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MONTHLY ECONOMIC REPORT

APRIL 2024

Investment Management | Corporate Finance | Investor Services

Contents

LIST OF ACRONYMS

ADF:	African Development Fund
ADB:	Authorized Dealer Bank
AfDB:	African Development Bank
AIP:	Affordable Inputs Program
BAM:	Bankers Association of Malawi
BOE:	Bank of England
BHL:	Blantyre Hotels Plc
BWB:	Blantyre Water Board
CIS:	Commonwealth of Independent States
CPI:	Consumer Price Index
DOC:	Declaration of Cooperation
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
FMBCH:	FMB Capital Holdings Plc
FOMC:	Federal Open Market Committee
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
LRR:	Liquidity Reserve Ratio
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
K:	Malawi Kwacha
MPC:	Monetary Policy Committee
MSE:	Malawi Stock Exchange
MT:	Metric Tons
MRA:	Malawi Revenue Authority
NBM:	National Bank of Malawi Plc
NBS:	NBS Bank Plc
NGLs:	Natural Gas Liquids
NGOs:	Non-Governmental Organizations
NICO:	NICO Holdings Plc
NITL:	National Investment Trust Plc
NSO:	National Statistical Office
OCHA:	Office for the Coordination of Humanitarian Affairs
OECD:	Organization for Economic Co-operation and Development
OMO:	Open Market Operations
OPEC:	Organization of the Petroleum Exporting Countries
PAT:	Profit After Tax
PCL:	Press Corporation Plc
RBM:	Reserve Bank of Malawi
RBZ:	Reserve Bank of Zimbabwe
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
TC:	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 Organization
TSH:	Tanzania Shillings
TT:	Telegraphic Transfer
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
ZK:	Zambian Kwacha
RCF:	Rapid Credit Facility

EXECUTIVE SUMMARY

Economic Outlook — Malawi

Various institutions have revised their projections for the Malawian economy and based on these revised projections the economy is estimated to grow by an estimated average of 2.18% in 2024. Assuming progress with debt restructuring and the enactment of reforms under the ECF arrangement, which will play a major role in bringing in donor funding and supporting investor confidence, economic growth will pick up gradually, owing to an easing of shortages of foreign exchange and related external pressures.

During the second Monetary Policy Committee (MPC) meeting held 2nd and 3rd May 2024, the MPC noted that inflation remains high and significantly above the Reserve Bank of Malawi's medium-term inflation objective of 5.0%. The Committee, therefore, resolved to maintain the Policy rate at 26.0%. The Committee also decided to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio for foreign currency deposits at 3.75%. The Committee, however, raised the LRR ratio for domestic currency deposits by 100 basis points to 8.75%.

Malawi's medium-term inflation target range is set at 3-7%, but inflation will remain well above that target in the period 2024-29. According to the RBM, inflation is forecast to average 30.0% in 2024. The RBMs forecast is premised on softening food inflation and a moderating exchange rate fluctuation.

The 2023/24 tobacco marketing season has commenced across all auction floors in Kasungu, Lilongwe, Limbe, and Mzuzu. Earnings of all types of tobacco have consistently been higher three weeks into the 2024 selling season compared to the corresponding period in 2023.

In April, maize prices continued their downward trend as newly harvested maize increased supply. The weekly average price of maize declined by 7.0% from K760/kg in the final week of March to K709/kg in the final week of April for old maize. During the same period, the weekly average price of new maize dropped by 2.0% from K612/kg to K597/kg, well below the minimum farmgate price set by the government of K650/kg.

Key Economic Risks – Malawi

1. Geopolitical tensions – 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 inflation rates – high costs of living are expected to reduce the standard of living, and measures used to curb inflation will result in higher borrowing costs, impacting production and growth.
6. High population growth rates - May reduce the country's ability to allocate resources to more productive activities.
7. Pandemics, Epidemics and Infectious Diseases – negatively affects human capital, business operations and results in 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 inched upwards for April 2024 and stood at 32.3%, from 31.80% realised in March 2024. The increase was on account of rising food and non-food prices.

	Apr-24	Mar-24	Apr-23	% Change (1 Months)	% Change (12 Months)
Headline inflation	32.30%	31.80%	28.80%	0.50%	-3.50%
Food	39.90%	38.80%	37.90%	1.10%	-2.00%
Non-food	22.40%	22.20%	18.50%	0.20%	-3.90%

Government Securities (Source: RBM)

In April 2024, the average yield for all type Treasury bill was 20.67%, unchanged from March 2024.

Tenor	Apr-24	Mar-24	Apr-23	Change 1 Month	Change 12 Months
91 days	16.00%	16.00%	13.00%	0.00%	3.00%
182 days	20.00%	20.00%	17.50%	0.00%	2.50%
364 days	26.00%	26.00%	19.50%	0.00%	6.50%
All Type	20.67%	20.67%	16.67%	0.00%	4.00%

Total Treasury bill applications for the month of April 2024 stood at K80.04 billion and K80.04 billion was allotted, representing a nil rejection rate. The 364 days paper accounted for the highest subscription rate at 99.39%, followed by the 91 days paper at 0.56% and the 182 days paper at 0.05%.

During the month of April 2024, the government conducted several Treasury Note Auctions. They included the 2-year, 5-year, and 10-year treasury notes. The auctions raised a total of K85.68 billion from K85.70 billion applications, resulting in a 0.2% rejection rate. The weighted average yields were 28.75%, 32.00%, and 35.00% respectively. Total maturities for the month stood at K182.79 billion resulting in a net injection of K17.07 billion.

Foreign Currency Market (Source: RBM)

During the month of April 2024, the Malawi Kwacha appreciated against the British Pound and the Euro but depreciated against the South African Rand. The Kwacha was unchanged against the US Dollar. See the table below:

CURRENCY	Apr-24	Mar-24	Apr-23	% Movement 3 months	% Movement 12 months
MK/USD	1,733.87	1,733.87	1,026.43	0.00%	-68.92%
MK/GBP	2,238.60	2,255.03	1,318.15	0.73%	-69.83%
MK/ZAR	95.62	94.03	57.56	-1.69%	-66.12%
MK/EUR	1,910.75	1,932.15	1,163.80	1.11%	-64.18%

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 April 2024 decreased to a daily average of K99.57 billion from K153.72 billion in March 2024. Access to the Lombard facility (discount window borrowing) during the month under review amounted to K14.77 billion, at an average rate of 26.20% compared to K10.00 billion during the month of March 2024 at an average rate of 26.20%.

In April 2024, the overnight borrowing between banks increased to a daily average of K33.43 billion at an average rate of 22.55%, compared to an average of K22.22 billion per day at an average rate of 22.46% in March 2024.

The reference rate in April 2024 stood at 24.90%, unchanged from March 2024.

Foreign Exchange Reserves (Source: RBM).

For the month of April, total forex reserves stood at US$603.07 million (2.41 months of import cover) an increase from US$552.94 million (2.21 months of import cover) registered at the end of March 2024.

	Apr-24 (US$ million)	Mar-24 (US$ million)	Apr-23 (US$ million)	% 1 month change	% 12 months change
Total	603.07	552.94	604.01	9.07%	-0.16%
Import Cover (Months)					
Total	2.41	2.21	2.42	9.05%	-0.41%

Stock Market (Source: MSE)

The market registered a negative return on index as reflected in the downward movement of the Malawi All Share Index (MASI) from 114,236.98 points registered in March 2024 to 114,228.31 points registered in April

2024, giving a month-on-month return on index of –0.008% (-0.008% in US$ terms). The price gains registered by Sunbird (14.86%), Airtel (1.94%), TNM (0.75%), Illovo (0.37%), FDH Bank (0.15%), NBM (0.005%), Standard Bank (0.001%), OMU (0.0007%) and PCL (0.0004%) were not enough to offset share price losses registered by NBS Bank (-7.32%), ICON (-0.30%), NICO (-0.09%) and MPICO (-0.07%) resulting into a downward movement of the Malawi All Share Index. The Domestic Share Index fell by –0.009% to 86,753.99 points whilst the Foreign Share index inched upwards by 0.0001% to 19,012.49 points.

The market transacted a total of 80.48 million shares at a total consideration of K8.99 billion (US$5.19 million) in 1,055 trades in the month of April 2024. In the previous month of March 2024, the market transacted a total of 20.31 million shares at a total consideration of K3.56 billion (US$2.08 million) in 753 trades. This reflects a 296.29% increase in terms of share volume traded and a 152.29% (149.16% in US Dollar terms) increase in share value traded.

