

MALAWI

Political and economic news

AfDB approves \$15m for Nkhata Bay water project

The African Development Bank (AfDB) Group has approved a \$15m (K11bn) grant from the African Development Fund (ADF) for Nkhata Bay town water and sanitation project. While half of the total estimated project cost of \$30.4m will come from the ADF grant, a \$12m loan will come from Opec Fund for International Development to be administered by the bank, and \$3.4m from the Malawi government in counterpart contribution, to make up the rest. AfDB says in its statement that it is confident that the approved resources will back Malawi's development agenda contained in the third Malawi Growth and Developments Startegy (MGDS III) and Malawi's Vision 2020. According to the Northern Region Water Board, project implementers, the project seeks to improve access to potable and sustainable water and sanitation services, directly benefitting 60,000 residents of Nkhata Bay and its surrounding areas. *(Source: The Nation)*

Agoa strategy set to boost exports by 20%

The ministry of industry and tourism says it targets to increase exports from Malawi to the US through the Africa Growth and Opportunity Act (Agoa) trade window by about 20 percent in the next five years. This is contained in the new National Agoa Response Strategy for Malawi to the US market under the Agoa non-reciprocal unilateral trade preference programme. As a beneficiary of Agoa since its inception in May 2000, Malawi has not significantly utilised the trade preference opportunities on offer. According to US International Trade Commission Tariff Database, Malawi exports under Agoa were \$56.1m (K42bn) in 2011, mainly consisting of tobacco and the exports declined to \$46.3m in 2012 then peaked at \$57.4m in 2014. In 2015, the exports dropped to \$41.1m. *(Source: The Nation)*

Malawi to review tobacco contract farming

The Tobacco Control Commission has announced plans to review the performance of the Integrated Production System (IPS) of farming. TCC CEO, Kayisi Sadala, said the commission is in the process of hiring an independent consultant to undertake the review. The review comes at a time the system has been rolled out for six years generating mixed views from various quarters of the tobacco value chain. Sadala said the review would look at how the system has performed, its benefits as well as challenges encountered during the period. IPS is a marketing agreement that commits tobacco companies to buying predetermined volumes from a grower. Following the adoption of the IPS in 2012, Malawi runs a parallel tobacco selling systems at its auction floors – one for those contracted by buying companies and the other open to all growers. *(Source: The Daily Times)*

Corporate action

Dividends

COMPANY	YEAR	TYPE	AMOUNT	LAST CUM DATE
SUNBIRD	2018	Interim	K0.50	16-Nov-18

(Source: Company filings)

Market activity and colour

The market traded 9.1m shares with a market turnover of K416.8m (\$567.1K) in 57 trades. BHL and NBM were the risers while FMBCH, Illovo and NITL retreated nominally.

Comparatively in the previous week, the market traded 24.8m shares with a market turnover of K3.7bn (\$5.0m) in 51 trades.

Week's Trading Summary

Symbol	Open	Close	Volume		Value	Trades Count	Market Capitalization
BHL	12.30	12.58	94,127	↑ 2.2%	1,175,318.10	4	10,564,063,868.90
FMBCH	139.00	138.99	3,545	↓ 0.0%	492,719.55	1	324,715,387,500.00
ILLOVO	204.85	204.84	403,500	↓ 0.0%	82,656,962.36	6	146,141,949,052.44
MPICO	19.50	19.50	0		0.00	0	44,811,925,470.00
NBM	330.03	332.00	248,597	↑ 0.6%	82,534,200.00	1	155,021,337,016.00
NBS	10.01	10.01	725,000		7,257,250.00	6	29,134,839,293.56
NICO	50.99	50.99	1,709,670		87,175,980.00	5	53,184,665,485.04
NITL	86.00	85.99	118,839	↓ 0.0%	10,220,104.00	3	11,608,650,000.00
OMU	2,513.25	2,513.25	0		0.00	0	14,647,228,539.75
PCL	1,050.00	1,050.00	0		0.00	0	126,268,611,000.00
STANDARD	670.00	670.00	861		576,870.00	1	157,227,668,540.00
SUNBIRD	145.00	145.00	7,238		1,049,510.00	4	37,929,474,100.00
TNM	25.49	24.50	5,815,764	↑ 0.0%	143,712,753.00	26	245,991,025,000.00
			9,127,141		416,851,667.01	57	1,357,246,824,865.69

