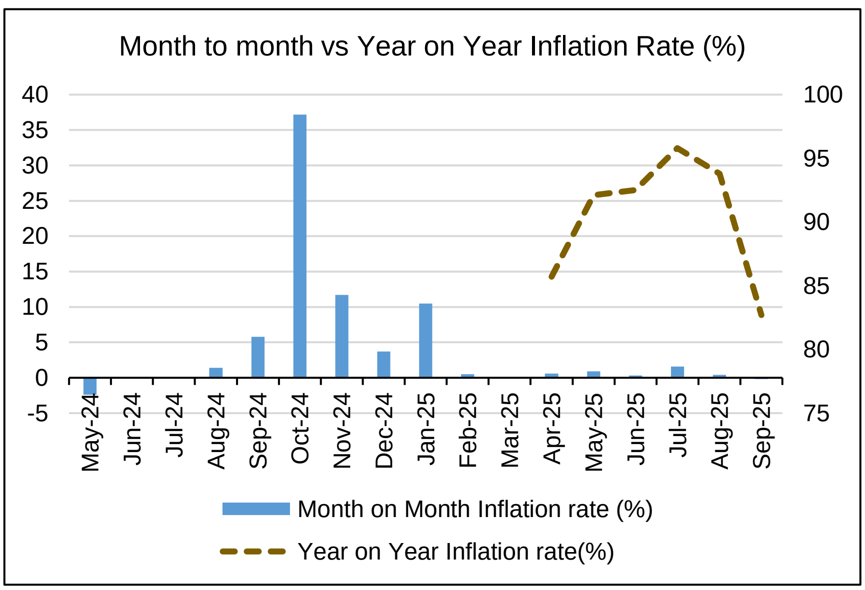

Figure 3: Inflation rate for Zimbabwe *Source: Reserve Bank of Zimbabwe*

According to the Reserve Bank of Zimbabwe (RBZ), inflation remains elevated despite recent signs of moderation. The ZWG year-on-year inflation rate for September 2025 stood at 82.7 percent, indicating that prices increased by an average of 82.7 percent compared to September 2024. This marks a notable decline from 93.8 percent in August and 95.8 percent in July, suggesting that the gold-backed Zimbabwe Gold (ZWG) currency introduced in April 2024 is gradually contributing to price stabilization.

This shift was largely driven by falling prices in the food and non-alcoholic beverages category, which makes up over 40 percent of the Consumer Price Index (CPI)—as seasonal harvest surpluses and improved supply chains helped offset earlier price pressures caused by a 15 percent drop in agricultural output in 2024, following the El Niño-induced drought.

The month-on-month inflation rate of -0.2 percent in September 2025 represents a 0.6 percentage point decline from August, highlighting a temporary easing of consumer prices. Within key categories, food and non-alcoholic beverages registered a slight increase of 0.2 percent, up from -0.1 percent in August, while non-food inflation fell sharply to -0.5 percent from 0.6 percent in the previous month. Overall, the data point to gradual stabilization in Zimbabwe's price environment, though inflation remains high by regional standards, underscoring the need for sustained fiscal and monetary discipline to consolidate recent gains.

Note: *The country's statistics agency started computing monthly inflation data based on its new currency, the ZiG, in May 2024.*

