

Financial market highlights for the week

The following highlights compare the week ending 4 September 2020 to the week ending 28 August 2020:



EQUITY MARKET (Source: MSE)

- MASI increased to 31,571.31 points this week, from 31,510.39 points last week.
- There were share price gains for AIRTEL and NICO to K28.50 and K48.00, respectively (from K27.01 and K47.99).
- There were share price losses for FDH Bank (from K12.90 to K12.89), ICON (from K12.70 to K12.69), ILLOVO (from K94.50 to K80.50) and TNM from K21.89 to K21.50.
- The return on MASI (year-to-date) was 4.36%: It was 1.09% during the same period last year.



CURRENCY MARKET (Source: RBM)

- The Malawi Kwacha marginally depreciated against the USD from K754.04 per USD to K755.86 per USD. It also depreciated against the GBP (from K1,017.96 to K1,028.81) and ZAR (from K46.77 to K47.32).
- The Malawi Kwacha marginally appreciated against the EUR from K925.63 to K923.66.



GOVERNMENT SECURITIES (Source: RBM)

- A total of K8.08 billion was raised this week in the Treasury Bill (TB) auction.
- The TB auction had a 42.55% rejection rate.
- The all type Treasury Bill yield was 12.04% this week from 12.07% in the previous week.



FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

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

Financial Market Update

Week ending 4 September 2020



EQUITY MARKET (Source : MSE)

The stock market was bullish during the week under review, relative to the previous week due to the marginal increase in the Domestic Share Index (DSI). The Foreign Share Index (FSI) was steady during this period. There were share price gains for AIRTEL and NICO, while FDH Bank, ICON, ILLOVO and TNM had a share price losses. The MASI registered a year-to-date return of 4.36% this year (it was 1.09% last year).

A total of 3.9 million shares were traded during the week under review in 65 trades. During the previous week, 172.8 million shares were traded in 70 trades. The total value of the shares traded this week was K75 million, from K2 billion from last week. Relative to each counter's total number of shares, FMBCH had the highest proportion of shares traded at 0.05% of total shares in issue. These shares were traded for a combined value of K28 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, MPICO, NBM, OMU, PCL and SUNBIRD.



Corporate Announcements

1. BHL expects to make a loss for the period ending 30 September 2020. The loss is projected at 200% lower than the profit in the same period last year. As such, they expect their loss to be K467 million for the period from a profit of K467 million in the previous period.
2. ICON Properties will hold their AGM on 21 September 2020 while BHL will have theirs on 17 September 2020.

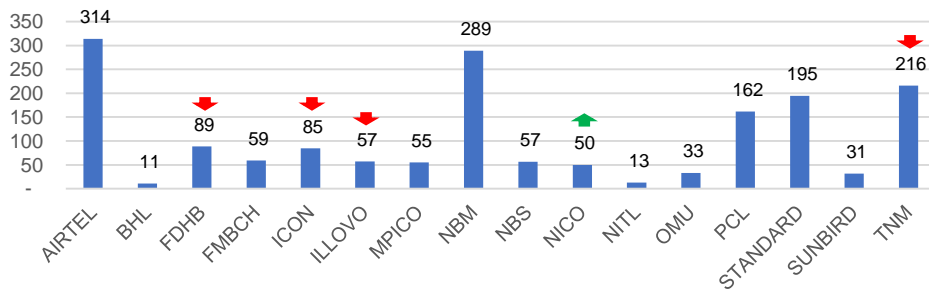
MSE Code	Dividend yield (%)	P/E ratio	P/BV	28-Aug-20 Share Price	4-Sep-20 Share Price
AIRTEL	4.39	19.71	19.90	27.01	28.50
BHL	1.55	23.28	1.67	12.94	12.94
FDHB	0.00	11.34	3.92	12.90	12.89
FMBCH	0.00	(16.03)	1.02	24.00	24.00
ICON	1.65	11.69	1.15	12.70	12.69
ILLOVO	0.62	5.70	0.81	94.50	80.50
MPICO	1.04	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	47.99	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	19.83	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	3.49	14.53	4.70	21.89	21.50
MASI	2.72	14.54	2.22	31,510.39	31,571.31
DSI	N/A	N/A	N/A	26,894.21	26,948.42
FSI	N/A	N/A	N/A	1,460.99	1,460.99



