

Financial Market Update

| Week ending 16 April 2021



Financial market highlights for the week ending 16 April 2021

The following highlights compare the week ending 16 April 2021 to the week ending 9 April 2021:



Government securities market (Source: RBM)

- A total of K2.73 billion was allotted in the Treasury Bill (TB) auctions held this week.
- The 182-days TB had a rejection rate of 7% during the TB auctions. The 364-days TB and 91-days TB had nil rejections.
- The 364-days TB had the highest subscription rate of 96.39%.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.17% to K790.53 per USD from K791.87 per USD in the previous week.
- Based on middle rates, the Kwacha depreciated against the GBP (K1,139.54 per GBP from K1,131.57 per GBP), and EUR (to K1,010.93 per EUR from K1,005.02 per EUR) and ZAR (to K58.46 per ZAR from K57.59 per ZAR) during the period under review.



Equity market & Debt market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 32,901.81 points from 32,561.09 in the previous week. This was due to share price gains for Airtel (to K29.01 from K27.95), FMBCH (to K30.01 from K27.12) and Standard Bank (to K1,200.13 from K1,200.12) which offset marginal share price losses for MPICO (to K20.88 from K20.89) and ICON (to K12.16 from K12.18).
- The year-to-date return of the MASI was 1.57% at the close of this week. It was negative 3.93% in the previous year, during the same period.
- K10 million worth of corporate bonds were traded at a price of K100.2026 per par value on the debt market during the period under review.



Financial market developments (Source: RBM)

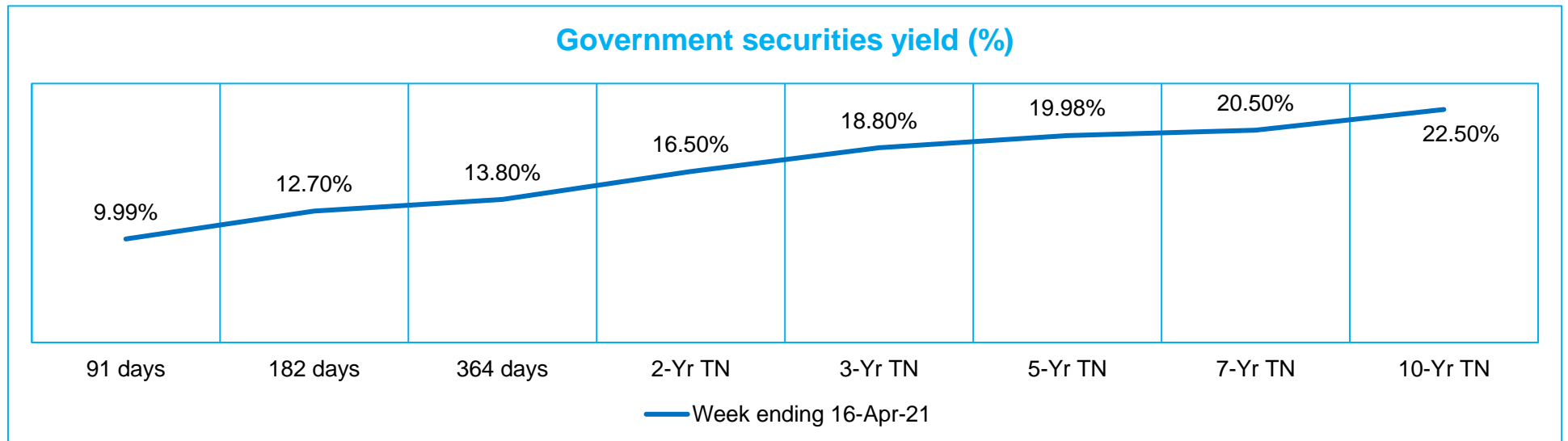
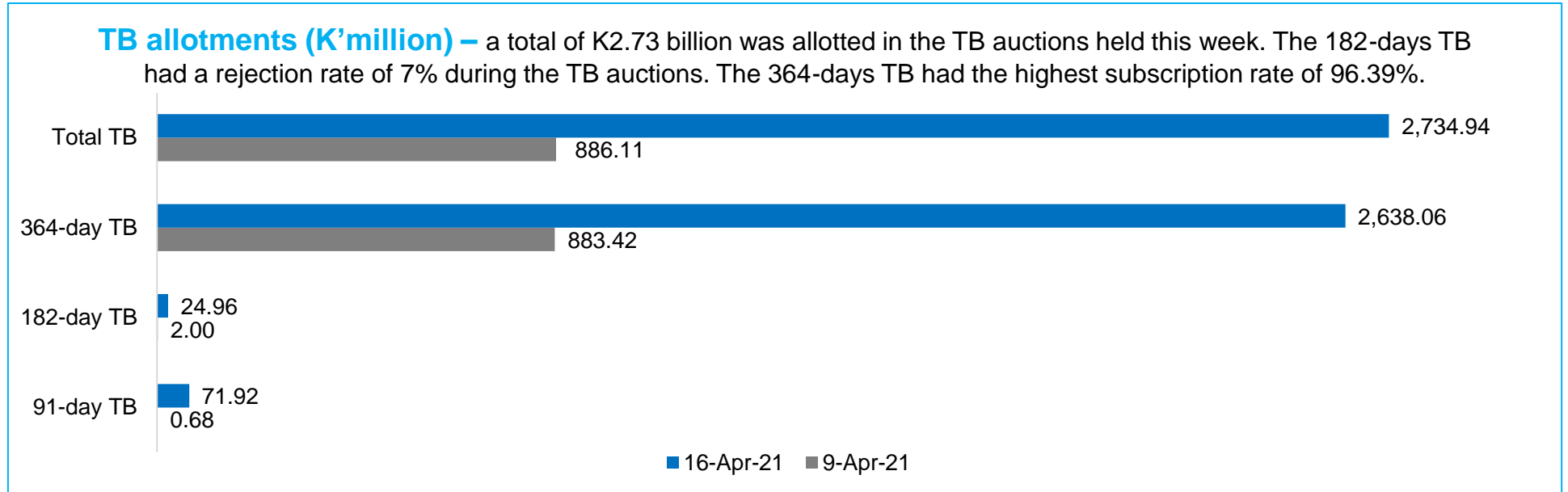
- The average overnight interbank rate increased to 11.72% from 11.68% in the previous week.
- The Tobacco Commission has announced that selling floors for the 2021 tobacco season will open on 20 April 2021.



