

Monthly Economic Report

| April 2021





Table of Contents

	Page
1. List Of Acronyms	3
2. Executive Summary	4-6
3. Economic Overview	7
1. Inflation	8
2. Government Securities	9-11
3. Foreign Currency Market	12
4. Foreign Reserve Position	13
5. Interbank Markets and Interest Rates	14
6. Stock Market	15-17
7. Corporate Announcements by MSE Listed Companies	18-20
8. Debt Market	21
4. Other Market Developments	22
1. Tobacco Sales	23
2. IFPRI Monthly Maize Report	24
5. Regional And Global Market Developments	25
1. Global Oil Developments	26
2. Interest Rate Movements	27
3. COVID-19 Update	28
6. Outlook for Malawi	29-31
7. Appendix	32-37
8. Contact Information	38

List of Acronyms and Abbreviations

AIP:	Affordable Inputs Program	OMO:	Open Market Operations
BHL:	Blantyre Hotels Plc	PCL:	Press Corporation Plc
COVID-19:	Coronavirus disease	RBM:	Reserve Bank of Malawi
DSI:	Domestic Share Index	SSA:	Sub Saharan Africa
EIU:	Economic Intelligence Unit	Sunbird:	Sunbird Tourism Plc
EUR:	Euro	TB:	Treasury Bill
FMBCH:	FMB Capital Holdings Plc	TBA:	To Be Announced
FSI:	Foreign Share Index	TC:	Tobacco Commission
GBP:	British Pound	TNM:	Telekom Networks Malawi Plc
GDP:	Gross Domestic Product	TN:	Treasury Note
IMF:	International Monetary Fund	TT:	Telegraphic Transfer
MASI:	Malawi All Share Index	WEO:	World Economic Outlook
Mb/d:	Million barrels per day	UK:	United Kingdom
MK:	Malawi Kwacha	USA:	United States of America
M-O-M:	Month-on-month	USD:	United States Dollar
MPC:	Monetary Policy Committee	Y-O-Y:	Year-on-year
MSE:	Malawi Stock Exchange	YTD:	Year-to-date
NBM:	National Bank of Malawi Plc	ZAR:	South African Rand
NICO:	NICO Holdings Plc		
NITL:	National Investment Trust Plc		
NSO:	National Statistical Office		
OPEC:	Organization of the Petroleum Exporting Countries		

Executive Summary

Inflation

The Headline inflation rate averaged 9.4% in March 2021 from 8.3% in February 2021. The increase in the inflation rate during the period was on account of an increase in both Food and Non-food inflation which averaged 11.7% (Feb 2021: 10.30%) and 6.9% (Feb 2021: 6.30%) in March 2021, respectively.

Following the second Monetary Policy Committee (MPC) meeting of 2021, the MPC noted that recent inflation trends suggest an elevated inflation path in the period ahead thus annual headline inflation for 2021 has been revised upward to average 8.4%. The revision was necessitated by the continued weakening of the Malawi Kwacha to United States Dollar exchange rate as well as the upward adjustment of fuel prices on 9 March 2021 and in electricity tariffs on 31 March 2021. However, the monetary authorities also noted that this forecast could be offset by low food prices, owing to an improved maize harvest during the 2020/21 agricultural season, which may ease inflationary pressures in the short term, particularly during 2021Q2.

The EIU on the other hand project that inflation for 2021 will average 9.1% according to their March 2021 country report. The EIU's projection is based on the expectation that inflation will reflect rising global fuel prices and a recovery in private consumption. In addition to this, the EIU anticipates that the accommodative monetary policy stance taken by the Monetary Policy Committee (MPC) in 2020 to maintain the policy rate at 12% in the first half of 2021 may cause inflation to increase.

Monetary Policy

The Monetary Policy Committee (MPC) at its second meeting of 2021 (held between 28-29 April 2021) decided to maintain the Policy rate at 12%; the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75%; and the Lombard rate at 20 basis points above the Policy rate. In arriving at its decision, the MPC considered the need to support and sustain economic recovery, whilst at the same time managing the upside risks to the inflation outlook.

Based on the EIU report, the MPC is expected to maintain the policy rate at 12% throughout 2021 to continue to support economic recovery. The RBM will then adopt a tightening monetary policy stance from 2022-25 as inflation may build up on the back of rising global oil prices and consumer spending.

Fiscal Policy

Based on the government midyear budget review, the overall budget deficit during the first half of the 2020/21 fiscal year was K351.0 billion which is marginally higher than the planned first half deficit of K348.3 billion owing to higher project loan disbursements. The deficit was financed by net domestic borrowing of K304.0 billion and a net foreign borrowing of K47.0 billion. The performance of the budget in the first half as well as projected outturn for the second half of the fiscal year prompted an upward revision of the expected net domestic borrowing requirement from K530.4 billion in the approved 2020/2021 fiscal budget to K564.4 billion, or 6.1% of GDP in the revised budget. The total deficit for the 2020/2021 fiscal year is expected to be K0.81 trillion. This will be mainly financed through domestic borrowing of K0.56 trillion. Initially, the Malawi government budget for the fiscal year 2020/21 was set at K2.1 trillion in October 2020.

According to the EIU March 2021 country report, the fiscal deficit is expected to widen in 2020/21, to 9.3% of GDP as welfare measures to mitigate the impact of the outbreak will keep government spending elevated. Furthermore, external debt is expected to increase steadily, from an estimated US\$2.8bn in 2020 to US\$3.4bn at the end of 2022.

On other fiscal policy developments, at the second national address on government policies held on 2 May 2021, President Chakwera informed the nation on the Malawi government's plans to present a Bill that will establish a Mining Regulatory Authority during the June 2021 sitting of Parliament. This is an attempt to move away from the country's undiversified agricultural export base which accounts for over 25% of the country's GDP.

The Authority's mandate will be to regulate the development, management, and utilization of the country's mineral resources in line with sustainable development principles and practices. Government has already established the National Mining company which will function as a state-owned enterprise that will promote the development of the mining sector. Furthermore, it has also approved the operationalization of the Central Bank's function as a structured market for minerals. In the 2021/2022 financial year, government will fund the development of infrastructure and the deployment of experts critical to the management of the mining sector. They have proposed a state-of-the-art laboratory complex at Area 4 Lilongwe, which is estimated to cost K820 million.

Lastly, fiscal policy will also be supported through the World Bank's Country Partnership Framework (FY21–25) which aims to support the country's goal of creating more jobs, strengthening human capital and increasing economic growth and accountability.

Exchange Rates

Based on middle rates, the Malawi Kwacha depreciated against the USD by 0.93% in April 2021. As at 30 April 2021, the Kwacha was trading at K797.66/USD from K790.30/USD as at 31 March 2021. M-o-m, the Kwacha also depreciated against its other three major trading partners, the GBP, the EUR and the ZAR. By the end of the month, the country's gross official forex reserves had dropped by 4.43% to USD392.01 million, from a gross official forex reserve position of USD410.16 million as at 31 March 2021. As a result, gross official forex reserves' import cover decreased to 1.88 months in April 2021 from 1.96 months in March 2021. According to the RBM, the continued shortage of supply of foreign exchange on the market may trigger a further depreciation of the exchange rate in the near term, thereby raising non-food inflation through high costs of imported goods namely fuel. Adding the gross official reserve position to the private sector reserve position, total foreign exchange reserves held in April 2021 were USD784.62 million which is a 4.24% increase from the total foreign exchange reserves position of USD752.74 million in March 2021. This translates to an import cover of 3.76 months.

According to the EIU, oil prices are forecasted to increase which may in turn result in an increase in Malawi's import spending, particularly between 2021-22. The current account is anticipated to have a deficit averaging 19.6% of GDP per year (previously projected at 17.5%). This may put pressure on the currency and could hasten depreciation in the forecast period. As the foreign exchange reserves dwindle, the currency is likely to depreciate further. The wide current account deficit is expected to exert downward pressure on the Kwacha throughout 2021, however, the pace of depreciation could be moderated by increasing foreign investment inflows and export earnings from the agricultural sector.

Government Securities

Treasury bill (TB) applications and allotments have decreased by 83.12% to K5.59 billion (March 2021: K33.13 billion), and by 83.13% to K5.59 billion in April 2021 (March 2021: K33.13 billion), respectively. Treasury note (TN) applications and allotments have decreased by 51.08% to K30.38 billion in April 2021 (March 2021: K62.10 billion), and by 52.08% to K28.54 billion in April 2021 (March 2021: K59.56 billion), respectively.

The average All- Type Treasury bill yield decreased to 12.15% in April 2021 from 12.18% in March 2021.

Stock Market

The MASI increased by 2.51% to 33,380.63 points in April 2021 from 32,562.96 points in March 2021. This is due to share price gains in Airtel, FMBCH, NBM and Standard bank which offset share price losses in NICO, MPICO, FDHB, TNM and ICON. The MASI year-to-date return was 3.05% in April 2021, it was negative 4.61% during the same period in the previous year. FMBCH had the largest share price gain during the period under review, to K31.77 per share in April 2021 from K27.12 per share in March 2021, representing a 17.15% increase. TNM had the largest share price loss during this period to K16.36 per share in April 2021 from K16.39 per share in March 2021, representing a 0.18% decrease.

Economic Growth

GDP for 2021 is forecasted to range between 2.2% to 2.8% based on EIU, IMF and World Bank estimates for the country. According to the World Bank, Real GDP growth for Malawi is estimated to grow by 2.8% in 2021. The RBM expects Real GDP growth in 2021 to average 3.8% while the IMF World Economic Outlook update for April 2021 projects that economic growth will average 2.2% in 2021. Lastly, the EIU projects that the economy will gradually recover and grow by 2.3% in 2021, after which it will grow at 4.6% per year in 2022-25.

Growth in real GDP is expected to be supported by a strong harvest, improved regional trade and domestic activity, according to the EIU. Investments will gradually increase as the business climate improves. This shows the economy's continued reliance on the agricultural and services sector for its growth. Potential land reforms may change the agricultural sector from being predominantly subsistence based to export driven. The land reforms are aiming to consolidate small farms into larger holdings under the Malawi Growth and Development Strategy, which will help to increase economies of scale and aid the expansion of other cash crops such as soybeans, tea and sugar.

Based on the midyear 2020/21 budget review, growth in 2021 will also be significantly bolstered by the expected increase in agriculture output due to the impact of the Affordable Inputs Programme (AIP). According to IFPRI, the AIP, which will cost MWK160.2 billion (about USD 214 million), aims to reduce poverty and ensure food security at household and national levels.

More recent highlights from the second MPC meeting of 2021, suggest that the ongoing vaccination campaign, coupled with the above average agricultural production during the 2020/21 season and the recovery of the global economy, will provide optimism for an economic turnaround in 2021. As such, domestic real economic growth is projected to strengthen to 3.8% in 2021, from an estimated growth rate of 0.9% in 2020.

COVID-19 Status and developments

According to the Ministry of Health in Malawi, the total number of confirmed cases increased to 34,078 in April 2021 from 33,551 in March 2021. Total number of COVID-19 related deaths increased to 1,148 in April 2021 from 1,117 in March 2021. As at 30 April 2021 the positivity rate had decreased to 3.2% in April 2021 from 6% in March 2021, while the Case Fatality Rate (CFR) marginally increased to 3.37% in April 2021 from 3.33% from March 2021. Finally, the recovery rate stood at 94.1% in April 2021. Following Malawi's first consignment of 360,000 doses of the COVID-19 AstraZeneca vaccine on 5 March 2021, 296,127 Malawians had been vaccinated as at 30 April 2021.

Risks

Malawi's main risk for 2021 is the spillover effect from the second wave of the COVID-19 pandemic which may suppress economic recovery in the year.

According to the EIU December 2020 country risk report, some of Malawi's main risks in 2021 are extremely low-income levels and the continuously elevated public debt stock. Slow economic activity and reduced trade has deterred incomes and lessened remittances. High government expenditure related to COVID-19 mitigation measures may continue to elevate government's borrowing. The report also stated that, government is dependent on volatile aid inflows from foreign donors to cover its financing needs. Thus broad-based growth through economic diversification may not be a priority for the government, as it may focus on policies geared towards mitigating the impact of the pandemic which is at the expense of growing debt levels.

Another risk is that Malawi's export earnings will continue to be concentrated in a narrow basket of agricultural goods. Tobacco which accounts for about 56% of total exports, will continue to be subject to demand shocks. Adverse weather conditions may result in low harvests and trade revenues which may influence macroeconomic stability, leading to higher inflation, greater currency volatility and weaker economic growth.

There are also risks of rising levels of non-performing loans during the pandemic that could also impact banks negatively. A large proportion of banks' credit is extended to the agricultural sector leaving it subject to agriculture and trade underperformance, which could affect banks' portfolios. In addition, mining will also continue to face constraints related to external competition, fluctuations in global demand and limited power supply. Government has vowed to increase its investments in the mining sector in the coming budget.

Furthermore, the risk of inadequate access to power remains a problem for the country which results in decreased productivity and output. And lastly, the large current account deficit may also persist to exert pressure in the medium term, with high levels of public debt and a wide fiscal deficit adding to the economic challenges.

Economic overview



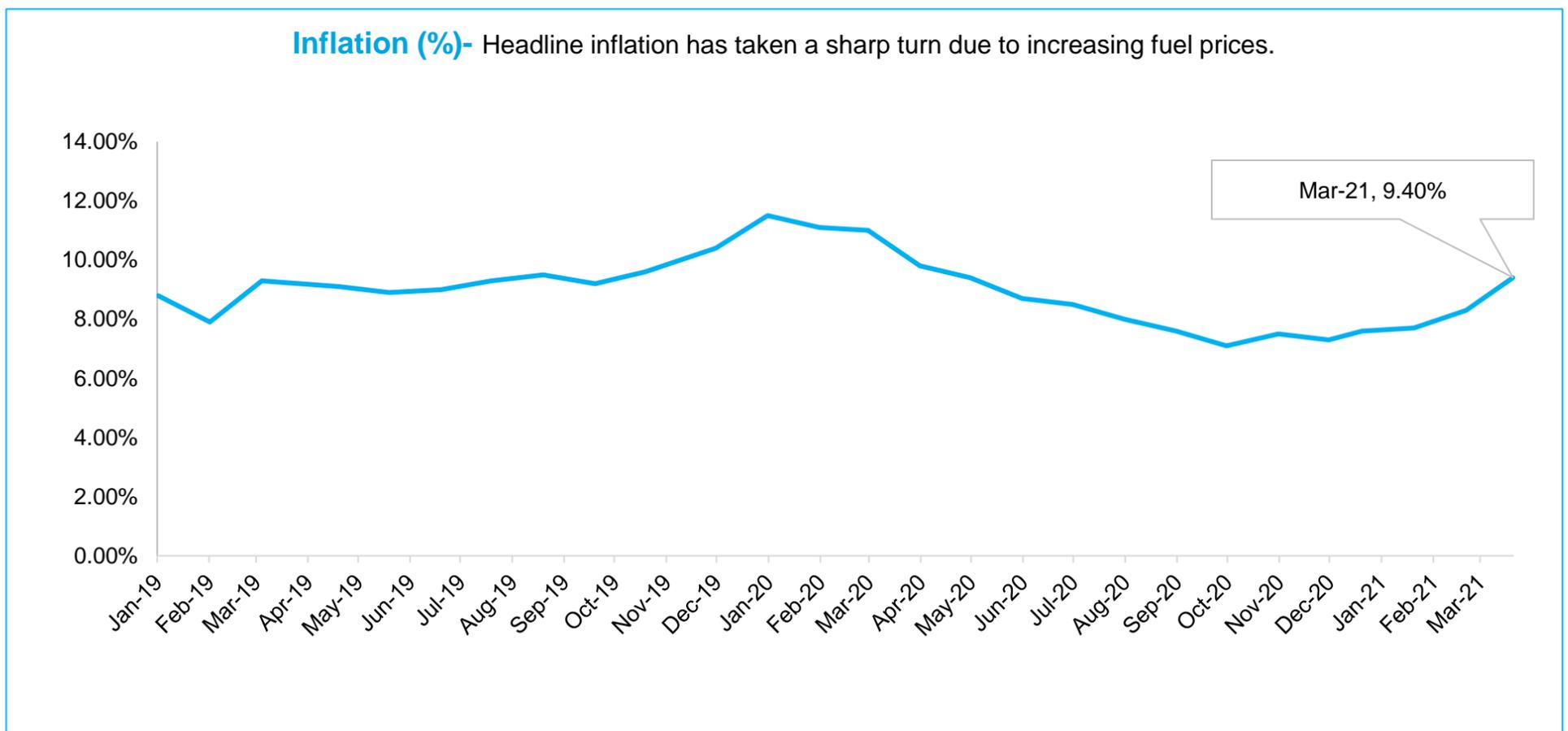
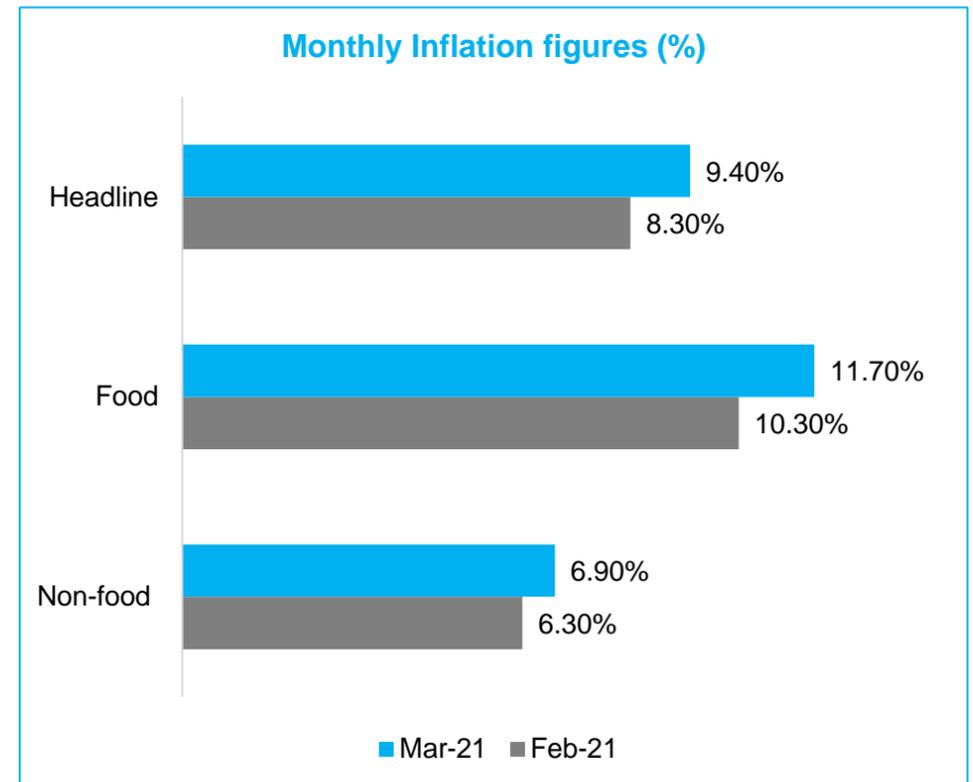
Economic overview

Inflation (Source: NSO)

The headline inflation rate averaged 9.4% in March 2021 from 8.3% in February 2021. In March 2020, the headline inflation rate averaged 9.8%. The increase in inflation was on account of an increase in both Food and Non-food inflation which averaged 11.7% (Feb 2021: 10.30%) and 6.9% (Feb 2021: 6.30%) in the month of March 2021, respectively.

According to the second Monetary Policy Committee (MPC) meeting of 2021, pressures to Non-food inflation could persist in the near term as the impact of the recent adjustments to fuel prices and electricity tariffs are yet to be fully transmitted to inflation. This could however be offset by low food prices, owing to an improved maize harvest during the 2020/21 agricultural season, which may somewhat ease inflationary pressures in the short term, particularly during 2021Q2.

The RBM report further stated that headline inflation forecasts suggest an elevated inflation path in the period ahead and as such, headline inflation is currently projected to average 8.4% in 2021. The forecast has, among others, taken into account the impact of the lagged effects of the upward adjustments of fuel prices implemented on 9 March 2021 and an increase in electricity tariffs effected on 31 March 2021.





Treasury bill (TB) allotments have decreased by 83.12% to K5.59 billion in April 2021 from K33.13 billion in March 2021. Similarly, Treasury Note (TN) allotments have decreased by 52.08% to K28.54 billion in April 2021 from K59.56 billion in March 2021.

Economic overview (continued)

Government securities (Source: RBM)

Treasury Bills (TBs)

Treasury bill applications decreased by 83.12% to K5.59 billion in April 2021 from K33.13 billion in March 2021. Year-on-year, total applications have decreased by 79.31% as they were K27.02 billion in April 2020.

