

# Financial Market Update

| Week ending 13 August 2021



# Financial market highlights for the week ending 13 August 2021

The following highlights compare the week ending 13 August 2021 to the week ending 6 August 2021:



## Government securities market (Source: RBM)

- K6.65 billion was allotted during this week's auctions of Treasury Bills (TBs), with a nil rejection rate.
- The average All-Type TB yield marginally increased to 12.23% from 12.17% during the period under review.
- The 364-days TB had the highest subscription rate at 93.90% during the period under review.



## Equity market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 38,205.50 points from 37,800.79 points in the period under review. This was due to share price gains for : MPICO (to K18.30 from K16.00), NBM (to K660.00 from K650.12), Standard Bank (to K1,250.00 from K1,200.16) and PCL (to K1,495.00 from K1,494.00) which offset a marginal share price loss in NBS (to K26.34 from K26.35) during the period under review.
- The MASI had a year-to-date return of 17.94% during the period under review. It was 3.64% during the same time in the previous year.
- National Bank of Malawi plc closed the half-year ended 30 June 2021 with a profit after tax of K12.8 billion, an increase of 41% from a profit after tax of K9.1 billion in the half-year ended 30 June in 2020.



## Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.12% (to K818.20/USD from K819.21/USD) during the period under review. The Malawi Kwacha appreciated against the EUR by 1.51% (to K1,039.31 from K1,055.25) and the ZAR by 1.05% (to K60.32/ZAR from K60.96/ZAR) during the period under review.
- Based on middle rates, the Malawi Kwacha marginally depreciated against the GBP by 0.47% (to K1,207.56/GBP from K1,201.94/GBP) during the period under review.



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

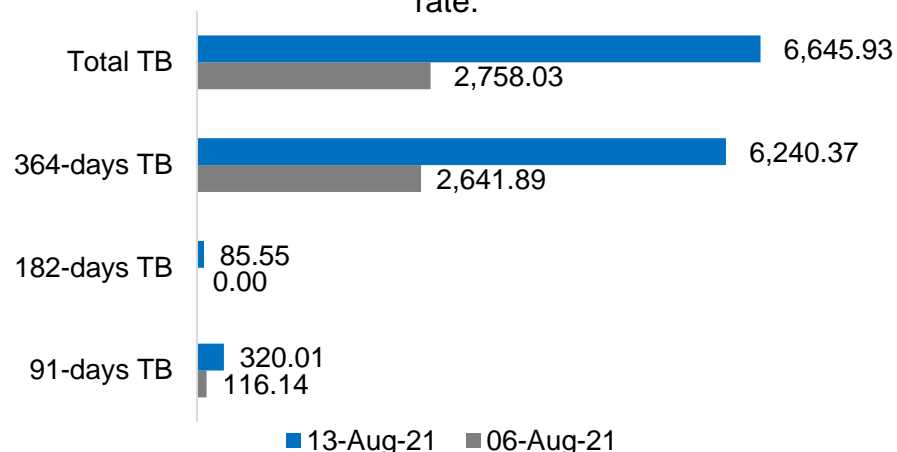
- CDH Investment Bank closed the half-year ended 30 June 2021 with a profit after tax of K2.89 billion, an increase of 212% from a profit after tax of K0.93 billion in the half-year ended 30 June in 2020.
- Ecobank Malawi Limited closed the half-year ended 30 June 2021 with a profit after tax of K4.30 billion, an increase of 8% from a profit after tax of K3.38 billion in the half-year ended 30 June 2020.
- There was a net liquidity injection of K10.05 billion this week as injections and withdrawals were K16.70 billion and K6.65 billion respectively.
- The average overnight interbank rate increased to 11.98% from 11.96% during the period under review.



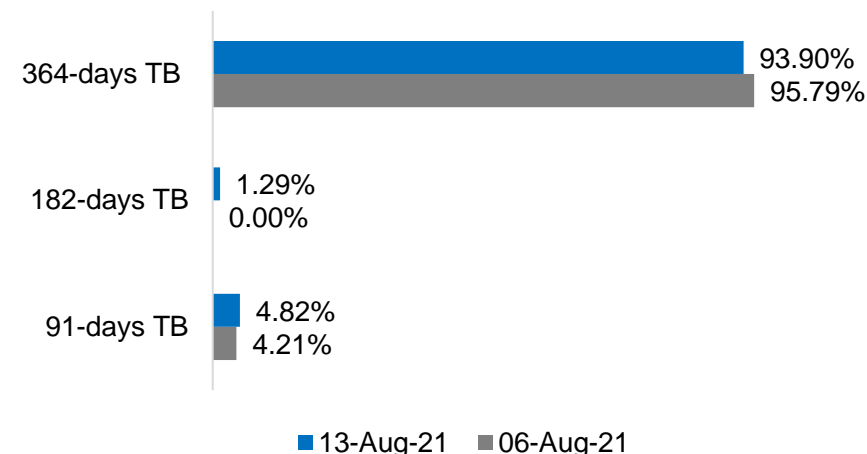
## Government securities (Source: RBM)

A total of K6.65 billion was allotted during this week's auctions of Treasury Bills (TBs).

