



# Monthly Economic Report and a Brief on Malawi's Millennium Challenge Corporation Compact

October 2022



# Table of Contents

	Page
1. Executive Summary and Outlook	3
2. Economic Overview	5
I. Inflation	5
II. Foreign Currency Market and Foreign reserve Position	6
III. Stock Market	7
IV. MSE Traded Volumes	8
V. Listed Debt Market	8
VI. Corporate Announcements by MSE Listed Companies	8
VII. Government Securities	9
3. Other Market Developments	10
I. Monetary Policy	10
II. International Monetary Fund (IMF) Rapid Credit Facility (RCF)	10
4. Special Topic: Malawi's Millennium Challenge Corporation (MCC) Compact	11
5. Regional and Global Market Developments	12
I. Global Oil Price Developments	12
6. COVID-19 Update	13
7. Appendix	14
8. Contact Information	21

### Inflation

Headline inflation increased by 0.4% to 25.5% in September 2022 from 25.5% in August 2022, due to increases in both food and non-food inflation. Food inflation increased to 33.7% from 33.4%, and this has been attributed to sustained increasing costs of food items while non-food inflation increased to 18.3% from 18.2% during the period under review. The increase in non-food inflation has been driven by high energy costs, lingering effects of the COVID-19 pandemic, and effects of the continued Russia and Ukrainian war which has driven up commodity prices on the international market.

Following the fourth Monetary Policy Committee (MPC) meeting held on the 25 and the 26 October 2022, the Reserve Bank of Malawi (RBM) made a downward revision of its projected average inflation rate for 2022 to 21.5%, from a previously projected average of 23.2%.

The RBM has projected that high inflation rates could be sustained until or further than 2023 as a result of the delayed pass-through of past increases in food and energy prices from global markets to domestic consumer prices. Supply-demand imbalances will not yet be normalized, and weather-related risks will likely sustain high food prices. Thus, for 2023, the RBM has projected the annual average inflation to go up to 21.8%.

### Monetary Policy

During the fourth MPC meeting of 2022 held on 25 and 26 October 2022, the MPC revised the policy rate to 18.00% from 14.00%; the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits was maintained at 3.75%; and the Lombard rate at 20 basis points above the policy rate. This decision was made in order to curb rising inflation, anchor inflation expectations, and to prevent any second-round effects of the supply-side pressure to inflation.

The adjustment of the policy rate has been made earlier and higher than that anticipated by the EIU, who predicted that the policy rate will be adjusted to 15% in 2023. The EIU expect the current negative real short-term interest rates to turn positive in line with the monetary policy tightening.

### Exchange Rates

The Malawi Kwacha traded at MK1,032.88/USD as of 30 October 2022, from MK1,033.79/USD as of 30 September 2022. Year-to-date, the Malawi Kwacha has depreciated against the USD by 26.1% as of 31 October 2022 (the Kwacha had depreciated by 5.7% during the same period in 2021).

As of 30 September 2022, the country's gross official forex reserves decreased by 6% to USD357.18 million, from a gross official foreign exchange reserve position of USD378.89 million as of 30 August 2022. The private sector forex reserves increased to USD408.84 million as of 30 September 2022, from USD398.43 million as of 31 August 2022. Overall, the total foreign exchange reserves held in September 2022 were USD766.02 million, a 1.5% percentage decrease from USD777.32 million held in August 2022.

### Stock Market

The Malawi All Share Index (MASI) increased by 1.2% from 54,389.92 points in September 2022 to 55,046.26 points in October 2022. This was due to share price gains in SUNBIRD, NITL, NBM, AIRTEL, Standard Bank, ILLOVO and FMBCH which offset the share price losses in FDH Bank, PCL, NBS and OMU. The largest share price gainer during the period was Sunbird at 15.0% (to MK92.03 per share from MK80.02 per share) while the largest share price loss was for OMU by 27.8% (to MK1,156.00 per share from MK1,600.00 per share). The year-to-date return on the MASI was 21.33% for October 2022 compared to 27.99% for October 2021.

### Government Securities

The government awarded a total of MK255 billion in October 2022, a decrease of 36.6% from a total of MK166 billion in September 2022 awarded through Treasury Bills (TBs) and Treasury Notes (TNs) auctions. The TBs auctions had a 7% average rejection rate while the TNs auction had a nil rejection rate during the period under review. The average TB and TN yields were constant at 15.08% and 24.7% respectively between September 2022 and October 2022.

### Economic Growth

According to the October 2022 World Economic Outlook (WEO) by the International Monetary Fund (IMF), the real gross domestic product (GDP) growth rate is expected to decline to 0.9% in 2022 from 2.2% in 2021. The IMF expect Malawi's GDP growth rate to further increase from 2.3% in 2023 to 4.5% in 2027. Compared to this, the RBM projected real GDP to decline to 1.7% in 2022 from 4.1% in 2021 and real GDP is expected to grow to 2.6% in 2023. The low growth prospects in 2022 are as a result of an un-favourable rainfall pattern during the 2021/22 season which affected agricultural production, intermittent electricity power supply, and the impact of the Russia-Ukraine war manifesting through high commodity prices. Economic recovery is expected beyond 2023 as a result of expected global adjustment to and recovery from current shocks and risks.

### Risks

Currently, Malawi's economy faces several risks. These are weather-related shocks, high commodity prices on both the local and international markets plus supply-chain disruptions, increases in domestic inflation, as well as insufficient power generation and persistent power outages.

The country's dependence on agriculture leaves it vulnerable to agricultural inputs supply-chain disruptions. Currently, the implementation of the primary agricultural input subsidy program is subject to a number of disruptions. The Agricultural Inputs Programme (AIP), the national subsidy programme, has delayed in part due to fertilizer procurement challenges which led to the government recovering MK750 million from the awarded supplier. As a result, the Ministry of Agriculture is exploring alternative procurement options for the inputs to be provided in this year's AIP implementation.

Furthermore, the occurrence of extensive and prolonged droughts and flooding in Africa exacerbate the challenges of food insecurity. According to the Malawi Vulnerability Assessment Committee (MVAC), about 3.8 million people (20% of the population) are expected to experience high levels of acute food insecurity in 2022. This is partly attributable to the lean season, the impact of the war in Ukraine affecting global food prices and the recent devaluation of the Kwacha. As such the materialization of adverse weather-related shocks would significantly and negatively impact the domestic economy.

The Malawian economy also faces the risk of sustained inflationary pressure. While the country is at risk of demand driven petroleum product price inflation as a result of foreign exchange shortages which have caused nationwide fuel shortages, the country is also in the agricultural lean season, putting upward pressure on domestic maize prices. According to the International Food Policy Research Institute (IFPRI), maize prices in September 2022 averaged MK334/kg, an increase from MK324/kg in August 2022. If these occurrences continue to persist, domestic inflation may be expected to maintain an upward trajectory, ultimately lowering the standard of living for the general population.

While renovation efforts at the Kapichira Hydroelectricity power plant are underway, the country continues to face a deficit of electricity supply, coupled with intermittent power availability and extended periods of power outages. The restoration of the power plant is expected to be complete in December 2022 and to supply 130 megawatts to the national grid.



