

# Financial Market Update

| Week ending 6 August 2021



# Financial market highlights for the week ending 6 August 2021

The following highlights compare the week ending 6 August 2021 to the week ending 30 July 2021:



## Government securities market (Source: RBM)

- A total of K25.13 billion was allotted during this week's auctions of Treasury Bills (TBs) and 3-year Treasury Note (TN).
- K2.76 billion was allotted during this week's auctions of Treasury Bills (TBs), with a nil rejection rate.
- K22.37 billion was allotted during this week's auction of the 3-year Treasury Note (TN), with a rejection rate of 15.62%.
- The average All-Type TB yield marginally increased to 12.17% from 12.16% during the period under review.
- The average All-Type TN yield marginally decreased to 19.90% from 19.91% during the period under review.



## Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.18% (to K818.94/USD from K817.43/USD) during the period under review. The Malawi Kwacha depreciated against the ZAR by 1.16% (to K61.50/ZAR from K60.79/ZAR) during the period under review.
- Based on the middle rates, the Malawi Kwacha appreciated against the EUR by 1.00% (to K1,038.07/EUR from K1,048.56/EUR) during the period under review. The Malawi Kwacha marginally appreciated against the GBP by 0.46% (to K1,198.22/GBP from K1,203.74/GBP) during the period under review.



## Equity market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 37,800.79 points from 36,496.03 points in the period under review. This was due to share price gains for AIRTEL (to K40.00 from K35.75), NBM (to K650.12 from K650.11) and PCL (to K1,494.00 from K1,300.00) which offset share price losses for FDH Bank (to K15.96 from K15.97) and TNM (to K16.00 from 16.01) during the period
- The MASI had a year-to-date return of 16.69% during the period under review. It was negative 0.52% during the same time in the previous year.



