

# Financial Market Update

## 19 June 2020

### Financial market highlights - Malawi

The following highlights compare the week ending 19 June 2020 to the previous week (ending 12 June 2020 ):

#### Inflation Rate (Source: NSO)

- Headline inflation for May 2020 at 8.7%, from 9.4% in April 2020
- Food inflation decreased to 13.7% from 14.6%
- Non-food inflation decreased from 5.0% to 4.5%

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

- Increase in daily average liquidity to K2.85 billion from K1.09 billion
- There was a net withdrawal of K14.38 billion this week
- Decrease in Overnight Interbank daily average from K14.63 billion to K5.42 billion
- Overnight Interbank average rate decreased to 13.48% from 13.49%
- Increase in the daily average discount window borrowing to K24.80 billion from K18.71 billion
- Average rate on the discount window remained at 13.70%

#### Government Securities (Source: RBM)

- A total of K42.58 billion was raised this week in the Treasury Bill (TB) and Treasury Note (TN) auctions
- The TB auction raised K0.32 billion with a nil rejection rate
- K42.26 billion was raised in the TN auctions with a rejection rate of 7.56
- All type treasury bill yield decreased from 10.67% to 7.50%

#### Equity Market (Source: MSE)

- MASI increased from 29,007.83 points last week, to 29,539.02 points this week
- There was a share price gains for AIRTEL, NBM and TNM
- Share price losses for FMBCH, NICO and PCL
- Negative return on MASI (year-to-date) of 2.36% (was 2.37% 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 bullish in the week under review, relative to the previous week. The share price losses for FMBCH, NICO and PCL were offset by the share price gains in AIRTEL, NBM and TNM. The year-to-date return for the MASI was negative at 2.36% this year (it was 2.37% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	12-June-20 Share Price	19-June-20 Share Price
AIRTEL	7.14	12.10	12.22	19.00	20.00
BHL	1.55	23.28	1.67	12.94	12.94
FMBCH	0.00	6.12	1.27	30.00	29.99
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	24.98	24.98
NBM	3.23	15.01	2.55	550.00	550.01
NBS	2.00	11.42	3.32	17.50	17.50
NICO	2.99	6.31	1.59	48.43	48.42
NITL	0.79	7.21	1.11	94.99	94.99
OML	2.16	24.68	3.10	2,199.99	2,199.99
PCL	1.86	20.64	1.07	1,399.99	1,399.76
STANDARD	3.98	11.23	2.04	790.00	790.00
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.41	14.66	4.81	23.31	24.93
<b>MASI</b>	<b>3.11</b>	<b>11.73</b>	<b>1.97</b>	<b>29,007.83</b>	<b>29,539.02</b>
<b>DSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>24,424.77</b>	<b>24,898.84</b>
<b>FSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1,758.26</b>	<b>1,757.76</b>

## Financial Market Update

### 19 June 2020

#### Equity Market (Continued....)

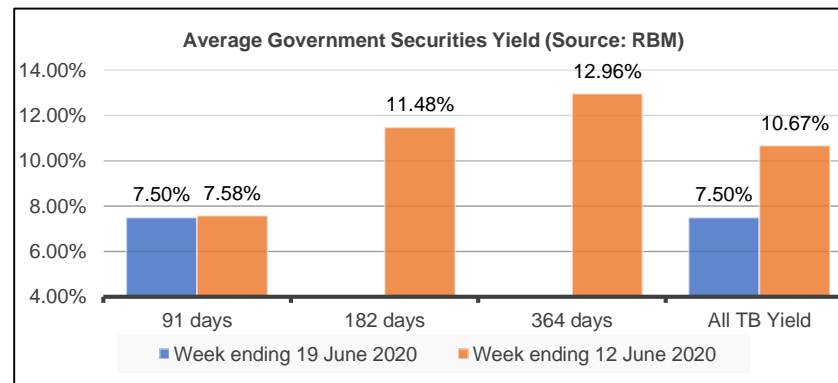
A total of 25 million shares were traded in the week under review in 92 trades. In the previous week, 2 million shares were traded in 63 deals. The value of traded shares this week increased to K643 million from K50 million in the previous week. TNM has the highest percentage of shares traded at 0.20%. The highest percentage of shares traded in the previous week was by NICO at 0.01%. This week, there were no trades made for BHL, NICO and SUNBIRD (previous week: AIRTEL, BHL, PCL and SUNBIRD).

