MONTHLY ECONOMIC REPORT

JANUARY 2023

Investment Management | Corporate Finance | Investor Services

Contents

LIST OF ACRONYMS

ADF:	African Development Fund
AfDB:	African Development Bank
BOE:	Bank of England
BHL:	Blantyre Hotels Plc
BWB:	Blantyre Water Board
CPI:	Consumer Price Index
DSI:	Domestic Share Index
ECB:	European Central Bank
ECF:	Extended Credit Facility
EIU:	Economist Intelligence Unit
ESCOM:	Electricity Supply Corporation of Malawi
EU:	European Union
EUR:	Euro
FEWS NET:	Famine Early Warning Systems Network
FAO:	Food and Agricultural Organization
FAO-GIEWS:	Food and Agricultural Organization Global Information and Early Warning System
FISP:	Farm Input Subsidy Program
FMBCH:	FMB Capital Holdings Plc
FOB:	Free On Board
FSI:	Foreign Share Index
GBP:	British Pound
GDP:	Gross Domestic Product
GFS:	Government Finance Statistics
IDA:	International Development Association
IFAD:	International Fund for Agricultural Development
IFPRI:	International Food Policy Research Institute
IMF:	International Monetary Fund
LICs:	Low Income Countries
MASI:	Malawi All Share Index
MASL:	Meters Above Sea Level
MB/D:	Million barrels per day
MERA:	Malawi Energy Regulatory Authority
MITC:	Malawi Investment and Trade Center
MK:	Malawi Kwacha
MPC:	Monetary Policy Committee
MSE:	Malawi Stock Exchange
MT:	Metric Tonnes
MRA:	Malawi Revenue Authority
MVAC:	Mobile Vulnerability Assessment Committee
MW:	Mega Watts
NBM:	National Bank of Malawi Plc
NBS:	NBS Bank Plc
NGOs:	Non-Governmental Organisations
NICO:	NICO Holdings Plc
NITL:	National Investment Trust Plc
NSO:	National Statistical Office
OCHA:	Office for the Coordination of Humanitarian Affairs
OECD:	Organisation for Economic Co-operation and Development
OMO:	Open Market Operations
OPEC:	Organization of the Petroleum Exporting Countries
PCL:	Press Corporation Plc
RBM:	Reserve Bank of Malawi
RBZ:	Reserve Bank of Zimbabwe
Rmb:	Chinese Renminbi
RTGS:	Real Time Gross Settlement
SARB:	South Africa Reserve Bank
SDF:	Southern Dark Fired Tobacco
SSA:	Sub Sahara Africa
Sunbird:	Sunbird Tourism Plc
TAMA:	Tobacco Association of Malawi
TB:	Treasury Bills
TCC:	Tobacco Commission
TICAD:	Tokyo International Conference on African Development
TNM:	Telekom Networks Malawi Plc
WEO:	World Economic Outlook
WFP:	World Food Program
WTO:	World Trade Organisation
TSH:	Tanzania Shillings
UBOS:	Ugandan Bureau of Statistics
UGX:	Ugandan Shillings
UK:	United Kingdom
UNOCHA:	United Nations Office for the Coordination of Humanitarian Affairs
USA:	United States of America
US$:	United States Dollar
ZAR:	South African Rand
ZimVAC:	Zimbabwe Vulnerability Assessment Committee
ZMK:	Zambian Kwacha
RCF:	Rapid Credit Facility

EXECUTIVE SUMMARY

Economic Outlook — Malawi

During the month of January 2023, using the RBM middle rates, the Malawi Kwacha appreciated against the South African Rand by 2.64%, but depreciated against the Euro and the British Pound by 1.80% and 2.42% respectively. The Kwacha was unchanged against the US Dollar and closed the month at K1026.43/US$1.

According to the 2023 SONA (State of the National Address), the structural challenges in generating foreign exchange have impeded the importation of commodities critical to the economy of Malawi, resulting in foreign exchange supply shortages that has impacted the import input productive sector, and the consumer industry which includes the supply of fuel and pharmaceuticals. The SONA attributed this to Malawi's narrow export base and the low production of value-added goods to generate the forex and revenue necessary to pay off debt, engage in meaningful development, foreign aid freedom, and a resilient economy against external shocks, natural disasters, public health crises, and global supply chain disruptions (Source:2023 SONA).

The year-on-year inflation rate for January 2023 stands at 25.90%, an increase from the 24.50% recorded in December 2022. Food and Non-Food Inflation rates are at 30.50% and 20.40%, respectively. The national month to month Inflation rate for January 2023 stands at 4.00%. Food inflation rate is at 4.70% while Non-Food Inflation rate is at 2.90%.

At the First 2023 Monetary Policy Committee (MPC) meeting held in February 2023, the Committee noted that the domestic inflation has begun to moderate following several months of continuous uptick, largely on account of easing imported inflationary pressures induced by the declining global fuel and non-fuel commodity prices. Despite the anticipated disinflation, however, the MPC projects to remain in double-digits and average 18.2% in 2023, compared to the outturn of 21.0% in 2022 and against the medium-term target of 3-7%.

Based on various institutions' projections, the economy is expected to grow by an estimated average of 1.20% in 2023 The government's 2022 projection of GDP growth has been revised down to 1.20% from 4.10% which was projected earlier. The RBM's forecast for 2023 is at 2.70%, premised on favorable agricultural season and improved foreign exchange supply. However, these figures remain preliminary and may be subject to change.

Major challenges to growth persist, including weather shocks that affect the country's rain-fed agriculture sector, limited concessional financing, a poor business environment that erodes investor confidence, acute foreign exchange shortages and high inflation. Lastly, in light of slowing global growth, the shock to commodity prices posed by the Russia-Ukraine war and a large rise in local interest rates in the face of soaring inflation may also affect the economic growth of Malawi.

Key Economic Risks – Malawi

1. Russia-Ukraine conflict spill-over effects – Supply chain disruptions and higher global interest rates leading to higher commodity prices and reduced fiscal space in the economy.
2. Persistently weak export base - Affects the Kwacha's stability against the major currencies due to a widening trade deficit.
3. Coronavirus pandemic - Affects the operations of all businesses and unplanned government heavy expenditure on medical supplies and enforcement of measures to mitigate its spread and effects.
4. High government debt levels - Create a future obligation for the government to repay the debt plus interest.
5. Climate change – Changes in weather patterns and extreme weather conditions, impacting infrastructure development, livelihoods, and agricultural production.
6. High population growth rates - May reduce the country's ability to allocate resources to more productive activities.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The headline inflation rate for January 2023 increased to 25.90% from 24.50% recorded in December 2022. This was due to an increase in non-food inflation as can be seen in the table below:

	Jan-23	Dec-22	Jan-22	%Change (1 Months)	%Change (12 Months)
Headline inflation	25.90%	25.40%	12.10%	-0.50%	-13.80%
Food	33.40%	31.40%	14.20%	-2.00%	-19.20%
Non-food	17.70%	18.60%	9.60%	0.90%	-8.10%

Government Securities (Source: RBM)

During January 2023, the all-type Treasury bill yield remained unchanged at 16.67% same as that recorded in December 2022.

Tenor	Jan-23	Dec-22	Jan-22	Change 1 Month	Change 12 Months
91 days	13.00%	13.00%	9.70%	0.00%	3.30%
182 days	17.50%	17.50%	13.00%	0.00%	4.50%
364 days	19.50%	19.50%	14.84%	0.00%	4.66%
All Type	16.67%	16.67%	12.51%	0.00%	4.15%

Total Treasury bill applications for January 2023 stood at K102.93 billion and K101.96 billion was allotted, representing a 0.94% rejection rate. The 182 days paper accounted for the highest subscription rate at 81.95%, followed by the 364 days paper at 16.95%, and the 91 days paper at 1.10%.

During the month of January 2023, the government held Treasury notes auctions of 2-year, 3-year, 5-year, and 7-year tenors. The tenors were at an average yield of 22.66%, 24.00%, 26.10%, and 27.50% respectively. There were total applications of K111.67 billion and K84.25 billion was alloted, resulting in a 24.55% rejection rate.

Total maturities for government securities for the month amounted to K133.69 billion resulting in a net withdrawal of K52.52 billion.

Foreign Currency Market (Source: RBM)

During the month of January 2023, the Malawi Kwacha appreciated against the South African Rand, but depreciated against the Euro and the British Pound. The Kwacha remained unchanged against US Dollar. See the table below:

CURRENCY	Jan-23	Dec-22	Jan-22	% Movement 1 month	% Movement 12 months
MK/USD	1,026.43	1,026.43	816.40	0.00%	-25.73%
MK/GBP	1,304.51	1,273.64	1,095.94	-2.42%	-19.03%
MK/ZAR	60.71	62.35	52.49	2.64%	-15.66%
MK/EUR	1,146.04	1,125.74	911.51	-1.80%	-25.73%

The official forex reserves for January 2023 decreased to US$279.22 million (1.12 months' worth of import cover) from US$304.65 million (1.22 months of import cover) in December 2022.

Private sector reserves decreased to US$384.37 million (1.54 months of import cover) in January 2023 from US$399.20 million (1.60 months of import cover) in December 2022.

As of 31 January 2023, total forex reserves stood at US$663.59 million (2.66 months of import cover), a decrease from US$703.85 million (2.82 months of import cover) registered at the end of December 2022.

	Jan-23 (US$ million)	Dec-22 (US$ million)	Jan-22 (US$ million)	% 1 month change	% 12 months change
Official Reserves	279.22	304.65	399.98	-8.35%	-30.19%
Private Sector	384.37	399.20	424.49	-3.71%	-9.45%
Total	663.59	703.85	824.47	-5.72%	-19.51%
Import Cover (Months)					
Gross Official	1.12	1.22	1.60	-8.20%	-30.00%
Private Sector	1.54	1.60	1.70	-3.75%	-9.41%
Total	2.66	2.82	3.30	-5.67%	-19.39%

Interbank Markets and Interest Rates (Source: RBM, BAM)

Liquidity levels (excess reserves after Central Bank Operations) in January 2023 increased to a daily average of K66.31 billion from K47.60 billion in December 2022. Access to the Lombard facility (discount window borrowing) during the month under review averaged K66.11 billion a day. This was at an average rate of 18.20% and an average of K58.06 billion was accessed on the Lombard Facility during the month of December 2022 at an average rate of 18.20%.

In January 2023, the overnight borrowing between banks decreased to a daily average of K13.77 billion.

This was at an average rate of 15.00% and an average of K15.03 billion per day was accessed in December 2022 at an average rate of 15.00%.

The reference rate for January 2023 increased to 17.30% from 16.60% in December 2022.

Stock Market (Source: MSE)

The stock market has been bullish in the month of January 2023, with the Malawi All Share Index (MASI) increasing by 10.34% to close at 68,451.77 points from 62,036.05 points in December 2022.

The price gains were registered by ten counters. Share price gains by FDH Bank (+66.95%), FMBCH (+50.64%), NITL (+31.21%), Sunbird (+14.06%), NBS (+13.24%), Illovo (+11.11%), NICO (10.00%), Standard Bank (+9.99%), Airtel (2.49%) and NBM (0.07%) were enough to offset share price losses by OMU (-17.79%), ICON (-0.25%), MPICO (-0.24%), BHL (-0.09%), and PCL (-0.001%), resulting into an upward movement of the Malawi All Share Index.

The volume of shares traded in January 2023 decreased to 62.93 million from 97.39 million traded in the corresponding month in December 2022. The traded value on the shares in January 2023 decreased to K2.32 billion (US$2.26 million) from K3.35 billion (US$3.26 million) registered in the corresponding month in December 2022.

The year-on-year return for the MASI, DSI and FSI increased by 53.82%, 49.64%, and 100.18% respectively. The dividend yield for January 2023 decreased to 2.96% from 3.32% in January 2022.

