

MALAWI

Political and economic news

Treasury admits spending pressure

Minister of Finance and Economic Affairs has admitted that Treasury is facing spending pressure because of mandatory expenditure obligations, but it is now prioritising funding for essential needs only. The minister said this in Mangochi on the sidelines of the Economics Association of Malawi (Ecama) Annual Lakeshore Conference at a time government continues to chalk budget deficits and piling public debt, which is hovering at K15tn or 81% of the country's gross domestic product. The spending pressure is coming on the back of economists faulting fiscal policy for frustrating efforts to stabilise the economy when monetary policy continues to be tight. While admitting the precarious situation, he said Treasury is trying to control spending, but cannot forgo mandatory expenditures such as wages and salaries, debt servicing and payment of pension. "We have committed to control expenditure, but we need to know that we have overwhelming demand for social services that exert pressure on fiscal space because of social demand. "For instance, government cannot do without procurement of medical supplies, government cannot do without procurement of fuel and government has to respond to emergencies." But he said substantive measures are being taken to ensure that only essential needs get the funding and also that Treasury is conducting monthly expenditure analysis to track what it funded and what needs funding. "Also note that we are coming from a period where government borrowed a lot of funds not for production, but for consumption so we decided not to default and this also means we are also using some funds to service the said debt," he said. (Source: Business Times)

Study outlines AGRO growth challenges

International Food Policy Research Institute (Ifpri) Malawi has identified land constraints and market information challenges as factors frustrating cereal-legume intercropping deemed as a sustainable agricultural system for commercialisation. In its latest study, Ifpri analysed six agro-ecological zones in the country to determine the viability of the system to enhance agriculture productivity and commercialisation, which are two enablers of Malawi 2063, the country's long-term development plan. Reads the study report in part: "Our results highlight the significance of land constraints across all regions, with the southern mid-altitude plateau being the most land-constrained zone. "We find that farming households adopt a subsistence approach focused on staple food production in the baseline scenario across all zones." The study recommends that increasing land available to farming households by 20% influences households to intercrop more relative to other zones. Reads the study report in part: "Our results highlight the significance of land constraints across all regions, with the southern mid-altitude plateau being the most land-constrained zone. "We find that farming households adopt a subsistence approach focused on staple food production in the baseline scenario across all zones." The study recommends that increasing land available to farming households by 20% influences households to intercrop more relative to other zones. The study has come at a time the Ministry of Agriculture is promoting intercropping in land -constrained areas. Meanwhile, the Ifpri study suggests market information is another setback as some farmers are not enticed to intercrop with legumes because they do not have knowledge about the markets and seed supply. In an interview, Ministry of Agriculture director of crop development said intercropping is an approved technology and farmers are encouraged to embrace it because it helps to achieve crop diversification. Reads the study report in part: "Our results highlight the significance of land constraints across all regions, with the southern mid-altitude plateau being the most land-constrained zone. (Source: The Nation)

Market activity and colour

Market commentary

The market traded 36m shares in 257 trades recording a market turnover of MWK 10.9bn during the week ended. AIRTEL (+18.9%), FMBCH, NBS (+1.1%), NICO (+0.6), NITL, PCL, STANDARD (+9.2%) and TNM (+1.6%) were the market gainers whilst FDHB (-0.1%), ICON (-0.1%), ILLOVO and MPICO (-0.1%) dropped in prices. The price gains on the counters mentioned pushed MASI up by 3.1%.

However, the index recorded a 37.9% rise on year-to-date and 3.9% on index per month.

Cedar Capital Limited
4th Floor, Livingstone Towers
Sir Glyn Jones Road
P O Box 3340
Blantyre, Malawi
+265 1 831 995
Feedback: nzimar@cedarcapital.mw

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