



# Malawi Financial Market Update

Week ending 3 December 2021



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## Government securities (Source: RBM)

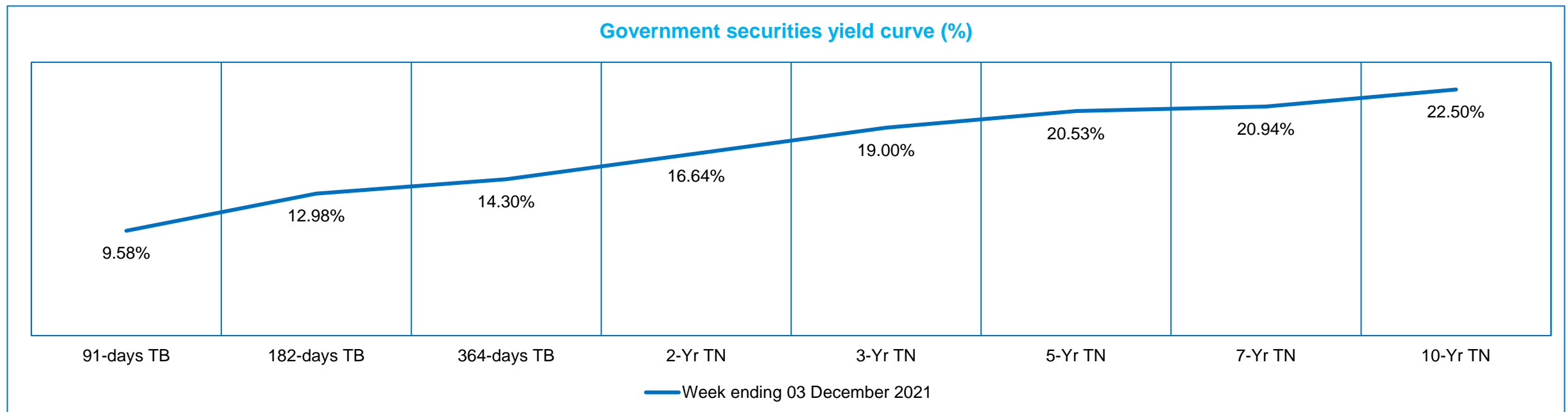
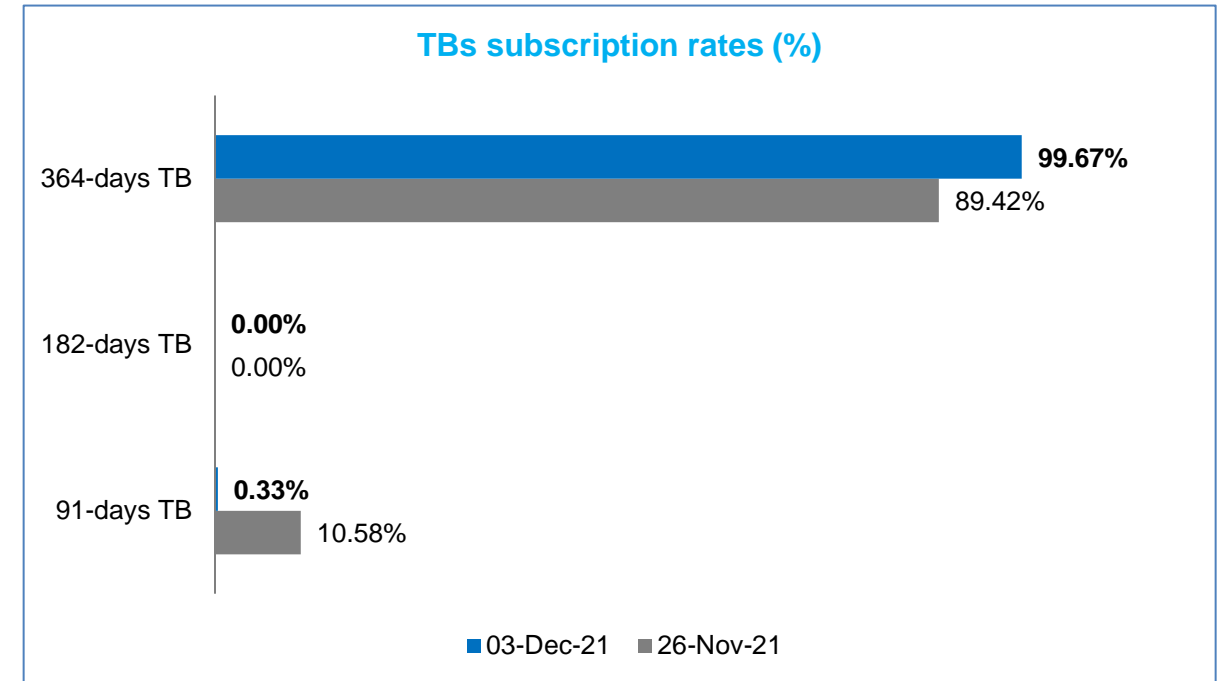
