

MALAWI

Political and economic news

Banks move to fill construction gaps

Financial institutions have renewed their commitment to long-term financing in construction to unlock the country's infrastructure development as the current financing gap dents Malawi's medium to long-term growth targets. This follows revelations by the African Development Bank (AfDB) that domestically, the financial sector has not been able to play an optimal role in financial resource allocation as about 60% of credit is channeled to the government and only 30% is available for the private sector. Of this amount, AfDB notes that 70% is allocated to non-productive sectors such as trading activities and on short-term basis. Speaking at this year's National Construction Industry Council (NCIC) International Construction Conference last week, FDH Financial Holdings Limited chief executive officer (CEO) said to develop infrastructure in line with the country's long-term development strategy, Malawi 2063, construction sector growth must double the current 5.3% annual average. In an interview, he said to achieve that, financing of construction projects must, among others, be tailored towards short-term to long-term financing. He stated: "We can create funds specific for such projects where you get likeminded investors to put their funds and these funds can be used to finance long-term projects rather than the short-term debts which sometimes result in challenges on repayments because of delayed payments that our customers face. "We have already successfully funded such projects like Malawi Fertiliser Company, Zomba Stadium and various roads, currently under construction." In a separate interview, Standard Bank plc CEO said his institution is ready to partner with others including in public private partnerships to finance big infrastructure projects such as financing of Kapichira Hydro Power Station Phase Two which shows the capacity of local banks. He said: "Apart from the Kapichira project, the most recent that I can cite is a loan facility which we provided to the Roads Fund Administration where we are expanding the Kenyatta Drive and Mzimba Street in Lilongwe. (Source: Business Times)

FDH Bank hits K1tn market capitalisation in 4 years

Within 4 years of listing on the 16-counter Malawi Stock Exchange (MSE), the FDH Bank Plc's market capitalisation has hit K1.03tn with share price hitting K149 as of 12 August 2024. Starting from initial public offer (IPO) of K10 per share in 2020, the share value saw a growth rate of 1,390% to K149. The development marks FDH Bank Plc as the third counter on MSE to hit K1tn market capitalisation among the 16 counters. Commenting on the development, the Bank's Head of Marketing and Communication described the growth as a positive news for stakeholders especially investors. "As the fastest growing bank, we are pleased with this milestone and the growth that we have been registering since listing on the Malawi Stock Exchange on 3 August 2020. Reaching K1tn market capitalisation milestone is great news for our stakeholders especially our investors as we have added value to their investment." He lamented. "It is not surprising as the Bank has been focused on providing easy access to financial solutions to enable our customers and stakeholders grow. We have been resilient and strategic in our approach in making the Bank competitive now and future ready." He then committed to continue rendering exceptional customer services citing; "we have been making strategic investments in latest technology and systems, improving processes, introducing new products and expanding to underserved and new markets, growing our customers, developing our staff and playing a key role in driving sustainability in the country by contributing to society in many ways." We are very grateful to our investors and customers and other stakeholders for having great confidence in FDH Bank Plc, as we continue to grow together." (Source: The Nation)

