

Financial Market Update

| Week ending 23 July 2021

Financial market highlights for the week ending 23 July 2021

The following highlights compare the week ending 23 July 2021 to the week ending 16 July 2021:



Government securities market (Source: RBM)

- A total of K3.53 billion was allotted during this week's auction of 364-days Treasury Bill (TB).
- The auction had a 19.9% rejection rate during the period under review.
- The average All-Type TB yield maintained its position at 12.03% during the period under review.



Equity market (Source: MSE)

- The stock market was marginally bearish this week as the MASI decreased to 36,060.68 points from 36,064.26 points during the period under review. This was due to marginal share price losses for FDH Bank (to K15.97 from K15.99) and NBS (to K26.37 from K26.39) which offset a marginal share price gain for NBM (to K650.10 from K650.09) during the period under review.
- The MASI had a year-to-date return of 11.32% during the period under review. It was negative 2.87% during the same time in the previous year.
- NITL expects its profit after tax for the half-year ended 30 June 2021 to be 239% higher than the profit after tax for the half-year ended 30 June 2020.



Currency market (Source: RBM)

- Based on middle rates, the Kwacha marginally appreciated against the USD by 0.05% (to K814.53/USD from K814.93/USD) and the ZAR by 0.07% (to K60.55/ZAR from K60.59/ZAR) during the period under review. The Malawi Kwacha appreciated against the EUR by 1.38% (to K1,029.06/EUR from K1,043.47/EUR) during the period under review.
- Based on the middle rates, the Kwacha marginally depreciated against the GBP by 0.91% (to K1,202.90/GBP from K1,192.01/GBP) during the period under review.



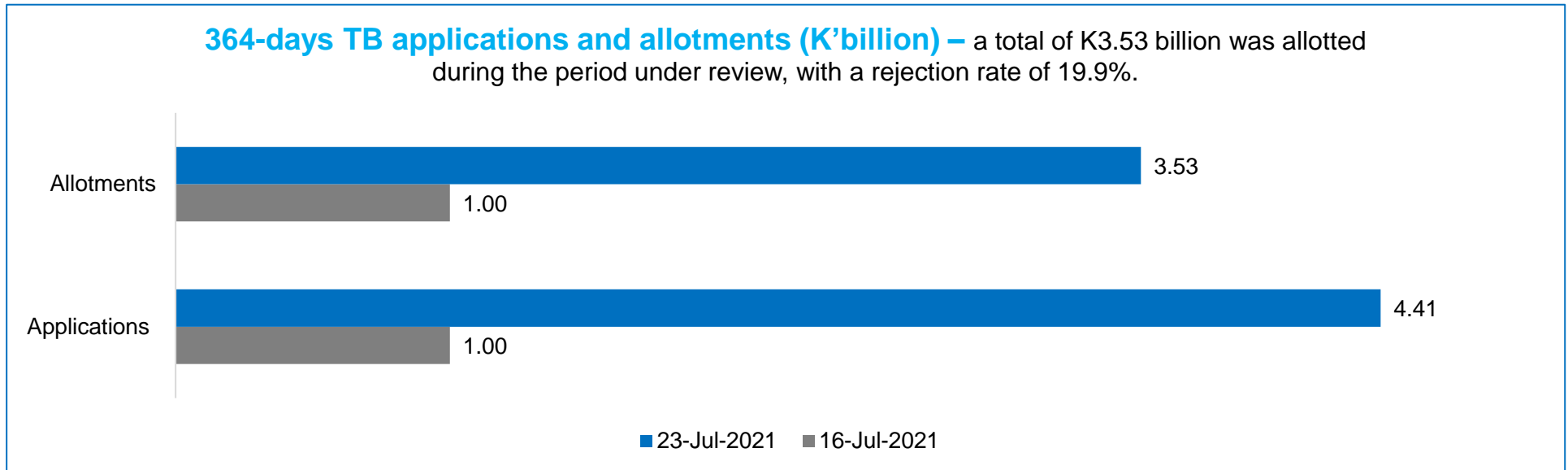
Financial market developments (Source: RBM and NSO)

- Headline inflation increased to 9.1% in June 2021 from 8.9% in May 2021 underpinned by increases in food and non-food inflation to 11.1% and 7.2%, respectively.
- The average overnight interbank rate maintained its position at 11.96% during the period under review.
- The average discount window borrowing increased to K33.06 billion from K24.69 billion during the period under review.
- There was a net liquidity injection of K32.38 billion this week as injections and withdrawals were K35.91 billion and K3.53 billion respectively, during the period under review.