A total of K2.73 billion was allotted during this week's Treasury Bills (TBs) auction.

The average all type TB yield decreased to 12.16% from 12.20% during the period under review.

Government securities (Source: RBM)



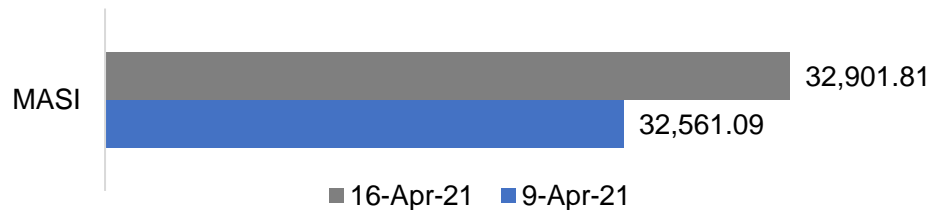
TB - Treasury Bill
TN - Treasury Note



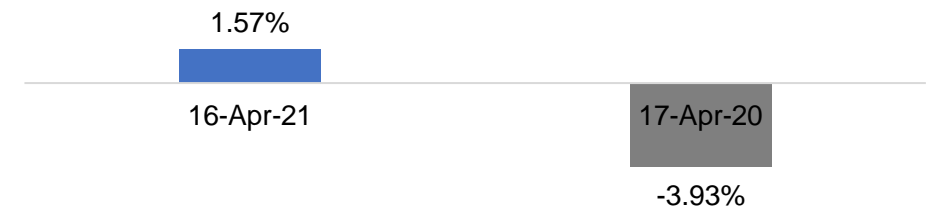
Equity market & Debt market (Source: MSE)

The stock market was bullish this week as the MASI increased to 32,901.81 points from 32,561.09 in the previous week. Year-to-date, the MASI return is 1.57%.

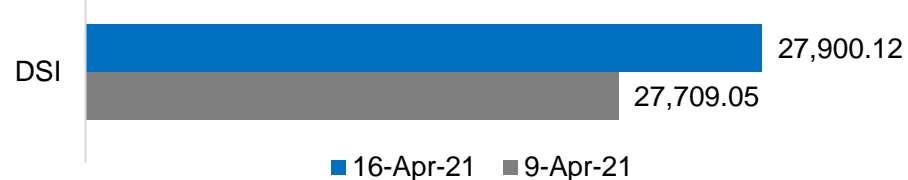
MASI – the stock market was bullish this week as the MASI increased to 32,901.81 points from 32,561.09 in the previous week. This was due to share price gains in three counters which offset share price losses in two counters.



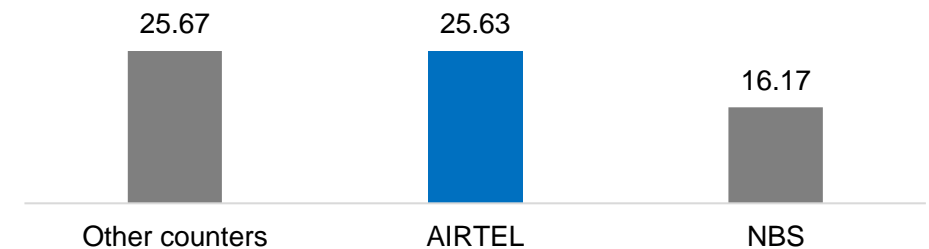
MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 1.57% (it was negative 3.93% during the same time in the previous year).



DSI – the DSI marginally increased to 27,900.12 points from 27,709.05 points in the previous week due to a share price gains in Airtel and Standard bank which offset share price losses in ICON and MPICO.

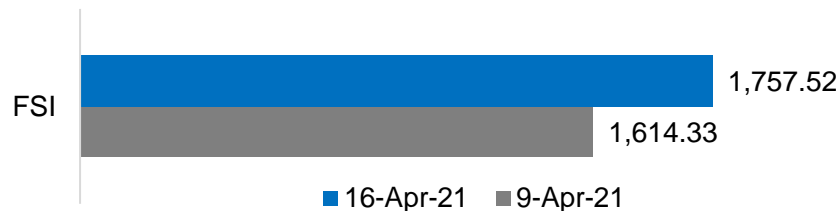


Value of Shares Traded (K'million) – Airtel had the highest value of shares traded at K25.63 million. The total value of shares traded this week was K67.47 million.



K10 million worth of corporate bonds were traded at a price of K100.2026 per par value on the debt market during the period under review.

FSI – the FSI increased to 1,757.52 points from 1,614.33 points in the previous week due to a share price gain for FMBCH.



Debt- K10 million worth of corporate bonds were traded at a price of K100.2026 per par value.



