

MALAWI

Political and economic news

Budget in K371.8bn quarterly deficit

The K5.98tn 2024/25 National Budget has recorded a K371.8bn deficit in the first quarter (Q1) of this fiscal year, with economists projecting that the planned K1.4tn annual deficit will likely rise. Total revenues for the quarter covering the period April 1 to June 30 stood at K1.1tn while expenditures were recorded at K1.47tn, according to the Reserve Bank of Malawi (RBM) Monthly Economic Review for June 2024. The report further indicates that the budget deficit for April, the first month of this fiscal year, stood at K106.1bn. It then went up to K156.8bn in May and thereafter dropped to K108.9bn in June, respectively. RBM has attributed the rise in budget deficit to a sharp decline in grants and a 28% drop of non-tax revenue. Reads the report in part: "Total revenues decreased by K137.4bn to K250.4bn in June 2024 from K390.5bn in the preceding month. "The decrease was driven by a K147.9bn decline in grants to K45.2bn and a K2.7bn decline in non-tax revenues to K6.9bn." During the quarter, tax revenues accumulated to K658.6bn, missing the target of K748.1bn by 12% as Malawi Revenue Authority collected K272.3bn in April, K187.4bn in May and K198.4bn in June, according to the report. Commenting on the revenue performance, Economics Association of Malawi acting president described the quarterly deficit as a concern, saying government's fiscal pressure mainly heightens in the coming quarters of the economic lean period. "It would be reasonable to expect that the quarterly deficit should have been lower if the government was to achieve the planned deficit for the year," she said. *(Source: Business Times)*

Airtel revises 2023 loss upwards

Telecommunications operator Airtel Malawi plc is believed to have posted a loss of between K15.1bn and K15.7bn in 2023, which is 143% less than its profit in 2022. The Malawi Stock Exchange-listed mobile company said in a revised trading statement signed by company secretary that the variation of the projection is a result of re-assessment of some of the accounting treatments. The company, which posted a profit of K36.9bn in 2022, said the variation is a result of a re-assessment of the accounting treatment for the United States dollar-indexed tower lease contracts following the 44% devaluation in November 2023. In the second quarter, the telecommunications firm revised its annual financial statements along with the restatement of the financial statements for the previous year ended December 31 2022. In an interview, Stockbrokers Malawi Limited equity investment analyst said Airtel Malawi plc's move reflected challenges faced by the company in the past year. "Investors should stay informed and be attentive to any forthcoming trading statements as these will provide valuable insights into Airtel Malawi plc recovery trajectory," he said. In a separate interview, Minority Shareholders Association of Listed Companies secretary general described the foreign exchange loss as "a serious matter to shareholders that have affected the telecommunications sector that companies should look into by proper planning." But MSE chief executive is on record having described Airtel Malawi plc's decision as proactive, saying it provided timely updates and an opportunity to fix the situation. *(Source: The Nation)*

NSO says July trade deficit narrows

The National Statistical Office (NSO) has reported a 2.4% narrower trade deficit in Malawi's international merchandise trade in July as compared to May. The July trade figures by NSO show total value of imports reached K527.9bn (about USD 301.4m), an increase from K505.8bn (about USD 288.8m) the NSO reported in June. The total value of exports rose to K146.6bn (about USD 83.7m) in July 2024 from K97.8bn (about USD 55.8m) in June. This leaves a trade deficit of a minimum K381.3bn (USD 217.5m), from the K408bn (USD 223m) deficit in May. Meanwhile, Malawi's international merchandise trade in the first six months of 2024 registered lower exports amounting to USD 260.2m from USD 321.9m in the same period last year. While exports of goods reduced by 19.2%, imports had a marginal decline of 3% to USD 1.4bn, leaving a trade balance of USD 1.16bn, which is just USD 11bn shy of the deficit during the same period in the previous year. Economic expert recently expressed worry over high levels of trade deficit, saying this will continue to cause macroeconomic imbalances. "This trend has severe implications on national efforts on production and macroeconomic stability," he said on the first-half trade figures. He further explained that a widening trade deficit suggests that Malawi is not producing enough to meet local demand, leading to reliance on imports and he called for more investments in the primary production and manufacturing. He explained that increased imports lead to a higher demand for foreign currency, potentially causing shortages and depreciation of the local currency while excessive imports can fuel inflation, as higher demand for foreign goods increases prices. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 9.7m shares in 318 trades recording a market turnover of MWK 1.5bn during the week ended. FDHB, OMU, STANDARD BANK and TNM (+5.9%) were the market gainers whilst AIRTEL, ILLOVO, MPICO (-0.2%), NBM, NBS (-0.1%), NICO (-0.1%) and PCL dropped in prices. The price jump on TNM pushed MASI up by 0.1%.

However, the index recorded a 27.3% rise on year-to-date and 9.45% on index per month.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
30 August 2024

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	44.98	44.96	0.0% ↓	336,037	15,112,533.56	27	494,560,000,000
BHL	13.05	13.05	0.0%	0	0.00	0	10,958,746,700
FDHB	149.77	149.82	0.0% ↑	5,734,441	859,987,666.00	93	1,033,912,501,875
FMBCH	398.50	398.50	0.0%	7,644	3,046,124.00	8	979,612,625,000
ICON	14.99	14.99	0.0%	3,245	48,642.55	3	100,133,200,000
ILLOVO	1,355.14	1,355.11	0.0% ↓	5,781	7,833,938.52	7	986,795,628,688
MPICO	14.98	14.95	-0.2% ↓	970	14,501.50	1	34,355,809,527
NBM	3,450.03	3,450.01	0.0% ↓	98,145	338,602,189.00	29	1,610,919,165,417
NBS	149.87	149.71	-0.1% ↓	868,607	130,077,628.00	45	435,741,937,127
NICO	198.89	198.73	-0.1% ↓	377,326	74,995,295.20	24	207,283,557,008
NITL	411.19	411.19	0.0%	6,165	2,534,967.06	8	55,510,650,000
OMU	1,865.99	1,866.00	0.0% ↑	1,258	2,347,421.13	6	23,750,953,686
PCL	2,499.89	2,499.86	0.0% ↓	1,043	2,607,353.98	5	300,622,714,185
STANDARD	4,850.00	4,850.01	0.0% ↑	12,967	62,890,084.00	13	1,138,142,932,382
SUNBIRD	224.08	224.08	0.0%	0	0.00	0	58,615,424,526
TNM	17.00	18.00	5.9% ↑	2,299,965	41,282,016.00	49	180,728,100,000
Totals				9,753,594	1,541,380,360.50	318	7,631,643,946,122

					30-Aug-24	23-Aug-24	31-Dec-23
INDEX (week)	141,099.04	141,275.06	0.1% ↑	MWK/USD	1734.01	1734.01	1683.37
INDEX (month)	128,996.65	141,275.06	9.5% ↑	MWK/GBP	2352.03	2341.31	2212.41
INDEX (year to date)	110,951.21	141,275.06	27.3% ↑	MWK/ZAR	100.86	99.23	93.54

Market cap (MWK'm)	7,631,643.95	3,348,012.68
Market cap (USD'm)	4401.148796	1988.879473

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