



Malawi Annual Economic Report

2023



Table of Contents

1. Executive Summary and Outlook	3
2. Economic Overview	6
1. Inflation	7
2. Foreign Currency Market and Foreign Reserve Position	8
3. Government Securities	9
4. Stock Market	10
5. MSE Traded Values	11
6. Listed Debt Market	11
7. Corporate Announcements by MSE Listed Companies	11
3. Fiscal and Monetary Developments	12
1. Fiscal policy	13
2. Monetary Policy	14
4. Commodity Market Developments	15
1. Tobacco Sales	16
2. Global Oil Developments	17
3. Other commodity developments	17
5. Notable developments during the year	18
6. Appendices	21
7. Contact Information	29

Inflation

The annual average headline inflation for 2023 is 28.8%. This is an increase from an annual average of 21.0% in 2022. The rise in headline inflation was due to increases in the average food and non-food inflation rates. Food inflation was high in 2023 because of the sustained high costs of food due to weather-related shocks and supply-side inconsistencies for agricultural inputs that led to lower yields and higher prices. The increase in non-food inflation was due to increasing energy prices, the lingering effects of the COVID-19 pandemic and the impacts of the Russian-Ukrainian war, which have all resulted in increasing global commodity prices. The currency devaluation sanctioned by the Reserve Bank of Malawi (RBM) in November 2023 has also contributed to the high inflation rate.

Based on various published sources, annual headline inflation for 2023 was forecast to close in a range of 27.8% to 30.3%. The RBM projected inflation to average 28.2% in 2023, mainly due to the impact of exchange rate fluctuation on domestic prices. The EIU expected inflation to average 28.3% in 2023 due to the Kwacha devaluation and deficit monetization. Oxford Economics forecasted inflation to average 28.6% in 2023 due to rising food inflation and exchange rate developments. Furthermore, the IMF projected inflation to average 30.3% in 2023 due to high food inflation and exchange rate passthrough. Finally, the World Bank expected inflation to average 29.2% in 2023 due to rising domestic food prices, pressure from anticipated lower agricultural yield, and money supply growth.

Projections from various published sources show that average inflation for 2024 will range between 19.2% to 27.9%. The International Monetary Fund (IMF) expects inflation to average 27.9% in 2024 from 30.3% in 2023, whilst the Economist Intelligence Unit (EIU) expects inflation to average 25.1% in 2024 from 28.3% in 2023. Oxford Economics expects inflation to average 21.5% in 2024 from 27.8% in 2023. Finally, the World Bank projects inflation to average 19.2% in 2024 from 29.2% in 2023. The factors driving 2024 inflation expectations include fiscal consolidation, tight monetary policy stance and better global and local economic prospects.

The EIU assesses that the November 2023 devaluation of the Kwacha will initially boost inflation, as such, the monetary authorities will likely hold interest rates steady at the current rate.

Exchange Rates

In November 2023, the RBM devalued the Malawi kwacha by 44% against the United States Dollar (USD). The RBM stated that the adjustment came because of several factors, such as supply-demand imbalances in the market despite adjustments of the exchange rate through the auction system. Based on middle rates, the Kwacha had depreciated against the USD year-on-year by 64% to MK1,697.98/USD from MK1,034.67/USD as of 31 December 2022. Year-on-year, the Kwacha also depreciated against the British Pound by 73%, the Euro by 70%, and the South African Rand by 50%.

As of 30 November 2023, the country's gross official forex reserves decreased by 44.4% to USD169.50 million from USD304.65 million as of 31 December 2022. The private sector foreign reserves increased by 6.3% to USD413.20 million as of 30 November 2023 from USD399.20 million as of 31 December 2022.

Government Securities

The government awarded a total of MK1.84 trillion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in 2023, a marginal increase of 0.7% from MK1.83 trillion awarded through TBs and TNs auctions in 2022. The rise in government borrowing has been on account of increasing fiscal deficits, which are being financed through both domestic and foreign borrowing. The closing average TB yield increased to 18.90% in 2023 from 16.67% in 2022. Likewise, the closing average TN yield increased to 29.95% in 2023 from 25.70% in 2022.

Stock Market

Year-on-year, the Malawi All Share Index (MASI) increased to 110,951.21 points as of 31 December 2023 from 62,036.05 points as of 31 December 2022. The increase in the MASI in 2023 was on account of share price gains for all counters listed on the Malawi Stock Exchange except for MPICO. The share price gains offset the share price loss for MPICO. Regarding market price movements, FDH Bank shares had the highest price gain in the period of 302.99%, with the price rising to MK70.00 per share as of 31 December 2023 from MK17.37 per share as of 31 December 2022. The share price gains offset the 27.33% share price loss for MPICO during the period under review. MPICO shares traded at MK15.00 per share as of 31 December 2023 from MK20.64 per share as of 31 December 2022.

Fiscal Policy

The 2023/24 National budget was developed under the theme "Sacrificing today for a better tomorrow: Regaining Macroeconomic Stability and growth through collective responsibility for our shared future".

The 2023/24 revised budget projected total revenue and grants to be MK3.05 trillion, a 52% increase from a budgeted total of MK2.01 trillion in the 2022/23 budget. Total expenditure was projected at MK4.33 trillion in the revised 2023/24 budget. This represents a 52% increase from MK2.85 trillion in the 2022/23 budget. The fiscal deficit for the 2023/24 revised budget was at MK1.28 trillion. This represents a 52% increase from an MK0.84 trillion fiscal deficit budgeted for the 2022/23 fiscal year. The deficit in both years was to be financed by both domestic and foreign borrowing.

According to the mid-year budget statement presented by the Minister of Finance and Economic Affairs, following the 44% currency devaluation of the Kwacha in November 2023, total public debt stock had increased to MK12.56 trillion from MK9.41 trillion reported in March 2023, with external debt accounting for 53% of the total debt stock whilst domestic debt accounted for 47%.

Monetary Policy

In 2023, the Monetary Policy Committee (MPC) raised the policy rate by 6 percentage points to 24% from 18%. This was caused by two adjustments effected in April 2023 and July 2023. Similarly, the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits was increased by 4 percentage points to 7.75% from 3.75%. The MPC resolved that the adjustments were necessary to dampen the rising inflationary pressures and re-anchor inflation expectations. The LRR ratio on foreign currency deposits was maintained at 3.75% and the Lombard rate was maintained at 20 basis points above the policy rate in 2023.

Tobacco Sales

The sale of tobacco in the 2023 season generated a total of USD283.8 million, which was 56% higher than the USD182.0 million total sales revenue generated in the 2022 season. A cumulative volume of 120.5 million kgs of tobacco was sold during the 2023 market season. This was a 42% increase from 85.1 million kgs sold in 2022. The increase in the volume sold resulted from higher tobacco yields harvested in the 2023 farming season. The cumulative volume was sold at a seasonal average price of USD2.35 per kg, representing a 10% increase from the 2022 seasonal average price of USD1.14 per kg. The increased prices and higher volume sold led to higher revenue in 2023 compared to 2022. The closure of the Mzuzu tobacco market after 17 weeks of sales marked the end of the 2023 tobacco marketing season. The 2022 season ran for 20 weeks and closed on 12 August 2022.

Maize and Oil Prices

According to the International Food Policy Research Institute (IFPRI), the average maize price in 2023 was MK656.92/Kg, 121% higher than MK296.92/Kg in 2022.

Year-on-year, the OPEC Reference Basket (ORB) price decreased by 1.7% to close at an average of USD79.00/b in 2023 from an average of USD80.36/b in 2022. The annual average price decreased by 17% to USD82.98/b in 2023 from USD99.96/b in 2022. According to the OPEC December 2023 monthly report, speculators have played a major role in pushing oil prices down. Further to this, OPEC noted that heavy selloffs amidst a highly volatile market also contributed to the price decline. For 2024, data from Reuters shows that international oil prices in 2024 are expected to stay around USD80/b as analysts predict that weak global growth will cap oil demand hence preventing substantial increase in the price.

Fuel and electricity tariffs

In November 2023, the Malawi Energy Regulatory Authority (MERA) announced that petrol, diesel and paraffin pump prices had been adjusted upwards, effective 10 November 2023. The upward adjustment moved the pump price of petrol to MK2,530/litre from MK1,746/litre, representing a 44.9% increase from December 2022. The pump price of diesel moved to MK2,734/litre from MK1,920/litre, representing a 42.40% increase from December 2022. Finally, the pump price of paraffin moved to MK1,910/litre from MK1,261/litre, representing a 51.47% increase in the period under review.

MERA also announced that the average electricity tariffs have been adjusted upwards to MK173.70/kWh from MK123.26/kWh, effective 10 November 2023. This represents a 40.92% tariff increase. However, in a press release on 1 December 2023, MERA announced that the tariff hike had been reversed to MK92/kWh as set in September 2023 for domestic consumers only.

Notable developments during the year

International Monetary Fund Extended Credit Facility - In November 2023, Malawi secured a 48-month arrangement under the Extended Credit Facility (ECF) with the IMF. Through the ECF, Malawi will get about USD174 million, with an immediate disbursement of about USD35 million.

Cyclone Freddy – In March 2023, Malawi was hit by Cyclone Freddy and according to the Department of Disaster Management Affairs (DODMA), due to Cyclone Freddy, as of 29 March 2023, there were 511 deaths reported while 533 people were missing. At least 1,724 people were injured and at least 563,771 people displaced in 577 camps as thousands of homes and in some instances entire villages had been washed away.

The 2023 Tropical Cyclone Freddy Post-Disaster Needs Assessment report revealed that a total of USD506.7 million (approximately MK853 billion) was lost because of the disaster, and it was estimated that a total of USD680.4 million (approximately MK1.1 trillion) was required for recovery and reconstruction.

Restoration of Kapichira Hydro Power Station - In April 2023, the Electricity Generation Company (Egenco) resumed operations at Kapichira Hydro Power Station in Chikwawa District. The station was closed for about 14 months from February 2022 after Tropical Cyclone Ana washed away a section of Kapichira coffer dam. The station has 4 machines and has a total capacity of 129.6 megawatts.

Economic Growth

The 2023 gross domestic product (GDP) growth rate projections for Malawi from various published sources ranges between 1.6% and 2.0%. Foreign exchange shortages, tight monetary policy stance, and weather shocks have been cited by most sources as the reasons for the subdued growth in 2023. For 2024, GDP forecasts range between 2.8% and 3.8%, with most sources attributing the rebound to the International Monetary Fund (IMF) Extended Credit Facility (ECF) program as it will unlock foreign exchange inflows into the country. Additionally, the rebound in 2024 is expected due to more robust private consumption and exports and implementation of macroeconomic reforms.

The MPC observed that economic recovery had been disrupted by Cyclone Freddy, resulting in a growth estimate of 1.9% in 2023, down from an earlier projection of 2.7%. The resumption of the IMF ECF program is expected to unlock foreign exchange inflows, which might revamp economic activity. Therefore, the MPC projects growth for 2024 at 3.8%.

According to Oxford Economics, economic growth was projected at 1.9% for 2023. The strong tobacco marketing season in 2023 was expected to bolster real GDP growth by offsetting the negative effects of adverse weather conditions. Real GDP growth is expected to rebound to 3.8% in 2024 due to more robust private consumption and exports.

According to the EIU, real GDP growth in 2023 was undermined by weather shocks and monetary tightening, depressing real GDP growth to 1.6%. A rebound to 3.0% is expected in 2024 due to the anticipated resumption of the ECF program.

The World Bank's GDP growth projection for 2023 was 1.6%, owing to improved electricity supply. However, the World Bank stated that growth was subdued by forex shortages in 2023. Real GDP growth is expected to increase to 2.8% in 2024 because of ongoing and announced reforms that the government is implementing. Over the medium term, economic growth is forecast to grow moderately, supported by the announced macroeconomic reforms to address the country's economic challenges.

The IMF projected real GDP growth of 1.6% in 2023 citing factors such as foreign exchange shortages and tight monetary policy for the constrained growth in 2023. For 2024, the IMF projects that real GDP growth will rise to 3.3% because of the program of macroeconomic adjustment and reforms to be implemented in the year.

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 MK27.2 trillion) in revenue. The pre-feasibility results show that the mine has the potential to become a large rutile producer at 222 kilotons per annum (kt/a) for an initial 25 years. Furthermore, in its Malawi fourth quarter country report, the EIU has stated that the Kayelekera uranium mine is expected to begin operations in late 2024. The commencement of operations will likely boost export revenue from 2025.

Energy: According to the World Bank, approximately 19% of Malawians have access 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 are viable. The potential for renewable energy also exists in the form of hydropower.

Agriculture: The second phase of the Agricultural Commercialization (Agcom II) project was launched on 16 November 2023. The World Bank funds the project worth USD265 million (approximately MK447 billion). Agcom II provides a significant opportunity for players in the agricultural sector to find markets for their produce. A few other opportunities in the agricultural industry include large-scale commercial fishing, cannabis production and processing, large-scale sugarcane production in the areas under the Green Belt Initiative (GBI) and processing factories for value addition to make puree, spices, paste and juices.

Tourism: Recently, Malawi has become a popular destination for international meetings, conferences and events. The sector offers various opportunities for investment, such as; hotels and conference facilities in major towns and cities, cable cars and associated facilities on Mulanje mountain, entertainment centres 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 Malawian public debt status risks include refinancing, interest rate, and exchange rate risks. Exchange rate shocks, such as the November 2023 44% exchange rate re-alignment, can substantially contribute to higher debt service payments in local currency terms. As per the Mid-year 2023/24 budget statement, following the Kwacha re-alignment, total public debt stock increased from MK10.60 trillion to MK12.56 trillion. Further currency depreciation could lead to higher payments in the budget than projected.

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 essential commodities (fuel, medicine and food) and servicing debt, which would, in turn, worsen dire macroeconomic conditions, poverty, and food insecurity.

