

Malawi Monthly Economic Report and an Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations

September 2024



Table of Contents

	Page
1. Executive Summary and Outlook	3
2. Economic Overview	5
I. Inflation	5
II. Foreign Currency Market	6
III. Foreign Reserve Position	6
IV. Stock Market	7
V. MSE Traded Values	8
VI. Published Financial Results	8
VII. Corporate Announcements by MSE Listed Companies	8
VIII. Government Securities	9
3. Fiscal and Monetary Policy Developments	10
I. Fiscal Policy	10
II. Monetary Policy	10
4. Commodity Market Developments	11
5. An Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations	12
6. Appendix	17
7. Disclaimer	24
8. Contact Information	25

Inflation

The headline inflation rate increased by 0.2 percentage points to 33.9% in August 2024 from 33.7% in July 2024. The increase was due to a rise in the food inflation rate to 42.0% in August 2024 from 41.9% in July 2024. Similarly, the non-food inflation rate increased to 22.7% in August 2024 from 22.4% in July 2024. In August 2023, headline inflation was 28.6%, driven by food inflation of 39.4% and non-food inflation of 16.1%.

The 2024 inflation projections for Malawi from various published sources range between 30.7% and 34.3%. The Monetary Policy Committee (MPC) has projected the annual average inflation at 33.5% in 2024. The EIU expects annual average inflation for 2024 to be 34.3% 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.

Exchange Rates and Foreign Currency Reserves

Based on closing middle rates, the Malawi Kwacha traded at MK1,750.37/USD as of 30 September 2024, reflecting no significant movement from MK1,750.31/USD as of 31 August 2024. During the same period in the previous year, the Kwacha had depreciated against the USD by 2.90% from August to September 2023.

As of 31 August 2024, the country's total foreign exchange reserves decreased by 3.9% to USD549.85 million from USD572.02 million in July 2024. The import cover declined by 3.9% to 2.20 months in August 2024 from 2.29 months in July 2024.

Government Securities

The government awarded MK238.25 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in August 2024, a decrease of 29.8% from MK339.53 billion awarded in August 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 142,686.97 points in September 2024 from 141,275.06 points in August 2024, representing a 1.00% increase. The MASI year-to-date return was 28.60% in September 2024. It was 90.90% in September 2023.

In September 2024, STANDARD was the most significant share price gainer as its share price increased by 10.00% to MK5,335.06 per share from MK4,850.01 per share in August 2024. There were also share price gains for BHL and TNM by 3.52% and 2.72%, respectively.

In September 2024, ILLOVO was the most significant share price loser, as its share price decreased by 4.07% to MK1,300.00 per share from MK1,355.11 per share in August 2024.

Fiscal and Monetary Policy

According to the RBM, from the central government budgetary operations, total revenues were estimated at MK743.3 billion and total government expenditures at MK1.3 trillion during the second quarter of 2024. Overall budgetary operations for the second quarter of 2024 resulted in a deficit of MK555.1 billion, representing 3.0% of GDP.

The RBM revealed that three creditors - China, India and Kuwait have given the green light to Malawi's call on debt restructuring. The discussions with the creditors are expected to be concluded by the end of September regarding what should be done to have Malawi's debt restructured as part of the ECF programme.

Following the third Monetary Policy Committee (MPC) meeting of 2024 held on 24th and 25th July 2024, the MPC resolved to maintain the Policy Rate at 26.0%. The next MPC meeting is scheduled for 6 and 7 November 2024. The decision will be announced on 7 November 2024.

Commodity Market

According to Auction Holdings Limited (AHL) Tobacco Sales data, as of 18 September 2024, the cumulative national value of tobacco sold was USD396.94 million (approximately MK695 billion), up 39.9% from USD283.76 million (approximately MK497 billion) of value sold as at the end of the season in the previous year.

The retail maize price increased by 0.6% to MK797/kg in the last week of August 2024 from MK792/kg in July 2024. Year-on-year, it has increased by 15.7%, as it was at MK689/kg in August 2023.

Economic Growth

The 2024 real gross domestic product (GDP) growth rate projections for Malawi from various published sources range between 1.3% and 3.3% (median 2.1%). Most sources attribute the rebound to the IMF ECF program, which 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 2.3% (from 1.9% 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). Wide fiscal and current-account deficits, unsustainable debt dynamics, and price instability have all contributed to weak growth. While macroeconomic reforms have increased the medium-term potential growth rate, a prolonged dry spell is already affecting agricultural output and will likely constrain growth in 2024.

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 2.2%, down from an earlier projection of 3.1%. This is due to the El Nino-induced drought conditions, which will lower the agricultural sector's output. A rebound is expected next year onwards as favourable weather conditions and increased government investments in the agricultural sector are expected to boost the output of the sector.

According to the EIU, real GDP growth is expected to be 1.3% 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 projection to 3.3% from the earlier projection of 3.5%. The AfDB outlines significant economic challenges, including international reserves shortages, macroeconomic instability, and drought. The AfDB also highlights that dependence on rain-fed agriculture, given the increasing vulnerability to climate change, is also a major risk.

For 2025, the forecasts from the RBM, the AfDB, the IMF, the EIU, Oxford Economics, and the WB on GDP growth range between 1.6% and 4.3%.

An Overview of the United Nations Socio-Economic Effects of El Niño in Malawi Report

According to the United Nations (UN), Malawi has been significantly affected by El Niño weather conditions, leading to severe impacts on the 2023/24 agriculture season. The country is experiencing the worst dry spell in a century, resulting in a notable reduction in crop production. Specifically, maize production has decreased by 16%, dropping from 3,509,837 metric tons in the 2022/23 season to 2,926,190 metric tons in 2023/24. This decline has created a deficit of 900,000 metric tons against a national requirement of 3.8 million metric tons.

The UN findings highlight that 2024 is expected to see the highest number of acute food-insecure individuals in the past five years, with 5.69m people affected. This reflects a concerning trend in food insecurity primarily driven by climatic shocks. The consequences extend beyond agriculture, impacting sectors such as food processing and leading to economic repercussions such as changes in output, inflationary pressures, and increased poverty.

Moreover, the UN emphasizes that the adverse effects of El Niño occur against a backdrop of already high inflation rates, particularly in food. Recent natural disasters, including Tropical Cyclone Freddy, have exacerbated existing vulnerabilities, causing an estimated economic cost equivalent to 0.5% of GDP. The cumulative effects of multiple shocks have worsened ultra-poverty in Malawi, which increased by 2.6 percentage points between 2019 and 2023.

In response to these challenges, the Government has revised its projected economic growth downwards to 2.3% from an initial estimate of 3.2%. The UN notes that household poverty is likely to rise by 2.6% between 2023 and 2024, compounded by elevated health risks, increased absenteeism in schools, and higher rates of child labour.

Opportunities in Malawi

Trade: Malawi and other countries in Southern Africa have been called to maximise the use of the Indian Ocean port of Nacala in Mozambique for enhanced integration and trade. Consequently, the Malawi Government has secured a 99-year lease agreement to develop a terminal at Nacala Port. The port is used for Malawi's imports, including fuel, fertilizer and pharmaceuticals, as well as exports of agricultural commodities such as tobacco, sugar and pigeon peas. According to Mozambique Ports and Railways officials, the port can handle 10 million tonnes of cargo per year, of which it only handles about 40% currently. The port is handling 30% of cargo to Malawi, and following the port upgrade last year, the port is at its best capacity to handle more volumes of cargo. Between January and July 2024, about 14.5 million litres of fuel for Malawi was ferried through the Nacala Port.

Agriculture: A Ministry of Agriculture and National Planning Commission study 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.

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.

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.

Mining: The Government of Malawi signed Mining Development Agreements with Lotus Resources Limited and Lancaster Exploration Limited. The Ministry of Mining spokesperson said several priorities must be addressed before production can commence, such as finalizing off-take agreements with potential buyers for uranium from the mine. Mining is expected to start in February 2025, gradually increasing from July 2025 and reaching full production capacity from September 2025.

The Chamber of Mines says the lack of value addition and continued smuggling of gemstones for illicit uses undermine the country's revenue from its mineral products. Data from the Chamber of Mines, also quoted by the 2024 Malawi Government Annual Economic Report, shows that the country produced 793 tonnes of gemstones and earned MK539.3 million in the 2023/24 fiscal year. The Chamber of Mines said the informal nature of small-scale businesses in gemstone mining discourages access to finance and technology, making it difficult for proper regulation and investment in value addition. An investment in value addition could generate significant income, provide employment, and create business opportunities for jewellery production and selling.

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 United States Government has said Malawi may not meet the commitments necessary to receive a second tranche of the IMF ECF in the coming months. Therefore, the country needs urgent leadership and action at all levels of the government to ensure it stays on course with the ECF and implements the reforms it has committed to stabilize the economy.

As of the end of June 2024, the Ministry of Finance and Economic Affairs reported that Malawi's total public debt reached MK15.17 trillion (around USD8.75 billion). This debt includes MK8.01 trillion (USD4.62 billion) in domestic debt and USD4.13 billion (MK7.16 trillion) in external debt. With domestic debt making up 52.8% of the total and external debt 47.2%, this high level of indebtedness poses significant risks. Such a large debt burden can strain government finances, limit fiscal flexibility, and increase vulnerability to external shocks, potentially jeopardizing economic stability and growth.

Furthermore, Malawi faces inflation risk. The average inflation rate for 2023 was 28.7%. As of August 2024, the eight-month average is 33.3%.



Economic overview

Inflation (Source: NSO, RBM, EIU, IFPRI, Oxford Economics)

