

Financial Market Update

| Week ending 18 June 2021

Financial market highlights for the week ending 18 June 2021

The following highlights compare the week ending 18 June 2021 to the week ending 11 June 2021:



Government securities market (Source: RBM)

- A total of K3.09 billion was allotted during this week's Treasury Bills (TBs) auction.
- The TBs auction had a nil rejection rate during the period under review.
- A total of K8.72 billion was allotted during this weeks' 7-year Treasury Note (TN) auction.
- The TN auction had a rejection rate of 29.16% during the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI marginally increased to 34,262.35 points from 33,855.94 points in the previous week. This was due to share price gains for ILLOVO (to K91.05 from K80.47) and FMBCH (to K46.98 from K40.85) which offset marginal share price losses for FDHB (to K16.38 from K16.39) and MPICO (to K16.00 from K16.01) during the period under review.
- The MASI had a year-to-date return of 5.77% during the week. It was negative 2.36% during the same time in the previous year.



Currency market (Source: RBM)

- Based on middle rates, the Kwacha marginally depreciated against the USD by 0.06% (to K805.65/USD from K806.15/USD) and the EUR by 0.07% (to K1,046.57/EUR from K1,047.35/EUR), during the period under review.
- Based on the middle rates, the Kwacha appreciated against the GBP by 2.04% (to K1,180.44/GBP from K1,205.03/GBP) and the ZAR by 3.20% (to K61.74/ZAR from K63.78/ZAR), during the period under review.



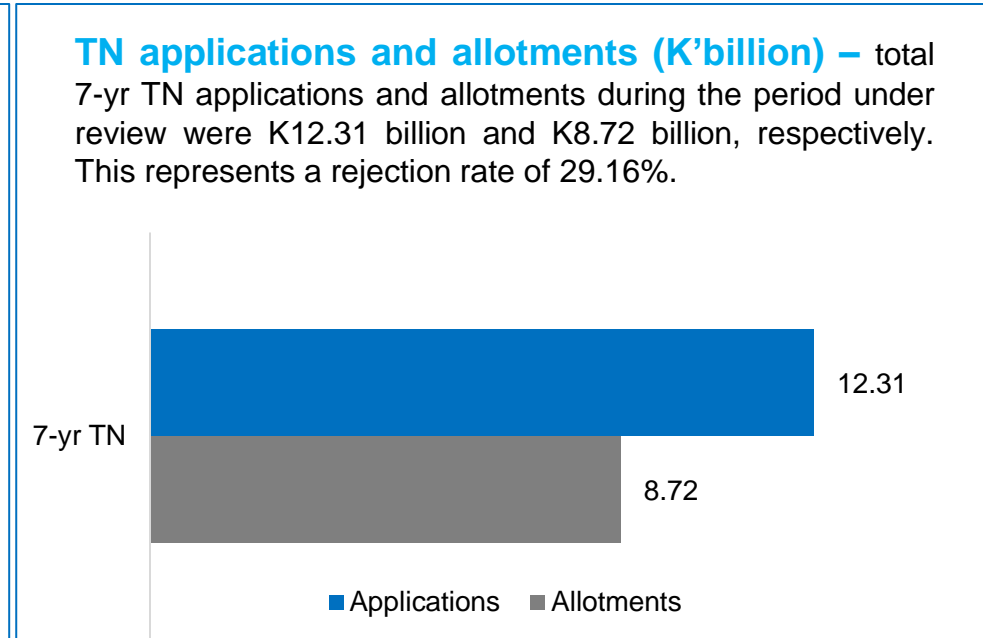
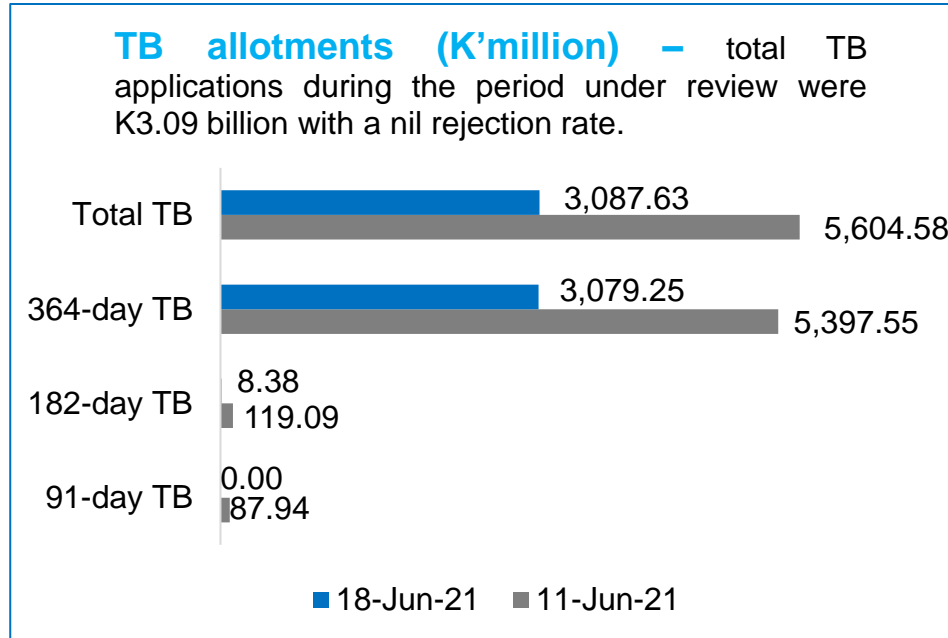
Financial market developments (Source: RBM and NSO)

- Headline inflation decreased to 8.9% in May from 9.2% in April underpinned by a decrease in food inflation to 11.0% from 11.5% which offset an increase in non-food inflation to 7.1% from 7.0% in the same period.
- The average overnight interbank rate marginally increased to 11.95% from 11.94% during the period under review. The average discount window rate maintained its position at 12.20% during the period under review.
- The average overnight interbank borrowing decreased to K12.08 billion, from K16.83 billion during the period under review..
- The daily average liquidity decreased to K14.11 billion from K19.29 billion in the period under review.