Counter	Jan-23	Dec-22	Jan-22	Change (1 months)	Change (12 months)
	MK/Share	MK/Share	MK/Share	%	%
AIRTEL	58.05	56.64	40.10	2.49%	44.76%
BHL	10.96	10.97	11.01	-0.09%	-0.45%
FMBCH	167.00	110.86	79.98	50.64%	108.80%
FDHB	29.00	17.37	13.50	66.95%	114.81%
ICON	11.92	11.95	12.85	-0.25%	-7.24%
ILLOVO	600.00	540.00	299.97	11.11%	100.02%
MPICO	20.59	20.64	20.70	-0.24%	-0.53%
NBM	1,543.11	1,542.05	810.12	0.07%	90.48%
NBS	38.50	34.00	22.87	13.24%	68.34%
NICO	66.00	60.00	55.00	10.00%	20.00%
NITL	164.00	124.99	94.99	31.21%	72.65%
OMU	809.73	985.00	1,785.00	-17.79%	-54.64%
PCL	2,181.35	2,181.37	1,900.00	-0.001%	14.81%
STANDARD	2,200.00	2,000.16	1,400.03	9.99%	57.14%
SUNBIRD	105.00	92.06	90.02	14.06%	16.64%
TNM	14.00	14.00	20.00	0.00%	-30.00%
MASI	68,451.77	62,036.05	44,501.63	10.34%	53.82%
DSI	54,351.80	50,804.03	36,322.34	6.98%	49.64%
FSI	8,374.09	5,614.30	4,183.22	49.16%	100.18%

Below is a presentation of the published 2022 and 2021 half year financials for the respective companies.

Published Half Year Financials for 2022 and 2021						
	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)		
Period (End-Year)	**Aug-22**	**Aug-21**	**% Change**	**Aug-22**	**Aug-21**	**% Change**
ILLOVO	20.47	2.74	647.08%	18.00	2.00	800.00%
Period	**Jun-22**	**Jun-21**	**% Change**	**Jun-22**	**Jun-21**	**% Change**
STANDARD	15.84	11.58	36.79%	21.31	28.55	-25.36%
NBM	34.21	22.45	52.38%	49.26	27.84	76.94%
NICO	11.82	7.03	68.24%	1.00	0.75	33.33%
NITL	1.46	1.23	18.85%	0.80	0.60	33.33%
FDH BANK	8.71	4.55	91.36%	0.74	0.33	124.24%
TNM	(1.34)	4.51	-129.71%	0.00	0.18	-100.00%
NBS BANK	5.09	4.40	15.68%	0.85	0.60	41.67%
SUNBIRD	0.40	(0.48)	184.07%	0.00	0.00	0.00%
PCL	15.98	12.87	24.16%	7.00	6.00	0.00%
ICON	4.50	3.10	45.16%	0.12	0.12	0.00%
MPICO	3.16	2.84	11.27%	0.00	0.12	-100.00%
Airtel	8.90	11.35	-21.55%	0.00	0.00	0.00%
BHL	(0.48)	(0.60)	-19.18%	0.00	0.00	0.00%
	Net Profit/(Loss) (ZAR' billion)			**Total Dividend (Per Share) (ZAR)**		
OMU	5.22	2.98	75.00%	0.25	0.25	0.00%
	Net Profit/(Loss) (US$' million)			**Total Dividend (Per Share) (US$)**		
FMBCH	25.20	13.10	92.37%	0.15	0.08	100.00%
FDH	Expects its year ending 31 December 2022 profit after tax to be at least 50% higher than the previous corresponding period					
BHL	Expects its year ending 31 December 2022 loss after tax to be at least 20% lower than the previous corresponding period					
NBS BANK	Expects its half year ending 31 December 2022 profit after tax to be approximately 110% higher than the previous corresponding period					
SUNBIRD	Expects its year ending 31 December 2021 performance to be approximately 240% higher than the previous corresponding period					
NITL	Expects its year ending 31 December 2022 profit after tax to be at least 35% higher than the previous corresponding period					
ICON	Expects its year ending 31 December 2022 profit after tax to be at least 70% higher than the previous corresponding period					
NBM	Expects its year ending 31 December 2022 profit after tax to be at least 30% higher than the previous corresponding period					
FMBCH	Expects its year ending 31 December 2022 profit after tax to be at least 30% higher than the previous corresponding period					
MPICO	Expects its year ending 31 December 2022 profit after tax to be at least 20% higher than the previous corresponding period					

OTHER MARKET DEVELOPMENTS

Food Security Update (Source: FEWSNET)

Most of the Southern Region, parts of the Central Region, and pockets of the Northern Region continue to face Crisis (IPC Phase 3), Stressed (IPC Phase 2), and Stressed (IPC Phase 2) outcomes during the ongoing lean season. Following large crop and labor income losses during the 2021/22 production year, households in these areas have insufficient access to food amid persistently high prices for both food and essential non-food commodities. While deliveries of humanitarian food assistance are currently ongoing, the scale of need exceeds available resources for the humanitarian response in several districts where at least 20% of the population still faces food consumption gaps.

The main crop production season is fully underway, and rainfall performance has significantly improved compared to the late and erratic start of the season. In January 2022, monthly rainfall totals ranged from near to above average, driving recovery in cumulative seasonal rainfall totals. According to global and regional forecasts and the Malawi Department of Climate Change and Meteorological Services (DCCMS), rainfall from January to March 2023 will also most likely be above average. However, there remains a risk of flash floods in flood-prone areas and localized dry spells.

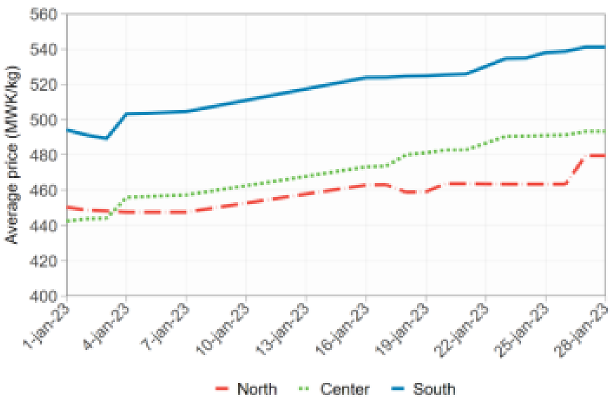
The 2023 maize harvest, which begins in April, will likely be below average due to the late and erratic start of the rainfall season and reduced utilization of fertilizer, which directly affect crop yields. Due to economic constraints, the government only plans to deliver subsidized fertilizer to 2.5 million farmers this year, compared to 3.7 million in 2022. Additionally, deliveries have been delayed, and only 30% of the targeted number of farmers have reportedly received the supplies, increasing the risk that many farmers will miss the window for fertilizer application. Additionally, the price of subsidized fertilizer has doubled from K7,000 per 50-kg bag to K15,000.

Labor demand and wage rates remain below normal, reducing a key source of income for poor households as this is the peak season for agricultural labor opportunities. On the one hand, the number of households in search of income from on-farm labor is elevated due to the loss of their own-produced crops in 2022, leading to an increase in the labor supply. On the other hand, middle and better-off households that typically hire labor have fewer resources available to hire labor after consecutive years of below-average revenue from below-average crop production seasons. In a typical year, labor provides up to 40% of the annual total income earned by very poor and poor households.

Monthly Maize Update (Source: IFPRI)

In the final week of January 2022, maize was selling at an average retail price of K512.0/kg, a 9.0% increase from the previous month. In the same period, Rumphi market reported the lowest average selling price (K413.0/kg) and the highest decline between end December 2022 and end January 2023. The highest average selling price was reported in Nsanje market (K570.0/kg) while the Mangochi market recorded the highest increase in retail maize price of 19.0% between final weeks of December 2022 and January 2023. ADMARC sales were reported in 10 out of the 26 markets monitored by IFPRI (1 in the Center, 4 in the North and 5 in the South).

Figure 1: Average daily maize price per region



At the regional level, retail price of maize was highest in Nairobi, Kenya and lowest in Zambia at the end of January 2023. However, the retail prices of maize in selected markets in Malawi, were higher than in Zambia and South Africa.

Figure 2: Regional comparison (January 2023)

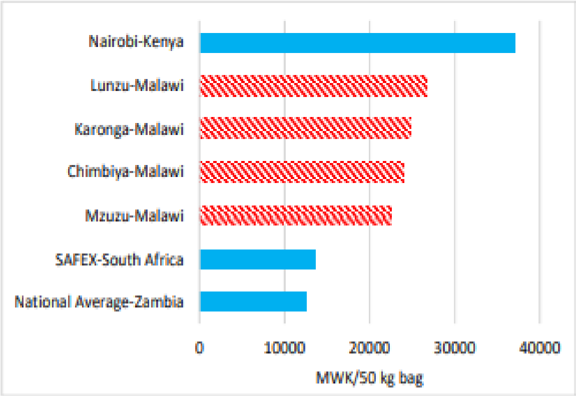
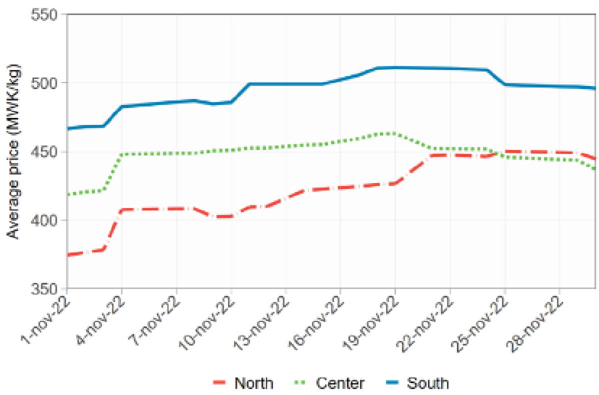


Figure 2. Average daily maize retail prices by region



Affordable Input Program

As for the 2022/2023 planting season, the AIP has faced administrative challenges and some farmers have struggled to access commodities. The Program has thus far achieved a redemption rate of 73.74%, indicating over 1.7 million households that have already benefited, with access to about 182,425 Metric Tonnes (MT) of fertilizer and over 9,000MT of cereal seeds. In addition, the Program is distributing livestock in some districts, and 9,482 goats have thus far been distributed. However, there are still many vulnerable Malawians waiting to access the inputs they need. According to the Malawi Vulnerability Assessment Committee (MVAC) 2022 annual assessment, estimates show that over 3.8 million people in over 845,000 households may still not meet their food requirement during the 2022/23 consumption period, representing about 20.0% of the population who require humanitarian assistance for the 2022/23 lean season.

Meanwhile, the government has released over 62,000.0 MTof maize for distribution and the Department of Disaster Management Affairs (DoDMA) has already drawn 55,000.0 MT, out of which 30,000.0MT of maize has already been distributed to food insecure households nationwide. Furthermore, funds amounting to K9.0 billion have been provided for cash transfers and supporting logistics for maize distribution and emergency disaster response. In addition, the Government of Malawi has collaborated with several international institutions including the World Bank, the European Union EU) and the World Food Program (WFP) to mobilize about K41.0 billion for the implementation of cash transfers to targeted beneficiary households up to the end of the consumption season, which will target food-insecure households in 26 districts.

2023 Rainfall Season and Maize Production Estimates (Source: FAO, MoAFS)

According to the Food and Agriculture Organization (FAO) of United Nations, planting of the 2023 cereal crop is expected to conclude soon, slightly later than normal following sparse rainfall in October 2022, normally the onset of the rainy season. Weather forecasts for the January to March 2023 period indicate a higher than normal likelihood of average to above average rainfall amounts, and these conditions are likely to boost soil moisture levels and foster a recovery in crop conditions. High prices of agricultural inputs may result in a reduction in fertilizer and pesticide application, with potentially adverse consequences for crop yields. Furthermore, there have been indications that there could be a cutback in maize plantings, as farmers switch to less input intensive crops, including soybeans and groundnuts, to minimize production costs given the increased prices of agricultural inputs.

