

MALAWI

Political and economic news

PCL sees good tidings, 2024 profit to jump 63%

Conglomerate Press Corporation (PCL) plc says it expects the 2024 profit to range from MWK 115bn to MWK 122bn as the Malawi Stock Exchange (MSE)-listed firm targets significant diversification towards energy. In a trading statement signed by company secretary, PCL advises the public that the consolidated profit after-tax for the year ended December 2024 is expected to rise from the previous year's MWK 75.05bn. This means the group will be the second most profitable listed firm after Nico Holdings plc, another financial services group, which also indicated that its profit after-tax is expected to be between MWK 122bn and MWK 131bn from MWK 59bn in 2023, which is about 122% increase. PCL's profit increase will mainly be driven by its subsidiary National Bank of Malawi plc, which expects its profit to rise to MWK 98bn from MWK 78bn in 2023. *(Source: Business Times)*

Investors cling to BHL shares

Blantyre Hotels (BHL) plc shares have not traded on the 16-counter Malawi Stock Exchange (MSE) since listing rights shares on December 30 2024 despite potential for investors to make quick gains by selling the stocks. Money market analysts have described the situation as pointing to investors' confidence on BHL's long-term gains based on its 180-bed golf estate hotel under construction in Lilongwe. The rights shares, offered at MWK 12.38 each, raised MWK 62.4bn for the completion of the hotel project and were listed on MSE at MWK 14.55 per share. This means that as of today, investors can sell the stock at an 18% profit. Investors are clinging on to the shares even after a trading statement has projected that BHL, which owns Protea Hotel by Marriot Blantyre Ryalls, will make a consolidated loss after-tax ranging from MWK 1.7bn to MWK 1.85bn in the year ended December 31 2024 due to finance charges incurred for the Lilongwe hotel project. Stockbrokers Malawi Limited equity investment analyst stated that the situation denotes how investors are determined to maintain their shareholding for long-term returns. He said: "It is likely that a majority of shareholders are long-term investors who are content to hold their positions and are not focused on immediate gains. "Although the company is projecting a loss for 2024, these long-term investors may continue to hold their shares in anticipation of future returns." MSE chief operations officer mentioned that the holding of the shares could be attributed to several factors, including that the new shareholders want to "wait and see" how the company progresses. "The most significant could be that most of the shareholders are new; hence, looking at long-term rather than short-term. "As such, they are holding on to their investment, which is a demonstration of the trust they have in the company and our stock market." *(Source: The Nation)*

Long walk to middle-income economy, says World Bank

The World Bank says the recent trend of weak growth has seen graduation prospects slip further away in many low income countries (LICs), including Malawi, with Ethiopia, Rwanda and Uganda expected to graduate by 2035. According to the bank, by 2050, only another three LICs would be expected to make the transition. In other words, based on 2010/19 average growth rates, the number of LICs would decline by less than a quarter, from 26 this year to 20 in 2050. This could push Malawi's prospects of becoming a middle income status further. In an analysis *Falling Graduation Prospects: Low-Income Countries in the 21st Century*, the bank said the economic challenges confronting LICs, including Malawi, have intensified in the last 15 years amid deadlier conflict and violence, climate shocks, debt crises, and anemic growth. These, the bank said, have slowed the rate at which LICs are graduating to middle-income status since 2010, with per capita GDP near-flat lining for 15 years. "As a consequence of these trends, extreme poverty has ceased falling in LICs. Moreover, at average 2010/2019 growth rates, only six LICs would be expected to graduate to middle income by 2050. "This would represent less than one-quarter of eligible countries, down sharply from the nearly two-thirds that advanced in the first quarter of this century. "The World Bank said most LICs can improve growth prospects by prioritising policy shifts shown to foster greater investment including prudent fiscal policies, deeper trade integration, and improved governance and monetary frameworks. Malawi has been on a quest to turn into a wealthy, self-reliant, industrialised upper-middle-income economy by 2030 as outlined in the Malawi 2063 (MW2063). National Planning Commission (NPC), an oversight government agency on MW2063 implementation, said now the local economy needs to grow by at least 10% annually in the next six years from an earlier projection of six percent, if the country is to attain a middle income status. NPC director general earlier conceded that the country's target to attain a middle income status faces setbacks if the country continues to record minimal growth. "Any deceleration on growth due to exogenous shocks and resultant macroeconomic instabilities definitely has impacts on the timely attainment of Malawi Implementation Plan-1 milestones," he said. *(Source: The Daily Times)*