Counter	Apr-24	Mar-24	Apr-23	Change (3 month)	Change (12 months)
	MK/Share	MK/Share	MK/Share	%	%
AIRTEL	51.05	50.08	80.08	1.94%	-36.25%
BHL	13.04	13.04	10.96	0.00%	18.98%
FMBCH	380.00	380.00	163.00	0.00%	133.13%
FDHB	65.17	65.07	38.90	0.15%	67.53%
ICON	16.80	16.85	11.26	-0.30%	49.20%
ILLOVO	1,355.15	1,350.12	850.03	0.37%	59.42%
MPICO	14.67	14.68	20.57	-0.07%	-28.68%
NBM	2,400.14	2,400.02	2,000.09	0.00%	20.00%
NBS	101.85	109.90	80.00	-7.32%	27.31%
NICO	199.50	199.67	150.00	-0.09%	33.00%
NITL	411.49	411.49	250.00	0.00%	64.60%
OMU	1,500.03	1,500.02	1,025.01	0.00%	46.34%
PCL	2,507.00	2,506.99	2,181.29	0.00%	14.93%
STANDARD	3,950.26	3,950.22	2,250.04	0.00%	75.56%
SUNBIRD	224.00	195.02	120.01	14.86%	86.65%
TNM	12.10	12.01	17.94	0.75%	-32.55%
MASI	114,228.31	114,236.98	86,462.61	-0.01%	32.11%
DSI	86,753.99	86,761.71	70,512.35	-0.01%	23.03%
FSI	19,012.49	19,012.48	8,202.52	0.00%	131.79%

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

Published End Year Financials for 2023 and 2022						
	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)		
Period (End-Year)	**Aug-23**	**Aug-22**	**% Change**	**Aug-23**	**Aug-22**	**% Change**
ILLOVO	56.76	26.63	113.14%	29.20	21.00	39.05%
Period	**Dec-23**	**Dec-22**	**% Change**	**Dec-23**	**Dec-22**	**% Change**
STANDARD	52.52	39.20	33.98%	108.34	85.23	27.11%
NBM	71.96	45.94	56.64%	102.80	70.67	45.46%
NITL	21.50	6.99	207.58%	5.00	2.35	112.77%
FDH BANK	35.65	22.93	55.45%	3.22	2.19	47.03%
NBS BANK	29.38	18.91	55.40%	4.54	3.30	37.58%
SUNBIRD	5.25	3.05	72.13%	7.70	2.00	285.00%
AIRTEL	1.41	36.93	-96.18%	0.98	2.50	-60.92%
TNM	(4.76)	-1.76	170.45%	0.00	0.00	0.00%
PCL	75.05	36.34	106.52%	37.00	36.00	2.78%
NICO	59.08	37.01	59.65%	10.00	6.00	66.67%
ICON	19.16	16.71	14.69%	0.27	0.25	8.00%
BHL	(0.79)	(0.45)	77.25%	0.00	0.00	0.00%
MPICO	7.07	8.14	-13.11%	0.38	0.36	5.56%
	Net Profit/(Loss) (ZAR' billion)			**Total Dividend (Per Share) (ZAR)**		
OMU	7.63	5.65	35.07%	0.81	0.76	6.58%
	Net Profit/(Loss) (US Dollars' million)			**Total Dividend (Per Share) (USD)**		
FMBCH	78.74	61.20	28.67%	0.64	0.49	30.61%
TRADING STATEMENT						
ILLOVO	Illovo Sugar (Malawi) plc advises that the PAT for the 6-month period ending 29 February 2024 is expected to be between K22 billion and K25 billion representing a decrease of between 35% and 26% from the corresponding period in 2022					

OTHER MARKET DEVELOPMENTS

Tobacco Sales (Source: TC, AHL & TAMA).

The 2023/24 tobacco marketing season has commenced across all auction floors in Kasungu, Lilongwe, Limbe, and Mzuzu. Earnings of all types of tobacco have consistently been higher three weeks into the 2024 selling season compared to the corresponding period in 2023. As of 2 May 2024, cumulatively, a total of US$53.8 million has been generated from 20.1 million kgs of all tobacco types. This was at an average price of US$2.67/kg after three weeks of sales, compared to US$28.4 million realised from 13.8 million kgs, sold at an average price of US$2.05/kg in the corresponding period in 2022. According to AHL Tobacco Sales Ltd, the market is still in its infancy, as such, good quality bottom leaf styles are dominating on all four of the markets.

According to second round crop estimates from the Tobacco Commission (TC), tobacco production is expected to increase by 17.0% to 140.0 million kgs in 2024. The estimates are still well below the demand which was at 170.0 million kgs in the 2023 season. The Tobacco Association of Malawi (TAMA) has attributed increased production to increased hectarage, increased number of growers, increased sponsors, and improved availability of imports. Farmers have also been incentivised to farm more tobacco on account of the high prices realised in the previous season.

Risks to the industry include breaching forced labour and child labour laws, smuggling to neighbouring countries, poor weather conditions, rising demand for substitutes such as e-cigarettes, and global anti-smoking campaigns.

Malawi Key Message Update April 2024: Crisis (IPC Phase 3) in the south despite increased food access from the recent harvest (Source: FEWSNET).

Crisis (IPC Phase 3) and Stressed (IPC Phase 2) outcomes are expected in most southern areas due to effects of El Niño and dry spells leading to below-average harvests. However, most poor households are able to access food following the recent harvest in the southern and parts of the central regions and will likely face Stressed (IPC Phase 2) and Minimal (IPC Phase 1) outcomes. Humanitarian food assistance is expected to conclude in April 2024, with only a few districts awaiting their final distributions. Meanwhile, the northern region is yet to harvest and is expected to continue experiencing localized Stressed (IPC Phase 2) and Minimal (IPC Phase 1) outcomes, which are likely to persist through August 2024.

Food insecurity is expected to increase in areas affected by recent heavy rains and flooding, which have damaged matured crops and caused fatalities, loss of livelihoods, and damage to infrastructure. According to the Department of Disaster and Management Affairs (DODMA), three deaths and over 2,300 households were affected due to floods in Chikhwawa, Mangochi, Nkhotakota, Nkhatabay, and Rumphi districts. The Department of Climate Change and Meteorological Services (DCCMS) reported moderate to scattered rainfall across the country, with normal to above normal rainfall in the northern areas and heavy rainfall over parts of Nkhata Bay. In contrast, most central and southern areas experienced below-normal rainfall due to El Niño-driven weather conditions, which will likely affect the late-planted crops.

Refer to Appendix 9 for more details on Food Insecurity Phase Descriptions.

Second-Round Production Estimates (Source: FEWSNET and MoA).

The Ministry of Agriculture has released the second-round production estimates for the 2023/24 agricultural season which indicate a decline in production for nearly all crops. Maize production is estimated at 2.9 million metric tons (MT), a 17.0% decrease compared to the 2022/23 production season and 23.0% decrease compared to the five-year average. Only rice, sweet potatoes, and pigeon peas did not show a production decline. All the Agricultural Development Divisions (ADDs) have registered reduced production due to low rainfall and extended dry spells with the exception of Mzuzu ADD, which had a 2.5% increase in maize production. Furthermore, there was a decrease in input uptake attributed to higher prices of inputs, reduced beneficiaries for the Affordable Input

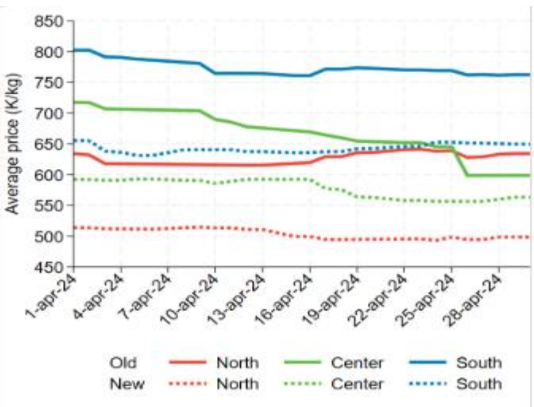
Program (AIP), below-average income earning opportunities, and fall armyworm infestation, which damaged about 15.0% of the planted area with over 20.0% level of infestations.

Maize Prices (Source: IFPRI & FEWS NET).

In April, maize prices continued their downward as newly harvested maize increased supply. The weekly average price of maize declined by 7.0% from K760/kg in the final week of March to K709/kg in the final week of April for old maize. During the same period, the weekly average price of new maize dropped by 2.0% from K612/kg to K597/kg, well below the minimum farmgate price set by the government at K650/kg.

Compared to other regions, the Southern region had the highest monthly average prices of both old and new maize. Old maize averaged K774/kg in the South while new maize averaged K643/kg. By the end of April, new maize was retailing below the minimum farmgate price in 7 of the 15 monitored markets in the Southern region and in all monitored markets in the Central and Northern regions. In a departure from the typical trend, where the Northern region usually records the lowest prices, the Central region saw old maize prices decline below those in the Northern region towards the end of April. This unusual trend can be attributed to traders clearing out old stock to make way for the influx of new maize in the region, leading to the discounted price. Prices of new maize followed the normal pattern, with Chitipa in the North recording the lowest new maize price at K421/kg in the last week of the month.

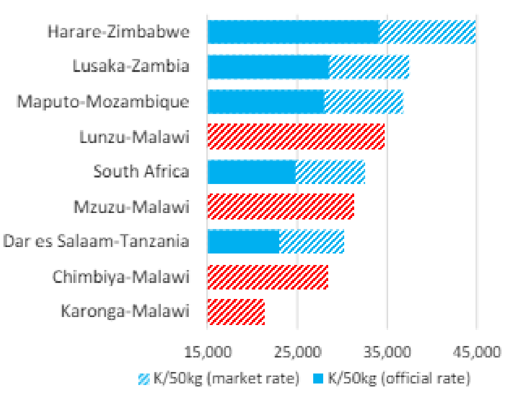
Figure 1: Average daily maize retail prices per region



FEWS NET's price projections indicate that maize will reach its peak at K1,080/kg by November 2024. On the informal maize cross border trade, total imports in March were at 20,125 MT compared to 9,592 MT in February 2024; a 110.0% increase from the previous month and a 450.0% increase from the five-year average. According to FEWS NET, the majority of maize is being sourced from Tanzania, despite the country also being hit by severe El Niño weather conditions.

