

## MALAWI

### Political and economic news

#### *Food prices threaten inflation outlook*

The Reserve Bank of Malawi (RBM) states that the prevailing rising food prices threaten the country's inflation outlook for the year. In its May Market Intelligence Report published, RBM decried the ever-rising food costs, saying they could delay the return of inflation to the central bank's target of 24.5%. Reads the report in part: The slow progress on inflation means that monetary policy may be needed to remain tight for an extended period of time. The Reserve Bank of Malawi will, therefore, continue to monitor developments closely and stand ready to act as and when appropriate. RBM mentioned that price stability is a catalyst for increased production that leads to high economic growth and is also necessary for sustained financial sector stability. In an interview, economic statistician stated that the rise in inflation is expected given the country's food situation outlook coupled with external factors that traditionally affect inflation. *(Source: The Nation)*

#### *Mixed fortunes in 2023 first half*

Economic think-tank, the Economics Association of Malawi (Ecama) and the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) an umbrella body for private sector players have rated first half of 2023 as a mixed bag as the economy remained volatile, albeit showing signs of the recovery in some sectors. From January 2023, the local economy has been faced with myriad problems emanating from exogenous shocks, harsh weather conditions and structural challenges. Among other things, in the first half of the year, the local economy's footing was shaken by Cyclone Freddy, fuel and foreign exchange shortages, the cholera pandemic and inadequate electricity supply. Almost all macroeconomic indicators remained in red: Inflation- the rate at which commodity prices change at a given time in an economy-went up by 3.3 percentage points to 29.2% in May from 25.9% recorded in January. And the Reserve Bank of Malawi (RBM) forecasts the general rise in prices to average 24.5% from an earlier prediction of 18%. *(Source: Business Times)*

#### *US goods trade deficit narrows*

The United States trade deficit in goods narrowed in May as imports fell, but the improvement was probably insufficient to prevent trade from being a drag on economic growth in the second quarter. The hit from trade on gross domestic product was, however, likely to be offset by a rise in inventory investment, with the report from the Commerce Department on Wednesday also showing retail inventories increasing strongly last month. A raft of upbeat data this month, including nonfarm payrolls, retail sales, durable goods orders and housing starts, have suggested that the economy remained on a steady growth path in the second quarter, defying growing fears of a recession. The goods trade deficit decreased 6.1% to USD 91.1bn last month, leaving the bulk of April's surge intact. Even with the narrowing in May, the goods trade deficit is up by over 10% since March, and trade will likely be a drag on economic growth in the second quarter a senior economist at PNC Financial in Pittsburgh, Pennsylvania stated. Imports dropped 2.7% to USD 254.0bn. While the decline in imports helped shrink the deficit, it suggested that domestic demand was softening. The drop was led by a 7.3% plunge in consumer goods imports, which include crude oil, fell 5.9%. Food imports slipped 3.0%. *(Source: Times Business)*

## *Fuel consumption rises amid mild imports-Mera*

Consumption of diesel and petrol jumped by 35% and 25%, respectively between the 2021/22 and 2022/23 financial year, published Malawi Energy Regulatory Authority (Mera) figures show. The April 2022-March 2023 Mera Highlights Publication shows that in the 2022/23 financial year which ended in March this year, the country consumed 379.69m litres of diesel, a jump from 254.16m litres of diesel consumed in the 2021/22 financial year. Petrol consumption, on the other hand, rose to 449.66m litres in the 2022/23 financial year, an increase from 302.80m litres the previous financial year. Reads the report in part: The significant increases in both diesel and petrol sales volumes suggest a growth in fuel consumption and demand during the specified periods. The country consumed more fuel than it imported, necessitating the use of fuel from strategic reserves. Importation challenges arose from the limited availability of foreign exchange. *(Source: The Nation)*

## Market activity and colour

### Market commentary

The market traded 29m shares in 364 trades recording a market turnover of MWK 2.3bn during the week ended. FDHB (+0.1%), ICON (+31.1%), NBM (+2.3%), NITL (+2.8%), STD and SUNBIRD were the market gainers whilst ILLOVO, NBS (-0.1%), NICO, OMU (-14.9%) and TNM (-0.1%) dropped in prices. The significant increase in the prices on the counters registered pushed MASI up with 1.1%.

However, on year-to-date the index went up by 75.2%. As a result, the market capitalisation rose 70.55% in both MWK and USD terms.

# Weekly Market Report



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## SYMBOL SUMMARY



Trading Summary for the week ending  
30 June 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.06	100.06	0.0%	2,807,980	280,966,470.00	50	1,100,660,000,000
BHL	10.06	10.06	0.0%	3,250,000	32,695,000.00	7	8,447,892,092
FDHB	63.89	63.95	0.1% ↑	17,759,773	1,136,126,127.00	79	441,320,948,438
FMBCH	245.39	245.39	0.0%	35,400	8,686,806.75	6	603,229,967,500
ICON	14.48	18.99	31.1% ↑	170,039	2,991,341.67	16	126,853,200,000
ILLOVO	1,121.42	1,121.41	0.0% ↓	62,081	69,618,263.00	14	800,063,674,511
MPICO	20.58	20.58	0.0%	348,871	7,176,402.65	11	47,293,816,727
NBM	2,000.51	2,046.71	2.3% ↑	144,296	289,276,108.00	21	955,673,857,482
NBS	132.00	131.90	-0.1% ↓	1,526,294	201,403,974.00	60	383,904,625,656
NICO	163.06	163.04	0.0% ↓	563,160	91,820,256.78	22	170,057,420,292
NITL	340.45	350.00	2.8% ↑	164,982	57,743,720.00	12	47,250,000,000
OMU	1,127.51	960.00	-14.9% ↓	1,217	1,168,320.00	3	13,455,997,440
PCL	2,181.26	2,181.26	0.0%	466	1,016,467.16	4	262,309,209,933
STANDARD	2,300.10	2,350.01	2.2% ↑	868	2,039,809.00	1	551,472,527,382
SUNBIRD	180.50	180.52	0.0% ↑	72,000	12,996,491.00	5	47,220,887,342
TNM	29.99	29.97	-0.1% ↓	2,597,108	77,861,483.00	53	300,912,286,500
<b>Totals</b>				<b>29,504,535</b>	<b>2,273,587,040.01</b>	<b>364</b>	<b>5,860,126,311,295</b>

					30-Jun-23	23-Jun-23	31-Dec-22
<b>INDEX (week)</b>	<b>107,470.16</b>	<b>108,656.97</b>	<b>1.1% ↑</b>	<b>MWK/USD</b>	1053.44	1053.44	1026.43
<b>INDEX (month)</b>	<b>102,837.75</b>	<b>108,656.97</b>	<b>5.7% ↑</b>	<b>MWK/GBP</b>	1367.48	1379.95	1273.64
<b>INDEX (year to date)</b>	<b>62,036.05</b>	<b>108,656.97</b>	<b>75.2% ↑</b>	<b>MWK/ZAR</b>	57.82	58.33	62.35

Market cap (MWK'm)	5,860,126.31	3,348,012.68
Market cap (USD'm)	5562.860402	3261.787967

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