

MALAWI

Political and economic news

Bank rates Malawi market as mixed

First Capital Bank (FCB) has described the local market as tough despite having huge opportunities for business growth. FCB group chief executive officer was speaking in Mzuzu at a client engagement cocktail where new FCB Malawi Chief Executive Officer was introduced. The FCB Group CEO was commenting on the bank's footing on the landscape amid challenges which include forex scarcity, local currency volatility and recent upward adjustment in the policy rate. According to the Group CEO comparatively, the Malawi market has vast opportunities despite being characteristics by myriad challenges. "If I compare with other markets, I think Malawi is a tough market. You know four of the markets that we are operating in are all landlocked, which makes unique challenges in terms of imports and exports. But, that being said, our Malawi business is actually growing, it is actually one of the fastest growing businesses in the last three years. The challenge in the other countries is volatility, it goes up and down, but I think in Malawi if you understand the local market, you understand the business, there are huge opportunities. We feel we are very fortunate, he mentioned. The Group CEO added that the group expects the bank to continue growing exponentially under the newly appointed bank CEO.

(Source: The Daily Times)

Mixed views on new mining law

Stakeholders in the mining sector fear that the amended Mines and Minerals Act of 2023 does not guarantee full benefit for Malawi from the mining activity and possible deals with private companies. Parliament amended the Mines and Minerals Act of 2019 and the president passed it recently. Addressing Parliament last week, Minister of mining mentioned that in the new law, the 10% free carry equity for the government has been removed. This means the government can negotiate a percent of ownership with an investor without a threshold. The minister responded a question from Dowa west legislator who asked for an amendment to allow 50-50 investment options between the government and private investors. Section 269(1) of the Mines and Minerals Act number 8 of 2019 stipulates that the right to acquire directly or through a government nominee, without cost, a free carry equity ownership interest of up to 10 percent in any mining project subject to a large-scale mining project. "However, it has to be noted that the companies who invest in a country come with a profit-making mind-set, just like any other businessperson. If a country does not put its shares into mining operations and demands more shares, there is a threat that many companies can pull out of such contracts. "This means that if Malawi wants to have more shares in any mining investment, we should be ready to take from the Treasury and invest into mining operation of any company".

(Source: Times Business)

Maize prices jump 27%, shows report

Retail maize prices increased by 27% in July amid dwindling supplies as Malawi is emerging to be a destination with the most expensive maize prices in the region, according to the report. In its July 2023 Malawi monthly maize report, International Food Policy Research Institute (IFPRI) says the steepest monthly increase this year is happening at a time Agriculture Development and Marketing Corporation (ADMARC) is neither buying nor selling maize. IFPRI data shows that average maize prices rose from MWK 512 per kg in the last week of June to MWK 650 per kg or MWK 32 500 per 50kg bag in last week of July. This is above the government's set minimum price of MWK 500 per kg or MWK 25 000 per 50kg bag. Reads the market report in part: "Traders attribute this price surge to multiple factors, including fuel scarcity, which led to higher transport costs, impacting overall prices. Compared to the same period last year, maize prices are currently 104 percent higher". "despite the government's directives on clearance on importation of maize, this increase may be due to the fact that while most traders remained unaware of this development those who were aware, still incurred additional expenses involved in crossing the border with maize from Zambia and Mozambique".

(Source: The Nation)

Subdued business hits property sector

Property management firm Icon Properties plc says stifled business confidence continues to hit the retail property sector as tenants struggle to stay afloat and fulfil rental obligations. The Malawi Stock Exchange listed firm said in the sector, small and medium firm enterprises (SMEs) retailers have been hit the hardest due to rising operational costs and foreign exchange shortage amid a subdued business environment. However, the firm says residential rental market, particularly in the middle-income sector, remains buoyant, spurred by steady demand from young upwardly mobile professionals amid a cost of living crisis heightened by runaway inflation currently at 27.3 percent. Speaking at the side-lines of the firm's 2022 Annual general meeting in Blantyre of Friday, Icon Properties plc director stated that the outlook for the year is mixed with the economy going through a number of pressures. He also added that. "We are faced with rising costs of construction materials which is a big part of our business and that causes costs to inflate. We are also looking at mixed economics environments starts to experience stress. However, this is a long-term company and we are looking at building a long-term value as we take a multi-year of the future". *(Source: The Nation)*

