



Malawi Financial Market Update

Week ending 10 December 2021



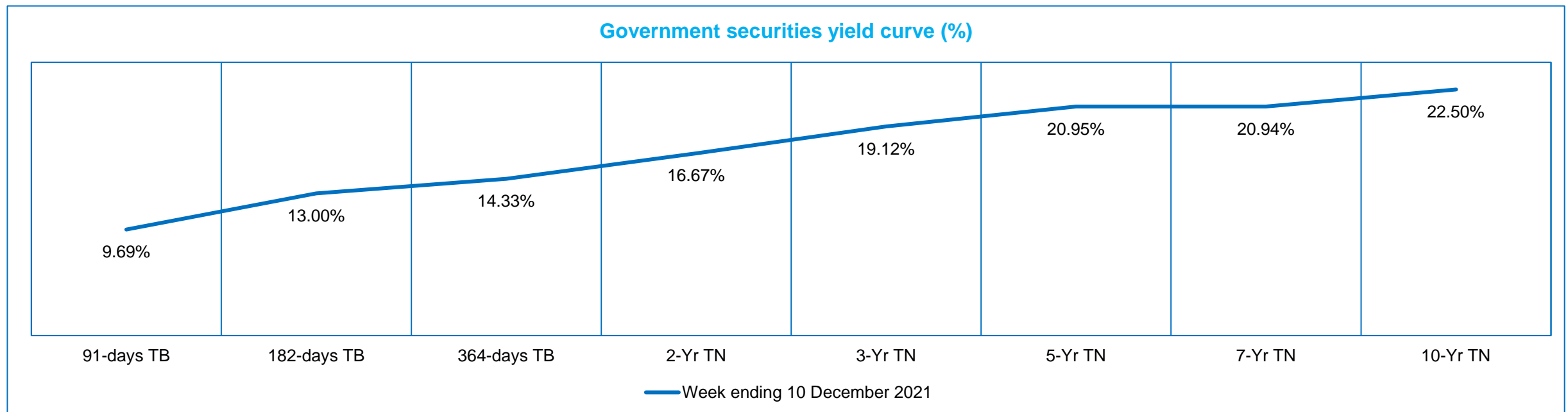
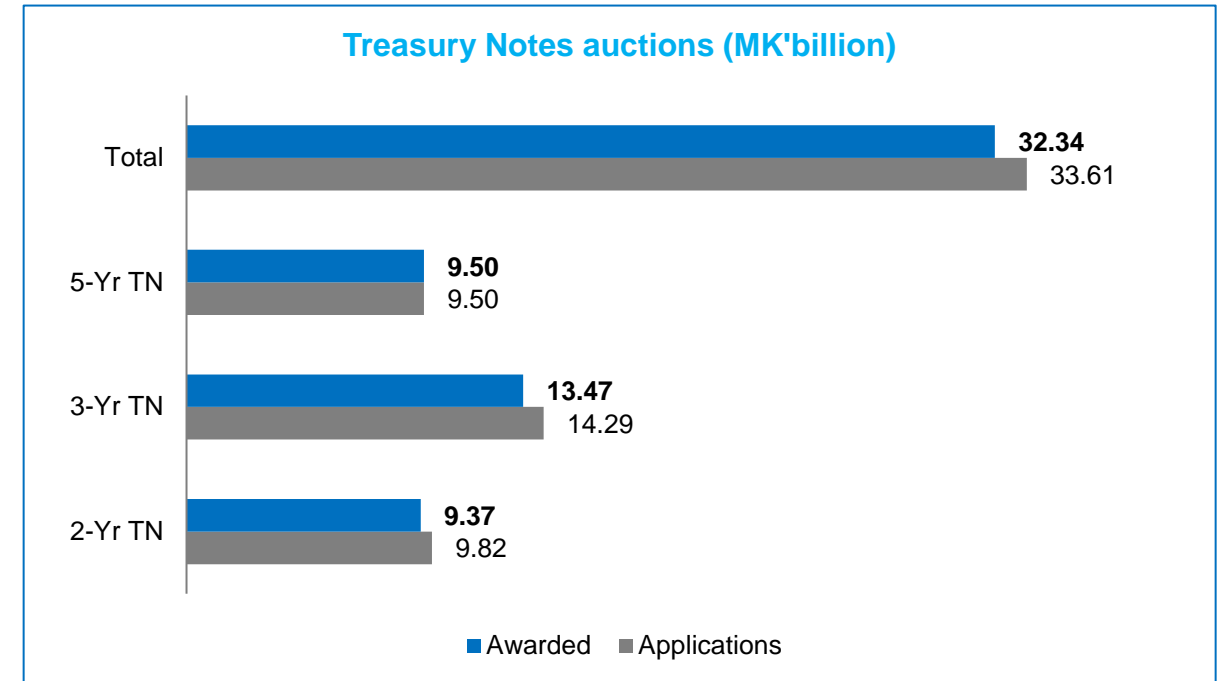
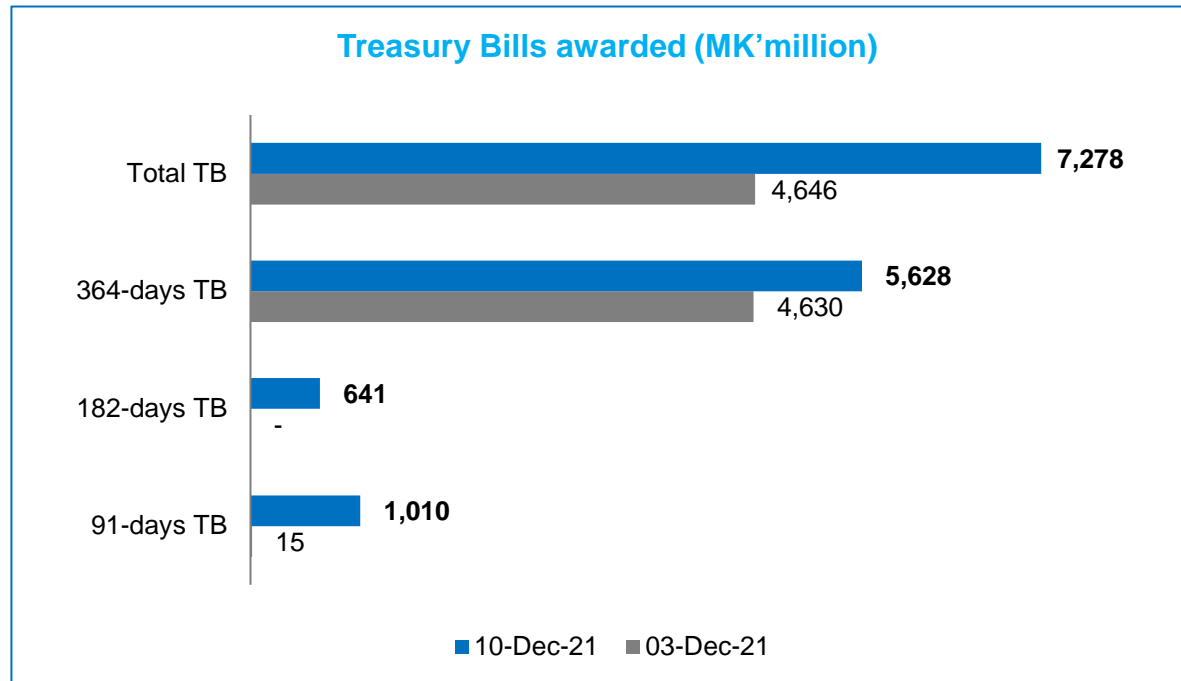
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Government securities (Source: RBM)

A total of MK39.62 billion was raised in this week's government securities auctions with MK7.28 billion raised in Treasury Bills (TBs) auctions and MK32.34 billion raised in Treasury Notes (TNs) auctions.

