



Monthly Economic Report and a brief on the World Bank's Malawi Economic Monitor

July 2022



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Inflation

Headline inflation increased to 23.5% in June 2022, from 19.1% in May 2022 due to increases in both food and non-food inflation. Food inflation increased to 31.2% from 25.5%, and non-food inflation increased to 16.6% from 13.2% during the period under review.

A combination of supply-related shocks to food and energy prices caused by the war in Ukraine, revised domestic fuel pump prices made on 23 June 2022, the devaluation of the Malawi Kwacha and persistent fiscal slippages have intensified the inflationary pressure in the country. As a result, the Monetary Policy Committee (MPC) revised the projected annual inflation for 2022 upwards to 23.2% from 12.3%. This is above the projection made by the Economist Intelligence Unit (EIU) of 17.2% in 2022.

Monetary Policy

During the third MPC meeting of 2022 held on 27 July 2022, the MPC maintained the policy rate at 14.0%; 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. This decision was made to allow the recent policy rate increase to transmit through the economy. In addition, the MPC's review of the drivers for inflation indicates that the sources of inflation are beyond the control of monetary policy such that traditional policy instruments would not effectively deal with the pressures.

Exchange Rates

The Malawi Kwacha traded at MK1,035.03/USD as of July 2022, from MK1,033.36/USD as of June 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 26% as of 31 July 2022 (the Kwacha had depreciated by 5% during the same period in 2021).

As of 30 June 2022, the country's gross official forex reserves increased by 7% to USD415.73 million, from a gross official foreign exchange reserve position of USD388.22 million as of 31 May 2022. The private sector forex reserves increased marginally to USD401.60 million as of 30 June 2022, from USD401.13 million as of 31 May 2022. Overall, the total foreign exchange reserves held in June 2022 were USD817.33 million, an increase of 4% from USD789.35 million in May 2022.

Stock Market

The Malawi All Share Index (MASI) increased by 7% to 52,889.87 points in July 2022, from 49,596.14 points in June 2022. This was due to share price gains in ILLOVO, Standard Bank, PCL, NBM, AIRTEL, FDH Bank, NITL and SUNBIRD which offset the share price losses in FMBCH, TNM, NBS, BHL, MPICO and NICO. The largest gainer during the period was ILLOVO at 30.92% (to MK400.00 from MK305.53) while the largest share price loss was for FMBCH by 15.61% (to MK108.00 from MK127.98).

Government Securities

The government awarded a total of MK51 billion in July 2022, a decrease of 72% from a total of MK183 billion in June 2022 through Treasury Bills (TBs) and Treasury Notes (TNs) auctions. The TBs and TNs auctions had rejection rates of 2% and 30% respectively, during the period under review. The average TB yield increased to 14.25% in June 2022, from 14.12% in June 2022. The average TN yield increased to 23.81% from 22.84% during the period under review.

Economic Growth

The MPC revised Malawi's real GDP forecast for 2022 downwards to 1.7% in June 2022 from the 4.1% projected in November 2021. The revision was made after incorporating several negative shocks that occurred during the first half of 2022 such as the delayed onset of rains, tropical storms Ana and Gombe, intermittent electricity power supply, low foreign exchange supply and the impact of the Russia-Ukraine war. The revised projection is within the range of the projections made by the EIU (2.0%), World Bank (2.1%) and IMF (2.7%).

COVID-19 Status and Developments

The total cumulative confirmed COVID-19 cases increased to 87,410 as of 30 July 2022, from 86,506 as of 30 June 2022. Similarly, the cumulative COVID-19 related deaths increased to 2,665 deaths as of 30 July 2022, from 2,645 deaths as of 30 June 2022. These changes were accompanied by the daily positivity rate increasing to 9.1% as of 30 July 2022, from 8.2% as of 30 June 2022. The daily case fatality rate maintained its position at 3.1% during the period under review. The daily recovery rate marginally decreased to 95.9% as of 30 June 2022, from 96.1% as of 30 June 2022.

Risks

For the most part, some of the global risks and the risks to the Sub-Saharan Africa region are reflected in the domestic economy. Some of the global risks include the risk of rising commodity and fuel prices and the potential exacerbation due to the Russia-Ukraine war, the risk of new COVID-19 waves of infection and potential of the emergence of new COVID-19 virus variants. Some of the regional risks that are reflected in the domestic economy include the risk that a continuation of the war in Ukraine could place additional upward pressure on food and energy prices in the region, the region's vulnerability to running fiscal deficits for country's that offer subsidies, low vaccination rates in the region and vulnerability to climate-related shocks.

In terms of the domestic economy and the risk of new waves and new variants of COVID-19 infections, the country's relatively low vaccination uptake rates makes it vulnerable. With South Africa experiencing a fifth wave, a milder one relative to the previous ones due to higher vaccine uptake, Malawi is susceptible to imported cases that may trigger another wave of infections.

Furthermore, the prolonged war in Ukraine has caused global as well as regional commodity supply chain disruptions for commodities such as fuel. These have been partly reflected in the domestic economy through a recent upward revision of prevailing fuel pump prices for petrol, diesel and paraffin. The prices of petrol, diesel and paraffin were revised upwards on 23 June 2022 by 44.92%, 30.61% and 29.29%, respectively. This revision poses the risk of inflationary pressure in the domestic economy.

In terms of vulnerability to climate shocks, Malawi experienced tropical cyclones Ana and Gombe that caused damage to agricultural productivity as well as the energy production in the country. The country is also vulnerable to other shocks that include drought, storms and floods which have particular impact on the economy based on its reliance on agriculture.

Furthermore, there is the risk of fiscal overruns. This is on account of Malawi's net importer status and the global increases in commodity prices as well as an increase in farm inputs such as fertilizer. The government of Malawi is looking to re-implement the Affordable Inputs Programme (AIP), which is farm input subsidy programme, in the current year. The AIP was allocated about MK110 billion in the 2022/23 national budget. The allocation was made amidst rising global fertilizer prices, prior to the 25% currency devaluation. According to The Daily Times newspaper (1 August 2022), the number of beneficiaries for the program this year may be halved. This would reduce the additional expenditure required to execute the program.

Compounding these risks is the potential for insufficient power supply. Despite the national capacity being below projected demand, the risk has been worsened due to the damage caused the tropical cyclones to the energy production sector domestically. The Kapichira Power Station, which has capacity to feed about 130 megawatts into the national grid, was damaged by Cyclone Ana.

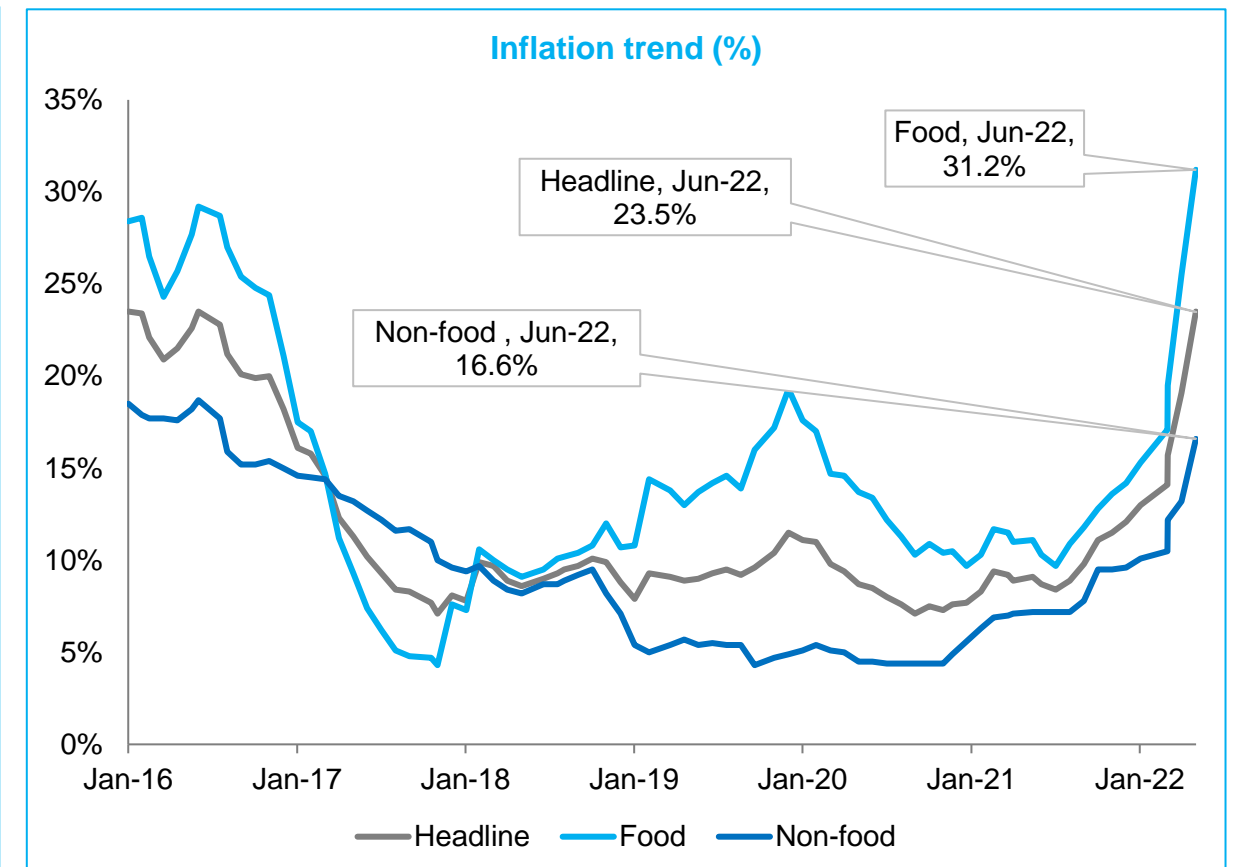
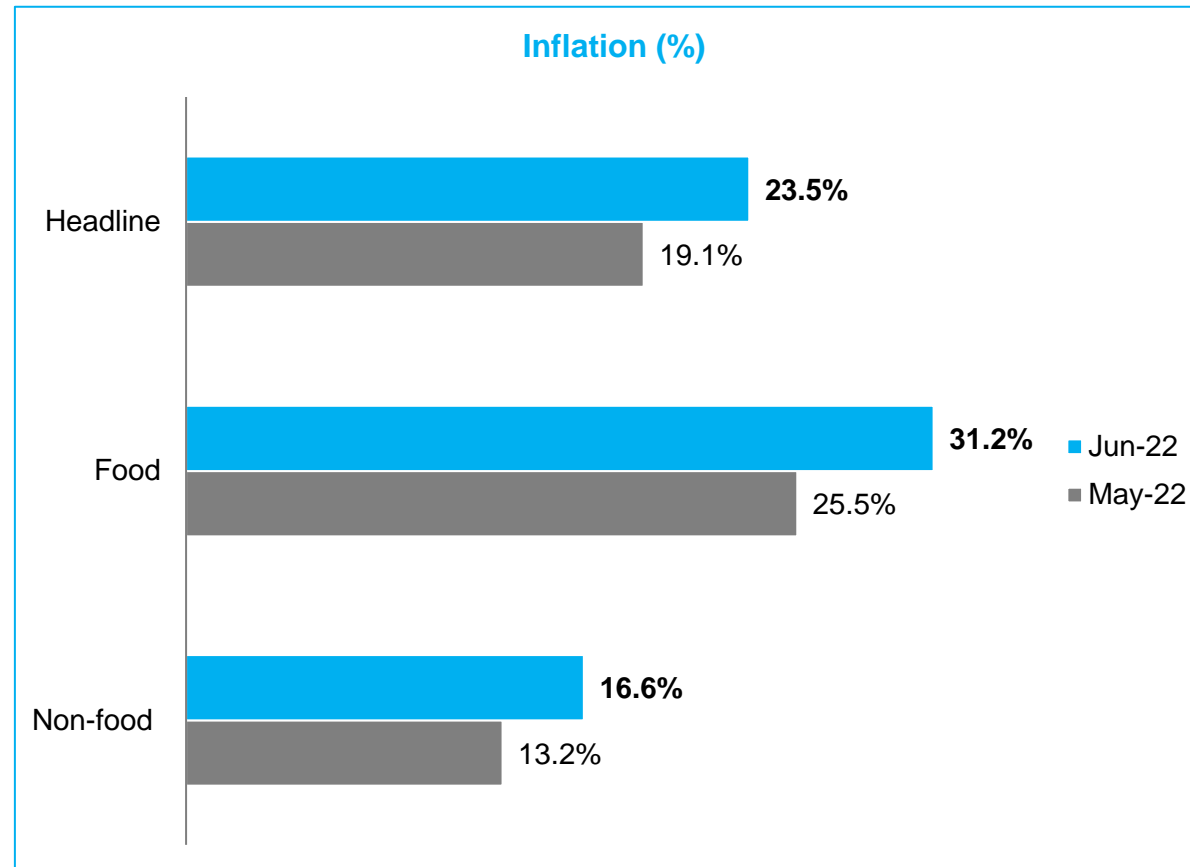


Economic overview

Inflation (Source: NSO, RBM, EIU)

Headline inflation increased to 23.5% in June 2022, from 19.1% in May 2022. It averaged 18.3% in the first half of 2022, which is almost double the average for the first half of 2021 at 8.8%. The devaluation of the kwacha has exerted inflationary pressure on the economy.