**TB applications and allotments (K'million)** – a total of K6.65 billion was allotted during the period under review, with a nil rejection rate.

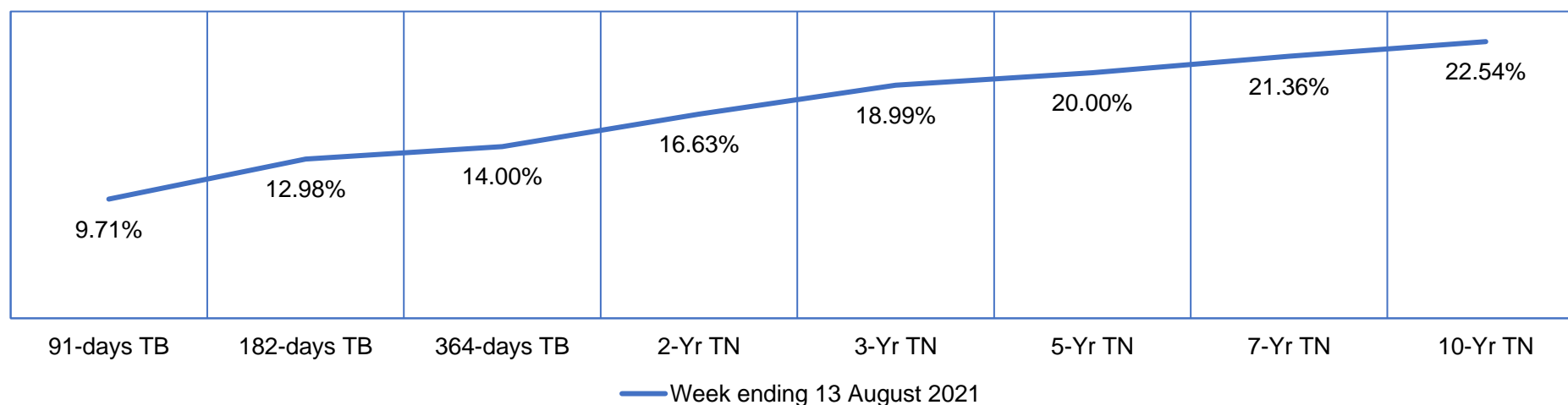


**TB subscription rates (%)** - the 364-days TB had the highest subscription rate at 93.90% during the period under review.



The average All-Type TB yield increased to 12.23% from 12.17% during the period under review.

### Government securities yield curve (%)

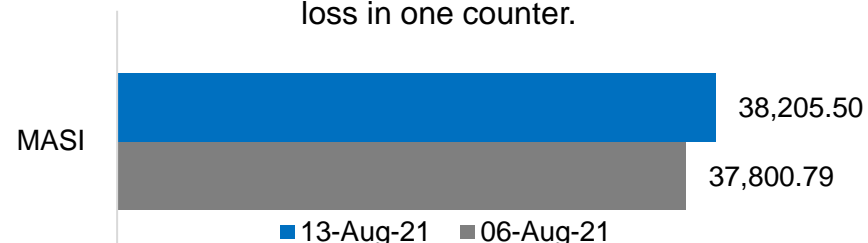




## Equity market (Source: MSE)

*The stock market was bullish this week as the MASI increased to 38,205.50 points from 37,800.79 points in the period under review. Year-to-date, the MASI return is 17.94%.*

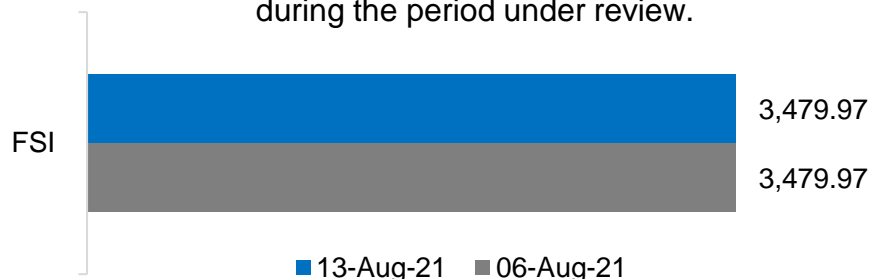
**MASI** – the stock market was bullish this week as the MASI increased to 38,205.50 points from 37,800.79 points as a result of share price gains in four counters which offset a share price loss in one counter.



