

Financial Market Update

| Week ending 5 February 2021

Financial market highlights for the week ending 5 February 2021

The following highlights compare the week ending 5 February 2021 to the week ending 29 January 2021:



Government securities (Source: RBM)

- A total of K45.67 billion was allotted during this week's Treasury Bill (TB) and Treasury Notes (TN) auctions.
- This comprised of K29.32 billion for TBs and K16.35 billion for TNs.
- There were nil rejections in the TB and TN auctions.
- The average all type TB yield decreased to 12.14% from 12.15% in the previous week.



Currency market (Source: RBM)

- The Malawi Kwacha marginally depreciated against the USD by 0.10% to K777.29 per USD from K776.49 per USD (based on middle rates).
- The Kwacha also marginally depreciated against the ZAR to K55.53 from K54.60.
- The Kwacha appreciated against the EUR (to K984.65 per EUR from K991.78 per EUR) and the GBP (to K1,103.98 from K1,107.24).



Equity market (Source: MSE)

- The MASI decreased to 32,977.97 from 32,988.58 points in the previous week. This was due to share price losses across seven counters which offset share price gains in FMBCH and Standard Bank.
- The return on MASI (year-to-date) was 1.96% compared to negative 4.12% during the same period the previous year.
- There was a share price gain for FMBCH to K27.08 from K27.00 and Standard bank to K1,200.01 from K1,200.00 during the period under review.
- There were share price losses for Airtel, FDHB, NBS, MPICO, ICON, NITL and SUNBIRD.
- NBM board of directors has 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 12 March 2021.



Financial market developments (Source: RBM)

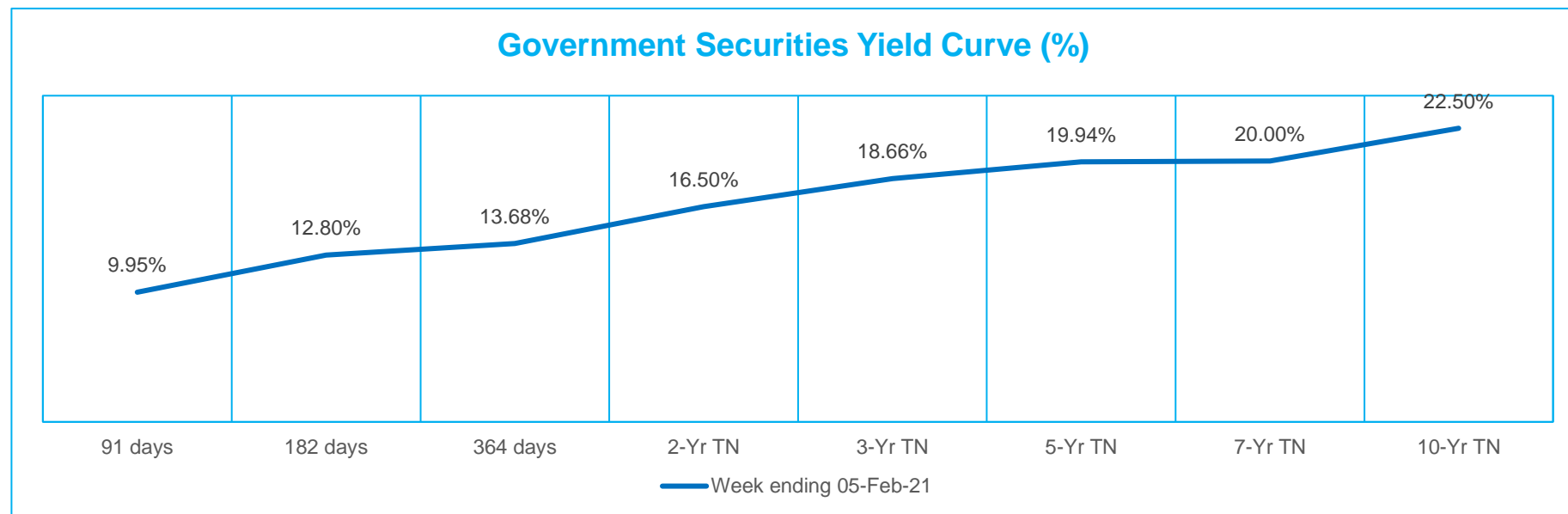
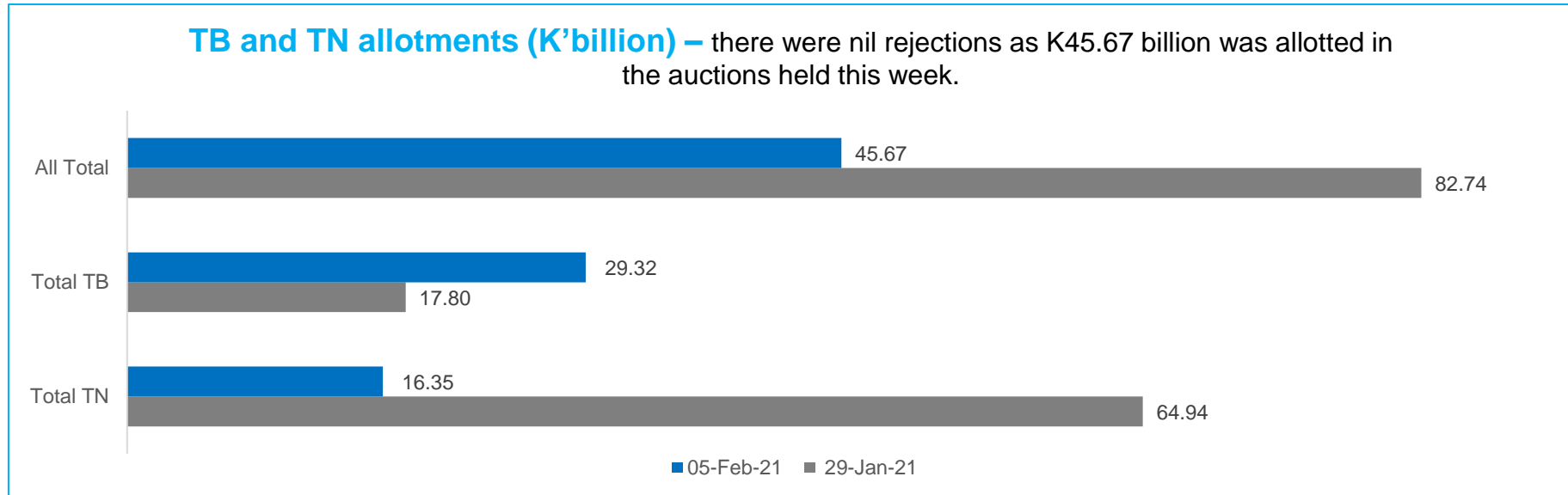
- The daily overnight interbank average rate decreased to 10.58% this week from 11.37% last week.



A total of K45.67 billion was allotted during this week's Treasury Bill (TB) and Treasury Notes (TN) auctions.

The average All type TB yield decreased to 12.14% from 12.15% in the previous week.

