



Monthly Economic Report and A Brief on the 2022-23 Mid- year National Budget Review

November 2022



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Inflation

Headline inflation increased by 0.8% to 26.7% in October 2022 from 25.9% in September 2022, due to increases in both food and non-food inflation. Food inflation increased to 34.5% from 33.7% while non-food inflation increased to 18.6% from 18.3% during the period under review. The increase in food inflation resulted mainly from the continued increase in maize prices due to previously experienced weather-related shocks and supply-side challenges faced for agricultural inputs. Non-food inflation also continued to rise because of the continued increases in energy costs, the still-lingering effects of the COVID-19 pandemic and the impact of the Russia-Ukrainian war which has led to increases in global commodity prices.

In the International Monetary Fund (IMF) Malawi Country Report that was published in November 2022, the IMF has projected that the annual average inflation for 2022 will be at 20.8% and this will increase to 22.7% in 2023. Inflation is projected to be on a downward path and is expected to go down to 6.8% in 2027. The decline in inflation in the medium-term is expected as a result of the anticipated effects of monetary policy tightening and fiscal consolidation measures such as expenditure control and public debt management, that are being undertaken by the government.

Monetary Policy

During the fourth Monetary Policy Committee (MPC) meeting of 2022 held on 25 and 26 October 2022, the MPC revised the policy rate to 18.00% from 14.00%; the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits was maintained at 3.75%; and the Lombard rate was maintained at 20 basis points above the policy rate. This decision was made in order to curb rising inflation, anchor inflation expectations, and to prevent any second-round effects of the supply-side pressure to inflation.

During the mid-year budget review in November 2022 the Malawi Government expressed commitment to ensure that economic parameters such as inflation rate and economic growth are stabilized using the available monetary policy instruments through the Reserve Bank of Malawi (RBM).

Exchange Rates

The Malawi Kwacha traded at MK1,034.42/USD as of 30 November 2022, from MK1,032.88/USD as of 31 October 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 26.2% as of 30 November 2022 (the Kwacha had depreciated by 5.9% in November 2021).

As of 31 October 2022, the country's gross official forex reserves decreased by 8.7% to USD326.06 million, from a gross official foreign exchange reserve position of USD357.18 million as of 30 September 2022. The private sector forex reserves increased by 4.61% to USD427.67 million as of 31 October 2022, from USD408.84 million as of 30 September 2022. Overall, the total foreign reserves held in the country as of 31 October 2022 were USD753.73 million which was a 1.60% decrease from USD766.02 million held as of 30 September 2022.

Stock Market

The year-to-date return on the Malawi All Share Index was 31.80% for November 2022 compared to 28.32% for November 2021. Month-on-month, the MASI increased to 59,795.69 points in November 2022 from 55,046.26 points in October 2022, representing an 8.6% increase. This was as a result of share price gains in NBM, TNM, FMBCH, Standard Bank, AIRTEL, NICO, FDH Bank, SUNBIRD and ILLOVO. The share price gains offset share price losses in OMU, NITL, MPICO, NBS, BHL, and ICON. The largest share price gainer during the period was NBM whose share price increased by 22.3% (to MK1,504.17 per share from MK1,230.00 per share) and the largest share price loser was OMU whose share price decreased by 14.4% (to MK990.00 per share from MK1,156.00 per share).

Government Securities

The Government awarded a total of MK91 billion in November 2022, a 64% decrease from a total of MK255 billion awarded in October 2022 awarded through Treasury Bills (TBs) and Treasury Notes (TNs) auctions. The TBs auctions had a 40% average rejection rate while the TNs auction had a 24% average rejection rate during the period under review. The TBs average yield increased to 16.67% in November 2022 from 15.08% in October 2022 and the TNs average yield increased to 25.30% from 24.70% during the period under review.

Economic Growth

According to an IMF Malawi country report released in November 2022, the real gross domestic product (GDP) growth rate is expected to decline from 2.2% in 2021 to 0.8% in 2022. This downturn is expected because of the continued effects of COVID-19, weather-related shocks that plague the country and affect agricultural production plus spillover effects from the Russia-Ukrainian war. In addition to this, inadequate power supply which has a bearing on both individuals and businesses is expected to contribute to the low GDP growth prospects for 2022. However, the IMF expects an upturn of the GDP growth rate between 2022 and 2023. In 2023 the GDP is projected to grow to 2.4% and further to 4.5% in 2027. The economic recovery is expected following global adjustment to and recovery from current shocks and risks.

Risks

The country's economic stability faces several risks including weather-related shocks, increasing domestic inflation, insufficient power generation and persistent power outages and high global commodity prices plus input and commodity supply-chain disruptions.

There is exchange rate risk that is intensified by global inflationary pressure resulting from increasing prices of imports and decreasing prices of Malawi's exports on the international market. In addition to this, increasing food prices coupled with increasing fuel and energy prices risks increased inflation and further depreciation of the domestic currency. This will eventually exert pressure on the fiscal deficit that is already high and currently unsustainable. Furthermore, the Electricity Supply Commission of Malawi (ESCOM) is expected to increase electricity tariffs in 2023 in order to payback a loan with the Electricity Generation Company (EGENCO). Increasing the price of electricity will further increase the inflation rate since Utilities such as electricity, water and housing collectively make up the second highest proportion of contribution in the computation of the inflation rate by the National Statistical Office (NSO).

Due to increasing prices of fertilizer on the global market and challenges faced in the implementation of the Affordable Inputs Programme (AIP), the country is at risk of having lower agricultural yields in the 2022-23 agricultural season. Weather-related shocks remain a major risk in Malawi's economy which is dependent on rain-fed agriculture. As climate change models point to risks associated with increased frequency of droughts and water shortages in southern Africa, the risk poses short- and long-term consequences on the domestic economy which depends on rain-fed agriculture.

While renovation efforts at the Kapichira Hydroelectricity power plant are underway following extensive damage by a cyclone earlier this year, the country continues to face a deficit of electricity supply which leads to intermittent power availability and extended periods of power outages. The restoration of the power plant was expected to be complete in December 2022 and to supply 130 megawatts to the national grid. However, restoration is expected to continue for an unspecified period following delays in the restoration project.



Economic overview

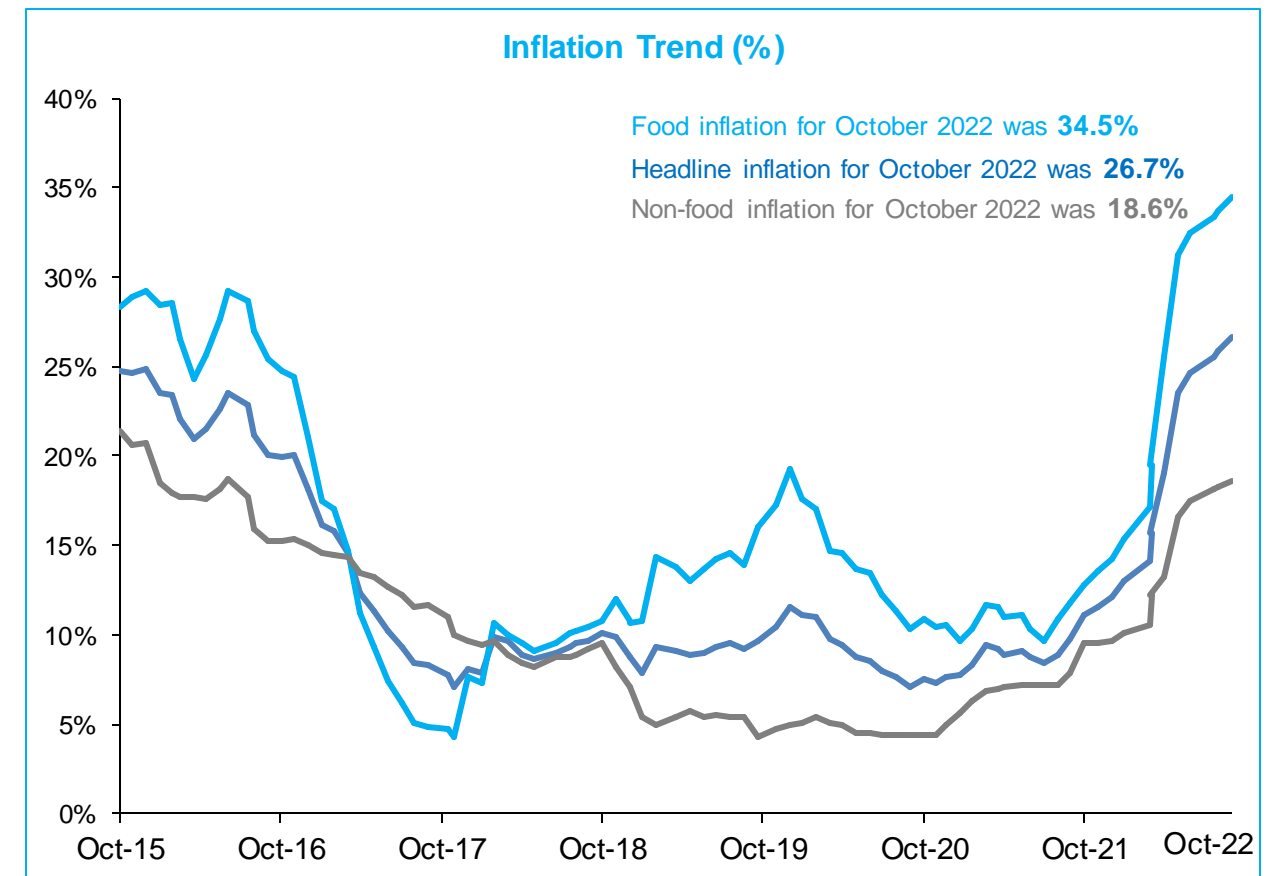
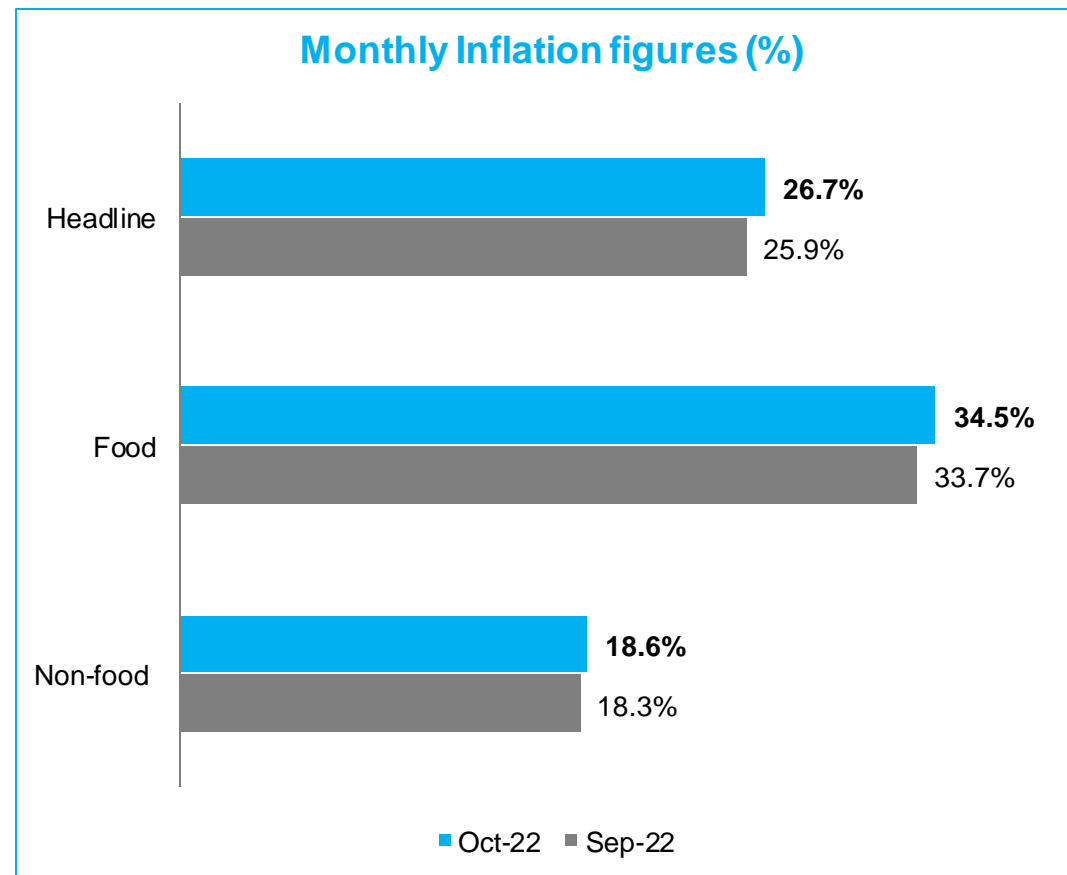
Inflation (Source: NSO, RBM, EIU)

Headline inflation increased by 0.8% to 26.7% in October 2022, from 25.9% in September 2022. The average inflation rate between January and October 2022 was 20.02% while the average inflation rate between January and October 2021 was 8.84%.

The IMF projects inflation rates to move from 20.8% in 2022 to 22.7% in 2023 and further to decline to 6.8% in 2027.

Month-on-month, headline inflation increased to 26.7% in October 2022, from 25.9% in September 2022. In October 2021, headline inflation was 9.8%. Headline inflation averaged 20.02% during the first ten months of 2022, compared to 8.84% for the same period in 2021. The month-on-month increase in headline inflation was on account of increases in both food and non-food inflation during the period. Food inflation increased to 34.5% in October 2022, from 33.7% in September 2022. Food inflation was at 11.8% in October 2021. The increase in food inflation has continued because of the sustained high costs of food due to weather-related shocks and some supply-side inconsistencies for agricultural inputs. According to the International Food Policy Research Institute (IFPRI), global food and fertilizer prices will continue to rise as a result of the continuing impacts of COVID-19 and the Russia-Ukrainian war. Non-food inflation increased to 18.6% in October 2022, from 18.3% in September 2022. High non-food inflation continues to be driven by high energy costs, lingering effects of the COVID-19 pandemic, and the effects of the continued Russia and Ukrainian war which has driven up global commodity prices.

The Reserve Bank of Malawi (RBM) projects that average annual inflation rate for 2022 will be at 21.5% and for 2023, average annual inflation rate will be 21.8%. The International Monetary Fund (IMF) projects that the annual average inflation rate will be 20.8% for 2022, 22.7% in 2023 and will decline to 6.8% in 2027. The increase in the inflation rate between 2022 and 2023 is expected as a result of present vulnerabilities to shocks such as natural disasters. The decline in the inflation rate in the medium-term is based on the expected impact of the RBM's adjustment of the policy rate and planned fiscal consolidation.





