

MALAWI

Political and economic news

Forex scarcity: Consumers' pain, bankers' headache

For years, Malawi has faced foreign exchange scarcity, largely due to the fact that the economy is more of an importing and consuming one instead of producing and exporting. Data on international trade shows that Malawi is in deficit situations with its trading partners as the country imports more than it exports. Further, Reserve Bank of Malawi (RBM) statistics indicate that on average the country's import to exports ratio stands at one to three at USD 3bn-worth of import requirements against USD 1bn exports. This is one huge deficit that needs to be narrowed through import substitution and tightening the screws in the forex transactions. While the foreign exchange has mostly been in short supply, the situation has worsened in the past five years when authorised dealer banks (ADB) have been forced to ration while RBM intervened by introducing some measures, including mandatory conversion ratio for exporters at 25 non-governmental organisations (NGOs) was earlier this year cut from 70% to 50%. Besides, the central bank introduced a verification requirement for importers to demonstrate that their imports have been financed through the formal banking channel. The situation has presented a tough balancing act for ADBs who have to balance the little available forex to allocate to customers. In various platforms, including during their audience with the President, manufacturers have consistently raised the issue of foreign exchange scarcity as one hindrance to doing business in Malawi. Some of them were forced to scale down and lay off staff as their production capacity declined due to shortage of raw materials. On their part, individuals have also had their share of the pain and inconvenience abroad where supposedly pre-loaded debit cards have failed to transact. I recall a Facebook post by one traveller recounting an embarrassing experience she encountered in Dubai in the United Arab Emirates after her debit card declined to pay: "You are from Malawi? Cards from Malawi aren't working." She quoted the shop keeper as having said. (Source: *The Nation*)

MRA rolls out tax stamps on import declarations

Malawi Revenue Authority (MRA) has fully integrated the Automated System for Customs Data and Kalondola (excise tax stamp) System to streamline import declarations and excise stamp requirements for imports. MRA acting head of corporate affairs was responding to an inquiry regarding a statement the tax agency issued on February 17 this year on the integration of the two systems to improve compliance. She said: "Yes, the integration is fully operational. All import declarations for the affected tariff lines now require tax stamps. This requirement ensures a streamlined process and supports the integrity of the importation process, marking a significant step towards improving compliance and revenue collection." She said the integration has ensured that all import declarations for the specified tariff lines are accompanied by tax stamps, adding that this will enhance revenue collection and reduce illicit trade. Additionally, the integration of the systems has improved operational efficiency by streamlining the overall customs process," she said. MRA rolled out the tax stamps dubbed Kalondola and implemented it in two phases. The first phase was effective May 1 2024 covering cigarettes, alcoholic beverages such as beers, wines, spirits, whisky, opaque beer and non-alcoholic beverages. The second phase on July 1 targeted bottled water, carbonated soft drinks, drinks made from cereals, energy drinks, fermented sweet tea, lotion and glycerine. She further on said MRA technical team in collaboration with SICPA Malawi, a technology partner for the Kalondola system, are collaborating to ensure minimal disruption and continued smooth implementation of the system by providing timely updates and offering support to stakeholders. (Source: *Times Business*)

Treasury seeks to improve social protection targeting

Minister of Finance and Economic Affairs says government has taken bold steps to enhance social protection programme by repositioning the Unified Beneficiary Registry (UBR) to the Malawi Social Registry (MSR). UBR is a social registry which keeps data for social support programmes, research purposes and impact evaluations. In a statement following the launch of the National Social Protection Policy in Lilongwe, the minister said this will help to improve its purpose and functionality. This will enhance timely identification and support of affected populations,” he said. MSR, also known as UBR, is a system designed to provide a consolidated source of information on the socio-economic status of the country’s households. MSR/UBR manager is quoted in the statement as having said that with the MSR, Malawi is transitioning to a better and more vibrant real-time social registry. On his part, Ministry of Finance and Economic Affairs deputy director of economic planning and development said the remodelling makes the UBR more responsive, scalable, efficient and reliable for government and partner programmes in targeting populations of choice. Civil society advocate urged government to move quickly and uphold its commitments so that rural implementers can target deserving beneficiaries more promptly and efficiently. Social Support for Resilient Livelihoods Project team task leader and World Bank senior social protection specialist said the MSR evolution towards increased dynamism will not only eliminate fragmentation in terms of targeting, but also bring in efficiency gains. *(Source: The Daily Times)*