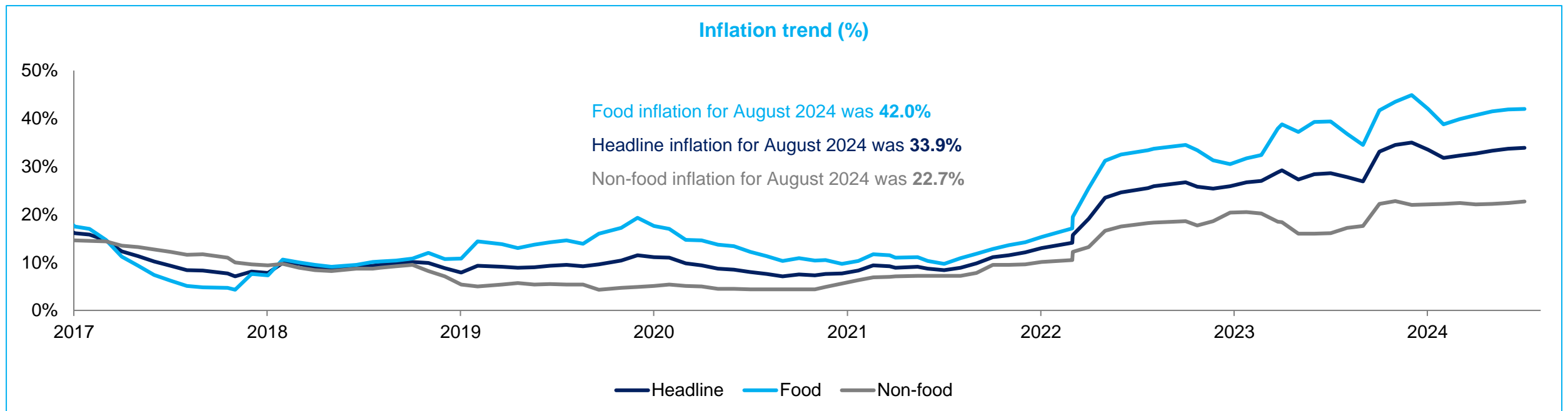
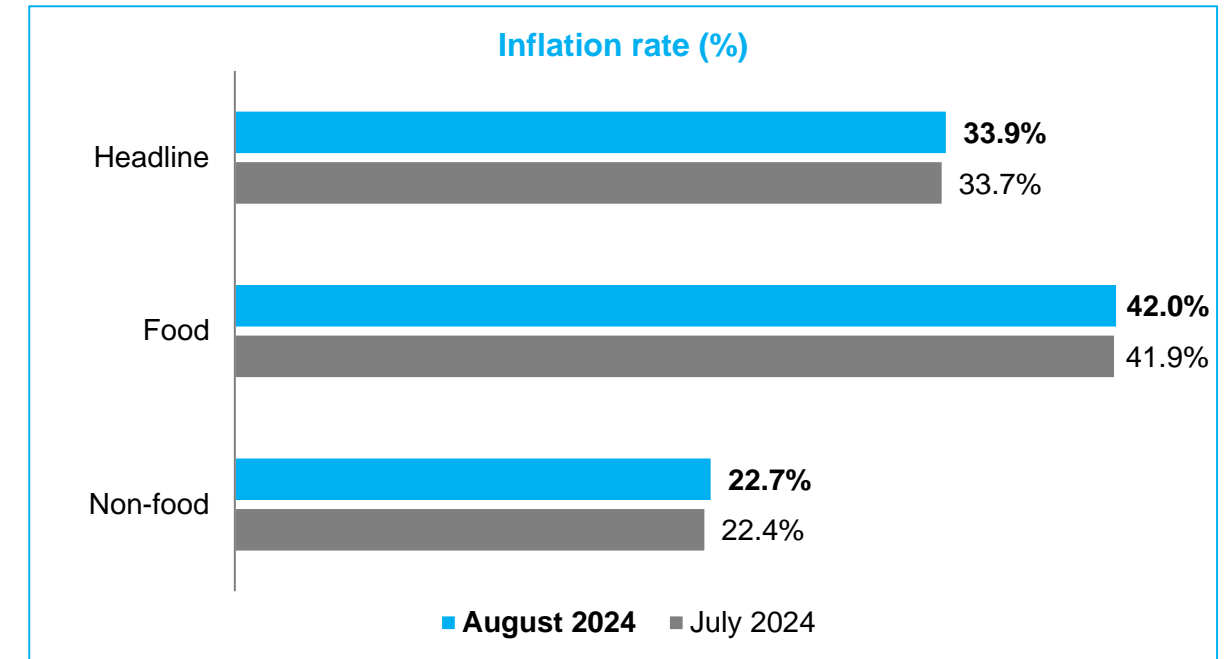
The headline inflation rate for August 2024 increased to 33.9% from 33.7% in July 2024 due to a rise in food and non-food inflation rates.

The 2024 inflation projections for Malawi from various published sources range between 30.7% and 34.3%.

The headline inflation rate increased by 0.2 percentage points to 33.9% in August 2024 from 33.7% in July 2024. The increase was due to a rise in the food inflation rate to 42.0% in August 2024 from 41.9% in July 2024. Similarly, the non-food inflation rate increased to 22.7% in August 2024 from 22.4% in July 2024. In August 2023, headline inflation was 28.6%, driven by food inflation of 39.4% and non-food inflation of 16.1%.

According to the August 2024 IFPRI Malawi monthly maize market report, maize prices increased to MK797/Kg from MK792/Kg in July 2024. The rise in maize prices contributed to increased food inflation in August 2024. Food inflation accounts for 53.7% of headline inflation; as such, the rise in food inflation contributed to the overall increase.

The Monetary Policy Committee noted that the domestic economy has encountered persistent inflationary pressures triggered by the low crop harvest in the 2023/24 season in addition to the previously indicated risks, which 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 33.5% in 2024. The EIU expects annual average inflation for 2024 to be 34.3% 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 30.7% owing to higher food inflation caused by lower crop yields and pressure on non-food inflation due to 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 MK1,750.37/USD as of 30 September 2024, reflecting no significant movement from MK1,750.31/USD as of 31 August 2024.

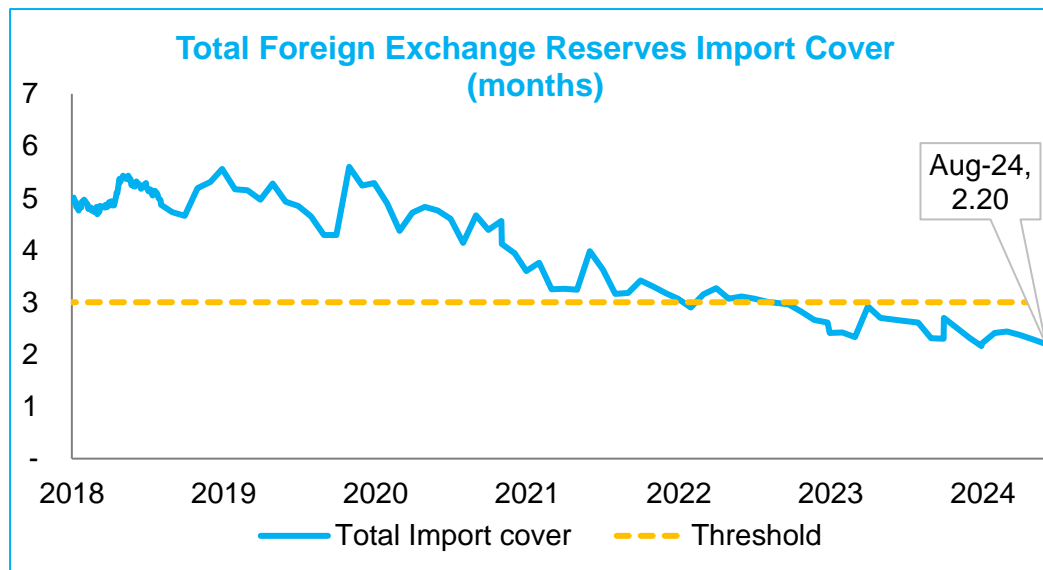
Foreign Currency Market

Based on closing middle rates, the Malawi Kwacha traded at MK1,750.37/USD as of 30 September 2024, reflecting no significant movement from MK1,750.31/USD as of 31 August 2024. During the same period in the previous year, the Kwacha had depreciated against the USD by 2.90% from August to September 2023.

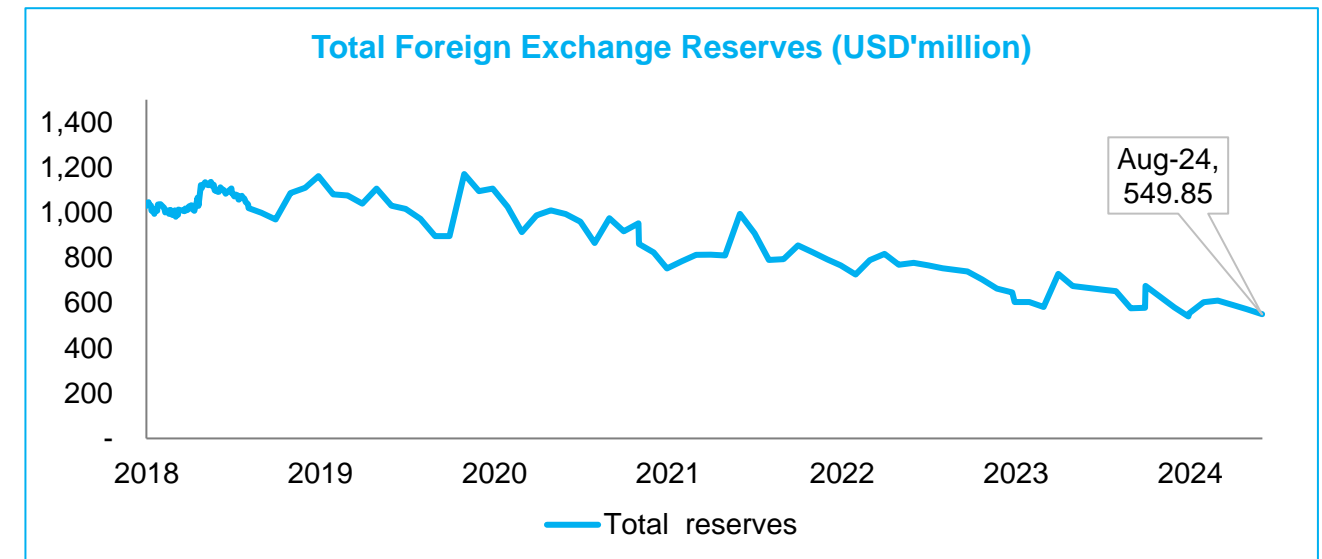
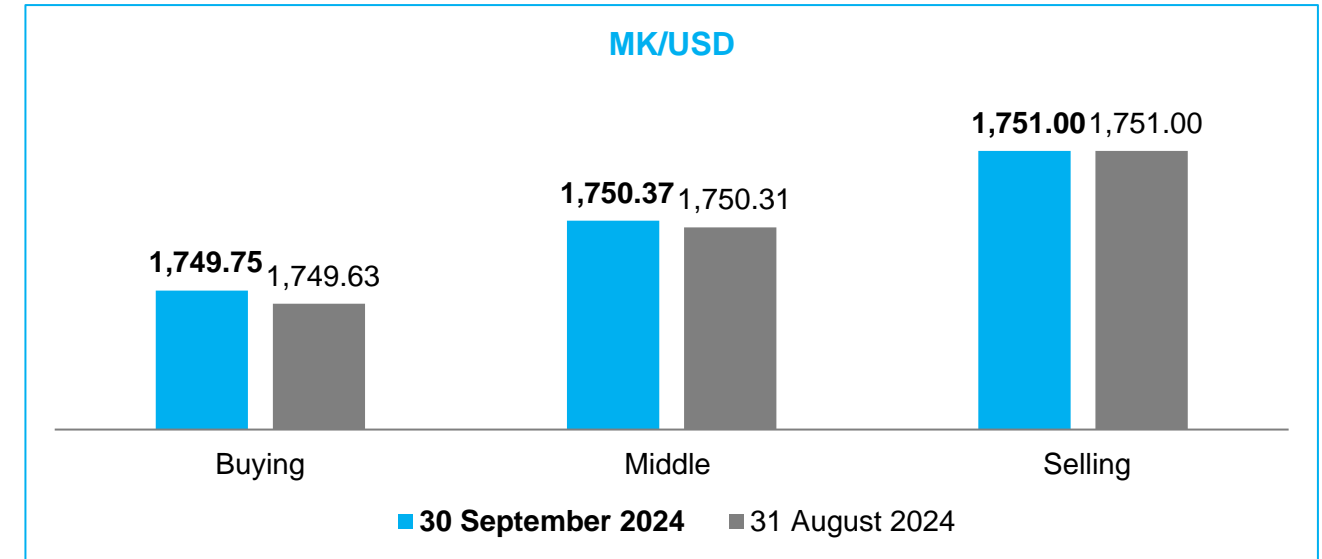
The RBM held foreign exchange auctions on 5 September 2024 and 19 September 2024. The total amount offered and accepted on both days was USD250,000. The RBM disclosed that based on the auction results, the market selling price of the US dollar remains at MK1,751/USD.

Foreign Exchange Reserves Position

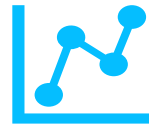
As of 31 August 2024, the country's total foreign exchange reserves decreased by 3.9% to USD549.85 million from USD572.02 million in July 2024. The import cover declined by 3.9% to 2.20 months in August 2024 from 2.29 months in July 2024. During the same period in the previous year, the total foreign exchange reserves were USD658.91 million.



