

Financial Market Update

| Week ending 21 May 2021



Financial market highlights for the week ending 21 May 2021

The following highlights compare the week ending 21 May 2021 to the week ending 13 May 2021:



Government securities market (Source: RBM)

- A total of K12.73 billion was allotted during this week's Treasury Bills (TBs) and 2-Year Treasury Note (TN) auctions.
- There were nil rejections during the TB auctions.
- The 2-Year TN had a rejection rate of 13.37%.
- The 364-days TB had the highest subscription rate of 59.95%.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.14% to K802.22/USD from K801.11/USD in the previous week.
- Based on middle rates, the Kwacha also depreciated against the GBP (to K1,192.11/GBP from K1,175.77/GBP), the EUR (to K1,040.81/EUR from K1,025.90/EUR) and the ZAR (to K61.19/ZAR from K60.45/ZAR), during the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI marginally increased to 33,606.87 points from 33,398.30 points in the previous week. This was due to share price gains for Airtel (to K32.50 from K31.02) and Standard bank (to K1,200.15 from K1,200.14), which offset share price losses for MPICO (to K17.00 from K19.00), ICON (to K12.14 from K12.16), TNM (to K16.34 from K16.35), and FDH bank (to K16.42 from K16.46), during the period under review.
- The year-to-date return of the MASI was 3.75% at the close of this week. It was negative 5.78% in the previous year, during the same period.



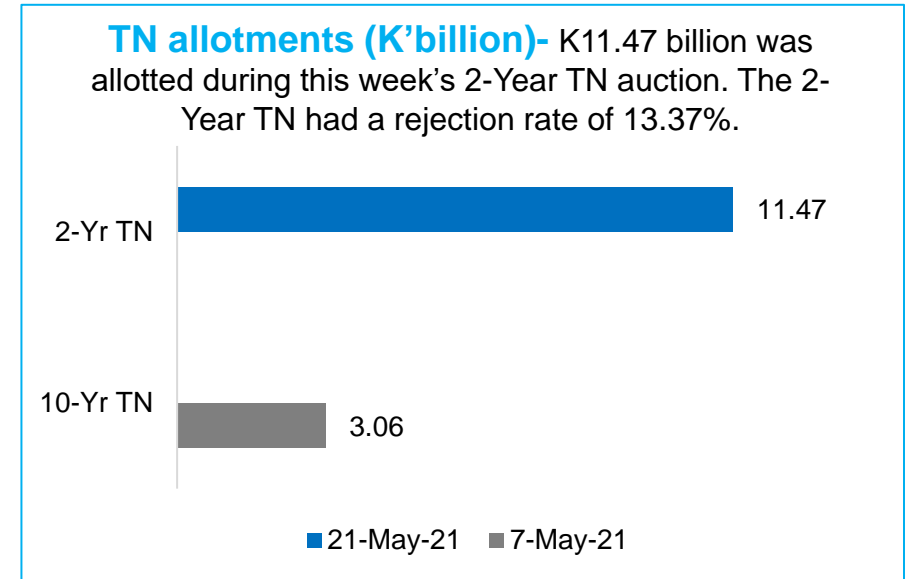
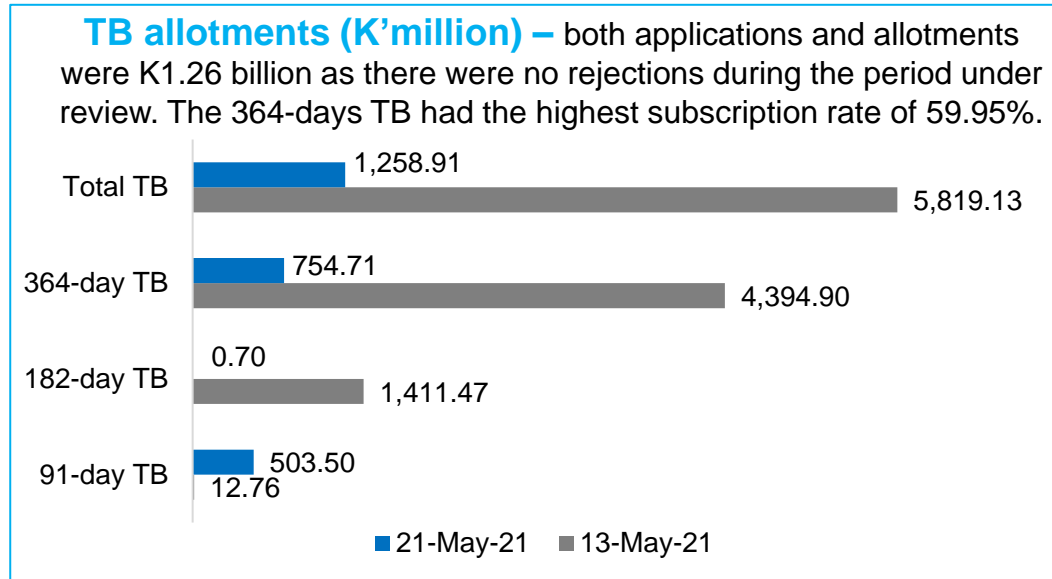
Financial market developments (Source: RBM & Company Financials)

- The average overnight interbank rate maintained its position at 11.92% during the period under review.
- The daily average liquidity decreased to K11.21 billion from K13.61 billion during the period under review.
- According to their audited summary financial statements for the year ended 31 December 2020, Alliance Stockbrokers Limited closed the year with a loss after tax of K11.95 million.

