

MALAWI

Political and economic news

MSE eyes 10 new listings in 5 years

The Malawi Stock Exchange (MSE) has set an ambitious target to register at least two new listings every year in the next five years. This is a target the stock market has failed to achieve previously. The ambition is contained in the local bourse new five-year strategic plan. According to MSE, the strategy is distilled into three strategic pillars that were identified during the strategy development process including market growth. Market growth covers the supply and demand side refers to an increase in listing on all the three platforms while the demand side refers to increase in participation of retail and institutional investors on one hand and foreign investors on the other hand. The second pillar is on process efficiency which focuses on the optimisation of our infrastructure processes, enhancement and refinement of our regulatory framework and capacitation of our human resource expertise. The third pillar on financial sustainability focuses on increase in revenue generation, revenue diversity and cost rationalisation and containment, the MSE states. *(Source: The Business Times)*

Cost of living in 4 cities up 9%

The cost of living in Malawi's four cities has shot up by an average 8.91% to MWK 405,669 per month with Blantyre City emerging the most expensive city, according to a new report. The rise in the cost of living, especially for Blantyre, according to a new report. The rise in the cost of living, especially for Blantyre, according to the Centre for Social Concern (CfSC), is due to the impact of Tropical Cyclone Freddy which affected most of the Southern Region districts. The March 2022 CfSC Basic Needs Basket Report shows that while a household in Lilongwe City requires MWK 409,629 to survive, MWK 391,545 in Mzuzu City and MWK 425,130 in the old capital Zomba, in Blantyre, a household now requires MWK 459,629 to meet basic needs for a family of six people. The monthly review of the cost of living survey shows that in the period under review, the food basket, which includes maize and cooking oil rose to an average of MWK 276,369 from MWK 250,099. On the other hand, non-food basket, which comprises housing, electricity and water increased to an average of MWK 145,197 from MWK 138,413 for a household of six. In an interview, CfSC programme officer for economic governance stated that while the cost of food was supposed to be declining given that the country is in harvest season, the Cyclone Freddy has contributed to the rise in the cost of living. *(Source: The Nation)*

Governor speaks on forex auctions

Reserve Bank of Malawi Governor (RBM) stated that the bank has not completely abandoned forex auctions it introduced in January. The central bank had introduced the forex auction system as a price discovery mechanism in the exchange rate market. But three months after the results of the first auction were discarded, there has been deafening silence from the monetary authorities on the matter. But in an interview, the governor stated that there is a need for further discussions with banks on the matter. The short answer is that auctions have not been abandoned but there is a need for further consultations with banks. They play a central role in the price discovery auction, he stated. During the first forex auction, only three of the country's nine commercial banks took part. The setup of the forex auction was that authorised dealer banks would be submitting bids to sell foreign exchange to the central bank at prices or exchange rates freely determined by each participating bank. The bids were supposed to be for a minimum of USD 50,000 and in multiples of USD 10,000 thereafter. *(Source: The Nation)*

Tobacco rakes in USD 16m

Malawi has so far realised a total of USD 16.144m from top forex earner, tobacco, since the market started on April 12. The earnings are over USD 15m better than the USD 961,785.69 the country realised in the first one-and-a-half weeks of tobacco sales last year. In terms of volumes, the country has, so far, traded 8.115m kg as at April 21 compared to 647,085kg the country had traded in the first one-and-a-half weeks of trading last year. In terms of pricing, the green gold has, so far, attracted an average price of USD 1.99/kg this year as compared USD 1.49/kg during a similar period last year. This year, Malawi is expected to produce about 126m kg of the green gold. Speaking when he opened the Lilongwe Auction Floors on April 12, the President mentioned that tobacco farmers are the number one forex producers in the country, adding that if all the tobacco farmers stopped producing tobacco today, the economy would collapse. Tobacco farmers are the ones making it possible for the rest of us to wear imported clothes, buy imported fuel, take imported medicines, travel abroad, watch foreign channels on our television, ride in imported cars and so forth. (Source: *The Business Times*)

Market activity and colour

Market commentary

The market traded 2.6m shares in 180 trades recording a market turnover of MWK 301m during the week ended. AIRTEL, FDHB (+0.2%), ILLOVO (+10.4%), NBM, NBS (+6.7%), NICO (+0.7%), NITL (+11.1%), OMU, STD and TNM (+0.2%) were the market gainers whilst FMBCH (-0.6%) and ICON (-5.1%) lost in prices. The significant jump in the prices on the counters registered pushed MASI up with 1.6%.

However, on year-to-date the index went up by 39.4%. As a result, the market capitalisation rose 39.25% in both MWK and USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 28 April 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	80.05	80.08	0.0% ↑	49,069	3,928,776.00	6	880,880,000,000
BHL	10.96	10.96	0.0%	27,550	301,798.00	5	9,203,667,727
FDHB	38.84	38.90	0.2% ↑	1,155,039	44,978,352.00	40	268,450,115,625
FMBCH	163.99	163.00	-0.6% ↓	221,309	36,082,397.25	6	400,694,750,000
ICON	11.86	11.26	-5.1% ↓	14,672	165,258.35	3	75,216,800,000
ILLOVO	770.02	850.03	10.4% ↑	69,121	58,753,556.19	32	606,449,135,682
MPICO	20.57	20.57	0.0%	0	0.00	0	47,270,836,252
NBM	2,000.05	2,000.09	0.0% ↑	18,843	37,687,190.00	27	933,905,499,856
NBS	75.00	80.00	6.7% ↑	823,968	64,705,750.00	38	232,845,868,480
NICO	148.98	150.00	0.7% ↑	217,705	32,655,750.00	13	156,456,164,400
NITL	225.00	250.00	11.1% ↑	60,428	14,885,750.00	4	33,750,000,000
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%	0	0.00	0	262,312,817,608
STANDARD	2,250.01	2,250.04	0.0% ↑	3,048	6,858,115.00	3	528,012,751,226
SUNBIRD	120.01	120.01	0.0%	0	0.00	0	31,392,525,426
TNM	17.90	17.94	0.2% ↑	30,000	537,700.00	3	180,125,673,000
Totals				2,690,752	301,540,392.79	180	4,662,055,078,435

					28-Apr-23	21-Apr-23	31-Dec-22
INDEX (week)	85,139.00	86,462.61	1.6% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	80,298.12	86,462.61	7.7% ↑	MWK/GBP	1318.15	1312.97	1273.64
INDEX (year to date)	62,036.05	86,462.61	39.4% ↑	MWK/ZAR	57.56	58.99	62.35

Market cap (MWK'm)	4,662,055.08	3,348,012.68
Market cap (USD'm)	4541.988078	3261.787967

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