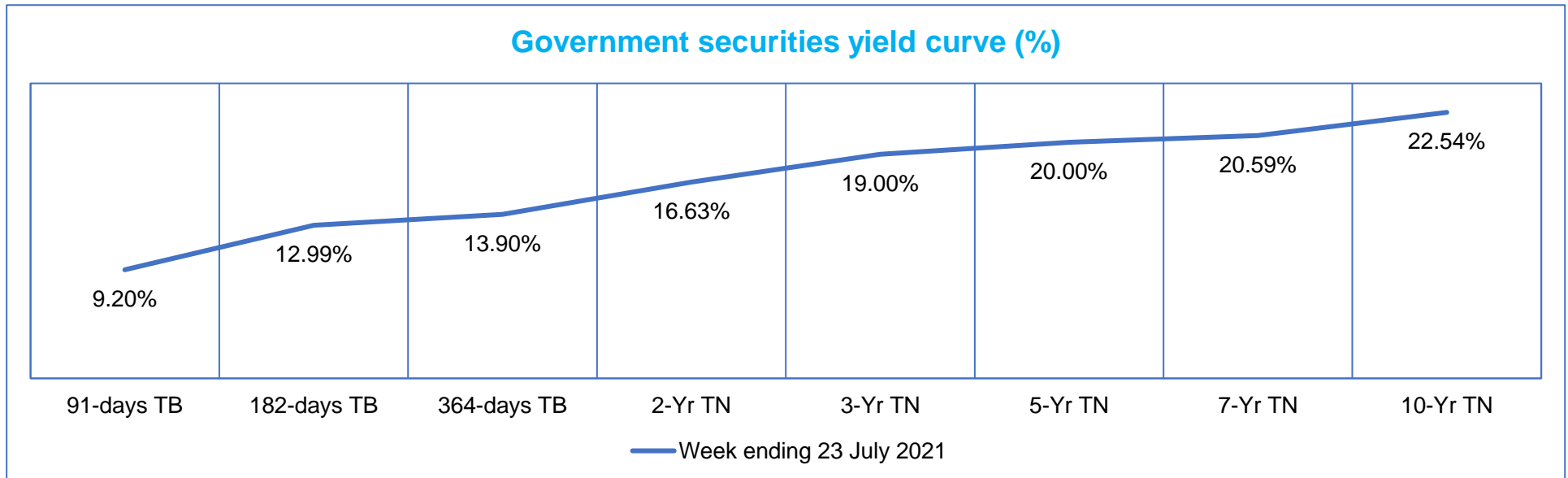


Government securities (Source: RBM)

A total of K3.53 billion was allotted during this week's auction of the 364-days Treasury Bill (TB).



The average All-Type TB yield maintained its position at 12.03% during the period under review.



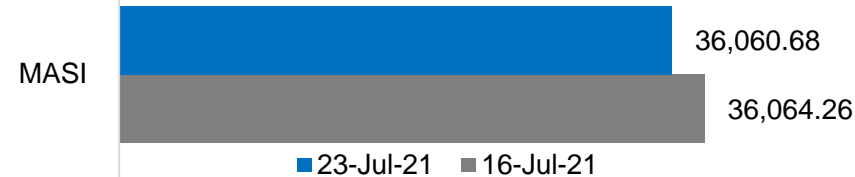
TB - Treasury Bill
TN - Treasury Note



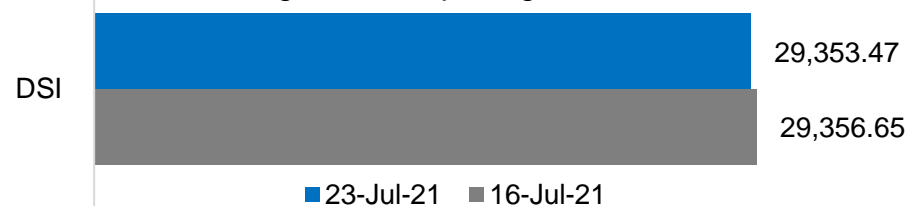
Equity market (Source: MSE)

The stock market was marginally bearish this week as the MASI decreased to 36,060.68 points from 36,064.26 points during the period under review. Year-to-date, the MASI return is 11.32%.

