

Financial Market Update

| Week ending 8 January 2021

FINANCIAL MARKET HIGHLIGHTS FOR THE WEEK

The following highlights compare the week ending 8 January 2021 to the week ending 31 December 2020:



GOVERNMENT SECURITIES (Source: RBM)

- A total of K29.15 billion was raised in the Treasury Bill (TB) and Treasury Note (TN) auctions.
- The TB and TN auctions raised K9.17 billion and K19.98 billion, respectively.
- There were nil rejections in the TB and TN auctions.
- The average all type TB yield increased to 12.01% this week from 11.99% last week.



CURRENCY MARKET (Source: RBM)

- The Malawi Kwacha marginally depreciated against the USD to K778.29 per USD from K776.82 per USD.
- The Kwacha also depreciated against the GBP (to K1,096.3 from K1,070.14) and EUR (to K999.11 per EUR from K987.95 per EUR). However, it appreciated against the ZAR (to K55.18 from K56.43).



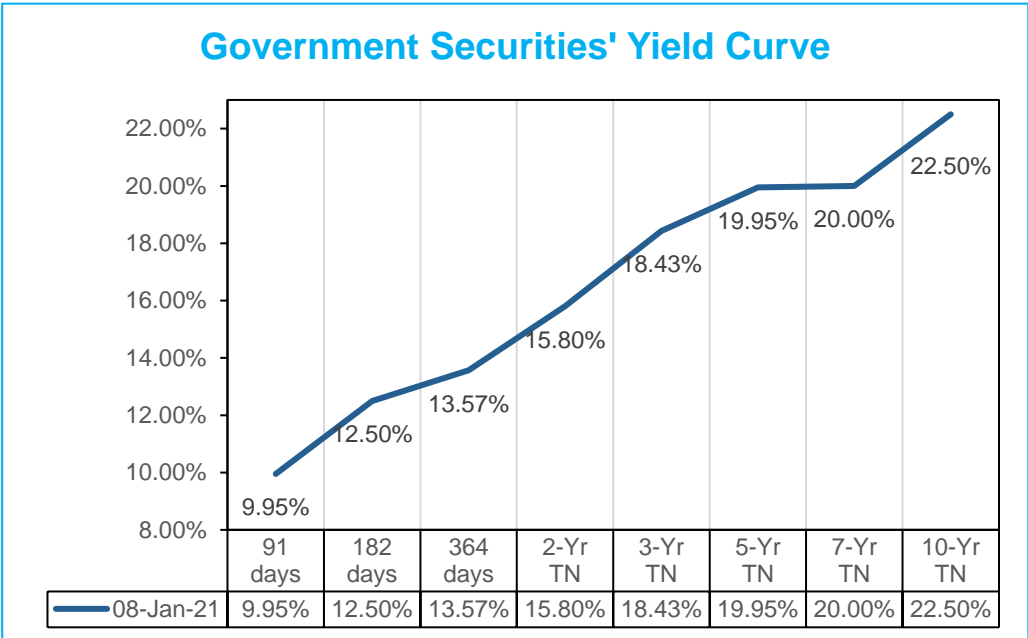
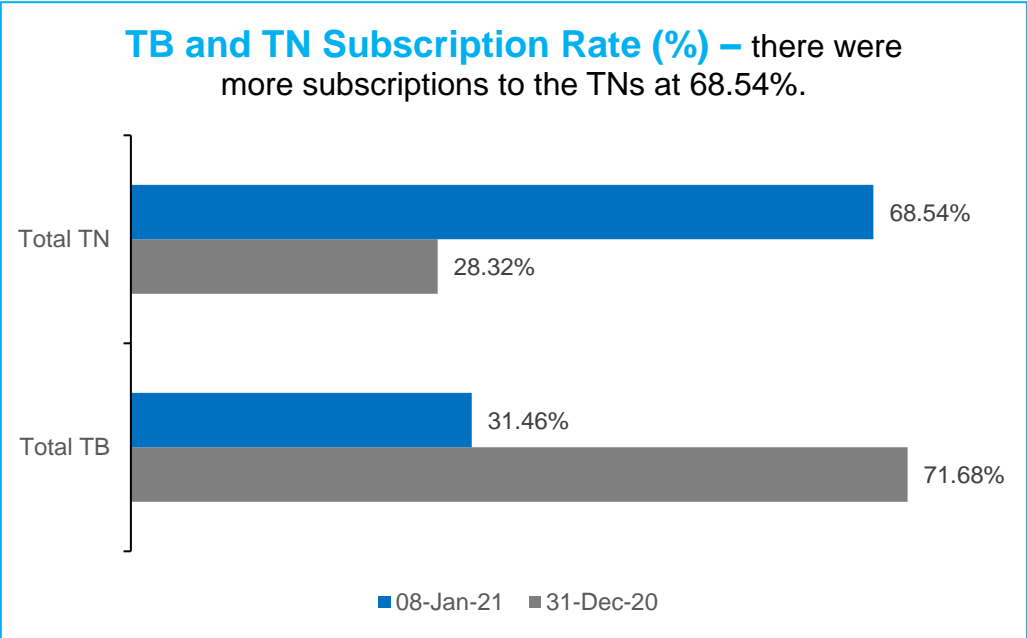
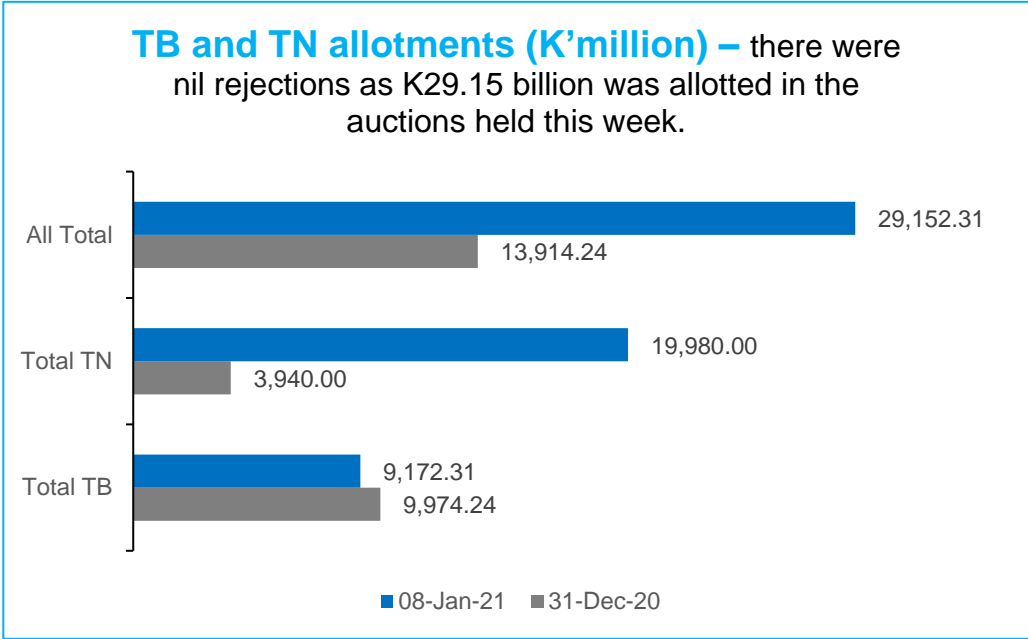
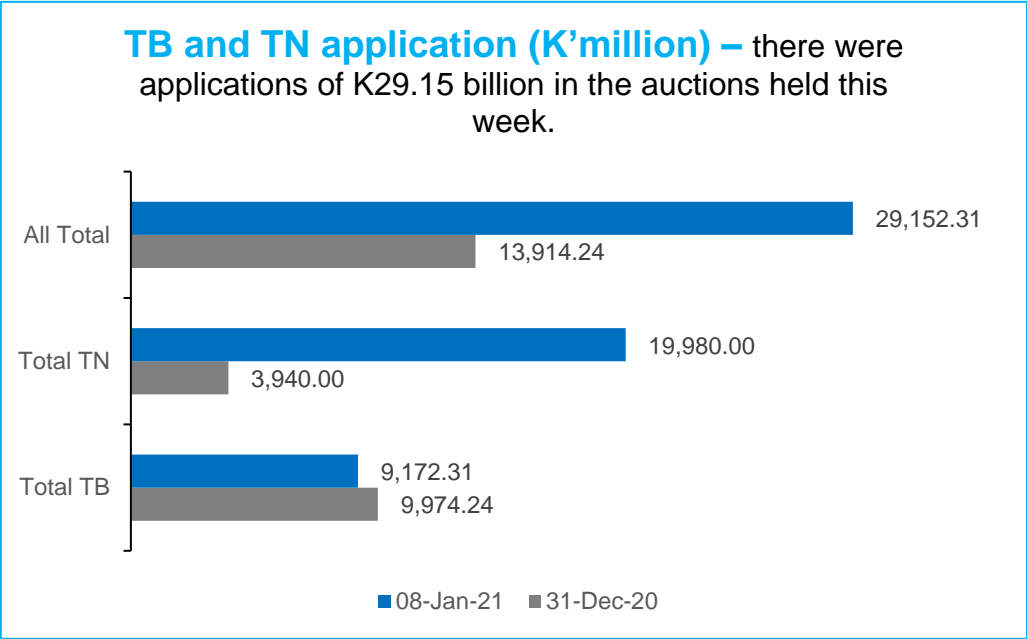
EQUITY MARKET (Source: MSE)