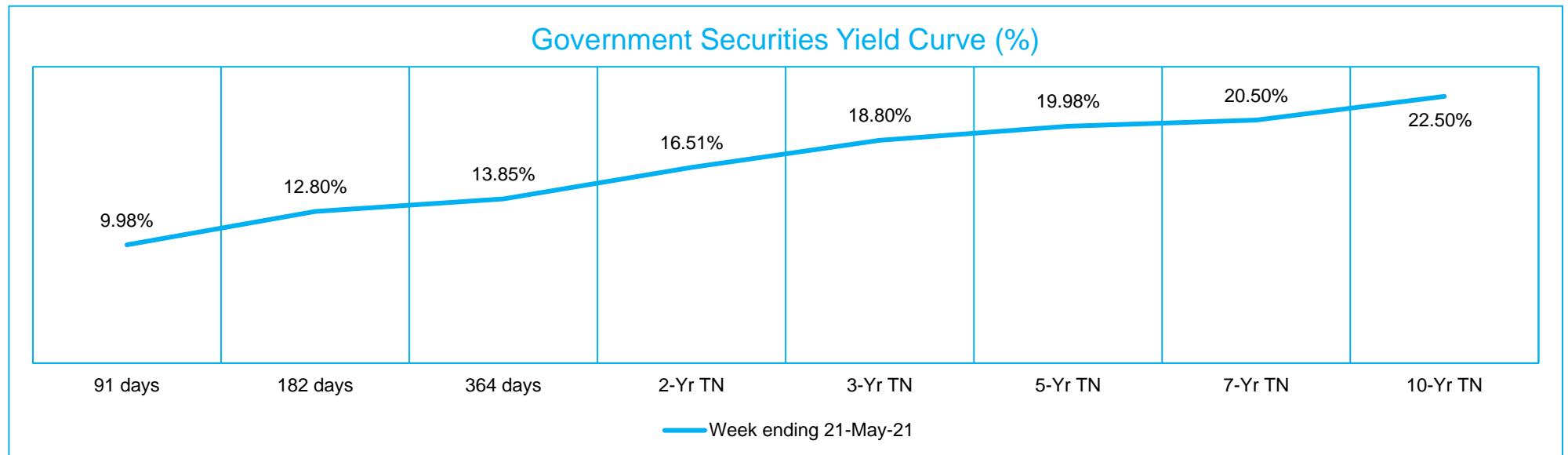


Government securities (Source: RBM)

A total of K12.73 billion was allotted during this week's Treasury Bills (TBs) and 2-Yr TN auctions.



The average All-type TB yield increased to 12.21% from 12.20% during the period under review.



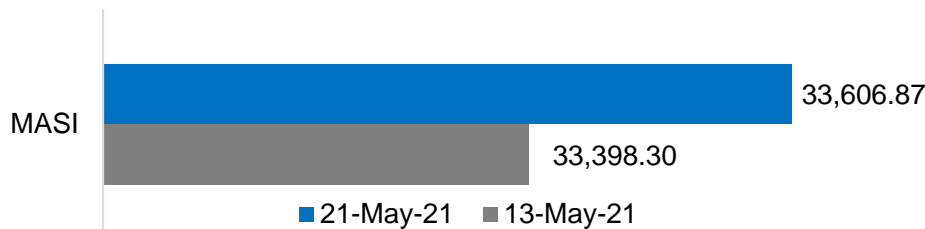
TB - Treasury Bill
TN - Treasury Note



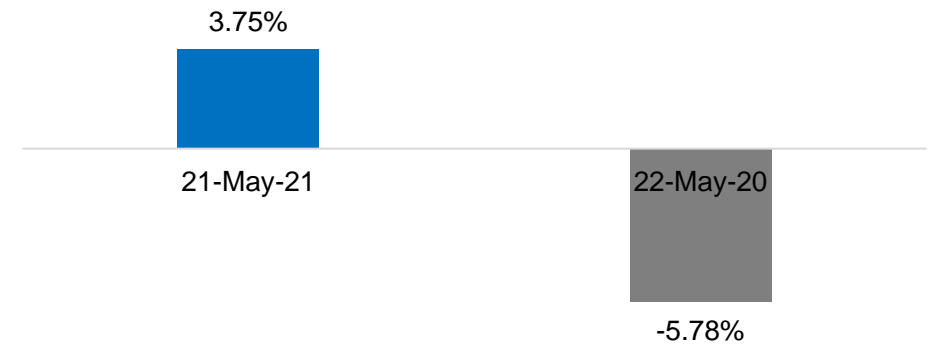
The stock market was bullish this week as the MASI marginally increased to 33,606.87 points from 33,398.30 points in the previous week. Year-to-date, the MASI return is 3.75%.