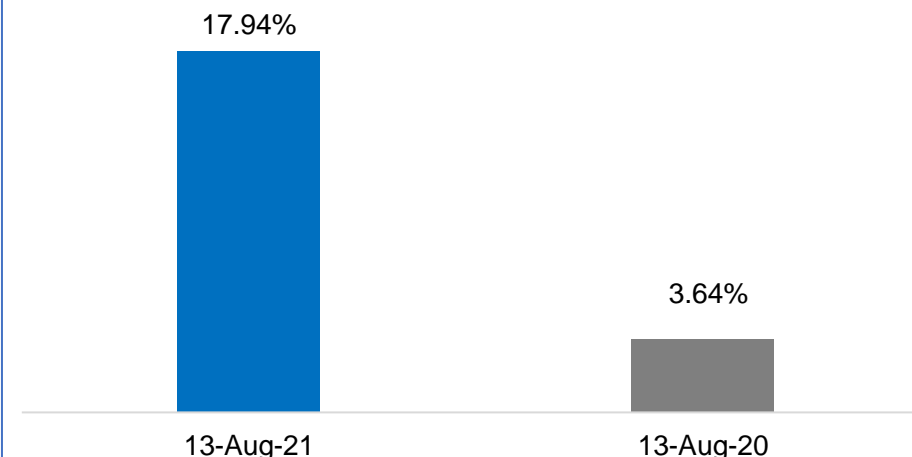
**DSI** – the DSI increased to 31,270.65 points from 30,910.54 points in the period under review as a result of share price gains in MPICO, NBM, PCL and Standard Bank which offset a share price loss in NBS.



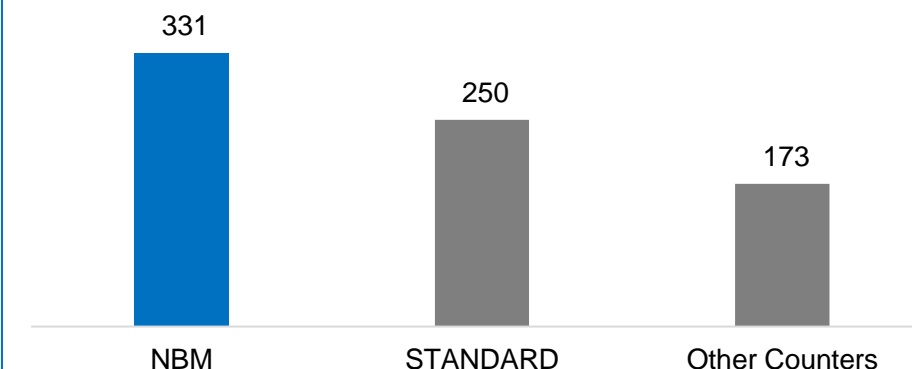
**FSI** – the FSI maintained its position at 3,479.97 points during the period under review.



**MASI YTD Return (%)** – the MASI closed the week with a year-to-date return of 17.94% (it was 3.64% during the same time in the previous year).



