



# Malawi Financial Market Update

Week ending 24 December 2021



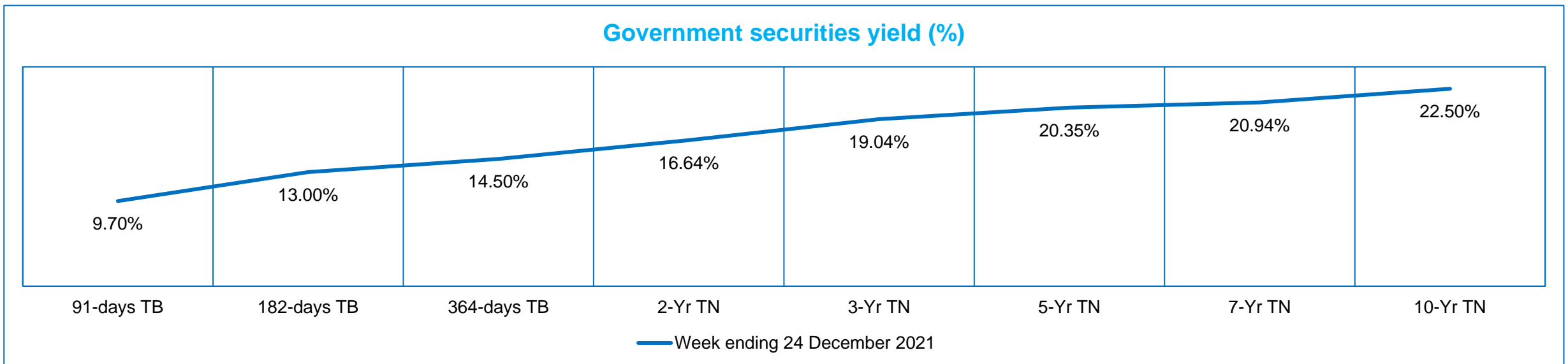
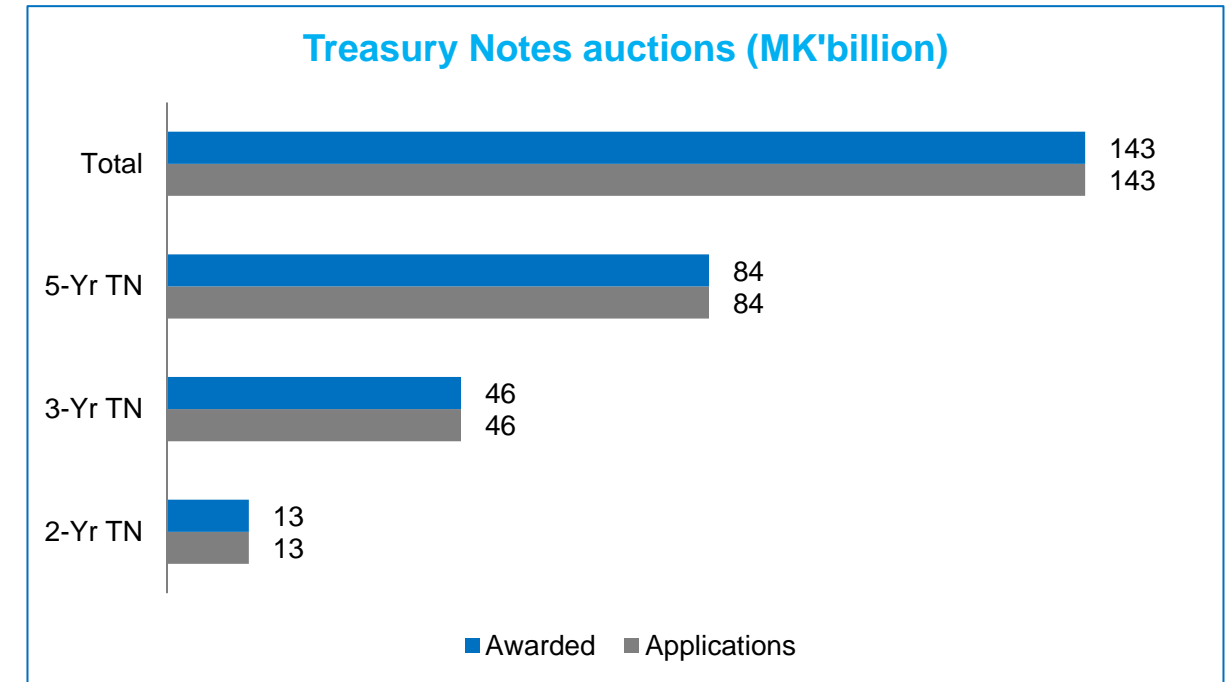
