

Financial Market Update

| Week ending 6 November 2020

FINANCIAL MARKET HIGHLIGHTS FOR THE WEEK

The following highlights compare the week ending 6 November 2020 to the week ending 30 October 2020:



EQUITY MARKET (Source: MSE)

- The MASI decreased to 31,007.06 points this week, from 31,303.78 points last week. The return on MASI (year-to-date) was 2.49%. It was 4.69% during the same period last year.
- There were no share price gains during this period.
- There were share price losses for AIRTEL (from K28.95 to K28.00) and TNM (from K19.99 to K19.50).



CURRENCY MARKET (Source: RBM)

- The Malawi Kwacha marginally depreciated against the USD from K759.47 per USD to K760.22 per USD.
- The Kwacha depreciated against the EUR (from K925.23 to K934.87) and the ZAR (from K49.18 to K51.24). It also marginally depreciated against the GBP (from K1,015.11 to K1,019.40).



GOVERNMENT SECURITIES (Source: RBM)

- A total of K1.93 billion was raised this week in the Treasury Bill (TB) auctions.
- The Open Market repurchase agreement (OMO repo) injected K30.00 billion into the economy from applications of K65.58 billion.
- There were nil rejections in the TB auctions both this week and last week. The OMO repo had a 54.25% rejection rate.
- The 364 days TB had the highest subscription rate at 96.29%. There were no allotments for the 182 days paper.
- The OMO repos had an average yield of 11.99%.



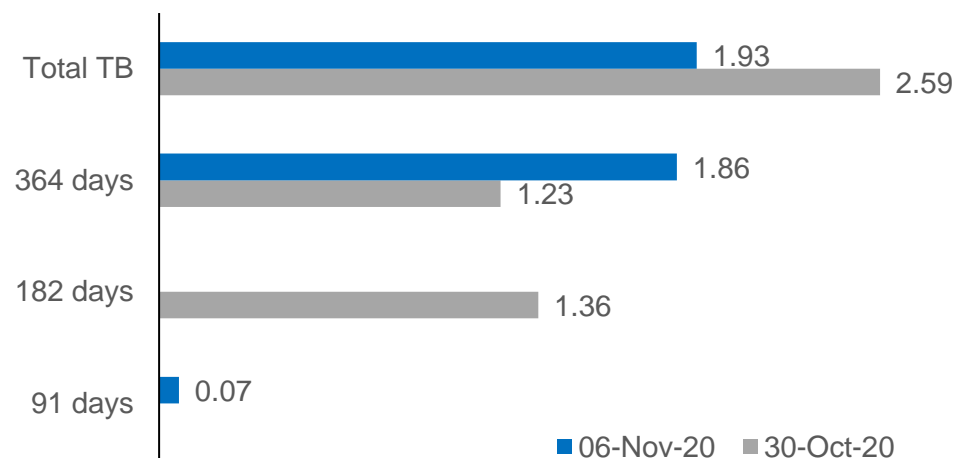
FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

- The daily overnight interbank average rate decreased to 13.61% this week from 13.63% last week.
- The policy rate has been reduced to 12.00% from 13.50% after the fourth Monetary Policy Committee meeting held on 5 and 6 November 2020.

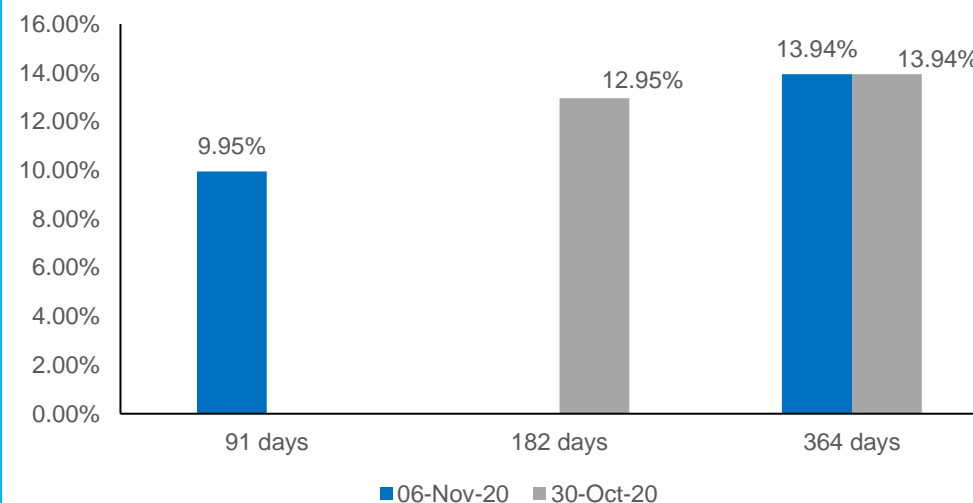


GOVERNMENT SECURITIES (Source: RBM)