ZAMBIA INFLATION RATE

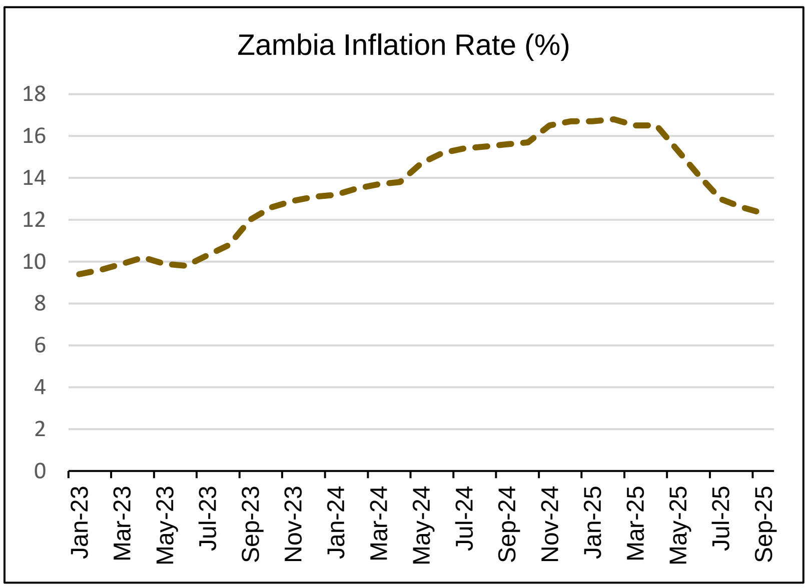

Figure 4: Inflation for Zambia *Source: Central Statistical Office, Zambia*

Zambia's annual inflation rate eased to 12.3 percent in September 2025, down from 12.6 percent in August, marking the fifth consecutive month of slowing price growth, Central Statistical Office, Zambia. This represents the lowest inflation rate since September 2023, supported by the relative strength of the kwacha. Both food and non-food prices recorded more moderate increases compared to the previous month.

Annual food inflation stood at 14.6 percent in September 2025, slightly down from 14.9 percent in August 2025, indicating that, on average, food prices rose by 14.6 percent between September 2024 and September 2025. The moderation was mainly driven by slower price increases in key food items such as cereals, fruits, vegetables, as well as cooking oil and eggs.

Meanwhile, annual non-food inflation declined to 9.0 percent in September 2025 from 9.3 percent in August 2025, largely due to reduced price pressures on household appliances, pharmaceutical products, domestic airfares, and accommodation services in three- and five-star hotels. Overall, the data reflect a gradual easing of inflationary pressures in Zambia’s economy, supported by currency stability and improved supply conditions.

TANZANIA INFLATION RATE

Tanzania’s annual inflation rate remained at 3.4 percent in September 2025, unchanged from the previous month but marking the highest level since June 2023, according to the National Bureau of Statistics (NBS) - Tanzania. The stable headline rate reflects a balance between slower food price growth and rising costs in non-food categories. Inflation for food and non-alcoholic beverages eased to 7.0 percent in September from 7.7 percent in August 2025, largely due to improved domestic food supply and reduced prices for key staples following the main harvest season.

