



Financial Market Update

Week ending 15 October 2021



Financial Market Update: Week ending 15 October 2021

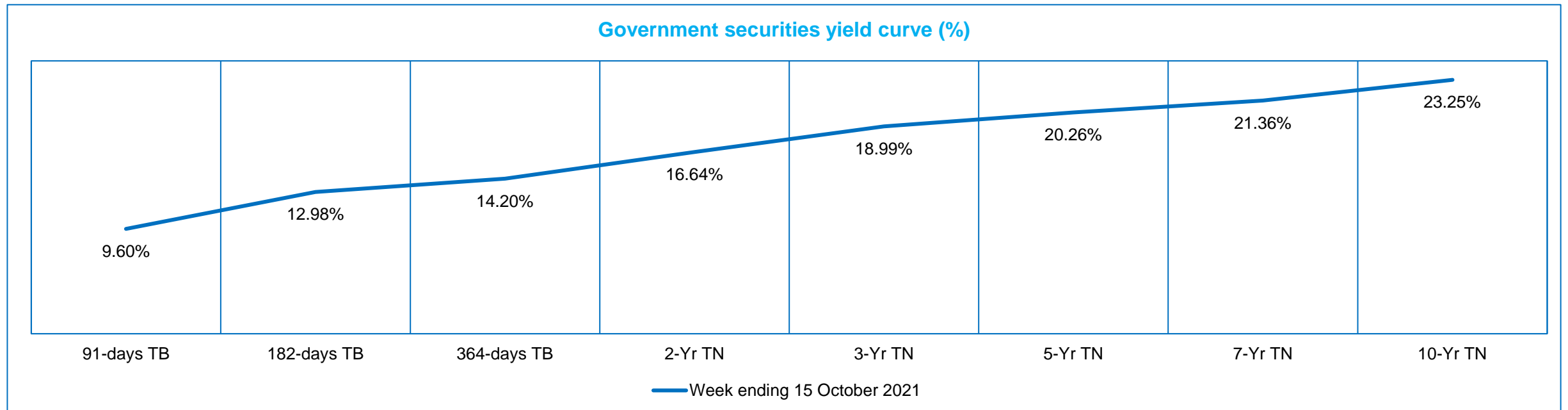
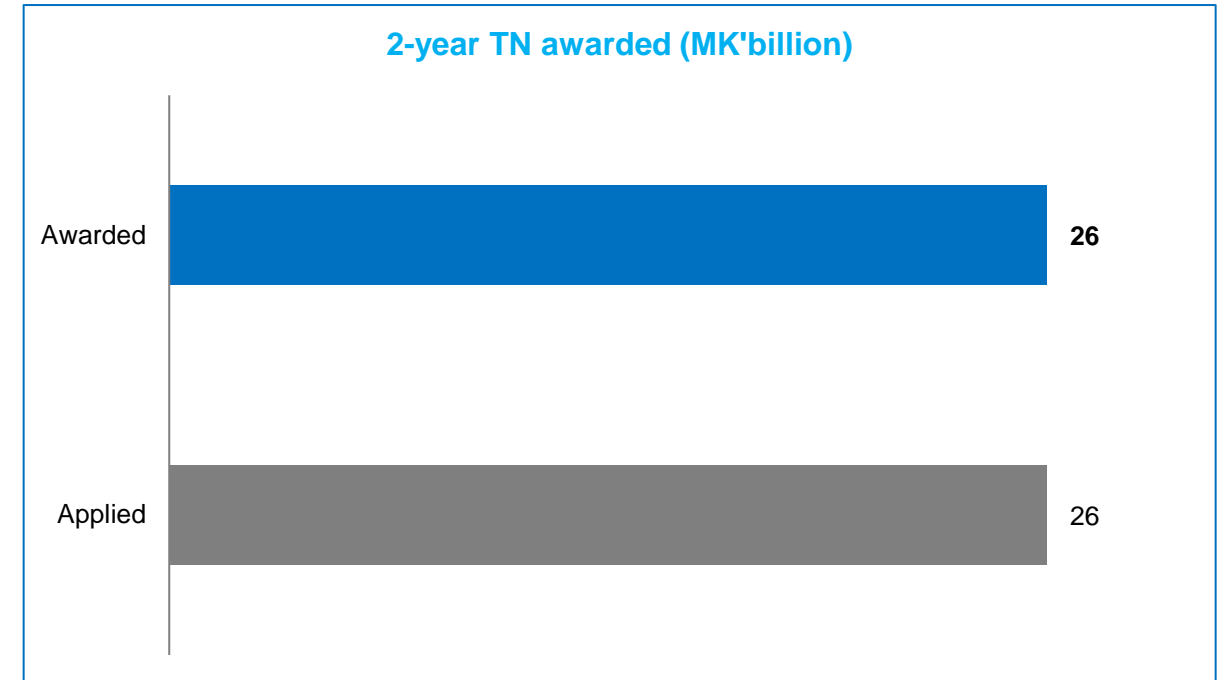
