

Financial Market Update

| Week ending 12 February 2021



Financial market highlights for the week ending 12 February 2021

The following highlights compare the week ending 12 February 2021 to the week ending 5 February 2021:



Government securities (Source: RBM)

- A total of K48 billion was allotted during this week's Treasury Bill (TB) and Treasury Notes (TN) auctions.
- This comprised of K24.69 billion for TBs and K23.31 billion for TNs.
- The TB auctions had a rejection rate of 18.59% while the TN auctions had a nil rejection rate.
- The average all type TB yield increased to 12.19% from 12.14% in the previous week.
- The 10 Year Treasury Note will be reopened in the next auction, scheduled on 16 February 2021.



Currency market (Source: RBM)

- The Malawi Kwacha depreciated against the USD by 0.22% to K780.18 per USD from K778.45 per USD (based on middle rates).
- The Kwacha also depreciated against the GBP (to K1,120.24 from K1,113.96), the EUR (to K999.27 per EUR from K995.39 per EUR) and the ZAR (to K56.68 from K55.84) (based on middle rates).



Equity market (Source: MSE)

- The MASI decreased to 32,731.80 points from 32,977.97 points in the previous week. This was due to share price losses in four counters which offset a share price gain in Airtel.
- The return on MASI (year-to-date) was 1.05% compared to negative 6.36% during the same period the previous year.
- There was a share price gain for Airtel to K27.98 from K27.97 during the period under review.
- There were share price losses for PCL, OMU, NBS and TNM.
- Illovo wishes to notify its shareholders and other stakeholders that the 56th Annual General meeting of the company will be held virtually on Wednesday 24 February at 14:00pm.



Financial market developments (Source: RBM)

- The daily overnight interbank average rate decreased to 10.38% this week from 10.58 % last week.



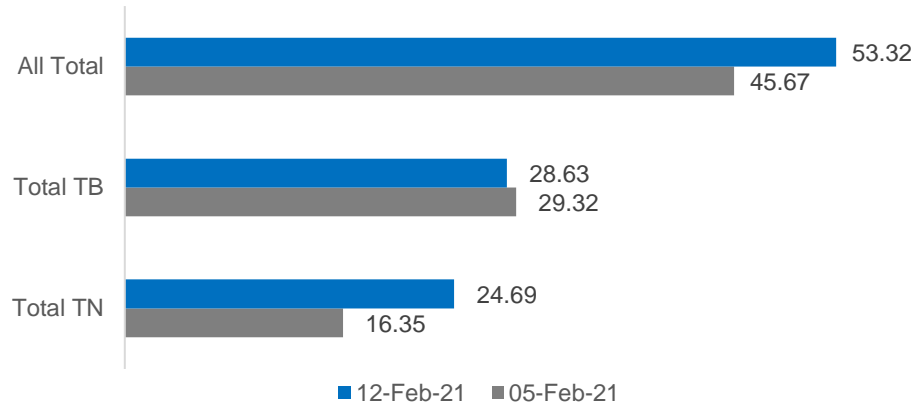
A total of K48 billion was allotted during this week's Treasury Bill (TB) and Treasury Notes (TN) auctions.

The average All type TB yield decreased to 12.19% from 12.14% in the previous week.

Government securities (Source: RBM)

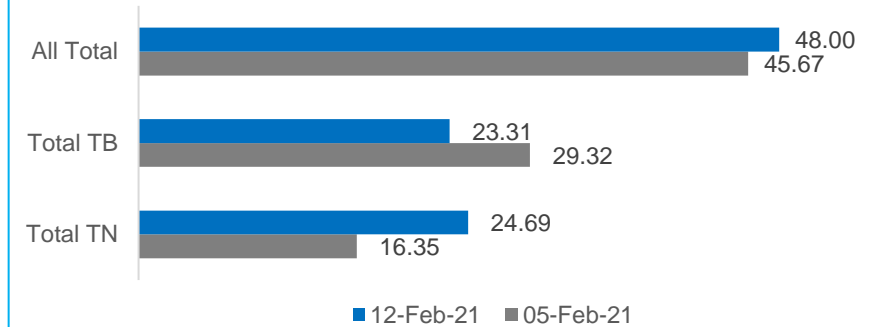
TB and TN applications (K'-billion) –

total TB and TN applications were K53.32 billion in the auctions held this week.

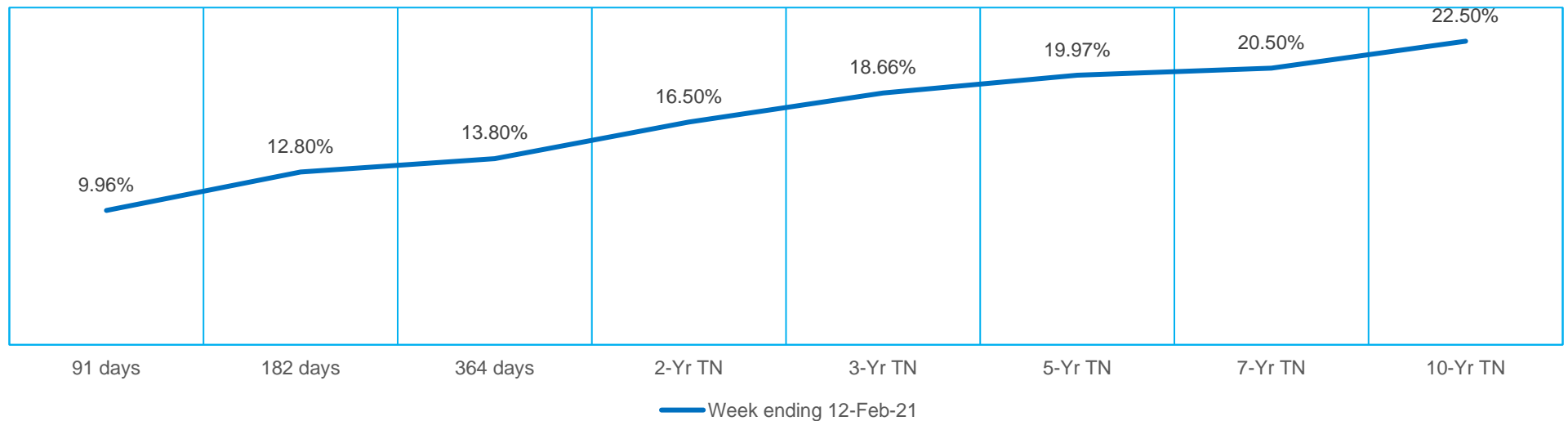


TB and TN allotments (K'-billion) –

a total of K48.00 billion was allotted in the auctions held this week. There were rejections for the 182 days and the 364 days TB paper.



Government Securities Yield Curve (%)



TB - Treasury Bill
TN - Treasury Note

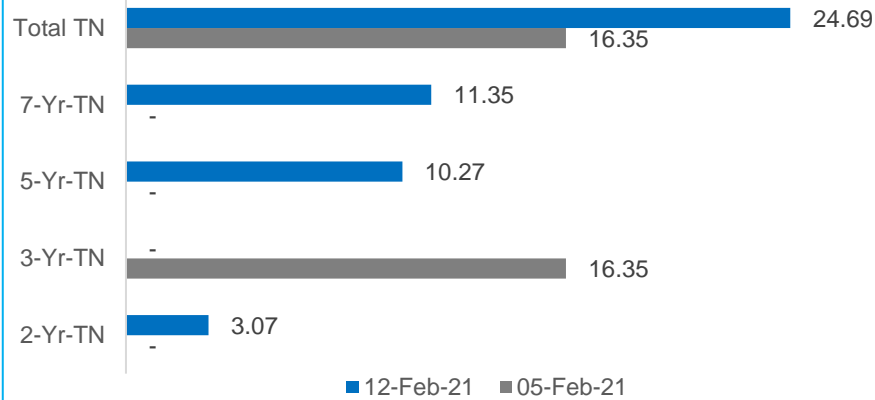


The 182-days TB paper and the 7-Yr TN had the highest subscription rates of 51.05% and 45.97%, respectively.