Next, agriculture plays a vital role in employment and export earnings but remains vulnerable to weather-related shocks. For instance, the 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 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. The average inflation rate for the first eleven months 2023 is 28.2%. With the recent hike in electricity tariffs for non-domestic users and the increase in pump fuel prices, domestic prices will rise due to increased production costs.

Lastly, a potential concern involves the further depreciation of the domestic currency, particularly if the risk of supply-demand imbalances in the market persists. 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 pressure inflation levels, subsequently influencing the country's fiscal deficit.

Economic Overview



Economic overview

Inflation (Source: NSO, IFPRI, RBM, IMF, EIU, MERA, Oxford Economics, World Bank)

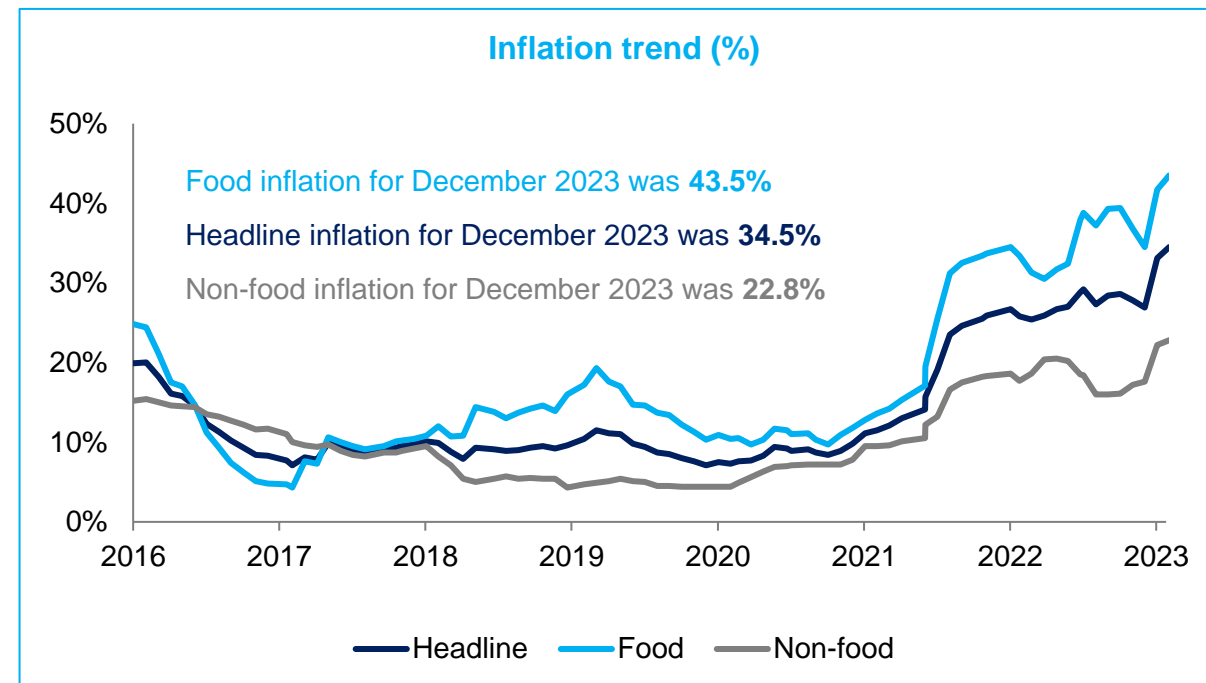
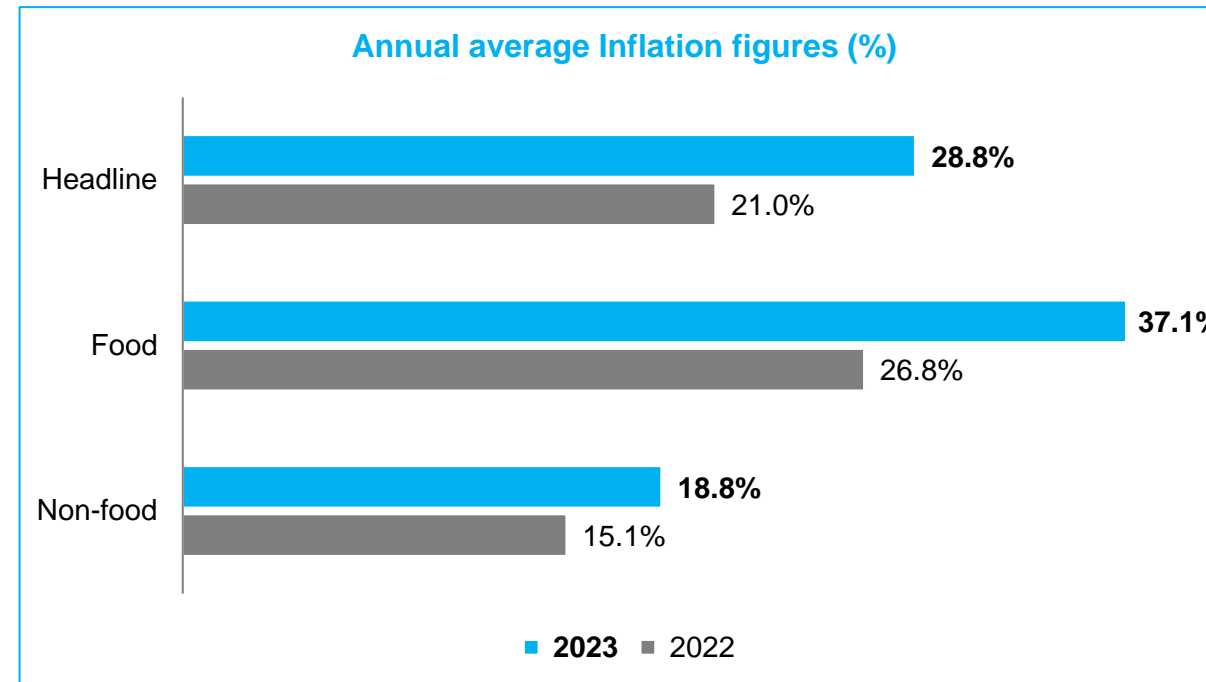
The annual average headline inflation increased to 28.8% in 2023 from 21.0% in 2022 due to an increase in both food and non-food inflation. The annual average food inflation was 37.0% in 2023 from 26.8% in 2022, and the annual average non-food inflation was 18.8% from 15.1% in 2022.

The annual average headline inflation for 2023 is 28.8%. This is an increase from an annual average headline inflation of 21.0% in 2022. The rise in headline inflation was due to an increase in both the average food and non-food inflation rates. The annual average food inflation was 37.0% in 2023 from 26.8% in 2022. Food inflation was high in 2023 because of the sustained high costs of food due to weather-related shocks and supply-side inconsistencies for agricultural inputs that led to lower yields and higher prices. Similarly, the average non-food inflation in 2023 was 18.8%, up from 15.1% in 2022. The increase in non-food inflation has been attributed to increasing energy prices, lingering effects of the COVID-19 pandemic and the impacts of the Russian-Ukrainian war which have all resulted in increasing global commodity prices.

According to the International Food Policy Research Institute (IFPRI), the average maize price in 2023 was MK656.92/Kg, 121% higher than MK296.92/Kg in 2022. According to Malawi Energy Regulatory Authority (MERA), the average price of petrol has increased by 44.9% to MK2,530.00/litre as at 31 December 2023 from MK1,746.00 as at 31 December 2022. Similarly, the price of diesel has risen by 42.4% to MK2,734/litre as of 31 December 2023 from MK1,920.00/litre as of 31 December 2022.

Based on various published sources, annual headline inflation for 2023 was forecast to close in a range of 27.8% to 30.3%. The RBM projected inflation to average 28.2% in 2023, mainly due to the impact of exchange rate fluctuation on domestic prices. The EIU expected inflation to average 28.3% in 2023 due to the Kwacha devaluation and deficit monetization. Oxford Economics forecasted inflation to average 28.6% in 2023 due to rising food inflation and exchange rate developments. Furthermore, the IMF projected inflation to average 30.3% in 2023 due to high food inflation and exchange rate passthrough. Finally, the World Bank expected inflation to average 29.2% in 2023 due to rising domestic food prices, pressure from anticipated lower agricultural yield, and money supply growth.

Month-on-month, the headline inflation increased to 34.5% in December 2023 from 33.1% in November 2023. This represents an increase of 1.4 percentage points. The increase was a result of an increase in both the food inflation and the non-food inflation. Food inflation increased to 43.5% in December 2023 from 41.7% in November 2023, while non-food inflation increased to 22.8% in December 2023 from 22.2% in November 2023.





Economic overview (Continued)

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

Following the 44% devaluation and several forex auctions during the year, the Malawi Kwacha has depreciated against the United States Dollar by 64% year-on-year.

Year-on-year, the Malawi Kwacha has also depreciated against the British Pound by 73%, the Euro by 70%, and the South African Rand by 50%.

The gross official forex reserves in November 2023 were USD169.50 million, a 44% decrease from USD304.65 million in December 2022. This translates to an import cover of 0.7 months, a reduction of 43% from 1.2 months in December 2022.

Foreign currency market

In January 2023, the government through the RBM scheduled to have its first foreign exchange auction but only three Authorized Dealer Banks (ADB) of the eight ADBs participated hence it could not be used to determine the exchange rate. The first official auction then took place on 19 June 2023. The foreign exchange auctions were introduced in a bid to discover, determine and maintain a market clearing price for the Malawi Kwacha (MK) against the US Dollar (USD) and other major currencies.

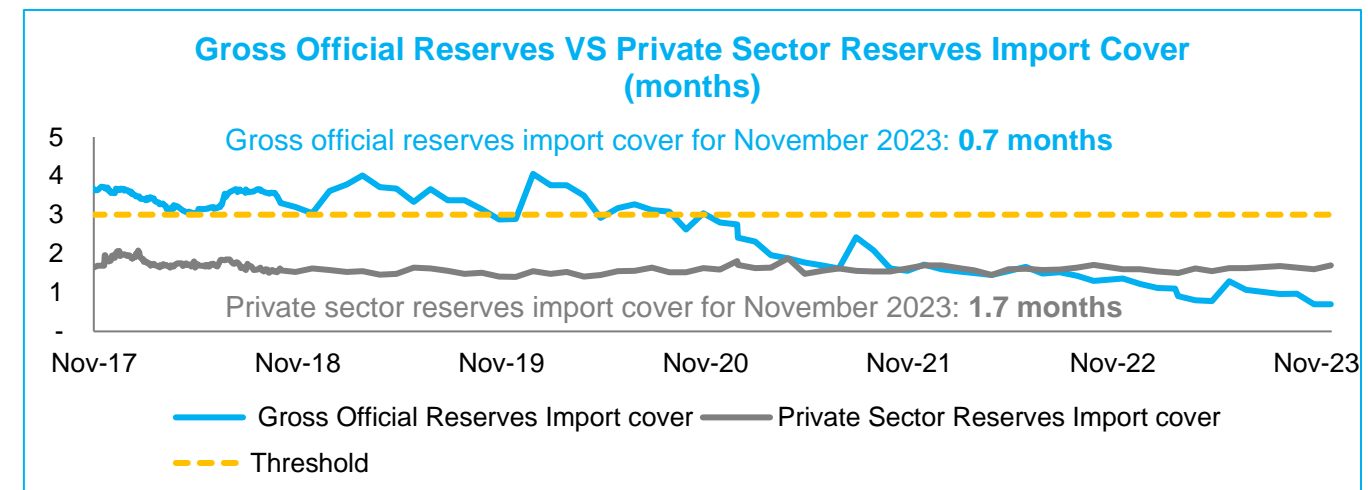
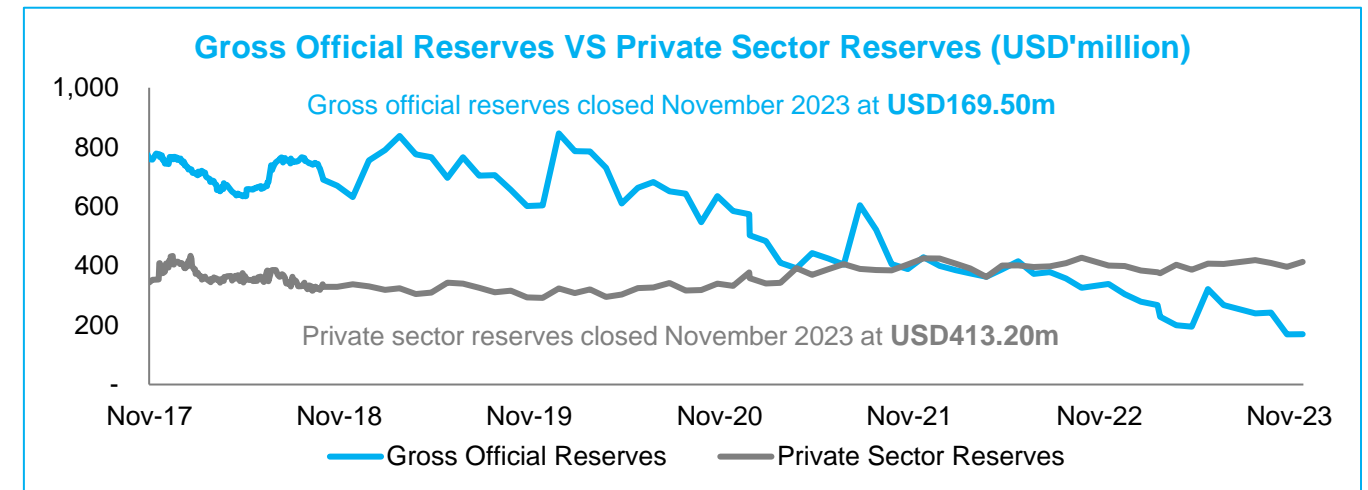
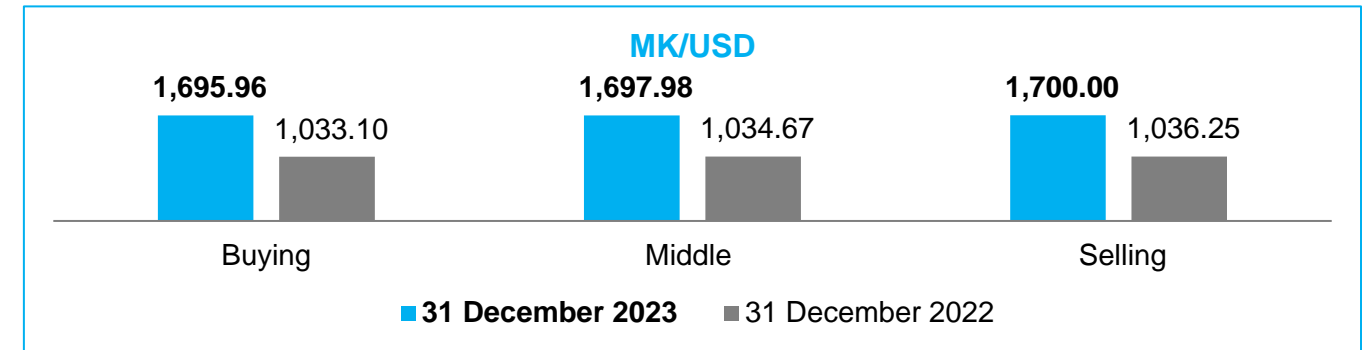
In November 2023, the RBM devalued the Malawi kwacha by 44% against the United States Dollar (USD). The RBM stated that the adjustment came because of several factors, such as supply-demand imbalances in the market despite adjustments of the exchange rate through the auction system. The RBM also mentioned that spot checks on some market players indicated that the market could clear import bills at the new rate and that the mismatch in exchange rates in cash and Telegraphic Transfer (TT) markets triggered arbitrage opportunities, hence the adjustment.

