



Quarterly economic update

Q3 2019

Investment Banking

22nd October 2019

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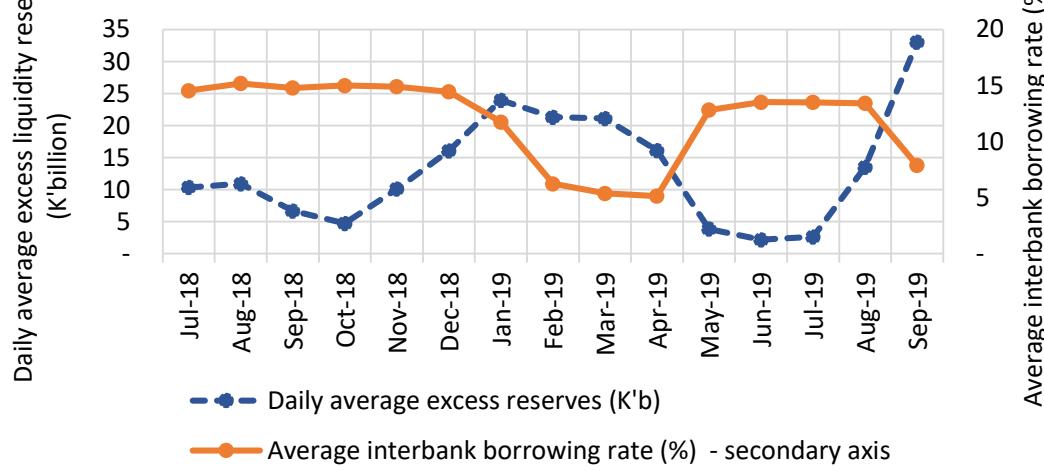
1. Introduction

- 1.1 The economic and political environment remained fragile in the third quarter (Q3) of 2019. Liquidity levels in the banking system increased relative to the previous quarter (Q2 of 2019) which resulted in a decrease in interbank borrowing rates. Treasury bill rates increased slightly, resulting in an increase in the average (all-type) yield to 9.92% in Q3 of 2019, from 9.62% in Q2 of 2019. Year-on-year headline inflation rate increased to 9.2% in September 2019 from 9.0% in June 2019 due to an increase in food inflation rate. However, the Kwacha appreciated against major trading currencies in the quarter under review as speculative demand for foreign currencies slowed down; after depreciating significantly in Q2 of 2019 due to political uncertainties.
- 1.2 In the wake of a fragile economic and political environment, the Monetary Policy Committee (MPC) maintained the prevailing monetary policy stance during their third meeting of 2019 held on 26th and 27th July 2019.
- 1.3 Economic growth prospects for 2019 remain positive despite the fragile economic and political environment.

2. Interbank market

- 2.1 Liquidity levels increased in Q3 of 2019, with excess liquidity reserves for banks increasing from an average of K7.37b per day in Q2 of 2019 to an average of K16.39b per day in Q3 of 2019. The prevailing liquidity levels were also higher compared to the average of K9.32b per day recorded in Q3 of 2018.
- 2.1.1 On account of high liquidity levels, the volume traded among banks on the interbank market decreased from an average of K8.68b per day in Q2 of 2019 to an average of K7.94b per day in Q3 of 2019. In 2018, interbank market volume averaged K8.15b per day in Q3 and K8.14b per day in Q2.
- 2.1.2 The interbank borrowing rate, however, increased from an average of 10.49% in Q2 of 2019 to an average of 11.60% in Q3 of 2019. In 2018, the interbank borrowing rate averaged 14.84% in Q3, and 14.89% in Q2.
- 2.1.3 Chart 1 provides a summary of excess liquidity reserves and overnight interbank rate movements over the past year.
- 2.1.4 Further, in line with higher liquidity levels, access to the Lombard facility decreased from an average of K16.85b per day in Q2 of 2019 to an average of K8.55b per day in Q3 of 2019. In 2018, access to the Lombard facility averaged K8.68b per day in Q3, and K7.43b per day in Q2.
- 2.1.5 The Lombard rate decreased from an average of 14.27% in Q2 of 2019 to a constant rate of 13.90% in Q3 of 2019, after the MPC maintained the Lombard rate at that level during the third MPC meeting on 26 July 2019, having cut it from 14.9% to 13.9% on 3rd May 2019. The Lombard rate was at 18.00% in the corresponding period in 2018.
- 2.1.6 While there were no open market operations (OMOs) by RBM in Q2 of 2019, in the quarter under review OMOs amounted to K24.50b. In 2018, OMOs amounted to K23.88b in Q3, and K63.01b in Q2, at the average rates of 15.00% and 15.01%, respectively.

