MALAWI

Political and economic news

Kwacha fall threatens inflation outlook-EIU

The Economist Intelligence Unit (EIU) has warned that the continued depreciation of the continued depreciation of the kwacha will contribute to higher inflation rate throughout the year and in the medium-term. Inflation rate, the rate of increase in prices of goods and services over a given period, has been rising over the past 12 months and is currently at 28.6% as of August, largely due to a rise in food and non-food prices. In its third quarter country report for Malawi, EIU said although the rise in inflation has continued to be driven to a larger extent by high global food prices, the kwacha depreciation plays a bigger role in its movement. The kwacha has been marginally depreciating since January this year when the Reserve Bank of Malawi (RBM) started conducting foreign exchange auctions to facilitate the discovery of a prevailing market-clearing exchange rate for the local unit against major currencies to promote transparency in the determination of the exchange rate. Since then, the RBM has held three auctions, with the last one held in August 29, resulting in the kwacha officially depreciating to MWK 1,126 against the dollar. But the EIU, a firm within the Economist Group of the United Kingdom, said the kwacha depreciation pushes up inflation to higher levels. *(The Nation)*

MSE capitalization seen at K6.4 trillion

Malawi Stock Exchange (MSE) capitalization has grown to MWK 6.4tn, an equivalent of about 35% of the country's Gross Domestic Product (GDP), a rate market analysts have rated as impressive. This comes as valuation of listed companies continues growing exponentially, with two of the 16 counters, Airtel Malawi and FMB Capital Holdings, having their market capitalization hitting MWK 1tn. In an interview at the weekend, MSE Chief Executive Officer said the growth signifies an important role of the stock market on the economy. "That is why we have always said that the financial market in Malawi is capable of providing the needed capital, especially to State-owned enterprises instead of borrowing from outside and putting pressure on limited foreign exchange," he said. Market analyst said the market capitalization-to-GDP ratio, also known as the buffet indicator, measures the value of all stocks on a market relative to the country's GDP. He said the increase in the ratio means the market is growing strongly relative to the GDP. "The outlook is still good as more people are having keen interest in the market and the companies are doing well as evidenced by half year trading statements," he said. Financial Market Dealers Association President said the development means there is value being created through the stock market as investors are reaping their fruits. *(The Daily Times)*

Govt lists K1.6tn debt instruments

The government is expected to borrow MWK 1.69tn domestically through the Malawi Stock Exchange (MSE) having listed five development bonds and 30 debt securities on Monday. According to communication from MSE, the 30 debt securities and five development bonds have total nominal value of MWK 0.10tn whilst the 25 Treasury notes have a total nominal value of MWK 1.59tn. The communication adds that the amount was raised in the primary market through various auctions and got listed through an introduction with the aim of facilitating price discovery through secondary trading and also aiding the development of a government yield curve. “The listing also fosters financial inclusion considering that the minimum amount to invest in the listed debt securities through the Malawi Stock Exchange is only MWK 1,000.00. “The listing is in line with the Malawi Capital Market Development Plan, which seeks to improve access to Malawi capital markets for economic transformation and development, among other objectives, the communication reads. Speaking in an interview, MSE Chief Executive Officer said the market is vibrant and this is the time to invest therein to hedge against exchange rate and inflation fluctuations. He called on potential issues to raise capital using the market, adding that it has enough financial resources to support such endeavours. *(The Daily Times)*

Market activity and colour

Market commentary

The market traded 36m shares in 225 trades recording a market turnover of MWK 4.8bn during the week ended. NBM, STD (+1.9%) and SUNBIRD were the market gainers whilst FDHB (-4.3%), MPICO (-14.3%), NBS (-0.9%), NICO (-1.5%), PCL (-0.3%) and TNM (-0.1%) dropped in prices. The significant drop in the prices on the counters registered pushed MASI down with -0.4%.

However, on year-to-date the index went up by 90.9%. As a result, the market capitalisation rose 91.29% in MWK and 75.97% USD terms.

SYMBOL SUMMARY

Trading Summary for the week ending 29 September 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	100.45	100.45	0.0%	9,743,703	978,755,100.00	40	1,104,950,000,000
BHL	10.06	10.06	0.0%	344,780	3,468,535.32	5	8,447,892,092
FDHB	75.42	72.21	-4.3% ↓	545,695	40,164,943.00	30	498,323,466,563
FMBCH	415.03	415.03	0.0%	1,012,500	420,217,839.00	25	1,020,247,497,500
ICON	18.00	18.00	0.0% ↓	0	0.00	0	120,240,000,000
ILLOVO	1,121.43	1,121.44	0.0%	216,660	242,969,030.36	12	800,085,077,843
MPICO	17.50	15.00	-14.3% ↓	5,743	86,145.00	1	34,470,711,900
NBM	2,101.03	2,101.12	0.0% ↑	163,491	343,512,587.41	6	981,079,613,347
NBS	110.00	108.99	-0.9% ↓	23,511,524	2,577,118,627.00	33	317,223,390,070
NICO	162.50	160.00	-1.5% ↓	213,447	34,613,552.50	15	166,886,575,360
NITL	401.05	401.05	0.0%	48,912	19,616,157.00	7	54,141,750,000
OMU	1,050.00	1,050.00	0.0%	183,858	193,050,900.00	9	14,171,527,650
PCL	2,507.00	2,500.00	-0.3% ↓	4,747	11,867,500.00	4	300,639,550,000
STANDARD	2,650.01	2,700.01	1.9% ↑	700	1,890,007.00	3	633,606,384,082
SUNBIRD	191.02	191.03	0.0% ↑	3,000	573,090.00	1	49,970,120,257
TNM	29.90	29.88	-0.1% ↓	781,110	23,342,009.01	34	300,008,646,000
Totals				**36,779,870**	**4,891,246,022.60**	**225**	**6,404,492,202,664**

					29-Sep-23	22-Sep-23	31-Dec-22
INDEX (week)	**118,849.86**	**118,426.19**	**-0.4% ↓**	**MWK/USD**	1115.78	1115.78	1026.43
INDEX (month)	**119,077.99**	**118,426.19**	**-0.5% ↓**	**MWK/GBP**	1405.20	1411.06	1273.64
INDEX (year to date)	**62,036.05**	**118,426.19**	**90.9% ↑**	**MWK/ZAR**	60.80	60.76	62.35

Market cap (MWK'm)	6,404,492.20	3,348,012.68
Market cap (USD'm)	5739.909418	3261.787967

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