

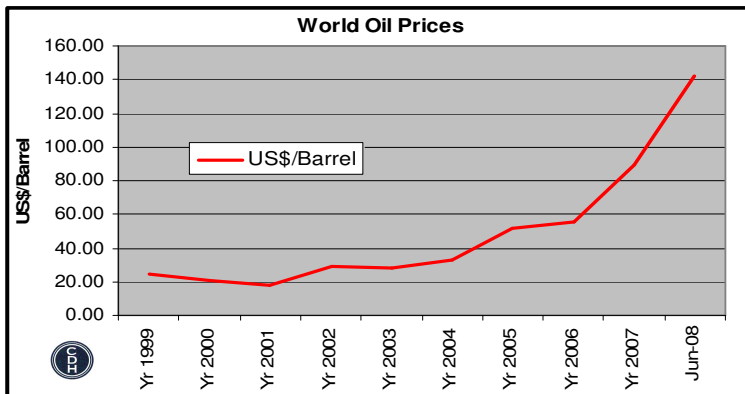
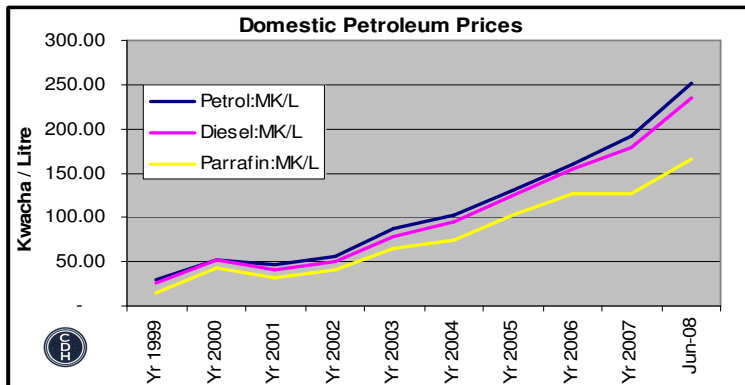


**Domestic & World Petroleum Prices in Perspective**

The current increases in the price of fuel in the country has been brought in by several factors, in an nutshell; Geo-political tensions in the gulf and other parts of the globe, world demand and supply disequilibrium of the commodity and a weak dollar among other factors. These factors have in some cases also fueled speculation in the trading of oil in the futures market, hence the recent price increases on both the domestic and world markets.

**Impact of fuel price increases.**

The impact on the domestic front can not be overemphasized, Malawi is land locked and a fuel importer and as such most of its goods and services have a high component of fuel in their pricing. Thus producers of goods and services in the country will definitely factor in the price increases in their cost of production and this will in turn be passed on to the final consumer.



**Domestic & world oil prices trends**

The relationship of the domestic prices and world international prices can easily be seen graphically by looking at the trends depicted by the two graphs above in terms of domestic pump prices and world oil prices per barrel. The trend in both cases (Domestic & World) is upwards sloping.

**Conclusion**

From the foregoing, the increases in fuel prices are a global phenomenon and as such, even though there is a petroleum stabilization fund in place in the country, the reserves in the fund can not keep up with the ever increasing prices of the commodity hence the positive correlation in price movements.

*This information is prepared for indicative purposes only. For firm contracts please contact us on the following number; 01 821300, e-mail discount@cdh-malawi.com Our fax numbers are 01 822826, 01 822848.CDH accepts no liability whatsoever for any direct or consequential loss arising from the use of or reliance upon any of the information and opinions contained herein*

**MARKET STATISTICS**

**Treasury Bill Yields**

Tenor days	Current %	Previous %
91	12.20	↑ 12.16
182	10.29	↑ 09.35
273	12.49	↓ 12.56

**RBM Bill Yields**

Tenor days	Current %	Previous %
63	09.50	↔ 09.50
91	12.98	↑ 10.62

**CDH Investment Rates**

Tenor/Period	Rate %
16 days	6.00
36 days	6.00
44 days	6.50
51 days	6.50
72 days	6.50
79 days	7.50
86 days	7.50
107 days	6.80
114 days	6.80

**Inflation Rates**

	April 08	May. 08
National -	08.10	↓ 07.90
Urban -	10.60	↓ 10.30
Rural -	06.70	↑ 06.80

**Middle Exchange Rates**

	09.07.08	02.07.08
USD	K140.5151 ↓	K140.5111
GBP	K282.6306 ↓	K285.6179
ZAR	K 18.6656 ↓	K 18.2841
EUR	K226.7208 ↓	K255.8088

**Stock Exchange**

Week ended 4<sup>th</sup> July 2008

Index	Current Points	Previous Points
MASI	5593.41	↑ 5582.72
DSI	4417.85	↑ 4409.31
FSI	521.59	↔ 521.59

**Domestic Fuel Prices**

In MK/L	Petrol	Diesel	Paraffin
Jun.08	252.2	234.5	165.3
Jan.08	200.9	187.6	132.2
Sep.07	191.4	178.7	125.9

Source: NSO, RBM,,MSE,CDH, MERA

**Financial proverb:** "One must choose, in life, between making money and spending it. There is no time to do both" Edouard Bourchet. Consult CDH: diversity in financial solutions.