

Financial Market Update

| Week ending 27 August 2021

Financial market highlights for the week ending 27 August 2021

The following highlights compare the week ending 27 August 2021 to the week ending 20 August 2021:



Government securities market (Source: RBM)

- MK8.55 billion was allotted during this week's auctions of Treasury Bills (TBs), with a rejection rate of 29%.
- The 364-days TB had the highest subscription rate at 56%, during the period under review.



Equity market (Source: MSE)

- The stock market was marginally bullish this week as the MASI increased to 38,298.74 points from 38,205.06 points in the period under review. This was due to share price gains for ILLOVO (to MK145.00 from MK126.52), MPICO (to MK21.00 from MK18.30) and NBM (to MK675.00 from MK660.00) which offset were share price losses for FDHB (to MK13.60 from MK15.96), TNM (to MK15.50 from MK16.00) and a marginal share price loss for ICON (to MK12.12 from MK12.13) during the period under review.
- The MASI had a year-to-date return of 18.23% during the period under review. It was 4.16% during the same time in the previous year.
- ILLOVO expects its profit after tax for the financial year ended 31 August 2021 to range from MK18 billion to MK22 billion. At the mid-point of MK20 billion, this is a 630% increase from profit after tax of MK2.74 billion for the same period in 2020.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.03% (to MK819.11/USD from MK818.86/USD) during the period under review. The Kwacha depreciated against the GBP by 1.20% (to MK1,195.87/GBP from MK1,178.75/GBP) and the ZAR by 1.78% (to MK59.11/ZAR from MK58.08/ZAR) during the period under review.
- Based on middle rates, the Malawi Kwacha appreciated against the EUR by 1.41% (to MK1,034.47/EUR from MK1,049.29/EUR) during the period under review.



Financial market developments (Source: RBM and Company Financials)

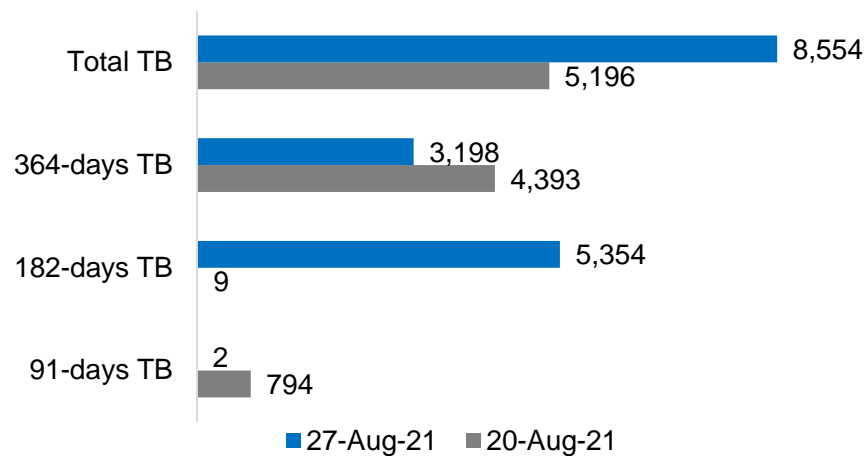
- First Capital Bank closed the half-year ended 30 June 2021 with a profit after tax of MK5.4 billion, an increase of 38% from profit after tax of MK3.9 billion for the same period in 2020.
- There was a net liquidity injection of MK48 billion this week as injections and withdrawals were MK57 billion and MK9 billion, respectively.
- The average overnight interbank borrowing increased to MK12 billion from MK7 billion during the period under review.
- The average overnight interbank rate increased to 11.98% from 11.97%, during the period under review.



