Bridgepath Capital
Invest to Achieve

Malawi Monthly Economic Report and a summary of the World Bank Country Policy and Institutional Assessment Report

September 2023

Table of Contents

Bridgepath Capital
Invest to Achieve

Inflation

The headline inflation rate increased to 28.6% in August 2023 from 28.4% in July 2023 due to a rise in food inflation rate to 39.4% from 39.3% and non-food inflation rate to 16.1% from 16.0%. According to the Reserve Bank of Malawi (RBM), headline inflation is projected to average 29.5% in 2023 compared to an average of 20.9% in 2022. This is attributed to rising food inflation rate, elevated public sector financing requirements as well as exchange rate developments.

The Economist Intelligence Unit (EIU) expects inflation to average 30.5% in 2023 and 22.8% in 2024 while the International Monetary Fund (IMF) expects inflation to average 24.8% in 2023 and 18.3% in 2024. Finally, the World Bank projects inflation to average 25.7% in 2023 and 20.8% in 2024. The factors driving 2024 inflation expectations include lower input costs, fiscal consolidation, tight monetary policy stance and better global and local economic prospects.

Exchange Rates and Foreign Currency Reserves

Following a foreign exchange auction held on 27 September 2023, the maximum selling price per USD increased to MK1,180.29/USD from MK1,126.77/USD. This represents a 4.7% depreciation. Based on closing middle rates, the Malawi Kwacha traded at MK1,126.50/USD as of 30 September 2023, a depreciation of 2.9% from MK1,094.74/USD as of 31 August 2023. Year-to-date, the Kwacha has depreciated against the USD by 8.9% as it traded at MK1,034.67/USD as of 31 December 2022. In September 2022, the Kwacha had depreciated against the USD by 26.2%.

As of 31 August 2023, the country's gross official foreign exchange reserves decreased by 10.6% to USD239.56 million from USD267.91 million in July 2023. The import cover for gross official foreign exchange reserves decreased by 10.3% to 0.96 months in August 2023 from 1.07 months in July 2023.

Government Securities

The total amount sought by government through Treasury Bills (TBs) and Treasury Notes (TNs) auctions increased by 9.2% to MK192.7 billion in September 2023 from MK176.4 billion in August 2023. The total amount awarded from TBs and TNs auctions decreased by 10.3% to MK116.1 billion in September 2023 from MK129.4 billion in August 2023. The 91, 182 and 364-days TBs yields maintained at 14.70%, 18.00% and 24.00% respectively. The 2, 3 and 5-year TNs yields maintained at 26.75%, 28.00% and 30.00% respectively. The 7 and 10-year TNs yields increased to 32.00% and 33.00% from 30.46% and 32.83% respectively. As a result, the average TB yield maintained at 18.90% while the average TN yield increased to 29.95% from 29.61% during the review period.

Stock Market

The stock market was marginally bearish over the period as the Malawi All Share Index (MASI) decreased to 118,426.19 points in September 2023 from 119,077.99 points in August 2023, representing a 0.55% decrease. The MASI year-to-date return was 90.90% in September 2023. It was 91.95% in the previous month and 19.89% in September 2022. In September 2023, STANDARD was the largest share price gainer as its share price increased by 8.00% to MK2,700.01 per share from MK2,500.04 per share in August 2023. Another counter with a share price gain was FMBCH. There were marginal share price gains for SUNBIRD, NBM, NITL and ILLOVO. In contrast, MPICO was the largest share price loser as its share price decreased by 27.04% to MK15.00 per share from MK20.56 per share. There were also share price losses for NBS, ICON, FDH Bank and NICO as well as marginal share price losses for PCL, TNM and AIRTEL.

Fiscal and Monetary Policy

According to the Ministry of Finance and Economic Affairs, total public debt (TPD) stock stood at MK9.41 trillion (75% of GDP) as at end-March 2023, up by 38% from MK6.84 trillion (63% of GDP) as at end-March 2022. Of the TPD stock, MK4.05 trillion (USD3.94 billion) was external debt while MK5.36 trillion (USD5.22 billion) was domestic debt.

IMF staff and Malawian authorities have reached a staff-level agreement on the second (and last) review of the Staff Monitored Program with Executive Board Involvement (PMB). The arrangement under the Extended Credit Facility (ECF) is about USD174 million (approximately MK190 billion) for 48 months.

According to the RBM, monetary policy will focus on containing inflationary pressures, anchoring inflation expectations and containing reserve money growth. The current Monetary Policy rate is 24%. However, the EIU expects further tightening of the policy rate in 2023 to 26% to contain inflation.

Commodity Market

According to the International Food Policy Research Institute (IFPRI) the retail maize price increased to MK690/kg in August 2023 from MK649/kg in July 2023.

The monthly average OPEC Reference Basket (ORB) price increased by 8.3% to a monthly average of USD94.60/barrel in September 2023, from USD87.33/barrel in August 2023.

Economic Growth

The gross domestic product (GDP) growth rate projections for Malawi from various published sources range between 0.7% and 2.0%, bringing the projected average GDP growth rate for 2023 to 1.4%.

According to the EIU, real GDP growth in 2023 will be undermined by weather shocks, funding gaps and monetary tightening, depressing real GDP growth to 0.7%. A rebound to 2.0% is expected in 2024.

The World Bank GDP growth projection for 2023 is 1.4% and is expected to increase to 2.4% in 2024. Over the medium term, economic growth is forecast to increase moderately, underpinned by gradual macroeconomic stabilization and a recovery across all sectors.

According to Oxford Economics, economic growth is forecasted at 1.7% for 2023. Real GDP growth is expected to rebound to 3.4% in 2024 due to stronger private consumption and exports.

The Monetary Policy Committee (MPC) observed that limited supply of foreign exchange, the impact of adverse weather conditions, as well as the lingering effects of the Russia-Ukraine war, has weakened the initial prospects of a stronger real GDP growth to 1.9% from 2.7% in 2023.

The African Development Bank (AfDB) expects Malawi's real GDP growth to be 2.0% in 2023 and 3.5% in 2024. The IMF projects real GDP growth of 1.7% in 2023 and 3.3% in 2024. Cyclone Freddy has weighed on the outlook for 2023 and led to a lower growth forecast. Key downside risks include slippages in program implementation, delays in external debt restructuring process, and further external shocks.

World Bank Country Policy and Institutional Assessment Report Overview

The Country Policy and Institutional Assessment (CPIA) for Africa is an annual diagnostic tool for Sub-Saharan African countries that are eligible for financing from the International Development Association (IDA), the arm of the World Bank Group that provides credits to the poorest countries.

The overall score ranges between 1 (very weak) and 6 (very strong) and it is annually revised for each country. The CPIA consists of 16 criteria grouped in four equally weighted clusters: Economic Management, Structural Policies, Policies for Social Inclusion and Equity, and Public Sector Management and Institutions. For each of the 16 criteria, countries are rated on a scale of 1 (low) to 6 (high). The average overall CPIA score for Sub-Saharan Africa remained unchanged at 3.1 in 2022.

The overall score increased for four countries in Eastern and Southern Africa (AFE)—Burundi, the Democratic Republic of Congo, Mozambique, and Zambia. In contrast, the overall score decreased for eight countries—Chad, the Comoros, Eritrea, Ethiopia, Ghana, Malawi, São Tomé and Príncipe, and Sudan.

Malawi achieved a CPIA score of 3.0 in 2022, a drop from 3.1 from the previous assessment in 2021. The highest performing cluster was policies for social inclusion and equity while the lowest performing cluster was economic management.

Opportunities in Malawi

Mining: Malawi's mining sector has potential with Sovereign Metals Limited, the developer of Kasiya Rutile Mine in Lilongwe, projecting the mine to generate about USD16 billion (approximately MK18 trillion) in revenue. The pre-feasibility results show that the mine has potential to become a large rutile producer at 222 kilotonne per annum (kt/a) for an initial 25 years.

Energy:. According to the World Bank, approximately 19% of the Malawian population has access to regular electricity. Opportunities exist in solar power, with solar radiation in Malawi being amongst the highest in the world. In addition, clean and efficient cookstoves using biomass energy is viable. Potential for renewable energy also exists in the form of hydropower.

Agriculture: The agriculture sector employs a significant proportion of the country's workforce and represents about 80% of the country's exports. According to the World Bank, the sector contributed 21.8% to the country's GDP in 2022. A few examples of opportunities in the agricultural sector include; large scale commercial fishing, cannabis production and processing, large scale production of sugarcane in the areas under the Green Belt Initiative (GBI) and processing factories for value addition to make puree, spices, paste and juices.

Tourism: In recent years, Malawi has become a popular destination for meetings, conferences and events both locally and internationally. The sector offers various opportunities in investment such as; hotels and conference facilities in major towns and cities, cable car and associate facilities on Mount Mulanje, entertainment centers and casinos.

Risks

The Malawian economy has continued to face several significant risks that include but are not limited to public debt status, weather-related shocks, inflation, reliance on aid and currency depreciation. These risk factors may limit the country's potential for growth and worsen poverty.

The Ministry of Finance and Economic Affairs noted that risks concerning the Malawian public debt status include refinancing risk, interest rate risk and exchange rate risk. Regarding foreign exchange risk, 41% of the debt stock was denominated in foreign currency at the end of March 2023. This proportion implies that a sizeable amount of Malawi's debt is susceptible to exchange rate movements. Exchange rate shocks, such as the 26% alignment of Kwacha in May 2022, can substantially contribute to higher debt service payments in local currency terms, thereby leading to higher payments in the budget than projected. In addition, Malawi's public debt to GDP continues an upward trajectory since reaching the Heavily Indebted Poor Country (HIPC) and Multilateral Debt Relief Initiatives completion point in 2006.

According to the IMF, further delays in debt negotiations can reduce access to trade credit, forex swaps, and other short-term loans. This may in turn worsen foreign exchange shortages and result in difficulties in importing key commodities (fuel, medicine and food) and servicing debt, which would in turn exacerbate dire macroeconomic conditions, poverty, and food insecurity.

Next, the agriculture sector plays a vital role in employment and export earnings but remains vulnerable to weather-related shocks. For instance, the recent impact of tropical Cyclone Freddy underscores this susceptibility. Additionally, Malawi is among the 53 countries expected to face challenges due to El Niño-induced dry spells in the upcoming crop-growing season. The scenario of below-average rainfall during the growing season could result in crop failures and insufficient grazing, impacting agricultural output. Furthermore, the recurrent occurrence of natural disasters, causing infrastructure damage, may disrupt supply chains, contribute to inflationary pressures, and lead to water and food shortages.

Furthermore, Malawi faces inflation risk, which has the potential to diminish the purchasing power of individuals, increase the cost of living and create instability within the economy. Rising food prices on account of food insecurity contributes to this risk. The average inflation rate for the first eight months of 2023 is 27.7%.

Lastly, a potential concern involves the depreciation of the domestic currency, particularly if the risk of decreased exports and the resultant decline in export earnings materializes. This situation could expose the domestic currency to depreciation risk, exacerbating the cost of importing goods and services. Simultaneously, it could erode the value derived from the export of domestically crafted products and services, thereby contributing to a widening gap between imports and exports, potentially leading to current account deficits. This interplay may consequently exert pressure on inflation levels, subsequently influencing the country's fiscal deficit.

Economic overview

Inflation (Source: NSO, RBM)

The headline inflation rate for August 2023 increased by 0.2 percentage points to 28.6% from 28.4% in July 2023. The increase was due to a rise in both food and non-food inflation to 39.4% and 16.1% from 39.3% and 16.0% respectively.

