

Malawi Fuel Prices

April 2026

Overview

Malawi's April 2026 fuel-price adjustment reflects the pass-through of a major external oil shock into a review-based domestic pricing system. The immediate backdrop was the disruption in and around the Strait of Hormuz in early March 2026, which sharply reduced tanker traffic through one of the world's most important energy corridors. In a fuel-importing economy such as Malawi, this type of disruption raises landed fuel costs through higher crude prices, shipping risk and wider logistics pressure.

The domestic response was substantial. Petrol and diesel had already been raised in January 2026 to MWK 4,965 and MWK 4,945 respectively. In April, they rose further to MWK 6,672 and MWK 6,687. This represents an additional increase of 34.4% in petrol and 35.2% in diesel in a single review step. Relative to October 2025, pump prices by April 2026 were roughly 91% higher than before the January-April adjustment cycle.

The key point is that Malawi's fuel prices do not move day by day with international oil prices. They are reviewed and then fixed for a pricing period. External pressure therefore builds first and is then transmitted through discrete domestic revisions. This makes the April increase economically significant not only because of its size, but because it may represent either the bulk of the current adjustment or the first major stage in a broader repricing cycle.

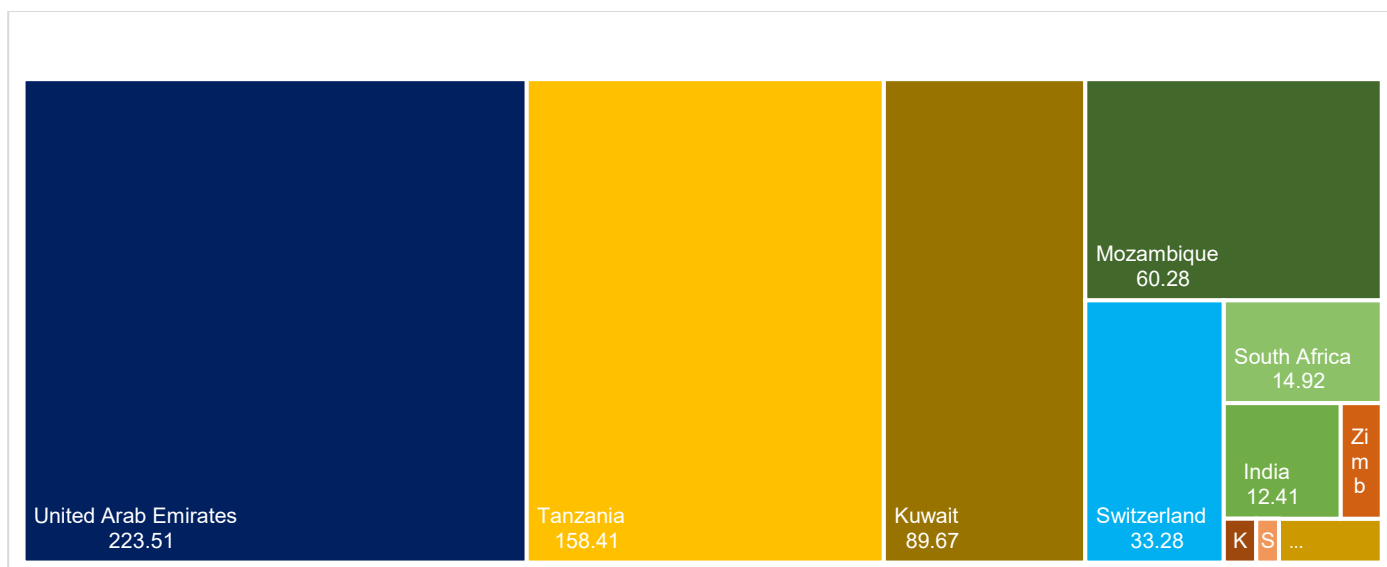
Analysis

Economic Background

In 2023, Malawi's fuel market remained heavily import-dependent, with WITS trade data showing that fuel imports were concentrated among a relatively small group of trading partners. The largest reported sources were the *United Arab Emirates, Tanzania, Kuwait and Mozambique*¹, which together accounted for the dominant share of the recorded fuel import bill. This indicates that Malawi's fuel supply structure is externally anchored and therefore sensitive to changes in international oil prices, trading conditions and regional transport costs.