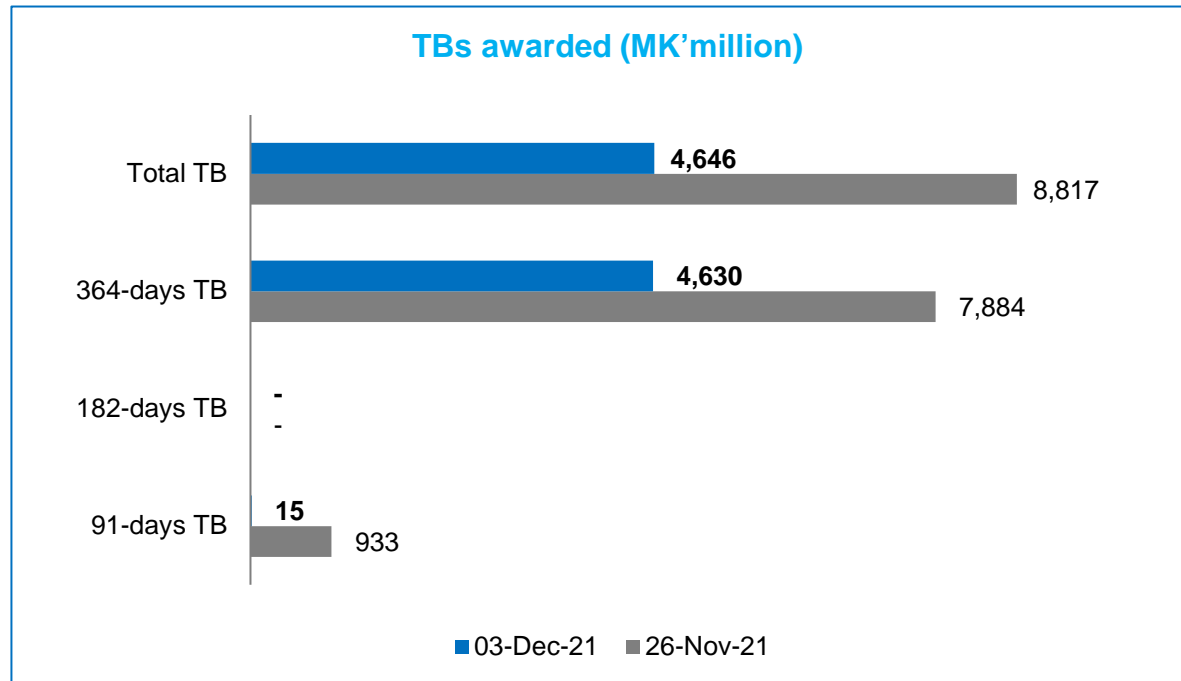
A total of MK4.65 billion was awarded during this week's Treasury Bills (TBs) auctions.

The 364-days TB had the highest subscription rate at 99.67% during the period under review.

