

# Financial Market Update

| Week ending 9 April 2021



# Financial market highlights for the week ending 9 April 2021

The following highlights compare the week ending 9 April 2021 to the week ending 1 April 2021:



## Government securities market (Source: RBM)

- A total of K19.72 billion was allotted in the Treasury Bill (TB) and a 3-Year Treasury Note (TN) auctions held this week.
- There were no rejections during the TB auctions. The 3-Yr TN had a rejection rate of 3.98%.
- The 364-days TB had the highest subscription rate of 99.70%.



## Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.24% to K791.87 per USD from K789.95 per USD in the previous week.
- Based on middle rates, the Kwacha also depreciated against the GBP (to K1,139.08 per GBP from K1,137.33 per GBP), and EUR (to K999.37 per EUR from K993.39 per EUR) and ZAR (to K58.10 per ZAR from K56.86 per ZAR) during the period under review.



## Equity market (Source: MSE)

- The stock market was bearish this week as the MASI marginally decreased to 32,561.09 points from 32,562.96 points in the previous week. This was due to a marginal share price gain loss for TNM (to K16.38 from K16.39), during the period under review.
- The year-to-date return of the MASI was 0.52% at the close of this week. It was negative 3.93% in the previous year, during the same period.
- According to the audited summary 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.
  - FDH Bank plc closed the year with a profit after tax of K14.96 billion from a profit of K5.19 billion in 2019.



## Financial market developments (Source: RBM)

- The average overnight interbank rate increased to 11.68% from 11.57% in the previous week.
- Based on the audited summary financial statements for the year ended 31 December 2020, the Reserve Bank of Malawi (RBM) closed the year with a profit after tax of K35.25 billion from a profit of K30.54 billion in 2019.

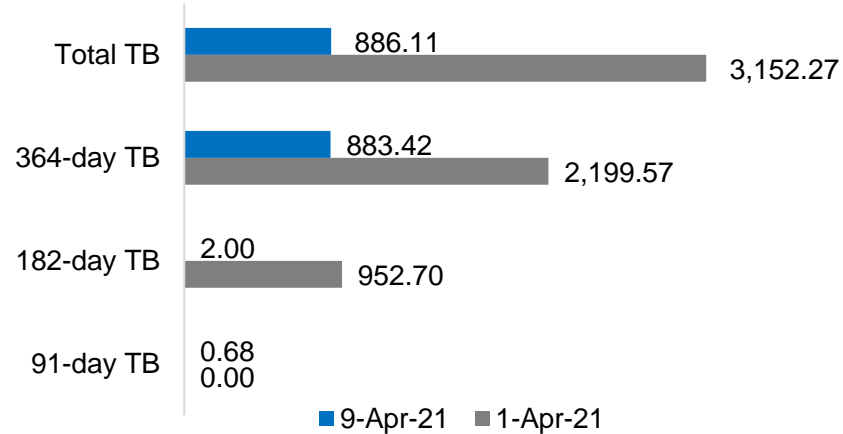


A total of K19.72 billion was allotted during this week's Treasury Bills (TBs) and 3-Year Treasury Note (TN) auctions.

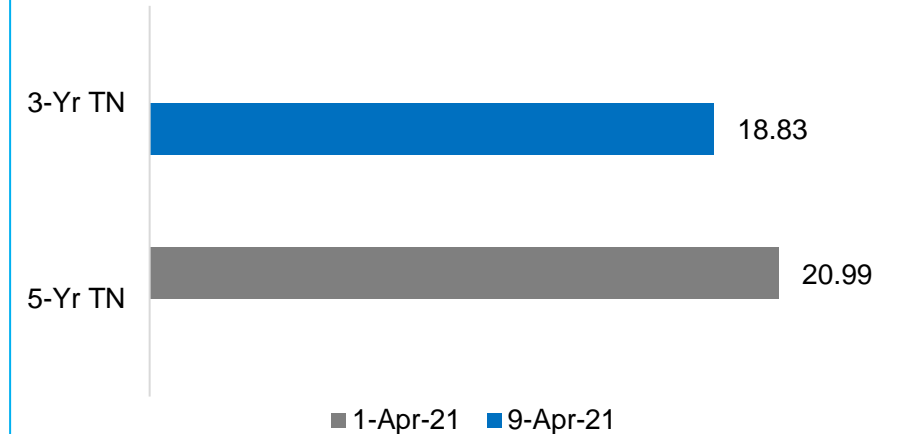
The average all type TB yield increased to 12.20% from 12.18% during the period under review.

