

## MALAWI

### Political and economic news

#### *MSE opens year on good note*

The 16-counter Malawi Stock Exchange (MSE) has started on a good note as reflected in the jump in return on investment by 8.09%, three weeks into the New Year. During the same period last year, the market recorded a -0.45% return on investment, according to a weekly market report, which means investors have earned more than they realised in the previous year. MSE data shows that Malawi All Share Index, the overall measure of the market performance, stood at 67,055.81 points last week, an increase from 45,165.35 points recorded during a similar period last year. *(Source: The Nation)*

#### *Food price rise set to bite hard*

Malawians in the low-income bracket should brace up for increased food prices this year as the World Bank mentioned this will have a knock-on-effect on them, making it hard to survive. For Blantyre-based individual, who works as a security guard, her monthly income about MWK 57,000, means she will continue to struggle to afford basic food items in a month. Speaking in an interview, she stated that sugar alone eats up about MWK 6,000 of her monthly income as her family uses five packets, each packet costing about MWK 1,500. With MWK 5,000, we used to buy sugar, salt, cooking oil and sweet potatoes for breakfast, but the same can now only get me a packet of sugar and sweet potatoes for breakfast, she stated. *(Source: Times Business)*

#### *AfDB forecasts 3% GDP growth for MW*

The African Development Bank (AfDB) states that it expects the local economy to grow by at least 3% in 2023 from a 2.8% Gross Domestic Product (GDP) growth estimate last year. The projection is 0.4 percentage points higher than the 2.6% GDP growth estimate made by Finance Minister when presenting the 2022-23 mid-year budget statement in November 2022. It is also above the 2.2% growth estimate by the World Bank as published in the Britton Wood Institution's most recent Malawi Economic Monitor. In its January 2023 Africa's Macroeconomic Performance and Outlook, AfDB states that most African economies face significant headwinds as global and domestic shocks undermine progress toward restoring macroeconomic and social stability. It states that higher living costs stoked by rising inflationary pressures have affected economic recovery strides. *(Source: The Business Times)*

#### *Forex reserves drop by 21% in '22*

Malawi's gross foreign exchange reserves dropped by 21% between December 2021 and November 2022, a report revealed. The report indicates that by December 2021, foreign exchange reserves were at USD 429m but went down by 21% to USD 339m by November last year. It adds that the development represented an import cover of 1.36 months by November last year, down from 1.72 months in December 2021. The total forex reserves import cover (both government and private sector) in November 2022, the report reads. Acute shortage of forex affected most sectors of the economy last year. *(Source: The Business Times)*

#### *Malawi to get MWK259bn for a swap II successor*

The World Bank mentioned that Malawi stands a chance to access up to USD 250m (about MWK259bn) for the successor project of Agriculture Sector Wide Approach Support Project II (ASWAp SP II). World Bank principal agriculture economist, stated that accessing the funding will be subject to successful implementation of the ASWAp SP II, which winds up in June this year. The project is touted to have improved agricultural productivity, nutrition and access to markets, particularly for local farmers. We are planning to develop a successor agriculture commercialization project, which is going to take some of the important areas of the ASWAp SP II so that we can improve and deepen the impact over time, stated Botha

on the sidelines of a visit to various districts to appreciate the impact of the project among the farmers. *(Source: The Nation)*

## Market activity and colour

### Market commentary

The market traded 8.8m shares in 136 trades recording a market turnover of MWK 1.3bn during the week ended. AIRTEL (+0.1%), ILLOVO, NBM (+0.4%) and FDHB (+3.5%) were the market gainers whilst OMU (-0.1%) and PCL dropped in price. The price gains registered in the counters mentioned pushed MASI up with 0.3%.

However, the movement on year-to-date index has been significant at 10.7% thanks to a rally in some stocks during January 2023 on account of positive trading statements released by most companies on the bourse. (refer corporate news below). The major risers during the month were FDHB (+66.9%), FMBCH (+50.6%), NITL (31.2%), SUNBIRD (14.1%) NBS (13.2%) ILLOVO (+11.1%) and NICO (10%). OMU was the only faller (-14.9%) as the MSE price corrects to align with the JSE price.

As a result, the market capitalisation rose 10.7% 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.

### CORPORATE NEWS

1. FDH Bank PLC accordingly advises that its profit after tax for the year ending 31st December 2022 is expected to be higher than the one reported for the previous corresponding period by more than 50%

2. Blantyre Hotels Plc accordingly advises that the loss after tax for the 12 months ending 31 December 2022 is expected to be lower than the loss reported in the previous 15 months' period by more than 20%.