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



	August 2024	July 2024	Month-on-month change (%)
Total Reserves (USD'millions)	549.85	572.02	-3.9%
Total import cover (months)	2.20	2.29	-3.9%



Economic overview (continued)

Stock Market (Source: MSE)

The MASI year-to-date return was 28.60% in September 2024. It was 90.90% in September 2023.

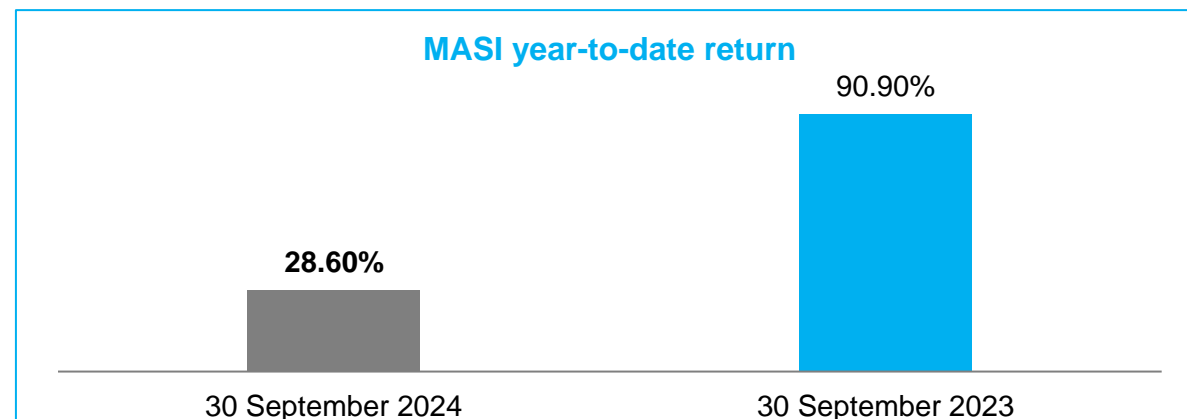
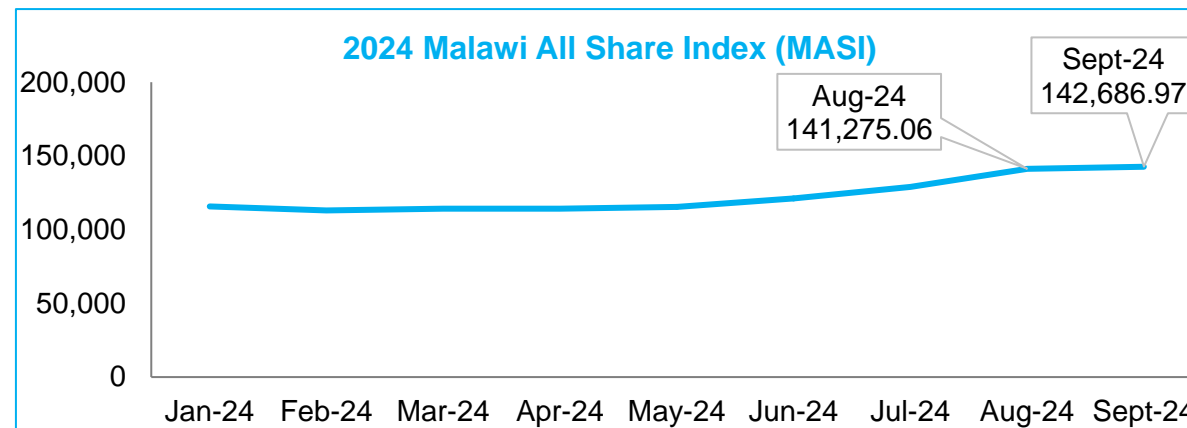
There were share price gains for STANDARD, BHL and TNM.

There was a share price loss for ILLOVO.

The stock market was bullish as the Malawi All Share Index (MASI) increased to 142,686.97 points in September 2024 from 141,275.06 points in August 2024, representing a 1.00% increase. The MASI year-to-date return was 28.60% in September 2024. It was 90.90% in September 2023.

In September 2024, STANDARD was the most significant share price gainer as its share price increased by 10.00% to MK5,335.06 per share from MK4,850.01 per share in August 2024. There were also share price gains for BHL and TNM by 3.52% and 2.72%, respectively. There were marginal share price gains for SUNBIRD, AIRTEL and FMBCH.

In September 2024, ILLOVO was the most significant share price loser, as its share price decreased by 4.07% to MK1,300.00 per share from MK1,355.11 per share in August 2024. There were marginal share price losses for ICON, FDH Bank, MPICO, NBS, NITL, NICO, NBM and PCL.



Month-on-Month share price percentage change (%)



Symbol	Closing prices (MK/share)	
	30 September 2024	31 August 2024
AIRTEL	45.00	44.96
BHL	13.51	13.05
FDHB	149.22	149.82
FMBCH	398.68	398.50
ICON	14.90	14.99
ILLOVO	1,300.00	1,355.11
MPICO	14.92	14.95
NBM	3,449.94	3,450.01
NBS	149.58	149.71
NICO	198.70	198.73
NITL	411.08	411.19
OMU	1,866.00	1,866.00
PCL	2,499.83	2,499.86
STANDARD	5,335.06	4,850.01
SUNBIRD	225.05	224.08
TNM	18.49	18.00



Economic overview (continued)

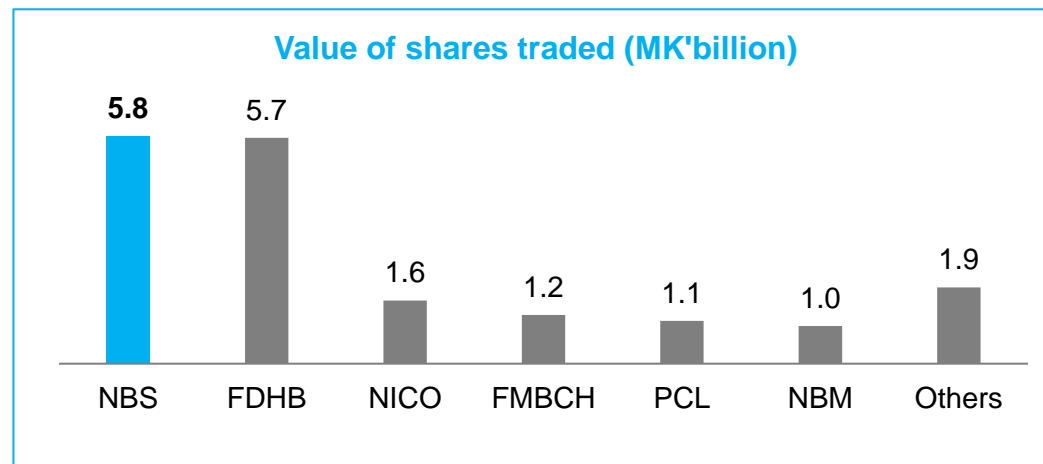
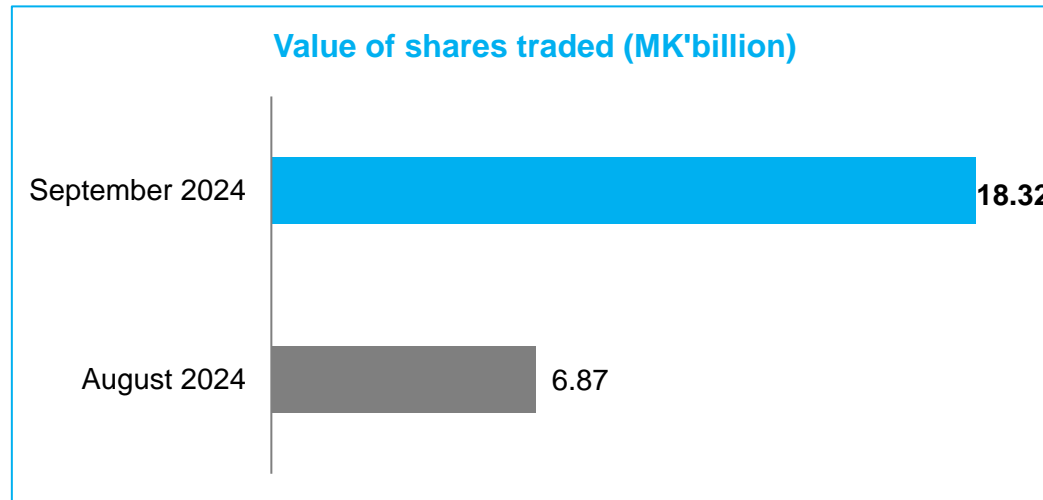
Stock Market (Source: MSE)

NBS had the highest value of shares traded in September 2024 at MK5.8 billion.

MSE Traded Values

A total of MK18.32 billion worth of shares were traded on the Malawi Stock Exchange (MSE) in September 2024. This represented an increase of 166.6% from MK6.87 billion shares traded in August 2024. NBS had the highest value of shares traded in September 2024 at MK5.78 billion.

The total number of trades increased to 1,572 in September 2024 from 1,507 in August 2024.



Corporate Announcements

Published Financial Full Year Trading Statements

Counter	31 August 2023 (MK'billions)	31 August 2024 (MK'billions)	Trading statement profit/loss expectation
ILLOVO	56.8	17 – 28	(50%-70%)

Dividend announcements

MSE Code	Dividend type	Proposed/ Declared	Dividend per share (MK)	Ex-dividend date	Last day to register	Payment Date
FMBCH	Interim	Declared	0.21 US Cents	2 October 2024	4 October 2024	9 October 2024
NICO	Interim	Declared	3.00	25 September 2024	27 September 2024	11 October 2024
NBS	Interim	Declared	1.60	2 October 2024	4 October 2024	23 October 2024
NITL	Interim	Declared	2.50	16 October 2024	18 October 2024	25 October 2024
PCL	Interim	Declared	11.25	9 October 2024	11 October 2024	25 October 2024
ICON	Interim	Declared	0.14	9 October 2024	11 October 2024	25 October 2024
SUNBIRD	Interim	Declared	2.50	16 October 2024	18 October 2024	31 October 2024

Annual/Extraordinary* General Meetings

MSE Code	Venue	Date	Time
BHL*	Ryalls Hotel	10 October 2024	14:30hrs
AIRTEL	Virtually & Physically at BICC	22 October 2024	10:00hrs



Economic overview (continued)

Government securities (Source: RBM)

The government awarded MK238.25 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in August 2024, a decrease of 29.8% from MK339.53 billion awarded in August 2023.

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

The RBM withdrew a total of MK43 billion from the market in September 2024 through Open Market Operations. The average OMO Repo yield for the 7-, 14- and 21-days tenors was 26.00%.

Treasury Bills (TBs)

In September 2024, the government sought to borrow MK44.07 billion through TB auctions, a 42.1% decrease from MK76.11 billion in August. Participants applied for MK97.75 billion, which was fully awarded, reflecting an 11.4% decrease in the awarded amount of MK110.27 billion in August. There was a nil rejection rate for the auctions.

Treasury Notes (TNs)

In September 2024, the government sought to borrow MK147.12 billion through TN auctions, a 28.4% increase from MK114.60 billion in August. Participants applied for MK140.50 billion, which was fully awarded, reflecting a decrease in the awarded amount of MK229.26 billion in August. There was a nil rejection rate for the auctions.

