



Monthly Economic Report and a Brief on the International Monetary Fund's Extended Credit Facility (ECF)

September 2022



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Inflation

Headline inflation increased to 25.5% in August 2022, from 24.6% in July 2022 due to increases in both food and non-food inflation. Food inflation increased to 33.4% from 32.5%, and non-food inflation increased to 18.2% from 17.5% during the period under review. According to the International Food Policy Research Institute (IFPRI), maize prices averaged MK324/Kg in August 2022, an increase of 5% from an average of MK310/Kg in July 2022. Furthermore, the Economist Intelligence Unit (EIU) indicated that the 25% devaluation of the Kwacha led to an increase in the price of maize by 46% per tonne.

The EIU revised its projected average inflation rate for 2022 upward to 22.0%, from a previously projected average of 17.2%. The revision is on the back of global commodity price pressures, the 25% devaluation of the Kwacha and a combination of domestic and foreign factors that render monetary policy ineffective in restraining domestic inflation. The revised projection is in line with the Monetary Policy Committee's (MPC's) average annual inflation revision to 23.2% for 2022.

For 2023, the EIU anticipates inflationary pressure to ease and for inflation to average 17.6%. This is on account of projected easing global food and fuel pressures, despite an expected 100% rise in electricity tariffs. Over the 2024-26 period, inflation is anticipated to decline at a faster rate, reaching an average of 8.0% in 2026 as global and domestic price pressures recede.

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.

The EIU expects the RBM to adjust the Policy rate upward to 15% in 2023. Real short-term interest rates, which are negative in 2022, are expected to turn positive in 2023 in line with monetary policy tightening.

Exchange Rates

The Malawi Kwacha traded at MK1,033.79/USD as of 30 September 2022, from MK1,035.42/USD as of 31 August 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 26% as of 30 September 2022 (the Kwacha had depreciated by 6% during the same period in 2021).

As of 31 August 2022, the country's gross official forex reserves increased by 2% to USD378.89 million, from a gross official foreign exchange reserve position of USD372.99 million as of 31 July 2022. The private sector forex reserves increased to USD398.43 million as of 31 August 2022, from USD396.02 million as of 31 July 2022. Overall, the total foreign exchange reserves held in August 2022 were USD777.32 million, a percentage increase from USD769.01 million held in July 2022.

Stock Market

The Malawi All Share Index (MASI) marginally decreased by 0.12% to 54,389.92 points in September 2022, from 54,454.45 points in August 2022. This was due to share price gains in NICO, FDH Bank, NBM, AIRTEL, Standard Bank and ILLOVO being offset by share price losses in FMBCH, TNM, NBS, NHL, ICON, MPICO and PCL. The largest share price gainer during the period was NICO at 9% (to MK50.96 from MK46.73) while the largest share price loser was for FMBCH by 7% (to MK100.05 from MK108.00).

Government Securities

The government awarded a total of MK166 billion in September 2022, a decrease of 16% from a total of MK197 billion in August 2022 awarded through Treasury Bills (TBs) and Treasury Notes (TNs) auctions. The TBs auctions had a rejection rate of 13% while the TNs auction had a nil rejection rate during the period under review. The average TB yield increased to 15.08% in September 2022, from 14.94% in August 2022. The average TN yield increased to 24.70% from 24.55% during the period under review.

Economic Growth

The EIU revised its projected real gross domestic product (GDP) growth rate for 2022 downward to 1.8%, from a previously projected 2.0%. This revision is on account of anticipated challenges that include weather-related shocks, limited concessional financing, rise in commodity price and an expected increase in domestic interest rates.

From 2023, an anticipated increase in the mining sector's contribution to overall GDP and gains in agriculture are expected to increase the economic growth rate to 3.0%. Over the 2024-26 period, the EIU anticipates the economic growth rate to average 3.8%.

COVID-19 Status and Developments

The total cumulative confirmed COVID-19 cases increased to 88,028 as of 30 September 2022, from 87,860 as of 31 August 2022. Similarly, the cumulative COVID-19 related deaths increased to 2,862 as of 30 September 2022, from 2,675 as of 31 August 2022. These changes were accompanied by the daily positivity rate increasing to 3.1% as of 30 September 2022, from 1.2% as of 31 August 2022. The daily case fatality rate maintained its position at 3.1% during the period under review. The daily recovery rate marginally increased to 96.4% as of 30 September 2022, from 96.3% as of 31 August 2022.

Risks

The risks to the outlook include the lack of an International Monetary Fund (IMF) Extended Credit Facility (ECF), weather-related shocks, the temporary cessation of operations by the Agricultural Development and Marketing Corporation (ADMARC), high commodity prices and supply-chain disruptions, increases in domestic inflation, as well as insufficient power generation and persistent outages.

Following the discussion that ended on 4 November 2021 between the IMF and the government of Malawi, Malawi failed to secure an IMF ECF programme. This was due to the country's risk of external debt distress and overall risk of debt distress being deemed too high, and granularity in the risk rating being deemed unsustainable under current policies. While this limits the country's access to concessional borrowing, it also negatively impacts the country's ability to access other forms of external financing as the approval of an IMF ECF programme also functions as a "greenlight" for other sources of financing. The government of Malawi will engage with the IMF in discussions from 5 October 2022 to 17 October 2022. The discussions are aimed at reaching a Rapid Credit Facility (RCF) programme. The RCF programme provides concessional financial assistance to low-income countries facing urgent balance of payment needs with no ex-post conditionality where a fully-fledged economic programme is neither necessary nor feasible.

The country's dependence on rain-fed agriculture leaves it vulnerable to adverse weather-related shocks, and the temporary cessation of operations by the Agricultural Development and Marketing Corporation (ADMARC) exacerbates the risk to the implementation and efficiency of this year's Affordable Inputs Programme (AIP). ADMARC's proportion of inputs to be supplied for the AIP was increased, relative to the private sector's proportion, for the 2022-23 agricultural season. As such, this year's agricultural productivity may be negatively affected and result in food insecurity for the most vulnerable population.

Furthermore, there is the risk that commodity prices remain high and supply-chain disruptions persist. Recently, supply-chain disruptions have been reflected in the domestic economy through nationwide fuel supply shortages. These shortages have been exacerbated by domestic foreign exchange shortages. A prolonged occurrence of these events negatively impacts domestic inflation which would result in the erosion of the Kwacha's purchasing power and a lowering of the living standards.

Insufficient power generation and persistent outages may negatively affect the economy. Prior to the damage to Kapichira hydro-electricity power plant by Tropical storm Ana, the country was generating about 390 megawatts using its hydro-electricity power plants. The damage removed 130 megawatts from the national grid, severely impacting electricity supply. Renovation efforts are currently underway to restore the Kapichira hydro-power plant's power generation operations, and it is expected to be functional in December 2022. Recently, extended power outages have plagued the domestic economy.



Economic overview

Inflation (Source: NSO, RBM, EIU)

