

# Financial Market Update

| Week ending 13 May 2021

# Financial market highlights for the week ending 13 May 2021

The following highlights compare the week ending 13 May 2021 to the week ending 7 May 2021:



## Government securities market (Source: RBM)

- A total of K5.82 billion was allotted during this week's Treasury Bill (TB) auctions.
- There were nil rejections during the TB auctions.
- The 364-days TB had the highest subscription rate of 75.53%.



## Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.68% to K802.77/USD from K797.36/USD in the previous week.
- Based on middle rates, the Kwacha also depreciated against the GBP (to K1,182.81/GBP from K1,162.37/GBP), the EUR (to K1,031.44/EUR from K1,021.83/EUR) and the ZAR (to K60.95/ZAR from K60.43/ZAR), during the period under review.



## Equity market (Source: MSE)

- The stock market was bearish this week as the MASI marginally decreased to 33,398.30 points from 33,433.19 points in the previous week. This was due to a share price loss for MPICO to K19.00 from K20.88, which offset share price gains for FMBCH (to K34.00 from K33.00), Airtel (to K31.02 from K31.01), and NBM (to K650.07 from K650.06), during the period under review.
- The year-to-date return of the MASI was 3.10% at the close of this week. It was negative 5.78% in the previous year, during the same period.



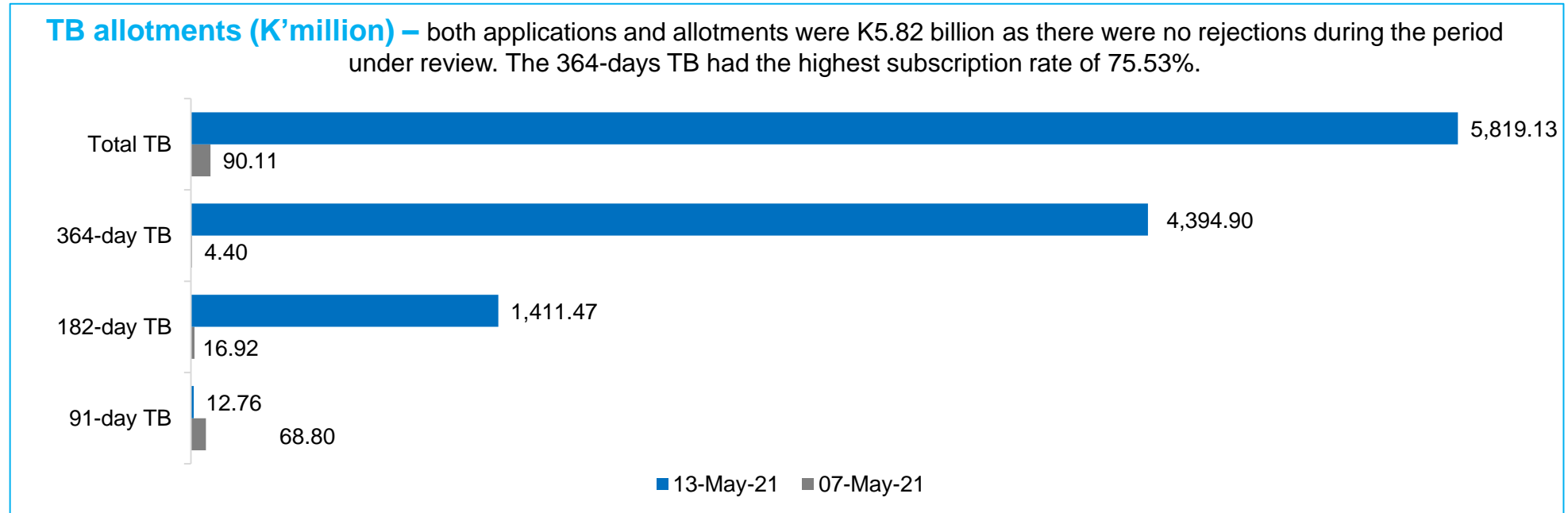
## Financial market developments (Source: RBM)

- The average overnight interbank rate increased to 11.92% from 11.89% in the previous week.
- During the week under review, there was additional borrowing for the 2-days, 5-days, 7-days and 12-days interbank tenors. The respective volumes were K5.00, K8.10, K7.00, and K6.00 billion.

