

Financial market highlights for the week

The following highlights compare the week ending 28 August 2020 to the week ending 21 August 2020:



EQUITY MARKET (Source: MSE)

- MASI decreased to 31,527.26 points this week, from 31,545.73 points last week.
- There were share price gains for AIRTEL and NBM to K27.01 and K618.76, respectively (from K27.00 and K618.75).
- There was a share price loss for TNM from K22.00 to K21.89. Their half year profits for period ending 30 June 2020 decreased by 29% to K4.79 billion from K6.71 billion for the period ending 30 June 2019.
- The return on MASI (year-to-date) was 4.21%: It was 0.74% during the same period last year.



CURRENCY MARKET (Source: RBM)

- The Malawi Kwacha marginally appreciated against the USD from K755.39 per USD to K754.48 per USD. It also marginally appreciated against the GBP (from K1,018.68 to K1,013.68) and EUR (from K922.01 to K921.14).
- The Malawi Kwacha depreciated against the ZAR from K45.82 to K46.70.



GOVERNMENT SECURITIES (Source: RBM)

- A total of K2.29 billion was raised this week in the Treasury Bill (TB) auction.
- The TB auction had a 58.67% rejection rate.
- The all type Treasury Bill yield was 12.07% this week. The previous week only had allotments for the 364 days paper, which had an average yield of 13.75%.



FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

- There was a marginal decrease in the daily overnight interbank average rate this week to 13.59% from 13.60%.

Financial Market Update

Week ending 28 August 2020



EQUITY MARKET (Source : MSE)

The stock market was bearish during the week under review, relative to the previous week due to the marginal decrease in the Domestic Share Index (DSI). The Foreign Share Index (FSI) was steady during this period. There were share price gains for AIRTEL and NBM while TNM had a share price loss. The MASI registered a year-to-date return of 4.21% this year (it was 0.74% last year).

A total of 172.8 million shares were traded during the week under review in 70 trades. During the previous week, 22.9 million shares were traded in 127 trades. The total value of the shares traded this week was K2 billion, from K579 million from last week. Relative to each counter's total number of shares, NBS had the highest proportion of shares traded at 1.76% of total shares in issue. These shares were traded for a combined value of K976 million. There was no activity on 6 out of the 16 counters in the period under review. The counters with no shares traded were BHL, NITL, OMU, PCL, STANDARD and SUNBIRD.



Corporate Announcements

1. TNM profits down 29% to K4.79 billion for the period ending June 2020
2. ICON will hold their AGM on 21 September 2020. NICO and BHL will have theirs on 4 September 2020 and 17 September 2020, respectively.
3. AIRTEL, NITL and PCL are due 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	21-Aug-20 Share Price	28-Aug-20 Share Price
AIRTEL	4.63	18.68	18.86	27.00	27.01
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	24.00	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	24.00	24.00
NBM	2.89	16.89	2.87	618.75	618.76
NBS	1.80	12.69	3.69	19.44	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	1,344.99	1,344.99
STANDARD	3.65	12.27	2.23	830.00	830.00
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.44	14.53	4.77	22.00	21.89
MASI	2.72	14.54	2.22	31,545.73	31,527.26
DSI	N/A	N/A	N/A	26,925.65	26,909.22
FSI	N/A	N/A	N/A	1,460.99	1,460.99

