

MALAWI

Political and economic news

Kwacha weakens by 4.8%

The Kwacha will from today shed off 4.79% of its value following a forex auction held last week. Reserve Bank of Malawi (RBM) governor said in a statement that the local unit is expected to move from MWK 1,126 per dollar to MWK 1,180.29. “Foreign exchange auctions are aimed at determining the prevailing market clearing price of the Malawi Kwacha against the United States Dollar and other major currencies. “Based on the results of the auction, the new market selling price will be MWK1,180.29 per USD effective 2nd October, 2023”. According to the governor, all commercial banks participated in the auction. RBM has been conducting monthly forex auction as a way of realigning the country’s trading unit. On the parallel market, the dollar has been hovering around MWK1,800. Briefing reporters in Lilongwe recently, the governor attributed the high price of the dollar on the parallel market to speculation. This comes as RBM continues conducting foreign exchange auctions which, it believes, will help with the realization of the true value of the local unit against its major trading partners. *(The Daily Times)*

Hospitality firms in mixed fortunes

Malawi Stock Exchange (MSE) – listed Sunbird Tourism plc and Blantyre Hotels (BHL) plc have registered mixed fortunes in the first half (H1) of the year, which one performing well while the other struggled. In its published financial statement for the half-year ended (June 30, 2023), Sunbird Tourism plc said it posted a 296% jump in profit from MWK1.6bn from MWK400m achieved during the same period last year (2021). During the period under review, revenue for the hotel chain, which owns city hotels and lakeshore resorts, grew to MWK14.8bn, which was 47% higher than the previous year’s MWK10bn. the financial results show that the corporate segment was the highest contributor of Sunbird Tourism’s profit growth, with 82% of the rooms occupied during the period and continued to be the anchor segment for the hotel chain. On the other hand, BHL plc published financial statement for review period show an after tax loss of MWK494m, which is an improvement from a loss of MWK484m recorded during a similar period last year. *(The Nation)*

Liquidity challenges hit insurance sector

The insurance sector performance continues to be subdued as players face credit and liquidity vulnerabilities despite being adequately capitalised, solvent and profitable, the Reserve Bank of Malawi (RBM) has said. Industry insiders have since attributed to economic pressure being experienced in the country. In its 2022 RBM Financial Institutions Supervision Report published on Tuesday (3-10-2023), the central bank said the sector reported MWK28.8bn registered the previous year (2022). On the other hand, recoveries from reinsurers stood at MWK11.8bn compared to MWK7.1bn the previous year (2022). Reads the report in parts: “The sector continued to experience liquidity challenges with liquidity challenges with a liquidity ratio of 86.9% which was below the recommended benchmark of 100% due to high insurance receivables”. In a written response, Insurance Association of Malawi vice-president observed that the disruptions caused by the Covid-19 pandemic and forex shortages affected revenue. *(The Nation)*

Import cover drops to less than one month

The country's gross official foreign exchange reserves decrease by 10.6% to USD239.56m by August 31 2023 from USD267.91m in July 2023, a September Monthly Economic review by local financial advisory firm, Bridge path Capital shows, the report indicates that gross official foreign exchange reserve decrease by 10.3% to 0.96 months in August 2023 from 1.07 months in July 2023, way below the internationally recommended three months' cover. This comes as imbalances between forex supply and demand were prevalent in the domestic foreign exchange market, evidenced by low foreign exchange supply, declining official foreign reserves and widening spread of rates on the market. The local unit, the Kwacha, has, in turn, remained largely volatile, losing value against major trading currencies including the dollar. Recently, the central bank introduced the forex auction system as a price discovery mechanism in the exchange rate market. The setup was that authorised dealer banks would be submitting bids to sell foreign exchange to the central bank at prices or exchange rates freely determined by each participating bank. *(The Daily Times)*

Malawi stock exchange shines

The Malawi Stock Exchange is surpassing all stock markets in Africa, in terms of return on investment, according to figures from African Capital Markets Index. According to the index, Malawi's return on investment is at 82%, topping the list of all stock markets in the region. The index shows that the second best performance stock market is at close to 50 percentage point gap. MSE Chief Executive Officer (CEO) described the development as a confidence booster to local and foreign investors. "This is confidence booster to investors because they now know that once they invest in the stock market, they will be able to realise returns, create wealth and grow their assets". The CEO the encouraged institutions to list on the market while encouraging citizens to invest in it, describing it as a good platform to hedge against inflation and currency fluctuations. *(The Daily Times)*

Market activity and colour

Market commentary

The market traded 5.1m shares in 220 trades recording a market turnover of MWK 659m during the week ended. NBM, NITL (0.2%) and STD (+11.1%) were the market gainers whilst AIRTEL (-05%), FDHB (-4.4%), FMBCH (-20.5%), NBS (-0.9%), NICO (-1.3%) and TNM (-0.1%) dropped in prices. The significant drop in the prices on the counters registered pushed MASI down with -2.5%.

However, on year-to-date the index went up by 86.1%. As a result, the market capitalisation rose 86.19% in MWK and 63.52% USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 06 October 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.45	99.99	-0.5% ↓	262,985	26,341,076.00	24	1,099,890,000,000
BHL	10.06	10.06	0.0%	155,220	1,561,513.00	1	8,447,892,092
FDHB	72.21	69.00	-4.4% ↓	507,691	35,644,819.00	31	476,171,156,250
FMBCH	415.03	330.00	-20.5% ↓	282,915	107,107,121.00	24	811,222,500,000
ICON	18.00	18.00	0.0%	1,188	21,384.00	2	120,240,000,000
ILLOVO	1,121.44	1,121.44	0.0%	2,105	2,360,634.60	5	800,085,077,843
MPICO	15.00	15.00	0.0%	658,797	9,881,955.00	15	34,470,711,900
NBM	2,101.12	2,102.00	0.0% ↑	9,152	19,235,329.00	18	981,490,513,276
NBS	108.99	107.99	-0.9% ↓	2,681,174	289,584,869.80	30	314,312,816,714
NICO	160.00	158.00	-1.3% ↓	283,258	45,318,578.00	13	164,800,493,168
NITL	401.05	402.00	0.2% ↑	39,722	15,955,972.25	15	54,270,000,000
OMU	1,050.00	1,050.00	0.0%	7,911	8,306,550.00	2	14,171,527,650
PCL	2,500.00	2,500.00	0.0%	9,992	24,980,000.00	6	300,639,550,000
STANDARD	2,700.01	3,000.01	11.1% ↑	22,651	65,864,664.00	15	704,006,832,682
SUNBIRD	191.03	191.03	0.0%	0	0.00	0	49,970,120,257
TNM	29.88	29.84	-0.1% ↓	250,001	7,465,357.87	19	299,607,028,000
Totals				5,174,762	659,629,823.52	220	6,233,796,219,833

					6-Oct-23	29-Sep-23	31-Dec-22
INDEX (week)	118,426.19	115,434.24	-2.5% ↓	MWK/USD	1168.78	1115.78	1026.43
INDEX (month)	118,426.19	115,434.24	-2.5% ↓	MWK/GBP	1465.08	1405.20	1273.64
INDEX (year to date)	62,036.05	115,434.24	86.1% ↑	MWK/ZAR	61.56	60.80	62.35

Market cap (MWK'm)	6,233,796.22	3,348,012.68
Market cap (USD'm)	5333.591112	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

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