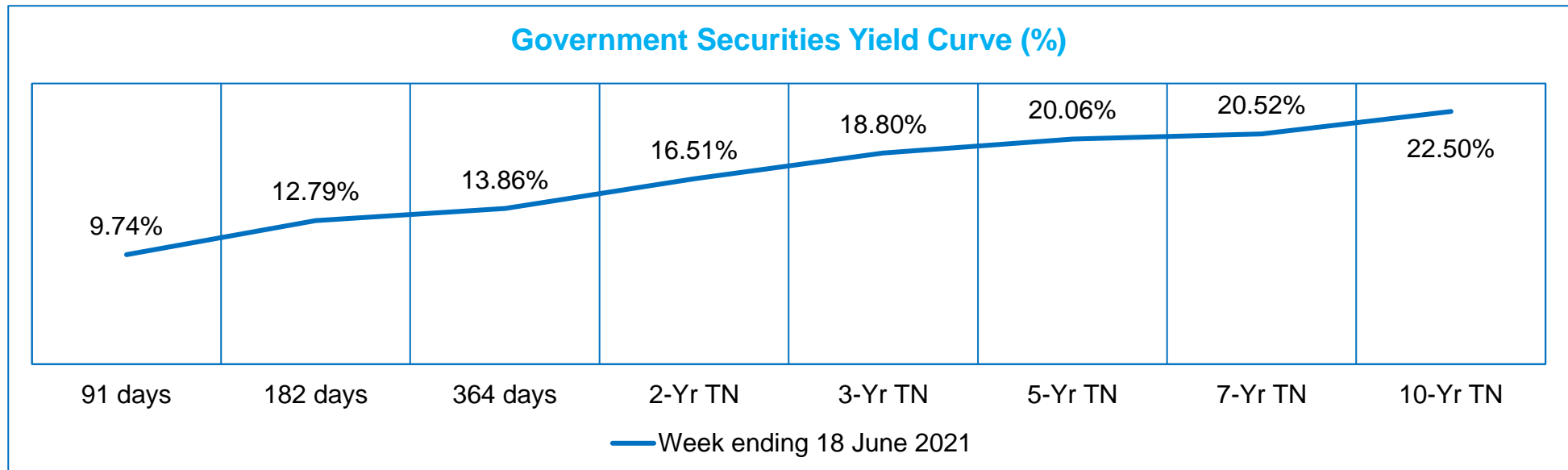


Government securities (Source: RBM)

A total of K3.09 billion and K8.72 billion was allotted during this week's Treasury Bills (TBs) and Treasury Note (TN) auctions, respectively.



The average All-type TB yield maintained its position at 12.13% during the period under review.