The TBs auctions had a nil rejection rate while the TNs auctions had a 3.78% rejection rate during the period under review.

The average TB and average TN yields increased to 12.34% from 12.29%, and 20.04% from 19.92%, respectively.



TB: Treasury Bill
TN: Treasury Note

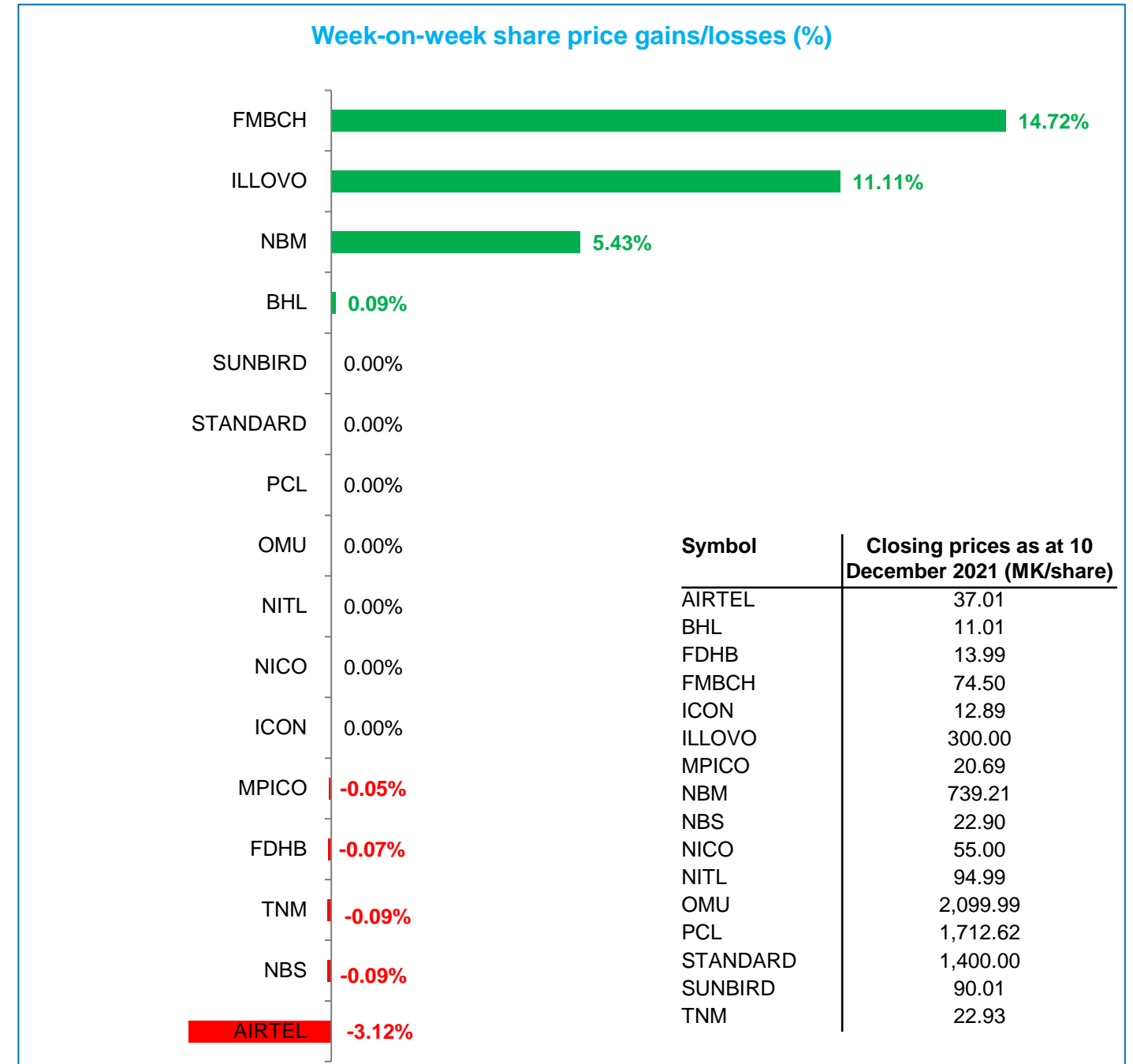
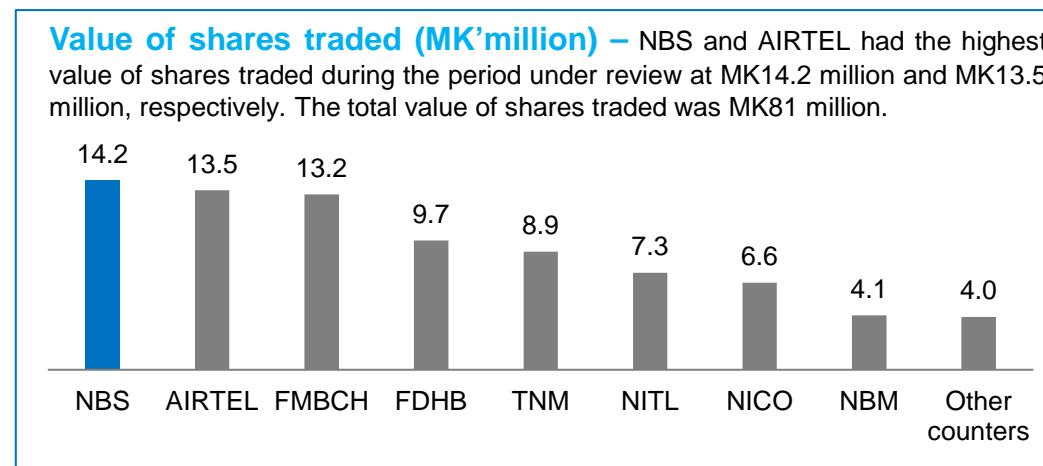
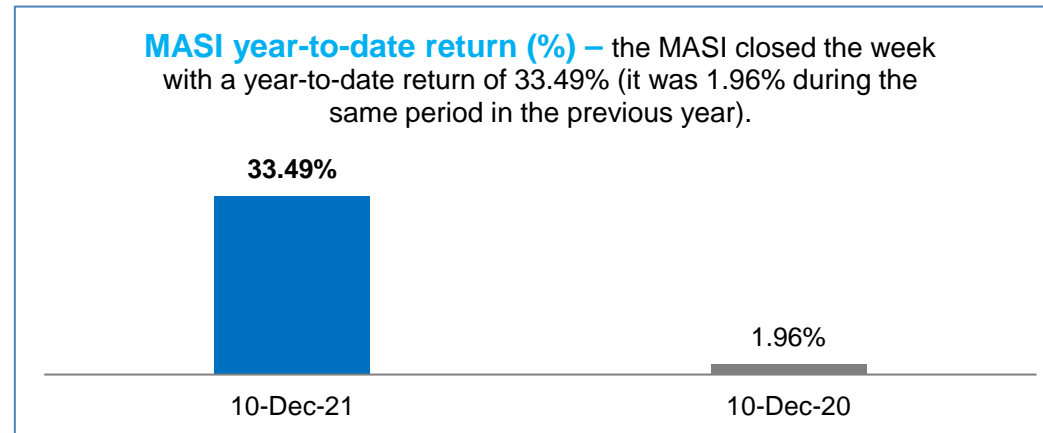
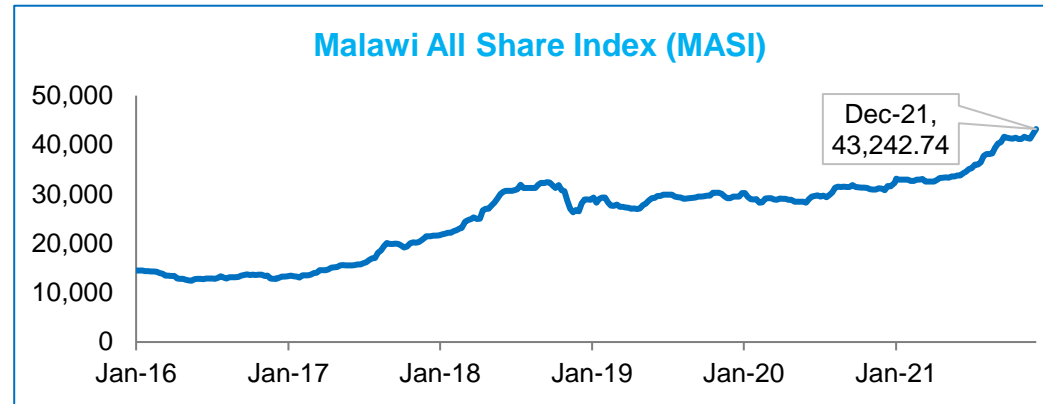


