

Financial Market Insights

17 April 2020

Financial market highlights - Malawi

The following highlights compare the week ending 17 April 2020 to the previous week (ending 9 April 2020):

Financial market developments (Source: RBM)

- Decrease in daily average liquidity to K22.42 billion (was K24.65 billion)
- Decrease in Overnight Interbank daily average to K12.55 billion (from K15.58 billion)
- Overnight Interbank average rate decreased to 13.47% from 13.48%
- Access to Lombard Facility (discount window borrowing) increased to K24.78 billion (from K11.55 billion)
- Average rate on the discount window decreased to 13.70%, from 13.80%

Government Securities (Source: RBM)

- Total of K22.56 billion raised in the Treasury Bill and 5-Year Treasury Note Auction this week
- K1.56 billion raised through Treasury Bill auction, from K6.83 billion
- K21.00 billion was raised in the 5-year Treasury Note Auction
- The rejection rates for the treasury bill and treasury note auction were 36.27% and 17.68% respectively
- The coupon rate was 12.50% per annum (paid semi annually) for the 5-Year Treasury Note
- All type treasury bill yield decreased to 9.59%, from 9.99%

Equity Market (Source: MSE)

- Decrease in MASI to 29,062.81 points (from 29,064.79 points)
- Share price losses for NITL and TNM
- Negative return on MASI (year-to-date) of 3.93% (was 6.28% last year)

Currency Market (Source: RBM)

- Malawi Kwacha was stable against the USD at K736.44
- Malawi Kwacha marginally appreciated against the EUR and appreciated against the ZAR
- There was a marginal depreciation against the GBP

Malawi Stock Exchange (Source : MSE)

The MASI was bearish in the week under review, relative to the previous week. There were share price losses for NITL and TNM. The year-to-date return for the MASI was negative at 3.93% this year (it was negative 6.69% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	9-Apr-20 Share Price	17-Apr-20 Share Price
AIRTEL	0.00	92.76	100.65	17.00	17.00
BHL	1.55	23.28	1.67	12.94	12.94
FMBCH	0.00	8.16	1.70	40.00	40.00
ICON	0.00	56.28	1.04	10.46	10.46
ILLOVO	0.53	6.69	0.95	94.50	94.50
MPICO	1.00	10.38	1.47	24.99	24.99
NBM	3.29	14.74	2.50	540.00	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	0.79	7.21	1.11	95.01	↓ 95.00
OML	2.16	24.62	3.09	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	730.02	730.02
SUNBIRD	0.83	12.10	1.34	120.01	120.01
TNM	2.94	17.02	5.59	25.54	↓ 25.53
MASI	2.05	13.22	2.12	29,064.79	↓ 29,062.81
DSI	N/A	N/A	N/A	24,038.84	↓ 24,037.08
FSI	N/A	N/A	N/A	2,290.78	2,290.78

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Daily Liquidity (Source : RBM)

Liquidity decreased to a daily average of K22.42 billion this week, compared to last week's average of K24.65 billion. Maturities for the week were K5.64 billion and there was a net withdrawal of K16.92 billion this week.

Interbank Market and Lombard Facility (Source : RBM)

Overnight volume marginally decreased to a daily average of K12.55 billion at a lower rate of 13.47%. The previous week had an average volume of K12.58 and a rate of 13.48%. Access to the discount window increased to K24.78 billion per day, at an average rate of 13.70% (previous week: K11.55 billion at 13.80%).

Government Securities (Source : RBM)

A total of K22.56 billion was raised when the Reserve Bank of Malawi held a treasury bill and 5-year treasury note auction this week. In the treasury note auction, K1.56 billion was raised and there was a rejection rate of 36.27%, which is higher than last week's 21.60% rate. This week's 9.59% average all type treasury bill yield was lower than last week's all type treasury bill yield, which was 9.99%. The 364 paper had the highest subscription rate at 88.98%. The 91 days paper and 182 days paper then had subscriptions of 13.62% and 0.39% respectively. The 5-year treasury note auction's funds will be used to build 1,000 residential buildings for the four major security institutions like the Malawi Defence Force. K21.00 billion was raised at an average yield of 17.73%. The coupon rate is 12.50% per annum and it will be paid semi-annually. The rejection rate was 17.68%. 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 (%)
	17-Apr-20	9-Apr-20	17-Apr-20	9-Apr-20	17-Apr-20	9-Apr-20
91 days	332.53	34.60	0.00	0.00	7.81	7.50
182 days	9.60	-	0.00	-	8.46	-
364 days	1,213.49	6,832.52	42.18	11.55	12.50	12.48
Total TB	1,555.62	6,867.12	36.27	21.60	9.59	9.99
5-Yr TN	21,000.00	-	17.68	-	17.73	-

Currency Market (Source : RBM)

During the week under review, the Malawi Kwacha was stable against the USD at K736.44. It also marginally appreciated against the EUR and appreciated against the ZAR. However, it marginally depreciated against the GBP.

CURRENCY	17-Apr-20	09-Apr-20	% Change
MK/US Dollar	736.44	736.44	0.00%
MK/GBP	918.34	911.57	↓ 0.74%
MK/ZAR	39.28	40.49	↑ 3.00%
MK/EUR	798.96	800.00	↑ 0.13%