- The MASI increased to 33,161.01 points this week, from 32,392.84 points last week. This was due to share price gains in various counters. The return on MASI (year-to-date) was 2.53% compared to 0.10% during the same period last year.
- There were share price gains for FMBCH (to K26.00 from K22.04) and Standard Bank (to K1,200.00 from K1,046.39).
- There were share price losses for BHL (to K12.93 from K12.94), MPICO (to K20.99 from K21.00), NBS (to K20.50 from K21.60) and TNM (to K19.98 from K20.07).



FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

- The daily overnight interbank average rate decreased to 11.34% this week from 11.64% last week.

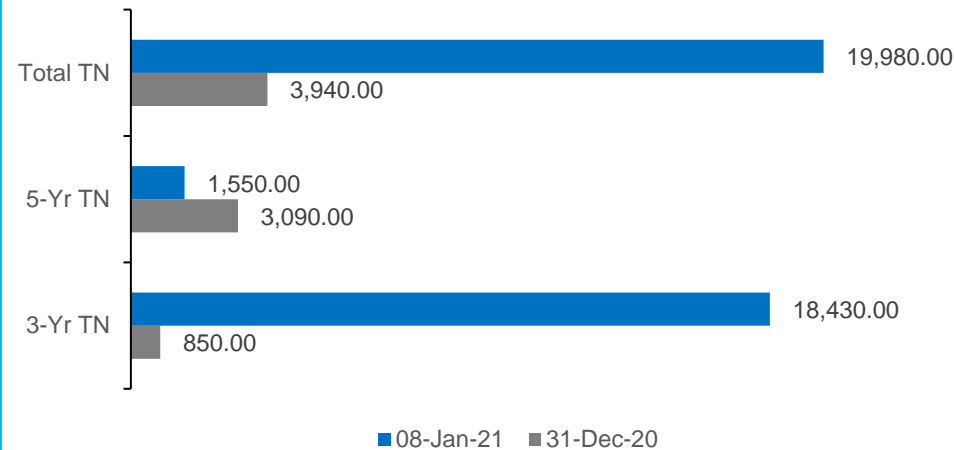




GOVERNMENT SECURITIES (Source: RBM)