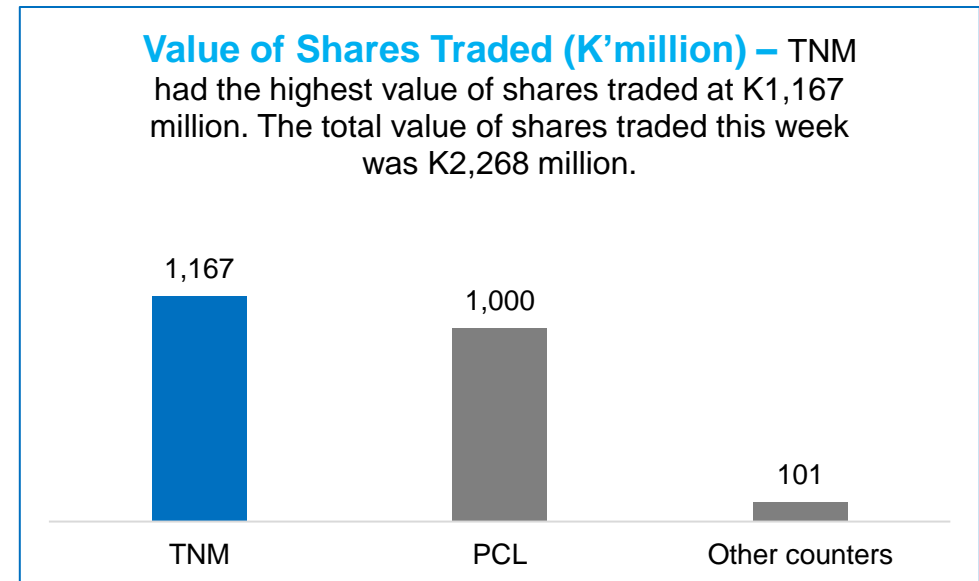
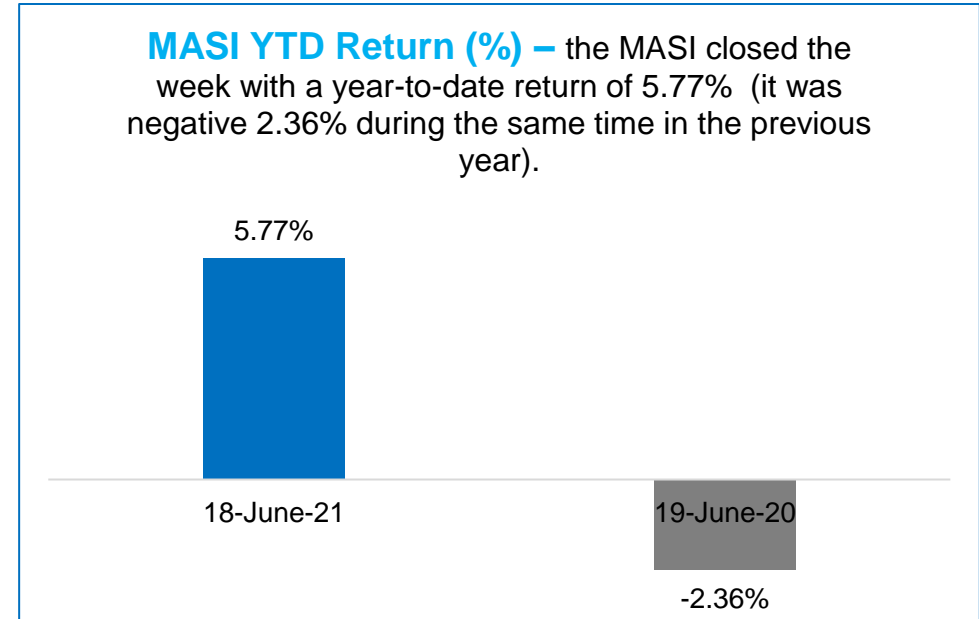
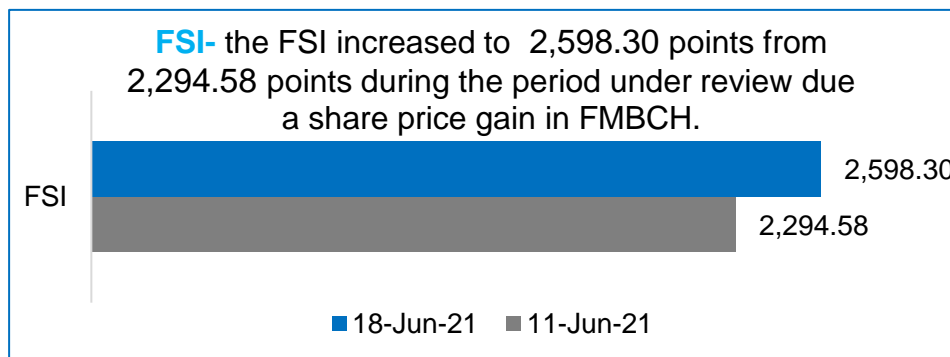
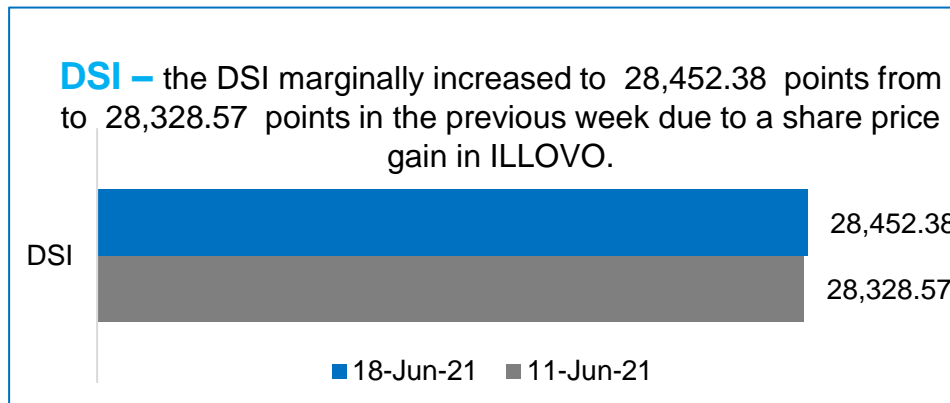
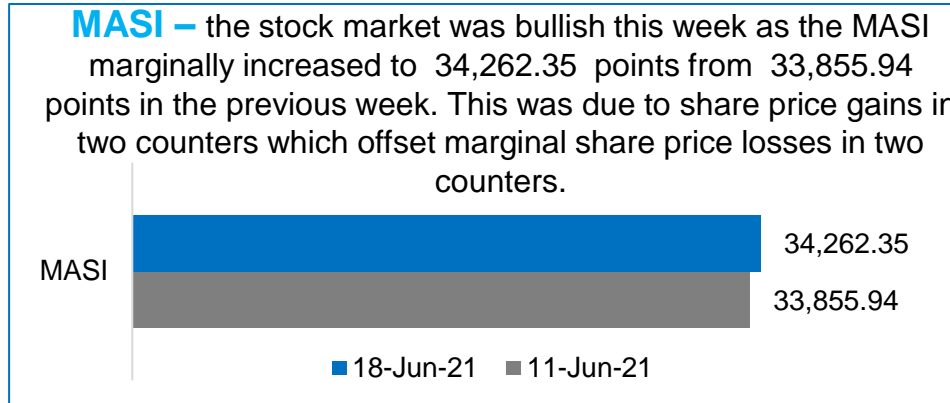


TB - Treasury Bill
TN - Treasury Note



Equity market (Source: MSE)

The stock market was bullish this week as the MASI marginally increased to 34,262.35 points from 33,855.94 points in the previous week. Year-to-date, the MASI return is 5.77%.