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Stock market (Source: MSE)

The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 10 December 2021 at 43,242.74 points from 42,345.40 points for the week ending 3 December 2021. Week-on-week, this represents an increase of 2.12%.

There were share price gains for FMBCH, ILLOVO and NBM during the period under review. There was also a marginal share price gain for BHL. The share price gains offset a share price loss for AIRTEL and marginal share price losses for NBS, TNM, FDH Bank and MPICO during the period under review.



| Symbol | Closing prices as at 10 December 2021 (MK/share) |
|----------|--|
| AIRTEL | 37.01 |
| BHL | 11.01 |
| FDHB | 13.99 |
| FMBCH | 74.50 |
| ICON | 12.89 |
| ILLOVO | 300.00 |
| MPICO | 20.69 |
| NBM | 739.21 |
| NBS | 22.90 |
| NICO | 55.00 |
| NITL | 94.99 |
| OMU | 2,099.99 |
| PCL | 1,712.62 |
| STANDARD | 1,400.00 |
| SUNBIRD | 90.01 |
| TNM | 22.93 |



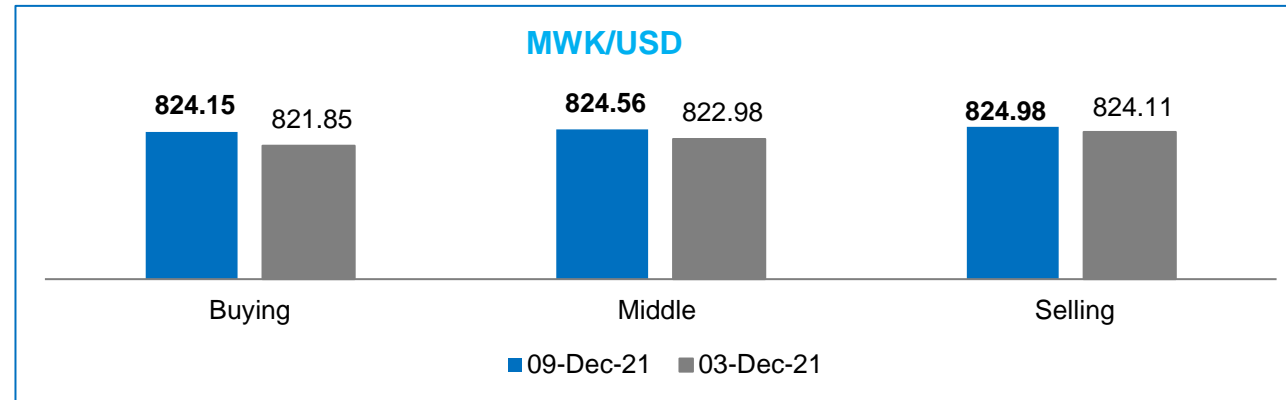
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Foreign currency market and other market developments (Source: RBM)

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 6.15%.

