



Malawi Financial Market Update

Week ending 4 March 2022

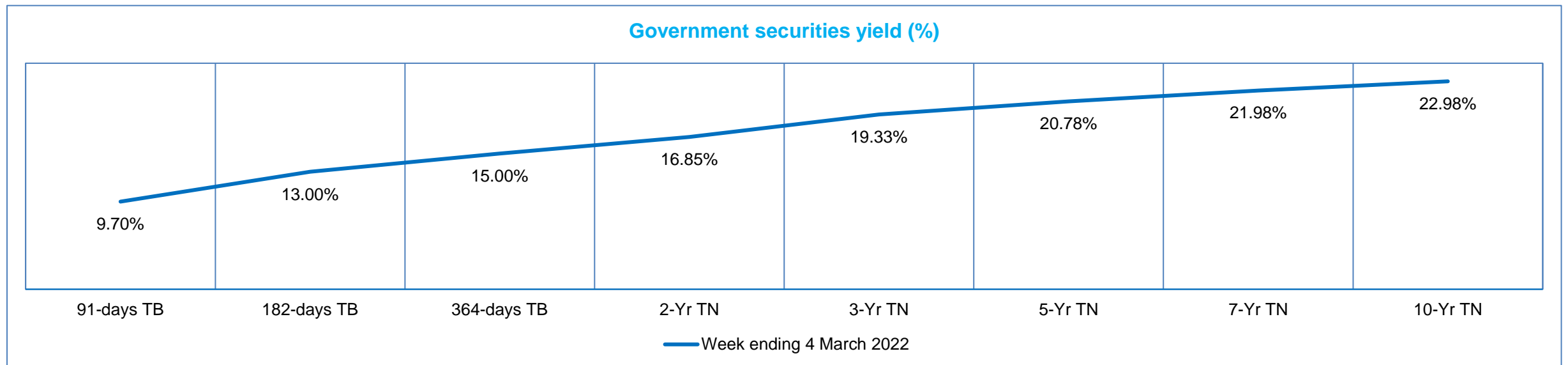
