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MONTHLY ECONOMIC REPORT

AUGUST 2023

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LIST OF ACRONYMS

ADF:	African Development Fund
AfDB:	African Development Bank
BOE:	Bank of England
BHL:	Blantyre Hotels Plc
BWB:	Blantyre Water Board
CHIRPS:	Climate Hazards Group InfraRed Precipitation with Station
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
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
MDAs:	Ministries, Departments, and Agencies
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
NBM:	National Bank of Malawi Plc
NBS:	NBS Bank Plc
NGLs:	Natural Gas Liquids
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
SMP:	Staff-Monitored Program
SONA:	State of the Nation Address
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

Malawi's real GDP growth for 2023 is estimated to rebound to 1.9%, from an estimated 1.1% in 2022, according to the RBM. The growth prospects are anchored on expected rebounds in the manufacturing, utilities, wholesale, and retail trade. This notwithstanding, the growth is a downward revision from the 2.7% projection made in November 2022. The revision is attributed to the impact of Cyclone Freddy, which is expected to have a contractionary effect on the agriculture, real estate and wholesale and retail trade sectors.

Malawi currently runs a heavily managed currency regime, although a partial shift towards a market-led exchange rate is expected in the medium term, assuming that an IMF program is agreed in 2024. The RBM allocates foreign currency through monthly auctions, and the latest was held in July. However, the Kwacha is expected to remain overvalued in 2023, owing to foreign-currency shortages, as a result of declining foreign currency reserves and limited letters of credit from international banks, which have been crucial in providing short-term liquidity support.

According to the RBM, Malawi's headline inflation is now projected to average higher at 29.5% than the MPC's previous projection of 24.5% during the previous MPC meetings. Food and non-food inflation are projected to average at 37.2% and 20.4% respectively in 2023. Malawi's protracted foreign-currency shortage is limiting imports of food, fuel, and raw materials, creating a supply-side shock to inflation, which can be expected to outweigh monetary tightening efforts.

The Ministry of Finance expressed their optimism that the country's external debt would be restructured, and it would secure a new International Monetary Fund (IMF) loan program by the end of 2023. Malawi needs to get assurance letters from its two main bilateral donors China and India, that they are on board with the debt restructuring process in order to secure the IMF loan.

Downside risks to Malawi's medium-term growth outlook include erratic weather patterns, such as the expected El Niño event in late 2023 and early 2024, and delays to debt restructuring.

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 and demand and supply imbalances of foreign exchange due to the widening trade deficit.
3. Climate change – Changes in weather patterns and extreme weather conditions, impacting infrastructure development, livelihoods, and agricultural production.
4. High government debt levels - Create a future obligation for the government to repay the debt plus interest.
5. High population growth rates - May reduce the country's ability to allocate resources to more productive activities.
6. 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.

ECONOMIC OVERVIEW

Inflation (Source: NSO)

The headline inflation for August 2023 stood at 28.60%, an increase from 28.40% realised in July 2023. The increase in inflation is on account of an in both food and non food inflation.

	Aug-23	Jul-23	Aug-22	% Change (1 Months)	% Change (12 Months)
Headline inflation	28.60%	28.40%	25.50%	0.20%	-3.10%
Food	39.40%	39.30%	33.40%	0.10%	-6.00%
Non-food	16.10%	16.00%	18.20%	0.10%	2.10%

Government Securities (Source: RBM)

The average yield for all type Treasury bill increased to an average of 18.95% in August 2023 from an average of 17.75% in July 2023.

Tenor	Aug-23	Jul-23	Aug-22	Change 1 Month	Change 12 Months
91 days	14.70%	12.99%	10.67%	1.71%	4.03%
182 days	18.16%	17.99%	15.24%	0.17%	2.92%
364 days	24.00%	22.28%	18.06%	1.72%	5.94%
All Type	18.95%	17.75%	14.66%	1.20%	4.30%

Total Treasury bill applications for the month of August 2023 stood at K58.21 billion and K58.03 billion was allotted, representing a 0.30% rejection rate. The 182 days paper accounted for the highest subscription rate at 65.38%, then the 364 days paper was 33.18% and the 91 days paper was 1.45%.

During the month of August 2023, the government conducted several treasury note auctions. They included a 2-year, 3-year, 5-year, 7-year and 10-year treasury note. The auctions raised a total of K71.36 billion from K71.99 billion applications, resulting in a 0.88% rejection rate. The weighted average yields were 26.67%, 28.00%, 30.00%, 30.46%, and 32.83% respectively. Total maturities for the month stood at K125.19 billion resulting in a net withdrawal of K4.2 billion.

Foreign Currency Market (Source: RBM)

During the month of August 2023, the Malawi Kwacha appreciated against the South African, but depreciated against the US Dollar, the Euro, and British Pound. The Kwacha remained unchanged against the US Dollar as per the following table:

CURRENCY	Aug-23	Jul-23	Aug-22	% Movement 1 month	% Movement 12 months
MK/USD	1,084.60	1,053.44	1,026.43	-2.96%	-5.67%
MK/GBP	1,420.55	1,395.58	1,224.48	-1.79%	-16.01%
MK/ZAR	59.73	61.76	60.78	3.28%	1.73%
MK/EUR	1,219.47	1,195.28	1,063.00	-2.02%	-14.72%

Note: Rates used are Middle Exchange Rates (Source: RBM)

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

Liquidity levels (excess reserves after Central Bank Operations) in August 2023 increased to a daily average of K26.15 billion from K16.87 billion in July 2023. Access to the Lombard facility (discount window borrowing) during the month under review averaged K135.67 billion a day at an average rate of 24.20%, and an average of K135.83 billion was accessed on the Lombard Facility during the month of July 2023 at an average rate of 22.30%.

In August 2023, the overnight borrowing between banks increased to a daily average of K32.65 billion. This was at an average rate of 22.52% and an average of K17.89 billion per day was accessed at an average rate of 20.46%.

Stock Market (Source: MSE)

The market registered a positive return on index as reflected in the upward movement of the Malawi All Share Index (MASI) from 112,497.02 points registered in July 2023 to 119,077.99 points registered in August 2023, giving a month-on-month return on index of 5.85% (2.81% in US$ terms). The price gains registered by FMBCH (33.33%), FDH Bank(14.76%), OMU(9.38%), Standard Bank(4.12%), NBM(2.49%), Sunbird (0.52%), Airtel (0.40%), NITL(0.01%), and Illovo(0.001%) were enough to offset share price losses registered by TNM(-0.13%), ICON(-0.05%), NBS(-0.04%) and NICO (-0.01%) resulting into an upward movement of the Malawi All Share Index. The Domestic and the Foreign Share Indices inched upwards by 2.23% to 90,336.93 points and by 33.14% to 19,947.76 points respectively.

The market transacted a total of 64.97 million shares at a total consideration of K7.83 billion (US$7.22 million) in 947 trades in the month of August 2023. In the previous month of July 2023, the market transacted a total of 37.47 million shares at a total consideration of K5.62 billion (US$5.33 million) in 947 trades.

The year-on-year return for the MASI, DSI and FSI increased to 118.67%, 104.80%, and 259.51% respectively. The dividend yield for August 2023 decreased to 2.29%% from 3.65% in August 2022.

	Aug-23	Jul-23	Aug-22	Change (1 months)	Change (12 months)
	MK/Share	MK/Share	MK/Share	%	%
AIRTEL	100.47	100.07	51.14	0.40%	96.46%
BHL	10.06	10.06	11.00	0.00%	-8.55%
FMBCH	300.01	300.01	108.00	0.00%	177.79%
FDHB	75.98	66.21	14.00	14.76%	442.71%
ICON	18.96	18.97	11.98	-0.05%	58.26%
ILLOVO	1,121.42	1,121.41	500.00	0.00%	124.28%
MPICO	20.56	20.56	20.68	0.00%	-0.58%
NBM	2,101.00	2,050.00	1,151.06	2.49%	82.53%
NBS	131.95	132.00	22.72	-0.04%	480.77%
NICO	163.00	163.01	46.73	-0.01%	248.81%
NITL	401.03	401.00	112.00	0.01%	258.06%
OMU	1,050.00	960.00	1,600.00	9.38%	-34.38%
PCL	2,508.00	2,508.00	2,181.44	0.00%	14.97%
STANDARD	2,500.04	2,401.05	1,840.06	4.12%	35.87%
SUNBIRD	191.00	190.01	80.02	0.52%	138.69%
TNM	29.95	29.99	12.06	-0.13%	148.34%
MASI	119,077.99	112,497.02	54,454.45	5.85%	118.67%
DSI	90,336.93	88,368.95	44,109.31	2.23%	104.80%
FSI	19,947.76	14,982.64	5,548.61	33.14%	259.51%

Below is a presentation of the published 2023 and 2022 half year financials for the respective companies.