Banks lose 0.7 million customers—survey

The past decade has seen banks losing over 700 000 customers with competition from mobile network operators (MNOs) on financial services, the latest Fin Scope survey by Fin Mark Trust has established. The survey results released revealed there has been a decline of Malawian adult population that is banked, hitting 13% from 27% in 2014 and 19% in 2008. “In the proportion of banked adults in 2023, the decline represents a drop of about 700 000 adults, who mostly owned savings and cheque accounts,” reads the report in part. However, in terms of the overall financial inclusion, there was an increase from 18% in 2014 to 73% in 2023, driven by the MNOs. Said Fin Mark Trust in the report: “Mobile money services are at the forefront of financial access in both urban and rural areas, and among females and males. “About two in every three adults use mobile money, marking a significant increase in uptake from 3% in 2014 to 69% in 2023.” Meanwhile, Reserve Bank Governor has warned banks to wake up and become innovative as the trend in the financial inclusion is not working in their favour. “If this trend continues, obviously the banks will lose their relevance in future so it’s a wakeup call to the banks to ensure they remain relevant,” he said in an interview after the launch of the report in Lilongwe. Poverty is coming out prominent as the main factor, making people closing bank accounts as formal employment has also declined over the period, according to the survey. Following the Covid 19 pandemic, 3 out of 5 people were affected with 39% suffering income drops while 1% got retrenched. “The uptake of financial services was not widespread largely due to constrained incomes and economic activity,” reads the report, indicating that 74% had to skip a meal because of lack of income, an increase from 52% in 2014. With 87% of adults not banked in 2023, 81% of the unbanked expressed that they did not need an account while 16% said they could not maintain the minimum balance, confirming the deepening poverty levels. (Source: *The Nation*)

Market activity and colour

Market commentary

The market traded 15.2m shares in 408 trades recording a market turnover of MWK 2.1bn during the week ended. FDHB (+4.3%), ILLOVO, NBM (+15%), NICO, OMU (+15%), STANDARD and TNM (+0.2%) were the market gainers whilst FMBCH, ICON (-0.1%), MPICO (-0.1%), NBS (-0.1%), NITL and PCL dropped in prices. The significant price jumps on the counters registered pushed MASI up by 3.5%.

However, the index recorded a 25.5% rise on year-to-date and 7.9% on index per month.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 16 August 2024

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	44.98	44.98	0.0%	1,842,104	81,606,988.00	34	494,780,000,000
BHL	13.05	13.05	0.0%	0	0.00	0	10,958,746,700
FDHB	143.70	149.95	4.3% ↑	12,344,530	1,849,917,280.00	174	1,034,809,635,938
FMBCH	400.00	399.99	0.0% ↓	15,616	6,246,234.93	15	983,275,417,500
ICON	15.85	15.84	-0.1% ↓	92,844	1,470,859.90	5	105,811,200,000
ILLOVO	1,355.13	1,355.14	0.0% ↑	1,300	1,761,686.00	9	966,817,032,020
MPICO	14.99	14.97	-0.1% ↓	59,165	885,791.70	4	34,401,770,476
NBM	3,000.07	3,450.00	15.0% ↑	23,104	75,279,149.00	34	1,610,914,496,100
NBS	151.42	149.97	-1.0% ↓	481,756	71,296,490.00	53	436,498,686,199
NICO	198.92	198.93	0.0% ↑	228,206	45,390,661.45	26	207,492,165,227
NITL	411.34	411.26	0.0% ↓	31,650	13,017,137.00	10	55,520,100,000
OMU	1,622.94	1,866.00	15.0% ↑	1,679	3,133,011.00	9	24,032,215,866
PCL	2,499.97	2,499.93	0.0% ↓	681	1,702,456.28	5	300,631,132,093
STANDARD	4,400.02	4,400.06	0.0% ↑	2,428	10,683,339.04	11	1,032,553,992,890
SUNBIRD	224.03	224.03	0.0%	0	0.00	0	58,602,345,397
TNM	16.30	16.34	0.2% ↑	149,419	2,440,318.00	19	164,060,953,000
Totals				15,274,482	2,164,831,402.30	408	7,521,159,889,406

					16-Aug-24	9-Aug-24	31-Dec-23
INDEX (week)	134,526.12	139,204.55	3.5% ↑	MWK/USD	1734.01	1734.01	1683.37
INDEX (month)	128,996.65	139,204.55	7.9% ↑	MWK/GBP	2300.77	2278.80	2212.41
INDEX (year to date)	110,951.21	139,204.55	25.5% ↑	MWK/ZAR	99.39	97.52	93.54

Market cap (MWK'm)	7,521,159.89	3,348,012.68
Market cap (USD'm)	4337.432934	1988.879473

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