

MALAWI

Political and economic news

October inflation rises to 9.6pc

Malawi's headline inflation went up 40bps to 9.6pc in October from 9.2pc in September, latest figures from National Statistical Office (NSO) show. The NSO figures show increasing food inflation from 13.9pc in September to 16pc in October. Non-food inflation, on the other hand, reduced to 4.3pc from 5.3pc month on month. The rise in food inflation is largely being fuelled by increases in the price of the staple food; maize. With the lean period upon us, attempts by state produce trader to buy the commodity from local traders have failed despite increasing the price from K200/kg to K250kg over the last three months. The commodity is said to be trading as high as K350/kg in open markets across the country. Government has threatened to turn to foreign markets to source the commodity if local traders continue to hoard the product in anticipation for higher prices. Maize constitutes 45.2pc of the weight in the consumer price index – hence its significant impact on overall inflation. Non-food inflation has benefitted from prevailing stable oil prices internationally and stability of the Malawi kwacha exchange rate. However fuel prices were adjusted upwards in the second week of November with a litre of petrol going up 7.1pc to K930 and diesel rising 5.7pc to K924. The effect of this rise, coming late in the year, is not expected to impact significantly on the annual inflation levels expected to average 9pc and the Reserve Bank of Malawi's medium term inflation target remains at 5pc by 2021. *(Source: Daily Times, Nation and Cedar Capital Research)*

US, Malawi strike solar power deal

USA and Malawi governments have reached an agreement that will bring \$36.7m (K27.2bn) in loans from US Overseas Private Investment Corporation (Opic) to build a 26-MW solar power facility in Nkhotakota. A statement from US embassy says by signing the agreement on international financing for the project, the Malawi government unlocks the potential for up to \$1bn in future private sector investment in Malawi. The statement says the solar project leverages state-of-the-art power grid and power sector reforms that were part of the US Millennium Challenge Corporation's first compact in Malawi. The Nkhotakota solar power facility will be one of the first two projects spearheaded by independent power producers, a private sector breakthrough in Malawi and a top goal of the MCC's first compact. The US ambassador stated that financing this deal has the potential to attract more private sector investments from international institutions adding that Opic alone had the potential to bring up to \$700m in private sector financing and would look to complement its portfolio with equity investments in the foreseeable future. *(Source: Daily Times)*

Power interconnection project gets K16bn EU boost

The EU has provided EUR 20m (K16bn) grant for the implementation of the Malawi-Mozambique power interconnection project to connect the national grid to the Southern Africa Power Pool (Sapp). This was confirmed through the signing of the implementation agreement between Electricity Corporation of Malawi (Escom) and KfW of Germany, the implementing agency. The funds are drawn from the African Investment Facility (AfIF), which will be managed by KfW through a blending operation, whereby EU grant funds are blended with loans from financial institutions. The EU grant will also be complemented with contributions from Malawi government and a World Bank loan. The project is expected to roll out in three years' time. The scope of the project is to interconnect the Mozambique and Malawi power systems at 400kv through the transmission line from Matambo substation in Tete province in Mozambique to Phombeya substation in Balaka in Malawi. *(Source: Nation)*

Market activity and colour

Trading activity report for the month to 22 November

During the period under review the market registered trading activity in 13 of the 14 listed counters on the market save Old Mutual Limited (OMU). A total of 53.6m shares worth K1.05bn (\$1.4m) traded in 173 transactions. The index went down 2.4pc to 29,629.37 on account of 14.3pc drop in the price of Illovo to K180.00 and 6.3pc decrease in FMBCH to K75.00. Both counters have been under a lot of pressure to come down with Illovo reporting a drop in earnings and FMBCH blighted by Zimbabwe economic woes – the base of one of its key subsidiaries: formerly Barclays Zim.

Trading Summary for the period
1 to 22 November 2019

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	12.95	12.95		25,790	333,980.50	1	10,874,771,630
FMBCH	80.00	75.00	-6.3% ↓	155	11,625.00	1	184,368,750,000
ICON	10.50	10.49	-0.1% ↓	470,782	4,935,170.04	15	70,073,200,000
ILLOVO	210.00	180.00	-14.3% ↓	2,223	406,830.00	3	128,419,990,380
MPICO	19.50	19.50		170,454	3,323,853.50	11	44,811,925,470
NBM	460.01	460.02	0.00 ↑	55,779	25,659,692.45	27	214,797,938,115
NBS	12.50	12.50		45,231,632	534,439,305.41	30	36,382,166,950
NICO	48.50	48.50		2,214,307	107,393,448.00	16	50,587,493,156
NITL	75.00	75.00		3,523,632	264,272,400.00	19	10,125,000,000
OMU	2,499.99	2,499.99		0	0.00	0	31,803,162,787
PCL	1,400.00	1,400.00		20,290	28,406,000.00	7	168,358,148,000
STANDARD	670.00	670.00		53,970	36,159,900.00	12	157,227,668,540
SUNBIRD	118.00	118.00		93	10,974.00	1	30,866,744,440
TNM	26.00	26.00		1,898,982	49,361,310.00	30	261,051,700,000
Totals				53,668,089	1,054,714,488.90	173	1,399,748,659,467
INDEX (month)	30,344.49	29,629.37	-2.4% ↓				
INDEX (year to date)	28,983.64	29,629.37	2.2% ↑				

(Source: MSE)

October 2019 Trading summary

The month of October saw 185.4m shares change hands for a total value of K2.5bn (\$3.3m) in 243 transactions. Value and volume drivers were NBS with 140m shares worth K1.6bn, seconded by Icon (32.5m shares worth K338.4m) and TNM (9.8m shares worth K256.4m).