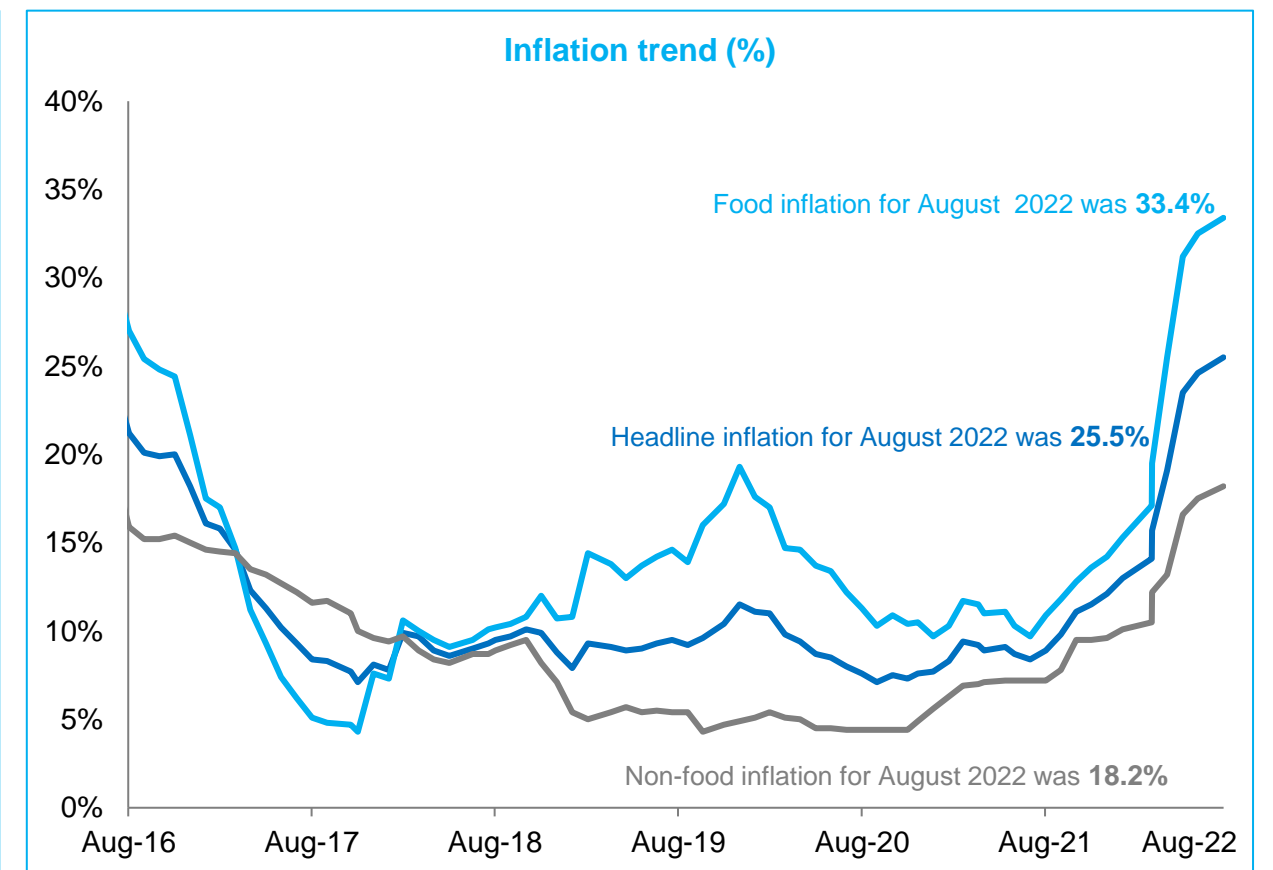
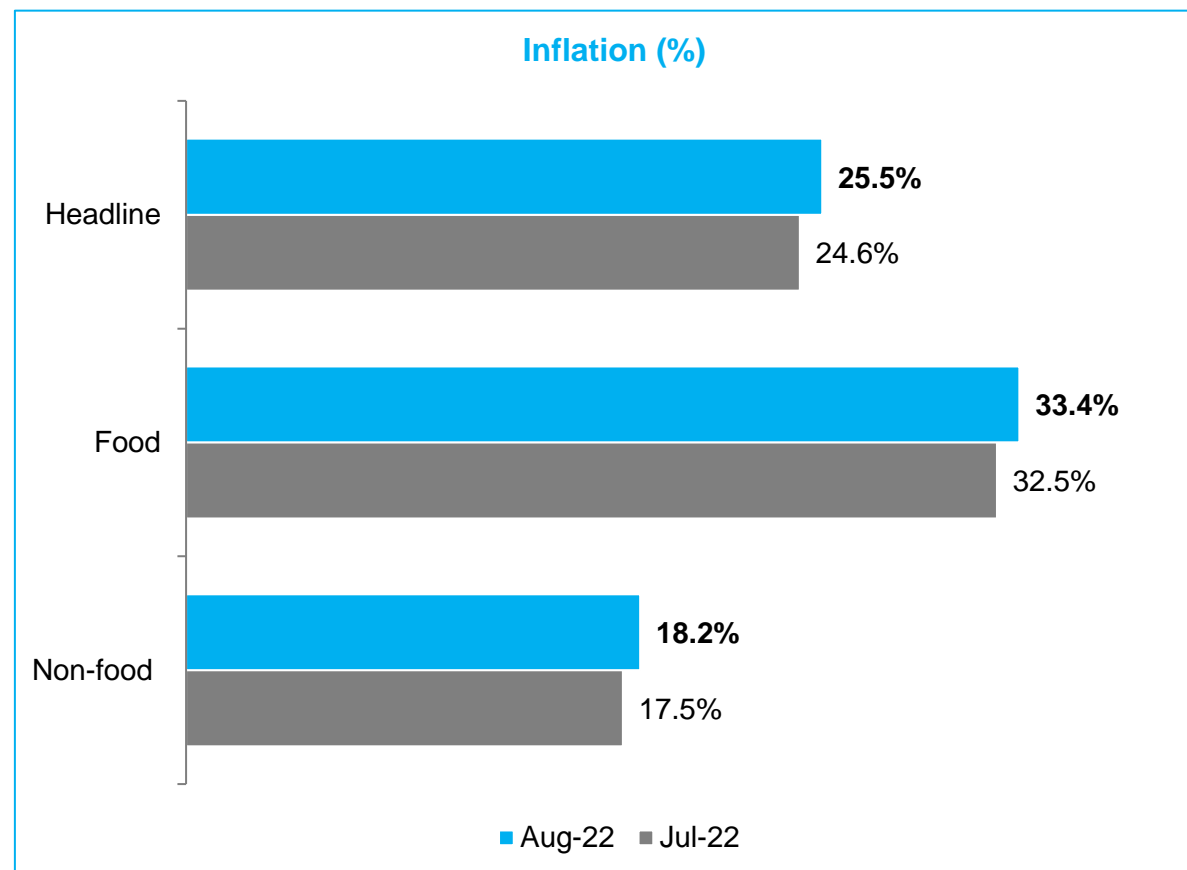
Headline inflation increased to 25.5% in August 2022, from 24.6% in July 2022. It averaged 18.5% in the first eight months of 2022, which is more than double the average for the first eight months of 2021 at 8.7%.

According to the EIU, the 25% devaluation of the Kwacha led to an increase in the price of maize by 46% per tonne.

Month-on-month, headline inflation increased to 25.5% in August 2022, from 24.6% in July 2022. In August 2021, headline inflation was 8.4%. Headline inflation averaged 18.5% during the first eight months of 2022, which is more than double the similar period in 2021 where it averaged 8.7%. 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 33.4% in August 2022, from 32.5% in July 2022. According to the International Food Policy Research Institute (IFPRI), maize prices averaged MK324/Kg in August 2022, an increase of 5% from an average of MK310/Kg in July 2022. Furthermore, the EIU indicated that the 25% devaluation of the Kwacha led to an increase in the price of maize by 46% per tonne. Non-food inflation increased to 18.2% in August 2022, from 17.5% in July 2022.

The Economist Intelligence Unit (EIU) revised its projected average inflation rate for 2022 upward to 22.0%, from a previously projected average of 17.2%. The revision is on the back of global commodity price pressures, the 25% devaluation of the Kwacha, and a combination of domestic and foreign factors that render monetary policy ineffective in restraining domestic inflation. The revised projection is in line with the Monetary Policy Committee's (MPC's) average annual inflation revision to 23.2% for 2022.

For 2023, the EIU anticipates inflationary pressure to ease and for inflation to average 17.6%. This is on account of projected easing global food and fuel pressures, despite an expected 100% rise in electricity tariffs. Over the 2024-26 period, inflation is anticipated to decline at a faster rate, reaching an average of 8.0% in 2026 as global and domestic price pressures recede.





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 1.6% to USD378.89 million as of 31 August 2022, from USD372.99 million as of 31 July 2022.

Foreign currency market

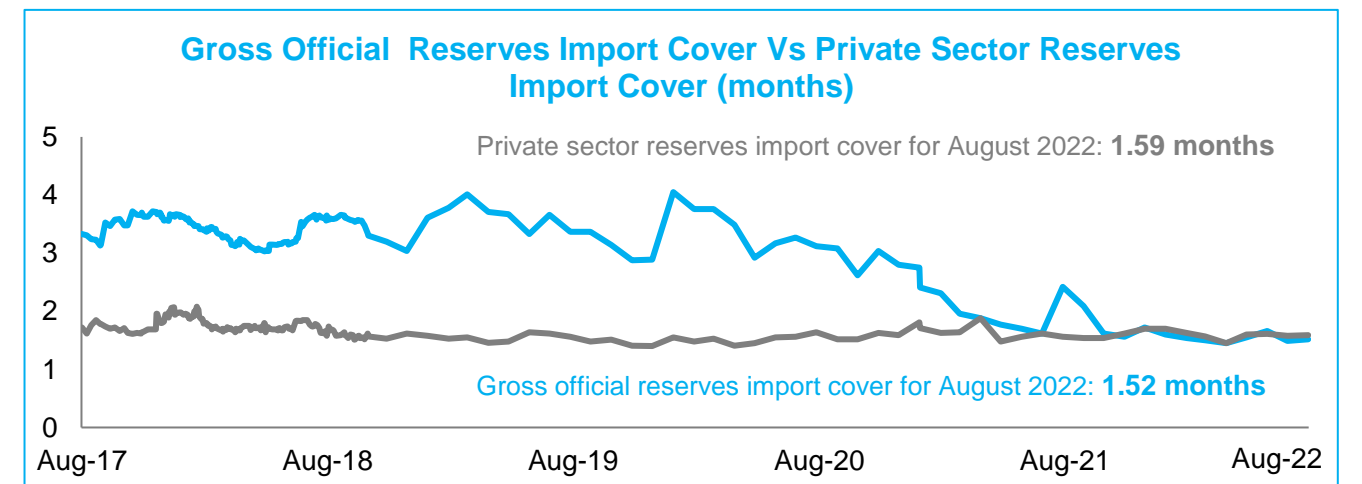
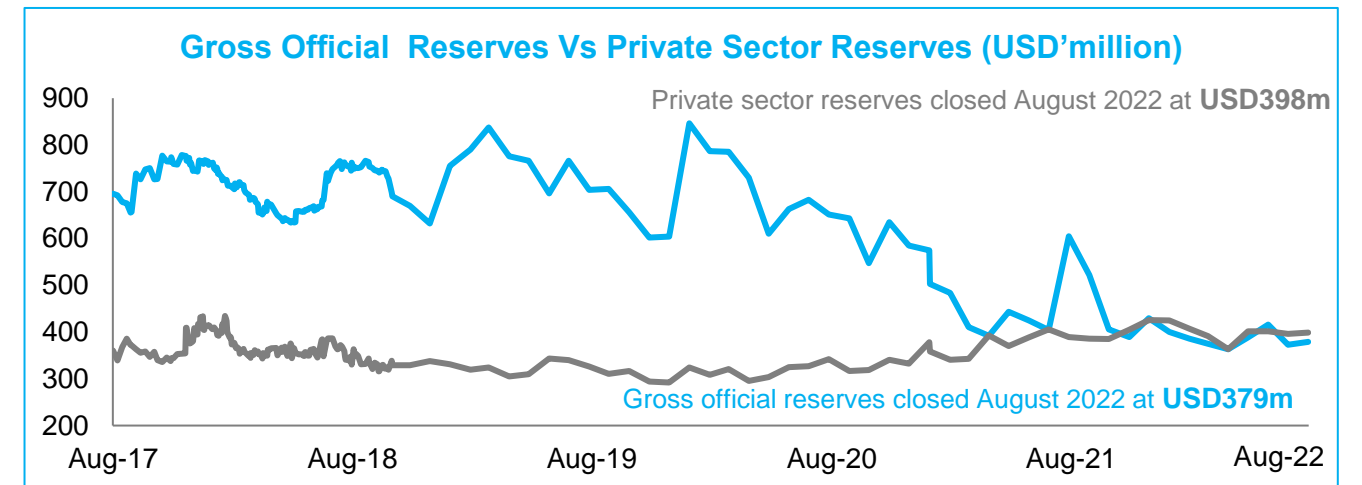
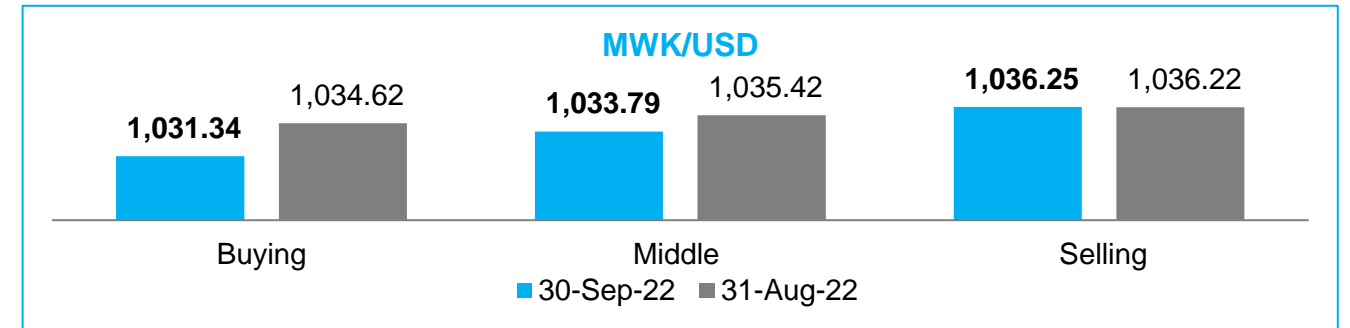
Month-on-month, the Kwacha marginally appreciated against the United States Dollar (USD) as it traded at MK1,033.79/USD as of 30 September 2022, from MK1,035.42/USD as of 31 August 2022. Year-to-date, the Kwacha has depreciated against the USD by 26% as it traded at MK819.44/USD as of 31 December 2021. During the same period in the previous year, the Kwacha had depreciated against the USD by 6%.