Economic overview (Continued)

Foreign currency market and Foreign reserve position (Source: RBM)

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 26.2%.

The gross official foreign exchange reserves decreased by 8.7% to USD326.06 million as of 31 October 2022, from USD357.18 million as of 30 September 2022.

Foreign currency market

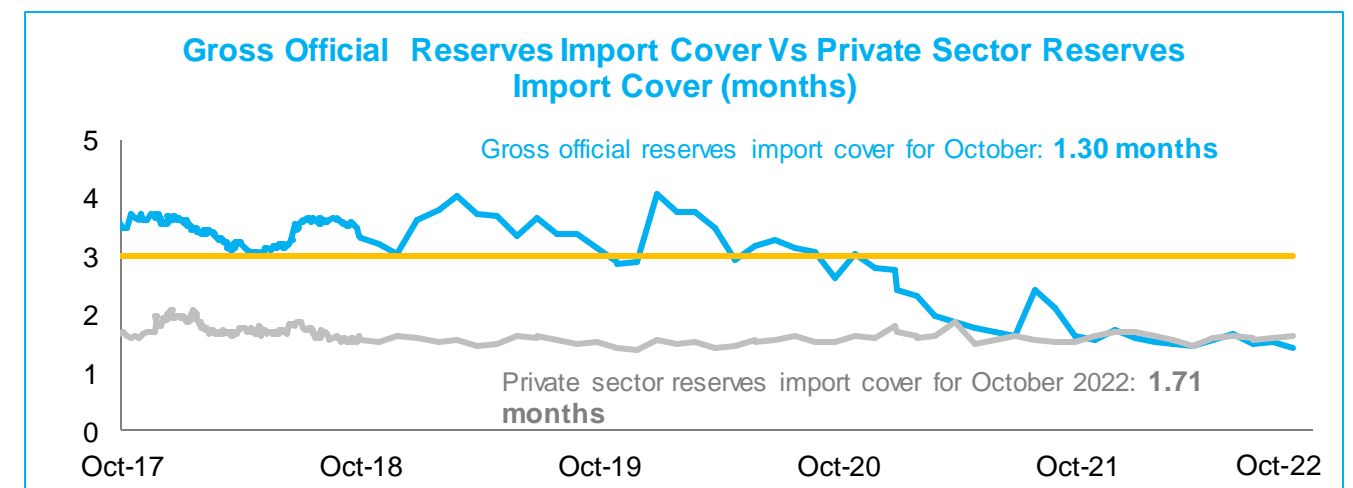
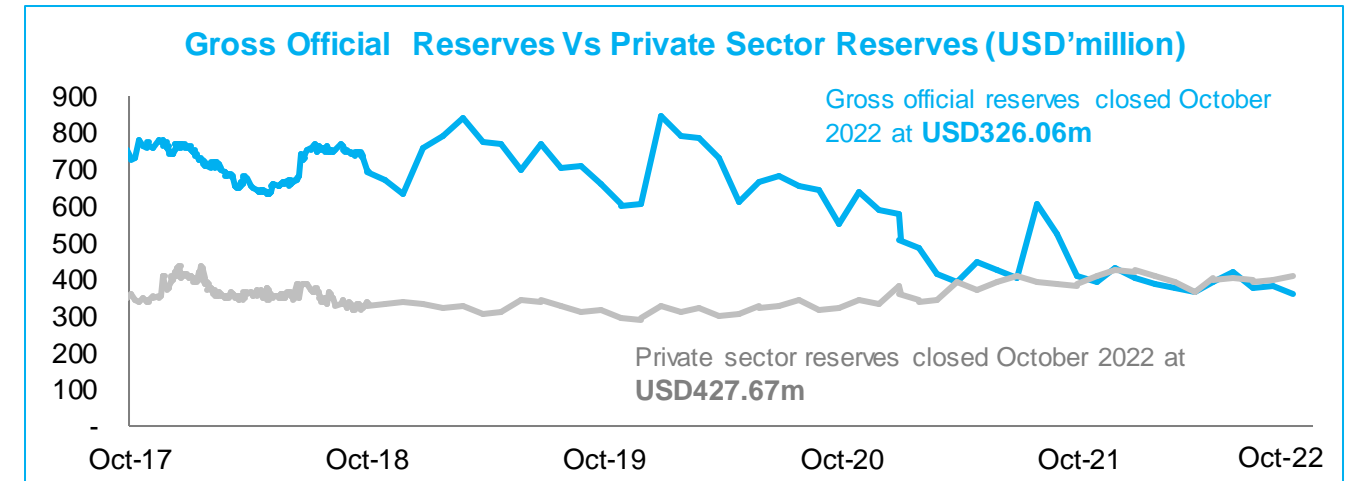
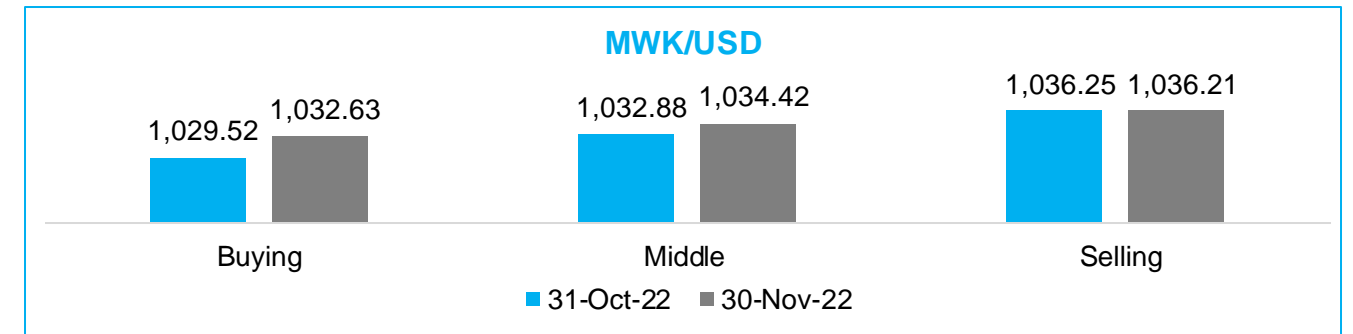
Month-on-month, the Kwacha marginally depreciated against the United States Dollar (USD) as it traded at MK1,034.42/USD as of 30 November 2022, from MK1,032.88/USD as of 31 October 2022. Year-to-date, the Kwacha has depreciated against the USD by 26.2% as it traded at MK819.44/USD as of 31 December 2021. During the same period in the previous year, the Kwacha had depreciated against the USD by 5.9%.

Foreign reserve position

As of 31 October 2022, the country's gross official foreign exchange reserves decreased by 8.7% to USD326.06 million, from a gross official foreign exchange reserve position of USD357.18 million as of 30 September 2022. Foreign exchange reserves held by the private sector increased by 4.6% to USD427.67 million as of 31 October 2022, from USD408.84 million held as of 30 September 2022. In total, foreign exchange reserves held in the country in October 2022 were USD753.73 million, a 1.6% decrease from USD766.02 million in September 2022.

The import cover for gross official foreign exchange reserves for October 2022 was 1.30 months, a 9.1% decrease 1.43 months for September 2022. For private sector foreign exchange reserves, import cover was 1.71 months in October 2022, an increase of 4.3% from 1.64 months for September 2022. In October 2022, the import cover for gross official foreign exchange reserves remained below the required threshold of 3 months. The total foreign exchange reserves import cover decreased to 3.01 months in October 2022, from 3.07 months in September 2022.

	Gross Official (USD'million)	Private Sector (USD'million)	Gross Official import cover (months)	Private sector import cover (months)
Oct-22	326.06	427.67	1.30	1.71
Sep-22	357.18	408.84	1.43	1.64





Economic overview (Continued)

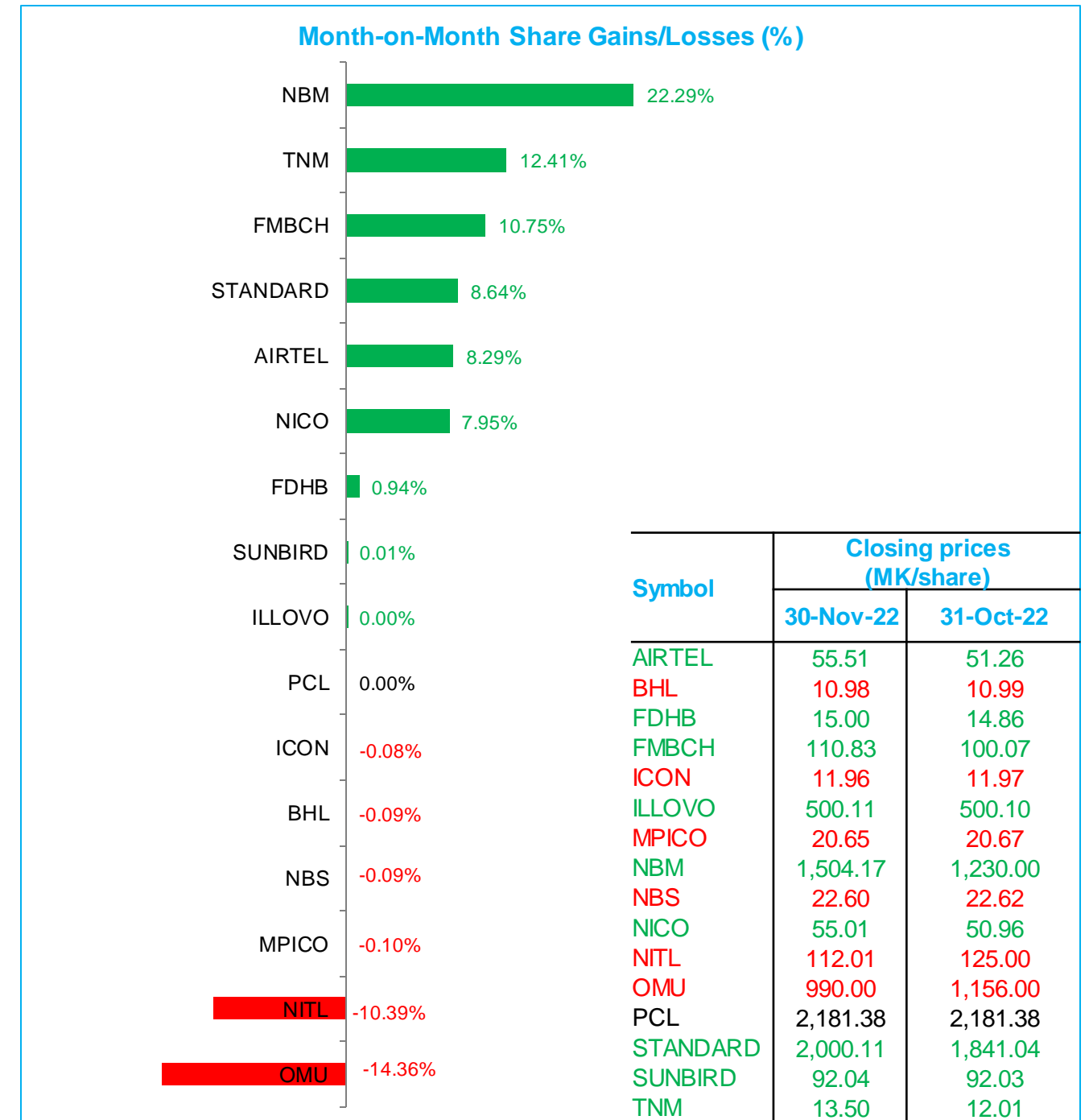
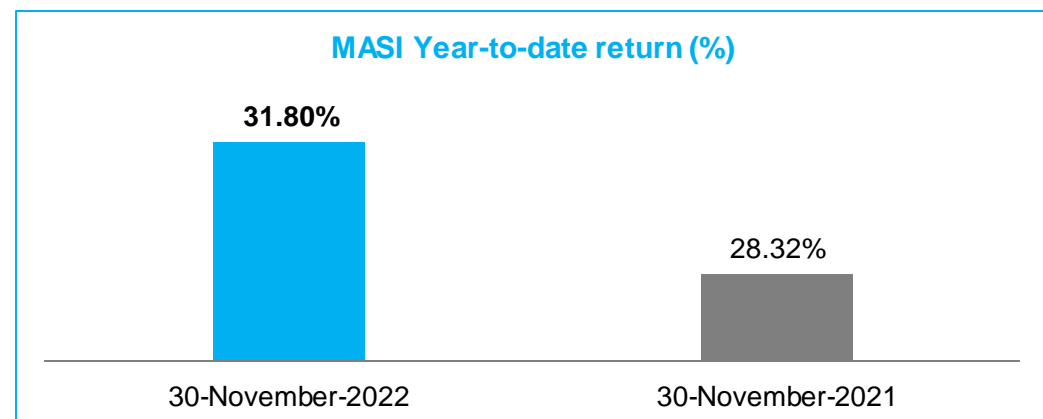
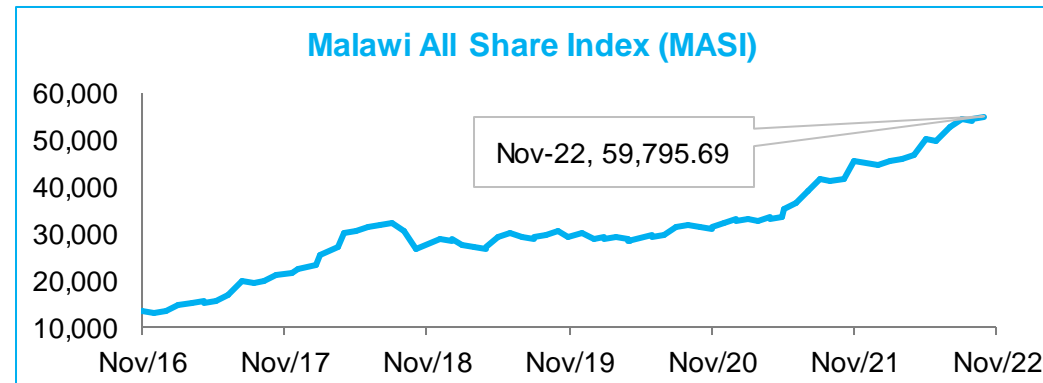
Stock market (Source: MSE)

The stock market was bullish over the period, with the MASI closing the month of November 2022 at 59,795.69 points, from 55,046.26 points as of 31 October 2022. Month-on-month, this represents an 8.63% increase.

The MASI year-to-date return was 31.80% in November 2022, and it was 28.32% during the same period in the previous year.

The stock market was bullish over the period with the Malawi All Share Index (MASI) moving to 59,795.69 points in November 2022, from 55,046.26 points October 2022, representing 8.63% increase. The year-to-date return on the MASI is 31.80%, it was 28.32% during the same period in the previous year.

