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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](mailto:research@rbm.mw)

## **HIGHLIGHTS**

### **1.1 Foreign Exchange Reserves**

Gross official reserves improved slightly in September 2011 while the kwacha continued to depreciate against the US dollar.

### **1.2 Exchange rates**

The Malawi kwacha exhibited a mixed performance against currencies of the country's major trading partners in September 2011. This outturn emanated from developments on both local and international foreign exchange markets.

### **1.3 Money Supply**

Broad money supply (M2) increased by K7.2 billion (2.9 percent) to K253.0 billion in September 2011 from K245.8 billion recorded in the preceding month. The growth in M2 was shored up by both net foreign assets and net domestic assets that increased by K4.8 billion and K2.5 billion, respectively. On annual basis, M2 grew by 32.3 percent in September 2011 in contrast to 36.2 percent in August 2011.

### **1.4 Interest Rates**

Developments in the money market displayed declining Treasury bill rates and the interbank rate. The Bank rate, the commercial banks' lending and savings rates maintained their preceding month's levels of 13.0 percent, 17.75 percent and 3.75 percent, respectively.

### **1.5 Inflation**

Year-on-year headline inflation during September 2011 accelerated to 7.7 percent from 7.6 percent in the previous month. This was higher than an inflation rate of 7.0 percent recorded in a corresponding month of the previous year.

## **2.0 EXTERNAL SECTOR**

### **2.1 Gross Foreign Assets**

Total foreign exchange reserves of the banking system improved to US\$410.0 million in September 2011 from US\$390.8 million recorded during the previous month. The improvement was on the back of an accumulation of both gross official reserves and commercial banks' foreign assets. Gross official reserves for September 2011 stood at US\$266.0 million from US\$257.1 million in August 2011. The increase in gross official reserves was on account of receipt in project funds. Commercial banks' foreign assets rose to US\$144.5 million from US\$133.7 million in the preceding month. Subsequently, the import cover for the month improved to 3.2 months from 3.0 months recorded in the preceding month.

### **2.2 Foreign Exchange Market**

A total of US\$86.6 million worth of foreign exchange was traded in September 2011 at the RBM. This was 9.7 percent lower than US\$95.9 million traded in August 2011.

The Reserve Bank bought a total of US\$48.3 million worth of foreign exchange in September 2011, about US\$3.0 million more than what was bought during the preceding month. The bulk of the purchases were on account of donor disbursements, particularly from the World Bank and the Department for International Development (DFID) in support of various projects.

The Reserve Bank of Malawi's sales of foreign exchange amounted to US\$38.3 million in September 2011 compared to US\$50.5 million sold during the preceding month. The drop mainly reflects reduced demand by the authorised dealer banks (ADB) from US\$40.1 million in August 2011 to US\$21.7 million during the month under review.

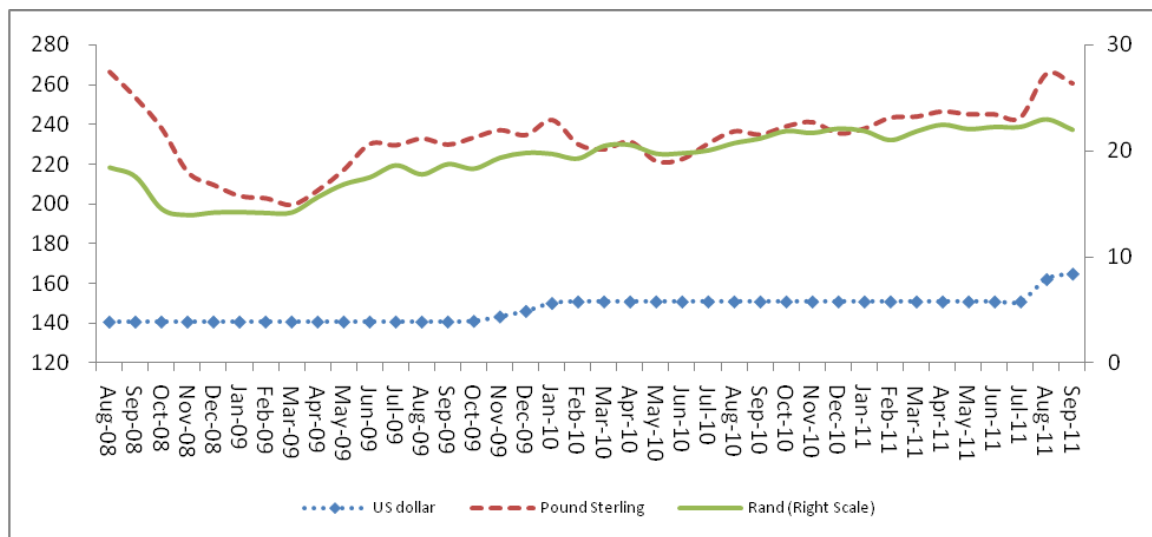
### **2.3 Exchange Rate Developments**

The kwacha depreciated by 0.3 percent against the United States dollar and stood at K166.0 per United States dollar as at end-September 2011. This development could partly be explained by pressure on the local currency arising from the absence of donor budgetary

