



Financial Market Update

Week ending 1 October 2021



Financial Market Update: Week ending 1 October 2021

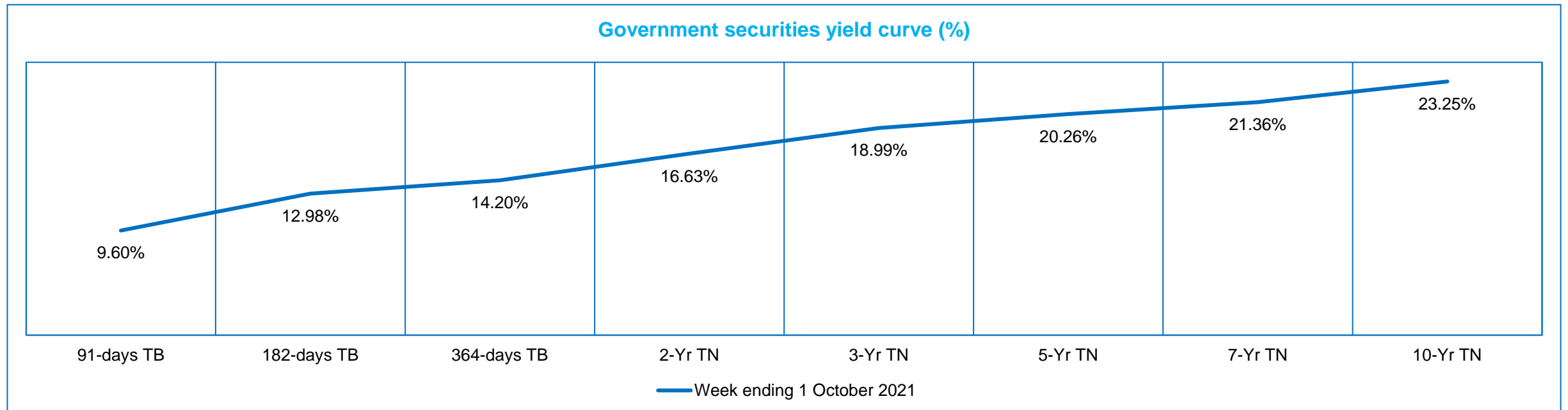