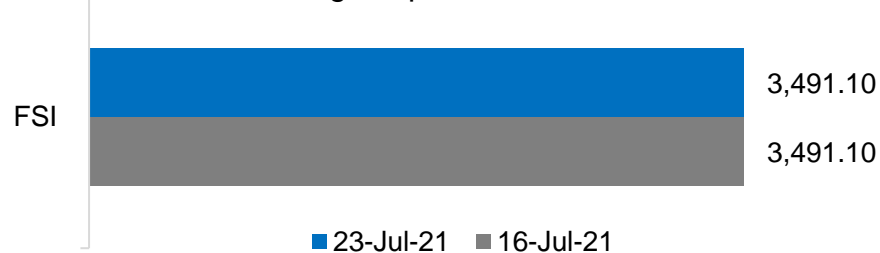
MASI – the stock market was marginally bearish this week as the MASI decreased to 36,060.68 points from 36,064.26 points in the period under review. This was due to marginal share price losses in two counters which offset a marginal share price gain in one counter.



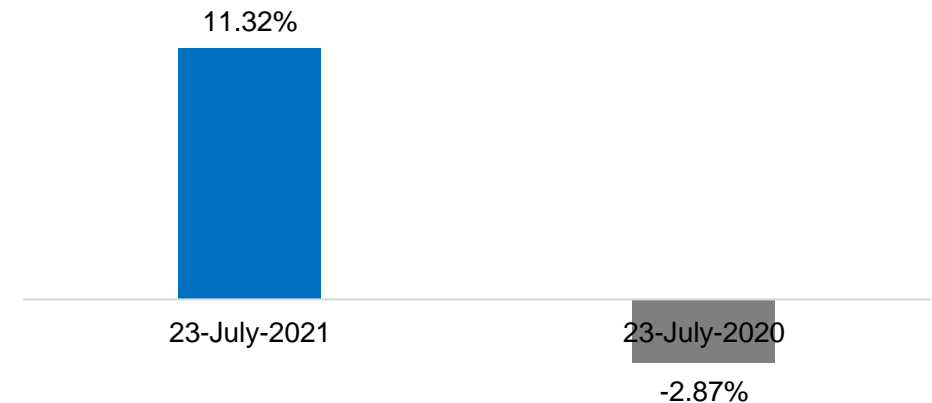
DSI – the DSI marginally decreased to 29,353.47 points from 29,356.65 points in the period under review. This was due to marginal share price losses in FDH Bank and NBS which offset a marginal share price gain in NBM.



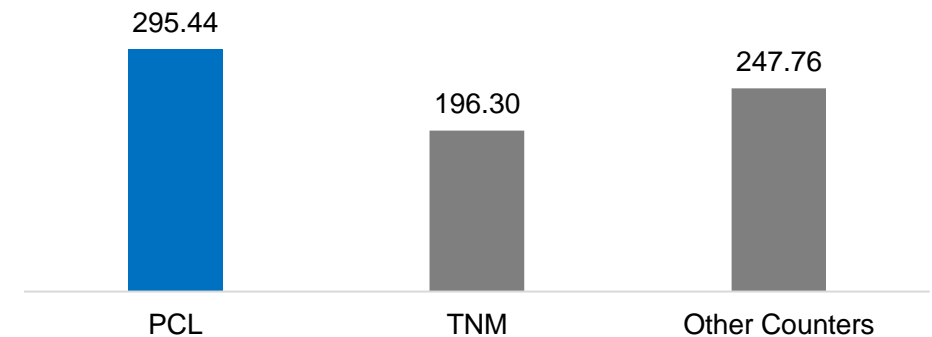
FSI – the FSI maintained its position at 3,491.10 points during the period under review.



MASI YTD Return (%) – the MASI closed the week with a year-to-date return of 11.32% (it was negative 2.87% during the same time in the previous year).



Value of Shares Traded (K'million) – PCL and TNM had the highest value of shares traded at K295.44 million and K196.30 million respectively, during the period under review. The total value of shares traded was K739.50 million.

