

Financial market highlights - Malawi

The following highlights compare the week ending 27 March 2020 to the previous week (ending 20 March 2020):

Financial market developments (Source: RBM)

- Decrease in daily average liquidity to K8.81 billion (was K9.96 billion)
- Decrease in Overnight Interbank daily average to K13.58 billion (from K13.92 billion)
- Overnight Interbank average rate increased to 13.58% from 13.32%
- Access to Lombard Facility (discount window borrowing) increased to K9.98 billion (from K4.98 billion), at same rate of 13.90%

Government Securities (RBM)

- K44.11 billion raised through Treasury Bills (K7.04 billion) and a 7-Year Treasury Note (K34.04 billion) auction
- The rejection rates for the treasury bill and 7-year treasury note were 11.8% and 9.05% respectively
- All type treasury bill yield increased to 9.70%, from 9.18%
- Average yield in the 7-Year Treasury Note auction was 19.08%

Equity Market (Source: MSE)

- Decrease in MASI to 28,902 points (from 28,940.04 points)
- Share price gains for NBM
- Share price losses for AIRTEL, FMBCH, NICO and TNM
- Negative return on MASI (year-to-date) of 4.46%

Currency Market (Source: RBM)

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

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, NICO and TNM. The year-to-date return for the MASI was negative at 4.46% this year.

MSE Code	Dividend yield (%)	P/E ratio	P/BV	20-Mar-20 Share Price	27-Mar-20 Share Price
AIRTEL	0.00	95.81	103.96	17.56	↓ 17.50
BHL	1.24	23.28	1.67	12.94	12.94
FMBCH	0.00	9.59	1.99	47.00	↓ 46.50
ICON	0.00	56.38	1.04	10.48	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	540.00	↑ 540.01
NBS	2.19	10.45	3.04	16.00	16.00
NICO	3.51	7.77	1.96	48.50	↓ 48.49
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	↓ 22.04
MASI	2.03	12.90	2.20	28,940.04	↓ 28,902.32
DSI	N/A	N/A	N/A	23,643.19	↓ 23,629.86
FSI	N/A	N/A	N/A	2,637.60	↓ 2,612.83

Daily Liquidity (Source : RBM)

Liquidity decreased to a daily average of K8.81 billion this week, compared to last week's average of K9.96 billion. Maturities for the week were K16.83 billion and there was a net withdrawal of K24.28 billion this week (Treasury Bill auction raised K41.11 billion).

Interbank Market and Lombard Facility (Source : RBM)

Overnight volume decreased to a daily average of K13.58 billion at a higher rate of 13.58%. The previous week had an average volume of K13.92 and a rate of 13.32%. Access to the discount window increased to K9.98 billion per day, at a rate of 13.90% (previous week: K4.98 billion at 13.90%).

Government Securities (Source : RBM)

A total of K41.11 billion was raised when the treasury bill and 7-year treasury note auctions were held this week. In the treasury bill auction, the all type treasury bill yield increased to 9.70%, from last week's 9.18%. The 364 paper had the highest subscription rate at 93.10% and the 91 days paper had 6.90%. There was a 11.18% rejection rate this week (nil rejections last week). There were no bids for the 182 days paper in both weeks. In the treasury note auction, K34.07 billion was raised and this represented a 9.05% rejection rate. The average yield was 19.08% and the coupon rate (paid annually) is 13.50%. The Government Securities market for the week under review, relative to the previous week, is summarized in the table below.

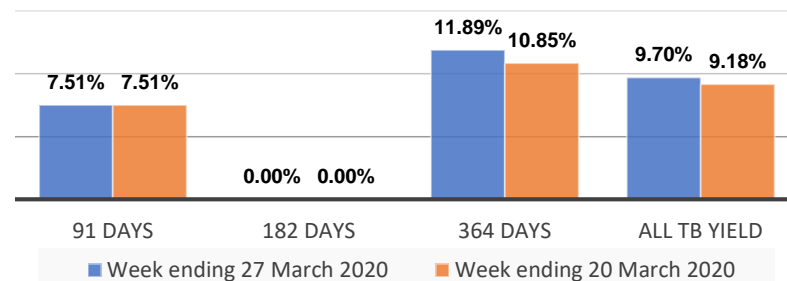
Tenor	Total Allotted (K'million)	Total Allotted (K'million)	Rejection Rate (%)	Rejection Rate (%)	Average Yield (%)	Average Yield (%)
	27-Mar-20	20-Mar-20	27-Mar-20	20-Mar-20	27-Mar-20	20-Mar-20
91 days	547.36	360.26	0.00	0.00	7.51	7.51
182 days	-	-	-	-	-	-
364 days	6,494.58	5,191.00	12.01	0.00	11.89	10.85
Total TB	7,041.94	5,551.26	11.18	0.00	9.70	9.18
7-yr TN	34,070.00	-	9.05	-	19.08	-
All Total	44,11000	5,51.26				

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 ZAR. However, it depreciated against the GBP and EUR.

CURRENCY	27-Mar-20	20-Mar-20	% Change
MK/US Dollar	736.58	736.58	0.00%
MK/GBP	901.06	859.15	↓ 4.88%
MK/ZAR	42.43	42.50	↑ -0.16%
MK/EUR	814.36	792.71	↓ 2.73%

Average Government Securities Yield (Source: RBM)



DAILY LIQUIDITY in K'Bn (Source: RBM)