As of 31 December 2023, the Kwacha had depreciated against the USD by 64% to MK1,697.98/USD from MK1,034.67/USD as of 31 December 2022. Year-on-year, the Kwacha also depreciated against the British Pound by 73%, the Euro by 70%, and the South African Rand by 50%. The annual average USD exchange rate was MK1,173.96/USD in 2023 compared to MK963.47/USD in 2022.

Foreign reserve position

As of 30 November 2023, the country's gross official forex reserves decreased by 44.4% to USD169.50 million from USD304.65 million as of 31 December 2022. The private sector foreign reserves increased by 3.5% to USD413.20 million as of 30 November 2023 from USD399.20 million as of 31 December 2022. Total forex reserves held as of 30 November 2023 were at USD582.70 million, a 17.2% decrease from USD703.85 million held as of 31 December 2022.

The import cover for the gross official foreign exchange reserves in November 2023 was 0.7 months, while the import cover for private sector foreign exchange reserves was 1.7 months. This represents a 42.6% decrease and a 6.3% increase from 1.2 months and 1.6 months for gross official and private sector forex reserves, respectively, during the period under review. The total forex reserves import cover in November 2023 was 2.4 months from an import cover of 2.8 months in December 2022. In November 2023, the import cover was below the required threshold of 3 months.





Economic overview (Continued)

Government securities (Source: RBM)

The government awarded a total of MK1.84 trillion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in 2023, a marginal increase of 0.7% from MK1.83 trillion awarded through TBs and TNs auctions in 2022.

The closing average TB yield increased to 18.90% in 2023 from 16.67% in 2022. Likewise, the closing average TN yield increased to 29.95% in 2023 from 25.70% in 2022.

Treasury Bills (TBs)

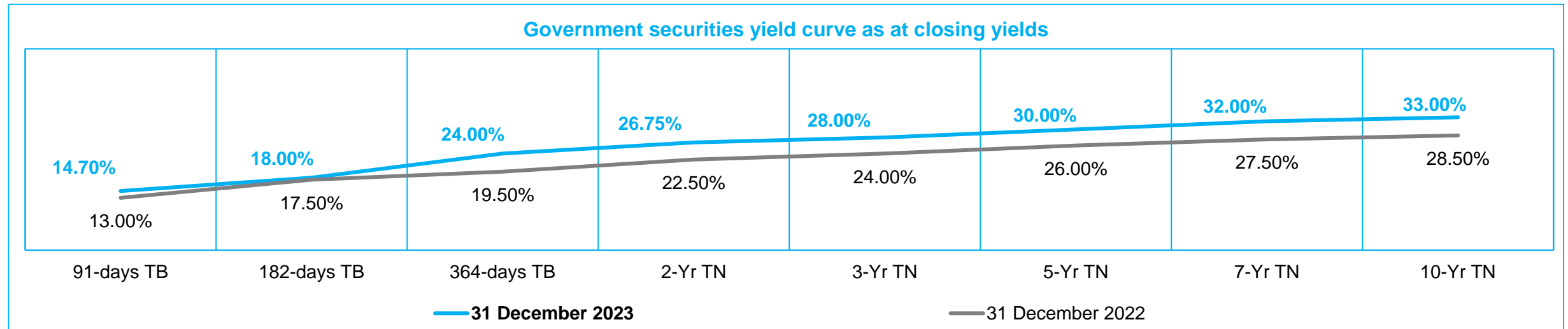
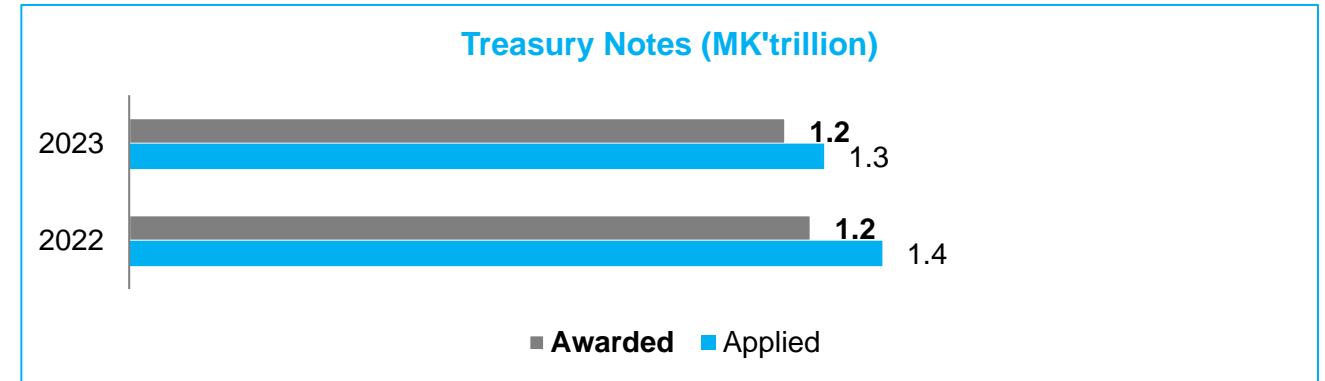
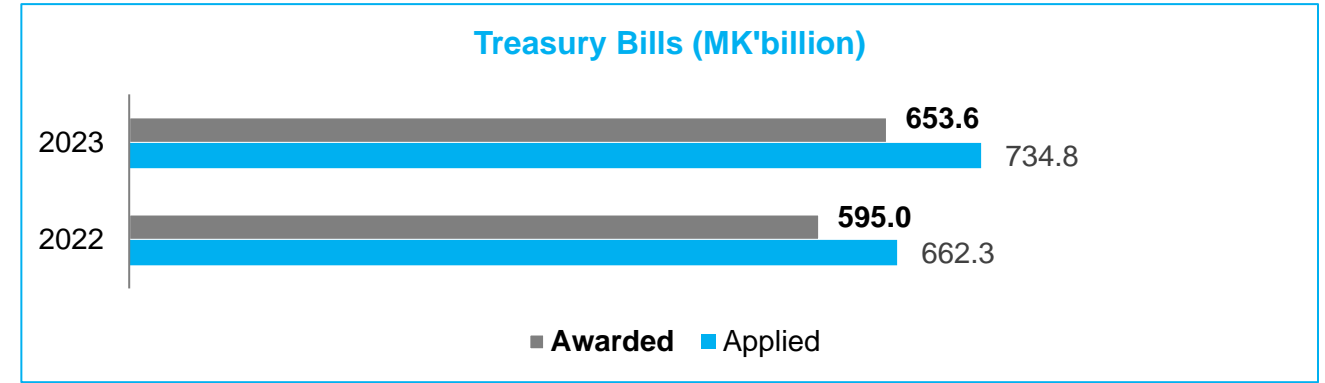
In 2023, total applications for TBs amounted to MK735 billion. This represents an 11% increase from MK662 billion that was applied for in 2022. In the year 2023, the government awarded a total of MK654 billion through the TBs auctions. This represents an increase of 10% from MK595 billion that was awarded in 2022. The rise in government borrowing in 2023 has been on account of increasing fiscal deficits which are being financed through both domestic and foreign borrowing. The TBs applications had a 11.1% rejection rate in 2023 which is higher compared to the 10.2% rejection rate in 2022.

Treasury Notes (TNs)

In 2023, total applications for TNs amounted to MK1.26 trillion, a decrease of 7% from a total of MK1.36 trillion applications in 2022. During the period under review, the government awarded a total of MK1.19 trillion through the TNs auction. This represents a 4% decrease from MK1.23 trillion that was awarded in 2022. The government increased domestic borrowing between 2022 and 2023 to finance increasing fiscal deficits. The TN applications had a rejection rate of 5.6% in 2023, a decrease from a rejection rate of 9.5% in 2022.

Government Securities Yields

The closing average TB yield increased to 18.90% in 2023 from 16.67% in 2022. Similarly, the closing average TN yield increased to 29.95% from 25.70% during the period under review.





Economic overview (Continued)

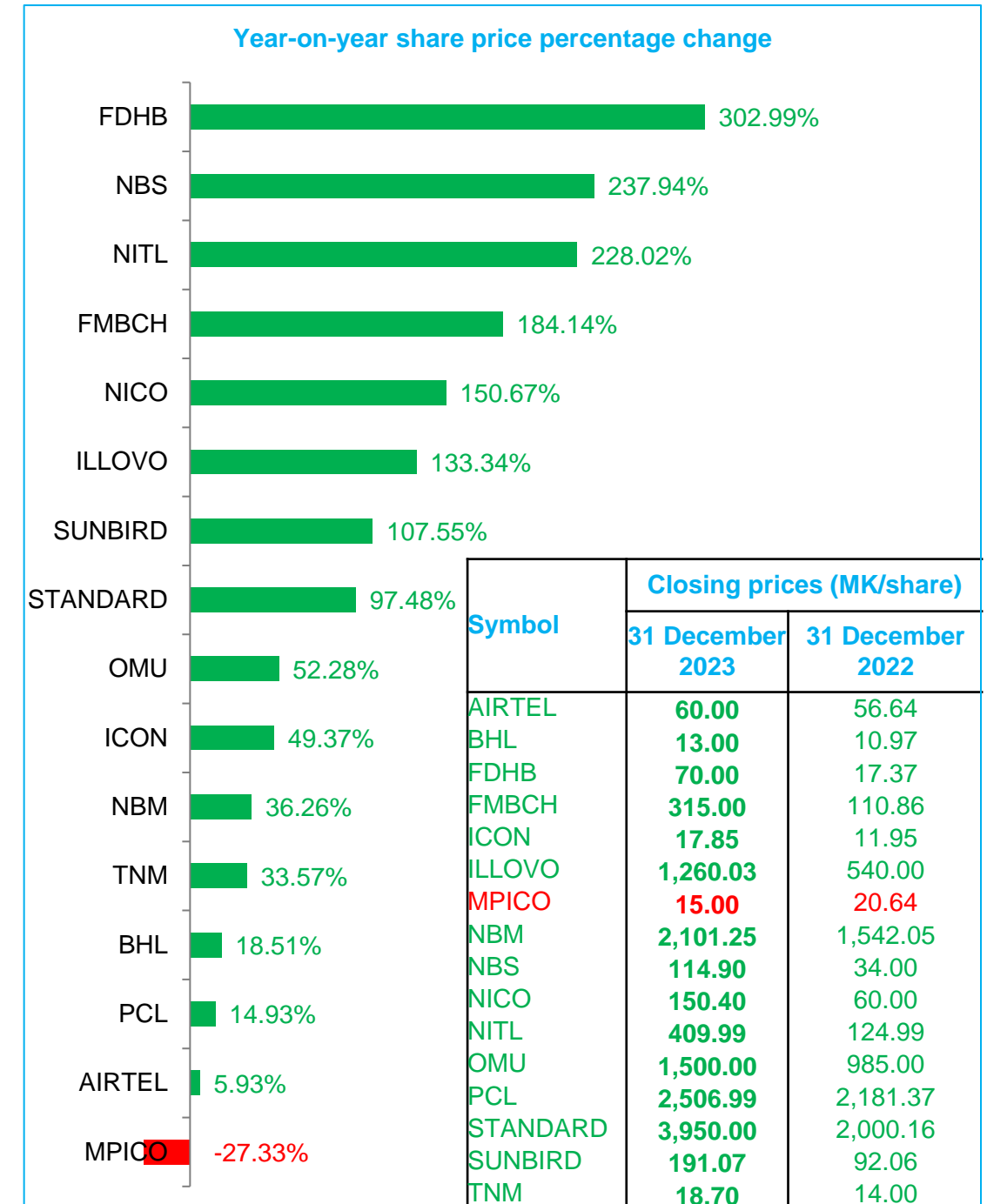
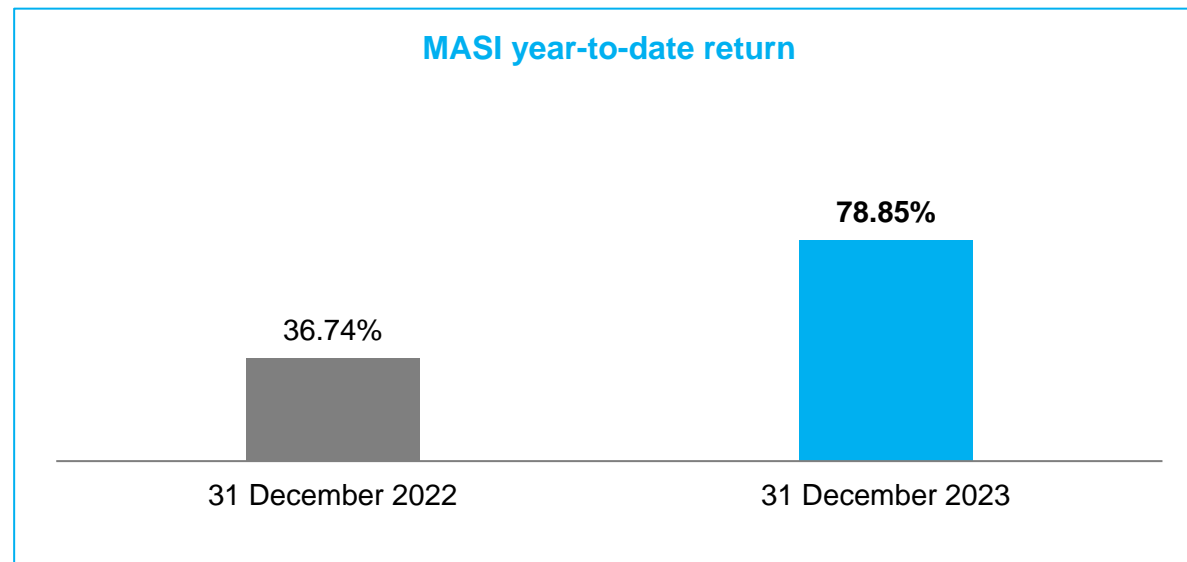
Stock market (Source: MSE)