support together with the fact that the tobacco marketing season was coming to an end. The local currency gained 4.6 percent against the British Pound sterling and traded at K259.4 per pound as at end-September 2011 from K271.4 per pound at end-August 2011. The kwacha also appreciated by 6.0 percent against the euro and moved to K225.7 per euro from K240.0 per euro in the preceding month. The appreciation of the local currency against the pound sterling and the euro reflected the appreciation of the United States dollar against these currencies in September 2011. The kwacha however, depreciated by 0.3 percent against the Japanese yen to trade at K2.2 per Yen. This development reflected the stability of the Japanese yen against the United States dollar.

On the regional scene, the kwacha showed a mixed pattern in September 2011. It gained 11.1 percent against the South African rand and stood at K20.9 per rand. This was explained by weakening of the rand on the international currency market. The Malawi kwacha depreciated by 3.2 percent against the Zambian Kwacha and moved to K0.03 per Zambian kwacha.

**Chart 1: Malawi Kwacha Exchange Rate**



Source: Reserve Bank of Malawi

### **3.0 BANKING AND FINANCE**

#### **3.1 Monetary Developments**

The stock of broad money supply (M2) stood at K253.0 billion in September 2011 from the preceding month's position of K245.8 billion, representing a monthly increase of K7.2 billion (2.9 percent). Expansionary effects emanated from both net foreign assets and net domestic assets which grew by K4.8 billion (32.4 percent) and K2.5 billion (1.1 percent), respectively. The annual M2 growth however decelerated by 3.9 percentage points to 32.3 percent in September 2011 from 36.2 percent recorded in August 2011.

Narrow money (M1) rose by K3.6 billion (3.0 percent) to K125.1 billion in September 2011 from K121.5 billion in the preceding month. The upturn was on account of demand deposits which rose by K3.8 billion (4.8 percent) to K82.8 billion from K79.0 billion in August 2011, reflective of growing transactional demand for holding money. Meanwhile, currency in circulation dropped on monthly basis by K195.1 million (0.5 percent) to K42.3 billion.

Quasi money recorded a monthly increase of K3.6 billion (2.9 percent) to K127.9 billion in September 2011. The rise was attributed to time, savings and foreign currency denominated deposits. Time and savings deposits expanded by K3.0 billion to K100.8 billion in September 2011 from K97.8 billion in August 2011. Foreign currency denominated deposits rose by K597.9 million owing, mainly, to receipts earmarked for various projects in the country.

#### **3.2 Net Domestic Credit**

At K278.9 billion, net domestic credit extended by the banking system was K5.5 billion (2.0 percent) above the preceding month's position of K273.4 billion. The private sector accessed K4.3 billion of the availed banking system's resources whereas K1.4 billion was extended to the government. Meanwhile, the parastatals repaid K197.8 million of their outstanding credit with the banking system during the month under review.

Commercial banks' financing of the private sector activities rose to K133.2 billion in September 2011 from K128.9 billion in the preceding month. In terms of allotment, the commercial and industrial sector accessed K3.3 billion, whilst individuals/households and

net lease and financing receivables accounted for K700.0 million and K270.5 million, respectively.

Government's net credit from the commercial banks grew by K2.3 billion (11.4 percent) to K22.4 billion in September 2011 from K20.1 billion in August, 2011. The growth was explained by an uptake of K2.0 billion Treasury bills by the banks that was exacerbated by a depletion of K281.1 million of government's deposits at the commercial banks.

