

Financial market highlights for the week

The following highlights compare the week ending 14 August 2020 to the week ending 7 August 2020:

Equity Market (Source: MSE)

- MASI increased to 31,352.43 points this week, from 30,408.11 points last week.
- There were share price gains for AIRTEL, MPICO and National Bank of Malawi.
- There were share price losses for FDH Bank and TNM.
- The return on MASI (year-to-date) was 3.64%: It was 0.30% last year.

Government Securities (Source: RBM)

- A total of K4.46 billion was raised this week in the Treasury Bill (TB) auction.
- The All type TB yield this week was steady at 12.03%.
- There was a decrease in the rejection rate to 0.24% from 17.90% last week.

Other Financial Market developments (Source: RBM)

- There was a 36% increase in daily average liquidity.
- There was a net withdrawal of K0.87 billion this week.
- The Overnight Interbank daily average increased by 259% while the average rate marginally increased.
- There was a 9% increase in the daily average discount window borrowing.

Currency Market (Source: RBM)

- The Malawi Kwacha marginally depreciated against the USD from K746.46 to K748.79. It also marginally depreciated against the EUR and ZAR.
- The Malawi Kwacha marginally appreciated against the GBP.

Financial Market Update

Week ending 14 August 2020




Equity Market (Source : MSE)

The MASI was bullish during the week under review, relative to the previous week. There were share price gains for AIRTEL, MPICO and National Bank, which offset share price losses in FDH Bank and TNM. The MASI registered a year-to-date return of 3.64% this year (it was 0.30% last year).

A total of 113.6 million shares were traded during the week under review in 123 trades. During the previous week, 4.07 million shares were traded in 70 trades. The total value of the shares traded this week was K2.0 billion, which is significantly higher than the K81 million from last week. Relative to each counter's total number of shares, NBS had the highest proportion of shares traded at 3.69% of total shares in issue. These shares were traded for a combined value of K1.90 billion. There was no activity on 4 out of the 16 counters in the period under review. The counters with no shares traded were BHL, OMU, PCL and SUNBIRD.

Corporate Announcements

1. NICO to hold a virtual AGM on 4 September 2020 at 15:00 hrs.
2. FMBCH virtual AGM scheduled for 17 August 2020.
3. AIRTEL and PCL dividends will be paid on 28 August 2020. The dividends per share are K1.25 and K20.00 respectively. The last days to register are 14 August 2020 for AIRTEL and 21 August 2020 for PCL.

MSE Code	Dividend yield (%)	P/E ratio	P/BV	7-Aug-20 Share Price	14-Aug-20 Share Price
AIRTEL	5.00	17.29	17.46	22.00	 25.00
BHL	1.55	23.28	1.67	12.94	12.94
FDHB	0.00	11.35	3.63	14.99	 12.90
FMBCH	0.00	(17.03)	1.09	25.50	25.50
ICON	1.65	11.70	1.15	12.70	12.70
ILLOVO	0.53	6.69	0.95	94.50	94.50
MPICO	1.19	8.73	1.24	21.00	 21.01
NBM	2.89	16.89	2.87	550.00	 618.75
NBS	1.80	12.73	3.70	19.49	19.49
NICO	3.96	6.25	1.57	47.99	47.99
NITL	0.79	7.20	1.11	94.98	94.98
OMU	2.46	25.30	3.18	2,199.99	2,199.99
PCL	1.93	19.83	1.03	1,345.00	1,345.00
STANDARD	3.65	12.27	2.23	830.01	830.01
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.19	15.65	5.14	23.49	 23.48
MASI	2.73	14.47	2.21	30,408.11	 31,352.43
DSI	N/A	N/A	N/A	25,855.20	 26,695.46
FSI	N/A	N/A	N/A	1,535.30	1,535.30

Government Securities (Source: RBM)

Applications and Allotments (K'Bn)

A total of K4.46 billion was raised in the Treasury Bills (TB) auction held this week, which is 41% lower than the K7.51 billion that was raised in the TB auction last week. Applications for the TBs also decreased by 51%: They were K9.14 last week and K4.46 this week.

Rejection and Subscription rates (%)

The rejection rate decreased to 0.24% this week from 17.90% in the previous week. There were no rejections for the 91 days paper and the 182 days paper.

The subscription rates for the 91 days, 182 days and 364 days papers were 0.07%, 0.16% and 99.78% respectively. In the previous week, the respective rates were 5.67%, 70.23% and 24.10%.