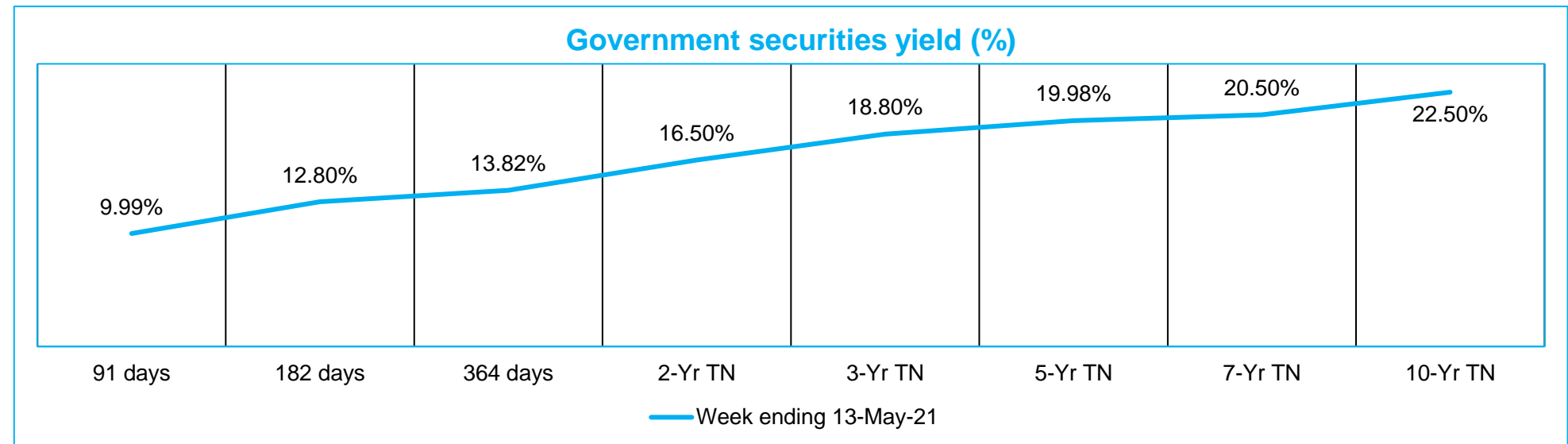


A total of K5.82 billion was allotted during this week's Treasury Bills (TBs) auctions.

**Government securities (Source: RBM)**



The average All-type TB yield increased to 12.20% from 12.19% during the period under review.



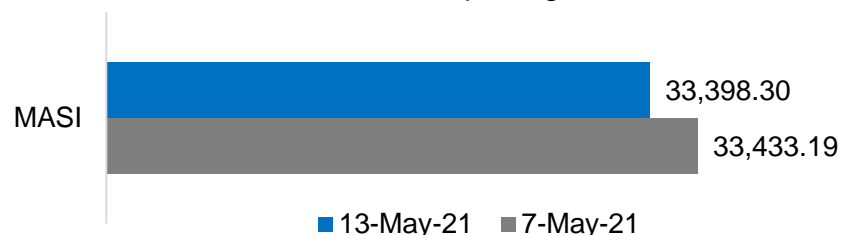
TB - Treasury Bill  
TN - Treasury Note



The stock market was bearish this week as the MASI marginally decreased to 33,398.30 points from 33,433.19 points in the previous week. Year-to-date, the MASI return is 3.10%.

## Equity market (Source: MSE)

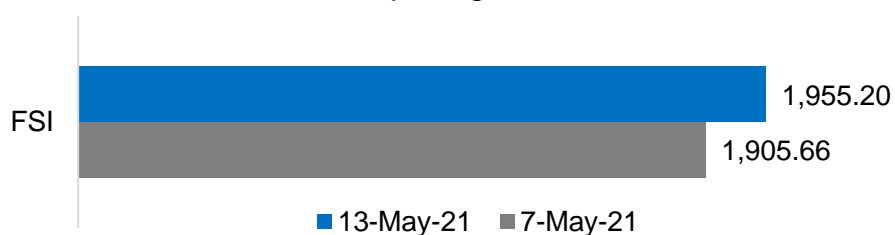
**MASI** – the stock market was bearish this week as the MASI marginally decreased to 33,398.30 points from 33,433.19 points in the previous week. This was due to a share price loss in MPICO which offset share price gains in three counters.



**DSI** – the DSI marginally decreased to 28,187.11 points from 28,256.95 points in the previous week due to a share price loss in MPICO which offset marginal share price gains in Airtel and NBM.