In November 2022, the largest share price gainer was NBM whose share price increased by 22.29% to MK1,504.17 per share, from MK1,230.00 per share in October 2022. This was followed by TNM and FMBCH whose share prices increased by 12.41% and 10.75%, respectively. There were also share price gains for Standard Bank (8.64%), AIRTEL (8.29%), and NICO (7.95%). Additionally, there were marginal share price gains for FDH Bank, SUNBIRD and ILLOVO. PCL closed November 2022 with the same price it had in October 2022. OMU was the larger share price loser in November 2022 as its share price decreased by 14.36% and this was followed by NITL whose share price decreased by 10.39%. There were marginal share price losses for MPICO, NBS, BHL, and ICON.



Symbol	Closing prices (MK/share)	
	30-Nov-22	31-Oct-22
AIRTEL	55.51	51.26
BHL	10.98	10.99
FDHB	15.00	14.86
FMBCH	110.83	100.07
ICON	11.96	11.97
ILLOVO	500.11	500.10
MPICO	20.65	20.67
NBM	1,504.17	1,230.00
NBS	22.60	22.62
NICO	55.01	50.96
NITL	112.01	125.00
OMU	990.00	1,156.00
PCL	2,181.38	2,181.38
STANDARD	2,000.11	1,841.04
SUNBIRD	92.04	92.03
TNM	13.50	12.01



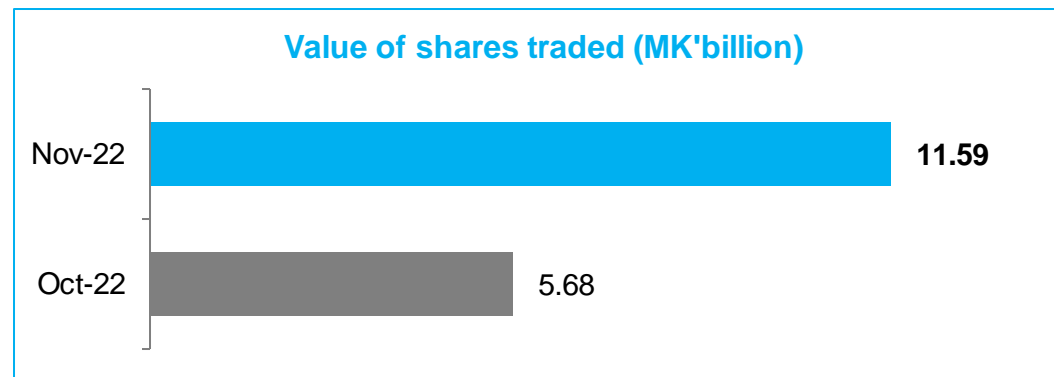
Economic overview (Continued)

Stock market (Source: MSE)

The total value of shares traded increased by 104.1% in November 2022 to MK11.59 billion, from MK5.68 billion in October 2022.

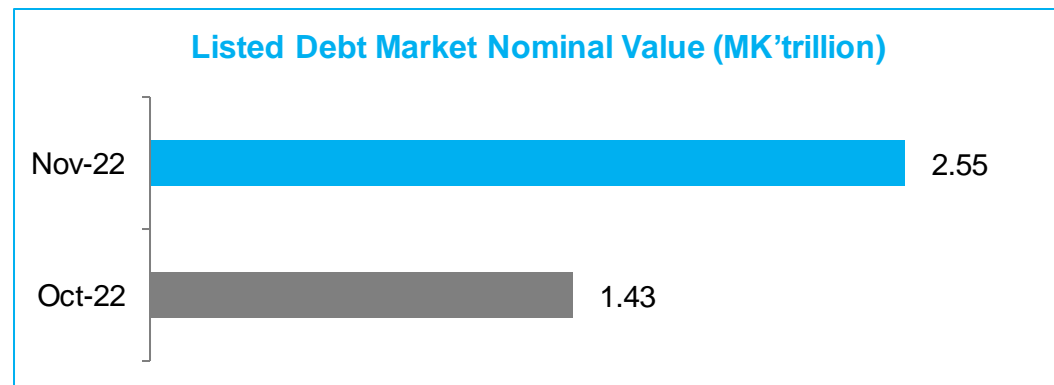
MSE Traded Volumes

MK11.59 billion worth of shares was traded in November 2022, and this was a 104.1% increase from MK5.68 billion worth of shares traded in October 2022. TNM had the highest value of shares traded at MK3.40 billion during the period under review. The total number of trades decreased to 493 trades in November 2022 from 506 trades in October 2022. The figure below shows the total value of shares traded on the MSE in November 2022 compared to October 2022.



Listed Debt Market

A total of 21 government securities were listed on the debt market in November 2022. These comprised of 2 Infrastructure Development Bonds (IDBs) and 19 Treasury Notes (TNs) all with a total nominal value of MK1.12 trillion. The nominal value of all the listed debt securities increased to MK2.55 trillion in November 2022 from MK1.43 trillion as of 31 October 2022.



*: for the 6 months ended 28 February 2022

Corporate Announcements

Half-year financial results

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	30 June 2022	30 June 2021	Actual Change in Profit/(Loss)
AIRTEL	8.90	11.35	(22%)
BHL	(0.48)	(0.60)	(20%)
FDHB	8.71	4.55	91%
FMBCH (USD'million)	25.24	13.09	93%
ICON	4.52	3.07	47%
ILLOVO*	9.22	6.12	51%
MPICO	3.16	2.84	11%
NBM	22.12	12.75	73%
NBS	5.10	4.40	16%
NICO	11.80	7.03	68%
NITL	1.46	1.23	19%
OMU (ZAR'million)	2,691	2,899	(7%)
PCL	15.98	12.87	38%
STANDARD	15.84	11.58	37%
SUNBIRD	0.40	0.75	(47%)
TNM	(0.13)	0.45	(129%)

Published financial results

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 August 2022	31 August 2021	Actual Change in Profit/(Loss)
ILLOVO	26.6	20.47	30%

Dividends

Counter	Dividend type	Proposed / Declared	Dividend per share (MK)	Last day to register	Date of payment
MPICO	Interim	Declared	0.50	9 December 2022	16 December 2022
ILLOVO	Interim	Declared	10.00	TBA	TBA
ILLOVO	Final	Declared	5.44	TBA	TBA
FDH Bank	Interim	Declared	0.87	23 December 2022	30 December 2022



Economic overview (Continued)

Government securities (Source: RBM)

The government awarded a total of MK91 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in the month of November 2022. This was a 64% decrease from MK255 billion awarded in October 2022.

Treasury Bills (TBs)

In November 2022, the government sought to borrow MK77 billion through Treasury Bills (TBs) auctions, a 17% decrease from MK93 billion sought in October 2022. Participants applied to place MK86 billion through the TBs auctions in November 2022, which was a 207.14% increase from MK28 billion applied for in October 2022. The applications had a 40.70% rejection rate as the government awarded a total of MK51 billion from the MK86 billion that was applied for in the month of November 2022.

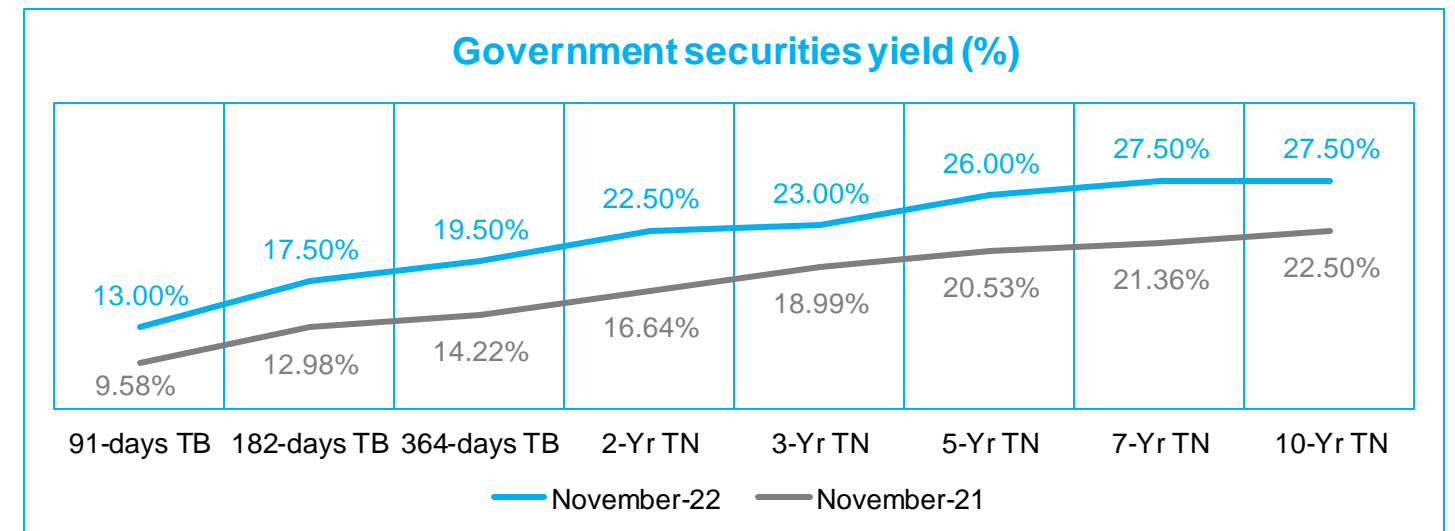
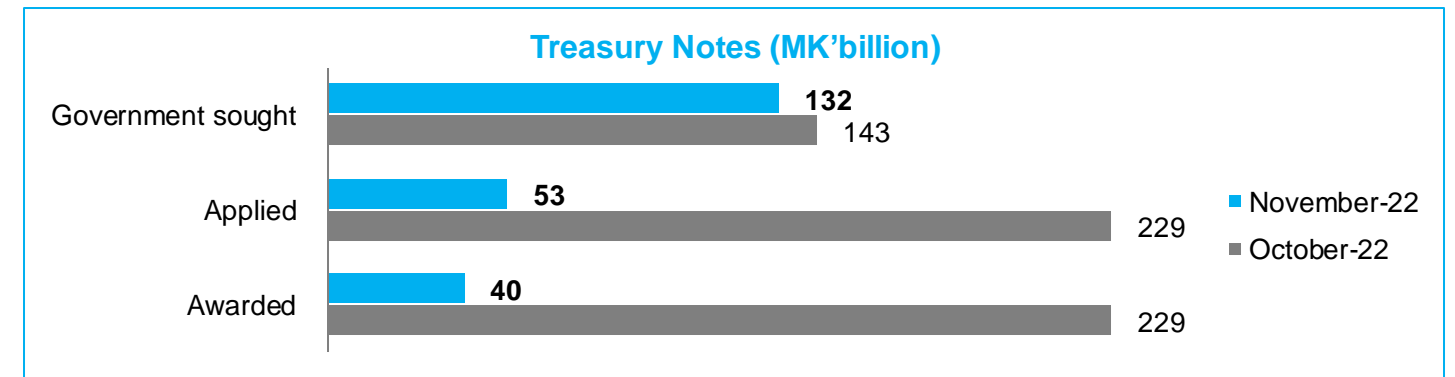
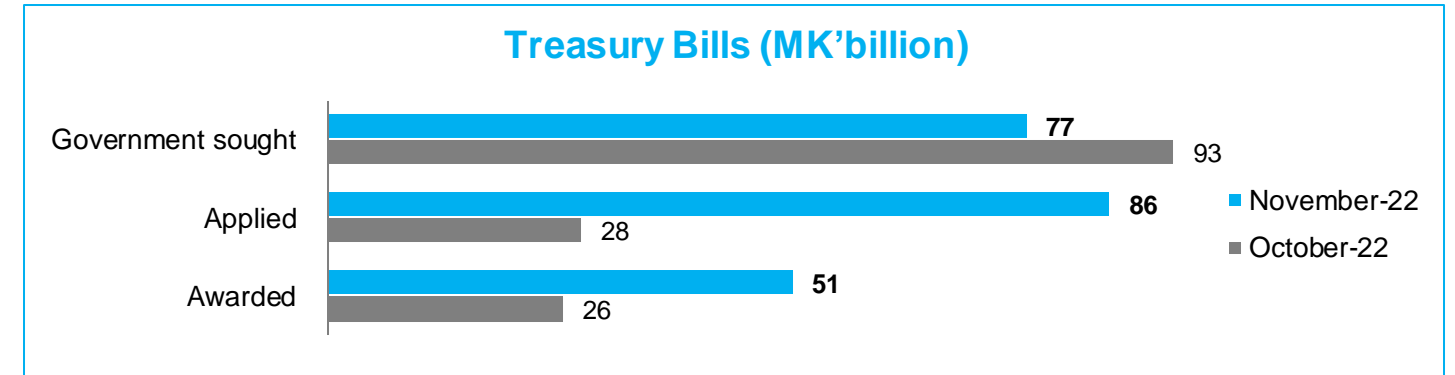
Treasury Notes (TNs)

In November 2022, the government sought to borrow MK132 billion through Treasury Notes (TNs) auctions compared to MK143 billion sought in October 2022. Participants applied to place MK53 billion through the auctions representing a 77% decrease from MK229 billion applied for in October 2022. A total of MK40 billion was awarded in the TNs auctions in the month of November 2022. This was 83% decrease from MK229 billion awarded in October. On average, the TNs had a 24.19% rejection rate in the month of November 2022.

Government Securities Yield Curve

The average TB yield increased to 16.67% in November 2022 from 15.08% in October 2022. The yields for 91-days TB, the 182-days TB and the 364-day TB increased to 12.99%, 17.02%, and 19.19% from 11.00%, 15.50% and 18.75% respectively, between October and November 2022.

The average TN yield increased to 25.30% in November 2022 from 24.70% in October 2022. During the period under review, 2-year TN had a 22.50% yield while the 3-year TN had a 23.00% yield. The 5-year TN, 7-year TN and the 10-year TN had 25.79%, 27.79% and 27.50% yields respectively.