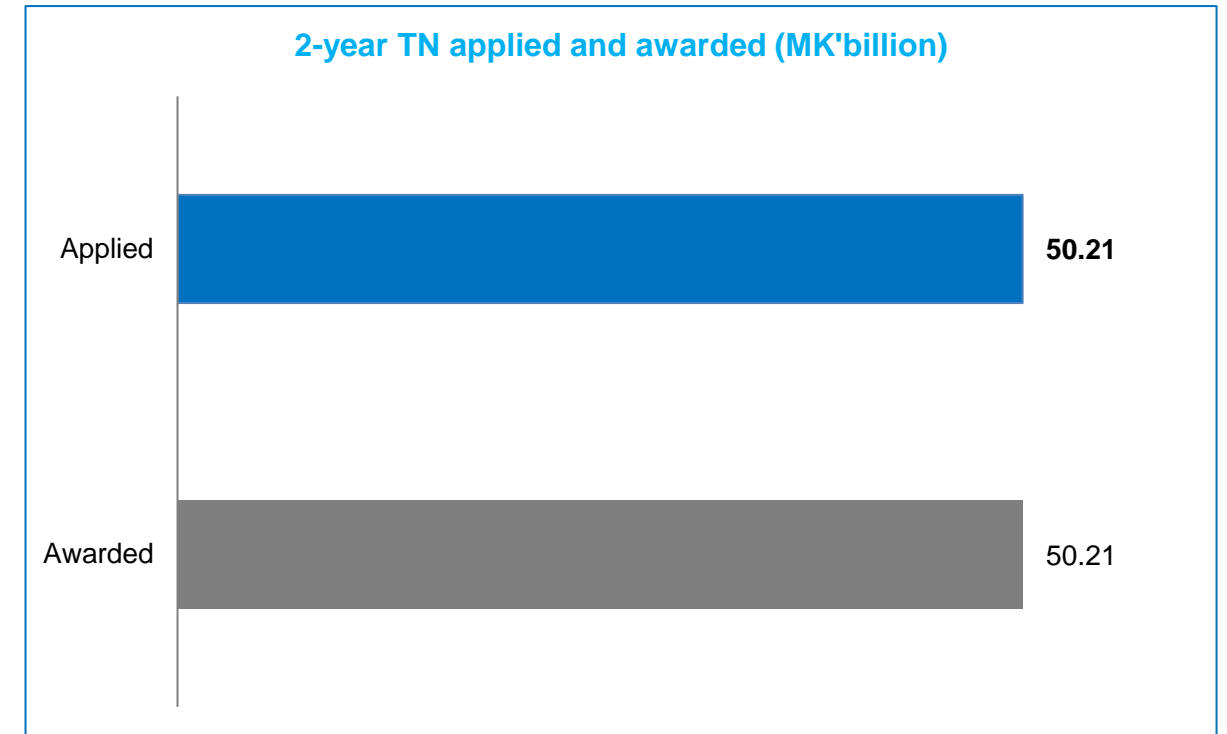
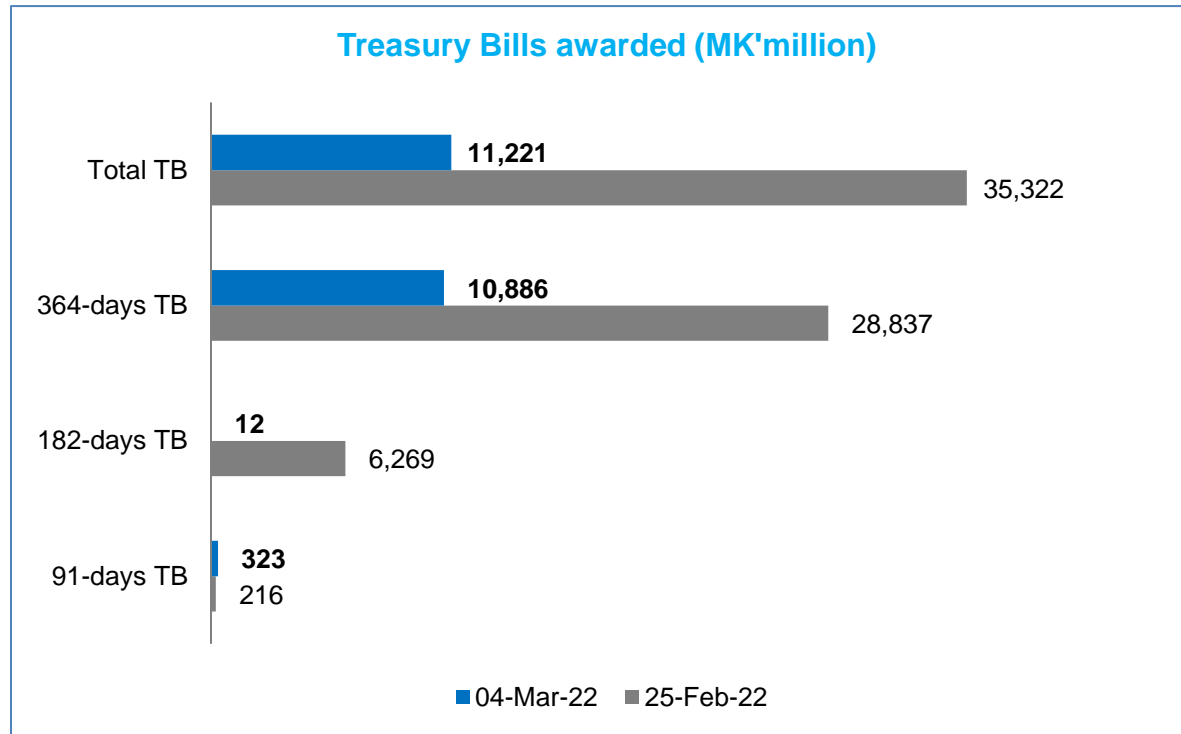