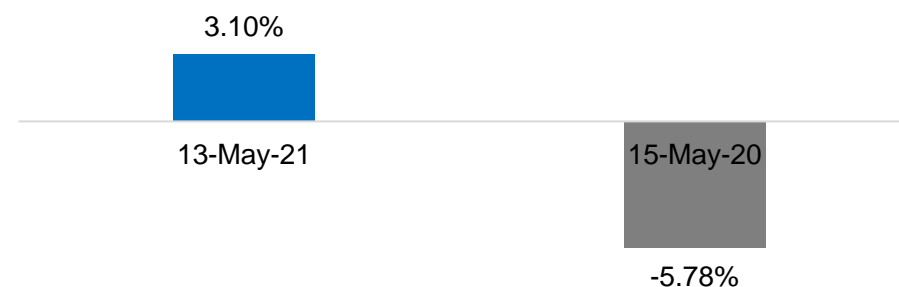


**FSI** – the FSI increased to 1,955.20 points from 1,905.66 points during the period under review due to a share price gain for FMBCH.

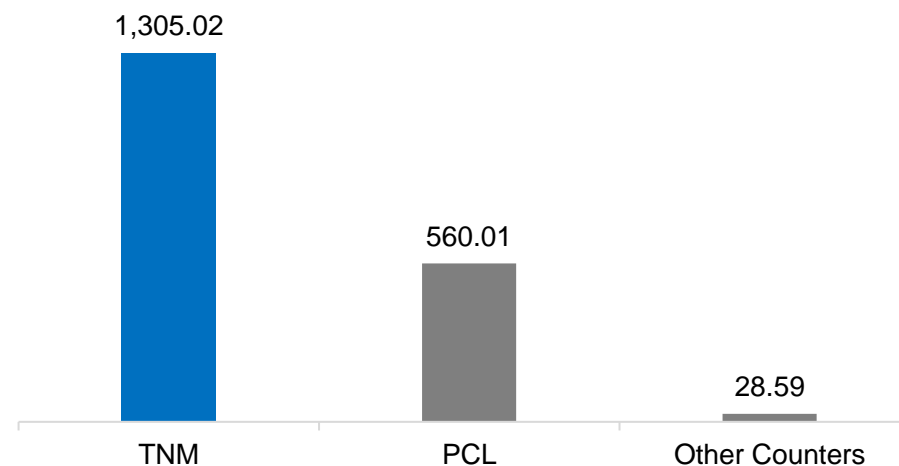


MASI: Malawi All Share Index  
DSI: Domestic share Index  
FSI: Foreign share Index

**MASI YTD Return (%)** – the MASI closed the week with a year-to-date return of 3.10% (it was negative 5.78% during the same time in the previous year).



