

Financial Market Update

| Week ending 2 July 2021

Financial market highlights for the week ending 2 July 2021

The following highlights compare the week ending 2 July 2021 to the week ending 25 June 2021:



Government securities market (Source: RBM)

- A total of K94.60 billion was allotted during this week's Treasury Bills (TB) and Treasury Notes (TN) auction.
- A total K93.89 billion was allotted during this week's Treasury Notes (TN) auctions. The TN auctions had a rejection rate of 0.11% during the period under review.
- A total of K707.60 million was allotted during this week's TB auction and there was a rejection rate of 6.05%.
- A total of K117.57 billion was injected into the economy following an OMO reverse repo auction held on 28 June 2021. The average yield for the repos was 9.71% during the period under review.



Currency market (Source: RBM)

- Based on middle rates, the Kwacha marginally depreciated against the USD by 0.06% (to K810.03/USD from K809.56/USD) during the period under review.
- Based on the middle rates, the Kwacha marginally appreciated against the GBP by 0.56% (to K1,189.24/GBP from K1,189.56/GBP), the EUR by 0.17% (to K1,033.82/EUR from K1,035.56/EUR) and the ZAR by 0.41% to (K61.09/ZAR from K61.34/ZAR) during the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 35,108.69 points from 34,617.85 points during the period under review. This was due to share price gains for FMBCH (to K59.82 from K52.00) and NBS (to K26.40 from K22.98) which offset a share price loss in NITL (to K80.70 from K94.94) during the period under review.
- The MASI had year-to-date return of 8.38% during the period under review. It was negative 1.55% during the same time in the previous year.
- According to their financial statements for the six months ended 31 March 2021, BHL closed the period with a loss after tax of K390.65 million from a profit of K70.01 million for the period ended 31 March 2020.
- According to their published half-year trading statements for the period ended 30 June 2021, NBM, NBS, ICON and NITL expect their after-tax profit to increase by 20%, 40%, 20% and 140% respectively. However, SUNBIRD expects their profit after tax to decrease by 65% for the period.



Financial market developments (Source: RBM and Other Company Financials)

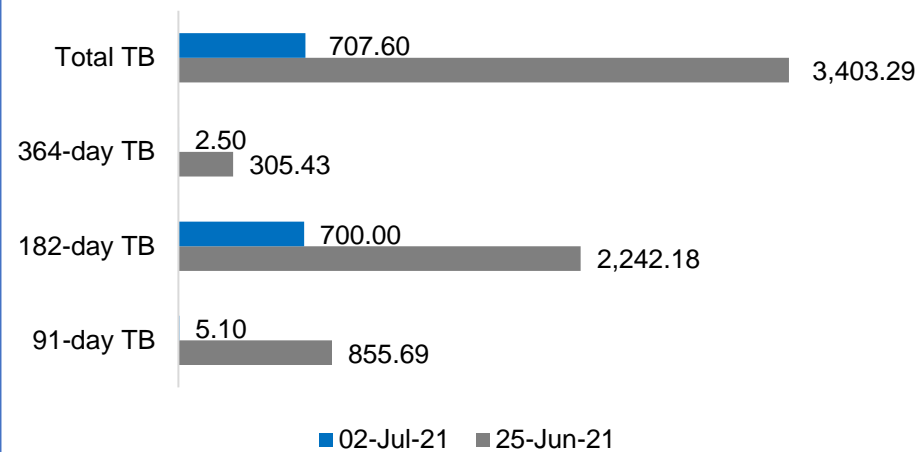
- MAIC plc closed the period ended 31 December 2020 with a profit after tax of K279.59 million from a loss of K431.25 million for the period ended 31 December 2019.
- The average overnight interbank rate maintained its position at 11.95% during the period under review.



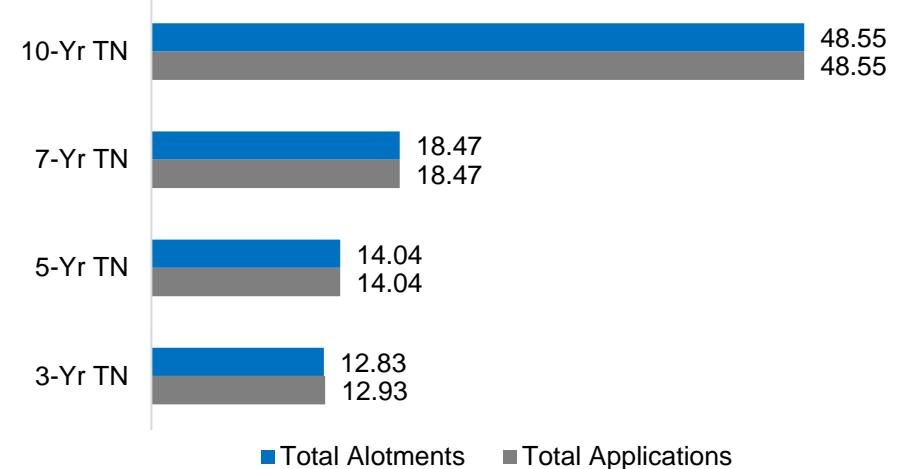
Government securities (Source: RBM)

A total of K707.60 million and K93.89 billion was allotted during this week's Treasury Bills (TB) and Treasury Notes (TN) auctions, respectively.

TB allotments (K'million) – there was a total of K753.17 million applications during the period under review, with a rejection rate of 6.05%.