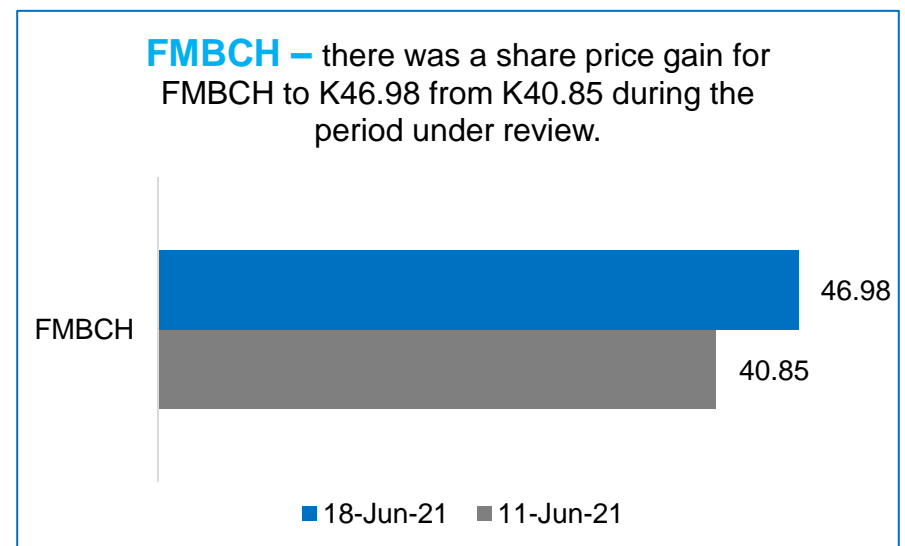
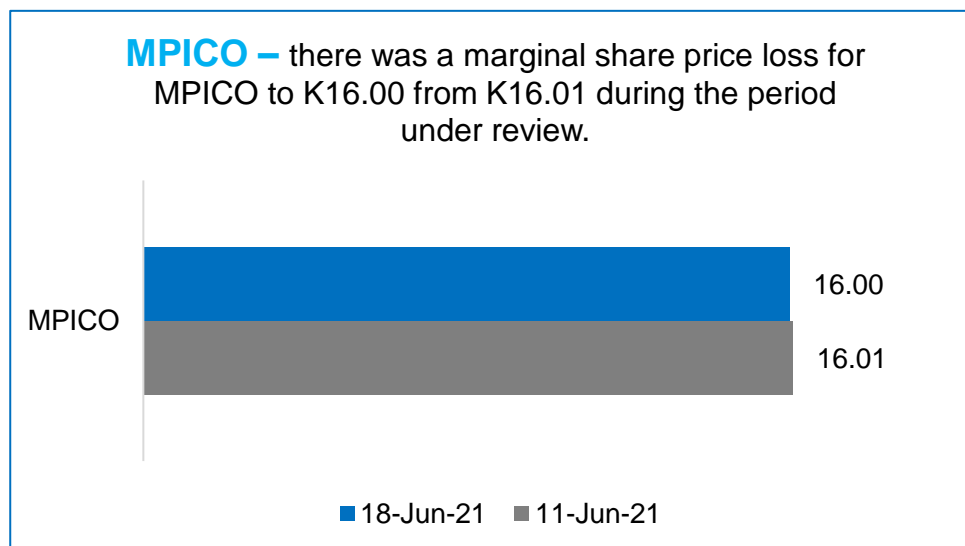
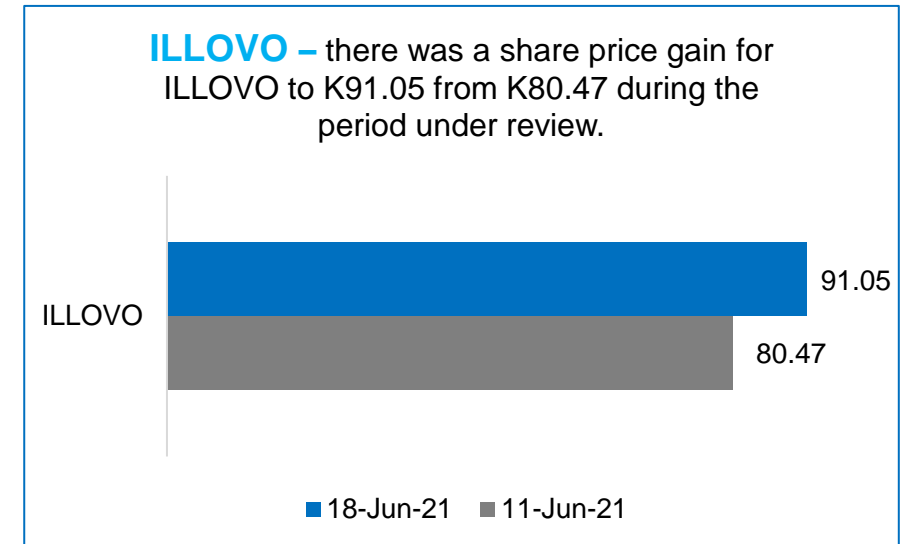
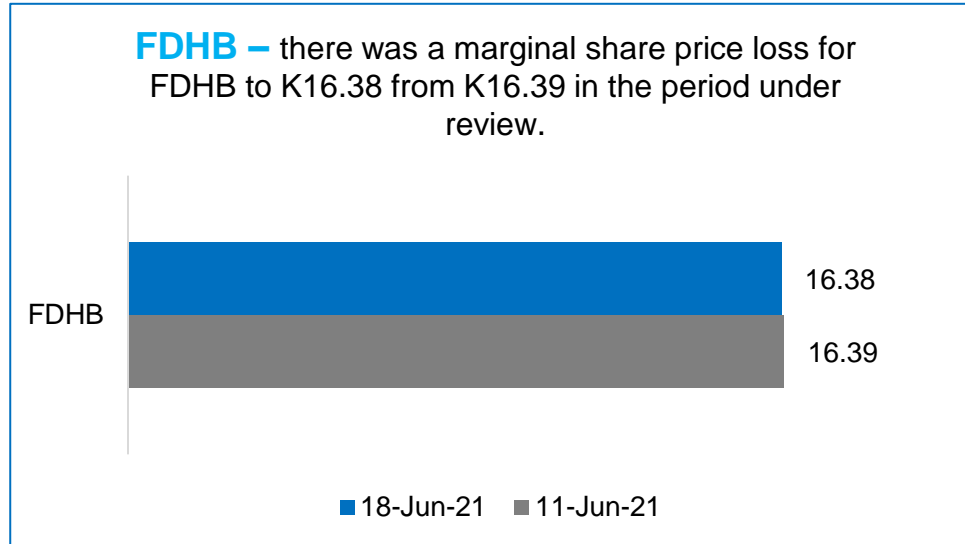


MA SI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



Equity market (Continued)

There were marginal share price losses for FDHB (to K16.38 from K16.39) and MPICO (to K16.00 from K16.01). There were share price gains for ILLOVO (to K91.05 from K80.47) and FMBCH (to K46.98 from K40.85).





