

# Financial Market Update

| Week ending 3 September 2021

## Financial market highlights for the week ending 3 September 2021

The following highlights compare the week ending 3 September 2021 to the week ending 27 August 2021:



### Government securities market (Source: RBM)

- A total of MK29 billion was allotted during this week's Treasury Bills (TBs) and 5-year Treasury Note (TN) auctions.
- MK14 billion was allotted during this week's auctions of TBs, with a 3% rejection rate.
- MK15 billion was allotted during this week's auction of the 5-year TN, with an 11% rejection rate.



### Equity market (Source: MSE)

- Press Corporation plc closed the half-year ended 30 June 2021 with a profit after tax of MK12.87 billion, an increase of 10% from profit after tax of MK11.68 billion for the same period in 2020.
- Airtel Malawi plc closed the half-year ended 30 June 2021 with a profit after tax of MK11.35 billion, a decrease of 0.61% from profit after tax of MK11.42 billion for the same period in 2020.
- TNM plc closed the half-year ended 30 June 2021 with a profit after tax of MK4.51 billion, an increase of 19.31% from profit after tax of MK3.78 billion for the same period in 2020.
- Old Mutual Limited closed the half-year ended 30 June 2021 with a profit after tax of ZAR3.13 billion, a decrease of 25.12% from profit after tax of ZAR4.22 billion for the same period in 2020.
- The stock market was bullish this week as the MASI increased to 39,490.82 points from 38,298.74 points in the period under review. This was due to share price gains for ILLOVO (to MK201.55 from MK145.00) and TNM (to MK17.96 from MK15.50) which offset a marginal share price loss for FMBCH (to MK64.50 from MK65.00) during the period under review.
- The MASI had a year-to-date return of 21.91% during the period under review. It was 4.36% during the same time in the previous year.



### Currency market (Source: RBM)

- Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.03% (to MK819.07/USD from MK818.86/USD) during the period under review. The Kwacha depreciated against the ZAR by 3.48% (to MK61.35/ZAR from MK59.28/ZAR) during the period under review.
- Based on middle rates, the Malawi Kwacha marginally appreciated against the EUR by 0.26% (to MK1,058/EUR from MK1,061.03/EUR) and the GBP by 0.31% (to MK1,193.45 from MK1,197.10) during the period under review.



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

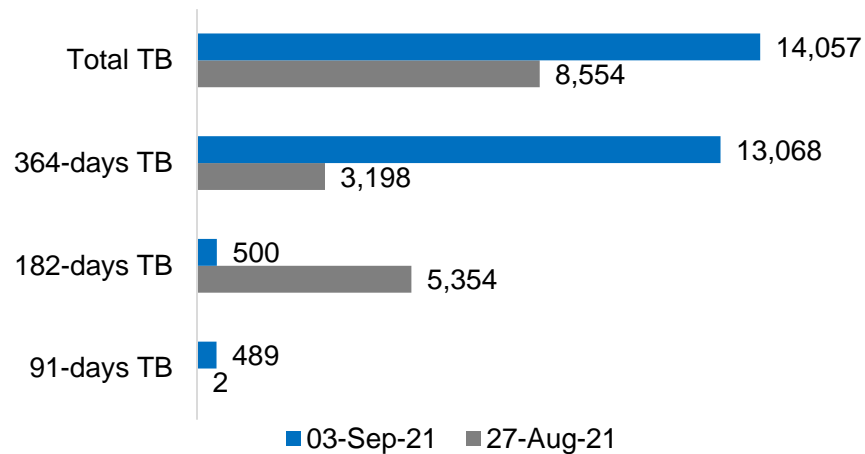
- MyBucks Banking Corporation closed the half-year ended 30 June 2021 with a profit after tax of MK0.41 billion, a decrease of 78% from profit after tax of MK1.88 billion for the same period in 2020.
- There was a net liquidity injection of MK23 billion this week as injections and withdrawals were MK52 billion and MK29 billion, respectively.
- The discount window borrowing increased to MK78 billion from MK55 billion during the period under review.
- The average overnight interbank rate maintained its position at 11.98% during the period under review.



