Bridgepath Capital
Invest to Achieve

Malawi Monthly Economic Report and a brief on the Regional Economic Outlook for Sub-Saharan Africa

April 2024

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Inflation

The headline inflation rate decreased by 1.7 percentage points to 31.8% in March 2024 from 33.5% in February 2024. The decline in headline inflation was due to a reduction in the food inflation rate to 38.8% in March 2024 from 42.0% in February 2024, offsetting the increase in the non-food inflation rate to 22.2% in March 2024 from 22.1% in February 2024. In March 2023, headline inflation was 27.0%, driven by food inflation of 32.4% and non-food inflation of 20.2%.

Maize prices declined in March 2024, which contributed to the easing of food inflation in March 2024.

The Monetary Policy Committee (MPC) has projected the annual average inflation at 30.0% in 2024. The Economist Intelligence Unit (EIU) expects average inflation in 2024 to be 33.9%. Additionally, Oxford Economics projects an annual average inflation of 30.1% in 2024, and the International Monetary Fund (IMF) forecasts an annual average inflation of 27.9% in 2024.

Exchange Rates and Foreign Currency Reserves

Based on closing middle rates, the Malawi Kwacha traded at MK1,745.70/USD as of 30 April 2024, a marginal appreciation of 0.27% from MK1,750.38/USD as of 31 March 2024. During the same period in the previous year, the Kwacha had marginally depreciated against the USD by 0.1%.

As of 30 April 2024, the country's total foreign exchange reserves increased by 9.1% to USD603.07 million from USD552.94 million in March 2024. The import cover increased by 9.0% to 2.41 months in April 2024 from 2.21 months in March 2024.

Government Securities

The total amount raised from Treasury Bills (TBs) and Treasury Notes (TNs) auctions decreased by 59.5% to MK165.7 billion in April 2024 from MK409.5 billion in March 2024. During the review period, the average TB and TN yields maintained at 20.67% and 31.95%, respectively.

Stock Market

The stock market was flat as the Malawi All Share Index (MASI) slightly decreased to 114,228.31 points in April 2024 from 114,236.98 points in March 2024, representing a 0.01% decrease. The MASI year-to-date return was 2.95% in April 2024. It was 39.37% in April 2023.

In April 2024, Sunbird was the most significant share price gainer as its share price increased by 14.86% to MK224.00 per share from MK195.02 per share in March 2024. There was also a share price gain for AIRTEL and marginal share price gains for TNM, ILLOVO, FDH Bank, NBM, STANDARD, Old Mutual, and PCL.

In April 2024, NBS was the most significant share price loser, as its share price decreased by 7.32% to MK101.85 per share from MK109.90 per share in March 2024. ICON, NICO, and MPICO also experienced marginal share price losses.

Fiscal and Monetary Policy

As disclosed in the local debt issuance calendar, the government seeks to raise MK415.4 billion through TN auctions and MK166.1 billion through TB auctions in the second quarter of 2024.

Following the second Monetary Policy Committee (MPC) meeting of 2024 held on 2nd and 3rd May 2024, the MPC resolved to maintain the Policy rate at 26.0%. The MPC also decided to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio on foreign currency deposits at 3.75%. Meanwhile, the LRR ratio on domestic currency deposits has been increased to 8.75% from 7.75%.

Commodity Market

According to the International Food Policy Research Institute (IFPRI), the retail maize price decreased by 1.6% to MK759/kg in March 2024 from MK771/kg in February 2024. Year-on-year, the retail maize price has increased by 3.4%, as it was MK734/kg in March 2023.

The monthly average OPEC Reference Basket (ORB) price increased by 5.8% to USD89.12/barrel in April 2024 from USD84.22/barrel in March 2024.

Economic Growth

The 2024 real gross domestic product (GDP) growth rate projections for Malawi from various published sources range between 1.5% and 3.3%, 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 MPC projects growth for 2024 at 3.2% (from 1.5% in 2023), anchored by strong growth in construction and manufacturing. However, the MPC observed that the projection is subject to downward adjustment, due to the impact of the El Nino weather conditions on agricultural production, and underperformance of the export sector.

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.

Oxford Economics projects real GDP growth for 2024 at 3.1% (from 1.9% in 2023) due to stronger private and government consumption, which is expected to accelerate the growth rate compared to last year. However, El Nino-induced drought conditions, which will lower the agricultural sector's output, are expected to undermine growth.

According to the EIU, real GDP growth is expected to be 1.5% in 2024 following growth averaging 1.2% in 2022 and 2023. The EIU expects foreign currency shortages exacerbated by drought conditions to weigh on agricultural output, undermining growth.

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International Monetary Fund Sub-Saharan Africa Regional Economic Outlook Overview

The IMF's Sub-Saharan Africa regional economic outlook, published in April 2024, examines the region's macroeconomic environment, focusing on growth rates, inflation, and fiscal policies. The report also provides policy priorities that can assist countries in adapting to the ever-changing global environment.

The IMF notes that after four turbulent years, sub-Saharan Africa appears finally on the mend. The region's inflation has come down significantly, with the median headline inflation dropping to about 6% in February 2024 from a peak of nearly 10% in November 2022, partly reflecting the effects of monetary policy tightening across many countries. On the fiscal situation, the authorities have continued consolidation efforts, with the median fiscal deficit narrowing to 4.0% of GDP in 2023, the lowest since the onset of the pandemic. Consequently, public debt ratios have largely stabilized at around 60% of GDP in 2023 and are projected to ease this year.

In the IMF's view, the region's outlook is mildly improving, with real GDP growth expected to rise from 3.4% in 2023 to 3.8% in 2024. Two-thirds of countries in the region anticipate faster growth compared to 2023, with a median growth acceleration of 0.6 percentage points.

The IMF notes that the region's outlook is intricately linked to domestic and global developments. It has highlighted several issues, such as elevated geopolitical risks, heightened security risks, and climate risks, as potential factors that could undermine the region's growth.

According to the IMF, although the region is finally showing signs of recovery, many countries face high borrowing costs and continue to grapple with tight financing constraints and ongoing debt vulnerabilities. These difficulties are compounded by a more shock-prone world. Adapting to these challenges requires a resolute package of strong domestic reforms and external support.

Opportunities in Malawi

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 MK464 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 constitute a significant 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. On 28 March 2024, parliament passed the Cannabis Regulation Act (Amendment) Bill, which is expected to promote participation in the industry.

Tourism: Investment opportunities in the tourism sector include the development of hotels and key conference venues in key urban centres. Additionally, in the State of the Nation address of 9 February 2024, the president of the Republic of Malawi announced that a visa waiver program exempting travellers from 79 countries and territories from paying visa fees had been gazetted. This will likely increase tourist inflows and amplify the above-stated opportunities.

Mining: In its 2024 Malawi first-quarter country report, the EIU stated that the Kayelekera uranium mine is expected to begin operations in late 2025. Furthermore, according to the World Bank's Malawi CEM, there are currently seven mining priority projects (rutile in Kasiya, rare earth in Songwe, niobium in Kanyika, graphite in Malingunde, heavy mineral sands in Makanjira, and rare earth 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.

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, 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 2024/25 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.

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. 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%. As of March 2024, the three-month average is 33.4%. With the November 2023 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.

Economic overview

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

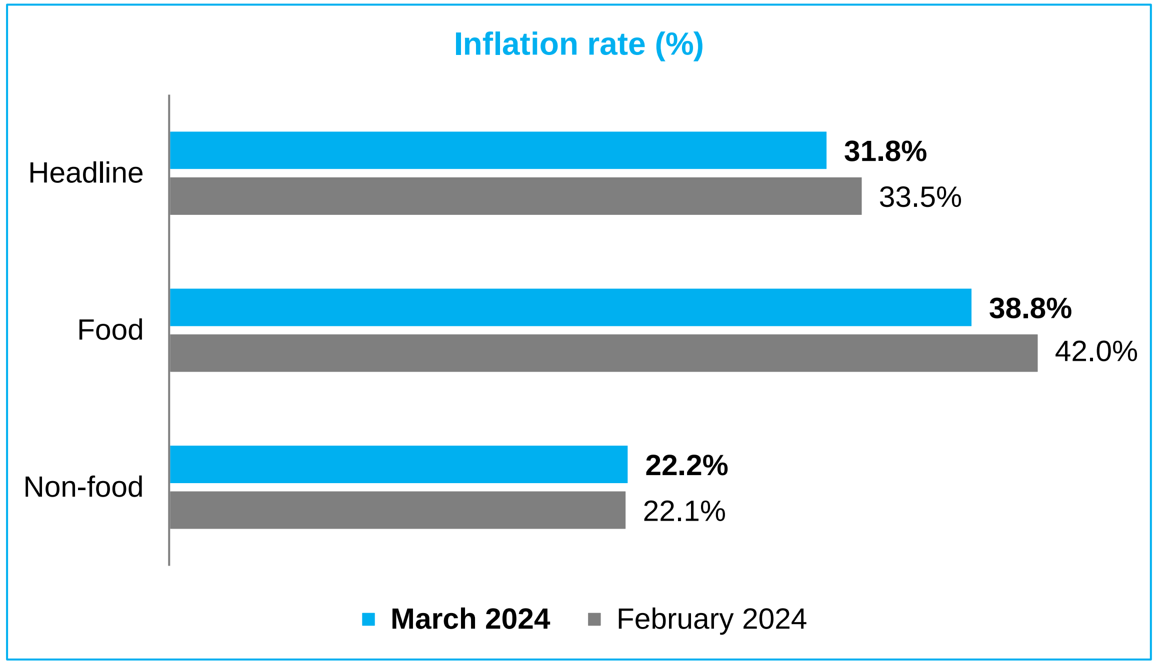
The headline inflation rate for March 2024 decreased to 31.8% from 33.5% in February 2024. The decrease was due to the decline in food inflation to 38.8% from 42.0%, offsetting the increase in non-food inflation to 22.2% from 22.1%.

