

Financial Market Update

| Week ending 16 July 2021



Financial market highlights for the week ending 16 July 2021

The following highlights compare the week ending 16 July 2021 to the week ending 9 July 2021:



Government securities market (Source: RBM)

- A grand total of K16.59 billion was allotted during this week's auctions of Treasury Bills (TB) and 2-year Treasury Note (TN).
- A total of K1.23 billion was allotted during this week's auctions of Treasury Bills (TB), with a nil rejection rate.
- A total of K15.36 billion was allotted during this week's auction of the 2-year Treasury Note (TN), with a rejection rate of 7.97%.
- The average All-Type TB yield increased to 12.03% from 12.02% during the period under review.



Currency market (Source: RBM)

- Based on middle rates, the Kwacha marginally depreciated against the USD by 0.25% (to K816.17/USD from K814.12/USD), the GBP by 0.30% (to K1,194.20/GBP from K1,190.63/GBP) and the EUR by 0.75% (to K1,047.13/EUR from K1,039.30/EUR) during the period under review.
- Based on the middle rates, the Kwacha appreciated against the ZAR by 1.06% (to K60.88/ZAR from K61.52/ZAR) during the period under review.



Equity market (Source: MSE)

- The stock market was bullish this week as the MASI increased to 36,064.26 points from 35,340.65 points in the period under review. This was due to share price gains for AIRTEL (to K35.75 from K32.56), ILLOVO (to K110.01 from K104.72) and Standard Bank (to K1,200.16 from K1,200.15) during the period under review. There were marginal share price losses for FDH Bank (to K15.99 from K16.00) and FMBCH (to K65.00 from K65.01) during the period under review.
- The MASI had a year-to-date return of 11.33% during the period under review. It was negative 1.80% during the same time in the previous year.



Financial market developments (Source: RBM)

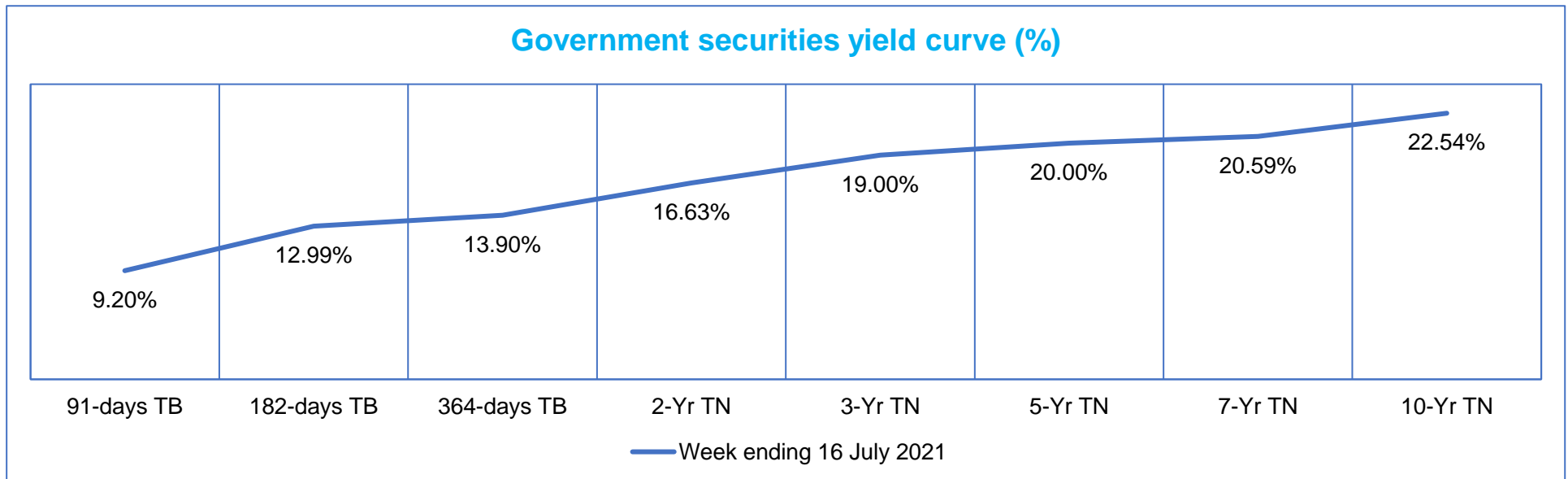
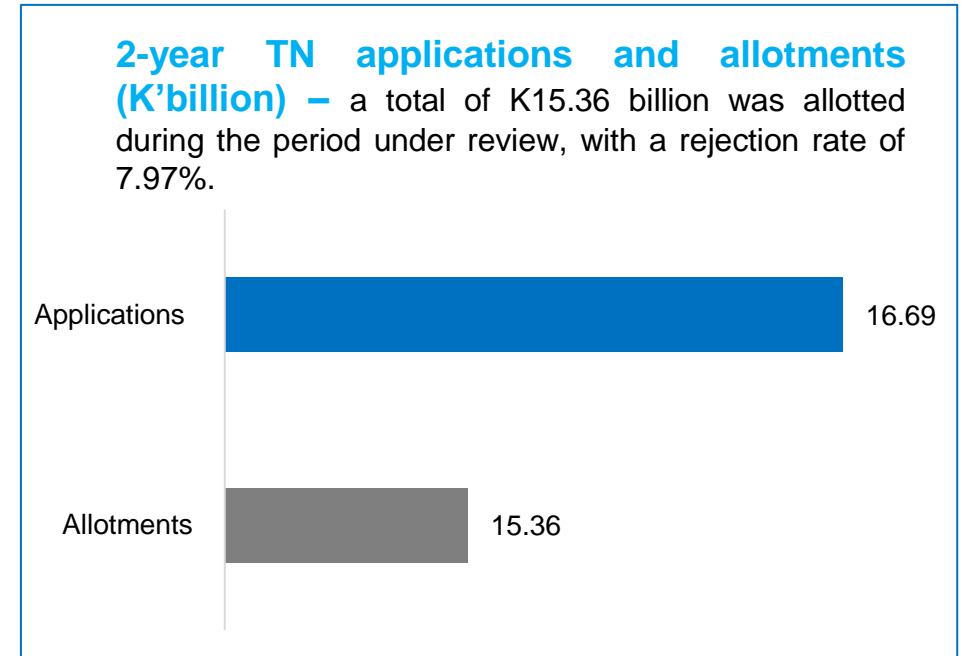
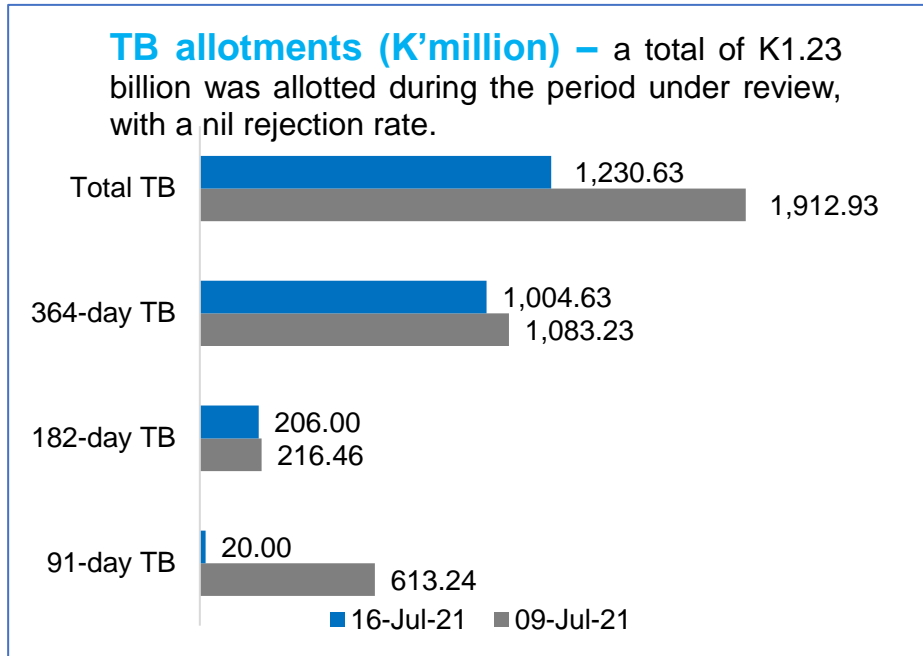
- The average overnight interbank rate increased to 11.96% from 11.95% during the period under review.
- The daily average overnight interbank borrowing increased to K11.13 billion from K7.28 billion during the period under review.
- There was a net liquidity injection of K68.02 billion this week as injections and withdrawals were K84.61 billion and K16.59 billion, respectively.