## Economic overview

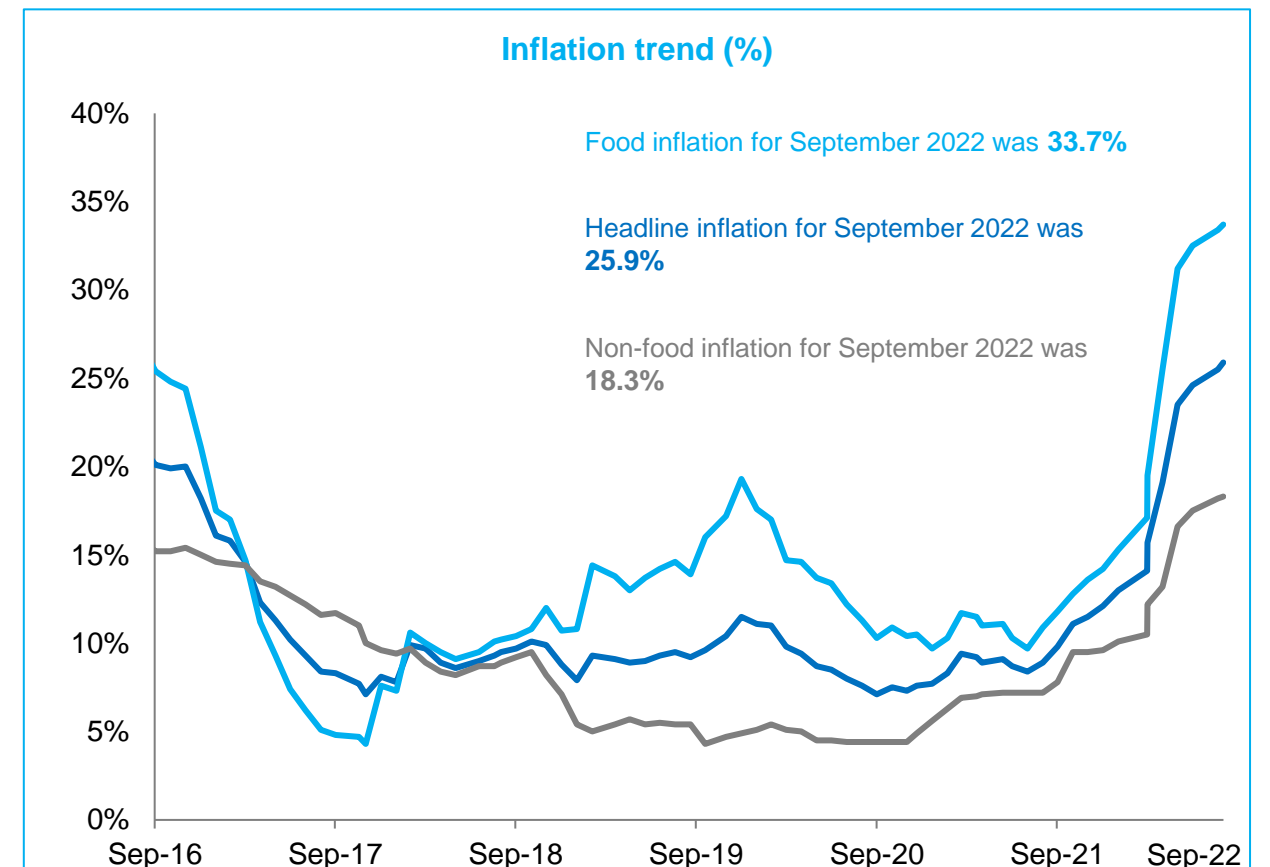
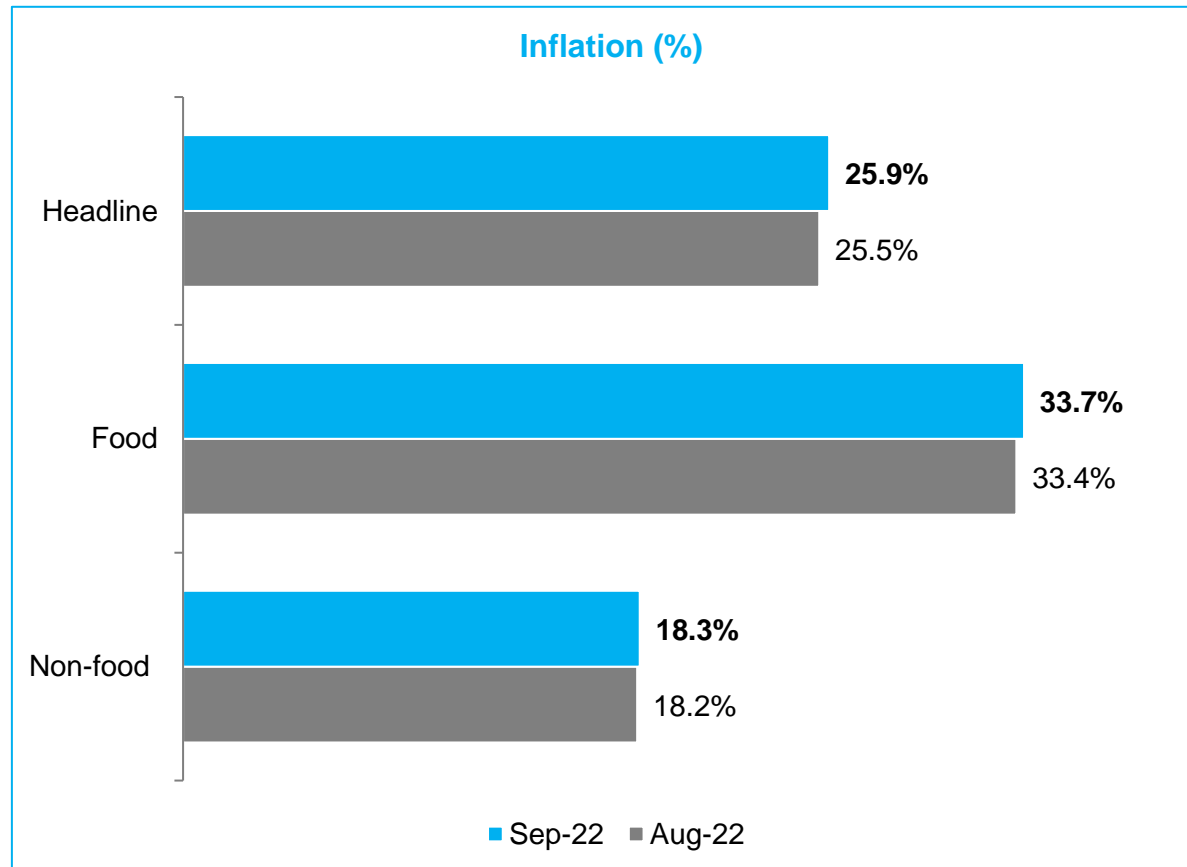
### Inflation (Source: NSO, RBM, EIU)

Headline inflation increased by 0.4% to 25.9% in September 2022, from 25.5% in August 2022. The average inflation rate between January and September 2022 was 19.3% while the average inflation rate between January and September 2021 was 8.7%.

The RBM, made a downward adjustment of their projected inflation rates for 2022 to 21.5% from 23.2%.

Month-on-month, headline inflation increased to 25.9% in September 2022, from 25.5% in August 2022. In September 2021, headline inflation was 8.9%. Headline inflation averaged 19.3% during the first nine 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 33.7% in September 2022, from 33.4% in August 2022. Food inflation was at 10.9% in September 2021. The increase in food inflation follows the sustained high costs of food due to weather-related shocks and some supply-side inconsistencies for agricultural inputs that were not present in 2021. According to the International Food Policy Research Institute (IFPRI), maize prices averaged MK334/Kg in September 2022, which is 3% higher than MK324/kg, the average maize price recorded at the end of August 2022. Between 2021 and 2022, the average maize price has increased by 57% to MK244.44/kg in 2022 from MK155.42/kg in 2021. Non-food inflation increased to 18.3% in September 2022, from 18.2% in August 2022. Non-food inflation was at 7.2% in September 2021. The current high non-food inflation rate is driven by high energy costs, lingering effects of the COVID-19 pandemic, and the effects of the continued Russia and Ukrainian war which has driven up global prices

The Reserve Bank of Malawi (RBM) made a downward adjustment of its projected average inflation rate for 2022 to 21.5%, from a previously projected average of 23.2%. The adjustment was made as a result of the expected impact of the revised Policy and Lombard rate announced by the RBM as well as the expectation of sustained inflation in the period. According to the RBM, the sustained high inflation rates will likely result from the delayed pass-through of past increases in food and energy prices from global commodity markets to domestic consumer prices. For 2023, the RBM projects inflation to average 21.8%.





## 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 foreign exchange reserves decreased by 6% to USD357.18 million as of 30 September 2022, from USD378.89 million as of 31 August 2022.

#### Foreign currency market

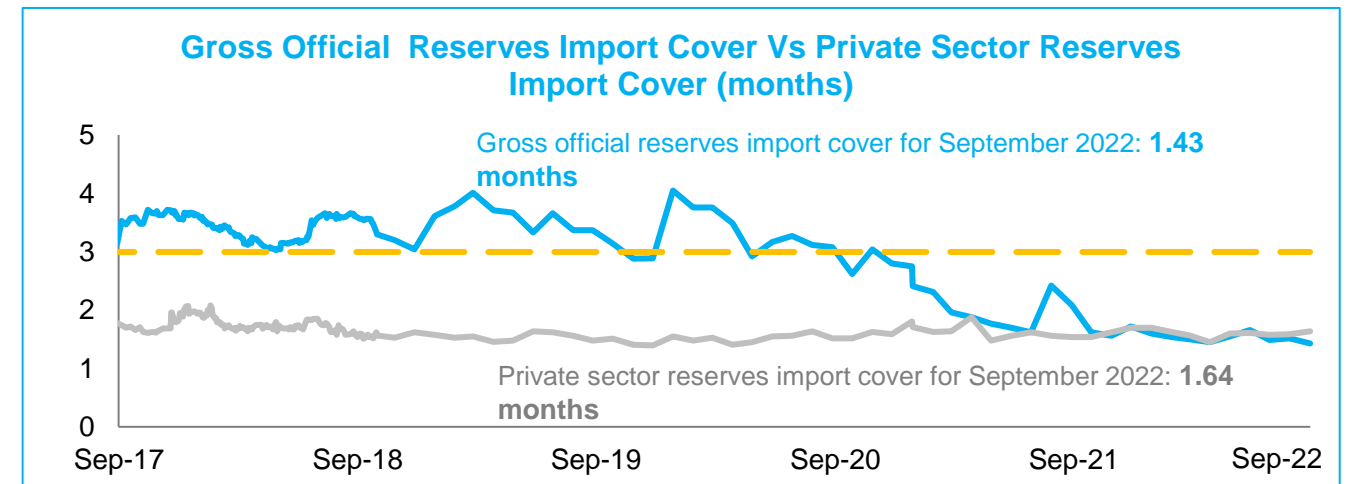
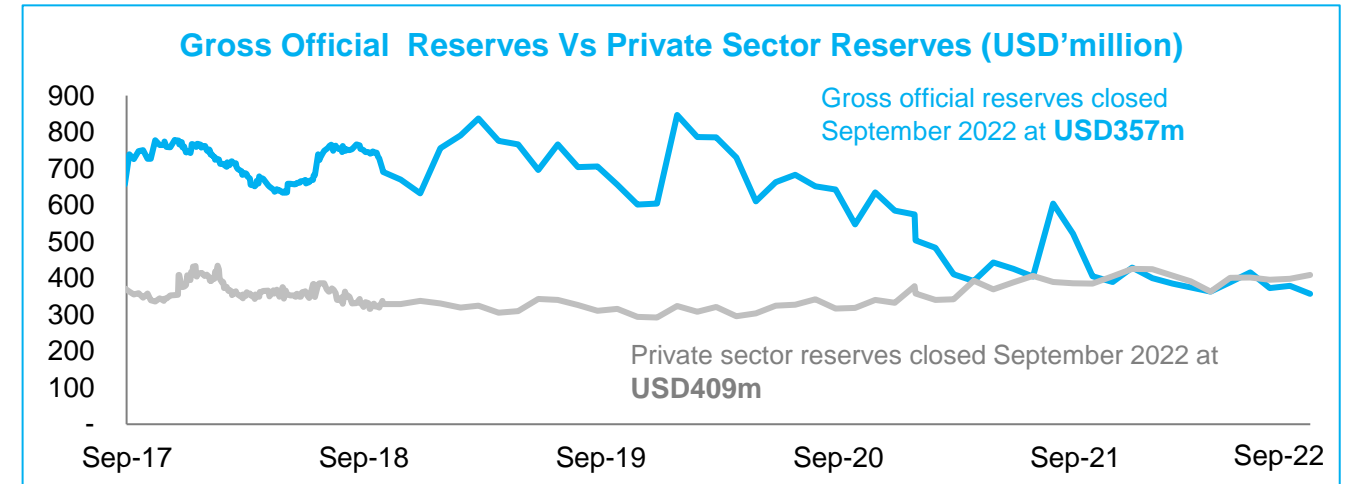
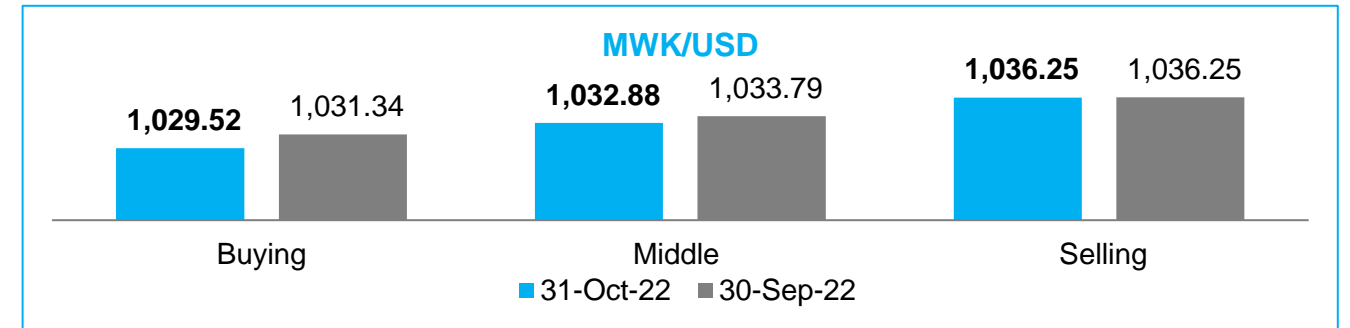
Month-on-month, the Kwacha marginally appreciated against the United States Dollar (USD) as it traded at MK1,032.88/USD as of 31 October 2022, from MK1,033.79/USD as of 30 September 2022. Year-to-date, the Kwacha has depreciated against the USD by 26.0% as it traded at MK819.44/USD as of 31 December 2021. During the same period in the previous year, the Kwacha had depreciated against the USD by 5.7%.