Equity market (Source: MSE)

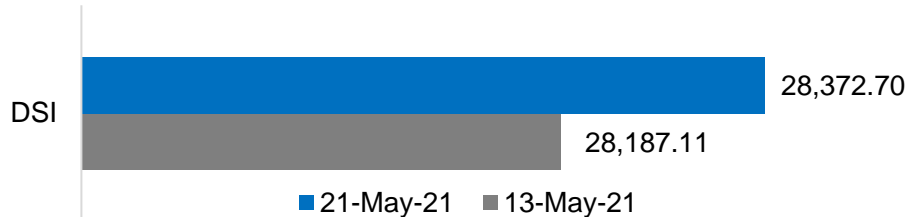
MASI – the stock market was bullish this week as the MASI marginally increased to 33,606.87 points from 33,398.30 points in the previous week. This was due to share price gains in two counters which offset share price losses in four counters.



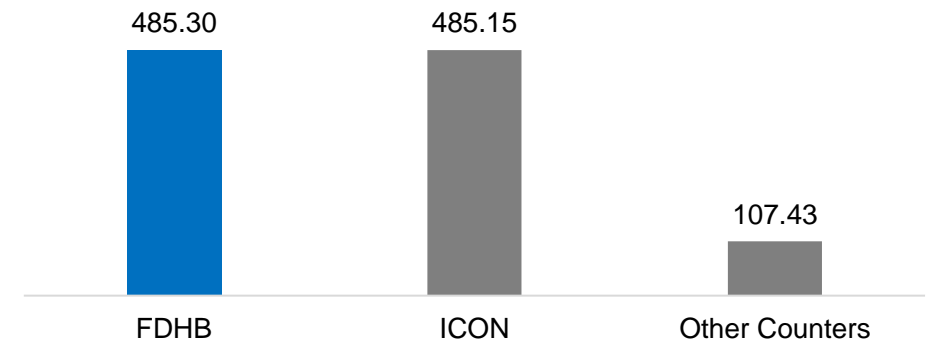
MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 3.75% (it was negative 5.78% during the same time in the previous year).



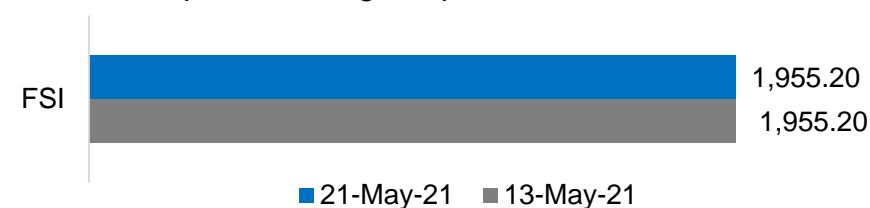
DSI – the DSI marginally increased to 28,372.70 points from 28,187.11 points in the previous week due to share price gains in Airtel and Standard bank which offset share price losses in MPICO, FDH bank, ICON and TNM.



Value of Shares Traded (K'million) – FDH bank had the highest value of shares traded at K485.30 million. The total value of shares traded this week was K1.08 billion.



FSI – the FSI maintained its position at 1,955.20 points during the period under review.



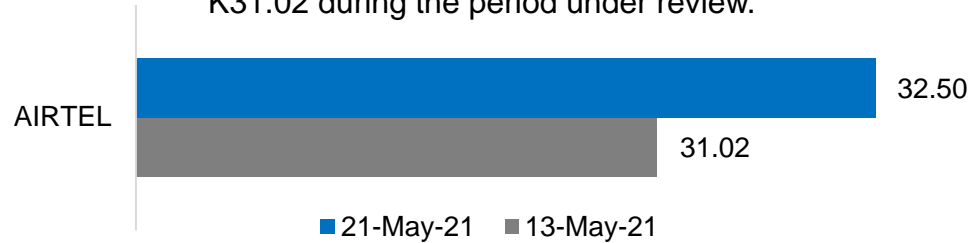
MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



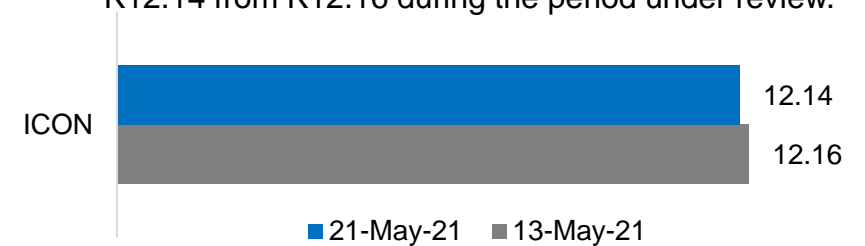
There were share price gains for Airtel (to K32.50 from K31.02) and Standard bank (to K1,200.15 from K1,200.14). There were share price losses for MPICO (to K17.00 from K19.00), ICON (to K12.14 from K12.16), TNM (to K16.34 from K16.35), and FDH bank (to K16.42 from K16.46), during the period under review.