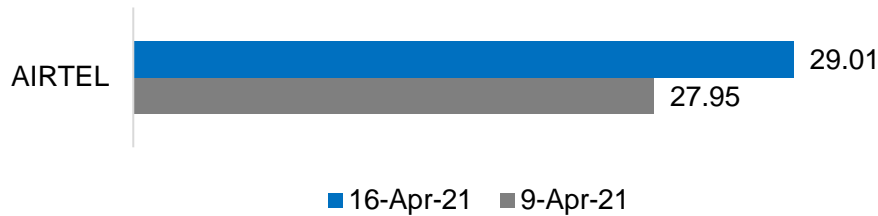
MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



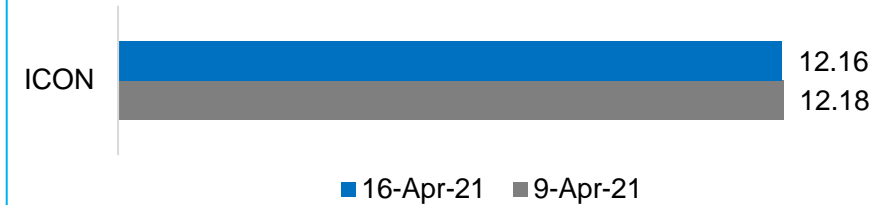
Equity market (Continued)

There were share price gains for Airtel (to K29.01 from K27.95), FMBCH (to K30.01 from K27.12) and Standard Bank (to K1,200.13 from K1,200.12). There were marginal share price losses for MPICO (to K20.88 from K20.89) and ICON (to K12.16 from K12.18), during the period under review.

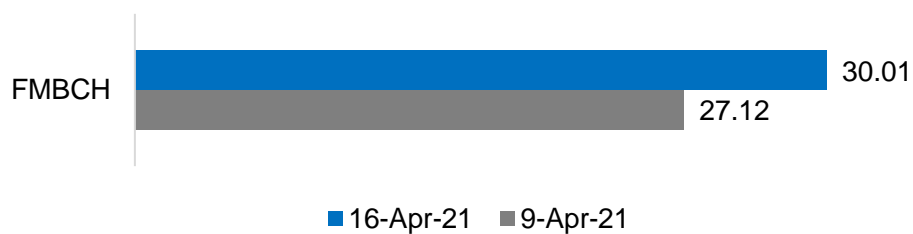
Airtel- There was a share price gain for Airtel to K29.01 from K27.95 during the period under review.



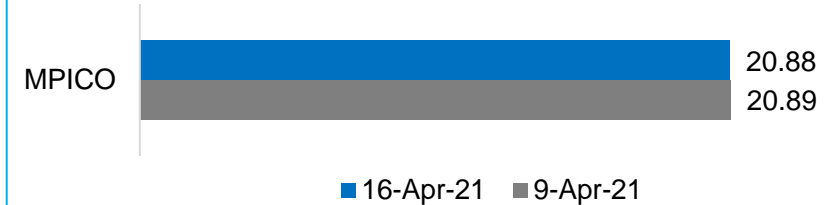
ICON- There was a marginal share price loss for ICON to K12.16 from K12.18 during the period under review.



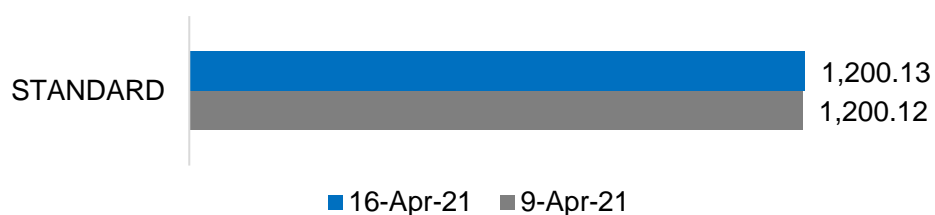
FMBCH- There was a share price gain for FMBCH to K30.01 from K27.12 during the period under review.



MPICO- There was a marginal share price loss for MPICO to K20.88 from K20.89 during the period under review.



Standard Bank- There was a marginal share price gain for Standard Bank to K1,200.13 from K1,200.12 during the period under review.





11 counters closed the week with the same prices as the previous week.

Equity market (Continued)

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)
		16-Apr-21
1	BHL	11.00
2	FDHB	16.49
3	ILLOVO	80.46
4	NBM	650.05
5	NBS	23.00
6	NICO	51.93
7	NITL	94.94
8	OMU	2,190.00
9	PCL	1,199.94
10	SUNBIRD	90.00
11	TNM	16.38



According to their audited summary consolidated financial statements for the year ended 31 December 2020, Airtel closed the year with a profit after tax of K22.09 billion from a profit of K15.91 billion in 2019.

Equity market (Continued)

Latest Summary Published Accounts (Source: MSE)

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2020	31 December 2019	Actual Change in Profit/Loss for the Year ended	Trading statement profit/(loss) expectation
AIRTEL	22.09	15.91	38.87%	40%
FDHB	14.96	5.19	187.98%	88%
NBM	22.45	17.16	30.86%	20%
NBS	7.05	4.46	58.15%	25%
NITL	1.48	1.78	-16.92%	-17%
OMU	(5.10)*	9.39*	-154.30%	
STANDARD	23.74	15.88	49.52%	45%
SUNBIRD	(1.18)	2.59	-145.47%	-150%
Counter	30 September 2020	30 September 2019	Actual Change in Profit/Loss for the Year ended	Trading statement profit/(loss) expectation
BHL	(454)	467	-197.23%	-200%
Counter	31 August 2020	31 August 2019	Actual Change in Profit/Loss for the Year ended	Trading statement profit/(loss) expectation
ILLOVO	2.74	10.08	-72.84%	-65%

Half year Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the half year is expected to be higher or lower than the previous corresponding period by the specified amount.

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	28 February 2021	28 February 2020	Trading statement profit/loss expectation
Illovo (billion)	6.15	2.05	200%
Counter	31 March 2021	31 March 2020	Trading statement profit/loss expectation
BHL (millions)	(280.05)	70.01	-500%

*Rands bn
** USD mn



According to their trading statement MPICO expects a 40% decrease in profits for the period ending 31 December 2020 to at least K4.56 billion from K7.6 billion in 2019.