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) |
|-----|----------|-----------------|
| | | 18-June-21 |
| 1 | AIRTEL | 32.51 |
| 2 | BHL | 11.00 |
| 3 | ICON | 12.13 |
| 4 | NBM | 650.08 |
| 5 | NBS | 22.99 |
| 6 | NICO | 55.00 |
| 7 | NITL | 94.94 |
| 8 | OMU | 2,190.00 |
| 9 | PCL | 1,199.94 |
| 10 | STANDARD | 1,200.15 |
| 11 | SUNBIRD | 90.00 |
| 12 | TNM | 16.00 |



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 trading statement for the half-year ending 30 June 2021, FDH Bank expects its profit after tax to increase by 34% to K4.31 billion from K3.22 billion.

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 | 31 March 2021 | 31 March 2020 | | Trading statement profit/loss expectation |
|----------------|---------------|---------------|--|---|
| BHL (million) | (280.05) | 70.01 | N/A | -500% |
| Counter | 30 June 2021 | 30 June 2020 | Actual Change in Profit/Loss for the Half-year ended | Trading statement profit/loss expectation |
| FDHB (billion) | 4.31 | 3.22 | N/A | 34% |

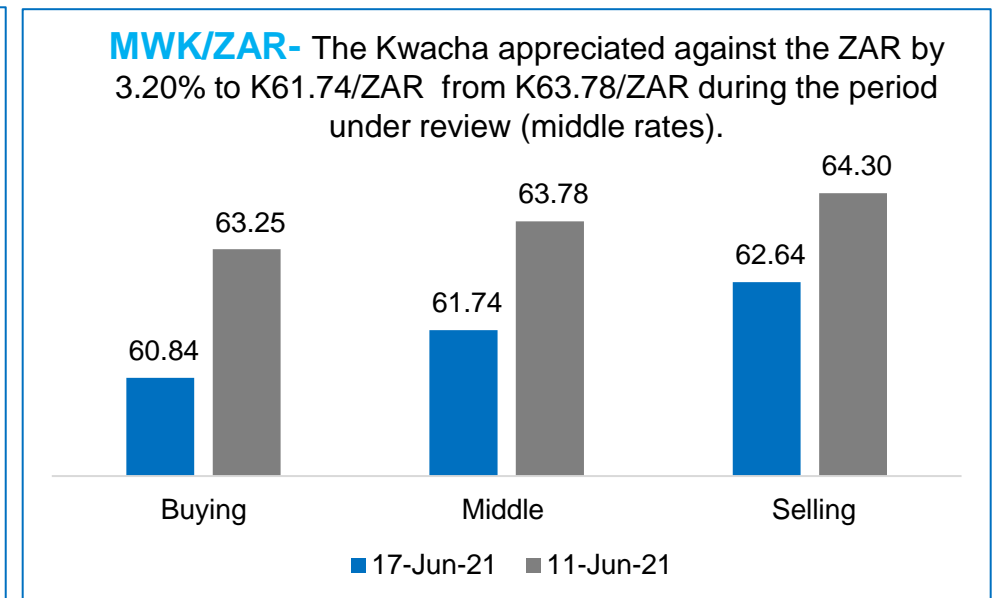
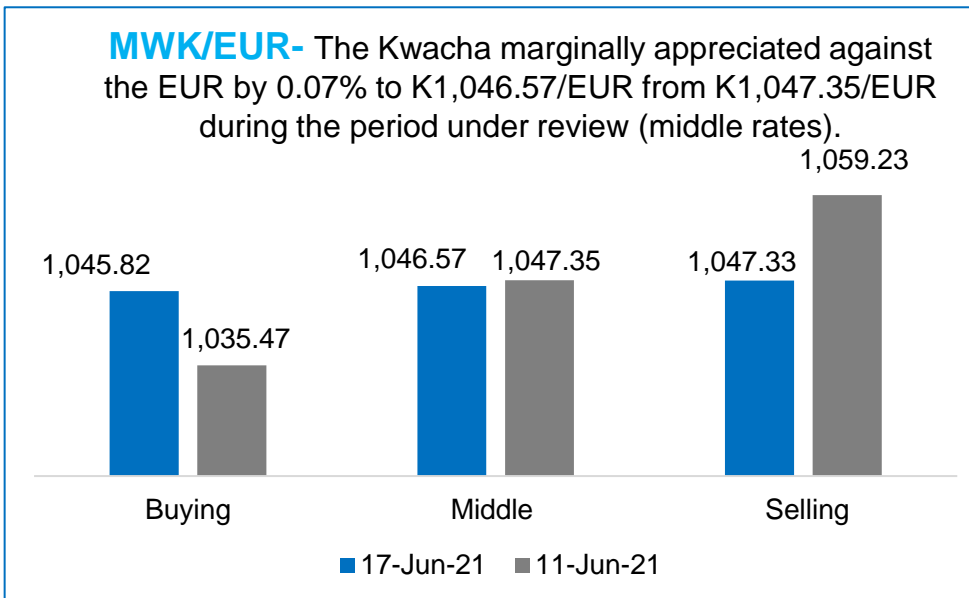
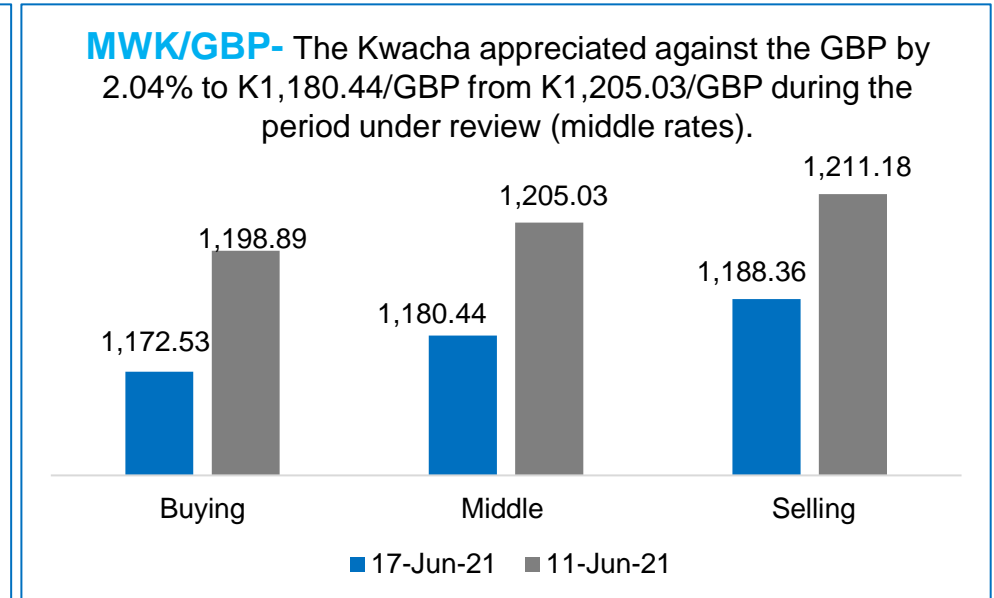
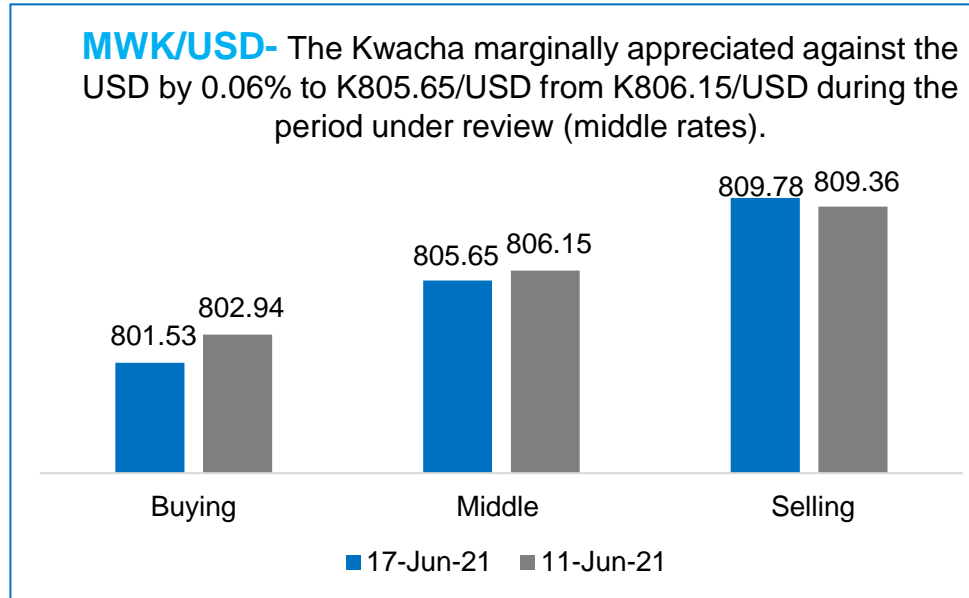
Published half-year financial statements