Equity market (Continued)

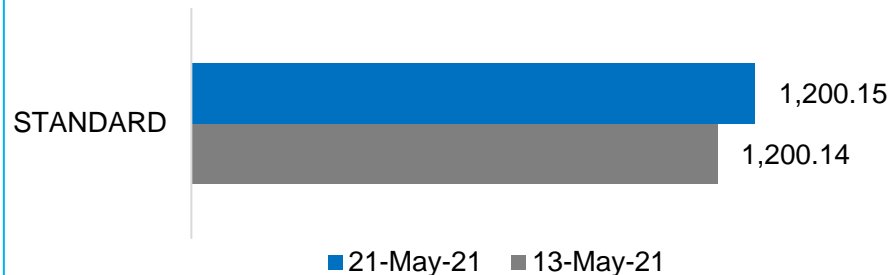
Airtel- There was a share price gain for Airtel to K32.50 from K31.02 during the period under review.



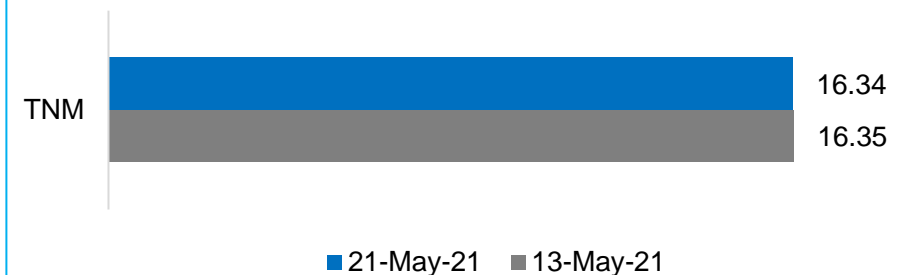
ICON- There was a marginal share price loss for ICON to K12.14 from K12.16 during the period under review.



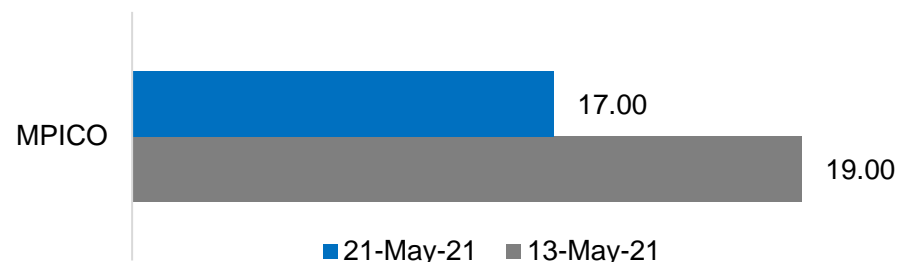
Standard Bank There was a marginal share price gain for Standard bank to K1,200.15 from K1,200.14 during the period under review.



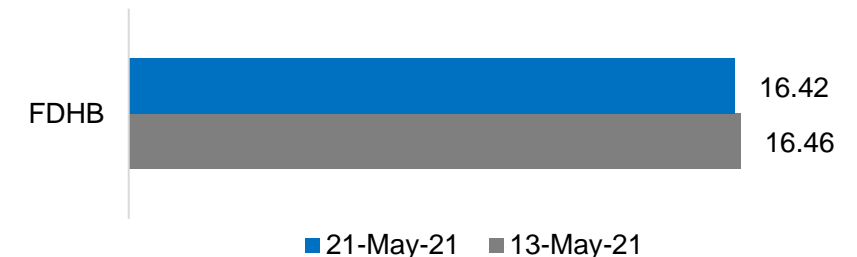
TNM- There was a marginal share price loss for TNM to K16.34 from K16.35 during the period under review.



MPICO- There was a share price loss for MPICO to K17.00 from K19.00 during the period under review.



FDH Bank- There was a marginal share price loss for FDH bank to K16.42 from K16.46 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) |
|-----|----------|-----------------|
| | | 21-May-21 |
| 1 | BHL | 11.00 |
| 2 | FMBCH | 34.00 |
| 3 | ILLOVO | 80.46 |
| 4 | NBM | 650.07 |
| 5 | NBS | 23.00 |
| 6 | NICO | 51.92 |
| 7 | NITL | 94.94 |
| 8 | OMU | 2,190.00 |
| 9 | PCL | 1,199.94 |
| 10 | SUNBIRD | 90.00 |



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% |

Other Summary Published Accounts (Source: Company Financials)