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

The average TB yield increased to 12.29% from 12.24% during the period under review.

There were no Treasury Note (TN) auctions during the period under review.



TB: Treasury Bill  
TN: Treasury Note

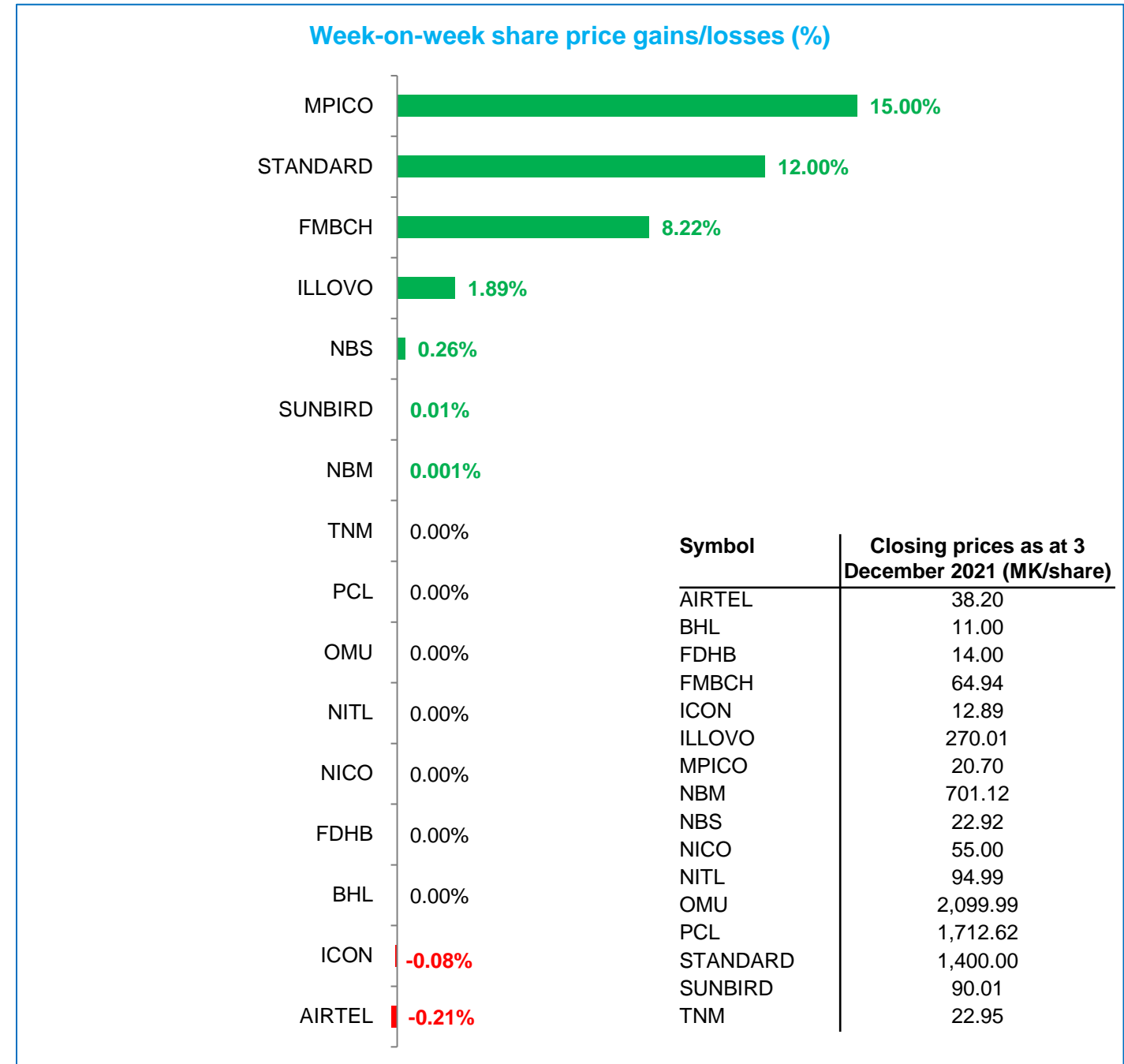
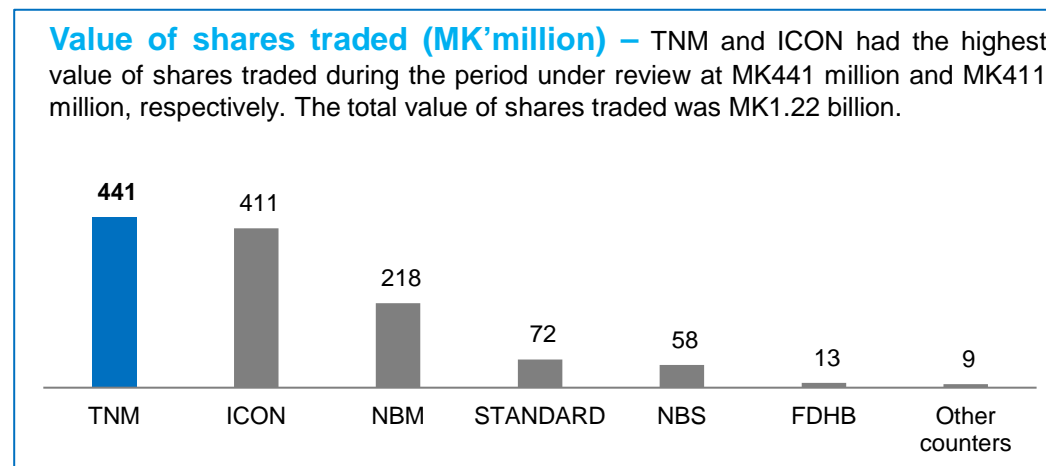
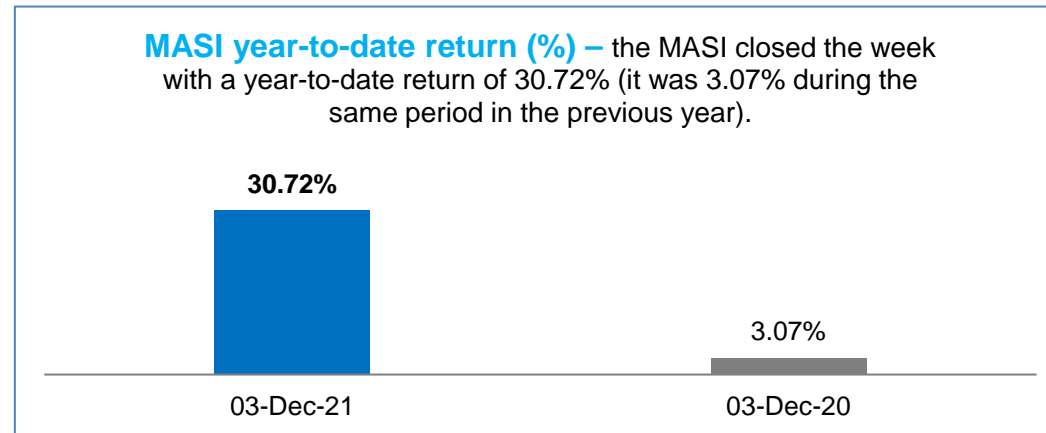
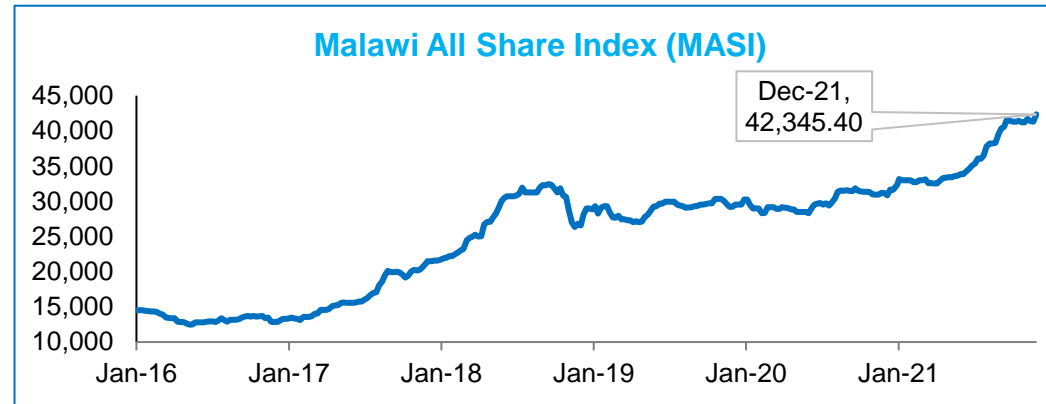


