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GENERAL NOTES

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1.0 HIGHLIGHTS

1.1 Gross Official Reserves

Gross official reserves stood at US\$192.5 million in July 2012 from US\$85.9 million recorded in June 2012. Subsequent to the revision of the monthly import requirement to US\$188.1 million effective July 2012, the US\$192.5 million corresponded to 1.0 months of import cover compared to 0.7 months registered in the preceding month.

1.2 Exchange Rates

The Malawi kwacha continued to depreciate against the country's major trading partners' currencies in July 2012.

1.3 Money Supply

Broad money supply (M2) contracted by K5.8 billion (1.6 percent) to K350.8 billion in July 2012 from K356.6 billion registered in June 2012. The outturn was attributed to a decline of K26.7 billion in net domestic assets that was partly offset by a K20.9 billion increase in net foreign assets. Consequently, the year-on-year M2 growth decelerated by 3.6 percentage points to 30.7 percent in July 2012 from 34.3 percent in the preceding month.

1.4 Interest Rates

As a response to rising inflation tendencies induced by the lagged effects of the recent devaluation, the Monetary Policy Committee (MPC) adjusted the Bank rate to 21.00 percent in July 2012 from 16.00 percent effected in May 2012. Subsequently, commercial banks raised both their lending and savings rates to averages of 31.42 percent and 10.81 percent in July 2012 from 22.63 percent and 7.60 percent in June 2012, respectively.

1.5 Inflation

Headline inflation accelerated by 1.6 percentage points to 21.7 percent in July 2012. The pressure largely arose from food inflation. Rural inflation experienced a faster rise of 2.0 percentage points to 19.6 percent during the review month compared to an acceleration of 0.9 percentage points to 25.1 percent for urban inflation.

2.0 EXTERNAL SECTOR

2.1 Foreign Reserves

Gross official reserves improved markedly by US\$106.6 million to US\$192.5 million in July 2012 from US\$85.9 million recorded in June 2012. This outturn was explained by substantial balance of payments (BOP) support and project funds from donors. Total donor inflows amounted to US\$132.9 million in the review month from US\$53.7 million in June 2012. The import cover for July 2012 therefore stood at 1.0 months compared to 0.7 months recorded in June 2012.

2.2 Foreign Exchange Market

Net foreign exchange transactions conducted through the Reserve Bank of Malawi (RBM) resulted into a surplus of US\$104.6 million in July 2012 in contrast to a deficit of US\$17.4 million in the preceding month. This development was mainly on account of an increase in supply of foreign exchange following receipt of a considerable amount of donor budget support.

The supply of foreign exchange amounted to US\$154.3 million in July 2012 from US\$77.4 million in June 2012. BOP support and project funds were the major sources of foreign exchange in the month. Total BOP loans and grants amounted to US\$109.0 million, of which US\$50.1 million was from the World Bank's International Development Agency (IDA), US\$39.2 million was from the African Development Bank (AfDB) and US\$19.7 million initial disbursement under the new Extended Credit Facility (ECF) supported by International Monetary Fund (IMF).

Total uses of foreign exchange declined to US\$49.7 million in July 2012, down by US\$40.9 million from US\$94.8 million registered in the previous month. The major uses of foreign exchange comprised sales to the market which stood at US\$35.2 million, government payments amounting to US\$9.6 million, and US\$4.8 million earmarked for RBM's operations.

2.3 The Malawi Kwacha Exchange Rate

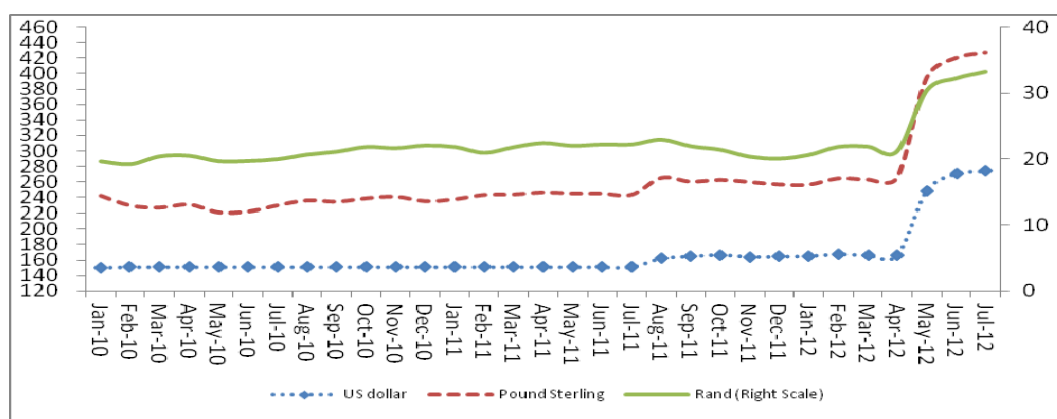
The kwacha continued to depreciate against currencies of the country's major trading partners except the euro in July 2012. The movements of the kwacha were explained by