Consistent with the previous month's trend, Karonga market in the Northern region reported the lowest weekly average price at both the official (K1,751/US$1) and the market exchange rate (K2,300/US$1) compared to other markets in the region, mainly due to the relatively low prices of new maize. Conversely, Harare market in Zimbabwe recorded the highest weekly average price, notably exceeding its regional counterparts, at the market exchange rate. Meanwhile, Lunzu market in the South emerged as the priciest at the official exchange rate, surpassing other regional markets.

Figure 2: Regional comparisons



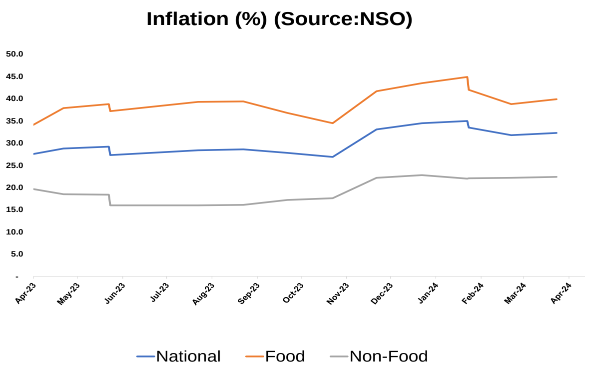
Note: Weekly average price for the week ending on 28th April

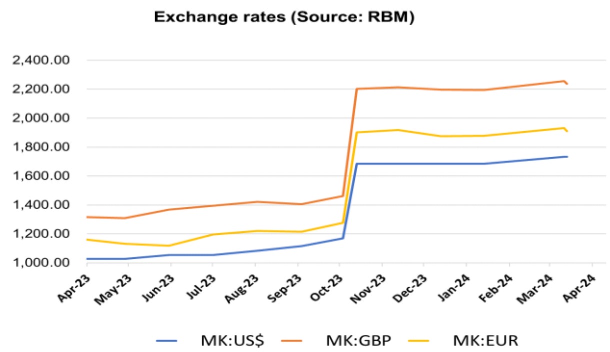
No ADMARC sales or purchases were reported in any of the 26 markets monitored by IFPRI in the month of April 2024.

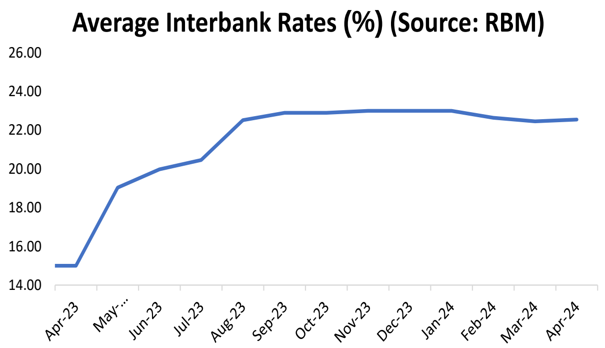
Tea Prices and Production (Source: RBM).

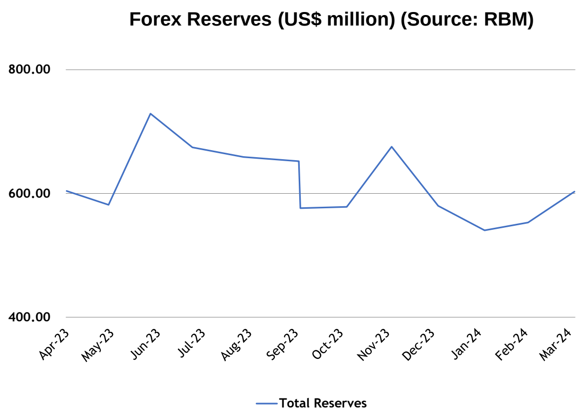
Total tea production increased to 7.3 million kgs in March 2024 from 6.2 million kgs in February 2024 and compared to 6.5 million kgs in the corresponding month of 2023. However, the volume of tea sold decreased to 876.8 thousand kgs in March 2024, from 944.4 thousand kgs observed in the preceding month. Further, the average price of tea remained steady at US$1.3/kg as was in the previous month. As a result, the value of tea sales declined to US$ 1.1 million in March 2024, from US$1.2 million recorded in February 2024.

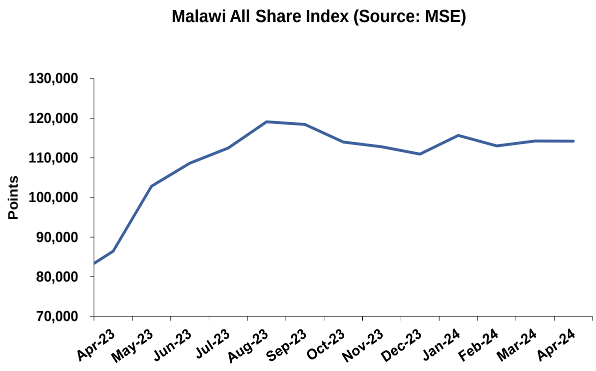
TREND GRAPHS

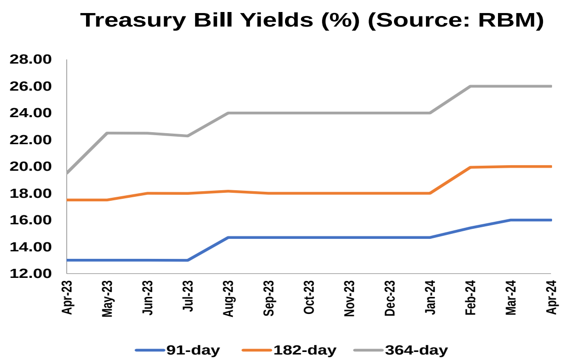












GLOBAL DEVELOPMENTS

Economic Growth

According to the IMF April 2024 Global Outlook report, the global economy remains remarkably resilient, with growth holding steady as inflation returns to target. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening. Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops. Moreover, the inflation surge despite its severity and the associated cost-of-living crisis did not trigger uncontrolled wage-price spirals. Instead, almost as quickly as global inflation went up, it has been coming down.

According to the IMF's latest projections, growth for 2024 and 2025 will hold steady around 3.2% with median headline inflation declining from 2.8% at the end of 2024 to 2.4% at the end of 2025. Most indicators point to a soft landing. Markets reacted exuberantly to the prospect of central banks exiting from tight monetary policy. Financial conditions eased, equity valuations soared, capital flows to most emerging market economies excluding China have been buoyant, and some low-income countries and frontier economies regained market access.

Resilient growth and faster disinflation point toward favorable supply developments, including the fading of earlier energy price shocks, the striking rebound in labor supply supported by strong immigration flows in many advanced economies. Decisive monetary policy actions, as well as improved monetary policy frameworks, especially in emerging market economies, have helped anchor inflation expectations.

Risks to the global outlook are now broadly balanced. On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labor markets are still tight, raise interest rate expectations and reduce asset prices. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure.

In China, without a comprehensive response to the troubled property sector, growth could falter, hurting trading partners. Amid high government debt in many economies, a disruptive turn to tax hikes and spending cuts could weaken activity, erode confidence, and sap support for reform and spending to reduce risks from climate change.

Geoeconomic fragmentation could intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short term, although risking more costly policy adjustment later on.

Inflation could fall faster than expected amid further gains in labor force participation, allowing central banks to bring easing plans forward. Artificial intelligence and stronger structural reforms than anticipated could spur productivity. As the global economy approaches a soft landing, the near-term priority for central banks is to ensure that inflation touches down smoothly, by neither easing policies prematurely nor delaying too long.

Global Oil

According to the Organization of Petroleum Exporting Countries (OPEC), the global oil demand growth forecast for 2024 remains broadly unchanged from last month's assessment at 2.2 mb/d. There were some minor upward adjustments to first quarter data, including a slight upward adjustment in OECD Americas and Chinese data due to better-than-expected performance in oil demand in the first quarter of 2024. However, this increase was offset by a downward revision to the Middle East in the second and third quarter. Accordingly, the OECD is projected to expand by nearly 0.3 mb/d, while the non-OECD is forecast to grow by about 2.0 mb/d. Global oil demand growth in 2025 is expected to remain robust at 1.8 mb/d, y-o-y, unchanged from the previous month's assessment.

The non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 1.2 mb/d in 2024, unchanged from the previous month's assessment. The main drivers for growth are expected to be the US, Canada, Brazil and Norway. In 2025, non-DoC liquids supply growth is expected at 1.1 mb/d, broadly unchanged from the previous month's assessment. Again, growth is mainly driven by the US, Brazil, Canada and Norway.

Separately, DoC natural gas liquids (NGLs) and non-conventional liquids are forecast to grow by about 0.1 mb/d to average 8.3 mb/d in 2024, followed by a minor decline of about 10 tb/d to average 8.3 mb/d in 2025. The DoC crude oil production in April decreased by 246 tb/d, m-o-m, averaging 41.02 mb/d, as reported by available secondary sources.

