



Malawi Financial Market Update

Week ending 31 December 2021



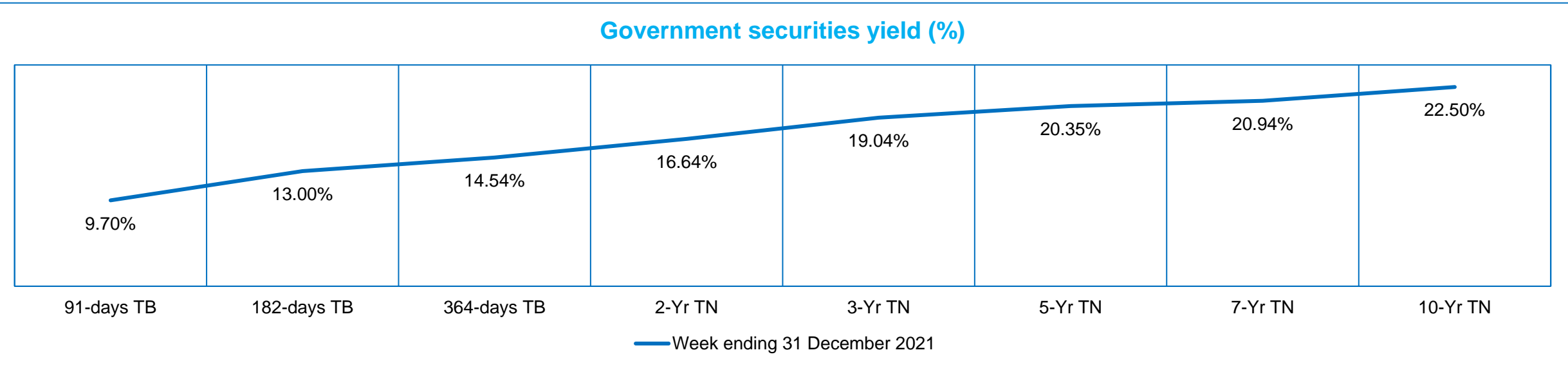