Published Half Year Financials for 2023 and 2022						
	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)		
Period (Half-Year)	**Feb-23**	**Feb-22**	**% Change**	**Feb-23**	**Feb-22**	**% Change**
ILLOVO	33.73	9.22	265.89%	10.80	5.50	96.36%
Period	**Jun-23**	**Jun-22**	**% Change**	**Jun-23**	**Jun-22**	**% Change**
AIRTEL	18.99	8.90	113.36%	0.00	0.00	N/A
ICON	6.40	4.50	42.22%	0.13	0.12	8.33%
MPICO	5.08	3.16	60.76%	0.00	0.00	N/A
STANDARD	26.90	15.84	69.88%	0.00	21.31	-100.00%
NBM	35.48	22.12	60.40%	23.50	17.14	37.11%
NICO	32.40	12.70	155.12%	2.00	1.00	100.00%
NITL	16.49	1.46	1027.14%	1.50	0.80	87.50%
FDH BANK	15.01	8.71	72.44%	1.31	0.74	77.03%
TNM	0.78	(1.34)	158.21%	0.00	0.00	N/A
NBS BANK	12.16	5.09	138.90%	1.20	0.85	41.18%
PCL	34.29	15.98	114.58%	9.00	7.00	28.57%
	Net Profit/(Loss) (US$' million)			**Total Dividend (Per Share) (US$)**		
FMBCH	42.03	25.24	66.50%	0.21	0.15	100.00%
TRADING STATEMENT						
SUNBIRD	Expects its year ending 30 June 2023 profit after tax to be approximately 280% higher than the previous corresponding period					

OTHER MARKET DEVELOPMENTS

Malawi Acute Food Insecurity (Source: FEWSNETS

Southern districts of Malawi heavily impacted by Tropical Cyclone Freddy and subsequent flooding are expected to face Crisis (IPC Phase 3) outcomes. These areas include Chikwawa, Nsanje, Phalombe, Balaka, and parts of Mwanza, Neno, Zomba, and Blantyre districts. Districts in the southern part of the country that suffered relatively less damage from the cyclone, such as the Shire Highlands livelihood zone, are anticipated to face Stressed (IPC Phase 2) outcomes due to below-average harvests resulting from dry spells and flooding in localized lakeshore areas in central and northern Malawi. In contrast, FEWS NET assesses household cereal stocks and income from cash crops will most likely continue to support Minimal/None (IPC Phase 1) food security outcomes in most of central and northern Malawi.

Even though the main harvest was concluded in August, the country's food reserves are depleting at a faster rate than usual, and they are inadequate to meet the increasing consumption demand. Moreover, the prices of maize have experienced a significant surge, showing a 110% increase compared to the previous year and 230% increase compared to the five-year average. This upward price increment is expected to persist, with a projected additional rise of 20-30% over the upcoming two to three months. The escalation in prices, which is also reflected by high food inflation, is driven by multiple factors, including a below-average harvest, below-normal food reserves at the national level, and a heightened demand for maize.

In the upcoming lean season, which is anticipated to start earlier than initially predicted in November 2023, households are expected to exhaust their food reserves and turn to buying food, amid elevated food prices. As farmers' resources become limited, it is challenging for them to obtain seeds and access to subsidized fertilizer, putting them in a difficult position. As a consequence, it is likely that farmers will reduce the area planted during the 2023/24 crop growing season and also shift their focus to cultivating alternative crops such as soya beans. Moreover, the increased costs of fuel are expected to further add more pressure on expenditures for agricultural inputs, food and non-food costs.

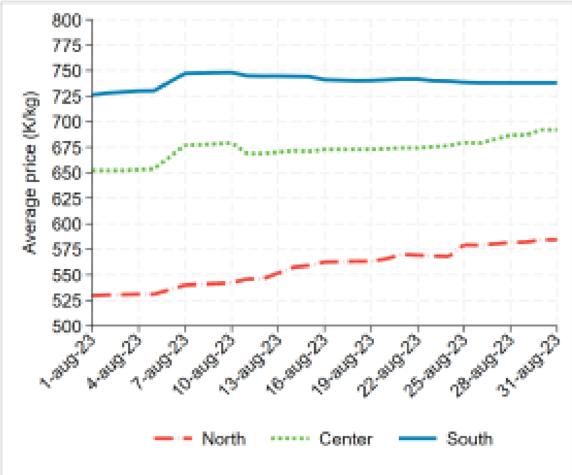
Climate forecasts suggest increasing confidence in a strong El Niño by late 2023. In Malawi, El Niño is typically correlated with below-average rainfall in the south and above-average rainfall in the north. Based on historical trends during El Niño years, the onset of the main rainy season between October 2023 and December 2023 will most likely be delayed with mixed performance, especially in the south. Irregular rainfall will most likely compound the impacts of reduced access to agricultural inputs on planted area, which will in turn affect income-earning among poor households who rely on agricultural labor opportunities. Close monitoring of rainfall totals and distribution will be required to assess the severity of adverse impacts on cropping conditions for the 2023/24 harvest. There is particular concern for areas in the south that already experienced significant crop losses due to cyclones in 2022 and 2023. Both the government and donors should proactively prepare for an anticipated surge in food assistance needs in 2024.

August Maize Market (Source: IFPRI)

Weekly average maize retail prices continued to increase in August 2023, but their growth slowed from 27% in July 2023 to 6% in August 2023, from K649/kg in the last week of July 2023 to K690/kg in the last week of August 2023. However, this overall trend hides stark regional differences.

Throughout August 2023, maize prices were highest in the southern region and lowest in the North, which is a typical pattern. Indeed, the highest price of the month was recorded in Chikwawa at K830/kg and the lowest in Rumphi at K503/kg. In the first week of August 2023, prices continued their upward trend from the previous month in all but two monitored markets. The trend continued in the north and – at a slower rate – in the centre. In the southern region, however, prices stabilized and, in some cases, even declined in the latter part of the month.

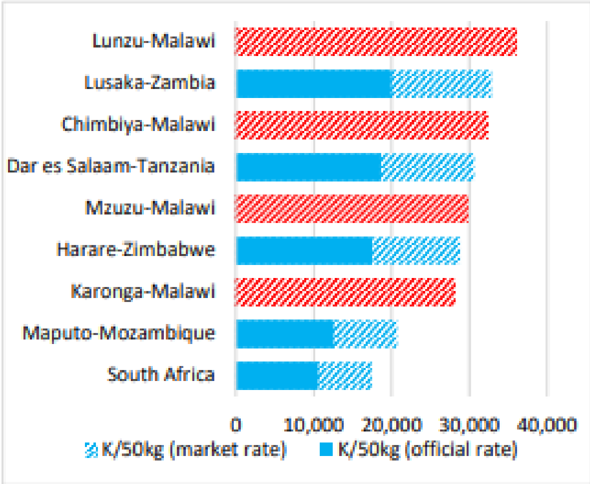
Figure 2. Average daily maize retail prices by region



Regional price differences thus narrowed during August 2023, although prices still remain lowest in the North, well below the ADMARC selling price of K600/kg. This coincided with the Ministry of Agriculture's announcement of its plan to open ADMARC depots, which motivated some traders to sell their stock before ADMARC initiated sales at potentially lower rates. Additionally, imports of maize into the lower Shire valley seem to have picked up, with Mozambican traders now bringing maize directly to Nsanje instead of Malawian traders having to transport it from Mozambique.

Maize retail prices in selected markets in Malawi have consistently ranked as the highest in the region, especially when evaluated at the official exchange rate of K1,095/USD. In contrast, both Mozambique and South Africa have consistently provided the most competitive prices, whether at the official exchange rate or the market rate of K1,800/USD. Owing to the relatively higher maize prices in the southern region of Malawi in comparison to Mozambique, maize traders from Mozambique have begun supplying maize directly to the Malawian market.

Figure 4. Regional comparison (August 2023)



Note: Weekly average price for the week ending on 28th August

ADMARC sales were reported in 5 out of the 26 markets monitored by IFPRI, 1 in the centre (Salima) and 4 in the south (Mpondabwino, Lunzu, Luchenza and Bangula).

Debt Restructuring (Source: IMF, RBM and EIU)

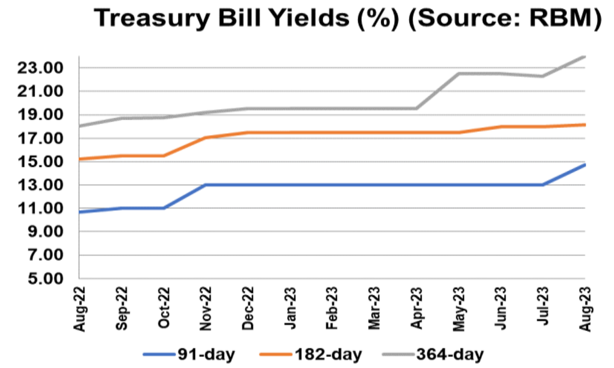
The Ministry of Finance expressed their optimism that the country's US$1.2 billion external debt would be restructured, and it would secure a new International Monetary Fund (IMF) loan program by the end of 2023.

According to the Minister of Finance, Malawi needs to get assurance letters from its two main bilateral donors China and India, that they are on board with the debt restructuring process in order to secure the IMF loan.

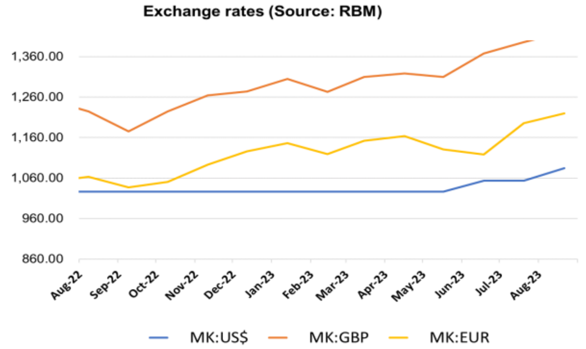
According to the IMF, Malawi owed the Export-Import Bank of China US$222.0 million and the Export-Import Bank of India US$114.0 million at the end of 2022. Malawi also owes the African Export-Import Bank US$495.0 million and Trade & Development Bank US$337.0 million, both of which have agreed to debt restructuring talks.

An IMF team has started virtual meetings with the government and a team will arrive in mid-September.