(Source: MSE)

October roundup

FMBCH, TNM and Illovo lead the bears as index retreats

Heavyweights FMBCH and TNM recorded 12.4% and 15.5% price drops in October to close at K138.99 and K24.51, respectively coupled with a 14.6% slump in Illovo to K204.84. These connived to result in the Malawi All Share Index falling 5.4% on the previous month to 30,622.36 countering a bull run in PCL, NBM and NBS. PCL put up a spirited performance rising 23% over the month to close at K1,050.00 –as some liquidity was made available by market makers. This confirms our view that the counter was a value trap as there was limited liquidity sans market makers. NBS continued to rise defying our assessment as we suspect investors were attracted to its absolute value and the fact that the bank's performance had hit rock bottom and that's the only way is up – it still remains an enigma for us. TNM has followed its annual pattern whereby the market demand slows down after interims while awaiting any news on its full year performance. Back to the bears; FMBCH was due for correction on news of economic turmoil in Zimbabwe following the new government's fiscal tinkering affecting currency stability. FMBCH has a key asset in Barclays Zimbabwe. Likewise Illovo's price has remained sticky despite challenges the company has experienced over recent years as 15 million shares traded a negotiated price below market of K165.00.

This is the first time the index has reversed since its upward trajectory from the beginning of the year but still remains a 41.7% increase year-to-date from an opening of 21,598. The index has increased 52.7% y/y from 20,049.06 recorded in October 2017.

October recorded trading activity in all 13 counters with a total of 46.4m shares traded worth K5.8bn (\$7.9m) in 281 trades. Major traders were Illovo (16.6m shares worth K2.76bn) and FMBCH (14.2m shares worth K2bn). In the previous month of September 2018, 27.1m shares changed hands at a value of K3.7bn in 238 trades. By y/y comparison, October 2017 recorded 60.3m shares worth K2.1bn (\$2.9m) in 117 trades. Total market capitalisation at the end of October 2018 was K1.3trn (\$1.8bn) compared to K989.6bn (\$1.3bn) in October 2017.

October 2018 Trading Summary

October 2018 trading

Symbol	Open	Close	Volume		Value	Trades Count	Market Capitalization
BHL	11.31	12.58	721,757	↑ 11.2%	8,526,952.60	22	10,564,063,868.90
FMBCH	157.99	138.99	14,254,588	↓ -12.0%	1,998,196,502.69	11	324,715,387,500.00
ILLOVO	240.00	204.84	16,612,000	↓ -14.6%	2,765,369,632.36	16	146,141,949,052.44
MPICO	19.50	19.50	702,786		13,701,924.00	13	44,811,925,470.00
NBM	311.01	332.00	460,774	↑ 6.7%	151,289,359.00	22	155,021,337,016.00
NBS	8.95	10.01	5,054,178	↑ 11.8%	45,841,545.36	39	29,134,839,293.56
NICO	52.00	50.99	3,559,139	↓ -1.9%	181,498,698.00	20	53,184,665,485.04
NITL	86.00	85.99	382,564	↓ 0.0%	32,901,479.09	11	11,608,650,000.00
OMU	2,513.25	2,513.25	21,813		54,821,526.00	4	14,647,228,539.75
PCL	850.00	1,050.00	343,631	↑ 23.5%	334,758,195.00	14	126,268,611,000.00
STANDARD	670.00	670.00	214,598		143,782,703.81	14	157,227,668,540.00
SUNBIRD	145.00	145.00	33,145		4,805,932.00	9	37,929,474,100.00
TNM	29.00	24.51	4,124,831	↓ -15.5%	110,302,815.95	86	246,091,429,500.00
			46,485,804		5,845,797,265.86	281	1,357,347,229,365.69
INDEX	32,373.19	30,622.36		↓ -5.4%			

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