

Financial Market Update

10 July 2020

Financial market highlights - Malawi

The following highlights compare the week ending 10 July 2020 to the previous week (ending 3 July 2020):

Equity Market (Source: MSE)

- MASI increased to 29,784.70 points this week, from 29,667.91 points last week
- There were share price gains for AIRTEL and NICO
- There was a share price losses for MPICO, ILLOVO and FMBCH
- Negative return on MASI (year-to-date) of 2.34% (was 3.35% last year)
- FMBCH expects their profits for half year period ending 30 June 2020 to be 90% higher than in the previous period ending 30 June 2019
- NBS's 16th Annual General Meeting scheduled for 22 July 2020 (0900hrs) at Mount Soche Hotel in Blantyre.

Government Securities (Source: RBM)

- A total of K10.30 billion was raised this week in the Treasury Bill (TB) auction
- The All type treasury bill yield increased to 10.96%, from 10.80% in the previous week
- There was a 5.91% rejection rate this week, from last week's 13.83% rejection rate

Other Financial Market developments (Source: RBM)

- 295% increase in daily average liquidity from K2.01 billion to K7.95 billion
- There was a net withdrawal of K7.16 billion this week
- Marginal increase in Overnight Interbank daily average from K19.12 billion to K19.30 billion
- Overnight Interbank average rate decreased to 13.58% from 13.59%
- 54% decrease in the daily average discount window borrowing from K20.82 billion from K9.52 billion
- Average rate on the discount window remained at 13.70%

Currency Market (Source: RBM)

- Malawi Kwacha was steady against the USD at K737.19
- Malawi Kwacha appreciated against the ZAR, but depreciated marginally against the GBP and EUR

Equity Market (Source : MSE)

The MASI was slightly bearish in the week under review, relative to the previous week. There were share price gains for AIRTEL and NICO. However, there were share price losses for FMBCH, ILLOVO and MPICO. The MASI registered a negative year-to-date return of 2.34% this year (it was 3.35% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	3-July-20 Share Price	10-July-20 Share Price
AIRTEL	6.25	13.84	13.98	20.00	20.01
BHL	1.55	23.28	1.67	12.94	12.94
FMBCH	0.00	(17.21)	1.10	29.99	25.76
ICON	1.84	10.51	1.03	11.40	11.40
ILLOVO	0.53	6.65	0.94	94.50	94.00
MPICO	1.04	9.97	1.41	24.98	24.00
NBM	3.26	15.01	2.55	550.00	550.00
NBS	1.79	12.73	3.70	19.50	19.50
NICO	2.99	6.31	1.59	48.42	48.43
NITL	0.79	7.21	1.11	94.99	94.99
OML	2.46	22.75	2.86	2,199.99	2,199.99
PCL	1.86	20.64	1.07	1,399.76	1,399.76
STANDARD	3.83	11.68	2.13	790.00	790.00
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.01	16.62	5.46	24.94	24.94
MASI	3.00	13.96	2.05	29,784.70	29,543.43
DSI	N/A	N/A	N/A	25,117.92	25,074.65
FSI	N/A	N/A	N/A	1,757.76	1,548.19

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Equity Market (Continued.....)

Commentary

Traded Volumes	A total of 1.14 million shares were traded in the week under review in 36 trades. In the previous week, 7.14 million shares were traded in 59 trades. The combined value of the shares traded this week is K33 million, which is a significant decrease from the K185 million from last week. FMBCH had the most trades at 9 and these had a combined value of K27 million. There were no trades for BHL and PCL in the week under review. In the previous week, TNM had the most trades at 20 (combined value of K250 million).
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Government Securities (Source: RBM)