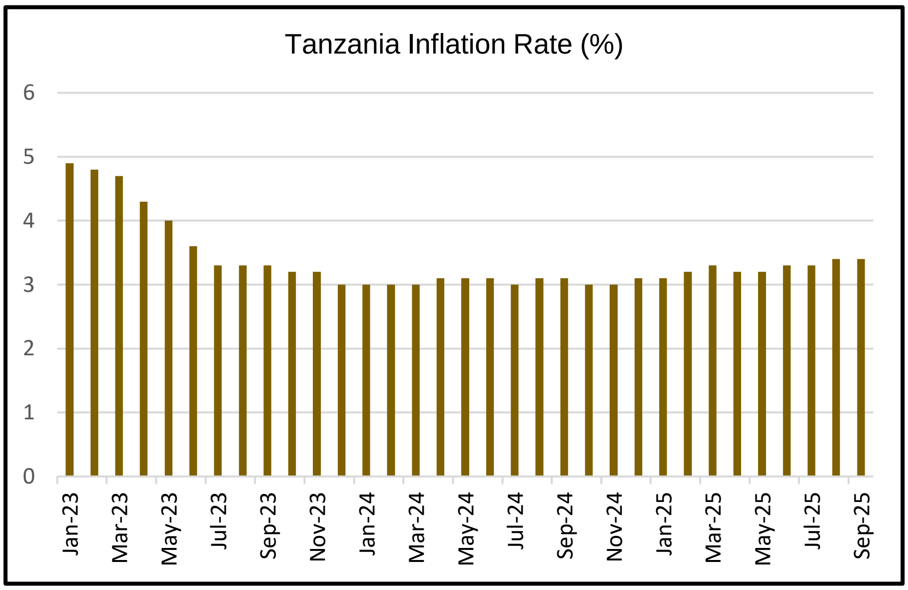

Figure 5: Inflation rate for Tanzania *Source: National Bureau of Statistics*

However, other categories continued to record price increases. Inflation for alcoholic beverages and tobacco accelerated from 2.9 percent in August to 3.6 percent in September, while furnishings and household equipment rose from 2.4 percent to 2.8 percent over the same period. Similarly, the transport sector saw inflation climb from 1.4 percent to 2.1 percent, driven by slightly higher fuel and vehicle maintenance costs. The housing, water, electricity, gas, and other fuels category also edged up from 2.1 percent to 2.3 percent, reflecting modest increases in utility and rental costs.

Overall, Tanzania's inflation remains well within the Bank of Tanzania's target range, supported by a stable shilling, strong food supply from the agricultural sector, and prudent fiscal management. However, rising energy prices, imported inflation pressures, and climatic variability pose potential risks to price stability in the coming months.

SOUTH AFRICA INFLATION RATE

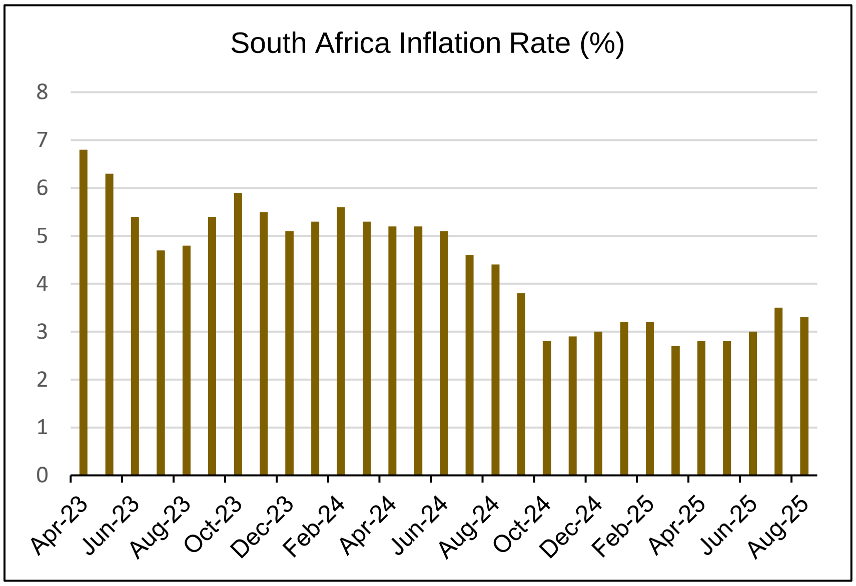

Figure 6:Inflation rate for South Africa *Source: Statistics South Africa*

According to latest data from Statistics South Africa, South Africa's annual inflation rate eased to 3.3 percent in August 2025, down from a ten-month high of 3.5 percent in July. The moderation was largely driven by slower food price growth, which decelerated to 5.2 percent from 5.7 percent, alongside a steeper decline in fuel prices, which dropped 5.7 percent compared to a 5.5 percent fall in July. These developments reflect easing pressures in key consumer categories, partly supported by a stronger rand and improved supply conditions in regional food and energy markets.

However, underlying price pressures persisted. The core inflation rate, which excludes volatile items such as food, non-alcoholic beverages, fuel, and energy, rose slightly to 3.1 percent, the highest since March 2025, up from 3.0 percent in July. This suggests that while headline inflation is easing, domestic cost factors such as services, rent, and insurance remain sticky. On a monthly basis, the Consumer Price Index (CPI) edged down 0.1 percent in August, reversing a sharp 0.9 percent increase in the previous month, signaling a short-term relief in price pressures.

