

Financial Market Update

| Week ending 4 June 2021

Financial market highlights for the week ending 4 June 2021

The following highlights compare the week ending 4 June 2021 to the week ending 28 May 2021:



Government securities market (Source: RBM)

- A total of K2.40 billion was allotted during this week's Treasury Bills (TBs) auction.
- The TBs auction had a nil rejection rate for the period under review.
- A total of K15.17 billion was allotted during this weeks Treasury Note (TN) auction. The TN auction had a 0.13% rejection rate for the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI marginally increased to 33,852.56 points from 33,616.93 points in the previous week. This was due to share price gains for NICO (to K55.00 from K51.92), ILLOVO (to K80.47 from K80.46) and FMBCH (to K40.80 from K35.52) which offset share price losses for AIRTEL (to K32.50 from K32.76) and FDHB (to K16.40 from K16.41) 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 6.37% in the previous year, during the same period.



Financial market developments (Source: RBM)

- The average overnight interbank rate marginally increased to 11.94% from 11.93%, during the period under review.
- The daily average liquidity increased to K15.79 billion from K11.21 billion during the period under review.
- A total of K41 billion was injected into the economy following an OMO reverse repo auction held on 4 June 2021.



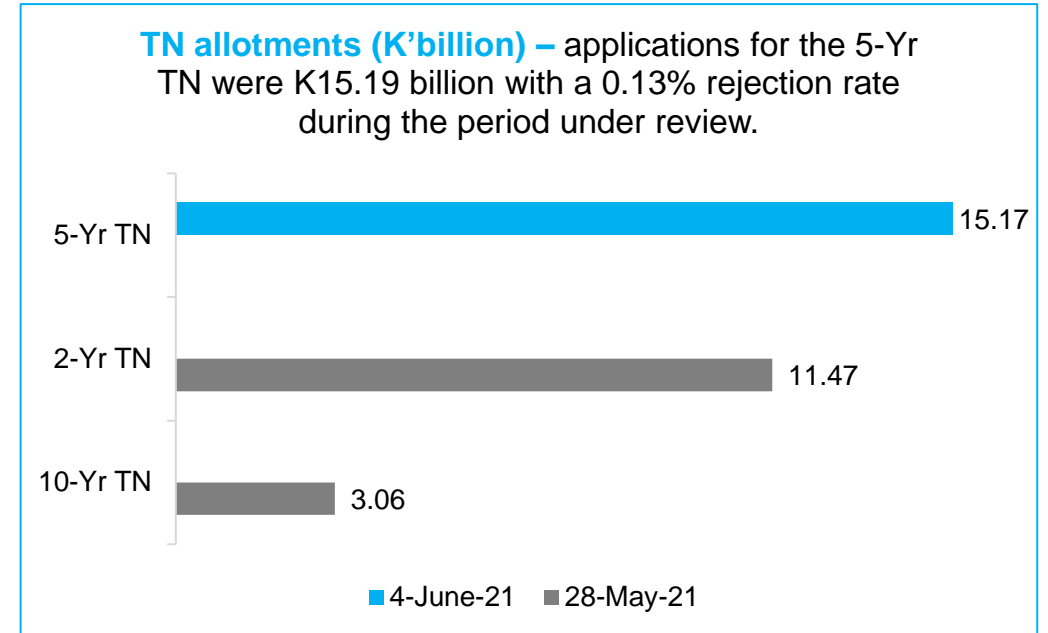
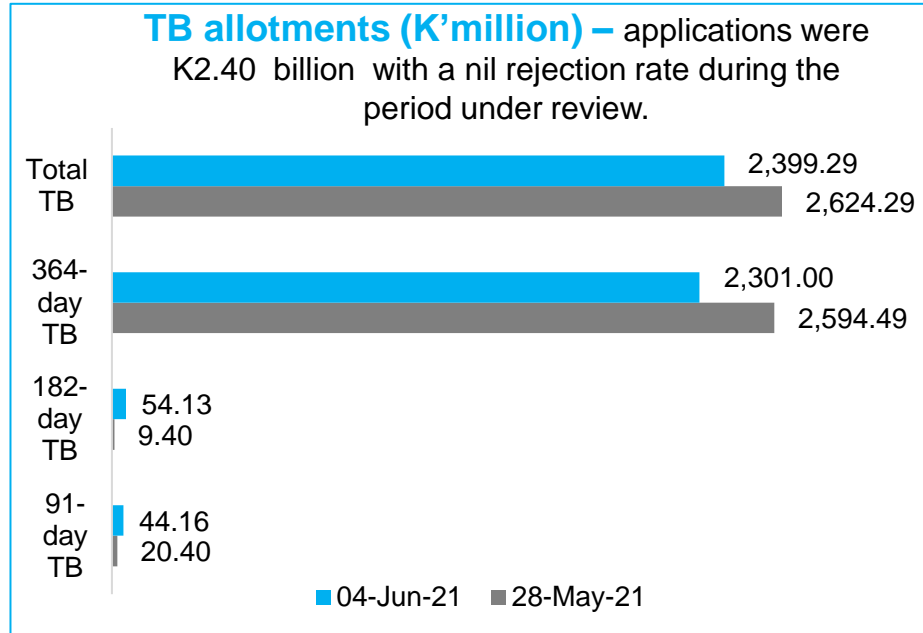
Currency market (Source: RBM)

- Based on middle rates, The Kwacha marginally appreciated against the USD by 0.14% to K800.59/USD from K801.74/USD, marginally appreciated against the EUR by 0.21% to K1,040.32/EUR from K1,044.23/EUR and marginally appreciated against the GBP by 0.51% to K1,189.19/GBP from K1,191.58/GBP in the previous week, in the previous week.
- Based on middle rates, the Kwacha depreciated against the ZAR by 2.78% to K63.14/ZAR from K61.54/ZAR, during the period under review.