Cereal production in 2022 is estimated at 4.0 million MT, 4.0% above the 5year average. The overall good harvest reflects generally favourable precipitation during the second half of the rainy season. The conducive weather conditions enabled farmers to replant crops that failed earlier in the season due to rainfall deficits in the October to December 2021 period. Total cereal import requirements, mostly wheat, are forecast above the average, but virtually unchanged on a yearly basis, as a small drawdown of stocks is expected to help meet national consumption needs.

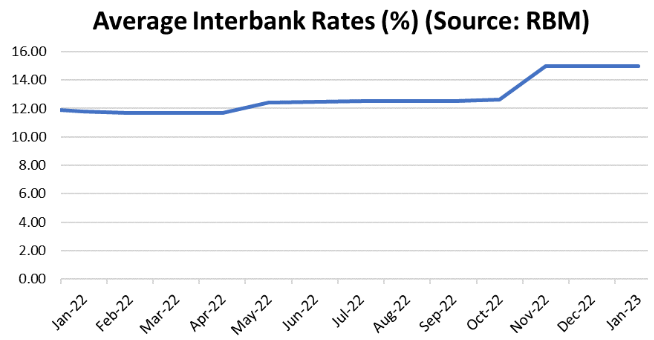
The preliminary crop estimates released by the Ministry of Agriculture and Food Security (MoAFS), indicate that maize production is forecasted at 3.56 million metric tonnes during the 2022/23 crop season and represents a 4.1% decrease on 3.7 million MT produced during the preceding season. The war-induced elevated international prices of fertilizers, which has affected affordability during the current season, is a major factor expected to reduce maize production during the current season. The projected maize production is, however, in excess of the national requirement of 3.2 million MT. At the same time, the MoAFS's estimates indicate an increase in production expected for rice and other alternatives to maize, suggesting that food price pressures could be subdued in 2023 compared to experiences of 2022.

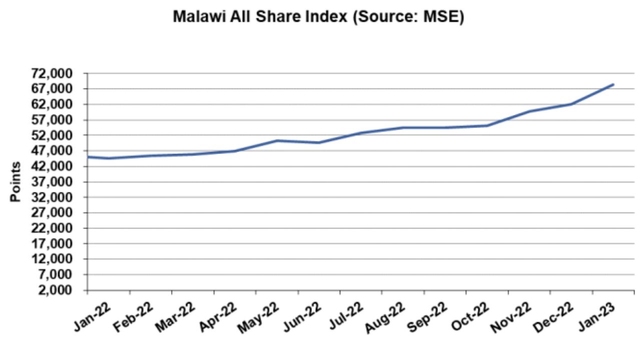
2023 Tobacco Production Estimates (Source: Tobacco Commission)

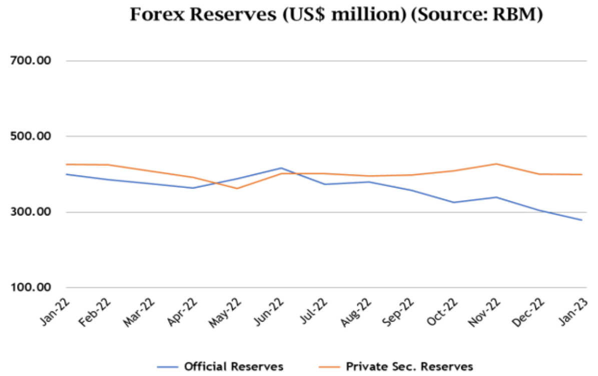
The 2023 tobacco growing season prospects are positive as growers express pleasure over leaf development and market preparations. The authorities are still computing production estimates that would give a clearer projection to the 2023 growing season's output.

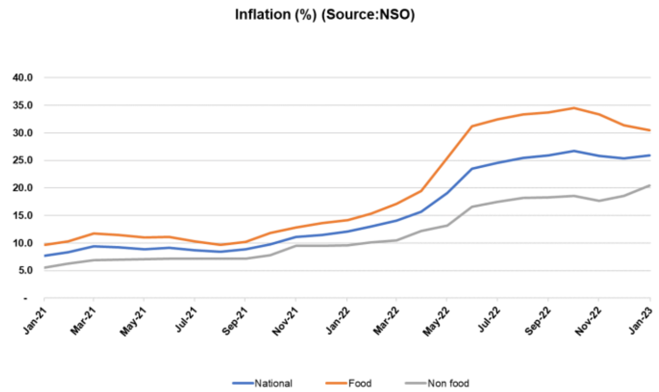
In 2022, the country sold 85 million kilograms of the green gold, which was significantly less than what the buyers were demanding at about 150 million kilograms. Meanwhile, TAMA (The Tobacco Association of Malawi) Farmers Trust's Chief Executive Office has revealed that preparations for the forthcoming season are intact as registration was concluded and the industry is involved in crop assessment to see how much tobacco has been planted and its development stage.

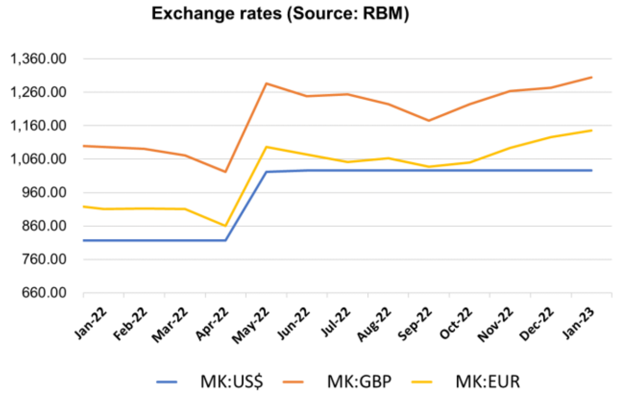
TREND GRAPHS

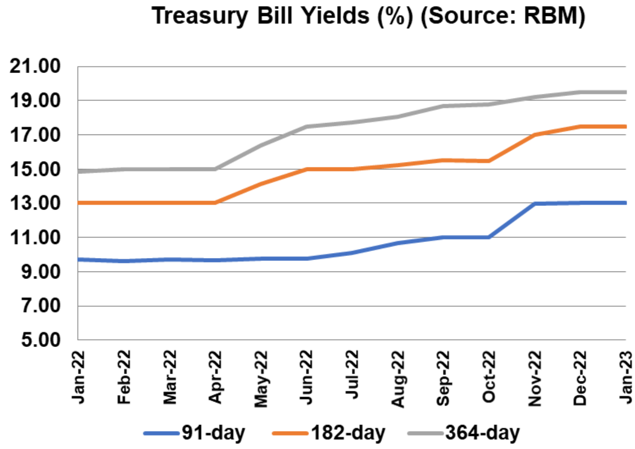












GLOBAL DEVELOPMENTS

Economic Growth

According to the IMF's January 2023 World Economic Outlook (WEO), global growth is estimated at 3.4% in 2022, and 2.9% in 2023 before rising to 3.1% in 2024. Compared with the October forecast, the estimate for 2022 and the forecast for 2023 are both higher by about 0.2%, reflecting positive surprises and greater-than-expected resilience in numerous economies. Negative growth in global GDP or global GDP per capita,which often happens when there is a global recession is not expected. Nevertheless, global growth projected for 2023 and 2024 is below the historical (2000–19) annual average of 3.8%.

The forecast of low growth in 2023 reflects the rise in central bank rates to fight inflation especially in advanced economies as well as the war in Ukraine. The decline in growth in 2023 from 2022 is driven by advanced economies; in emerging market and developing economies, growth is estimated to have bottomed out in 2022. Growth is expected to pick up in China with the full reopening in 2023. The expected pickup in 2024 in both groups of economies reflects gradual recovery from the effects of the war in Ukraine and subsiding inflation. Following the path of global demand, world trade growth is expected to decline in 2023 to 2.4%, despite an easing of supply bottlenecks, before rising to 3.4% in 2024.

These forecasts are based on a number of assumptions, including on fuel and nonfuel commodity prices, which have generally been revised down since October 2022, and on interest rates, which have been revised up. In 2023, oil prices are projected to fall by about 16.0%, while nonfuel commodity prices are expected to fall by, on average, 6.3%. Global interest rate assumptions are revised up, reflecting intensified actual and signaled policy tightening by major central banks since October.

The balance of risks to the global outlook remains tilted to the downside, with scope for lower growth and higher inflation, but adverse risks have moderated since the October 2022. Downside risks Include (1) China's recovery stalling leading to a possibility of spillovers to the rest of the world which would operate primarily through lower demand and potentially renewed supply chain problems. (2) War in Ukraine escalating: possibly leading to a possible increase in food prices from a failed extension of the Black Sea grain initiative which would put further pressure on lower-income countries that are experiencing food insecurity and have limited budgetary room to cushion the impact on households and businesses. (3) Debt distress: the combination of high debt levels from the pandemic, lower growth, and higher borrowing costs exacerbates the vulnerability of these economies, especially those with significant near-term dollar financing needs. (4) Inflation persisting: Higher-than-expected oil, gas, and food prices from the war in Ukraine or from a faster rebound in China's growth could again raise headline inflation and pass through into underlying inflation. Such developments could cause inflation expectations to de-anchor and require an even tighter monetary policy. (5) Sudden financial market repricing: Such movements could strain liquidity and the functioning of critical markets, with ripple effects on the real economy. (6) Geopolitical fragmentation: the war in Ukraine and the related international sanctions aimed at pressuring Russia to end hostilities are splitting the world economy into blocs and reinforcing earlier geopolitical tensions, such as those associated with the US-China trade dispute.

Global Oil

The world oil demand forecast for 2022 remains unchanged at 2.5 mb/d. The oil demand was adjusted higher in the fourth quarter of 2022, amid improvements in economic activity in some countries- and a slight recovery in oil demand in China after the lifting of its zero-COVID-19 policy. For 2023, world oil demand growth is adjusted slightly upwards by 0.1 mb/d to stand at 2.3 mb/d, with the OECD growing by 0.4 mb/d and non-OECD growth forecast at 2.0 mb/d. This forecast is subject to many uncertainties including global economic developments, COVID-19 containment measures mainly in China and ongoing geopolitical tensions.

Non-OPEC liquids supply is forecast to grow by 1.9 mb/d for 2022, broadly unchanged from October's assessment. The main drivers of liquids supply growth for 2022 are expected to be the US, Canada, Guyana, Russia, China, and Brazil, while production is expected to decline mainly in Norway and

Thailand. For 2023, non-OPEC liquids production growth is revised slightly down by 0.1 mb/d to 1.4 mb/d. The main drivers of liquids supply growth are expected to be the US, Norway, Brazil, Canada, Kazakhstan, and Guyana, whereas oil production is forecast to decline mainly in Russia and Mexico. Nonetheless, large uncertainties persist around geopolitical development, as well as the US shale output potential in 2023.

The OPEC Reference Basket (ORB) value and its component-related crude benchmarks rose in January 2023. The ORB value increased by US$1.94 month-on-month, or 2.4%, to average at US $81.62/b. OPEC-13 crude oil production in January 2023 decreased by 49 tb/d m-o-m to average 28.88 mb/d, according to available secondary sources (Source: OPEC).

Currency Movements

The Federal Open Market Committee (FOMC) slowed rate hikes to 25 basis points, leaving interest rates at 4.75%. The Fed's Chairman discussed disinflation despite a strong labor market and a weakening US Dollar. The Chairman attempted to downplay the financial markets, but all risky currencies, stocks and bonds rallied firmly by embracing the soft-landing narrative. However, market participants remain vigilant as the start of a recession can also look like a soft landing, in the beginning.

