

Malawi Monthly Economic Report and a summary of the Proposed 2024-25 National Budget

February 2024

Table of Contents

	Page
1. Executive Summary and Outlook	3
2. Economic Overview	5
I. Inflation	5
II. Foreign Currency Market	6
III. Foreign Reserve Position	6
IV. Stock Market	7
V. MSE Traded Values	8
VI. Published Financial Results	8
VII. Corporate Announcements by MSE Listed Companies	8
VIII. Government Securities	9
3. Fiscal and Monetary Policy Developments	10
I. Fiscal Policy	10
II. Monetary Policy	10
4. Commodity Market Developments	11
6. A summary of the Proposed 2024/2025 National Budget	12
7. Appendix	17
8. Disclaimer	24
9. Contact Information	25

Inflation

The headline inflation rate increased by 0.5 percentage points to 35.0% in January 2024 from 34.5% in December 2023. The increase in headline inflation was due to an increase in the food inflation rate to 44.9% in January 2024 from 43.5% in December 2023, which offset the decrease in the non-food inflation rate to 22.0% in January 2024 from 22.8% in December 2023. During this same period in 2022, headline inflation was 25.9%, driven by food inflation of 30.5% and non-food inflation of 20.4%.

According to the Reserve Bank of Malawi (RBM), inflationary pressures heightened in January 2024 largely due to increasing food prices.

The Government of Malawi projects annual average inflation for 2024 at 27.1% as per the 2024/2025 national budget.

Exchange Rates and Foreign Currency Reserves

Based on closing middle rates, the Malawi Kwacha traded at MK1,698.50/USD as of 29 February 2024, a marginal depreciation of 0.04% from MK1,697.80/USD as of 31 January 2023. During the same period in the previous year, the Kwacha had marginally depreciated against the USD by 0.17%.

As of 31 December 2023, the country's gross official foreign exchange reserves increased by 46.8% to USD242.58 million from USD165.20 million in November 2023. The import cover for gross official foreign exchange reserves increased to 0.97 months in December 2023 from 0.66 months in November 2023.

Government Securities

The total amount raised from Treasury Bills (TBs) and Treasury Notes (TNs) auctions increased by 27.3% to MK306.8 billion in February 2024 from MK241.0 billion in January 2024. During the review period, the average TB and TN yields increased to 20.67% and 31.95% from 18.90% and 29.95%, respectively.

Stock Market

The stock market was bearish as the Malawi All Share Index (MASI) decreased to 113,039.66 points in February 2024 from 115,670.54 points in January 2024, representing a 2.27% decrease. The MASI year-to-date return was 1.88% in February 2024. It was 14.56% in February 2023.

There were no significant share price gains in February 2024. However, there were marginal share price gains for FDHB, BHL, NITL, ILLOVO, NBM, Standard Bank, and PCL.

In February 2024, TNM was the most significant share price loser as its share price decreased by 25.00% to MK12.00 per share from MK16.00 per share in January 2024. There were also share price losses for AIRTEL, NBS, FMBCH, NICO, and MPICO. In addition, ICON experienced a marginal share price loss.

Fiscal and Monetary Policy

On 23 February 2024, the Minister of Finance presented the proposed 2024/2025 National budget in parliament. Total revenues for the 2024/2025 fiscal year are estimated at MK4.55 trillion, representing 24.3% of GDP. Total expenditure is estimated at MK5.98 trillion, representing 31.9% of GDP. The 2024/2025 Financial Year's overall balance is estimated at a deficit of K1.43 trillion, which is 7.6% of GDP. This deficit will be financed through domestic borrowing amounting to K1.28 trillion, and K150 billion foreign borrowing.

Following the first Monetary Policy Committee (MPC) meeting of 2024 held on 31 January and 1 February 2024, the MPC resolved to increase the Policy rate by 2.0 percentage points to 26.0%, from 24% set in July 2023. Meanwhile, the MPC decided to maintain the Lombard rate at 20 basis points above the Policy rate. The Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits and the LRR ratio on foreign currency deposits have also been maintained at 7.75% and 3.75%, respectively.

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price increased by 3% to MK887/kg in January 2024 from MK859/kg in December 2023. Year-on-year the retail maize price has increased by 73.2%, as it was at MK512/kg in January 2023.

The monthly average OPEC Reference Basket (ORB) price increased by 1.5% to USD81.23/barrel in February 2024 from USD80.04/barrel in January 2024.

Economic Growth

The 2024 gross domestic product (GDP) growth rate projections for Malawi from various published sources 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 attributed to more robust private consumption and exports and the implementation of macroeconomic reforms.

The RBM projects growth for 2024 at 3.2%, anchored by the expected improvement in the foreign exchange situation following the resumption of the IMF's ECF program. The commencement of mass production in Mega farms during the 2023/2024 farming season is also expected to boost GDP growth.

The World Bank's GDP growth projection for 2024 is 2.8% (from 1.6% in 2023) primarily due to a modest easing of global commodity prices, a moderate improvement in agricultural production, and increased output bolstered by improved foreign exchange inflows. 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 projects that real GDP growth will rise to 3.3% in 2024 (from 1.6% in 2023) because of the program of macroeconomic adjustment and reforms to be implemented in the year.

According to Oxford Economics, real GDP growth is expected to rebound to 3.8% in 2024 (from 1.9% in 2023) due to more robust private consumption and exports.

According to the EIU, real GDP growth is expected to rebound in 2024 to 3.0% (from 1.6% in 2023) due to the resumption of the ECF program.

Proposed 2024/2025 National Budget Overview

The 2024-25 proposed national budget is stated to have been made in line with the country's aspirations as outlined in the Malawi 2063 First Ten-Year Implementation Plan (MIP-1). According to the Ministry of Finance, the 2024-25 budget has been prepared following endogenous and exogenous shocks to the Malawian economy that have resulted in slow growth, high inflation, and unsustainable debt levels. The budget will aim to recover, develop and protect the economy.

The 2024-25 national budget has been set under the theme *"From economic recovery to resilience through accelerating production and enhancing the legal and regulatory environment to protect the economy"*.

The Government has identified anchor sectors chosen for their potential to contribute to economic growth. The anchor sectors are Agriculture, Tourism, and Mining, commonly referred to as ATM. According to the budget statement, the ATM Strategy will further help boost domestic revenue; therefore, the ATM sectors will have significant allocations.

Total revenue and grants for the 2024/2025 fiscal year are estimated at K4.55 trillion, representing 24.3% of GDP. Domestic Revenues are estimated at K3.38 trillion, representing 18.1% of GDP, of which Tax Revenues are estimated at K3.26 trillion, and Other Revenues have been projected at K126.54 billion. Grants are estimated at K1.17 trillion, of which K1.10 trillion will come from International Organisations and K72.69 billion from Foreign Governments.

Total expenditure for the 2024/2025 fiscal year is projected at K5.98 trillion, representing 31.9% of GDP. Of the total expenditure, recurrent expenses are estimated at K4.21 trillion, representing 22.5% of GDP and 70.4% of total expenditure.

The 2024/2025 Financial Year's overall balance is estimated at a deficit of K1.43 trillion, which is 7.6% of GDP. This deficit will be financed through domestic borrowing amounting to K1.28 trillion, representing 6.0% of GDP and K150 billion in foreign borrowing.

Some key sector allocations of the 2024/2025 National budget are MK4.80 billion for the Tourism sector, MK439.64 billion for the Transport and ICT Infrastructure sector, MK497.75 billion for the Agriculture sector, and MK729.47 billion for the Health sector.

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. In its Malawi fourth quarter country report, the EIU stated that the Kayelekera uranium mine is expected to begin operations in late 2024. Furthermore, according to the World Bank's Malawi CEM there are currently seven mining priority projects (rutile in Kasiya, rare earths in Songwe, niobium in Kanyika, graphite in Malingunde, heavy mineral sands in Makanjira, and rare earths in Kangankunde) which indicate a likely increase in the sector's contribution to GDP.

Energy: According to the World Bank, approximately 19% of Malawians can 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. Additionally, Malawi has made significant progress in developing the value chains of groundnuts, macadamia, and soybeans. Successful value chains spark adjacent activity, such as the poultry and fish feed industry for which soybeans are a major input; honey and paprika which are being intercropped with macadamia, and the agro-input segment, where groundnuts and soybeans are enabling new companies to emerge in inputs such as seed and inoculant.

Other opportunities in the agricultural industry include large-scale commercial fishing, cannabis production and processing, and large-scale sugarcane production.

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, will 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 2023 was 28.8%. In January 2024, year-on-year inflation rate was 35.0%. With the recent hike in electricity tariffs for non-domestic users and the increase in pump fuel prices, domestic prices may 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

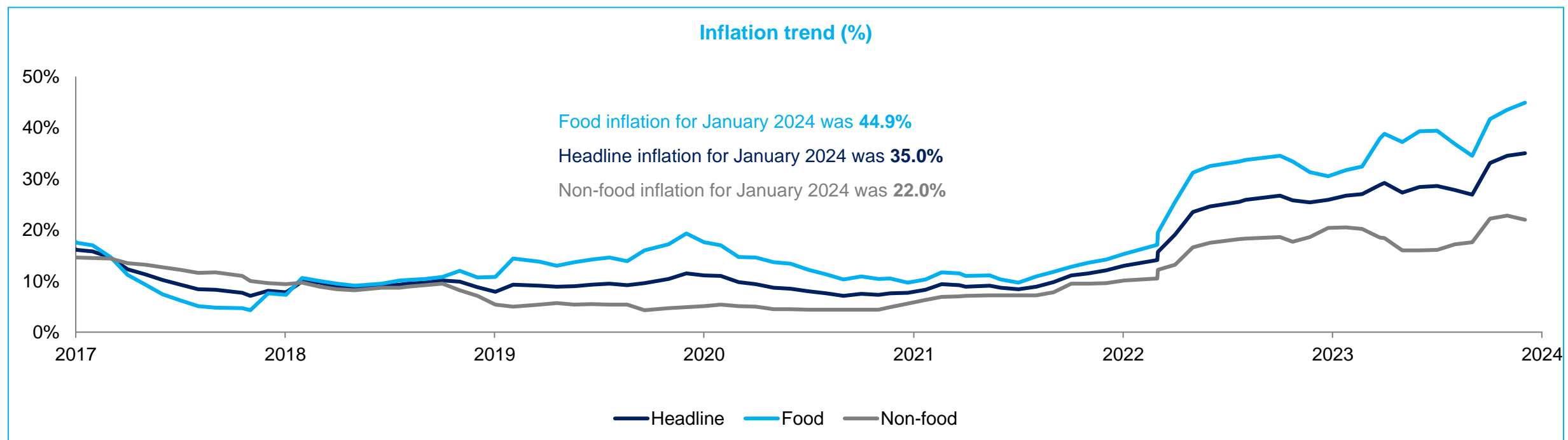
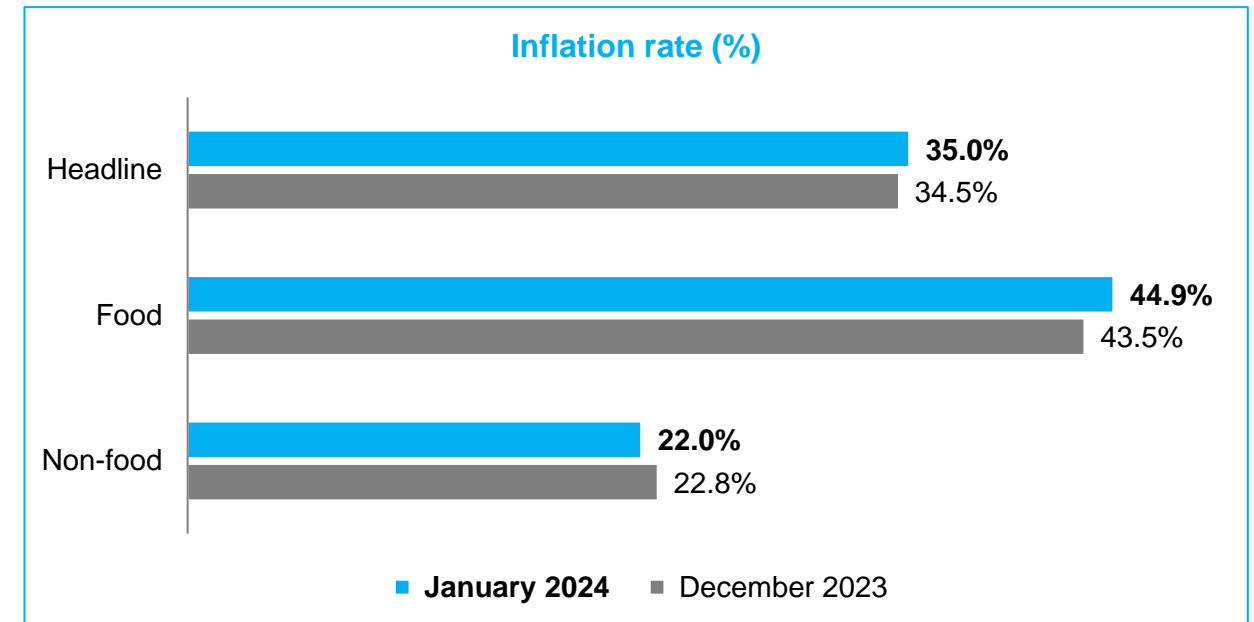
Inflation (Source: NSO, RBM)

