



# **MAY 2025**

## INFLATION BULLETIN



## MCCCI MAY 2025 INFLATION BULLETIN

In an increasingly interconnected global economy, understanding the dynamics of inflation is crucial for businesses navigating their strategic planning and operations. This Inflation Bulletin aims to provide insightful analysis and comprehensive data on the current inflation trends affecting Malawi, its neighboring countries, and select 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 has continued to ease, marking four straight months of decline.
- Zimbabwe's inflation rate surged by seven percentage points compared to December 2024.
- Zambia's annual inflation rate eased to 15.3 percent in May 2025.
- South Africa's annual inflation rate rose modestly to 2.8 percent in April 2025, up from 2.7 percent in March 2025.
- Tanzania's annual headline inflation rate for May 2025 has remained unchanged at 3.2 percent.
- Meanwhile, Zimbabwe's monthly consumer inflation for the local currency declined to 0.5 percent in February 2025, marking the lowest rate in seven months.
- In advanced economies,
  - o The Eurozone's annual consumer price inflation eased to 1.9 percent in May 2025, below the European Central Bank (ECB)'s 2.0 percent target.
  - o Inflation rate in the United States is expected to accelerate to 2.5 percent in May 2025, up from 2.3 percent in April.
  - o China's Consumer Price Index (CPI) declined for the fourth consecutive month, marking a sustained period of consumer deflation.



# MALAWI INFLATION RATE

Malawi's headline inflation eased for the fourth consecutive month, falling to 27.7 percent in May 2025 from 29.2 percent in April 2025, a 1.5 percentage point decline, according to data from the National Statistical Office. This moderation was primarily driven by a significant drop in food inflation, which fell from 35.8 percent to 32.7 percent over the same period, a decrease of 3.1 percentage points. In contrast, non-food inflation edged upward, rising from 19.4 percent in April to 20.0 percent in May 2025.

The decline in food inflation is largely attributed to seasonal patterns, particularly the drop in maize prices, which reached their seasonal low in the third week of May, averaging K928 per kilogram. Despite this seasonal relief, maize prices remain 57 percent higher than the same period last year, when they bottomed out at K592 per kilogram. Moreover, current prices are still below the government's minimum farm gate price of K1,050 per kilogram, suggesting continued pricing pressure for both consumers and producers. However, with seasonal lows

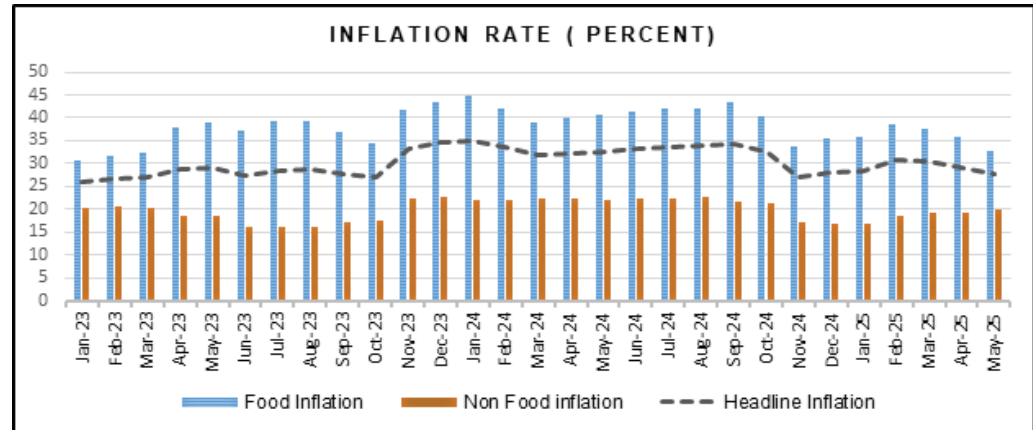


Figure 1: Inflation Trends for Malawi

Source: National Statistical Office

now passed, maize prices are expected to begin rising in the coming months, potentially exerting upward pressure on inflation going forward.

