



SEPTEMBER 2024

INFLATION BULLETIN



OVERVIEW

- In September 2024, Malawi's inflation rate rose for the seventh consecutive month to hit 34.3 percent.
- Zambia experienced an increase in inflation for the fifteenth straight month, reaching its highest level since December 2021.
- Likewise, Zimbabwe's inflation continued its upward trend, hitting an eight-month high.
- In contrast, Tanzania's inflation rate remained steady and unchanged from August 2024.
- Inflation in South Africa decreased for the third consecutive month
- In advanced economies such as the Euro Area, China, and the United States, inflation has shown signs of slowing down

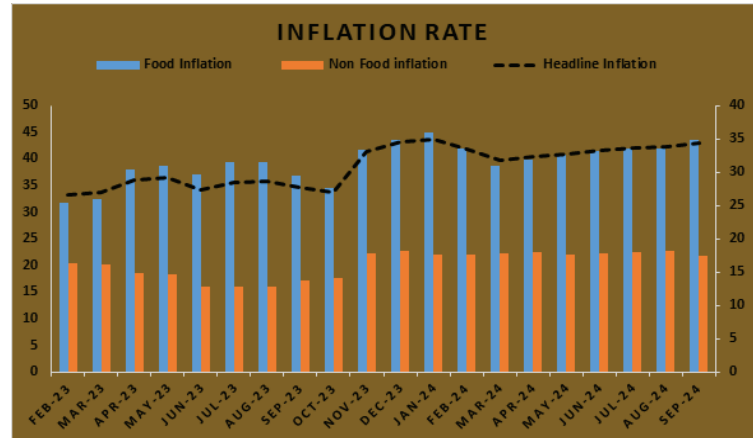


MALAWI INFLATION RATE

Malawi's year-on-year inflation rate for September 2024 has surged to 34.3 percent, up from 33.9 percent in August 2024, as reported by the National Statistical Office (NSO).

This escalating inflation trend reflects broader economic pressures, particularly in the food sector, which has seen a significant rise in its inflation rate. The food inflation rate climbed to 43.5 percent in September, compared to 42 percent the previous month. This sharp increase is indicative of mounting challenges within the agricultural sector, particularly as the country moves towards its lean season. During this time, the availability of staple foods typically diminishes, leading to a tighter supply in the market that exacerbates price pressures.

Conversely, the non-food inflation rate has shown a slight improvement, easing to 21.8 percent in September from 22.7 percent in August. This reduction suggests that the pressures on non-food items may be responding positively to recent monetary policy interventions aimed at stabilizing prices. The lower demand for non-food items in certain sectors may also reflect changing consumer behavior as households prioritize essentials amid rising overall costs.



Source: NSO

The national month-to-month inflation rate for September 2024 stands at 1.9 percent, a decrease from the 2.0 percent noted in August. This modest decline may signal a potential stabilization in pricing trends, albeit amid continuing volatility. In a closer examination of month-to-month figures, the food inflation rate rose to 2.5 percent in September from 2.3 percent in August, reflecting the immediate pressures that high food prices exert on households. In contrast, non-food inflation saw a decline to 0.8 percent from 1.4 percent,



MALAWI INFLATION RATE

indicating a potential easing in the costs of non-essential items.

Urban areas experienced a month-to-month inflation rate of 1.4 percent in September, down from 1.8 percent in August. Urban food inflation rates showed a notable decrease, standing at 1.7 percent from 2.4 percent, while non-food inflation was slightly higher at 1.1 percent, up from 1 percent, indicating divergent trends in pricing between food and non-food items in urban settings. Meanwhile, rural month-to-month inflation held steady at 2.1 percent, consistent with the previous month. However, rural food inflation rose to 2.9 percent from 2.3 percent, highlighting the ongoing

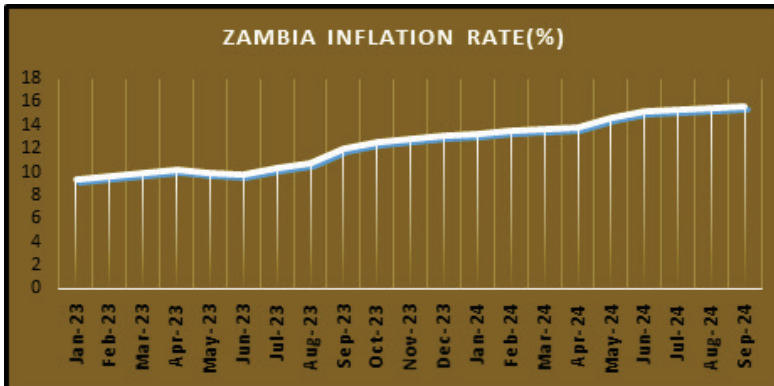
struggles faced by rural households as food prices climb.