The headline inflation rate for January 2024 increased by 0.5 percentage points to 35.0% from 34.5% in December 2023. The increase was due to the rise in food inflation to 44.9% from 43.5%, offsetting the decline in non-food inflation to 22.0% from 22.8%.

The headline inflation rate increased by 0.5 percentage points to 35.0% in January 2024 from 34.5% in December 2023. The increase in headline inflation was due to an increase in the food inflation rate to 44.9% in January 2024 from 43.5% in December 2023, which offset the decrease in the non-food inflation rate to 22.0% in January 2024 from 22.8% in December 2023. During this same period in 2022, headline inflation was 25.9%, driven by food inflation of 30.5% and non-food inflation of 20.4%.

According to the RBM, inflationary pressures heightened in January 2024 largely on account of increasing prices of food items. The MPC noted that inflationary pressures are expected to intensify, due to the lagged effects of exchange rate re-alignment, higher maize prices owing to the anticipated lower maize production as well as worsening inflation expectations. These factors have shifted the inflation path upwards.

The Government of Malawi projects annual average inflation for 2024 at 27.1% as per the 2024/2025 national budget.





Economic overview (continued)

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

Based on closing middle rates, the Malawi Kwacha traded at MK1,698.50/USD as of 29 February 2024, a marginal depreciation of 0.04% from MK1,697.80/USD as of 31 January 2024. During the same period in the previous year, the Kwacha had marginally depreciated against the USD by 0.17%.

Foreign Currency Market

Based on closing middle rates, the Malawi Kwacha traded at MK1,698.50/USD as of 29 February 2024, a marginal depreciation of 0.04% from MK1,697.80/USD as of 31 January 2024. During the same period in the previous year, the Kwacha had marginally depreciated against the USD by 0.17%.

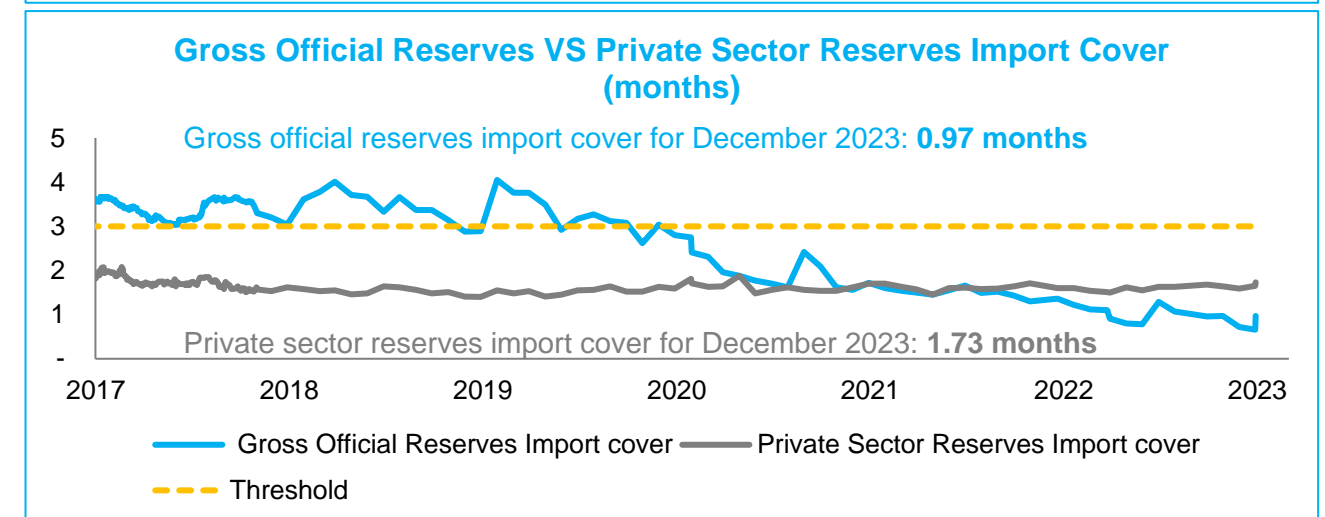
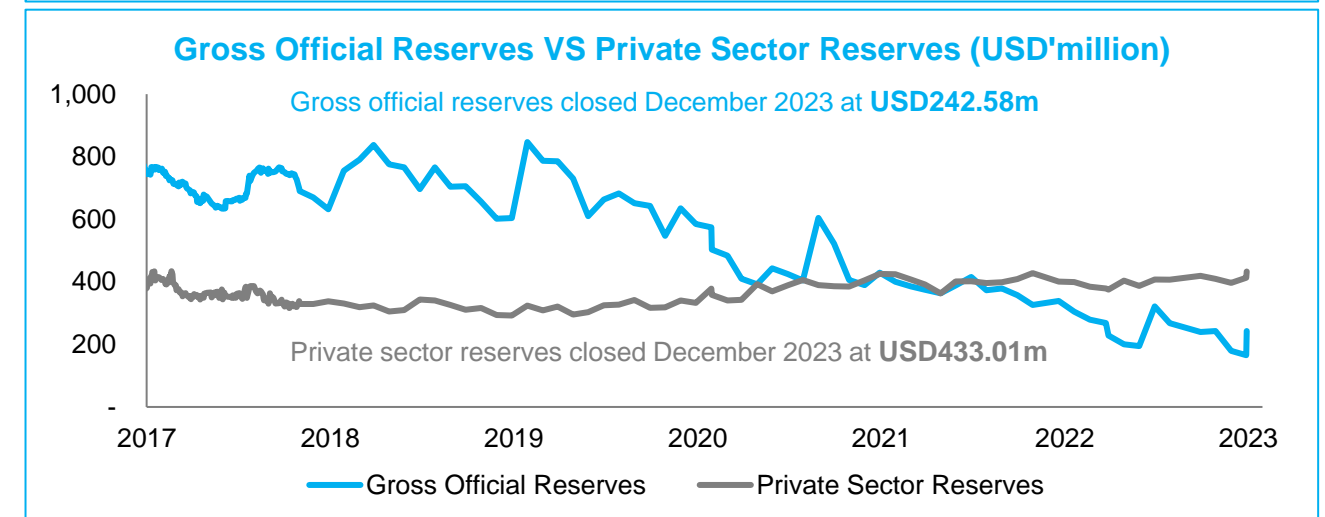
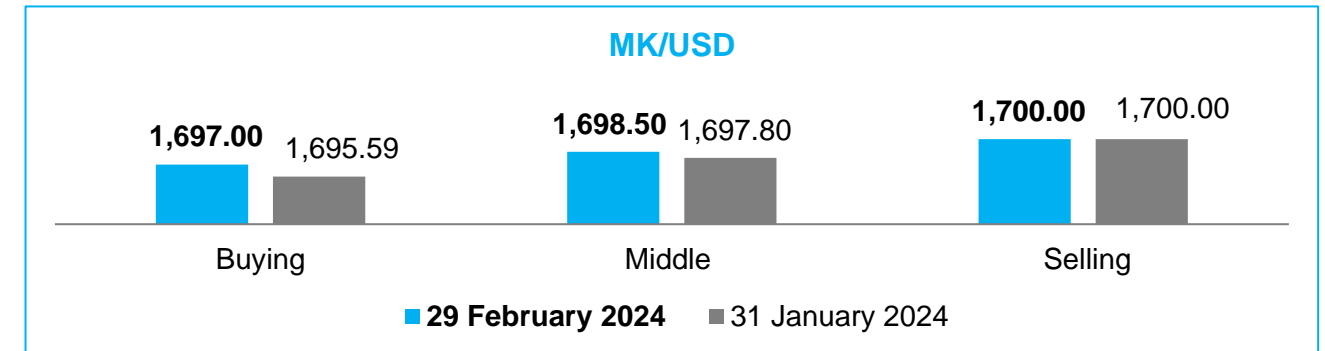
Foreign Exchange Reserves Position

As of 31 December 2023, the country's gross official foreign exchange reserves increased by 46.8% to USD242.58 million from USD165.20 million in November 2023. The import cover for gross official foreign exchange reserves increased by 47.0% to 0.97 months in December 2023 from 0.66 months in November 2023. The import cover for gross official foreign exchange reserves remained below the required threshold of 3 months.

	December 2023	November 2023	Month-on-month change (%)
Gross Official (USD'millions)	242.58	165.20	46.8%
Private Sector (USD'millions)	433.01	413.20	4.8%
Total Reserves (USD'millions)	675.59	578.40	16.8%
Gross Official import cover (months)	0.97	0.66	47.0%
Private sector import cover (months)	1.73	1.65	4.8%
Total import cover (months)	2.70	2.31	16.9%

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)

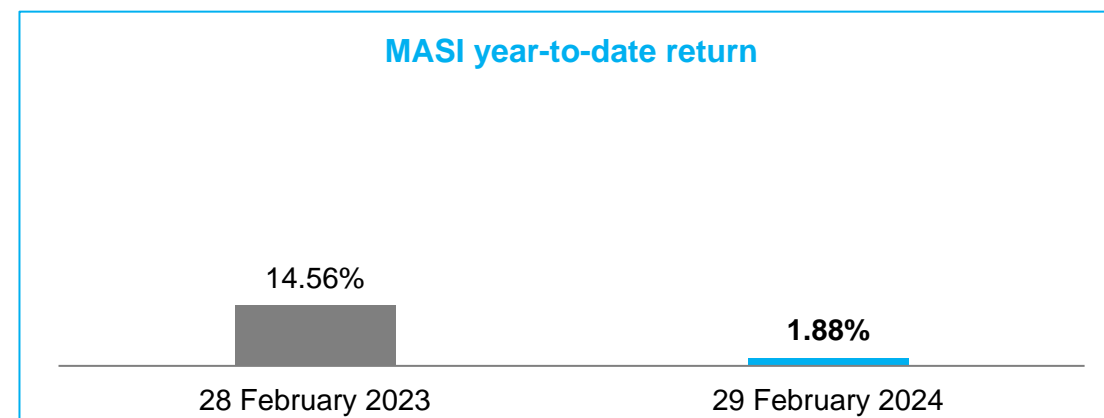
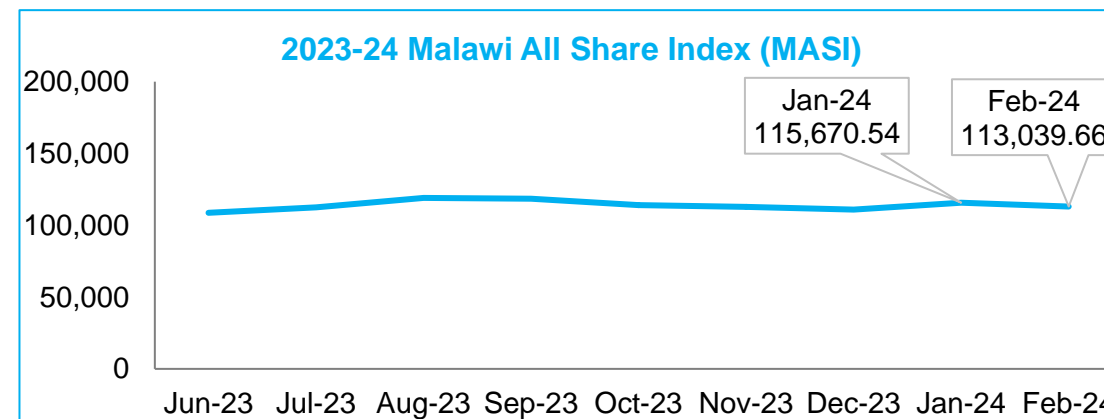
The stock market was bearish as the Malawi All Share Index (MASI) decreased to 113,039.66 points in February 2024 from 115,670.54 points in January 2024, representing a 2.27% decrease. The MASI year-to-date return was 1.88% in February 2024. It was 14.56% in February 2023.

