

Market Statistics Report



Equity research | News & Analysis

MALAWI

MARKET PERFORMANCE REPORT FOR THE PERIOD JAN TO MAR 2021 (1Q2021)

Symbol	Bid	Sell	Open	Close	%	Volume	Value	Trades	Market Capitalization	Earnings K'million	P/E	P/B
AIRTEL	0.00	27.95	27.98	27.95	-0.1% ↓	5,372,980	150,303,281.64	112	307,450,000,000	22,091.00	13.92	12.76
BHL	0.00	0.00	12.94	11.00	-15.0% ↓	286,218	3,173,323.95	7	9,237,257,755	(453.77)	(20.36)	1.37
FDHB	0.00	16.49	14.45	16.49	14.1% ↑	1,858,705	28,846,111.54	53	113,798,005,313	13,988.78	8.13	4.22
FMBCH	27.12	0.00	22.04	27.12	23.0% ↑	572,180	15,487,951.69	20	66,667,740,000	(606.93) ##		1.18
ICON	10.35	12.17	12.27	12.18	-0.7% ↓	289,021	3,533,498.41	12	81,362,400,000	6,991.35 ##	11.64	1.10
ILLOVO	80.46	0.00	80.48	80.46	0.0% ↓	3,840,556	309,011,331.99	41	57,403,735,700	2,739.00	20.96	0.80
MPICO	0.00	20.89	21.00	20.89	-0.5% ↓	1,604,463	33,533,822.18	14	48,006,211,439	4,545.92 ##	10.56	1.23
NBM	650.05	0.00	650.00	650.05	0.0% ↑	158,767	103,199,389.00	53	303,528,976,287	22,406.00	13.55	2.58
NBS	0.00	23.00	21.60	23.00	6.5% ↑	8,482,363	179,684,469.05	110	66,943,187,188	7,049.75	9.50	3.49
NICO	44.15	51.93	52.00	51.93	-0.1% ↓	3,141,100	163,195,744.51	22	54,165,124,115	8,745.00 ##	6.19	1.70
NITL	80.70	90.89	94.95	94.94	0.0% ↓	10,000	949,400.00	1	12,816,900,000	1,478.52	8.67	0.99
OMU	0.00	2,190.00	2,199.98	2,190.00	-0.5% ↓	8,105	17,830,278.00	3	34,693,828,890	(774.07)	(44.82)	2.93
PCL	0.00	1,199.94	1,309.47	1,199.94	-8.4% ↓	34,599	41,517,198.44	14	144,299,768,651	8,841.00 ##	16.32	0.92
STANDARD	1,200.12	0.00	1,046.39	1,200.12	14.7% ↑	22,971	27,566,134.91	24	281,629,954,579	23,743.00	11.86	2.66
SUNBIRD			105.00	90.00	-14.3% ↓	29,240	2,718,715.00	9	23,542,432,200	(1,179.85)	(19.95)	0.87
TNM	0.00	16.39	20.07	16.39	-18.3% ↓	6,457,519	107,569,943.19	84	164,562,975,500	13,141.00 ##	12.52	3.58
1Q2021						32,168,787	1,188,120,593.50	579	1,770,108,497,617.18	WEIGHTED AVGE	13.33	2.10

USD 32,168,787* 1,515,263.38 579.00 2,257,498,609.70

Turnover by month

Jan-21	2,231,644	60,594,198.38	139	1,793,009,981,012.77
Feb-21	12,052,809	438,930,171.04	178	1,794,137,422,985.29
Mar-21	17,884,334	688,596,224.08	262	1,770,108,497,617.18
b/f totals	32,168,787	1,188,120,593.50	579	1,702,073,755,591.30

Prior year comparatives

1Q2020	70,886,329	1,822,662,767.45	761.00	1,702,073,755,591.30
1Q2020 USD	70,886,329*	2,474,492.96	761.00	2,310,778,275.76
FY 2020 USD	1,645,194,139	53,299,984.75	3,114.00	2,283,048,282.63

MSE ALL SHARE INDEX 31 MARCH 2021

	Opening	Closing	%
Month change 28-Feb-21	33009.75	32562.96	-1.4% ↓
Year to date 31-Dec-20	32392.84	32562.96	0.5% ↑
Prior year comparison 30-Mar-20	29176.23	32562.96	11.6% ↑

INFLATION FIGURES

Feb-21	8.3
Jan-21	7.7
Dec-20	7.6
Nov-20	7.3
Feb-20	11.0
Dec-19	11.5

MONTHLY AVGE FX RATES EQUIV TO ONE UNIT OF FX

	31-Mar-21	28-Feb-21	31-Dec-20	31-Mar-20
USD	784.10	780.13	770.84	736.58
ZAR	52.58	52.08	52.83	41.06
GBP	1077.67	1087.27	1050.57	908.28