In terms of non-food inflation, the majority of non-food categories recorded increases in May compared to April 2025. Notable rises were observed in Clothing and Footwear, which jumped from 33.4 percent to 36.1 percent, and Furnishings and Household Equipment, which increased from 26.8 percent to 29.2 percent. These spikes suggest rising input costs or the continued depreciation of the local currency, affecting the cost of imported goods. Alcoholic

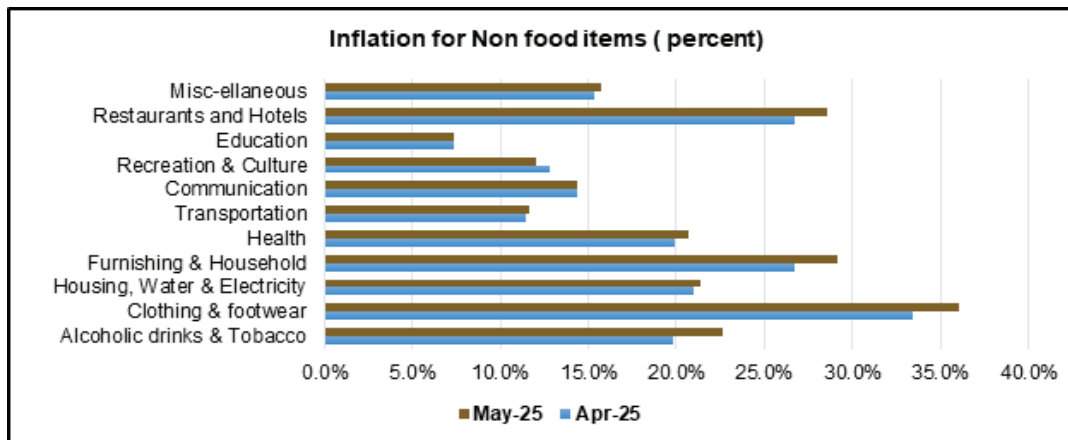


## MALAWI INFLATION RATE

Beverages and Tobacco also saw a significant rise from 19.8 percent to 22.6 percent, while Restaurants and Hotels increased from 26.8 percent to 28.5 percent, likely due to higher operational costs in the hospitality sector.

Other categories with moderate inflation increases included Housing, Water, Electricity, Gas and Other Fuels (from 21.0 percent to 21.3 percent), Health (from 19.9 percent to 20.7 percent), Transport (from 11.5 percent to 11.6 percent), and Miscellaneous Goods and Services (from 15.3 percent to 15.7 percent). These consistent upticks across both essential and non-essential items reflect sustained cost-of-living challenges facing Malawian consumers.

Conversely, Recreation and Culture was the only category



**Figure 2: Inflation for Nonfood items**

**Source: National Statistical Office**

to register a decline, falling from 12.8 percent to 12.0 percent, possibly due to seasonal demand shifts or improved supply conditions. Meanwhile, Education and Communication remained unchanged at 7.4 percent and 14.3 percent, respectively, indicating price stability or rigidity in these sectors.

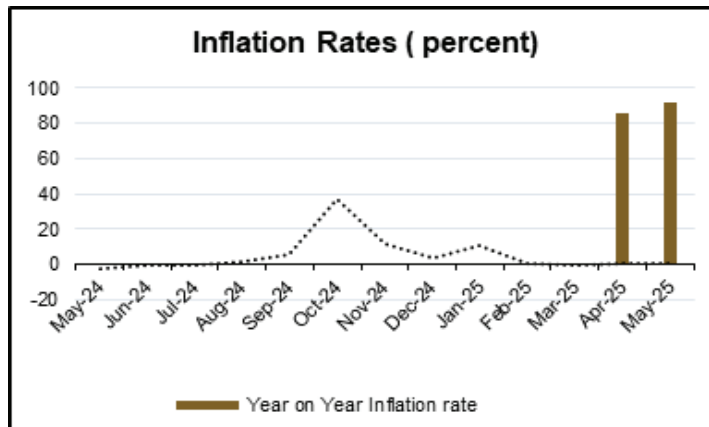


## ZIMBABWE INFLATION RATE

Zimbabwe's monthly consumer inflation for the local currency declined to 0.5 percent in February 2025, marking the lowest rate in seven months and a sharp drop from 10.5 percent in January 2025, according to the Reserve Bank of Zimbabwe. The Zimbabwe National Statistics Agency (ZIMSTAT) has been reporting month on-month ZiG inflation without annual inflation due to the absence of comparable ZiG denominated price developments on an annual basis in 2023. The transition from Zimbabwe dollar (ZW\$) to ZiG (Zimbabwe Gold) prices inevitably created a statistical gap in the calculation of annual ZiG inflation figures. As a result, ZIMSTAT began computing and publishing year-on-year ZiG inflation in April 2025, after obtaining a full year of ZiG prices.