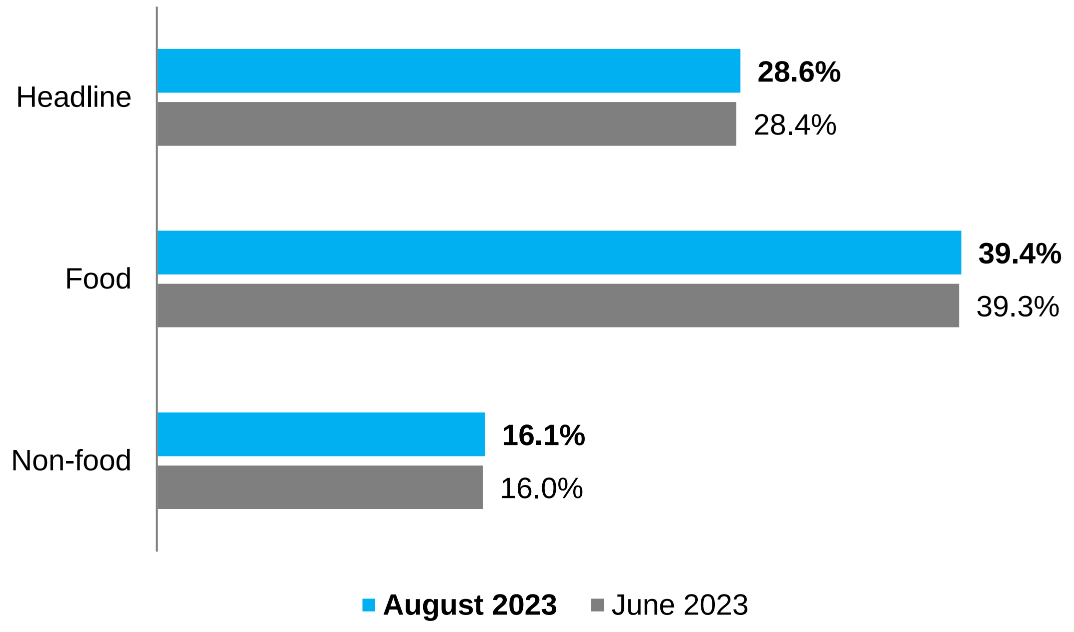
The drivers of inflation include rising staple food prices, exchange rate developments and elevated public sector financing requirements.

The headline inflation rate increased by 0.2 percentage points to 28.6% in August 2023 from 28.4% in July 2023. The increase was due to a rise in food inflation rate to 39.4% in August 2023 from 39.3% in July 2023. Similarly, non-food inflation rate increased to 16.1% in August 2023 from 16.0% in July 2023. During this same period in 2022, headline inflation was 25.5%, driven by food inflation of 33.4% and non-food inflation of 18.2%.

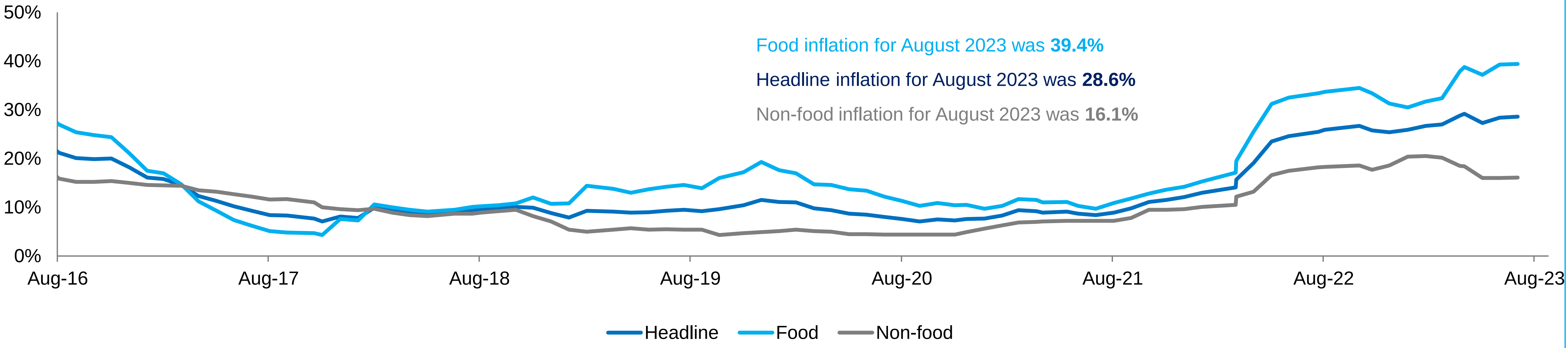
According to the RBM, the increase in food inflation was mainly a result of rising staple food prices. The International Food Policy Research Institute (IFPRI) disclosed that maize retail prices increased by 6% to average MK690 per kilogram (Kg) in August 2023, from MK649/Kg in July 2023.

According to the RBM, headline inflation is projected to average 29.5% in 2023 compared to an average of 20.9% in 2022 and is attributed to rising food inflation rate, elevated public sector financing requirements as well as exchange rate developments. Similarly, the Economist Intelligence Unit (EIU) expects inflation to average 30.5% in 2023 owing to high domestic fuel and food prices. Oxford Economics expects inflation to average 27.8% in 2023 due to rising food inflation and exchange rate developments. Following the effects of Tropical Cyclone Freddy, the IMF expects inflation to average 24.8% in 2023. Finally, the World Bank expects inflation to average 25.7% in 2023 and is attributed to rising food prices, pressure from anticipated lower agricultural yield as well as money supply growth.

Inflation rate (%)



Inflation trend (%)



Economic overview (continued)

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

Following a foreign exchange auction held on 27 September 2023, the maximum selling price per USD increased to MK1,180.29/USD from MK1,126.77 /USD. This represents a 4.7% depreciation.

The gross official foreign exchange reserves decreased by 10.6% to USD239.56 million as of 31 August 2023, from USD267.91 million in July 2023. The gross official import cover decreased by 10.3% to 0.96 months from 1.07 months during the period under review.

Foreign currency market

Based on closing middle rates, the Malawi Kwacha traded at MK1,126.50/USD as of 30 September 2023, a depreciation of 2.9% from MK1,094.74/USD as of 31 August 2023. Year-to-date, the Kwacha has depreciated against the USD by 8.9% as it traded at MK1,034.67/USD as of 31 December 2022. During the same period in 2022, the Kwacha had depreciated against the USD by 26.2%.

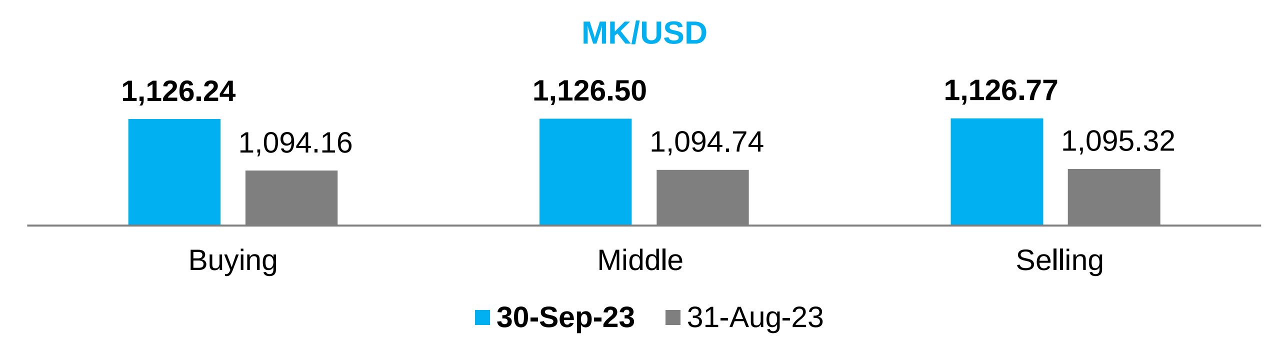
The Reserve Bank of Malawi (RBM) held a foreign exchange auction on 27 September 2023, in which USD350,000 (approximately MK390 million) was raised. The RBM disclosed that the highest bid rate accepted was MK1,184.00/USD, while the lowest bid rate accepted was MK1,160.00/USD. The weighted average rate accepted was MK1,180.29/USD. This rate is the new market selling price and will be effective from 2 October 2023. This represents a 4.7% depreciation from the previous maximum selling price of MK1,126.77/USD.

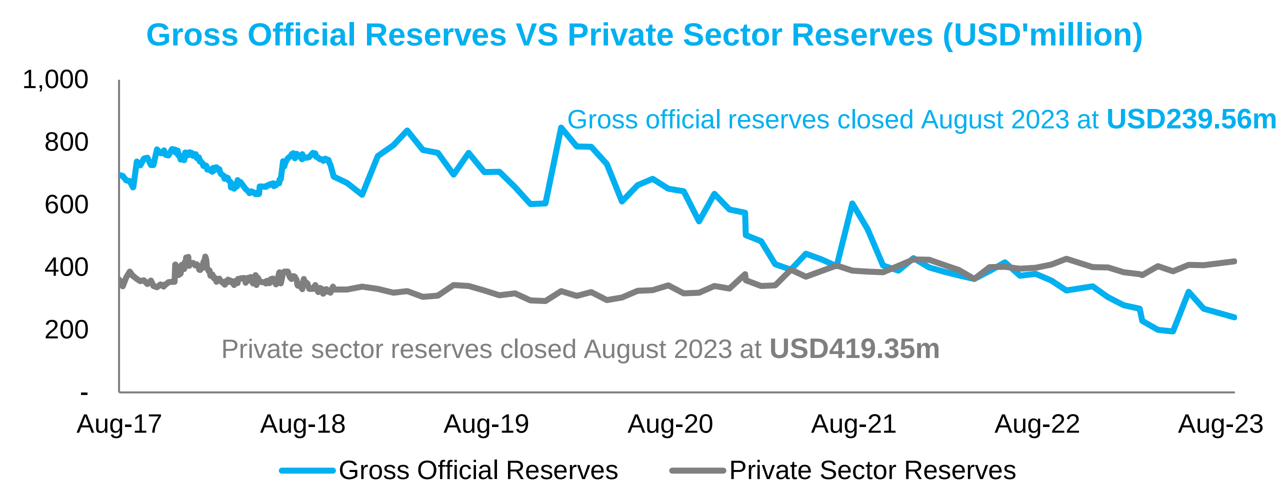
Foreign Exchange Reserves Position

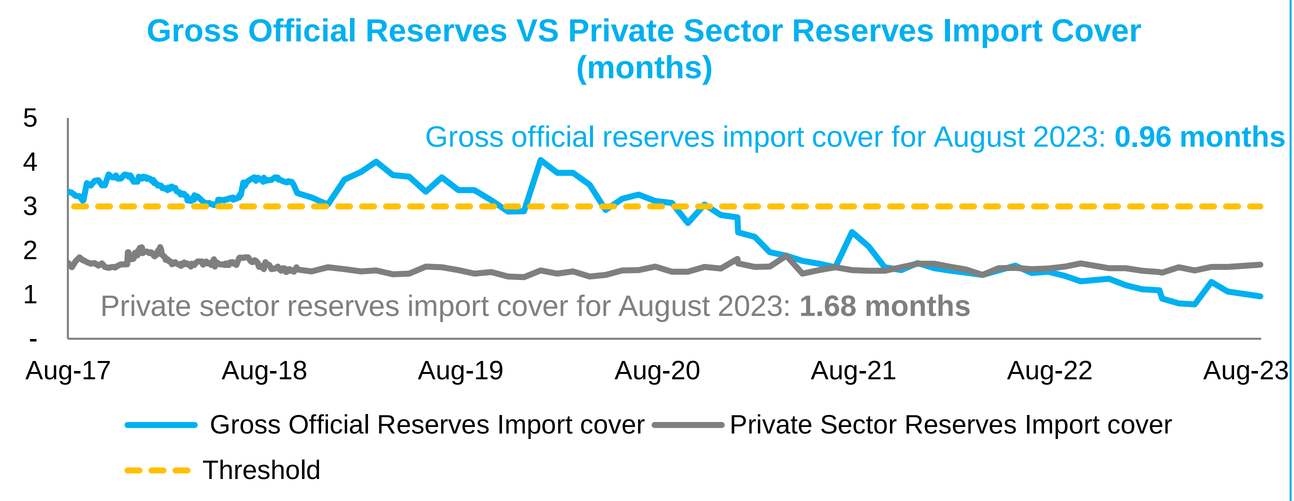
As of 31 August 2023, the country's gross official foreign exchange reserves decreased by 10.6% to USD239.56 million from USD267.91 million in July 2023. The import cover for gross official foreign exchange reserves decreased by 10.3% to 0.96 months in August 2023 from 1.07 months in July 2023. The import cover for gross official foreign exchange reserves remained below the required threshold of 3 months.