#### Foreign reserve position

As of 30 September 2022, the country's gross official foreign exchange reserves decreased by 6% to USD357.18 million, from a gross official foreign exchange reserve position of USD378.89 million as of 31 August 2022. The private sector foreign exchange reserves increased by 3% to USD408.84 million as of 30 September 2022, from USD398.43 million as of 31 August 2022. Overall, the total foreign exchange reserves held in September 2022 were USD766.02 million, a decrease of 1% from USD777.32 million in August 2022.

Import cover for gross official foreign exchange reserves for September 2022 was 1.43 months, a decrease of 6% from 1.52 months in August 2022. For private sector foreign exchange reserves, import cover was 1.64 months in September 2022, an increase of 3% from 1.59 months in August 2022. The import cover for gross official foreign exchange reserves remained below the required threshold of 3 months as of 30 September 2022. The total foreign exchange reserves import cover decreased to 3.07 months in September 2022, from 3.11 months in August 2022.

	Gross Official (USD'million)	Private Sector (USD'million)	Gross Official import cover (months)	Private sector import cover (months)
<b>Sep-22</b>	<b>357.18</b>	<b>408.84</b>	<b>1.43</b>	<b>1.64</b>
Aug-22	378.89	398.43	1.52	1.59





## Economic overview (Continued)

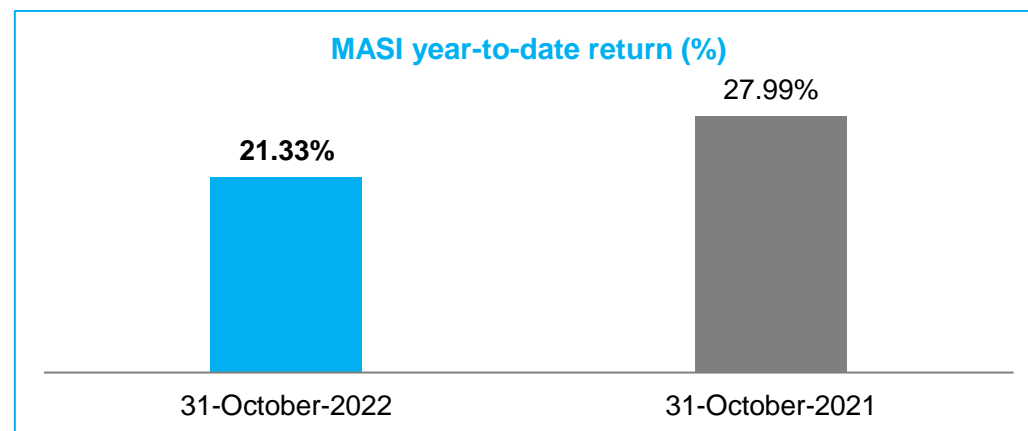
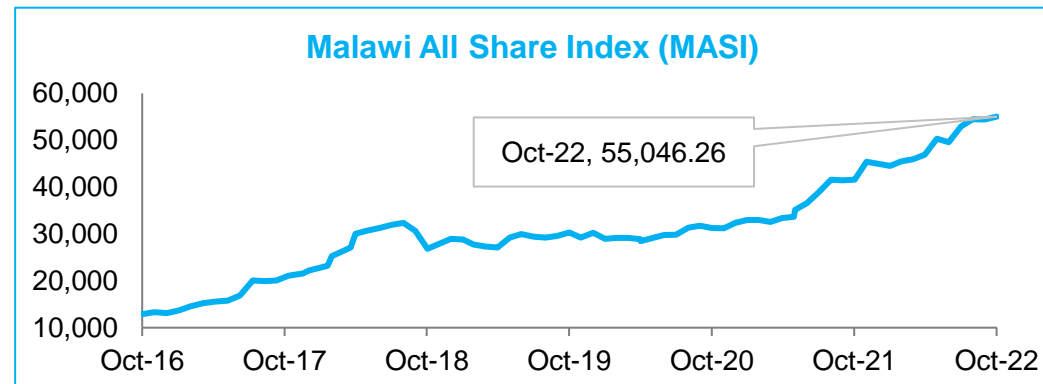
### Stock market (Source: MSE)

The stock market was bullish during the period under review with the MASI closing the month of October 2022 at 55,046.26 points, from 54,389.92 points at the end of September 2022. Month-on-month, this represents a 1.21% increase.

The MASI year-to-date return was 21.33% in October 2022, and it was 27.99% 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 1.21% to 55,046.92 points in October 2022, from 54,389.92 points in September 2022. Year-to-date, the return on the MASI is 21.33%, it was 27.99% during the same period in the previous year.

The largest gainer in October 2022 was SUNBRID whose share price increased by 15.01% to MK92.03 per share, from MK80.02 per share in September 2022. Followed by NITL and NBM whose share prices increased by 11.6% and 6.0% respectively. There were also marginal share price gains for AIRTEL, Standard Bank, ILLOVO and FMBCH. Other counters closed at the same prices as the previous month, these were TNM, NICO, MPICO, ICON and BHL. The largest loser was OMU whose share price decreased by 27.8% to MK1,156.00 per share, from MK1,600.00 per share during the period under review. There were also marginal share price losses for FDH Bank, NBS and PCL.



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



Symbol	Closing prices (MK/share)	
	31-Oct-22	30-Sep-22
AIRTEL	51.26	51.18
BHL	10.99	10.99
FDHB	14.86	14.99
FMBCH	100.07	100.05
ICON	11.97	11.97
ILLOVO	500.10	500.01
MPICO	20.67	20.67
NBM	1,230.00	1,160.04
NBS	22.62	22.66
NICO	50.96	50.96
NITL	125.00	112.00
OMU	1,156.00	1,600.00
PCL	2,181.38	2,181.41
STANDARD	1,841.04	1,840.10
SUNBIRD	92.03	80.02
TNM	12.01	12.01



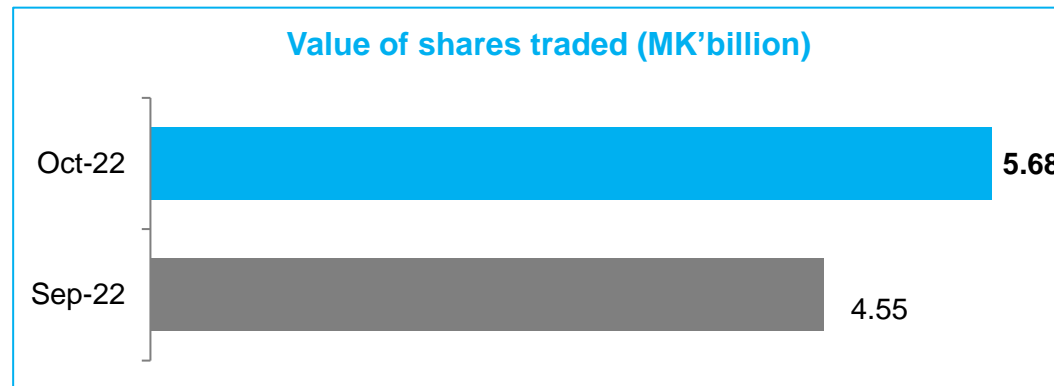
## Economic overview (Continued)

### Stock market (Source: MSE)

The total value of shares traded increased by 24.9% in October 2022 to MK5.68 billion, from MK4.55 billion in August 2022.

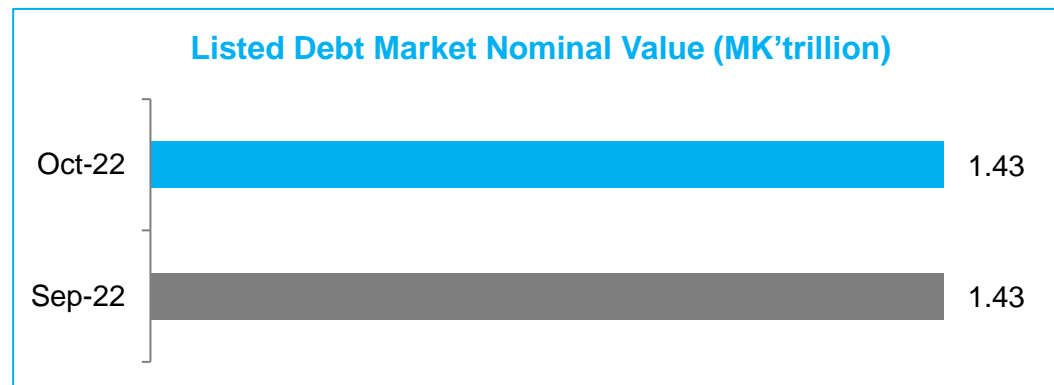
#### MSE Traded Volumes

There was MK5.68 billion worth of shares traded in October 2022, an increase of 24.9% from MK4.55 billion worth of shares traded in September 2022. NBM had the highest value of shares traded at MK1.43 billion during the period under review. The total number of trades in the month under review increased to 506 trades, from 391 trades in September 2022. The figure below shows the total value of shares traded on the MSE in October 2022 compared to September 2022.



