



**MINISTRY OF FINANCE AND ECONOMIC
AFFAIRS**

QUARTERLY DEBT BULLETIN

QUARTER 1, FY2024/2025

DEBT AND AID MANAGEMENT DIVISION

2024

AUGUST

1. Introduction

Currently, the Government of Malawi produces Debt Reports on an annual and half-yearly basis. Going forward, it intends to produce quarterly bulletins to provide information more frequently to the public. Quarterly debt bulletins will provide information on key aspects of the debt portfolio, such as the total amount of debt, debt servicing and cost and risk indicators. Comprehensive reviews of the debt portfolio will be left for Annual and Mid-Year Debt Reports, past versions of which are available on the Ministry's website: www.finance.gov.mw.

This quarterly debt bulletin covers the period from end-March 2024 to end-June 2024 and contains information on loans and debt securities under Budgetary Central Government and Central Bank. Unless otherwise stipulated, domestic debt is reported at face value and external debt is disbursed outstanding debt. Debt is classified as external or domestic debt on a residency basis.

2. Total Public Debt Stock

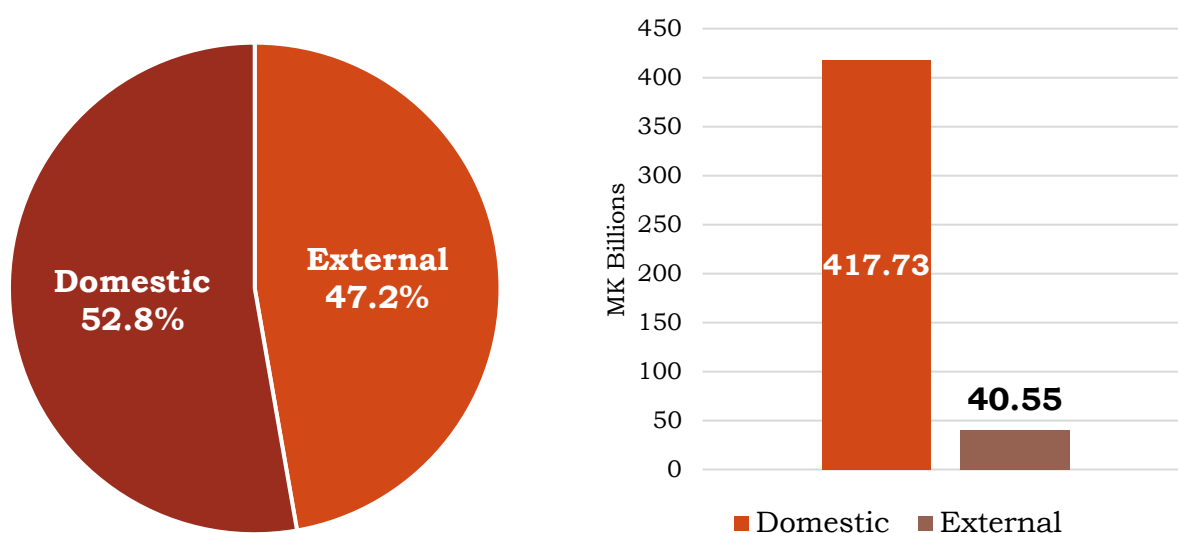
As at end-June 2024, the total public debt stock was MK15.17 trillion (81.0 percent of projected FY2024/25 GDP), equivalent to USD8.75 billion. The domestic debt stock was MK8.01 trillion (USD4.62 billion) and the external debt stock was USD4.13 billion (MK7.16 trillion). Since end-March 2024, total public debt has increased by MK458.27 billion or 3.1 percent. As at end-June 2024, domestic debt and external debt accounted for 52.8 percent and 47.2 percent of total public debt, respectively (see Figure 1). For a comparison of the total public debt with the previous three quarters see Table 1.

Table 1. Historical Series for Debt and Composition of Debt

	End-September 2023	End-December 2023	End-March 2024	End-June 2024
Domestic (MK Trillions)	5.78	6.85	7.59	8.01
External (USD Billions)	3.95	4.16	4.11	4.13
External (MK Trillions)	4.66	7.01	7.12	7.16
Total (MK Trillions)	10.44	13.86	14.71	15.17
Domestic (% of Total)	55.4	49.4	51.6	52.8
External (% of Total)	44.6	50.6	48.4	47.2

Source: MoFEA Calculations.

The USD to Malawi Kwacha exchange rate was USD1:MK1733.9 as at end-June 2024 and has not changed since end-March 2024.