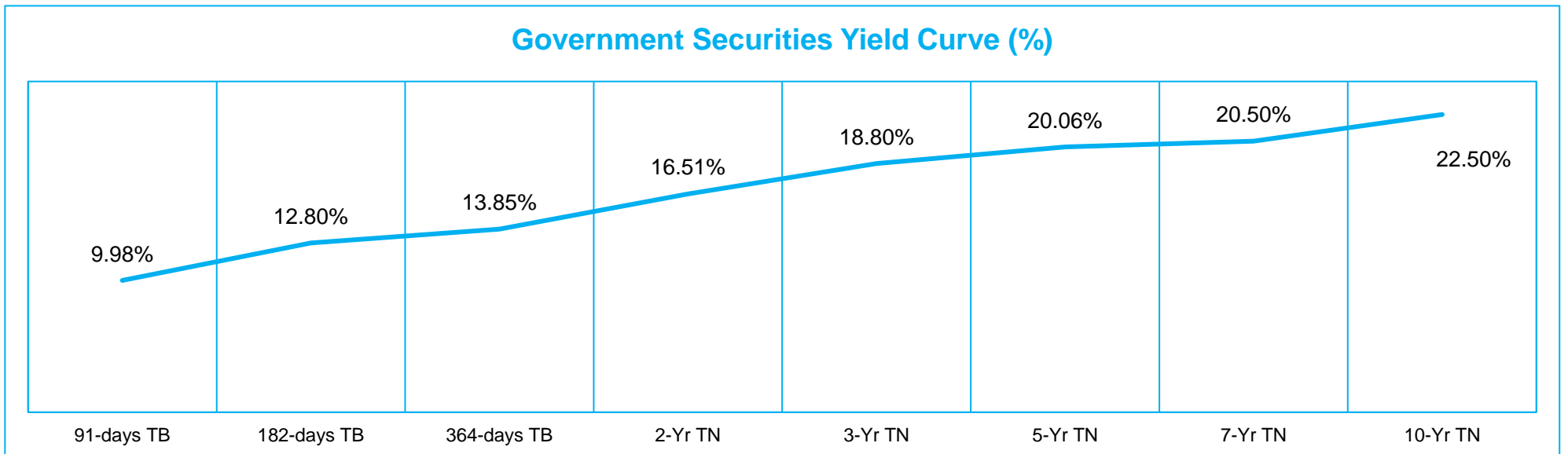


Government securities (Source: RBM)

A total of about K2.40 billion was allotted during this week's Treasury Bills (TBs) auction.