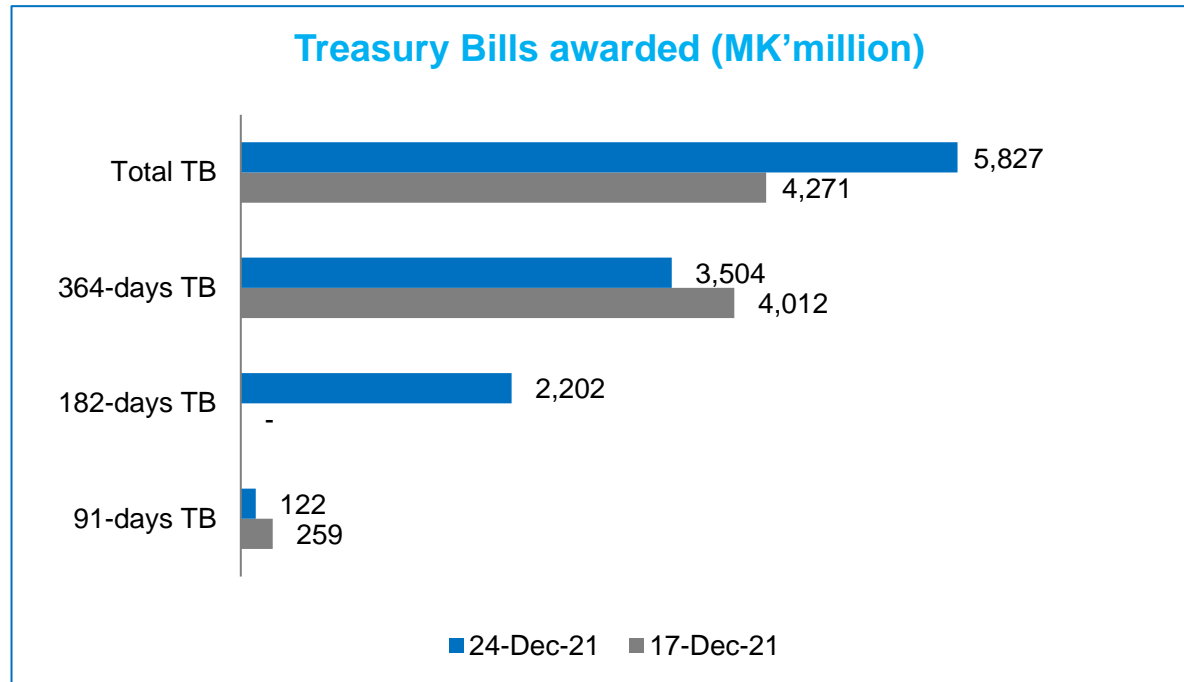
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## Government securities (Source: RBM)

