Malawi Monthly Economic Report and an Overview of the Global Economic Prospects June 2024 by World Bank

June 2024

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Executive Summary and Outlook

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Inflation

The headline inflation rate increased by 0.4 percentage points to 32.7% in May 2024 from 32.3% in April 2024. The increase was due to a rise in the food inflation rate to 40.7% in May 2024 from 39.9% in April 2024, which offset the decrease in the non-food inflation rate to 22.1% in May 2024 from 22.4% in April 2024. In May 2023, headline inflation was 29.2%, driven by food inflation of 38.8% and non-food inflation of 18.4%.

The 2024 inflation projections for Malawi from various published sources range between 27.3% and 33.9%. The African Development Bank (AfDB) projects an annual average inflation rate of 27.3% in 2024. The Monetary Policy Committee (MPC) has projected the annual average inflation at 30.0% in 2024. The Economist Intelligence Unit (EIU) expects average inflation in 2024 to be 33.9%. Additionally, Oxford Economics projects an annual average inflation of 30.1% in 2024, and the International Monetary Fund (IMF) forecasts an annual average inflation of 27.9% in 2024.

Exchange Rates and Foreign Currency Reserves

Based on closing middle rates, the Malawi Kwacha traded at MK1,749.51/USD as of 30 June 2024, a marginal appreciation of 0.07% from MK1,750.76/USD as of 31 May 2024. During the same period in the previous year, the Kwacha had depreciated against the USD by 2.35% from May to June 2023.

As of 31 May 2024, the country's total foreign exchange reserves increased by 1.2% to USD610.18 million from USD603.07 million in April 2024. The import cover increased by 1.2% to 2.44 months in May 2024 from 2.41 months in April 2024.

Government Securities

The government awarded MK225.23 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in June 2024, an increase of 54.4% from MK145.87 billion awarded in May 2024. During the review period, the average TB and TN yields were maintained at 20.67% and 31.95%, respectively.

Stock Market

The stock market was bullish as the Malawi All Share Index (MASI) increased to 121,101.77 points in June 2024 from 115,418.29 points in May 2024, representing a 4.92% increase. The MASI year-to-date return was 9.15% in June 2024. It was 75.15% in June 2023.

In June 2024, FDH Bank was the most significant share price gainer as its share price increased by 14.12% to MK85.04 per share from MK74.52 per share in May 2024. There were also share price gains for NBM, STANDARD and TNM.

In June 2024, ICON was the most significant share price loser, as its share price decreased by 4.82% to MK15.98 per share from MK16.79 per share in May 2024. There was also a share price loss for AIRTEL by 2.36%.

Fiscal and Monetary Policy

As disclosed in the local debt issuance calendar, the government seeks to raise MK397.4 billion through TN auctions and MK170.6 billion through TB auctions, for a total of MK568.0 billion in the third quarter of 2024.

According to UNICEF, the 2024/25 budget is 38.6% higher than the 2023/24 budget, moving from MK4.33 trillion in 2023/24 to MK5.99 trillion in 2024/25. This is primarily due to increased statutory budget lines such as wages and salaries, public debt interest, pensions and gratuities, and development partner expenditure.

Following the second MPC meeting of 2024 held on 2nd and 3rd May 2024, the MPC resolved to maintain the Policy Rate at 26.0%.

Commodity Market

According to Auction Holdings Limited (AHL) Tobacco Sales data, as at 30 June 2024, the cumulative national value of tobacco sold stood at USD327.01 million (approximately MK527 billion), up 35.8% from US240.75 million (approximately MK421 billion) sold during the same period in the previous year.

The retail maize price increased by 2.9% to MK613/kg in the last week of May 2024 from MK596/kg in April 2024. Year-on-year, it has increased by 27.2%, as it was at MK482/kg in May 2023.

Economic Growth

The 2024 real gross domestic product (GDP) growth rate projections for Malawi from various published sources range between 1.5% and 3.3%. Most sources attribute the rebound to the IMF Extended Credit Facility (ECF) program as it is expected to unlock foreign exchange inflows into the country. Additionally, the rebound in 2024 is attributed to more robust private consumption and exports and the implementation of macroeconomic reforms.

The MPC projects growth for 2024 at 3.2% (from 1.5% in 2023), anchored by strong growth in construction and manufacturing. However, the MPC observed that the projection is subject to downward adjustment due to the impact of El Nino weather conditions on agricultural production and the underperformance of the export sector.

The World Bank's GDP growth projection for 2024 is 2.0% (from 1.6% in 2023), primarily due to a modest easing of global commodity prices, a moderate improvement in agricultural production, and increased output bolstered by improved foreign exchange inflows. Over the medium term, economic growth is forecast to grow moderately, supported by the announced macroeconomic reforms to address the country's economic challenges.

The IMF projects that real GDP growth will be 2.0% in 2024, down from the previous projection of 3.3%. This decrease reflects the impact of El Nino on agricultural production and spillovers to the rest of the economy.

Oxford Economics projects real GDP growth for 2024 at 3.1% (from 1.9% in 2023) due to more robust private and government consumption, which is expected to accelerate the growth rate compared to last year. However, El Nino-induced drought conditions, which will lower the agricultural sector's output, are expected to undermine growth.

According to the EIU, real GDP growth is expected to be 1.5% in 2024 following growth averaging 1.2% in 2022 and 2023. The EIU expects foreign currency shortages exacerbated by drought conditions to weigh on agricultural output, undermining growth.

The African Development Bank (AfDB) has reduced the 2024 Malawi real GDP to 3.3% from the earlier projection of 3.5%. The AfDB outlines significant challenges the economy faces, including international reserves shortages, macroeconomic stability, and drought. The AfDB also highlights that dependence on rain-fed agriculture, given the increasing vulnerability to climate change, is also a major risk. The growth of the economy will be driven by the agricultural, mining, retail, and tourism sectors.

An Overview of the Global Economic Prospects June 2024

According to the World Bank's latest analysis, global economic growth is projected to stabilize at 2.6% in the current year, marking the first steady year in three, despite geopolitical tensions and high interest rates. Growth is anticipated to marginally increase to 2.7% by 2025-26, though it remains below the average pace observed from 2010-2019. Inflation is expected to moderate to 3.5% but poses ongoing risks, influencing cautious monetary policies globally with interest rates remaining elevated.

Regionally, emerging market and developing economies (EMDEs) face varying growth trajectories, with vulnerable economies struggling to recover to pre-pandemic levels. Geopolitical tensions and trade fragmentation continue to pose significant risks, impacting global economic stability. The World Bank emphasizes the importance of safeguarding trade, supporting green and digital transitions, and addressing debt sustainability and food security issues globally.

The World Bank stresses the critical role of policymakers in addressing these formidable challenges. Global efforts are needed to safeguard trade, support transitions to green and digital economies, deliver debt relief, and enhance food security. The World Bank also highlights the necessity for EMDE monetary policies to maintain a focus on price stability amidst persistent inflation risks. Moreover, managing high debt levels and servicing costs will require EMDE policymakers to carefully balance investment needs with fiscal sustainability. Lastly, they emphasize the importance of long-term growth and development through structural policies aimed at boosting productivity and improving public investment and efficiency.

According to the World Bank, growth in Sub-Saharan Africa (SSA) slowed to 3% in 2023. The region's largest economies—Angola, Nigeria, and South Africa—experienced weak economic performance, which hindered overall growth. In early 2024, there was a pickup in private sector activity driven by a strengthening global economy. The World Bank reports that despite these improvements, many economies in SSA continue to face challenges, such as weak government finances stemming from low revenue collection and high debt-service costs. Currency depreciations have further exacerbated economic difficulties in some countries.

Opportunities in Malawi

Agriculture: A study from the Ministry of Agriculture and National Planning Commission shows that the agricultural sector is key to economic growth and outlines five investment opportunities. The investment opportunities are a small-scale irrigation venture worth about MK113 billion, livestock farming worth about MK86 billion, aquaculture venture worth about MK21 billion, a horticulture mega farm worth about MK86 billion, and agriculture extension services worth about MK16 billion. The study urges the government to get involved in easing the entry of entrepreneurs.

Other opportunities in the agricultural industry include large-scale commercial fishing, cannabis production and processing, and large-scale sugarcane production. On 28 March 2024, parliament passed the Cannabis Regulation Act (Amendment) Bill, which is expected to promote participation in the industry.

Tourism: Investment opportunities in the tourism sector include the development of hotels and key conference venues in key urban centres. Additionally, in the State of the Nation address of 9 February 2024, the president of the Republic of Malawi announced that a visa waiver program exempting travellers from 79 countries and territories from paying visa fees had been gazetted. This will likely increase tourist inflows and amplify the above-stated opportunities.

Trade: FDH Bank has signed a USD15 million (about MK26 billion) agreement with the African Export-Import Bank (Afreximbank) to support local businesses in securing export markets and increasing trade. Under the Africa Trade Exchange financing, the facility is aimed at bolstering intra-Africa trade and growing exports to the Caribbean markets for small and medium enterprises.

Energy: According to the World Bank, approximately 19% of Malawians can access regular electricity. Opportunities exist in solar power, with solar radiation in Malawi being amongst the highest in the world. In addition, clean and efficient cookstoves using biomass energy are viable. The potential for renewable energy also exists in the form of hydropower.

Manufacturing: Bakhresa Malawi Limited’s USD100 million (approximately MK175.1 billion) plant is projected to be completed in October 2024. The cooking oil refinery plant faced foreign exchange challenges, but Bakhresa has said the project is currently at an advanced stage. The executive director of Bakhresa said they strongly believe that cooking oil production will start in October 2024 as a strategic investment to support the economy of Malawi. The company is committed to diversifying its operations in Malawi with more investments in line with the country’s strategic plan for Malawi 2063.

Risks

The Malawian economy has continued to face several significant risks, including, but not limited to, public debt status, weather-related shocks, inflation, reliance on aid, and currency depreciation. These risk factors may limit the country’s potential for growth and worsen poverty.

The Ministry of Finance and Economic Affairs noted that Malawian public debt status risks include refinancing, interest, and exchange rate risks. Exchange rate shocks, such as the November 2023 44% exchange rate re-alignment, will substantially contribute to higher debt service payments in local currency terms. As per the 2024/25 budget statement, following the Kwacha re-alignment, total public debt stock increased from MK10.60 trillion to MK12.56 trillion. Further currency depreciation could lead to higher payments in the budget than projected.

Next, on 18 June 2024, the Fertiliser Association of Malawi (FAM) warned of another delay in the implementation of the 2024/25 Affordable Inputs Programme (AIP) should the process of ordering fertiliser be delayed further. In May 2024, the association said foreign exchange challenges had left the country with a 350,000 metric tonnes shortfall.

Furthermore, Malawi faces inflation risk. The average inflation rate for 2023 was 28.7%. As of May 2024, the five-month average is 33.1%. With the November 2023 hike in electricity tariffs for non-domestic users and the increase in pump fuel prices, domestic prices may continue to rise due to increased production costs.

Lastly, a potential concern involves the further depreciation of the domestic currency, particularly if the risk of supply-demand imbalances in the market persists. This situation could expose the domestic currency to depreciation risk, worsening the cost of importing goods and services. Simultaneously, it could erode the value derived from the export of domestically crafted products and services.