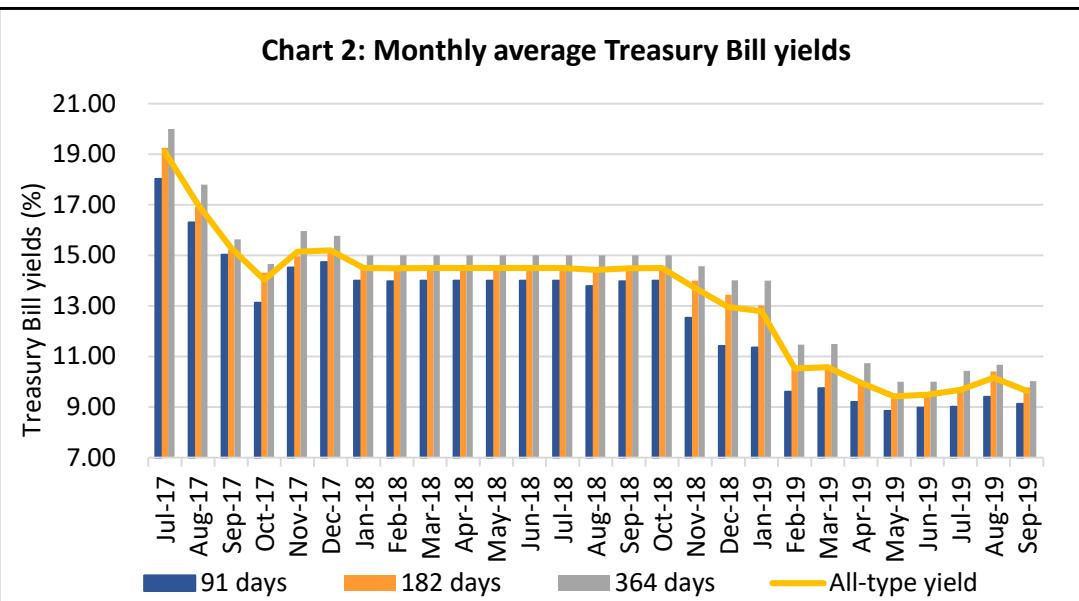
Chart 1: Daily average excess liquidity reserves and interbank borrowing rate



(Source: Reserve Bank of Malawi)

2. Government securities

- 2.1 Government raised a total of K73.83b in Q3 of 2019 from auctions for Treasury Bills (TBs), compared to a total of K95.31b that was raised in Q2 of 2019. Applications for TBs during the quarter amounted to K228.18b, representing a rejection rate of 67.65%, which is higher than the rejection rate of 64.84% recorded in Q2 of 2019. In Q3 of 2018, Government raised a total of K163.47b from TB auctions with a rejection rate of only 16.88%.
- 2.2 Chart 2 below shows that TB yields slightly increased in the quarter under review, largely due to inflationary, and currency depreciation pressures.
- 2.3 Specifically, the 91-day, 182-day and 364-day TB yields increased to an average of 9.18%, 9.93% and 10.37%, respectively, in Q3 of 2019, from an average of 9.01%, 9.61% and 10.25%, respectively, in Q2 of 2019. Consequently, the all-type average TB yield increased to 9.83% in the Q3 of 2019 from 9.62% in Q2 of 2019. In the previous year, the 91-day, 182-day and 364-day TB yields averaged 13.92%, 14.50% and 15.00% in Q3, and 14.00%, 14.50% and 15.00% in Q2, resulting in an average (all-type) yield of 14.46% in Q3, and 14.50% in Q2.



Source: Reserve Bank of Malawi

2.4 During the period under review (Q3 of 2019), auctions for Treasury Notes (TN), particularly 3-year, 5-year, 7-year and 10-year tenors were conducted, from which the Government of Malawi (GoM) raised a total of K53.80b at the average yield of 13.94% for the 3-year TN, 14.00% for the 5-year TN, 17.00% for the 7-year TN and 18.04% of the 10-year TN. In Q2 of 2019, GoM raised a total of K44.86b from auctions for 2-year, 3-year, 5-year and 7-year TNs at the average yields of 12.20%, 13.72%, 16.19% and 19.00%, respectively.

2.5 Looking ahead, we expect the declining trend in yields of Government securities that has been exhibited in the last 2 to 3 years, to continue in the short to medium term as monetary authorities aim for low interest rates in a bid to stimulate private sector credit which could spur economic growth.