Equity market (Continued)

Corporate announcements (Source: MSE)

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2020	31 December 2019	Growth in Profit/Loss assumption
FMBCH*	55.83	18.61	200%
ICON	8.90	7.41	20%
MPICO	4.56	7.60	-40%
NICO	17.68	14.73	20%
TNM	11.30	15.06	-25%

* USD'mn

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 PCL

Other Published Financial Statements

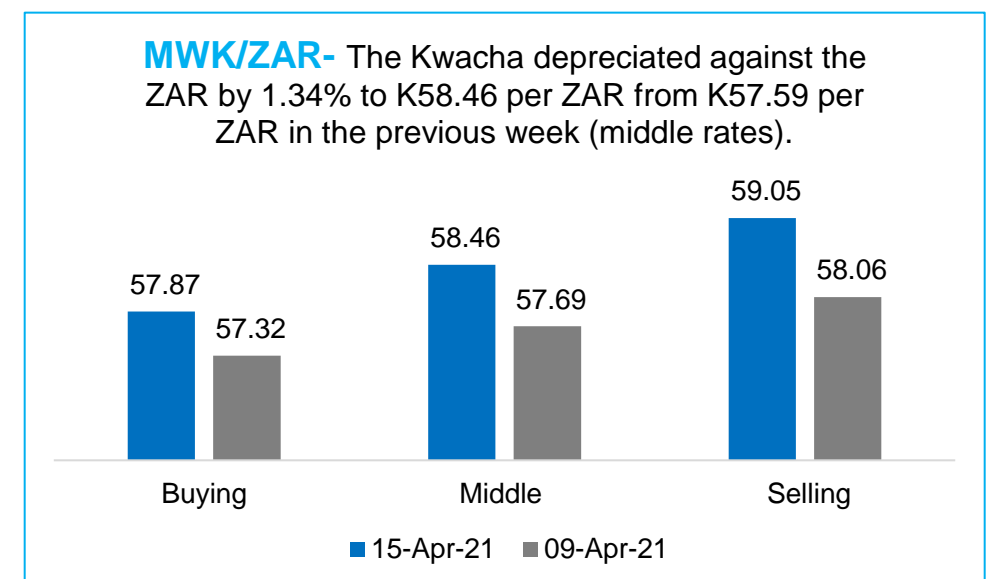
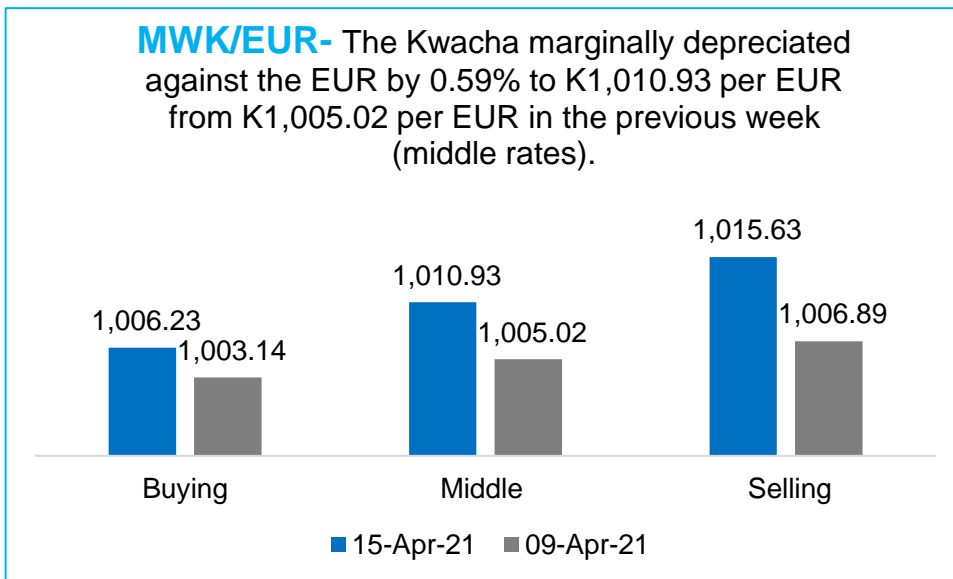
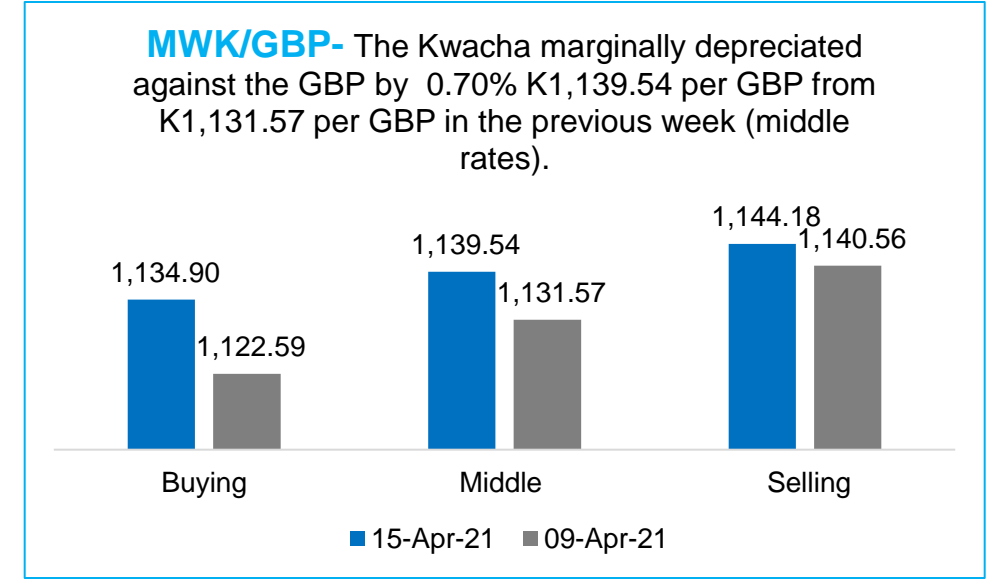
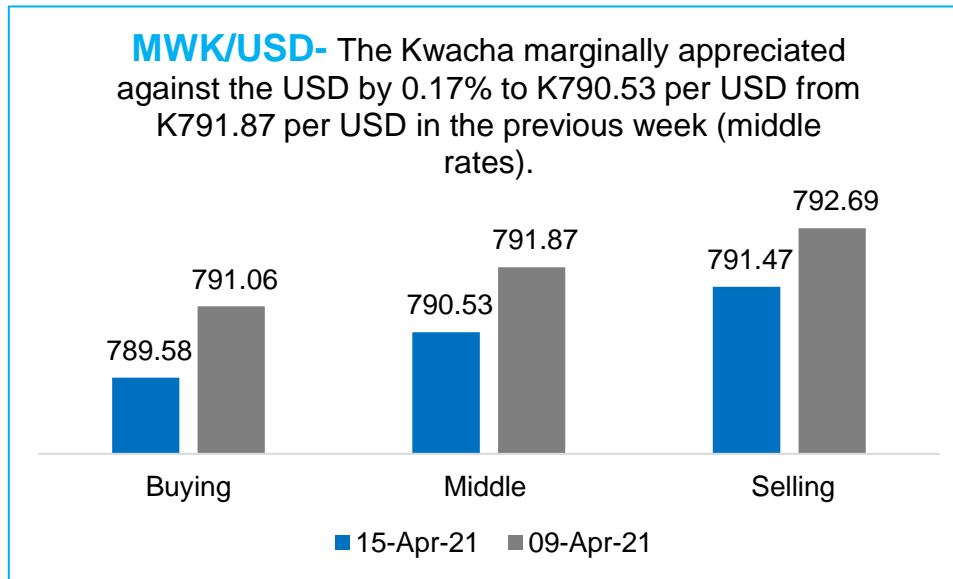
Amounts in millions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2020	31 December 2019
NBM Development Bank Ltd	60.05	(21.57)
Bridgepath Capital Ltd	37.42	9.21
Cedar Capital Ltd	54.00	120.13