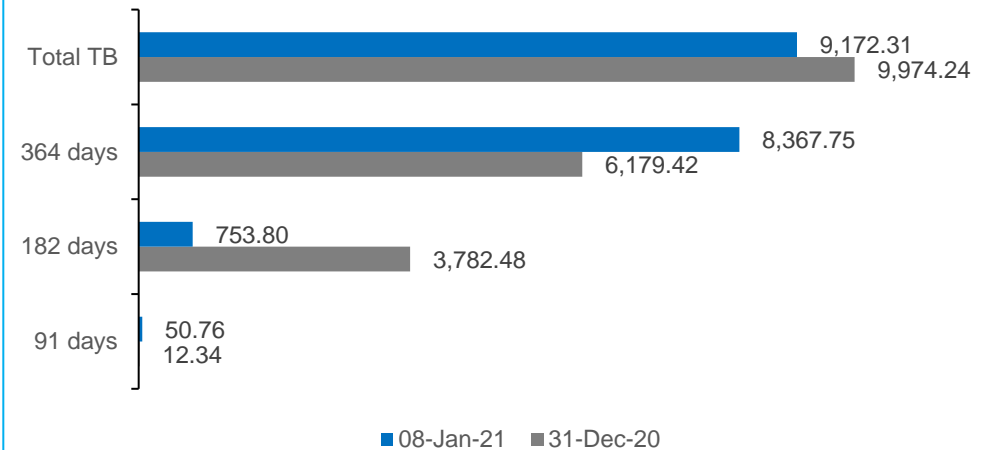
TN application and allotments (K'million) –

there were nil rejections as K19.98 billion was allotted in the TN auctions held this week.

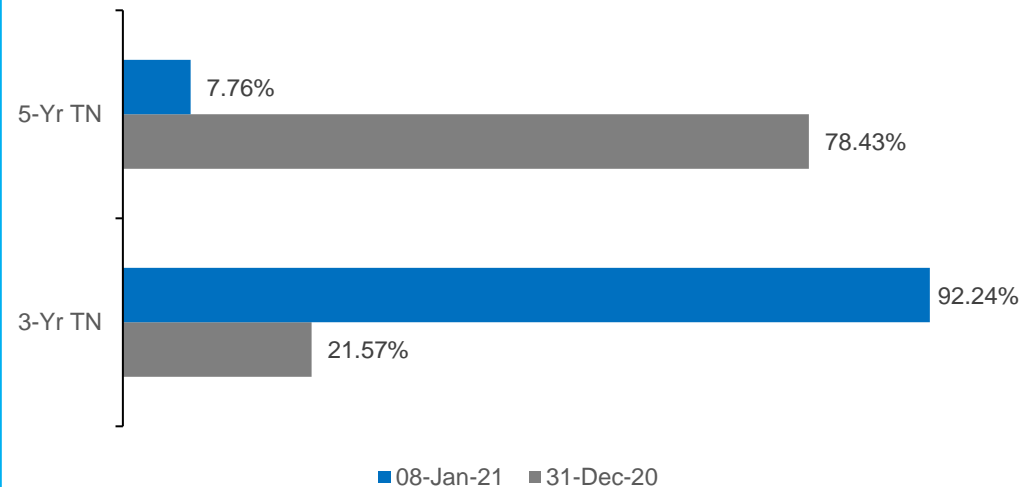


TB application and allotments (K'million) –

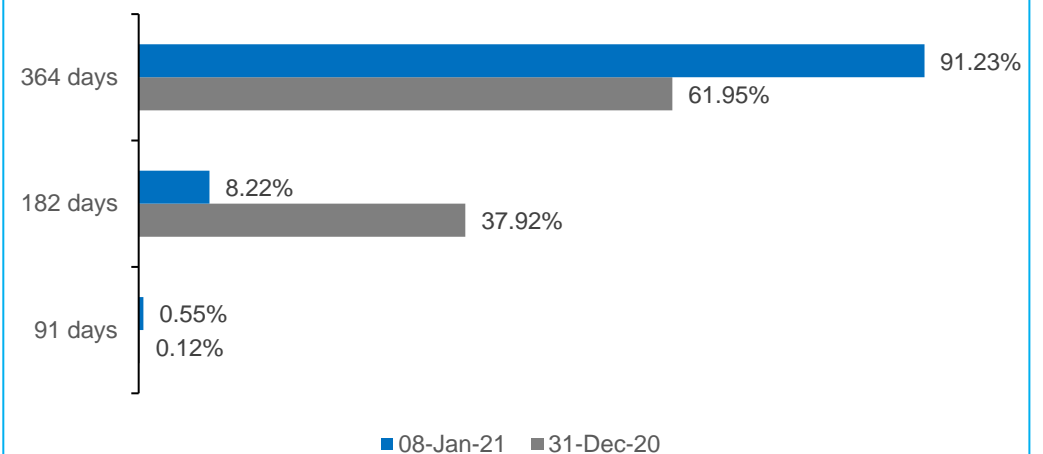
there were nil rejections as K9.17 billion was allotted in the TB auctions held this week.



TN Subscription Rate (%) – the 3-Year TN had the highest subscriptions this week at 92.24%.



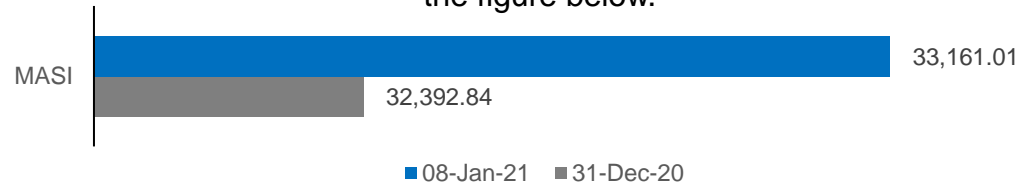
TB Subscription Rate (%) – the 364 days TB paper had the highest subscriptions this week at 91.23%.