3. Foreign exchange market

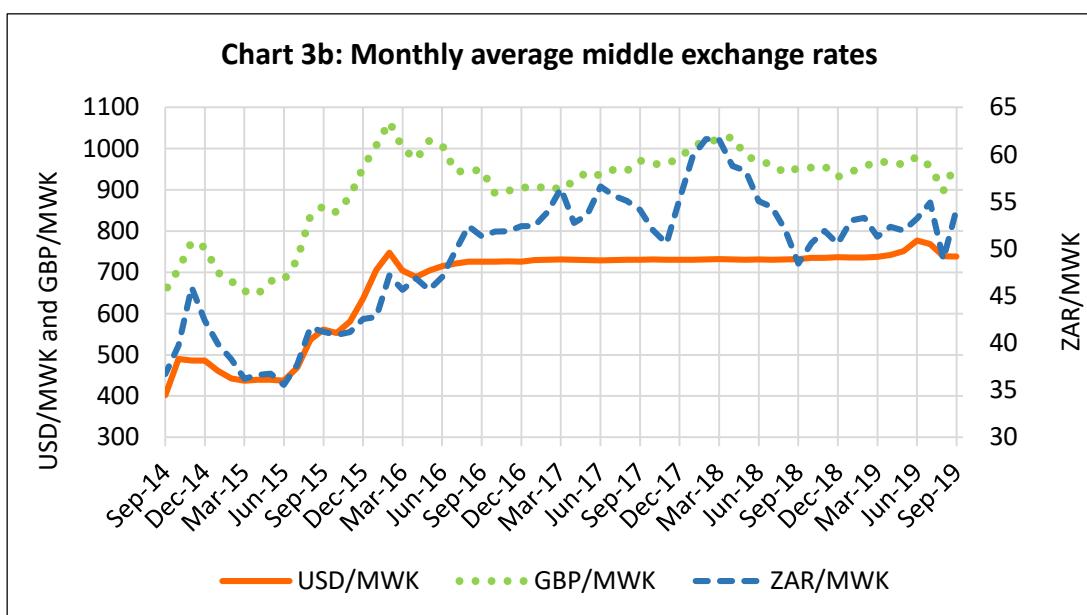
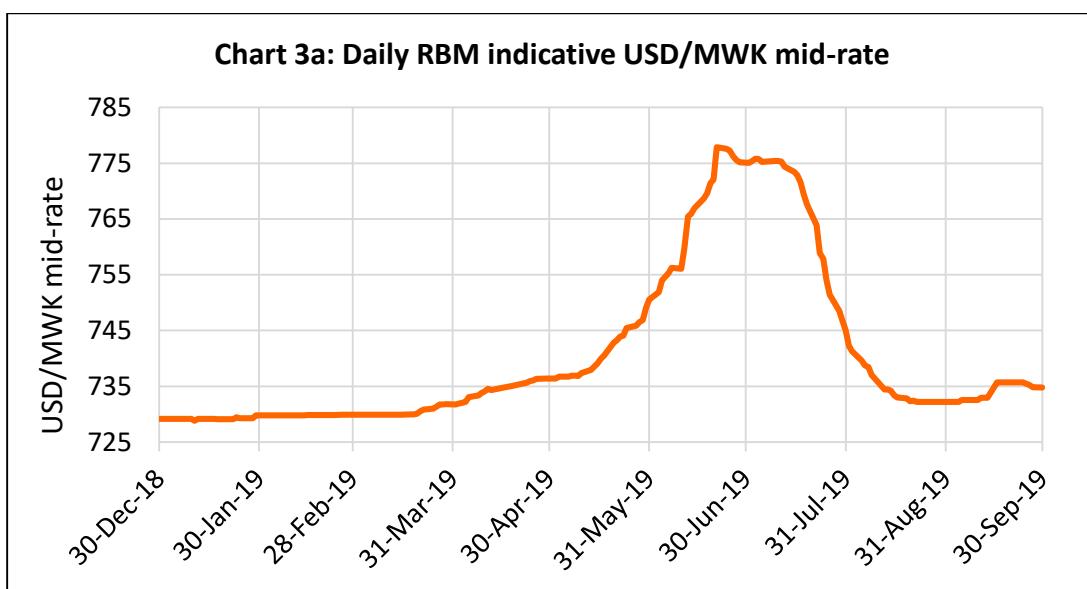
3.1 After depreciating by 2.78% and 1.30% on average against USD and GBP, respectively, in Q2 of 2019 due to increased speculative demand in light of increased political risk during the elections period and a slow start of the tobacco selling season, the kwacha appreciated against USD and GBP and slightly depreciated against ZAR in the Q3 of 2019. The USD/MWK middle exchange rate averaged 748.56 in the quarter under review, decreasing by 1.11% from the average of 756.97 in Q2 of 2019. The Kwacha appreciated by 2.91% and depreciated by 0.31% on average against GBP and ZAR, respectively, during the period. On a year-on-year basis, the Kwacha depreciated by 2.38% and 1.98% against USD and ZAR, respectively, and appreciated by 1.16% against GBP.

3.2 Table 1 and Chart 3a and 3b below provide an overview of how the Kwacha has fared against the three major trading currencies in the last five years.

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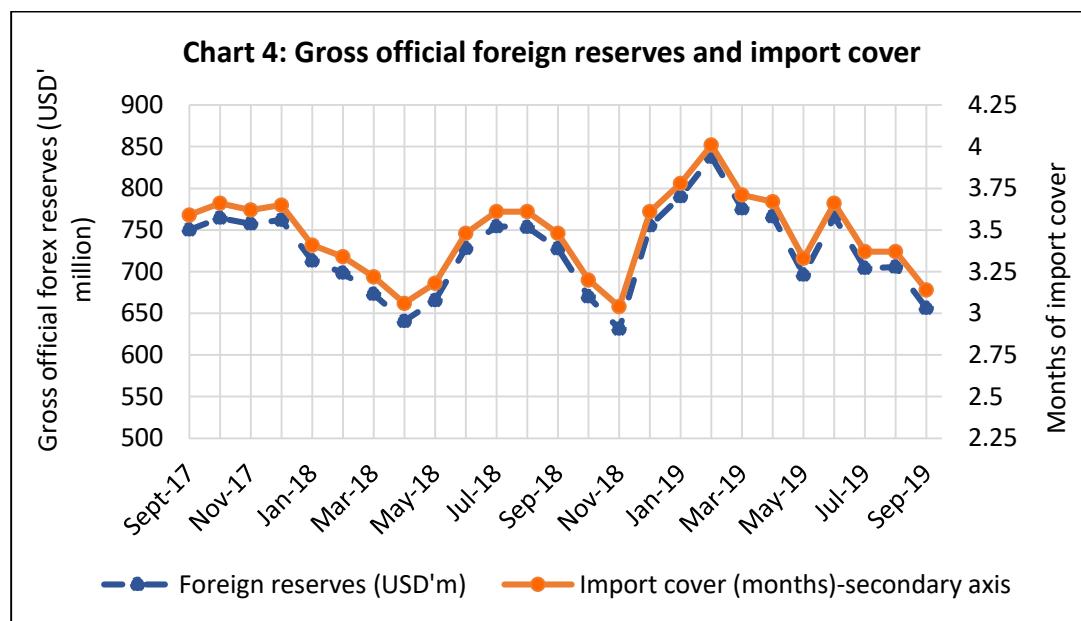
Table 1: Average middle exchange rates						
Currency	Q3 2019	Q2 2019	Q1 2019	Q3 2018	Q/Q Change	YOY Change
USD	748.56	756.97	736.48	731.13	▲ -1.11%	▼ 2.38%
GBP	940.84	969.07	956.64	951.83	▲ -2.91%	▲ -1.16%
ZAR	52.64	52.48	52.52	51.62	▼ 0.31%	▼ 1.98%

(Source: Reserve Bank of Malawi). (Note: Upward arrow represents appreciation and downward arrow represents depreciation of the Kwacha).



