

Financial market highlights for the week

The following highlights compare the week ending 7 August 2020 to the week ending 31 July 2020:

Equity Market (Source: MSE)

- MASI increased to 30,408.11 points this week, from 29,851.63 points last week.
- FDH Bank's share price increased to K14.99 from the listing price of K10.00. Standard Bank had a marginal share price gain.
- There were share price losses for NITL and TNM.
- The return on MASI (year-to-date) was 0.52%: It was 1.16% last year.

Government Securities (Source: RBM)

- A total of K31.67 billion was raised this week in the Treasury Bill (TB) and Treasury Note (TN) auction.
- The TB auction raised K77.51 billion while the TN auction raised K24.15 billion.
- The All type TB yield increased to 12.03% from 11.24% in the previous week.
- There was an increase in the rejection rate to 17.90% from nil rejections last week.

Other Financial Market developments (Source: RBM)

- There was a 34% decrease in daily average liquidity.
- There was a net withdrawal of K31.66 billion this week.
- The Overnight Interbank daily average decreased by 61% but the average rate marginally increased.
- There was an 85% increase in the daily average discount window borrowing.

Currency Market (Source: RBM)

- The Malawi Kwacha depreciated against the USD from K742.37 to K742.35.
- The Malawi Kwacha also depreciated against the GBP, EUR and ZAR.

Financial Market Update

Week ending 7 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 FDHB and Standard Bank, which offset share price losses in NITL and TNM. The MASI registered a year-to-date return of 0.52% this year (it was 1.16% last year).

A total of 4.07 million shares were traded during the week under review in 70 trades. During the previous week, 1.91 million shares were traded in 46 trades. The total value of the shares traded this week was K81 million, which was lower than the K95 million from last week. Relative to each counter's total number of shares, NBS had the highest proportion of shares traded at 0.05% of total shares. These shares were traded for a combined value of K26 million. There was no activity on 7 out of the 16 counters in the period under review. The counters with no shares traded were AIRTEL, BHL, ILLOVO, MPICO, NICO, OMU and PCL.

Corporate Announcements

1. NITL to hold virtual Annual General Meeting (AGM) on 14 August 2020. NBS will have their virtual AGM on 21 August 2020.
2. FMBCH virtual AGM scheduled for 17 August 2020.
3. Today (7 August 2020) is the payment date for MPICO's final dividend of K0.15 per share. 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	31-July-20 Share Price	7-Aug-20 Share Price
AIRTEL	5.68	15.21	15.37	22.00	22.00
BHL	1.55	23.28	1.67	12.94	12.94
FDHB	0.00	13.18	4.56	10.00	 14.99
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	8.72	1.24	21.00	21.00
NBM	3.26	15.01	2.55	550.00	550.00
NBS	1.80	12.73	3.70	19.49	19.49
NICO	3.02	6.25	1.57	47.99	47.99
NITL	0.79	7.21	1.11	94.99	 94.98
OML	2.46	22.75	2.86	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	830.00	 830.01
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.13	15.96	5.24	23.95	 23.49
MASI	2.97	14.11	2.07	29,851.63	 30,408.11
DSI	N/A	N/A	N/A	25,360.04	 25,855.20
FSI	N/A	N/A	N/A	1,535.30	1,535.30

Government Securities (Source: RBM)

Applications and Allotments (K'Bn)

K31.67 billion was raised in the Treasury Bills (TB) and 2-Year Treasury Note (TN) auctions held this week, which is higher than the K7.40 billion that was raised in the TB auction in the previous week. In the TB auction, K7.51 billion was raised from applications of K9.14 billion. K24.15 billion in the 2-Year TN auction from applications of K28.78 billion.

Rejection and Subscription rates (%)

The rejection rate increased to 17.90% this week from a nil rejection in last week. The 91 days and 364 days paper had nil rejections, with the 182 days paper having a 25.49% rejection rate.

The subscription rates for the 91 days, 182 days and 364 days papers were 5.67%, 70.23% and 24.10% respectively. In the previous week, the respective rates were 0.98%, 57.35% and 41.67%.

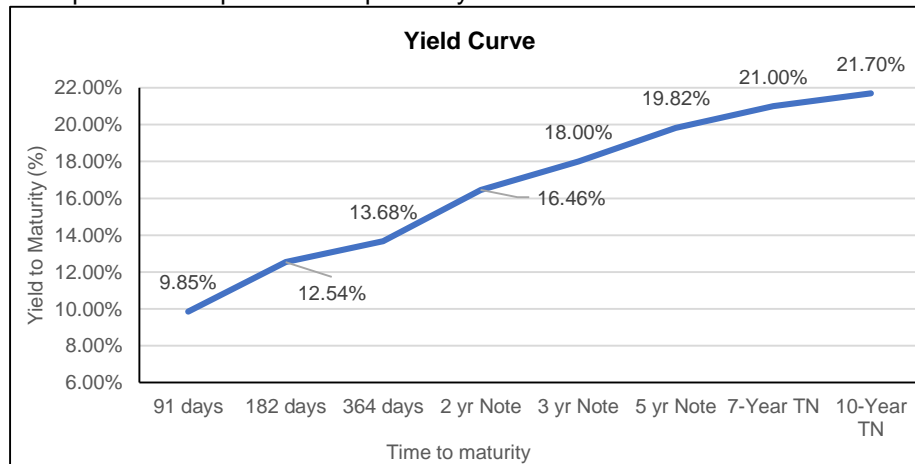
Yields (%)

The average All type TB yield this week increased to 12.03% from 11.24% in the previous week. The average yields for the 91 days, 182 days and 364 days paper this week were 9.85%, 12.54% and 13.68% respectively. In the previous week, the respective yields were 7.50%, 12.54% and 13.67%.