¹ Among Malawi's main reported fuel import partners, the United Arab Emirates and Kuwait are more directly exposed to disruption in the Strait of Hormuz because Gulf oil and petroleum flows depend heavily on that corridor. Tanzania and Mozambique are less directly exposed in origin terms, but can still be affected indirectly through higher global oil prices, tighter regional fuel availability, and increased shipping and logistics costs passing through the wider supply chain.

Figure 1: Malawi Fuel Import Sources US Millions 2023

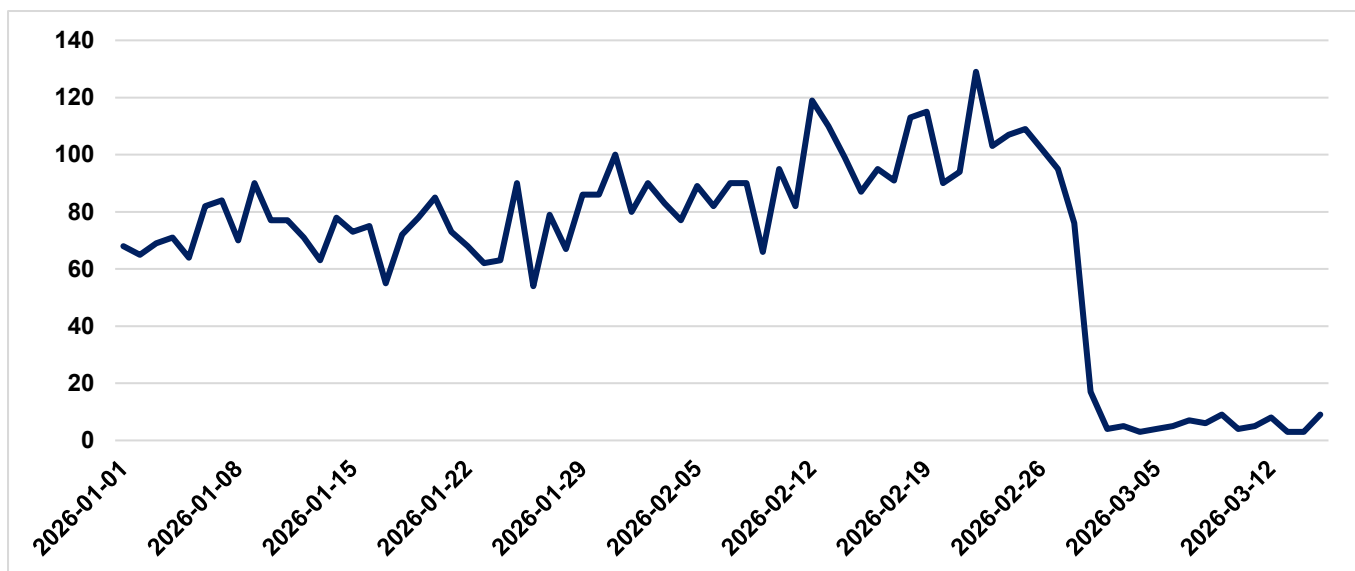


Source: WITS

This import structure has important economic implications. Because Malawi relies on imported fuel sourced through major trading hubs and regional supply corridors, external oil shocks can be transmitted into domestic fuel costs even when the immediate disruption occurs outside Malawi’s direct import network. In practice, this means that sharp movements in global crude benchmarks, together with changes in shipping, insurance and inland transport costs, can feed into Malawi’s landed fuel costs and place upward pressure on regulated pump prices.

Current Disruption

Figure 2: Strait of Hormuz Daily Traffic 2026



Source: IMF PortWatch

Shipping data point to a clear and abrupt disruption in traffic through the Strait of Hormuz at the start of March 2026. Through January and February, total daily vessel movements were generally high, mostly ranging from roughly 65 to 129 vessels per day, while tanker traffic typically remained in a 30 to 60 vessel range and occasionally moved above that level. Late February still reflected this broadly normal pattern, with total traffic at 95 on 27 February and 76 on 28 February, including 53 and 44 tankers respectively.