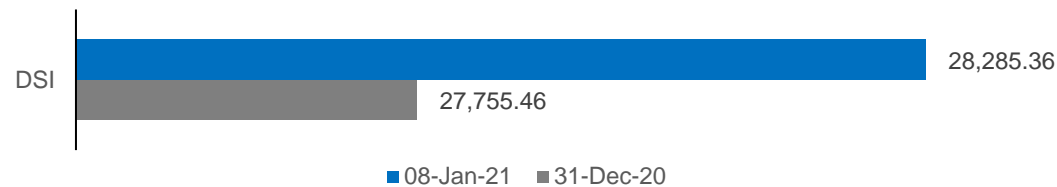


EQUITY MARKET (Source: MSE)

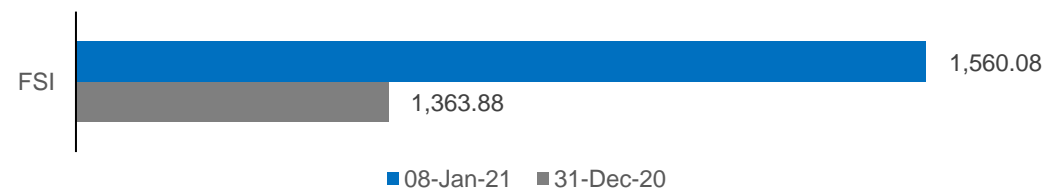
MASI – the stock market was bullish this week as the MASI increased to 33,161.01 points from 32,392.84 points. This was due to share price increases which are listed in the figure below.



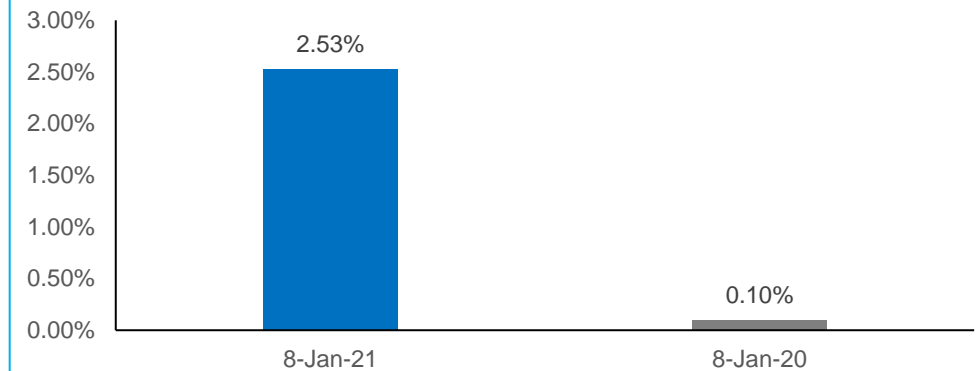
DSI – the DSI increased to 27,285.36 points from 27,755.46 points due to share price increases in Standard Bank which offset the loss in BHL, MPICO, NBS and TNM.



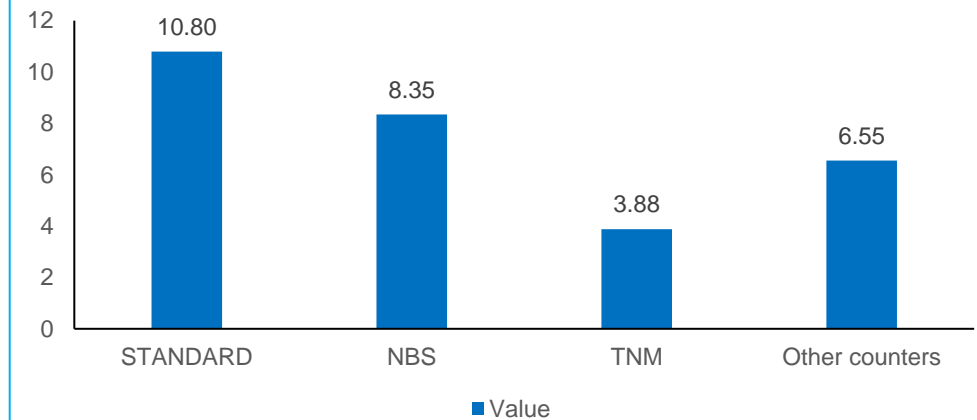
FSI – the FSI increased to 1,560.08 from 1,363.88 points this week due to the share price gain in FMBCH.



MASI YTD Return (%) – the MASI registered a year-to-date return of 2.53% this year (it was 0.10% last year).



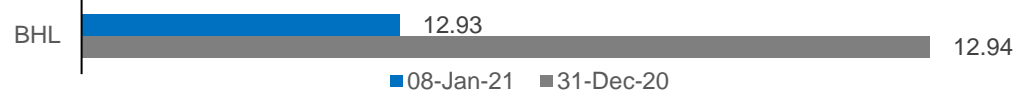
Value of Shares Traded – Standard Bank had the highest value of shares traded at K10.80 million. The total value of shares traded this week was K29.59 million.





EQUITY MARKET (Continued)

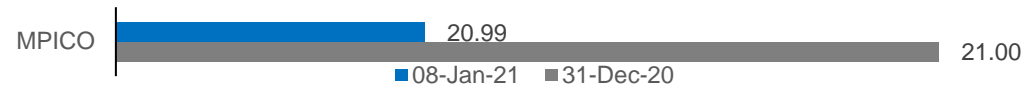
BHL Shares – There was a share price loss to K12.93 from K12.94.



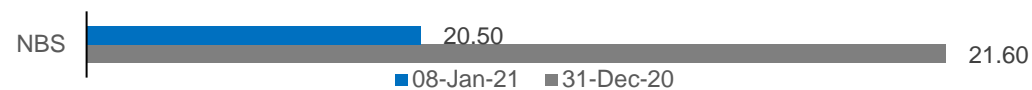
FMBCH Shares – There was a share price gain to K26.00 from K22.04.



