



OCTOBER 2024

INFLATION BULLETIN



OVERVIEW

In an increasingly interconnected global economy, understanding the dynamics of inflation is crucial for businesses navigating their strategic planning and operations. This October Inflation Bulletin provides insightful analysis and comprehensive data on the current inflation trend in Malawi and its major trading partners in the region and

outside.

As businesses face rising costs and shifting consumer behavior, MCCI analyze local and regional economic conditions to make informed decisions.



MALAWI INFLATION RATE

According to the National Statistics Office (NSO), the Year-on-Year inflation rate for October 2024 stands at 32.4 percent, a decline from the 34.3 percent recorded in September 2024. The decline in the Year-on-Year inflation rate is mainly driven by a slower rate of increase in food prices compared to the same period last year. Food inflation stands at 40.3 percent from 43.5 percent observed last month. Non-food prices, while still increasing, have registered a slight decline in the rate of increase from 21.8 percent to 21.2 percent over the same period.

The national month to month inflation rate for October 2024 stands at 1.9 percent with food inflation rate at 2.2 percent while Non-Food inflation rate at 1.3 percent.

The urban month to month inflation rate is at 1.6 percent with urban Food and Non-Food inflation rates standing at 2.7 percent and 0.3 percent, respectively. On the other hand, the rural month to month inflation rate is at 2.0

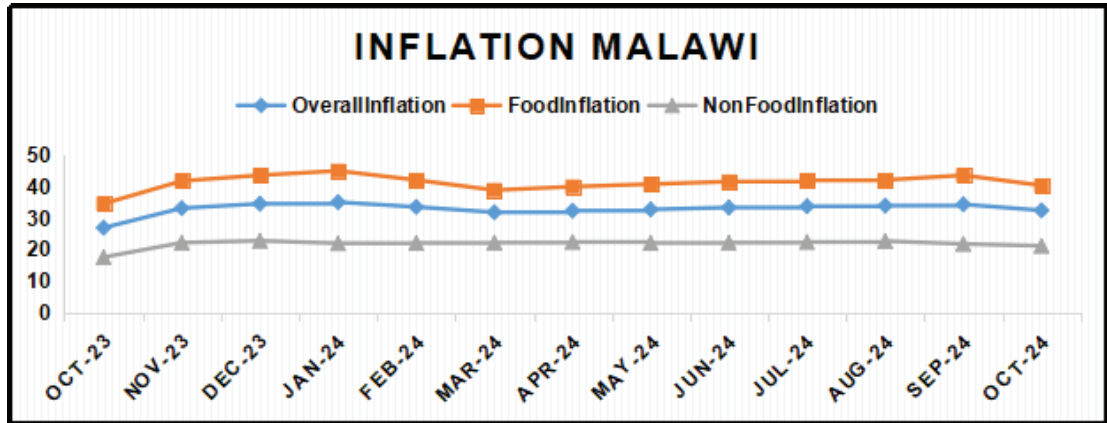


Figure 1: Malawi Inflation

Source: National Statistics Office (NSO)

percent with rural Food and Non-Food inflation rates standing at 2.0 percent and 1.9 percent, respectively.

The fourth quarter Monetary Policy Committee (MPC) report indicates that inflation is projected to average 32.5 percent in 2024, up from 28.8 percent in 2023. This latest forecast marks a 1.3 percentage point decrease from the MPC's previous projection of 33.8 percent for 2024 made in the third quarter. Additionally, the market expectation survey conducted by the Reserve Bank of Malawi (RBM) anticipates annual average inflation rate of 33.3 percent for 2024, which is slightly higher than the MPC's revised forecast.