Government securities (Source: RBM)



TB - Treasury Bill
TN - Treasury Note

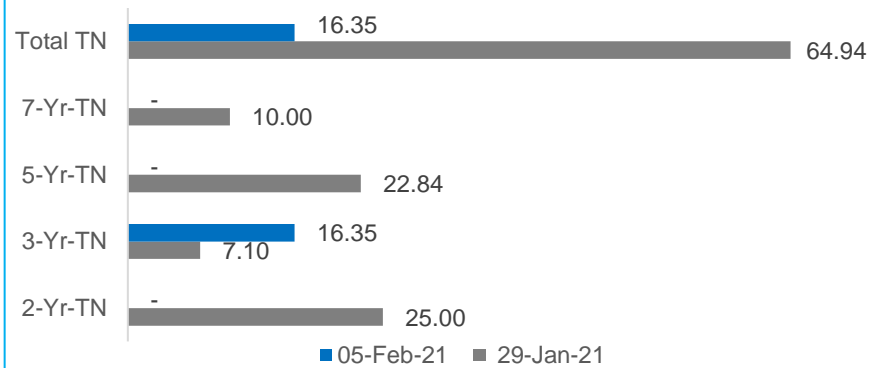


Government securities (Continued)

The 364-days TB paper and the 3-Yr TN had the highest subscription rates of 78.44% and 100%, respectively.

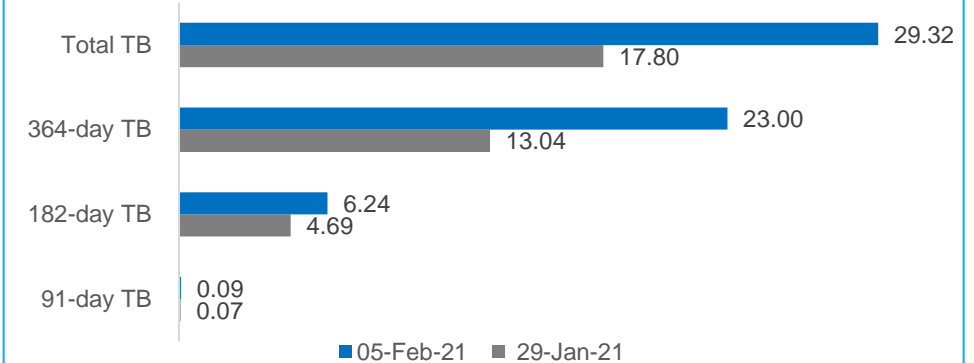
TN application and allotments

(K'billion) – there were allotments of K16.35 billion in the TN auctions held this week. There were nil rejections.

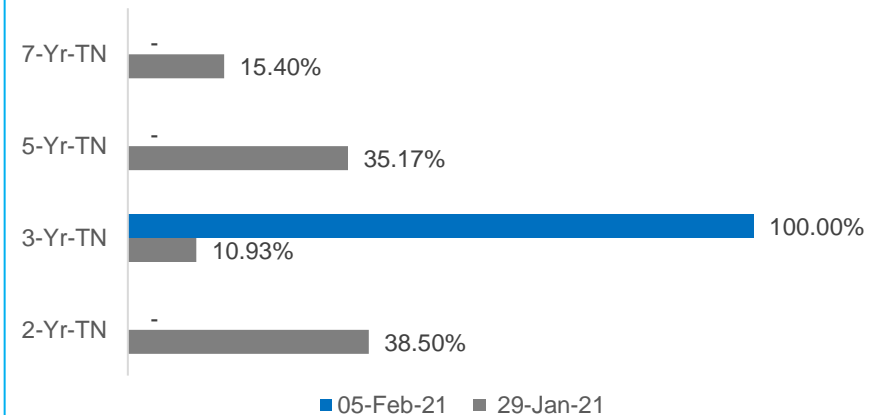


TB application and allotments (K'billion) –

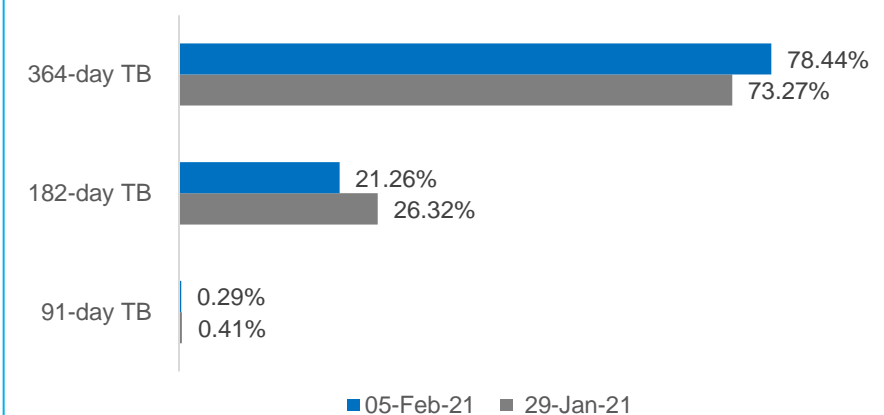
K29.32 billion was allotted in this week's TB auction. There were nil rejections.



TN Subscription Rate (%) – the 3-Year TN was the only tenor on auction and thus had a subscription rate of 100% this week.



TB Subscription Rate (%) – the 364 days TB paper had the highest subscription this week at 78.44%.



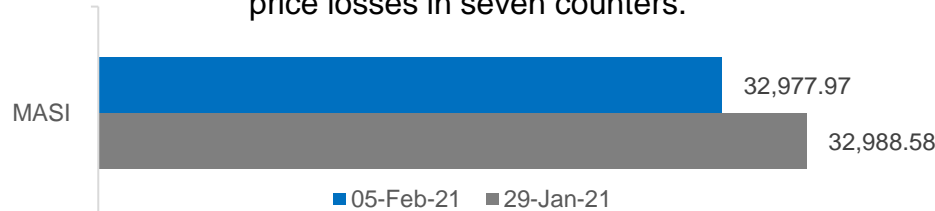
TB - Treasury Bill
TN - Treasury Note



Equity market (Source: MSE)

The stock market was bearish this week as the MASI decreased to 32,977.97 from 32,988.58 points in the previous week. This was due to share price losses across seven counters. Year-to-date the MASI has increased by 1.96%. Airtel had the highest value of shares traded during the period at K27.16 million.

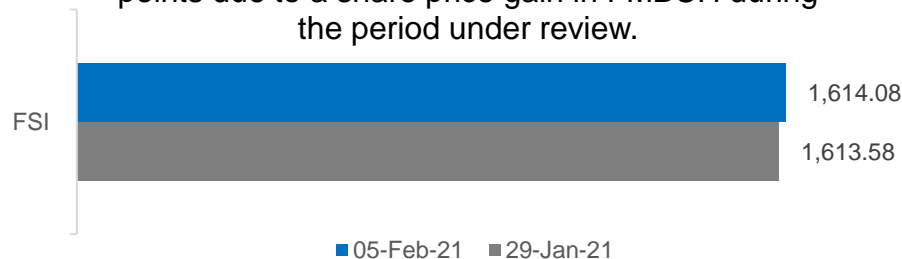
MASI – the stock market was bearish this week as the MASI decreased to 32,977.97 from 32,988.58 points in the previous week. This was due to share price losses in seven counters.