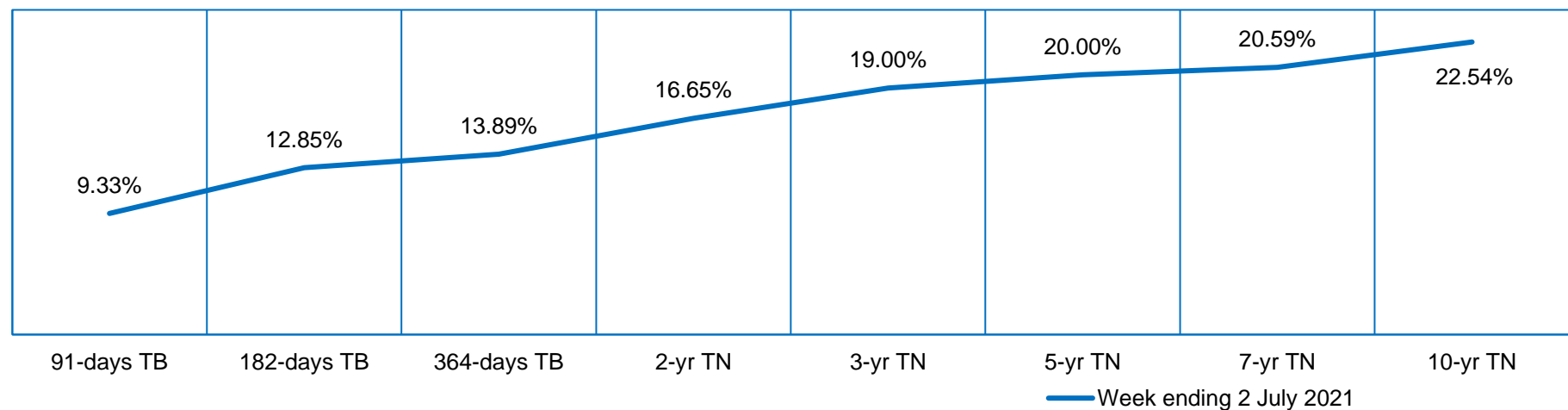


TN applications and allotments (K'billion) – there was a total of K93.99 billion applications during the period under review, with a rejection rate of 0.11%.



The average All-type TB yield increased to 12.02% from 12.01% during the period under review.

Government securities yield (%)

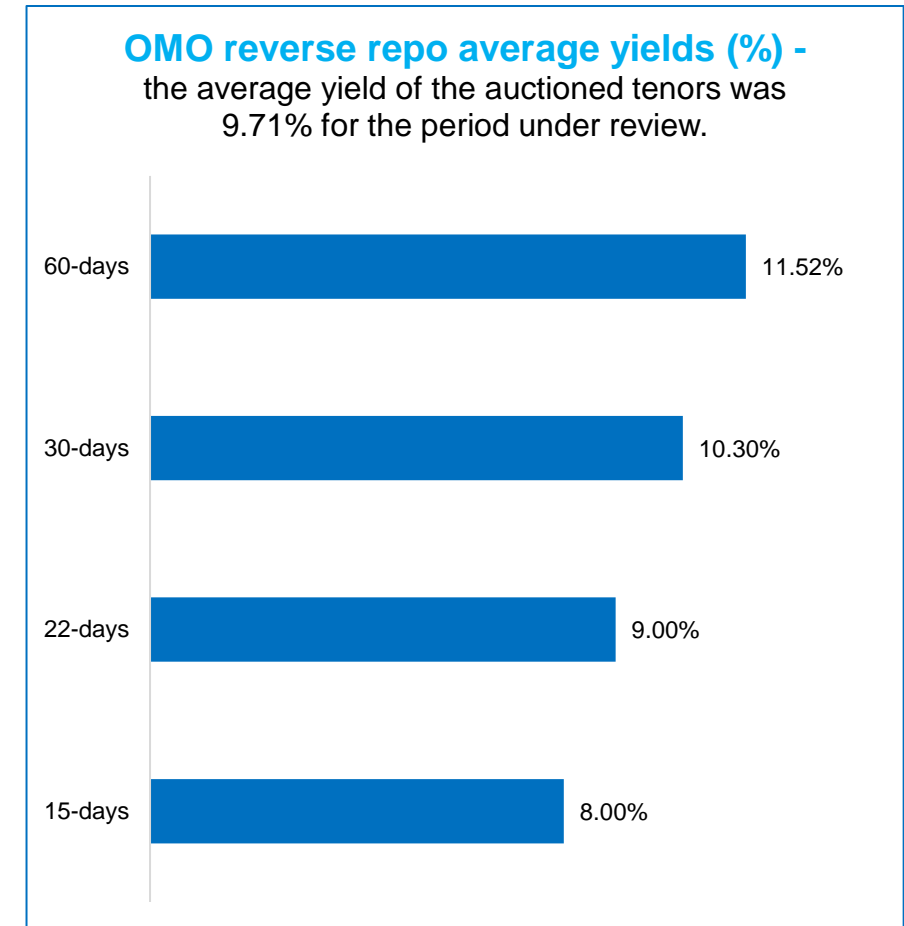
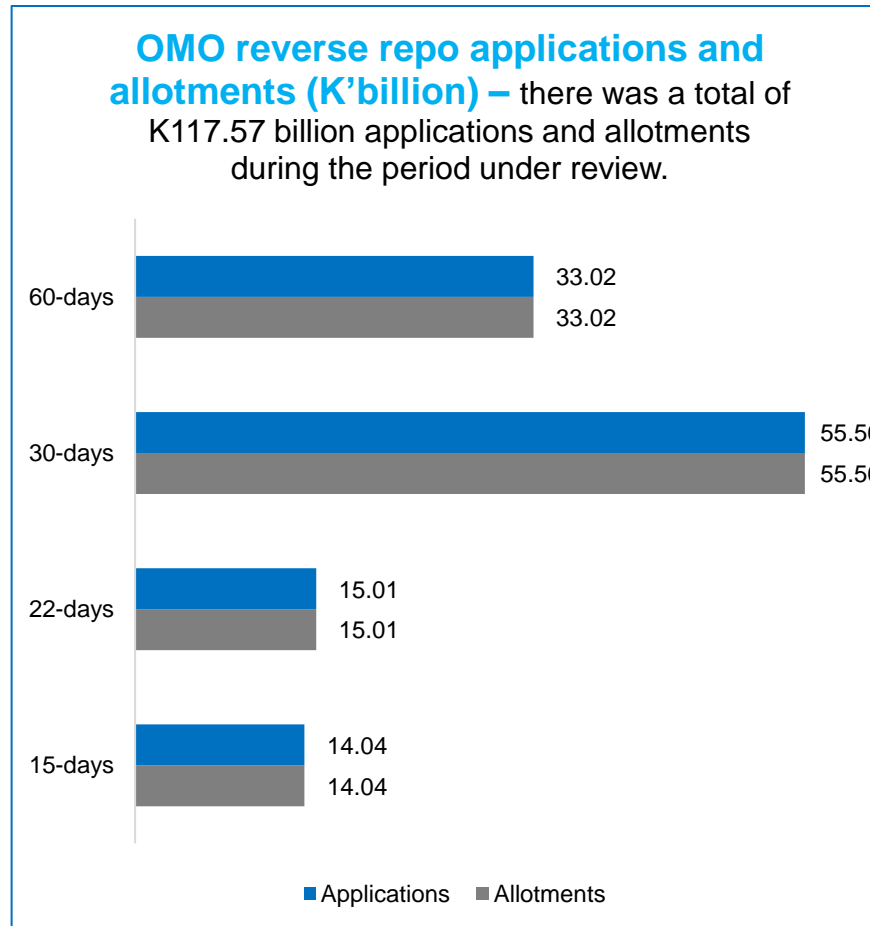