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

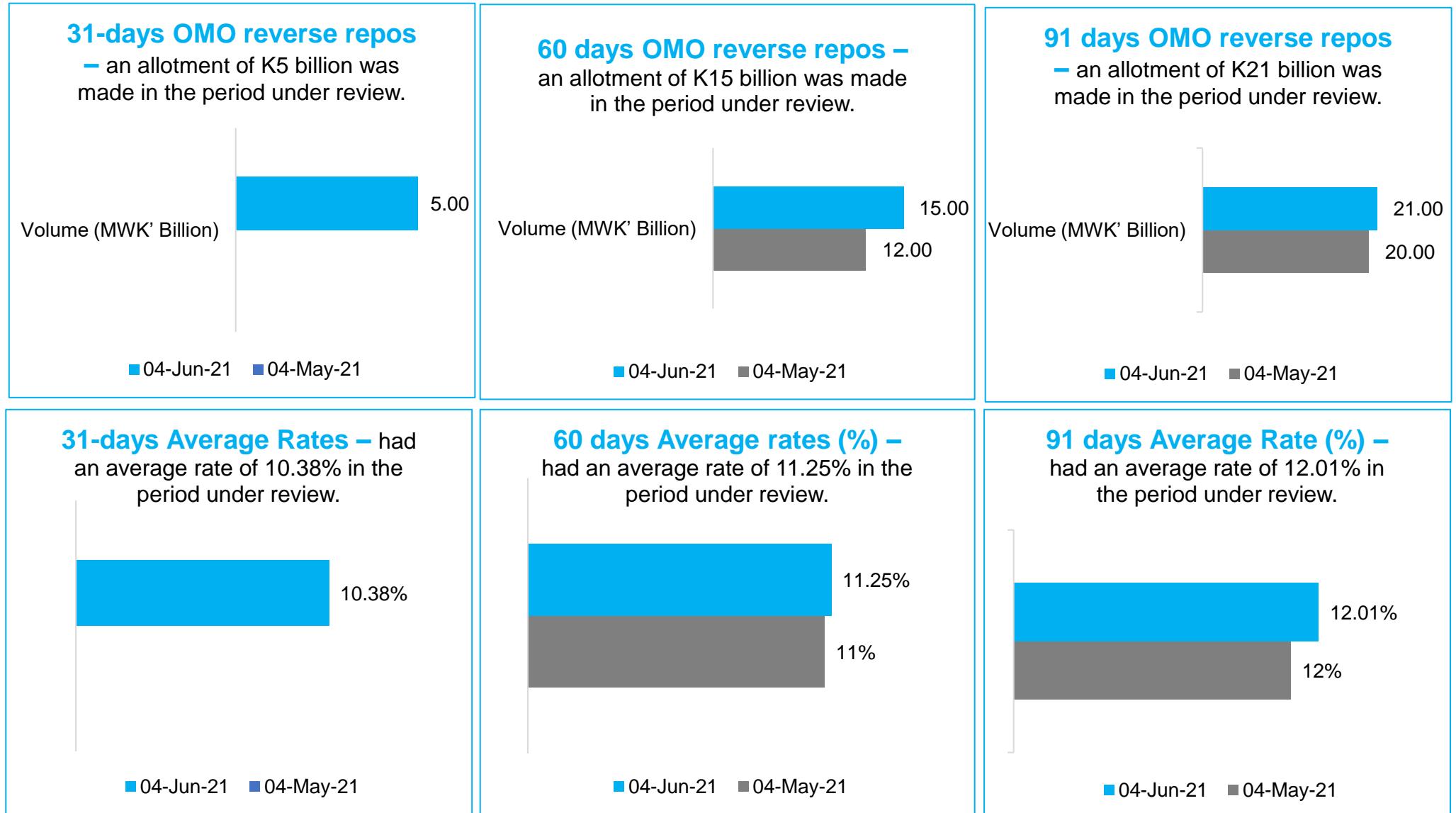


TB - Treasury Bill
TN - Treasury Note



A total of K41 billion was injected into the economy following an OMO reverse repo auction held on 4 June 2021. The average rate for the auction was 11.25%.