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

Tenor	Total Allotted (K'million)		Rejection Rate (%)		Average Yield (%)	
	7-Aug	31-July	7-Aug	31-July	7-Aug	31-July
91 days	518.27	72.84	0.00	0.00	9.85	7.50
182 days	4,783.75	4,241.45	25.49	0.00	12.54	12.54
364 days	2,203.38	3,081.45	0.00	0.00	13.68	13.67
Total TB	7,505.40	7,395.74	17.90	0.00	12.03	11.24
2-Yr TN	24,150.00	-	16.09	-	16.46	-
All Total	31,665.40	7,395.74	-	-	-	-

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



Financial Market Update

Week ending 7 August 2020

Other Financial Market Developments (Source: RBM)

Commentary

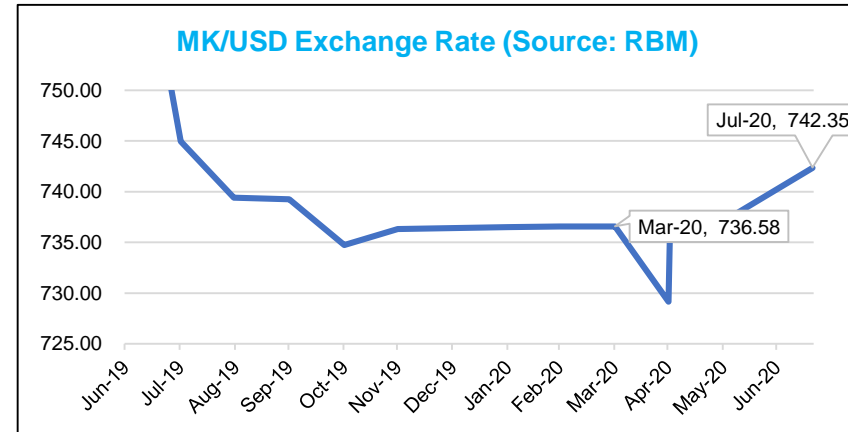
Daily Liquidity There was a 34% decrease in the daily average liquidity this week, compared to the previous week. It decreased to K4.72 billion from K7.19 billion. Maturities from Treasury Bills and Treasury Notes this week were K0.43 billion. Overall, there was a net liquidity withdrawal of K31.66 billion this week.

Interbank Market The daily overnight interbank average volume decreased by 61% to K3.89 billion from K9.97 billion. However, the average overnight interbank rate increased to 13.58% from 13.56%.

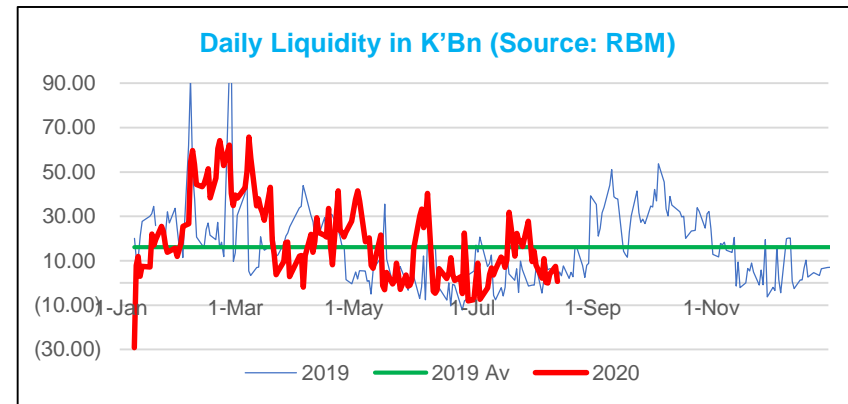
Discount Window Access to the discount window increased by 85%. The average daily amount accessed increased from K15.77 billion in the previous week, to K29.20 billion. The discount window rate (Lombard rate) remained at 13.70%.

Currency Market During the week under review, the Malawi Kwacha marginally depreciated against the USD to K742.37 per Dollar from K742.35 per Dollar. However, it appreciated against the ZAR and marginally appreciated against the EUR and 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
- Financial and Investment Advisory

CURRENCY	7-Aug-20	31-July-20	% Change
MK/USD	742.37	742.35	↓ 0.00%
MK/GBP	972.95	975.16	↑ 0.23%
MK/ZAR	42.29	44.34	↑ 4.61%
MK/EUR	878.67	883.62	↑ 0.56%