Other Market Developments

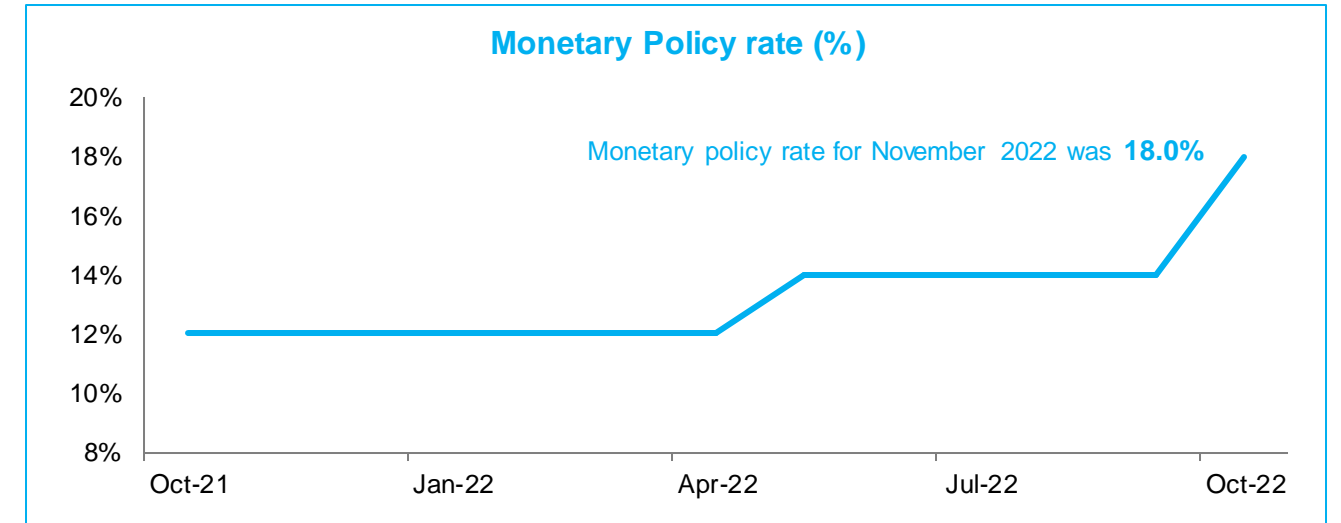
Monetary Policy (Source: RBM, EIU)

The MPC adjusted the Policy rate upward to 18% during the fourth MPC meeting. The LRR on both domestic and foreign reserves was maintained at 3.75%. The Lombard rate was kept at 20 basis points above the policy rate (18.2%).

Monetary Policy

During the fourth Monetary Policy Committee (MPC) meeting of 2022 held on 25 and 26 of October 2022, the MPC revised the Policy rate from 14.00% to 18.00%. The revision of the Policy rate was intended to curb inflation, anchor inflation expectations and prevent any second-round effects of the supply-side pressure on inflation rate. The MPC revised the Lombard rate to 20 basis points above the Policy rate and maintained the Liquidity Requirement Ratio (LRR) on both domestic and foreign reserves at 3.75%.

Following adjustment of the monetary policy instruments, the average yields of Treasury Bills (TBs) and Treasury Notes (TNs) have increased in response. Commercial Banks adjusted the reference or bank rate from 13.9% to 16.6% effective 3 November 2022. According to the EIU, the current negative real interest rates are expected to turn positive in 2023 as a result of the adjustment of the policy and the Lombard rates.



Source: RBM



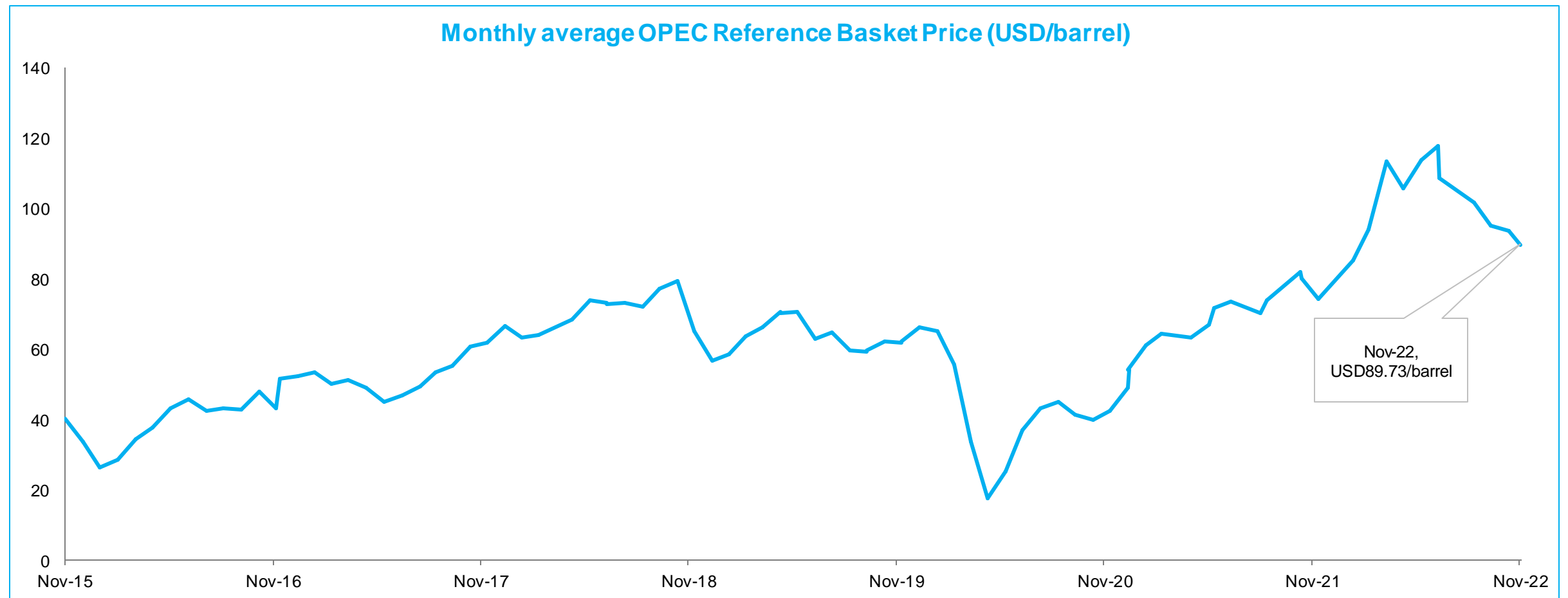
Regional And Global Market Developments

Global oil price developments (Source: OPEC)

The monthly average OPEC Reference Basket (ORB) price decreased by 4.2% to a monthly average of USD89.73/barrel in November 2022, from USD93.62/barrel in October 2022.

Month-on-month, the monthly average OPEC Reference Basket (ORB) price decreased by 4.2% to a monthly average of USD89.73/barrel in November 2022 from USD93.62/barrel in October 2022. This represents a year-on-year increase of 11.7% as the monthly average was USD80.37/barrel in November 2021. The lower prices have been attributed to declining global demand for oil resulting from the slowdown in worldwide economic activity. In addition to this, global oil prices have declined as a result of an impending ban on Russian oil by the EU which made the Russian oil suppliers to re-route their oil to other countries outside the EU such as China and India at discounted prices.

According to Reuters, economic headwinds will likely cause further declines in global oil prices in 2023. However, the ban of Russian oil by the EU which is expected to take effect from 5 December 2022, coupled with voluntary production cuts by OPEC countries will likely result in lower supply which will have an uncertain impact on the price of oil.





Special Topic: 2022-23 Mid-year National Budget Review Brief

Following the 2022-23 mid-year budget review total revenue and grants for 2022-23 have been projected to MK2.01 trillion from an earlier projection of MK1.96 trillion, while total expenditure has been projected to MK2.85 trillion from an earlier projection of MK2.84 trillion. The revised deficit of MK0.84 trillion will be financed by both domestic and foreign borrowing.

2022-23 National Budget Overview

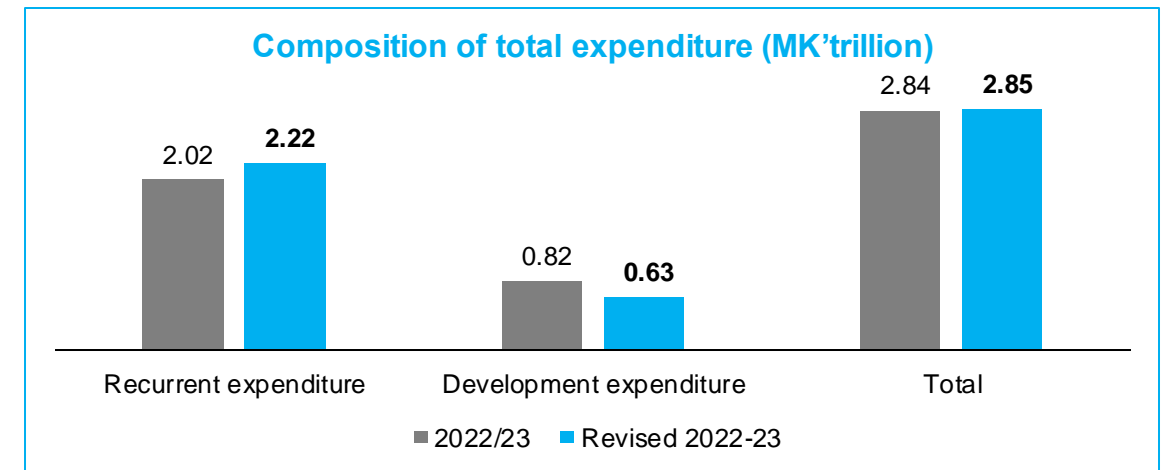
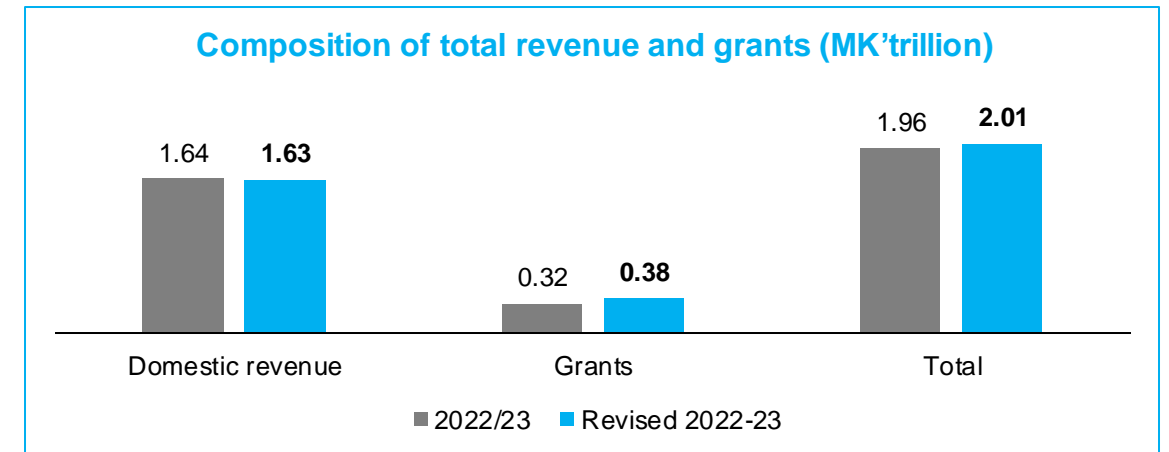
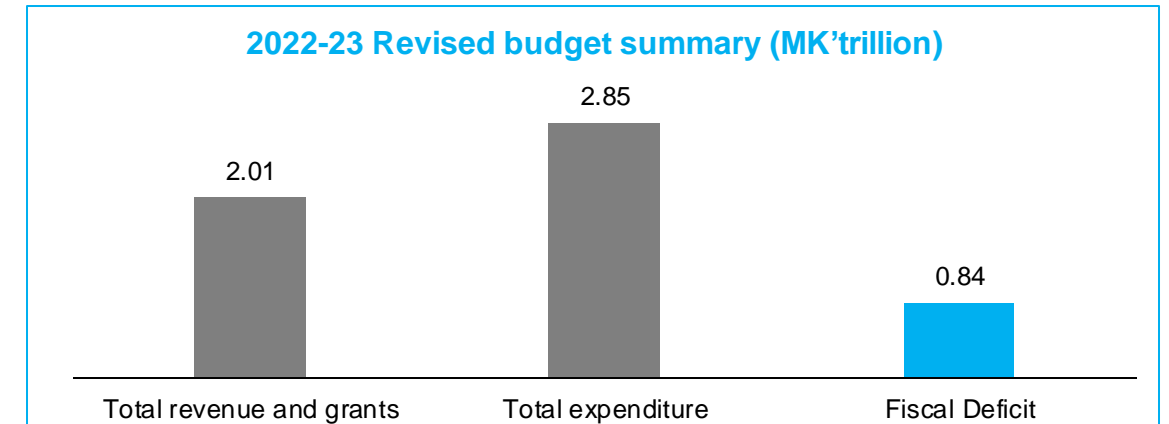
The 2022-23 approved National Budget was developed under the theme “Accelerating Implementation Towards Wealth Creation, Job Creation, and Food Security”. The budget was prepared with the objective of addressing issues of public debt management, export diversification and import substitution and to start addressing Balance of Payment issues. The budget was also based on a strict fiscal consolidation policy.

At the time of formulation and approval of the 2022-23 National Budget, revenue and grants were projected at MK1.96 trillion which was 17.2% of gross domestic product (GDP). Domestic revenue was projected at MK1.64 trillion and revenue from grants was projected to be MK0.32 trillion. Total expenditure was projected to be at MK2.84 trillion, representing 24.9% of GDP. This implied a fiscal deficit amounting to MK0.88 trillion which was to be financed through both domestic and foreign borrowing.

The Ministry of Finance and Economic Affairs implemented policy measures to control and limit government expenditure while the Malawi Revenue Authority (MRA) also set up strategies to increase revenue collected for 2022-23 in order to meet the budgeted targets. However, expenditure reduction and increasing revenue collection encountered some challenges during the first half of the 2022-23 financial year that deterred them from meeting set targets. Domestic revenue underperformed by 1.9% due to lower receipts of non-tax revenues while expenditure increased due to increasing statutory expenditures such as public debt interest, wages and salaries, pensions and gratuities.

Based on the performance of revenues and expenditures in the first-half of the financial year, the 2022-23 budget has been revised. Firstly, total expenditure for the financial-year has been revised upwards by 0.34% to MK2.85 trillion. Total revenue and grants have been revised upwards by 3% to MK2.01 trillion. The adjustment of total revenue and grants mainly comes from increase in projected grants from international organizations such as the World Bank (WB), European Union (EU) and International Monetary Fund (IMF). The grants from these organizations are earmarked for programs and projects in several Ministries, Departments and Agencies.

As a result of the revisions in total revenue and expenditure, there has also been a revision of the projected fiscal deficit in the financial-year. The fiscal deficit for 2022-23 has been revised downward to MK842 billion from MK884 billion representing a 5% decrease. The deficit will still be financed by both domestic and foreign borrowing. On one hand, planned domestic borrowing has been revised from MK654 billion to MK581 billion representing a 11% decrease. On the other hand, foreign borrowing has been revised upwards by 13%, to MK261 billion from MK230 billion.