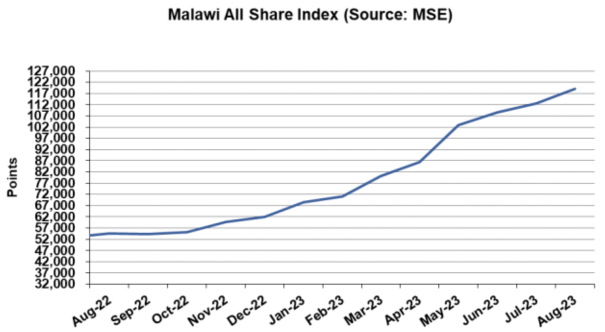
TREND GRAPH



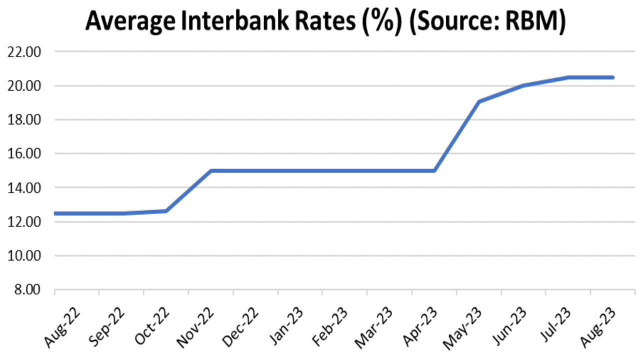
Treasury Bill Yields (%) (Source: RBM)
23.00
21.00
19.00
17.00
15.00
13.00
11.00
9.00
7.00
5.00
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23
91-day
182-day
364-day



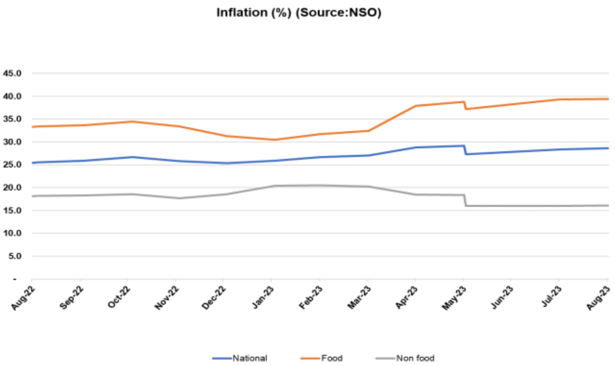
Exchange rates (Source: RBM)
1,360.00
1,260.00
1,160.00
1,060.00
960.00
860.00
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23
MK:US$
MK:GBP
MK:EUR



Malawi All Share Index (Source: MSE)
Points
127,000
122,000
117,000
112,000
107,000
102,000
97,000
92,000
87,000
82,000
77,000
72,000
67,000
62,000
57,000
52,000
47,000
42,000
37,000
32,000
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23



Average Interbank Rates (%) (Source: RBM)
22.00
20.00
18.00
16.00
14.00
12.00
10.00
8.00
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23



Inflation (%) (Source:NSO)
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
-
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23
National
Food
Non food

GLOBAL DEVELOPMENTS

Economic Growth

According to the International Monetary Fund (IMF) World Economic Outlook (WEO) July 2023 Update, global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 WEO, it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7% in 2022 to 6.85 in 2023 and 5.2% in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking, reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient.

In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthening financial supervision and risk monitoring. Should market strains materialize, countries should provide liquidity promptly while mitigating the possibility of moral hazard. They should also build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

Global Oil

World oil demand growth forecast in 2023 remains unchanged at 2.4 mb/d. Upward revisions made are all based on actual data received for China, US and Organization for Economic Cooperation and Development (OECD) Europe, while Other Asia is revised downwards. In the OECD region, oil demand in 2023 is expected to rise by 0.1 mb/d, while in the non-OECD region, oil demand is expected to rise by about 2.3 mb/d. For 2024, world oil demand is expected to grow by a healthy 2.2 mb/d, unchanged from the previous month's assessment. The OECD is expected to grow by about 0.3 mb/d, with OECD Americas contributing the largest increase. The non-OECD is set to drive growth, increasing by about 2.0 mb/d, with China, India, Middle East and Other Asia contributing the most.

Non-OPEC liquids supply growth forecast is revised up slightly to 1.6 mb/d in 2023. Main drivers of liquids supply growth for 2023 include the US, Brazil, Norway, Kazakhstan, Guyana and China. For 2024, non-OPEC liquids production is expected to grow by 1.4 mb/d, unchanged from July's assessment. Main drivers for liquids supply growth in 2024 are set to be the US, Canada, Guyana, Brazil, Norway and Kazakhstan. The largest declines are anticipated in Mexico and Malaysia. OPEC Natural Gas Liquids (NGLs) and non-conventional liquids are forecast to grow by around 50.0 tb/d in 2023 to average 5.44 mb/d and by another 65.0 tb/d to average 5.51 mb/d in 2024. OPEC-13 crude oil production in August increased by 113.0 tb/d m-o-m to an average 27.45 mb/d, according to available secondary sources.

In August, the OPEC Reference Basket (ORB) value increased, rising by US$6.27, or 7.7%, m-o-m to average US$87.33/b, due to the rise in all ORB component-related crude benchmarks and higher official selling prices and crude differentials of all crude qualities.

Currency Movements

The Bank of England (BoE) hiked by 25-bps to bring the base rate to 5.25%. In the build-up to the announcement, GBP/USD fell below the crucial support level of US$1.2700/£1 and traded around

US$1.2636 before recovering before the hike. Following the BoE's increase, the pound fell again but less severely. The UK economy showed 0.2% growth quarter-on-quarter vs. an expected 0%. Monthly GDP also printed higher at 0.5% vs. the expected 0.2%. GBP/USD (known as Cable) hit US$1.2700/£1 level off the back of the positive news. The boost mostly came from a surge in manufacturing production in the UK. The BoE's survey of businesses suggests that price pressures are falling. Despite this, GBP reached a 3-month low of US$1.2446/£1, the lowest level since early June.

According to the OFX (an Australian online foreign exchange and payments company) currency outlook, markets are looking out for the BoE's next monetary policy meeting on the 21st of September which could mark the last hike from the central bank. GBP/USD could trade between US$1.2255/£1 and US$1.2860/£1 for September 2023.

The Eurozone economy is expected to take a downturn at the end of the year and into 2023, with many economists expecting a recession as high inflation squeezes consumers' real incomes and company margins. Inflation continues to decline but is still expected to remain too high for too long. The Governing Council is determined to ensure that inflation returns to its 2.0% medium-term target in a timely manner. It therefore decided at its meeting on 27 July 2023 to raise the three key ECB interest rates by 25 basis points. Economists expect the region's economy to contract by 0.4% in the fourth quarter of 2022, and by 0.3% in the first quarter of 2023, according to a consensus forecast quoted by Dow Jones.

As a result of the economic data, analysts at JP Morgan have projected that the EUR/USD forecast for 2023, will see it reach US$1.08/€1 in September 2023 and US$1.15/€1 by December 2023.

The US Dollar continues its strong trajectory, beating all other G10 currencies in August and during the first week of September. It rallied over 5.0% over the Australian Dollar (AUD) and 3.0% over the Canadian Dollar (CAD) and Japanese Yen (JPY), the British Pound (GBP) and Euro (EUR). China is struggling to restore confidence after the Chinese economic recovery lost momentum, pushing the offshore Chinese Yuan (CNY) to a record low against the US Dollar and raising questions about whether Chinese authorities will offer more support. However, in the US, the soft landing or even no landing narrative is going to be tested over the following few weeks because some cracks are emerging in the labour market, which might set the US into a hard landing scenario. The strength in consumer spending in the US in the coming months is debatable, especially with student loan repayments due to start in October. Interest-rate differentials have mainly driven the currency market, but the G10 central banks are near interest rate peaks; therefore, assessing the economic indicators to find indicators of rate-cut timing will be essential, especially in the US. The DXY (US Dollar index) could trade between 103 and 109 for September 2023.

Global Trade

Following two consecutive quarters of decline, global trade in goods and services rebounded in the first quarter of 2023, increasing by about 2.0% relative to the fourth quarter of 2022. Compared to quarter 4 2022, global trade in goods increased by 1.9% in quarter one 2023, driven by a revival of economic activity in China, and by an increase in the trade of road vehicles and pharmaceuticals. On the other hand, easing energy prices contribute to low global trade growth.

Global trade in services has remained resilient throughout 2022 and increased about 2.8% in quarter one 2023. Part of this growth reflects the continuing rebound in tourism and travel following the COVID-19 pandemic. The current projection for quarter two 2023 indicates a slowdown in global trade growth. Global economic forecasts have recently been revised downwards, and factors such as persistent inflation and, financial vulnerabilities, along with the ongoing war in Ukraine and geopolitical tensions, pose challenges to global trade. Overall, the outlook for global trade in the second half of 2023 is pessimistic, as negative factors dominate the positive.

Increasing demand for global commercial services are expected to continue growing in the second half of 2023, primarily driven by a rise in demand for information and communication technology (ICT) services and by the rebound in travel and tourism sectors; Patterns of international trade are anticipated to become more closely tied to the transition towards a greener global economy. Shipping costs remain low and global shipping capacity remains strong. The Shanghai containerized freight rate index has returned to pre-pandemic levels and is expected to remain low throughout 2023.

On the other hand, geopolitical factors such as the war in Ukraine and geopolitical tensions remain the biggest factors impacting international trade thorough 2023, weakening global economy, potential rise in trade restrictive measures, slowing industrial output. China exports for May 2023 were also below expectations, signaling weak global demand for goods. Many economies are expected to maintain relatively high interest rates as a result of ongoing inflationary pressures. Concerning debt sustainability, economies with underlying vulnerabilities could see further increases in borrowing costs. Against this backdrop, global trade growth is forecast to slow from 6.0% in 2022 to 1.7% in 2023. As global consumption returns to its pre-pandemic mix between goods and services, trade is expected to recover to 2.8% in 2024, only slightly stronger than GDP growth. The trade outlook is subject to various downside risks, including weaker-than-expected global demand, tighter global financial conditions, worsening trade tensions between major economies, mounting geopolitical uncertainty, and a further rise in protectionist measures.