Month-on-month, headline inflation increased to 23.5% in June 2022, from 19.1% in May 2022. In June 2021, headline inflation was 9.1%. The month-on-month increase in headline inflation was on account of increases in both food and non-food inflation during the period under review. Food inflation increased to 31.2% in June 2022 from 25.5% in May 2022. Non-food inflation increased to 16.6% in June 2022 from 13.2% in May 2022. Headline inflation averaged 16.3% during the first half of 2022, which is almost double the similar period in 2021 where it averaged 8.8%. Global commodity supply disruptions as well as the devaluation of the Kwacha have exerted inflationary pressure on the economy.



*: Estimates
**: Forecasts



Economic overview (Continued)

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

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 26%.

The gross official forex reserves increased by 7% to USD415.73 million as of 30 June 2022, from USD388.22 million as of 31 May 2022.

Foreign currency market

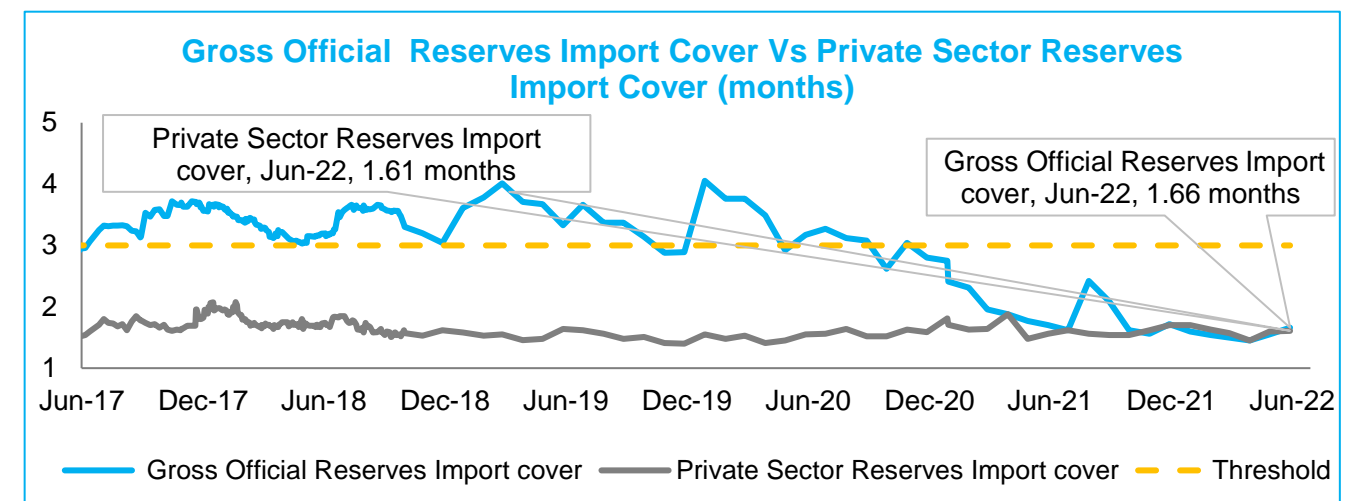
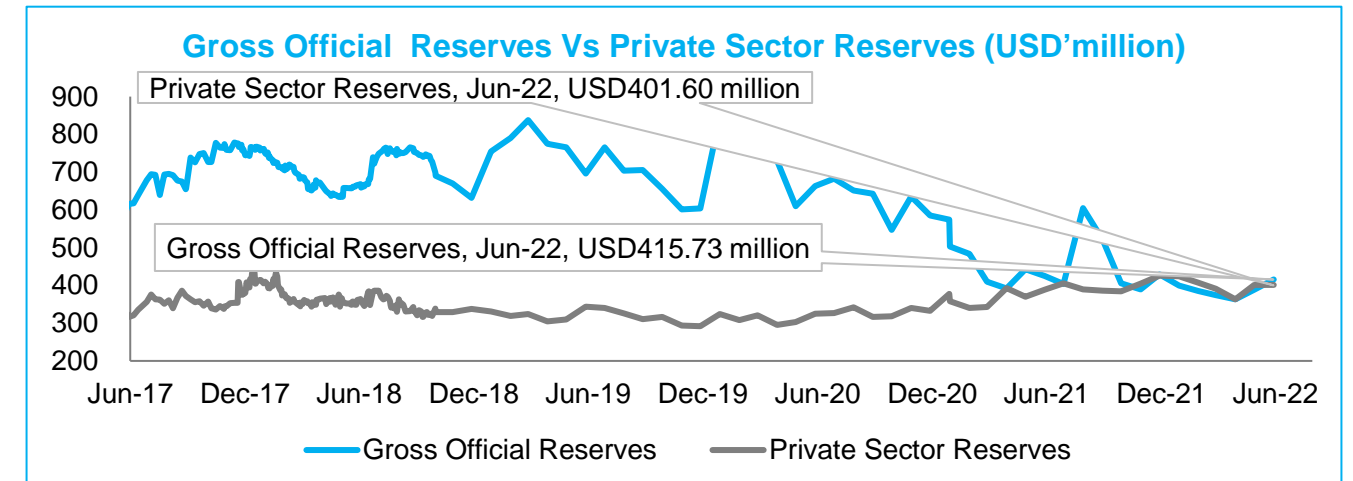
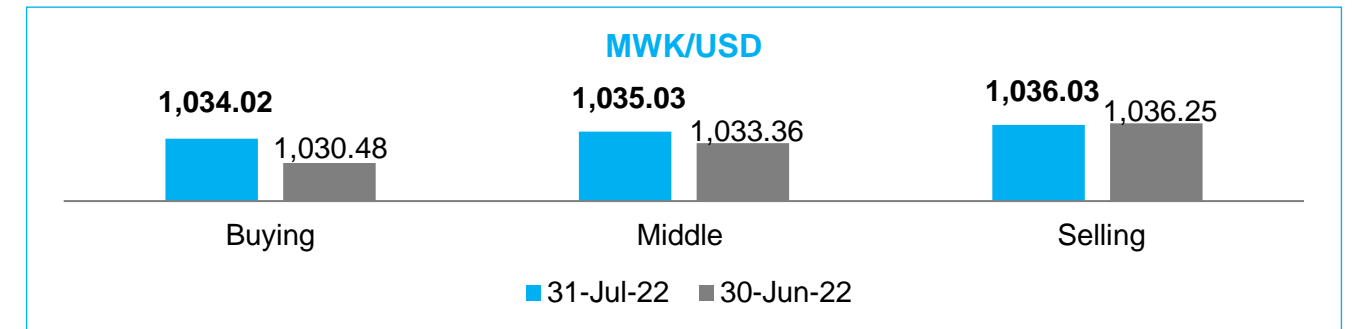
Month-on-month, the Kwacha marginally depreciated against the United States Dollar (USD) by 0.2%. The Kwacha traded at MK1,035.03/USD as of 31 July 2022, from MK1,033.36/USD as of 30 June. Year-to-date, the Kwacha has depreciated against the USD by 26% as it traded at MK819.44/USD as of 31 December 2021. During the same period in the previous year, the Kwacha had depreciated against the USD by 5%.

Foreign reserve position

As of 30 June 2022, the country's gross official forex reserves increased by 7% to USD415.73 million, from a gross official foreign exchange reserve position of USD388.22 million as of 31 May 2022. The private sector forex reserves marginally increased to USD401.60 million as of 30 June 2022, from USD401.13 million as of 31 May 2022. Overall, the total foreign exchange reserves held in June 2022 were USD817.33 million, an increase of 4% from USD789.35 million in May 2022.

Import cover for gross official reserves for June 2022 was 1.66 months, an increase of 7% from 1.55 months in May 2022. For private sector reserves, import cover was 1.61 months in June 2022, a marginal increase from 1.60 months in May 2022. The import cover for gross official reserves remained below the required threshold of 3 months as of 30 June 2022. The total foreign exchange reserves import cover increased to 3.27 months in June 2022 from 3.15 months in May 2022.

	Gross Official (USD'million)	Private Sector (USD'million)	Gross Official import cover (months)	Private sector import cover (months)
June-22	415.73	401.60	1.66	1.61
May-22	388.22	401.13	1.55	1.60





Economic overview (Continued)

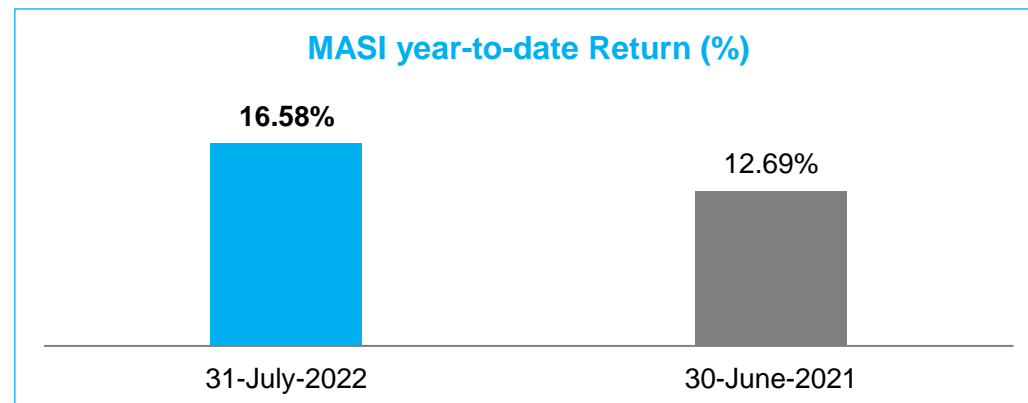
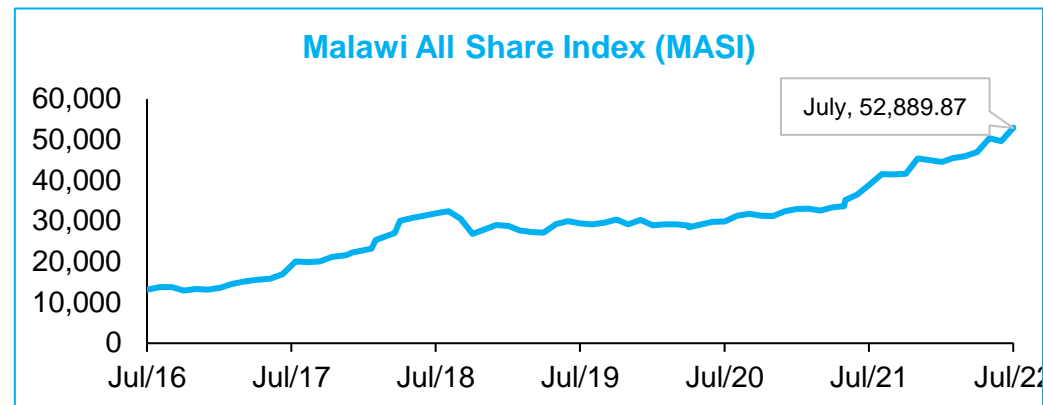
Stock market (Source: MSE)

The stock market was bullish during the period under review with the MASI closing the month of July 2022 at 52,889.87 points from 49,594.14 points in June 2022. This was account of share prices gains offsetting share price losses during the period under review. Month-on-month, this represents an increase of 7%.

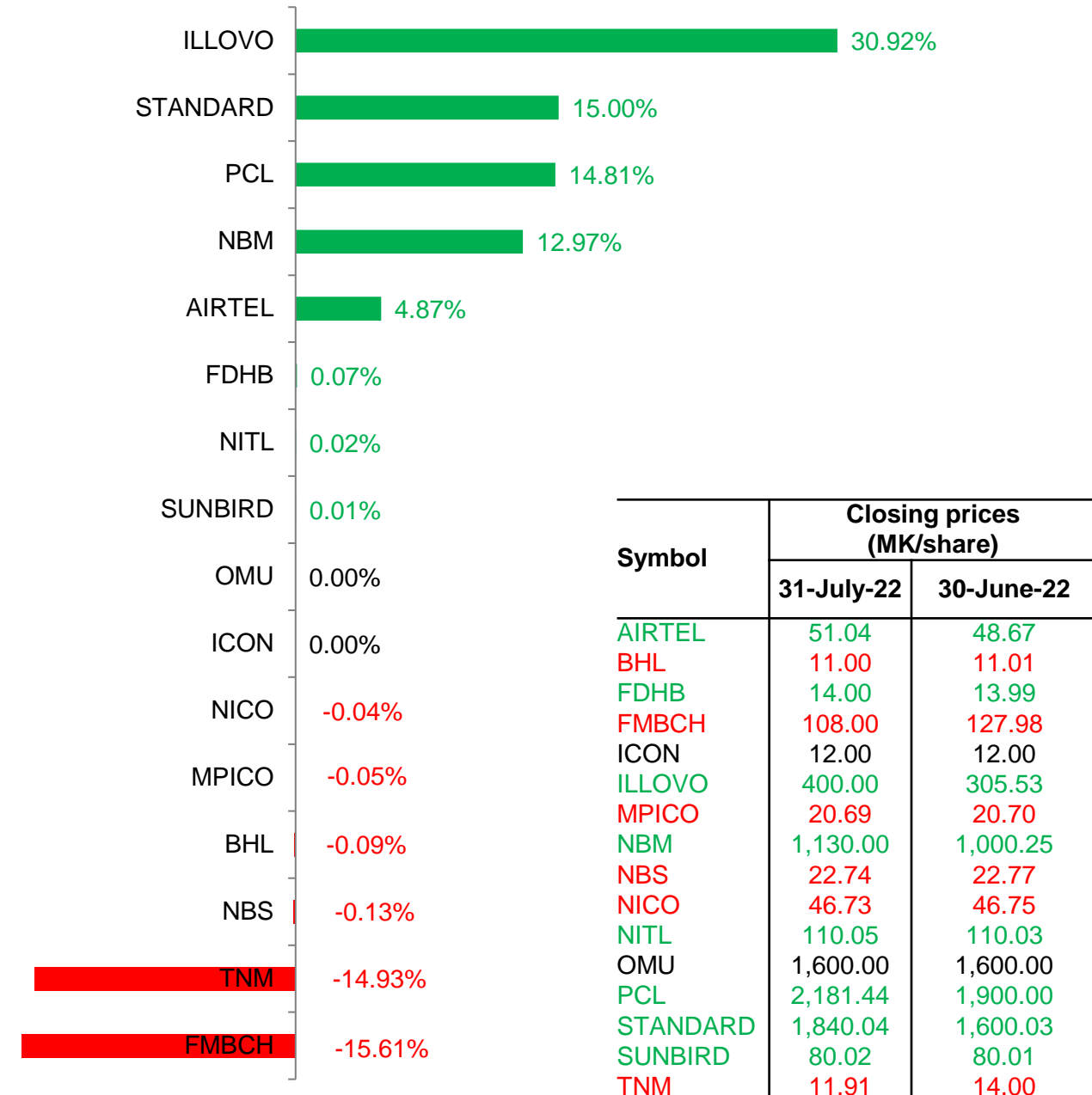
The MASI year-to-date return was 16.58% in July 2022, and it was 12.69% during the same period in the previous year.