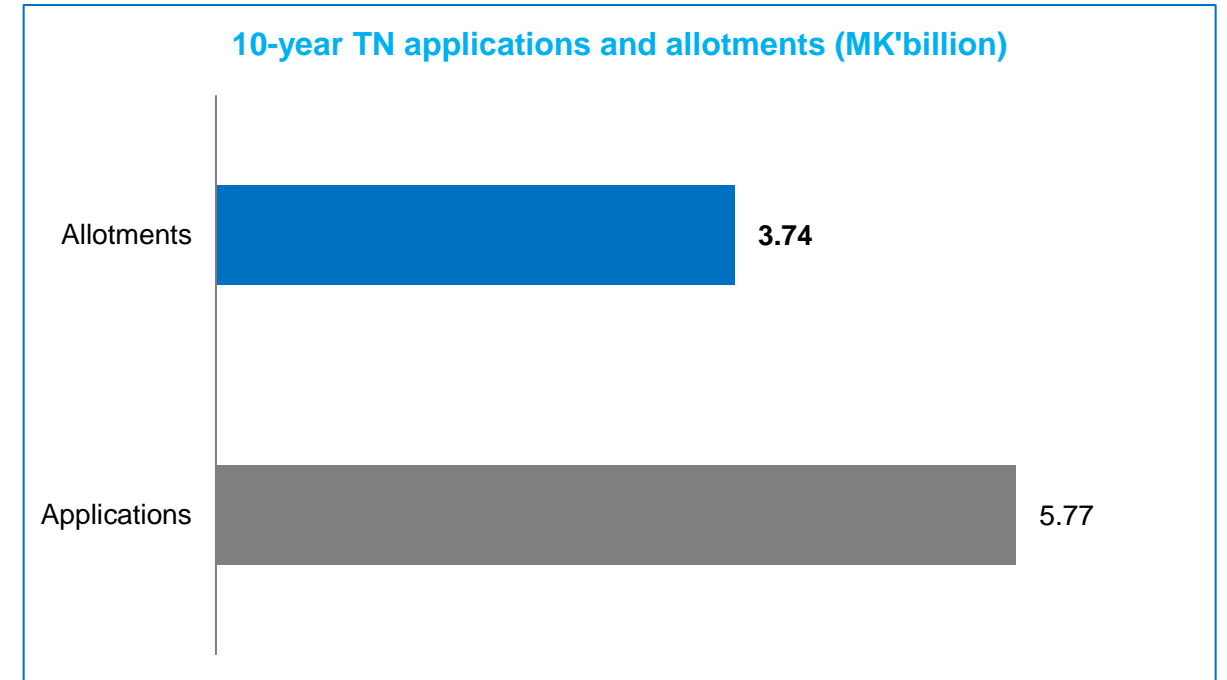
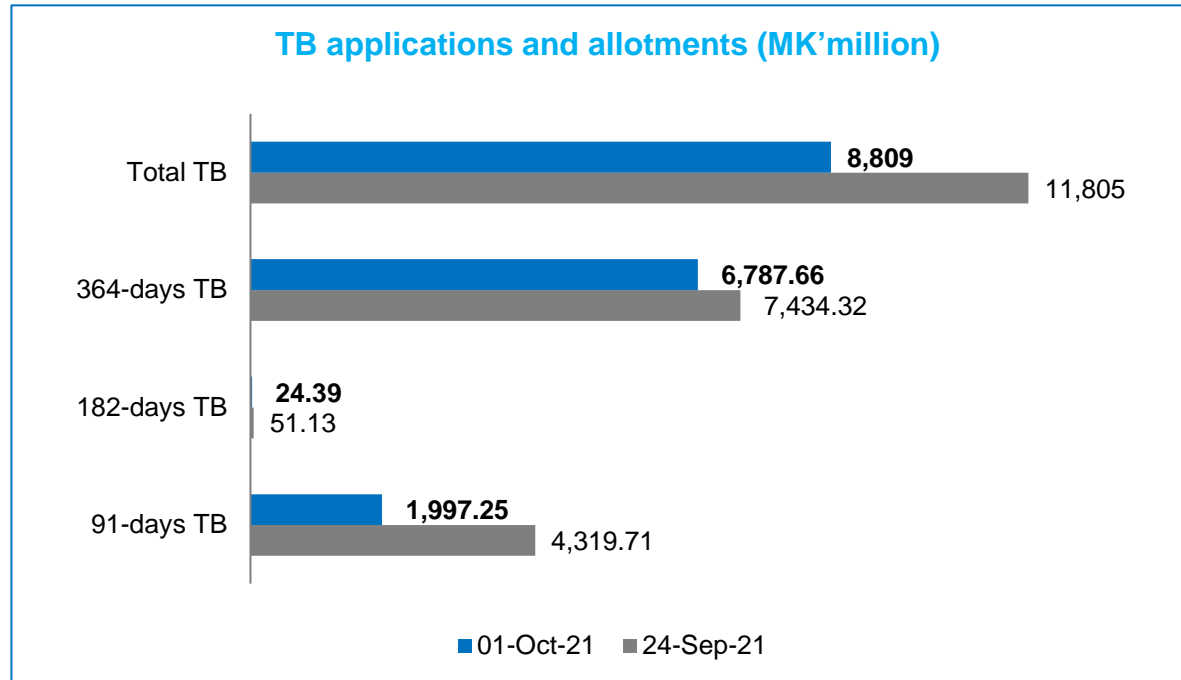
Government securities (Source: RBM)