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

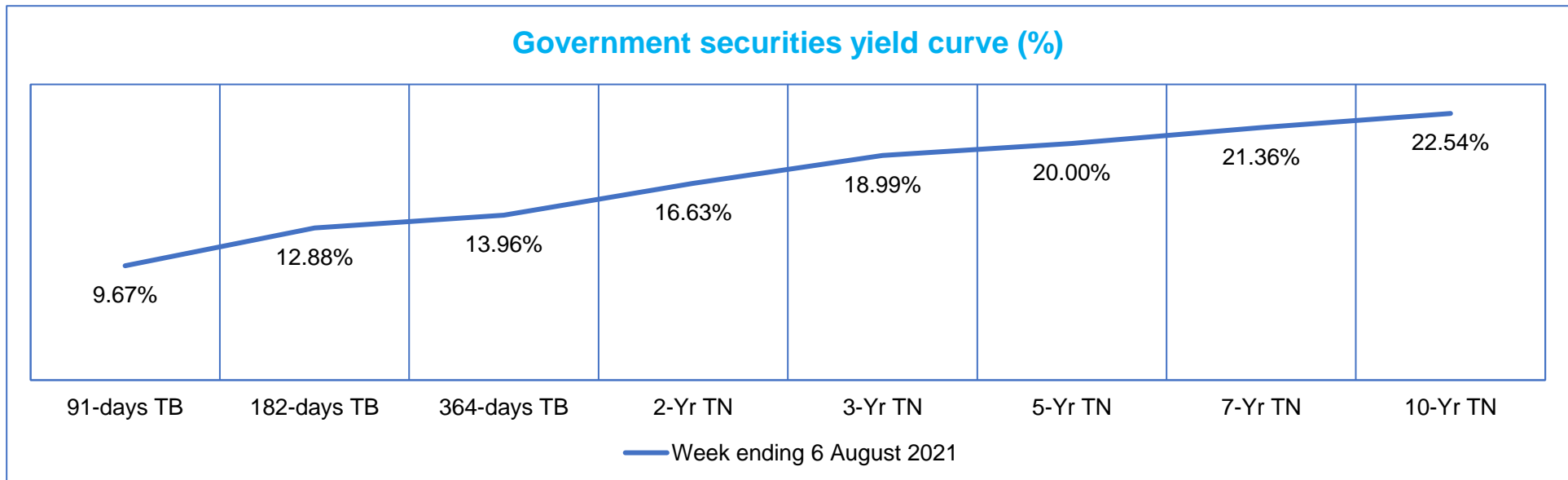
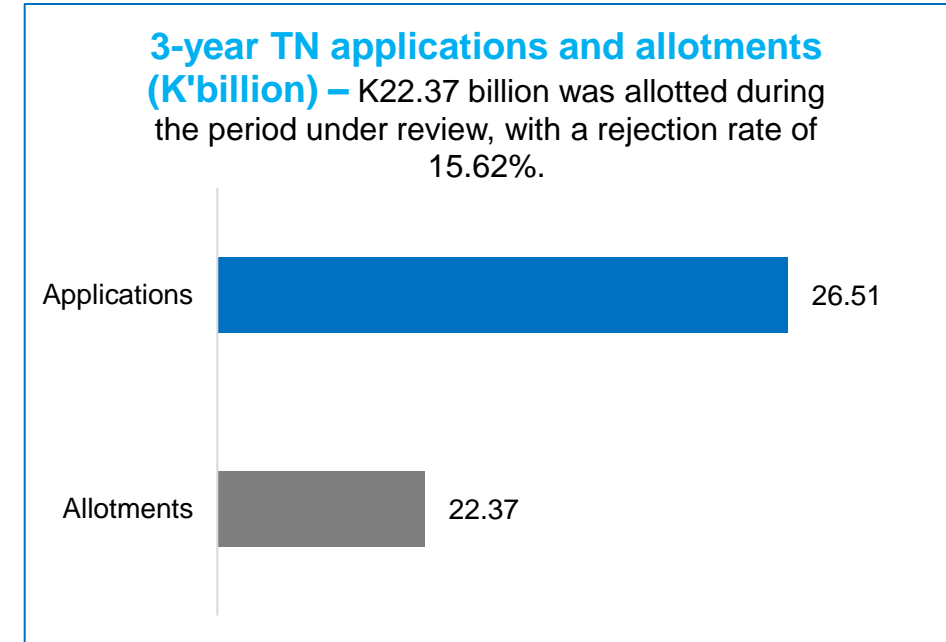
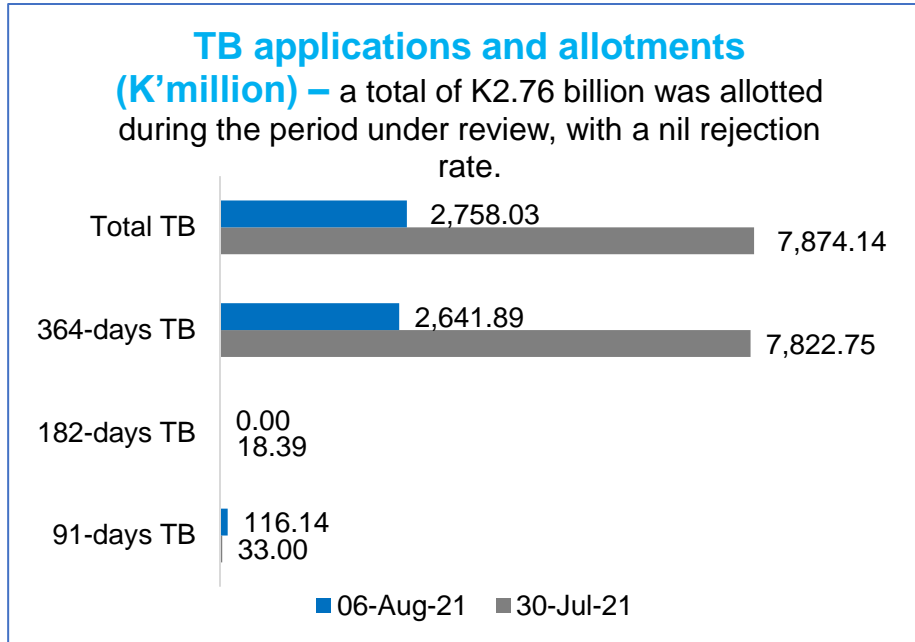
- First Discount House Limited closed the half-year ended 30 June 2021 with a profit after tax of K2.13 billion, an increase of 51% from a profit after tax of K1.41 billion for the half-year ended 30 June in 2020.
- The average discount window borrowing increased to K154.34 billion from K27.29 billion during the period under review.
- There was a net liquidity injection of K23.35 billion this week as injections and withdrawals were K48.52 billion and K25.13 billion, respectively.
- The average overnight interbank rate maintained its position at 11.96% during the period under review.



## Government securities (Source: RBM)

A total of K25.13 billion was allotted during this week's auctions of Treasury Bills (TBs) and 3-year Treasury Note (TN).

