

MALAWI

Political and economic news

Diversify export earnings-RBM

The Reserve Bank of Malawi (RBM) has called for the diversification of the country's economy, particularly on exports earnings to enable the central bank effectively manage exchange rate movement. The reaction by the central bank comes days after the kwacha marginally depreciated by three percent against the US dollar from MWK 1063 to MWK 1095, the second fall in two months. In June, the kwacha also depreciated by 2.6%. The kwacha fell before the official close of the sales of tobacco, which has raked in USD 281.3m (about MWK 308bn), a jump from USD 166.4m earned during the same period last year. The revenue from tobacco is just USD 30m (about MWK 32bn) above the country's monthly import bill of USD 250m (about MWK 274bn). Malawi annual import bill is pegged at USD 3bn (about MWK 3.2tn) against exports at roughly USD 1bn (about MWK 1tn). In a written response, RBM spokesperson said while the tobacco market has done relatively well compared to the previous season, the earnings are not enough to meet the country's forex demand. *(Source: The Nation)*

Tobacco earnings jump 55% in 2023

The 2023 tobacco selling season came to an end on Friday, with total earnings jumping by 55%, thanks to improved volumes and prices. Figures from the market regulator, the Tobacco Commission (TC) show that the country has this year realised a total of USD 282.618m up from USD 182m last year. With Malawi needing USD 250m every month for her import needs, the USD 282m realised this year is enough to keep the wheels of the economy running for 34 days. This year, the leaf fetched an average price of USD 2.35 per kg, which was much better than the USD 2.14 per the green gold attracted last year. TC spokesperson said this year's tobacco selling season was a bit shorter than last year, with a total of 17 weeks as compared to last year's 20 week, despite handling increased volumes. In total, this year the market has sold 120.056m kg in 2022. The commission finds the just ended tobacco selling season successful because of the good prices throughout the period, but more especially towards the end when we saw even much better prices on the floors. The commission is also happy that sales went on without the disruptions experienced in previous years. *(Source: Times Business)*

SMEs key to African trade

The Ministry of Local Government, Unity and Culture has said small and medium enterprises (SMEs) are critical actors in intra-Africa trade and operationalisation of the African Continental Free Trade Area (AfCFTA). The ministry has since urged Local Government Authorities (LGAs) to support SMEs growth and development. This comes as the nation is preparing for African Day of Decentralisation and Local Development. In an interview, the ministry's spokesperson said intra-Africa trade aims at creating a spider of localised businesses for SMEs by structuring an integrated network of exchange of goods and services throughout the continent. Most African countries have entrusted the subnational and local governments with the responsibility to plan and implement economic and spatial development of their territories. Subnational and local governments are expected to adopt policies and strategies that favour Local Economic Development (LED), territorial attractiveness, growth of WMEs and job creation, amongst others, she said. Malawi Local Government Authority (Malga) Executive Director said Malawi has made significant progress in devolving the functional area of LGAs. *(Source: Nation)*

Malawi petrol prices among highest in Africa

Malawi is among 10 African countries with the highest petrol prices, selling above the global average price of USD 1.33 (about MWK 1,456.35) per litre, according to Global Petrol Prices data, a platform that updates fuel prices across the globe. Business Insider Africa, quoting figures from www.globalpetrolprices.com, observed that the soaring prices have been worsened by geopolitical tensions, supply and demand dynamics and other variables. Reads an analysis in part: Like many other economies throughout the world, the African economy is struggling with the negative consequences of rising gasoline costs. Fuel prices have a significant influence on a number of industries, including transportation, social welfare, economic growth and inflation. The difficulty of managing growing fuel prices offers a complicated riddle that needs careful analysis and creative solutions as nations throughout Africa seek sustainable growth. In recent months, Malawi has enjoyed steady fuel prices after the Malawi Energy Regulatory Authority (Mera) board resolved to maintain pump prices in November 2022. This meant petrol and diesel pump prices were left at MWK 1746 per litre and MWK 1920 per litre respectively. (Source: *The Nation*)

