Weekly Market Report

Equity research | News & Analysis

MALAWI

Political and economic news

IMF tips countries on fiscal policy

The International Monetary Fund (IMF) has urged member countries to consider the consumption needs of the most vulnerable populations when implementing fiscal policy to curb inflation. In a post on www.imf.org, IMF economic analysts led by the director of the fiscal affairs department stated that the fund's research shows that food inflation hurts poor families disproportionately because food represents a higher share of their total consumption. The IMF analysts also observed that the effect is more pronounced in poor countries, as such, urged fiscal authorities in member countries to use fiscal policy to complement monetary policy as governments work to bring down inflation. Reads part of the blog: But to safeguard the poor, tax hikes or cuts in lower-priority spending must be combined with larger transfers. This strategy results in no drop in consumption for the poor, but also in a lower decline in overall consumption. *(Source: The Nation)*

Tobacco sales open next week, farmers optimistic

Tobacco growers are hoping for the best from this year's tobacco marketing season which opens on April 12 despite fears of reduced output. Tobacco Commission spokesperson stated that the marketing season will first open in Lilongwe on April 12 followed by Chinkhoma in Kasungu on April 13, then Limbe and Mzuzu Floors on 17 and May 2. In an interview, Tama Farmers Trust president mentioned that although they expect good marketing season, they also anticipate reduced volumes of tobacco. He further stated that, they expect good season this year in terms of prices and that there will be no market disruptions as was the case last year. However, the Tropical Cyclone Freddy in the Southern Region and heavy rains experienced in some parts of the Central Region have damaged a good tonnage of tobacco. This could as well affect quality of tobacco. *(Source: The Nation)*

NBS posts record MWK 18.9bn profit

Malawi Stock Exchange –listed NBS Bank has registered a 146% jump in profit-after-tax for the year ended December 31 2022, the bank's published financial statement has shown. The bank made a profit-after-tax of MWK 18.9bn in 2022, up from MWK 7.7bn profit reported in 2021. The performance was despite volatility of the operating environment characterized by a 25% Kwacha depreciation, power woes, fuel shortages, high inflation and high interest rates. Both corporate and retail segments grew significantly in the year. The bank plans to achieve further growth through the five-year strategy covering the period from 2022 to 2026 whose focus is investment in technology, efficient balance sheet management and providing excellent customer experience, the statement reads. NBS Bank Chairperson stated that the bank registered a record net interest income growth of 67% in 2022 from MWK 30.8bn to MWK 51.4bn compared to a similar period in 2021 largely because of growth of the loan book and effective management of investments in money market instruments. *(Source: Times Business)*

Weak Kwacha, prices push up import bill

The combined effects of a weak kwacha and rising global prices have continued to increase the country's import bill, thereby worsening the trade balance, Reserve Bank of Malawi (RBM) figures show. RBM figures contained in the latest monthly economic review report shows that imports continue to rise and stood at USD 91.2m (MWK 94.5bn) at the end of January this year from USD 85.8m (MWK 88.9bn) registered in December 2022. RBM data shows that increases in payments of vehicles and fuels are the main contributing factors to the rise in the import bill. Reads the report in part: A 106.9 percent and 59.3 percent increase in payments for imports of vehicles and fuels to USD 13.2m (about MWK 13.6bn) and USD 27.4m (about MWK 28.4bn) from USD 6.4m (about MWK 6.6bn) and USD 17.2m (MWK17.8bn), respectively have significantly pushed up the import bill. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 4.5m shares in 164 trades recording a market turnover of MWK 357m during the week ended. AIRTEL (+0.1%), NBM (+1.9%), NBS (+11.3%), NICO (+6.3%), NITL (+12.5%), OMU (+16.5%), and TNM (+3.9%) were the market gainers whilst FMBCH and PCL lost in prices. The significant jump in the prices on the counters registered pushed MASI up with 1.3%.

However, on year-to-date the index went up by 31.1%. As a result, the market capitalisation rose 31.10% in both MWK and USD terms.

SYMBOL SUMMARY

Trading Summary for the week ending 6 April 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	75.01	75.11	0.1% ↑	65,717	4,930,296.08	7	826,210,000,000
BHL	10.96	10.96	0.0%	0	0.00	0	9,203,667,727
FDHB	38.98	38.98	0.0%	2,160,866	84,229,572.00	49	269,002,198,125
FMBCH	166.98	166.97	0.0% ↓	67,815	11,323,660.00	7	410,454,002,500
ICON	11.89	11.89	0.0%	24,200	287,738.00	1	79,425,200,000
ILLOVO	750.00	750.00	0.0%	0	0.00	0	535,083,293,250
MPICO	20.58	20.58	0.0%	971	19,983.18	1	47,293,816,727
NBM	1,766.29	1,800.01	1.9% ↑	7,740	13,932,020.00	19	840,481,797,717
NBS	62.89	70.00	11.3% ↑	1,980,448	136,184,660.00	48	203,740,134,920
NICO	136.00	144.50	6.3% ↑	44,645	6,451,203.00	9	150,719,438,372
NITL	200.01	225.00	12.5% ↑	85,206	19,171,350.00	3	30,375,000,000
OMU	880.04	1,025.00	16.5% ↑	48,993	50,216,535.00	7	15,408,198,725
PCL	2,181.30	2,181.29	0.0% ↓	9,063	19,769,030.00	4	262,312,817,608
STANDARD	2,200.60	2,200.60	0.0%	2,348	5,167,009.00	3	516,410,757,297
SUNBIRD	120.00	120.00	0.0%	41,359	4,963,080.00	3	31,389,909,600
TNM	15.50	16.10	3.9% ↑	25,200	404,420.00	3	161,651,245,000
Totals				**4,564,571**	**357,050,556.26**	**164**	**4,389,161,477,568**

					6-Apr-23	31-Mar-23	31-Dec-22
INDEX (week)	**80,298.12**	**81,354.83**	**1.3% ↑**	**MWK/USD**	1026.43	1026.43	1026.43
INDEX (month)	**80,298.12**	**81,354.83**	**1.3% ↑**	**MWK/GBP**	1316.14	1309.06	1273.64
INDEX (year to date)	**62,036.05**	**81,354.83**	**31.1% ↑**	**MWK/ZAR**	58.48	59.20	62.35

Market cap (MWK'm)	4,389,161.48		3,348,012.68
Market cap (USD'm)	4276.122604		3261.787967

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