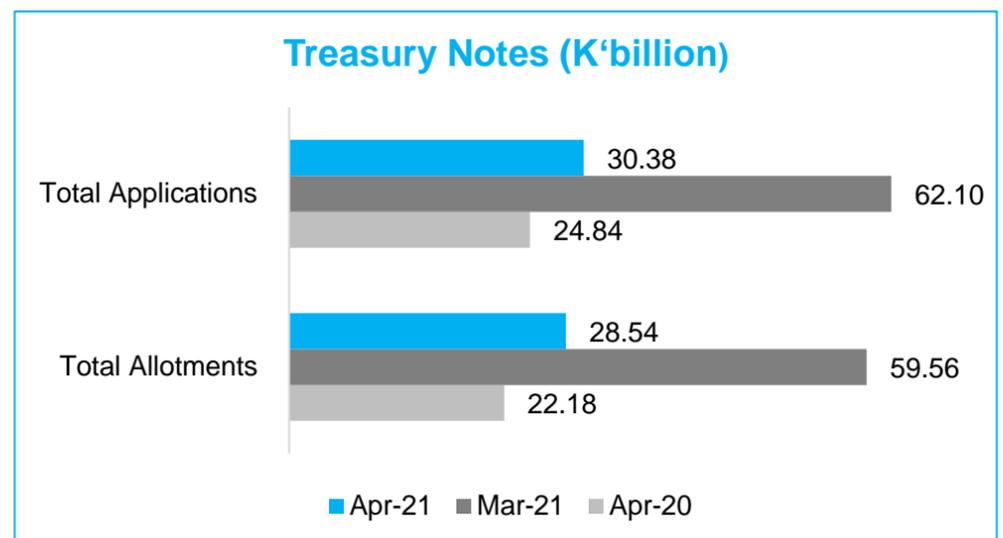
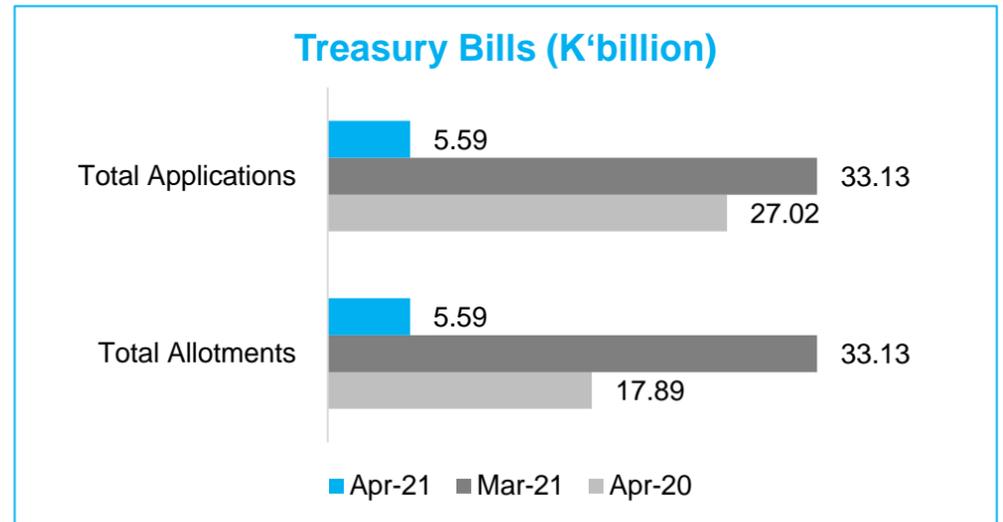
Similarly, allotments have also decreased by 83.13% to K5.59 billion in April 2021 from K33.13 billion in March 2021. Y-o-y allotments have decreased by 68.75% as they were K17.89 billion in April 2020.

The TBs had a rejection rate of 0.38% during the period under review.

Treasury Notes (TNs)

Treasury note applications decreased by 51.08% m-o-m to K30.38 billion in April 2021 from K62.10 billion in March 2021. Y-o-y applications have increased by 22.30% as they were K24.84 billion during the same period in the previous year. Treasury Note allotments were K28.54 billion in April 2021 which is 52.08% lower than the K59.56 billion raised in the TN auctions March 2021.

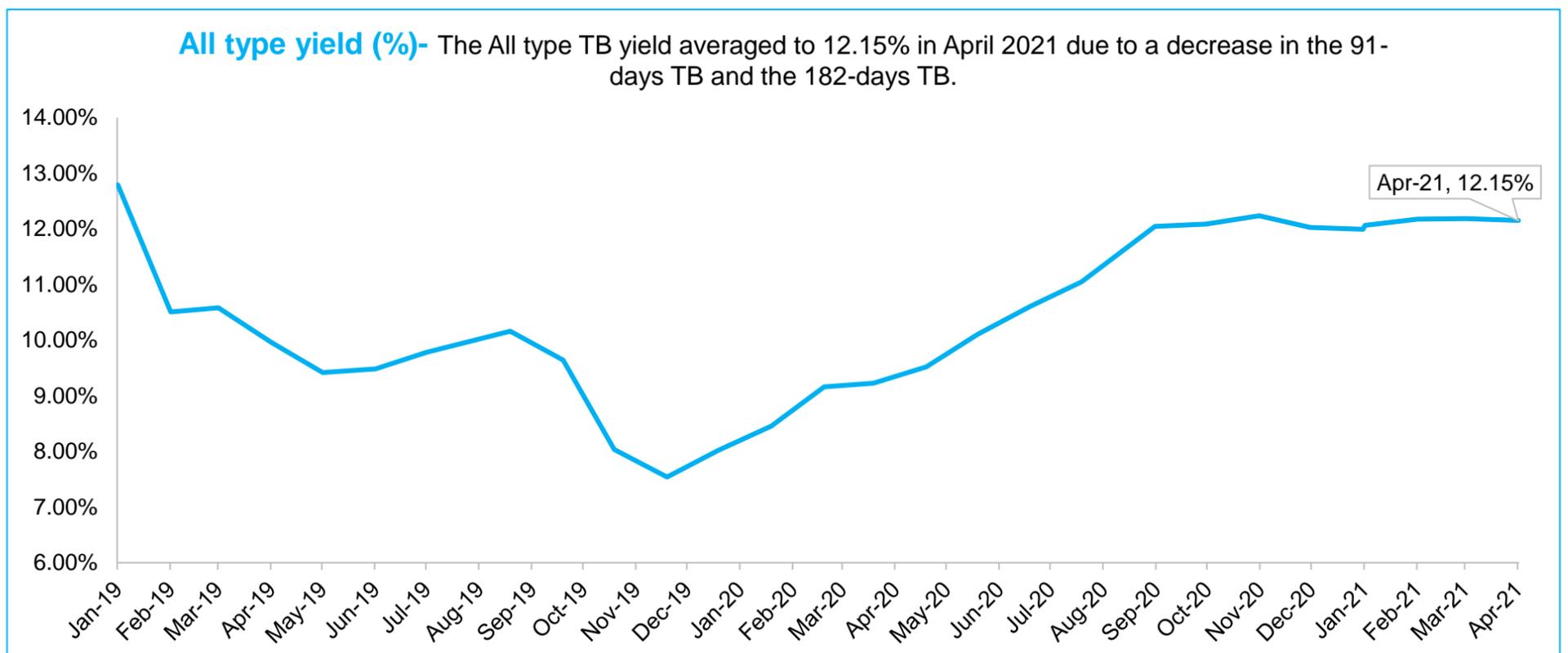
Allotments have however increased y-o-y by 28.67% as they were K22.18 billion in April 2020. Overall, the TNs had a rejection rate of 6.06% in April 2021.



The average All Type Treasury bill yield decreased to 12.15% in April 2021 from 12.18% in March 2021. The All-Type Treasury bill (TB) yield was 9.52% in April 2020. The decrease in the All-Type yield during the month under review is owing to a decrease in the average yields for both the 91-days TB and the 182-days TB, which were 9.88% and 12.77% in April 2021, respectively. The respective rates were 9.95% and 12.80% in March 2021. The 364-days TB paper however maintained its position at 13.80% during the period under review. The figure below traces the Treasury bill yields for the different tenures from January 2019 to April 2021.



The average All-Type Treasury bill yield decreased to 12.15% in April 2021 from 12.18% in March 2021. The downward movement was on account of a decrease in the average yields for both the 91-days TB and the 182-days TB, which were 9.88% and 12.77% in April 2021, respectively.



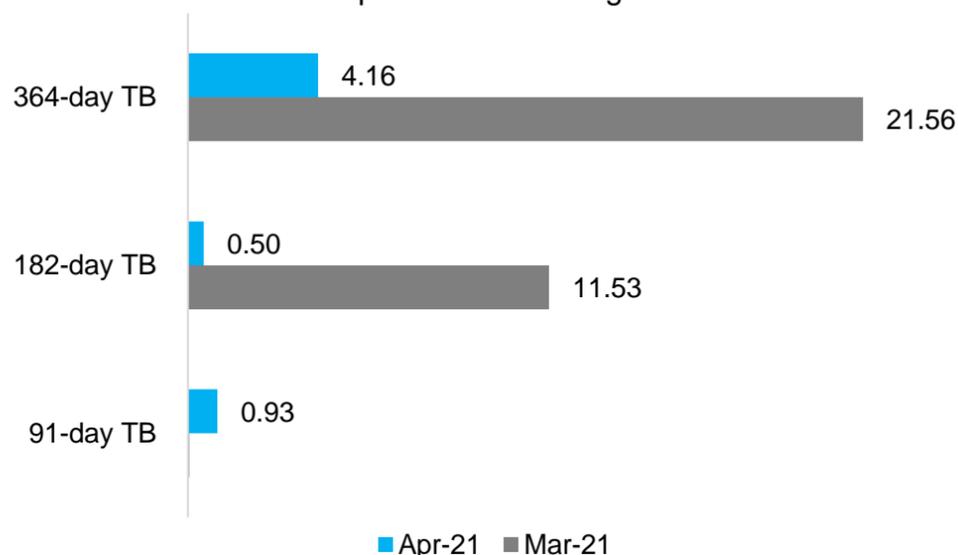


Economic overview (continued)

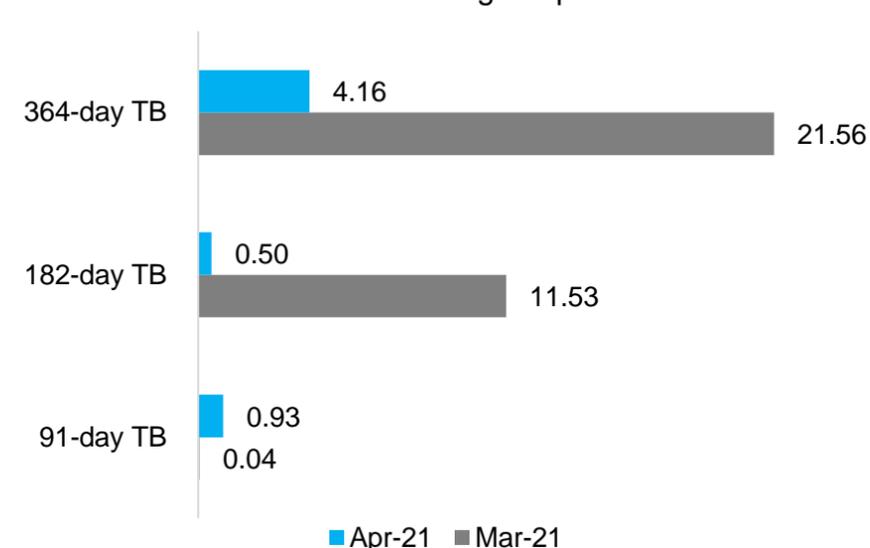
In April 2021, the 364-days TB and the 3-Yr TN had the highest subscription rates during the TB and TN applications made during the period. The subscription rates were 74.36% and 64.55%, respectively.

Government securities (Continued)

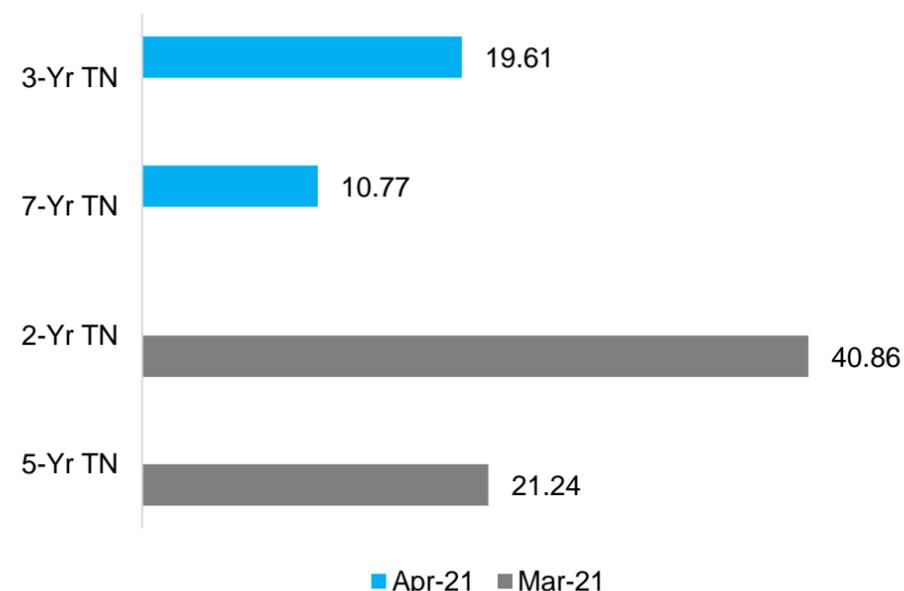
Treasury Bill Applications (K'billion)- the 364-days TB paper had the highest subscription rate at 74.36% of total applications. It continues to reflect investors preference for longer tenors.



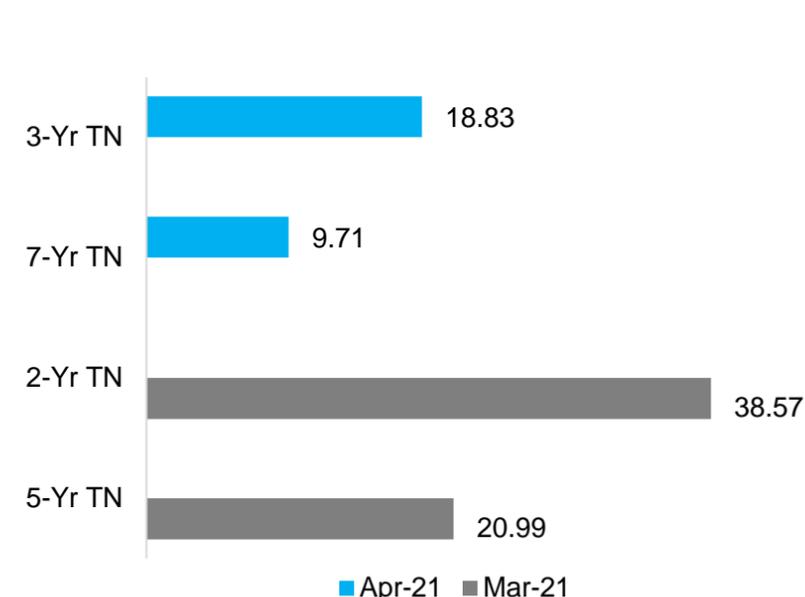
Treasury Bill Allotments (K'Billion)- the 182-days TB had a rejection rate of 0.38% in April 2021 as K1.88 million worth of applications were not allotted during the period.



Treasury Note Applications (K'billion)- the 3-Yr TN had the highest subscription rate in April 2021 at 64.55% of the total TN applications made during the period.



Treasury Note Allotments (K'billion)- the TNs had a rejection rate of 6.06% as K0.78 billion of 3-Year and K1.06 billion of 7-Year TN applications were not allotted during the period.

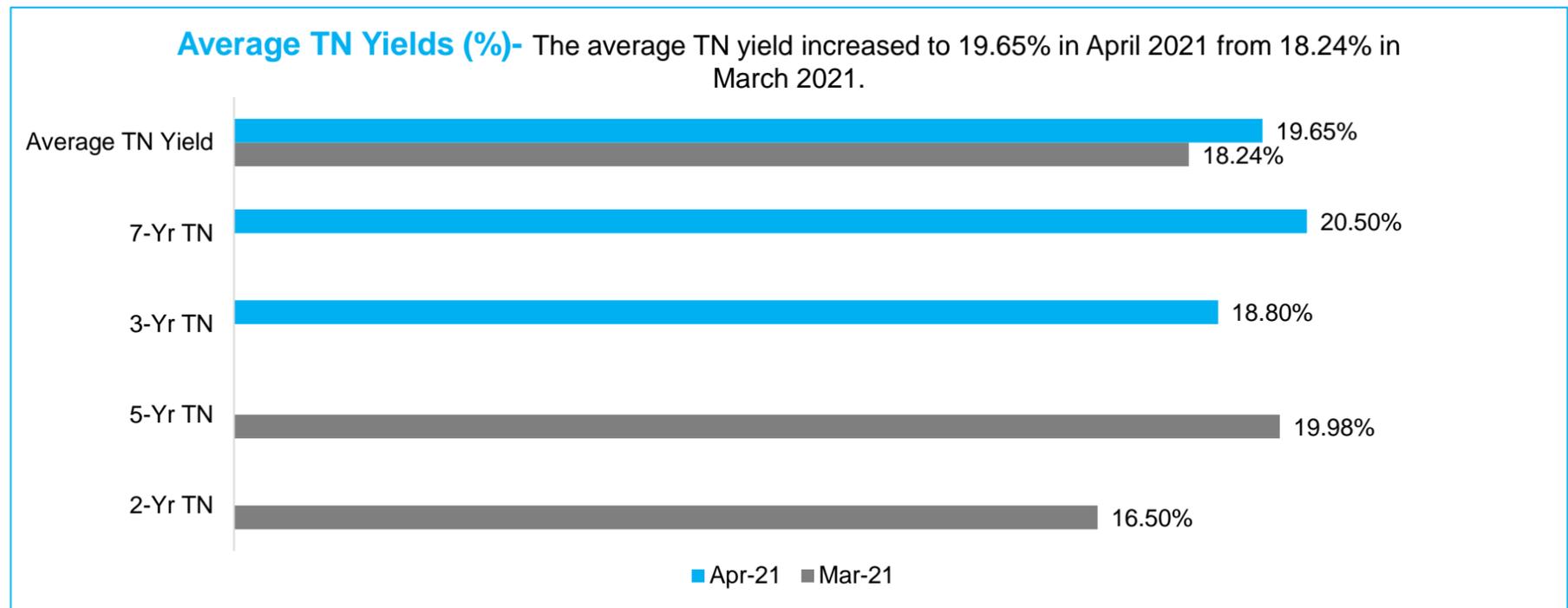




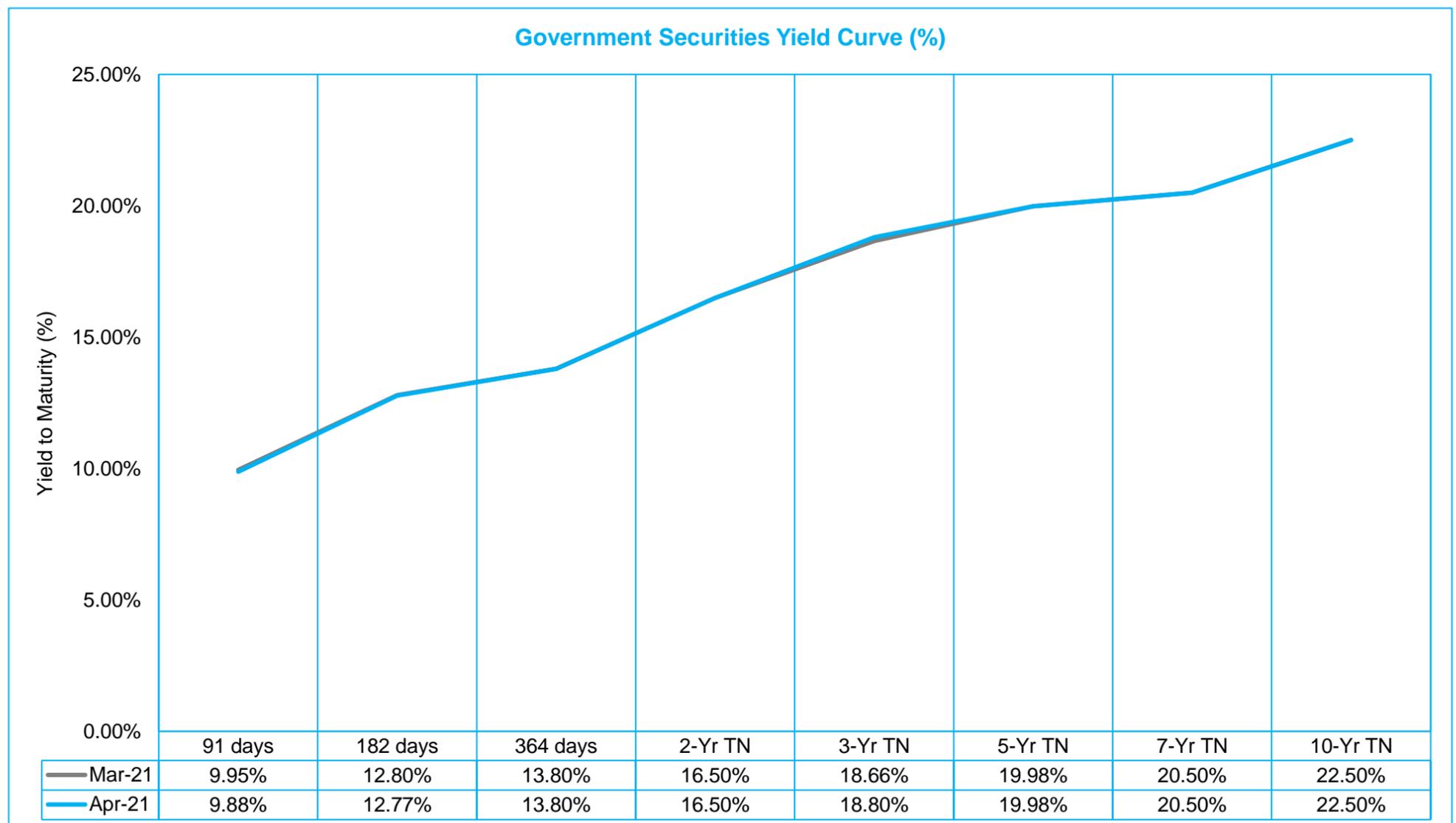
Economic overview (continued)

The average yield curve slightly edged upwards in the month of April 2021 against March 2021. There were marginal increases in yields for the 91-days and 182-day TB, as well as the 3-Year TN.

