

Financial Market Update

| Week ending 30 April 2021



Financial market highlights for the week ending 30 April 2021

The following highlights compare the week ending 30 April 2021 to the week ending 23 April 2021:



Government securities market (Source: RBM)

- A total of K200.94 million was allotted in the TB auctions held this week.
- There were nil rejections during the TB auctions.
- The 364-days TB was not allotted during this week's auction.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.44% to K798.78 per USD from K795.28 per USD in the previous week.
- Based on middle rates, the Kwacha depreciated against the GBP (K1,165.33 per GBP from K1,155.99 per GBP), and EUR (K1,039.97 per EUR from K1,015.03 per EUR) and ZAR (K60.13 per ZAR from K58.84 per ZAR) during the period under review.



Financial market developments (Source: RBM)

- The average overnight interbank rate marginally increased to 11.77% from 11.72% in the previous week.
- The Monetary Policy Committee (MPC), at its second meeting of 2021, decided to maintain the Policy rate at 12% in order to support and sustain economic recovery.



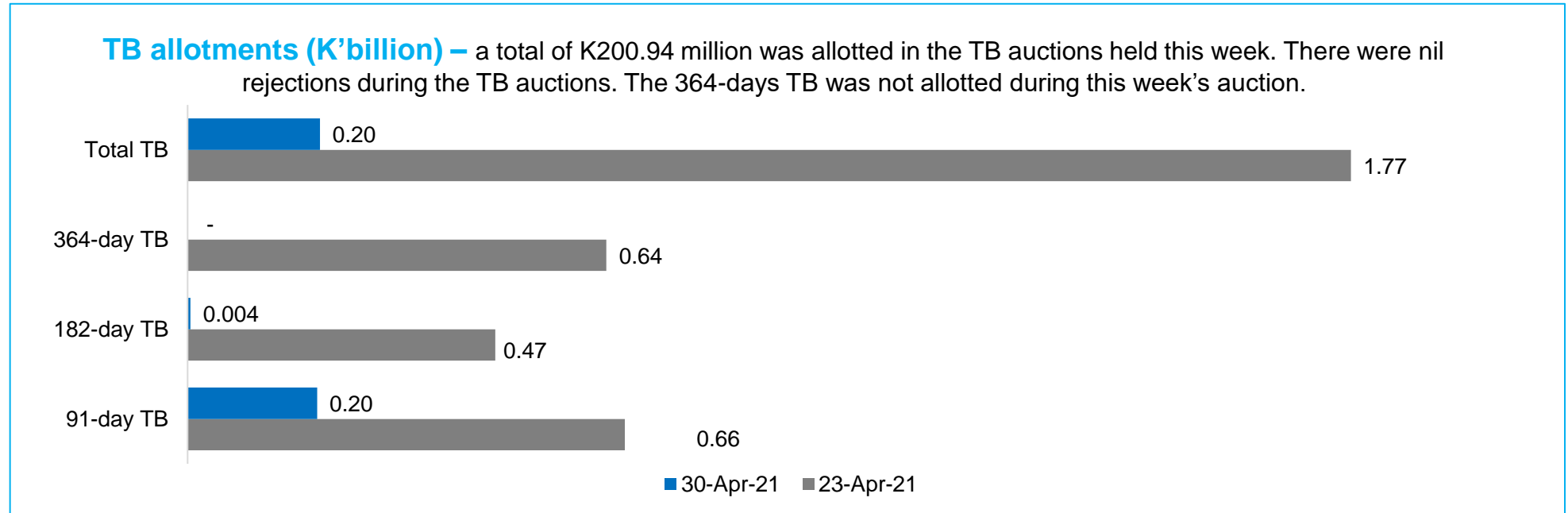
Equity market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 33,380.63 points from 33,327.20 points in the previous week. This was due to share price gains for Airtel (to K31.00 from K30.47), NBM (to K650.06 from K650.05) and NICO (to K51.92 from K51.72) which offset share price losses for NBS (to K23.00 from K24.00), FDH bank (to K16.47 from K16.48) and TNM (to K16.36 from K16.38), during the period under review.
- The year-to-date return of the MASI was 3.05% at the close of this week. It was negative 4.61% in the previous year, during the same period.
- According to their audited summary consolidated financial statements for the year ended 31 December 2020:
 - FMB Capital Holdings Plc closed the year with a profit after tax of USD21.28 million from a loss of USD18.61 million in 2019.
 - Telekom Networks Malawi plc closed the year with a profit after tax of K7.73 billion from a profit of K13.17 billion in 2019.

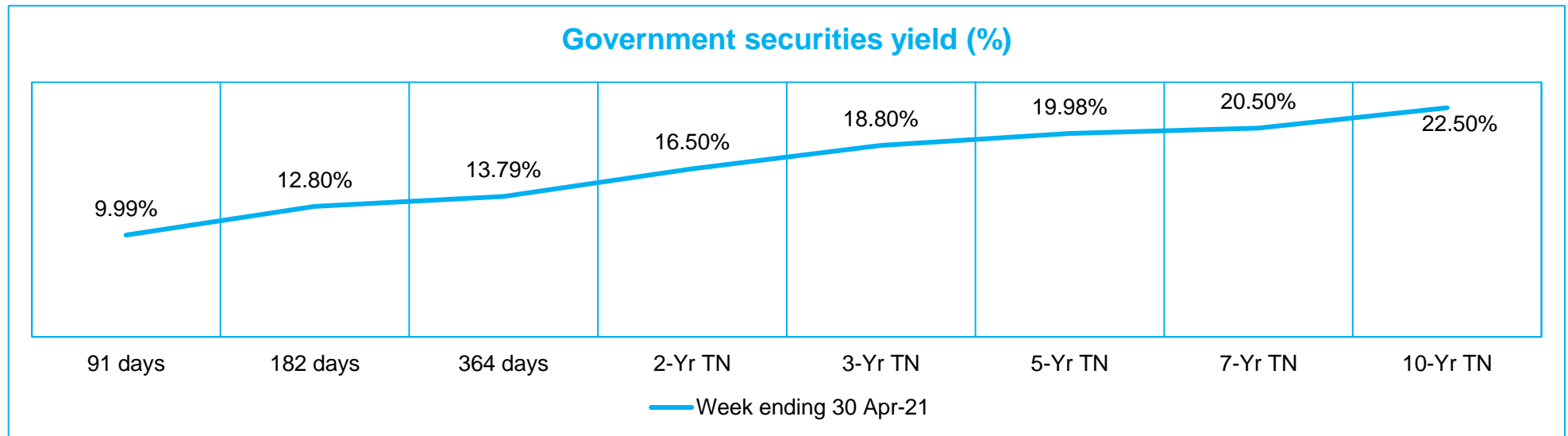


A total of K200.94 million was allotted during this week's Treasury Bills (TBs) auction.