TB - Treasury Bill
TN - Treasury Note



Government securities (continued)

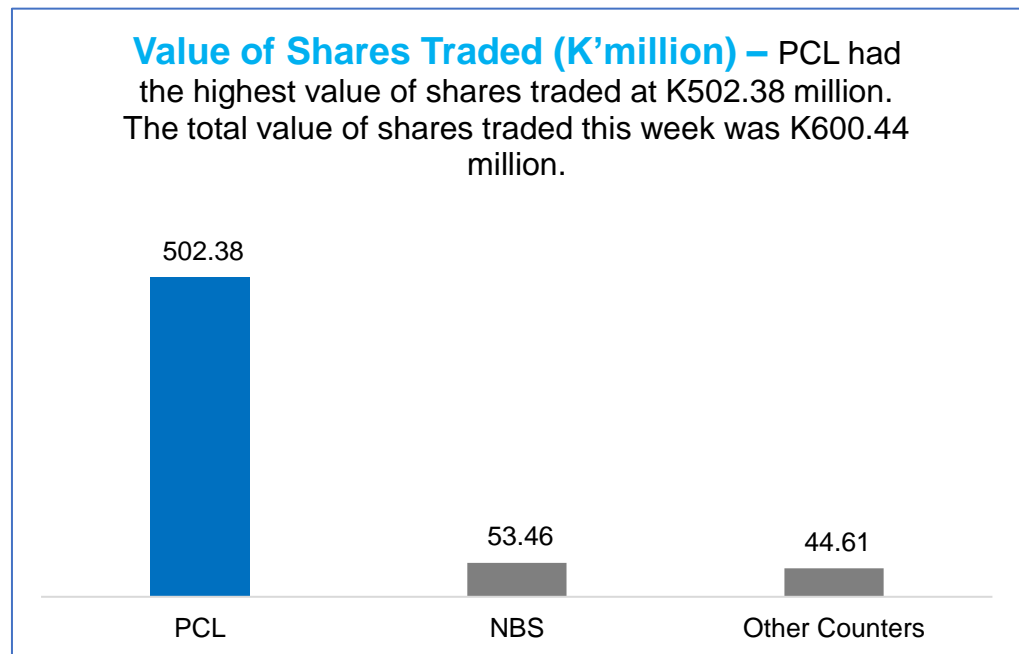
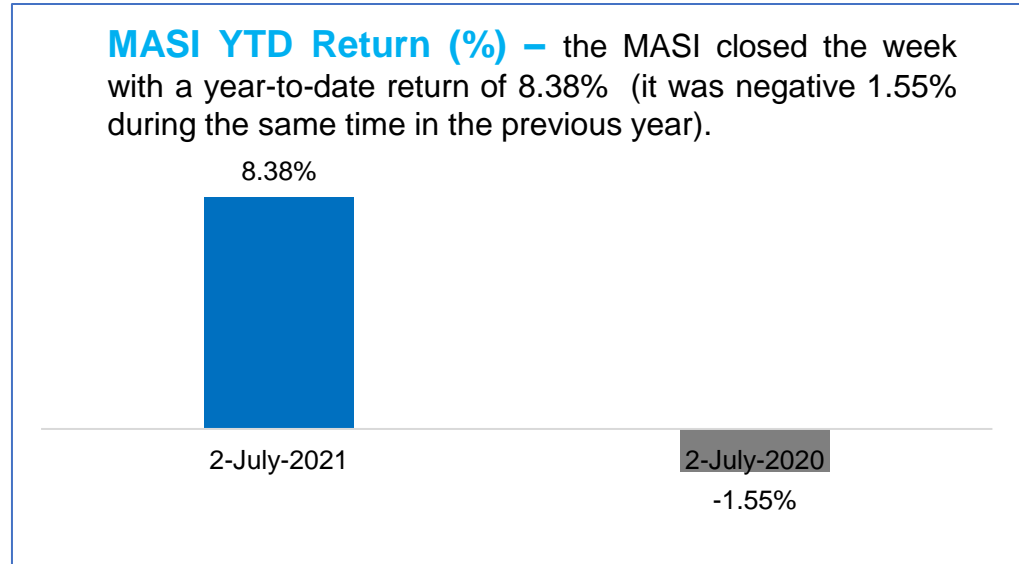
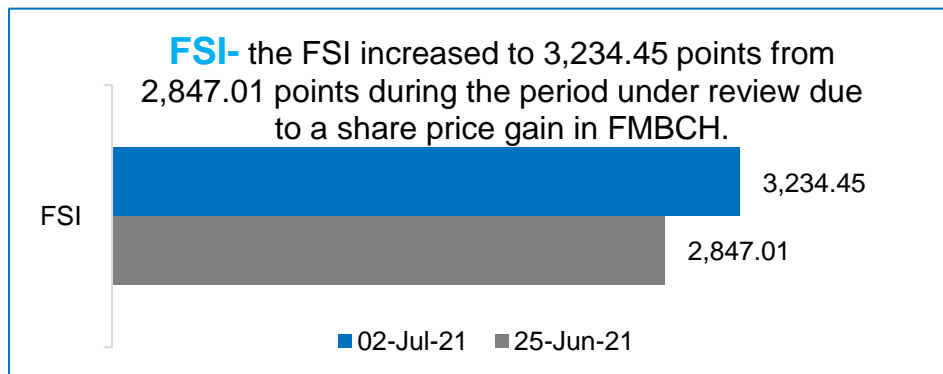
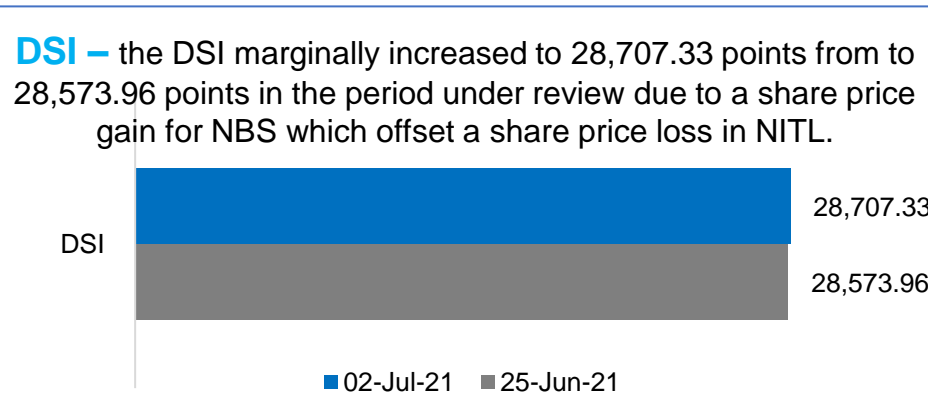
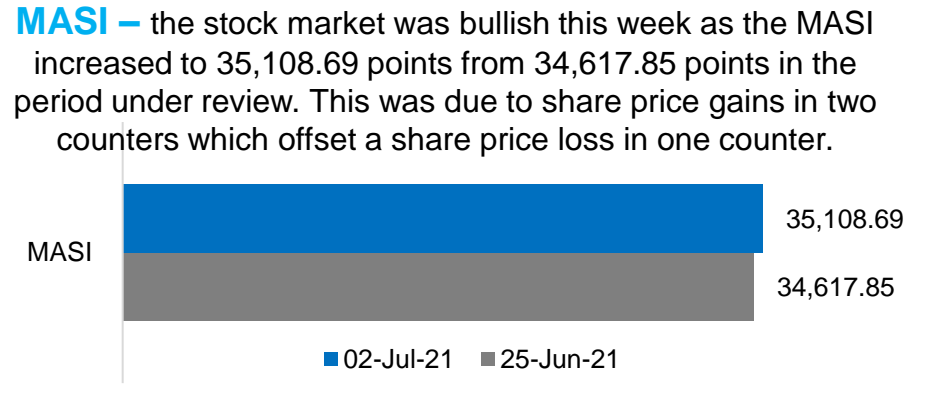
A total of K117.57 billion was injected into the economy following an OMO reverse repo auction held on 28 June 2021. The average yield of the auctioned tenors was 9.71% for the period under review.





Equity market (Source: MSE)

The stock market was bullish this week as the MASI increased to 35,108.69 points from 34,617.85 points in the period under review. Year-to-date, the MASI return is 8.38%.