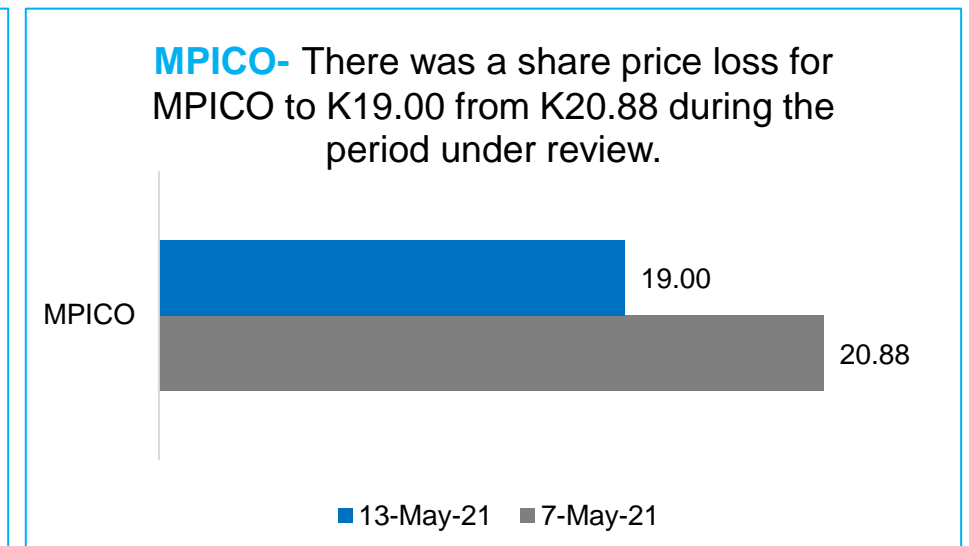
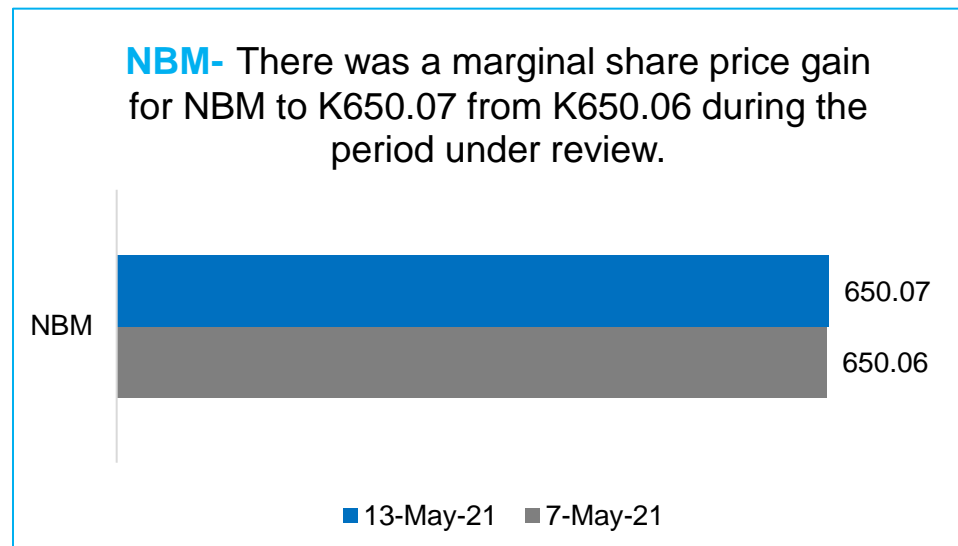
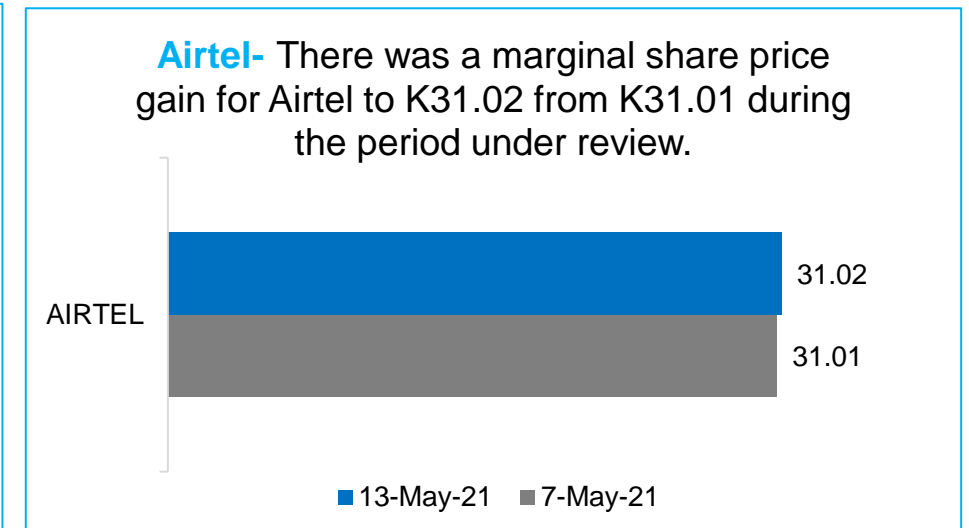
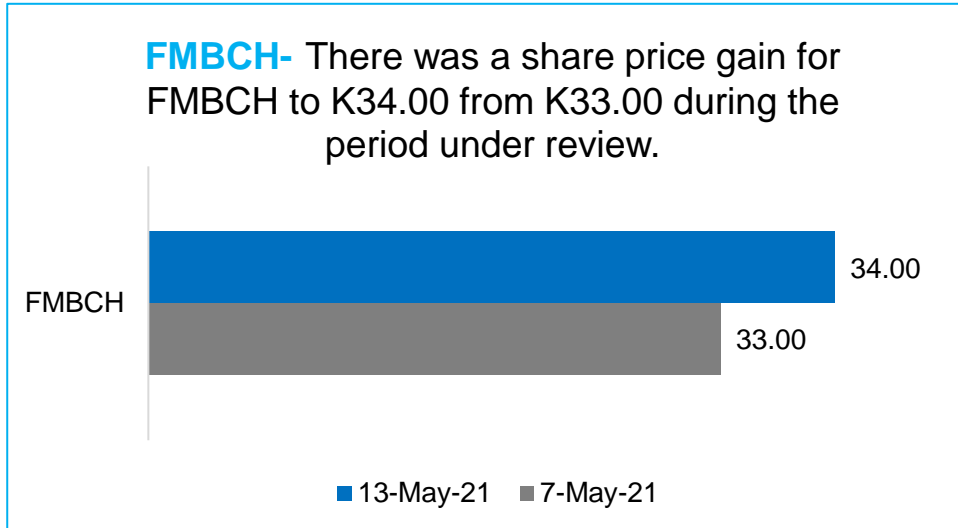
**Value of Shares Traded (K'million)** – TNM had the highest value of shares traded at K1.30 billion. The total value of shares traded this week was K1.9 billion.