Forex woes continue, companies crippled

It is not only fuel-driven industries that are feeling the pinch. The whole private sector is slowly dying from Malawi's age-old foreign currency pandemic, which is growing exponentially, with the casualty rate skyrocketing, Business Review has established. Our analysis, based on reviews of court records, interviews with industry leaders, individual firms hit by the forex crisis and the Malawi Confederation of Chambers of Commerce and Industry (MCCCI), shows that many local businesses are downsizing while some are closing.' With official foreign-exchange reserves standing at less than one month of import cover, well below the minimum recommended three months deemed adequate even by the Malawi Government itself, the scale of the country's perilous forex ailment is one of the biggest threats to the survival of the private sector, according to World Bank. One company operating in the agro-chemical industry we talked to said it is sitting on billions of kwachas in cash, but a major international supplier is suing the firm because it cannot buy forex to pay off long outstanding dues amid supply-demand imbalances in the local forex market. This forex dilemma has also forced key suppliers to suspend selling critical agricultural inputs such as pesticides to Malawian firms, which experts warn could affect the harvest of the 2024/25 season. The pesticides are normally imported earlier than April each year in preparation for the new growing season, but industry players and experts say this did not happen due to scarcity of forex shortage. In the said lawsuit issue, court documents we have reviewed show that Farmers Organisation Limited (FOL), the firm that supplies about 60% of crop protection inputs in Malawi, was dragged to court for failing to pay about MWK 1.8bn to its supplier. Some of the company's unpaid bills date back to 2020. FOL was dragged to the High Court of Malawi by D & B Holdings (PTY) Limited, a South African company which was demanding its money in United States (US) dollars. (Source: *The Nation*)

Market activity and colour

Market commentary

The market traded 10.7m shares in 425 trades recording a market turnover of MWK 2.7bn during the week ended. ILLOVO, NBM (+15%), NBS (+32.2), PCL, STANDARD and SUNBIRD were the market gainers whilst AIRTEL (-4.4%), NICO and TNM (-18%) dropped in prices. The significant price adjustments on the counters mentioned pushed MASI up by 3.6%.

However, the index dropped 4.3% rise on year-to-date.

Weekly Market Report



Equity research | News & Analysis

SYMBOL SUMMARY



Trading Summary for the week ending
10 January 2025

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	90.00	86.06	-4.4% ↓	1,033,561	90,112,112.00	44	946,660,000,000
BHL	14.55	14.55	0.0%	65,196	948,601.80	10	85,528,609,304
FDHB	148.22	148.22	0.0%	4,393,106	651,202,470.00	119	1,022,870,851,875
FMBCH	555.00	555.00	0.0%	320,663	177,967,725.00	25	1,364,328,750,000
ICON	18.05	18.05	0.0%	54,718	987,659.90	1	120,574,000,000
ILLOVO	1,355.08	1,355.09	0.0% ↑	17,472	23,676,084.56	17	966,781,359,800
MPICO	18.53	18.53	0.0%	25,000	463,250.00	3	42,582,819,434
NBM	3,462.18	3,981.50	15.0% ↑	11,118	42,127,909.80	20	1,859,088,714,847
NBS	195.63	258.57	32.2% ↑	3,911,616	907,571,200.00	111	752,586,952,661
NICO	419.02	419.00	0.0% ↓	104,956	43,976,710.00	35	437,034,219,224
NITL	440.00	440.00	0.0%	31,758	13,973,520.00	9	59,400,000,000
OMU	1,950.01	1,950.01	0.0%	0	0.00	0	27,955,988,813
PCL	2,499.79	2,499.81	0.0% ↑	322,150	805,313,757.17	5	300,616,701,394
STANDARD	6,483.95	6,483.97	0.0% ↑	581	3,767,182.00	8	1,521,581,322,363
SUNBIRD	240.09	240.10	0.0% ↑	5,000	1,200,470.00	4	62,805,977,458
TNM	24.99	20.50	-18.0% ↓	464,220	11,380,120.21	14	205,829,225,000
Totals				10,761,115	2,774,668,772.44	425	9,776,225,492,174

					10-Jan-25	3-Jan-25	31-Dec-23
INDEX (week)	173,209.87	179,503.72	3.6% ↑	MWK/USD	1734.01	1734.01	1683.37
INDEX (month)	172,039.93	179,503.72	4.3% ↑	MWK/GBP	2260.94	2275.40	2212.41
INDEX (year to date)	172,039.93	179,503.72	4.3% ↓	MWK/ZAR	98.82	100.04	93.54

Market cap (MWK'm)	9,776,225.49	3,348,012.68
Market cap (USD'm)	5637.923278	1988.879473

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

This document is confidential and issued for the information of internal and external clients of Cedar Capital Limited registration 8700. It is subject to copyright and may not be reproduced in whole or in part without written permission. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Cedar Capital in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/ security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisors to assist the user in reaching any decision. Cedar Capital will accept no responsibility of whatsoever nature in respect of any statement, opinion, recommendation or information contained in this document.