Government Securities Yield Curve

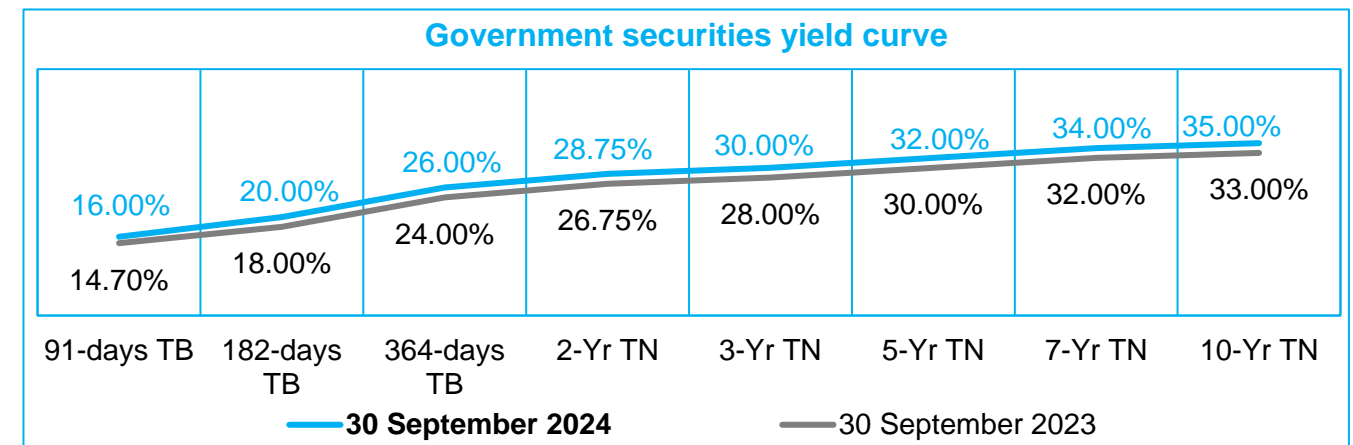
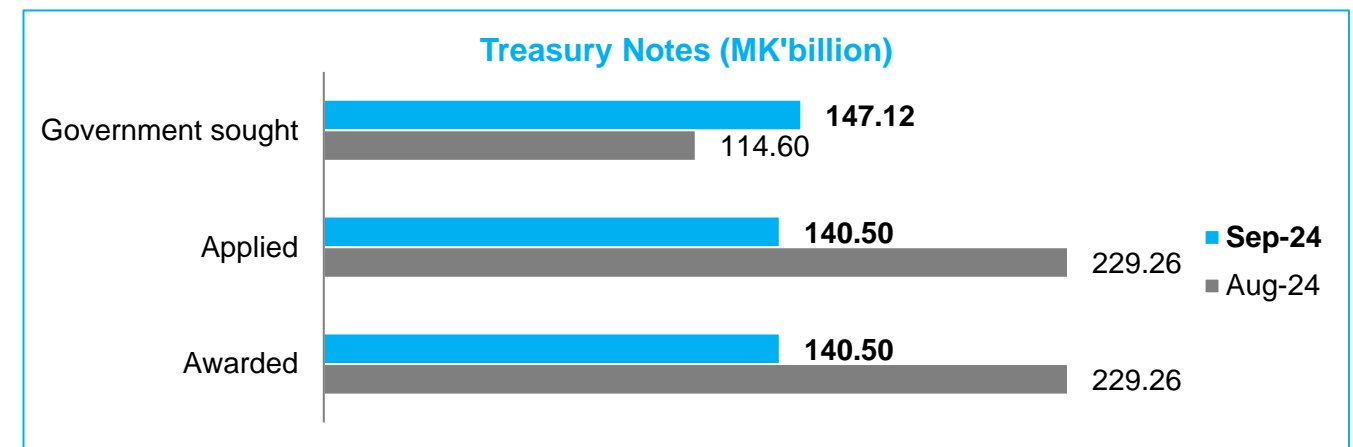
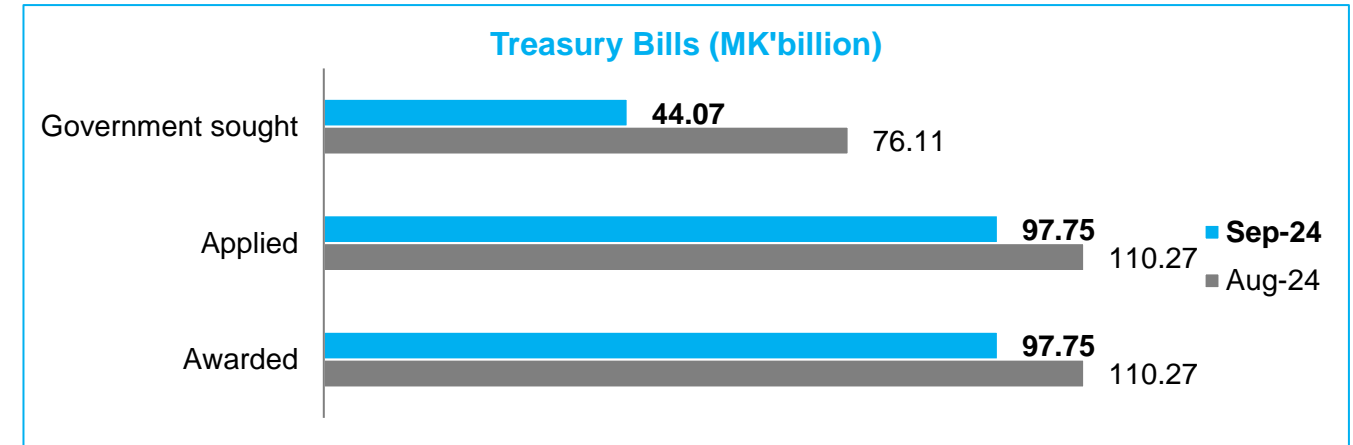
From August 2024 to September 2024, the 91, 182 and 364-day TB yields maintained at 16.00%, 20.00% and 26.00%, respectively. As such, the average TB yield maintained at 20.67% in September 2024. The average TB yield was 18.90% in September 2023.

From August 2024 to September 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 September 2024. The average TN yield was 29.95% in September 2023.

Open Market Operations (OMO)

In September 2024, the RBM held OMO Repo auctions for the 7-, 14- and 21-days tenors. A total amount of MK14 billion was withdrawn from the 7-days OMO auction, MK27 billion was withdrawn from the 14-days OMO auction, and MK2 billion was withdrawn from the 21-days OMO auction.

In September 2024, the average OMO yield was 26.00%.





Overall budgetary operations for the second quarter of 2024 resulted in a deficit of MK555.1 billion, representing 3.0% of GDP.

The next MPC meeting is scheduled for 6 and 7 November 2024. The decision will be announced on 7 November 2024.

The commercial bank reference rate for October 2024 remains unchanged from the September 2024 reference rate of 25.4%.

Fiscal Policy (Source: IMF, RBM)

According to RBM, from the central government budgetary operations, total revenues during the second quarter of 2024 were estimated at MK743.3 billion. This represents a 35.7% decline from the MK1.2 trillion recorded during the preceding quarter and is an MK80.4 billion rise from MK662.9 billion collected in the corresponding quarter in 2023. The decrease was due to a decline in grant collections to MK98.0 billion from MK409.3 billion and a decline in non-tax collections to MK1.7 billion from MK23.7 billion. On the other hand, tax revenues increased by MK19.6 billion to MK643.6 billion during the quarter under review. Total government expenditures decreased by 15.7% (MK242.0 billion) to MK1.3 trillion from the first quarter, following a drop of MK588.6 billion in development expenditures to MK88.7 billion, while recurrent expenditures increased by MK346.6 billion to MK1.2 trillion. Overall budgetary operations for the second quarter of 2024 resulted in a deficit of MK555.1 billion, representing 3.0% of GDP.

Regarding debt restructuring, the RBM revealed that three creditors - China, India and Kuwait have given the green light to Malawi's call on debt restructuring. The discussions with the creditors are expected to be concluded by the end of September regarding what should be done to have Malawi's debt restructured as part of the ECF programme.

The United States Government has said Malawi may not meet the commitments necessary to receive a second tranche of the IMF ECF in the coming months. Therefore, the country needs urgent leadership and action at all levels of the government to ensure it stays on course with the ECF and implements the reforms it has committed to stabilize the economy.

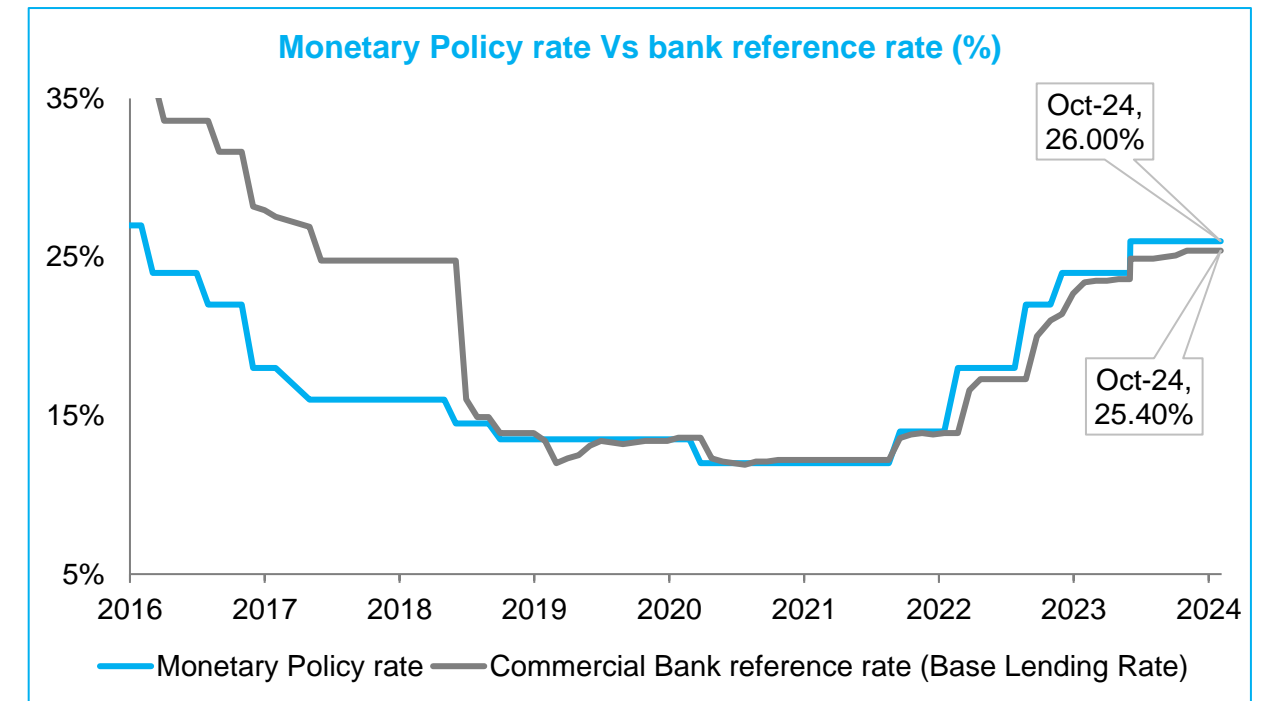
Monetary Policy (Source: RBM, NBM)

Following the third Monetary Policy Committee (MPC) meeting of 2024 held on 24th and 25th July 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) ratios at 3.75% for foreign currency deposits and 8.75% for domestic currency deposits.

The MPC arrived at this decision after considering that the current monetary policy stance has stabilized non-food inflation and sufficiently contained the spillover effects of food inflation to non-food inflation. The Committee further noted that maintaining the current policy stance will help contain inflationary pressures and ensure that inflation declines towards the medium-term objective of 5%.

