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General Notes

The Monthly Economic Review is published by the Research and Statistics Department, Reserve Bank of Malawi, P.O. Box 30063, Capital City, Lilongwe 3. Any opinions expressed in this *Review* should be regarded as solely those of the Research and Statistics Department, and as such, queries should be forwarded to the Director, Research and Statistics. Tel: 265 1 771600; fax 265 1 770 593; Email: research@rbm.mw

HIGHLIGHTS**1.1 Foreign Exchange Reserves**

Gross official reserves decreased in October 2011 despite the kwacha depreciating against other currencies.

1.2 Exchange rates

The kwacha depreciated against all currencies of its major trading partners during the month of October 2011. This emanated from developments on both local and international foreign exchange markets.

1.3 Money Supply

Broad money supply (M2) grew by K4.3 billion (1.7 percent) to K257.4 billion in October 2011 from K253.0 billion in the preceding month. Net domestic assets contributed K7.8 billion to the monetary expansion which was partly offset by a K1.6 billion decrease in net foreign assets. On annual basis, the growth in M2 rose by 0.6 percentage points to 32.9 percent in October 2011 from 32.3 percent recorded in September 2011.

1.4 Interest Rates

During October 2011, the Bank rate remained at 13.00 percent. Subsequently, commercial banks maintained their lending and savings rates at their respective levels of 17.75 percent and 3.75 percent. Mixed developments were, however, observed on the money market rates.

1.5 Inflation

Headline inflation accelerated to 8.1 percent in October 2011 from 7.7 percent in September 2011 and was much higher than 6.7 percent recorded in October 2010. Food and non-food inflation picked up to 2.9 percent and 13.1 percent correspondingly in October 2011 from 2.7 percent and 12.5 percent, respectively in the preceding month. The consumer price index on a month-on-month basis rose by 0.7 percent in October 2011 following an increase of 5.2 percent in September 2011.

2.0 EXTERNAL SECTOR

2.1 Gross Foreign Assets

Total foreign exchange reserves of the banking system declined to US\$393.6 million in October 2011 from US\$407.5 million recorded during the previous month. This development was mainly due to a US\$12.9 million decline in gross official reserves to US\$250.1 million in October 2011. Commercial banks' foreign assets declined, albeit marginally, by US\$1.0 million during the month to US\$143.5 million from US\$144.5 million in the preceding month. As a result, the import cover for the month declined to 3.1 months from 3.2 months in the preceding month

2.2 Foreign Exchange Market

Net foreign exchange transactions conducted through the Reserve Bank of Malawi resulted in a deficit of US\$12.3 million in October 2011 from a surplus of US\$10.0 million registered in September 2011.

The supply of foreign exchange declined to US\$42.7 million in October 2011 from US\$45.4 million registered in the preceding month. Foreign exchange purchases, largely constituting tobacco dollars amounted to US\$22.4 million compared to US\$19.1 million in the preceding month.

Demand for foreign exchange, rose to US\$55.3 million during the review month from US\$38.3 million registered in September 2011. This was on account of an increase in sales of foreign exchange to the market particularly provisions for the importation of fuel (US\$20.5million) and fertilisers (US\$8.7 million). The balance comprised normal sales to Authorised Dealer Banks.

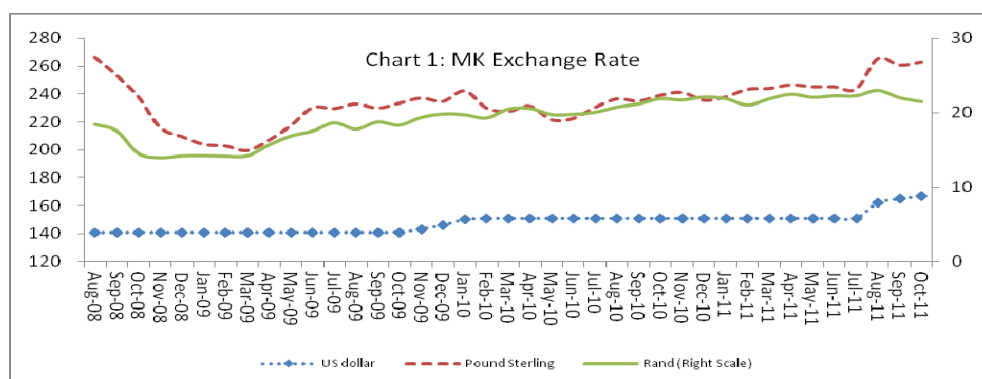
2.3 Exchange Rate Developments

The kwacha depreciated against all currencies of its major trading partners during the month of October 2011. The local currency unit weakened by 1.1 percent, 4.3 percent, and 5.2 percent against the United States dollar, the British pound and the euro in that order and stood at K167.9 per dollar, K270.5 per pound and K237.4 per euro, respectively at the end

of the review month. The imminent closure of the 2011 tobacco marketing season which has been characterized by low prices, the absence of development partner budget support and the high demand in the foreign exchange market explains in part the pressure on the local currency. The kwacha traded at K2.2 per Japanese yen in October 2011 as in the preceding month reflecting the stability of the yen against the US dollar.

On the regional front, the kwacha dipped against both the South African rand and the Zambian kwacha by 4.4 percent and 0.6 percent correspondingly at end October 2011 to trade at K 21. 80 per rand and K0.03 per Zambian kwacha, respectively.

