



Malawi Financial Market Update

Week ending 7 January 2022

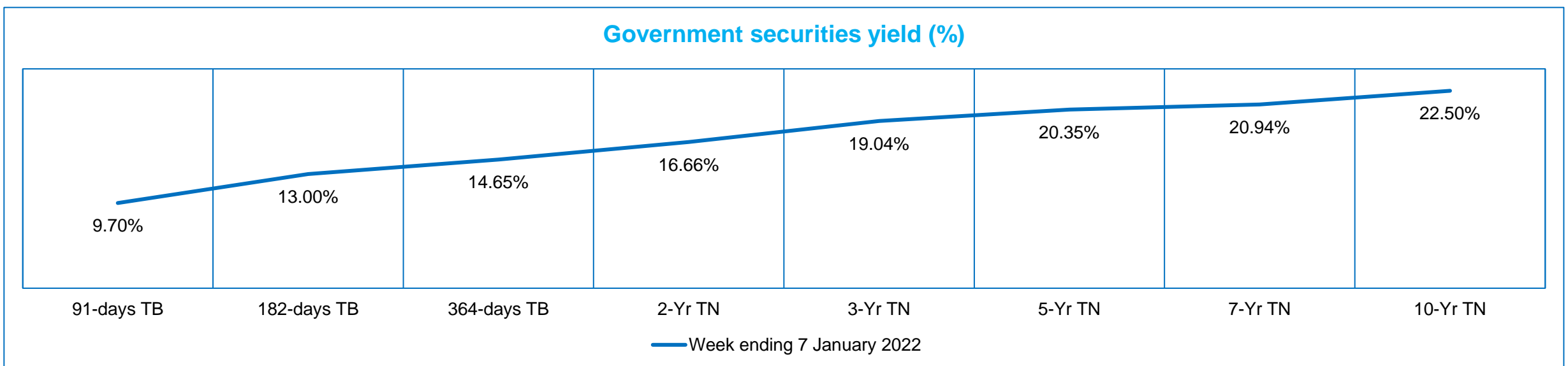
