

## MALAWI

### Political and economic news

#### *TNM posts MWK 780m H1 post-tax profit*

TNM posted a profit-after-tax of MWK 780m in the first half of this year, about 153% above the MWK 1.34bn loss the telecommunication firm made during the same period last year. This is according to the company's finance statement co-signed by board chairperson and audit committee. In the statement, the Malawi Stock Exchange-listed firm said it registered a 17% increase in revenue to MWK 51.27bn from MWK 43.78bn during the same period last year. The firm attributes the performance to growth in data revenue by 22% increase to MWK 20.47bn from MWK 16.77bn last year, and Mpamba revenue by 35% to MWK 8.36bn from MWK 6.18bn in 2022. The group invested MWK 7bn in capital expenditure during the period, down from MWK 9.31bn during the same period last year, notably in distribution systems catering for expansion, improvement and future use as data needs grow. "The group has taken a positive trajectory from the dismal performance experienced over the last 18 months. All key performance metrics are showing signs of recovery and are moving towards the right direction", the statement reads. On outlook, the statement indicates that the macro-economic environment is expected to remain challenging, putting pressure on the group's profitability. (Source: *The Daily Times*)

#### *Fears over rising commodity prices*

Consumer rights body, Consumers Association of Malawi (CAMA), and the Centre for Social Concerns (CFSC) have warned of elevated pressure on cost of living in the foreseeable future on the back of ever rising commodity prices in the country. This is coming at a time inflation has been rising in recent months, reaching 28.4% in July 2023. Y/Y, the inflation figure is 3.8 percentage points higher than the 24.6% recorded in July 2022. As at June 2023, a family of six living in an urban setting needed not less than MWK 378,812 to survive per month. In an interview, CAMA executive director said the high cost of living is perpetuated by the country's insatiable appetite for foreign products, coupled with the government's excessive borrowing. In a separate interview, CFSC project officer said rising food prices continued to pile pressure and pushed headline inflation up. He said, to contain the pressure, there is a need to establish sector based-minimum wages. (Source: *Times Business*)

#### *More people defaulting on bank loans*

Prevailing economic pressure has rendered most commercial banks' destitute, pushing them into defaulting on their loans, evidenced by a surge in the level of non-performing loans (NPLs) to above recommended regulatory ceiling. The operations environment has remained volatile in the recent past, characterized by elevated headline inflation—seen at 28.4 percent—and high interest rates, making most borrowers struggle to service their loans. In its June 2023 Financial Stability Report issued, financial services sector regulator, the Reserve Bank of Malawi (RBM), says most bank experience an increase in NPLs during the month. Figure provided show that the NPL increased to 6.9 percent in June 2023, deteriorating from 6.3 percent in December 2022. The rate remains above the 5.0 percent recommended regulatory ceiling. In absolute terms, the NPLs increased by 14.7 percent to MWK 77.8 billion from the December 2022 position. "This was attributed to the deteriorating macroeconomic environment characterized by the rising inflation and interest rates, which affected borrowers' capacity to service their loan obligation", the RBM report reads. It says in the second half of 2023, most banks anticipate default across economic agents to increase. (Source: *The Daily Times*)

## Tourism industry limps to recovery

Malawi is yet to resume realizing positive multiplier effects from the tourism sector three year after Covid-19 knocked it down, resulting in 30,000 jobs being cut. Published data from the 2023 World Travel and Annual Research Key Highlights shows that the contribution of tourism to the gross domestic product (GDP) continues to decline from the time the sector caught Covid-19 cold in 2019, falling from seven percent in 2022. Resultantly, the number of jobs created in the sector has also been declining from 586,000 in 2019 to about 496,200 in 2022. The data further shows that international and domestic spending has also dropped. In an interview, Malawi Tourism Council Chairman said although there has been some progress, the sector's growth has been negatively affected by domestic shocks. He said: "Our effects on declined growth came from the effects of Cyclone Freddy and other environmental disasters affecting tourism growth and marketing. "Roads damages to tourism attractions and failure to reach those destination markets of importance may have affected Malawi badly in tourism attractions; hence, the decline in tourism business and job creation". (Source: *The Nation*)