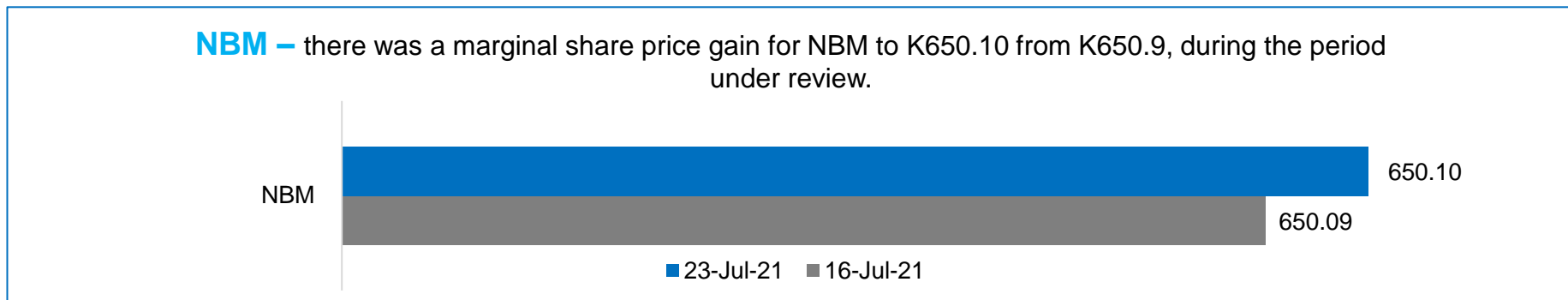
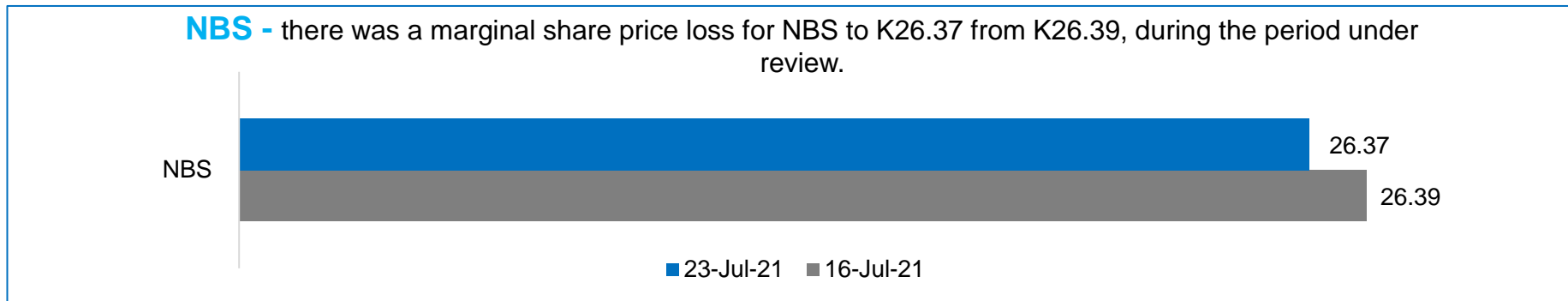
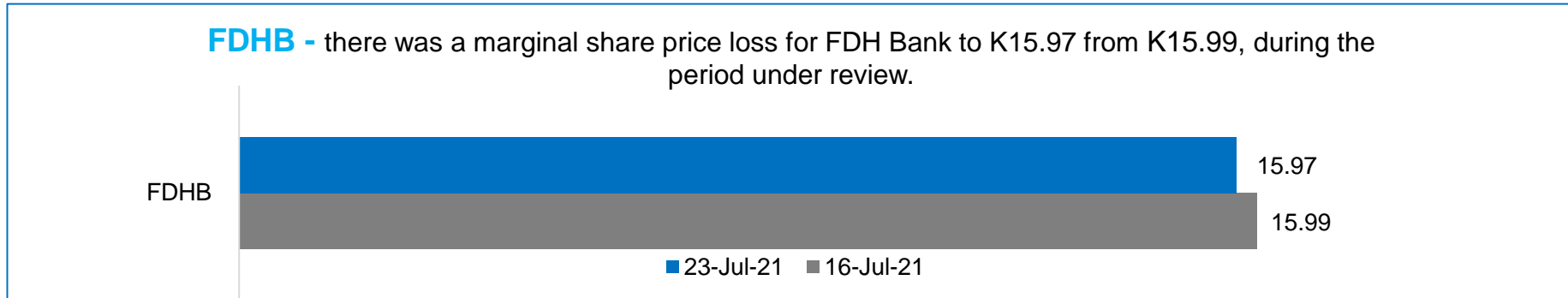


MA SI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index



There were marginal share price losses for FDH Bank (to K15.97 from K15.99) and NBS (to K26.37 from K26.39) during the period under review. There was a marginal share price gain for NBM (to K650.10 from K650.09) during the period under review.