NEIGHBORING COUNTRIES INFLATION RATE

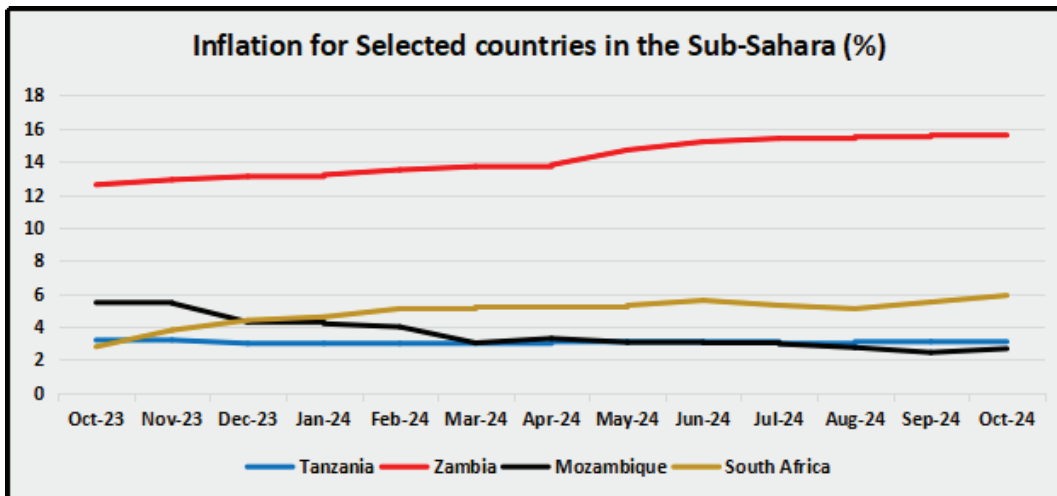
Tanzania: According to Tanzania National Bureau of Statistics

(NBS), Inflation Rate in Tanzania decreased to 3 percent in October from 3.10 percent in September of 2024. Inflation for Tanzania has been stable in 2024 with a range of 3.0 percent to 3.10 percent. Unlike its neighbouring countries in the south (Malawi, Mozambique and Zambia), Tanzania was not affected heavily by the by El Nino induced drought resulting in stable food prices.

Zambia: According to Central Statistical Office of Zambia, the annual inflation rate rose for the 16th consecutive month, reaching 15.7 percent in October 2024, up from 15.6 percent in September. This was the highest figure since December 2021, resulting from ongoing

currency weakness associated with the persistent drought. Similar to Malawi, this situation has led to an increase in food imports, keeping food prices elevated to 18.2 percent from 17.9 percent in September. Meanwhile, non-food inflation slowed down to 12.2 percent from 12.4 percent. On a monthly basis, consumer prices rose by 0.8 percent in October, the same pace as in the prior month.

South Africa: South Africa's annual inflation rate fell for the 5th straight month in October, hitting a near four-year low of 2.8 percent, down from 3.8 percent in the prior month. Figures came slightly below market forecasts of 3.1 percent. Falling fuel prices remain the primary factor behind the slowdown. Petrol and diesel prices declined by 5.3 percent between September and October, taking the annual rate for fuel to





NEIGHBORING COUNTRIES INFLATION RATE

-19.1 percent. Additionally, prices moderated for some CPI items, including restaurants & hotels (5.9 percent from 7.4 percent in September); food & non-alcoholic beverages (3.6 percent from 4.7 percent), alcoholic beverages & tobacco (4.5 percent vs 4.7 percent) and health (4.8 percent vs 5.1 percent).

The core inflation rate, which excludes volatile items such as food, non-alcoholic beverages, fuels, and energy, eased to 3.9 percent in

October, the lowest since April 2022, down from 4.1 percent in each of the previous two months. On a monthly basis, consumer prices edged down by 0.1 percent in October, marking the first decrease in almost a year, following a 0.1 percent increase in September

Mozambique: According to the Instituto Nacional De Estatística, Mozambican Statistic Agency, the annual inflation rate in Mozambique rose to 2.68 percent in October 2024, up from 2.45 percent in the

prior month, marking an end to five straight months of deceleration. The main upward pressure came from prices of food & non-alcoholic beverages. On a monthly basis, consumer prices surged by 0.56% in October, the steepest rise in nine months, after a 0.16% increase in the prior month. Inflation Rate in Mozambique averaged 7.10 percent from 2009 until 2024, reaching an all-time high of 26.35 percent in November of 2016 and a record low of 1.05 percent in November of 2009.