Government securities (Continued)

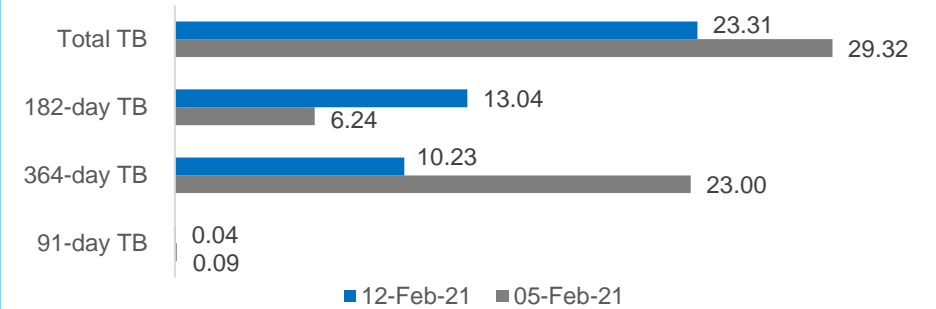
TN application and allotments (K'-billion) –

there were allotments of K24.69 billion in the TN auctions held this week. There were nil rejections.

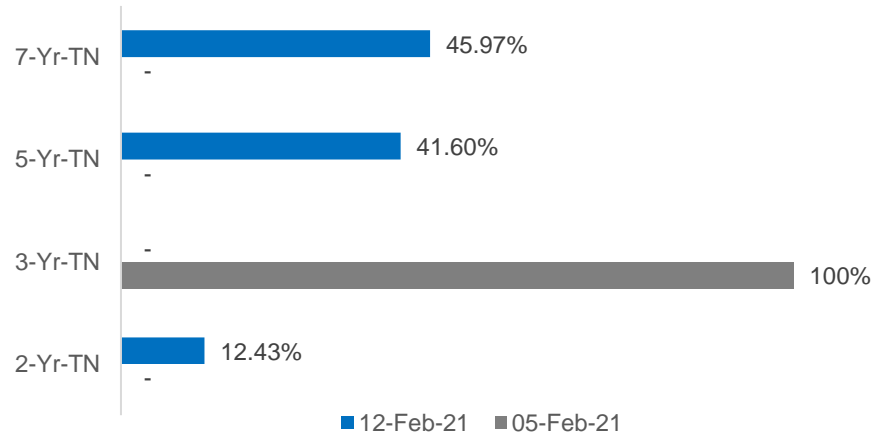


TB application and allotments (K'-billion) –

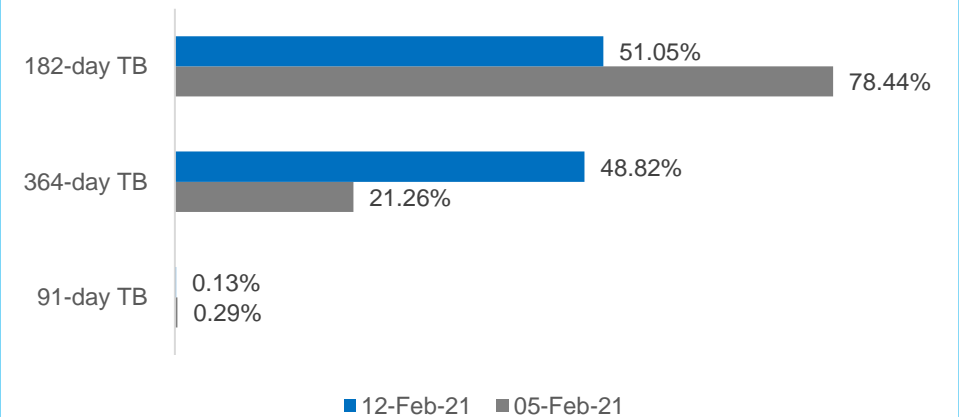
total applications and allotments in this week's auction were K28.63 billion and K23.31 billion, respectively. This marks a total rejection rate of 18.59%.



TN Subscription Rate (%) – the 7-Year TN had the highest subscription rate of 45.97% in this week's auction.



TB Subscription Rate (%) – the 182 days TB paper had the highest subscription this week at 51.05%.



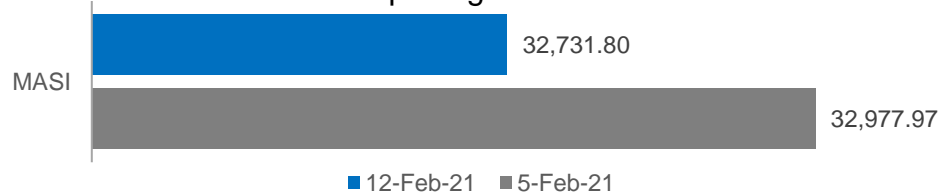
TB - Treasury Bill
TN - Treasury Note



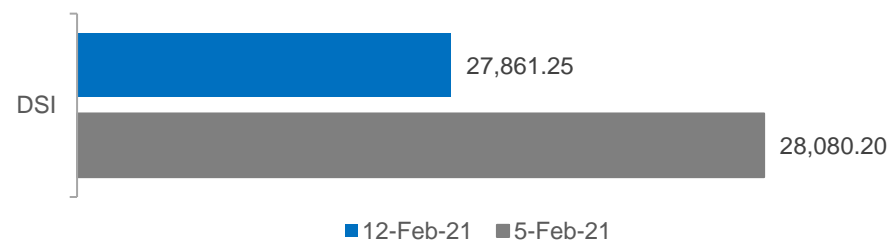
The stock market was bearish this week as the MASI decreased to 32,731.80 points from 32,977.97 points in the previous week. This was due to share price losses across four counters which offset a share price gain in Airtel. Year-to-date the MASI has increased by 1.05%.

Equity market (Source: MSE)

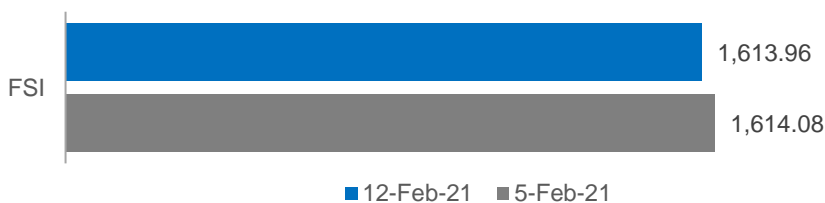
MASI – the stock market was bearish this week as the MASI decreased to 32,731.80 points from 32,977.97 points in the previous week. This was due to share price losses in four counters which offset a share price gain in Airtel.



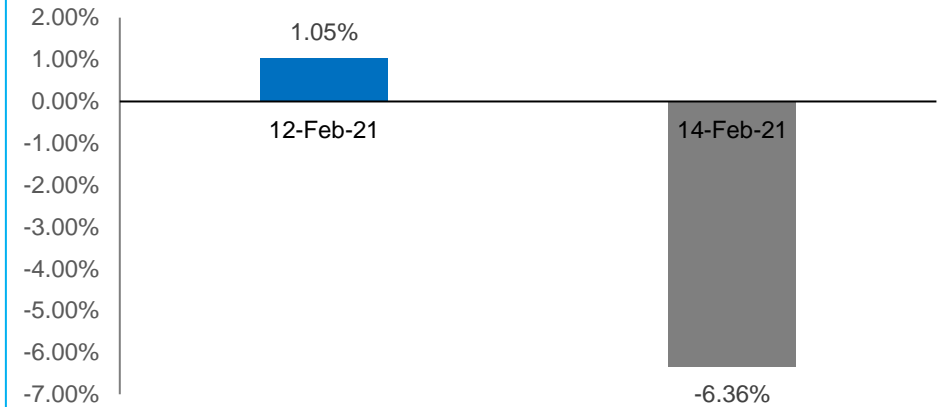
DSI – the DSI decreased to 27,861.25 points from 28,080.20 points due to share price losses in PCL, OMU, NBS, and TNM.



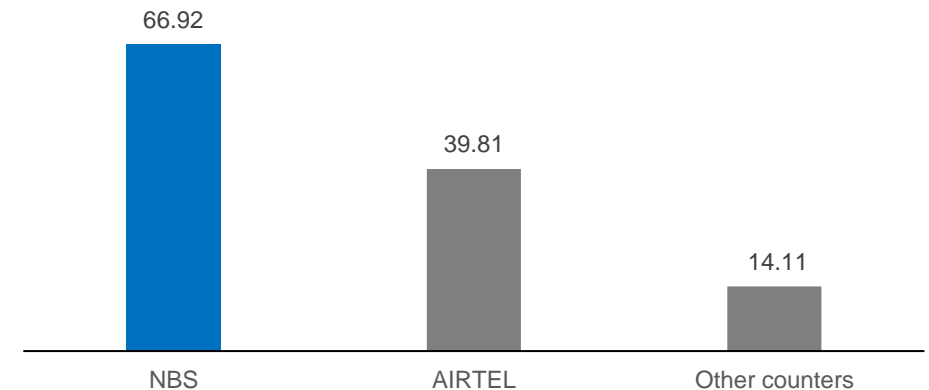
FSI – the FSI decreased to 1,613.96 points from 1,614.08 points due to a share price loss in OMU during the period under review.