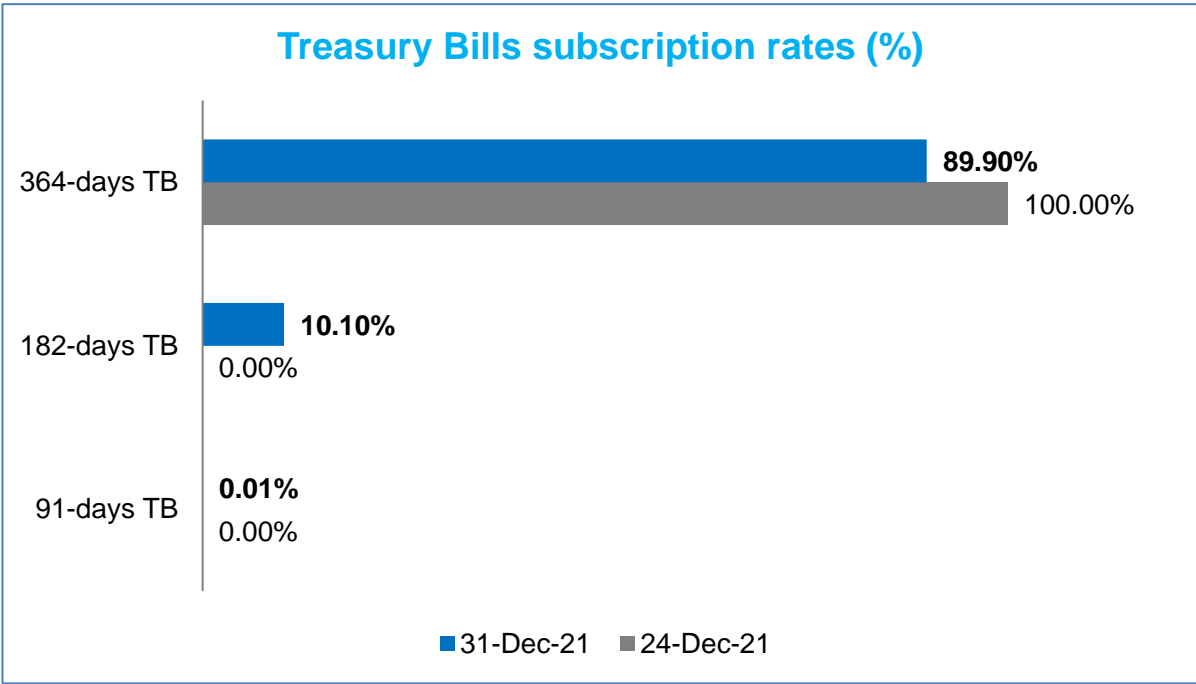
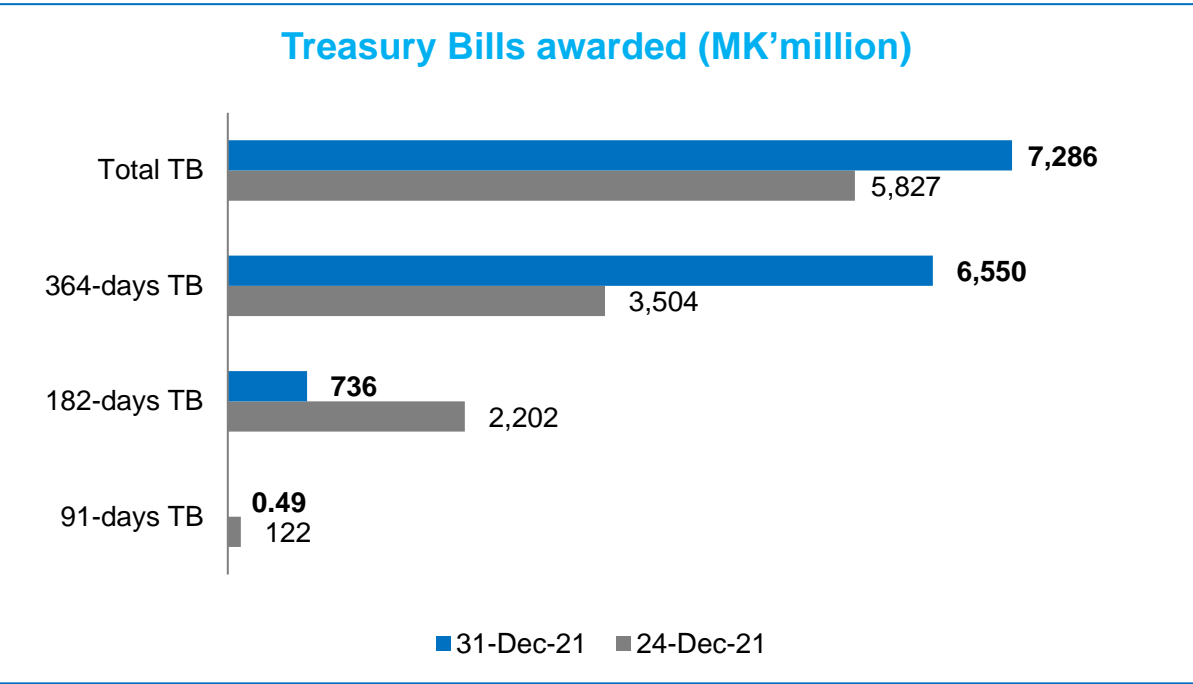
Government securities (Source: RBM)