Figure 1. Share of External and Domestic Debt as at End-June 2024 (Left) and Net Changes Since End-March 2024 (Right)

Source: MoFEA calculations

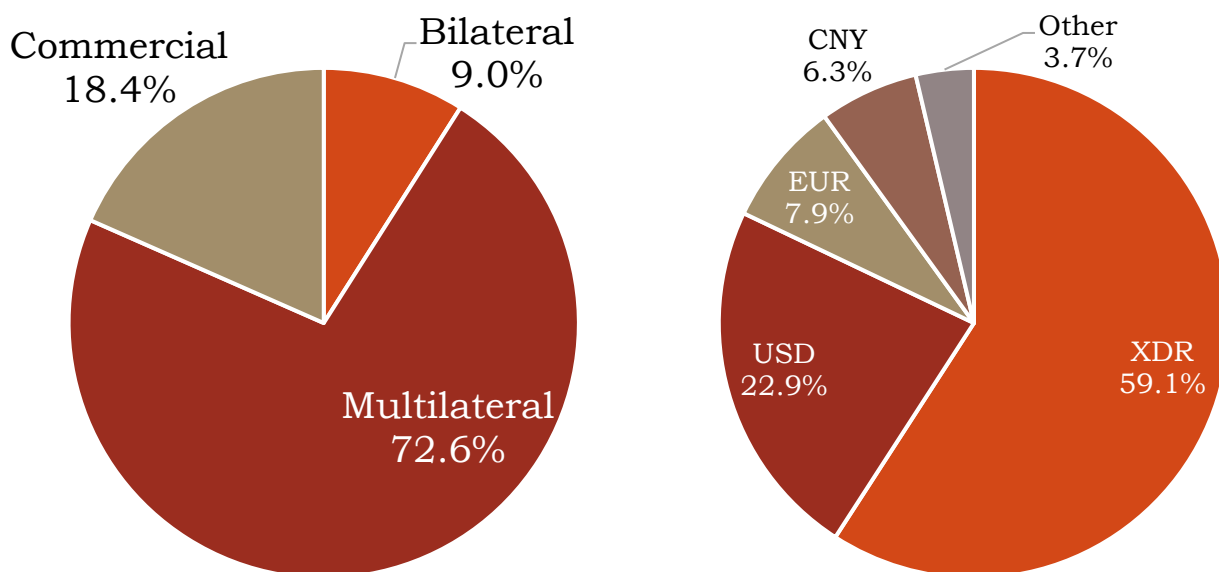
3. External Public Debt

As at end-June 2024, the external debt stock was USD4.13 billion (MK7.16 trillion). Of this amount, USD1.05 billion was owed by the Reserve Bank of Malawi (RBM) and USD3.08 billion was owed by the Government of Malawi. Since end-March 2024, the external debt stock has increased by USD23.39 million or 0.6 percent. Malawi's external debt stock is primarily denominated in Special Drawing Rights¹

¹ The SDR is made up of a basket of currencies as follows: USD (43.38%), EUR (29.31%), CNY (12.28%), JPY (7.59%) and GBP (7.44%).

and the external debt stock is primarily owed to Multilateral lenders (see Figure 2). All of Malawi's external commercial debt is in the form of loans and is at fixed rate.

Figure 2. External Public Debt by Creditor Type (Left) and by Currency (Right)