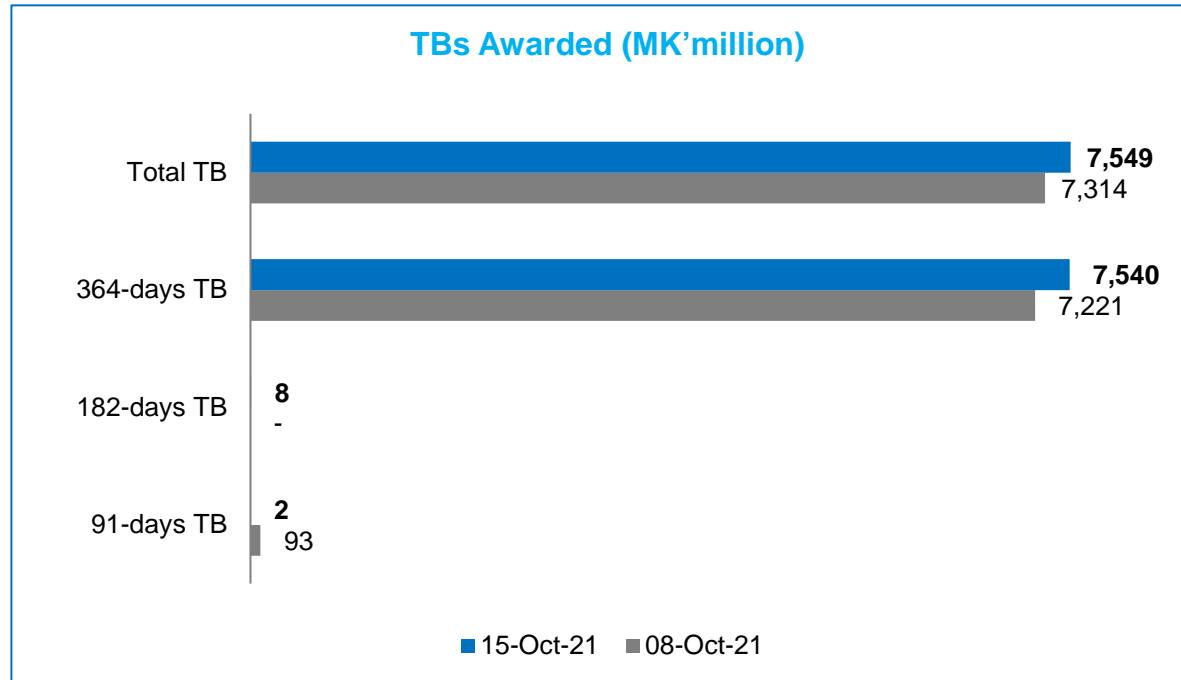
Government securities (Source: RBM)

A total of MK33.43 billion was awarded during this week's Treasury Bills (TBs) and 2-year Treasury Note (TN) auctions.