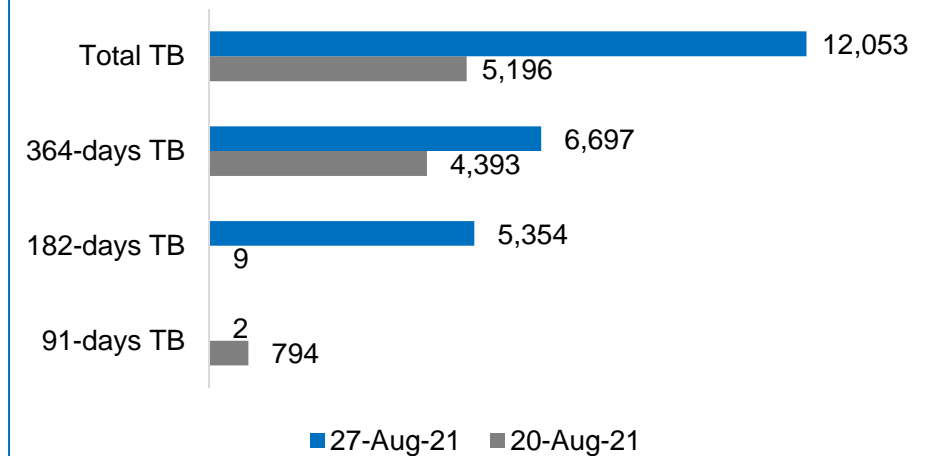
Government securities (Source: RBM)

A total of K8.55 billion was allotted during this week's auctions of Treasury Bills (TBs).

TB allotments (MK'million) – a total of MK8.55 billion was allotted during the period under review, with a rejection rate of 29%.

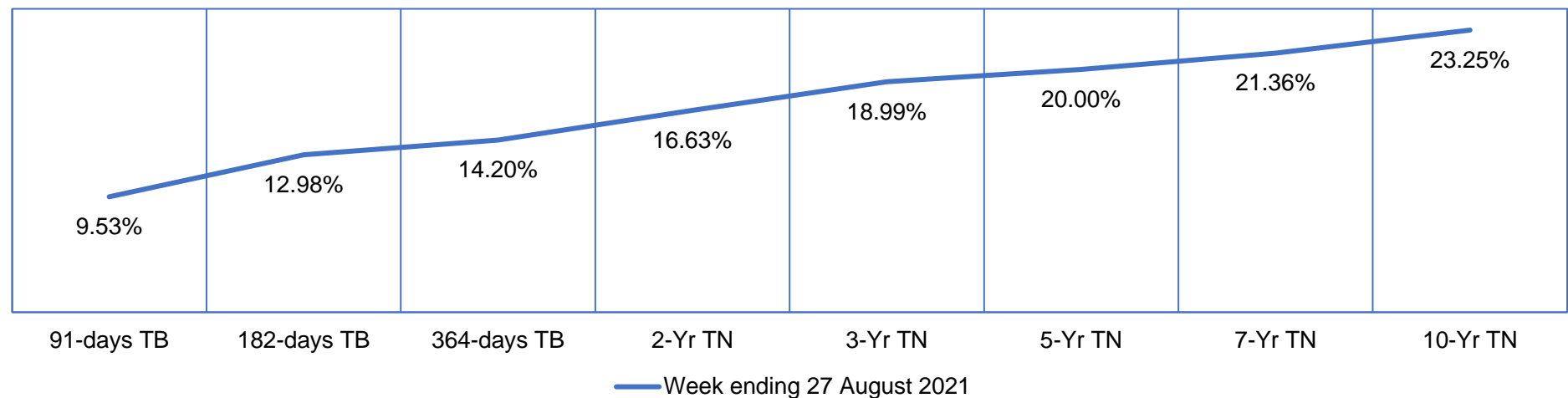


TB Applications – the 364-days TB had the highest subscription rate at 56%, during the period under review.



The average All-Type TB yield increased to 12.24% from 12.18%, during the period under review.

Government securities yield curve (%)

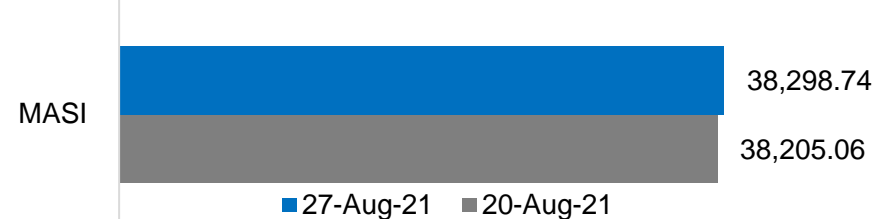




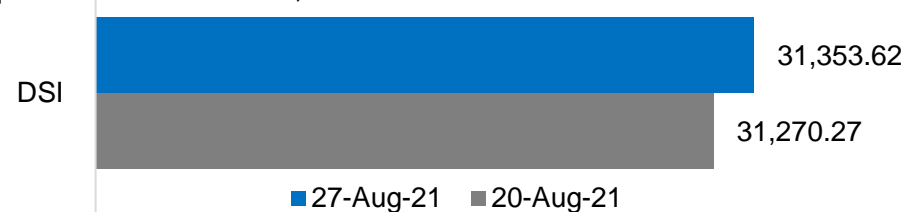
The stock market was marginally bullish this week as the MASI increased to 38,298.74 points from 38,205.06 points in the period under review. Year-to-date, the MASI return is 18.23%.