Foreign reserve position

As of 31 August 2022, the country's gross official forex reserves increased by 1.6% to USD378.89 million, from a gross official foreign exchange reserve position of USD372.99 million as of 31 July 2022. The private sector forex reserves increased by 0.6% to USD398.43 million as of 31 August 2022, from USD396.02 million as of 31 July 2022. Overall, the total foreign exchange reserves held in August 2022 were USD777.32 million, an increase of 1.1% from USD769.01 million in July 2022.

Import cover for gross official reserves for August 2022 was 1.52 months, an increase of 2.0% from 1.49 months in July 2022. For private sector reserves, import cover was 1.59 months in August 2022, an increase of 0.6% from 1.58 months in July 2022. The import cover for gross official reserves remained below the required threshold of 3 months as of 31 August 2022. The total foreign exchange reserves import cover increased to 3.11 months in August 2022 from 3.07 months in July 2022.

	Gross Official (USD'million)	Private Sector (USD'million)	Gross Official import cover (months)	Private sector import cover (months)
Aug-22	378.89	398.43	1.52	1.59
Jul-22	372.99	396.02	1.49	1.58





Economic overview (Continued)

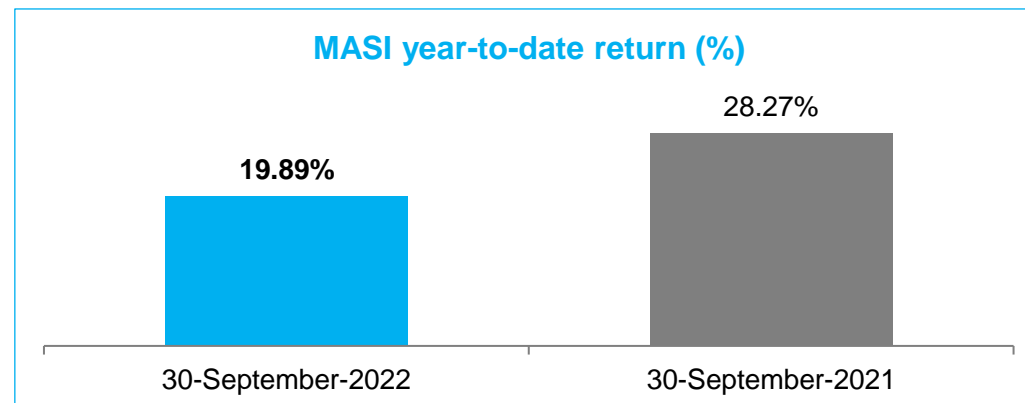
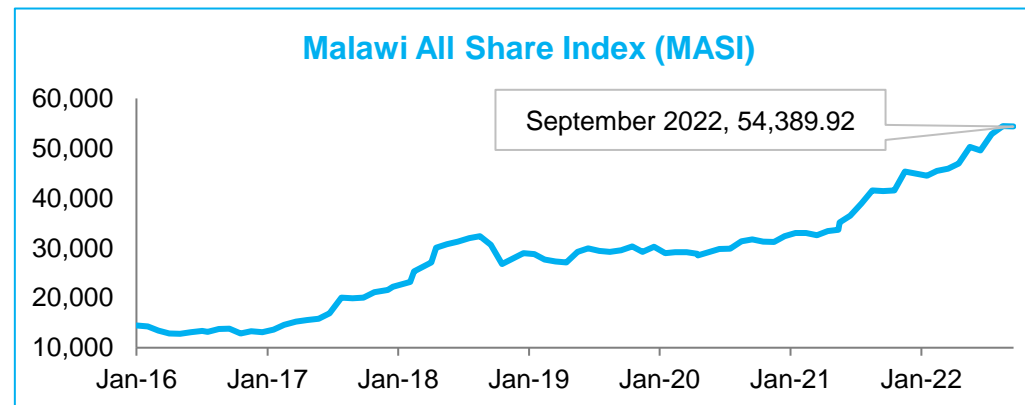
Stock market (Source: MSE)

The stock market was marginally bearish during the period under review with the MASI closing the month of September 2022 at 54,389.92 points, from August 2022 at 54,454.45 points. Month-on-month, this represents a decrease of 0.12%.

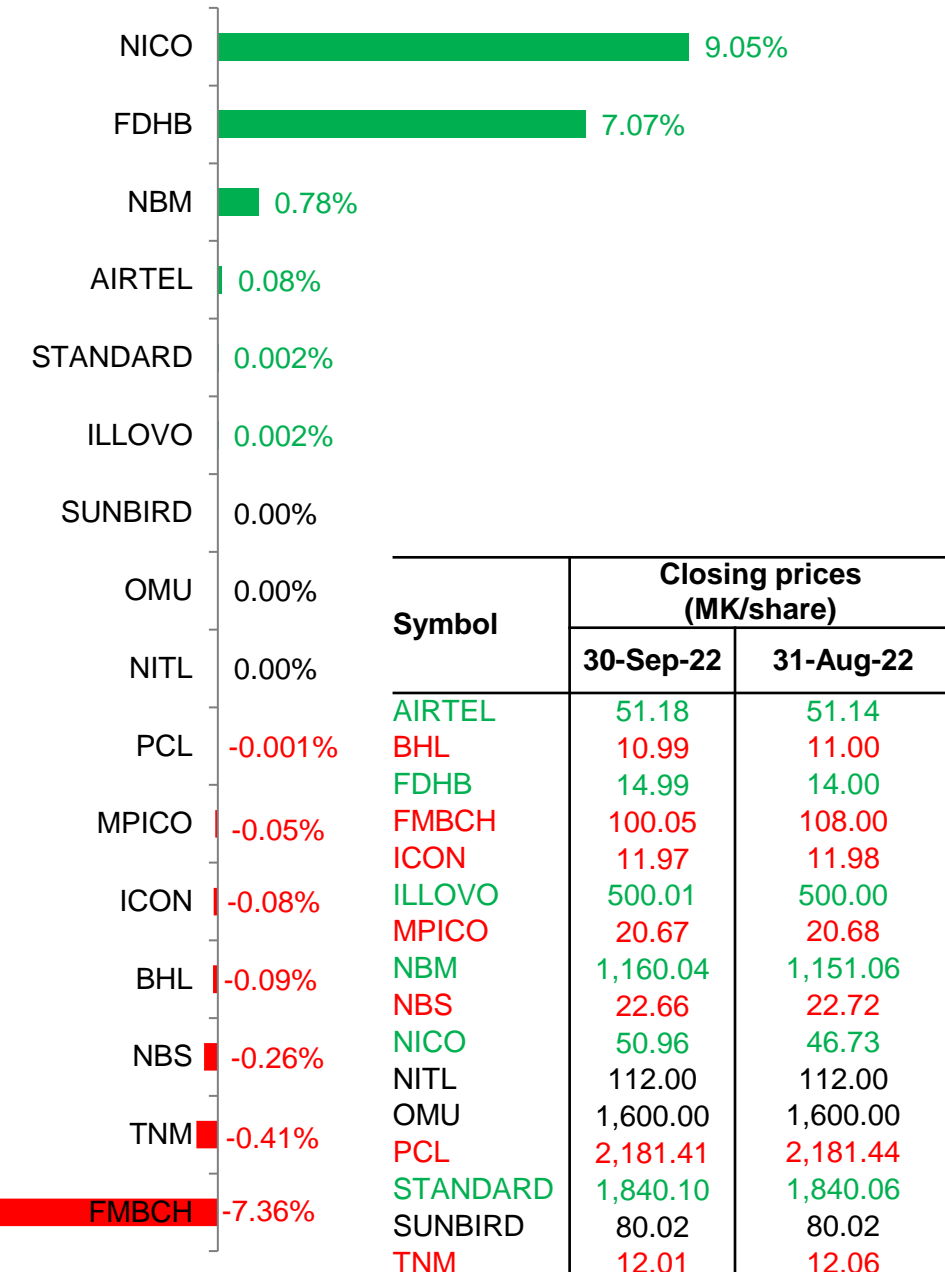
The MASI year-to-date return was 19.89% in September 2022, and it was 28.27% during the same period in the previous year.