Government securities (Source: RBM)



The average all type TB yield increased to 12.19% from 12.05% during the period under review.



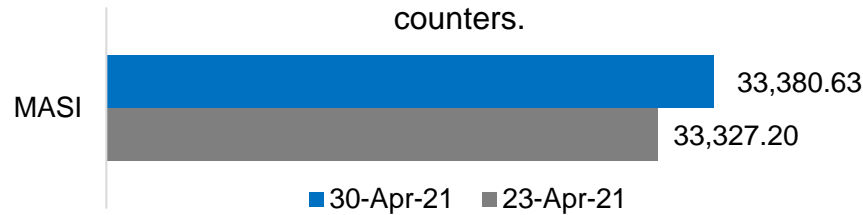
TB - Treasury Bill
TN - Treasury Note



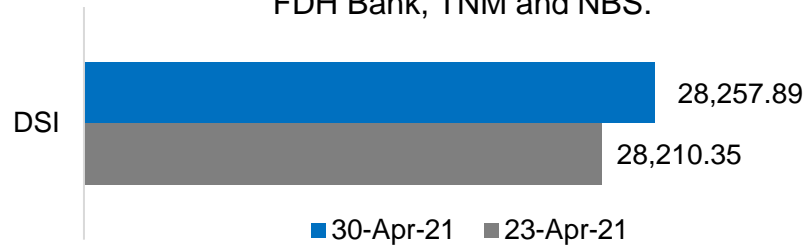
The stock market was bullish this week as the MASI increased to 33,380.63 points from 33,327.20 points in the previous week. Year-to-date, the MASI return is 3.05%.

Equity market (Source: MSE)

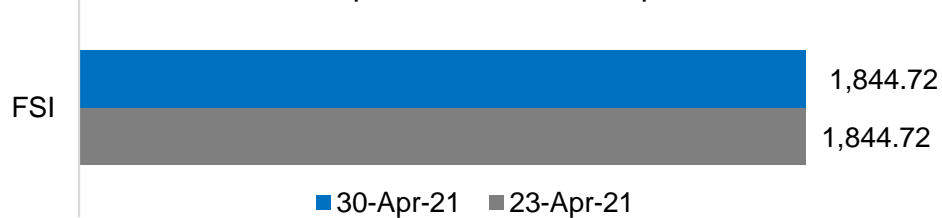
MASI – the stock market was bullish this week as the MASI increased to 33,380.63 points from 33,327.20 points in the previous week. This was due to share price gains in three counters which offset marginal share price losses in three counters.



DSI – the DSI marginally increased to 28,257.89 points from 28,210.35 points from in the previous week due to a share price gains in Airtel, NICO and NBM, which offset share price losses in FDH Bank, TNM and NBS.

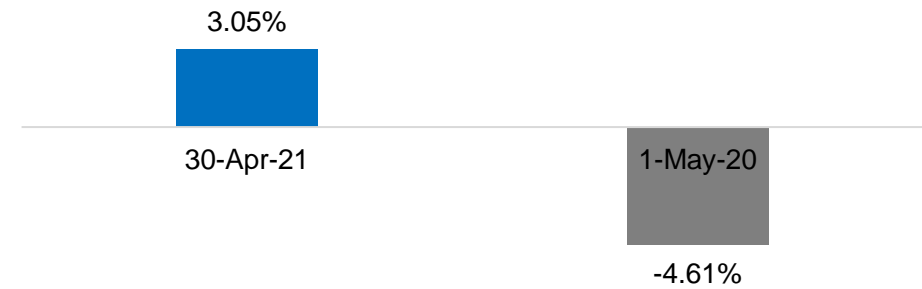


FSI – during the period under review the FSI maintained its position at 1,844.72 points.

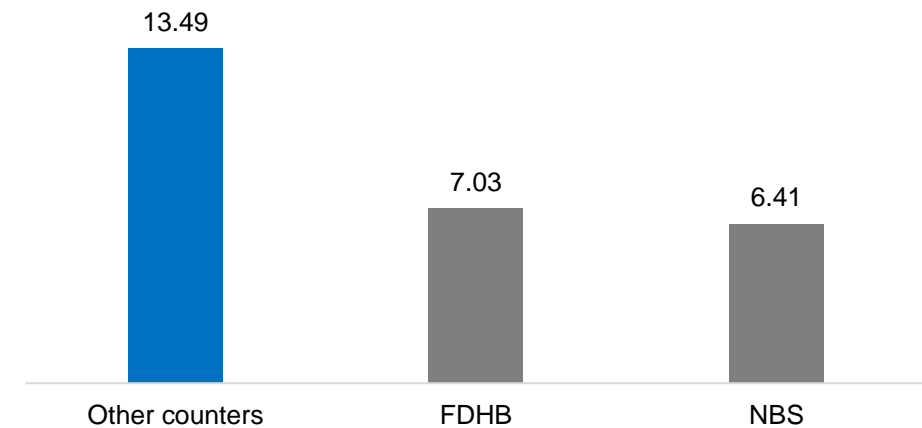


MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index

MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 3.05% (it was negative 4.61% during the same time in the previous year).



Value of Shares Traded (K'million) – FDH Bank had the highest value of shares traded at K7.03 million. The total value of shares traded this week was K26.93 million.