Equity market (Source: MSE)

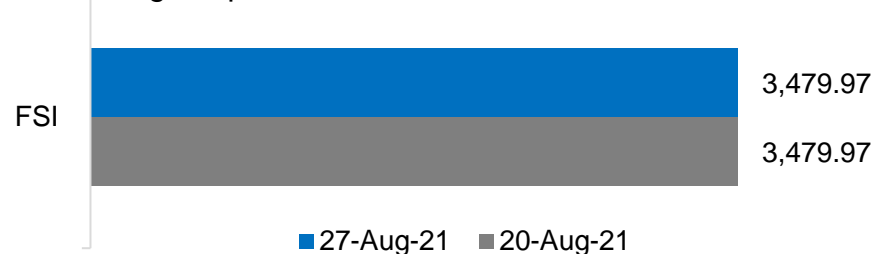
MASI – the stock market was marginally bullish this week as the MASI increased to 38,298.74 points from 38,205.06 points as a result of share price gains in three counters which offset share losses in three counters.



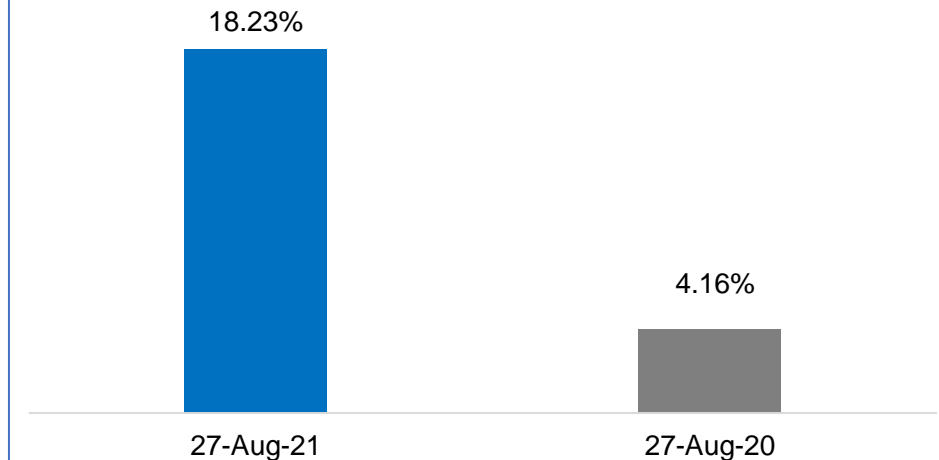
DSI – the DSI marginally increased to 31,353.62 points from 31,270.27 points in the period under review as a result of share price gains in ILLOVO, MPICO and NBM which offset share price losses in FDHB, ICON and TNM.



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

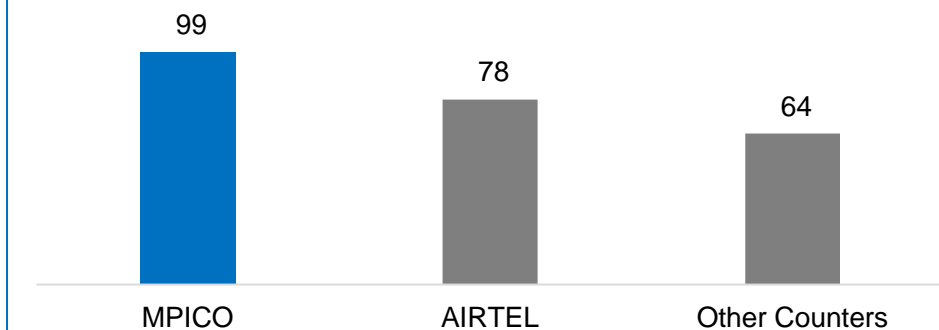


MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 18.23% (it was 4.16% during the same time in the previous year).



