

Financial Market Update

| Week ending 30 July 2021



Financial market highlights for the week ending 30 July 2021

The following highlights compare the week ending 30 July 2021 to the week ending 23 July 2021:



Government securities market (Source: RBM)

- A grand total of K12.81 billion was allotted during this week's auctions of Treasury Bills (TBs) and 7-year Treasury Note (TN).
- A total of K7.87 billion was allotted during this week's auctions of Treasury Bills (TBs), with a nil rejection rate.
- A total of K4.94 billion was allotted during this week's auction of the 7-year Treasury Note (TN), with a nil rejection rate.
- The average All-Type TB yield increased to 12.16% from 12.03% during the period under review.
- The average All-Type TN yield increases to 19.91% from 19.75% during the period under review.



Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.68% (to K818.71/USD from K813.16/USD) during the period under review. The Malawi Kwacha depreciated against the GBP by 1.50% (to K1,207.43/GBP from K1,189.63/GBP) and the EUR by 1.04% (to K1,045.10/EUR from K1,034.30/EUR) during the period under review.
- Based on the middle rates, the Kwacha maintained its position against the ZAR at K59.81/ZAR during the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 36,496.03 points from 36,060.68 points during the period under review. This was due to share price gains for ILLOVO (to K126.51 from K110.01), NBM (to K650.11 from K650.10), PCL (to K1,300.00 from K1,199.93) and TNM (to K16.01 from K16.00) which offset share price losses for NBS (to K26.35 from K26.37) and OMU (to K2,100.00 from K2,190.00) during the period under review.
- The MASI had a year-to-date return of 12.67% during the period under review. It was negative 1.32% during the same time in the previous year.
- According to their unaudited summary financial results, FDH Bank closed the half-year ended 30 June 2021 with a profit after tax of K4.55 billion, an increase of 41% from a profit after tax of K3.22 billion for the half-year ended 30 June in 2020.



Financial market developments (Source: RBM)

- There was a net liquidity injection of K51.84 billion this week as injections and withdrawals were K64.66 billion and K12.81 billion respectively, during the period under review.
- The average overnight interbank borrowing decreased to K6.78 billion from K10.24 billion during the period under review.
- The average overnight interbank rate maintained its position at 11.96% during the period under review.

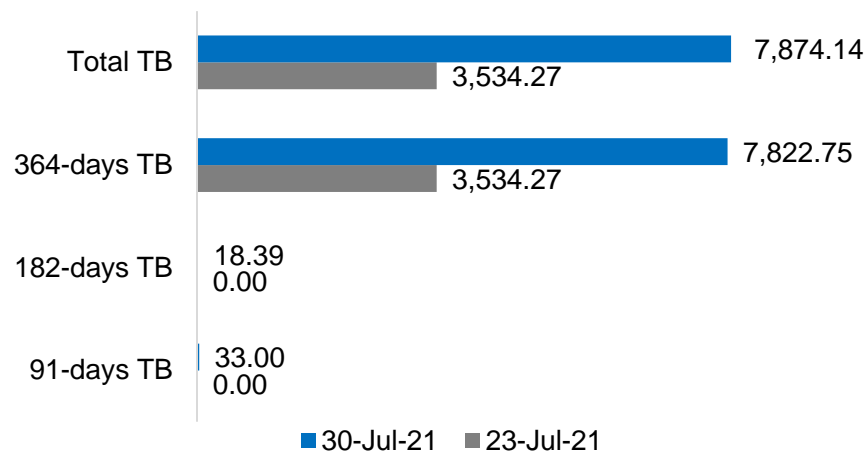


Government securities (Source: RBM)

A grand total of K12.81 billion was allotted during this week's auctions of Treasury Bills (TBs) and 7-year Treasury Note (TN).

The average All-Type TB yield increased to 12.16% from 12.03% during the period under review. The average All-Type TN yield increases to 19.91% from 19.75% during the period under review.