A sharp structural break appears immediately thereafter. On 1 March, total traffic fell to 17 vessels, with tanker movements down to 7. On 2 March, total traffic dropped further to only 4 vessels, including just 2 tankers. Between 3 and 8 March, daily

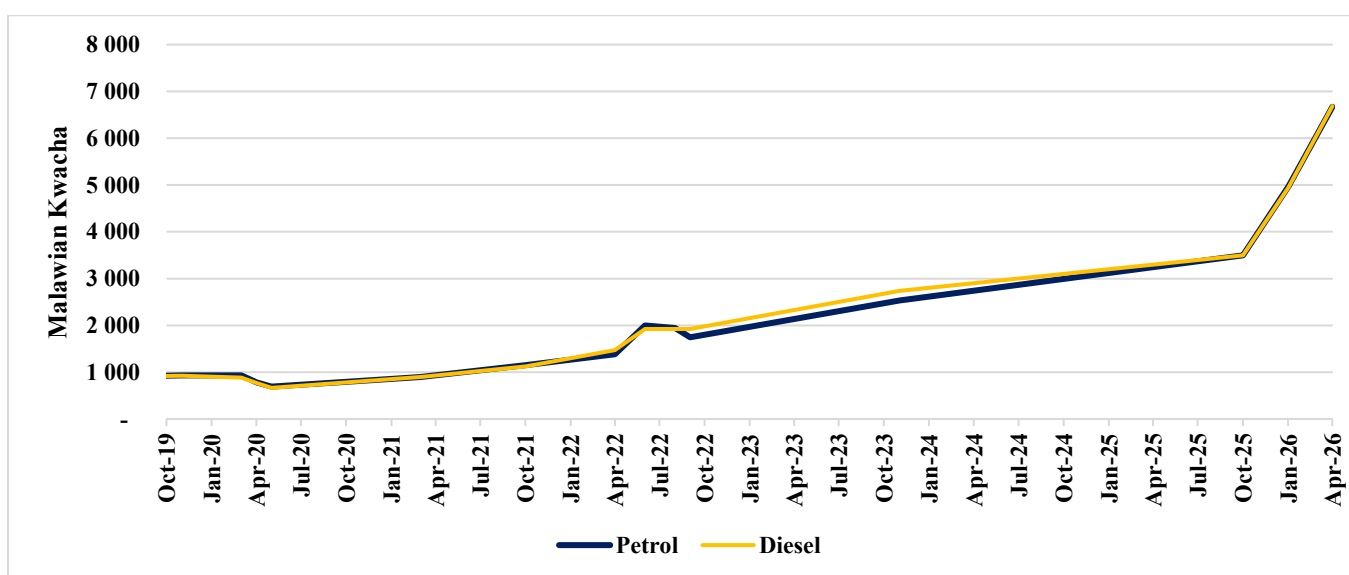
traffic remained severely impaired, with total vessel counts ranging from 3 to 7, while tanker traffic mostly stayed between 0 and 2. This is well below the levels observed through January and February and indicates a material disruption to flows through the chokepoint rather than ordinary day-to-day variation.

The disruption is also evident in vessel capacity. On 28 February, total observed capacity transiting the Strait still stood at roughly 3.74 million. By 1 March, that had fallen to about 359 thousand, and on 2 March it dropped *effectively to zero*². Capacity remained extremely depressed through the following days, with only modest and irregular recovery by mid-March. This suggests that the disruption was not only about fewer ships, but also about a much smaller volume of carrying capacity moving through the corridor.

Taken together, the traffic data indicate that the Strait shifted from a period of consistently heavy throughput in January and February to a state of severe operational impairment in early March. Tankers, which are the most relevant category for crude and petroleum movements, were hit particularly hard. In practical terms, this points to a significant interruption in one of the world’s most important maritime energy corridors, with the traffic collapse providing a direct physical signal of disrupted supply flows before any discussion of price effects.