MASI YTD Return (%) – the MASI registered a year-to-date return of 1.05% this year (it was negative 6.36% last year during the same period).



Value of Shares Traded (K'million) – NBS had the highest value of shares traded at K66.92 million. The total value of shares traded this week was K120.84 million.

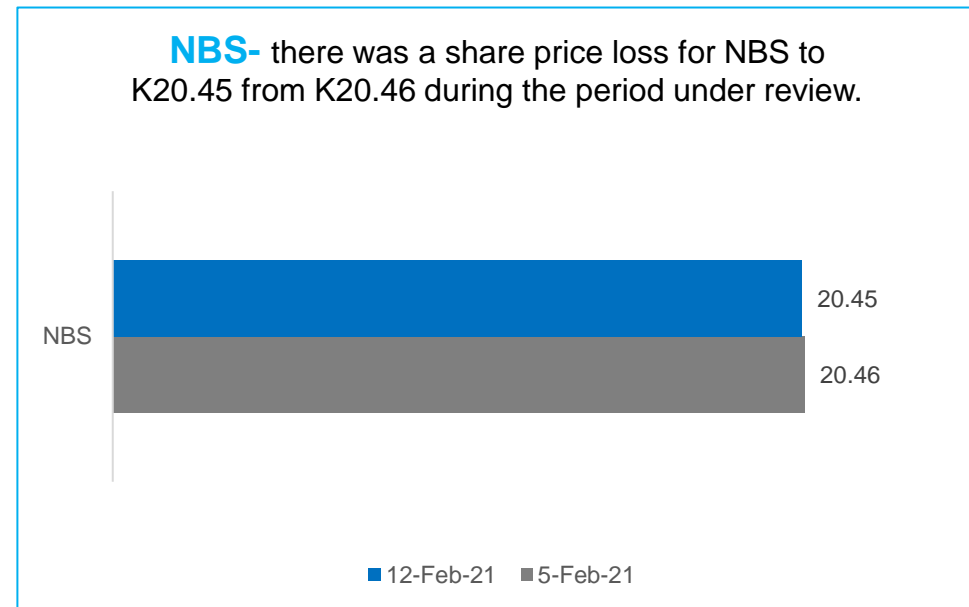
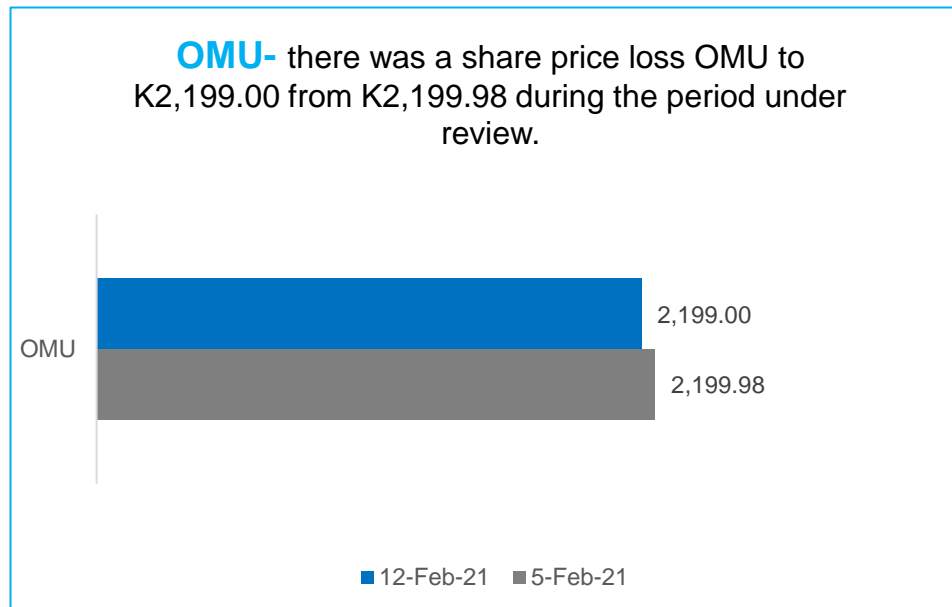
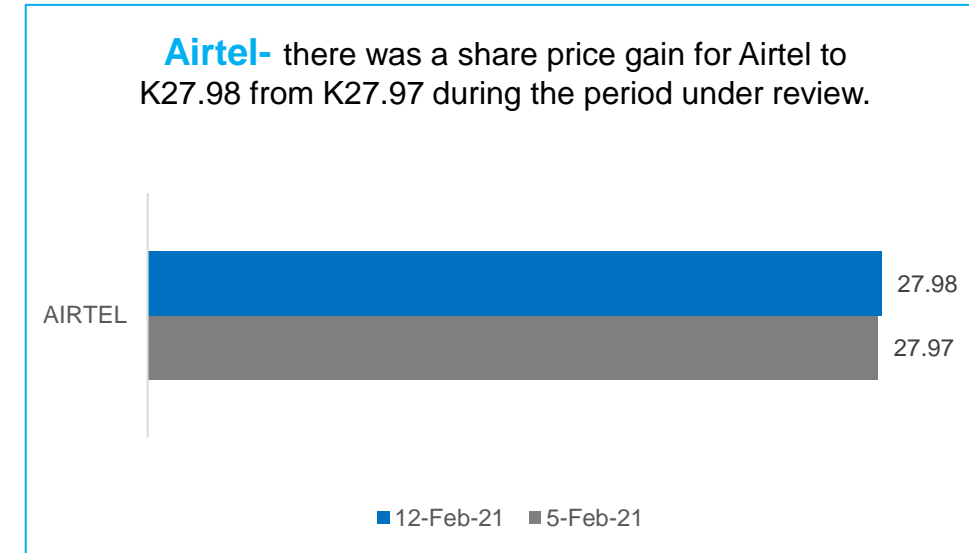
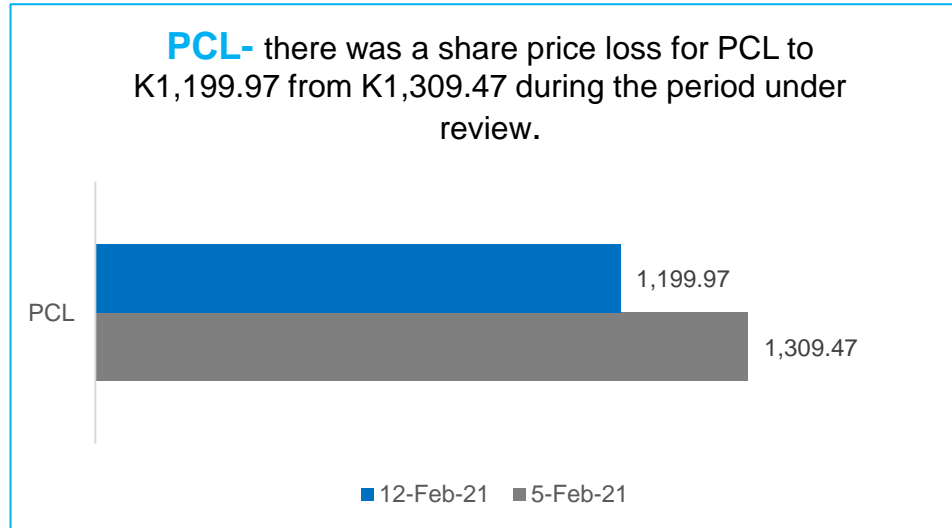


MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



The biggest share price loss during the period under review was for PCL to K1,199.97 from K1,309.47.