In April, the OPEC Reference Basket (ORB) value averaged US$4.90/b, or 5.8%, higher, m-o-m, to stand at US$89.12/b, with all ORB component values rising alongside their respective crude oil benchmarks.

Currency Movements

Following the lumps and bumps of stronger activity and sticky inflation data through the early months of the year, the market has now focused its attention on the Federal Reserve (the Fed) easing cycle. The Fed has made it reasonably clear that it wants to cut rates and that it would take quite a lot to blow it off course. That means a Dollar bear trend should reveal itself over the coming months. According to ING Think, the foreign exchange market price action of November and December 2023 provides a preview of what is ahead as 2024 unfolds.

Market consensus expects EUR/US$ at 1.10 by year-end 2024. In 2024, the EUR/US$ is expected to range around 1.14/15 area as rate differentials and stronger global growth prospects support the Euro. After Switzerland fired the starting pistol for rate cuts in Western Europe, the European Central Bank (ECB) and Bank of England (BoE) rate cuts are expected starting from June and August, respectively. The rate cuts are expected to slow the rallies in EUR/US$ and GBP/US$.

Having been held up through the first quarter on better growth and particularly higher inflation numbers, Dollar support is starting to fade. At its most recent press conference, the Fed Chair, Jerome Powell, made clear that the Fed is inclined to cut rates. The soft-landing narrative is expected to gain traction over coming months and expect a bullish steepening of the USA yield curve and rate differentials moving against the Dollar to see EUR/US$ gently climb above the end-year consensus of 1.10.

While UK activity is looking slightly brighter, helped by tax cuts, prices are moving in the right direction and paving the way for BoE easing later this year. The most recent Monetary Policy Committee (MPC) meeting saw two members in favour of further interest rate hikes abandon their votes for further tightening. The Dollar trend will dominate and that GBP/US$ stays bid near 1.28/1.30. Yet gains over 1.30 will be a struggle.

EUR/GBP is drifting away from the 0.8500 floor as the UK's MPC edges very slowly towards an easing cycle. Locally, speculation is building on the date of this year's UK general election. Most reports favour the October/November window with perhaps the Conservative Party trying to squeeze in another tax cutting budget before then. However, the election is not expected to have a material impact on the British Pound since the Labour Party appears to be far ahead in the opinion polls.

The South African Rand managed to survive the event risk of the February budget even though the government did tap into the central bank's forex reserve fund. The fact that those funds were used to pay down debt early probably saved the Rand. The president has announced 29 May 2024 as the date for the general election. The ANC is polling poorly and questions whether it will pursue a coalition with far-left parties, a negative signal for the Rand. Domestically, the economy remains challenged by infrastructure woes. Currently, water and electricity are a challenge and South Africa's current account deficit is also widening more quickly than expected. US data needs to soften quickly otherwise USD/ZAR is expected to reach 20.0 by mid-year.

Global Trade

International bodies such as the OECD, IMF, and WTO are forecasting a sharp rebound in global trade in 2024 and 2025 after a slowdown in 2023 driven by inflation, surging interest rates, and sluggish demand. The OECD, for instance, projects the global trade in goods and services to rise 2.3% this year and 3.3% in 2025, compared to 1% in 2023. Per the WTO, trade flows within blocs of geopolitically aligned countries have been growing 4% faster than trade between those blocks since Russia's full-scale invasion of Ukraine in February 2022. The demand for environmental goods, especially electric cars, is set to play a crucial role in driving trade growth. However, the logistical challenges such as shipping disruptions in the Red Sea, Black Sea, and Panama Canal cast shadows over the optimistic outlook, threatening to raise costs and disrupt supply chains.

After years of shocks, including the COVID-19 pandemic and Russia's invasion of Ukraine, countries are reevaluating their trading partners based on economic and national security concerns. Foreign direct investment flows are also being re-directed along geopolitical lines and some countries are reevaluating their heavy reliance on the dollar in their international transactions and reserve holdings. Given the recent history of events, policymakers are increasingly focused on building economic resilience. But if the trend continues, we could see a broad retreat from global rules of engagement and, with it, a significant reversal of the gains from economic integration.

New trade restrictions have increased sharply, more than tripled since 2019, while financial sanctions have also expanded. Despite these trends, there are not yet clear signs of deglobalization at the aggregate level. But under the surface, there are increasing signs of fragmentation. President Biden on recently announced major increases in tariffs on a range of Chinese goods, expanding the sweeping tariff program implemented by President Trump. The new tariff rates affect about US$18.0 billion in imports, or 4.2% of all U.S. imports from China, and will take effect over the next two years. The Biden administration frames the tariffs as a response to China's unfair trade practices, such as subsidies, intellectual property theft, and forced technology transfer, which threaten jobs and emerging industries in the United States. Trade ties between the US and China have weakened and WTO data shows that bilateral trade between the United States and China has grown 30.0% less than their trade with the rest of the world since 2019.

Interest Rate Movements

The US Treasury yield (10-Year) increased to close at 4.69% in April 2024 from 4.20% recorded in March 2024.

	Apr-24	Mar-24	Apr-23	Change 1 month	Change 12 months
US Fed Rate	5.500%	5.500%	4.750%	0.000%	0.75%
US Treasury yield (10 years)	4.690%	4.200%	3.440%	0.490%	1.25%
BOE Rate	5.000%	5.000%	4.250%	0.000%	0.75%
ECB Rate	4.500%	4.500%	3.500%	0.000%	1.00%

(Source: US Federal Reserve, Refinitiv)

REGIONAL MARKET DEVELOPMENT

Sub-Saharan Africa (SSA)

According to the World Bank biannual Africa's Pulse report, economic growth is set to rise for the next two years in Sub-Saharan Africa, but not enough to make a significant dent in poverty on the continent. The region's economy is set to expand 3.4% this year and 3.8% in 2025 as falling inflation boosts private consumption, up from 2.4% in 2023.

Many countries in Sub-Saharan Africa were hit hard by the shocks of COVID-19 and Russia's war in Ukraine, which pushed up inflation at the same time as rising global interest rates made borrowing prohibitively expensive. Drought and conflict have also affected swathes of the region. Per capita GDP growth of 1.0% is associated with poverty reduction of only 1.0% in the region, compared to 2.5% in the rest of the world. South Africa's growth rate is forecast to double in 2024, but just to 1.2%, while Angola's is set to pick up to 2.8% from 0.8% last year, driven mainly by the non-oil sector amid falling oil production. The East African Community region, in contrast, is expected to grow by 5.3% this year, due to strong growth in Kenya, Rwanda, Uganda and the Democratic Republic of Congo. West Africa's biggest economy, Nigeria, is forecast to grow by 3.3% this year, below its long-term average.

Increased conflict and violence in the region will continue to weigh on economic activity. Although confined to small economies so far, military coups and the risk of coup contagion significantly impact international investor sentiment and the perception of risk toward the entire region. Tensions in West Africa have escalated with the decisions of Burkina Faso, Mali, and Niger to leave the Economic Community of West African States and Senegal's decision to delay elections. In Sudan, the resolution of the conflict between the Sudanese Armed Forces and the Rapid Support Forces through mediation may prove difficult. In Ethiopia, security remains uncertain as bouts of violence continue in the Amhara and Oromia regions.

Public debt in Sub-Saharan Africa is expected to decline from 61.0%of GDP in 2023 to 57.0% of GDP in 2024. However, the risk of debt distress remains high. More than half of the African governments are grappling with external liquidity problems, facing unsustainable debt burdens, or are actively seeking to restructure or reprofile their debts. Public debt service obligations have surged as governments in the region are exposed to market financing and non–Paris Club government loans. External borrowing is more expensive than it was prior to the pandemic despite sovereign spreads gradually declining from their peak in May 2023. For instance, the coupon of the new Eurobond issued by Kenya this February is 9.75%, compared to the 6.875% of the Eurobond maturing in 2024. Countries that have defaulted include, Zambia (2020), Ghana (2022) and Ethiopia (2023).

Risks to the growth forecast are tilted to the downside. They include a rise in political instability and violence, such as the intensification of the conflict in the Middle East, disruptions to global or local trade and production, increased frequency, and intensity of adverse weather events, a sharper-than-expected global economic slowdown, and higher risk of government defaults, especially if debt restructuring attempts by highly indebted countries prove unsuccessful.

Zambia

Zambia's headline inflation for the month of April 2024 increased to 13.80% from 13.70% recorded in March 2024. The Zambian Kwacha closed at ZK26.76/US$1 in April 2024 compared to ZK25.15/US$1 recorded in March 2024. According to the IMF, economic growth is projected to grow by 4.3% in 2024.

Zimbabwe

Zimbabwe's headline inflation for the month of March 2024 increased to 57.50% compared to 55.30% recorded in February 2024.The ZiG (Zimbabwe Gold) closed the month at ZiG13.77/US$1. The IMF has projected that the economy will grow by 3.6% in 2024.

Note: Zimbabwe Statistics Office (ZIMSTAT) has adopted the geometric aggregation method in computing the weighted Consumer Price Index beginning September 2023. The migration to geometric aggregation has resulted in a decline of weighted inflation rates.

