MALAWI

Political and economic news

Import cover rises to USD321.53m

Malawi's gross official foreign exchange reserves position went up to USD321.53m or 1.29 months of import by the end of June 2023 from USD194.82m (0.78 months). This is according to a weekly market update published by asset management firm, Nico Asset Managers. Figures provided show that private sector reserves increased to USD407.47m, representing 1.63 months of import cover in June from USD386.90m, representing 1.55 months of import cover in May. "Total forex reserves stood at USD729m (2.92 months of import cover) in June, an increase from USD581.72m (2.33 months of import cover) at the end of May 2023," the update reads. Economics lecturer at Malawi University of Business and Applied Sciences mentioned that forex from tobacco might have helped in improving the situation. The lecturer reiterated the need for the country to consider diversifying the production base. "In terms of sustainability, this is indeed the challenge before us because the import bill is still rising beyond USD3bn per year, which means this is just marginal but, for the short term, those austerity measures of forex must be put in place quickly". Financial market dealers' association president mentioned that the improvement was expected due to good returns from the tobacco market. The president added that while such progress gives confidence to the market, it can be overshadowed by the apparent huge demand for forex. *(Source: Times Business)*

Wealth creation key to economic independence

The National Planning Commission (NPC) states that embracing the spirit of wealth creation could be key to advancing the economics independence agenda. This comes as Malawi has cerebrated 59 years of independence. In an interview, the NPC President mentioned that over the years, Malawi's efforts towards economic independence have been painstakingly slow. According to the NPC president, some of the main reasons for the slow efforts have been that the country has not diversified its economy fast enough so that it could be built into resilient economy that can withstand exogenous shocks. He mentioned that this has largely been the case because the business environment has mostly not been conducive for macroeconomic and policy implementation. "But worse has been that we have left the economy in the hands of the private sector even when market failures are so glaring. The market failures are requiring state intervention with trail-brazing investment in all strategies sectors of the economy in strong alliance with the private sector (operationalizing a developmental state philosophy). "So we have been sharing poverty over the years, relying on donors and debt to fund our development needs, leading to half of the population living below poverty for all these years." The NPC chief notes that Malawi needs a commercially viable Admarc, devoid of politics on running on business principles with a private sector partner. We need our own mining company with special purpose vehicles operated in alliance with the private sector; and our own Development Corporation to trail-braze investment in other strategic sectors of the economy like tourism. *(Source: The Daily Times)*

Imports surge 330.3% in May

Malawi's imports leapt by 330.3% in May 2023 to hit USD286.1m from USD66.5m in April 2023, the Reserve Bank of Malawi (RBM) monthly report for May 2023. The report released on 7 June 2023, notes that the sharp growth in imports far outweighed the growth in exports which grew by 76.4% over the same period from USD32.9m in April to USD58.1m in May. The sharp growth in imports resulted in a wider deficit of USD228.1 million (MWK236.5bn) than a deficit of USD33.6m (MWK34.9bn) in April 2023. During May 2022, the country recorded a deficit of USD60.7m or MWK52bn. RBM has attributed the surge in imports to the importation of USD76.5m fuel, USD17.3m pharmaceuticals, USD11.2m vehicles and USD5m fertilizers. This compares to imports worth of USD0.6m pharmaceuticals, USD21.3m fuels, USD3.5m vehicles and USD4.5m fertilizers for April 2023. The bank further says the growth in exports was primarily driven by increased sales of sugar, tobacco, pulses and oil seeds; and tea and coffee; to USD2.6m. USD7.5m, USD23.8m and USD9.9m in that order. "In April 2023, the same commodities were recorded at USD0.1m, USD1.6m, USD5.4m and USD6.4m, respectively". *(Source: Times Business)*