At the same time, rising core inflation indicates persistent structural costs within South Africa's economy, such as transportation, energy, and logistics, which could still translate into higher service costs for Malawian traders and logistics operators. Moreover, if inflation continues to trend within the South African Reserve Bank's target range (3–6%), it may maintain a stable rand, ensuring predictable exchange rate conditions, a benefit for planning and pricing in regional trade.

ADVANCED AND EMERGING ECONOMIES

This section provides a comprehensive overview of inflation trends in selected advanced economies, specifically focusing on the Euro Area, United States, India and China.

EURO AREA INFLATION RATE

The Euro area's consumer price inflation rose slightly to 2.2 percent in September 2025, up from 2.0 percent recorded over the previous three months, moving just above the European Central Bank's (ECB) midpoint target of 2.0 percent, according to EUROSTAT data. The uptick was largely driven by a smaller decline in energy prices, which fell by only 0.4 percent compared to a 2.0 percent drop in August, reflecting higher global oil prices and recovering demand. Services inflation edged up to 3.2 percent from 3.1 percent, while food, alcohol, and tobacco prices increased at a slower pace of 3.0 percent, down from 3.2 percent previously, largely due to easing prices of unprocessed food. Non-energy industrial goods inflation remained stable at 0.8 percent, and core inflation, which excludes volatile items such as energy and food, held steady at 2.3 percent, its lowest level since January 2022.

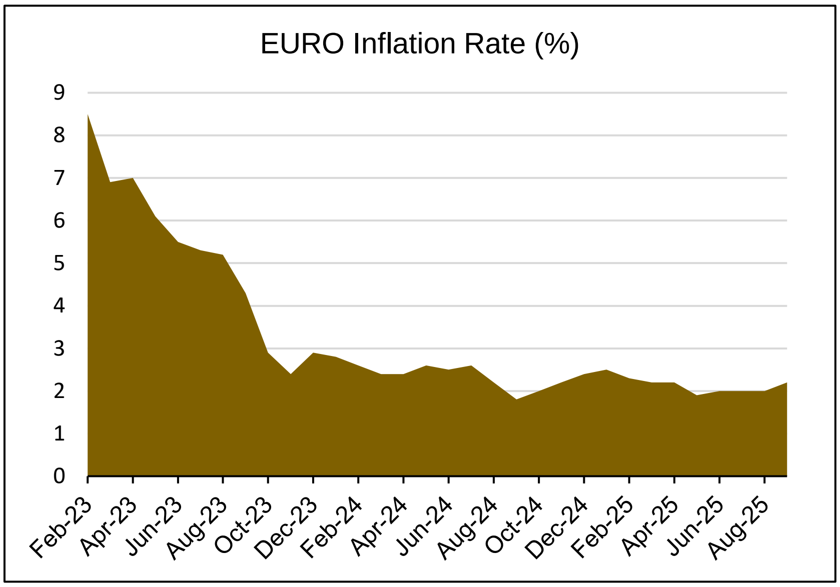

Figure 7: Inflation rate for Euro Area *Source: EUROSTAT*

Issued and compiled by the Malawi Confederation of Chambers of Commerce and Industry
P.O Box 258, Blantyre
mccci@mccci.org
16th September 2025