## Government securities (Source: RBM)

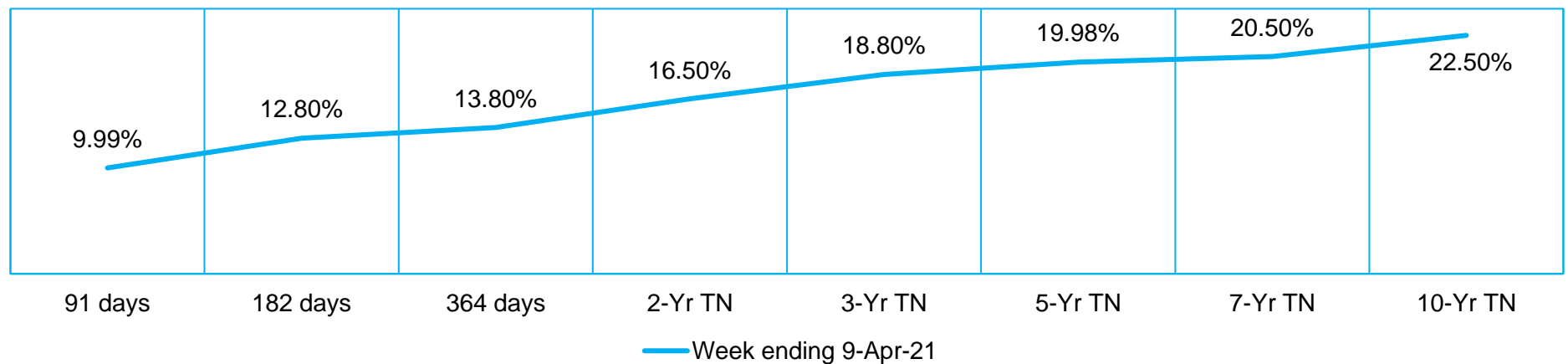
**TB allotments (K'million)** – a total of K886.11 million was allotted in the TB auctions held this week. There were no rejections during the TB auctions. The 364-days TB had the highest subscription rate of 99.70%.



**TN allotments (K'billion)** – a total of K18.83 billion was allotted in the 3-Year TN auction held this week. The 3-Year TN had a rejection rate of 3.98%



### Government securities yield (%)



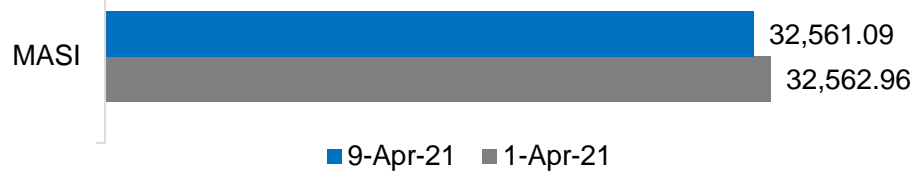
TB - Treasury Bill  
TN - Treasury Note



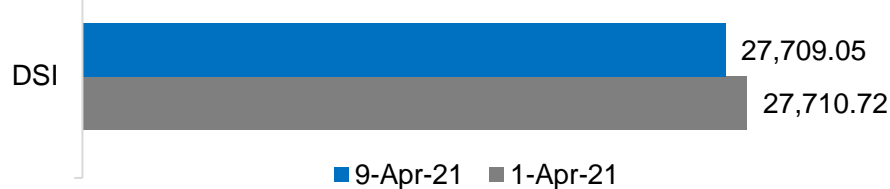
The stock market was bearish this week as the MASI marginally decreased to 32,561.09 points from 32,562.96 points in the previous week. This was due to a marginal share price loss in TNM. Year-to-date, the MASI return is 0.52%.

### Equity market (Source: MSE)

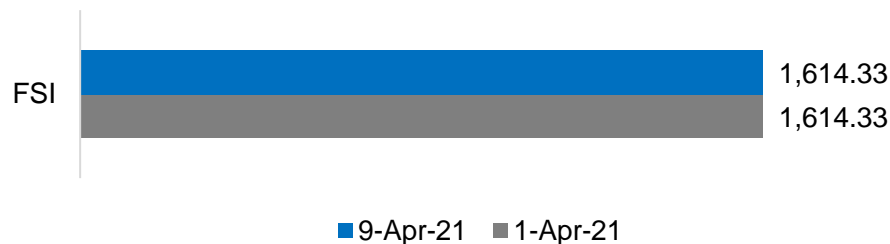
**MASI** – the stock market was bearish this week as the MASI marginally decreased to 32,561.09 points from 32,562.96 points in the previous week. This was due to a marginal share price loss in TNM.



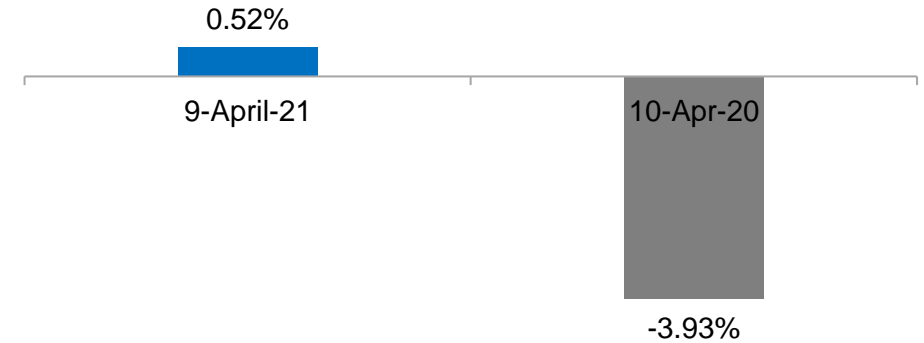
**DSI** – the DSI marginally decreased to 27,709.05 points from 27,710.72 points in the previous week due to a marginal share price loss in TNM.