## Equity market (Continued)

*There were share price gains for FMBCH (to K34.00 from K33.00), Airtel (to K31.02 from K31.01) and NBM (to K650.07 from K650.06). There was a marginal share price loss for MPICO to K19.00 from K20.88, during the period under review.*





*12 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)
		13-May-21
1	BHL	11.00
2	FDHB	16.46
3	ICON	12.16
4	ILLOVO	80.46
5	NBS	23.00
6	NICO	51.92
7	NITL	94.94
8	OMU	2,190.00
9	PCL	1,199.94
10	STANDARD	1,200.14
11	SUNBIRD	90.00
12	TNM	16.35





According to their audited summary consolidated financial statements for the year ended 31 December 2020, Press Corporation Plc closed the year with a profit after tax of K19.90 billion from a profit of K22.87 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 over prior year
PCL	19.90	22.87	-13.00%	-
ICON	8.79	7.41	18.62%	20%
MPICO	4.34	7.68	-43.48%	-40%
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%

\*USD'mn

\*\*Rands bn



According to their half year trading statement, BHL expects a 500% decrease in profits for the period ending 31 March 2021 to at least a loss of K280.05 million from a profit of K70.01 million in 2020.

## Equity market (Continued)

### Corporate announcements (Source: MSE)

#### 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%

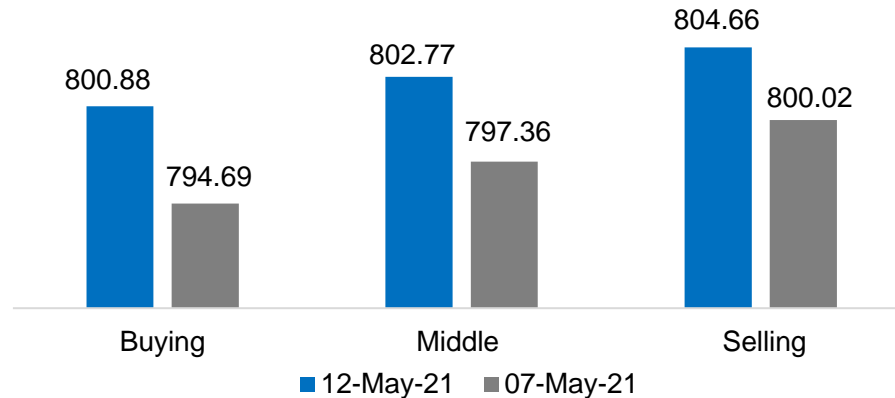




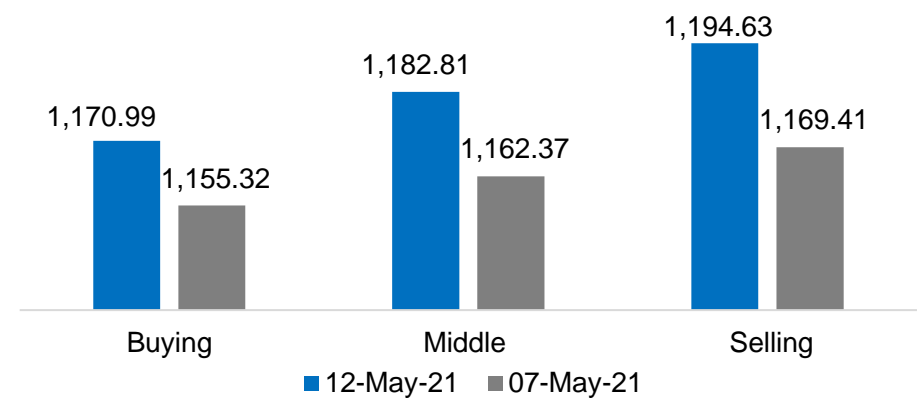
Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.68% to K802.77/USD from K797.36/USD in the previous week.