Interest Rate Movements

The 3 months US Libor decreased to close at 5.663% in August 2023 from 5.647% in July 2023, while the US Libor for 6 months increased to 5.882% in August 2023 from 5.809% in July 2023. The US Treasury yield (10-Year) increased to close at 4.090% in August 2023 from 3.970% recorded in July 2023.

	Aug-23	Jul-23	Aug-22	Change 1 month	Change 12 months
US Fed Rate	5.500%	5.500%	2.500%	0.000%	3.00%
US Libor (3 months)	5.663%	5.647%	3.100%	0.016%	2.56%
US Libor (6 months)	5.882%	5.809%	3.662%	0.072%	2.22%
US Treasury yield (10 years)	4.090%	3.970%	3.520%	0.120%	0.57%
BOE Rate	5.250%	5.000%	1.750%	0.250%	3.50%
ECB Rate	4.000%	4.000%	0.500%	0.000%	3.500%

(Source: US Federal Reserve, Wall Street Journal)

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

In 2023, the economic recovery has been interrupted. Growth in Sub-Saharan Africa is projected to decline to 3.5% in 2023 before picking up to 4.1% in 2024. according to the IMF's July World Economic Outlook. Amid a global slowdown, activity is expected to decelerate for a second year in a row. Still, this headline figure masks significant variation across the region. Many countries will register a small pickup in growth this year, especially non-resource-intensive economies, but the regional average will be weighed down by sluggish growth in some key economies, such as South Africa.

The outlook has been attributed to a funding squeeze which has hit the region hard. Persistent global inflation and tighter monetary policies have led to higher borrowing costs for sub-Saharan African countries and have placed greater pressure on exchange rates. The funding squeeze aggravates a protracted trend that has been years in the making. The interest burden on public debt is rising, because of a greater reliance on expensive market-based funding combined with a long-term decline in aid budgets. The lack of financing affects a region that is already struggling with elevated macroeconomic imbalances.

Public debt and inflation are at levels not seen in decades, with double-digit inflation present in half of countries—eroding household purchasing power, striking at the most vulnerable, and adding to social pressures. A shortage of funding may force countries to reduce resources for critical development sectors like health, education, and infrastructure, weakening the region's growth potential.

Zambia

Zambia's headline inflation for the month of August 2023 increased to 10.80% from 10.30% recorded in July 2023. The Zambian Kwacha closed at ZMW20.20/US$1 in August 2023 compared to ZMW18.84/US$1 recorded in July 2023. According to the IMF, economic growth is projected to average 4.0% in 2023.

Zimbabwe

In August 2023, the headline inflation for Zimbabwe decreased to 77.20% compared to 101.30% recorded in July 2023. The Zimbabwean Dollar closed at ZWL4,608.11/US$1 compared to ZWL4,516.80/US$1 recorded in July 2023. The IMF has projected that economic growth will average 2.5% in 2023.

Uganda

The headline inflation rate for Uganda for August 2023 decreased to 3.50% from 3.90% in July 2023. The Ugandan Shilling depreciated against the US Dollar in August 2023 and closed at UGX3,719.04/ US$1 compared to UGX3,618.38/US$1 recorded in July 2023. The IMF has projected that economy of Uganda will grow by 5.7% in 2023.

Tanzania

The headline inflation rate for Tanzania for August 2023 remained unchanged at 3.30% same as that recorded in July 2023. The Tanzanian Shilling appreciated against the US Dollar in August 2023 and closed at TSh2,443.82/US$1 compared to TSh2,383.14 /US$1 recorded in July 2023. The IMF has projected that economy of Tanzania will grow by 5.2% in 2023.

South Africa

The headline inflation rate for South Africa for August 2023 increased to 4.80% from 4.70% in July 2023. The South African Rand depreciated against the US Dollar in August 2023 and closed at ZAR18.69/US$ compared to ZAR17.87/US$ recorded in July 2023. The IMF has projected that the economy will grow by 0.1% in 2023.

OUTLOOK FOR AUGUST 2023 AND BEYOND – MALAWI

Exchange Rates

Malawi currently runs a heavily managed currency regime, although a partial shift towards a market-led exchange rate is expected in the medium term, assuming that an IMF program is agreed in 2024. The RBM allocates foreign currency through monthly auctions, and the latest was held in July. However, the Kwacha is expected to remain overvalued in 2023, owing to foreign-currency shortages, as a result of declining foreign currency reserves and limited letters of credit from international banks, which have been crucial in providing short-term liquidity support.

The spread between the formal exchange rate (TT sell: K1,095.32/US$1 at end-August) and the informal market exchange rate (K1,700/US$1) has widened, as a result of shrinking foreign exchange reserves. The EIU expects illiquidity to compel the RBM to devalue the currency in the coming months, even before a shift towards flexibility. The EIU therefore projects that the currency will end 2023 at K1,245.1/US$1, weakening from K1,028.1/US$1 at end-2022.

Further devaluations are expected to increase business costs by making imports of raw materials and capital goods more expensive, in addition to making businesses' external obligations unbearable to settlers. The prospects of further devaluations remain in 2023, given that improvements in the foreign-currency situation are only expected from 2024 when Malawi secures an IMF funding program.

In 2024-27 the Kwacha is expected to weaken towards its fair value as a matter of policy, in line with IMF guidance. A widening current-account deficit, high public debt and a large positive inflation differential with trading partners will continue to undermine the value of the Kwacha.

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

According to the RBM, headline inflation is now projected to average higher at 29.5% than the MPC's previous projection of 24.5% during the previous MPC meetings. Food and non-food inflation are projected to average at 37.2% and 20.4% respectively in 2023.

Malawi's protracted foreign-currency shortage is limiting imports of food, fuel, and raw materials, creating a supply-side shock to inflation, which we expect to outweigh monetary tightening efforts.

Furthermore, the government approved a 50% increase in water prices in June, which is expected to keep inflation high in 2023. Falling but still-high inflation in 2024, of 22.8% on average, will reflect the ongoing second-round pass-through effects of these inflationary forces. According to the EIU, in 2025-27 headline inflation is expected to moderate, underpinned by declining commodity prices. Furthermore, lower input costs and increased fiscal discipline, which will reduce deficit financing through money-printing, will keep inflation contained.

However, given the expectation of an IMF program from 2024, the currency regime is expected to pivot towards a flexible exchange rate. Although monetary policy will be on a more orthodox footing as a result of the program, expected currency depreciation will keep inflation high, at an average of 11.6% in 2025-27.

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

Malawi's current account is structurally in deficit, and in 2022 this was aggravated by a commodity price shock, owing to the Russian invasion of Ukraine. However, the medium-term outlook is for some improvement in Malawi's terms of trade, leading to the current-account deficit narrowing considerably.

Malawi's exports are driven largely by receipts of tobacco and tourism which are expected to decline in 2023 as agriculture comes under pressure from erratic weather patterns and high fertilizer prices. The agriculture sector is expected to recover in 2024-27 as fertilizer prices moderate, boosting tobacco and tea exports output and revenue. In addition, the Kayelekera uranium mine, owned jointly by Lotus Resources and the government, which has been held back in previous years by limited investment, will commence operations in late 2024, given that a definitive feasibility study was completed in 2022 and showed evidence of uranium deposits. The commencement of operations will likely support export revenue from 2025.

Malawi's import bill is dominated by purchases of food, fertilizer and fuel, prices for which rose sharply in the first quarter of 2023. In 2024-27 the import bill will decrease, owing to falling global commodity prices. The rebound in the agricultural sector will help to contain the import bill as local food supplies improve, causing the current-account deficit to narrow to levels well below those that were recorded before the coronavirus pandemic.

A deficit will continue to be recorded on the services account, but a gradual recovery in tourism from weak global demand will support services exports from 2024, reducing the services shortfall substantially.

According to the EIU, the current-account deficit is expected to narrow to 19.4% of GDP in 2023, from 24.9% of GDP in 2022. Debt restructuring, rising exports and falling commodity prices in 2023-27 will cause the current-account deficit to narrow steadily, to 7.1% of GDP in 2027. The shortfall will be financed mainly by aid and grants.

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 Third meeting of 2023, resolved to raise the Policy rate by 200bps to 24.0% from 22.0%. The Committee also decided to increase the Liquidity Reserve Requirement (LRR) ratio on domestic currency deposits by 200bps to 7.75% from 5.75%. Meanwhile, the LRR ratio on foreign currency deposits and the Lombard rate were maintained at 3.75% and 20bps above the Policy rate, respectively. In arriving at these decisions, the MPC noted that price pressures had intensified and posed the risk of sustaining inflation above the medium-term target for longer.

Malawi's medium-term inflation target range is set at 3-7%, but inflation will remain well above that target in 2023-27. The RBM has raised the policy rate by a cumulative 600 bps so far this year, to 24.0%, the highest pace of monetary tightening in 2023 in Africa, after Zimbabwe. The policy rate is expected to increase to 26.0% by end-2023 as inflation rises, owing to high prices for water, food, and fuel. Monetary Policy is also expected to remain tight in the medium term as inflation remains well above target.

Inflationary headwinds will continue to linger, arising from potential fiscal slippages (which triggers money-supply growth and drives inflation) and local currency weakness as a result of expected exchange-rate liberalization. These factors will compel the RBM to keep monetary policy tight in 2023-25 but initiate cuts to the policy rate in 2026-27 as inflation falls towards the target and in order to support growth.