A total of MK148.83 billion was raised in this week's government securities auctions with MK5.83 billion raised in Treasury Bills (TBs) auctions and MK143.01 billion raised in the 2-year, 3-year and 5-year Treasury Notes (TNs) auctions.

Both the TBs and TNs auctions had nil rejection rates during the period under review.

The average TB yield maintained its position at 12.40% while the average TN yield decreased to 19.89% from 19.93%.



TB: Treasury Bill  
TN: Treasury Note

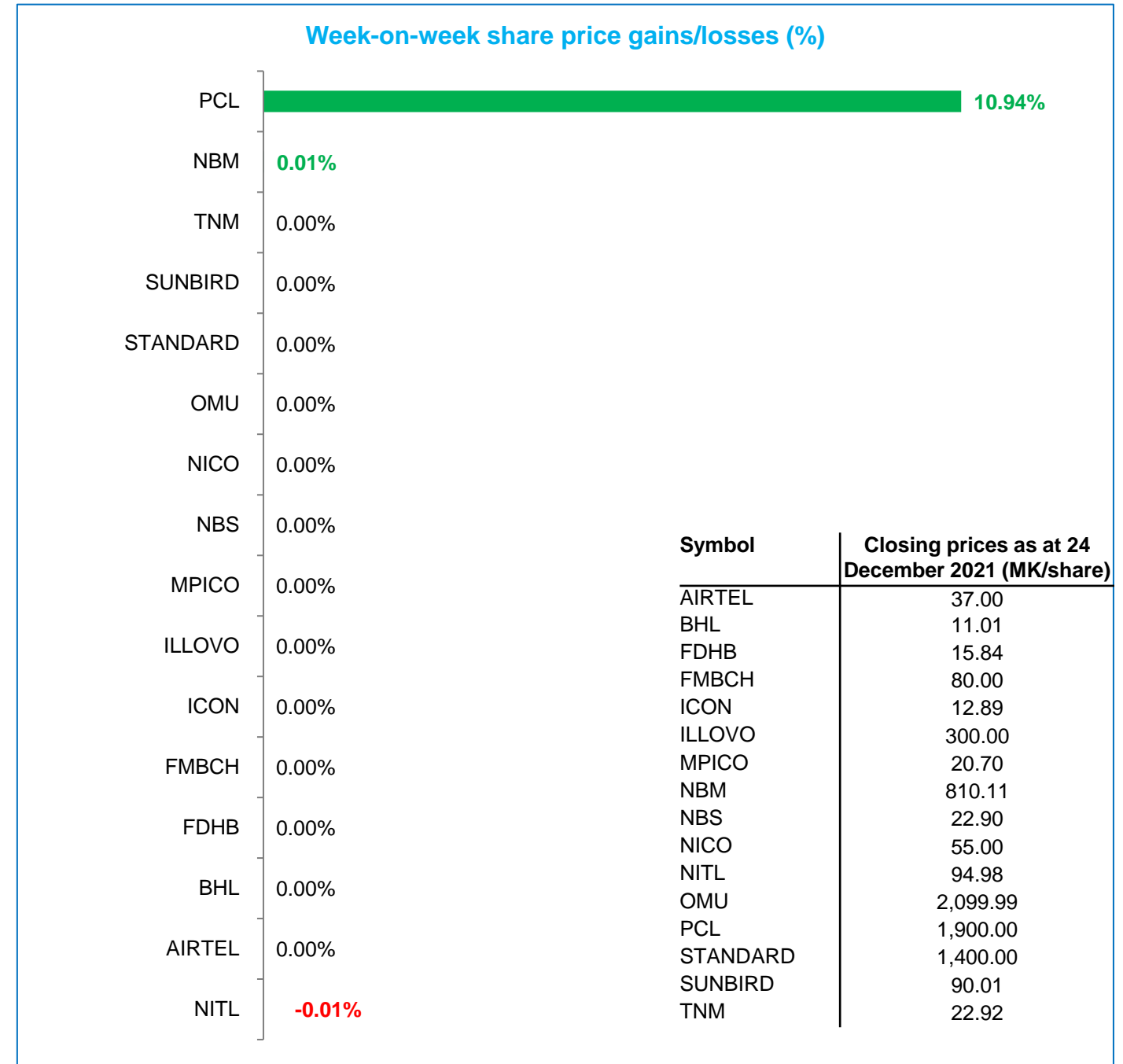
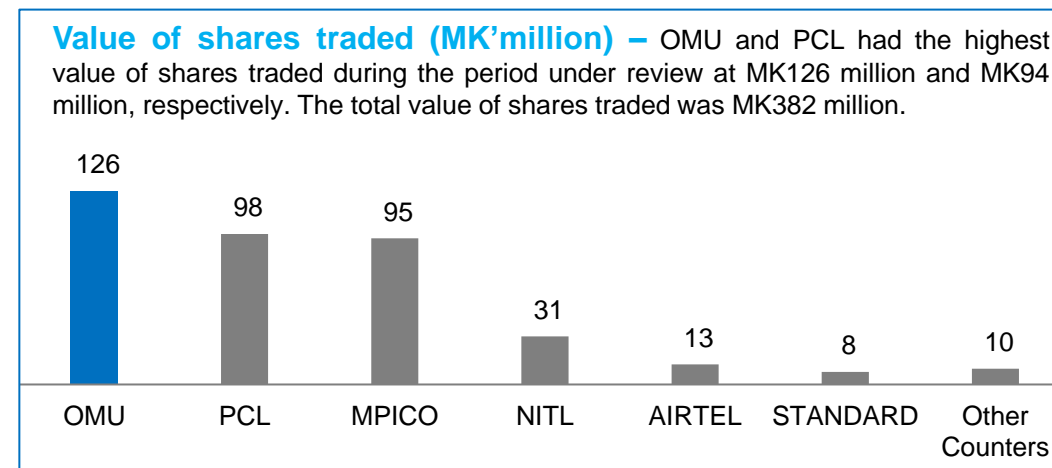
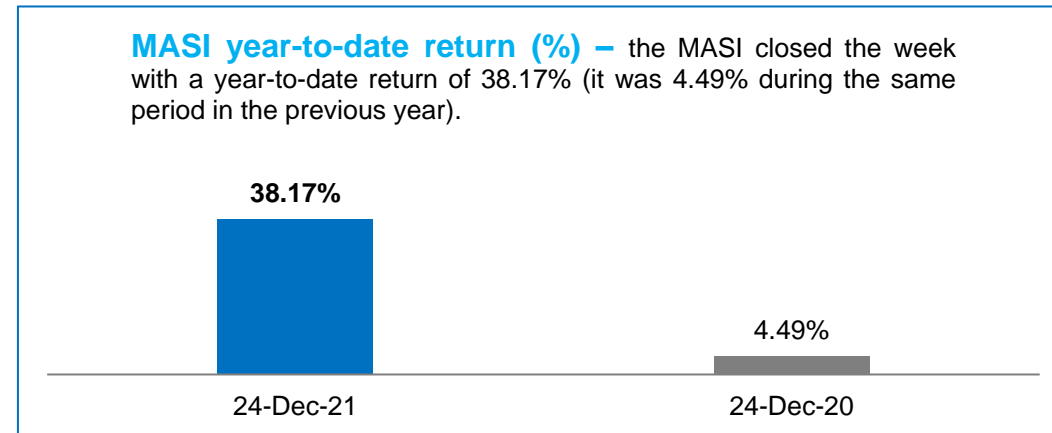
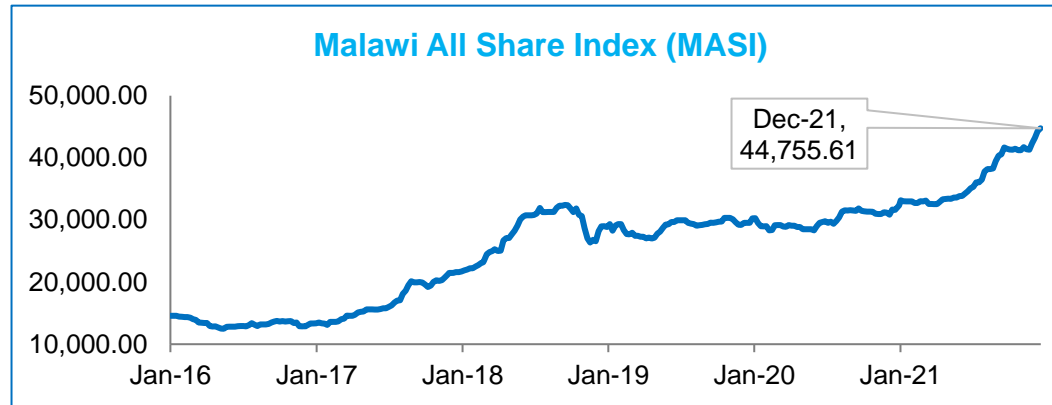