There were no significant share price gains in February 2024. However, there were marginal share price gains for FDHB, BHL, NITL, ILLOVO, NBM, Standard Bank, and PCL.

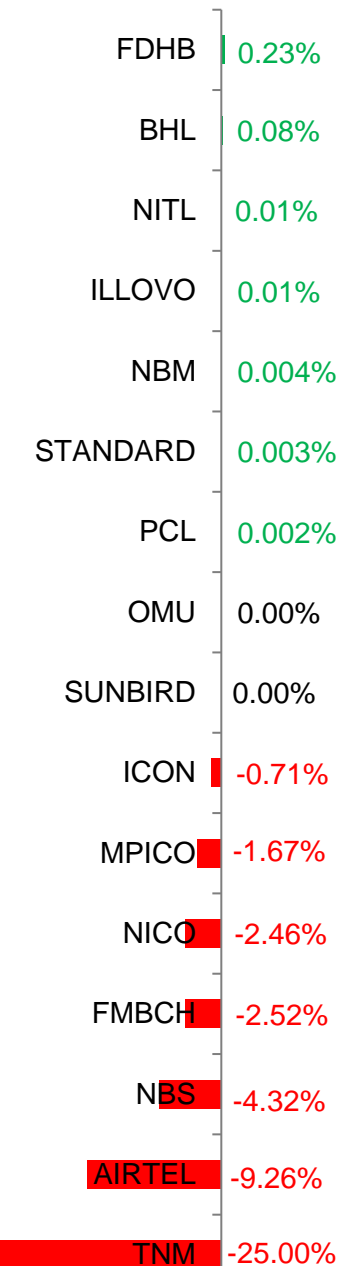
In February 2024, TNM was the most significant share price loser as its share price decreased by 25.00% to MK12.00 per share from MK16.00 per share in January 2024. There were also share price losses for AIRTEL, NBS, FMBCH, NICO, and MPICO. In addition, ICON experienced a marginal share price loss.

The MASI year-to-date return was 1.88% in February 2024. It was 14.56% in February 2023.

FDHB, BHL, NITL, ILLOVO, NBM, Standard Bank, and PCL had marginal share price gains, which were offset by share price losses for TNM, AIRTEL, NBS, FMBCH, NICO, and MPICO.



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



Symbol	Closing prices (MK/share)	
	29 February 2024	31 January 2024
AIRTEL	50.00	55.10
BHL	13.03	13.02
FDHB	65.15	65.00
FMBCH	412.00	422.63
ICON	16.88	17.00
ILLOVO	1,350.11	1,350.00
MPICO	14.72	14.97
NBM	2,101.80	2,101.72
NBS	109.98	114.94
NICO	199.92	204.97
NITL	411.48	411.42
OMU	1,500.02	1,500.02
PCL	2,507.00	2,506.95
STANDARD	3,950.17	3,950.05
SUNBIRD	195.02	195.02
TNM	12.00	16.00



Economic overview (continued)

Stock Market (Source: MSE)

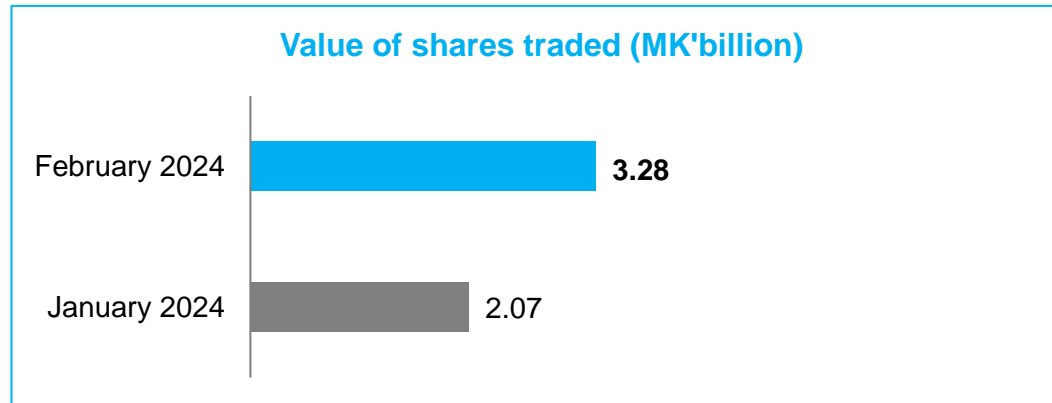
NBM had the highest value of shares traded in February 2024 at MK2.07 billion.

The nominal value of all listed debt securities was MK3.61 trillion in February 2024, representing a decrease of 0.6% from MK3.63 trillion recorded in January 2024.

MSE Traded Values

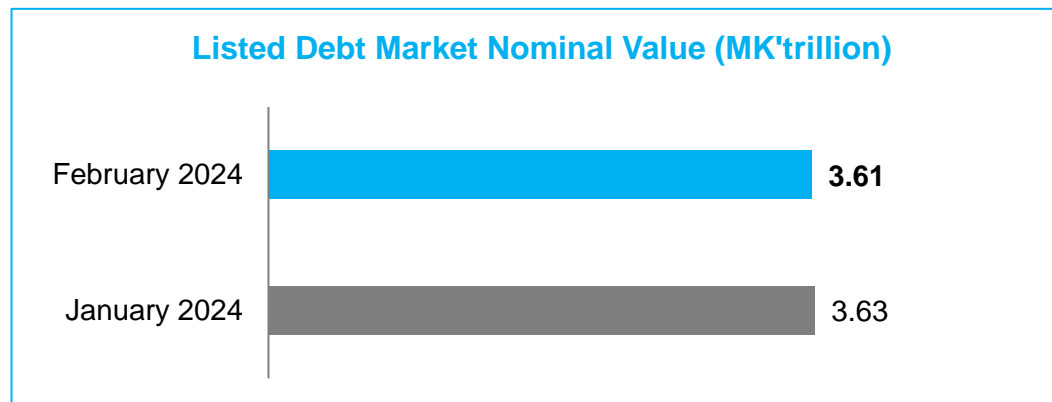
A total of MK3.28 billion worth of shares was traded on the Malawi Stock Exchange (MSE) in February 2024. This represented a 58% increase from MK2.07 billion shares traded in January 2024. NBM had the highest value of shares traded in February 2024 at MK2.07 billion.

The total number of trades increased to 893 in February 2024 from 870 in January 2024.



Listed Debt Market

The total number of instruments listed on the debt market was 78 in February 2024, representing a decrease of 1.3% from 79 in January 2024. There were no trades on the debt market in February 2024. The nominal value of all listed debt securities was MK3.61 trillion in February 2024, representing a decrease of 0.6% from MK3.63 trillion in January 2024.



Corporate Announcements

Published half-year financial trading statements

Counter	Trading statement expectation (MK'billions)		
	Half-year 2023	Half-year 2024	Change (%)
ILLOVO*	33.7	22.0 – 25.0	(26% - 35%)

*: Financial half-year end for Illovo is 29 February

Dividend announcements

Counter	Dividend type	Proposed/Declared	Dividend per share (MK)	Last day to register	Payment date
STANDARD	Interim	Declared	21.31	23rd Feb 2024	8th Mar 2024
STANDARD	2nd Interim	Declared	31.96	28th Mar 2024	12th Apr 2024
ILLOVO	Final	Declared	5.80	22nd Mar 2024	28th Mar 2024



Economic overview (continued)

Government securities (Source: RBM)

The government awarded a total of MK306.8 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in February 2024, an increase of 27.3% from MK241.0 billion awarded in January 2024.

From January 2024 to February 2024, the average TB and TN yields increased to 20.67% and 31.95% from 18.90% and 29.95%, respectively.

Treasury Bills (TBs)

In February 2024, the government sought to borrow MK52.6 billion through TB auctions. This represents a 9.1% increase from the MK48.2 billion sought in January 2024. Participants applied to place an amount of MK196.3 billion through TB auctions in February 2024. This represents a 128.7% increase from MK85.8 billion applied for in January 2024. The government awarded MK191 billion in February 2024, a 122.6% increase from MK85.8 billion in January 2024. The TBs auction had a 2.67% rejection rate in February 2024 compared to a nil rejection rate in January 2024.

Treasury Notes (TNs)