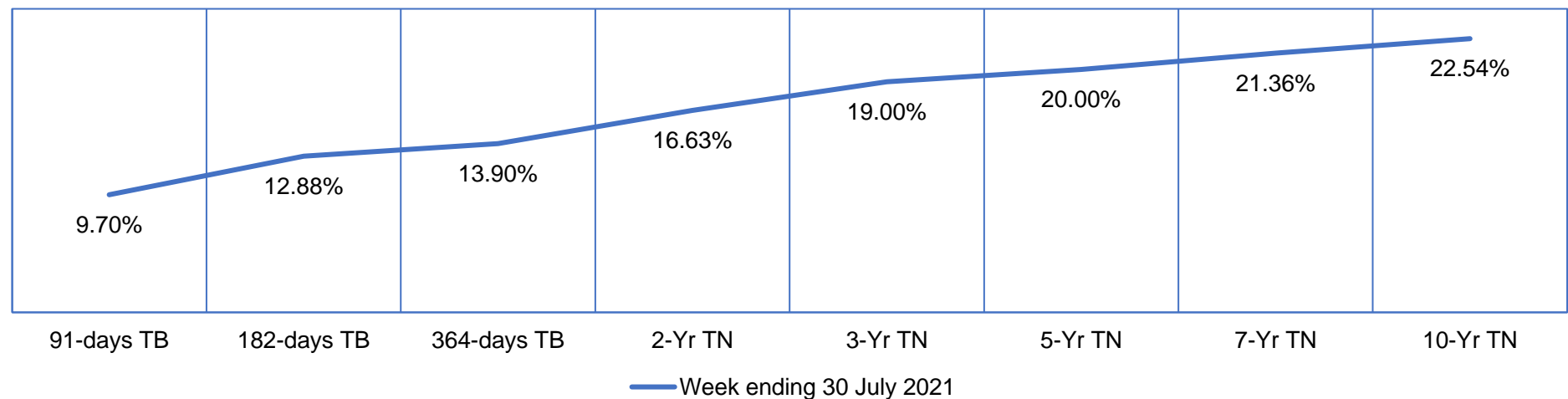
TB allotments (Kmillion) – a total of K7.87 billion was allotted during the period under review, with a nil rejection rate.



7-year TN applications and allotments (K'billion) – a total of K4.94 billion was allotted during the period under review, with a nil rejection rate.



Government securities yield curve (%)





Equity market (Source: MSE)

The stock market was bullish this week as the MASI increased to 36,496.03 points from 36,060.68 points during the period under review. Year-to-date, the MASI return is 12.67%.

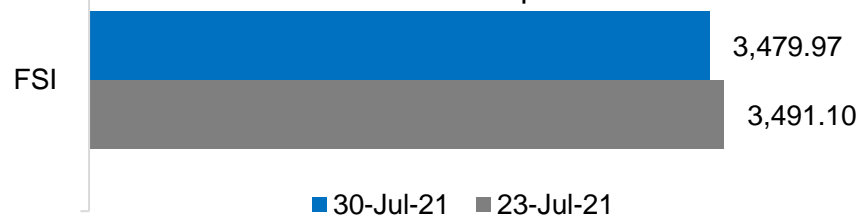
MASI – the stock market was bullish this week as the MASI increased to 36,496.03 points from 36,060.68 points in the period under review. This was due to share price gains in four counters which offset share price losses in two counter.