According to the Reserve Bank of Zimbabwe, the current trend in annual inflation is expected to continue up to September 2025 and decline thereafter to align with the current low and stable month-on-month inflation. The current annual inflation trajectory will therefore not affect consumer purchasing power and value preservation, as the inflation impact has already been realized.

Meanwhile, the month-on-month ZiG inflation has been relatively low and stable at less than 1 percent over the last three months. Month on month inflation increased 0.90 percent in May of 2025 over the previous month. The slowdown in price growth was evident across both food and non-food items, reflecting improved price stability.



**Figure 3: Inflation trend for Zimbabwe**

**Source: Reserve Bank of Zimbabwe**

Considering the current circumstances where annual ZiG inflation is not reflective of the current pricing dynamics, the Reserve Bank of Zimbabwe encourages economic agents to focus on month-on-month inflation, which has a more direct link to current ZiG purchasing power and expectations. The monthly ZiG inflation will remain low and stable as Monetary Policy remains appropriately tight to balance price stability and economic growth.

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



## ZAMBIA INFLATION RATE

According to Central Statistical Office of Zambia, Zambia's annual inflation rate eased to 15.3 percent in May 2025, down from 16.5 percent in April, indicating a moderate slowdown in the pace of price increases over the past year. This deceleration is primarily attributed to declining inflation in both food and non-food categories. Food inflation decelerated for the third month to 17.9 percent from 18.7 percent, driven by price movements in key staples such as cereals, dairy products, vegetables, fruits, and sweet potatoes. Similarly, non-food inflation fell to 11.6 percent from 13.4 percent, reflecting softening prices in categories like motor vehicles, air travel, fuel, and milling charges.

For Malawi, these developments carry several important implications. It is important to note that although

inflation has slowed, Zambia's inflation rate remains relatively high. Food inflation at nearly 18 percent still indicates elevated price levels, particularly for staples like maize and vegetables that are also important in Malawi's food basket. This poses a risk of imported inflation, especially in border districts where cross-border price transmission is more immediate.

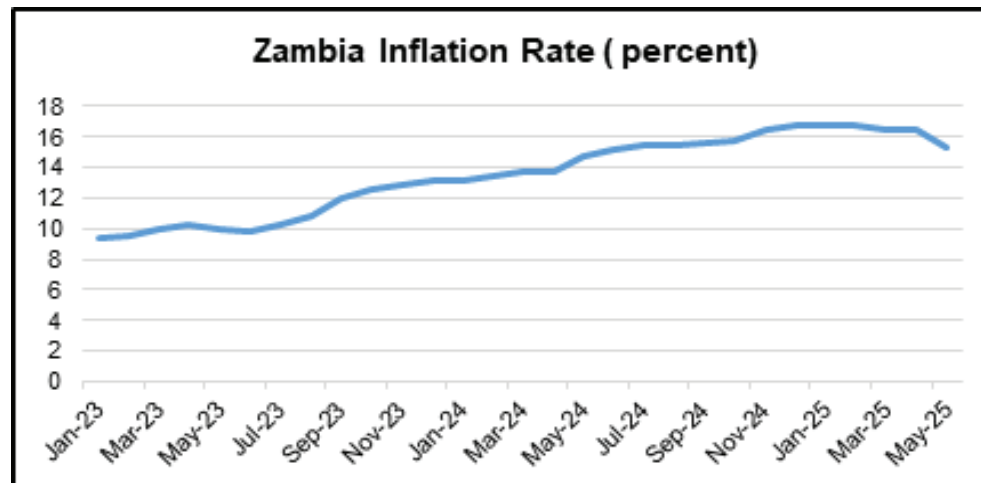


Figure 4: Inflation Trends for Zambia

Source: Central Statistical Office of Zambia



## TANZANIA INFLATION RATE

Tanzania's annual headline inflation rate for May 2025 has remained unchanged at 3.2 percent, the same level recorded in April 2025 according to National Bureau of Statistics (NBS). This stagnation indicates that the overall pace of price changes for goods and services over the past year has remained steady, suggesting relative price stability in the Tanzanian economy.

