

Financial Market Update

| Week ending 28 May 2021

Financial market highlights for the week ending 28 May 2021

The following highlights compare the week ending 28 May 2021 to the week ending 21 May 2021:



Government securities market (Source: RBM)

- A total of K2.62 billion was allotted during this week's Treasury Bills (TBs) auction.
- The TBs auction had a rejection rate of 14.52%.



Financial market developments (Source: RBM)

- The average overnight interbank rate marginally increased to 11.93% from 11.92%, during the period under review.
- The daily average liquidity increased to K15.79 billion from K11.21 billion during the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI marginally increased to 33,616.93 points from 33,606.87 points in the previous week. This was due to share price gains for Airtel (to K32.76 from K32.50), FMBCH (to K35.52 from K34.00), and NBM (to K650.08 from K650.07) which offset share price losses for ICON (to K12.13 from K12.14), MPICO (to K16.00 from K17.00), and NBS (to K22.99 from K23.00), during the period under review.
- The year-to-date return of the MASI was 3.78% at the close of this week. It was negative 5.79% in the previous year, during the same period.



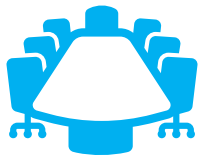
Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.24% to K801.00/USD from K802.89/USD and appreciated against the GBP by 1.03% to K1,179.66/GBP from K1,194.32/GBP in the previous week, in the previous week.
- Based on middle rates, the Kwacha marginally depreciated against the EUR by 0.06% to K1,044.57/EUR from K1,044.14/EUR, and depreciated against the ZAR by 1.56% to K62.18/ZAR from K61.46/ZAR, during the period under review.



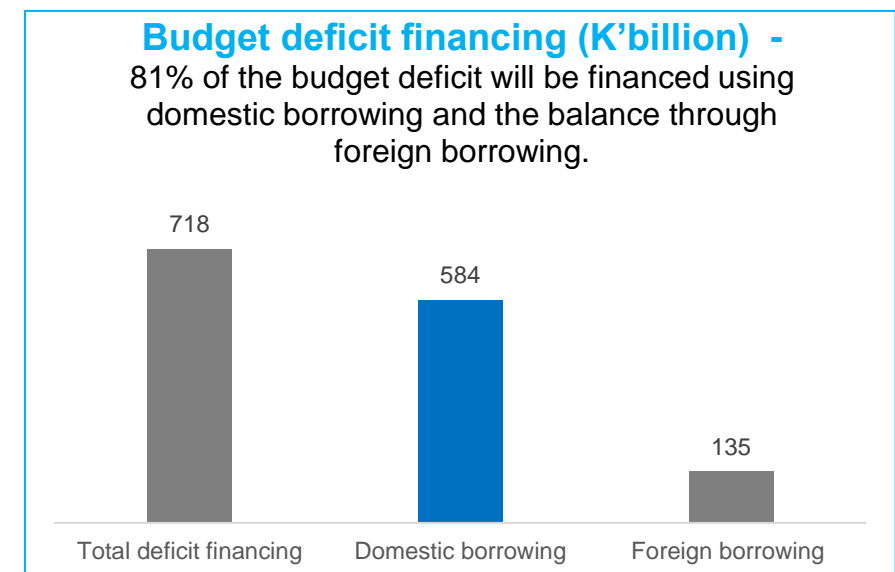
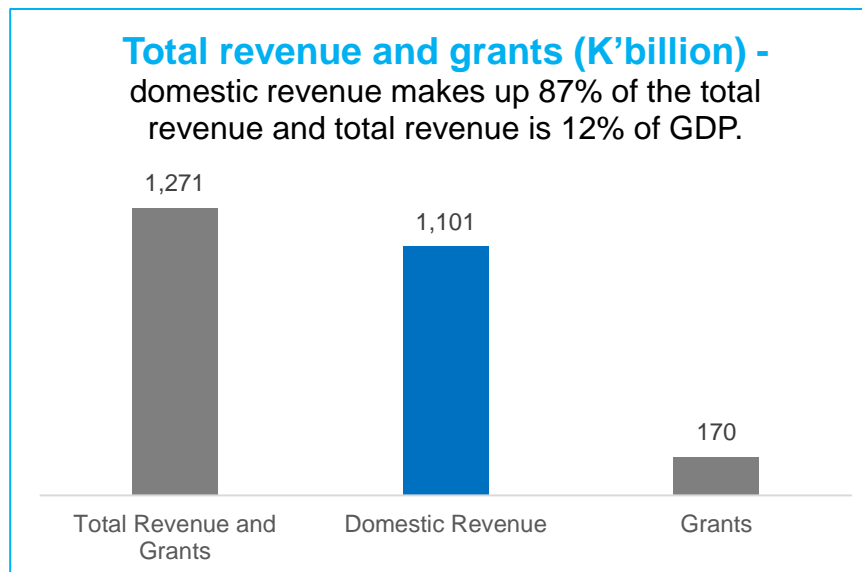
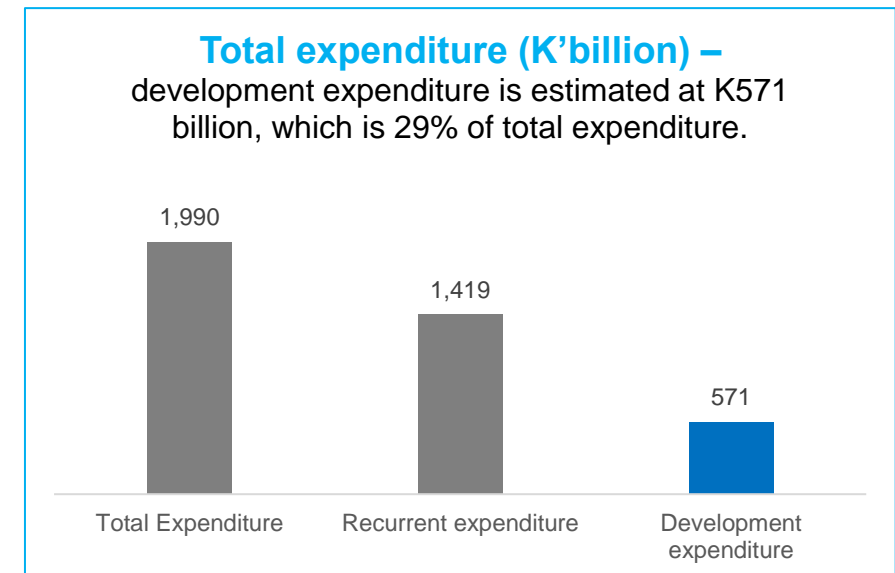
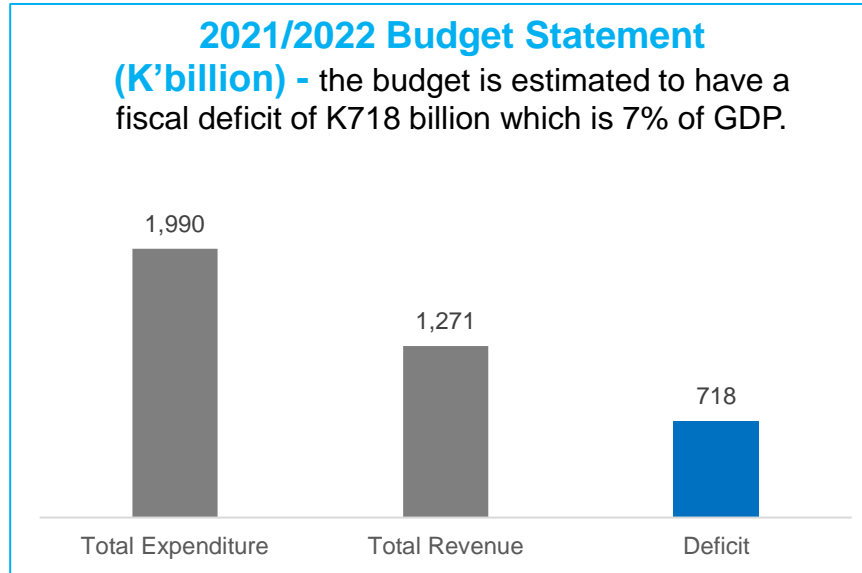
2021/2022 Budget statement (Source: Ministry of Finance)