**Table 1: Money Supply and its Sources**

| <i>(in billion Malawi Kwacha)</i> |       |       |       |       |       |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   | 2010  |       | 2011  |       |       |       |       |       |       |       |
|                                   | Nov   | Dec   | Feb   | Mar   | April | May   | June  | July  | Aug   | Sept  |
| Money Supply (M2)                 | 196.4 | 203.9 | 198.5 | 203.6 | 212.9 | 226.5 | 232.2 | 233.7 | 245.8 | 253.0 |
| Narrow money (M1)                 | 99.4  | 102.1 | 93.2  | 98.0  | 108.4 | 113.8 | 116.6 | 114.4 | 121.5 | 125.1 |
| Quasi-money                       | 96.9  | 101.8 | 105.3 | 105.6 | 104.5 | 112.7 | 115.6 | 119.3 | 124.3 | 127.9 |
| Net Foreign Assets <sup>1\</sup>  | 2.1   | 20.4  | 5.6   | -0.07 | -1.8  | 3.5   | 3.7   | 13.0  | 14.7  | 19.5  |
| Net Domestic Assets               | 194.3 | 183.5 | 192.9 | 203.6 | 214.7 | 223.0 | 228.5 | 220.7 | 231.0 | 233.5 |
| Net Domestic Credit               | 235.9 | 216.9 | 237.3 | 245.9 | 252.5 | 260.1 | 247.8 | 265.2 | 273.4 | 278.9 |
| Government (Net)                  | 112.4 | 90.6  | 108.6 | 113.9 | 116.9 | 117.0 | 105.2 | 122.7 | 130.6 | 132.0 |
| Private Sector                    | 118.4 | 121.6 | 124.1 | 127.4 | 130.9 | 131.0 | 130.6 | 129.1 | 128.9 | 133.2 |
| Other Pub. Sector (net)           | 5.1   | 4.7   | 4.7   | 4.7   | 4.7   | 12.1  | 11.9  | 13.5  | 13.9  | 13.7  |
| Other Items (Net)                 | -41.6 | -33.4 | -44.4 | -42.3 | -37.8 | -37.1 | -19.3 | -44.5 | -42.3 | -45.3 |
| <i>Memorandum items</i>           |       |       |       |       |       |       |       |       |       |       |
| Annual M2 growth                  | 14.3  | 17.8  | 22.5  | 21.3  | 25.4  | 26.5  | 32.4  | 35.2  | 36.2  | 32.3  |
| Monthly M2 growth                 | 1.4   | 3.8   | -1.1  | 2.6   | 4.6   | 6.4   | 2.5   | 0.7   | 5.2   | 2.9   |
| Reserve Money                     | 59.6  | 57.4  | 59.3  | 51.9  | 57.6  | 67.4  | 60.7  | 71.0  | 78.8  | 79.5  |
| Money Multiplier                  | 3.3   | 3.6   | 3.3   | 3.9   | 3.7   | 3.4   | 3.8   | 3.3   | 3.1   | 3.2   |

Source: Reserve Bank of Malawi

<sup>1\</sup> Excludes encumbered reserves at RBM

## 4.0 MONEY AND SECURITIES MARKET

### 4.1 Open Market Operations

Open market operations throughout September 2011 continued to mop up excess liquidity and withdrew a net of K1.4 billion from the market through repo operations. This was at the back of a fiscal injection amounting to K4.7 billion which resulted in a net injection of K2.0 billion into the financial system.

**Table 2: Liquidity Management<sup>1</sup>**

| <i>(in billion of Malawi kwacha)</i>   |             |               |             |              |              |             |              |
|--|-------------|---------------|-------------|--------------|--------------|-------------|--------------|
|  | Mar<br>2011 | April<br>2011 | May<br>2011 | June<br>2011 | July<br>2011 | Aug<br>2011 | Sept<br>2011 |
| Net Government Operations              | 3.9         | -1.5          | 3.1         | -7.7         | 10.5         | 4.7         | -0.3         |
| Government deficit excluding grants    | 4.0         | -0.7          | -0.5        | 13.6         | 10.4         | 4.0         | 7.0          |
| Revenue                                | 15.3        | 15.3          | 22.1        | 32.7         | 16.8         | 24.0        | 16.2         |
| MRA                                    | 12.0        | 11.0          | 17.8        | 23.7         | 13.3         | 20.3        | 13.3         |
| Other, excluding grants                | 3.3         | 4.3           | 4.4         | 9.0          | 3.5          | 3.8         | 2.9          |
| Expenditure                            | 19.3        | 14.6          | 21.6        | 19.1         | 27.2         | 28.0        | 23.2         |
| Net Government Domestic Borrowing      | -0.1        | -0.8          | 3.6         | 5.9          | 0.1          | 0.8         | -7.2         |
| TB issues                              | 6.1         | 5.4           | 4.9         | 8.8          | 7.7          | 8.8         | 17.6         |
| TB maturity                            | 6.0         | 4.6           | 8.4         | 14.7         | 7.8          | 9.6         | 10.4         |
| Net Forex Operations                   | -4.1        | 0.8           | -0.4        | 1.1          | 0.3          | -0.3        | 3.7          |
| Sales                                  | 4.6         | 1.8           | 3.1         | 5.4          | 4.3          | 6.3         | 3.6          |
| Purchases                              | 0.5         | 1.0           | 2.6         | 6.5          | 4.6          | 6.0         | 7.2          |
| Net OMO                                | -8.3        | 5.2           | 3.3         | -0.7         | 1.6          | -1.4        | -1.4         |
| Injections                             | 4.6         | 12.6          | 5.6         | 6.5          | 3.2          | 1.9         | 4.1          |
| 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          | 1.3         | 6.8           | 0.7         | 1.2          | 1.2          | -           | 1.5          |
| Repo maturities                        | 3.2         | 5.8           | -           | -            | -            | 1.2         | 2.6          |
| Withdrawals                            | 12.9        | 7.4           | 2.4         | 7.2          | 1.6          | 3.3         | 5.5          |
| Issue of 3-YR RBM bond                 | -           | -             | -           | 4.2          | -            | -           | -            |
| Sale of securities                     | 4.1         | -             | 1.5         | 1.5          | -            | -           | -            |
| Maturing Discount window accommodation | 0.8         | 7.4           | 0.9         | 1.5          | 1.6          | -           | 1.5          |
| Repos                                  | 8.1         | -             | -           | -            | -            | 3.3         | 4.1          |
| Net Operations                         | -8.5        | 3.0           | 5.9         | -7.3         | 12.4         | 3.0         | 2.0          |