Economic overview

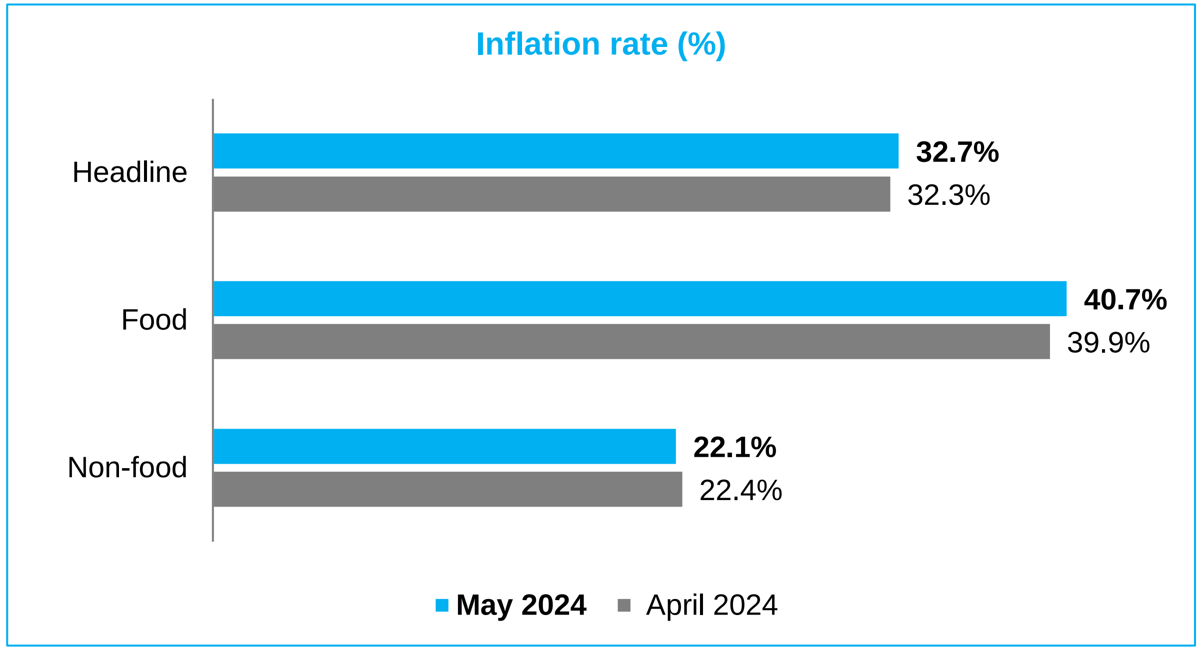
Inflation (Source: NSO, AfDB, RBM, EIU, IMF, Oxford Economics)

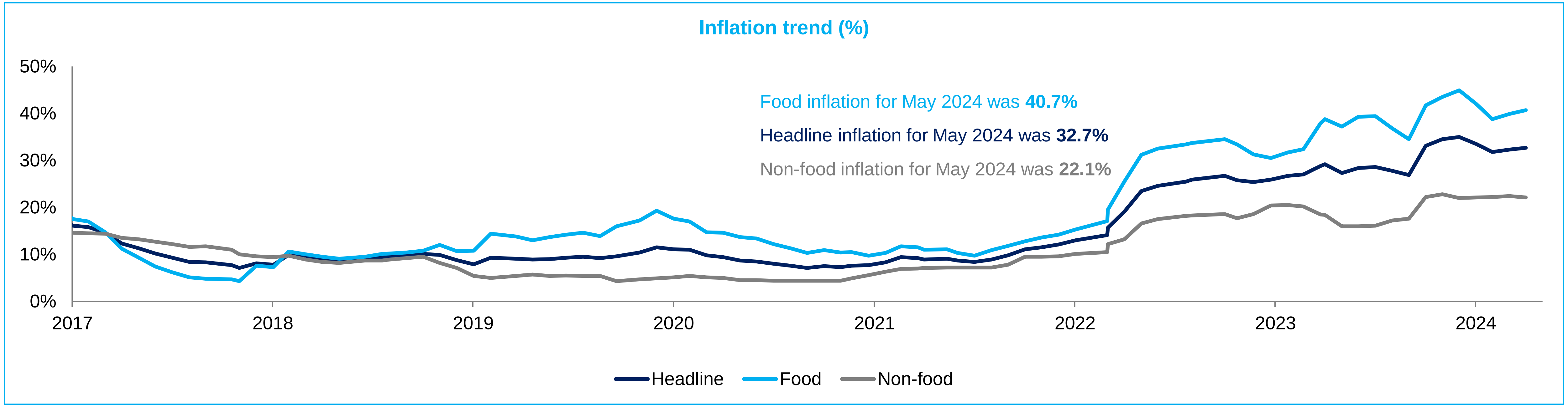
The headline inflation rate for May 2024 increased to 32.7% from 32.3% in April 2024 due to an increase in the food inflation rate.

The 2024 inflation projections for Malawi from various published sources range between 27.3% and 33.9%.

The headline inflation rate increased by 0.4 percentage points to 32.7% in May 2024 from 32.3% in April 2024. The increase was due to a rise in the food inflation rate to 40.7% in May 2024 from 39.9% in April 2024, which offset the decrease in the non-food inflation rate to 22.1% in May 2024 from 22.4% in April 2024. In May 2023, headline inflation was 29.2%, driven by food inflation of 38.8% and non-food inflation of 18.4%.

The AfDB projects an annual average inflation rate of 27.3% in 2024. According to the AfDB, inflation is projected to remain elevated in 2024 due to a poor agricultural season. The Monetary Policy Committee (MPC) noted that significant risks to the inflation outlook include high money supply growth, underperformance of the export sector, and higher global oil prices. As such, the MPC projected the annual average inflation to be 30.0% in 2024. The EIU expects annual average inflation for 2024 to be 33.9% due to continued deficit monetization (purchasing government securities by RBM), which increases money supply, high global commodity prices, and currency weakness as the RBM shifts to a flexible exchange rate. Additionally, Oxford Economics projects an annual average inflation of 30.1% owing to higher food inflation caused by lower yields and pressure on non-food inflation due to a weaker exchange rate. The IMF forecasts an annual average inflation of 27.9% due to anticipated high food inflation and a weaker exchange rate.





Economic overview (continued)

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

Based on closing middle rates, the Malawi Kwacha traded at MK1,749.51/USD as of 30 June 2024, a marginal appreciation of 0.07% from MK1,750.76/USD as of 31 May 2024.

Foreign Currency Market

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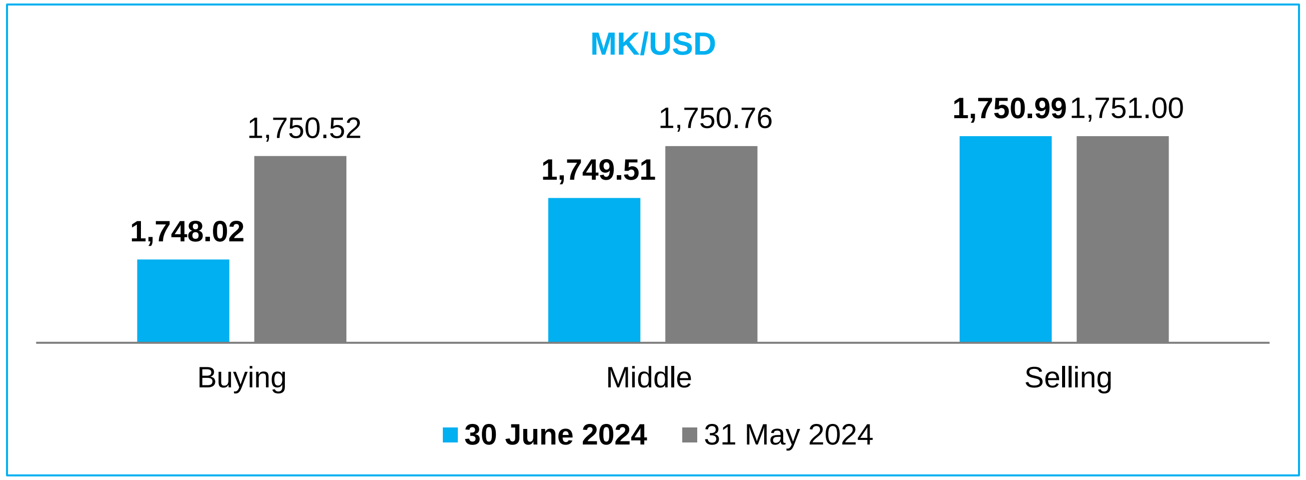
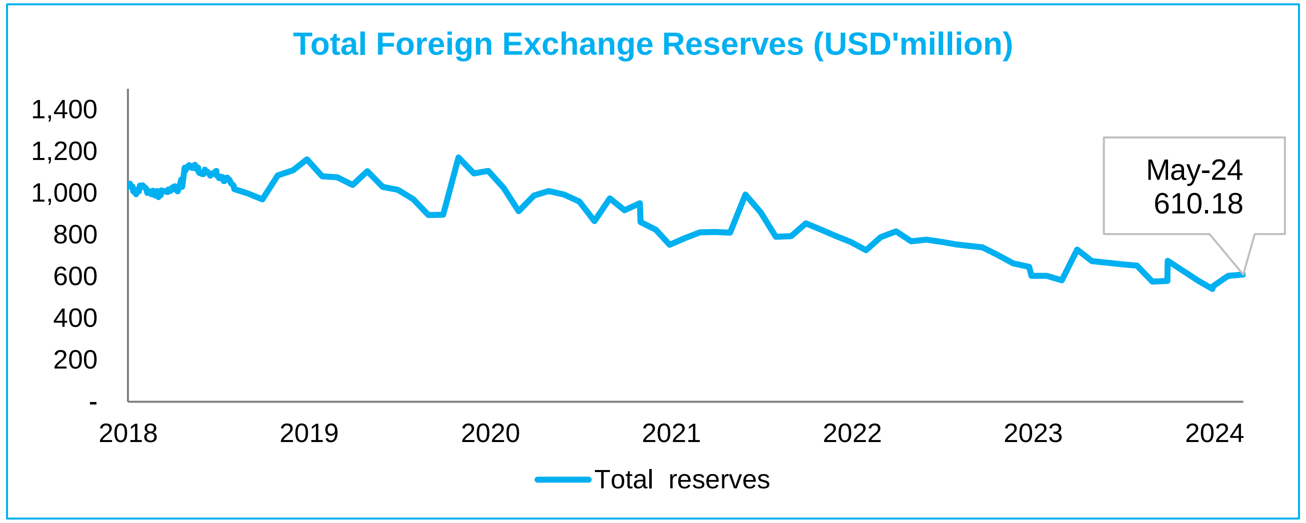
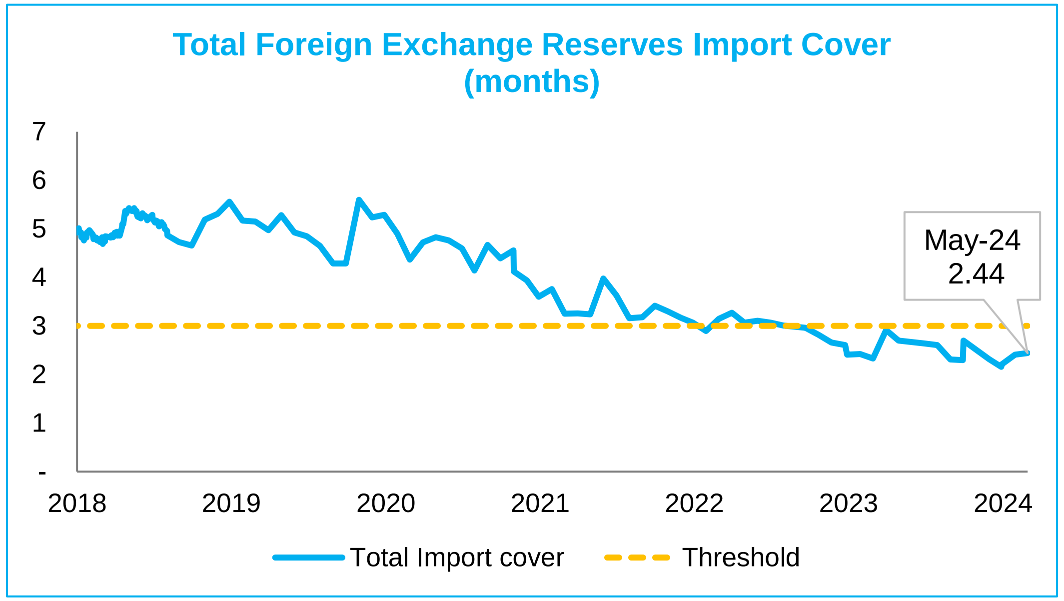
The RBM held foreign exchange auctions on 13 June 2024 and 28 June 2024. The total amount offered and accepted on both days was USD200,000. The RBM disclosed that based on the auction results, the market selling price of the US dollar remains at MK1,751/USD.



Foreign Exchange Reserves Position

As of 31 May 2024, the country's total foreign exchange reserves increased by 1.2% to USD610.18 million from USD603.07 million in April 2024. The import cover increased by 1.2% to 2.44 months in May 2024 from 2.41 months in April 2024. During the same period in the previous year, the total foreign exchange reserves were USD581.72 million.





	May 2024	April 2024	Month-on-month change (%)
Total Reserves (USD'millions)	610.18	603.07	1.2%
Total import cover (months)	2.44	2.41	1.2%

USD – United States Dollar
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.

Economic overview (continued)

Stock Market (Source: MSE)

The MASI year-to-date return was 9.15% in June 2024. It was 75.15% in June 2023.

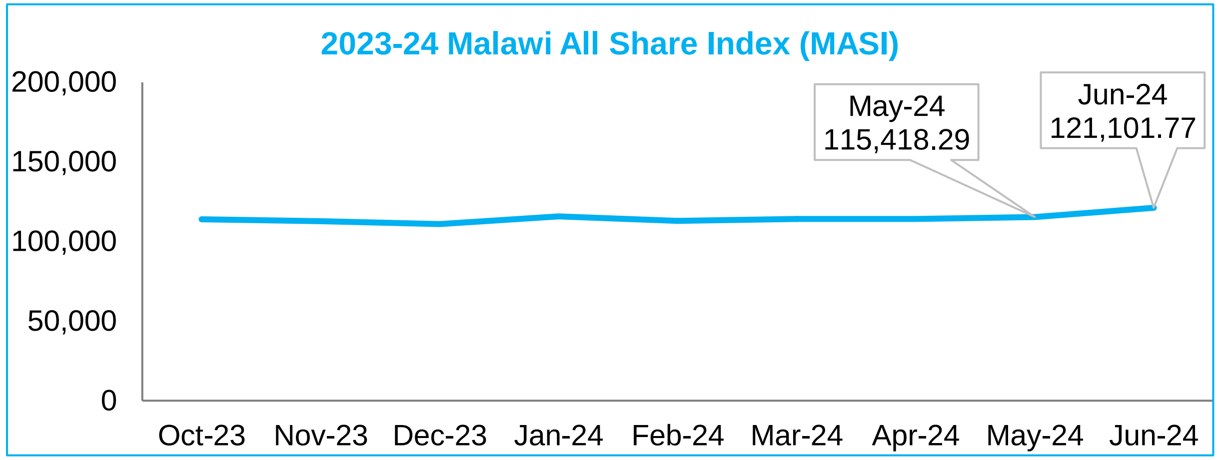
There were share price gains for FDH Bank, NBM, STANDARD and TNM.