Government securities (Source: RBM)

A total of MK61.43 billion was awarded in this week's auctions of Treasury Bills (TBs) and 2-year Treasury Note (TN). The auctions had no rejections during the period under review.

MK11.22 billion and MK50.21 billion was awarded in the TBs and 2-Year TN auctions, respectively.

The average TB and average TN yields marginally increased to 12.57% from 12.49%, and to 20.38% from 20.35%, respectively.



TB: Treasury Bill
TN: Treasury Note

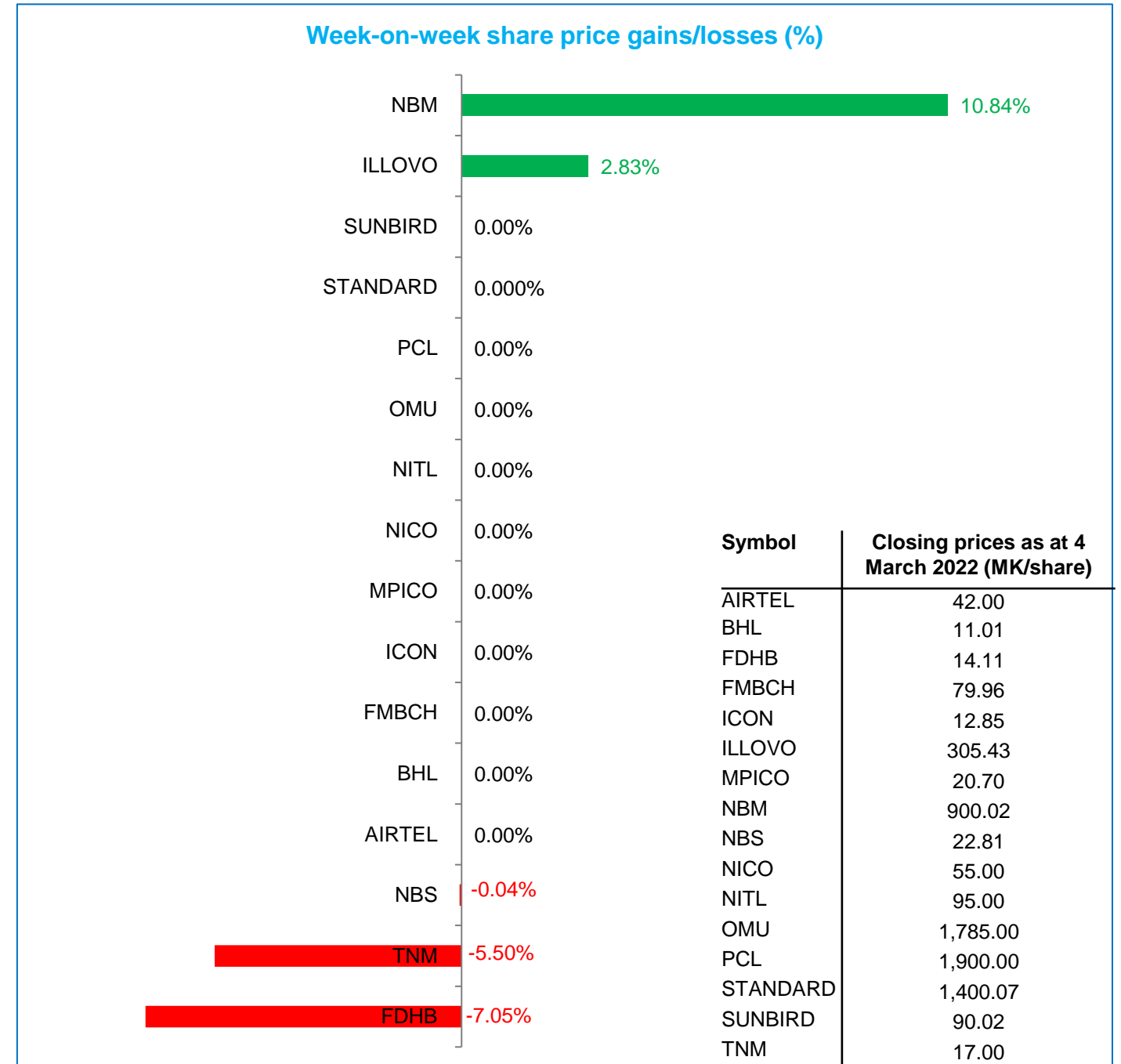
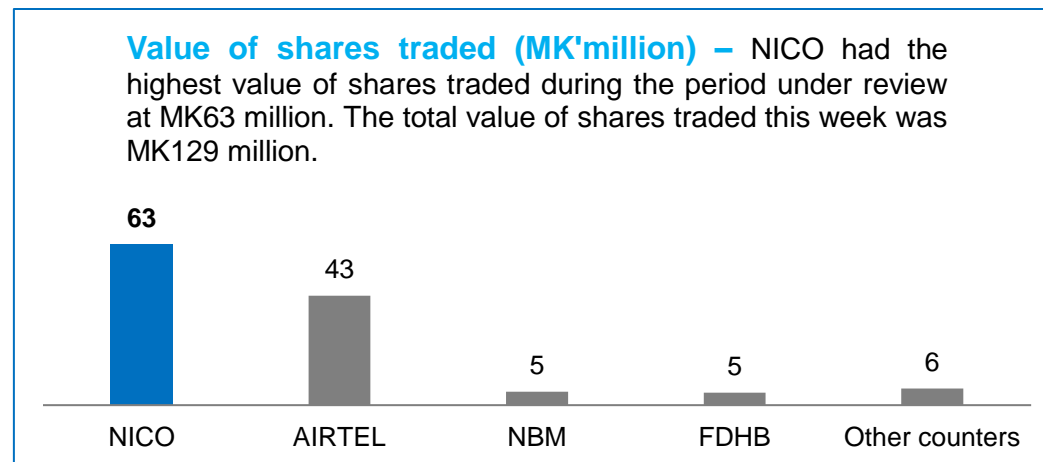
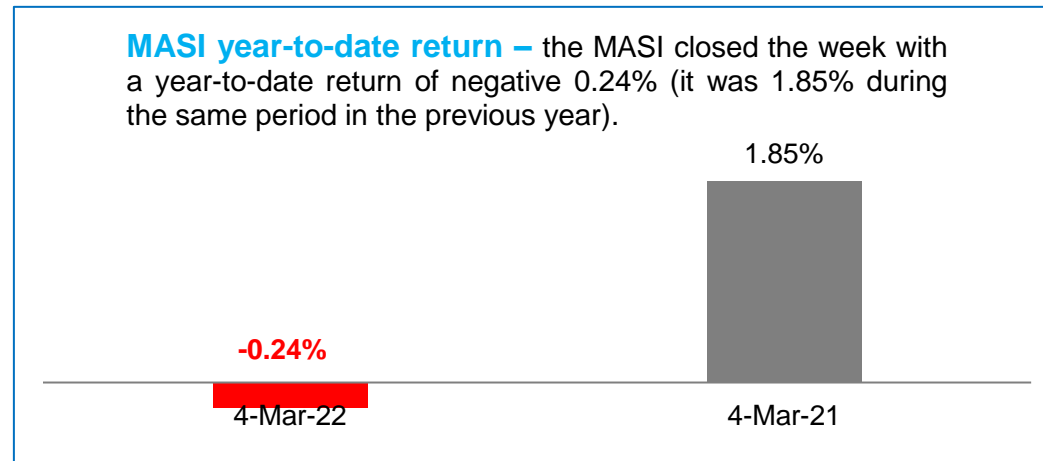
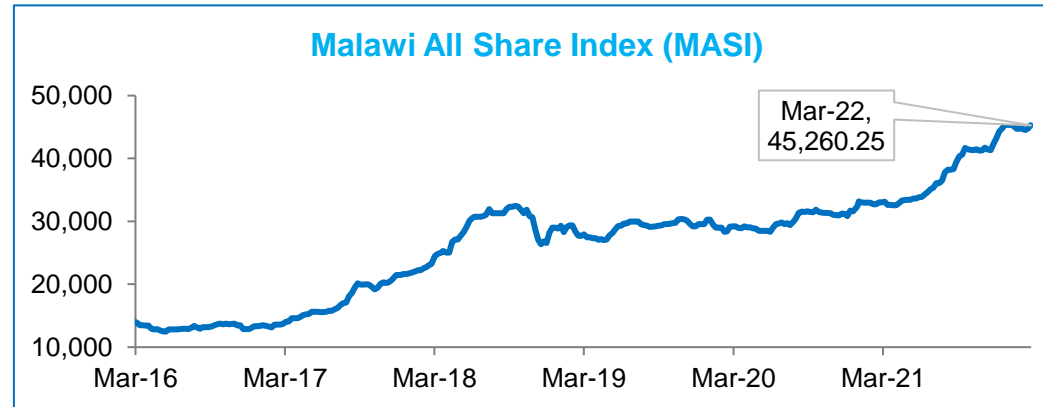