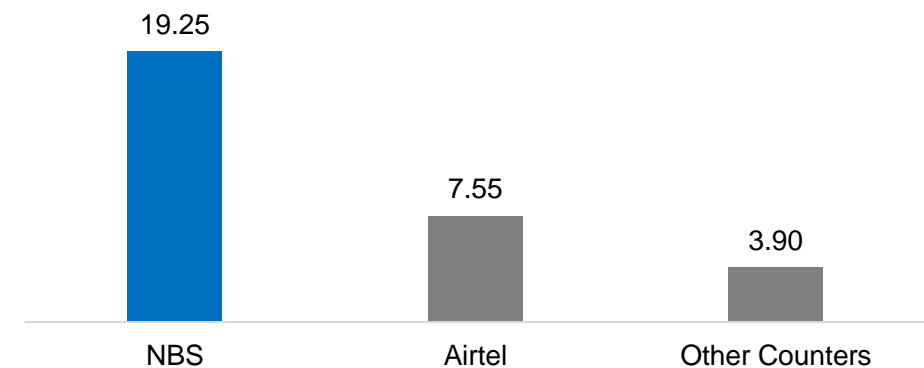
**FSI** – the FSI maintained its position at 1,614.33 points during the period under review.



**MASI YTD Return (%)** – the MASI closed the week with a year-to-date return of 0.52% (it was negative 3.93% in the previous year, during the same period).



**Value of Shares Traded (K'million)** – NBS bank had the highest value of shares traded at K19.25 million. The total value of shares traded this week was K30.71 million.

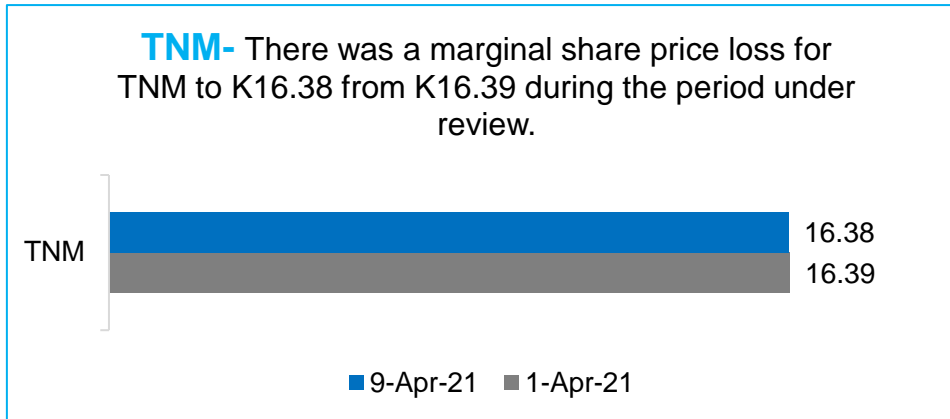


MASI: Malawi All Share Index  
DSI: Domestic share Index  
FSI: Foreign share Index



*There was a marginal share price loss for TNM (to K16.38 from K16.39), during the period under review.*

## 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)
		9-Apr-21
1	AIRTEL	27.95
2	BHL	11.00
3	FDHB	16.49
4	FMBCH	27.12
5	ICON	12.18
6	ILLOVO	80.46
7	MPICO	20.89
8	NBM	650.05
9	NBS	23.00
10	NICO	51.93
11	NITL	94.94
12	OMU	2,190.00
13	PCL	1,199.94
14	STANDARD	1,200.12
15	SUNBIRD	90.00



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	6.15	2.05	200%

\*Rands mn

\*\* 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%

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 Companies Published Summary and Annual Financial Statements (Source: Published Summary financial statements)