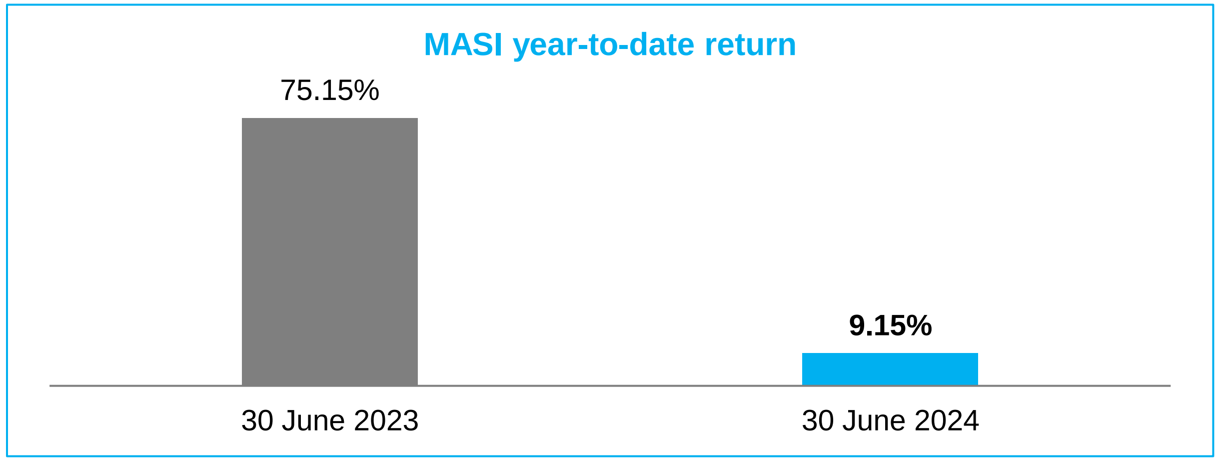
There were share price losses for ICON and AIRTEL.

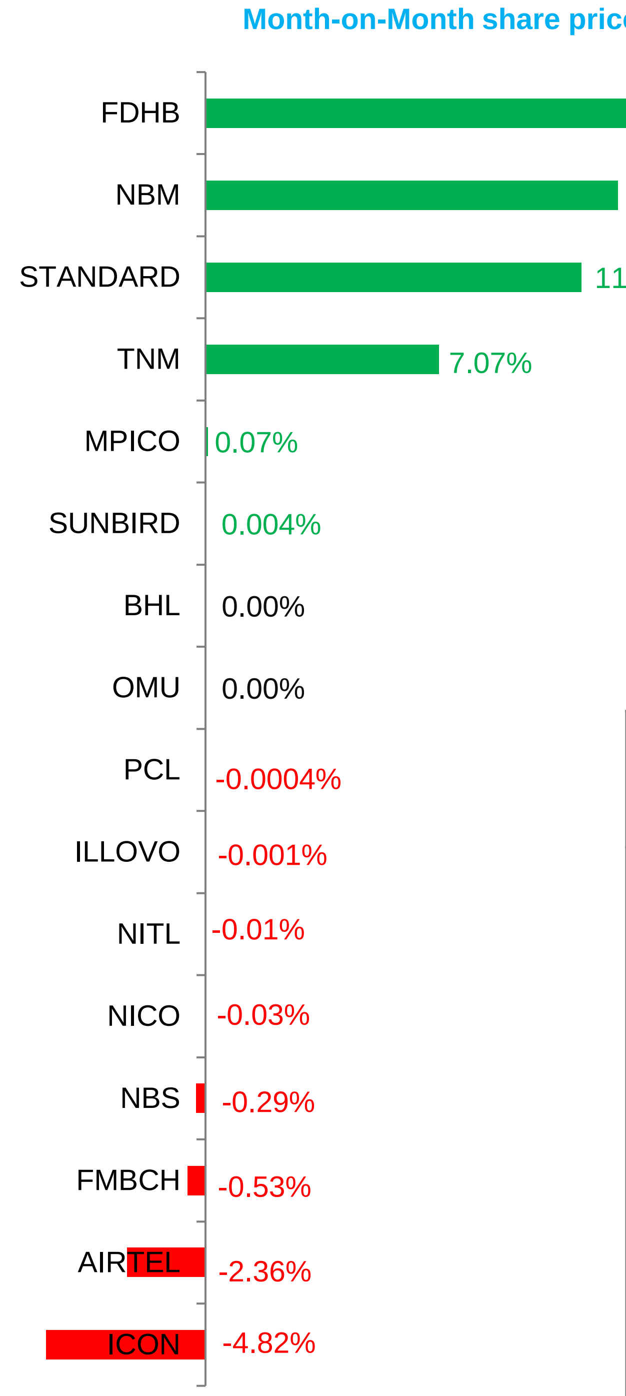
The stock market was bullish as the Malawi All Share Index (MASI) increased to 121,101.77 points in June 2024 from 115,418.29 points in May 2024, representing a 4.92% increase. The MASI year-to-date return was 9.15% in June 2024. It was 75.15% in June 2023.

In June 2024, FDH Bank was the most significant share price gainer as its share price increased by 14.12% to MK85.04 per share from MK74.52 per share in May 2024. There were also share price gains for NBM, STANDARD and TNM by 12.49%, 11.38% and 7.07%, respectively. There were marginal share price gains for MPICO and SUNBIRD.

In June 2024, ICON was the most significant share price loser, as its share price decreased by 4.82% to MK15.98 per share from MK16.79 per share in May 2024. There was also a share price loss for AIRTEL by 2.36%. There were marginal share price losses for FMBCH, NBS, NICO, NITL, ILLOVO, and PCL.







Symbol	Closing prices (MK/share)	
	30 June 2024	31 May 2024
AIRTEL	**50.00**	51.21
BHL	**13.05**	13.05
FDHB	**85.04**	74.52
FMBCH	**377.96**	379.97
ICON	**15.98**	16.79
ILLOVO	**1,355.13**	1,355.14
MPICO	**15.01**	15.00
NBM	**2,700.01**	2,400.19
NBS	**90.53**	90.79
NICO	**199.35**	199.40
NITL	**411.43**	411.47
OMU	**1,500.03**	1,500.03
PCL	**2,506.97**	2,506.98
STANDARD	**4,400.00**	3,950.33
SUNBIRD	**224.01**	224.00
TNM	**16.06**	15.00

Economic overview (continued)

Stock Market (Source: MSE)

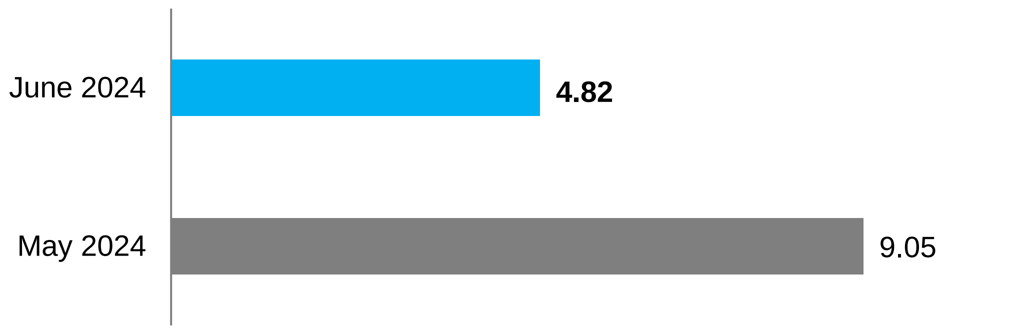
NBM had the highest value of shares traded in June 2024 at MK1.8 billion.

MSE Traded Values

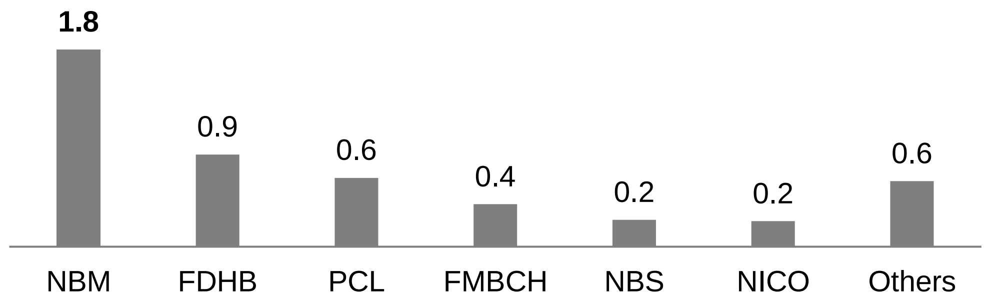
A total of MK4.82 billion worth of shares were traded on the Malawi Stock Exchange (MSE) in June 2024. This represented a decrease of 46.7% from MK9.05 billion shares traded in May 2024. NBM had the highest value of shares traded in June 2024 at MK1.83 billion.

The total number of trades decreased to 916 in June 2024 from 1,046 in May 2024.

Value of shares traded (MK'billion)



Value of shares traded (MK'billion)



Corporate Announcements

Published Financial Half-Year Trading Statements

Counter	30 June 2023 (MK'billions)	30 June 2024 (MK'billions)	Trading statement profit/loss expectation
SUNBIRD	1.6	4.6 – 4.9	190%-210%
NBS	12.2	30.4 – 32.5	149%-166%
NITL	16.49	3.5 – 4.5	(79%-73%)
TNM	0.78	1.8 – 2.0	136%-156%
STANDARD	26.9	39.0 – 43.1	45%-60%
BHL	(0.49)	(0.38 – 0.42)	15%-22%
NICO	30.8	44.0 – 47.5	43%-54%
ICON	6.40	9.0 – 10.0	40%-56%
PCL	34.3	42.0 – 43.8	23%-28%
FDHB	15.0	25.5 - 28.5	70%-90%
ILLOVO*	33.70	22.40	(34.00%)

**: Actual financial half-year results for Illovo. The half-year end is the last day of February*

Dividend announcements

Counter	Dividend type	Proposed/ Declared	Dividend per share (MK)	Ex-dividend date	Last day to register	Payment date
STANDARD	Final	Declared	54.97	3 July 2024	05 July 2024	26 July 2024
MPICO	Final	Declared	0.38	10 July 2024	12 July 2024	26 July 2024
NBM	Final	Declared	49.32	3 July 2024	5 July 2024	26 July 2024
NITL	Final	Proposed	5.00	TBA**	TBA	TBA
NBS	Final	Proposed	0.64	TBA	TBA	TBA
ICON	Final	Proposed	0.14	TBA	TBA	TBA
SUNBIRD	Final	Declared	5.70	TBA	TBA	TBA
PCL	Final	Proposed	37.00	TBA	TBA	TBA
NICO	Final	Proposed	2.00	TBA	TBA	TBA
FMBCH	Final	Declared	0.43 Cents	TBA	TBA	TBA

***: TBA stands for to be announced*

Economic overview (continued)

Government securities (Source: RBM)

The government awarded MK225.23 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in June 2024, an increase of 54.4% from MK145.87 billion awarded in May 2024.

From May 2024 to June 2024, the average TB and TN yields maintained at 20.67% and 31.95%, respectively.

Treasury Bills (TBs)

In June 2024, the government sought to borrow MK63.03 billion through TB auctions. This represents a 9.4% increase from the MK57.60 billion sought in May 2024. Participants applied to place an amount of MK103.52 billion through TB auctions in June 2024. This represents a 295.8% increase from MK26.16 billion applied in May 2024. The government awarded MK103.52 billion in June 2024, a 295.8% increase from MK26.16 billion in May 2024. The TB auctions had a nil rejection rate in June 2024, just as in May 2024.