A grand total of K16.59 billion was allotted during this week's auctions of Treasury Bills (TB) and 2-year Treasury Note (TN).

The average All-Type TB yield increased to 12.03% from 12.02% during the period under review.

Government securities (Source: RBM)

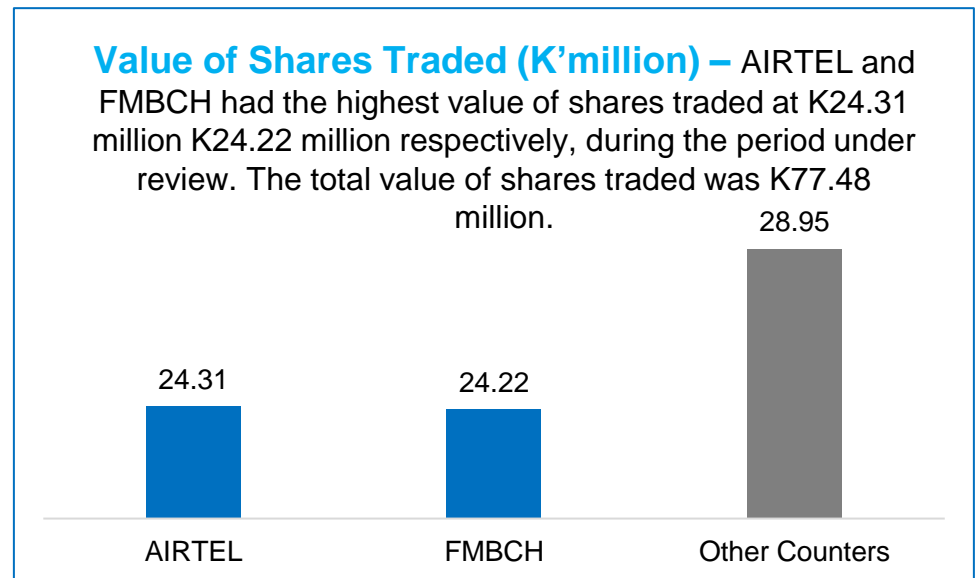
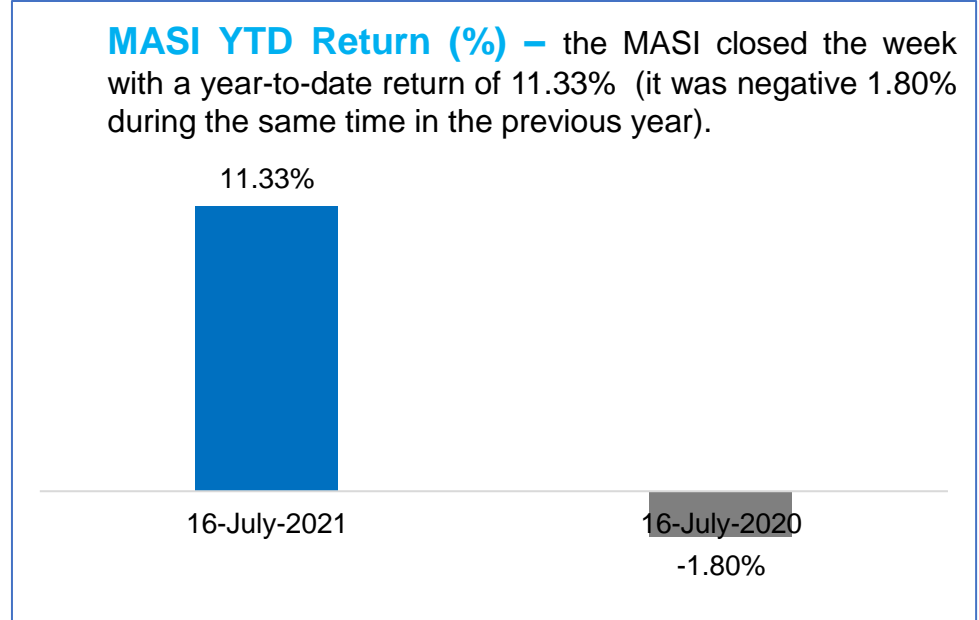
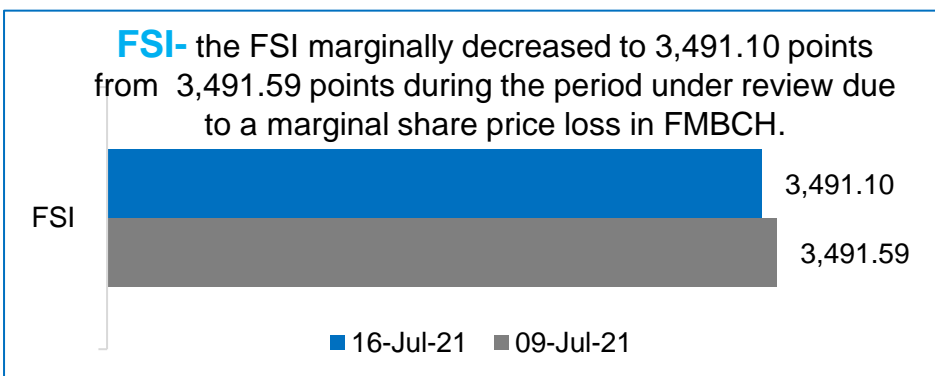
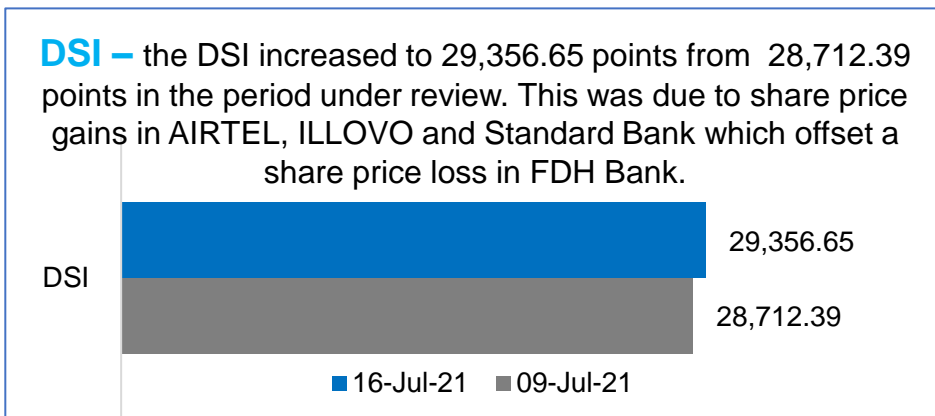
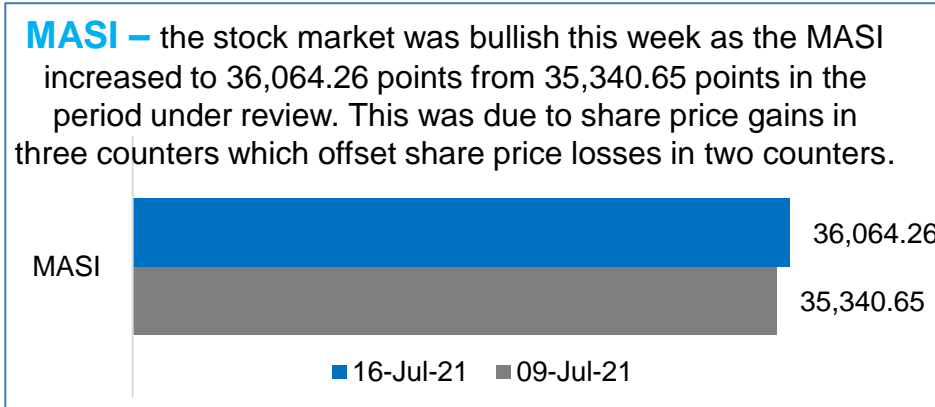


TB - Treasury Bill
TN - Treasury Note



Equity market (Source: MSE)

The stock market was bullish this week as the MASI increased to 36,064.26 points from 35,340.65 points in the period under review. Year-to-date, the MASI return is 11.33%.