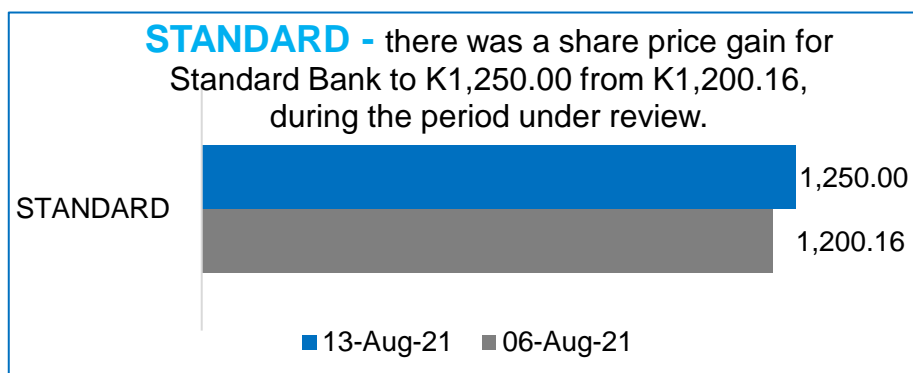
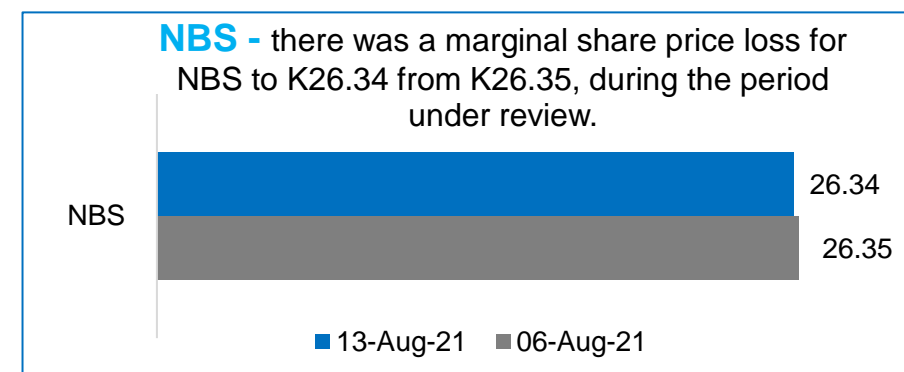
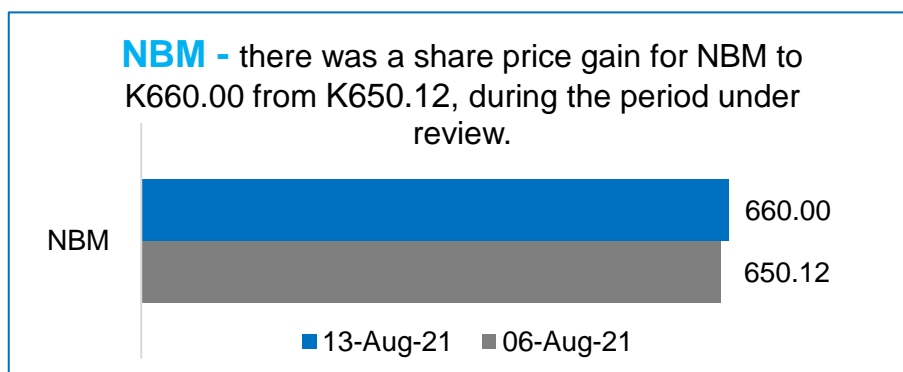
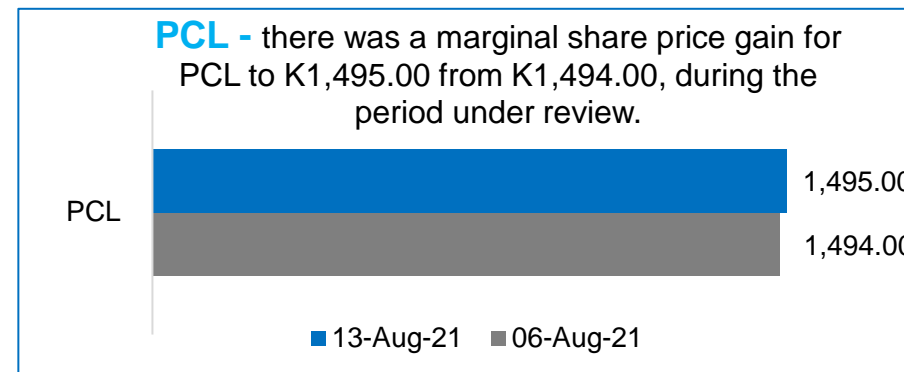
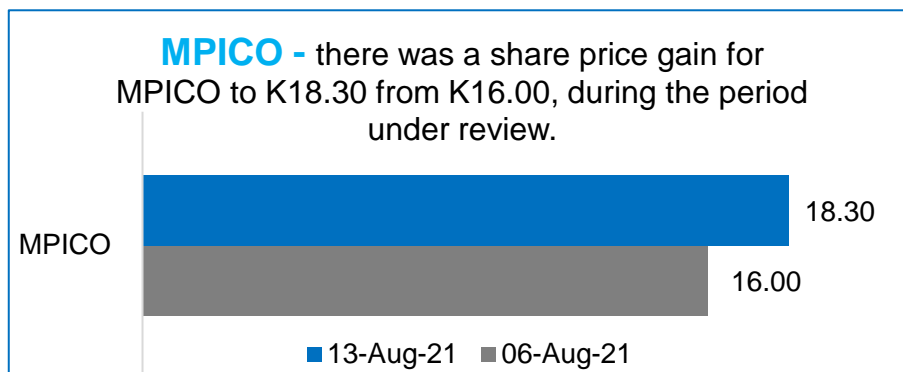
**Value of Shares Traded (K'million)** – NBM and Standard Bank had the highest value of shares traded during the period under review at K331 million and K250 million, respectively. The total value of shares traded was K753 million.





## Equity market (Continued)

There were share price gains for four counters: MPICO (to K18.30 from K16.00), NBM (to K660.00 from K650.12), Standard Bank (to K1,250.00 from K1,200.16) and PCL (to K1,495.00 from K1,494.00) during the period under review. While one counter recorded a marginal share price loss: NBS (to K26.34 from K26.35) during the period under review.







*The share prices for 11 counters were flat during the period under review.*

## Equity market (Continued)

Eleven 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) |
|-----|----------|-----------------|
|     |          | 13-August-21    |
| 1   | AIRTEL   | 40.00           |
| 2   | BHL      | 11.00           |
| 3   | FDHB     | 15.96           |
| 4   | FMBCH    | 65.00           |
| 5   | ICON     | 12.13           |
| 6   | ILLOVO   | 126.51          |
| 7   | NICO     | 55.00           |
| 8   | NITL     | 80.70           |
| 9   | OMU      | 2,100.00        |
| 10  | SUNBIRD  | 90.00           |
| 11  | TNM      | 16.00           |



National Bank of Malawi plc closed the half-year ended 30 June 2021 with a profit after tax of K12.8 billion, an increase of 41% from a profit after tax of K9.1 billion in the half-year ended 30 June in 2020.