The stock market was bullish over the period with the Malawi All Share Index (MASI) increasing by 7% to 52,889.87 points in July 2022, from 49,594.14 points in June 2022. Year-to-date, the return on the MASI is 16.58%, it was 12.69% during the same period in the previous year.

The largest gainer in July 2022 was ILLOVO whose share price increased by 30.92% to MK400.00 per share, from MK305.53 per share in June 2022. There were also share price gains for Standard Bank, PCL, NBM, AIRTEL, FDH Bank, NITL and Sunbird. Both OMU and ICON closed the month at the same prices as the previous month. The largest losers were FMBCH and TNM whose share price decreased by 15.61% and 14.93%, respectively. FMBCH decreased to MK108.00 per share from MK127.98 per share while TNM decreased to MK11.91 per share from MK14.00. There were also marginal share price losses for NBS, BHL, MPICO and NICO.



Month-on-month Share Price Gains/Losses (%)





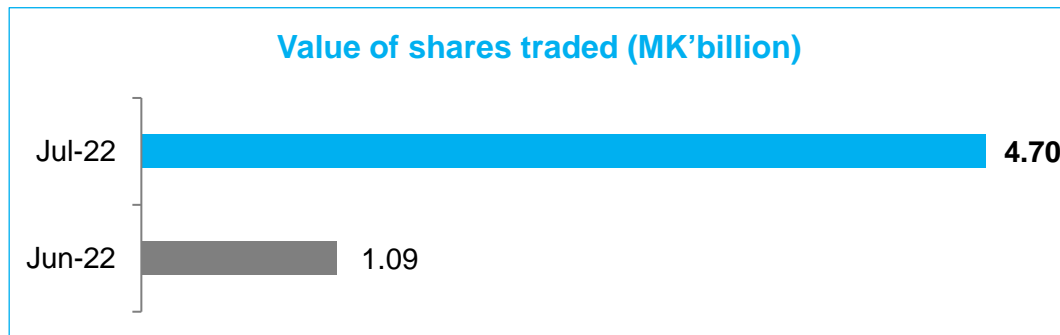
Economic overview (Continued)

Stock market (Source: MSE)

The total value of shares traded increased by 331% in July 2022 to MK4.70 billion, from MK1.09 billion traded in June 2022.

MSE Traded Volumes

There was MK4.70 billion worth of shares traded in July 2022, an increase of 331% from MK1.09 billion worth of shares traded in June 2022. FDH Bank had the highest value of shares traded at MK3.6 billion during the period under review. The total number of trades in the month under review increased to 360 trades in July 2022 from 287 trades in June 2022. The figure below traces the total value of shares traded on the MSE in July 2022.



Listed Debt market

There were no trades or listings on the listed debt market in July 2022. The nominal value of all the listed debt securities was MK1.45 trillion as of 31 July 2022.

Corporate Announcements

Annual General Meetings

Company	Venue	Date	Time
PCL	Virtual/NBM plc Leadership Centre	25 July 2022	14:00 hrs

ZAR: South African Rand
TBA: To be announced

Latest Summary of Listed Published Accounts

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2021	31 December 2020	Actual Change in Profit/(Loss)
ICON Properties plc	8.72	8.79	-1%
MPICO	6.42	4.34	48%
FMBCH (USD'million)	40.45	21.28	90%
Airtel Malawi plc	32.33	22.09	46%
Standard Bank	24.77	23.74	4%
Old Mutual (ZAR'billion)	7.21	5.09	42%
Sunbird Tourism Plc	0.75	(1.18)	164%
NITL Plc	4.67	1.48	216%
National Bank of Malawi plc	34.21	22.45	52%
FDH Bank plc	11.66	13.99	-17%
NBS Bank plc	7.69	7.05	9%
TNM plc	9.69	7.73	25%
BHL plc* (MK'million)	(251.56)	251.63	-200%
PCL plc	45.13	19.97	126%
NICO plc	18.30	18.60	-2%

Dividends

Counter	Dividend type	Proposed/declared	Dividend per share (MK)	Last day to register	Date of payment
MPICO	Final	Declared	0.19	8 July 2022	28 July 2022
STANDARD	Final	Declared	8.52	8 July 2022	22 July 2022
FMBCH	Final	Declared	0.10 Cents	15 July 2022	22 July 2022
FDHB	Final	Declared	0.29	8 July 2022	22 July 2022
AIRTEL	Final	Declared	2.95	8 July 2022	25 July 2022
TNM	Final	Proposed	0.10	15 July 2022	29 July 2022
PCL	Final	Proposed	28.00	19 August 2022	26 August 2022
NITL	Final	Proposed	2.25	TBA	TBA
NBS	Final	Declared	0.75	TBA	TBA
ICON	Final	Proposed	0.12	TBA	TBA
NICO	Final	Proposed	0.60	TBA	TBA

*: for the fifteen months ended 31 December 2022



Economic overview (Continued)

Government securities (Source: RBM)

The government awarded a total of MK51 billion through Treasury Bills and Treasury Notes auctions in July 2022, a decrease of 72% from a total of MK183 billion awarded in June 2022.

Treasury Bills (TBs)

In July 2022, the government sought to borrow MK77 billion through Treasury bills (TBs) auctions, a decrease of 7% from MK83 billion sought in June 2022. Participants applied to place MK38 billion through the TBs auctions in July 2022, a decrease of 24% from MK51 billion applied for in June 2022. The applications had a rejection rate of 2% during the period under review, as the government awarded MK37 billion through the TBs auctions in July 2022, a decrease from MK46 billion awarded in June 2022.

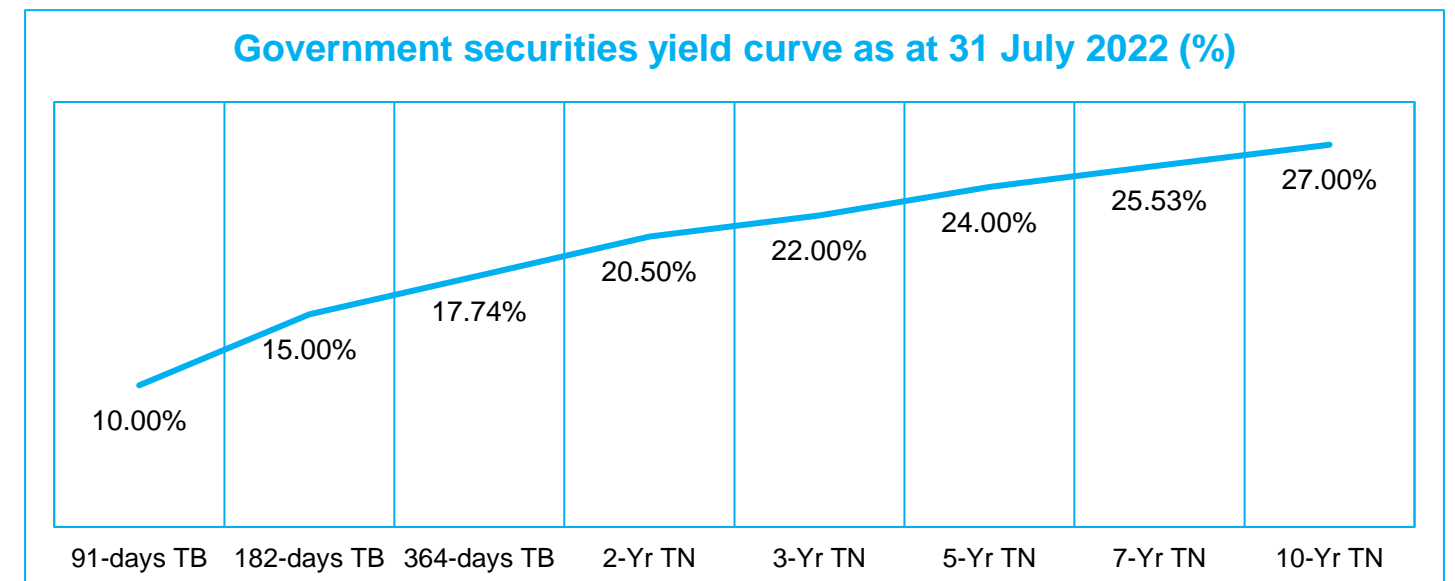
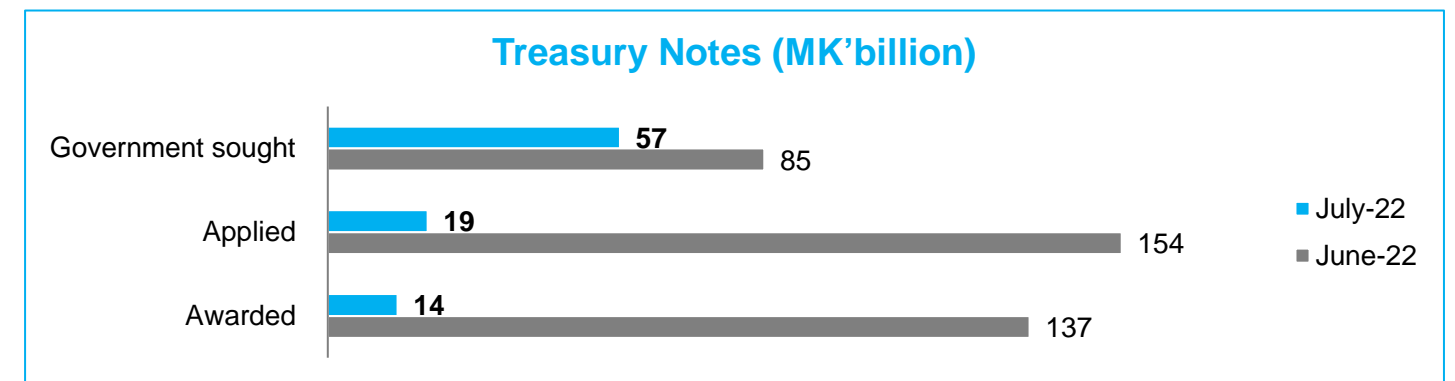
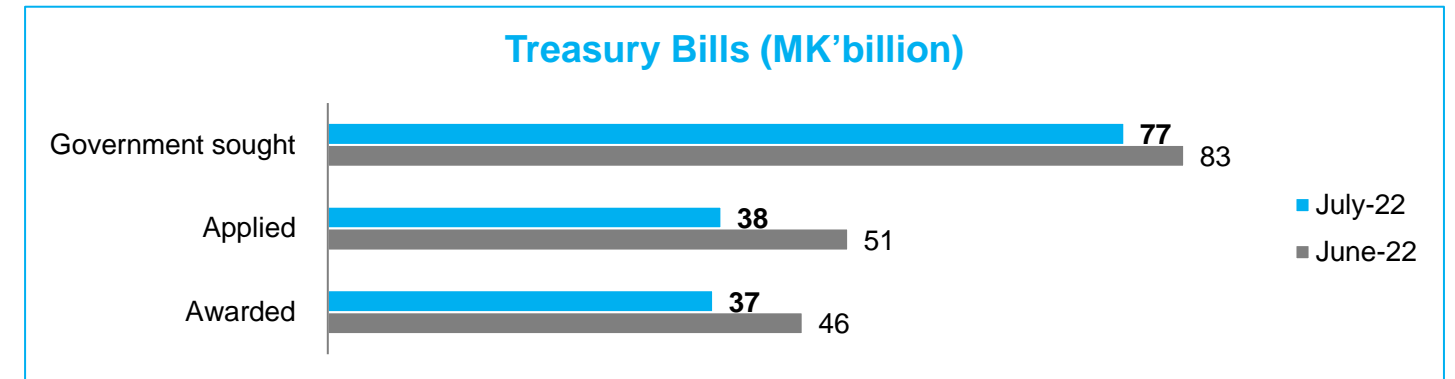
Treasury Notes (TNs)

In July 2022, the government sought to borrow MK57 billion through Treasury Notes (TNs) auctions, a decrease of 33% from MK85 billion sought in June 2022. Participants applied to place MK19 billion through the TNs auctions, a decrease of 87% from MK154 billion worth of applications during the same period. From the applications, the government awarded MK14 billion, a decrease of 90% from MK137 billion awarded during the same period. The applications had a rejection rate of 30% during the period under review.