Commodity currencies like Australian Dollar (AUD), New Zealand Dollar (NZD), and the Canadian Dollar (CAD) followed the risk reaction after the Fed's announcement, meaning these currencies may continue to rally if lower inflation and cautiously optimistic central bank policy harm the US Dollar and reverse the inflation spikes of 2022. That said, a likely new inflationary catalyst is the printing of US Dollar to service debt. As a result, the Fed will likely print more US Dollars to pay this debt, causing the Fed's balance sheet to drop slower than without. This could mean the Fed will have to raise rates once more in 2023 to fight this inflationary pressure. The US Dollar index (DXY) is expected to trade between 100 and 106 in February 2023.

In 2023, the Euro has staged a remarkable comeback after a 20-year low, with EUR/USD rallying towards the 1.10 level from the previous 0.95 low of September 2022. This uptick shows positive market sentiment as the Eurozone's economic outlook improves around energy supply and subsequent impacts to the manufacturing sector. Thankfully, a mild winter has helped allay fears that gas supplies will need to be rationed, with gas reserves remaining near capacity. The Euro further benefited from a slowed pace of interest hikes from the Fed. The latest increase being just 25 basis points, after the second meeting in February 2023.

The European Central Bank (ECB) are expected to hike rates by 50 basis points in February, and the markets are expecting another 50 bps hike in March 2023. Beyond this, the ECB has only said they will need to evaluate the subsequent path of its monetary policy. The EUR/USD could trade between 1.0638-1.1121 between January and March 2023.

The British Pound has had an upbeat start to the year. A welcome beginning after the extremely volatile end to 2022, which saw GBP/USD hit an all-time low of around 1.0350, in the wake of the disastrous mini-budget causing a run on the British Pound and UK borrowing costs to soar. The positivity continues for GBP/USD which has traded above 1.20 since early January 2023 and come close to 1.25 level for the first time since June in 2022. The Bank of England (BOE) opted to hike rates by 50 basis points to a base rate of 4.0%. However, many analysts forecast a further 25 basis point hike at the next meeting in March 2023. This has resulted in a predicted terminal rate of 4.25%, for the BOE. The GBP/USD could trade between 1.1819-1.2478 for February 2023.

Global trade

Assessing the impact of the Ukraine war on global trade and developments the World Trade Organisation (WTO) estimates that trade growth in 2022 was above their trade forecast of 3.0% issued in April 2022 and substantially higher than its estimates for more pessimistic scenarios for the year. The stability of global trade was also evident in global supply chains, confirmed by the 4.0% year-on-year growth of trade in intermediate goods in the second quarter of 2022.

According to the WTO's Chief Economist, global trade has held up well in the face of the war in Ukraine. Sharply higher food prices and supply shortages have not materialized thanks to the openness of the multilateral trading system and the cooperation governments have committed to at the WTO. Resilience will ultimately be best served by fostering deeper and more diverse international markets, anchored in open and predictable trade rules.

Furthermore, trade in products significantly affected by the war and trade by the most exposed countries were remarkably resilient. Trading partners found alternative sources to fill in the gaps for most products affected by the conflict, such as wheat, maize, sunflower products, fertilizer, fuels and palladium — a rare earth mineral used in catalytic converters for cars.

Updating the long-run scenario described in the previous report of a decoupling of the global economy into two rival blocs, the latest note provides new simulations of the opportunity cost of foregoing further multilateral liberalization and instead moving to geopolitical rivalry. The opportunity cost would be about 8.7% of real income at the global level, varying between 6.4% for developed countries, 10.1% for developing countries and more than 11.3% for least-developed countries.

The relative restraint in the imposition of export restrictions by WTO members may have played a key role in keeping price increases in check. During the period from mid-October 2021 to mid-October 2022 covered by the latest WTO Monitoring Report, estimated trade coverage of the regular (non-COVID-19-related) import-facilitating measures introduced by WTO members (USD 1,038.4 billion) far exceeded the trade coverage of import-restrictive measures (USD 163.5 billion).

This, in combination with the limited price hikes, suggests that the 12th WTO Ministerial Conference, which resulted in a Ministerial Declaration on the Emergency Response to Food Insecurity, had a meaningful impact on reducing food insecurity.

Interest Rate Movements

US Libor rates slightly changed during the month of January 2023 compared to December 2022. The 3 months US Libor increased to close at 4.815% in January 2023 from 4.754% in December 2022, while the US Libor for 6 months decreased to 5.108% in January 2023 from 5.138% in December 2022. The US Treasury yield (10-year) decreased to close at 3.555% in January 20223 from 3.880% recorded in December 2022.

	Jan-23	Dec-22	Jan-22	Change 1 month	Change 12 months
US Fed Rate	4.500%	4.500%	1.750%	0.000%	2.75%
US Libor (3 months)	4.815%	4.754%	1.763%	0.061%	3.05%
US Libor (6 months)	5.108%	5.138%	1.763%	-0.030%	3.35%
US Treasury yield (10 years)	3.555%	3.880%	1.509%	-0.325%	2.05%
BOE Rate	3.500%	3.500%	0.750%	0.000%	2.75%
ECB Rate	2.500%	2.500%	0.000%	0.000%	2.500%

(Source: US Federal Reserve, Wall Street Journal)

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

Growth in SSA is projected to edge up in 2023 to 3.6%,a 0.2% downward revision from the June forecast—before picking up to 3.9%, in 2024. Even though an expected moderation of global commodity prices should temper cost-of-living increases, tighter policy stances to address elevated inflation and public debt will weigh on domestic demand. Meanwhile, weakening growth in advanced economies and China is expected to pose headwinds for external demand, particularly among exporters of industrial commodities. Constrained access to external financing, tight fiscal space, and high borrowing costs are expected to markedly limit many governments' ability to spur faster growth.

The modest downward revision to regional growth this year primarily reflects small downgrades for the largest economies. Forecast revisions for individual countries are mixed, with downward revisions for almost 60% of countries. This includes downward revisions for over 70% of metal exporters, which are expected to be affected by the further easing of global metal prices. In more diversified economies, lower prices of imports are expected to have a stronger positive effect by boosting activity in services and agriculture; nevertheless, for one in three SSA economies, the growth projection for 2023 has been revised down for the second time in a year. This mainly reflects larger-than-expected and more persistent damage to consumer demand from sharp cost-of-living increases, amplified by other vulnerabilities, such as unfavourable weather, high debt, and insecurity. An ongoing cost-of-living increases are expected to temper the growth of real incomes and domestic demand across the region especially in LICs (Low Income Countries), where the number of vulnerable people increased sharply in 2022 (WFP and FAO 2022).

Zambia

Zambia's headline inflation for the month of January 2023 decreased to 9.40% from 9.90% recorded in December 2022. The Zambian Kwacha closed at ZK19.03/US$ in January 2023 compared to ZK18.07/US$ recorded in December 2022. According to the World Bank, economic growth in 2022 is projected to average 3.0% and 3.9% in 2023.

Zimbabwe

In January 2023, the headline inflation for Zimbabwe decreased to 229.8% compared to 243.8% recorded in December 2022. The local currency closed at ZWL$779.31/US$ compared to ZWL$671.45/US$ recorded in December 2022. The World Bank has projected that economic growth will average 3.4% in 2022 and 3.6% in 2023.

Tanzania

Annual headline inflation rate for the month of January 2023 increased to 4.9% from 4.8% recorded in December 2022. During the month of January 2023, the Tanzanian Shilling slightly depreciated against the US Dollar and closed at TZS2,309.33/US$ compared to TZS2,308.89/US$ recorded in December 2022. In 2022, economic growth is projected at 4.6% and 5.3% in 2023. This is according to the World Bank's Global Economic Prospectus.

Uganda

The headline inflation rate for Uganda for January 2023 slightly increased to 10.40% from 10.20% in December 2022. The Ugandan Shilling appreciated against the US Dollar in January 2023 and closed at UGX3,683.33/US$ compared to UGX3,713.63/US$ recorded in December 2022. The World Bank, in its' January Global Economic Prospectus report, has projected that economy of Uganda will grow by 4.7% in 2022 and 5.5% in 2023.

South Africa

The annual consumer price inflation for South Africa was 6.90% in January 2023 compared to 7.20% in December 2022. The South African Rand closed at ZAR17.43/US$ in January 2023 against ZAR16.98/US$ in December 2022. The World Bank has projected that economic growth will average 1.9% in 2022 and 1.4% in 2023.

OUTLOOK FOR JANUARY 2023 AND BEYOND – MALAWI

Exchange Rates

During the month of January 2023, using the RBM middle rates, the Malawi Kwacha appreciated against the South African Rand by 2.63%, but depreciated against the Euro and the British Pound by 1.80% and 3.20% respectively. The Kwacha was unchanged against the US Dollar and closed the month at K1026.43/US$1.

According to the 2023 SONA (State of the National Address), the structural challenges in generating foreign exchange have impeded the importation of commodities critical to the economy of Malawi, resulting in foreign exchange supply shortages that has impacted the import input productive sector, and the consumer industry which includes the supply of fuel and pharmaceuticals. The SONA attributed this to Malawi's narrow export base and the low production of value-added goods to generate the forex and revenue necessary to pay off debt, engage in meaningful development, foreign aid freedom, and a resilient economy against external shocks, natural disasters, public health crises, and global supply chain disruptions (Source:2023 SONA). In the 2023 growing season, tobacco as Malawi's main foreign exchange earner is expected to do better as assessments which are underway indicate a positive trajectory. Better output returns suggest a cushion from further depreciation of the Kwacha. Meanwhile, the government of Malawi is setting new policies to maximize the country's potential and increase its contribution to GDP and forex generation through investments in the tourism sector.

Malawi currently runs a managed currency regime, and a shift towards a market-led exchange rate is expected by 2024, assuming an IMF program by late 2023, which is expected to include criteria on exchange-rate management. The RBM has taken a few steps to the shift to a market-led exchange rate through the introduction of exchange rate auctions. The success of the exchange rate options will be determined through good representation of the banking sector.

POSSIBLE IMPACT: *Lower foreign exchange inflows coupled with a large appetite for imports are likely to maintain downward pressure on the value of the Kwacha as foreign reserves continue to decline, resulting in further depreciation of the Kwacha. This will also induce inflationary pressures stemming from increased price of imports in domestic currency terms.*

Inflation

The year-on-year inflation rate for January 2023 stands at 25.90%, an increase from the 24.50% recorded in December 2022. Food and Non-Food Inflation rates are at 30.50% and 20.40%, respectively. The national month to month Inflation rate for January 2023 stands at 4.00%. Food inflation rate is at 4.70% while Non-Food Inflation rate is at 2.90%.

At the First 2023 Monetary Policy Committee (MPC) meeting held in February 2023, the Committee noted that the domestic inflation has begun to moderate following several months of continuous uptick, largely on account of easing imported inflationary pressures induced by the declining global fuel and non-fuel commodity prices. Despite the anticipated disinflation, however, the MPC projects to remain in double-digits and average 18.2% in 2023, compared to the outturn of 21.0% in 2022 and against the medium-term target of 3-7%. Apart from easing supply bottlenecks necessitated by the switch to non-Russian suppliers as well as the UN-initiated Black Sea grain deal, the decrease in global commodity prices is expected to be sustained by the weak demand following the prevailing tight financial and monetary conditions, particularly in advanced economies.

This notwithstanding, the risks from domestic factors remain heightened due to lagged effects of fiscal slippages and exchange rate depreciation, in addition to elevated prices of domestically-produced food commodities on account of the delayed effects of high costs of inputs.

In 2023, the maize production estimates indicate that maize production is estimated to exceed domestic demand for a second consecutive year. Such developments suggest that food price pressures could be subdued in 2023 compared to experiences of 2022. However, high prices of agricultural inputs and weather shocks remain a risk to the positive prospectus.