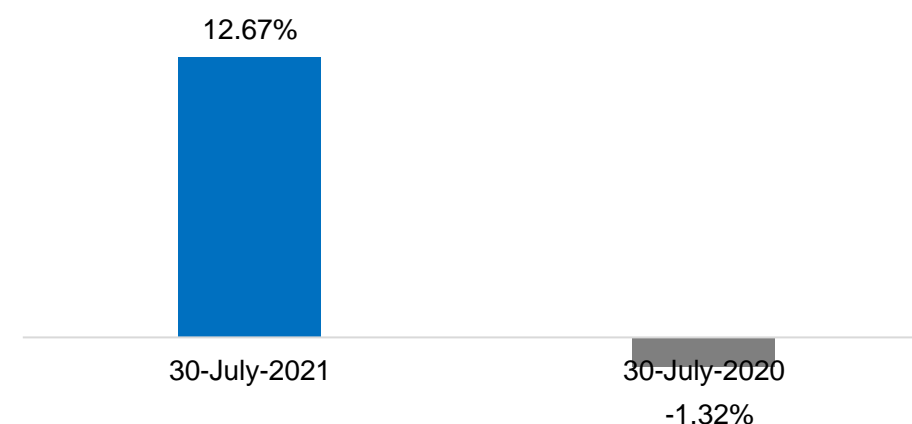
DSI – the DSI increased to 29,749.56 points from 29,353.47 points in the period under review. This was due to share price gains in ILLOVO, NBM, PCL and TNM which offset a share price loss in NBS.



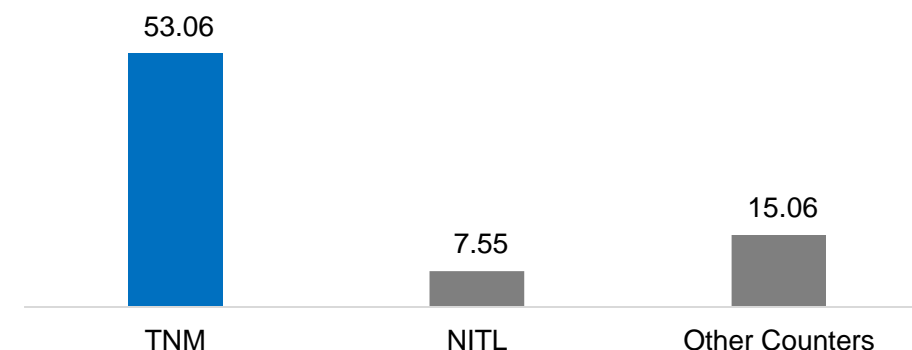
FSI – the FSI marginally decreased to 3,479.97 points from 3,491.10 points during the period under review. This was due to a share price loss in OMU.



MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 12.67% (it was negative 1.32% during the same time in the previous year).