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



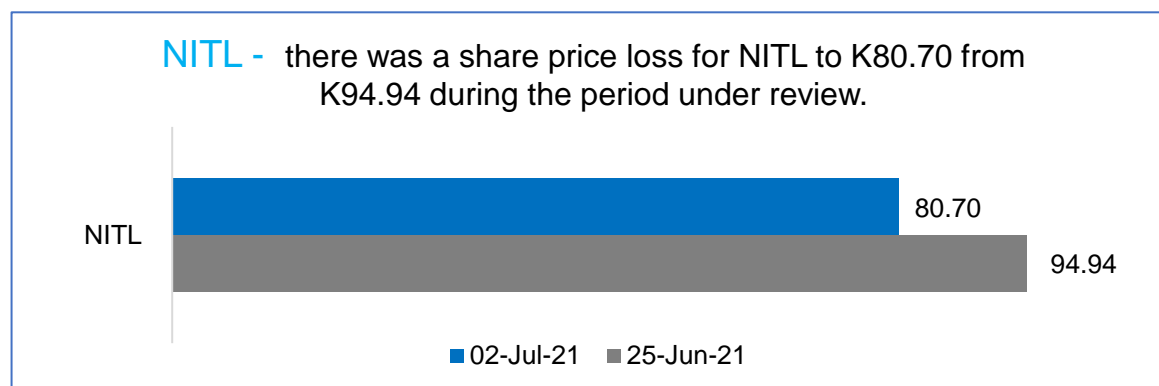
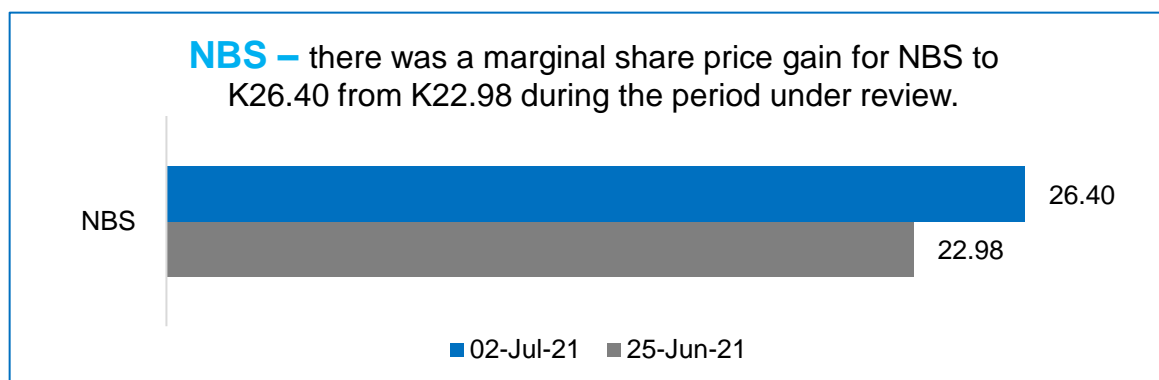
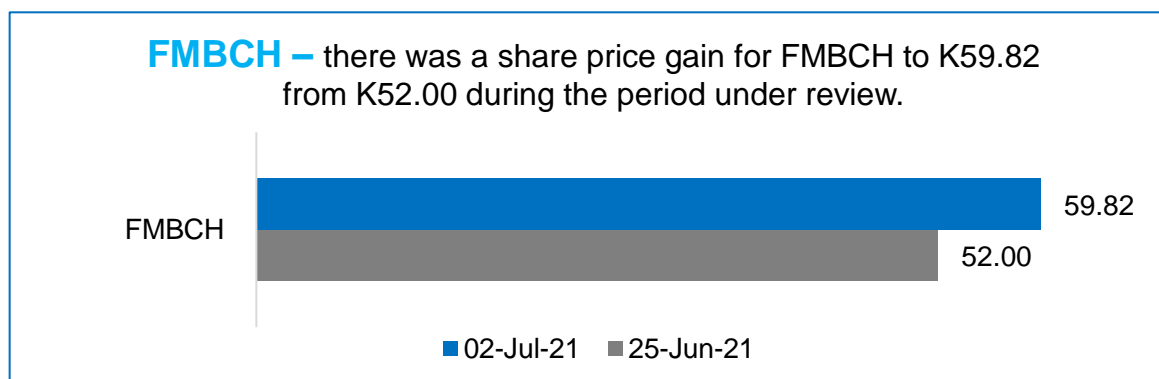
Equity market (Continued)

There were share price gains for FMBCH (to K59.82 from K52.00) and for NBS (to K26.40 from K22.98) during the period under review.

There was a share price loss for NITL (to K80.70 from K94.94) during the period under review.

13 counters closed the week with the same prices as the period under review.

There were changes for three counters while the remaining 13 counters closed the week with the same prices as the previous week. The closing prices for the counters that didn't move are stated below:



No.	MSE Code	Share Price (K)
		2-July-21
1	AIRTEL	32.53
2	BHL	11.00
3	FDHB	16.00
4	FMBCH	59.82
5	ICON	12.13
6	ILLOVO	104.72
7	MPICO	16.00
8	NBM	650.08
9	NBS	26.40
10	NICO	55.00
11	OMU	2,190.00
12	PCL	1,199.94
13	STANDARD	1,200.15



According to their audited summary consolidated financial statements for the year ended 31 December 2020, NBM Plc closed the year with a profit after tax of K22.45 billion from a profit of K17.16 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 financial statements for the six months ended 31 March 2021, Blantyre Hotel plc closed the period with a loss after tax of K390.65 million from a profit of K70.01 million for the period ended 31 March 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	30 June 2021	30 June 2020	Trading statement profit/loss expectation
FDHB	4.31	3.22	34%
NBM	10.92	9.1	20%
NBS	3.98	2.84	40%
ICON	2.53	2.11	20%
SUNBIRD (K'million)	(467.65)	(1,336.15)	-65%
NITL (K'million)	872.53	363.55	140%

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 (K'billion)	6.12	2.05	199%	200%

Counter	31 March 2021	31 March 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
BHL (K'million)	(390.65)	70.01	-658%	-500%