#### Listed Debt Market

There were no trades or listings on the listed debt market in October 2022. The nominal value of all the listed debt securities was MK1.43 trillion as of 31 October 2022.



## 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
Sunbird	Interim	Declared	0.50	18 November 2022	25 November 2022





## Economic overview (Continued)

### Government securities (Source: RBM)

The government awarded a total of MK255 billion through Treasury Bills and Treasury Notes auctions in October 2022, an increase of 54% from a total of MK166 billion awarded in September 2022.

#### Treasury Bills (TBs)

In October 2022, the government sought to borrow MK93 billion through Treasury Bills (TBs) auctions, a 5% increase from MK89 billion sought in September 2022. Participants applied to place MK28 billion through the TBs auctions in October 2022, which was a 60% decrease from MK69 billion applied for in September 2022. The applications had a 6% rejection rate as the government awarded MK26 billion through the TBs auctions in October 2022, a decrease from MK60 billion awarded in September 2022.

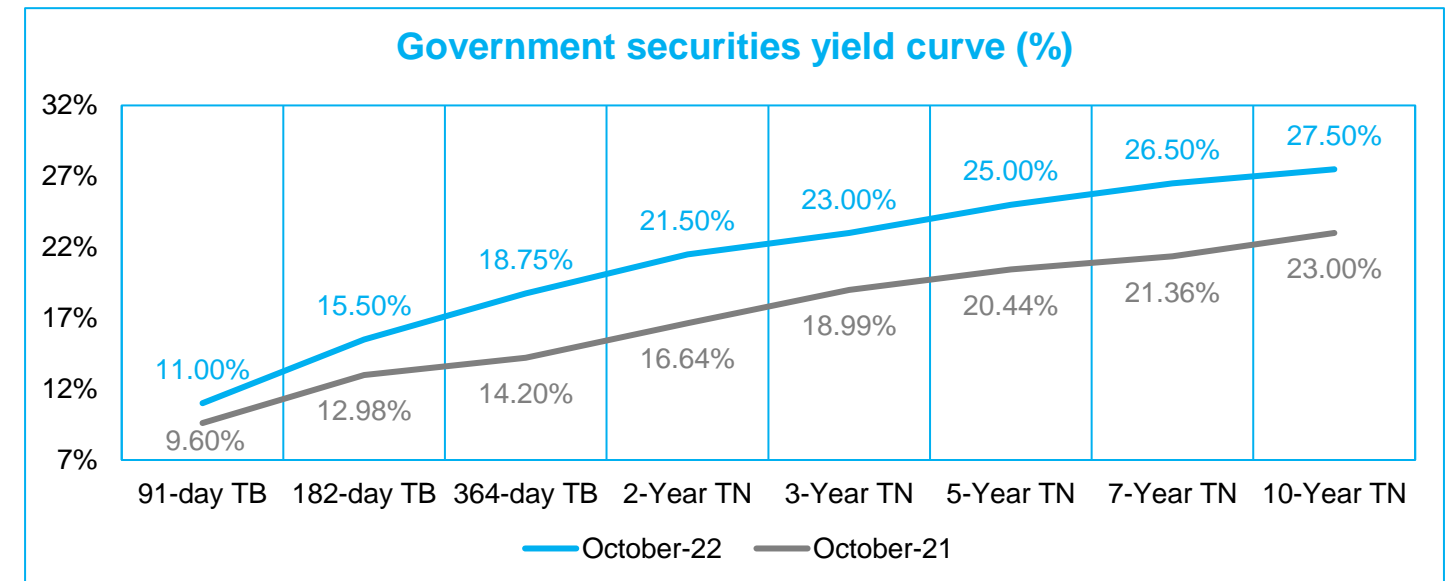
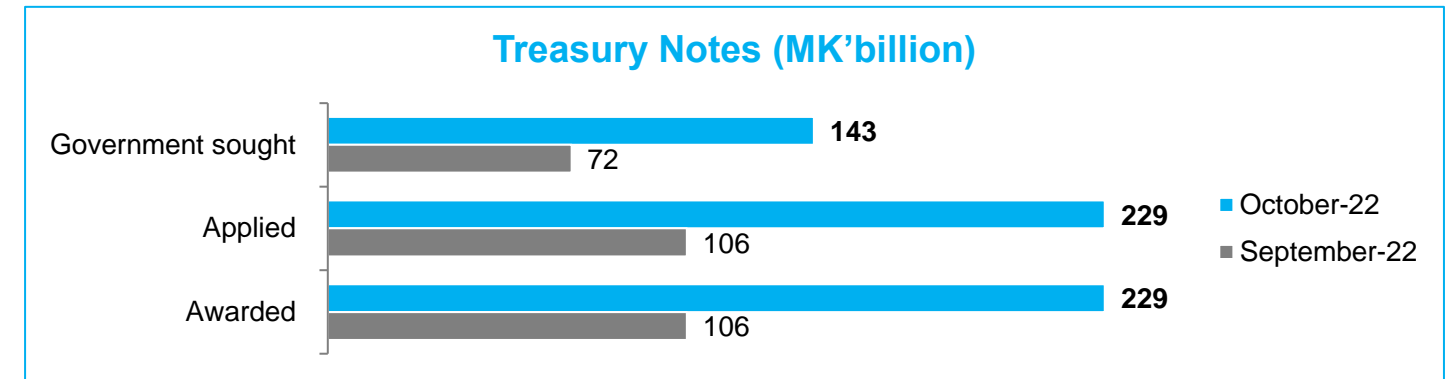
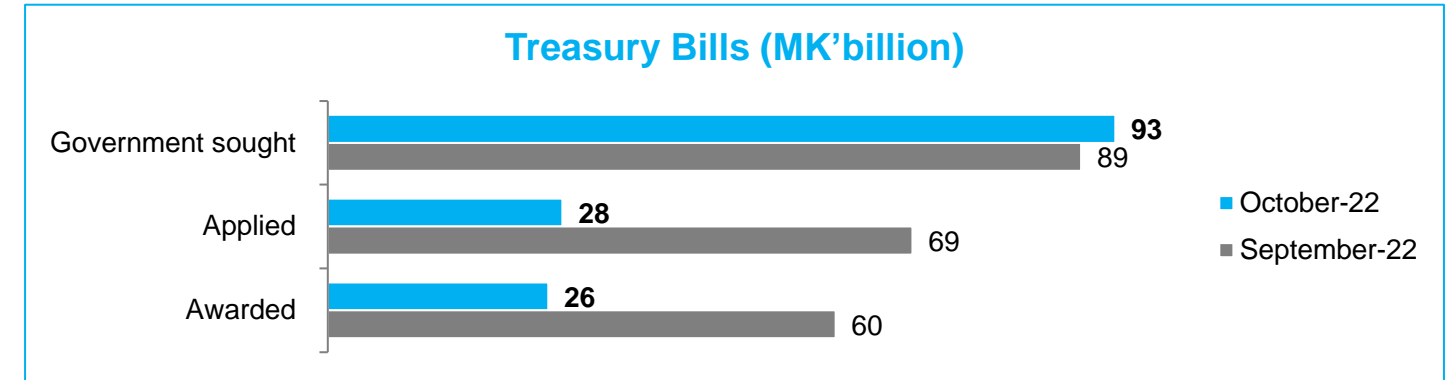
#### Treasury Notes (TNs)

In October 2022, the government sought to borrow MK143 billion through Treasury Notes (TNs) auctions. This was a 99% increase from MK72 billion sought in September 2022. Participants applied to place MK229 billion through the TNs auctions, and this was a 116% increase from MK106 billion worth of applications made in September. The government awarded all TNs applications at MK229 billion. This was a 116% increase from MK106 billion applied in September.

#### Government Securities Yield Curve

The average TB yield was constant at 15.08% between September 2022 and October 2022. The yields for 91-days TB, the 182-days TB and the 364-day TB maintained their positions at 11.00%, 15.50% and 18.75% respectively, during the period under review.

The average TN yield was maintained at 24.70% between September 2022 and October 2022. During the period under review, 2-year TN had a 21.50% yield while the 3-year TN had a 23.00% yield. The 5-year TN, 7-year TN and the 10-year TN had 25.00%, 26.50% and 27.50% yields respectively.