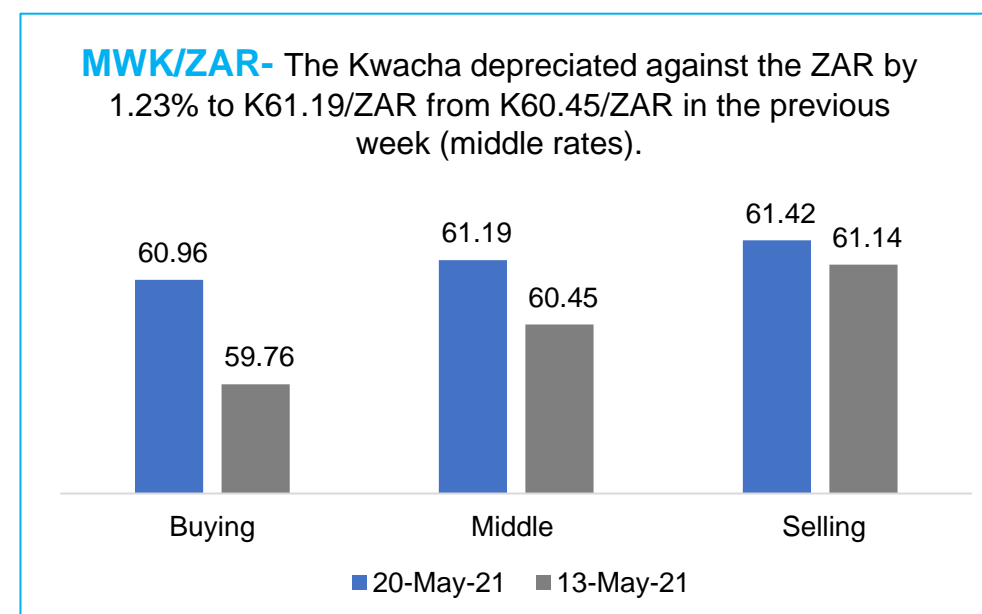
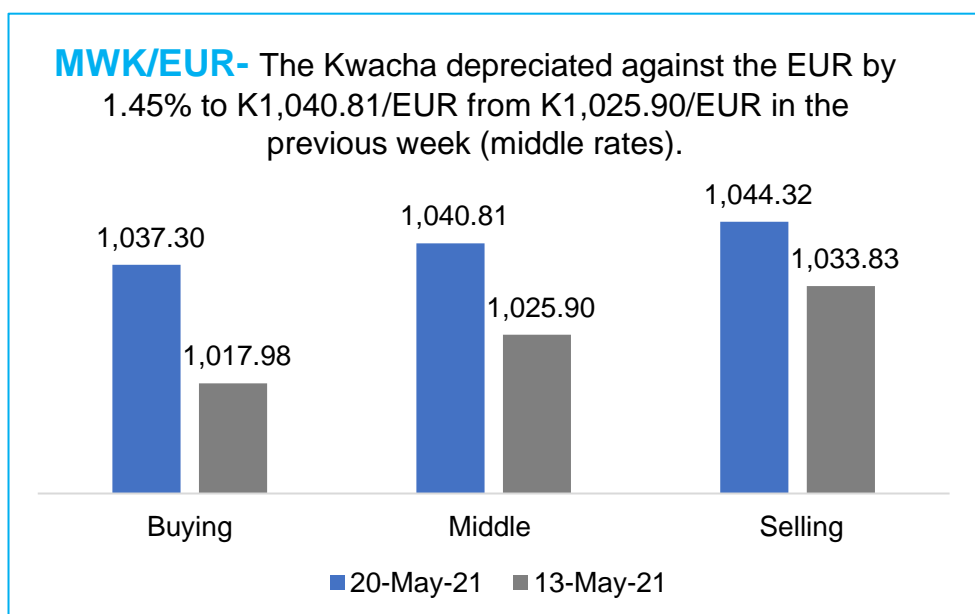
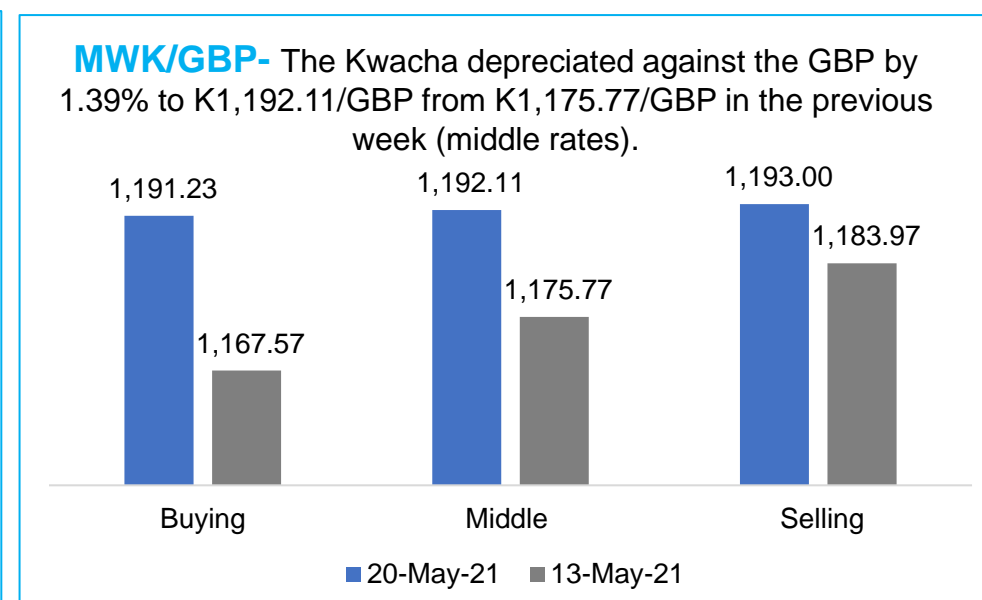