| Counter | 28 February 2021 | 28 February 2020 | Actual Change in Profit/Loss for the Half-year ended | Trading statement profit/loss expectation |
|------------------|------------------|------------------|--|---|
| Illovo (billion) | 6.12 | 2.05 | 199% | 200% |



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.06% to K805.65/USD from K806.15/USD during the period under review.

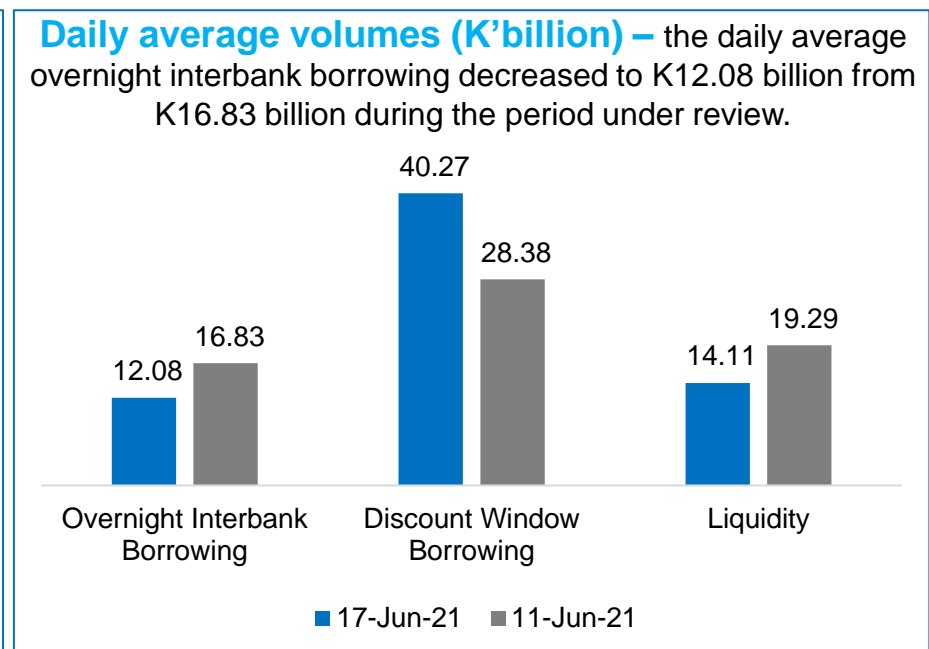
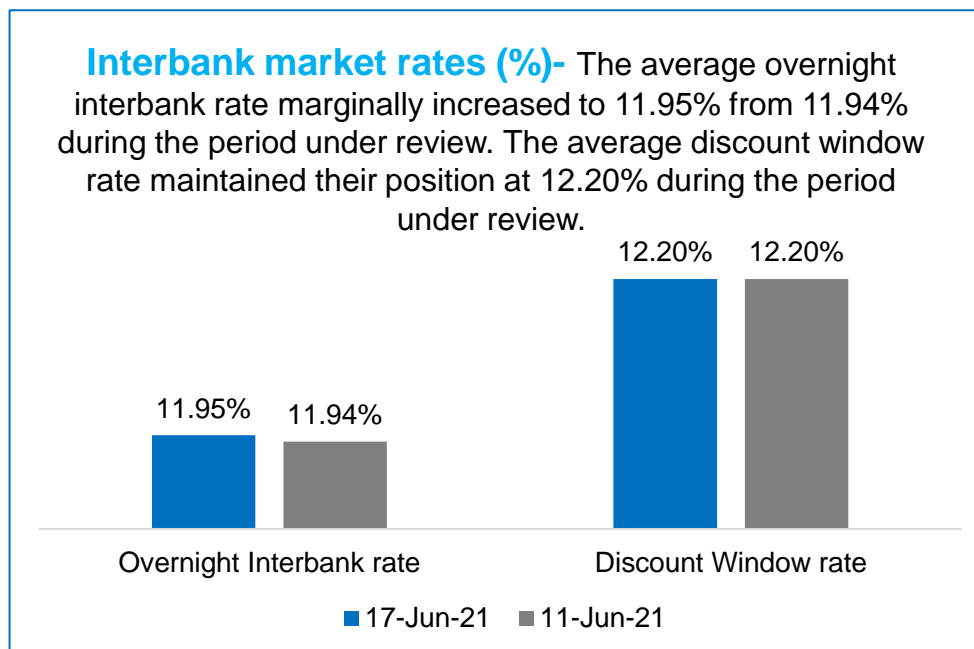
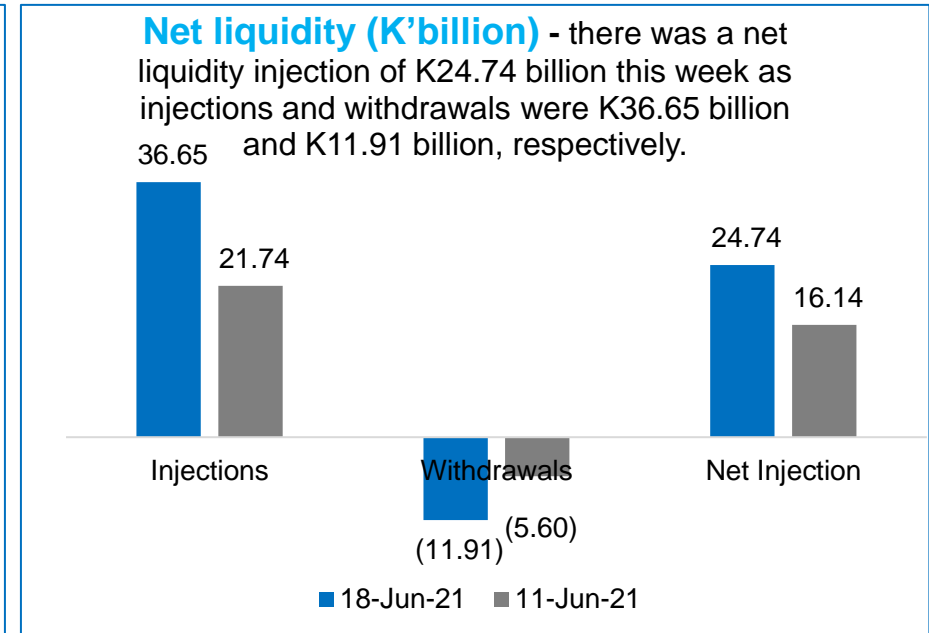
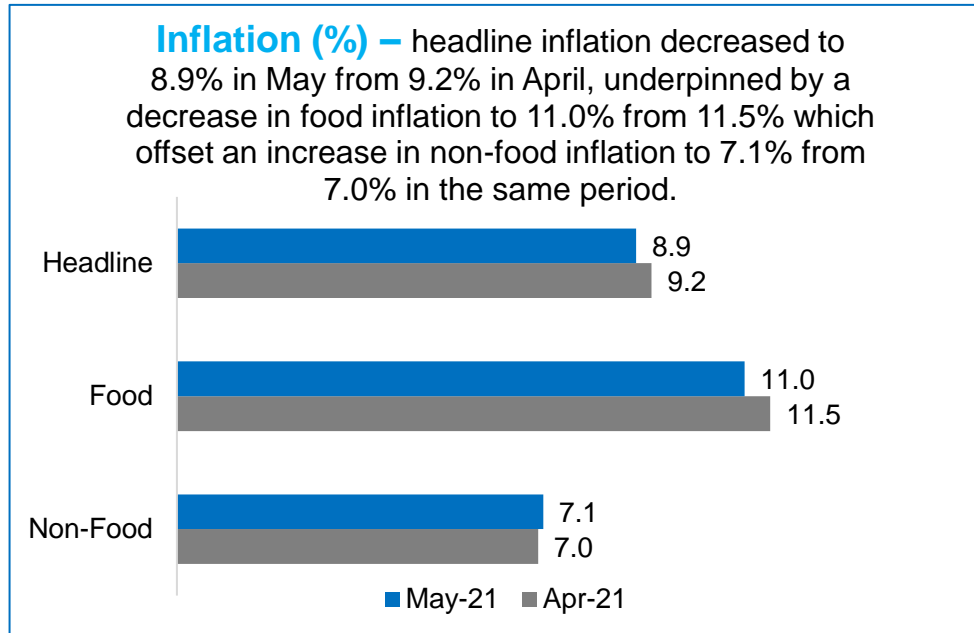