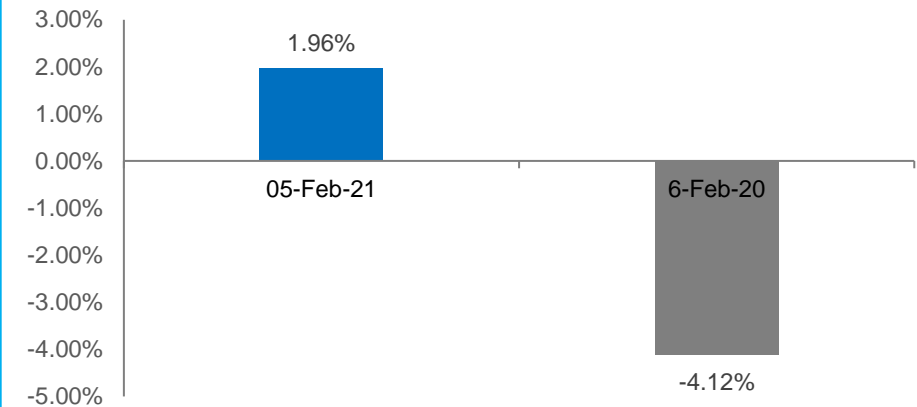
DSI – the DSI decreased to 28,080.20 from 28,090.02 points due to share price losses in seven counters.



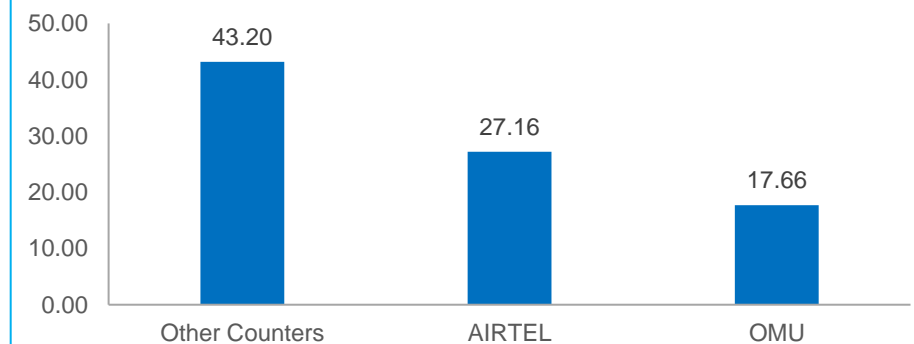
FSI – the FSI increased to 1,614.08 from 1,613.58 points due to a share price gain in FMBCH during the period under review.



MASI YTD Return (%) – the MASI registered a year-to-date return of 1.96% this year (it was negative 4.12% last year during the same period).



Value of Shares Traded – Airtel had the highest value of shares traded at K27.16 million. The total value of shares traded this week was K88.02 million.



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

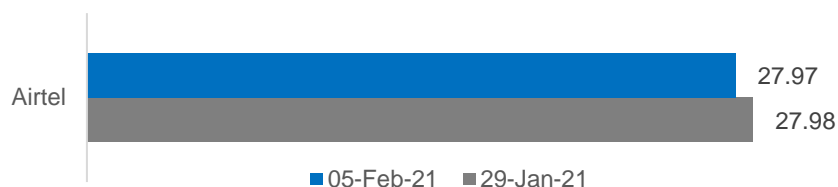


There was a share price gain for FMBCH to K27.09 from K27.08 and Standard bank to K1,200.01 from K1,200.00 during the period under review.

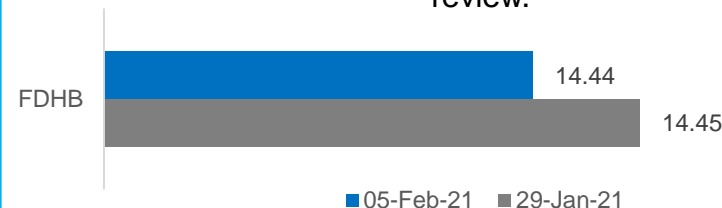
There were share price losses for seven counters.

Equity market (Continued)

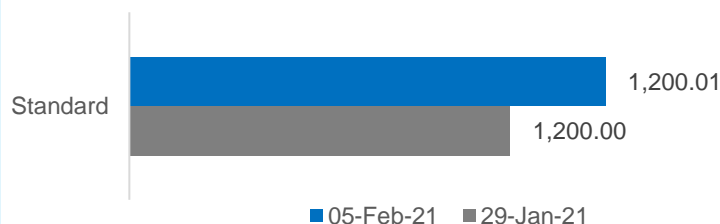
Airtel- There was a share price loss for Airtel to K27.97 from K27.98 during the period under review.



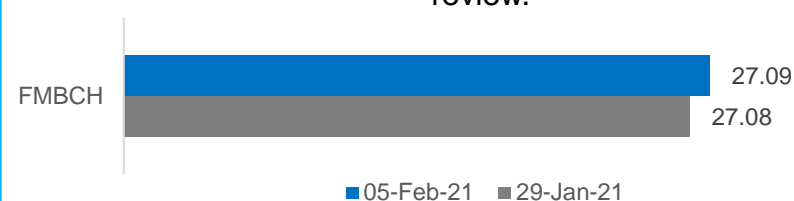
FDHB- There was a share price loss for FDH Bank to K14.44 from K14.45 during the period under review.



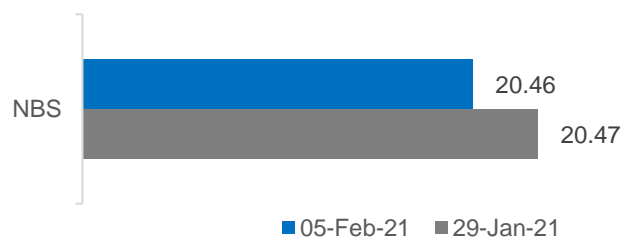
Standard bank- There was a share price gain for Standard Bank to K1,200.01 from K1,200.00 during the period under review.



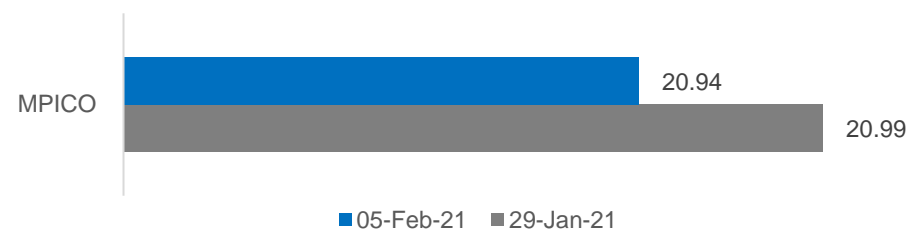
FMBCH- There was a share price gain for FMBCH to K27.09 from K27.08 during the period under review.



NBS- There was a share price loss for NBS to K20.46 from K20.47 during the period under review.



MPICO- There was a share price loss for MPICO to K20.94 from K20.99 during the period under review.

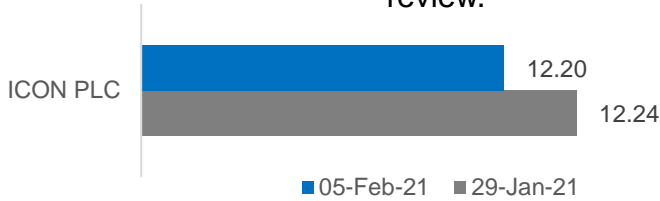




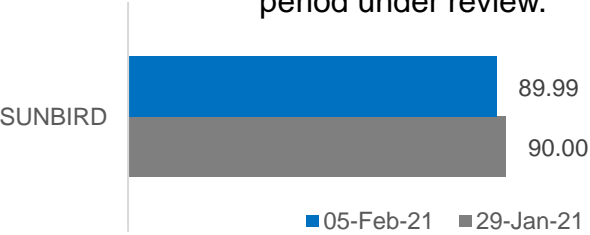
There was a share price loss for SUNBIRD to K89.99 from K90.00 during the period under review.