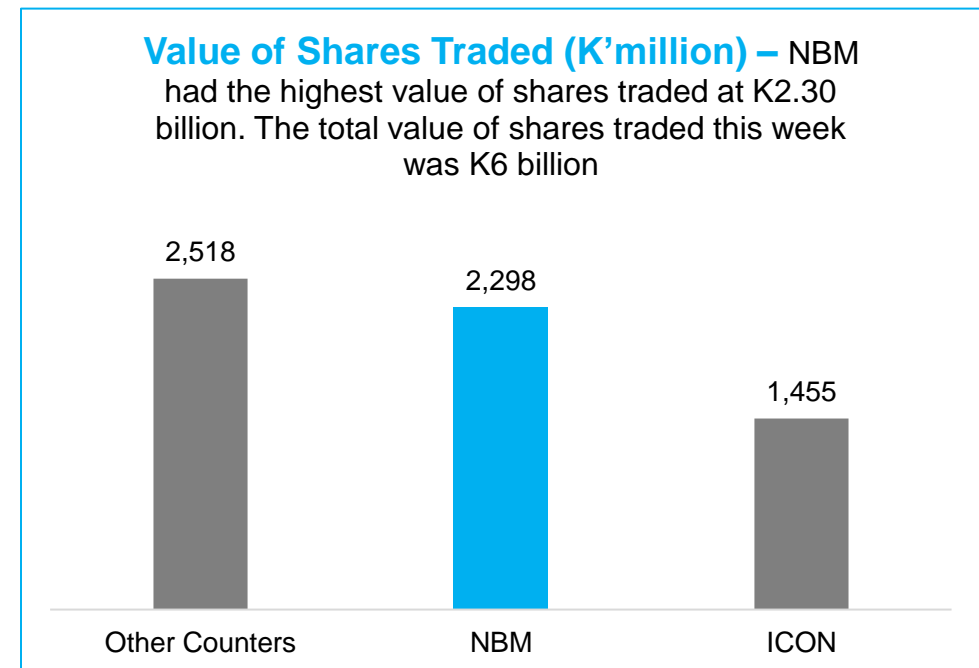
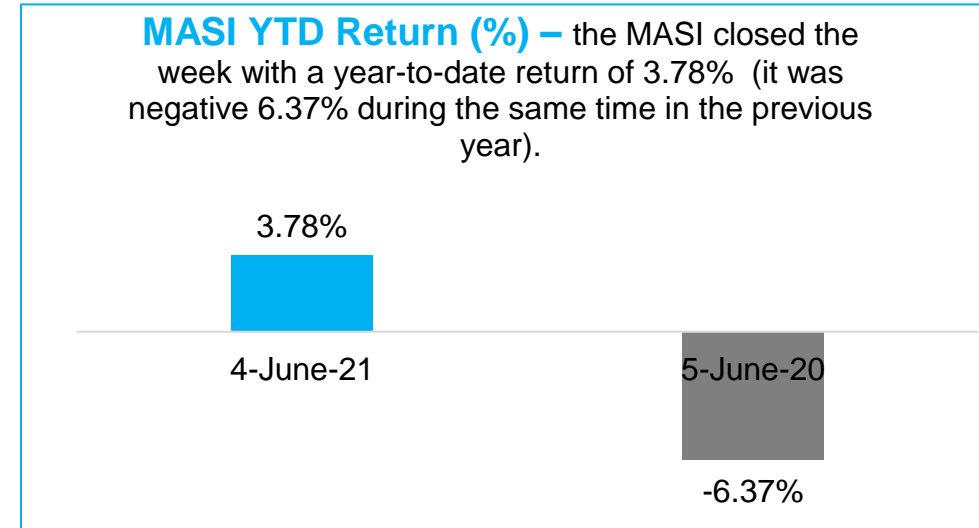
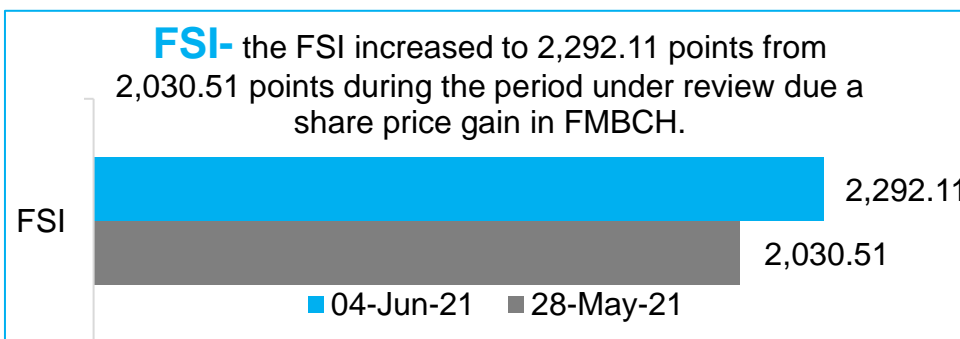
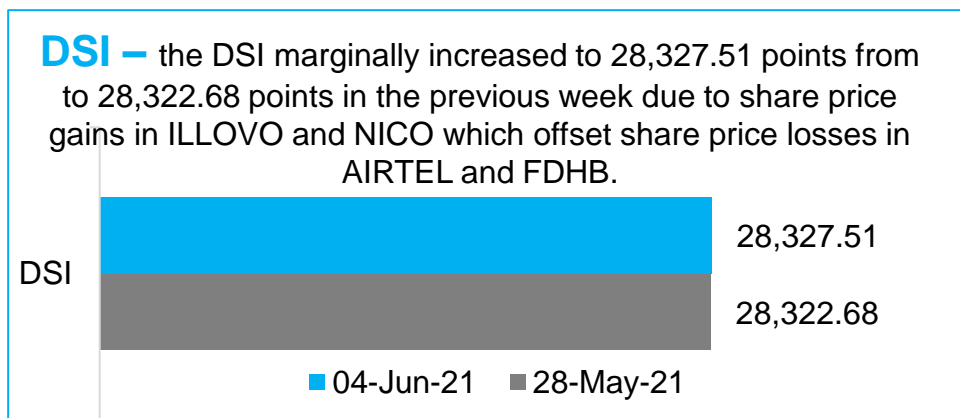
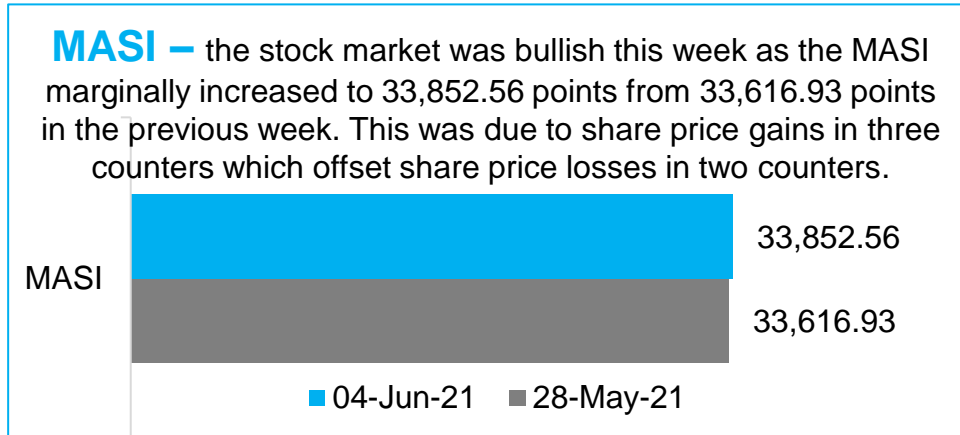
Government Open Market Operations Reverse Repos (Source: RBM)





Equity market (Source: MSE)

The stock market was bullish this week as the MASI marginally increased to 33,852.56 points from 33,616.93 points in the previous week. Year-to-date, the MASI return is 3.78%.