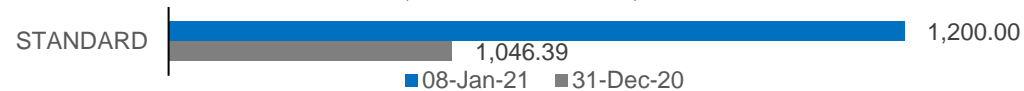
MPICO Shares – There was a share price loss to K20.99 from K21.00.



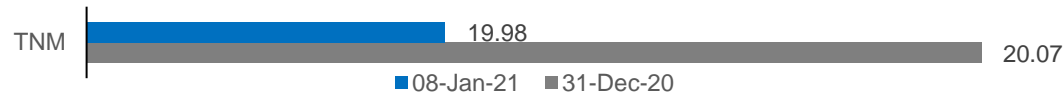
NBS Shares – There was a share price loss to K20.50 from K21.60.



Standard Bank Shares – There was a share price gain to K1,200.00 from K1,046.39.



TNM Shares – There was a share price loss to K19.98 from K20.07.



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)
		08-Jan-21
1	Airtel	27.98
2	FDHB	14.45
3	ICON	12.27
4	ILLOVO	80.48
5	NBM	650.00
6	NICO	52.00
7	NITL	94.95
8	OMU	2,199.98
9	PCL	1,309.47
10	SUNBIRD	105.00



Trading Statements (Source: MSE)

1.

AIRTEL Profit After Tax (K'Billions) -

according to their trading statement, they expect a 40% increase in profits for the period ending 31 December 2020 to at least K22.27 billion from K15.91 billion.



2.

TNM Profit After Tax (K'Billions) - according to their trading statement, they expect a 25% decrease in profit after tax (PAT) for the period ending 31 December 2020. As such, the PAT will decrease to at most K11.30 billion from K15.06 billion.



3.

Standard Bank Profit After Tax (K'Billions)

- according to their trading statement, Standard Bank expects a 45% increase in profits for the period ending 31 December 2020 to at least K23.03 billion from K15.88 billion.



4.

Sunbird Profit After Tax (K'Billions) -

according to their trading statement, they expect a 150% decrease in profits for the period ending 31 December 2020 to negative K1.3 billion from K2.59 billion. This was attributed to the effect of COVID-19.



5.

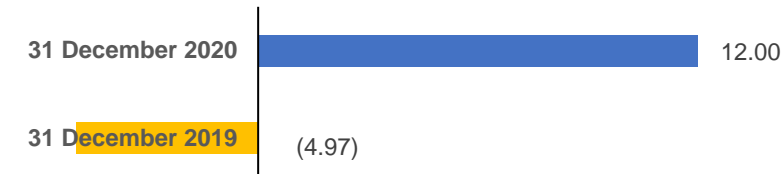
NITL Profit After Tax (K'Billions) - according to their trading statement, they expect a 40% decrease in profits for the period ending 31 December 2020 to at most K1.07 billion from K1.78 billion.



6.

FMBCH Profit After Tax (USD'Millions) -

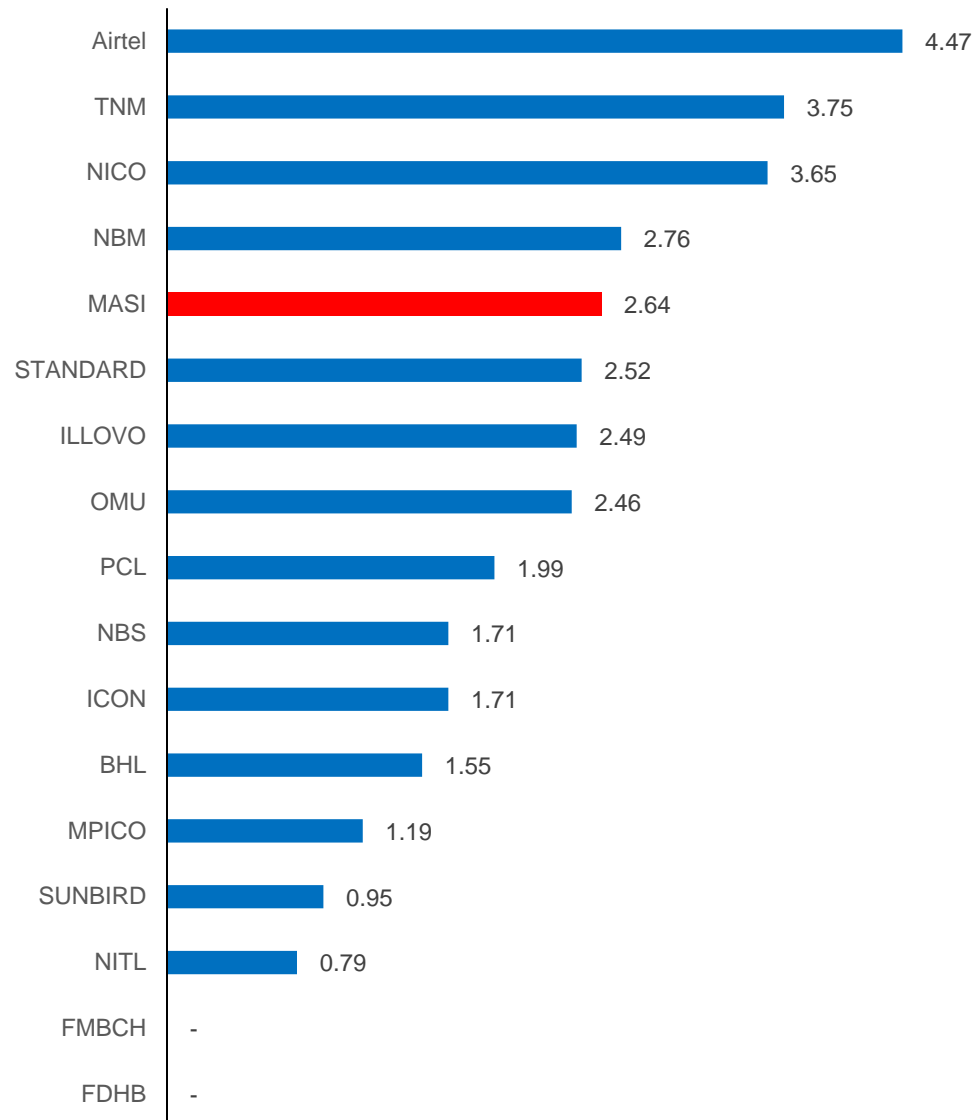
according to their trading statement, they expect a 200% increase in profits for the period ending 31 December 2020 to at least USD12 million (K9.25 billion) from a loss of USD4.97 million (K3.83 billion).