developments on both the local and the international scenes. On the local front, the kwacha has been depreciating since its floatation due to inadequate foreign exchange largely on account of lower than expected earnings from tobacco, among others. On the international arena, the movements of the kwacha were partly influenced by financial crisis in the euro area as the euro weakened against other currencies on the international foreign exchange market.

Following developments on both the local and international scenes, the kwacha depreciated by 1.0 percent against the United States dollar (US) dollar and traded at K275.23 per US dollar at the end of July 2012 from K272.38 per US dollar as at end-June 2012. Similarly, the Malawi kwacha weakened by 2.3 percent and 2.7 percent against the British pound and the Japanese yen to K432.39 per pound sterling and K3.52 per yen at the end of July 2012 from K422.70 per pound and K3.42 per yen recorded in the preceding month, respectively. In contrast, the Malawi kwacha appreciated, albeit marginally, by 0.4 percent against the euro and traded at K337.43 per euro as at end-July 2012 from K338.92 per euro in June 2012. The appreciation of the kwacha against the euro reflected largely the weakening of the euro on the international foreign exchange market due to intensified tensions in Greece and Spain and the slow progress being made to resolve the sovereign debt crisis.

Within the region, the kwacha weakened in July 2012 against the South African rand and the Zambian kwacha. The kwacha lost 3.5 percent against the South African rand and stood at K33.56 per rand in July 2012 from K32.42 per rand in June 2012. The local currency also dipped by 6.4 percent against the Zambian kwacha and traded at K0.056 per Zambian kwacha at the end of July 2012 from K0.053 in the preceding month.

Chart 1: Selected Malawi Kwacha Exchange Rates



Source: Reserve Bank of Malawi

3.0 BANKING AND FINANCE

3.1 Monetary Developments

Broad money supply (M2) declined by K5.8 billion (1.6 percent) to K350.8 billion in July 2012 from K356.6 billion registered in June 2012. The outturn was attributed to a decline of K26.7 billion in net domestic assets that was partly offset by a K20.9 billion accumulation in net foreign assets. Subsequently, the annual M2 growth rate decelerated by 3.6 percentage points to 30.7 percent in July 2012 from 34.3 percent in June 2012.

Table 1: Money Supply and its Sources¹

	In billions of Malawi Kwacha									
	2011			2012						
	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Jul
Money Supply (M2)	298.7	315.0	314.3	305.5	300.5	315.9	317.8	344.3	356.6	350.8
Narrow money (M1)	158.3	163.4	164.0	158.3	148.0	155.5	169.7	200.6	221.3	211.3
Quasi-money	140.4	151.6	150.4	147.2	152.5	160.4	148.1	143.6	135.3	139.5
Net Foreign Assets ²	18.8	8.4	2.6	7.3	-0.9	-3.9	-1.6	-9.7	-3.8	17.1
Net Domestic Assets	279.9	306.6	311.7	298.2	301.4	319.8	319.5	353.9	360.4	333.7
Net Domestic Credit	325.7	336.3	335.3	333.0	344.1	353.7	359.8	407.5	394.4	363.2
Government (Net)	143.1	150.8	140.7	140.2	149.2	156.5	158.0	186.4	169.4	136.2
Private Sector	167.1	166.8	174.5	175.5	175.1	179.0	183.2	202.7	207.9	210.3
Other Pub. Sector (net)	15.6	18.7	20.0	17.2	19.8	18.2	18.6	18.3	17.1	16.7
Other Items (Net)	-45.8	-29.7	-23.5	-34.8	-42.7	-34.0	-40.3	-53.6	-33.9	-29.5
<i>Memorandum items:-</i>										
Annual M2 growth	39.0	39.9	35.7	32.9	31.4	34.3	30.1	33.6	34.3	30.7
Monthly M2 growth	2.2	5.5	-0.2	-2.8	-1.6	5.1	0.6	8.3	3.6	-1.6
Reserve Money	80.6	80.9	73.2	82.3	86.0	89.2	84.9	93.2	101.4	127.7
Money Multiplier	3.7	3.9	4.3	3.7	3.5	3.5	3.7	3.7	3.5	2.7

