

Financial market highlights for the week

The following highlights compare the week ending 21 August 2020 to the week ending 14 August 2020:



EQUITY MARKET (Source: MSE)

- MASI increased to 31,545.73 points this week, from 31,352.43 points last week.
- There were share price gains for AIRTEL and MPICO.
- There were share price losses for FMBCH, NBS, PCL, Standard Bank and TNM.
- The return on MASI (year-to-date) was 4.28%: It was 0.58% last year.



GOVERNMENT SECURITIES (Source: RBM)

- A total of K28.69 billion was raised this week in the Treasury Bill (TB) and 7-Year Treasury Note (TN) auction.
- The TB and 7-Year TN auctions had rejection rates of 10.82% and 45.88%, respectively.



CURRENCY MARKET (Source: RBM)

- The Malawi Kwacha depreciated against all major currencies.



OTHER FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

- There was a 14% decrease in daily average liquidity.
- There was a net withdrawal of K24.27 billion this week.
- The Overnight Interbank daily average decreased by 43% while the average rate marginally increased.
- There was a 7% increase in the daily average discount window borrowing.



INFLATION (Source: NSO)

- The headline inflation decreased to 8.0% in July 2020 from 8.5% in June 2020.

Financial Market Update

Week ending 21 August 2020



EQUITY MARKET (Source : MSE)

The stock market was bullish during the week under review, relative to the previous week. The marginal increase in the Domestic Share Index (DSI) offset decrease in the Foreign Share Index (FSI) during this period. There were share price gains for AIRTEL and MPICO. However, FMBCH, NBS, PCL, Standard Bank and TNM had share price losses. The MASI registered a year-to-date return of 4.28% this year (it was 0.58% last year).

A total of 22.9 million shares were traded during the week under review in 127 trades. During the previous week, 113.6 million shares were traded in 123 trades. The total value of the shares traded this week was K579 million, which is significantly lower than the K2 billion from last week. Relative to each counter's total number of shares, MPICO had the highest proportion of shares traded at 0.39% of total shares in issue. These shares were traded for a combined value of K215 million. There was no activity on 5 out of the 16 counters in the period under review. The counters with no shares traded were BHL, ILLOVO, NITL, OMU and SUNBIRD.



Corporate Announcements

1. NICO to hold a virtual AGM on 4 September 2020 at 15:00 hrs. BHL will have their virtual AGM on 17 September 2020.
2. AIRTEL, NITL and PCL dividends will be paid on 28 August 2020. The dividends per share are K1.25, K0.25 and K20.00 respectively.

MSE Code	Dividend yield (%)	P/E ratio	P/BV	14-Aug-20 Share Price	21-Aug-20 Share Price
AIRTEL	4.63	18.67	18.86	25.00	↑ 27.00
BHL	1.55	23.28	1.67	12.94	12.94
FDHB	0.00	11.35	3.63	12.90	12.90
FMBCH	0.00	(16.03)	1.02	25.50	↓ 24.00
ICON	1.65	11.70	1.15	12.70	12.70
ILLOVO	0.53	6.69	0.95	94.50	94.50
MPICO	1.04	9.97	1.41	21.01	↑ 24.00
NBM	2.89	16.89	2.87	618.75	618.75
NBS	1.80	12.69	3.69	19.49	↓ 19.44
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	25.32	3.18	2,199.99	2,199.99
PCL	1.93	19.83	1.03	1,345.00	↓ 1,344.99
STANDARD	3.65	12.27	2.23	830.01	↓ 830.00
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.41	14.66	4.81	23.48	↓ 22.00
MASI	2.72	14.55	2.22	31,352.43	↑ 31,545.73
DSI	N/A	N/A	N/A	26,695.46	↑ 26,925.65
FSI	N/A	N/A	N/A	1,535.30	↓ 1,460.99

• Investment Management

• Financial and Investment Advisory



GOVERNMENT SECURITIES (Source: RBM)



Applications and Allotments (K'Bn)

A total of K28.69 billion was raised in the Treasury Bill (TB) and 7-Year Treasury Note (TN) auctions held this week. The TB auction raised K3.62 billion from the K4.46 billion that was raised last week. In the TN auction, K25.07 billion was raised from applications of K46.32 billion.



Rejection and Subscription rates (%)

The rejection rate for the TBs increased to 10.82% this week from 0.24% in the previous week. There was also a 45.88% rejection rate in the 7-Year TN auction.