Source: Reserve Bank of Malawi

<sup>1</sup>Under net government operations, supply of liquidity is positive whereas withdraw of liquidity is negative.

## 4.2 Government Securities Market

Allotment at Treasury bills auctions conducted in September 2011 raised K17.6 billion (cost value) at the back of a rollover target of K10.4 billion. The allotment was against total subscriptions of K24.9 billion tendered during the auctions. Across the tenors, the 91 day Treasury bills continued to attract most of the investor funds constituting 57.9 percent of total subscription. The 273-day tenor, constituting just 6.2 percent of total subscriptions, was the least preferred maturity. Going by the trend, it is discernible that investors continue to prefer short to longer tenors. Nevertheless, though preference was to the shortest tenor, more was allotted on the 182 day tenor as it amassed 48.7 percent of the total allotment of K17.6 billion while the 91 and 273 day tenors had respective shares of 42.6 and 8.7 percent. The Treasury bills activities of the month added K23.3 billion to the opening balance as at the beginning of the month while a sum of K10.7 billion matured. This pushed the stock of

Treasury bills to K147.0 billion from the opening position of K134.1 billion, an increase of 12.9 billion during the month.

**Table 3: Treasury Bills Primary Market**

| <i>(in billion of Malawi kwacha)</i> |       |       |       |       |       |       |       |       |       |       |       |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                      | 2010  |       |       | 2011  |       |       |       |       |       |       |       |
|                                      | Oct   | Nov   | Dec   | Feb   | Mar   | April | May   | June  | July  | Aug   | Sept  |
| Total subscription                   | 17.4  | 8.5   | 5.5   | 8.6   | 1.3   | 10.0  | 14.0  | 12.5  | 13.5  | 22.1  | 25.5  |
| Issues                               | 14.4  | 16.0  | 2.7   | 37.4  | 13.6  | 29.7  | 9.1   | 9.0   | 15.6  | 16.5  | 23.3  |
| Normal Treasury bills                | 4.2   | 5.4   | 2.7   | 4.4   | 6.3   | 5.6   | 4.9   | 9.0   | 7.6   | 8.0   | 18.1  |
| OMO Stock                            | 10.2  | 10.6  | 0.0   | 33.0  | 7.3   | 24.1  | 4.2   | -     | 7.9   | 8.5   | 5.2   |
| Maturities                           | 15.3  | 10.6  | 16.4  | 37.5  | 15.8  | 12.0  | 15.0  | 14.6  | 15.4  | 20.2  | 10.4  |
| Normal Treasury bills                | 5.6   | 5.2   | 5.5   | 4.2   | 6.0   | 5.4   | 13.4  | 14.6  | 7.8   | 9.6   | 10.4  |
| OMO Stock                            | 9.7   | 5.4   | 10.9  | 33.3  | 9.9   | 6.6   | 1.6   | -     | 7.7   | 10.6  | -     |
| Net Issues(+)/maturities(-)          | -0.9  | 5.4   | -13.7 | -0.1  | -2.3  | 17.7  | -5.9  | -5.6  | 0.2   | -3.7  | 12.9  |
| Conversions (period total)           | 10.2  | 10.6  | -     | 33.0  | 7.3   | 24.1  | 4.2   | -     | 7.7   | 8.5   | 5.2   |
| T-bill stock at face value           | 138.9 | 147.1 | 130.6 | 133.8 | 131.5 | 149.0 | 143.3 | 137.6 | 137.8 | 134.1 | 147.0 |

Source: Reserve Bank of Malawi

### 4.3 Inter-bank Money Market

Excess reserves by 30<sup>th</sup> September declined to half their previous month's levels as liquidity tightened following contractionary monetary operations. Consequently, the inter-bank market rate edged upwards to 4.13 percent.

