MALAWI

Political and economic news

Deputy governor tells banks to be innovative

Reserve Bank of Malawi (RBM) Deputy Governor responsible for Economics and financial Regulation has challenged commercial banks in the country to be more innovative to enhance for significantly helping Malawi achieve 88% financial inclusion. This is a milestone driven by the relentless efforts of our financial sector. We owe a debt of gratitude to the financial sector players and development partners for their innovative approaches, particularly in penetrating rural areas through mobile technology and all other varied banking initiatives, he stated. He, however, warned against complacency in the sector calling for innovation in ensuring many Malawians own bank accounts. Quoting the recent Fin Scope survey, he expressed worry over the recent decline in bank account ownership among Malawians. That is the reason we must innovate continually and develop products that meet the diverse needs of different groups as the one-size-fits-all approach is no longer viable, he mentioned. In an interview, Bam President said innovation is no longer an option amid evolving consumer needs, pandemics and climate change shocks. He further stated that the digital age makes it important for the banking sector to continue to evolve with technological advancements in order to efficiently meet the needs of people and enhance financial inclusion. *(Source: Business Times)*

Standard bank group projects weak kwacha

Standard Bank Group, the parent company of Malawi Stock Exchange-listed Standard Bank plc, says it will revise upwards its exchange rate outlook for Malawi to K2 300 against the dollar by October this year. The country's official exchange rate for the dollar is K1 751. The bank has since warned that economic challenges bedeviling the country could affect the four-year USD 175m (about K306bn) International Monetary Fund Extended Credit Facility (ECF) programme clinched last November. In its country report for Malawi, Standard Bank Group said the country's external position has been under pressure due to a weak balance of payment and noted that while the ECF is key to closing the funding gap, continued financial challenges could result in falling short of reaching the IMF's target for the next tranche. Reads the report in part: "News reports in Malawi note that low revenue collection, ballooning expenditure and delayed implementation of the integrated financial management system have been impeding Malawi's ability to stay on track with the ECF programme. Per our note, Malawi is falling short of fiscal targets." The bank's position echoes what United States Department of Treasury deputy assistant secretary for Africa and Middle East said at the conclusion of his tour that Malawi could fall short of reaching the requisite indicative targets to receive the next tranche of ECF funding. Among others, the Standard Bank Group report indicates that as of June 2024, domestic revenue excluding grants amounted K694bn, which is below the indicative target set by the IMF of K747bn. *(Source: The Nation)*

Investment managers urge diversification

Malawi Investment managers working for Old Mutual Investment Group (Omig) in sub-Saharan Africa has called for diversification of investments to contain threats posed by volatile macroeconomic conditions. Omig managing directors from Kenya, Zimbabwe, Uganda, Namibia and South Africa made the call in Lilongwe during a panel discussion held under the theme 'Navigating market volatility to optimise investment outcomes'. During the discussion, the directors cited inflation, currency depreciations, unsustainable corporate debt in local economies and political instability in the regional and global markets as the main investment threats. Omig Malawi managing director cautioned that unsustainable corporate debt exposes the investors' fund, particularly if the company does not invest in growth and development. To navigate the complex nexus between minimising risks and maximising returns, Omig Zimbabwe managing director urged investment managers to diversify their assets across classes and markets. On his part, Omig business partner for Asset Management Rest of Africa Region urged investment managers to keep track of global leadership changes to predict policy changes that could affect their investments. She said: "For example, if [former US president] comes back, he is going to switch the lights back on coal and oil. "So, you invest in areas that would benefit from that. In the worst-case scenario, investment managers should have strategies to protect their investments." *(Source: The Nation)*

