

# Financial Market Update

| Week ending 25 June 2021



# Financial market highlights for the week ending 25 June 2021

The following highlights compare the week ending 25 June 2021 to the week ending 18 June 2021:



## Government securities market (Source: RBM)

- A total of K14.21 billion was allotted during this week's Treasury Bills (TBs) and Treasury Notes (TNs) auction.
- A total of K3.40 billion was allotted during this week's TBs auction and there was a nil rejection rate.
- A total K10.82 billion was allotted during this week's 2-year, 5-year, 7-year and 10-year Treasury Notes (TN) auctions. The TNs auctions had a nil rejection rate during the period under review.



## Equity market (Source: MSE)

- The stock market was bullish this week as the MASI marginally increased to 34,617.85 points from 34,262.35 points in the previous week. This was due to share price gains for ILLOVO (to K104.72 from K91.05), FMBCH (to K52.00 from K46.98) and a marginal share price gain in AIRTEL (to K32.53 from K32.51), which offset a share price loss for FDHB (to K16.00 from K16.38) and a marginal share price loss for NBS (to K22.98 from K22.99) during the period under review.
- The MASI had a year-to-date return of 6.87% during the week under review. It was negative 1.93% during the same time in the previous year.



## Currency market (Source: RBM)

- Based on middle rates, the Kwacha marginally depreciated against the USD by 0.42% (to K811.20/USD from K807.79/USD) and against the ZAR by 0.85% (to K61.45/ZAR from K60.93/ZAR), during the period under review. The Kwacha depreciated against the GBP by 1.42% (to K1,200.03/GBP from K1,183.26/GBP) during the period under review.
- Based on the middle rates, the Kwacha marginally appreciated against the EUR by 0.35% (to K1,032.75/EUR from K1,036.43/EUR), during the period under review.



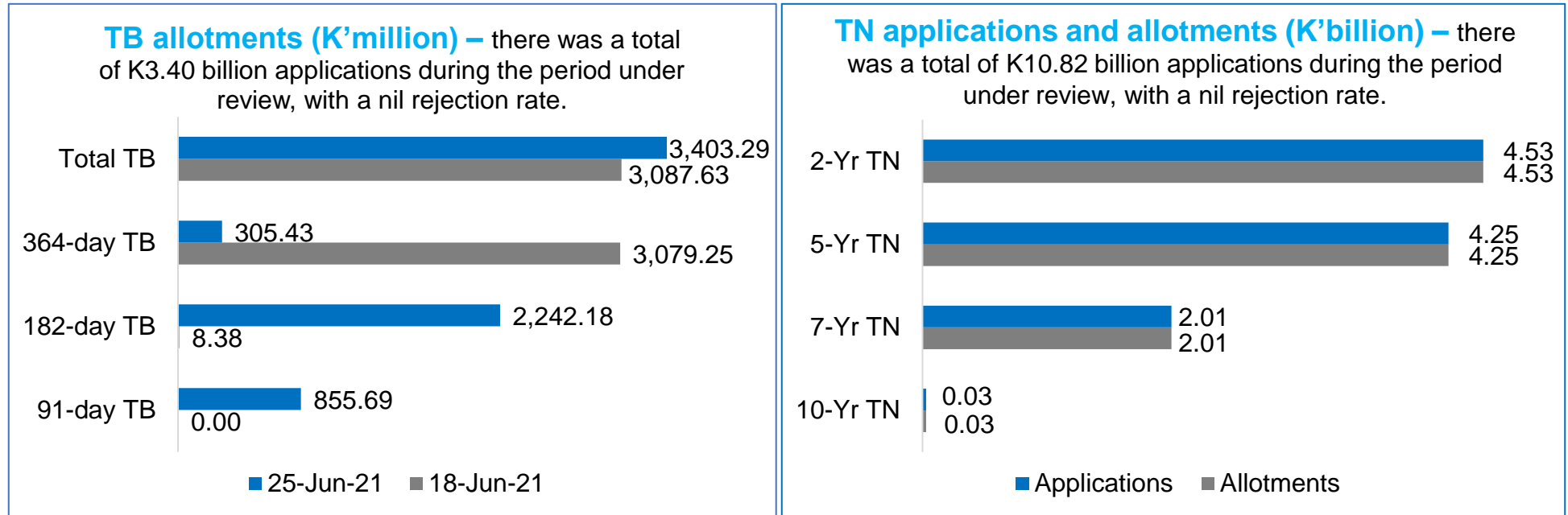
## Financial market developments (Source: RBM and MSE)

- The average overnight interbank rate and the average discount window rate maintained their positions at 11.95% and 12.20% respectively, during the period under review.
- The average overnight interbank borrowing decreased to K3.55 billion, from K12.22 billion during the period under review.
- The daily average liquidity increased to K17.20 billion from K13.96 billion in the period under review.
- National Bank of Malawi plc accordingly advises that its profit after tax for the half year ending 30 June 2021 is expected to be at least 20% higher than what was reported for the half year ended 30 June 2020.