Domestic fuel pricing

Figure 3: Fuel Pump Prices 2019-2026*



Source: Malawi Energy Regulatory Authority (MERA)

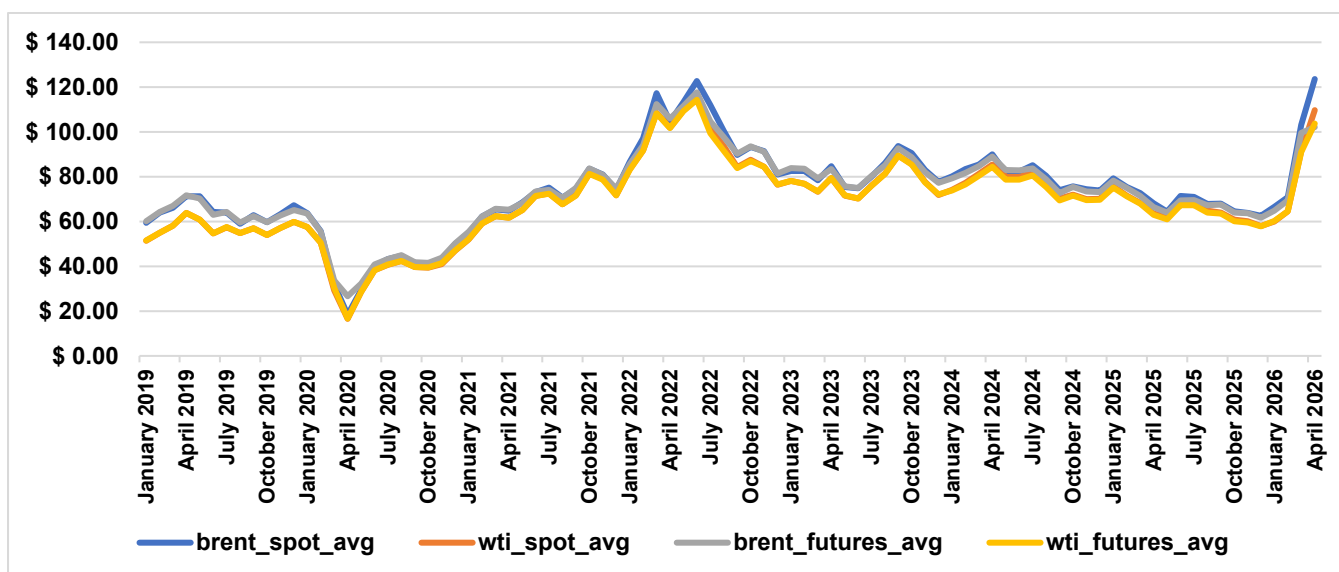
The pattern in Malawi’s historical fuel series suggests a review-based system rather than a continuous market mechanism. Prices remain unchanged for stretches of time and then rise sharply at particular points, indicating that the domestic system absorbs accumulated external pressure through periodic revisions rather than through daily pass-through.

This makes the April 2026 adjustment especially important. In the merged monthly series, petrol and diesel had already risen sharply in January 2026 to MWK³ 4,965 and MWK 4,945 respectively. They then rose again in April to MWK 6,672 and MWK 6,687. That is a 34.4% increase in petrol and a 35.2% increase in diesel in a single review step. They indicate that the domestic pricing structure was forced to absorb a major increase in external cost pressure.

The timing is also economically coherent. Brent moved sharply higher in March and remained elevated in April. Malawi’s domestic response followed through the next price review. This supports the interpretation that April was a review-based domestic pass-through of the March-April oil shock rather than a mechanical response to one day’s Brent price.

² On 2 March 2026, total observed vessel capacity in the dataset falls to zero despite four recorded vessel movements. This should be interpreted as a day of near-complete operational disruption, while also noting that the zero-capacity reading may reflect limitations in the recorded vessel-capacity fields for the small number of ships that still transited that day, rather than a literal absence of any carrying capacity.

³ The April 2026 petrol price of MWK 6,672 per litre is roughly equivalent to NAD 63.1 per litre, and the diesel price of MWK 6,687 is about NAD 63.3 per litre, based on an exchange rate of 1 Namibian dollar = 105.70 Malawian kwacha. This is provided for broad context only and does not account for transaction costs or subsequent exchange-rate movements.