Government securities (Continued)



The Government Securities yield curve is shown in the graph below.

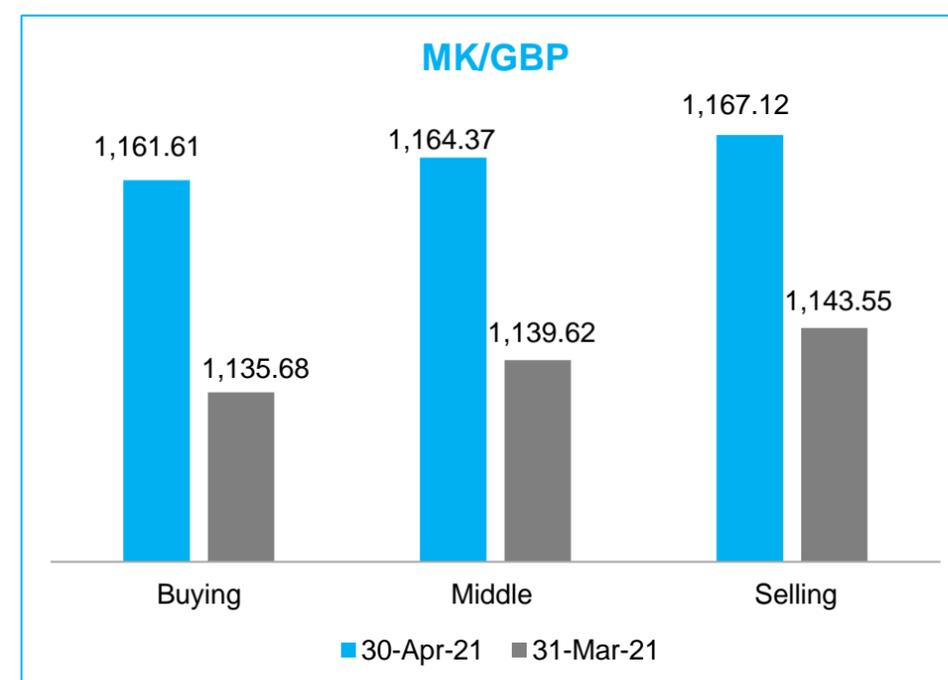
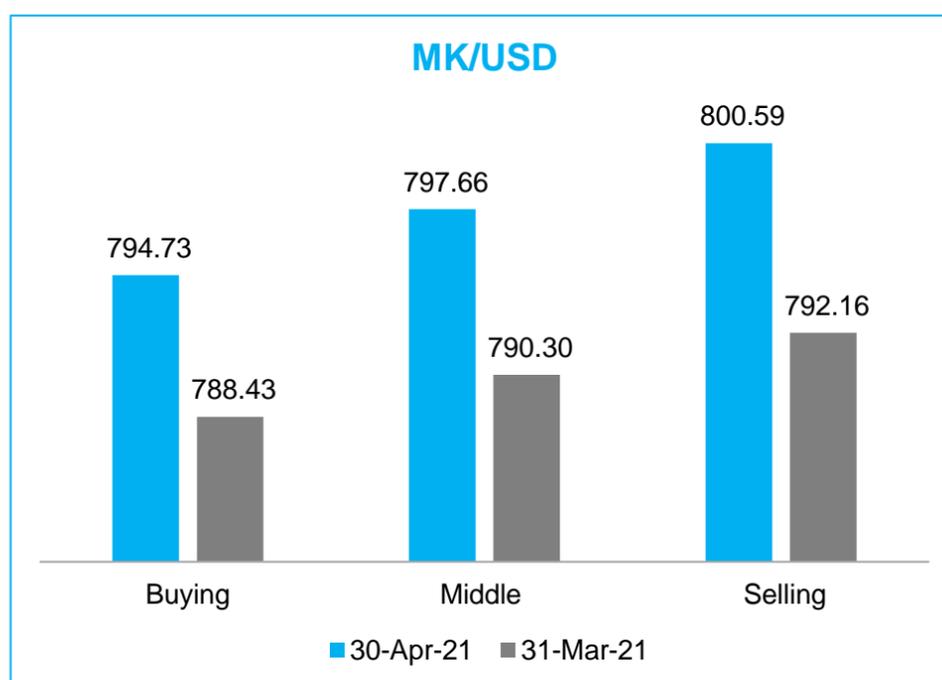




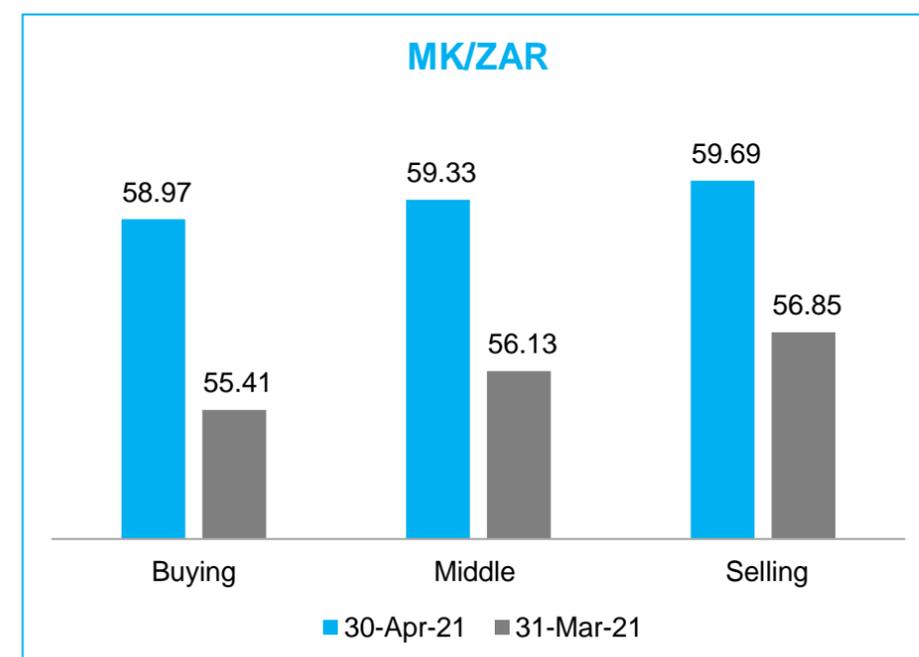
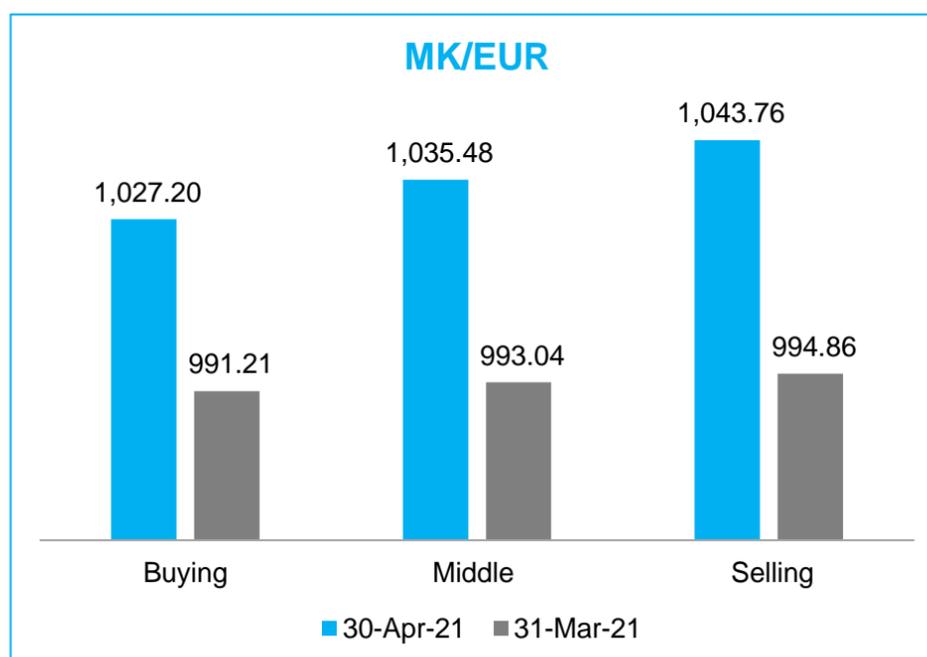
Economic overview (continued)

Based on middle rates, as at 31 April 2021 the Malawi Kwacha had depreciated against the USD by 0.93% to K797.66/USD from K790.30/USD as at 31 March 2021. Similarly, the Kwacha also depreciated against its other major trading partners over the period. The demand for foreign currency in the market continues to outweigh supply.

Foreign currency market (Source: RBM)



The Malawi Kwacha has been weakening over the first quarter of 2021 as the current account deficit continues to exert pressure on the currency due to COVID-19 spillover effects and poor tobacco export proceeds in 2020 whose ripple effects are being felt in the current period as the demand for foreign currency on the market continues to outweigh the supply of foreign currency on the market. As at 30 April 2021, the Kwacha had marginally depreciated to K797.66/USD from K790.30/USD as at 31 March 2021. This represents a depreciation of 0.93% m-o-m. Y-o-y the kwacha has depreciated by 7.64% as it was K741.02/USD during the same period in the previous year. The Kwacha also depreciated against the GBP by 2.17% to K1,164.37/GBP as at 30 April 2021 from K1,139.62/GBP as at 31 March 2021. Y-o-y the Kwacha has depreciated against the GBP by 25.40% as it stood at K928.53/GBP during the same period in the previous year.



Furthermore, the Kwacha has also depreciated against the EUR and the ZAR by 4.27% and 5.70%, respectively. By the end of April 2021, the respective rates had depreciated to K1,035.48/EUR from K993.04 per EUR as at 31 March 2021 and to K59.33/ZAR from K56.13/ZAR as at 31 March 2021. Y-o-y the Kwacha has depreciated by 27.86% against the EUR as it was K809.87/EUR during the same period in the previous year and by 42.48% against the ZAR as it was K41.64/ZAR during the same period in the previous year. Overall, we can anticipate that the supply of foreign currency on the market will improve in the near term as the 2021 tobacco season kickstarts which may likely improve availability of foreign currency on the market and ease pressure on the country's wide current account deficit.

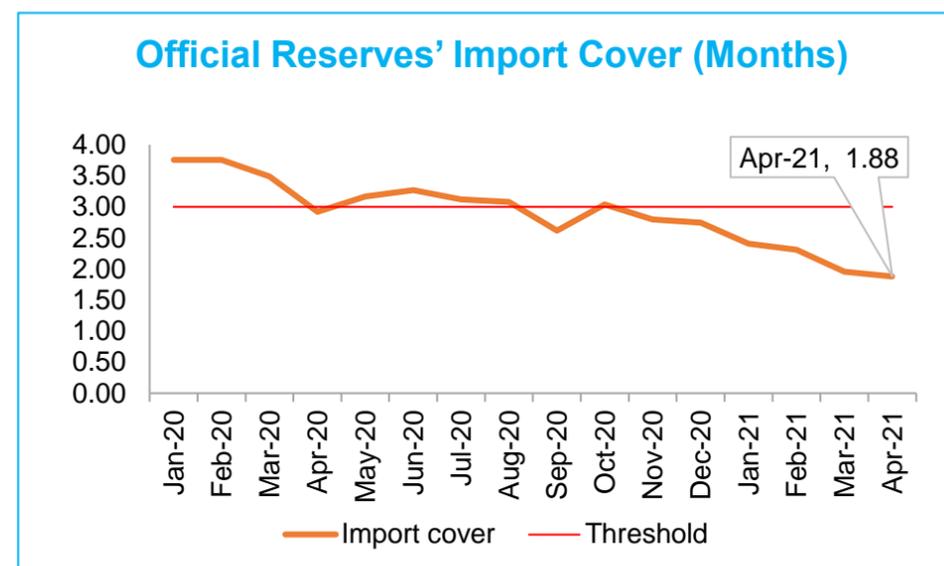
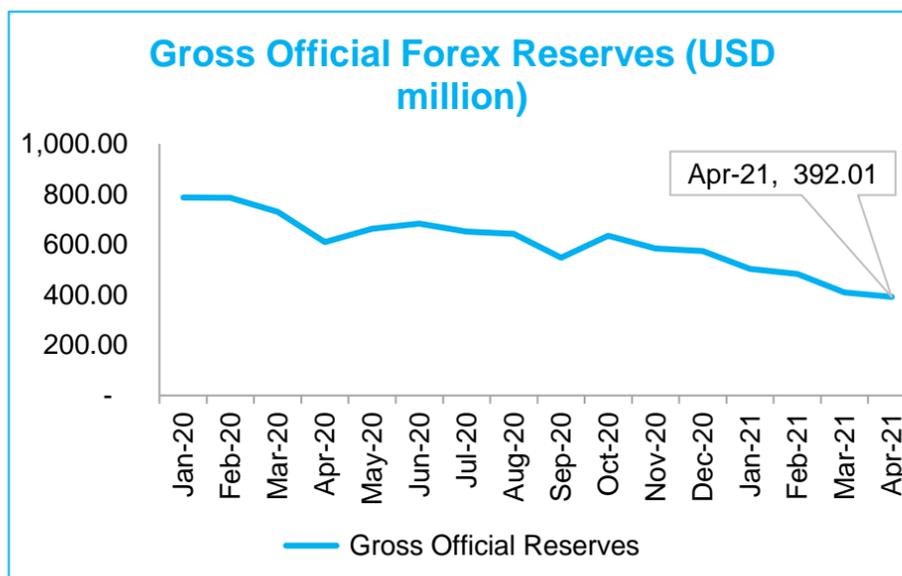
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



Economic overview (continued)

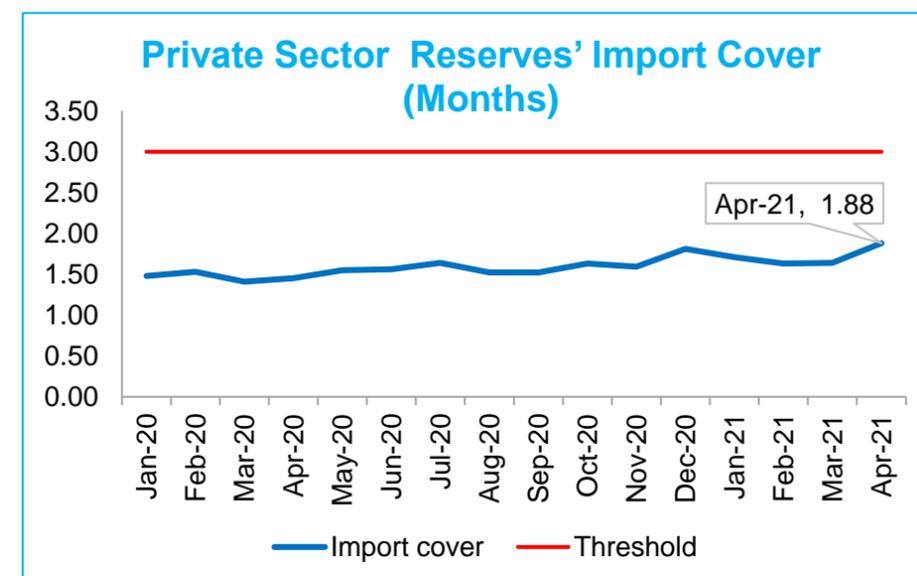
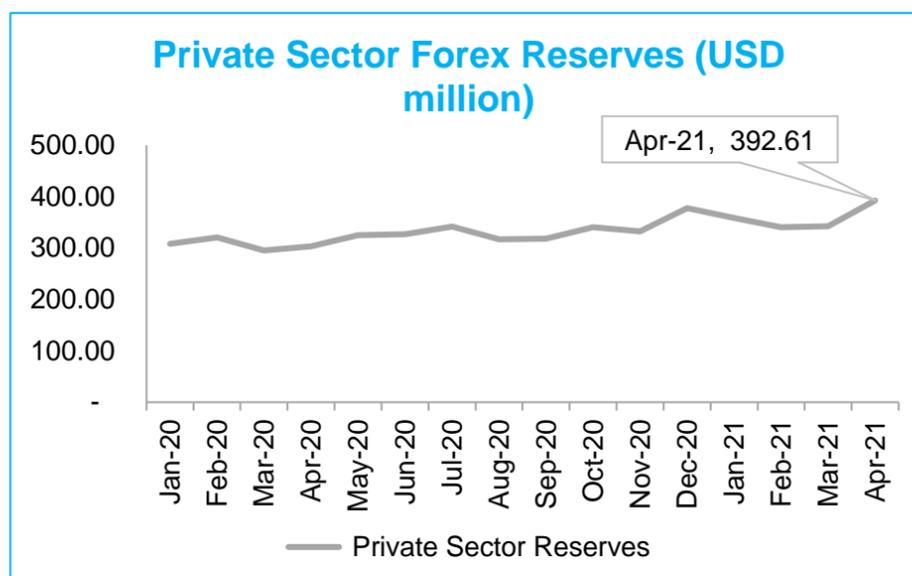
Gross official forex reserves stood at USD392.01 million at the end of April 2021 which marks a 4.43% decline from the closing position of March 2021 which was USD410.16 million. As a result, gross official forex reserves' import cover has decreased to 1.88 months from 1.96 months in March 2021.

Foreign reserve position trend graphs (Source: RBM)



As at 30 April 2021, the country's gross official forex reserves had dropped by 4.43% to USD392.01 million from a gross official forex reserve position of USD410.16 million as at 31 March 2021. Y-o-y gross official forex reserves have decreased by 35.75% as gross official forex reserves held as at 30 April 2020 were USD610.13 million. According to the RBM's assumption of a monthly import requirement of USD209.0 million, the country's import cover decreased to 1.88 months in April 2021 from 1.96 months in March 2021. Import cover for gross official reserves continues to remain well below the required threshold of 3 months.

The private sector forex reserves however have increased by 14.60% to USD392.61 million as at 30 April 2021 from USD342.58 million as at 31 March 2021. Y-o-y the private sector forex reserves have increased by 29.46% as the total private sector forex reserves held as at 30 April 2020 were USD303.27 million. Despite that the import cover for private sector reserves still remains well below the required threshold of 3 months, the import cover increased to 1.88 months as at 30 April 2021 from 1.64 months in March 2021.



Overall, total foreign exchange reserves held in April 2021 were USD784.62 million which is a 4.24% increase from the total foreign exchange reserves position of USD752.74 million in March 2021. The total foreign exchange reserves had an import cover of 3.76 months in April 2021 which is an increase from an import cover of 3.60 months in March 2021. Y-o-y total reserves have declined by 14.10%.

According to the MPC, import outlays declined by US\$60.0 million to US\$693.1 million in 2021Q1 while exports dropped by US\$2.7 million to US\$201.6 million in the same period. Thus, the trade deficit improved to US\$491.5 million in 2021Q1 from US\$548.8 million in 2020Q4. Prospects for the near-term suggest that the trade balance could improve, mainly due to an increase in exports following the opening of the agricultural marketing season and a seasonal decline in imports of agricultural inputs. The positive outlook can already be evidenced by the slight improvement in total foreign exchange reserves towards the end of April following the onset of the 2021 tobacco season.

