



Malawi Financial Market Update

Week ending 14 January 2022



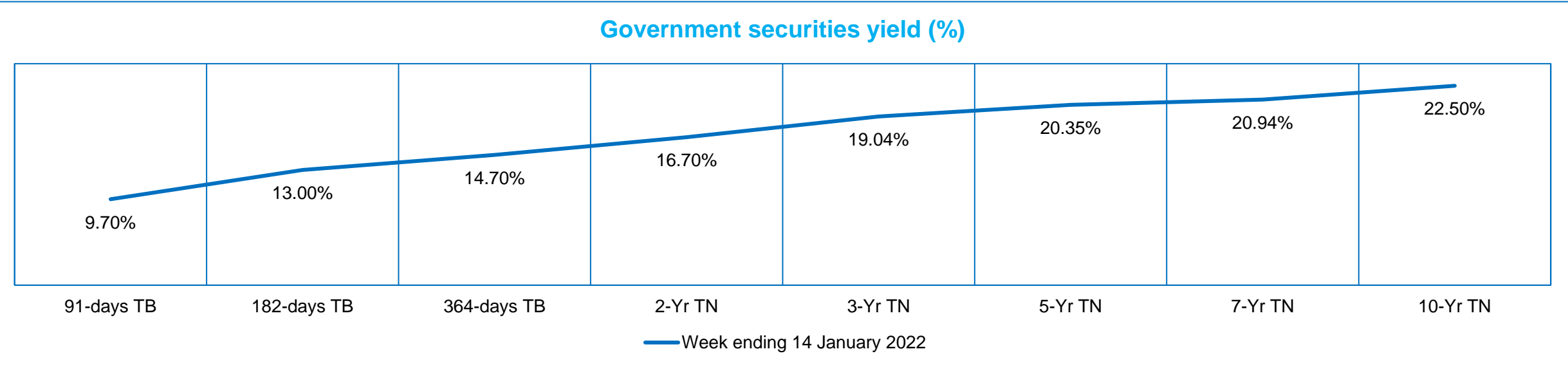