Value of Shares Traded (MK'million) –

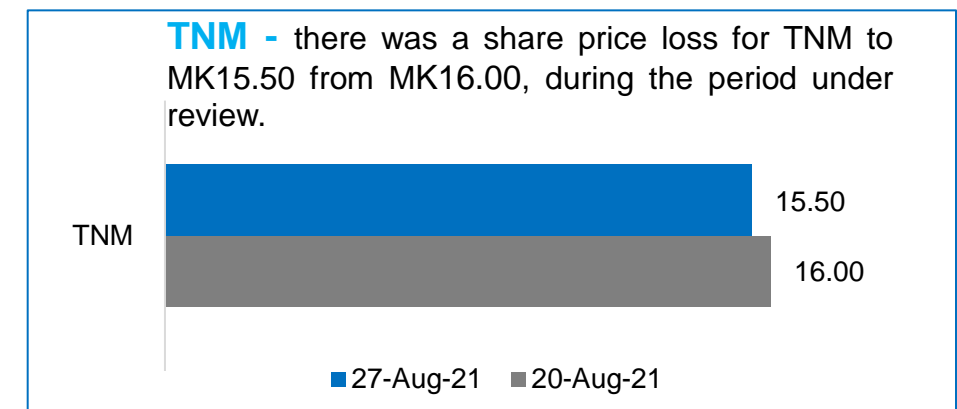
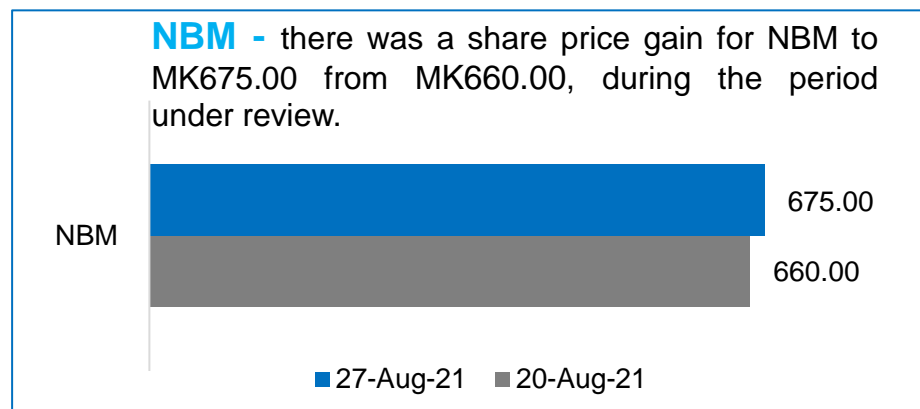
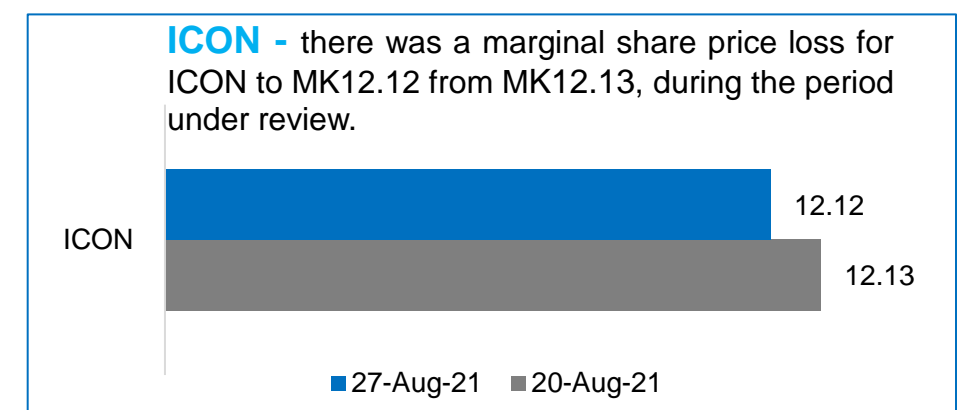
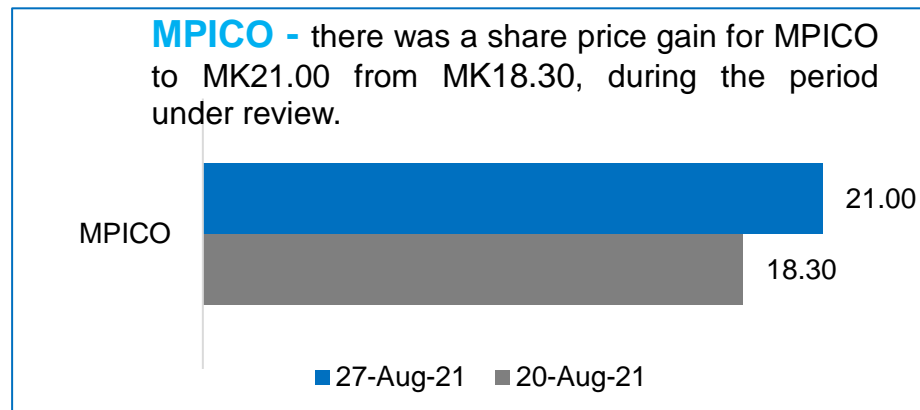
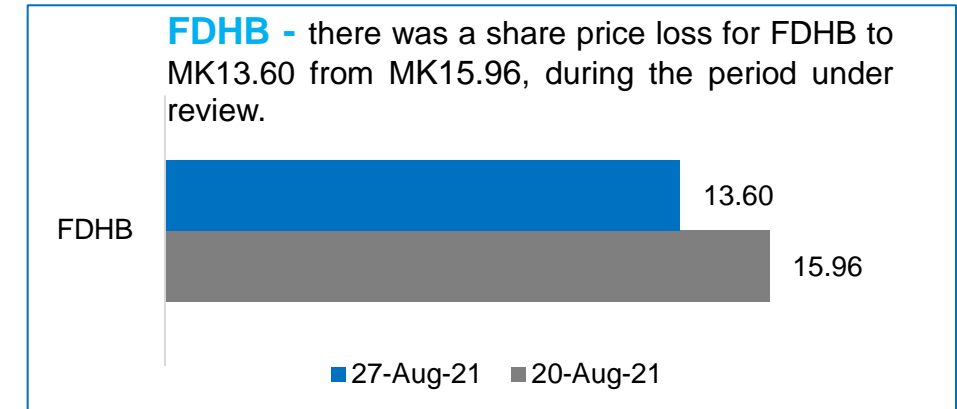
