

## MALAWI

### Political and economic news

#### *World bank tips Malawi on inclusive recovery*

The World Bank states that setting right policy foundation is critical to the country's sustainable and inclusive economic recovery from Tropical Cyclone Freddy. In a write up titled Moving from response to resilience as external shocks and macro-fiscal imbalances persist in Malawi, the World Bank vice-president for Eastern and Southern Africa advised the Malawi Government to stay on course of its economic reforms which are key to recovery. She mentioned that Malawi has built up significant macro-economic imbalances, leading to the build-up of unsustainable debts both domestic and external and leading to forex shortages as well as high levels of inflation. This situation underlines the need to strengthen fiscal governance and implement structural measures to incentivise private sector investment, particularly in new agribusiness ventures. The recently published Malawi Climate Change and Development report noted that various disasters facing the economy have become increasingly frequent and impactful over the last two decades. (Source: *The Nation*)

#### *RBM revises 2023 inflation target*

The Reserve Bank of Malawi (RBM) has revised upwards its average inflation target for 2023 to 24.5%. The projection is 5.8 percentage points higher than the 18.2% earlier estimate. RBM Governor stated that the trends show inflationary pressure would persist during the greater part of the year. Contributing factors include adverse weather conditions, the depreciation of the Kwacha by 25% in May last year, the persistent shortage of foreign exchange and its impact on supply of essential commodities and slippages on the fiscal side, he stated. He further mentioned that there is also too much money chasing few goods on the local market, situation which has contributed to the pressure. Consequently, according to the governor, inflationary pressure will persist at least in the foreseeable future. Center for Social Concern (CfSC) Economic Governance Programmes Manager states that the situation will pile pressure on cost of living and push a lot of people into the poverty bracket. (Source: *The Business Times*)

#### *Forex measures under spotlight*

There are mixed reactions to the Reserve Bank of Malawi (RBM) plan to re-introduce customs declaration forms for exports to help track forex flows with some stakeholders arguing the move could fuel tax evasion. In a statement, RBM Governor said the measure, set to come into effect on May 17, will ensure that all export earnings are repatriated to Malawi. Under the new measure, he indicated that exporters whose export value exceeds USD 2,000 (about MWK 2m) will be mandated to declare these through an electronic form in line with the Exchange Control Regulations of 2022. But in their reactions on Tuesday, analysts said the move, though to some extent would ensure that actual export proceeds are correctly declared, will not solve the forex woes. In an interview, financial markets strategist observed that most of the forex measures the central bank is introducing are not working as the policies are not speaking to each other. (Source: *The Nation*)

#### *Mixed fortunes for listed firms*

Malawi Stock Exchange (MSE)-listed firms are poised to continue with a positive trajectory evidenced by confidence to shareholders. Profits for listed firms from across all sectors which have already published their financial statements range from MWK 3.1bn to MWK 45bn. The sectors include banking, hospitality, manufacturing, telecommunications and property management among others. As a result, investors have been racing for shares on the market resulting in share prices increasing at an alarming rate. For example, during Q1, Nico posted share price gain of 126.67%, FDHB at 124.41%, NBS at 84.97%, NITL at 60.02%, FMBCH at 50.62% and Illovo at 38.89% among other price gains. Minority Shareholders Association of Listed Companies General Secretary attributed the performance to profitability posted by the firms last year. He mentioned that amid the

volatility of the economy, most companies remained resilient. What we are seeing this year last happened around 2018 and 2019. This means this is a good year for the market, and eventually a good year for investors, he stated. *(Source: The Times Business)*

## Market activity and colour

### Market commentary

The market traded 9.2m shares in 157 trades recording a market turnover of MWK 908m during the week ended. AIRTEL (+0.2%), FDHB (+47.8%), FMBCH (+2.4%), ILLOVO (+14.7%), NBM, NBS (+12.5%), NICO (+7.5%), NITL (+10.0%) and TNM (+14.4%) were the market gainers whilst MPICO was the only counter that dropped in price. The significant jump in the prices on the counters registered pushed MASI up with 6.4%.

However, on year-to-date the index went up by 48.4%. As a result, the market capitalisation rose 48.18% in both MWK and USD terms.

# Weekly Market Report



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## SYMBOL SUMMARY



Trading Summary for the week ending  
05 May 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	80.08	80.22	0.2% ↑	64,942	5,202,308.68	5	882,420,000,000
BHL	10.96	10.96	0.0%	0	0.00	0	9,203,667,727
FDHB	38.90	57.50	47.8% ↑	2,546,921	116,586,180.00	46	396,809,296,875
FMBCH	163.00	166.95	2.4% ↓	466,507	76,647,739.55	13	410,404,837,500
ICON	11.26	11.26	0.0%	451,167	5,079,282.42	8	75,216,800,000
ILLOVO	850.03	975.00	14.7% ↑	1,600	1,560,000.00	1	695,608,281,225
MPICO	20.57	20.56	0.0% ↓	172,311	3,542,787.00	4	47,247,855,778
NBM	2,000.09	2,000.21	0.0% ↑	6,863	13,726,906.00	7	933,961,531,665
NBS	80.00	90.00	12.5% ↑	1,175,766	97,834,770.00	37	261,951,602,040
NICO	150.00	161.26	7.5% ↑	3,485,426	558,302,960.00	25	168,200,807,141
NITL	250.00	275.00	10.0% ↑	51,682	14,212,550.00	1	37,125,000,000
OMU	1,025.01	1,025.01	0.0%	0	0.00	0	15,088,473,153
PCL	2,181.29	2,181.29	0.0%	145	316,287.05	2	262,312,817,608
STANDARD	2,250.04	2,250.04	0.0%	0	0.00	0	528,012,751,226
SUNBIRD	120.01	120.01	0.0%	0	0.00	0	31,392,525,426
TNM	17.94	20.52	14.4% ↑	794,814	15,575,675.00	8	206,030,034,000
Totals				9,218,144	908,587,445.70	157	4,960,986,281,364

					5-May-23	28-Apr-23	31-Dec-22
INDEX (week)	86,462.61	92,032.31	6.4% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	86,462.61	92,032.31	6.4% ↑	MWK/GBP	1332.42	1318.15	1273.64
INDEX (year to date)	62,036.05	92,032.31	48.4% ↑	MWK/ZAR	57.87	57.56	62.35

Market cap (MWK'm)	4,960,986.28	3,348,012.68
Market cap (USD'm)	4833.220579	3261.787967

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