The average All-Type TB yield increased to 12.17% from 12.16% during the period under review. The average All-Type TN decreased to 19.90% from 19.91% during the period under review.



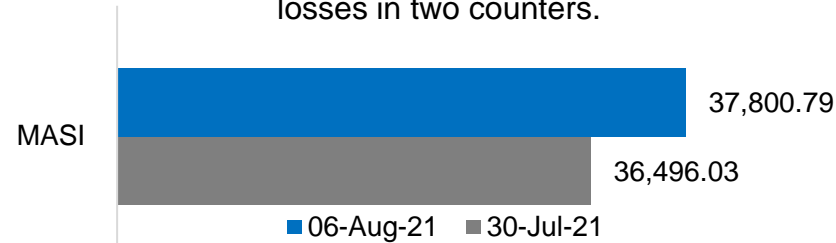
TB - Treasury Bill  
TN - Treasury Note



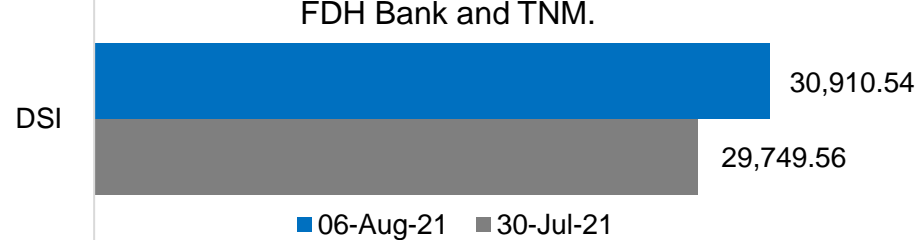
## Equity market (Source: MSE)

*The stock market was bullish this week as the MASI increased to 37,800.79 points from 36,496.03 points in the period under review. Year-to-date, the MASI return is 16.69%.*

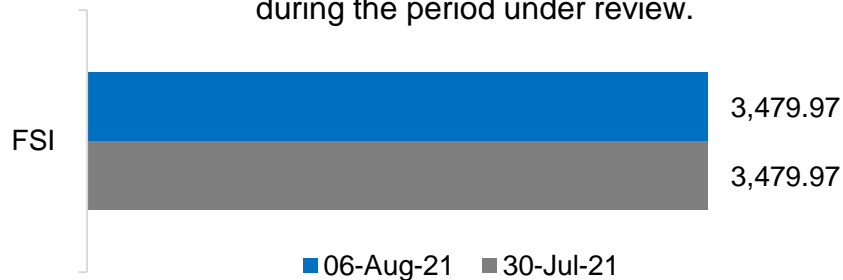
**MASI** – the stock market was bullish this week as the MASI increased to 37,800.79 points from 36,496.03 points as a result of share price gains in three counters which offset share price losses in two counters.



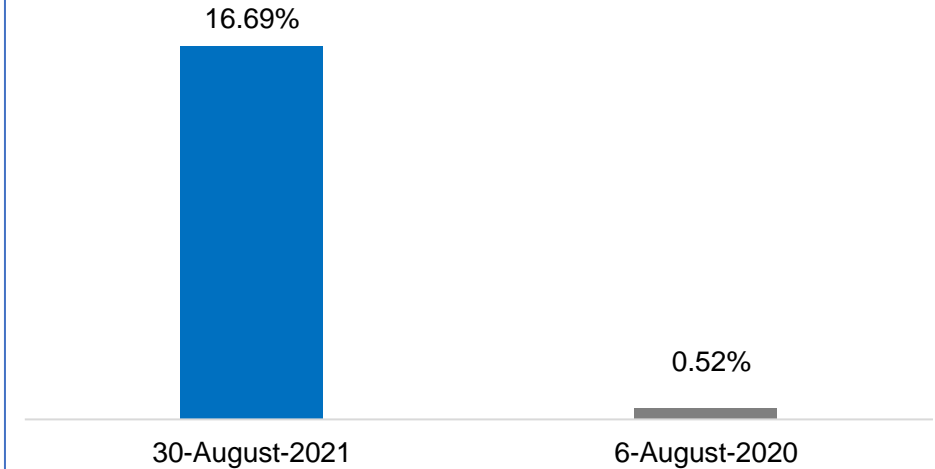
**DSI** – the DSI increased to 30,910.54 points from 29,749.56 points in the period under review as a result of share price gains in AIRTEL, NBM and PCL which offset share price losses in FDH Bank and TNM.