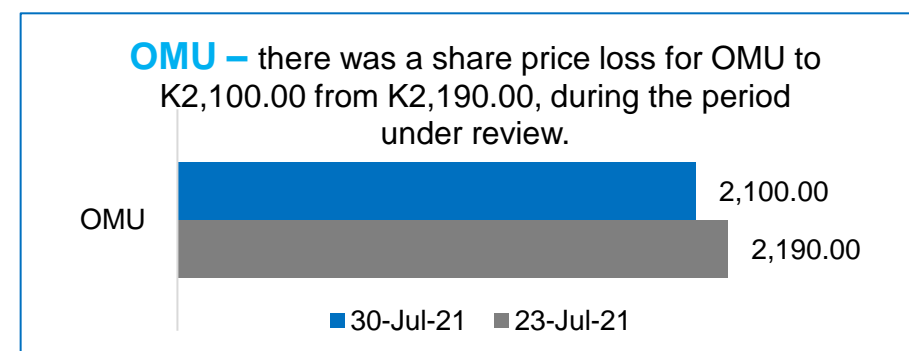
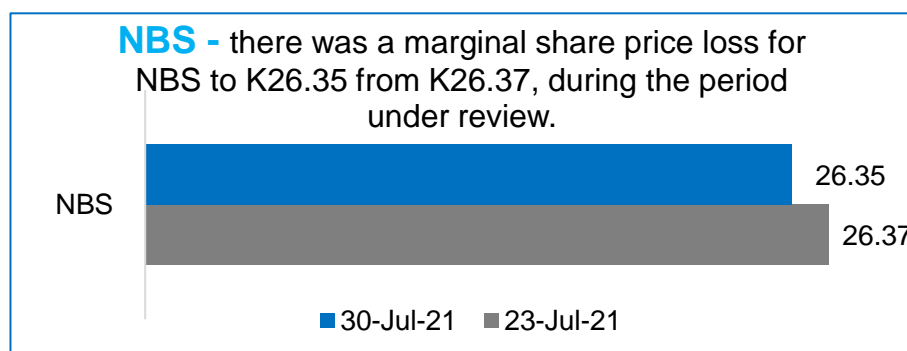
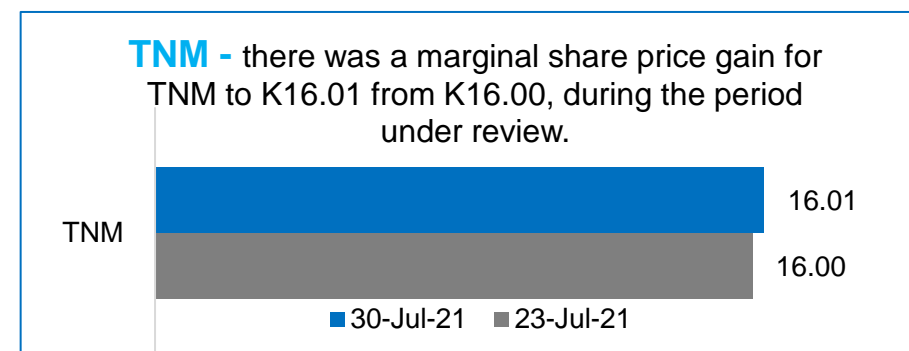
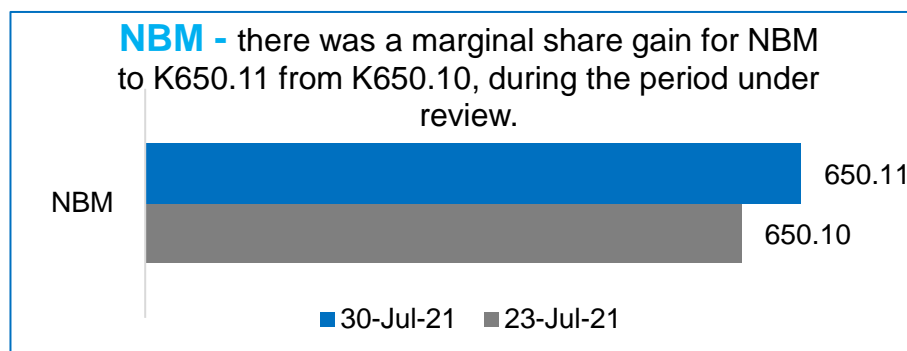
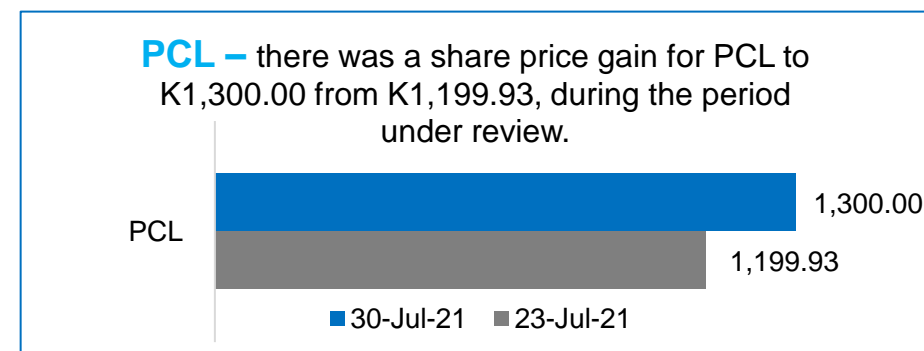
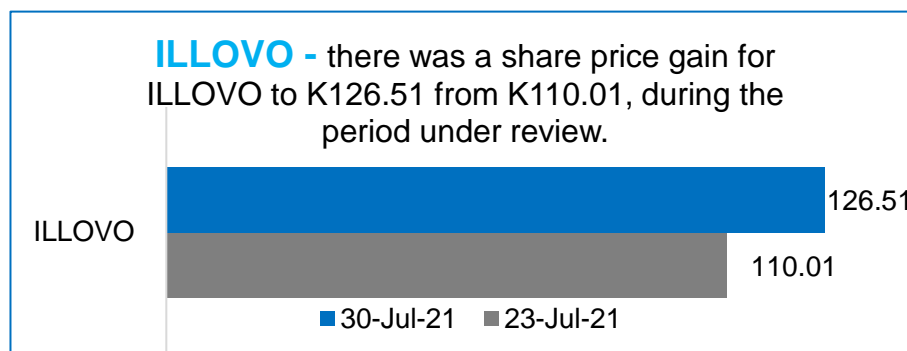
Value of Shares Traded (K'million) – TNM and NITL had the highest value of shares traded at K53.06 million and K7.55 million respectively, during the period under review. The total value of shares traded was K75.66 million.