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Stock market (Source: MSE)

The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 3 December 2021 at 42,345.40 points from 41,305.45 points for the week ending 26 November 2021. Week-on-week, this represents an increase of 2.52%.

There were share price gains for FMBCH, ILLOVO, MPICO and Standard Bank. There were marginal share price gains for NBM, NBS and TNM during the period under review. The share price gains offset marginal share price losses for AIRTEL and ICON during the period under review.





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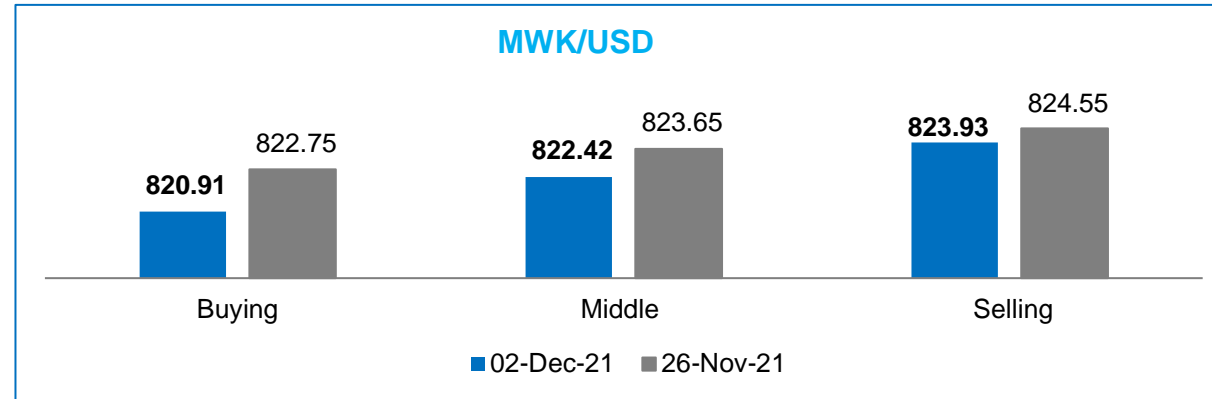
Foreign currency market and other market developments (Source: RBM)

ILLOVO Sugar Malawi closed the financial year ended 31 August 2021 with a profit after tax of MK20.57 billion, an increase of 651% from MK2.74 billion in 2020.

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 5.87%.

Week-on-week, the Malawi Kwacha marginally appreciated against the USD by 0.15% and traded at MK822.42/USD as at 2 December 2021.

### Foreign currency (Source: RBM)



### Corporate Announcements

#### Published Financial year Trading Statements

ILLOVO's profit after tax for the financial year ended 31 August 2021 increased by 651% against a trading statement profit/loss expectation of 630%.