The next MPC meeting is scheduled for 6 and 7 November 2024. The decision will be announced on 7 November 2024.

The commercial bank reference rate for October 2024, effective 3 October 2024, remains unchanged from the September 2024 reference rate of 25.4%.





Commodity Market Developments

Maize, Oil, and other commodities market developments

The retail maize price increased by 0.6% to MK797/kg in the last week of August 2024 from MK792/kg in the last week of July 2024. Year-on-year, it has increased by 15.7%, as it was at MK689/kg in August 2023.

As of 18 September 2024, the cumulative national value of tobacco sold was USD396.94 million (approximately MK695 billion), up 39.9% from USD283.76 million (approximately MK497 billion) as at the end of the season in the previous year.

As of 18 September 2024, the average price was USD2.98/Kg, an increase of 26.8% from USD2.35/Kg as at the end of the season in the previous year.

Local Maize Price Developments (Source: IFPRI)

Data from the International Food Policy Research Institute (IFPRI) August 2024 monthly maize market report showed that maize prices increased by 0.6% to MK797/kg in the last week of August 2024 from MK792/kg in the last week of July 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 15.7%, as it was MK689/kg in August 2023.

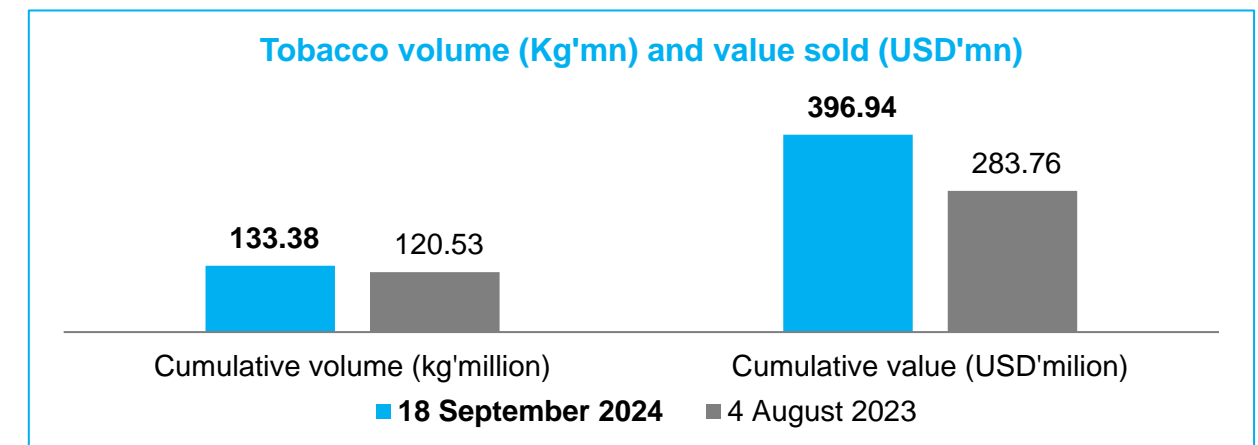
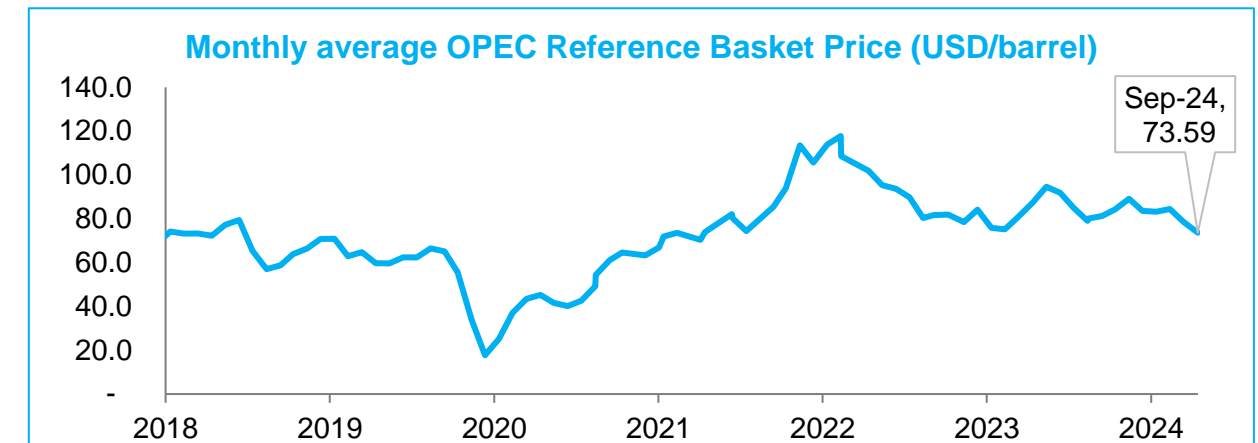
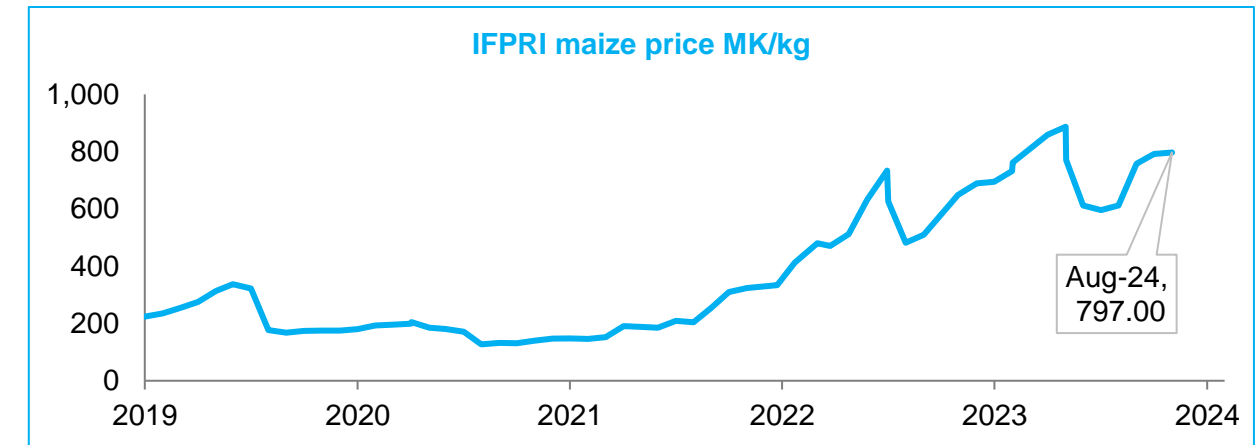
Global Oil Price Developments (Source: OPEC)

The monthly average OPEC reference basket price decreased to USD73.59/barrel in September 2024 from USD78.41/barrel in August 2024. This represents a decrease of 6.1% month-on-month. Year-on-year, there was a 22.2% decrease from an average price of USD94.60/barrel as of September 2023.

In its September 2024 monthly report, OPEC revised its 2024 world oil demand growth forecast to 2.0 mb/d. The oil demand of the Organization for Economic Co-operation and Development (OECD) is expected to grow by 0.1 mb/d, while the non-OECD's oil demand growth is expected to be about 1.9 mb/d. Total world oil demand is anticipated to reach 104.2 mb/d in 2024, bolstered by strong air travel demand and road mobility, including trucking and healthy industrial, construction and agricultural activities in non-OECD countries.

Tobacco Auction Developments (Source: AHL)

According to Auction Holdings Limited (AHL) Tobacco Sales data, as of 18 September 2024, 133.38 million kgs of tobacco were sold at an average price of USD2.98/Kg in the 2024 selling season. At the end of the season in the previous year, 120.53 million kgs were sold at an average price of USD2.35/Kg. The cumulative national value of tobacco sold ended at USD396.94 million (approximately MK695 billion), up 39.9% from USD283.76 million (approximately MK497 billion) sold as at the end of the season in the previous year.



An Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations





An Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations

The impacts of the El Niño-induced drought in the 2023/2024 agricultural season have significantly affected staple crops, with maize production decreasing by 16%, leading to heightened food insecurity.

Malawi is currently facing a significant increase in the frequency and intensity of extreme weather events, highlighting the country's vulnerability to climate change. As of 2021, Malawi scored 37.6 on the Notre Dame Global Adaptation Initiative (ND-GAIN) Index, ranking 161 out of 185 countries.

1. Introduction

According to the UN, Malawi is projected to face a severe food crisis as a result of an El Niño-induced drought. The El Niño Southern Oscillation (ENSO) is a natural phenomenon that disrupts global atmospheric circulation, influencing sea-level pressure, sea-surface temperatures, precipitation, and winds. These changes are linked to lower agricultural yields, commodity price inflation, adverse effects on human health, reduced educational participation, slower economic growth, and increased poverty, particularly among vulnerable populations.

The UN highlights that the late and erratic onset of rainfall and prolonged dry spells have significantly hampered crop production. Current crop estimates indicate that Malawi will not produce enough to meet national consumption requirements.

The socio-economic analysis conducted by the UN emphasizes that the impacts of this crisis extend beyond immediate humanitarian needs, focusing instead on long-term development and resilience building. While there is considerable data on food insecurity and household livelihood security, the UN notes a significant lack of information regarding the broader environmental, social, and economic implications of these challenges.

Considering these findings, the UN recommends several strategies to strengthen Malawi's resilience to future shocks, underscoring the need for a comprehensive approach that addresses not just immediate needs but also long-term sustainability.

2. El Niño and the socio-economic context

Malawi is currently facing a significant increase in the frequency and intensity of extreme weather events, highlighting the country's vulnerability to climate change. As of 2021, Malawi scored 37.6 on the Notre Dame Global Adaptation Initiative (ND-GAIN) Index, ranking 161 out of 185 countries. The country is prone to various natural disasters, including heavy rainfall, flooding, seasonal droughts, and cyclones. Between 2010 and 2023, Malawi experienced 17 major flooding events, five storm disasters, and three severe droughts, with the Lower Shire Valley being particularly susceptible to floods.

The impacts of the El Niño-induced drought in the 2023/2024 agricultural season have significantly affected staple crops, with maize production decreasing by 16%, leading to heightened food insecurity. The UN notes that these negative effects were exacerbated by already high inflation rates, particularly for food, as well as cumulative shocks from 2022 and 2023. In early 2023, Tropical Cyclone Freddy struck Malawi, resulting in devastating loss of life, livelihoods, and infrastructure.

An estimated 2.3 million people were affected, with significant casualties and many displaced. Over 10,000 individuals remain displaced as of July 2024, awaiting permanent resettlement. The cyclone followed other severe weather events, including Tropical Storm Ana and Cyclone Gombe, which had already strained the economy.

The UN findings indicate that health crises, such as cholera and COVID-19 outbreaks, compounded by the impacts of the war in Ukraine and ongoing balance-of-payments challenges, have further destabilized the socio-economic environment. Malawi's economy is burdened by structural challenges, including low output, high public debt, and low foreign exchange reserves. Initially projected to recover by 3.2% in 2024, the World Bank has since revised this estimate down to 2%, resulting in negative per capita growth for the fourth consecutive year since 2021.

A significant portion of the Malawian workforce, over 93%, is engaged in agriculture, which remains predominantly rain-fed and vulnerable to climatic changes. Fiscal constraints have limited resource mobilization, forcing the government to rely on expensive short-term domestic borrowing, further aggravating the debt situation. Current public debt stands at approximately 91.3% of GDP, with interest payments constituting the largest expenditure in the national budget.