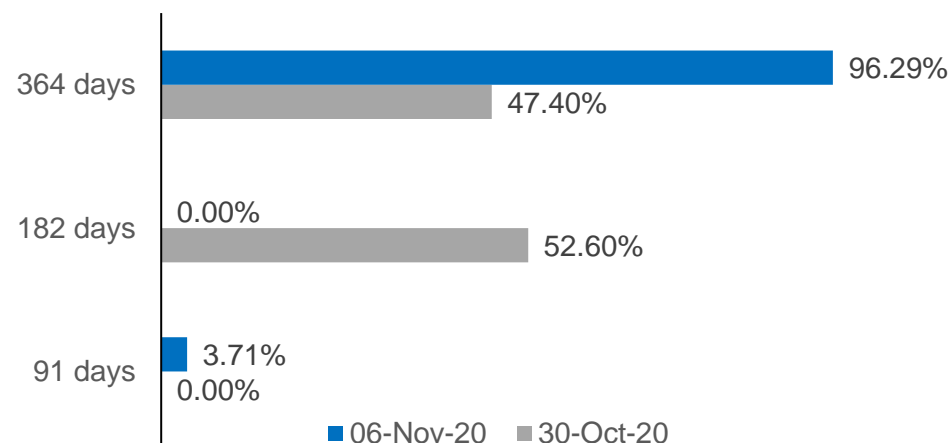
TB applications and allotments (K'billion) -
there were less applications this week at K1.93 billion.
There was a nil rejection in the TB auctions.



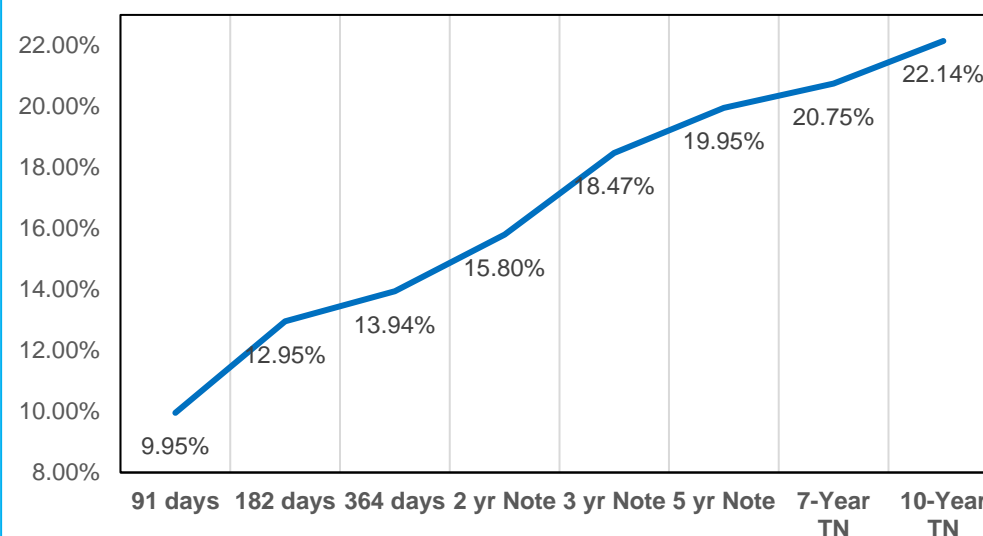
Government Securities' yields - The average all TB yield was steady at 12.28% this week.



TB Subscription Rate (%) - The 364 days paper had the highest subscription this week at 96.29%.