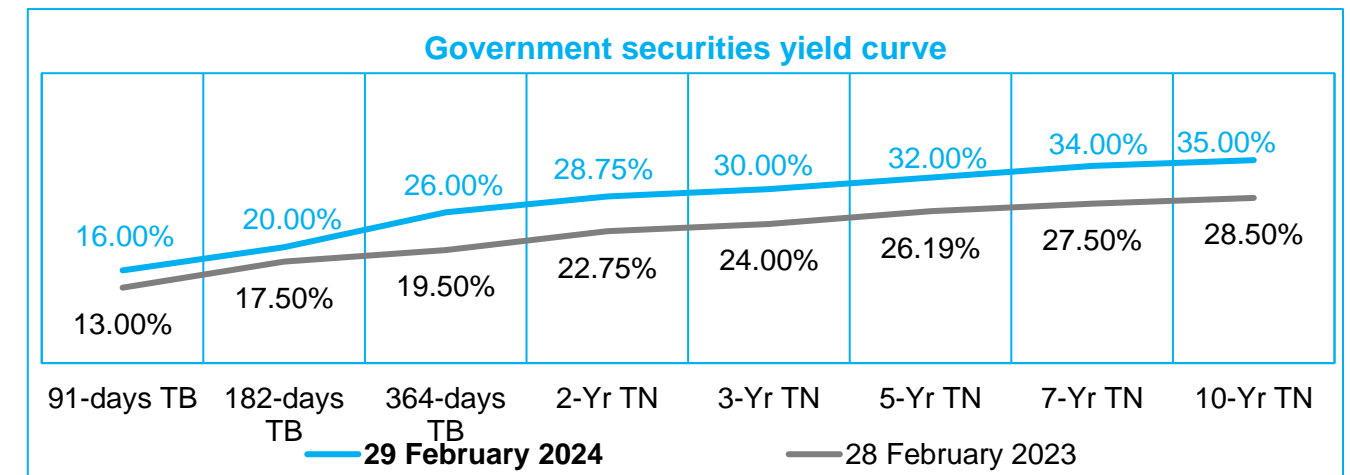
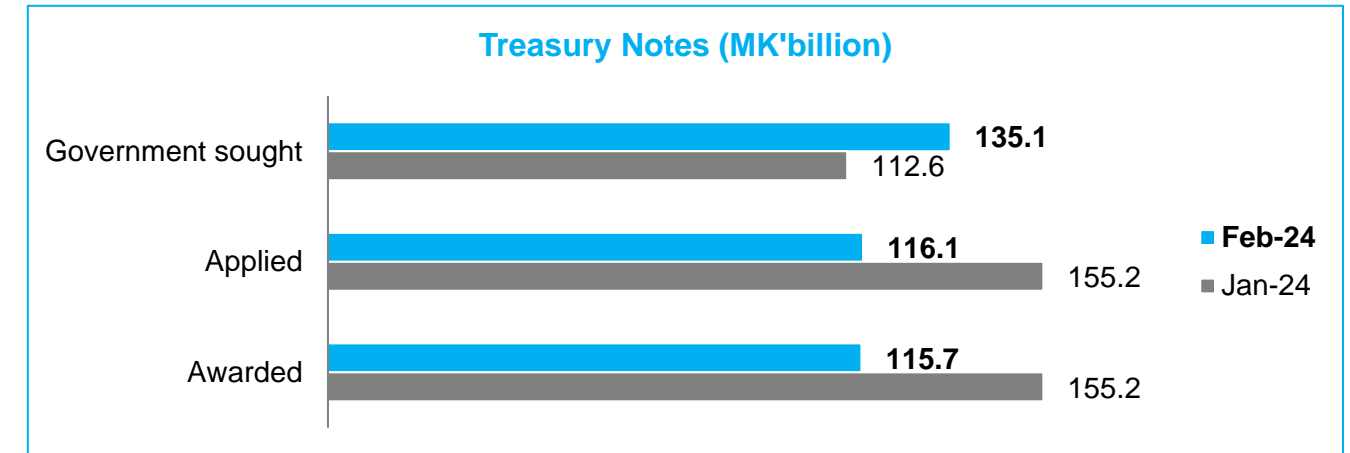
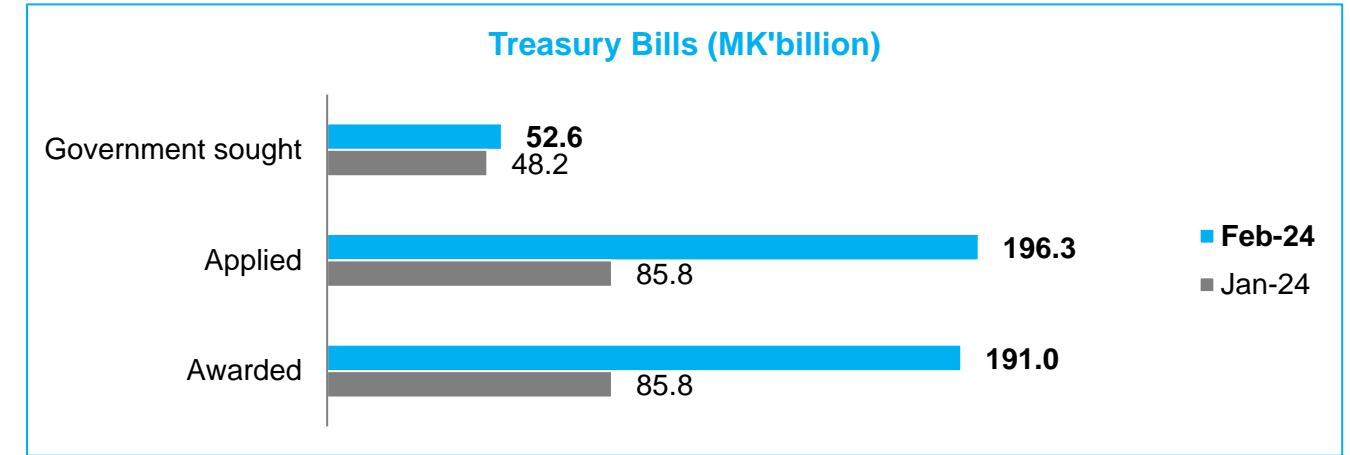
The government sought to borrow MK135.1 billion through TN auctions in February 2024. This represents a 19.9% increase from the MK112.6 billion sought in January 2024. Total participant applications stood at MK116.1 billion in February 2024. This represents a 25.2% decrease from MK155.2 billion, which was applied for in January 2024. MK115.7 billion was awarded in the TNs auctions in February 2024. This entailed a 25.4% decrease from MK155.2 billion, awarded in January 2024. The TNs auction had a 0.31% rejection rate in February 2024 compared to a nil rejection rate in January 2024.

The government sought to raise MK187.7 billion in TBs and TNs auctions in February 2024. This represents a 16.7% increase from the MK160.9 billion sought in January 2024. MK306.8 billion was awarded, up 27.3% from MK241.0 billion in January 2024.

Government Securities Yield Curve

From January 2024 to February 2024, the 91, 182 and 364-day TB yields increased to 16.00%, 20.00%, and 26.00% from 14.70%, 18.00% and 24.00%, respectively. As such, the average TB yield increased to 20.67% in February 2024 from 18.90% in January 2024. The average TB yield was 16.67% in February 2023.

From January 2024 to February 2024, the 2, 3, 5, 7, and 10-year TNs yields increased to 28.75%, 30.00%, 32.00%, 34.00%, and 35.00% from 26.75%, 28.00%, 30.00%, 32.00%, and 33.00%, respectively. As a result, the average TN yield increased to 31.95% in February 2024 from 29.95% in January 2024. The average TN yield was 25.79% in February 2023.





The commercial bank reference rate for March 2024 remains unchanged at 24.9% from the revised February 2024 rate.

The government seeks to raise MK409.7 billion through TN auctions and MK157.2 billion through TB auctions in the first quarter of 2024.

Following the first MPC meeting of 2024, the MPC resolved to increase the Policy rate by 2.0 percentage points to 26.0%, from 24% set in July 2023.

Fiscal Policy (Source: RBM, IMF, Various published media)

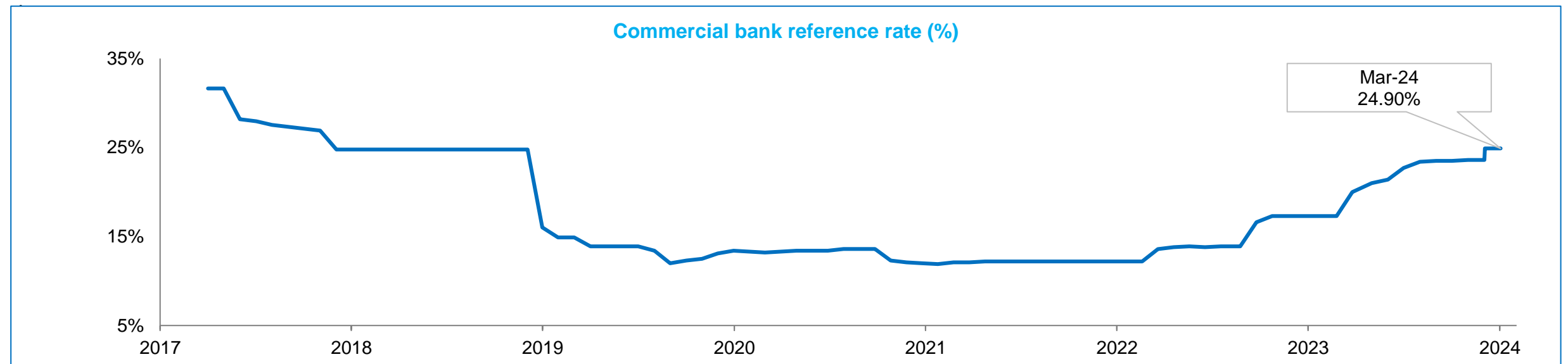
On 23 February 2024, the Minister of Finance presented the proposed 2024/2025 National budget in parliament. Total revenues for the 2024/2025 financial year are estimated at MK4.55 trillion, representing 24.3% of GDP. Total expenditure is estimated at MK5.98 trillion, representing 31.9% of GDP. The 2024/2025 overall balance is estimated at a deficit of K1.43 trillion, which is 7.6% of GDP. This deficit will be financed through domestic borrowing amounting to K1.28 trillion, representing 6.0% of GDP and K150 billion foreign borrowing.

As disclosed in the local debt issuance calendar, the government seeks to raise MK409.7 billion through TN auctions and MK157.2 billion through TB auctions in the first quarter of 2024.

Monetary Policy (Source: RBM, NBM)

Following the first Monetary Policy Committee (MPC) meeting of 2024 held on 31 January and 1 February 2024, the MPC resolved to increase the Policy rate by 2.0 percentage points to 26.0%, from 24% set in July 2023. Meanwhile, the MPC decided to maintain the Lombard rate at 20 basis points above the Policy rate. The Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits and the LRR ratio on foreign currency deposits have also been maintained at 7.75% and 3.75%, respectively. The MPC arrived at this decision after observing that inflationary pressures have intensified, such that inflation is projected to persist before it starts to decline. The MPC resolved to increase the policy rate to contain inflationary pressures and restore price stability.

The MPC noted that the inflation pressures had increased during the fourth quarter of 2023. Notably, the average headline inflation for the fourth quarter of 2023 was recorded at 31.5%, from 28.2% during the preceding quarter. The acceleration in inflation reflects the pass-through effects of the recent 44.0% exchange rate re-alignment and the subsequent adjustment in energy prices. The MPC noted that inflationary pressures are expected to intensify due to the lagged effects of exchange rate re-alignment, higher maize prices owing to the anticipated lower maize production, and worsening inflation expectations. These factors have shifted the inflation path upwards, and therefore, the MPC resolved that a monetary policy response was required.



The commercial bank reference rate for March 2024 remains unchanged from the revised February 2024 reference rate of 24.9%.



Commodity Market Developments

Maize, Oil, and other commodities market developments

The retail maize price increased to MK887/kg in the last week of January 2024 from MK859/kg in December 2023. Year-on-year, the retail maize price has increased by 73.2%, as it was at MK512/kg in January 2023.

The monthly average OPEC Reference Basket (ORB) price increased by 1.5% to USD81.23/barrel in February 2024 from USD80.04/barrel in January 2024.

Local Maize Price Developments (Source: IFPRI)

Data from the International Food Policy Research Institute (IFPRI) January 2024 monthly maize market report showed that retail maize prices increased by 3.3% in January 2024 compared to a 13% increase in December 2023. The retail maize price increased from MK859/kg in the last week of December 2023 to MK887/kg in the last week of January 2024. The report further shows that maize prices were highest in the Southern region, followed by the Central region, whilst the Northern region had the lowest prices.

Annual comparisons indicate that the retail maize price has increased by 73.2%, as it was at MK512/kg in January 2023.