	August 2023	July 2023	Month-on-month change (%)
Gross Official (USD'million)	239.56	267.91	-10.6%
Private Sector (USD'million)	419.35	406.63	3.1%
Total Reserves (USD'million)	658.91	674.54	-2.3%
Gross Official import cover (months)	0.96	1.07	-10.3%
Private sector import cover (months)	1.68	1.63	3.1%
Total import cover (months)	2.64	2.70	-2.2%

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







Economic overview (continued)

Stock market (Source: MSE)

The MASI year-to-date return was 90.90% in September 2023. It was 91.95% in the previous month and 19.89% in September 2022.

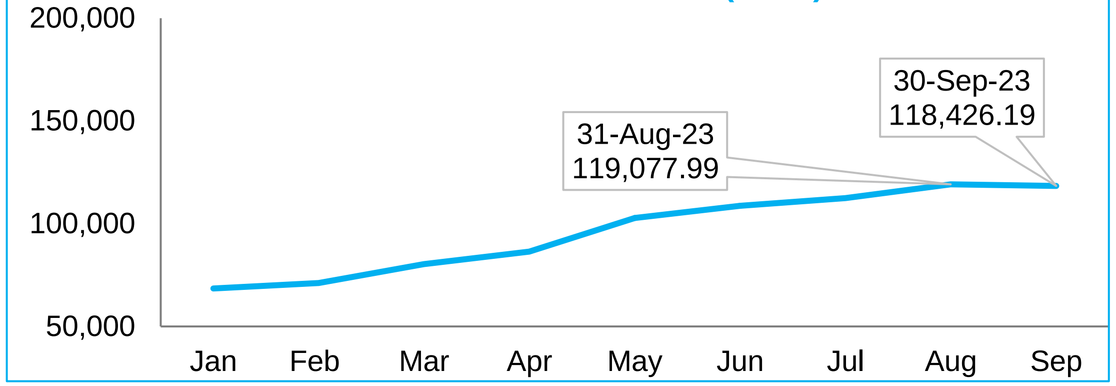
The decrease in the MASI was largely driven by share price losses for MPICO, NBS, ICON, FDH Bank and NICO. The share price losses offset share price gains for STANDARD and FMBCH.

The stock market was marginally bearish over the period as the Malawi All Share Index (MASI) decreased to 118,426.19 points in September 2023 from 119,077.99 points in August 2023, representing a 0.55% decrease. The MASI year-to-date return was 90.90% in September 2023. It was 91.95% in the previous month and 19.89% in September 2022.

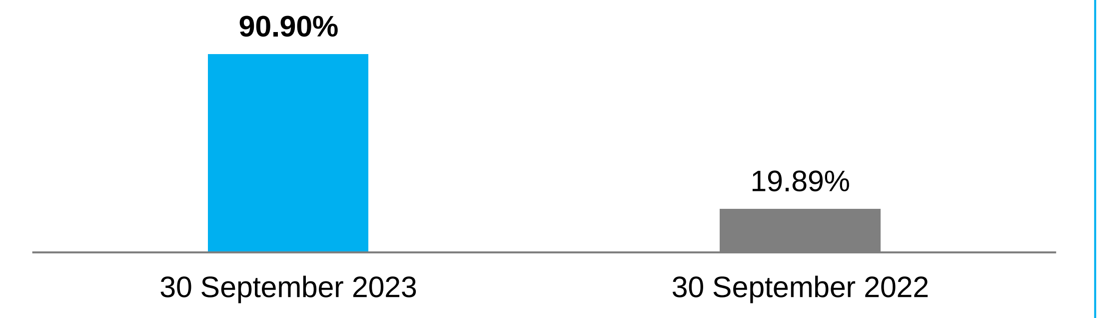
In September 2023, STANDARD was the largest share price gainer as its share price increased by 8.00% to MK2,700.01 per share from MK2,500.04 per share in August 2023. Another counter with a share price gain was FMBCH. There were marginal share price gains for SUNBIRD, NBM, NITL and ILLOVO.

In September 2023, MPICO was the largest share price loser as its share price decreased by 27.04% to MK15.00 per share from MK20.56 per share in August 2023. There were also share price losses for NBS, ICON, FDH Bank and NICO. There were also marginal share price losses for PCL, TNM and AIRTEL.

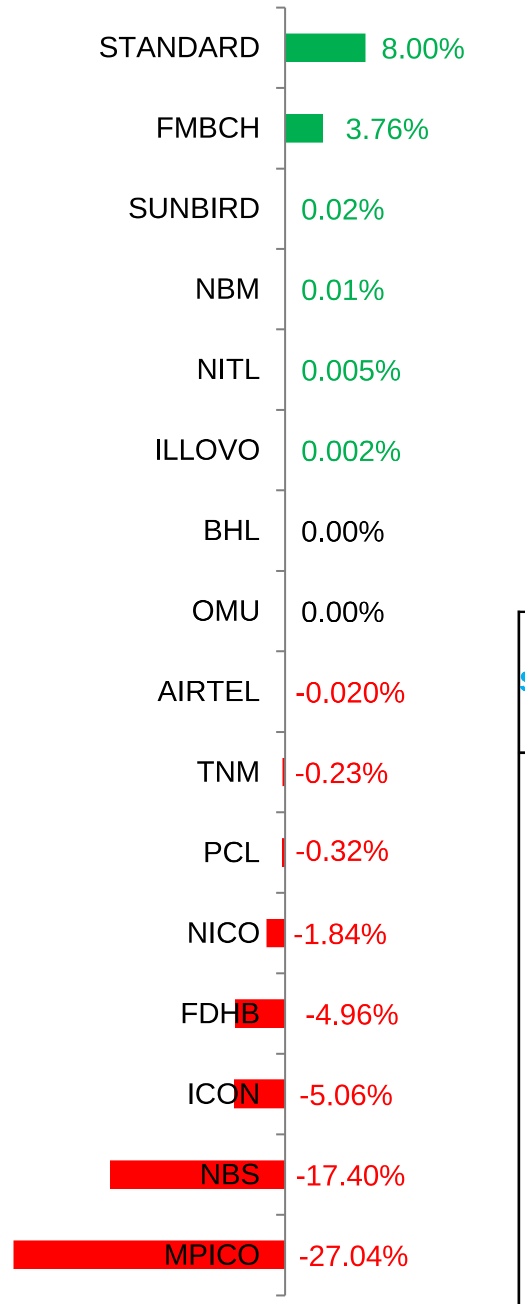
2023 Malawi All Share Index (MASI)



MASI year-to-date return



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



Symbol	Closing prices (MK/share)	
	30 September 2023	31 August 2023
AIRTEL	**100.45**	100.47
BHL	**10.06**	10.06
FDHB	**72.21**	75.98
FMBCH	**415.03**	400.00
ICON	**18.00**	18.96
ILLOVO	**1,121.44**	1,121.42
MPICO	**15.00**	20.56
NBM	**2,101.12**	2,101.00
NBS	**108.99**	131.95
NICO	**160.00**	163.00
NITL	**401.05**	401.03
OMU	**1,050.00**	1,050.00
PCL	**2,500.00**	2,508.00
STANDARD	**2,700.01**	2,500.04
SUNBIRD	**191.03**	191.00
TNM	**29.88**	29.95

Economic overview (continued)

Stock market (Source: MSE)

NBS had the highest value of shares traded in September 2023 at MK2.64 billion.

Old Mutual Limited disclosed a 2023 half-year (2023H1) profit after tax (PAT) of ZAR4.9 billion, down 7% from ZAR5.2 billion in 2022.

SUNBIRD disclosed an increase in 2023H1 PAT to MK1.6 billion from a PAT of MK0.4 billion in 2022.

ICON posted a 42% increase in 2023H1 PAT to MK6.4 billion from MK4.5 billion in 2022.

BHL posted a 2% increase in 2023H1 loss after tax to MK494 million from MK484 million loss after tax in 2022.

MSE Traded Values

A total of MK10.34 billion worth of shares was traded on the Malawi Stock Exchange (MSE) in September 2023. This represented a 32.1% increase from MK7.83 billion worth of shares traded in August 2023. NBS had the highest value of shares traded in September 2023 at MK2.64 billion.

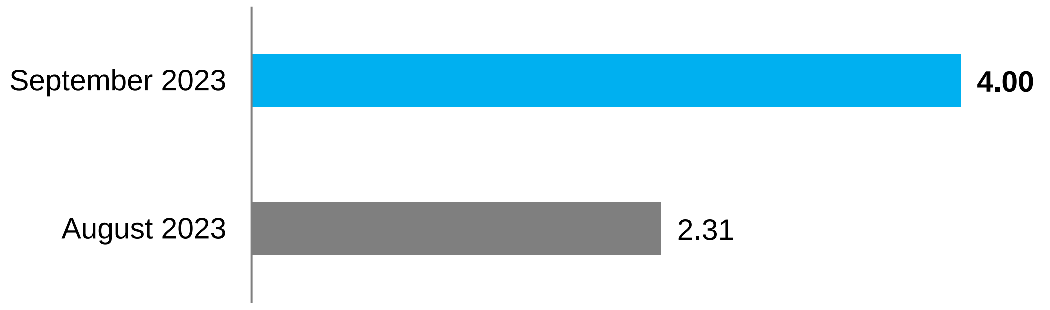
The total number of trades decreased to 1,113 in September 2023, from 1,274 in August 2023.

Value of shares traded (MK'billion)

Listed Debt market

The total number of instruments listed on the debt market increased to 86 in September 2023 from 56 in August 2023. There were no trades on the debt market in September 2023. The nominal value of all listed debt securities increased to MK4.00 trillion in September 2023 from MK2.31 trillion in August 2023.

Listed debt market nominal value (MK'trillion)



Corporate Announcements

Published half year financial results

Amounts in billions of Malawi Kwacha unless specified otherwise.