Chart 1: Malawi Kwacha Exchange Rate



Source: Reserve Bank of Malawi

3.0 BANKING AND FINANCE

3.1 Monetary Developments

Broad money supply (M2) rose by K4.3 billion (1.7 percent) to K257.4 billion in October 2011. Impetus to monetary growth emanated from creation of K6.2 billion net domestic assets that were partly offset by depletion of K1.9 billion net foreign assets. Meanwhile, the annual growth in M2 accelerated to 32.9 percent in October 2011 from 32.3 percent in the preceding month.

On the demand side, the monetary expansion was attributed principally to quasi money that increased by K4.1 billion and was reinforced somewhat by a K268.1 million rise in narrow money. Quasi money expanded to K132.0 billion in October 2011 from K127.9 billion in September 2011 and was due to an accumulation of K4.4 billion in term (time and savings) deposits. The bulk of term deposits placements constituted precautionary deposits

contingent on availability of foreign exchange. Meanwhile, commercial banks' holding of foreign currency deposits decreased by K279.3 million during the month under review. In October 2011, narrow money increased, albeit marginally, to K125.4 billion from K125.1 billion recorded in September 2011. The outturn was a result of a K177.8 million rise in demand deposits as well as a K90.3 million increase in notes and coins in circulation.

3.2 Net Domestic Credit

In October 2011, net domestic credit stood at K283.6 billion from K278.9 billion in September 2011, representing a monthly increase of K4.8 billion. The central government accessed K4.2 billion of the available resources followed by the private sector at K961.5 million, whereas K362.2 million of the parastatals' outstanding obligations to the banking system were settled during the month under review.

Commercial banks' claims on the central government rose to K24.8 billion in October 2011 from the preceding month's position of K22.4 billion. The outturn was explained by issuance of K2.7 billion Treasury bills that was somewhat offset by a K223.3 million repayment of loans and advances and K83.8 million increase in government deposits with the commercial banks.

Gross credit to the private sector stood at K134.1 billion in October 2011 from K133.2 billion recorded in September 2011. Reflective of the onset of the growing season, the bulk of the resources (K2.0 billion) were availed to agriculture related institutions whilst mortgages accounted for K62.1 million. Meanwhile, commercial banks recovered K1.1 billion of their outstanding claims from the commercial entities as well as K361.5 million foreign exchange loans. Individuals and households also settled K112.1 million of its outstanding debts with the commercial banks during the month under review.

Table 1: Money Supply and its Sources

<i>(in billion Malawi Kwacha)</i>										
	2010		2011							
	Nov	Dec	Mar	April	May	June	July	Aug	Sept	Oct
Money Supply (M2)	196.4	203.9	203.6	212.9	226.5	232.2	233.7	245.8	253.0	257.4
Narrow money (M1)	99.4	102.1	98.0	108.4	113.8	116.6	114.4	121.5	125.1	125.4
Quasi-money	96.9	101.8	105.6	104.5	112.7	115.6	119.3	124.3	127.9	132.0
Net Foreign Assets ^{1\}	2.1	20.4	-0.07	-1.8	3.5	3.7	13.0	14.7	19.5	17.6
Net Domestic Assets	194.3	183.5	203.6	214.7	223.0	228.5	220.7	231.0	233.5	239.7
Net Domestic Credit	235.9	216.9	245.9	252.5	260.1	247.8	265.2	273.4	278.9	283.6
Government (Net)	112.4	90.6	113.9	116.9	117.0	105.2	122.7	130.6	132.0	136.2
Private Sector	118.4	121.6	127.4	130.9	131.0	130.6	129.1	128.9	133.2	134.1
Other Pub. Sector (net)	5.1	4.7	4.7	4.7	12.1	11.9	13.5	13.9	13.7	13.3
Other Items (Net)	-41.6	-33.4	-42.3	-37.8	-37.1	-19.3	-44.5	-42.3	-45.3	-43.9
<i>Memorandum items</i>										
Annual M2 growth	14.3	17.8	21.3	25.4	26.5	32.4	35.2	36.2	32.3	32.9
Monthly M2 growth	1.4	3.8	2.6	4.6	6.4	2.5	0.7	5.2	2.9	1.7
Reserve Money	59.6	57.4	51.9	57.6	67.4	60.7	71.0	78.8	79.5	80.6
Money Multiplier	3.3	3.6	3.9	3.7	3.4	3.8	3.3	3.1	3.2	3.2

Source: Reserve Bank of Malawi

^{1\} Excludes encumbered reserves at RBM

4.0 MONEY AND SECURITIES MARKET

4.1 Open Market Operations

In an effort to mop up the excess liquidity prevailing in the system, the monetary authorities conducted contractionary open market operations. A total of K4.9 billion was withdrawn from the system through issuance of repos. This was, however, outweighed by a total injection of K6.7 billion, of which, repo maturities and discount window accommodation accounted for 80.6 percent and 19.4 percent of the total, respectively. Consequently, open market operations resulted into a net injection of K1.8 billion. In addition, foreign exchange operations resulted in a net injection of K200.0 million while net government operations reflected an injection of K1.4 billion. Collectively, market operations injected K3.4 billion into the system.