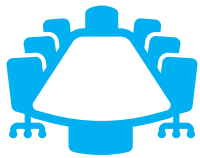
- The 2021/2022 Budget Statement is estimated to have a fiscal deficit of K718 billion. Total expenditure and total revenue and grants have been estimated at K1.99 trillion and K1.27 trillion, respectively.
- The human capital and development sector has been allocated the greatest share at 17% of the total budget.



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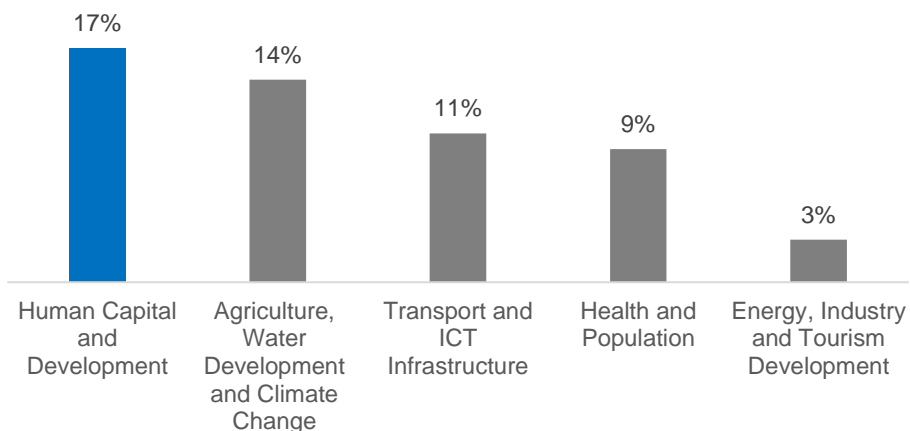




2021/2022 Budget statement (Continued)

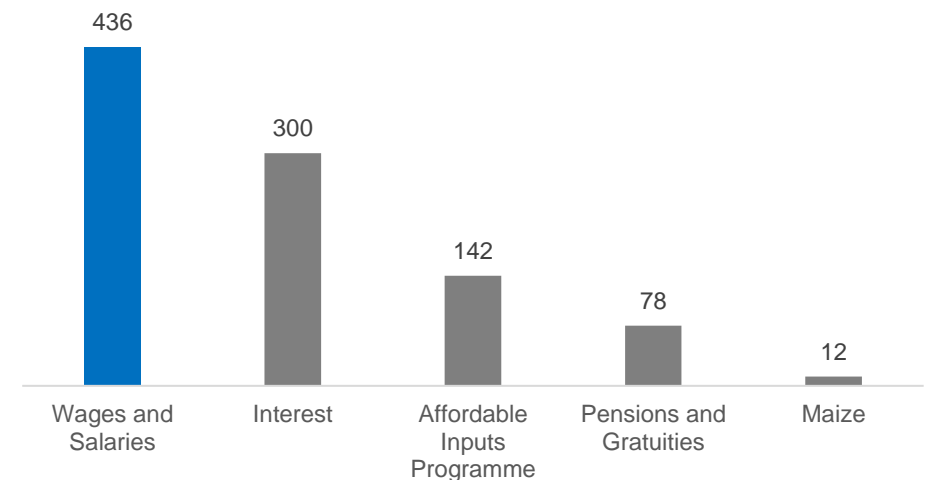
The human capital and development sector has been allocated the greatest share at 17% of the total budget.

2021/22 Sectoral allocation (%) – the human capital and development sector has been allocated the greatest share at 17% of the budget. The sector with the lowest allocation is the Energy, industry and tourism development, which has a share of 3%.



Main Recurrent Expenses (K'billion)-

wages and salaries are the largest recurrent expenditure at K436 billion.