Agro value chains pull k700bn in FDI

Malawi's agricultural value chain industries have attracted in excess of USD 400m (about K700bn) in foreign direct investments (FDIs) in the past five years, Malawi Investment and Trade Centre (Mitc) data shows. Mitc chief executive officer said in a written response that the bulk of the investments came from India while South Africa, United States of America, United Kingdom and Israel had significant FDIs, creating at least 25 000 jobs in the process. However, he pointed out numerous headwinds that affected the investment environment during the period, limiting the agricultural FDI inflows that averaged USD 80 m (K140bn) a year and have not been enough to buoy the economy from economic frailties. He cited the Covid-19 pandemic between 2019 and 2021, two consecutive cyclones in preceding years and other macroeconomic issues as the challenges that affected the flow of FDIs. "Unstable supply of electricity has been a hindrance in attracting investment. However, with the new power generation projects being implemented as well as the interconnector project with Mozambique and Zambia, government is moving in the right direction and making progress towards resolving this issue," he lamented. He said the infrastructure projects being implemented by government, which include construction and rehabilitation of roads, railway lines will help to make the country a more attractive destination for investment. In a separate interview, agriculture development policy expert said one of the hindrances to investment scaling is the structure of the sector, which has 70% of subsistence producers with only 30% producing for the industries. "I don't think having 70% producing for subsistence can help to make significant gains in the output. A lot needs to be done, at least 50% need to produce for the market," he said. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 16.7m shares in 334 trades recording a market turnover of MWK 3.3bn during the week ended. ILLOVO, NICO and SUNBIRD were the market gainers whilst AIRTEL, FDHB (-0.1%), FMBCH, ICON (-0.1%), MPICO (-0.1%), NBM, NBS and NITL dropped in prices. The price drops on the counters mentioned pushed MASI down.

However, the index recorded a 29.2% rise on year-to-date and 1.5% on index per month.

SYMBOL SUMMARY

Trading Summary for the week ending 13 September 2024

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	44.93	44.94	0.0% ↓	1,436,495	64,564,318.18	36	494,340,000,000
BHL	13.05	13.05	0.0%	0	0.00	0	10,958,746,700
FDHB	149.77	149.68	-0.1% ↓	8,456,728	1,266,529,292.00	89	1,032,946,357,500
FMBCH	398.48	398.47	0.0% ↓	362,011	144,250,570.98	13	979,538,877,500
ICON	14.97	14.95	-0.1% ↓	12,845	192,056.75	4	99,866,000,000
ILLOVO	1,355.11	1,355.12	0.0%	2,369	3,210,279.36	6	966,802,763,132
MPICO	14.94	14.93	-0.1% ↓	1,308	19,528.44	1	34,309,848,578
NBM	3,450.01	3,449.98	0.0% ↓	167,796	578,897,670.00	40	1,610,905,157,465
NBS	149.68	149.66	0.0% ↓	4,699,256	699,418,868.00	56	435,596,408,459
NICO	198.69	198.70	0.0% ↑	361,841	71,896,046.82	25	207,252,265,775
NITL	411.17	411.16	0.0% ↓	104,200	42,842,875.00	5	55,506,600,000
OMU	1,866.00	1,866.00	0.0%	2,000	3,732,000.00	1	23,750,953,686
PCL	2,499.86	2,499.86	0.0%	0	0.00	0	300,622,714,185
STANDARD	5,335.01	5,335.01	0.0%	76,016	405,546,250.00	25	1,251,956,990,952
SUNBIRD	225.01	225.03	0.0% ↑	7,930	1,784,413.34	5	58,863,927,977
TNM	18.01	18.01	0.0%	1,103,191	19,868,466.00	28	180,828,504,500
Totals				**16,793,986**	**3,302,752,634.87**	**334**	**7,744,046,116,410**

					13-Sep-24	6-Sep-24	31-Dec-23
INDEX (week)	143,389.34	143,372.79	0.0% ↓	MWK/USD	1734.01	1734.01	1683.37
INDEX (month)	141,275.06	143,372.79	1.5% ↑	MWK/GBP	2347.20	2353.99	2212.41
INDEX (year to date)	110,951.21	143,372.79	29.2% ↑	MWK/ZAR	100.73	100.90	93.54

Market cap (MWK'm)	7,744,046.12	3,348,012.68
Market cap (USD'm)	4465.970829	1988.879473

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