The government will continue to pursue a flexible exchange rate regime while controlling for excess exchange rate volatility and in addition to this, the government plans to engage the IMF on a further ECF.

2022-23 Mid-year National Budget Review Brief (Continued)

Government Reforms in the Mid-year Budget Review

Public Debt Management

The government is attempting to restore debt sustainability in the medium-term to reduce the risk of debt distress. This will be done through the involvement of creditors to carry out debt treatment and restructuring. The government has also made attempts to implement measures that strengthen public debt management and fiscal adjustments in order to reduce and manage debt. In terms of foreign borrowing, the government will attempt to obtain concessional loans and will only use semi-concessional loans to finance projects with higher returns. The government plans on using concessional loans to repay all non-concessional and expensive loans. Fiscal discipline will be enforced to curb further accumulation of debt in the short and medium-terms.

State Owned Enterprises (SOEs) Performance

To further enhance the monitoring of revenue collected by State Owned Enterprises (SOEs), the government has commissioned commercial SOEs to open accounts with the Reserve Bank of Malawi. This will address challenges such as failure of SOEs to remit dividends and surpluses to government and this measure will also reduce government tendency to borrow its own resources. The government also plans on launching a web-based database for SOEs and Statutory Bodies to make information regarding their operations public. The government will further fully operationalize the Public Finance Management Act (2022) by coming up with Regulations, Treasury Instructions and Desk Instructions to handle issues in the Public Finance Management domain.

Foreign exchange Reserves

Following the 25% depreciation in May 2022, the government will continue to pursue a flexible exchange rate regime so that the exchange rate continues to be market-determined while controlling for excess exchange rate volatility. The government anticipates stabilization of the exchange rate following increased production of exports and increased flow of foreign currency from grants. The government will also continue to use policies such as the requirement that at least 30% of export proceeds are be sold to Authorized Dealer Banks (ADB) and 70% of export proceeds to be retained in Foreign Currency Denominated Accounts (FCDA). The government will also engage the IMF for a further Extended Credit Facility (ECF) to enhance exchange rate stability and foster further public debt sustainability.

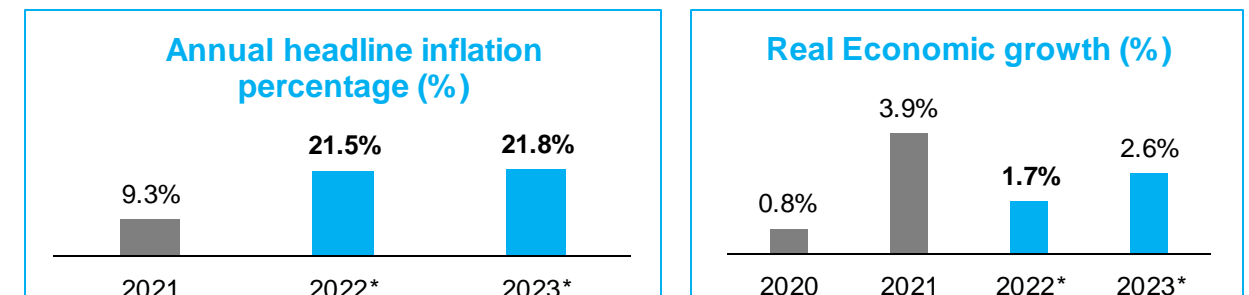
New Integrated Financial Management Information System (IFMIS)

The government will implement a new IFMIS project. The new system will finalize the configuration and testing of new modules such as contract management, asset management, revenue management, and project systems which will operate together with the already existing core modules. Further system functionalities that will be implemented include Human Resources Management Information system and IFMIS Interface, and MRA Interface. The new IFMIS will further improve public fund management. The government will also invest more in computer hardware, system security tools, network infrastructure and other system enhancement interventions to ensure a more robust, secure and stable system for improved public fund management.

Additional Reforms

The government plans on curbing the inflation rate by tightening government expenditure and addressing supply constraints to boost production and boost exports. There are low growth prospects in 2022 due to a culmination of factors such as the lingering effects of COVID-19, weather-related shocks, the impacts of the Russia-Ukrainian war and inadequate power supply. There is an expected economic recovery between 2022 and 2023 from increasing power supply and growth from the government mandated agriculture commercialization drive.

During the review, it was noted that ill-managed fiscal tightening can further dampen economic growth and have an impact on low-income households. Therefore, the government has committed to ensuring that implemented budget cuts do not impact poor households or impede economic growth. Austerity measures that include a ban on holding conferences outside duty stations have been lifted to continue supporting local companies in the tourism and hospitality sector.

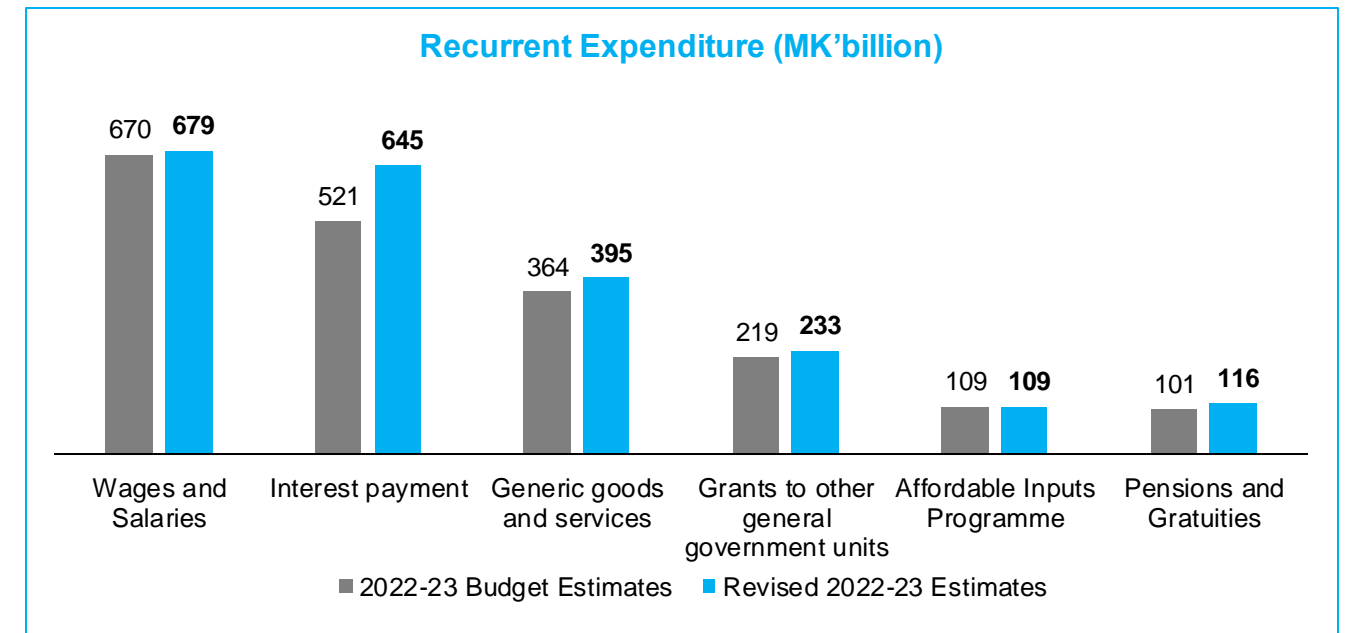
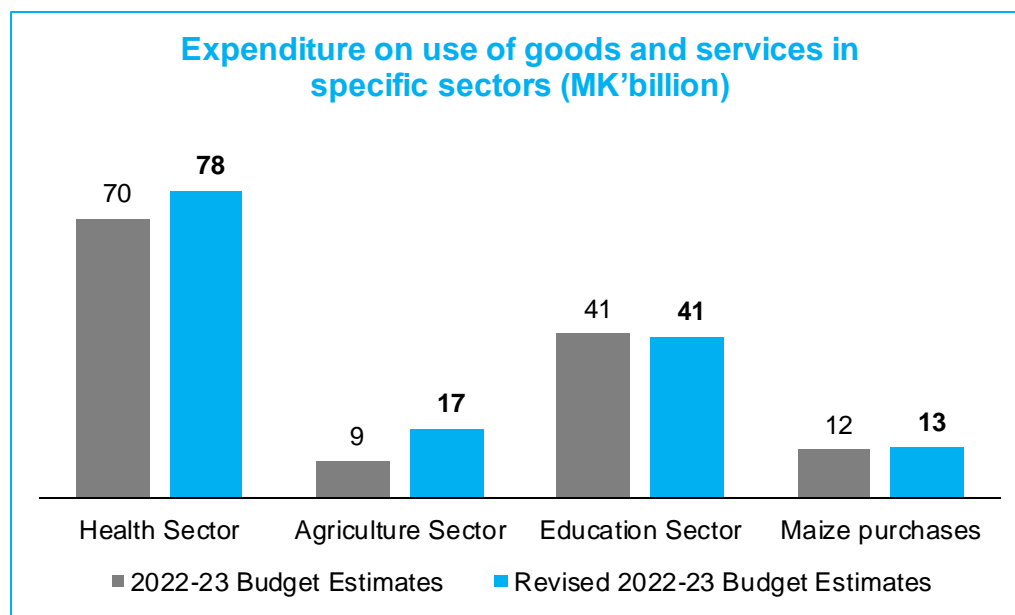
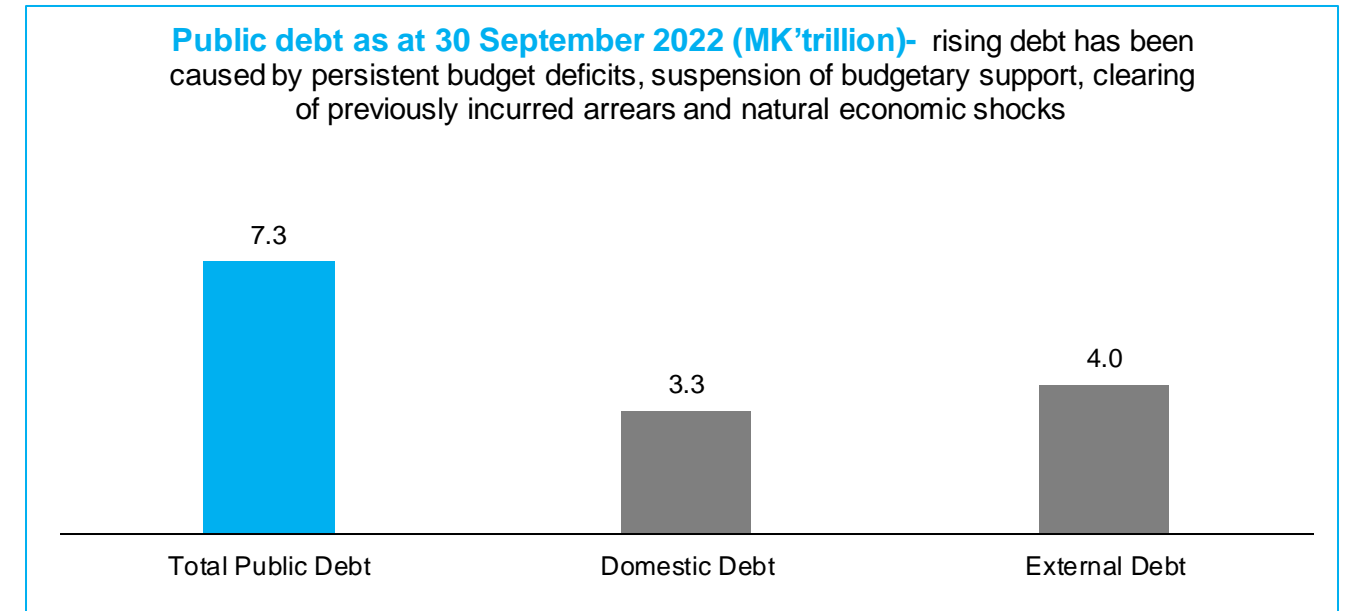
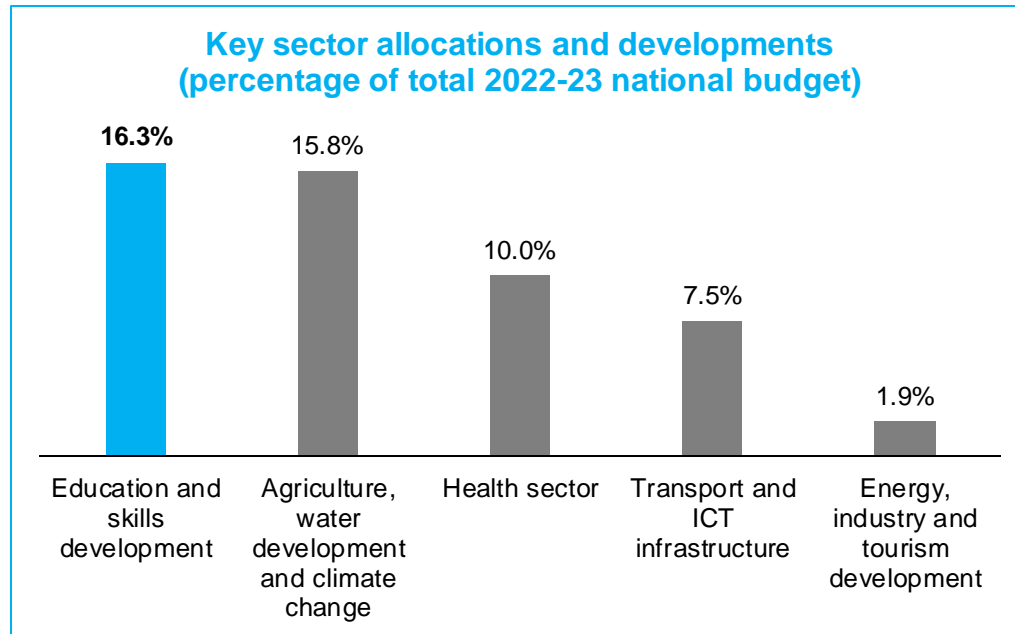