## Equity market (Continued)

### Published half-year financial statements

| Counter                   | 28 February 2021 | 28 February 2020 | Actual Change in Profit/Loss | 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 | Trading statement profit/loss expectation |
| BHL (K'million)           | (390.65)         | 70.01            | -658%                        | -500%                                     |
| Counter                   | 30 June 2021     | 30 June 2020     | Actual Change in Profit/Loss | Trading statement profit/loss expectation |
| FDH Bank (K'billion)      | 4.55             | 3.22             | 41%                          | 34%                                       |
| National Bank (K'billion) | 12.8             | 9.1              | 41%                          | 20%                                       |

### Other Published Accounts (Source: Company Financials)

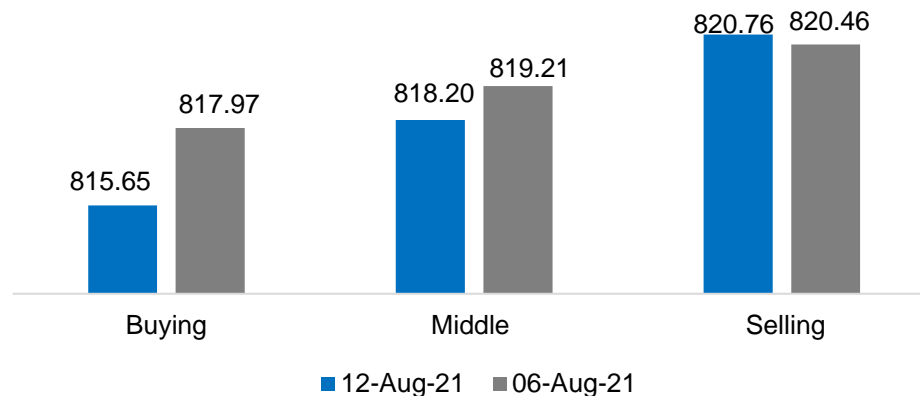
| Counter                            | 30 June 2021 | 30 June 2020 | Actual Change in Profit/Loss |
|------------------------------------|--------------|--------------|------------------------------|
| CDH Investment Bank (K'billion)    | 2.89         | 0.93         | 212%                         |
| Ecobank Malawi Limited (K'billion) | 4.30         | 3.98         | 8%                           |



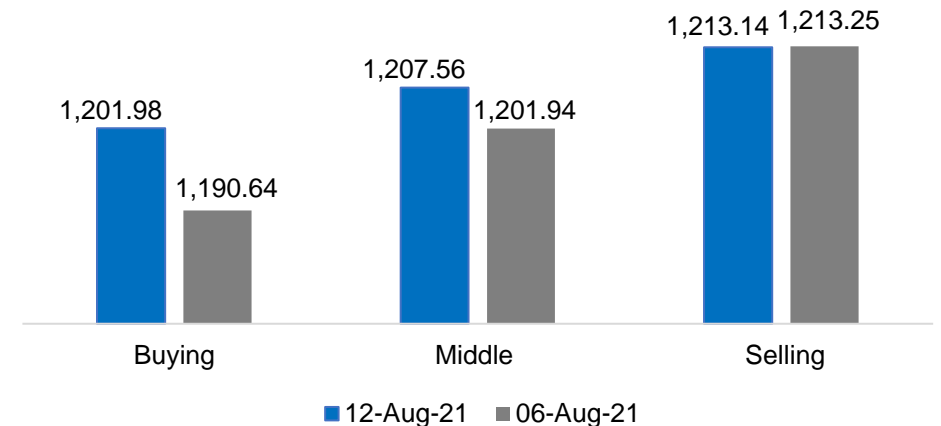
## Currency market (Source: RBM)

*Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.12% to K818.20/USD from K819.21/USD during the period under review.*

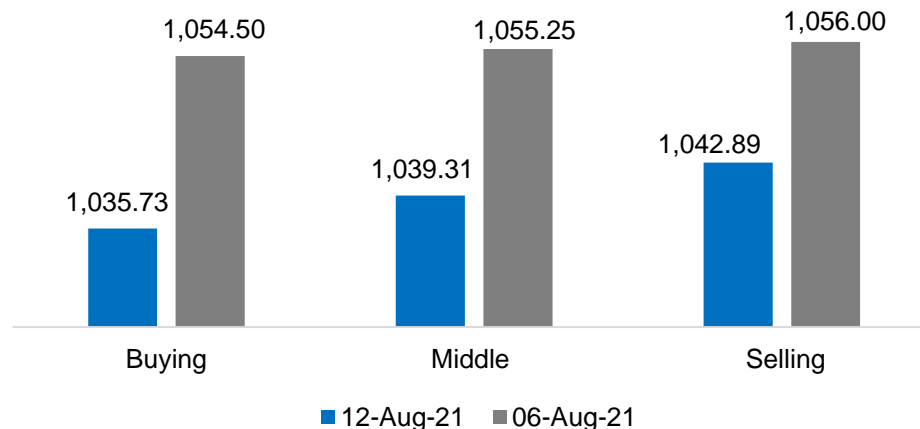
**MWK/USD-** the Kwacha marginally appreciated against the USD by 0.12% to K818.20/USD from K819.21/USD during the period under review (middle rates).