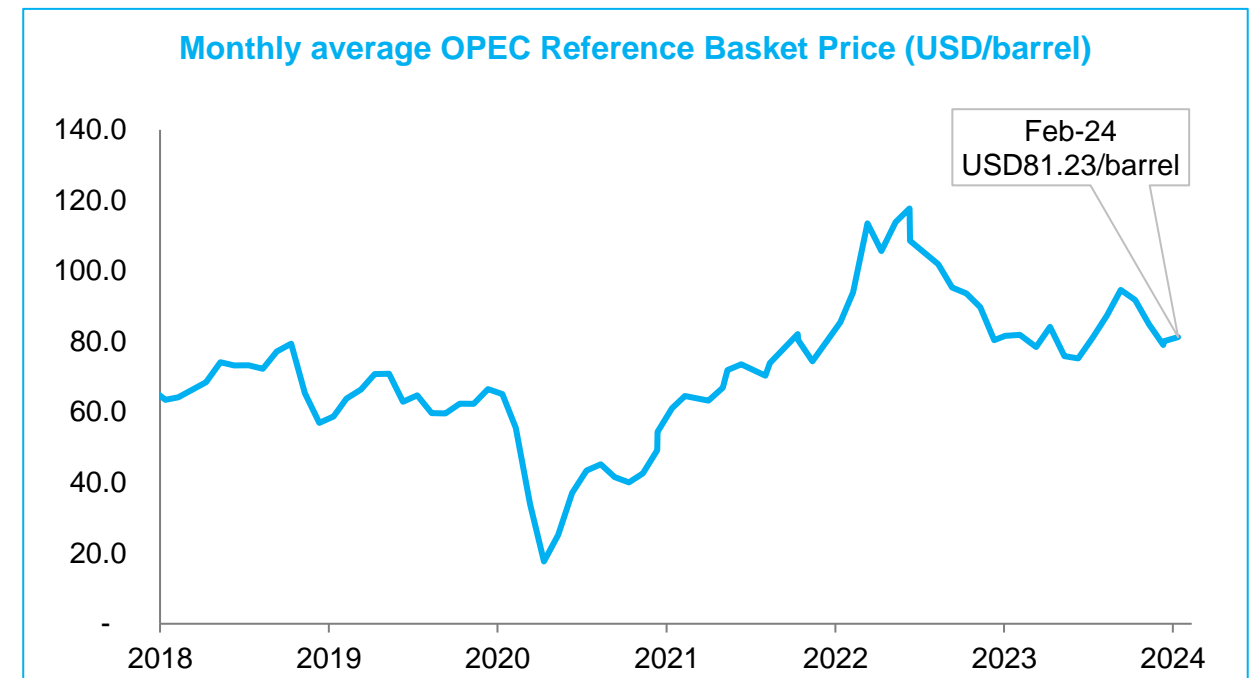
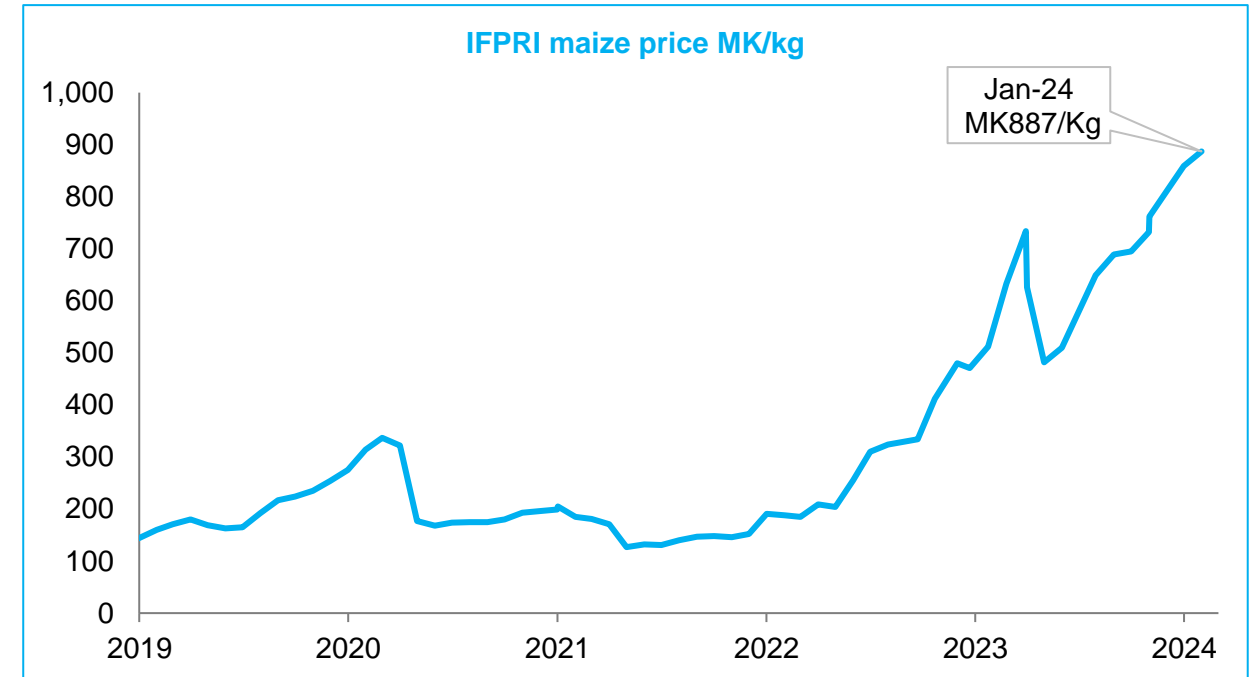
Global Oil Price Developments (Source: OPEC, Reuters)

The monthly average OPEC reference basket price increased to USD81.23/barrel in February 2024 from USD80.04/barrel in January 2024. This represents an increase of 1.5% month-on-month. Year-on-year, this means a 0.8% decrease from an average price of USD81.88/barrel as of February 2023.

In its February 2024 monthly report, OPEC maintained its 2024 world oil demand growth forecast at 2.2 mb/d. The oil demand of the Organization for Economic Co-operation and Development (OECD) is expected to grow by 0.3 mb/d, while the non-OECD's oil demand growth is expected to be about 2.0 mb/d. Total world oil demand is anticipated to reach 104.4 mb/d in 2024, bolstered by strong air travel demand, increased road mobility, including on-road diesel and trucking, and healthy industrial, construction and agricultural activities in non-OECD countries.

Other Commodity Price Developments (Source: World Bank)

According to World Bank commodity prices data, global tea prices increased to USD2.69/Kg in February 2024 from USD2.66/Kg in January 2024. World sugar prices increased to USD0.50/Kg in February 2024 from USD0.48/Kg in January 2024. For fertilizers, Urea prices increased to USD351.3/mt in February 2024 from USD335.4/mt in January 2024, Diammonium Phosphate (DAP) prices decreased to USD583.8/mt in February 2024 from USD596.3/mt in January 2024, and Potassium Chloride prices decreased to USD289.4/mt in February 2024 from USD296.3/mt in January 2024.



A summary of the Proposed 2024-25 National Budget



The 2024-25 national budget has been set under the theme “From economic recovery to resilience through accelerating production and enhancing the legal and regulatory environment to protect the economy”.

2024-25 National Budget Overview

2024-25 Proposed National Budget Introduction

The 2024-25 proposed national budget is said to have been made in line with the country’s aspirations as outlined in the Malawi 2063 First Ten-Year Implementation Plan (MIP-1). According to the Ministry of Finance, the 2024-25 budget has been prepared following endogenous and exogenous shocks to the Malawian economy that have resulted in slow growth, high inflation, and unsustainable debt levels. The budget will aim to recover, develop and protect the economy.

According to the budget statement, to recover, develop, and protect the economy, the Government has recently committed to several reforms, including rationalizing public expenditure, diversifying revenue, advancing export strategies, and the recent currency realignment to improve foreign reserves. Additionally, the Government is launching several initiatives carefully chosen for their potential to generate foreign exchange. The initiatives include the following: Mega Farms, Labour Export, Carbon Credits Trading, Mining Discounted Projects, and Cannabis Biomass Projects for export diversification, the Golden Visa Programme, the introduction of Diaspora Cities, and enhancing diaspora remittances. The Ministry of Finance is confident that these initiatives will be complimented by donor support triggered by the Extended Credit Facility.

The 2024-25 national budget has been set under the theme “*From economic recovery to resilience through accelerating production and enhancing the legal and regulatory environment to protect the economy*”.

2023-24 National Budget Performance Overview

Total expenditure for the 2023-24 fiscal year will likely be at MK4.35 trillion, representing 28.6% of the country’s GDP. Of this, MK3.31 trillion is recurrent expenditure, while MK1.04 trillion is development expenditure. The overall budget deficit for the 2023-24 national budget is projected at MK1.36 trillion, which translates to 8.9% of the country’s GDP. The deficit is projected to be financed through domestic borrowing of MK1.23 trillion, while the rest will come from foreign borrowing.

The 2023-24 budget has supported the completion, implementation and initiation of numerous projects across all sectors through the country’s various Ministries, Departments, and Agencies (MDAs).

Government reform programs

1. Public Finance Management Reforms

The government intends to continue implementing the Public Finance Management (PFM) reform agenda articulated in the Public Finance Management Strategy (2023-2028). According to the Minister of Finance, the ministry has fully operationalised the Public Finance Management Act (2022) through gazetting the PFM Act Regulations,

2023. In the 2024/2025 Financial Year, the Ministry will review Treasury and Desk Instructions. This will provide clear guidance on processes and procedures at all levels of PFM operations.

2. State-Owned Enterprises Performances

The government intends to improve the performance of Stated Owned Enterprises (SOEs). The Ministry of Finance has developed a performance assessment framework to recognize the best-performing SOEs appropriately. Additionally, to enhance the monitoring of revenue collected by SOEs, all 22 regulatory SOEs have fully migrated their revenue accounts to the Reserve Bank of Malawi. In the 2024/2025 Financial Year, the Ministry of Finance will roll out this arrangement to the remaining SOEs, including subvented organizations and trading SOEs. This arrangement is aimed at improving dividends and surplus remittances, thereby widening the non-tax revenue base.

3. Integrated Financial Management and Information System (IFMIS)

The Government will ensure that comprehensive financial reporting continues through increased IFMIS coverage to all Ministries, Departments, and Agencies (MDAs) and Local Councils. Similarly, the Human Resource Management Information System will be integrated to seamlessly process Government Payroll and Human Resource related transactions.

4. Treasury Single Account

According to the budget statement, the Accountant General’s Department is implementing the Treasury Single Account (TSA) initiative. This will enhance government bank account organization, structure, and optimization. All government agencies will be required to open receipting accounts at commercial banks linked to holding accounts at the RBM. To facilitate timely transfers to RBM, a Memorandum of Understanding has been signed with Commercial Banks requiring auto-transfers every 48 hours to the holding accounts. This process shall provide more resources to the government, resulting in better services across the board.

Proposed 2024/2025 National budget overview

The budget’s focus is to continue containing the budget deficit, and it will achieve this by enhancing domestic revenue mobilization and rationalizing expenditures with a focus on highly productive sectors. The Government has identified anchor sectors that have been chosen for their potential to contribute to economic growth. The anchor sectors are Agriculture, Tourism, and Mining, commonly referred to as ATM. According to the budget statement, the ATM Strategy will further help to boost domestic revenue in the budget; therefore, the ATM sectors will have significant allocations, and the Government will focus on developing national legal and institutional frameworks for protecting natural resources.



2024-25 National Budget Overview (continued)

Total revenue and grants for the 2024/2025 fiscal year are estimated at MK4.55 trillion, representing 24.3% of GDP.

Total expenditure for the 2024/2025 fiscal year is projected at MK5.98 trillion, representing 31.9% of GDP.