	Profit after tax (MK'billions)		
Counter	Half year 2023	Half year 2022	Change (%)
BHL	(0.5)	(0.5)	2%
TNM	0.8	(1.3)	-158%
SUNBIRD	1.6	0.4	296%
OMU*	4.9	5.2	-7%
MPICO	5.1	3.2	61%
ICON	6.4	4.5	42%
NBS	12.2	5.1	139%
FDHB	15.0	8.7	72%
NITL	16.5	1.5	1027%
AIRTEL	19.0	8.9	113%
STANDARD	26.9	15.8	70%
NICO	30.8	11.8	160%
ILLOVO**	33.7	9.2	266%
PCL	34.3	16.0	115%
NBM	35.5	22.1	60%
FMBCH***	42.0	25.2	67%

** : OMU profit after tax is in ZAR billions*
***: Financial half-year end for Illovo is 28 February*
**** : FMBCH profit after tax is in USD millions*

Dividends

Counter	Dividend type	Proposed/Declared	Dividend per share (MK)	Last day to register	Payment date
NBM	Interim	Declared	23.50	15-Sep-23	29-Sep-23
NBS	Interim	Declared	1.20	22-Sep-23	6-Oct-23
NICO	Interim	Declared	2.00	22-Sep-23	6-Oct-23
OMU	Interim	Declared	ZAR0.32	20-Oct-23	23-Oct-23
NITL	Interim	Declared	1.50	20-Oct-23	27-Oct-23
PCL	Interim	Declared	9.00	13-Oct-23	27-Oct-23
ICON	Interim	Declared	0.13	13-Oct-23	27-Oct-23
FMBCH	Interim	Declared	US$0.21 cents	10-Nov-23	15-Nov-23
SUNBIRD	Interim	Declared	2.00	TBA	TBA

Bridgepath Capital
Invest to Achieve

Economic overview (continued)

Government securities (Source: RBM)

The government awarded a total of MK116.1 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in September 2023, a 10% decrease from MK129.4 billion awarded in August 2023.

The 91, 182 and 364-days TBs yields maintained at 14.70%, 18.00% and 24.00% respectively in September 2023.

The 7 and 10-year TNs yields increased in September 2023 to 32.00% and 33.00% from 30.46% and 32.83% respectively in August 2023.

Treasury Bills (TBs)

In September 2023, the government sought to borrow MK15.8 billion through Treasury Bills (TBs) auctions. This represents a 49% decrease from MK30.9 billion sought in August 2023. Participants applied to place an amount of MK34.9 billion through TBs auctions in September 2023. This represents a 40% decrease from MK58.2 billion that was applied for in August 2023. The government awarded a total of MK28.3 billion in September 2023, a 51% decrease from MK58.0 billion that was awarded in August 2023. The TBs auction had a 19% rejection rate in September 2023 compared to a 0.30% rejection rate in August 2023.

Treasury Notes (TNs)

The government sought to borrow MK176.9 billion through Treasury Notes (TNs) auctions in September 2023. This represents a 22% increase from MK145.5 billion that was sought in August 2023. Total participant applications stood at MK87.8 billion in September 2023. This represents a 22% increase from MK72.0 billion which was applied for in August 2023. A total of MK87.8 billion was awarded in the TNs auctions in September 2023. This entailed a 22% increase from MK71.4 billion, awarded in August 2023. The TNs auction had a nil rejection rate in September 2023 compared to 0.89% rejection rate in August 2023.

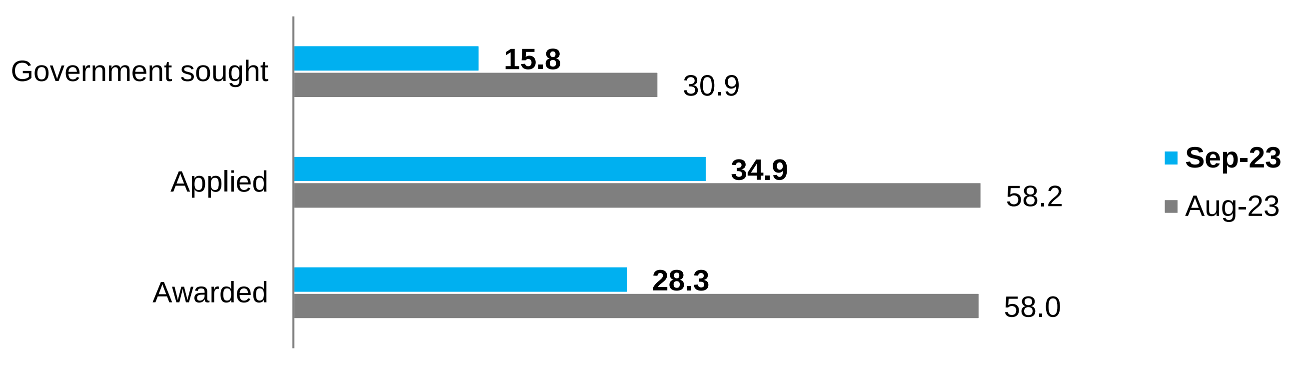
All in all, the government sought to raise MK192.7 billion in TBs and TNs auctions in September 2023. This represents a 9% increase from MK176.4 billion sought in Augst 2023. A total of MK116.1 billion was awarded, down 10% from MK129.4 billion awarded in August 2023.

Government Securities Yield Curve

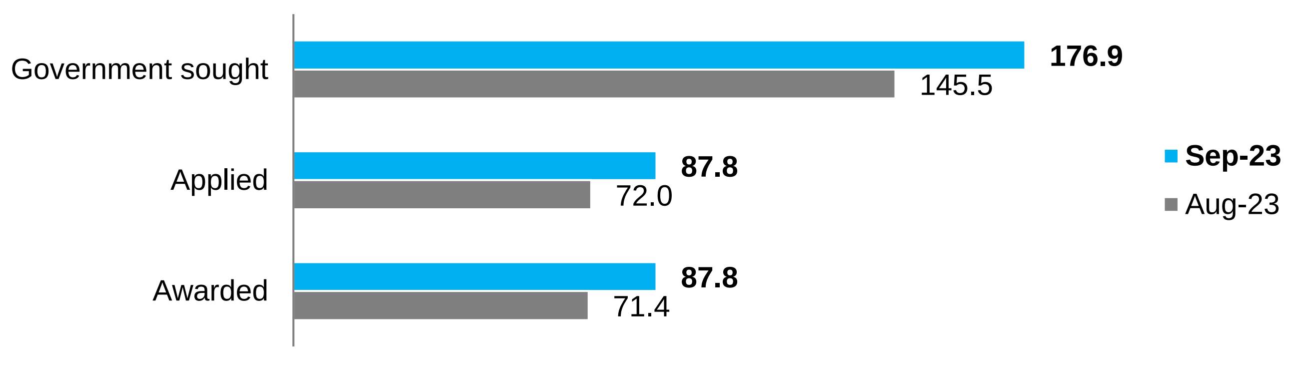
In September 2023, the 91, 182 and 364-days TBs yields maintained at 14.70%, 18.00% and 24.00% respectively. As such, the average TB yield maintained at 18.90% in September 2023. The average TB yield was 15.08% in September 2022.

From August 2023 to September 2023, the 2, 3 and 5-year TNs yields maintained at 26.75%, 28.00% and 30.00% respectively. The 7 and 10-year TNs yields increased to 32.00% and 33.00% from 30.46% and 32.83% respectively. As a result, the average TN yield increased to 29.95% from 29.61% during the period under review. The average TN yield was 24.70% in September 2022.

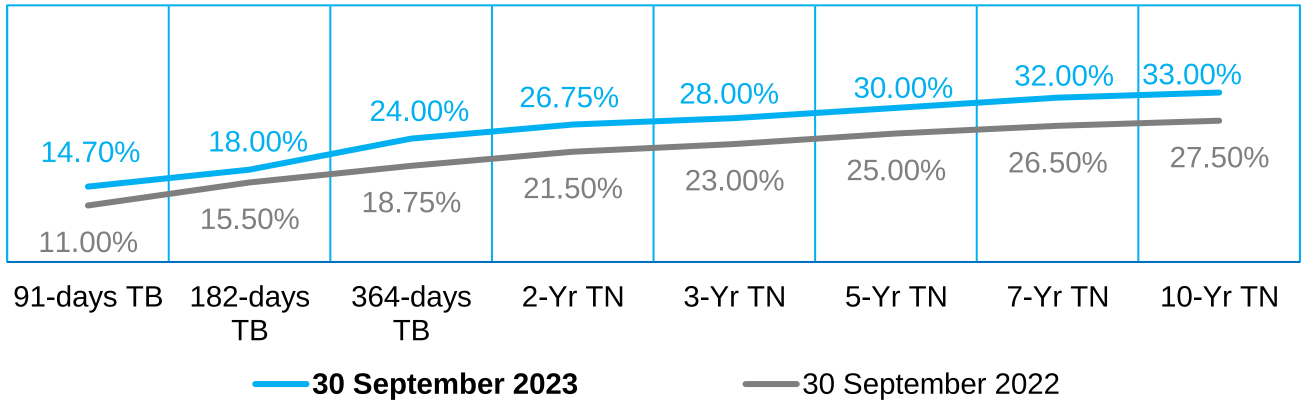
Treasury Bills (MK'billion)



Treasury Notes (MK'billion)



Government securities yield curve (%)



Total public debt (TPD) stock stood at MK9.41 trillion (75% of GDP) as at end-March 2023, up by 38% from MK6.84 trillion (63% of GDP) as at end-March 2022. Of the TPD stock, MK4.05 trillion (USD3.94 billion) or 32% of GDP was external debt while MK5.36 trillion (USD5.22 billion) or 43% of GDP was domestic debt.

IMF staff and Malawian authorities have reached a staff-level agreement on the second (and last) review of the Staff Monitored Program with Executive Board Involvement (PMB). The arrangement under the Extended Credit Facility (ECF) is about USD174 million (approximately MK190 billion) for 48 months.

Fiscal Policy (Source: RBM, IMF, Various Published Media)

According to the Ministry of Finance and Economic Affairs, total public debt (TPD) stock stood at MK9.41 trillion (75% of GDP) as at end-March 2023, up by 38% from MK6.84 trillion (63% of GDP) as at end-March 2022. Of the TPD stock, MK4.05 trillion (USD3.94 billion) or 32% of GDP was external debt while MK5.36 trillion (USD5.22 billion) or 43% of GDP was domestic debt.

With a holding of USD1.41 billion (approximately MK2 trillion), the International Development Association (IDA) continues to be the largest creditor to the Government of Malawi with 36% of total external debt. The second largest creditor is African Export Import Bank (Afreximbank) with a holding of 12%, followed by the African Development Fund (ADF) and the International Monetary Fund (IMF) at 11% and Trade and Development Bank (TDB) at 8%. The bulk of the creditors cumulatively held the remaining 22%.

The domestic debt stock comprised of Treasury Notes (TNs) at MK4.48 trillion (85%), MK676.39 billion Treasury Bills (TBs) (13%), and MK201.69 billion in Promissory Notes (4%). In terms of holdings, commercial banks remained the biggest holders of domestic debt and held approximately MK2.00 trillion. They were followed by the Reserve Bank of Malawi (RBM) at MK1.64 trillion. The insurance sector came third with a holding of MK579.13 billion. The rest was held by other players, including the household sector.

According to an International Monetary Fund (IMF) press release dated 21 September 2023, IMF staff and Malawian authorities have reached a staff-level agreement on the second (and last) review of the Staff Monitored Program with Executive Board Involvement (PMB). Macroeconomic and financial policies and reforms are to be supported by a new 48-month financing arrangement under the Extended Credit Facility (ECF) of about USD174 million (approximately MK190 billion). The arrangement is expected to catalyze grant financing to support a stable and sustainable macroeconomic position and durable poverty reduction. The agreement is subject to IMF Management and Executive Board approval and receipt of the necessary financing assurances.

As disclosed in the local debt issuance calendar, the government seeks to raise MK259.7 billion though TNs auctions and MK101.2 billion through TBs auctions in the last quarter of 2023.