The stock market was bullish during the period under review as the MASI closed 31 December 2023 at 110,951.21 points from 62,036.05 points as of 31 December 2022.

The MASI year-on-year return was 78.85% as of 31 December 2023, an increase from 36.74% as of 31 December 2022.

The stock market was bullish over the year, with the MASI increasing by 78.85% to 110,951.21 points as of 31 December 2023 from 62,036.05 points as of 31 December 2022. The year-on-year return of 78.85% is an increase from a year-on-year return of 36.74% as of 31 December 2022.

There were share price gains for all counters listed on the Malawi Stock Exchange except for MPICO. Regarding market price movements, FDH Bank shares had the highest price gain, from MK70.00 per share as of 31 December 2023 to MK17.37 per share as of 31 December 2022. This represents a 302.99% year-on-year share price increase. The share price gains offset the 27.33% share price loss for MPICO during the period under review. MPICO shares traded at MK15.00 per share as of 31 December 2023 from MK20.64 per share as of 31 December 2022.





Economic overview (Continued)

Stock market (Source: MSE)

The total value of shares traded increased by 49% to MK77.21 billion in 2023 from MK51.72 billion in 2022.

The total nominal value of the listed debt securities increased to MK4.20 trillion in 2023 from MK2.67 trillion in 2022. This represents a 57% increase.

MSE Traded Values

A total of MK77.21 billion shares were traded in 2023, a 49% increase from MK51.72 billion shares traded in 2022. NBM had the highest value of shares traded at MK17.7 billion during the period under review. In 2023, the total number of trades increased to 10,736 trades from 4,271 trades in the previous year, representing an increase of 151%.

Listed Debt market

There were 92 debt securities on the listed debt market in 2023. This represents a 37% increase from 67 debt securities on the listed debt market in 2022. The total nominal value of all listed debt securities increased by 57% to MK4.20 trillion in 2023 from MK2.67 trillion in 2022.

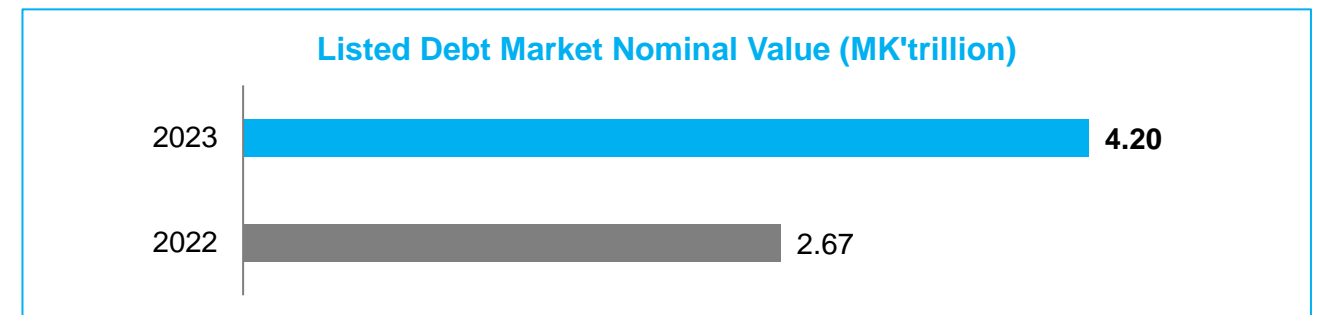
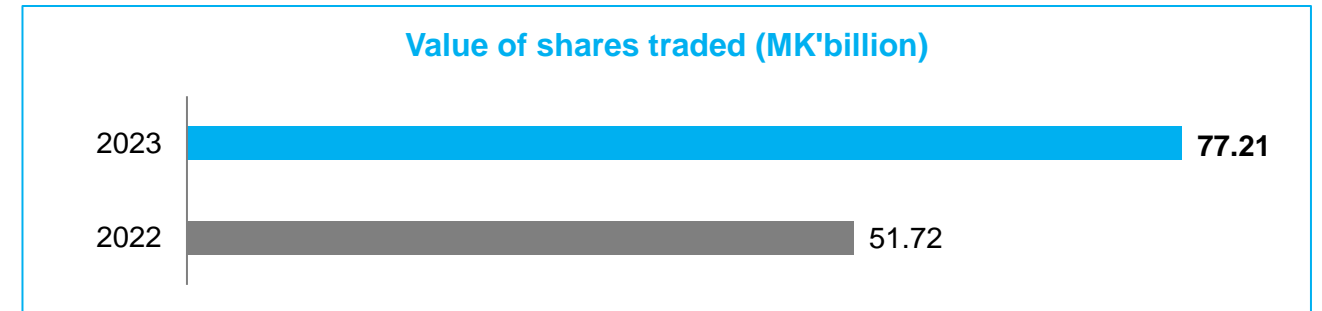
Corporate Announcements

Financial year Trading Statements

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

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2022	31 December 2023	Trading statement profit/loss expectation
FDHB	22.9	29.1 - 30.0	27%-31%
BHL	(0.14)	(1.40) – (1.43)	(934%-954%)
SUNBIRD	3.1	5.2 – 5.6	70-84%
TNM	(1.8)	(4.7) – (5.0)	(161%-177%)
NBS	18.9	28.4 – 31.0	50-64%
FMBCH (USD'million)	40.1	49.7 – 51.3	24-28%
PCL	20.0	62.8 – 69.8	73-92%
AIRTEL	36.9	(2.0) – 1.8	(95%-105%)
NITL	6.99	19.5 – 20.5	179%-193%
NICO	38.0	61 - 66	61%-74%
Standard Bank	38.8	46.5 – 52.3	20%-35%
NBM	45.9	64.4 – 71.2	40%-55%



Published Financial year Trading Statements

ILLOVO's profit after tax for the financial year ended 31 August 2023 increased by 113% against a trading statement profit/loss expectation of 100-120%.

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 August 2022	31 August 2023	Actual change in profit/loss for the year	Trading statement profit/loss expectation
Illovo Sugar Malawi	26.6	56.8	113%	100-120%

Dividends

Counter	Dividend type	Proposed/declared	Dividend per share (MK)	Last day to register	Date of payment
ILLOVO	Final	Proposed	5.80	TBA	TBA

Fiscal and Monetary Developments



Fiscal and Monetary Developments

Fiscal Policy (Source: Ministry of Finance)

The 2023/24 fiscal deficit was projected at MK1.28 trillion, a 52% increase from MK0.84 billion in the 2022/23 budget. This was on account of increases in both total revenues and grants as well as total expenditure for the period.

2023/24 National Budget Overview

The 2023/24 National budget was developed under the theme “Sacrificing today for a better tomorrow: Regaining Macroeconomic Stability and growth through collective responsibility for our shared future”. The focus of the budget was to continue containing the budget deficit and to continue to address issues of public debt management, fiscal consolidation, prudent and efficient use of resources, export diversification, import substitution, strengthening the balance of payments position, and promoting local manufacturing.

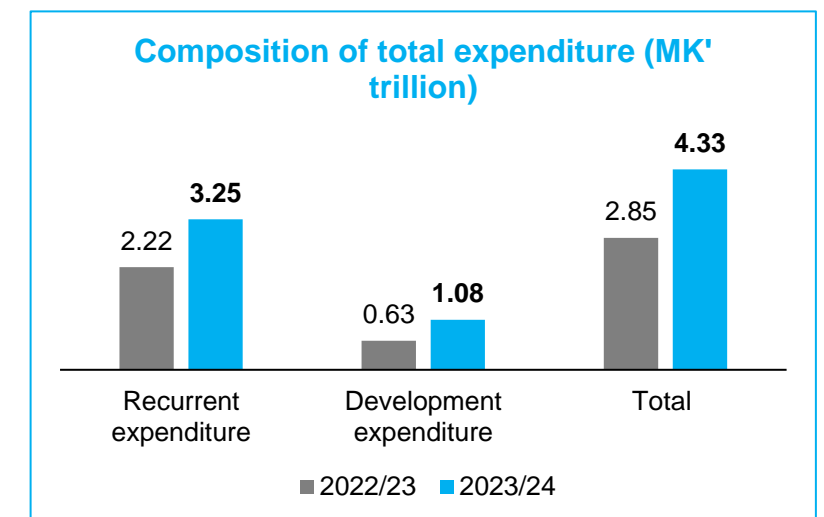
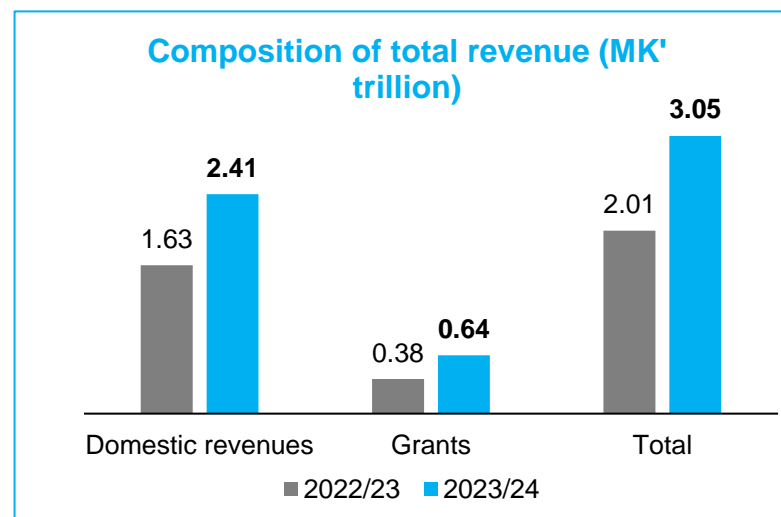
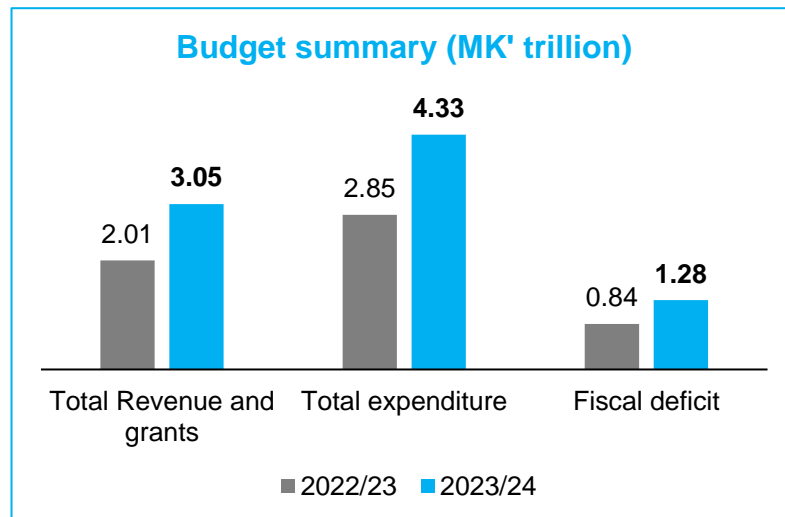
The 2023/24 national budget outlined some tax measures aimed at broadening the tax base and promoting domestic and foreign investment across all sectors. A mid-year budget review took place in November 2023, and adjustments to total expenditure and new total revenue projections were approved.

The 2023/24 revised budget projected total revenue and grants to be MK3.05 trillion, a 52% increase from a budgeted total of MK2.01 trillion in the 2022/23 budget. The increase was due to expected increases in domestic revenue and grants in the 2023/24 financial year. Domestic revenue was projected at MK2.41 trillion, while revenue from grants was projected at MK0.64 trillion. This represents a 48% and 68% increase from MK1.63 trillion and MK0.38 trillion in the 2022/23 budget, respectively.

