

## MALAWI

### Political and economic news

*Malawi, UN sign \$1.1bn 5yr pact*

The government of Malawi signed a new United Nations Development Assistance Framework (UNDAF) with the UN that will, among other things, be used as the UN collective vision and response to Malawi's national development priorities. The agreement, which will run from 2019 to 2023, has a resource envelope of \$1.09bn (K799.7bn) of which \$346.8m will be available while the balance of \$741.5m is yet to be mobilised. UN resident coordinator Maria Jose Torres said the new UNDAF will strengthen accountability and transparency initiatives, including priorities of the Malawi Growth and Development Strategy (MGDS) III. According to the minister of finance, economic planning and development Goodall Gondwe, the UNDAF will cover three strategic pillars including peace, population management and resilient growth. *(Source: The Daily Times)*

*Tobacco revenue up 56% as market closes*

Total earnings from the 2018 tobacco season have increased 56% on the previous year to \$332.2m (K243.4bn) with only one week left to the end of the season. Total traded volumes stood at 197.2m kg compared to 106.5m kg reported last year – representing a 85% rise in volumes. Growth in tobacco revenues this year has largely been driven by volumes as average prices fell from \$1.99 last year to \$1.68 in the 2018 season. Tobacco Control Commission CEO Kayisi Sadala attributed the low average prices to excess supply due to overproduction which exceeded the market demand of 171m kg. *(Source: The Daily Times)*

*40MT of graphite sample sent for testing*

Sovereign Services Limited, a global company carrying out graphite mining feasibility studies at Malingunde in Lilongwe, has so far shipped 40MT of graphite samples to Canada for testing. The company's country manager Andries Kruger said the samples will assist to ascertain the quality and quantity of the mineral as well as determine the right plant to be used when the actual mining starts. He said preliminary results show that the area has Grade 9 graphite which is within the average grade of the mineral found in other countries and the volumes can be mined for 17 years. He said the company expects to produce an estimated 44,000MT of graphite per year but expects finer details from the feasibility study. Director of mines in the ministry of natural resources, energy and mining Geof Salima said the samples are within required volumes of samples needed for laboratory work. He further explained that laboratory test check for a number of things including the volumes available for extraction, the nature of the land and many other factors hence the need for a huge sample. *(Source: The Nation)*

*USA, Malawi discuss new MCC compact*

Malawi and USA are discussing the possibility of a second compact under the Millennium Challenge Corporation (MCC) following the expiry, on 20 September 2018, of the five-year \$350m (K257.2bn) energy sector compact. In a report to the US congress on countries eligible for compact projects dated 5 September 2018, MCC said Malawi remains eligible because it has the lowest income per capita as per the World Bank's assessment. Both the US ambassador Virginia Palmer and finance minister Goodall Gondwe have confirmed that discussions for a second compact are underway but it remains unclear which sector would be targeted. The US government has emphasised that Malawi's eligibility for the second compact is dependent on the country's commitment to fight corruption and successful completion of the first one. *(Source: The Nation)*

### Company news

*PCL increases its stake in Sunbird to 15%*

Press Corporation Plc acquired an additional five percent stake in Sunbird Tourism Plc during the week as the conglomerate pursues its strategy to expand its investment

portfolio into other sectors including tourism and energy. In May 2018, PCL made its first acquisition in Sunbird through a 10% stake acquired from LHG Malta Limited – a foreign fund which had the second highest stake in Sunbird at 16.48%. The foreign fund has sold a further five percent to PCL remaining with a balance of just over 1.4%. The government remains the majority shareholder in the hotel chain with a 71% stake.

*Barclays Zimbabwe to unbundle non-core properties*

FM BCH subsidiary; Barclays Zimbabwe has issued a cautionary statement to its shareholders of its intention to unbundle the company's non-core banking properties into a separate entity to be listed on Zimbabwe stock exchange. The primary asset included is the bank's 50% shareholding in Makasa Sun (Private) Limited. Makasa Sun owns a hotel property in Victoria Falls in Zimbabwe. *Source: Company filings and Cedar Capital Research)*

## Corporate action

### Dividends

COMPANY	YEAR	TYPE	AMOUNT	LAST CUM DATE
PCL	2018	Interim	K6.00	19-Oct-18
MPICO	2018	Interim	K0.09	14-Sep-18
NICO	2018	Interim	K0.60	14-Sep-18
TNM	2018	Interim	K0.25	14-Sep-18
SUNBIRD	2018	Interim	K0.28	TBA