A total of MK12.55 billion was allotted during this week's Treasury Bills (TBs) and 10-year Treasury Note (TN) auctions.

A total of MK8.81 billion and MK3.74 billion was raised in the TB and TN auctions, respectively.

The TB auctions had a nil rejection rate while the TN auction had a rejection rate of 35% during the period under review.

The average TB and TN yields maintained their positions at 12.26% and 20.10%, respectively.



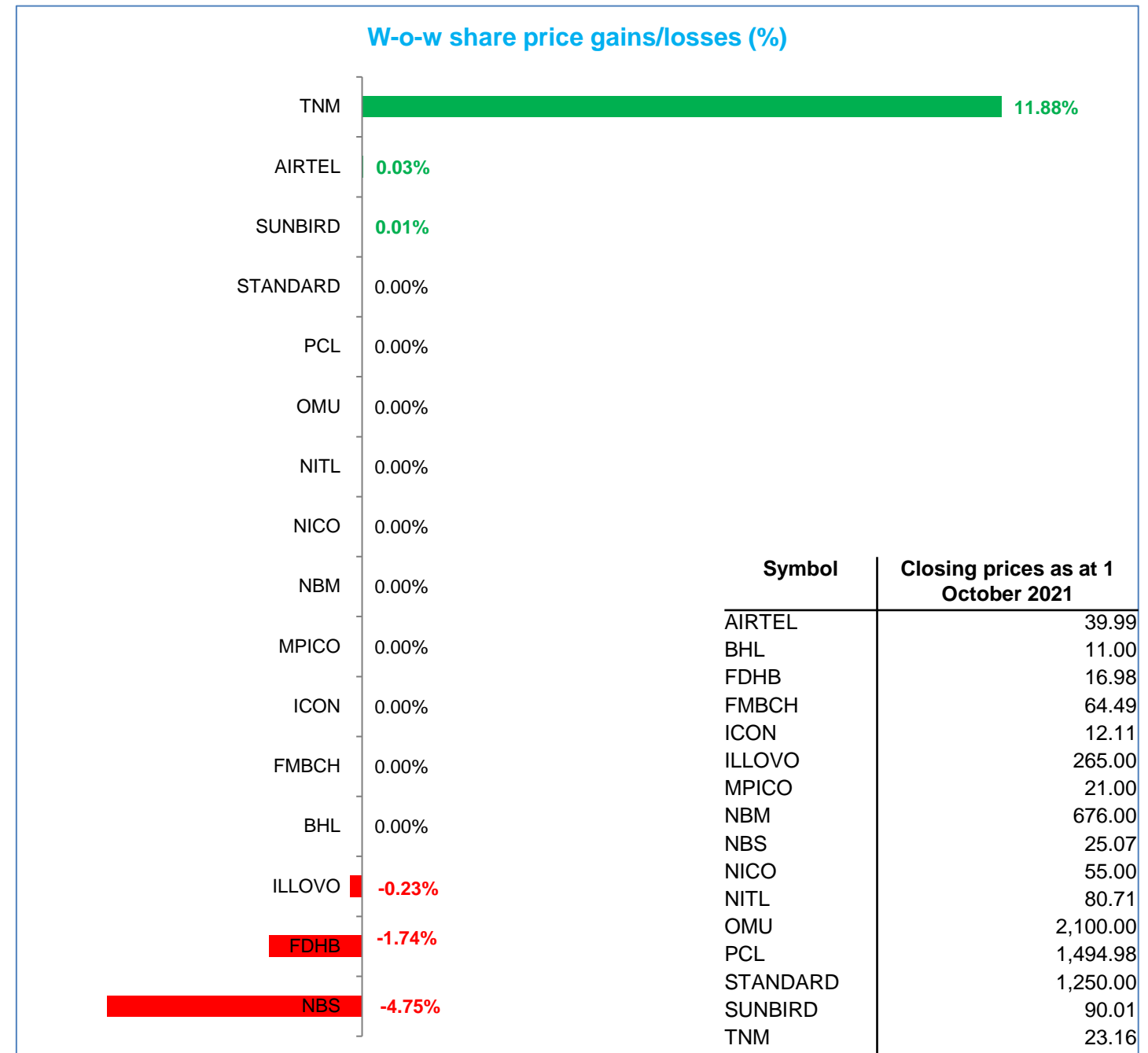
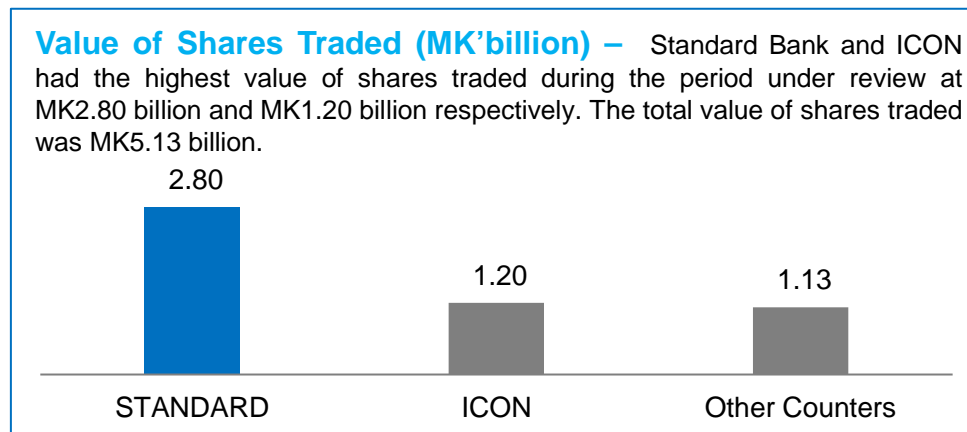
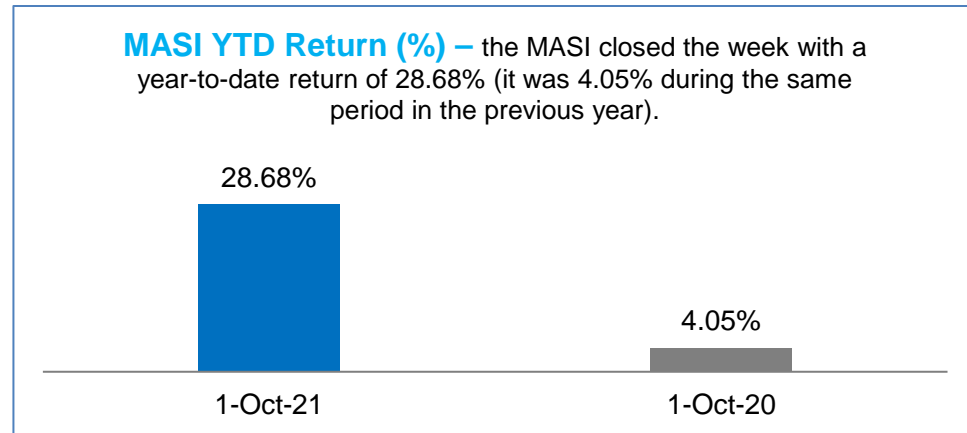
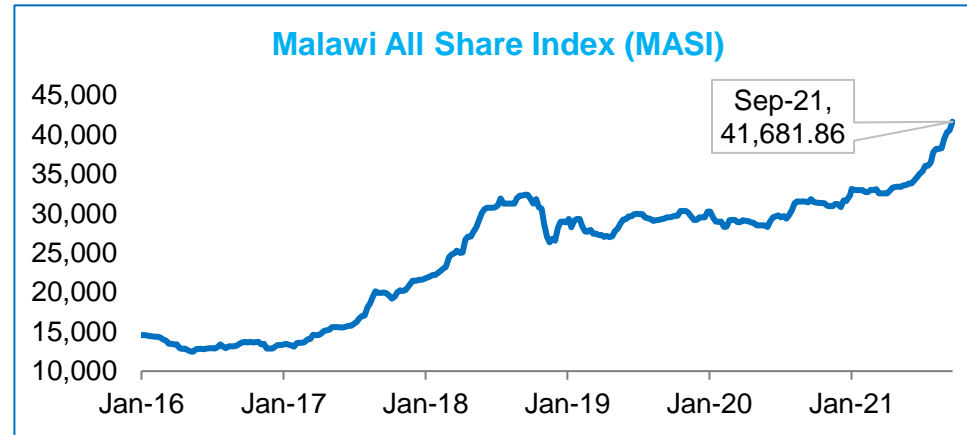