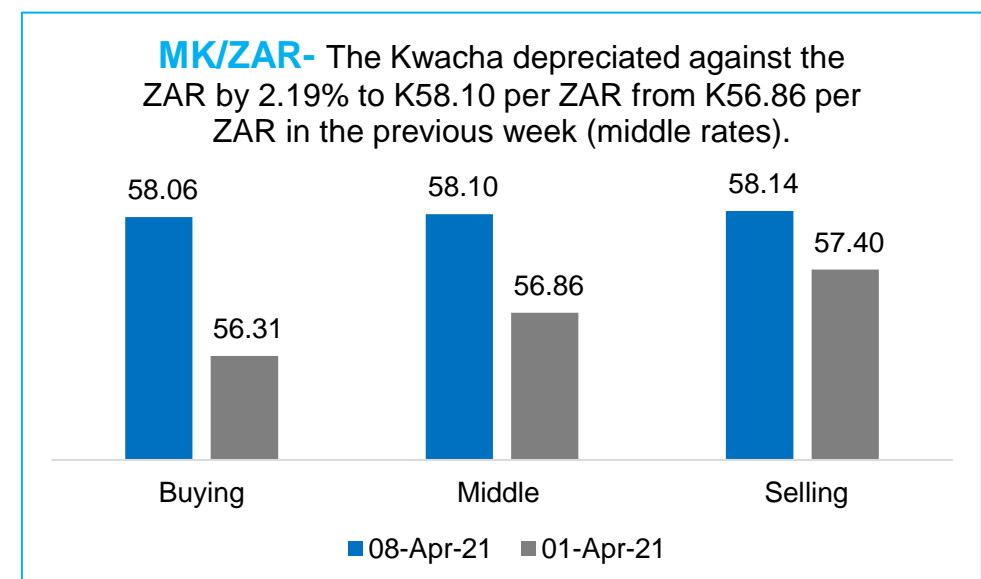
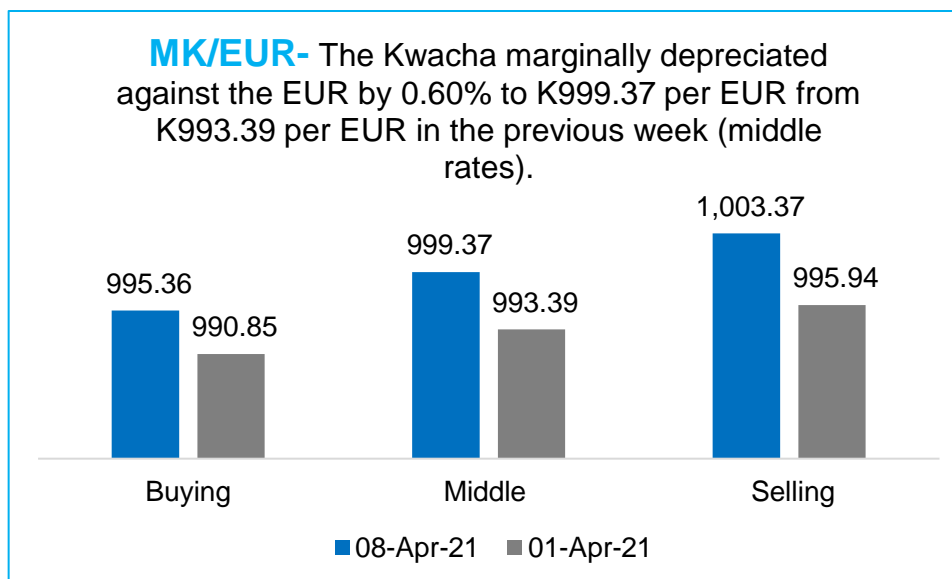
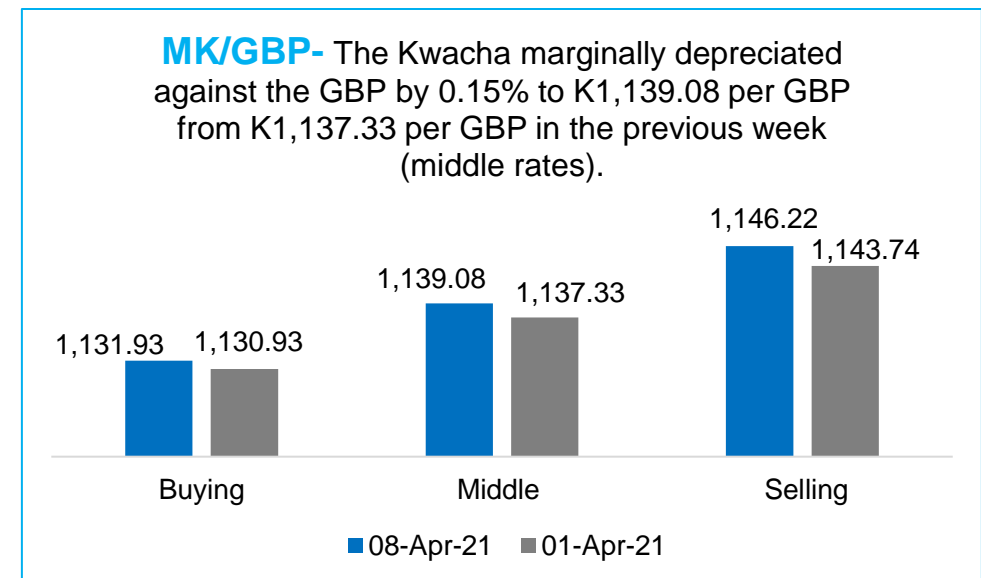
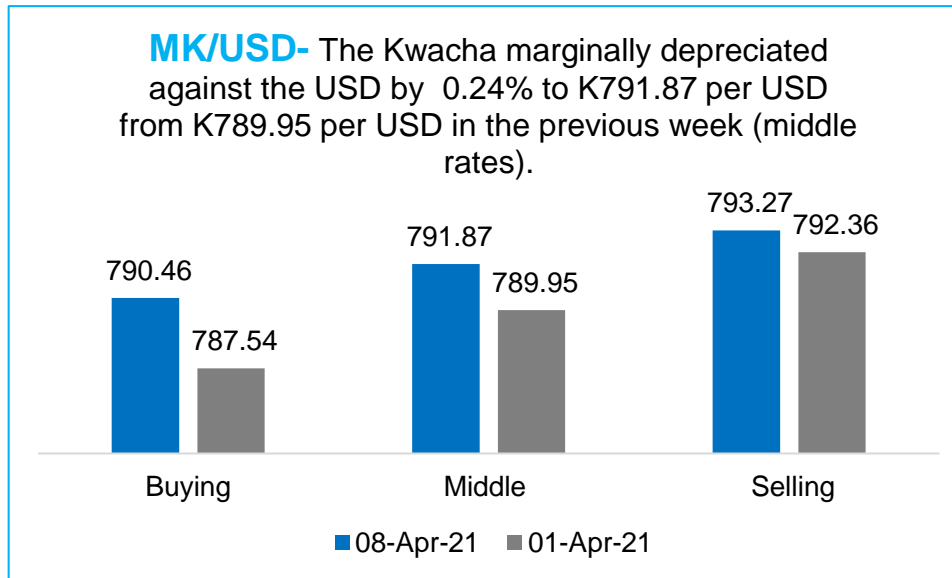
Amounts in billions of Malawi Kwacha unless specified otherwise.

	31 December 2020	31 December 2019	Actual Change in Profit for the Year ended
First Discount House Ltd	3.26	2.24	45.41%
First Capital Bank Ltd	8.03	6.63	21.07%
MyBucks Banking Corporation	2.24	1.47	52.74%
RBM	35.25	30.54	15.42%
Ecobank	7.75	7.10	9.21%
CDH Investment Bank	3.09	2.31	33.69%
Emeritus Reinsurance Company Ltd	0.23	0.32	-28.49%



## Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.24% to K791.87 per USD from K789.95 per USD in the previous week.