Treasury Notes (TNs)

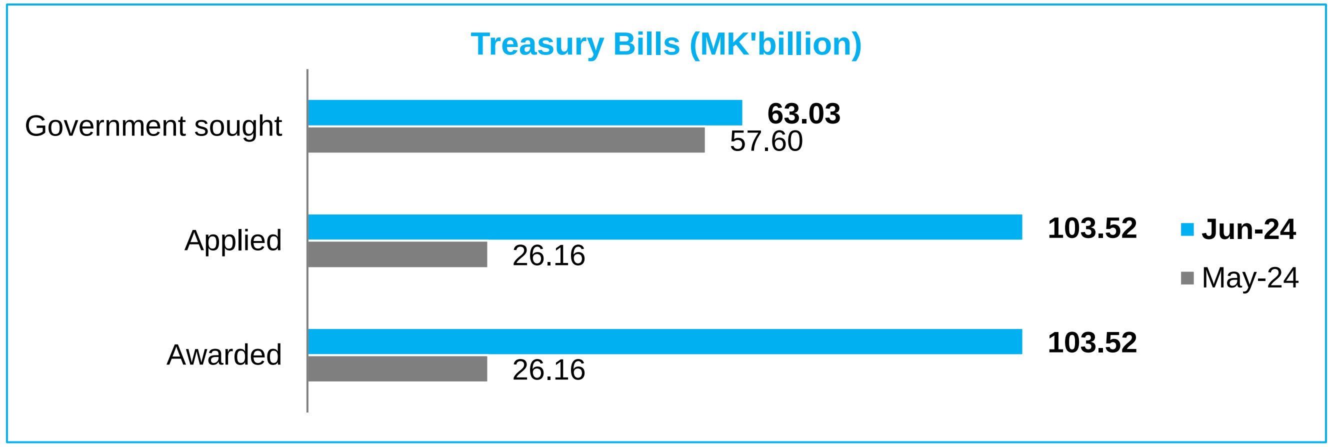
The government sought to borrow MK161.25 billion through TN auctions in June 2024. This represents a 53.4% increase from the MK105.09 billion sought in May 2024. Total participant applications stood at MK121.71 billion in June 2024. This represents a 1.6% increase from MK119.74 billion, which was applied in May 2024. MK121.71 billion was awarded in the TNs auctions in June 2024. This entailed a 1.7% increase from MK119.71 billion, awarded in May 2024. The TN auctions had a nil rejection rate in June 2024 compared to a 0.03% rejection rate in May 2024.

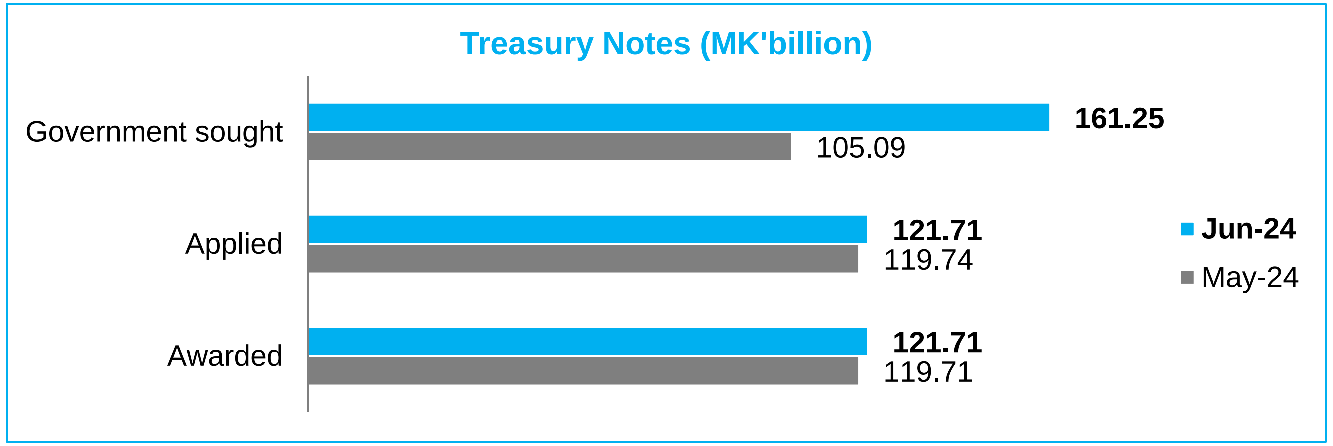
Overall, the government sought to raise MK224.28 billion in TBs and TNs auctions in June 2024. This represents a 37.9% increase from the MK162.69 billion sought in May 2024. MK225.23 billion was awarded, up 54.4% from MK145.87 billion in May 2024.

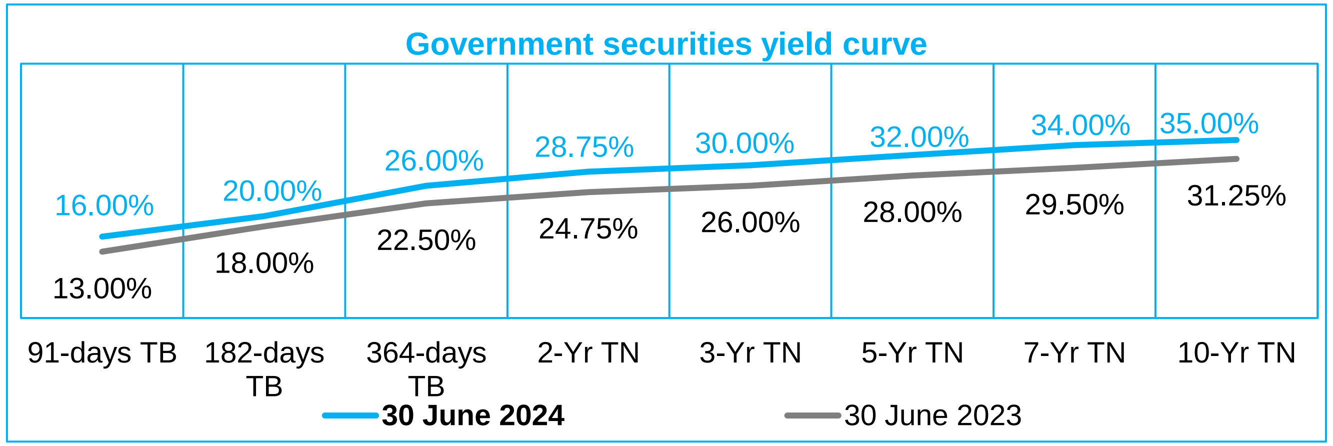
Government Securities Yield Curve

From May 2024 to June 2024, the 91, 182 and 364-day TB yields maintained at 16.00%, 20.00% and 26.00%, respectively. As such, the average TB yield maintained at 20.67% in June 2024. The average TB yield was 17.83% in June 2023.

From May 2024 to June 2024, the yields of 2, 3, 5, 7, and 10-year TNs were 28.75%, 30.00%, 32.00%, 34.00%, and 35.00%, respectively. As a result, the average TN yield maintained at 31.95% in June 2024. The average TN yield was 27.90% in June 2023.







Fiscal and Monetary Policy Developments

The commercial bank reference rate for July 2024 is 25.4%, an increase from 25.1% in June 2024, effective 3 July 2024.

Fiscal Policy (Source: RBM, UNICEF, NBM)

According to UNICEF, the 2024/25 budget is 38.6% higher than the 2023/24 budget, moving from MK4.33 trillion in 2023/24 to MK5.99 trillion in 2024/25. This is primarily due to increased statutory budget lines such as wages and salaries, public debt interest, pensions and gratuities, and development partner expenditures (DI).

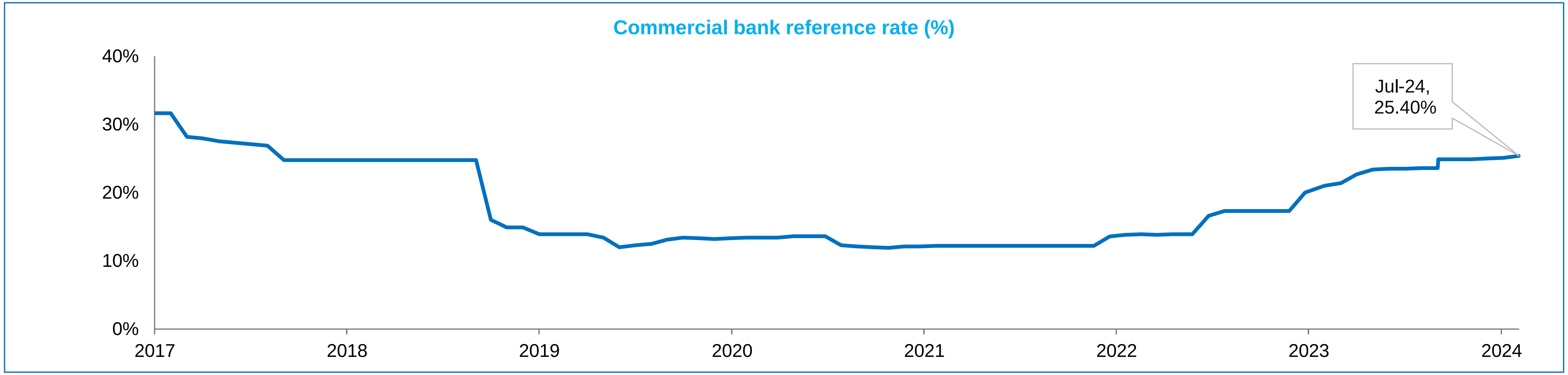
Total revenues and grants for the 2024 - 25 Financial Year (FY) are estimated at MK4.55 trillion (24.3% of nominal GDP), comprising MK3.38 trillion in domestic revenues and MK1.17 trillion in grants. Out of the projected total revenue and grants, tax revenues estimated at MK3.26 trillion represent 71.5%; other revenues estimated at MK126.5 billion represent 0.6%; and grants from development partners estimated at MK1.17 trillion represent 25.6%.

In 2024/25 FY, Government expenditure is estimated at MK5.99 trillion (32% of GDP). This represents an increase of 38.6% from the 2023/24 revised figure of MK4.33 trillion. In addition, the budget deficit is projected at MK1.45 trillion (7.7% of GDP). The deficit will be financed by foreign borrowing amounting to K149.9 billion (earmarked for projects) and domestic borrowing amounting to MK1.30 trillion.

As disclosed in the local debt issuance calendar, the government seeks to raise MK397.4 billion through TN auctions and MK170.6 billion through TB auctions, for a total of MK568.0 billion in the third quarter of 2024.

Monetary Policy (Source: RBM, NBM)

Following the second Monetary Policy Committee (MPC) meeting of 2024 held on 2nd and 3rd May 2024, the MPC resolved to maintain the Policy Rate at 26.0%. The MPC also decided to maintain the Lombard Rate at 20 basis points above the Policy Rate and the Liquidity Reserve Requirement (LRR) ratio on foreign currency deposits at 3.75%. Meanwhile, the LRR ratio on domestic currency deposits increased by 100 basis points to 8.75% from 7.75%. The MPC arrived at this decision after considering the recent deceleration in inflation and its continued downward projected trend in the near term. However, the Committee noted that there are downside risks to the inflation outlook, including the projected lower crop harvest, high money supply growth and higher global oil prices.



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Commodity Market Developments

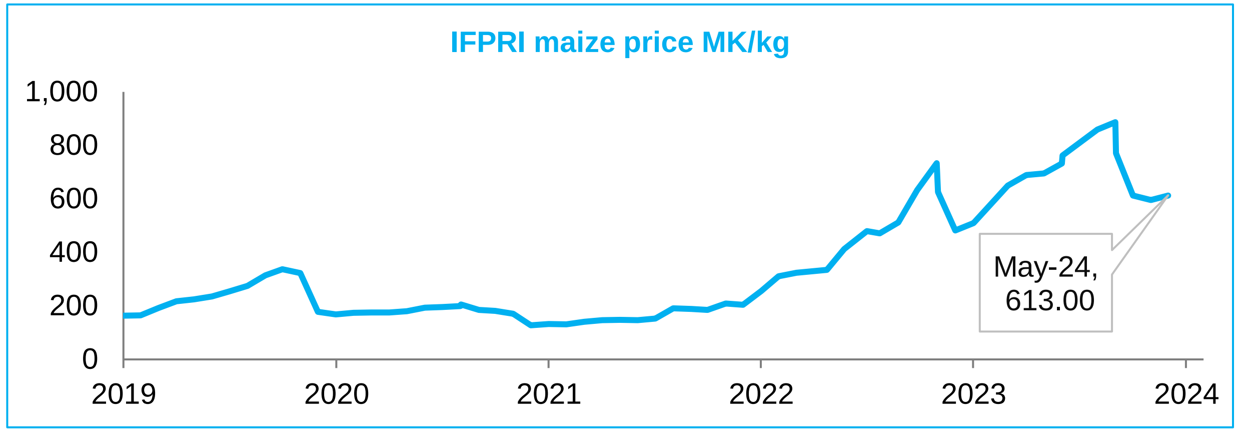
Maize, Oil, and other commodities market developments

The retail maize price increased by 2.9% to MK613/kg in the last week of May 2024 from MK596/kg in April 2024. Year-on-year, it has increased by 27.2%, as it was at MK482/kg in May 2023.

Local Maize Price Developments (Source: IFPRI)

Data from the International Food Policy Research Institute (IFPRI) May 2024 monthly maize market report showed that new maize prices increased by 2.9% to MK613/kg in the last week of May 2024 from MK596/kg in the last week of April 2024. The report further shows that maize prices were highest in the Southern region, followed by the Central region, whilst the Northern region had the lowest prices.

Annual comparisons indicate that the retail maize price has increased by 27.2%, as it was MK482/kg in May 2023.