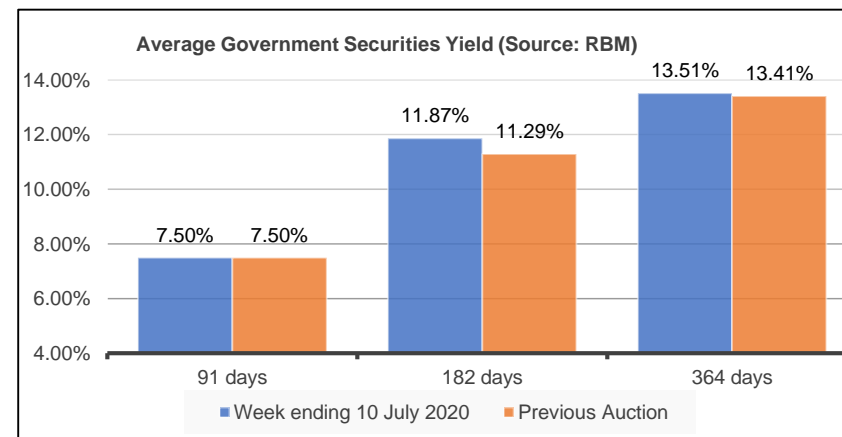
Commentary

Applications and Allotments (K'Bn)	A total of K10.30 billion was raised when the Reserve Bank of Malawi held a Treasury Bill (TB) auction this week. Last week's TB auction raised K5.47 billion. The applications this week were also higher at K10.95 billion, compared to last week's K6.34 billion.
Rejection and Subscription rates (%)	There was a 5.91% rejection rate for the TB auction, from last week's 13.83% rejection rate. The subscription rates for the 364 days, 182 days and 91 days papers were 56.12%, 37.89% and 5.98% respectively. The 364 days paper has an average subscription rate of about 80% in 2020.
Yields (%)	The average yields for the 91 days, 182 days and 364 days paper this week were 7.50%, 11.87% and 13.51% respectively. In the previous week, the respective yields were 10.90% and 11.25%. The last 91 days paper yield was 7.5%.

The table below shows the allotments, rejection rates and average yields of the government securities.

Tenor	Total Allotted (K'million)		Rejection Rate (%)		Average Yield (%)	
	10-July	3-July	10-July	3-July	10-July	3-July
91 days	8.01	-	98.78	-	7.50	-
182 days	4,147.22	1,891.53	0.00	0.00	11.87	11.29
364 days	6,143.01	3,575.19	0.00	19.71	13.51	13.41
Total TB	10,298.24	5,466.72	5.91	13.83	10.96	12.45

The table below shows this week's average treasury bill yields. These are compared to the previous average yields for each respective tenor.



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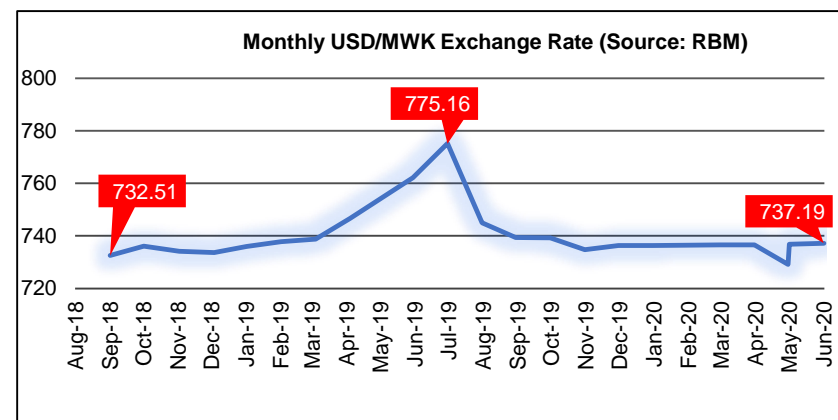
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Other Financial Market Developments

(Source: RBM)	Commentary
Daily Liquidity	There was a 295% increase in the daily average liquidity this week, compared to the previous week. It increased to K7.95 billion from K2.01 billion. Maturities from Treasury Bills and Treasury Notes this week were K3.14 billion. Overall, there was a net liquidity withdrawal of K7.16 billion this week.
Interbank Market	The daily overnight interbank average volume increased marginally to K13.30 billion from K13.12 billion. However, there was a decrease in the rate to 13.58% from 13.59%.
Discount Window	Access to the discount window decreased by 54%. The average amount accessed daily decreased from K20.82 billion in the previous week, to K9.52 billion. The discount window rate (Lombard rate) remains at 13.70%.
Currency Market	During the week under review, the Malawi Kwacha was steady against the USD at K737.19 per dollar. It appreciated against the ZAR but marginally depreciated against both the GBP and EUR.

CURRENCY	10-July-20	3-July-20	% Change
MK/US Dollar	737.19	737.19	0.00%
MK/GBP	925.69	919.65	↓ -0.66%
MK/ZAR	42.98	43.57	↑ 1.36%
MK/EUR	831.48	828.82	↓ -0.32%

The table below shows the exchange USD/MWK exchange rate from September 2018 to May 2020



The graph below traces the daily liquidity for 2019 and 2020