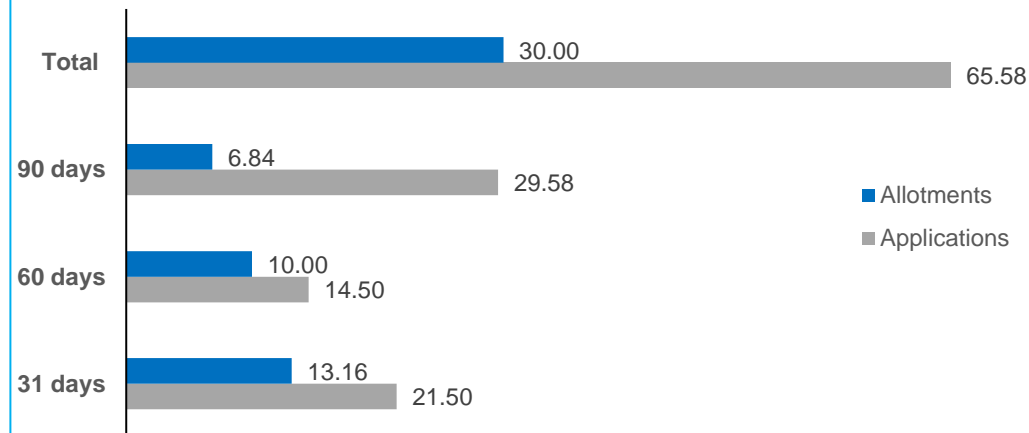
Government Securities' Yield Curve



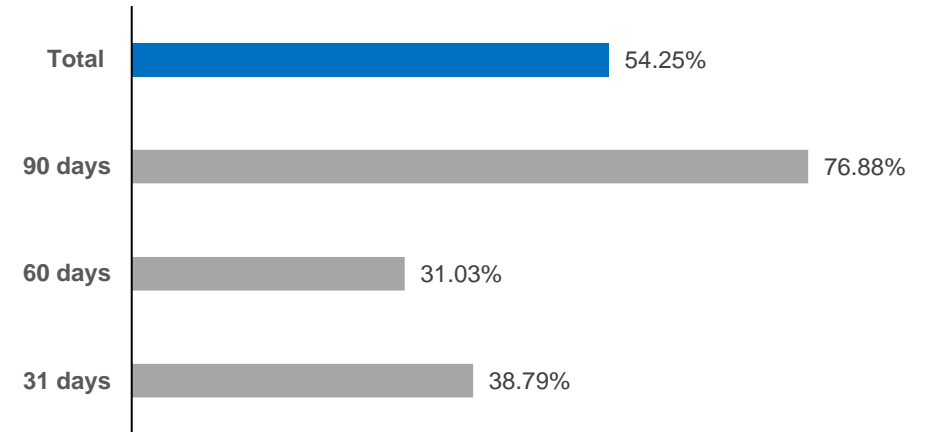


GOVERNMENT SECURITIES (Continued)

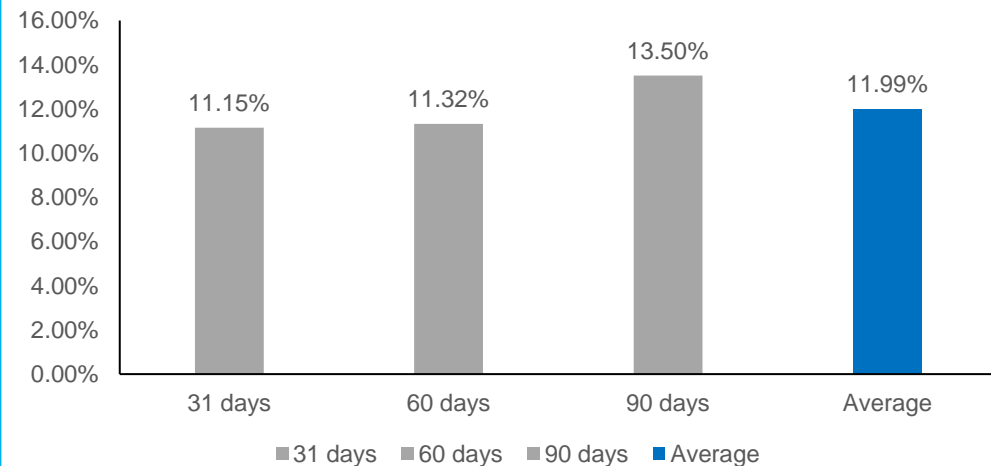
OMO Repo Applications (K'billion) – A total of K30.00 billion was allotted from applications of K65.58 billion in the auction held on 30 October 2020.