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Stock market (Source: MSE)

The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 24 December 2021 at 44,755.61 points from 44,334.15 points for the week ending 17 December 2021. Week-on-week, this represents an increase of 0.95%.

There was a share price gain for PCL as well as a marginal share price gain for NBM during the period under review. The share price gains offset a marginal share price loss for NITL during the period under review.



Symbol	Closing prices as at 24 December 2021 (MK/share)
AIRTEL	37.00
BHL	11.01
FDHB	15.84
FMBCH	80.00
ICON	12.89
ILLOVO	300.00
MPICO	20.70
NBM	810.11
NBS	22.90
NICO	55.00
NITL	94.98
OMU	2,099.99
PCL	1,900.00
STANDARD	1,400.00
SUNBIRD	90.01
TNM	22.92





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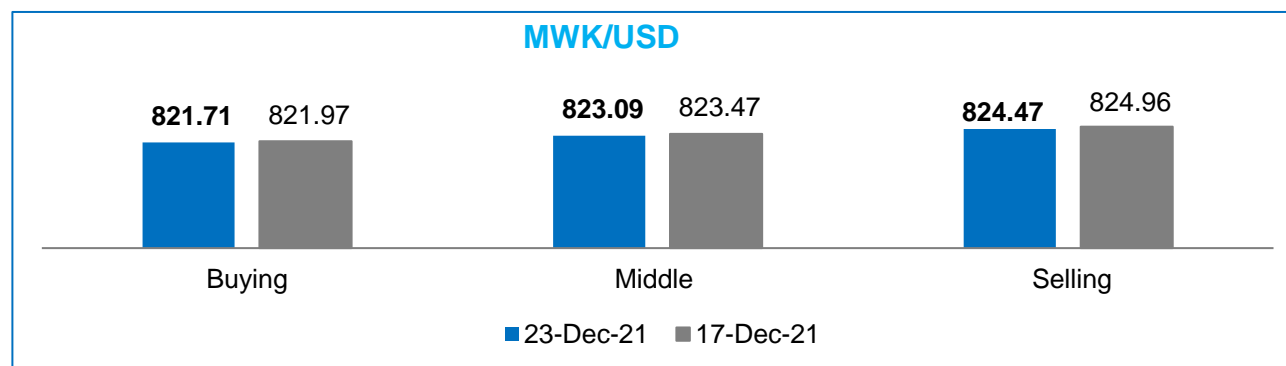
Foreign currency market and other market developments (Source: RBM)

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 5.96%.

Week-on-week, the Malawi Kwacha was relatively stable against the USD by and traded at MK823.09/USD as at 23 December 2021.

Airtel Malawi Plc expects its profit after tax for the year ended 31 December 2021 to be MK29.82 billion, an increase of 35% from a profit after tax of MK22.09 billion in the previous year.

### Foreign currency (Source: RBM)



### Corporate Announcements

#### Dividends

Counter	Dividend type	Proposed/declared	Dividend per share (MK)	Last day to register	Date of payment
Illovo	Final	Proposed	4.00	11 March 2022	31 March 2022
FDH	Second interim	Declared	0.43	31 December 2021	14 January 2022
TNM	Second interim	Declared	0.15	7 January 2022	21 January 2022

#### 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 December 2021	31 December 2020	Trading statement profit/loss expectation
Press Corporation Plc	29.8	19.9	50%
FMBCH Plc (USD'million)	29.8	21.3	40%
Sunbird Tourism Plc	0.59	(1.18)	150%
Airtel Malawi Plc	29.82	22.09	35%

USD – United States Dollar

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

### Other Company Financials

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	30 June 2021	30 June 2020	Change in Profit/Loss (%)
Lilongwe Water Board	1.16	2.50	(54%)

### What happened this week?

- The International Monetary Fund has set among conditions for a new Extended Credit Facility a special audit of Malawi's foreign exchange reserves. Other critical factors include addressing debt sustainability, commitment to a programme that restores macroeconomic stability as well as reclaiming budget from the international community (*The Nation, 22-Dec-2021*).
- The World Bank has faulted the MK142 billion Affordable Inputs Programme (AIP) for significantly contributing to Malawi's unsustainable debt, using a large amount of scarce foreign exchange and adding to current account pressures. The Bank made these observations in its recent release of the Malawi Economic Monitor: Addressing Macro and Gender Imbalances (*The Daily Times, 23-Dec-2021*).
- The President Lazarus Chakwera has unveiled a two-year COVID-19 Socio-economic Recovery Plan (SERP) that seeks to revive the country's economy through various interventions. The planned interventions will cost the country at least MK500 billion and will cover the period between 2021 and 2023 (*The Nation, 23-Dec-2021*).
- The Presidential Task force on COVID-19 has indicated that about 210,000 COVID-19 vaccine doses could expire on 31 December 2021. The development has pushed the Ministry of Health to scale up vaccine administration by introducing door-to-door vaccinations (*The Nation, 24-Dec-2021*).
- Treasury claims commercial banks in the country are shunning a government window in which they can access funds from the Reserve Bank of Malawi amounting to \$65 million and lend to small and medium enterprises (SMEs) at an affordable rate of not more than 10%. Government secured the funds from World Bank and are meant to be channeled through commercial banks to SMEs (*The Daily Times, 24-Dec-2021*).
- The Ministry of Finance is talking with some of Malawi's traditional development partners for a possible resumption of direct budget support which was suspended in 2013. Earlier this week, the International Monetary Fund (IMF) said that Malawi still requires direct budget support to contain the fiscal pressure the country has been facing in the past years (*The Daily Times, 24-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 24 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>823.09</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>1,207.75</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>1,109.49</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>60.32</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	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	-
<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%	11.1%	-
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%	12.8%	-
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%	9.5%	-
<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>9.70%</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>13.00%</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>14.50%</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>19.04%</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>20.35%</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>44,755.61</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>36,517.07</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>4,223.15</b>

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