MK7.55 billion and MK25.88 billion was raised in the TBs and 2-year TN auctions, respectively.

The TB and TN auctions had nil rejection rates during the period under review.

The average TB and average TN yield maintained their positions at 12.26% and 20.10% respectively, during the period under review.



TB: Treasury Bill
TN: Treasury Note

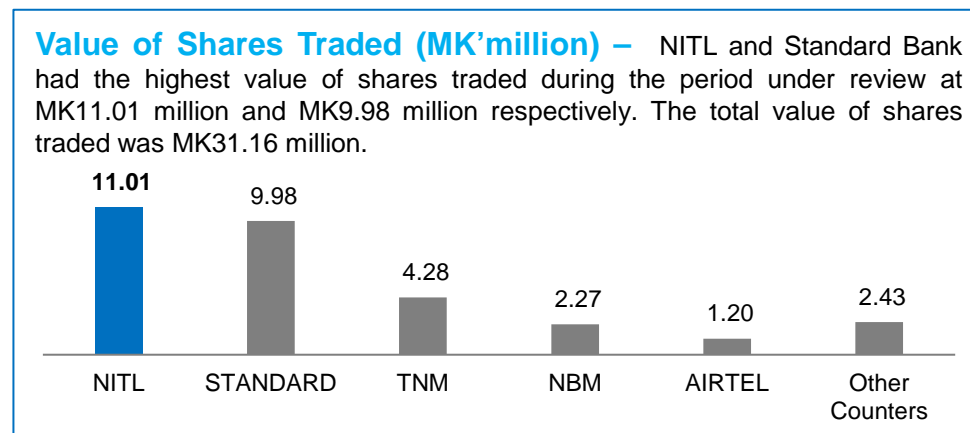
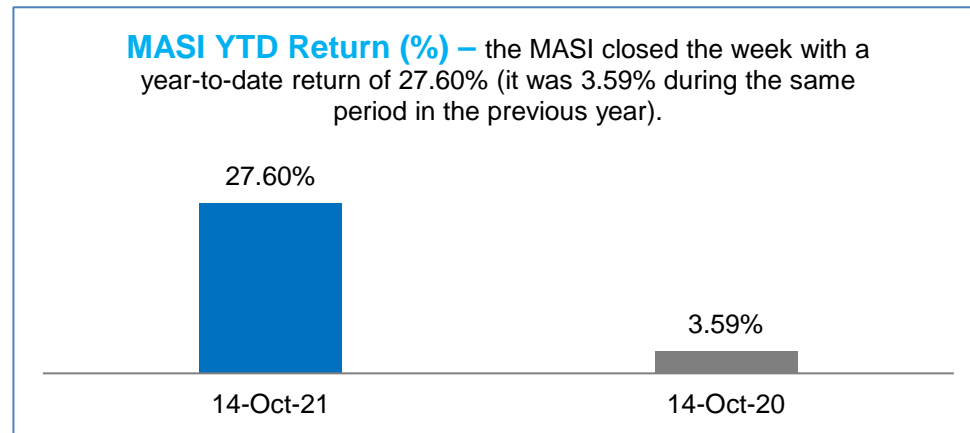
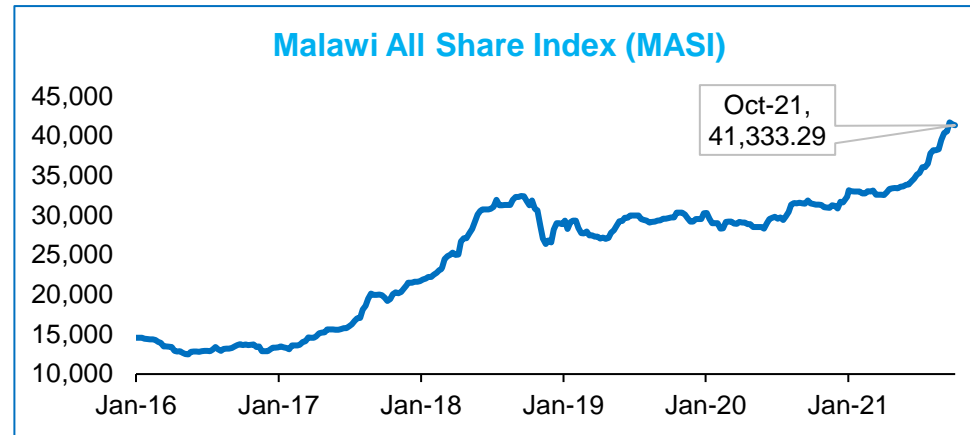