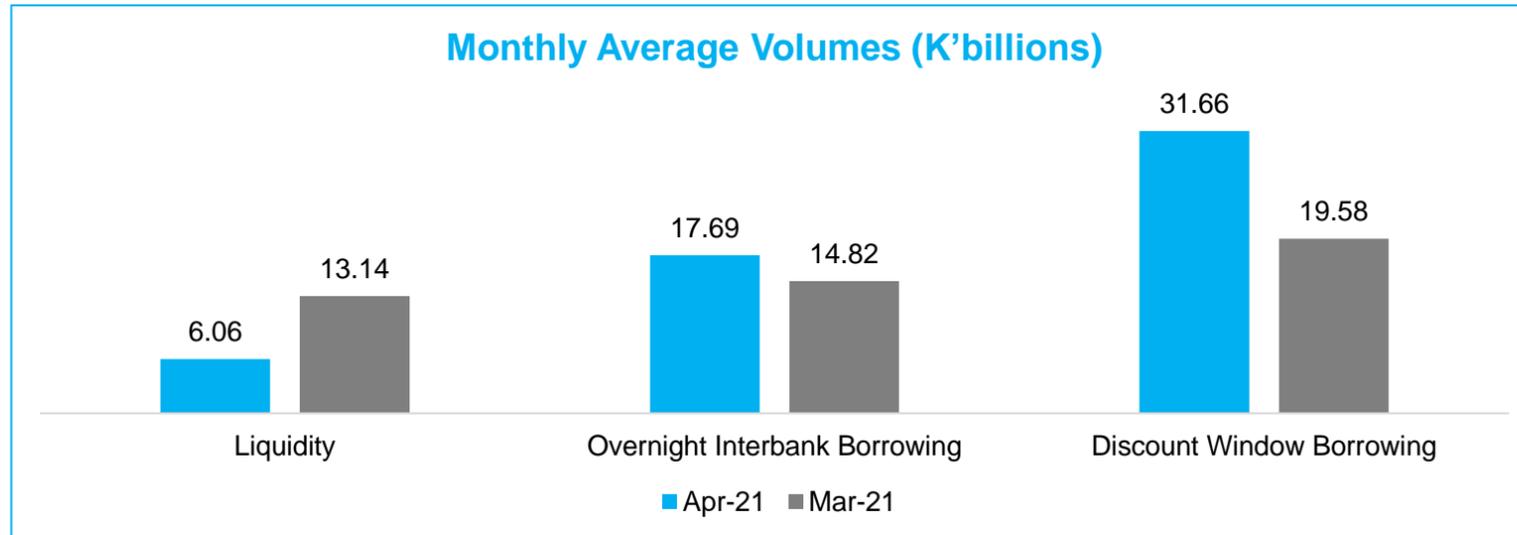


Economic overview (continued)

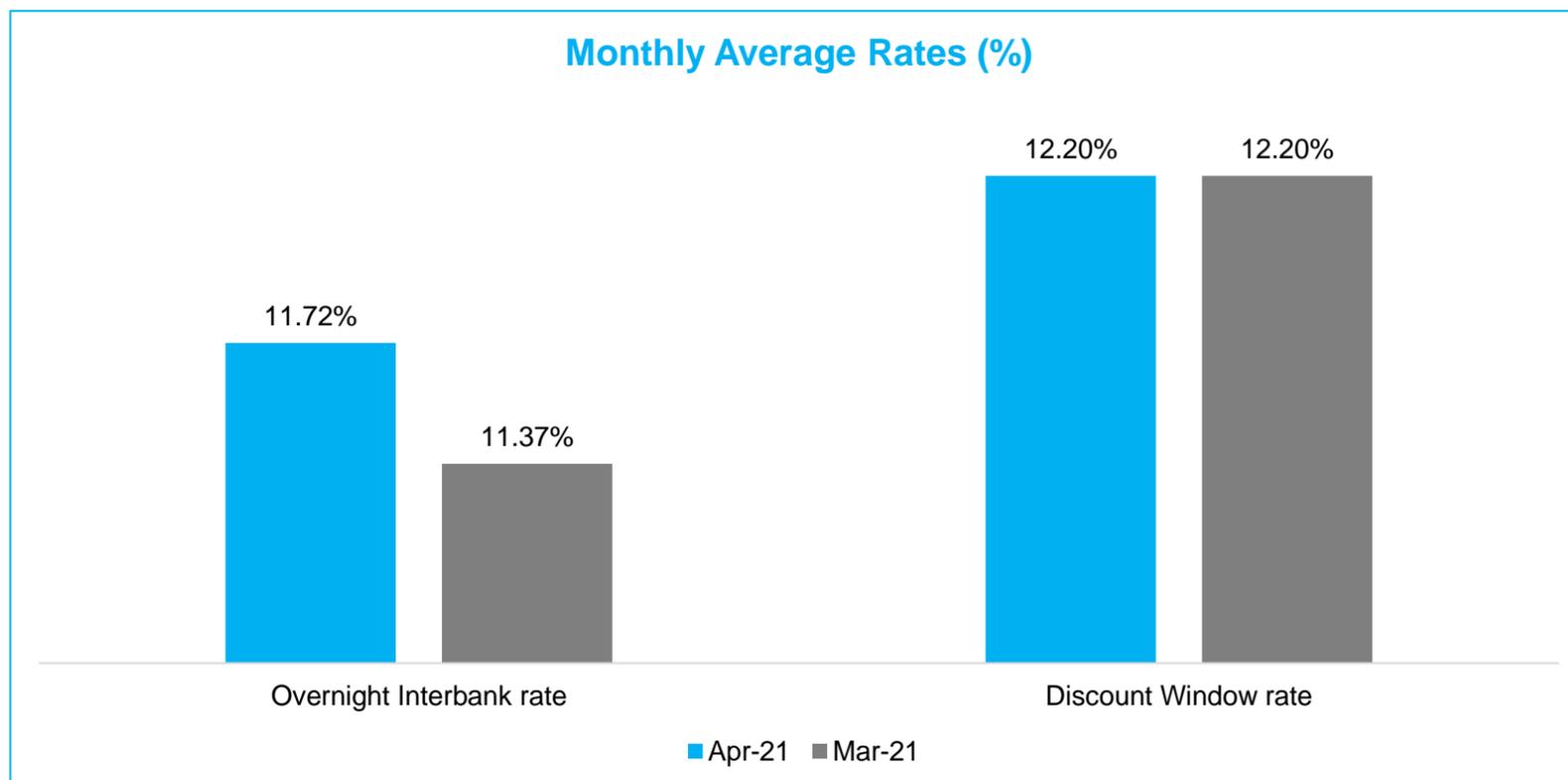
The overnight interbank rate increased to 11.72% in April 2021 from 11.37% in March 2021. There was a 53.87% decrease in the daily average liquidity to K6.06 in April 2021 from K13.14 billion in March 2021.

Interbank markets and interest rates (Source: RBM)

There was a 53.87% decrease in the daily average liquidity to K6.06 in April 2021 from K13.14 billion in March 2021. The overnight interbank borrowing volume however increased during the period to a daily average of K17.69 billion from an average of K14.82 billion in March 2021. The daily average volume for the Discount window borrowing (Lombard facility) also increased to K31.66 billion in April 2021 from K19.58 billion in March 2021. The figure below summarises the monthly average changes.



The Discount Window rate (Lombard rate) was maintained at 12.20% as the RBM policy rate remains at 12.00% following the second MPC meeting of 2021. The Overnight Interbank rate increased to 11.72% in April 2021 from 11.37% in March 2021. The changes are shown in the figure below.



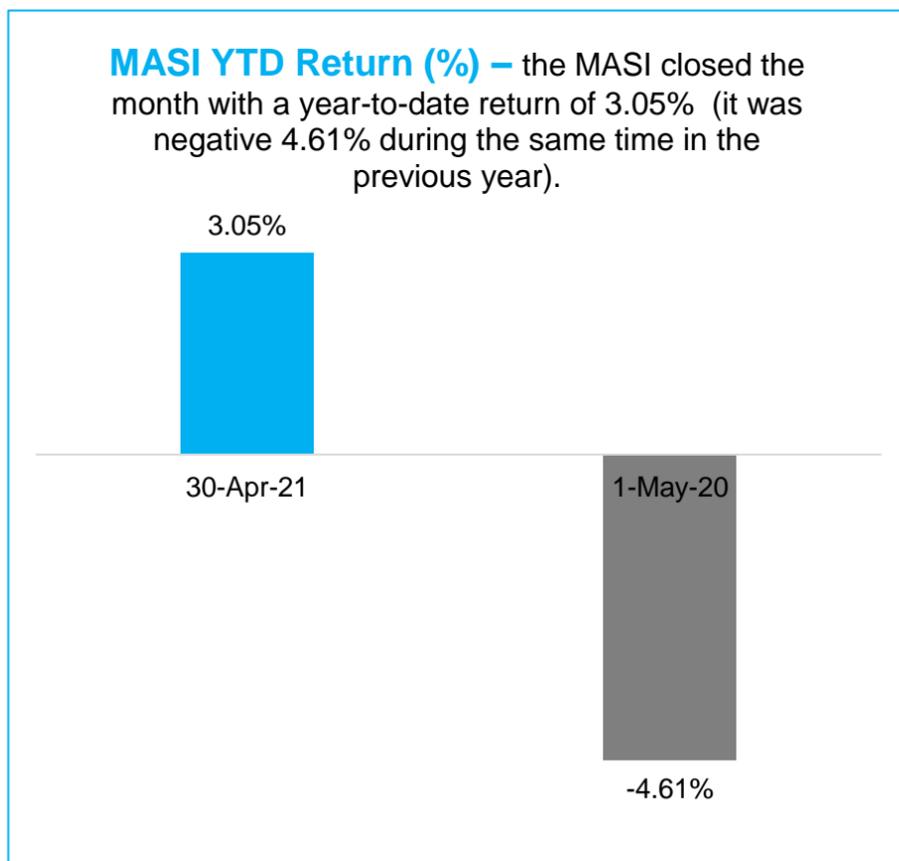
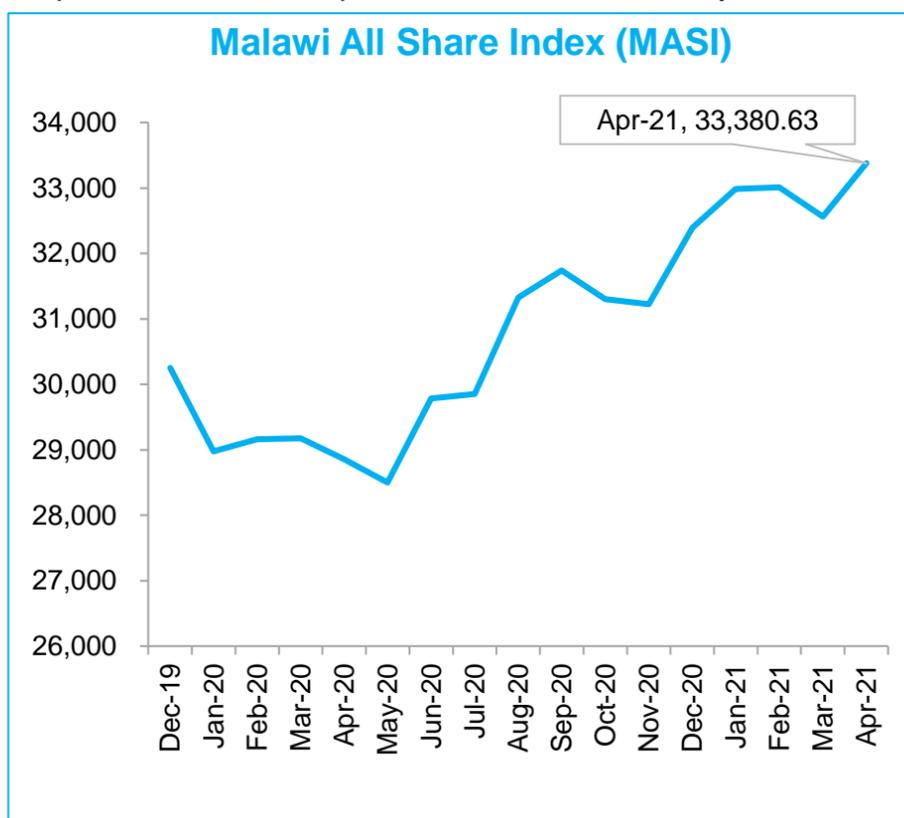


Economic overview (continued)

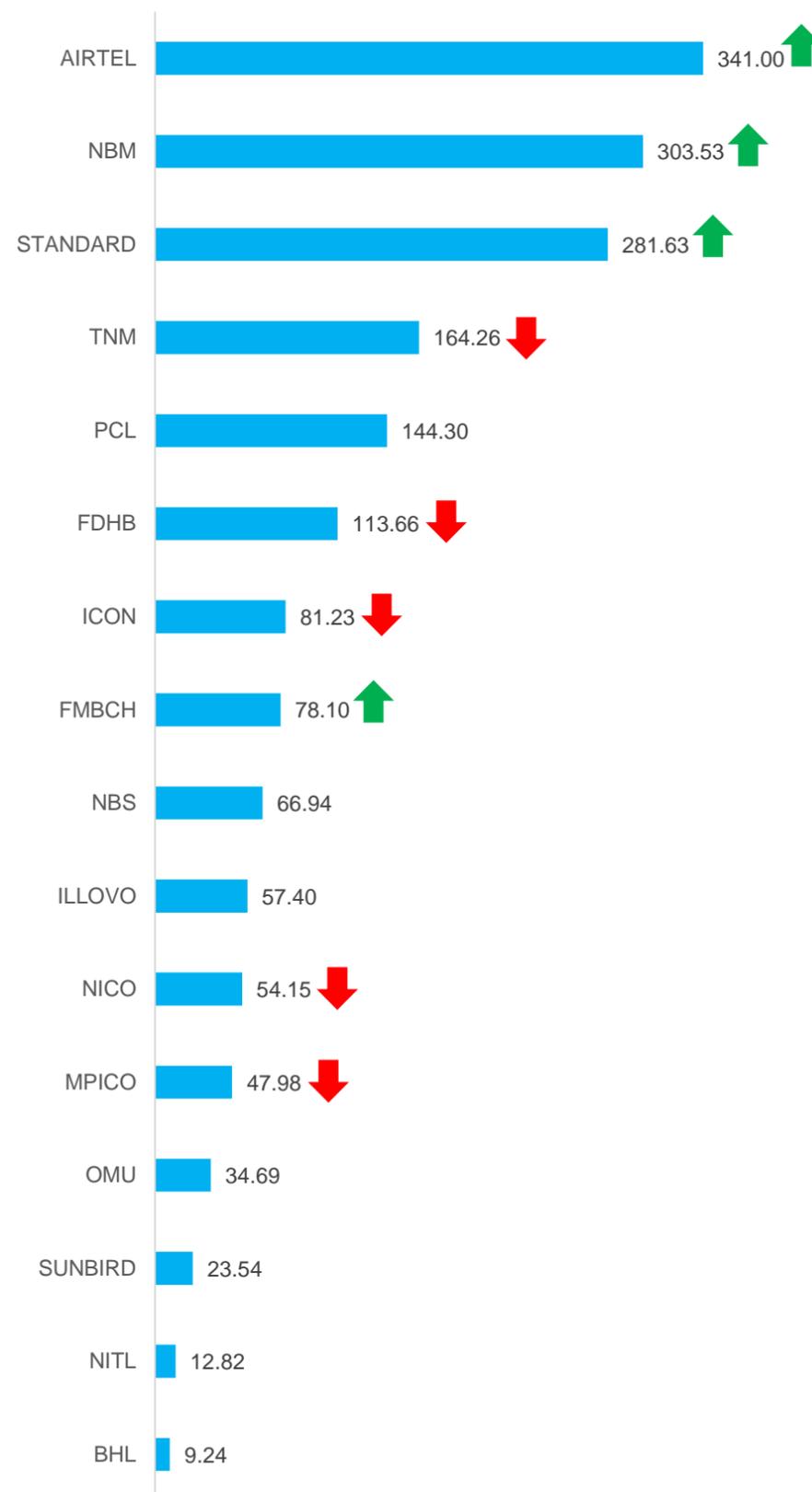
The stock market continues to show considerable growth as compared to the previous year, with the MASI closing the month of April 2021 at 33,380.63 points. The MASI year-to-date return was 3.05% in April 2021, it was negative 4.61% during the same period in the previous year.

Stock market

The stock market has shown considerable growth over the period with the Malawi All Share Index reaching 33,380.63 points in April 2021 from a low position of 28,501.97 in May 2020.



Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K341 billion. The total market capitalization is K1.81 trillion.



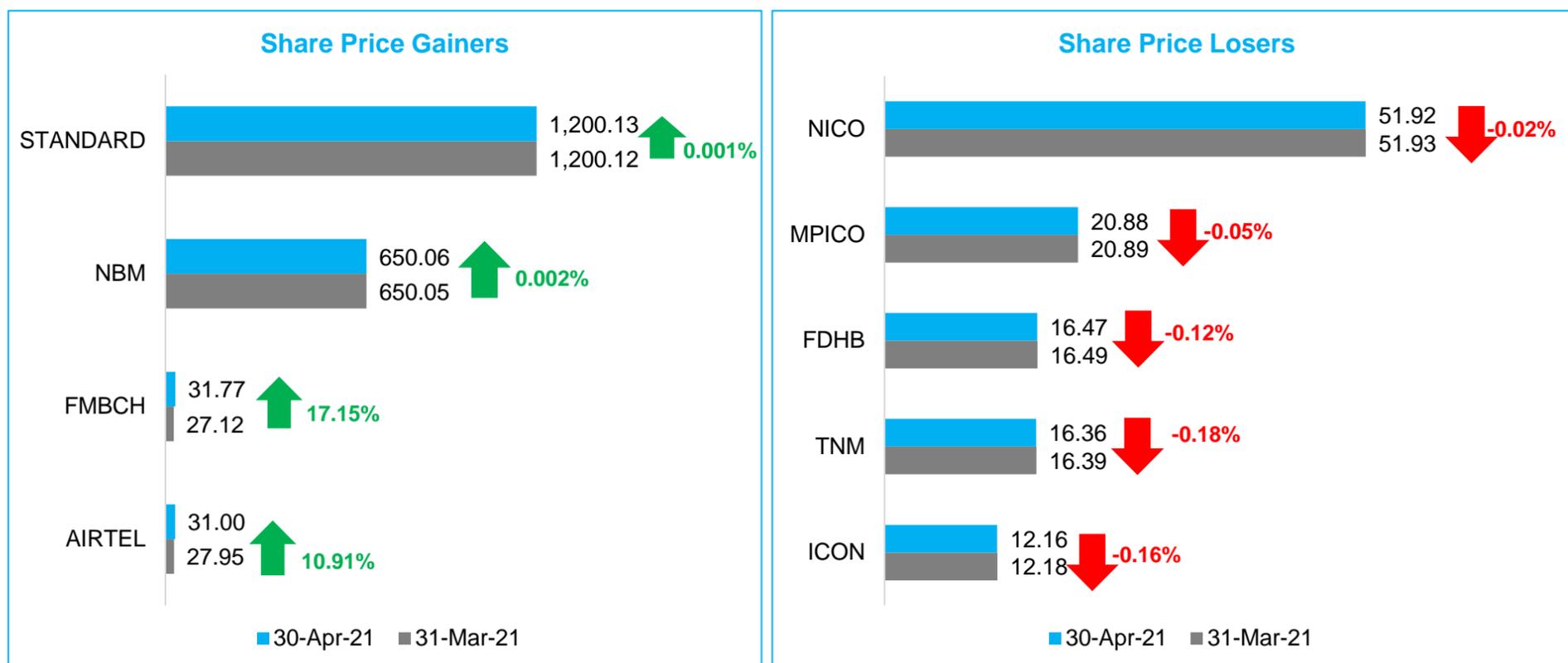


Economic overview (continued)

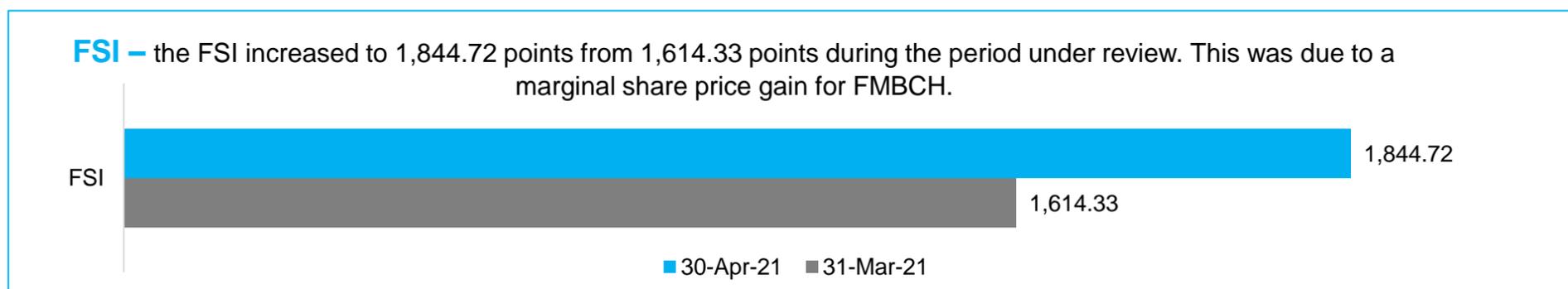
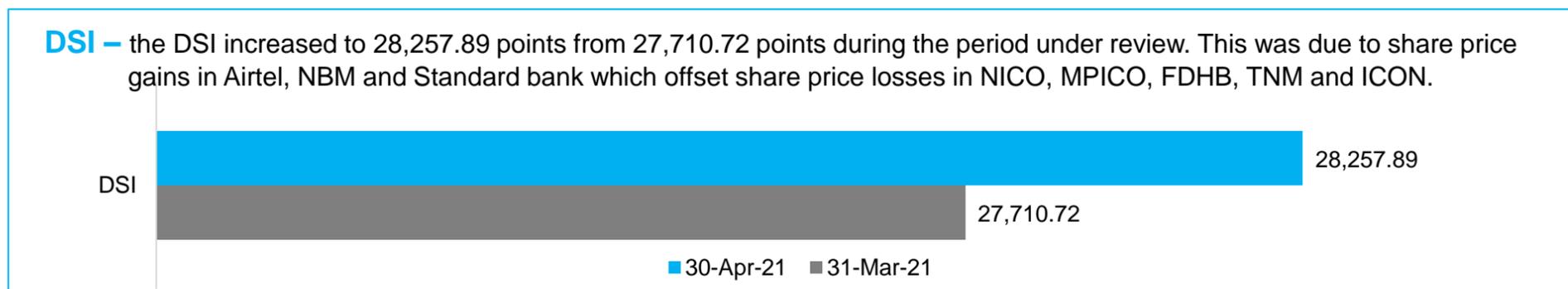
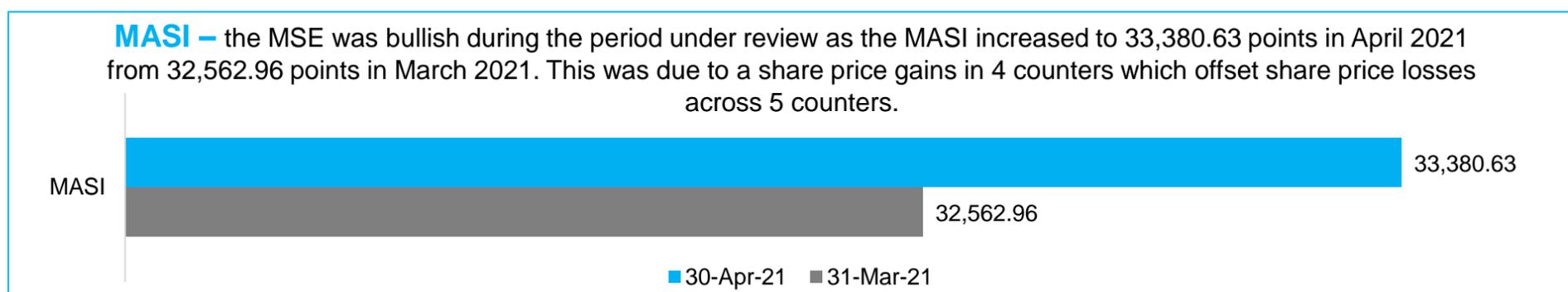
M-o-m, FMBCH had the largest share price gain in April 2021 to K31.77 per share from K27.12 per share in March 2021, representing a 17.15% increase. TNM had the largest share price loss during this period to K16.36 per share in April 2021 from K16.39 per share in March 2021, representing a 0.18% decrease.