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.17% to K790.53 per USD from K791.87 per USD in the previous week.



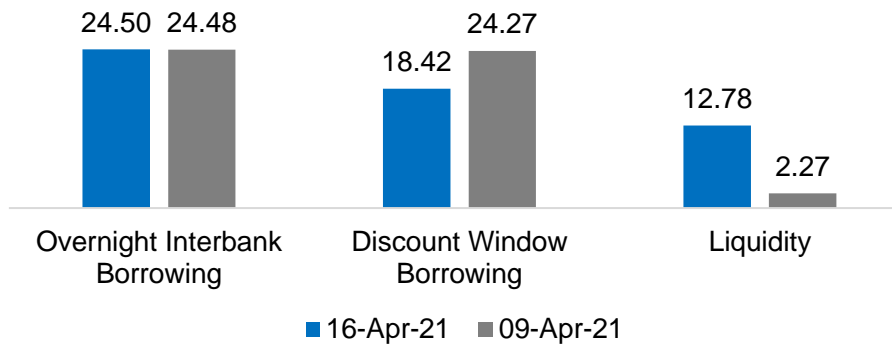
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



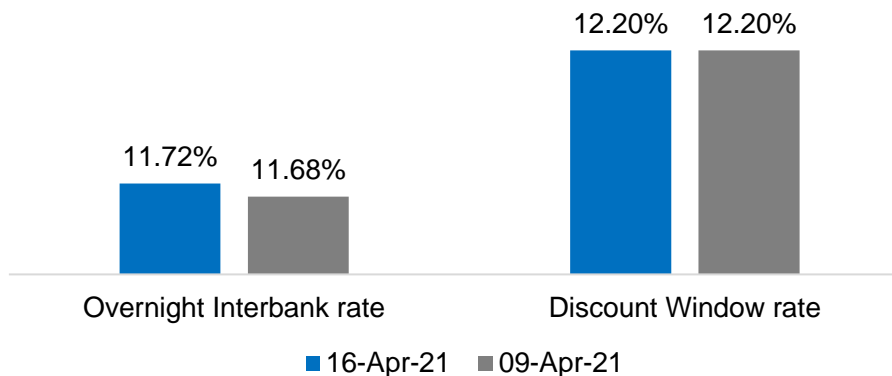
The average overnight interbank rate increased to 11.72% from 11.68% in the previous week.

Other financial market developments (Source: RBM and NSO)

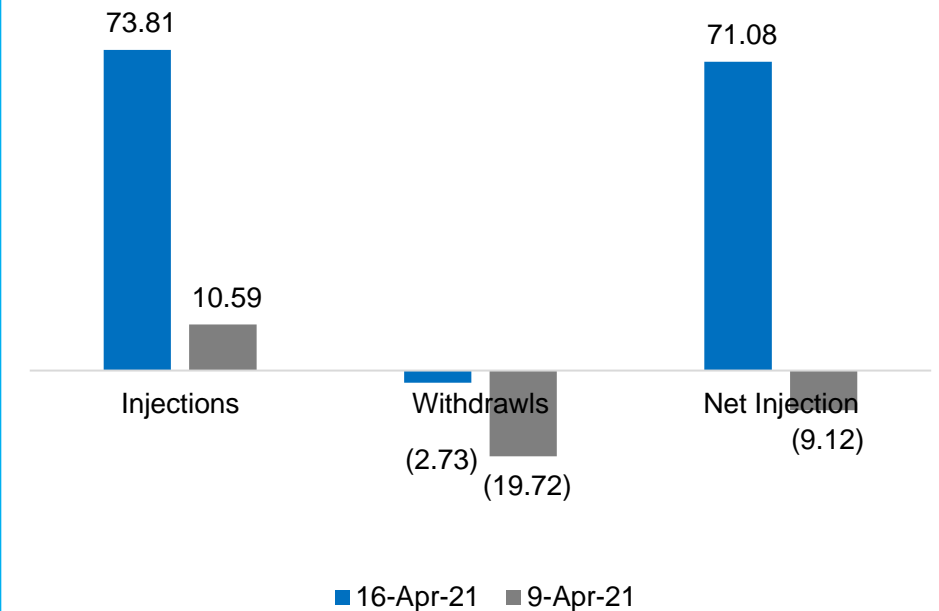
Daily average volumes (K'billion) – the daily average liquidity increased to K12.78 billion from K2.27 billion during the period under review.