The increase in projected revenue from grants is due to the expected increase in grants following the IMF ECF program. According to the mid-year budget statement, the ECF has unlocked several budget support disbursements from development partners such as the World Bank.

Total expenditure was projected at MK4.33 trillion in the revised budget for 2023/24. This represents a 52% increase from MK2.85 trillion in the 2022/23 budget. Recurrent and development expenditures were projected to be higher in the revised 2023/24 budget than in the 2022/23 budget. Budgeted recurrent expenditure increased by 46%, to MK3.25 trillion in 2023/24 from MK2.22 trillion in 2022/23. Budgeted development expenditure increased by 71%, to MK1.08 trillion in 2023/24 from MK0.63 trillion in 2022/23.

Projected total expenditure is higher than projected total revenue and grants in both fiscal years. This implies that both budgets were to be implemented on a deficit. The fiscal deficit for the 2023/24 revised budget was at MK1.28 trillion. This represents a 52% increase from an MK0.84 trillion fiscal deficit budgeted for the 2022/23 fiscal year. The deficit in both years was to be financed by both domestic and foreign borrowing. Planned domestic and foreign borrowing were higher in 2023/24 compared to 2022/23.





Fiscal and Monetary Developments (Continued)

Fiscal Policy and Monetary Policy (Source: Ministry of Finance, RBM)

Debt Status

According to the mid-year budget statement presented by the Minister of Finance and Economic Affairs, following the 44% currency devaluation of the Kwacha in November 2023, total public debt stock had increased to MK12.56 trillion from MK9.41 trillion reported in March 2023, with external debt accounting for 53% of the total debt stock whilst domestic debt accounted for 47%.

Further to this, the IMF projects that total debt for 2023 will close at USD7.58 billion (approximately MK12.78 trillion), with external debt at USD3.66 billion (approximately MK6.16 trillion) and domestic debt at USD3.92 billion (approximately MK6.60 trillion).

Malawi Debt Decomposition (2022-25) (Millions of U.S. dollars, unless otherwise indicated)				
	Actual	Projections		
	2022	2023	2024	2025
Creditor Profile				
Total Debt	8,699	7,577	7,619	8,003
External Debt				
Multilateral creditors ²	4,006	3,660	3,575	3,616
IMF	2,558	2,846	2,956	3,141
World Bank	437	443	430	420
AfDB	1,317	1,480	1,592	1,727
Other Multilaterals	431	431	435	439
Bilateral Creditors	372	492	499	555
Paris Club	418	382	350	315
Non-Paris Club	4	1	1	1
Commercial creditors	414	381	349	315
Domestic Debt	1,030	431	269	160
	4,693	3,917	4,044	4,387

According to the mid-year budget statement, following the 44% currency devaluation of the Kwacha in November 2023, total public debt stock had increased to MK12.56 trillion, with external debt accounting for 53% of the total debt stock, whilst domestic debt accounted for 47%.

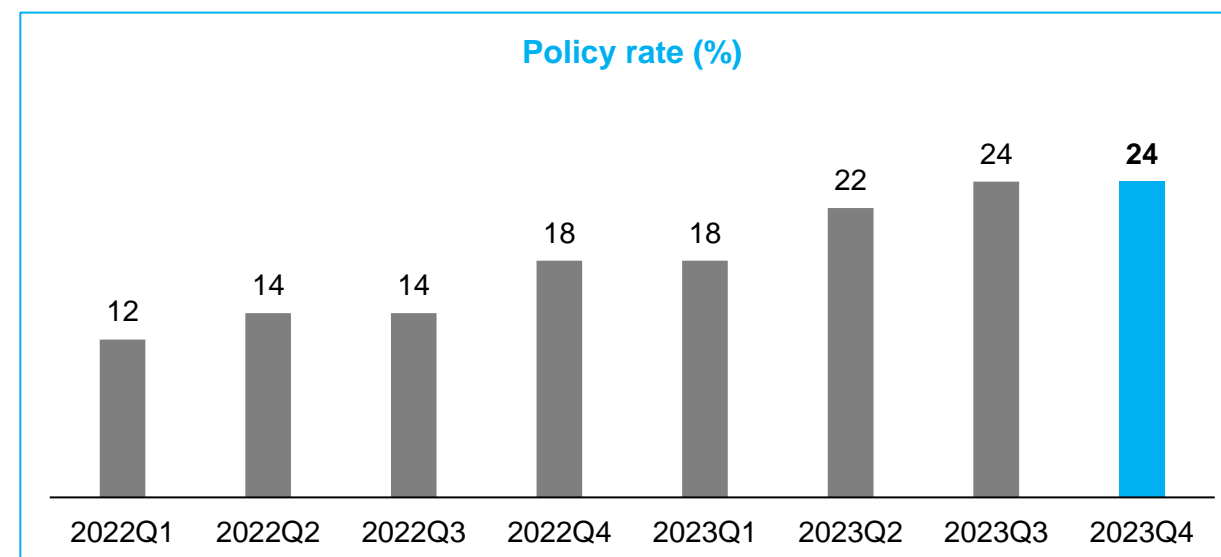
The MPC made an upward adjustment of the policy rate twice during its second and third quarterly meetings in 2023. The policy rate was adjusted to 24% from 18% in 2022. The LRR ratio on domestic currency deposits increased twice during the year to 7.75% from 3.75%, while the LRR ratio on foreign currency deposits was maintained at 3.75%. The Lombard rate was maintained at 20 basis points above the policy rate.

Monetary Policy (Source: RBM)

In 2023, the Monetary Policy Committee (MPC) raised the policy rate by 6 percentage points to 24% from 18%. This was caused by two adjustments effected in April 2023 and July 2023. Similarly, the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits was increased by 4 percentage points to 7.75% from 3.75%.

The MPC noted that the inflation outlook had worsened, mainly due to unforeseen domestic shocks. In particular, the occurrence of Cyclone Freddy in Southern Malawi and localized drought in Northern Malawi had worsened the food supply prospects and strengthened adverse supply-side inflationary pressures. The Committee also observed that the need to rehabilitate the infrastructure damaged by the Cyclone had the adverse impact of amplifying aggregate demand and fueling inflation, requiring further tightening monetary policy to dampen the demand effects.

The LRR ratio on foreign currency deposits was maintained at 3.75% and the Lombard rate was maintained at 20 basis points above the policy rate in 2023.



Commodity Market Developments



Commodity Market Developments

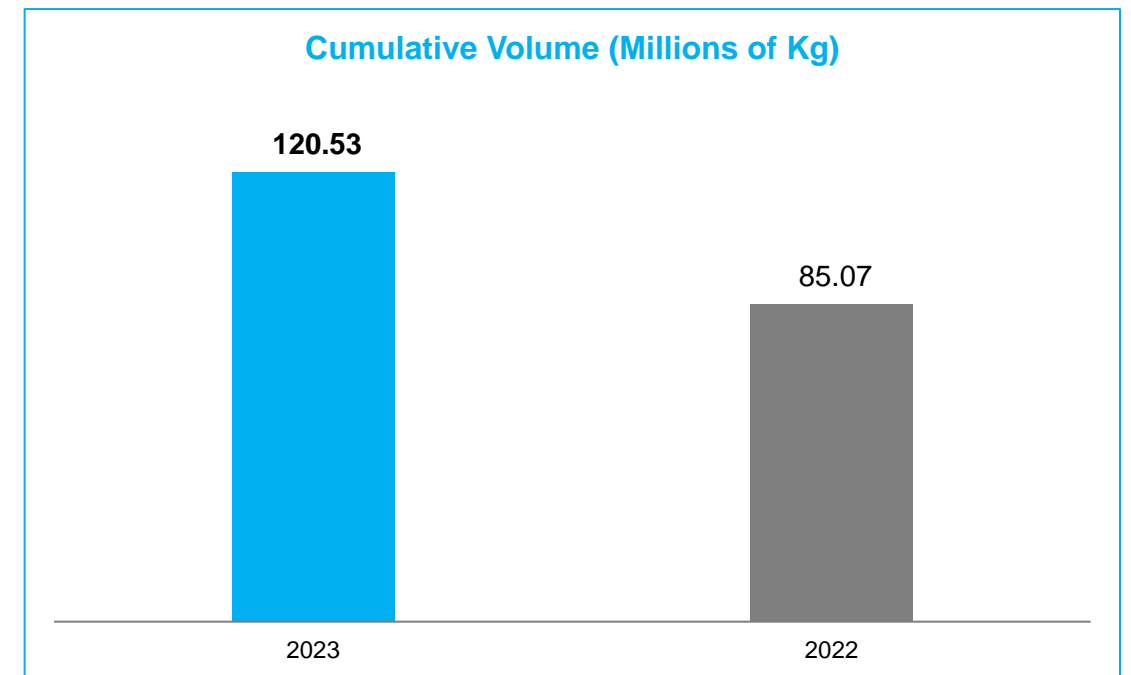
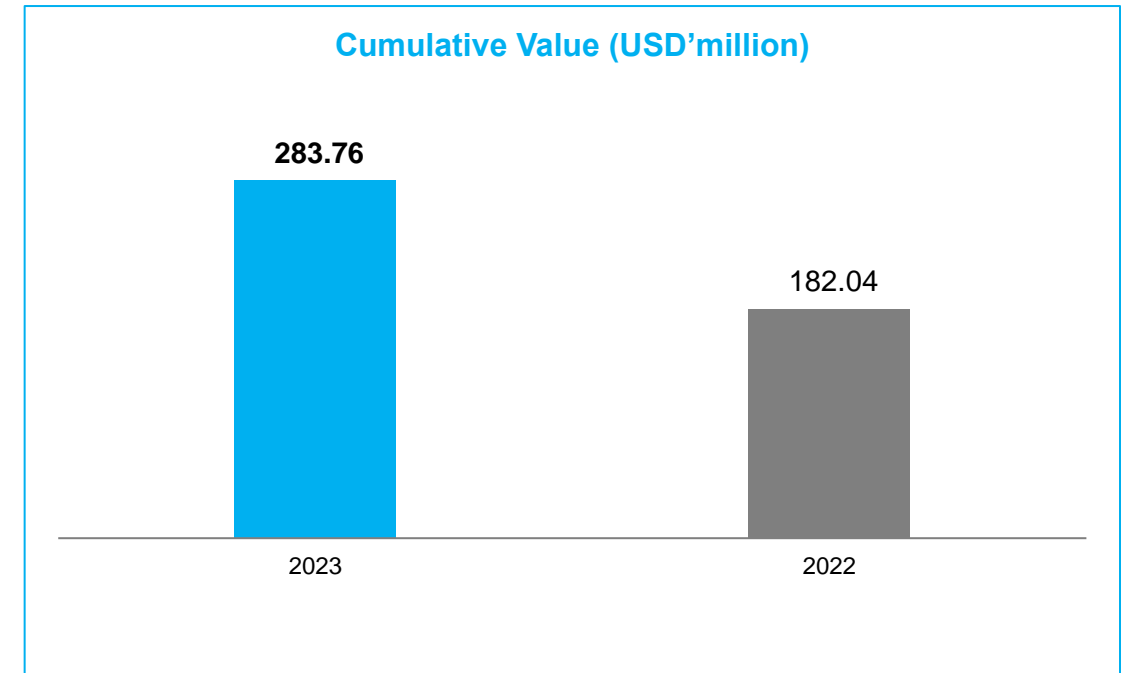
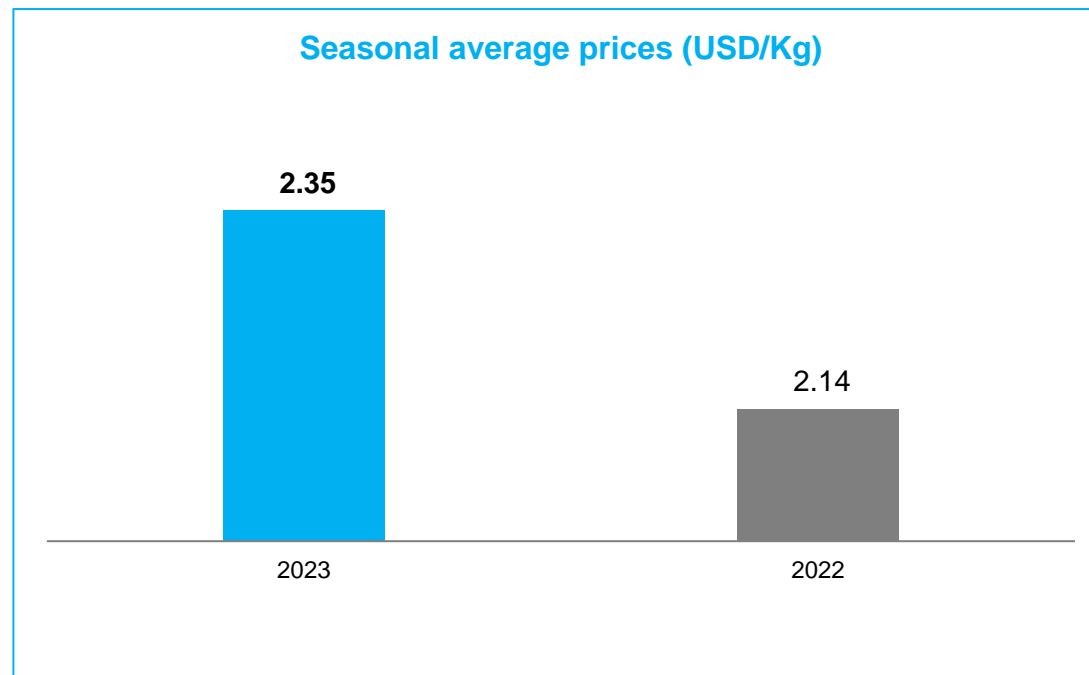
Tobacco Sales (Source: Auction Holdings Limited and Tobacco Commission of Malawi)

The sale of tobacco in the 2023 season generated a total of USD283.8 million, which was 56% higher than the USD182.0 million total sales revenue generated in the 2022 season. The higher revenue in 2023 compared to 2022 was due to increased prices and higher volume sold.