Government Securities Yield Curve

The average TB yield increased to 14.25% in July 2022 from 14.12% in June 2022 on account of increases in both the 91-days and 364-days yields (the 182-days yield stayed the same). The 91-days, 182-days and 364-days yields closed the month of July at 10.07% (June 2022: 9.75%), 15.00% (June 2022: 15.00%) and 17.74% (June 2022: 17.60%).

As of 31 July 2022, the average TN yield increased to 23.81% from 22.84% on 30 June 2022 because of increases in the 2-year and 7-year TNs. The 2-year TN increased to 20.50% in July 2022 from 18.85% June 2022. Similarly, the 7-year TN increased to 25.53% from 22.33% during the period.





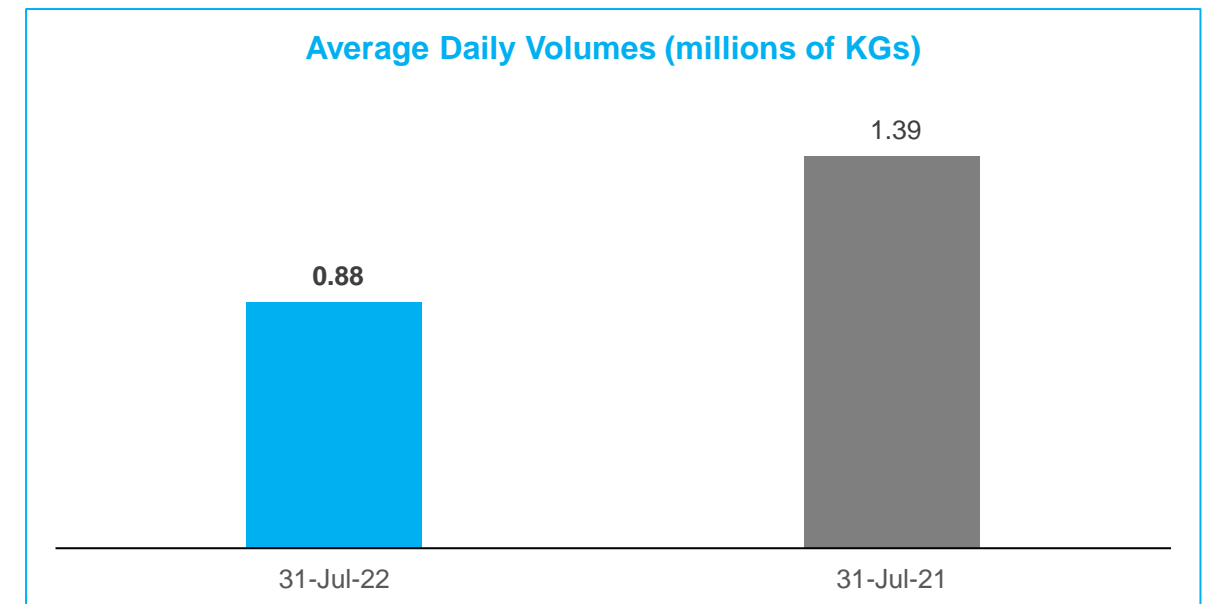
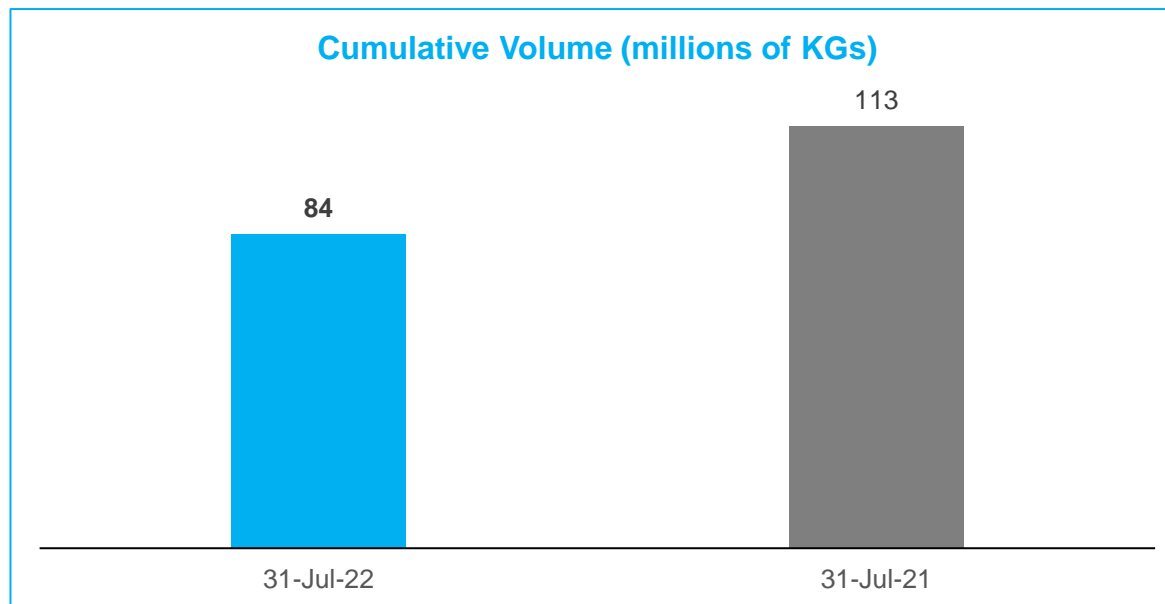
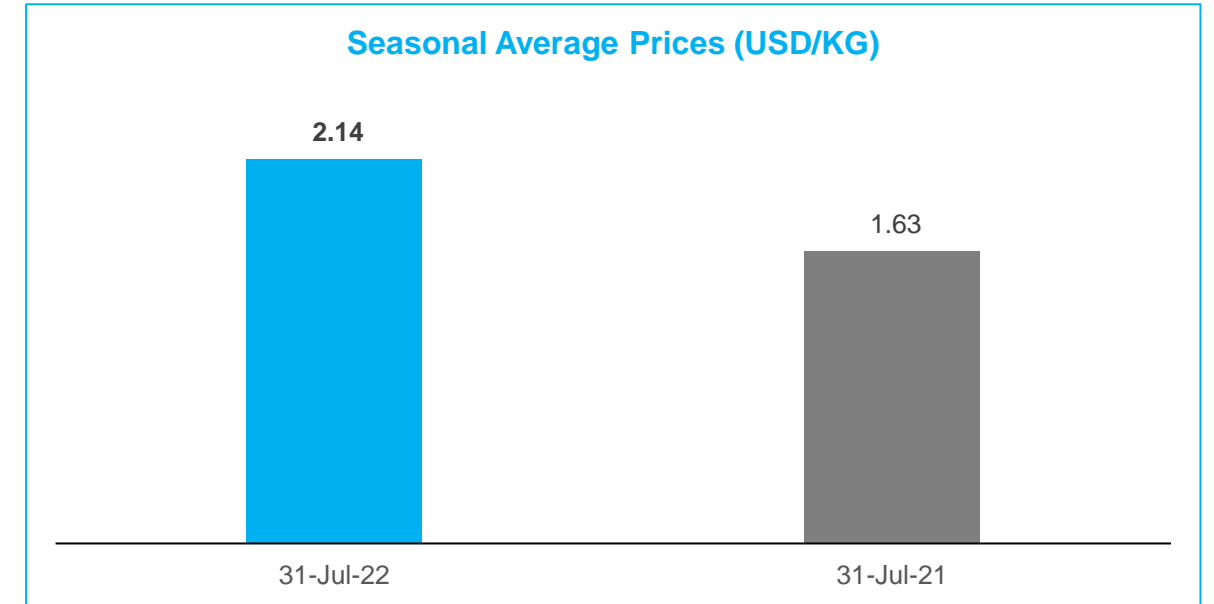
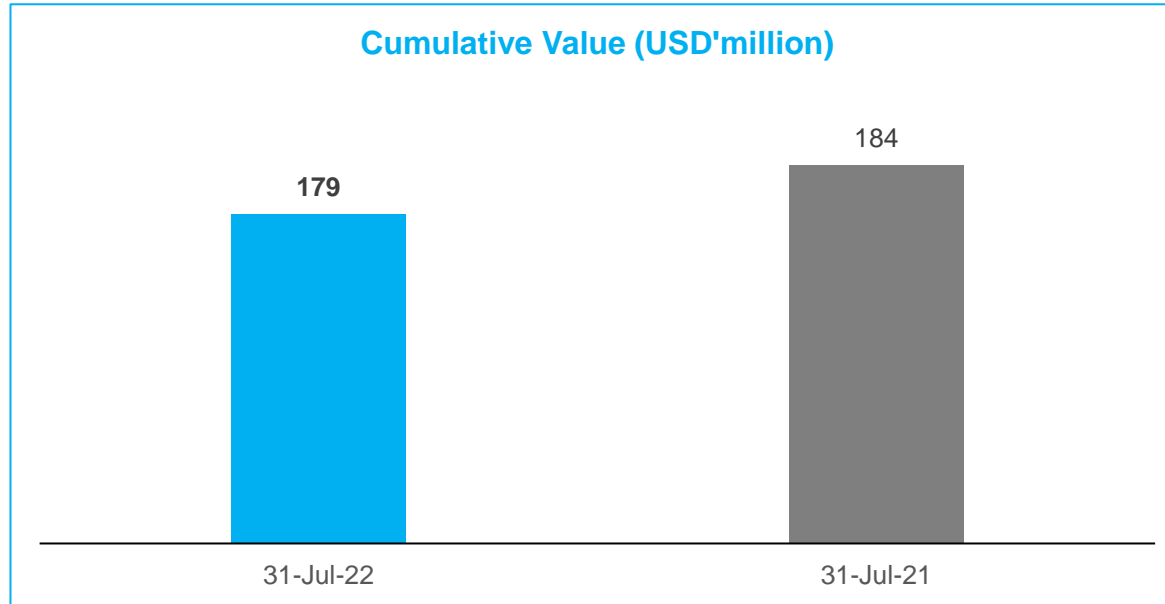
Other Market Developments

Tobacco sales (Source: Auction Holdings Limited)

As of 31 July 2022, the cumulative value of sold tobacco was USD179 million (MK186 billion), a decrease of 2% from a cumulative value of USD184 million (MK190 billion) as of 31 July 2021.

As of July 2022, the seasonal average price was USD2.14/KG (MK2,215/KG), an increase of 31% from a seasonal average price of USD1.63/KG (MK1,687/KG) as of July 2021.

The tobacco sales data is summarized in the charts below:





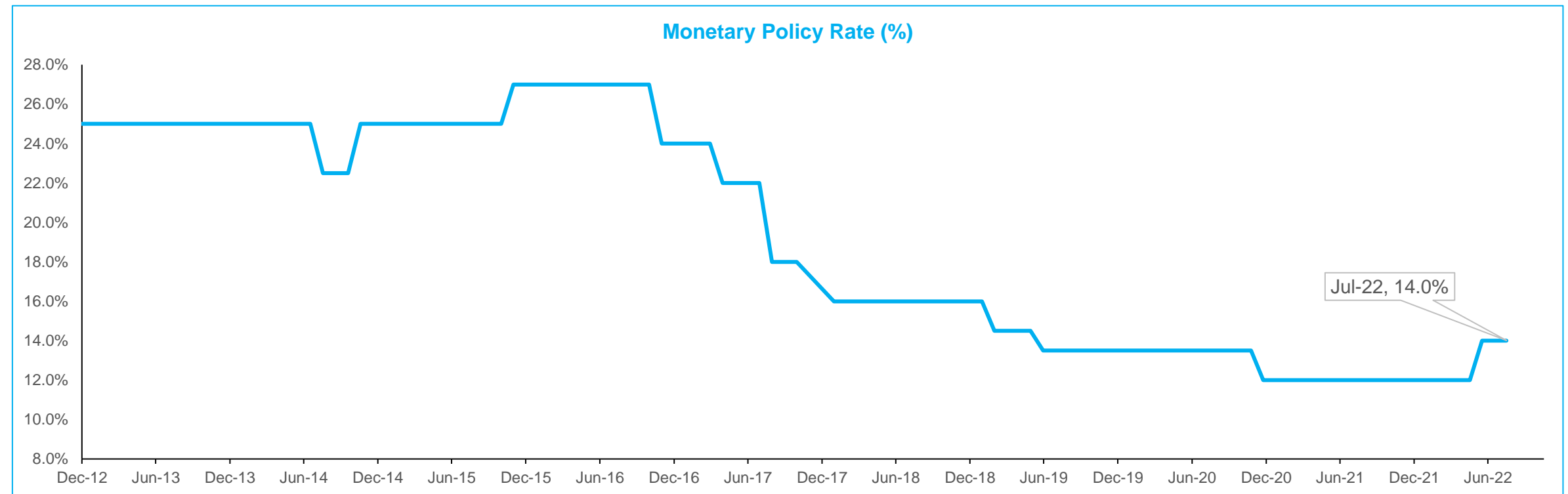
Other Market Developments

Fiscal Policy and Monetary Policy (Source: RBM)

During the third MPC meeting of 2022 held on 27 July 2022, the MPC maintained the policy rate at 14.0% in order to allow the recent increase to transmit through the economy.

Monetary Policy

During the third MPC meeting of 2022 held on 27 July 2022, the MPC maintained the policy rate at 14.0%; 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. This decision was made to allow the recent policy rate increase to transmit through the economy. In addition, the MPC's review of the drivers for inflation indicates that the sources of inflation are beyond the control of monetary policy such that traditional policy instruments would not effectively deal with the pressures.





According to the World Bank, the government has made progress in scaling shock-sensitive safety nets and social cash transfers to meet the needs of the poor during disasters and crises.