Equity market (Continued)





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

Equity market (Continued)

Thirteen 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) |
|-----|----------|-----------------|
| | | 23-July-21 |
| 1 | AIRTEL | 35.75 |
| 2 | BHL | 11.00 |
| 3 | FMBCH | 65.00 |
| 4 | ICON | 12.13 |
| 5 | ILLOVO | 110.01 |
| 6 | MPICO | 16.00 |
| 7 | NICO | 55.00 |
| 8 | NITL | 80.70 |
| 9 | OMU | 2,190.00 |
| 10 | PCL | 1,199.93 |
| 11 | STANDARD | 1,200.16 |
| 12 | SUNBIRD | 90.00 |
| 13 | TNM | 16.00 |



According to an update on their half-year trading statement, NITL expects its profit after tax for half-year ended 30 June 2021 to be 239% higher than the profit after tax for the half-year ended 30 June 2020.

Equity market (Continued)

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.

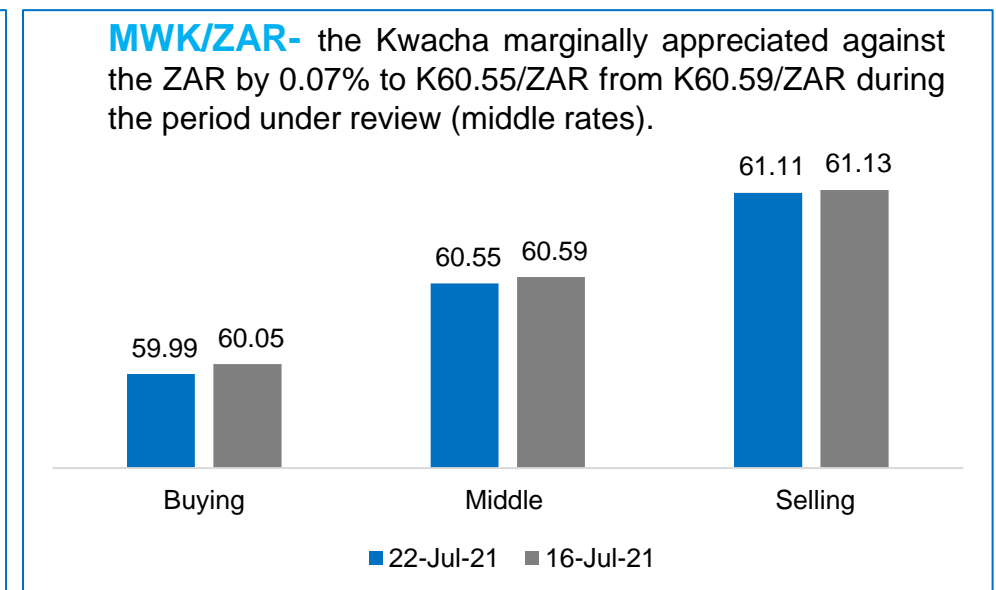
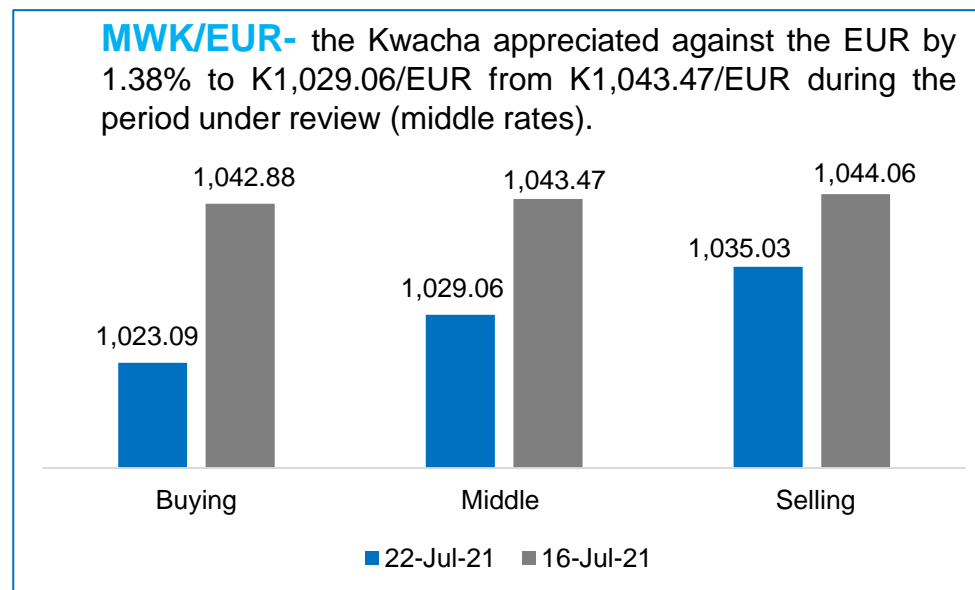
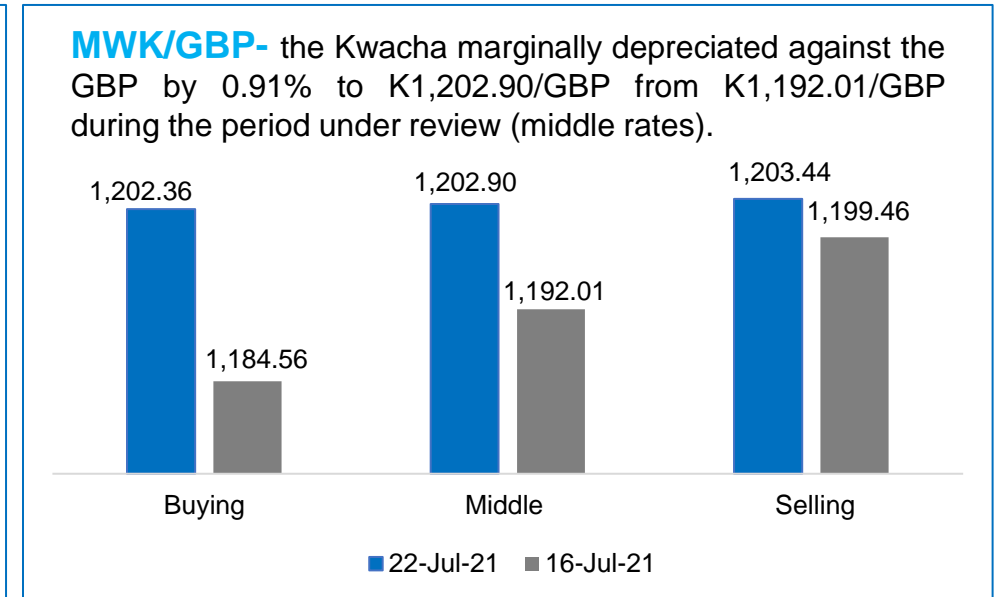
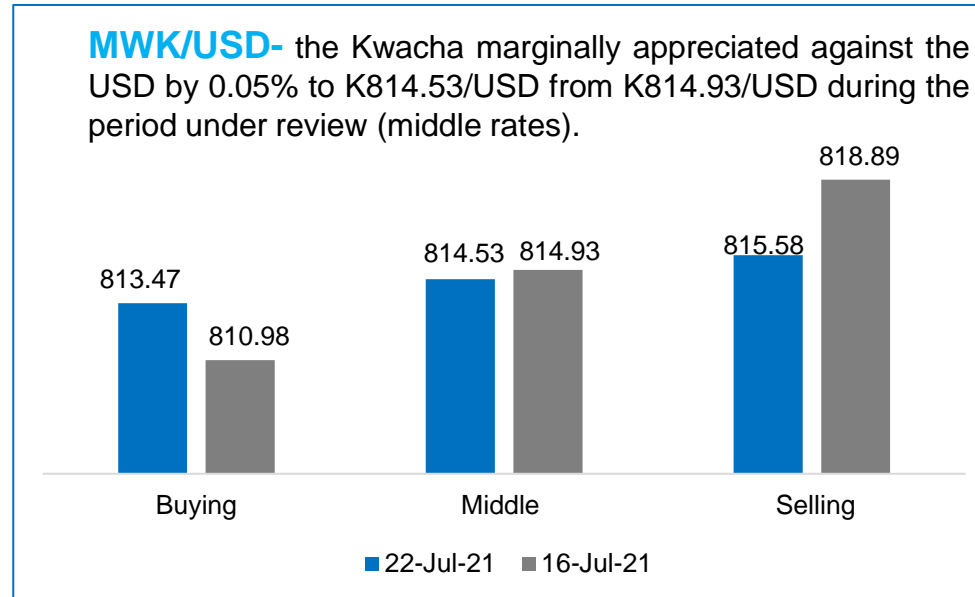
Amounts in billions of Malawi Kwacha unless specified otherwise.

