

MALAWI

Political and economic news

RBM revises 2023 inflation target

The Reserve Bank of Malawi (RBM) has revised downwards its annual headline inflation target to 18.2% from 21.5% on the back of expected good agricultural output. This is contained in the RBM Monetary Policy Committee (MPC) statement issued last week. However, the central bank expects inflationary pressure to persist due to high costs of farm inputs such as fertiliser. However, the recent global developments, which have seen prices of most of Malawi's key imported commodities declining, are a source of confidence for a downward inflation trajectory expected in 2023, due to easing imported inflation. The MPC report also says inflation was likely to remain in double digits in 2023, making it un conducive to support economic growth. *(Source: Times Business)*

Dollar rate tumbles 29% within 5 years

Annual average Kwacha to Dollar rate tumbled by 29% between 2018 and 2022 in authorised dealer banks, figures from the Reserve Bank of Malawi (RBM) show. The annual average selling rate of the unit depreciated to MWK 950.40 in 2022 from MWK 735.01 recorded in 2018. The local unit further depreciated by 28% against the Pound of Britain to MWK 1,255.68 in 2022 from MWK 984.30 in 2018. It lost about 26% against the Euro to MWK 1,098.21 from MWK 869.89 in 2018, and 14% against South Africa's Rand to MWK 63.50 from MWK 56.16 in 2018. However, daily rates show that the Kwacha was stable in January, selling at MWK 1,036 to a dollar. The local unit rates against the Pound, Euro and Rand were seen fluctuating throughout the month. *(Source: Times Business)*

Currency boards administration in Malawi

The Malawi economy is currently facing a debt crisis. Many factors have converged to exacerbate the situation such as Covid-19 pandemic and war in Ukraine. However, the economic fragility was there even before these crises. Ever since Malawi suffered its first balance of payment dislocation that led to the first International Monetary Fund (IMF) intervention in 1979, the country has never recovered or been able to graduate from the IMF support programs. *(Source: The Nation)*

Illovo to resume sugar exports April

Malawi's Sugar producer, Illovo Sugar Malawi, has said it is set to resume commodity exports in April, months after it suspended the sales last year to address supply challenges on the domestic market.

Illovo sugar Malawi managing Director told journalist in Blantyre on Tuesday that the exports are expected to resume following a pickup in production. *(Source: The Nation)*

Illovo domestic sugar sales jump 39%, boosts profit

The Illovo Sugar (Malawi) plc says its domestic sugar sales went up by 39 percent in the year ended August 31 2022, enabling the sugar the sugar manufacturer to move from a net debt position to a net cash position. Domestic sugar sales rose from 173 000 metric tonnes (MT) to 214 000MT during review period, following the firm's good performance profit after tax went up by 30 percent from K20.5 billion to K26.6 billion in the year ended August 31 2022. *(Source: The Nation)*

Poverty fight faces hitches

The National Planning Commission (NPC) says at the current pace, Malawi will unlikely halve the levels of poverty and reduce inequality by 2030 in line with the Malawi 2063, the country's long term development strategy. In its 2023 Malawi 2063 (MW2063) first 10-Year implementation plan (MIP-1) analysis, NPC says while the Covid-19 pandemic has worsened the situation, other factors include high population growth rate, limited access to financial services and high levels of corruption. Malawi economy is currently facing a debt crisis. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 16.6m shares in 118 trades recording a market turnover of MWK 580m during the week ended. FDHB (+16.7%), NBM, NICO (+13.6%), OMU and TNM (+0.1%) were the market gainers whilst NBS (-0.1%) dropped in price. The price gains registered in the counters mentioned pushed MASI up with 1.2%.

However, year-to-date index went up to 12.0%. As a result, the market capitalisation rose 12.03% in both MWK and USD terms as the official MWK/USD rate was maintained at constant level regardless of adverse movement in the parallel rate.

Weekly Market Report



Equity research | News & Analysis

SYMBOL SUMMARY



Trading Summary for the week ending 10 February 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	58.07	58.07	0.0%	10,500	609,735.00	6	638,770,000,000
BHL	10.96	10.96	0.0%	4,453	48,804.88	1	9,203,667,727
FDHB	30.00	35.02	16.7% ↑	13,904,300	476,001,947.00	64	241,674,114,375
FMBCH	167.00	167.00	0.0%	57,179	9,548,893.00	5	410,527,750,000
ICON	11.92	11.92	0.0%	0	0.00	0	79,625,600,000
ILLOVO	600.02	600.02	0.0%	0	0.00	0	428,080,903,488
MPICO	20.59	20.59	0.0%	0	0.00	0	47,316,797,201
NBM	1,550.01	1,550.04	0.0% ↑	13,960	21,638,287.32	15	723,762,871,170
NBS	38.50	38.48	-0.1% ↓	705,901	27,166,697.00	15	111,998,862,739
NICO	66.00	75.00	13.6% ↑	227,150	17,036,250.00	1	78,228,082,200
NITL	164.00	164.00	0.0%	3,097	507,908.00	2	22,140,000,000
OMU	838.00	838.01	0.0% ↑	4,105	3,440,031.00	1	12,764,894,306
PCL	2,181.35	2,181.35	0.0%	0	0.00	0	262,320,032,957
STANDARD	2,200.00	2,200.00	0.0%	0	0.00	0	516,269,956,400
SUNBIRD	105.00	105.00	0.0%	0	0.00	0	27,466,170,900
TNM	13.99	14.01	0.1% ↑	1,728,545	24,216,170.00	8	140,666,704,500
Totals				16,659,190	580,214,723.20	118	3,750,816,407,962

					10-Feb-23	3-Feb-23	31-Dec-22
INDEX (week)	68,646.26	69,470.88	1.2% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	68,451.77	69,470.88	1.5% ↑	MWK/GBP	1279.35	1291.40	1273.64
INDEX (year to date)	62,036.05	69,470.88	12.0% ↑	MWK/ZAR	59.44	61.87	62.35

Market cap (MWK'm)	3,750,816.41	3,348,012.68
Market cap (USD'm)	3654.234978	3261.787967

Cedar Capital Limited
4th Floor, Livingstone Towers
Sir Glyn Jones Road
P O Box 3340
Blantyre, Malawi
+265 1 831 995
Feedback: nzimar@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.