

MALAWI

Political and economic news

World Bank speaks on recovery, growth

The World Bank has recommended what it calls significant shifts on how the economy is run if Malawi is to move towards recovering from shocks that has stifled growth in recent years. World Bank Senior Country Economist for Malawi said this in a response to an emailed questionnaire. He highlighted incentivising investment and production over consumption, reducing State control over the economy and increasing exports among key steps towards stabilizing the economy. He further faulted the government for what he rated as continued slippages on the fiscal space, which he says could affect the recovery process. He singled out increases in expenditures in the 2024-25 national budget as a step backwards in the government's quest to contain fiscal pressure. This comes as the MWK 5.98tn national budget has a MWK 1.43tn deficit, which represents 7.6% of Malawi's gross domestic product. The government plans to finance the gap through domestic borrowing amounting to MWK 1.28tn with about MWK 150bn to be borrowed from external sources. For these reasons, we think the government's fiscal consolidation agenda has lost some momentum. Additionally, financing these deficits contributes to the very high levels of inflation we see, which then puts further pressure on households and businesses and makes it even harder to reduce poverty and stabilize the economy, he stated.

(Source: Times Business)

MSE wants enhanced corporate governance

The Malawi Stock Exchange (MSE) has cited poor board composition as a major pitfall amongst listed companies. The local bourse also laments poor disclosures, reporting and unaccountability as major hindrances for prospective companies to list. This came out during a business breakfast organized by the MSE under the Corporate Governance and its Role in Business. MSE Chief Executive Officer said corporate governance is about structures and systems which must be put in place for proper direction of the company. For most unlisted companies, there are issues on disclosures and reporting. Mostly there is no mechanism where the shareholders of the company get information on a timely basis because the shareholder makes the investment decision based on the information which is available on their fingertips. Even some of the State-owned companies have operated for about three to four years but don't have audited accounts. So, you tend to wonder where you're taking the company, he mentioned. Press Cane Limited CEO said corporate governance is the normal way of doing business and many companies are following the good practices despite its evolving nature. Many things are coming up and it's important that we gather like this to continue talking to each other, giving updates and updating all of us, things that are trending, he stated. *(Source: The Business Times)*

Malawi mulls listing Mining firms on MSE

Malawian investors stand a chance to have stake in large-scale mining firms through listing on the Malawi Stock Exchange (MSE), a situation that could create wealth for the locals. A letter Business Review has seen dated May 10 2024 signed by Minister of Mining addressed to Minority Shareholders Association of Listed Companies confirms that the aspect of Initial Public Offering (IPO) on the MSE is being given priority. She said: “I wish to indicate that meanwhile government is negotiating mining development agreements [MDAs] with some companies and the aspect of IPO is being considered strongly.” The government’s stance follows a letter to the ministry by the association on January 25 2024 proposing partial ownership in large-scale mining firms and how indigenous citizens can mobilise funds through MSE and provide necessary capital to the mining firms. The Government of Malawi, in collaboration with stakeholders, is overseeing several mining projects for rare earths, graphite and uranium, which enjoy high global demand due to their application in emerging green technologies. According to Treasury, extensive mineral reserve estimates indicate significant long-term production potential at medium and large-scale. Feasibility studies are underway for some projects, while MDAs are being negotiated with investors. Treasury confirms that, through the Ministry of Mining, government has finalized and signed an MDA for niobium production at the Kanyika Niobium Mine in Mzimba with Globe Metals and Mining Limited, an Australian Stock Exchange-listed company incorporated in Malawi and expected to start production in 2025. Among others, the agreement provides for 10% free equity (fully paid shares) for the Government of Malawi and an option to acquire another 10% by financing. Lotus Resources has also negotiated a Community Development Agreement with the Kayerekera community and is in the process of finalizing a revised MDA with the Government of Malawi. (Source: *The Nation*)

Market activity and colour

Market commentary

The market traded 30.6m shares in 214 trades recording a market turnover of MWK 1.7bn during the week ended. AIRTEL (+0.1%), MPICO (+1.1%), NBM, STD and TNM (+23.1%) were the market gainers whilst FDHB, FMBCH, NBS, NITL and PCL dropped in prices. The significant gain on TNM registered pushed MASI up by -0.5%.

However, the index recorded a 3.0% rise on year-to-date.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 24 May 2024

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	51.15	51.19	0.1% ↑	770,248	39,426,145.00	23	563,090,000,000
BHL	13.05	13.05	0.0%	0	0.00	0	10,958,746,700
FDHB	65.36	65.34	0.0% ↓	11,696,425	764,114,753.00	59	450,913,381,875
FMBCH	380.04	380.00	0.0% ↓	64,332	24,446,360.84	12	934,135,000,000
ICON	16.80	16.80	0.0%	10,013,596	140,228,412.80	4	112,224,000,000
ILLOVO	1,355.15	1,355.15	0.0%	1,919	2,600,524.25	7	966,824,166,464
MPICO	14.84	15.00	1.1% ↑	5,264	78,871.34	2	34,470,711,900
NBM	2,400.18	2,400.19	0.0% ↑	7,552	18,126,175.00	18	1,120,724,888,230
NBS	90.72	90.71	0.0% ↓	7,596,527	689,006,857.73	40	264,018,109,123
NICO	199.45	199.45	0.0%	15,074	3,006,509.90	12	208,034,546,597
NITL	411.49	411.48	0.0% ↓	4,881	2,008,434.71	5	55,549,800,000
OMU	1,500.03	1,500.03	0.0%	0	0.00	0	19,342,885,350
PCL	2,506.99	2,506.98	0.0% ↓	1,185	2,970,771.30	4	301,478,935,624
STANDARD	3,950.30	3,950.33	0.0% ↑	3,015	11,910,195.00	11	927,016,680,393
SUNBIRD	224.00	224.00	0.0%	0	0.00	0	58,594,497,920
TNM	12.19	15.00	23.1% ↑	472,171	6,185,890.00	17	150,606,750,000
Totals				30,652,189	1,704,109,900.87	214	6,177,983,100,176

					24-May-24	17-May-24	31-Dec-23
INDEX (week)	113,694.34	114,231.25	0.5% ↑	MWK/USD	1733.87	1733.87	1683.37
INDEX (month)	114,228.31	114,231.25	0.0% ↑	MWK/GBP	2266.28	2260.93	2212.41
INDEX (year to date)	110,951.21	114,231.25	3.0% ↑	MWK/ZAR	96.83	98.22	93.54

Market cap (MWK'm)	6,177,983.10	3,348,012.68
Market cap (USD'm)	3563.126043	1988.879473

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