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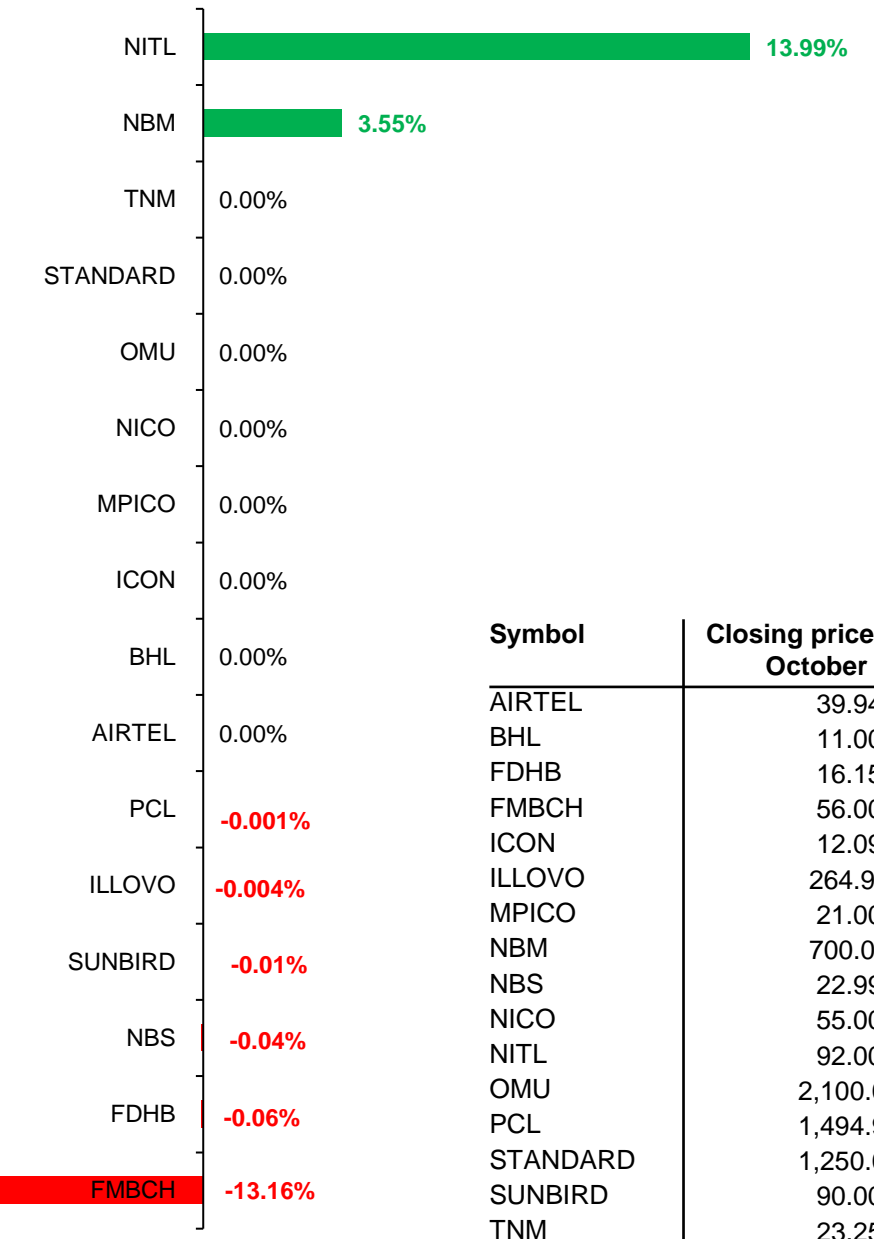
Stock market (Source: MSE)