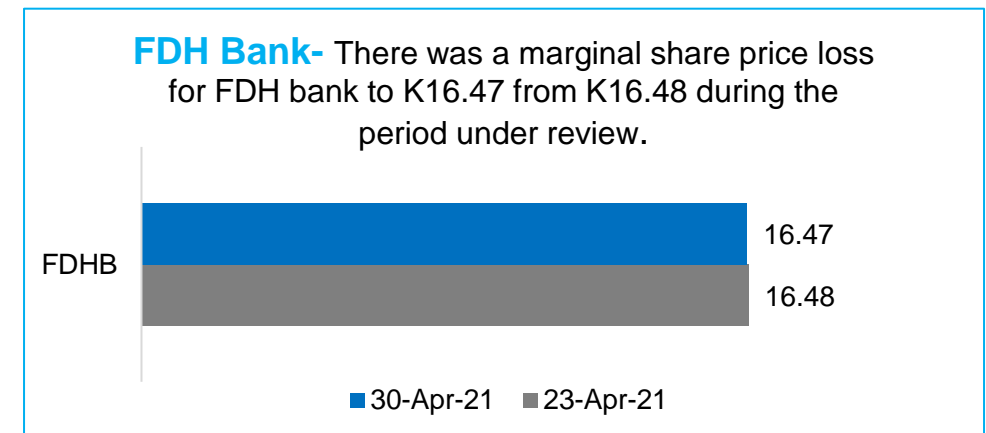
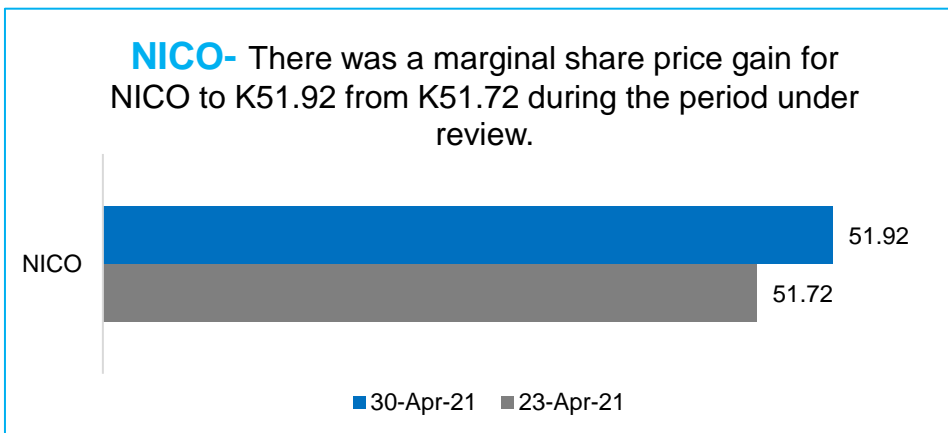
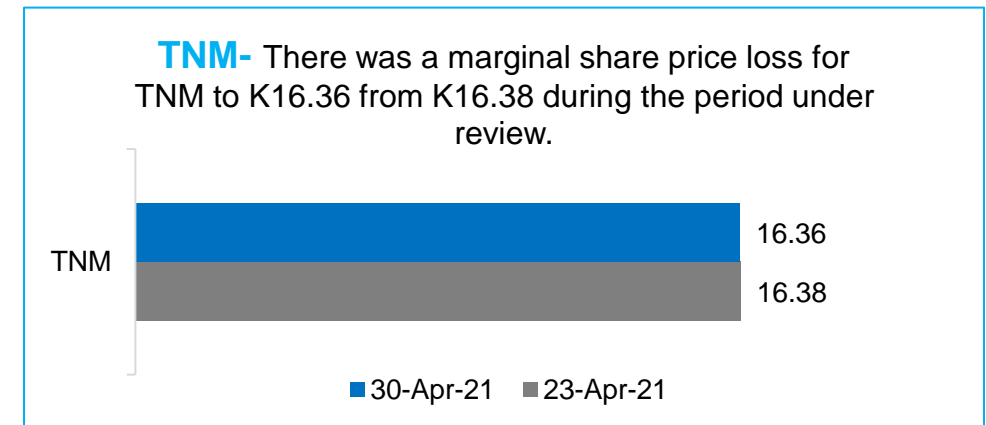
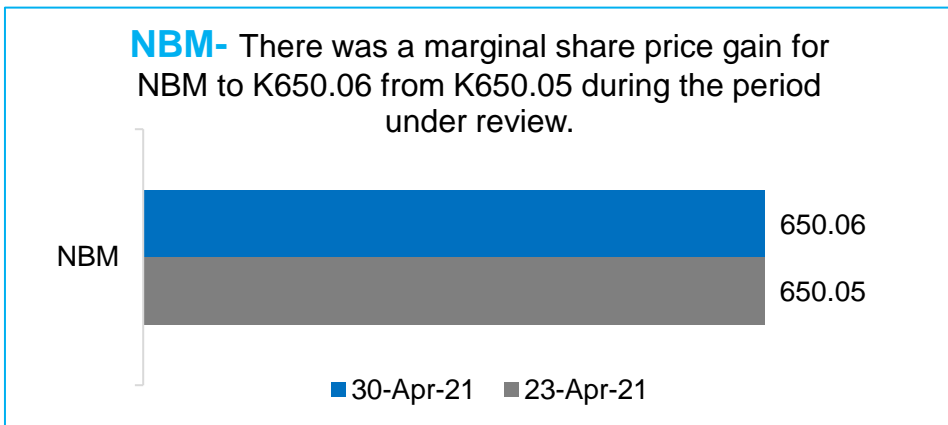
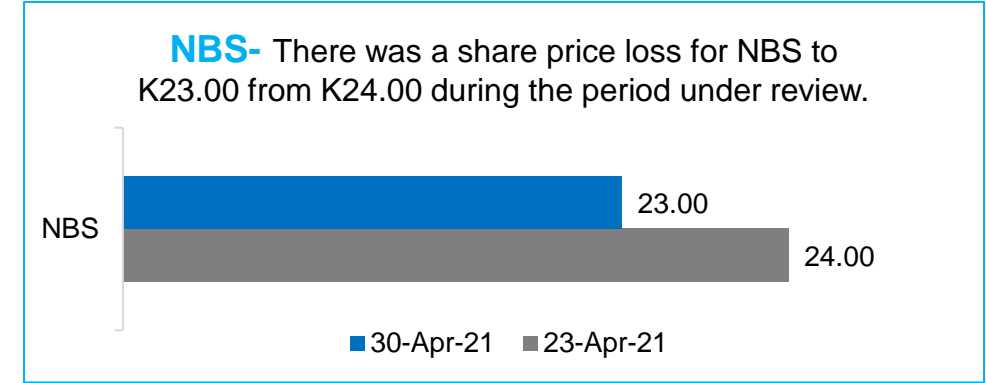
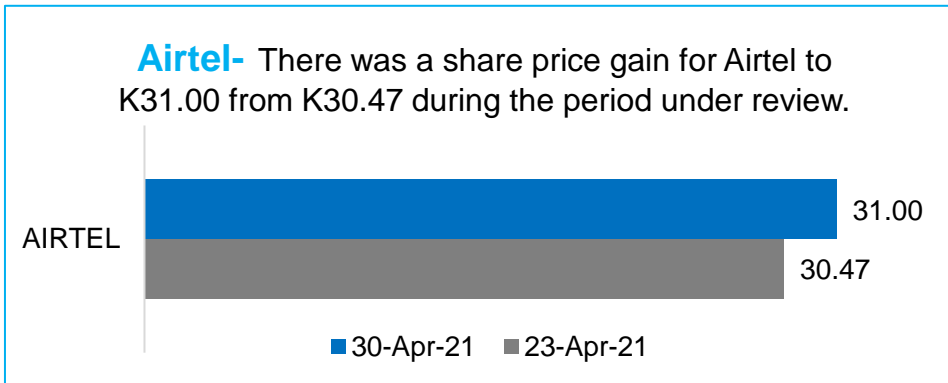




Equity market (Continued)

There were share price gains for Airtel (to K31.00 from K30.47), NBM (to K650.06 from K650.05) and NICO (to K51.92 from K51.72).