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

Fiscal policy in Malawi is aiming to restore debt sustainability in the short term in order to be eligible for an ECF program. The Staff-Monitored Program (SMP) and the subsequent ECF will improve public financial management in Fiscal years 2023/24-2027/28 (April-March), largely by enhancing the efficiency of government spending and attracting grant inflows.

Malawi's government expenditure will be high in 2023/24, owing to perennially elevated social safety nets (notably subsidies and cash transfers) which provide a cushion against high living costs and food insecurity. High spending on social transfers and the reconstruction of infrastructure occasioned by Cyclone Freddy will lead to policy slippages on the SMP, keeping the public expenditure/GDP ratio elevated in 2023/24.

Malawi faces a large domestic interest repayment in 2023/24, of 5.9% of GDP, which will keep public spending high. Furthermore, the RBM's protracted negative net foreign asset position is a potential source of increased capital transfer from the government to re-capitalize the central bank, as required by law. The EIUs expects the public expenditure/GDP ratio to fall steadily in 2024/25-2027/28, owing to fiscal austerity measures required under the ECF, including the removal of subsidies and improvements in spending efficiency. However, public expenditure will remain high by historical standards, owing to capital spending on infrastructure development.

Assuming that Malawi secures a funded IMF program in 2024/25, grants will lead to the revenue/GDP ratio rising, supported by an increase in advance income tax from 3.0% to 10.0%, a rise in the rate of other taxes and the simplification of the tax regime for small businesses and improved tax collection capacity, although persistent loopholes and weak enforcement will limit growth in government revenue. We forecast that the fiscal deficit will widen to 13.0% of GDP in 2023/24 from an estimated 11.8% of GDP in 2022/23. The debt profile forecast depends on successful debt restructuring.

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 natural disasters. 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				
	2020	2021	2022	2023
EIU	-1.00%	2.70%	0.70%	0.70%
IMF	0.60%	2.20%	0.90%	2.40%
WORLD BANK	1.00%	2.80%	0.90%	1.40%
GOVERNMENT	0.90%	3.90%	1.90%	1.90%
Average Real GDP	**0.38%**	**2.90%**	**1.10%**	**1.60%**

(Source: EIU, IMF, WBG, MoF)

According to the RBM, real GDP growth for 2023 is estimated to rebound to 1.9%, from an estimated 1.1% in 2022. The growth prospects are anchored on expected rebounds in the manufacturing, utilities, wholesale, and retail trade. This notwithstanding, the growth is a downward revision from the 2.7% projection made in November 2022. The revision is attributed to the impact of Cyclone Freddy, which is expected to have a contractionary effect on the agriculture, real estate and wholesale and retail trade sectors.

However, RBM's real GDP projection is less conservative than other institutions like the WBG and EIU that forecast growth at 1.4% and 0.7% respectively. The IMF's projection is the highest at 2.4% which has not yet been adjusted to reflect the impacts of cyclone Freddy. The WBG and IMF based their forecast on a dampened outlook based off the impacts of cyclone Freddy, combined with the impacts of foreign exchange supply shortages. The World Bank in its Malawi Economic Monitor released in June 2023, estimated the damage attributed to cyclone Freddy at more than US$500.0 million. Further, downward revisions from the authorities may be expected to better illustrate the impact of the cyclone, foreign exchange shortages as well as interest rate hikes on the economy's growth prospects for 2023.

Real GDP growth in 2023 will be undermined by weather shocks, huge funding gaps and a severe monetary tightening shock. Consumer spending will be hit hard by high inflation and elevated borrowing costs this year, and manufacturing will be hampered by a shortage of foreign currency required to import raw materials, depressing real GDP growth.

In 2024-27 improved funding brought about by a three-year ECF, alongside gradual monetary policy loosening, will support modestly higher real GDP growth. Some brisk activity is expected in the agriculture sector to support output growth, owing to lower fertilizer prices and improved efficiency in the government's input allocation scheme. Higher government expenditure will be constrained by fiscal rectitude as a result of ECF, and this informs the forecast of modest real GDP expansion, averaging 2.8% per year between 2024 and 2027. The commercialization of agriculture, the privatization of state entities and self-sufficiency in electricity generation (which would lead to higher forecast real GDP growth) will take place only in the long term.

Downside risks to Malawi's medium-term growth outlook include erratic weather patterns, such as the expected El Niño event in late 2023 and early 2024, and delays to debt restructuring.

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
Cilmate Change/ Natural Disasters	1. Disruptions to the agricultural sector 2. Damage to key infrastructure 3. Unbudgeted government expenditure 5. Loss of human capital	1. Improved city planning 2. More resilient building structures 3. Sound road infrastructures 4. Early warning systems 5. More robust disaster management strategies 6. Diversification of export base to mitigate impact from damage to crops. 5.
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. 6. Rising income inequality. 7. 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	1. Encourage use of energy saver

	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	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. 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)

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Exchange Rates													
MK : US$	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,026.43	1,053.44	1,053.44	1,084.60
MK : GBP	1,224.48	1,175.11	1,224.69	1,264.02	1,273.64	1,304.51	1,272.69	1,309.43	1,318.15	1,309.91	1,367.48	1,395.58	1,420.55
MK : ZAR	60.78	58.84	58.04	62.30	62.35	60.71	57.32	59.20	57.56	53.50	57.82	61.76	59.73
MK : EUR	1,063.78	1,036.93	1,050.67	1,093.60	1,125.74	1,146.04	1,118.76	1,151.64	1,163.80	1,130.49	1,117.92	1,195.92	1,219.47
Forex reserves (Source: RBM)													
Gross Official Reserves (US$'mn)	378.89	357.18	326.06	338.87	304.65	279.22	280.66	228.49	200.08	194.82	321.53	267.91	
Private Sector Reserves (US$'mn)	398.43	408.84	427.67	400.77	399.20	384.37	378.54	375.36	403.93	386.90	407.47	406.63	
Total Reserves (US$'mn)	777.32	766.02	753.73	739.64	703.85	663.59	659.20	603.85	604.01	581.72	729.00	674.54	
Total Import Cover (months)	3.11	3.07	2.47	2.96	2.82	2.66	2.63	2.41	2.42	2.33	2.92	2.70	
Inflation (NSO)													
Headline Inflation	25.50	25.90	26.70	25.80	25.40	25.90	26.70	27.00	28.80	29.20	27.30	28.40	28.60
Food	33.40	33.70	34.50	33.40	31.40	33.40	31.70	32.40	37.90	38.80	37.20	39.30	39.40
Non Food	18.20	18.30	18.60	17.70	18.60	17.70	20.50	20.20	18.50	18.40	16.00	16.00	16.10
Interbank Rates (Source: RBM)													
Monetary Policy Rate	14.00%	14.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	22.00%	22.00%	22.00%	24.00%	24.00%
Average Interbank Rate	12.50%	12.50%	12.63%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	19.04%	19.98%	20.46%	22.52%
Average Base Lending Rates	13.80%	13.90%	13.90%	16.60%	16.60%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%	21.40%	22.70%
Treasury Bill Yields (Source: RBM)													
91 day Treasury Bill Yield	10.67%	11.00%	11.00%	12.99%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	12.99%	14.70%
182 day Treasury Bill yield	15.24%	15.49%	15.48%	16.92%	17.50%	17.50%	17.50%			17.50%	18.00%	17.99%	18.16%
364 day Treasury Bill yield	18.06%	18.68%	18.75%	19.15%	19.50%	19.50%	19.50%	19.50%	19.50%	22.49%	22.49%	22.28%	24.00%
Stock Market Indices (Point) (Source: MSE)													
MASI	54,454.45	54,389.92	55,046.26	59,795.69	62,036.05	68,451.77	71,069.31	80,298.12	86,462.61	102,837.75	108,656.97	112,497.02	119,077.99
DSI	44,109.31	44,360.30	44,360.30	48,811.22	50,804.03	54,351.80	56,674.50	64,886.76	70,512.35	83,365.40	87,071.03	88,368.95	90,336.93
FSI	5,548.61	5,154.73	5,154.73	5,613.43	5,614.30	8,374.09	8,382.28	8,381.79	8,202.52	10,396.15	12,276.59	14.982.62	19,947.76
Fuel Prices per Litre (Source: MERA)													
Petrol	1,946.00	1,946.00	1,946.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00
Diesel	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00
Paraffin	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00

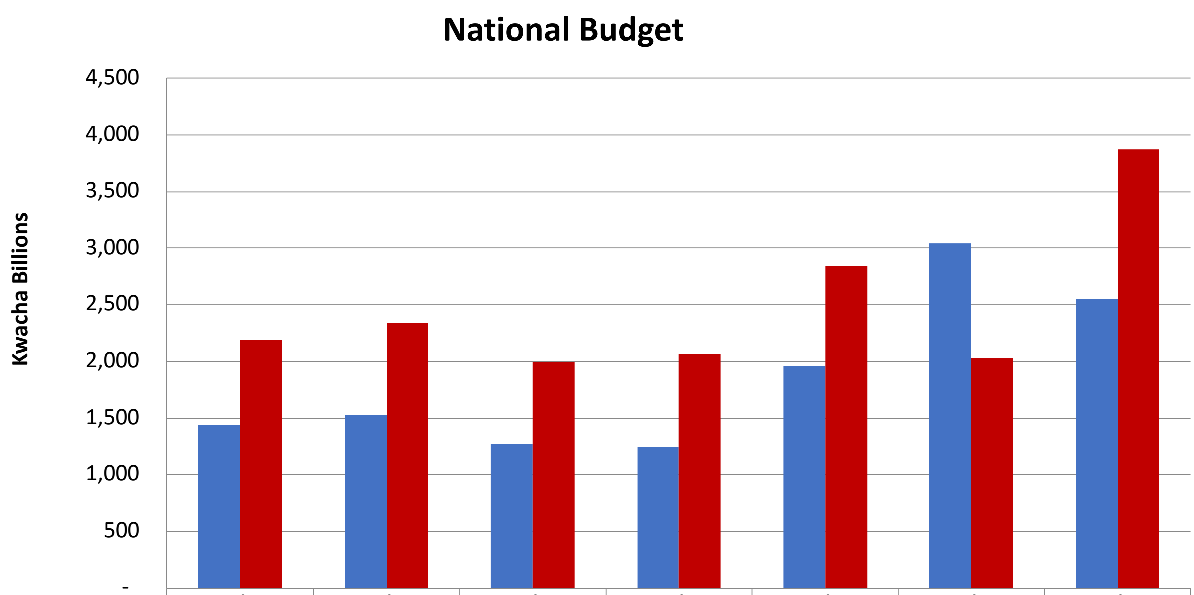
Appendix 2: Selected economic indicators for Tanzania, Uganda, Zambia and Mozambique