A total of 120.5 million Kgs was sold during the 2023 tobacco market season, a 42% increase from 85.1 million Kgs sold in the 2021 season. The cumulative volume was sold at a seasonal average price of USD2.35 per kg, which represents a 10% increase from the 2022 seasonal average price of USD2.14 per kg.

The sale of tobacco in the 2023 season generated USD283.8 million, which was 56% higher than the USD182.0 million revenue generated in the 2022 season. The higher revenue in 2023 compared to 2022 was due to increased prices and higher volume sold. A cumulative volume of 120.5 million kgs of tobacco was sold during the 2023 market season. This was a 42% increase from 85.1 million kgs sold in 2022. The increase in the volume sold resulted from higher tobacco yields harvested in the 2023 farming season. The cumulative volume was sold at a seasonal average price of USD2.35 per kg, which represents a 10% increase from the 2022 seasonal average price of USD2.14 per kg. The 2023 weekly rate of no-sale rejection on the auction burley market was consistently at nil this year, compared to 3% recorded at the end of last year's season. The closure of the Mzuzu tobacco market after 17 weeks of sales marked the end of the 2023 tobacco marketing season. The 2022 season ran for 20 weeks and closed on 12 August 2022.

Tobacco remains the country's main export crop and, thus, the largest forex earner. However, this tobacco dependence makes the Malawian economy vulnerable to risks such as declining global demand for tobacco and weather-related shocks, including droughts and floods.





Commodity Market Developments (Continued)

Global oil and domestic fuel developments (Source: OPEC, World Bank, MERA)

The OPEC Reference Basket (ORB) price decreased by 1.7% to close at an average of USD79.00/b in 2023 from an average of USD80.36/b in 2022. The annual average price decreased by 17% to USD82.98/b in 2023 from USD99.96/b in 2022. The annual average price decreased by 17% to USD82.98/b in 2023 from USD99.96/b in 2022.

In 2023, petrol and diesel prices increased by 44.9% and 42.4% compared to 2022 where they increased by 52% and 71% respectively.

Global Oil Price Developments (Source: OPEC, Reuters)

Year-on-year, the OPEC Reference Basket (ORB) price decreased by 1.7% to close at an average of USD79.00/b in 2023 from an average of USD80.36/b in 2022. The annual average price decreased by 17% to USD82.98/b in 2023 from USD99.96/b in 2022. According to the OPEC December 2023 monthly report, speculators have played a major role in pushing oil prices down. Further to this, OPEC noted that heavy selloffs amidst a highly volatile market also contributed to the price decline.

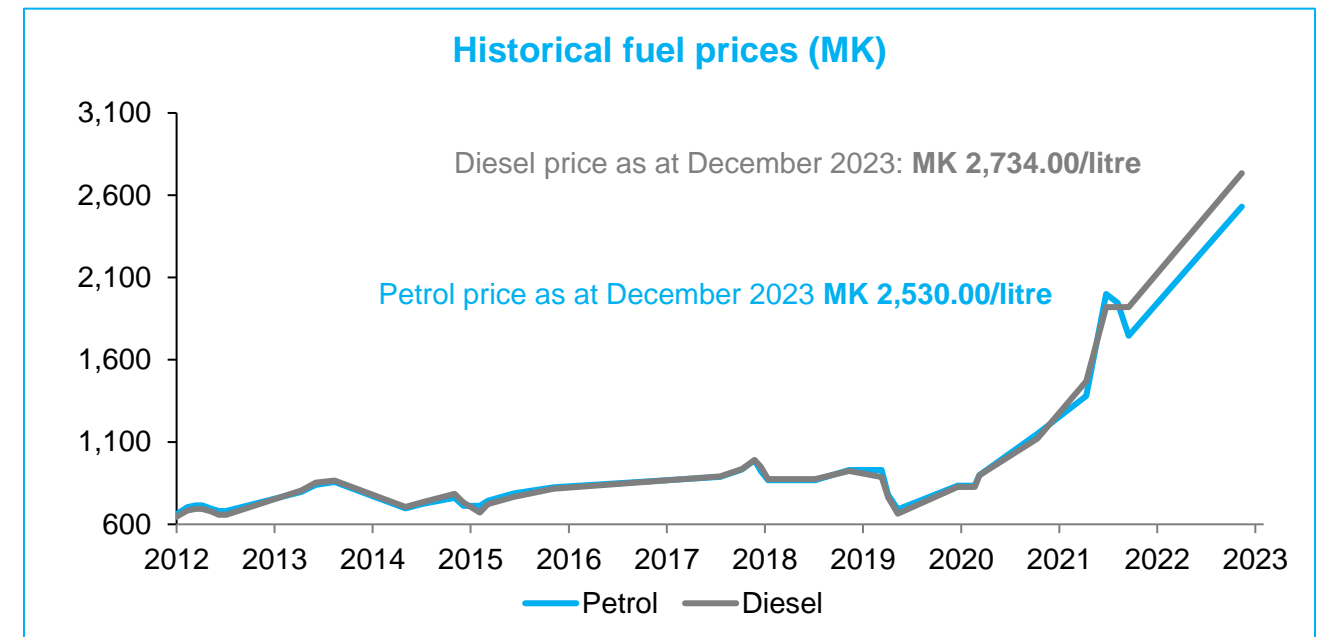
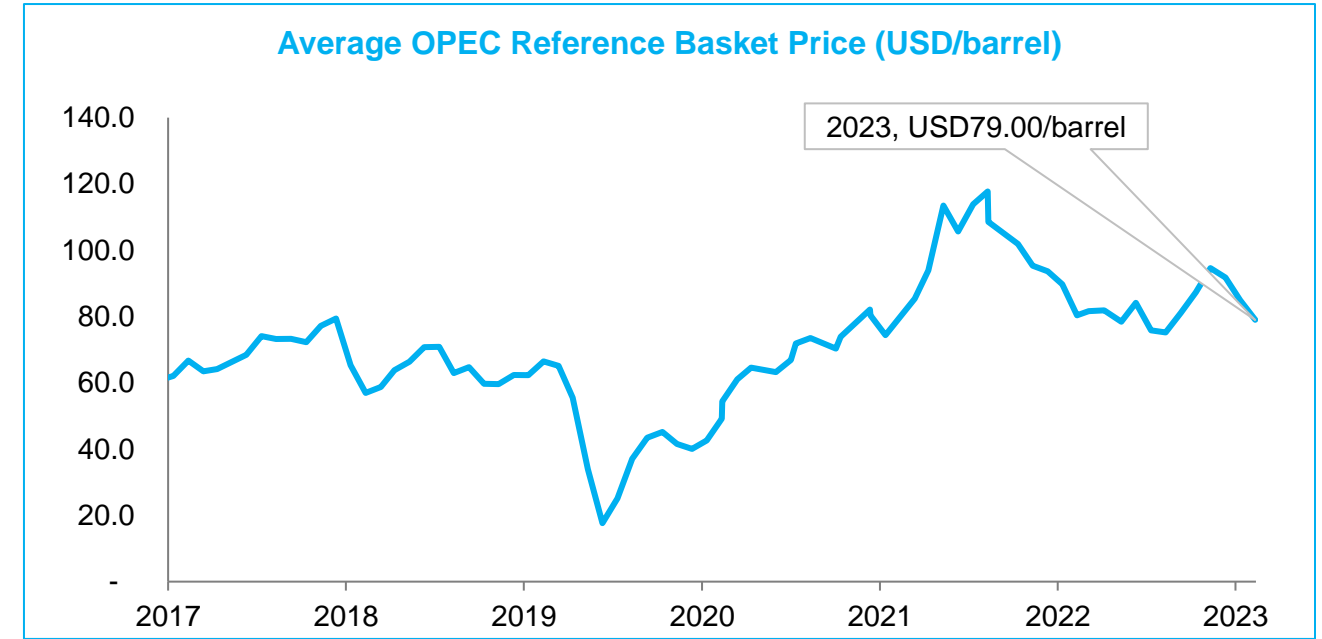
In the first quarter of 2024, the US GDP growth is forecast to continue to bolster oil demand. Specifically, further improvements in air travel are expected to support jet/kerosene demand. Heating fuels are also expected to increase due to seasonal winter demand. However, industrial output has been on a prolonged downward trend, and road transportation is expected to soften during the winter season, thus dampening diesel and gasoline demand. In addition, oil demand is expected to be supported by resilient global GDP growth amid continued improvements in economic activity in China.

According to data from Reuters, international oil prices in 2024 are expected to stay around USD80/b as analysts predict that weak global growth will cap oil demand hence preventing substantial increase in the price.

Other Commodity Price Developments (Source: MERA)

On 9 November 2023, the Malawi Energy Regulatory Authority (MERA) announced that petrol, diesel and paraffin pump prices had been adjusted upwards, effective 10 November 2023. The upward adjustment moved the pump price of petrol to MK2,530/litre from MK1,746/litre, representing a 44.9% increase from December 2022. The pump price of diesel moved to MK2,734/litre from MK1,920/litre, representing a 42.40% increase from December 2022. Finally, the pump price of paraffin moved to MK1,910/litre from MK1,261/litre, representing a 51.47% increase in the period under review. In 2022, the pump price of petrol increased by 52% to MK1,746/litre from MK1,150/litre in 2021. The pump price of diesel increased by 71% to MK1,920/litre from MK1,120/litre in 2021.

MERA also announced that the average electricity tariffs have been adjusted upwards to MK173.70/kWh from MK123.26/kWh, effective 10 November 2023. This represents a 40.92% tariff increase. However, in a press release on 1 December 2023, MERA announced that the tariff hike had been reversed to MK92/kWh as set in September 2023 for domestic consumers only.



Notable developments during the year



Notable developments during the year

In November 2023, Malawi secured a 48-month arrangement under the Extended Credit Facility (ECF) with the IMF. Through the ECF, Malawi will get about USD174 million, with an immediate disbursement of about USD35 million.

According to Department of Disaster Management Affairs (DODMA), due to Cyclone Freddy, as of 29 March 2023, there were 511 deaths reported while 533 people were missing. At least 1,724 people were injured and at least 563,771 people displaced in 577 camps as thousands of homes and in some instances entire villages had been washed away.

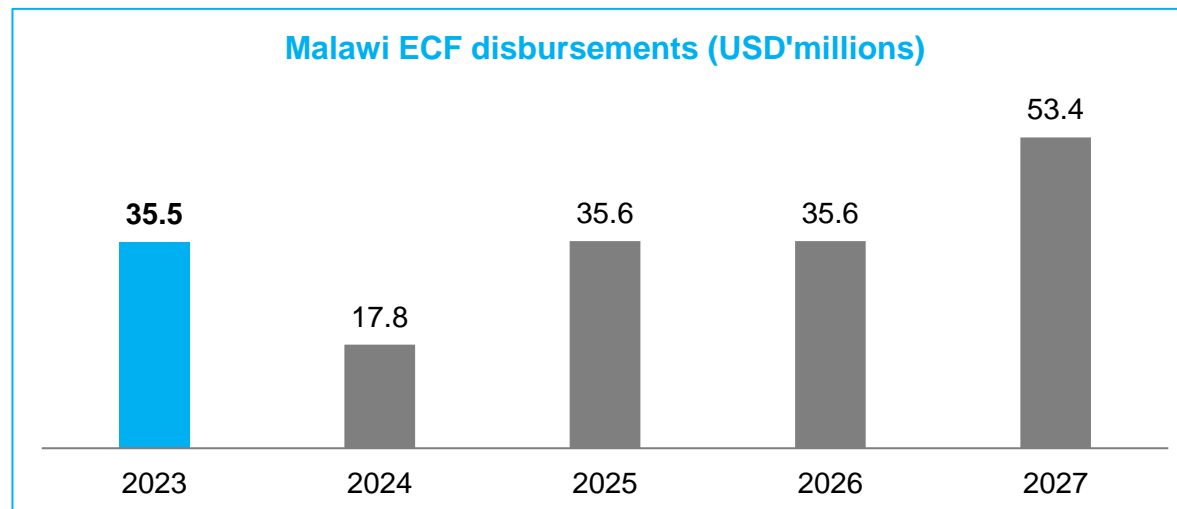
International Monetary Fund Extended Credit Facility

In November 2023, Malawi secured a 48-month arrangement under the Extended Credit Facility (ECF) with the IMF. Through the ECF, Malawi will get about USD174 million, with an immediate disbursement of about USD35 million.

Access of funds under the program is evenly distributed except for the first and the last reviews to ensure even distribution across the fiscal years from FY2023/24 through FY2027/28 as this access includes 30% of each disbursement allocated to direct budget support given Malawi's urgent fiscal needs.

The IMF noted that Malawi owes arrears of USD418 million on commercial external debt as of end-September 2023. The government has engaged in an early dialogue with its creditors and shared relevant information with all its creditors on a timely basis. The government also provided its private sector creditors with opportunities to give input on the design of restructuring strategies. IMF staff judged that the authorities have made good faith efforts in their debt restructuring discussions and meet the requirements of the Fund's Lending Into Arrears (LIA) policy.

The focus areas of the ECF program are: Creating a sustainable fiscal position, achieving price stability and safeguarding financial sector stability, rebuilding International reserves and normalizing the market for foreign exchange, restoring debt sustainability and external viability, addressing weaknesses in governance, and sustainable growth and climate resilience.



Cyclone Freddy

On 12 March 2023, Malawi was hit by a tropical cyclone called Freddy. It has been termed as the longest-lasting and highest Accumulated Cyclone Energy (ACE) producing cyclone ever recorded worldwide.