*: projections



Revised Budget Highlights

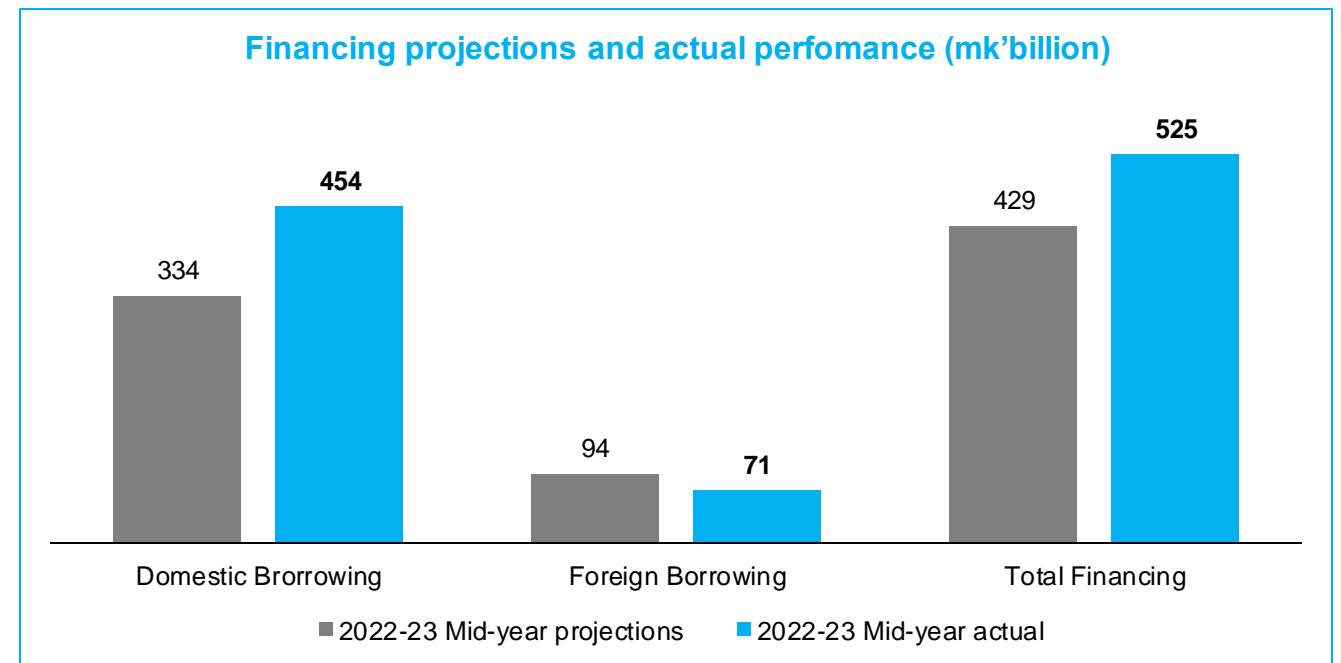
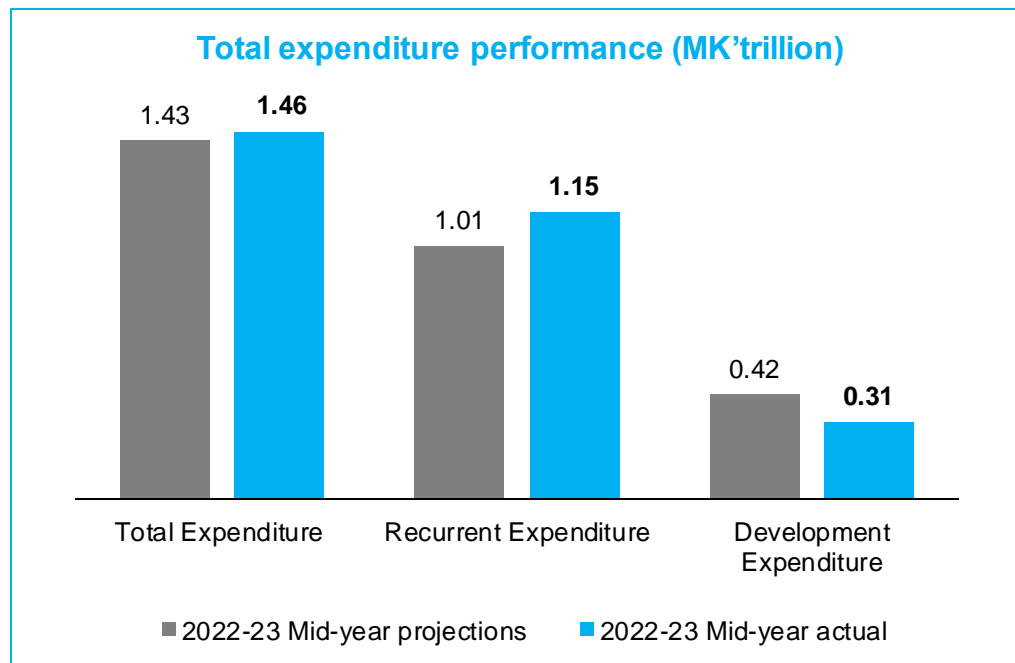
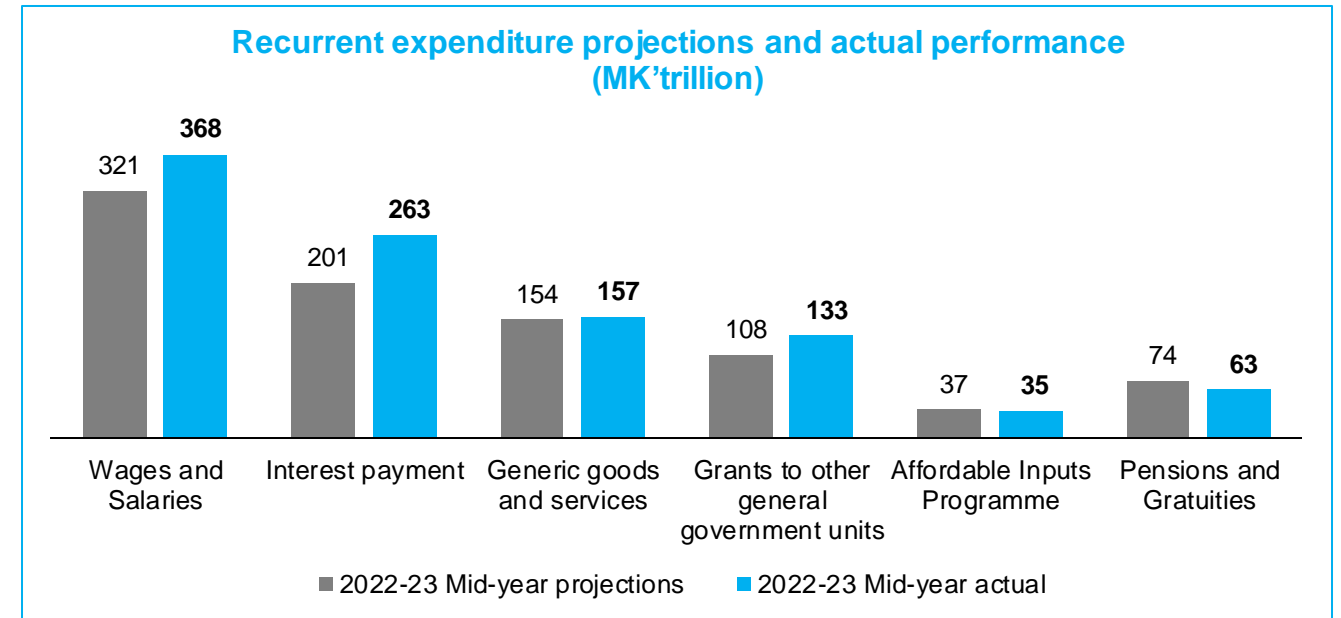
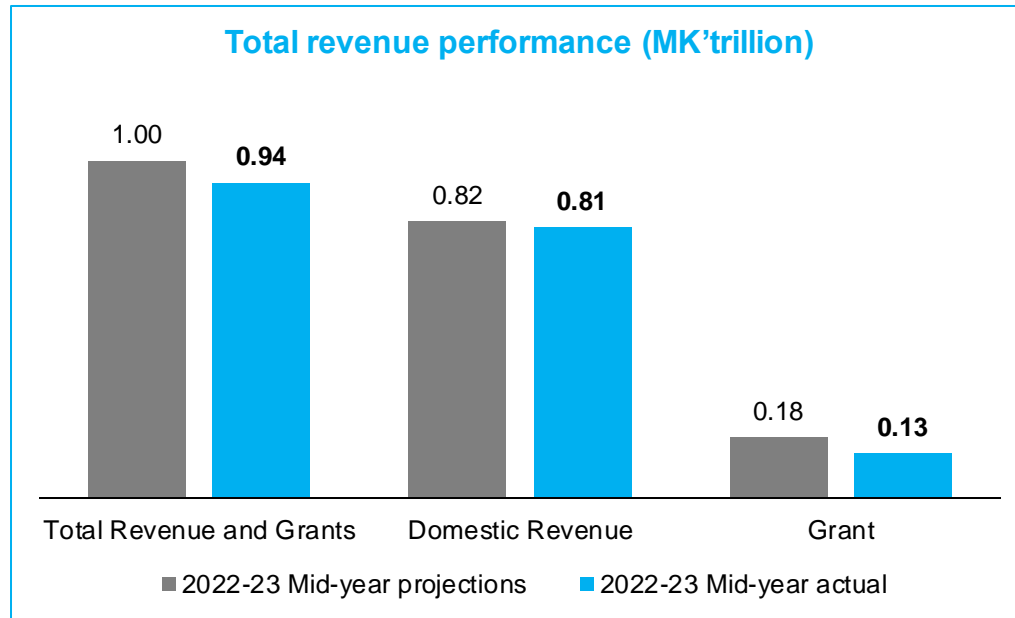
Public debt has increased from MK6.38 trillion reported in March 2022 to MK7.3 trillion as of 30 September 2022. This represents a 14% increase in total public debt between March 2022 and September 2022.





Revised Budget Highlights (continued)

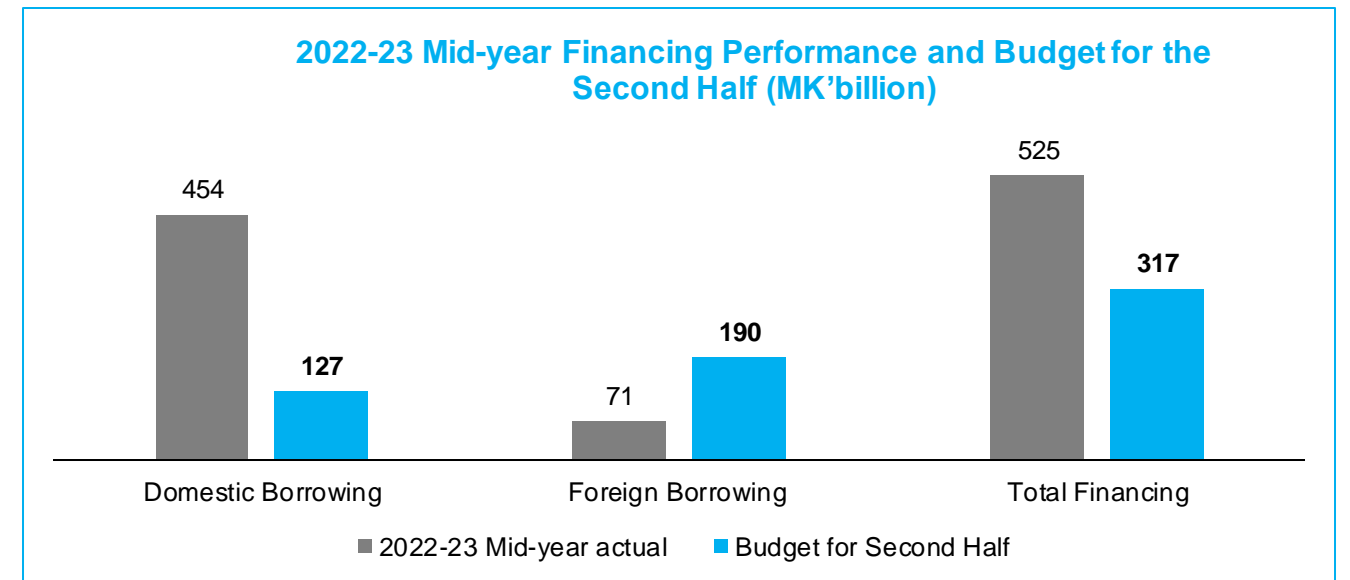
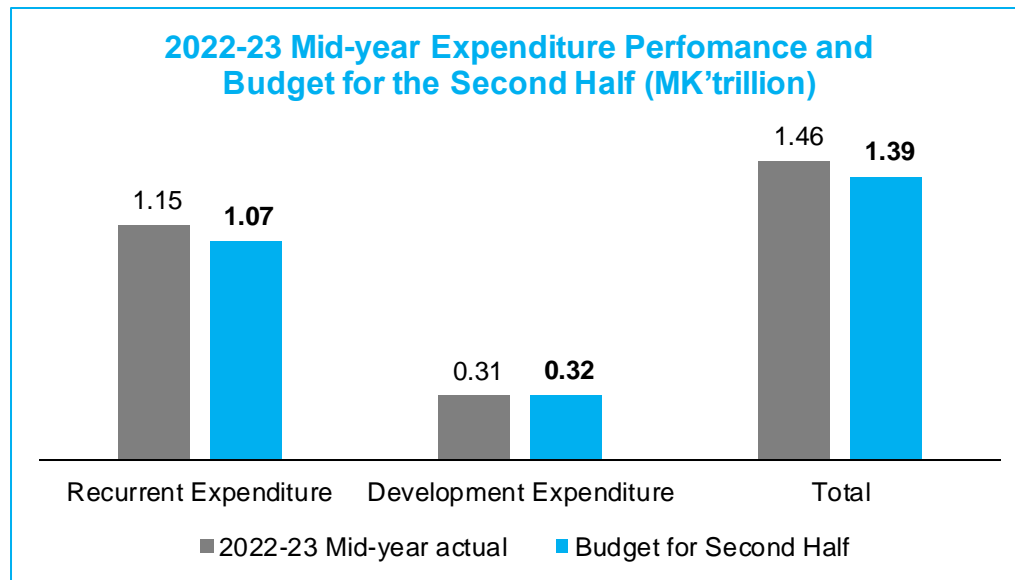
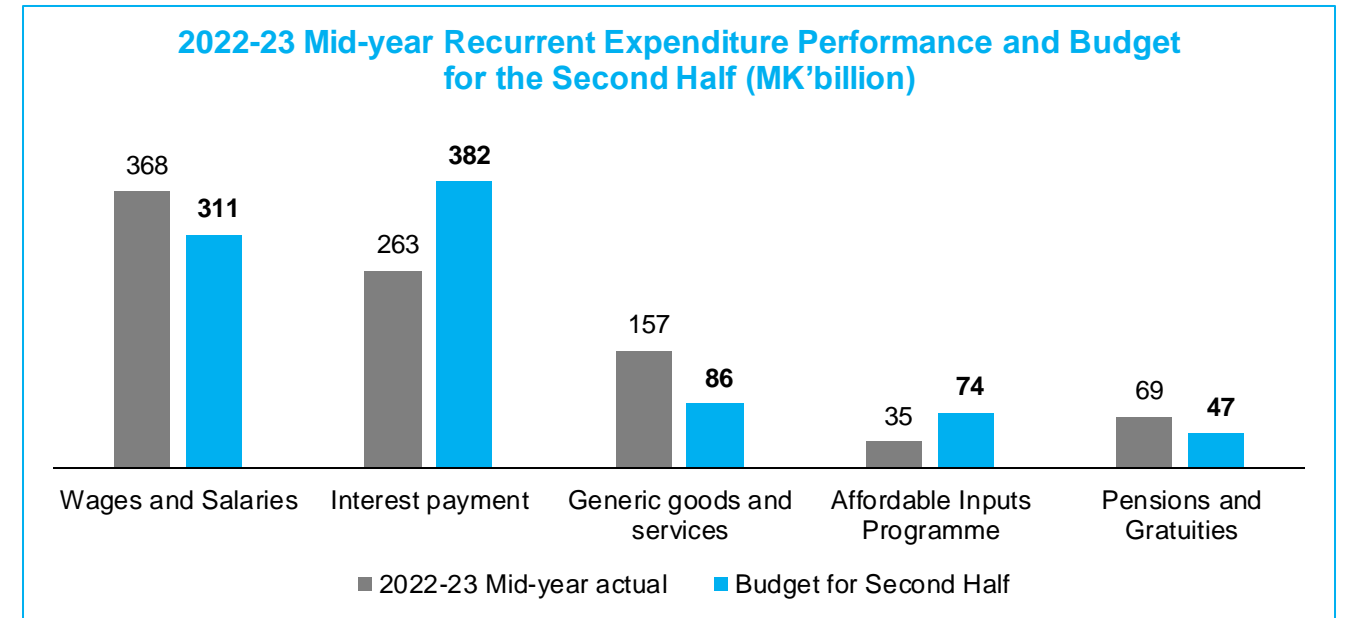
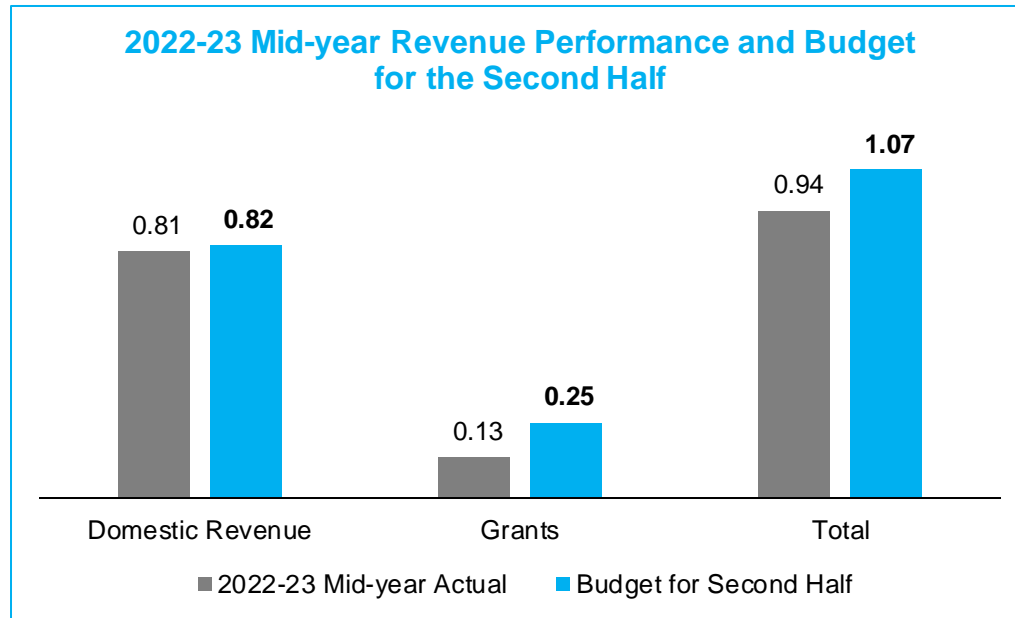
The actual mid-year performance of total revenue and grants was 6% lower than projected during formulation of the budget. MK0.94 trillion was collected against the MK1.00 billion that was budgeted. While actual mid-year total expenditure was 2% higher than what was projected during formulation of the 2022-23 budget. Total Expenditure amounted to MK1.46 trillion against MK1.43 trillion that was budgeted.