Other Budget Highlights

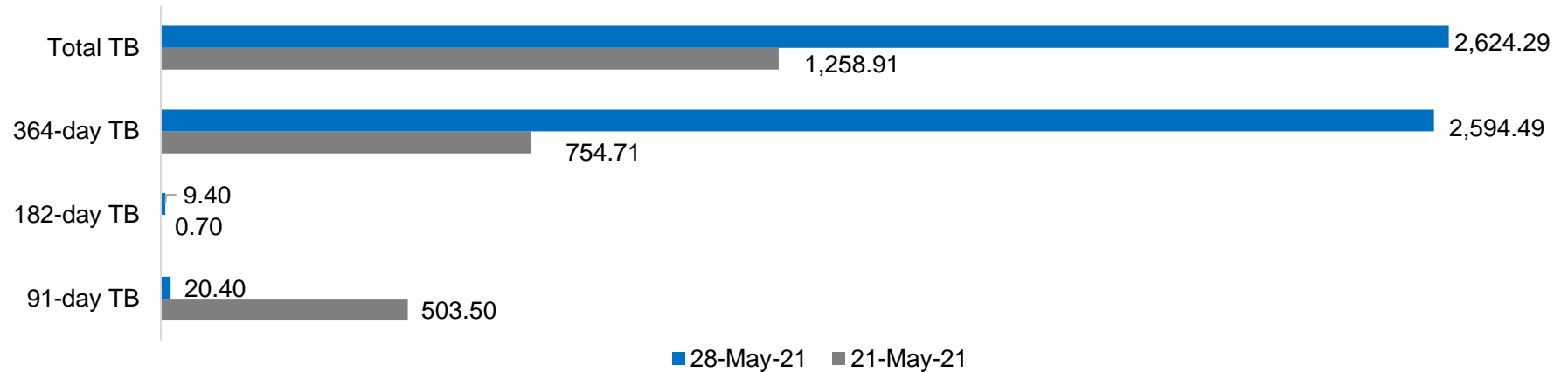
- The 2021/2022 fiscal year will be nine months long as the country's fiscal year has been changed to start at 1 April to 30 March, from 1 July to 30 June previously.
- The economy grew by 0.9% in 2020 and the budget statement assumes that economic growth will accelerate to 3.8% in 2021 and 5.2% in the following year. Economic growth in 2021 will be driven by 6.2% growth in the agriculture sector.
- Headline inflation has been projected at 7.5% and 7.3% in 2021 and 2022, respectively.



A total of K2.62 billion was allotted during this week's Treasury Bills (TBs) auction.

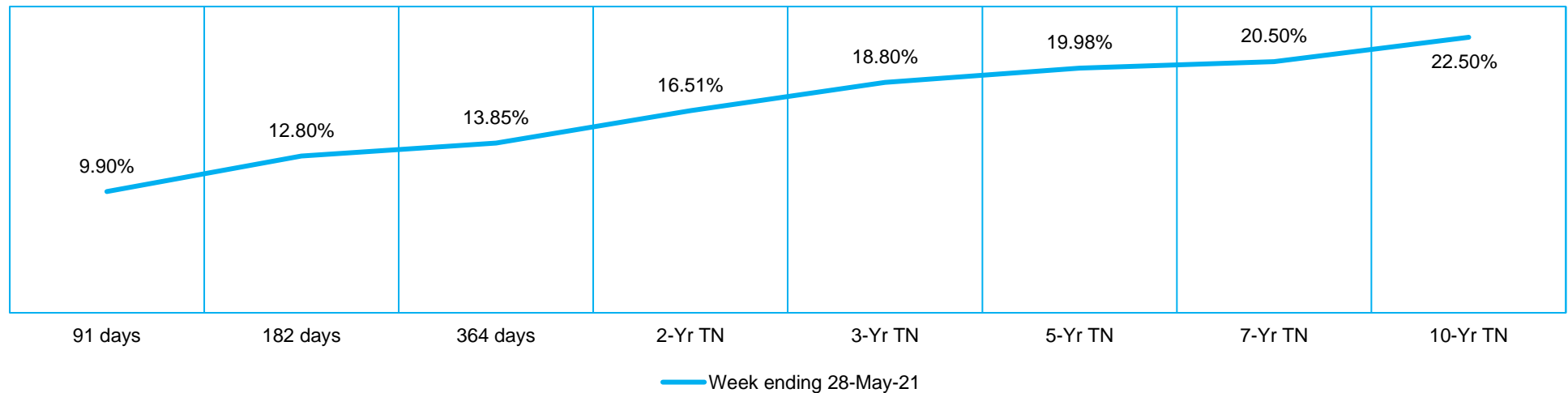
Government securities (Source: RBM)

TB allotments (K'million) – applications and allotments were K3.07 billion and K2.62 billion respectively and there was a rejection rate of 14.52% during the period under review.



The average All-type TB yield decreased to 12.18% from 12.21% during the period under review.

Government Securities Yield Curve (%)