## Currency market (Source: RBM)

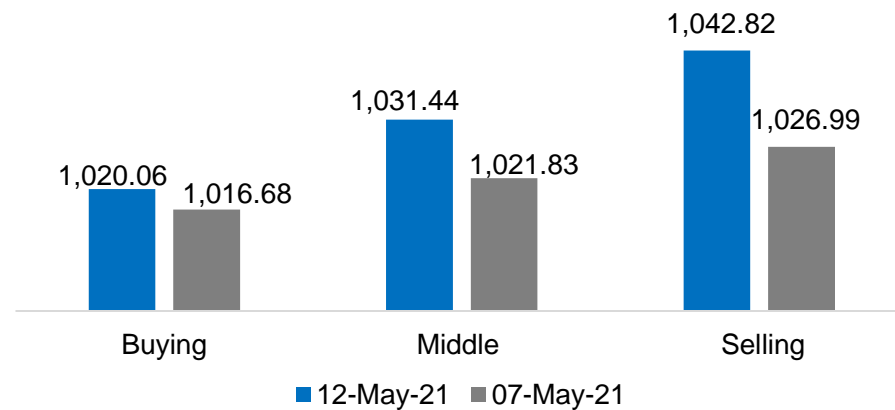
**MWK/USD-** The Kwacha marginally depreciated against the USD by 0.68% to K802.77/USD from K797.36/USD in the previous week (middle rates).



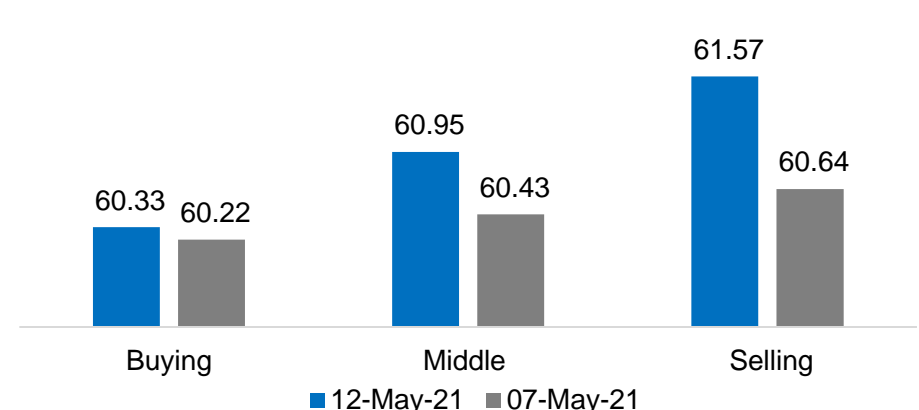
**MWK/GBP-** The Kwacha depreciated against the GBP by 1.76% to K1,182.81/GBP from K1,162.37/GBP in the previous week (middle rates).



**MWK/EUR-** The Kwacha marginally depreciated against the EUR by 0.94% to K1,031.44/EUR from K1,021.83/EUR in the previous week (middle rates).



**MWK/ZAR-** The Kwacha marginally depreciated against the ZAR by 0.86% to K60.95/ZAR from K60.43/ZAR in the previous week (middle rates).