Wholesale, retail sectors on decline

Malawi’s wholesale and retail sector output has declined over the past five years largely due to foreign exchange shortages, significantly affecting economic activity and consumer confidence, a government report shows. Data from the Malawi Government Annual Economic Report for 2024 indicates a consistent decline in the sector’s contribution to the gross domestic product (GDP) from 2021 to 2025. In 2021, the sector accounted for 12.4 percent of GDP and it went down to 12 percent in 2022, 11.6 percent in 2023, 11.4 percent in 2024 and is expected to further decline to 11 percent in 2025, according to the report published by the Ministry of Finance and Economic Affairs. Reads the report in part: “The decline has been attributed to persistent foreign exchange shortages, which have affected the availability of intermediary inputs vital for manufacturing and retail operations. These constraints have, in turn, stifled productivity and trade performance in the country while also limiting the availability and affordability of goods for consumers.” In an interview, Malawi Confederation of Chambers of Commerce and Industry director of business environment said the sector has been affected by several policy changes, including the recent temporary import ban on some goods. He said government introduced the policy intervention to empower Malawians, adding that the chamber is working with the government to ensure that local industries meet the demand for the banned goods. He said. We need to work on the supply side of the equation, ensuring that we meet the demand for the enlisted goods in terms of quantity, quality and timely supply. We need to bring in finance solutions that address the risk factors in the sector as most financial institutions are not willing to finance due to the high risks involved. He advised the Ministry of Trade and Industry to adopt a nuanced approach, recognising that some commodities cannot be supplied locally. *(Source: The Nation)*

Market activity and colour

Market commentary

The market traded 80.3m shares in 754 trades recording a market turnover of MWK 72.5bn during the week ended. BHL (+0.1%), NITL, STANDARD (+0.1%) and SUNBIRD (1.4%) were the market gainers whilst FDHB (-0.1%), FMBCH (-0.1%), ILLOVO, NBM, NBS (-0.5%), NICO, PCL and TNM (-0.1%) dropped in prices. The significant increase in the prices on the counters registered pushed MASI up with 0.2%.

However, on year-to-date the index went up by 65.0% and 0.2% on month to date. As a result, the market capitalisation rose 360.83% in both MWK and USD terms.

Weekly Market Report



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SYMBOL SUMMARY



Trading Summary for the week ending
30 May 2025

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
AIRTEL	127.95	127.95	0.0%	1,588,204	203,175,617.00	74	1,407,450,000,000
BHL	14.55	14.56	0.1%	5,357,486	77,951,439.89	9	85,587,391,854
FDHB	313.92	313.59	-0.1% ↓	5,735,441	1,799,173,200.00	151	2,164,094,389,688
FMBCH	989.80	988.86	-0.1% ↓	77,987	77,234,030.00	27	2,430,865,095,000
ICON	17.95	17.95	0.0%	7,769	139,453.55	4	119,906,000,000
ILLOVO	1,791.42	1,791.39	0.0% ↓	152,608	273,382,097.68	22	1,278,057,147,593
MPICO	19.00	19.00	0.0%	113,705	2,160,190.98	8	43,662,901,740
NBM	6,200.14	6,200.12	0.0% ↓	4,064,148	25,161,744,623.72	56	2,895,032,807,409
NBS	340.52	338.65	-0.5% ↓	54,306,415	18,290,073,300.00	242	985,665,667,009
NICO	776.43	776.41	0.0% ↓	1,722,284	1,337,157,530.00	92	809,827,537,345
NITL	715.16	715.22	0.0% ↑	291,558	208,526,490.00	19	96,554,700,000
OMU	2,500.03	2,500.03	0.0%	47,086	117,716,400.00	4	42,444,386,827
PCL	3,999.98	3,999.97	0.0% ↓	6,219,441	24,877,639,645.00	16	481,019,672,325
STANDARD	9,504.71	9,510.00	0.1% ↑	10,211	97,089,354.00	7	2,231,694,220,620
SUNBIRD	345.01	350.01	1.4% ↑	11,397	3,988,954.50	3	91,556,518,826
TNM	23.00	22.98	-0.1% ↓	655,237	15,063,741.80	20	265,216,784,618
Totals				80,360,977	72,542,216,068.12	754	15,428,635,220,853

					30-May-25	23-May-25	31-Dec-24
INDEX (week)	283,288.66	283,901.12	0.2% ↑	MWK/USD	1734.01	1734.01	1734.01
INDEX (month)	283,288.66	283,901.12	0.2% ↑	MWK/GBP	2407.39	2401.14	2240.22
INDEX (year to date)	172,039.93	283,901.12	65.0% ↑	MWK/ZAR	100.10	99.47	95.03

Market cap (MWK'm)	15,428,635.22	3,348,012.68
Market cap (USD'm)	8897.652958	1930.790021

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