



Malawi Financial Market Update

Week ending 19 November 2021



Financial Market Update: Week ending 19 November 2021

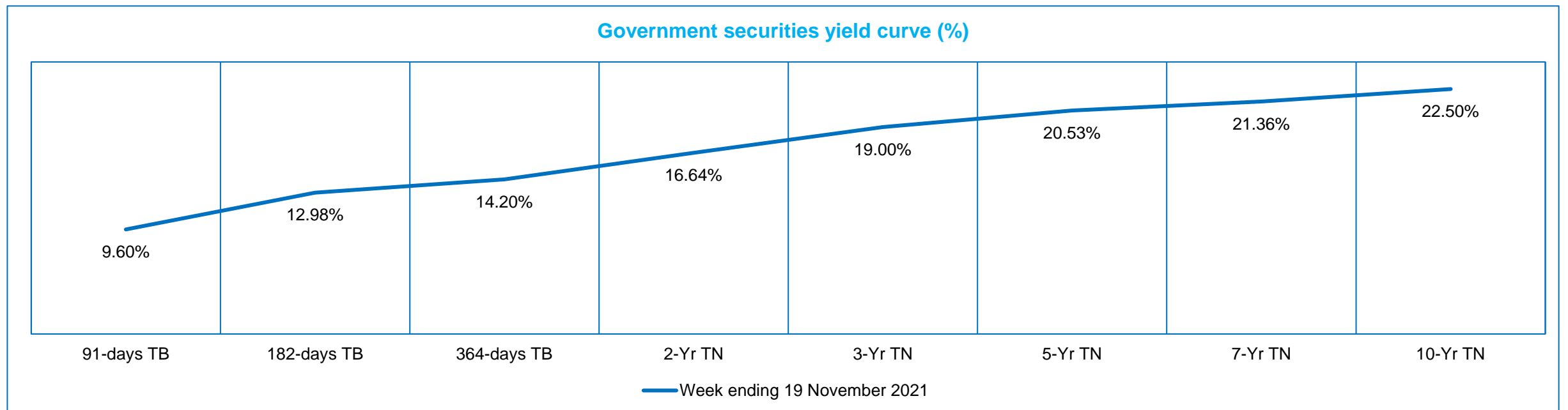
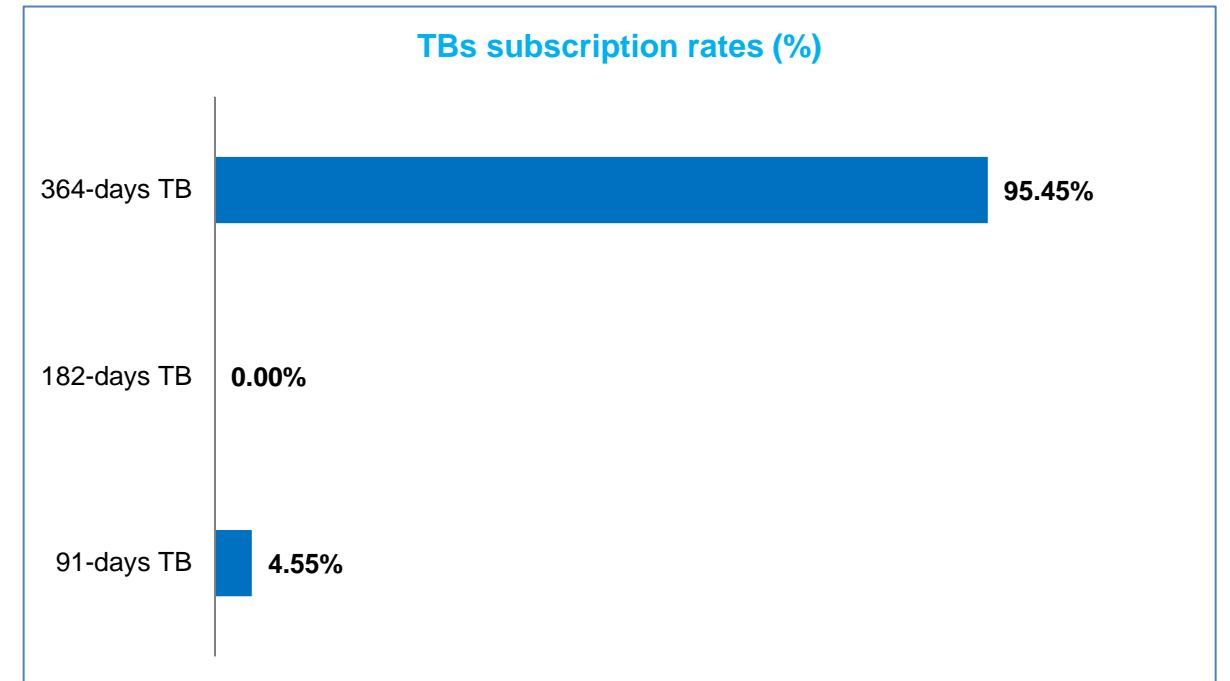
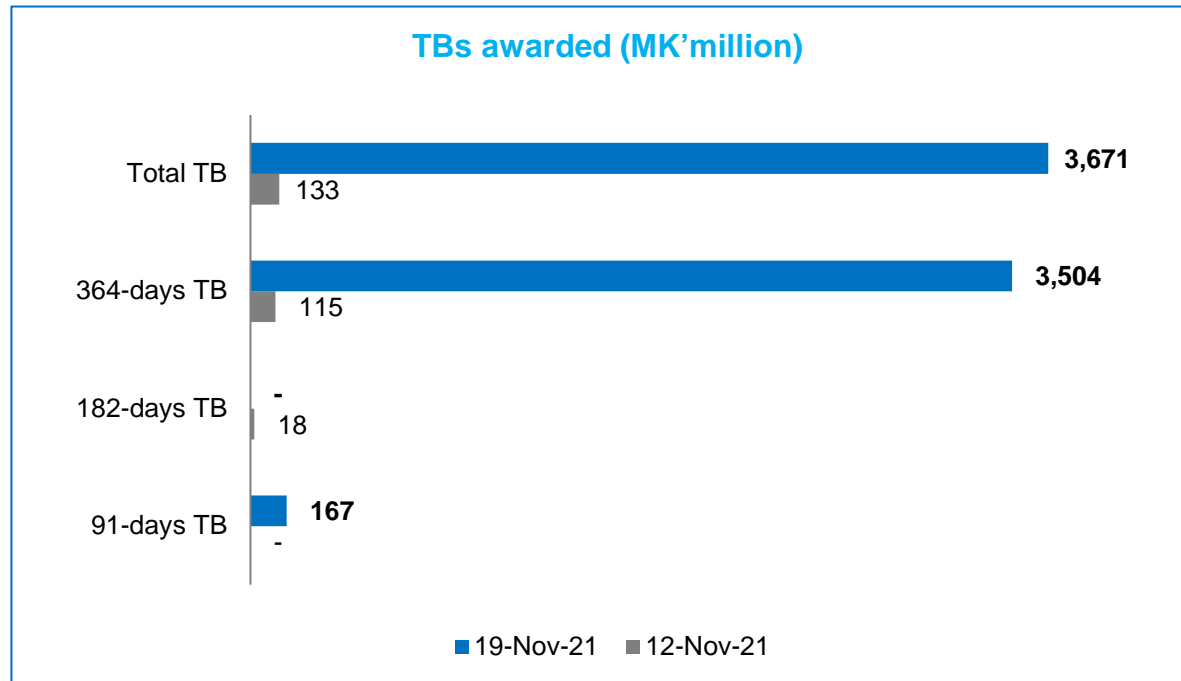
Government securities (Source: RBM)