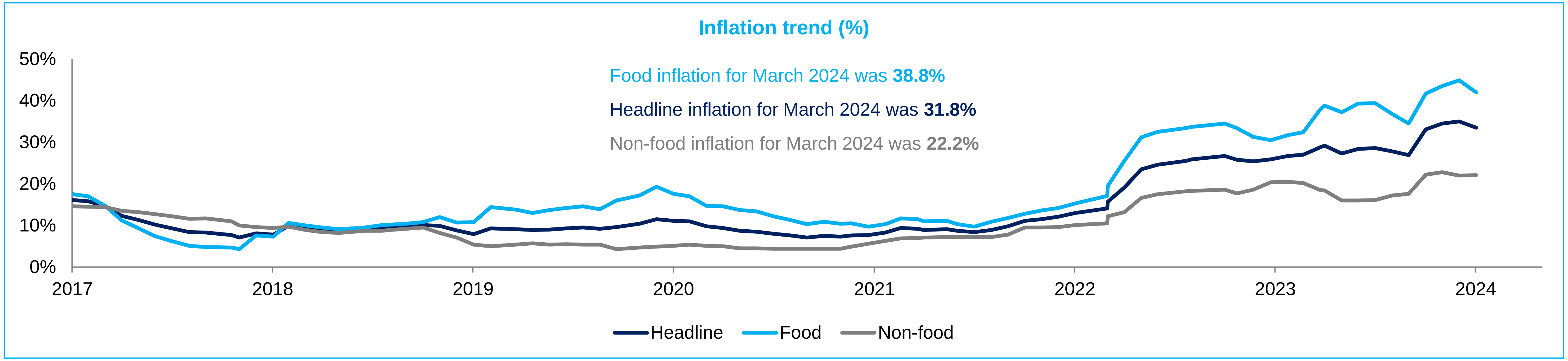
The Monetary Policy Committee (MPC) has projected the annual average inflation at 30.0% in 2024.

The headline inflation rate decreased by 1.7 percentage points to 31.8% in March 2024 from 33.5% in February 2024. The decline in headline inflation was due to a reduction in the food inflation rate to 38.8% in March 2024 from 42.0% in February 2024, offsetting the increase in the non-food inflation rate to 22.2% in March 2024 from 22.1% in February 2024. In 2023, headline inflation was 27.0%, driven by food inflation of 32.4% and non-food inflation of 20.2%.

As per the March 2024 IFPRI Malawi monthly maize market report, maize prices declined to MK759/Kg from MK771/Kg in February 2024. The decline in maize prices contributed to the easing of food inflation in March 2024. Food inflation accounts for 53.7% of headline inflation; as such, the decline in food inflation contributed to the overall decrease of headline inflation.

The Monetary Policy Committee (MPC) has noted that major risks to the inflation outlook include high money supply growth, underperformance of the export sector, and higher global oil prices. As such, the MPC has projected the annual average inflation to be 30.0% in 2024. The EIU expects annual average inflation for 2024 to be 33.9% due to continued deficit monetization (purchasing government securities by RBM), which increases money supply, high global commodity prices, and currency weakness as the RBM shifts to a flexible exchange rate. Additionally, Oxford Economics projects an annual average inflation of 30.1% owing to higher food inflation caused by lower yields and pressure on non-food inflation due to a weaker exchange rate. The IMF forecasts an annual average inflation of 27.9% due to anticipated high food inflation and a weaker exchange rate.





Economic overview (continued)

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

Based on closing middle rates, the Malawi Kwacha traded at MK1,745.70/USD as of 30 April 2024, a marginal appreciation of 0.27% from MK1,750.38/USD as of 31 March 2024.

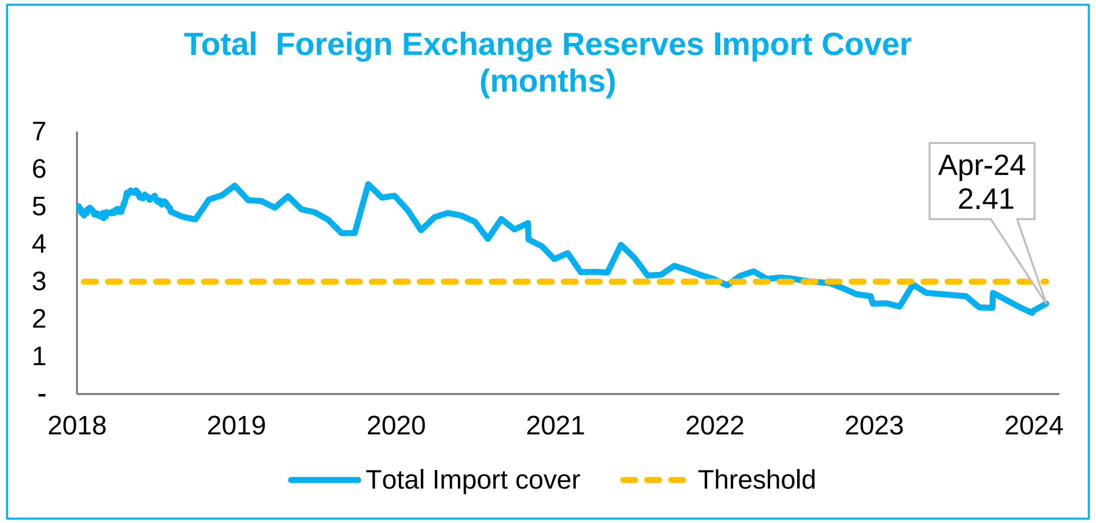
Foreign Currency Market

Based on closing middle rates, the Malawi Kwacha traded at MK1,745.70/USD as of 30 April 2024, a marginal appreciation of 0.27% from MK1,750.38/USD as of 31 March 2024. During the same period in the previous year, the Kwacha had marginally depreciated against the USD by 0.1%.

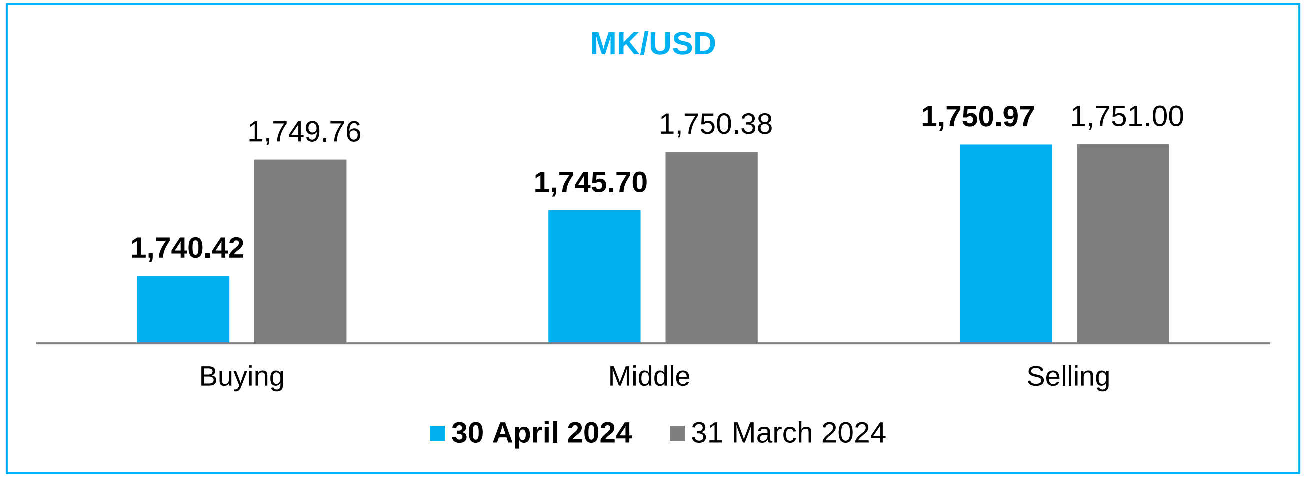
The RBM held foreign exchange auctions on 3 April 2024 and 30 April 2024. USD200,000 was offered and accepted in both auctions, bringing the total amount raised to USD400,000. The RBM disclosed that based on the auction results, the market selling price of the US dollar remains at MK1,751/USD.

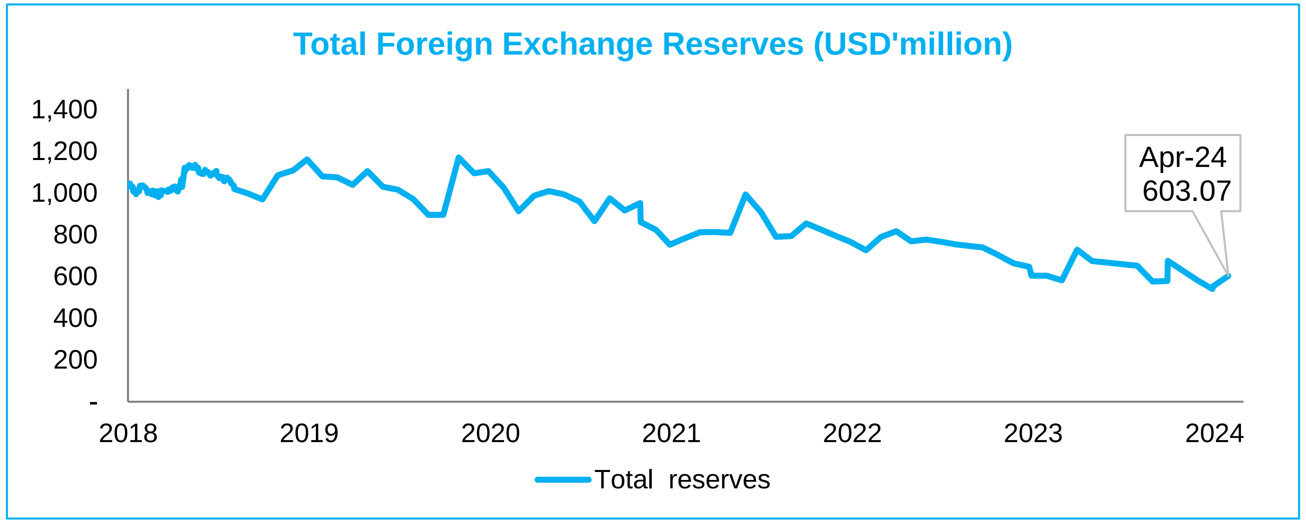
Foreign Exchange Reserves Position

As of 30 April 2024, the country's total foreign exchange reserves increased by 9.1% to USD603.07 million from USD552.94 million in March 2024. The import cover increased by 9.0% to 2.41 months in April 2024 from 2.21 months in March 2024.



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





	April 2024	March 2024	Month-on-month change
Total Reserves (USD'millions)	603.07	552.94	9.1%
Total import cover (months)	2.41	2.21	9.0%

Economic overview (continued)

Stock Market (Source: MSE)

The MASI year-to-date return was 2.95% in April 2024. It was 39.37% in April 2023.

There were share price gains for Sunbird and AIRTEL. There were also marginal share price gains for TNM, ILLOVO, FDH Bank, NBM, STANDARD, Old Mutual, and PCL.

There was a share price loss for NBS and marginal share price losses for ICON, NICO, and MPICO.

The stock market was flat as the Malawi All Share Index (MASI) slightly decreased to 114,228.31 points in April 2024 from 114,236.98 points in March 2024, representing a 0.01% decrease. The MASI year-to-date return was 2.95% in April 2024. It was 39.37% in April 2023.

