



Financial Market Update

Week ending 8 October 2021



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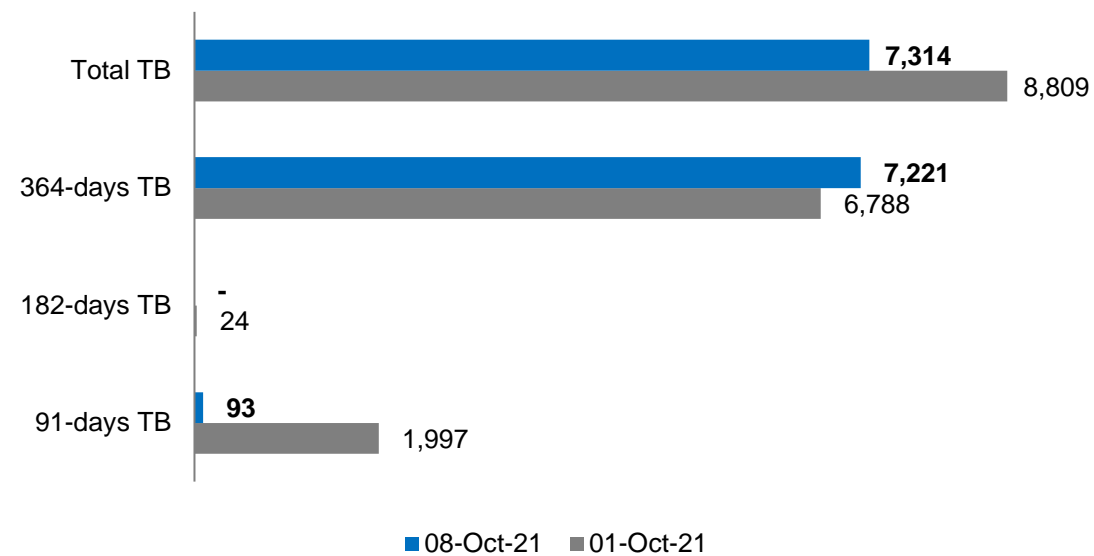
Government securities (Source: RBM)

A total of MK7.31 billion was awarded during this week's Treasury Bills (TBs) auctions.

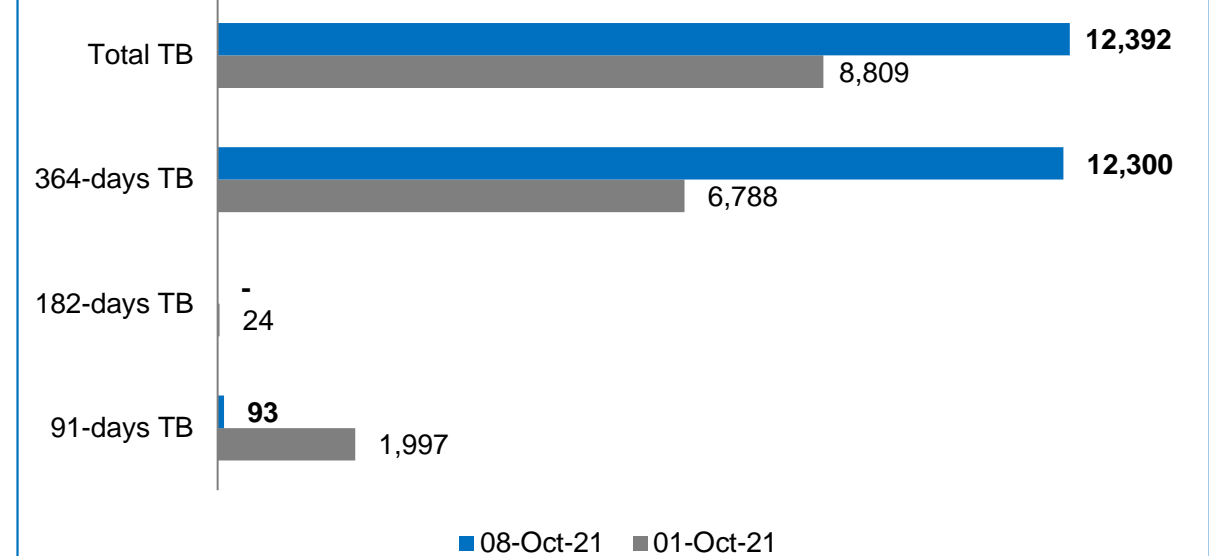
The TB auctions had a rejection rate of 40.98% during the period under review.