There were share price losses for NBS (to K23.00 from K24.00), FDH bank (to K16.47 from K16.48) and TNM (to K16.36 from K16.38), during the period under review.





10 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)
		30-Apr-21
1	BHL	11.00
2	FMBCH	31.77
3	ICON	12.16
4	ILLOVO	80.46
5	MPICO	20.88
6	NITL	94.94
7	OMU	2,190.00
8	PCL	1,199.94
9	STANDARD	1,200.13
10	SUNBIRD	90.00



According to their audited summary consolidated financial statements for the year ended 31 December 2020, FMB Capital Holdings Plc closed the year with a profit after tax of USD21.28 million from a loss of USD18.61 million 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
FMBCH*	21.28	(18.61)	214.33%	200%
TNM	7.73	13.17	-41.34%	-25%
NICO	18.60	14.73	26.25%	20%
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%

*USD'mn

**Rands bn



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	Trading statement profit/(loss) expectation
ICON	8.90	7.41	20%
MPICO	4.56	7.60	-40%

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



According to their audited summary consolidated financial statements for the year ended 31 December 2020, FINCA Limited closed the year with a loss after tax of K231 million from a profit of K724 million.

Equity market (Continued)

Other Published Financial Statements

Amounts in millions of Malawi Kwacha unless specified otherwise.

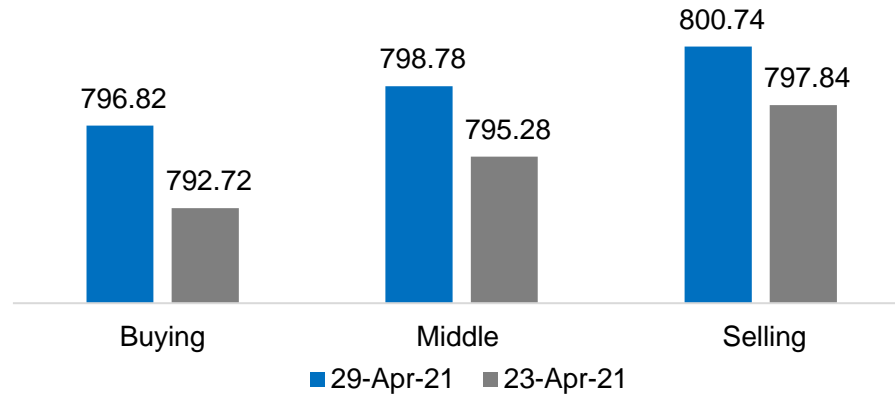
Counter	31 December 2020	31 December 2019	Change in Profit/Loss for the Year ended (%)
Old Mutual Pension Services Company Ltd	560.27	408.31	37.22%
Old Mutual Life Assurance Company (MW) Ltd	8,734.55	105,166.38	-91.69%
Old Mutual Investment Group	1,054.26	670.71	57.19%
Old Mutual Unit trust Company (MW) Ltd	(55.18)	(192.33)	71.31%
FINCA Ltd	(231.00)	724.00	-131.91%
Continental Pension Services Ltd	596.80	653.08	-8.62%
Continental Asset Manager Ltd	728.73	414.22	75.93%
Continental Capital Ltd	64.38	89.12	-27.75%
Continental Holdings Ltd	3,251.29	1,660.33	95.82%
Smile Life Insurance Company Ltd	136.32	117.88	15.64%
CUMO Microfinance Ltd	437.79	145.55	200.79%
NBM Capital Markets Ltd	416.17	521.33	-20.17%
PCL Group Pension Fund	2,200.66	1,538.29	43.06%
NICO Asset Manager Ltd	2,098.30	1,425.67	47.18%
NICO Life Insurance Company Ltd	9,270.00	7,230.00	28.22%
NICO Pension Services Ltd	424.88	433.03	-1.88%
NICO General Insurance Company Ltd	1,725.86	1,821.27	-5.24%
Britam Insurance Company Ltd	725.77	(224.82)	422.83%
Select Financial Services Ltd	947.60	746.60	26.92%
Prime Insurance Company Ltd	207.17	809.89	-74.42%
United General Insurance Company Ltd	(160.51)	156.92	-202.28%
Vision Fund	(266.45)	(160.69)	-65.81%
Microloan Foundation (MW) Ltd	15.56	1.38	1030.95%



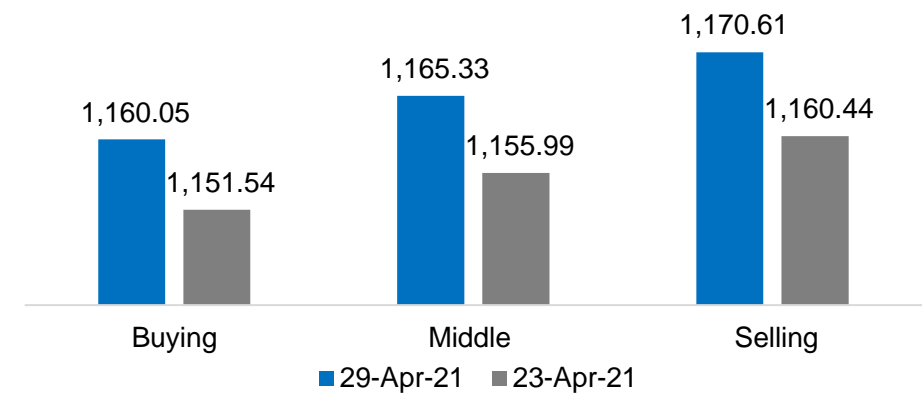
Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.44% to K798.78 per USD from K795.28 per USD in the previous week.

Currency market (Source: RBM)

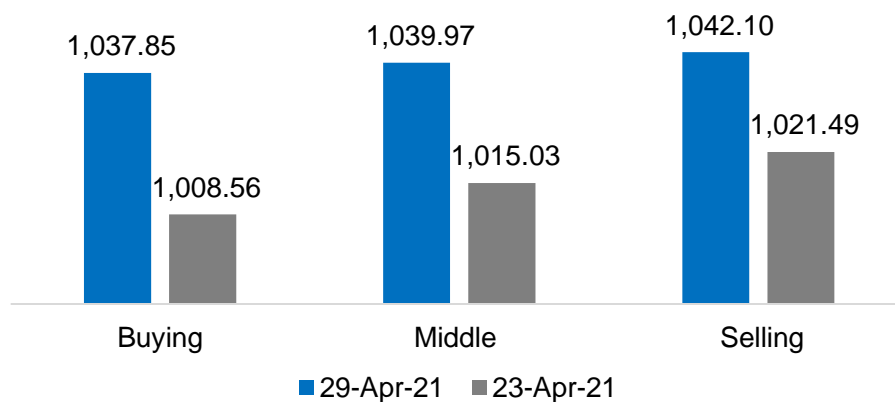
MWK/USD- The Kwacha marginally depreciated against the USD by 0.44% to K798.78 per USD from K795.28 per USD in the previous week (middle rates).