## Other Market Developments

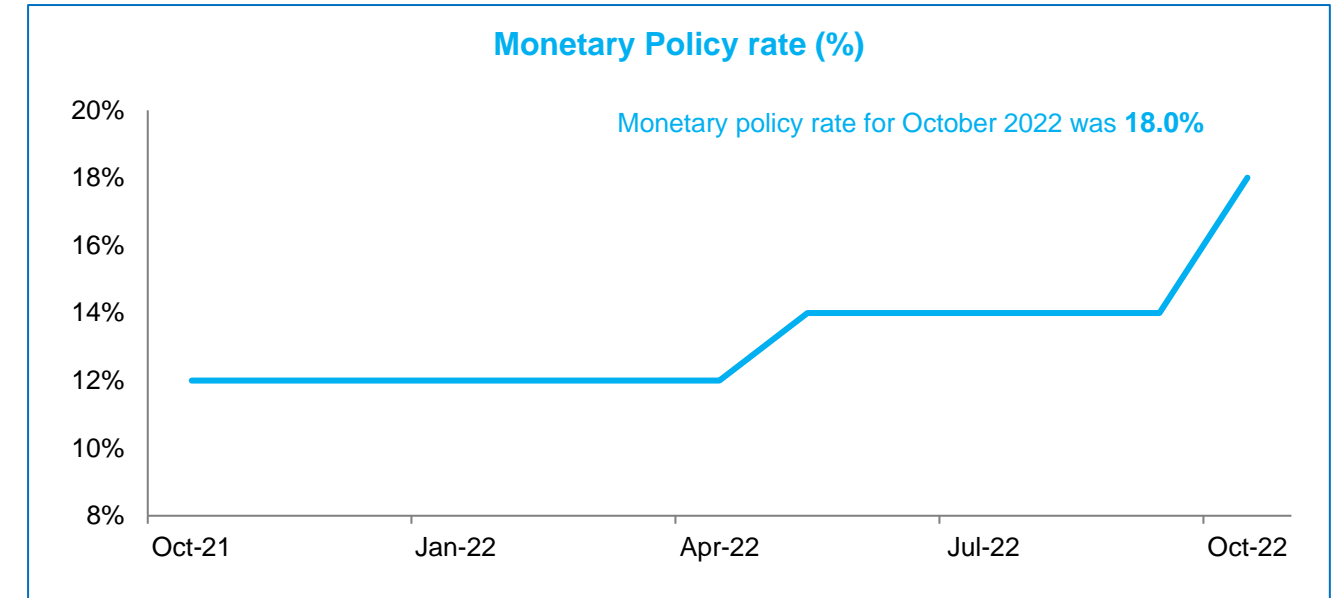
### Monetary Policy and The Rapid Credit Facility (Source: RBM, Ministry of Finance, World Bank)

*The RBM to adjusted the Policy rate upward to 18% during the fourth MPC meeting. The LRR on both domestic and foreign reserves was maintained at 3.75%. The Lombard rate was kept at 20 basis points above the policy rate (18.2%)*

#### Monetary Policy

During the fourth MPC meeting of 2022 held on 25 and 26 of October 2022, the MPC revised the policy rate from 14.0% to 18%; the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits was maintained at 3.75%; and the Lombard rate was maintained at 20 basis points above the policy rate. This decision was made to induce price stability, to revive the economy and to sustain economic growth. Interest rates and financing charges for both existing and future credit lines are expected to rise.

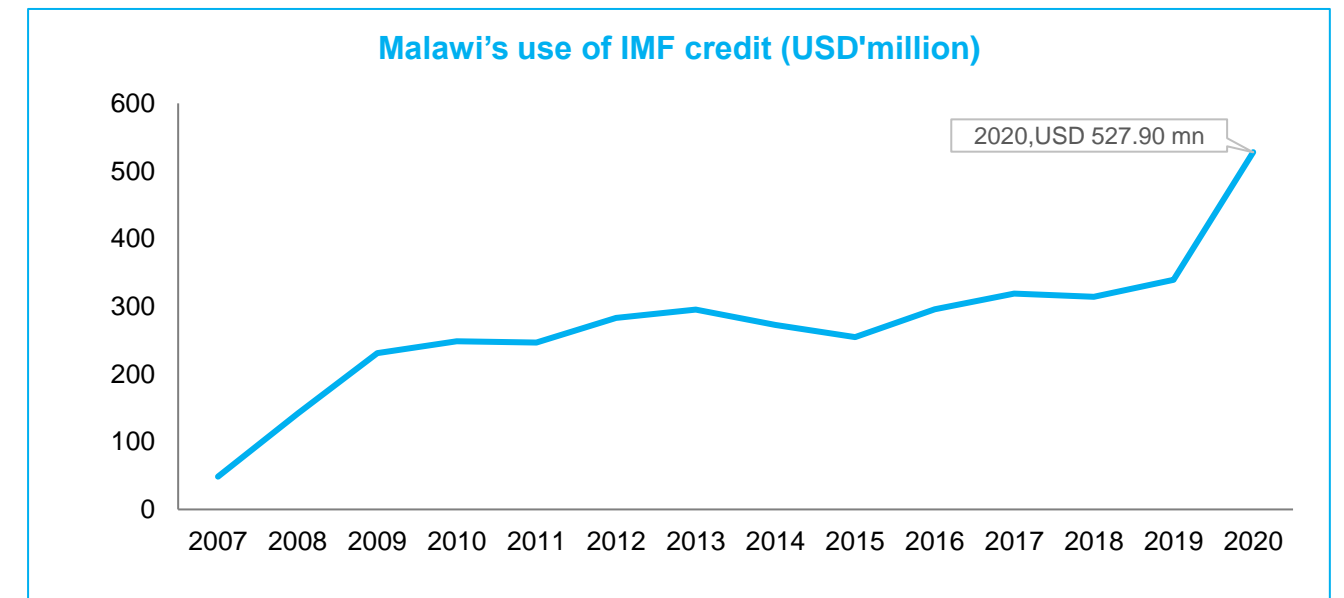
The decision by the RBM has been made earlier than predicted by the EIU. The RBM adjustment of the policy rate is higher than what was expected by the EIU, who projected that the RBM were to adjust the Policy rate upward to 15% in 2023. According to the EIU, real short-term interest rates are expected to turn positive in line with the monetary policy tightening. Following the adjustment of the policy and Lombard rates, commercial banks have also revised their reference or bank lending rates to 16.6% from 13.9% effective from 3 November 2022.



#### Malawi's Rapid Credit Facility

On 18 October 2022, the International Monetary Fund (IMF) Staff approved Malawi's application for a Rapid Credit Facility (RCF) programme. The RCF programme will allow the country to access 50% of its Special Drawing Rights (SDR) quota with the IMF which is approximately US\$88.3 million (approximately MK90 billion). The application was made under the IMF Food Shock Window and it will involve Program Monitoring with Board Involvement that will support the government's economic reforms to restore macroeconomic stability and provide the foundation of an inclusive recovery.

Malawi's application will be discussed by IMF's Executive Board, however, prior to the board's consideration, Malawi is expected to complete implementation of a comprehensive debt restructuring program that is needed to restore debt sustainability. As such, the government and its debt advisor have developed a debt strategy to regain debt sustainability based on adequate creditor engagement to ensure that the approach they have taken delivers the necessary contributions in a sustainable manner. In addition to this, the government of Malawi intends to make strong medium-term fiscal adjustments and to implement strong debt management, monitoring, recording and reporting while seeking further grants from development partners.



Source: World Bank Development Indicators



*The new MCC compact deal is worth USD350 million (MK350 billion) and it is expected to benefit over 5.3 million Malawians by boosting the agricultural, transport and power sector.*

## Special Topic: The Millennium Challenge Corporation's Compact

### What is the Millennium Challenge Corporation?

The Millennium Challenge Corporation (MCC) is an independent US foreign aid agency that is helping in the fight against global poverty by providing time-limited grants to developing countries. The corporation aims at reducing poverty, strengthening institutions, supporting stability and prosperity in partner countries and enhancing American interests.

They offer aid using an approach that focuses on good policies, country ownership and results. Their grants are designed to complement US and other international development programs. The MCC portfolio mainly focuses on African countries, that show commitment to good governance, economic freedom and that invest in their citizens but countries from other regions are also considered as well.

### MCC Grants

The MCC provides grants that are categorized in three, and these are; compacts, concurrent compacts for regional investment and threshold programmes. A compact is a large five-year grant for selected countries that meet MCC eligibility criteria while a concurrent compact for regional investment is a grant that is used specifically, to invest in projects that promote regional economic integration, trade and collaboration. A threshold programme is a smaller grant that focuses on policy and institutional reform in selected countries that are close to passing the MCC eligibility criterion and show a firm commitment to improving their policy performance.

### Country Eligibility Criteria and Selection Process

The MCC only transacts with countries that do not exceed a predetermined level of per capita income and countries that are not subject to any US sanctions. A scorecard is used to assess a country's commitment to MCC's values in 20 different areas. Generally, the scorecard considers a country's policy performance, its opportunity to reduce poverty and generate economic growth and the availability of funds. Because the MCC values transparency, all countries that apply for grants are objectively compared using independent third-party sources during the selection process. After a rigorous selection process, successful countries together with the MCC team, identify priority areas for achieving sustainable economic growth and reducing poverty. Eligible countries are required to apply for a grant with a predetermined project or programme in mind. Successfully selected countries partner with the MCC team and develop an MCC proposal.

### MCC's previous partnerships with the Malawi Government

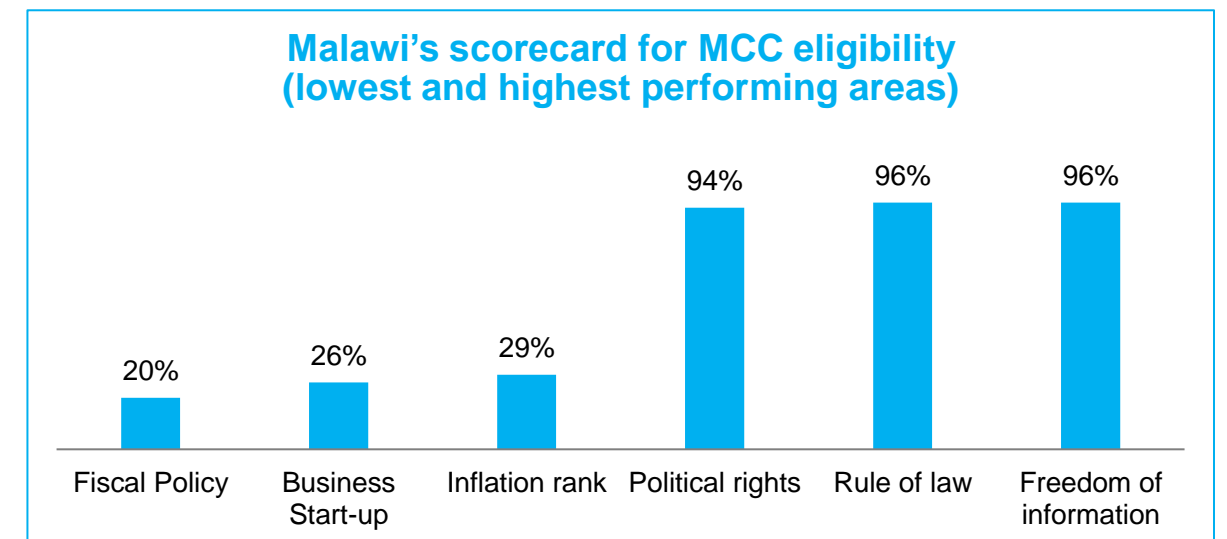
The MCC first partnered with the government of Malawi in a USD20.9 million threshold programme in 2004. The targeted policy areas were, control of corruption and fiscal policy. The program was intended to fight corruption using a coordinated approach of reducing opportunities for corruption and strengthening the government's ability to monitor and manage its finances.