Trade deficit widens 148% in 1 Month

Malawi's trade balance has widened by 148.5% between April and May 2023 due to weak exports amid rising imports, Reserve Bank of Malawi (RBM) data shows. The RBM data contained in May monthly Economic review report published shows that the trade balance widened to USD228.1m (about MWK236.5bn) from a deficit of USD33.6bn (about MWK34.9bn) recorded in April 2023. This compares to a deficit of USD60.7m (about MWK52.2bn) registered in May 2022. The report indicates that the deficit was a result of a 330.3% surge in imports to USD286.1 (about MWK299.06bn), which outpaced exports at USD58.1m (about MWK60.7bn). Reads the report in part: "The upturn in imports surge was attributed to importation of USD76.5m (about MWK79.96bn) fuel, USD17.3m (about MWK18.08bn) pharmaceuticals, USD11.2m (about MWK 11.7bn) vehicles and USD5m (about MWK5.22bn) fertilizers. The data further shows that exports marginally grew to USD58.1m (about MWK60.73bn) in May 2023 from USD32.9m (about MWK34.39bn) recorded in April 2023. This compares to USD46.4m (about MWK48.50bn) for May 2022. The growth in exports, according to the exports, according to the data, was driven by marginal increase in sales of sugar, tobacco, pulses and oil seed, tea and coffee. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 3.5m shares in 249 trades recording a market turnover of MWK 1.2bn during the week ended. FDHB (+1.7%), FMBCH (+14.8%), STD (+2.1%), SUNBIRD (+5.3%) and TNM (+0.2%) were the market gainers. The significant jump in the prices on the counters registered pushed MASI up with 1.9%.

However, on year-to-date the index went up by 76.9%. As a result, the market capitalisation rose 72.42% in both MWK and USD terms.

SYMBOL SUMMARY

Trading Summary for the week ending 14 July 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.06	100.06	0.0%	917,506	91,805,723.56	41	1,100,660,000,000
BHL	10.06	10.06	0.0%	0	0.00	0	8,447,892,092
FDHB	63.98	65.04	1.7% ↑	941,999	60,958,650.00	41	448,843,072,500
FMBCH	250.01	287.00	14.8% ↑	105,929	30,329,630.00	15	705,517,750,000
ICON	18.99	18.99	0.0%	232,274	4,410,059.82	7	126,853,200,000
ILLOVO	1,121.41	1,121.41	0.0%	31,635	35,475,807.00	18	800,063,674,511
MPICO	20.58	20.58	0.0%	5,010	103,105.80	2	47,293,816,727
NBM	2,050.00	2,050.00	0.0%	425,174	871,606,750.00	35	957,210,062,900
NBS	125.03	125.03	0.0%	508,678	63,598,862.68	44	363,908,986,701
NICO	163.04	163.04	0.0%	78,301	12,766,195.04	16	170,057,420,292
NITL	350.00	350.00	0.0%	10,000	3,500,000.00	1	47,250,000,000
OMU	960.00	960.00	0.0%	266	255,360.00	1	13,279,170,240
PCL	2,181.26	2,181.26	0.0%	41,354	90,203,520.00	9	262,309,209,933
STANDARD	2,350.01	2,400.00	2.1% ↑	2,508	6,011,706.00	2	563,203,588,800
SUNBIRD	180.52	190.00	5.3% ↑	5,000	950,000.00	1	49,700,690,200
TNM	25.85	25.90	0.2% ↑	220,874	5,716,824.00	16	260,047,655,000
Totals				**3,526,508**	**1,277,692,193.90**	**249**	**5,924,646,189,896**

					14-Jul-23	7-Jul-23	31-Dec-22
INDEX (week)	**107,745.78**	**109,769.61**	**1.9% ↑**	MWK/USD	1053.44	1053.44	1026.43
INDEX (month)	**107,470.16**	**109,769.61**	**2.1% ↑**	MWK/GBP	1422.27	1382.56	1273.64
INDEX (year to date)	**62,036.05**	**109,769.61**	**76.9% ↑**	MWK/ZAR	60.44	56.89	62.35

Market cap (MWK'm)	5,924,646.19	3,348,012.68
Market cap (USD'm)	5624.107389	3261.787967

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