POSSIBLE IMPACT: *Rising prices reduce the purchasing power of households and lower the consumption of important items, especially food. Poor households will suffer disproportionately from food inflation, given the large share of food in their consumption basket.*

External Sector

Merchandise trade for the fourth quarter of 2022 yielded a deficit estimated at US$161.8 million compared to a surplus of US$18.7 million recorded during the third quarter of 2022 and a deficit of US$536.5 million for the fourth quarter of 2021. This followed an increase of 67.3% in imports to US$487.6 million, which outweighed the impact of a 5.0% growth in exports to US$325.8 million during the same period. The rise in imports was mainly driven by high demand for imported fertilizers, for production of the 2022/23 farming. As the lean period for exports advances in the first quarter of 2023, the trade deficit is expected to worsen during the period.

In the January 2023 SONA, the president despite the improved trade deficit to US$564.41 million in 2022 (2021: US$ 2.07 billion), noted that the reduction was not driven by an increase in exports but rather a sharp drop in imports caused by the scarcity of foreign exchange, resulting in a protracted balance of payment problem.

Reflective of the unfavourable trade performance, gross official reserves remained low and declined to US$304.7 million (1.2 months of imports) in the fourth of 2022 from US$357.2 million (1.4 months of imports) recorded during the third quarter of 2022 and compared to US$437.1 million (1.7 months) for the fourth quarter of 2021.

According to the RBM, indications are that the price declines in fuel and fertilizers – Malawi's major imports – will continue in 2023, supported by the combined effect of easing supply bottlenecks and weak demand. Trade reports further indicate that prices of tea – one of the country's exports – are expected to increase in 2023 on account of improved demand. Based on the foregoing, Malawi's terms of trade in 2023 is expected to improve compared to 2022.

POSSIBLE IMPACT: *A widening current account deficit will continue to exert further downward pressure on the Kwacha versus currencies of Malawi's trading partners. Malawi will need to improve its competitiveness and diversify its export base to improve its trade position.*

Monetary Policy

The Monetary Policy Committee (MPC), at its first meeting held in February 2023, decided to maintain the monetary stance at its current position of 18.0%. The Committee also maintained the Lombard rate at 20 bps above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio on both domestic and foreign currency denominated deposits at 3.75%. This decision was deemed necessary to observe with caution the impact of normalization of the global commodity price shocks on domestic price developments and to allow for the impact of the policy changes effected during the final MPC meeting of 2022 to fully transmit to the economy.

The MPC observed that domestic inflation has begun to moderate following several months of continuous uptick, largely on account of easing imported inflationary pressures induced by the declining global fuel and non-fuel commodity prices. Despite the anticipated disinflation, however, headline inflation is projected to remain in double-digits and average 18.2% in 2023, compared to the outturn of 21.0% in 2022 and against the medium-term of 3-7%

POSSIBLE IMPACT: *Rising interest rates may result in a slowdown of inflation due to a decrease in consumption spending. However, this will be at a cost of rising costs of borrowing which will hamper investments in the real economy and hinder economic growth.*

Fiscal Policy

According to the 2023 SONA, the president of Malawi indicated that the depreciation of the Kwacha continues to have lagged effects, especially on prices and public spending. The primary budget deficit for 2022/2023 is expected to be 7.1% of GDP, slightly lower than the original projection of 7.7%, and above the recommended level of 3.0% that is stipulated in the Public Finance Management (PFM) Act. To mitigate against this, there has been implementing significant debt restructuring and avoiding debt-incurring policies, as well as pursuing concessionary funding from foreign sources. Despite the mitigating factors the country is not able to produce enough valuable goods and services to generate the forex and revenue necessary to pay off debt, engage in meaningful development, free from foreign aid, and create a resilient economy against external shocks, disasters, public health crises, and global disruptions.

As of mid-year FY2022/2023, the outturn for domestic revenues was estimated at K805.8 billion, 6.8% of GDP, of which K766.6 billion is tax revenue and K39.2 billion is non-tax. At the close of the fiscal year, it is expected that domestic revenue will have amounted to K1.628 trillion, 13.7% of GDP. This revenue generation performance still leaves Malawi in a vulnerable state with little impact on the living conditions of Malawians

In January 2023, the Malawi Revenue Authority (MRA) surpassed the revenue target with a K16 billion surplus. Gross revenue collection for the month amounted to K161.68 billion against a revised Treasury target of K145.68 billion. The collection represents a nominal growth of 29.0% from K125.29 billion collected in the same period last fiscal year. According to the Commissioner General, this achievement was a result of all staff members working towards a common goal, gains from policy changes such as PAYE threshold adjustment and roll out of Advance Income Tax, and enhanced engagements with taxpayers and enforcement activities such as audits and debt collection. Further, reforms like the Msonkho Online and Block Management System have also contributed to better service delivery. The MRA expects to beat the annual target of K1.534 trillion in the remaining two months (Source: MRA).

POSSIBLE IMPACT: *The Government faces significant risks to its target of reducing the fiscal deficit, including greater than expected expenditures to rehabilitate infrastructure damage and social spending on families affected by cyclone Ana. The fiscal deficit is likely to increase in the short to medium term, putting further upward pressure on interest rates due to increased borrowing to finance the budget.*

Economic Growth

Real GDP Growth Projections

	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	1.80%
IMF	4.00%	0.60%	2.20%	0.90%
WORLD BANK	4.40%	1.00%	2.80%	0.90%
GOVERNMENT	5.10%	0.90%	3.90%	1.20%
Average Real GDP	**4.40%**	**0.38%**	**2.90%**	**1.20%**

(Source: EIU, IMF, WBG, MoF)

Based on various institutions' projections, the economy is expected to grow by an estimated average of 1.20% in 2022. The government's 2022 projection of GDP growth has been revised down to 1.20% from 4.10% which was projected earlier. The RBM's forecast for 2023 is at 2.70%, premised on favorable agricultural season and improved foreign exchange supply. However, these figures remain preliminary and may be subject to change.

In 2023 SONA, the president of Malawi pointed that Malawi being heavily dependent on strategic foreign imports like fuel, fertilizer, pharmaceuticals, and other commodities from countries whose economies have been severely disrupted by war, or Covid-related lockdowns, or Government-imposed tight monetary policies, has had adverse effects on its own economy. The economy has further come under assault from exogenous shocks such as continuing pressure from servicing debt, adverse weather conditions that affected the 2021/2022 agriculture growing season, and two successive tropical storms that destroyed lives, livelihoods, infrastructure, and a third of our electricity generation capacity.

In the long term, agriculture is expected to record remarkable gains in 2024 as fertilizer prices normalize and foreign-currency shortages lessen. Immense pressure from weather shocks remains a major threat to Malawi's agriculture; nonetheless, growth is expected to reach 3.0% in 2024, from an estimated 1.2% in 2022. Commercialization of agriculture, together with expenditure rationalization and the prioritization of capital expenditure under IMF guidance may result in real GDP averaging 4.0% in 2025-27 forecast window, from an estimated average of 2.1% in 2022-24. In late 2025 the 300-MW Kamwamba power plant project is expected to be commissioned, improving the power situation, and contributing about 3.0% to economic growth in 2025.

Major challenges to growth persist, including weather shocks that affect the country's rain-fed agriculture sector, limited concessional financing, a poor business environment that erodes investor confidence, acute foreign exchange shortages and high inflation. Lastly, in light of slowing global growth, the shock to commodity prices posed by the Russia-Ukraine war and a large rise in local interest rates in the face of soaring inflation may also affect the economic growth of Malawi.

POSSIBLE IMPACT: *Malawi's weak business environment, fiscal indiscipline and rising current account deficit will continue to stunt economic growth in the short to medium term. However, successful implementation of the MW2063 agenda enhances the future economic growth prospects of the country in the long term.*

ECONOMIC RISKS

ECONOMIC RISK	IMPACT ON ECONOMY	MITIGATING MEASURES
Russia – Ukraine Conflict	1. Disruptions to supply chains 2. Rising global commodity prices 3. Imported inflation 4. Reduced fiscal space	1. Diversifying supply chains 2. Increasing strategic reserves of volatile commodities 3. Robust monetary policy framework 4. Stringent fiscal consolidation framework
Coronavirus Pandemic	1. Unbudgeted government expenditure putting pressure on fiscal discipline. 2. Increases in commodity and service prices e.g. transportation. 3. Loss of human capital as result of death and illness. 4. Disruptions in supply chains. 5. Rising income inequality. 6. Rising unemployment especially in tourism sector.	1. Sensitising people on the dangers of the virus and practice social distancing and wearing masks. 2. Increased uptake of vaccinations.
Increase in government debt	1. Creates a future obligation for government which may keep the budget deficit large. 2. Crowds out the private sector, reducing the expansion of the private sector as funds are not available.	1. Reduce government expenditure by tightening fiscal policy. 2. Increase government revenue base to finance debt. 3. Ensure tax compliance
Global tobacco lobby (anti-smoking)	1. Decline in demand for Malawi tobacco and services from supporting industries resulting in lower commodity prices. 2. Reduction in export earnings (tobacco accounts for 60% of Malawi's export earnings). 3. Reduced employment opportunities in the tobacco and supporting industry. 4. Lower income for farmers- small holder and commercial.	1. Diversify into other sectors such as mining and cotton etc. 2. Engage in aggressive tourism marketing and investment.
Insufficient power supply	1. Commercial productivity remains small scale as large-scale enterprises are difficult to implement with limited power supply. 2. Low industrial productivity in the manufacturing sector resulting in low economic productivity and dampening economic growth. 3. Deferment of development by investors due to lack of infrastructure	1. Encourage use of energy saver bulbs. 2. Rehabilitate and develop new power plants. 3. Public-Private Partnerships to enhance energy production through alternative power sources. 4. The entrance of Independent Power Producers (IPPs) may help boost power generation.

High population growth rates	1. Reduced per capita income. 2. Over-crowding on public resources. Resources which could have been allocated to more productive activities are used to take care of the growing population.	1. Civic education to raise awareness of family planning methods.
Uncertainty in the external environment Uncertainty in the external environment	1. Dampening export demand for major export commodities i.e. tobacco, tea, cotton and sugar. 2. Declining investor interest in Malawi resulting in fewer investments, hence less foreign currency coming into the country. 3. Declining remittances from abroad, hence contributing to lower forex levels. 4. Reduced access to foreign capital, hence financing not available or difficulties in accessing letters of credit. 5. Impaired growth and Balance of Payments (BOP) due to declining exports and low foreign investments. 6. Decline in tourism levels leading to lower forex revenues.	1. Diversification of export base of products. 2. Diversify away from agricultural production, focus more on value added goods, manufacturing and service sector products where the country has a comparative advantage.