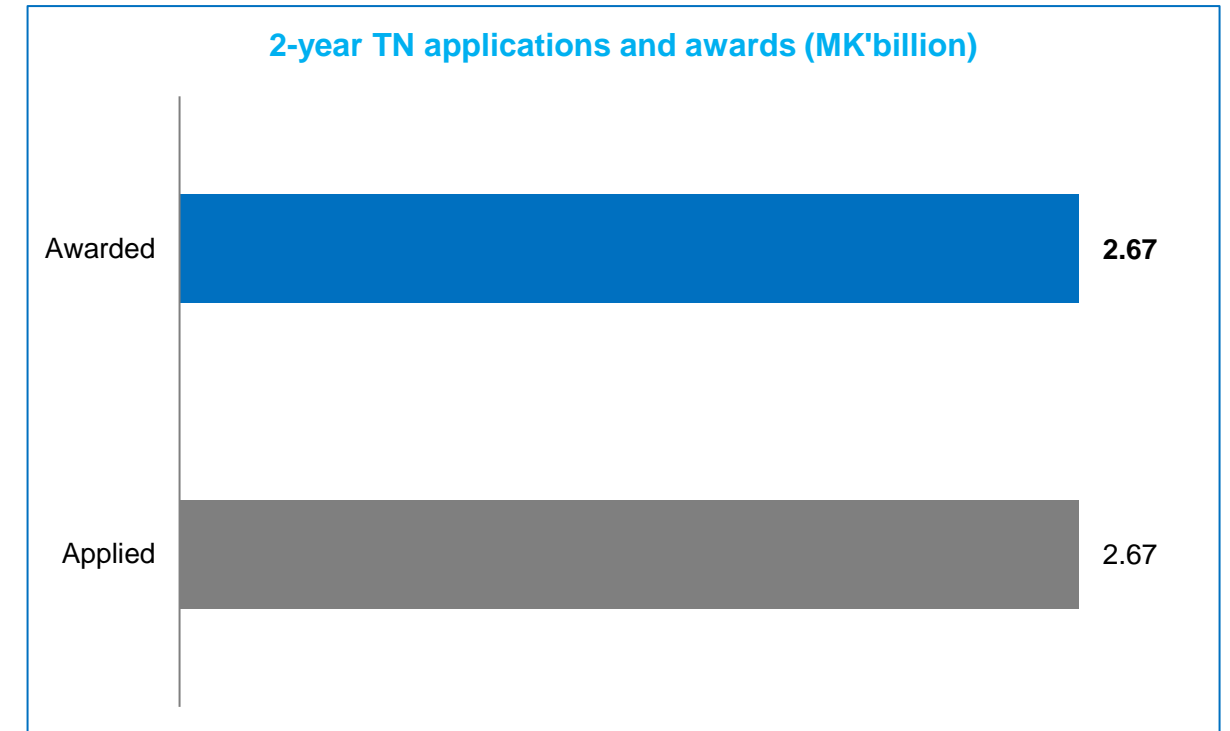
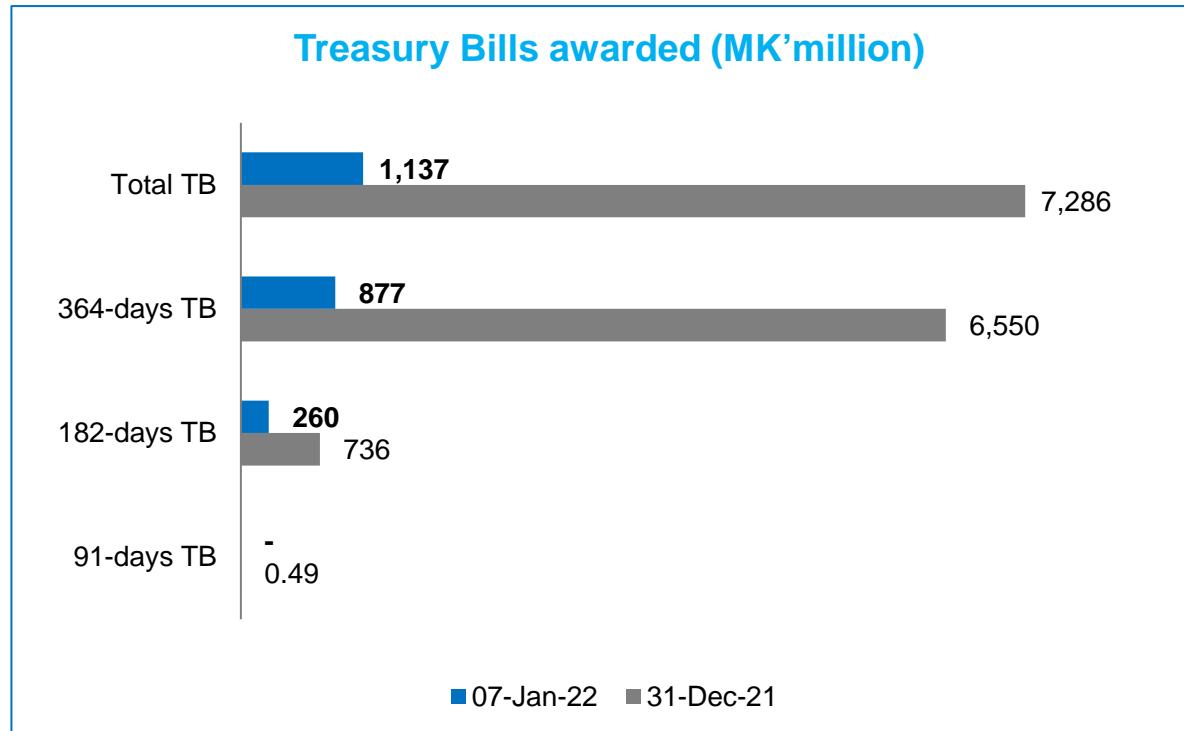