## Malawi's intra-Africa trade in marginal growth

Trade between Malawi and other countries in Africa has grown by three percent between 2021 and 2022, with statistics showing a minimal growth in exports. Data compiled by the Trade Law Centre indicates the Malawi's intra-Africa trade accounts for about 32% of the country's total trade, which is way below its neighboring countries and major trading partners. Malawi Intra-Africa Trade and Tariff Profile shows that the country's total value of intra-trade trade stood at USD 808m (about MWK 855bn), with imports accounting for USD 423m (about MWK 437bn) while exports accounted for USD 395m (about MWK 419bn). This created a trade deficit of USD 18m (about MWK 19bn) during the review period, according to the report. As an agro-based economy, the data shows the country's main export products to other countries include groundnuts, unmanufactured tobacco and oil cake. Malawi University of Applied Sciences associate professor of economics said, there is need for Malawi to diversify its export products to generate more foreign exchange. (Source: *The Nation*)

## Market activity and colour

### Market commentary

The market traded 16.5m shares in 257 trades recording a market turnover of MWK 1.8bn during the week ended. AIRTEL, FMBCH (+14.7%), ILLOVO, NBM and PCL were the market gainers whilst FDHB, ICON (0.1%), MPICO, NBS, NICO and STD dropped in prices. The jump in the prices on the counters registered pushed MASI up with 0.4%.

However, on year-to-date the index went up by 92.8%. As a result, the market capitalisation rose 92.28% in MWK and 76.88% USD terms.

# Weekly Market Report



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## SYMBOL SUMMARY



Trading Summary for the week ending  
08 September 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.44	100.47	0.0% ↑	3,573,120	358,900,282.00	39	1,105,170,000,000
BHL	10.06	10.06	0.0%	0	0.00	0	8,447,892,092
FDHB	76.00	75.98	0.0% ↓	11,497,547	873,792,032.00	98	524,340,354,375
FMBCH	348.88	400.00	14.7% ↑	58,500	23,400,000.00	4	983,300,000,000
ICON	18.97	18.96	-0.1% ↓	28,148	533,686.08	3	126,652,800,000
ILLOVO	1,121.41	1,121.42	0.0% ↑	408,627	458,238,491.00	13	800,070,808,955
MPICO	20.56	20.55	0.0% ↓	3,448	70,865.88	2	47,224,875,303
NBM	2,100.02	2,101.00	0.0% ↑	12,822	26,939,022.00	15	981,023,581,538
NBS	131.97	131.94	0.0% ↓	53,744	7,091,892.69	16	384,021,048,591
NICO	163.01	162.99	0.0% ↓	247,481	40,339,573.00	22	170,005,268,237
NITL	401.03	401.03	0.0%	43,000	17,244,011.00	14	54,139,050,000
OMU	1,050.00	1,050.00	0.0%	0	0.00	0	14,171,527,650
PCL	2,507.00	2,508.00	0.0% ↑	107	268,356.00	1	301,601,596,560
STANDARD	2,501.00	2,500.04	0.0% ↓	2,800	7,000,097.00	4	586,679,791,726
SUNBIRD	191.00	191.00	0.0%	0	0.00	0	49,962,272,780
TNM	29.96	29.96	0.0%	618,270	18,518,876.28	26	300,811,882,000
<b>Totals</b>				<b>16,547,614</b>	<b>1,832,337,184.93</b>	<b>257</b>	<b>6,437,622,749,808</b>

					8-Sep-23	1-Sep-23	31-Dec-22
INDEX (week)	119,078.78	119,595.35	0.4% ↑	MWK/USD	1115.78	1084.60	1026.43
INDEX (month)	119,077.99	119,595.35	0.4% ↑	MWK/GBP	1437.37	1404.35	1273.64
INDEX (year to date)	62,036.05	119,595.35	92.8% ↑	MWK/ZAR	60.28	59.23	62.35

Market cap (MWK'm)	6,437,622.75	3,348,012.68
Market cap (USD'm)	5769.602068	3261.787967

Cedar Capital Limited  
4<sup>th</sup> Floor, Livingstone Towers  
Sir Glyn Jones Road  
P O Box 3340  
Blantyre, Malawi  
+265 1 831 995  
Feedback: [nzimar@cedarcapital.mw](mailto:nzimar@cedarcapital.mw)

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