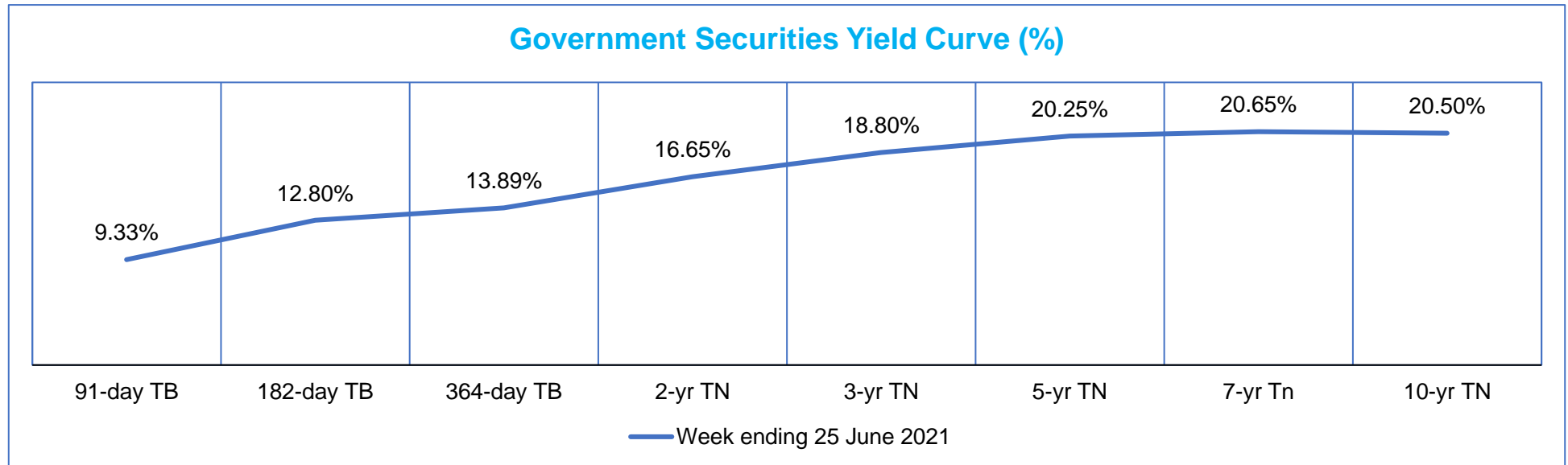


## Government securities (Source: RBM)

A total of K3.40 billion and K10.82 billion was allotted during this week's Treasury Bills (TBs) and Treasury Notes (TNs) auctions, respectively.



The average All-type TB yield decreased to 12.01% from 12.13% during the period under review.