Source: Reserve Bank of Malawi

1. Figures have been revised to include 12 banks

2. Excludes encumbered reserves at RBM

On the demand side, narrow money (M1) explained the contraction in M2 as it declined by K10.0 billion to K211.3 billion in July 2012. In contrast, quasi-money expanded by K4.2 billion to K139.5 billion in July 2012. As a result of these developments, the contribution of M1 to M2 dropped to 25.5 percent in July 2012 from 29.1 percent recorded in June 2012 whilst quasi money's contribution remained at the June 2012 rate of 5.2 percent.

The contraction in M1 to K211.3 billion in July 2012 from K221.3 billion in June 2012 was driven largely by portfolio rearrangement by the private sector in favour of interest-earning financial assets. As a result, demand deposits and currency outside banks fell by K8.1 billion and K1.9 billion, respectively. Quasi-money balances rose to K139.5 billion in July 2012 as time and savings deposits increased by K5.7 billion notwithstanding a fall in foreign currency denominated deposits. Foreign currency denominated deposits declined by K1.5 billion during the month under review, mainly on account of draw-downs by tobacco merchants before the season closed.

3.2 Net Domestic Credit

Net domestic credit stood at K363.2 billion in July 2012 from K394.4 billion registered in the preceding month. Net credit to government accounted for K33.2 billion of the decline which was complemented by a K353.1 million drop in bank lending to the parastatals. Conversely, gross credit to the private sector increased by K2.4 billion during the month under review.

The K33.2 billion monthly reduction in government's net borrowing from the banking system was explained by both the commercial banks and the monetary authorities. Commercial banks' net claims from the central government dropped by K17.1 billion to K16.0 billion in July 2012. The outturn was attributed mainly to off-loading of K15.3 billion worth of Treasury bills by some commercial banks.

At the Reserve Bank, government reduced its net indebtedness to K120.1 billion in July 2012, from K136.3 billion recorded in June 2012. This development was explained largely by an accumulation of K24.1 billion in deposits following the receipt of donor funds for budgetary support that were partly offset by the RBM's uptake of K7.9 billion Treasury bills through outright purchases from the commercial banks.

Gross credit to the private sector however grew by K2.4 billion to K210.3 billion in July 2012 after increases of K19.5 billion and K5.2 billion in May 2012 and June 2012, respectively. The moderate credit growth was reflective of the tight monetary policy stance undertaken by the central bank through the recent upward Bank rate adjustments. Sectoral distribution of the flow of credit to the private sector showed that the commercial and industrial sector contracted K4.8 billion loans in July 2012. This was rather offset by repayments of K985.0 million, K819.1 million and K473.5 million on outstanding foreign currency denominated, agricultural sector, and personal loans, respectively.

4.0 MONEY AND SECURITIES MARKET

4.1 Open Market Operations

Open Market operations in July 2012 continued to supply liquidity to the banking system through discount window accommodation and purchases of securities. Foreign exchange and government operations, on net basis, withdrew about K5.2 billion and K10.3 billion respectively from the banking system. Overall, about K9.8 billion was injected into the system in July 2012 compared to K1.3 billion recorded during the previous month.

4.2 Government Securities Market

The month of July 2012 saw Treasury Bills auctions attracting a total sum of K16.3 billion against an announced amount of K9.3 billion, resulting in an oversubscription of K7.0 billion. Total subscription was skewed towards the 91 day tenor, which attracted 84.81 percent of total funds while the 182 day and 364 day tenors attracted 6.26 percent and 8.92 percent, respectively. The skewed distribution in favour of 91 days tenor is a reflection of investor's risk averseness towards long term investment as they monitor price developments following the floatation of the local currency in May 2012.

A total of K6.82 billion was issued across all tenors. The 91, 182 and 364 day tenors were allotted K5.4 billion, K439.2 million and K952.5 million (face values), translating into respective contributions of 79.6 percent, 6.4 percent and 14.0 percent. This allotment fell short of the total maturities of K9.3 billion (face value) for the month of July 2012.

