

Financial Market Update

| Week ending 20 August 2021

Financial market highlights for the week ending 20 August 2021

The following highlights compare the week ending 20 August 2021 to the week ending 13 August 2021:



Government securities market (Source: RBM)

- K5 billion was allotted during this week's auctions of Treasury Bills (TBs), with a nil rejection rate.
- K13 billion was allotted during the week's auction of the 10-year infrastructure bond, with a rejection rate of 50% during the period under review. The yield on the 10-year infrastructure bond was 23.25% during the period under review.
- The average All-Type TB yield decreased to 12.18% from 12.23% while the average All-Type TN yield increased to 20.05% from 19.90% during the period under review.



Equity market (Source: MSE)

- The stock market was marginally bearish this week as the MASI decreased to 38,205.06 points from 38,205.50 points in the period under review. This was due to marginal share price losses for: NBS (to K26.33 from K26.34) and PCL (to K1,494.99 from K1,495.00) which offset a marginal share price gain in ILLOVO (to K126.52 from K126.51) during the period under review.
- The MASI had a year-to-date return of 17.94% during the period under review. It was 4.28% during the same time in the previous year.
- Standard Bank plc closed the half-year ended 30 June 2021 with a profit after tax of K11.59 billion, a decrease of 8% from a profit after tax of K12.63 billion in the half-year ended 30 June 2020.
- NBS Bank closed the half-year ended 30 June 2021 with a profit after tax of K4.40 billion, an increase of 55% from a profit after tax of K2.84 billion in the half-year ended 30 June 2020.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.32% (to K819.12/USD from K816.52/USD) during the period under review.
- Based on middle rates, the Malawi Kwacha appreciated against the EUR by 2.03% (to K1,022.31/EUR from K1,043.53/EUR) and the ZAR by 2.43% (to K58.68/ZAR from K60.14/ZAR) during the period under review. The Malawi Kwacha marginally appreciated against the GBP by 0.70% (to K1,185.31/GBP from K1,193.63/GBP) during the period under review.



Financial market developments (Source: RBM and NSO)

