

Financial market highlights for the week

The following highlights compare the week ending 18 September 2020 to the week ending 11 September 2020:



EQUITY MARKET (Source: MSE)

- MASI decreased to 31,459.77 points this week, from 31,511.91 points last week. The return on MASI (year-to-date) was 3.99%. It was 1.96% during the same period last year.
- There were share price gains for AIRTEL (from K28.50 to K28.73) and Standard Bank (from K830.00 to K851.00).
- There were share price losses for FDH Bank (from K12.80 to K12.49), ICON (from K12.68 to K12.50), PCL (from K1,344.95 to K1,343.99) and TNM (from K21.00 to K20.50).



CURRENCY MARKET (Source: RBM)

- The Malawi Kwacha marginally appreciated against the USD from K756.83 per USD to K756.37 per USD.
- The Kwacha depreciated against the GBP (from K989.89 to K1,006.15), EUR (from K924.30 to K924.54) and ZAR (from K47.52 to K48.80).



GOVERNMENT SECURITIES (Source: RBM)

- A total of K11.46 billion was raised this week in the Treasury Bill (TB) and 10-Year Treasury Note (TN) auction.
- The rejection rates for the TB and TN auctions were nil and 19.52%, respectively.
- In the TB auction, there were only allotments for the 364 days paper which had an average yield of 13.72%.



FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

- The daily overnight interbank average rate this week was steady at 13.60%.



INFLATION (Source: NSO)

- Headline inflation for August 2020 eased to 7.6% from 8.0% in the previous month.

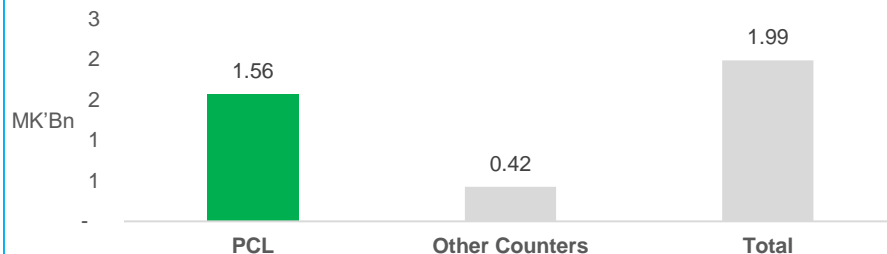
Financial Market Update

Week ending 18 September 2020

Equity Market Bullish (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. The MASI registered a year-to-date return of 3.99% this year (it was 1.96% last year). The share price changes are shown in the table on the right.

PCL shares had the highest value of shares traded at K1.56 billion. The total values of all the other counters was K424.48 million.



Corporate Announcements

- ICON Properties will hold its AGM on 21 September 2020. The company recorded a profit after tax of K2.1 billion for the six months ended 30 June 2020. In the respective period last year, the profit after tax was K2.5 billion.

MSE Code	Dividend yield (%)	P/E ratio	P/BV	11-Sep-20 Share Price	18-Sep-20 Share Price
AIRTEL	4.34	19.91	20.11	28.73	28.80
BHL	1.55	23.28	1.67	12.94	12.94
FDHB	0.00	10.98	3.80	12.80	12.49
FMBCH	0.00	(16.03)	1.02	24.00	24.00
ICON	1.66	11.52	1.13	12.68	12.50
ILLOVO	0.62	5.70	0.81	80.50	80.50
MPICO	1.04	9.97	1.41	24.00	24.00
NBM	2.89	16.89	2.87	618.76	618.76
NBS	1.80	12.69	3.69	19.44	19.44
NICO	3.96	6.25	1.57	48.00	48.00
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	19.81	1.03	1,344.95	1,343.99
STANDARD	3.56	12.58	2.29	830.00	851.00
SUNBIRD	0.83	12.10	1.34	120.00	120.00
TNM	3.66	13.66	4.48	21.00	20.50
MASI	2.72	14.51	2.22	31,511.91	31,459.77
DSI	N/A	N/A	N/A	26,895.56	26,849.17
FSI	N/A	N/A	N/A	1,460.99	1,460.99