Equity market (Continued)

There were share price gains for ILLOVO (to K126.51 from K110.01), NBM (to K650.11 from K650.10), PCL (to K1,300.00 from K1,199.93) and TNM (to K16.01 from K16.00) during the period under review. There were share price losses for NBS (to K26.35 from K26.37) and OMU (to K2,100.00 from K2,190.00) during the period under review.





*10 counters
closed the week
with the same
prices as the
previous week.*

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 (K)
		30-July-21
1	AIRTEL	35.75
2	BHL	11.00
3	FDHB	15.97
4	FMBCH	65.00
5	ICON	12.13
6	MPICO	16.00
7	NICO	55.00
8	NITL	80.70
9	STANDARD	1,200.16
10	SUNBIRD	90.00



According to their unaudited summary financial results, FDH Bank closed the half-year ended 30 June 2021 with a profit after tax of K4.55 billion, an increase of 41% from a profit after tax of K3.22 billion for the half-year ended 30 June in 2020.

Equity market (Continued)

3. Published half-year financial statements

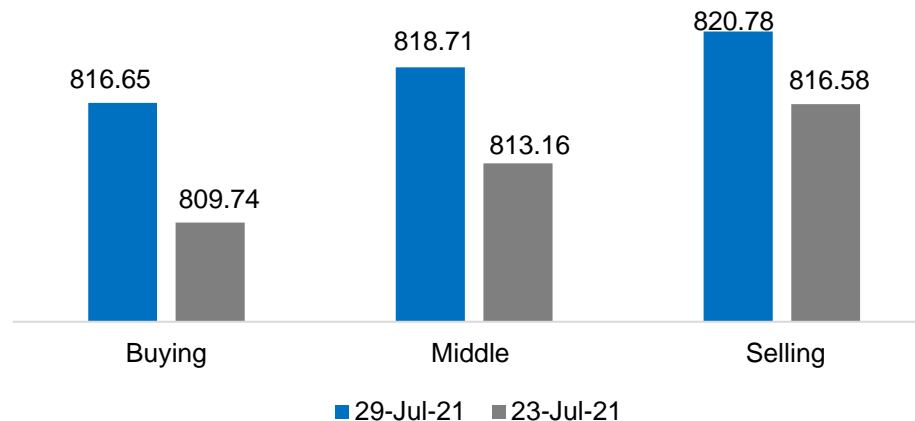
Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
Illovo (K'billion)	6.12	2.05	199%	200%
Counter	31 March 2021	31 March 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
BHL (K'million)	(390.65)	70.01	-658%	-500%
Counter	30 June 2021	30 June 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
FDH Bank (K'billion)	4.55	3.22	41%	34%