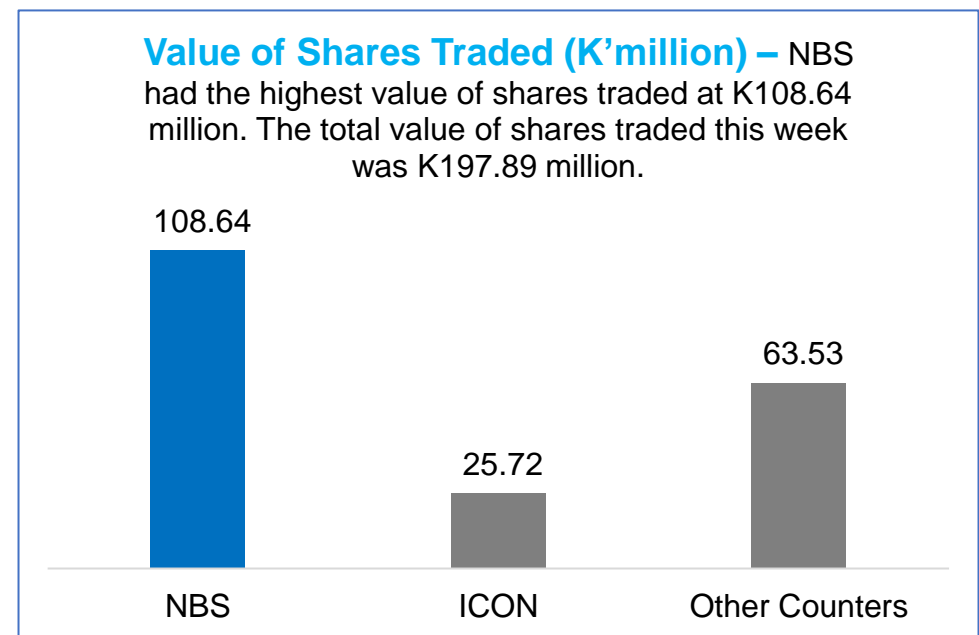
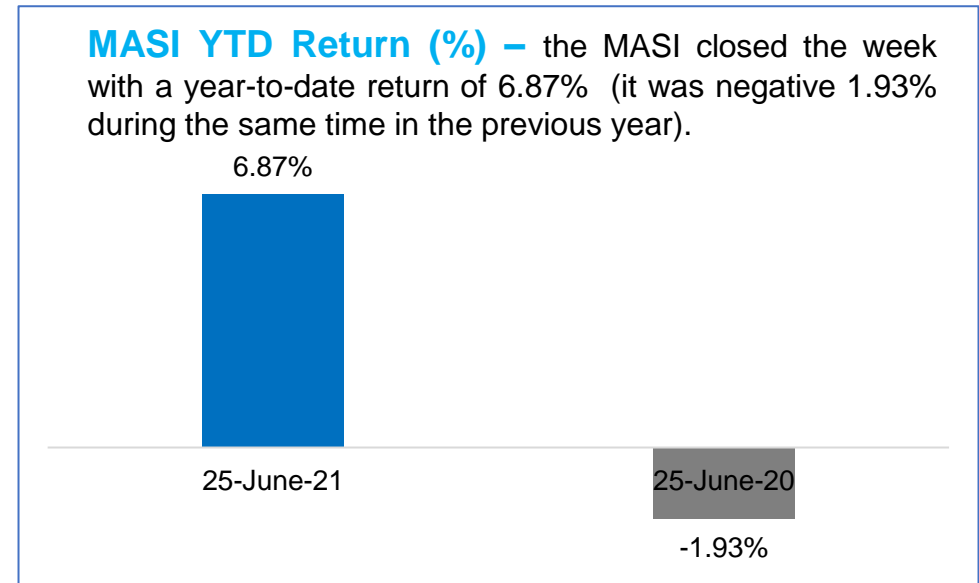
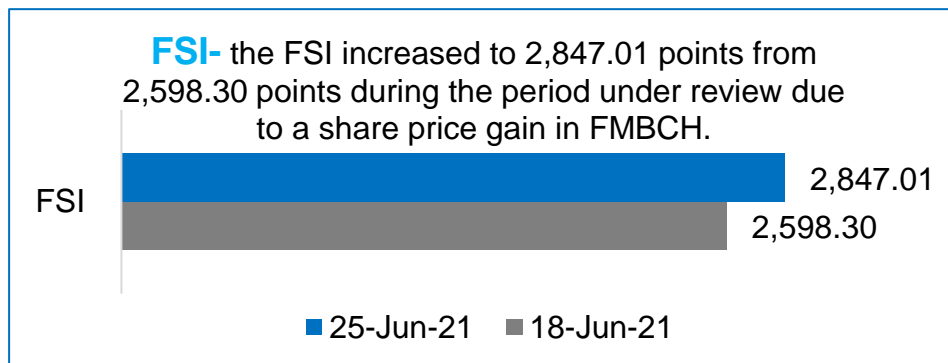
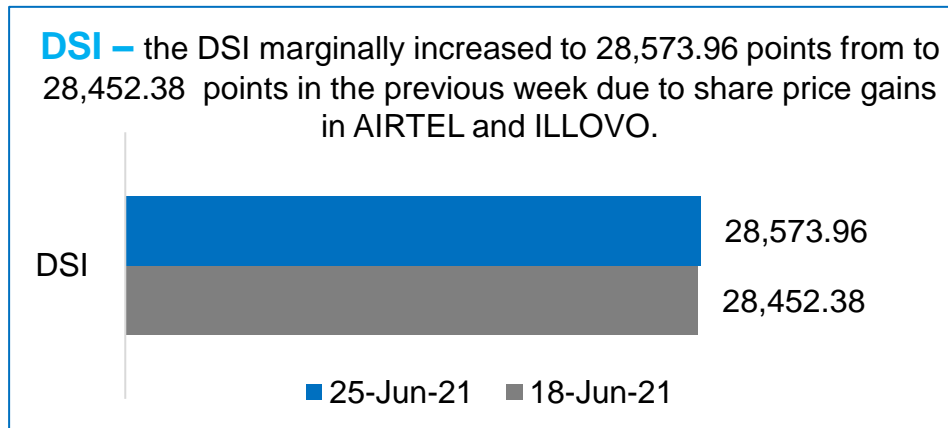
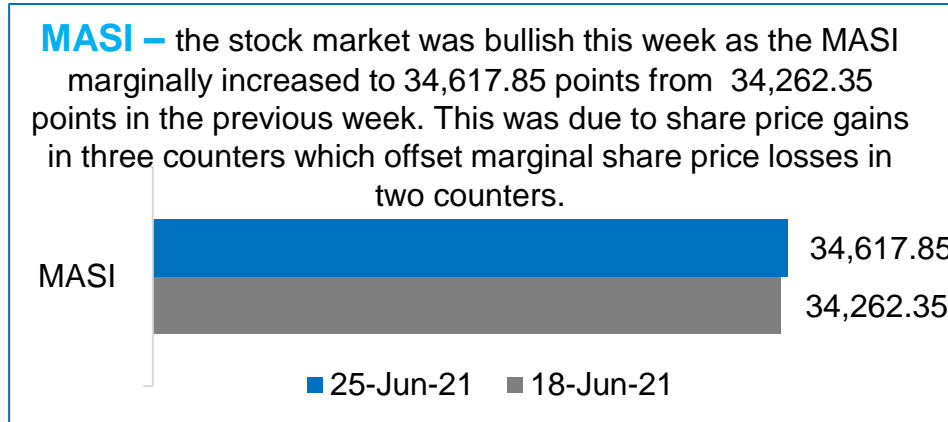