Table 2: Liquidity Management¹

<i>(in billion of Malawi kwacha)</i>							
	April 2011	May 2011	June 2011	July 2011	Aug 2011	Sept 2011	Oct 2011
Net Government Operations	-1.5	3.1	-7.7	10.5	4.7	-0.3	1.4
Government deficit excluding grants	-0.7	-0.5	13.6	10.4	4.0	7.0	3.7
Revenue	15.3	22.1	32.7	16.8	24.0	16.2	20.0
MRA	11.0	17.8	23.7	13.3	20.3	13.3	18.5
Other, excluding grants	4.3	4.4	9.0	3.5	3.8	2.9	1.5
Expenditure	14.6	21.6	19.1	27.2	28.0	23.2	23.7
Net Government Domestic Borrowing	-0.8	3.6	5.9	0.1	0.8	-7.2	-2.2
TB issues	5.4	4.9	8.8	7.7	8.8	17.6	13.0
TB maturity	4.6	8.4	14.7	7.8	9.6	10.4	10.7
Net Forex Operations	0.8	-0.4	1.1	0.3	-0.3	3.7	0.2
Sales	1.8	3.1	5.4	4.3	6.3	3.6	5.9
Purchases	1.0	2.6	6.5	4.6	6.0	7.2	6.1
Net OMO	5.2	3.3	-0.7	1.6	-1.4	-1.4	1.8
Injections	12.6	5.6	6.5	3.2	1.9	4.1	6.7
Maturity of 3-YR RBM bond	-	-	5.3	-	-	-	-
Purchase of securities	-	-	-	-	-	-	-
Maturity of OMO T-bills	-	5.0	-	2.0	0.7	0.7	-
Discount window accommodation	6.8	0.7	1.2	1.2	-	1.5	1.3
Repo maturities	5.8	-	-	-	1.2	2.6	5.4
Withdrawals	7.4	2.4	7.2	1.6	3.3	5.5	5.0
Issue of 3-YR RBM bond	-	-	4.2	-	-	-	-
Sale of securities	-	1.5	1.5	-	-	-	-
Maturing Discount window accommodation	7.4	0.9	1.5	1.6	-	1.5	-
Repos	-	-	-	-	3.3	4.1	4.9
Net Market Operations	3.0	5.9	-7.3	12.4	3.0	2.0	3.4

Source: Reserve Bank of Malawi

¹Supply of liquidity is positive whereas withdraw of liquidity is negative.

4.2 Government Securities Market

Reflecting liquidity conditions in the money market, total subscriptions at Treasury bill auctions held in October 2011 increased by K1.7 billion to K27.2 billion. Subscriptions continued to be slightly skewed towards the 91 day tenor which made up 41.5 percent of total subscriptions whilst the 182 day and 273 day tenors attracted 39.7 and 18.8 percent, respectively. Nonetheless, the market's preference for the longer maturities is steadily following the allotment trend as authorities continue with efforts to shift domestic debt towards longer term maturities.

A total of K20.4 billion Treasury bills were issued in the month under review, of which, K13.5 billion were allotted on the primary desk whilst K6.9 billion were Treasury bills converted from Ways and Means advances. The allotment on the primary desk was made to

meet a rollover target for the month of K19.7 billion. Total maturities, at K19.7 billion, comprised of K10.7 billion normal Treasury bills and K9.0 billion OMO Treasury bills converted from Ways and Means advances. Overall, K700.0 million was added to the stock of domestic debt which closed the review month at K147.7 billion.

Table 3: Treasury Bills Primary Market

<i>(in billion of Malawi kwacha)</i>											
	2010			2011							
	Oct	Nov	Dec	Mar	April	May	June	July	Aug	Sept	Oct
Total subscription	17.4	8.5	5.5	1.3	10.0	14.7	12.5	13.5	22.1	25.5	27.2
Issues	14.4	16.0	2.7	13.6	29.5	9.1	9.0	15.6	16.5	23.3	20.3
Normal Treasury bills	4.2	5.4	2.7	6.3	5.4	4.9	9.0	7.6	8.0	18.1	13.5
OMO Stock	10.2	10.6	0.0	7.3	24.1	4.2	-	7.9	8.5	5.2	6.9
Maturities	15.3	10.6	16.4	15.8	12.0	15.0	14.6	15.4	20.2	10.4	19.7
Normal Treasury bills	5.6	5.2	5.5	6.0	5.4	13.4	14.6	7.8	9.6	10.4	10.7
OMO Stock	9.7	5.4	10.9	9.9	6.6	1.6	-	7.7	10.6	-	9.0
Net Issues(+)/maturities(-)	-0.9	5.4	-13.7	-2.3	17.5	-5.9	-5.6	0.1	-3.7	12.9	0.7
Conversions (period total)	10.2	10.6	-	7.3	24.1	4.2	-	7.7	8.5	5.2	6.9
T-bill stock at face value	138.9	147.1	130.6	131.5	149.0	143.3	137.6	137.8	134.1	147.0	147.7

Source: Reserve Bank of Malawi

4.3 Inter-bank Money Market

The month of October 2011 was characterized by an expansion of the banking system liquidity emanating from expansionary fiscal operations. Daily average excess reserves doubled to K8.6 billion in October, 2011. High volumes of excess reserves resulted in a slight reduction in trading on the interbank market; consequently, the average inter-bank market rate lost 75 basis points from 3.85 percent in the previous month and settled at 3.10 percent in the current month.