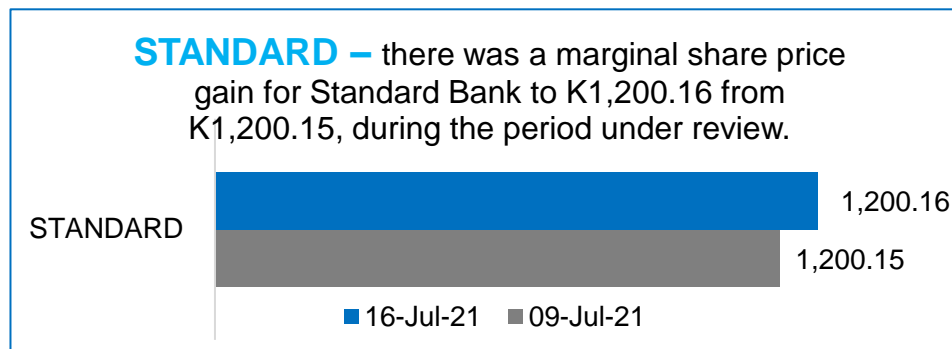
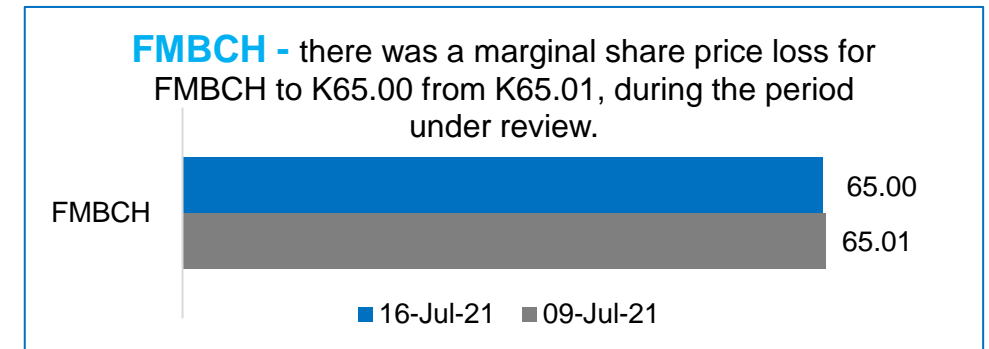
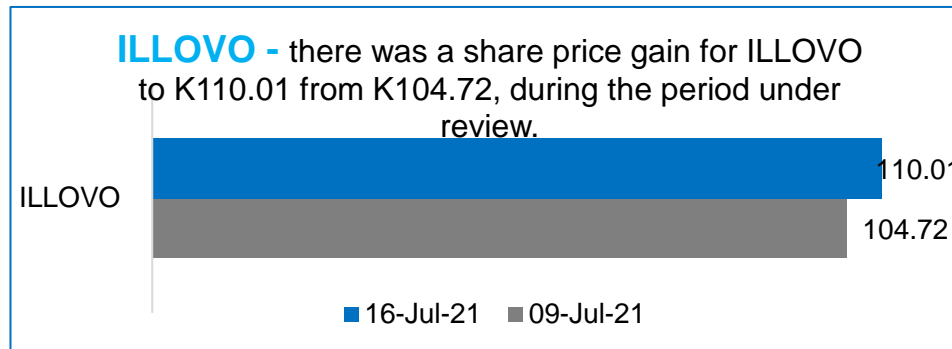
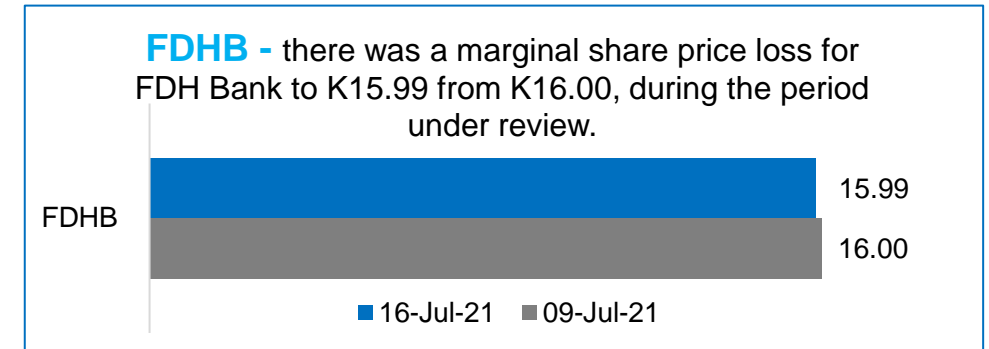
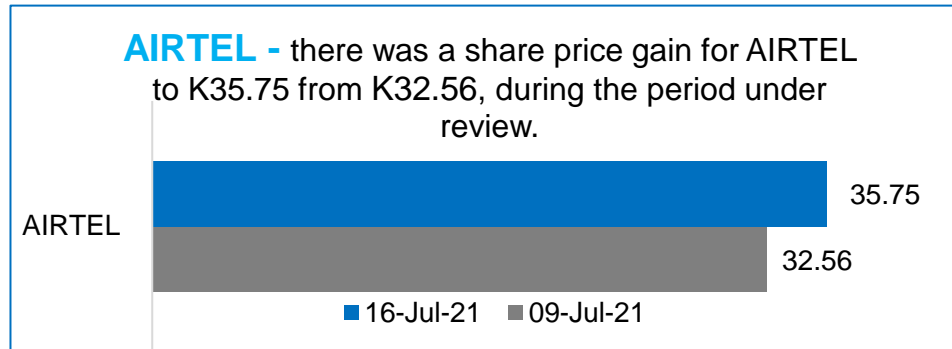


MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



Equity market (Continued)

There were share price gains for AIRTEL (to K35.75 from K32.56), ILLOVO (to K110.01 from K104.72) and Standard Bank (to K1,200.16 from K1,200.15) during the period under review. There were marginal share price losses for FDH Bank (to K15.99 from K16.00) and FMBCH (to K65.00 from K65.01) during the period under review.





11 counters closed the week with the same prices as the previous week.

Equity market (Continued)

Eleven counters closed at the same prices as the previous week. Their closing prices are shown in the table below:

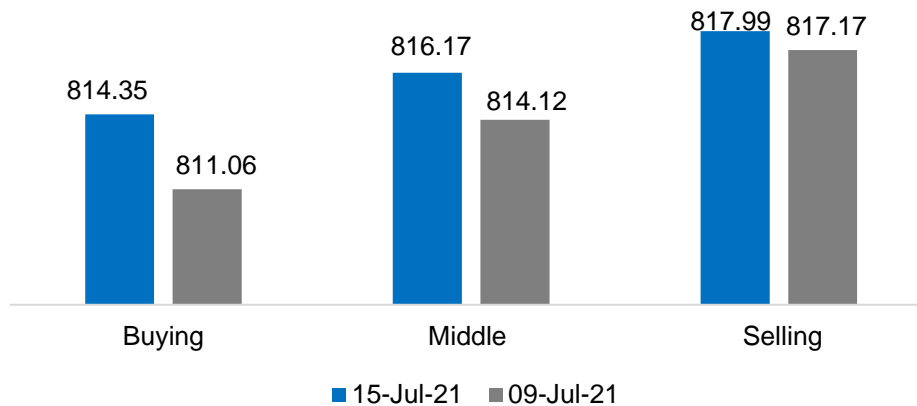
No.	MSE Code	Share Price (K)
		16-July-21
1	BHL	11.00
2	ICON	12.13
3	MPICO	16.00
4	NBM	650.09
5	NBS	26.39
6	NICO	55.00
7	NITL	80.70
8	OMU	2,190.00
9	PCL	1,199.93
10	SUNBIRD	90.00
11	TNM	16.00



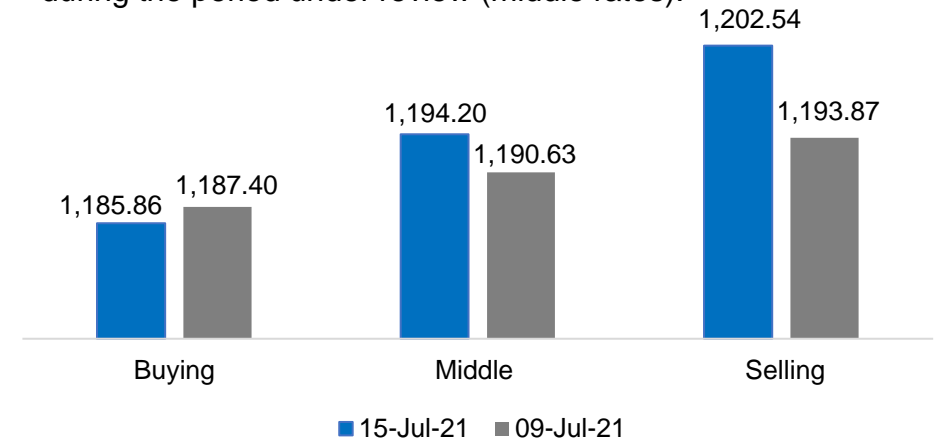
Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally depreciated against the USD by 0.25% to K816.17/USD from K814.12/USD during the period under review.

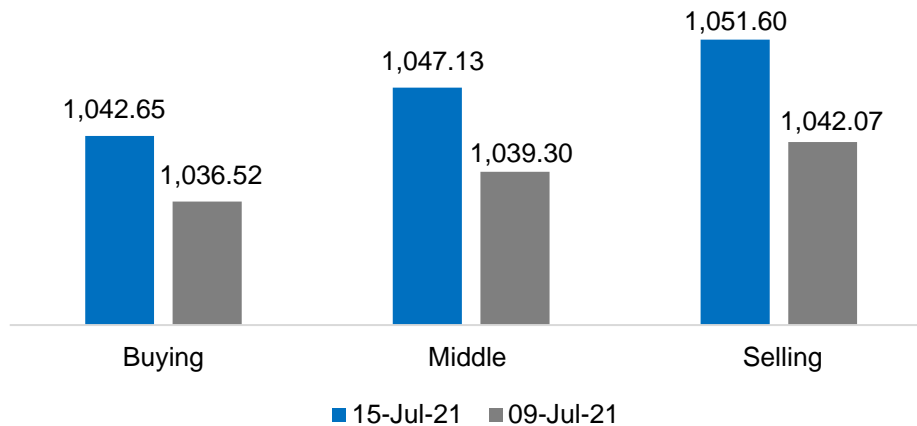
MWK/USD- the Kwacha marginally depreciated against the USD by 0.25% to K816.17/USD from K814.12/USD during the period under review (middle rates).