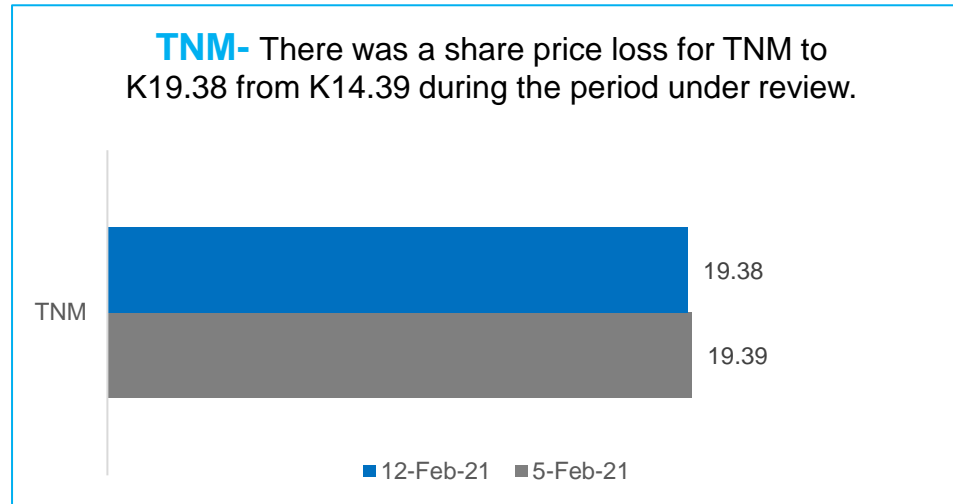
Equity market (Continued)





Equity market (Continued)

There was a share price loss for TNM to K19.38 from K14.39 during the period under review.



The other counters closed at the same prices as the previous week. Their closing prices are shown in the table below:

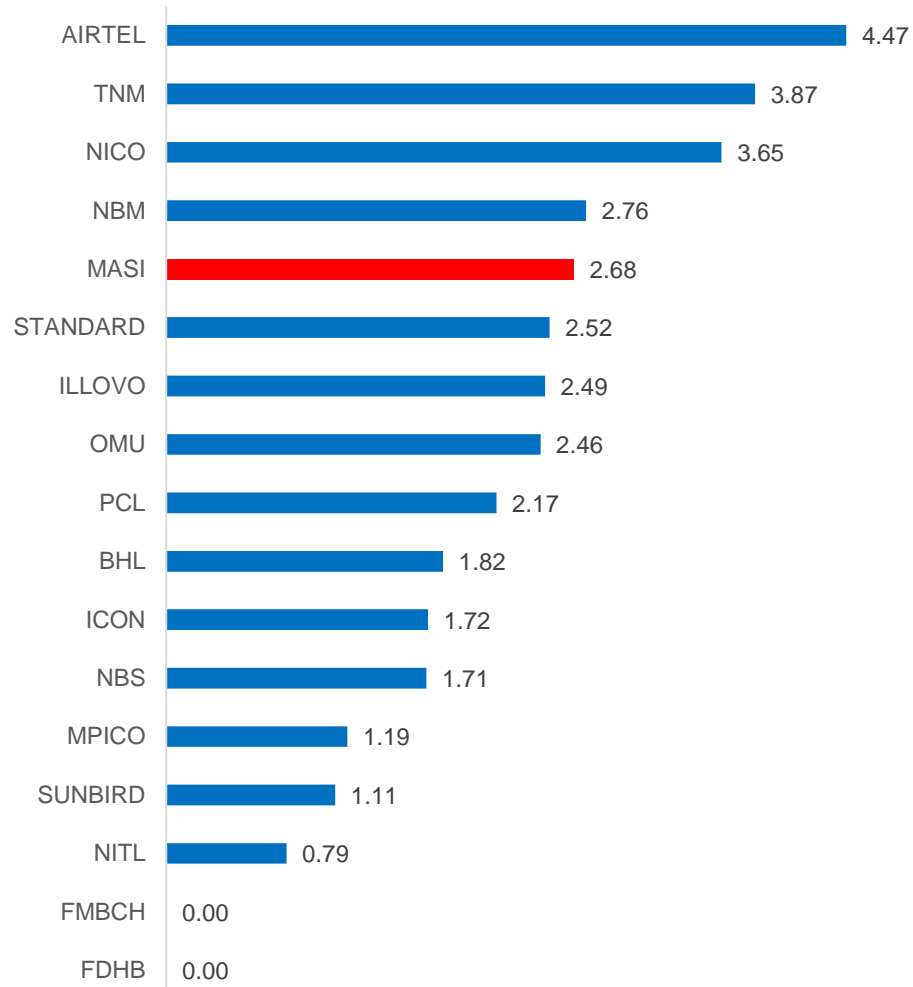
No.	MSE Code	Share Price (K)
		12-Feb-21
1	BHL	11.00
2	FDHB	14.44
3	FMBCH	27.09
4	ICON	12.20
5	Illovo	80.47
6	MPICO	20.94
7	NBM	650.00
8	NICO	52.00
9	NITL	94.94
10	Standard Bank	1,200.02
11	SUNBIRD	89.99



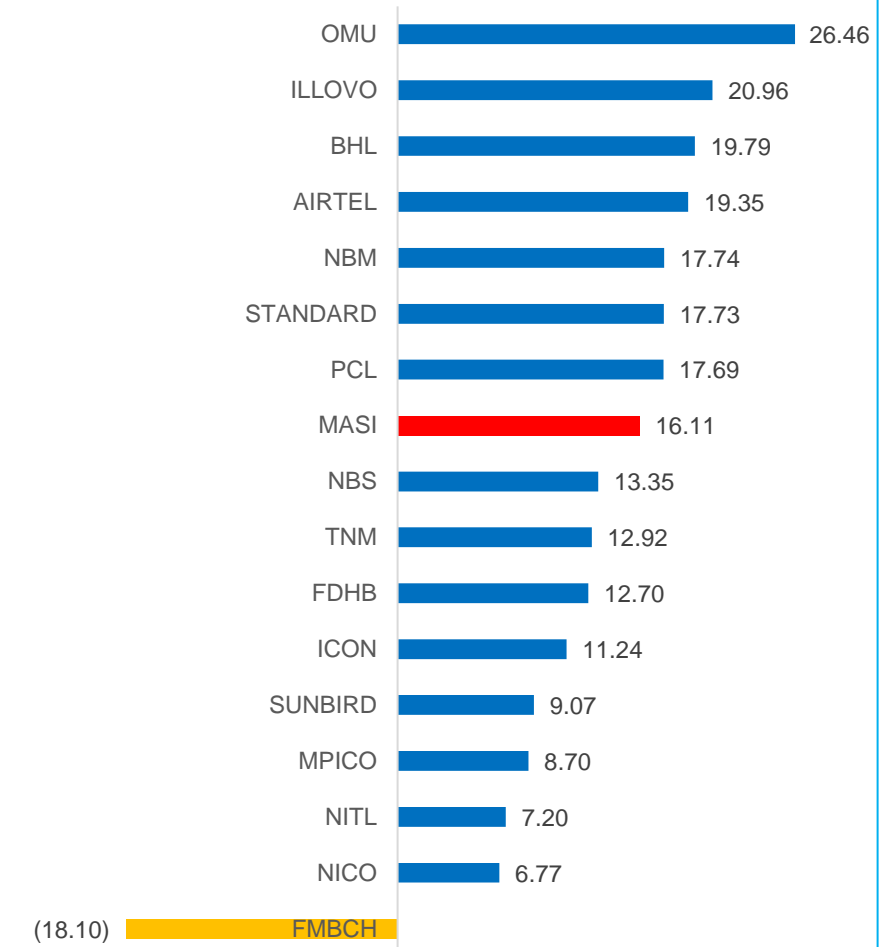
Equity market (Continued)

The weighted average dividend yield on the MSE is 2.68%. The MSE has a weighted average Price to Earnings ratio of 16.11.

Dividend yield (%) - the weighted average dividend yield on the MSE is 2.68%. The counter with the highest dividend yield is Airtel at 4.47%.



P/E ratio - the MSE has a weighted average Price to Earnings ratio of 16.11. FMBCH has the lowest at negative 18.10 while OMU has the highest at 26.46.