Figure 4 Various Oil Price Metrics

Source: U.S. Energy Information Administration (EIA), via FRED & Market Data, via Yahoo Finance

The 2022 Ukraine-related oil shock and the 2026 Strait of Hormuz disruption both show how external energy-market stress can pass through into Malawi's reviewed pump-price system, but the transmission pattern differs. Using WTI spot averages as a reference, the 2022 shock built in waves. WTI rose from US\$83.22 in January 2022 to US\$91.64 in February and US\$108.50 in March, before easing slightly to US\$101.78 in April and rising again to US\$114.84 in June. Malawi's pump prices did not adjust immediately. Petrol and diesel remained unchanged through March, then rose in April 2022 by 20.0% and 31.3% respectively, followed by a second major adjustment in June 2022 of 44.9% for petrol and 30.6% for diesel. This indicates that the 2022 shock was transmitted through more than one review cycle rather than absorbed in a single revision.

The 2026 episode appears more compressed. WTI rose from US\$60.04 in January 2026 to US\$64.51 in February, then jumped to US\$91.38 in March and US\$109.71 in April. Malawi's domestic response also came through discrete review points, but with larger individual steps. Pump prices had already been raised in January 2026, with petrol increasing by 41.9% and diesel by 41.3% relative to the previous review, and then rose again in April 2026 by a further 34.4% for petrol and 35.2% for diesel. Relative to October 2025, this left petrol and diesel prices in April 2026 roughly 91% higher than before the January-April adjustment cycle.

The comparison suggests that the 2022 Ukraine shock produced a more staggered domestic fuel repricing, while the 2026 Strait-related shock has, so far, produced a more front-loaded adjustment. In 2022, the oil shock was absorbed across at least two major domestic reviews, particularly in April and June. In 2026, a large January increase was followed by another steep revision in April, implying that a greater share of the external cost pressure may have been transmitted earlier in the cycle. At the same time, the 2026 case remains exposed to continued external instability. If oil-market stress persists, the January and April increases may prove to be the first major steps in the domestic pass-through process rather than its conclusion.

Outlook

The near-term outlook for Malawi's fuel market remains tilted to the upside. The April 2026 adjustment was large and indicates that a substantial share of the March external oil shock has already been transmitted into domestic pump prices. However, the underlying risk has not been fully removed. The disruption in and around the Strait of Hormuz was sudden, and the wider regional conflict involving Iran, Israel, the United States and Lebanon remained unsettled into April. This means the April increase should not necessarily be viewed as a once-off correction that fully closed the gap between previous pump prices and current external conditions.

A more stable outcome is still possible. If shipping conditions through the Gulf improve, tanker flows recover, and the geopolitical risk premium in oil prices begins to ease, the April review may come to represent the bulk of the current domestic adjustment. In that case, Malawi could move into a period of elevated but broadly unchanged pump prices, with the main economic effects shifting from further fuel revisions to the pressure already embedded in transport, logistics and operating costs.

At the same time, the balance of risk remains on the upside. If the conflict persists, if maritime disruption continues, or if global oil markets remain tight, then the April adjustment may prove to be the beginning of a broader repricing cycle rather than its conclusion. In a review-based pricing system such as Malawi's, large external shocks do not always pass through in a single step. They can continue to feed into later review periods if the external pressure is prolonged. The 2022 Ukraine-related episode provides a useful precedent in this respect, as domestic fuel prices were adjusted in more than one major round rather than through a single revision.

Sustained increases in petrol and diesel prices also carry broader cost implications beyond the pump. For an import-dependent economy such as Malawi, higher fuel prices can place upward pressure on transport, distribution and general operating costs across the economy. The significance of the current episode therefore lies not only in the April adjustment itself, but also in the risk that, if the conflict persists, further fuel-price revisions could extend and deepen those cost pressures over time.

Overall, the April 2026 increase should be interpreted as a major first-round domestic response to a sudden external oil shock. It was economically coherent, substantial, and consistent with Malawi's import-dependent fuel structure. But as long as the geopolitical and shipping risks linked to the Gulf remain elevated, the current adjustment cycle cannot yet be considered closed. The key question for the months ahead is whether external conditions improve quickly enough to stabilise domestic fuel prices, or whether continuing conflict makes the initial large adjustment the beginning of further upward revisions.