The average TB yield maintained its position at 12.26% during the period under review.

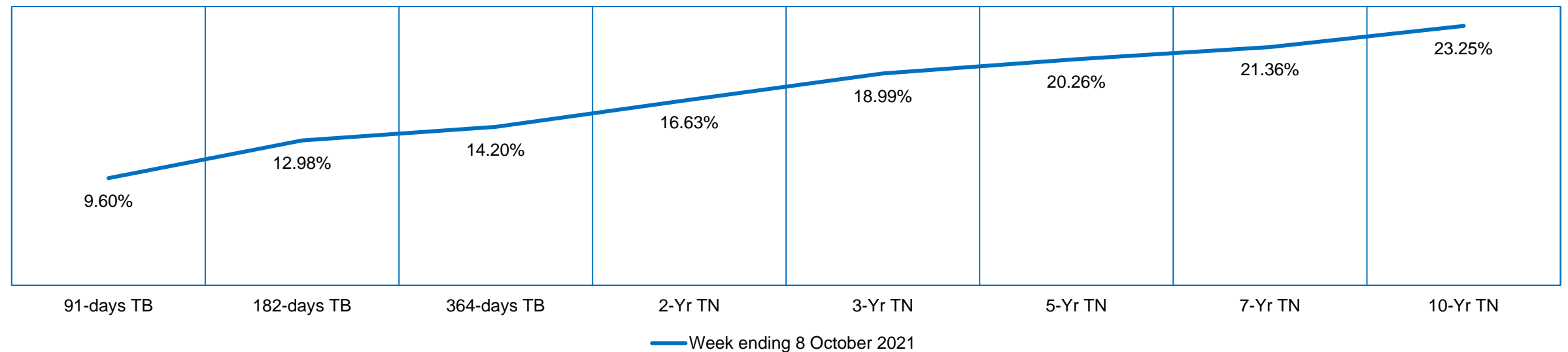
TBs Awarded (MK'million)



TB Applications (MK'million)



Government securities yield curve (%)