A total of MK7.29 billion was raised in 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 89.90% during the period under review.

The average TB yield marginally increased to 12.41% from 12.40% during the period under review.



TB: Treasury Bill
TN: Treasury Note

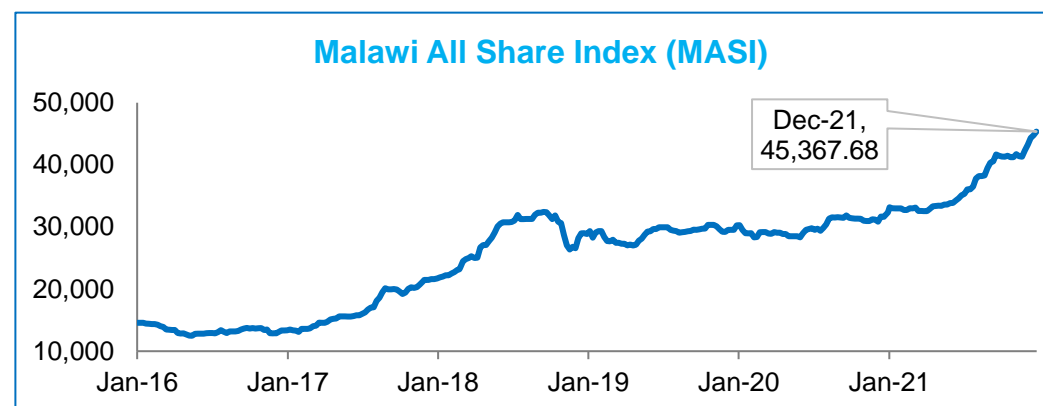


Financial Market Update: Week ending 31 December 2021

Stock market (Source: MSE)

The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 31 December 2021 at 45,367.68 points from 44,755.61 points for the week ending 24 December 2021. Week-on-week, this represents an increase of 1.37%.

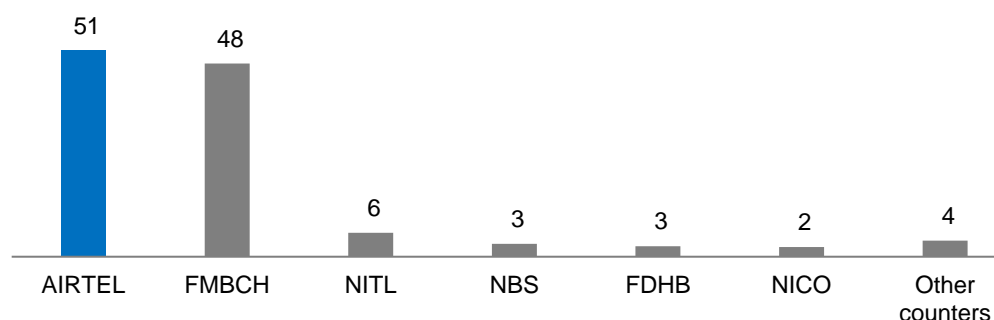
There was a share price gain for AIRTEL as well as a marginal share price gain for NBM during the period under review. The share price gains offset a marginal share price loss for FDH Bank during the period under review.