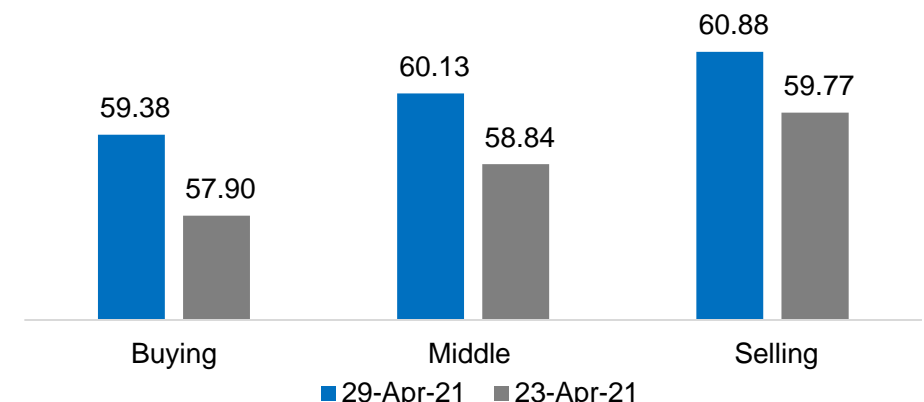
MWK/GBP- The Kwacha marginally depreciated against the GBP by 0.81% K1,165.33 per GBP from K1,155.99 per GBP in the previous week (middle rates).



MWK/EUR- The Kwacha depreciated against the EUR by 2.46% to K1,039.97 per EUR from K1,015.03 per EUR in the previous week (middle rates).



MWK/ZAR- The Kwacha depreciated against the ZAR by 2.19% to K60.13 per ZAR from K58.84 per ZAR in the previous week (middle rates).



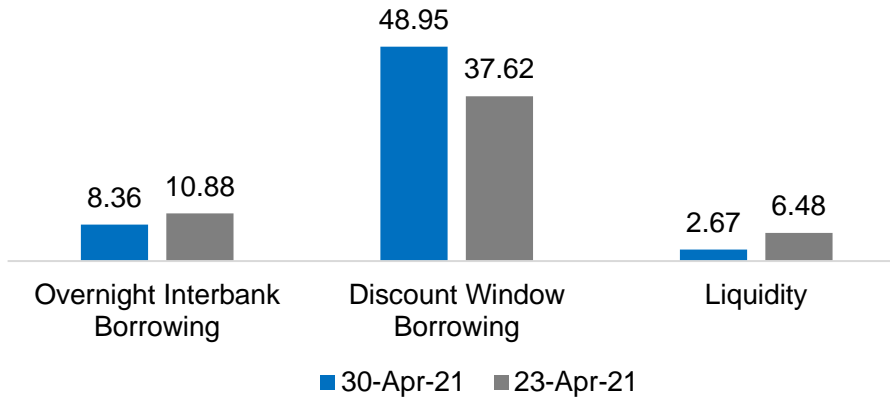
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



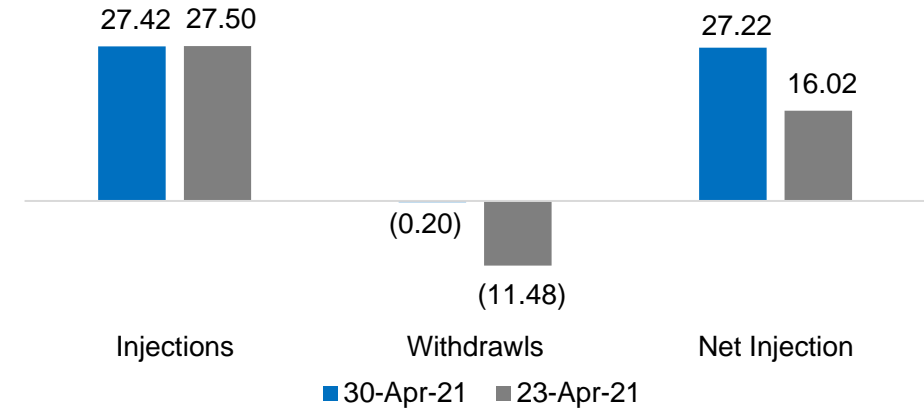
The average overnight interbank rate marginally increased to 11.77% from 11.72% in the previous week.

Other financial market developments (Source: RBM)

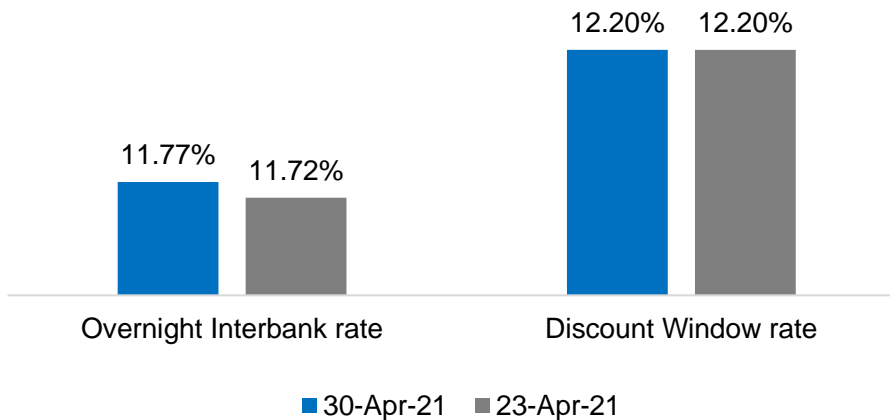
Daily average volumes (K'billion) – the discount window borrowing averaged K48.95 billion from K37.62 billion during the period under review.



Net liquidity (K'billion) - there was a net liquidity injection of K27.22 billion this week as injections and withdrawals were K27.42 billion and K0.20 billion, respectively.



The average overnight interbank rate marginally increased to 11.77% from 11.72% in the previous week. The discount window rate maintained its positions at 12.20%, during the week under review.