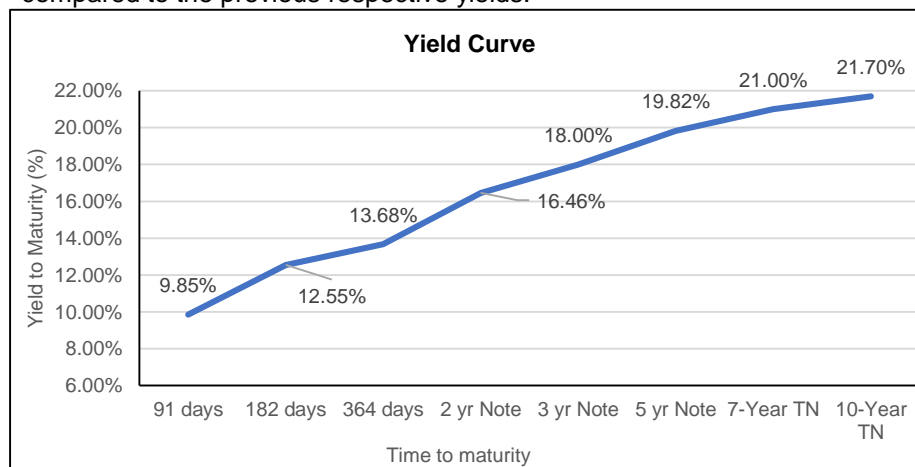
Yields (%)

There was no change in the average All type TB yield this week from the previous week's 12.03%. The average yield for the 91 days paper was steady at 9.85%. However, the yields for the 182 days and 364 days paper marginally increased to 12.55% and 13.69%, respectively.

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

Tenor	Total Allotted (K'million)		Rejection Rate (%)		Average Yield (%)	
	14-Aug	7-Aug	14-Aug	7-Aug	14-Aug	7-Aug
91 days	2.93	518.27	0.00	0.00	9.85	9.85
182 days	7.06	4,783.75	0.00	25.49	12.55	12.54
364 days	4,445.61	2,203.38	0.24	0.00	13.69	13.68
Total TB	4,455.60	7,505.40	0.24	17.90	12.03	12.03
2-Yr TN	-	24,150.00	-	16.09	-	16.46
All Total	-	31,665.40	-	-	-	-

The graph below shows the average government securities' yields compared to the previous respective yields.



Financial Market Update

Week ending 14 August 2020

Other Financial Market Developments (Source: RBM)

Commentary

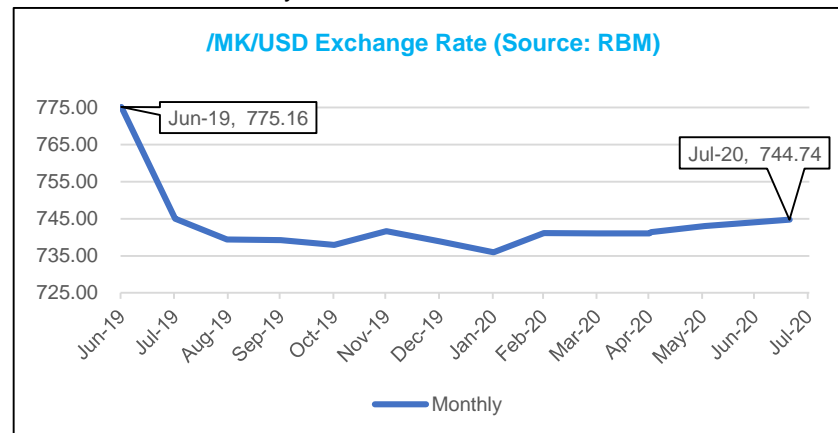
Daily Liquidity There was a 36% increase in the daily average liquidity this week, compared to the previous week. It increased to K6.41 billion from K4.72 billion. Maturities from Treasury Bills and Treasury Notes this week were K3.58 billion. Overall, there was a net liquidity withdrawal of K0.87 billion this week.

Interbank Market The daily overnight interbank average volume increased by 259% to K13.98 billion from K3.89 billion. Similarly, the average overnight interbank rate increased to 13.59% from 13.58%. The Interbank market averages for this week only used data from 10-12 August 2020 (Monday to Wednesday).

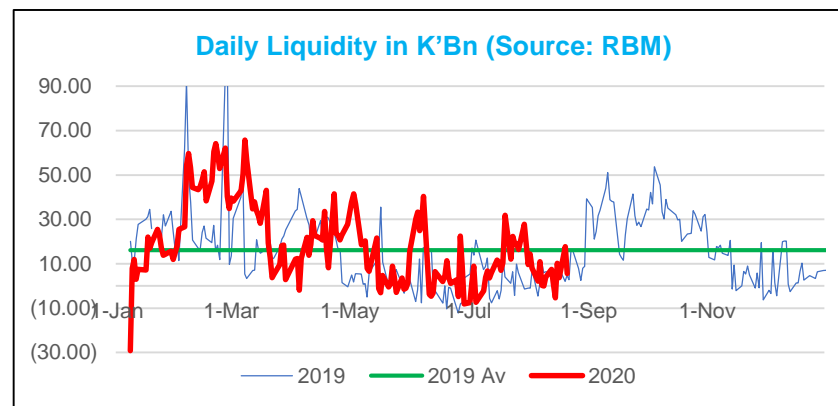
Discount Window Access to the discount window increased by 9%. The average daily amount accessed increased from K29.20 billion in the previous week, to K31.89 billion. The discount window rate (Lombard rate) remained at 13.70%.

Currency Market During the week under review, the Malawi Kwacha marginally depreciated against the USD to K748.79 per USD from K748.79 per USD. It also marginally depreciated against the EUR and ZAR. However, it marginally appreciated against the GBP.

The table below shows the exchange MK/USD exchange rate from June 2019 to July 2020



The graph below traces the daily liquidity for 2019 and 2020



• Investment Management

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