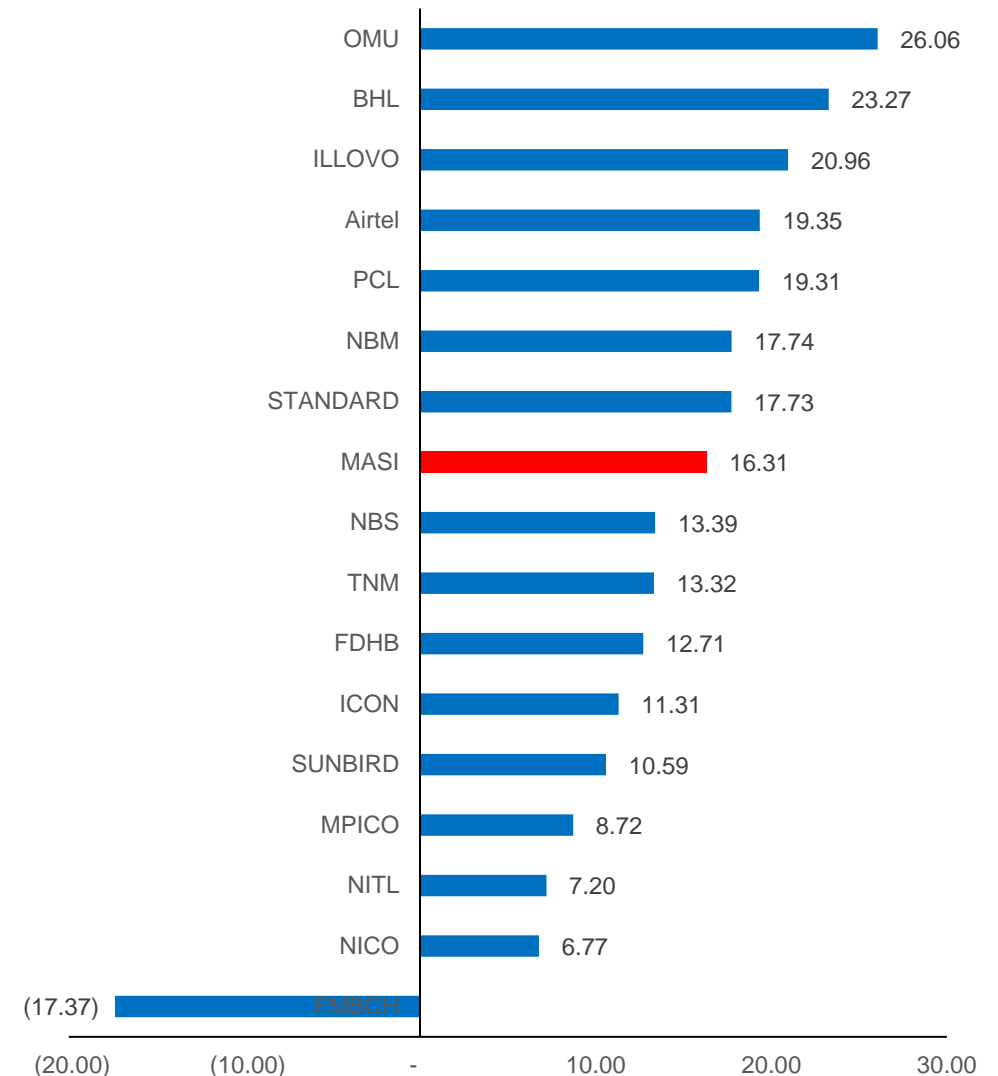


EQUITY MARKET (Continued)

Dividend yield (%) - the weighted average dividend yield on the MSE is 2.64%. The counter with the highest dividend yield is AIRTEL at 4.47%.