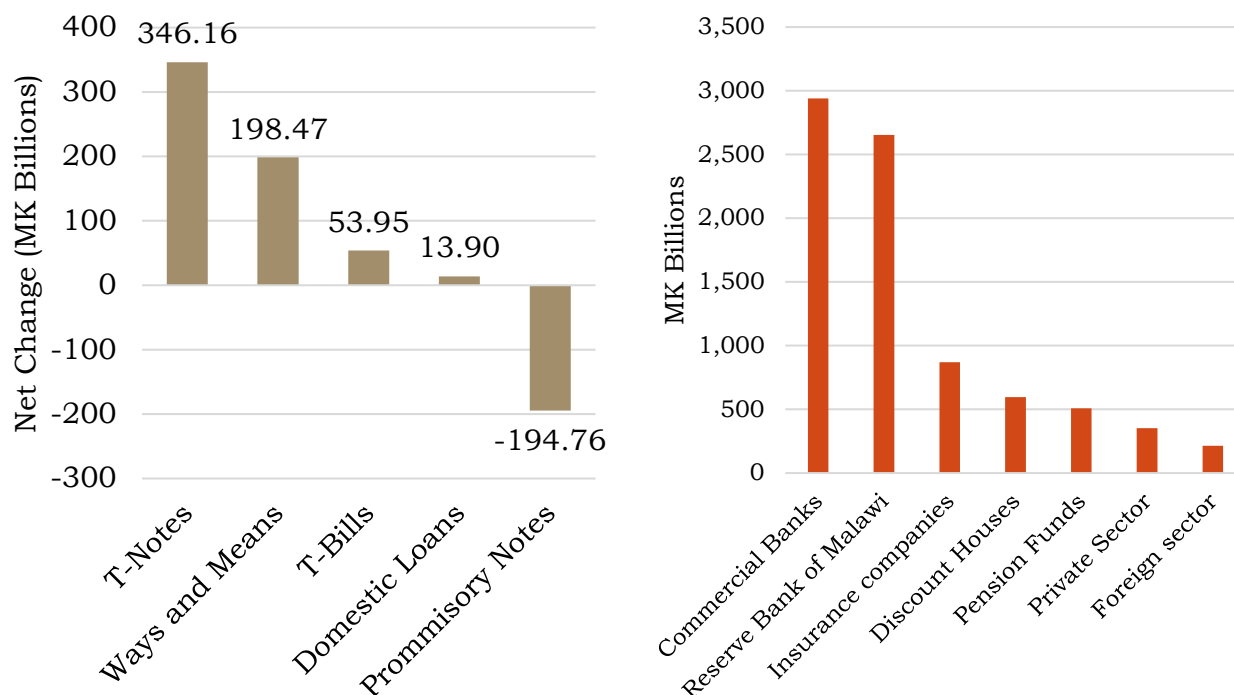


Source: MoFEA Calculations.

4. Domestic Public Debt

As at end-June 2024, total domestic public debt amounted to MK8.01 trillion, an increase of 5.5 percent from the end-March 2024 position of MK7.59 trillion. Of the total, MK6.19 trillion were Treasury Notes (77.3 percent); MK799.61 billion were Treasury Bills (10.0 percent); MK677.66 billion (8.5 percent) were Promissory Notes; MK198.47 (2.5 percent) was in Ways and Means advances from the RBM; and MK146.66 (1.8 percent) was in domestic loans. All of Malawi's domestic debt is fixed rate apart from the domestic loans which are floating rate. The net change in the domestic debt instruments and the breakdown by holder is shown in Figure 3.

Figure 3. Net Change in Domestic Debt Since End-March 2024 (Left) and Domestic Debt by Creditor Type (Right)



Source: MoFEA staff calculations.

5. Debt Servicing

Total debt service in quarter one amounted to MK775.29 billion. Of this amount, total amortization (principal repayment) was MK419.33 billion and total interest was MK355.96 billion. Furthermore, domestic debt service was MK720.81 billion and external debt service was MK54.48 billion. For a full breakdown of debt servicing costs in the reporting period, see Table 2.

Table 2. Debt Servicing (MK Billions)

	Domestic	External	Total
Principal	386.74	32.59	419.33
Interest	334.07	21.89	355.96
Total	720.81	54.48	775.29

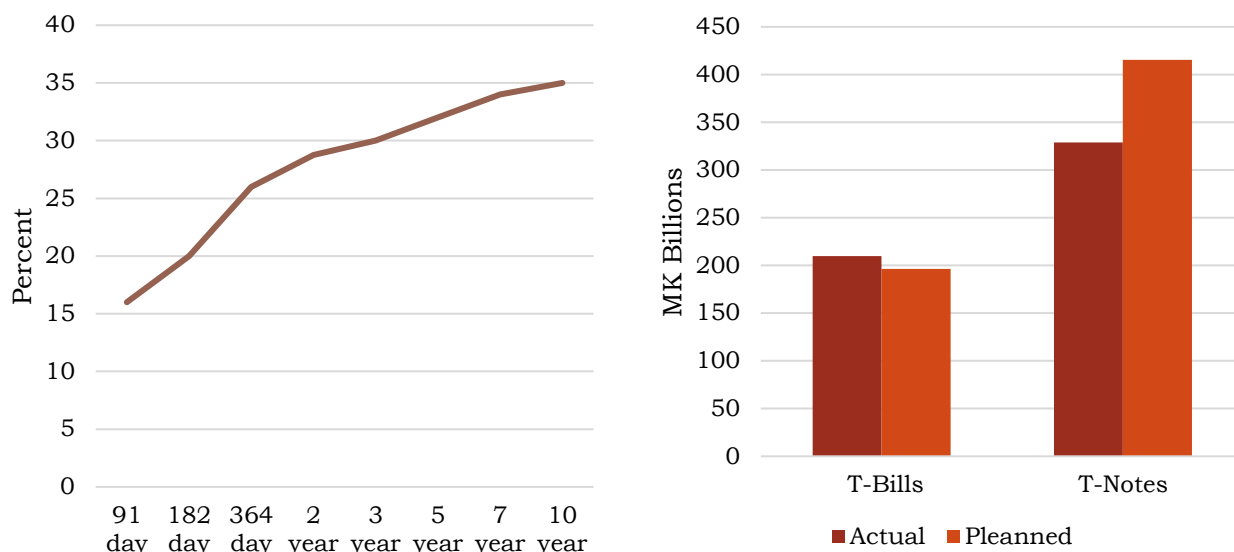
Source: MoFEA staff calculations.