(Source: Reserve Bank of Malawi)

3.3 The Kwacha appreciated in Q3 of 2019 due to a slowdown in speculative demand for forex during the period. The forex reserves position remained above 3 months of import cover, backed by inflows from tobacco sales during the period. Gross official forex reserves stood at USD656.04m (3.14 months of import cover) on 30th September 2019, down from USD765.82m (3.66 months of import cover) on 30th June 2019. In the previous year, gross official reserves were higher at USD727.63m (3.48 months of import cover) on 30th September 2018 and lower at USD728.10m (3.48 months of import cover) on 30th June 2018.



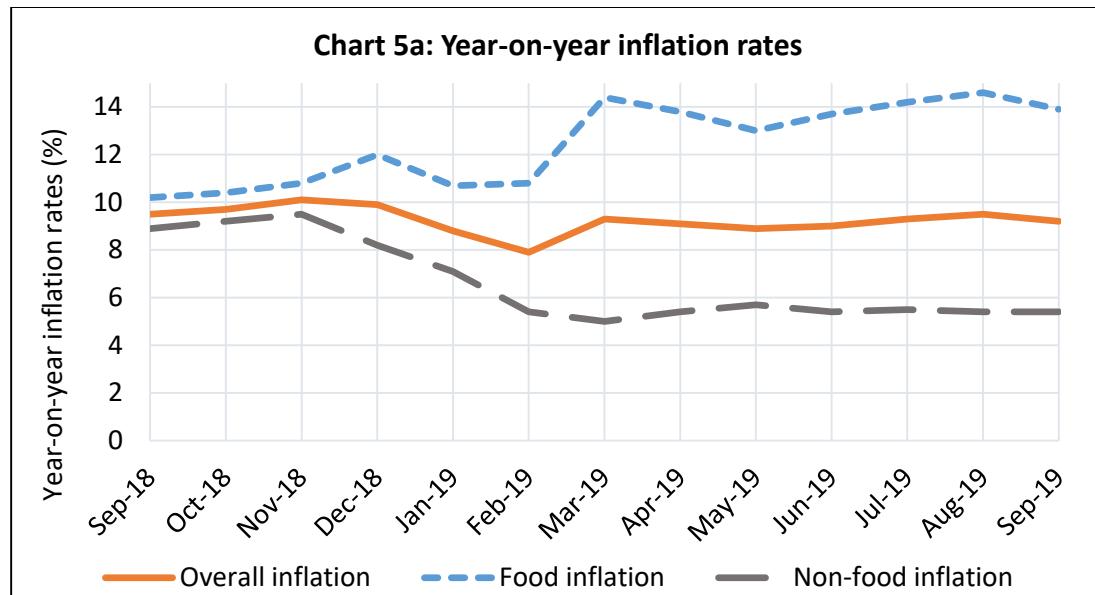
(Source: Reserve Bank of Malawi)

3.4 Going forward, we expect the forex reserves position to remain healthy enough to prevent excessive volatility of the Kwacha in the short to medium term, despite a drop in the total amount of forex realised from tobacco sales this year compared to the previous year. The exchange rate is therefore, expected to remain broadly stable in the short to medium term, registering minimal depreciations and appreciations in some instances. In the long term, however, depreciation risks still remain trade imbalances due the country's weak and less diversified export base and exogenous shocks such as rising international oil prices and unfavorable weather conditions.

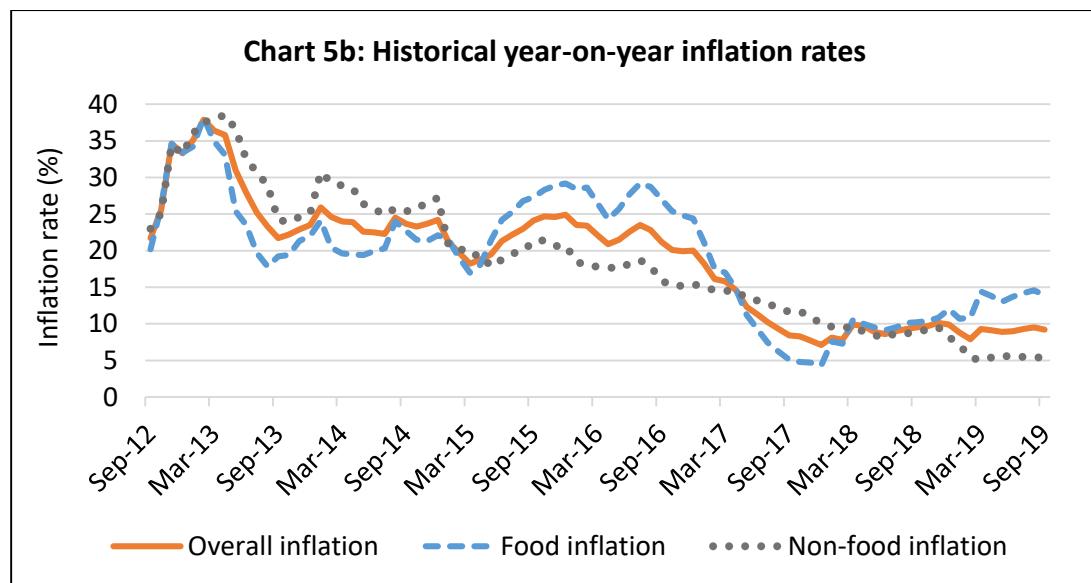
4. Inflation

4.1 Year-on-year headline inflation rate increased to 9.2% in September 2019 from 9.0% in June 2019 due to an increase in year-on-year food inflation rate to 13.9% from 13.7% while year-on-year non-food inflation rate was constant at 5.4%. The rise in food inflation in Q3 of 2019 was largely due to an increase in maize prices during the period. In the previous year, the year-on-year headline inflation and non-food inflation rates in September 2018 were higher at 9.5% and 8.9%, respectively, while food inflation rate was lower at 10.2%.