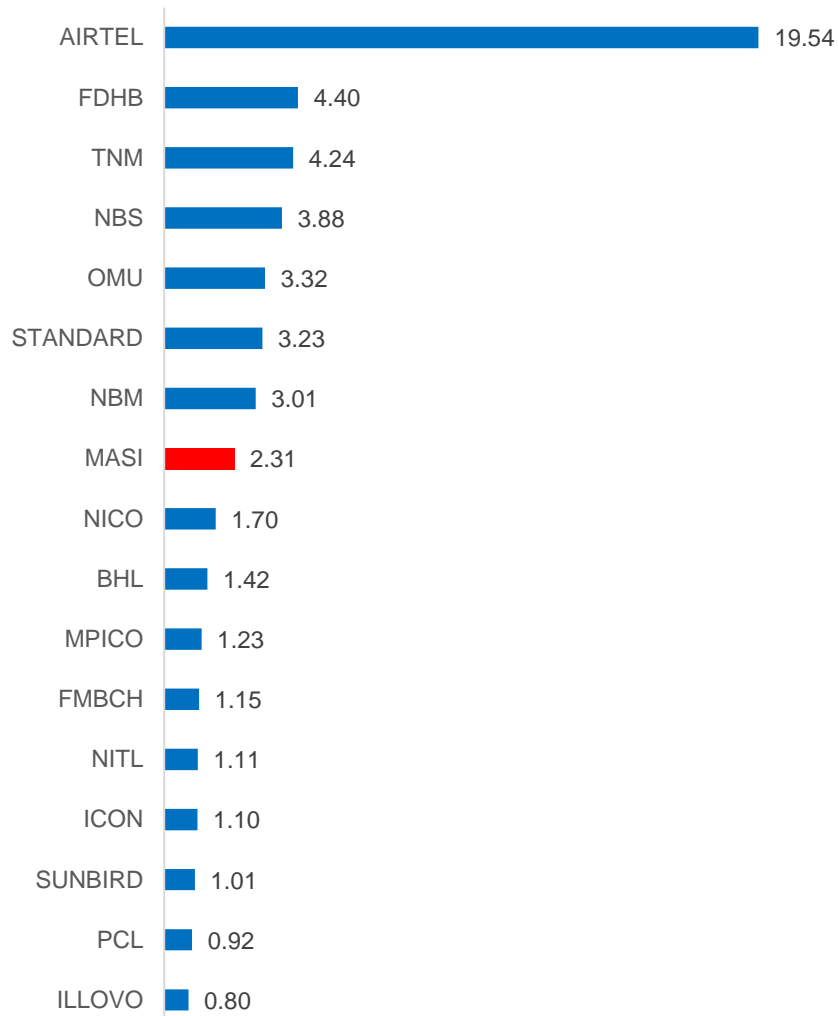




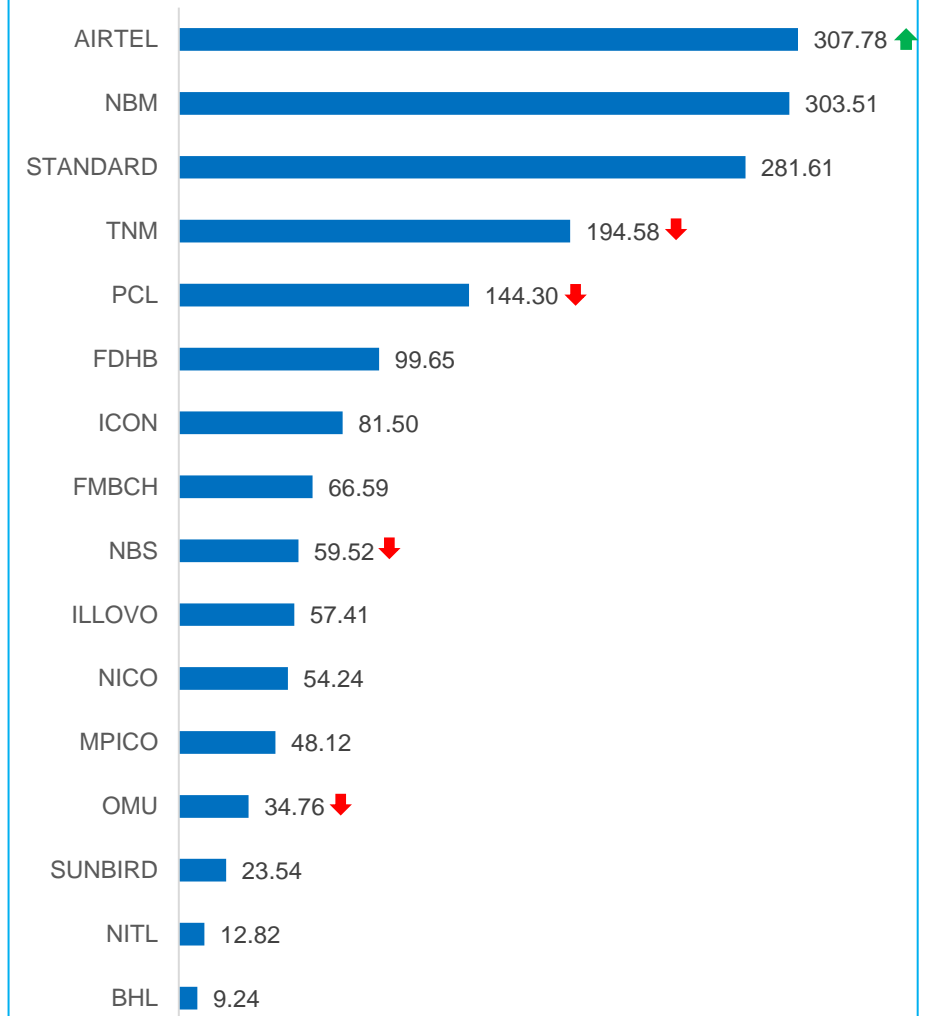
Equity market (Continued)

The weighted average Price to Book Value ratio on the MSE is 2.31. Airtel leads the MSE counters with a market capitalization of K307.78 billion. The total market capitalization is K1.78 trillion.

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.31. Airtel has the highest ratio at 19.54 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K'-billion) - Airtel leads the MSE counters with a market capitalization of K307.78 billion. The total market capitalization is K1.78 trillion.