Financial Market Update: Week ending 4 March 2022

Stock market (Source: MSE)

The stock market was marginally bullish over the period with the Malawi All Share Index (MASI) closing the week ending 4 March 2022 at 45,260.25 points from 44,705.26 points for the week ending 25 February 2022. Week-on-week, this represents an increase of 1.24%.

There were share price gains for NBM and ILLOVO during the period under review. The share price gains offset share price losses for FDH Bank and TNM, as well as a marginal share price loss for NBS during the period under review.



| Symbol | Closing prices as at 4 March 2022 (MK/share) |
|----------|--|
| AIRTEL | 42.00 |
| BHL | 11.01 |
| FDHB | 14.11 |
| FMBCH | 79.96 |
| ICON | 12.85 |
| ILLOVO | 305.43 |
| MPICO | 20.70 |
| NBM | 900.02 |
| NBS | 22.81 |
| NICO | 55.00 |
| NITL | 95.00 |
| OMU | 1,785.00 |
| PCL | 1,900.00 |
| STANDARD | 1,400.07 |
| SUNBIRD | 90.02 |
| TNM | 17.00 |



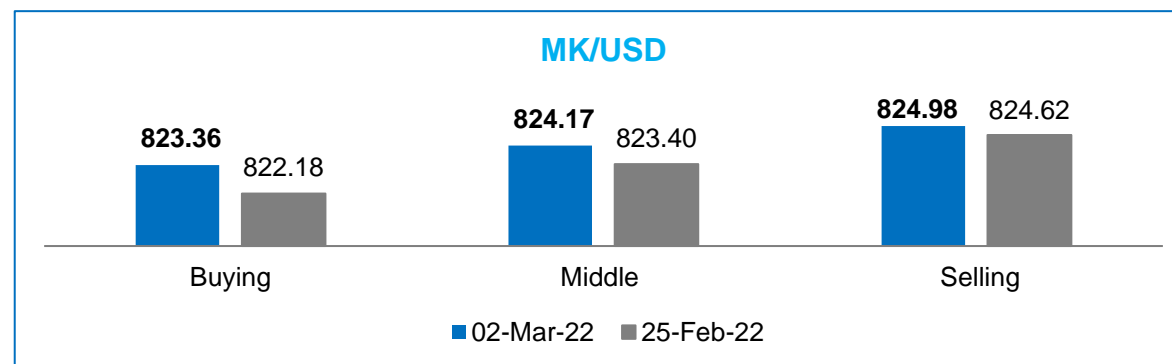
Financial Market Update: Week ending 4 March 2022

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

Year-to-date, the Malawi Kwacha has marginally depreciated against the United States Dollar by 0.59%.

Week-on-week, the Malawi Kwacha marginally depreciated against the USD by 0.09%. The Kwacha trades at MK824.17/USD as at 2 March 2022 from trading at MK823.40/USD as at 25 February 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 | Expected PAT 2021 | AFS PAT 2020 | Trading statement profit/(loss) expectation |
|-------------------------|-------------------|--------------|---|
| Press Corporation Plc | 29.8 | 19.9 | 50% |
| FMBCH Plc (USD'million) | 37.28 | 21.3 | 75% |
| 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% |
| NBS plc | 8.46 | 7.05 | 20% |

AFS – Audited Financial Statements

PAT – Profit After Tax (12 months/Full year)

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

Half year Trading Statements

The following companies wish to advise the public that their profit/loss after tax for the half 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 | Expected profit/(loss) for the half year ending 28 February 2022 | Actual profit/(loss) for the half year ended 28 February 2021 | Trading statement profit/(loss) expectation |
|---------|--|---|---|
| Illovo | 8.87 | 6.12 | 45% |

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 |
| NBM | Second interim | Declared | 15.00 | 11 March 2022 | 31 March 2022 |