A total of MK3.67 billion was awarded during this week's Treasury Bills (TBs) auctions.

The TBs auctions had a nil rejection rate during the period under review.

The 364-days TB had the highest subscription rate at 95.45%.

The average TB yield maintained its position at 12.26%. There were no Treasury Note (TN) auctions during the period under review.



TB: Treasury Bill
TN: Treasury Note

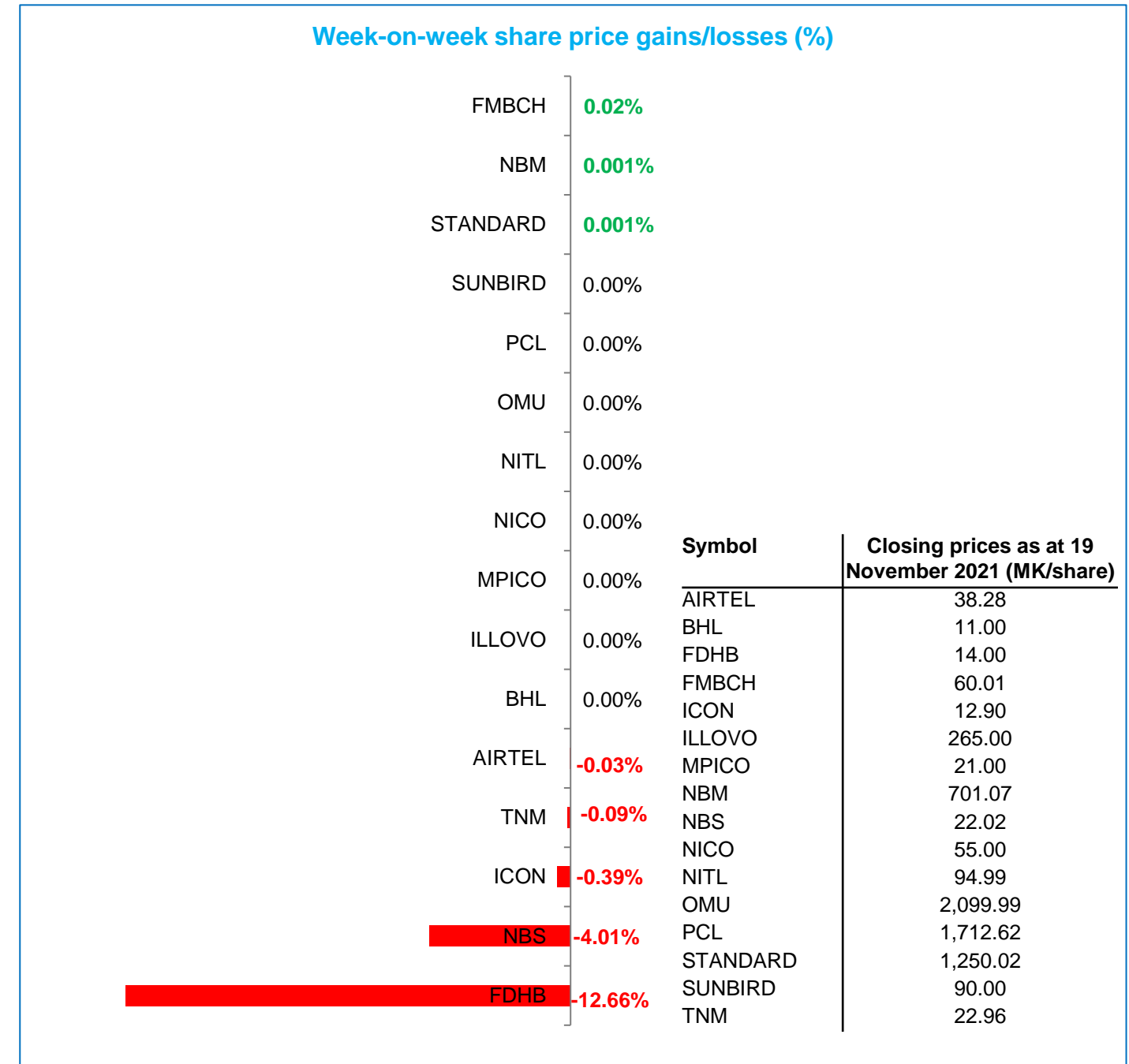
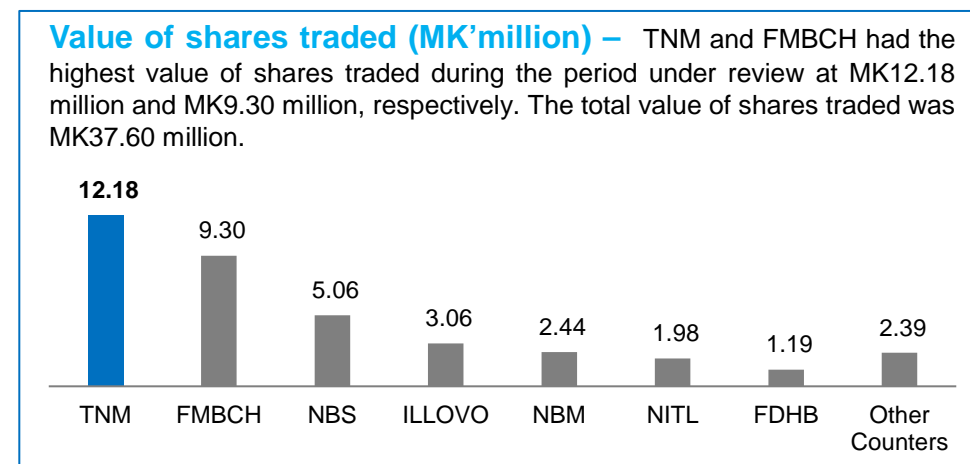
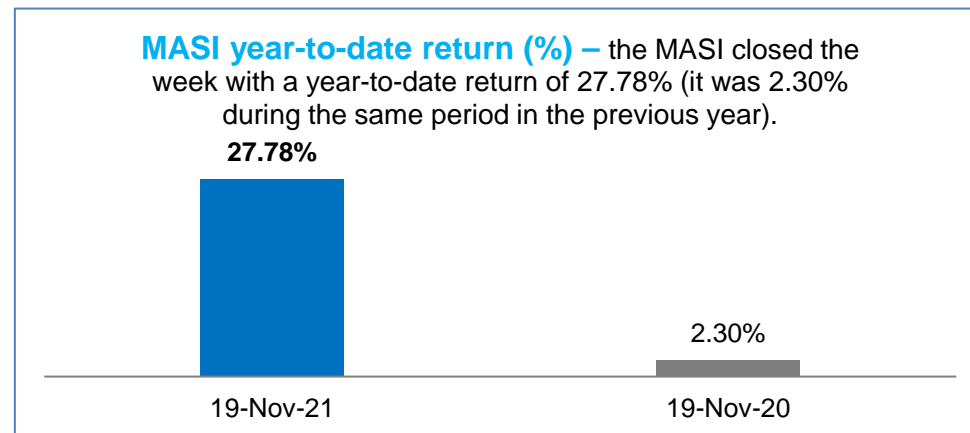
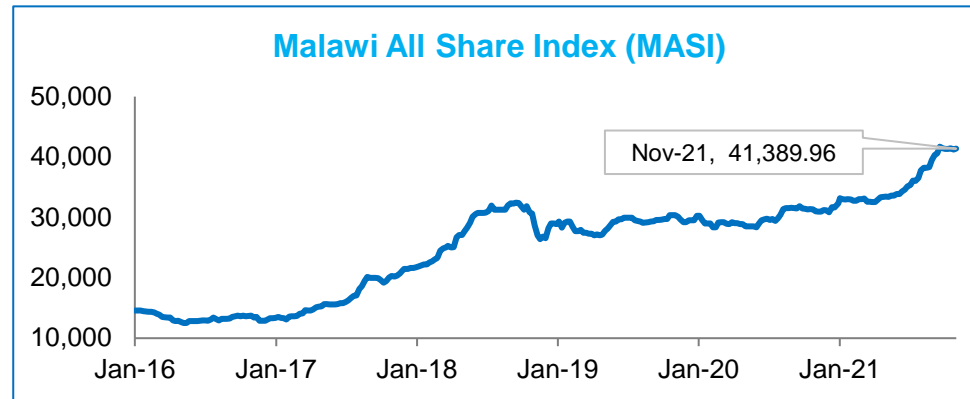