TB - Treasury Bill  
TN - Treasury Note



## Equity market (Source: MSE)

*The stock market was bullish this week as the MASI marginally increased to 34,617.85 points from 34,262.35 points in the previous week. Year-to-date, the MASI return is 6.87%.*

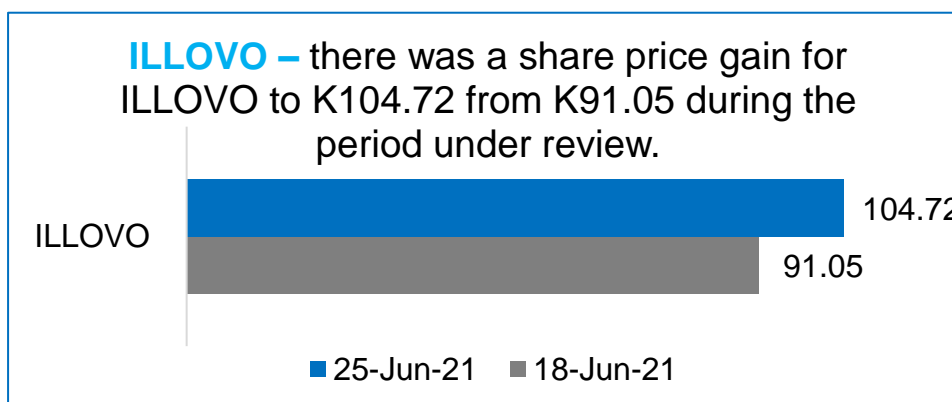
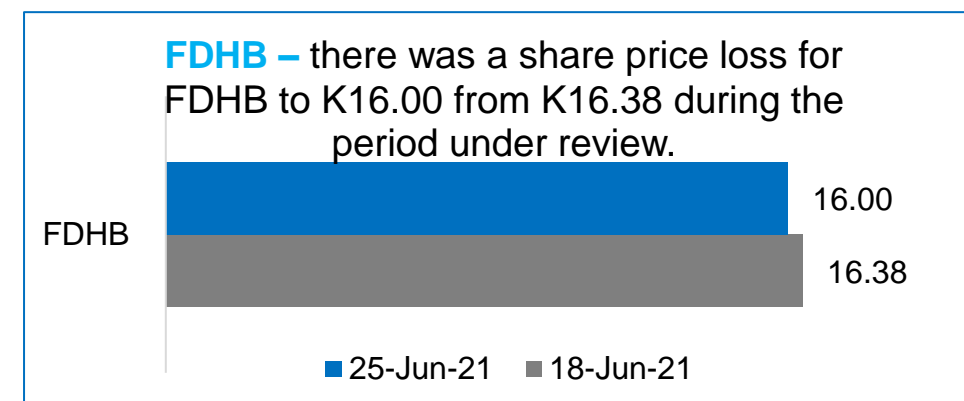
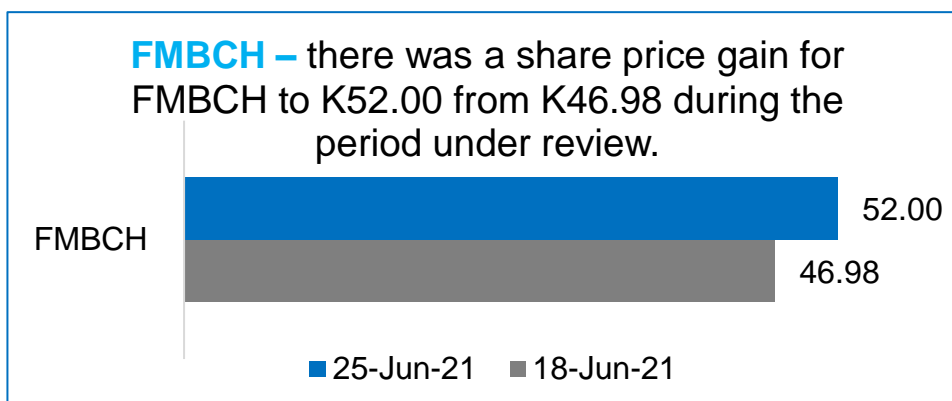
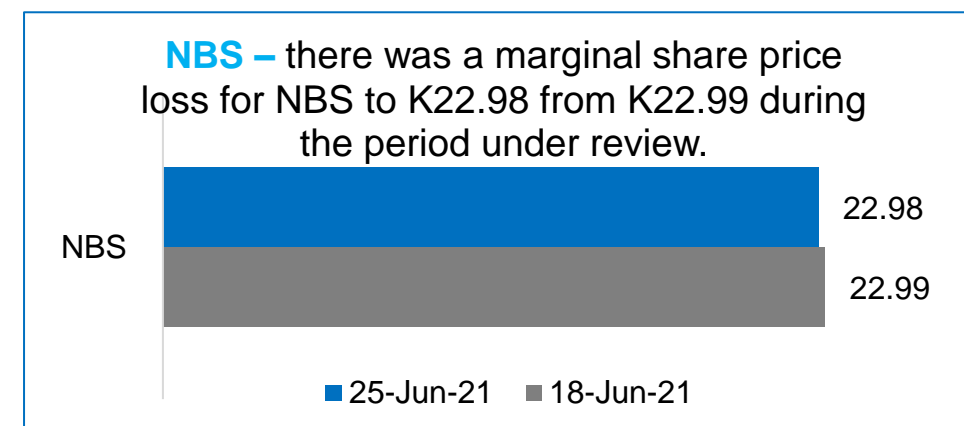
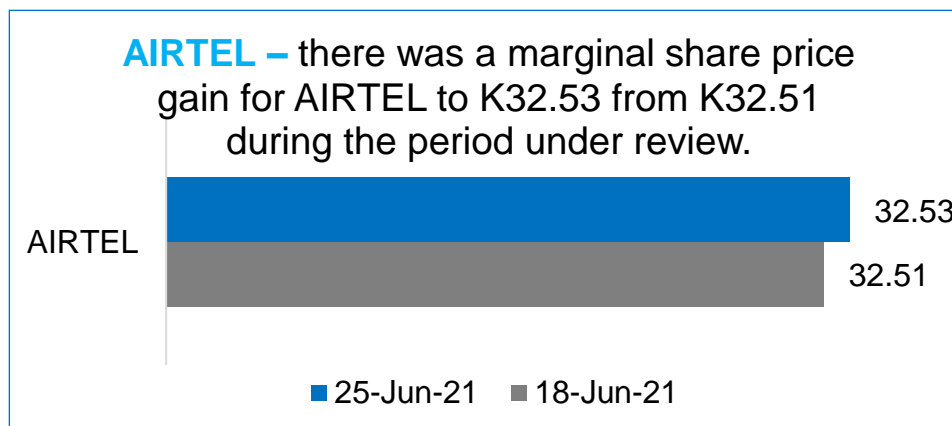


MA SI: Malawi All Share Index  
DSI: Domestic share Index  
FSI: Foreign share Index



## Equity market (Continued)

There were share price losses for NBS (to K22.98 from K22.99) and for FDHB (to K16.00 from K16.38). There were share price gains for ILLOVO (to K104.72 from K91.05), FMBCH (to K52.00 from K46.98) and AIRTEL (to K32.53 from K32.51).





*11 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)
		25-June-21
1	BHL	11.00
2	ICON	12.13
3	MPICO	16.00
4	NBM	650.08
5	NICO	55.00
6	NITL	94.94
7	OMU	2,190.00
8	PCL	1,199.94
9	STANDARD	1,200.15
10	SUNBIRD	90.00
11	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, NBM expects its profit after tax to increase by 20% to K9.1 billion from K10.92 billion for the half-year ended 30 June 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	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	4.31	3.22	N/A	34%
NBM	10.92	9.1	N/A	20%