The stock market was marginally bearish over the period with the Malawi All Share Index (MASI) decreasing by 0.12% to 54,389.92 points in September 2022, from 54,454.45 points in August 2022. Year-to-date, the return on the MASI is 19.89%, it was 28.27% during the same period in the previous year.

The largest gainer in September 2022 was NICO whose share price increased by 9.05% to MK50.96 per share, from MK46.73 per share August 2022. There were also share price gains for FDH Bank, NBM, AIRTEL, Standard Bank and ILLOVO. Other counters closed at the same prices as the previous month, these were SUNBIRD, OMU, and NITL. The largest loser was FMBCH whose share price decreased by 7.36% to MK100.05 per share, from MK108.00 per share during the period under review. There were also share price losses for TNM, NBS, BHL, ICON, MPICO and PCL during the period under review.



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





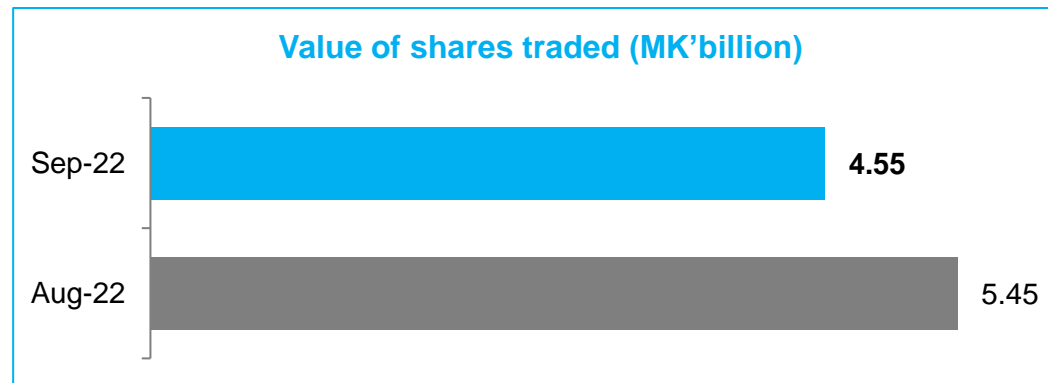
Economic overview (Continued)

Stock market (Source: MSE)

The total value of shares traded decreased by 16% in September 2022 to MK4.55 billion, from MK5.45 billion in August 2022.

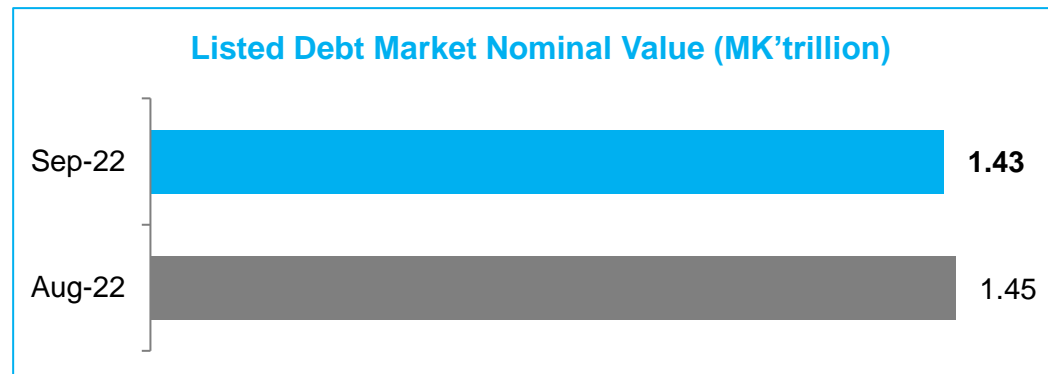
MSE Traded Volumes

There was MK4.55 billion worth of shares traded in September 2022, a decrease of 16% from MK5.45 billion worth of shares traded in August 2022. FDH Bank had the highest value of shares traded at MK1.67 billion during the period under review. The total number of trades in the month under review decreased to 391 trades, from 396 trades in August 2022. The figure below traces the total value of shares traded on the MSE in September 2022.



Listed Debt market

There were no trades or listings on the listed debt market in August 2022. The nominal value of all the listed debt securities was MK1.43 trillion as of 30 September 2022, as the number of the listed securities declined to 42 from 43 during the period under review.



Corporate Announcements

Half-year financial results

Amounts in billions of Malawi Kwacha unless specified otherwise.

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

Dividends

Counter	Dividend type	Proposed/declared	Dividend per share (MK)	Last day to register	Date of payment
OMU	Interim	Declared	14.82	20 September 2022	18 October 2022
NICO	Interim	Declared	1.00	7 October 2022	19 October 2022
PCL	Interim	Declared	7.00	14 October 2022	28 October 2022
ICON	Interim	Declared	0.12	14 October 2022	28 October 2022
NITL	Interim	Declared	0.80	21 October 2022	28 October 2022

*: for the 6 months ended 28 February 2022



Economic overview (Continued)

Government securities (Source: RBM)

The government awarded a total of MK166 billion through Treasury Bills and Treasury Notes auctions in September 2022, a decrease of 16% from a total of MK197 billion awarded in August 2022.

Treasury Bills (TBs)

In September 2022, the government sought to borrow MK89 billion through Treasury Bills (TBs) auctions, an increase of 114% from MK41 billion sought in August 2022. Participants applied to place MK69 billion through the TBs auctions in September 2022, an increase of 104% from MK34 billion applied for in August 2022. The applications had a rejection rate of 13% during the period under review, as the government awarded MK60 billion through the TBs auctions in September 2022, an increase from MK30 billion awarded in August 2022.

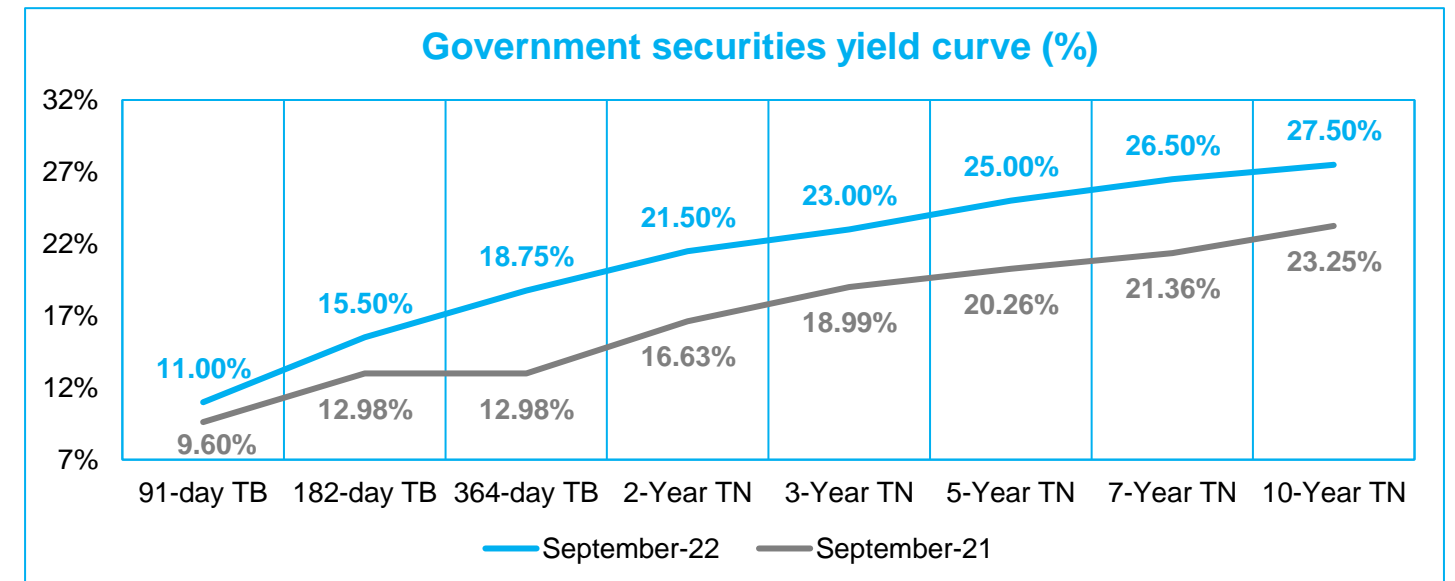
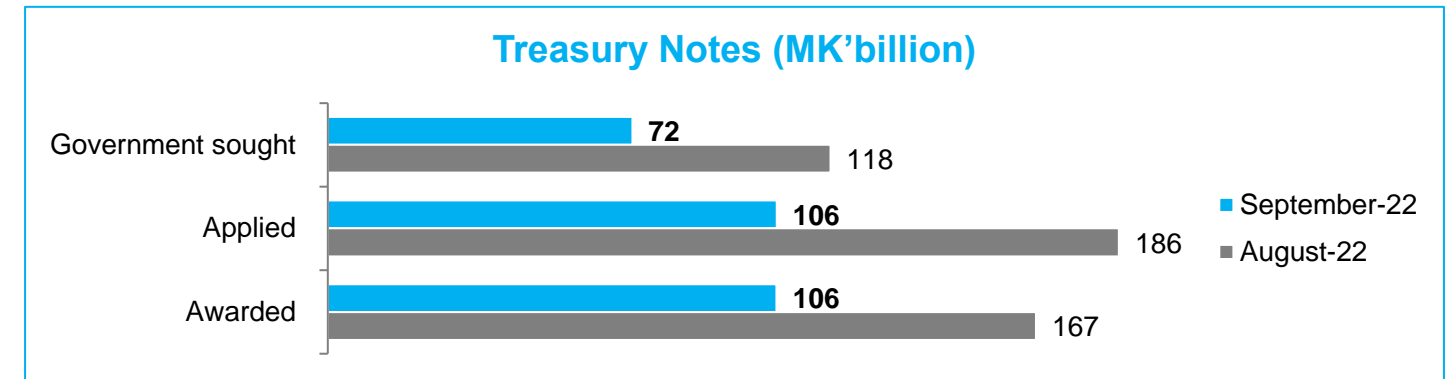
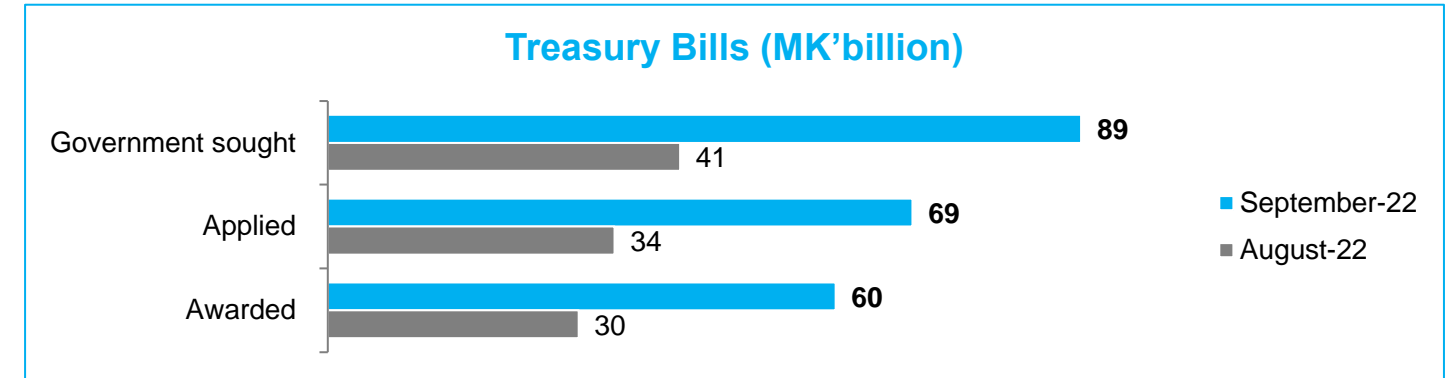
Treasury Notes (TNs)