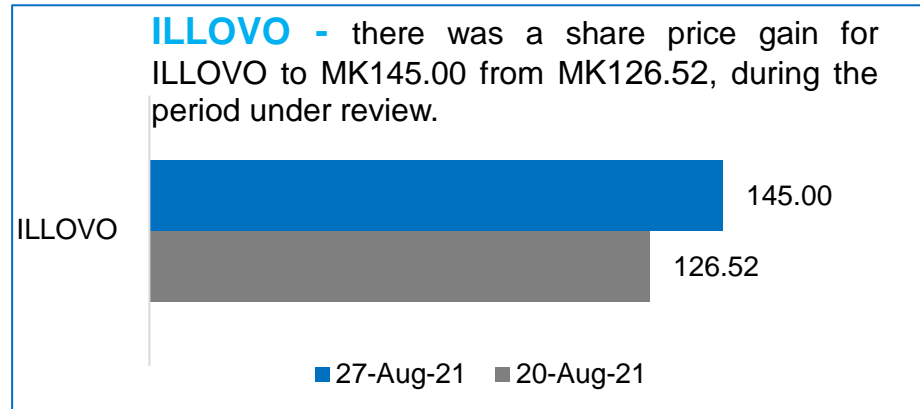
MPICO and AIRTEL had the highest value of shares traded during the period under review at MK99 million and MK78 million respectively. The total value of shares traded was MK241 million.