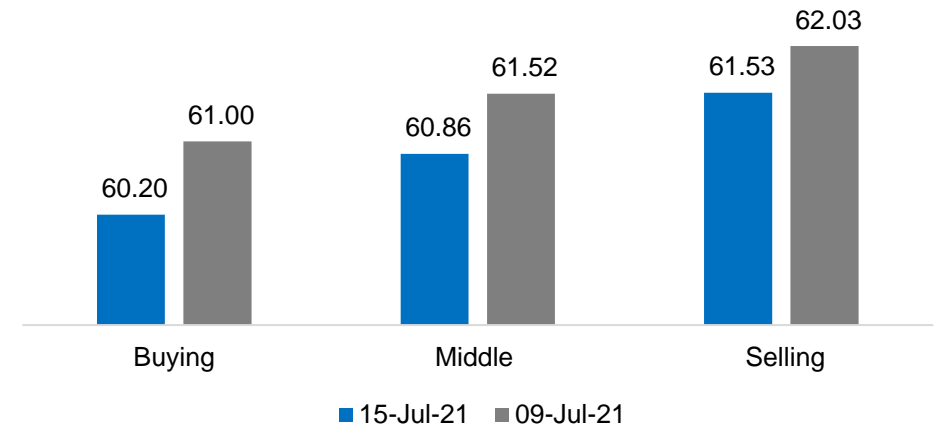
MWK/GBP- the Kwacha marginally depreciated against the GBP by 0.30% to K1,194.20/GBP from K1,190.63/GBP during the period under review (middle rates).



MWK/EUR- the Kwacha marginally depreciated against the EUR by 0.75% to K1,047.13/EUR from K1,039.30/EUR during the period under review (middle rates).



MWK/ZAR- the Kwacha appreciated against the ZAR by 1.06% to K60.88/ZAR from K61.52/ZAR during the period under review (middle rates).



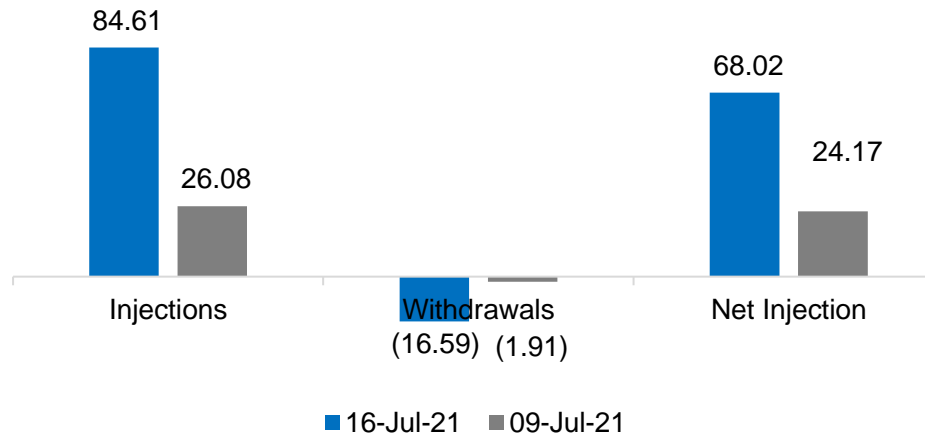
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



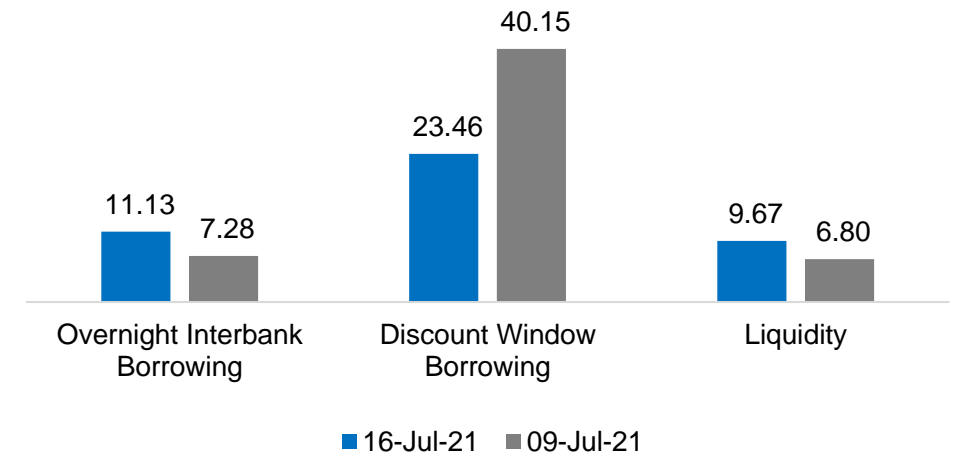
Other financial market developments (Source: RBM)

The average overnight interbank rate increased to 11.96% during the period under review.