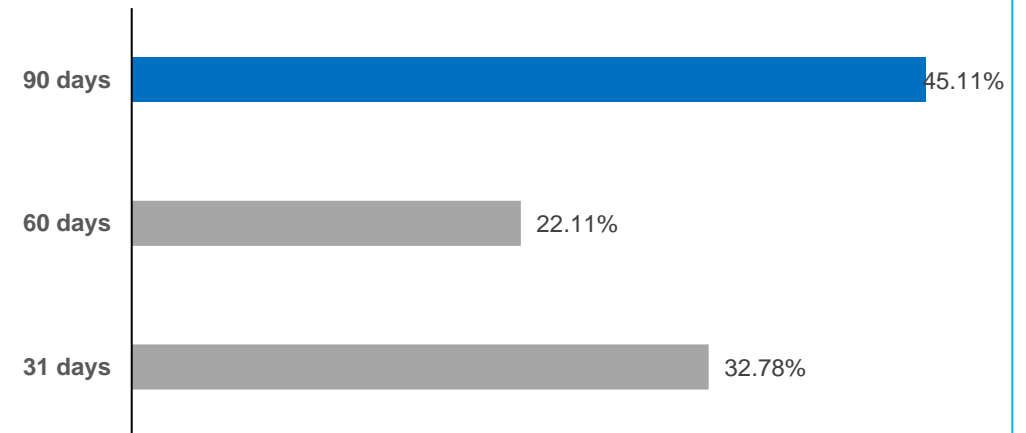
OMO Repo Auction Rejections (%) – the auction had a rejection rate of 54.25%.



OMO Repo Average Yield (%) – the 90 days OMO repo had an average yield of 13.50%. The average yield for the OMO repos was 11.99%.



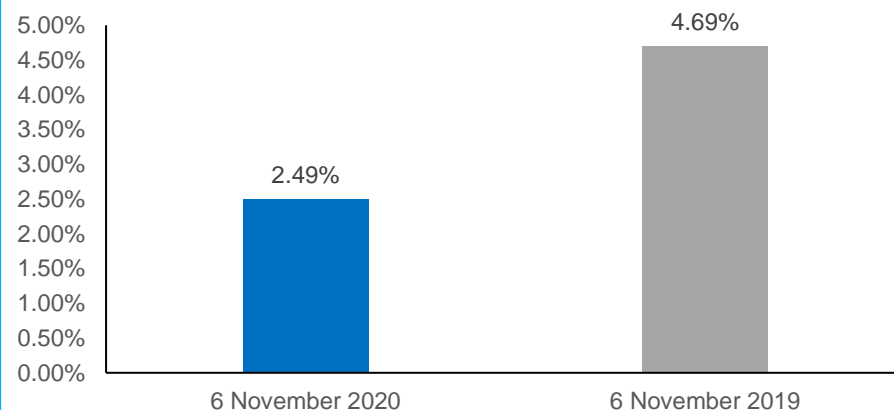
OMO Repo Auction Subscriptions (%) – the 90 days OMO repo had the highest subscription at 45.11%.



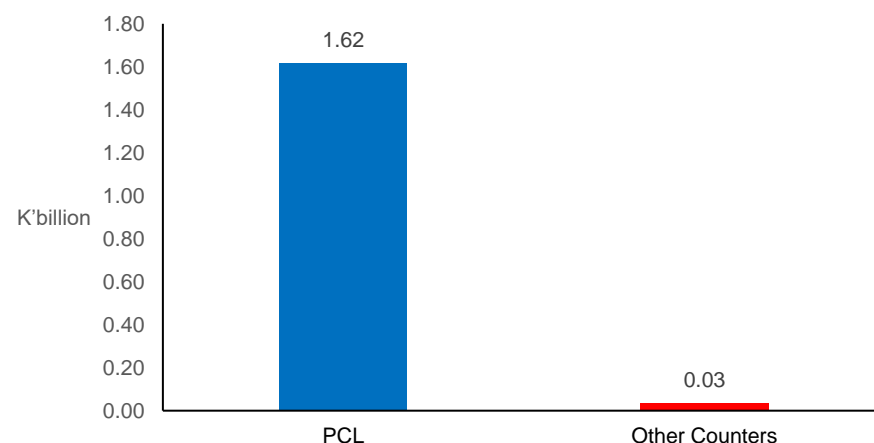


EQUITY MARKET (Source: MSE)

MASI YTD Return (%)– The MASI registered a year-to-date return of 2.49% this year (it was 4.69% last year).



Value of Shares Traded – PCL had the highest value of shares traded at K1.62 billion. The total value of shares traded this week was K1.65 billion.



