

MALAWI

Political and economic news

Policies fail to curb commodity dependency

Malawi is yet to transition from overdependence on unprocessed goods for the export market, a development which increases its vulnerability to negative price shocks. Meanwhile, United Nations data shows that 95% of goods are exported raw. This development is obtaining despite the Malawi Government formulating a number of strategies to encourage export diversification and promote manufacturing of Made in Malawi products for the export market. The strategies, among others, include the Malawi National Export Strategy (2021/26) which seeks to consolidate, expand and diversify exports from Malawi in terms of product and market outreach as well as the Buy Malawi Strategy which seeks to encourage production of locally manufactured goods. In its Commodities and Development Report 2023, United Nations Conference on Trade and Development (Unctad) has called for the redoubling of efforts towards export diversification in countries such as Malawi where 60% of merchandise export revenues come from primary commodities. *(The Nation)*

Funding challenges stifle electricity generation-Egenco

The Electricity Generation Company (Egenco) has indicated that it is facing a formidable hurdle in its quest to advance electricity generation and meet energy demand in the country. In an interview, Egenco acting CEO mentioned that the primary obstacle is funding. He disclosed that Egenco is actively seeking partnerships and financing, both from international sources and domestic financiers, to fast-track their ambitious projects aimed at boosting energy production and creating employment opportunities for the people of Malawi. While our current generation capacity is sufficient to cater to present energy demands, the need to expand this capacity is paramount, especially with the influx of larger mining companies and other manufacturing businesses. Egenco's expansion plans include a MWK 15bn project to enhance Wovwe hydro-power plant situated in the Northern Region. The plant, which currently generates 4.5 megawatts, will see its capacity doubled to 9 megawatts. This involves increasing the water intake and installing new turbines to augment power generation. *(The Business Times)*

Mixed views on RBM's new forex measure

The Reserve Bank of Malawi (RBM) and some local exporters have differed on a new directive to stop holders of foreign currency denominated accounts (FCDAs) from dictating where they cash their foreign exchange. The central bank states that the move has the potential to clear market distortions while traders argue it could hurt their businesses. In the Operational Manual for Cross-Border Foreign Exchange Transactions issued to Authorised Dealer Banks (ADB's), RBM deputy governor said on conversion of the balances into Malawi kwacha, the FCDAs holder shall not attach any conditions to the conversion that have the effect of directing the ADB to sell or allocate the forex arising from the conversion to a specific party, or generally limiting the role of the ADB as a financial intermediary. The development comes after RBM last month also banned the sale of forex proceeds to forex bureaus and instructed them to deposit the funds in their FCDAs or exchange the same with commercial banks. *(The Nation)*

Market activity and colour

Market commentary

The market traded 3.5m shares in 239 trades recording a market turnover of MWK 1.4bn during the week ended. NBM, NITL (+2%), STD and SUNBIRD were the market gainers whilst AIRTEL, FDHB (-0.9%), NBS, NICO (-0.5%) and TNM (-0.1%) dropped in prices. The significant drop in the prices on the counters registered pushed MASI down with -0.1%.

However, on year-to-date the index went up by 83.7%. As a result, the market capitalisation rose 83.74% in MWK and 61.36% USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
27 October 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	99.90	99.86	0.0% ↓	1,435,553	143,371,417.00	37	1,098,460,000,000
BHL	10.06	10.06	0.0%	0	0.00	0	8,447,892,092
FDHB	68.96	68.35	-0.9% ↓	467,102	31,958,146.45	39	471,685,485,938
FMBCH	300.00	300.00	0.0%	581,503	174,450,600.00	25	737,475,000,000
ICON	17.99	17.99	0.0%	16,632	299,209.68	3	120,173,200,000
ILLOVO	1,121.43	1,121.43	0.0%	32,194	36,103,517.80	20	800,077,943,399
MPICO	15.00	15.00	0.0%	63,000	945,000.00	3	34,470,711,900
NBM	2,101.13	2,101.17	0.0% ↑	14,079	29,582,331.00	21	981,102,959,933
NBS	107.97	107.93	0.0% ↓	140,582	15,174,551.52	19	314,138,182,313
NICO	156.83	155.99	-0.5% ↓	27,631	4,310,207.00	17	162,703,980,565
NITL	402.00	410.23	2.0% ↑	25,668	10,513,426.00	10	55,381,050,000
OMU	1,050.00	1,050.00	0.0%	0	0.00	0	14,171,527,650
PCL	2,500.00	2,500.00	0.0%	406,371	994,350,800.00	12	300,639,550,000
STANDARD	3,000.03	3,000.04	0.0% ↑	11,500	34,500,460.00	6	704,013,872,726
SUNBIRD	191.05	191.06	0.0% ↑	10,000	1,910,600.00	6	49,977,967,735
TNM	29.78	29.76	-0.1% ↓	275,485	8,198,565.47	21	298,803,792,000
Totals				3,507,300	1,485,668,831.92	239	6,151,723,116,252

					27-Oct-23	20-Oct-23	31-Dec-22
INDEX (week)	114,058.75	113,970.89	-0.1% ↓	MWK/USD	1168.78	1168.78	1026.43
INDEX (month)	118,426.19	113,970.89	-3.8% ↓	MWK/GBP	1460.02	1461.11	1273.64
INDEX (year to date)	62,036.05	113,970.89	83.7% ↑	MWK/ZAR	63.62	63.34	62.35

Market cap (MWK'm)	6,151,723.12	3,348,012.68
Market cap (USD'm)	5263.369956	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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