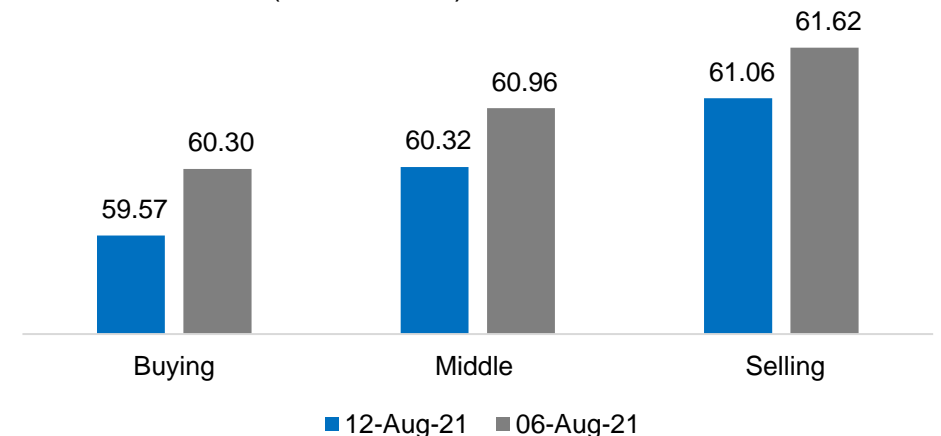
**MWK/GBP-** the Kwacha marginally depreciated against the GBP by 0.47% to K1,207.56/GBP from K1,201.94/GBP during the period under review (middle rates).



**MWK/EUR-** the Kwacha appreciated against the EUR by 1.51% to K1,039.31/EUR from K1,055.25/EUR during the period under review (middle rates).



**MWK/ZAR-** the Kwacha appreciated against the ZAR by 1.05% to K60.32/ZAR from K60.96/ZAR during the period under review (middle rates).



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

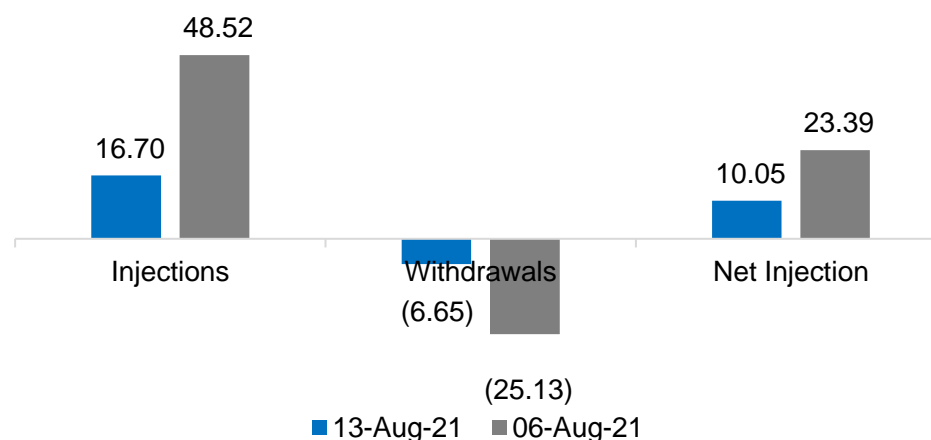




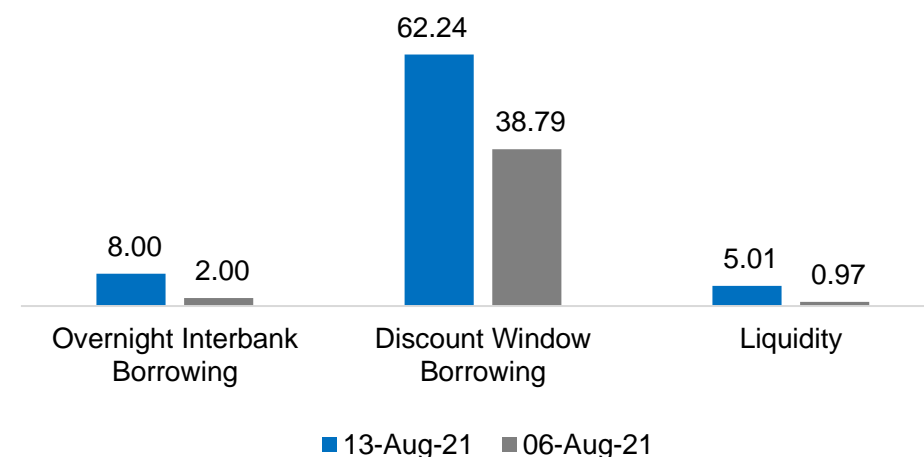
## Other financial market developments (Source: RBM)

*There was a net liquidity injection of K10.05 billion this week as injections and withdrawals were K16.70 billion and K6.65 billion respectively, during the period under review.*

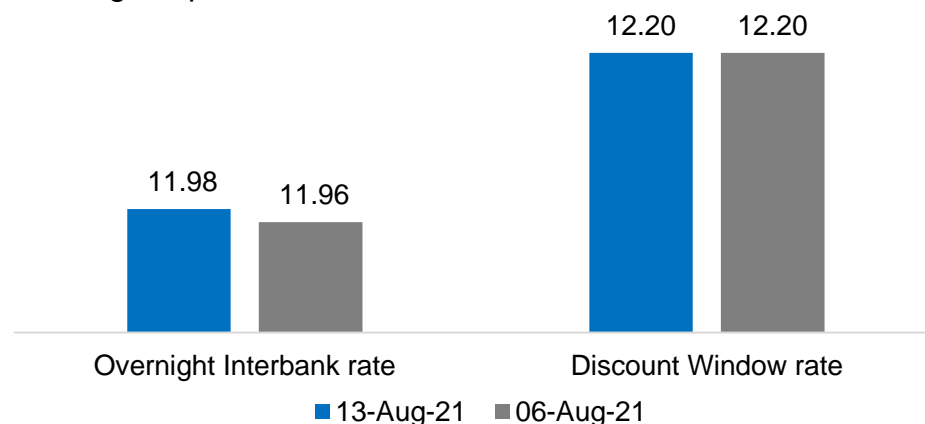
**Net liquidity (K'billions)** - there was a net liquidity injection of K10.05 billion this week as injections and withdrawals were K16.70 billion and K6.65 billion respectively.



