

## MALAWI

### Political and economic news

#### *Ofid approves K8.8bn loan for Nkhata Bay water project*

The Opec Fund for International Development (Ofid) has approved a \$12m (K8.8bn) public sector loan agreement for Nkhata Bay town water supply and sanitation project. The project, to be implemented by Northern Region Water Board (NRWB), seeks to improve healthy living standards for 125,000 people in the district. It comes barely a month after the AfDB approved a \$15m grant towards the same project whose total estimated cost is \$30.4m. Malawi government is expected to contribute \$3.4m to complete the project's budget. According to a statement from Ofid, the project will ensure regular delivery of clean, drinking water with an anticipated capacity increase from 1,450 cubic meters of potable water to nearly 20,000 cubic meters. Commenting on the sanitation aspect, NRW's Edward Nyirenda said currently the district has no public sewerage system apart from the private water borne system operated by the district hospital – a situation which will be addressed by the project. So far Ofid has committed over \$172m in public sector loans to the country. *(Source: The Nation)*

#### *House approves dual citizenship*

Parliament passed an amendment to the Malawi Citizenship Act, a development that will allow Malawians to have dual citizenship. Minister of homeland security; Nicholas Dausi, who tabled the bill, highlighted that since the Act was passed in 1966, there are a number of developments affecting matters of citizenship and migration over the years which the bill seeks to incorporate. He observed that management of provisions of the Act had become obsolete and do not reflect the current realities on the ground. He noted that challenges include loss of Malawi citizenship by bonafide Malawians who have acquired citizenship of another country after attaining the age of 21, thereby restricting their socio-economic contribution to national development. The bill was supported by both sides of the house. *(Source: The Daily Times)*

#### *Parliament approves K41.2bn loan bill*

Parliament repealed and then approved a loan authorisation bill but minister of finance, economic planning and development Goodall Gondwe said there would be a change in the banks to provide the loan. The Last Mile Connectivity for rural areas and national data centre project loan authorisation aims to install more towers for improved telecommunication signal across the country through a Chinese company Huawei. In June this year, the house authorised government to borrow \$56m (K41.2bn) from the Industrial and Commercial Bank of China, but six months later Gondwe has tabled a bill repealing the loan on the grounds that the bank had reorganised itself and was not able to take on the loan due to its nature, which was construction. Immediately after successfully repealing it, Gondwe tabled China Construction Bank Corporation (Loan Authorisation) Bill which will see the construction of 230 telecommunication towers across the country for the same amount. The IMF gave an approval for the government to procure the loan despite the fact that it is not concessionary in nature. *(Source: The Nation)*

#### *Inflation hits double digit*

Malawi's headline inflation crawled back to the double digit mark in November, inching up 40 bps to 10.1 pc, figures from the National Statistical Office (NSO) indicate. The development means that Malawi managed to sustain single digit inflation for 15 months after falling to 9.3 pc in August 2017. But the Reserve Bank of Malawi insists there is no need to panic as the inflation outcome is in line with its projections. The bank says inflation is expected to recover back to single digit band in 2019. According to NSO inflation increase was driven by a rise in prices of both food and non-food items. Food inflation went up to 10.8 pc from 10.4 pc while non-food inflation stood at 9.5 pc – up 30bps m/m. In the past two months, the price of fuel went up by an average of 10 pc and this led to a knock-on effect on products and services. In October, electricity tariffs went up 20 pc as

part of a 31.8 pc four-year hike approval by the Malawi energy regulatory authority.  
(Source: The Daily Times)

## Company news

*ICON Properties IPO enters final week*

ICON Properties Plc opened an offer to subscribers in its IPO which runs from 7 to 28 Dec 2018. ICON intends to issue 1.68bn shares to potential investors at a price of K8.75 (1.2c) in order to raise K14.7bn (\$19.8m). There is an overallotment option for the issuer to make available a further 420m shares in case of an oversubscription. ICON was formed out of a restructuring process in which shareholders in five property holding companies swapped their shareholding in those companies in exchange for shares and income notes in ICON. The property holding companies like NICO Properties Limited, Chichiri Shopping Centre, Lilongwe City Mall and Kang'ombe Investments became subsidiaries of ICON. Additionally ICON owns other properties directly plus a 4.9% holding in Plantation House Limited. The resultant portfolio comprises a diverse range of upmarket properties in form of shopping malls, office parks, commercial and residential buildings. The property portfolio is managed by Eris Properties; a renowned property management and development outfit in SSA. As of June 2018, the property portfolio is valued at K50bn. The issue is being offered at 15% discount to NAV- allowing potential for upside; with a forward PE for FY19 of 7.5x. So far indications are encouraging that the IPO will raise the required amount.  
(Source: ICON Prospectus and Cedar Capital Research)