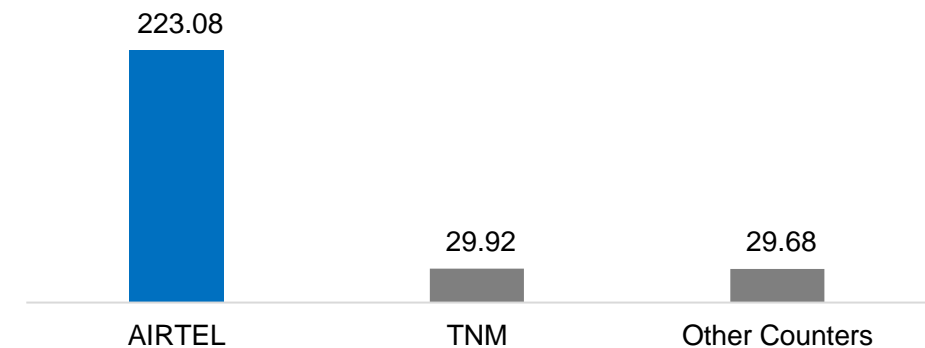
**FSI** – the FSI maintained its position at 3,479.97 points during the period under review.



**MASI YTD Return (%)** – the MASI closed the week with a year-to-date return of 16.69% (it was negative 0.52% during the same time in the previous year).



**Value of Shares Traded (K'million)** – AIRTEL and TNM had the highest value of shares traded during the period under review at K223.08 million and K29.92 million, respectively. The total value of shares traded was K282.67 million.

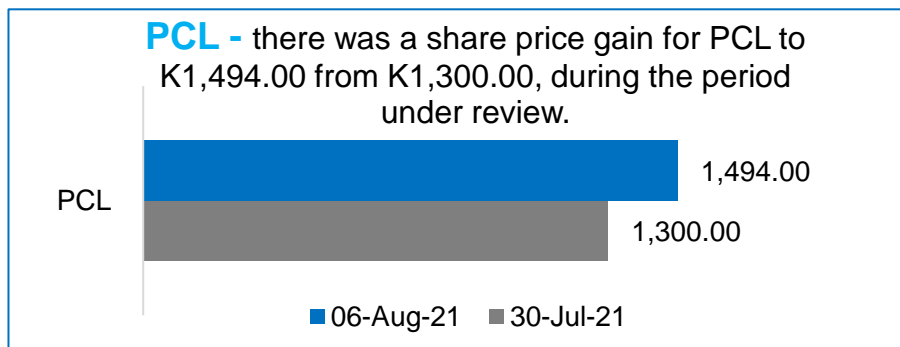
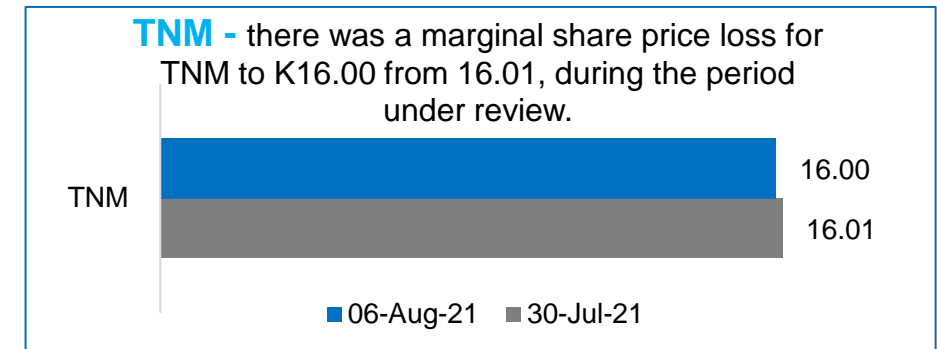
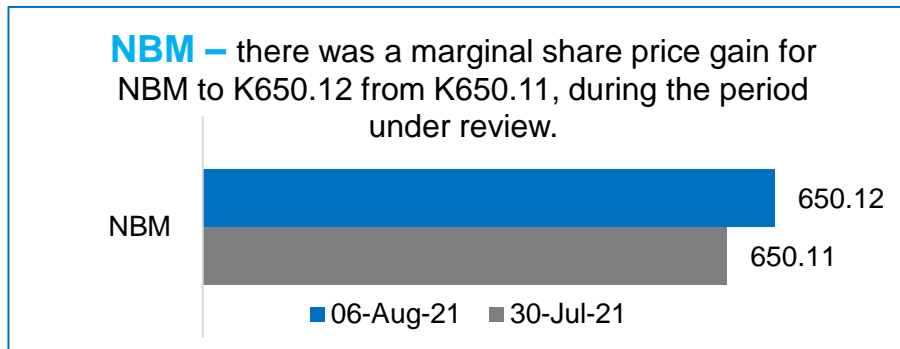
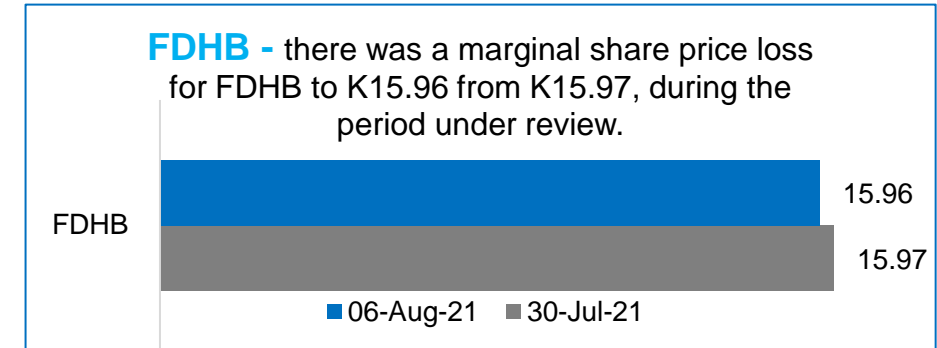
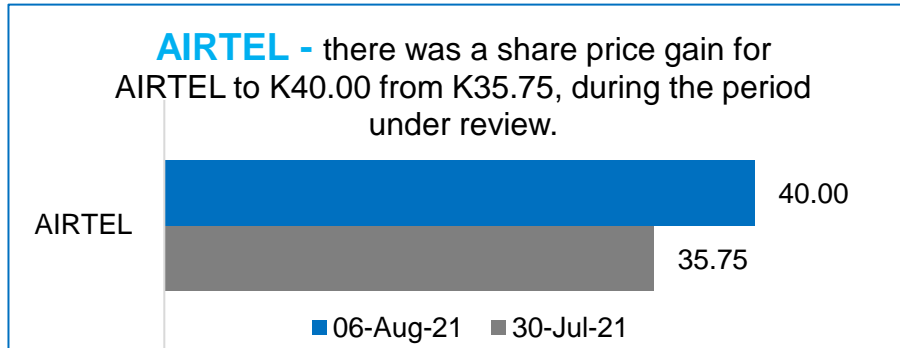