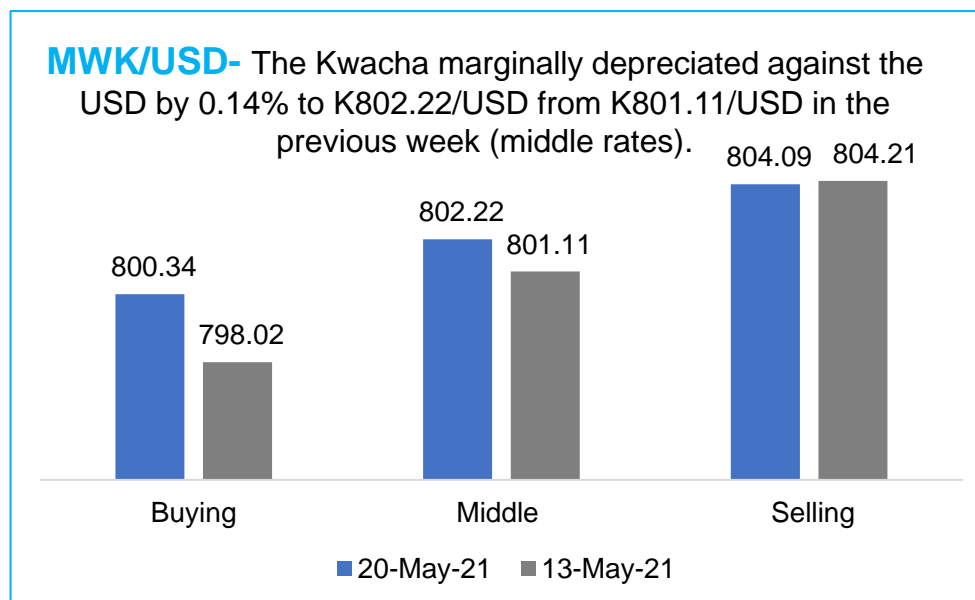
Amounts in millions of Malawi Kwacha unless.

