

## MALAWI

### Political and economic news

#### *LOTUS unlocks finances for Kayelekera restart*

New owners of Kayelekera Uranium Mine in Karonga, Lotus Resources Limited have raised USD 66.9m (K117bn) through the first tranche of the share placement, adding up to USD 130m (K227.6bn) to finance reopening of the mine in next year. The mining company says after raising funds through placement shares, it will give other shareholders an opportunity to acquire shares through the share purchase plan and all the proceeds will be used as restart capital for Kayelekera. Reads the statement in part: "The second tranche representing approximately 252.4m shares at an issue price of USD 0.25 [K437.75] per share to raise approximately USD 63.1m [K115bn], is subject to shareholder approval at an extraordinary general meeting on or December 9 2024." The statement, signed by company secretary, says after the second tranche of the placement shares, it will offer eligible shareholders an opportunity to participate in the share purchase plan to buy up to USD 30 000 (K52.5m) worth of shares. He said: "The issue price for each new share under the share purchase plan will be USD 0.25, the same issue price as the placement. "The proceeds from the share purchase plan and placement will be used to advance the restart of the Kayelekera project in Malawi, working capital requirements and general corporate purposes." The development comes almost a month after the company completed its front-end engineering and design (Feed) programme, which reduced the restart capital requirements. It said the feed programme reduced the restart capital from the initial USD 88m (about K154bn) to USD 50m (about K87.5bn) with projection of commencing mining activities in eight months. *(Source: Business Times)*

#### *IMF advises on sustainable reforms, public support*

The International Monetary Fund (IMF) says governments across the world can strengthen public support for challenging reforms by investing in social protection programmes. The global lender said this is despite concerns about the sustainability of such measures in resource constrained economies such as Malawi. In its latest Regional Economic Outlook for Sub-Saharan Africa, the IMF highlights the importance of inclusive engagement with citizens and stakeholders for governments implementing policy reforms. The IMF suggests that this approach could foster a sense of public ownership and help to counter misconceptions and building stronger support for reform initiatives. Additionally, the IMF report recommends sequencing reforms carefully to delay non-essential adjustments while prioritising those with immediate benefits. Reads the report in part: "Appropriately designed and well-targeted policies to support those most affected by reforms can help overcome resistance to reform by mitigating potential social costs." These recommendations follow widespread public resistance to structural reforms recently implemented as part of the four-year USD 175m Extended Credit Facility (ECF) agreement signed in November last year. The Malawi Government's decision to increase taxes on second-hand vehicles and clothing sparked protests, leading to a reversal of the decisions. An Afro barometer survey cited in the IMF's report reveals that over 68% of Malawians believe the government should use tax revenue to cushion citizens from economic shocks, a significantly higher figure than the 51% average across 34 other African nations included in the survey. *(Source: The Nation)*

## *Farmers uncertain of buyers' demand*

Tobacco buyers have put demand for this season's crop at 213m kilogrammes (kg), a feat Tama Farmers Trust says will be difficult to achieve due to capacity challenges. This is despite Tobacco Commission (TC) licensing about 54 370 farmers to grow 238.9m kg of tobacco, the country's main foreign exchange earner, which brings in about 60% of foreign exchange earnings. Last season, the tobacco regulator licensed farmers to grow 265.9m kg of the leaf, but farmers ended up producing 133m kg, which was below the 190m kg buyers' demand. Licensing closed on October 31 and TC spokesperson said in an interview that the commission will impose a penalty of 25% of total fees to license farmers after the deadline. But he said demand for this season can be achieved under normal weather conditions coupled with growing interest from farmers. "We also think that with the right conditions, this [the demand] is feasible. The first thing which we have no control over is the weather. If the rainfall pattern is favourable, we are assured of good production. So far, we have growing interest in tobacco production because of last season's prices. If prices are as good as they were or are better, farmers will be highly motivated to produce more." However, the trend shows that although TC licenses huge volumes, the output has remained below demand for the past four to five years. In 2022/23 season, TC licensed farmers to produce 172m kg, but farmers produced 85m kg while the demand was at 140m kg. Similarly, in 2021/2022, season, the tobacco regulator licensed farmers to grow 162.8m kg against 140m kg demand, but the output was recorded at 123.6m kg while in 2020/2021 season, the regulator licensed about 150m kg out of the demanded 132m kg, but the output was 114m kg. *(Source: The Nation)*