MASI: Malawi All Share Index  
DSI: Domestic share Index  
FSI: Foreign share Index



## Equity market (Continued)

There were share price gains for 3 counters: AIRTEL (to K40.00 from K35.75), NBM (to K650.12 from K650.11) and PCL (to K1,494.00 from K1,300.00) during the period under review. While 2 counters recorded marginal share price losses: FDH Bank (to K15.96 from K15.97) and TNM (to K16.00 from 16.01) in the same period.







*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)
		6-August-21
1	BHL	11.00
2	FMBCH	65.00
3	ICON	12.13
4	ILLOVO	126.51
5	MPICO	16.00
6	NBS	26.35
7	NICO	55.00
8	NITL	80.70
9	OMU	2,100.00
10	STANDARD	1,200.16
11	SUNBIRD	90.00



First Discount House Limited closed the half-year ended 30 June 2021 with a profit after tax of K2.13 billion, an increase of 51% from a profit after tax of K1.41 billion for 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 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%

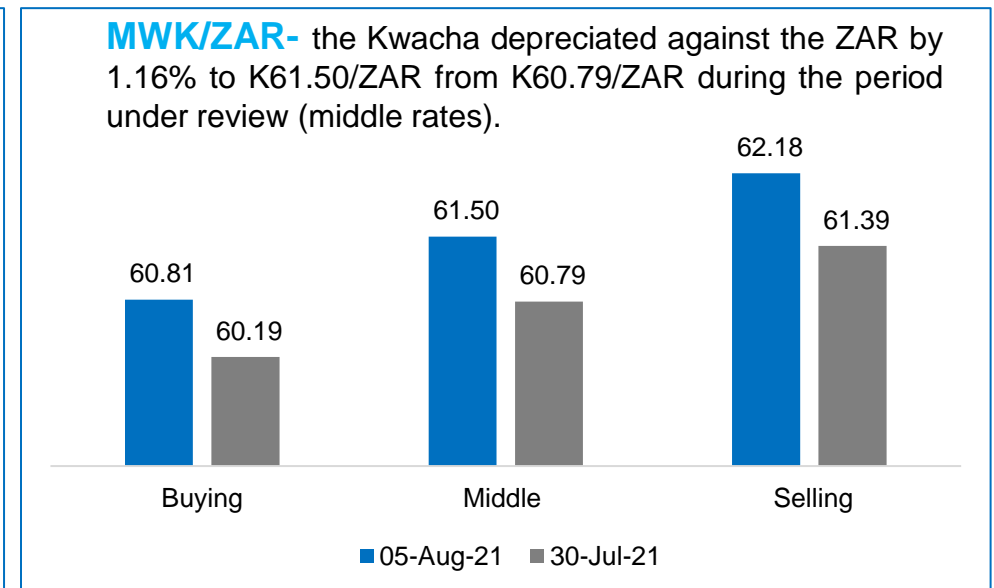
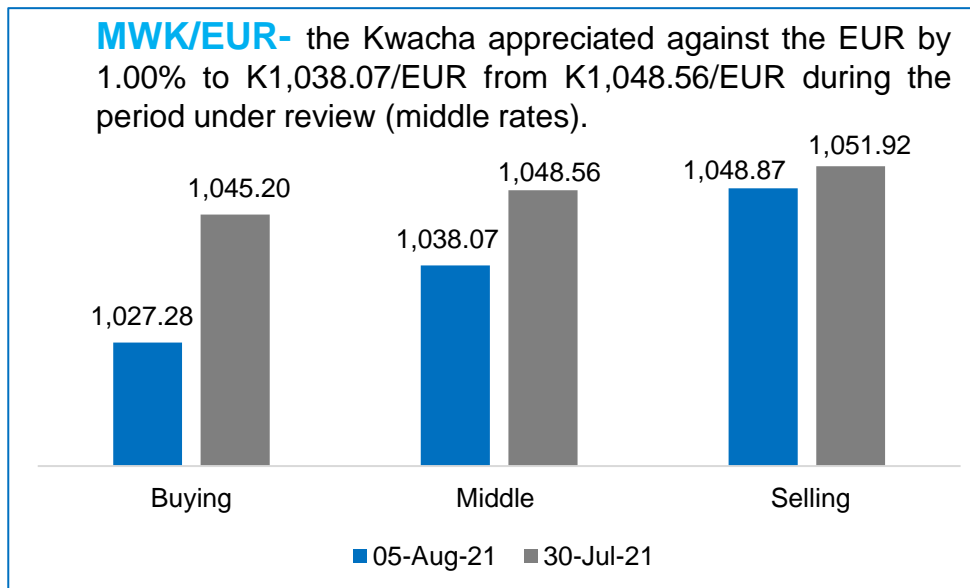
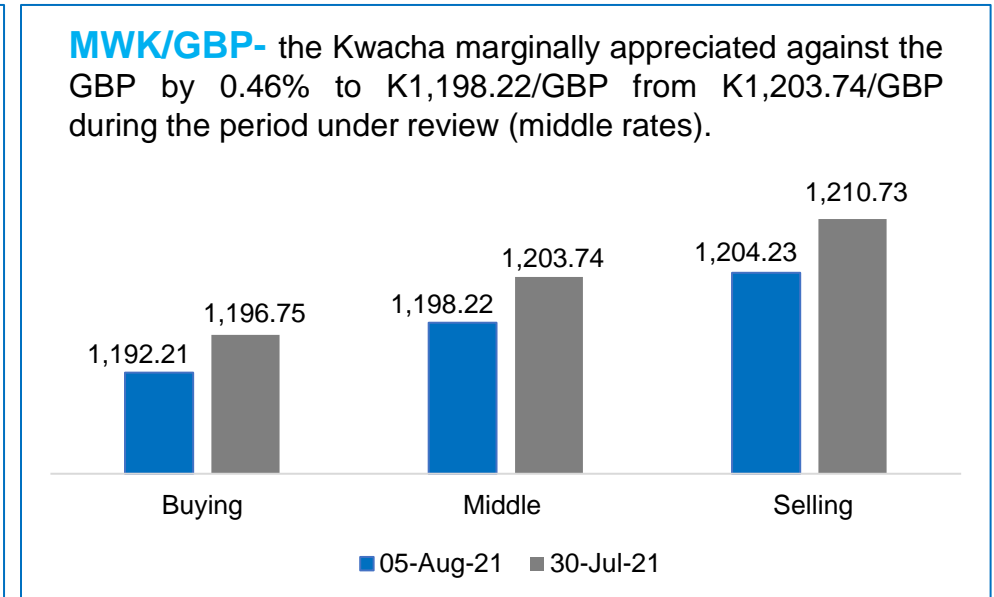
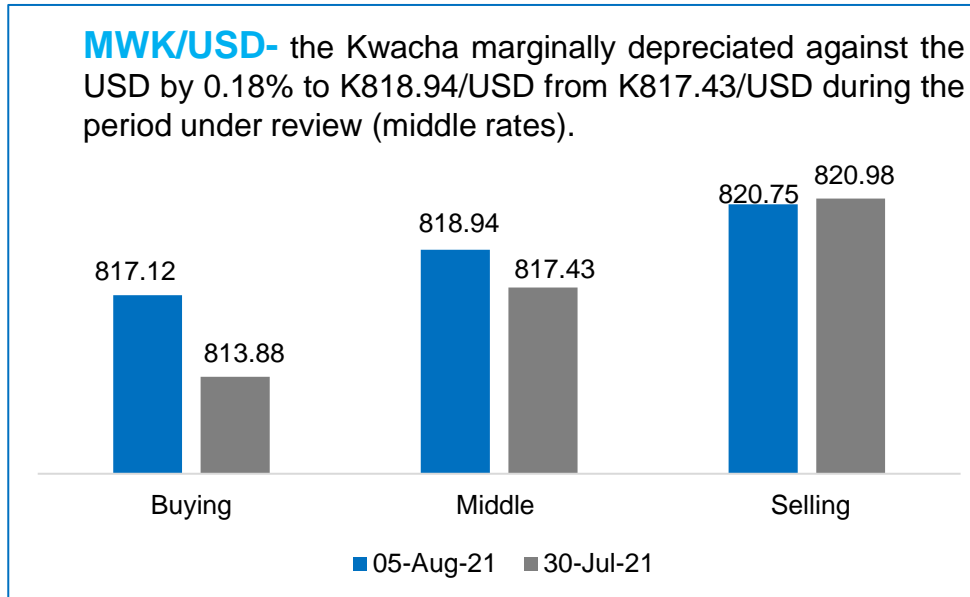
### Other Published Accounts (Source: Company Financials)