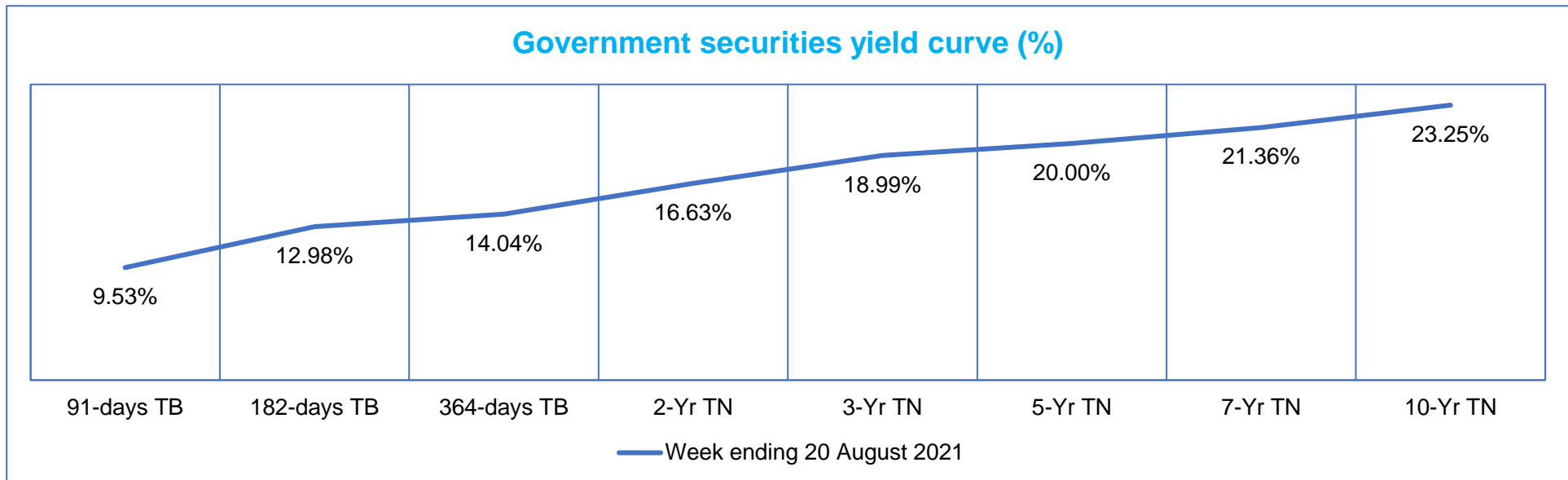
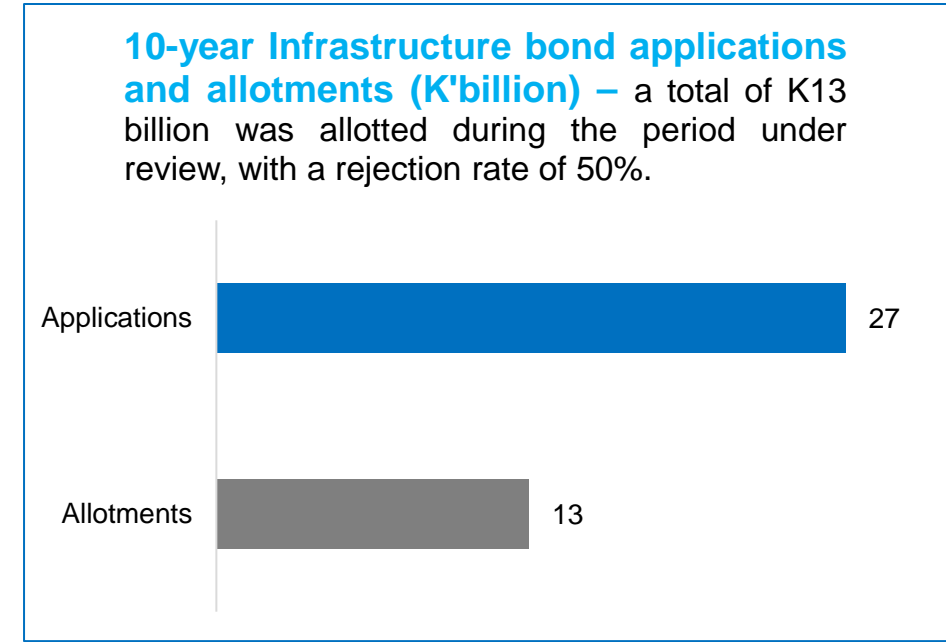
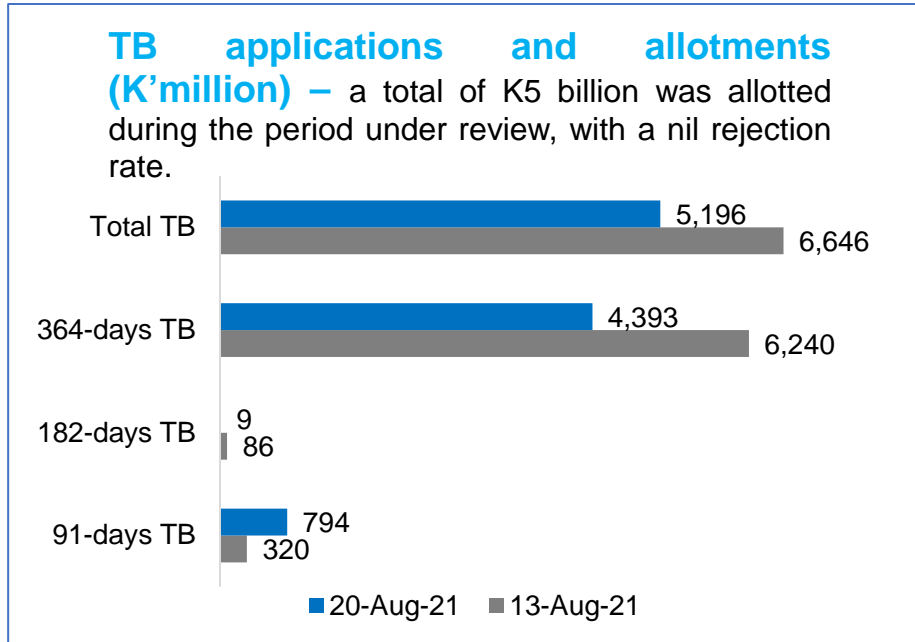
- Headline inflation eased to 8.7% in July 2021 from 9.1% in June 2021, mainly driven by lower food prices as food inflation decreased to 10.3% from 11.1%.
- There was a net liquidity withdrawal of K8 billion this week as injections and withdrawals were K11 billion and K19 billion, respectively.
- The average overnight interbank rate decreased to 11.97% from 11.98% during the period under review.
- Average overnight interbank borrowing decreased to K6 billion from K7 billion during the period under review.



Government securities (Source: RBM)

A total of K18 billion was allotted during this week's auctions of Treasury Bills (TBs) and 10-year infrastructure bond. The yield on the 10-year infrastructure bond was 23.25% during the period under review.

The average All-Type TB yield decreased to 12.18% from 12.23% while the average All-Type TN yield increased to 20.05% from 19.90% during the period under review.