In 2011, the MCC partnered with the Malawi government in a USD350.7 million power compact. The compact was intended to transform Malawi's power sector and secure the foundation for private sector investment using intensive policy and institutional reforms plus infrastructural investment and a focus on environmental management. Both programs were considered as successful.

### Malawi's new compact

A new MCC compact deal worth USD350 million was signed by the Malawi government and MCC officials on 28 September 2022. It is a transport and land compact which will mainly target the agricultural, transport and power sectors and it is expected to benefit about 5.3 million Malawians upon completion of the intended projects. The proposed projects in the programme include, Accelerated Growth Corridors (AGC) project, American Catalyst Facility for Development (ACFD) project and Increased Land productivity (ILP) project.

The AGC project aims at addressing poorly maintained and constructed farm-to-market roads in priority transport corridors. The project is expected to construct 4 main bitumen roads that will connect gravel road which will connect to village roads. 300 kilometers of roads that have a direct impact on the promotion of the agricultural and service sectors will be upgraded. The ILP project will aim at increasing land productivity by expanding revenues available for land administration, clarification of land lease rights and support of land-related institutional reforms. The ACFD project will facilitate investment to Malawi to activate increased private investment to increase the compact's scale and impact.





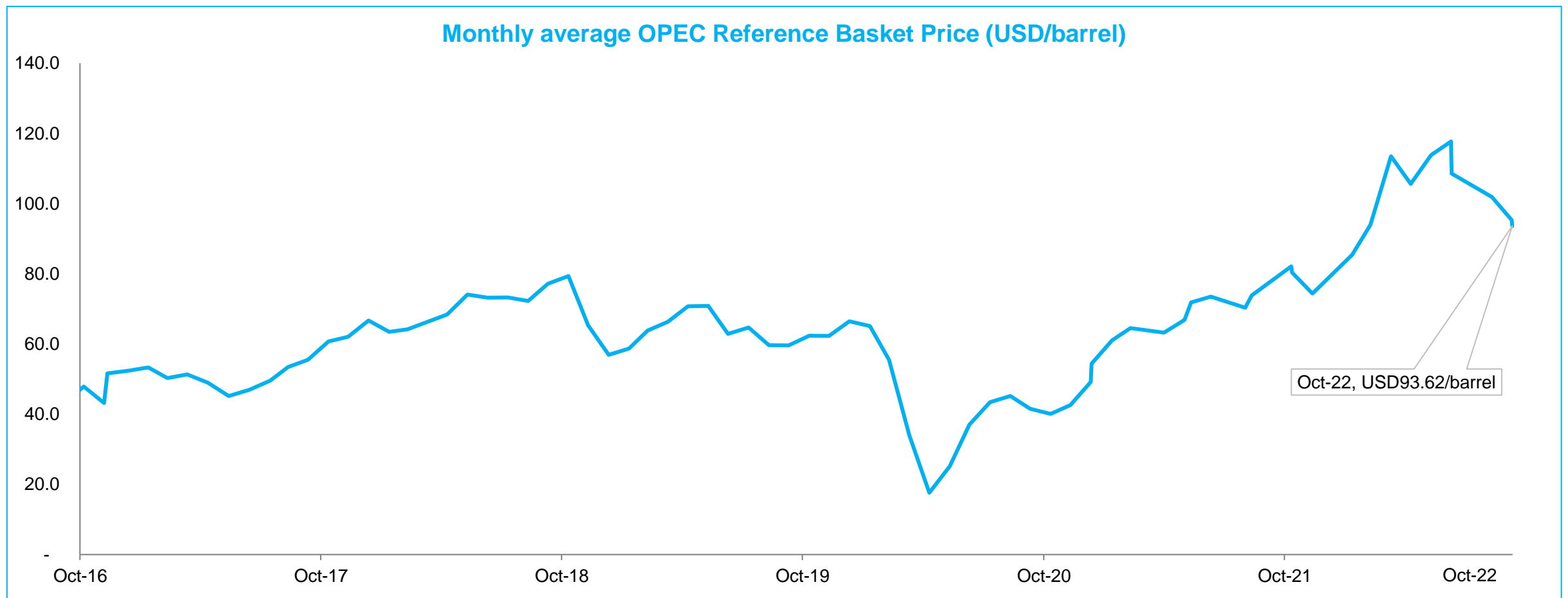
## Regional And Global Market Developments

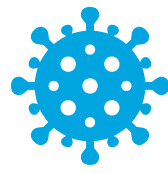
### Global oil price developments (Source: OPEC)

*The monthly average OPEC Reference Basket (ORB) price decreased by 1.8% to a monthly average of USD93.62/barrel in October 2022, from USD95.32/barrel in September 2022.*

Month-on-month, the monthly average OPEC Reference Basket (ORB) price decreased by 1.78% to an average of USD93.62/barrel in October 2022, from USD95.32/barrel in September 2022. Year-on-year, the monthly average ORB price has increased by 14% as it was USD82.11/barrel in October 2021. The decline has been attributed to slowdown in worldwide economic activity with fears of a looming global recession.

The World Energy Outlook (WEO) projects that the global demand for oil is to peak both in the short-term term and up to 2030. The WEO reported that global oil demand will peak in the mid-2020's and will return to its 2021 levels in 2030 as both consumers and producers will likely switch to oil alternatives. On the supply side, the COVID-19 pandemic cause an abundant oversupply of oil which led to lowering of oil prices on the global market. However, currently, supply is failing to keep up with the growing demand for oil because of supplier capacity constraints and Russia's invasion of Ukraine. The Russian-Ukraine war is the number one driver of current high global oil prices.





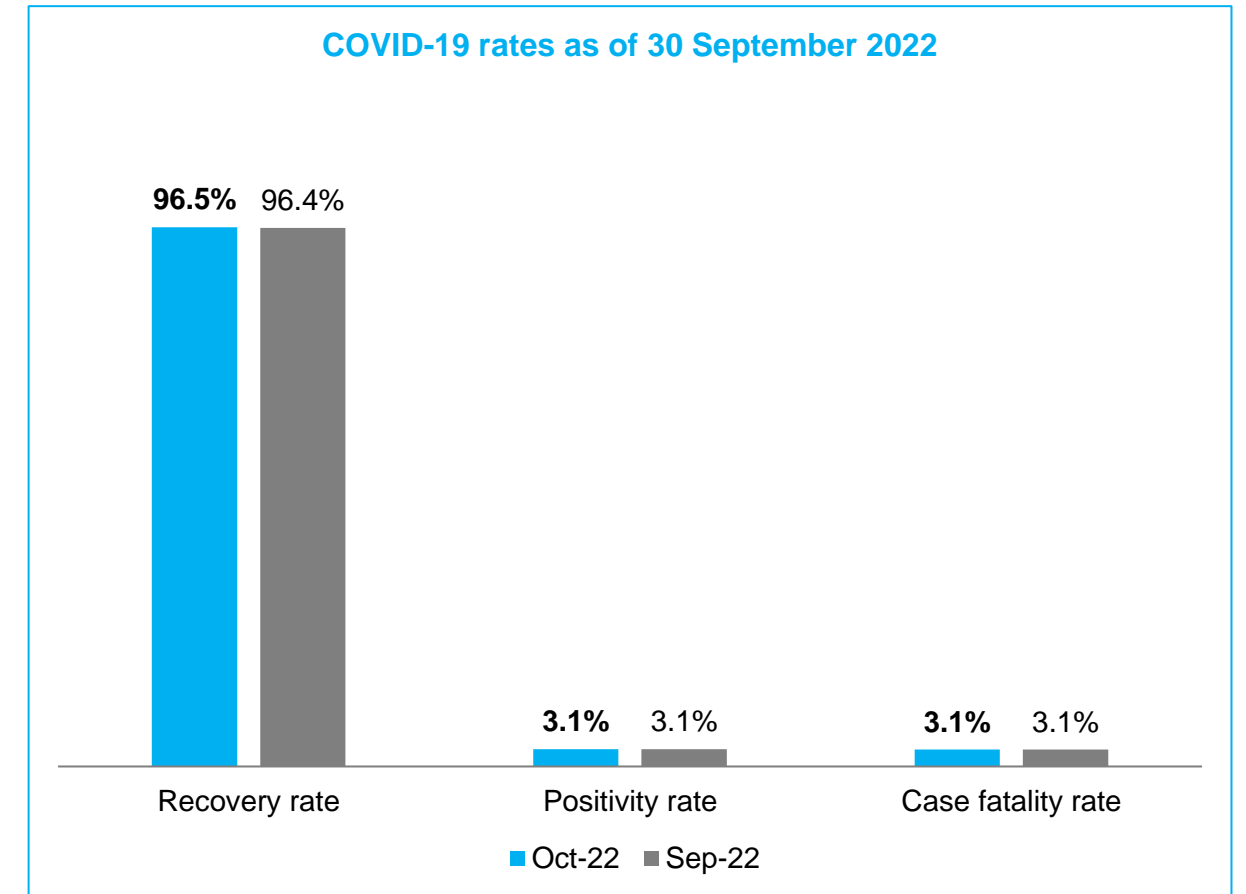
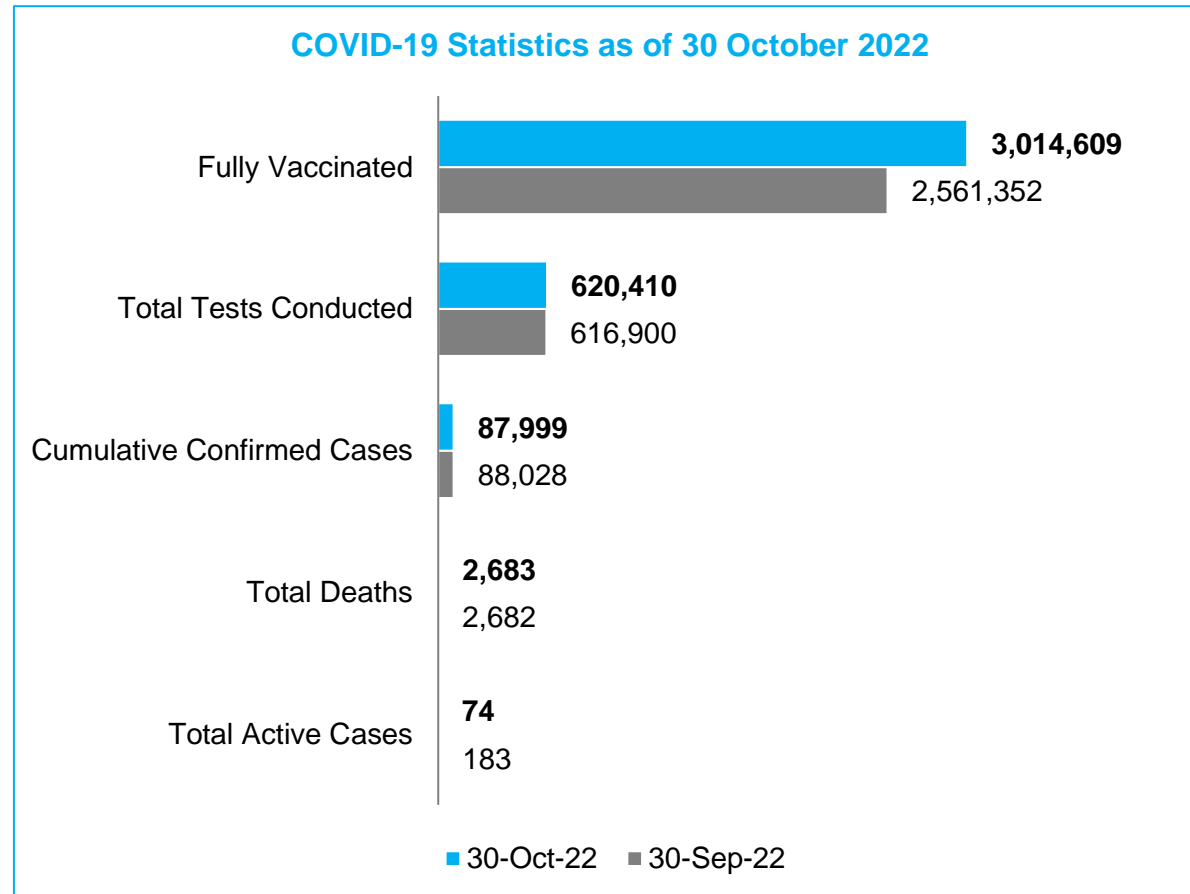
# COVID-19 Update