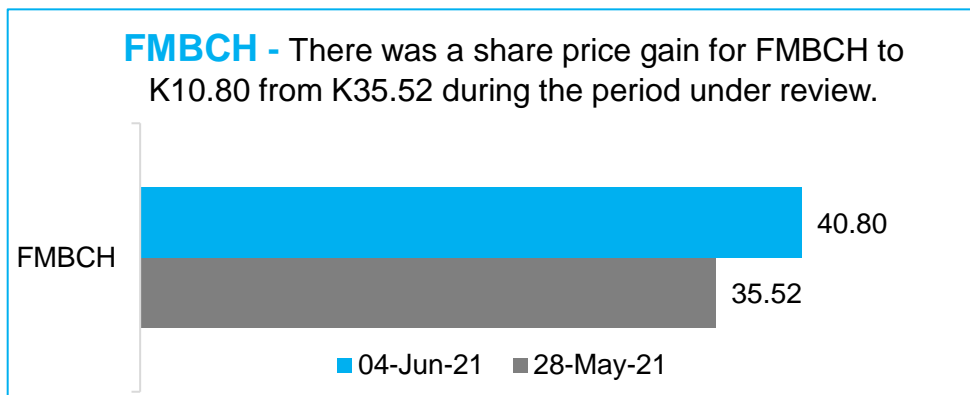
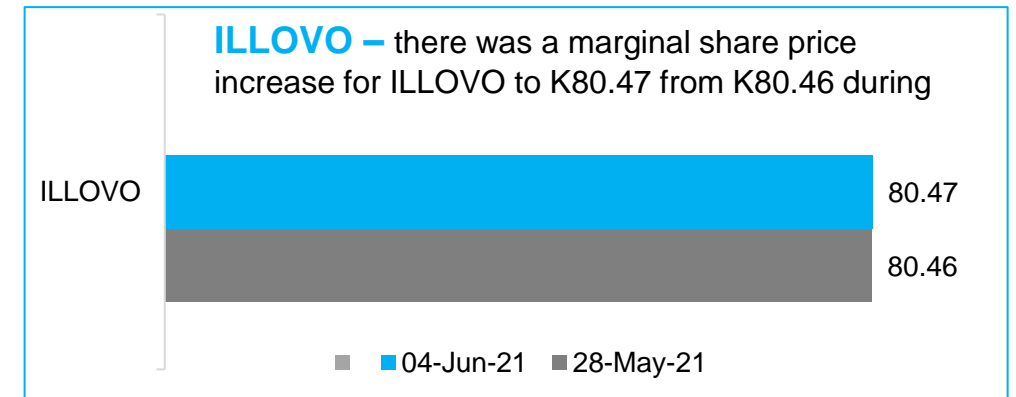
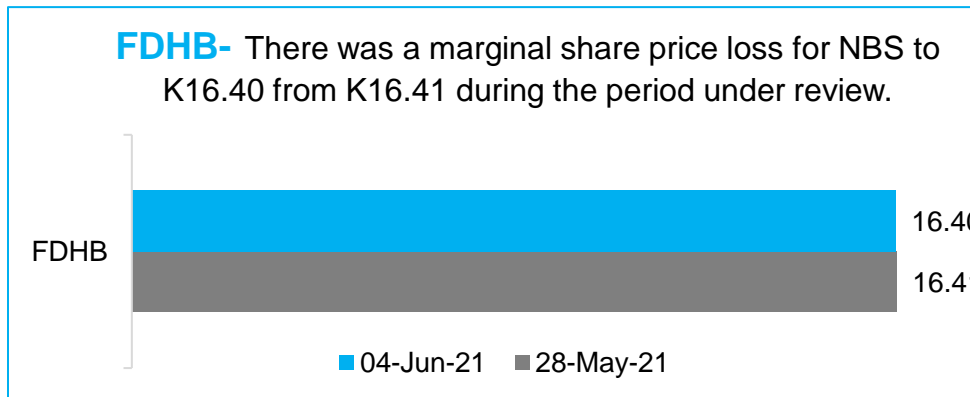
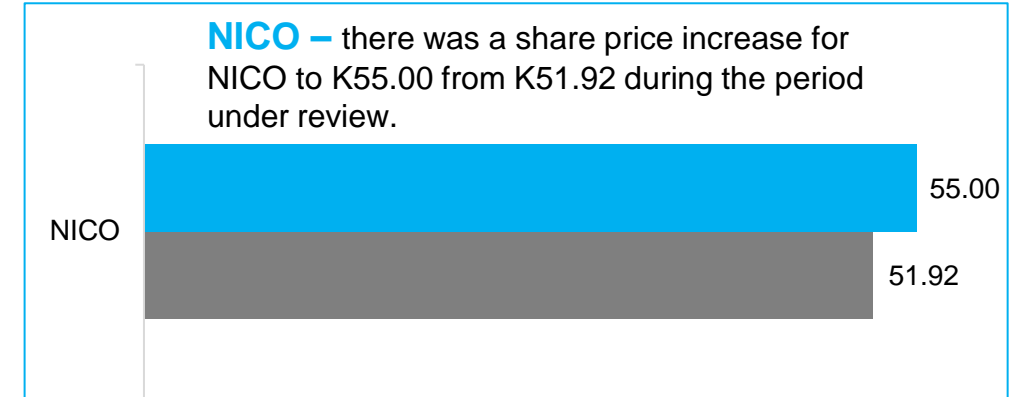
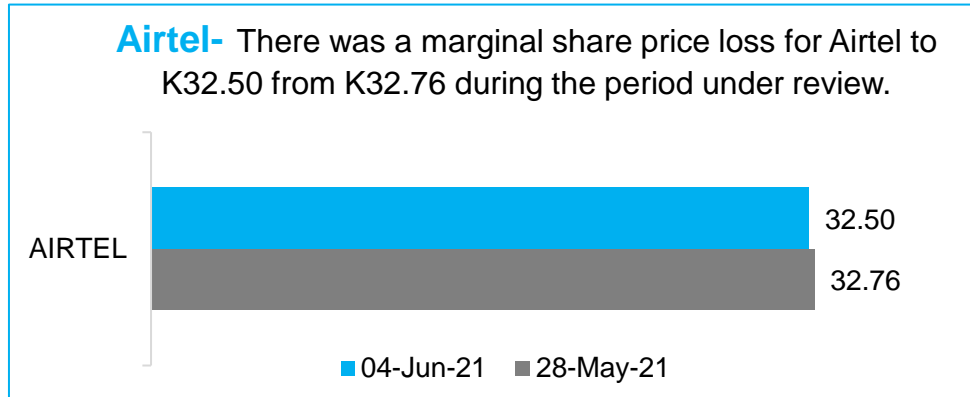


MA SI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



There were share price gains for FMBCH (to K40.80 from K35.52), NICO (to K55.00 from K51.92) and ILLOVO (to K80.47 from K80.46). There were share price losses for AIRTEL (to K32.50 from K32.76) and FDHB (to K16.40 from K16.41) during the period under review.