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Stock market (Source: MSE)

The stock market was bearish over the period with the Malawi All Share Index (MASI) closing the week ending 19 November 2021 at 41,389.96 points from 41,712.84 points for the week ending 12 November 2021. Week-on-week, this represents a decrease of 0.77%.

There were marginal share price gains for FMBCH, NBM and Standard Bank during the period under review. The share price gains were offset by share price losses for FDHB by 12.66% (to MK14.00/share from MK16.03/share) and NBS by 4.01% (to MK22.02/share from MK22.94/share), as well as marginal share price losses for ICON, TNM and AIRTEL during the period under review.





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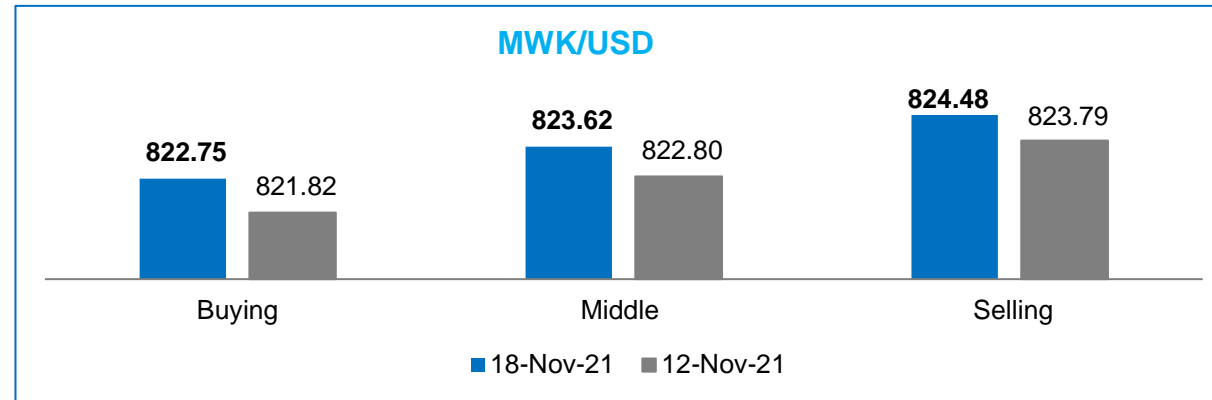
Foreign currency market and other market developments (Source: RBM)

Headline inflation increased to 9.8% in October 2021 from 8.9% in September 2021 on account of increases in food and non-food inflation.

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 6.02%.

Week-on-week, the Malawi Kwacha marginally depreciated against the USD by 0.10% and traded at MK823.62/USD as at 18 November 2021.

Foreign currency (Source: RBM)



Corporate Announcements

FDH Bank Plc cautionary statement

FDH Bank, through a cautionary announcement, informed its shareholders and the general public that shareholders of the Bank's holding company, FDH Financial Holdings Limited, were engaged in shareholding discussions. The discussions may result in changes in the shareholding structure of FDH Financial Holdings Limited. Shareholders were 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.