Other than being in Madagascar, Mozambique and Malawi, the cyclone caused heavy rains and very strong winds in Zimbabwe, Mauritius and the French Reunion Islands, and in some areas, it caused damage to infrastructure and homes and resulted in the death of people. To a milder extent, the cyclone caused heavy rainfall in countries namely, South Africa, Zambia.

In all the affected countries, a total of 707 people had been reported dead while 552 were missing.

The Situation in Malawi

The cyclone caused heavy rainfall in 10 districts in the southern region of Malawi, resulting in flash floods that destroyed homes, infrastructure, and claimed lives. On 13 March 2023, a state of disaster was declared in 14 districts that were severely hit by the storm. Public infrastructure such as schools, health facilities, and roads had been damaged in all the affected districts. A hydroelectric power plant was also affected, causing a nationwide power outage as the Electricity Generation Company Malawi Limited (EGENCO) shut down power to avoid further damage. The rainfall was extremely heavy, with over a month's worth of rain falling in just one day.

According to Department of Disaster Management Affairs (DODMA), as of 29 March 2023, there were 511 deaths reported while 533 people were missing. At least 1,724 people were injured and at least 563,771 people displaced in 577 camps as thousands of homes and in some instances entire villages had been washed away. Blantyre and Mulanje have reported the highest number of deaths at 212 and 143 people, respectively.

The cyclone caused damage to 547 schools, comprising of 484 primary schools and 63 secondary schools. As of 29 March 2023, a total of 426 schools were being used as camps and 726 classrooms were being used to host displaced people. A total of 40 roads had also been damaged.

To mobilize more resources for rebuilding livelihoods and damaged infrastructure, the government introduced an additional yet temporary income tax of 10% for banks with profits above MK10 billion. This meant increasing corporate tax to 40% from 30% for



Notable developments during the year (continued)

The 2023 Tropical Cyclone Freddy Post-Disaster Needs Assessment report revealed that a total of USD506.7 million (approximately MK853 billion) was lost because of the disaster, and it was estimated that a total of USD680.4 million (approximately MK1.1 trillion) was required for recovery and reconstruction.

In April 2023, EGENCO resumed operations at Kapichira Hydro Power Station in Chikwawa District. The station was closed for about 14 months from February 2022 after Tropical Cyclone Ana washed away a section of Kapichira coffer dam.

Cyclone Freddy (continued)

profits more than the stated amount. The government also postponed the reduction of the excise tax on airtime and data, and restructured levies to accommodate "Freddy Levy" pegged at MK54.00 per litre of fuel.

The 2023 Tropical Cyclone Freddy Post-Disaster Needs Assessment report revealed that a total of USD506.7 million (approximately MK853 billion) was lost because of the disaster, and it was estimated that a total of USD680.4 million (approximately MK1.1 trillion) was required for recovery and reconstruction.

Export Development Fund's (EDF) Gemstone and Gold Market

The Export Development Fund (EDF), a Reserve Bank of Malawi institution, began purchasing rough gemstones from small-scale artisanal miners to promote the growth and diversification of exports in the country. In February 2023, a structured market for gemstones was established to provide responsible markets for locals and boost the country's foreign reserves. However, the gemstones were exported raw, resulting in a significant loss of earnings. Gemstones, such as ruby, sapphire, aquamarine, tourmaline, and rhodolite garnet, are mined by small-scale miners throughout the country, but marketing them requires sophisticated techniques. Currently, the Ministry of Mining is combating illegal mining of precious stones, which has become rampant in the country.

Further to this, the EDF continued to purchase gold from miners and dealers in the country. EDF began purchasing gold in May 2021 to uplift the livelihood of small scale and artisan miners by purchasing their gold at competitive prices.

Restoration of Kapichira Hydro Power Station

In April 2023, the Electricity Generation Company (Egenco) resumed operations at Kapichira Hydro Power Station in Chikwawa District. The station was closed for about 14 months from February 2022 after Tropical Cyclone Ana washed away a section of Kapichira coffer dam. The station has 4 machines and has a total capacity of 129.6 megawatts.

Kasiya Rutile

In April 2022, Sovereign Metals Limited produced an updated mineral resource estimate (MRE) which indicated that the Kasiya deposit had become the world's largest-known rutile deposit. Following this, Sovereign Metals Limited conducted a pre-feasibility test at Kasiya which projected the mine to generate about USD16 billion (approximately MK27 trillion) in revenue. The pre-feasibility results produced in 2023 showed 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.

Debt Restructuring

In August 2023, the RBM disclosed that it contracted several foreign currency denominated facilities with different external creditors between 2012 and 2020. Total debt amounted to USD1.2 billion (approximately MK2 trillion). Of this amount, USD800 million (approximately MK1.3 trillion) was contracted from African Export-Import Bank (Afreximbank). The RBM stated that several negotiations had been held and the creditors showed willingness to assist the country to reach debt sustainability.

According to the November 2023 IMF Malawi country report, Malawi owes arrears of USD418 million on commercial external debt as of end-September 2023. The government has engaged in an early dialogue with its creditors and shared relevant information with all its creditors on a timely basis. The government also provided its private sector creditors with opportunities to give input on the design of restructuring strategies.

Appendices

Appendix 1: Historical Monthly Economic Indicators

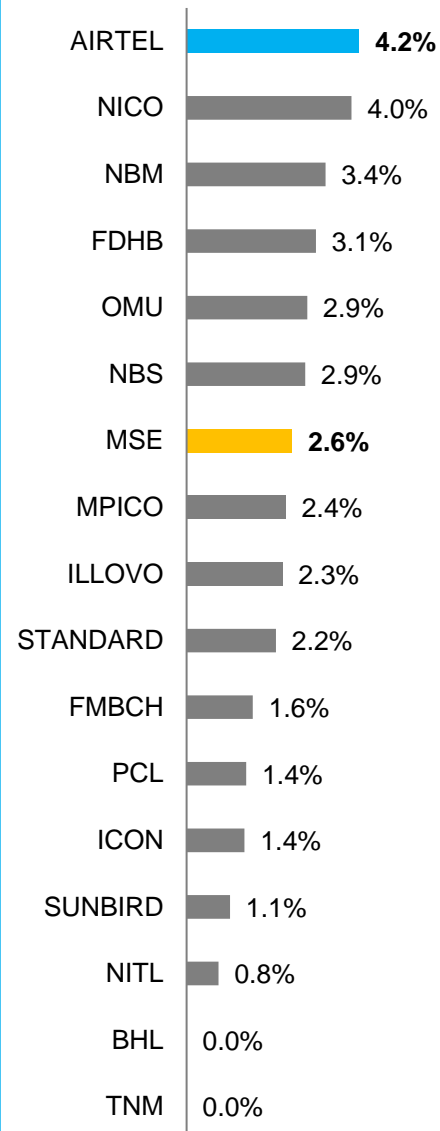
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Exchange rates (middle rates)													
MK/USD	1,031.87	1,031.87	1,033.68	1,033.80	1,034.86	1,034.46	1,058.82	1,061.67	1,094.74	1,126.50	1,179.83	1,699.31	1,697.98
MK/GBP	1,305.57	1,305.57	1,280.21	1,315.33	1,325.22	1,317.23	1,377.77	1,400.92	1,429.20	1,412.17	1,473.63	2,219.25	2,224.30
MK/EUR	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	1,285.81	1,907.62	1,917.45
MK/ZAR	60.72	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	94.17
Foreign Exchange Reserves													
Gross Official Reserves (USD'mn)	304.65	279.22	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	169.30	169.50	N/A
Private Sector Reserves (USD'mn)	399.20	384.37	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	396.90	413.20	N/A
Total reserves (USD'mn)	703.85	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	566.20	582.70	N/A
Gross Official Reserves Import cover (months)	1.22	1.12	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	0.70	0.70	N/A
Inflation													
Headline	25.4%	25.9%	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%
Food	31.3%	30.5%	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%
%Non-food	18.6%	20.4%	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%
Interest Rates													
Monetary Policy rate	18.00%	18.00%	18.00%	18.00%	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Average Interbank rate	15.00%	15.00%	15.00%	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%
Lombard rate	18.20%	18.20%	18.20%	18.20%	22.20%	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%
Commercial Bank reference rate	17.30%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%	23.60%
Government Securities Yields													
91-days Treasury Bill	13.00%	13.00%	13.00%	13.00%	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%	14.70%
182-days Treasury Bill	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
364-days Treasury Bill	19.50%	19.50%	19.50%	19.50%	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%	24.00%
2-year Treasury Note	22.50%	22.75%	22.75%	22.75%	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%	26.75%
3-year Treasury Note	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%	28.00%
5-year Treasury Note	26.00%	26.19%	26.19%	26.25%	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%
7-year Treasury Note	27.50%	27.50%	27.50%	27.50%	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%	32.00%
10-year Treasury Note	28.50%	28.50%	28.50%	28.50%	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%	33.00%
Stock Market Indices													
MASI	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	113,969.91	112,790.18	110,951.21
DSI	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	89,656.70	88,577.93	86,359.68
FSI	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	15,011.81	15,048.88	15,792.06

Appendix 2: Historical Annual Economic Indicators at Year-end

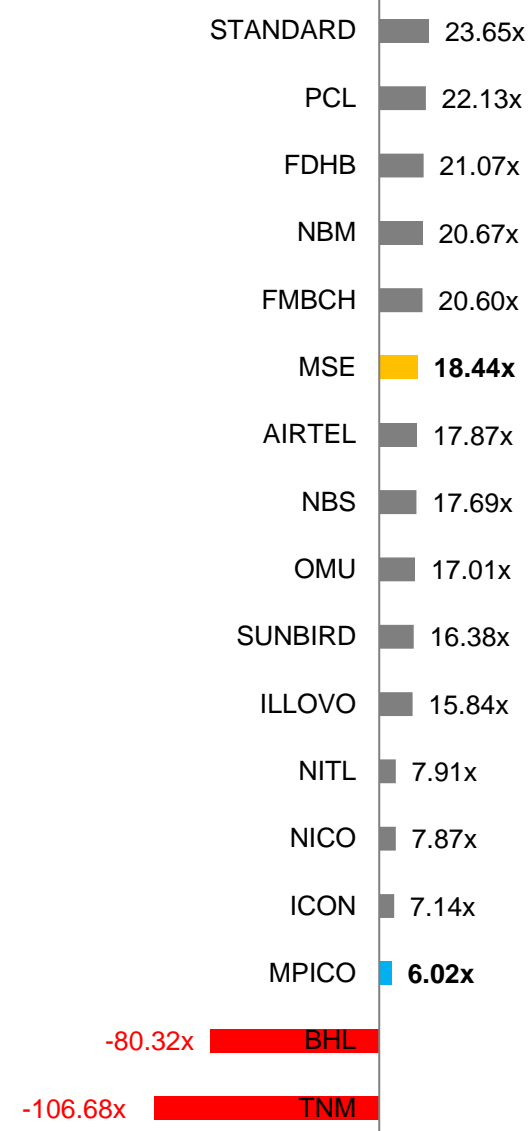
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23
Exchange rates (middle rates)						
MK/USD	733.69	738.87	776.82	818.44	1,034.67	1,697.98
MK/GBP	926.83	969.19	1,070.14	1,208.01	1,282.60	2,224.30
MK/EUR	826.75	825.65	987.95	1,138.47	1,130.92	1,917.45
MK/ZAR	50.96	52.43	56.43	57.68	62.69	94.17
Foreign Exchange Reserves						
Gross Official Reserves (USD'mn)	755.22	846.55	574.26	429.17	304.65	N/A
Private Sector Reserves (USD'mn)	330.84	324.07	377.97	425.52	399.20	N/A
Total reserves (USD'mn)	1,086.06	1,170.62	952.23	854.69	703.85	N/A
Gross Official Reserves Import cover (months)	3.61	4.05	2.75	1.72	1.22	N/A
Inflation						
Headline	9.9%	11.5%	7.60%	11.5%	25.4%	34.5%
Food	12.0%	19.3%	10.50%	13.6%	31.3%	43.5%
Non-food	8.2%	4.9%	4.90%	9.5%	18.6%	22.8%
Average annual inflation	9.2%	9.4%	8.6%	9.3%	21.0%	28.8%
Interest Rates						
Monetary Policy rate	16.00%	13.50%	12.00%	12.00%	18.00%	24.00%
Average Interbank rate	13.10%	12.60%	11.41%	11.98%	15.00%	23.00%
Average base lending rate	25.4%	12.50%	12.30%	12.20%	18.20%	24.20%
Government Securities Yields						
91-days Treasury Bill	11.42%	6.15%	9.95%	9.70%	13.00%	14.70%
182-days Treasury Bill	13.09%	7.46%	12.49%	13.00%	17.50%	18.00%
364-days Treasury Bill	14.00%	10.50%	13.53%	14.47%	19.50%	24.00%
2-year Treasury Note	15.32%	12.27%	16.46%	16.66%	22.50%	26.75%
3-year Treasury Note	20.00%	10.70%	18.30%	19.05%	24.00%	28.00%
5-year Treasury Note	20.50%	14.45%	19.77%	20.54%	26.00%	30.00%
7-year Treasury Note	24.00%	13.73%	20.00%	20.94%	27.50%	32.00%
10-year Treasury Note			22.50%	22.50%	28.50%	33.00%
Stock Market Indices						
MASI	28,983.53	30,252.20	32,392.84	45,367.68	62,036.05	110,951.21
DSI	21,318.07	23,599.75	27,755.46	37,061.70	50,804.03	86,359.68
FSI	5,265.12	4,024.86	1,363.88	4,223.15	5,614.30	15,792.06
MASI year-on-year return	34.19%	4.38%	7.08%	40.05%	36.74%	78.85%

Appendix 3: Selected stock market statistics as at 31 December 2023

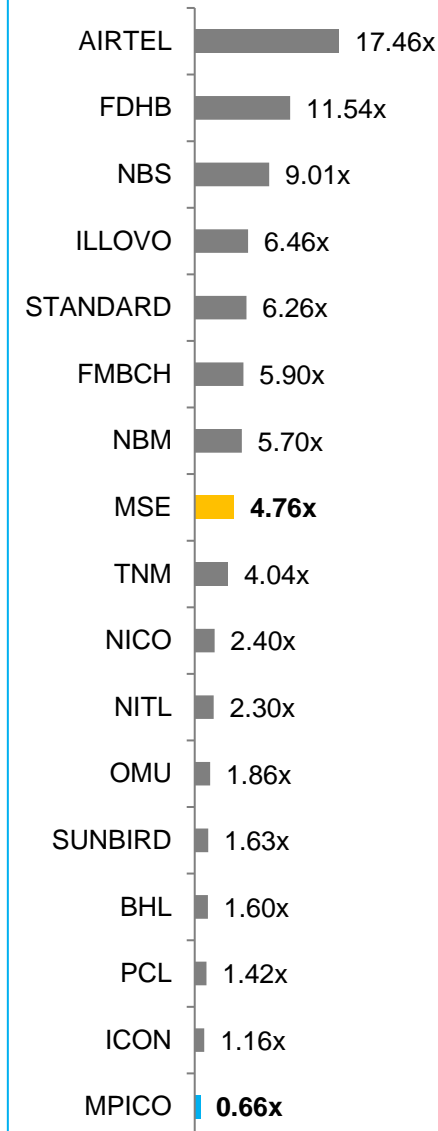
Dividend Yield (%) - the weighted average dividend yield on the MSE was 2.6% as at 31 December 2023. The counter with the highest dividend yield was AIRTEL at 4.2%.