Equity market (Continued)





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)
		4-June-21
1	BHL	11.00
2	ICON	12.13
3	MPICO	16.00
4	NBM	650.08
5	NBS	22.99
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 financial statements for the half-year ended 28 February 2021, Illovo's half-year profit after tax increased to K6.12 billion from K2.05 billion on 28 February 2020. BHL is yet to publish their half-year financial statements.

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.

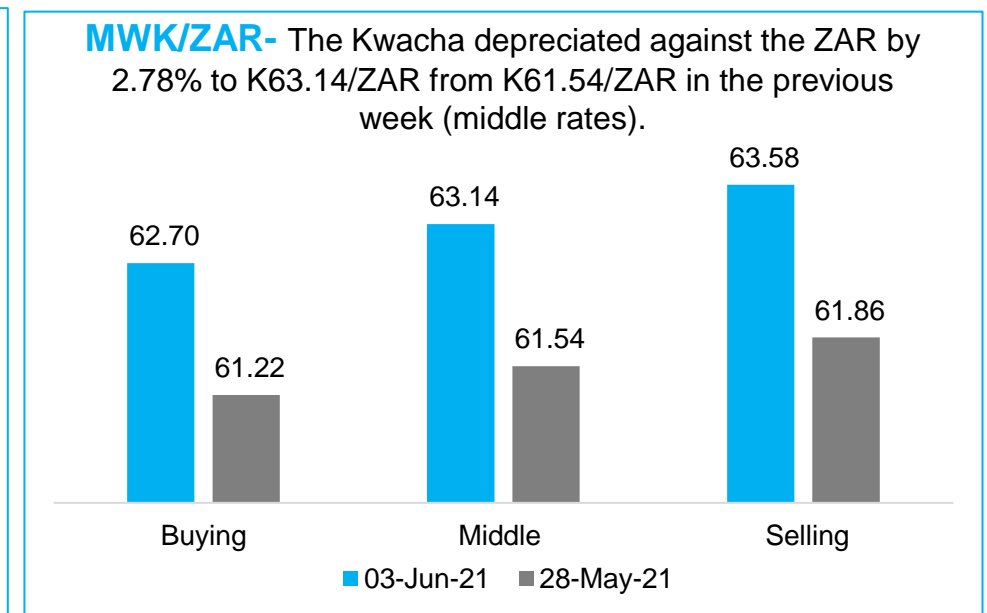
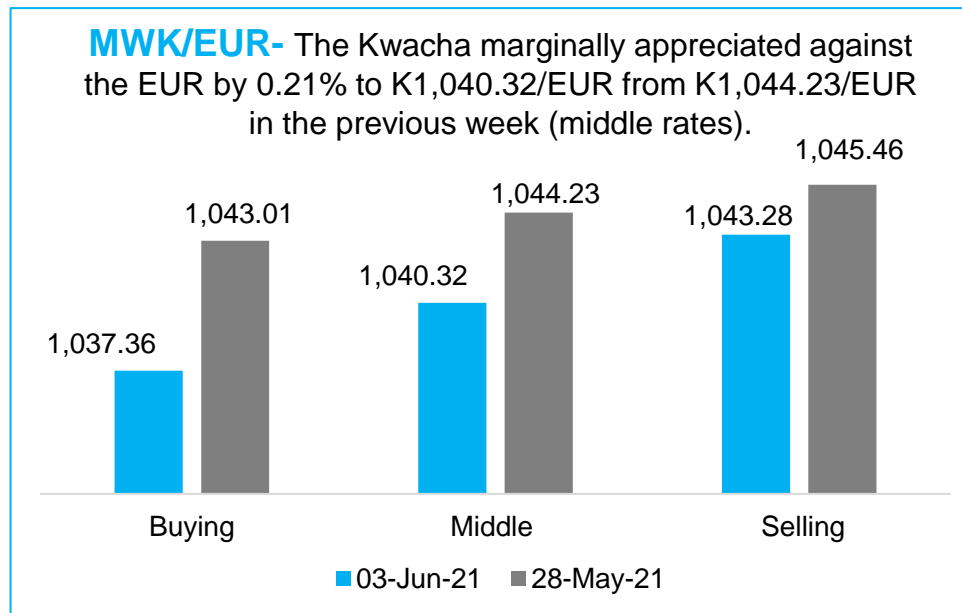
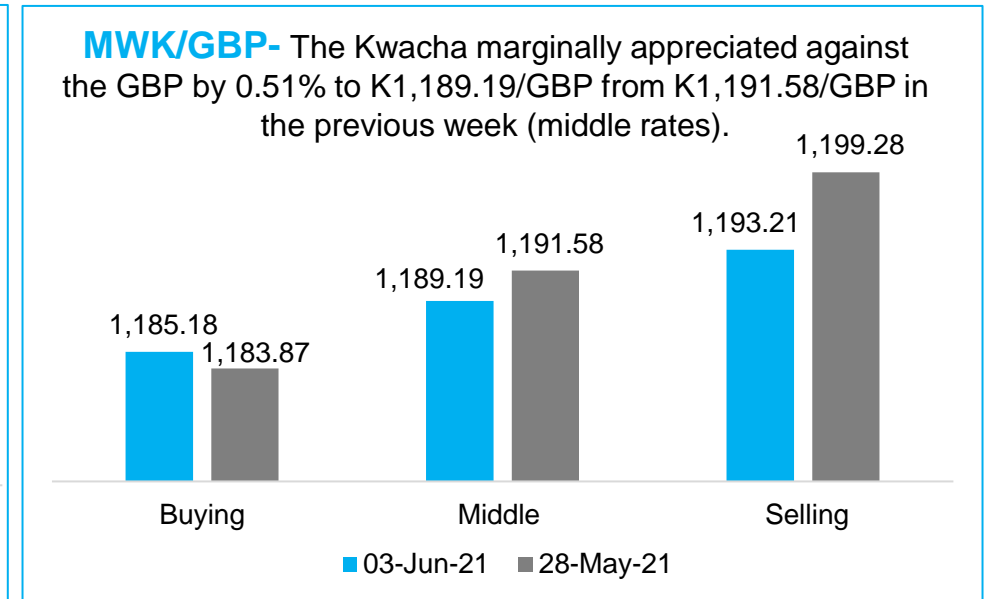
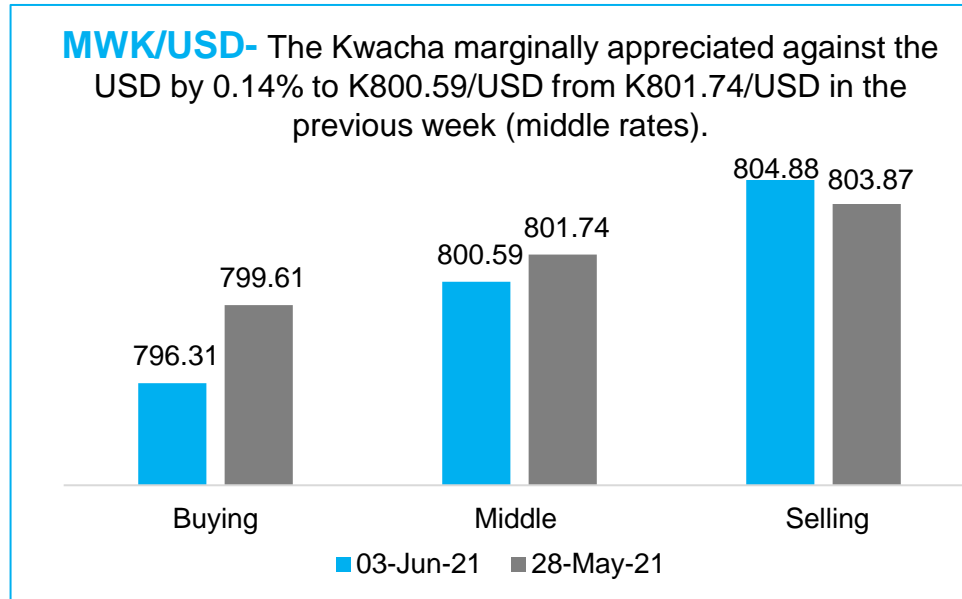
Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
Illovo (billion)	6.12	2.05	199%	200%
Counter	31 March 2021	31 March 2020		Trading statement profit/loss expectation
BHL (millions)	(280.05)	70.01	N/A	-500%