However, a closer look reveals that inflation for Food and Non-Alcoholic Beverages rose slightly to 5.6 percent in May from 5.3 percent in April 2025. This upward trend signals that food prices are under pressure, potentially due to supply chain constraints, seasonal factors, or increased demand.

In contrast, the core inflation rate (excluding food and non-alcoholic beverages) declined to 2.1 percent in May from 2.3 percent in April 2025. This downward movement indicates that non-food prices are growing more slowly, which could reflect improved supply conditions or lower demand in

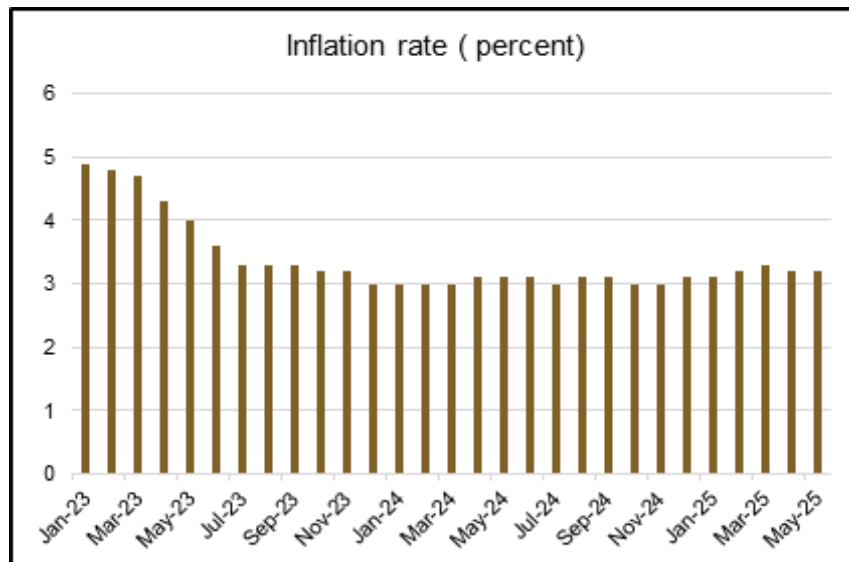


Figure 5: Inflation trends for Tanzania Source : National Bureau of Statistics

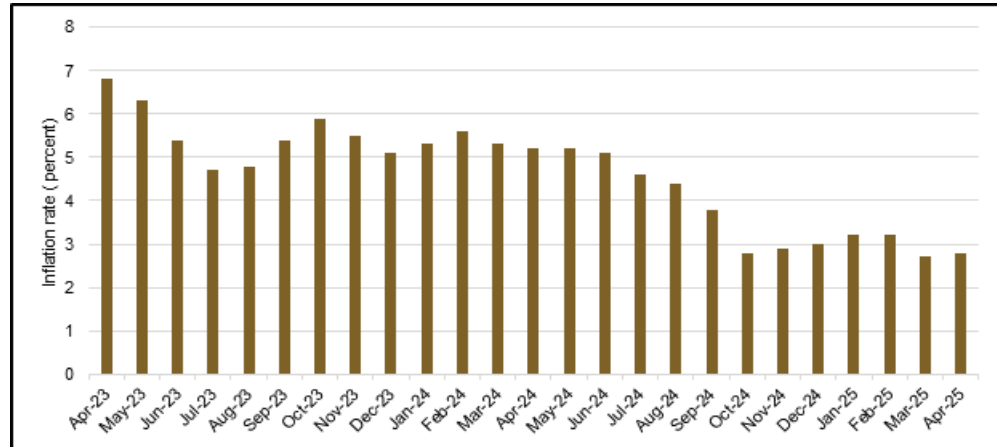
those sectors. For Malawian manufacturers sourcing raw materials or capital goods from Tanzania, this may present an opportunity to reduce input costs and strengthen regional value chains.