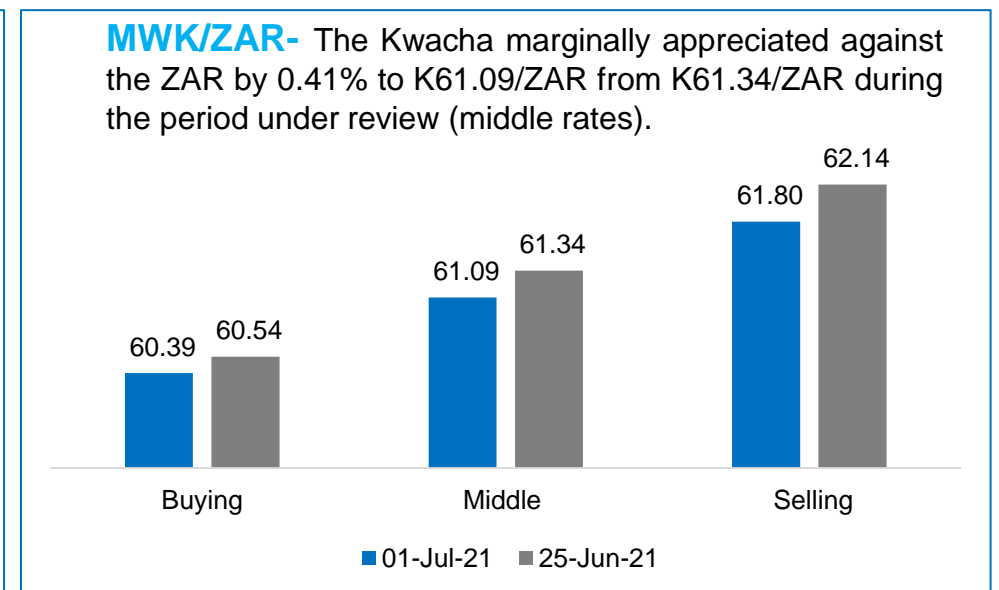
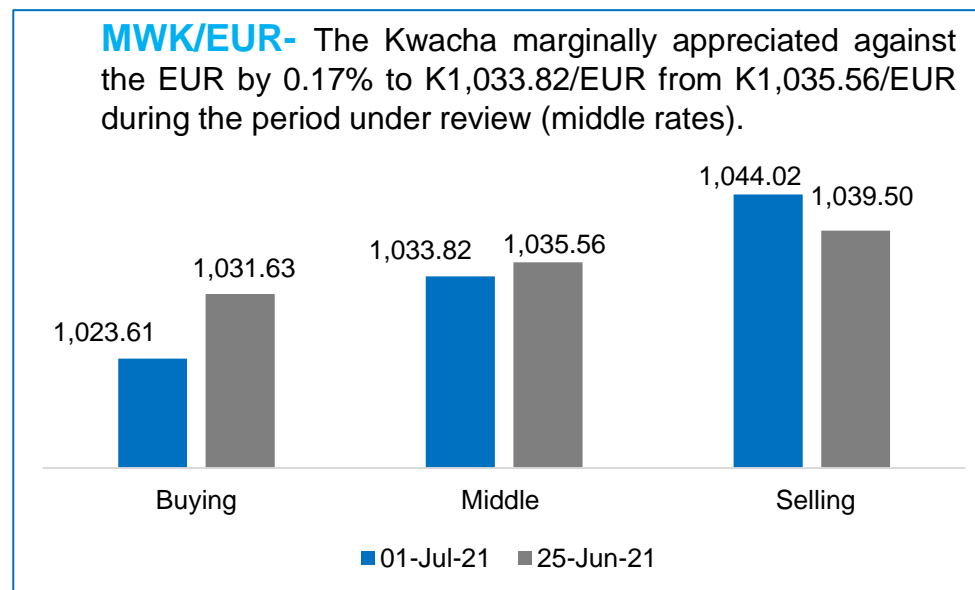
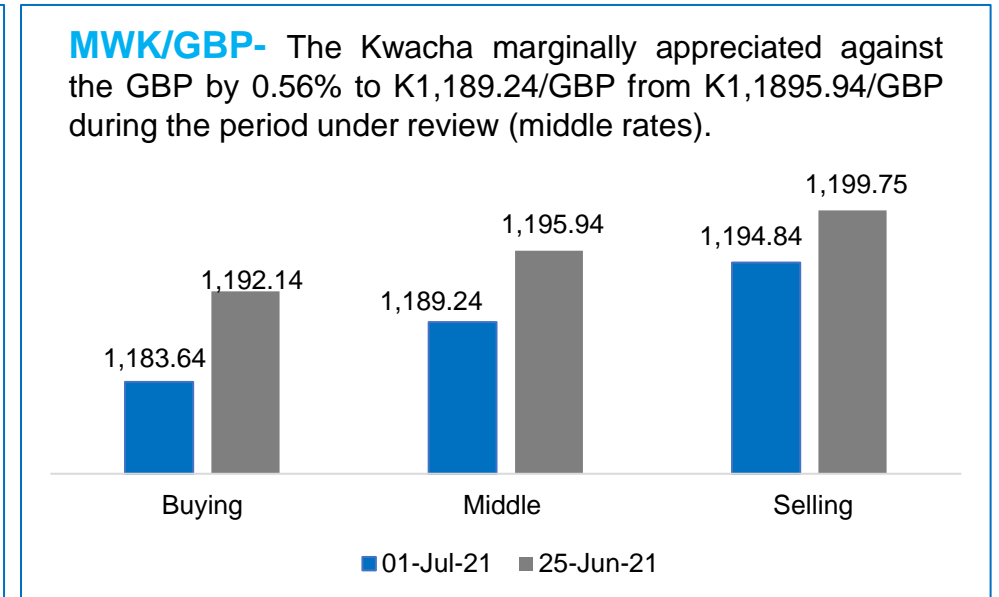
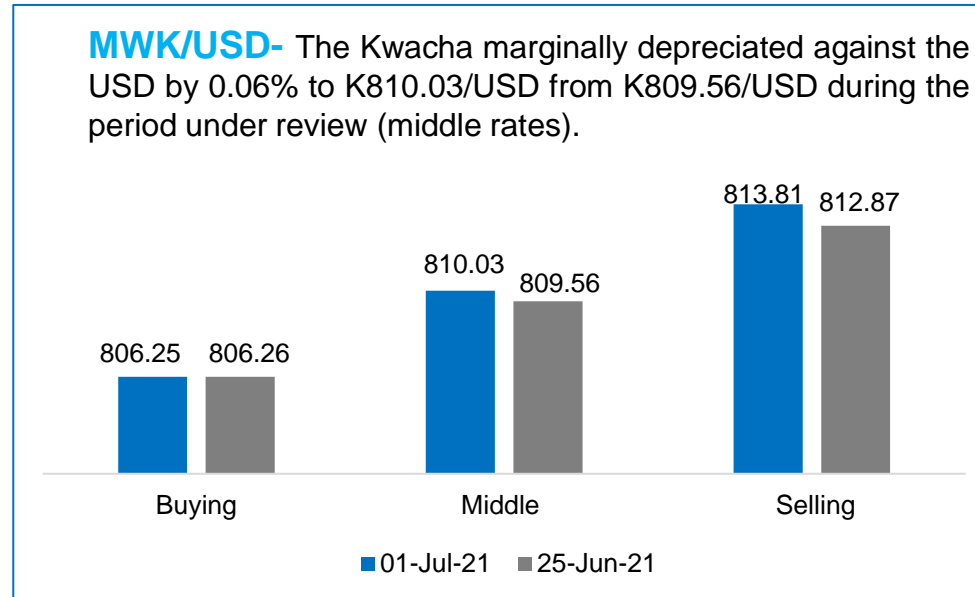
Other published accounts (Source: Company Financials)