The stock market was bearish over the period with the Malawi All Share Index (MASI) closing the week ending 15 October 2021 at 41,333.29 points from 41,467.99 points for the week ending 8 October 2021. W-o-w, this represents a decrease of 0.32%.

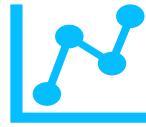
There were share price gains for NBM and NITL during the period under review. The share price gains were offset by a share price loss in FMBCH and marginal share price losses for FDH Bank, NBS, SUNBIRD, ILLOVO and PCL during the same period.



W-o-w share price gains/losses (%)



Symbol	Closing prices as at 14 October 2021
AIRTEL	39.94
BHL	11.00
FDHB	16.15
FMBCH	56.00
ICON	12.09
ILLOVO	264.99
MPICO	21.00
NBM	700.00
NBS	22.99
NICO	55.00
NITL	92.00
OMU	2,100.00
PCL	1,494.96
STANDARD	1,250.00
SUNBIRD	90.00
TNM	23.25



Financial Market Update: Week ending 15 October 2021

Stock market (Source: MSE) (Continued)

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.

Corporate Announcements

Dividends:

Below is a summary of the dividends that have been declared and proposed by listed companies:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
OMU	Declared	Interim	13.96	14-Sep-21	11-Oct-21
MPICO	Declared	Interim	0.12	8-Oct-21	22-Oct-21
ICON	Declared	Interim	0.12	8-Oct-21	22-Oct-21
FMBCH*	Declared	Interim	\$0.08	15-Oct-21	22-Oct-21
PCL	Declared	Interim	6.00	15-Oct-21	29-Oct-21
NICO	Declared	Special	0.50	22-Oct-21	4-Nov-21

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	20.00 (Range 18-22)	2.74	630%

*FMBCH plc Malawi Kwacha equivalent will be made available by issuer on 15-Oct-21