Recent Economic Developments

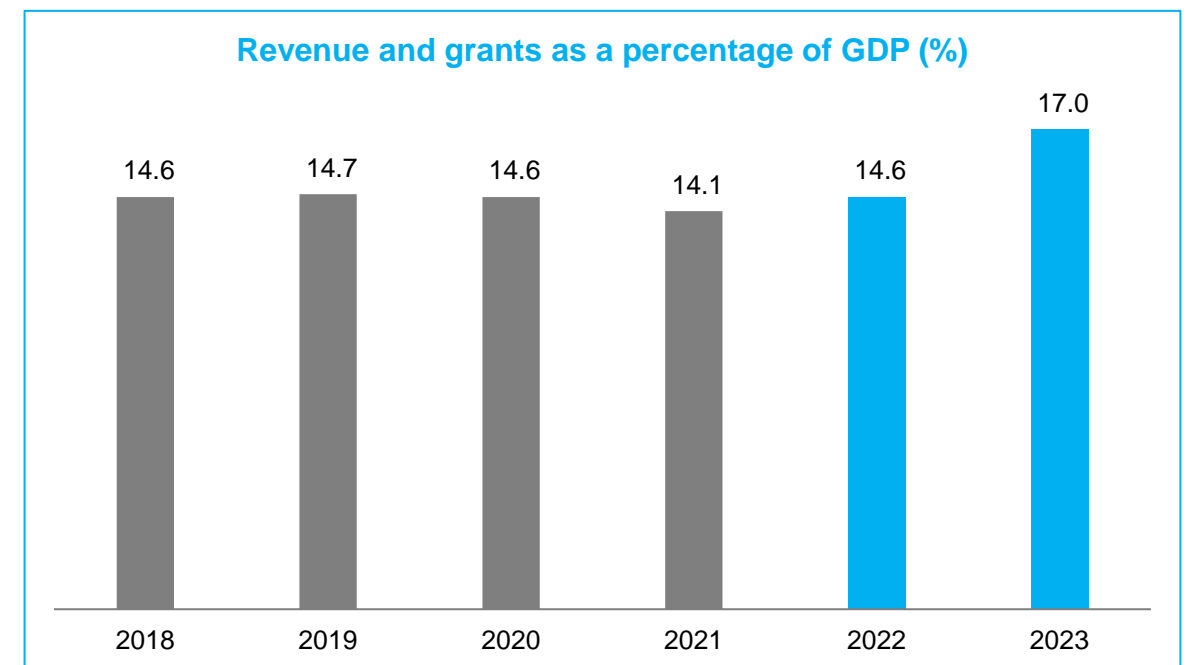
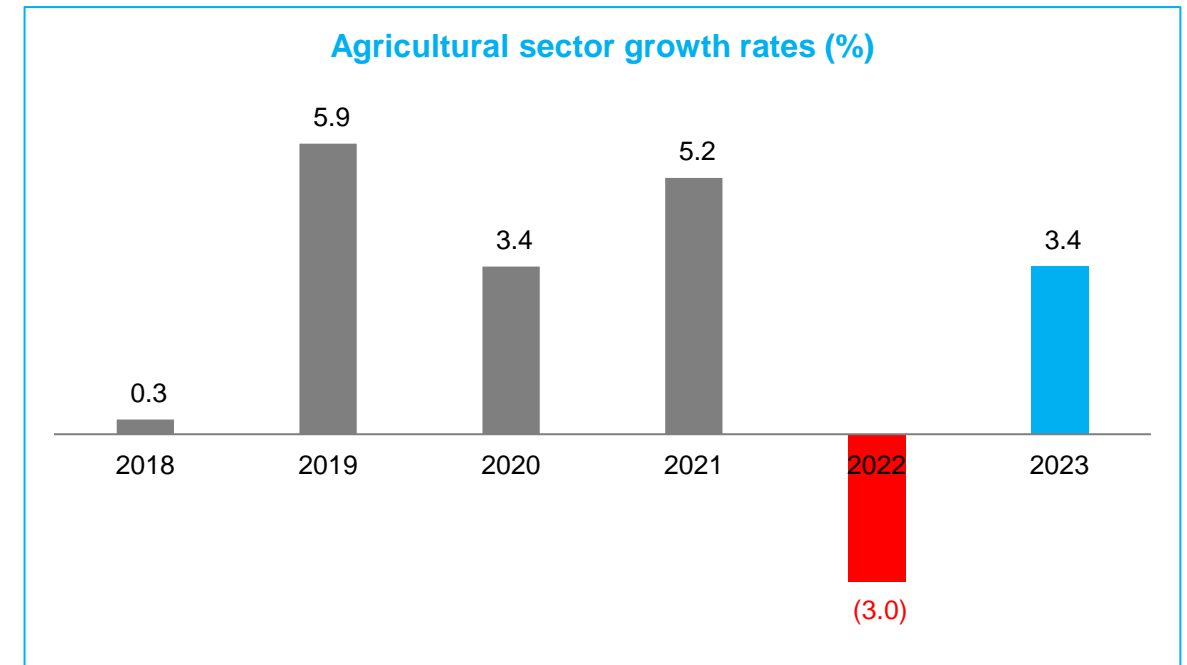
While Malawi’s economic growth increased to 2.8% in 2021, it remained below the pre-pandemic economic growth levels. The 2021 growth was supported growth in the agricultural sector that made it the fastest growing sector in 2021 at 5.2%. The agricultural yields increased for soya beans as well as maize, sorghum and rice. The growth in the period was on account of favorable weather and increased use of inputs such as fertilizers and improved seed varieties.

Furthermore, the loosening of COVID-19 related restrictions in the period permitted the recovery of the construction industry and on activities such as quarrying and real estate. This positively contributed to economic growth despite the tourism sector and other trading activities facing challenges resulting from supply chain disruptions in the period.

The country also managed to weather a fourth wave of COVID-19 infections in the period with the incidence of deaths being considerably lower. The government’s resolution to loosen restrictions also enhanced the level of economic activity in the period despite the vaccination rates being low, with 8.1% of the population having received the first dose of the vaccination as of 16 May 2022. As a result of distribution challenges, limited supply, shortage of staff and few hospitals, Malawi lagged the regional average of 22.4%. In addition, the health sector has also been challenged by the outbreak of the wild polio virus in February 2022, though there has been swift public health response.

According to the World Bank, the government has made progress in scaling shock-sensitive safety nets and social cash transfers to meet the needs of the poor during disasters and crises. This shows that the authorities are prioritizing social protection and that they plan to expand the role of social protection to mitigate the negative impacts of shocks on the vulnerable.

Tobacco sales in 2022 have lagged behind the 2021 performance. By May 2022, the eighth week of the auction, 52% of the amount of tobacco sold during the equivalent period in 2021 had been sold. The prices were 22% higher, and some farmers may be holding out to bring tobacco to the auction floors, in anticipation of even higher prices. However, following the challenging planting season, it is unlikely that 2021 volumes can be achieved in 2022.





Special Topic: The World Bank's Malawi Economic Monitor for June 2022

The World Bank expects the real GDP growth rate to decline to 2.1% in 2022, from 2.8% in 2021. This is on account of anticipated contraction in the agricultural sector as well as the industry and services sector.

Medium-Term Economic Outlook

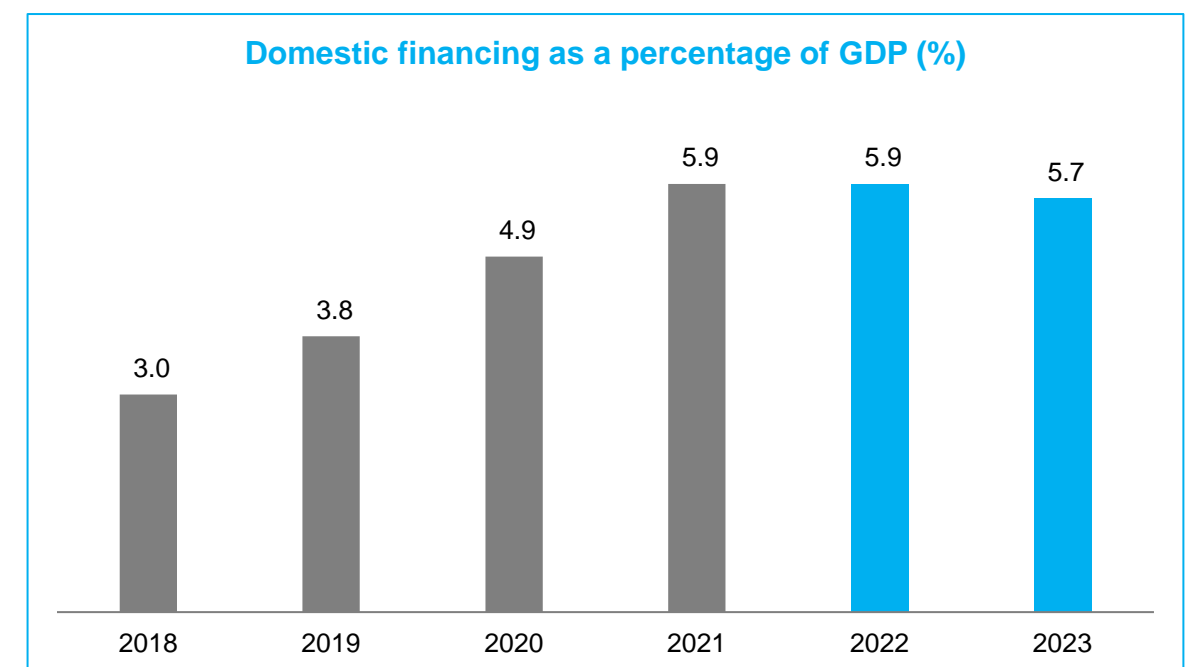
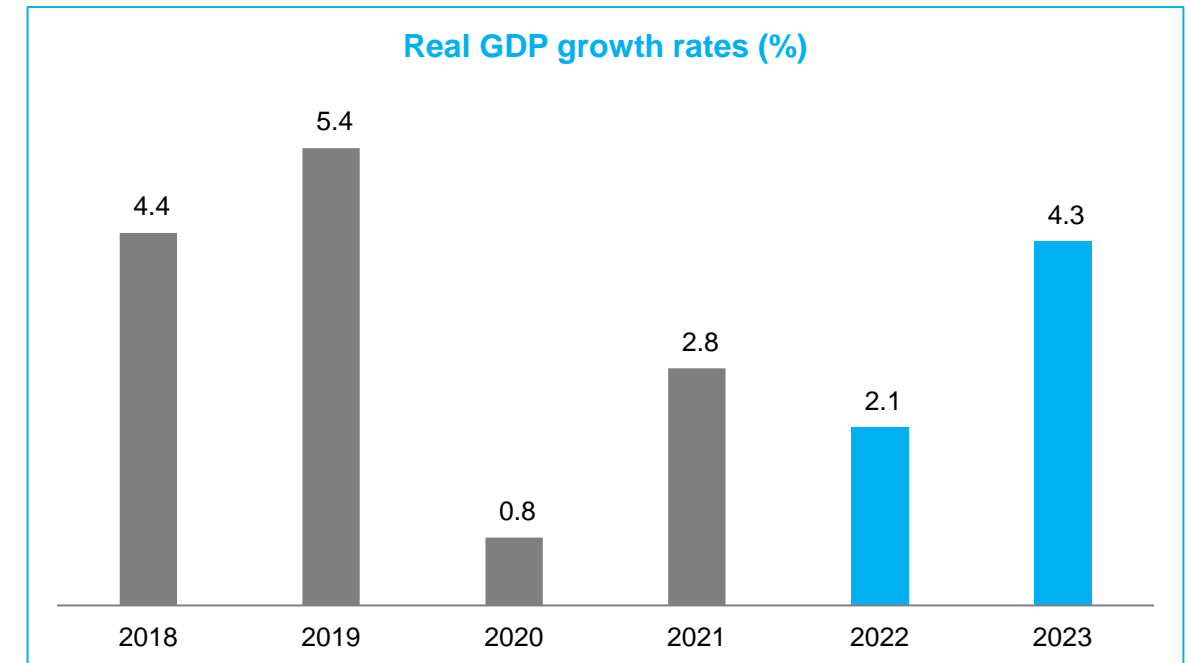
Malawi's economic growth is expected to decline to 2.1% in 2022 with the agricultural sector expected to contract in 2022. The contraction in the performance of the agricultural sector is based on the weather-related shocks. Similarly, industry and services are expected to be negatively impacted from infrastructure damage that was caused by cyclones, particularly for electricity generation. Risks to the outlook include unaddressed macroeconomic imbalances, further deterioration of the international economic context, and potential additional COVID-19 variant waves further economic activity.

According to the World Bank, the Reserve Bank's downward adjustment of the Kwacha and the move towards a floating exchange rate are anticipated to rebalance Malawi's external position. While many prices already reflected market-clearing rates prior to the exchange rate adjustment, rising prices for Malawi's critical imports and wider availability of foreign exchange could expand the trade deficit in the short-term, though higher import prices will likely result in a decline of imports. Although in the medium term, a weaker Kwacha can be anticipated to boost the competitiveness of Malawian enterprises in both the domestic and international markets, improving Malawi's external position.

The World Bank stated that the exchange rate adjustment is anticipated to trigger changes in tariffs by the Malawi Energy Regulatory Authority (MERA) under the Automatic Pricing Mechanisms. The frequency of these price adjustments will be dependent on the decisiveness of authorities' actions. Furthermore, the prudent monetary policy and more constrained fiscal policy may imply further adjustment to the policy rate in response to inflationary pressures, the use of open-market operations to neutralize foreign exchange purchases, tight liquidity and rising interest rates in financial markets as well as further reductions to the fiscal deficit.