The average overnight interbank rate marginally increased to 11.72% from 11.68% in the previous week. The discount window rate maintained its position at 12.20% this week.



Net liquidity (K'billion) - there was a net liquidity injection of K71.08 billion this week as injections and withdrawals were K73.81 billion and K2.73 billion, respectively.





Economic indicators

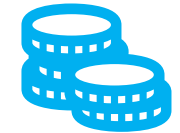
Selected Economic Indicators

Foreign Exchange Reserves (Source: RBM)		31-Mar-2021		
	Reserves (US\$'mn)	Import Cover (Months)		
Private Sector Foreign Exchange Reserves	342.58	1.64		
Gross Official Foreign Exchange Reserves	410.16	1.96		
<i>NB: US\$209.0 million import requirement per month is used in the calculations</i>				
Rates (Source: RBM)		Current Rate	Effective Date	
Reference Rate		12.10%	7-Apr-21	
Policy Rate		12.00%	6-Nov-20	
Inflation				
EIU March 2021 report inflation forecast for 2021 (annual)		9.1%		
Government of Malawi Mid-year Budget review forecast for 2021		7.4%		
IMF WEO April 2021 report inflation forecast for 2021 (annual)		9.5%		
NSO Headline Inflation for February 2021		8.3%		
RBM MPC report January 2021 forecast for 2021 (annual)		7.8%		
Average inflation forecast for 2021		8.4%		
Commodities		Mar-2020	Mar-2021	
ESCOM Electricity Average Tariffs (Source: MERA)		MWK94.43/kWh	MWK104.46/kWh	
OPEC Reference Basket Price		U\$33.92/b	U\$64.56/b	
IFPRI Average Retail Maize Price		MWK322/kg	MWK 181/kg	
Real GDP Growth Forecast for Malawi		2020	2021	2022
African Development Bank (AfDB) African Economic Outlook 2021		1.7%	3.3%	6.2%
EIU March 2021 Malawi Country Report		-1.0%	2.3%	4.0%
Government of Malawi Mid-year Budget review		N/A	3.5%	N/A
IMF WEO April 2021 Report		0.6%	2.2%	6.5%
RBM		0.9%	3.5%	N/A
World Bank Global Economic Prospectus 2021		1.3%	3.3%	4.9%