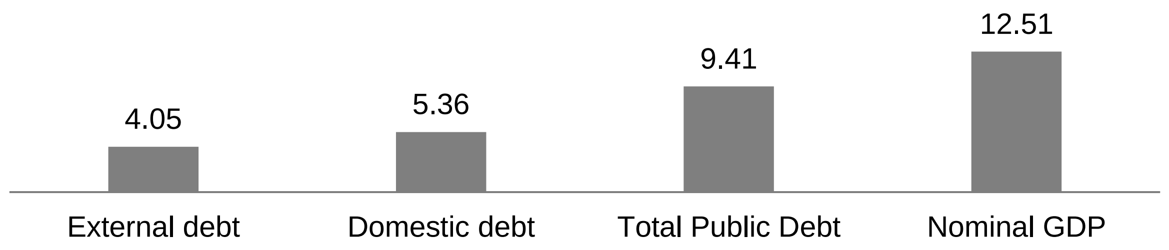
Monetary Policy (Source: RBM, IMF, EIU)

According to the RBM, monetary policy will focus on containing inflationary pressures and anchoring inflation expectations. In this respect, the monetary program will remain anchored on containing reserve money growth. This will call for measures to contain money growth against excess liquidity achieved through sizeable foreign exchange purchases from the market aimed to build up forex reserves. Measures will include; firstly, maintaining a tight monetary policy stance by setting the monetary policy rate to ensure positive real interest rates. Secondly, draining excess liquidity through various instruments including raising required reserves, RBM's sales of government securities, and Open Market Operations (OMO). In particular, the RBM will contain net claims on government to meet the zero ceiling on RBM financing of the government.

The current Monetary Policy rate is 24%. However, the EIU expects the MPC to tighten the policy rate further at its next meeting on 26-27 October to 26% from 24%, to contain inflation.

The commercial bank reference rate is now 23.5%, effective 4 October 2023, from 23.4% in September 2023.

Malawi public debt and GDP as at end March 2023 (MK trillions)



Select external debt creditors as at end March 2023 (USD billions)

Commodity Market Developments

Mining, Maize and Oil market developments (Source: OPEC, Reuters)

The retail maize price increased to MK690/kg in the last week of August 2023 from MK649/kg in the last week of July 2023.

The monthly average OPEC Reference Basket (ORB) price increased by 8.3% to a monthly average of USD94.60/barrel in September 2023, from USD87.33/barrel in August 2023.

Mining developments (Source: Sovereign Metals Limited)

Sovereign Metals Limited, the developer of Kasiya Rutile Mine in Lilongwe, has projected the mine to generate about USD16 billion (approximately MK18 trillion) in revenue. The pre-feasibility results show that the mine has potential to become a large rutile producer at 222 kilotonne per annum (kt/a) for an initial 25 years. Further to this, the mine could potentially be one of the world's largest graphite producers outside of China at 244kt/a.

Local maize price developments (Source: IFPRI)

Data from the International Food Policy Research Institute (IFPRI) August 2023 monthly maize market report showed that retail maize prices increased by 6% in August 2023 compared to 27% increase in July 2023. The retail maize price increased from MK649/kg in the last week of July 2023 to MK690/kg in the last week of August 2023. The report further shows that maize prices were highest in the Southern region but relatively stable in contrast to growth in the Northern and Central regions.

Annual comparisons indicate that the retail maize price has increased by 113% as it was at MK324/kg in August 2022.

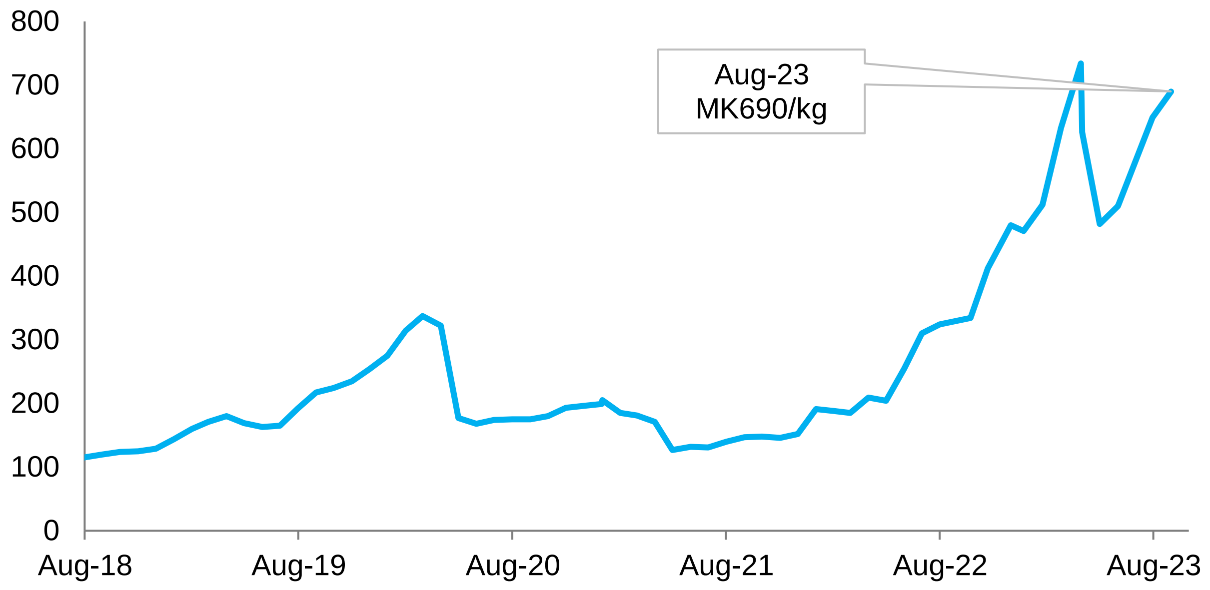
Global oil price developments (Source: OPEC, Reuters)

The monthly average OPEC reference basket price increased to a monthly average of USD94.60/barrel in September 2023, from a monthly average of USD87.33/barrel in August 2023. This represents an increase of 8.3% month-on-month. Year-on-year, this represents a 0.8% decrease from an average price of USD95.35/barrel as of September 2022.

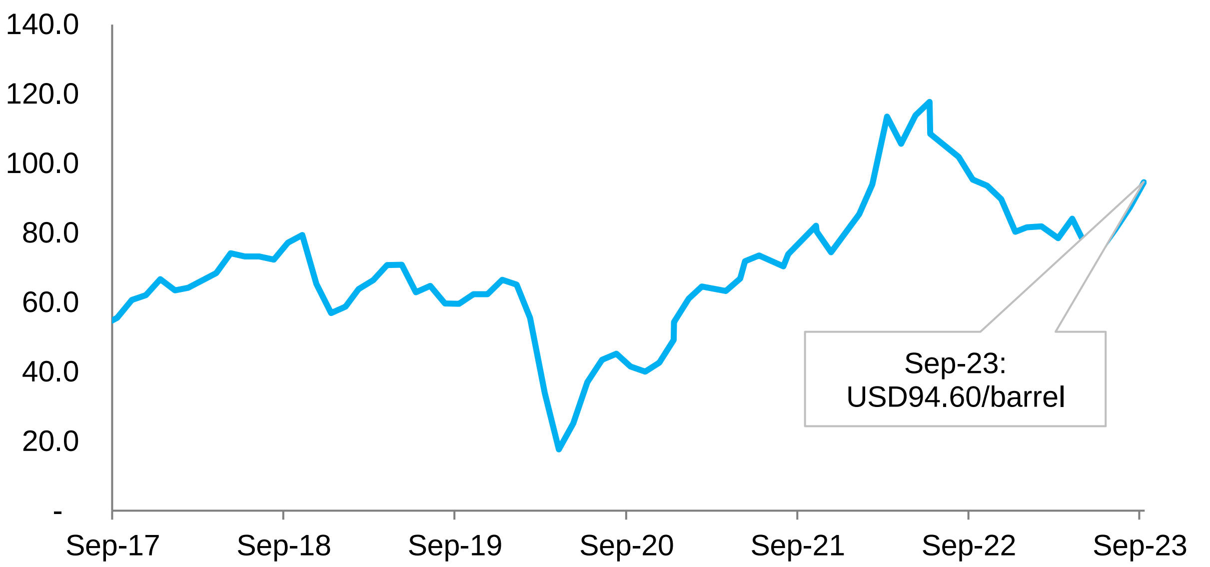
In terms of oil demand, OPEC suggests that the US is expected to see a gradual decline of driving activity in the coming months of 2023, in line with the usual seasonal pattern. However, air travel is expected to remain stable. Thereby, transportation fuels (gasoline and jet kerosene) are expected to continue to drive growth.

In its September 2023 monthly report, OPEC maintained its forecast of world oil demand to rise by 2.4 mb/d to an average of 102.1 mb/d. In 2024, solid global economic growth amid continued improvements in China is expected to boost consumption of oil. World oil demand is anticipated to rise by 2.2 mb/d y-o-y, with total world oil demand projected to average 104.25 mb/d.

IFPRI maize price MK/kg



Monthly Average OPEC Reference Basket Price (USD/barrel)



A summary of the World Bank Country Policy and Institutional Assessment report

The average overall CPIA score for Sub-Saharan Africa remained unchanged at 3.1 while Malawi achieved a CPIA score of 3.0 in 2022.

The countries with improved scores made notable advancements in the economic management, policies for social inclusion, and governance clusters. Conversely, the countries with declining scores faced economic management and governance challenges.

Introduction

The Country Policy and Institutional Assessment (CPIA) for Africa is an annual diagnostic tool for Sub-Saharan African countries that are eligible for financing from the International Development Association (IDA), the arm of the World Bank Group that provides credits to the poorest countries. The CPIA Africa 2023 report provides an assessment of the quality of policies and institutions in all 39 IDA-eligible countries in Sub-Saharan Africa for calendar year 2022.

The overall CPIA provides the average score of all the assessment components of policies and institutions covering: Economic Management, Structural Policies, Social Inclusion/Equity, Governance, Infrastructure Development and Regional Integration. The overall score ranges between 1 (very weak) and 6 (very strong) and it is annually revised for each country. The average overall CPIA score for Sub-Saharan Africa remained unchanged at 3.1 while Malawi achieved a CPIA score of 3.0 in 2022 .

The policy and institutional context in 2022

Economic and social resilience continues to be tested in all countries in Sub-Saharan Africa amid tight global credit markets, as institutional capacity for restoring stability and delivering sustained growth remains a challenge. Such resilience is also fundamental to responding to global climate change and the expected market shifts as the world economy transitions to green energy. The recovery of economic activity in the region following the slowdown caused by COVID-19 has been uneven, with wide variation across countries.

2022 was marked with global events that diverted attention away from longer-term development priorities. Inflation was the predominant form in which international pressures translated to domestic economies in Sub-Saharan Africa. Inflation resulted in stress on social policies and government budgets, on account of divergent responses by governments and private sector competition. In some countries, this has led to significant stress on debt sustainability, highlighting the importance of debt management, budgetary oversight, and financial soundness. An opportunity for regrouping on policy reforms arose in the second half of 2022, as gas prices declined after a mild European winter and China lifted health-related restrictions.

CPIA score trends in 2022

Despite global economic challenges, more countries in Sub-Saharan Africa saw improvements in their overall CPIA scores compared to the previous year. In Western and Central Africa (AFW), the overall score increased for eight countries—Benin, Cabo Verde, Côte d'Ivoire, The Gambia, Guinea, Guinea-Bissau, the Republic of Congo, and Togo. The overall score increased for four countries in Eastern and Southern Africa (AFE)—Burundi, the Democratic Republic of Congo, Mozambique, and Zambia. In contrast, the overall score decreased for eight countries—Chad, the Comoros, Eritrea, Ethiopia, Ghana, Malawi, São Tomé and Príncipe, and Sudan.