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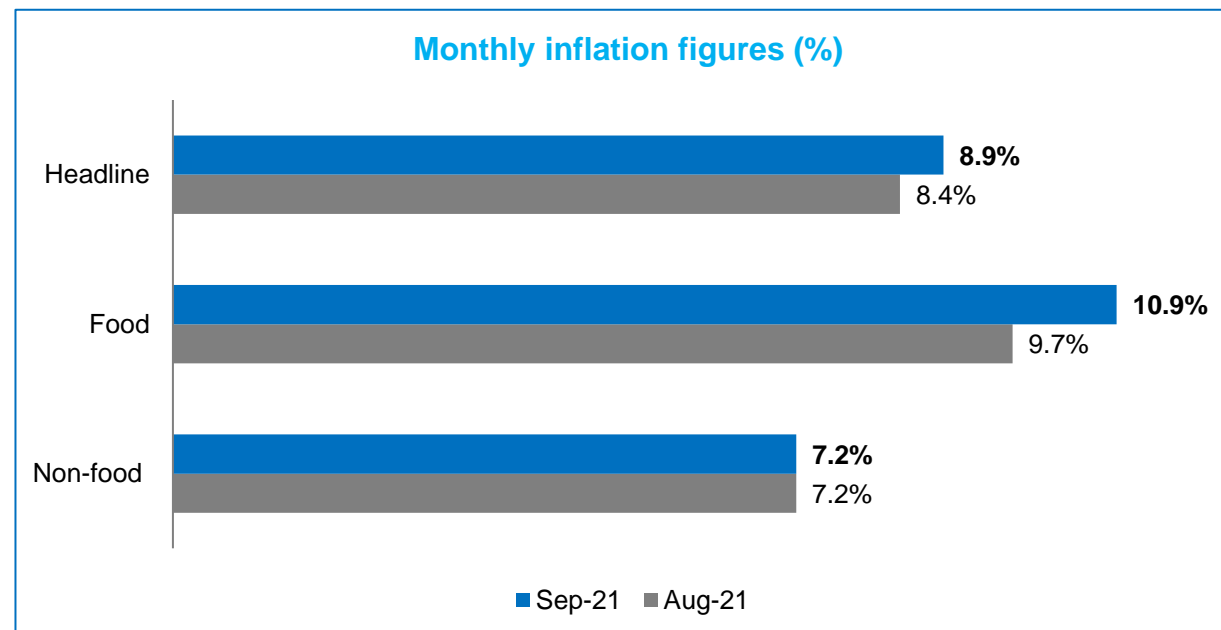
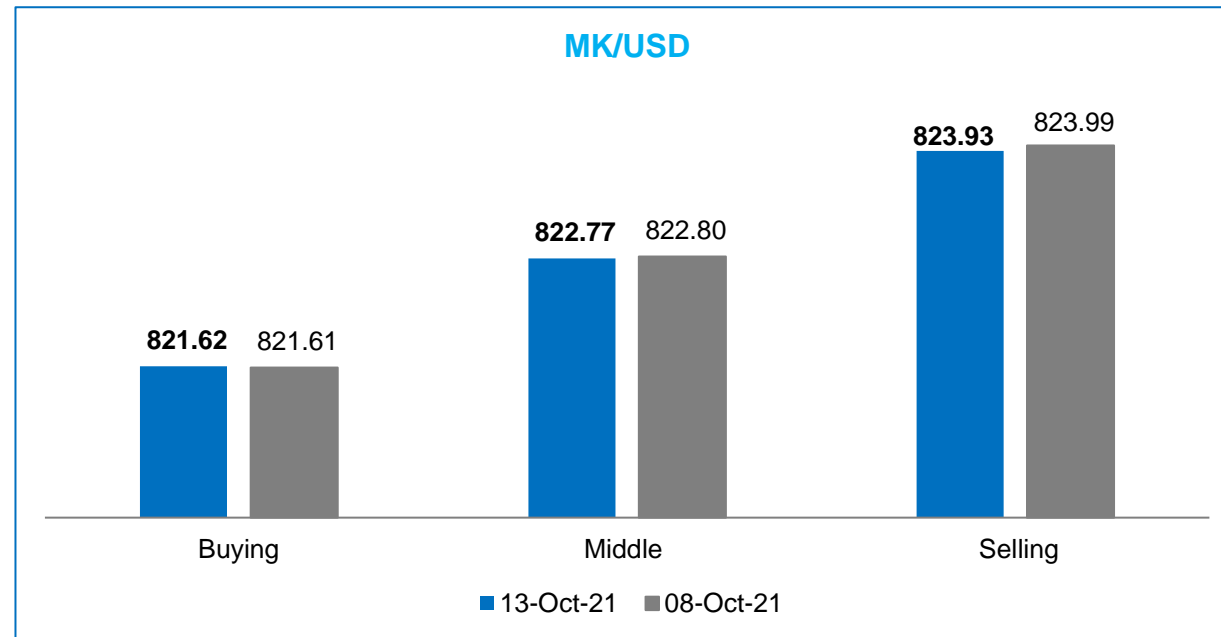
Foreign currency market and other market developments (Source: RBM)

Headline inflation increased to 8.9% in September 2021 from 8.4% in August 2021 on account of an increase in food inflation.

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 5.92%.

W-o-w, the Malawi Kwacha was stable at MK822.77/USD.