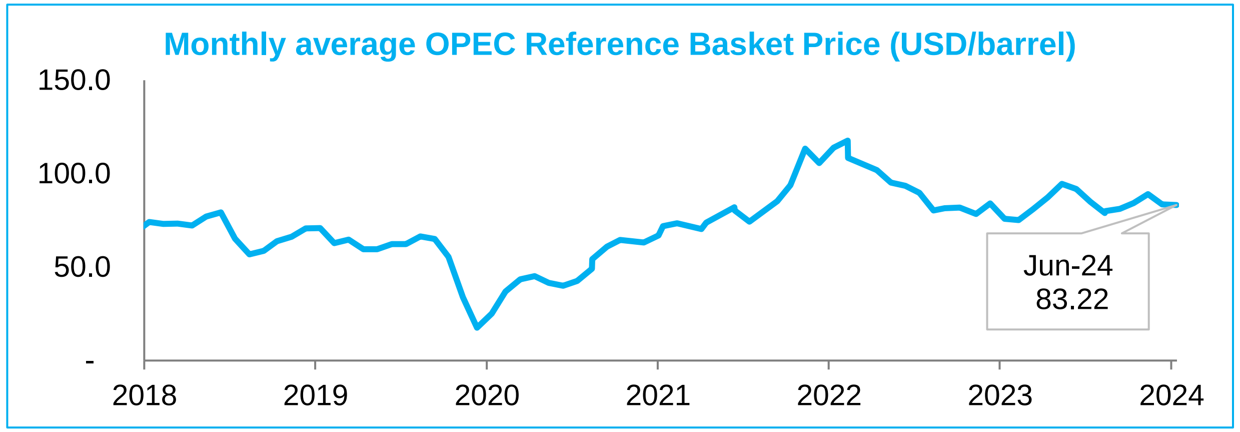


As of 30 June 2024, the cumulative national value of tobacco sold stood at USD327.01 million (approximately MK527 billion), up 35.8% from USD240.75 million (approximately MK421 billion) of value sold during the same period in the previous year.

Global Oil Price Developments (Source: OPEC)

The monthly average OPEC reference basket price decreased to USD83.22/barrel in June 2024 from USD83.59/barrel in May 2024. This represents a decrease of 0.4% month-on-month. Year-on-year, there was a 10.7% increase from an average price of USD75.19 barrel as of June 2023.

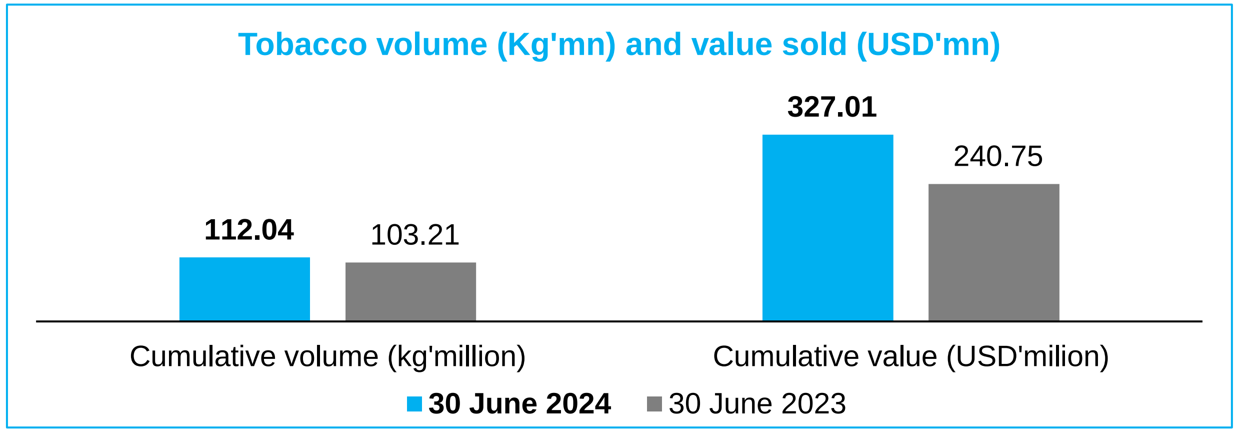
In its June 2024 monthly report, OPEC maintained its 2024 world oil demand growth forecast at 2.2 mb/d. The oil demand of the Organization for Economic Co-operation and Development (OECD) is expected to grow by 0.2 mb/d, while the non-OECD's oil demand growth is expected to be about 2.0 mb/d. Total world oil demand is anticipated to reach 104.5 mb/d in 2024, bolstered by strong demand for air travel and healthy road mobility, including trucking. Support is also expected from industrial, construction and agricultural activities in non-OECD countries. Similarly, petrochemical capacity additions in non-OECD countries, mostly in China and the Middle East, are expected to contribute to oil demand growth.



As of 30 June 2024, the average price in the 2024 tobacco selling season was USD2.92/Kg, an increase of 25.3% from USD2.33/Kg during the same period in the previous year.

Tobacco Auction Developments (Source: AHL)

According to Auction Holdings Limited (AHL) Tobacco Sales data, as of 30 June 2024, 112.04 million kgs of tobacco were sold at an average price of USD2.92/Kg in the 2024 selling season. During the same period in the previous year, 103.21 million kgs were sold at an average price of USD2.33/Kg. The cumulative national value of tobacco sold stood at USD327.01 million (approximately MK527 billion), up 35.8% from US240.75 million (approximately MK421 billion) sold during the same period in the previous year.



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An Overview of the Global Economic Prospects June 2024 by the World Bank

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Introduction

According to the World Bank's latest analysis, global real GDP growth is projected to stabilize at 2.6% in the current year, marking the first steady year in three despite geopolitical tensions and high interest rates.

According to the World Bank's latest analysis, global real GDP growth is projected to stabilize at 2.6% in the current year, marking the first time in three years holding steady despite geopolitical tensions and high interest rates. Growth is anticipated to marginally increase to 2.7% by 2025-26, though it remains below the average pace observed from 2010-19. Inflation is expected to moderate to 3.5% but poses ongoing risks, influencing cautious monetary policies globally with interest rates remaining elevated.

Regionally, emerging market and developing economies (EMDEs) face varying growth trajectories, with vulnerable economies struggling to recover to pre-pandemic levels. Geopolitical tensions and trade fragmentation continue to pose significant risks, impacting global economic stability. The World Bank emphasizes the importance of safeguarding trade, supporting green and digital transitions, and addressing debt sustainability and food security issues globally.

At the national level, the World Bank recommends EMDEs focus on maintaining price stability, managing high debt levels sustainably, and implementing structural reforms to boost productivity and gender equality. Public investment is highlighted as a crucial lever for economic growth, particularly in EMDEs, with potential to significantly increase output if managed efficiently. The World Bank also underscores the fiscal challenges faced by small states, exacerbated by climate change-related disasters, calling for comprehensive fiscal reforms and increased global support.

1. Global Outlook

According to the World Bank, the global economy is currently stabilizing following a series of negative shocks. Global growth is expected to maintain a steady pace of 2.6% this year, despite ongoing geopolitical tensions and elevated interest rates. Looking ahead, growth is anticipated to slightly increase to 2.7% by 2025-26, driven by modest expansions in trade and investment. However, this growth trajectory remains below the average observed from 2010-19.

Global inflation is projected to moderate, albeit at a slower rate than previously assumed, averaging 3.5% this year. The World Bank notes that central banks in both advanced economies and EMDEs are likely to exercise caution in easing monetary policy, resulting in markedly higher interest rates compared to pre-pandemic levels, which are expected to persist for an extended period.

Despite some improvements, the World Bank emphasizes that the global economic outlook remains subdued. Over the forecast horizon, global growth is anticipated to lag nearly half a percentage point below its 2010-19 average, affecting economies representing over 80% of the global population. EMDE growth is forecasted to moderate from 4.2% in 2023 to 4% in 2024. Particularly in vulnerable economies, which are grappling with heightened conflict and violence, prospects remain bleak, with more than half of fragile and conflict-affected economies projected to be poorer in 2024 compared to pre-pandemic levels.

The World Bank underscores that risks, although more balanced, remain tilted to the downside. Escalating geopolitical tensions has the potential to lead to volatile commodity prices, while elevated trade policy uncertainty poses additional risks to global trade networks. In addition, persistent inflation could prolong higher interest rates, unforeseen weaker economic activity in major economies, and climate change-related disasters present further challenges.

Given this backdrop, the World Bank stresses the critical role of policymakers in addressing these formidable challenges. Global efforts are needed to safeguard trade, support transitions to green and digital economies, deliver debt relief, and enhance food security. The World Bank also highlights the necessity for EMDE monetary policies to maintain a focus on price stability amidst persistent inflation risks. Moreover, managing high debt levels and servicing costs will require EMDE policymakers to carefully balance investment needs with fiscal sustainability. And lastly, to foster long-term growth and development through structural policies that boost productivity and improve public investment and efficiency.

2. Regional Outlooks

2.1 East Asia and Pacific

The World Bank states that growth in the East Asia and Pacific (EAP) region is expected to decelerate from 5.1% in 2023 to 4.8% in 2024, primarily due to a slowdown in China's economic activity. Excluding China, the region is forecasted to see growth increase to 4.6% this year, supported by a recovery in global trade.

Looking ahead, growth in EAP is projected to continue moderating, reaching 4.2% in 2025 and 4.1% in 2026. This trajectory reflects a further slowdown in China, offsetting modest improvements elsewhere in the region. The World Bank notes that while risks to the outlook have somewhat balanced compared to earlier in the year, they still lean towards the downside.

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According to the World Bank, growth in the South Asia (SAR) region is expected to decelerate from 6.6% in 2023 to 6.2% in 2024, primarily due to a moderation in India's growth following several years of robust expansion.

Key risks highlighted include escalating conflicts, heightened geopolitical tensions globally, increased trade policy fragmentation, and the potential for a sharper-than-expected slowdown in China, which could have adverse spillover effects across the broader EAP region. Tighter global financial conditions and climate-related natural disasters are additional factors posing downside risks.

Conversely, faster-than-anticipated growth in the United States could provide positive spillover effects, boosting regional economic activity. These dynamics underscore the complex and interconnected nature of economic growth in the EAP region amidst evolving global uncertainties.

2.2 Europe and Central Asia

Growth in Europe and Central Asia (ECA) is expected to soften to 3.0% in the current year from 3.2% in 2023 and further to 2.9% in 2025. The projected slowdown in 2024 is largely attributed to decelerations in key economies such as the Russian Federation and Türkiye. Excluding these economies and Ukraine, however, growth is anticipated to strengthen this year and next, supported by easing inflation, reductions in monetary policy rates, and increased exports, particularly to the euro area.

The World Bank highlights that geopolitical developments, particularly those related to Russia's invasion of Ukraine and conflicts in the Middle East, pose significant downside risks to the region's growth outlook. Uncertainty surrounding economic policies is also expected to remain elevated, further complicating the economic landscape. While the risks of higher-than-expected inflation have somewhat decreased, the World Bank warns of potential upward pressure on commodity prices or wages and new episodes of financial strains, which could impact the region's economic stability.

2.3 Latin America and the Caribbean

According to the World Bank, growth in Latin America and the Caribbean (LAC) is expected to decelerate from 2.2% in 2023 to 1.8% in 2024, followed by a pickup to 2.7% in 2025. This downward revision for 2024, compared to earlier forecasts, is primarily due to a significant contraction expected in Argentina this year, with growth anticipated to resume in the following year.

The World Bank emphasizes that risks to the growth outlook for LAC are tilted to the downside. Factors such as tighter global financial conditions and high levels of local debt could dampen private demand and necessitate accelerated fiscal consolidation across the region.

Additionally, a potential further slowdown in China could negatively impact LAC's exports, particularly from South America. Extreme weather events linked to climate change are also identified as substantial downside risks. Conversely, stronger-than-expected economic activity in the United States could provide positive spillovers, bolstering growth prospects, particularly in Central America and the Caribbean.

2.4 Middle East and North Africa

Growth in the Middle East and North Africa (MNA) region is forecasted to rebound from 1.5% in 2023 to 2.8% in 2024 and further to 4.2% in 2025, driven primarily by a gradual recovery in oil production. However, the outlook for 2024 has weakened compared to earlier projections, influenced by extended voluntary cuts in oil production and ongoing conflicts in the region, particularly centered around Gaza.

The World Bank identifies several downside risks to the growth outlook for MNA. These include potential escalations of armed conflicts, heightened local violence and social tensions, sudden tightening in global financial conditions, and increased frequency or severity of natural disasters. Additionally, weaker-than-expected growth in China could further undermine economic stability in the region. Conversely, stronger-than-anticipated economic activity in the United States and its spillover effects present significant upside risks to the region's economic outlook.

2.5 South Asia

Growth in the South Asia (SAR) region is expected to decelerate from 6.6% in 2023 to 6.2% in 2024, primarily due to a moderation in India's growth following several years of robust expansion. Regional growth is projected to remain steady at 6.2% in 2025-26, supported by continued growth in India. In addition to India, Bangladesh is anticipated to maintain robust growth, albeit at a slower pace compared to previous years. At the same time, Pakistan and Sri Lanka are expected to see strengthening growth trends.

Despite these positive indicators, the World Bank identifies several downside risks to the growth outlook for SAR. These include disruptions in commodity markets resulting from escalated armed conflicts, potential abrupt fiscal consolidations, financial instability linked to banks' exposure to sovereign borrowers, and increased frequency or severity of extreme weather events. Moreover, slower-than-expected growth in major economies such as China and Europe could dampen regional growth prospects. Conversely, stronger-than-expected economic activity in the United States and faster-than-anticipated global disinflation are cited as potential upside risks to the forecast, which could bolster economic prospects in the SAR region.