Overall, a total sum of K16.1 billion worth of Treasury bills matured during the month comprising K6.9 billion from the Reserve Bank portfolio whilst the remaining K9.3 billion

was held by the market. Meanwhile, a total of K6.8 billion worth of Treasury bills, at face value, were issued during the period under review. The stock of Treasury bills closed July 2012 at K184.9 billion from K194.2 billion in June 2012.

Table 2: Liquidity Management/1

<i>(in billions of Malawi kwacha)</i>							
	Jan	Feb	Mar	Apr	May	Jun	Jul
Net Government Operations (+injection)	2.96	1.87	9.78	-1.37	13.30	5.82	-10.29
Net Government Position excluding grants	2.58	2.26	8.99	-0.69	11.58	5.89	-13.16
Revenue	18.48	21.99	16.16	15.71	17.96	18.51	32.54
MRA	15.32	14.09	13.07	12.57	11.90	13.93	24.57
Other, not including grants	3.16	7.90	3.09	3.14	6.06	4.58	7.97
Expenditure	21.06	24.25	25.15	15.02	29.54	24.40	19.38
Net Government Domestic Borrowing	0.38	-0.39	0.79	-0.68	1.72	-0.07	2.87
TB issues	4.27	5.18	13.09	9.83	3.51	5.23	6.38
TB maturity	4.65	4.79	13.88	9.15	5.23	5.16	9.25
Net Forex Operations	-3.15	-6.00	-8.39	-2.29	-13.02	-11.67	-5.17
Sales	3.96	6.26	8.69	3.56	16.35	19.12	8.86
Purchases	0.81	0.26	0.30	1.27	3.33	7.45	3.69
Net OMO	5.97	0.60	-0.33	2.23	-0.04	7.10	25.22
Injections	12.87	1.35	1.00	22.59	88.83	470.65	515.89
Maturity of 3-YR RBM bond	-	-	-	-	-	0.00	0.00
Purchase of securities	2.26	-	-	-	-	2.32	14.77
Maturity of OMO T-bills	-	-	-	-	-	0.00	0.00
Discount window accommodation	6.89	1.05	1.00	22.59	88.83	459.83	499.30
Repo maturities	3.72	0.30	-	-	-	8.50	1.82
Withdrawals	6.90	0.75	1.33	20.36	88.87	463.55	490.67
Issue of 3-YR RBM bond	-	-	-	-	-	0.00	0.00
Sale of securities	-	-	1.03	-	-	0.00	0.95
Maturing Discount window accommodation	6.90	0.75	0.30	20.36	88.87	460.05	489.72
Repos	-	-	-	-	-	3.50	0.00
Net Operations	5.78	-3.53	1.06	-1.43	0.24	1.25	9.76

Source: Reserve Bank of Malawi

/1 Positive means injection; while negative means withdrawal of liquidity.

4.3 Treasury Bills Yields

On average, Treasury bills yields increased during the review month as the All-Type yield stood at 19.1 percent from the previous month's level of 16.7 percent. The rise in the All-Type yield is on account of a general increase in yields across all the tenors. Nonetheless, the increase was mostly buoyed by the 91 day tenor as its yield rose in July 2012 the most; from an average of 15.6 percent in June 2012 to 18.1 percent in July 2012, a gain of 2.5 percentage points. On the other hand, yields on the 182 day and 364 day tenors, edged up to 18.3 percent and 20.9 percent from previous month's yields of 16.0 percent and 18.5 percent, respectively.

4.4 Inter-bank Money Market

Liquidity conditions in the banking system improved slightly in July 2012. The significant increase in excess reserves recorded during the month was a result of discount window operations, which averaged K23.8 billion per day, and open market operations. Otherwise the local banks remained short during the month. Trading on the interbank market increased more than two fold from K1.8 billion to K4.0 billion per day. However, by the end of the month the interbank market rate increased to 22.7 percent from 17.5 percent recorded at the end of June 2012, basically due to the upward adjustment in the bank rate from 16.0 percent to 21.0 percent.

