

Financial Market Update

5 June 2020

Financial market highlights - Malawi

The following highlights compare the week ending 5 June 2020 to the previous week (ending 29 May 2020):

Financial market developments (Source: RBM)

- Increase in daily average liquidity from K11.54 billion to K24.72 billion
- There was a net withdrawal of K99.70 billion this week
- Increase in Overnight Interbank daily average from K7.69 billion to K9.16 billion
- Overnight Interbank average rate decreased from 13.47% to 13.42%
- Decrease in the daily average discount window borrowing from K19.92 billion to K13.86 billion
- Average rate on the discount window remained at 13.70%

Government Securities (Source: RBM)

- A total of K101.36 billion was raised this week in the Treasury Bill (TB) and Treasury Note (TN) auction with a nil rejection rate in both
- The TB auction raised K9.77 billion
- All type treasury bill yield decreased from 12.80% from 12.15%
- The 2-Year, 3-Year and 7-Year TN auctions raised K29.97 billion, K14.76 billion and K46.86 billion respectively (Total of K91.59 billion)
- The average yields in the 2-Year, 3-Year and 7-Year were 14.30%, 15.15% and 19.91%

Equity Market (Source: MSE)

- MASI decreased from 28,501.97 points last week, to 28,326.28 points this week
- Share price losses for FMBCH, MPICO and NBS and OMU
- There was a share price gain for STANDARD
- Negative return on MASI (year-to-date) of 6.37% (was 1.08% last year)

Currency Market (Source: RBM)

- Malawi Kwacha steady against the USD at K736.82
- 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. The share price losses for FMBCH, MPICO, NBS and OMU offset the share price gain in STANDARD. The year-to-date return for the MASI was negative at 6.37% this year (it was 1.08% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	29-May-20 Share Price	5-June-20 Share Price
AIRTEL	7.14	12.10	12.22	17.50	17.50
BHL	1.55	23.28	1.67	12.94	12.94
FMBCH	0.00	6.12	1.27	34.00	↓ 30.00
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	↓ 24.98
NBM	3.23	15.01	2.55	550.00	550.00
NBS	2.00	11.42	3.32	17.50	↓ 17.49
NICO	2.99	6.31	1.59	48.43	48.43
NITL	0.79	7.21	1.11	95.00	95.00
OML	2.16	24.68	3.10	2,499.99	↓ 2,499.95
PCL	1.86	20.64	1.07	1,400.00	1,400.00
STANDARD	3.98	11.23	2.04	758.34	↑ 760.00
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.41	14.66	4.81	22.00	22.00
MASI	3.11	11.73	1.97	28,502.17	↓ 28,326.28
DSI	N/A	N/A	N/A	23,780.94	↓ 23,786.62
FSI	N/A	N/A	N/A	1,993.51	↓ 1,795.33

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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 K24.72 billion. Maturities for the week were K1.67 billion and there was a net withdrawal of K99.70 billion. Overnight interbank volume increased from a daily average of K7.69 billion to K9.16 billion. However, the Overnight Interbank rate was steady at 13.47%. Access to the discount window decreased to K13.86 billion per day (previous week: K19.92 billion). The discount window rate remains at 13.70%.

Government Securities (Source : RBM)

A total of K101.36 billion was raised when the Reserve Bank of Malawi held a Treasury Bill and Treasury Note (TN) auctions this week. The Treasury Bill auction raised K9.77 billion and there was a nil rejection rate. This week's 12.15% all type treasury bill yield was lower than last week's yield of 12.80%. There was an 80.65% and 19.35% to the 364 days and 182 days paper respectively.

K91.59 billion was raised in the TN auctions. The 2-Year, 3-Year and 7-Year auctions raised K29.97 billion, K14.76 billion and K46.86 billion. The respective average yields were 14.30%, 15.15% and 19.91%. 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 (%)	
	5-June-20	29-May-20	5-June-20	29-May-20	5-June-20	29-May-20
91 days	0.00	0.00	-	-	-	-
182 days	1,891.53	0.00	0.00	-	-	-
364 days	7,881.84	1,218.52	0.00	74.21	12.80	12.80
Total TB	9,773.37	1,218.52	0.00	74.21	12.80	12.80
2-Yr TN	29,970.00	-	0.00	-	14.30	-
3-Yr TN	14,760.00	-	0.00	-	15.15	-
7-Yr TN	46,860.00	-	0.00	-	19.91	-
Total TN	91,590.00	-	0.00	-	16.45	-

Currency Market (Source : RBM)

During the week under review, the Malawi Kwacha was steady against the USD at K736.82. However, it depreciated against the GBP, EUR and ZAR.

CURRENCY	5-June-20	29-May-20	% Change
MK/US Dollar	736.82	736.82	0.00%
MK/GBP	923.97	909.38	↓ -1.60%
MK/ZAR	43.53	42.00	↓ -3.63%
MK/EUR	826.56	818.16	↓ -1.03%