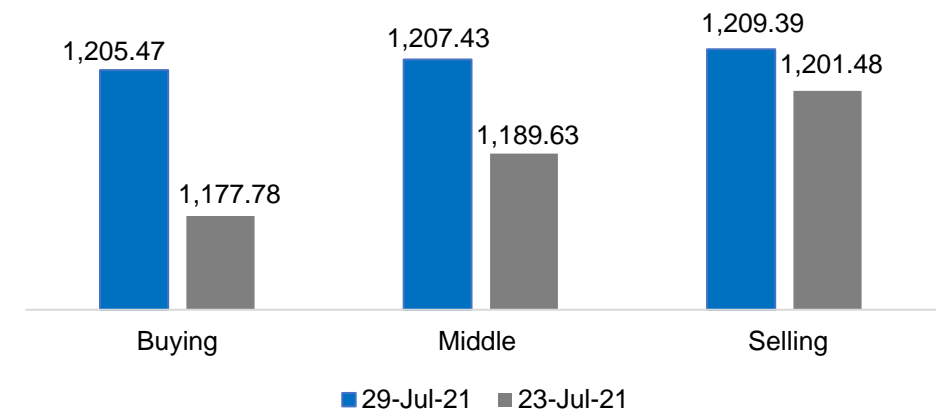
Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.68% to K818.71/USD from K813.16/USD during the period under review.

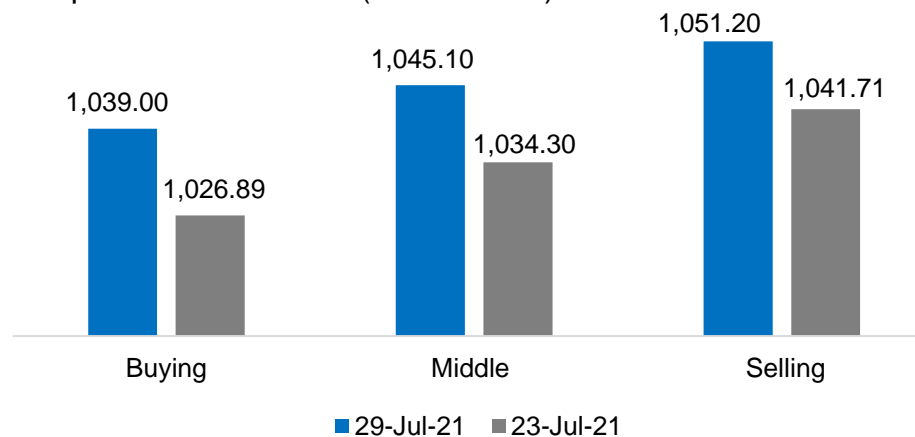
MWK/USD- the Kwacha marginally depreciated against the USD by 0.68% to K818.71/USD from K813.16/USD during the period under review (middle rates).



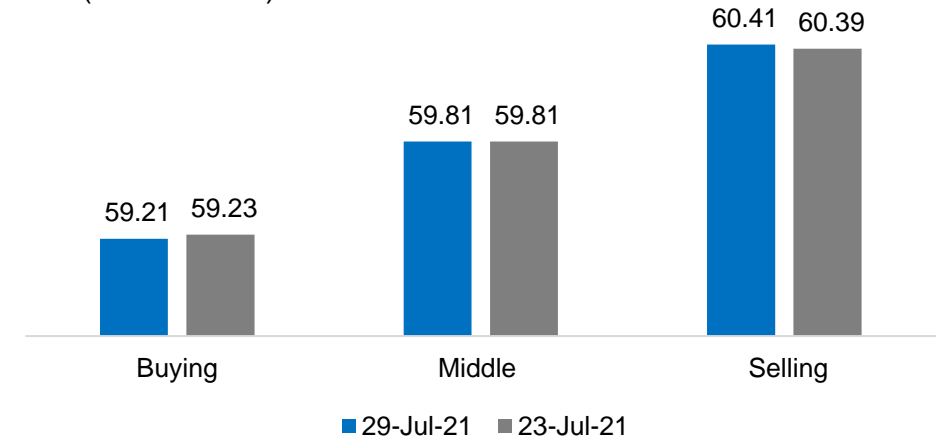
MWK/GBP- the Kwacha depreciated against the GBP by 1.50% to K1,207.43/GBP from K1,189.63/GBP during the period under review (middle rates).



