

MALAWI

Political and economic news

Malawi's income growth puzzle

World Bank latest data shows that Malawians individual incomes have doubled to USD 634.8 (about MWK 657,653) in the five years up to 2021. But for a man, who trekked from Nsanje to Blantyre in 2019, her incomes have in fact worsened. His situation resonates with the more than 10m Malawians who the same World Bank data says have remained poor even as average per capita income has risen sharply, suggesting economic inequalities that aid organisations such as Oxfam say are deepening in Malawi. My life has been miserable over the past years. I got a job as a shop attendant in 2019, but I was fired in October last year. I am failing to make ends meet and I am destitute, he stated. Despite an improvement in GDP per capita, the World Bank figures further show that between the same period, the poverty gap at 17% and poverty severity at 7.6%. which consider the extent to which individuals fall below the poverty line and the inequality among poor households, respectively has remained unchanged. *(Source: The Nation)*

Agriculture budget fails to grow sector

Treasury's budget allocation to the agriculture sector has failed to yield desired sectoral growth over the past five years despite the sector getting 10% of the total budget, it has been established. The African Development Bank (AfDB) data shows that the Malawi Government has consistently allocated at least 10% of the national budget to the national budget to the agriculture sector to reach an annual agricultural gross domestic product (GDP) growth rate of at least six percent in line with the Comprehensive Africa Agriculture Development Programme (Caadp), an Agenda 2063 continental initiative. The initiative aims to help African countries eliminate hunger and reduce poverty by raising economic growth through agriculture-led development. AfDB said that the agriculture sector's production and productivity has remained below its potential and cannot match the increasing demand from domestic and export markets. *(Source: The Nation)*

Malawi headline inflation U-turns

Malawi's inflationary trajectory took a new twist in January 2023 as headline inflation rose, albeit marginally, to 25.9% from 25.4% recorded in December 2022. The inflationary pressure was seen easing at the close of 2022, as it went down from 25.8%, averaging 21% in the year. The slight drop in headline inflation recorded in December 2022 was, however, ironic as the country was at the peak of the lean season, but it signaled hope for an ease in the rate at which food and non-food prices would be increasing. Figures from the National Statistical Office show that in January, food and non-food inflation rates stood at 30.5% and 20.4%, respectively. Headline inflation remained on an upward spiral for a greater part of 2022 as commodity prices continued rising, piling pressure on economy. *(Source: Business Times)*

Economic outlook still mixed-RBM

The Reserve Bank of Malawi (RBM) says the economic outlook remains mixed but with elevated chances of positive outturn in most key macroeconomic fundamentals. The central bank said this in its 2023 first Monetary Policy Committee (MPC) report released on Monday. RBM maintained its real gross domestic product (GDP) forecast at 2.7% in 2023. The central bank says it remains committed to the medium-term inflation objective of 5.0% with a symmetric band of 2.0 percentage points. It expects subdued pressures on imported inflation. It also predicts stability in domestic fuel pump, electricity and water tariffs. However, RBM anticipates domestically-produced food prices to remain elevated as the lean period peaks in the first quarter of this year, continued pass-through of exchange rate depreciation, and fiscal slippages to persist. *(Source: Business Times)*

Market activity and colour

Market commentary

The market traded 2.3m shares in 99 trades recording a market turnover of MWK 144m during the week ended. TNM (+0.1%), STD, OMU, NBM, ILLOVO and AIRTEL were the market gainers whilst MPICO only dropped in price. The price gains registered in the counters mentioned pushed MASI slightly up.

However, year-to-date index went up to 12.9%. As a result, the market capitalisation rose 12.93% in both MWK and USD terms.

SYMBOL SUMMARY



Trading Summary for the week ending 24 February 2023

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	58.12	58.14	0.0% ↑	105,530	6,134,503.60	9	639,540,000,000
BHL	10.96	10.96	0.0%	0	0.00	0	9,203,667,727
FDHB	35.04	35.04	0.0%	539,560	18,906,125.98	19	241,812,135,000
FMBCH	167.00	167.00	0.0%	16,242	2,712,414.00	3	410,527,750,000
ICON	11.91	11.91	0.0%	5,627	67,017.57	3	79,558,800,000
ILLOVO	600.04	600.05	0.0% ↑	8,243	4,946,197.00	8	428,102,306,820
MPICO	20.59	20.58	0.0% ↓	1,200	24,696.00	2	47,293,816,727
NBM	1,600.01	1,600.03	0.0% ↑	1,764	2,822,446.59	7	747,104,788,752
NBS	38.44	38.44	0.0%	1,525,220	58,629,460.20	20	111,882,439,805
NICO	80.00	80.00	0.0%	6,000	480,000.00	2	83,443,287,680
NITL	164.00	164.00	0.0%	72,998	11,971,672.00	8	22,140,000,000
OMU	880.00	880.01	0.0% ↑	3,752	3,301,795.00	5	13,404,654,644
PCL	2,181.34	2,181.34	0.0%	0	0.00	0	262,318,830,399
STANDARD	2,200.01	2,200.02	0.0% ↑	15,518	34,139,910.00	9	516,274,649,763
SUNBIRD	105.00	105.00	0.0%	0	0.00	0	27,466,170,900
TNM	14.01	14.02	0.1% ↑	32,200	451,444.00	4	140,767,109,000
Totals				2,333,854	144,587,681.94	99	3,780,840,407,216

				24-Feb-23	17-Feb-23	31-Dec-22
INDEX (week)	70,017.92	70,023.82	0.0% ↑	MWK/USD	1026.43	1026.43
INDEX (month)	68,451.77	70,023.82	2.3% ↑	MWK/GBP	1270.68	1262.75
INDEX (year to date)	62,036.05	70,023.82	12.9% ↑	MWK/ZAR	58.07	57.99

Market cap (MWK'm)	3,780,840.41	3,348,012.68
Market cap (USD'm)	3683.46865	3261.787967

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