6. Domestic Borrowing

In quarter one, Government planned to borrow MK611.75 billion from the domestic debt market. Of this amount, MK415.37 billion (67.9%) was planned for T-Notes and MK196.37 billion (32.1%) was planned for T-Bills. Actual issuances of domestic debt securities amounted to MK538.73 billion, of which MK329.01 billion was T-

Notes and MK209.72 was T-Bills. The yields on domestic debt securities during the quarter remained constant from end-March 2024 as shown in Figure 4.

Figure 4. Yields On Domestic Securities



Source: MoFEA calculations.

7. Cost and Risk Indicators

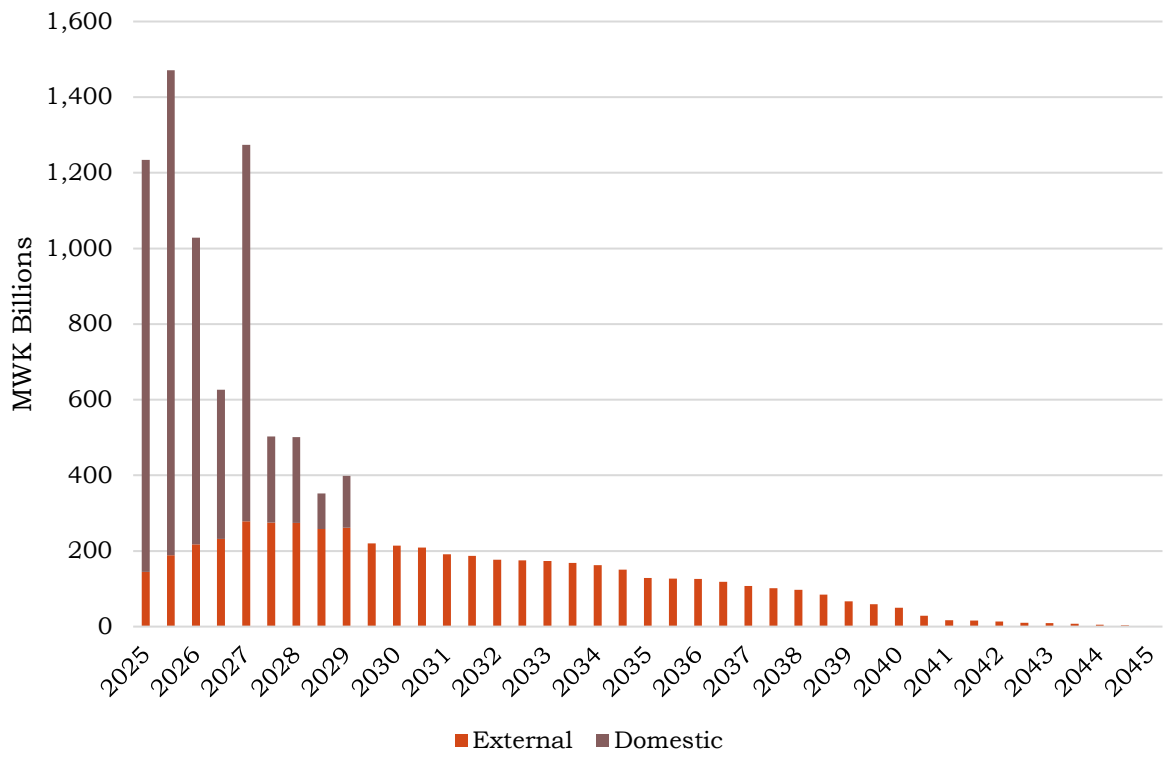
The values for key risk indicators for debt as at end-June 2024 are set out in Table 3 and the maturity profile is shown in Figure 5.

Table 3. Key Risk Indicators

	Domestic	External	Total
Share of Debt Maturing in the next 12 months (%)	38.5	2.7	27.0
Average Time to Maturity (Years)	2.4	13.0	13.3

Source: MoFEA Calculations

Figure 5. Maturity Profile



Source: MoFEA Calculations.