These inflationary pressures underscore the urgent need for strategic interventions aimed at bolstering food supply in the market, especially for staple foods critical to the average Malawian household. Enhanced agricultural productivity and improved supply chain mechanisms will be essential to mitigate the impact of these inflationary trends and secure food availability during the lean season. Without such interventions, the risk of further inflation, food insecurity, and socio-economic destabilization remains high.



ZAMBIA INFLATION RATE

According to the Central Statistical Office of Zambia, the annual inflation rate in Zambia rose for the 15th consecutive month, reaching 15.6 percent in September 2024.



This marks the highest level since December 2021, an increase from 15.5 percent in the previous month. The rise in food prices accelerated to 17.9 percent, up from 17.6 percent in August, while the growth of non-food prices eased to 12.4 percent in September, down from 12.5 percent in August. Much like the situation in Malawi, food inflation is a significant driver of the overall inflation rate.

The persistent rise in prices is primarily attributed to an El Niño-induced drought that has severely affected crop yields, resulting in substantial increases in the costs of staples such as corn, rice, and meat. This extraordinary drought, described as the worst in over a century, has also disrupted hydropower generation.

As a result, the increased dependence on imports for both electricity and food has put additional pressure on the kwacha, further intensifying inflationary pressures

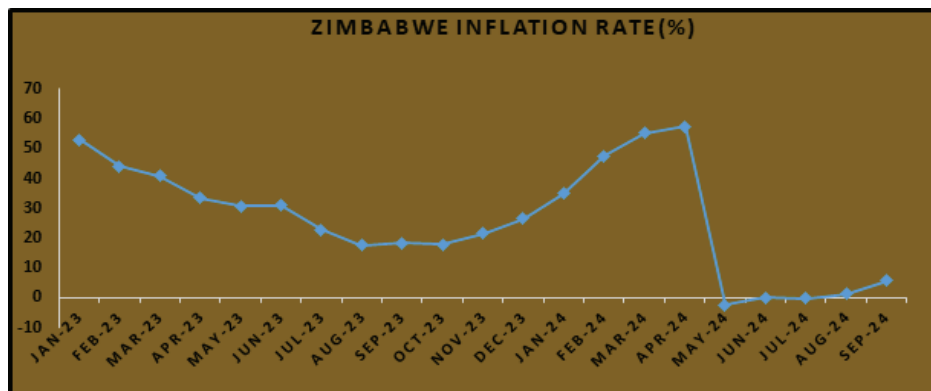


ZIMBABWE INFLATION RATE

The Reserve Bank of Zimbabwe has reported a significant increase in the monthly inflation rate, which surged to an eight-month peak of 5.8 percent in September 2024, up from 1.4 percent in August.

This rise is attributed to ongoing weakness in the ZiG, Zimbabwe's new currency. Inflationary pressures began intensifying in August, driven by higher food import costs resulting from a drought triggered by El Niño, as well as decreasing commodity prices that reduced dollar revenues from mineral exports.

The ZiG, which stands for Zimbabwe Gold, was introduced just over six months ago and represents the sixth currency the country has adopted in the past 25 years.



Note: The country's statistics agency started computing monthly inflation data based on its new currency, the ZiG, in May 2024