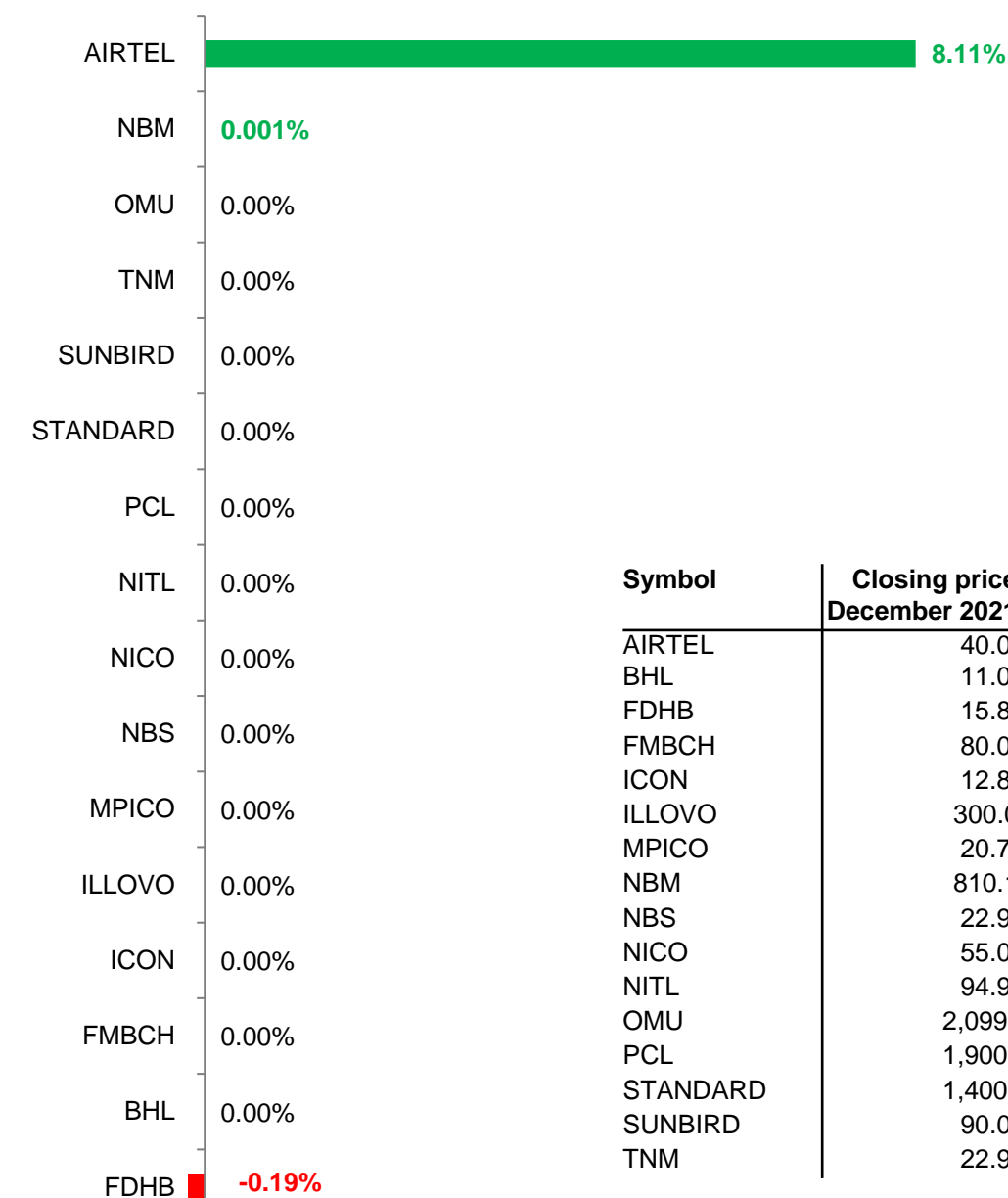
MASI year-to-date return (%) – the MASI closed the week with a year-to-date return of 40.05% (it was 7.08% during the same period in the previous year).



Value of shares traded (MK'million) – AIRTEL and FMBCH had the highest value of shares traded during the period under review at MK51 million and MK48 million, respectively. The total value of shares traded was MK116 million.



Week-on-week share price gains/losses (%)



Symbol	Closing prices as at 31 December 2021 (MK/share)
AIRTEL	40.00
BHL	11.01
FDHB	15.81
FMBCH	80.00
ICON	12.89
ILLOVO	300.00
MPICO	20.70
NBM	810.12
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



Financial Market Update: Week ending 31 December 2021

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

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 5.85%.