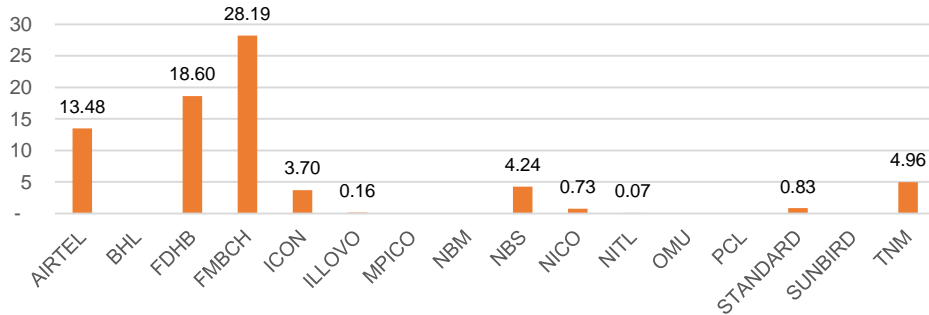
EQUITY MARKET (Continued)

Airtel leads the Malawi Stock Exchange counters with a market capitalization of K314 billion.

Market Capitalization (K' Billion)



Value of Shares Traded (K'Million)

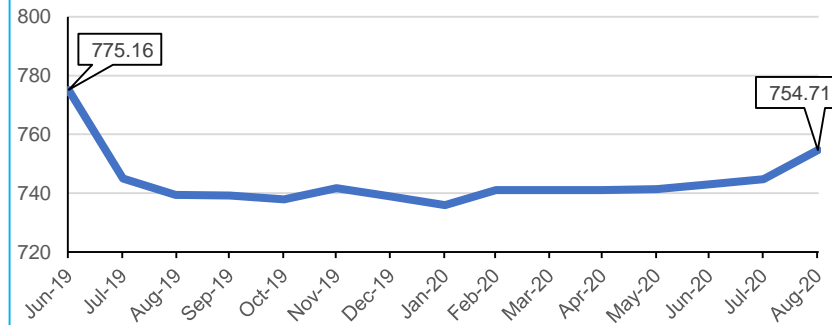


CURRENCY MARKET (Source: RBM)

During the week under review, the Malawi Kwacha marginally depreciated against the United States Dollar from MK754.04 per USD to MK755.86 per USD. It also marginally depreciated against the GBP and ZAR during the period. However, it marginally appreciated against the EUR. The table below summarizes the movements in the Kwacha during the period.

CURRENCY	28-Aug-20	3-Sep-20	% Change
MK/USD	754.04	755.86	↓ -0.24%
MK/GBP	1,017.96	1,028.81	↓ -1.05%
MK/ZAR	46.77	47.32	↓ -1.17%
MK/EUR	925.63	923.66	↑ 0.21%

MK/USD Exchange Rate (Source: RBM)





GOVERNMENT SECURITIES (Source: RBM)



Applications and Allotments (K'Bn)

A total of K8.08 billion was raised in the Treasury Bill (TB) auction held this week. This is higher than the K2.29 billion that was raised in last week's TB auction. The respective applications in this week and last week's applications were K14.07 billion and K5.53 billion.



Rejection and Subscription rates (%)

The rejection rate for the TBs decreased to 42.55% this week from 58.67% in the previous week.

The 91 days paper only had 3.48% of the subscriptions this week while the 182 days paper and 364 days paper had 20.16% and 76.36% subscriptions, respectively. In the previous week, the 91 days, 182 days and 364 days paper had subscription rates of 0.02%, 50.75% and 49.23%, respectively.