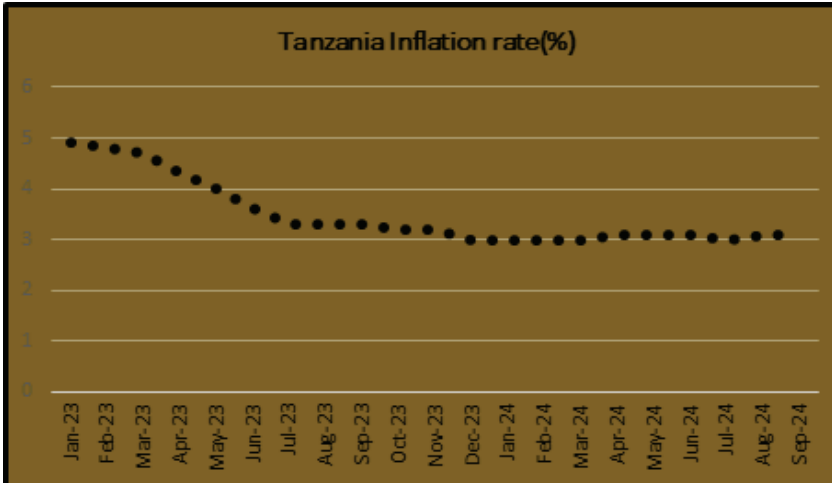
TANZANIA INFLATION RATE

As of September 2024, Tanzania's annual inflation rate remained steady at 3.1 percent, according to the National Bureau of Statistics of Tanzania.

The primary drivers of inflation were housing and utilities, which increased to 5.8 percent from 5.3 percent in August. Additionally, the category of miscellaneous goods and services saw a slight rise, moving from 5.6 percent in August to 5.7 percent in September, while transportation costs held steady at 4.3 percent, unchanged from the previous month.

Conversely, there was a modest decrease in the prices of food and non-alcoholic beverages, dropping to 2.5 percent in September from 2.8 percent in August.

On a monthly basis, consumer prices experienced a 0.1 percent increase in September, following a decline of 0.2 percent in the preceding month.





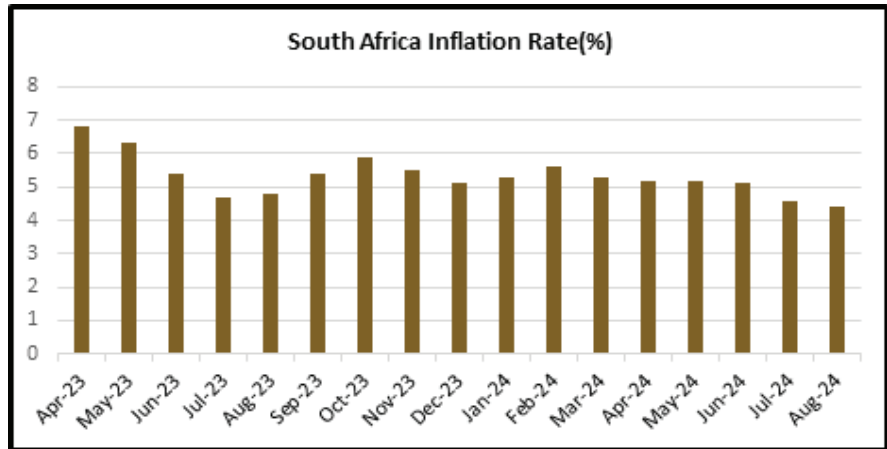
SOUTH AFRICA INFLATION RATE

Statistics South Africa reports that the annual inflation rate in South Africa decreased for the third consecutive month, reaching 4.4 percent in August 2024, down from 4.6 percent in July.

This is the lowest inflation rate since April 2021 and slightly below the South African Reserve Bank's preferred midpoint target of 4.5 percent. Notable declines in annual inflation were seen across various product categories, particularly in transportation, which dropped to 2.8 percent in August 2024 from 4.2 percent in July.

Other categories experiencing lower inflation included fuels, housing and utilities, and dining establishments. Conversely, the prices for food and non-alcoholic beverages rose slightly to 4.7 percent in August 2024 from 4.5 percent in July, while alcoholic beverages and tobacco increased to 4.3 percent from 3.8 percent.

Furthermore, the annual core inflation rate, which excludes volatile items like food, non-alcoholic beverages, fuels, and energy, also declined to 4.1 percent in August 2024, the lowest level since May 2022, down from 4.3 percent in the previous month.