Week-on-week, the Malawi Kwacha marginally depreciated against the USD by 0.19% and traded at MK824.56/USD as at 9 December 2021.

Foreign currency (Source: RBM)



Corporate Announcements

Dividends

| Counter | Dividend type | Proposed/declared | Dividend per share (MK) | Last day to register | Date of payment |
|---------|----------------|-------------------|-------------------------|----------------------|------------------|
| Illovo | Second interim | Declared | 10.00 | 10 December 2021 | 13 December 2021 |
| Illovo | Final | Proposed | 4.00 | 11 March 2022 | 31 March 2022 |

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?

- The 9-month 2021-22 National Budget recorded a deficit of MK209 billion between July 2021 and September 2021. During the period, revenue amounted to MK346.1 billion and was outweighed by expenditure which amounted to MK555.5 billion. The deficit is within the provision made by the Minister of Finance of MK718.3 billion by the end of March 2022 (*The Daily Times*, 6-Dec-2021).
- Following an announcement on 2 December 2021 by the Secretary of Trade on the commencement of issuance of maize export licenses of 500,000 metric tonnes, the Parliamentary Committee on Agriculture described the government's decision as a mistake. The development could result in increased domestic demand, elevate retail prices and make it harder for the poor to afford maize (*The Nation*, 6-Dec-2021).
- The government listed 26 bonds on the Malawi Stock Exchange (MSE) with a nominal value of MK787.13 billion. The issuance of the bonds is aimed at offering liquidity on the MSE through generation of interest that the bonds will have accumulated for investors following primary issuance. The bonds include a MK18 billion development bond (*The Nation*, 7-Dec-2021).
- Malawi Revenue Authority (MRA) indicated that it expects to bring 1.3 million Small and Medium Enterprises (SMEs) into its tax net through the newly launched block management system. MRA stated that only 2% of the 1.6 million SMEs were registered for tax as of December 2020 (*The Nation*, 8-Dec-2021).
- According to the African Development Bank (AfDB), Malawi and three other countries within the region are experiencing rapid increase in debt. The other countries are Namibia, South Africa and eSwatini. The AfDB indicated that external debt is driving the regional increase in government debt (*The Daily Times*, 9-Dec-2021).
- The Minister of Health revealed that 3 cases of the new Omicron COVID-19 variant have been registered in Lilongwe. The cases were found among samples collected between 9 November 2021 and 2 December 2021 from individuals who wanted to travel abroad (*The Nation*, 10-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 10 December 2021 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------------------|
| Exchange rates (middle rates) | | | | | | | | | | | | | | | | |
| 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 | 824.56 |
| 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 | 1,201.87 |
| 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 | 1,094.82 |
| 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 | 61.35 |
| Foreign Exchange Reserves | | | | | | | | | | | | | | | | |
| 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 | 389.26 | - |
| 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 | 404.81 | - |
| 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 | 794.07 | - |
| 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 | 1.56 | - |
| Inflation | | | | | | | | | | | | | | | | |
| 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% | - | - |
| Interest Rates | | | | | | | | | | | | | | | | |
| 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% | 12.00% |
| 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% | 11.98% |
| 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% | 12.20% |
| Government Securities' Yields | | | | | | | | | | | | | | | | |
| 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% | 9.69% |
| 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% | 13.00% |
| 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% | 14.33% |
| 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% | 16.67% |
| 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% | 19.12% |
| 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% | 20.95% |
| 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% | 20.94% |
| 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% | 22.50% |
| Stock Market Indices | | | | | | | | | | | | | | | | |
| 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 | 43,242.74 |
| 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 | 35,384.28 |
| 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 | 3,950.65 |

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