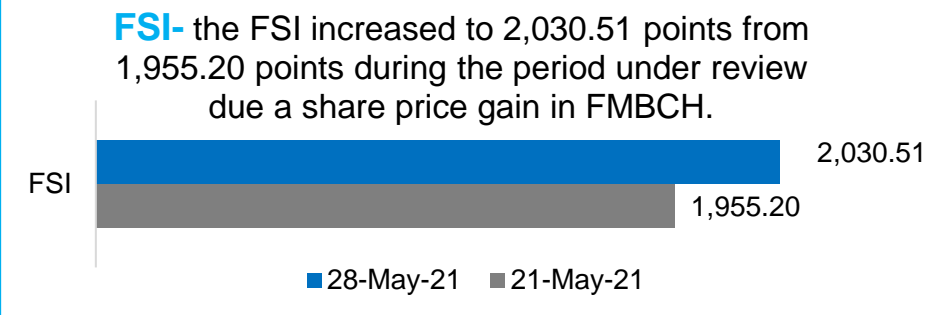
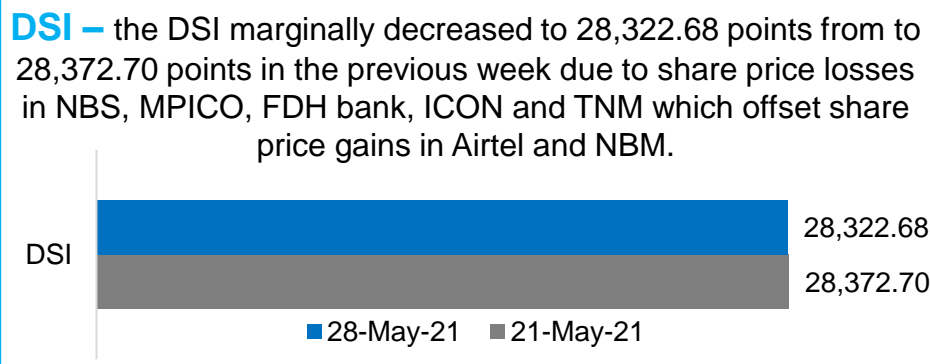
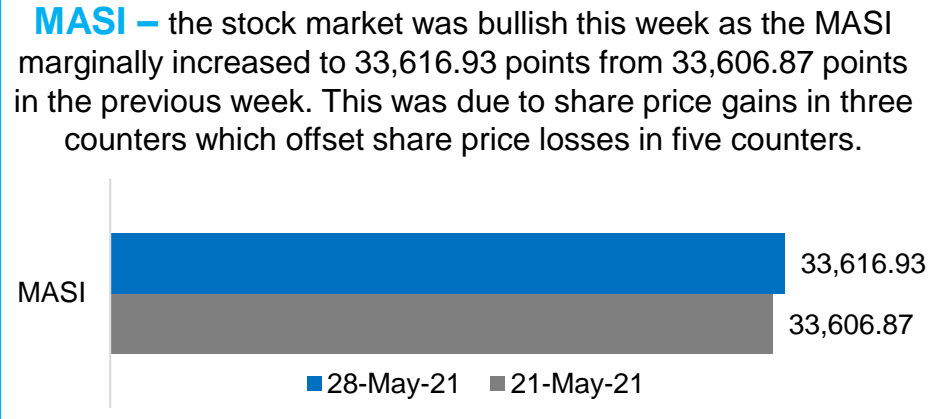


TB - Treasury Bill
TN - Treasury Note

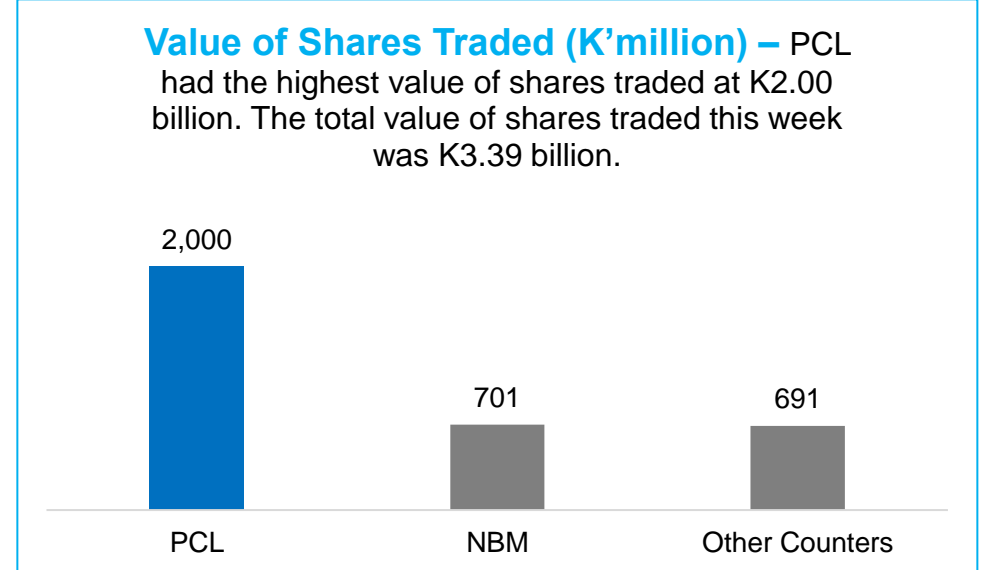
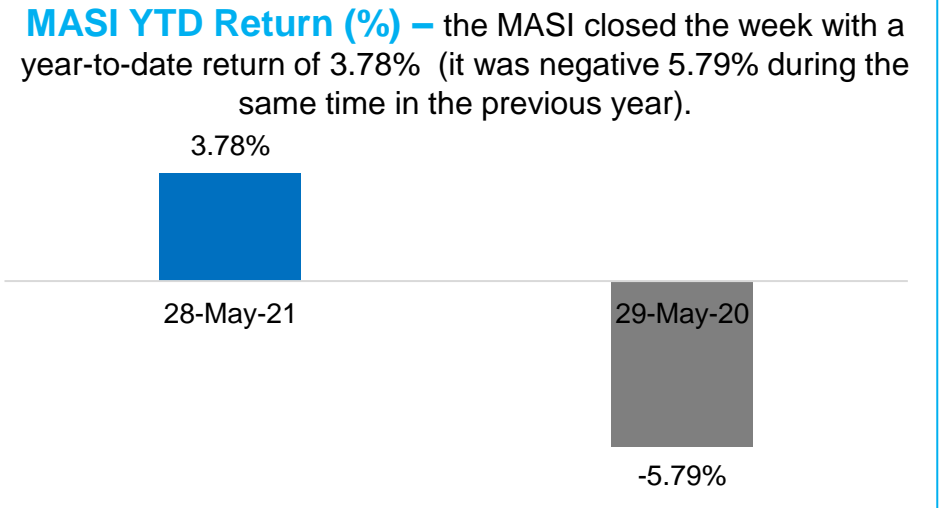


The stock market was bullish this week as the MASI marginally increased to 33,616.93 points from 33,606.87 points in the previous week. Year-to-date, the MASI return is 3.78%.