Despite the high poverty levels, social protection funding is notably low and heavily reliant on donor support, accounting for over 90% of social protection expenditures. In November 2023, Malawi secured an Extended Credit Facility (ECF) arrangement with the IMF aimed at restoring macroeconomic stability through fiscal adjustments, debt restructuring, and attracting necessary financial support from development partners. The UN underscores the urgent need for comprehensive strategies to address these intertwined challenges, focusing on resilience-building and sustainable development for the people of Malawi.

3. Humanitarian Situation Assessment and Response

According to the UN, Malawi is facing severe food insecurity due to El Niño-induced weather patterns, which have led to below-normal rainfall and significant crop losses. Maize production has dropped by 16%, with losses also reported in groundnuts, rice, and other crops, leaving many households with supplies lasting only three months. Nearly all affected households require assistance to meet their nutritional needs.



Malawi's economy heavily relies on agriculture, constituting 22% of GDP and employing 84.4% of the workforce.

An Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations (continued)

In response, the President declared a State of Disaster in 23 of 28 districts and launched a National El Niño Response Appeal (April 2024 to March 2025) to coordinate local and international aid. The Appeal focuses on preventing immediate hunger, mitigating the effects of hunger on education and health, and future-proofing against weather-related disasters, with an estimated funding requirement of MK782.24 billion (about USD 446.74 million). As of June, over USD 100 million had been mobilized, leaving a gap of approximately USD 346 million.

Recent assessments indicate that around 4.2 million people (20% of the population) are expected to face high levels of acute food insecurity between May and September 2024, with projections worsening to 5.7 million (28% of the population) during the lean season from October 2024 to March 2025. The UN highlights a concerning upward trend in food insecurity, mainly due to climatic shocks and the loss of livelihoods, particularly among displaced populations.

4. Socio-Economic Effects of the Drought and Floods

Economic structure and effects

Malawi's economy heavily relies on agriculture, constituting 22% of GDP and employing 84.4% of the workforce. This sector is essential for the country, as agricultural products account for 85% of exports, with tobacco alone making up 50%. However, it faces significant challenges such as climate variability, soil degradation, and low adoption of modern agricultural technologies. The predominance of smallholder farmers, who comprise 75% of the farming population, exacerbates the economy's vulnerability to climatic shocks.

Findings from the UN highlight that the El Niño-induced drought has severely impacted agricultural productivity, leading to substantial crop losses, particularly in maize, where production has decreased by 16%. This decline not only strains food processing industries but also reduces overall agricultural output, adversely affecting other sectors of the economy. While tobacco production saw an increase, the negative effects on staple crops have broader implications, including rising inflation and downgraded GDP growth projections, which are now estimated at 2.3% for 2024. Rising food prices, driven by these climate shocks, have led to an annual food inflation rate exceeding 40%. Approximately 72% of the population lives below the international poverty line, with projections indicating that poverty levels are set to increase further. The UN findings suggest that around 4.2 million people are expected to experience acute food insecurity in 2024, with numbers likely to rise during the lean season, highlighting a stark humanitarian crisis.

Vulnerable populations, particularly rural households and children, are at heightened risk due to shrinking incomes and soaring food prices. The economic downturn also exacerbates health issues, contributing to increased incidents of gender-based violence and mental health challenges as livelihoods are threatened and access to essential services declines. The compounded effects of climate-induced shocks, alongside pre-existing economic vulnerabilities, underscore the urgent need for interventions to build resilience and mitigate food insecurity and poverty in Malawi. The findings serve as a call to action for stakeholders to address the ongoing crisis and strengthen the country's capacity to withstand future shocks.

Social effects

The impacts of El Niño in Malawi extend beyond agricultural disruptions, significantly affecting public health and nutrition. The World Health Organization (WHO) classifies malnutrition as "almost certain" in areas experiencing increased dry and wet conditions due to El Niño, primarily because of food insecurity stemming from reduced crop productivity and rising food prices. Waterborne diseases, particularly cholera, are also deemed "highly likely" due to water contamination and deteriorating hygiene conditions, especially during drought and flooding. This health crisis is exacerbated by escalating household food insecurity, posing severe risks to vulnerable populations.

A recent study by the National Planning Commission reveals a concerning reduction of 3.4% in household consumption capacities, with districts affected by El Niño witnessing increased cases of malnutrition. The 2024 Nutrition SMART Survey indicates a 15% rise in admissions for Severe Acute Malnutrition (SAM) among children compared to 2023, with some districts experiencing increases of over 30%. Alarmingly, only 14.9% of pregnant and lactating women are likely to access minimum acceptable diets, while stunting rates in affected areas exceed 40%. The economic strain from El Niño further jeopardizes educational outcomes for children aged 5-17.

According to the Malawi Education Cluster's 2023/24 Lean Season Response Plan, many households, particularly those reliant on casual employment, face tough choices between meeting basic needs and investing in their children's education. This has led to harmful coping mechanisms, including increased child labour, with reports indicating that school absenteeism has risen to 50% in some affected areas. Vulnerable families, especially those headed by individuals with disabilities, face even greater challenges, with notable drops in school attendance during critical periods like the sowing season.



An Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations (continued)

Climate change is poised to profoundly impact Malawi's economy, primarily due to its reliance on climate-sensitive sectors and limited capacity for adaptation amid existing macroeconomic vulnerabilities.

Projections indicate that climate-related shocks could lead to annual GDP losses of up to 20% by 2040 if current practices continue. The country's updated Nationally Determined Contribution (NDC) estimates that climate change could cost Malawi at least 5% of its GDP annually.

The World Meteorological Organization has indicated a probable transition from El Niño to La Niña conditions in 2024, with forecasts suggesting a 60% chance of La Niña developing between July and September 2025, increasing to 70% from August to November.

Additionally, the combination of food insecurity and economic hardships drives families to migrate in search of better living conditions and resources. The displacement of approximately 11,500 individuals following floods in early 2024 highlights the severe infrastructure damage and increasing resource-related tensions. Women and girls are particularly affected by these crises, facing intensified burdens in their household and community roles. As water sources dwindle, they must travel further to secure water, reducing their time for other economic activities.

The recent Rapid Gender Analysis indicates that the drought has compounded existing gender inequalities, leaving women, especially those in female-headed households, vulnerable to exploitation and abuse. Reports of violence against women and girls have surged, with intimate partner violence becoming increasingly common. Furthermore, a troubling trend of rising child marriages has been noted, particularly in districts like Machinga, where reported cases doubled between January and May 2024 compared to the previous year. The lack of robust support services for gender-based violence exacerbates these issues, highlighting the urgent need for comprehensive interventions that address the multifaceted challenges posed by El Niño in Malawi.

5. Outlook and Future Challenges

Climate change is poised to profoundly impact Malawi's economy, primarily due to its reliance on climate-sensitive sectors and limited capacity for adaptation amid existing macroeconomic vulnerabilities. Projections indicate that climate-related shocks could lead to annual GDP losses of up to 20% by 2040 if current practices continue. The country's updated Nationally Determined Contribution (NDC) estimates that climate change could cost Malawi at least 5% of its GDP annually. These changes are likely to exacerbate existing social and economic inequalities, disproportionately affecting vulnerable populations.

The main impact channels are anticipated in agriculture and critical infrastructure essential for production, transport, and trade. Agriculture, which constitutes about one-third of Malawi's economy and employs over 70% of the workforce, primarily relies on rainfed systems. Increased uncertainty in precipitation patterns will likely lead to more significant variability in crop yields, further destabilizing food security and livelihoods for the majority of the population. Climate change threatens the country's infrastructure—roads, energy generation, education, and health services—by increasing flooding risks, which can trigger wider economic and social repercussions.

The consequences of climate-related events, including displacement, migration, and loss of livelihoods, can deepen poverty and disrupt social cohesion. Extreme climate events often catalyze migration, driven by land degradation, lack of livelihood opportunities, insecurity, and shortages of essential services such as food and water. As the intensity and frequency of these events rise, new mobility patterns may emerge, creating significant challenges. This increase in both voluntary and forced displacement, affecting both Malawian citizens and foreign nationals, places additional pressure on already limited services like health care, education, and food supply while also raising issues related to housing, land, and property.

The situation is further complicated by heightened risks of xenophobia, sexual and gender-based violence (SGBV), and opportunities for human trafficking and migrant smuggling. As communities grapple with resource scarcity, conflicts may intensify over access to these limited resources.

Recent years have already witnessed an alarming increase in the frequency and intensity of flooding in Malawi, with three significant flooding events occurring between 2022 and 2024. These included Tropical Storm Ana in January 2022, Cyclone Gombe in March 2022, and Cyclone Freddy in March 2023.

The World Meteorological Organization has indicated a probable transition from El Niño to La Niña conditions in 2024, with forecasts suggesting a 60% chance of La Niña developing between July and September 2025, increasing to 70% from August to November. This looming shift highlights the urgent need for collective action and preparedness. Effective anticipatory measures are crucial to minimize the impacts of extreme weather associated with La Niña, ensuring that Malawi can better safeguard its economy and vulnerable populations against the escalating threats posed by climate change.

6. Policies, Implications and Recommendations

Development

The Malawian government is implementing various strategies under the Malawi 2063 vision and its First Ten-Year Implementation Plan (MIP-1) to promote sustainable and inclusive growth. The MIP-1 aims for an annual economic growth rate of 6% to achieve low-middle-income status by 2030, shifting from dependence on climate-sensitive commodities to an industrialized economy. The government has introduced the Agriculture, Tourism, and Mining strategy to diversify, focusing on commercializing agriculture, establishing Special Economic Zones, and tapping into untapped mineral resources.



The United Nations Sustainable Development Cooperation Framework (UNSDCF) for 2024-2028 supports Malawi's goals by enhancing agricultural productivity and promoting industrialization and digitalization.

An Overview of the Socio-Economic Effects of El Niño in Malawi by the United Nations (continued)

The United Nations Sustainable Development Cooperation Framework (UNSDCF) for 2024-2028 supports Malawi's goals by enhancing agricultural productivity and promoting industrialization and digitalization. This includes support for Small and Medium Enterprises, particularly those led by women and youth, to foster inclusive economic growth. The IMF's ECF is also assisting Malawi in addressing macroeconomic challenges and attracting investment. The World Bank also provides financial support to strengthen fiscal governance. Together, these efforts aim to restore macroeconomic stability, creating a conducive environment for private sector investment and economic development.

Anticipatory action and early warning systems

Malawi's Early Warning System has made notable progress but faces significant challenges. Key institutions like the Department of Disaster Management Affairs and the Department of Climate Change and Meteorological Services lead monitoring and warning efforts, supported by international partners like the World Meteorological Organization. However, limitations in data collection, outdated technology, and poor stakeholder coordination hinder effectiveness. Public awareness of early warning responses is low, and financial constraints further restrict system expansion.

To improve the Early Warning System, Malawi could implement a comprehensive National Multi-hazard system, focusing on advanced technologies and public education. Sustainable funding from government, international aid, and private partnerships is essential for expanding access to critical warnings.

In recent years, Anticipatory Action has gained traction, engaging various stakeholders in developing a roadmap for disaster response. A 2023 review updated this roadmap, emphasizing coordination, financing, and advocacy to enhance Anticipatory Action across Malawi. Three working groups were established to create actionable plans for these initiatives to strengthen disaster preparedness and response.

Recommendations

1. **Accelerating the development of multi-hazard early warning systems** is crucial for better disaster risk management, requiring investments in data collection and technological upgrades to improve monitoring and forecasting capabilities.
2. **Anticipatory Action** should be prioritized within national and local disaster risk management frameworks, ensuring its institutionalization for long-term sustainability.