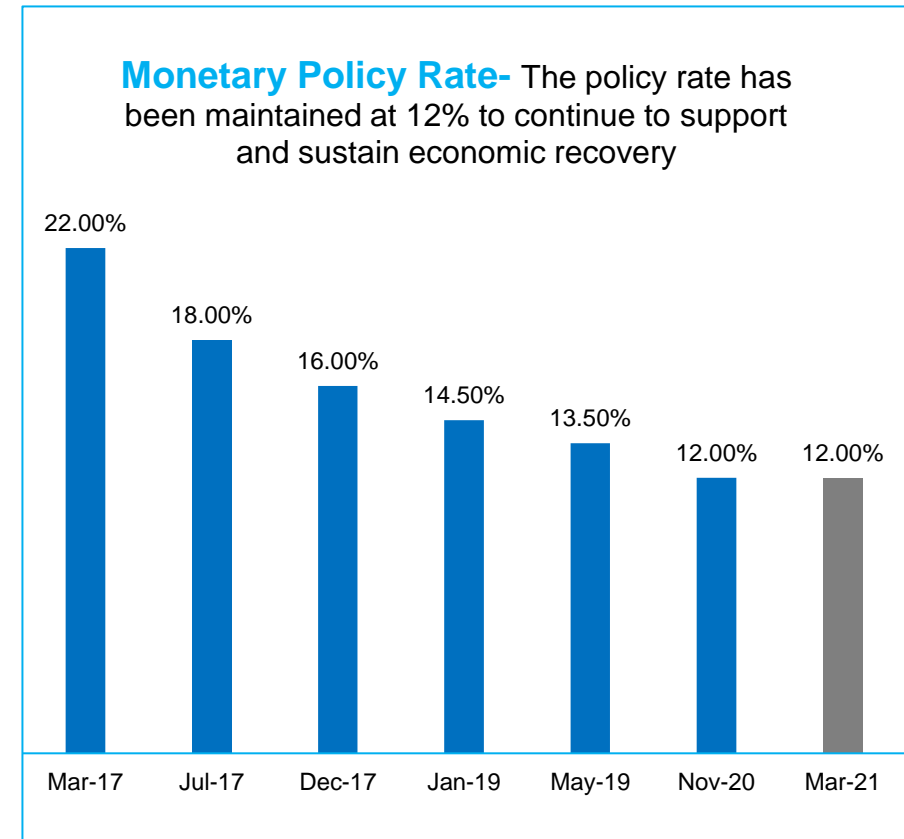


The Monetary Policy Committee (MPC) at its second meeting of 2021, decided to maintain the Policy rate at 12% in order to support and sustain economic recovery.

Other financial market developments (Source: RBM)

Highlights from the Second MPC Meeting held between 28 and 29 April 2021

- The Monetary Policy Committee (MPC), at its second meeting of 2021 held between 28 and 29 April 2021, decided to maintain the Policy rate at 12%; the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75%; and the Lombard rate at 20 basis points above the Policy rate.
- The MPC has noted that pressures to non-food inflation could persist in the near term as the impact of the recent adjustments to fuel prices and electricity tariffs is yet to be transmitted fully to inflation. However, low food prices, owing to an improved maize harvest during the 2020/21 agricultural season, could somewhat ease inflationary pressures in the short term, particularly during 2021Q2.
- In arriving at its decision, the MPC considered the need to support and sustain economic recovery, whilst at the same time managing upside risks to the inflation outlook.
- In terms of domestic economic recovery, the ongoing vaccination campaign, coupled with the above average agricultural production during the 2020/21 season and the recovery of the global economy, provide optimism for economic turnaround in 2021. As such, domestic real economic growth is projected to strengthen to 3.8% in 2021, from an estimated growth rate of 0.9% in 2020.
- In continuation, in terms of trade deficit, import outlays declined by US\$60.0 million to US\$693.1 million in 2021Q1 while exports dropped by US\$2.7 million to US\$201.6 million in the same period. Thus, the trade deficit improved to US\$491.5 million in 2021Q1 from US\$548.8 million in 2020Q4. Prospects for the near-term suggest that the trade balance could improve, mainly due to increase in exports following the opening of the agricultural marketing season and a seasonal decline in imports of agricultural inputs.
- In the period ahead, exchange rate pressures are expected to moderate, on account of the realisation of export proceeds during the agricultural marketing season.
- Finally, annual headline inflation forecasts suggest an elevated inflation path in the period ahead as headline inflation is currently projected to average 8.4% in 2021. The revision has, among others, taken into account the impact of the lagged effects of the upward adjustments of fuel prices implemented on 9th March 2021 and an increase in electricity tariffs effected on 31st March 2021.





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

NB: US\$209.0 million import requirement per month is used in the calculations

Rates (Source: RBM)

Current Rate Effective Date

Reference Rate	12.10%	7-Apr-21
Policy Rate	12.00%	6-Nov-20

Inflation

NSO Headline Inflation for March 2021	9.4%
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%
RBM MPC report April 2021 forecast for 2021 (annual)	8.4%
Average inflation forecast for 2021	8.5%

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

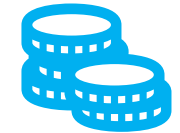
2020 2021 2022

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 MPC report April 2021 forecast for 2021 (annual)	0.9%	3.8%	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