Counter	30 June 2021	30 June 2020	Actual Change in Profit/Loss for the Half-year ended
First Discount House Limited (K'billion)	2.13	1.41	51%



## Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.18% to K818.94/USD from K817.43/USD during the period under review (middle rates).



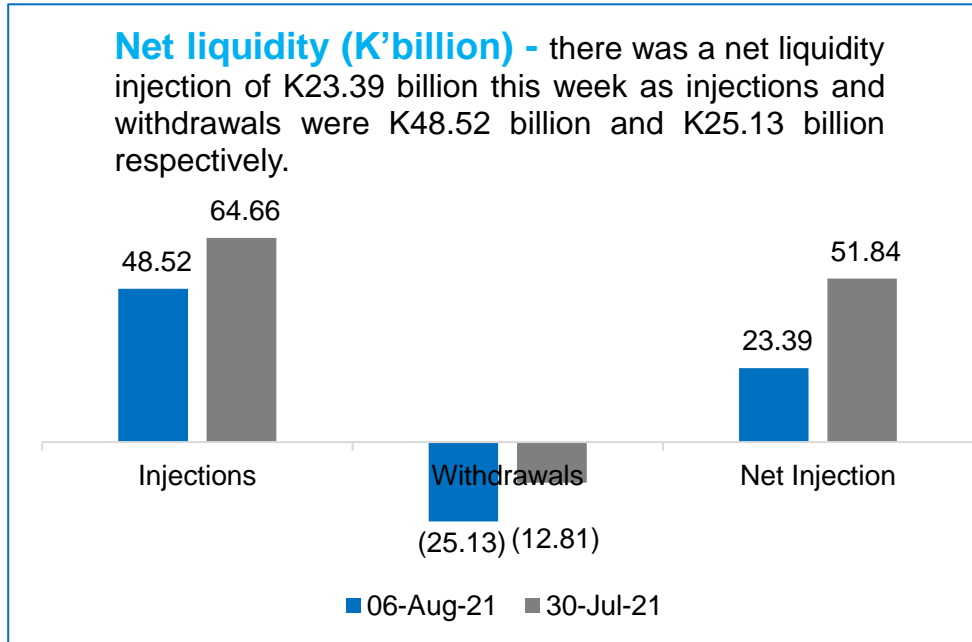
*NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.*



