

### Financial market highlights - Malawi

The following highlights compare the week ending 20 March 2020 to the previous week (ending 13 March 2020):

#### **Inflation (Source: NSO)**

- The headline inflation for February 2020 decreased to 11.0% from 11.1% in the last month
- Food inflation and non food inflation are 17.0% and 5.4% respectively (from 17.4% and 5.1% in January 2020)

#### **Financial market developments ( Source: RBM)**

- Decrease in daily average liquidity to K9.96 billion (was K31.27 billion)
- Increase in Overnight Interbank daily average to K13.92 billion (from K3.71 billion)
- Overnight Interbank average rate increased to 13.32% from 13.12%
- Access to Lombard Facility (discount window borrowing) increased to K13.92 billion (from K1.99 billion), at same rate of 13.90%

#### **Government Securities (RBM)**

- K5.55 billion raised in the Treasury Bill auction (from K6.26 billion)
- All type treasury bill yield increased to 9.18%, from 8.82%
- Treasury bill auction had a nil rejection rate, from 0.15% the previous week

#### **Equity Market (Source: MSE)**

- Decrease in MASI to 28,940.04 points (from 29,187.02 points)
- Share price gains for NBM
- Share price losses for AIRTEL, FMBCH and ICON
- Negative return on MASI (year-to-date) of 4.34% (was negative 5.31% last year)

#### **Currency Market (Source: RBM)**

- Malawi Kwacha was stable against the USD at K736.58
- Malawi Kwacha appreciated against the GBP, EUR and ZAR.

### **Malawi Stock Exchange ( Source : MSE)**

The MASI was bearish in the week under review, relative to the previous week. There was a share price gain for NBM and there were share price losses for AIRTEL, FMBCH and ICON. The year-to-date return for the MASI was negative at 4.34% this year.

MSE Code	Dividend yield (%)	P/E ratio	P/BV	13-Mar-20 Share Price	20-Mar-20 Share Price
AIRTEL	0.00	95.81	103.96	17.58	↓ 17.56
BHL	1.24	23.28	1.67	12.94	12.94
FMBCH	0.00	9.59	1.99	55.25	↓ 47.00
ICON	0.00	56.38	1.04	10.49	↓ 10.48
ILLOVO	0.45	7.85	1.11	111.00	111.00
MPICO	1.03	10.19	1.52	22.48	22.48
NBM	3.06	15.88	2.86	525.26	↑ 540.00
NBS	2.19	10.45	3.04	16.00	16.00
NICO	3.51	7.77	1.96	48.50	48.50
NITL	1.05	9.02	1.29	95.00	95.00
OML	4.20	7.77	3.64	2,499.99	2,499.99
PCL	1.86	9.16	1.12	1,400.00	1,400.00
STANDARD	4.15	10.79	1.96	730.00	730.00
SUNBIRD	0.83	12.26	1.49	120.01	120.01
TNM	3.40	13.28	5.77	22.05	22.05
<b>MASI</b>	<b>2.03</b>	<b>12.90</b>	<b>2.20</b>	<b>29,187.31</b>	<b>↓ 28,940.04</b>
<b>DSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>23,528.48</b>	<b>↓ 23,643.19</b>
<b>FSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3,046.35</b>	<b>↓ 2,637.60</b>

### Inflation (Source : NSO)

The Headline inflation for February 2020 decreased to 11.0%, from 11.1% in the previous month. This is due to the food inflation decreasing to 17.0% from 17.6% in January 2020, despite the non-food inflation increasing to 5.4%, from 5.1% in the same period.

### Daily Liquidity (Source : RBM)

Liquidity decreased to a daily average of K9.95 billion this week, compared to last week's average of K31.27 billion. Maturities for the week were K11.06 billion and there was a net injection of K5.50 billion this week (Treasury Bill auction raised K5.55 billion).

### Interbank Market and Lombard Facility (Source : RBM)

Overnight volume increased to a daily average of K13.92 billion at a higher rate of 13.32%. The previous week had an average volume of K3.71 and a rate of 13.12%. Access to the discount window increased to K4.98 billion per day, at a rate of 13.90% (previous week: K1.99 billion at 13.90%).

### Government Securities (Source : RBM)

A total of K5.55 billion was raised when the Treasury Bill auction was held this week. The all type treasury bill yield increased to 9.18%, from last week's 8.82%. The 364 paper had the highest subscription rate at 93.51% and the 91 days paper had 6.49%. There were no rejections this week while the rejection rate last week was 0.15%. There were no bids for the 182 days paper in both weeks. The Government Securities market for the week under review, relative to the previous week, is summarized in the table below.

Tenor	Total Allotted	Total Allotted	Rejection Rate (%)	Rejection Rate (%)	Average Yield (%)	Average Yield (%)
	(K'million)	(K'million)	20-Mar-20	13-Mar-20	20-Mar-20	13-Mar-20
91 days	360.26	28.59	0.00	25.24	7.51	7.50
182 days	-	-	-	-	-	-
364 days	5,191.00	6,232.49	0.00	0.00	10.85	10.14
<b>Total TB</b>	<b>5,551.26</b>	<b>6,261.08</b>	<b>0.00</b>	<b>0.15</b>	<b>9.18</b>	<b>8.82</b>

### Daily Liquidity (Source : RBM)

During the week under review, the Malawi Kwacha was stable against the USD at K736.58. It also appreciated against the GBP, EUR and ZAR.

CURRENCY	20-Mar-20	13-Mar-20	% Change
MK/US Dollar	736.58	736.58	0.00%
MK/GBP	859.15	925.51	↑ 7.17%
MK/ZAR	42.50	45.01	↑ 5.59%
MK/EUR	792.71	825.71	↑ 4.00%

