

MALAWI

Political and economic news

Banks prefer govt securities— Treasury

Ministry of Finance and Economic Affairs says it wants to overturn commercial banks' preference for government securities by increasing the ratio of private sector credit by banks to gross domestic product (GDP) from 25 to 35 percent by 2028. The ministry has since conceded that the current scenario is due to lack of creditworthy investment projects and weaknesses in the legal and judicial environment, which make it challenging to recover bad loans or to realise collateral. Treasury data shows that government securities and statutory corporation loans account for more than 40 percent of the banking system's loan assets. However, Bankers Association of Malawi (BAM) says while banks are committed to increasing private sector credit, incentivising the sector to support private sector credit growth could go a long way. Treasury data contained in the 2024/25 Financial Sector Development Strategy III that runs up to 2028 shows that top beneficiaries that access credit from commercial banks include the wholesale and retail trade at 21 percent, agriculture at 16.4 percent and community social and personal services at 33.2 percent and a small number of customers, thereby exposing the banks to loan concentration risk. The strategy points out that although Malawi's financial system is considered sound and functioning well, an assessment of risk exposure revealed vulnerabilities in terms of credit concentration, especially that only three industrial sectors continued to contribute more than 50 percent of gross loans and leases. *(Source: Business Times)*

Songwe Hill Rare Earth project set to be listed on US's Nasdaq

Mkango Resources Limited has unveiled plans to list its Songwe Hill Rare Earth project in Phalombe on Nasdaq, a United States of America online global marketplace for buying and trading in securities. Mining experts have said the development will provide exposure and ensure the miner easily accesses financing for mining development. The move follows the signing of a non-binding letter of intent for a proposed business combination transaction with Crown PropTech Acquisitions (CPTK), a Cayman Islands exempted company. The transaction will see Mkango Resources Limited's subsidiaries Lancaster Exploration Limited which manages Songwe Hill Rare Earth project and Mkango Polska, which manages Pulawy Rare Earth Separation Plant in Poland, listing on Nasdaq. In essence, the two subsidiaries and CPTK will create a new company, which will be listed and Mkango Resources Limited will retain a majority interest in the listed entity, according to chief executive officer. He said in a statement: "This transaction will create a vertically integrated global pure play rare earths platform that is intended to result in the class A ordinary shares of CPTK's successor entity being listed on Nasdaq. "The listed entity will hold Mkango's Rare Earth project at Songwe Hill in Malawi and a proposed separation plant in Pulawy Poland." Mkango's interest in the HyProMag recycling business will not be part of the transaction. The statement further says that Mkango Resources Limited and CPTK will announce additional details regarding the transaction when a definitive agreement has been executed, but stressed that the parties are currently considering the specific terms and structure of the transaction, which are subject to due diligence as well as business, legal, tax, accounting, regulatory, stock exchange and other considerations. *(Source: The Nation)*

Commission sees improvement in tobacco quality

Tobacco Commission (TC) says the two-week training it conducted nationwide last will help farmers to enhance the quality of the leaf and strengthen the country's position on the global market. The training sought to address critical compliance issues outlined in the new Tobacco Industry Act Which the President signed into law in February last year. In an interview, TC spokesperson said the training focused on key obligations for farmers, such as reporting on child labour practices, safeguarding workers' rights, eliminating the use of non-tobacco related materials, promoting afforestation and encouraging crop diversification. He said farmers' compliance with the Act will improve the country's reputation globally. "Compliance will safeguard the integrity of Malawi's tobacco, potentially boosting demand for the leaf. Tama Farmers' Trust chief executive officer said the trainings were crucial to addressing bad practices in leaf presentation, such as nesting and cross-border tobacco trade. "If the market standards are not met, demand for Malawi's tobacco will decline, translating to lower prices. Ministry of Agriculture director of crop development urged farmers to deliver high-quality, well-graded and pure tobacco to meet international demand. During the last growing season, TC confiscated 5 080 bales or 450 000 kilograms of nested tobacco valued at \$1.34 million (about K2.3 billion). Tobacco contributes about 60 percent to forex earnings. (Source: *The Daily Times*)

Market activity and colour

Market commentary

The market traded 6m shares in 436 trades recording a market turnover of MWK 1.8bn during the week ended. FDHB, FMBCH, NBM (+15%), NBS (+20.5%), PCL and STANDARD (6.4%) were the market gainers whilst AIRTEL (-1.2%), ICON (-0.1%), NICO and TNM dropped in prices. The significant price adjustments on the counters mentioned pushed MASI up by 5.4%.

However, the index dropped by 10% on year-to-date.

Weekly Market Report



Equity research | News & Analysis

SYMBOL SUMMARY



Trading Summary for the week ending
17 January 2025

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	86.06	84.99	-1.2% ↓	375,192	31,907,281.33	34	934,890,000,000
BHL	14.55	14.55	0.0%	0	0.00	0	85,528,609,304
FDHB	148.22	148.27	0.0% ↑	2,966,523	439,795,840.00	110	1,023,215,903,438
FMBCH	555.00	555.01	0.0% ↑	8,655	4,803,585.00	3	1,364,353,332,500
ICON	18.05	18.04	-0.1% ↓	93,434	1,685,549.00	2	120,507,200,000
ILLOVO	1,355.09	1,355.09	0.0%	9,441	12,793,402.77	9	966,781,359,800
MPICO	18.53	18.53	0.0%	3,250	60,222.50	2	42,582,819,434
NBM	3,981.50	4,578.50	15.0% ↑	147,124	673,548,850.00	53	2,137,846,962,433
NBS	258.57	311.66	20.5% ↑	1,941,677	549,592,500.00	138	907,109,292,131
NICO	419.00	418.99	0.0% ↓	262,382	109,935,500.00	52	437,023,788,813
NITL	440.00	440.00	0.0%	600	264,000.00	1	59,400,000,000
OMU	1,950.01	1,950.01	0.0%	0	0.00	0	31,208,878,495
PCL	2,499.81	2,499.95	0.0% ↑	1,976	4,939,909.00	2	300,633,537,209
STANDARD	6,483.97	6,900.01	6.4% ↑	4,237	29,235,320.00	10	1,619,212,664,482
SUNBIRD	240.10	240.10	0.0%	0	0.00	0	62,805,977,458
TNM	20.50	20.49	0.0% ↓	208,935	4,281,391.15	20	205,728,820,500
Totals				6,023,426	1,862,843,350.75	436	10,298,829,145,996

					17-Jan-25	10-Jan-25	31-Dec-24
INDEX (week)	179,503.72	189,195.88	5.4% ↑	MWK/USD	1734.01	1734.01	1734.01
INDEX (month)	172,039.93	189,195.88	10.0% ↑	MWK/GBP	2181.10	2193.07	2240.22
INDEX (year to date)	172,039.93	189,195.88	10.0% ↓	MWK/ZAR	95.12	94.26	95.03

Market cap (MWK'm)	10,298,829.15	3,348,012.68
Market cap (USD'm)	5939.307418	1930.790021

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.