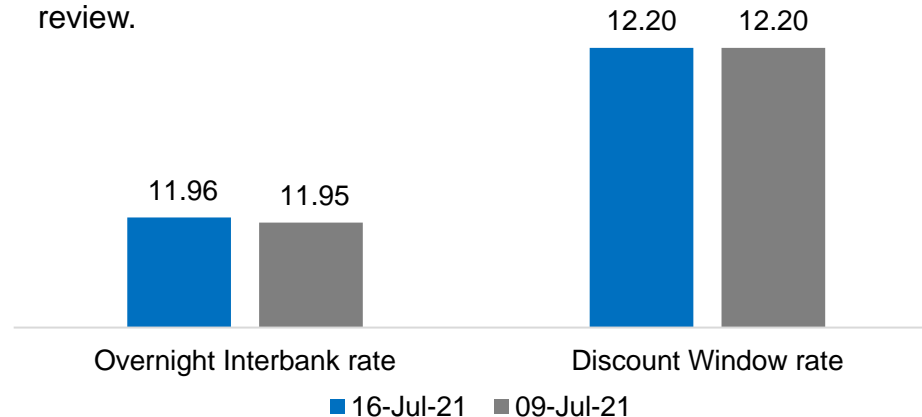
Net liquidity (K'-billion) - there was a net liquidity injection of K68.02 billion this week as injections and withdrawals were K84.61 billion and K16.59 billion, respectively.



Daily average volumes (K'-billion) – the daily average overnight interbank borrowing increased to K11.13 billion from K7.28 billion during the period under review.



Interbank market rates (%)- the average overnight interbank rate increased to 11.96% from 11.95% during the period under review. The average discount window rate maintained its position at 12.20% during the period under review.





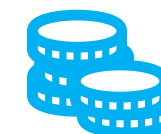
Economic indicators

Selected Economic Indicators			
Inflation			
NSO Headline Inflation rate for May 2021			8.9%
EIU March 2021 report inflation forecast for 2021 (annual)			9.1%
Government of Malawi 2021/2022 Budget Statement inflation forecast for 2021			7.5%
IMF WEO April 2021 report inflation forecast for 2021 (annual)			9.5%
RBM MPC report April 2021 forecast for 2021 (annual)			8.4%
Average inflation forecast for 2021			8.7%
Commodities			
	June-2021	June-2020	
OPEC Reference Basket Price	US\$71.89/b	US\$37.05/b	
AHL Tobacco Sales	US\$137.23 million	US\$101.92 million	
AHL Tobacco Average Price	US\$1.64/kg	US\$1.51/kg	
IFPRI Malawi Monthly Maize Market Report June 2021	K132/kg	K174/kg	
Real GDP Growth Forecast for Malawi			
	2020	2021	2022
African Development Bank (AfDB) African Economic Outlook 2021	1.7%	3.3%	6.2%
EIU July 2021 Malawi Country Risk Service Report	-1.0%	2.3%	4.0%
Government of Malawi 2021/2022 Budget Statement	0.9%	3.8%	5.4%
IMF WEO April 2021 Report	0.6%	2.2%	6.5%
RBM MPC report April 2021 forecast for 2021 (annual)	0.9%	3.8%	N/A
World Bank Global Economic Prospectus June 2021	0.8%	2.8%	3.0%