#### Published half-year financial statements

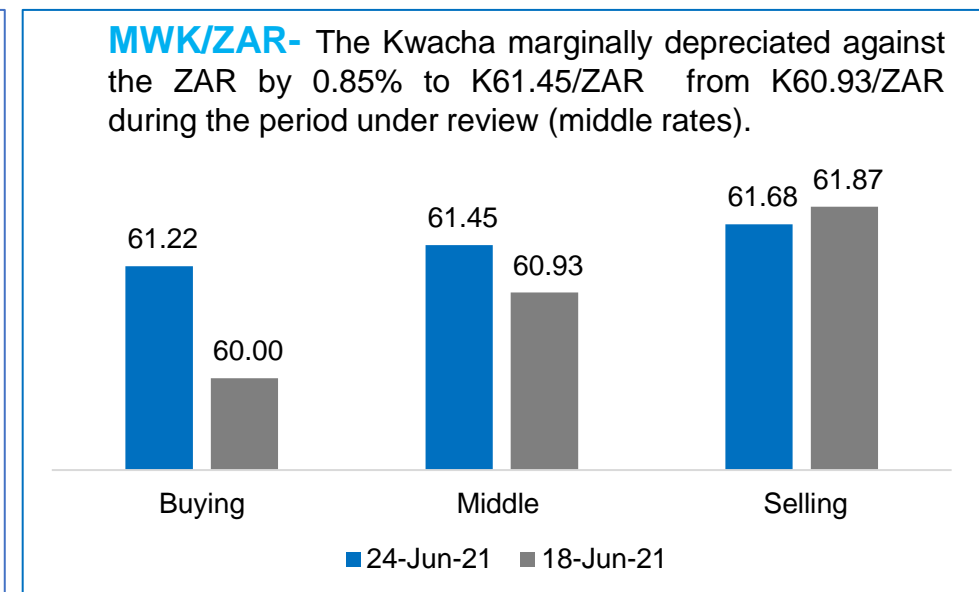
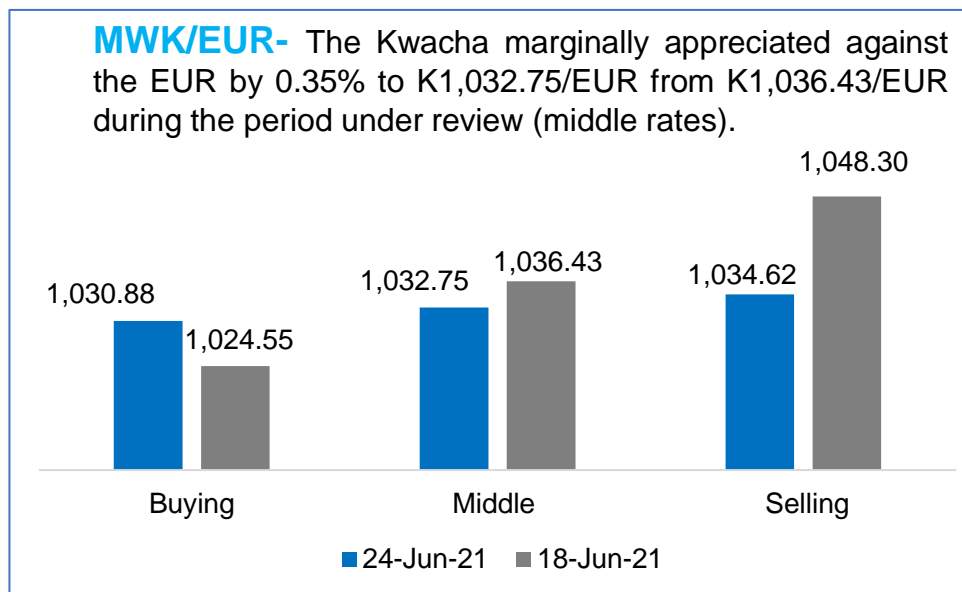
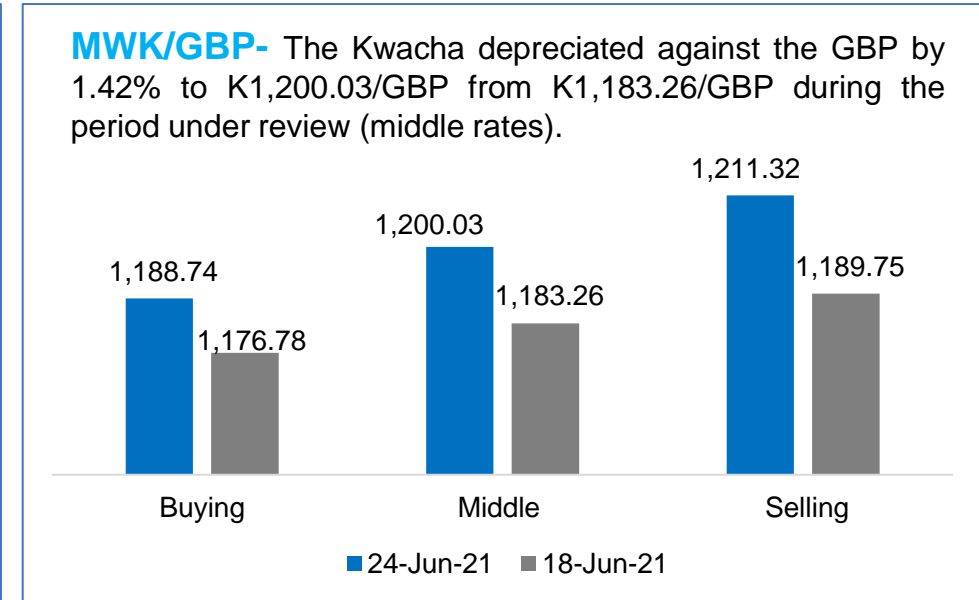
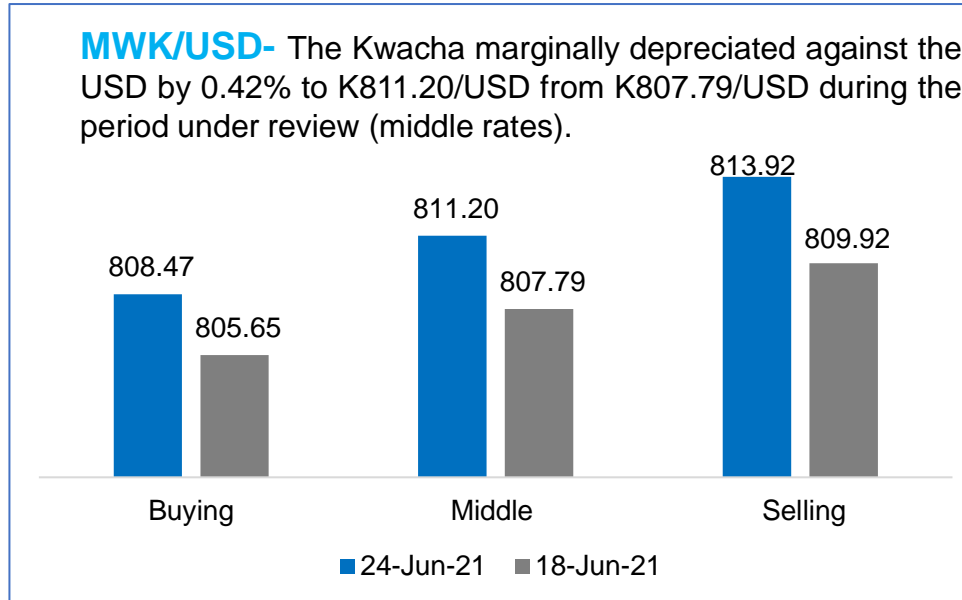
Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
Illovo (billion)	6.12	2.05	199%	200%





## Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.42% to K811.20/USD from K807.79/USD during the period under review.



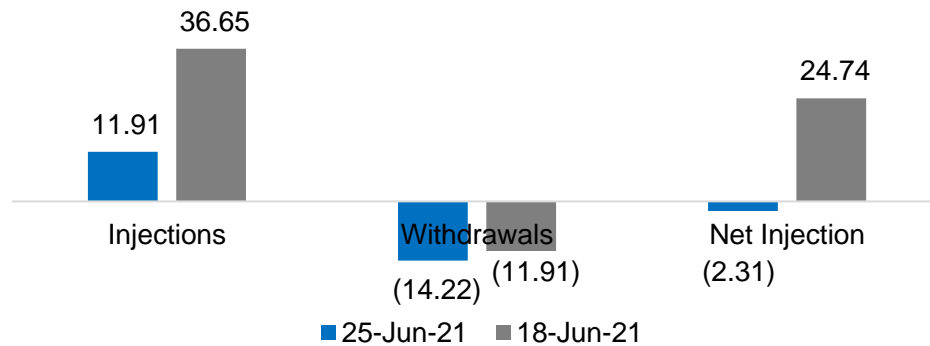
*NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.*



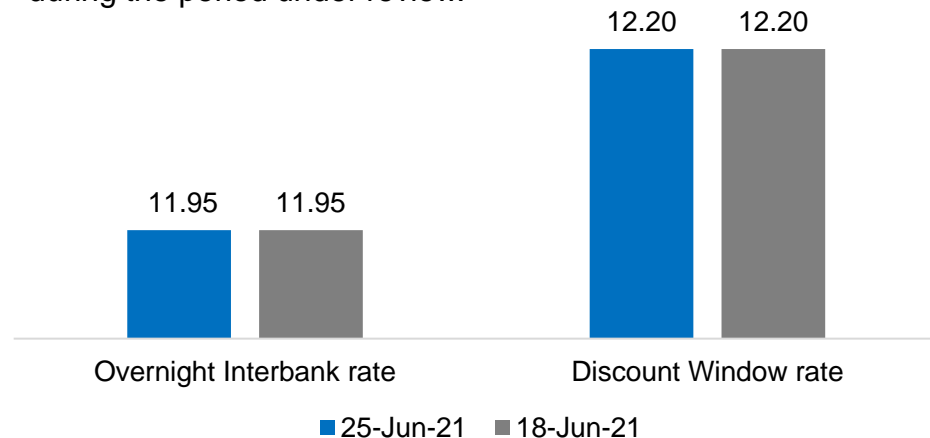
## Other financial market developments (Source: RBM)