• Investment Management

• Financial and Investment Advisory

Financial Market Update

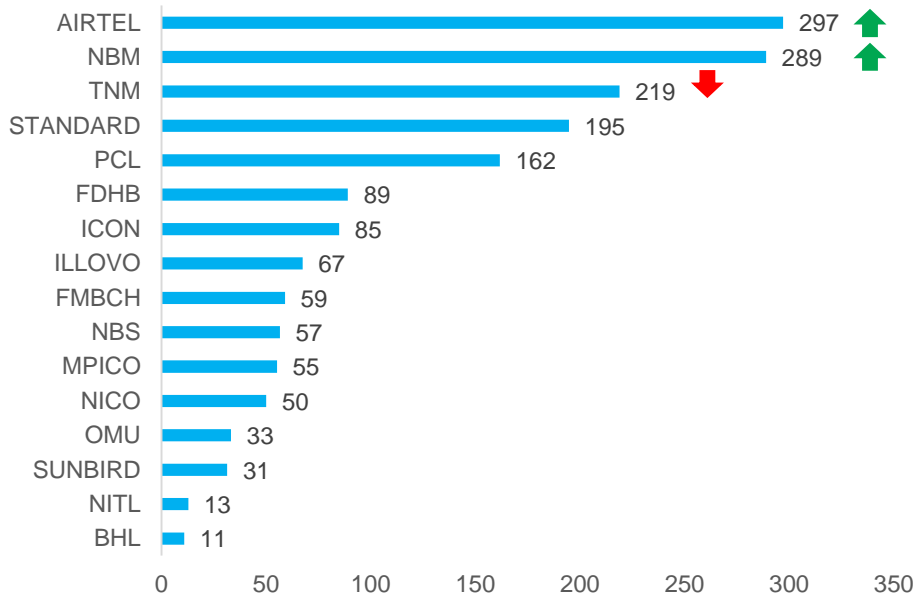
Week ending 28 August 2020



EQUITY MARKET (Continued)

Airtel leads the Malawi Stock Exchange counters with a market capitalization of K297 billion.

Market Capitalisation (MK'billion)

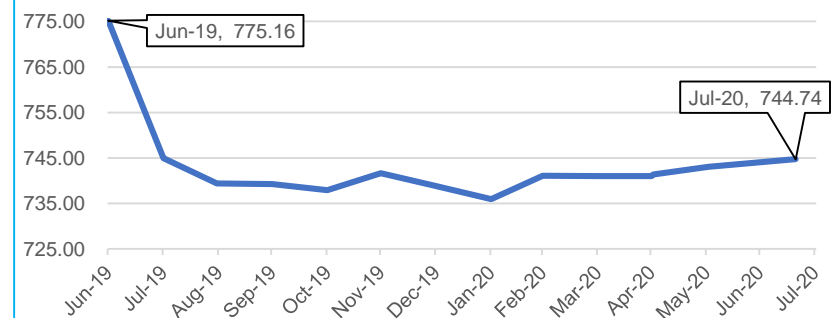


CURRENCY MARKET (Source: RBM)

During the week under review, the Malawi Kwacha marginally appreciated against the United States Dollar from MK755.39 per USD to MK754.48 per USD. It also marginally appreciated against the EUR and GBP during the period. However, it depreciated against the ZAR. The table below summarizes the movements in the Kwacha during the period.

CURRENCY	21-Aug-20	27-Aug-20	% Change
MK/USD	755.39	754.48	↑ 0.12%
MK/GBP	1,018.68	1,013.46	↑ 0.52%
MK/ZAR	45.82	46.70	↓ -1.89%
MK/EUR	922.01	921.14	↑ 0.09%

MK/USD Exchange Rate (Source: RBM)





GOVERNMENT SECURITIES (Source: RBM)



Applications and Allotments (K'Bn)

A total of K2.29 billion was raised in the Treasury Bill (TB) auction held this week. This is lower than the K3.62 billion that was raised in last week's TB auction. Overall, K28.69 billion was raised last week as the 7-Year Treasury Note auction held also raised K25.07 billion.



Rejection and Subscription rates (%)

The rejection rate for the TBs increased to 58.67% this week from 10.82% in the previous week.

The 91 days paper only had 0.02% of the subscriptions this week while the 182 days paper and 364 days paper had 50.75% and 49.23% subscriptions, respectively. In the previous week, the 364 days paper had a subscription rate of 100%.