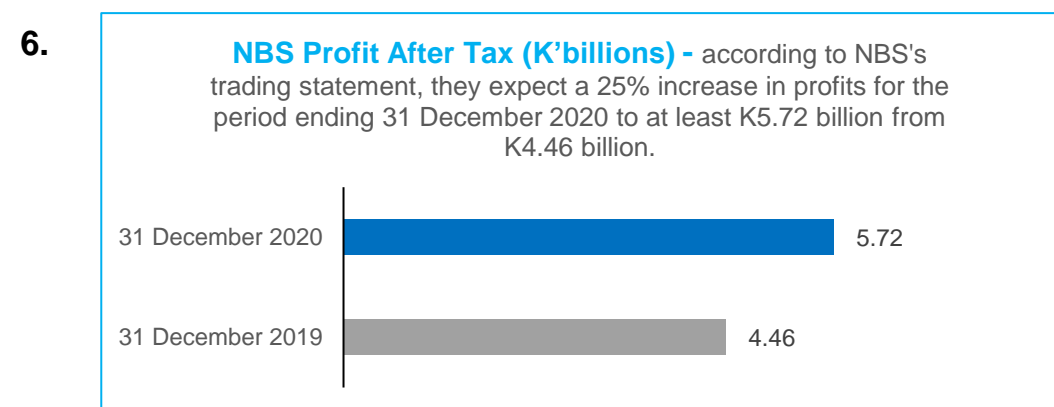
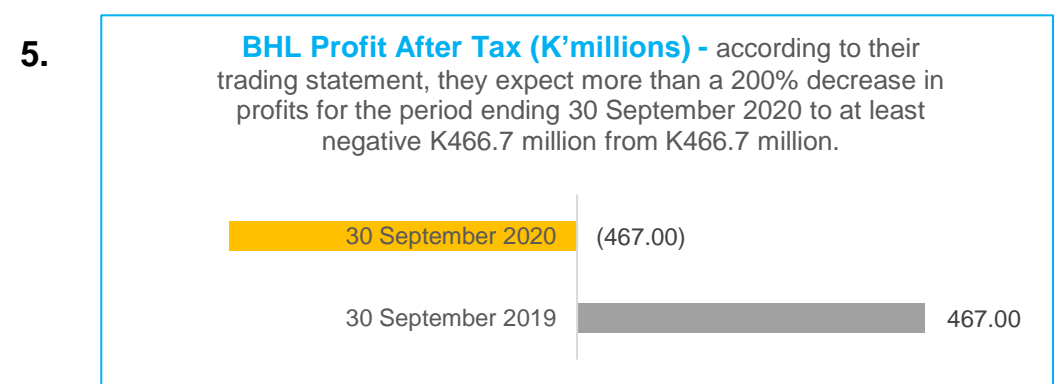
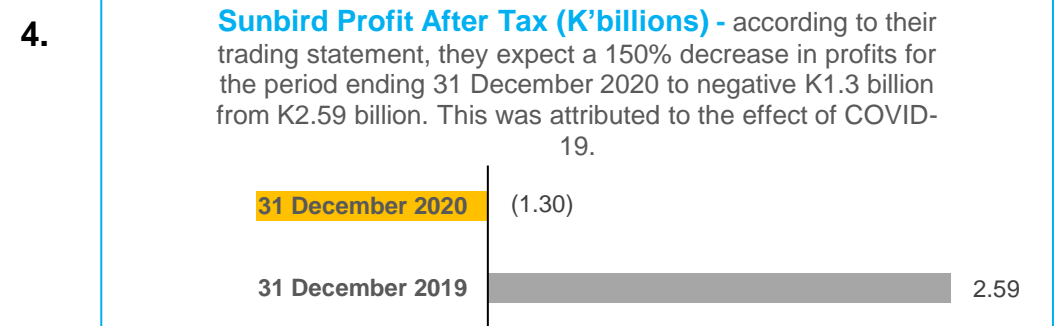
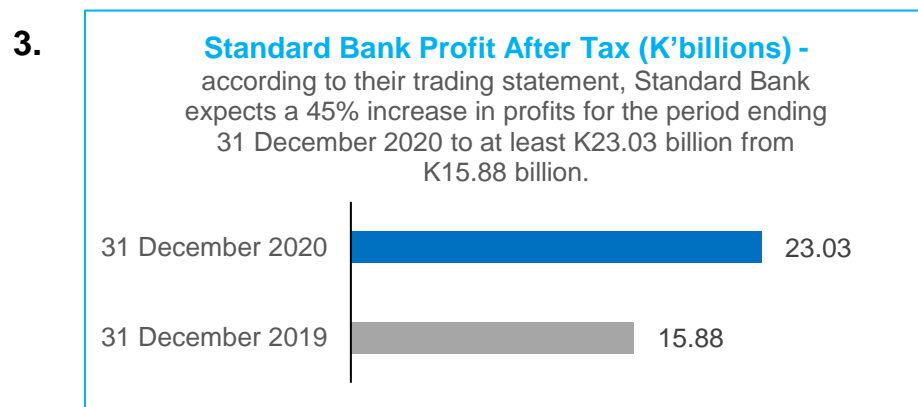
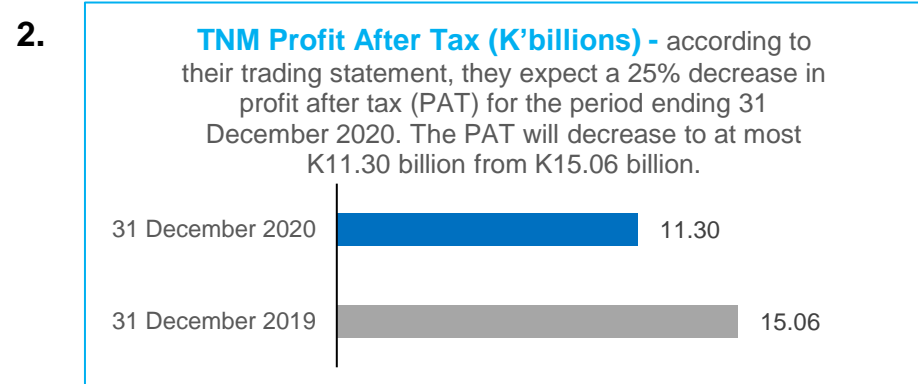
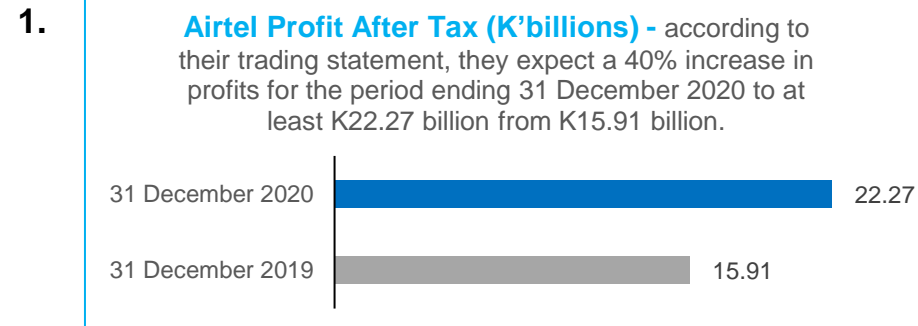




The tourism sector remains one of the hardest hit sectors by the COVID-19 pandemic. Sunbird expects a 150% decrease in profits for the period ending 31 December 2020. Likewise, BHL also anticipates its profits to decrease by 200% for the period ending 30 September 2020.

Equity market (Continued)

Corporate Announcements (Source: MSE)



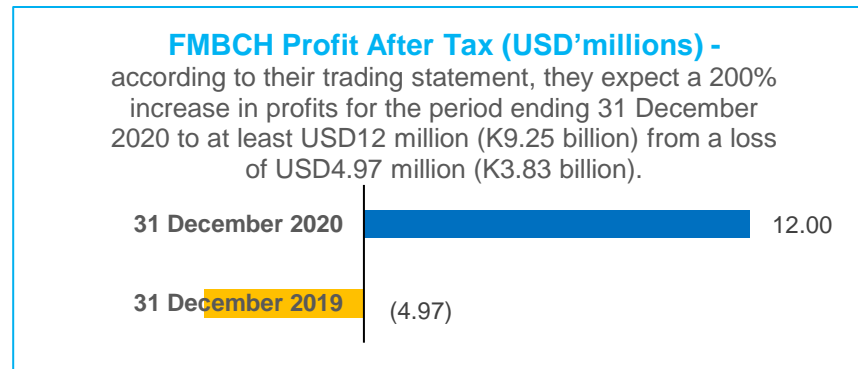


According to their trading statement on 29 January 2021, NBM expects a 20% increase in profits for the year ending 31 December 2020 to at least K20.59 billion from K17.16 billion in 2019. Financial statements for the financial year ending 31 December 2020 are expected to be published not later than 30 June 2021.

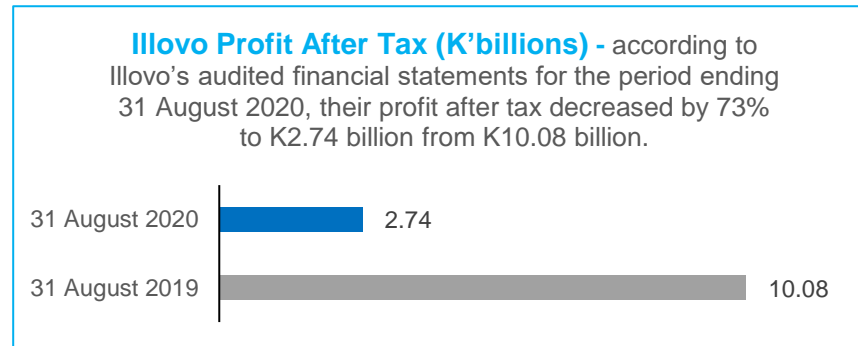
Equity market (Continued)

Corporate Announcements (continued)

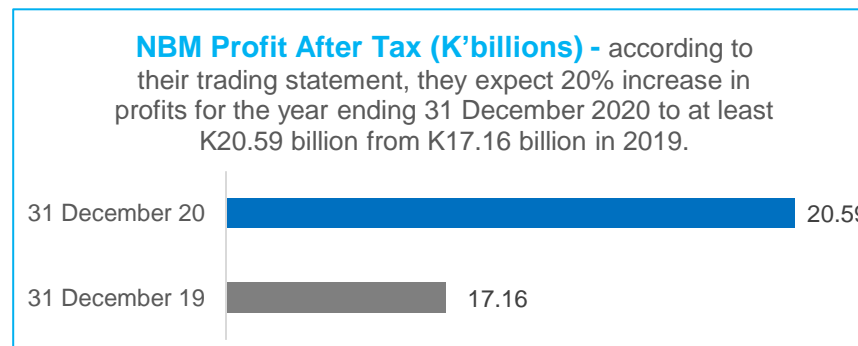
7.



