



Financial Market Update

Week ending 29 October 2021



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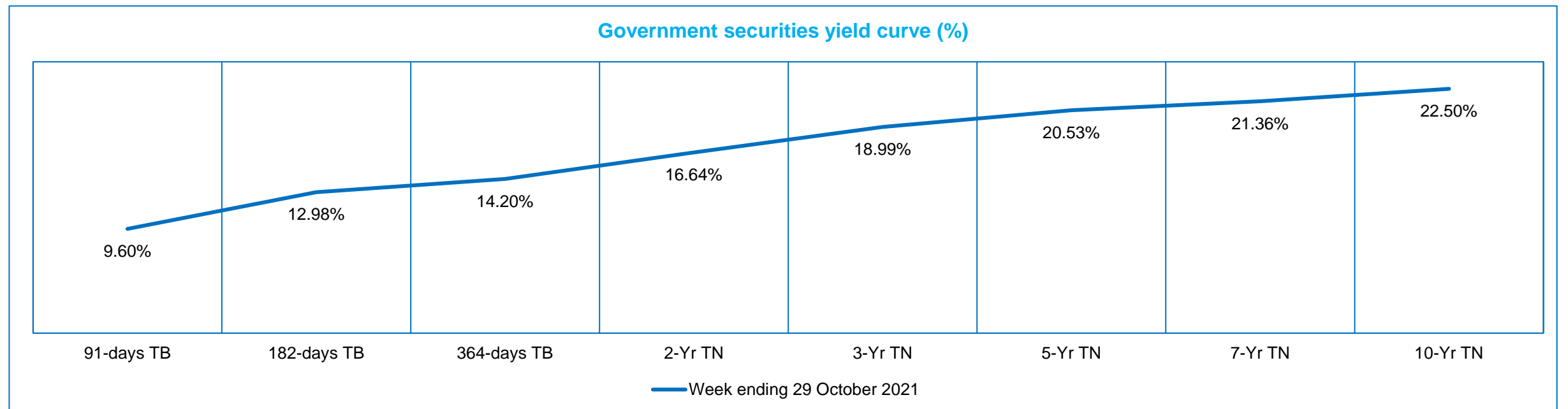
