

Financial Market Insights

29 May 2020

Financial market highlights - Malawi

The following highlights compare the week ending 29 May 2020 to the previous week (ending 22 May 2020):

Financial market developments (Source: RBM)

- Increase in daily average liquidity to K11.54 billion from K2.42 billion
- There was a net injection of K4.46 billion this week
- Increase in Overnight Interbank daily average to K7.69 billion from K6.26 billion
- Overnight Interbank average rate steady at 13.47%
- Decrease in the daily average discount window borrowing to K19.92 billion, from K23.02 billion
- Average rate on the discount window remained at 13.70%

Government Securities (Source: RBM)

- A total of K1.22 billion was raised this week in the Treasury Bill auction
- There was a 74.21% rejection rate, from last week's nil rejection rate
- All type treasury bill yield increased to 12.80% from 12.78%
- There was a 100% subscription to the 364 days paper in both weeks
- On 2 June 2020, the RBM will issue Treasury securities of K20.07 billion and K1.77 billion in the 7-Year Treasury Note and Treasury Bill auctions respectively

Equity Market (Source: MSE)

- MASI decreased to 28,501.97 points this week, from 28,502.17
- Share price loss for NICO (from K48.44 to K48.43) this week, compared to last week
- Negative return on MASI (year-to-date) of 5.79% (was 0.91% last year)

Currency Market (Source: RBM)

- Malawi Kwacha has marginally depreciated against the USD to K736.82 from K736.56
- Malawi Kwacha depreciated against the GBP, EUR and ZAR

Equity Market (Source : MSE)

The MASI was bearish in the week under review, relative to the previous week. This is because of the share price loss for NICO to K48.44 (from K48.43). The year-to-date return for the MASI was negative at 5.79% this year (it was 0.91% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	22-May-20 Share Price	29-May-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	34.00	34.00
ICON	2.02	9.58	0.94	10.40	10.40
ILLOVO	0.53	6.69	0.95	94.50	94.50
MPICO	1.00	10.38	1.47	24.99	24.99
NBM	3.23	15.01	2.55	550.00	550.00
NBS	2.00	11.43	3.32	17.50	17.50
NICO	2.99	6.31	1.59	48.44	48.43
NITL	0.79	7.21	1.11	95.00	95.00
OML	2.16	24.68	3.10	2,499.99	2,499.99
PCL	1.86	20.64	1.07	1,400.00	1,400.00
STANDARD	3.99	11.21	2.04	758.34	758.34
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.41	14.66	4.81	22.00	22.00
MASI	2.17	13.27	2.02	28,502.17	28,501.97
DSI	N/A	N/A	N/A	23,780.94	23,780.75
FSI	N/A	N/A	N/A	1,993.51	1,993.51

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Financial Market Developments (Source : RBM)

Liquidity increased to a daily average of K11.54 billion this week, compared to last week's average of K2.42 billion. Maturities for the week were K5.67 billion and there was a net injection of K4.46 billion. Overnight interbank volume increased to a daily average of K7.69 billion from K6.26 billion. However, the Overnight Interbank rate was steady at 13.47%. Access to the discount window decreased to K19.92 billion per day (previous week: K23.02 billion). The discount window rate remains at 13.70%.

Government Securities (Source : RBM)

A total of K1.22 billion was raised when the Reserve Bank of Malawi held a Treasury Bill auction this week. There was a 74.21% rejection rate this week (previous week had a nil rejection rate). This week's 12.80% all type treasury bill yield was higher than last week's yield of 12.78%. Similarly to last week, there was a 100% subscription to the 364 days paper. Next week (2 June 2020), the RBM will issue Treasury securities of K20.07 billion and K1.77 billion in the 7-Year Treasury Note and Treasury Bill auctions respectively. 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 (%)	
	29-May-20	22-May-20	29-May-20	22-May-20	29-May-20	22-May-20
91 days	0.00	0.00	-	-	-	-
182 days	0.00	0.00	-	-	-	-
364 days	1,218.52	2,761.02	74.21	0.00	12.80	12.78
Total TB	1,218.52	2,761.02	74.21	0.00	12.80	12.78

Currency Market (Source : RBM)

During the week under review, the Malawi Kwacha marginally depreciated against the USD from K736.56 to K736.82. The Malawi Kwacha also depreciated against the GBP, EUR and ZAR.

CURRENCY	29-May-20	22-May-20	% Change
MK/US Dollar	736.82	736.56	↓ -0.03%
MK/GBP	909.38	899.86	↓ -1.06%
MK/ZAR	42.00	41.61	↓ -0.94%
MK/EUR	818.16	804.77	↓ -1.66%