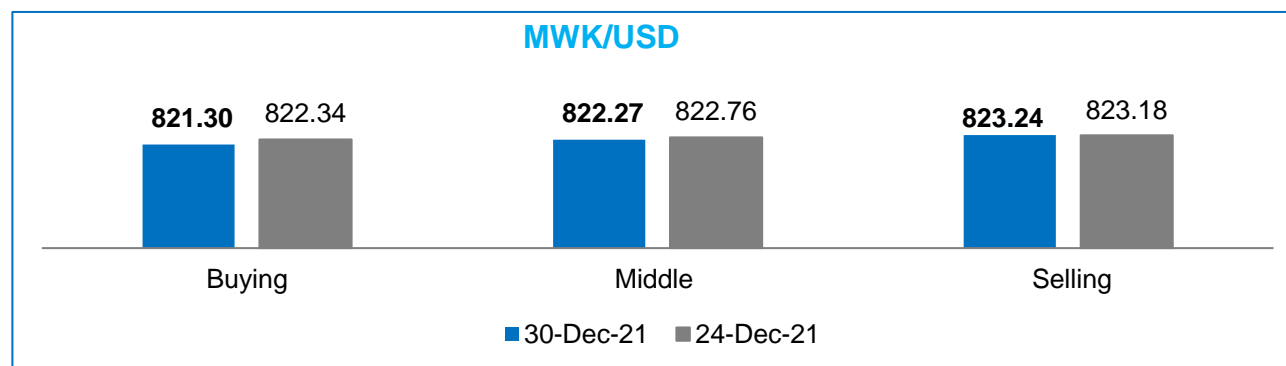
Week-on-week, the Malawi Kwacha was relatively stable against the USD by and traded at MK822.27/USD as at 30 December 2021.

TNM expects its profit after tax for the year ended 31 December 2021 to be MK9.28 billion, an increase of 20% from a profit after tax of MK7.73 billion in the previous year.

NBM expects its profit after tax for the year ended 31 December 2021 to be MK29.19 billion, an increase of 30% from a profit after tax of MK22.45 billion in the previous year.

NITL expects its profit after tax for the year ended 31 December 2021 to be MK4.44 billion, an increase of 200% from a profit after tax of MK1.48 billion in the previous year.

Foreign currency (Source: RBM)



Corporate Announcements

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%
MPICO plc	6.08	4.34	40%
BHL plc	(0.87)	(0.45)	(93%)
TNM plc	9.28	7.73	20%
NBM plc	29.19	22.45	30%
NITL plc	4.44	1.48	200%

USD – United States Dollar

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

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

What happened this week?

- The Economic Association of Malawi (ECAMA) has advised the Reserve Bank of Malawi (RBM) to manage expectations on inflation which could rise as the central bank releases the new MK5,000 bank note into circulation in February. ECAMA argued that when the issuance of higher denomination notes is interpreted by the public as an over issue of currency, inflation expectations are elevated and could push prices up. ECAMA further indicated that scientific studies have found a causal relationship from inflation to higher banknotes and not vice versa, stressing the need for the RBM to properly educate the masses on the rationale of the issuance (*The Nation*, 31-Dec-2021).
- The Presidential Task Force on COVID-19 has indicated that from 1 January 2022, the country will begin administering the Pfizer COVID-19 vaccine to individuals aged between 12 to 17 years. The vaccine has been proven to be safe for young people and is much safer for young people within the cited age range. The Taskforce encouraged parents and individuals in the age range to take advantage of the opportunity as schools are to reopen soon (*The Nation*, 31-Dec-2021).
- The Ministry of Energy has stated that the much-awaited free electricity connection will commence in 2022 as guidelines to operationalize the project are already in place. For Malawi, the project will be one of the most expensive social programmes as it foregoes revenue collection by connecting electricity for free (*The Nation*, 31-Dec-2021).
- Fuel stocks in the country are on the decline and there is the risk of fuel pumps running dry if foreign exchange availability does not improve. The Petroleum Importers Limited (PIL) confirmed of the foreign exchange challenges and made an appeal to commercial banks to assist the consortium of private sector oil marketing companies to ensure security of supplies. PIL further indicated that the conditions could lead to fuel scarcity in the coming weeks (*The Nation*, 31-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 31 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	822.27
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	1,225.64
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	1,136.21
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	57.97
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%	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%	-
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%	9.70%
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%	14.54%
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%	16.64%
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%	19.04%
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%	20.35%
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	45,367.68
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	37,061.70
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	4,223.15

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (108), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 1 828 355

Email: info@bridgepathcapitalmw.com

Website: www.bridgepathcapitalmw.com