Equity market (Source: MSE)



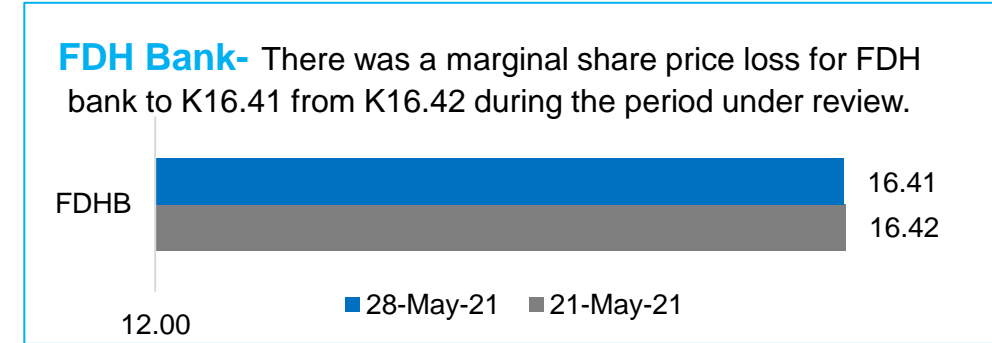
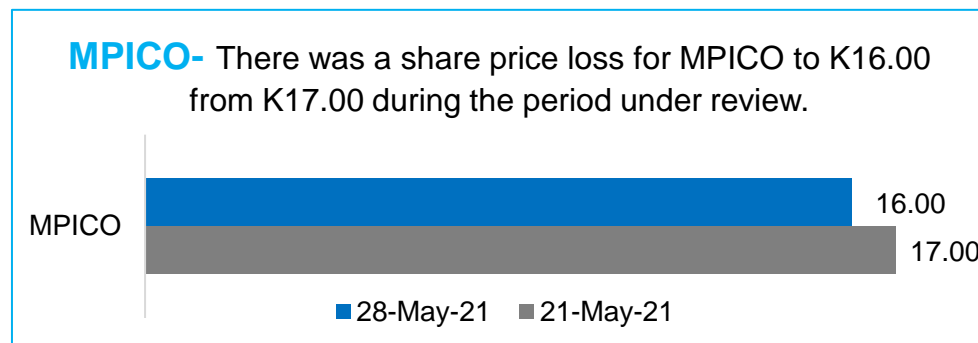
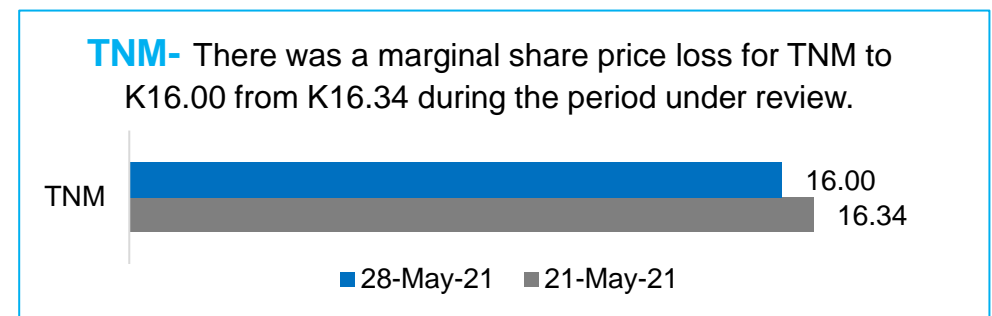
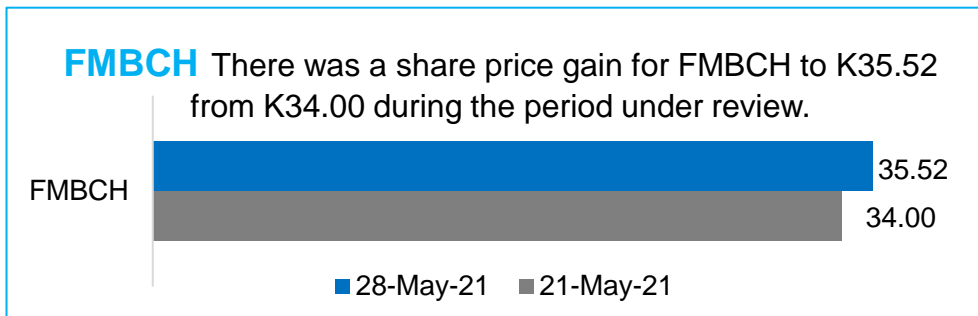
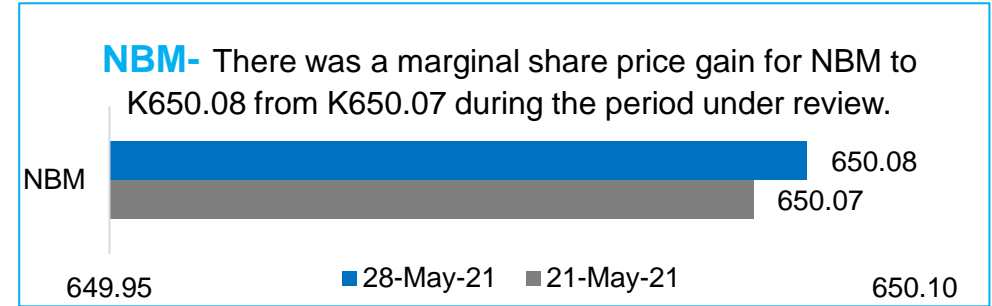
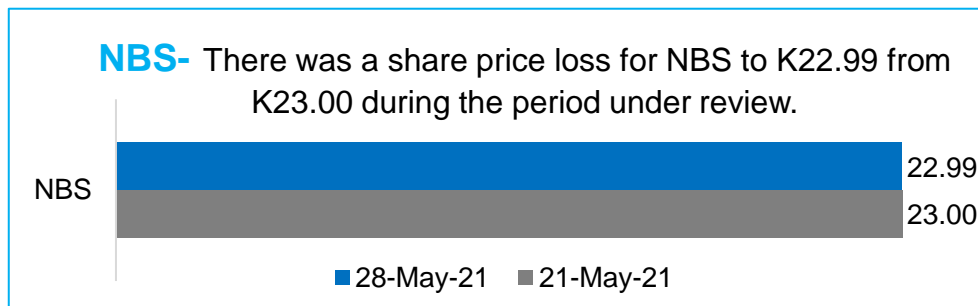
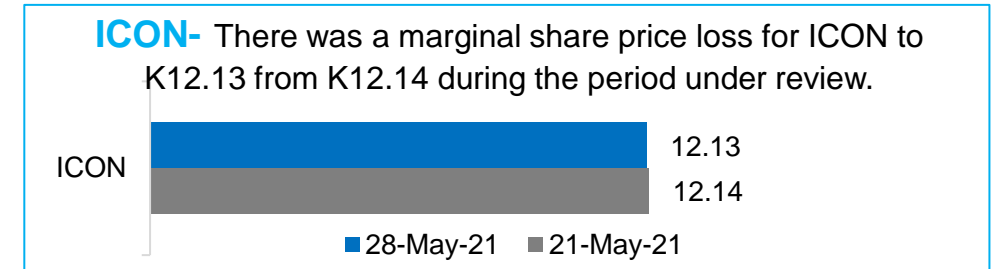
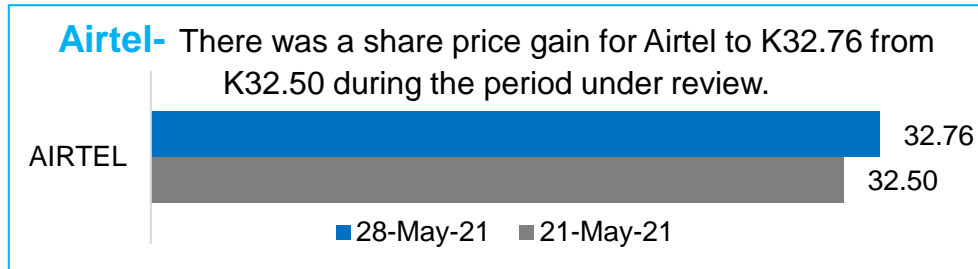
MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index