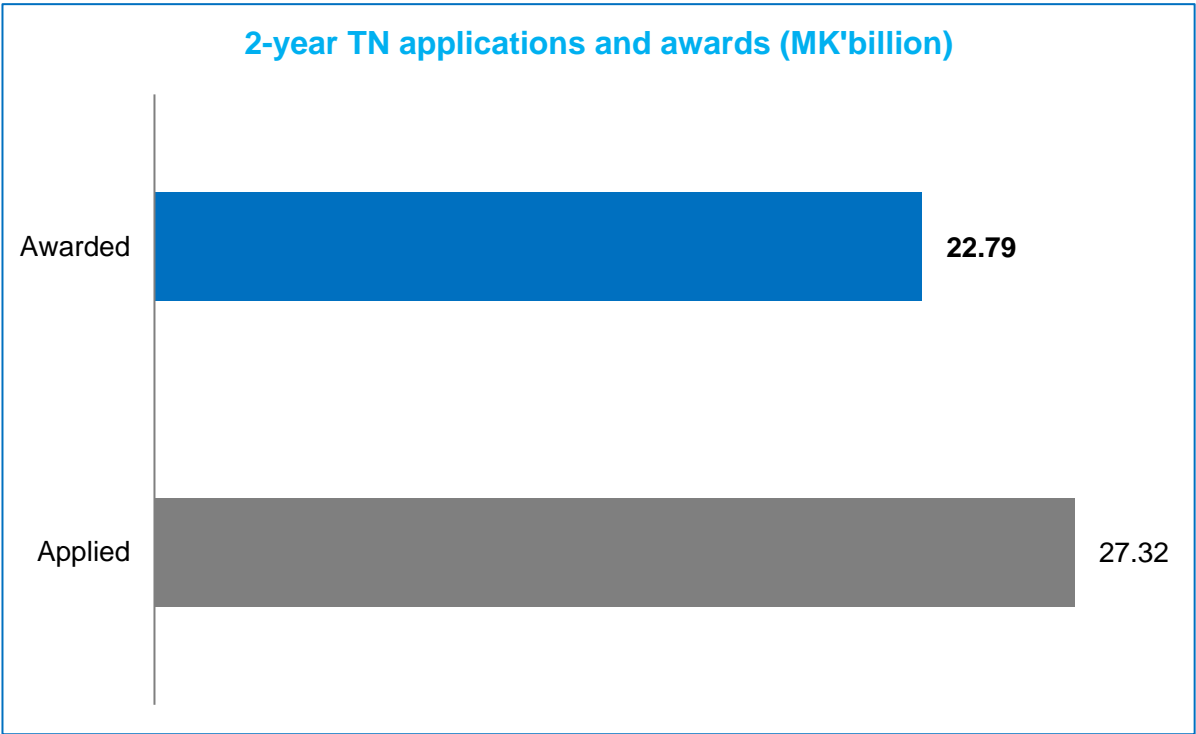
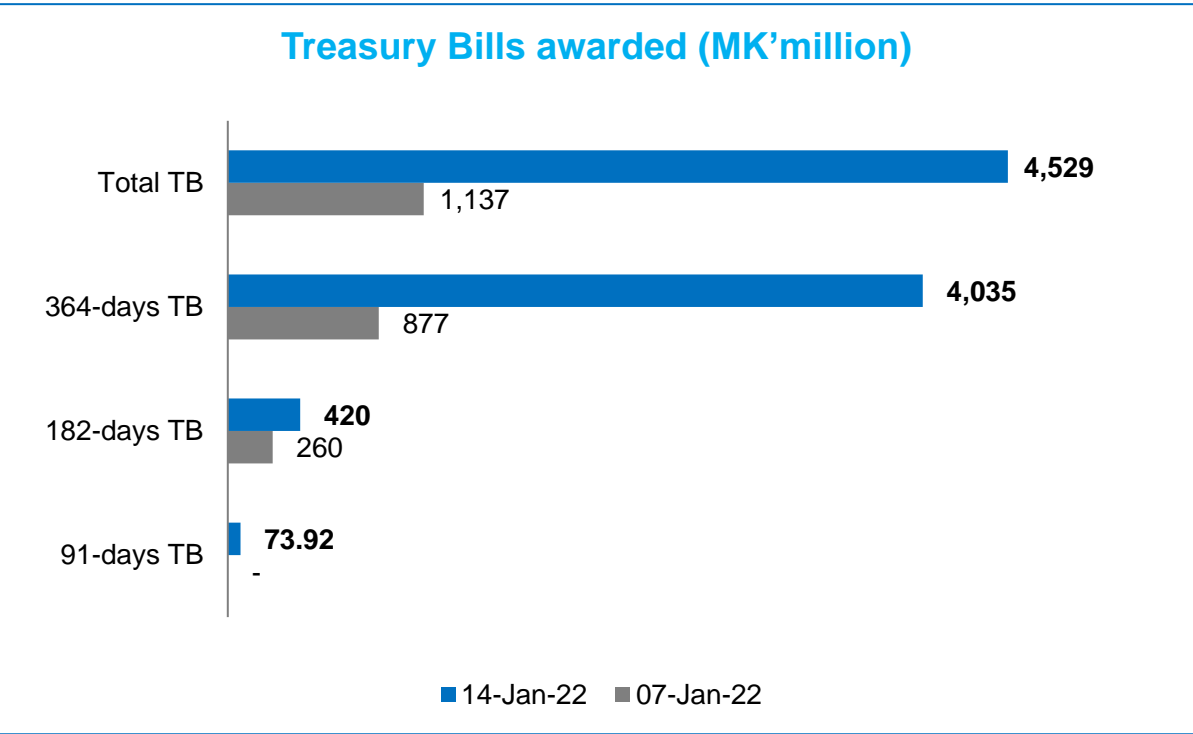
Government securities (Source: RBM)

