

# Financial Market Insights

## 30 April 2020

### Financial market highlights - Malawi

The following highlights compare the week ending 30 April 2020 to the previous week (ending 24 April 2020):

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

- Increase in daily average liquidity to K28.93 billion (was K26.36 billion)
- There was a net withdrawal of K0.89 billion this week
- Decrease in Overnight Interbank daily average to K6.83 billion (from K6.76 billion)
- Overnight Interbank average rate slipped to 13.46% from 13.47%
- Access to Lombard Facility (discount window borrowing) decreased to K15.41 billion (from K24.14 billion)
- Average rate on the discount window remained at 13.70%

#### Government Securities (Source: RBM)

- The Treasury Bill auction this week raised K6.30 billion, from K3.17 billion
- In the Treasury Bill auction, there was a 54.78% rejection rate this week, from 2.46% in the previous week
- All type treasury bill yield decreased to 9.92% from 10.16%

#### Equity Market (Source: MSE)

- Decrease in MASI to 28,857.39 points (from 28,869.69 points)
- Share price gains for NBM
- Share price losses for ICON, SUNBIRD and TNM
- Negative return on MASI (year-to-date) of 4.61% (was negative 6.39% last year)

#### Currency Market (Source: RBM)

- Malawi Kwacha was marginally appreciated against the USD from K736.44 to K729.15
- Malawi Kwacha slipped against the ZAR and also marginally depreciated against both the GBP and EUR.

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

The MASI was bearish in the week under review, relative to the previous week. There were share price gains for NBM and share price losses for ICON, SUNBIRD and TNM. The year-to-date return for the MASI was negative at 4.61% this year (it was negative 6.39% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	24-Apr-20 Share Price	30-Apr-20 Share Price
AIRTEL	0.00	95.49	103.61	17.50	17.50
BHL	1.55	23.28	1.67	12.94	12.94
FMBCH	0.00	6.93	1.44	40.00	34.00
ICON	0.00	56.22	1.04	10.46	↓ 10.45
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	15.01	2.50	540.00	↑ 550.00
NBS	2.50	9.14	2.66	16.00	14.00
NICO	3.51	7.76	1.96	48.44	48.44
NITL	0.79	7.21	1.11	95.00	95.00
OML	2.16	24.62	3.09	2,499.99	2,499.99
PCL	1.86	20.64	1.07	1,400.00	1,400.00
STANDARD	4.03	11.08	2.02	750.01	750.01
SUNBIRD	0.83	12.10	1.34	120.01	↓ 120.00
TNM	3.00	16.66	5.47	25.53	↓ 24.99
<b>MASI</b>	<b>2.05</b>	<b>14.20</b>	<b>2.06</b>	<b>28,869.69</b>	↓ <b>28,857.39</b>
<b>DSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>24,108.66</b>	↓ <b>24,097.69</b>
<b>FSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1,993.51</b>	<b>1,993.51</b>

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### Financial Market Developments (Source : RBM)

Liquidity increased to a daily average of K28.93 billion this week, compared to last week's average of K26.36 billion. Maturities for the week were K5.40 billion and there was a net withdrawal of K0.89 billion this week. Overnight volume marginally increased to a daily average of K6.83 billion from K6.76 billion. Similarly, the rate decreased from 13.47% to 13.46%. Access to the discount window decreased to K15.41 billion per day (previous week: K24.14 billion). The discount window rate remains at 13.70%.

### Government Securities (Source : RBM)

A total of K6.30 billion was raised when the Reserve Bank of Malawi held a treasury bill auction this week. There was a rejection rate of 54.78%, which is higher than last week's 2.46% rate. This week's 9.92% average all type treasury bill yield was lower than last week's all type treasury bill yield, which was 10.16%. The 364 paper had the highest subscription rate at 75.95%. The 91 days paper then had subscriptions of 14.33%. Finally, there was no subscription for the 182 days paper. 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)		Rejection Rate (%)		Average Yield (%)	
	30-Apr-20	24-Apr-20	30-Apr-20	24-Apr-20	30-Apr-20	24-Apr-20
91 days	1,994.93	63.00	0.00	55.92	7.58	7.80
182 days	0.00	0.00	0.00	0.00	-	-
364 days	4,302.54	3,103.75	59.32	0.00	12.26	12.51
<b>Total TB</b>	<b>6,297.47</b>	<b>3,166.75</b>	<b>54.78</b>	<b>2.46</b>	<b>9.92</b>	<b>10.16</b>

### Currency Market (Source : RBM)

During the week under review, the Malawi Kwacha appreciated against the USD to K729.15 from K736.44. However, it depreciated against the ZAR. It also marginally depreciated against the GBP and EUR.

CURRENCY	30-Apr-20	24-Apr-20	% Change	
MK/US Dollar	729.15	736.44	↑	-0.99%
MK/GBP	908.67	907.74	↓	0.10%
MK/ZAR	40.23	38.43	↓	4.68%
MK/EUR	792.51	792.12	↓	0.05%