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.14% to K800.59/USD from K801.74/USD in the previous week.



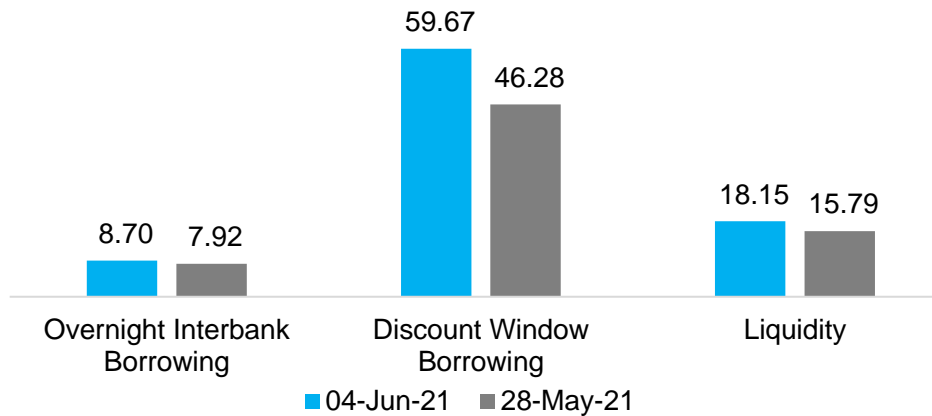
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