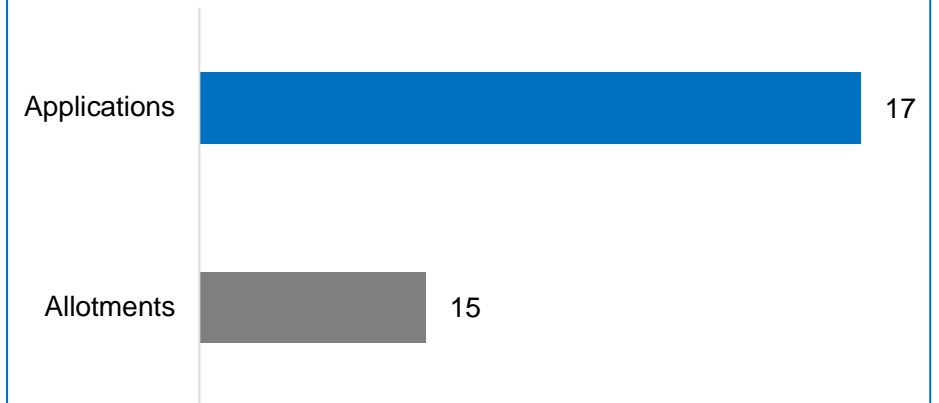
## Government securities (Source: RBM)

A total of MK29 billion was allotted during this week's auctions of Treasury Bills (TBs) and 5-year Treasury Note (TN).

**TB allotments (MK'million)** – a total of MK14 billion was allotted during the period under review, with a rejection rate of 3%.

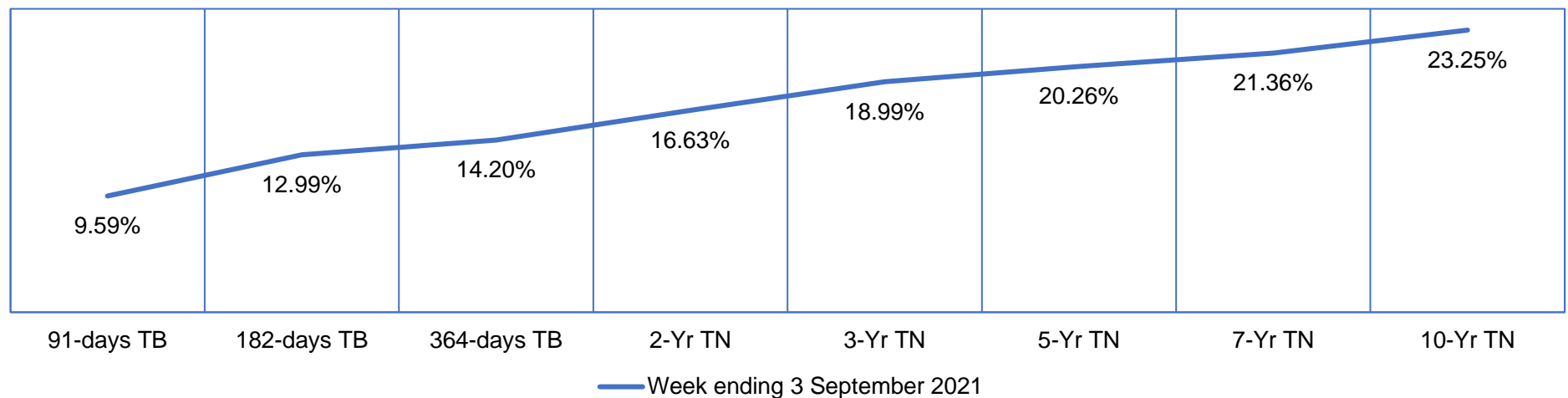


**5-year TN applications and allotments (K'billion)** – a total of MK15 billion was allotted during the period under review, with an 11% rejection rate.



The average Treasury Bill yield increased to 12.26% from 12.24%, and the average Treasury Note yield increased to 20.10% from 20.05% during the period under review.

### Government securities yield curve (%)

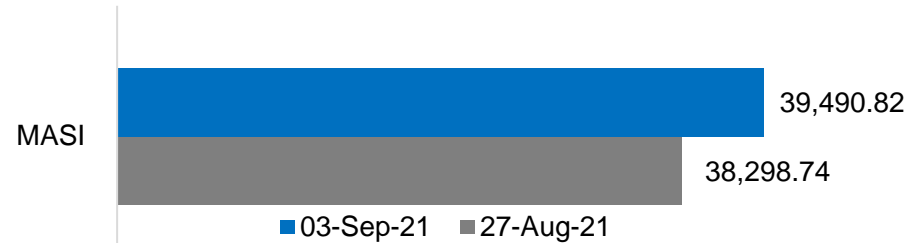




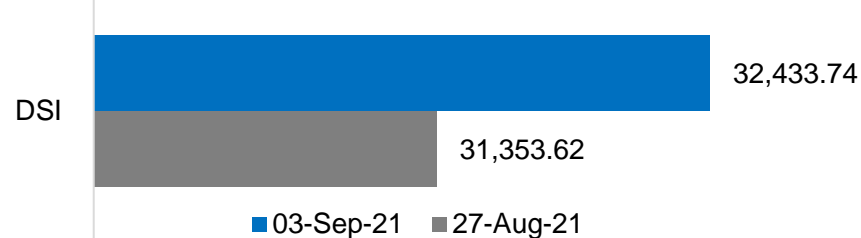
## Equity market (Source: MSE)