About a third of the population are food insecure as poverty, climate-related shocks and implementation challenges in key agricultural policy have negatively affected the food security. With food-related commodity prices already escalating, external support and government spending may be needed to make up for a possible shortfall. Furthermore, global price pressures on commodities such as fertilisers are already influencing domestic markets and pressuring low-income households.

Public debt is expected to remain elevated in the medium term on account of government borrowing to finance deficits. The 25% adjustment of the Kwacha could significantly increase the debt stock as a share of GDP, from 59% to between 64.6% and 66.0% depending on how much currency risk is held by the Malawian government. In addition, increasing interest rates on domestic and external debt may worsen the debt servicing burden.





Special Topic: Developments, Outlook and Risks for Low-income Countries (Continued)

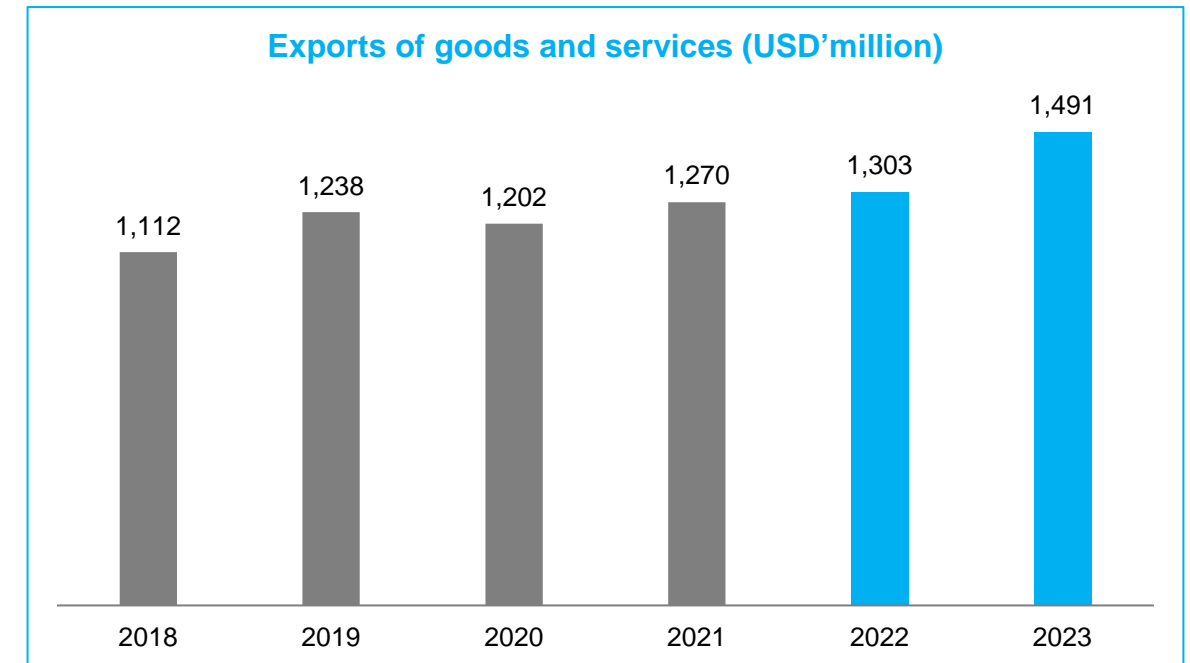
The World Bank proposes restoring macroeconomic stability, enhancing competitiveness and market-oriented growth as well as protecting the poor and strengthening resilience, as methods of addressing the macroeconomic imbalances in the short term and enhancing private-sector led growth in the medium term.

Policy options

According to the World Bank, the government seeks to reduce macroeconomic imbalances and has implemented various policy reforms including the adjustment of the official exchange rate, advancing the implementation of a revised Control of Goods Act, moving to reform the Affordable Inputs Programme (AIP), approving the 2022 Public Finance Management Act as well as expanding support to the poorest through cash transfer programs. Making progress on policy reforms and implementing strategies have become important to address the economic challenges and support sound economic management.

The World Bank proposes to address the macroeconomic imbalances in the short term and enhancing private sector-led growth in the medium term, while protecting the poor and most vulnerable. This could be achieved by:

- i. Restoring macroeconomic stability through a coordinated package of reforms that encompass fiscal consolidation, debt workout, institutionalisation of a flexible and well supported exchange rate regime, as well as improved governance.
- ii. Enhancing competitiveness and market-oriented growth through economic diversification and export growth. This will require taking advantage of the increased competitiveness of Malawi's exporters following the exchange rate adjustment, focusing on agricultural commercialization and productivity growth, implementing a new National Export Strategy and strengthening the institutional framework for private sector development.
- iii. Protecting the poor and strengthening resilience as the country's vulnerability to external shocks and austerity measures could negatively impact poor and vulnerable households in the short term. As such, social protection programs must be reinforced to prevent deterioration in consumption and welfare.





Regional And Global Market Developments

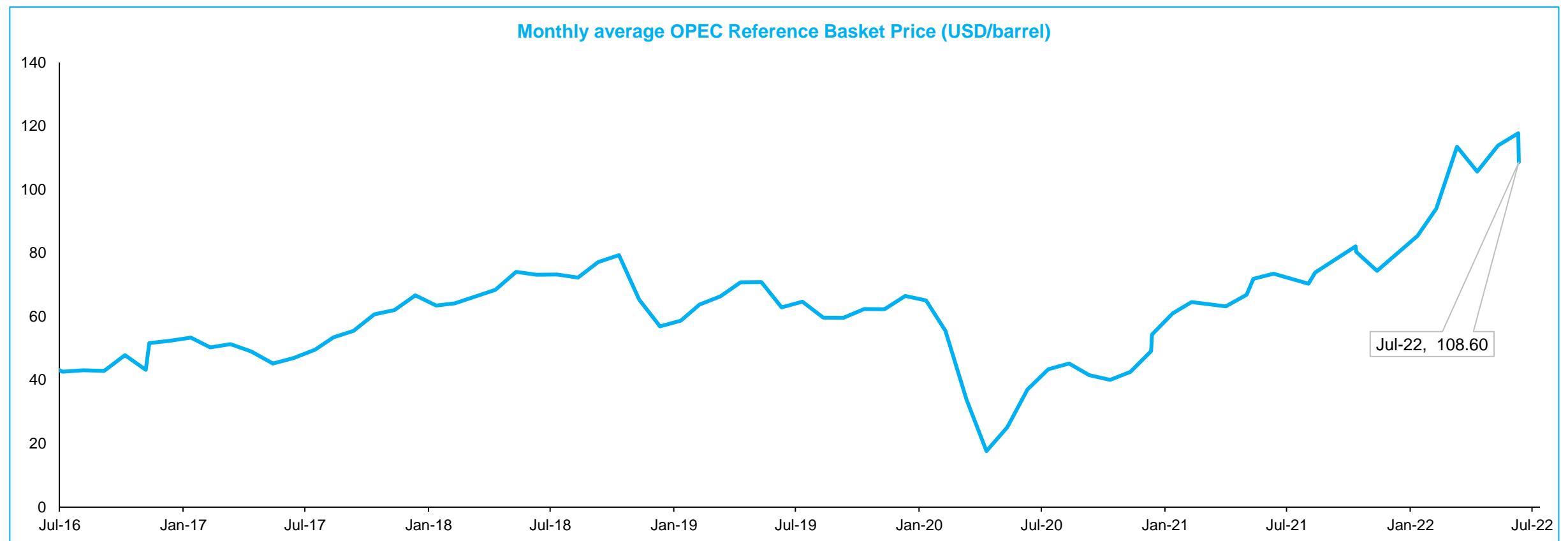
Global oil price developments (Source: OPEC, IMF)

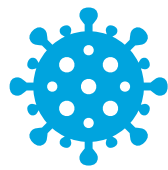
The monthly average OPEC Reference Basket (ORB) price decreased by 8% to a monthly average of USD108.60/barrel in July 2022, from USD117.72/barrel in June 2022.

Month-on-month, the monthly average OPEC Reference Basket (ORB) price decreased by 8% to an average of USD108.60/barrel in July 2022, from an average of USD117.72/barrel in June 2022. Year-on-year, the monthly average ORB price has increased by 48% as it was USD73.53/barrel in June 2021.

According to OPEC, world oil demand growth remains broadly unchanged at 3.4 mb/d in 2022. Total oil demand is projected to average 100.3 mb/d in 2022 and increase to 103.0 mb/d in 2023. The growth in world oil demand in 2023 is expected to be supported by improved geopolitical developments, containment of COVID-19 in China and a solid economic performance in major consuming countries.

The forecast for non-OPEC liquid supply growth in 2022 remains at 2.1 mb/d. The main drivers of liquids supply growth in 2022 are expected to be the US, Brazil, Canada, Kazakhstan, Guyana and China, while declines are expected mainly in Russia, Indonesia and Thailand.





COVID-19 Update

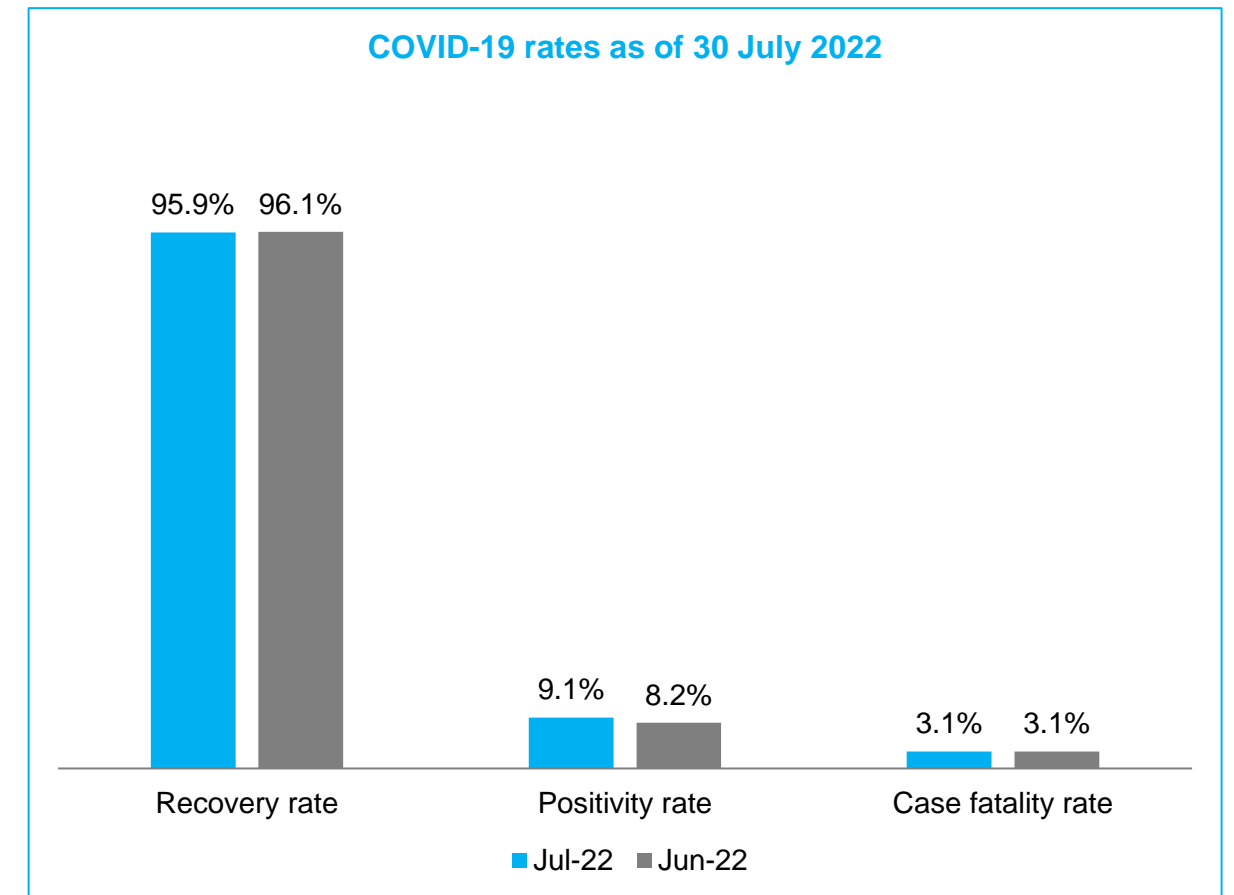
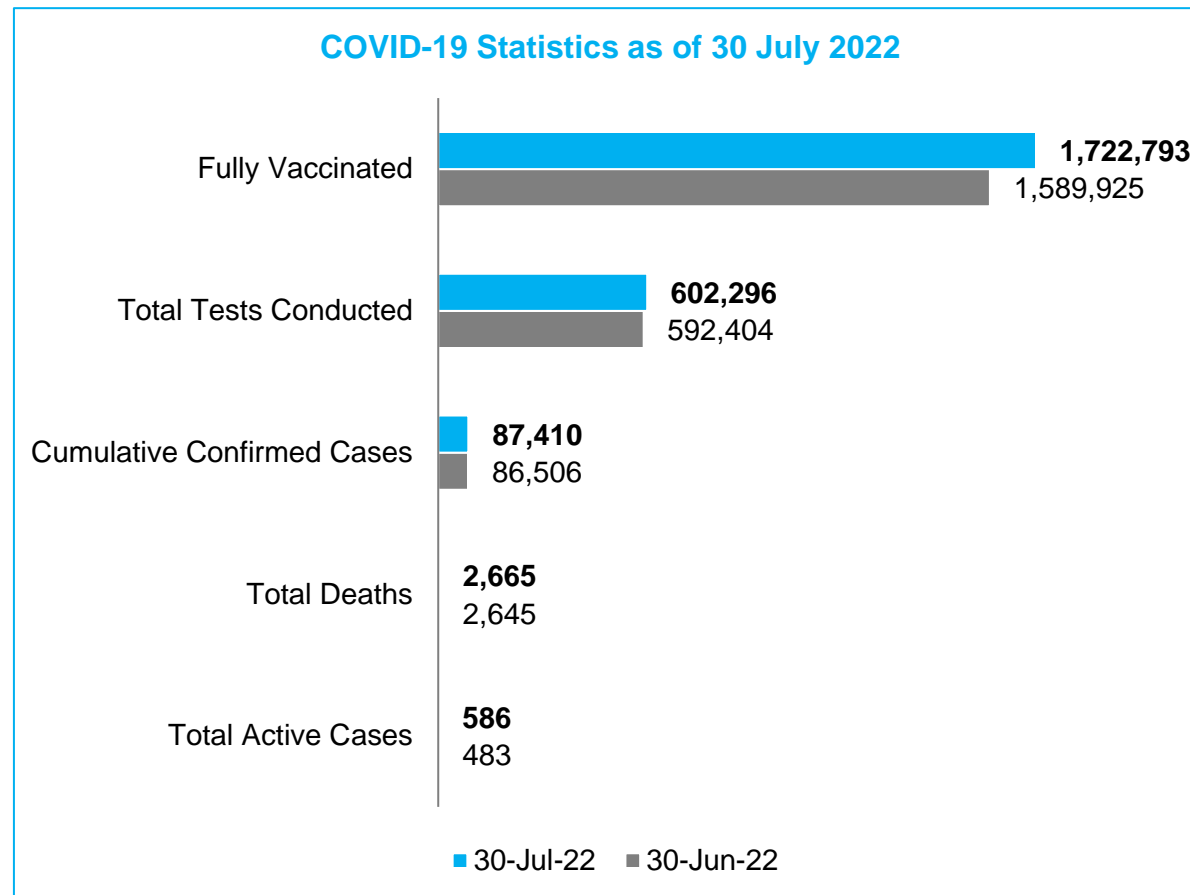
Latest COVID-19 statistics and vaccination developments (Source: Malawi Ministry of Health)