Government securities (Source: RBM)

A total of MK3.81 billion was raised in this week's auctions of Treasury Bills (TBs) and Treasury Notes (TNs).

MK1.14 billion and MK2.67 billion were raised in this week's auctions of TBs and TNs, respectively. Both auctions had nil rejections.

The average TB yield increased to 12.45% from 12.41% and the average TN yield increased to 19.90% from 19.89% during the period under review.



TB: Treasury Bill
TN: Treasury Note

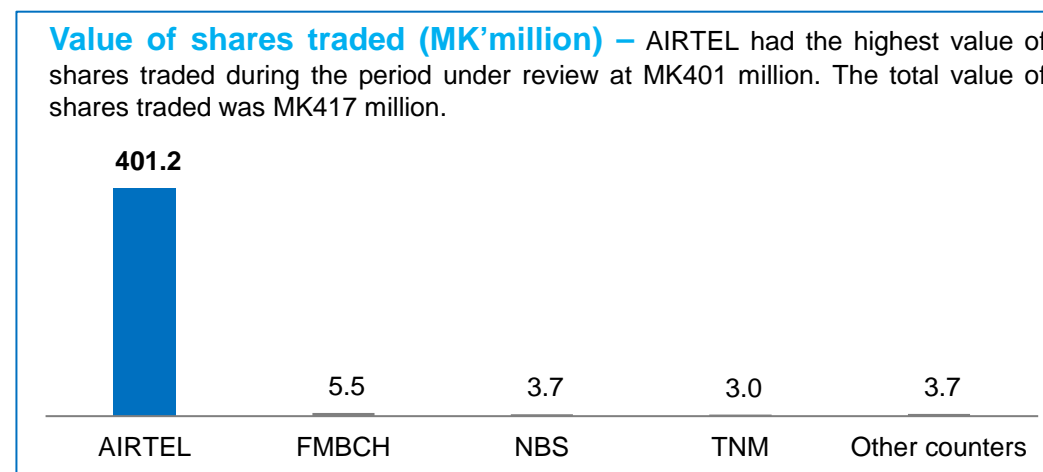
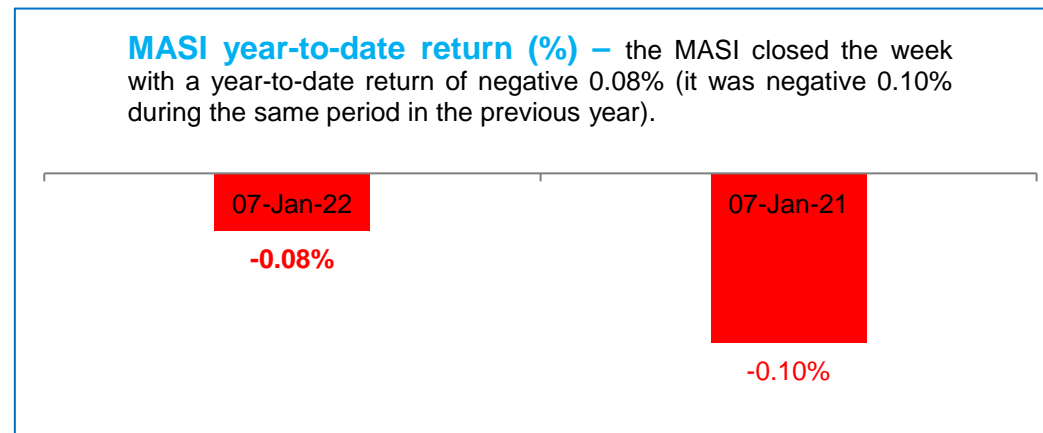
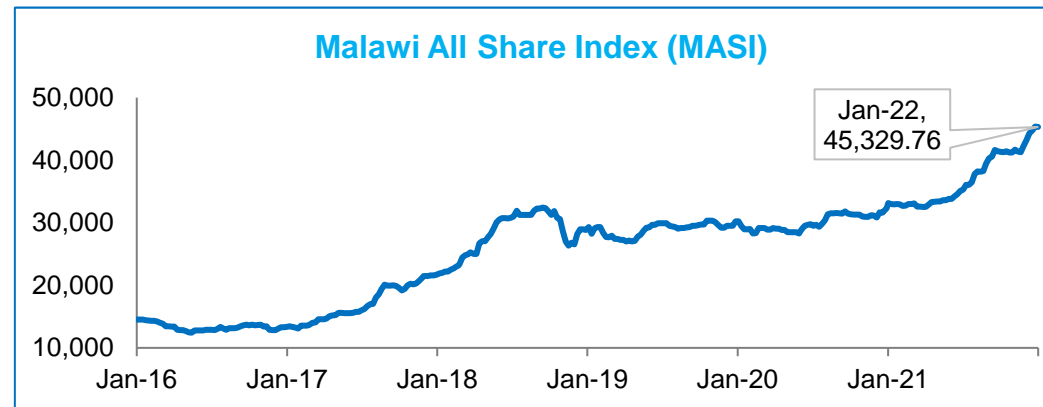


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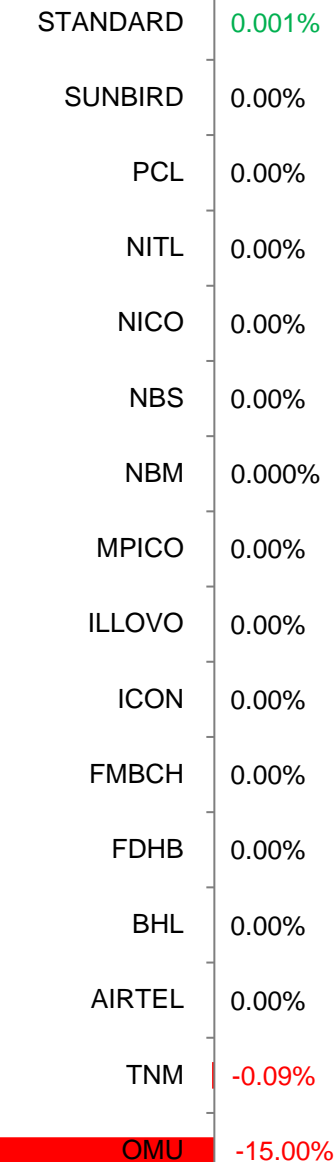
Stock market (Source: MSE)

The stock market was bearish over the period with the Malawi All Share Index (MASI) closing the week ending 7 January 2022 at 45,329.76 points from 45,367.68 points for the week ending 31 December 2021. Week-on-week, this represents a decrease of 0.08%.