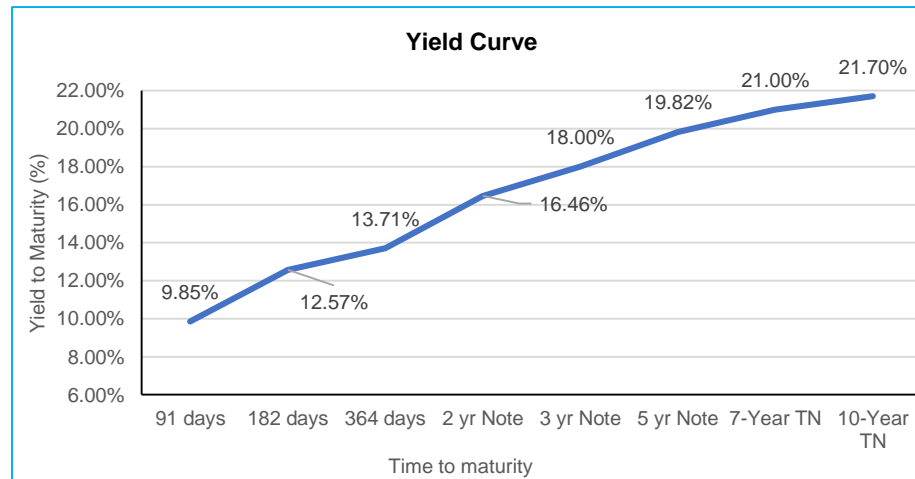
Yields (%)

The average yields for the 91 days, 182 days and 364 days papers were 9.85%, 12.57% and 13.71%, respectively. In the previous week, the respective yields were 9.85%, 12.55% and 13.81%.

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

Tenor	Total Allotted (K'million)		Rejection Rate (%)		Average Yield (%)	
	28-Aug	4-Sep	28-Aug	4-Sep	28-Aug	4-Sep
91 days	0.98	2.43	0.00	99.50	9.85	9.85
182 days	0.47	2,837.11	99.98	0.00	12.55	12.57
364 days	2,285.86	5,243.35	16.11	51.20	13.81	13.71
Total TB	2.287.31	8,082.89	58.67	42.55	12.07	12.04

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 significant decrease in the daily average liquidity this week, compared to the previous week. It decreased to negative K0.77 billion from K15.05 billion.

Maturities from Treasury Bills and Treasury Notes this week were K24.76 billion while the Government raised K8.08 billion in this week's TB auction. Overall, there was a net liquidity injection of K16.68 billion this week.



Interbank Market

The daily overnight interbank average volume increased by 56% to K12.86 billion from K8.22 billion. Similarly, the average overnight interbank rate marginally increased to 13.60% from 13.59%.

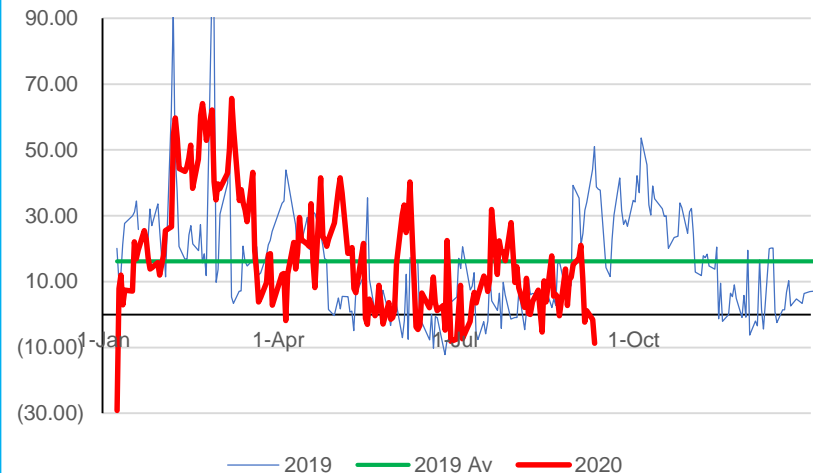


Discount Window

Access to the discount window decreased by 28%. The average daily amount accessed decreased from K43.87 billion in the previous week, to K31.53 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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