The Zimbabwe Gold (ZiG) has been the official currency of Zimbabwe since 8 April 2024, backed by US$575 million worth of hard assets: foreign currencies, gold, and other precious metals.

Uganda

The headline inflation rate for Uganda for April 2024 decreased to 3.2% from 3.3% in March 2024. The Ugandan Shilling appreciated against the US Dollar in April 2024 closing at UGX3,819.75/US$1 compared to UGX3,893.54/US$1 recorded in March 2024. The IMF has projected that economy of Uganda will grow by 5.7% in 2024.

Tanzania

Tanzania's headline inflation rate for April 2024 increased to 3.10% from 3.00% in March 2024. The Tanzanian Shilling depreciated against the US Dollar and closed at TSh2,585.46/US$1 compared to TSh2,569.66/US$1 recorded in February 2024. The IMF has projected that economy of Tanzania will grow by 6.1% in 2024.

South Africa

The headline inflation rate for South Africa for April 2024 decreased to 5.20% from 5.30% in March 2024. The South African Rand slightly appreciated against the US Dollar and closed at ZAR18.71/US$1 in April 2024, compared to ZAR18.99/US$1 recorded in March 2024. The IMF has projected that the economy will grow by 1.0% in 2024

OUTLOOK FOR APRIL 2024 AND BEYOND – MALAWI

Exchange Rates

The countries' foreign reserves remain low on account of chronic current account deficits. As a result, the Kwacha is expected to continue on a downward path against the major currencies.

The formal exchange rate at the end of April stood at K1,751.00:US$1 (TT sell), K1,910.00 (Bureau rate) and the informal market exchange rate K2,000:US$1. However, the foreign exchange auctions held by the RBM, and authorized dealer banks (ADBs) remain somewhat fixed, evidenced by the currency only experiencing one movement (depreciation) within the first quarter contrary to market forces.

Accordingly, the RBM expects a steady depreciation in 2024, following two significant exchange rate re-alignments that occurred in 2022 and 2023. Therefore, the Kwacha is likely to remain overvalued in 2024. According to the EIU, further into the forecast period, the Kwacha is expected to continue to depreciate to K2,569.5:US$1 by 2028. By this time the Kwacha will be trading close to its fair value, achieving the policy goal of exchange-rate flexibility, coupled with lower inflation.

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

Malawi's medium-term inflation target range is set at 3-7%, but inflation will remain well above that target in 2024-29. According the RBM, inflation is forecast to average 30.0% in 2024. The RBMs forecast is premised on softening food inflation and a moderating exchange rate fluctuation. The underlying assumptions are that real GDP growth for 2024 is projected at 3.2%; food price pressures are expected to moderate during the second quarter of 2024, but could pick up during third quarter of 2024; domestic fuel pump prices are expected to increase in the second quarter of 2024; utility tariffs assumed to increase in second quarter of 2024; fiscal pressures to persist during the second quarter of 2024; and the money supply growth to remain strong.

The RBM notes that the country is expected to continue experiencing a food supply deficit following the lower crop harvest due to the El Niño weather conditions. However, the government is expected to intensify food supply operations. Furthermore, after significant alignments of exchange rate in 2022 and 2023, the current assessments point to a more moderate exchange rate adjustment in the near term.

The RBM is expected to continue engaging in deficit financing until more significant financial support materializes later in the forecast period. This, combined with ongoing currency weakness, will keep inflation elevated in 2025-26. However, the RBM has noted a downward trend in inflation during the first quarter of 2024, which is expected into the second quarter on account of food relief, the harvest period, and exchange rate cushions from the sale of tobacco. Despite this, upward risks remain as the country grapples with the impacts of widespread droughts and floods in parts of the country, fiscal slippages and passthrough effects from the exchange rate depreciation.

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

The merchandise trade balance recorded a deficit of minus US$194.4 million (K333.7 billion) in the month under review, from minus US$128.5 million (K218.5 billion) in February 2024, and compared to a gap of minus US$177.7 million (K184.2 billion) in the corresponding month of 2023. The trade deficit widened on account of a 28.2% growth in imports coupled with a 25.5% drop in exports.

Imports of goods rose to US$235.5 million (K404.1 billion) in the review month from US$183.7 million

(K312.2 billion) recorded in February 2024, and compared to US$233.6 million (K242.1 billion) registered in a similar month of 2023. The outcome was partly attributed to increases in purchases of fuel, printed books, iron and steel, paper and paperboards, and other made-up textile articles, which grew by US$17.1 million, US$11.3 million, US$1.2 million, US$4.1 million and US$4.0 million, respectively, to US$42.8 million (K73.5 billion), US$11.9 million (K20.3 billion), US$6.1 million (K10.3 billion), US$7.2 million (K12.3 billion) and US$9.1 million (K15.6 billion). However, imports of fertilizer and cement declined in the review month to US$6.7 million (K11.6 billion) and US$3.0 million (K5.2 billion) from US$13.4 million (K22.8 billion) and US$4.4 million (K7.6 billion) in the preceding month, respectively.

Meanwhile, exports of commodities decreased to US$41.1 million (K70.4 billion) in March 2024 from US$55.2 million (K93.7 billion) in the preceding month and compared to US$56.0 million (K57.8 billion) reported in a similar period of the previous year. The outturn in exports was mainly explained by a reduction in the sales of tobacco, soya beans, and pulses, which fell to US$10.4 million (K17.8 billion), US$2.5 million (K4.3 billion) and US$0.5 million (K0.8 billion), from US$20.5 million (K34.8 billion), US$3.9 million (K6.6 billion) and US$1.2 million (K2.0 billion). Meanwhile, tea registered an increase of US$2.4 million (K4.2 billion) and was recorded at US$8.3 million (K14.2 billion) compared to US$5.9 million (K10.0 billion) in February 2024.

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

During the second Monetary Policy Committee (MPC) meeting held 2nd and 3rd May 2024, the MPC noted that inflation remains high and significantly above the Reserve Bank of Malawi's medium-term inflation objective of 5.0 percent. The Committee, therefore, resolved to maintain the Policy rate at 26.0%. The Committee also decided to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio for foreign currency deposits at 3.75%. The Committee, however, raised the LRR ratio for domestic currency deposits by 100 basis points to 8.75%.

Under guidance from the IMF, the RBM has committed to proactively address inflationary pressures, chiefly by containing money-supply growth and maintaining a positive real interest rate, although this will take time to come to fruition. The RBM has raised its main policy rate by a cumulative 1,400 bps since it began its tightening cycle in May 2022, following a 200-basis-point increase in the main policy rate in February 2023, to 26.0%.

As deficit monetization continues this year (amid still-low external financial support and a large budget deficit, thereby keeping money-supply growth elevated, expected currency weakness (as the RBM shifts to a flexible exchange rate) and still-high global commodity prices, inflation is expected to continue rising in 2024.

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

Support from the IMF is expected to catalyze additional aid inflows from other multilateral institutions as the authorities are committed to limiting domestic borrowing and improving public financial management. Demands on the public purse are expected to remain high, against the backdrop of elevated living costs, and widespread food insecurity, and the reconstruction of infrastructure damaged by flooding and Cyclone Freddy in March 2023. However, the public expenditure/GDP ratio is expected to fall between 2024 and 2028, as a result of lower debt repayments to commercial and bilateral creditors alongside gradual improvements to spending efficiency.

The authorities are expected to gradually trim the public-sector wage bill which currently stands at around 6.0% of GDP and continue to reduce the scope of the Affordable Input Program (AIP) by improving targeted funding towards the poorest citizens. The government will attempt to improve the efficiency of domestic revenue collection and widen the tax base, although persistent loopholes and weak enforcement will limit growth in government revenue. Domestic revenue mobilization will be complemented by higher external grants as progress under the ECF facilitates other multilateral and bilateral inflows. As a result of steady growth in revenue and shrinking expenditure, the EIU expects the fiscal deficit to gradually narrow, from 8.7% of GDP in 2023/24 (estimated), to 3.6% of GDP in 2028/29.

According to the IMF, Malawi has been in default on its external debt since 2022. However, a mitigating factor is that debt restructuring talks are happening in good faith, and although the commitment to pay is weak but not entirely absent. Debt-restructuring talks with commercial creditors for US$887.0 million in claims are ongoing, and arrears are accumulating. Malawi is also seeking to secure treatment of bilateral debt, of US$99.0 million. The IMF expects that over 2023-27 Malawi will need debt relief of US$987.0 million. As such, the government is attempting to build policy credibility under an extended credit facility (ECF) arrangement with the IMF, approved in November 2023.

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

Various institutions have revised their projections for the Malawian economy and based on these revised projections the economy is estimated to grow by an estimated average of 2.18% in 2024. See table below:

Real GDP Growth Projections				
	2021	2022	2023	2024
EIU	2.70%	0.70%	1.60%	1.50%
IMF	2.20%	0.90%	1.70%	2.00%
WORLD BANK	2.80%	0.90%	1.40%	2.00%
GOVERNMENT	3.90%	1.19%	1.50%	3.20%
Average Real GDP	**2.90%**	**0.92%**	**1.55%**	**2.18%**

(Source: EIU, IMF, WBG, MoF)

The Government of Malawi has maintained their growth projection for 2024 at 3.2%, premised on growth in the agricultural sector and impact on development financing and foreign inflows from the ECF program. However, the EIU revised growth downwards from 3.0% forecasted in the fourth quarter of 2023 to 1.5%, further, the World Bank adjusted growth from 2.8% forecasted in January 2024 to 2.0% in their most recently updated forecasts. Similarly, The IMF has adjusted its forecast downwards by 1.3 percentage points to 2.00% for 2024. The revisions are on account of the impact of dry spells and flooding across the country, which has affected 44.3% of the national crop area. However, the World Bank and IMF still project a more positive outturn than 2023, on account of a successful winter crop harvest which is expected to cushion the impact of El Niño on the agricultural sector.

