

Financial Market Insights

9 April 2020

Financial market highlights - Malawi

The following highlights compare the week ending 9 April 2020 to the previous week (ending 3 April 2020):

Financial market developments (Source: RBM)

- Increase in daily average liquidity to K24.65 billion (was K19.26 billion)
- Decrease in Overnight Interbank daily average to K12.58 billion (from K15.77 billion)
- Overnight Interbank average rate decreased to 13.48% from 13.71%
- Access to Lombard Facility (discount window borrowing) decreased to K11.55 billion (from K19.18 billion)
- Average rate on the discount window decreased to 13.80%, from 13.90%

Government Securities (Source: RBM)

- Total of K29.05 billion raised in the Treasury Bill and 3-Year Treasury Note Auction this week
- K6.83 billion raised through Treasury Bill auction, from K9.49 billion in previous week
- K22.18 billion was raised in the 3-year Treasury Note Auction
- The rejection rates for the Treasury bill and Treasury note auction were 21.60% and 10.71% respectively
- All type treasury bill yield increased to 9.99%, from 9.81%

Equity Market (Source: MSE)

- Decrease in MASI to 29,064.79 points (from 29,176.06 points)
- Share price losses for AIRTEL, ICON and NBM
- Negative return on MASI (year-to-date) of 3.93% (was 6.69% last year)

Currency Market (Source: RBM)

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

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 AIRTEL, ICON and NBM. 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	3-Apr-20 Share Price	9-Apr-20 Share Price
AIRTEL	0.00	92.76	100.65	17.50	↓ 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	10.49	↓ 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	540.01	↓ 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	95.01
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	15.39	6.68	25.54	25.54
MASI	2.05	13.03	2.14	29,176.06	↓ 29,064.79
DSI	N/A	N/A	N/A	24,138.07	↓ 24,038.84
FSI	N/A	N/A	N/A	2,290.78	2,290.78

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Daily Liquidity (Source : RBM)

Liquidity increased to a daily average of K24.65 billion this week, compared to last week's average of K19.26 billion. Maturities for the week were K9.21 billion and there was a net withdrawal of K19.84 billion this week.

Interbank Market and Lombard Facility (Source : RBM)

Overnight volume decreased to a daily average of K12.58 billion at a lower rate of 13.48%. The previous week had an average volume of K15.77 and a rate of 13.71%. Access to the discount window decreased to K11.55 billion per day, at an average rate of 13.80% (previous week: K19.18 billion at 13.90%).

Government Securities (Source : RBM)

A total of K29.05 billion was raised when the Reserve Bank of Malawi held a treasury bill and 3-year treasury note auction this week. In the treasury note auction, K6.83 billion was raised and there was a rejection rate of 21.60%, which is lower than last week's 47.33% rejection rate. This week's 9.99% average all type treasury bill yield was higher than last week's all type treasury bill yield, which was 9.81%. The 364 paper had the highest subscription rate at 88.19%. The 182 days paper and 91 days paper then had subscriptions of 11.42% and 0.39% respectively. The 3-year treasury note auction raised K22.18 billion at an average yield of 14.50%. the coupon rate is 11.00% and it will be paid semi-annually. The rejection rate was 10.71%. 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 (%)
	9-Apr-20	3-Apr-20	9-Apr-20	3-Apr-20	9-Apr-20	3-Apr-20
91 days	34.60	37.79	0.00	0.00	7.50	7.50
182 days	-	-	-	-	-	-
364 days	6,832.52	9,493.48	11.55	47.42	12.48	12.11
Total TB	6,867.12	9,531.27	21.60	47.33	9.99	9.81
3-Yr TN	22,180.00	-	10.71	-	14.50	-

Currency Market (Source : RBM)

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

CURRENCY	09-Apr-20	03-Apr-20	% Change
MK/US Dollar	736.44	736.44	0.00%
MK/GBP	911.57	911.34	↓ 0.02%
MK/ZAR	40.49	39.68	↓ 2.04%
MK/EUR	800.00	798.52	↓ 0.18%