There were share price gains for Airtel (to K32.76 from K32.50), NBM (to K650.08 from K650.07) and FMBCH (to K35.52 from K34.00). There were share price losses for NBS (to 22.99 from K23.00), MPICO (to K16.00 from K17.00), ICON (to K12.13 from K12.14), TNM (to K16.00 from K16.34), and FDH bank (to K16.41 from K16.42), during the period under review.

Equity market (Continued)





8 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)
		28-May-21
1	BHL	11.00
2	ILLOVO	80.46
3	NICO	51.92
4	NITL	94.94
5	OMU	2,190.00
6	PCL	1,199.94
7	STANDARD	1200.15
8	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.

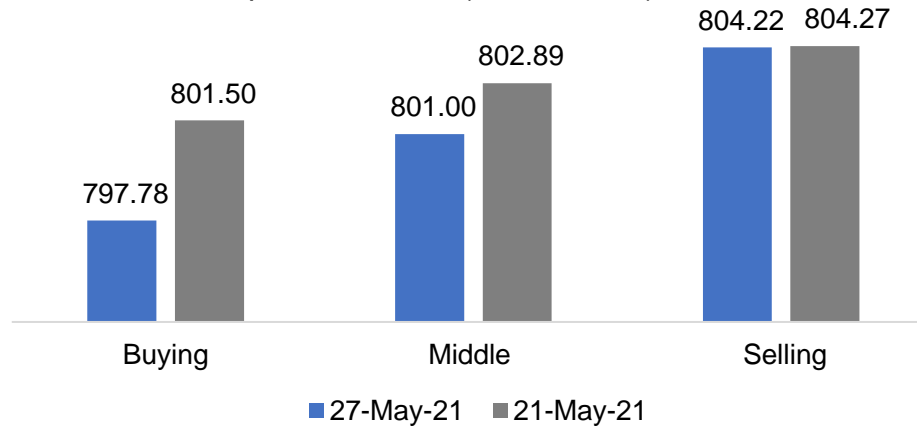
Counter	28 February 2021	28 February 2020	Trading statement profit/loss expectation
Illovo (billion)	6.15	2.05	200%
Counter	31 March 2021	31 March 2020	Trading statement profit/loss expectation
BHL (millions)	(280.05)	70.01	-500%



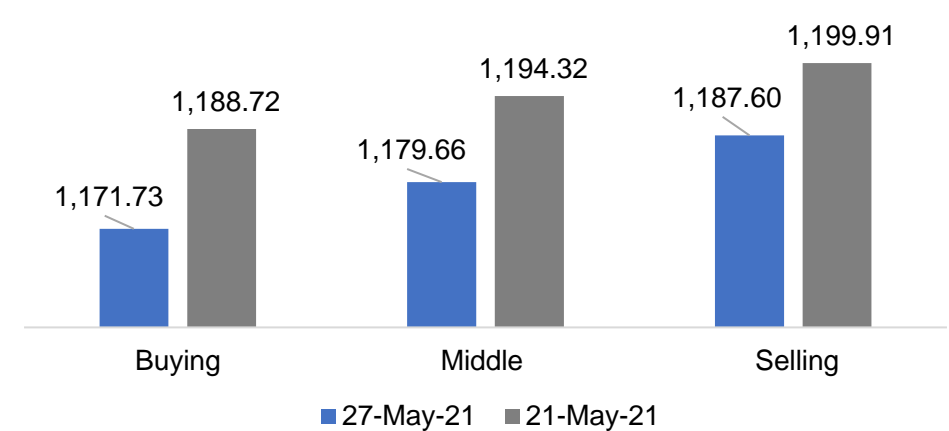
Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.24% to K801.00/USD from K802.89/USD in the previous week.

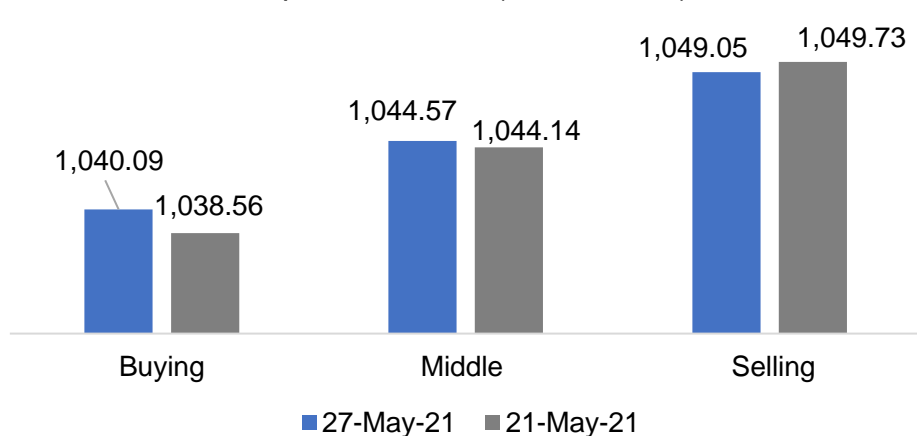
MWK/USD- The Kwacha marginally appreciated against the USD by 0.24% to K801.00/USD from K802.89/USD in the previous week (middle rates).



