

MALAWI

Political and economic news

April inflation eases to 9.7%

Malawi's y/y inflation eased 200bps to 9.7% in April 2018 on account of declining maize and non-food items prices, figures from the National Statistical Office (NSO) have shown. During the review period, food inflation eased by 600bps to 10% while non-food inflation reduced 800bps to 8.9% month on month. Maize prices have been on the decline owing to the harvest period with a 50kg bag of maize selling at an average K5,000 from K7,000 in January. But speculation on a looming hunger due to low yields caused by a combination of a dry spell and fall army worms attack on crops has led to a steady increase in the maize price of late. Maize production is estimated to have dropped 19.4% from 3.5m MT recorded in 2016/17 season to 2.8m MT expected in the current season. Government expects inflation to decline from a 2017 annual average of 9.9% and stabilise at around 7% as a result of continued stable macro-economic conditions in the region, improved economic management and governance. (Source: The Nation)

Tobacco earnings hit USD 79m in six weeks

Tobacco, the country's main earner of foreign currency, has so far earned USD78.9m since the opening of the sales season six weeks ago. According to Auction Holdings Limited (AHL) statistics, the country has sold an aggregate of 49.7m kg of all types of tobacco at an average price of USD1.59/kg. AHL group corporate affairs manager; Mark Ndipita observed that while the average prices of tobacco may be slightly lower than last year so far, indications are that they are steadily picking up week on week signifying the quality of the leaf being presented for sale. However farmers remain dissatisfied with the price levels on offer and are appalled by the rejection rate which, in their view, is sometimes unjustified. (Source: The Daily Times)

RBM rolls out equities CSD in earnest

The RBM-based Central Securities Depository (CSD) has started the conversion of share certificates from paper to electronic form – a process called dematerialisation. Shareholders of the companies listed on the Malawi Stock Exchange are therefore requested to present their physical share certificates for dematerialisation through their stockbrokers or custodians. The shareholders are required to fill an account opening form instructing the CSD to open an account in the name of the investor into which the number of shares held by such investor will be credited after dematerialisation. Another form authorising the CSD to process the conversion of shares to electronic form is required to be completed. Individual shareholders are requested to provide a copy of their national ID or passport to accompany the forms. Investors on the Malawi Stock Exchange are requested to get in touch with their stock brokers or custodians to ensure they get their share certificates converted. Those that will not convert may not be able to trade their shares once the automated trading system is rolled out as the system will only permit trading in electronic shares.

Corporate action

Dividends

COMPANY	YEAR	TYPE	AMOUNT	LAST CUM DATE
Standard Bank	2017	Final	MWK 4.26	TBA
BHL	2017	Final	MWK 0.15	TBA
SUNBIRD	2017	Final	MWK 0.63	TBA
TNM	2017	Final	MWK 0.25	TBA
NBM	2017	Final	MWK 8.33	TBA
PCL	2017	Final	MWK 20.00	TBA

NICO 2017 Final MWK 1.00 TBA

Source: Company filings

Market activity and colour

The market traded 133.5m shares in 12 of the 13 counters recording a market turnover of MWK 4.7bn (USD 6.4m) during the week. This is to be compared to 12.1m shares worth MWK 660.7m (USD 900K) in 25 trades registered in the previous week.

TNM was the top trading counter with 108.1m shares worth K2.1bn. FMBCH was second with 8m shares worth K1bn. Illovo and NICO followed with 4m and 12.4m shares worth k800m and K531m respectively.

Risers during the week were PCL (13% TO K770.00); NITL (9.4% to K69.51); FMBCH (7% to K150.00). Other risers included OML up by K15 to K2,950.00; Sunbird up from K141.50 to K145.00 and NBM up K3 to K300.00. There were no decliners.

The market has demand for BHL, PCL, STANDARD, OML and NBM. Sellers are available in MPICO, NICO, FMBCH, NBS, TNM and ILLOVO. (Source: *MSE and Cedar Capital*)

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