| 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) | 1,232.43 | 363.55 | 239% |



Currency market (Source: RBM)

Based on middle rates, the Malawi Kwacha marginally appreciated against the USD by 0.05% to K814.53/USD from K814.93/USD during the period under review.



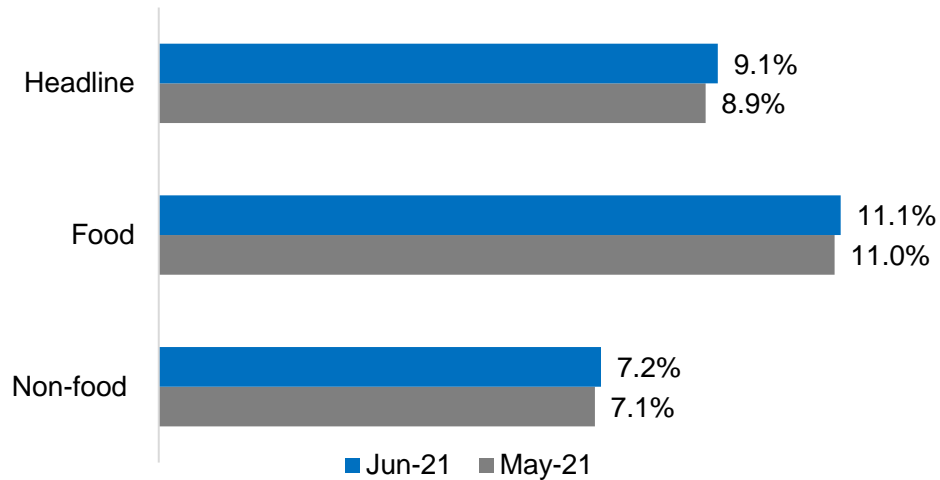
NB: The reported closing rates are actual trade-weighted market average Telegraphic Transfer rates.



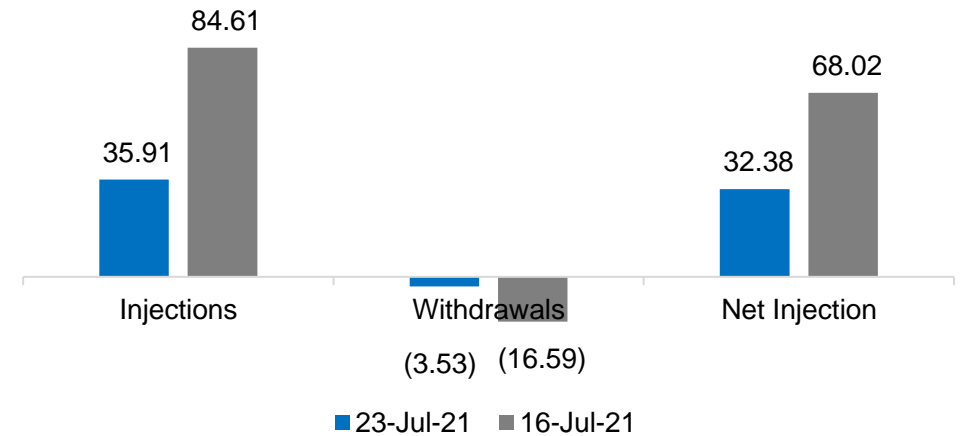
Other financial market developments (Source: RBM and NSO)

Headline inflation increased to 9.1% in June 2021 from 8.9% in May 2021 underpinned by increases in food and non-food inflation to 11.1% and 7.2%, respectively.