## SOUTH AFRICA INFLATION RATE

According to the latest data from Statistics South Africa, South Africa's annual inflation rate rose modestly to 2.8 percent in April 2025, up from 2.7 percent in March 2025. The inflation rate recorded in March 2025 was the lowest level since June 2020. In April 2025, the increase was largely driven by higher prices in key consumer categories, notably housing and utilities, supported by a significant rise in electricity, gas, and other fuels. Additional upward pressure came from food and non-alcoholic beverages, which saw inflation accelerate to 4 percent in April from 2.7 percent in March 2025, and alcoholic beverages and tobacco, which rose to 4.7 percent, up from 4.1 percent. There was also a notable, though moderated, contribution from restaurants and accommodation services.

In contrast, transport prices continued to exert downward pressure on the headline inflation rate, falling by 3.9 percent, a steeper drop than the 2.4 percent decline in



**Figure 6: Inflation Trend for South Africa**

**Source :Statistics South Africa**

March, primarily due to a significant 13.4 percent year-on-year decrease in fuel prices. On the inflation composition side, services inflation rose to 3.8 percent from 3.5 percent in March 2025, while goods inflation eased to 1.7 percent from 2 percent, reflecting continued disinflation in commodity-related categories. On a monthly basis, the Consumer Price Index (CPI) increased by 0.3 percent, slightly below the 0.4 percent rise in March 2025. Meanwhile, core inflation which excludes food and energy, eased to 3.0 percent in April 2025, marking its lowest level since July 2021, down from 3.1 percent in the previous month.



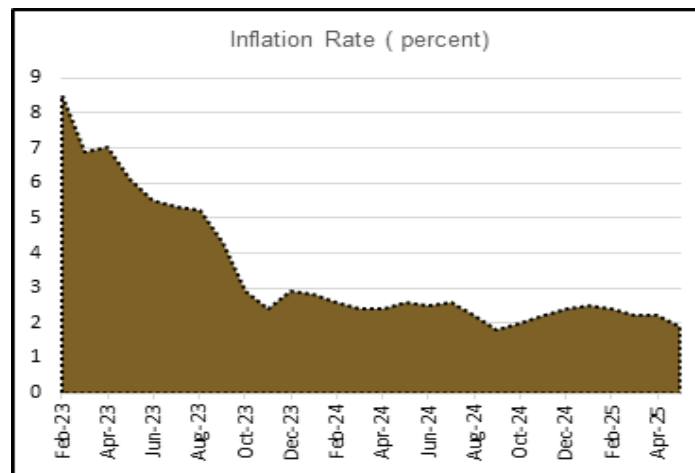
## ADVANCED AND EMERGING ECONOMIES

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 Eurozone's annual consumer price inflation eased to 1.9 percent in May 2025, down from 2.2 percent in April, marking the first time inflation has dropped below the European Central Bank (ECB)'s 2.0 percent target since September 2024, according to EUROSTAT. This moderation, driven primarily by a significant slowdown in services inflation and a continued decline in energy prices, has strengthened expectations of a 25 basis point interest rate cut by the ECB, with potential for additional easing in the near term. Meanwhile, core inflation which strips out volatile components such as food and energy also fell to 2.3 percent, its lowest level since January 2022, signaling broader disinflation across the bloc. However, prices for food, alcohol, and tobacco saw a slight uptick, rising by 3.3 percent compared to 3.0 percent in April 2025.

For Malawian businesses, particularly those engaged in trade with the European Union (EU), these developments carry significant implications. A decline in inflation and the likely reduction in interest rates suggest that demand conditions in the Eurozone may strengthen, creating an opportunity for Malawian exporters, especially in agriculture



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

and value-added goods, to capitalize on a more favorable consumer environment. Products such as tea, macadamia nuts, coffee, and legumes and some of Malawi's key exports to Europe may find stronger market demand as household purchasing power improves with easing inflation.