As of 30 July 2022, 8% of the Malawian population had been fully vaccinated against COVID-19 infection.

As of 30 June 2022, 1.57 million individuals had been fully vaccinated against the COVID-19 virus, an increase of 8% from 1.6 million individuals fully vaccinated as of 30 June 2022.

As of 30 July 2022, 1.7 million individuals had been fully vaccinated against the COVID-19 virus in Malawi. This is an increase of 8% from 1.6 million individuals fully vaccinated in June 2022. The number of fully vaccinated individuals represents 8% of the Malawian population. As of 30 July 2022, 50,352 COVID-19 booster vaccinations had been administered, an increase of 63% from 30,876 COVID-19 booster vaccinations administered as of 30 June 2022. The Ministry is targeting to vaccinate 60% of the Malawian population by December 2022. This is aimed at reaching herd immunity which would result in the protection of the entire population.

The total cumulative confirmed COVID-19 cases increased to 87,410 as of 30 July 2022, from 86,506 as of 30 June 2022. Similarly, the cumulative COVID-19 related deaths increased to 2,665 as of 30 July 2022, from 2,645 deaths as of 30 June 2022. These changes were accompanied by the daily positivity rate increasing to 9.1% as of 30 July 2022, from 8.2% as of 30 June 2022. The daily case fatality rate maintained its position at 3.1% during the period under review. The daily recovery rate marginally decreased to 95.9% as of 30 July 2022, from 96.1% as of 30 June 2022.



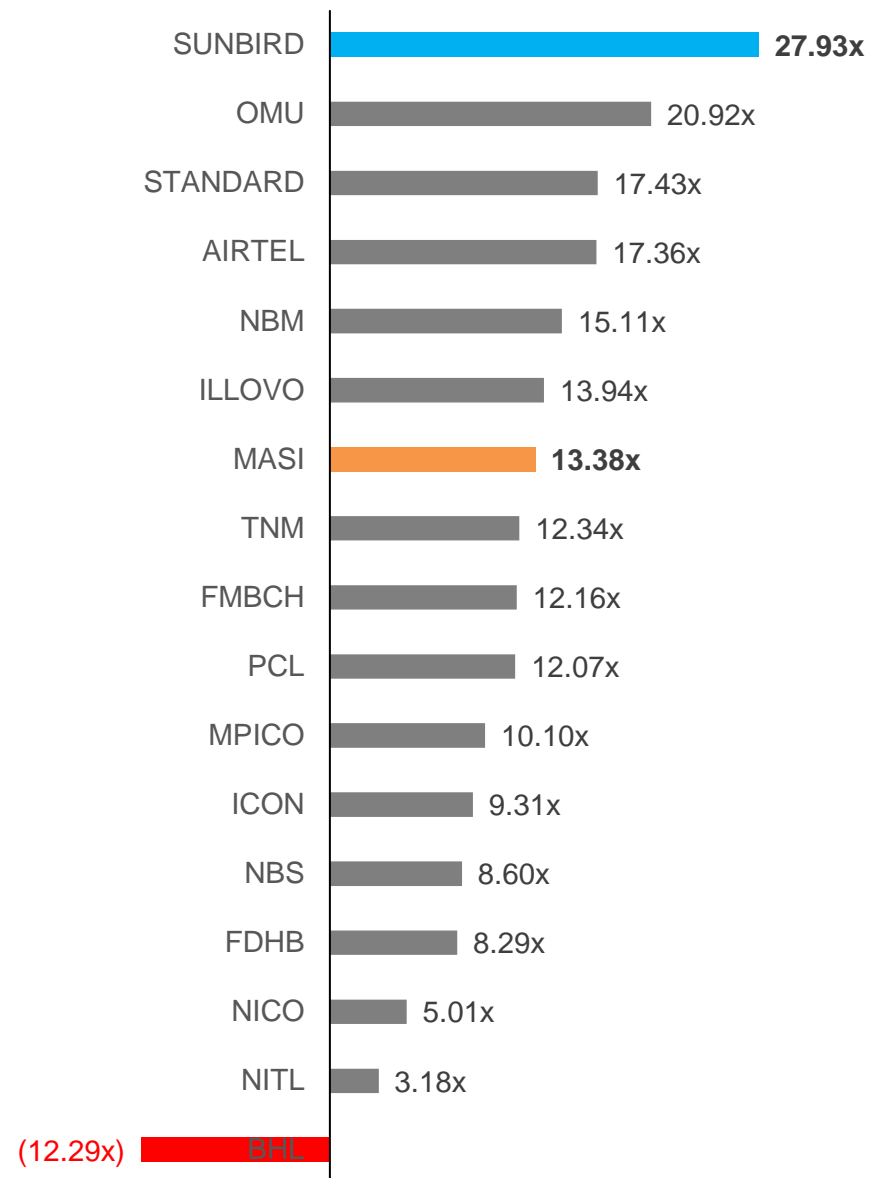
Appendix

Appendix 1: Historical Economic Indicators

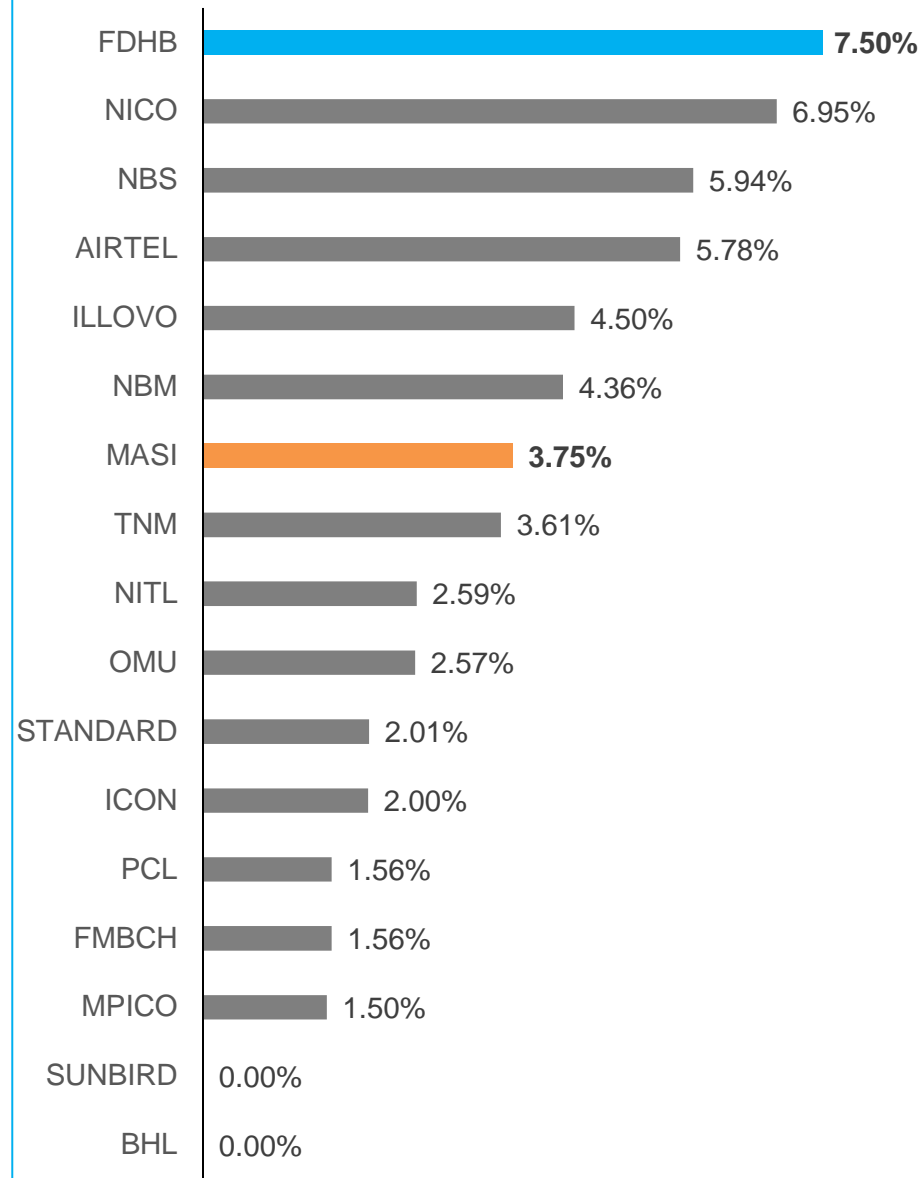
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	June-22	July-22	
Exchange rates																			
MK/USD	787.03	790.30	797.66	800.17	811.95	817.43	820.40	822.17	821.34	822.88	819.44	822.81	822.10	823.60	823.67	1,029.90	1,033.36	1,035.03	
MK/GBP	1,140.90	1,139.62	1,164.37	1,191.58	1,192.94	1,203.74	1,196.67	1,168.72	1,201.21	1,194.23	1,208.01	1,211.73	1,283.92	1,214.22	1,150.18	1,380.71	1,289.26	1,296.86	
MK/EUR	1,006.72	993.04	1,035.48	1,042.52	1,042.52	1,048.56	1,044.60	1,026.14	1,037.74	1,099.91	1,138.41	1,072.50	1,170.30	1,031.32	966.40	1,180.96	1,108.47	1,085.01	
MK/ZAR	55.69	56.13	59.33	62.28	62.28	60.79	60.90	58.90	59.04	57.21	57.68	61.82	64.84	66.90	59.34	72.04	65.02	64.13	
Foreign Exchange Reserves																			
Gross Official Reserves (USD'mn)	483.38	410.16	392.01	443.25	424.99	404.18	604.50	521.87	405.66	389.26	429.17	399.98	385.40	374.48	363.27	388.22	415.73	N/A	
Private Sector Reserves (USD'mn)	340.50	342.58	392.61	369.64	388.78	405.79	389.47	386.05	384.75	404.81	425.52	424.49	407.22	391.49	362.84	401.13	401.60	N/A	
Total reserves (USD'mn)	823.88	752.74	784.62	812.89	813.77	809.97	993.97	907.92	790.41	794.07	854.69	824.47	792.62	765.97	726.11	789.35	817.33	N/A	
Gross Official Reserves Import cover (months)	2.31	1.96	1.88	1.77	1.70	1.62	2.42	2.09	1.62	1.56	1.72	1.60	1.54	1.50	1.45	1.55	1.66	N/A	
Inflation																			
Headline	8.30%	9.40%	9.2%	8.9%	9.1%	8.7%	8.4%	8.9%	9.8%	11.1%	11.5%	12.1%	13.0%	14.1%	15.7%	19.1%	23.50%	N/A	
Food	10.30%	11.70%	11.5%	11.0%	11.1%	10.3%	9.7%	10.9%	11.8%	12.8%	13.6%	14.2%	15.3%	17.1%	19.5%	25.5%	31.20%	N/A	
Non-food	6.30%	6.90%	7.0%	7.1%	7.2%	7.2%	7.2%	7.2%	7.8%	9.5%	9.5%	9.6%	10.1%	10.5%	12.2%	13.2%	16.60%	N/A	
Interest Rates																			
Monetary Policy rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	14.00%	14.00%	14.00%	
Average Interbank rate	10.67%	11.37%	11.72%	11.92%	11.94%	11.96%	11.97%	11.98%	11.98%	11.98%	11.98%	11.15%	11.70%	11.70%	11.70%	11.84%	12.48%	12.50%	
Average base lending rate	12.00%	11.90%	12.10%	12.10%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	12.20%	14.20%	14.20%	14.20%	
Government Securities' Yields																			
91-days Treasury Bill	9.95%	9.95%	9.88%	9.98%	9.62%	9.33%	9.60%	9.59%	9.60%	9.58%	9.70%	9.70%	9.47%	9.74%	9.57%	9.75%	9.75%	10.00%	
182-days Treasury Bill	12.80%	12.80%	12.77%	12.80%	12.81%	12.96%	12.96%	12.98%	12.98%	12.98%	13.00%	13.00%	12.99%	13.00%	13.00%	15.00%	15.00%	15.00%	
364-days Treasury Bill	13.77%	13.80%	13.80%	13.83%	13.87%	13.90%	14.08%	14.20%	14.20%	14.30%	14.54%	15.00%	15.00%	15.00%	15.00%	17.03%	17.60%	17.74%	
2-year Treasury Note	16.50%	16.50%	16.50%	16.51%	16.65%	16.63%	16.63%	16.63%	16.64%	16.64%	16.64%	16.70%	16.70%	17.00%	17.00%	18.50%	18.85%	20.50%	
3-year Treasury Note	18.66%	18.66%	18.80%	18.80%	18.97%	19.00%	18.99%	18.99%	18.99%	19.00%	19.04%	19.04%	19.33%	19.50%	19.50%	21.90%	22.00%	22.00%	
5-year Treasury Note	19.97%	19.98%	19.98%	19.98%	20.08%	20.25%	20.09%	20.26%	20.44%	20.53%	20.35%	20.78%	20.78%	21.00%	21.00%	23.95%	24.00%	24.00%	
7-year Treasury Note	20.50%	20.50%	20.50%	20.50%	20.59%	20.98%	21.36%	21.36%	21.36%	20.94%	20.94%	20.94%	21.98%	22.00%	22.00%	22.33%	22.33%	25.53%	
10-year Treasury Note	22.50%	22.50%	22.50%	22.50%	21.85%	22.54%	23.01%	23.25%	23.00%	22.50%	22.50%	22.98%	22.98%	22.98%	23.35%	23.35%	27.00%	27.00%	
Stock Market Indices																			
MASI	33,009.75	32,562.96	33,380.63	33,676.89	35,144.56	36,496.03	38,945.62	41,681.86	41,458.37	41,565.98	45,367.68	44,501.63	45,472.09	45,921.23	46,934.16	50,300.44	49,596.14	52,889.87	
DSI	28,108.19	27,710.72	28,257.89	28,376.03	28,739.26	29,749.56	31,929.22	34,383.73	34,188.36	34,284.11	37,061.70	36,322.34	37,186.63	37,584.34	37,283.40	39,037.30	39,011.21	42,717.13	
FSI	1,614.45	1,614.33	1,844.72	2,030.51	3,234.45	3,479.97	3,479.97	3,454.70	3,450.25	3,450.24	4,223.15	4,183.22	4,182.23	4,184.71	5,720.11	7,305.55	6,538.52	5,548.61	