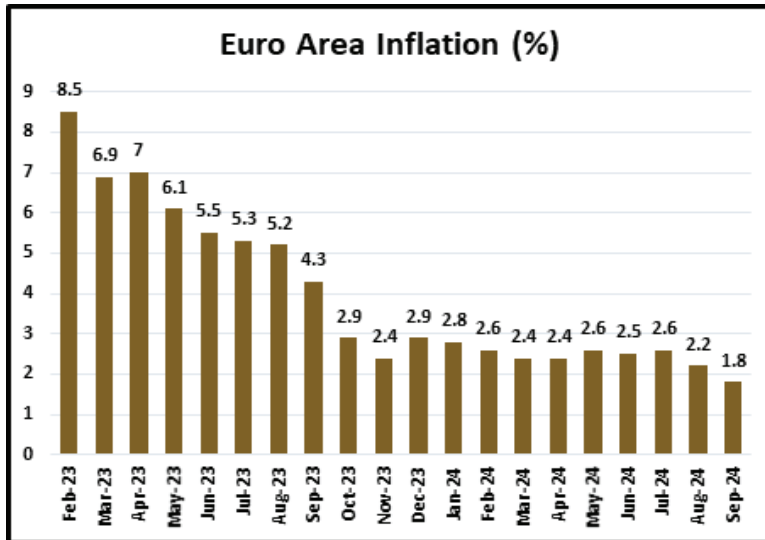
ADVANCED AND EMERGING ECONOMIES

EURO AREA INFLATION RATE

The annual inflation rate in the Eurozone decreased to 1.8 percent in September 2024, marking the lowest level since April 2021, down from 2.2 percent in August, as reported by EUROSTAT.

This figure now falls below the European Central Bank's target of 2 percent. Notably, the decline in inflation was driven by a significant drop in energy prices, while inflation for services also eased. Conversely, prices for food, alcohol, and tobacco saw a slight increase. Additionally, the core inflation rate decreased to 2.7 percent in September 2024 from 2.8 percent in the previous month.

Among the Eurozone's largest economies, inflation rates also declined: in Germany, it fell to 1.8 percent in September from 2 percent in August; in France, it decreased to 1.5 percent from 2.2 percent; in Italy, it dropped to 0.8 percent from 1.2 percent; and in Spain, it reduced to 1.7 percent from 2.4 percent in August 2024.





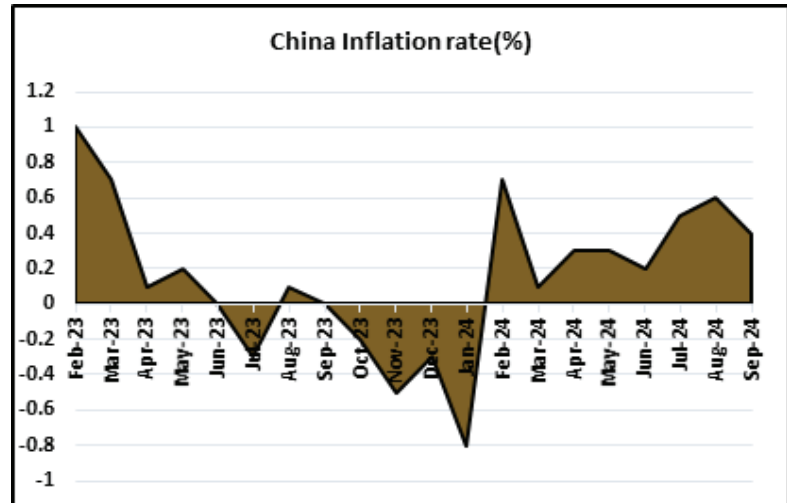
CHINA INFLATION RATE

As reported by the National Bureau of Statistics of China, the country's annual inflation rate was recorded at 0.4 percent in September 2024 from 0.6 percent in the prior month.

This marked the eighth consecutive month of consumer inflation, yet it was the lowest rate observed since June, underscoring the urgent need for increased policy support from Beijing to combat escalating deflationary pressures.

Non-food prices fell by 0.2 percent, reversing a 0.2 percent increase in August, largely due to declining transportation costs associated with lower crude oil prices. Additionally, housing prices experienced a slight decline in response to government measures aimed at tightening regulations in the property sector.

Meanwhile, the rise in costs for health and education services also decelerated. Conversely, food prices increased for the second month in a row, registering their steepest rise in 20 months, climbing to 3.3 percent in September from 2.8 percent in August.





THE UNITED STATES INFLATION RATE

The annual inflation rate in the US slowed for a sixth consecutive month to 2.4 percent in September 2024, the lowest since February 2021, from 2.5 percent in August, according to the U.S.

Bureau of Labor Statistics. Prices rose less for shelter and energy costs declined more, mainly due to gasoline and fuel oil while natural gas prices rebounded. Also, prices continued to fall for new vehicles and used cars and trucks.

On the other hand, inflation accelerated for food and transportation. Annual core inflation rate unexpectedly edged up to 3.3 percent, compared to 3.2 percent in the previous two months while investors were expecting it would stay at 3.2 percent.

The monthly core inflation rate remained at 0.3 percent, the same as in August but above forecasts of 0.2 percent.