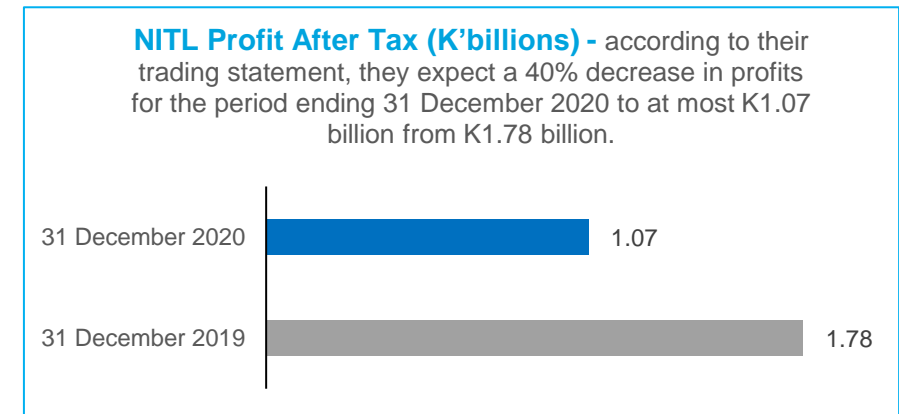
8.



9.



10.



11.

- Counters that did not release End of Year Trading Statements are listed below. The assumption is that these counters expect their PAT to be within 20% of the profit made in the previous period:
- 1 NICO
 - 2 FDHB
 - 3 PCL
 - 4 ICON
 - 5 MPICO



According to their trading statement, OMU expects HEPS and EPS for the year ended 31 December 2020 to be more than 20% lower than the reported HEPS and EPS for the comparable period which were 236.1 cents and 208.3 cents in 2019, respectively. This owing to the significant impact COVID-19 on business.

Equity market (Continued)

Corporate Announcements (continued)

12. National Bank of Malawi plc cautionary statement

National Bank of Malawi plc wishes to advise the general public that discussions are still under way on the possible acquisition of a controlling stake in Akiba Commercial Bank, a financial institution registered and operating in the Republic of Tanzania, the outcome of which may affect the NBM plc share price. It is anticipated that the discussions will be concluded at the end of the month of January 2021.

13. FDH Bank Plc cautionary statement

FDH Bank Plc wishes to inform its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are engaged in shareholding negotiations. The negotiations may result in changes in the shareholding structure of FDH Financial Holdings Limited.

Shareholders are therefore advised to exercise caution in dealing in their shares and consult professional advisors before dealing in their shares until such time as the result of the negotiations is known.

FDH Bank Plc is further informing the general public that all efforts will be made to communicate further developments as and when required.

14. OMU Trading Statement

OMU wishes to advise shareholders that they expect HEPS and EPS for the year ended 31 December 2020 to be more than 20% lower than the reported HEPS and EPS for the comparable period (FY 2019 HEPS: 236.1 cents, FY 2019 EPS: 208.3 cents) due to the significant impact COVID-19 has had on our business operations and results.

A further trading statement will be published to provide more specific guidance once they have reasonable certainty regarding the extent of the decline and the related ranges of the expected decrease in HEPS and EPS.



Illovo wishes to notify its shareholders and other stakeholders that the 56th Annual General of the company will be held virtually on Wednesday 24 February at 14:00pm.

Equity market (Continued)

Corporate Announcements (continued)

15. Dividends:

NBM second interim dividends

The Board of Directors of National Bank of Malawi plc, at its meeting on 28 January 2021 duly convened and held, resolved that a second interim dividend of K2.5 billion (representing K5.35 per share) be paid to the shareholders appearing in the register of the company as at close of business on 12th March 2021. A first interim dividend of K2.5 billion was paid in September 2020 in respect of 2020 profits. Payment date for the second interim dividend is 31st March 2021.

Illovo dividends

Illovo has declared a final dividend of K1.427 billion representing 200 tambala per share (K2.00) in respect of the financial year ended 31 August 2020 as recommended by its directors.

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
Illovo	Proposed	Final	2.00	12th March 2021	31st March 2021

16. Annual General Meetings

Illovo wishes to notify its shareholders and other stakeholders that the 56th Annual General meeting of the company will be held virtually on Wednesday 24 February at 14:00pm.

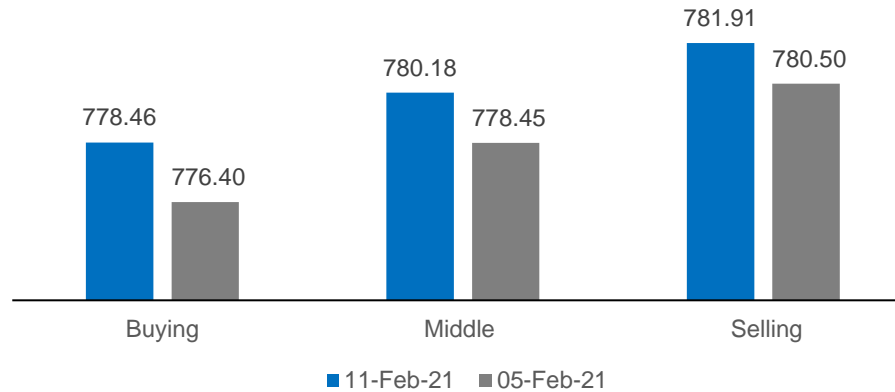
Company	Venue	Date	Time
Illovo	Virtual	24th February 2021	14:00hrs



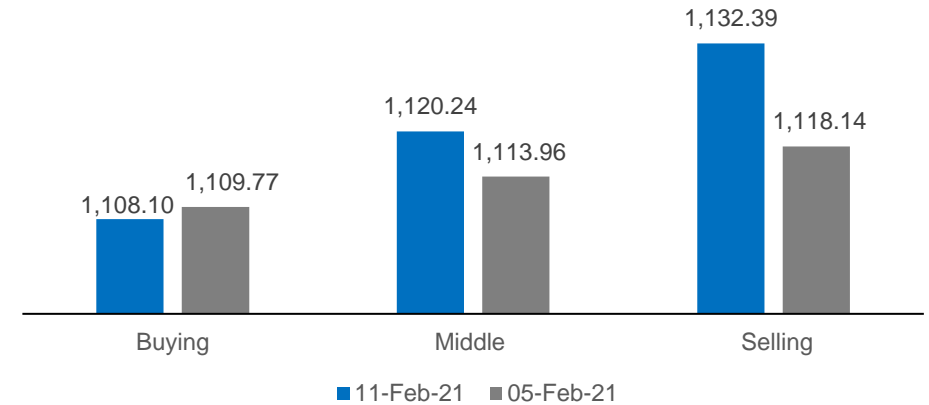
The Malawi Kwacha depreciated against the USD by 0.22% to K780.18 per USD from K778.45 per USD (middle rate).

Currency market (Source: RBM)

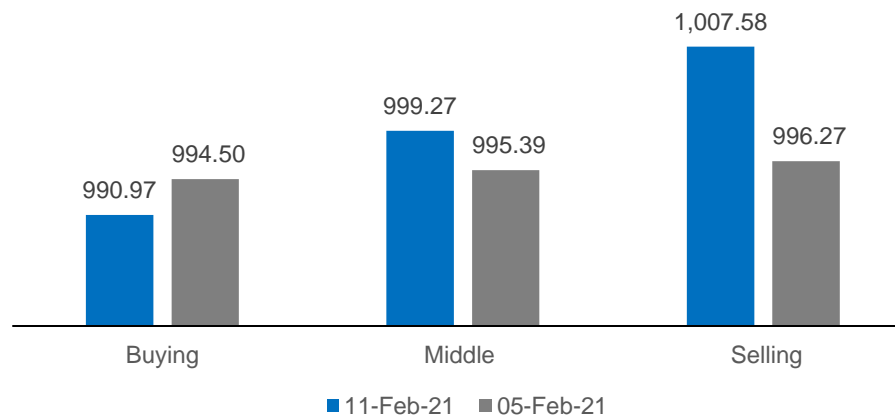
MWK/USD- The Kwacha depreciated against the USD by 0.22% to K780.18 per USD from K778.45 per USD (middle rates).