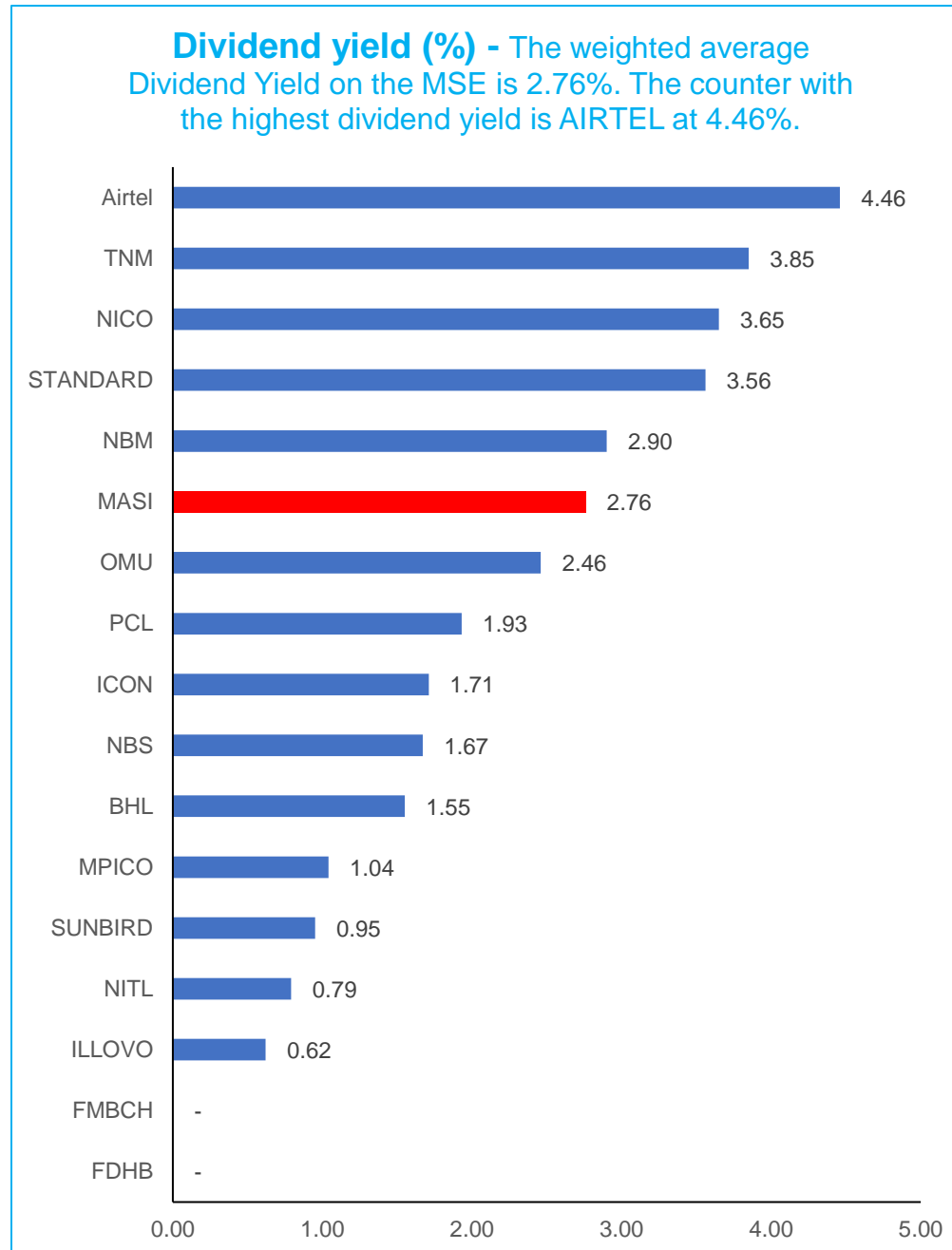
MASI: Malawi All Share Index
DSI: Domestic share Index
FSI: Foreign share Index

The stock market was bearish during the week under review, relative to the previous week due to the decrease in the Domestic Share Index (DSI) while the Foreign Share Index (FSI) was steady during this period. The share price changes are shown in the table below:

MSE Code	Share Price (K)		% Change	
	30-Oct-20	06-Nov-20		
Airtel	28.95	28.00	↓	-3.28%
BHL	12.94	12.94	→	0.00%
FDHB	12.00	12.00	→	0.00%
FMBCH	22.01	22.01	→	0.00%
ICON	12.30	12.30	→	0.00%
ILLOVO	80.50	80.50	→	0.00%
MPICO	23.93	23.93	→	0.00%
NBM	617.70	617.70	→	0.00%
NBS	20.95	20.95	→	0.00%
NICO	52.00	52.00	→	0.00%
NITL	94.97	94.97	→	0.00%
OMU	2,199.98	2,199.98	→	0.00%
PCL	1,343.99	1,343.99	→	0.00%
STANDARD	851.00	851.00	→	0.00%
SUNBIRD	105.00	105.00	→	0.00%
TNM	19.98	19.50	↓	-2.40%
MASI	31,303.78	31,007.06	↓	-0.95%
DSI	26,787.57	26,523.55	↓	-0.99%
FSI	1,362.39	1,362.39	→	0.00%