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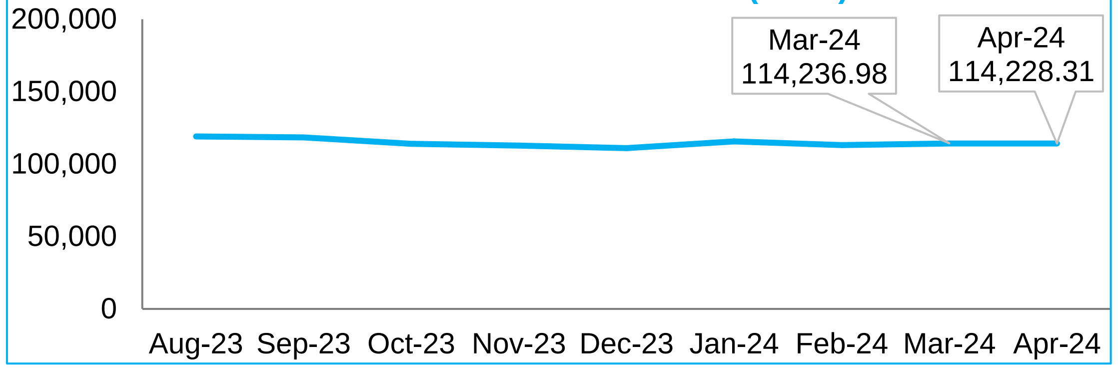
2023-24 Malawi All Share Index (MASI)



MASI year-to-date return

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

Symbol	Closing prices (MK/share)	
	30 April 2024	31 March 2024
AIRTEL	**51.05**	50.08
BHL	**13.04**	13.04
FDHB	**65.17**	65.07
FMBCH	**380.00**	380.00
ICON	**16.80**	16.85
ILLOVO	**1,355.15**	1,350.12
MPICO	**14.67**	14.68
NBM	**2,400.14**	2,400.02
NBS	**101.85**	109.90
NICO	**199.50**	199.67
NITL	**411.49**	411.49
OMU	**1,500.03**	1,500.02
PCL	**2,507.00**	2,506.99
STANDARD	**3,950.26**	3,950.22
SUNBIRD	**224.00**	195.02
TNM	**12.10**	12.01

Economic overview (continued)

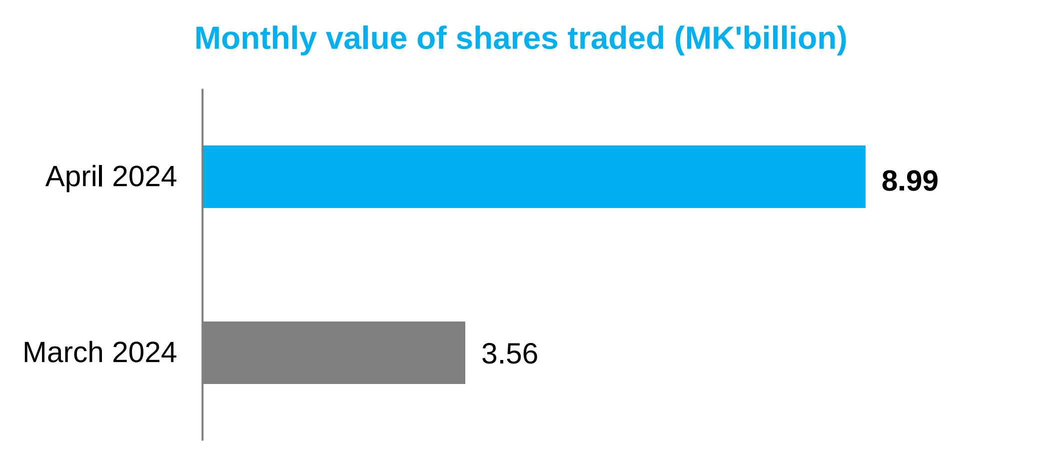
Stock Market (Source: MSE)

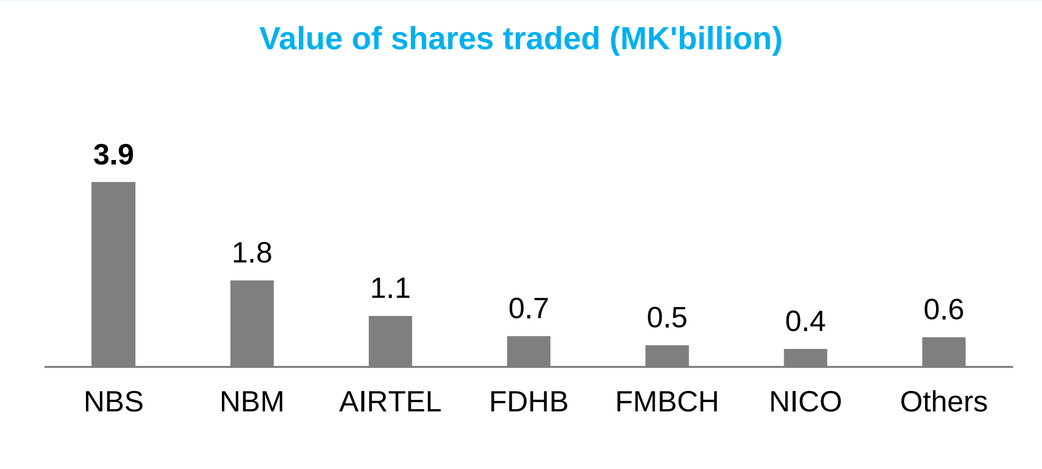
NBS had the highest value of shares traded in April 2024 at MK3.93 billion.

MSE Traded Values

A total of MK8.99 billion worth of shares was traded on the Malawi Stock Exchange (MSE) in April 2024. This represented an increase of 152.3% from MK3.56 billion shares traded in March 2024. NBS had the highest value of shares traded in April 2024 at MK3.93 billion.

The total number of trades increased to 1,055 in April 2024 from 753 in March 2024.





Corporate Announcements

Published full-year financial results

	Profit after tax (MK'billions)		
Counter	Full year 2023	Full year 2022	Change (%)
AIRTEL	1.4	36.9	-96%
BHL	(0.8)	(0.5)	70%
FDHB	35.6	22.9	55%
FMBCH (USD'mn)	78.7	61.2	29%
ICON	19.2	16.7	15%
ILLOVO	56.8	26.6	114%
MPICO	7.1	8.1	-13%
NBM	72.0	45.9	57%
NBS	29.4	18.9	56%
NICO	59.1	37.0	60%
NITL	21.5	7.0	207%
OMU (ZAR'bn)	7.1	5.2	35%
PCL	75.0	36.3	107%
STANDARD	52.5	39.2	34%
SUNBIRD	5.3	3.1	72%
TNM	(4.9)	(1.8)	180%

: Financial full-year end for Illovo is 31 August

Dividend announcements

Counter	Dividend type	Proposed/Declared	Dividend per share (MK)	Last day to register	Payment date
NICO	3rd Interim	Declared	4.00	17th May 2024	24th May 2024
STANDARD	Final	Proposed	54.97	TBA	TBA
NBM	Final	Proposed	49.32	TBA	TBA
NITL	Final	Proposed	5.00	TBA	TBA
NBS	Final	Proposed	0.64	TBA	TBA
FDH	Final	Proposed	1.02	TBA	TBA
AIRTEL	Final	Proposed	0.98	TBA	TBA
MPICO	Final	Proposed	0.38	TBA	TBA
ICON	Final	Proposed	0.14	TBA	TBA
SUNBIRD	Final	Proposed	5.70	TBA	TBA
PCL	Final	Proposed	37.00	TBA	TBA
NICO	Final	Proposed	2.00	TBA	TBA
FMBCH	Final	Proposed	0.43 cents	TBA	TBA

***: TBA stands for to be announced*

Economic overview (continued)

Government securities (Source: RBM)

The government awarded a total of MK165.7 billion through Treasury Bills (TBs) and Treasury Notes (TNs) auctions in April 2024, a decrease of 59.5% from MK409.5 billion awarded in March 2024.

From March 2024 to April 2024, the average TB and TN yields maintained at 20.67% and 31.95%, respectively.

Treasury Bills (TBs)

In April 2024, the government sought to borrow MK45.4 billion through TB auctions. This represents a 19.3% decrease from the MK56.3 billion sought in March 2024. Participants applied to place an amount of MK80.0 billion through TB auctions in April 2024. This represents a 56.1% decrease from MK182.5 billion applied in March 2024. The government awarded MK80.0 billion in April 2024, a 56.1% decrease from MK182.4 billion in March 2024. The TBs auction had a nil rejection rate in April 2024 compared to a 0.02% rejection rate in March 2024.

Treasury Notes (TNs)

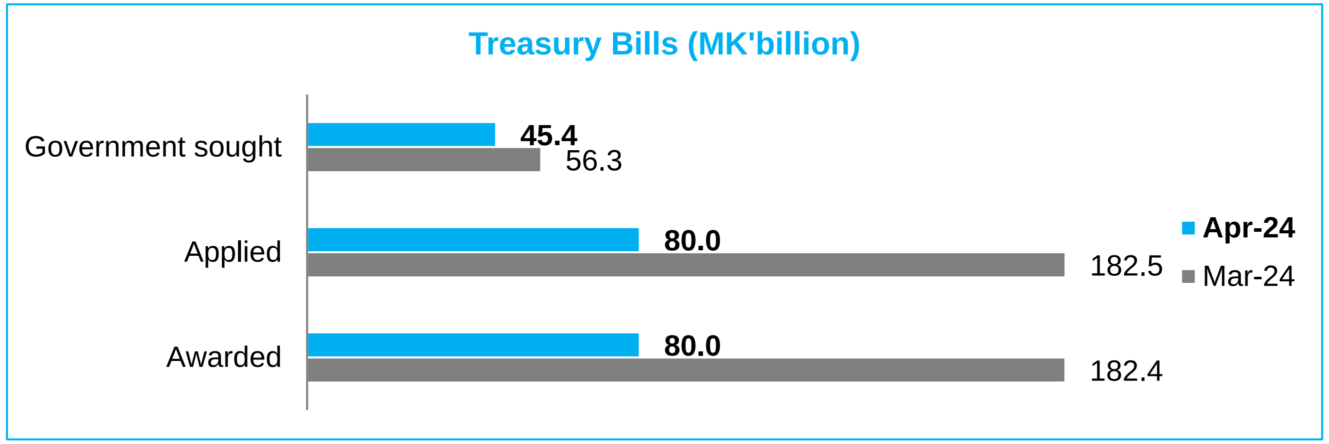
The government sought to borrow MK149.0 billion through TN auctions in April 2024. This represents an 8.0% decrease from the MK162.0 billion sought in March 2024. Total participant applications stood at MK85.70 billion in April 2024. This represents a 62.3% decrease from MK227.04 billion, which was applied in March 2024. MK85.68 billion was awarded in the TNs auctions in April 2024. This entailed a 62.3% decrease from MK227.02 billion, awarded in March 2024. The TNs auction had a 0.02% rejection rate in April 2024 compared to a 0.01% rejection rate in March 2024.

