

MALAWI

Political and economic news

World Bank cuts 2023 growth to 1.6%

The World Bank has slashed Malawi's 2023 gross domestic product (GDP) growth rate projection to 1.6%, a development the Bretton Woods institution says signifies that economic recovery will be gradual with significant risks remaining. The bank's latest projection is a downgrade from the three percent it earlier projected in its January 2023 Global Economic Prospects. The growth rate is also 1.1% below the Malawi Government's 2.7% growth rate and 4.4 below the recommended 6% growth rate economist prescribe as desirable to achieve sustainable economic growth and have meaningful impact on poverty reduction. In its country overview update released, the World Bank said the growth rate equates to shrinking production in per capita terms. Reads the update in part; Malawi continues to rely on subsistence, rain-fed agriculture, which limits its growth potential, increases its susceptibility to weather shocks and creates food insecurity. (Source: *The Nation*)

RBM says inflation outlook sketchy

The Reserve Bank of Malawi (RBM) says the country's inflation outlook is sketchy in view of the impact of Tropical Cyclone Freddy which hit the country this month. In its February Market Intelligence Report published, the central bank said on top of tightening of monetary policy stance, domestic factors, mostly weather related shocks remain a major risk to the inflation outlook. Reads the report; Besides the human cost and widespread disruptions, Cyclone Freddy has worsened the outlook for both inflation and economic activity due to the serious damage caused to crops and infrastructure. The central bank has since hinted that there will be policy consideration and re-look towards both inflation stability and economic recovery. Following Tropical Cyclone Freddy, which hit the country. There has been loss of life and property as well as damaging road infrastructure. Apart from disrupting water and electricity services, the cyclone also disrupted service delivery and business activities in the country. (Source: *The Nation*)

World Bank cautions on forex shortage

The World Bank says Malawi needs to urgently address the prevailing foreign exchange crisis, warning that prolonged forex shortage could impede business and economic growth. In its published overview on the country's economy, the Bretton Woods institution has warned that acute shortage of forex is impeding businesses as reflected in the increasing shortage of imported goods, including essential medicines and petroleum products. The Reserve Bank of Malawi (RBM) devalued the Malawi kwacha against the US dollar by 25% in May 2022, but the spread between the official rate and less strictly controlled rates on cash purchases at foreign exchange bureaus at times has exceeded 50% as of end of February 2023, surpassing the pre-devaluation level. The bank further said the official forex reserves continue to be low, declining further from their gross position of 0.5 months of import cover at the end of 2022. Speaking in an interview, a market analyst said the spread between the official and parallel market rates is critical as it is one of the largest indicators of an economy's health and stability of the currency. He said, a wide margin indicates that the central bank of the country is not in control of the foreign exchange market. (Source: *The Nation*)

A Quarter to forget

Economists and private sector players under the Malawi Confederation of Chambers of Commerce and Industry (MCCCCI) have rated the first quarter of 2023 as another to forget as the operating environment remained volatile and not conducive for productivity. They have since also painted a gloomy outlook for the economy, especially in the aftermath of Cyclone Freddy, which has wreaked havoc on almost all sectors. During the period under review, headline inflation the rate at which commodity prices change at a given period in an economy, took a new twist to rise to 26.7% in February 2023 from 25.4% in December 2022. The inflationary pressure was seen easing at the close of 2022, averaging 21% in the year. Headline inflation remained on an upward spiral for a greater part of 2022 as commodity prices continued rising, piling pressure on the economy. But in its Monetary Policy Committee report published, the Reserve Bank of Malawi said it expects the average headline inflation to slow down to 18.2% this year from 21% recorded in 2021. *(Source: The Business Times)*

Market activity and colour

Market commentary

The market traded 5.8m shares in 153 trades recording a market turnover of MWK 373m during the week ended. AIRTEL, FDHB (+1.2%), ILLOVO (+7.1%), NBM (+10.4%), NBS (+11.3%), NICO (+0.1%), NITL, OMU, STD and TNM (+9.2%) were the market gainers whilst FMBCH, ICON (-0.1%) and PCL lost in prices. The significant jump in the prices on the counters registered pushed MASI up with 3.6%.

However, the index per month rose by 13.0% whilst on year-to-date the index went up by 29.4%. As a result, the market capitalisation rose 29.4% in both MWK and USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
31 March 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	75.00	75.01	0.0% ↑	1,260,426	94,532,963.00	22	825,110,000,000
BHL	10.96	10.96	0.0%	0	0.00	0	9,203,667,727
FDHB	38.50	38.98	1.2% ↑	2,998,305	117,629,350.00	33	269,002,198,125
FMBCH	166.99	166.98	0.0% ↓	22,616	3,776,446.00	7	410,478,585,000
ICON	11.90	11.89	-0.1% ↓	45,456	540,471.84	2	79,425,200,000
ILLOVO	700.00	750.00	7.1% ↑	4,000	2,980,040.00	6	535,083,293,250
MPICO	20.58	20.58	0.0%	2,300	47,334.00	3	47,293,816,727
NBM	1,600.17	1,766.29	10.4% ↑	28,964	46,774,017.00	19	824,736,859,512
NBS	56.50	62.89	11.3% ↑	767,113	46,018,296.00	18	183,045,958,359
NICO	135.85	136.00	0.1% ↑	208,258	28,321,559.00	12	141,853,589,056
NITL	200.00	200.01	0.0% ↑	6,320	1,264,063.00	1	27,001,350,000
OMU	880.02	880.04	0.0% ↑	5,868	5,164,073.54	3	13,229,103,616
PCL	2,181.32	2,181.30	0.0% ↓	662	1,444,022.80	3	262,314,020,166
STANDARD	2,200.50	2,200.60	0.0% ↑	3,247	7,145,346.00	4	516,410,757,297
SUNBIRD	120.00	120.00	0.0%	94,132	11,296,400.00	5	31,389,909,600
TNM	14.20	15.50	9.2% ↑	416,242	5,993,012.02	15	155,626,975,000
Totals				5,863,909	372,927,394.20	153	4,331,205,283,434

				31-Mar-23	24-Mar-23	31-Dec-22
INDEX (week)	77,528.64	80,298.12	3.6% ↑	MWK/USD	1026.43	1026.43
INDEX (month)	71,069.31	80,298.12	13.0% ↑	MWK/GBP	1309.06	1273.64
INDEX (year to date)	62,036.05	80,298.12	29.4% ↑	MWK/ZAR	59.20	62.35

Market cap (MWK'm)	4,331,205.28	3,348,012.68
Market cap (USD'm)	4219.659019	3261.787967

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