ASIA INFLATION RATE

China: According to National Bureau of Statistics of China, the annual inflation rate stood at 0.3 percent in October 2024, compared with market estimates and September's figure of 0.4 percent. This marked the ninth straight month of consumer inflation after months of deflation but the lowest reading since June, underscoring rising deflation risks despite Beijing's stimulus measures in late September to support the slowing economy.

The Non-food prices continued to decline at -0.3 percent from -0.2 percent in September, largely driven by further drops in the cost of transport at -4.8 percent from -4.1 percent and housing at -0.1 percent from -0.1 percent.

In contrast, prices increased for healthcare (1.1 percent from 1.2 percent) and education (0.8 percent from 0.6 percent). On the food side, prices moderated by 2.9 percent after experiencing their sharpest rise in 20 months in September at 3.3 percent. Core consumer

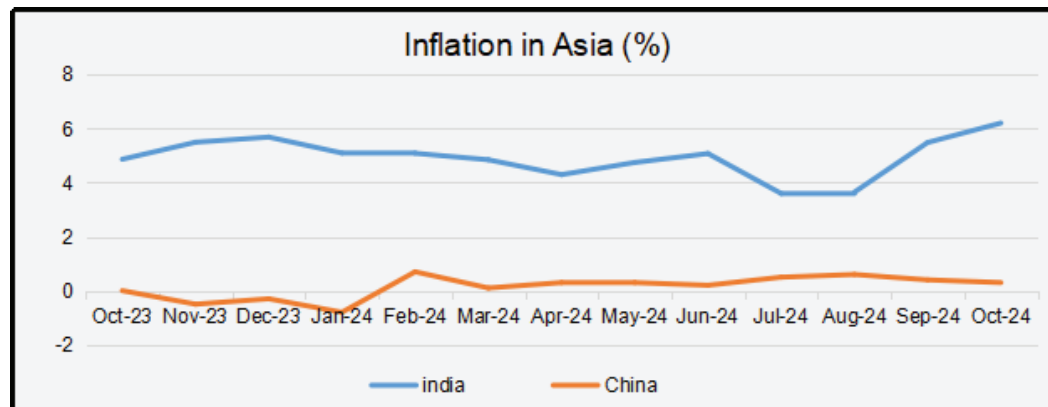


Fig 3: Inflation Rate Asia

Source: National Bureau of Statistics; China and India

prices, excluding food and energy, rose 0.2 percent year-on-year after the smallest gain since February 2021 of 0.1 percent in September. Monthly, the CPI fell by 0.3 percent, exceeding the consensus of a 0.1 percent decline, following a flat reading in September.

India: According to the Ministry of Statistics and Program Implementation (MOSPI), the annual inflation rate in India soared to 6.21 percent in October 2024 from 5.49 percent in the previous month, well above market expectations of 5.81 percent to mark the highest inflation rate in over one year.



ASIA INFLATION RATE

The result also marked the departure of India's price growth from the Reserve Bank of India's (RBI) target by 2 percentage points away from the 4 percent level, further prolonging the expectations of eventual rate cuts. Inflation surged for food at 10.87 percent from 9.24 percent in September, which accounts for nearly half of the price basket, amid higher prices and rose further for vegetables (42.18 percent from 35.99 percent), oils and

fats (9.51 percent from 2.47 percent), and meat and fish (3.17 percent from 2.66 percent).

In turn, inflation also rose for housing recorded at 2.81 percent from 2.78 percent, while deflation slowed for fuel and light (-1.39 percent from -1.61 percent). From the previous month, the Indian CPI soared by 1.34 percent.



ADVANCED ECONOMIES INFLATION RATE

Europe: Annual inflation in the Euro Area accelerated to 2 percent in October 2024, up from 1.7 percent in September which was the lowest level since April 2021, and slightly above forecasts of 1.9 percent, according to Eurostat estimates. This year-end increase was largely expected due to base effects, as 2023's sharp declines in energy prices are no longer factored into annual rates. Inflation has reached the European Central Bank's target. In October, energy cost fell at a slower pace (-4.6 percent vs -6.1 percent) and prices rose faster for food, alcohol and tobacco (2.9 percent vs 2.4 percent) and non-energy industrial goods (0.5 percent vs 0.4 percent). On the other hand, services inflation steadied at 3.9 percent. Meanwhile, annual core inflation rate which excludes prices for energy, food, alcohol and tobacco was unchanged at 2.7 percent, the lowest since February 2022 but above forecasts of 2.6 percent. Compared to the previous month, the CPI rose 0.3 percent, following a 0.1 percent fall in September.