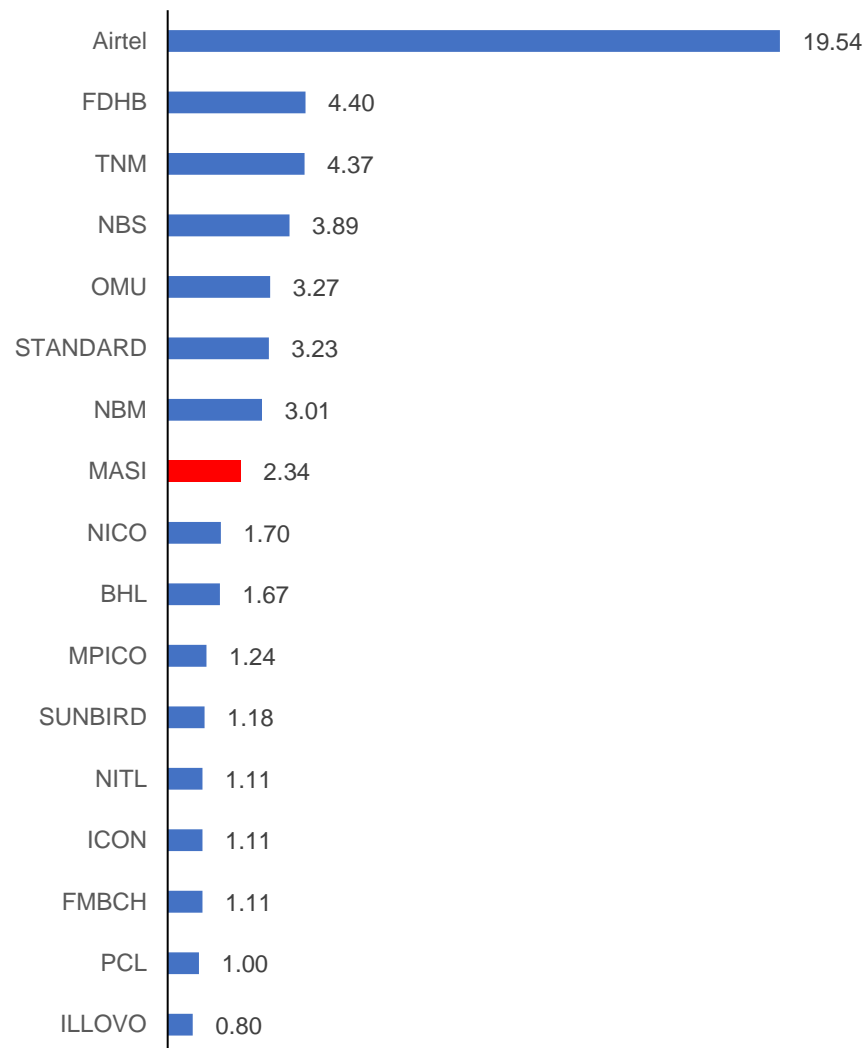
P/E ratio - the MSE has a weighted average Price to Earnings ratio of 16.31. FMBCH has the lowest at negative 17.37 while OMU has the highest at 26.06.



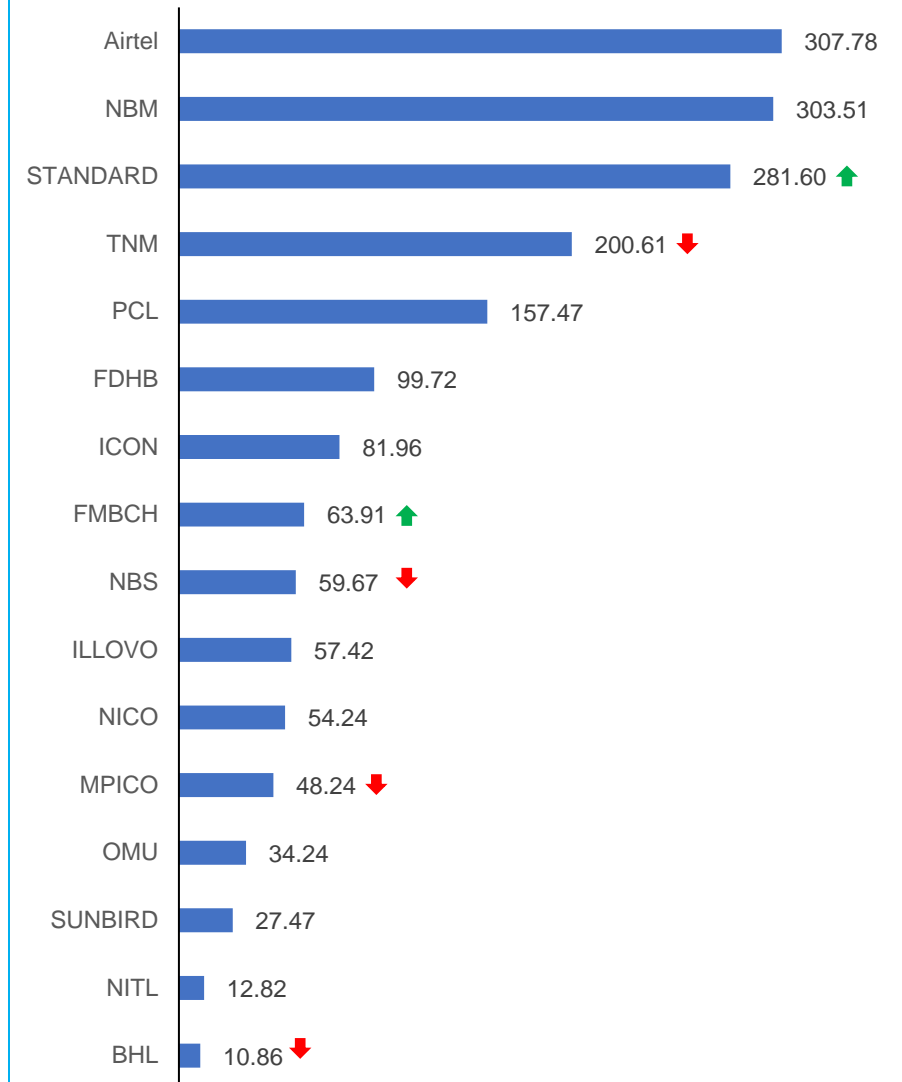


EQUITY MARKET (Continued)

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.34. AIRTEL has the highest ratio at 19.54 while ILLOVO has the lowest ratio at 0.80.