Assuming progress with debt restructuring and the enactment of reforms under the ECF arrangement, which will play a major role in bringing in donor funding and supporting investor confidence, economic growth will pick up gradually, owing to easing of shortages of foreign exchange and related external pressures. As external pressures ease, the expectation is that economic activity will likely pick up to 3.4% in 2028.

The expected stabilization of electricity supply as new power plants come online will support the manufacturing and services sectors. Assuming improved weather conditions from 2025, the EIU expects brisker activity in agriculture to support output growth, owing to lower fertilizer prices and improved efficiency in the government's input allocation scheme. Increased tobacco output, combined with the expected resumption of uranium mining at the decommissioned Kayelekera mine in late 2025, will support an improvement in export earnings.

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
Geopolitical Tensions	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
Climate 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. Resilient building structures 3. Sound road infrastructure 4. Early warning systems 5. Robust disaster management strategies 6. Diversification of export base to mitigate impact from damage to crops.
High Inflation	1. High cost of Living 2. Reduction in real wages 3. High Borrowing costs 4. Declining standard of living	1. Monetary Policy tightening 2. Social safety nets for poor households
Infectious Diseases/Pandemics/ epidemics	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).	1. Diversify into other sectors such as mining and cotton etc. 2. Engage in aggressive tourism marketing and investment.

	3. Reduced employment opportunities in the tobacco and supporting industry. 4. Lower income for farmers- small holder and commercial.	
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	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)

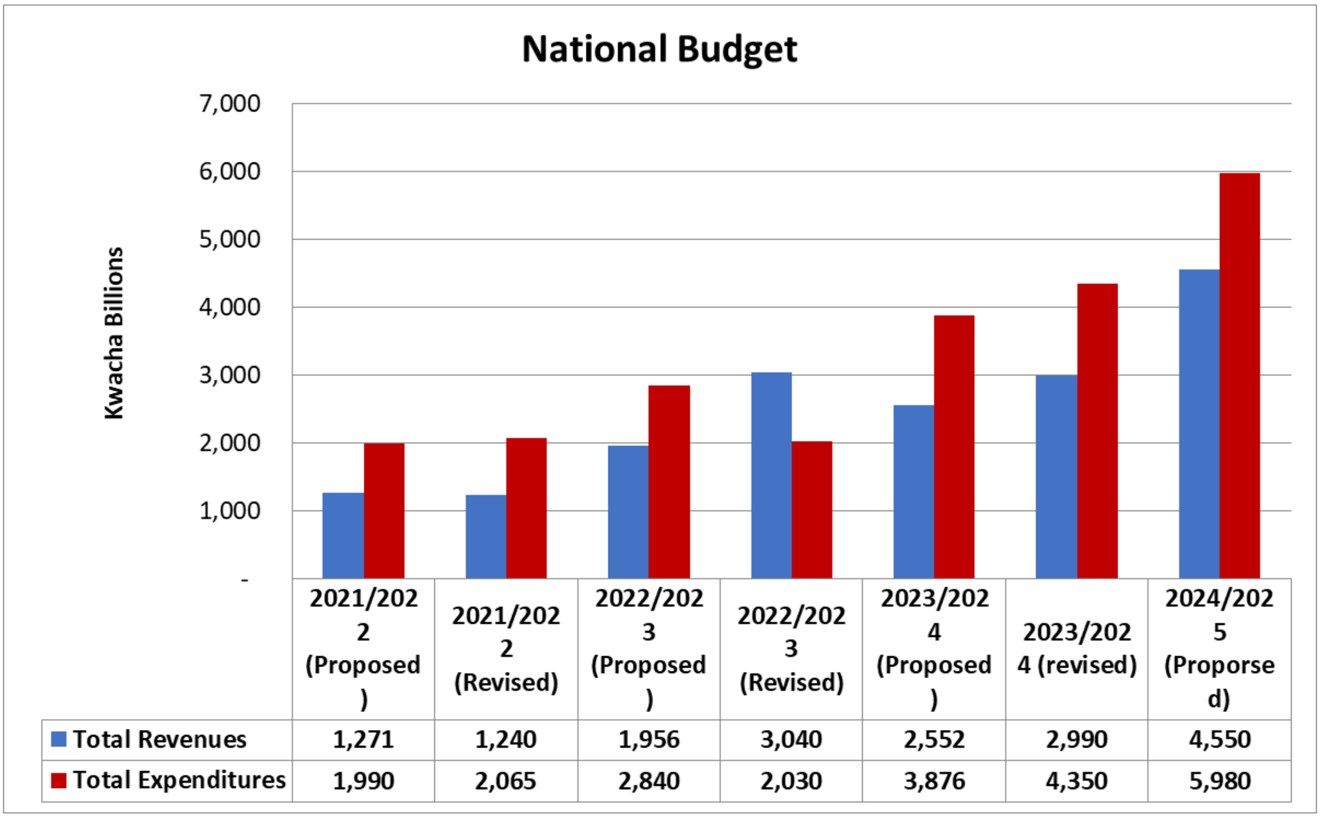
	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Exchange Rates													
MK : US$	1,026.43	1,026.43	1,053.44	1,053.44	1,084.60	1,115.78	1,168.78	1,683.37	1,683.37	1,683.37	1,683.37	1,751.00	1,751.00
MK : GBP	1,318.15	1,309.91	1,367.48	1,395.58	1,420.55	1,405.20	1,461.71	2,201.32	2,212.41	2,197.50	2,213.50	2,277.32	2,238.60
MK : ZAR	57.56	53.50	57.82	61.76	59.73	60.80	63.63	92.66	93.54	92.14	90.06	95.23	95.62
MK : EUR	1,163.80	1,130.49	1,117.92	1,195.92	1,219.47	1,216.14	1,275.35	1,901.53	1,918.18	1,875.87	1,878.30	1,951.24	1,910.75
Forex reserves (Source: RBM)													
Gross Official Reserves (US$'mn)	200.08	194.82	321.53	267.91	239.56	242.68	179.33	165.20	242.58	178.06	143.60	N/A	N/A
Private Sector Reserves (US$'mn)	403.93	386.90	407.47	406.63	419.35	409.46	39,688.00	413.20	433.01	401.88	396.72	N/A	N/A
Total Reserves (US$'mn)	604.01	581.72	729.00	674.54	658.91	652.14	576.21	578.40	675.59	579.94	540.32	552.94	603.07
Total Import Cover (months)	2.42	2.33	2.92	2.70	2.64	2.61	2.31	2.31	2.70	2.32	2.16	2.21	2.41
Inflation (NSO)													
Headline Inflation	28.80	29.20	27.30	28.40	28.60	26.90	27.80	33.10	34.50	35.00	33.50	31.80	32.30
Food	37.90	38.80	37.20	39.30	39.40	34.50	36.80	41.70	43.50	44.90	42.00	38.80	29.90
Non Food	18.50	18.40	16.00	16.00	16.10	17.60	17.20	22.20	22.80	22.80	22.10	22.20	22.40
Interbank Rates (Source: RBM)													
Monetary Policy Rate	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.20%	24.00%	24.00%	26.00%	26.00%
Average Interbank Rate	15.00%	19.04%	19.98%	20.46%	22.52%	22.77%	22.90%	23.00%	23.00%	23.00%	22.64%	22.46%	22.55%
Average Base Lending Rates	17.30%	20.00%	21.00%	21.40%	22.70%	23.40%	23.50%	23.50%	23.60%	23.60%	24.90%	24.90%	24.90%
Treasury Bill Yields (Source: RBM)													
91 day Treasury Bill Yield	13.00%	13.00%	13.00%	12.99%	14.70%	14.70%	14.70%	14.70%	14.70%	14.70%	15.41%	16.00%	16.00%
182 day Treasury Bill yield		17.50%	18.00%	17.99%	18.16%	18.00%	18.00%	18.00%	18.00%	18.00%	19.94%	20.00%	20.00%
364 day Treasury Bill yield	19.50%	22.49%	22.49%	22.28%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%
Stock Market Indices (Point) (Source: MSE)													
MASI	86,462.61	102,837.75	108,656.97	112,497.02	119,077.99	118,426.19	113,969.91	########	########	########	########	########	########
DSI	70,512.35	83,365.40	87,071.03	88,368.95	90,336.93	89,173.86	89,656.70	88577..93	86,359.68	86383..46	84,454.87	86,761.71	86,753.99
FSI	8,202.52	10,396.15	12,276.59	14.982.62	19,947.76	20,692.42	15,011.81	15,048.88	15,792.06	21,124.59	20,597.92	19,012.48	1,902.49
Fuel Prices per Litre (Source: MERA)													
Petrol	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	1,746.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00	2,530.00
Diesel	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	1,920.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00	2,734.00
Paraffin	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,261.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,910.00