Table 3: Banking System Liquidity

	<i>(in billions of Malawi kwacha)</i>							
	2011	2012						
	Dec	Jan	Feb	Mar	Apr	May	June	July
Average Total Reserves	38.71	40.41	42.63	43.90	42.61	33.85	35.97	44.67
Average Required Reserves	33.73	33.83	33.11	32.97	34.30	34.54	32.86	32.33
Average Excess Reserves	4.98	6.58	9.51	10.93	8.31	-0.69	3.11	12.34
Average Inter-bank market trading	1.50	1.82	2.49	2.12	2.16	1.94	1.83	3.97
Average Discount Window Borrowing	..	1.34	0.21	0.45	1.19	4.23	21.90	23.78
End Period Inter-bank Market Rate	7.05	10.26	8.50	7.00	9.30	15.83	17.48	22.65

Source: Reserve Bank of Malawi

4.5 Interest Rates

As a response to building-up inflationary pressures induced by the lagged effects of the recent devaluation, the Monetary Policy Committee (MPC) adjusted the Bank rate to 21.00 percent in July 2012 from 16.00 percent in June 2012. Subsequently, commercial banks raised both their lending and savings rates to averages of 31.42 percent and 10.81 percent in July 2012 from 22.63 percent and 7.60 percent in June 2012, respectively. A similar trend was observed in the money market rates where the average interbank rate rose to 23.88 percent in July from 16.70 percent recorded in June 2012. The all-type treasury bills yield edged up to 18.55 percent in July 2012 from 16.70 percent in the preceding month.

Table 4: Interest Rate Structure

	(in billions of Malawi kwacha)										
	2011				2012						
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July
Bank Rate	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	16.00	16.00	21.00
Base Rate	17.75	17.75	17.75	17.75	17.75	17.75	17.75	17.75	20.57	22.63	31.42
Savings	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	7.06	7.60	10.81
Interbank rate											
Minimum	2.70	2.50	2.50	4.00	4.00	7.00	5.20	5.5	10.00	15.40	15.75
Maximum	5.00	3.70	3.75	6.00	13.00	10.5	8.80	13.0	15.90	18.00	32.00
All Type Treasury bill	6.64	6.75	7.51	7.67	-	7.93	7.70	8.93	11.15	16.70	18.55
Yield\1\2											
91 Days	5.66	6.00	6.86	6.77	-	6.76	7.12	7.38	10.70	15.57	17.88
182 Days	6.97	6.99	7.34	7.38	-	7.54	7.02	8.25	7.92	16.03	17.94
364 Days	7.28	7.27	8.32	8.87	-	9.50	8.97	11.16	10.40	18.50	20.98
Government Bonds\3	35.00	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50
Mortgage (min)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	22.00	30.38

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 CAPITAL MARKETS

5.1 Capital Markets

There was no new stock listed on the local bourse during the review period, as a result the number of counters on the Malawi Stock Exchange remained at fourteen (14).

A total of 8.9 million shares valued at K390.4 million were transacted in July 2012 compared to 274.4 million shares valued at K792.9 million transacted in the preceding period. The Malawi All Share Index (MASI) closed off July 2012 higher at 5,991.88 points from 5,983.34 points in June 2012 due to an increase in the Domestic Share Index (DSI) from 4,717.88 points to 4,724.70 points. The Foreign Share Index (FSI) was stable at 653.57 points. This was on account of a price increase on Press Corporation Limited (PCL) shares from K185.00 to K188.00 during the review period. During the corresponding period last year, the MASI stood at 4,922.90 points

Market capitalisation registered a negligible increase of 0.01 percent and closed off July 2012 at 2,782.8 million compared to K2,782.5 million recorded in the preceding month. During the same period last year, market capitalisation stood at K2,395.6 million.

6.0 PRODUCTION AND PRICES

6.1 Production

6.1.1 Tobacco

Recent estimates indicate that tobacco production declined by 66.4 percent to about 80.0 million kilograms in 2012, from 237.2 million kilograms recorded in 2011. The drop resulted from withdrawal of farmers from producing the crop following poor prices fetched in the preceding year.

Cumulatively, the volume of tobacco sales through the auction floors amounted to 79.5 million kilograms that fetched an average price of US\$2.23 per kilogram as at end July 2012. This compares to 105.4 million kilograms that were sold at an average price of US\$1.17 per kilogram in a corresponding period in the preceding year. Despite the decrease in volume of sales, cumulative tobacco proceeds since the commencement of the 2012 market season stood at US\$176.8 million as at end-July 2012, representing an increase of 43.6 percent on US\$123.2 million realised in a similar period of 2011.