MWK/EUR- the Kwacha depreciated against the EUR by 1.04% to K1,045.10/EUR from K1,034.30/EUR during the period under review (middle rates).



MWK/ZAR- the Kwacha maintained its position against the ZAR at K59.81/ZAR during the period under review (middle rates).



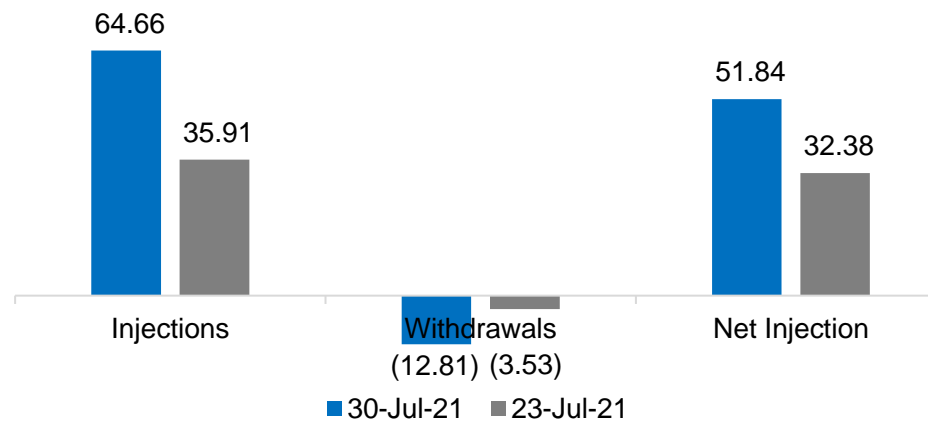
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



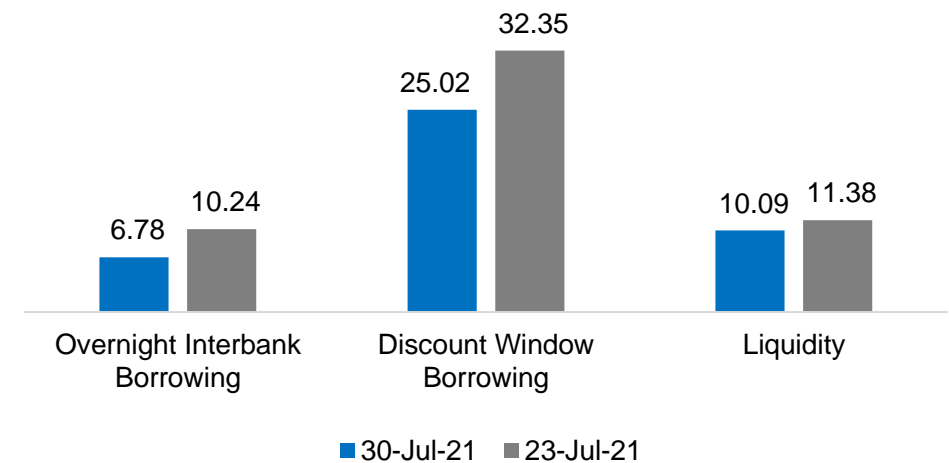
Other financial market developments (Source: RBM)

There was a net liquidity injection of K51.84 billion this week as injections and withdrawals were K64.66 billion and K12.81 billion respectively, during the period under review.