3. **Investment in disaster risk reduction and resilience-building** initiatives, such as climate-smart agriculture and water security projects, will help mitigate food insecurity and bolster economic growth. Agricultural transformation is critical, particularly through climate-smart practices and improved irrigation methods, as only 26% of irrigable land is currently utilized.
4. **Strengthening social protection systems** is vital; the government should develop a shock-sensitive framework to safeguard vulnerable populations from economic shocks, ensuring increased coverage of programs like the Social Cash Transfer Programme.
5. **Institutional capacity building** is essential for effective community response to climate challenges, requiring enhanced coordination and investment in resilience-building skills.
6. **Maintaining macroeconomic stability** through fiscal reforms will provide a foundation for sustainable growth.
7. **The government's Agriculture, Tourism, and Mining strategy** aims to diversify the economy and boost productivity, necessitating policy frameworks that support sustainable industrialization and attract domestic and foreign investment.
8. **Financing for sustainable development** through the Integrated National Financing Framework will enhance domestic revenue and mobilize international support.
9. **Investing in enterprise and SME development** will create jobs and reduce poverty, driving inclusive economic growth.

Appendices

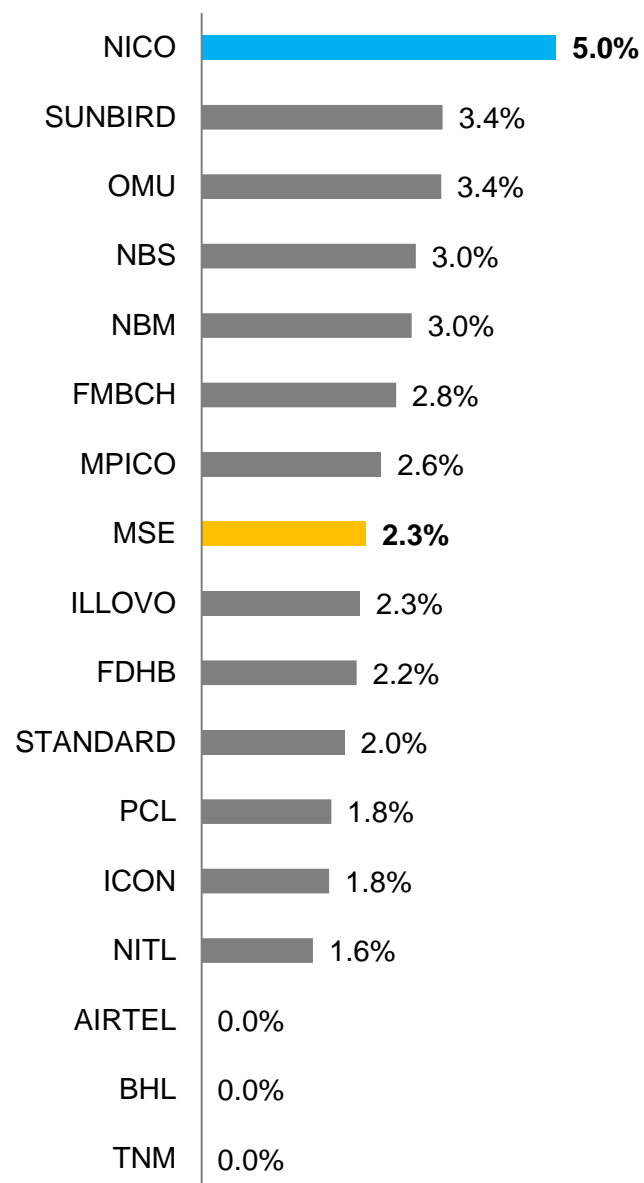


Appendix 1: Historical Monthly Economic Indicators

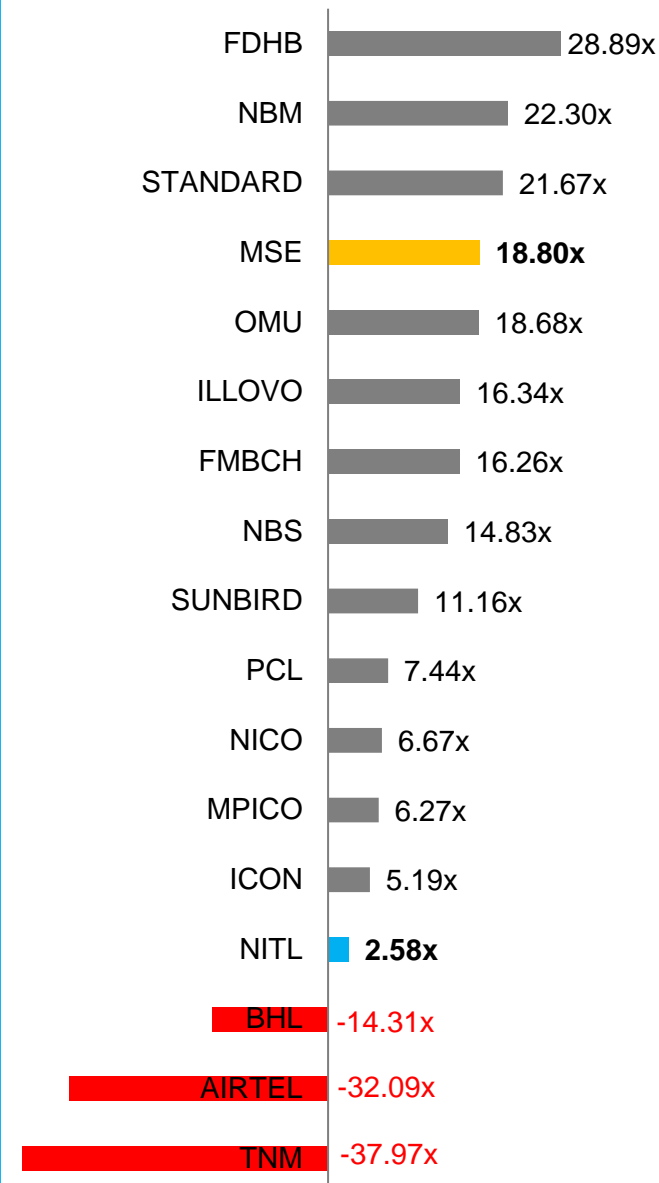
	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Exchange rates (middle rates)													
MK/USD	1,126.50	1,179.83	1,699.31	1,683.37	1,697.80	1,698.50	1,750.38	1,745.70	1,750.76	1,749.51	1,749.95	1,750.31	1,750.37
MK/GBP	1,412.17	1,473.63	2,219.25	2,212.41	2,221.35	2,217.83	2,268.77	2,256.81	2,285.22	2,274.74	2,311.11	2,368.68	2,411.29
MK/EUR	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	1,947.33	1,994.06	2,003.14
MK/ZAR	60.67	63.95	92.72	94.17	92.94	90.38	94.64	95.40	95.89	96.89	97.91	101.10	105.69
Foreign Exchange Reserves													
Gross Official Reserves (USD'mn)	242.68	179.33	165.20	242.58	178.06	143.60	N/A	N/A	N/A	180.20	N/A	N/A	N/A
Private Sector Reserves (USD'mn)	409.46	396.88	413.20	433.01	401.88	396.72	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total reserves (USD'mn)	652.14	576.21	578.40	675.59	579.94	540.32	552.94	603.07	610.18	591.51	572.02	549.85	N/A
Gross Official Reserves Import cover (months)	0.97	0.72	0.66	0.97	0.71	0.57	N/A	N/A	N/A	0.72	N/A	N/A	N/A
Inflation													
Headline	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	32.3%	32.7%	33.3%	33.7%	33.9%	N/A
Food	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	39.9%	40.7%	41.5%	41.9%	42.0%	N/A
Non-food	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	22.4%	22.1%	22.2%	22.4%	22.7%	N/A
Interest Rates													
Monetary Policy Rate	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Average Interbank Rate	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.48%	22.55%	23.41%	24.17%	24.20%	24.21%	24.23%
Lombard Rate	24.20%	24.20%	24.20%	24.20%	24.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%
Commercial Bank Reference Rate	23.40%	23.50%	23.50%	23.60%	23.60%	24.90%	24.90%	24.90%	25.00%	25.10%	25.40%	25.40%	25.40%
Government Securities Yields													
91-days Treasury Bill	14.70%	14.70%	14.70%	14.70%	14.70%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
182-days Treasury Bill	18.00%	18.00%	18.00%	18.00%	18.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
364-days Treasury Bill	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
2-year Treasury Note	26.75%	26.75%	26.75%	26.75%	26.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%	28.75%
3-year Treasury Note	28.00%	28.00%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
5-year Treasury Note	30.00%	30.00%	30.00%	30.00%	30.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
7-year Treasury Note	32.00%	32.00%	32.00%	32.00%	32.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
10-year Treasury Note	33.00%	33.00%	33.00%	33.00%	33.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Stock Market Indices													
MASI	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	128,996.65	141,275.06	142,686.97
DSI	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	99,107.18	110,067.28	111,316.63
FSI	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	20,018.57	19,974.30	19,983.22

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

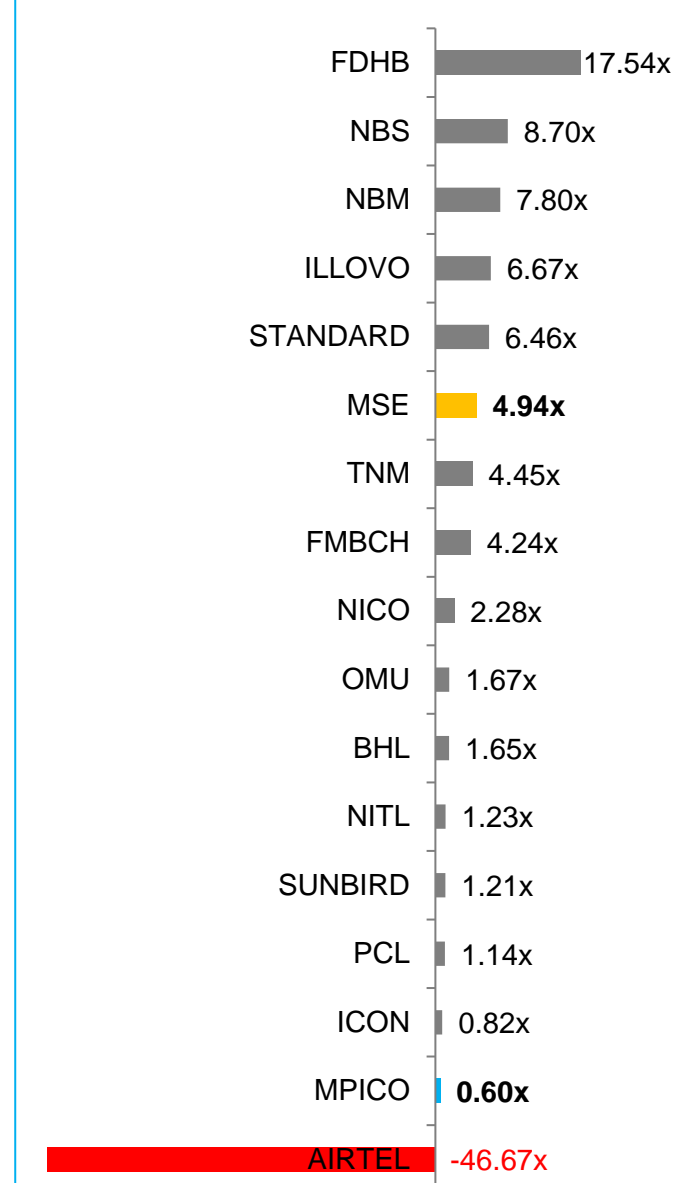
Dividend Yield (%) - the weighted average dividend yield on the MSE was 2.3% in September 2024. The counter with the highest dividend yield was NICO at 5.0%.