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

As of 31 October 2022, 3.0 million individuals had been fully vaccinated against the COVID-19 virus, a 15% increase from 2.6 million individuals fully vaccinated as of 30 September 2022.

As of 30 October 2022, 3.0 million individuals had been fully vaccinated against the COVID-19 virus in Malawi. This is an increase of 15% from 2.6 million individuals fully vaccinated in September 2022. The number of fully vaccinated individuals represents 15% of the total Malawian population. As of 30 October 2022, 460,962 COVID-19 booster vaccinations had been administered, a 23% increase from 373,417 COVID-19 booster vaccinations administered in September 2022.

The reported total cumulative confirmed COVID-19 cases were at 87,999 as of 30 October 2022, from 88,028 as of 30 September 2022. In the month of October 2022, there was only one registered death from COVID-19. The cumulative COVID-19 related deaths increased to 2,683 as of 30 October 2022, from 2,682 as of 30 September 2022. These changes were accompanied by the daily positivity rate decreasing to 2% as of 30 October 2022, from 3.1% as of 30 September 2022. The daily case fatality rate maintained its position at 3.1% during the period under review. The daily recovery rate was at 96.5% in the period under review.



Note: MOH reported lower cumulative confirmed COVID-19 cases for 30 October 2022 compared to 30 September 2022. Data for 31 October is not available