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

	Oct-22	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
TANZANIA														
Exchange rate														
US$	2,308.26	2,313.46	2,319.21	2,327.52	2,383.14	2,443.82	2,481.76	2,480.94	2,514.30	2,510.00	2,529.80	2,555.89	2,569.66	2,585.46
GBP	2,524.66	2,880.03	2,883.94	2,939.54	3,068.66	3,102.31	3,103.24	3,012.85	3,164.22	3,197.49	3,205.76	3,231.41	3242.654	3,242.68
ZAR	128.45	126.63	126.63	124.42	135.48	131.87	129.36	132.29	132.82	137.15	133.89	133.17	135.74	137.68
EUR	2,244.24	2,547.82	2,490.02	2,543.98	2,625.87	2,666.70	2,615.53	2,631.78	2,729.07	2,774.93	2742.3032	2,767.77	2,779.60	2,772.91
Inflation %	4.90	4.30	4.00	3.60	3.30	3.30	3.30	3.20	3.20	3.00	3.00	3.00	3.00	3.10
UGANDA														
Exchange rate														
US$	3805.22	3,735.54	3,768.00	3,662.13	3,608.38	3,719.04	3,756.21	3,774.04	3,814.18	3,780.35	3,819.04	3,944.75	3,893.54	3,819.75
GBP	4406.74	4,660.09	4,669.68	4,624.90	4,649.61	4,728.02	4,593.84	4,583.57	4,822.43	4,815.80	4,838.34	4,996.81	4,917.54	4,788.82
EUR	3804.46	4,113.58	4,028.62	3,980.37	3,973.19	4,059.70	3,975.57	3,998.97	4,159.24	4,179.38	4,128.00	4,274.14	4,213.59	4,086.75
Inflation %	10.70	8.00	6.20	4.90	3.90	3.50	2.70	2.40	2.60	2.60	2.80	3.40	3.30	3.20
Central Bank Rate %	10.00	10.00	10.00	10.00	10.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50	10.00	10.25
ZAMBIA														
Exchange rate														
US$	16.17	17.73	19.52	17.59	18.84	20.20	21.01	22.07	23.73	25.74	27.15	23.49	25.15	26.76
GBP	18.62	22.08	24.15	22.31	24.20	25.57	25.77	26.85	29.97	32.79	34.44	29.69	31.54	33.49
ZAR	0.88	0.97	0.99	0.93	1.06	1.08	1.12	1.18	1.26	1.41	1.45	1.22	1.31	1.42
Inflation %	9.70	10.20	9.90	9.80	10.30	10.80	12.00	12.60	12.90	13.10	13.20	13.50	13.70	13.80
Central Bank Rate %	9.00	9.50	9.50	9.50	9.50	9.50	10.00	10.00	10.00	11.00	11.00	12.50	12.50	12.50
MOZAMBIQUE														
US$	63.87	63.88	63.88	63.88	63.89	63.89	63.89	63.89	63.89	63.90	64.53	63.90	63.90	64.53
ZAR	3.75	3.53	3.48	3.41	3.52	3.41	3.35	3.41	3.42	3.44	3.44	3.31	3.37	3.41
EUR	66.21	70.46	69.80	69.24	70.63	69.47	67.59	67.89	69.91	69.95	81.85	69.18	69.10	69.05
Inflation%	11.83	9.61	8.23	6.81	5.67	4.93	4.63	4.75	5.36	5.30	4.19	4.00	3.03	3.26

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

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



Appendix 4: Economic Indicators (Source: RBM)

	2018	2019	2020	2021	2022	2023	2023 Mar	2024 Mar
Real Sector [1]								
Population (million)	17.9	18.5	19.1	18.9	19.4	19.9	19.9	20.3
GDP at current market prices	7234.9	8239.6	8821.3	9975.5	11795.7	14594.0	14,594.0	17,949.9
Real GDP growth (percent)	4.4	5.7	0.8	4.6	0.9	1.5	1.5	3.2
GDP per capita (K'000)	404.2	445.3	461.9	527.8	604.9	733.4	733.4	884.2
GDP per capita (US$)	551.9	597.4	616.2	654.9	637.4	631.6	631.6	699.5
Consumer Price Index (CPI)	104.7	114.5	124.4	136	147.1	144.0	137.7	181.5
Year-on-year inflation rate (percent)	9.2	9.4	8.6	9.3	21	28.8	29.0	31.8
Fiscal Sector								
Total Revenue	1079.1	1208.5	1302	1141.5	1928.8	2,928.9	227.2	254.3
Domestic Revenues	988.6	1058.5	1096	989.7	1682.2	2,225.2	124.5	176.7
Grants	90.5	145	206.1	151.8	246.6	703.6	102.6	77.5
Total expenditure	1316.7	1446.2	1804.4	1655.5	273.9	3,331.1	232.1	323.3
Recurrent	1119.9	1241.9	1557	969.2	2345.0	2,741.2	198.3	239.3
Development	196.9	204.3	247.4	670.8	393.9	590.0	33.8	84.0
Deficit/GDP ratio (after grants)	-4.5	-2.9	-5.7	-5.3	-6.8	-2.8	0.0	-0.5
Monetary Sector								
Net Foreign Assets	152.5	163.3	-345.6	-405.9	-635.6	-1389.0	-783.7	--1660.6
Net Domestic Credit	1397.5	1601.7	2012.5	2691	3562.2	4501.4	3857.3	5662.1
Government	744.1	700.5	976.9	1608.8	2214.4	2762.1	2537.2	3809.6
Statutory bodies	130.8	216.8	213.4	205.3	273.5	476.3	260.2	512.7
Private (gross)	493.2	595	692.8	821.9	1020	1,202.2	1002.7	1269.0
Money Supply (M2)	1198.3	1320.5	1541.4	2004.4	2784.5	3679.2	2721.1	4022.7
M2 Growth Rate (annual percent)	11.5	10.2	16.7	30	38.9	32.2	31.6	47.8
Reserve Money	289.8	303.4	342.1	449.4	573.4	831.1	561.7	852.5
Banks Deposits	59.6	26	57.3	89.3	100.6	270.1	161.0	314.9
External Sector								
Overall Balance	0.6	63.7	-193.1	-125.9	-294.9	92.2	..	..
Current Account	-1,255.6	-984.9	-1,228.2	-1,545.4	-1,984.1	-2,404.5	..	..
Exports (fob)	814.5	975.4	838.3	809.0	874.4	1,136.3	57.8	70.4
Imports (cif)	2,141.6	2,421.2	2,285.7	2,625.8	2867.2	3,668.6	242.1	404.1
Trade balance	-1,327.1	-1,445.9	-1,447.5	-1,816.8	-1,992.8	-2,532.2	-184.2	-333.7
Capital account balance	632.6	533.7	553.0	598.5	723.4	1,129.2	..	..
Gross foreign exchange reserves	660.1	700.7	626.1	593.6	715.2	1141.6	610.2	934.2
Official	548.2	605.5	437.2	346.5	302.1	406.3	222.2	237.5
Commercial banks	111.9	95.2	188.9	247.1	413.0	735.2	388.0	696.7
Import cover (Official reserves in months)	3.6	2.9	4.0	1.7	1.2	1.0	0.9	0.5
Current account balance/GDP (percent)	-17.4	-12.0	-13.9	-15.5	-16.8	-16.5	..	..
Debt/GDP (percent)	62.7	44.7	53.4	60.1	68.0	81.3	..	..
Debt Service/Exports (percent)	6.3	6.8	13.0	10.6	13.5	14.6	..	..
MK/US Dollar (eop)	733.69	738.87	773.11	819.44	1034.67	1698.79	1033.80	1750.34
MK/US Dollar (pd avg)	732.33	742.23	749.53	805.90	949.04	1161.09	1034.87	1714.95