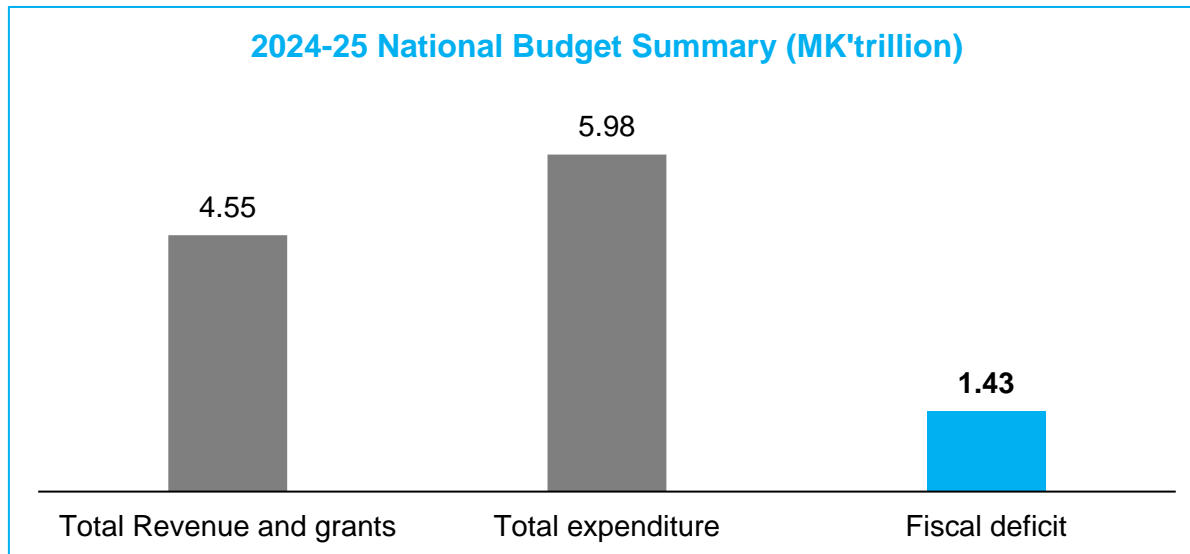
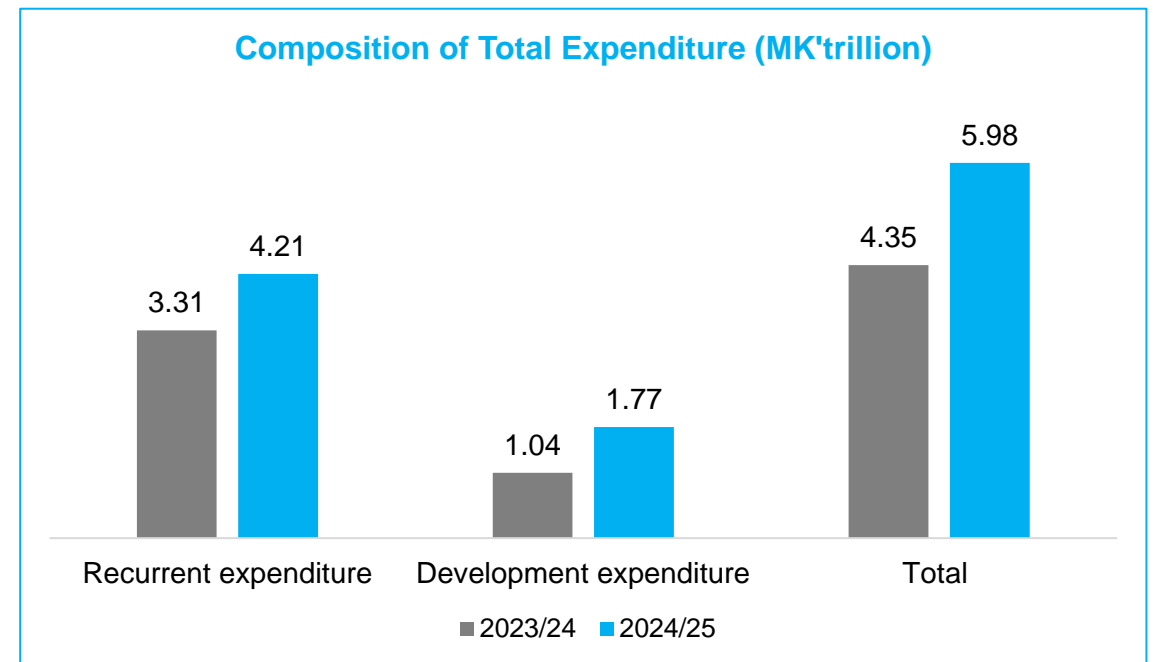
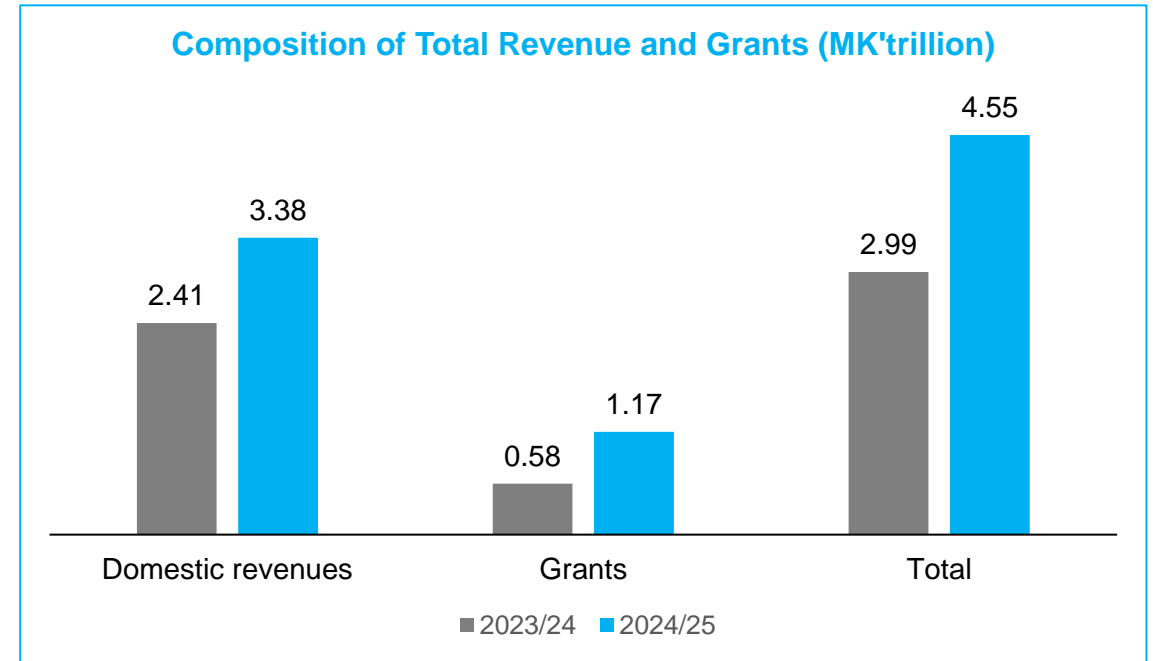
Proposed 2024-25 National budget overview (continued)

The budget has been made on the assumptions that during the fiscal year, GDP will grow at 3.6%, inflation rate will average 23.4%, and tax refunds will be 3.0% of the total tax collection.

Total revenue and grants for the 2024/2025 fiscal year are estimated at MK4.55 trillion, representing 24.3% of GDP. Domestic Revenues are estimated at MK3.38 trillion, representing 18.1% of GDP, of which Tax Revenues are estimated at MK3.26 trillion, and Other Revenues have been projected at MK126.54 billion. Grants are estimated at MK1.17 trillion, of which MK1.10 trillion will come from International Organisations and MK72.69 billion from Foreign Governments.

Total expenditure for the 2024/2025 fiscal year is projected at MK5.98 trillion, representing 31.9% of GDP. Of the total expenditure, recurrent expenses are estimated at MK4.21 trillion, representing 22.5% of GDP and 70.4% of total expenditure. Development expenditure for the 2024/2025 financial Year is estimated at MK1.77 trillion

The 2024/2025 Financial Year 's overall balance is estimated at a deficit of MK1.43 trillion, which is 7.6% of GDP. This deficit will be financed through domestic borrowing amounting to MK1.28 trillion, representing 6.0% of GDP and MK150 billion in foreign borrowing.





2024-25 National Budget Overview (continued)

Some key sector allocations of the 2024/2025 National budget are MK4.80 billion for the tourism sector, MK439.64 billion for the Transport and ICT Infrastructure sector, MK497.75 billion for the Agriculture sector, and MK729.47 billion for the health sector.

Proposed 2024-25 Budget Highlights

Maize Purchases and Allocation to ADMARC

In the 2024/2025 fiscal budget, MK12.0 billion has been allocated for the National Food Reserve Agency to purchase maize to replenish the Strategic Grain Reserves. Additionally, ADMARC has been allocated MK40 billion for operations and revamping agricultural production and value addition.

Affordable Input Programme

MK161.28 billion has been allocated to the Affordable Inputs Programme (AIP). This aims to complement the other initiatives striving to attain national food self-sufficiency.

Grants to other General Government Units are estimated at MK411.66 billion. This includes MK97.65 billion transfer to MRA, MK85 billion for Roads Fund Administration, MK6.2 billion for Roads Authority, MK198.78 billion for subvented organizations, and MK24 billion for Tertiary Education students' loans.

2024/2025 Key Sector Allocations and Developments Projects

Agriculture

The agriculture sector remains the economy's backbone and a pillar of economic recovery. It has been allocated MK497.75 billion, representing 8.3% of the total budget.

Recognizing that commercialization of agricultural production is not possible in the absence of potential markets, the Government negotiated with the Peoples' Republic of China on shelled groundnuts and soybean exports. Production of groundnuts and soybeans for export to the Peoples' Republic of China commences this production season under the Mega Farm Initiative.

Tourism

In the 2024/2025 fiscal year, the sector has been allocated MK4.8 billion, which will be anchored by the 20-year National Tourism Investment Masterplan and a Domestic Tourism Marketing Strategy to boost the sector's productivity.

Environment and Climate Change Management

MK20.55 billion has been allocated to this sector. These resources will support initiatives that aim to protect the environment and prevent the impacts of climate change and natural resource degradation.

Health

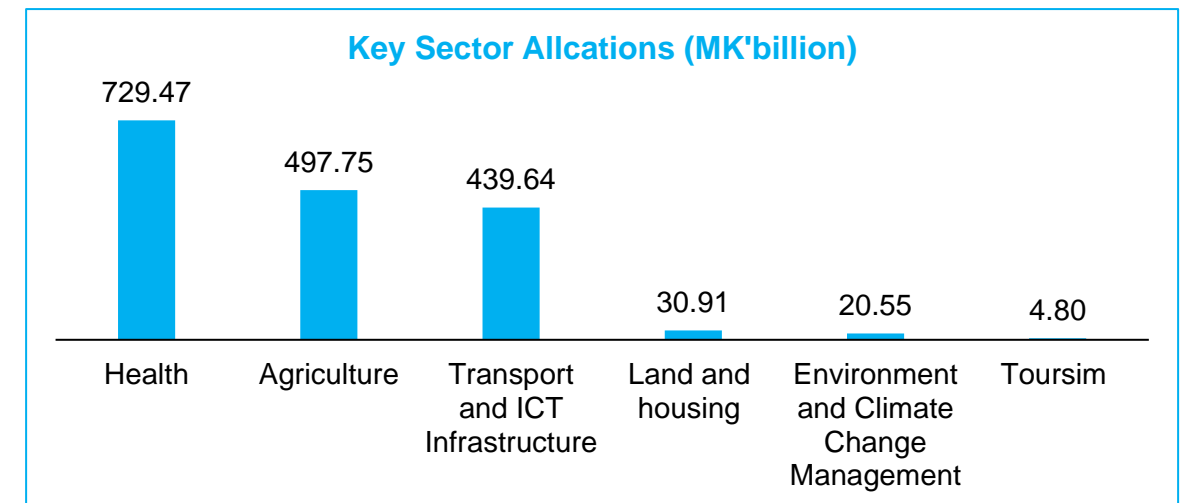
The health and population sector was allocated MK729.47 billion in the 2024/2025 Financial Year, representing 12.2% of the total national budget.

Transport and ICT Infrastructure sector

In the 2024/2025 fiscal year, the government allocated resources amounting to MK439.64 billion towards the transport and ICT infrastructure sector, representing 7.4% of the national budget.