CHINA INFLATION RATE

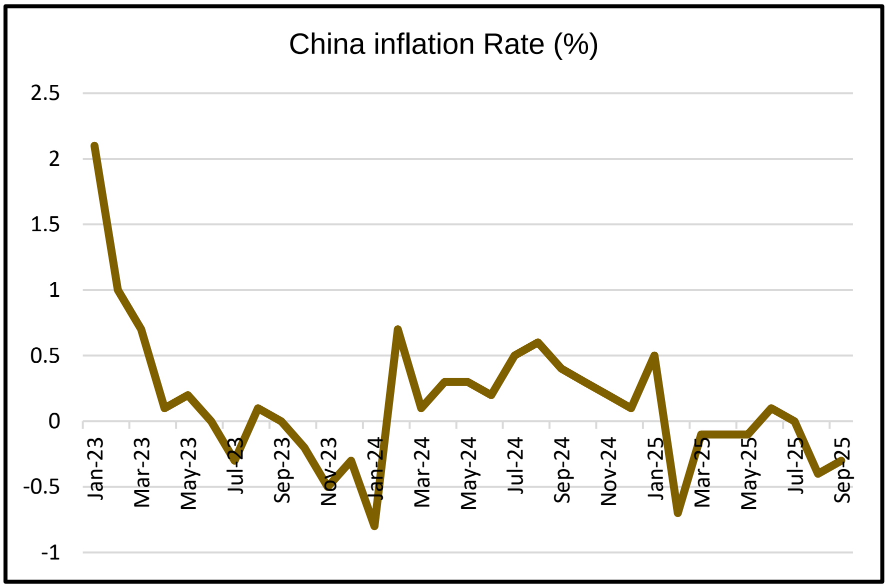

Figure 8: Inflation rate for China *Source: National Bureau of Statistics of China*

China's consumer prices fell by 0.3 percent year-on-year in September 2025, a decline sharper than market expectations of a 0.1 percent drop but slightly less than the 0.4 percent decrease recorded in August. The fall was largely driven by continued weakness in food prices, which contracted 4.4 percent compared to 4.3 percent in August, marking the steepest decline since January 2024. The drop was broad-based across food categories, with pork prices falling further due to abundant supply ahead of the Golden Week holidays, lower production costs, and subdued consumer demand.

In contrast, non-food inflation strengthened to 0.7 percent from 0.5 percent in August, supported by government-backed consumer trade-in programs aimed at stimulating spending. Price increases were recorded in housing (0.1%), clothing (1.7%), healthcare (1.1%), and education (0.8%), reflecting a gradual recovery in urban consumption. Meanwhile, transport costs continued to fall but at a slower rate, partially offsetting declines in the food category.