Company	31 December 2020	31 December 2019	Percentage change in profit/loss (%)
Malawi Agricultural & Industrial Investment Corporation plc (K'million)	279.59	(431.25)	164.83%



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.06% to K810.03/USD from K809.56/USD during the period under review.

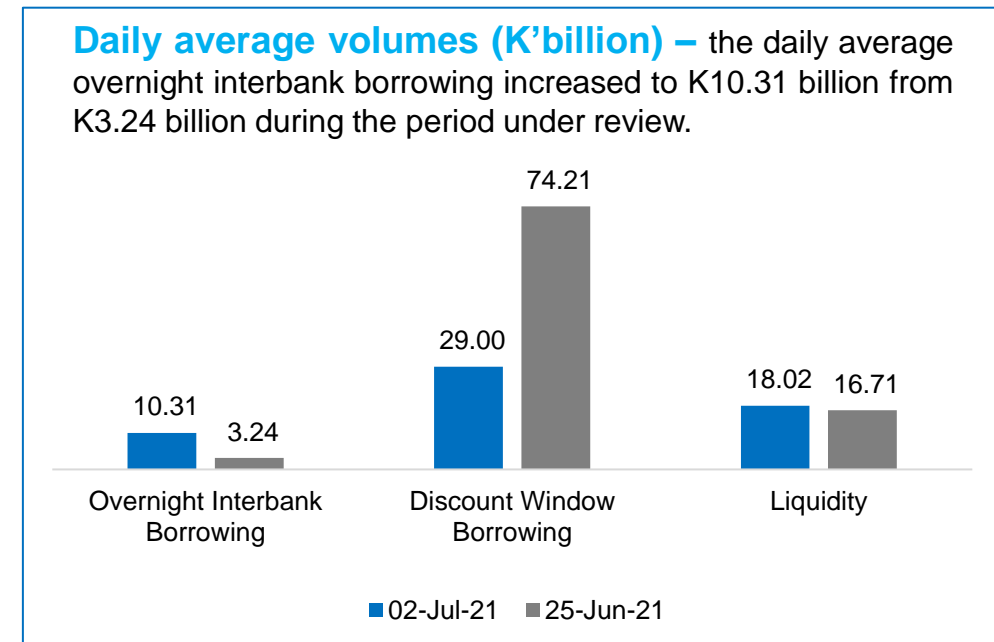
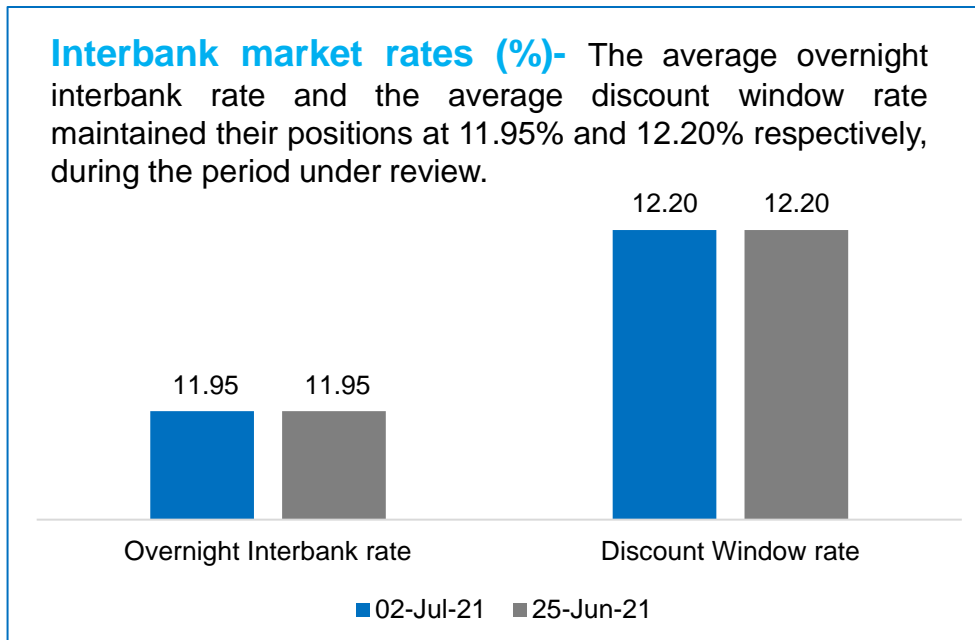
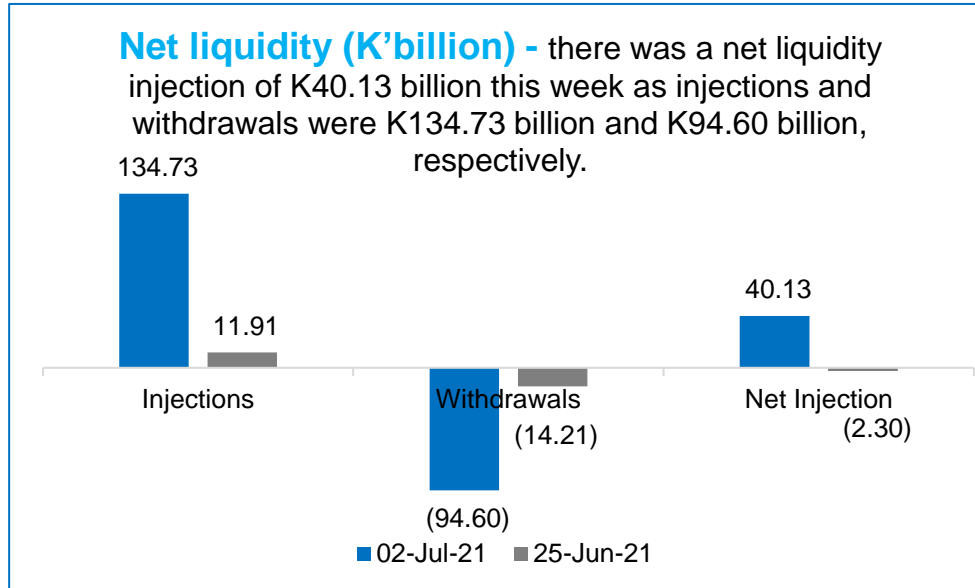