APPENDIX

Appendix 1: Selected economic indicators for Malawi (RBM, MSE, MERA, NSO)

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
MK : US$	816.40	816.40	816.40	816.64	1,021.66	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43
MK : GBP	1,095.94	1,090.96	1,071.04	1,021.70	1,286.47	1,232.13	1,253.69	1,224.48	1,175.11	1,224.69	1,264.02	1,273.64	1,304.51
MK : ZAR	52.49	53.31	56.27	51.45	65.82	61.31	62.49	60.78	58.84	58.04	62.30	62.35	60.71
MK : EUR	911.51	911.59	911.18	860.17	1,096.85	1,042.24	1,050.97	1,063.78	1,036.93	1,050.67	1,093.60	1,125.74	1,146.04
Forex reserves (Source: RBM)													
Gross Official Reserves (US$'mn)	399.98	385.40	374.48	363.27	388.22	415.73	372.99	378.89	357.18	326.06	338.87	304.65	429.17
Private Sector Reserves (US$'mn)	424.49	407.22	391.49	362.84	401.13	401.60	396.02	398.43	408.84	427.67	400.77	399.20	425.52
Total Reserves (US$'mn)	824.47	792.62	765.97	726.11	789.35	817.33	769.01	777.32	766.02	753.73	739.64	703.85	854.69
Total Import Cover (months)	3.30	3..17	3.07	2.90	3.15	3.27	3.07	3.11	3.07	2.47	2.96	2.82	3.42
Inflation (NSO)													
Headline Inflation	12.10	13.00	14.10	15.70	19.10	23.50	24.60	25.50	25.90	26.70	25.80	25.40	25.90
Food	14.20	15.30	17.10	19.50	25.50	31.20	32.50	33.40	33.70	34.50	33.40	31.40	33.40
Non Food	9.60	10.10	10.50	12.20	13.20	16.60	17.50	18.20	18.30	18.60	17.70	18.60	17.70
Interbank Rates (Source: RBM)													
Monetary Policy Rate	12.00%	12.00%	12.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	18.00%	18.00%	18.00%	18.00%
Average Interbank Rate	11.79%	11.70%	11.70%	12.96%	12.42%	12.48%	12.50%	12.50%	12.50%	12.63%	15.00%	15.00%	15.00%
Average Base Lending Rates	12.20%	12.20%	12.20%	13.50%	13.50%	13.80%	13.90%	13.80%	13.90%	13.90%	16.60%	16.60%	17.30%
Treasury Bill Yields (Source: RBM)													
91 day Treasury Bill Yield	9.70%	9.70%	9.71%	9.65%	9.75%	9.75%	10.07%	10.67%	11.00%	11.00%	12.99%	13.00%	13.00%
182 day Treasury Bill yield	13.00%	13.00%	13.00%	13.00%	14.10%	15.00%	15.00%	15.24%	15.49%	15.48%	16.92%	17.50%	17.50%
364 day Treasury Bill yield	14.84%	15.00%	15.00%	15.00%	16.38%	17.04%	17.74%	18.06%	18.68%	18.75%	19.15%	19.50%	19.50%
Stock Market Indices (Point) (Source: MSE)													
MASI	44,501.63	45,472.09	45,921.23	46,934.16	50,300.44	49,596.14	52,889.87	54,454.45	54,389.92	55,046.26	59,795.69	62,036.05	68,451.77
DSI	36,322.34	37,186.63	37,584.34	37,283.40	39,037.30	39,011.21	42,717.13	44,109.31	44,360.30	44,360.30	48,811.22	50,804.03	54,351.80
FSI	4,183.22	4,182.23	4,184.71	5,720.11	7,305.55	6,538.52	5,548.61	5,548.61	5,154.73	5,154.73	5,613.43	5,614.30	8,374.09
Fuel Prices per Litre (Source: MERA)													
Petrol	1,150.00	1,150.00	1,150.00	1,150.00	1,150.00	1,999.00	1,999.00	1,946.00	1,946.00	1,946.00	1,946.00	1,946.00	1,946.00
Diesel	1,120.00	1,120.00	1,120.00	1,120.00	1,120.00	1,121.12	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00
Paraffin	833.20	833.20	833.20	833.20	833.20	900.38	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00

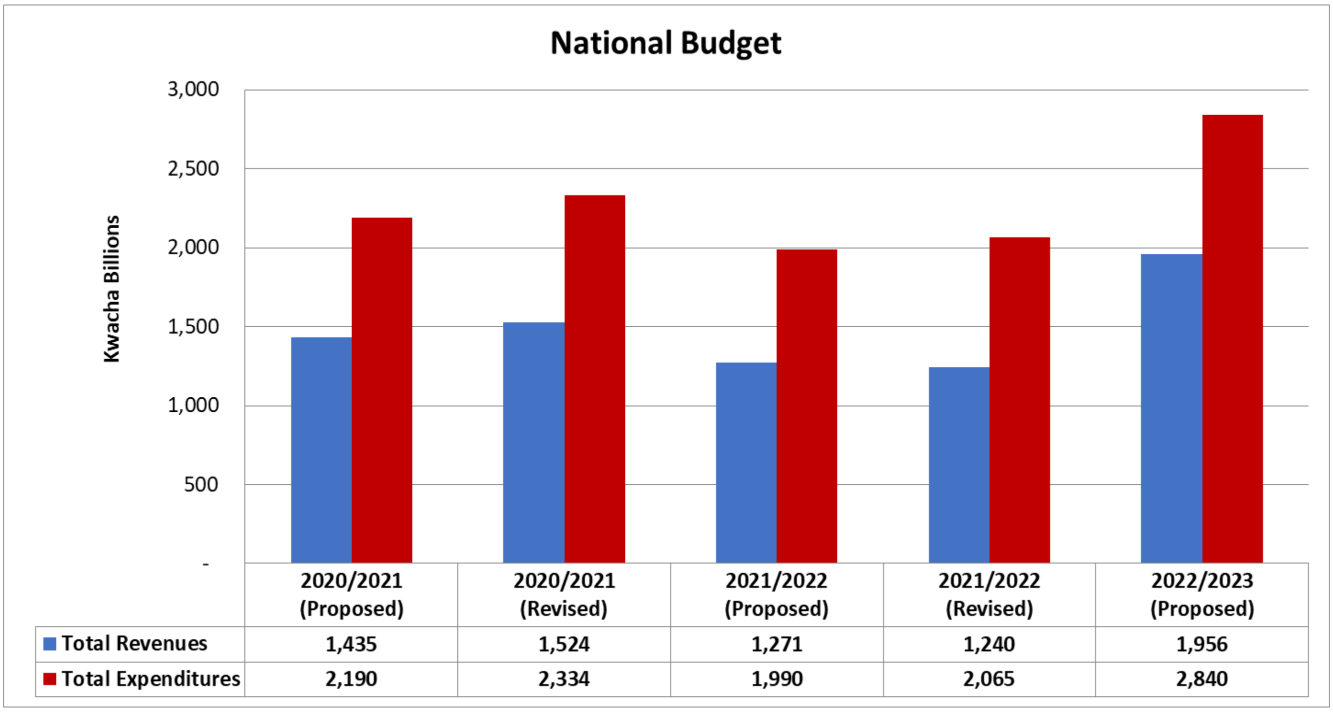
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
	TANZANIA												
Exchange rate													
US$	2,298.11	2,298.53	2,298.51	2,298.85	2,300.70	2,304.20	2,304.47	2,305.11	2,307.94	2,308.26	2,308.52	2,308.89	2,309.33
GBP	3,074.52	3,254.96	3,023.93	2,865.98	2,907.40	2,817.34	2,796.93	2,700.67	2,524.66	2,524.66	2,770.58	2,777.37	2,861.61
ZAR	147.00	159.43	158.91	144.49	144.49	142.88	137.93	137.21	128.45	128.45	136.03	135.18	133.33
EUR	2,558.94	2,807.20	2,807.20	2,414.72	2,475.10	2,434.15	2,340.19	2,313.18	2,244.24	2,244.24	2,393.25	2,457.13	2,516.36
Inflation %	4.00	4.20	3.60	3.80	4.00	4.40	4.50	4.60	4.80	4.90	4.90	4.80	4.90
	UGANDA												
Exchange rate													
US$	3509.96	3538.96	3590.48	3561.43	3739.96	3759.35	3868.26	3810.74	3856.3	3805.22	3,738.33	3,713.63	3,683.33
GBP	4700.00	4697.94	4716.25	4452.90	4583.28	4586.81	4653.83	4493.80	4143.44	4406.74	4,482.26	4,474.18	4,544.86
EUR	3913.44	3931.74	3984.99	3744.93	3940.94	3953.47	3915.24	3816.46	3713.34	3804.46	3,872.16	3,954.27	3,990.52
Inflation %	2.70	3.20	3.70	4.90	6.30	6.80	7.90	9.00	10.00	10.70	10.60	10.20	10.40
Central Bank Rate %	6.50	6.50	6.50	6.50	6.50	7.50	8.50	9.00	9.00	10.00	10.00	10.00	10.00
	ZAMBIA												
Exchange rate													
US$	18.05	17.76	18.07	17.03	17.28	16.96	16.37	15.88	15.77	16.17	17.06	18.07	19.03
GBP	24.22	23.81	23.71	21.37	21.71	20.58	19.76	18.50	17.45	18.62	20.47	21.75	23.43
ZAR	1.16	1.15	1.24	1.08	1.10	1.03	0.99	0.93	0.88	0.88	1.01	1.07	1.09
Inflation %	15.10	14.20	13.10	11.50	10.20	9.70	9.90	9.80	9.90	9.70	9.80	9.90	9.40
Central Bank Rate %	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.25
	Mozambique												
US$	63.83	63.83	63.83	63.83	63.83	63.87	63.87	63.87	63.87	63.87	N/A	63.83	63.89
ZAR	4.22	4.33	4.00	4.05	4.00	3.88	3.94	3.59	3.54	3.75	N/A	4.10	3.51
EUR	72.56	70.18	67.39	68.38	67.27	65.36	65.79	62.32	62.96	66.21	N/A	71.20	67.77
Inflation%	7.80	6.84	6.70	7.90	9.31	10.81	11.77	12.10	12.01	11.83	11.25	10.91	9.78

(Source: Bank of Zambia, Bank of Tanzania, Bank of Mozambique, Bank of Uganda)

Appendix 3: Budget Framework (Source: Ministry of Finance)

K'Billion	2019/2020 (Revised)	2020/2021 (Proposed)	2020/2021 (Revised)	2021/2022 (Proposed)	2021/2022 (Revised)	2022/2023 (Proposed)
Total Revenues	**1,527**	**1,435**	**1,524**	**1,271**	**1,240**	**1,956**
Domestic revenues	1,352	1,179	1,186	1,101	1,101	1,636
Grants	175	256	338	170	139	320
Budgetary support						
Earmarked grants						
Total Expenditure	**1,842**	**2,190**	**2,335**	**1,990**	**2,065**	**2,840**
Reccurent expenditure	1,371	1,679	1,719	1,419	1,525	2,019
Wages & Salaries	466	524	542	436	439	670
Interest on debt	244	376	376	300	300	524
Investment Expenditure	471	511	616	571	540	821
Deficit/Surplus	**(315)**	**(755)**	**(811)**	**(719)**	**(825)**	**(883)**
Deficit as a % of Revenue	**-21%**	**-53%**	**-53%**	**-57%**	**-67%**	**-45%**



Appendix 4: Central Government Budgetary Operations in billions of Kwacha (Source: RBM)

Table 3: Central Government Budgetary Operations (MK' billion)