Land and housing sector

In the 2024/2025 budget, Government has allocated MK30.91 billion towards Lands and Housing sector. The allocation will among others support implementation of the Secondary Cities initiative. As part of the initiative, Government has identified eight areas in the following district councils; Karonga, Nkhatabay, Kasungu, Chipoka in Salima, Monkey-bay in Mangochi, Luchenza in Thyolo and Bangula in Nsanje to be developed into secondary cities.



Tax Policy Measures for the 2024/2025 Budget

The government has put in place several tax measures aimed at broadening the tax base, enhancing tax compliance, fostering domestic and foreign investment, improving the administrative functions of revenue-collecting bodies such as the Malawi Revenue Authority, and rectifying discrepancies in tax laws.



2024-25 National Budget Overview (continued)

The Government is extending the application of the additional 10% corporate income tax on profits above MK10 billion to all businesses that make such profits to ensure equal and fair treatment of supernormal profits.

The Government has increased the zero Pay as You Earn (PAYE) bracket from MK100,000 to MK150,000.

Tax Policy Measures for the 2024/2025 Budget

Custom Measures

- Extending the removal of import duties and taxes on electric motor vehicles to electric motorcycles. However, the standard rate of Value Added Tax (VAT) will be applicable to both, in line with good practice in VAT Administration.
- The Government will start waiving import duty and import excise tax on building materials, furniture, and fittings specifically for constructing hostels for students in tertiary institutions.
- To align with the taxation of other petroleum products such as petrol, paraffin, and diesel, the Government is increasing import duty from 20% to 25% and introducing a 10% import excise duty on automotive lubricants.
- As one way of broadening the tax base, the Government is Introducing import duty of 5% and 10% Excise Duty under tariff subheading 8802.30.00, which covers airplanes and other aircraft of an un-laden weight exceeding 2,000 kg but not exceeding 15,000 kg and similarly, petroleum jelly under HS code 2712.10.00 will now attract excise tax of 10%.
- The Government is restricting the duty-free importation of building materials under CPC 442 for the tourism sector to 3 years, subject to an extension of 2 years at a 50% rate of the normally applied Import Duty and Excise Duty while VAT will be paid at the normal rate of 16.5%. Furthermore, duty-free importation of building materials for repairs under this CPC will not be allowed.

Excise Tax Measures

- To promote the use of locally sourced raw materials for production and to promote our farmers, the government is reducing the excise tax on clear beer made from sorghum and maize from 40% to 20%.

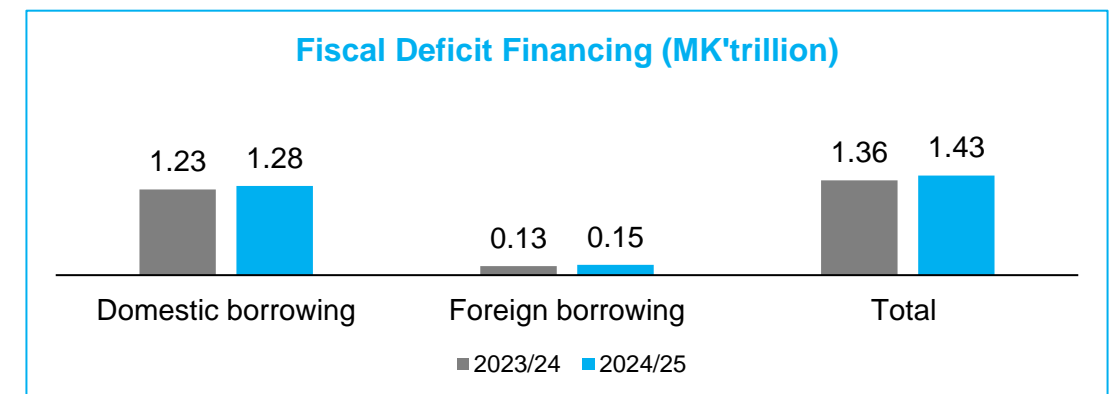
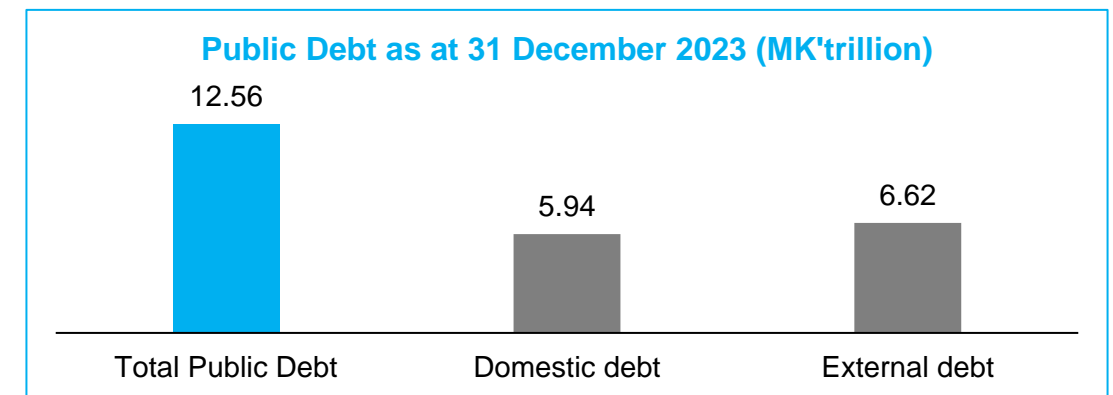
Income Tax Measures

- To cushion formal employment employees from the effects of the currency alignment, the Government has increased the zero Pay as You Earn (PAYE) bracket from MK100,000 to MK150,000.
- The Government will allow 100% deductions for Monetary donations to calamities made through the Department of Disaster Management Affairs (DODMA).
- The Government is reducing mobile money agents' withholding tax (WHT) from 20% to 1%. This is to align with the prevailing Withholding Tax rate for banks and insurance agents, which is 1%.

- Accordingly, the Government is extending the application of the additional 10% corporate income tax on profits above MK10 billion to all businesses that make such profits to ensure equal and fair treatment of super-normal profits.
- To align with the 15% tax rate on investment of pension funds, the Government is reducing the withholding tax on interest realized from investments of life assurance from 20% to 15%.

Value Added Tax Measures

- To reduce compliance costs and ease VAT administration, the Electronic Fiscal Devices will be phased out, allowing for the introduction of a new electronic billing system for the effective implementation of the VAT Act.
- The government is introducing the requirement for VAT registration for importers of services.



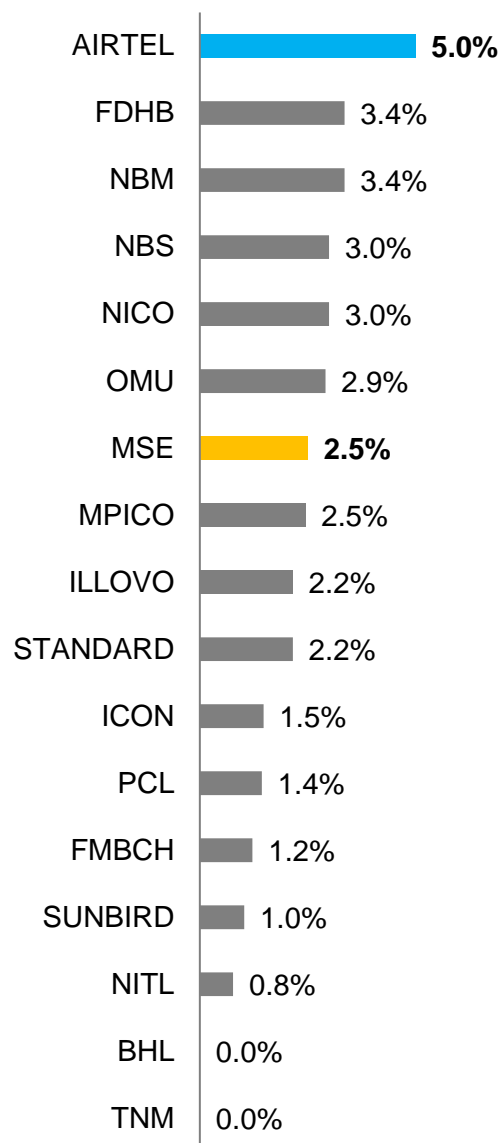
Appendices

Appendix 1: Historical Monthly Economic Indicators

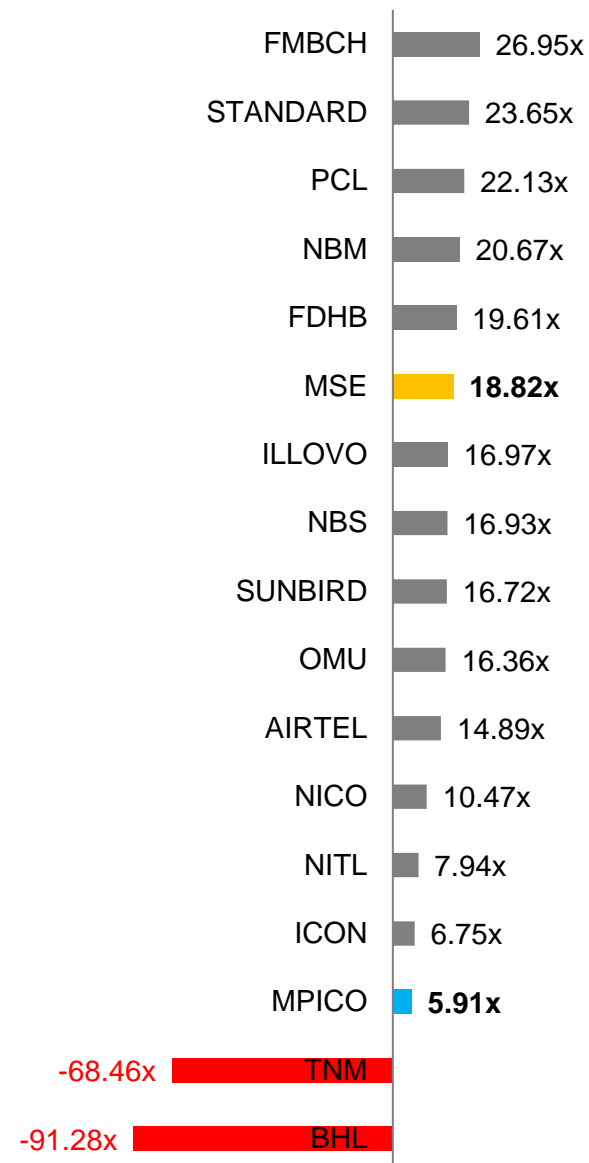
	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Exchange rates (middle rates)													
MK/USD	1,033.68	1,033.80	1,034.86	1,034.46	1,058.82	1,061.67	1,094.74	1,126.50	1,179.83	1,699.31	1,683.37	1,697.80	1,698.50
MK/GBP	1,280.21	1,315.33	1,325.22	1,317.23	1,377.77	1,400.92	1,429.20	1,412.17	1,473.63	2,219.25	2,212.41	2,221.35	2,217.83
MK/EUR	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	1,918.18	1,888.43	1,887.38
MK/ZAR	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38
Foreign Exchange Reserves													
Gross Official Reserves (USD'mn)	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	179.33	165.20	242.58	N/A	N/A
Private Sector Reserves (USD'mn)	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	396.88	413.20	433.01	N/A	N/A
Total reserves (USD'mn)	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	576.21	578.40	675.59	N/A	N/A
Gross Official Reserves Import cover (months)	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	0.72	0.66	0.97	N/A	N/A
Inflation													
Headline	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	N/A
Food	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	N/A
Non-food	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	N/A
Interest Rates													
Monetary Policy rate	18.00%	18.00%	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%
Average Interbank rate	15.00%	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%
Lombard rate	18.20%	18.20%	22.20%	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	26.20%
Commercial Bank reference rate	17.30%	17.30%	17.30%	20.00%	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%	23.60%	23.60%	24.90%
Government Securities Yields													
91-days Treasury Bill	13.00%	13.00%	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%	16.00%
182-days Treasury Bill	17.50%	17.50%	17.50%	17.50%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	20.00%
364-days Treasury Bill	19.50%	19.50%	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%
2-year Treasury Note	22.75%	22.75%	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%	26.75%	26.75%	28.75%
3-year Treasury Note	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	30.00%
5-year Treasury Note	26.19%	26.25%	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	32.00%
7-year Treasury Note	27.50%	27.50%	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%	32.00%	32.00%	34.00%
10-year Treasury Note	28.50%	28.50%	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%	33.00%	33.00%	35.00%
Stock Market Indices													
MASI	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	115,670.54	113,039.66
DSI	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	86,383.46	84,454.87
FSI	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	21,124.59	20,597.92