6.1.2 Tea

Tea auction sales for the year to July 2012 stood at 10.3 million kilograms, virtually the same volume sold in a corresponding period of 2011. Prices averaged US\$1.66 per kilogram with realisations of US\$17.2 million as at end-July 2012 and was higher than the average price of US\$1.59 per kilogram that yielded proceeds of US\$16.4 million in a similar period of 2011. The relatively higher prices in 2012 are largely on account of excess demand created by low supply in Kenya. In July 2012 alone, tea auction sales amounted to 0.8 million kilograms and were valued at US\$1.5 million compared to 0.6 million kilograms that were worth US\$0.9 million sold in July 2011.

6.2 Domestic Price Developments

Headline inflation accelerated by 1.6 percentage points to 21.7 percent in July 2012 from 20.1 percent in June 2012. The pressure arose from both food and non-food prices. Rural inflation rose at a faster rate, 2.0 percentage points to 19.6 percent during the review month compared to an acceleration of 0.9 percentage points to 25.1 percent for urban inflation.

Food inflation increased by 2.9 percentage points to 20.2 percent in July 2012 following an acceleration of 4.6 percentage points in the preceding month. The rise was attributed to an increase in the cost of imported consumer goods coupled with price hikes in some domestic food stuffs as some merchants continued to increase prices due to the weakened value of the kwacha. Non-food inflation accelerated by 0.3 percentage points to 22.0 percent from 21.7 percent in the preceding month. This was on account of accelerations of 2.0 percentage points, 1.9 percentage points and 1.2 percentage points in housing, miscellaneous, and clothing and footwear categories, respectively. However, the transportation category recorded a price deceleration of 1.6 percentage points reflecting largely, the downward pump price adjustment implemented in the first week of the review month.

The overall consumer price index (CPI) on a month-on-month basis increased by 1.2 percent in July 2012 following a contraction of 1.2 percent in the preceding month. This outturn arose from a 1.0 percent rise in non-food inflation which was partially offset by a disinflation of 0.4 percent in food inflation due to seasonal availability of food.

Upward pressures on prices are expected to continue in the period ahead. Rising oil prices on the global market are likely to exert pressure on domestic pump prices in the months to come. Additionally, an inflation spiral is likely to arise from a spate of industrial strikes across the sector where employees are demanding higher wages to mitigate against the rising cost of living as inflation has trended upward during the year.

Table 5: Year-on-Year Inflation Rates

Period	All items	Food Costs	Beverages & Tobacco	Clothing & Footwear	Housing	Household	Transportation	Miscellaneous
2007	7.9	7.4	10.7	6.0	9.2	7.2	10.5	7.2
2008	8.7	7.0	9.4	7.4	9.5	14.0	17.1	9.8
2009	8.4	7.3	11.5	9.0	2.9	18.0	12.4	13.3
2010	7.4	5.0	13.1	7.9	6.7	13.5	12.7	9.3
2011								
Jan	6.6	2.9	10.3	9.8	11.4	5.0	16.5	10.9
Feb	7.0	3.6	10.5	10.5	11.7	5.3	16.2	12.0
Mar	7.2	3.7	10.7	11.0	11.7	5.7	15.8	12.1
Apr	7.1	3.3	10.6	11.0	11.6	5.9	16.0	13.1
May	7.0	2.7	10.0	11.2	11.0	9.1	15.9	14.0
Jun	7.0	2.2	10.4	11.2	10.8	9.3	15.9	14.5
Jul	7.4	2.4	9.5	11.8	11.3	10.4	16.3	16.0
Aug	7.6	2.4	9.6	11.8	11.4	10.5	16.4	16.5
Sep	7.7	2.7	8.8	8.7	14.8	11.9	14.1	16.2
Oct	8.1	2.9	10.6	8.6	13.5	15.6	15.1	16.3
Nov	8.9	3.5	11.5	8.7	13.6	16.5	20.1	16.8
Dec	9.8	5.2	12.6	7.8	11.8	17.6	25.2	16.6
2012								
Jan	10.3	6.1	14.4	8.1	14.5	17.3	18.7	18.5
Feb	10.9	6.8	16.0	8.9	14.7	18.9	17.8	18.2
Mar	11.4	7.5	16.1	8.8	14.5	20.8	18.0	18.9
Apr	12.4	8.9	16.3	9.5	15.3	21.1	18.3	18.8
May	17.3	12.7	18.3	12.1	27.1	21.1	27.5	20.1
June	20.1	17.3	18.3	13.0	29.1	20.9	29.2	19.8
Jul	21.7	20.2	16.9	14.2	31.1	20.3	27.6	21.7