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

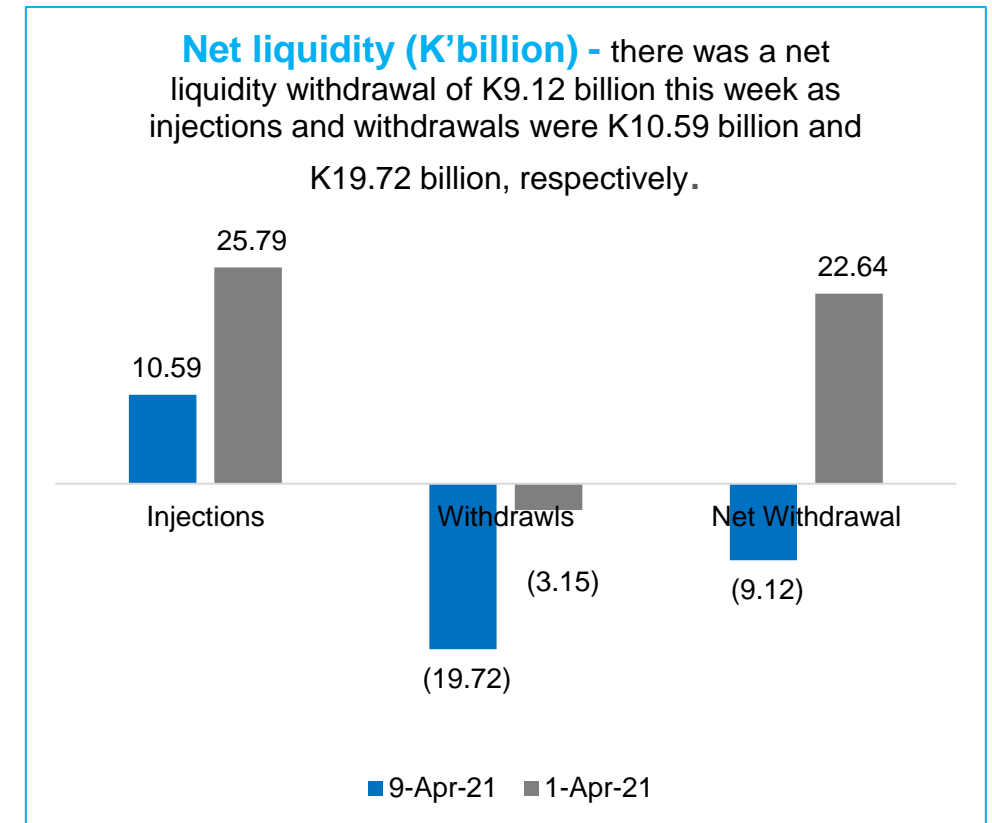
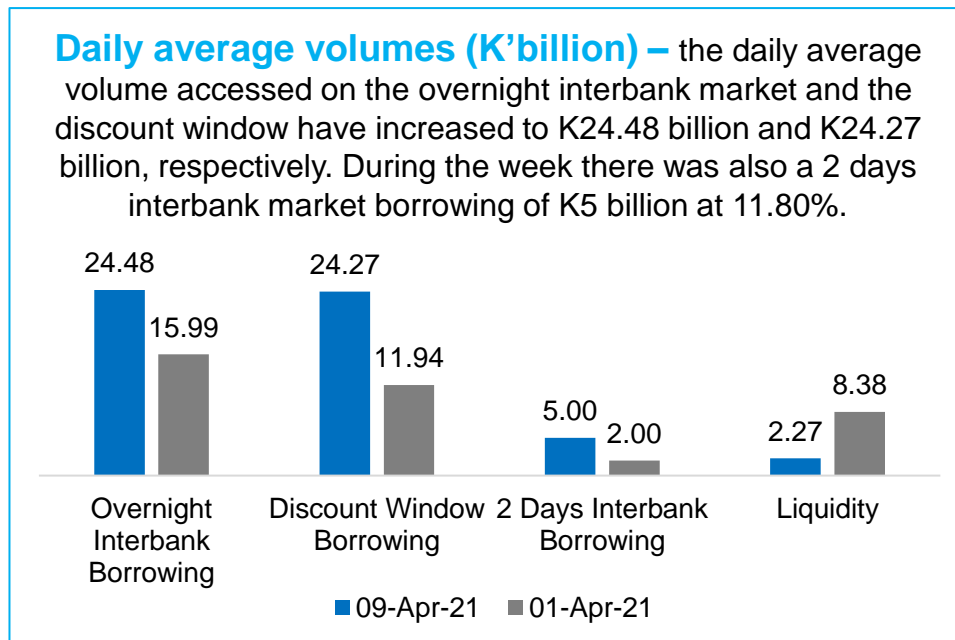
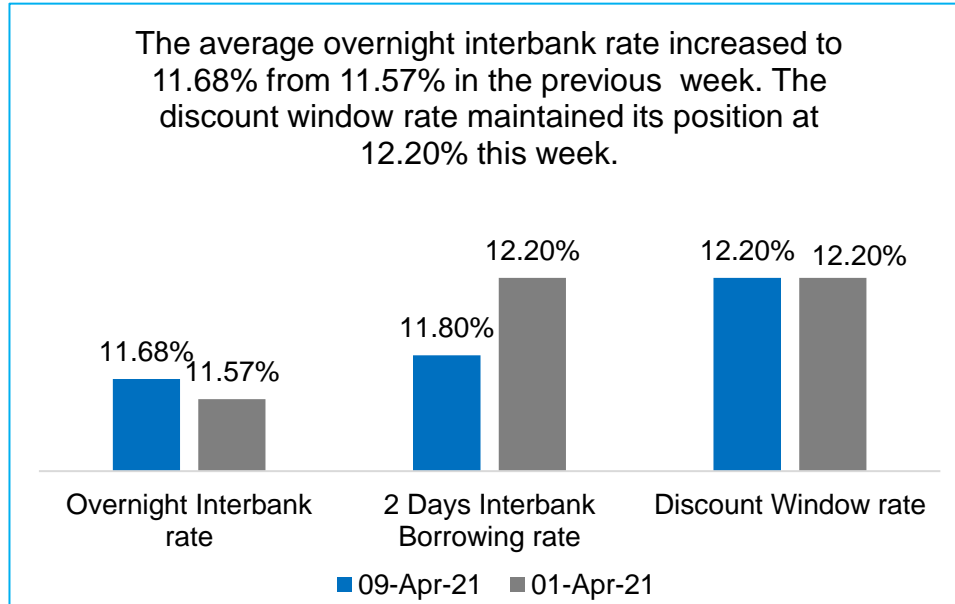
EUR – Euro                      USD – United States Dollar  
 GBP – Great British Pound    ZAR – South African Rand