Appendix 2: Selected stock market statistics as of 31 July 2022

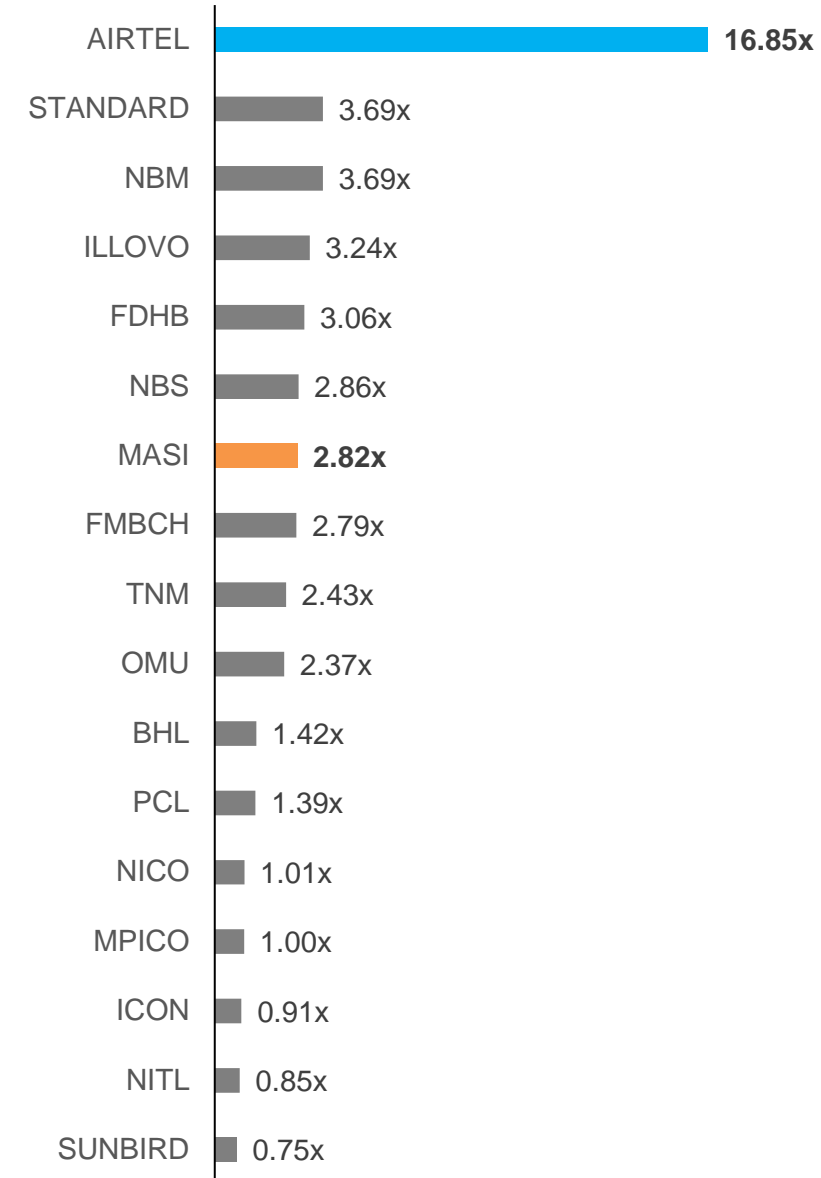
P/E Ratio – the weighted average price to earnings ratio on the MSE was 13.38x in July 2022. SUNBIRD had the highest at 27.93x while BHL had the lowest at negative 12.29x.



Dividend yield (%) – the weighted average dividend yield on the MSE was 3.75% in July 2022. The counter with the highest dividend yield was FDH Bank at 7.50%.



P/BV Ratio – the weighted average price to book value on the MSE was 2.82x in July 2022. The counter with the highest ratio was AIRTEL at 16.85x while SUNBIRD had the lowest ratio at 0.75x.



Appendix 3: MSE Corporate Announcements and IMF Projections

Corporate Announcements

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.

Company	Expected PAT 2022H1	PAT 2021H1	Trading statement profit/(loss) expectation
FDH Bank	5.46	4.55	20%
SUNBIRD	0.24	(0.48)	150%
NICO	9.49	7.03	35%
NBM	16.58	12.75	30%
STANDARD	14.48	11.58	25%
ICON	3.68	3.07	20%
AIRTEL	8.51 – 9.08	11.35	-20% to -25%
FMBCH (USD'million)	22.25	13.09	70%
NITL	1.50	1.23	22%
TNM (MK'million)	(5.86)	4.51	-130%

IMF Projections (source: World Economic Outlook, April 2022)

Subject Descriptor	Units	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP growth	Percent change	0.91	2.2	2.69	4.30	4.94	6.15	6.04	5.75
Nominal GDP (MK'billion)	National currency	8,815.34	9,736.44	10,959.28	12,176.38	13,432.32	14,927.69	16,519.19	18,233.27
GDP deflator	Index	121.51	131.31	143.93	153.32	161.17	168.74	176.10	183.80
Government revenue	Percent of GDP	14.55	14.78	14.84	15.50	16.42	16.61	16.71	16.81
Government total expenditure	Percent of GDP	22.73	23.31	22.67	23.00	23.34	23.16	22.57	21.86
Government net lending/borrowing	Percent of GDP	-8.18	-8.54	-7.83	-7.50	-6.92	-6.56	-5.86	-5.05
Volume of imports of goods and services	Percent change	5.90	-12.47	-3.60	-3.99	-1.89	8.18	7.80	8.84
Volume of exports of goods and services	Percent change	-17.18	8.92	5.99	16.14	16.46	13.26	11.89	11.44
Current-account balance	Percent of GDP	-13.75	-14.51	-17.32	-15.35	-12.39	-10.59	-9.19	-8.34
Population (million)	Persons	20.87	21.47	22.09	22.73	23.38	24.06	24.75	25.46

Appendix 4: EIU Projections

Economic growth						
%	2021*	2022**	2023**	2024**	2025**	2026**
GDP	5.8	2.0	3.0	3.5	3.8	4.0
Private consumption	2.0	1.2	2.5	3.0	3.1	3.2
Government consumption	2.0	2.0	2.8	2.8	3.4	3.0
Gross fixed investment	5.0	4.0	5.5	5.6	5.7	5.8
Exports of goods & services	4.8	3.8	4.4	4.8	5.1	5.5
Imports of goods & services	3.0	3.0	4.0	4.3	4.5	4.7
Domestic demand	2.3	1.6	2.9	3.3	3.5	3.5
Agriculture	2.4	2.5	2.6	3.0	3.5	3.9
Industry	(84.6)	1.9	2.6	2.7	3.0	3.3
Services	4.8	1.8	3.3	4.0	4.2	4.3

Key indicators						
	2021*	2022**	2023**	2024**	2025**	2026**
Real GDP growth (%)	5.8	2.0	3.0	3.5	3.8	4.0
Consumer price inflation (av; %)	9.3	17.2	11.2	9.0	8.5	8.0
Government balance (% of GDP)	-10.2	-10.1	-8.1	-7.1	-6.4	-6.0
Current-account balance (% of GDP)	-17.6	-25.3	-21.0	-15.1	-13.3	-12.1
Short-term interest rate (av; %)	9.9	12.0	13.0	12.5	12.5	11.0
Exchange rate MK:US\$ (av)	805.9	954.7	1,082.9	1,110.4	1,136.4	1,166.7

International assumptions						
	2021*	2022**	2023**	2024**	2025**	2026**
Economic growth (%)						
US GDP	5.7	2.5	1.9	1.7	1.9	1.7
OECD GDP	5.2	2.7	1.9	2.0	1.9	1.8
World GDP	5.7	3.0	2.9	2.7	2.6	2.6
World trade	10.5	4.2	4.8	4.1	3.7	3.6
Inflation indicators (% unless otherwise indicated)						
US CPI	4.7	7.2	2.8	2.1	2.1	2.1
OECD CPI	3.6	7.1	3.3	2.3	2.3	2.2
Manufactures (measured in US\$)	5.8	1.3	2.8	2.6	2.4	1.9
Oil (Brent; US\$/b)	70.4	105.6	89.4	76.5	70.5	66.5
Non-oil commodities (measured in US\$)	37.9	23.6	-8.3	-6.1	-4.9	-3.1
Financial variables						
US\$ 3-month commercial paper rate (av; %)	0.1	1.7	3.5	3.1	3.0	3.0
US\$:€ (av)	1.18	1.1	1.14	1.2	1.23	1.25
¥:US\$	109.77	120.85	124.83	124.93	119.45	117.78

*: Estimates

**: Forecasts

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

Appendix 6: List of Acronyms and Abbreviations

AIP:	Affordable Inputs Programme	MASI:	Malawi All Share Index	SSA:	Sub-Saharan Africa
BHL:	Blantyre Hotels plc	mb/d:	million barrels per day	STANDARD:	Standard Bank plc
COVID-19:	Coronavirus disease	MK:	Malawi Kwacha	SUNBIRD:	Sunbird Tourism plc
CPI:	Consumer Price Index	MPC:	Monetary Policy Committee	TB:	Treasury Bill
DSI:	Domestic Share Index	MPICO:	MPICO properties plc	TN:	Treasury Note
EMDEs:	Emerging markets and developing economies	MSE:	Malawi Stock Exchange	TNM:	Telekom Networks Malawi plc
EIU:	Economist Intelligence Unit	NBM:	National Bank of Malawi plc	TT:	Telegraphic Transfer
EUR:	Euro	NBS:	NBS Bank plc	UN:	United Nations
FDHB:	FDH Bank plc	NICO:	NICO Holdings plc	USD:	United States Dollar
FMBCH:	FMB Capital Holdings plc	NITL:	National Investment Trust Limited plc	X:	Times
FSI:	Foreign Share Index	NSO:	National Statistical Office	ZAR:	South African Rand
GBP:	Great British Pound	OECD:	Organization for Economic Co-operation and Development		
GDP:	Gross Domestic Product	OMU:	Old Mutual Limited plc		
ICON:	ICON properties plc	OPEC:	Organization of the Petroleum Exporting Countries		
IMF:	International Monetary Fund	ORB:	OPEC Reference Basket		
LIC:	Low-income country	PCL:	Press Corporation Limited plc		
LRR:	Liquidity Reserve Requirement	PPP:	Purchasing power parity		
		RBM:	Reserve Bank of Malawi		

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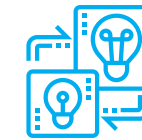
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