**Table 4: Banking System Liquidity**

| <i>(in billion of Malawi kwacha)</i> |      |      |      |      |      |      |      |      |      |      |      |
|--------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
|                                      | 2010 |      |      | 2011 |      |      |      |      |      |      |      |
|                                      | Oct  | Nov  | Dec  | Feb  | Mar  | Apr  | May  | June | July | Aug  | Sept |
| Total Reserves                       | 27.9 | 28.8 | 30.2 | 34.2 | 31.0 | 28.6 | 31.7 | 31.2 | 30.4 | 35.1 | 32.3 |
| Required Reserves                    | 25.1 | 26.4 | 27.3 | 24.2 | 24.2 | 24.2 | 25.6 | 26.3 | 25.8 | 26.5 | 27.9 |
| Excess Reserves                      | 2.8  | 2.4  | 2.9  | 9.9  | 6.9  | 4.0  | 6.1  | 4.8  | 4.6  | 8.6  | 4.4  |
| Inter-bank Market Activity           | 3.0  | 2.8  | 3.1  | 2.3  | 3.8  | 2.3  | 2.4  | 2.9  | 3.0  | 1.4  | 1.7  |
| Discount Window Borrowing            | 1.6  | 2.8  | 1.4  | -    | 0.3  | 0.6  | 0.2  | 0.4  | 0.4  | -    | 0.7  |
| Average Inter-bank Market Rate       | 5.9  | 4.8  | 10.6 | 2.9  | 6.2  | 11.5 | 11.4 | 12.7 | 11.0 | 2.9  | 4.1  |

Source: Reserve Bank of Malawi

### 4.4 Interest Rates

In September 2011, the Bank rate was maintained at its previous month's level of 13.00 percent. Similarly, the commercial banks' lending and savings rates remained at 17.75 percent and 3.75 percent, respectively. The all-type Treasury bills yield however averaged 6.64 percent, representing 58.0 basis points decrease over 7.22 percent recorded in August 2011.

The average interbank rate also slumped by 260.0 basis points to 3.85 percent in September 2011 from 7.45 percent in August 2011.

**Table 5: Interest Rate Structure**

| <i>(In percent per annum)</i> |       |       |       |       |       |       |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                               | 2010  |       |       | 2011  |       |       |       |       |       |       |       |
|                               | Oct   | Nov   | Dec   | Feb   | Mar   | April | May   | June  | July  | Aug   | Sept  |
| 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  | 2.00  | 2.50  | 6.00  | 10.00 | 10.00 | 7.00  | 2.5   | 2.70  |
| Maximum                       | 7.00  | 8.75  | 12.00 | 3.50  | 9.00  | 12.50 | 12.00 | 12.90 | 13.00 | 12.40 | 5.00  |
| Treasury bills Yields\1\2     |       |       |       |       |       |       |       |       |       |       |       |
| 91 Days                       | 7.91  | 7.30  | 6.91  | 5.93  | 5.92  | 6.80  | 7.48  | 7.48  | 7.44  | 7.22  | 6.64  |
| 182 Days                      | 7.01  | 6.93  | 6.20  | 5.83  | 6.33  | 6.01  | 7.27  | 7.30  | 7.51  | 7.10  | 5.66  |
| 273 Days                      | 7.83  | 7.20  | 7.15  | 5.95  | 5.50  | 5.72  | 7.20  | 7.20  | 7.32  | 7.17  | 6.97  |
| Government Bonds\3            | 8.90  | 7.78  | 7.39  | 6.00  | -     | 8.68  | 7.98  | 7.94  | 7.48  | 7.39  | 7.28  |
| Mortgage (min)                | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 |
|                               | 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 Institutions<sup>1</sup>

The resource envelope of Other Financial Institutions (OFIs) expanded by K3.5 billion (6.6 percent) to K56.8 billion in September 2011. This development was mainly explained by monthly increases in statutory bodies' deposits with the OFIs and other liabilities. Statutory bodies' placements with OFIs increased by K1.6 billion to K3.0 billion owing to revenue collections made by Malawi Revenue Authority. Other liabilities also grew by K1.2 billion to K4.9 billion and was largely explained by borrowed funds. OFIs also mobilised resources by accumulating private sector deposits amounting to K289.3 million.