## Other financial market developments (Source: RBM and NSO)

*The average overnight interbank rate increased to 11.68% from 11.57% in the previous week.*



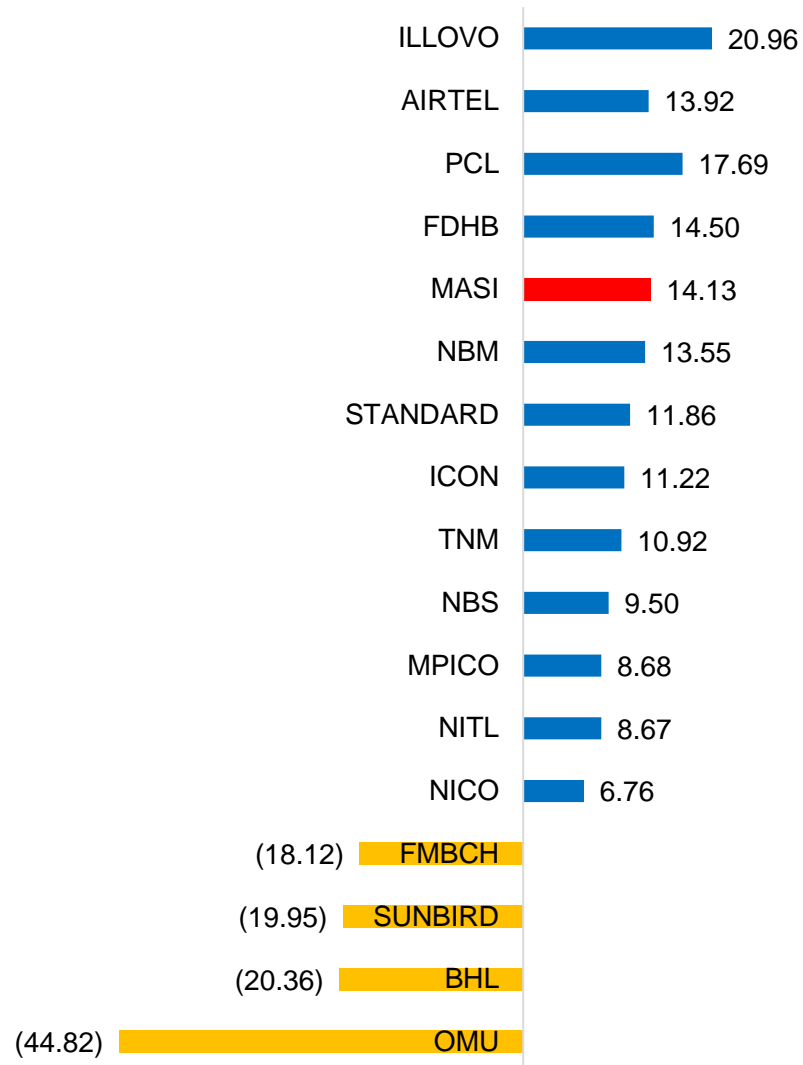
## Appendix



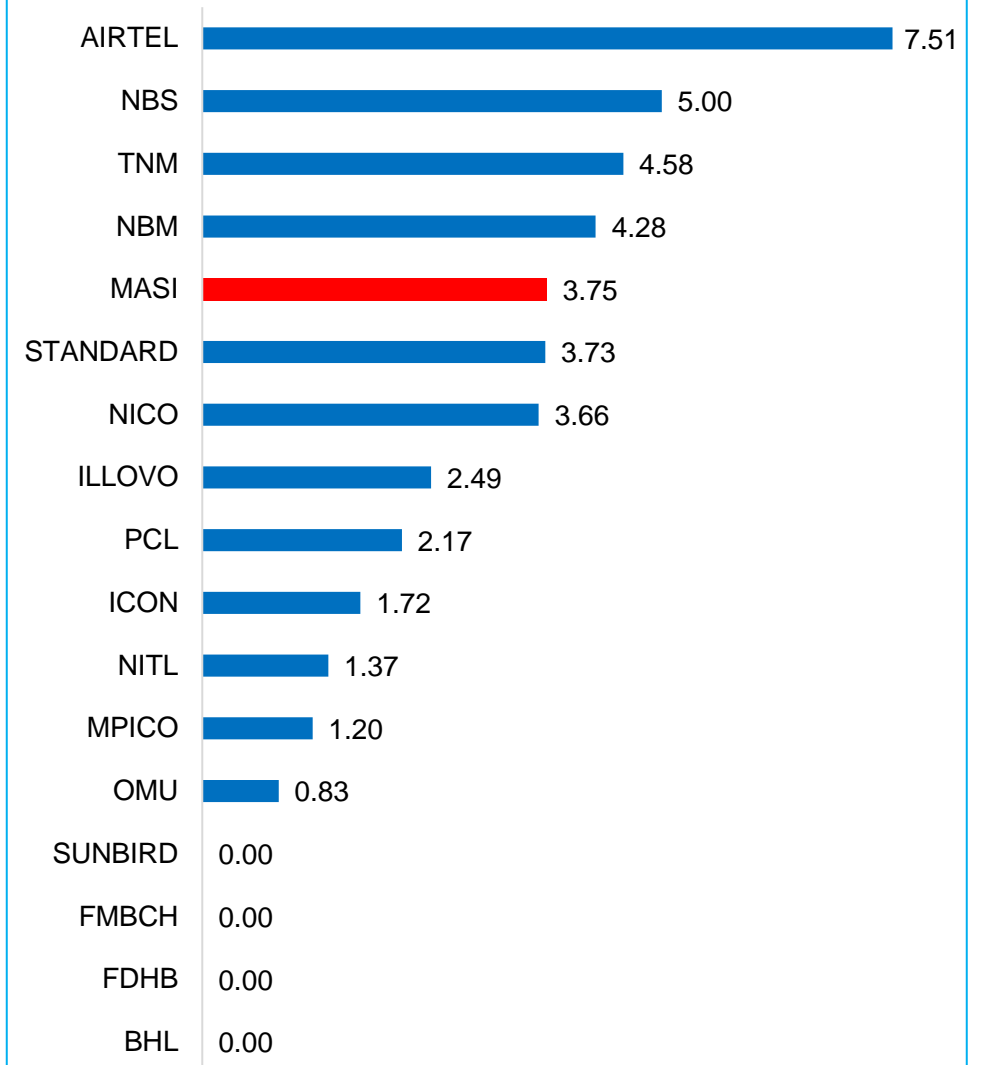
## Appendix A - Equity market

*The weighted average dividend yield on the MSE is 3.75%. The MSE has a weighted average Price to Earnings ratio of 14.13.*

**P/E ratio** - the MSE has a weighted average Price to Earnings ratio of 14.13. 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 3.75%. The counter with the highest dividend yield is Airtel at 7.51%.