TB: Treasury Bill
TN: Treasury Note

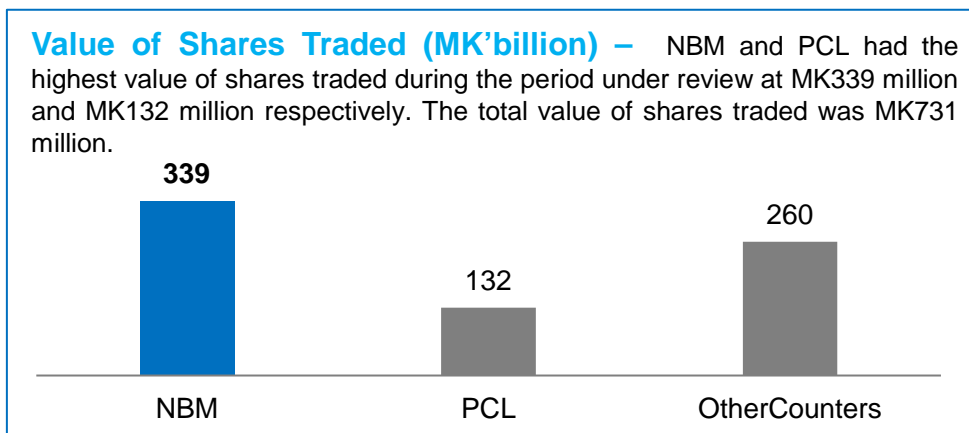
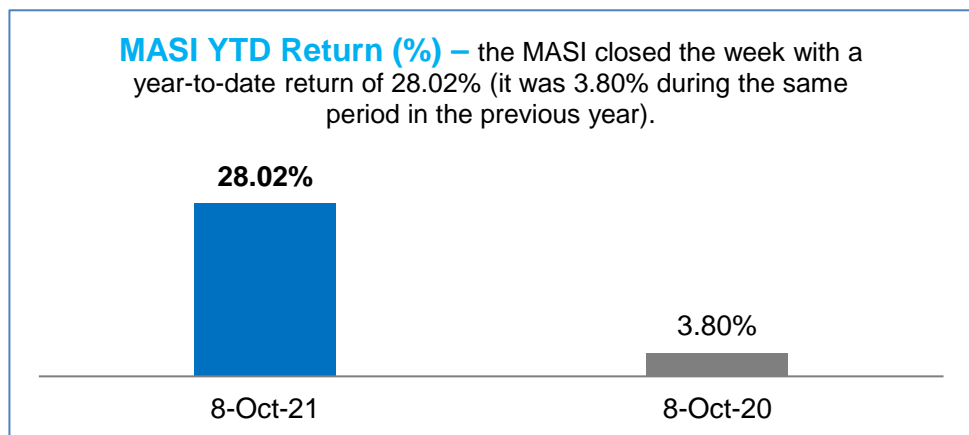
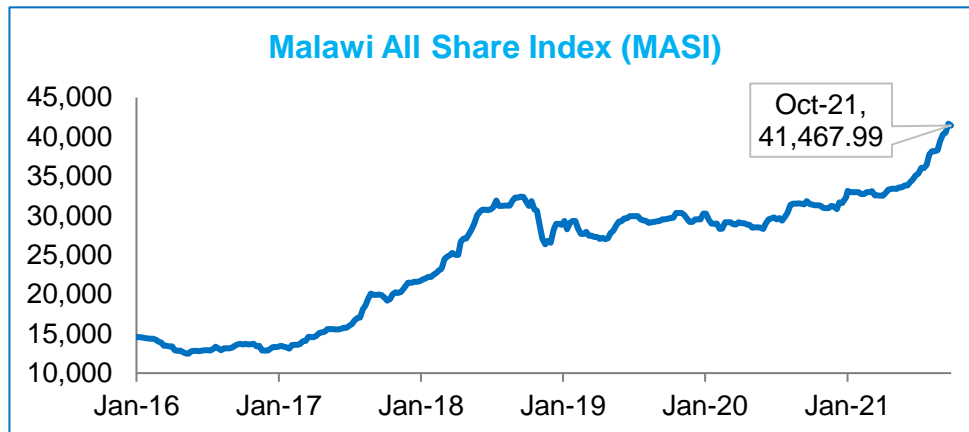


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Stock market (Source: MSE)

The stock market was bearish over the period with the Malawi All Share Index (MASI) closing the week ending 8 October 2021 at 41,467.99 points from 41,681.86 points for the week ending 1 October 2021. W-o-w, this represents a decrease of 0.51%.

There were marginal share price gains for TNM and NBM. The share price gains were offset by share price losses for NBS and FDH Bank as well as marginal share price losses for ICON, AIRTEL and PCL during the period under review.



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

TNM	0.39%
NBM	0.001%
SUNBIRD	0.00%
STANDARD	0.00%
OMU	0.00%
NITL	0.00%
NICO	0.00%
MPICO	0.00%
ILLOVO	0.00%
FMBCH	0.00%
BHL	0.00%
PCL	-0.0007%
AIRTEL	-0.13%
ICON	-0.17%
FDHB	-4.83%
NBS	-8.26%

Symbol	Closing prices as at 8 October 2021
AIRTEL	39.94
BHL	11.00
FDHB	16.16
FMBCH	64.49
ICON	12.09
ILLOVO	265.00
MPICO	21.00
NBM	676.01
NBS	23.00
NICO	55.00
NITL	80.71
OMU	2,100.00
PCL	1,494.97
STANDARD	1,250.00
SUNBIRD	90.01
TNM	23.25



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Stock market (Source: MSE) (Continued)

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

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
TNM	Declared	Interim	0.18	17-Sep-21	24-Sep-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

