

MALAWI

Political and economic news

NBS Bank sees risks, posts K29.4bn profit

Malawi Stock Exchange-listed NBS Bank plc says inflation is likely to remain high due to high food prices and marginal depreciation of the kwacha. The bank's board chairperson said this in a statement accompanying the 2020 Annual Report that to contain inflationary pressure, interest rates are expected to remain elevated. He said: "Downside risks arising from the forecast El Nino weather pattern will likely weigh down on economic prospects." During the year under review, NBS Bank plc, a subsidiary of Nico Holdings plc, posted a 55% jump in profit after-tax from K18.9bn in 2022 to K29.4bn in 2023 while the bank's balance sheet registered a year-on-year growth of 42% to close at K657.72bn. Speaking on the sidelines of a stakeholder engagement in Blantyre on Wednesday, the bank's chief executive officer said the bank is poised for growth. *(Source: The Nation)*

World Bank notices public finance gaps

The World Bank says Malawi's economic and public finance management remains poor as evidenced by failure of economic policies to reduce poverty and promote sustainable growth, among others. In its latest Country Policy and Institutional Assessment, the Bretton Woods institution rated the country's economic management indicator at 2.2 points, lower than both sub-Saharan Africa (SSA) and International Development Agency's (IDA) borrowers' average of 3.2 points and East and Southern Africa average of 2.9 points. Among others, the bank says Malawi continued to face macroeconomic imbalances, lack of progress in fiscal consolidation and debt restructuring while describing public financial management rating as low. Reads the report in part: "The country faced widening macroeconomic imbalances and stagnating growth, mainly due to unsustainable debt and the effects of multiple shocks, including an outbreak of cholera and Cyclone Freddy. "Lack of progress in fiscal consolidation, debt restructuring and donor support is a critical factor in achieving macroeconomic sustainability, underscoring the need for immediate action." The report further indicated that public finance management was rated low, indicating issues with managing arrears and continued corruption and that progress in procurement and audit systems was limited. The country's overall rating remained unsatisfactory at three points, which is below both SSA average and IDA's borrowers average of 3.1 points. *(Source: Times Business)*

Capital market players bemoan 3% stamp duty

Tourism Capital market players say the 3% stamp duty on securities is deterring the sector's growth and has since appealed to the Reserve Bank of Malawi (RBM) to lobby for its reduction or removal. The 3% stamp duty on secondary trading of shares on the 16-counter Malawi Stock Exchange (MSE) was introduced in the 2022/23 fiscal year, compelling buyers of stocks to pay the tax. During a meeting with RBM in Blantyre, Capital Markets Association of Malawi president urged the regulator to lobby for the removal or reduction of the duty, saying it is a disincentive to the sector's growth. He said: "We utilised the meeting with the regulator to voice out our concerns that we believe need to be addressed to promote the growth of the capital market and one aspect is the stamp duty of 3% to be paid by buyers of shares on the securities market. "This is on the higher side because in other countries within the region, the stamp duty ranges between 0.7% and 1% so we are lobbying for its removal or reduction because it is discouraging investment, which is countering the idea of promoting the growth of the capital market. "Again, if you can recall, the duty was removed a few years ago only for it to be reintroduced," he said. The president, who is also MSE chief executive officer, said the stock market remains small and its growth is dependent on tax incentives to attract new listings. *(Source: The Nation)*

Mwanza Border monthly revenue to grow by 8%—MRA

The Malawi Revenue Authority (MRA) says it expects its customs monthly revenue at Mwanza Border to go up by eight percent to K26bn when the one-stop border post facility opens. Speaking on Wednesday at Mwanza Border when Minister of Trade and Industry handed over the facility to operating agencies, MRA deputy commissioner general said the new facility will enable it to clear goods within three hours instead of several days. He said tax revenue is expected to jump from K24bn to K26bn per month. In his remarks, he said government wants to ensure that all borders migrate to one-stop service facilities to enhance operational efficiencies and open up the flow of cross-border trade. “The application of the one-stop border post will reduce border delays by almost 70% which means reduction in transit costs, promote a coordinated and integrated approach to facilitating trade and promote efficiency in the delivery of public services,” he said. The project was funded by the World Bank with support from Southern Africa Trade and Connectivity Project with a tune of K5.5bn. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 7.1m shares in 216 trades recording a market turnover of MWK 1bn during the week ended. FDHB (+4.8%), FMBCH (+3.2%), NBM, NBS (+32.3%) and SUNBIRD were the market gainers whilst AIRTEL (-4.1%), ICON (-0.1%), ILLOVO, MPICO (-0.1%), NICO, NITL, PCL and TNM (-0.1%) dropped in prices. The significant price jumps on the counters registered pushed MASI up by 2.2%.

However, the index recorded a 14.8% rise on year-to-date and 5.1% on index per month.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
19 July 2024

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	47.47	45.50	-4.1% ↓	312,639	14,764,224.20	17	500,500,000,000
BHL	13.05	13.05	0.0%	0	0.00	0	10,958,746,700
FDHB	105.01	110.03	4.8% ↑	631,213	66,881,203.00	35	759,320,468,438
FMBCH	377.87	390.00	3.2% ↑	49,358	18,714,568.40	17	958,717,500,000
ICON	15.90	15.89	-0.1% ↓	2,517	39,995.13	2	106,145,200,000
ILLOVO	1,355.11	1,355.10	0.0% ↓	1,547	2,096,340.01	11	966,788,494,244
MPICO	15.02	15.01	-0.1% ↓	22,426	336,788.52	3	34,493,692,375
NBM	2,700.03	2,700.05	0.0% ↑	12,997	35,092,475.00	14	1,260,739,039,187
NBS	115.14	152.28	32.3% ↑	5,647,170	854,617,138.00	64	443,222,110,652
NICO	199.28	199.20	0.0% ↓	218,184	43,468,325.48	26	207,773,786,323
NITL	411.41	411.40	0.0% ↓	26,365	10,846,567.65	8	55,539,000,000
OMU	1,500.04	1,500.04	0.0%	262	393,010.48	1	19,319,016,660
PCL	2,500.00	2,499.99	0.0% ↓	138	344,998.62	2	300,638,347,442
STANDARD	4,400.00	4,400.00	0.0% ↓	0	0.00	0	1,032,539,912,800
SUNBIRD	224.01	224.02	0.0% ↑	1,029	230,516.58	1	58,599,729,572
TNM	16.50	16.49	-0.1% ↓	227,728	3,755,430.48	15	165,567,020,500
Totals				7,153,573	1,051,581,581.55	216	6,880,862,064,892

					19-Jul-24	12-Jul-24	31-Dec-23
INDEX (week)	124,542.88	127,326.14	2.2% ↑	MWK/USD	1734.01	1734.01	1683.37
INDEX (month)	121,101.77	127,326.14	5.1% ↑	MWK/GBP	2308.80	2306.12	2212.41
INDEX (year to date)	110,951.21	127,326.14	14.8% ↑	MWK/ZAR	97.67	99.25	93.54

Market cap (MWK'm)	6,880,862.06	3,348,012.68
Market cap (USD'm)	3968.174879	1988.879473

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