Stock market (Continued)

The largest gainer in April 2021 was FMBCH which closed the month at K31.77 per share from K27.12 per share in April 2021. This marks a m-o-m increase of 17.15%. There were also share price gains for Airtel, Standard bank, and NBM. A total of seven counters closed the month at the same price as the previous month, these counters were: Illovo, NBS, OMU, PCL, NITL, BHL and Sunbird. There were marginal share price losses for five counters on the MSE. The largest loser was TNM whose share price decreased by 0.18% to K16.36 per share as at the close of April 2021 from K16.39 per share as at the close of March 2021. The figures below summarise the share price changes during the period.



The MASI increased to 33,380.63 points in April 2021 from 32,562.96 points in March 2021. Y-o-y the MASI has grown by 15.67% as it was 28,857.39 points in April 2020. This is due to share price gains in Airtel, FMBCH, NBM and Standard bank which offset share price losses in NICO, MPICO, FDHB, TNM and ICON.



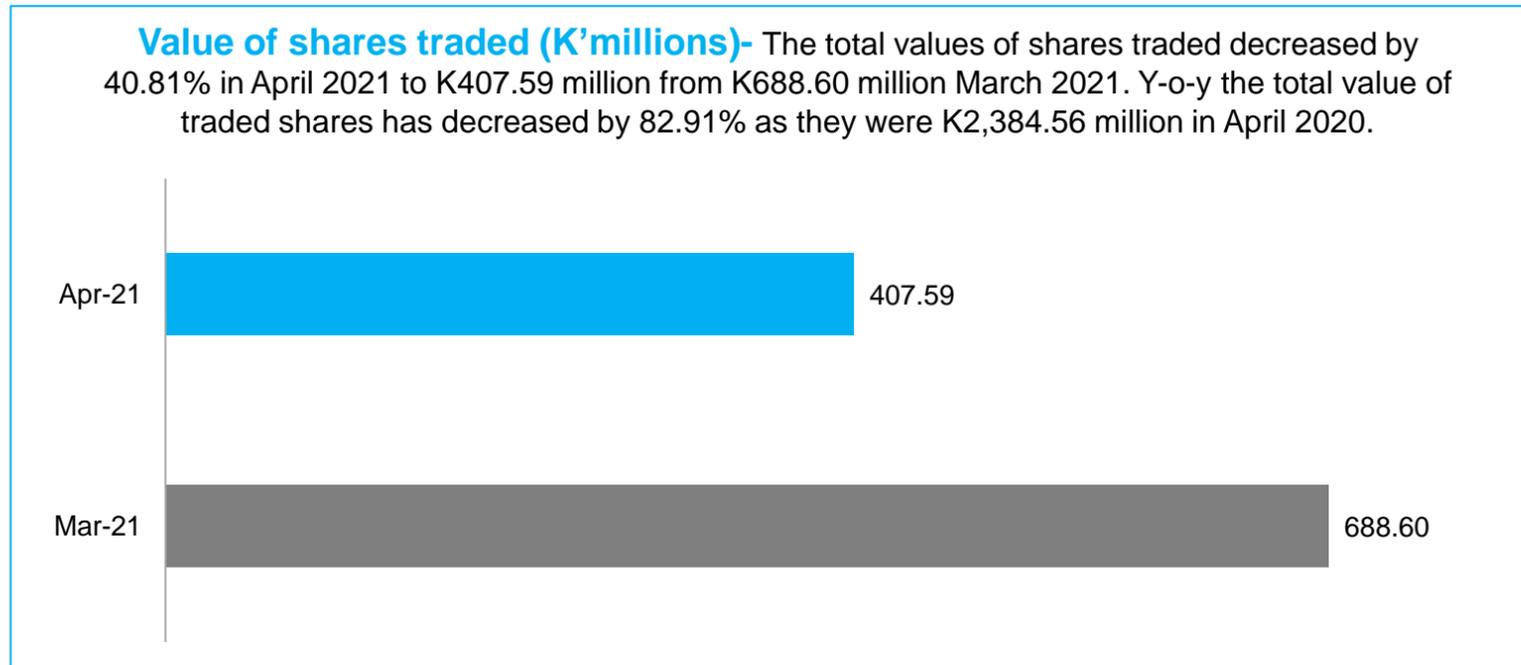


Economic overview (continued)

There were 13.84 million shares traded in April 2021 through 232 trades. The total values of shares traded decreased by 40.81% in April 2021 to K407.59 million from K688.60 million March 2021.

MSE Traded Volumes

There were 13.84 million shares traded in April 2021 as compared to the 17.88 million shares traded in March 2021. The total number of trades in the month under review decreased to 232 trades from 262 trades March 2021. The figure below traces the total value of shares traded on the MSE in April 2021.



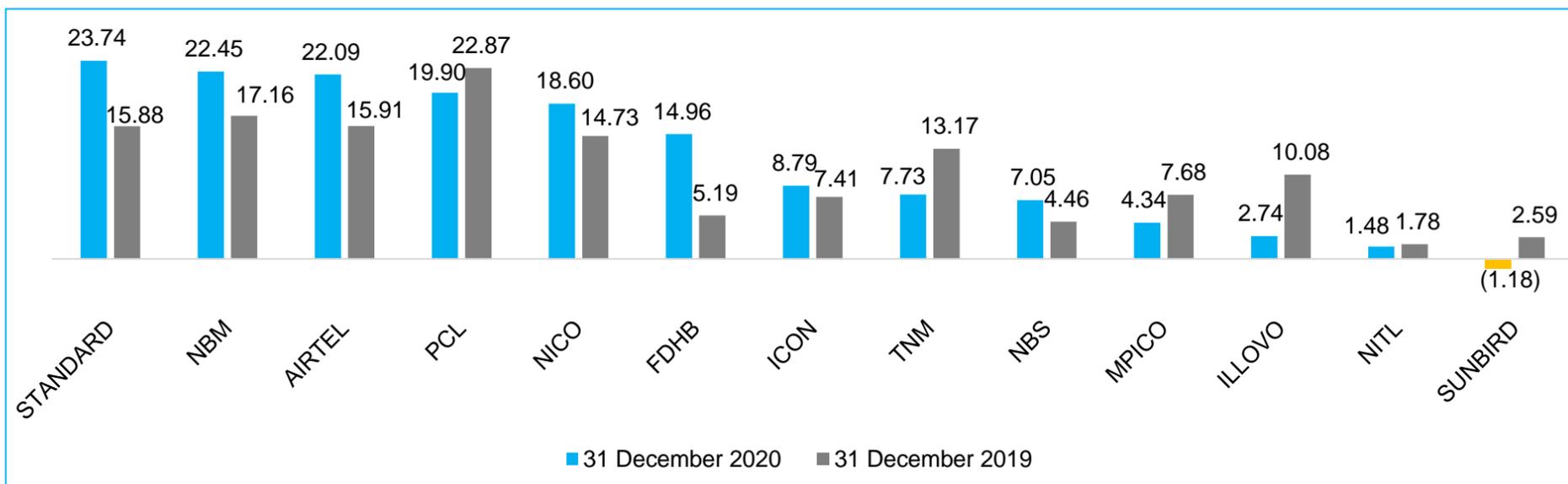


Economic overview (continued)

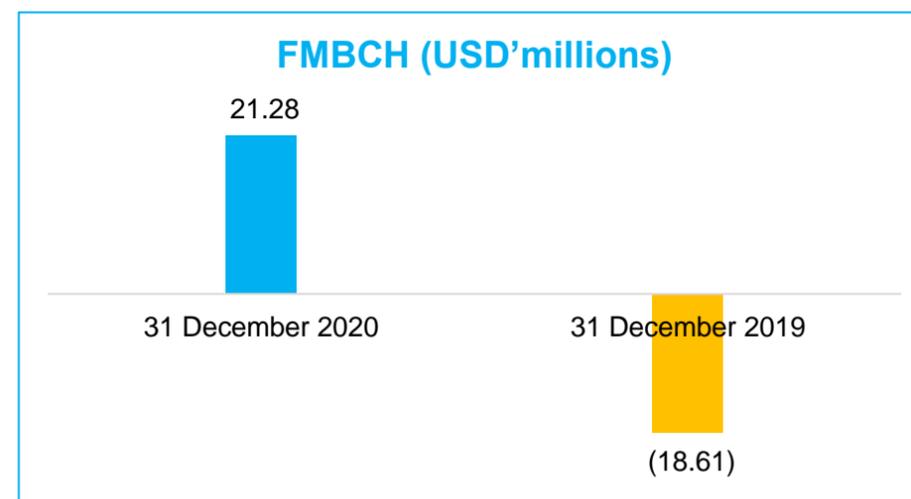
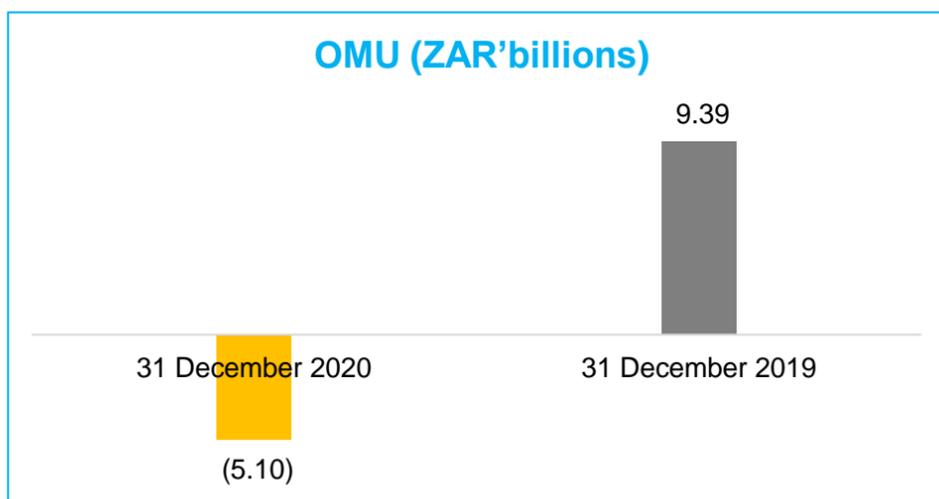
According to their audited summary consolidated financial statements for the year ended 31 December 2020, Press Corporation Plc closed the year with a profit after tax of K19.90 billion from a profit of K22.87 billion in 2019.

Latest Published Financial Statements for the year ending 31 December 2020- domestic counters (Source: MSE)

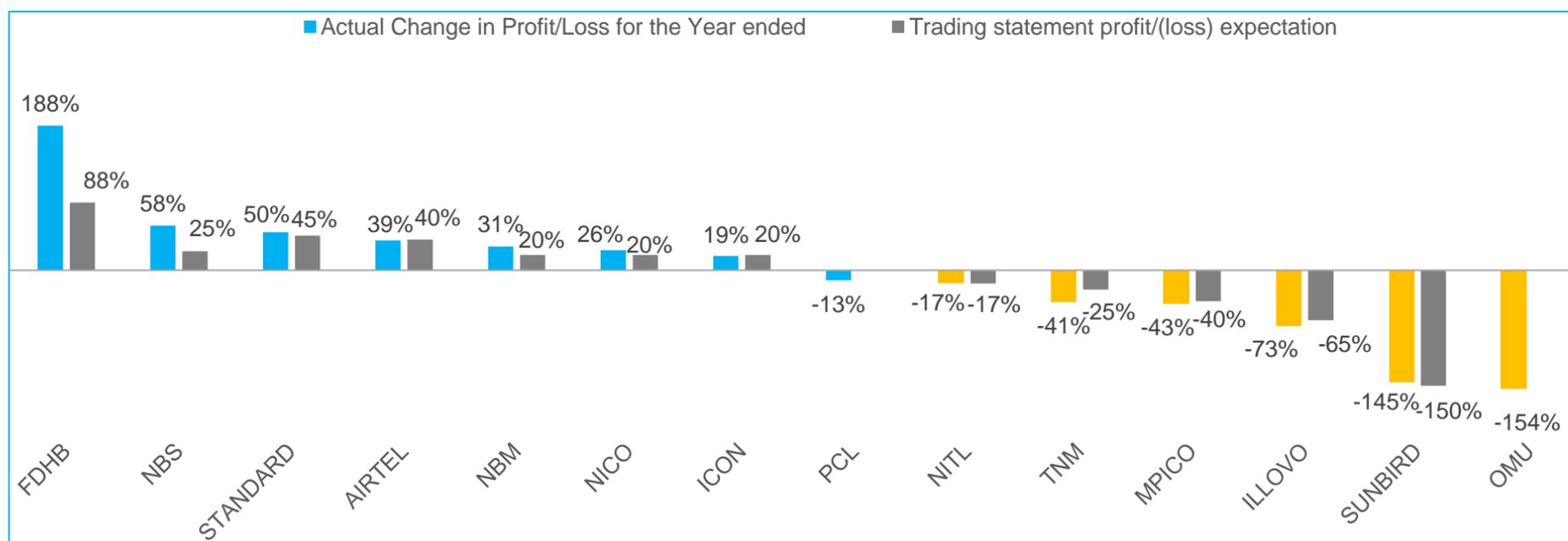
Amounts in billions of Malawi Kwacha.



Published Financial Statements for the year ending 31 December 2020- Foreign counters



Actual changes in the profit/loss 2020 vs Trading statement expectations





Economic overview (continued)

According to their half year trading statement, BHL expects a 500% decrease in profits for the period ending 31 March 2021 to at least a loss of K280.05 million from a profit of K70.01 million in 2020.

Corporate Announcements (Source: MSE)

1. Half year Trading Statements

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

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	28 February 2021	28 February 2020	Trading statement profit/loss expectation
Illovo (K'bn)	6.15	2.05	200%
Counter	31 March 2021	31 March 2020	Trading statement profit/loss expectation
BHL (K'mn)	(280.05)	70.01	-500%

2. FDH Bank Plc cautionary statement

FDH Bank Plc wishes to update its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are still engaged in shareholding negotiations. The negotiations may result in changes in the shareholding structure of FDH Financial Holdings Limited. Shareholders are therefore advised to exercise caution in dealing in their shares and consult professional advisors before dealing in their shares until such time as the result of the negotiations is known.

3. National Bank of Malawi plc cautionary statement

National Bank of Malawi (NBM) plc wishes to advise its shareholders that NBM has now completed the acquisition of a 51% controlling stake in Akiba Commercial Bank plc (ACB) in Tanzania for a consideration of USD 7.31 million through a share subscription. The acquisition is in line with NBM plc's current strategic plan which has regional expansion as one of its key thrusts. This acquisition is expected to bring about growth in business for both NBM Plc and ACB as it upscales the business of ACB to the standards of NBM plc.

NBM is listed on the Malawi Stock Exchange with a market capitalization of K304 billion. The investment in ACB is approximately 2% of the NBMs current market capitalization. ACB is a Tanzanian bank offering a range of banking and financial services. It was established in 1997 with 300 Tanzanian entrepreneurs as its initial shareholders. It has strong SME roots and operates 18 branches across Tanzania.

Shareholders are, however, advised that negotiations are continuing for an additional 24% stake in ACB. They are therefore advised to continue to exercise caution in dealing in their shares in the Company and consult professional advisors before dealing in their shares until such time as the result of the negotiations are known. NBM plc is further informing the general public that all efforts will be made to communicate further developments as and when required.



PCL has proposed a final dividend of K25 per share, in respect of its financial year ended 31 December 2020.

Economic overview (continued)

Corporate Announcements (continued)

4. Dividends:

Below is a summary of the dividends that have been declared and proposed by listed companies:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
OMU	Declared	Final	18.25	16 April 2021	24 May 2021
STANDARD	Declared	Second Interim	12.78	30 April 2021	13 May 2021
NICO	Declared	Second Interim	1.13	6 May 2021	21 May 2021
PCL	Proposed	Final	25.00	20 August 2021	27 August 2021
STANDARD	Proposed	Final	21.31	TBA	TBA
NITL	Proposed	Final	0.80	TBA	TBA
NBS	Proposed	Final	0.70	TBA	TBA
NBM	Proposed	Final	17.14	TBA	TBA
AIRTEL	Proposed	Final	2.10	TBA	TBA
NICO	Proposed	Final	0.5	TBA	TBA
FMBCH	Proposed	Final	0.62	TBA	TBA
TNM	Proposed	Final	0.10	TBA	TBA
ICON	Proposed	Final	0.12	TBA	TBA
MPICO	Proposed	Final	0.28	TBA	TBA

TBA: To be announced

5. Annual general meeting

Below is a summary for the scheduled Annual General Meetings by listed companies:

Company	Venue	Date	Time
BHL	Virtual AGM	12 May 2021	15:30 hours
FDHB	Virtual AGM	28 May 2021	09:00 hours
NBM	Virtual AGM	4 June 2021	14:00 hours

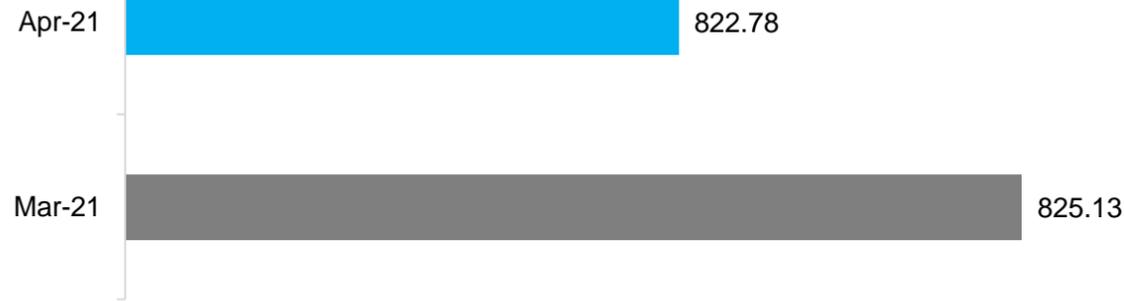


Economic overview (Continued)

The debt market registered two trades in April 2021. The corporate bonds had a nominal value K5 million each and were traded at a price of K100.2026 per par value during the period under review.

Debt market

Debt Market- In the period under review, there were 4 Corporate Medium Term Notes by MyBucks Banking Corporation and 21 Malawi Government Treasury Notes. One debt security, NFB05, with a nominal value of K2.35 billion matured in the period under review leaving the listed debt securities on the MSE with a total nominal value of K822.78 billion.