Malawi ready for new US compact

The United States (US) Millennium Challenge Corporation (MCC) has said the Malawi government has completed most of the requirements for commencement of projects under the second USD 350m compact. The compact will see the US government investing USD 350m to reduce transport costs, and strengthen land administration in Malawi. In a response to an emailed questionnaire, MCC Deputy Resident Country Director said steady progress has been recorded towards commencement of the project. She said MCC is pleased with the progress made to date with the Government of Malawi (GoM) and the Malawi Millennium Development (MMD) Trust, saying the compact is on track to enter into force as planned in January 2024. The Government of Malawi has completed many of the requirements for entry into force including legislative changes and project preparations and they committed to complete the rest to stay on track, she said. Consultants designing roads and planning resettlement have started work and that stakeholders and communities are engaged, and Millennium Challenge Account (MCA)- Malawi II recruitment is underway, she stated. (Source: *Times Business*)

Market activity and colour

Market commentary

The market traded 8.6m shares in 220 trades recording a market turnover of MWK 611bn during the week ended. AIRTEL, FDHB (+2.8%), FMBCH (+9.2%), NBM (+2.4%), NBS, STD, SUNBIRD and TNM were the market gainers and no drop in price was registered in any of the counters. The significant jump in the prices on the counters registered pushed MASI up with 1.5%.

However, on year-to-date the index went up by 84.1%. As a result, the market capitalisation rose 87.40% in MWK and 77.35% USD terms.

Weekly Market Report



Equity research | News & Analysis

SYMBOL SUMMARY



Trading Summary for the week ending
11 August 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.08	100.10	0.0% ↑	41,700	4,173,529.00	11	1,101,100,000,000
BHL	10.06	10.06	0.0%	0	0.00	0	8,447,892,092
FDHB	72.16	74.20	2.8% ↑	5,421,639	397,106,601.00	73	512,056,518,750
FMBCH	311.47	340.00	9.2% ↑	17,733	5,779,320.00	9	835,805,000,000
ICON	18.97	18.97	0.0%	35,761	678,386.17	3	126,719,600,000
ILLOVO	1,121.41	1,121.41	0.0%	28,796	32,292,117.08	10	800,063,674,511
MPICO	20.56	20.56	0.0%	0	0.00	0	47,247,855,778
NBM	2,050.00	2,100.00	2.4% ↑	7,836	16,075,750.00	10	980,556,649,800
NBS	131.99	132.00	0.0% ↑	246,142	32,490,350.00	28	384,195,682,992
NICO	163.02	163.02	0.0%	36,711	5,984,836.00	9	170,036,559,470
NITL	401.01	401.01	0.0%	15,250	6,115,403.00	5	54,136,350,000
OMU	1,050.00	1,050.00	0.0%	13,170	13,828,500.00	1	14,524,092,450
PCL	2,508.00	2,508.00	0.0%	39	97,812.00	1	301,601,596,560
STANDARD	2,500.00	2,500.01	0.0% ↑	5,115	12,787,550.00	2	586,672,751,682
SUNBIRD	190.01	190.10	0.0% ↑	3,000	570,300.00	1	49,726,848,458
TNM	29.99	30.00	0.0% ↑	2,785,319	83,554,990.00	57	301,213,500,000
Totals				8,658,211	611,535,444.25	220	6,274,104,572,543

					4-Aug-23	28-Jul-23	31-Dec-22
INDEX (week)	112,492.50	114,207.81	1.5% ↑	MWK/USD	1084.60	1053.44	1026.43
INDEX (month)	112,497.02	114,207.81	1.5% ↑	MWK/GBP	1420.55	1388.31	1273.64
INDEX (year to date)	62,036.05	114,207.81	84.1% ↑	MWK/ZAR	59.79	61.01	62.35

Market cap (MWK'm)	6,274,104.57	3,348,012.68
Market cap (USD'm)	5784.721741	3261.787967

Cedar Capital Limited
4th Floor, Livingstone Towers
Sir Glyn Jones Road
P O Box 3340
Blantyre, Malawi
+265 1 831 995
Feedback: nzimar@cedarcapital.mw

This document is confidential and issued for the information of internal and external clients of Cedar Capital Limited registration 8700. It is subject to copyright and may not be reproduced in whole or in part without written permission. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Cedar Capital in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/ security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisors to assist the user in reaching any decision. Cedar Capital will accept no responsibility of whatsoever nature in respect of any statement, opinion, recommendation or information contained in this document.