Equity market (Continued)

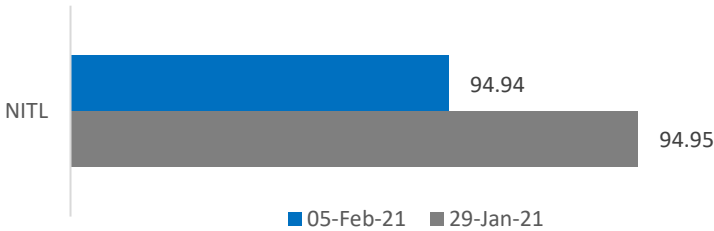
ICON- There was a share price loss for ICON to K12.20 from K12.24 during the period under review.



SUNBIRD- There was a share price loss for SUNBIRD to K89.99 from K90.00 during the period under review.



NITL- There was a share price loss for NITL to K94.94 from K94.95 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:

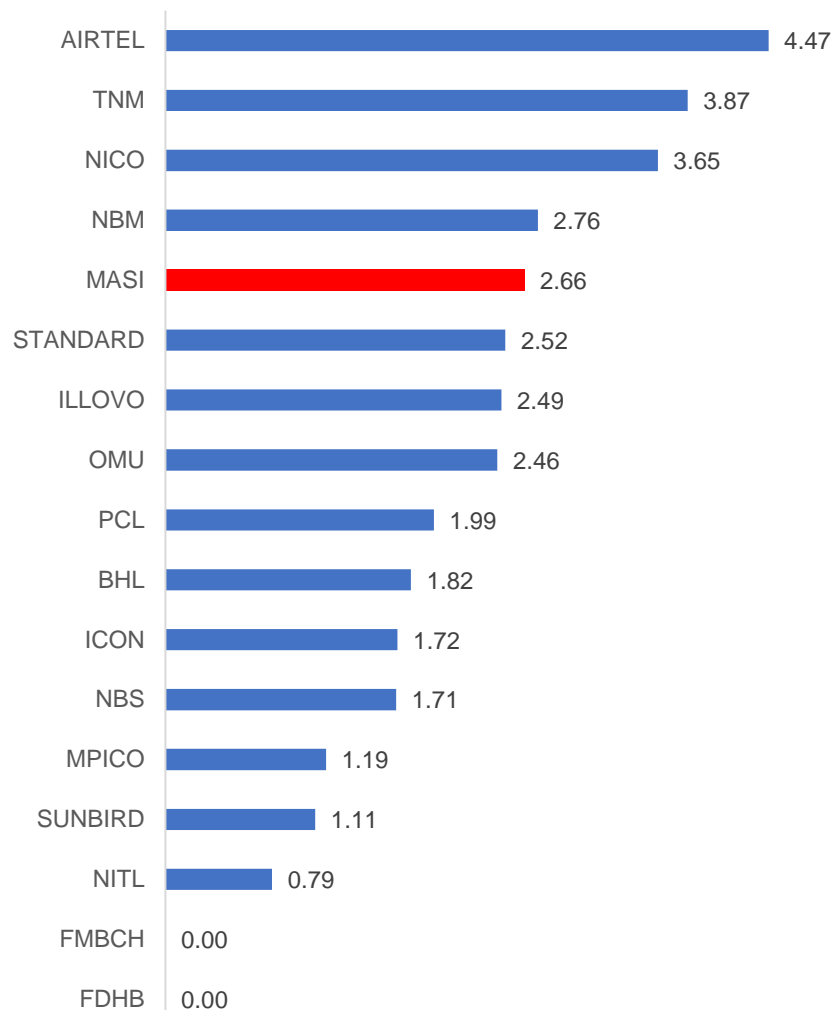
No.	MSE Code	Share Price (K)
		05-Feb-21
1	BHL	11.00
2	NBM	650.00
3	ILLOVO	80.47
4	OMU	2,199.98
5	NICO	52.00
6	PCL	1,309.47
7	TNM	19.39



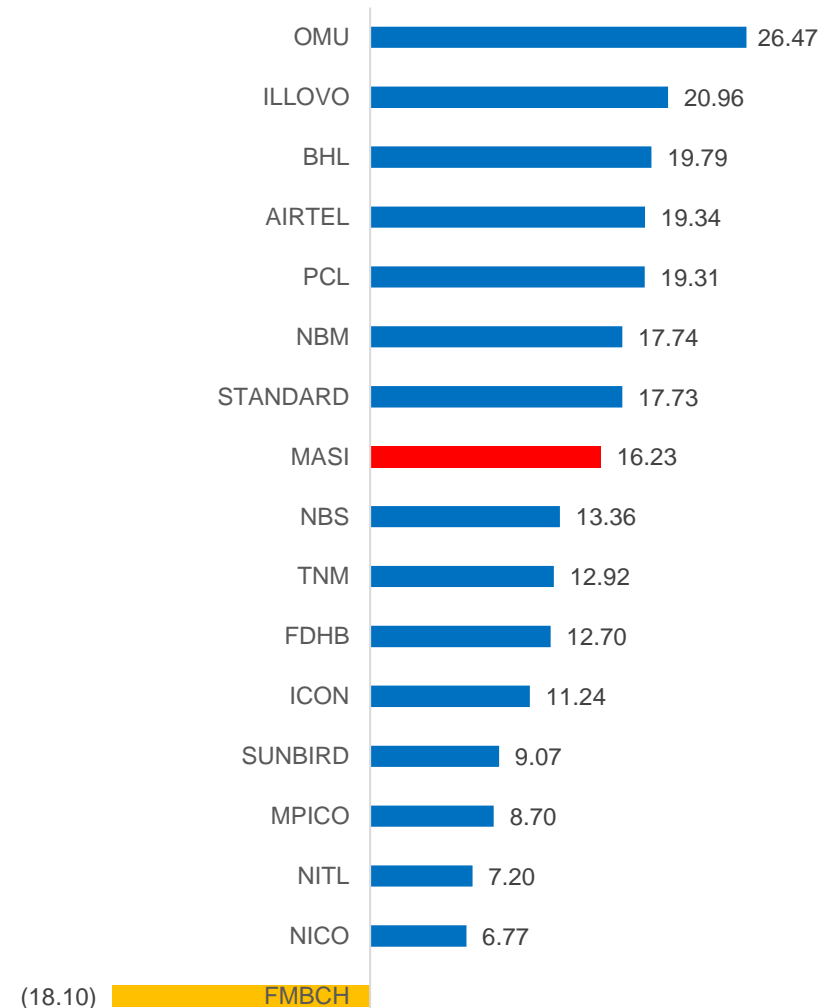
Equity market (Continued)

The weighted average dividend yield on the MSE is 2.66%. The MSE has a weighted average Price to Earnings ratio of 16.23

Dividend yield (%) - the weighted average dividend yield on the MSE is 2.66%. 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 16.23. FMBCH has the lowest at negative 18.10 while OMU has the highest at 26.47.