Subsequent to increased resource availability, the activities of OFIs increased in September 2011. Principally, the OFIs invested K2.8 billion in government Treasury bills. Claims on domestic banks also rose by K765.7 million to K5.8 billion. Further, the OFIs availed K396.0 million in loans and advances to the private sector. Nevertheless, foreign assets

<sup>1</sup>Including Malawi Savings Bank, FDH Bank, International Commercial Bank and Leasing and Finance Company

position dropped by K470.7 million to K727.3 million. Investments in miscellaneous assets also decreased by K390.5 million to K5.0 billion.

## **5.2 Capital Markets**

There was no new stock listed on the local bourse during the review period. Packaging Industries Malawi Ltd (PIM) was delisted on 30<sup>th</sup> September, 2011. Bringing the number of counters on the Malawi Stock Exchange to fourteen (14).

During the review period, a total of 30.0 million shares valued at K78.6 million were transacted compared to 50.6 million shares valued at K231.9 million transacted in the preceding period. The Malawi All Share Index (MASI) closed off higher at 5,027.27 points from 4,905.96 points due to an increase in the Domestic Share Index (DSI) from 3,869.64 points to 3,966.49 points during the review period. This was on account of a price increase on Standard Bank Malawi and TNM from K100.00 and K1.50 to K105.00 and K1.90 per share, respectively. The Foreign Share Index (FSI) remained at 521.60 points. During the corresponding period last year, the MASI stood at 4,932.70 points.

Market capitalisation registered a month on month increase of 0.2 percent and closed off at K2,601.2 billion compared to K2,596.5 billion recorded in the preceding month. The increase in market capitalisation is attributed to price increases in Standard Bank Malawi and TNM despite the delisting of PIM. During the same period last year, market capitalisation stood at K1,185.8 billion.

## **6.0 PRODUCTION AND PRICES**

### **6.1 Tobacco**

Tobacco sales through the Auction Floors as of 30<sup>th</sup> September 2011 amounted to 176.1 million kilograms, 13.2 percent lower than 202.9 million kilograms sold during a similar period in 2010. The drop in sales was attributed to high tobacco rejection rates by the tobacco merchants particularly during the earlier part of the marketing season. Tobacco prices averaged US\$1.21 per kilogram against US\$1.94 per kilogram fetched during a similar period in 2010 representing a decrease of 37.8 percent.

Notwithstanding this development, average tobacco prices have been progressively improving over the past four months rising from an average of US\$1.02 per kilogram fetched during the final week of May 2011 to an average of US\$1.42 per kilogram fetched on 30<sup>th</sup> September 2011.

A total of US\$212.8 million was realized from tobacco sales as of 30<sup>th</sup> September 2011, representing a 46.0 percent drop from US\$394.3 million realized in a comparable period of 2010. Bearing in mind that tobacco production estimates for this year stand at 224.8 million kilograms, it is projected that total earnings for the year will be around US\$274.0 million.

## **6.2 Tea**

Tea production from January to September 2011 amounted to 37.1 million kilograms, an 11.9 percent decline from 42.1 million kilograms produced in a similar period in 2010. The decrease was mainly attributed to adverse weather conditions with regards to tea production this year. As a result, tea auction sales through the Limbe market during the first 9 months of 2011 stood at 11.0 million kilograms compared to 13.2 million kilograms in a corresponding period in the preceding year. Correspondingly, earnings for tea for the year up to September 2011 dropped to US\$17.5 million from US\$20.7 million realized in a comparable period in 2010.

## **6.3 Domestic Price Developments**

Year-on-year headline inflation in September 2011 accelerated to 7.7 percent from 7.6 percent in the previous month. This was higher than an inflation rate of 7.0 percent recorded in a corresponding month of the previous year. Urban inflation picked up by 0.2 percentage points to 9.8 percent during the month under review, because of food and non-food price pressures. Rural inflation accelerated by 0.1 percentage point to 6.5 percent. Overall food inflation picked up by 0.3 percentage points to 2.7 percent whereas non-food inflation accelerated by 0.1 percentage point to 12.5 percent.

Domestic food prices, on a month-on-month basis, increased by 8.0 percent in September 2011 to an index of 259.3 from an index of 240.1 recorded during the preceding month. Consequently annual food inflation stood at 2.7 percent in September 2011 compared to 4.1

percent in September 2010. The surge in food prices was on account of a seasonal drop in food stocks which resulted in an upward adjustment in maize prices in both urban and rural areas. Food inflation is expected to continue to increase albeit, at a slow pace, as food stocks continue to decline in the period ahead.

