

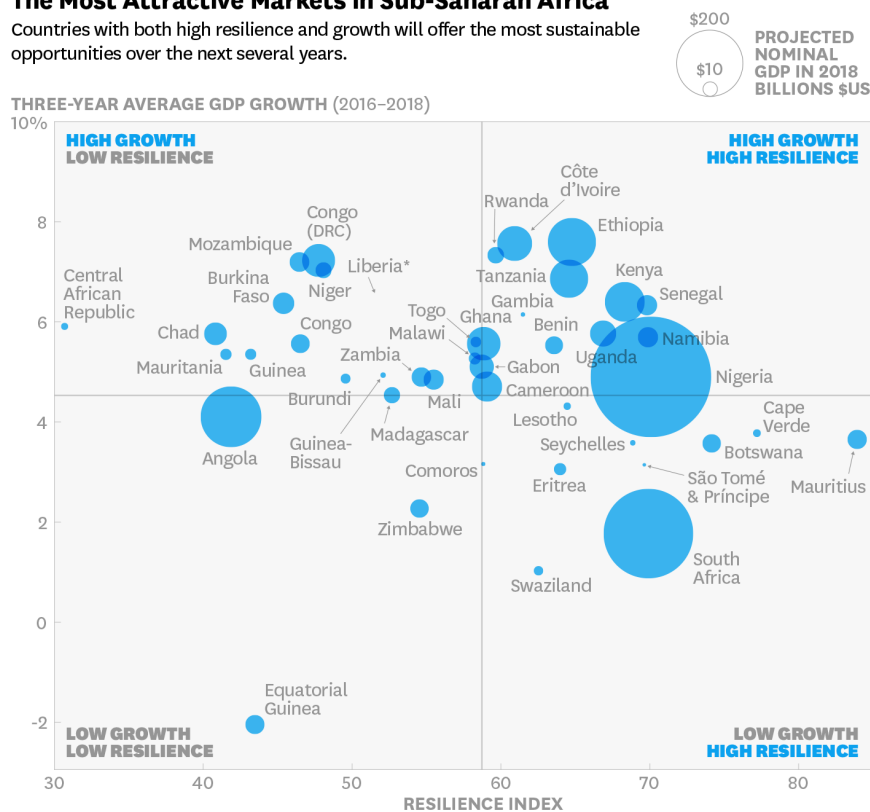
## COVID19 EFFECTS BEGIN TO SHOW

The strain on economies brought about by COVID19 was hitherto unimaginable. SMEs and Micro-businesses have suffered, alongside many other sectors of economies including the hospitality industry and travel. COVID19 has shaken entrepreneurs, intrapreneurs and strategists in every business into review mode. E-Commerce is strengthening in global trade and matters of national resilience and business strategy are coming to the fore.

Taking 2016-2018 data the Harvard Business Review places Malawi as a country with high growth and with mid resilience<sup>1</sup>.

### The Most Attractive Markets in Sub-Saharan Africa

Countries with both high resilience and growth will offer the most sustainable opportunities over the next several years.



\* PROJECTED NOMINAL GDP IN 2018 OF 0.  
NOTE SIERRA LEONE HAS BEEN EXCLUDED FROM THE CHART GIVEN ITS HIGHLY UNUSUAL ECONOMIC DYNAMICS FOLLOWING AN ECONOMIC COLLAPSE CAUSED BY THE EBOLA PANDEMIC  
SOURCE FRONTIER STRATEGY GROUP

In our April 2020 report we indicated that the 1<sup>st</sup> quarter did not show a huge variance in volumes, possibly because most imports were shipped being lockdowns were effected. The exports spike in March 2019 is explainable by backlog volumes from 2018, mainly tobacco and some movements of soya. The tobacco spike in backlog volumes follows a cycle; when tobacco

<sup>1</sup> Resilience Chart: <https://hbr.org/2016/02/sub-saharan-africas-most-and-least-resilient-economies>

prices are high there is over-production the following year which creates backlog in the succeeding year. The demand for Malawi soya and showing high on Malawi exports statistics is recent. As indicated in our May 2020 report, health consciousness is increasing globally and such health foods as soya are also in demand.

As indicated in our April 2020 report the annual volumes through Mozambique Corridors make up around 20% of the total Malawi imports and exports. The trend in these corridors is a fair indication on what is happening in the economy, moreover the main export and import drivers of the economy actually use these corridors.

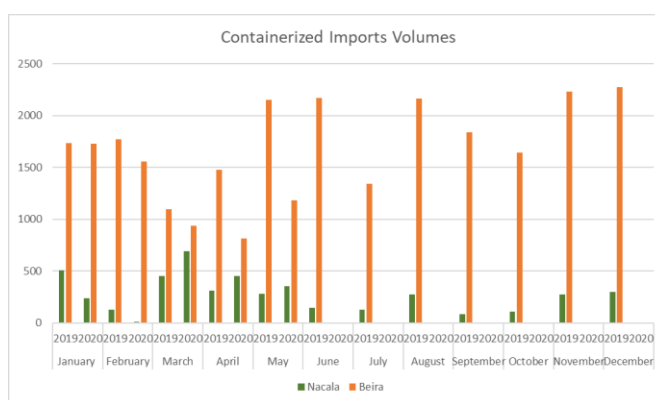
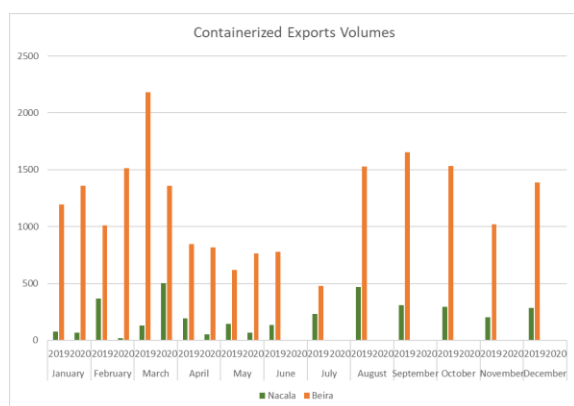


Figure 3: Containerized Exports 2019-2020 May<sup>2</sup> Figure 4: Containerized Imports 2019-2020 May<sup>3</sup>

Consequent to the COVID19 pandemic many countries went into lockdown affecting production and movement of goods. Most countries went into lockdown end February and March. The impact of this can now be seen in the drop in Malawi volumes in the transport corridors.

Parameter	% Drop in Volumes <sup>4</sup>
Total Imports Exports	-13.21%
Beira Imports and Exports	-14.58%
Nacala Imports and Exports	-5.76%
Export YTD (Beira and Nacala)	-3.69%
Imports YTD (Beira and Nacala)	-19.69%

A simplistic prognosis would suggest that one of the reasons why the percentage impact of the COVID19 lockdowns is not showing in numbers more than 20% yet could be that Malawi has fewer luxury / high-end goods and resultantly the impact is not showing as much as in countries. Necessity goods top Malawi's list of imports and dominate the top list of export

<sup>2</sup> Source: CDN and Cornelder Port Statistics

<sup>3</sup> Source: CDN and Cornelder Port Statistics

<sup>4</sup> Comparison of 2019 and 2020 Year to date port data



products. Notwithstanding this, the drop in imports is significant enough to be monitored. Similarly, the data does not conspicuously demonstrate the impact by the local political situation which impacted demand on consumer goods. On the exports side, it is well known that over 70% of the Malawi exports peak in the second half of the year, thus the real COVID19 impact on the exports is yet to be seen and felt.