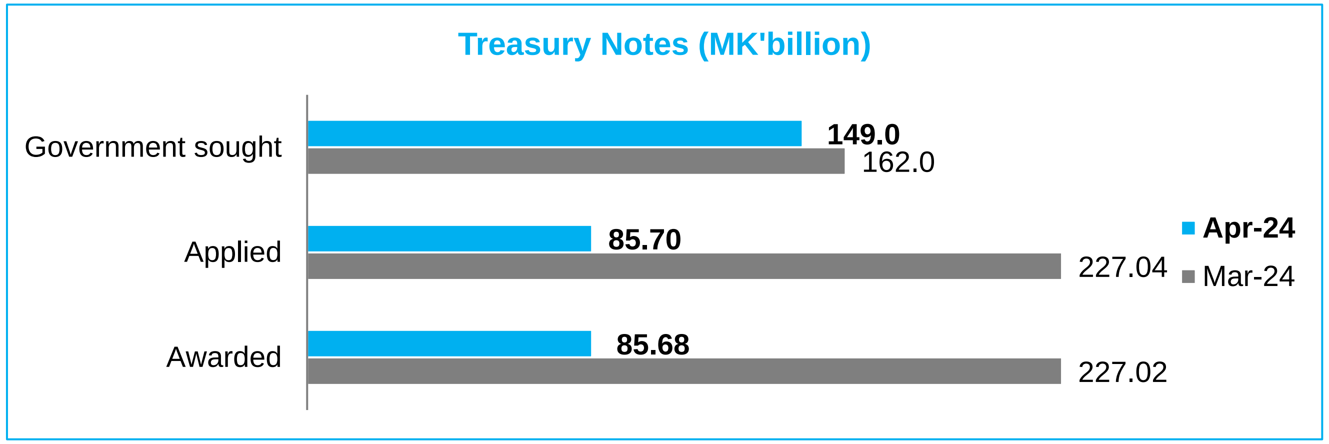
Overall, the government sought to raise MK194.5 billion in TBs and TNs auctions in April 2024. This represents a 10.9% decrease from the MK218.3 billion sought in March 2024. MK165.7 billion was awarded, down 59.5% from MK409.5 billion in March 2024.

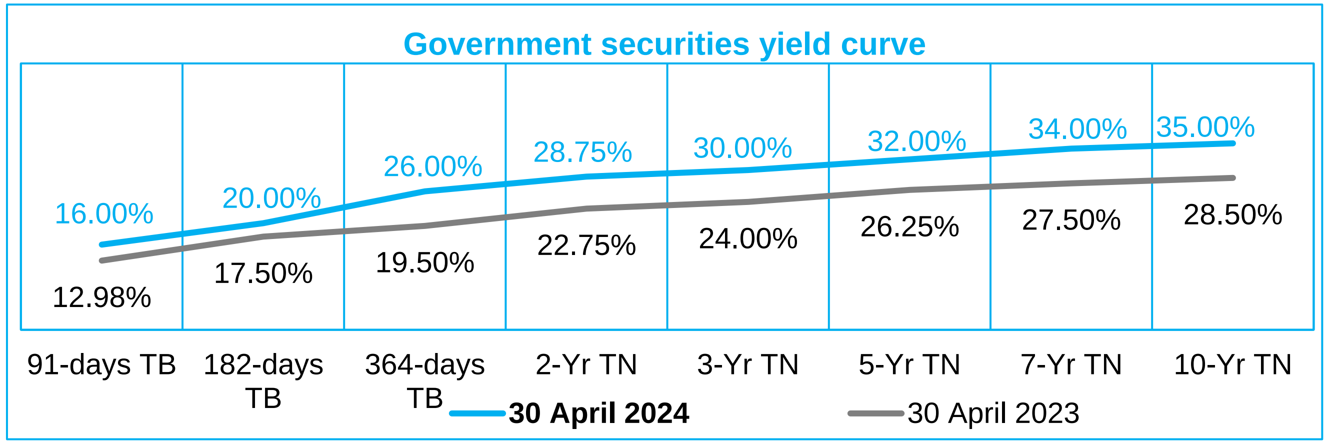
Government Securities Yield Curve

From March 2024 to April 2024, the 91, 182 and 364-day TB yields maintained at 16.00%, 20.00% and 26.00%, respectively. As such, the average TB yield maintained at 20.67% in April 2024. The average TB yield was 16.66% in April 2023.

From March 2024 to April 2024, the 2, 3, 5, 7, and 10-year TNs yields maintained 28.75%, 30.00%, 32.00%, 34.00%, and 35.00%, respectively. As a result, the average TN yield maintained at 31.95% in April 2024. The average TN yield was 25.80% in April 2023.







Fiscal and Monetary Policy Developments

Following the second MPC meeting of 2024, the MPC resolved to maintain the Policy rate at 26.0%. Furthermore, the MPC increased the LRR ratio on domestic currency deposits to 8.75% from 7.75%.

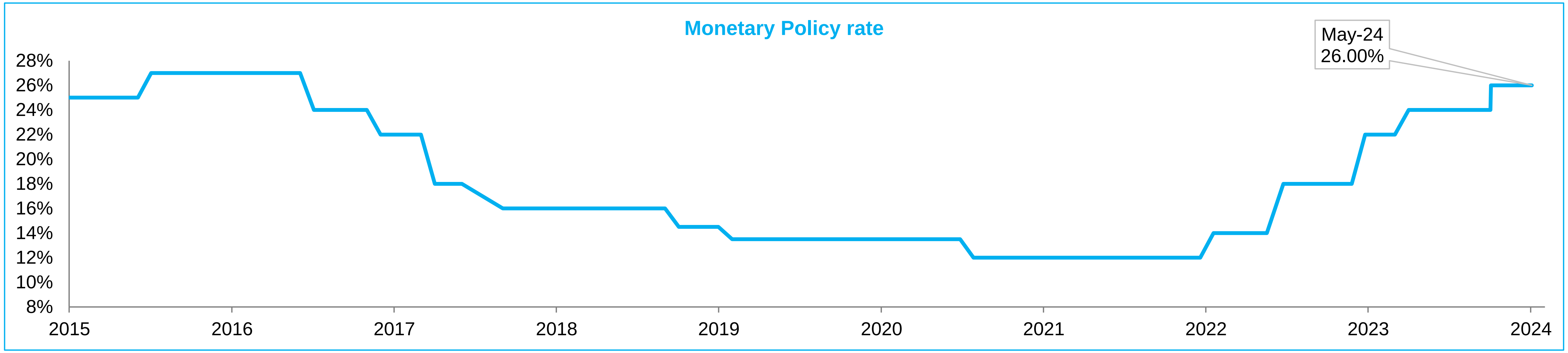
Fiscal Policy (Source: RBM, EIU, Various published media)

According to the EIU, the public expenditure/GDP ratio is expected to fall from 2024 to 2028 because of lower debt repayments to commercial and bilateral creditors and gradual improvements to spending efficiency. According to the EIU, the authorities will gradually trim the public-sector wage bill (the IMF is targeting cutting this to below 5% of GDP by 2028, from above 6% of GDP in 2023) and reduce the scope of the Affordable Input Programme by improving targeted funding towards the poorest citizens. However, due to Malawi's significant development needs, the EIU expects slow progress with removing subsidies (particularly before the 2025 elections).

As disclosed in the local debt issuance calendar, the government seeks to raise MK415.4 billion through TN auctions and MK166.1 billion through TB auctions in the second quarter of 2024.

Monetary Policy (Source: RBM, NBM)

Following the second Monetary Policy Committee (MPC) meeting of 2024 held on 2nd and 3rd May 2024, the MPC resolved to maintain the Policy rate at 26.0%. The MPC also decided to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio on foreign currency deposits at 3.75%. Meanwhile, the LRR ratio on domestic currency deposits has been increased by 100 basis points to 8.75% from 7.75%. The MPC arrived at this decision after considering the recent deceleration in inflation and its continued downward projected trend in the near term. However, the Committee noted that there are upside risks to the inflation outlook, including the projected lower crop harvest, high money supply growth and higher global oil prices.



The commercial bank reference rate for May 2024 is 25% from 24.9% in April 2024, effective 6 May 2024.

Commodity Market Developments

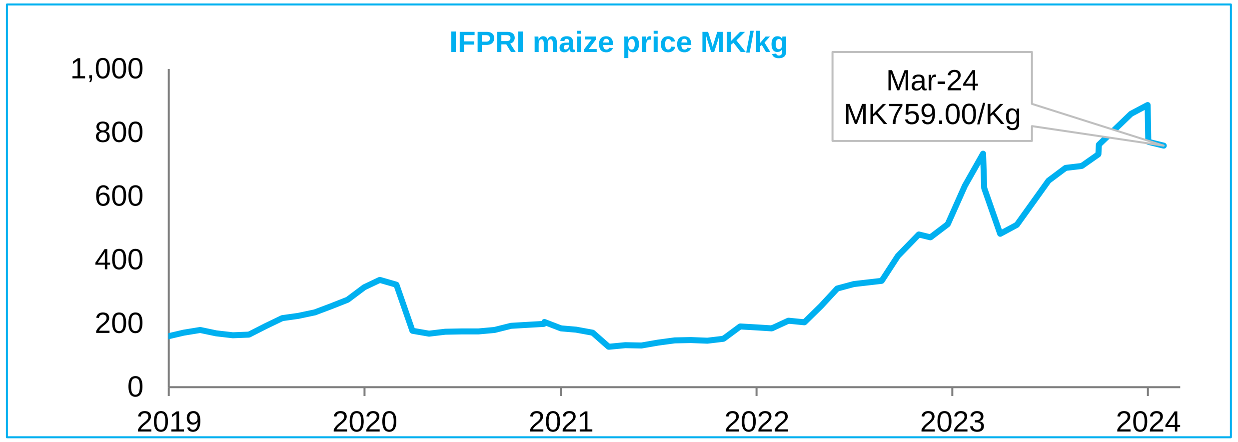
Maize, Oil, and other commodities market developments

The retail maize price decreased by 1.6% to MK759/kg in the last week of March 2024 from MK771/kg in February 2024. Year-on-year, it has increased by 3.4%, as it was at MK734/kg in March 2023.

Local Maize Price Developments (Source: IFPRI)

Data from the International Food Policy Research Institute (IFPRI) March 2024 monthly maize market report showed that retail maize prices decreased by 1.6% to MK759/kg in the last week of March 2024 from MK771/kg in the last week of February 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 3.4%, as it was MK734/kg in March 2023.