Appendix 2: Selected stock market statistics as of 29 February 2024

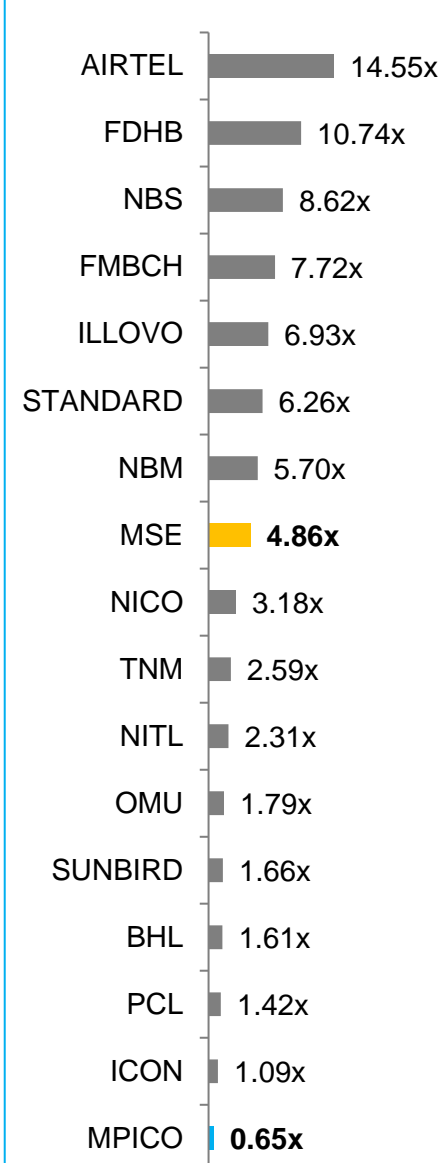
Dividend Yield (%) - the weighted average dividend yield on the MSE was 2.5% in February 2024. The counter with the highest dividend yield was AIRTEL at 5.0%.



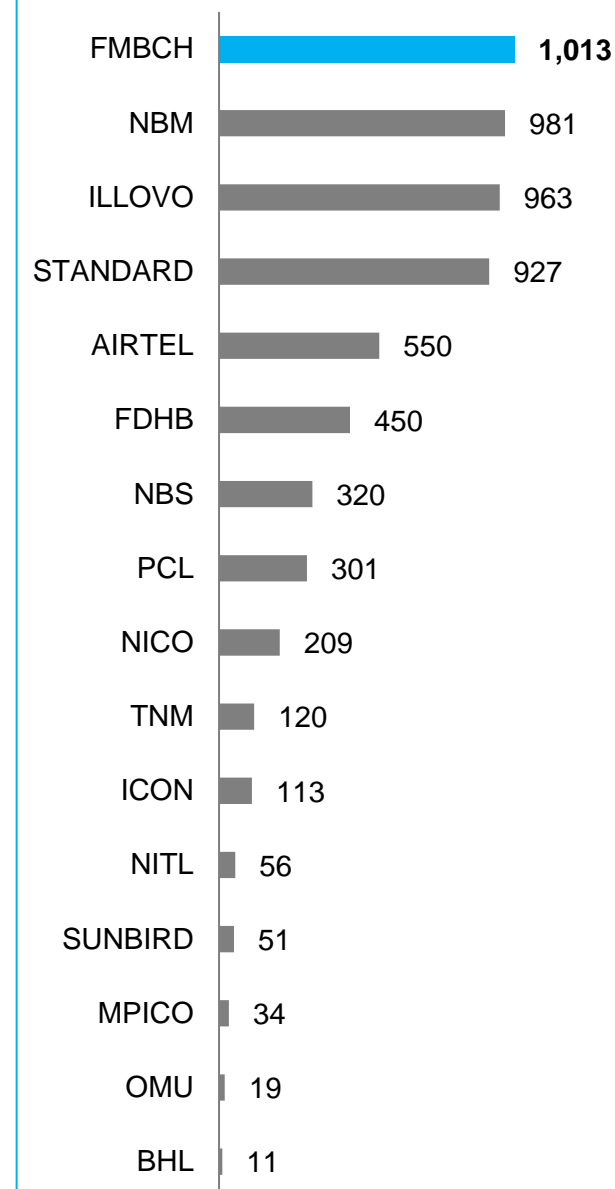
P/E Ratio - the weighted average price to earnings ratio on the MSE was 18.82x in February 2024. The counter with the lowest positive ratio was MPICO at 5.91x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 4.86x in February 2024. The counter with the lowest ratio was MPICO at 0.65x.



Market Capitalization (MK'billion)
- FMBCH had the highest market capitalization at MK1.01 trillion in February 2024.



Appendix 3: 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	0.6	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	28.4	22.1
Revenue and grants (% of GDP)	14.6	14.3	14	15.2	17.6
Domestic revenue - tax and non-tax (% of GDP)	13.1	12.8	12.9	12.1	13.9
Grants (% of GDP)	1.5	1.5	1.1	3.1	3.7
Expenditure and net lending (% of GDP)	20.9	21.4	22.3	25.7	25.0
Overall balance - excluding grants (% of GDP)	-7.8	-8.6	-9.4	-13.5	-11.1
Overall balance - including grants (% of GDP)	-6.3	-7.1	-8.3	-10.4	-7.4
Foreign financing (% of GDP)	0.8	1.0	2.7	1.9	1.1
Domestic financing (% of GDP)	4.9	5.9	7.7	5.1	6.3
Money and quasi-money (% change)	16.7	30.0	38.8	30.5	29.3
Credit to the private sector (% change)	16.1	17.8	23.2	19.6	11.2
Exports - goods and services (USD mn)	1,308.3	1,587.3	1,486.8	1,559.6	—
Imports - goods and services (USD mn)	3,373.3	3,767.9	3,706.0	3,944.2	—
Gross official reserves (USD mn)	565.0	79.0	120.0	201.0	714.0
Months of import cover	2.7	0.3	0.5	0.8	2.9
Current account (percent of GDP)	-13.6	-15.2	-16.9	-15.9	—
Exchange rate (MK per US\$ average)	749.5	805.9	949	—	—
External debt (public sector, % of GDP)	32.9	31.5	34.8	39.3	35.2
Domestic public debt (% of GDP)	21.9	30.0	40.8	42.0	39.8
Total public debt (% of GDP)	54.8	61.5	75.7	81.3	75.0

Appendix 4: EIU, AfDB 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	28.6	30.0	15.9	8.4
Exports of goods (\$ bn)	1.1	1.2	1.5	1.7	1.8	2.0
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	-1.3	-1.3	-1.4
Current account balance (% of GDP)	-12.4	-12.4	-10.3	-10.6	-9.5	-9.2
Exchange rate per USD (year average)	804.2	941.4	1,149.1	1,704.1	1,779.6	1,871.7
External debt total (\$ bn)	3.2	3.3	4.5	5.5	6.2	6.7
Government balance (% of GDP)	-8.6	-9.3	-8.7	-6.8	-5.8	-5.1
Government debt (% of GDP)	61.5	75.2	78.3	69.7	67.6	68.5
Population (millions)	19.9	20.4	20.9	21.5	22.0	22.6
Nominal GDP (\$ bn)	12.4	12.5	13.5	12.2	14.1	15.1
GDP per capita (\$ current prices)	623.7	614.3	642.9	570.1	641.2	670.2

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 5: World Bank commodity market prices

World Bank commodity prices

	Annual averages				Monthly averages	
	2020	2021	2022	2023	January 2024	February 2024
Produce (USD/mt)						
Soybeans	407.0	583.0	675.0	598.0	547.0	520.0
Maize	165.5	259.5	318.8	252.7	198.6	189.1
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	2.7	2.7
Fertilizers (USD/mt)						
DAP	312.4	601.0	772.2	550.0	596.3	583.8
Phosphate rock	76.1	123.2	266.2	321.7	152.5	152.5
Potassium chloride	241.1	542.8	863.4	383.2	296.3	289.4
TSP	265.0	538.2	716.1	480.2	450.6	454.4
Urea, E. Europe	229.1	483.2	700.0	358.0	335.4	351.3
Precious Metals (USD/toz)						
Gold	1,770.0	1,800.0	1,801.0	1,943.0	2,034.0	2,023.0
Platinum	883.0	1,091.0	962.0	966.0	926.0	894.0
Silver	20.5	25.2	21.8	23.4	22.9	22.7

Appendix 6: List of Acronyms and Abbreviations

AfDB:	African Development Bank	IFPRI:	International Food Policy Research Institute	ORB:	OPEC Reference Basket
Agcom:	Agricultural Commercialization project	IMF:	International Monetary Fund	PAT:	Profit After Tax
AIP:	Affordable Input Program	Kg:	Kilogram	PAYE:	Pay As You Earn
av:	Average	kt/a:	Kilotonne per annum	P/BV:	Price to book value
BHL:	Blantyre Hotels Plc	LRR:	Liquidity Reserve Requirement	PCL:	Press Corporation Limited Plc
bn:	Billion	MASI:	Malawi All Share Index	P/E:	Price to earnings
CEM:	Country Economic Memorandum	Mb/d:	Million barrels per day	PFM:	Public financial management
CPI:	Consumer Price Index	MDAs:	Ministries, Departments and Agencies	RBM:	Reserve Bank of Malawi
DAP:	Diammonium Phosphate	MIP 1:	Malawi 2063 First Ten Year Implementation Plan	SDRs:	Special Drawing Rights
DODMA:	Department of Disaster Management Affairs	Mt:	Metric tons	SOE:	State Owned Enterprise
DSI:	Domestic Share Index	MK:	Malawi Kwacha	SUNBIRD:	Sunbird Tourism Plc
ECF:	Extended Credit Facility	mn:	Million	TB:	Treasury Bill
EDF:	Export Development Fund	MPC:	Monetary Policy Committee	TN:	Treasury Note
EIU:	Economist Intelligence Unit	MSE:	Malawi Stock Exchange	TNM:	Telekom Networks Malawi Plc
EUR:	Euro	NBM:	National Bank of Malawi Plc	Toz:	Troy ounces
EU:	European Union	NICO:	NICO Holdings Plc	TSA:	Treasury Single Account
FDHB:	FDH Bank Plc	NITL:	National Investment Trust Limited Plc	TT:	Telegraphic Transfer
FMBCH:	FMB Capital Holdings Plc	NSO:	National Statistical Office	USD:	United States Dollar
FSI:	Foreign Share Index	OECD:	Organization for Economic Co-operation and Development	VAT:	Value Added Tax
FY:	Financial Year	OMU:	Old Mutual Limited Plc	WHT:	Withholding Tax
GBP:	Great British Pound	OPEC:	Organization of the Petroleum Exporting Countries		
GDP:	Gross Domestic Product				
IFMIS:	Integrated Financial Management and Information System				

Disclaimer

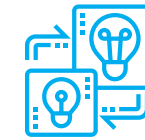
Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should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