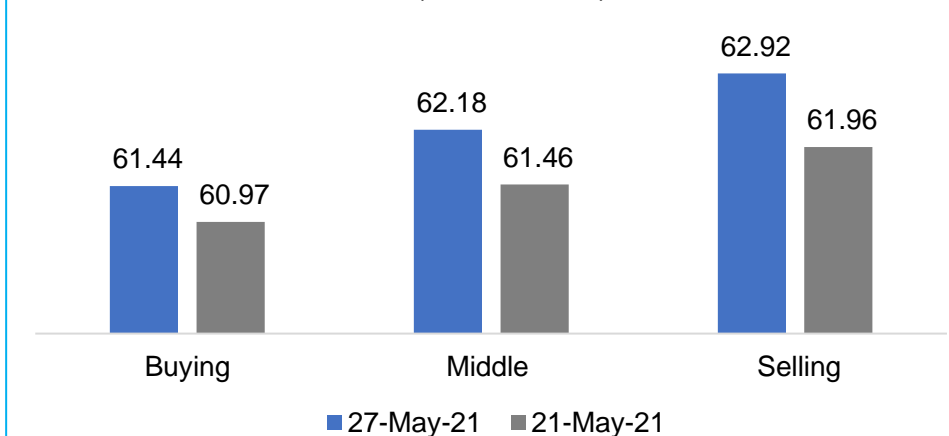
MWK/GBP- The Kwacha appreciated against the GBP by 1.03% to K1,179.66/GBP from K1,194.32/GBP in the previous week (middle rates).



MWK/EUR- The Kwacha marginally depreciated against the EUR by 0.06% to K1,044.57/EUR from K1,044.14/EUR in the previous week (middle rates).



MWK/ZAR- The Kwacha depreciated against the ZAR by 1.56% to K62.18/ZAR from K61.46/ZAR in the previous week (middle rates).