## Market activity and colour

The market traded 20.7m shares worth K1.1bn (\$1.5m) in 68 trades during the week. This compares to 8.1m shares worth K491.6m (\$567K) in 87 trades in the previous week. The previous two weeks have been some kind of a "green revolution" as demand for stocks helped the recovery of the market led by FMBCH – which clawed its way back to K100 from a recent low of K70 – a 43 pc recovery.

## Week's Trading Summary

Trading Summary 17 to 21 December 2018							
Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	13.00	13.00		20,000	260,000.00	1	10,916,759,165
FMBCH	90.00	100.00	11.1% ↑	1,600,197	145,722,750.00	9	233,625,000,000
ILLOVO	200.00	200.00		55,282	11,056,400.00	7	142,688,878,200
MPICO	12.50	13.20	5.6% ↑	15,626	206,263.20	4	30,334,226,472
NBM	332.02	332.02		3,096	1,027,934.00	5	155,030,675,651
NBS	10.00	10.00		7,204,880	72,048,800.00	10	29,105,733,560
NICO	43.00	43.00		8,816	379,088.00	2	44,850,767,128
NITL	75.00	75.00		200,000	15,000,000.00	1	10,125,000,000
OMU	2,513.25	2,513.25		0	0.00	0	14,647,228,540
PCL	1,140.00	1,140.00		500,000	570,000,000.00	4	137,091,634,800
STANDARD	670.00	670.00		0	0.00	0	157,227,668,540
SUNBIRD	145.00	145.00		100,000	14,500,000.00	1	37,929,474,100
TNM	26.97	27.97	3.7% ↑	11,009,210	307,340,200.88	24	280,831,386,500
<b>Totals</b>				<b>20,717,107</b>	<b>1,137,541,436.08</b>	<b>68</b>	<b>1,284,404,432,656</b>
<b>INDEX (week)</b>	<b>28,186.79</b>	<b>28,976.74</b>	<b>2.8% ↑</b>				
<b>INDEX (month)</b>	<b>26,803.80</b>	<b>28,976.74</b>	<b>8.1% ↑</b>				
<b>INDEX (year)</b>	<b>21,598.00</b>	<b>28,976.74</b>	<b>34.2% ↑</b>				

(Source: MSE)



## Previous Week's Trading Summary

### Trading Summary 10 to 14 December 2018

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitaliz
BHL	13.00	13.00		0	0.00	0	10,916,759,165
FMBCH	75.00	90.00	20.0% ↑	725,710	61,125,680.00	17	210,262,500,000
ILLOVO	200.00	200.00		5,005	1,001,000.00	2	142,688,878,200
MPICO	12.50	12.50		4,663,386	58,292,327.50	8	28,725,593,250
NBM	332.02	332.02		4,948	1,642,835.00	2	155,030,675,651
NBS	10.00	10.00		6,543	65,430.00	2	29,105,733,560
NICO	42.50	43.00	1.2% ↑	32,000	1,321,000.00	6	44,850,767,128
NITL	75.00	75.00		20,000	1,500,000.00	2	10,125,000,000
OMU	2,513.25	2,513.25		0	0.00	0	14,647,228,540
PCL	1,140.00	1,140.00		71,427	81,426,780.00	6	137,091,634,800
STANDARD	600.00	670.00	11.7% ↑	12,333	8,027,110.00	13	157,227,668,540
SUNBIRD	145.00	145.00		1,750,210	253,780,450.00	6	37,929,474,100
TNM	25.02	26.97	7.8% ↑	868,564	23,426,222.00	23	270,790,936,500
<b>Totals</b>				<b>8,160,126</b>	<b>491,608,834.50</b>	<b>87</b>	<b>1,249,392,849,434</b>
<b>INDEX (week)</b>	<b>26,572.93</b>	<b>28,186.79</b>	<b>6.1% ↑</b>				
<b>INDEX (month)</b>	<b>26,803.80</b>	<b>28,186.79</b>	<b>5.2% ↑</b>				
<b>INDEX (year)</b>	<b>21,598.00</b>	<b>28,186.79</b>	<b>30.5% ↑</b>				

Source: MSE

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