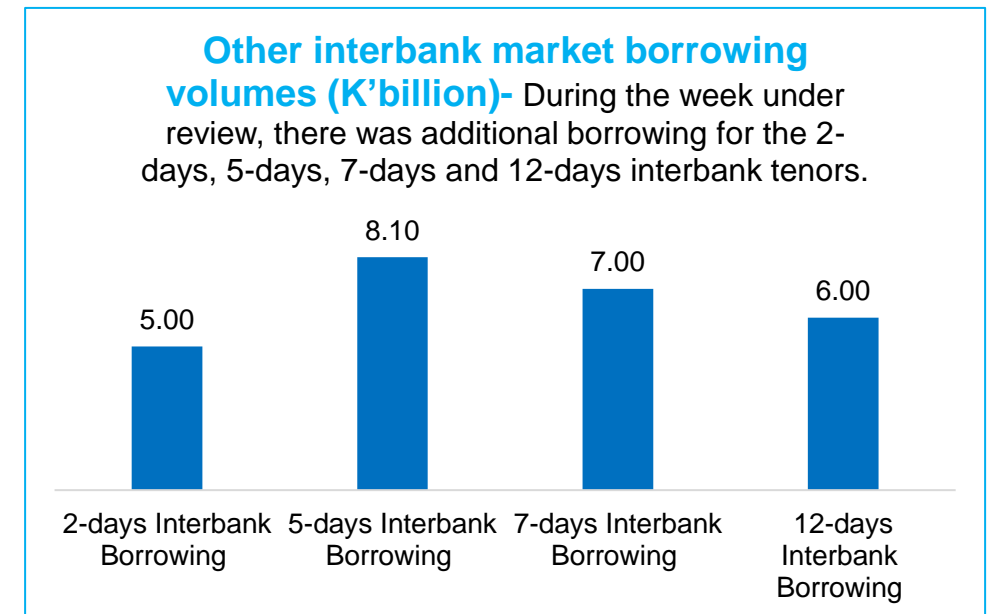
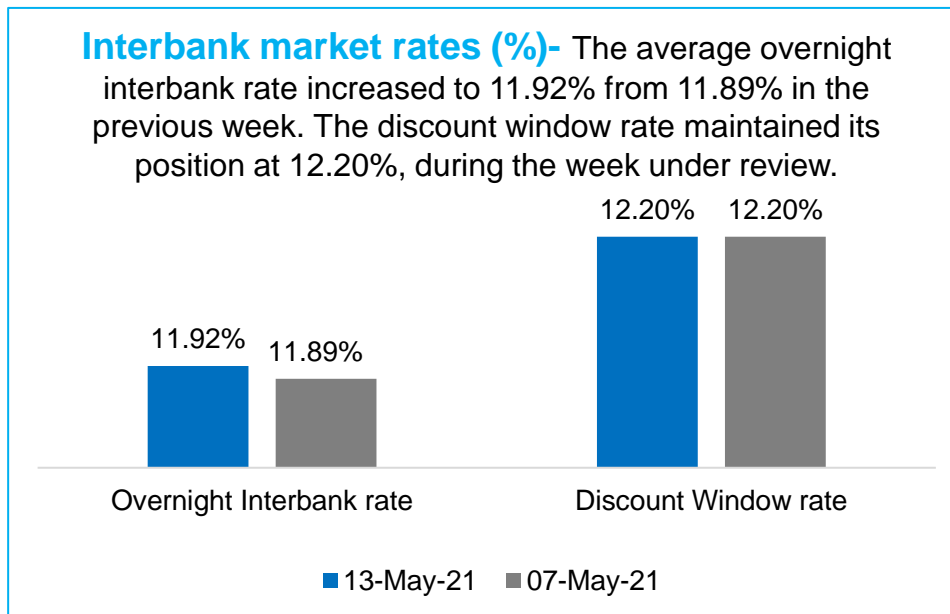
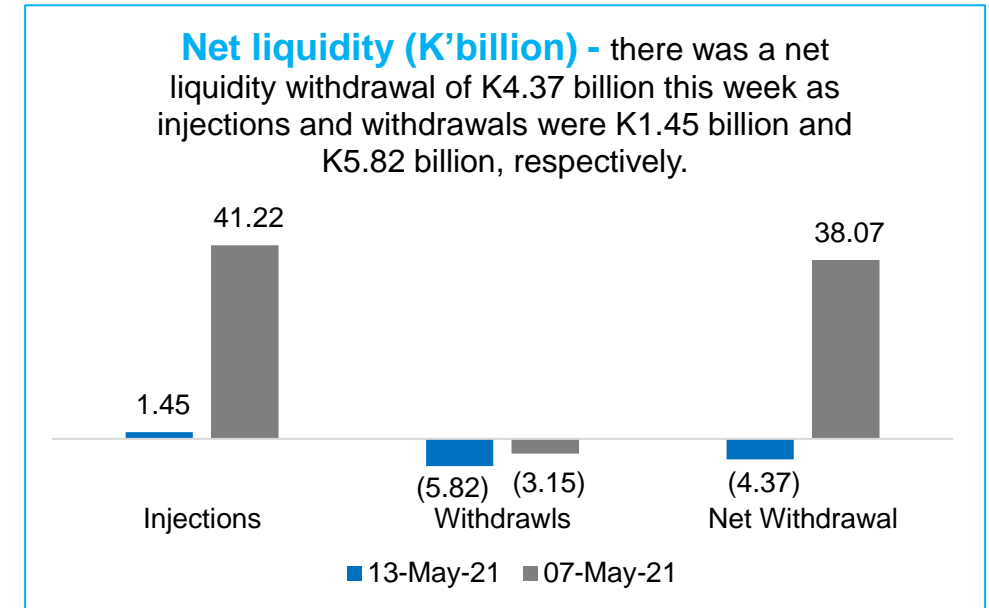
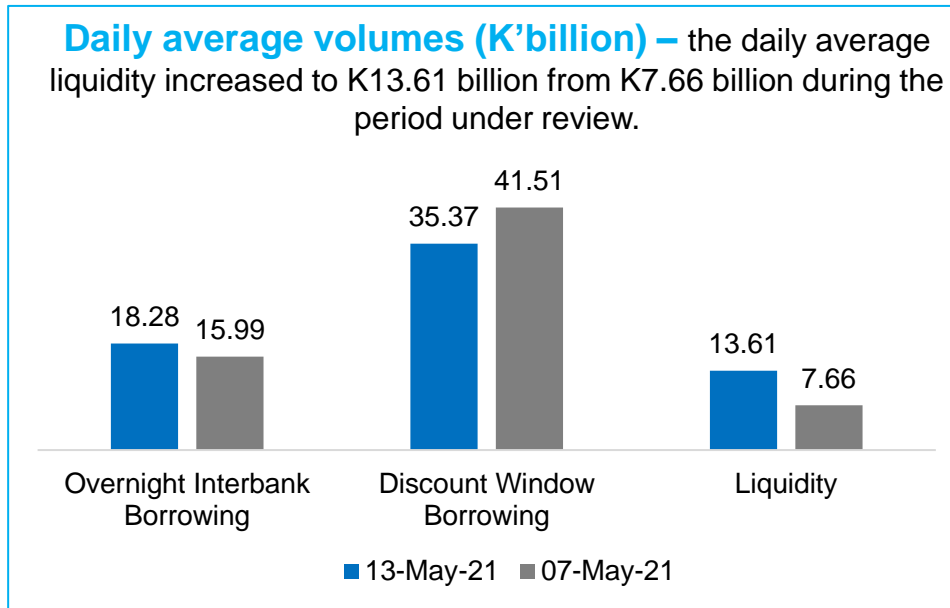


*NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.*



The average overnight interbank rate increased to 11.92% from 11.89% in the previous week.

## Other financial market developments (Source: RBM)





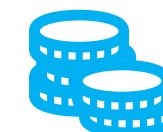
## Economic indicators

Selected Economic Indicators				
<b>Foreign Exchange Reserves as at 30-Apr-2021</b> (Source: RBM)				
	Reserves (US\$'mn)	Import Cover (Months)		
Private Sector Foreign Exchange Reserves	392.01	1.88		
Gross Official Foreign Exchange Reserves	392.61	1.88		
<i>NB: US\$209.0 million import requirement per month is used in the calculations</i>				
<b>Rates (Source: RBM)</b>		<b>Current Rate</b>	<b>Effective Date</b>	
Reference Rate		12.10%	6-May-21	
Policy Rate		12.00%	29-Apr-21	
<b>Inflation</b>				
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		8.6%		
<b>Commodities</b>		<b>Apr-2021</b>	<b>Apr-2020</b>	
ESCOM Electricity Average Tariffs (Source: MERA)		MWK104.46/kWh	MWK94.43/kWh	
OPEC Reference Basket Price		US\$63.24/b	US\$17.66/b	
AHL Tobacco Sales		US\$1.69/kg	US\$1.57/kg	
IFPRI Average retail maize price		MWK171/kg	MWK177/kg	
<b>Real GDP Growth Forecast for Malawi</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>
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 Country Partnership Framework		0.8%	2.8%	3.0%

## Highlights



EIU 2021 Malawi  
Real GDP Growth rate  
estimate 2.3%



EIU 2021 inflation  
projection 9.1%



May 2021 Reference  
Rate 12.10%



Policy rate 12.00%



OPEC Reference  
Basket Price April  
2021 US\$63.24/b



ESCOM Electricity  
Average Tariffs  
MWK104.46/kWh

## Appendix



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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

**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.



*PCL has proposed a final dividend of K25 per share, in respect of its financial year ended 31 December 2020.*

## Appendix A - Equity market (Continued)

### Corporate Announcements (continued)

#### 4. 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
PCL	Proposed	Final	25.00	20 August 2021	27 August 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	0.50	TBA	TBA
FMBCH	Proposed	Final	0.62	TBA	TBA
TNM	Proposed	Final	0.10	TBA	TBA
ICON	Proposed	Final	0.12	TBA	TBA
MPICO	Proposed	Final	0.28	TBA	TBA

#### 5. Annual general meeting

Company	Venue	Date	Time
FDHB	Virtual AGM	28 May 2021	09:00 hours
NBM	Virtual AGM	4 June 2021	14:00 hours

*TBA: To be Announced*

## Disclaimer

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