The countries with improved scores made notable advancements in the economic management, policies for social inclusion, and governance clusters. Conversely, the countries with declining scores faced economic management and governance challenges. For the most part, the countries that received downgrades were positioned toward the lower end of the scale, while the upgraded countries generally had overall scores above 3, indicating a growing divergence in scores across the region in 2022.

There is a growing gap in institutional and policy performance between AFW and AFE. In 2022, AFW's average score improved slightly to 3.3, while AFE's score remained unchanged at 3.0. AFW has recovered from previous decreases, while AFE continues to struggle following a significant decline in 2019. Macro-fiscal management is a crucial factor contributing to this gap, with AFW consistently outperforming AFE in economic and public sector categories.

This gap between the subregions is attributable to the relative performance of fragility and conflict-affected situation (FCS) and non-FCS countries, as the FCS countries in AFW outperform those in AFE. Significantly, the gap between the two subregions for FCS countries has widened in economic management and public sector management and institutions, highlighting the interconnections between political and economic crises. In contrast, non-FCS countries in AFE outperform those in AFW in three of the four clusters, including economic management, but the gap is not enough to offset the gap between FCS countries.

Cluster analysis

The CPIA consists of 16 criteria grouped in four equally weighted clusters: Economic Management, Structural Policies, Policies for Social Inclusion and Equity, and Public Sector Management and Institutions. For each of the 16 criteria, countries are rated on a scale of 1 (low) to 6 (high). The scores depend on the level of performance each year assessed against the criteria, rather than on changes in performance compared to the previous year. The ratings depend on actual policies and performance, rather than on promises or intentions. Within each cluster, all criteria receive equal weight.

In the face of tighter credit markets, debt management and transparency have become a key policy priority. Lengthening maturities to reduce the risks from high rollover costs can yield significant benefits.

Credit to the private sector declined in some countries due to increased government borrowing from commercial banks, leading to macro-financial risks.

The governance cluster has had the lowest score among all the clusters, and governments need to pay attention to reforms to improve public sector management and institutions.

Cluster analysis (continued)

1. Economic Management

With the increases in global prices for food and energy, monetary and exchange rate policies were central in 2022. Although only three countries have a floating exchange rate, those on a conventional peg experienced lower inflation level than those on a crawl-like arrangement or an actively managed exchange rate regime. One issue with these managed exchange rate regimes may be the existence of parallel exchange rates, which seem to have exacerbated some instances of extreme currency depreciation and accelerated inflation in 2022.

In countries with less robust fiscal policy, countercyclical management may be more difficult due to a high proportion of rigid areas of expenditure, such as wage bills and amortization of outstanding debt. Wage bill rationalization has led to significant savings in some countries, including Guinea-Bissau, Liberia, and Mozambique.

In the face of tighter credit markets, debt management and transparency have become a key policy priority. Lengthening maturities to reduce the risks from high rollover costs can yield significant benefits, and many countries are engaged in reprofiling their portfolios. In addition, establishing long-term credibility with transparent medium-term policies and strong legal frameworks has led to some success in the region. While the average score for this cluster remained unchanged at 3.2.

2. Structural Policies

Private sector reforms are needed to ensure the continuation of economic growth at current levels, especially as tight credit markets and high government debt constrain public investment in many parts of the continent. The African Continental Free Trade Area presents opportunities that provide a reason for optimism, with the potential to raise incomes by 9% by 2035, subject to effective implementation.

Despite advancements in digital financial services, overall financial system usage remained lower than in other regions. Credit to the private sector declined in some countries due to increased government borrowing from commercial banks, leading to macro-financial risks. The financial sector in the region needs to improve in terms of depth, access to financial services, stability, and oversight.

Fragile countries in Sub-Saharan Africa face specific challenges in trade, financial access, and regulatory frameworks. Trade barriers and high tariffs disproportionately affect these countries, and political and security risks further hinder access to finance and constrain production capacity. The regional average score for structural policies increased to 3.2 in 2022.

3. Policies for Social Inclusion and Equity

Challenges persist in achieving gender equality, with limited progress in enacting laws and policies that promote equal access and protection for men and women. FCS countries face additional obstacles to achieving gender equality. Fragile countries tend to have lower health, education, and environmental sustainability scores, highlighting the link between institutional strength, peace, and development outcomes.

Reforms around environmental sustainability have progressed among pressures to support vulnerable ecosystems in the face of climate change. Notably, countries have started to integrate environmental policy into other policy areas, as evidenced by “green” recovery strategies from COVID-19, local renewable energy generation, and sustainable land management projects as part of agricultural and rural development programs. The regional average for social inclusion and equity was 3.3.

4. Public Sector Management and Institutions

Good governance and a robust social contract provide the foundation for sustainable development. Inefficient judicial processes, corruption, and challenges in property registration and contract enforcement were all identified as having digressed in specific countries. Similarly, as debt levels and financing become an increasing concern for the region, credible borrowing plans and transparent budgeting can provide much-needed flexibility for policy priorities. This includes clear oversight in the accumulation of arrears.

Addressing these issues requires strong public administration and an accountable government, but reforms in public administration are moving faster than those addressing transparency, accountability, and corruption in the public sector. The biggest improvements have been in management of human resources within the government and digitization of government operations and services, with digital human resource management combining the two.

The governance cluster has had the lowest score among all the clusters, and governments need to pay attention to reforms to improve public sector management and institutions, which is vital for economic growth and development. The regional average for public sector management and institutions was 2.9.

Malawi achieved a CPIA score of 3.0 in 2022, a drop from 3.1 from the previous assessment.

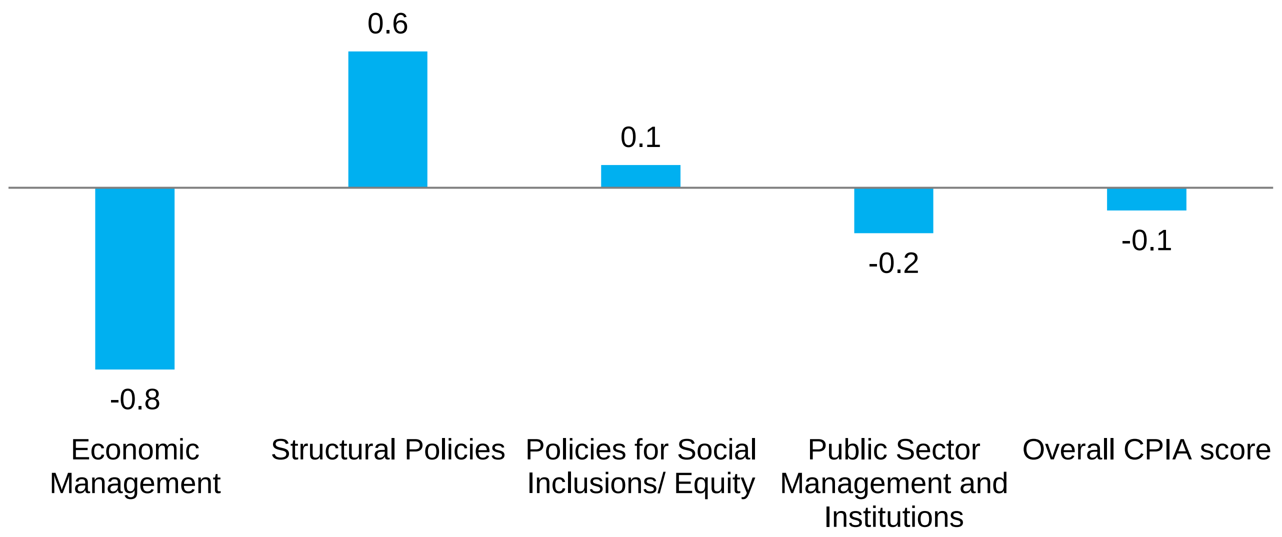
Macroeconomic management weakened, with challenges in fiscal policy, debt management, and quality of public financial management.

Malawi CPIA performance

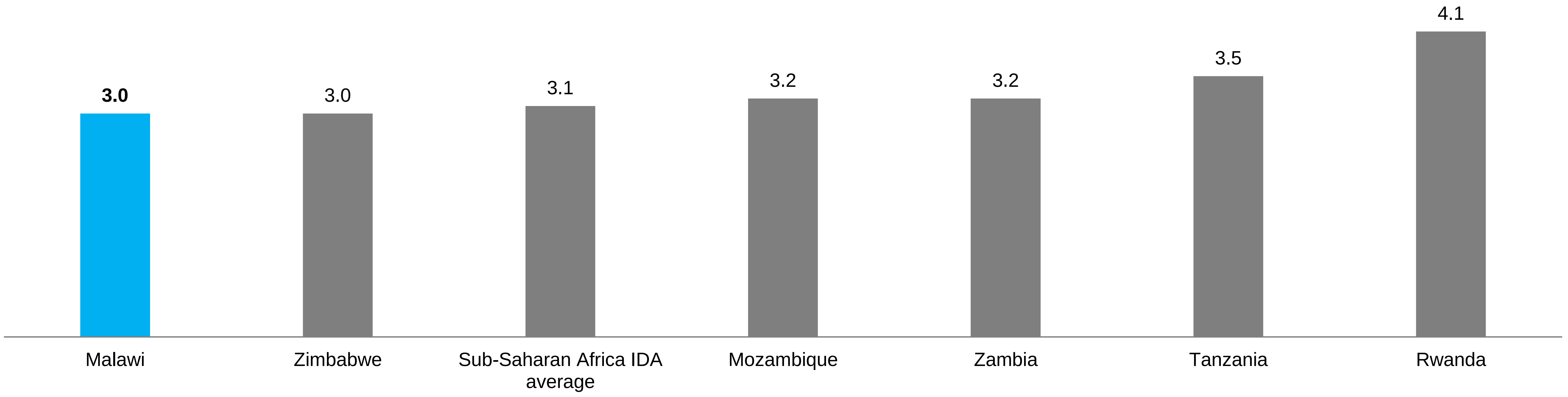
Malawi achieved a CPIA score of 3.0 in 2022, a drop from 3.1 from the previous assessment in 2021. The highest performing cluster was policies for social inclusion and equity while the lowest performing cluster was economic management.

Policies for social inclusion and equity are a strength, with a relatively high score for equity of public resource use. Macroeconomic management weakened, with challenges in fiscal policy, debt management, and quality of public financial management. In addition, public debt increased rapidly, driven by rising fiscal and external deficits. Public financial management is also rated low, indicating issues with managing arrears and continued corruption. Moreover, progress in procurement and audit systems was limited.