4.2 Chart 5a depicts the trend of inflation rate in the past year and Chart 5b depicts a longer historical trend covering the period between September 2012 and September 2019.



(Source: National Statistical Office)



(Source: National Statistical Office)

4.3 Looking forward, we expect inflation to remain relatively low to the end of 2019 mainly backed by continued improvements in the macroeconomic environment, despite upward risks largely emanating from upward pressures on maize prices. Upward pressures on maize prices are expected to remain high for the rest of the year into early 2020 on account of localized production shortfalls that exist in areas hit by heavy rains and flooding in the 2018/19 growing season,

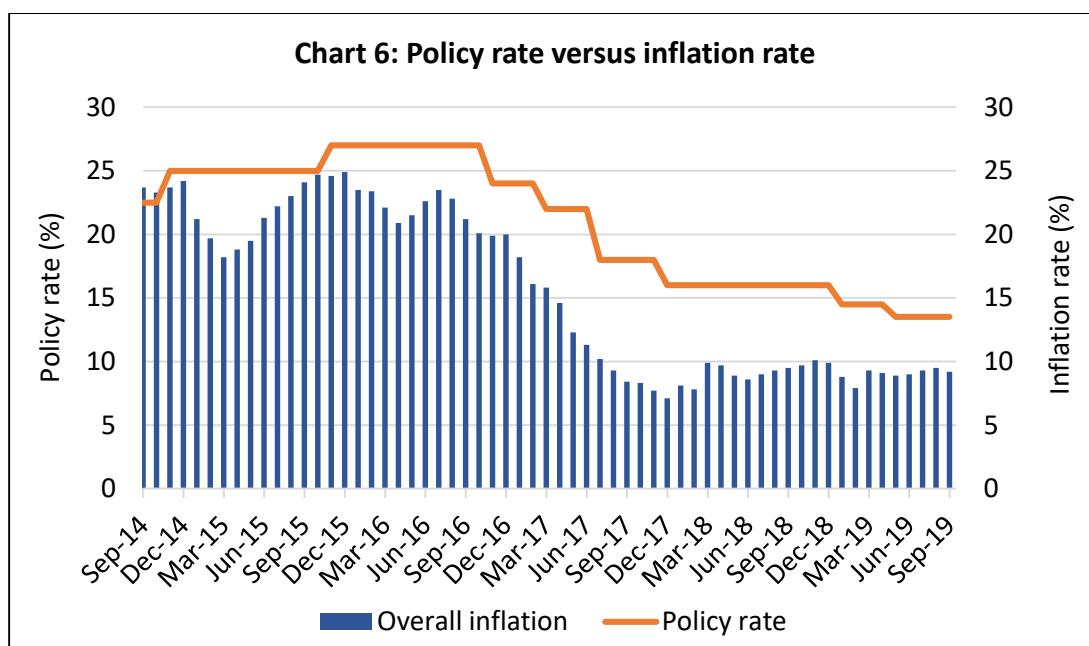
especially in southern region. However, monetary authorities are more determined than ever to maintain the gains made in inflation in the previous years. RBM is likely to maintain its monetary policy stance to reduce the pressure.

4.4 In the Monetary Policy Report for July 2019, RBM revised their annual average headline inflation projection for 2019 upwards to 9.0% from their earlier projection of 8.0% made in May 2019 on account of upgraded risks particularly on food price developments. The RBM is still targeting an average annual inflation rate of 5% by 2021.

5. Monetary policy

5.1 The Monetary Policy Committee (MPC) held a third meeting of 2019 on 25th and 26th July 2019, during which the Policy rate was maintained at 13.5%, after being revised downwards from 14.5% on 3rd May 2019 during the second MPC meeting. The Lombard rate was also maintained at 0.4 percentage points above the Policy Rate, the Liquidity Reserve Requirement (LRR) on local currency deposits at 5% and the LRR on foreign currency deposits at 3.75% during the 3rd MPC meeting. The decision to maintain the monetary policy stance was based to the observation that inflation was projected to remain broadly stable and within the medium-term target range, as emerging risks at the time were deemed temporary.

5.2 Chart 6 below depicts the historical trend of the Policy rate relative to inflation rate. The chart shows that the Policy rate has been on a declining trend since November 2016.



(Source: RBM, NSO)

5.3 With the Policy rate and the Lombard rate maintained at 13.5% and 13.9%, respectively, commercial banks also maintained their lending and deposit rates after the third MPC meeting on 26th July 2019. Maximum lending rates ranged from 24.40% to 25.75%.

5.4 However, on 3rd September 2019, a reference lending rate for commercial banks became effective, following communication from RBM to implement. Since then, interest rates on loans from banks are based on the reference rate, calculated as a weighted average of the Lombard rate, Overnight interbank rate, All-type Treasury Bill yield and Savings deposit rate. The rate will be revalued on a monthly basis by the Bankers Association of Malawi (BAM) with the help of RBM. For the month of September 2019 the reference rate was 13.40%.