In September 2022, the government sought to borrow MK72 billion through Treasury Notes (TNs) auctions, a decrease of 39% from MK118 billion sought in August 2022. Participants applied to place MK106 billion through the TNs auctions, a decrease of 43% from MK186 billion worth of applications during the same period. From the applications, the government awarded MK106 billion, a decrease of 37% from MK167 billion awarded during the same period. The applications had a nil rejection rate during the period under review.

Government Securities Yield Curve

The average TB yield increased to 15.08% in September 2022 from 14.94% in August 2022 on account of an increase in the effective yield of the 364-days TB. The 364-days TB yield increased to 18.75% in September 2022, from 18.33% in August 2022. The yields for the 91-days TB and the 182-days TB maintained their positions at 11.00% and 15.50% during the period under review.

As of 30 September 2022, the average TN yield increased to 24.70%, from 24.55% on 31 August 2022 on account of increases in the effective yields of the 2-year and 10-year TNs, which offset a decrease in the effective yield of the 7-year TN. The 2-year and 10-year TNs increased to 21.50% (August 2022: 21.00%) and 27.50% (August 2022: 27.00%), respectively during the period under review. While the 7-year TN yield decreased to 26.50% as of 30 September 2022, from 26.75% as of 31 August 2022. The 3-year and 5-year TN effective yields maintained their positions at 23.00% and 25.00%, respectively during the period under review.





Other Market Developments

Monetary Policy and Millennium Challenge Corporation Second Compact (Source: RBM, MCC)

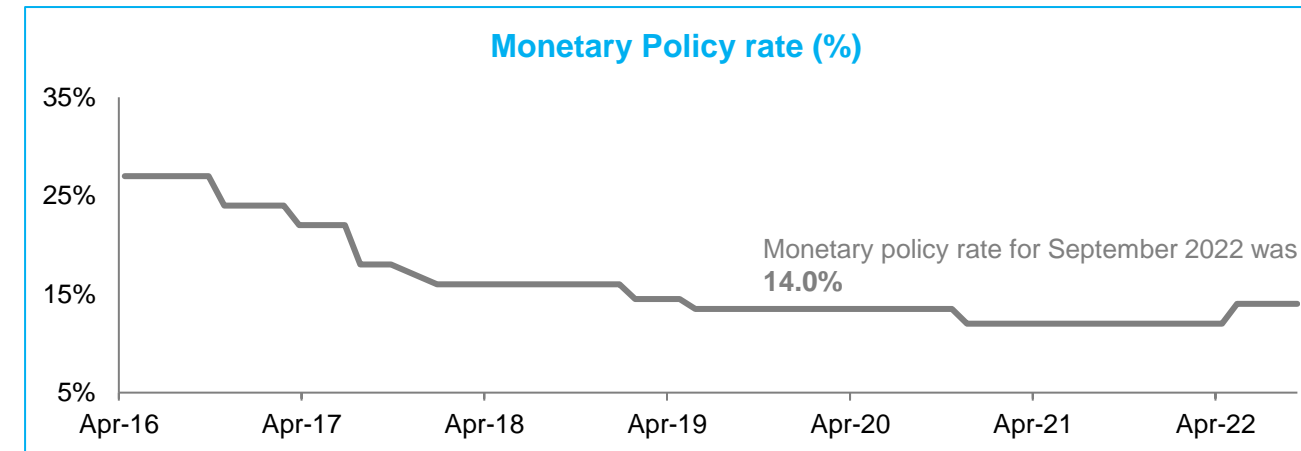
The EIU expects the RBM to adjust the Policy rate upward to 15% in 2023.

The Minister of Finance and Economic Affairs and the Millennium Challenge Corporation (MCC) Chief Executive Officer signed the MCC memorandum of understanding on Malawi's second compact

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.

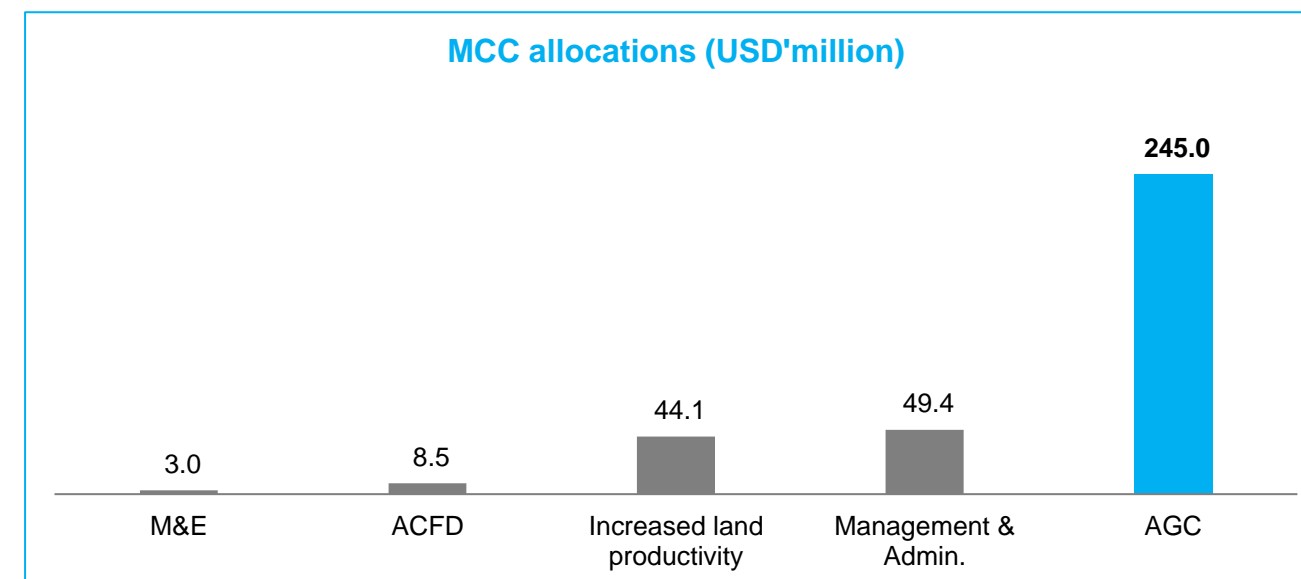
The EIU expects the RBM to adjust the Policy rate upward to 15% in 2023. Real short-term interest rates, which are negative in 2022, are expected to turn positive in 2023 in line with monetary policy tightening.



Millennium Challenge Corporation Second Compact

On 29 September 2022, the Minister of Finance and Economic Affairs and the Millennium Challenge Corporation (MCC) Chief Executive Officer signed the MCC memorandum of understanding on Malawi's second compact. The MCC approved a USD350 million (about MK350 billion) package for Malawi's second compact. The second compact follows the successful completion of a USD351 million energy compact. The first compact commenced in September 2013 and was completed in September 2018. Following the signing of the second compact, a period of about 12 months is expected to elapse before work commences as contractors will be procured during that period, and detailed designs of the various projects will be sought.

The proposed compact seeks to assist the government of Malawi in addressing the constraints to economic growth which include the high price of road freight transport service, barriers to linking farms to markets, difficulties with access to land for investment due to mismanagement of the estate sector, and ambiguity on property and land rights. This will be achieved through the Accelerated Growth Corridors (AGC), American Catalyst Facility for Development (ACFD) and Increased land productivity projects. USD245 million has been earmarked for the AGC project, while USD8.5 million and USD44 million have been earmarked for the ACFD and increased land productivity projects, respectively.





Special Topic: The International Monetary Fund's Extended Credit Facility

The Extended Credit Facility (ECF) financing is concessional, carries a zero-interest rate with a grace period of five and a half years, and a final maturity of ten years.

What the Extended Credit Facility (ECF)

The Extended Credit Facility (ECF) falls under the International Monetary Fund's (IMF's) Poverty Reduction and Growth Trust (PRGT) and aims to provide financial assistance to countries with prolonged balance of payment problems. It is the IMF's main tool for providing medium-term support to low-income countries.

Besides helping to catalyse for additional foreign aid, the purpose of the ECF is to support economic programmes that are aimed at improving the stability and sustainability of countries' macroeconomic positions to align the countries with strong and durable poverty reduction and growth.

In terms of eligibility, all countries that are PRGT-eligible and experience protracted balance of payment problems, and these challenges are expected to extend over the medium or longer term, are eligible for the IMF's ECF financing.

