

## MALAWI

### Political and economic news

#### IMF sees subdued economic growth

The international Monetary Fund (IMF) has predicted a 2.4 percent gross domestic product (GDP) growth for Malawi in 2023, as economic growth set to slow in sub-Saharan Africa. The IMF sees Malawi's economy further growing by at least 3.2% in 2024. The estimates are contained in the Bretton Woods' April 2023 Regional Economic Outlook for sub-Saharan Africa themed the Big Funding Squeeze. The IMF's 2023 growth projection for Malawi is way higher than the 1.6% revised GDP growth estimate by the government in the aftermath of Cyclone Freddy from the earlier projected 2.7% made by Finance Minister when presenting the 2023-24 national budget recently. The estimate is also way higher than the 1.4% revised GDP projection by the World Bank. But all the approximations are way lower than the six percent growth needed each year for Malawi to realize its dream of achieving lower middle income status by 2030. In the Regional Economic Outlook issued on Friday (14th April, 2023), the IMF says expects sluggish growth in Malawi and most of its regional counterparts as activity is expected to decelerate for a second year in a row. (Source: *The Daily Times*)

#### Stakeholders move to boost Rice exports

The African Institute of Corporate Citizenship (AICC) stated that Malawi has potential to realize more foreign exchange earnings from rice farming. AICC chief executive officer was speaking in Lilongwe on Thursday (13th April, 2023) on the side-lines of the 2023 Rice Marketing Conference. According to her there is growing demand for Malawi rice on the international market due to its aromatic characteristics. "We as a country have depended on what specific commodity tobacco, for our export earnings. But rice has the potential as far as bringing foreign earnings is concerned. The different challenges that we are facing in rice as well as the attention we are not given in the rice subsector is what is making it difficult for it to bring enough foreign earnings into the country", she mentioned. She noted that it is unfortunate that Malawi has concentrated on the domestic market, adding that there is a need for Malawi to refocus its concentration and start looking at rice as an export commodity. Currently, Malawi has potential to grow rice on 500,000 hectares but is only able to cultivate on 100,000 hectares. (Source: *The Daily Times*)

#### IMF calls RBM to tighten policy economy

The International Monetary Fund (IMF) has challenged the Reserve Bank of Malawi (RBM) to adjust the policy rate in view of intensifying inflationary pressures to achieve price stability. In its regional economic outlook for sub-Saharan Africa published on Friday (14th April 2023), it said the monetary policy should be steered cautiously until inflation, currently at 26.7%, is firmly on downward trajectory and projected to return to the central bank's target range. Reads IMF the report: "in countries like Malawi, growth in reserve money continues to exceed nominal gross domestic product (GDP) growth, a situation which elevates inflationary pressures. Policymakers thus need to adjust the pace of monetary policy tightening to both the level and trajectory of inflation, in close coordination with fiscal policy, which can also tame domestic demand pressures where they exist and contain money growth. In view of rising inflation since the second quarter of last year (2022), RBM tightened the monetary policy by raising the policy rate from 12-18 policy rate from in October last year (2022). Meanwhile, inflation rate has continued to rise currently at 26.7% as of February this year (2023), according to the National Statistical Office. (Source: *The Nation*)

## *MSE braves economic storm in 2 months*

The 16 counter Malawi Stock Exchange (MSE) has performed well in the first two months 2023, braving the subdued economic environment characterised by high inflation and interest rates as well as depreciating kwacha. Bridge path Capital Economic review report for February shows that MSE return on investment (ROI) has recovered to 14.8% this year from a -1.4% recorded during a similar period last year. The figures also show share price gains on 13 out of the 16 counters on the local bourse. The report further shows a rise in share prices for Airtel Malawi plc, FDH Bank plc, FMB Capital Holdings plc, Icon Properties, Illovo Sugar (Malawi) plc and Mpico plc. Similarly, share prices for National Bank of Malawi plc, NBS Bank plc, Nico Holdings plc, National Investment Trust Limited, Press Corporation plc and Standard Bank plc also registered gains, the report shows. On the other hand, three stocks, namely Blantyre Hotels Limited plc, Old Mutual plc and TNM plc registered share price losses. Minority Shareholders Association of Listed Companies secretary general said in an interview that this is a positive development on investors who have this year gained more than they did last year. *(Source: The Daily Times)*