What happened this week

- The Agricultural Committee of Parliament seeks to purchase fertiliser for the 2022-23 Affordable Inputs Programme (AIP) directly from Saudi Arabian manufacturers. The country will be sending a delegation to Saudi Arabia to discuss with the fertiliser manufacturers. This is in an effort to curb the supply challenges that the programme faced in the 2021-22 farming season (*The Daily Times, 1-Mar-2022*).
- The Malawian government has been engaging the International Monetary Fund (IMF) for a possible refresh of the Extended Credit Facility (ECF). The ECF has been cancelled since June 2020 and has been outstanding for close to 2 years. The IMF country representative indicated that the meetings were informal and that they were continuous engagements aimed at discussing how best to move forward in different areas of interest (*The Daily Times, 1-Mar-2022*).
- The Ministry of Finance and Economic Affairs indicated that Malawi's debt is unsustainable over the medium term with the country's risk of debt distress rating moving from moderate to high. This means that the country is unable to fulfil its financial obligations and debt restructuring (*The Nation, 2-March-2022*).
- The Ministry of Energy has indicated that it will not be renewing its contract with Aggreko Power Solutions Limited after it ends in April 2022. In 2017, the government of Malawi through the Electricity Supply Corporation of Malawi (ESCOM), leased 84 generators from Aggreko as a measure of easing electricity blackouts, despite resistance from players in the market who indicated that the deal would result in higher costs (*The Daily Times, 2-March-2022*).



Appendix: Historical Economic Indicators

| | 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 | Jan-22 | Feb-22 | Week ending 4 March 2022 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------------|
| Exchange rates (middle rates) | | | | | | | | | | | | | | | | | | |
| MK/USD | 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 | 822.81 | 822.10 | 824.17 |
| MK/GBP | 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 | 1,211.73 | 1,283.92 | 1,241.66 |
| MK/EUR | 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 | 1,072.50 | 1,170.30 | 1,199.60 |
| MK/ZAR | 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 | 61.82 | 64.84 | 64.61 |
| Foreign Exchange Reserves | | | | | | | | | | | | | | | | | | |
| Gross Official Reserves (USD'mn) | 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 | 399.98 | 385.40 | - |
| Private Sector Reserves (USD'mn) | 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 | 424.49 | 407.22 | - |
| Total reserves (USD'mn) | 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 | 824.47 | 792.62 | - |
| Gross Official Reserves Import cover (months) | 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 | 1.60 | 1.54 | - |
| Inflation | | | | | | | | | | | | | | | | | | |
| Headline | 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% | 11.5% | 12.1% | - | - |
| Food | 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% | 13.6% | 14.2% | - | - |
| Non-food | 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% | 9.5% | 9.6% | - | - |
| Interest Rates | | | | | | | | | | | | | | | | | | |
| Monetary Policy rate | 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% | 12.00% | 12.00% |
| Average Interbank rate | 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% | 11.15% | 11.70% | 11.70% |
| Average base lending rate | 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% | 12.20% | 12.20% |
| Government Securities' Yields | | | | | | | | | | | | | | | | | | |
| 91-days Treasury Bill | 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% | 9.47% | 9.70% |
| 182-days Treasury Bill | 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% | 12.99% | 13.00% |
| 364-days Treasury Bill | 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% | 15.00% | 15.00% | 15.00% |
| 2-year Treasury Note | 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% | 16.70% | 16.85% |
| 3-year Treasury Note | 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% | 19.33% | 19.33% |
| 5-year Treasury Note | 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% | 20.78% | 20.78% | 20.78% |
| 7-year Treasury Note | 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% | 21.98% | 21.98% |
| 10-year Treasury Note | 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% | 22.98% | 22.98% | 22.98% |
| Stock Market Indices | | | | | | | | | | | | | | | | | | |
| MASI | 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 | 44,501.63 | 45,472.09 | 45,260.25 |
| DSI | 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 | 36,322.34 | 37,186.63 | 36,998.14 |
| FSI | 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 | 4,182.23 | 4,182.23 |

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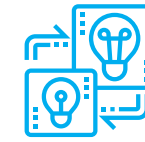
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