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



Other financial market developments (Source: RBM and NSO)

Headline inflation decreased to 8.9% in May from 9.2% in April underpinned by a decrease in food inflation to 11.0% from 11.5% which offset an increase in non-food inflation to 7.1% from 7.0% in the same period.





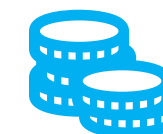
Economic indicators

| 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 | | May-2021 | May-2020 | |
| OPEC Reference Basket Price | | US\$66.91/b | US\$25.17/b | |
| AHL Tobacco Sales | | US\$70.56 million | US\$45.48 million | |
| AHL Tobacco Average Price | | US\$1.66/kg | US\$1.53/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 Global Economic Prospectus June 2021 | | 0.8% | 2.8% | 3.0% |

Highlights



EIU 2021 Malawi Real GDP Growth rate estimate 2.3%



EIU 2021 inflation projection 9.1%



June 2021 Reference Rate 12.20%



Policy rate 12.00%



OPEC Reference Basket Price May 2021 US\$ 66.91/b



May 2021 headline inflation rate 8.9%



| | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Week ending 18 June 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 | 800.17 | 805.65 |
| 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 | 1,191.58 | 1,180.44 |
| 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 | 1,042.52 | 1,046.57 |
| 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 | 62.28 | 61.74 |
| 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 | 414.41 | - |
| 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 | 369.64 | - |
| 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 | 784.05 | - |
| 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 | 1.66 | - |
| 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 | 8.9 | - |
| 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 | 11.0 | - |
| 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 | 7.1 | - |
| 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% | 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% | 13.36 % | 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% | 12.20% |
| Government Securities' Yields | | | | | | | | | | | | | | |
| 91-days Treasury Bill | 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% | 9.74% |
| 182-days Treasury Bill | 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% | 12.79% |
| 364-days Treasury Bill | 12.73% | 13.00% | 13.57% | 13.73% | 13.74% | 13.88% | 13.40% | 13.53% | 13.64% | 13.77% | 13.80% | 13.80% | 13.83% | 13.86% |
| 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% | 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% | 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% | 20.06% |
| 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% | 20.52% |
| 10-year Treasury Note | - | - | - | - | 22.14% | 22.14% | 22.14% | 22.50% | 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 | 33,676.89 | 34,262.35 |
| 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 | 28,376.03 | 28,452.38 |
| 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 | 2,030.51 | 2,598.30 |

Appendix



FDH Bank Plc wishes to update its shareholders and the general public that members of its majority shareholder, FDH Financial Holdings Limited, have concluded their shareholding negotiations and there are no changes in shareholding levels.

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, have concluded their shareholding negotiations. The negotiations have resulted in no changes in shareholding levels in FDH Financial Holdings Limited and shareholders of FDH Financial Holdings Limited remain the same, namely M. Development Limited, Old Mutual (Malawi) Limited, Old Mutual Life Assurance Company Limited and FDH ESOP Limited.

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.



The Board of Directors of Illovo Sugar (Malawi) plc, at a meeting held on 13 May 2021 declared an interim dividend of K2.9 billion representing K4 per share.

Appendix A - Equity market (Continued)

Corporate Announcements (continued)

3. Dividends:

| Company | Declared/Proposed | Type | Dividend (MK) | Last Day To Register | Payable |
|----------|-------------------|---------|---------------|----------------------|------------------|
| ILLOVO | Declared | Interim | 4.00 | 25th June 2021 | 28th June 2021 |
| STANDARD | Proposed | Final | 21.31 | 09th July 2021 | 23rd July 2021 |
| NBM | Declared | Final | 17.14 | 09th July 2021 | 30th July 2021 |
| TNM | Proposed | Final | 0.10 | 16th July 2021 | 30th July 2021 |
| MPICO | Proposed | Final | 0.28 | 30th July 2021 | 06th August 2021 |
| PCL | Proposed | Final | 25.00 | 20th August 2021 | 27th August 2021 |
| NITL | Proposed | Final | 0.80 | TBA | TBA |
| NBS | Proposed | Final | 0.70 | TBA | TBA |
| AIRTEL | Proposed | Final | 2.10 | TBA | TBA |
| NICO | Proposed | Final | 0.50 | TBA | TBA |
| FMBCH | Proposed | Final | 0.62 | TBA | TBA |
| ICON | Proposed | Final | 0.12 | TBA | TBA |

4. Annual general meeting

| Company | Venue | Date | Time |
|----------|---------------------------------------|--------------|-------------|
| FMBCH | Virtual AGM | 21 June 2021 | 15:30 hours |
| STANDARD | Bingu International Convention Centre | 24 June 2021 | 09:00 hours |
| AIRTEL | Virtual AGM | 24 June 2021 | 15:00 hours |
| NBS | Virtual AGM | 29 June 2021 | 09:00 hours |
| MPICO | Virtual AGM | 29 June 2021 | 10:00 hours |
| TNM | Virtual AGM | 05 July 2021 | 14:00 hours |
| PCL | Sunbird Capital Hotel/Virtual | 09 July 2021 | 14:00 hours |

TBA: To be Announced

Disclaimer

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