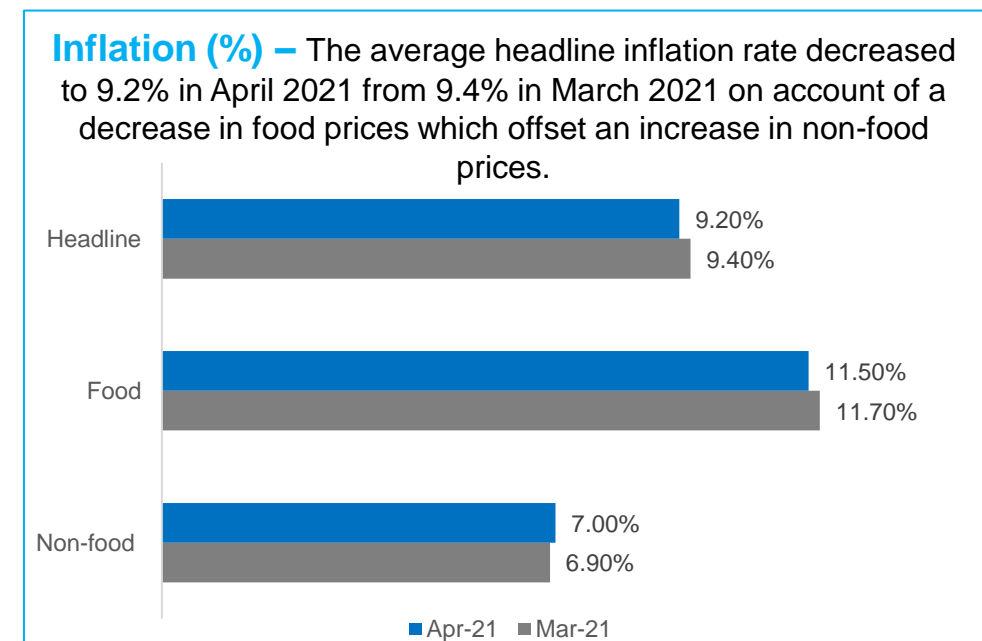
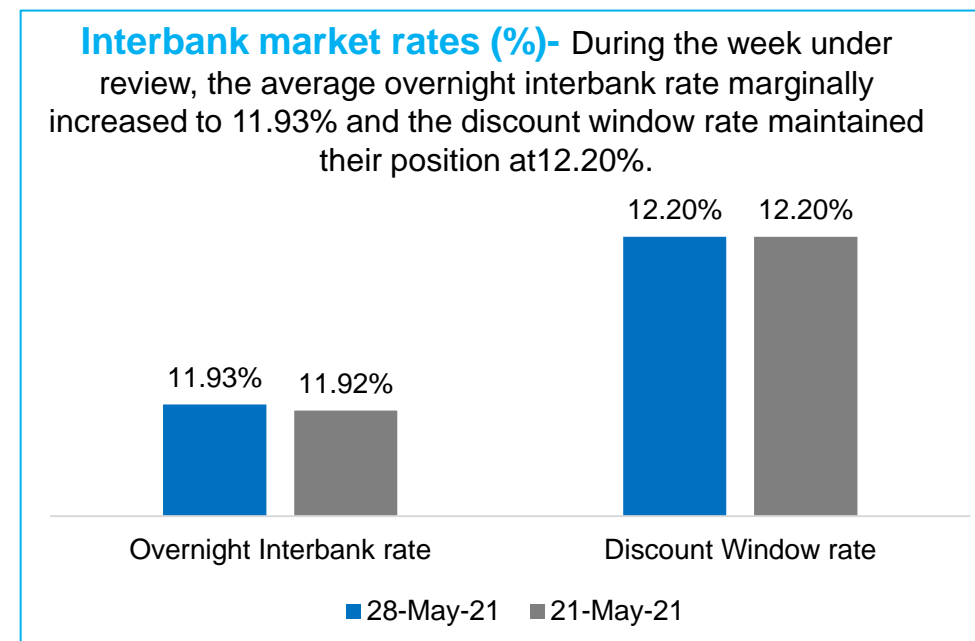
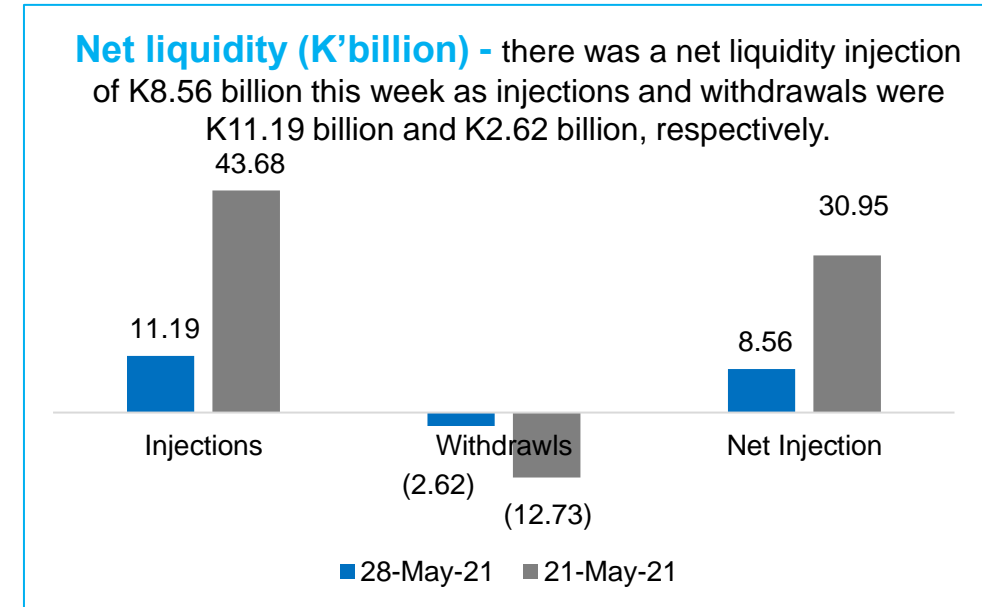
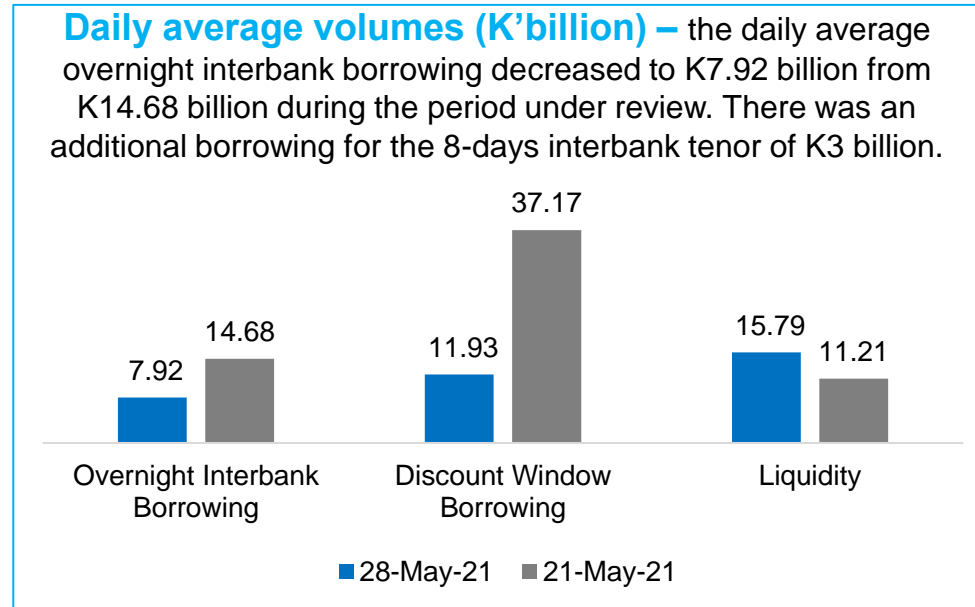


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



The average headline inflation rate decreased to 9.2% in April 2021 from 9.4% in March 2021 on account of a decrease in food prices which offset an increase in non-food prices.

Other financial market developments (Source: RBM)





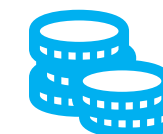
Economic indicators

Selected Economic Indicators			
Inflation			
EIU March 2021 report inflation forecast for 2021 (annual)			9.1%
Government of Malawi 2021/2022 Budget Statement inflation forecast for 2021			7.5%
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 2021/2022 Budget Statement	0.9%	3.8%	5.2%
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 28 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	801.00
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	1,179.66
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	1,044.57
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	62.18
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%	9.2	-
Food	13.70%	13.40%	12.20%	11.30%	10.30%	10.90%	10.40%	10.50%	9.70%	10.30%	11.70%	11.5	-
Non-food	4.50%	4.50%	4.40%	4.40%	4.40%	4.40%	4.40%	4.90%	5.60%	6.30%	6.90%	7.0	-
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%	11.93%
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%	9.90%
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%
2-year Treasury Note	11.20%	15.45%	15.45%	16.46%	16.46%	16.46%	16.46%	16.46%	16.50%	16.50%	16.50%	16.50%	16.51%
3-year Treasury Note	13.27%	16.89%	16.89%	16.89%	18.02%	18.47%	17.79%	18.30%	18.56%	18.66%	18.66%	18.80%	18.80%
5-year Treasury Note	15.55%	19.97%	19.82%	19.82%	19.82%	19.82%	19.82%	19.77%	19.95%	19.97%	19.98%	19.98%	19.98%
7-year Treasury Note	19.08%	20.46%	20.46%	20.75%	20.75%	20.75%	19.95%	20.00%	20.00%	20.50%	20.50%	20.50%	20.50%
10-year Treasury Note	-	-	-	-	22.14%	22.14%	22.14%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%
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	32,392.84
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	27,755.46
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	1,363.88

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
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
ILLOVO	Declared	Interim	4.00	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
SUNBIRD	Virtual AGM	18 June 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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