

MALAWI

Political and economic news

Long walk to mining deals

Malawi is filling to cash in on mineral resources it is endowed with on the back of never-ending negotiations on mining development agreements (MDAs) between the Government and companies. Since 2020, the government has not concluded an MDA despite the president hinting, at the time, that having his government working on diversifying the economic base and incorporating the industry among main anchors. When asked on progress of the (MDAs on the anticipated projects such as Kanyika Niobium, Rare Earth Project in Phalombe, Kasiya Rutile and resumption of kayelekera mine in karonga, Director of Mining stated that discussions were still ongoing. "Currently, we are in the process of discussing a number of issues that need to be agreed upon between the government and companies managing the project before the mining licences are issued. The discussion has to do with royalties, taxes, community development agreement, government incentives, free carry equity participation and value addition, among others. Once these are agreed upon, the mining licences will be issued. Mining expert stated further that delays entail that Malawi is losing forex, especially in energy transition minerals such as uranium and rare earths. "The government negotiating team should be readily available and be able to understand capital markets. A recent analysis by Times Business found that by delaying mining projects, the country has forfeited huge sums of foreign exchange. (*The Business Times*)

Inflationary pressure to persist, experts say

Economic experts foresee continued rise in headline inflation- the rate at which commodity prices change at a given period in an economy- in the short to medium terms. Inflationary pressure would be perpetuated by continued rise in public debt, which is narrowing the breathing space in the fiscal space, they say. This comes as inflation has been rocketing. Annual average headline inflation has increased from 9.37 percent in 2019 to 28.8 percent last year. In a separate interview, Catholic University- based economist said food remains the main driver of inflation and low agricultural output could pile extra pressure." This year, there will be hunger and probably famine due to too little and too late rainfall and this can lead to a rise in food prices and inflation. The government can plan better towards enhancing food production,) she said. In a WhatsApp response, RBM spokesperson said the Monetary Policy Committee (MPC) of the central bank in expected to meet this week to, among other things, project the outlook. "The Monetary Policy Committee will have its first meeting for 2024 at the end of January 2024 and will give the best outlook and measures that the bank will put in place," he said. A recent Monetary Policy Report of RBM says the outlook suggests an increasing inflation path but slightly lower than earlier predicted. It adds that the marginal downward shift in the inflation path is premised on an announcement by the government about Lean Season Food Response plan, which is expected to dampen price pressures on food items. (*Times Business*)

Malawi, others make strides towards digital transformation

The World Bank says Malawi and her counterparts in the Sub-Saharan Africa (SSA) region have made strides towards digital transformation, with millions of people now having access to the Internet. In its analysis of digital development published on Thursday, the Bretton Woods institution said since 2014, about 4.3m people in Malawi have benefitted from increased access to affordable, high-quality Internet service by productively utilizing a wide variety of digital services such as mobile payments and online learning platforms. Reads the Bank's analysis: "The availability and use of digital technologies are strongly linked to economic growth, innovation, job creation and inclusion at both the national and regional levels. "Sub-Sahara Africa, however, still faces significant challenges in digital development." Among others the bank said the challenges include underdeveloped digital infrastructure, lack of accessible and affordable connectivity, a stubborn digital gender gap, limited skills for digitally enabled industries and inadequate regulatory and policy environments. *(The Nation)*

India extends Pigeon Peas export window

The India Government has extended Malawi's pigeon peas export quota for the 2024/25 marketing season, a development that presents an opportunity for farmers and the country to boost foreign exchange earnings. Ministry of Trade and Industry spokesperson said this means that pigeon peas farmers will have continued access to the Indian market beyond the end of a similar waiver of export quota extended to Malawi in the 2023/24 farming season. The extension follows the removal of the waives of a 50000 metric tonnes (MT) export quota imposed on Malawi by the Indian Government in 2022 he said the move by the Indian Government is a welcome development in the country's trade relations with the Asian country. "The ministry wishes to urge farmers, producer organization and traders to take advantage of the unlimited market of pigeon peas offered by India by producing and exporting more of the commodity," he said. The move is in line with Malawi Government's wider diversification plan, which involves the intensification of legumes growing to supplement foreign exchange from tobacco, which is the country's number one forex earner, but its earnings have been dwindling over the past five years. *(The Nation)*