## CHINA INFLATION RATE

China's consumer price index (CPI) fell by 0.1 percent year-on-year in May 2025, marking the fourth consecutive month of consumer deflation, driven by weak domestic demand, persistent trade tensions with the United States, and growing concerns about job stability, according to National Bureau of Statistics of China. While non-food prices remained steady, certain sectors such as clothing, healthcare, and education saw slight price increases, which were offset by a steeper decline in transport costs. Food prices dropped further, falling 0.4 percent year-on-year, marking the fourth month of decline, and indicating continued consumer caution and sluggish spending. Meanwhile, core inflation (which excludes volatile food and fuel components) rose slightly to 0.6 percent, its highest level since January, signaling modest underlying price pressures. On a monthly basis, prices also declined by 0.2 percent, reversing a short-lived increase in April.

For Malawian businesses engaged in trade with China, this deflationary trend carries both opportunities and

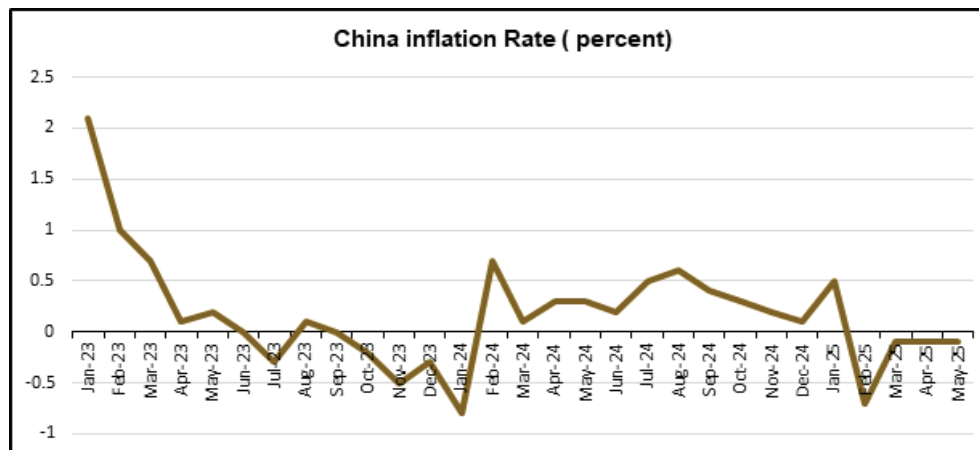


Figure 8: Inflation trends for China

Source: National Bureau of Statistics of China

risks. On the positive side, falling prices in China may result in cheaper imports of Chinese goods, such as electronics, machinery, textiles, and inputs for manufacturing. This could lower production costs for Malawian manufacturers and traders who rely heavily on Chinese imports, potentially improving margins and retail prices in local markets. Moreover, if China's export competitiveness increases as a result of internal deflation, Malawian businesses and consumers may benefit from better-priced consumer and capital goods.

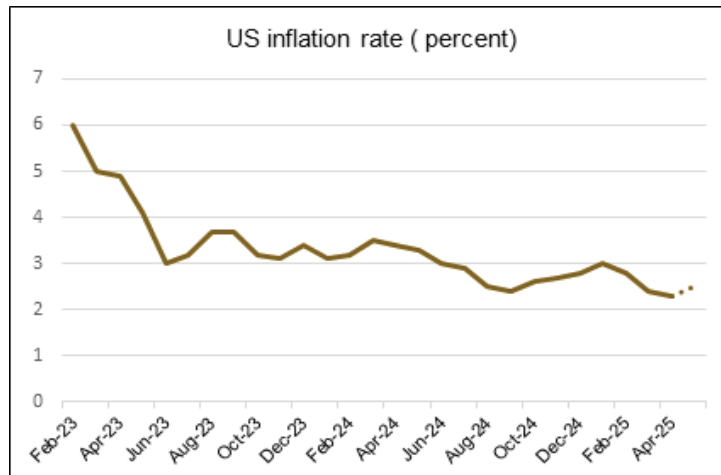


## THE UNITED STATES INFLATION RATE

The annual inflation rate in the United States is expected to accelerate to 2.5 percent in May 2025, up from 2.3 percent in April, which was the lowest inflation rate recorded since February 2021, according to U.S. Bureau of Labor Statistics. This would mark the first uptick in inflation in four months, largely attributed to the initial impact of newly imposed tariffs under President Trump's administration. The U.S. government recently introduced a new round of tariffs targeting Chinese goods and other imports, reigniting concerns over cost pass-through to consumers.