A total of MK27.32 billion was awarded in this week's auctions of Treasury Bills (TBs) and 2-year Treasury Note (TN).

MK4.53 billion and MK22.79 billion was awarded in the TBs and 2-year TN auctions, respectively.

The TBs auctions had nil rejections while the 2-year TN auction had a rejection rate of 16.58%.

The average TB yield marginally increased to 12.47% from 12.45%. The average TN yield marginally increased to 19.91% from 19.90%.



TB: Treasury Bill
TN: Treasury Note

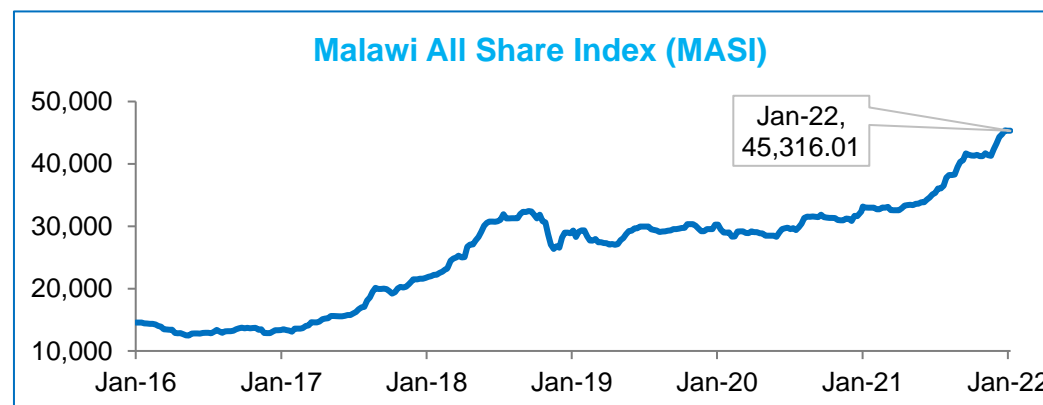


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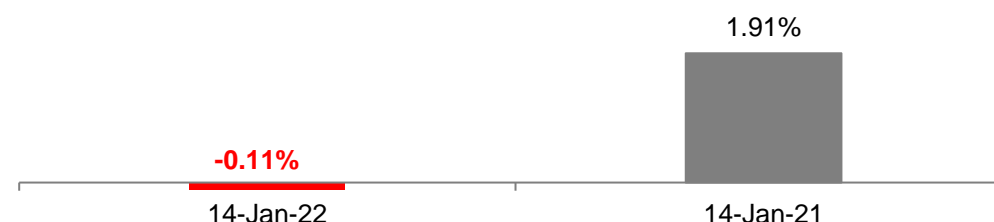
Stock market (Source: MSE)

The stock market was bearish over the period with the Malawi All Share Index (MASI) closing the week ending 14 January 2022 at 45,316.01 points from 45,329.76 points for the week ending 7 January 2022. Week-on-week, this represents a decrease of 0.03%.

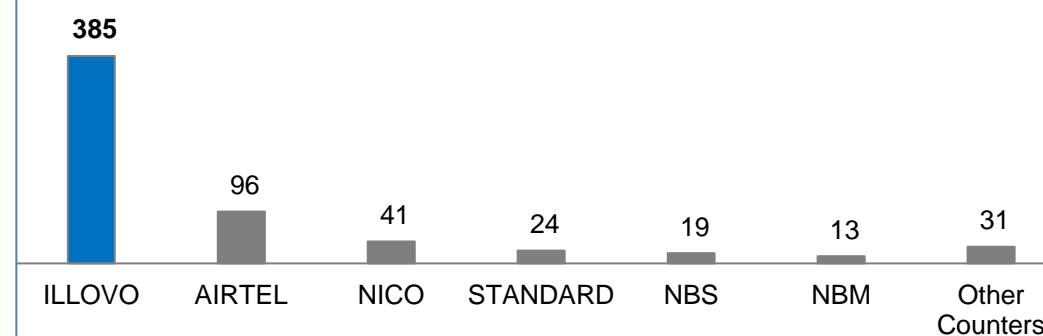
There were marginal share price losses for ICON, TNM, NBS, FDH Bank, FMBCH and ILLOVO during the period under review. The share price losses offset marginal share price gains for AIRTEL and SUNBIRD during the period under review.



MASI year-to-date return (%) – the MASI closed the week with a year-to-date return of negative 0.11% (it was 1.91% during the same period in the previous year).



Value of shares traded (MK'million) – ILLOVO had the highest value of shares traded during the period under review at MK385 million. The total value of shares traded was MK609 million.



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

AIRTEL	0.02%
SUNBIRD	0.01%
BHL	0.00%
MPICO	0.00%
NBM	0.000%
NICO	0.00%
NITL	0.00%
OMU	0.00%
PCL	0.00%
STANDARD	0.00%
ILLOVO	-0.003%
FMBCH	-0.02%
FDHB	-0.06%
NBS	-0.09%
TNM	-0.17%
ICON	-0.31%

Symbol	Closing prices as at 14 January 2022 (MK/share)
AIRTEL	40.01
BHL	11.01
FDHB	15.80
FMBCH	79.98
ICON	12.85
ILLOVO	299.99
MPICO	20.70
NBM	810.12
NBS	22.88
NICO	55.00
NITL	94.98
OMU	1,785.00
PCL	1,900.00
STANDARD	1,400.02
SUNBIRD	90.02
TNM	22.86