By comparison, the previous month of September recorded trading activity in 154.7m shares worth K3.7bn (\$5.0m) in 246 trades. This represents 32.4pc decrease in October value traded and 20pc increase in volume traded; compared to September 2019. Volume leaders in September were NBS with 105.9m shares worth K1.2bn; TNM (17.3m shares worth K450m); NICO (9.2m shares worth K450.9m) and PCL (561K shares worth K676.2m).

October 2018 recorded trades in 46.4m shares worth K5.8bn (\$8.1m) in 281 transactions. This means October 2019 was 56.8pc down in value and 300pc up in volume on the comparable period last year.

Weekly Market Report



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The index closed in October at 30,344.49 having gained 3pc from the opening index of 29,456.37. This was helped by price increases in NBM (17.7pc to K460.01); Icon (5pc to K10.50) and NBS which increased 4.1pc to K12.50.

Year-to-date, the index recorded 4.7pc gain from an opening position of 28,983 while it slumped 0.9% y/y when compared to October 2018.

Trading Summary for the month of October 2019

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	12.95	12.95		0	0.00	0	10,874,771,630
FMBCH	80.00	80.00		1,000	80,000.00	2	196,660,000,000
ICON	10.00	10.50	5.0% ↑	32,569,513	338,405,119.00	34	70,140,000,000
ILLOVO	210.00	210.00		0	0.00	0	149,823,322,110
MPICO	19.50	19.50		749,705	14,619,248.00	25	44,811,925,470
NBM	390.98	460.01	17.7% ↑	85,184	34,530,015.88	24	214,793,268,797
NBS	12.01	12.50	4.1% ↑	140,459,029	1,580,958,319.70	48	36,382,166,950
NICO	48.50	48.50		1,522,841	73,847,791.00	13	50,587,493,156
NITL	75.00	75.00		45,122	3,384,150.00	4	10,125,000,000
OMJ	2,500.00	2,499.99	0.0% ↓	289	722,497.38	2	31,803,162,787
PCL	1,400.00	1,400.00		122,956	172,138,395.00	9	168,358,148,000
STANDARD	670.00	670.00		29,545	19,795,150.00	13	157,227,668,540
SUNBIRD	118.00	118.00		3,873	457,014.00	2	30,866,744,440
TNM	26.00	26.00		9,864,382	256,469,612.00	67	261,051,700,000
Totals				185,453,439	2,495,407,311.96	243	1,433,505,371,880

INDEX (month)	29,456.27	30,344.49	3.0% ↑
INDEX (year to date)	28,983.64	30,344.49	4.7% ↓
INDEX (Y/Y)	30,622.36	30,344.49	-0.9% ↓

Trading summary for the month of September 2019

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	12.95	12.95		320,165	4,146,136.75	11	10,874,771,630
FMBCH	80.00	80.00		0	0.00	0	196,660,000,000
ICON	10.00	10.00		15,816,371	158,163,104.27	29	66,800,000,000
ILLOVO	210.00	210.00		0	0.00	0	149,823,322,110
MPICO	19.50	19.50		736,618	14,364,051.00	26	44,811,925,470
NBM	370.05	390.98	0.06 ↑	337,950	131,191,353.98	11	182,560,970,923
NBS	11.20	12.01	0.07 ↑	105,995,618	1,250,006,319.34	30	34,955,986,006
NICO	48.50	48.50		9,297,234	450,915,822.54	27	50,587,493,156
NITL	75.01	75.00	0.0% ↓	4,023,235	301,742,625.00	10	10,125,000,000
OMJ	2,500.00	2,500.00		108,000	165,000,000.00	5	31,803,290,000
PCL	1,400.00	1,400.00		561,906	676,201,400.00	10	168,358,148,000
STANDARD	630.01	670.00	0.06 ↑	152,097	101,632,270.00	10	157,227,668,540
SUNBIRD	138.00	118.00	-14.5% ↓	18,783	2,572,054.00	5	30,866,744,440
TNM	26.01	26.00	0.0% ↓	17,331,140	450,784,354.45	72	261,051,700,000
Totals				154,699,117	3,706,719,491.33	246	1,396,507,020,275

INDEX (month)	29,197.17	29,456.27	0.9% ↑
INDEX (year to date)	28,983.64	29,456.27	1.6% ↓
INDEX (Y/Y)	32,373.19	29,456.27	-9.0% ↓

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