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
TANZANIA													
Exchange rate													
US$	2,305.11	2,307.94	2,308.26	2,308.52	2,308.89	2,309.33	2,309.88	2,311.44	2,313.46	2,319.21	2,327.52	2,383.14	2,443.82
GBP	2,700.67	2,524.66	2,524.66	2,770.58	2,777.37	2,861.61	2,769.08	2,860.64	2,880.03	2,883.94	2,939.54	3,068.66	3,102.31
ZAR	137.21	128.45	128.45	136.03	135.18	133.33	125.52	128.30	126.63	126.63	124.42	135.48	131.87
EUR	2,313.18	2,244.24	2,244.24	2,393.25	2,457.13	2,428.02	2,516.36	2,522.48	2,547.82	2,490.02	2,543.98	2,625.87	2,666.70
Inflation %	4.60	4.80	4.90	4.90	4.80	4.90	4.80	4.70	4.30	4.00	3.60	3.30	3.30
UGANDA													
Exchange rate													
US$	3810.74	3856.3	3805.22	3,738.33	3,713.63	3,683.33	3,780.08	3,721.83	3,735.54	3,768.00	3,662.13	3,608.38	3,719.04
GBP	4493.80	4143.44	4406.74	4,482.26	4,474.18	4,544.86	4,484.06	4,680.50	4,660.09	4,669.68	4,624.90	4,649.61	4,728.02
EUR	3816.46	3713.34	3804.46	3,872.16	3,954.27	3,990.52	3,940.67	4,118.02	4,113.58	4,028.62	3,980.37	3,973.19	4,059.70
Inflation %	9.00	10.00	10.70	10.60	10.20	10.40	9.20	9.00	8.00	6.20	4.90	3.90	3.50
Central Bank Rate %	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.50
ZAMBIA													
Exchange rate													
US$	15.88	15.77	16.17	17.06	18.07	19.03	19.85	21.31	17.73	19.52	17.59	18.84	20.20
GBP	18.50	17.45	18.62	20.47	21.75	23.43	24.02	26.39	22.08	24.15	22.31	24.20	25.57
ZAR	0.93	0.88	0.88	1.01	1.07	1.09	1.08	1.20	0.97	0.99	0.93	1.06	1.08
Inflation %	9.80	9.90	9.70	9.80	9.90	9.40	9.60	9.90	10.20	9.90	9.80	10.30	10.80
Central Bank Rate %	9.00	9.00	9.00	9.00	9.00	9.25	9.25	9.25	9.50	9.50	9.50	9.50	9.50
MOZAMBIQUE													
US$	63.87	63.87	63.87	N/A	63.83	63.89	63.88	63.88	63.88	63.88	63.88	63.89	63.89
ZAR	3.59	3.54	3.75	N/A	4.10	3.51	3.46	3.47	3.53	3.48	3.41	3.52	3.41
EUR	62.32	62.96	66.21	N/A	71.20	67.77	68.19	70.15	70.46	69.80	69.24	70.63	69.47
Inflation%	12.10	12.01	11.83	11.25	10.91	9.78	10.30	10.82	9.61	8.23	6.81	5.67	4.93

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

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

K'Billion	2020/2021 (Revised)	2021/2022 (Proposed)	2021/2022 (Revised)	2022/2023 (Proposed)	2022/2023 (Revised)	2023/2024 (Proposed)
Total Revenues	**1,524**	**1,271**	**1,240**	**1,956**	**2,030**	**2,552**
Domestic revenues	1,186	1,101	1,101	1,636	1,628	2,240
Grants	338	170	139	320		312
Budgetary support						
Earmarked grants						
Total Expenditure	**2,335**	**1,990**	**2,065**	**2,840**	**3,040**	**3,876**
Reccurent expenditure	1,719	1,419	1,525	2,019		2,980
Wages & Salaries	542	436	439	670		
Interest on debt	376	300	300	524		
Investment Expenditure	616	571	540	821		896
Deficit/Surplus	**(811)**	**(719)**	**(825)**	**(883)**	**(1,010)**	**(1,325)**
Deficit as a % of Revenue	**-53%**	**-57%**	**-67%**	**-45%**	**-50%**	**-52%**



	2020/2021 (Proposed)	2020/2021 (Revised)	2021/2022 (Proposed)	2021/2022 (Revised)	2022/2023 (Proposed)	2022/2023 (Revised)	2023/2024 (Proposed)
Total Revenues	1,435	1,524	1,271	1,240	1,956	3,040	2,552
Total Expenditures	2,190	2,334	1,990	2,065	2,840	2,030	3,876

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

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

Category	2022						2023						
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Total Revenues	**157.8**	**182.6**	**168.8**	**194.7**	**144.4**	**199.0**	**226.0**	**165.9**	**227.2**	**185.8**	**184.9**	**203.9**	**246.7**
Domestic Revenues	134.3	158.0	148.6	173.3	121.6	174.2	196.7	132.7	124.5	156.9	152.6	173.2	209.6
Tax Revenue	130.4	150.5	122.4	153.9	114.6	122.6	162.7	118.6	119.6	154.1	145.7	154.3	203.3
Non -Tax revenue	3.9	7.5	26.1	19.4	7.0	51.6	34.0	14.1	4.9	2.8	6.9	18.9	6.3
Departmental receipts	3.3	6.8	5.6	3.1	4.6	3.5	7.1	5.0	4.6	2.4	5.8	7.1	5.5
Other Receipts	0.6	0.6	20.5	16.3	2.4	48.1	26.9	9.1	0.3	0.4	1.1	11.7	0.9
Grants	23.5	24.6	20.2	21.4	22.8	24.8	29.3	33.2	102.6	28.9	32.4	30.7	37.1
Total Expenditures	**211.1**	**227.4**	**236.5**	**208.5**	**248.8**	**271.9**	**226.2**	**228.7**	**232.1**	**281.0**	**285.7**	**255.4**	**226.0**
Recurrent Expenditure	172.5	207.6	210.9	186.1	216.3	232.6	188.6	190.6	198.3	210.6	258.6	209.1	189.6
Interest Payments	25.4	43.4	50.9	63.8	83.5	55.3	41.5	46.8	66.4	45.9	70.4	75.7	50.2
Domestic	24.9	39.5	48.4	60.6	82.2	52.2	40.7	43.7	62.9	44.0	69.1	73.1	49.4
Foreign	0.5	3.9	2.5	3.2	1.3	3.1	0.79	3.1	3.5	1.9	1.2	2.6	0.8
Development	38.6	19.8	25.6	22.4	32.5	39.4	37.6	38.1	33.8	70.4	27.1	46.2	36.4
Deficit (-) /Surplus	**-53.4**	**-44.9**	**-67.7**	**-13.8**	**-104.4**	**-72.9**	**-0.20**	**-62.8**	**-4.9**	**-95.2**	**-100.8**	**-51.5**	**20.7**
Financing (net)	52.8	100.6	145.9	126.8	-62.5	198.9	49.8	190.3	134.0	29.1	104.1	-51.4	70.1
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	52.8	100.6	145.9	126.8	-62.5	198.9	49.8	190.3	134.0	29.1	104.1	-51.4	70.1
Banking System	45.3	-11.5	76.1	116.3	-4.5	112.9	14.1	144.1	89.6	53.9	90.7	-76.4	86.6
Non-Bank Sector	7.5	112.1	69.8	10.5	-57.9	86.1	35.7	46.2	44.4	-24.9	13.4	25.0	-16.5
Errors and Omissions	-0.6	55.7	78.2	113.0	166.9	126.0	49.6	127.6	129.0	-66.1	3.3	-0.1	90.7