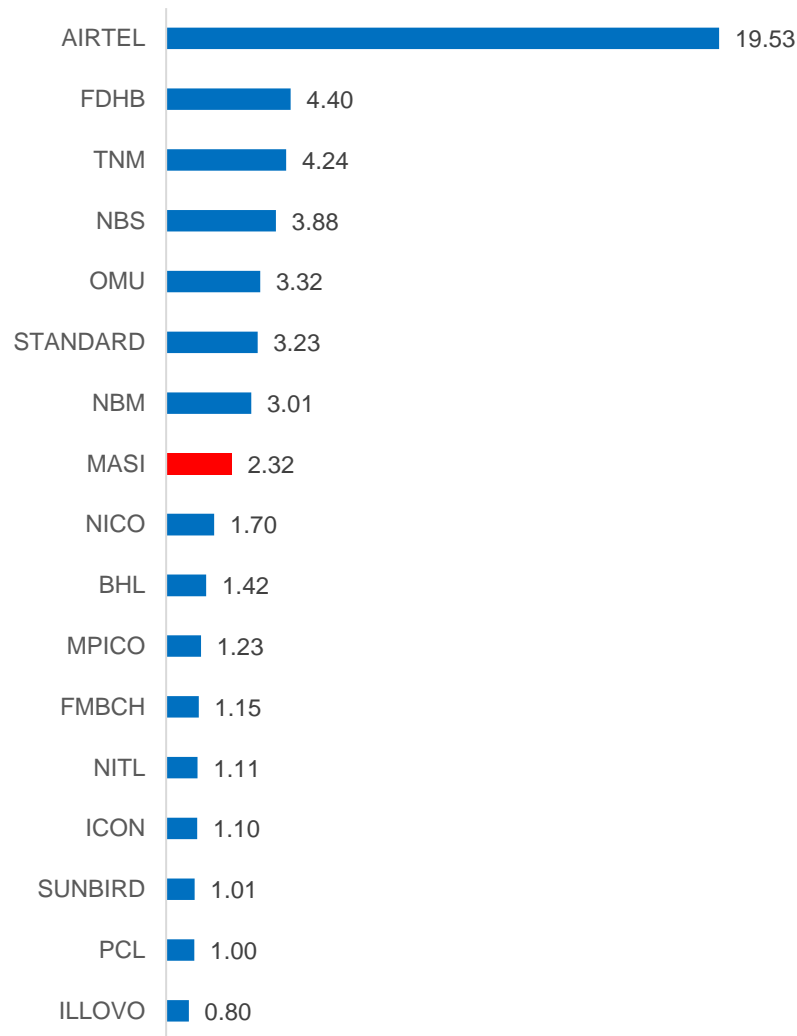




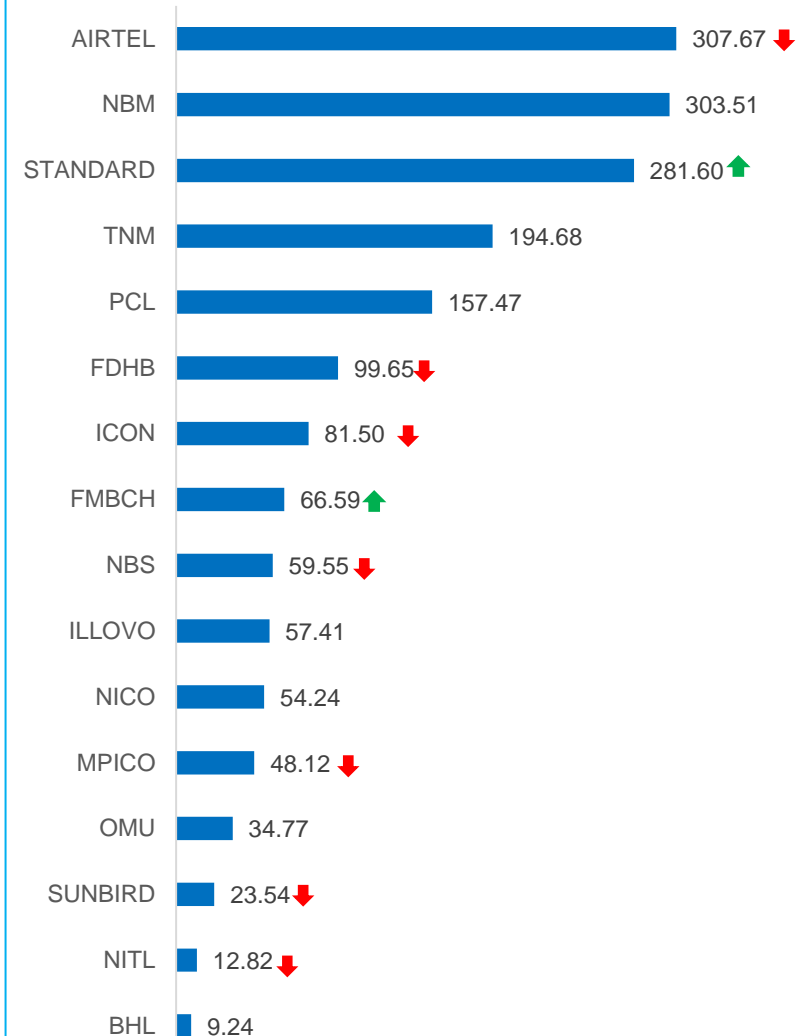
Equity market (Continued)

The weighted average Price to Book Value ratio on the MSE is 2.32. Airtel leads the MSE counters with a market capitalization of K307.67 billion. The total market capitalization is K1.79 trillion.

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.32. Airtel has the highest ratio at 19.53 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K307.67 billion. The total market capitalization is K1.79 trillion.