5.5 With a variable reference rate, lending rates and deposit rates for commercial banks are also expected to be revalued every month.

5.6 Looking ahead, we expect a cautious monetary policy in the short term as the monetary authorities work to contain inflationary pressures and other effects of a fragile political environment. In the medium to long term, however, we expect further interest rate cuts when the political environment stabilises and if shocks to inflation and the exchange rate will be contained. The RBM is still targeting a Policy rate of 11% by 2021.

6. Economic growth

6.1 Despite an unstable political environment during and after the May 2018 elections, which is expected to affect business activity, economic growth outlook for 2019 generally remains positive. The RBM and the National Accounts and Balance of Payments Committee project Malawi's GDP growth rate for 2019 to be 5.0% compared to the World Bank and the International Monetary Fund's estimate of 4.5%. This is an improvement from the estimated growth rate of 4.0% in 2018.

6.2 The positive growth for 2019 is expected to be supported by good performance of the agriculture sector, improved power supply, favourable macroeconomic environment as well as the easing of monetary policy, among other factors. In addition to the agriculture sector, good performance is also expected from the following economic activities: information and communication; electricity, gas and water supply; construction; transportation and storage; and real estate activities, among others.

Table 2a: GDP growth projections for Malawi							
Institution	2017	2018	2019*	2020*	2021*	2022*	2023*
Reserve Bank of Malawi (RBM)	5.20%	4.00%	5.00%	5.10%			
Government	5.20%	4.00%	5.00%	5.10%			
World Bank (GEP)	4.00%	3.50%	4.50%	4.70%	5.10%		
International Monetary Fund (WEO)	4.00%	3.20%	4.50%	5.10%			
Economist Intelligence Unit (EIU)	4.00%	3.50%	4.10%	4.40%	4.20%	4.40%	4.70%
Fitch Solutions	5.10%	3.70%	4.80%	4.60%			
NKC Africa Economics	4.00%	3.72%	4.48%	5.12%			
Average	4.50%	3.66%	4.63%	4.87%	4.65%	4.40%	4.70%

*Forecasts

Table 2b: Annual percentage growth rates (in percent) - Constant 2010 prices					
Sector	2016	2017	2018	2019*	2020*
Agriculture, forestry and fishing	-0.1	6.1	0.9	3.9	5.1
<i>Crop and animal production</i>	-1.2	7.3	-0.3	5.5	6.6
<i>Forestry and logging</i>	2.3	3.3	2.8	-0.9	0.4
<i>Fishing and aquaculture</i>	1.6	5.7	6.2	3.6	5.8
Mining and quarrying	0.4	1.6	2.1	3.6	5.8
Manufacturing	1.3	2.0	3.6	4.6	3.7
Electricity, gas and water supply	0.1	2.6	4.3	5.1	5.4
Construction	3.4	4.4	4.5	5.1	3.5
Wholesale and retail trade	2.3	5.0	4.1	4.5	3.9
Transport and storage	4.9	6.0	4.9	5.5	4.4
Accommodation and food services	5.7	4.2	5.9	4.0	3.8
Information and communication	5.0	6.5	6.7	7.0	6.3
Financial and Insurance services	5.9	5.5	6.9	5.5	5.9
Real estate activities	3.1	4.4	3.8	4.3	3.1
Professional and support services	3.6	4.0	5.4	5.5	5.7
Public administration and defense	6.2	5.7	7.0	6.3	7.4
Education	7.9	6.6	8.5	7.5	6.6
Health and social work activities	7.2	5.3	6.0	6.4	6.5
Other services	5.5	4.3	5.2	5.0	5.6
GDP at constant market prices (2010)	2.7	5.2	4.0	5.0	5.1
GDP at current prices	18.7	21.6	13.6	13.4	10.4

Source: Ministry of Finance, Economic Planning and Development - 2019 Economic Report

*Projections

6.3 The above growth projections for Malawi for 2019 are above the average projections for the Sub-Saharan Africa region. The World Bank and IMF forecast that the Sub-Saharan Africa region will grow by 2.9% and 3.2%, respectively, in 2019, compared to 2.5% and 3.2%, respectively, in 2018. Economic activity in the region is expected to be slightly better than the previous year despite subdued commodity prices, somewhat civil strife in some cases and adverse weather conditions experienced in the southern part of the region. In non-resource-intensive economies, growth will be supported by better agricultural production and continued infrastructure investment, while oil exporters are expected to benefit from higher oil production. However, weaker metals prices and subdued external demand imply a sluggish recovery in metals exporters.

Table 2c: GDP growth projections for Sub-Saharan Africa				
	2017	2018	2019*	2020*
World Bank (GEP)	2.60%	2.50%	2.90%	3.30%
International Monetary Fund (WEO)	3.00%	3.20%	3.20%	3.60%

*Forecasts

6.4 Growth in the two largest economies in the region, South Africa and Nigeria, according to IMF, is expected to decelerate to 0.7% in 2019 from 0.8% in 2018 for South Africa and accelerate to 2.3% in 2019 from 1.9% in 2018 for Nigeria. Malawi's neighboring countries, Zambia, Tanzania, Mozambique and Zimbabwe, are all expected by IMF to register lower growth rates in 2019 compared to 2018, as shown in Table 2d below:

Table 2d: IMF GDP growth projections for selected countries in Sub-Saharan Africa					
	2017	2018	2019*	2020*	2024*
Sub-Saharan Africa	3.00%	3.20%	3.20%	3.60%	4.20%
Malawi	4.00%	3.20%	4.50%	5.10%	6.50%
South Africa	1.40%	0.80%	0.70%	1.10%	1.80%
Nigeria	0.80%	1.90%	2.30%	2.50%	2.60%
Zambia	3.50%	3.70%	2.00%	1.70%	1.50%
Tanzania	6.80%	7.00%	5.20%	5.70%	6.50%
Mozambique	3.70%	3.30%	1.80%	6.00%	11.50%
Zimbabwe	4.70%	3.50%	-7.10%	2.70%	2.20%

Source: IMF World Economic Outlook - October 2019

*Forecasts

6.5 The relative strong growth expectations for Malawi puts the country in a good position for sustained economic recovery.