**Daily average volumes (K'billions)** - the average overnight interbank borrowing increased to K8.00 billion from K2.00 billion during the period under review.



**Interbank market rates (%)** - the average overnight interbank rate increased to 11.98% from 11.96%, while the average discount window rate maintained its position 12.20% during the period under review.





## Economic indicators

### Selected Economic Indicators

#### Inflation

|   |      |
|---|------|
| NSO Headline Inflation rate for June 2021                                   | 9.1% |
| EIU July 2021 report inflation forecast for 2021 (annual)                   | 9.3% |
| 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 July 2021 forecast for 2021 (annual)                         | 8.8% |
| Average inflation forecast for 2021   | 8.8% |

#### Commodities

|  | July-2021          | July-2020          |
|--|--------------------|--------------------|
| OPEC Reference Basket Price                        | US\$73.53/b        | US\$43.42/b        |
| IFPRI Malawi Monthly Maize Market Report July 2021 | K131/kg            | K175/kg            |
| AHL Tobacco Sales                                  | US\$182.41 million | US\$152.31 million |
| AHL Tobacco Average Price                          | US\$1.63/kg        | US\$1.52/kg        |

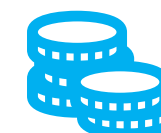
#### Real GDP Growth Forecast for Malawi

|   | 2020  | 2021 | 2022 |
|---|-------|------|------|
| African Development Bank (AfDB) African Economic Outlook 2021 | 1.7%  | 3.3% | 6.2% |
| EIU July 2021 Malawi Country Risk Service Report              | -1.0% | 2.3% | 4.0% |
| Government of Malawi 2021/2022 Budget Statement               | 0.9%  | 3.8% | 5.4% |
| IMF WEO April 2021 Report                                     | 0.6%  | 2.2% | 6.5% |
| RBM MPC report July 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 9.3%