Highlights



EIU 2021 Malawi
Real GDP Growth rate
estimate 2.3%



EIU 2021 inflation
projection 9.1%



April 2021 Reference
Rate 12.10%



EIU forecasted annual
average exchange rate
MK:US\$ 775.0



Policy rate 12.00%



ESCOM Electricity
Average Tariffs
MWK104.46/kWh



OPEC Reference Basket
Price U\$64.56/b



IFPRI Average Retail
Maize Price March
2021 MWK 181/kg

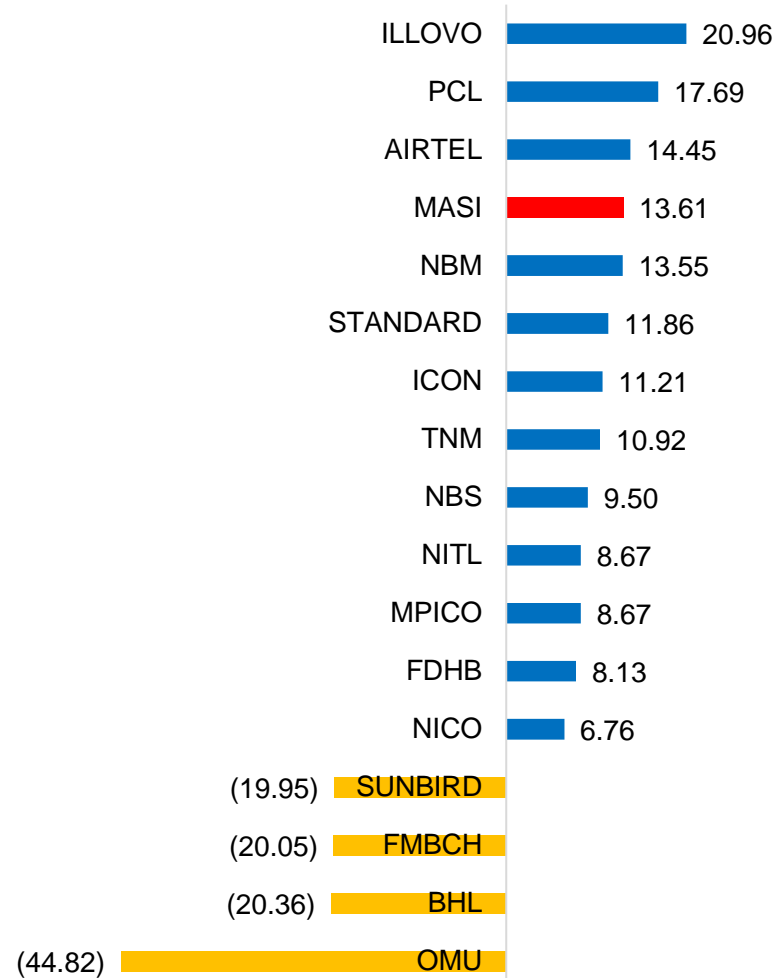
Appendix



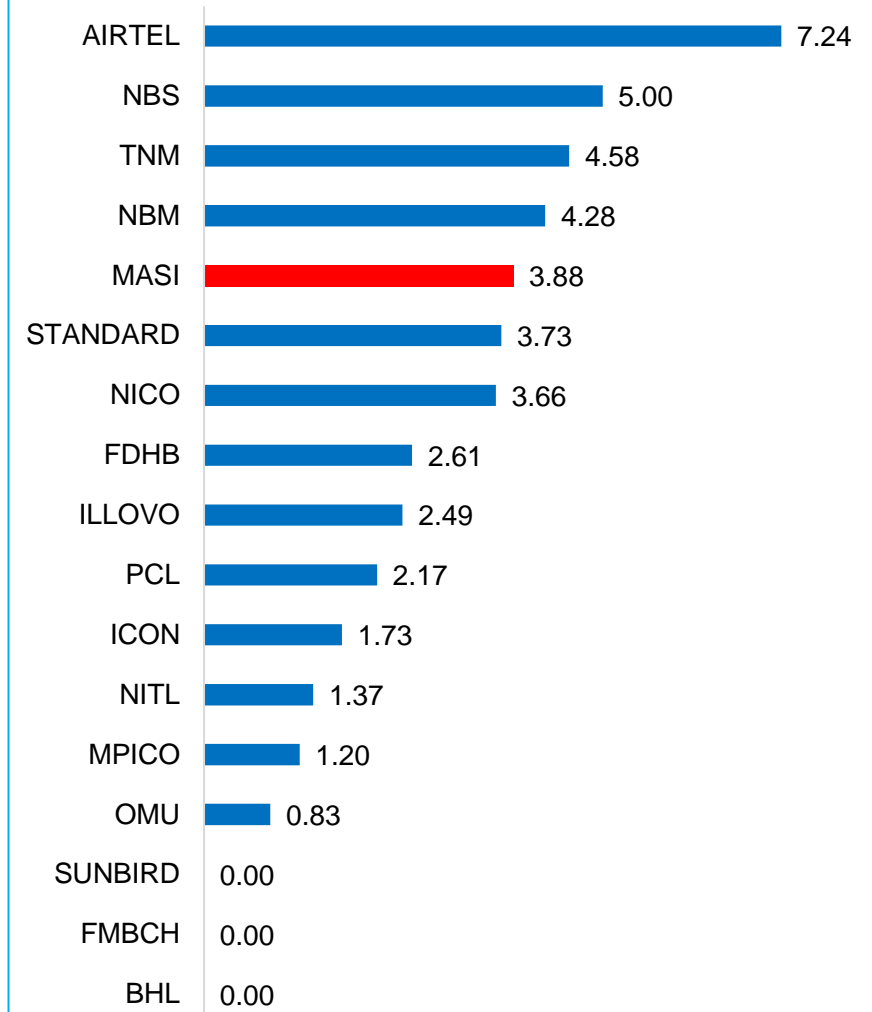
Appendix A - Equity market

The weighted average dividend yield on the MSE is 3.88%. The MSE has a weighted average Price to Earnings ratio of 13.61.

P/E ratio - the MSE has a weighted average Price to Earnings ratio of 13.61. OMU has the lowest at negative 44.82 while Illovo has the highest at 20.96.



Dividend yield (%) - the weighted average dividend yield on the MSE is 3.88%. The counter with the highest dividend yield is Airtel at 7.24%.