Table 4: Banking System Liquidity

<i>(in billion of Malawi kwacha)</i>											
	2010			2011							
	Oct	Nov	Dec	Mar	Apr	may	June	July	Aug	Sept	Oct
Total Reserves	27.9	28.8	30.2	31.0	28.6	31.7	31.2	30.4	35.1	32.3	37.3
Required Reserves	25.1	26.4	27.3	24.2	24.2	25.6	26.3	25.8	26.5	27.9	28.7
Excess Reserves	2.8	2.4	2.9	6.9	4.0	6.1	4.8	4.6	8.6	4.4	8.6
Inter-bank Market Activity	3.0	2.8	3.1	3.8	2.3	2.4	2.9	3.0	1.4	1.7	1.4
Discount Window Borrowing	1.6	2.8	1.4	0.3	0.6	0.2	0.4	0.4	-	0.7	0.1
Average Inter-bank Market Rate	5.9	4.8	10.6	6.2	11.5	11.4	12.7	11.0	2.9	3.9	3.1

Source: Reserve Bank of Malawi

4.4 Interest Rates

In October 2011, the all-type Treasury bills yield gained 11 basis points and averaged 6.75 percent from 6.64 percent in September 2011. Reflecting excess liquidity in the system which averaged K8.6 billion in October 2011 from K4.4 billion in September 2011, the average interbank rate on the other hand slumped by 75 basis points to 3.10 percent in October 2011 from the preceding month's level of 3.85 percent. Despite the developments on the interbank market, the Reserve Bank maintained its Bank rate at 13.0 percent in October 2011. Subsequently, the commercial banks' lending and savings rates were maintained at 17.75 percent and 3.75 percent, respectively.

Table 5: Interest Rate Structure

<i>(In percent per annum)</i>											
	2010			2011							
	Oct	Nov	Dec	Mar	April	May	June	July	Aug	Sept	Oct
Bank Rate	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Base Rate	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75
Savings	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Interbank rate											
Minimum	3.20	3.50	4.50	2.50	6.00	10.00	10.00	7.00	2.5	2.70	2.50
Maximum	7.00	8.75	12.00	9.00	12.50	12.00	12.90	13.00	12.40	5.00	3.70
Treasury bills Yields ^{1\2}											
91 Days	7.91	7.30	6.91	5.92	6.80	7.48	7.48	7.44	7.22	6.64	6.75
182 Days	7.01	6.93	6.20	6.33	6.01	7.27	7.30	7.51	7.10	5.66	6.00
273 Days	7.83	7.20	7.15	5.50	5.72	7.20	7.20	7.32	7.17	6.97	6.99
	8.90	7.78	7.39	-	8.68	7.98	7.94	7.48	7.39	7.28	7.27
Government Bonds ³	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5
Mortgage (min)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00

Source: Reserve Bank of Malawi

1\ End of period average

2\ Weighted average yield

3\ The quoted bond rate reflects the highest Government of Malawi Local Registered Stock (LRS) rate

5.0 OTHER FINANCIAL CORPORATIONS

5.1 Other Financial Institutions¹

Total resources of the Other Financial Institutions (OFIs) increased substantially by K4.8 billion to K61.6 billion in October 2011. This was mainly explained by private sector deposits which rose by K3.2 billion to K40.3 billion. Deposit mobilisation by the OFIs increased for time and savings deposits which rose by K2.7 billion to K34.1 billion. OFIs also sought recourse from the domestic banks amounting to K1.2 billion. Further, other

¹Including Malawi Savings Bank,FDH Bank,International Commercial Bank and Leasing and Finance Company

liabilities of OFIs increased by K1.2 billion to K6.1 billion and was largely explained by borrowed funds. Official sector deposits, however, decreased by K1.1 billion to K3.9 billion following draw downs made by the statutory bodies.

The OFIs invested the bulk of their domestic resources (K1.9 billion) in a portfolio of investments comprising of K1.2 billion in interbank market placements and K666.8 million invested in other assets. OFIs claims on the central government also increased by K1.8 billion largely through uptake of Treasury bills. Furthermore, the OFIs availed K892.2 million to the private sector in form of loans and advances earmarked principally for commercial purposes. Foreign assets, likewise, improved by K480.5 million to K1.2 billion. Meanwhile, domestic banks repaid K135.7 million of their outstanding liabilities to OFIs.

5.2 Capital Markets

There was no new stock listed on the local bourse during the review period. NBS Bank however, listed additional 103.9 million shares through a rights issue.

During the review period, a total of 20.6 million shares valued at K873.2 million were transacted compared to 30.0 million shares valued at K78.6 million transacted in the preceding period. The Malawi All Share Index (MASI) closed higher at 5,039.3 points from 5,027.3 points due to an increase in the Domestic Share Index (DSI) from 3,966.5 points to 3,974.8 points and the Foreign Share Index from 521.6 to 535.4 points. The increase in the DSI was on account of a price increase in Blantyre Hotels Ltd (BHL) and Press Corporation Ltd (PCL) shares from K6.4 to K7.0 and K177.0 to K180.0 per share respectively. The increase in FSI was on account of an increase in Old Mutual Plc share price from K415.0 to K426.0 per share. During the corresponding period last year, the MASI stood at 4,898.8 points.

Total market capitalisation registered a month on month increase of 2.5 percent to close at K2,666.1 billion compared to K2,601.2 billion recorded in the preceding month. The increase in market capitalisation is attributed to price increases in BHL, PCL, OML and the additional shares listed through an NBS Bank rights issue. During the same period last year, market capitalisation stood at K1,185.8 billion.

6.0 PRODUCTION AND PRICES

6.1 Tobacco

Tobacco sales for the year to end October 2011 amounted to 201.6 million kilograms against 210.0 million kilograms sold in a corresponding period in 2010. Tobacco prices averaged US\$1.24 per kilogram compared to US\$1.92 per kilogram fetched in a comparable period in 2010. The disparity in average prices this year is explained by higher supply of tobacco than the buyers' requirement. Nevertheless, as the season progressed, average prices improved markedly from US\$1.02 per kilogram in May 2011 to US\$1.30 per kilogram in the final week of October 2011. Total earnings from tobacco for the year to end October 2011 stood at US\$249.8 million against US\$402.8 million realised in a similar period in 2010.