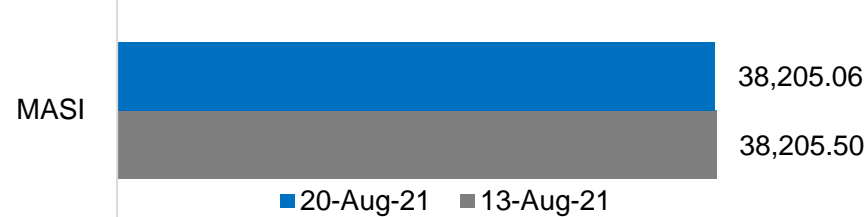
TB - Treasury Bill
TN - Treasury Note



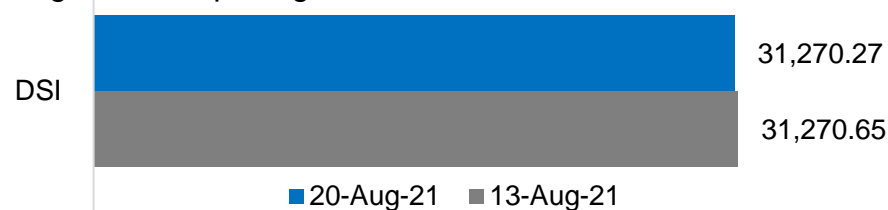
Equity market (Source: MSE)

The stock market was marginally bearish this week as the MASI decreased to 38,205.06 points from 38,205.50 points in the period under review. Year-to-date, the MASI return is 17.94%.

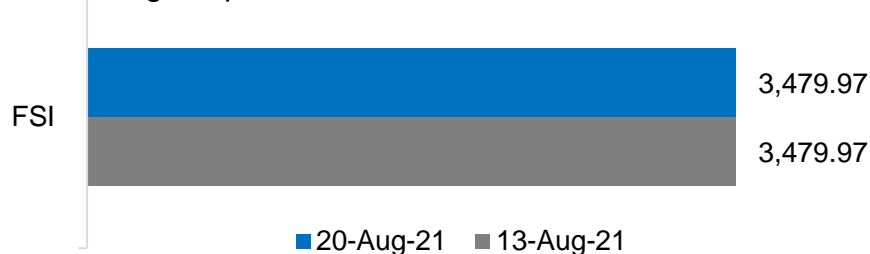
MASI – the stock market was marginally bearish this week as the MASI decreased to 38,205.06 points from 38,205.50 points as a result of share price losses in two counters which offset a share price gain in one counter.



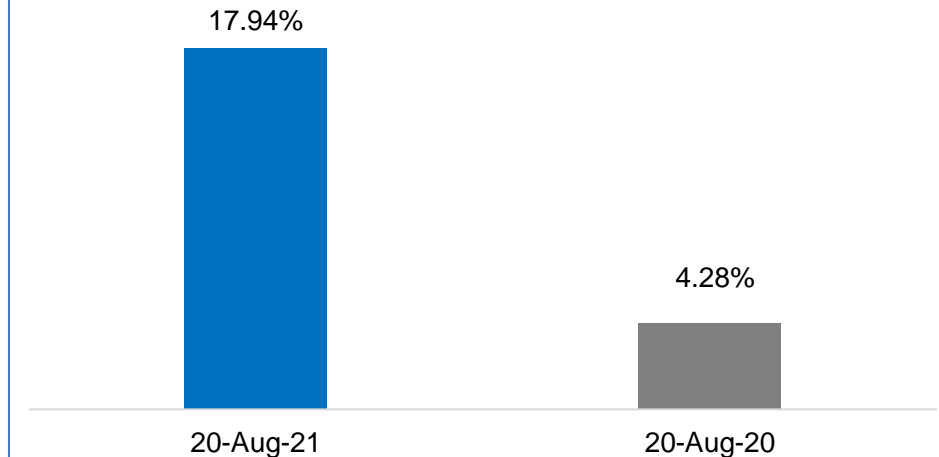
DSI – the DSI marginally decreased to 31,270.27 points from 31,270.65 points in the period under review as a result of marginal share price losses in NBS and PCL which offset a marginal share price gain in ILLOVO.



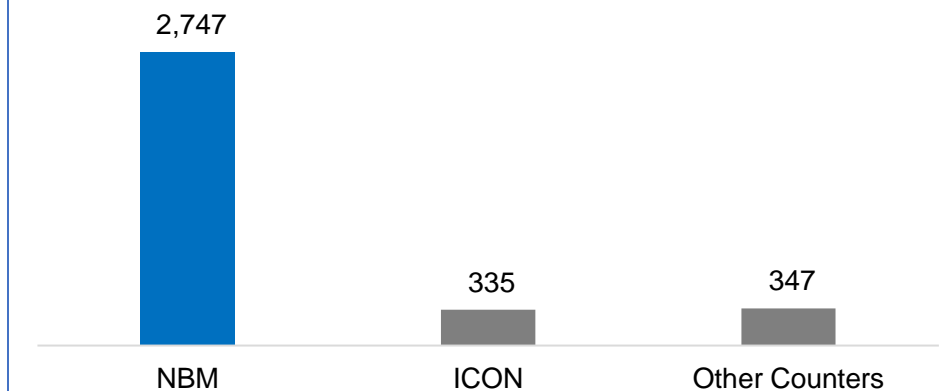
FSI – the FSI maintained its position at 3,479.97 points during the period under review.



MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 17.94% (it was 4.28% during the same time in the previous year).



Value of Shares Traded (K'million) – NBM had the highest value of shares traded during the period under review at K2.75 billion. The total value of shares traded was K3.43 billion.

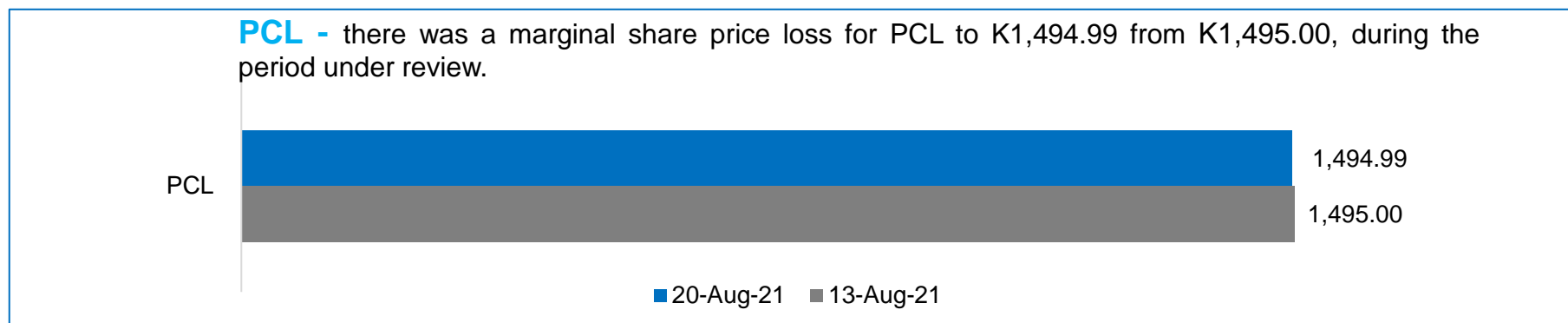
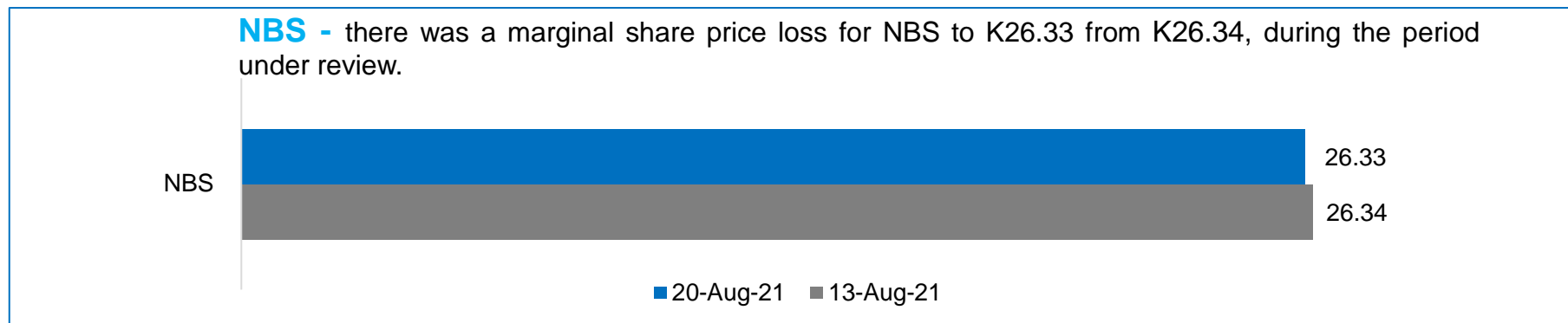
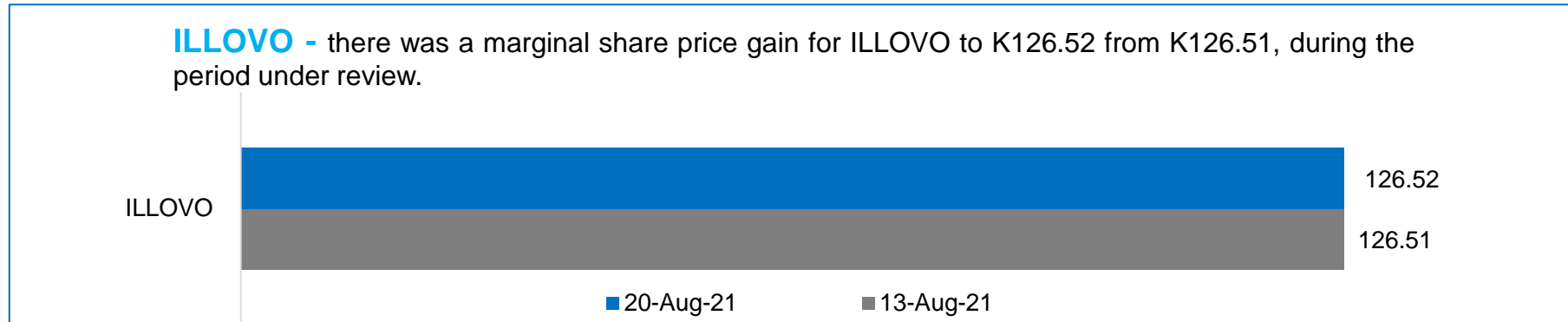