Source: Reserve Bank of Malawi

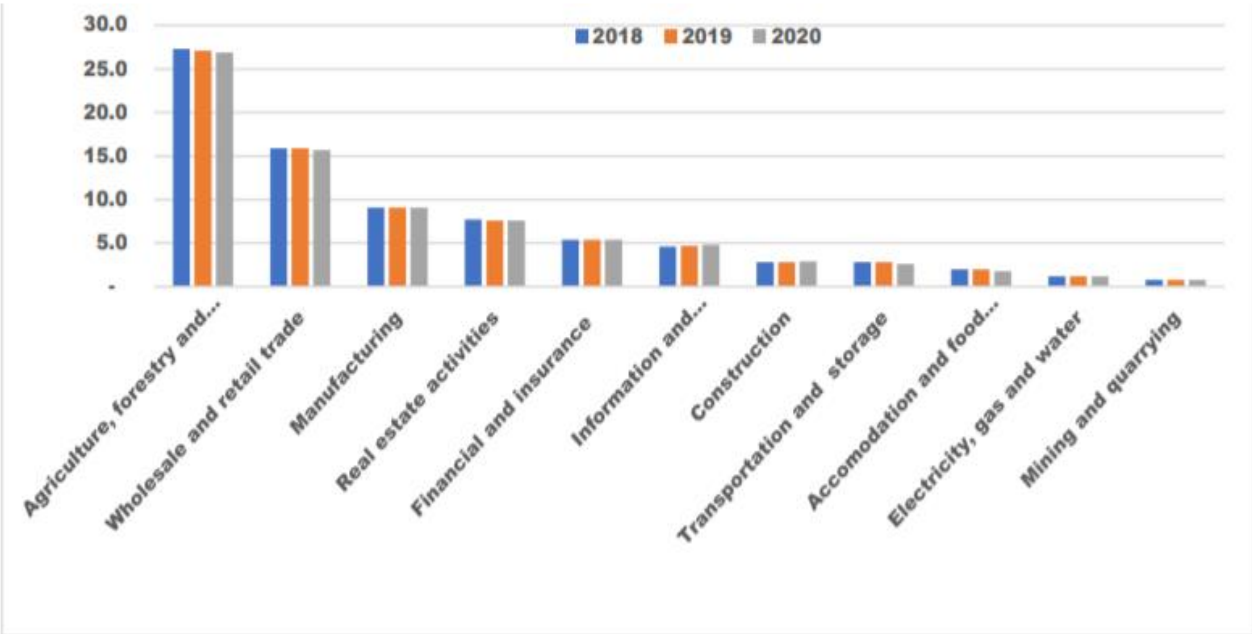
Appendix 5: Malawi selected Economic indicators (Source: RBM)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2022 Jul	2023 Jul
Real Sector[3]										
Population (million)	16.3	16.8	17.4	17.9	18.5	19.1	18.9	19.4	19.4	19.8
GDP at current market prices	3,212.7	3,812.6	6,531.2	7,234.9	8,239.6	8,821.3	9,975.5	11,849.6	11,849.6	14,662.4
Real GDP growth (percent)	3.3	2.7	5.1	4.4	5.7	0.8	4.6	1.2	1.1	1.9
GDP per capita (K'000)	197.1	226.9	266.8	403.5	445.2	461.85	527.9	612.3	610.8	735.6
GDP per capita (US$)	394.5	318.1	365.4	550.9	597.1	616.18	655.0	645.2	643.5	710.7
Consumer Price Index (CPI)[4]	192.0	233.7	260.7	104.7	114.5	124.4	136.0	147.1	110.3	141.6
Year-on-year inflation rate (percent)	21.9	21.7	11.5	9.2	9.4	8.6	9.3	21.0	24.6	28.4
Fiscal Sector										
Total Revenue	661.3	810.0	946.6	1,079.1	1,208.5	1,302.0	1,141.5	1,928.8	157.8	246.7
Domestic Revenues	614.2	742.0	858.7	988.6	1,058.5	1,096.0	989.7	1,682.2	134.3	209.6
Grants	47.1	67.0	87.9	90.5	145.0	206.1	151.8	246.6	23.5	37.1
Total expenditure	762.7	964.3	1,136.1	1,316.7	1,446.2	1,804.4	1655.5	2,739.0	211.1	226.0
Recurrent	667.2	832.5	973.1	1,119.9	1,241.9	1,557.0	969.2	2,345,0	172.5	189.6
Development	95.5	131.8	163.0	196.9	204.3	247.4	670.8	393.9	38.6	36.4
Deficit/GDP ratio (after grants)	-3.2	-4.0	-4.1	-4.5	-2.9	-5.7	-5.3	-6.8	-0.5	0.1
Monetary Sector										
Net Foreign Assets	355.9	348.2	463.8	152.5	163.3	-345.6	-405.9	-635.6	-510.7	-800.3
Net Domestic Credit	730.4	1007.8	1238.8	1397.5	1601.7	2012.5	2691.0	3562.2	3130.7	4207.1
Government	266.7	513.9	708.6	744.1	700.5	976.9	1608.8	2214.4	1882.6	2751.7
Statutory bodies	5.2	9.5	8.6	130.8	216.8	213.4	205.3	273.5	222.3	266.1
Private (gross)	422.5	455.3	488.4	493.2	595.0	692.8	821.9	1020.0	959.2	1130.0
Money Supply (M2)	788.8	923.3	1077.3	1198.3	1320.5	1541.4	2004.4	2784.5	2441.9	3266.4
M2 Growth Rate (annual percent)	23.7	15.2	19.7	11.5	10.2	16.7	30.0	38.9	34.5	33.8
Reserve Money	207.1	250.2	279.6	289.8	303.4	342.1	449.4	573.4	550.0	821.9
Banks Deposits	66.0	60.3	78.2	59.6	26.0	57.3	89.3	100.6	91.3	229.1
External Sector										
Overall Balance	45.1	-47.3	107.5	0.6	63.7	-193.1	-125.9	-323.1	..	..
Current Account	-527.7	-722.0	-1152.0	-1,255.6	-984.9	-1,134.6	-1,437.2	-333.0	..	..
Exports (fob)	531.6	737.5	611.2	814.5	975.4	838.3	808.7	908.2	91.0	104.1
Imports (cif)	1,134.6	1,577.6	1,864.1	2,141.6	2,421.2	2,285.7	2,478.7	1,444.0	103.8	297.6
Trade balance	-603.0	-840.1	-1,252.9	-1,327.1	-1,445.9	-1,447.5	-1,669.9	-535.8	-12.8	-193.5
Capital account balance	114.0	605.8	694.7	632.6	533.7	553.0	598.4	731.3	..	..
Gross foreign exchange reserves	549.2	586.7	739.4	660.1	700.7	626.1	593.6	715.2	779.3	705.3
Official	445.3	438.6	549.9	548.2	605.5	437.2	346.5	302.1	369.4	273.6
Commercial banks	103.9	148.1	189.5	111.9	95.2	188.9	247.1	413.0	409.9	431.7
Import cover (Official reserves in months)	3.2	2.8	3.6	3.6	2.9	4.0	1.7	1.2	1.4	1.0
Current account balance/GDP (percent)	-16.4	-18.9	-17.6	-17.4	-12.0	-12.9	-14.4	-2.8	..	.
Debt/GDP (percent)	52.4	63.9	58.8	58.2	38.5	43.7	60.1	66.7	..	..
Debt Service/Exports (percent)	3.8	4.1	6.0	6.2	6.8	12.9	10.6	13.0	..	..
MK/US Dollar (eop)	664.365	725.01	730.46	733.69	738.87	773.11	819.44	1034.67	1035.03	1061.67
MK/US Dollar (pd avg)	499.607	713.85	726.65	732.33	742.23	749.53	805.90	949.04	1033.93	1061.78

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

Appendix 6: 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 7: Global Projections (Source: IMF)

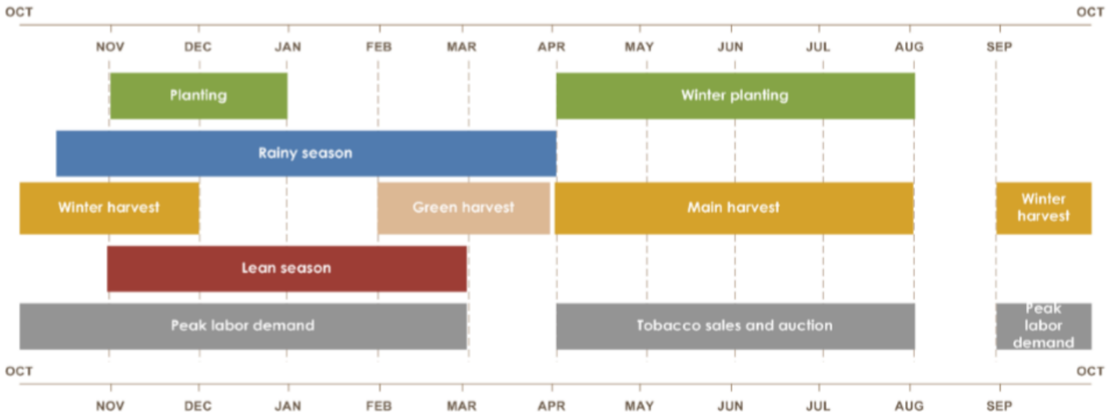
Table A2. Advanced Economies: Real GDP and Total Domestic Demand[1]

(Annual percent change)