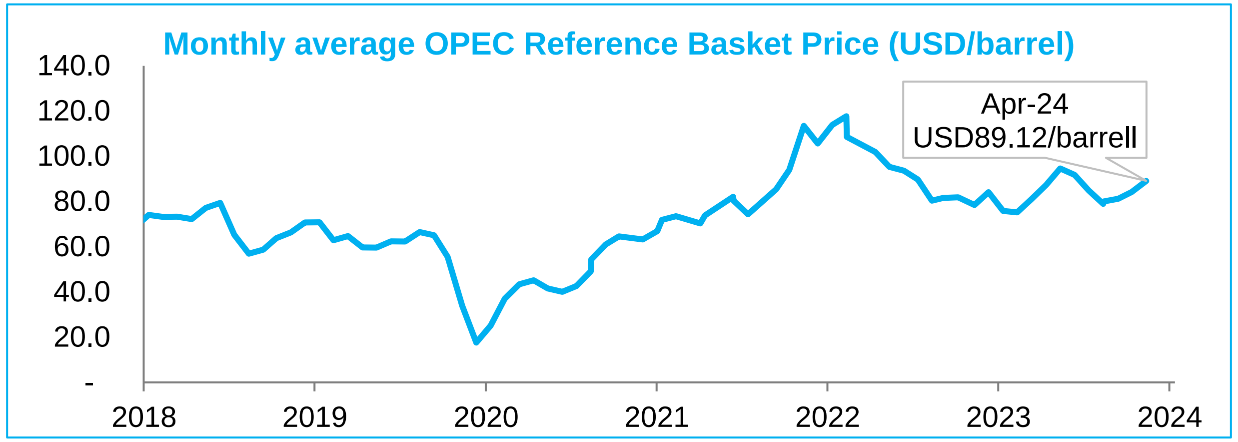


As of 30 April 2024, the cumulative national value of tobacco sold stood at USD45.09 million (approximately MK79 billion), up 59.0% from USD28.37 million (approximately MK50 billion) of value sold during the same period in the previous year.

Global Oil Price Developments (Source: OPEC)

The monthly average OPEC reference basket price increased to USD89.12/barrel in April 2024 from USD84.22/barrel in March 2024. This represents an increase of 5.8% month-on-month. Year-on-year, this means a 5.9% increase from an average price of USD84.13/barrel as of April 2023.

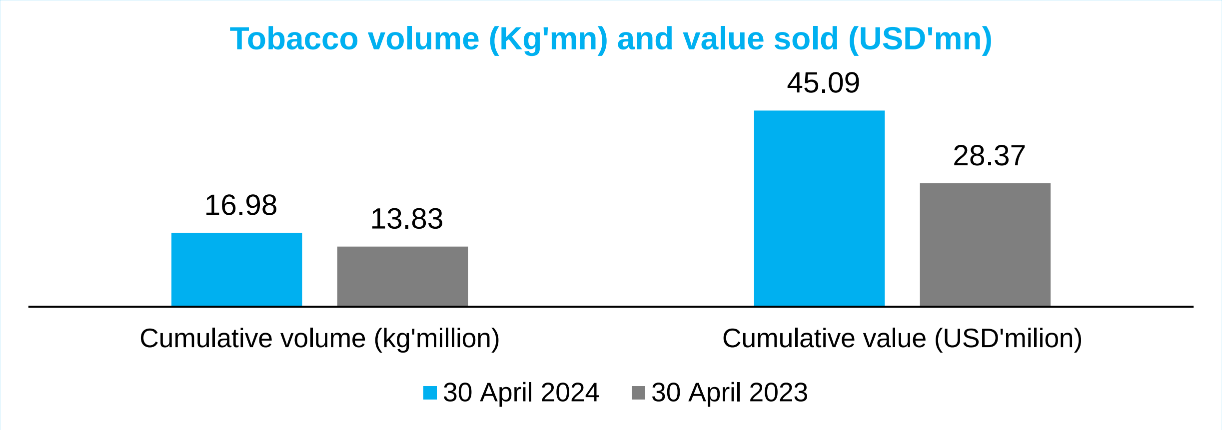
In its April 2024 monthly report, OPEC maintained its 2024 world oil demand growth forecast at 2.2 mb/d. The oil demand of the Organization for Economic Co-operation and Development (OECD) is expected to grow by 0.2 mb/d, while the non-OECD's oil demand growth is expected to be about 2.0 mb/d. Total world oil demand is anticipated to reach 104.5 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. Additionally, capacity additions and petrochemical margins in non-OECD countries – mainly in China and the Middle East – are expected to contribute to oil demand growth.



As of 30 April 2024, the average price in the 2024 tobacco selling season was USD2.66/Kg, an increase of 29.8% from USD2.05/Kg during the same period in the previous year.

Tobacco Auction Developments (Source: AHL)

Figures from Auction Holdings Limited (AHL) Tobacco Sales show that as of 30 April 2024, 16.98 million Kgs of tobacco were sold at an average price of USD2.66/Kg in the 2024 selling season. During the same period in the previous year, 13.83 million kgs were sold at an average price of USD2.05/Kg. The cumulative national value of tobacco sold stood at USD45.09 million (approximately MK79 billion) up 59.0% from USD28.37 million (approximately MK50 billion) sold during the same period in the previous year.



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A brief on the International Monetary Fund Regional Economic Outlook for Sub-Saharan Africa

A Brief on the Regional Economic Outlook for Sub-Saharan Africa

According to the IMF, the Sub-Saharan region's inflation has come down significantly, with the median headline inflation dropping to about 6% in February 2024 from a peak of nearly 10% in November 2022. This, in part, reflects the effects of monetary policy tightening across many countries.

The region's outlook shows that real GDP growth is expected to rise from 3.4% in 2023 to 3.8% in 2024.

Introduction

The IMF's Sub-Saharan Africa regional economic outlook, published in April 2024, examines the region's macroeconomic environment, focusing on growth rates, inflation, and fiscal policies. The report also provides policy priorities that can assist countries in adapting to the ever-changing global environment.

Recent developments

The IMF notes that after four turbulent years, sub-Saharan Africa appears finally on the mend. With the easing of global financial conditions, Côte d'Ivoire, Benin, and Kenya issued Eurobonds earlier this year, ending a two-year hiatus from international markets for the region.

The region's inflation has come down significantly, with the median headline inflation dropping to about 6% in February 2024 from a peak of nearly 10% in November 2022, partly reflecting the effects of monetary policy tightening across many countries.

On the fiscal situation, the authorities have continued consolidation efforts, with the median fiscal deficit narrowing to 4.0% of GDP in 2023, the lowest since the onset of the pandemic. Consequently, public debt ratios have stabilized at around 60% of GDP in 2023 and are projected to ease this year.

Furthermore, the IMF states that there are also tentative signs that select capital flows are making a comeback to the region. After several years of sluggish inflows, foreign direct investment (FDI) into the region rose to 2.0% of GDP in 2023, indicating a continuation of the post-pandemic recovery. Even more promising is the increase in the number of announced FDI projects in sub-Saharan Africa, which increased by about 10% in 2023 from the previous year.

However, the region is still facing an acute funding squeeze. Debt service obligations continue to swell. Preliminary data from last year show a decrease in external financing sources for the public sector coupled with an uptick in external debt service, leading to the lowest net. external flows for the region's governments since the Global Financial Crisis. In 2023, government interest payments took up 12% of its revenues (excluding grants) for the median sub-Saharan African country, doubling from a decade ago. Significant external debt repayments are looming this year and next, including USD5.9 billion on Eurobonds in 2024, increasing to USD6.2 billion in 2025, along with significant bank loan repayments (syndicated and bilateral) over the next two years.

According to the IMF, before the pandemic, banks' exposure to the private sector increased much faster than their exposure to the government, highlighting the region's progress in financial development. In contrast, since the pandemic, private sector credit as a share of bank assets remained broadly unchanged, while lending to the government has continued to increase.

These financing challenges have forced many countries to reduce essential public spending, including capital investments, and diverted resources critical for development to debt service. The liquidity squeeze is risking the growth prospects of the region's future generations, as funds are sorely lacking to address the vast development needs, intensified by the pandemic's scarring effects.

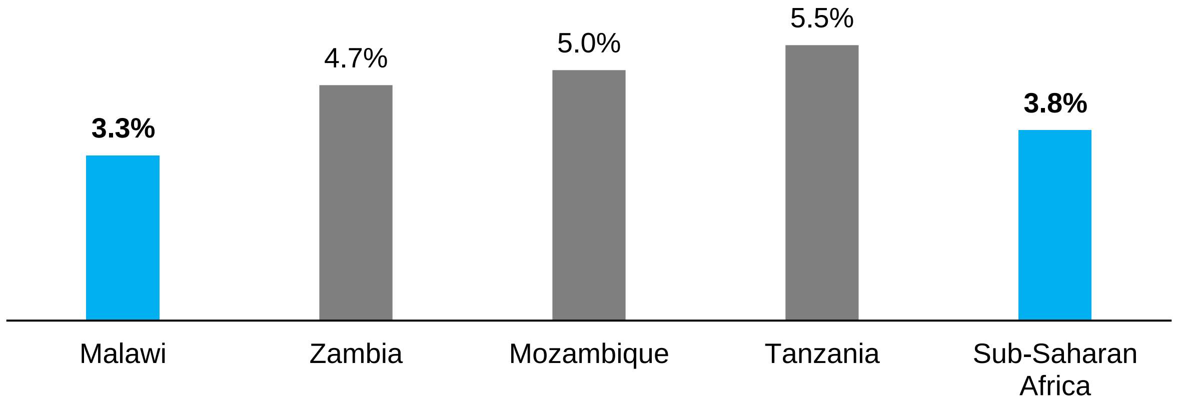
Beyond health, education, and infrastructure, food insecurity remains a key challenge in the region. As of 2023, an estimated 140 million people across the region, including a significant number in the Democratic Republic of the Congo and Nigeria, are grappling with acute food insecurity, with policymakers facing constraints in their ability to respond effectively given limited fiscal space.

Meanwhile, the region also faces rising political instability and climate shocks that hinder growth, strain limited resources, and could increase social tensions.

The Outlook

In the IMF's view, after two years of slow growth, the region's outlook is mildly improving, with growth expected to rise from 3.4% in 2023 to 3.8% in 2024. Two-thirds of countries in the region anticipate faster growth compared to 2023, with a median growth acceleration of 0.6 percentage points. The growth pick-up in 2024 varies significantly across country groups, primarily driven by a rebound among oil exporters, excluding Nigeria, with growth projected to increase by 1.5 percentage points to 3.1%. Meanwhile, diversified economies, which have been enjoying persistently high growth rates, are expected to see their growth remain unchanged.

Real GDP growth rates for 2024



A Brief on the Regional Economic Outlook for Sub-Saharan Africa (continued)

In 2025, sub-Saharan Africa is projected to grow by 4.0%, with private consumption and investment continuing their recovery.

According to the IMF, an escalation of the conflict in the Middle East would result in further disruptions to supply chains, transportation routes, and commodity production, ultimately driving up commodity prices and shipping costs.