MA SI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



Equity market (Continued)

There was a marginal share price gain for one counter: ILLOVO (to K126.52 from K126.51) during the period under review. There were marginal share price losses for two counters: NBS (to K26.33 from K26.34) and PCL (to K1,494.99 from K1,495.00) during the period under review.





The share prices for 13 counters were flat during the period under review.

Equity market (Continued)

Thirteen 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)
		20-August-21
1	AIRTEL	40.00
2	BHL	11.00
3	FDHB	15.96
4	FMBCH	65.00
5	ICON	12.13
6	MPICO	18.30
7	NBM	660.00
8	NICO	55.00
9	NITL	80.70
10	OMU	2,100.00
11	STANDARD	1,250.00
12	SUNBIRD	90.00
13	TNM	16.00



Standard Bank of Malawi plc closed the half-year ended 30 June 2021 with a profit after tax of K11.59 billion, a decrease of 8% from profit after tax of K12.63 billion for the same period in 2020. NBS Bank closed the half-year ended 30 June 2021 with a profit after tax of K4.40 billion, an increase of 55% from profit after tax of K2.84 billion for the same period in 2020.

Equity market (Continued)

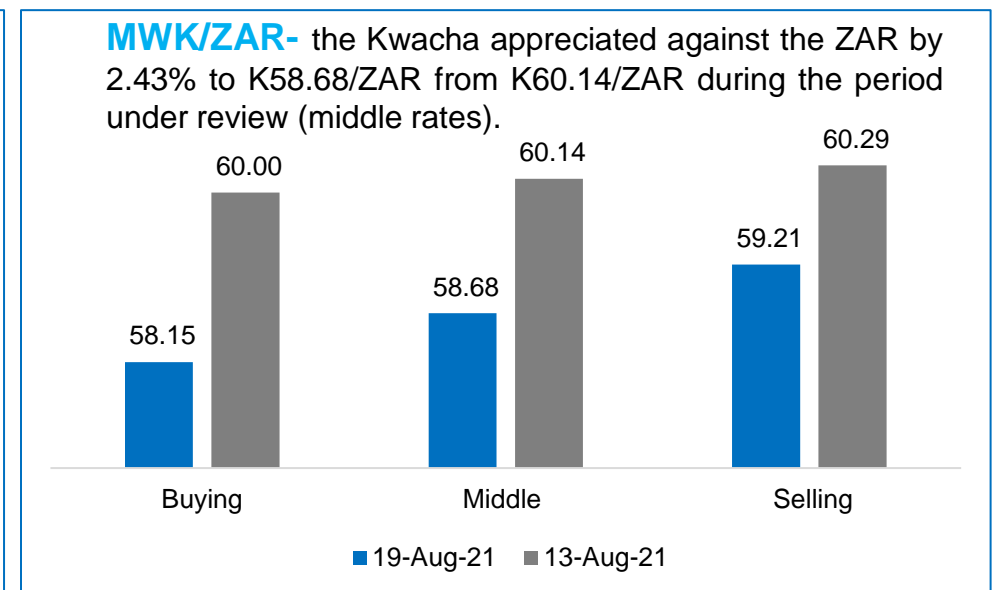
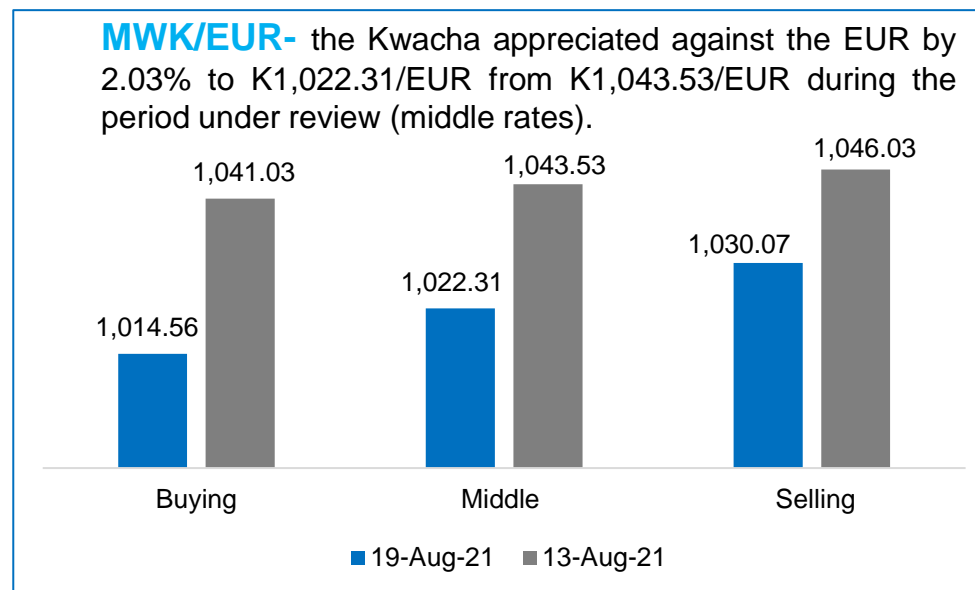
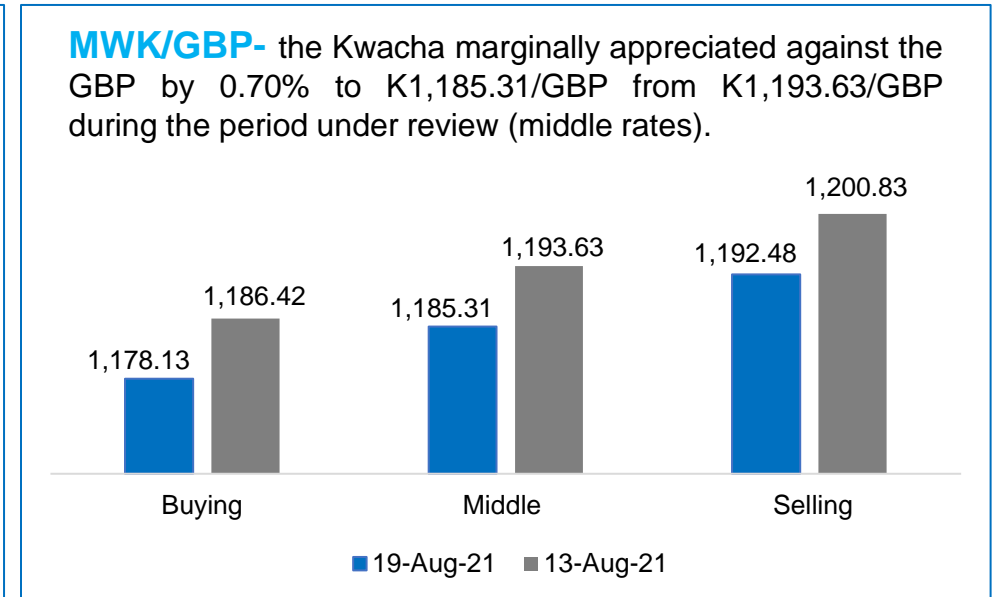
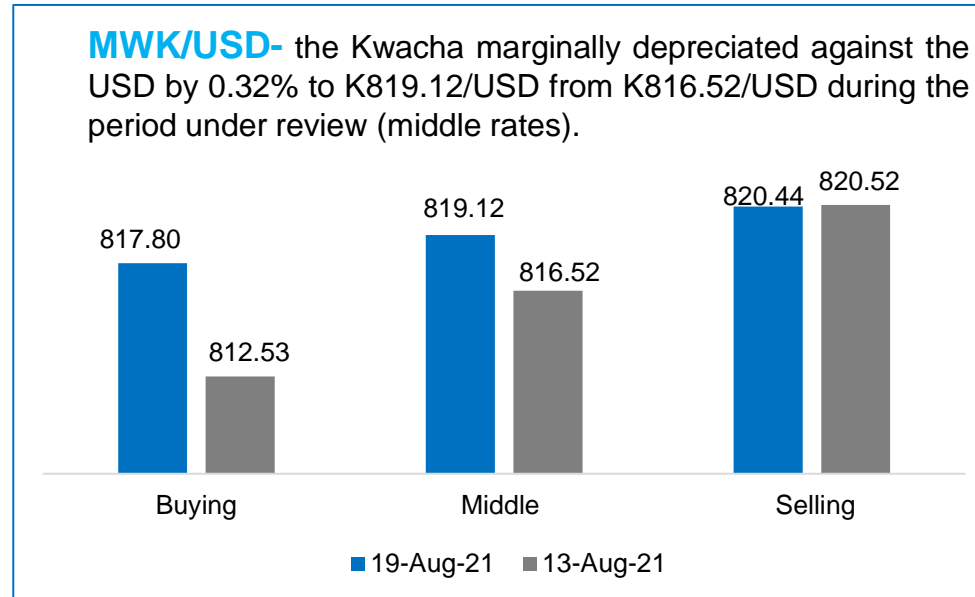
Published half-year financial statements

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%
Standard Bank (K'billion)	11.59	12.63	-8%	N/A
NBS Bank (K'billion)	4.40	2.84	55%	40%



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.32% to K819.12/USD from K816.52/USD during the period under review.