Total revenue for the second half of the 2022-23 financial year has been projected to MK1.07 trillion from MK0.94 trillion that has been spent in the first half. While total expenditure for the second half of the 2022-23 financial year has been projected to MK1.39 trillion from MK1.46 trillion.

Revised Budget Highlights (continued)



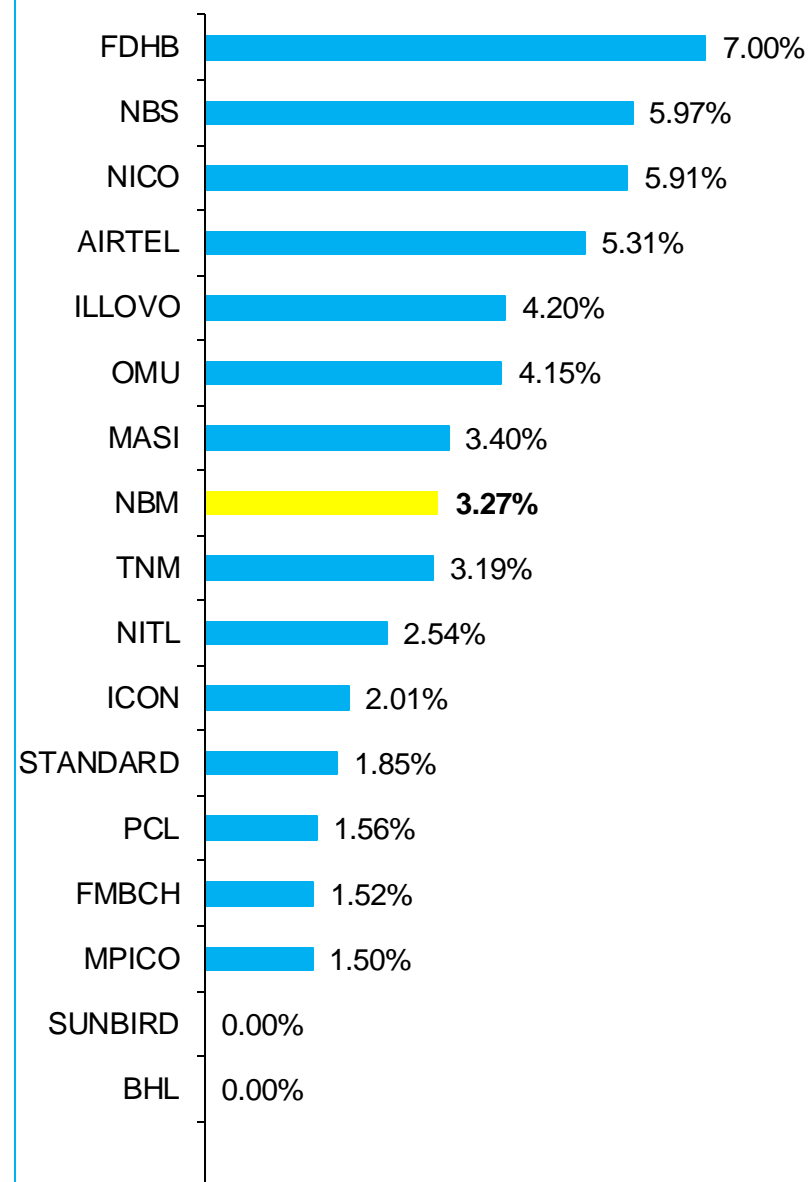
Appendix

Appendix 1: Historical Economic Indicators

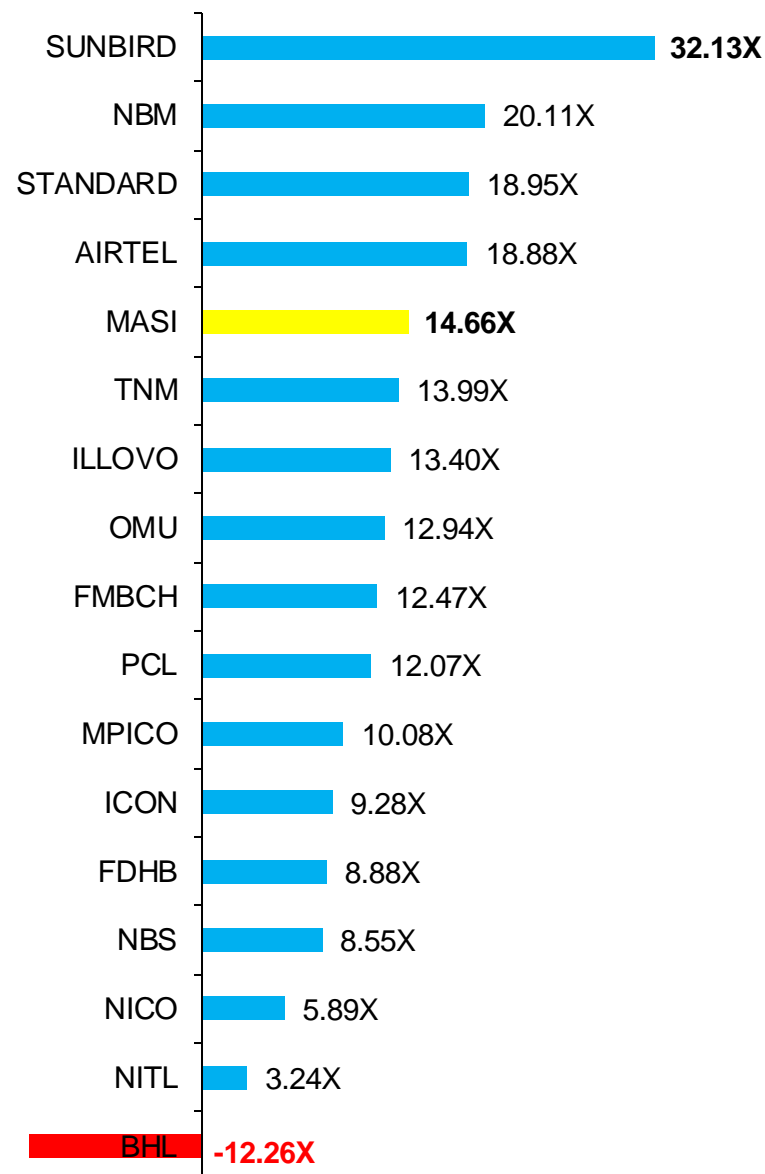
	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Exchange rates																			
MK/USD	800.17	811.95	817.43	820.40	822.17	821.34	822.88	819.44	822.81	822.10	823.60	823.67	1,029.90	1,033.36	1,035.03	1,035.42	1,033.79	1,032.88	1,034.42
MK/GBP	1,191.58	1,192.94	1,203.74	1,196.67	1,168.72	1,201.21	1,194.23	1,208.01	1,211.73	1,283.92	1,214.22	1,150.18	1,380.71	1,289.26	1,296.86	1,240.77	1,180.36	1,234.05	1,276.81
MK/EUR	1,042.52	1,042.52	1,048.56	1,044.60	1,026.14	1,037.74	1,099.91	1,138.41	1,072.50	1,170.30	1,031.32	966.40	1,180.96	1,108.47	1,085.01	1,066.19	1,047.49	1,062.62	1,105.82
MK/ZAR	62.28	62.28	60.79	60.90	58.90	59.04	57.21	57.68	61.82	64.84	66.90	59.34	72.04	65.02	64.13	62.49	58.78	58.36	62.11
Foreign Exchange Reserves																			
Gross Official Reserves (USD'mn)	443.25	424.99	404.18	604.50	521.87	405.66	389.26	429.17	399.98	385.40	374.48	363.27	388.22	415.73	372.99	378.89	357.18	326.06	N/A
Private Sector Reserves (USD'mn)	369.64	388.78	405.79	389.47	386.05	384.75	404.81	425.52	424.49	407.22	391.49	362.84	401.13	401.60	396.02	398.43	408.84	427.67	N/A
Total reserves (USD'mn)	812.89	813.77	809.97	993.97	907.92	790.41	794.07	854.69	824.47	792.62	765.97	726.11	789.35	817.33	769.01	777.32	766.02	753.73	N/A
Gross Official Reserves Import cover (months)	1.77	1.70	1.62	2.42	2.09	1.62	1.56	1.72	1.60	1.54	1.50	1.45	1.55	1.66	1.49	1.52	1.43	1.30	N/A
Inflation																			
Headline	8.9%	9.1%	8.7%	8.4%	8.9%	9.8%	11.1%	11.5%	12.1%	13.0%	14.1%	15.7%	19.1%	23.5%	24.6%	25.5%	25.9%	26.7%	N/A
Food	11.0%	11.1%	10.3%	9.7%	10.9%	11.8%	12.8%	13.6%	14.2%	15.3%	17.1%	19.5%	25.5%	31.2%	32.5%	33.4%	33.7%	34.5%	N/A
Non-food	7.1%	7.2%	7.2%	7.2%	7.2%	7.8%	9.5%	9.5%	9.6%	10.1%	10.5%	12.2%	13.2%	16.6%	17.5%	18.2%	18.3%	18.6%	N/A
Interest Rates																			
Monetary Policy rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%
Average Interbank rate	11.92%	11.94%	11.96%	11.97%	11.98%	11.98%	11.98%	11.98%	11.15%	11.70%	11.70%	11.70%	11.84%	12.48%	12.50%	12.50%	12.50%	12.74%	15.00%
Average base lending rate	12.10%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	14.20%	14.20%	14.20%	14.20%	14.20%	14.62%	18.20%
Government Securities' Yields																			
91-days Treasury Bill	9.98%	9.62%	9.33%	9.60%	9.59%	9.60%	9.58%	9.70%	9.70%	9.47%	9.74%	9.57%	9.75%	9.75%	10.00%	11.00%	11.00%	11.00%	13.00%
182-days Treasury Bill	12.80%	12.81%	12.96%	12.96%	12.98%	12.98%	12.98%	13.00%	13.00%	12.99%	13.00%	13.00%	15.00%	15.00%	15.00%	15.50%	15.50%	15.50%	17.50%
364-days Treasury Bill	13.83%	13.87%	13.90%	14.08%	14.20%	14.20%	14.30%	14.54%	15.00%	15.00%	15.00%	15.00%	17.03%	17.60%	17.74%	18.33%	18.75%	18.75%	19.50%
2-year Treasury Note	16.51%	16.65%	16.63%	16.63%	16.63%	16.64%	16.64%	16.64%	16.70%	16.70%	17.00%	17.00%	18.50%	18.85%	20.50%	21.00%	21.50%	21.50%	22.50%
3-year Treasury Note	18.80%	18.97%	19.00%	18.99%	18.99%	18.99%	19.00%	19.04%	19.04%	19.33%	19.50%	19.50%	21.90%	22.00%	22.00%	23.00%	23.00%	23.00%	23.00%
5-year Treasury Note	19.98%	20.08%	20.25%	20.09%	20.26%	20.44%	20.53%	20.35%	20.78%	20.78%	21.00%	21.00%	23.95%	24.00%	24.00%	25.00%	25.00%	25.00%	26.00%
7-year Treasury Note	20.50%	20.59%	20.98%	21.36%	21.36%	21.36%	20.94%	20.94%	20.94%	21.98%	22.00%	22.00%	22.33%	22.33%	25.53%	26.75%	26.50%	26.50%	27.50%
10-year Treasury Note	22.50%	21.85%	22.54%	23.01%	23.25%	23.00%	22.50%	22.50%	22.98%	22.98%	22.98%	23.35%	23.35%	27.00%	27.00%	27.00%	27.50%	27.50%	27.50%
Stock Market Indices																			
MASI	33,676.89	35,144.56	36,496.03	38,945.62	41,681.86	41,458.37	41,565.98	45,367.68	44,501.63	45,472.09	45,921.23	46,934.16	50,300.44	49,596.14	52,889.87	54,454.45	54,389.92	55,046.26	59,795.69
DSI	28,376.03	28,739.26	29,749.56	31,929.22	34,383.73	34,188.36	34,284.11	37,061.70	36,322.34	37,186.63	37,584.34	37,283.40	39,037.30	39,011.21	42,717.13	44,109.31	44,360.30	44,986.52	48,811.22
FSI	2,030.51	3,234.45	3,479.97	3,479.97	3,454.70	3,450.25	3,450.24	4,223.15	4,183.22	4,182.23	4,184.71	5,720.11	7,305.55	6,538.52	5,548.61	5,548.61	5,154.73	5,100.84	5,613.43