Equity market (Continued)

There were share price gains for three counters: ILLOVO (to MK145.00 from MK126.52), MPICO (to MK21.00 from MK18.30) and NBM (to MK675.00 from MK660.00) during the period under review. There were share price losses for three counters: FDHB (to MK13.60 from MK15.96), TNM (to MK15.50 from MK16.00) and a marginal share price loss for ICON (to MK12.12 from MK12.13) during the period under review.





The share prices for 10 counters were flat during the period under review.

Equity market (Continued)

Ten counters closed at the same prices as the previous week. Their closing prices are shown in the table below:

No.	MSE Code	Share Price (MK)
		27-August-21
1	AIRTEL	40.00
2	BHL	11.00
3	FMBCH	65.00
4	NBS	26.33
5	NICO	55.00
6	NITL	80.70
7	OMU	2,100.00
8	PCL	1,494.99
9	STANDARD	1,250.00
10	SUNBIRD	90.00



ILLOVO expects its profit after tax for the financial year ended 31 August 2021 to range from MK18 billion to MK22 billion. At the mid-point of MK20 billion, this is a 630% increase from profit after tax of MK2.74 billion for the same period in 2020.

First Capital Bank closed the half-year ended 30 June 2021 with a profit after tax of MK5.4 billion, an increase of 38% from profit after tax of MK3.9 billion for the same period in 2020.

Equity market (Continued)

Financial year Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the financial 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 August 2021	31 August 2020	Trading statement profit/loss expectation
ILLOVO Sugar Malawi (MK'billion)	20.00 (Range 18-22)	2.74	630%

Other Published Accounts (Source: Company Financials)

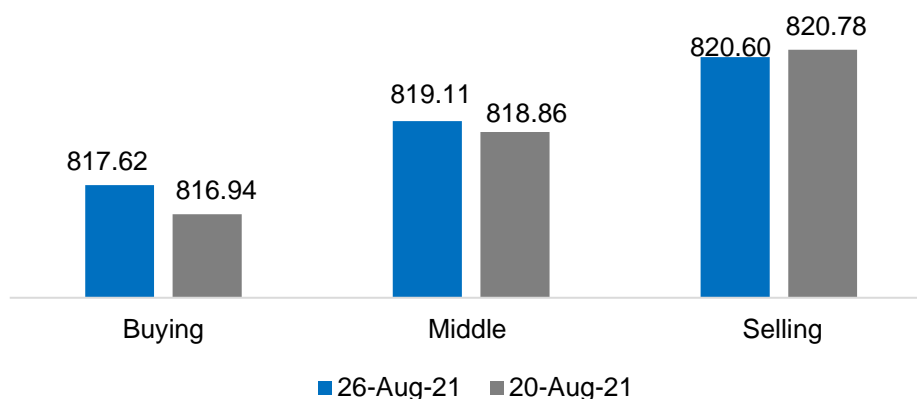
Counter	30 June 2021	30 June 2020	Actual Change in Profit/Loss
First Capital Bank (MK'billion)	5.4	3.9	38%



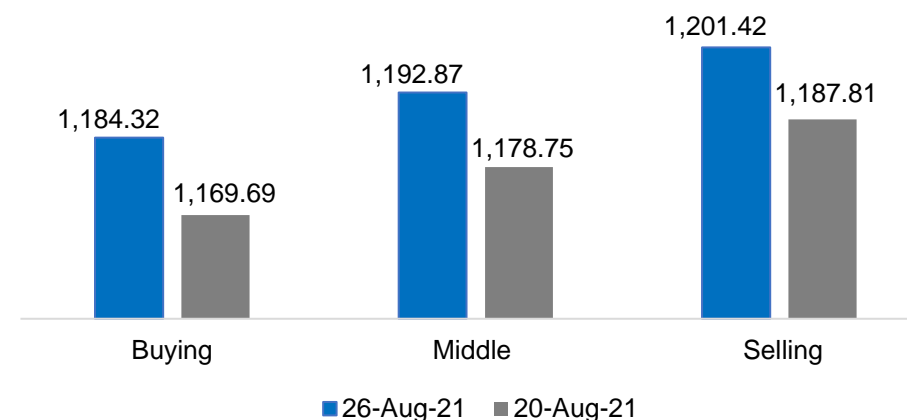
Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.03% to MK819.11/USD from MK818.86/USD during the period under review.