*The stock market was bullish this week as the MASI increased to 39,490.82 points from 38,298.74 points in the period under review. Year-to-date, the MASI return is 21.91%.*

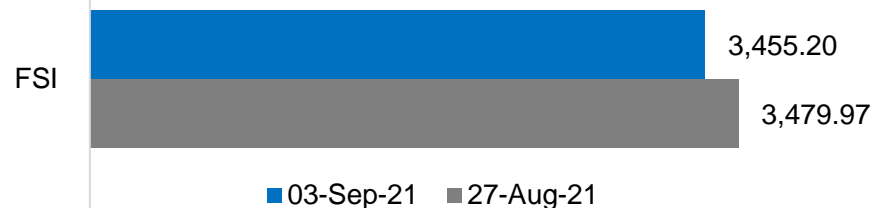
**MASI** – the stock market was bullish this week as the MASI increased to 39,490.82 points from 38,298.74 points as a result of a share price gain which offset a share price loss.



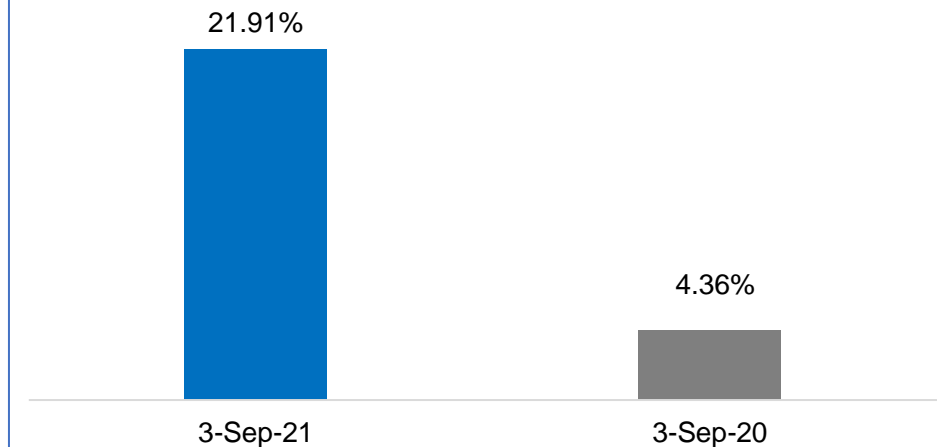
**DSI** – the DSI increased to 32,433.74 points from 31,353.62 points in the period under review as result of share price gains in ILLOVO and TNM.



**FSI**- the FSI marginally decreased to 3,455.20 from 3,479.97 points during the period under review, as a result of a marginal share price loss in FMBCH.

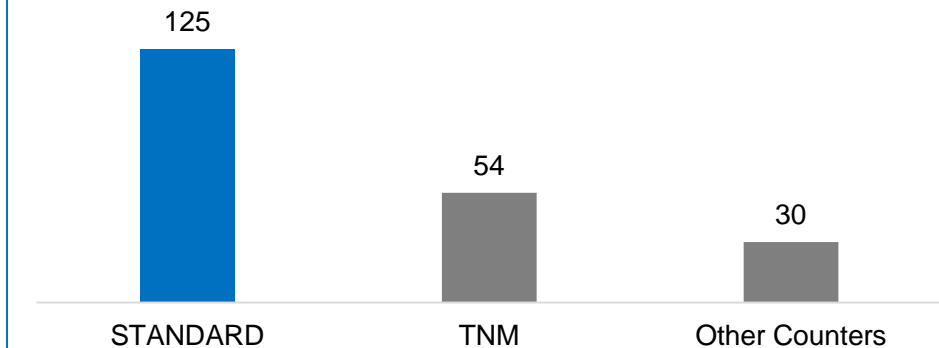


**MASI YTD Return (%)** – the MASI closed the week with a year-to-date return of 21.91% (it was 4.36% during the same time in the previous year).



### Value of Shares Traded (MK'million) –

Standard Bank and TNM had the highest value of shares traded during the period under review at MK125 million and MK54 million respectively. The total value of shares traded was MK239 million.