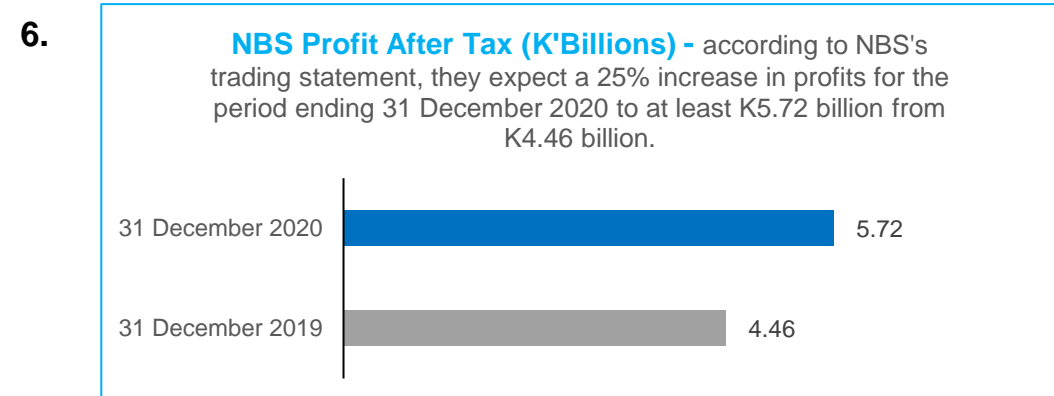
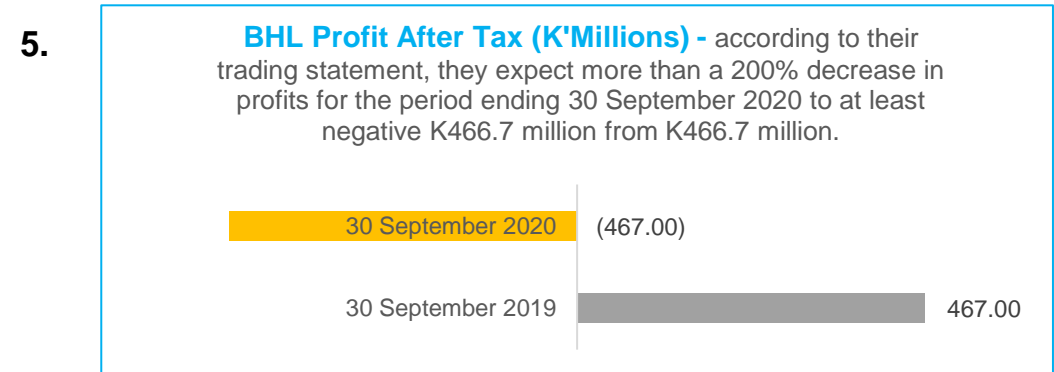
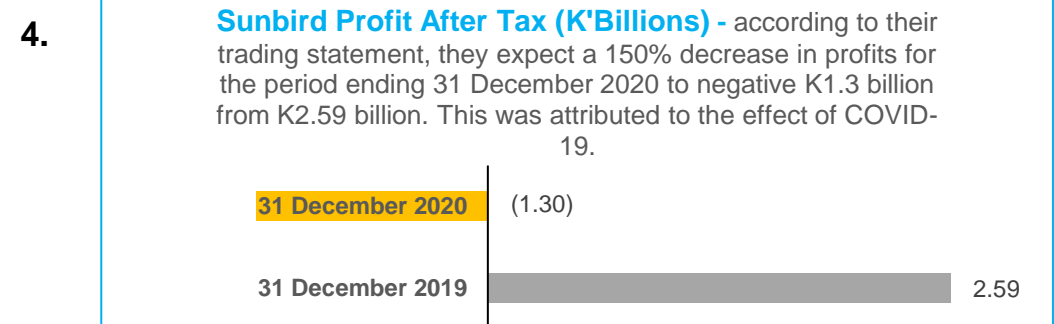
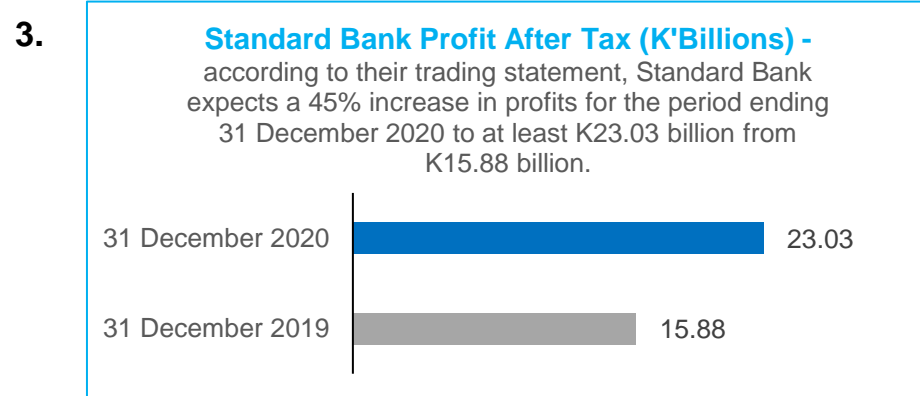
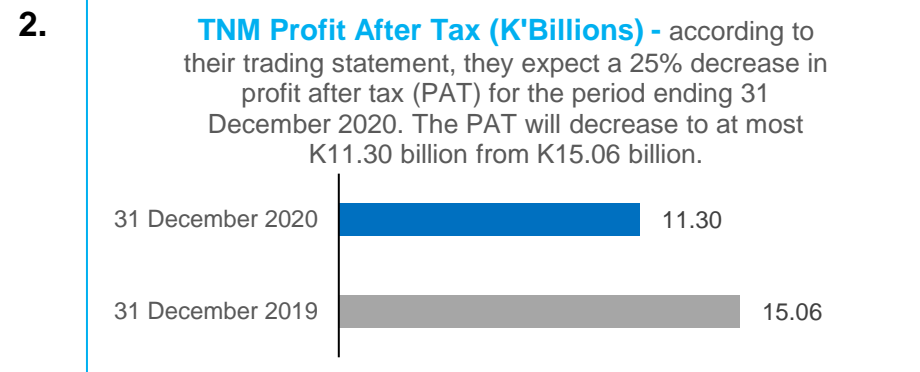
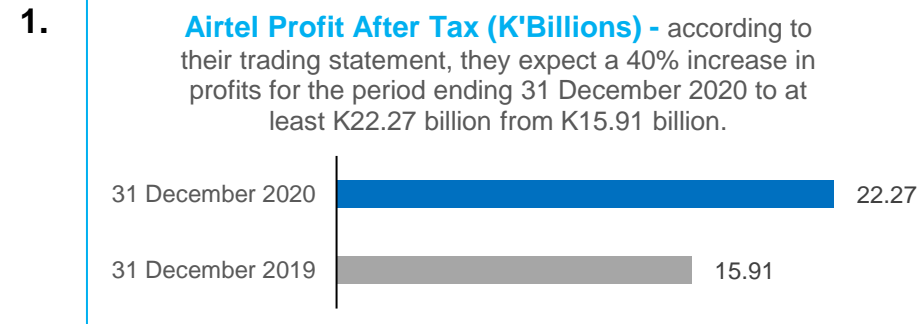




The tourism sector remains one of the hardest hit sectors by the COVID-19 pandemic. Sunbird expects a 150% decrease in profits for the period ending 31 December 2020. Likewise, BHL also anticipates its profits to decrease by 200% for the period ending 30 September 2020.

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.

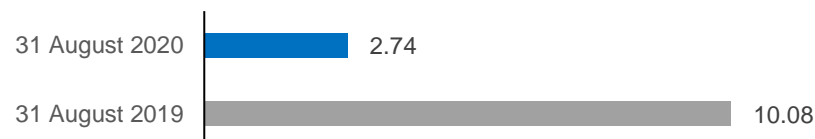
FMBCH Profit After Tax (USD'millions) -

according to their trading statement, they expect a 200% increase in profits for the period ending 31 December 2020 to at least USD12 million (K9.25 billion) from a loss of USD4.97 million (K3.83 billion).



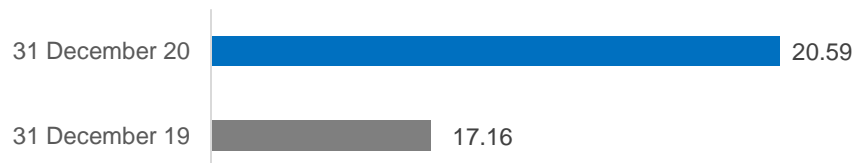
8.

Illovo Profit After Tax (K'Billions) - according to Illovo's audited financial statements for the period ending 31 August 2020, their profit after tax decreased by 73% to K2.74 billion from K10.08 billion.



9.

NBM Profit After Tax (K'billions) - according to their trading statement, they expect 20% increase in profits for the year ending 31 December 2020 to at least K20.59 billion from K17.16 billion in 2019.