The Group is projecting a profit before interest and tax from hotel operations, whilst the loss after tax will arise due to the increase in finance costs incurred on the Lilongwe project. At the company's Annual General Meeting held on 12 May 2021, the shareholders approved the change of the company's financial year end from 30 September to 31 December. Therefore, the results of this trading statement has been compared against a 15 months' period from 1 October 2020 to 31 December 2021.

3. Sunbird Tourism plc accordingly advises that the company's performance for the year ending 31st December 2022 is expected to be better than the previous corresponding period by more than 240%

4. Telekom Networks Malawi plc accordingly advises that profit after tax for the year ending December 2022 is expected to be at least 90% lower than the previous corresponding period.

5. NBS Bank plc accordingly advises that its profit after tax for the year ending 31st December 2022 is forecasted to be approximately more than 110% higher than the profit after tax recorded during the previous corresponding period.

6. FMBCH plc accordingly advises that its consolidated profit after tax for the year ending 31st December 2022 will be more than 30% higher than the consolidated profit after tax it reported for the year ending 31st December 2021.

7. ICON Properties plc accordingly advises that the profit after tax for the period ending 31st December 2022 is expected to be at least 70% higher than the corresponding year ended 31st December 2021.

8. NBM plc accordingly advises that its profit after tax for the year ending 31st December 2022 is expected to be at least 30% higher than what was reported for the year ended 31st December 2021.

9. NITL Plc accordingly advises that the profit after tax for the year ending 31st December 2022 is expected to be at least 35% higher than the previous corresponding period.

10. NICO Holdings plc accordingly advises that its consolidated profit after tax for the reporting period ending 31st December 2022 is expected to be higher than the previous corresponding period by at least 60%.

11. MPICO plc is informing all shareholders and the public that the Group's reported profit for the year ended 31 December 2022 is expected to be at least 20% higher than the previous corresponding period.

The publication has been issued post MPICO plc year end due to a recalculation of the deferred tax charge using the December 2022 Consumer Price Indexation (CPI) figures which only became available on 19 January 2023.

# Weekly Market Report



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## SYMBOL SUMMARY



Trading Summary for the week ending  
03 February 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	58.04	58.07	0.1% ↑	568,224	32,989,886.00	23	638,770,000,000
BHL	10.96	10.96	0.00	0	0.00	0	9,203,667,727
FDHB	28.99	30.00	3.5% ↑	200,084	5,931,981.00	16	207,030,937,500
FMBCH	167.00	167.00	0.00	33,709	5,629,403.00	8	410,527,750,000
ICON	11.92	11.92	0.00	3,384	40,337.28	1	79,625,600,000
ILLOVO	600.00	600.02	0.0% ↑	12,200	7,320,145.00	5	428,080,903,488
MPICO	20.59	20.59	0.00	0	0.00	0	47,316,797,201
NBM	1,543.09	1,550.01	0.4% ↑	6,105	9,435,470.00	6	723,748,863,217
NBS	38.50	38.50	0.00	3,128,452	120,445,363.00	12	112,057,074,206
NICO	66.00	66.00	0.00	0	0.00	0	68,840,712,336
NITL	164.00	164.00	0.00	18,715	3,069,230.00	7	22,140,000,000
OMU	838.67	838.00	-0.1% ↓	1,308,611	1,085,517,300.00	36	13,658,468,982
PCL	2,181.36	2,181.35	0.0% ↓	18	39,264.30	1	262,320,032,957
STANDARD	2,200.00	2,200.00	0.00	0	0.00	0	516,269,956,400
SUNBIRD	105.00	105.00	0.00	0	0.00	0	27,466,170,900
TNM	13.99	13.99	0.00	3,537,526	49,495,499.97	21	140,465,895,500
<b>Totals</b>				<b>8,817,028</b>	<b>1,319,913,879.55</b>	<b>136</b>	<b>3,707,522,830,414</b>

					3-Feb-23	27-Jan-23	31-Dec-22
INDEX (week)	68,449.55	68,646.26	0.3% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	68,451.77	68,646.26	0.3% ↑	MWK/GBP	1291.40	1309.06	1273.64
INDEX (year to date)	62,036.05	68,646.26	10.7% ↑	MWK/ZAR	61.87	61.39	62.35

Market cap (MWK'm)	3,707,522.83	3,348,012.68
Market cap (USD'm)	3612.056185	3261.787967

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