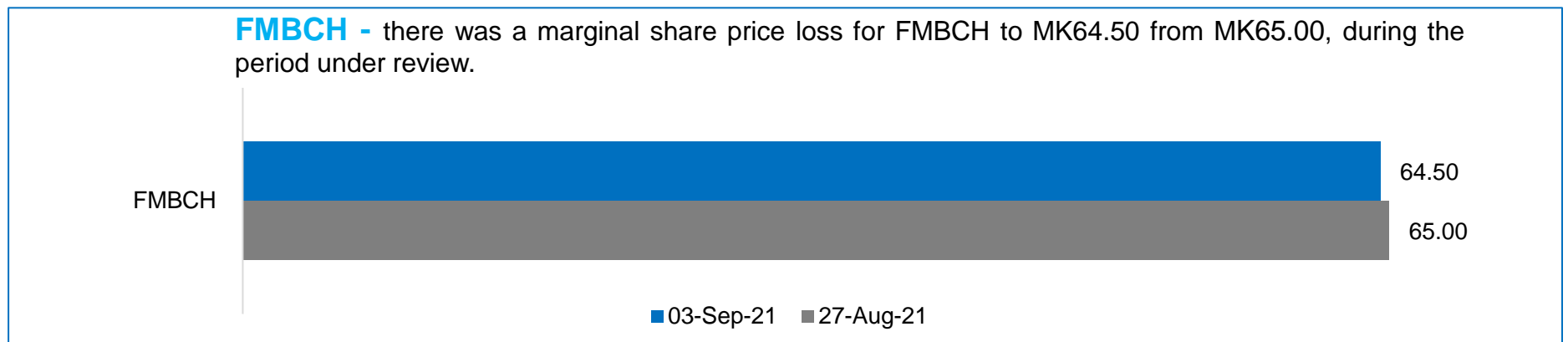
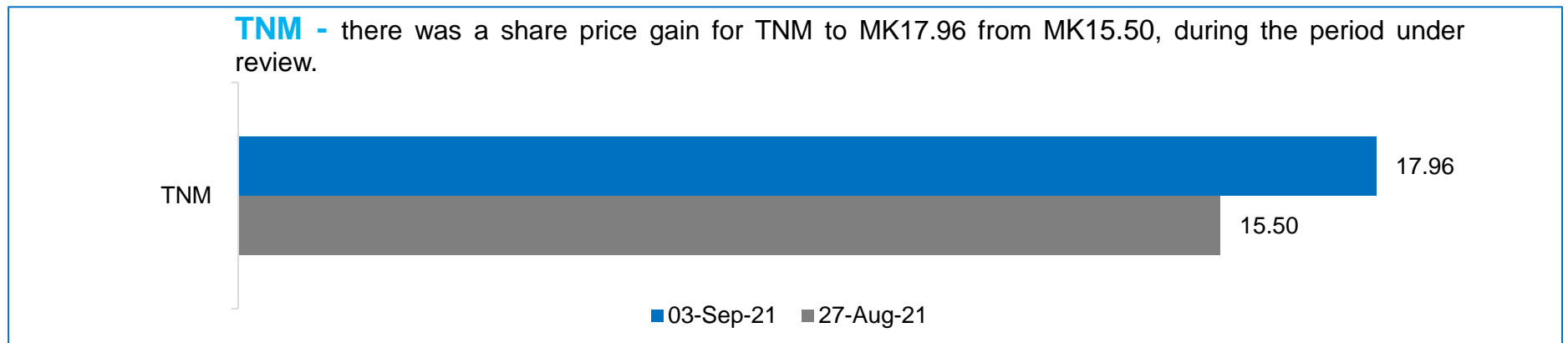
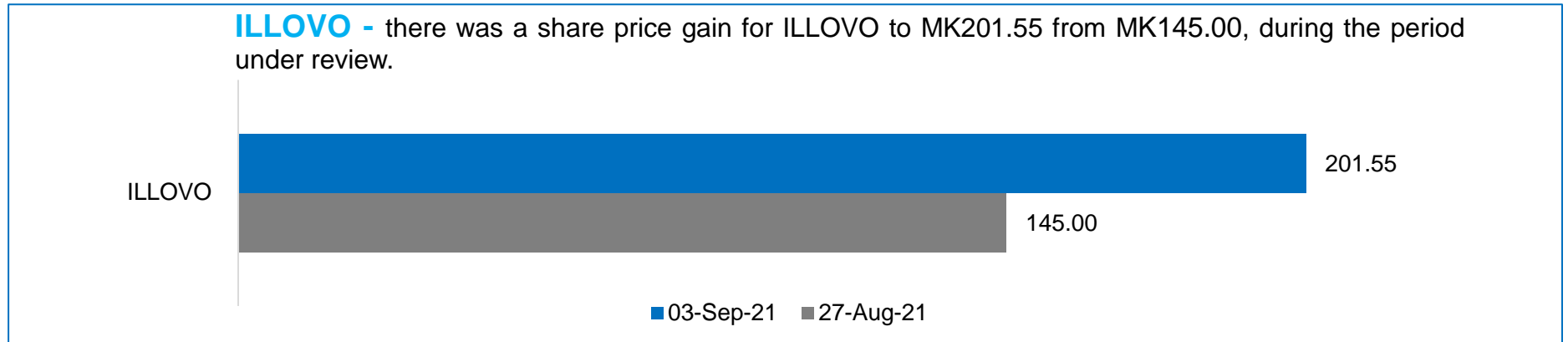