The IMF argues that if the drought in southern Africa continues, the negative impact on the 2024 economic outlook could be significant in some countries. The drought would also put pressure on external balances and public spending.

The Outlook (continued)

In 2025, sub-Saharan Africa is projected to grow by 4.0%, with private consumption and investment continuing their recovery. In the medium term, the region's growth is anticipated to stabilize at around 4.3%, with non-resource-intensive countries expected to grow almost twice as fast as their resource-heavy counterparts, 6.2% compared to 3.5%.

However, the IMF notes that the growth pick-up masks another critical concern: the stalled progress in per capita income convergence, a challenge magnified by the region's unparalleled population growth. From 2000 to 2024, sub-Saharan Africa's real income per person grew by almost 75%, outstripping that of advanced economies, which only saw a 35% increase. Nonetheless, this achievement dims when compared to emerging market and developing economies (EMDEs) outside the region, where real income per person more than tripled over the same period.

Risks to the Outlook

The growth pick-up is linked intricately to domestic and global developments. Domestically, the economic outlook hinges on the effectiveness of ongoing domestic reforms. Globally, risks to the global outlook are broadly balanced. There is scope for further upside surprises to global growth, including faster disinflation and economic recovery in China.

However, risks to the outlook for Sub-Saharan Africa seem more tilted to the downside, with the following global shocks particularly relevant for the region:

- **A faltering global economy**. According to the IMF, in a downside scenario where major economies like China and the European Union underperform, global growth would suffer a substantial and lasting slowdown. This external demand shock would have notable repercussions for sub-Saharan Africa, affecting the region through several channels, including lower export demand, exchange rate depreciation, declining remittances sent by the African diaspora, and lower commodity prices. As a result, growth in sub-Saharan Africa would be about one percentage point lower than in the baseline for 2024 and 2025, with oil exporters being hit the hardest. However, with declining commodity prices and quicker disinflation, monetary policies would relax more rapidly, setting the stage for a modest growth recovery in 2026.

- **Elevated geopolitical risks**. An escalation of the conflict in the Middle East would result in further disruptions to supply chains, transportation routes, and commodity production, ultimately driving up commodity and shipping costs. Relative to the baseline, oil and gas prices would be (on average) 15% higher in 2024 and 2025. At the same time, prices of agricultural goods and processed food would rise.

On top of the global economic risks, sub-Saharan Africa faces increasing region-specific risks. These risks are:

- **Heightened security risks**: According to the IMF, the region now has one of the highest rates of terrorist attacks worldwide. Despite a peace deal, social tensions and the prospect of further violence remain elevated in Ethiopia. The security situation remains challenging in several other countries, including Burkina Faso, Chad, the Democratic Republic of the Congo, Mali, Mozambique, and Nigeria.

- **Climate risks**: The IMF argues that if the drought in southern Africa continues, the negative impact on the 2024 economic outlook could be significant in some countries. The drought would also put pressure on external balances and public spending. Moreover, this could exacerbate the food insecurity situation in sub-Saharan Africa, posing a major humanitarian challenge and weighing on productivity and economic prospects.

Policy priorities for adapting to high borrowing costs in a shock-prone world

Although the region is finally showing signs of recovery, many countries face high borrowing costs and continue to grapple with tight financing constraints and ongoing debt vulnerabilities. These difficulties are compounded by a more shock-prone world. Adapting to these challenges requires a resolute package of strong domestic reforms and external support. The proposed policy priorities are discussed below.

Fiscal policy

The IMF has stated that over the past decade, the fiscal position of many sub-Saharan African countries has deteriorated, a trend exacerbated by repeated shocks and the ensuing demand for fiscal support. This has led to heightened debt vulnerabilities across the region. With rising needs, limited financing options, and high borrowing costs, fiscal tightening in sub-Saharan Africa must be carried out to meet the country-specific needs while minimizing harm to its economy and people. This will require:

- **Boosting revenues**. According to the IMF, to implement the necessary adjustment, while protecting economic growth and social welfare, it is key to focus on boosting revenues rather than cutting essential spending. Emphasizing tax increases offers a way to raise more funds without hurting investments in key areas like infrastructure, health, and education. The region faces a tax gap, defined as the difference between the levels of tax potential and tax collection, estimated at around 5% of GDP. This suggests a significant opportunity to increase revenue through smarter tax policies and better administration. Simplifying the tax system, widening the tax base, improving tax compliance, and using technology can make tax collection more effective.

According to the IMF, enhanced coordination between fiscal, monetary, and exchange rate policies is crucial to prevent excessively loose monetary conditions that might restart inflationary pressures.

The IMF argues that over the medium term, encouraging policies that support innovation, skill development, and better logistics and connectivity are key to achieving a structural transformation that makes the economy more competitive and resilient.

Policy priorities for adapting to high borrowing costs in a shock-prone world (continued)

- **Pacing the adjustment**. Ideally, spreading out fiscal tightening over time would prevent sudden, disruptive changes. An adjustment path that involves more changes towards the later stages of implementation would also allow for more time to implement important reforms and establish measures to ease the impact. However, due to the ongoing funding squeeze, many countries face urgent fiscal pressures. Taking immediate steps towards fiscal consolidation may not only be unavoidable but could also strengthen confidence in the region's adjustment efforts.

- **Building public trust**. In the IMF's view, gaining public support is pivotal for the success of fiscal consolidation plans. This involves clear communication about fiscal adjustments' importance, potential benefits, and the risks of delaying action despite some short-term downsides for certain groups.

- **Dealing with elevated debt burdens**. The IMF stated that 19 out of 35 low-income countries in sub-Saharan Africa were either in debt distress or at high risk of distress as of end-2023. Besides fiscal consolidation, some countries can adopt additional measures, including enhancing debt reporting, extending loan maturities (in collaboration with creditors), and spreading out repayments. Improving public financial management and risk management, boosting fiscal transparency, and monitoring state-owned enterprises are key to helping control increased off-budget spending.

Monetary policy

According to the IMF, enhanced coordination between fiscal, monetary, and exchange rate policies is crucial to prevent excessively loose monetary conditions that might restart inflationary pressures. For instance, monetary policy tightening could be particularly relevant when fiscal adjustments lead to higher inflation. However, higher monetary policy rates could raise financing costs, contributing to higher government interest payments. This needs to be accommodated within the existing budget. Clear forward-looking communication on policy goals, including disclosing details about policy actions' timing, could effectively manage market expectations and minimize uncertainty.

Structural reforms

Navigating higher borrowing costs entails finding more affordable and stable alternative financing sources while spending more wisely. The IMF has suggested the following structural policy priorities to assist countries in navigating an environment of higher borrowing costs:

- **Attracting foreign direct investment (FDI)**. The role of FDI has been vital for development in many emerging market economies, where it has provided stable financing, technology access, and job creation. However, sub-Saharan Africa captures a mere 3% of global FDI. Given high borrowing costs, prioritizing cost-effective and viable reforms becomes essential to mobilize more FDI. Focusing on reforms that ensure macroeconomic stability and reduce policy uncertainty can already elevate investor confidence. Other effective measures include enhancing the business environment, levelling the playing field between public and private firms, and improving governance.

- **Fostering domestic financial markets**. In the IMF's view, developing domestic markets could also offer an alternative funding source for the region. So far, these markets are less developed compared to other regions. Excluding South Africa, the average stock exchange market capitalization is less than 20% of a country's GDP, significantly lower than the 50% in other EMDEs and far below the 126% in advanced economies. Strengthening financial markets requires building strong institutional frameworks that safeguard property rights and contract enforcement, promoting bank competition, and enhancing financial infrastructure. Like in the case of attracting FDI, governments also need to ensure economic stability as well as increase transparency and reduce risks.

- **Improving the quality and efficiency of public spending.** Given the higher borrowing costs and tighter financing constraints, it is vital to spend every penny wisely to ensure the highest return possible. Investments should prioritize sectors with high private and social returns, including infrastructure, education, and healthcare, aligning with sustainable development goals. Moreover, fighting corruption can enhance investment quality and bolster public trust.

- **Accelerating economic diversification.** Natural resource-intensive countries in the region represent nearly three-quarters of the region's aggregate GDP as of 2022. The IMF argues that this heavy reliance exposes them to the volatility of global commodity prices. To mitigate these risks and build resilience, diversifying their economies and expanding into manufacturing, services, and technology is essential. Over the medium term, encouraging policies that support innovation, skill development, and better logistics and connectivity are key to achieving a structural transformation that makes the economy more competitive and resilient.

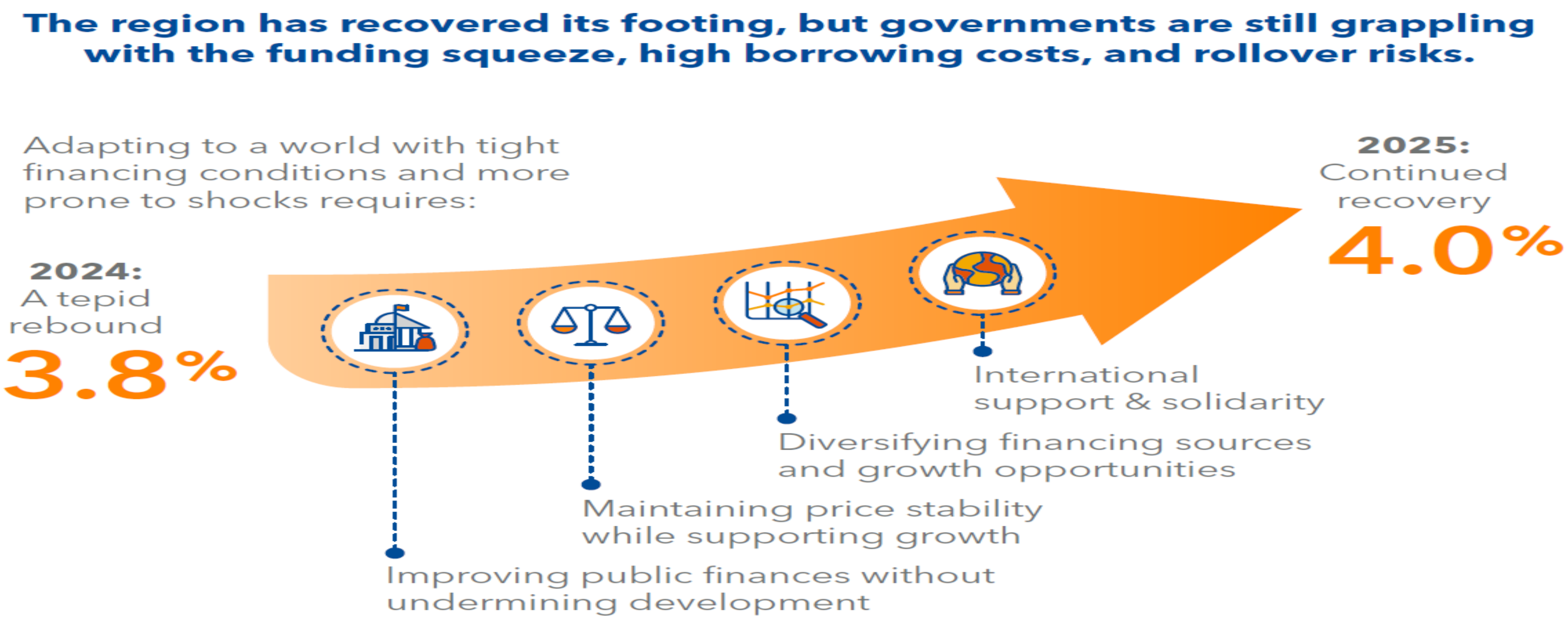
- **Integrating with regional trade partners**. By expanding trade relationships beyond traditional partners, African countries can diversify export destinations and import sources, mitigating the risks associated with economic downturns in any single region. The African Continental Free Trade Area offers a significant opportunity in this regard, but its success hinges on a substantial reduction in tariff and non-tariff trade barriers, robust trade facilitation, and improvement in the trade environment and infrastructure.