Highlights



EIU 2021 Malawi
Real GDP Growth rate
estimate 2.3%



EIU 2021 inflation
projection 9.1%



July 2021 Reference
Rate 12.20%



Policy rate 12.00%



OPEC Reference
Basket Price June
2021 U\$71.89/b



May 2021 headline
inflation rate 8.9%



IFPRI June 2021
maize price K132/kg



	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Week ending 16 July 2021
Exchange rates														
MK/USD	743.05	744.74	754.71	756.93	759.47	765.92	776.82	776.49	787.03	790.30	797.66	800.17	811.95	816.17
MK/GBP	924.12	994.33	1,024.89	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	1,194.20
MK/EUR	845.25	903.26	935.56	928.35	925.23	958.34	987.95	991.78	1,006.72	993.04	1,035.48	1,042.52	1,032.04	1,047.13
MK/ZAR	44.02	46.19	47.53	47.33	49.18	53.09	56.43	54.60	55.69	56.13	59.33	62.28	61.42	60.86
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	682.66	651.41	642.86	546.99	635.05	584.89	574.26	502.98	483.38	410.16	392.01	414.41	424.99	-
Private Sector Reserves (USD'mn)	327.01	342.01	316.74	318.47	340.22	332.51	377.97	358.29	340.50	342.58	392.61	369.64	388.78	-
Total reserves (USD'mn)	1009.67	993.42	959.6	865.46	975.27	917.4	952.23	861.27	823.88	752.74	784.62	784.05	813.77	-
Gross Official Reserves Import cover (months)	3.27	3.12	3.08	2.62	3.04	2.80	2.75	2.41	2.31	1.96	1.88	1.77	1.70	-
Inflation														
Headline	8.50%	8.00%	7.60%	7.10%	7.50%	7.30%	7.60%	7.70%	8.30%	9.40%	9.2%	8.9%	-	-
Food	13.40%	12.20%	11.30%	10.30%	10.90%	10.40%	10.50%	9.70%	10.30%	11.70%	11.5%	11.0%	-	-
Non-food	4.50%	4.40%	4.40%	4.40%	4.40%	4.40%	4.90%	5.60%	6.30%	6.90%	7.0%	7.1%	-	-
Interest Rates														
Monetary Policy rate	13.50%	13.50%	13.50%	13.50%	13.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Average Interbank rate	13.49%	13.58%	13.59%	13.61%	13.62%	12.51%	11.41%	11.34%	10.67%	11.37%	11.72%	13.36%	11.94%	11.96%
Average base lending rate	13.40%	13.40%	13.40%	13.60%	13.60%	13.60%	12.30%	12.10%	12.00%	11.90%	12.10%	12.10%	12.20%	12.20%
Government Securities' Yields														
91-days Treasury Bill	7.54%	7.50%	9.85%	9.94%	9.95%	9.95%	9.95%	9.95%	9.95%	9.95%	9.88%	9.98%	9.62%	9.20%
182-days Treasury Bill	11.29%	12.07%	12.55%	12.58%	12.87%	12.73%	12.49%	12.59%	12.80%	12.80%	12.77%	12.80%	12.81%	12.99%
364-days Treasury Bill	13.00%	13.57%	13.73%	13.74%	13.88%	13.40%	13.53%	13.64%	13.77%	13.80%	13.80%	13.83%	13.87%	13.90%
2-year Treasury Note	15.45%	15.45%	16.46%	16.46%	16.46%	16.46%	16.46%	16.50%	16.50%	16.50%	16.50%	16.51%	16.65%	16.63%
3-year Treasury Note	16.89%	16.89%	16.89%	18.02%	18.47%	17.79%	18.30%	18.56%	18.66%	18.66%	18.80%	18.80%	18.97%	19.00%
5-year Treasury Note	19.97%	19.82%	19.82%	19.82%	19.82%	19.82%	19.77%	19.95%	19.97%	19.98%	19.98%	19.98%	20.08%	20.00%
7-year Treasury Note	20.46%	20.46%	20.75%	20.75%	20.75%	19.95%	20.00%	20.00%	20.50%	20.50%	20.50%	20.50%	20.59%	20.59%
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%
Stock Market Indices														
MASI	29,784.70	29,851.63	31,328.10	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	36,064.26
FSI	25,117.92	25,360.04	26,732.01	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	29,356.65
DSI	1,757.76	1,535.30	1,460.99	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	3,491.10

Appendix



The Shareholders of NICO approved final dividends of K0.50/share at the annual general meeting held on 16 July 2021.

Appendix A - Equity market

Corporate Announcements (continued)

1. Dividends:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
STANDARD	Declared	Final	21.31	9 July 2021	23 July 2021
FMBCH	Declared	Final	0.62	16 July 2021	23 July 2021
NBM	Declared	Final	17.14	9 July 2021	30 July 2021
TNM	Declared	Final	0.10	16 July 2021	30 July 2021
NBS	Declared	Final	0.70	16 July 2021	30 July 2021
MPICO	Declared	Final	0.28	30 July 2021	6 August 2021
NICO	Declared	Final	0.50	30 July 2021	18 August 2021
PCL	Declared	Final	25.00	20 August 2021	27 August 2021
AIRTEL	Declared	Final	2.10	30 July 2021	31 August 2021
NITL	Proposed	Final	0.80	TBA	TBA
ICON	Proposed	Final	0.12	TBA	TBA

2. Annual general meeting:

Company	Venue	Date	Time
ICON	Virtual AGM	10 August 2021	15:30 hours



According to financial statements for the six months ended 31 March 2021, Blantyre Hotels plc closed the period with a loss after tax of K390.65 million from a profit of K70.01 million for the period ended 31 March 2020.

Appendix A - Equity market (Continued)

3. Corporate announcements (Source: MSE)

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	30 June 2021	30 June 2020	Trading statement profit/loss expectation
FDHB	4.31	3.22	34%
NBM	10.92	9.1	20%
NBS	3.98	2.84	40%
ICON	2.53	2.11	20%
SUNBIRD (K'million)	(467.65)	(1,336.15)	-65%
NITL (K'million)	872.53	363.55	140%

4. Published half-year financial statements

Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
Illovo (K'billion)	6.12	2.05	199%	200%

Counter	31 March 2021	31 March 2020	Actual Change in Profit/Loss for the Half-year ended	Trading statement profit/loss expectation
BHL (K'million)	(390.65)	70.01	-658%	-500%



According to their audited summary consolidated financial statements for the year ended 31 December 2020, NBM Plc closed the year with a profit after tax of K22.45 billion from a profit of K17.16 billion in 2019.

Appendix A - Equity market (Continued)

5. Latest Summary Published Accounts (Source: MSE)

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	31 December 2020	31 December 2019	Actual Change in Profit/Loss for the Year ended	Trading statement profit/(loss) expectation over prior year
PCL	19.90	22.87	-13.00%	-
ICON	8.79	7.41	18.62%	20%
MPICO	4.34	7.68	-43.48%	-40%
FMBCH*	21.28	(18.61)	214.33%	200%
TNM	7.73	13.17	-41.34%	-25%
NICO	18.60	14.73	26.25%	20%
AIRTEL	22.09	15.91	38.87%	40%
FDHB	14.96	5.19	187.98%	88%
NBM	22.45	17.16	30.86%	20%
NBS	7.05	4.46	58.15%	25%
NITL	1.48	1.78	-16.92%	-17%
OMU**	(5.10)	9.39	-154.30%	-
STANDARD	23.74	15.88	49.52%	45%
SUNBIRD	(1.18)	2.59	-145.47%	-150%

*USD'mn

**Rands bn

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