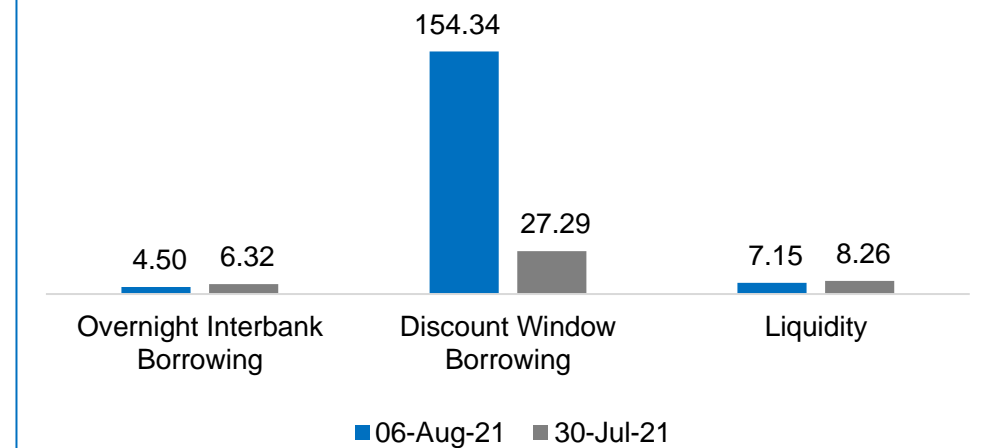


## Other financial market developments (Source: RBM)

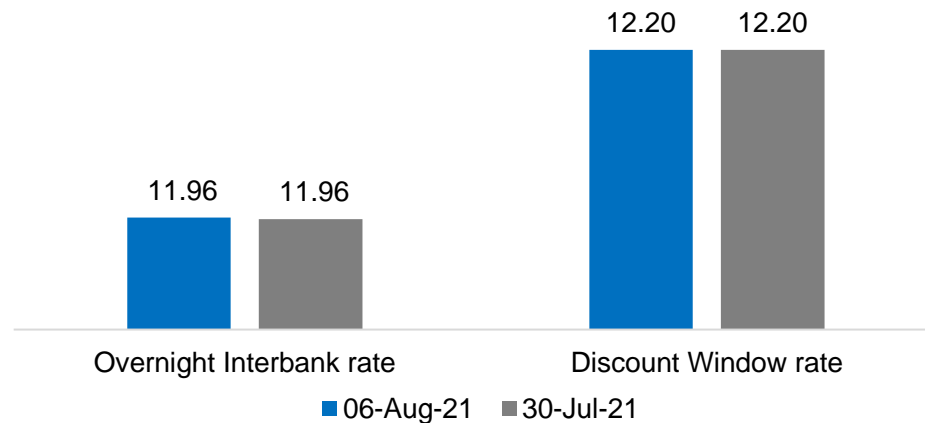
*There was a net liquidity injection of K23.39 billion this week as injections and withdrawals were K48.52 billion and K25.13 billion respectively, during the period under review.*



**Daily average volumes (K'billions)** - the average discount window borrowing increased to K154.34 billion from K27.29 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.





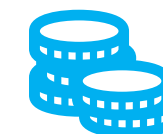
## Economic indicators

Selected Economic Indicators			
<b>Inflation</b>			
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%
<b>Commodities</b>			
	<b>July-2021</b>	<b>July-2020</b>	
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	
<b>Real GDP Growth Forecast for Malawi</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
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 U\$73.53/b



NSO June 2021  
headline inflation  
rate 9.1%



IFPRI July 2021 maize  
price K131/kg



	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 6 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	818.94
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	1,198.22
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	1,038.07
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	61.50
<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	-	-
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	-	-
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	-	-
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	-	-
<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%	11.96%
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%	9.67%
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%	12.88%
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%	13.96%
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	37,800.79
FSI	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	30,910.54
DSI	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 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
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



*NITL expects its profit after tax for the 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%





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)

### 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  
1<sup>st</sup> Floor (108), Development House  
Corner Henderson Street Road  
P.O. Box 2920  
Blantyre

Tel No: + 265 1 828 355

Email: [info@bridgepathcapitalmw.com](mailto:info@bridgepathcapitalmw.com)

Website: [www.bridgepathcapitalmw.com](http://www.bridgepathcapitalmw.com)