Source: National Statistical Office (NSO)

Table 6: Selected Economic Indicators

(In billions Malawi kwacha unless otherwise stated)

	2006	2007	2008	2009	2010	2011	2011 July	2012 July
Real Sector								
Population (million)	12.4	12.8	13.1	13.5	13.9	14.4	14.4	14.8
GDP at current market prices	423.9	510.5	601.0	710.2	812.4	946.3	946.3	1273.2
Real GDP growth (percent)	4.7	9.5	8.6	8.9	6.7	4.3	4.3	4.3
GDP per capita (K'000)	34.2	39.3	45.6	52.6	58.4	65.7	65.7	86.0
GDP per capita (US\$)	257.4	284.9	326.3	360.3	387.6	401.3	435.8	515.5
Consumer Price Index (CPI) 2000=100	226.1	244.1	265.4	292.2	309.0	332.6	315.1	383.5
Average annual inflation rate (percent)	13.9	8.0	8.7	8.4	7.4	7.6	7.4	21.7
Monetary Sector								
Net Foreign Assets	23.2	27.7	19.7	-4.5	21.0	2.6	13.2	17.1
Net Domestic Credit	58.9	72.1	158.0	212.9	244.5	335.3	302.7	363.2
Government	20.5	21.1	83.9	111.6	95.0	140.7	125.6	136.2
Statutory bodies	1.2	3.7	6.0	6.2	4.7	20.0	15.5	16.7
Private (gross)	35.8	47.3	68.1	95.0	144.8	174.5	161.6	210.3
Money Supply (M2)	76.6	104.9	139.6	173.8	231.7	314.3	268.4	350.8
M2 Growth Rate (annual percent)	16.5	36.9	33.1	24.4	..	35.7	40.9	30.7
Reserve Money	21.5	27.7	36.0	50.1	57.4	73.2	71.0	127.7
Banks Deposits	3.5	2.9	5.8	16.9	17.9	19.7	24.1	55.0
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	48.2	58.1	97.0
Official	18.2	16.1	33.2	24.1	42.2	31.1	39.0	53.0
Commercial banks	8.2	6.6	7.3	11.4	13.8	17.1	19.1	44.0
Import cover (Official reserves in months)	2.1	1.8	2.2	1.9	2.2	1.5	2.0	1.0
Current account balance/GDP (percent)	-23.2	-14.1	-15.5	-16.9	-21.4	..	..	..
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	163.752	150.800	275.231
MK/US Dollar (pd avg)	136.019	140.000	140.526	140.604	150.487	156.529	150.800	274.222

Source: Reserve Bank of Malawi

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

Period	All items	Food Costs	Beverages & Tobacco	Clothing & Footwear	Housing	Household	Transportation	Miscellaneous
Overall Weight	100	58.1	5.9	8.5	12.1	4.1	5.1	6.2
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								
Mar	301.7	286.6	361.9	254.6	328.3	425.6	371.0	259.4
Jun	276.4	241.4	366.8	256.8	330.3	427.2	372.7	261.0
Sep	281.2	242.5	372.3	263.3	326.6	489.7	387.6	265.9
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
Jun	297.3	254.2	407.8	276.0	346.0	507.7	426.4	283.6
Jul	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
Sep	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
Apr	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
Jun	318.2	259.9	450.1	307.0	383.3	555.0	494.3	324.8
Jul	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
Sep	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
Nov	337.6	274.1	483.6	311.4	412.7	608.0	526.4	346.9
Dec	351.1	290.5	491.9	317.5	419.8	617.4	554.1	356.4
2012								
Jan	373.4	319.9	506.9	325.4	436.9	621.3	565.3	367.2
Feb	389.1	342.2	516.6	330.4	440.9	632.7	575.9	370.9
Mar	390.2	341.1	519.1	332.8	442.7	648.4	580.5	375.9
Apr	383.2	327.2	520.7	335.3	445.7	650.4	583.0	377.8
May	387.0	316.5	529.6	343.6	487.9	670.5	628.4	387.1
June	382.1	304.7	532.6	347.0	495.0	671.1	638.9	389.0
July	383.5	303.5	537.1	351.4	502.2	674.6	633.0	400.9