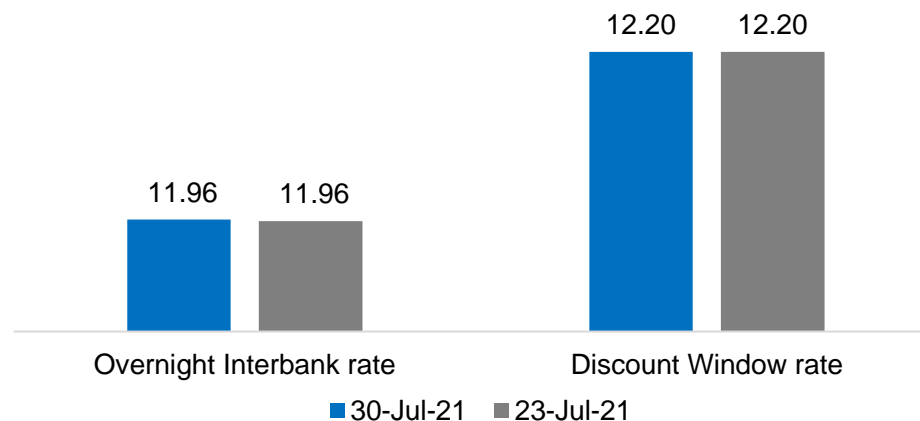
Net liquidity (K'billions) - there was a net liquidity injection of K51.84 billion this week as injections and withdrawals were K64.66 billion and K12.81 billion respectively, during the period under review.



Daily average volumes (K'billions) - the average overnight interbank borrowing decreased to K6.78 billion from K10.24 billion during the period under review.



Interbank market rates (%)- the average overnight interbank rate and average discount window rate maintained their positions at 11.96% and 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 April 2021 forecast for 2021 (annual)	8.4%
Average inflation forecast for 2021	8.8%

Commodities

	June-2021	June-2020
OPEC Reference Basket Price	US\$71.89/b	US\$37.05/b
IFPRI Malawi Monthly Maize Market Report June 2021	K132/kg	K174/kg

	July-2021	July-2020
AHL Tobacco Sales	US\$182.41 million	US\$152.31 million
AHL Tobacco Average Price	US\$1.63/kg	US\$1.52/kg

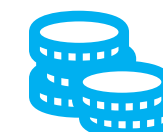
Real GDP Growth Forecast for Malawi

	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 April 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%



July 2021 Reference
Rate 12.20%



Policy rate 12.00%



OPEC Reference
Basket Price June
2021 US\$71.89/b



NSO June 2021
headline inflation
rate 9.1%



IFPRI June 2021
maize price K132/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 30 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	818.71
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	1,207.43
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	1,045.10
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	59.81
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	1.77	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%	9.1%	-
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%	11.1%	-
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%	7.2%	-
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%	11.96%
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%	9.62%	9.70%
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%	12.81%	12.88%
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%	13.87%	13.90%
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%	16.63%
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%	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%
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	36,496.03
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	29,749.56
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	3,479.97

Appendix



The Board of FDH Bank approved an interim dividend of K0.33/share on 26 July 2021.

Appendix A - Equity market

Corporate Announcements (continued)

1. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
NBM	Declared	Final	17.14	09 July 2021	30 July 2021
TNM	Declared	Final	0.10	16 July 2021	30 July 2021
NBS	Declared	Final	0.70	16 July 2021	30 July 2021
MPICO	Declared	Final	0.28	30 July 2021	06 August 2021
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

2. Annual general meeting:

Company	Venue	Date	Time
ICON	Virtual AGM	10 August 2021	15:30 hours
NITL	Virtual AGM	13 August 2021	10:00 hours



According to an update on their half-year trading statement, NITL expects its profit after tax for half-year ended 30 June 2021 to be 239% higher than the profit after tax for 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
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)	1,232.43	363.55	239%



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 after tax of K22.87 billion in 2019.

Appendix A - Equity market (Continued)

4. 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.

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