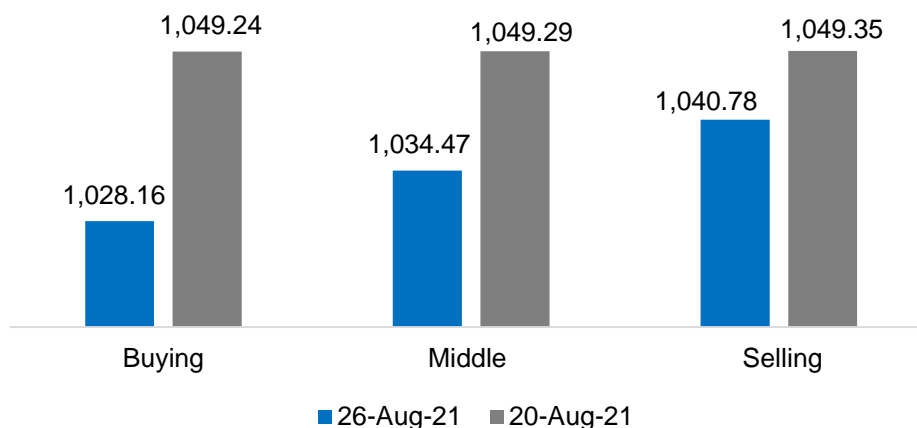
MK/USD- the Kwacha marginally depreciated against the USD by 0.03% to MK819.11/USD from MK818.86/USD during the period under review (middle rates).



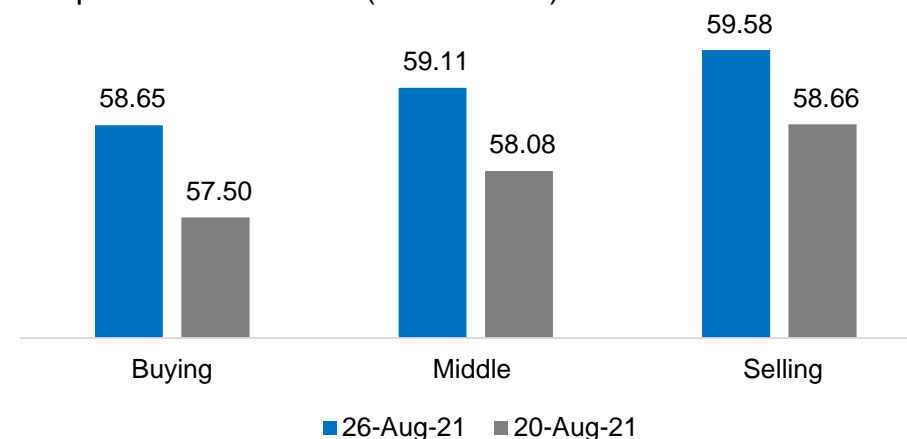
MK/GBP- the Kwacha depreciated against the GBP by 1.20% to MK1,195.87/GBP from MK1,178.75/GBP during the period under review (middle rates).



MK/EUR- the Kwacha appreciated against the EUR by 1.41% to MK1,034.47/EUR from MK1,049.29/EUR during the period under review (middle rates).



MK/ZAR- the Kwacha depreciated against the ZAR by 1.78% to MK59.11/ZAR from MK58.08/ZAR during the period under review (middle rates).



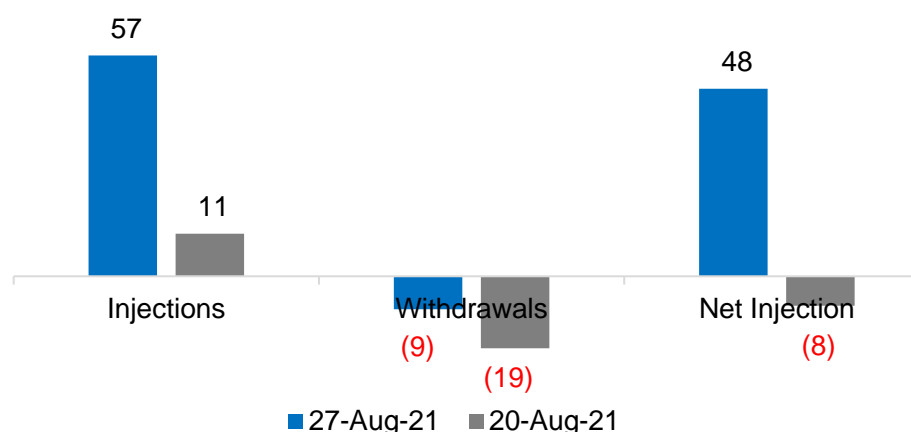
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