Changes in Malawi CPIA scores from 2013 to 2022



2022 select Sub-Saharan Africa CPIA scores



Appendices

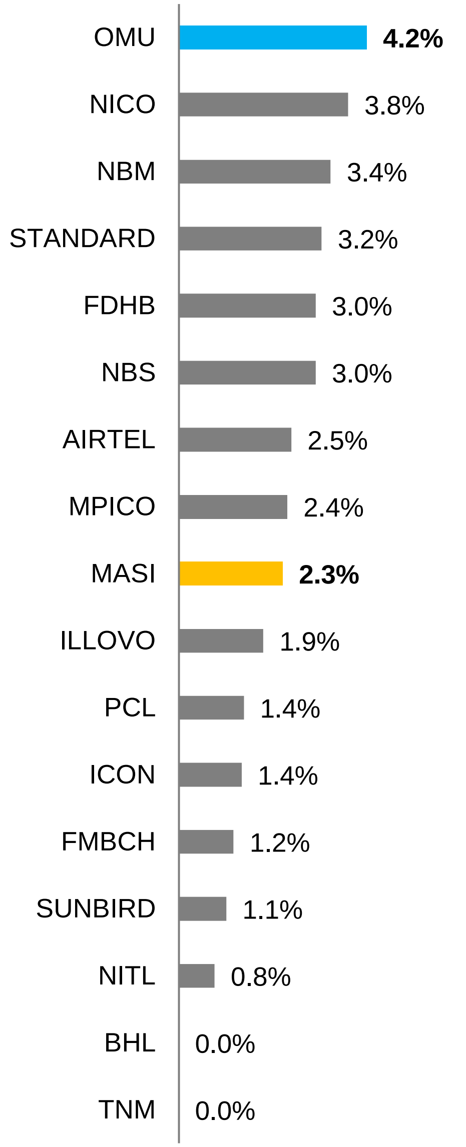
Appendix 1: Historical Monthly Economic Indicators

Bridgepath Capital
Invest to Achieve

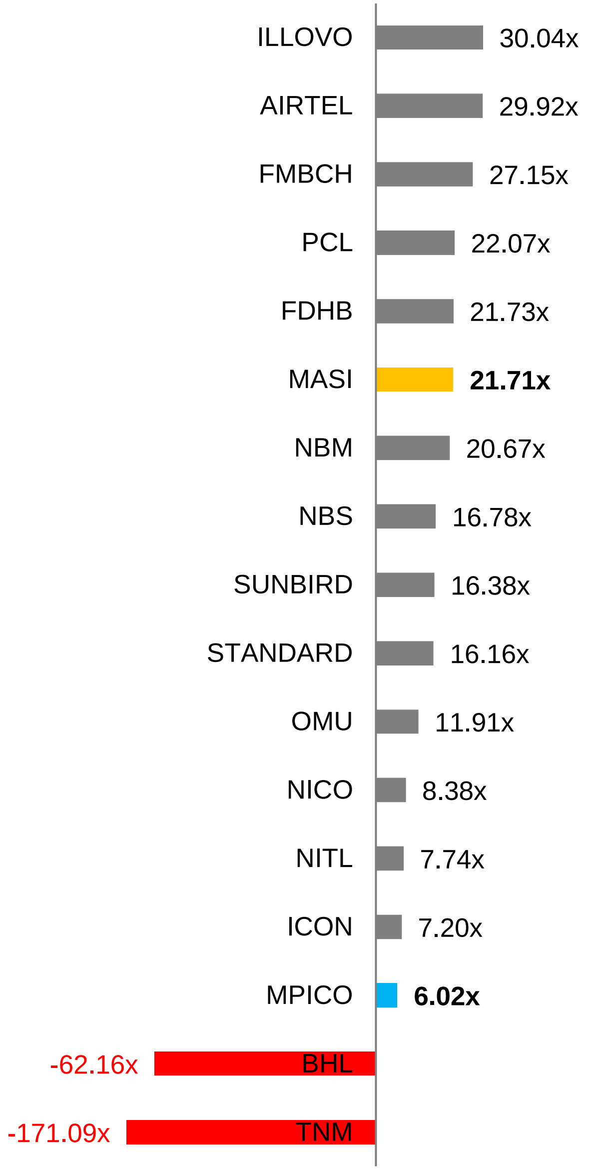
	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Exchange rates (middle rates)																
MK/USD	1,033.36	1,035.03	1,035.42	1,033.79	1,032.88	1,034.42	1,031.87	1,031.87	1,033.68	1,033.80	1,034.86	1,034.46	1,058.82	1.061.67	1,094.74	1,126.50
MK/GBP	1,289.26	1,296.86	1,240.77	1,180.36	1,234.05	1,276.81	1,305.57	1,305.57	1,280.21	1,315.33	1,325.22	1,317.23	1,377.77	1,400.92	1,429.20	1,412.17
MK/EUR	1,108.47	1,085.01	1,066.19	1,047.49	1,062.62	1,105.82	1,152.30	1,152.30	1,128.21	1,156.66	1,171.01	1,135.21	1,183.15	1,203.76	1,226.61	1,225.22
MK/ZAR	65.02	64.13	62.49	58.78	58.36	62.11	60.72	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67
Foreign Exchange Reserves																
Gross Official Reserves (USD'mn)	415.73	372.99	378.89	357.18	326.06	338.87	304.65	279.22	280.66	228.49	200.08	194.82	321.53	267.91	239.56	N/A
Private Sector Reserves (USD'mn)	401.60	396.02	398.43	408.84	427.67	400.77	399.20	384.37	378.54	375.36	403.93	386.90	407.47	406.63	419.35	N/A
Total reserves (USD'mn)	817.33	769.01	777.32	766.02	753.73	739.64	703.85	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	N/A
Gross Official Reserves Import cover (months)	1.66	1.49	1.52	1.43	1.30	1.36	1.22	1.12	1.12	0.91	0.80	0.78	1.29	1.07	0.96	N/A
Inflation																
Headline	23.50%	24.6%	25.5%	25.9%	26.7%	25.8%	25.4%	25.9%	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	N/A
Food	31.20%	32.5%	33.4%	33.7%	34.5%	33.4%	31.3%	30.5%	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	N/A
Non-food	16.60%	17.5%	18.2%	18.3%	18.6%	17.7%	18.6%	20.4%	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	N/A
Interest Rates																
Monetary Policy rate	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%
Average Interbank rate	12.48%	12.50%	12.50%	12.50%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%
Lombard rate	13.80%	13.90%	14.20%	14.20%	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	22.20%	22.20%	22.20%	24.20%	24.20%	24.20%
Commercial Bank reference rate	13.80%	13.90%	13.80%	13.90%	13.90%	16.60%	17.30%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%	22.70%	22.70%	23.40%
Government Securities Yields																
91-days Treasury Bill	9.75%	10.00%	11.00%	11.00%	11.00%	13.00%	13.00%	13.00%	13.00%	13.00%	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%
182-days Treasury Bill	15.005	15.00%	15.50%	15.50%	15.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	18.00%	18.00%	18.00%	18.00%
364-days Treasury Bill	17.60%	17.74%	18.33%	18.75%	18.75%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%
2-year Treasury Note	18.85%	20.50%	21.00%	21.50%	21.50%	22.50%	22.50%	22.75%	22.75%	22.75%	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%
3-year Treasury Note	22.00%	22.00%	23.00%	23.00%	23.00%	23.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%
5-year Treasury Note	24.00%	24.00%	25.00%	25.00%	25.00%	26.00%	26.00%	26.19%	26.19%	26.25%	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%
7-year Treasury Note	22.33%	25.53%	26.75%	26.50%	26.50%	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%
10-year Treasury Note	27.00%	27.00%	27.00%	27.50%	27.50%	27.50%	28.50%	28.50%	28.50%	28.50%	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%
Stock Market Indices																
MASI	49,596.14	52,889.87	54,454.45	54,389.92	55,046.26	55,795.69	62,036.05	68,451.77	71,069.31	80,298.12	86,462.61	102,837.75	108,656.97	112,492.50	119,077.99	118,426.19
DSI	39,011.21	42,717.13	44,109.31	44,360.30	44,986.52	48,811.22	50,804.03	54,351.80	56,674.50	64,886.76	70,512.35	83,365.40	87,071.03	88,364.93	90,336.93	89,173.86
FSI	6,538.52	5,548.61	5,548.61	5,154.73	5,100.84	5,613.43	5,614.30	8,374.09	8,382.28	8,381.79	8,202.52	10,396.15	12,297.19	14,982.64	19,947.76	20,692.42

Appendix 2: Selected stock market statistics as of 30 September 2023

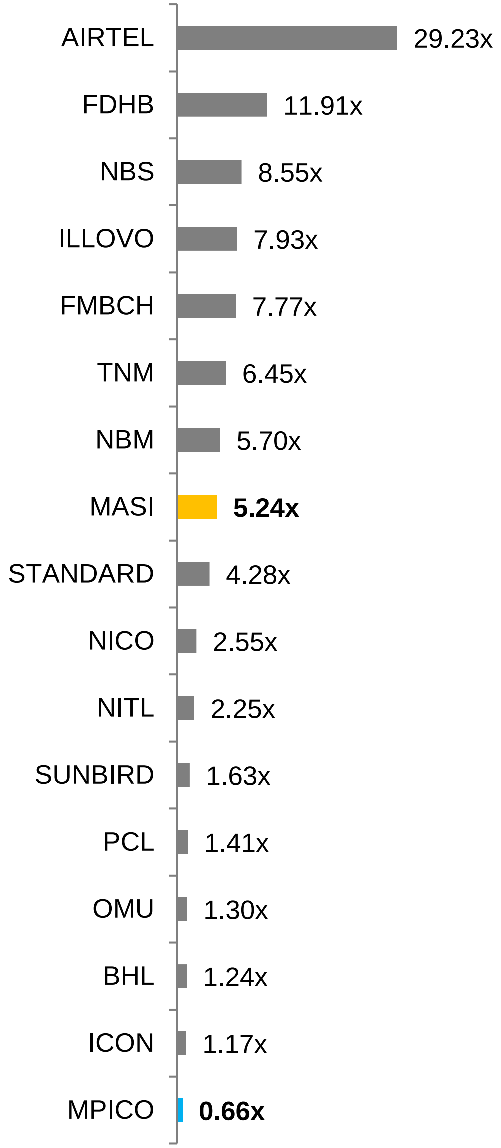
Dividend Yield (%) - the weighted average dividend yield on the MSE was 2.3% in September 2023. The counter with the highest dividend yield was OMU at 4.2%.



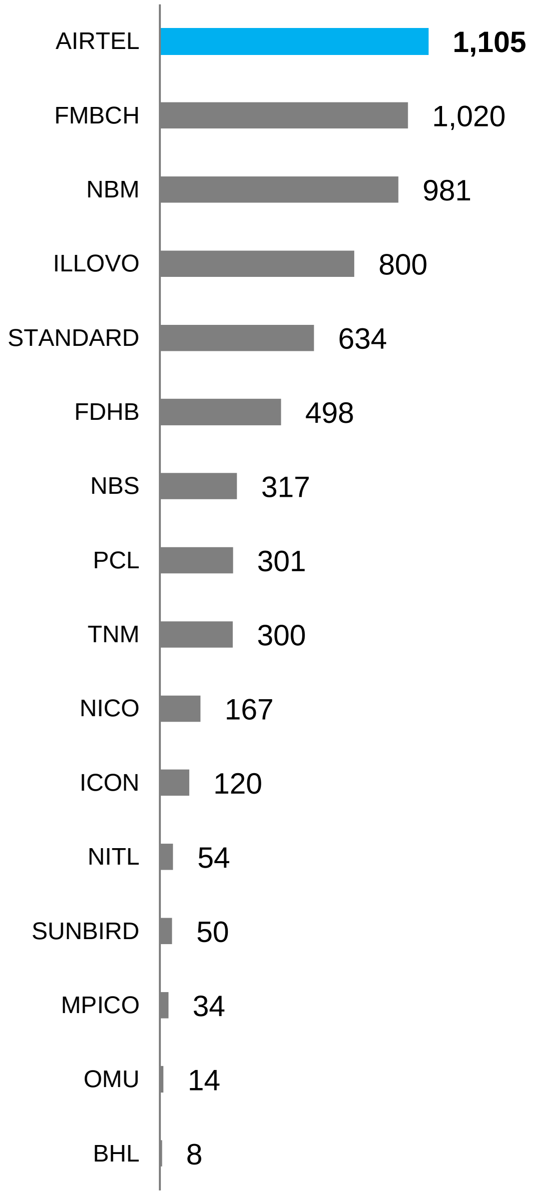
P/E Ratio - the weighted average price to earnings ratio on the MSE was 21.71x in September 2023. The counter with the lowest positive ratio was MPICO at 6.02x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 5.24x in September 2023. The counter with the lowest ratio was MPICO at 0.66x.