## Equity market (Continued)

*There were share price gains for two counters: ILLOVO (to MK201.55 from MK145.00) and TNM (to MK17.96 from MK15.50) during the period under review.*

*There was a marginal share price loss for FMBCH (to MK64.50 from MK65.00) 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 (MK)
		3-September-21
1	AIRTEL	40.00
2	BHL	11.00
3	FDHB	13.60
4	ICON	12.12
5	MPICO	21.00
6	NBM	675.00
7	NBS	26.33
8	NICO	55.00
9	NITL	80.70
10	OMU	2,100.00
11	PCL	1,494.99
12	STANDARD	1,250.00
13	SUNBIRD	90.00



Press Corporation plc closed the half-year ended 30 June 2021 with a profit after tax of MK12.87 billion, an increase of 10% from profit after tax of MK11.68 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 (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%
Press Corporation plc (MK'billion)	12.87	11.68	10%	N/A
Airtel Malawi plc (MK'billion)	11.35	11.42	-0.61%	N/A
TNM PLC (MK'billion)	4.51	3.78	19.31%	N/A
Old Mutual (ZAR'billion)	3.16	4.22	-25.12%	N/A

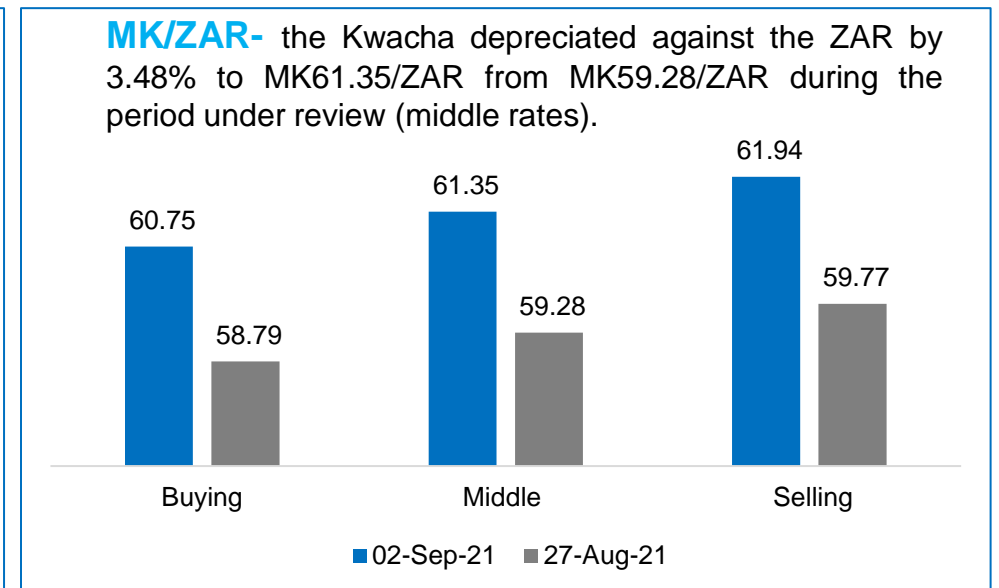
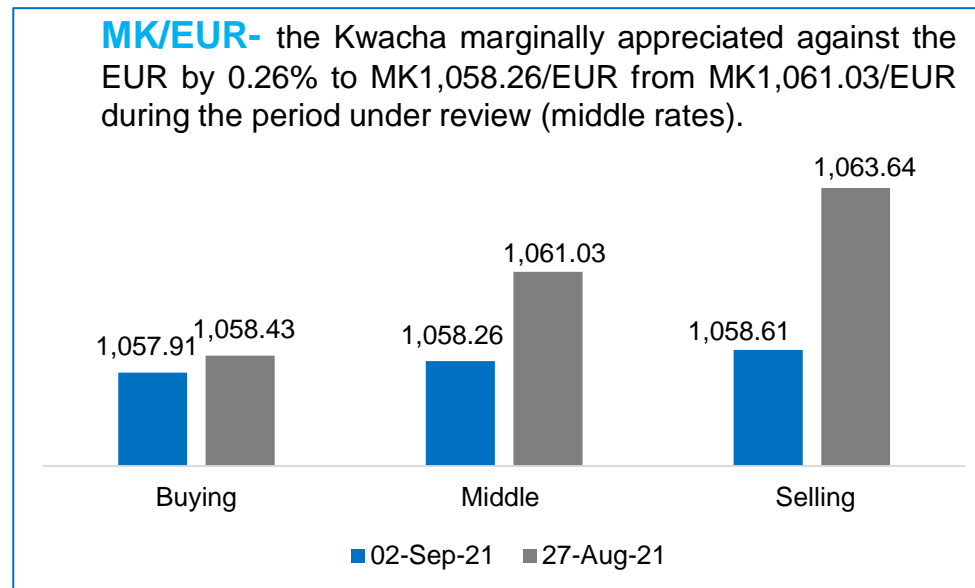
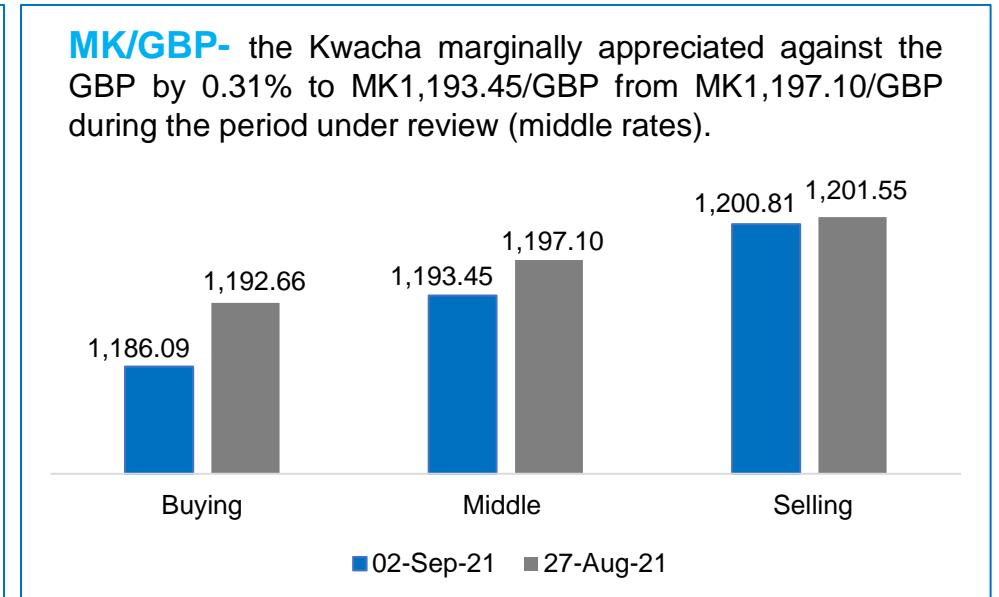
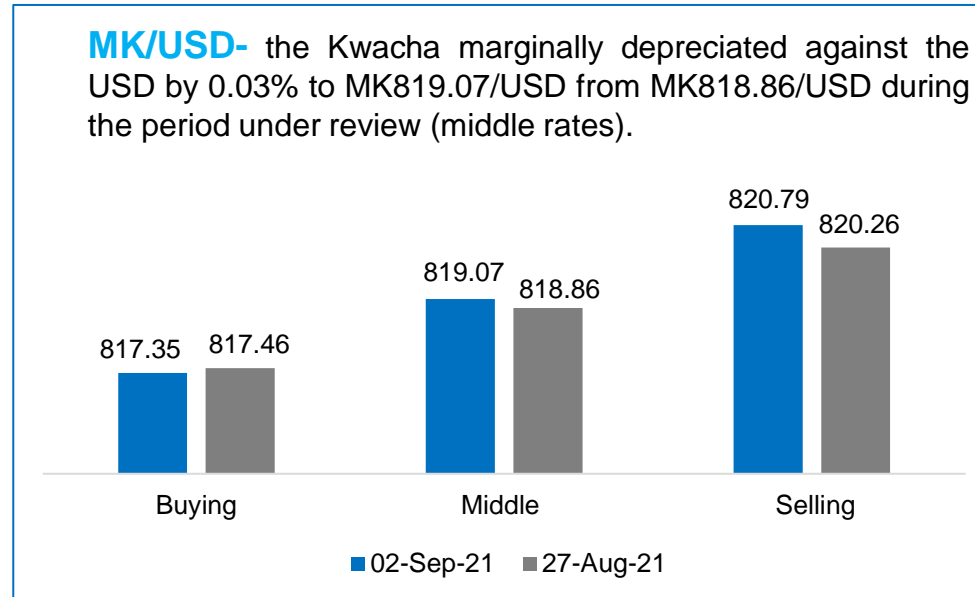
### Other Published Accounts (Source: Company Financials)

Counter	30 June 2021	30 June 2020	Actual Change in Profit/Loss
MyBucks Banking Corporation (MK'billion)	0.41	1.88	-78%



## Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.03% to MK819.07/USD from MK818.86/USD during the period under review.