According to the World Bank, Sub-Saharan Africa (SSA) growth slowed to 3% in 2023. The region's largest economies—Angola, Nigeria, and South Africa—experienced weak economic performance, which hindered overall growth.

In the World Bank's view, Sub-Saharan Africa (SSA) growth is forecasted to increase from 3% in 2023 to 3.5% in 2024 and around 4% annually from 2025 to 2026.

2.6 Sub-Saharan Africa

Recent Developments

According to the World Bank, growth in Sub-Saharan Africa (SSA) slowed to 3% in 2023. The region's largest economies—Angola, Nigeria, and South Africa—experienced weak economic performance, which hindered overall growth. In early 2024, there was a pickup in private sector activity driven by a strengthening global economy. The World Bank reports that despite these improvements, many economies in SSA continue to face challenges, such as weak government finances stemming from low revenue collection and high debt-service costs. Currency depreciations have further exacerbated economic difficulties in some countries.

Inflation trends, which showed a decrease through 2023, saw a rise in early 2024, mainly driven by food price inflation across several larger economies in SSA, including Angola, Ethiopia, Ghana, and Nigeria. In response, some countries have opted to raise interest rates to manage inflationary pressures. Food insecurity remains a critical concern in the region, affecting an estimated 135 million people in 2024 due to prolonged droughts in East Africa, floods in Southern Africa, and conflicts in the Sahel zone and the Horn of Africa.

According to the World Bank, Nigeria's economic growth slowed to 2.9% in 2023 despite ongoing macroeconomic adjustments. The country's central bank took substantial measures to tighten its monetary policy stance to combat inflation, which exceeded 30% year-on-year in early 2024.

South Africa's economic growth weakened to 0.6% in 2023, with subdued economic activity continuing into early 2024. Challenges include electricity supply shortages, transport bottlenecks, and high crime rates, which have hindered public service delivery and constrained household consumption and investment, as reported by the World Bank in 2023. Angola experienced a growth slowdown to 0.9% in 2023 due to declining oil production and sluggishness in non-oil sectors. However, there were signs of improvement in oil production in early 2024 despite rising inflation, particularly in food prices.

In contrast, non-resource-rich countries in SSA experienced stronger growth of 5.7% in 2023, driven by good harvests and growth in the service sector in Ethiopia and a rebound in the agricultural sector in Kenya following drought conditions. Uganda benefited from an oil-related construction boom and increased foreign direct investment, supporting growth in the industrial sector. However, challenges persisted in industrial-commodity exporters outside the largest economies, with growth slowing to 2.1% in 2023 due to lower metal prices. Zambia faced economic challenges from a major cholera outbreak and drought conditions, while Ghana's economic activity remained subdued due to fiscal consolidation and high inflation.

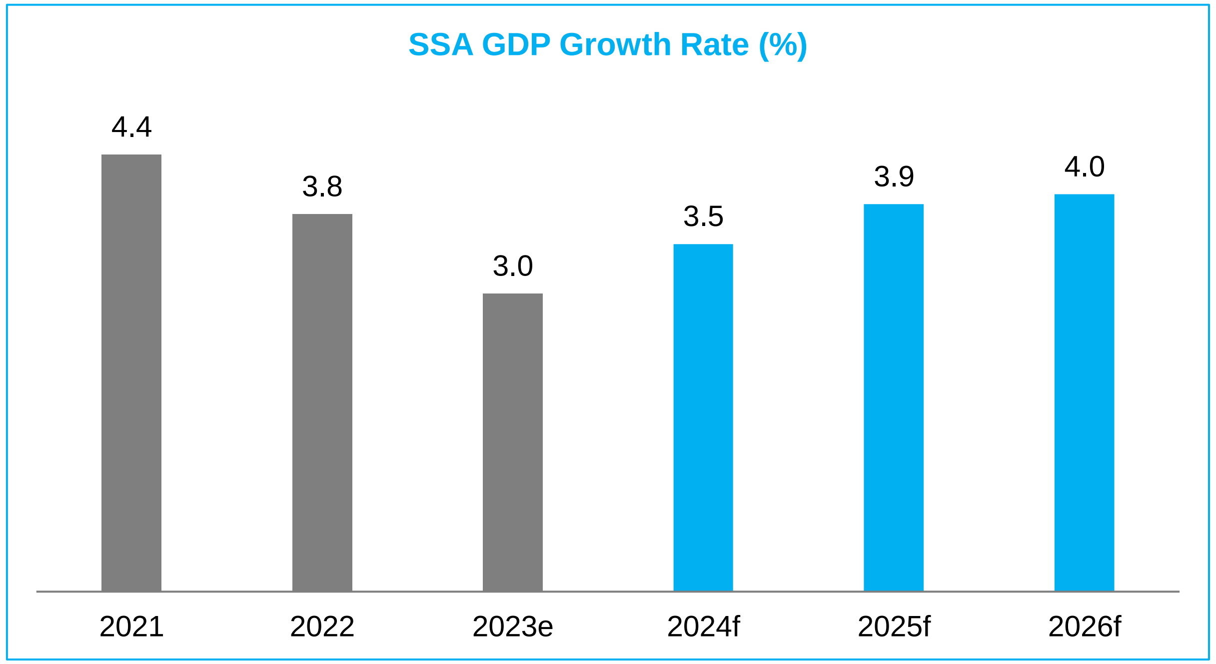
Outlook

In the World Bank's view, growth in Sub-Saharan Africa (SSA) is forecasted to increase from 3% in 2023 to 3.5% in 2024 and around 4% annually from 2025 to 2026. This improvement is expected as inflationary pressures ease, allowing for interest rate cuts that will stimulate private consumption and investment.

The World Bank notes that growth in the region's three largest economies—Nigeria, South Africa, and Angola—is projected to accelerate, reaching 2.4% in 2024 and averaging 2.6% from 2025 to 2026. However, this growth rate remains below historical averages. Non-resource-rich economies are anticipated to sustain growth rates above historical norms, while resource-rich economies are set to recover from slower growth in 2023, particularly as metal prices stabilize.

Revisions to regional growth projections by the World Bank indicate a downward adjustment of 0.3 percentage points for 2024 and 0.2 percentage points for 2025 compared to earlier forecasts. This downward revision primarily affects metal exporters, many of which are fragile states impacted by the ongoing slowdown in China.

In Nigeria, the World Bank forecasts growth to increase to 3.3% in 2024 and 3.5% in 2025, driven by gradual improvements in economic conditions following macroeconomic reforms. Risks to Nigeria's growth outlook include challenges in monetary policy effectiveness in curbing inflation.



An Overview of the Global Economic Prospects June 2024 by the World Bank (continued)

According to the World Bank, climate change poses long-term risks to SSA's agricultural sector, potentially reducing crop yields and exports due to rising temperatures.

South Africa's growth is projected to rise modestly to 1.2% in 2024 and 1.3% in 2025, constrained by persistent structural challenges in energy supply and public sector finances. Inflation is expected to decline gradually, easing cost-of-living pressures and supporting private consumption, despite ongoing fiscal pressures. Angola is expected to see growth recover to 2.9% in 2024 and 2.6% in 2025, primarily driven by improvements in the non-oil sector. However, per capita income is forecasted to decline due to population growth outpacing economic growth. Inflationary pressures are projected to persist in 2024, driven by rising food prices and fuel subsidy reforms.

Growth prospects for industrial-commodity exporters, excluding the three largest economies, are optimistic with an expected increase from 2.1% in 2023 to 3.1% in 2024 and 4.0% in 2025, supported by moderating inflation and improvements in non-mining sectors. Non-resource-rich countries in SSA are expected to maintain stable growth at 5.7% in 2024, rising to 6% in 2025, driven by declining energy and fertilizer prices. Countries like Ethiopia, Tanzania, and Kenya are anticipated to see robust growth due to structural reforms and improved business climates.

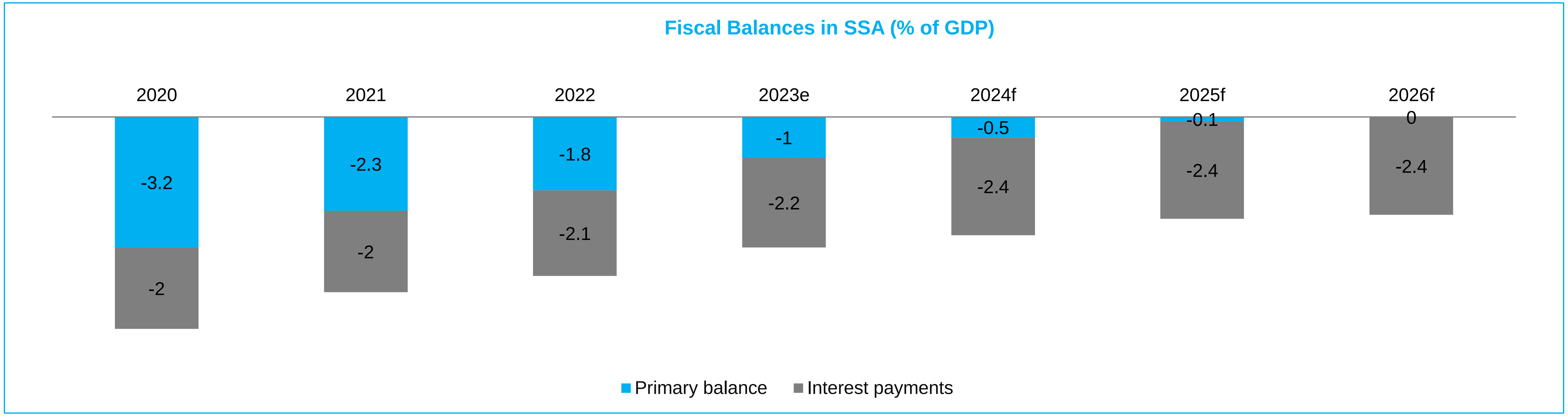
Despite these positive developments, the World Bank highlights significant challenges including limited fiscal space due to high public debt and rising debt-service costs. Government interest payments in SSA are projected to increase to 2.4% of GDP by 2024-25, underscoring the need for fiscal consolidation to stabilize debt-to-GDP ratios amidst reduced donor support and shrinking foreign exchange reserves.

Risks

According to the World Bank, the economic outlook for Sub-Saharan Africa (SSA) faces significant downside risks. These risks include escalating global geopolitical tensions, particularly conflicts in the Middle East, which could destabilize regional political stability further. The region is vulnerable to adverse weather events such as droughts and floods, exacerbating food insecurity and poverty, especially in countries like those in the Sahel region and the Democratic Republic of Congo.

Persistent inflationary pressures, potentially driven by disruptions in food supply chains due to conflicts, pose additional risks. A sustained spike in oil prices resulting from Middle East conflicts could further complicate efforts to control inflation. Climate change poses long-term risks to SSA's agricultural sector, potentially reducing crop yields and exports due to rising temperatures. Furthermore, a sharper-than-expected economic slowdown in China could adversely affect SSA economies heavily reliant on exporting minerals and metals to China. This scenario could diminish both demand and prices for these commodities, undermining economic growth prospects.

The region's elevated public debt levels, exacerbated by increased debt-servicing costs following pandemic-era monetary tightening, present substantial challenges. Limited access to external financing at favorable rates further complicates the situation, potentially increasing the risk of government debt distress.



e= estimate, f = forecast

An Overview of the Global Economic Prospects June 2024 by World Bank (continued)

According to analyses by the World Bank, a significant acceleration in investment is essential if EMDEs are to achieve key development goals and tackle the challenges associated with climate change.

3. Harnessing the Benefits of Public Investment

According to analyses by the World Bank, a significant acceleration in investment is essential if the emerging market and developing economies (EMDEs) are to achieve key development goals and tackle the challenges associated with climate change. Investment—public as well as private—tends to fuel a virtuous cycle of development, boosting growth, improving productivity, and reducing poverty.

In EMDEs, however, investment growth has seen a sustained slowdown since the global financial crisis and is expected to remain weak in the coming years, as reported by the World Bank. Policy action is necessary to reverse this trend. Public investment averages about one-quarter of total investment in the median EMDE—a modest share. Yet it can be a powerful policy lever to help ignite growth, including by helping to catalyze private investment.

The World Bank's assessment indicates that public investment in these economies has experienced a historic slowdown in the past decade. In EMDEs with ample fiscal space and a record of efficient government spending, on average, scaling up public investment by 1% of GDP can increase output by up to 1.6% over five years. Public investment also crowds in private investment and boosts productivity, promoting long-run economic growth in these economies.

To maximize the impact of public investment, the World Bank suggests that EMDEs undertake wide-ranging policy reforms to improve public investment efficiency—by, among other things, strengthening governance and fiscal administration—and creating fiscal space through revenue and expenditure measures. According to the World Bank, the global community can play an important role in facilitating these reforms—particularly in lower-income developing countries—through financial support and technical assistance.

4. Fiscal Challenges in Small States

Weathering Storms, Rebuilding Resilience

The COVID-19 pandemic and subsequent global shocks have exacerbated fiscal and debt challenges in small states, intensifying their already significant fiscal pressures—particularly in managing frequent climate change-related natural disasters. According to analysis from the World Bank, 40% of the 35 EMDEs that are small states are either at high risk of debt distress or already experiencing it, which is approximately twice the proportion compared to other EMDEs.