A Brief on the Regional Economic Outlook for Sub-Saharan Africa (continued)

The region has recovered, but governments are still grappling with the funding squeeze, high borrowing costs, and rollover risks.

Conclusion

According to the IMF, the outlook for sub-Saharan Africa is gradually improving following four turbulent years. Growth is expected to rise from 3.4% in 2023 to 3.8% in 2024, with nearly two-thirds of countries anticipating higher growth. Economic recovery is expected to continue, with growth projections reaching 4.0% in 2025. Additionally, inflation has almost halved, public debt ratios have broadly stabilized, and several countries have issued Eurobonds this year, ending a two-year hiatus from international markets. However, the funding squeeze persists as the region's governments grapple with financing shortages, high borrowing costs, and impending debt repayments. Risks to the outlook remain tilted to the downside. The region continues to be more vulnerable to global external shocks, the threat of rising political instability, and frequent climate events. Three policy priorities can help countries adapt to these challenges: improving public finances without undermining development, monetary policy focused on ensuring price stability and implementing structural reforms to diversify funding sources and economies. Amid these challenges, sub-Saharan African countries will need additional support from the international community to develop a more inclusive, sustainable, and prosperous future.



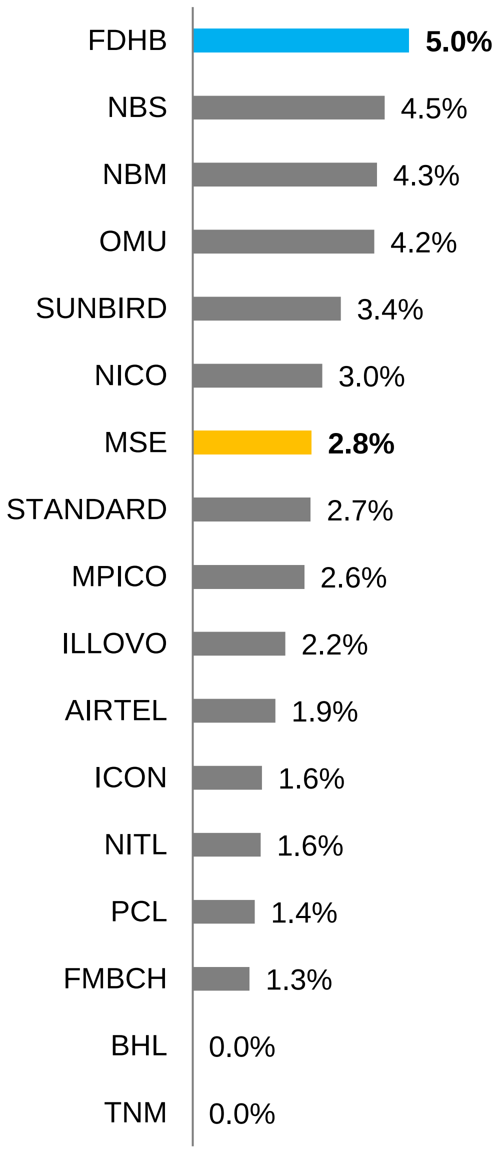
Appendices

Appendix 1: Historical Monthly Economic Indicators

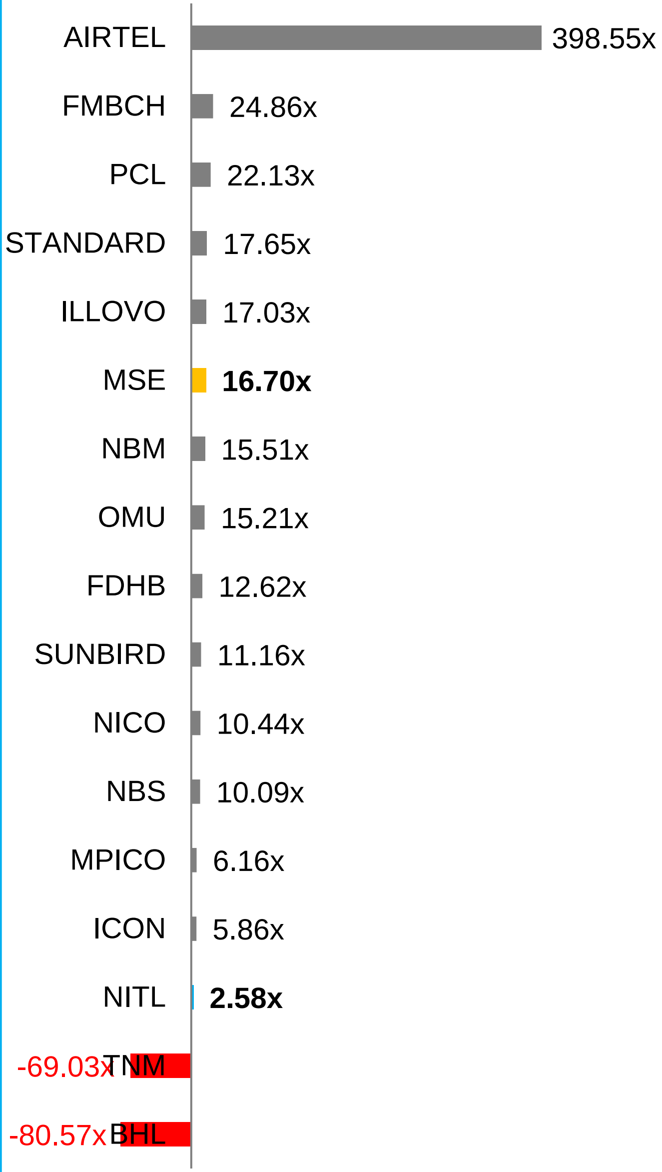
	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Exchange rates (middle rates)													
MK/USD	1,034.86	1,034.46	1,058.82	1.061.67	1,094.74	1,126.50	1,179.83	1,699.31	1,683.37	1,697.80	1,698.50	1,750.38	**1,745.70**
MK/GBP	1,325.22	1,317.23	1,377.77	1,400.92	1,429.20	1,412.17	1,473.63	2,219.25	2,212.41	2,221.35	2,217.83	2,268.77	**2,256.81**
MK/EUR	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	1,949.34	**1,922.25**
MK/ZAR	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.72	93.54	92.94	90.38	94.79	**95.43**
Foreign Exchange Reserves													
Gross Official Reserves (USD'mn)	200.08	194.82	321.53	267.91	239.56	242.68	179.33	165.20	242.58	178.06	143.60	N/A	**N/A**
Private Sector Reserves (USD'mn)	403.93	386.90	407.47	406.63	419.35	409.46	396.88	413.20	433.01	401.88	396.72	N/A	**N/A**
Total reserves (USD'mn)	604.01	581.72	729.00	674.54	658.91	652.14	576.21	578.40	675.59	579.94	540.32	N/A	**N/A**
Gross Official Reserves Import cover (months)	0.80	0.78	1.29	1.07	0.96	0.97	0.72	0.66	0.97	0.71	0.57	N/A	**N/A**
Inflation													
Headline	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	33.1%	34.5%	35.0%	33.5%	31.8%	**N/A**
Food	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	41.7%	43.5%	44.9%	42.0%	38.8%	**N/A**
Non-food	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	22.2%	22.8%	22.0%	22.1%	22.2%	**N/A**
Interest Rates													
Monetary Policy rate	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	**26.00%**
Average Interbank rate	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%	23.00%	23.00%	22.63%	22.48%	**22.55%**
Lombard rate	22.20%	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	24.20%	26.20%	26.20%	**26.20%**
Commercial Bank reference rate	17.30%	20.00%	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%	23.60%	23.60%	24.90%	24.90%	**24.90%**
Government Securities Yields													
91-days Treasury Bill	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%	16.00%	16.00%	**16.00%**
182-days Treasury Bill	17.50%	17.50%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	20.00%	20.00%	**20.00%**
364-days Treasury Bill	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	**26.00%**
2-year Treasury Note	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%	26.75%	26.75%	28.75%	28.75%	**28.75%**
3-year Treasury Note	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	30.00%	30.00%	**30.00%**
5-year Treasury Note	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	32.00%	32.00%	**32.00%**
7-year Treasury Note	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%	32.00%	32.00%	34.00%	34.00%	**34.00%**
10-year Treasury Note	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%	33.00%	33.00%	35.00%	35.00%	**35.00%**
Stock Market Indices													
MASI	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	114,236.98	**114,228.31**
DSI	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	86,761.71	**86,753.99**
FSI	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	19,012.48	**19,012.49**

Appendix 2: Selected stock market statistics as of 30 April 2024

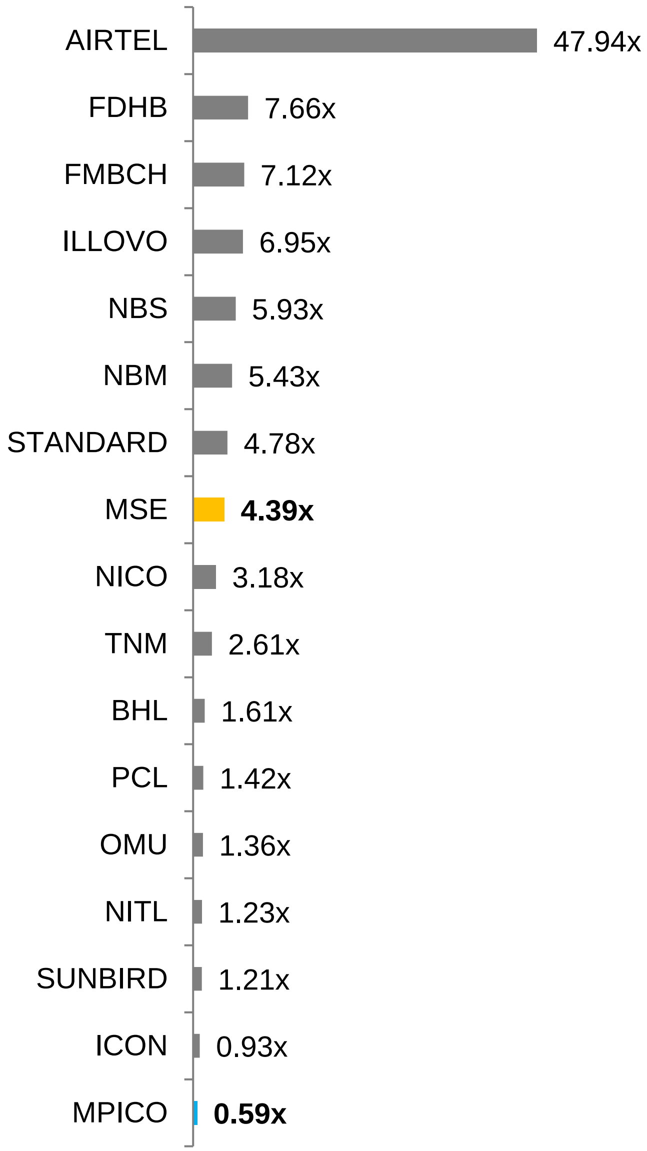
Dividend Yield (%) - the weighted average dividend yield on the MSE was 2.8% in April 2024. The counter with the highest dividend yield was FDH Bank at 5.0%.