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 August 2021	31 August 2020	Actual change in profit/loss for the year	Trading statement profit/loss expectation
Illovo Sugar Malawi	20.57	2.74	651%	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

#### 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.

### What happened this week?

- According to their audited financial statements for the year ended 31 August 2021, ILLOVO Sugar Malawi closed the year with a profit after tax of MK20.57 billion, an increase of 651% from a profit after tax of MK2.74 billion in 2020 (*Malawi Stock Exchange*).
- The Presidential Taskforce on COVID-19 announced that children aged 12 years and above can be vaccinated using the PfizerBioNTech COVID-19 vaccine. The announcement also stated that the government had introduced new testing and COVID-19 vaccination measures at Dzaleka Refugee Camp in Dowa. The new testing measures have also been implemented in all points of entry (*The Daily Times, 30-Nov-2021*).
- The Life and Pensions Association of Malawi (Lipam) has said that the draft Pensions Bill Amendment of 2021 will fuel old age poverty. Lipam further indicated that once passed, the Bill will put great jeopardy on all the gains that the Pensions Act of 2010 brought in terms of old age and retirement protection to citizens (*The Daily Times, 30-Nov-2021*).
- The World Bank has indicated that COVID-19 remains a huge risk to cross-border trade and flow of remittances to Malawi and Sub-Saharan African countries, a move that threatens households' welfare. The World Bank further indicated that the situation remains critical in the absence of sufficient quantities of vaccines, human capital and logistics capacity (*The Nation, 30-Nov-2021*).
- The Malawi Energy Regulatory Authority (MERA) says consumers will have to wait until January 2022 to benefit from the global fuel price drop if the current trend is sustained. The remarks come in the wake of falling global oil prices, which declined to a 3-month low and the biggest one-day drop of 10% since April 2020 (*The Nation, 1-Dec-2021*).
- The Ministry of Mining has set a target to grow the mining sector's contribution to gross domestic product (GDP) to at least 10% in the short to medium term. The Ministry indicated that the sector currently contributes 1% to GDP and that the sector has the potential to contribute between 10% and 20% to GDP when all mining projects are rolled out (*The Daily Times, 1-Dec-2021*).
- A report by the Ministry of Finance's Debt and Aid Division shows that between June 2020 and June 2021, Malawi's total debt stock increased to MK5.5 trillion, an increase of 34% from MK4.1 trillion. This means that on average, government borrowed a nominal MK117 billion monthly to finance the deficit which is currently around MK730 billion (*The Nation, 3-Dec-2021*).



## Appendix 1: Historical Economic Indicators

	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	Nov-21	Week ending 3 December 2021
<b>Exchange rates (middle rates)</b>																
MK/USD	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	822.88	<b>822.42</b>
MK/GBP	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	1,194.23	<b>1,187.16</b>
MK/EUR	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	1,099.91	<b>1,115.59</b>
MK/ZAR	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	57.21	<b>57.14</b>
<b>Foreign Exchange Reserves</b>																
Gross Official Reserves (USD'mn)	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)	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)	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)	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	-	-
<b>Inflation</b>																
Headline	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	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%	4.90%	5.60%	6.30%	6.90%	7.0%	7.1%	7.2%	7.2%	7.2%	7.2%	7.8%	-	-
<b>Interest Rates</b>																
Monetary Policy rate	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%	<b>12.00%</b>
Average Interbank rate	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%	<b>11.98%</b>
Average base lending rate	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%	<b>12.20%</b>
<b>Government Securities' Yields</b>																
91-days Treasury Bill	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%	9.58%	<b>9.58%</b>
182-days Treasury Bill	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%	<b>12.98%</b>
364-days Treasury Bill	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%	14.22%	<b>14.30%</b>
2-year Treasury Note	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%	<b>16.64%</b>
3-year Treasury Note	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%	<b>19.00%</b>
5-year Treasury Note	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%	<b>20.53%</b>
7-year Treasury Note	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%	21.15%	<b>20.94%</b>
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%	23.00%	22.50%	<b>22.50%</b>
<b>Stock Market Indices</b>																
MASI	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	41,565.98	<b>42,345.40</b>
DSI	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	34,284.11	<b>34,956.70</b>
FSI	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	3,450.24	<b>3,477.00</b>

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