	Average									Projections			Q4 over Q4[2]	Projections	
	2005–14	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028	2022:Q4	2023:Q4	2024:Q4
Real GDP															
Advanced Economies	**1.5**	**2.3**	**1.8**	**2.5**	**2.3**	**1.7**	**–4.2**	**5.4**	**2.7**	**1.3**	**1.4**	**1.8**	**1.2**	**1.1**	**1.6**
United States	1.6	2.7	1.7	2.2	2.9	2.3	–2.8	5.9	2.1	1.6	1.1	2.1	0.9	1.0	1.3
Euro Area	0.8	2.0	1.9	2.6	1.8	1.6	–6.1	5.4	3.5	0.8	1.4	1.4	1.9	0.7	1.8
Germany	1.4	1.5	2.2	2.7	1.0	1.1	–3.7	2.6	1.8	–0.1	1.1	1.1	0.9	0.2	1.8
France	1.0	1.1	1.0	2.4	1.8	1.9	–7.9	6.8	2.6	0.7	1.3	1.4	0.5	0.8	1.4
Italy	–0.5	0.8	1.3	1.7	0.9	0.5	–9.0	7.0	3.7	0.7	0.8	0.9	1.4	0.4	1.1
Spain	0.5	3.8	3.0	3.0	2.3	2.0	–11.3	5.5	5.5	1.5	2.0	1.6	2.7	1.3	2.1
The Netherlands	1.1	2.0	2.2	2.9	2.4	2.0	–3.9	4.9	4.5	1.0	1.2	1.6	3.3	0.0	2.8
Belgium	1.4	2.0	1.3	1.6	1.8	2.2	–5.4	6.1	3.1	0.7	1.1	1.3	1.4	0.7	1.3
Ireland	1.8	24.4	2.0	9.0	8.5	5.4	6.2	13.6	12.0	5.6	4.0	3.0	13.1	5.2	3.3
Austria	1.3	1.0	2.0	2.3	2.4	1.5	–6.5	4.6	5.0	0.4	1.1	1.5	3.0	0.1	1.3
Portugal	–0.2	1.8	2.0	3.5	2.8	2.7	–8.3	5.5	6.7	1.0	1.7	1.9	3.2	0.9	2.2
Greece	–2.1	–0.2	–0.5	1.1	1.7	1.9	–9.0	8.4	5.9	2.6	1.5	1.2	5.2	1.0	2.5
Finland	0.7	0.5	2.8	3.2	1.1	1.2	–2.4	3.0	2.1	0.0	1.3	1.2	0.3	0.7	1.5
Slovak Republic	3.9	5.2	1.9	2.9	4.0	2.5	–3.4	3.0	1.7	1.3	2.7	2.7	1.2	1.8	2.7
Croatia	0.4	2.5	3.6	3.4	2.8	3.4	–8.6	13.1	6.3	1.7	2.3	2.8	4.5	3.2	1.1
Lithuania	3.0	2.0	2.5	4.3	4.0	4.6	0.0	6.0	1.9	–0.3	2.7	2.0	–0.5	1.2	3.0
Slovenia	1.3	2.2	3.2	4.8	4.5	3.5	–4.3	8.2	5.4	1.6	2.1	3.0	0.2	2.3	1.9
Luxembourg	2.5	2.3	5.0	1.3	1.2	2.3	–0.8	5.1	1.5	1.1	1.7	2.3	–2.2	4.3	1.3
Latvia	2.1	3.9	2.4	3.3	4.0	2.6	–2.2	4.1	2.0	0.4	2.9	3.4	0.5	2.0	2.9
Estonia	2.2	1.9	3.2	5.8	3.8	3.7	–0.6	8.0	–1.3	–1.2	3.2	3.2	–4.4	2.0	3.7
Cyprus	0.6	3.4	6.6	5.7	5.6	5.5	–4.4	6.6	5.6	2.5	2.8	2.9	4.5	1.7	3.4
Malta	3.6	9.6	3.4	10.9	6.2	7.0	–8.6	11.8	6.9	3.5	3.5	3.6	4.7	3.1	2.8
Japan	0.5	1.6	0.8	1.7	0.6	–0.4	–4.3	2.1	1.1	1.3	1.0	0.4	0.6	1.3	1.0
United Kingdom	1.2	2.4	2.2	2.4	1.7	1.6	–11.0	7.6	4.0	–0.3	1.0	1.5	0.4	–0.4	2.0
Korea	3.8	2.8	2.9	3.2	2.9	2.2	–0.7	4.1	2.6	1.5	2.4	2.2	1.3	3.1	1.3
Canada	1.9	0.7	1.0	3.0	2.8	1.9	–5.1	5.0	3.4	1.5	1.5	1.7	2.1	1.4	1.8
Taiwan Province of China	4.0	1.5	2.2	3.3	2.8	3.1	3.4	6.5	2.5	2.1	2.6	2.4	–0.5	1.1	2.2
Australia	2.8	2.3	2.7	2.4	2.8	1.9	–1.8	5.2	3.7	1.6	1.7	2.3	2.7	1.4	1.6
Switzerland	2.2	1.6	2.1	1.4	2.9	1.2	–2.5	4.2	2.1	0.8	1.8	1.8	0.8	1.2	1.8
Singapore	6.1	3.0	3.6	4.5	3.6	1.3	–3.9	8.9	3.6	1.5	2.1	2.5	2.1	2.1	1.9
Sweden	1.8	4.5	2.1	2.6	2.0	2.0	–2.2	5.4	2.6	–0.5	1.0	2.3	–0.1	0.0	1.3
Hong Kong SAR	3.9	2.4	2.2	3.8	2.8	–1.7	–6.5	6.4	–3.5	3.5	3.1	2.7	–4.2	6.8	1.8
Czech Republic	2.2	5.4	2.5	5.2	3.2	3.0	–5.5	3.6	2.4	–0.5	2.0	2.5	0.2	0.6	2.1
Israel	4.2	2.5	4.5	4.3	4.1	4.2	–1.9	8.6	6.4	2.9	3.1	3.6	2.7	2.1	3.4
Norway	1.4	1.9	1.2	2.5	0.8	1.1	–1.3	3.9	3.3	2.1	2.5	1.4	1.8	1.9	2.2
Denmark	0.7	2.3	3.2	2.8	2.0	1.5	–2.0	4.9	3.6	0.0	1.0	1.5	1.5	–0.8	1.5
New Zealand	2.0	3.7	3.9	3.5	3.5	3.1	–1.5	6.1	2.4	1.1	0.8	2.5	2.2	0.1	2.5
Puerto Rico	–1.1	–1.0	–1.3	–2.9	–4.4	1.7	–4.4	0.2	4.8	0.4	–1.6	–0.5	. . .	. . .	. . .
Macao SAR	10.2	–21.5	–0.7	10.0	6.5	–2.5	–54.2	19.3	–26.8	58.9	20.6	3.4	. . .	. . .	. . .
Iceland	2.1	4.4	6.3	4.2	4.9	1.8	–7.2	4.3	6.4	2.3	2.1	2.3	4.2	0.0	3.1
Andorra	–0.8	1.4	3.7	0.3	1.6	2.0	–11.2	8.9	8.7	1.3	1.5	1.5	. . .	. . .	. . .
San Marino	–2.2	2.7	2.3	0.3	1.5	2.1	–6.7	8.3	4.6	1.2	1.0	1.3	. . .	. . .	. . .
Memorandum															
Major Advanced Economies	1.2	2.1	1.5	2.2	2.1	1.6	–4.5	5.3	2.3	1.1	1.1	1.6	0.9	0.8	1.4
Real Total Domestic Demand															
Advanced Economies	**1.3**	**2.6**	**2.0**	**2.5**	**2.3**	**2.0**	**–4.1**	**5.5**	**3.1**	**0.9**	**1.3**	**1.8**	**1.0**	**1.1**	**1.6**
United States	1.4	3.4	1.8	2.3	3.1	2.3	–2.4	7.0	2.4	0.9	1.0	2.1	0.6	0.9	1.2
Euro Area	0.5	2.3	2.4	2.3	1.9	2.4	–5.8	4.2	3.7	0.7	1.2	1.4	1.1	0.8	1.6
Germany	1.1	1.4	3.1	2.6	1.6	1.7	–3.0	1.9	3.1	0.1	1.2	1.3	1.5	0.4	2.3
France	1.2	1.4	1.4	2.5	1.4	2.1	–6.7	6.6	3.3	0.3	0.3	1.4	1.3	–0.5	1.0
Italy	–0.8	1.2	1.8	1.8	1.3	–0.2	–8.4	7.2	4.3	0.7	0.9	1.0	0.3	1.8	0.5
Spain	–0.2	4.1	2.1	3.3	3.0	1.7	–9.4	5.3	2.9	1.6	1.9	1.2	0.7	2.5	1.5
Japan	0.5	1.1	0.3	1.1	0.6	0.0	–3.4	1.1	1.7	1.5	1.0	0.4	1.3	1.5	0.9
United Kingdom	1.2	2.9	3.2	2.1	1.2	1.8	–12.3	8.8	4.0	0.3	0.6	1.5	–0.3	1.6	2.0
Canada	2.7	–0.2	0.4	4.1	2.5	1.1	–6.0	6.6	4.7	–0.2	1.6	2.1	1.9	0.7	2.2
Other Advanced Economies[3]	2.8	2.6	2.9	3.6	2.7	1.6	–2.5	5.3	3.3	1.4	2.2	2.4	2.4	0.8	3.0
Memorandum															
Major Advanced Economies	1.1	2.4	1.7	2.2	2.2	1.7	–4.2	5.8	2.8	0.8	1.0	1.7	0.8	0.9	1.3

[1]In this and other tables, when countries are not listed alphabetically, they are ordered on the basis of economic size.
[2]From the fourth quarter of the preceding year.
[3]Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

Appendix 8: Seasonal calendar for a typical year (Source: Fews NET)



Source: *FEWS NET*

Appendix 9: 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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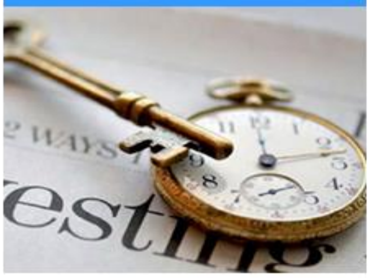

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Contact Us

NICO
Asset Managers

Head Office
NICO Asset Managers Limited
19 Glyn Jones Road
Chibisa House
P.O Box 3173
Blantyre
Tel no: 01 832 085/086
Fax no: 01 821617
Emailinvest@nicoassetmanagers.com

Lilongwe Branch
NICO Asset Managers Limited
Corner Kenyatta Drive
NICO Centre
P.O Box 30729
Lilongwe 3
Tel no: 01 757 085/086
Fax no: 01 821 617
Website: www.nicoassetmanagers.com