Indicators for October 2020

Foreign Exchange Reserves

Malawi’s stock of gross official reserves have been steadily decreasing since March, 2020 and as at the close of September 2020, Malawi had a total of 546.9 U$S million foreign reserves covering 2.6 months of imports. The trend has slightly improved in October 2020, with Gross official reserves slightly increasing to US$635.1 million (3.0 months of import coverage).

Source: RBM

Foreign Exchange Rates
30 October 2020 (Opening rates)

30 October 2020 (Closing rates)

Middle

Buying

Middle

Selling

MWK/USD

755.33

755.88

759.47
### Major Economic Indicators

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWK/GBP</td>
<td>763.06</td>
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<tr>
<td></td>
<td>974.45</td>
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<tr>
<td></td>
<td>1009.41</td>
</tr>
<tr>
<td></td>
<td>1015.11</td>
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<tr>
<td></td>
<td>1020.80</td>
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<tr>
<td>MWK/EUR</td>
<td>882.15</td>
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<tr>
<td></td>
<td>923.91</td>
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<tr>
<td></td>
<td>925.23</td>
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<tr>
<td></td>
<td>926.55</td>
</tr>
</tbody>
</table>
Major economic indicators

MWK/ZAR

46.03

48.56

49.18

49.80

Source: RBM website

Note: The reported opening rates are indicative market average TT rates.

The reported closing rates are actual trade-weighted market average TT rates

Inflation Rate

Headline inflation has been on a declining trend since January, 2020 owing to the continued decline in food inflation. As at September, 2020, it was recorded at 7.1 percent an improvement
Major economic indicators

from the 9.2 percent figure that was recorded in September, 2019.

Similarly, food inflation has also been on a declining trend since the start of the year 2020. Moving from 17.6 percent in January, 2020 to 10.3 percent in September, 2020.

Conversely, the trend of nonfood inflation in Malawi has somewhat been stable with less fluctuations over the period between January and September, 2020. Price movements for manufactured goods have been oscillating between 5.4 percent and 4.4 percent throughout this period.
Major economic indicators

Policy Rate, Deposit Rate and Bank Rates

The Policy rate has been on a declining trend. Rates declined from 16% in 2018, to 14.5% in January 2019 then again to 13.5 in May 2019 to date. The base lending rates have been fixed at 13.20 for the minimum and 25.35 for the maximum. Savings deposit rate was at 4.47 as of October 2020.

Source: RBM
Maize Prices

During the month of October, retail maize prices increased by 6 percent. The average retail price was MWK 193/kg. This price is about 7 percent higher than in September and 18 percent lower than during the same time last year. Prices rose in 16 markets and remained constant in the rest of the markets across the three regions of Malawi. The largest price increase was recorded in Lunzu market (25 percent) followed by Bangula (14 percent) and Mulanje (13 percent) markets.

Source: Data from IFPRI
Tea production

In the month of September 2020, statistics from Tea Association of Malawi show that the country produced more quantity of tea relative to the quantity produced over the same period in 2019. Over this period, the country produced 2.7 million Kgs of tea in 2020 compared to 2.1 million Kgs produced in 2019.

Source: Data from Tea Association of Malawi
In terms of export revenue from tea production, the crop fetched lower earnings in September 2020 relative to the same month in 2019, despite tea production being higher in 2020 compared to 2019. Specifically, the crop fetched MWK 1.4 billion compared to MWK 5.4 billion realized in 2019. The reducing revenue is on account on the adverse impact of the shock on global demand.

Source: Data from Tea Association of Malawi