• Investment Management

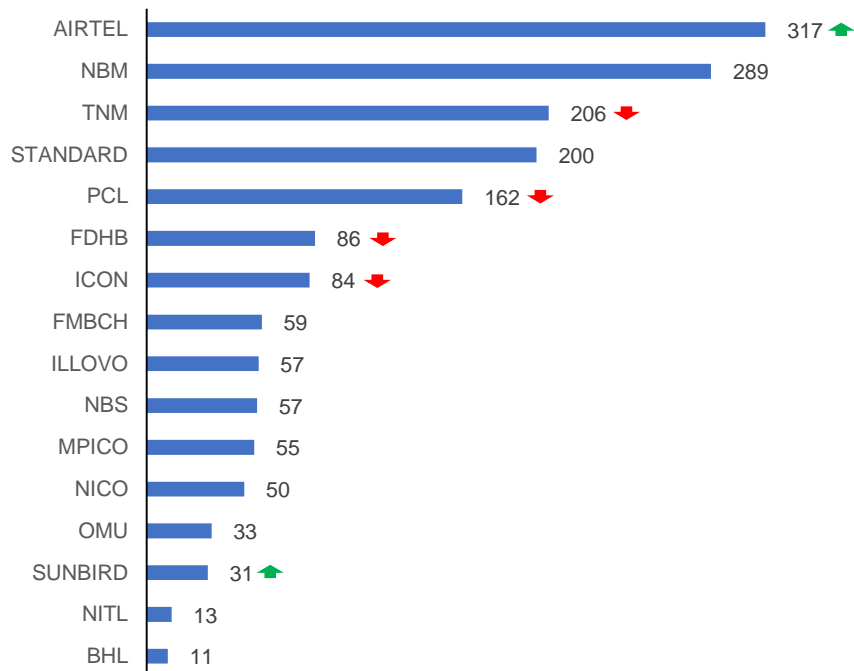
• Financial and Investment Advisory



EQUITY MARKET (Continued)

Airtel leads the Malawi Stock Exchange counters with a market capitalization of K317 billion.

Market Capitalization (K' Billion)

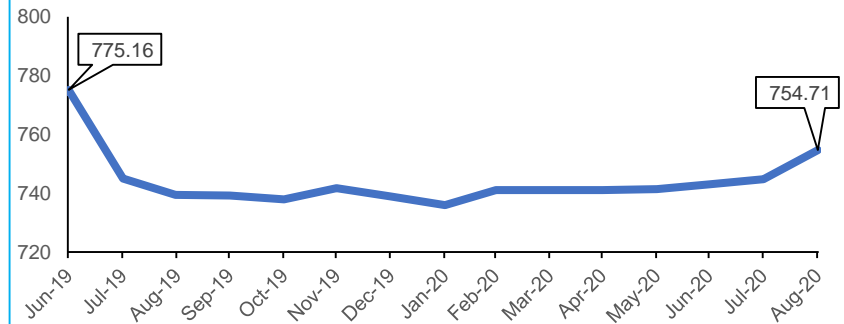


CURRENCY MARKET (Source: RBM)

During the week under review, the Malawi Kwacha marginally appreciated against the United States Dollar from MK756.83 per USD to MK756.37 per USD. However, it depreciated against the GBP and ZAR during the period. It also marginally depreciated against the EUR. The table below summarizes the movements in the Kwacha during the period.

CURRENCY	11-Sep-20	17-Sep-20	% Change
MK/USD	756.83	756.37	↑ 0.06%
MK/GBP	989.89	1,006.15	↓ -1.62%
MK/ZAR	47.52	48.80	↓ -2.63%
MK/EUR	924.30	924.54	↓ -0.03%

MK/USD Exchange Rate (Source: RBM)



Financial Market Update

Week ending 18 September 2020



GOVERNMENT SECURITIES (Source: RBM)



Applications and Allotments

A total of K11.46 billion was raised by the government this week, with the Treasury Bill (TB) and 10-Year Treasury Note (TN) auctions raising K3 million and K11.46 billion, respectively. Applications for the TB and TN auction were K3 million and K14.24 billion, respectively.



Rejection and Subscription rates

There was a nil rejection rate for the TB auction this week, from 25.57% in the previous week. The 10-Year TN auction had a 19.52% rejection rate this week.

The 364 days paper had 100% of the subscriptions this week. In the previous week, the 91 days, 182 days and 364 days paper had subscription rates of 15.55%, 56.38% and 28.07%, respectively.