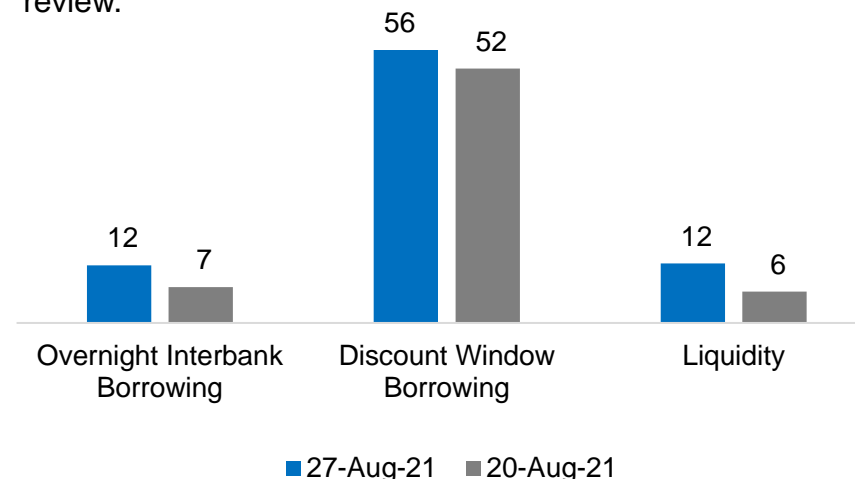
There was a net liquidity injection of MK48 billion this week as injections and withdrawals were MK57 billion and MK9 billion, respectively.

Other financial market developments (Source: RBM)

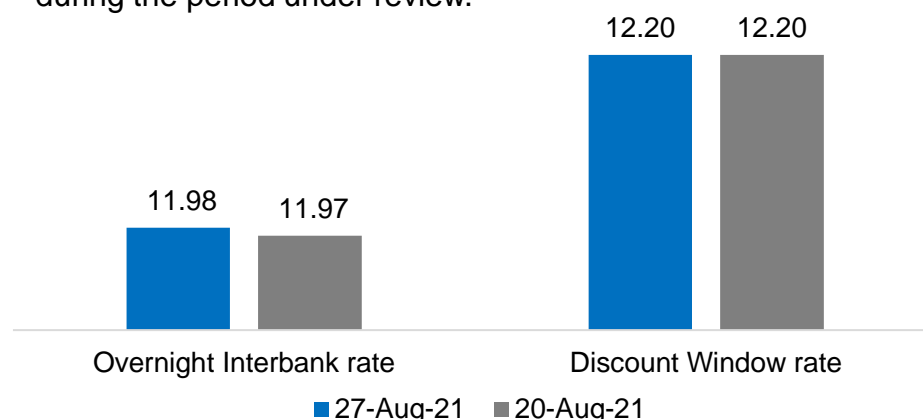
Net liquidity (MK'billion) - there was a net liquidity injection of MK48 billion this week as injections and withdrawals were MK57 billion and MK9 billion, respectively.



Daily average volumes (MK'billion) - the average overnight interbank borrowing increased to MK12 billion from MK7 billion during the period under review.



Interbank market rates (%) - the average overnight interbank rate increased to 11.98% from 11.97%, while the average discount window rate maintained its position 12.20% during the period under review.





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 27 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	819.11
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	1,192.87
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	1,034.47
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	59.11
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%	14.20%
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	38,298.74
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	31,353.62
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 MK28.55/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
AIRTEL	Declared	Final	2.10	30 July 2021	31 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



Standard Bank of Malawi plc closed the half-year ended 30 June 2021 with a profit after tax of MK11.59 billion, a decrease of 8% from profit after tax of MK12.63 billion for the same period in 2020.

Equity market (Continued)

2. Published half-year financial statements

Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss	Trading statement profit/loss expectation
Illovo (MK'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 (MK'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 (MK'billion)	4.55	3.22	41%	34%
National Bank (MK'billion)	12.8	9.1	41%	20%
Standard Bank (MK'billion)	11.59	12.63	-8%	N/A
NBS Bank (MK'billion)	4.40	2.84	55%	40%



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)

3. 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 (MK'million)	(467.65)	(1,336.15)	-65%
NITL (MK'million)	1,232.43	363.55	239%

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