

MALAWI

Political and economic news

AfDB paints gloomy economic outlook

The African Development Bank (AfDB) says Malawi's prospects of improving people's welfare as outlined in Malawi 2063 (MW2063) remain challenging in the face of limited economic diversification and job creation opportunities. The bank's sentiments are contained in its Malawi Combined Mid-Term Review Strategic Paper (2018-2022) and come at time the country is implementing MW2063, the long-term development strategy, which envisages that Malawi will be a lower middle-income economy by 2030 while by 2063, the country will have attained an upper middle-income status. It also comes at a time the Ministry of Finance and Economic Affairs has downgraded the country's gross domestic product (GDP) growth rate to 1.7% from 4.1% projected in April this year. Development economists argue that the country's GDP growth rate has to be consistently grow by at least six percent over a period to have a meaningful impact on poverty. In its report, AfDB said economic diversification remains constrained in part due to weak industrial linkages between manufacturing and the agricultural sector as well as weak infrastructure competitiveness. Reads the report in part; "More investment in infrastructure is needed to improve the competitiveness of the country." (Source: *The Nation*)

Banks react to rate hike

The cost of borrowing is expected to continue rising as commercial banks have adjusted upwards the reference rate the benchmark for other rates to 17.3% from 16.6% last month. This comes weeks after the Monetary Policy Committee (MPC) of the Reserve Bank of Malawi (RBM) raised the policy rate, which is a key driver of interest rates on loans, from 14% to 18%. In separate statements, all the eight commercial banks in the country announced the adjustments. Commenting on the development, Consumers Association of Malawi Executive Director said the development means the cost of borrowing has increased for both individual and corporate customers. He added that this will increase the cost of production and pile more pressure on the purchasing power. In an economy like Malawi, where consumer confidence is low and disposable income is a challenge, it becomes difficult for the industries because the demand will be very low, hence there will not be growth of the industries, he stated. (Source: *Times Business*)

China waives duty on Malawi goods

Malawi could save on tariffs on exports to China which has with effect from December 1 waived all taxes on 98% of goods from Malawi and 10 other least developed countries. The policy, according to the Chinese Government, will cover 8786 items, including agricultural products such as olive oil, cocoa powder, tea and nuts as well as various chemicals and product materials. According to the Customs Tariff Commission of the State Council under China's Ministry of Commerce, the policy aims to provide a conducive and win-win approach by building an open economy in the world and helping least develop countries to accelerate their economic development. Experts say this means that local exporters now have an opportunity to export more goods to China duty-free than before, a situation, if well nurtured by the exporters, could boost Malawi's export growth and the country's economy. (Source: *The Nation*)

Market activity and colour

Market commentary

The market traded 22m shares in 93 trades recording a market turnover of MWK 555m during the week ended. Airtel (+0.2%), ILLOVO, NBM (+2.4%), STD and FDHB (+.01%) were the market gainers whilst OMU (-0.5%) dropped in price. The price gains registered in the counters mentioned pushed MASI up with 0.6%.

However, on year-to-date the index went up by 32.5%. The market capitalisation in MWK rose by 31.80% y-t-d to K3.2trn and 4.83% in USD terms to 3.1bn.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending 9 December 2022

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	55.51	55.60	0.2% ↑	1,476	82,065.60	2	611,600,000,000
BHL	10.98	10.98	0.00	0	0.00	0	9,220,462,741
FDHB	15.00	15.01	0.1% ↑	23,335	350,241.97	7	103,584,479,063
FMBCH	110.83	110.83	0.00	35,578	3,943,110.00	4	272,447,847,500
ICON	11.96	11.96	0.00	1,630	19,494.80	1	79,892,800,000
ILLOVO	500.11	500.12	0.0% ↑	22,614	11,311,368.00	12	356,807,808,827
MPICO	20.64	20.64	0.00	0	0.00	0	47,431,699,574
NBM	1,504.17	1,540.20	2.4% ↑	15,689	23,653,210.00	23	719,168,262,868
NBS	22.58	22.58	0.00	21,518,301	485,893,230.00	18	65,720,746,378
NICO	55.01	55.01	0.00	229,855	12,644,323.68	8	57,377,690,691
NITL	112.01	112.01	0.00	0	0.00	0	15,121,350,000
OMU	990.00	985.00	-0.5% ↓	262	258,070.00	1	16,058,838,165
PCL	2,181.38	2,181.38	0.00	0	0.00	0	262,323,640,632
STANDARD	2,000.11	2,000.12	0.0% ↑	2,700	5,400,324.00	2	469,364,484,179
SUNBIRD	92.04	92.04	0.00	0	0.00	0	24,076,060,663
TNM	13.50	13.50	0.00	907,246	12,247,821.00	15	135,546,075,000
Totals				22,758,686	555,803,259.05	93	3,245,742,246,281

					9-Dec-22	2-Dec-22	31-Dec-21
INDEX (week)	59,794.17	60,127.53	0.6% ↑	MWK/USD	1026.43	1026.43	816.40
INDEX (month)	59,795.69	60,127.53	0.6% ↑	MWK/GBP	1259.95	1292.99	1102.14
INDEX (year to date)	45,367.68	60,127.53	32.5% ↑	MWK/ZAR	61.71	60.13	51.35

Market cap (MWK'm)	3,245,742.25	2,462,680.71
Market cap (USD'm)	3162.151406	3016.511645

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