Mobile money platforms not fully utilized-report

Despite notable progress made on mobile money evidenced by the increase in both the volume and value of transactions in the last 10 years, utilization of the same remains limited to specific transaction, data shows. Reserve Bank of Malawi (RBM) data contained in the latest National Payment System Report shows a sustained increase in mobile money subscribers, which rose to 64.4 percent as of March this year from 58.1 percent in December 2022 but concentrated to a few transactions. According to data, the volume of airtime top-ups remains mostly used transactions constituting 45 percent of the transactions. This is followed by cash in and out transactions at 34 percent and person to person and merchant payment transactions at 8 percent and 4.8 percent respectively. Reads the report in part: "The rise in mobile money transactions indicates that more individuals in the country are utilizing mobile money services. "This spike in usage presents an opportunity to expand the services offered such as enabling the collection of non-tax revenue by different government departments and agencies. The bank said there is need to sensitize the public to the benefits of embracing mobile money for payment of goods and services and other third-party payments. "This will ensure increased usage of mobile money services for a wide array of use cases as opposed to using cash and other paper-based payment instruments, "reads the report. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 29m shares in 343 trades recording a market turnover of MWK 4.4bn during the week ended. AIRTEL, FDHB (+2.4%) and FMBCH (+0.3%) were the market gainers whilst NBS, NICO and TNM (-0.1%) dropped in prices. The jump in the prices on the counters registered pushed MASI up with 2.0%.

However, on year-to-date the index went up by 87.7%. As a result, the market capitalisation rose 87.84% in MWK and 77.77% USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 18 August 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.10	100.15	0.0% ↑	446,174	44,679,340.00	37	1,101,650,000,000
BHL	10.06	10.06	0.0%	0	0.00	0	8,447,892,092
FDHB	74.20	76.01	2.4% ↑	10,024,616	759,233,300.00	133	524,547,385,313
FMBCH	340.00	341.01	0.3% ↑	81,588	27,781,650.00	11	838,287,832,500
ICON	18.97	18.97	0.0%	124,256	2,356,989.63	11	126,719,600,000
ILLOVO	1,121.41	1,121.41	0.0%	1,057,264	1,185,626,086.85	18	800,063,674,511
MPICO	20.56	20.56	0.0%	1,899	39,043.44	1	47,247,855,778
NBM	2,100.00	2,100.00	0.0%	449,890	944,769,000.00	40	980,556,649,800
NBS	132.00	131.99	0.0% ↓	3,857,052	509,121,917.00	33	384,166,577,258
NICO	163.02	163.00	0.0% ↓	287,984	46,942,828.00	19	170,015,698,648
NITL	401.01	401.01	0.0%	1,164,659	467,039,909.00	3	54,136,350,000
OMU	1,050.00	1,050.00	0.0%	514	539,700.00	4	14,171,527,650
PCL	2,508.00	2,508.00	0.0%	39	97,812.00	1	301,601,596,560
STANDARD	2,500.01	2,500.01	0.0%	0	0.00	0	586,672,751,682
SUNBIRD	190.10	190.10	0.0%	0	0.00	0	49,726,848,458
TNM	30.00	29.98	-0.1% ↓	11,927,266	357,730,894.00	32	301,012,691,000
Totals				29,423,201	4,345,958,469.92	343	6,289,024,931,250

					18-Aug-23	11-Aug-23	31-Dec-22
INDEX (week)	114,207.81	116,439.86	2.0% ↑	MWK/USD	1084.60	1084.60	1026.43
INDEX (month)	112,497.02	116,439.86	3.5% ↑	MWK/GBP	1420.55	1419.21	1273.64
INDEX (year to date)	62,036.05	116,439.86	87.7% ↑	MWK/ZAR	58.68	59.23	62.35

Market cap (MWK'm)	6,289,024.93	3,348,012.68
Market cap (USD'm)	5798.478305	3261.787967

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