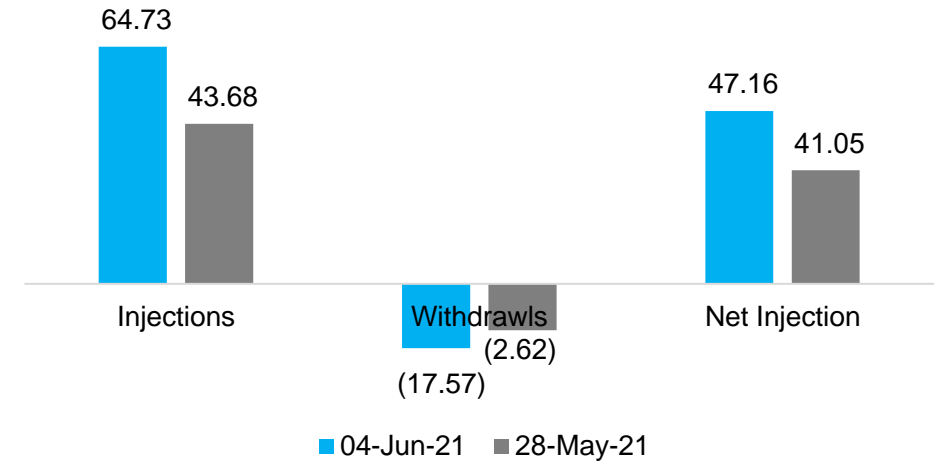
Other financial market developments (Source: RBM)

The net liquidity injection increased by about 48.19% to K64.73 billion from K43.68 billion during the period under review.

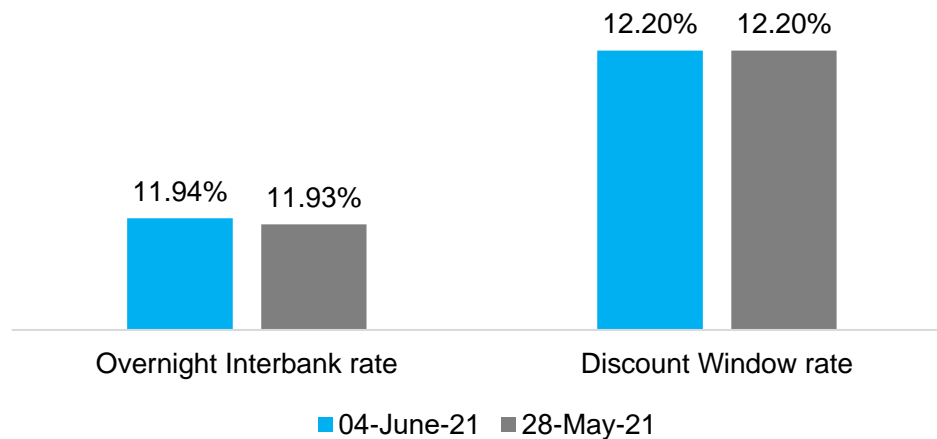
Daily average volumes (K'-billion) – the daily average overnight interbank borrowing increased to K8.70 billion from K7.92 billion during the period under review..



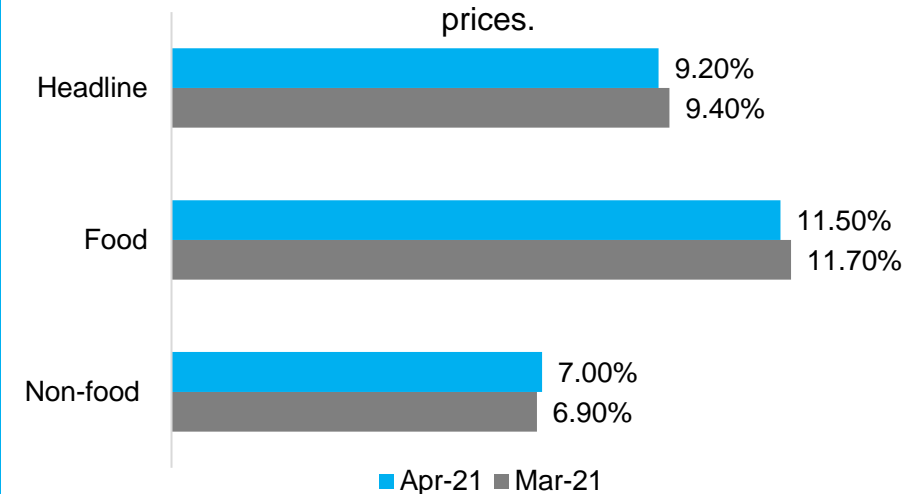
Net liquidity (K'-billion) - there was a net liquidity injection of K47.16 billion this week as injections and withdrawals were K64.73 billion and K17.57 billion, respectively.



Interbank market rates (%)- The average overnight interbank rate marginally increased to 11.94% from 11.93% in the previous week. The discount window rate maintained its position at 12.20%, during the week under review.



Inflation (%) – 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.





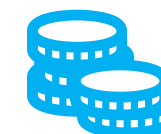
Economic indicators

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\$68.53/b	US\$29.01/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 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 May 2021 US\$ 68.53/b



	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 4 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	801.74
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	1,191.58
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	1,044.23
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	61.54
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	-	-
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%	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%	12.10%
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%	9.98%
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%	13.85%
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%	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%	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%	20.50%
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	3,852.56
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	28,327.51
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	2,292.11

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 per share (MK)	Last Day To Register	Payable
PCL	Proposed	Final	25.00	20 August 2021	27 August 2021
STANDARD	Proposed	Final	21.31	09 July 2021	23 July 2021
NBM	Proposed	Final	17.14	09 July 2021	30 July 2021
NITL	Proposed	Final	0.80	TBA	TBA
NBS	Proposed	Final	2.04	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
SUNBIRD	Virtual AGM	18 June 2021	15.30 hours
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

TBA: To be Announced

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