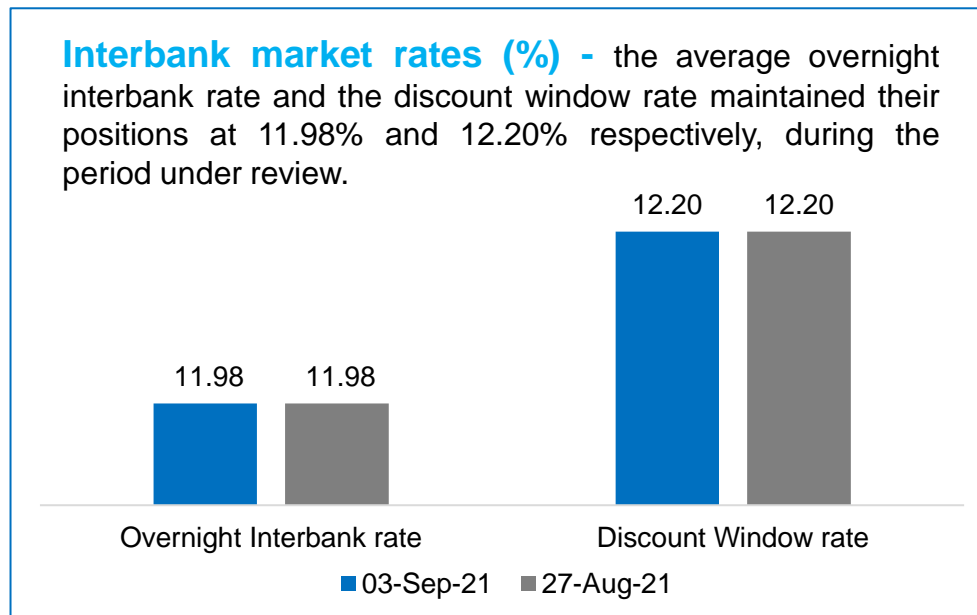
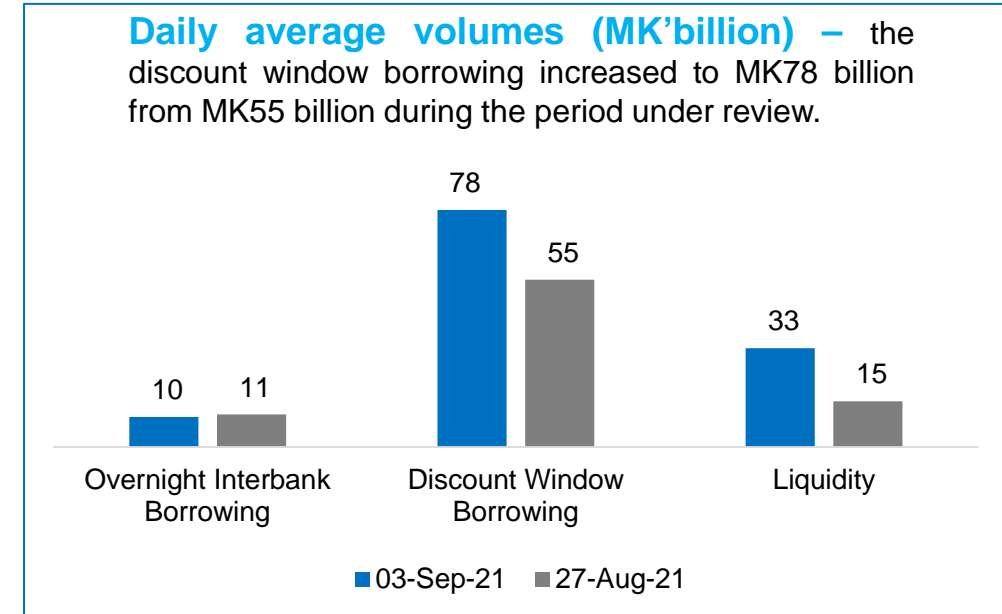
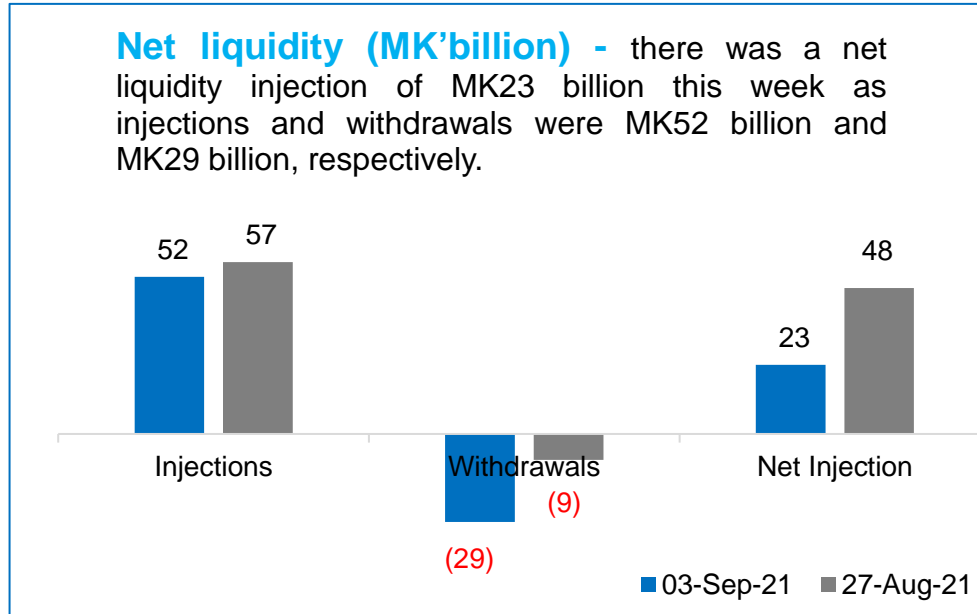
*NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.*