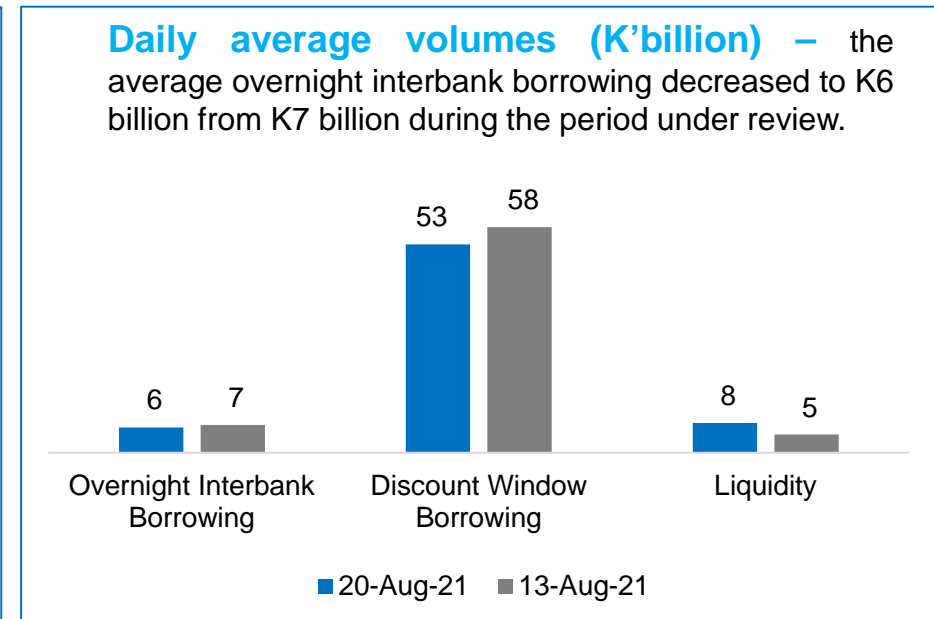
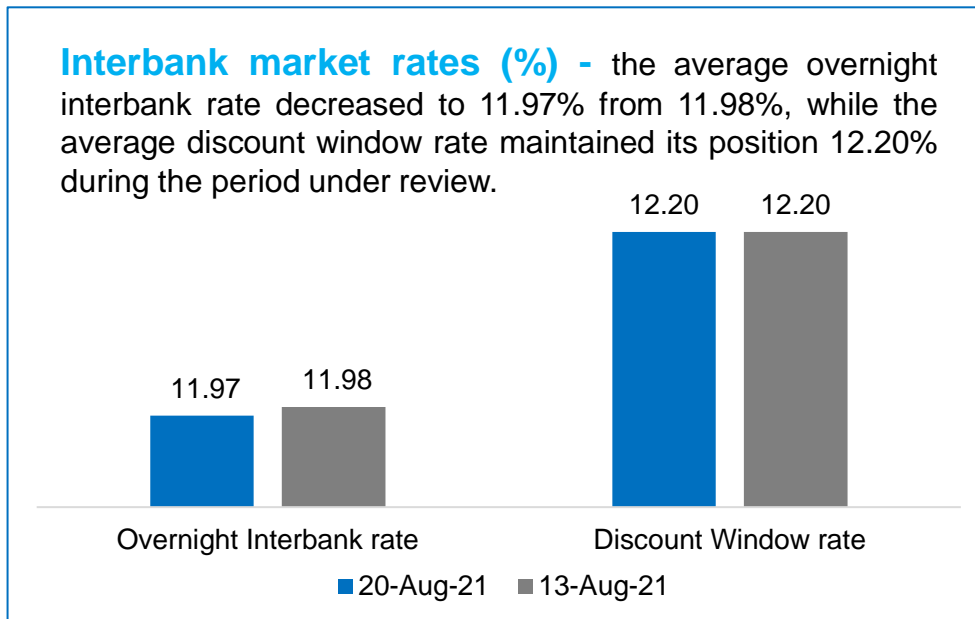
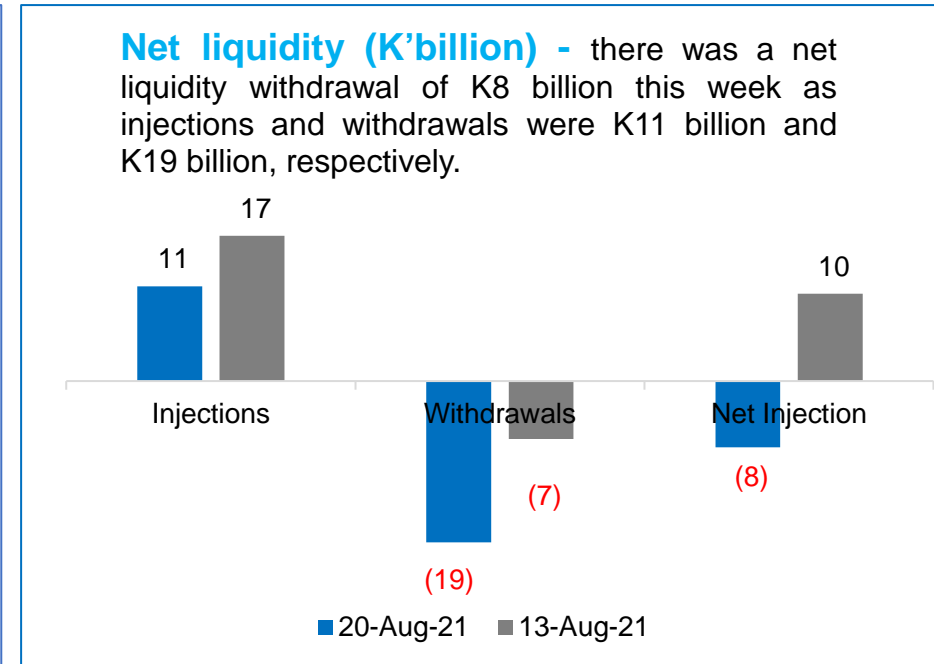
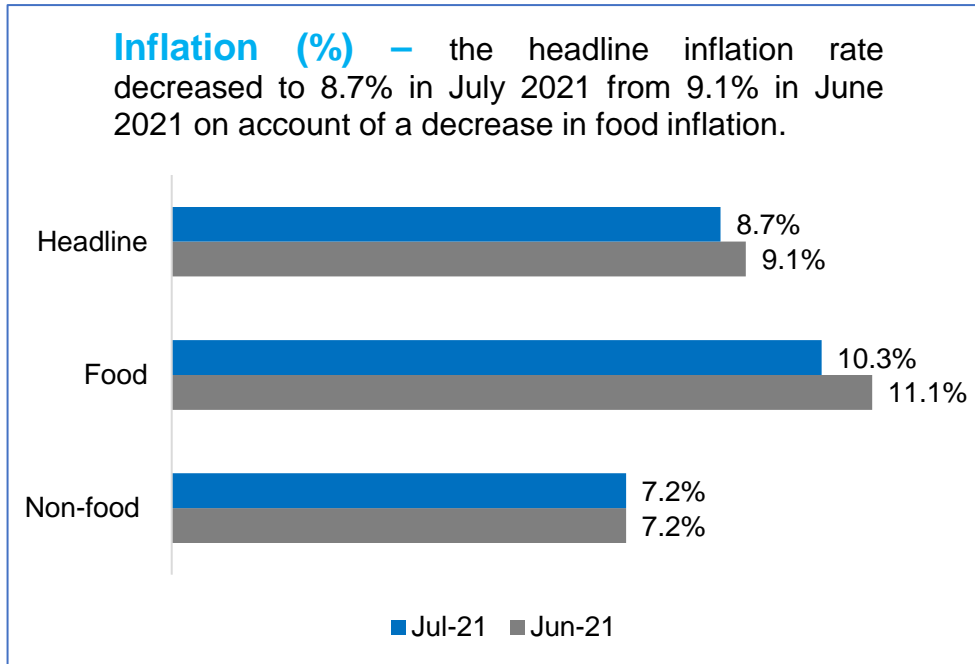


NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



Headline inflation eased to 8.7% in July 2021 from 9.1% in June 2021, mainly driven by lower food prices as food inflation decreased to 10.3% from 11.1%.

Other financial market developments (Source: RBM and NSO)





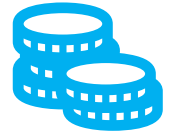
Economic indicators

Selected Economic Indicators			
Inflation			
NSO Headline Inflation rate for July 2021			8.7%
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 July 2021
headline inflation
rate 8.7%



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 20 August 2021
Exchange rates														
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	819.12
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	1,185.31
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	1,022.31
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	58.68
Foreign Exchange Reserves														
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	-
Inflation														
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%	8.7%	-
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%	10.3%	-
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%	7.2%	-
Interest Rates														
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%
Government Securities' Yields														
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%	9.53%
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%	14.04%
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%	23.25%
Stock Market Indices														
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	38,205.06
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	31,270.27
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 Standard Bank of Malawi plc approved an interim dividend of K28.55/share on 19 August 2021.

Appendix A - Equity market

Corporate Announcements (continued)

1. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
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
STANDARD	Declared	Interim	28.55	10 September 2021	23 September 2021
NBS	Declared	Interim	0.60	10 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
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

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