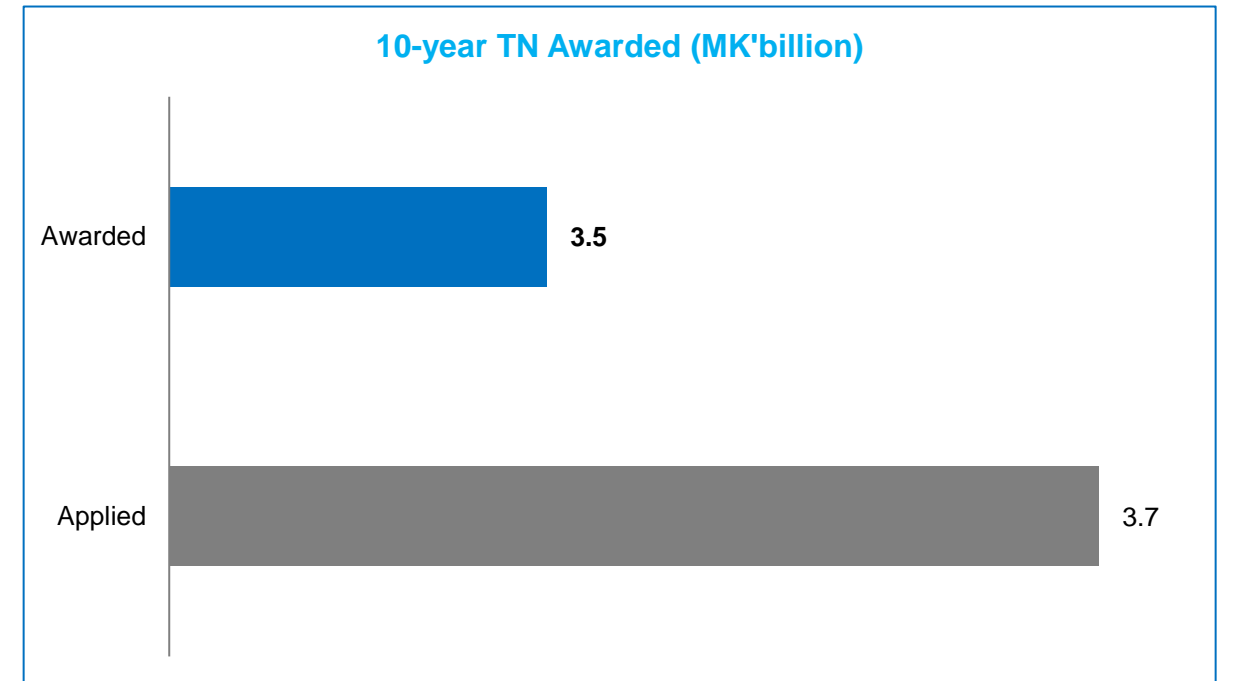
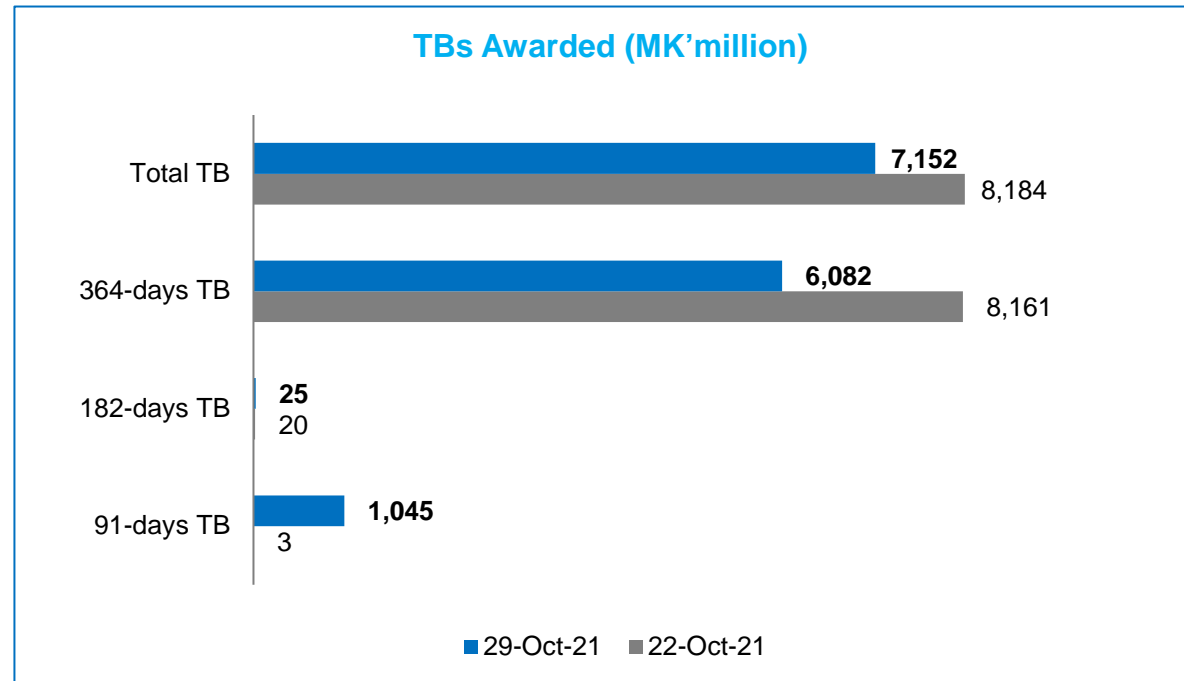
Government securities (Source: RBM)