| Company | 31 December 2020 | 31 December 2019 | Actual Change in Profit/Loss for the Year ended |
|---------------------------|------------------|------------------|---|
| Alliance Stockbrokers Ltd | (11.95) | 6.81 | -276% |



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.14% to K802.22/USD from K801.11/USD in the previous week.

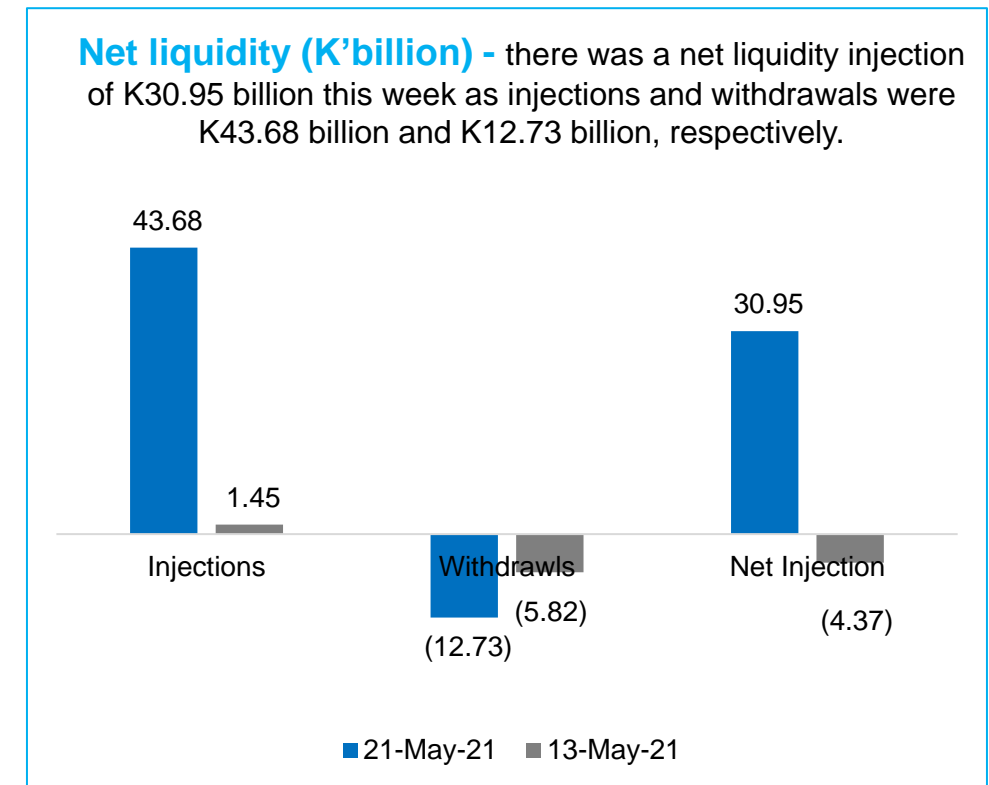
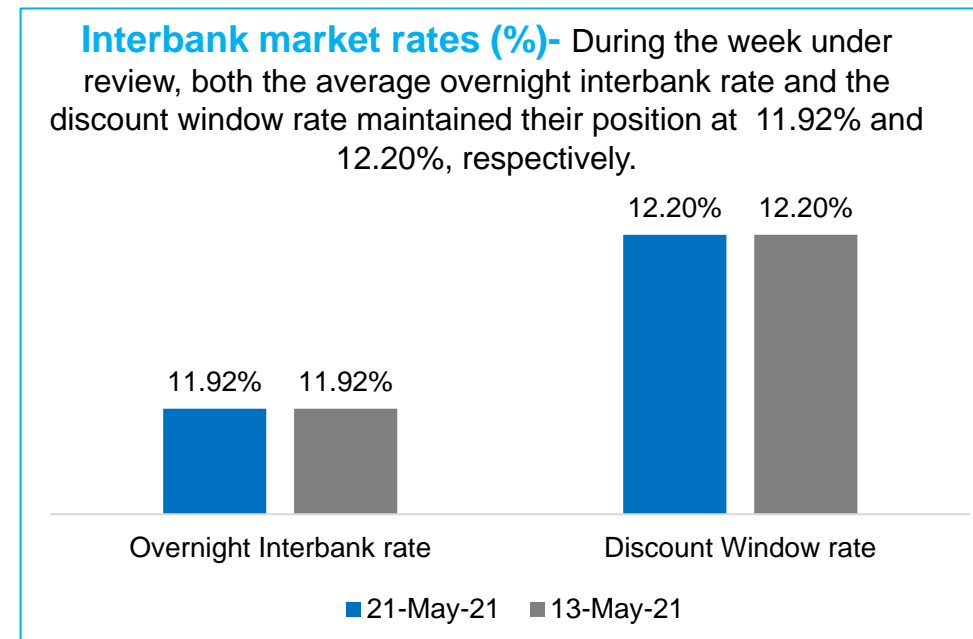
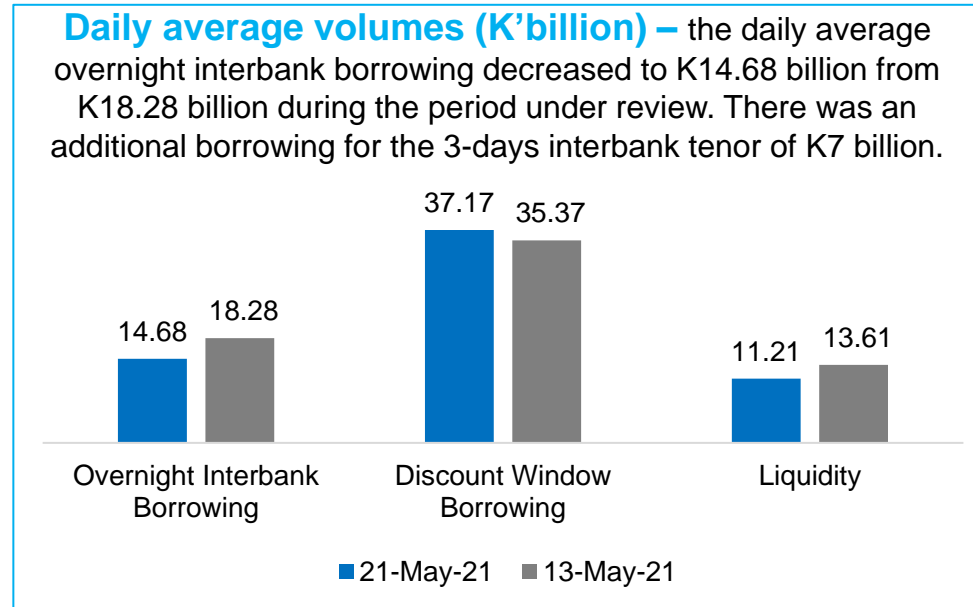


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



The average overnight interbank rate maintained its position at 11.92% during the period under review.