THE UNITED STATES INFLATION RATE

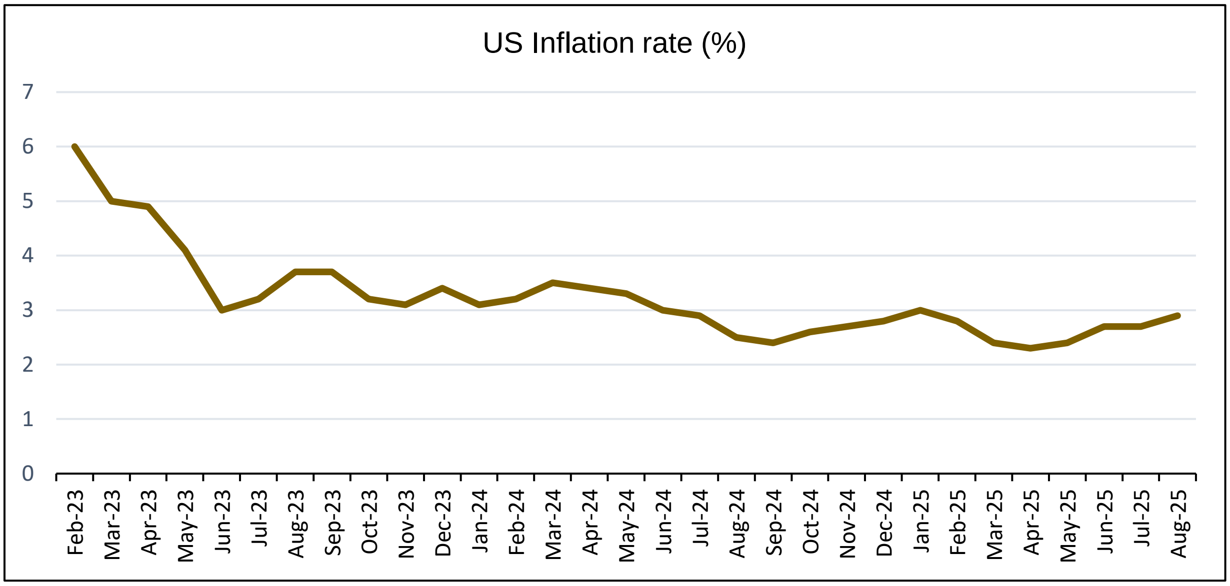

Figure 9: Inflation rate for US *Source: U.S. Bureau of Labor Statistics*

The U.S. annual inflation rate accelerated to 2.9% in August 2025, marking the highest level since January and up from 2.7% in both June and July, aligning with market expectations, according to U.S. Bureau of Labor Statistics. The increase was primarily driven by faster price growth in key categories such as food, used cars and trucks, and new vehicles. After several months of decline, energy costs rose for the first time in seven months, reflecting smaller decreases in gasoline and fuel oil, while natural gas prices remained sharply higher at 13.8%**.** Meanwhile, transportation services inflation held steady at 3.5%, and shelter costs, which represent a major component of the CPI—slowed slightly to 3.6% from 3.7%**.**

On a monthly basis**,** the Consumer Price Index (CPI) increased by 0.4%, the largest monthly gain since January and above the 0.3% market forecast. Shelter costs, rising by 0.4%, were the main contributor to this monthly uptick, underscoring the persistent strain from high housing expenses. Core inflation, which excludes volatile food and energy prices, remained stable at 3.1% year-on-year, matching both July's reading and February's peak, while core CPI rose 0.3% month-on-month, consistent with expectations.

This data suggests that while overall inflation in the U.S. remains within a moderate range, underlying price pressures, particularly in housing and services, remain sticky, posing challenges for the Federal Reserve as it balances between supporting economic growth and maintaining price stability. The persistence of higher core inflation could delay potential interest rate cuts, influencing global financial markets and trade partners, including Malawi, through exchange rate movements and import cost adjustments**.**

INDIA INFLATION RATE

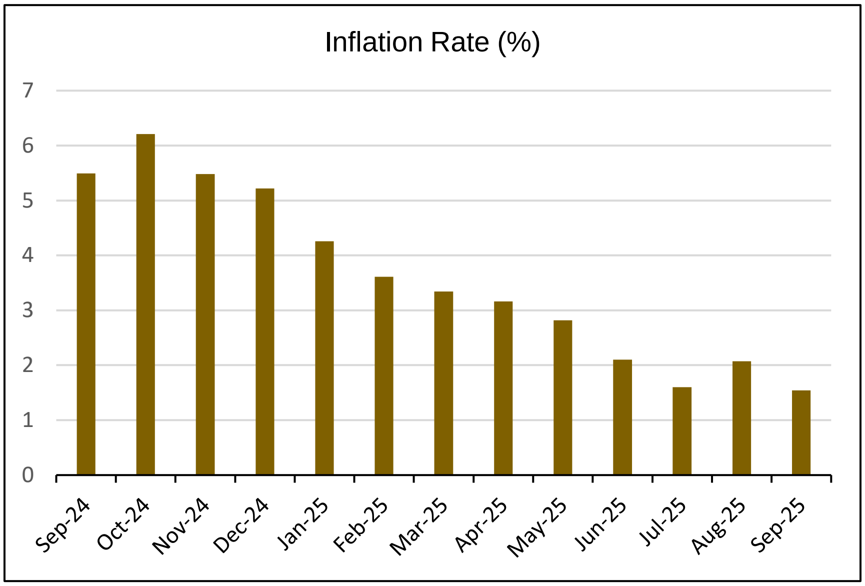

Figure 10: Inflation rate for India Source: Ministry of Statistics and Programme Implementation

India's consumer price inflation eased sharply to 1.54 percent in September 2025, down from 2.07 percent in August, marking the lowest level since June 2017. This significant slowdown pushed inflation below the Reserve Bank of India's (RBI) lower tolerance band of 2 percent under its inflation-targeting framework, highlighting a period of exceptionally subdued price growth.