During the period under review, the debt market registered two trades for one of the Medium term Notes (Trading symbol NFB03) by MyBucks Banking Corporation. The corporate bonds had a nominal value of K5 million each and were traded at a price of K100.2026 per par value, giving a total traded value of K10 million.

Other Market Developments



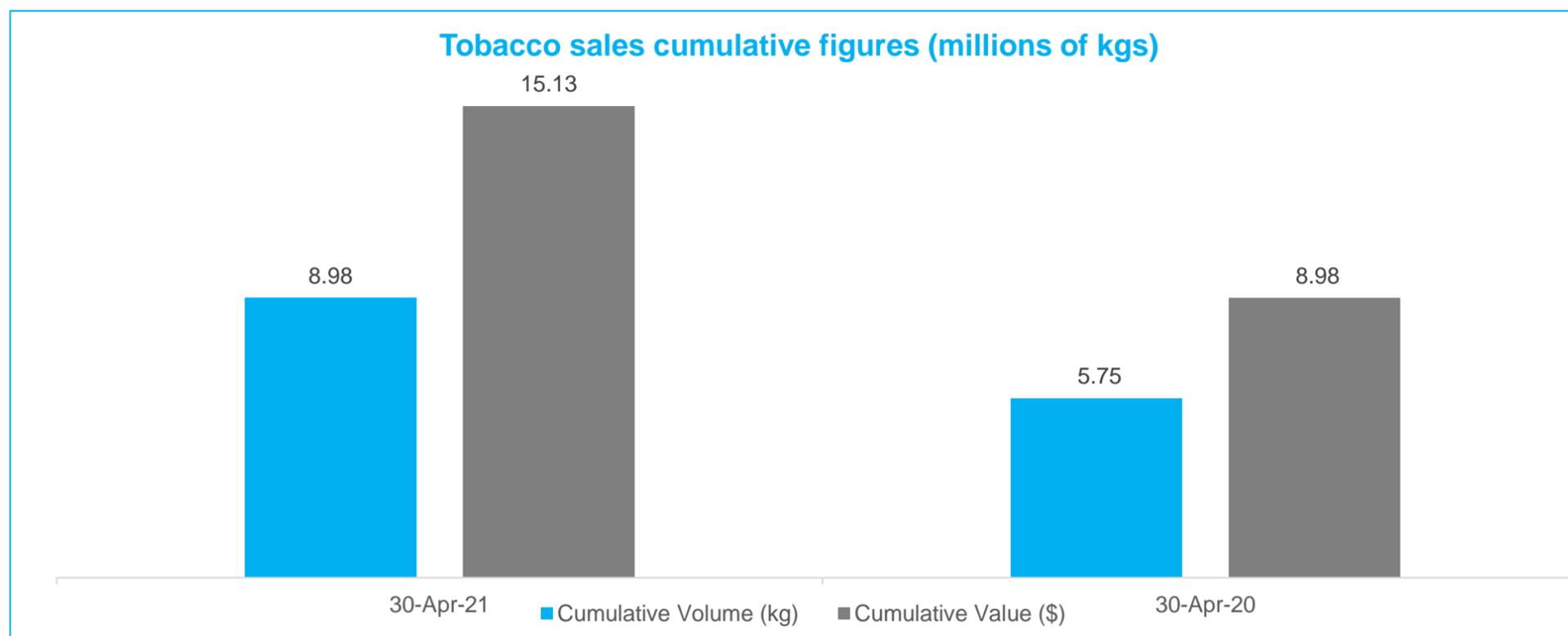
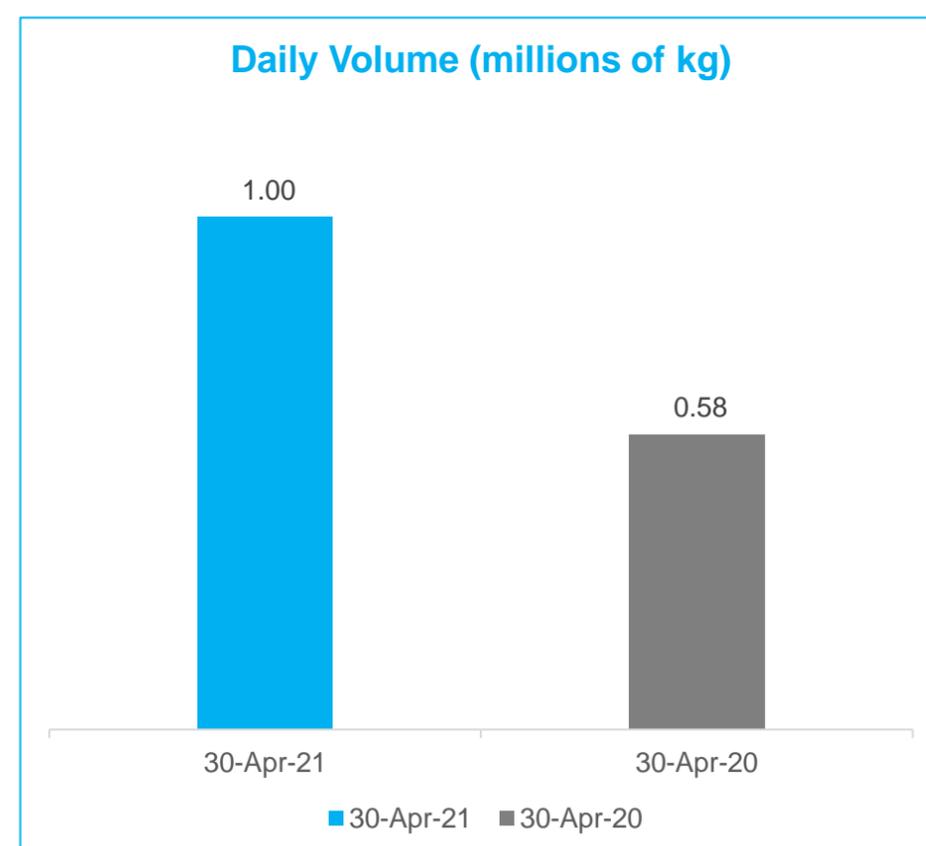
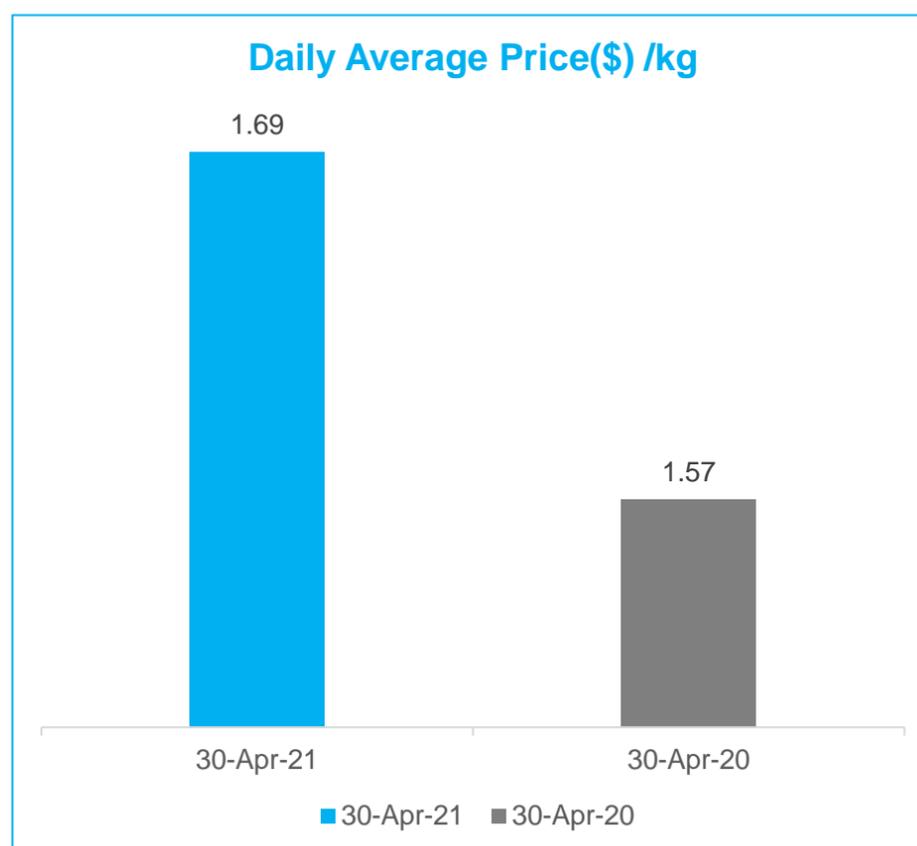
Economic overview (continued)

In April 2021 a total volume of 8.98 million kgs were sold for an average price of USD1.68 per kg marking a cumulative value of USD15.13 million.

Tobacco Sales (Source: AHL)

Selling floors for the 2021 tobacco season commenced on 20 April 2021. Receipts for tobacco remain Malawi's biggest source of foreign exchange leaving the country subject to shocks caused by poor weather conditions and declining global demand for tobacco. During the 2020 tobacco season, there was a 26% drop in foreign exchange earnings from tobacco receipts as compared to 2019. A total of USD175 million was realised in 2020 from USD237 million in 2019. This was on account of reduced tobacco output during the period. Despite that the average price per kg increased by 7% in 2020 to USD1.53 from USD1.43 in 2019, tobacco volumes decreased by 27% to 114 million kgs in 2020 from 166 million kgs in 2019, resulting in lower export revenues during 2020.

Based on AHL tobacco sales figures as at 30 April 2021, a total of 8.98 million kgs had been sold for an average price of USD1.68 per kg which marked a cumulative value of USD15.13 million. This is 36% higher than the cumulative value of tobacco receipts realised in April 2020 which were USD8.98 million due to lower volumes of tobacco sold within the period and thus accumulating to 5.75 million kgs.





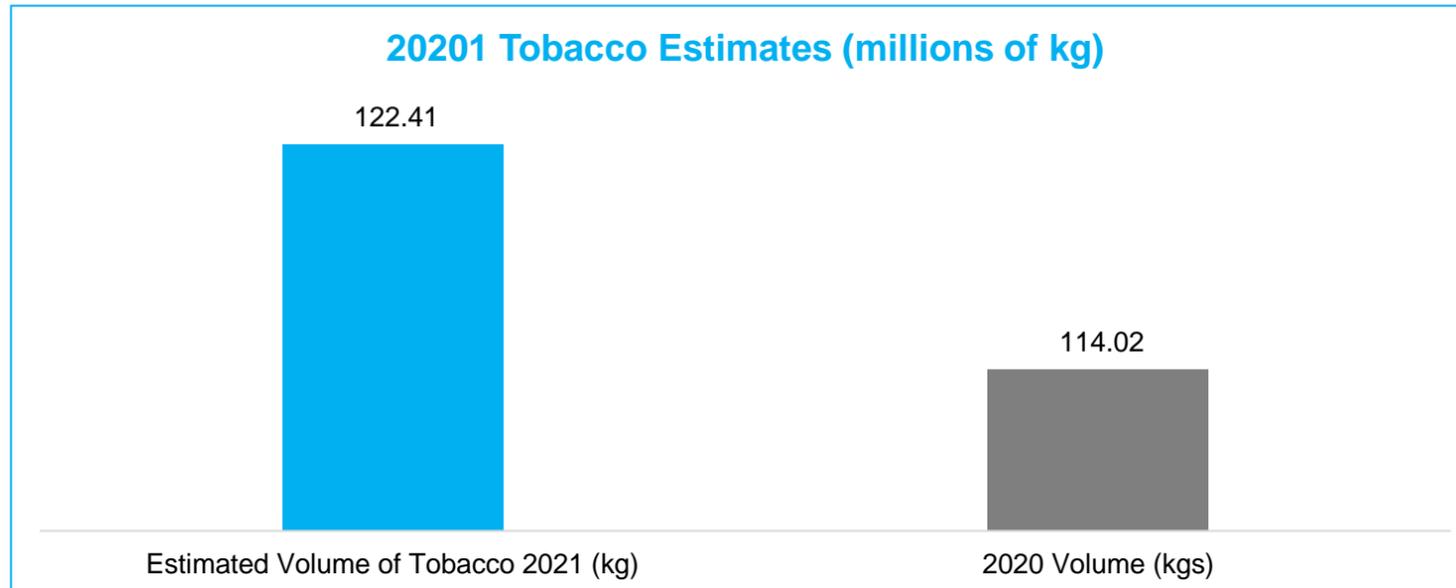
Economic overview (continued)

Tobacco volumes are projected to increase by 7.36% to 122 million kgs in 2021 from 114 million kgs in 2020.

Tobacco Projected Volumes (Source: TAMA Farmers Trust)

In 2020 only 114 million kgs of tobacco were sold following the poor tobacco harvest. Regional production projections from the Tobacco Commission estimate that a total of 122 million kgs of tobacco will be sold during the 2021 tobacco season which is only 7.36% higher than the previous year. This suggests the growing need for a diversified export base as tobacco sales no longer seem to be a reliable source for the country's foreign exchange earnings.

Following a nationwide policy address on 2 May 2021 by President Chakwera, government during its June 2021 sitting of Parliament, will present a bill to establish a Mining Regulatory Authority. This is an attempt to move away from the country's undiversified agricultural sector and reduce its vulnerability to external shocks.



Malawi monthly maize market report (Source: IFPRI)

The average retail price for maize in April 2021 was MWK171 /kg which is a 5.52% decline from the average retail price in March 2021 which was MWK 181/kg.

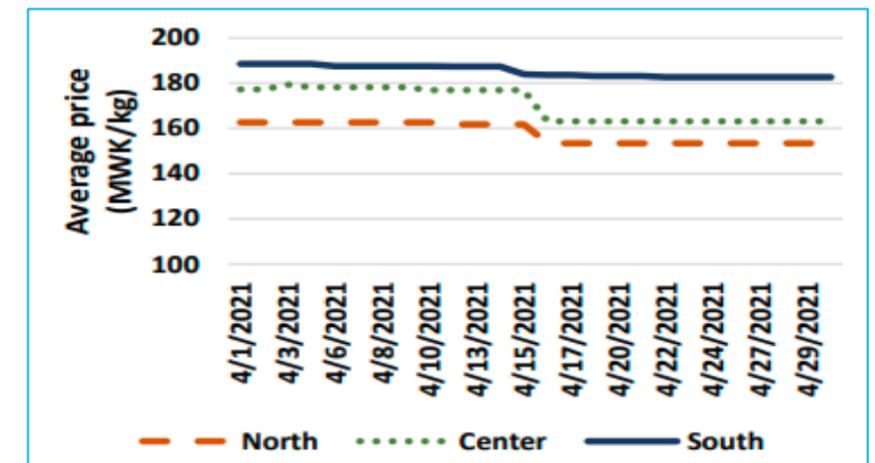
The monthly average retail maize price decreased to MWK171/kg in April 2021 from MWK181/kg in March 2021, representing a 5.52% decrease in the average maize retail price. This means that on average, a standard 50kg bag of maize was selling for K8,550.00 in April 2021 from an average price of K9,050.00 in March 2021.

As the main harvest season is underway, the Ministry of Agriculture and Food Security announced the minimum farmgate price for maize to be MWK150/kg on 1 April. Old maize is being sold to consumers by ADMARC at MWK160/kg. As expected, the retail maize prices remained highest in the South and lowest in the North.

According to the IFPRI report, as the 2020/21 harvesting season is underway, both 'old' (harvested in the 2019/20 season) and 'new' (recently harvested) maize stocks are for sale on the market. Prices for 'new' maize are usually lower than for 'old' maize because of its higher moisture content but follow the same pattern as old maize price throughout the month. On average, retail prices of 'new' maize were MWK41/kg lower than for 'old' maize during April, MWK11/kg lower than the previous month and were also lower than minimum farmgate price for maize (MWK 150/kg).

Towards the end of April 2021, retail maize prices in Malawian markets were lower than in selected regional markets in eastern Africa.

Daily average maize retail prices during April 2021 (MWK/kg)



Daily retail prices for old and new maize (MWK/kg)



Regional And Global Market Developments



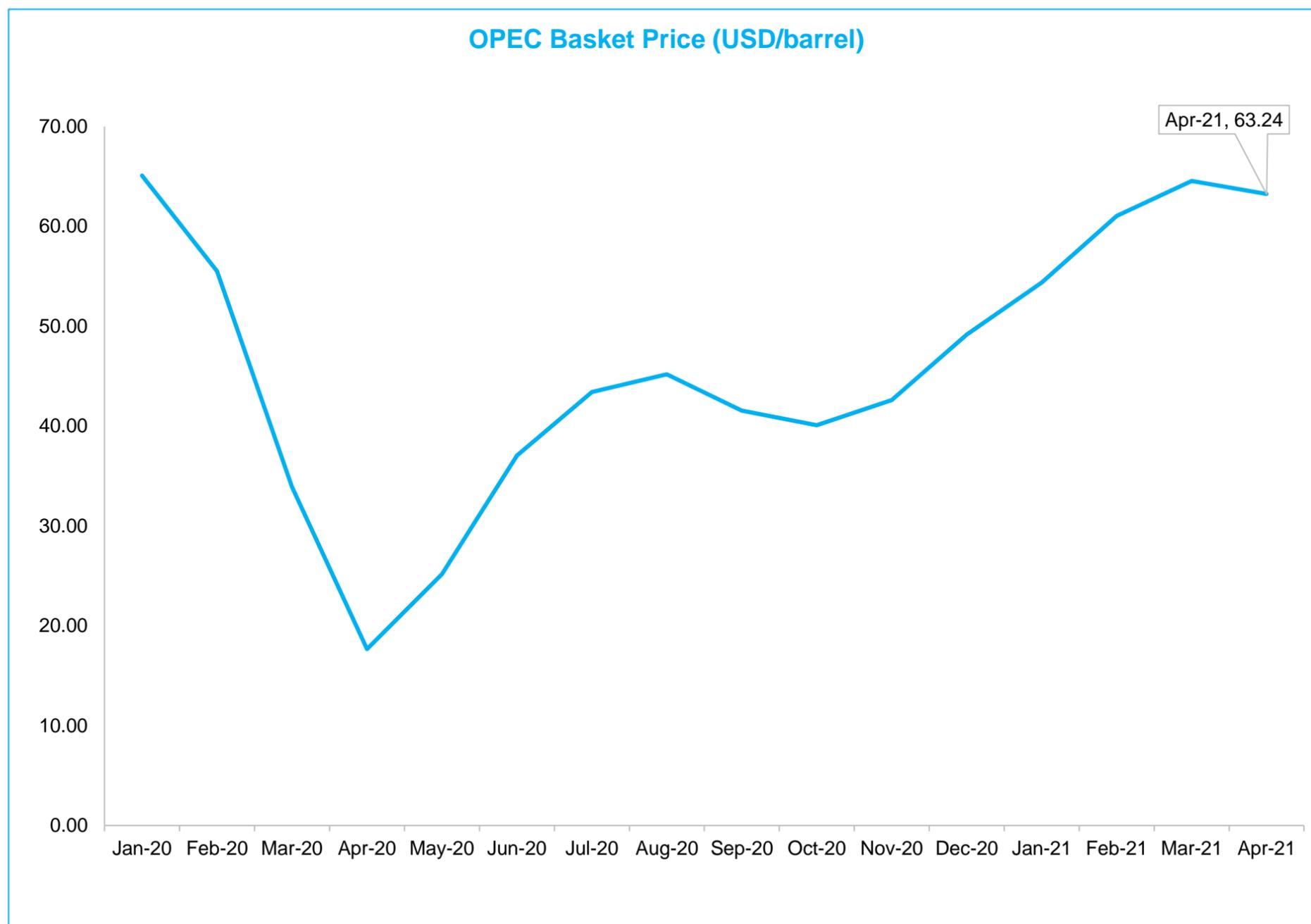
Regional And Global Market Developments

The OPEC Reference Basket (ORB) marginally decreased to USD63.24/b in April 2021 from USD64.56/b in March 2021. Oil prices continue to be supported by ongoing improvements in oil market fundamentals.

Global oil developments (Source: OPEC)

The OPEC Reference Basket (ORB) decreased to USD63.24/b in April 2021 from USD64.56/b in March 2021. The ORB however has increased by 258% y-o-y as it was USD17.66/b in April 2020. Oil prices in the current period continue to be supported by ongoing improvements in oil market fundamentals.

According to the MOMR for April 2021, in 2021, world oil demand growth is expected to increase by about 6.0 mb/d y-o-y. Oil demand in the second half of 2021 is projected to be positively impacted by a stronger economic rebound which will be supported by stimulus programmes and a further easing of COVID-19 lockdown measures, amid an acceleration in the vaccination rollout. Global oil demand is thus expected to average about 96.5 mb/d in 2021. Non-OPEC liquids supply for 2021 has been revised to grow by 0.9 mb/d to an average of 63.8 mb/d. Higher prices could potentially translate into a higher level of production in 2021, with indications of possible future robust monthly growth. However, the US liquids supply forecast in 2021 is expected to remain unchanged at growth of 0.16 mb/d y-o-y. The other main drivers for supply growth in 2021 are expected to be Canada, Norway and Brazil.