6.2 Tea

Tea production during the year to end October 2011 totalled 39.3 million kilograms, a drop of 12.6 percent from 45.0 million kilograms produced in a similar period in 2010. The decline was attributed to erratic rains during the season. Cumulative tea sales during the year stood at 11.4 million kilograms worth US\$18.3 million and was sold at an average price of US\$1.60 per kilogram, compared to 14.4 million kilograms realising US\$22.5 million at an average price of US\$1.6 per kilogram in the preceding year.

Tea sales in the month under review alone stood at 0.5 million kilograms at an average price of US\$1.9 per kilogram compared to 1.2 million kilograms sold at an average price of US\$1.5 per kilogram in October 2010. The relatively higher prices were driven by reduced production in Kenya on account of poor weather.

6.3 Domestic Price Developments

Headline inflation in October 2011 accelerated to 8.1 percent from 7.7 percent a month before and was higher than an inflation rate of 6.7 percent recorded in October 2010. Urban and rural inflation stood at 10.1 percent and 7.0 percent, respectively.

Food inflation accelerated by 0.2 percentage points to 2.9 percent during the month under review from 2.7 percent in the preceding month. The rise was attributed to reduced supply of beef resulting from the foot and mouth disease outbreak in the Lower Shire and increasing cost of bread arising from increasing wheat prices. Similarly, non-food inflation rose to 13.1 percent from 12.5 percent in September 2011 due to rising costs in beverages and tobacco, household operations and transport categories.

The consumer price index (CPI), on a month-to-month basis, increased by 0.7 percent in October 2011, and followed a rise of 5.2 percent in September 2011. The picking up of the CPI was largely attributed to declining maize stocks on the market and lagged effects of the August 2011 devaluation of the Malawi Kwacha.

Looking ahead, inflationary pressures are likely to emerge from the recent fuel pump price increase in November 2011 which is expected to transmit to all sectors of the economy. Furthermore, declining stocks of maize and scarcity of meat on the market will have an inflationary impact on food prices. Inflation is therefore projected at 9.5 percent in November 2011 and 9.6 percent in December 2011. The annual average inflation rate for 2011 is therefore projected at 7.7 percent.

Table 6: Selected Economic Indicators

(in billion Malawi kwacha unless otherwise stated)

	2006	2007	2008	2009	2010	2010 Oct	2011 Oct
Real Sector							
Population (million)	12.4	12.8	13.1	13.5	13.9	13.9	14.4
GDP at current market prices	423.9	510.5	601.3	710.2	813.8	813.9	928.5
Real GDP growth (percent)	4.7	9.6	8.3	8.9	6.7	6.7	6.0
GDP per capita (K'000)	34.2	39.3	45.9	52.6	58.5	58.5	64.4
GDP per capita (US\$)	257.4	285.0	326.6	360.3	391.2	391.2	390.6
Consumer Price Index (CPI) 2000=100	226.1	244.1	265.4	292.2	309.0	301.9	326.5
Average annual inflation rate (percent)	13.9	8.0	8.7	8.4	7.4	6.7	8.1
Fiscal Sector							
Government Budget							
Total Revenue	128.4	160.8	160.8	169.7	291.2	..	..
Domestic Revenues	74.3	94.4	126.7	140.5	200.3	..	..
Grants	54.1	66.4	34.2	29.2	91.0	..	..
Total Expenditure	131.3	168.6	204.1	222.8	264.8	..	..
Recurrent	95.7	110.4	190.7	206.3	203.5	..	..
Development	35.6	58.2	13.4	16.4	61.3	..	..
Deficit/GDP ratio (after grants)	-1.1	-1.6	-7.8	-8.2	4.0	..	..
Monetary Sector							
Net Foreign Assets	23.2	27.7	19.7	-4.5	20.4	6.6	17.6
Net Domestic Credit	58.9	72.1	158.0	212.9	216.7	223.1	283.6
Government	20.5	21.1	83.9	111.6	90.6	99.6	136.2
Statutory bodies	1.2	3.7	6.0	6.2	4.7	6.5	13.3
Private (gross)	35.8	47.3	68.1	95.0	121.6	117.0	134.1
Money Supply (M2)	76.6	104.9	139.6	173.8	203.9	193.7	257.4
M2 Growth Rate (annual percent)	16.5	36.9	33.1	24.4	17.8	12.7	32.9
Reserve Money	21.5	27.7	36.0	50.1	57.4	62.4	80.6
Banks Deposits	3.5	2.9	5.8	16.9	17.9	23.1	30.6
External Sector							
Balance of Payments							
Current Account	-92.1	-65.4	-86.0	-110.2	-106.1	..	..
Exports (fob)	73.8	111.4	117.0	128.8	172.0	..	..
Imports (fob)	143.5	153.5	183.0	199.5	236.8	..	..
Trade balance	-69.7	-42.2	-66.0	-70.7	-65.0	..	..
Services (net)	-33.0	-34.1	-39.5	-46.2	-9.0	..	..
Private transfers (net)	10.6	10.9	18.5	6.9	13.0	..	..
Capital account balance	38.8	64.6	134.2	109.3	142.0	..	..
Gross foreign exchange reserves	26.4	22.7	40.5	35.5	56.0	43.0	66.1
Official	18.2	16.1	33.2	24.1	42.2	28.9	42.0
Commercial banks	8.2	6.6	7.3	11.4	13.9	14.1	24.1
Import cover (Official reserves in months)	2.1	1.8	2.2	1.9	2.2	1.5	1.9
Current account balance/GDP (percent)	-23.2	-14.1	-15.5	-16.9	..	..	..
Debt/GDP (percent)	8.2	8.2	17.4	15.1	15.7	..	..
Debt Service/Exports (percent)	8.1	8.1	1.5	1.5	2.0	..	..
MK/US Dollar (eop)	138.672	138.672	140.600	140.606	150.801	150.801	167.863
MK/US Dollar (pd avg)	136.019	140.000	140.526	140.604	150.487	150.801	166.833