## Other financial market developments (Source: RBM)

*There was a net liquidity injection of MK23 billion this week as injections and withdrawals were MK52 billion and MK29 billion, respectively.*





## Detailed economic indicators

	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Week ending 3 September 2021
<b>Exchange rates</b>														
MK/USD	754.71	756.93	759.47	765.92	776.82	776.49	787.03	790.30	797.66	800.17	811.95	817.43	820.40	819.07
MK/GBP	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	1,196.67	1,193.45
MK/EUR	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	1,044.60	1,058.26
MK/ZAR	47.53	47.33	49.18	53.09	56.43	54.60	55.69	56.13	59.33	62.28	61.42	60.79	60.90	61.35
<b>Foreign Exchange Reserves</b>														
Gross Official Reserves (USD'mn)	642.86	546.99	635.05	584.89	574.26	502.98	483.38	410.16	392.01	414.41	424.99	404.18	604.50	-
Private Sector Reserves (USD'mn)	316.74	318.47	340.22	332.51	377.97	358.29	340.50	342.58	392.61	369.64	388.78	405.79	389.47	-
Total reserves (USD'mn)	959.6	865.46	975.27	917.4	952.23	861.27	823.88	752.74	784.62	784.05	813.77	809.97	993.97	-
Gross Official Reserves Import cover (months)	3.08	2.62	3.04	2.80	2.75	2.41	2.31	1.96	1.88	1.77	1.70	1.62	2.42	-
<b>Inflation</b>														
Headline	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	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%	4.90%	5.60%	6.30%	6.90%	7.0%	7.1%	7.2%	7.2%	-	-
<b>Interest Rates</b>														
Monetary Policy rate	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%	12.00%
Average Interbank rate	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%	11.98%
Average base lending rate	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%	12.20%
<b>Government Securities' Yields</b>														
91-days Treasury Bill	9.85%	9.94%	9.95%	9.95%	9.95%	9.95%	9.95%	9.95%	9.88%	9.98%	9.62%	9.33%	9.59%	9.59%
182-days Treasury Bill	12.55%	12.58%	12.87%	12.73%	12.49%	12.59%	12.80%	12.80%	12.77%	12.80%	12.81%	12.96%	12.99%	12.99%
364-days Treasury Bill	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%	14.20%
2-year Treasury Note	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%	16.63%
3-year Treasury Note	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%	18.99%
5-year Treasury Note	19.82%	19.82%	19.82%	19.82%	19.77%	19.95%	19.97%	19.98%	19.98%	19.98%	20.08%	20.00%	20.26%	20.26%
7-year Treasury Note	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%	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%	23.25%
<b>Stock Market Indices</b>														
MASI	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	38,945.62	39,490.82
DSI	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	31,959.22	32,433.74
SI	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	3,455.20

## Appendix



*The Board of TNM plc declared an interim dividend of MK0.18/share on 3 September 2021.*

## Appendix A - Equity market

### Corporate Announcements (continued)

#### 1. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
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
TNM	Declared	Interim	0.18	17 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 (MK'million)	(467.65)	(1,336.15)	-65%
NITL (MK'million)	1,232.43	363.55	239%

### 3. 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%

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