The 364 days paper had a 100% subscription rate as the 91 days and 182 days papers had no applications. In the previous week, the subscription rates for the 91 days, 182 days and 364 days papers were 0.07%, 0.16% and 99.78% respectively.



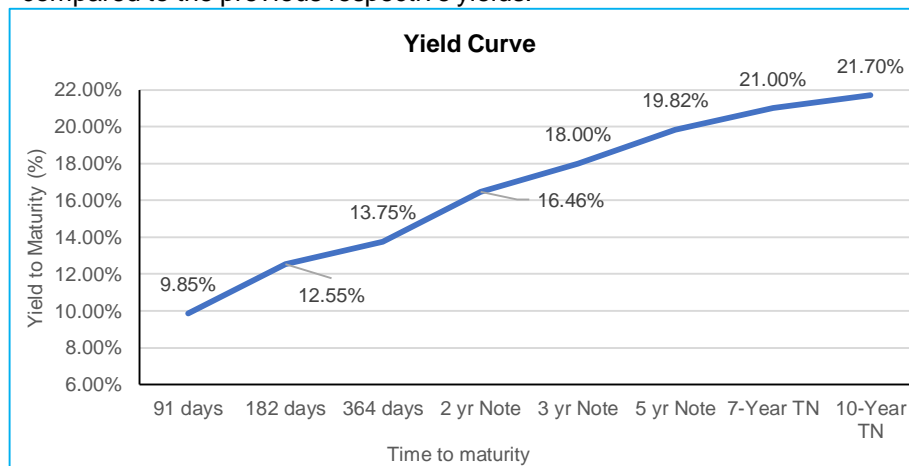
Yields (%)

The average yield for the 364 days paper increased to 13.75% from 13.69% in the previous week. The yields for the 91 days and 182 days paper last week were 9.85% and 12.55%, 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 (%)	
	21-Aug	14-Aug	21-Aug	14-Aug	21-Aug	14-Aug
91 days	-	2.93	-	0.00	-	9.85
182 days	-	7.06	-	0.00	-	12.55
364 days	3,617.65	4,445.61	10.82	0.24	13.75	13.69
Total TB	3,617.65	4,455.60	10.82	0.24	13.75	12.03
7-Yr TN	25,070.00	-	45.88	-	20.75	-
All Total	28,687.65	-	-	-	-	-

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





OTHER FINANCIAL MARKET DEVELOPMENTS (Source: RBM)



Daily Liquidity

There was a 14% decrease in the daily average liquidity this week, compared to the previous week. It decreased to K5.54 billion from K6.41 billion.

Maturities from Treasury Bills and Treasury Notes this week were K4.42 billion while the Government raised K28.69 billion in this week's TB and TN auctions. Overall, there was a net liquidity withdrawal of K24.27 billion this week.



Interbank Market

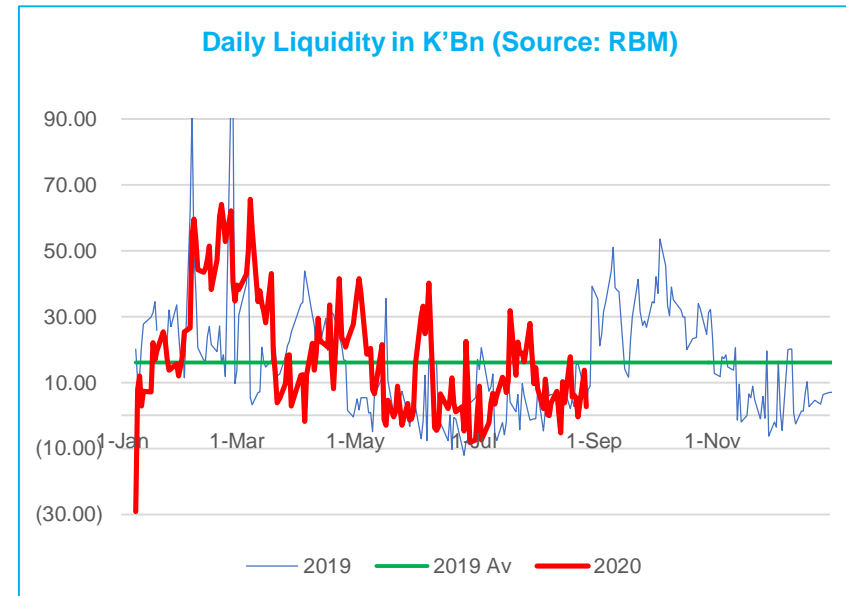
The daily overnight interbank average volume decreased by 43% to K7.96 billion from K13.98 billion. However, the average overnight interbank rate marginally increased to 13.60% from 13.59%. The Interbank market averages for last week only used data from 10-12 August 2020 (Monday to Wednesday).