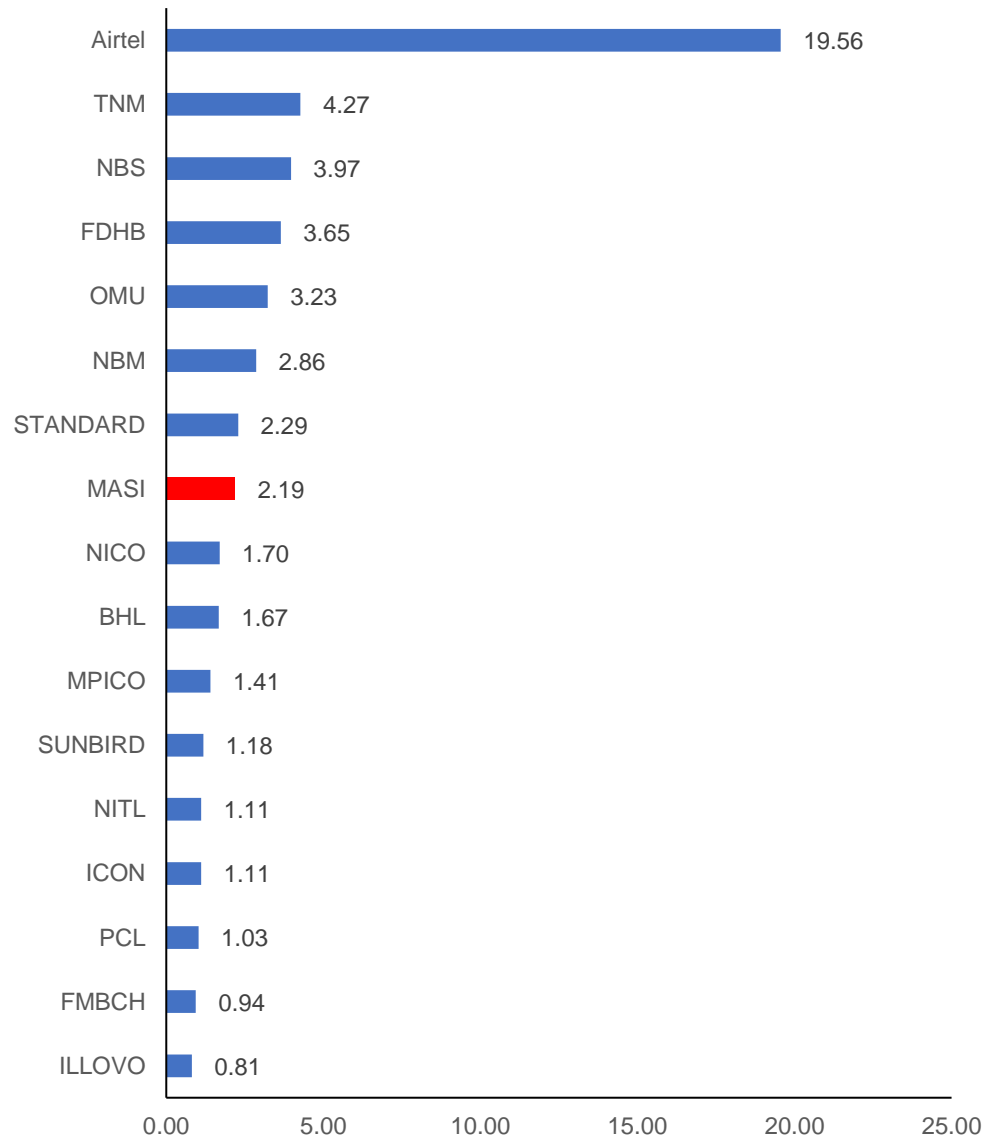
EQUITY MARKET (Continued)