Financial Market Update: Week ending 1 October 2021

Stock market (Source: MSE)

The stock market was bullish over the period with the Malawi All Share Index (MASI) closing the week ending 1 October 2021 at 41,681.86 points from 41,333.34 points for the week ending 24 September 2021. W-o-w, this represents an increase of 0.84%.

There was a share price gain for TNM with marginal gains for AIRTEL and Sunbird. The share price gains offset share price losses for FDH Bank and NBS as well as a marginal share price loss in ILLOVO during the period under review.





Financial Market Update: Week ending 1 October 2021

Stock market (Source: MSE) (Continued)

Sunbird closed the half-year ended 30 June 2021 with a loss after tax of MK475 million, a decrease of 64% from a loss after tax of MK1.34 billion for the half year ended 30 June 2020.

Corporate Announcements

Dividends:

Below is a summary of the dividends that have been declared and proposed by listed companies:

Company	Declared/Proposed	Type	Dividend (MK)	Last Day To Register	Payable
NICO	Declared	Interim	0.75	24-Sep-21	1-Oct-21
OMU	Declared	Interim	13.96	14-Sep-21	11-Oct-21
TNM	Declared	Interim	0.18	17-Sep-21	24-Sep-21
MPICO	Declared	Interim	0.12	8-Oct-21	22-Oct-21
ICON	Declared	Interim	0.12	8-Oct-21	22-Oct-21
FMBCH*	Declared	Interim	\$0.08	15-Oct-21	22-Oct-21
PCL	Declared	Interim	6.00	15-Oct-21	29-Oct-21
NICO	Declared	Special	0.50	22-Oct-21	4-Nov-21

Published half-year financial statements

Amounts in billions of Malawi Kwacha unless specified otherwise.

Counter	28 February 2021	28 February 2020	Actual Change in Profit/Loss	Trading statement profit/loss expectation
Illovo	6.12	2.05	199%	200%
Counter	31 March 2021	31 March 2020	Actual Change in Profit/Loss	Trading statement profit/loss expectation
BHL (MK'million)	(390.65)	70.01	-658%	-500%
Counter	30 June 2021	30 June 2020	Actual Change in Profit/Loss	Trading statement profit/loss expectation
NITL	1.23	0.36	234.5%	239%
FDH Bank	4.55	3.22	41%	34%
National Bank	12.8	9.1	41%	20%
Standard Bank	11.59	12.63	-8%	N/A
NBS Bank	4.40	2.84	55%	40%
Press Corporation	12.87	11.68	10%	N/A
Airtel Malawi	11.35	11.42	-0.61%	N/A
TNM	4.51	3.78	19%	N/A
NICO	7.03	7.64	8%	N/A
ICON	3.07	2.11	45%	20%
MPICO	2.84	2.51	13%	N/A
Sunbird	(0.48)	(1.34)	-64%	-65%
Old Mutual (ZAR'billion)	3.16	4.22	-25%	N/A
FMBCH (USD'million)	13.09	14.29	-8%	N/A

*FMBCH plc Malawi Kwacha equivalent will be made available by issuer on 15-Oct-21



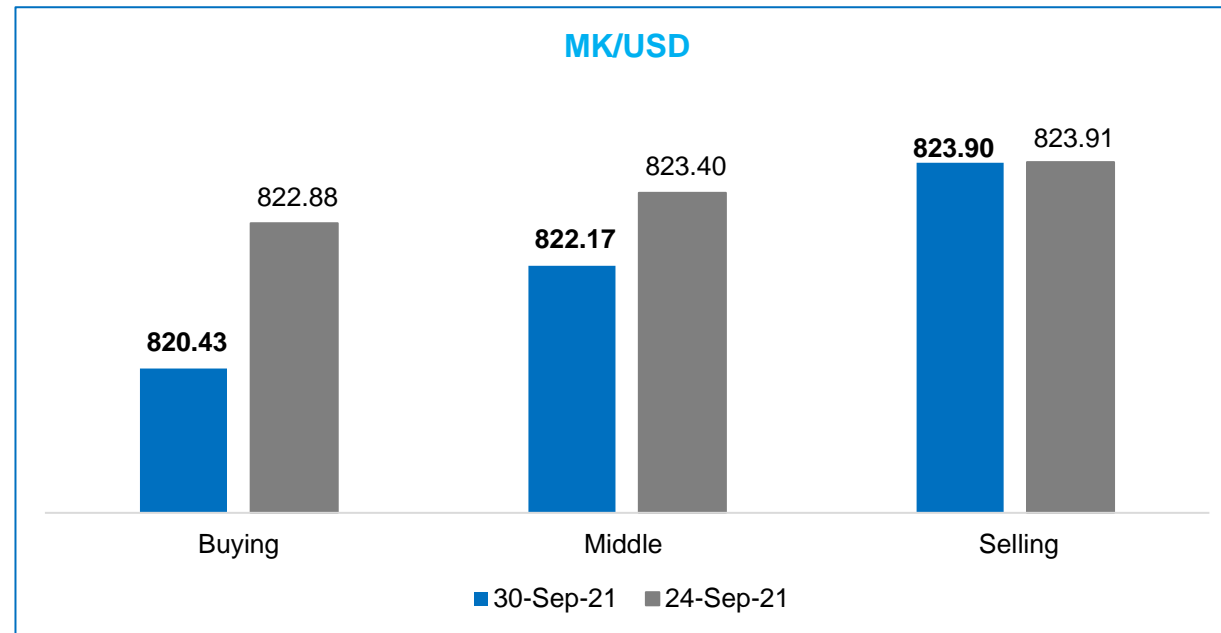
Financial Market Update: Week ending 1 October 2021

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

Year-to-date, the Malawi Kwacha has depreciated against the United States Dollar by 5.84%.