Regional And Global Market Developments

The central banks for USA, UK and Europe continue to maintain their bank rates during the period under review. The US 10-Year treasury bond yield decreased to 1.62% in April 2021 from 1.75% in March 2021.

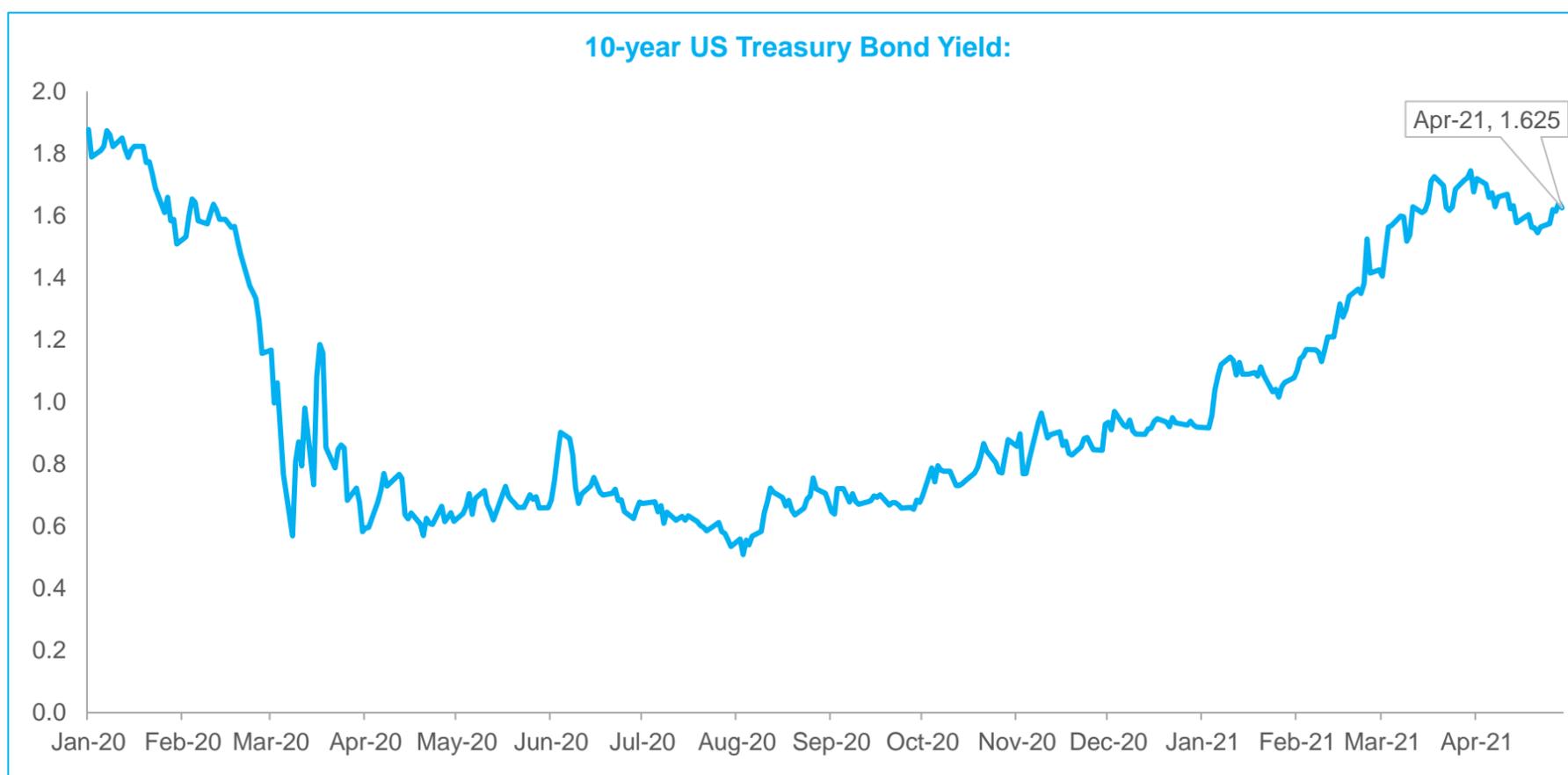
Interest rate movements (Source: WSJ and ICE Benchmark Administration)

The US Fed rate was maintained at 0.25% in April 2021. Similarly, the Bank of England Rate and the European Central Bank Rate were also maintained at 0.10% and 0.00% respectively. The 3 month US LIBOR rate decreased to 0.18% in April 2021 from 0.19% in March 2021. The 6 month US LIBOR rate maintained its position at 0.21%. Lastly, the US 10-Year treasury bond yield decreased to 1.62% from 1.75% during this period.

Interest Rates

	April 2021 (%)	March 2021 (%)
US LIBOR (3 months)	0.18%	0.19%
US LIBOR (6 months)	0.21%	0.21%
US treasury bond yield (10 years)	1.62%	1.75%
US Fed rate	0.25%	0.25%
Bank of England Rate	0.10%	0.10%
European Central Bank Rate	0.00%	0.00%

The figure below, traces the 10-Year US treasury bond yield:



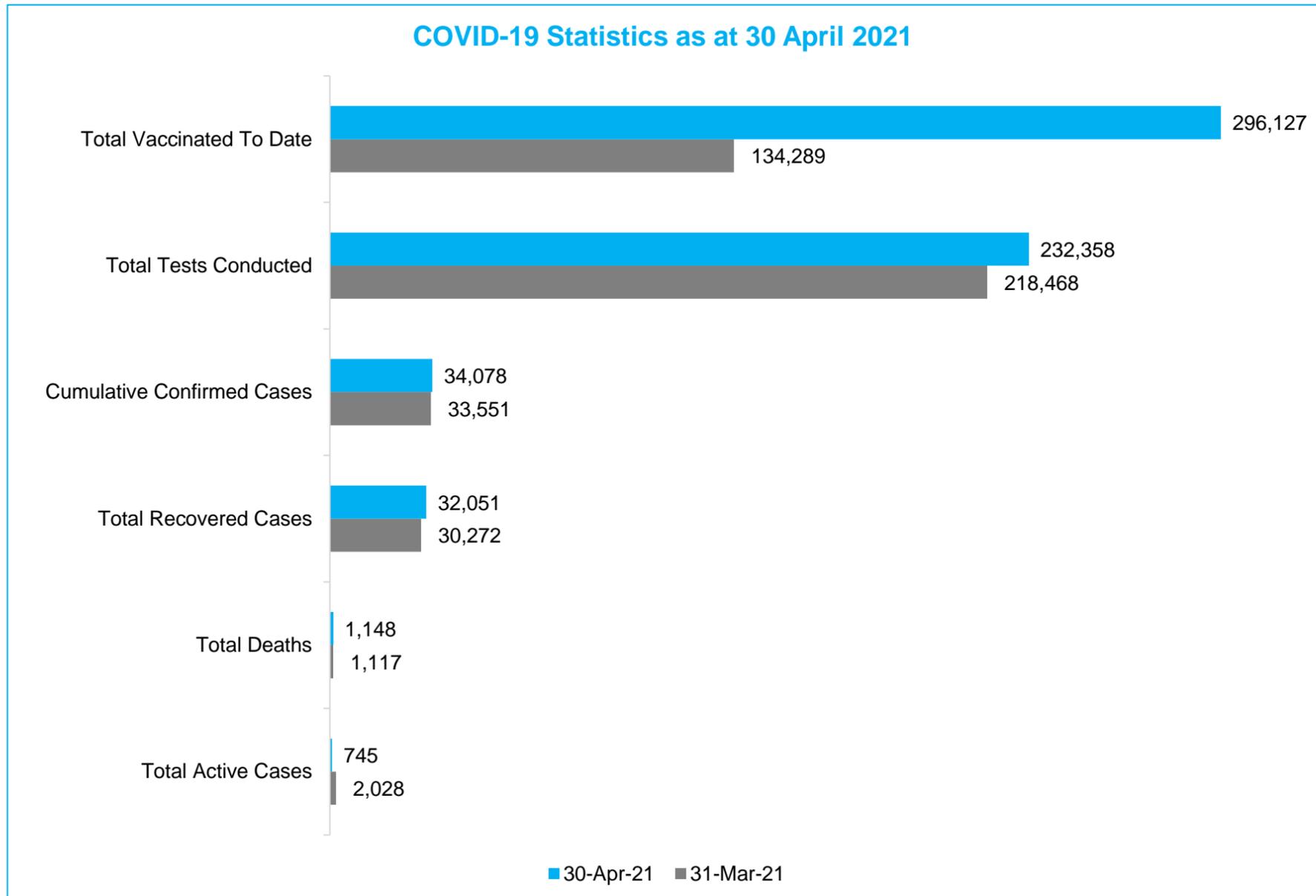


COVID-19 Update

The total number of confirmed cases increased to 34,078 in April 2021 from 33,551 in March 2021. Total deaths caused by COVID-19 increased to 1,148 in April 2021 from 1,117 in March 2021. As of 30 April 2021, 296,127 Malawians had been vaccinated.

Latest COVID-19 statistics and vaccine developments (Source: Malawi Ministry of Health)

The total number of confirmed cases increased to 34,078 in April 2021 from 33,551 in March 2021. Similarly the total COVID-19 related deaths increased to 1,148 in April 2021 from 1,117 in March 2021. As at 30 April 2021 the positivity rate decreased to 3.2% in April 2021 6% from in March 2021, while the Case Fatality Rate (CFR) marginally increased to 3.37% in April 2021 from 3.33% from March 2021. The recovery rate stood at 94.1% in April 2021. Following Malawi's first consignment of 360,000 doses of the COVID-19 AstraZeneca vaccine on 5 March 2021, 296,127 Malawians have been vaccinated as at 30 April 2021, which is roughly 2% of Malawi's entire population. The country has however postponed rolling out the second dose of the AstraZeneca COVID-19 vaccine from May 2021 to June 2021 as a majority of the targeted 2.6 million people are still yet to receive the first vaccine. By mid-month more than 16,000 doses of the vaccine had reached their expiration date due to low uptake by the public and were thus scheduled to be destroyed.



Outlook

Inflation

According to the IMF World Economic Outlook April 2021 update, inflation for Malawi is projected to average 9.5% in 2021 given an average harvest in 2021 and higher international oil prices. Similar estimates from the EIU project that inflation for 2021 will average 9.1%. Inflation is further projected to increase in 2021-23, peaking at 10% in 2022. This will be driven by rising global fuel prices and a recovery in private consumption. Similar to the IMF estimates, these projections also assume that there will be a reasonable harvest and higher international oil prices. Lastly, based on the mid year 2020/21 budget review, annual average headline inflation for 2021 is projected at 7.4%.

The Monetary Policy Committee (MPC) at its second meeting of 2021 held between 28 and 29 April 2021, decided to maintain the Policy rate at 12% to support and sustain economic recovery, whilst at the same time managing upside risks to the inflation outlook.

The RBM report noted that headline inflation forecasts suggest an elevated inflation path in the period ahead as headline inflation is currently projected to average 8.4% in 2021. The forecast has, among others, taken into account the impact of the lagged effects of the upward adjustments of fuel prices implemented on 9 March 2021 and an increase in electricity tariffs effected on 31 March 2021.

Exchange Rates

According to the RBM the Malawi kwacha is among the currencies in the SSA region which remains under pressure, as demand for foreign exchange continues to surpass its supply.

As the reserves dwindle, the currency is likely to depreciate further. According to the EIU, the current wide current-account deficit will exert downward pressure on the Kwacha throughout 2021. However, the pace of depreciation will be moderated by increasing foreign investment inflows and earnings from the agricultural sector.

The report further explains that oil prices are expected to increase and may result in an increase in Malawi's import spending, particularly between 2021-22. This is because Malawi is dependent on fuel and capital imports. The current account is therefore anticipated to have a deficit averaging 19.6% of GDP per year which was (previously projected at 17.5% of GDP). This may put pressure on the currency, and therefore could hasten depreciation in the forecast period. The negative outlook for depreciation however may be offset by increased export volumes of agricultural products, mainly tea and soybeans, which will increase export earnings. The current-account deficit is forecasted to narrow slightly to 18.8% in 2025, as oil prices decline. The current account deficit in the present period is expected to be financed primarily by project-related grants and concessional borrowing.

According to the RBM's January 2021 market intelligence report, the outlook for the domestic economy will be determined by the net effect of exchange rate pressures, roll-out of COVID-19 vaccinations and commencement of the 2020/21 agricultural harvest season. On one hand, the continued shortage of supply of foreign currency on the market is expected to trigger a further depreciation of the exchange rate in the near term, thereby raising non-food inflation through high costs of imported goods including fuel. On the other hand, if this year's agricultural harvest proves to be more bountiful than the previous year, export proceeds may improve the country's foreign exchange position. Furthermore, the roll-out of COVID-19 pandemic vaccines in Malawi could help to contain infections, thereby allowing the economy to take the recovery path as some restrictions are expected to be eased.

Monetary Policy

Based on the EIU report the MPC is expected to maintain and hold the rate at 12% throughout 2021 to continue to support economic recovery. The RBM will then adopt a tightening stance from 2022-25 as inflation may build up as global oil prices increase and improved consumer spending. With inflation stable and economic activity remaining subdued, the RBM is likely to retain its accommodative stance and hold the benchmark policy rate at 12% at its next monetary policy meeting.

Fiscal Policy

According to the EIU March 2021 country report, the fiscal deficit is expected to widen in 2020/21, to 9.3% of GDP as welfare measures to mitigate the impact of the outbreak will keep government spending elevated. Furthermore, external debt is expected to increase steadily, from an estimated US\$2.8bn in 2020 to US\$3.4bn at end-2022.

The external debt/GDP ratio will rise in 2021, to 34.8%, from an estimated 34.4% in 2020. A wide budget deficit to support economic recovery and provide for increased healthcare expenditure will also lead to an increase in new bilateral loans. Debt owed to the IMF will also rise, from an estimated US\$525m at end-2020 to US\$546m at end-2021, reflecting both the ECF (2018- 2021) and the emergency debt secured under the RCF in October 2020.

Increased domestic borrowing may also result in increased interest rates and crowd out private investment. When the government issues domestic debt, it makes use of private savings that would otherwise be available to finance private investment. Since most of the fiscal deficit will be financed by domestic borrowing, the crowding out effect is likely to limit the private sector's recovery and thus compromise the total tax revenue collected by the government.

If current spending is reduced, the fiscal deficit will contract gradually to 8% of GDP in 2024/25, according to the EIU report. With higher local interest rates, the government will seek to finance the deficits externally, through multilateral concessional borrowing.

Economic Growth

GDP for 2021 is forecasted to range between 2.2% to 2.8% based on EIU, IMF and World Bank estimates for the country. According to the World Bank, real GDP for Malawi is estimated to grow by 2.8% in 2021 while the IMF World Economic Outlook update for April 2021 projects economic growth to average 2.2% in 2021. Estimates from the EIU anticipate that the economy will gradually recover and grow by 2.3% in 2021 after which it will grow at 4.6% per year in 2022-25. Economic recovery will be driven by the agricultural and services sector as well as increased investments as the business climate improves according to the EIU.

Based on EIU expectations, the growth in real GDP will be supported by a strong harvest and improved regional trade and domestic activity. Investments will gradually increase as the business climate improves. Potential land reforms may change the agricultural sector from being predominantly subsistence based to export driven. The land reforms are aiming to consolidate small farms into larger holdings under the Malawi Growth and Development Strategy, which will help to increase economies of scale and aid the expansion of other cash crops such as soybeans, tea and sugar.

In the IMF's October 2020 country report, similar expectations noted that Malawi's economy will continue to rely on agricultural harvest and trade revenues which are subject to shocks due to unprecedented weather conditions and a narrow export base.

The IMF forecast notes that with declining global activity and a withering economic outlook, the effects of the pandemic are nowhere near their end. Government may have to continue to rely on stimulating economic activity to increase aggregate demand and economic growth in the economy at the expense of possible inflation. This might result in greater fiscal pressure at a time where government revenue is likely to be impacted by slow business environment in the country.

Lastly, the latest MPC report from the RBM suggests that the ongoing vaccination campaign, coupled with the above average agricultural production during the 2020/21 season and the recovery of the global economy, provide optimism for economic turnaround in 2021. As such, domestic real economic growth is projected to strengthen to 3.8% in 2021, from an estimated growth rate of 0.9% in 2020.

Appendix

Appendix 1: Selected Economic Indicators

Selected Economic Indicators				
Foreign Exchange Reserves (Source: RBM)			30-Apr-2021	
	Reserves (US\$'mn)	Import Cover (Months)		
Private Sector Foreign Exchange Reserves	392.01	1.88		
Gross Official Foreign Exchange Reserves	392.61	1.88		
<i>NB: US\$209.0 million import requirement per month is used in the calculations</i>				
Rates (Source: RBM)		Current Rate	Effective Date	
Reference Rate		12.10%	7-Apr-21	
Policy Rate		12.00%	29-Apr-21	
Inflation				
NSO Headline Inflation for March 2021			9.4%	
EIU March 2021 report inflation forecast for 2021 (annual)			9.1%	
Government of Malawi Mid-year Budget review forecast for 2021			7.4%	
IMF WEO April 2021 report inflation forecast for 2021 (annual)			9.5%	
RBM MPC report April 2021 forecast for 2021 (annual)			8.4%	
Average inflation forecast for 2021			8.6%	
Commodities		Apr-2021	Apr-2020	
ESCOM Electricity Average Tariffs (Source: MERA)		MWK104.46/kWh	MWK94.43/kWh	
OPEC Reference Basket Price		US\$64.56/b	US\$17.66/b	
AHL Tobacco Sales		US\$1.69/kg	US\$1.57/kg	
IFPRI Average retail maize price		MWK171/kg	MWK177/kg	
Real GDP Growth Forecast for Malawi		2020	2021	2022
African Development Bank (AfDB) African Economic Outlook 2021		1.7%	3.3%	6.2%
EIU March 2021 Malawi Country Report		-1.0%	2.3%	4.0%
Government of Malawi Mid-year Budget review		N/A	3.5%	N/A
IMF WEO April 2021 Report		0.6%	2.2%	6.5%
RBM MPC report April 2021 forecast for 2021 (annual)		0.9%	3.8%	N/A
World Bank Country Partnership Framework		0.8%	2.8%	3.0%