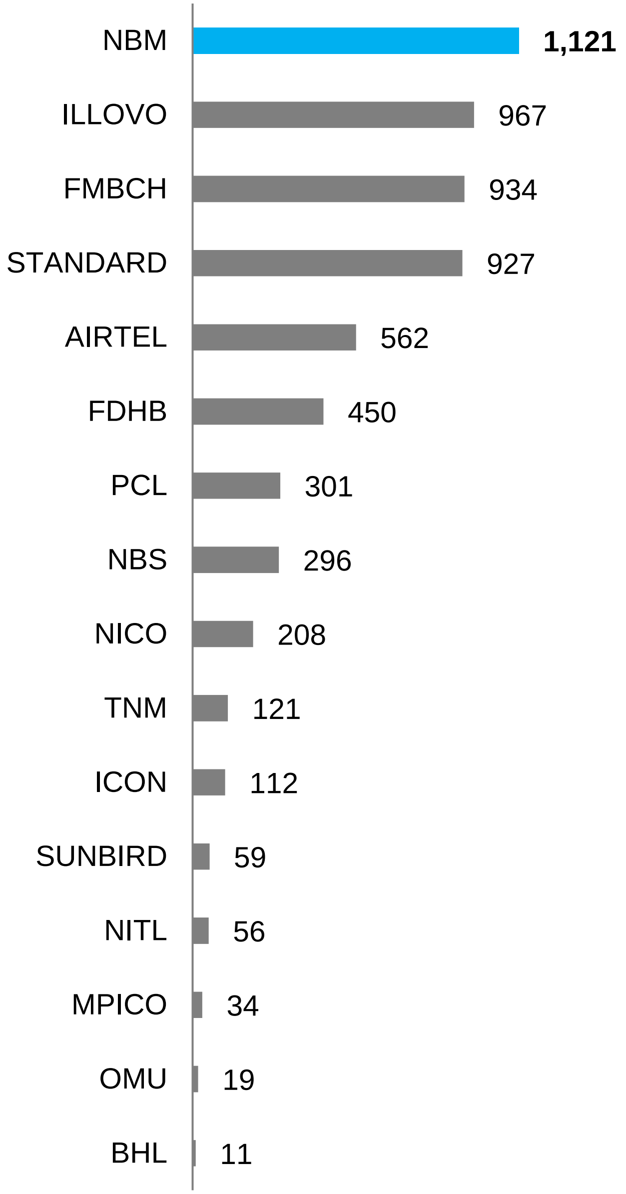
P/E Ratio - the weighted average price to earnings ratio on the MSE was 16.70x in April 2024. The counter with the lowest positive ratio was NITL at 2.58x.



P/BV Ratio - the weighted average price to book value ratio on the MSE was 4.39x in April 2024. The counter with the lowest ratio was MPICO at 0.59x.



Market Capitalization (MK'billion) – NBM had the highest market capitalization at MK1.12 trillion in April 2024.



Appendix 3: IMF and World Bank Projections

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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	-6.6	-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	31.8	31.9	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

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EIU projections

Economic growth (%)	2023	2024	2025	2026	2027	2028
GDP	1.6	1.5	2.2	3.4	3.2	3.4
Private consumption	1.7	1.1	2.1	2.7	3.3	3.3
Government consumption	1.8	1.5	2.0	2.6	2.5	2.5
Gross fixed investment	2.0	2.2	2.9	5.3	5.4	5.2
Exports of goods & services	4.4	4.0	4.4	5.2	5.1	5.3
Imports of goods & services	3.9	3.3	3.9	4.5	5.0	5.0
Domestic demand	1.7	1.3	2.2	3.0	3.5	3.4
Agriculture	1.0	0.8	1.3	2.1	2.0	2.2
Industry	1.4	2.2	2.4	3.0	2.9	2.9
Services	2.0	1.7	2.6	4.1	3.8	4.1
Key indicators						
Real GDP growth (%)	1.6	1.5	2.2	3.4	3.2	3.4
Consumer price inflation (av; %)	28.8	33.9	26.4	24.1	16.8	13.3
Government balance (% of GDP)	-10.0	-8.7	-7.7	-5.8	-4.4	-3.6
Current-account balance (% of GDP)	-10.8	-13.4	-12.0	-10.2	-9.4	-8.9
Short-term interest rate (av; %)	13.7	16.0	15.0	14.0	12.0	10.0
Exchange rate MK:US$ (av)	1,149.1	1,750.7	1,970.7	2,162.2	2,318.4	2,496.9

Oxford Economics Projections

Annual percentage unless indicated otherwise	2022	2023	2024	2025	2026	2027
Real GDP growth	0.8	1.6	3.1	4.0	4.3	4.4
CPI inflation	20.8	28.6	30.1	15.4	8.6	7.8
Exports of goods ($ bn)	1.0	1.1	1.2	1.3	1.4	1.5
Imports of goods ($ bn)	3.0	3.2	3.4	3.6	3.8	4.0
Current account ($ bn)	-2.3	-1.9	-1.9	-2.0	-2.1	-2.2
Current account balance (% of GDP)	-18.2	-13.9	-16.0	-14.3	-13.8	-13.5
Exchange rate per USD (year average)	941.4	1,149.1	1,726.2	1,779.6	1,871.7	1,969.1
External debt total ($ bn)	3.3	4.7	6.1	7.1	7.7	8.1
Government balance (% of GDP)	-9.3	-8.7	-7.6	-5.8	-5.1	-4.4
Government debt (% of GDP)	75.2	78.6	71.0	68.8	69.5	69.3
Population (millions)	20.4	20.9	21.5	22.0	22.6	23.2
Nominal GDP ($ bn)	12.5	13.4	12.0	14.0	15.0	16.1
GDP per capita ($ current prices)	614.3	640.7	557.5	634.8	665.2	694.2

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

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World Bank commodity prices

	Annual averages				Monthly averages			
	2020	2021	2022	2023	January 2024	February 2024	March 2024	April 2024
Produce (USD/mt)								
Soybeans	407.0	583.0	675.0	598.0	547.0	520.0	487.0	477.0
Maize	165.5	259.5	318.8	252.7	198.6	189.1	190.6	191.7
Sugar & Tea (USD/Kg)								
Sugar - EU	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4
Sugar - U.S.	0.6	0.7	0.8	0.9	0.9	0.9	0.9	0.9
Sugar - World	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Tea - average	2.7	2.7	3.1	2.7	2.7	2.7	2.7	3.0
Fertilizers (USD/mt)								
DAP	312.4	601.0	772.2	550.0	596.3	583.8	617.5	545.0
Phosphate rock	76.1	123.2	266.2	321.7	152.5	152.5	152.5	152.5
Potassium chloride	241.1	542.8	863.4	383.2	296.3	289.4	300.5	305.0
TSP	265.0	538.2	716.1	480.2	450.6	454.4	449.0	442.5
Urea, E. Europe	229.1	483.2	700.0	358.0	335.4	351.3	330.0	320.0
Precious Metals (USD/toz)								
Gold	1,770.0	1,800.0	1,801.0	1,943.0	2,034.0	2,023.0	2,158.0	2,331.0
Platinum	883.0	1,091.0	962.0	966.0	926.0	894.0	909.0	940.0
Silver	20.5	25.2	21.8	23.4	22.9	22.7	24.5	27.5

Appendix 6: List of Acronyms and Abbreviations

AfDB:	African Development Bank
Agcom:	Agricultural Commercialization project
AHL:	Auction Holdings Limited
AIP:	Affordable Input Program
av:	Average
BHL:	Blantyre Hotels Plc
bn:	Billion
CPI:	Consumer Price Index
DAP:	Diammonium Phosphate
ECF:	Extended Credit Facility
EIU:	Economist Intelligence Unit
EMDE:	Emerging Markets and Developing Economies
EUR:	Euro
EU:	European Union
FDHB:	FDH Bank Plc
FDI:	Foreign Direct Investment
FMBCH:	FMB Capital Holdings Plc
FY:	Financial Year
GBP:	Great British Pound
GDP:	Gross Domestic Product
IFPRI:	International Food Policy Research Institute
IMF:	International Monetary Fund
Kg:	Kilogram
kt/a:	Kilotonne per annum
LRR:	Liquidity Reserve Requirement
MASI:	Malawi All Share Index
Mb/d:	Million barrels per day
Mt:	Metric tons
MK:	Malawi Kwacha
mn:	Million
MPC:	Monetary Policy Committee
MSE:	Malawi Stock Exchange
NBM:	National Bank of Malawi Plc
NICO:	NICO Holdings Plc
NITL:	National Investment Trust Limited Plc
NSO:	National Statistical Office
OECD:	Organization for Economic Co-operation and Development
OMU:	Old Mutual Limited Plc
OPEC:	Organization of the Petroleum Exporting Countries
ORB:	OPEC Reference Basket
PAT:	Profit After Tax
P/BV:	Price to book value
PCL:	Press Corporation Limited Plc
P/E:	Price to earnings
RBM:	Reserve Bank of Malawi
SSA:	Sub-Saharan Africa
SUNBIRD:	Sunbird Tourism Plc
TB:	Treasury Bill
TN:	Treasury Note
TNM:	Telekom Networks Malawi Plc
Toz:	Troy ounces
TT:	Telegraphic Transfer
USD:	United States Dollar
VAT:	Value Added Tax
WHT:	Withholding Tax
ZAR:	South African Rand

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