Source: Reserve Bank of Malawi

Table 7: National Composite Price Index (2000=100)

Period	All items	Food Costs	Bev & Tobacco	Cloth & Footwear	Housing	Household	Transportation	Miscellaneous
Overall Weight	100	58.1	5.9	8.5	12.1	4.1	5.1	6.2
2003	154.3	143.7	165.8	166.8	180.0	174.6	172.1	148.3
2004	172.0	154.4	196.5	179.5	211.7	218.3	202.8	169.2
2005	198.5	180.9	240.6	192.8	236.9	268.9	230.1	182.6
2006	226.1	209.1	273.5	208.8	266.9	313.5	261.6	197.5
2007	244.1	224.7	302.6	221.2	291.4	336.2	289.2	211.1
2008	265.4	240.3	331.0	237.7	319.1	383.5	338.9	232.3
2009	287.7	258.0	369.0	259.1	328.3	452.8	380.1	263.1
2010	309.0	271.2	417.2	279.5	350.2	512.1	428.4	287.7
2008								
Mar	275.5	263.6	322.7	233.8	314.8	368.0	319.4	225.2
Jun	254.9	225.5	323.5	236.1	315.9	375.4	331.2	228.6
Sept	261.6	227.9	340.6	241.0	321.9	402.7	361.2	237.3
Dec	297.7	251.7	352.0	247.7	331.9	414.5	373.6	248.3
2009								
Jan	294.5	274.5	354.1	250.9	335.2	417.7	380.4	253.5
Feb	303.1	289.5	361.5	253.8	328.2	423.8	370.0	259.0
Mar	301.7	286.6	361.9	254.6	328.3	425.6	371.0	259.4
Apr	294.4	273.6	362.8	254.9	328.8	425.8	371.6	260.2
May	285.9	258.6	363.5	256.3	329.2	426.7	371.6	260.2
June	276.4	241.4	366.8	256.8	330.3	427.2	372.7	261.0
July	273.3	235.6	368.6	258.5	321.0	453.9	373.6	261.4
Aug	267.1	224.6	368.7	258.6	321.4	454.7	374.1	261.6
Sept	281.2	242.5	372.3	263.3	326.6	489.7	387.6	265.9
Oct	282.9	244.6	372.3	264.6	326.8	490.3	392.0	268.1
Nov	291.3	256.6	375.6	267.7	329.0	495.9	396.4	272.0
Dec	300.9	268.3	399.8	268.8	334.8	502.2	400.4	274.7
2010								
Feb	328.0	309.2	402.9	274.6	344.2	505.4	420.5	280.2
Mar	326.9	306.0	403.9	275.8	345.9	507.4	424.6	281.9
Apr	318.2	290.9	404.9	275.9	346.1	507.4	424.6	282.2
May	308.3	273.5	407.1	275.6	345.7	507.4	425.2	282.8
June	297.3	254.2	407.8	276.0	346.0	507.7	426.4	283.6
July	293.3	246.5	419.8	275.4	344.2	508.0	426.7	283.8
Aug	286.4	234.5	420.1	275.5	344.4	508.1	426.9	284.3
Sept	300.9	252.4	433.8	285.1	350.2	521.1	438.1	295.5
Oct	301.9	253.2	433.8	285.4	354.3	521.1	438.1	295.8
Nov	310.0	264.9	433.9	286.4	363.4	521.8	438.2	297.0
Dec	319.8	276.1	436.9	294.6	375.3	525.1	442.7	305.7
2011								
Jan	338.5	301.6	443.2	301.1	381.6	529.7	476.2	310.0
Feb	351.0	320.4	445.3	303.4	384.3	532.2	488.7	313.8
Mar	350.3	317.4	447.0	306.0	386.5	536.6	491.8	316.1
April	340.7	300.4	447.9	306.2	386.4	537.2	492.7	319.3
May	329.9	280.8	447.7	306.5	383.8	553.8	492.8	322.3
June	318.2	259.9	450.1	307.0	383.3	555.0	494.3	324.8
July	315.1	252.4	459.5	307.8	383.1	560.7	496.2	329.3
Aug	308.2	240.1	460.5	308.1	383.6	561.3	496.7	331.1
Sept	324.2	259.3	471.9	309.7	401.8	583.2	500.0	343.6
Oct	326.5	260.5	479.8	310.0	402.2	602.6	504.2	344.1

Source: National Statistical Office

Table 8: Selected Foreign Exchange Rates²
(in Malawi kwacha per foreign currency)