The World Bank notes that larger fiscal deficits observed since the pandemic primarily result from increased expenditures to support households and businesses and weaker revenue generation.

To enhance fiscal sustainability and resilience against future shocks, small states must strike a delicate balance between maintaining adequate fiscal buffers and increasing investments in human capital and infrastructure resilient to climate change.

Comprehensive fiscal reforms are deemed crucial by the World Bank. Firstly, small states should seek to stabilize their revenues, which often stem from volatile and unreliable sources, by transitioning to a more stable and secure tax base. Secondly, there is a pressing need to enhance spending efficiency, particularly in areas such as transfers to public enterprises, subsidies, and the public wage bill.

Moreover, the World Bank recommends reforms to fiscal frameworks, advocating for better utilization of fiscal rules and sovereign wealth funds to support long-term fiscal stability. Lastly, to assist small states in maintaining sustainable fiscal paths, coordinated and targeted global policies are essential. These policies, supported by the international community, can aid in enhancing fiscal policy management, providing technical assistance, addressing debt challenges, and mobilizing funding for small states to invest in climate resilience and other critical areas.

Appendices

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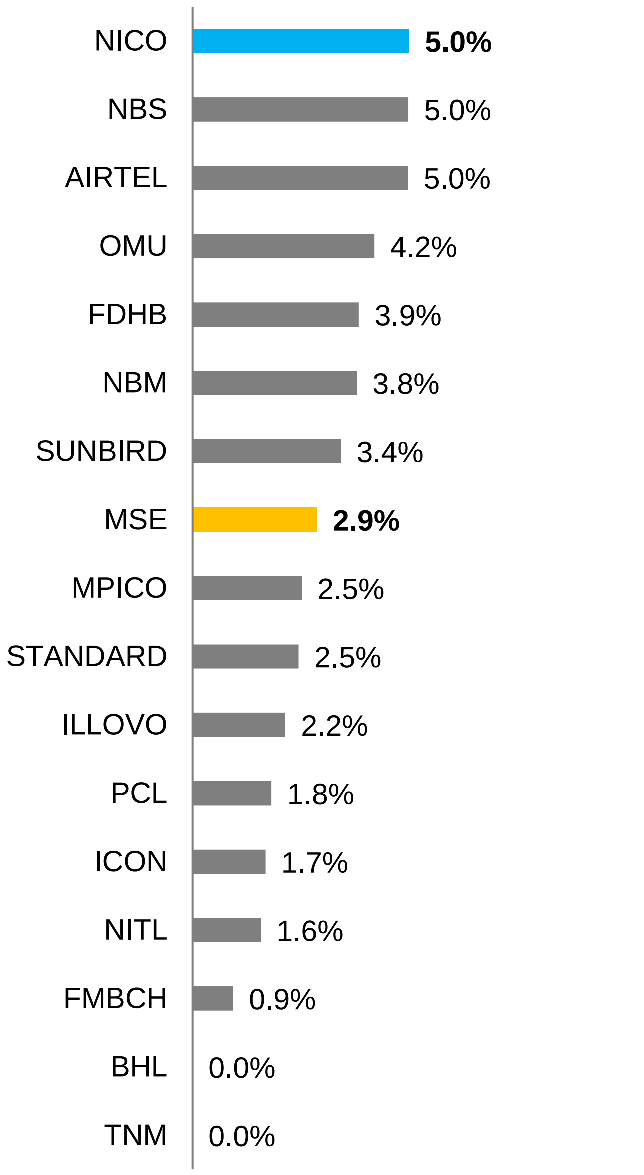
Appendix 1: Historical Monthly Economic Indicators

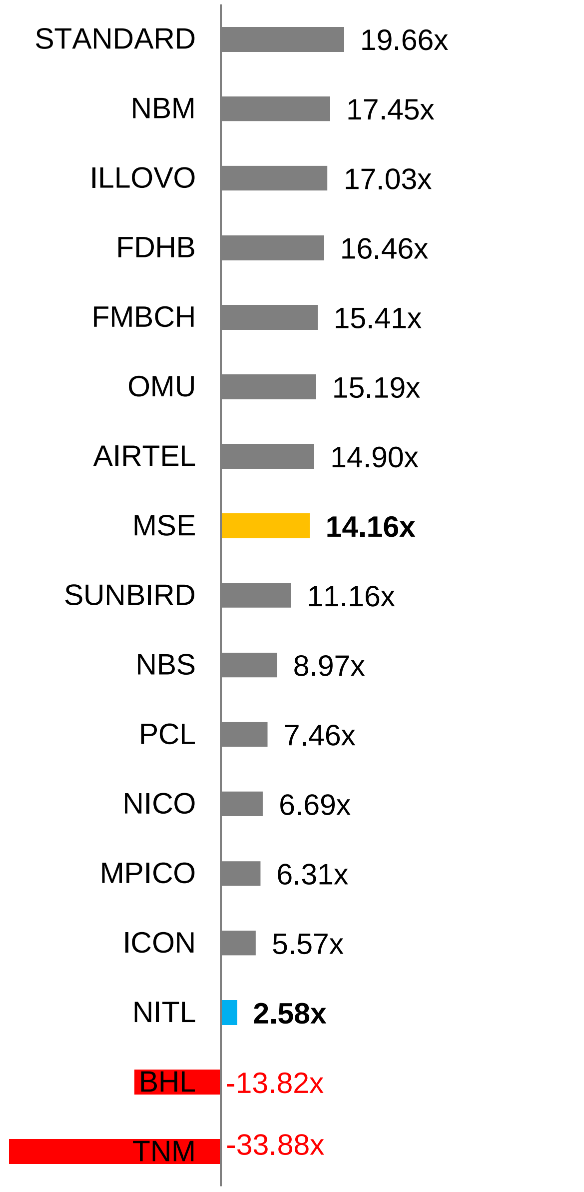
	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Exchange rates (middle rates)													
MK/USD	1,058.82	1.061.67	1,094.74	1,126.50	1,179.83	1,699.31	1,683.37	1,697.80	1,698.50	1,750.38	1,745.70	1,750.76	**1,749.51**
MK/GBP	1,377.77	1,400.92	1,429.20	1,412.17	1,473.63	2,219.25	2,212.41	2,221.35	2,217.83	2,268.77	2,256.81	2,285.22	**2,274.74**
MK/EUR	1,183.15	1,203.76	1,226.61	1,225.22	1,285.81	1,907.62	1,918.18	1,888.43	1,887.38	1,949.34	1,922.25	1,951.14	**1,922.54**
MK/ZAR	57.92	61.70	60.02	60.67	63.95	92.72	94.17	92.94	90.38	94.64	95.40	95.89	**96.89**
Foreign Exchange Reserves													
Gross Official Reserves (USD'mn)	321.53	267.91	239.56	242.68	179.33	165.20	242.58	178.06	143.60	N/A	N/A	N/A	**N/A**
Private Sector Reserves (USD'mn)	407.47	406.63	419.35	409.46	396.88	413.20	433.01	401.88	396.72	N/A	N/A	N/A	**N/A**
Total reserves (USD'mn)	729.00	674.54	658.91	652.14	576.21	578.40	675.59	579.94	540.32	552.94	603.07	610.18	**N/A**
Gross Official Reserves Import cover (months)	1.29	1.07	0.96	0.97	0.72	0.66	0.97	0.71	0.57	N/A	N/A	N/A	**N/A**
Inflation													
Headline	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	**N/A**
Food	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	**N/A**
Non-food	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	**N/A**
Interest Rates													
Monetary Policy Rate	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	**26.00%**
Average Interbank Rate	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.48%	22.55%	23.41%	**24.17%**
Lombard Rate	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	26.20%	26.20%	26.20%	26.20%	**26.20%**
Commercial Bank Reference Rate	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%	23.60%	23.60%	24.90%	24.90%	24.90%	25.00%	**25.10%**
Government Securities Yields													
91-days Treasury Bill	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%	16.00%	16.00%	16.00%	16.00%	**16.00%**
182-days Treasury Bill	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	20.00%	20.00%	20.00%	20.00%	**20.00%**
364-days Treasury Bill	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	**26.00%**
2-year Treasury Note	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%	26.75%	26.75%	28.75%	28.75%	28.75%	28.75%	**28.75%**
3-year Treasury Note	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	**30.00%**
5-year Treasury Note	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	32.00%	32.00%	32.00%	32.00%	**32.00%**
7-year Treasury Note	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%	32.00%	32.00%	34.00%	34.00%	34.00%	34.00%	**34.00%**
10-year Treasury Note	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%	33.00%	33.00%	35.00%	35.00%	35.00%	35.00%	**35.00%**
Stock Market Indices													
MASI	108,656.97	112,492.50	119,077.99	118,426.19	113,969.91	112,790.18	110,951.21	115,670.54	113,039.66	114,236.98	114,228.31	115,418.29	**121,101.77**
DSI	87,071.03	88,364.93	90,336.93	89,173.86	89,656.70	88,577.93	86,359.68	86,383.46	84,454.87	86,761.71	86,753.99	87,814.00	**92,949.19**
FSI	12,297.19	14,982.64	19,947.76	20,692.42	15,011.81	15,048.88	15,792.06	21,124.59	20,597.92	19,012.48	19,012.49	19,011.00	**18,911.41**

Appendix 2: Selected stock market statistics as of 30 June 2024

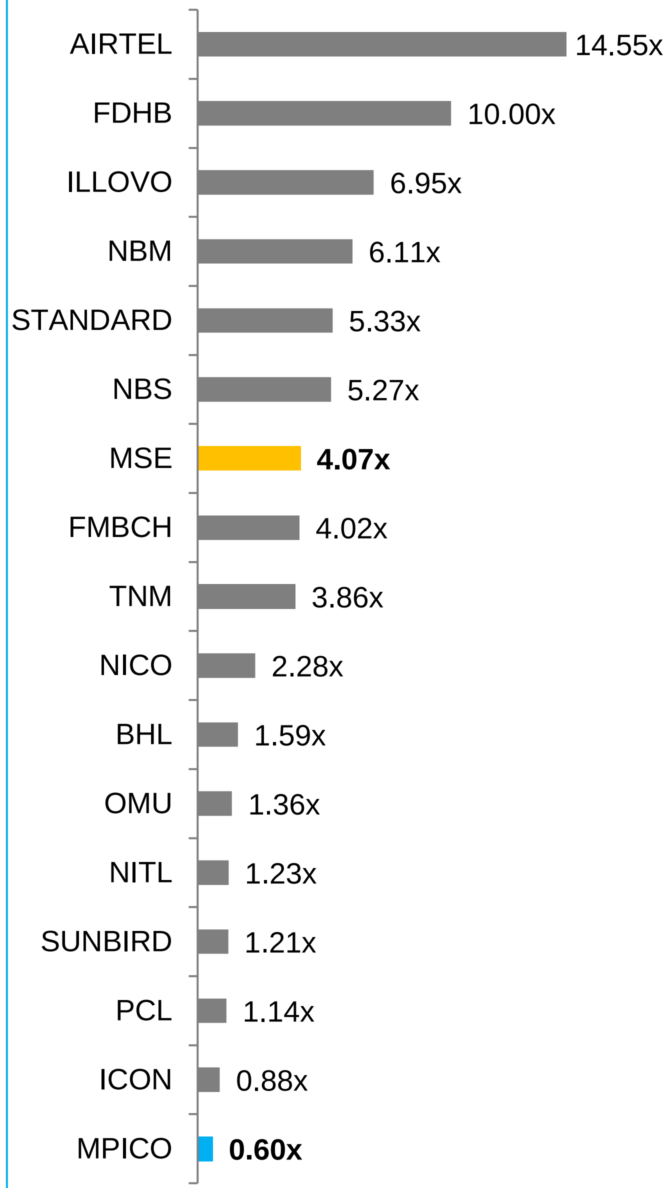
Dividend Yield (%) - the weighted average dividend yield on the MSE was 2.9% in June 2024. The counter with the highest dividend yield was NICO at 5.0%.