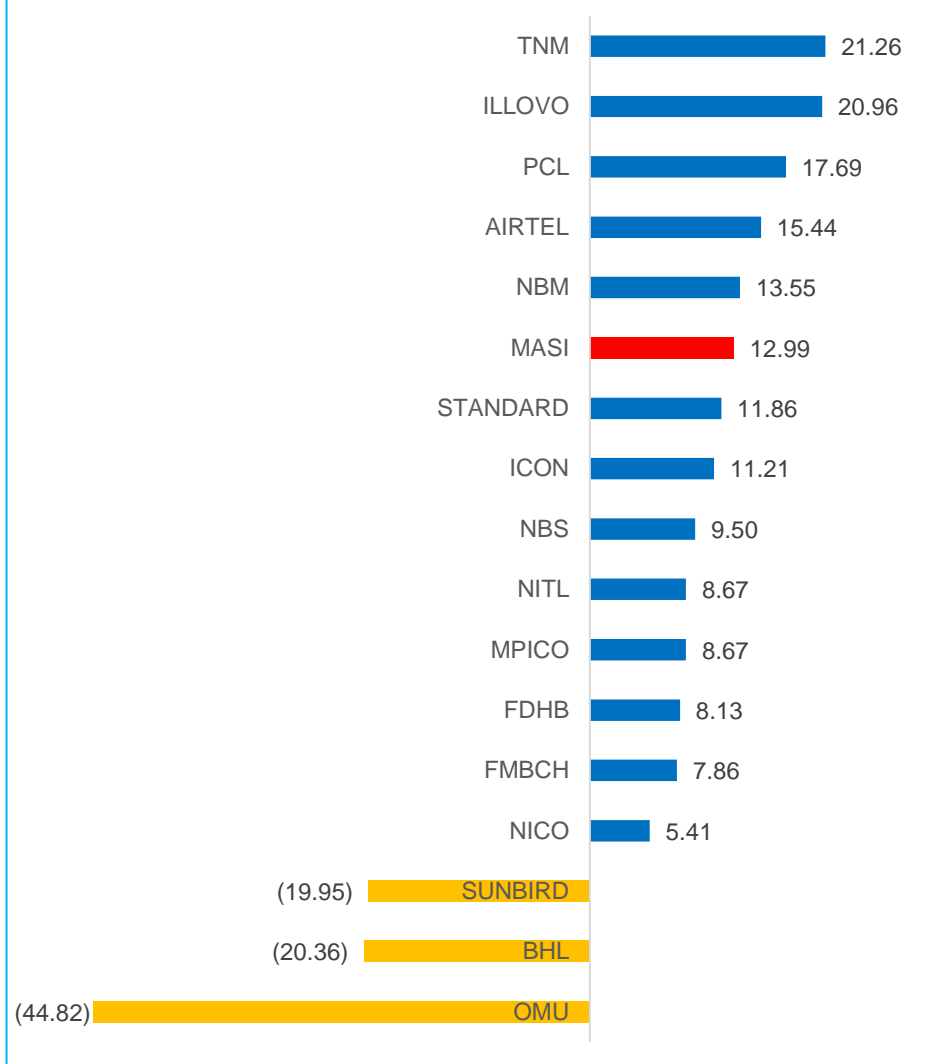
Appendix



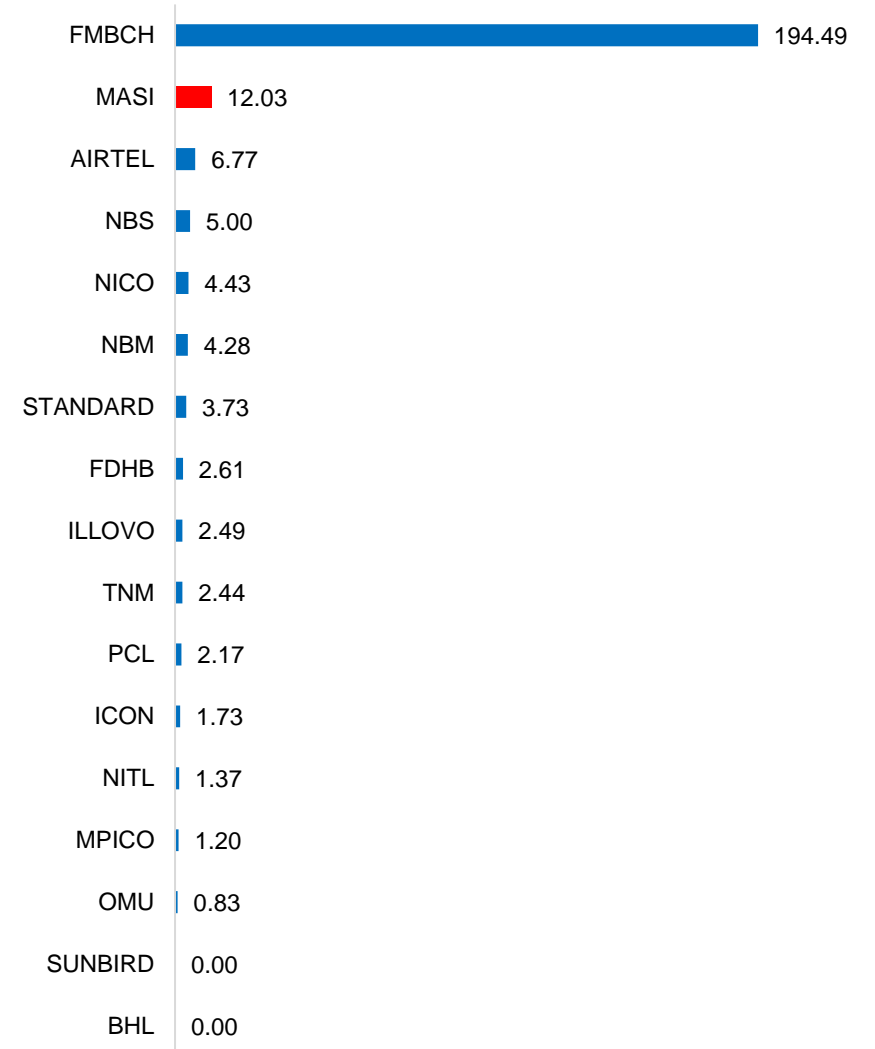
Appendix A - Equity market

The weighted average dividend yield on the MSE is 12.03%. The MSE has a weighted average Price to Earnings ratio of 12.99.

P/E ratio - the MSE has a weighted average Price to Earnings ratio of 12.99. OMU has the lowest at negative 44.82 while TNM has the highest at 21.26.