	British pound		US dollar		Euro		Japanese yen		SA rand		ZMK	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
2007	278.907	281.686	139.299	140.701	190.921	193.176	1.184	1.196	19.774	19.973	0.035	0.037
2008	259.237	261.841	139.821	141.226	205.617	207.696	1.356	1.371	17.167	17.335	0.038	0.038
2009	219.917	222.050	140.464	141.875	195.728	197.696	1.504	1.520	16.960	17.130	0.028	0.029
2010	231.521	233.847	149.739	151.235	198.802	200.792	1.709	1.727	20.480	20.686	0.031	0.033
2008												
Jan	277.638	280.429	139.748	141.153	206.632	208.709	1.303	1.316	19.097	19.289	0.037	0.037
Feb	278.437	281.235	139.778	141.182	212.728	214.866	1.327	1.340	18.496	18.682	0.037	0.038
Mar	278.955	281.759	139.778	141.183	220.793	223.012	1.410	1.425	17.329	17.243	0.038	0.038
Apr	275.722	278.493	139.818	141.224	217.893	220.083	1.348	1.362	18.415	18.600	0.040	0.041
May	276.020	278.794	139.799	141.204	216.801	218.979	1.323	1.337	18.467	18.652	0.041	0.041
Jun	278.847	281.649	139.808	141.213	220.449	222.664	1.318	1.331	17.675	17.852	0.044	0.044
Jul	276.898	279.681	139.819	141.225	217.783	219.972	1.293	1.306	18.917	19.107	0.040	0.040
Aug	255.62	258.187	139.881	141.287	205.681	207.748	1.277	1.290	18.125	18.307	0.040	0.041
Sept	252.251	254.786	139.891	141.297	201.401	203.425	1.330	1.344	16.982	17.153	0.040	0.039
Oct	229.069	231.371	139.898	141.304	180.804	182.621	1.424	1.438	13.922	14.062	0.030	0.030
Nov	215.512	217.678	139.897	141.303	180.412	182.225	1.465	1.480	14.096	14.237	0.031	0.031
Dec	201.591	203.617	139.897	141.303	197.450	199.435	1.549	1.564	14.942	15.092	0.030	0.029
2009												
Jan	199.764	201.772	139.901	141.307	181.395	183.218	1.561	1.577	13.940	14.080	0.027	0.028
Feb	200.266	202.278	139.903	141.305	178.427	180.221	1.419	1.433	14.168	14.310	0.025	0.025
Mar	198.761	200.758	139.903	141.309	184.197	186.048	1.436	1.451	14.399	14.544	0.026	0.026
Apr	206.945	209.024	139.903	141.309	186.407	188.280	1.443	1.458	16.463	16.628	0.025	0.025
May	222.276	224.509	139.902	141.308	194.743	196.700	1.443	1.457	17.272	17.445	0.027	0.027
June	231.507	233.384	139.900	141.306	196.882	198.860	1.458	1.473	17.904	18.084	0.027	0.027
July	231.313	233.638	139.901	141.307	197.625	199.611	1.468	1.483	17.991	18.172	0.028	0.028
Aug	227.678	229.967	139.903	141.309	200.285	202.298	1.501	1.516	18.055	18.237	0.030	0.030
Sep	223.244	225.487	139.903	141.309	203.993	206.043	1.551	1.567	18.893	19.083	0.030	0.030
Oct	232.094	234.426	140.230	141.639	208.002	210.093	1.532	1.547	18.190	18.373	0.030	0.031
Nov	235.692	238.061	142.464	143.895	213.866	216.016	1.635	1.651	19.213	19.406	0.030	0.031
Dec	233.325	235.700	145.265	146.725	208.296	210.389	1.573	1.588	19.668	19.866	0.031	0.032
2010												
Feb	228.641	230.940	150.047	151.555	202.923	204.963	1.687	1.704	19.141	19.334	0.032	0.032
Mar	226.121	228.393	150.047	151.555	201.393	203.417	1.617	1.633	20.322	20.526	0.032	0.032
Apr	229.962	232.273	150.047	151.555	198.3619	200.356	1.595	1.611	20.407	20.612	0.032	0.032
May	216.922	219.102	150.046	151.554	183.957	185.806	1.647	1.664	19.740	19.938	0.030	0.030
June	226.360	228.635	150.046	151.555	183.192	185.033	1.694	1.711	19.575	19.772	0.029	0.029
July	234.088	236.441	150.047	150.800	196.261	198.234	1.730	1.747	20.426	20.632	0.031	0.031
Aug	232.152	234.485	150.046	151.554	190.244	192.156	1.771	1.789	20.439	20.644	0.031	0.031
Sep	237.014	239.396	150.047	151.555	204.514	206.569	1.794	1.812	21.518	21.734	0.031	0.031
Oct	239.265	241.669	150.047	151.555	209.015	211.116	1.852	1.870	21.410	21.625	0.032	0.033
Nov	233.668	236.016	150.047	151.555	196.936	198.916	1.781	1.799	21.097	21.309	0.031	0.031
Dec	231.477	233.804	150.047	151.555	199.412	201.414	1.840	1.860	22.605	22.832	0.031	0.032
2011												
Jan	237.509	239.896	150.047	151.555	203.884	205.908	1.829	1.847	20.899	21.109	0.031	0.031
Feb	241.650	244.078	150.046	151.554	206.329	208.402	1.837	1.855	21.421	21.637	0.032	0.032
Mar	241.155	243.578	150.046	151.554	211.971	214.101	1.810	1.828	21.991	22.212	0.032	0.032
April	249.558	252.066	150.047	151.555	222.399	224.635	1.840	1.814	22.743	22.972	0.032	0.032
May	247.196	249.681	150.043	151.551	214.292	216.446	1.854	1.872	21.645	21.863	0.032	0.032
June	241.003	243.425	150.045	151.553	216.590	218.767	1.858	1.876	22.067	22.289	0.031	0.031
July	245.685	248.154	150.046	151.554	215.076	217.237	1.932	1.951	22.284	22.508	0.031	0.032
Aug	268.683	274.111	163.741	167.049	237.605	242.405	2.131	2.174	23.216	23.685	0.033	0.034
Sept	256.784	261.972	164.310	167.630	223.413	227.926	2.139	2.182	20.636	21.053	0.034	0.035
Oct	267.772	273.182	166.184	169.541	235.001	239.748	2.198	2.242	21.553	21.989	0.034	0.035