Other financial market developments (Source: RBM)





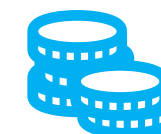
Economic indicators

| Selected Economic Indicators | | | |
|--|-------|-----------------|-----------------|
| 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% |
| RBM MPC report April 2021 forecast for 2021 (annual) | | | 8.4% |
| Average inflation forecast for 2021 | | | 8.6% |
| Commodities | | Apr-2021 | Apr-2020 |
| 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 |
| 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 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



| | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | Week ending 21 May 2021 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------------|
| Exchange rates | | | | | | | | | | | | | |
| MK/USD | 741.38 | 743.05 | 744.74 | 754.71 | 756.93 | 759.47 | 765.92 | 776.82 | 776.49 | 787.03 | 790.30 | 797.66 | 802.22 |
| MK/GBP | 920.44 | 924.12 | 994.33 | 1,024.89 | 999.88 | 1,015.11 | 1,061.76 | 1,070.14 | 1,107.24 | 1,140.90 | 1,139.62 | 1,164.37 | 1,192.11 |
| MK/EUR | 833.38 | 845.25 | 903.26 | 935.56 | 928.35 | 925.23 | 958.34 | 987.95 | 991.78 | 1,006.72 | 993.04 | 1,035.48 | 1,040.81 |
| MK/ZAR | 43.14 | 44.02 | 46.19 | 47.53 | 47.33 | 49.18 | 53.09 | 56.43 | 54.60 | 55.69 | 56.13 | 59.33 | 61.19 |
| Foreign Exchange Reserves | | | | | | | | | | | | | |
| Gross Official Reserves (USD'mn) | 662.98 | 682.66 | 651.41 | 642.86 | 546.99 | 635.05 | 584.89 | 574.26 | 502.98 | 483.38 | 410.16 | 392.01 | - |
| Private Sector Reserves (USD'mn) | 324.96 | 327.01 | 342.01 | 316.74 | 318.47 | 340.22 | 332.51 | 377.97 | 358.29 | 340.50 | 342.58 | 392.61 | - |
| Total reserves (USD'mn) | 987.94 | 1009.67 | 993.42 | 959.6 | 865.46 | 975.27 | 917.4 | 952.23 | 861.27 | 823.88 | 752.74 | 784.62 | - |
| Gross Official Reserves Import cover (months) | 3.17 | 3.27 | 3.12 | 3.08 | 2.62 | 3.04 | 2.80 | 2.75 | 2.41 | 2.31 | 1.96 | 1.88 | - |
| Inflation | | | | | | | | | | | | | |
| Headline | 8.70% | 8.50% | 8.00% | 7.60% | 7.10% | 7.50% | 7.30% | 7.60% | 7.70% | 8.30% | 9.40% | - | - |
| Food | 13.70% | 13.40% | 12.20% | 11.30% | 10.30% | 10.90% | 10.40% | 10.50% | 9.70% | 10.30% | 11.70% | - | - |
| Non-food | 4.50% | 4.50% | 4.40% | 4.40% | 4.40% | 4.40% | 4.40% | 4.90% | 5.60% | 6.30% | 6.90% | - | - |
| Interest Rates | | | | | | | | | | | | | |
| Monetary Policy rate | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% |
| Average Interbank rate | 13.48% | 13.49% | 13.58% | 13.59% | 13.61% | 13.62% | 12.51% | 11.41% | 11.34% | 10.67% | 11.37% | 11.72% | 11.92% |
| Average base lending rate | 13.30% | 13.40% | 13.40% | 13.40% | 13.60% | 13.60% | 13.60% | 12.30% | 12.10% | 12.00% | 11.90% | 12.10% | 12.10% |
| Treasury Bill Yields | | | | | | | | | | | | | |
| 91-days Treasury Bill yield | 7.58% | 7.54% | 7.50% | 9.85% | 9.94% | 9.95% | 9.95% | 9.95% | 9.95% | 9.95% | 9.95% | 9.88% | 9.98% |
| 182-days Treasury Bill yield | 10.00% | 11.29% | 12.07% | 12.55% | 12.58% | 12.87% | 12.73% | 12.49% | 12.59% | 12.80% | 12.80% | 12.77% | 12.80% |
| 364-days Treasury Bill yield | 12.73% | 13.00% | 13.57% | 13.73% | 13.74% | 13.88% | 13.40% | 13.53% | 13.64% | 13.77% | 13.80% | 13.80% | 13.85% |
| Stock Market Indices | | | | | | | | | | | | | |
| MASI | 28,501.97 | 29,784.70 | 29,851.63 | 31,328.10 | 31,743.36 | 31,303.78 | 31,225.08 | 32,392.84 | 32,988.58 | 33,009.75 | 32,562.96 | 33,380.63 | 33,606.87 |
| FSI | 23,780.75 | 25,117.92 | 25,360.04 | 26,732.01 | 27,101.51 | 26,787.57 | 26,717.15 | 27,755.46 | 28,090.02 | 28,108.19 | 27,710.72 | 28,257.89 | 28,372.70 |
| DSI | 1,993.51 | 1,757.76 | 1,535.30 | 1,460.99 | 1,460.99 | 1,362.39 | 1,362.89 | 1,363.88 | 1,613.58 | 1,614.45 | 1,614.33 | 1,844.72 | 1,955.20 |

Appendix



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.



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 |
| 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 |

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.

Contact Information

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

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com