Foreign currency (Source RBM)



What happened this week?

- Headline inflation increased to 8.9% in September 2021 from 8.4% in August 2021 on account of an increase in food inflation. Food inflation increased to 10.9% from 9.7% while non-food inflation was flat at 7.2% (NSO).
- As stated by the International Monetary Fund (IMF), uneven global economic recovery could widen income inequalities between low-income countries, and their emerging and industrialized counterparts. The IMF revised its global economic growth projection to 5.9% from 6.0% for 2021 which reflects a decline for both advanced and low-income developing countries (The Nation, 14-Oct-21).
- The United Nations (UN) has challenged Malawi and other African countries to invest in industrialization and look at trade as a catalyst of competitiveness and sustainable economic development. The UN stated that Malawi and other countries in the region could leverage the existing market under the African Continental Free Trade Area (AfCFTA). UN Economic Commission for Africa (Uneca) estimates that AfCFTA will increase intra-African trade by 52.3% once import duties and non-tariff barriers are removed (The Daily Times, 14-Oct-21).
- Luanar introduced a breeding technology that improves and conserves local goat breeds. The approach uses selection of goats with desired qualities to reproduce while the rest are prevented from reproducing. Results show that it improves productivity of goat meat by 15%, which represents 10,000 tonnes per annum from an annual output of 69,000 tonnes. With the approach, annual goat meat output can increase to 79,000 tonnes (The Nation, 11-Oct-21).



Appendix 1: Historical 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	Sep-21	Week ending 15 October 2021
Exchange rates (middle rates)															
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	822.17	822.77
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	1,168.72	1,179.56
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	1,026.14	1,060.72
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	58.90	59.65
Foreign Exchange Reserves															
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	521.87	-
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	386.05	-
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	907.92	-
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	2.09	-
Inflation															
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%	8.4%	8.9%	-
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%	9.7%	10.9%	-
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%	7.2%	7.2%	-
Interest Rates															
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%	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%	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%	12.20%
Government Securities' Yields															
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%	9.60%	9.59%	9.60%
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%	12.96%	12.98%	12.98%
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%	14.08%	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%	16.64%
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%	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%	20.09%	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%	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%	23.01%	23.25%	23.25%
Stock Market Indices															
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	41,681.86	41,333.42
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	34,383.73	34,403.06
FSI	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	3,454.70	3,034.07



Appendix 2

Sunbird closed the half-year ended 30 June 2021 with a loss after tax of MK475 million, a decrease of 64% from a loss after tax of MK1.34 billion for the half year ended 30 June 2020.

Corporate Announcements

FDH Bank Plc cautionary statement

FDH Bank PLC wishes to inform its shareholders and the general public that shareholders of the Bank's holding company, FDH Financial Holdings Limited, are engaged in shareholding discussions. The discussions may result in changes in the shareholding structure of FDH Financial Holdings Limited. Shareholders are therefore advised to exercise caution and consult their professional advisors before dealing in their shares until such time as the result of the discussions are known.

Published half-year financial statements

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss	Trading statement profit/loss expectation
Illovo	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
NITL	1.23	0.36	234.5%	239%
FDH Bank	4.55	3.22	41%	34%
National Bank	12.8	9.1	41%	20%
Standard Bank	11.59	12.63	-8%	N/A
NBS Bank	4.40	2.84	55%	40%
Press Corporation	12.87	11.68	10%	N/A
Airtel Malawi	11.35	11.42	-0.61%	N/A
TNM	4.51	3.78	19%	N/A
NICO	7.03	7.64	8%	N/A
ICON	3.07	2.11	45%	20%
MPICO	2.84	2.51	13%	N/A
Sunbird	(0.48)	(1.34)	-64%	-65%
Old Mutual (ZAR'billion)	3.16	4.22	-25%	N/A
FMBCH (USD'million)	13.09	14.29	-8%	N/A

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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