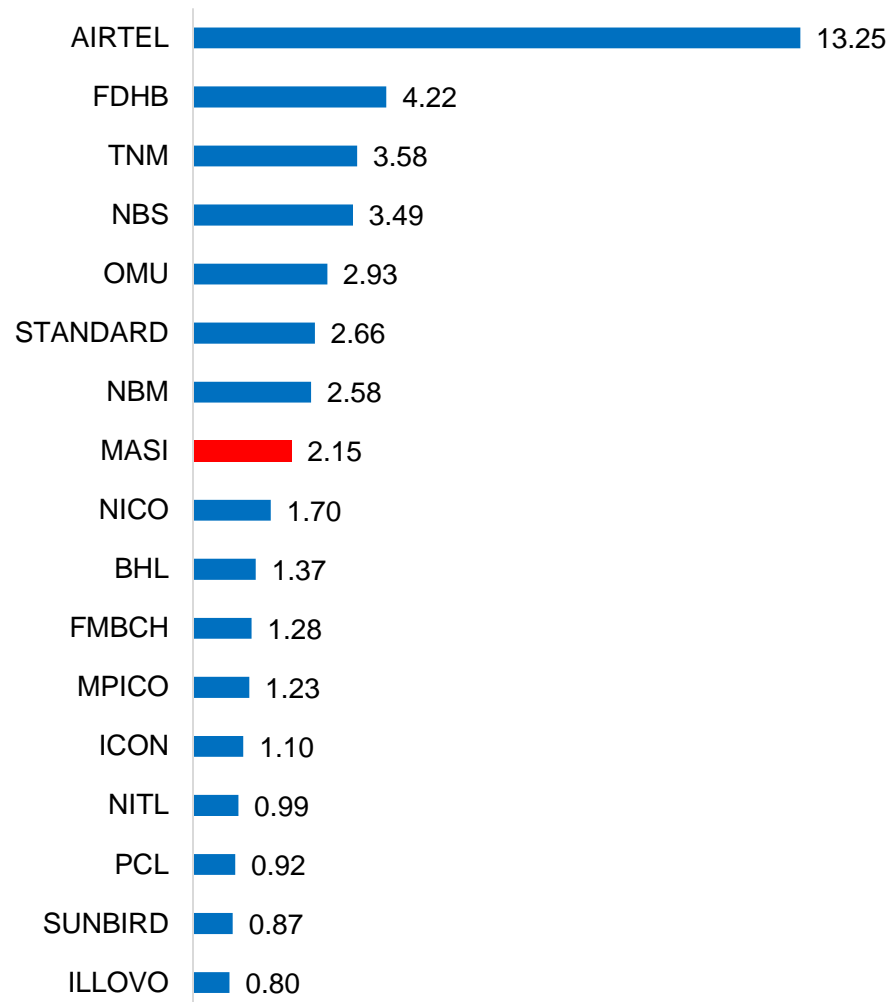




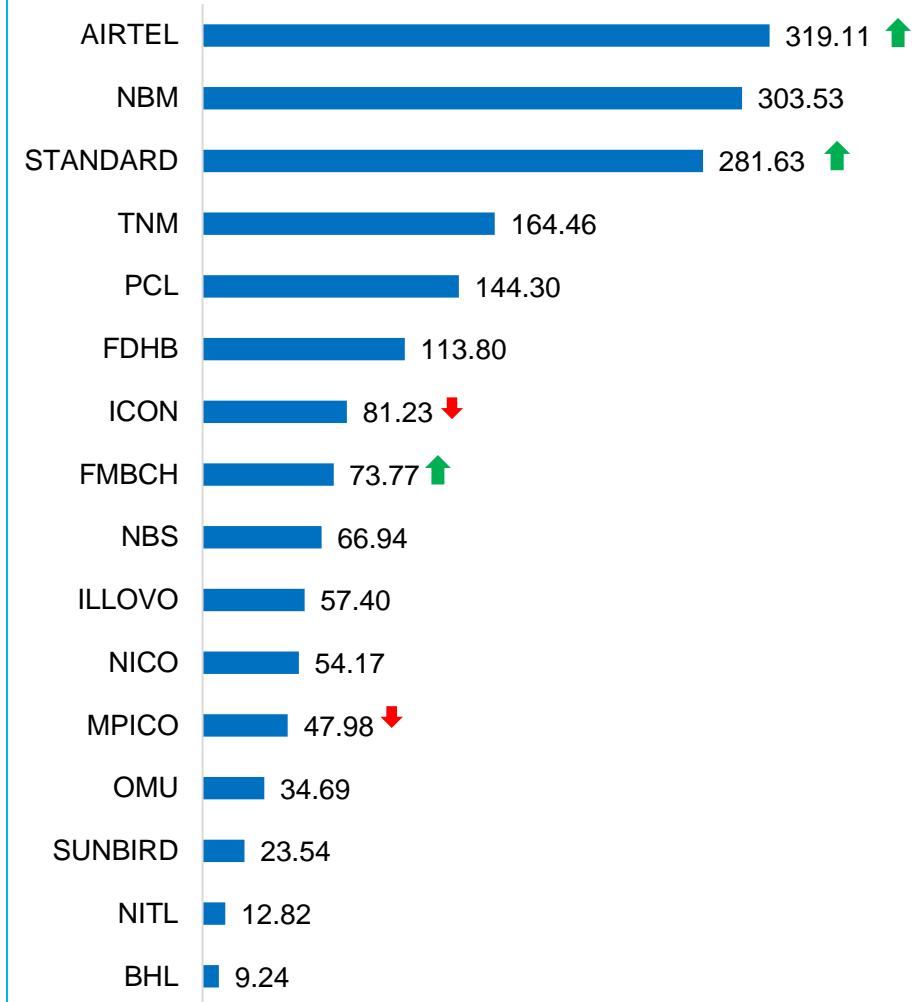
Appendix A - Equity market (Continued)

The weighted average Price to Book Value ratio on the MSE is 2.15. Airtel leads the MSE counters with a market capitalization of K319.11 billion. The total market capitalization is K1.79 trillion.

P/BV ratio - the weighted average Price to Book Value ratio on the MSE is 2.15. Airtel has the highest ratio at 13.25 while Illovo has the lowest ratio at 0.80.



Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K319.11 billion. The total market capitalization is K1.79 trillion.





National Bank of Malawi (NBM) plc wishes to advise its shareholders that NBM has now completed the acquisition of a 51% controlling stake in Akiba Commercial Bank plc (ACB) in Tanzania for a consideration of USD 7.31 million through a share subscription. Shareholders are, however, advised that negotiations are continuing for an additional stake in ACB.

Appendix A - Equity market (Continued)

Corporate Announcements (continued)

5. **FDH Bank Plc cautionary statement**

FDH Bank Plc wishes to update its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, are still 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.

6. **National Bank of Malawi plc cautionary statement**

National Bank of Malawi (NBM) plc wishes to advise its shareholders that NBM has now completed the acquisition of a 51% controlling stake in Akiba Commercial Bank plc (ACB) in Tanzania for a consideration of USD 7.31 million through a share subscription. The acquisition is in line with NBM plc's current strategic plan which has regional expansion as one of its key thrusts. This acquisition is expected to bring about growth in business for both NBM Plc and ACB as it upscales the business of ACB to the standards of NBM plc.

NBM is listed on the Malawi Stock Exchange with a market capitalization of K304 billion. The investment in ACB is approximately 2% of the NBMs current market capitalization. ACB is a Tanzanian bank offering a range of banking and financial services. It was established in 1997 with 300 Tanzanian entrepreneurs as its initial shareholders. It has strong SME roots and operates 18 branches across Tanzania.

Shareholders are, however, advised that negotiations are continuing for an additional 24% stake in ACB. They are therefore advised to continue to exercise caution in dealing in their shares in the Company and consult professional advisors before dealing in their shares until such time as the result of the negotiations are known. NBM plc is further informing the general public that all efforts will be made to communicate further developments as and when required.



Standard Bank has declared a second interim dividend of K12.78 per share, in respect of the financial year ended 31 December 2020. The company has also proposed a final dividend of K21.31 per share, in respect of the financial year ended 31 December 2020.

Appendix A - Equity market (Continued)

Corporate Announcements (continued)

7. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
OMU	Proposed	Final	18.25	16th April 2021	24th May 2021
STANDARD	Declared	Second Interim	12.78	30th April 2021	13th May 2021
STANDARD	Proposed	Final	21.31	TBA	TBA
NITL	Proposed	Final	0.80	TBA	TBA
NBS	Proposed	Final	0.70	TBA	TBA
NBM	Proposed	Final	17.14	TBA	TBA
AIRTEL	Proposed	Final	2.10	TBA	TBA

8. Annual general meeting

Company	Venue	Date	Time
BHL	Virtual AGM	12 May 2021	15:30 hours

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.

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