Appendix 2: Selected stock market statistics as of 30 November 2022

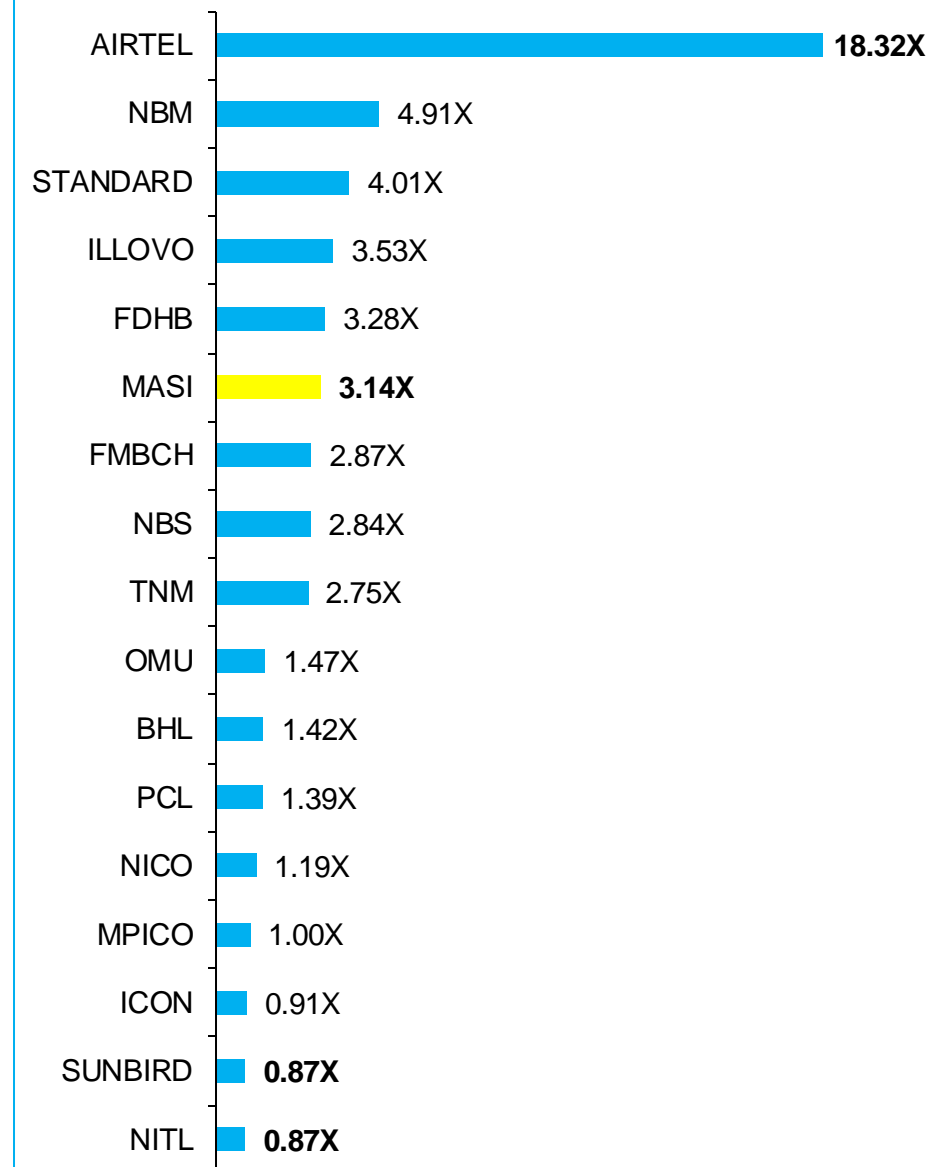
Dividend Yield (%)- the weighted average dividend yield on the MSE was 3.40% in November 2022. The counter with the highest dividend yield was FDH Bank at 7.00%



P/E Ratio – the weighted average price to earnings ratio on the MSE was 14.66x in November 2022. SUNBIRD had the highest at 32.13x while BHL had the lowest at negative 12.26x.



P/BV Ratio – the weighted average price to book value on the MSE was 3.14X in November 2022. The counter with the highest ratio was AIRTEL at 18.32x while SUNBIRD and NITL had the lowest ratio at 0.87x.



Appendix 3: MSE Corporate Announcements and IMF Projections

Corporate Announcements

Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the year is higher previous corresponding period by the specified amount.

Amounts in billions of Malawi Kwacha unless specified otherwise.

Company	PAT 2022	PAT 2021	Trading statement profit/(loss) expectation
FDH Bank	17.2	11.5	50%

IMF Projections (source: IMF Malawi Country Report, November 2022)

Subject Descriptor	Units	2021	2022	2023	2024	2025	2026	2027
Real Gross domestic product	Percent change	2.2	0.8	2.4	3.2	3.8	4.3	4.5
Nominal Gross domestic product	(MK'billions)	9,599	11,354	14,018	16,684	19,278	21,641	24,048
Inflation, average consumer prices	Percent change	9.3	20.8	22.7	17.1	12.1	8.1	6.8
Volume of Exports of goods	(USD'millions)	1,262	1,294	1,421	1,477	1,544	1,638	1,792
Volume of Imports of goods	(USD'millions)	3,255	3,406	3,173	3,292	3,265	3,217	3,261
General government revenue	Percent of GDP	14.9	15.4	15.5	17.0	18.1	17.5	16.9
General government total expenditure	Percent of GDP	22.3	24.3	24.6	25.8	25.6	24.2	23.1
Current account balance	Percent of GDP	-14.6	-14.8	-13.6	-14.3	-13.1	-11.2	-9.6
Population	Persons	21.47	22.09	22.73	23.38	24.06	24.75	25.46
General government gross debt	Percentage of GDP	64.0	76.6	74.6	74.5	73.8	72.6	71.0

Appendix 4: EIU Projections

Economic growth						
%	2021*	2022**	2023**	2024**	2025**	2026**
Real GDP	5.8	1.8	3.0	6.5	3.8	4.0
Private consumption	2.0	1.2	2.5	3.0	3.1	3.2
Government consumption	2.0	2.0	2.8	2.8	3.4	3.0
Gross fixed investment	5.0	4.0	5.5	5.6	5.7	5.8
Exports of goods & services	4.8	3.6	4.4	4.8	5.1	5.5
Imports of goods & services	3.0	3.0	4.0	4.3	4.5	4.7
Domestic demand	2.3	1.6	2.9	3.3	3.5	3.5
Agriculture	2.4	1.9	2.6	3.0	3.5	3.5
Industry	3.2	1.9	2.6	2.7	3.0	3.3
Services	4.8	1.8	3.3	4.0	4.2	4.3

Key indicators						
	2021*	2022**	2023**	2024**	2025**	2026**
Real GDP growth (%)	5.8	1.8	3.0	3.5	3.8	4.0
Consumer price inflation (av; %)	9.3	22.0	17.6	9.0	8.5	8.0
Government balance (% of GDP)	-6.7	-10.0	-7.2	-5.9	-5.4	-5.7
Current-account balance (% of GDP)	-12.2	-25.9	-22.5	-15.1	-12.2	-10.2
Short-term interest rate (av; %)	9.9	16.0	18.0	12.5	12.5	11.0
Exchange rate MK:US\$ (av)	805.9	992.0	1,266.5	1,261.5	1,252.7	1,231.2

International assumptions						
	2021*	2022**	2023**	2024**	2025**	2026**
Economic growth (%)						
US GDP	5.7	1.7	1.2	1.7	2.0	2.1
OECD GDP	5.2	2.4	1.0	1.8	1.9	2.0
World GDP	5.7	2.8	2.1	2.6	2.8	2.7
World trade	10.9	3.9	3.3	3.7	3.6	3.6
Inflation indicators (% unless otherwise indicated)						
US CPI	4.7	8.1	3.8	1.6	2.1	2.1
OECD CPI	3.6	8.7	4.9	2.6	2.4	2.2
Manufactures (measured in US\$)	5.8	2.0	4.3	3.9	3.2	1.8
Oil (Brent; US\$/b)	70.4	102.0	91.7	85.9	78.3	69.1
Non-oil commodities (measured in US\$)	38.0	15.9	-11.1	-6.2	6.2	-3.6
Financial variables						
US\$ 3-month commercial paper rate (av; %)	0.1	1.7	3.4	2.7	2.6	2.6
US\$:€ (av)	1.18	1.06	1.11	1.18	1.21	1.23
¥:US\$	109.77	130.35	131.57	123.88	119.05	117.75

*: Estimates

** : Forecasts

	2020	2021e	2022f	2023f
National Accounts and Prices				
Real GDP (% change)	0.8	2.8	2.1	4.3
Agriculture	3.4	5.2	-3	3.4
Industry	1.2	1.9	2	4.1
Services	-0.5	2	4.4	4.7
Inflation Rate	8.6	9.3	12.6	11.5
Central Government (FY % of GDP)				
Revenue and grants	14.6	14.1	14.6	17
Domestic revenue (tax and non-tax)	13.1	12.7	13.4	14.2
Grants	1.5	1.5	1.2	2.8
Expenditure and net lending	20.9	21.2	23.3	24.7
Overall balance (excluding grants)	-7.8	-8.6	-9.9	-10.5
Overall balance (including grants)	-6.3	-7.1	-8.7	-7.7
Foreign financing	0.8	1	0.9	2
Domestic financing	4.9	5.9	5.9	5.7
Money and Credit				
Money and quasi-money (% change)	10.2	14.4	13.9	11.8
Credit to the private sector (% change)	30.1	14.2	12.6	10.1
External sector (US\$ million)				
Exports (goods and services)	1202	1270	1303	1491
Imports (goods and services)	3088	3299	3538	3808
Gross official reserves	566	394	402	415
(months of imports)	2.1	1.4	1.5	1.5
Current account (percent of GDP)	-11.7	-1.3	-14.4	-13.6
Exchange rate (MK per US\$ average)	780.81	826.97-	-	
Debt Stock				
External debt (public sector, % of GDP)	32.9	31.9	34.7	36.3
Domestic public debt (percentage of GDP)	21.9	27.1	29.6	32.6
Total public debt (percentage of GDP)	54.8	59	64.3	68.9

Appendix 6: List of Acronyms and Abbreviations

AIP:	Affordable Inputs Programme	IMF:	International Monetary Fund	PAT:	Profit after tax
ADB:	Authorized Dealer Bank	LRR:	Liquidity Reserve Requirement	PCL:	Press Corporation Limited plc
BHL:	Blantyre Hotels plc	MASI:	Malawi All Share Index	RCF:	Rapid Credit Facility
COVID-19:	Coronavirus disease	Mb/d:	million barrels per day	RBM:	Reserve Bank of Malawi
CPI:	Consumer Price Index	MERA:	Malawi Energy Regulatory Authority	RDB:	Regional Development Bank
DSI:	Domestic Share Index	MK:	Malawi Kwacha	SOEs:	State Owned Enterprises
ECF:	Extended Credit Facility	MPC:	Monetary Policy Committee	SUNBIRD:	Sunbird Tourism plc
EIU:	Economist Intelligence Unit	MPICO:	MPICO properties plc	TB:	Treasury Bill
ESCOM:	Electricity Supply Corporation of Malawi	MRA:	Malawi Revenue Authority	TN:	Treasury Note
EUR:	Euro	MSE:	Malawi Stock Exchange	STANDARD:	Standard Bank plc
FCDA:	Foreign Currency Denominated Account	NBM:	National Bank of Malawi plc	TNM:	Telekom Networks Malawi plc
FDHB:	FDH Bank plc	NBS:	NBS Bank plc	TT:	Telegraphic Transfer
FMBCH:	FMB Capital Holdings plc	NICO:	NICO Holdings plc	UN:	United Nations
FSI:	Foreign Share Index	NITL:	National Investment Trust Limited plc	USD:	United States Dollar
GBP:	Great British Pound	NSO:	National Statistical Office	X:	Times
GDP:	Gross Domestic Product	OMU:	Old Mutual Limited plc	ZAR:	South African Rand
ICON:	ICON properties plc	OPEC:	Organization of the Petroleum Exporting Countries		
IFMIS:	Integrated Financial Management Information System	ORB:	OPEC Reference Basket		
IFPRI:	International Food Policy Research Institute				

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Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

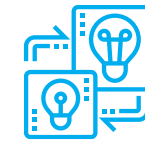
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Bridgepath Capital Limited
P.O. Box 2920
Blantyre

1st Floor (106)
Development House
Corner Henderson Street
Blantyre

info@bridgepathcapitalmw.com
+265 1 828 355
www.bridgepathcapitalmw.com

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