W-o-w, the Malawi Kwacha has marginally appreciated against the USD by 0.15% (to MK822.17/USD from MK823.40/USD).

Foreign currency (Source RBM)



What happened this week?

- Truck drivers ask for a pay revision to MK140,000 as some drivers are still being paid MK40,000. The strike has led to panic buying of fuel in the country and a subsequent fuel shortage. The government has moved to work with the Malawi Defence Force (MDF) to facilitate the importation and distribution of fuel in the country as truck drivers continue strike. Armed MDF soldiers to escort trucks from borders to the National Oil Company of Malawi (NOCMA) and military drivers to carry out distribution to commercial fuel stations (*The Daily Times, 1-Oct-21*).
- The International Monetary Fund (IMF) is assessing broader economy trends and other developments before committing to a new Extended Credit Facility (ECF) programme. The ECF programme aims to aid countries with protracted balance of payment problems (*The Daily Times, 1-Oct-21*).
- Agricultural Development and Marketing Corporation (ADMARC) is facing storage challenges as large quantities of purchased maize remained in depots. To counter the problem, the corporation seeks to borrow a silo from the National Food Reserve Agency (NFRA) (*The Daily Times, 29-Sep-21*).
- The United Kingdom (UK) has reduced aid to Malawi by more than 50% from £52 million (MK57 billion) per annum to £25 million (MK28 billion). This is a result of the UK's decision to cut its expenditure on foreign aid by reducing its annual aid budget line to 0.5% from 0.7% of its national income (*The Daily Times, 29-Sep-21*).
- Energy experts call to government for alternative source of financing as the Kam'mwamba coal-fired power plant project is put on hold due to primary financier, China, pulling out. The plant was projected to produce 300 mega-watts (MW) but China states that it will only support and promote green technologies (*The Nation, 27-Sep-21*).



Appendix: Historical Economic Indicators

	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Week ending 1 October 2021
Exchange rates (middle rates)														
MK/USD	754.71	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
MK/GBP	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	1,203.74	1,196.67	1,168.72
MK/EUR	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	1,048.56	1,044.60	1,026.14
MK/ZAR	47.53	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
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	642.86	546.99	635.05	584.89	574.26	502.98	483.38	410.16	392.01	414.41	424.99	404.18	604.50	-
Private Sector Reserves (USD'mn)	316.74	318.47	340.22	332.51	377.97	358.29	340.50	342.58	392.61	369.64	388.78	405.79	389.47	-
Total reserves (USD'mn)	959.6	865.46	975.27	917.4	952.23	861.27	823.88	752.74	784.62	784.05	813.77	809.97	993.97	-
Gross Official Reserves Import cover (months)	3.08	2.62	3.04	2.80	2.75	2.41	2.31	1.96	1.88	1.77	1.70	1.62	2.42	-
Inflation														
Headline	7.60%	7.10%	7.50%	7.30%	7.60%	7.70%	8.30%	9.40%	9.2%	8.9%	9.1%	8.7%	8.4%	-
Food	11.30%	10.30%	10.90%	10.40%	10.50%	9.70%	10.30%	11.70%	11.5%	11.0%	11.1%	10.3%	9.7%	-
Non-food	4.40%	4.40%	4.40%	4.40%	4.90%	5.60%	6.30%	6.90%	7.0%	7.1%	7.2%	7.2%	7.2%	-
Interest Rates														
Monetary Policy rate	13.50%	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%
Average Interbank rate	13.59%	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%
Average base lending rate	13.40%	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%
Government Securities' Yields														
91-days Treasury Bill	9.85%	9.94%	9.95%	9.95%	9.95%	9.95%	9.95%	9.95%	9.88%	9.98%	9.62%	9.33%	9.60%	9.60%
182-days Treasury Bill	12.55%	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%
364-days Treasury Bill	13.73%	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%
2-year Treasury Note	16.46%	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%
3-year Treasury Note	16.89%	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%
5-year Treasury Note	19.82%	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%
7-year Treasury Note	20.75%	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%
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%
Stock Market Indices														
MASI	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	36,496.03	38,945.62	41,681.86
DSI	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	29,749.56	31,959.22	34,383.73
FSI	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	3,479.97	3,479.97	3,454.70

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