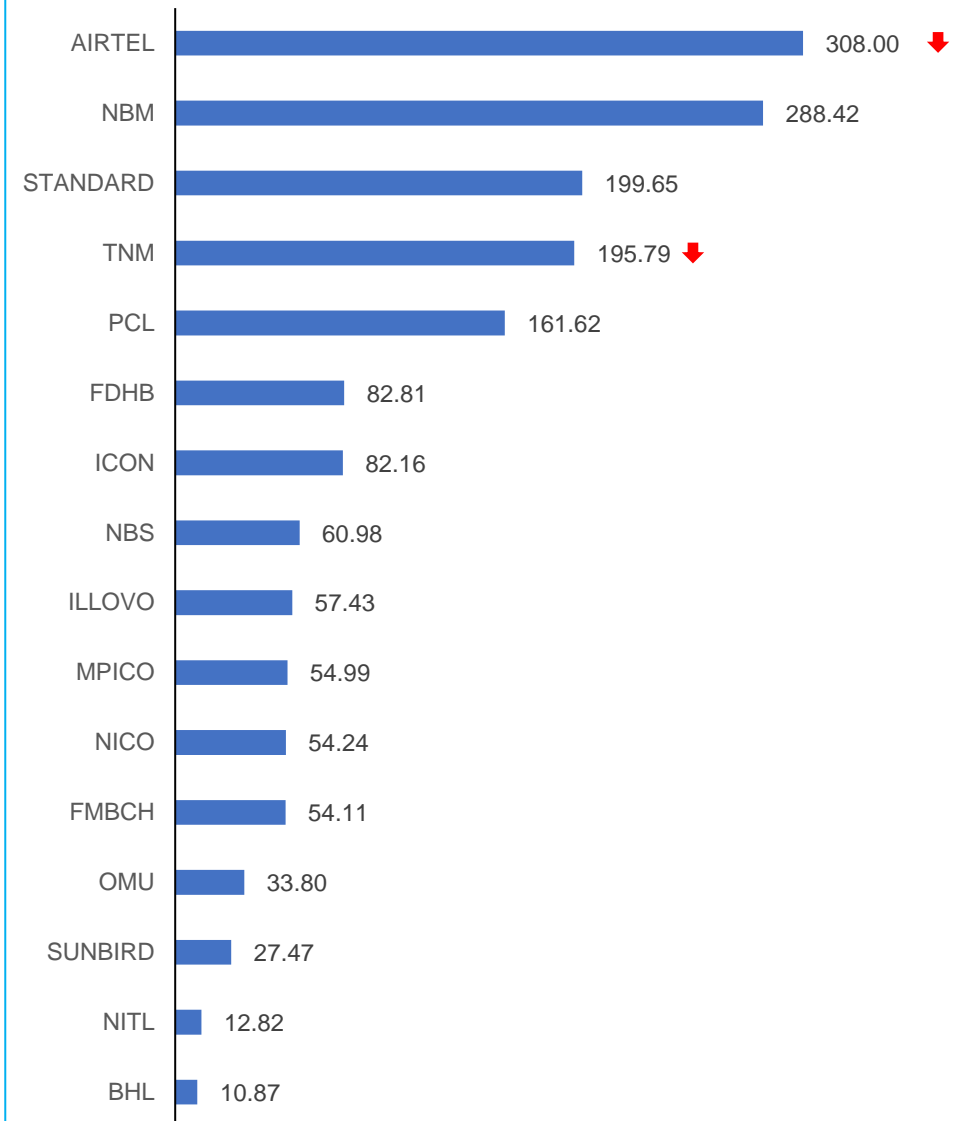


EQUITY MARKET (Continued)

P/BV Ratio - The weighted average Price to Book Value ratio on the MSE is 2.19. AIRTEL has the highest at 19.56 while ILLOVO has the lowest at 0.81.



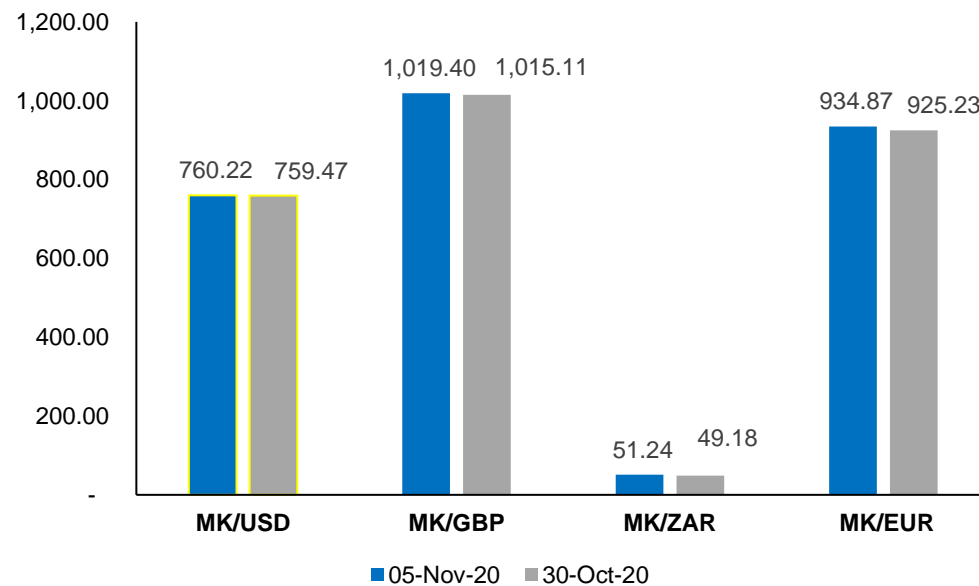
Market Capitalization (K'billion) - Airtel leads the MSE counters with a market capitalization of K308.00 billion. The total market capitalization is K1.69 trillion.