10.

NITL Profit After Tax (K'Billions) - according to their trading statement, they expect a 40% decrease in profits for the period ending 31 December 2020 to at most K1.07 billion from K1.78 billion.



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.



NBM board of directors has 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.

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 of 28th 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

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

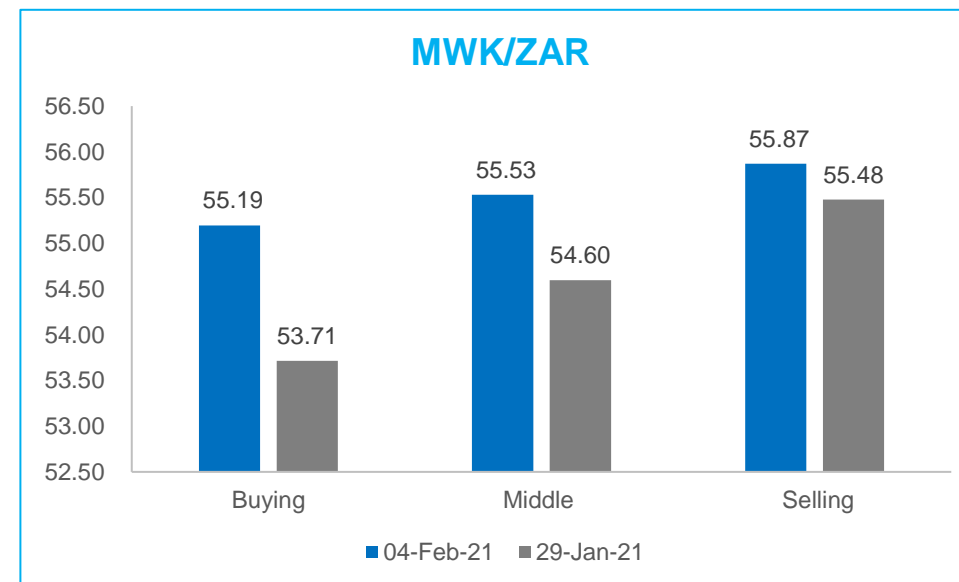
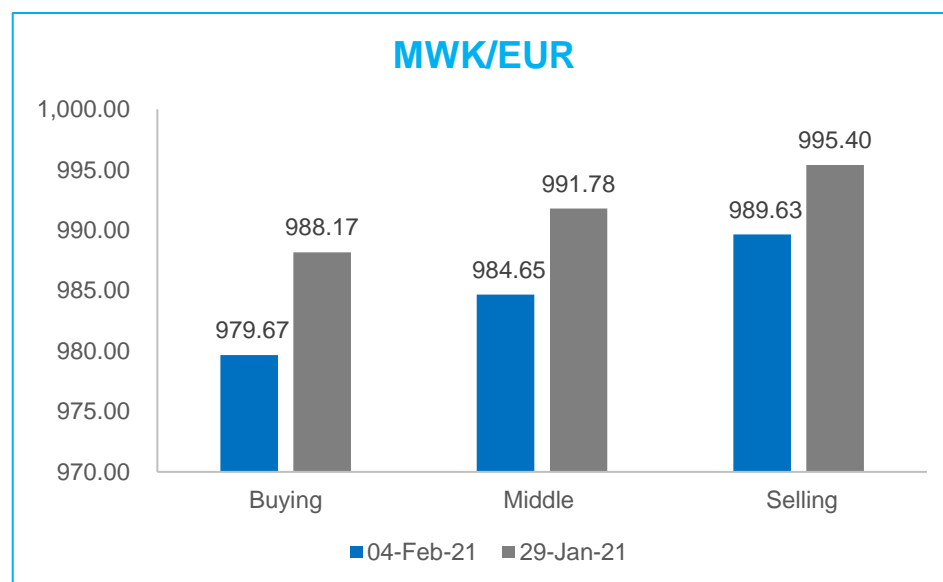
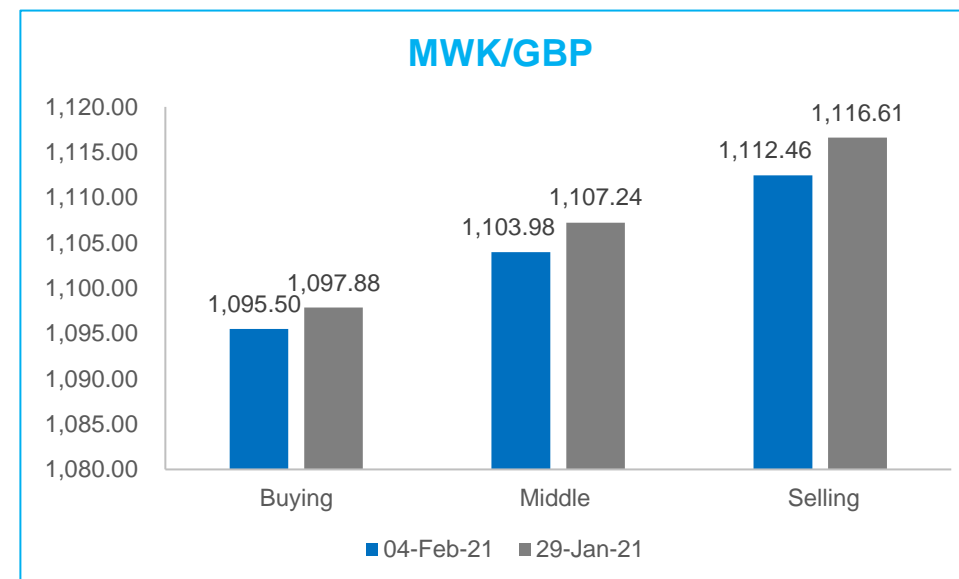
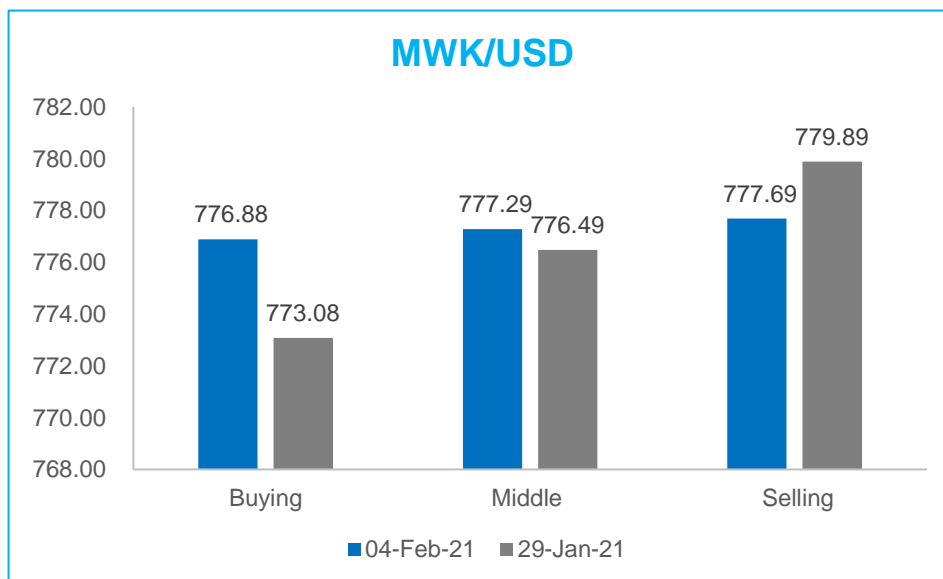
16. Annual General Meetings

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



Currency market (Source: RBM)

The Malawi Kwacha marginally depreciated against the USD by 0.10% to K777.29 per USD from K776.49 per USD (middle rate).