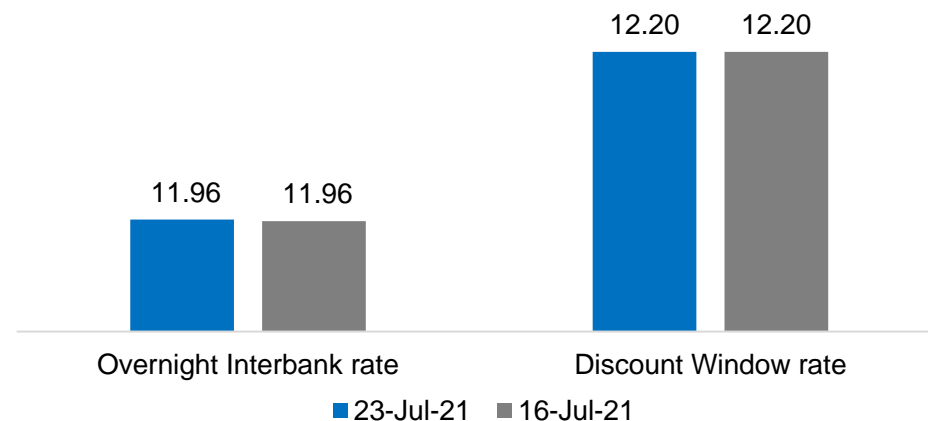
Inflation (%) – the headline inflation rate increased to 9.1% in June 2021 from 8.9% in May 2021 on account of increases in food and in non-food inflation.



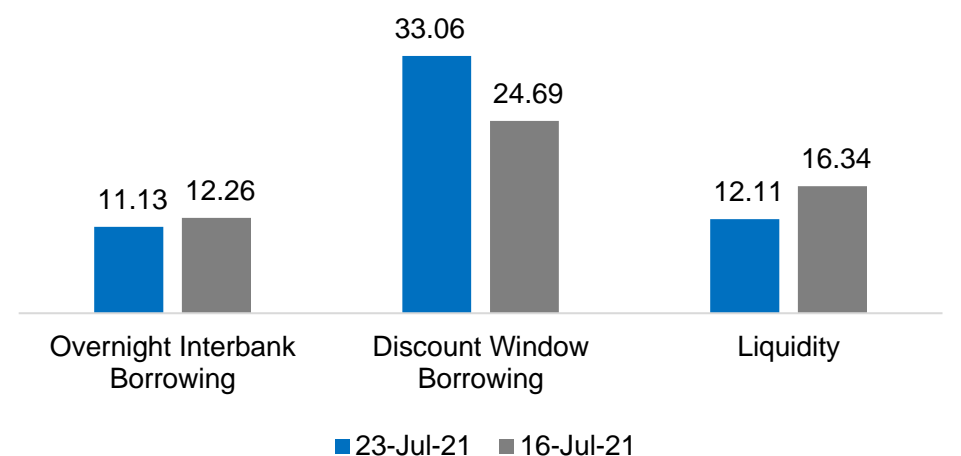
Net liquidity (K'-billion) - there was a net liquidity injection of K32.38 billion this week as injections and withdrawals were K35.91 billion and K3.53 billion respectively, during the period under review.



Interbank market rates (%)- the average overnight interbank rate and average discount window rate maintained their positions at 11.96% and 12.20% during the period under review.



Daily average volumes (K'-billion) – the average discount window borrowing increased to K33.06 billion from K24.69 billion during the period under review.





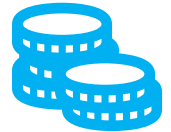
Economic indicators

| Selected Economic Indicators | | | |
|---|--------------------|--------------------|-------------|
| Inflation | | | |
| NSO Headline Inflation rate for June 2021 | | | 9.1% |
| 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



NSO's June 2021
headline inflation
rate 9.1%



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 23 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 | 814.53 |
| 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 | 1,202.90 |
| 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 | 1,029.06 |
| 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 | 60.55 |
| 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% | 9.1% | - |
| 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% | 11.1% | - |
| 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% | 7.2% | - |
| 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 | 36,060.68 |
| 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 | 29,353.47 |
| 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 | 20 August 2021 | 28 August 2021 |
| ICON | Proposed | Final | 0.12 | 27 August 2021 | 10 September 2021 |

2. Annual general meeting:

| Company | Venue | Date | Time |
|---------|-------------|----------------|-------------|
| ICON | Virtual AGM | 10 August 2021 | 15:30 hours |
| NITL | Virtual AGM | 13 August 2021 | 10:00 hours |



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)

3. 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% |

4. 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