## *MSE remains buoyant, shows report*

The 16-counter Malawi Stock Exchange (MSE) has started the last quarter of 2024 on a high, registering positive return on index in October as shares of telecommunications and hospitality counters surged. With a return on index of 2.4% in October, the market came from a buoyant position in the third quarter where it registered a 17.82% return on index while also increasing in value and volume of traded shares. Market data shows that TNM plc and Airtel Malawi plc share prices surged 19.6% and 9.1%, respectively, while Sunbird Tourism plc and Blantyre Hotel plc's shares jumped by 6.2 and five percent in that order. Apart from the four, several other companies registered share value gains, putting the total of gainers to 11 while share prices of five other companies tumbled during the month under review. In an interview, Stockbrokers Malawi Limited equity investment analyst attributed the high number of companies with share value gains to a demand-supply imbalance, especially on telecommunications counters, which are recovering from last year's 44 percent kwacha devaluation. "This sector's resilience and ability to navigate devaluation impacts have attracted significant investor interest, further supporting price increases," he said. Minority Shareholders Association of Listed Companies secretary general said investors are now interested in hospitality counters as they have recovered from the Covid-19 pandemic and are on expansion drive. In a separate interview, one of the investors, expressed delighted with the market performance which guarantees capital gains for shareholders. *(Source: The Daily Times)*

## Market activity and colour

### Market commentary

The market traded 14.4m shares in 346 trades recording a market turnover of MWK 2.2bn during the week ended. AIRTEL (+3.6%), BHL (+2.4%), FMBCH, ILLOVO, NBM, NBS, NICO, OMU (+4.5%), STANDARD and TNM (+13.2%) were the market gainers whilst FDHB (-0.1%), MPICO (-0.1%) and PCL dropped in prices. The price gains on the counters mentioned pushed MASI up by 0.7%.

However, the index recorded a 33.7% rise on year-to-date and 0.8% on index per month.

# Weekly Market Report



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## SYMBOL SUMMARY



Trading Summary for the week ending  
08 November 2024

Symbol	Open	Close		Volume	Value	Trades	Market
						Count	Capitalization
AIRTEL	56.03	58.03	3.6% ↑	347,015	19,790,034.00	62	638,330,000,000
BHL	14.21	14.55	2.4% ↑	160,000	2,328,000.00	5	12,218,372,758
FDHB	149.16	149.02	-0.1% ↓	591,090	88,117,301.84	57	1,028,391,676,875
FMBCH	398.56	398.61	0.0% ↑	109,269	43,552,923.00	20	979,883,032,500
ICON	15.81	15.81	0.0%	1,008,188	15,939,448.55	5	105,610,800,000
ILLOVO	1,355.10	1,355.12	0.0% ↑	13,644	18,489,024.20	13	966,802,763,132
MPICO	14.85	14.83	-0.1% ↓	984	14,592.72	1	34,080,043,832
NBM	3,449.99	3,450.00	0.0% ↑	125,890	434,321,594.00	42	1,610,914,496,100
NBS	149.60	149.61	0.0% ↑	9,582,297	1,433,608,629.00	54	435,450,879,791
NICO	198.81	198.84	0.0% ↑	23,308	4,634,531.00	18	207,398,291,529
NITL	409.93	409.93	0.0%	77,691	31,847,390.00	13	55,340,550,000
OMU	1,866.50	1,950.00	4.5% ↑	5,975	11,651,250.00	3	24,187,164,300
PCL	2,499.81	2,499.80	0.0% ↓	22,578	56,440,686.83	5	300,615,498,836
STANDARD	5,495.22	5,495.29	0.0% ↑	1,670	9,177,089.30	6	1,289,569,603,957
SUNBIRD	240.03	240.03	0.0%	0	0.00	0	62,787,666,677
TNM	23.01	26.05	13.2% ↑	2,360,553	59,402,827.00	42	261,553,722,500
Totals				14,430,152	2,229,313,321.44	346	8,013,134,562,787

					8-Nov-24	1-Nov-24	31-Dec-23
INDEX (week)	147,416.01	148,395.23	0.7% ↑	MWK/USD	1734.01	1734.01	1683.37
INDEX (month)	147,216.86	148,395.23	0.8% ↑	MWK/GBP	2315.77	2303.27	2212.41
INDEX (year to date)	110,951.21	148,395.23	33.7% ↑	MWK/ZAR	102.85	101.33	93.54

Market cap (MWK'm)	8,013,134.56	3,348,012.68
Market cap (USD'm)	4621.153422	1988.879473

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