Non-food inflation picked up to 12.5 percent during the review month from 12.4 percent in August 2011. This mainly arose from accelerations of 3.4 percentage points in the housing category to 14.8 percent following a 7.8 percentage points rise in rural housing inflation to 16.9 percent. Similarly, prices in the household operations category rose by 1.5 percentage points to 11.9 percent.

On a month-to-month basis, the consumer price index (CPI) increased by 5.2 percent in September 2011 in contrast to a decrease of 2.2 percent recorded in the previous month. The large increase in the CPI was on account of an 8.0 percent rise in food inflation that reflected dwindling stocks of maize as the country entered into the lean period and price adjustments in various food products following the devaluation of the kwacha in August 2011. Non-food prices increased by 2.9 percent in September 2011 compared to a rise of 0.2 percent registered in August 2011. This largely arose from increases of 2.5 percent, 4.7 percent, 3.9 percent and 3.8 percent in beverages and tobacco, housing, household operations and miscellaneous categories, respectively.

The prospects for inflation are rather unclear. The current high global oil prices are exerting pressure on domestic pump prices. In addition, the continued fuel shortages and intermittent electricity supply are affecting the costs of firms across the sectors. Furthermore, money supply growth has been accelerating reaching 36.2 percent by August 2011 and 32.3 percent in September 2011 and indications are that this will continue in the ensuing months. In view of these developments, inflation is expected to pick up somewhat in the period ahead.

**Table 6: Selected Economic Indicators**  
(in billion Malawi kwacha unless otherwise stated)

|  | 2006    | 2007    | 2008    | 2009    | 2010    | 2010<br>Sept | 2011<br>Sept |
|--|---------|---------|---------|---------|---------|--------------|--------------|
| <b>Real Sector</b>                         |         |         |         |         |         |              |              |
| Population (million)                       | 12.8    | 13.2    | 13.1    | 13.5    | 13.8    | 13.8         | 14.4         |
| GDP at current market prices               | 423.9   | 510.5   | 601.3   | 710.2   | 813.8   | 813.8        | 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)                     | 33.2    | 39.3    | 45.9    | 52.6    | 59.0    | 59.0         | 64.4         |
| GDP per capita (US\$)                      | 238.3   | 280.1   | 326.9   | 360.3   | 391.2   | 391.2        | 390.6        |
| Consumer Price Index (CPI) 2000=100        | 226.1   | 244.1   | 265.4   | 292.2   | 309.0   | 300.9        | 324.2        |
| Average annual inflation rate (percent)    | 13.9    | 8.0     | 8.7     | 8.4     | 7.4     | 7.2          | 7.7          |
| <b>Fiscal Sector</b>                       |         |         |         |         |         |              |              |
| 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     | ..           | ..           |
| <b>Monetary Sector</b>                     |         |         |         |         |         |              |              |
| Net Foreign Assets                         | 23.2    | 27.7    | 19.7    | -4.5    | 20.4    | 7.1          | 19.5         |
| Net Domestic Credit                        | 58.9    | 72.1    | 158.0   | 212.9   | 216.7   | 222.9        | 278.9        |
| Government                                 | 20.5    | 21.1    | 83.9    | 111.6   | 90.6    | 104.1        | 132.0        |
| Statutory bodies                           | 1.2     | 3.7     | 6.0     | 6.2     | 4.7     | 6.5          | 13.7         |
| Private (gross)                            | 35.8    | 47.3    | 68.1    | 95.0    | 121.6   | 112.4        | 133.2        |
| Money Supply (M2)                          | 76.6    | 104.9   | 139.6   | 173.8   | 203.9   | 191.3        | 253.0        |
| M2 Growth Rate (annual percent)            | 16.5    | 36.9    | 33.1    | 24.4    | 17.8    | 9.6          | 32.3         |
| Reserve Money                              | 21.5    | 27.7    | 36.0    | 50.1    | 57.4    | 56.4         | 79.5         |
| Banks Deposits                             | 3.5     | 2.9     | 5.8     | 16.9    | 17.9    | 18.3         | 32.2         |
| <b>External Sector</b>                     |         |         |         |         |         |              |              |
| 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    | 42.3         | 67.4         |
| Official                                   | 18.2    | 16.1    | 33.2    | 24.1    | 42.2    | 29.6         | 43.5         |
| Commercial banks                           | 8.2     | 6.6     | 7.3     | 11.4    | 13.9    | 12.6         | 23.9         |
| Import cover (Official reserves in months) | 2.1     | 1.8     | 2.2     | 1.9     | 2.2     | 1.5          | 2.0          |
| 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    | 15.4         | 15.2         |
| 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      | 165.970      |
| MK/US Dollar (pd avg)                      | 136.019 | 140.000 | 140.526 | 140.604 | 150.487 | 150.801      | 164.862      |