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



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 .





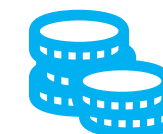
Economic indicators

Selected Economic Indicators			
Inflation			
NSO Headline Inflation rate for May 2021			8.9%
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			8.7%
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
World Bank Malawi Economic Monitor June 2021 Maize Prices		MWK130/kg	MWK168/kg
Real GDP Growth Forecast for Malawi		2020	2021
African Development Bank (AfDB) African Economic Outlook 2021		1.7%	3.3%
EIU June 2021 Malawi Country Risk Service Report		-1.0%	2.3%
Government of Malawi 2021/2022 Budget Statement		0.9%	3.8%
IMF WEO April 2021 Report		0.6%	2.2%
RBM MPC report April 2021 forecast for 2021 (annual)		0.9%	3.8%
World Bank Global Economic Prospectus June 2021		0.8%	2.8%

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 2021 Maize
price MWK130/kg



	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Week ending 2 July 2021
Exchange rates														
MK/USD	743.05	744.74	754.71	756.93	759.47	765.92	776.82	776.49	787.03	790.30	797.66	800.17	811.95	810.03
MK/GBP	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	1,192.94	1,189.24
MK/EUR	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	1,032.04	1,033.82
MK/ZAR	44.02	46.19	47.53	47.33	49.18	53.09	56.43	54.60	55.69	56.13	59.33	62.28	61.42	61.09
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	682.66	651.41	642.86	546.99	635.05	584.89	574.26	502.98	483.38	410.16	392.01	414.41	424.99	-
Private Sector Reserves (USD'mn)	327.01	342.01	316.74	318.47	340.22	332.51	377.97	358.29	340.50	342.58	392.61	369.64	388.78	-
Total reserves (USD'mn)	1009.67	993.42	959.6	865.46	975.27	917.4	952.23	861.27	823.88	752.74	784.62	784.05	813.77	-
Gross Official Reserves Import cover (months)	3.27	3.12	3.08	2.62	3.04	2.80	2.75	2.41	2.31	1.96	1.88	1.66	1.70	-
Inflation														
Headline	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	13.40%	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%	4.40%	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%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Average Interbank rate	13.49%	13.58%	13.59%	13.61%	13.62%	12.51%	11.41%	11.34%	10.67%	11.37%	11.72%	13.36 %	11.94%	11.93%
Average base lending rate	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%	12.20%
Government Securities' Yields														
91-days Treasury Bill	7.54%	7.50%	9.85%	9.94%	9.95%	9.95%	9.95%	9.95%	9.95%	9.95%	9.88%	9.98%	9.70%	9.33%
182-days Treasury Bill	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%	12.85%
364-days Treasury Bill	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%	13.89%
2-year Treasury Note	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%	16.65%
3-year Treasury Note	16.89%	16.89%	16.89%	18.02%	18.47%	17.79%	18.30%	18.56%	18.66%	18.66%	18.80%	18.80%	18.97%	19.00%
5-year Treasury Note	19.97%	19.82%	19.82%	19.82%	19.82%	19.82%	19.77%	19.95%	19.97%	19.98%	19.98%	19.98%	20.08%	20.00%
7-year Treasury Note	20.46%	20.46%	20.75%	20.75%	20.75%	19.95%	20.00%	20.00%	20.50%	20.50%	20.50%	20.50%	20.59%	20.59%
10-year Treasury Note	-	-	-	22.14%	22.14%	22.14%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	21.85%	22.54%
Stock Market Indices														
MASI	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	35,144.56	35,108.69
FSI	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	28,739.26	28,707.33
DSI	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	3,234.45	3,234.45

Appendix



The Board of Directors of Standard Bank Malawi plc, at a meeting held on 24 June 2021 declared a final dividend of K5 billion representing K21.31 per share.

Appendix A - Equity market (Continued)

Corporate Announcements (continued)

1. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
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	Declared	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	Declared	Final	2.10	30 July 2021	31 August 2021
NITL	Proposed	Final	0.80	TBA	TBA
NBS	Declared	Final	0.70	TBA	TBA
ICON	Proposed	Final	0.12	TBA	TBA

2. Annual general meeting

Company	Venue	Date	Time
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

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