Category	2021		2022											
	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Total Revenues	**117.3**	**130.3**	**144.1**	**159.9**	**167.4**	**140.7**	**128.7**	**149.4**	**157.8**	**182.6**	**168.8**	**194.7**	**144.4**	**199.0**
Domestic Revenues	103.0	119.8	129.5	112.4	157.1	130.9	119.4	131.6	134.3	158.0	148.6	173.3	121.6	174.2
Tax Revenue	99.3	104.1	116.3	100.4	105.9	123.6	107.8	112.5	130.4	150.5	122.4	153.9	114.6	122.6
Non -Tax revenue	3.7	5.1	13.1	12.0	51.3	7.3	11.6	19.1	3.9	7.5	26.1	19.4	7.0	51.6
Departmental receipts	2.7	10.5	12.3	3.0	14.6	5.6	7.4	7.9	3.3	6.8	5.6	3.1	4.6	3.5
Other Receipts	1.0	-5.4	0.8	9.0	36.7	1.7	4.2	11.8	0.6	0.6	20.5	16.3	2.4	48.1
Grants	14.3	10.5	14.6	47.5	10.2	9.8	9.3	17.8	23.5	24.6	20.2	21.4	22.8	24.8
Total Expenditures	**189.4**	**227.0**	**142.0**	**276.2**	**208.6**	**267.8**	**220.4**	**223.4**	**211.1**	**227.4**	**236.5**	**208.5**	**248.8**	**271.9**
Recurrent Expenditure	145.3	206.6	123.7	210.8	170.1	227.3	193.6	197.3	172.5	207.6	210.9	186.1	216.3	232.6
Interest Payments	42.9	51.1	25.3	26.7	26.8	37.8	58.8	56.7	25.4	43.4	50.9	63.8	83.5	55.3
Domestic	42.0	49.8	24.0	25.6	25.6	35.3	57.4	52.2	24.9	39.5	48.4	60.6	82.2	52.2
Foreign	0.9	1.3	1.3	1.0	1.3	2.4	1.4	4.5	0.5	3.9	2.5	3.2	1.3	3.1
Development	44.2	20.4	18.4	65.3	38.5	40.5	26.8	26.2	38.6	19.8	25.6	22.4	32.5	39.4
Deficit/Surplus	**-72.1**	**-96.7**	**2.1**	**-116.2**	**-41.2**	**-127.0**	**-91.2**	**-74.0**	**-53.4**	**-44.9**	**-67.7**	**-13.8**	**-104.4**	**-72.9**
Financing (net)	56.3	96.7	-2.1	116.2	41.2	127.0	-9.7	127.6	52.8	100.6	145.9	126.8	-62.5	198.9
Foreign	0.0	0.0	0.0	-2.1	-2.2	-3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	56.3	96.7	-2.1	118.3	43.4	130.3	-9.7	127.6	52.8	100.6	145.9	126.8	-62.5	198.9
Banking System	49.8	89.4	-2.3	106.7	68.4	79.6	-25.1	84.7	45.3	-11.5	76.1	116.3	-4.5	112.9
Non-Bank Sector	6.5	19.3	19.5	15.8	49.8	30.4	15.4	42.9	7.5	112.1	69.8	10.5	-57.9	86.1
Errors and Omissions	-15.8	0.0	0.0	0.0	0.0	0.0	-81.5	53.6	-0.6	55.7	78.2	113.0	166.9	126.0

Source: Reserve Bank of Malawi

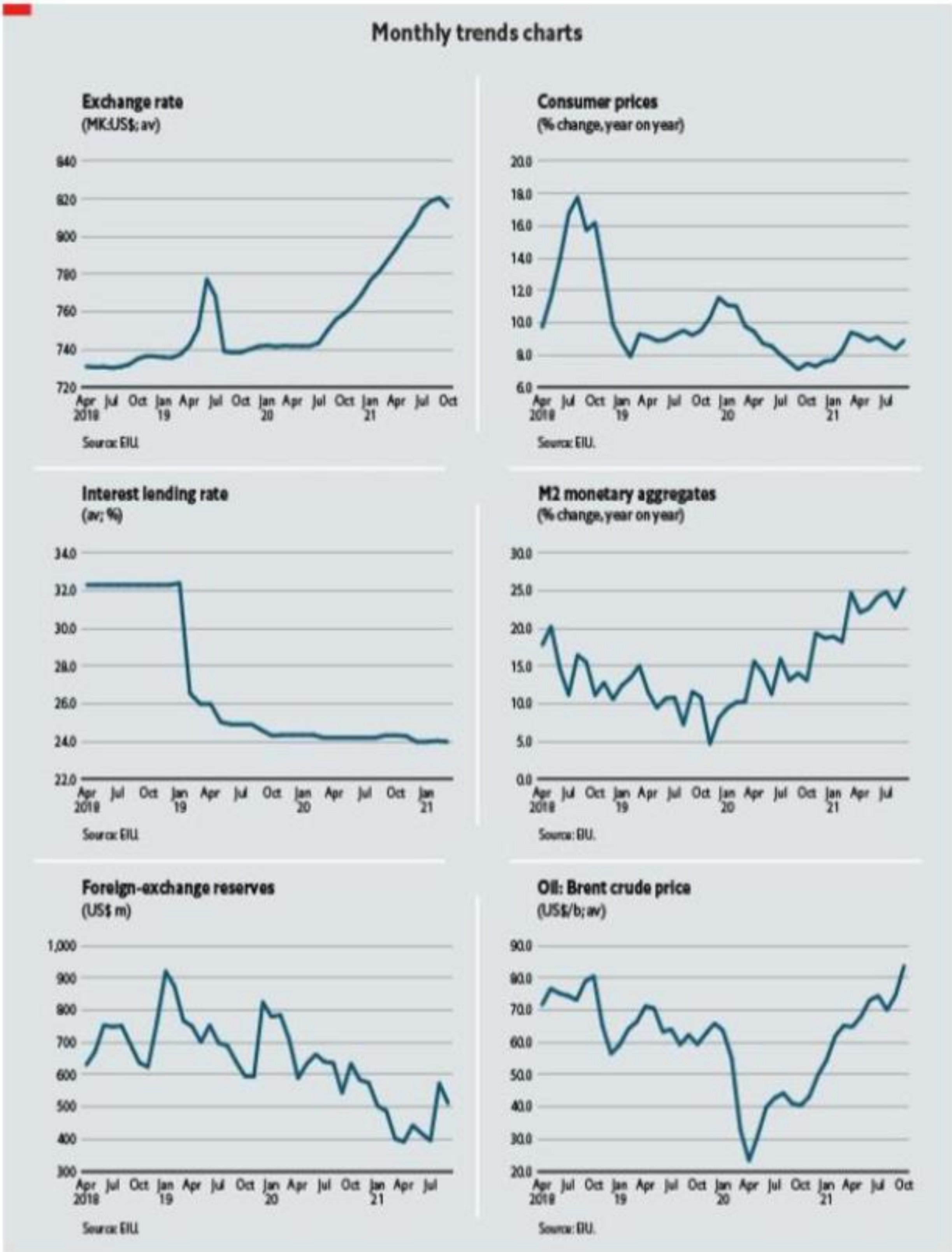
Appendix 5: Malawi selected Economic indicators (Source: RBM)

Table 9: Selected Economic Indicators (in MK' billion, unless otherwise stated)

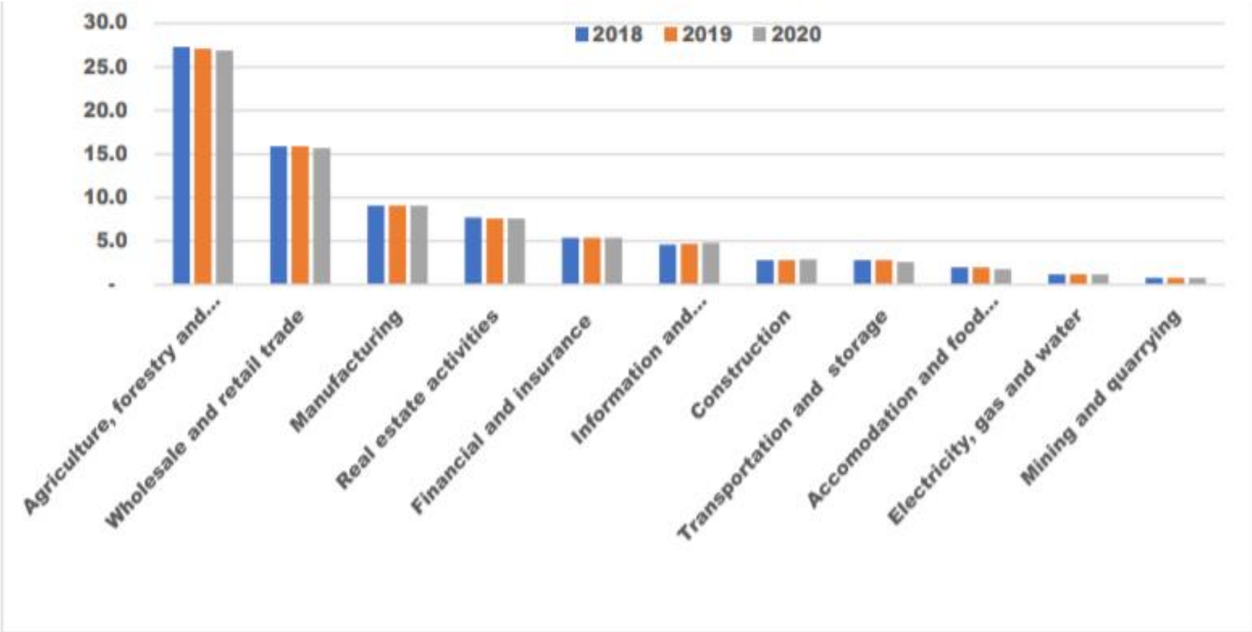
	2014	2015	2016	2017	2018	2019	2020	2021	2021 Dec	2022 Dec
Real Sector[4]										
Population (million)	15.8	16.3	16.8	17.4	17.9	18.5	19.1	19.5	19.5	19.9
GDP at current market prices	2,534.5	3,212.7	3,812.6	6,531.2	7,234.9	8,239.6	8,821.3	9,943.9	9,943.9	12,004.8
Real GDP growth (percent)	6.2	3.3	2.7	5.1	4.4	5.7	0.8	4.2	4.2	1.7
GDP per capita (K'000)	160.4	197.1	226.9	266.8	403.5	445.2	461.85	509.95	509.95	603.26
GDP per capita (US$)	378.0	394.5	318.1	365.4	550.9	597.1	616.18	632.77	632.77	665.78
Consumer Price Index (CPI)[5]	157.6	192.0	233.7	260.7	104.7	114.5	124.4	136.0	147.1	125.4
Year-on-year inflation rate (percent)	23.8	21.9	21.7	11.5	9.2	9.4	8.6	9.3	11.5	25.4
Fiscal Sector										
Total Revenue	535.9	661.3	810.0	946.6	1,079.1	1,208.5	1,302.0	1,141.5	127.0	199.0
Domestic Revenues	483.0	614.2	742.0	858.7	988.6	1,058.5	1,096.0	989.7	116.4	174.2
Grants	52.9	47.1	67.0	87.9	90.5	145.0	206.1	151.8	10.5	24.8
Total expenditure	593.1	762.7	964.3	1,136.1	1,316.7	1,446.2	1,804.4	1655.5	222.5	271.9
Recurrent	534.4	667.2	832.5	973.1	1,119.9	1,241.9	1,557.0	969.2	202.1	232.6
Development	58.7	95.5	131.8	163.0	196.9	204.3	247.4	670.8	20.4	39.4
Deficit/GDP ratio (after grants)	-2.6	-3.2	-4.0	-4.1	-4.5	-2.9	-5.7	-5.3	-1.0	-0.6
Monetary Sector										
Net Foreign Assets	241.6	339.5	355.8	455.7	250.5	331.9	-182.9	-405.9	-405.9	-635.6
Net Domestic Credit	458.2	604.4	755.0	937.8	1,300.7	1,433.1	1,849.7	2691.0	2691.0	3489.6
Government	153.4	209.0	337.5	519.9	744.1	700.5	976.9	1608.8	1608.8	2141.8
Statutory bodies	4.3	5.1	9.2	8.1	34.1	48.2	50.6	205.3	205.3	273.5
Private (gross)	300.5	390.3	408.3	409.8	493.2	595.0	692.8	821.9	821.9	1020.0
Money Supply (M2)	629.8	778.8	897.3	1,074.4	1,198.3	1,320.4	1,541.4	2004.4	2004.4	2784.5
M2 Growth Rate (annual percent)	20.7	23.7	15.2	19.7	11.5	10.2	16.7	30.0	30.0	38.9
Reserve Money	212.3	206.0	240.6	278.9	289.8	303.4	342.1	449.4	449.4	573.4
Banks Deposits	92.4	66.0	56.2	78.2	59.6	26.0	57.3	89.3	89.3	100.6
External Sector										
Overall Balance	76.3	45.1	-45.0	1.9	-2.8	54.5.4	-191.7	202.5	..	..
Current Account	-482.1	-550.1	-727.6	-1,088.9	-814.5	-945.0	-1058.0	1,282.8	..	..
Exports (fob)	600.9	531.6	737.5	611.2	814.5	975.4	838.3	788.0	48.4	54.7
Imports (cif)	1171.4	1,134.6	1,577.6	1,864.1	2,141.6	2,421.2	2,285.7	2,330.2	216.3	88.9
Trade balance	-570.4	-603.0	-840.1	-1,252.9	-1,327.1	-1,445.9	-1,447.5	-1,542.2	-167.9	-34.2
Capital account balance	194.1	114.0	525.1	761.8	629.1	693.8	613.0	730,.2	..	..
Gross foreign exchange reserves	389.6	549.2	586.7	739.4	660.1	700.7	626.1	593.6	685.5	728.3
Official	276.6	445.3	438.6	549.9	548.2	605.5	437.2	346.5	336.8	315.2
Commercial banks	113.0	103.9	148.1	189.5	111.9	95.2	188.9	247.1	348.7	413.0
Import cover (Official reserves in months)	3.0	3.2	2.8	3.6	3.6	2.9	4.0	1.7	1.6	1.2
Current account balance/GDP (percent)	-19.7	-17.1	-19.1	-23.5	-17.3	-15.1	-12.1	-12.97	..	..
Debt/GDP (percent)	49.7	52.8	66.7	61.3	62.7	45.0	53.8	60.1	..	..
Debt Service/Exports (percent)	3.4	3.8	4.1	6.0	6.2	6.8	12.9	..	..	..
MK/US Dollar (eop)	435.229	664.365	725.01	730.46	733.69	738.87	773.11	819.44	819.44	1034.67
MK/US Dollar (pd avg)	369.181	499.607	713.85	726.65	732.33	742.23	749.53	805.90	823.38	1035.18