There was a share price loss for OMU and a marginal share price loss for TNM during the period under review. The share price losses offset a marginal share price gain for Standard Bank during the period under review.



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



Symbol	Closing prices as at 7 January 2022 (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	1,785.00
PCL	1,900.00
STANDARD	1,400.02
SUNBIRD	90.01
TNM	22.90

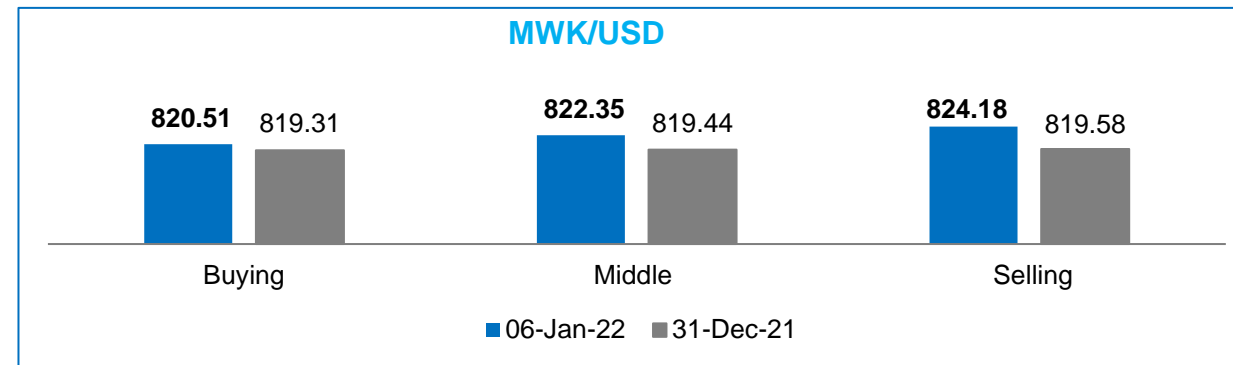


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Foreign currency market and other market developments (Source: RBM)

Week-on-week, the Malawi Kwacha marginally depreciated against the USD by 0.37% and traded at MK822.35/USD as at 6 January 2022 from MK819.44 as at 31 December 2021.

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 International Monetary Fund (IMF) has indicated that allowing for greater flexibility in the exchange rate, containing external imbalances and rebuilding reserves are critical in reducing Malawi's vulnerabilities to external shocks. The observation comes at a time when the exchange rate has been relatively stable around MK825/USD despite declines in the foreign exchange reserves (*The Daily Times, 3-Jan-2022*).
- There are calls for the government to consider suspending the issuance of maize export licenses to traders. This follows the government's decision to open a window for export of 500,000 metric tonnes of maize grain in December 2021. The calls to suspend the issuance are based on the fear that citizens and the economy would be left vulnerable in the event of low crop production in the current growing season (*The Daily Times, 4-Jan-2022*).
- The Ministry of Agriculture stated that it could not adjust the subsidized price of fertilizer under the Affordable Inputs Programme (AIP) beyond MK27,000. The Ministry indicated this in response to the proposal by Mwapata Institute for government to review the price in order to end an impasse with some private suppliers (*The Nation, 5-Jan-2022*).
- The Reserve Bank of Malawi (RBM) has put to rest fears that the country's foreign exchange reserves will be depleted. A weekly financial market developments report by the RBM indicated that the gross official foreign exchange reserves increased by USD5.1 million to close the week ending 24 December 2021 at USD416.9 million from USD411.8 million for the week ending 17 December 2021 (*The Daily Times, 5-Jan-2021*).
- The Southern African Development Community (SADC) has postponed an Extraordinary Summit of the bloc's heads of State to 11 January 2022 from 7 January 2022. The cancelled summit was scheduled to be held in Malawi and was set to evaluate the performance of SADC troops deployed in Mozambique on 15 July 2021 following approval by the SADC heads on 23 June 2021 (*The Nation, 7-Jan-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 7 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	822.35
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	1,231.17
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	1,098.43
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	59.78
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%	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%	14.65%
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%	16.66%
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	45,329.76
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	37,058.44
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	4,184.21

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