## *Firms in long wait for normal power supply*

Businesses will have to wait longer for the resumption of normal electricity supply following the devastating impact of Tropical Cyclone Freddy which has affected generation, worsening the already challenging power supply status. The storm has led to intermittent power supply over the past six days, taking away another 56 megawatts (MW) from the national power grid. This has left Electricity Generation Company (Egenco) with 231MW against an estimated total hydro power generation 390MW. The current deficit is on top of another one caused by the damage to Kapichira Hydro Power Station in January last year by Tropical Cyclone Ana, which knocked off 129MW from the national power grid. Speaking in an interview, Malawi Confederation of Chambers of Commerce and Industry president said businesses are already languishing due to inadequate power supply and the much higher cost of using diesel- powered generators. He said: "Though understandable looking at Tropical Cyclone Freddy impact, this will add to the enormous challenges already being faced by the business community. *(Source: The Nation)*

## Market activity and colour

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### Market commentary

The market traded 8.2m shares in 182 trades recording a market turnover of MWK 605m during the week ended. AIRTEL, NBM (+10.5%), NBS (+7.1%), NICO (+3.1%), OMU, STD (+2.2%) and TNM (+10.4%) were the market gainers whilst FDHB (-0.4%), FMBCH (-1.8%) and ICON (-0.2%) lost in prices. The significant jump in the prices on the counters registered pushed MASI up with 2.9%.

However, on year-to-date the index went up by 37.2%. As a result, the market capitalisation rose 37.14% in both MWK and USD terms.

# Weekly Market Report



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## SYMBOL SUMMARY



### Trading Summary for the week ending 21 April 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	80.02	80.05	0.0% ↑	1,060,694	84,887,895.00	18	880,550,000,000
BHL	10.96	10.96	0.0%	6,000	65,760.00	1	9,203,667,727
FDHB	38.98	38.84	-0.4% ↓	3,577,891	138,963,126.00	51	268,036,053,750
FMBCH	166.97	163.99	-1.8% ↓	212,554	35,039,828.00	7	403,128,417,500
ICON	11.87	11.86	-0.1% ↓	108,091	1,281,970.23	5	79,224,800,000
ILLOVO	770.02	770.02	0.0%	0	0.00	0	549,366,449,958
MPICO	20.57	20.57	0.0% ↓	1,898	39,041.86	2	47,270,836,252
NBM	1,810.03	2,000.05	10.5% ↑	39,394	78,720,620.00	24	933,886,822,587
NBS	70.00	75.00	7.1% ↑	2,287,988	170,370,110.00	47	218,293,001,700
NICO	144.50	148.98	3.1% ↑	328,079	48,307,420.00	6	155,392,262,482
NITL	225.00	225.00	0.0%	30,000	6,750,000.00	3	30,375,000,000
OMU	1,025.00	1,025.01	0.0% ↑	15,152	15,530,930.00	3	15,408,349,049
PCL	2,181.29	2,181.29	0.0%	0	0.00	0	262,312,817,608
STANDARD	2,200.61	2,250.01	2.2% ↑	7,185	15,850,972.00	5	528,005,711,182
SUNBIRD	120.01	120.01	0.0%	0	0.00	0	31,392,525,426
TNM	16.21	17.90	10.4% ↑	590,688	9,709,793.59	10	179,724,055,000
Totals				8,265,614	605,517,466.68	182	4,591,570,770,220

					21-Apr-23	14-Apr-23	31-Dec-22
INDEX (week)	82,734.42	85,139.00	2.9% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	80,298.12	85,139.00	6.0% ↑	MWK/GBP	1312.97	1325.45	1273.64
INDEX (year to date)	62,036.05	85,139.00	37.2% ↑	MWK/ZAR	58.99	58.65	62.35

Market cap (MWK'm)	4,591,570.77	3,348,012.68
Market cap (USD'm)	4473.319029	3261.787967

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