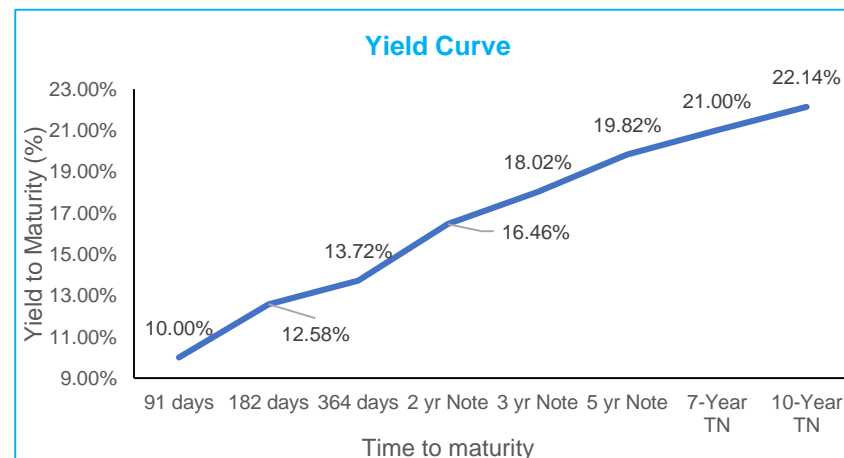
Yields

The average yield for the 364 days paper was 13.72%. In the previous week, the average yields for the 91 days, 182 days and 364 days papers were 10.00%, 12.58% and 13.72%, respectively. The 10-Year TN had an average yield of 22.14%.

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

Tenor	Total Allotted (K'million)		Rejection Rate (%)	
	11-Sep	18-Sep	11-Sep	18-Sep
91 days	494.67	-	0.00	-
182 days	979.90	-	43.35	-
364 days	892.64	3.00	0.00	0.00
Total TB	2,367.21	3.00	25.57	0.00
3-Yr TN	41,350.00	-	5.05	-
10-Yr TN	-	11,460.00	-	19.52
All Total	43,717.21	11,463.00		

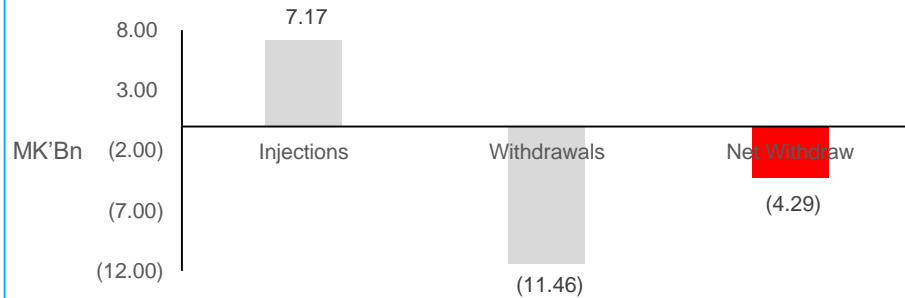
The graph below shows the average government securities' yields compared to the previous respective yields.



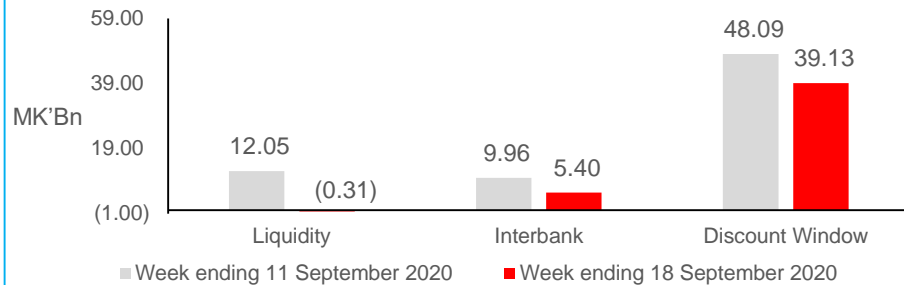


OTHER FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

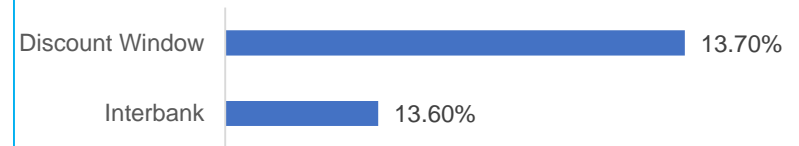
There was a net liquidity withdrawal of K4.29 billion as injections and withdrawals were K7.17 billion and K11.46 billion, respectively.



There were decreases in the daily average Liquidity, Interbank and Discount Window volumes.



The interbank rate and discount window rate were both steady at 13.60% and 13.70%, respectively.



INFLATION (Source: NSO)

The headline inflation for Malawi decreased to 7.6% in August 2020 from 8.0% in the previous month.



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