United States of America: According to the U.S. Bureau

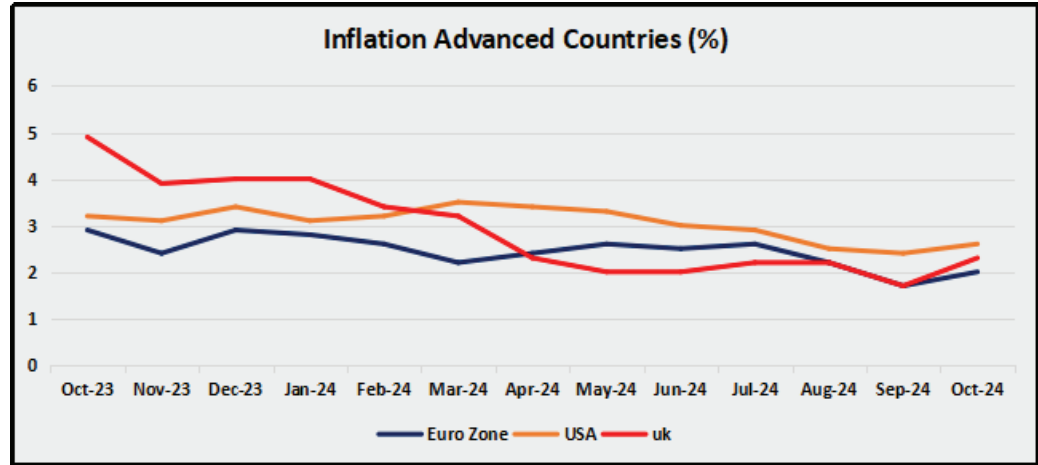


Figure 4: Inflation in Advanced Countries

of Labor Statistics, the annual inflation rate in the US accelerated to 2.6 percent in October 2024, up from 2.4 percent in September which was the lowest rate since February 2021, and in line with market expectations.

This marks the first increase in inflation in seven months, as energy costs declined less (-4.9 percent from -6.8 percent), mainly due to gasoline and fuel oil while natural gas prices rose by 2 percent, the same as in September.

On the other hand, inflation slowed for food at 2.1 percent



ADVANCED ECONOMIES INFLATION RATE

from 2.3 percent and transportation at 8.2 percent from 8.5 percent and prices continued to fall for new vehicles (-1.3 percent from -1.3 percent) and used cars and trucks (-3.4 percent from -5.1 percent). On a monthly basis, CPI rose by 0.2 percent, consistent with the previous three months, also matching forecasts. The index for shelter rose 0.4 percent, accounting for over half of the monthly increase. Meanwhile, core inflation remained steady at 3.3 percent as expected, with monthly core inflation also holding at 0.3 percent, the same as in September.

United Kingdom: Annual inflation rate in the UK went up to 2.3 percent in October 2024, the highest in six months, compared to 1.7 percent in September. This exceeded both the Bank of England's target and market expectations of 2.2 percent. The largest upward contribution came from housing and household services which recorded a 5.5

percent from 3.8 percent in September. Electricity moved to -6.3 percent from -19.5 percent and gas to -7.3 percent from -22.8 percent, reflecting the rise of the Office of Gas and Electricity Markets (Ofgem) energy price cap in October 2024. Also, prices rose faster for restaurants and hotels (4.3 percent from 4.1 percent in september) and rebounded for housing and utilities (2.9 percent from -1.7 percent in september). Prices of services increased slightly more (5 percent from 4.9 percent), matching estimates from the central bank.

On the other hand, food inflation was steady at 1.9 percent and the largest offsetting downward contribution came from recreation and culture (3 percent from 3.8 percent). Compared to the previous month, the CPI increased 0.6 percent. Finally, annual core inflation edged up to 3.3 percent from 3.2 percent.