

# Financial Market Update

## 26 June 2020

### Financial market highlights - Malawi

The following highlights compare the week ending 26 June 2020 to the previous week (ending 19 June 2020):

#### Equity Market (Source: MSE)

- MASI increased from 29,539.02 points last week, to 29,667.91 points this week
- There were share price gains for ICON and NBS
- There was a share price loss for TNM
- Negative return on MASI (year-to-date) of 1.93% (was 3.36% last year)

#### Government Securities (Source: RBM)

- A total of K1.78 billion was raised this week in the Treasury Bill (TB) auction
- There was a 21.92% rejection rate, from last week's nil rejection
- The 364 days paper had 99.47% of the subscription

#### Other Financial Market developments (Source: RBM)

- Increase in daily average liquidity from K2.85 billion to K3.44 billion
- There was a net injection of K1.78 billion this week
- Increase in Overnight Interbank daily average from K5.42 billion to K6.24
- Overnight Interbank average rate increased to 13.53% from 13.48%
- Increase in the daily average discount window borrowing from K24.80 billion to K36.03 billion
- Average rate on the discount window remained at 13.70%

#### Currency Market (Source: RBM)

- Malawi Kwacha depreciated marginally against the USD from K737.07 to K737.19
- Malawi Kwacha depreciated against the ZAR and marginally depreciated against the EUR
- The Kwacha marginally appreciated against the GBP

#### Equity Market (Source : MSE)

The MASI was slightly bullish in the week under review, relative to the previous week. The share price loss for TNM was offset by the share price gains in ICON and NBS. The MASI registered a negative year-to-date return of 1.93% this year (it was 3.36% last year).

MSE Code	Dividend yield (%)	P/E ratio	P/BV	19-June-20 Share Price	26-June-20 Share Price
AIRTEL	6.25	13.83	13.97	20.00	20.00
BHL	1.55	23.28	1.67	12.94	12.94
FMBCH	0.00	6.12	1.27	29.99	29.99
ICON	1.84	10.51	1.03	10.40	↑ 11.40
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	550.01	550.01
NBS	2.00	11.43	3.32	17.50	↑ 17.51
NICO	2.99	6.30	1.59	48.42	48.42
NITL	0.79	7.21	1.11	94.99	94.99
OML	2.46	21.75	2.73	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	16.61	5.45	24.93	↓ 24.92
<b>MASI</b>	<b>2.98</b>	<b>12.26</b>	<b>2.06</b>	<b>29,539.02</b>	<b>↑ 29,667.91</b>
<b>DSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>24,898.84</b>	<b>↑ 25,013.78</b>
<b>FSI</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1,757.76</b>	<b>1,757.76</b>

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

Commentary	
<b>Traded Volumes</b>	A total of 3.65 million shares were traded in the week under review, over 31 trades. In the previous week, only 28.13 million shares were traded in 62 trades. The combined value of the shares traded this week is K52.37 million, which is a decrease from the K467.59 million from last week. ICON had the most trades at 9 (combined value of K31.48 million) while BHL, ILLOVO, NBM, NICO, NITL, PCL and SUNBIRD had no trades. Similarly, ICON had the highest combined value of trades at K241.22 million.

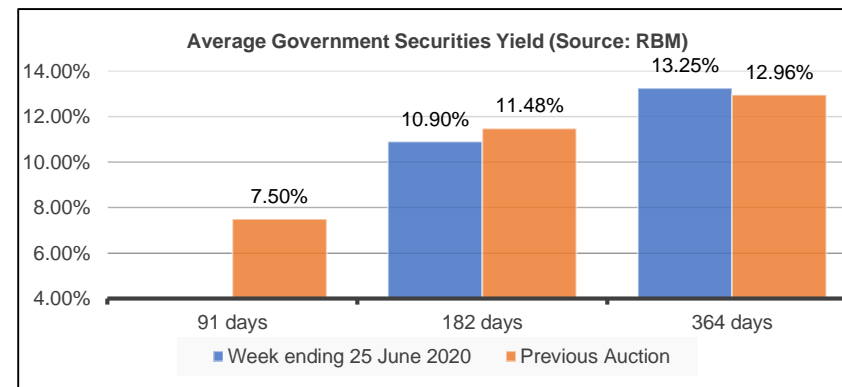
### Government Securities (Source: RBM)