INTEREST RATES

	31-Mar-21	31-Dec-20	31-Mar-20	
Policy rate	12.00	12.00	13.50	The guideline RBM rate used as a basis for lending to commercial banks
Base rate	11.90	12.30	13.30	Also known as reference rate. The min lending rate for commercial banks
TB rate 91d	10.07	9.95	7.50	
TB rate 365d	13.36	13.54	12.11	

Foot note to company earnings

FY20 results not yet released. We have computed 12-month rolling earnings to interim period

Our analysis is on the next page

COMMENTARY ON FIRST QUARTER 2021 MARKET PERFORMANCE REPORT

The Malawi All Share Index inched up 50bps during the quarter to close at 32,562.96 influenced by banking stocks which rallied on stellar results while the rest of the counters retreated weighing down the increase in the index. Malawi banks seem to have defied the general downward trend in earnings brought about by the effects of Covid-19. In general net interest margins seem to be the drivers of revenue across the board – only reducing marginally suggesting that there was little adjustment in existing loan facilities in response to the pandemic. The banks are not the most popular lot in the court of public opinion as a result.

The biggest rise in price during the quarter was recorded in FMBCH (23%) as the market responded to a positive earnings update – expected to rise at least 200% on a low base. FDHB and STANDARD both rose above 14% while NBS grew 6.5% -all on account good sets of results.

The fallers were led by TNM (-18.3%) on account of increased supply and negative earnings update. This was followed by both hotels as they were directly hit by a drop in business due to the pandemic. Another significant faller was PCL (-8.4%) as sellers outstripped buyers.

The market traded 32.1m shares during 1Q21 worth K1.2bn (\$1.5m) in 579 trades. This compares to 70.9m shares worth K1.8bn (\$2.5m) in 761 trades recorded in 1Q20. This represents a 55% drop in volume and a 33% drop in value (-40% in USD terms) on the similar period last year.

Foreign Exchange commentary

The MWK has been weakening against its major trading currencies. During the first quarter the kwacha has gone down 1.7% and 2.6% against the USD and GBP respectively with a marginal recovery against the ZAR. However for the previous 12 months the MWK lost substantially; dropping 28% against the South African rand, 18.7% against the British Pound and losing 6.4% against the US dollar. Apart from the effect of Covid-19, the year 2020 was eventful for Malawi as a new government came into force after the presidential election re-run.

Gross official reserves under the direct control of the Reserve Bank of Malawi have fallen from 2.75 months of import cover or \$574.26m as at 31 December 2020 to 1.96 months as at 31 March 2021. Compared to the prior year, the reserves fell from 3.49 months or \$730.17m as at 31 March 2020.

Proceeds from country's main forex earner; tobacco for the year 2020, decreased 26.4% from \$237m recorded in 2019 to \$174.5m. The drop in tobacco revenue was attributed to a 31.3% drop in tobacco production on account of wet weather conditions as a result of effects of cyclone in 2019 that caused leaching and crop thinning.

Interest rates

Treasury bill rates have generally been trending upwards although the policy rate and the reference rate for banks have been kept in check as the monetary authorities seek to lessen the impact of Covid-19 on economic activity. The Monetary Policy Committee eased the monetary policy stance by reducing the policy rate in November 2020 from 13.5% to 12% as part of its measures to help the economy withstand the impact of the Covid-19 pandemic.