August 2021  
Reference Rate  
12.20%



Policy rate 12.00%



OPEC Reference  
Basket Price July  
2021 US\$73.53/b



NSO June 2021  
headline inflation  
rate 9.1%



IFPRI July 2021 maize  
price K131/kg



## Detailed economic indicators

|   | Jul-20    | Aug-20    | Sep-20    | Oct-20    | Nov-20    | Dec-20    | Jan-21    | Feb-21    | Mar-21    | Apr-21    | May-21    | Jun-21    | Jul-21    | Week ending 13 August 2021 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------------|
| <b>Exchange rates</b>                         |           |           |           |           |           |           |           |           |           |           |           |           |           |                            |
| MK/USD  | 744.74    | 754.71    | 756.93    | 759.47    | 765.92    | 776.82    | 776.49    | 787.03    | 790.30    | 797.66    | 800.17    | 811.95    | 817.43    | 818.20                     |
| MK/GBP  | 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  | 1,203.74  | 1,207.56                   |
| MK/EUR  | 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  | 1,048.56  | 1,039.31                   |
| MK/ZAR  | 46.19     | 47.53     | 47.33     | 49.18     | 53.09     | 56.43     | 54.60     | 55.69     | 56.13     | 59.33     | 62.28     | 61.42     | 60.79     | 60.96                      |
| <b>Foreign Exchange Reserves</b>              |           |           |           |           |           |           |           |           |           |           |           |           |           |                            |
| Gross Official Reserves (USD'mn)              | 651.41    | 642.86    | 546.99    | 635.05    | 584.89    | 574.26    | 502.98    | 483.38    | 410.16    | 392.01    | 414.41    | 424.99    | 404.18    | -                          |
| Private Sector Reserves (USD'mn)              | 342.01    | 316.74    | 318.47    | 340.22    | 332.51    | 377.97    | 358.29    | 340.50    | 342.58    | 392.61    | 369.64    | 388.78    | 405.79    | -                          |
| Total reserves (USD'mn)                       | 993.42    | 959.6     | 865.46    | 975.27    | 917.4     | 952.23    | 861.27    | 823.88    | 752.74    | 784.62    | 784.05    | 813.77    | 809.97    | -                          |
| Gross Official Reserves Import cover (months) | 3.12      | 3.08      | 2.62      | 3.04      | 2.80      | 2.75      | 2.41      | 2.31      | 1.96      | 1.88      | 1.77      | 1.70      | 1.62      | -                          |
| <b>Inflation</b>                              |           |           |           |           |           |           |           |           |           |           |           |           |           |                            |
| Headline                                      | 8.00%     | 7.60%     | 7.10%     | 7.50%     | 7.30%     | 7.60%     | 7.70%     | 8.30%     | 9.40%     | 9.2%      | 8.9%      | 9.1%      | -         | -                          |
| Food  | 12.20%    | 11.30%    | 10.30%    | 10.90%    | 10.40%    | 10.50%    | 9.70%     | 10.30%    | 11.70%    | 11.5%     | 11.0%     | 11.1%     | -         | -                          |
| Non-food                                      | 4.40%     | 4.40%     | 4.40%     | 4.40%     | 4.40%     | 4.90%     | 5.60%     | 6.30%     | 6.90%     | 7.0%      | 7.1%      | 7.2%      | -         | -                          |
| <b>Interest Rates</b>                         |           |           |           |           |           |           |           |           |           |           |           |           |           |                            |
| Monetary Policy rate                          | 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%    | 12.00%                     |
| Average Interbank rate                        | 13.58%    | 13.59%    | 13.61%    | 13.62%    | 12.51%    | 11.41%    | 11.34%    | 10.67%    | 11.37%    | 11.72%    | 13.36 %   | 11.94%    | 11.96%    | 11.98%                     |
| Average base lending rate                     | 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%    | 12.20%                     |
| <b>Government Securities' Yields</b>          |           |           |           |           |           |           |           |           |           |           |           |           |           |                            |
| 91-days Treasury Bill                         | 7.50%     | 9.85%     | 9.94%     | 9.95%     | 9.95%     | 9.95%     | 9.95%     | 9.95%     | 9.95%     | 9.88%     | 9.98%     | 9.62%     | 9.33%     | 9.71%                      |
| 182-days Treasury Bill                        | 12.07%    | 12.55%    | 12.58%    | 12.87%    | 12.73%    | 12.49%    | 12.59%    | 12.80%    | 12.80%    | 12.77%    | 12.80%    | 12.81%    | 12.96%    | 12.98%                     |
| 364-days Treasury Bill                        | 13.57%    | 13.73%    | 13.74%    | 13.88%    | 13.40%    | 13.53%    | 13.64%    | 13.77%    | 13.80%    | 13.80%    | 13.83%    | 13.87%    | 12.06%    | 14.00%                     |
| 2-year Treasury Note                          | 15.45%    | 16.46%    | 16.46%    | 16.46%    | 16.46%    | 16.46%    | 16.50%    | 16.50%    | 16.50%    | 16.50%    | 16.51%    | 16.65%    | 16.63%    | 16.63%                     |
| 3-year Treasury Note                          | 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%    | 18.99%                     |
| 5-year Treasury Note                          | 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%    | 20.00%                     |
| 7-year Treasury Note                          | 20.46%    | 20.75%    | 20.75%    | 20.75%    | 19.95%    | 20.00%    | 20.00%    | 20.50%    | 20.50%    | 20.50%    | 20.50%    | 20.59%    | 20.98%    | 21.36%                     |
| 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%    | 22.54%                     |
| <b>Stock Market Indices</b>                   |           |           |           |           |           |           |           |           |           |           |           |           |           |                            |
| MASI  | 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 | 36,496.03 | 38,205.50                  |
| DSI   | 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 | 29,749.56 | 31,270.65                  |
| SI  | 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  | 3,479.97  | 3,479.97                   |

## Appendix



*The Board of National Bank PLC approved an interim dividend of K10.71/share on 8 August 2021.*

## Appendix A - Equity market

### Corporate Announcements (continued)

#### 1. Dividends:

| Company | Declared/Proposed | Type    | Dividend (MK) | Last Day To Register | Payable           |
|---------|-------------------|---------|---------------|----------------------|-------------------|
| NICO    | Declared          | Final   | 0.50          | 30 July 2021         | 18 August 2021    |
| FDH     | Declared          | Interim | 0.33          | 13 August 2021       | 27 August 2021    |
| PCL     | Declared          | 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          | 20 August 2021       | 28 August 2021    |
| ICON    | Proposed          | Final   | 0.12          | 27 August 2021       | 10 September 2021 |
| NBM     | Declared          | Interim | 10.71         | 3 September 2021     | 24 September 2021 |



*NITL expects its profit after tax in the half-year ended 30 June 2021 to be 239% higher than the profit after tax in the half-year ended 30 June 2020.*

## Appendix A - Equity market (Continued)

### 2. 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 |
|---------------------|--------------|--------------|---|
| NBS                 | 3.98         | 2.84         | 40%                                       |
| ICON                | 2.53         | 2.11         | 20%                                       |
| SUNBIRD (K'million) | (467.65)     | (1,336.15)   | -65%                                      |
| NITL (K'million)    | 1,232.43     | 363.55       | 239%                                      |





Press Corporation Plc closed the year ended 31 December 2020 with a profit after tax of K19.90 billion, a decrease of 13% from a profit after tax of K22.87 billion for the year ended 31 December 2019.

## Appendix A - Equity market (Continued)

### 3. 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

## 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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