A total of MK10.68 billion was awarded during this week's Treasury Bills (TBs) and 10-year Treasury Note (TN) auctions.

MK7.15 billion and MK3.53 billion was raised in the TBs and 10-year TN auctions, respectively.

The TB auctions had a nil rejection rate, while the TN auction had a 5.11% rejection rate during the period under review.

The average TB yield maintained its position at 12.26% while the average TN yield decreased to 20.10% from 20.15% during the period under review.



TB: Treasury Bill
TN: Treasury Note

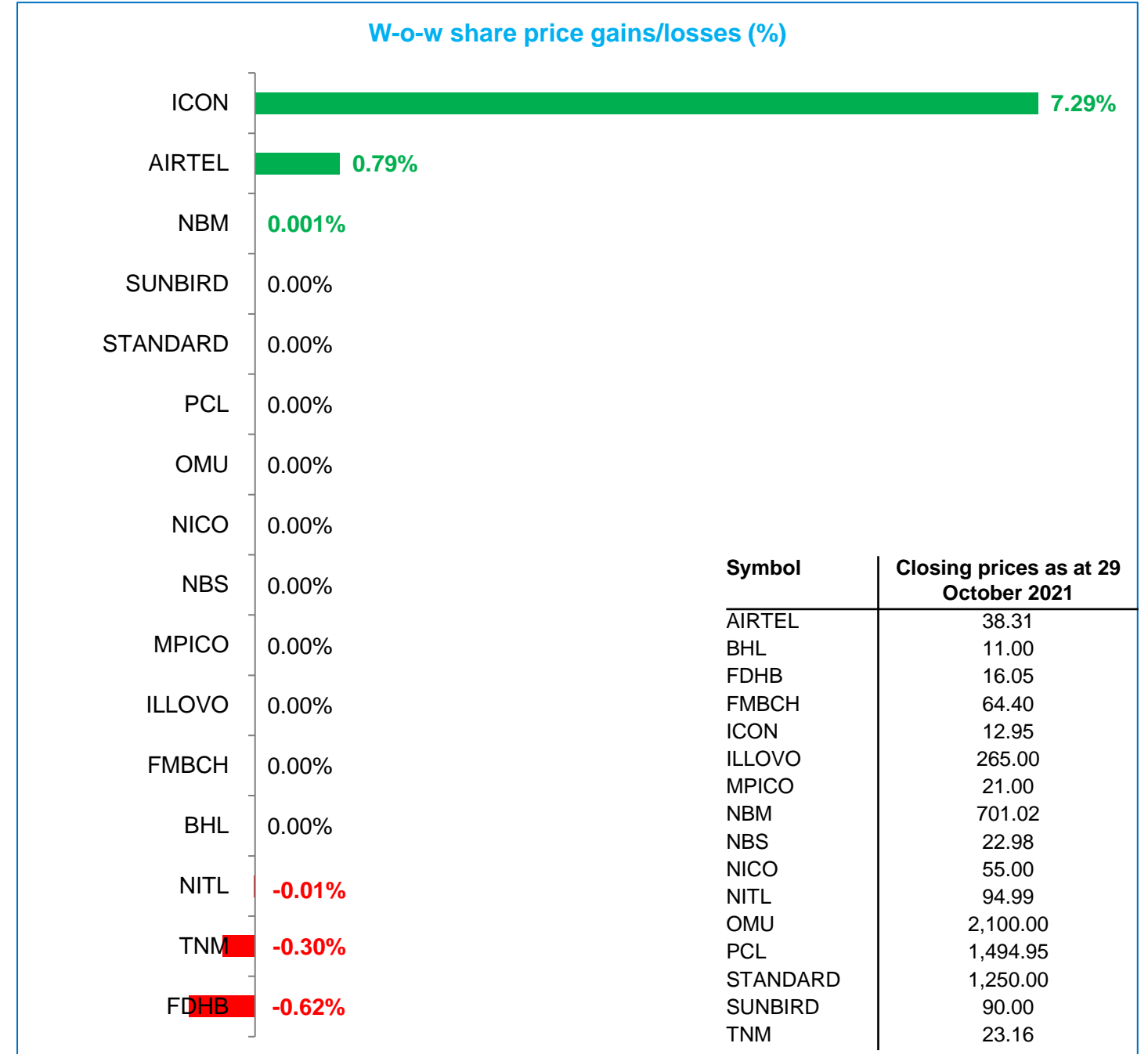
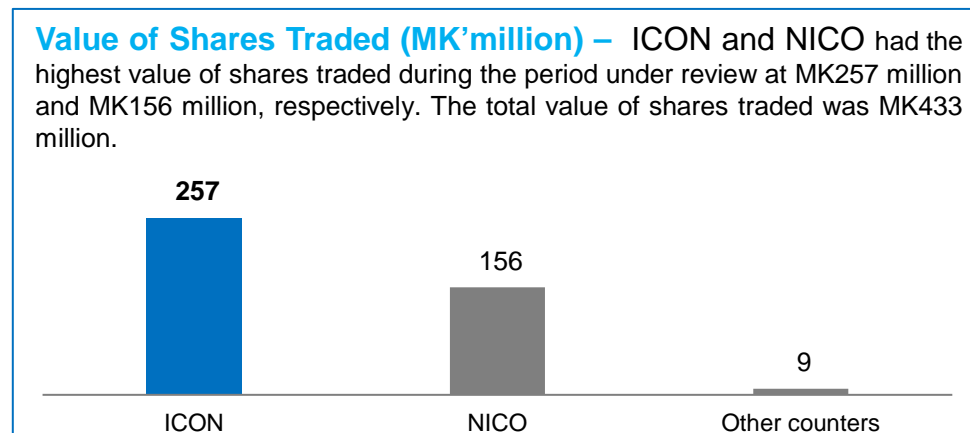
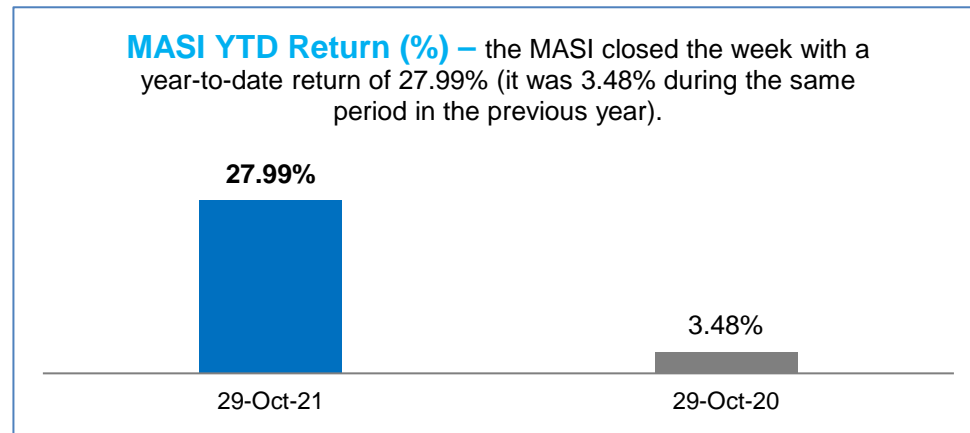
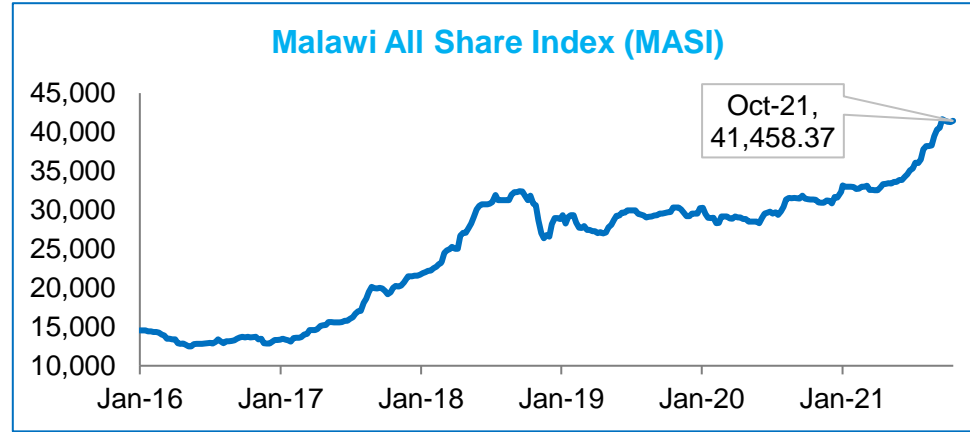