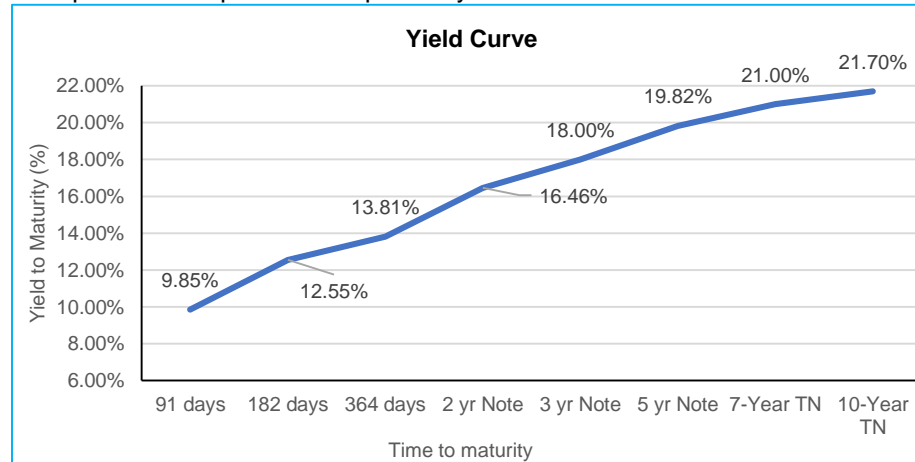
Yields (%)

The average yield for the 364 days paper increased to 13.81% from 13.75% in the previous week. The yields for the 91 days and 182 days paper this 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	28-Aug	21-Aug	28-Aug	21-Aug	28-Aug
91 days	-	0.98	-	0.00	-	9.85
182 days	-	0.47	-	99.98	-	12.55
364 days	3,617.65	2,285.86	10.82	16.11	13.75	13.81
Total TB	3,617.65	2,287.31	10.82	58.67	13.75	12.07
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 172% increase in the daily average liquidity this week, compared to the previous week. It increased to K15.05 billion from K5.54 billion.

Maturities from Treasury Bills and Treasury Notes this week were K7.19 billion while the Government raised K2.29 billion in this week's TB auction. Overall, there was a net liquidity injection of K4.90 billion this week.



Interbank Market

The daily overnight interbank average volume increased by 3% to K8.22 billion from K7.96 billion. However, the average overnight interbank rate marginally decreased to 13.59% from 13.60%.

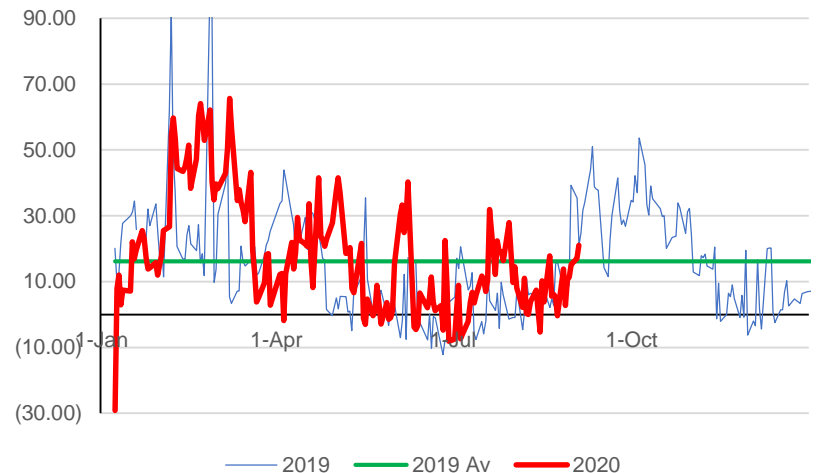


Discount Window

Access to the discount window increased by 28%. The average daily amount accessed increased from K34.15 billion in the previous week, to K43.87 billion. The discount window rate (Lombard rate) remained at 13.70%.

The graph below traces the daily liquidity for 2019 and 2020

Daily Liquidity in K'Bn (Source: RBM)



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