Mixed views on industry outlook

The Industry captains under the Malawi confederation of chambers of commerce and industry (MCCCI) are optimistic that the manufacturing sector is poised to grow by 4.4% in 2024. However, the Economics Association of Malawi (ECAMA)) rates the projection as a tall order as the environment remains volatile. The figure is contained in a recent financial and Economic Review published by the Reserve Bank of Malawi. In the review, the central bank indicates that in the manufacturing sector, the growth forecast for 2023 was adjusted down to 0.4% during the November 2023 estimates from 1%. The downward revision was primarily attributed to challenges associated with the availability of foreign exchange, which continued to compromise the industry's ability to import necessary raw materials. "The decline in agricultural production in 2023, as highlighted above, further exacerbated the industry's challenges by causing a shortage of domestic raw materials. "However, the industry is projected to grow by 4.4% in 2024, thriving on the expected improvement in the availability of foreign exchange following the acquisition of the IMF Extended Credit facility (ECF) program; consistent power supply from the rehabilitation of Kapichira power plant; better fuel availability and enhanced agricultural production from mega farms," the report reads. *(Times Business)*

Market activity and colour

Market commentary

The market traded 3.1m shares in 198 trades recording a market turnover of MWK 417m during the week ended. AIRTEL, FMBCH (+0.5%), ILLOVO, NBM, NBS (+0.1%) NITL, PCL and SUNBIRD were the market gainers whilst FDHB (-1.2%), ICON (-0.6%), MPICO (-0.5%), NICO (-0.5%) and TNM (-4.8%) dropped in prices. The significant price drops on the counters registered pushed MASI up by down by 0.2%.

However, on year-to-date the index closed at 86.4%. As a result, the market capitalisation went up to close at 86.95% in MWK and 13.99% USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
02 February 2024

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	55.08	55.10	0.0% ↑	459,205	25,301,348.00	43	606,100,000,000
BHL	13.02	13.02	0.0%	10,000	130,200.00	1	10,933,554,179
FDHB	65.82	65.00	-1.2% ↓	354,130	23,018,450.00	35	448,567,031,250
FMBCH	420.50	422.63	0.5% ↑	182,920	77,307,100.00	12	1,038,930,197,500
ICON	17.00	16.90	-0.6% ↓	155,029	2,632,310.50	3	112,892,000,000
ILLOVO	1,350.00	1,350.01	0.0% ↑	9,370	12,649,590.00	6	963,157,062,294
MPICO	14.97	14.89	-0.5% ↓	714,324	10,636,363.28	10	34,217,926,679
NBM	2,101.61	2,101.72	0.0% ↑	3,499	7,353,912.00	10	981,359,772,389
NBS	114.79	114.96	0.1% ↑	63,219	7,262,238.22	24	334,599,513,006
NICO	205.40	204.36	-0.5% ↓	1,121,475	224,892,447.00	21	213,155,878,379
NITL	411.31	411.43	0.0% ↑	20,663	8,501,316.00	8	55,543,050,000
OMU	1,500.02	1,500.02	0.0%	190	285,003.80	1	19,469,151,085
PCL	2,506.94	2,506.95	0.0% ↑	4,440	11,130,865.00	9	301,475,327,949
STANDARD	3,950.05	3,950.05	0.0% ↑	1,279	5,052,113.70	3	926,950,973,308
SUNBIRD	195.00	195.02	0.0% ↑	3,000	585,060.00	1	51,013,834,752
TNM	16.80	16.00	-4.8% ↓	29,190	467,040.00	11	160,647,200,000
Totals				3,131,933	417,205,357.50	198	6,259,012,472,770

					2-Feb-24	26-Jan-24	31-Dec-22
INDEX (week)	115,827.94	115,644.01	-0.2% ↓	MWK/USD	1683.37	1700.00	1026.43
INDEX (month)	115,670.54	115,644.01	0.0% ↑	MWK/GBP	2210.16	2202.53	1273.64
INDEX (year to date)	62,036.05	115,644.01	86.4% ↑	MWK/ZAR	93.39	91.94	62.35

Market cap (MWK'm)	6,259,012.47	3,348,012.68
Market cap (USD'm)	3718.152414	3261.787967

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