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

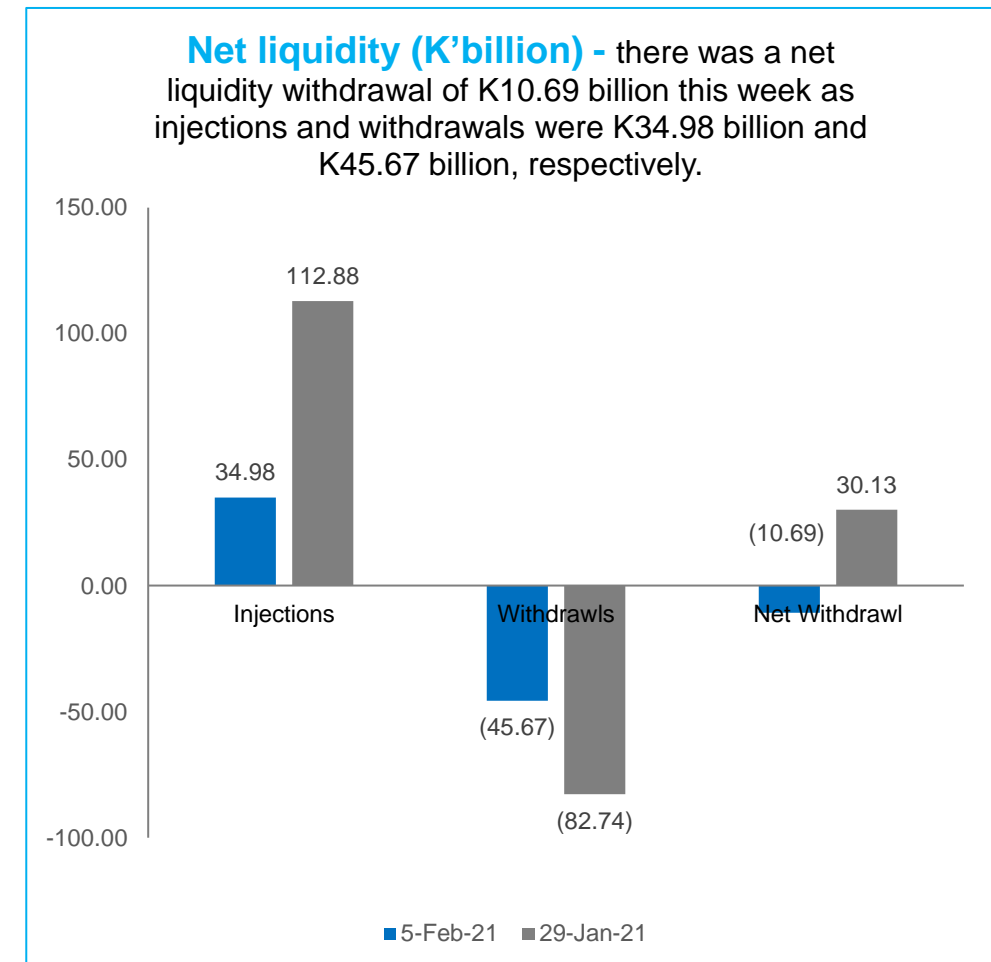
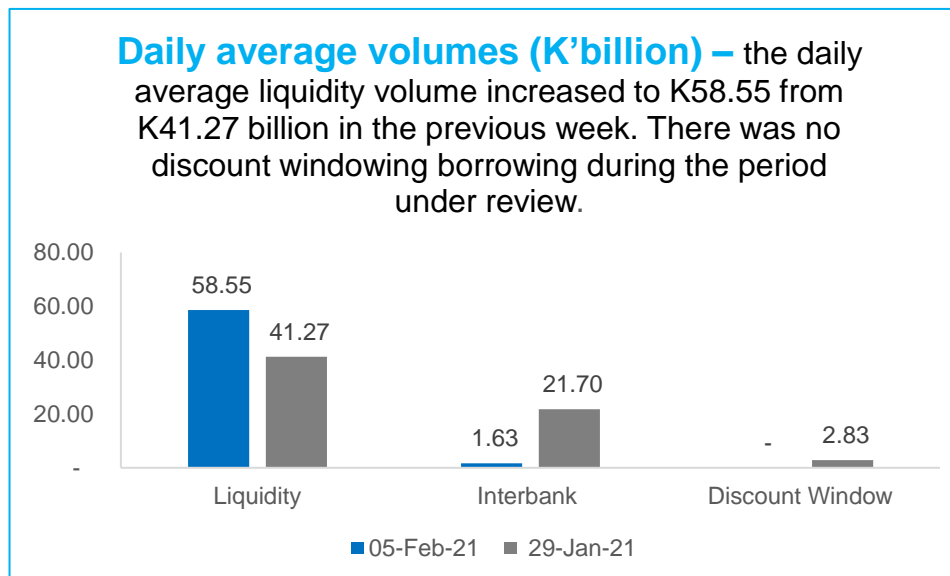
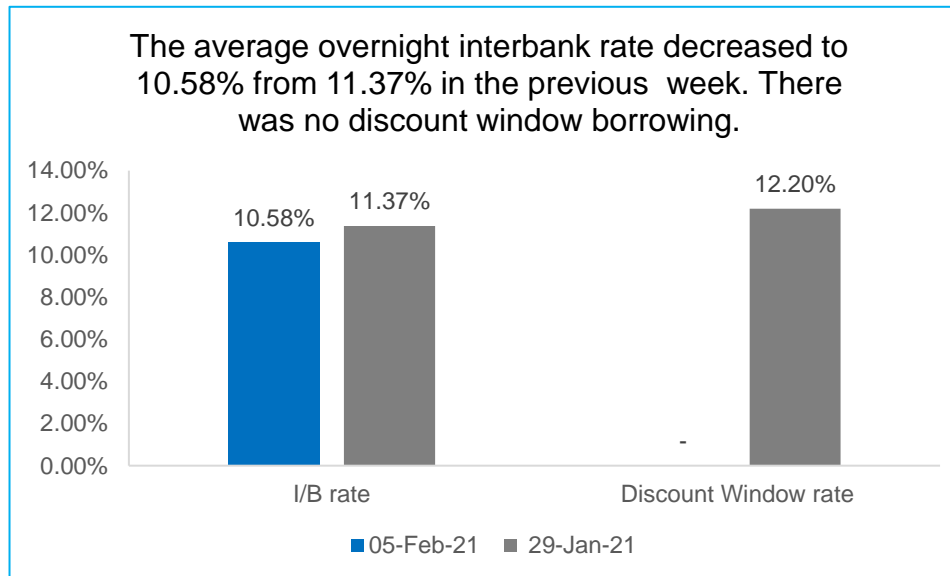
EUR – Euro
GBP – Great British Pound
TT-Telegraphic Transfer

USD – United States Dollar
ZAR – South African Rand



Other financial market developments (Source: RBM)

The average overnight interbank rate marginally increased to 10.58% from 11.37% in the previous week.



Disclaimer

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