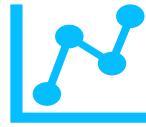
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Stock market (Source: MSE)

The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 29 October 2021 at 41,458.37 points from 41,313.01 points for the week ending 22 October 2021. W-o-w, this represents an increase of 0.35%.

There was a share price gain for ICON and marginal share price gains for AIRTEL and NBM during the period under review. The share price gains offset marginal share price losses for FDH Bank, NITL and TNM during the same period.





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Stock market (Source: MSE) (Continued)

NICO plc's declared special dividend of MK0.50/share is to be paid on 4 November 2021.

Corporate Announcements

1. 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
NICO	Declared	Special	0.50	22-Oct-21	4-Nov-21

2. 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.

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%



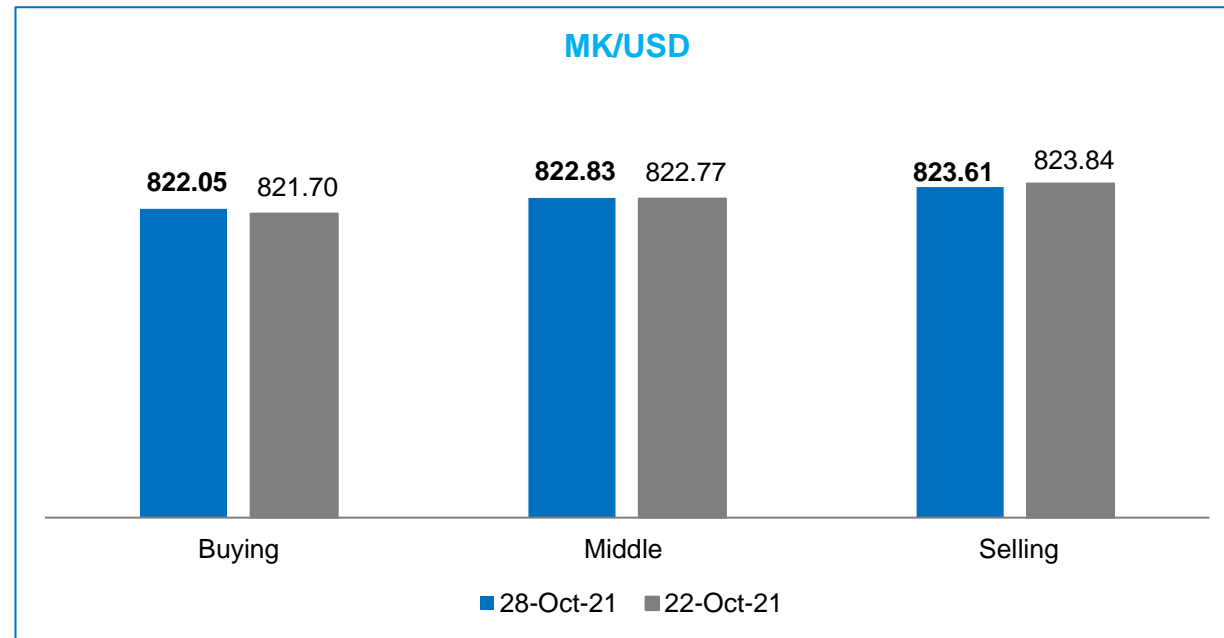
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Foreign currency market and other market developments (Source: RBM)

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

The Malawi Kwacha was relatively stable during the period under review and traded at MK822.83/USD as at 28 October 2021.

Foreign currency (Source RBM)



What happened this week?

- The Centre for Social Concern (CfSC) has stated that the cost of living for a family of six increased to MK207,334 in September 2021 from MK205,238 in August 2021. Year-on-year, the cost of living has increased by 6.7% as it was MK194,293 in September 2020 (*The Daily Times, 25-Oct-21*).
- Following the publication of a World Bank report indicating projected increases in global oil prices in 2022, the Malawi Energy Regulatory Authority (MERA) said it may not be able to forecast local fuel pump prices in the months or years to come. MERA stated that this was because price adjustments using the automatic pricing mechanism are triggered by actual changes in the landed costs of petroleum products, and not projections (*The Nation, 26-Oct-21*).
- The World Bank, during the official launch of the latest Country Private Sector Diagnostic (CPSD), has advised the Malawi Government to consider increasing electricity tariffs to make the Electricity Supply Corporation of Malawi (ESCOM) financially sustainable. The report examines opportunities and key constraints in the energy, digital infrastructure and services, transport and logistics, and agri-business sectors (*The Nation, 27-Oct-21*).
- According to the 2021 Global Hunger Index (GHI) jointly issued by Hunger Hilfe and Concern Worldwide, Malawi could be in the same category as 46 other developing countries that could miss the target of completely ending hunger by 2030. The report cites slow progress towards the goal and signs of possible stagnation or reversal as the cause (*The Daily Times, 29-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 29 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	822.83
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	1,201.74
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	1,050.40
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	60.10
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%	20.53%
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%
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%
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	41,458.37
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	34,188.36
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	3,450.25

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