*(Source: Company filings)*

## Market activity and colour

The market traded 15.5m shares with a market turnover of K1.8bn (\$2.5m) in 56 trades. Top volume and value trader was Sunbird with 13m shares – representing 5% of the company which was bought by Press Corp to take their stake in the company to 15%. Comparatively in the previous week, the market traded 2.5m shares with a market turnover of K69.9m (\$95K) in 62 trades. BHL rose 22.4% to close at K10.65 due to low liquidity fuelling speculative trading while TNM went up 1.7% to K29.00 on value. FM BCH and NBS decreased slightly.

### Week's Trading Summary

17 Sep to 21 Sep 2018 Trading sum

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	8.70	10.65	↑ 22.4%	173,995	1,782,751.50	5	8,943,345,008
FM BCH	159.98	159.96	↓ 0.0%	27,091	4,315,972.64	3	373,706,550,000
ILLOVO	240.00	240.00		0	0.00	0	171,226,653,840
MPICO	19.51	19.51		36,510	712,310.10	4	44,834,905,945
NBM	311.00	311.00		0	0.00	0	145,215,770,518
NBS	9.00	8.98	↓ 0.0%	105,319	945,476.04	5	26,136,948,737
NICO	52.00	52.00		5,000	260,000.00	1	54,238,136,992
NITL	75.00	75.00		0	0.00	0	10,125,000,000
OMU	2,513.25	2,513.25		0	0.00	0	14,647,228,540
PCL	850.00	850.00		0	0.00	0	102,217,447,000
STANDARD	670.00	670.00		0	0.00	0	157,227,668,540
SUNBIRD	145.00	145.00		13,090,570	1,806,536,445.00	5	37,929,474,100
TNM	28.50	29.00	↑ 1.7%	2,112,183	61,153,134.00	33	291,173,050,000
				<b>15,550,668</b>	<b>1,875,706,089</b>	<b>56</b>	<b>1,437,622,179,219</b>

*(Source: MSE)*



## Previous week's Trading Summary

Symbol	Open	Close	Volume	chg%	Value	Trades Count	Market Capitalisation
BHL	8.08	8.70	244,400	Δ 7.67%	2,125,914.60	9	7,305,831,134
FMBCH	159.98	159.98	0		0.00	0	373,753,275,000
ILLOVO	240.00	240.00	0		0.00	0	171,226,653,840
MPICO	19.45	19.51	119,851	Δ 0.31%	2,335,717.20	9	44,834,905,945
NBM	310.06	311.00	1,528	Δ 0.00%	475,208.00	1	145,215,770,518
NBS	9.00	9.00	155,256		1,397,304.00	10	26,195,160,204
NICO	53.95	52.00	77,245	↓ 3.61%	4,146,563.70	5	54,238,136,992
NITL	75.00	75.00	58,132		4,359,900.00	4	10,125,000,000
OMU	2,513.26	2,513.25	262		658,472.71	2	14,647,228,540
PCL	850.00	850.00	0		0.00	0	102,217,447,000
STANDARD	670.00	670.00	0		0.00	0	157,227,668,540
SUNBIRD	145.00	145.00	0		0.00	0	37,929,474,100
TNM	28.50	28.50	1,909,751		54,427,903.50	22	286,152,825,000
			<b>2,566,425.00</b>		<b>69,926,983.71</b>	<b>62</b>	<b>1,431,069,376,811.85</b>

Cedar Capital Limited  
4<sup>th</sup> Floor, Livingstone Towers  
Sir Glyn Jones Road  
P O Box 3340  
Blantyre, Malawi  
+265 1 831 995  
Feedback: [nzimar@cedarcapital.mw](mailto:nzimar@cedarcapital.mw)

[www.cedarcapital.mw](http://www.cedarcapital.mw)

This document is confidential and issued for the information of internal and external clients of Cedar Capital Limited registration 8700. It is subject to copyright and may not be reproduced in whole or in part without written permission. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Cedar Capital in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/ security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisors to assist the user in reaching any decision. Cedar Capital will accept no responsibility of whatsoever nature in respect of any statement, opinion, recommendation or information contained in this document.