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%

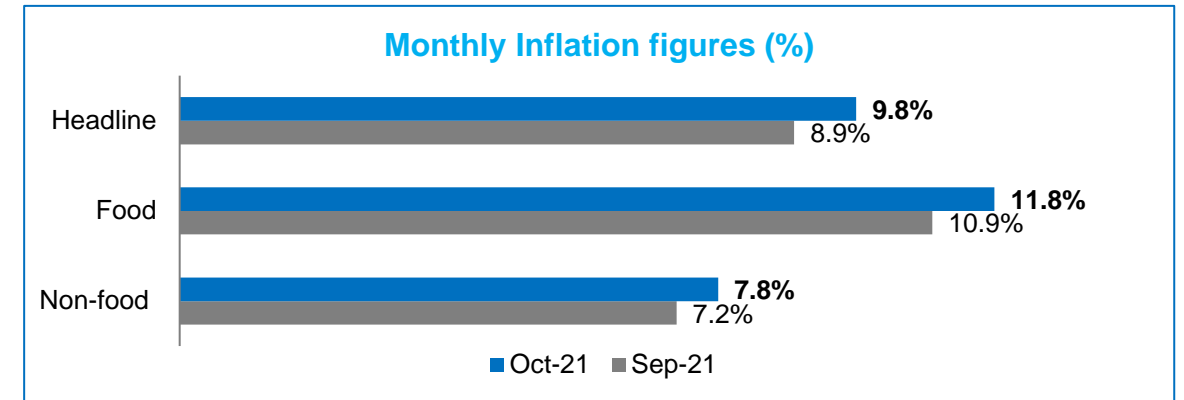
Dividends

Counter	Dividend type	Dividend per share (MK)	Last day to register	Date of payment
Illovo Sugar Malawi	Second interim	10.00	10 December 2021	13 December 2021

USD – United States Dollar

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

Monthly Inflation (Source: NSO)



What happened this week?

- Headline inflation increased to 9.8% in October 2021 from 8.9% in September 2021 on account of increases in food and non-food inflation. Food inflation increased to 11.8% from 10.9% and non-food inflation increased to 7.8% from 7.2% (NSO).
- JCM Power, the Canadian power generation company behind the Salima-based 60 megawatt solar electricity plant, states Malawians should expect affordable electricity tariffs as it supplies power through the national grid. The project is a 20-year contract with ESCOM and supplies power at US\$0.10 (MK82) per kilowatt per hour (*The Nation, 16-Nov-21*).
- Water Services Association of Malawi (WASAMA) says consumers should brace for another water tariff hike within the financial year. Despite the 52% average water tariff hike, some water boards are yet to meet their operational costs. WASAMA have been given a step tariff adjustment as such there will be other steps between now and the end of the financial year (*The Nation, 16-Nov-2021*).
- Malawi registered trade deals worth US\$371 million (MK305 billion) by the end of the second day of the Intra-African Trade Fair (IATF). The deals will see Malawi supplying commodities to regional markets within the African Continental Free Trade Area (*The Daily Times, 17-Nov-21*).
- 13 companies including major agro-dealerships, have shunned supplying fertilizer for the Affordable Inputs Programme (AIP) despite being issued contracts. The development could lead to a shortfall of 800,000 bags of fertilizer as the 13 companies were expected to supply 40,000 metric tonnes to cover 400,000 beneficiaries. The Ministry of Agriculture said the ministry would cover the gap and was in the process of procuring buffer stock of 150,000 metric tonnes (*The Nation, 18-Nov-21*).
- Malawi signed a US\$1 billion (MK840 billion) deal with Elsewedy Electric of Egypt at the Intra-African Trade Fair (IATF) in Durban, South Africa. Elsewedy Electric is expected to bring investments in sectors such as energy, manufacturing and tourism that will boost the country's economy (*The Daily Times, 18-Nov-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	Oct-21	Week ending 19 November 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	821.34	823.62
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	1,201.21	1,185.14
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	1,037.74	1,031.99
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	59.04	59.82
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	405.66	-
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	384.75	-
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	790.41	-
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	1.62	-
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%	9.8%	-
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%	11.8%	-
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%	7.8%	-
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%	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%	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%	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%	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%	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%	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%	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%	19.00%
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%	20.44%	20.53%
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%	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%	22.50%	22.50%
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	41,550.15	41,458.37	41,389.96
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	34,266.54	34,188.36	34,297.80
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	3,450.70	3,450.25	3,232.74

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