

MALAWI

Political and economic news

TNM expects 2023 profitability to improve

TNM plc chief financial officer mentioned that the firm expects to turn around its fortunes after recording strong performance in the first and second quarter of the year. While acknowledging that 2022 was a difficult year for the Malawi stock exchange-listed firm due to macro-economic factors, he stated that this year the forecast looks much better. "We are seeing strong growth in revenues. There are also many positive indicators in the key business segment, especially mobile money, voice and data". He said some of the positives include a return to 2017 profitability levels for most segments of the business. "Based on the unaudited trading performance seen between March and May, we are confident of better profitability prospects by the end of 2023," he stated. In a related development, TNM plc share price increased from MWK 17.94 in April to MWK 28.46 in May, a report by the Malawi Stock Exchange(MSE) shows, coinciding with positive development following the company's network improvements. TNM plc stock closed on Friday at MWK 28.46 and was one of the two top gainers as stated in the MSE weekly report. *(Source: The Nation)*

Banks hike interest rates to 21 percent

Businesses and individuals already struggling with a high interest rate environment face continued pressure as commercial banks have hiked reference rate to 21% this month, effectively pushing up the cost of borrowing. In a published statement on the 5th June 2023, the banks have revised the reference rate, an interest rate benchmark used to set other interest rates from 20%, a move industry insider says is a direct response to the recent policy rate adjustment and huge government borrowing. This means that with the current reference rate, which forms part of interest rates changed by banks on consumers when accessing loans, borrowers will now be paying between 21% and a maximum of around 35% on loans. To the business community and households, the decision by the banks exerts more pressure as higher interest rates will mean paying more for both existing and future loans. Malawi confederation of chambers of commerce and industry (MCCCI) president in an interview on 5th June expressed fear that the higher finance cost for business will slow down both investment and consumption. He stated: "The latter is deliberate target for the Monetary Policy Committee while the former is a painful side effect of the need to fight inflation". *(Source: The Nation)*

US ambassador for kwacha realignments

United States (US) ambassador to Malawi has recommended realignment of the local currency, the Kwacha, saying the spread of the rate between bank rates and the official rate remains wide. He mentioned this during a Times Executive Programme on Saturday the 3rd of June saying the option would help contain forex scarcity pressure the economy has been grappling with over time. The suggestion comes about a year after the Kwacha was devalued by 25% in the government's desperate attempt to realign the local unit's footing. However, available figures show that the spread between banks rates and the official rates remain wide as the kwacha is trading at an average of MKW 1,550 in authorized dealer banks against a MWK 1,036 daily foreign exchange bureaux rate. The ambassador added on by saying, the misalignment has exacerbated smuggling of goods from the country, making Malawi lose millions of dollars which if passed through chartered channels would have helped the country deal with forex scarcity *(Source: The Daily Times)*

Trade balance narrows by 49%

Malawi's trade balance –the net sum of exports and imports reduced by 49.7% in 2022 to negative USD 612m, figures from the international trade centre (ITC) Trade Map show. The figures indicate that in the past five years, the country's trade balance has been fluctuating from –USD 1.8bn in 2018, -USD 2bn in 2019, -USD 1.9bn in 2020 to –USD 2.1bn in 2022. However, statistics from [tradeingeconomics.com](https://www.tradeingeconomics.com) indicate the trade deficit was recorded at MWK 43.5bn (about USD 42.1m) in February 2023. Figures show that annual national exports stand at USD 940m against USD 1.5bn worth of imports. But both imports and exports have been declining in the recent past. Exports declined from USD 1bn in 2021 while imports declined from USD 3.1bn in 2021. Malawi University of Business and Applied Science economist said the appetite for imports remains, albeit scarcity in forex. "As much as people want to import, they cannot if the forex is not available. This is why you may have seen that the figures seem to have improved. Take for example, fuel, vehicle and clothing imports, many people failed to effect these imports due to lack of forex". (Source: *The Daily Times*)

Market activity and colour

Market commentary

The market traded 20.4m shares in 340 trades recording a market turnover of MWK 3.3bn during the week ended. FMBCH (+4.6%) and NBM were the market gainers whilst FDHB (-0.5%), ILLOVO, NBS (-0.1%) and TNM dropped in prices. The increase in the prices on the counters registered pushed MASI up with 0.6%.

However, on year-to-date the index went up by 66.9%. As a result, the market capitalisation rose 66.78% in both MWK and USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
09 June 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.05	100.05	0.0%	3,401,442	340,314,315.85	59	1,100,550,000,000
BHL	10.00	10.06	0.6%	109,100	1,097,403.90	4	8,447,892,092
FDHB	64.45	64.15	-0.5% ↓	383,464	24,642,624.08	43	442,701,154,688
FMBCH	209.00	218.67	4.6% ↑	168,337	36,810,200.00	5	537,545,527,500
ICON	11.26	11.26	0.0%	12,100,000	136,246,000.00	9	75,216,800,000
ILLOVO	1,121.43	1,121.42	0.0% ↓	58,901	66,053,649.00	25	800,070,808,955
MPICO	20.58	20.58	0.0%	236,833	4,874,024.02	6	47,293,816,727
NBM	2,000.31	2,000.33	0.0% ↑	1,299,203	2,598,815,410.00	73	934,017,563,474
NBS	88.45	88.39	-0.1% ↓	728,950	64,441,480.00	39	257,265,578,937
NICO	163.00	163.00	0.0%	7,550	1,230,650.00	6	170,015,698,648
NITL	330.00	330.00	0.0%	7,154	2,360,820.00	7	44,550,000,000
OMU	1,127.51	1,127.51	0.0%	3,500	3,946,285.00	2	15,803,928,827
PCL	2,181.27	2,181.27	0.0%	31	67,619.37	1	262,310,412,491
STANDARD	2,300.01	2,300.01	0.0%	0	0.00	0	539,739,119,282
SUNBIRD	180.50	180.50	0.0%	20,842	3,762,011.00	8	47,215,655,690
TNM	30.00	29.99	0.0% ↓	1,889,956	56,695,752.00	53	301,113,095,500
Totals				20,415,263	3,341,358,244.22	340	5,583,857,052,810

					9-Jun-23	2-Jun-23	31-Dec-22
INDEX (week)	102,869.06	103,536.44	0.6% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	102,837.75	103,536.44	0.7% ↑	MWK/GBP	1327.35	1325.13	1273.64
INDEX (year to date)	62,036.05	103,536.44	66.9% ↑	MWK/ZAR	56.05	54.03	62.35

Market cap (MWK'm)	5,583,857.05	3,348,012.68
Market cap (USD'm)	5440.049878	3261.787967

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