For an eligible country to access the IMF's ECF financing, several factors are considered. These include the country's balance of payment needs; the strength of the country's economic programme and the capacity to repay the IMF; the amount of outstanding IMF credit and the country's record of past use of the IMF's credit; and access norms. A successfully approved ECF programme can be provided from three to up to five years, with an overall maximum duration of five years. Although following expiration, cancellation, or termination of a programme, additional ECF arrangements may be approved.

The ECF financing is concessional, carries a zero-interest rate with a grace period of five and a half years, and a final maturity of ten years. The IMF reviews the level of interest rates for concessional facilities under the PRGT every two years based on the PRGT interest rate mechanism.

Focused conditionality

Under the ECF, member countries provide letters of intent that include their agreement to implement a set of policies aimed at making progress towards a stable and sustainable macroeconomic position, as well as specific conditions. The IMF uses quantitative conditions, structural benchmarks, program reviews, and the Poverty Reduction and Growth Strategy (PRGS) to monitor various aspects of the ECF programme.

Malawi's Debt Sustainability Analysis (DSA) for the 2021 Article IV Consultation

The IMF's Debt Sustainability Analysis (DSA) investigates government debt, central government guaranteed debt, and central bank debt contracted on behalf of the government. According to the DSA, Malawi's risk of external debt distress and overall risk of debt distress was deemed high and granularity in the risk rating was deemed unsustainable under the current policies. As such Malawi's application for the IMF's ECF was denied.

According to the DSA, Malawi's sources of fragility were driven by high poverty rates, food insecurity, and frequent weather-related shocks, which left per capita income stagnant. These factors, compounded with the effects from the COVID-19 pandemic, weak governance, poor quality of public administration, limited fiscal space and high public debt, have caused high real interest rates in the economy. These high rates have negatively affected lending to the private sector and growth, consequently, GDP growth has barely kept up with population growth, leaving real per capita growth in the negatives. With debt projected to increase in the medium term, the private sector investment is expected to remain crowded out and hinder medium-term economic prospects.

Furthermore, significant development and special spending needs, a high debt burden from the past, and lower budget support and grants financing contributed to sustained fiscal and current account deficits. These budget deficits have been mainly financed through domestic borrowing and financing from regional development banks (RDBs), and they reflect limited adjustment in spending and low domestic revenue mobilization. This increase in domestic financing as well as non-concessional borrowing from RDBs has increased the country's public debt.

In addition, RDBs' participation in the domestic bond market increased the share of commercial debt to 33% of total external public and publicly guaranteed debt. The country had arrears to Spain and non-official/commercial creditor at the end of 2020. The repayments to Spain started in May 2021 and were expected to continue to November 2023. Near term debt service was concentrated in non-official/commercial creditors amounting to 79% and 72% of total debt service in 2021 and 2022, respectively.

According to the DSA, external public and publicly guaranteed debt had increased by a large margin in part on account of the conversion of the RBM's short-term reserve liabilities to medium-term debt. This had increased to 33% of GDP in 2020, from 27.7% in 2019. The increase was a result of the RBM's challenges in staying within its USD250 million cap using a three-year revolving trade credit facility established in 2012. The RBM began to use foreign exchange swaps with domestic and RDBs, but this proved challenging as trade deficits continued to widen and difficulties in reversing currency swap open positions and staying within the cap of the revolving trade facility emerged. As a result, the RBM converted short-term currency swap open position to a medium-term foreign exchange facility of USD450 million at the end of June 2020.



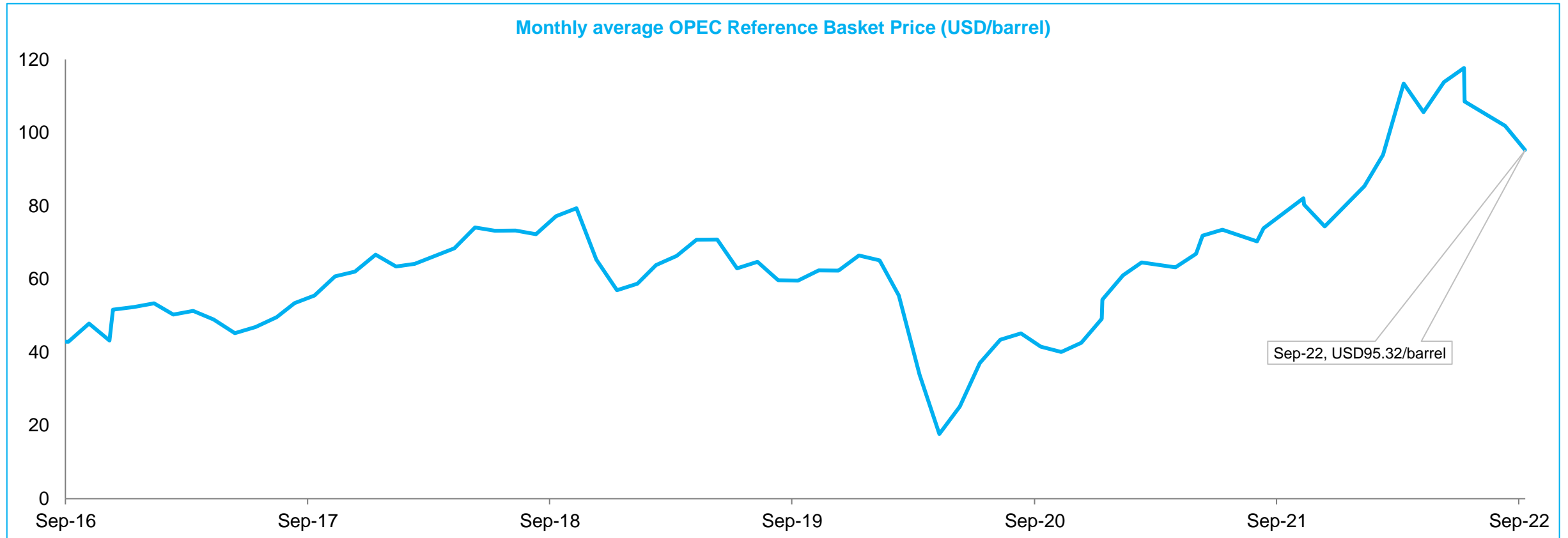
Regional And Global Market Developments

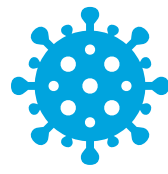
Global oil price developments (Source: OPEC, IMF)

The monthly average OPEC Reference Basket (ORB) price decreased by 6% to a monthly average of USD95.32/barrel in September 2022, from USD101.90/barrel in August 2022.

Month-on-month, the monthly average OPEC Reference Basket (ORB) price decreased by 6% to an average of USD95.32/barrel in September 2022, from USD101.90/barrel in August 2022. Year-on-year, the monthly average ORB price has increased by 29% as it was USD73.88/barrel in September 2021.

The results from an IMF working paper titled “OPEC and the Oil Market” show that oil price volatility is higher than typical around OPEC meetings and that members’ compliance has strongly fluctuated over time. Furthermore, the findings show evidence of cyclical oil price fluctuations, which suggest that OPEC’s objective is to stabilize the oil price rather than to counter fundamental shifts in demand and supply.