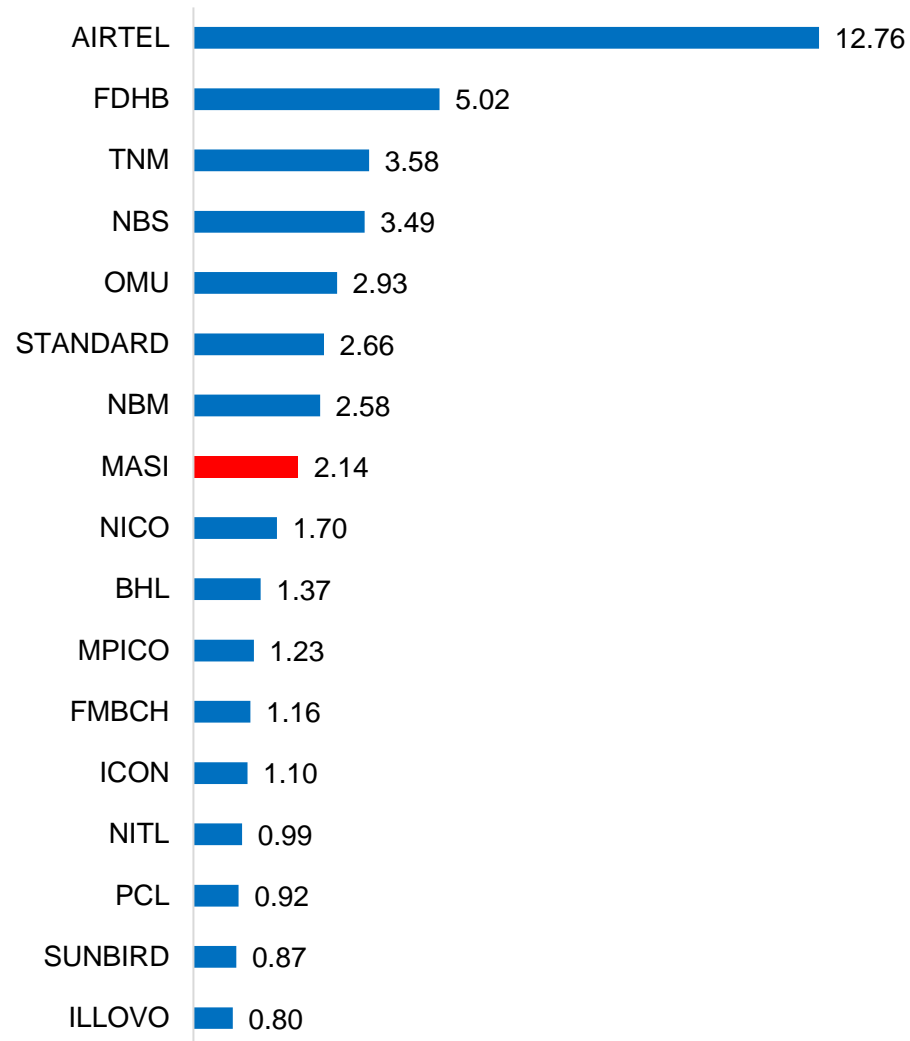




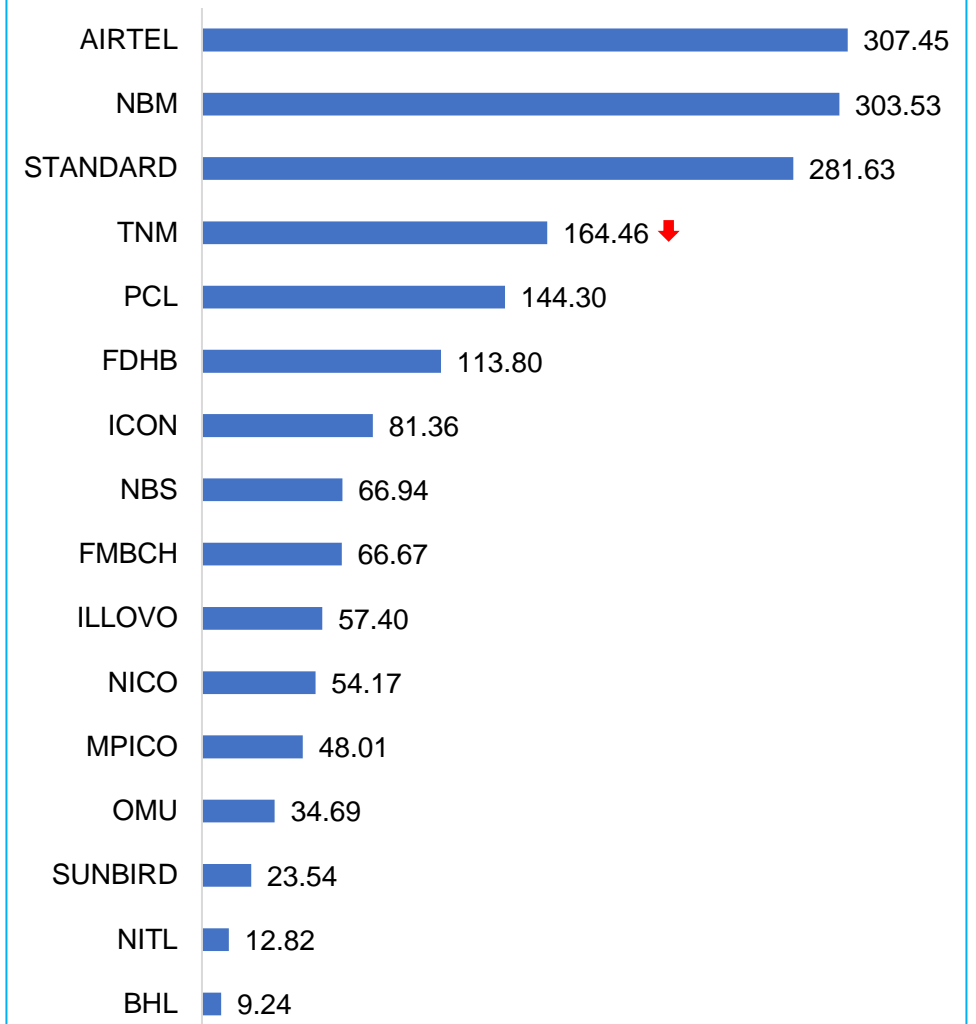
## Appendix A - Equity market (Continued)

The weighted average Price to Book Value ratio on the MSE is 2.14. Airtel leads the MSE counters with a market capitalization of K307.45 billion. The total market capitalization is K1.77 trillion.

**P/BV ratio** - the weighted average Price to Book Value ratio on the MSE is 2.14. Airtel has the highest ratio at 12.76 while Illovo has the lowest ratio at 0.80.



**Market Capitalization (K'billion)** - Airtel leads the MSE counters with a market capitalization of K307.45 billion. The total market capitalization is K1.77 trillion





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*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.*

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## 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
NBM	Declared	Second interim	5.35	12 March 2021	31 March 2021
Illovo	Proposed	Final	2.00	12 March 2021	31 March 2021
OMU	Proposed	Final	18.25	16 April 2021	24 May 2021
Standard Bank	Declared	Second Interim	12.78	TBA	TBA
Standard Bank	Proposed	Final	21.31	TBA	TBA
NBS	Proposed	Final	0.70	TBA	TBA
Airtel	Proposed	Final	2.10	TBA	TBA

#### 8. Annual general meeting

Company	Venue	Date	Time
BHL	Virtual AGM	19 April 2021	15:30 hours

## Disclaimer

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## Contact Information

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

Tel No: + 265 1 828 355

Email: [info@bridgepathcapitalmw.com](mailto:info@bridgepathcapitalmw.com)

Website: [www.bridgepathcapitalmw.com](http://www.bridgepathcapitalmw.com)