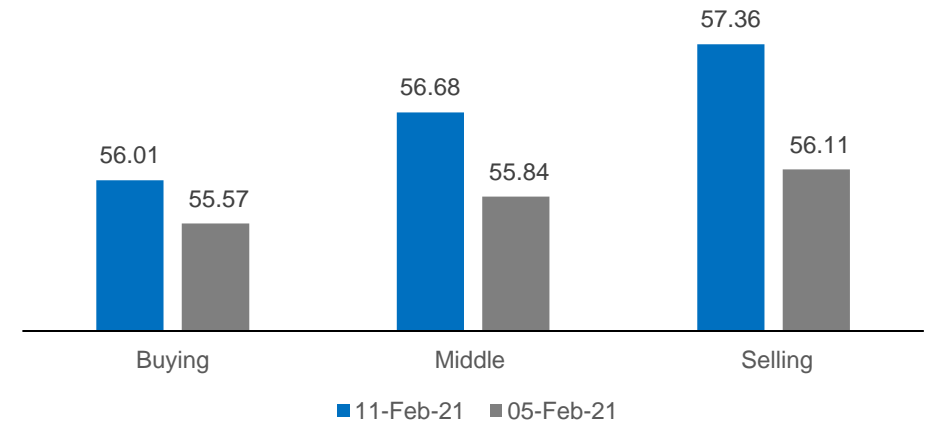
MWK/GBP- The Kwacha depreciated against the GBP by 0.56% to K1,120.24 per GBP from K1,113.96 per GBP (middle rates).



MWK/EUR- The Kwacha depreciated against the EUR by 0.39% to K999.27 per EUR from K995.39 per EUR (middle rates).



MWK/ZAR- The Kwacha depreciated against the ZAR by 1.51% to K56.68 per ZAR from K55.84 per ZAR (middle rates).



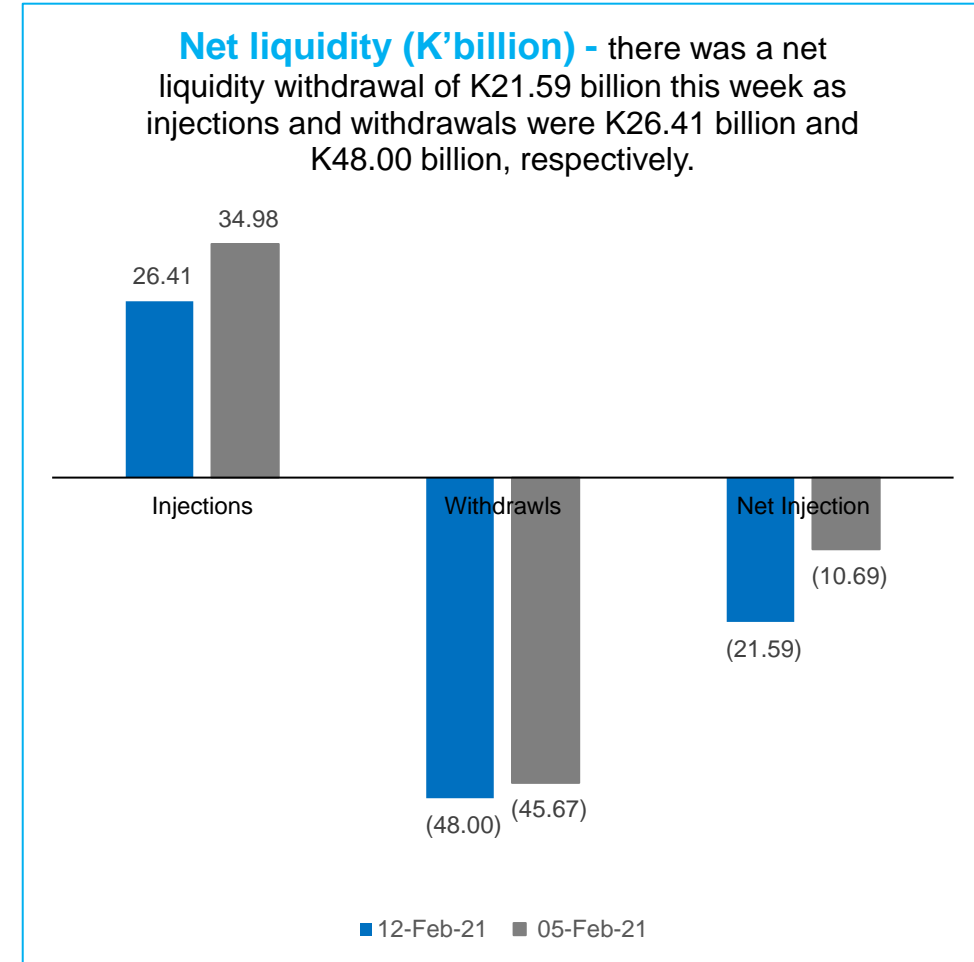
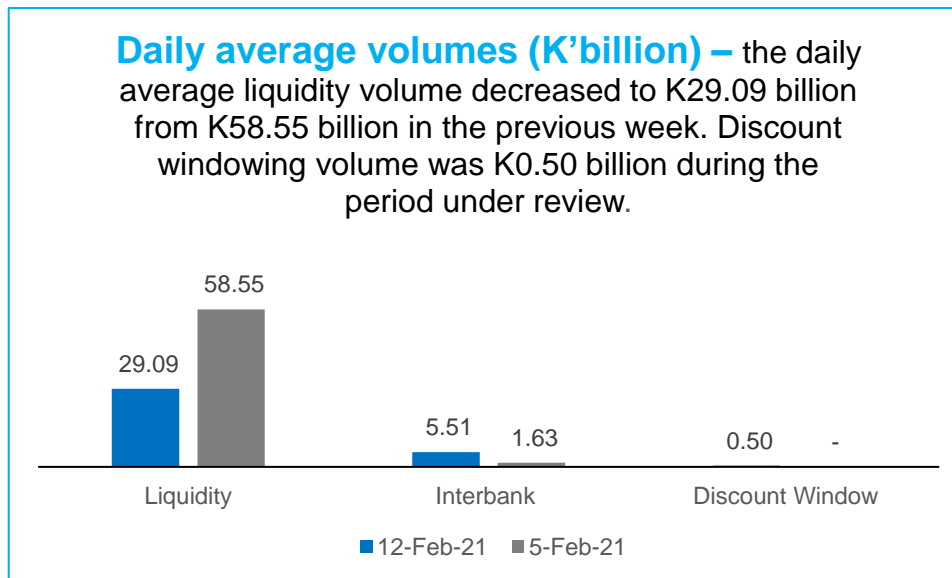
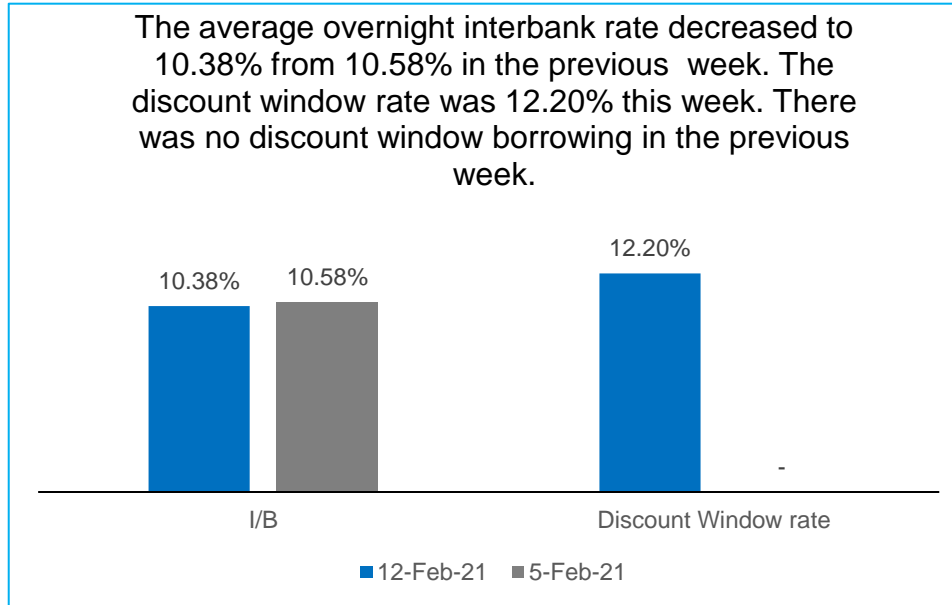
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.

EUR – Euro USD – United States Dollar
GBP – Great British Pound ZAR – South African Rand



Other financial market developments (Source: RBM)

The average overnight interbank rate marginally decreased to 10.38% from 10.58% in the previous week.



Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (108), Development House
Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com