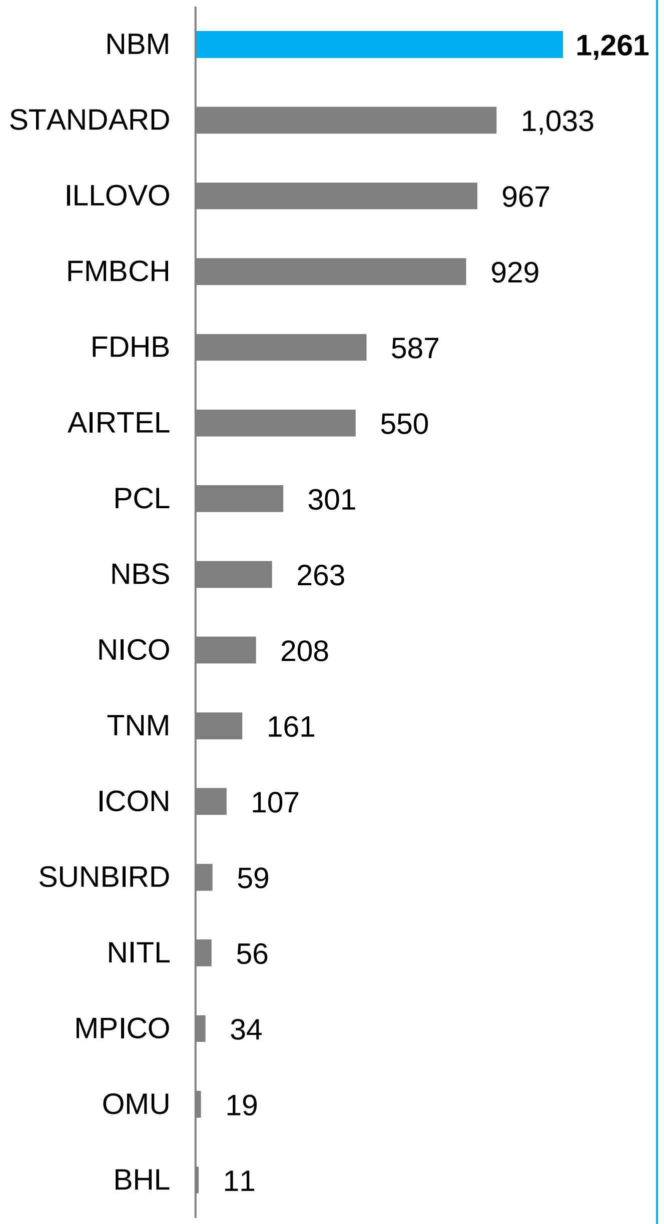
P/E Ratio - the weighted average price to earnings ratio on the MSE was 14.16x in June 2024. The counter with the lowest positive ratio was NITL at 2.58x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 4.07x in June 2024. The counter with the lowest ratio was MPICO at 0.60x.



Market Capitalization (MK'billion) – NBM had the highest market capitalization at MK1.26 trillion in June 2024.



Appendix 3: IMF and World Bank Projections

IMF projections

Annual percentage change (unless otherwise indicated)	2022	2023	2024	2025	2026
GDP at constant market prices	0.8	1.6	2.0	3.8	4.3
Nominal GDP (trillions of kwacha)	11.8	15.4	19.9	23.5	26.3
Consumer Prices (annual average)	20.8	30.3	27.9	14.7	8.1
National Savings (% of GDP)	10.0	6.2	2.1	2.3	0.4
Gross Investment (% of GDP)	13.1	13.9	10.6	12.2	9.4
Revenue (percent of GDP on a fiscal year basis)	14.3	17.2	17.2	18.4	18.8
Tax and non-tax revenue (Revenue) (% of GDP on fiscal year basis)	12.5	13.3	14.0	15.8	16.1
Grants (Revenue) (% of GDP on fiscal year basis)	1.8	3.9	3.2	2.6	2.7
Overall balance (including grants) (% of GDP on fiscal year basis)	-9	-11.7	-6.6	-8.1	-7.1
Foreign financing (% of GDP on fiscal year basis)	2.6	3.3	0.4	-0.3	0.3
Total domestic financing (% of GDP on fiscal year basis)	6.9	8.4	8.0	5.0	3.5
Credit to the private sector (% change)	24.1	19.6	11.2	5.8	8.9
Exports (goods and services) (USD millions)	1.1	1.4	1.6	1.7	1.7
Imports (goods and services) (USD millions)	1.8	2.7	2.7	3.0	3.0
Gross official reserves (USD millions)	120	394	714	967	1,081
Gross official reserves (months of imports)	0.6	1.8	2.9	3.9	4.1
Current account (% of GDP)	-3.2	-7.6	-8.5	-9.9	-9.0
Overall balance (% of GDP)	-0.1	-2.2	0.1	1.0	-0.4
External debt (public sector) (% of GDP)	34.4	39.3	31.8	31.9	31.2
NPV of public external debt (% of exports)	264.7	178.8	154.8	142.8	131.3
Domestic public debt (% of GDP)	40.8	42.0	39.8	41.0	42.3
Total public debt (% of GDP)	75.2	81.3	75.0	74.8	73.5

World Bank projections

Annual percentage change (unless otherwise indicated)	2020	2021	2022	2023	2024
GDP at constant market prices (% change)	0.8	2.8	0.9	1.5	2.0
Agriculture	3.4	5.2	-1	0.6	2.4
Industry	1.2	1.9	0.9	1.6	2.7
Services	-0.5	2.0	1.8	2.1	3.0
Consumer prices (annual average)	8.6	9.3	21.8	28.4	22.1
Revenue and grants (% of GDP)	14.6	14.3	14	15.2	17.6
Domestic revenue - tax and non-tax (% of GDP)	13.1	12.8	12.9	12.1	13.9
Grants (% of GDP)	1.5	1.5	1.1	3.1	3.7
Expenditure and net lending (% of GDP)	20.9	21.4	22.3	25.7	25.0
Overall balance - excluding grants (% of GDP)	-7.8	-8.6	-9.4	-13.5	-11.1
Overall balance - including grants) (% of GDP)	-6.3	-7.1	-8.3	-10.4	-7.4
Foreign financing (% of GDP)	0.8	1.0	2.7	1.9	1.1
Domestic financing (% of GDP)	4.9	5.9	7.7	5.1	6.3
Money and quasi-money (% change)	16.7	30.0	38.8	30.5	29.3
Credit to the private sector (% change)	16.1	17.8	23.2	19.6	11.2
Exports - goods and services (USD mn)	1,308.3	1,587.3	1.486.8	1,559.6	—
Imports - goods and services (USD mn)	3,373.3	3,767.9	3,706.0	3,944.2	—
Gross official reserves (USD mn)	565.0	79.0	120.0	201.0	714.0
Months of import cover	2.7	0.3	0.5	0.8	2.9
Current account (% of GDP)	-13.6	-15.2	-16.9	-15.9	—
Exchange rate (MK per US$ average)	749.5	805.9	949	—	—
External debt (public sector, % of GDP)	32.9	31.5	34.8	39.3	35.2
Domestic public debt (% of GDP)	21.9	30.0	40.8	42.0	39.8
Total public debt (% of GDP)	54.8	61.5	75.7	81.3	75.0

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Appendix 4: EIU, AfDB and Oxford Economics Projections

EIU projections

Economic growth (%)	2023	2024	2025	2026	2027	2028
GDP	1.6	1.5	2.2	3.4	3.2	3.4
Private consumption	1.7	1.1	2.1	2.7	3.3	3.3
Government consumption	1.8	1.5	2.0	2.6	2.5	2.5
Gross fixed investment	2.0	2.2	2.9	5.3	5.4	5.2
Exports of goods & services	4.4	4.0	4.4	5.2	5.1	5.3
Imports of goods & services	3.9	3.3	3.9	4.5	5.0	5.0
Domestic demand	1.7	1.3	2.2	3.0	3.5	3.4
Agriculture	1.0	0.8	1.3	2.1	2.0	2.2
Industry	1.4	2.2	2.4	3.0	2.9	2.9
Services	2.0	1.7	2.6	4.1	3.8	4.1
Key indicators						
Real GDP growth (%)	1.6	1.5	2.2	3.4	3.2	3.4
Consumer price inflation (av; %)	28.8	33.9	26.4	24.1	16.8	13.3
Government balance (% of GDP)	-10.0	-8.7	-7.7	-5.8	-4.4	-3.6
Current-account balance (% of GDP)	-10.8	-13.4	-12.0	-10.2	-9.4	-8.9
Short-term interest rate (av; %)	13.7	16.0	15.0	14.0	12.0	10.0
Exchange rate MK:US$ (av)	1,149.1	1,750.7	1,970.7	2,162.2	2,318.4	2,496.9

Oxford Economics Projections

Annual percentage unless indicated otherwise	2022	2023	2024	2025	2026	2027
Real GDP growth	0.8	1.6	3.1	4.0	4.3	4.4
CPI inflation	20.8	28.6	30.1	15.4	8.6	7.8
Exports of goods ($ bn)	1.0	1.1	1.2	1.3	1.4	1.5
Imports of goods ($ bn)	3.0	3.2	3.4	3.6	3.8	4.0
Current account ($ bn)	-2.3	-1.9	-1.9	-2.0	-2.1	-2.2
Current account balance (% of GDP)	-18.2	-13.9	-16.0	-14.3	-13.8	-13.5
Exchange rate per USD (year average)	941.4	1,149.1	1,726.2	1,779.6	1,871.7	1,969.1
External debt total ($ bn)	3.3	4.7	6.1	7.1	7.7	8.1
Government balance (% of GDP)	-9.3	-8.7	-7.6	-5.8	-5.1	-4.4
Government debt (% of GDP)	75.2	78.6	71.0	68.8	69.5	69.3
Population (millions)	20.4	20.9	21.5	22.0	22.6	23.2
Nominal GDP ($ bn)	12.5	13.4	12.0	14.0	15.0	16.1
GDP per capita ($ current prices)	614.3	640.7	557.5	634.8	665.2	694.2

AfDB projections

Annual percentage change (unless otherwise indicated)	2022	2023	2024	2025
Real GDP growth	0.9	1.5	3.3	3.8
Consumer price index inflation	20.8	22.8	27.3	14.3

Appendix 5: World Bank commodity market prices

World Bank commodity prices

	Annual averages				Monthly averages					
					January	February	March	April	May	June
Produce (USD/mt)	2020	2021	2022	2023	2024	2024	2024	2024	2024	2024
Soybeans	407.0	583.0	675.0	598.0	547.0	520.0	487.0	477.0	490.0	480.0
Maize	165.5	259.5	318.8	252.7	198.6	189.1	190.6	191.7	197.8	192.5
Sugar & Tea (USD/Kg)										
Sugar - EU	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Sugar - U.S.	0.6	0.7	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.8
Sugar - World	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4
Tea - average	2.7	2.7	3.1	2.7	2.7	2.7	2.7	3.0	3.2	3.2
Fertilizers (USD/mt)										
DAP	312.4	601.0	772.2	550.0	596.3	583.8	617.5	545.0	522.0	543.0
Phosphate rock	76.1	123.2	266.2	321.7	152.5	152.5	152.5	152.5	152.5	152.5
Potassium chloride	241.1	542.8	863.4	383.2	296.3	289.4	300.5	305.0	307.0	310.0
TSP	265.0	538.2	716.1	480.2	450.6	454.4	449.0	442.5	434.9	473.8
Urea, E. Europe	229.1	483.2	700.0	358.0	335.4	351.3	330.0	320.0	284.8	336.3
Precious Metals (USD/toz)										
Gold	1,770.0	1,800.0	1,801.0	1,943.0	2,034.0	2,023.0	2,158.0	2,331.0	2,351.0	2326.0
Platinum	883.0	1,091.0	962.0	966.0	926.0	894.0	909.0	940.0	1,015.0	985.0
Silver	20.5	25.2	21.8	23.4	22.9	22.7	24.5	27.5	29.4	29.6

Appendix 6: List of Acronyms and Abbreviations

AfDB:	African Development Bank
Afreximbank:	African Export-Import Bank
AHL:	Auction Holdings Limited
AIP:	Affordable Inputs Programme
av:	Average
BHL:	Blantyre Hotels Plc
bn:	Billion
CPI:	Consumer Price Index
DAP:	Diammonium Phosphate
EAP:	East Asia and Pacific
ECA:	Europe and Central Asia
ECF:	Extended Credit Facility
EIU:	Economist Intelligence Unit
EMDE	Emerging Market and Developing Economy
EUR:	Euro
EU:	European Union
FAM:	Fertiliser Association of Malawi
FDHB:	FDH Bank Plc
FMBCH:	FMB Capital Holdings Plc
GBP:	Great British Pound
GDP:	Gross Domestic Product
IFPRI:	International Food Policy Research Institute
IMF:	International Monetary Fund
Kg:	Kilogram
LAC:	Latin America and the Caribbean
LRR:	Liquidity Reserve Requirement
MASI:	Malawi All Share Index
Mb/d:	Million barrels per day
Mt:	Metric tons
MK:	Malawi Kwacha
mn:	Million
MNA:	Middle East and North Africa
MPC:	Monetary Policy Committee
MSE:	Malawi Stock Exchange
NBM:	National Bank of Malawi Plc
NICO:	NICO Holdings Plc
NITL:	National Investment Trust Limited Plc
NSO:	National Statistical Office
OECD:	Organization for Economic Co-operation and Development
OMU:	Old Mutual Limited Plc
OPEC:	Organization of the Petroleum Exporting Countries
ORB:	OPEC Reference Basket
P/BV:	Price to book value
PCL:	Press Corporation Limited Plc
P/E:	Price to earnings
RBM:	Reserve Bank of Malawi
SAR:	South Asia Region
SSA:	Sub-Saharan Africa
SUNBIRD:	Sunbird Tourism Plc
TB:	Treasury Bill
TN:	Treasury Note
TNM:	Telekom Networks Malawi Plc
Toz:	Troy ounces
USD:	United States Dollar
ZAR:	South African Rand

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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: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com

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CONTACT US

www.bridgepathcapitalmw.com
+265 0886 500 555
info@bridgepathcapitalmw.com
+265 111 828 355