7. Stock market performance

7.1 The Malawi Stock Exchange (MSE) was generally bearish in Q3 of 2019 under review. The Malawi All Share Index (MASI) lost by 1.37% between end September 2019 and end June 2019 to close at 29,546.27 points from 29,956.00 points. The year-to-date (YTD) return on the MASI stood at 1.94% as at 29th September 2019, down from 3.36% as at 28th June 2019. On a year-on-year basis, the MASI lost by 8.73% as at end of September 2019.

7.2 The MSE also registered a decrease in total value of shares traded despite registering an increase in total volume of shares traded.

7.3 Chart 8 shows a graphical analysis of the MASI, DSI and FSI, over the five year period between September 2014 and September 2019.

7.4 Three counters, namely NBS, NBM and STANDARD registered capital gains in the quarter under review, four counters (Sunbird, TNM, FMBCH and NITL) registered losses while the rest registered no share price movement, as shown in Table 3 below.

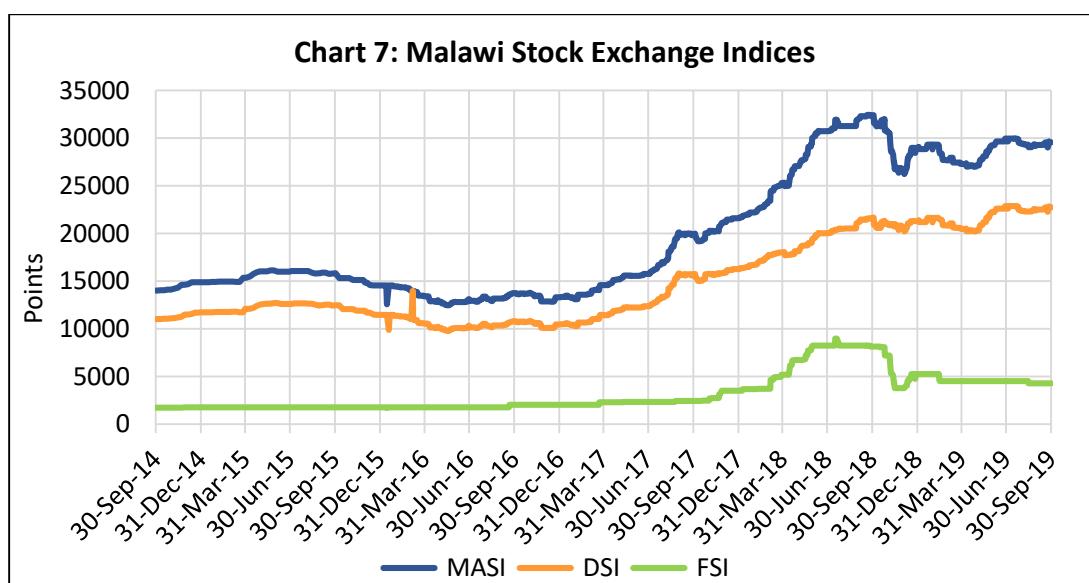
7.5 There was no trade on debt securities listed on the market during the review quarter. However one Treasury Note with a nominal value of MK20 billion matured on 31st August 2019, and a Treasury Note with a coupon of 9% was listed in September 2019.

7.6 MyBucks Banking Corporation Plc listed a second series of its Medium Term Notes on the debt securities market in July 2019, bringing the total number of listed debt securities to fourteen.

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Table 3: Share trading summary								
	30-Sep-19	28-Jun-19	31-Dec-18	28-Sep-18	Q/Q Δ	YTD Δ	YOY Δ	
Market indices								
MASI	29,546.27	29,956.00	28,983.53	32,373.19	⬇ -1.37%	⬆ 1.94%	⬇ -8.73%	
DSI	22,735.48	22,877.77	21,318.07	21,621.84	⬇ -0.62%	⬆ 6.65%	⬆ 5.15%	
FSI	4,272.58	4,520.31	5,265.12	8,138.23	⬇ -5.48%	⬇ -18.85%	⬇ -47.50%	
Gainers (Q-O-Q)								
NBS	12.01	9.00	10.00	8.95	⬆ 33.44%	⬆ 20.10%	⬆ 34.19%	
STANDARD	670.00	630.00	670.00	670.00	⬆ 6.35%	⬆ 0.00%	⬆ 0.00%	
NBM	390.98	370.00	332.02	311.01	⬆ 5.67%	⬆ 17.76%	⬆ 25.71%	
MPICO	19.50	19.50	13.20	19.50	⬆ 0.00%	⬆ 47.73%	⬆ 0.00%	
Flat (Q-O-Q)								
PCL	1,400.00	1,400.00	1,140.00	850.00	➡ 0.00%	⬆ 22.81%	⬆ 64.71%	
ICON	10.00	10.00	8.75		➡ 0.00%	⬆ 14.29%		
NICO	48.50	48.50	43.00	52.00	➡ 0.00%	⬆ 12.79%	⬇ -6.73%	
ILLOVO	210.00	210.00	200.00	240.00	➡ 0.00%	⬆ 5.00%	⬇ -12.50%	
BHL	12.95	12.95	13.00	11.31	➡ 0.00%	⬇ -0.38%	⬆ 14.50%	
OMU	2,500.00	2,500.00	2,513.25	2,513.25	➡ 0.00%	⬇ -0.53%	⬇ -0.53%	
Loosers (Q-O-Q)								
SUNBIRD	118.00	138.00	145.00	145.00	⬇ -14.49%	⬇ -18.62%	⬇ -18.62%	
TNM	26.00	28.99	28.00	29.00	⬇ -10.31%	⬇ -7.14%	⬇ -10.34%	
FMBCH	80.00	85.00	100.00	157.99	⬇ -5.88%	⬇ -20.00%	⬇ -49.36%	
NITL	75.00	75.01	75.00	86.00	⬇ -0.01%	⬆ 0.00%	⬇ -12.79%	