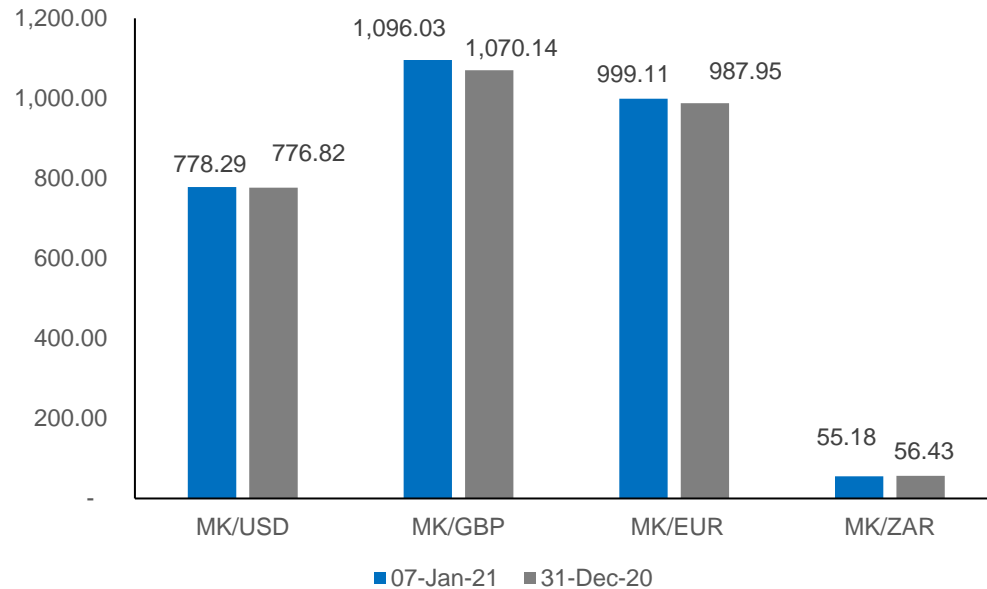
Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K307.78 billion. The total market capitalization is K1.80 trillion.



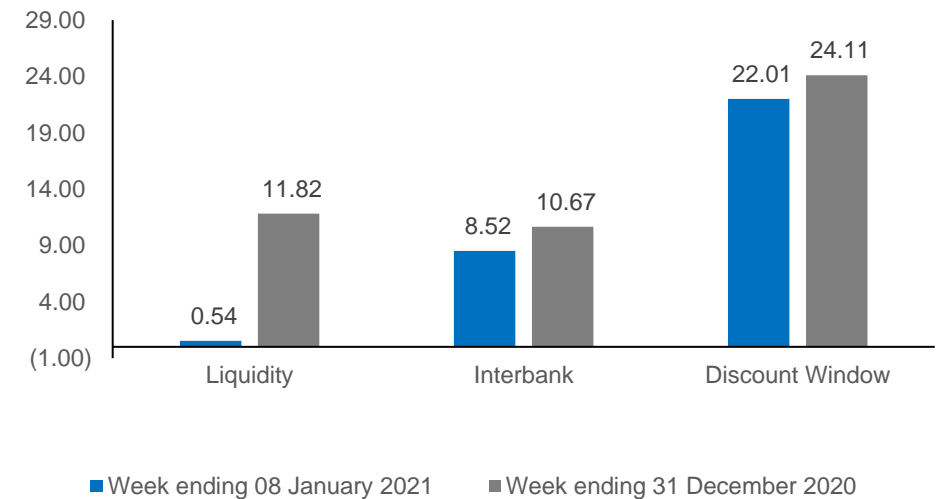


OTHER FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

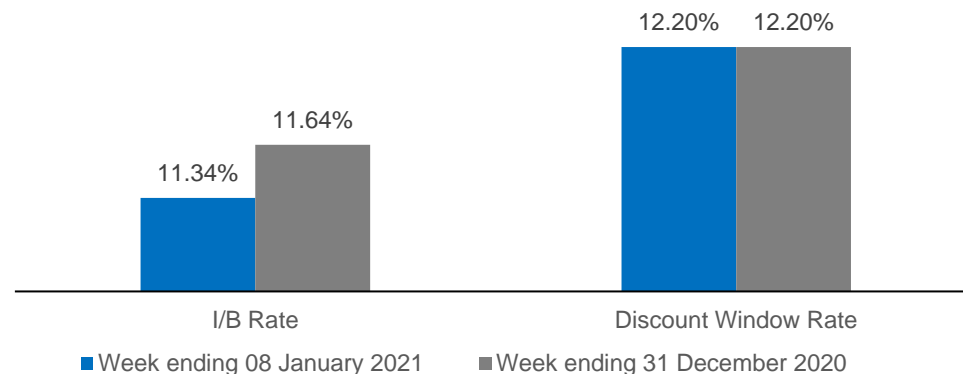
Exchange rate movements - the Malawi Kwacha marginally depreciated against the USD to K778.29 per USD from K776.82 per USD.



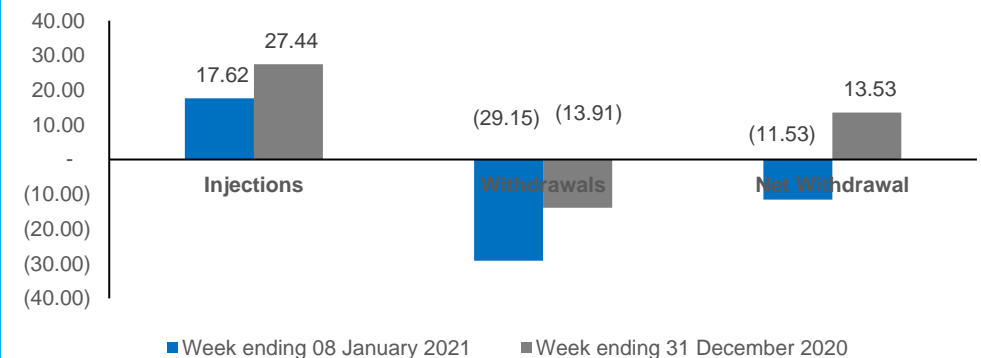
Daily average volumes (K'billions) - the daily average liquidity volume decreased to K0.54 billion from K11.82 billion last week.



The average overnight interbank rate decreased to 11.34% from 11.64% this week.



Net liquidity (K'billions) - there was a net liquidity withdrawal of K11.53 billion this week as injections and withdrawals were K17.62 billion and K29.15 billion, respectively.



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