MALAWI

Political and economic news

Coordinate monetary, fiscal policies—experts

The first session of the Reserve Bank of Malawi (RBM) Monetary Technical Policy Forum has ended with calls for the government to be realistic in economic projections and greater coordination between fiscal and monetary policies. This session follows the Monetary Policy Committee (MPC) meeting last month which the maintained the policy rate, the rate at which commercial banks borrow from the central bank, at 26 percent. Speaking at the event, Economics Association of Malawi (Ecama) senior economist backed the decision, saying it was based on sound macroeconomic fundamentals. However, he cautioned against overly optimistic expectations, dismissing the possibility of inflation dropping anytime soon. “Expectations on inflation are very optimistic. We need to be realistic, stressing the need for sound macroeconomic fundamentals to sustain stability,” he said. The observation comes at a time government is projecting annual economic growth to rebound to four percent in 2025 from a moderate 1.8 percent in 2024. Last year, government initially projected growth at 3.2 percent, but was forced to revise it to 1.8 following the disruptions caused by the El Nino weather phenomenon. *(Source: Business Times)*

MCCCI urges rethink on forex controls

Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has urged government to reconsider its approach to foreign exchange management and adopt holistic measures that prioritise the private sector as a critical driver of economic growth. In its January 2025 Position on Foreign Exchange Control Measures paper, MCCCI argues that implementation of the foreign exchange control measures would likely result in unintended negative consequences, including a further decline in exports and, consequently, reduced foreign currency inflows. Reads the position paper in part: “Although the measures aim to curb illegal forex trading, they fail to address how businesses will access foreign exchange once it is directed to the Reserve Bank of Malawi [RBM]. The principles being promoted contradict policies of a market economy and would likely increase the perception of instability in the policy regime and discourage investments.” RBM has instituted several short-term measures to support the importation of strategic commodities in the face of forex scarcity, including the introduction of foreign exchange auctions and the reintroduction of the mandatory sale of 30 percent of export proceeds instituted in August 2021. The measure, according to MCCCI, has reduced the availability of foreign exchange for businesses to import raw materials essential for their operations while businesses that generate foreign exchange have faced challenges in accessing the forex they help generate. *(Source: The Nation)*

Old Mutual outlines 5-point survival tips

Old Mutual Malawi Limited has unveiled a five-point survival plan to help individuals navigate turbulent economic times, particularly in the face of potential job losses. The plan comes in the wake of the recent US President Executive Order 14169 titled 'Reevaluating and realigning United States foreign aid', signed on January 20, ordering a 90-day pause on all US foreign development assistance programmes pending a review. In a statement, Old Mutual Malawi Limited financial education manager said while the stop order could be temporary, it is important to prepare for any potential long-term impacts such as job losses and increased stress. He said at Old Mutual Malawi, they understand the importance of financial resilience during uncertain times; hence, providing five survival tips. First, he said the affected people should prioritise needs over wants and focus on essentials such as food, rent, utilities and school fees for dependents. Temporarily reduce spending on entertainment, dining out and luxury items. Furthermore, track expenses by using a simple budget tracker to monitor expenditure and identify areas to cut back," he said. Secondly, there is a need to start saving to cover basic expenses in case of job loss or income delay, adding that there is a need to automate the transfer of savings into an instrument that brings growth to the invested money, citing investment options through Old Mutual Unit Trust. Thirdly, he said this is also the time to think of starting a small business to generate additional income in case the situation turns negative. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 13m shares in 1,101 trades recording a market turnover of MWK 4.2bn during the week ended. AIRTEL (+1.1%), FDHB (+14.8%), FMBCH (+15.6%), NBM, NBS (+0.2%), NICO (+0.1%), NITL (+0.1%), PCL and STANDARD were the market gainers whilst ICON (-0.1%) and TNM (-14.8%) dropped in prices. The significant price adjustments on the counters mentioned pushed MASI up by 4.1%.

However, the index went up by 35.3% rise on year-to-date.

SYMBOL SUMMARY

Trading Summary for the week ending
07 February 2025

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	84.08	85.02	1.1% ↑	2,321,400	197,274,840.00	67	935,220,000,000
BHL	14.55	14.55	0.0%	120,372	1,751,412.60	7	85,528,609,304
FDHB	274.52	315.03	14.8% ↑	2,649,663	832,869,730.00	440	2,174,031,874,688
FMBCH	639.42	739.04	15.6% ↑	1,240,876	856,647,320.00	72	1,816,745,080,000
ICON	18.04	18.03	-0.1% ↓	110	1,983.30	1	120,440,400,000
ILLOVO	1,355.09	1,355.09	0.0%	110,241	149,386,252.00	28	966,781,359,800
MPICO	19.00	19.00	0.0%	142,025	2,698,475.00	8	43,662,901,740
NBM	5,998.87	6,000.00	0.0% ↑	46,497	278,939,790.00	78	2,801,590,428,000
NBS	349.23	349.98	0.2% ↑	2,439,157	852,995,250.00	214	1,018,642,463,133
NICO	419.02	419.56	0.1% ↑	1,908,912	800,381,880.00	117	437,618,322,238
NITL	440.77	441.00	0.1% ↑	17,845	7,868,768.00	4	59,535,000,000
OMU	1,950.01	1,950.01	0.0%	0	0.00	0	31,208,878,495
PCL	2,499.95	2,500.00	0.0% ↑	6,979	17,447,262.00	8	300,639,550,000
STANDARD	6,900.02	6,901.03	0.0% ↑	28,785	198,629,470.00	22	1,619,452,026,007
SUNBIRD	276.12	276.12	0.0%	0	0.00	0	72,228,181,990
TNM	19.98	17.02	-14.8% ↓	2,016,683	34,302,106.00	35	170,888,459,000
Totals				**13,049,545**	**4,231,194,538.90**	**1,101**	**12,654,213,534,394**

					7-Feb-25	31-Jan-25	31-Dec-24
INDEX (week)	**223,474.92**	**232,733.35**	**4.1% ↑**	**MWK/USD**	1734.01	1734.01	1734.01
INDEX (month)	**214,428.46**	**232,733.35**	**8.5% ↑**	**MWK/GBP**	2219.15	2218.25	2240.22
INDEX (year to date)	**172,039.93**	**232,733.35**	**35.3% ↑**	**MWK/ZAR**	96.73	96.24	95.03

Market cap (MWK'm)	12,654,213.53		3,348,012.68
Market cap (USD'm)	7297.651339		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