Source: National Statistical Office

Table 8: Selected Foreign Exchange Rates*(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
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
2011	248.987	252.536	155.417	157.640	216.219	219.296	1.953	1.981	21.514	21.815	0.032	0.032
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
Jun	231.507	233.384	139.900	141.306	196.882	198.860	1.458	1.473	17.904	18.084	0.027	0.027
Jul	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
Jun	226.360	228.635	150.046	151.555	183.192	185.033	1.694	1.711	19.575	19.772	0.029	0.029
Jul	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
Apr	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
Jun	241.003	243.425	150.045	151.553	216.590	218.767	1.858	1.876	22.067	22.289	0.031	0.031
Jul	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
Sep	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
Nov	253.967	259.097	162.830	166.120	216.841	221.222	2.090	2.132	19.518	19.912	0.032	0.033
Dec	249.915	254.964	162.114	165.389	210.116	214.361	2.088	2.130	19.828	20.228	0.032	0.032
2012												
Feb	260.396	265.657	165.752	169.100	217.864	222.266	2.171	2.215	21.140	21.567	0.032	0.033
Feb	264.689	270.036	166.461	169.823	224.023	228.548	2.069	2.111	21.140	21.567	0.032	0.032
Mar	263.620	268.946	165.196	168.534	219.744	224.184	2.003	2.044	21.399	21.831	0.031	0.032
Apr	268.842	274.273	165.207	168.545	218.850	223.271	2.058	2.100	21.260	21.690	0.032	0.032
May	412.933	421.275	266.787	269.482	329.936	336.601	3.374	3.442	31.267	31.899	0.050	0.051
June	418.475	426.929	269.653	275.101	335.530	342.308	3.394	3.462	32.093	32.741	0.052	0.053
July	428.063	436.700	272.478	277.983	334.058	340.807	3.485	5.556	33.225	33.897	0.055	0.056

Source: Reserve Bank of Malawi

Table 9: Malawi All Share Indices (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'million/1000	Value of shares issued (in million Kwacha)
2005	687.0	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								
Mar	3,954.0	251.4	4,981.0	5.0	5.7	38,994,578	231,983,951.0	970,838.6
Apr	3,954.0	251.4	4,981.0	5.0	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
Jun	3,934.9	207.4	4,952.1	5.8	5.8	76,136,327	237,385,933.5	835,732.4
Jul	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
Sep	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	5.0	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	190,381,908.3	1,160,300.3
May	3,836.4	314.2	4,840.8	4.3	5.9	5,655,749	87,239,295.0	1,159,006.7
Jun	3,844.5	314.2	4,851.0	4.3	5.9	38,548,182	368,160,675.3	1,159,433.4
Jul	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
Sep	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
Apr	3,855.9	411.0	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
Jun	3,878.7	477.6	4,912.3	3.0	5.6	643,803,253	1,150,483,316.4	2,395,156.2
Jul	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
Sep	3,966.5	521.6	5,027.3	2.8	5.6	30,038,376	78,640,735.50	2,601,202.0
Oct	3,974.8	535.42	5,039.3	2.7	5.6	20,558,133	873,228,743.00	2,666,110.4
Nov	4,216.2	535.42	5,341.6	2.7	5.6	9,548,589	344,855,363.80	2,678,814.7
Dec	4,238.4	535.42	5,369.4	2.7	5.6	2,403,021	52,775,018.50	2,681,021.5
2012								
Jan	4,220.3	535.4	5,346.8	2.7	5.6	6,065,839	124,916,772.3	2,694,100.0
Feb	4,291.6	546.7	5,437.4	2.6	5.6	1,751,478	100,570,803.0	2,750,073.1
Mar	4,472.3	576.9	5,667.1	2.5	5.6	58,569,175	532,608,097.2	2,898,840.6
Apr	4,549.4	576.9	5,763.6	2.6	5.9	9,574,183	184,461,853.9	2,476,430.0
May	4,643.1	628.4	5,886.8	4.9	5.9	25,621,946	160,282,281.4	2,681,102.8
June	4,717.9	653.6	5,983.3	2.3	5.8	274,429,554	792,897,438.0	2,782,481.1
July	4,724.70	653.57	5,991.88	4.7	5.8	8,860,899	390,422,660.00	2,782,841.83

Source: Malawi Stock Exchange