COVID-19 Update

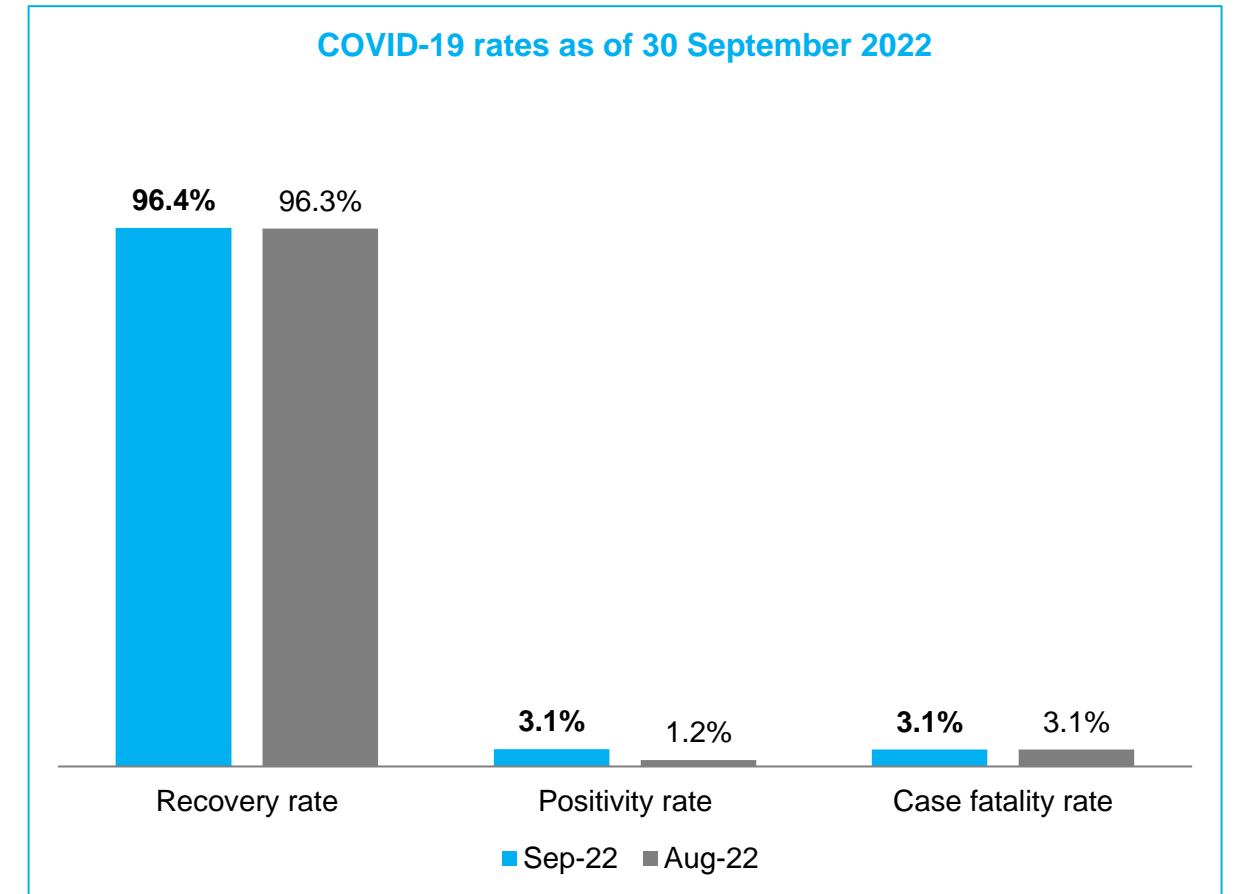
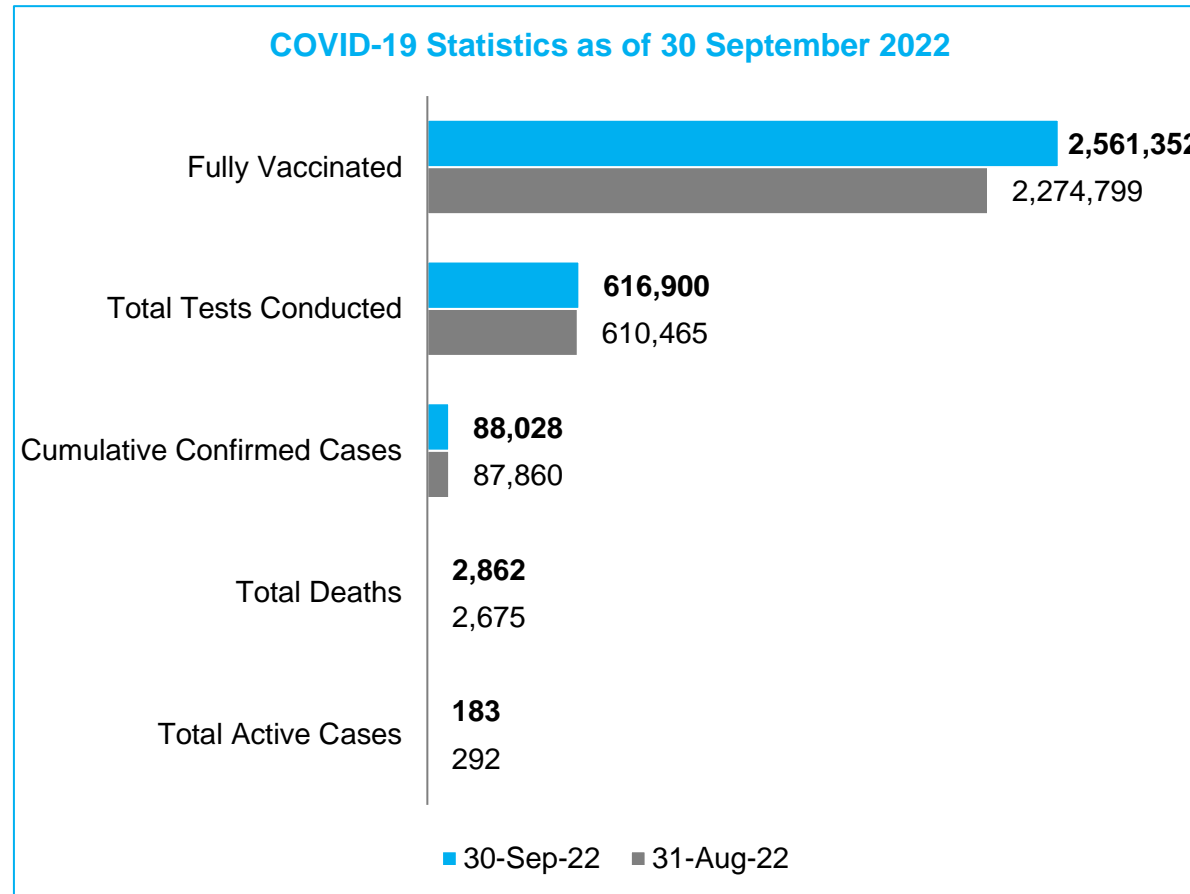
Latest COVID-19 statistics and vaccination developments (Source: Malawi Ministry of Health)

As of 30 September 2022, 13% of the Malawian population had been fully vaccinated against COVID-19 infection.

As of 30 September 2022, 2.6 million individuals had been fully vaccinated against the COVID-19 virus, an increase of 13% from 2.3 million individuals fully vaccinated as of 31 August 2022.

As of 30 September 2022, 2.6 million individuals had been fully vaccinated against the COVID-19 virus in Malawi. This is an increase of 13% from 2.3 million individuals fully vaccinated in August 2022. The number of fully vaccinated individuals represents 13% of the Malawian population. As of 30 September 2022, 373,417 COVID-19 booster vaccinations had been administered, an increase of 277% from 98,962 COVID-19 booster vaccinations administered in August 2022.

The total cumulative confirmed COVID-19 cases increased to 88,028 as of 30 September 2022, from 87,860 as of 31 August 2022. Similarly, the cumulative COVID-19 related deaths increased to 2,862 as of September 2022, from 2,675 as of August 2022. These changes were accompanied by the daily positivity rate increasing to 3.1% as of 30 September 2022, from 1.2% as of 31 August 2022. The daily case fatality rate maintained its position at 3.1% during the period under review. The daily recovery rate marginally increased to 96.4% as of 30 September 2022, from 96.3% as of 31 August 2022.