Appendix 2: World Bank estimates

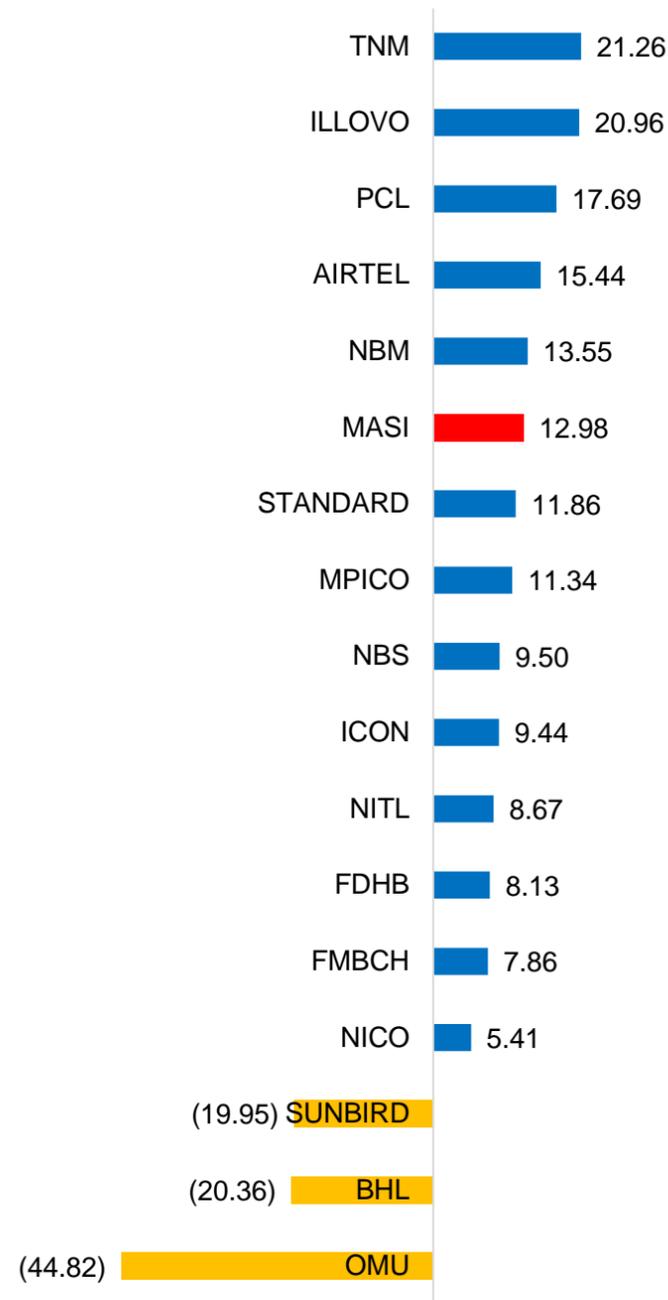
Table 1: Macroeconomic Indicators

	2016	2017	2018	2019	2020	2021	2022	2023
					Est.	Proj.	Proj.	Proj.
National Accounts and Prices								
GDP at constant market prices (% change)	2.5	4.0	3.5	4.4	0.8	2.8	3.0	4.5
Agriculture	-2.3	5.0	2.4	4.3	3.4	5.2	1.7	3.2
Industry	2.4	2.2	2.2	3.8	1.2	1.6	2.4	4.3
Services	4.7	4.0	4.3	4.5	-0.7	1.9	3.8	5.2
Consumer prices (annual average)	21.7	11.5	9.2	9.4	8.6	8.8	7.6	7.0
Central Government (FY % of GDP)								
Revenue and grants	21.6	23.5	20.8	21.0	20.8	21.0	21.0	21.7
Domestic revenue (tax and nontax)	17.8	20.0	19.3	19.0	18.9	17.1	17.6	18.3
Grants	3.7	3.5	1.4	2.0	1.9	3.8	3.4	3.4
Expenditure and net lending	27.6	28.2	28.5	27.6	30.2	33.7	30.3	30.5
Overall balance (excluding grants)	-9.8	-8.3	-9.2	-8.6	-11.3	-16.5	-12.7	-12.2
Overall balance (including grants)	-6.1	-4.8	-7.8	-6.6	-9.4	-12.7	-9.3	-8.8
Foreign financing	1.9	2.5	2.5	1.1	1.3	2.4	1.5	1.6
Domestic financing	1.7	0.9	6.2	5.4	7.3	10.3	7.8	7.2
Amortization (zero coupon bonds)	2.5	1.3	-0.5	-1.4	-	-	-	-
Privatization Proceeds	-	0.3	-	-	-	-	-	-
Money and Credit								
Money and quasi money (% change)	15.2	19.7	11.4	8.1	9.5	10.9	13.7	11.8
Credit to the private sector (% change)	4.6	0.4	11.5	21.3	15.0	11.7	14.0	13.4
External Sector (US\$ millions)								
Exports (goods and services)	1,180	1,053	1,112	1,238	1,202	1,225	1,188	1,185
Imports (goods and services)	2,405	2,781	2,927	3,031	3,088	3,323	3,314	3,349
Gross official reserves	605	757.4	750.1	815	574			
(months of imports)	2.9	3.6	3.6	3.9	2.8			
Current account (percent of GDP)	-18.9	-22.4	-20.5	-17.2	-18.3	-17.4	-18.1	-17.9
Exchange rate (MWK per US\$ average)	718	730.3	732.3	745.5	749.5	-	-	-
Debt Stock								
External debt (public sector, % of GDP)	31.3	32.4	31.2	29.7	30.0	32.4	31.9	31.4
Domestic public debt (percentage of GDP)	23	23.9	28.2	29.7	36.4	44.1	48.7	52.2
Total public debt (percentage of GDP)	54.3	56.4	59.4	59.4	66.4	76.5	80.6	83.6
Poverty								
Poverty rate (US\$ 1.9 in 2011 PPP terms)	69.2	68.7	68.3	67.8	68.3	68.3	68.2	67.6
Poverty rate (US\$ 3.2 in 2011 PPP terms)	89.0	88.8	88.6	88.3	88.6	88.6	88.5	88.2

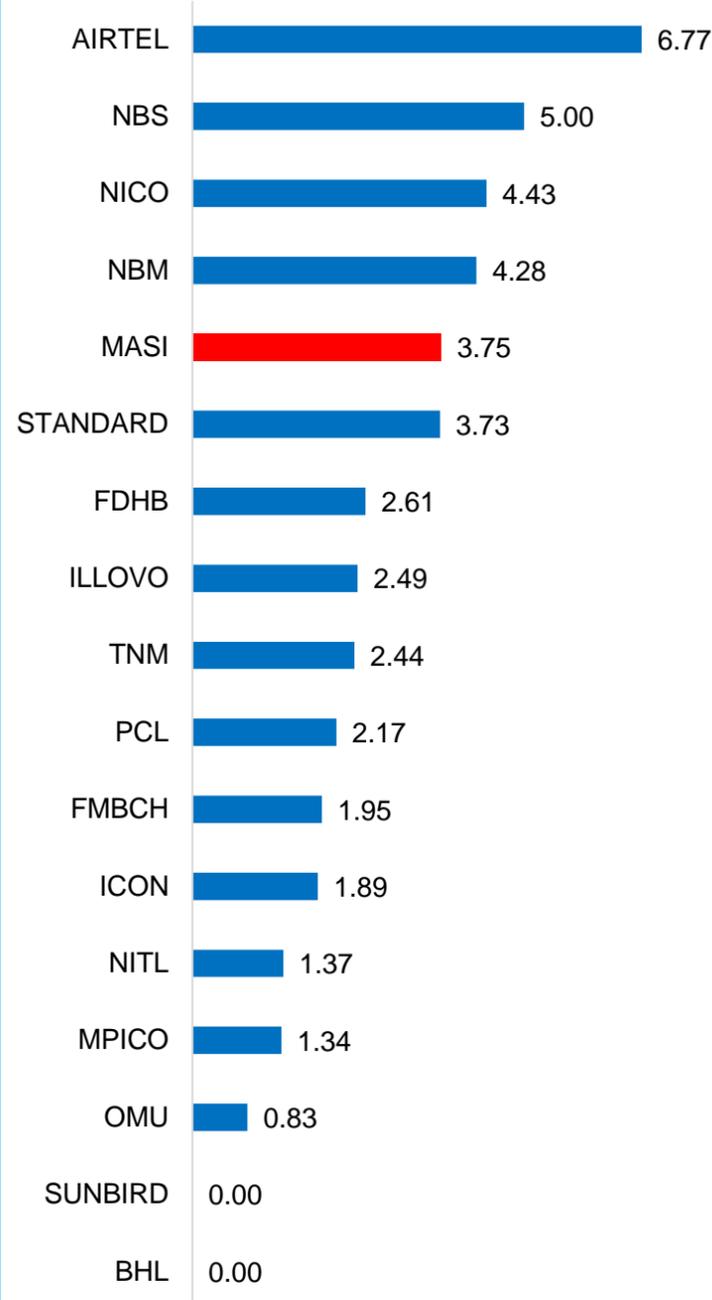
Source: World Bank staff calculations based on MFMod, MoFEFD, RBM and IMF data

Appendix 3: Selected stock market statistics as at 30 April 2021

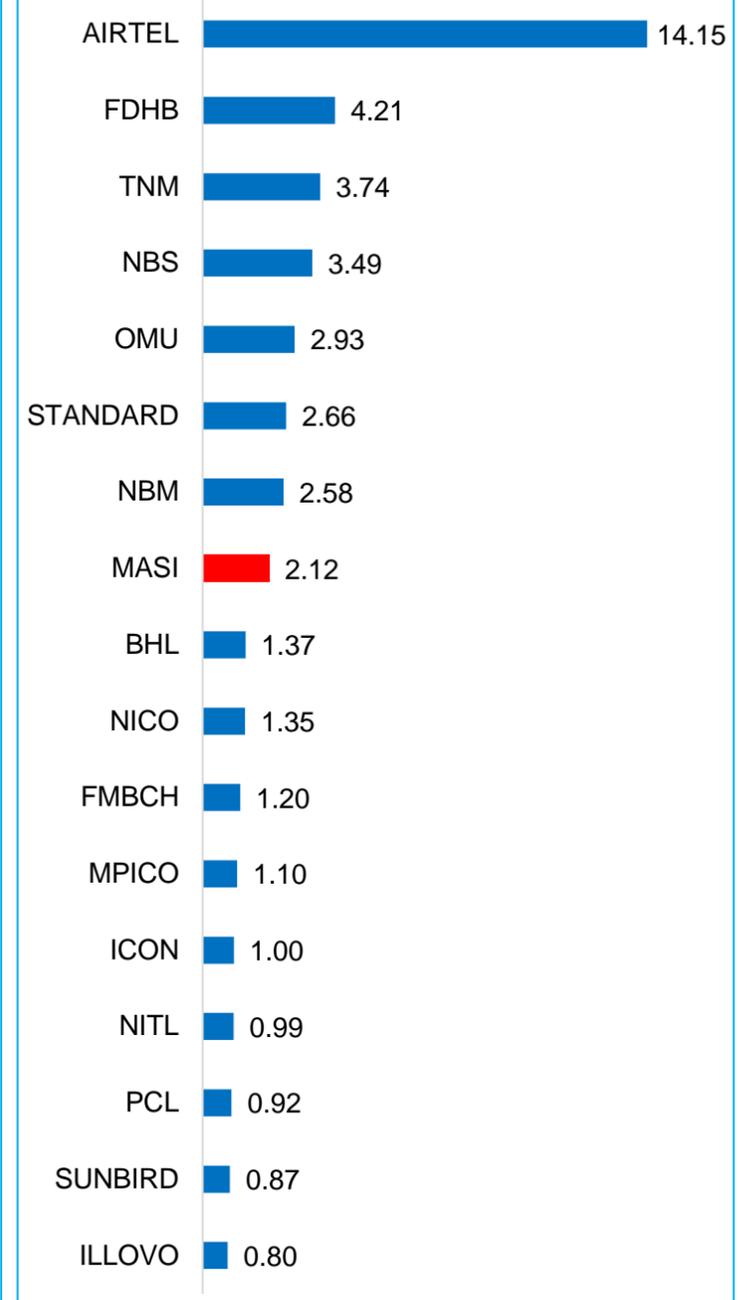
P/E ratio - the MSE had a weighted average Price to Earnings ratio of 12.98 in April 2021. OMU had the lowest at negative 44.82 while TNM had the highest at 21.26.



Dividend yield (%) - the weighted average dividend yield on the MSE was 3.75% in April 2021. The counter with the highest dividend yield is FMBCH at 1.95%.



P/BV ratio - the weighted average Price to Book Value ratio on the MSE in April 2021 was 2.12. Airtel had the highest ratio at 14.15 while Illovo had the lowest ratio at 0.80.

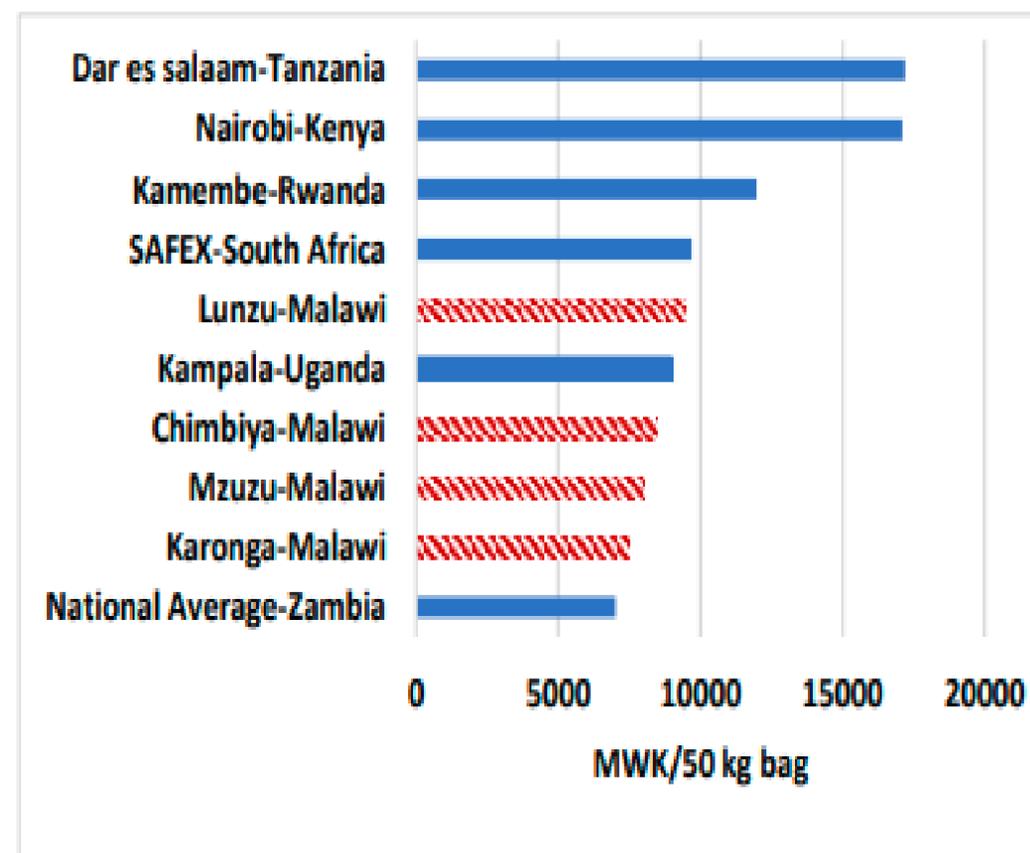


APPENDIX 4: Malawi Monthly Maize Market Report

Table 1. Maize retail prices (MWK/kg) by market

Market	03-Apr-21	10-Apr-21	17-Apr-21	24-Apr-21	Change
Chitipa	147	147	147	147	→ 0%
Karonga	170	170	150	150	↓ -12%
Rumphi	153	153	153	153	→ 0%
Mzuzu	180	180	160	160	↓ -11%
Mzimba	162	162	150	150	↓ -7%
Jenda	162	162	162	162	→ 0%
Salima	200	200	200	200	→ 0%
Mchinji	160	160	150	150	↓ -6%
Nsungwi	180	180	150	150	↓ -17%
Mitundu	190	190	150	150	↓ -21%
Chimbiya	170	160	170	170	→ 0%
Balaka	173	173	160	160	↓ -8%
M'baluku	190	190	190	190	→ 0%
Mangochi	180	180	187	180	→ 0%
Liwonde	180	180	160	160	↓ -11%
Chiringa	200	200	200	200	→ 0%
Mpondabwino	201	201	194	194	↓ -3%
Lunzu	190	190	190	190	→ 0%
Mbayani	180	180	180	180	→ 0%
Mwanza	193	180	180	180	↓ -7%
Mulanje	190	190	180	180	↓ -5%
Luchenza	193	193	180	180	↓ -7%
Chikwawa	220	220	220	200	↓ -9%
Ngabu	190	190	190	190	→ 0%
Bangula	192	192	192	192	→ 0%
Nsanje	173	173	173	173	→ 0%
All markets	180	179	172	171	↓ -4.7%

Figure 3. Retail maize prices in selected markets in eastern and southern Africa (as of end April 2021)



Appendix 5: EIU Report

Economic Growth

%	2020 ^a	2021 ^b	2022 ^b	2023 ^b	2024 ^b	2025 ^b
GDP	-1.0	2.3	4.0	4.5	4.9	5.2
Private consumption	-1.5	1.5	3.0	4.0	4.3	4.8
Government consumption	2.0	2.0	3.0	4.0	2.0	3.0
Gross fixed investment	-5.0	5.0	5.0	8.0	8.0	7.0
Exports of goods & services	-12.0	3.6	5.0	5.2	6.5	7.2
Imports of goods & services	-5.0	3.0	4.0	5.0	5.8	6.5
Domestic demand	-1.6	2.0	3.2	4.5	4.5	4.9
Agriculture	3.0	3.0	3.1	4.0	4.5	5.0
Industry	-1.6	2.1	5.4	5.2	5.8	5.6
Services	-3.0	2.0	4.1	4.5	4.9	5.2

^a Economist Intelligence Unit estimates. ^b Economist Intelligence Unit forecasts.

Key Indicators

	2020 ^a	2021 ^b	2022 ^b	2023 ^b	2024 ^b	2025 ^b
Real GDP growth (%)	-1.0	2.3	4.0	4.5	4.9	5.2
Consumer price inflation (av, %)	8.6 ^c	9.1	10.0	9.5	9.0	8.5
Government balance (% of GDP)	-7.6	-9.3	-8.7	-8.5	-8.3	-8.0
Current-account balance (% of GDP)	-16.9	-19.6	-19.5	-19.7	-19.3	-18.8
Money market rate (av, %)	13.5	13.5	15.5	15.8	16.5	17.5
Exchange rate MK:US\$ (av)	749.5 ^c	775.0	783.5	789.7	798.9	806.5

^a Economist Intelligence Unit estimates. ^b Economist Intelligence Unit forecasts. ^c Actual.

Annual data and forecast

	2016 ^a	2017 ^a	2018 ^a	2019 ^a	2020 ^b	2021 ^c	2022 ^c
GDP							
Nominal GDP (US\$ m)	5,433	6,303	6,917	7,671	8,153	8,765	9,863
Nominal GDP (MK m)	3,900,950	4,603,121	5,065,765	5,718,844	6,110,877	6,793,248	7,728,128
Real GDP growth (%)	2.5	4.0	3.2	4.4	-1.0	2.3	4.0
Expenditure on GDP (% real change)							
Private consumption	18.6	8.3	2.1	3.9	-1.5	1.5	3.0
Government consumption	-0.2	10.0	7.0	-3.6	2.0	2.0	3.0
Gross fixed investment	-2.1	29.7	-17.5	19.7	-5.0	5.0	5.0
Exports of goods & services	40.1	3.7	6.9	3.8	-12.0	3.6	5.0
Imports of goods & services	54.6	-1.5	6.4	3.6	-5.0	3.0	4.0
Origin of GDP (% real change)							
Agriculture	-2.3	5.0	0.8	4.3	3.0	3.0	3.1
Industry	2.4	2.2	2.2	3.8	-1.6	2.1	5.4
Services	5.2	4.0	4.8	4.5	-3.0	2.0	4.1
Population and income							
Population (m)	17.2	17.7 ^b	18.1 ^b	18.6 ^b	19.1	19.6	20.2
GDP per head (US\$ at PPP)	1,027	1,060 ^b	1,090 ^b	1,070 ^b	1,086	1,118	1,159
Fiscal indicators (% of GDP)							
Public-sector balance	-6.0	-3.6	-7.3 ^b	-6.4 ^b	-7.6	-9.3	-8.7
Net public debt	54.6 ^b	56.4 ^b	60.8 ^b	67.6 ^b	69.8	73.7	72.5

International Assumptions

	2020	2021	2022	2023	2024	2025
Economic growth (%)						
US GDP	-3.5	4.3	3.0	2.0	1.8	1.9
OECD GDP	-5.0	3.8	3.5	2.1	2.0	1.9
World GDP	-4.0	4.5	3.7	3.0	2.8	2.7
World trade	-9.6	6.7	6.5	5.2	4.6	3.8
Inflation indicators (% unless otherwise indicated)						
US CPI	1.2	1.6	1.8	2.2	1.9	2.0
OECD CPI	1.2	1.6	1.9	2.1	2.0	2.1
Manufactures (measured in US\$)	-1.3	6.3	1.7	2.2	1.8	1.5
Oil (Brent, US\$/b)	42.3	57.0	59.0	58.0	55.0	52.0
Non-oil commodities (measured in US\$)	2.9	16.9	0.1	-6.8	0.8	1.6
Financial variables						
US\$ 3-month commercial paper rate (av, %)	0.6	0.2	0.2	0.2	0.6	1.0
US\$:€ (av)	1.14	1.21	1.19	1.15	1.17	1.22
¥:US\$	106.77	104.02	103.91	106.35	108.75	107.88

	2016 ^a	2017 ^a	2018 ^a	2019 ^a	2020 ^b	2021 ^c	2022 ^c
Prices and financial indicators							
Exchange rate MK:US\$ (end-period)	728.62	732.03	733.69	738.87	769.62 ^a	764.13	799.57
Exchange rate MK:€ (end-period)	768.04	877.92	840.08	830.05	944.40 ^a	915.05	939.49
Consumer prices (end-period, %)	20.0	7.1	9.9	11.6	7.6 ^a	9.0	9.7
Stock of money M1 (% change)	24.6	19.8 ^b	15.1 ^b	13.8 ^b	10.3	16.7	20.6
Stock of money M2 (% change)	15.2	19.7	11.3	8.1 ^b	9.3	15.1	17.2
Lending interest rate (av, %)	44.1	38.6	32.3	25.7 ^b	23.0	22.0	23.0
Current account (US\$ m)							
Trade balance	-1,090	-1,577	-1,658	-1,857	-1,609	-1,854	-1,911
Goods: exports fob	1,066	910	945	983	889	919	973
Goods: imports fob	-2,156	-2,487	-2,604	-2,840	-2,498	-2,773	-2,884
Services balance	-135	-151	-154	-176	-260	-289	-297
Primary income balance	-95	-198	-263	-299	-254	-258	-279
Secondary income balance	315	388	457	495	748	682	565
Current-account balance	-1,006	-1,537	-1,618	-1,837	-1,375	-1,719	-1,922
External debt (US\$ m)							
Debt stock	1,874	2,115	2,282	2,503	2,808	3,048	3,326
Debt service paid	75	71	84	100	86	89	154
Principal repayments	57	54	71	80	67	69	126
Interest	18	17	13	20	19	20	27
International reserves (US\$ m)							
Total international reserves	631	793	782	847	656	729	743

^a Actual. ^b Economist Intelligence Unit estimates. ^c Economist Intelligence Unit forecasts.

Sources: IMF, International Financial Statistics; Ministry of Finance, Budget statements; World Bank, Global Development Finance; Reserve Bank of Malawi, Economic reviews.

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (108), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com