

MALAWI

Political and economic news

RBM outlines inflation risks

Reserve Bank of Malawi (RBM) states that the country's inflation rate, which is on an upward trajectory, faces considerable risks which could keep it elevated further than projected. The central bank currently projects headline inflation to rise to 24.5% in 2023 as opposed to a disinflation of 18.2% that was predicted during the first Monetary Policy Committee (MPC) forecasting round and compared to an average outturn of 20.9% for 2022. But in its Monetary Policy Report published on Tuesday, RBM mentioned that the revised inflation rate projection is subject to some upside risks which could worsen the inflation outlook. The central bank further stated that although inflation may slow down during the harvesting period in the current quarter, the moderation will likely be short-lived such that the lean period may set in earlier than normal. Reads the report. A faster-than-anticipated rate of exchange rate depreciation resulting from strengthening of key currencies of advanced economies in response to the aggressive tight monetary policy stance being pursued by central banks in those economies poses a challenge for our forecast. *(Source: The Nation)*

Economists, industry dissect policy stance

Economists and industry players have called for the need to match fiscal and monetary policies, observing that the two variables need to collaborate if the present monetary policy measures are to bear fruits. They said this in Blantyre during the Monetary Policy Forum organised by the Reserve Bank of Malawi (RBM) to discuss the recent decisions of the Monetary Policy Committee on the policy rate hiked to 22%. The analysts observed that when the central bank acts alone without support of fiscal policy, the fight against inflation to achieve price stability will be impossible. Malawi Confederation of Chambers of Commerce and Industry business environment and policy advocacy director said if government continues to spend outside the budget, taming inflation and creating a conducive business development environment will be a toll order. Our concern that these actions do not speak to government actions which could then mean no impact on the intended objectives, she stated. Presently, government has a huge borrowing appetite because it has a huge fiscal deficit which needs to close using borrowing. This comes at a time government has accumulated a lot of debt which certainly is a disincentive to businesses. *(Source: The Nation)*

Firm outlines key economic threats

Local investment management and financial advisory firm, Bridgepath Capital Limited, has outlined key threats facing the economy which it says could stifle growth chances if not addressed. In its April Monthly Economic report issued last week, over dependence on rain-fed agriculture, foreign exchange scarcity, currency depreciation risk, heavy reliance on aid and insufficient power supply among challenges needing urgent attention. The report says if not addressed, the challenges needing urgent attention. The report says if not addressed, the challenges would affect strides towards the realisation of medium-term economic growth target and worsen poverty levels. Malawi has a relatively underdeveloped financial sector, with limited access to credit and other financial services for many individuals and businesses. This can make it difficult for companies to expand and invest in new projects, limiting economic growth, the report reads. For years, the Malawi economy has been susceptible to myriad shocks emanating from Covid pandemic, harsh weather conditions and effects of the Russo-Ukrainian War. *(Source: Times Business)*

Slow Q2 start at stock exchange

The Malawi Stock Exchange (MSE) registered a slowdown in trading in April as 19,494,634 shares exchanged hands at a value of MWK 1.5bn in 657 trades. The volume is lower than the 27,385,170 shares traded in the preceding month where MWK 1.7bn was realised in 599 trades. According to a monthly market performance report published by the MSE recently, this reflects a 28.8% and a 12.1% decrease in share volume and value traded, respectively. However, the report indicates that the market registered a positive return on index as reflected in the upward movement of the Malawi All Share Index (Masi) from 80,298.12 points in March to 86,462.61 points in April. This gives a month-on-month return on an index of 7.68%. Equity market capitalization also increased in both Kwacha and Dollar terms from MWK 4.33tn (USD 4.22bn) to MWK 4.66tn (USD 4.54bn), the report reads. In an interview, MSE Chief Operating Officer however, stated that the market performance remains good, despite the decline in volume and value of shares traded. *(Source: The Times Business)*

Market activity and colour

Market commentary

The market traded 22.7m shares in 355 trades recording a market turnover of MWK 1.1bn during the week ended. AIRTEL (+6.6%), FDHB (+13.1%), ILLOVO (+15.0%), MPICO (0.1%), NBM, NBS (+4.5%), NICO (+2.3%), NITL (+9.1%), OMU (+10.0%), STD, SUNBIRD (+15.0%) and TNM (+32.1%) were the market gainers whilst FMBCH (-2.3%), MPICO (-0.1%) and PCL dropped in prices. The significant jump in the prices on the counters registered pushed MASI up with 6.0%.

However, on year-to-date the index went up by 57.3%. As a result, the market capitalisation rose 57.04% in both MWK and USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 12 May 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	80.22	85.54	6.6% ↑	51,975	4,382,612.13	7	940,940,000,000
BHL	10.96	10.96	0.0%	104,736	1,147,906.56	5	9,203,667,727
FDHB	57.50	65.04	13.1% ↑	4,284,345	278,601,940.00	114	448,843,072,500
FMBCH	166.95	163.11	-2.3% ↓	235,766	38,589,350.00	9	400,965,157,500
ICON	11.26	11.26	0.0%	1,005,963	11,327,143.38	14	75,216,800,000
ILLOVO	975.00	1,121.27	15.0% ↑	5,850	6,291,930.29	7	799,963,792,297
MPICO	20.56	20.58	0.1% ↓	3,391,744	69,557,499.50	52	47,293,816,727
NBM	2,000.21	2,000.26	0.0% ↑	1,500	3,000,380.00	2	933,984,878,252
NBS	90.00	94.01	4.5% ↑	1,962,087	184,825,540.00	65	273,623,001,198
NICO	161.26	164.99	2.3% ↑	133,990	22,107,377.00	15	172,091,350,429
NITL	275.00	300.00	9.1% ↑	40,900	12,270,000.00	2	40,500,000,000
OMU	1,025.01	1,127.51	10.0% ↑	38,852	43,806,025.00	6	16,597,305,748
PCL	2,181.29	2,181.28	0.0% ↓	56,769	123,829,080.00	7	262,311,615,050
STANDARD	2,250.04	2,250.11	0.0% ↑	3,520	7,920,387.00	2	528,029,177,998
SUNBIRD	120.01	138.00	15.0% ↑	3,000	414,000.00	1	36,098,396,040
TNM	20.52	27.10	32.1% ↑	11,423,626	309,444,940.00	47	272,096,195,000
Totals				22,744,623	1,117,516,110.86	355	5,257,758,226,464

					12-May-23	5-May-23	31-Dec-22
INDEX (week)	92,032.31	97,562.43	6.0% ↑	MWK/USD	1026.43	1026.43	1026.43
INDEX (month)	86,462.61	97,562.43	12.8% ↑	MWK/GBP	1323.44	1332.42	1273.64
INDEX (year to date)	62,036.05	97,562.43	57.3% ↑	MWK/ZAR	54.87	57.87	62.35

Market cap (MWK'm)	5,257,758.23	3,348,012.68
Market cap (USD'm)	5122.349431	3261.787967

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