#### Government Securities (Source : RBM)

A total of K42.58 billion was raised when the Reserve Bank of Malawi held a Treasury Bill and Treasury Note auction this week. There was a nil rejection rate this week, from 56.33% rejection rate last week. The 91 days paper had 100% of the subscriptions in the auction held on 16 June 2020. The Government Securities market for the week under review, relative to the previous week, is summarized in the table below.

#### Government Securities (Continued.....)

The all type treasury bill yield decreased to 10.67% this week: The yield was 12.15% in the previous week.



In the Treasury Note (TN) auction, K42.26 billion was raised and the average rejection rate was 7.56%. There were auctions for the 2-Year, 3-Year (two separate auctions), 5-Year and 7-Year Notes. The table on the left shows the allocation of the K42.26 billion to the TNs and the respective average yields. According to the Treasury Bill & Treasury Notes Issuance Calendar, K32.25 billion was to be raised in government securities in the week ending 16 June 2020. The 3-Year Treasury Note auction was supposed to raise K27.48 billion while K4.77 billion was to be raised in the Treasury Bill auction. The Treasury Bill and Treasury Notes Issuance Calendar for June is shown below:

Month & Date	Government Securities	Treasury Note Amount	Treasury Bill Amount	Total
16 June 2020	T Bills & 3-Year T Note	27,484.00	4,769.00	32,253.00
23 June 2020	T Bills	-	1,769.00	1,769.00
	<b>Total</b>	<b>47,549.00</b>	<b>11,076.00</b>	<b>58,625.00</b>

Tenor	Total Allotted (K'million)		Rejection Rate (%)		Average Yield (%)	
	19-Jun-20	12-Jun-20	19-Jun-20	12-Jun-20	19-Jun-20	12-Jun-20
91 days	320.67	10.00	0.00	0.00	7.50	7.58
182 days	-	636.88	-	66.46	-	11.48
364 days	-	2,122.17	-	52.12	-	12.96
<b>Total TB</b>	<b>320.67</b>	<b>2,769.05</b>	<b>56.33</b>	<b>56.33</b>	<b>7.50</b>	<b>10.67</b>
2-Yr TN	1,820.00	-	0.00	-	16.26	-
3-Yr TN	16,650.00	-	0.00	-	16.42	-
3-Yr TN	4,060.00	-	10.96	-	18.00	-
5-Yr TN	6,700.00	-	6.70	-	20.00	-
7-Yr TN	13,030.00	-	20.16	-	21.00	-
<b>Total TN</b>	<b>42,260.00</b>	<b>-</b>	<b>7.56</b>	<b>-</b>	<b>18.34</b>	<b>-</b>

# Financial Market Update

## 19 June 2020

### Inflation Rate (Source : RBM)

The headline inflation rate decreased to 8.7% in May 2020, from 9.4% in the previous month. There was a decrease for both the food inflation and non-food inflation rates to 13.7% and 4.5% (previous month had 14.6% and 5.0% respectively).

### Daily Liquidity (Source : RBM)

The daily average liquidity for the week was K2.85 billion, from K1.09 billion in the previous week. This is a 62.95% decrease. Maturities from Treasury Bills and Treasury Notes were K2.59 billion. Overall, there was a net liquidity withdrawal of K39.99 billion this week.

### Interbank Market (Source : RBM)

The overnight interbank volume decreased from a daily average of K14.63 billion to K5.42 billion (0.12% decrease). The average overnight interbank rate also decreased from 13.49% to 13.48%.

### Discount Window (Source : RBM)

Access to the discount window increased to K24.80 billion per day in the week under review. This was a 32.53% increase from the K18.71 billion daily average in the previous week. The discount window rate (Lombard rate) remains at 13.70%.

### Currency Market (Source : RBM)

During the week under review, the Malawi Kwacha was steady against the USD at K737.07 per dollar. It also appreciated against the GBP, EUR and ZAR.

CURRENCY	19-June-20	12-June-20	% Change
MK/US Dollar	737.07	737.07	0.00%
MK/GBP	917.35	927.82	↑ 1.13%
MK/ZAR	42.30	43.07	↑ 1.78%
MK/EUR	826.62	833.25	↑ 0.80%