On a monthly basis, the Consumer Price Index (CPI) is expected to rise by 0.2 percent, matching April's figure, driven by higher prices in durable goods categories such as furniture, apparel, and auto parts. Many U.S. businesses, especially those with deep global supply chains, have started passing tariff-related costs to consumers, reflecting an expected inflationary ripple effect from supply-side shocks (U.S. Bureau of Labor Statistics, 2025).

The core inflation rate, which excludes volatile components like food and energy, is projected to inch up to 2.9 percent, compared to 2.8 percent in April and March 2025, its lowest since 2021. Meanwhile, monthly core CPI is anticipated to rise by 0.3 percent, the sharpest increase in four months, indicating a potential resurgence in underlying inflationary



**Figure 9: Inflation trends for United States**  
**Bureau of Labor Statistics**

**Source: U.S.**

pressures.

These inflationary developments suggest a mixed policy environment for the U.S. Federal Reserve. On one hand, inflation remains within a manageable range close to the Fed's 2 percent target; on the other, the rising core prices could lead to delays in anticipated interest rate cuts, especially if inflation continues trending upward in the coming months.

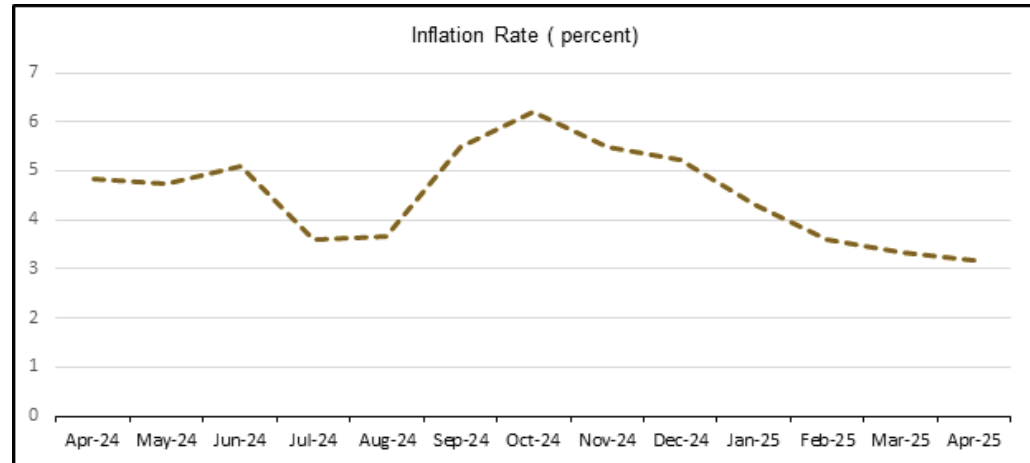


## INDIA INFLATION RATE

India's annual inflation rate dropped to 3.16 percent in April 2025, the lowest level since July 2019, down from 3.34 percent in March, according to the Ministry of Statistics and Programme Implementation (MOSPI). This sustained moderation in inflation pushes the rate further below the Reserve Bank of India's (RBI) 4 percent midpoint target, reinforcing expectations for additional interest rate cuts in the near term.

A key contributor to the overall decline was food inflation, which makes up nearly 50 percent of the consumer price index (CPI) basket. Food prices rose by only 1.78 percent, the smallest increase since October 2021, and a significant slowdown from the 2.69 percent recorded in March.

Inflation for housing remained largely stable at 3.00 percent, while fuel and light inflation spiked to 2.92 percent, up from 1.48 percent in the previous month. This increase was primarily driven by base effects,



**Figure 10: Inflation Trends for India and Programme Implementation**

**Source : Ministry of Statistics**

despite falling energy prices in the wholesale market.

On a monthly basis, consumer prices rose by 0.31 percent in April, reversing a 0.26 percent decline in March and ending a five-month streak of monthly CPI contractions. This slight rebound signals a marginal uptick in consumer demand, but overall inflation remains subdued and well within the central bank's comfort zone.