Inflation rate

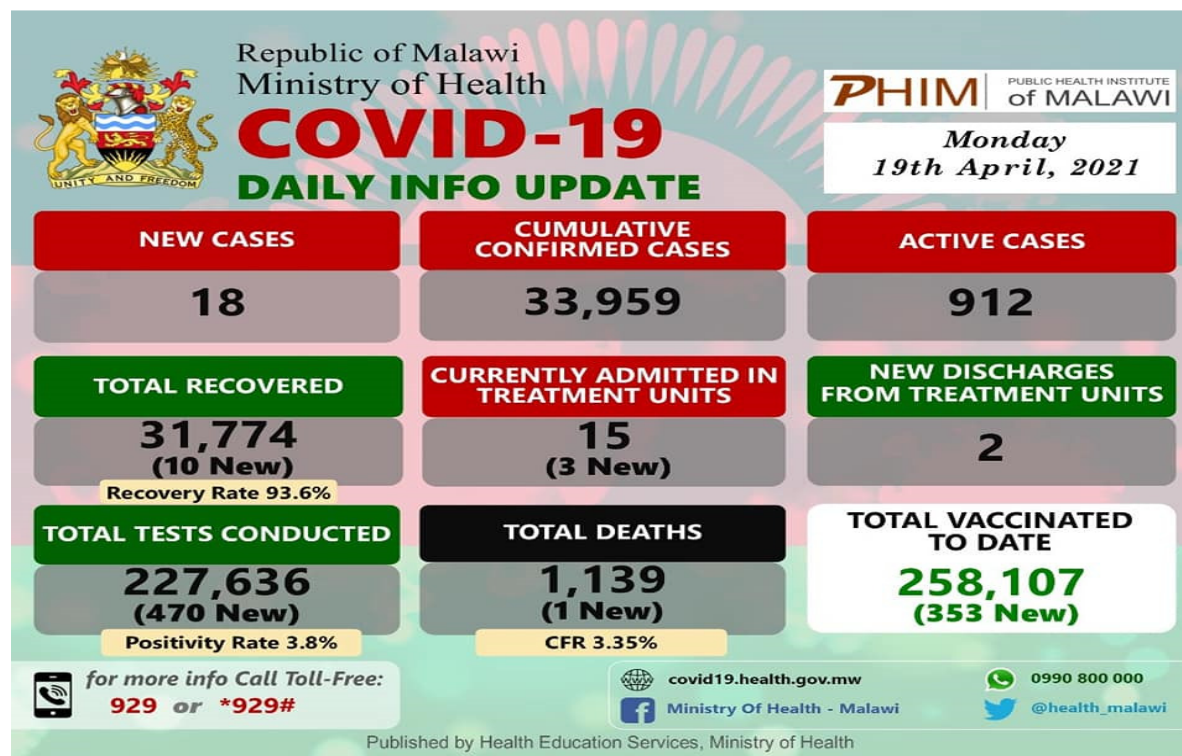
Inflation has generally demonstrated a decreasing trend from the double digit levels of early 2020 – reaching 7.1% in September 2020 – a low level last recorded in December 2017. Inflation in Malawi is influenced by availability of food, exchange rate movements and developments in the international fuel markets. A weakening kwacha coupled with an increase in international fuel prices has triggered two upwards adjustments in the fuel pump prices since December 2020; rising 28% on 16 December 2020 and 11.3% on 9 March 2021. February 2021 inflation was recorded at 8.3%. A bumper crop yield expected from the 2020 growing season will help cushion the external inflationary pressure and the outlook by the Reserve Bank is an average 1Q21 inflation of 8.1%.

Company Updates in 2021

- Phillip Madinga was appointed new CEO for Standard Bank Malawi effective 1 January 2021. Phillip replaced William Le Roux who was CEO for the previous three years
- Arnold Mbwana was appointed new CEO for TNM Plc effective 1 March 2021. Arnold replaced Michiel Buitelaar who resigned in November 2020 and is said to have left “after a mutual agreement” having been around for only 19 months.

DIVIDEND TRACKING 2021						
COMPANY	DECLARED (K) PER SHARE	YEAR END	TYPE	LDR	PAYMENT DATE	COMMENT
TNM	0.12	31-Dec-20	INTERIM 2	8-Jan-21	22-Jan-21	PAID
FDH	0.43	31-Dec-20	INTERIM	12-Mar-21	26-Mar-21	PAID
ILLOVO	2.00	31-Aug-20	FINAL	12-Mar-21	31-Mar-21	PAID
NBM	5.35	31-Dec-20	INTERIM 2	12-Mar-21	31-Mar-21	PAID
AIRTEL	2.10	31-Dec-20	FINAL	TBA	TBA	PENDING AGM APPROVAL
NBS	0.70	31-Dec-20	FINAL	TBA	TBA	PENDING AGM APPROVAL
NBM	17.13	31-Dec-20	FINAL	TBA	TBA	PENDING AGM APPROVAL
STANDARD	12.78	31-Dec-20	INTERIM 2	30-Apr-21	13-May-21	
STANDARD	21.31	31-Dec-20	FINAL	TBA	TBA	PENDING AGM APPROVAL
NITL	0.80	31-Dec-20	FINAL	TBA	TBA	PENDING AGM APPROVAL
OMU	18.25	31-Dec-20	FINAL	13-Apr-21	24-May-21	

Recent Covid 19 Malawi dashboard



Source: Ministry of Health, Malawi

Commentary on the Covid-19 Pandemic

Most of the Covid-19 infections and deaths ramped up in January 2021 attributed to the new variant first discovered in South Africa. As of 31 December 2020, there were 6,583 cases recorded with 5,705 recoveries and 189 lives lost. There were notable improvements until the second wave hit when infection levels and the death rate worsened. By the end of February 2021, there were a total of 31,945 cumulative cases of infections with 18,874 recoveries and 1,044 deaths.

On 5 March 2021, Malawi received the first consignment of Covid-19 vaccine supply under the COVAX facility- a WHO coordinated vaccine distribution programme to ensure equitable distribution of COVID-19 vaccines globally- which included 360,000 syringes of Oxford-AstraZeneca vaccine from Serum Institute of India. Under this facility Malawi is expected to vaccinate 3,800,000 (20 per cent) of the population. By the end of March, the country had received a total of 530,000 doses from the COVAX facility and 102,000 doses from the African Union. The rate of vaccination at a cumulative figure of 258,107 shots in just over a month is very slow as people are reluctant to come forward. It is reported that 16,400 vaccines had expired by early April and had to be thrown away. We think the government can do more in civic education to increase accessibility of the vaccine to the masses.

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