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 |
|-----------------------|------------|-------------|---------------|------------------|-------------|------------|----------------|---------------|
| <b>Overall Weight</b> | <b>100</b> | <b>58.1</b> | <b>5.9</b>    | <b>8.5</b>       | <b>12.1</b> | <b>4.1</b> | <b>5.1</b>     | <b>6.2</b>    |
| 2003                  | 154.3      | 143.7       | 165.8         | 166.8            | 180         | 174.6      | 172.1          | 148.3         |
| 2004                  | 172        | 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           | 237.7            | 319.1       | 383.5      | 338.9          | 232.3         |
| 2009                  | 287.7      | 258         | 369           | 259.1            | 328.3       | 452.8      | 380.1          | 263.1         |
| 2010                  | 309        | 271.2       | 417.2         | 279.5            | 350.2       | 512.1      | 428.4          | 287.7         |
| <b>2008</b>           |            |             |               |                  |             |            |                |               |
| Mar                   | 275.5      | 263.6       | 322.7         | 233.8            | 314.8       | 368        | 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              | 321.9       | 402.7      | 361.2          | 237.3         |
| Dec                   | 297.7      | 251.7       | 352           | 247.7            | 331.9       | 414.5      | 373.6          | 248.3         |
| <b>2009</b>           |            |             |               |                  |             |            |                |               |
| 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            | 259           |
| Mar                   | 301.7      | 286.6       | 361.9         | 254.6            | 328.3       | 425.6      | 371            | 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           |
| July                  | 273.3      | 235.6       | 368.6         | 258.5            | 321         | 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            | 268.1         |
| Nov                   | 291.3      | 256.6       | 375.6         | 267.7            | 329         | 495.9      | 396.4          | 272           |
| Dec                   | 300.9      | 268.3       | 399.8         | 268.8            | 334.8       | 502.2      | 400.4          | 274.7         |
| <b>2010</b>           |            |             |               |                  |             |            |                |               |
| Feb                   | 328        | 309.2       | 402.9         | 274.6            | 344.2       | 505.4      | 420.5          | 280.2         |
| Mar                   | 326.9      | 306         | 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              | 346         | 507.7      | 426.4          | 283.6         |
| July                  | 293.3      | 246.5       | 419.8         | 275.4            | 344.2       | 508        | 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        | 264.9       | 433.9         | 286.4            | 363.4       | 521.8      | 438.2          | 297           |
| Dec                   | 319.8      | 276.1       | 436.9         | 294.6            | 375.3       | 525.1      | 442.7          | 305.7         |
| <b>2011</b>           |            |             |               |                  |             |            |                |               |
| Jan                   | 338.5      | 301.6       | 443.2         | 301.1            | 381.6       | 529.7      | 476.2          | 310           |
| Feb                   | 351        | 320.4       | 445.3         | 303.4            | 384.3       | 532.2      | 488.7          | 313.8         |
| Mar                   | 350.3      | 317.4       | 447           | 306              | 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              | 383.3       | 555        | 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         |

Source: National Statistical Office

**Table 8: Selected Foreign Exchange Rates<sup>2</sup>**  
(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  |
| 2006        | 249.587       | 251.887 | 135.337   | 136.685 | 170.111  | 171.825 | 1.167        | 1.181 | 20.124  | 20.316 | 0.041 | 0.038 |
| 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 |
| <b>2008</b> |               |         |           |         |          |         |              |       |         |        |       |       |
| 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 |
| <b>2009</b> |               |         |           |         |          |         |              |       |         |        |       |       |
| 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 |
| <b>2010</b> |               |         |           |         |          |         |              |       |         |        |       |       |
| 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 |
| <b>2011</b> |               |         |           |         |          |         |              |       |         |        |       |       |
| 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 |

Source: Reserve Bank of Malawi

<sup>2</sup> 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                                |
| <b>2009</b> |                      |                     |                 |                |                                |                         |                 |  |
| 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                                |
| <b>2010</b> |                      |                     |                 |                |                                |                         |                 |  |
| 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                                |
| <b>2011</b> |                      |                     |                 |                |                                |                         |                 |  |
| 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              | 78,640,735.50   | 2,601,202.0                                |

Source: Malawi Stock Exchange