Source: National Statistical Office, Reserve Bank of Malawi and Ministry of Finance and Economic Affairs.

Appendix 6: Monthly Trends—Malawi (Source: EIU)



Appendix 7: Contribution to GDP by sector (Source: NSO, RBM)



Source: National Statistical Office, Reserve Bank, Ministry of Finance and Ministry of Economic Planning and Development

Appendix 8: Malawi Economic growth Projections (Source: EIU)

Economic growth

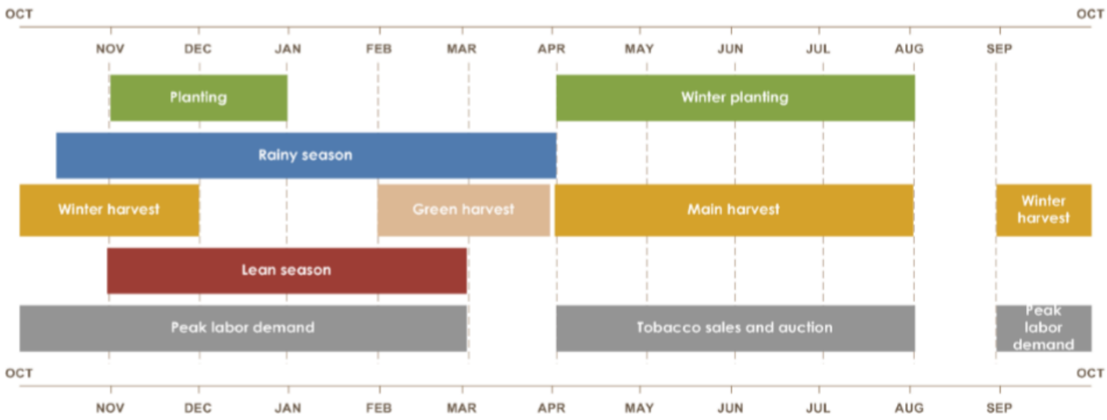
%	2021[a]	2022[b]	2023[b]	2024[b]	2025[b]	2026[b]
GDP	2.7	3.1	3.6	3.7	4.0	4.2
Private consumption	1.5	2.0	2.8	3.0	3.1	3.3
Government consumption	2.0	2.3	2.8	2.8	3.4	3.0
Gross fixed investment	5.0	5.0	5.5	5.9	6.1	6.3
Exports of goods & services	4.1	4.3	4.7	4.9	5.2	5.7
Imports of goods & services	3.0	3.3	4.0	4.3	4.5	4.9
Domestic demand	2.0	2.4	3.1	3.3	3.5	3.7
Agriculture	1.9	2.8	3.0	3.4	3.8	4.0
Industry	2.1	2.4	2.6	2.8	3.1	3.3
Services	2.7	3.0	3.9	4.1	4.3	4.6

[a] EIU estimates. [b] EIU forecasts.

Appendix 9: Global Projections (Source: IMF)

	Year over Year								
					Difference from October 2020 WEO Projections 1/		Q4 over Q4 2/		
		Estimate	Projections				Estimate	Projections	
	2019	2020	2021	2022	2021	2022	2020	2021	2022
World Output	**2.8**	**–3.5**	**5.5**	**4.2**	**0.3**	**0.0**	**–1.4**	**4.2**	**3.7**
Advanced Economies	**1.6**	**–4.9**	**4.3**	**3.1**	**0.4**	**0.2**	**–3.9**	**4.6**	**1.9**
United States	2.2	–3.4	5.1	2.5	2.0	–0.4	–2.1	4.0	2.0
Euro Area	1.3	–7.2	4.2	3.6	–1.0	0.5	–6.8	5.8	2.0
Germany	0.6	–5.4	3.5	3.1	–0.7	0.0	–5.3	5.2	1.7
France	1.5	–9.0	5.5	4.1	–0.5	1.2	–8.2	7.4	2.0
Italy	0.3	–9.2	3.0	3.6	–2.2	1.0	–8.3	4.2	2.3
Spain	2.0	–11.1	5.9	4.7	–1.3	0.2	–9.8	7.1	2.0
Japan	0.3	–5.1	3.1	2.4	0.8	0.7	–2.3	2.7	1.6
United Kingdom	1.4	–10.0	4.5	5.0	–1.4	1.8	–8.3	6.0	1.9
Canada	1.9	–5.5	3.6	4.1	–1.6	0.7	–4.0	3.7	2.7
Other Advanced Economies 3/	1.8	–2.5	3.6	3.1	0.0	0.0	–2.2	4.5	1.9
Emerging Market and Developing Economies	**3.6**	**–2.4**	**6.3**	**5.0**	**0.3**	**–0.1**	**0.9**	**3.7**	**5.4**
Emerging and Developing Asia	5.4	–1.1	8.3	5.9	0.3	–0.4	3.2	3.8	6.4
China	6.0	2.3	8.1	5.6	–0.1	–0.2	6.2	4.2	6.0
India 4/	4.2	–8.0	11.5	6.8	2.7	–1.2	0.6	1.7	7.8
ASEAN-5 5/	4.9	–3.7	5.2	6.0	–1.0	0.3	–3.2	5.2	6.1
Emerging and Developing Europe	2.2	–2.8	4.0	3.9	0.1	0.5	–2.7	4.8	3.0
Russia	1.3	–3.6	3.0	3.9	0.2	1.6	–4.6	5.3	2.6
Latin America and the Caribbean	0.2	–7.4	4.1	2.9	0.5	0.2	–4.8	2.3	2.8
Brazil	1.4	–4.5	3.6	2.6	0.8	0.3	–1.9	1.6	2.6
Mexico	–0.1	–8.5	4.3	2.5	0.8	0.2	–5.4	2.2	2.4
Middle East and Central Asia	1.4	–3.2	3.0	4.2	0.0	0.2	. . .	. . .	. . .
Saudi Arabia	0.3	–3.9	2.6	4.0	–0.5	0.6	–3.1	3.5	4.0
Sub-Saharan Africa	3.2	–2.6	3.2	3.9	0.1	–0.1	. . .	. . .	. . .
Nigeria	2.2	–3.2	1.5	2.5	–0.2	0.0	. . .	. . .	. . .
South Africa	0.2	–7.5	2.8	1.4	–0.2	–0.1	–6.2	2.8	0.6
Memorandum									
Low-Income Developing Countries	5.3	–0.8	5.1	5.5	0.2	0.0	. . .	. . .	. . .
World Growth Based on Market Exchange Rates	2.4	–3.8	5.1	3.8	0.3	0.0	–2.0	4.3	3.1
World Trade Volume (goods and services) 6/	**1.0**	**–9.6**	**8.1**	**6.3**	**–0.2**	**0.9**	. . .	. . .	. . .
Advanced Economies	1.4	–10.1	7.5	6.1	0.4	1.0	. . .	. . .	. . .
Emerging Market and Developing Economies	0.3	–8.9	9.2	6.7	–1.0	0.8	. . .	. . .	. . .
Commodity Prices (US dollars)									
Oil 7/	–10.2	–32.7	21.2	–2.4	9.2	–5.4	–27.6	13.5	–2.2
Nonfuel (average based on world commodity import weights)	0.8	6.7	12.8	–1.5	7.7	–2.0	15.4	2.0	–0.1
Consumer Prices									
Advanced Economies 8/	1.4	0.7	1.3	1.5	–0.3	–0.1	0.5	1.5	1.6
Emerging Market and Developing Economies 9/	5.1	5.0	4.2	4.2	–0.5	–0.1	3.2	3.8	3.7
London Interbank Offered Rate (percent)									
On US Dollar Deposits (six month)	2.3	0.7	0.3	0.4	–0.1	–0.1	. . .	. . .	. . .
On Euro Deposits (three month)	–0.4	–0.4	–0.5	–0.6	0.0	–0.1	. . .	. . .	. . .
On Japanese Yen Deposits (six month)	0.0	0.0	–0.1	–0.1	–0.1	–0.1	. . .	. . .	. . .

Appendix 10: Seasonal calendar for a typical year (Source: Fews NET)



Source: *FEWS NET*

Appendix 11: Food Insecurity Phase Descriptions (Source: Fews NET)

IPC Acute Food Insecurity Phase Descriptions (Area)

PHASE 1 Minimal	Households are able to meet essential food and non-food needs without engaging in atypical and unsustainable strategies to access food and income.
PHASE 2 Stressed	Households have minimally adequate food consumption but are unable to afford some essential non-food expenditures without engaging in stress-coping strategies.
PHASE 3 Crisis	Households either: - Have food consumption gaps that are reflected by high or above-usual acute malnutrition; OR - Are marginally able to meet minimum food needs but only by depleting essential livelihood assets or through crisis-coping strategies.
PHASE 4 Emergency	Households either: - Have large food consumption gaps which are reflected in very high acute malnutrition and excess mortality; OR - Are able to mitigate large food consumption gaps but only by employing emergency livelihood strategies and asset liquidation.
PHASE 5 Famine	Households have an extreme lack of food and/or other basic needs even after full employment of coping strategies. Starvation, death, destitution, and extremely critical acute malnutrition levels are evident. (For Famine Classification, area needs to have extreme critical levels of acute malnutrition and mortality.)
	At least 25 percent of households met at least 25 percent of their caloric requirements through humanitarian food assistance.
	At least 25 percent of households met at least 50 percent of their caloric requirements through humanitarian food assistance.
!	Phase classification would likely be at least one phase worse without current or programmed humanitarian food assistance.

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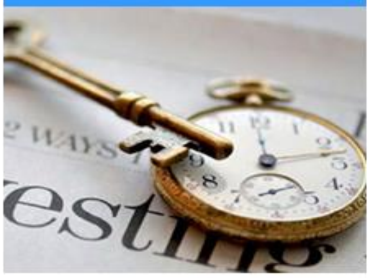

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