(Source: MSE)



(Source: MSE)

8. Financial results for financial institutions and listed companies

- 8.1 A number of MSE listed companies and financial institutions which include the 9 banks operating in Malawi, published their half-year financial results for 2019.
- 8.2 While all banks except one posted profits during the period, CDH Investment Bank Ltd, First Capital Bank Plc, MyBucks Banking Corporation Ltd and Nedbank registered lower profits compared to the corresponding period in 2018 as shown in Table 4a.
- 8.3 Table 4b shows the 2019 half-year financial results for the non-banking institutions with a comparative analysis as at half-year 2018.

Table 4a: Published financial results for banks for the half year ended 30th June 2019

	H1 2019 PAT (K'm)	Movement	H1 2018 PAT (K'm)
CDH Investment Bank Ltd	549 	-18%	672
Ecobank Ltd	3,692 	74%	2,120
FDH Bank Ltd	3,351 	150%	1,342
First Capital Bank Plc	4,153 	-37%	6,580
National Bank of Malawi Plc	9,127 	7%	8,541
NBS Bank Plc	1,406 	194%	479
Nedbank Ltd	(666) 	37%	(1,053)
MyBucks Banking Corporation Ltd	817 	-0.3%	820
Standard Bank (Malawi) Plc	8,094 	46%	5,532

(Sources: MSE and The Nation and Daily Times newspapers)

Table 4b: 2019 half-year published financial results for non-bank institutions

	H1 2019 PAT (K'm)	Movement	H1 2018 PAT (K'm)
Listed			
Blantyre Hotels Plc	196 	19%	165
First Capital Holdings Plc (US\$'000)	5,080 	-75%	20,116
ICON Properties Plc	2,520		
Illovo Sugar (Malawi) Plc	8,123 	17%	6,957
MPICO Plc	3,582 	-6%	3,799
National Investment Trust Plc	672 	-53%	1,429
NICO Holdings Plc	7,294 	22%	5,973
Press Corporation Plc	11,168 	-52%	23,079
Sunbird Tourism Plc	1,197 	2%	1,172
Telekom Networks Malawi Plc	6,712 	-3%	6,942
Unlisted			
First Discount House Ltd	1,194 	661%	157

(Sources: MSE and The Nation and Daily Times newspapers)

9. Tobacco sales

- 9.1 Malawi realized lower earnings from tobacco in 2019 season ended on 27th September 2019, relative to the 2018 season. The country sold 165.70 million kilograms (kg) of tobacco in 2019 season, compared to 202.00 million kg sold in 2018 season, representing a 17.97% decline in volume.
- 9.2 The country's major foreign exchange earner also faced a slump in prices in the 2019 season. The price averaged USD1.43 per kg, down by 14.37% when compared to the average price of USD1.67 per kg in the previous season. Consequently, tobacco revenue went down by 29.78% to USD237.00 million, compared to USD337.50 million in 2018.
- 9.3 Lower forex revenue realised from tobacco has the potential to depress the Kwacha and increase imported inflation given that Malawi is a net importing country. However, at more than 3 months of import cover, the prevailing level of forex reserves is healthy enough to prevent excessive depreciation of the Kwacha in the short to medium term.
- 9.4 Table 5 below is a summary of cumulative tobacco sales figures for 2019, relative to 2018.

Table 5: Cumulative tobacco sales as at end of season in 2019 versus end of season in 2018

	Final 2019	Final 2018	Change
Volume (kg)	165.70 million	202.00 million	(17.97%)
Average price (USD/kg)	1.43	1.67	(14.37%)
Value (USD)	237.00 million	337.50 million	(29.78%)

(Source: Tobacco Control Commission (TCC))

10. Political environment

- 10.1 Since the Malawi Electoral Commission (MEC) announced results of the general elections on 27th May 2019, Malawi's political environment has been fragile. Two opposition parties, namely Malawi Congress Party (MCP) and United Transformation Movement (UTM) are disputing the results (in court) in which President Prof. Peter Mutharika of the Democratic Progressive Party (DPP) emerged as the winner. While the electoral case is in court, the Human Rights Defenders Coalition (HRDC) have been organizing demonstrations across the country petitioning the MEC Chairperson to resign, alleging that the electoral process was marred with irregularities. The demonstrations have in some instances turned violent, affecting businesses in major cities.
- 10.2 We expect the country's political environment to remain fragile in the short term as long as the protests and demonstrations continue while the electoral case is still in court.