Market Capitalization (MK'billion) – AIRTEL had the highest market capitalization at MK1.10 trillion in September 2023.



Appendix 3: IMF and World Bank Projections

Bridgepath Capital
Invest to Achieve

IMF projections

Annual percentage change (unless otherwise indicated)	2021	2022	2023	2024	2025
GDP at constant market prices	4.6	0.8	1.7	3.3	3.8
Nominal GDP (billions of kwacha)	10	11.8	14.8	17.7	20.5
Consumer Prices (annual average)	9.3	20.8	24.8	18.3	12.2
National Savings (% of GDP)	-5.2	9.9	4.7	2.5	0.7
Gross Investment (% of GDP)	8.9	13.1	12.7	11.5	9.3
Revenue (percent of GDP on a fiscal year basis)	14.6	14.3	17.4	17.7	19.8
Tax and non-tax revenue (Revenue) (% of GDP on fiscal year basis)	12.9	12.5	13.5	14.9	17.5
Grants (Revenue) (% of GDP on fiscal year basis)	1.7	1.8	3.9	2.7	2.3
Overall balance (including grants) (% of GDP on fiscal year basis)	-7.4	-9	-11.8	-10.5	-9.4
Foreign financing (% of GDP on fiscal year basis)	1.3	2.6	3.3	0.6	0
Total domestic financing (% of GDP on fiscal year basis)	8	6.9	8.5	8.4	8.6
Credit to the private sector (% change)	22.2	24.1	16	8.2	5.1
Exports (goods and services) (USD millions)	1.2	1.1	1.3	1.5	1.6
Imports (goods and services) (USD millions)	3.3	1.8	2.5	2.6	2.7
Gross official reserves (USD millions)	429	120	499	747	846
Gross official reserves (months of imports)	1.6	0.6	2.3	3.3	3.7
Current account (% of GDP)	-14.1	-3.2	-7.9	-9	-8.6
Overall balance (% of GDP)	0	-0.1	-2.6	0.1	-0.2
External debt (public sector) (% of GDP)	31.5	34.4	37.1	35.3	33.5
NPV of public external debt (% of exports)	218.6	264.7	187.1	162.3	145.9
Domestic public debt (% of GDP)	30	40.8	43.2	44.9	47.4
Total public debt (% of GDP)	61.5	75.2	80.2	80.2	80.9

World Bank projections

Annual percentage change (unless otherwise indicated)	2020	2021	2022	2023	2024
GDP at constant market prices (% change)	0.8	2.8	0.9	1.4	2.4
Agriculture	3.4	5.2	-1.0	0.5	2.4
Industry	1.2	1.9	0.9	1.3	2.4
Services	-0.5	2.0	1.8	1.8	2.5
Consumer prices (annual average)	8.6	9.3	21.8	25.7	20.8
Revenue and grants (% of GDP)	14.6	14.3	14.1	15.9	16.0
Domestic revenue - tax and non-tax (% of GDP)	13.1	12.8	13.0	12.6	14.1
Grants (% of GDP)	1.5	1.5	1.1	3.2	2.0
Expenditure and net lending (% of GDP)	20.9	21.4	22.5	26.8	23.8
Overall balance - excluding grants (% of GDP)	-7.8	-8.6	-9.5	-10.9	-9.7
Overall balance - including grants) (% of GDP)	-6.3	-7.1	-8.4	-7.7	-7.7
Foreign financing (% of GDP)	0.8	1.0	0.9	1.9	0.8
Domestic financing (% of GDP)	4.9	5.9	7.7	5.3	6.9
Money and quasi-money (% change)	16.7	30.0	38.5	25.0	20.2
Credit to the private sector (% change)	16.1	17.8	23.2	14.7	10.9
Exports - goods and services (USD mn)	1,202	1,266	1,216	1,417	1,487
Imports - goods and services (USD mn)	3,088	3,250	2,707	2,941	3,077
Gross official reserves (USD mn)	566	429	110	379	513
Months of import cover	2.1	1.6	0.4	1.5	1.9
Current account (percent of GDP)	-13.8	-14.3	-3.2	-11.3	-11.3
Exchange rate (MK per US$ average)	749.5	805.9	949.0	—	—
External debt (public sector, % of GDP)	32.9	31.5	34.7	37.6	36.0
Domestic public debt (percentage of GDP)	21.9	30.0	40.8	42.9	44.3
Total public debt (percentage of GDP)	54.8	61.5	75.5	80.5	80.3

Appendix 5: EIU, AfDB and Oxford Economics Projections

Bridgepath Capital
Invest to Achieve

EIU projections

Economic growth (%)	2022	2023	2024	2025	2026	2027
GDP	0.8	0.7	2.0	2.5	3.2	3.5
Private consumption	0.5	1.0	1.5	2.0	2.4	3.1
Government consumption	2.0	1.8	2.8	2.7	2.6	2.4
Gross fixed investment	3.5	2.0	5.0	5.7	5.8	5.9
Exports of goods & services	3.3	4.3	4.8	5.0	5.5	5.6
Imports of goods & services	3.0	4.0	4.3	4.5	4.7	5.1
Domestic demand	1.0	1.2	2.1	2.5	2.9	3.4
Agriculture	0.1	1.0	1.3	1.5	2.2	2.6
Industry	1.5	0.2	1.6	2.3	2.6	3.0
Services	1.0	0.7	2.5	3.1	3.9	4.1
Key indicators						
Consumer price inflation (av; %)	21.0	30.5	22.8	10.6	12.1	12.1
Government balance (% of GDP)	-11.8	-13.0	-8.8	-6.5	-4.9	-4.4
Current-account balance (% of GDP)	-24.9	-19.4	-15.1	-11.4	-10.3	-9.4
Short-term interest rate (av; %)	10.6	18.0	12.5	12.5	11.0	9.5
Exchange rate MK:US$ (av)	941.4	1,095.9	1,251.4	1,339.2	1,664.4	2,000.0

Oxford Economics Projections

Annual percentage unless indicated otherwise	2021	2022	2023	2024	2025	2026
Real GDP growth	2.8	0.9	1.7	3.4	4.0	3.9
CPI inflation	9.3	20.8	27.8	14.7	9.4	7.9
Exports of goods	30.2	10.6	47.6	-18.1	6.4	6.2
Imports of goods	14	5.2	5.9	5.9	5.9	5.9
Current account ($ bn)	-1.5	-1.6	-1.1	-1.6	-1.7	-1.7
Current account balance (% of GDP)	-17.9	-17.3	-10.9	-14.8	-14.3	-14
Exchange rate per USD (year average)	804.2	941.4	1,064.6	1,166.2	1,225.9	1,289.4
External debt total ($ bn)	3.2	4.4	6.1	7.4	8.3	9.0
Government balance (% of GDP)	-12.4	-14.1	-10.4	-8.9	-7.5	-6.4
Government debt (% of GDP)	88.5	98.1	88.2	87.8	86.6	85.3
Population (millions)	19.9	20.4	20.9	21.5	22	22.6
Nominal GDP ($ bn)	8.6	8.9	10.3	10.8	11.6	12.4
GDP per capita ($ current prices)	433.9	438.2	491.1	501.3	527.8	547.8

AfDB projections

Annual percentage change (unless otherwise indicated)	2021	2022	2023	2024
Real GDP growth	2.2	0.8	2.0	3.5
Consumer price index inflation	9.3	15.0	22.8	15.4

Appendix 6: World Bank commodity market prices

Bridgepath Capital
Invest to Achieve

World Bank commodity prices

	Annual averages			Monthly averages		
				June	July	August
	2020	2021	2022	2023	2023	2023
Produce (USD/mt)						
Soybeans	407.0	583.0	675.0	592.0	634.0	584.0
Maize	165.5	259.5	318.8	266.9	242.4	207.6
Sugar & Tea (USD/Kg)						
Sugar - EU	0.4	0.4	0.3	0.4	0.4	0.4
Sugar - U.S.	0.6	0.7	0.8	0.9	0.9	0.9
Sugar - World	0.3	0.4	0.4	0.5	0.5	0.5
Tea - average	2.7	2.7	3.1	2.7	2.5	2.8
Fertilizers (USD/mt)						
DAP	312.4	601.0	772.2	454.6	458.8	528.8
Phosphate rock	76.1	123.2	266.2	344.5	342.5	346.3
Potassium chloride	241.1	542.8	863.4	328.0	341.3	353.1
TSP	265.0	538.2	716.1	390.0	392.3	450.6
Urea, E. Europe	229.1	483.2	700.0	287.5	334.6	385.6
Precious Metals (USD/toz)						
Gold	1,770.0	1,800.0	1,801.0	1,943.0	1,951.0	1,919.0
Platinum	883.0	1,091.0	962.0	971.0	950.0	925.0
Silver	20.5	25.2	21.8	23.4	24.3	23.4

Appendix 5: List of Acronyms and Abbreviations

ADF: African Development Fund
AfDB: African Development Bank
AFE: Eastern and Southern Africa
Afreximbank: African Export Import Bank
AFW: Western and Central Africa
AHL: Auction Holdings Limited
BHL: Blantyre Hotels Plc
CPIA: Country Policy and Institutional Assessment
CPI: Consumer Price Index
DAP: Diammonium Phosphate
DSI: Domestic Share Index
ECF: Extended Credit Facility
EIU: Economist Intelligence Unit
EUR: Euro
EU: European Union
FCS: Fragility and conflict-affected situation
FDHB: FDH Bank Plc
FMBCH: FMB Capital Holdings Plc
FSI: Foreign Share Index
GBI: Green Belt Initiative
GBP: Great British Pound
GDP: Gross Domestic Product
HIPC: Heavily Indebted Poor Country
IFPRI: International Food Policy Research Institute
IDA: International Development Association
IMF: International Monetary Fund
ISA: International Sugar Agreement
Kg: Kilogram
kt/a: Kilotonne per annum
MASI: Malawi All Share Index
Mb/d: Million barrels per day
Mt: Metric tons
MK: Malawi Kwacha
MPC: Monetary Policy Committee
MSE: Malawi Stock Exchange
NBM: National Bank of Malawi Plc
NICO: NICO Holdings Plc
NITL: National Investment Trust Limited Plc
NSO: National Statistical Office
OMO: Open Market Operations
OMU: Old Mutual Limited Plc
OPEC: Organization of the Petroleum Exporting Countries
ORB: OPEC Reference Basket
PAT: Profit After Tax
P/BV: Price to book value
PMB: Staff-Monitored Program with Executive Board involvement
PCL: Press Corporation Limited Plc
P/E: Price to earnings
RBM: Reserve Bank of Malawi
SUNBIRD: Sunbird Tourism Plc
TB: Treasury Bill
TBA: To be announced
TDB: Trade and Development Bank
TN: Treasury Note
TNM: Telekom Networks Malawi Plc
Toz: Troy ounces
TPD: Total public debt
TT: Telegraphic Transfer
USD: United States Dollar
ZAR: South African Rand

Disclaimer

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

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:

- **Valuations**
- **Business/Financial Modeling**
- **Independent Business Reviews**
- **Mergers and Acquisitions Transaction Services**
- **Project Finance Advisory**
- **Capital Raising**
- **Business Plans/feasibility studies/Financial Projections**
- **Equity/IPO Advisory**

Invest.
Achieve.
Be Different.

Bridgepath Capital Limited
P.O Box 2920
Blantyre

1st Floor (106)
Development House
Corner Henderson Street
Blantyre

info@bridgepathcapitalmw.com
+265 1 828 355
www.bridgepathcapitalmw.com

Bridgepath Capital
Invest to Achieve