Commentary	
<b>Applications and Allotments (K'Bn)</b>	A total of K1.78 billion was raised when the Reserve Bank of Malawi held a Treasury Bill auction this week. Total applications for the auction were K2.28 billion.
<b>Rejection and Subscription rates (%)</b>	There was a 22.03% rejection rate for the 364 days paper and a nil rejection rate for the 182 days paper. The previous week had no subscriptions for these papers. This week, there were no subscriptions for the 91 days paper, and the 182 days paper only got 0.53% of the subscriptions. The 364 days paper had a subscription rate of 99.47%.
<b>Yields (%)</b>	The average yields for the 182 days and 364 days paper are 10.90 and 13.25% respectively. The last 182 days' yield was higher at 11.48%, but there was an increase from 12.96%. The previous average yield for the 91 days paper is 7.50%.

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

Tenor	Total Allotted (K'million)		Rejection Rate (%)		Average Yield (%)	
	25-June	19-June	25-June	19-June	25-June	19-June
<b>91 days</b>	-	320.67	0.00	0.00	-	7.50
<b>182 days</b>	12.09	-	0.00	0.00	10.90	-
<b>364 days</b>	1,769.37	-	22.03	0.00	13.25	-
<b>Total TB</b>	<b>1,781.46</b>	<b>320.67</b>	<b>21.92</b>	<b>0.00</b>	<b>12.08</b>	<b>7.50</b>

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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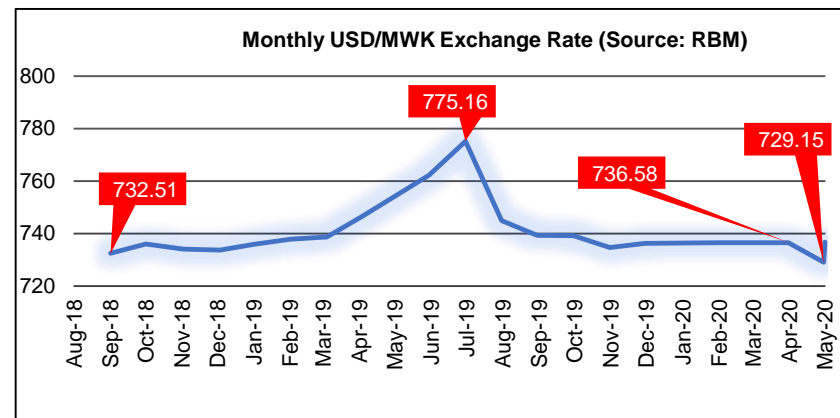
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### Other Financial Market Developments

(Source: RBM)	Commentary
<b>Daily Liquidity</b>	The daily average liquidity for the week was K3.44 billion, from K2.85 billion in the previous week. This is a 20.84% decrease. Maturities from Treasury Bills and Treasury Notes were K3.56 billion. Overall, there was a net liquidity injection of K1.78 billion this week.
<b>Interbank Market</b>	The overnight interbank volume increased from a daily average of K5.42 billion to K6.24 billion (15.13% decrease). The average overnight interbank rate also increased from 13.48% to 13.53%.
<b>Discount Window</b>	Access to the discount window increased to K36.03 billion per day in the week under review. This was a 45.27% increase from the K24.80 billion daily average in the previous week. The discount window rate (Lombard rate) remains at 13.70%.
<b>Currency Market</b>	During the week under review, the Malawi Kwacha marginally depreciated against the USD: It moved from K737.07 per dollar to K737.19 per dollar. It also marginally depreciated against the EUR and depreciated against the ZAR. However, it appreciated marginally against the GBP.

CURRENCY	26-June-20	19-June-20	% Change
<b>MK/US Dollar</b>	737.19	737.07	↓ -0.02%
<b>MK/GBP</b>	916.18	917.35	↑ 0.13%
<b>MK/ZAR</b>	42.97	42.30	↓ -1.59%
<b>MK/EUR</b>	826.98	826.62	↓ -0.04%

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