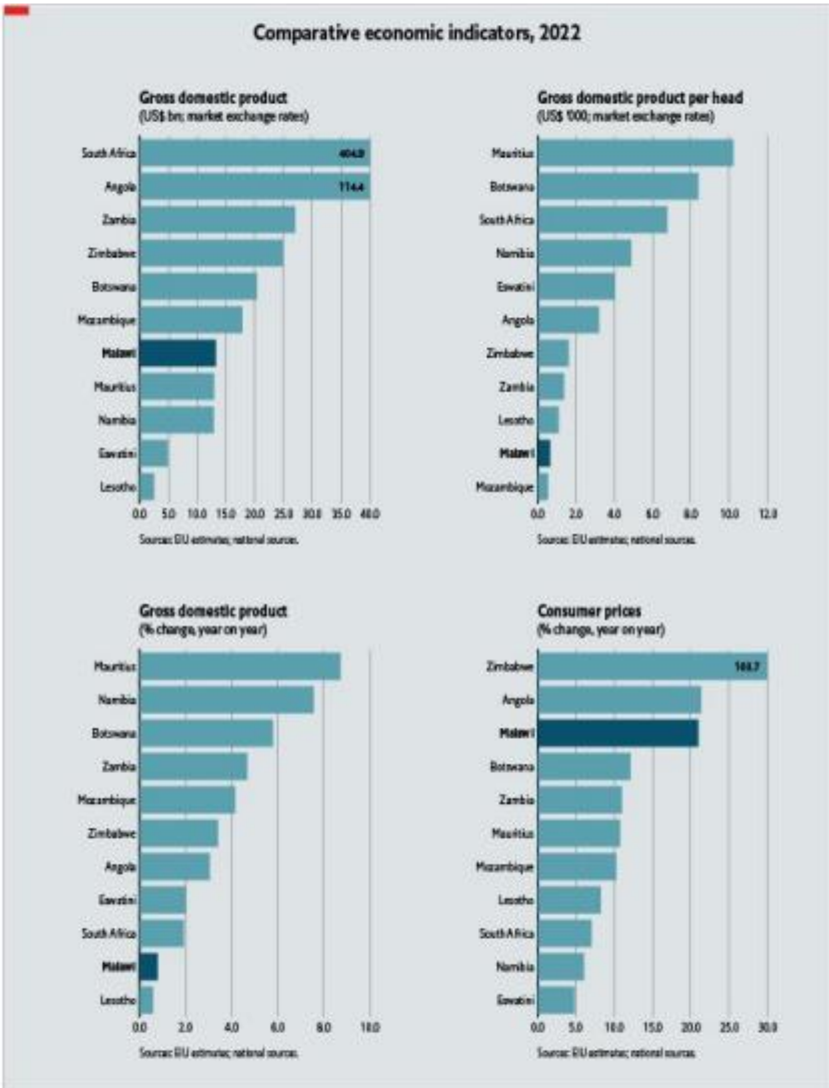
Appendix 5: Interest Rate Structure (Source: RBM)

	2023										2024		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Policy Rate	18.0	22.0	22.0	22.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	26.0	26.0
Reference Rate*	17.3	17.3	20.0	21.0	21.4	22.7	23.4	23.5	23.5	23.6	23.6	24.9	24.9
3-mon Fixed Rate	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Savings Rate	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Interbank Rate													
Minimum	15.0	15.0	18.3	19.4	20.4	21.9	22.8	22.8	23.0	23.0	23.0	22.0	21.9
Maximum	15.0	18.3	19.5	20.4	21.5	22.8	22.8	23.0	23.0	23.0	23.0	23.4	24.0
Average	15.0	15.3	19.1	20.0	20.5	22.6	22.8	22.8	23.0	23.0	23.0	22.6	22.6
All Type Treasury Bill Yield	16.3	16.3	17.7	17.8	17.7	19.0	18.9	18.9	18.9	18.9	18.9	20.5	20.7
91 Days	13.0	13.0	13.0	13.0	12.9	14.7	14.7	14.7	14.7	14.7	14.7	15.4	16.0
182 Days	0.0	0.0	17.5	18.0	18.0	18.2	18.0	18.0	18.0	18.0	18.0	19.9	20.0
364 Days	19.5	19.5	22.5	22.5	22.3	24.0	24.0	24.0	24.0	24.0	24.0	26.0	26.0
Mortgage (min)	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6

Source: Reserve Bank of Malawi

**From September 2019, the base rate was replaced with the Reference Rate. The Reference Rate is a weighted average of Lombard Rate, Interbank Rate (IBR), All-type Treasury Bill Rate and Savings Deposit Rate*

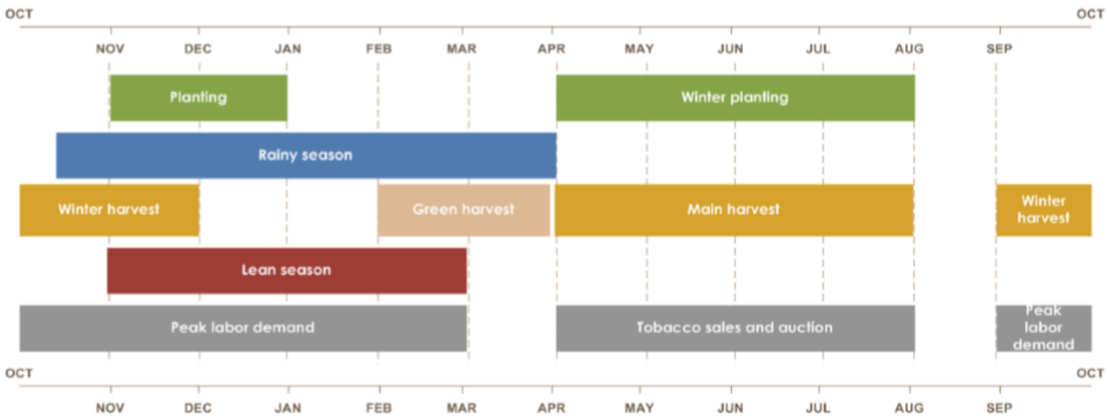
Appendix 6: Comparable Indicators (Source: EIU)



Appendix 7: Global Projections (Source: World Bank)

	2021	2022	2023e	2024f	2025f	2023e	2024f	2025f
World	**6.2**	**3.0**	**2.6**	**2.4**	**2.7**	**0.5**	**0.0**	**-0.3**
Advanced economies	**5.5**	**2.5**	**1.5**	**1.2**	**1.6**	**0.8**	**0.0**	**-0.6**
United States	5.8	1.9	2.5	1.6	1.7	1.4	0.8	-0.6
Euro area	5.9	3.4	0.4	0.7	1.6	0.0	-0.6	-0.7
Japan	2.6	1.0	1.8	0.9	0.8	1.0	0.2	0.2
Emerging market and developing economies	**7.0**	**3.7**	**4.0**	**3.9**	**4.0**	**0.0**	**0.0**	**0.0**
East Asia and Pacific	7.5	3.4	5.1	4.5	4.4	-0.4	-0.1	-0.1
China	8.4	3.0	5.2	4.5	4.3	-0.4	-0.1	-0.1
Indonesia	3.7	5.3	5.0	4.9	4.9	0.1	0.0	-0.1
Thailand	1.5	2.6	2.5	3.2	3.1	-1.4	-0.4	-0.3
Europe and Central Asia	7.1	1.2	2.7	2.4	2.7	1.3	-0.3	0.0
Russian Federation	5.6	-2.1	2.6	1.3	0.9	2.8	0.1	0.1
Türkiye	11.4	5.5	4.2	3.1	3.9	1.0	-1.2	-0.2
Poland	6.9	5.1	0.5	2.6	3.4	-0.2	0.0	0.2
Latin America and the Caribbean	7.2	3.9	2.2	2.3	2.5	0.7	0.3	-0.1
Brazil	5.0	2.9	3.1	1.5	2.2	1.9	0.1	-0.2
Mexico	5.8	3.9	3.6	2.6	2.1	1.1	0.7	0.1
Argentina	10.7	5.0	-2.5	2.7	3.2	-0.5	0.4	1.2
Middle East and North Africa	3.8	5.8	1.9	3.5	3.5	-0.3	0.2	0.5
Saudi Arabia	3.9	8.7	-0.5	4.1	4.2	-2.7	0.8	1.7
Iran, Islamic Rep. [2]	4.7	3.8	4.2	3.7	3.2	2.0	1.7	1.3
Egypt, Arab Rep. [2]	3.3	6.6	3.8	3.5	3.9	-0.2	-0.5	-0.8
South Asia	8.3	5.9	5.7	5.6	5.9	-0.2	0.5	-0.5
India [2]	9.1	7.2	6.3	6.4	6.5	0.0	0.0	0.0
Bangladesh [2]	6.9	7.1	6.0	5.6	5.8	0.8	-0.6	-0.6
Pakistan [2]	5.8	6.2	-0.2	1.7	2.4	-0.6	-0.3	-0.6
Sub-Saharan Africa	4.4	3.7	2.9	3.8	4.1	-0.3	-0.1	0.1
Nigeria	3.6	3.3	2.9	3.3	3.7	0.1	0.3	0.6
South Africa	4.7	1.9	0.7	1.3	1.5	0.4	-0.2	-0.1
Angola	1.2	3.0	0.5	2.8	3.1	-2.1	-0.5	0.0
Memorandum items:								
Real GDP [1]								
High-income countries	5.5	2.8	1.5	1.3	1.8	0.7	0.0	-0.5
Middle-income countries	7.2	3.4	4.3	4.0	4.0	0.1	0.0	-0.1
Low-income countries	4.2	4.8	3.5	5.5	5.6	-1.7	-0.5	-0.4
EMDEs excluding China	6.0	4.2	3.2	3.5	3.8	0.3	0.1	0.0
Commodity-exporting EMDEs	5.2	3.2	2.5	2.9	3.1	0.6	0.1	0.2
Commodity-importing EMDEs	7.9	3.9	4.8	4.4	4.4	-0.2	0.0	-0.1
Commodity-importing EMDEs excluding China	7.2	5.3	4.2	4.2	4.5	0.0	0.0	-0.3
EM7	7.8	3.3	4.9	4.1	4.1	0.2	0.0	-0.1
World (PPP weights) [3]	6.4	3.3	3.0	2.9	3.1	0.3	0.0	-0.3
World trade volume [4]	**11.1**	**5.6**	**0.2**	**2.3**	**3.1**	**-1.5**	**-0.5**	**0.1**

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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