P/E Ratio - the weighted average price to earnings ratio on the MSE was 18.80x in September 2024. The counter with the lowest positive ratio was NITL at 2.58x.

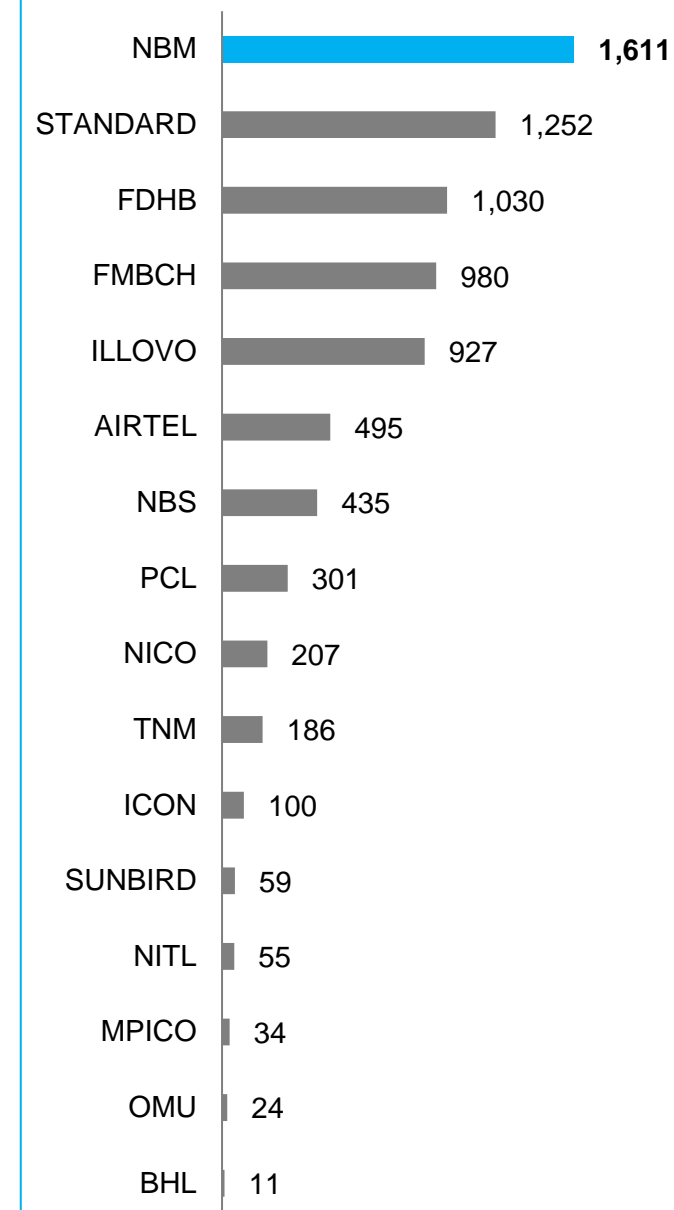


P/BV Ratio - the weighted average price to book value ratio on the MSE was 4.94x in September 2024. The counter with the lowest positive ratio was MPICO at 0.60x.



Market Capitalization (MK'billion)

- NBM had the highest market capitalization at MK1.61 trillion in September 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)					
	2021	2022	2023	2024	2025
GDP at constant market prices (% change)	2.8	0.9	1.5	2.0	3.9
Agriculture	5.2	-1.0	0.6	-1.2	3.7
Industry	1.9	0.9	1.6	2.2	3.3
Services	2.0	1.8	1.9	3.2	4.2
Consumer prices (annual average)	9.3	20.9	28.7	30.0	20.8
Revenue and grants (% of GDP)	14.7	14.6	15.2	19.1	21.1
Domestic revenue - tax and non-tax (% of GDP)	12.8	12.8	12.1	13.1	15.7
Grants (% of GDP)	1.9	1.8	3.1	6.0	3.9
Expenditure and net lending (% of GDP)	21.5	23.3	25.7	31.5	27.8
Overall balance - excluding grants (% of GDP)	-8.7	-10.4	-13.6	-18.4	-12.1
Overall balance - including grants (% of GDP)	-6.8	-8.6	-10.5	-12.4	-6.7
Foreign financing (% of GDP)	1.0	2.6	1.9	0.5	0.7
Domestic financing (% of GDP)	5.9	7.7	5.1	7.0	6.0
Money and quasi-money (% change)	30.0	38.8	32.2	35.3	18.8
Credit to the private sector (% change)	17.8	23.2	17.6	10.2	5.8
Exports - goods and services (USD mn)	1,591.0	1,490.0	1,563.0	1,563.0	1,819.0
Imports - goods and services (USD mn)	3,770.0	3,707.0	3,945.0	3,949.0	4,152.0
Gross official reserves (USD mn)	910.0	575.0	749.0	1,112.0	1,604.0
Months of import cover	2.9	1.9	2.3	3.4	4.6
Current account (% of GDP)	-15.2	-17.3	-15.1	-20.0	-19.6
Exchange rate (MK per US\$ average)	805.9	949.0	1,161.0	—	—
External debt (public sector, % of GDP)	31.5	34.8	48.5	47.4	46.8
Domestic public debt (% of GDP)	30.0	40.8	42.8	38.1	36.5
Total public debt (% of GDP)	61.5	75.7	91.3	85.5	83.3

Appendix 4: EIU, AfDB and Oxford Economics Projections

EIU projections

Economic growth (%)	2023	2024	2025	2026	2027	2028
Real GDP	1.6	1.3	1.6	2.3	2.5	2.8
Private consumption	1.7	1.1	1.2	2.2	2.9	3.0
Government consumption	1.8	1.5	1.6	2.1	2.5	2.5
Gross fixed investment	2.0	1.9	2.6	3.2	4.4	4.5
Exports of goods & services	4.4	3.9	3.6	5.0	4.9	5.1
Imports of goods & services	3.9	3.3	3.0	4.5	4.9	5.0
Domestic demand	1.7	1.2	1.4	2.3	3.0	3.1
Agriculture	1.0	-1.0	1.3	1.6	1.6	1.9
Industry	1.4	2.2	2.4	3.0	2.7	2.9
Services	2.0	2.2	2.6	3.9	3.5	3.8
Key indicators						
Consumer price inflation (av; %)	28.8	34.3	28.3	23.9	17.4	13.9
Government balance (% of GDP)	-9.3	-9.6	-9.7	-9.0	-8.4	-8.0
Current-account balance (% of GDP)	-15.2	-14.0	-9.3	-8.4	-8.2	-8.0
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	1,727.7	1,817.3	1,995.2	2,206.4	2,416.4
Exchange rate MK: US\$ (end-period)	1,683.5	1,758.8	1,867.9	2,107.3	2,292.6	2,524.6

Oxford Economics Projections

Annual percentage unless indicated otherwise						
	2022	2023	2024	2025	2026	2027
Real GDP growth	0.8	1.6	2.2	4.2	4.7	4.4
CPI inflation	20.8	28.6	30.7	14.4	8.6	7.8
Exports of goods (\$ bn)	1.0	1.1	1.3	1.4	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	-1.8	-1.9	-2.0	-2.1
Current account balance (% of GDP)	-18.2	-13.9	-15.3	-13.8	-13.5	-13.3
Exchange rate per USD (year average)	941.4	1,149.1	1,728.4	1,780.8	1,871.7	1,969.1
External debt total (\$ bn)	3.3	4.0	4.4	4.9	5.3	5.6
Government balance (% of GDP)	-9.4	-7.5	-6.6	-5.7	-5.2	-4.7
Government debt (% of GDP)	75.8	81.2	78.9	76.4	75.5	73.6
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	15.1	16.1
GDP per capita (\$ current prices)	613.6	640.7	560.8	635.9	666.4	694.8

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	28.7	27.3	14.3

Appendix 5: World Bank commodity market prices

World Bank commodity prices

	Annual averages				Monthly averages						
	2020	2021	2022	2023	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024
Produce (USD/mt)											
Soybeans	407.0	583.0	675.0	598.0	487.0	477.0	490.0	480.0	470.0	400.0	391.0
Maize	165.5	259.5	318.8	252.7	190.6	191.7	197.8	192.5	177.4	170.3	185.0
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	0.4
Sugar - U.S.	0.6	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Sugar - World	0.3	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5
Tea - average	2.7	2.7	3.1	2.7	2.7	3.0	3.2	3.2	3.3	3.2	3.3
Fertilizers (USD/mt)											
DAP	312.4	601.0	772.2	550.0	617.5	545.0	522.0	543.0	539.4	546.0	554.8
Phosphate rock	76.1	123.2	266.2	321.7	152.5	152.5	152.5	152.5	152.5	152.5	152.5
Potassium chloride	241.1	542.8	863.4	383.2	300.5	305.0	307.0	310.0	300.6	294.0	286.9
TSP	265.0	538.2	716.1	480.2	449.0	442.5	434.9	473.8	505.8	507.2	504.4
Urea, E. Europe	229.1	483.2	700.0	358.0	330.0	320.0	284.8	336.3	342.5	342.5	337.5
Precious Metals (USD/toz)											
Gold	1,770.0	1,800.0	1,801.0	1,943.0	2,158.0	2,331.0	2,351.0	2,326.0	2,398.0	2,470.0	2,571.0
Platinum	883.0	1,091.0	962.0	966.0	909.0	940.0	1,015.0	985.0	979.0	945.0	967.0
Silver	20.5	25.2	21.8	23.4	24.5	27.5	29.4	29.6	29.8	28.5	30.1

Appendix 6: List of Acronyms and Abbreviations

AfDB:	African Development Bank	Mt:	Metric tons
AHL:	Auction Holdings Limited	NBM:	National Bank of Malawi Plc
av:	Average	NDC:	Nationally Determined Contribution
BHL:	Blantyre Hotels Plc	ND-GAIN:	Notre Dame Global Adaptation Initiative
bn:	Billion	NICO:	NICO Holdings Plc
CPI:	Consumer Price Index	NITL:	National Investment Trust Limited Plc
DAP:	Diammonium Phosphate	NSO:	National Statistical Office
ECF:	Extended Credit Facility	OECD:	Organization for Economic Co-operation and Development
EIU:	Economist Intelligence Unit	OMU:	Old Mutual Limited Plc
ENSO:	El Niño Southern Oscillation	OPEC:	Organization of the Petroleum Exporting Countries
EUR:	Euro	P/BV:	Price to book value
FDHB:	FDH Bank Plc	PCL:	Press Corporation Limited Plc
FM BCH:	FMB Capital Holdings Plc	P/E:	Price to earnings
GBP:	Great British Pound	RBM:	Reserve Bank of Malawi
GDP:	Gross Domestic Product	SAM:	Severe Acute Malnutrition
IFPRI:	International Food Policy Research Institute	SGBV:	Sexual and Gender-based Violence
IMF:	International Monetary Fund	SUNBIRD:	Sunbird Tourism Plc
Kg:	Kilogram	TB:	Treasury Bill
LRR:	Liquidity Reserve Requirement	TN:	Treasury Note
MASI:	Malawi All Share Index	TNM:	Telekom Networks Malawi Plc
Mb/d:	Million barrels per day	Toz:	Troy ounces
MIP-1:	Malawi Implementation Plan First Ten-Year	UN:	United Nations
MK:	Malawi Kwacha	UNSDCF:	United Nations Sustainable Development Cooperation Framework
Mn:	Million	USD:	United States Dollar
MPC:	Monetary Policy Committee	WHO:	World Health Organization
MSE:	Malawi Stock Exchange	ZAR:	South African Rand

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