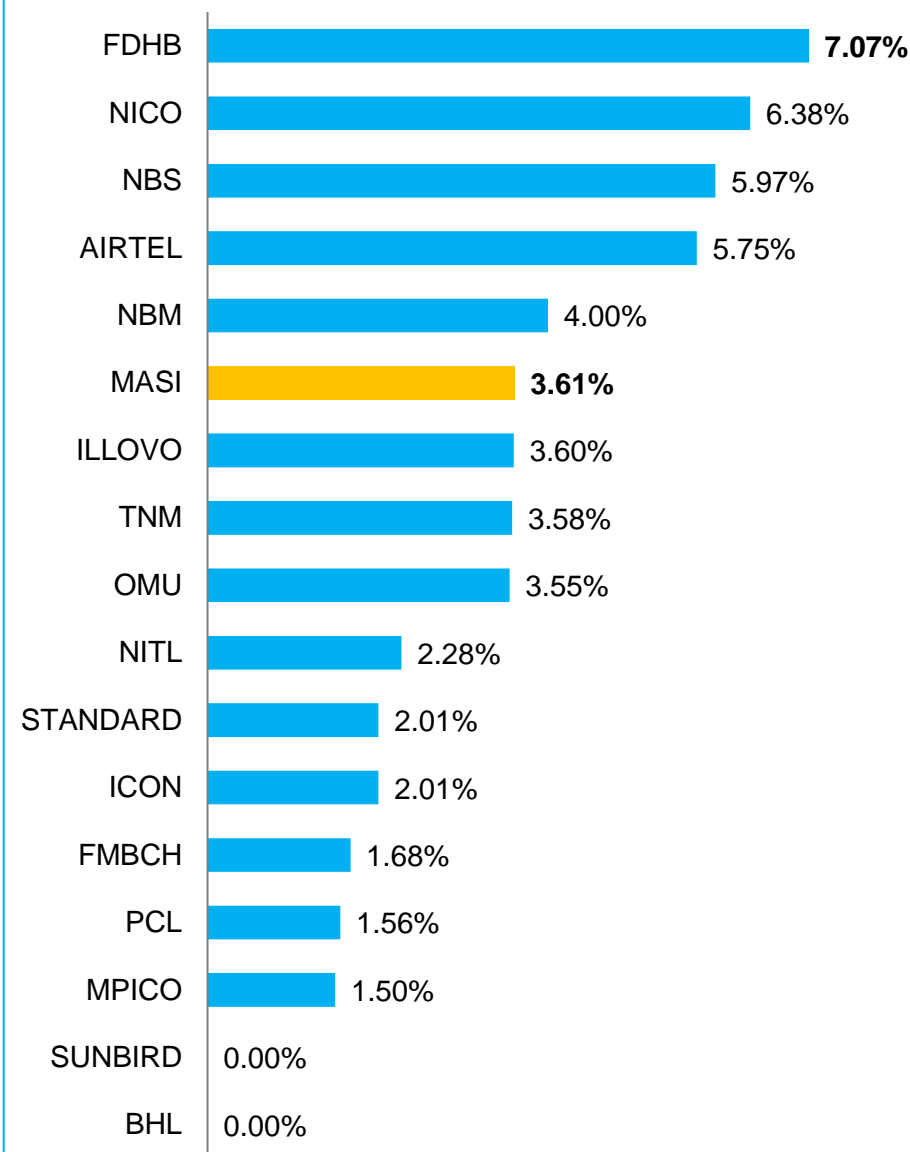
## Appendix

## Appendix 1: Historical Economic Indicators

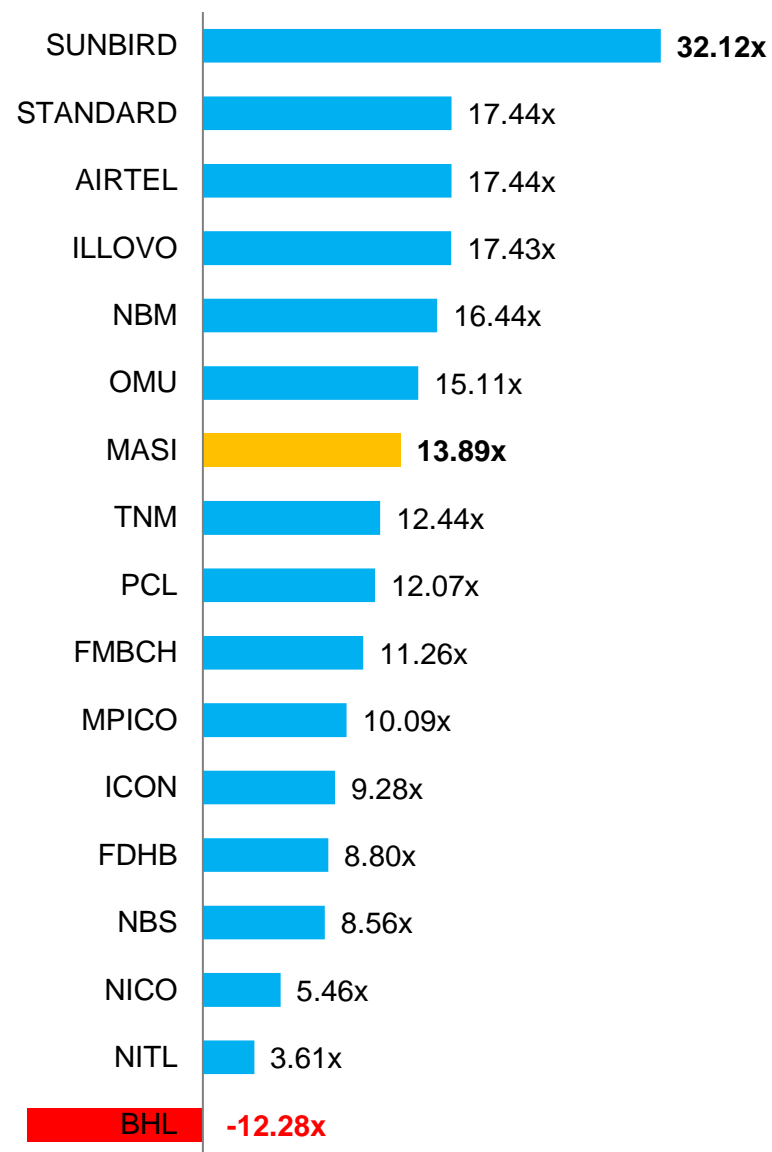
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
<b>Exchange rates</b>																			
MK/USD	797.66	800.17	811.95	817.43	820.40	822.17	821.34	822.88	819.44	822.81	822.10	823.60	823.67	1,029.90	1,033.36	1,035.03	1,035.42	1,033.79	<b>1,032.88</b>
MK/GBP	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	<b>1,234.05</b>
MK/EUR	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	<b>1,062.62</b>
MK/ZAR	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	<b>58.36</b>
<b>Foreign Exchange Reserves</b>																			
Gross Official Reserves (USD'mn)	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	357.18	<b>N/A</b>
Private Sector Reserves (USD'mn)	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	408.84	<b>N/A</b>
Total reserves (USD'mn)	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	766.02	<b>N/A</b>
Gross Official Reserves Import cover (months)	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	1.43	<b>N/A</b>
<b>Inflation</b>																			
Headline	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%	25.9%	<b>N/A</b>
Food	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%	33.7%	<b>N/A</b>
Non-food	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%	18.3%	<b>N/A</b>
<b>Interest Rates</b>																			
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%	14.00%	14.00%	14.00%	14.00%	14.00%	<b>18.00%</b>
Average Interbank rate	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%	<b>13.00%</b>
Average base lending rate	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%	<b>15.00%</b>
<b>Government Securities' Yields</b>																			
91-days Treasury Bill	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%	<b>11.00%</b>
182-days Treasury Bill	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%	<b>15.50%</b>
364-days Treasury Bill	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%	<b>18.75%</b>
2-year Treasury Note	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%	<b>21.50%</b>
3-year Treasury Note	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%	<b>23.00%</b>
5-year Treasury Note	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%	<b>25.00%</b>
7-year Treasury Note	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%	<b>26.50%</b>
10-year Treasury Note	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%	<b>27.50%</b>
<b>Stock Market Indices</b>																			
MASI	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	<b>55,046.26</b>
DSI	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	<b>44,986.52</b>
FSI	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	<b>5,100.84</b>

## Appendix 2: Selected stock market statistics as of 31 October 2022

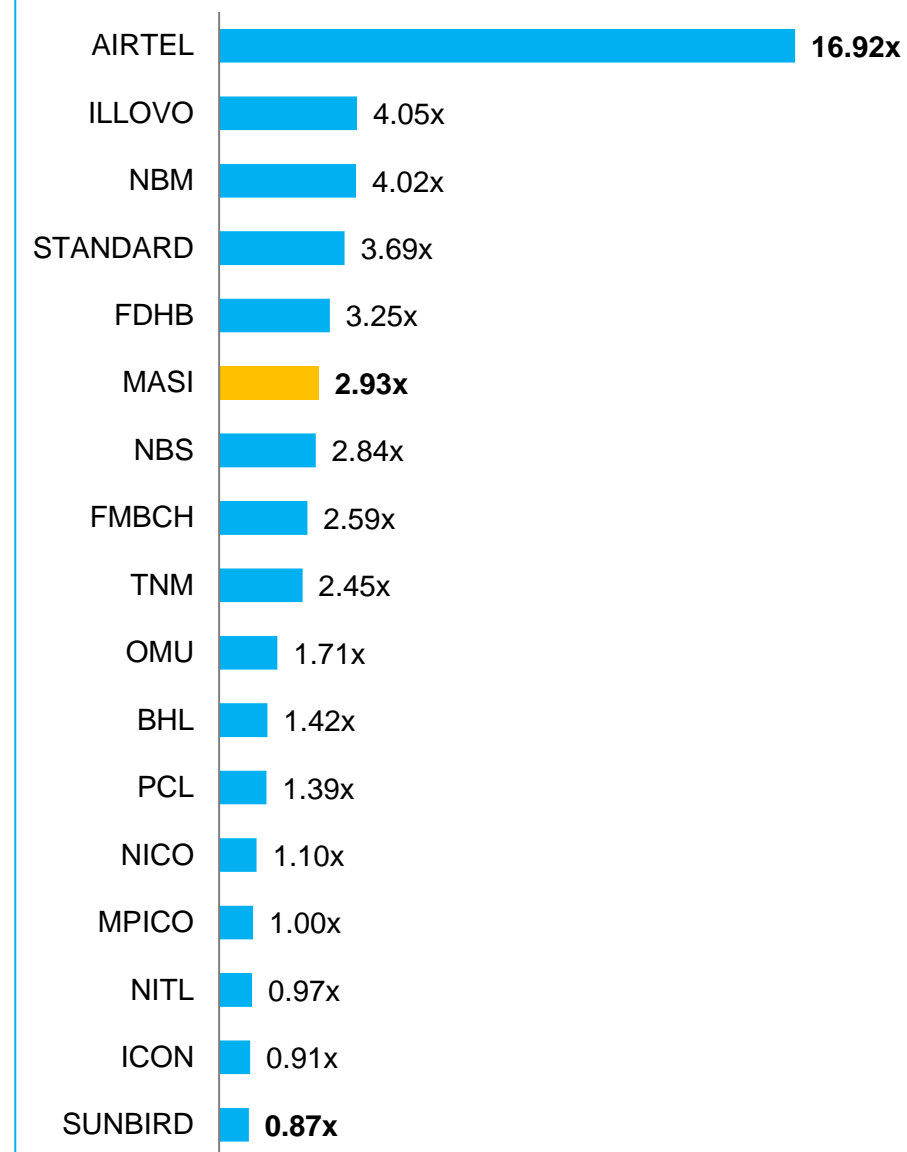
**Dividend yield (%)** – the weighted average dividend yield on the MSE was 3.61% in October 2022. The counter with the highest dividend yield was FDH Bank at 7.07%.



**P/E Ratio** – the weighted average price to earnings ratio on the MSE was 13.89x in October 2022. SUNBIRD had the highest at 32.12x while BHL had the lowest at negative 12.28x.



**P/BV Ratio** – the weighted average price to book value on the MSE was 2.93x in October 2022. The counter with the highest ratio was AIRTEL at 16.92x while SUNBIRD had the lowest ratio at 0.87x.





## 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, October 2022)

Subject Descriptor	Units	2021	2022	2023	2024	2025	2026	2027
Real Gross domestic product	Percent change	2.2	0.94	2.51	3.19	3.86	4.40	4.53
Nominal Gross domestic product	(MK'billions)	9,596.86	11,161.07	13,152.46	15,107.84	16,985.44	18,853.25	20,898.10
Inflation, average consumer prices	Percent change	9.34	18.45	16.51	12.62	8.74	6.68	6.49
Volume of Imports of goods	Percent change	-20.52	-17.50	2.88	2.43	6.19	4.63	2.67
Volume of exports of goods	Percent change	21.69	-10.50	-1.66	8.36	5.22	7.46	8.89
General government revenue	Percent of GDP	15.64	16.47	16.98	18.04	17.99	18.33	17.99
General government total expenditure	Percent of GDP	24.59	23.60	24.94	24.86	24.16	23.48	22.13
Current account balance	Percent of GDP	-12.21	-12.15	-12.93	-13.09	-13.01	-11.93	-10.46
Population	Persons	21.47	22.09	22.73	23.38	24.06	24.75	25.46
General government gross debt	(MK'billions)	6,135.29	8,183.99	9,798.84	11,362.99	12,779.04	13,975.97	15,089.33

\*: for the year ended 31 August

## Appendix 4: EIU Projections

Economic growth						
%	2021*	2022**	2023**	2024**	2025**	2026**
Real 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
<b>National Accounts and Prices</b>				
Real GDP (% 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
Inflation Rate	8.6	9.3	12.6	11.5
<b>Central Government (FY % of GDP)</b>				
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
<b>Money and Credit</b>				
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
<b>External sector (US\$ million)</b>				
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-	-	
<b>Debt Stock</b>				
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

ACFD:	Accelerated Growth Corridors	IMF:	International Monetary Fund	OPEC:	Organization of the Petroleum Exporting Countries
AIP:	Affordable Inputs Programme	LRR:	Liquidity Reserve Requirement	ORB:	OPEC Reference Basket
ACFD:	American Catalyst Facility for Development	MASI:	Malawi All Share Index	PAT:	Profit after tax
BHL:	Blantyre Hotels plc	Mb/d:	million barrels per day	PCL:	Press Corporation Limited plc
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	MOH:	Ministry of Health	SUNBIRD:	Sunbird Tourism plc
EIU:	Economist Intelligence Unit	MPC:	Monetary Policy Committee	TB:	Treasury Bill
ESCOM:	Electricity Supply Corporation of Malawi	MPICO:	MPICO properties plc	TN:	Treasury Note
EUR:	Euro	MSE:	Malawi Stock Exchange	STANDARD:	Standard Bank plc
FDHB:	FDH Bank plc	MVAC:	Malawi Vulnerability Assessment Committee	TNM:	Telekom Networks Malawi plc
FMBCH:	FMB Capital Holdings plc	NBM:	National Bank of Malawi plc	TT:	Telegraphic Transfer
FSI:	Foreign Share Index	NBS:	NBS Bank plc	UN:	United Nations
GBP:	Great British Pound	NICO:	NICO Holdings plc	USD:	United States Dollar
GDP:	Gross Domestic Product	NITL:	National Investment Trust Limited plc	WEO:	World Energy Outlook
ICON:	ICON properties plc	NSO:	National Statistical Office	X:	Times
IFPRI:	International Food Policy Research Institute	OMU:	Old Mutual Limited plc	ZAR:	South African Rand
ILP:	Increased Land Productivity				

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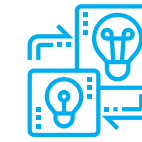
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