Discount Window

Access to the discount window increased by 7%. The average daily amount accessed increased from K31.89 billion in the previous week, to K34.15 billion. The discount window rate (Lombard rate) remained at 13.70%.

The graph below traces the daily liquidity for 2019 and 2020



Financial Market Update

Week ending 21 August 2020

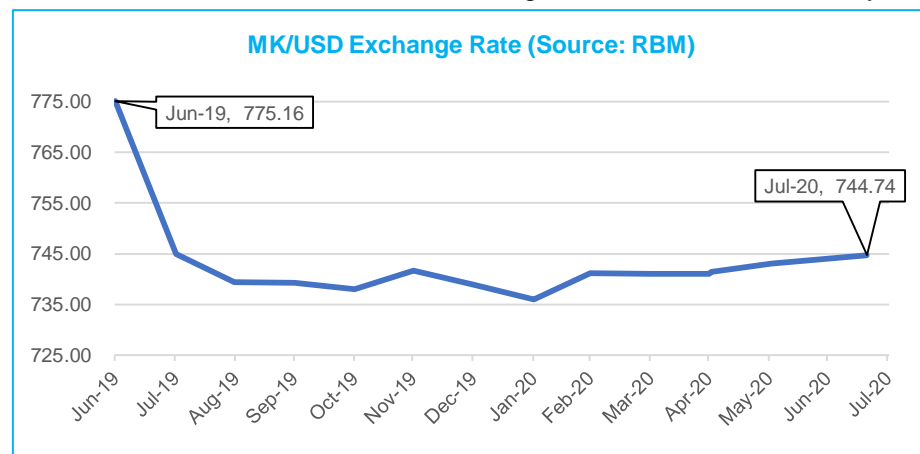


CURRENCY MARKET (Source: RBM)

During the week under review, the Malawi Kwacha depreciated against all the major trading currencies as shown in the table below;

CURRENCY	20-Aug-20	14-Aug-20	% Change
MK/USD	752.74	748.82	↓ -0.52%
MK/GBP	1004.71	1002.18	↓ -0.25%
MK/ZAR	45.72	45.05	↓ -1.48%
MK/EUR	914.66	909.65	↓ -0.55%

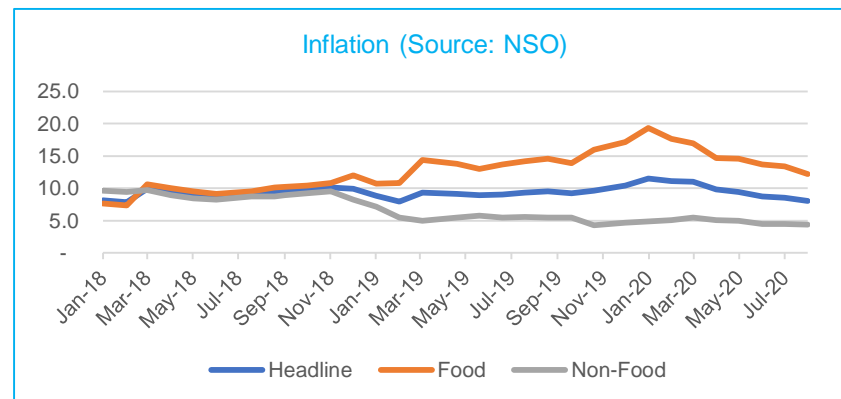
The table below shows the MK/USD exchange rate from June 2019 to July 2020



INFLATION (Source: NSO)

There was a decrease in the headline inflation in July 2020 to 8.0% from 8.5% in the previous month. The inflation rate in July 2019 was higher at 9.3%.

Both food and non-food inflation decreased in July 2020 to 12.2% and 4.4%, respectively. In June 2020, the respective rates were 13.4% and 4.5%.



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