The moderation was largely driven by a steep decline in food prices, which make up nearly 50 percent of India's Consumer Price Index (CPI). Food inflation fell by 2.28 percent, the largest drop since December 2018 when it recorded a 2.65 percent decline. The fall was broad-based across essential commodities, including vegetables, cereals, and edible oils, reflecting strong harvests, improved supply chain efficiency, and reduced global commodity prices.

Inflation also eased in categories such as clothing and footwear and fuel and light, indicating softening input costs and stable energy prices. However, some upward pressure persisted in pan, tobacco, and intoxicants, housing, and miscellaneous goods and services, suggesting selective demand strength in urban and service-oriented sectors.

Overall, the data point to a disinflationary environment in India, which could provide the RBI with greater policy flexibility to support economic growth if needed. While the easing of inflation offers relief to consumers and producers alike, persistent deflationary tendencies in food prices may raise concerns about farm income levels and rural demand, underscoring the need for balanced fiscal and monetary measures to sustain inclusive growth.

Business Outlook Under Persistent Inflationary Pressures

Malawi's year-on-year inflation rate rose to 28.7 percent in September 2025, marking the fourth consecutive monthly increase and highlighting persistent price pressures in the

Issued and compiled by the Malawi Confederation of Chambers of Commerce and Industry
P.O Box 258, Blantyre
mccci@mccci.org
16th September 2025

economy. While food inflation eased slightly to 33.0 percent, non-food inflation accelerated to 21.7 percent from 19.5 percent, reflecting rising costs across key sectors such as clothing and footwear, housing and utilities, household furnishings, health, and education. This broad-based increase indicates that inflationary pressures are no longer confined to food but are being driven by structural factors, including high import dependency, currency depreciation, and elevated energy and transport costs. For businesses, this means operating expenses are likely to continue rising, particularly for firms reliant on imported inputs. At the same time, household purchasing power is being eroded, leading to weaker domestic demand and tighter profit margins for retailers, manufacturers, and service providers.

Regionally, inflation trends across neighboring economies will also influence Malawi's business environment. In Zambia, inflation continues to ease due to a stronger currency and stable food supply, potentially increasing cross-border competition for Malawian products. Tanzania's low and stable inflation rate at 3.4 percent, supported by strong agricultural output and a stable shilling, enhances its regional competitiveness, especially in food and consumer goods exports. Conversely, Zimbabwe's high inflation rate continues to pose risks for trade along the border, increasing transaction uncertainty and discouraging regional supply chain integration.

Globally, mixed inflation trends are shaping external market conditions that affect Malawian businesses. Moderate inflation in the Euro area (2.2%) and the United States (2.9%) signals steady consumer demand in advanced markets, which could support Malawi's export prospects for agricultural commodities such as tea, coffee, and macadamia nuts. However, sustained high interest rates in these economies may strengthen their currencies, making imports from Europe and the U.S. more expensive. On the other hand, China's deflation (-0.3%) and India's low inflation (1.54%) suggest falling production and export prices, which could lower the cost of imported goods and equipment for Malawian businesses, easing some input pressures.

Overall, Malawi's high inflation, combined with regional and global price dynamics, presents both challenges and opportunities for local businesses. To navigate this environment, the government should focus on stabilizing the exchange rate, increase food supply on the market, and strengthening trade logistics to reduce import-related costs. Meanwhile, businesses should adapt by diversifying supply sources, investing in local production and value addition, and improving operational efficiency through technology and energy-saving innovations. Strengthened collaboration between the public and private sectors will be critical to promoting policies that enhance competitiveness and resilience amid domestic inflationary pressures.

Issued and compiled by the Malawi Confederation of Chambers of Commerce and Industry
P.O Box 258, Blantyre
mccci@mccci.org
16th September 2025