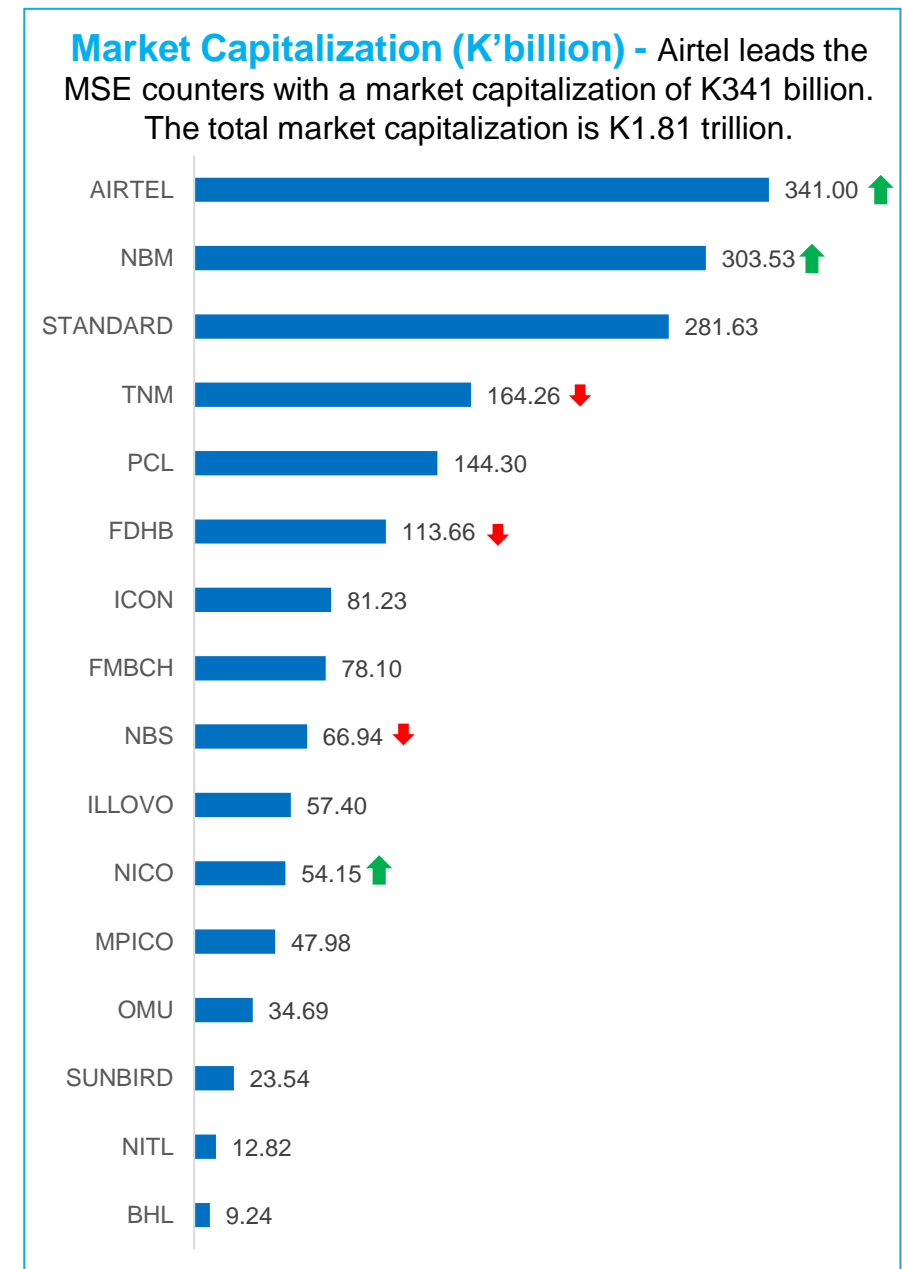
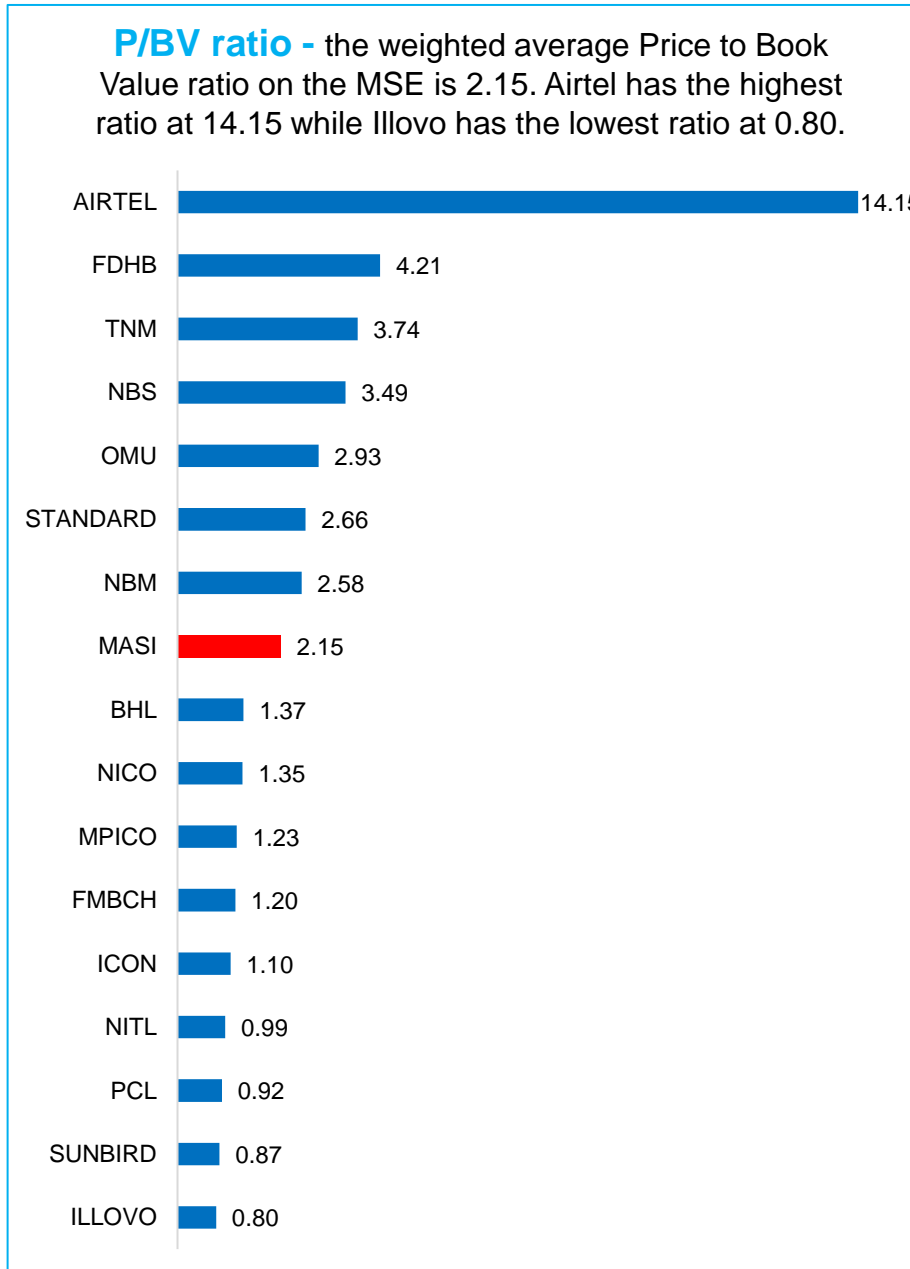
Dividend yield (%) - the weighted average dividend yield on the MSE is 12.03%. The counter with the highest dividend yield is Airtel at 6.89%.





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 K341 billion. The total market capitalization is K1.81 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

1. 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.

2. 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.



FMBCH has proposed a final dividend of K61.79 per share, in respect of the financial year ended 31 December 2020.

Appendix A - Equity market (Continued)

Corporate Announcements (continued)

3. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
OMU	Declared	Final	18.25	16 April 2021	24 May 2021
STANDARD	Declared	Second Interim	12.78	30 April 2021	13 May 2021
NICO	Declared	Second Interim	1.13	6 May 2021	21 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
NICO	Proposed	Final	0.5	TBA	TBA
FMBCH	Proposed	Final	61.79	TBA	TBA
TNM	Proposed	Final	0.10	TBA	TBA

4. Annual general meeting

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

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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