The average overnight interbank rate and the average discount window rate maintained their positions at 11.95% and 12.20% respectively, during the period under review .

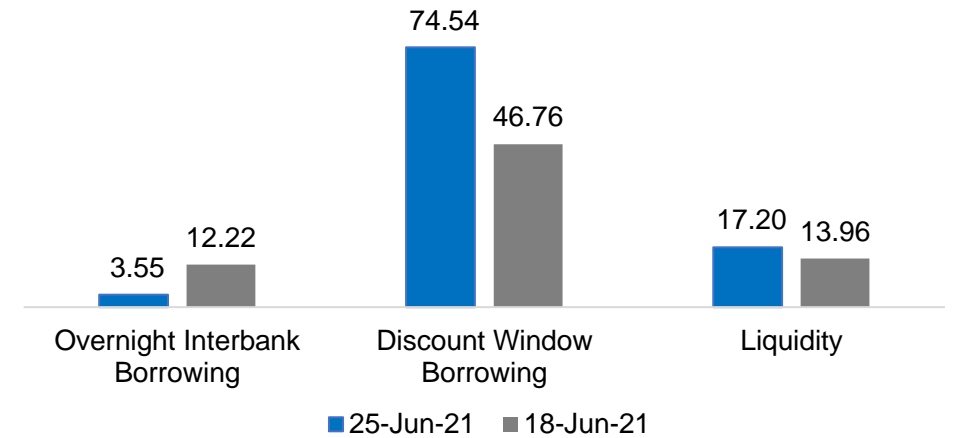
**Net liquidity (K'-billion)** - there was a net liquidity withdrawal of K2.31 billion this week as injections and withdrawals were K11.91 billion and K14.22 billion, respectively.



**Interbank market rates (%)**- The average overnight interbank rate and the average discount window rate maintained their positions at 11.95% and 12.20% respectively, during the period under review.



**Daily average volumes (K'-billion)** – the daily average overnight interbank borrowing decreased to K3.55 billion from K12.22 billion during the period under review.





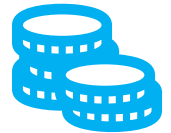
## Economic indicators

Selected Economic Indicators				
<b>Inflation</b>				
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%	
<b>Commodities</b>		<b>May-2021</b>	<b>May-2020</b>	
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	
<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 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 25 June 2021
<b>Exchange rates</b>														
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	811.20
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	1,200.03
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	1,032.75
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	61.45
<b>Foreign Exchange Reserves</b>														
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	-
<b>Inflation</b>														
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	-
<b>Interest Rates</b>														
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%
<b>Government Securities' Yields</b>														
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%	9.33%
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%	12.80%
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%	13.89%
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%	16.65%
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%	20.25%
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%	20.65%
10-year Treasury Note	-	-	-	-	22.14%	22.14%	22.14%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	20.50%
<b>Stock Market Indices</b>														
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	34,617.85
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	28,573.96
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	2,847.01

## 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.*

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## Appendix A - Equity market (Continued)

### Corporate Announcements

#### 1. 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)

#### 2. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
ILLOVO	Declared	Interim	4.00	25 June 2021	28 June 2021
STANDARD	Declared	Final	21.31	09 July 2021	23 July 2021
NBM	Declared	Final	17.14	09 July 2021	30 July 2021
TNM	Proposed	Final	0.10	16 July 2021	30 July 2021
FMBCH	Declared	Final	0.62	16 July 2021	23 July 2021
MPICO	Proposed	Final	0.28	30 July 2021	06 August 2021
NICO	Proposed	Final	0.50	30 July 2021	18 August 2021
PCL	Proposed	Final	25.00	20 August 2021	27 August 2021
AIRTEL	Proposed	Final	2.10	30 July 2021	31 August 2021
NITL	Proposed	Final	0.80	TBA	TBA
NBS	Proposed	Final	0.70	TBA	TBA
ICON	Proposed	Final	0.12	TBA	TBA

#### 3. Annual general meeting

Company	Venue	Date	Time
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
NICO	Virtual AGM	16 July 2021	14:00 hours

## Disclaimer

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