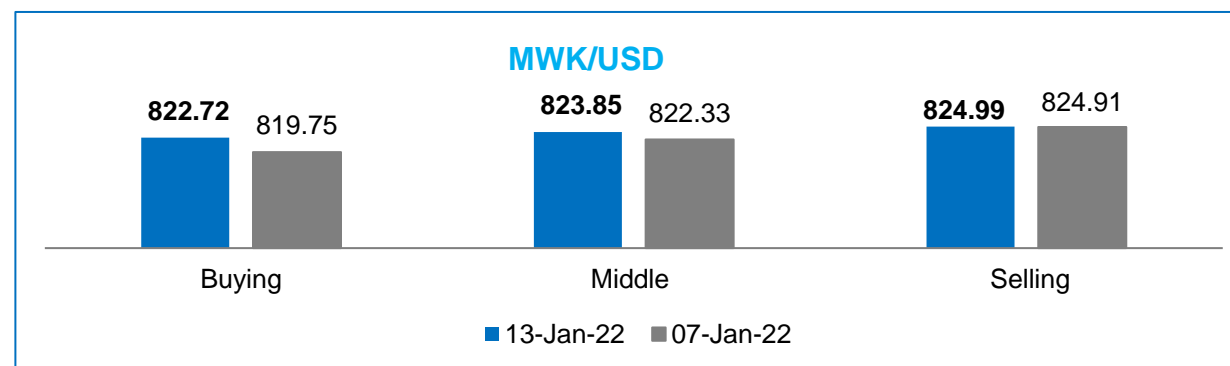
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Foreign currency market and other market developments (Source: RBM)

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 0.55%.

Week-on-week, the Malawi Kwacha marginally depreciated against the USD by 0.19% and traded at MK823.85/USD as at 13 January 2022 from MK822.33/USD as at 7 January 2022.

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
TNM	Second interim	Declared	0.15	7 January 2022	21 January 2022

What happened this week?

- The European Union (EU) has committed €352 million (MK352 billion) in support of Malawi for the next three years. For the period 2021-2024 the EU would like to reinforce bilateral cooperation in three main priority areas of: green and resilient economic transformation; democratic and economic governance and human development; and social inclusion. The EU has indicated that the funds have been committed under its 2021-27 Multi-Annual Indicative Programme (MIP) for Malawi (*The Daily Times*, 11-Jan-2022).
- Malawi Energy Regulatory Authority (MERA) has indicated that it is monitoring the global trends in oil prices, considering that the impact of the global development on local pump prices will be assessed to determine if it is significant enough to warrant price revision. MERA expressed this in response to a 17.3% increase in global oil prices, currently at USD81/barrel (about MK66,339/barrel) from an average of about USD69/barrel (about MK56,511/barrel) in November 2021 (*The Nation*, 11-Jan-2022).
- The government started applying reduced fees at the Chingeni Toll Plaza in Ntcheu district on 12 January 2022. The revised fees require minibuses to be paying MK2,000, a decrease from MK3,500; buses are required to be paying MK5,000 from MK8,500; and ordinary vehicles are required to be paying MK1,200 from MK1,700. The development is estimated to reduce projected revenue by MK1.5 billion per year (*The Daily Times*, 12-Jan-2022).
- The Centre for Social Concern (CfSC) has reiterated the need for the government of Malawi to consider increasing the tax-free band to MK200,000 from MK100,000 as a means of countering the rising cost of living. The immediate previous revision of the tax-free band was in October 2020 during which, the government widened the tax-free band for Pay As You Earn (PAYE) to MK100,000 from MK45,000. The CfCS indicates that the successful widening of the tax-free band would result in increases in disposable income for the working class and a subsequent increase in government revenue (*The Daily Times*, 14-January-2022).



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	Dec-21	Week ending 14 January 2022
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	818.44	823.85
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	1,208.01	1,196.00
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	1,138.47	1,179.86
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	57.68	63.64
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	429.17	-
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	425.52	-
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	854.69	-
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	1.72	-
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%	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%	11.84%
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%	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%	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%	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%	14.47%	14.70%
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%	16.66%	16.70%
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%	19.05%	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%	20.54%	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%	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%	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	45,316.01
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	37,046.97
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	4,183.22

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