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

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



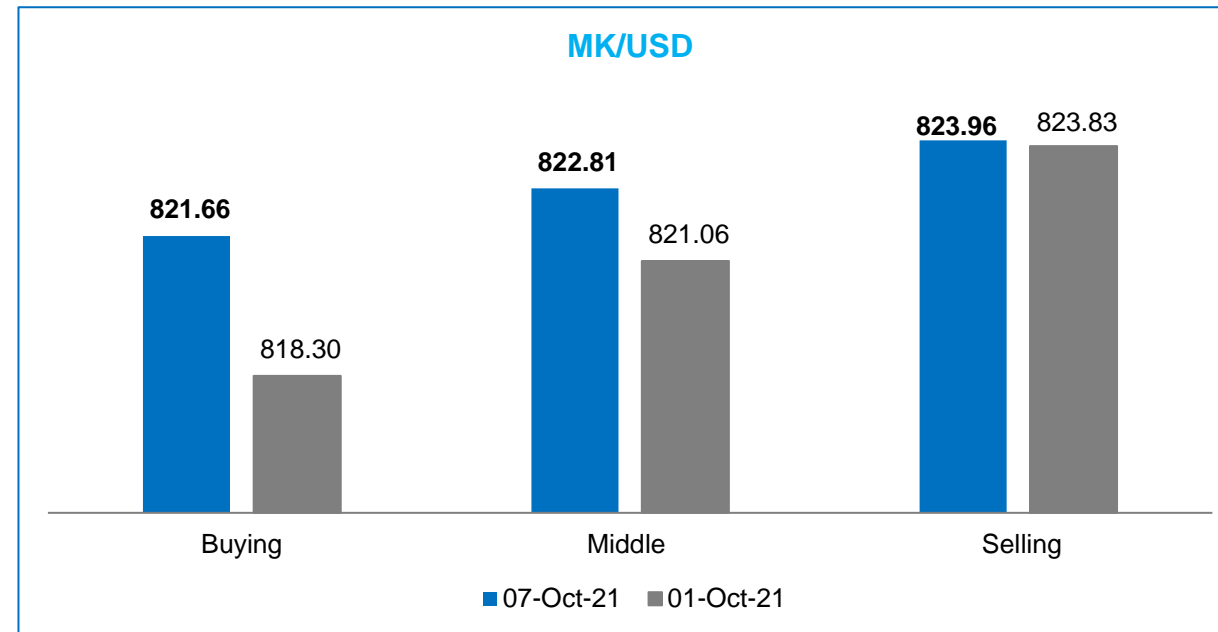
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Foreign currency market and other market developments (Source: RBM)

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

W-o-w, the Malawi Kwacha has marginally depreciated against the USD by 0.21% (to MK822.18/USD from MK821.06/USD).

Foreign currency (Source RBM)



What happened this week?

- The IMF is considering aspects such as the level of public debt and the misreporting on gross and net reserve assets before committing to a new Extended Credit Facility (ECF) programme with Malawi. The absence of the ECF has cut off access to \$300 million (MK247 million) for the Development Policy Operation of the World Bank. The World Bank's Development Policy Financing provides rapidly-disbursing financing to help borrowers address actual or anticipated development financing requirements (*The Daily Times*, 6-Oct-21).
- The IMF is hopeful that the board of directors will approve a debt repayment break extension for Malawi beyond October 2021. The break was initially approved by the board in April 2021 under the Catastrophe Containment and Relief Trust (CCRT) and was valid up to 15 October 2021. Depending on availability of resources in the CCRT, debt service relief could be provided from 16 October 2021 to 13 April 2022, amounting to SDR680 million (\$964 million) (*The Daily Times*, 6-Oct-21).
- Malawi's participation in the 2020 Dubai Expo in the United Arab Emirates is expected to be an ideal platform for securing trade and investment deals. The country has been given 20 November 2021 as Malawi day to exhibit what they can offer in investment and trade to the world (*The Daily Times*, 8-Oct-21).
- African Continental Free Trade Area (AfCFTA) can provide opportunities to Malawi through access to existing value chains. This could be also be supported by access to new markets in North, East and West Africa, which is an opportunity for Malawi to expand beyond the Southern African Development Community (SADC). The Minister of Trade commented that in order to achieve these objectives, the AfCFTA secretariat should consider non-tariff barriers, issues of transit, transport networks and distribution logistics across Africa (*The Nation*, 8-Oct-21).



Appendix: 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 8 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	822.81
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	1,179.33
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	1,037.45
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	59.52
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%	-	-
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%	-	-
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%	-	-
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%	16.63%
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%	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	41,467.99
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	34,193.43
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	3,454.70

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