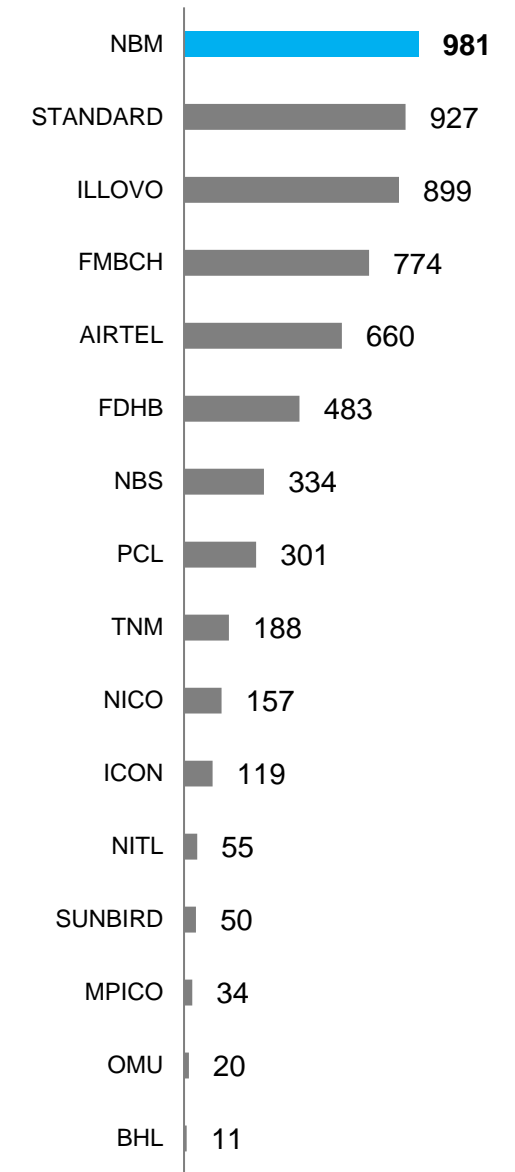
P/E Ratio - The weighted average price to earnings ratio on the MSE was 18.44x as at 31 December 2023. The counter with the lowest positive ratio was MPICO at 6.02x.



P/BV Ratio - The weighted average price to book value ratio on the MSE was 4.76x as at 31 December 2023. The counter with the lowest ratio was MPICO at 0.66x.



Market Capitalization (MK'billion) - NBM had the highest market capitalization at MK981 billion as at 31 December 2023.



Appendix 3: EIU and Oxford Economics Projections

EIU projections

Economic growth (%)	2022	2023	2024	2025	2026	2027
GDP	0.8	1.6	3.0	3.4	3.8	4.1
Private consumption	0.5	1.7	2.5	2.6	2.7	3.3
Government consumption	2.0	1.8	2.8	2.7	2.6	2.5
Gross fixed investment	3.5	2.0	5.0	5.7	5.8	6.0
Exports of goods & services	3.3	4.4	4.8	5.1	5.5	5.8
Imports of goods & services	3.0	3.9	4.3	4.4	4.5	5.0
Domestic demand	1.7	1.7	2.8	3.0	3.1	3.6
Agriculture	0.1	1.0	1.3	1.5	2.2	2.6
Industry	1.5	1.4	2.2	2.6	3.0	3.2
Services	1.0	2.0	4.0	4.5	4.8	5.0
Key indicators						
Consumer price inflation (av; %)	21.0	28.3	25.1	11.3	12.1	11.5
Government balance (% of GDP)	-11.8	-9.5	-7.4	-5.2	-4.4	-4.1
Current-account balance (% of GDP)	-24.9	-8.7	-7.3	-6.3	-5.5	-5.1
Short-term interest rate (av; %)	10.6	18.0	12.5	12.5	11.0	9.5
Exchange rate MK:US\$ (av)	941.4	1,164.8	1,759.1	1,894.7	2,146.3	2,307.0

Oxford Economics Projections

Annual percentage unless indicated otherwise	2021	2022	2023	2024	2025	2026
Real GDP growth	4.6	0.8	1.9	3.8	4.0	4.0
CPI inflation	9.3	20.8	27.8	21.5	14.2	8.4
Exports of goods (\$ bn)	1.1	1.2	1.5	1.4	1.5	1.6
Imports of goods (\$ bn)	3.0	3.1	3.3	3.5	3.7	4.0
Current account (\$ bn)	-1.5	-1.6	-1.4	-1.6	-1.7	-1.7
Current account balance (% of GDP)	-12.4	-12.4	-9.7	-10.3	-9.5	-9.3
Exchange rate per USD (year average)	804.2	941.4	1,077.6	1,255.5	1,317.5	1,385.7
External debt total (\$ bn)	3.2	4.4	6.1	7.4	8.3	9.0
Government balance (% of GDP)	-8.6	-9.3	-8.7	-7.4	-6.3	-5.5
Government debt (% of GDP)	61.5	75.2	78.8	75.0	73.8	74.7
Population (millions)	19.9	20.4	20.9	21.5	22.0	22.6
Nominal GDP (\$ bn)	12.4	12.5	14.3	15.4	17.5	18.8
GDP per capita (\$ current prices)	623.7	614.3	681.6	718.8	793.1	830.3

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	21.0	22.8	15.4

Appendix 4: IMF and World Bank Projections

IMF projections

Annual percentage change (unless otherwise indicated)					
	2022	2023	2024	2025	2026
GDP at constant market prices	0.8	1.6	3.3	3.8	4.3
Nominal GDP (trillions of kwacha)	11.8	15.4	19.9	23.5	26.3
Consumer Prices (annual average)	20.8	30.3	27.9	14.7	8.1
National Savings (% of GDP)	10.0	6.2	2.1	2.3	0.4
Gross Investment (% of GDP)	13.1	13.9	10.6	12.2	9.4
Revenue (percent of GDP on a fiscal year basis)	14.3	17.2	17.2	18.4	18.8
Tax and non-tax revenue (Revenue) (% of GDP on fiscal year basis)	12.5	13.3	14.0	15.8	16.1
Grants (Revenue) (% of GDP on fiscal year basis)	1.8	3.9	3.2	2.6	2.7
Overall balance (including grants) (% of GDP on fiscal year basis)	-9	-11.7	-10.7	-8.1	-7.1
Foreign financing (% of GDP on fiscal year basis)	2.6	3.3	0.4	-0.3	0.3
Total domestic financing (% of GDP on fiscal year basis)	6.9	8.4	8.0	5.0	3.5
Credit to the private sector (% change)	24.1	19.6	11.2	5.8	8.9
Exports (goods and services) (USD millions)	1.1	1.4	1.6	1.7	1.7
Imports (goods and services) (USD millions)	1.8	2.7	2.7	3.0	3.0
Gross official reserves (USD millions)	120	394	714	967	1,081
Gross official reserves (months of imports)	0.6	1.8	2.9	3.9	4.1
Current account (% of GDP)	-3.2	-7.6	-8.5	-9.9	-9.0
Overall balance (% of GDP)	-0.1	-2.2	0.1	1.0	-0.4
External debt (public sector) (% of GDP)	34.4	39.3	35.2	33.8	31.2
NPV of public external debt (% of exports)	264.7	178.8	154.8	142.8	131.3
Domestic public debt (% of GDP)	40.8	42.0	39.8	41.0	42.3
Total public debt (% of GDP)	75.2	81.3	75.0	74.8	73.5

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	1.6	2.8
Agriculture	3.4	5.2	-1.0	0.6	2.4
Industry	1.2	1.9	0.9	1.6	2.7
Services	-0.5	2.0	1.8	2.1	3.0
Consumer prices (annual average)	8.6	9.3	21.8	29.2	19.2
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: World Bank commodity market prices

World Bank commodity prices

	Annual averages				Monthly averages						
	2020	2021	2022	2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
Produce (USD/mt)											
Soybeans	407.0	583.0	675.0	598.0	592.0	634.0	584.0	619.0	530.0	553.0	547.0
Maize	165.5	259.5	318.8	252.7	266.9	242.4	207.6	223.8	230.7	211.3	206.5
Sugar & Tea (USD/Kg)											
Sugar - EU	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4
Sugar - U.S.	0.6	0.7	0.8	0.9	0.9	0.9	0.9	0.9	1.0	1.0	0.9
Sugar - World	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5
Tea - average	2.7	2.7	3.1	2.7	2.7	2.5	2.8	2.9	2.8	2.7	2.7
Fertilizers (USD/mt)											
DAP	312.4	601.0	772.2	550.0	454.6	458.8	528.8	527.9	534.8	535.6	563.8
Phosphate rock	76.1	123.2	266.2	321.7	344.5	342.5	346.3	347.5	347.5	-	152.5
Potassium chloride	241.1	542.8	863.4	383.2	328.0	341.3	353.1	352.0	341.9	331.9	311.9
TSP	265.0	538.2	716.1	480.2	390.0	392.3	450.6	461.5	468.1	462.6	447.5
Urea, E. Europe	229.1	483.2	700.0	358.0	287.5	334.6	385.6	380.0	411.4	385.5	354.0
Precious Metals (USD/toz)											
Gold	1,770.0	1,800.0	1,801.0	1,943.0	1,943.0	1,951.0	1,919.0	1,916.0	1,916.0	1,984.0	2,026.0
Platinum	883.0	1,091.0	962.0	966.0	971.0	950.0	925.0	921.0	892.0	906.0	935.0
Silver	20.5	25.2	21.8	23.4	23.4	24.3	23.4	23.1	22.4	23.5	23.9

Appendix 6: List of Acronyms and Abbreviations

ACE:	Accumulated Cyclone Energy	IFPRI:	International Food Policy Research Institute	RBM:	Reserve Bank of Malawi
ADB:	Authorized Dealer Bank	IMF:	International Monetary Fund	SDR:	Special Drawing Rights
Afreximbank:	African Export-Import Bank	Kt/a:	Kilotonne per annum	SUNBIRD:	Sunbird Tourism Plc
Agcom:	Agricultural Commercialization Project	LIA:	Lending into Arrears	TB:	Treasury Bill
AIP:	Affordable Inputs Program	LRR:	Liquidity Reserve Requirement	TN:	Treasury Note
av:	Average	MASI:	Malawi All Share Index	TNM:	Telekom Networks Malawi Plc
BHL:	Blantyre Hotels Plc	MERA:	Malawi Energy Regulatory Authority	TT:	Telegraphic Transfer
bn:	Billion	MK:	Malawi Kwacha	USA:	United States of America
COVID-19:	Coronavirus disease	mn:	Million	USD:	United States Dollar
CPI:	Consumer Price Index	MPC:	Monetary Policy Committee	USD/b:	United States Dollar per barrel
DODMA:	Department of Disaster Management Affairs	MRE:	Mineral Resource Estimate	USD/Kg:	United States Dollar per Kilogram
DSI:	Domestic Share Index	MSE:	Malawi Stock Exchange	USD/mt:	United States Dollar per metric ton
ECF:	Extended Credit Facility	NBM:	National Bank of Malawi Plc	USD/toz:	United States Dollar per troy ounce
EDF:	Export Development Fund	NICO:	NICO Holdings Plc	YTD:	Year-to-date
EIU:	Economist Intelligence Unit	NITL:	National Investment Trust Limited Plc	ZAR:	South African Rand
EGENCO:	Electricity Generation Company	NSO:	National Statistical Office		
EUR:	Euro	OMU:	Old Mutual Limited Plc		
FDHB:	FDH Bank Plc	OPEC:	Organization of the Petroleum Exporting Countries		
FMBCH:	FMB Capital Holdings Plc	ORB:	OPEC Reference Basket		
FSI:	Foreign Share Index	P/BV:	Price to book value		
GBI:	Green Belt Initiative	PCL:	Press Corporation Limited Plc		
GBP:	Great British Pound	P/E:	Price to earnings		
GDP:	Gross Domestic Product	PFM:	Public Financial Management		

Disclaimer

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

Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

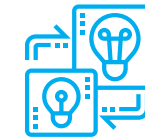
Tel No: + 265 1 828 355
Email: info@bridgepathcapitalmw.com
Website: www.bridgepathcapitalmw.com

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