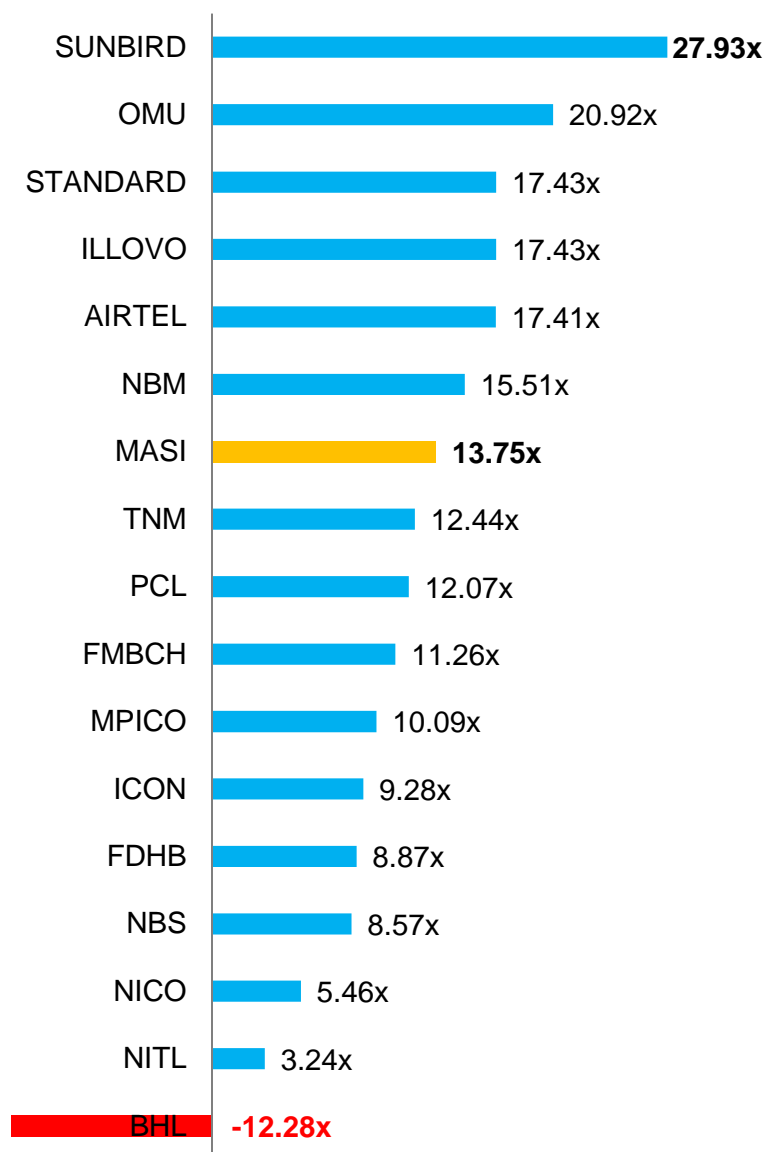
Appendix

Appendix 1: Historical Economic Indicators

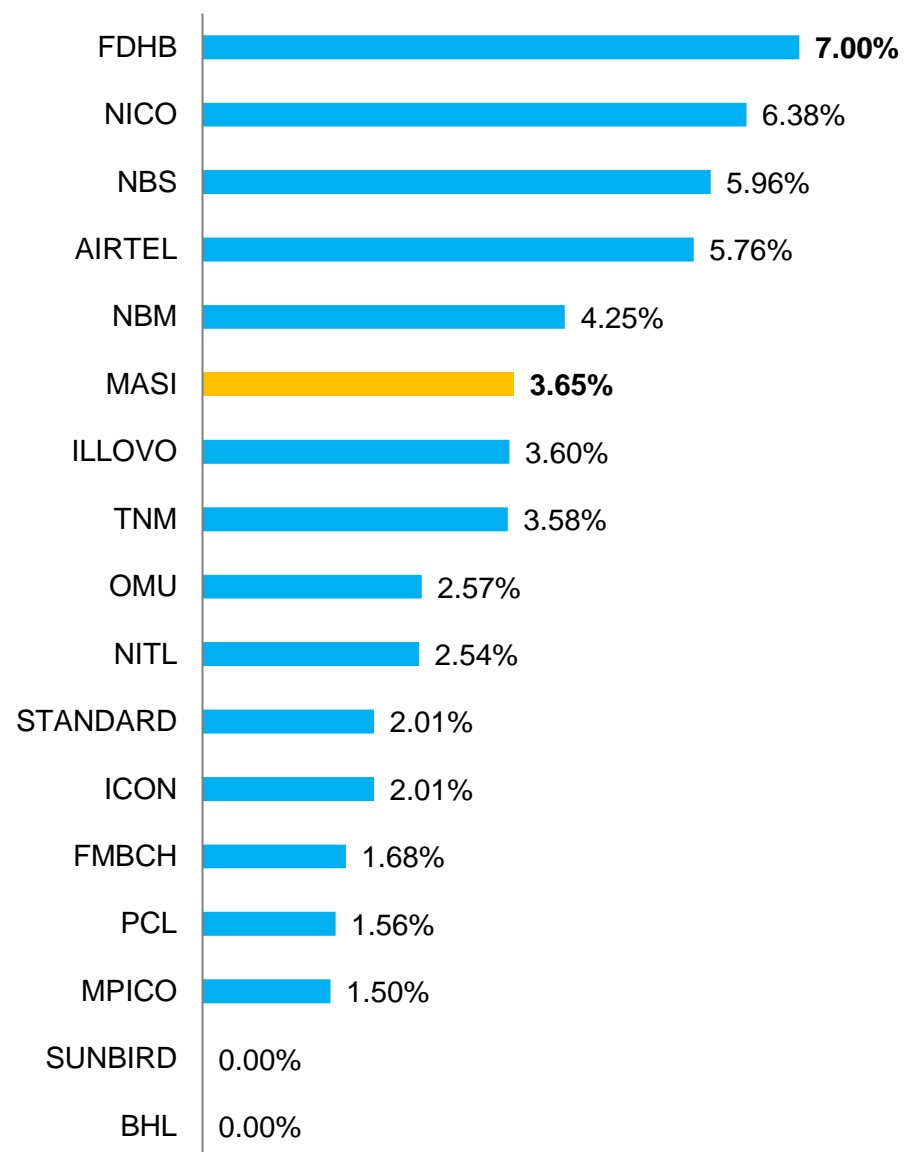
	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	
Exchange rates																				
MK/USD	790.30	797.66	800.17	811.95	817.43	820.40	822.17	821.34	822.88	819.44	822.81	822.10	823.60	823.67	1,029.90	1,033.36	1,035.03	1,035.42	1,033.79	
MK/GBP	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	1,240.77	1,180.36	
MK/EUR	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	1,066.19	1,047.49	
MK/ZAR	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	62.49	58.78	
Foreign Exchange Reserves																				
Gross Official Reserves (USD'mn)	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	372.99	378.89	N/A	
Private Sector Reserves (USD'mn)	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	396.02	398.43	N/A	
Total reserves (USD'mn)	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	769.01	777.32	N/A	
Gross Official Reserves Import cover (months)	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	1.49	1.52	N/A	
Inflation																				
Headline	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%	23.5%	24.6%	25.5%	N/A	
Food	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%	31.2%	32.5%	33.4%	N/A	
Non-food	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%	16.6%	17.5%	18.2%	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%	14.00%	14.00%	14.00%	14.00%	14.00%	
Average Interbank rate	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%	12.50%	12.50%	
Average base lending rate	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%	14.20%	14.20%	
Government Securities' Yields																				
91-days Treasury Bill	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%	11.00%	11.00%	
182-days Treasury Bill	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%	15.50%	15.50%	
364-days Treasury Bill	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%	18.33%	18.75%	
2-year Treasury Note	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%	21.00%	21.50%	
3-year Treasury Note	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%	23.00%	23.00%	
5-year Treasury Note	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%	25.00%	25.00%	
7-year Treasury Note	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%	26.75%	26.50%	
10-year Treasury Note	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%	27.00%	27.50%	
Stock Market Indices																				
MASI	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	54,454.45	54,389.92	
DSI	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	44,109.31	44,360.30	
FSI	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	5,548.61	5,154.73	

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

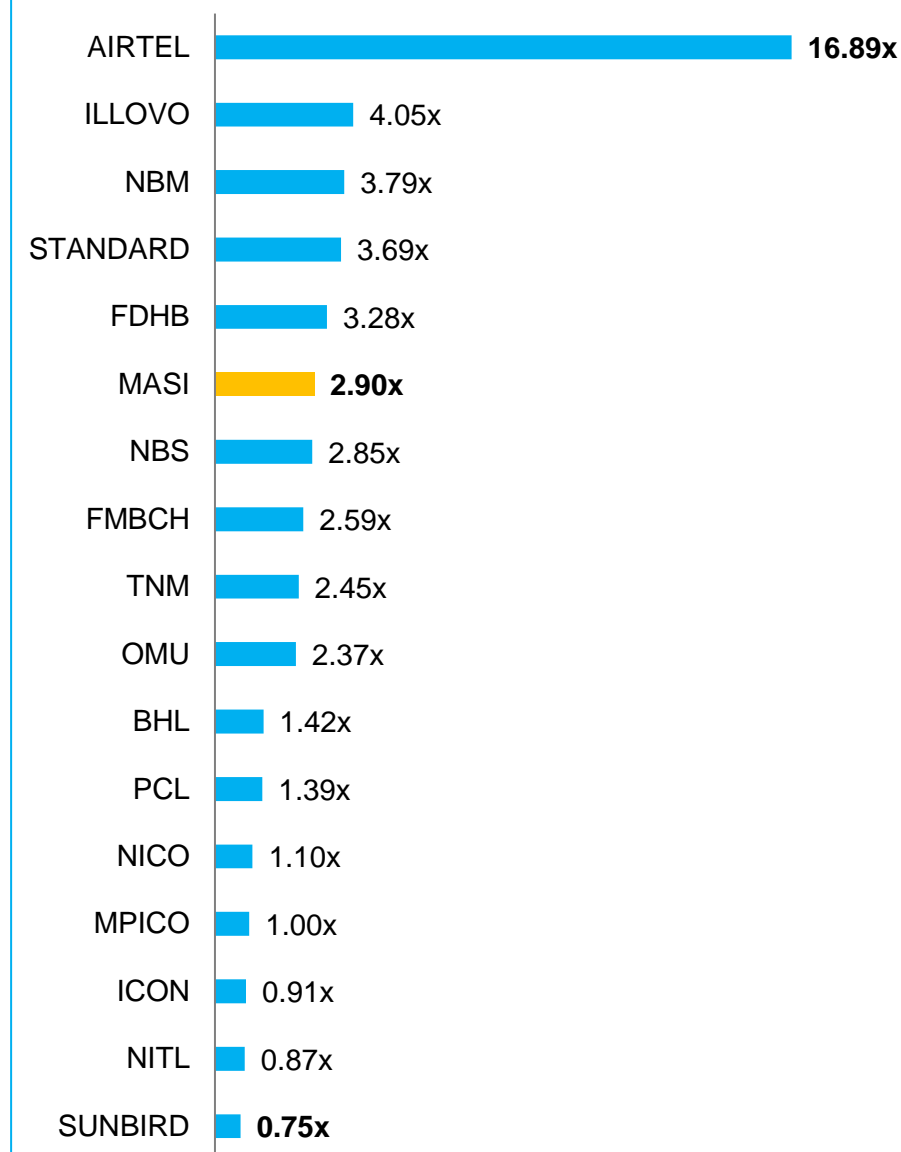
P/E Ratio – the weighted average price to earnings ratio on the MSE was 13.75x in September 2022. SUNBIRD had the highest at 27.93x while BHL had the lowest at negative 12.28x.



Dividend yield (%) – the weighted average dividend yield on the MSE was 3.65% in September 2022. The counter with the highest dividend yield was FDH Bank at 7.00%.



P/BV Ratio – the weighted average price to book value on the MSE was 2.90x in September 2022. The counter with the highest ratio was AIRTEL at 16.89x while SUNBIRD had the lowest ratio at 0.75x.



Appendix 3: MSE Corporate Announcements and IMF Projections

Corporate Announcements

Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the year is 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 2022	PAT 2021	Trading statement profit/(loss) expectation
ILLOVO*	25.59	20.47	25%

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

*: for the year ended 31 August

Appendix 4: EIU Projections

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

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

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

*: Estimates

**: Forecasts

	2020	2021e	2022f	2023f
National Accounts and Prices				
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	PRGT:	Poverty Reduction and Growth Trust
BHL:	Blantyre Hotels plc	Mb/d:	million barrels per day	PRGS:	Poverty Reduction and Growth Strategy
COVID-19:	Coronavirus disease	MCC:	Millennium Challenge Corporation	RCF:	Rapid Credit Facility
CPI:	Consumer Price Index	MERA:	Malawi Energy Regulatory Authority	RBM:	Reserve Bank of Malawi
DSA:	Debt Sustainability Analysis	MK:	Malawi Kwacha	RDB:	Regional Development Bank
DSI:	Domestic Share Index	MPC:	Monetary Policy Committee	SUNBIRD:	Sunbird Tourism plc
EIU:	Economist Intelligence Unit	MPICO:	MPICO properties plc	TB:	Treasury Bill
ESCOM:	Electricity Supply Corporation of Malawi	MSE:	Malawi Stock Exchange	Tb/d:	thousand barrels per day
EUR:	Euro	NBM:	National Bank of Malawi plc	TN:	Treasury Note
FDHB:	FDH Bank plc	NBS:	NBS Bank plc	STANDARD:	Standard Bank plc
FMBCH:	FMB Capital Holdings plc	NICO:	NICO Holdings plc	TNM:	Telekom Networks Malawi plc
FSI:	Foreign Share Index	NITL:	National Investment Trust Limited plc	TT:	Telegraphic Transfer
GBP:	Great British Pound	NSO:	National Statistical Office	UN:	United Nations
GDP:	Gross Domestic Product	OMU:	Old Mutual Limited plc	USD:	United States Dollar
ICON:	ICON properties plc	OPEC:	Organization of the Petroleum Exporting Countries	X:	Times
IFPRI:	International Food Policy Research Institute	ORB:	OPEC Reference Basket	ZAR:	South African Rand
IMF:	International Monetary Fund	PAT:	Profit after tax		
LRR:	Liquidity Reserve Requirement	PCL:	Press Corporation Limited plc		

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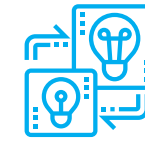
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