Source: Reserve Bank of Malawi

² Annual data reflects period average while monthly data is as at end period

Table 9: Malawi All Share Index (1999=100)

Period	INDICES			RETURN		SHARE TURNOVER		CAPITALISATION
	Domestic Share Index	Foreign Share Index	All share Index	Dividend Yield	Earnings per Share (in Kwacha)	Volume of shares traded	Value MK'000	Value of shares issued (in million Kwacha)
2004	426	238.8	583.5	9.4	..	110,425,979	654,230.5	745,267.3
2005	687	358.2	906.9	6.6	..	61,675,167	914,815.5	1,120,358.5
2006	1,793.4	521.6	2,310.0	2.6	11.8	160,529,550	1,072,280.9	1,672,122.8
2007	3,823.5	521.6	4,849.8	2.6	10.6	355,947,750	5,154,583.8	1,769,225.7
2008	4,806.9	521.6	6,080.4	2.6	5.7	37,521,871	3,398,707.6	1,838,831.8
2009	4,087.2	314.2	5,155.0	4.2	5.8	188,605,361	433,653,252.2	1,172,148.1
2009								
Jan	4,531.8	521.6	5,735.8	2.6	5.7	9,195,797	22,040,427.6	1,824,606.7
Feb	4,061.9	521.6	5,147.3	2.7	5.7	141,622,425	453,286,608.7	1,800,312.3
Mar	3,954.0	251.4	4,981.0	5	5.7	38,994,578	231,983,951.0	970,838.6
April	3,954.0	251.4	4,981.0	5	5.8	12,762,321	184,896,892.0	970,838.6
May	3,931.6	207.4	4,947.9	5.8	5.8	20,068,636	147,661,986.5	836,709.0
June	3,934.9	207.4	4,952.1	5.8	5.8	76,136,327	237,385,933.5	835,732.4
July	3,934.9	226.2	4,954.3	5.4	5.8	11,035,059	144,404,391.0	893,757.4
Aug	3,934.9	226.2	4,954.3	5.4	5.8	12,422,083	120,567,761.9	894,931.8
Sept	3,925.2	226.2	4,942.1	5.4	5.8	4,578,167	103,517,698.0	894,424.4
Oct	4,032.1	251.4	5,078.9	5	5.8	13,716,079	185,794,825.3	977,661.0
Nov	4,079.0	263.9	5,139.0	4.8	5.8	55,792,081	458,953,351.6	1,018,439.0
Dec	4,087.2	314.2	5,155.0	4.2	5.8	188,605,361	433,653,252.2	1,172,148.1
2010								
Feb	4,027.3	314.2	5,155.1	4.2	5.8	18,981,461	264,821,558.8	1,172,154.5
Mar	3,929.5	314.2	4,957.4	4.3	5.8	41,879,101	255,344,340.8	1,163,884.9
Apr	3,861.1	314.2	4,871.7	4.3	5.8	25,957,403	190,381,908.25	1,160,300.3
May	3,836.4	314.2	4,840.8	4.3	5.9	5,655,749	87,239,295.00	1,159,006.7
June	3,844.5	314.2	4,851.0	4.3	5.9	38,548,182	368,160,675.30	1,159,433.4
July	3,899.6	314.2	4,920.0	4.3	5.9	26,014,091	191,120,202.8	1,162,320.5
Aug	3,903.3	321.8	4,925.5	4.2	5.9	12,605,998	85,383,846.5	1,185,509.3
Sept	3,909.1	321.8	4,932.7	4.2	5.9	24,718,949	133,588,921.8	1,185,808.3
Oct	3,881.0	333.6	4,898.8	4.1	5.9	9,785,782	68,720,918.0	1,218,823.9
Nov	3,894.0	351.9	4,917.2	3.9	5.9	10,413,718	75,015,019.3	1,276,987.7
Dec	3,922.6	351.9	4,953.1	3.9	5.9	20,250,834	99,583,102.8	1,278,529.2
2011								
Jan	3,943.1	351.9	4,978.8	3.9	5.9	44,839,097	22,164,609.9	1,279,905.7
Feb	3,962.0	354.4	5,002.7	3.9	6	28,127,978	183,580,036.2	1,288,562.8
Mar	3,846.8	398.4	4,863.4	3.5	6	681,462,692	1,440,811,132.7	1,416,638.9
April	3,855.9	411	4,876.3	3.6	6.2	41,712,843	195,853,350.9	1,455,426.5
May	3,880.1	427.3	4,919.7	3.4	6.1	31,515,097	116,089,612.8	1,506,996.2
June	3,878.7	477.6	4,912.3	3	5.6	643,803,253	1,150,483,316.4	2,395,156.2
July	3,887.4	477.6	4,922.9	3.1	5.6	10,336,302	100,062,111.6	2,395,600.1
Aug	3,869.6	521.6	4,906	2.8	5.6	50,648,182	231,875,901.6	2,596,539.5
Sept	3,966.5	521.6	5,027.3	2.8	5.6	30,038,376	78,640,735.5	2,601,202.0
Oct	3,974.8	535.4	5,039.3	2.7	5.6	20,558,133	873,228,743.0	2,666,110.4

Source: Malawi Stock Exchange