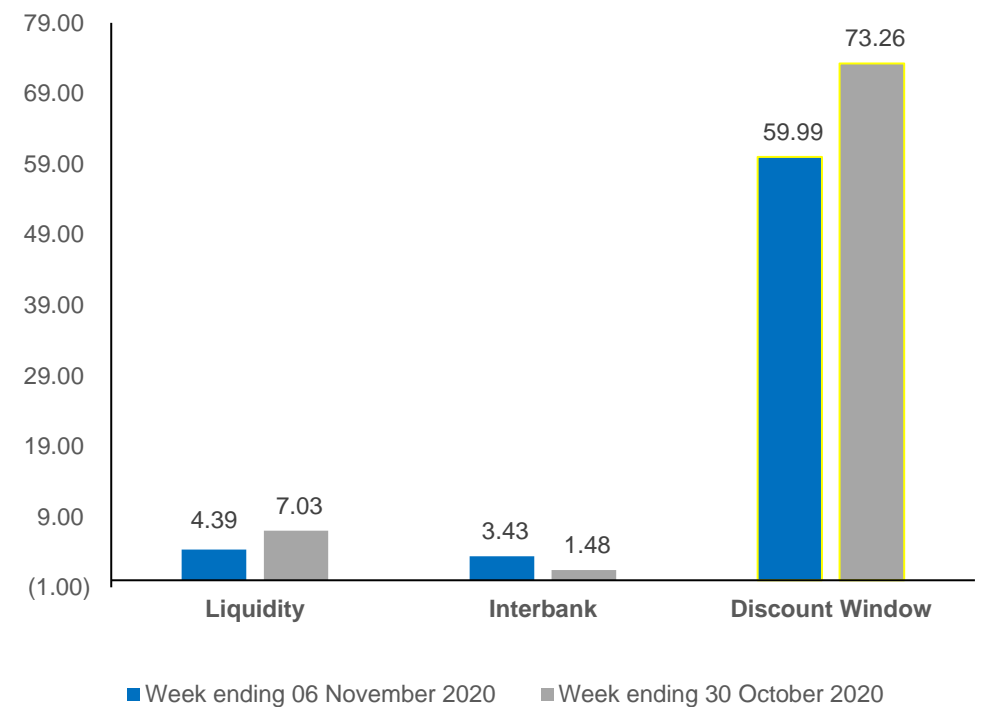


OTHER FINANCIAL MARKET DEVELOPMENTS (Source: RBM)

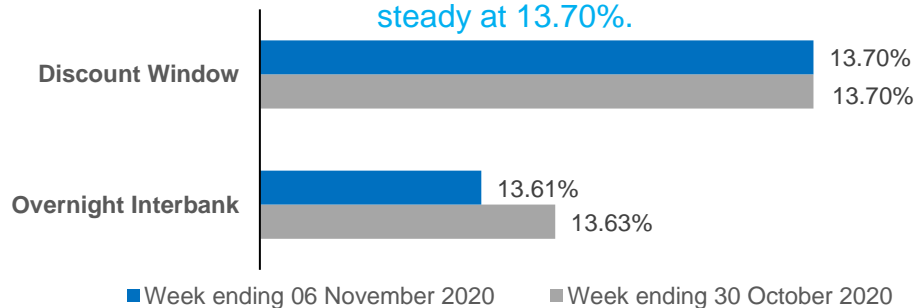
Exchange rate Movements - The Malawi Kwacha marginally depreciated against the USD to K760.22 per USD from K759.47 per USD.



Daily average volumes (K'billions) - Access on the discount window decreased to a daily average volume of K59.99 billion from K73.26 billion last week.



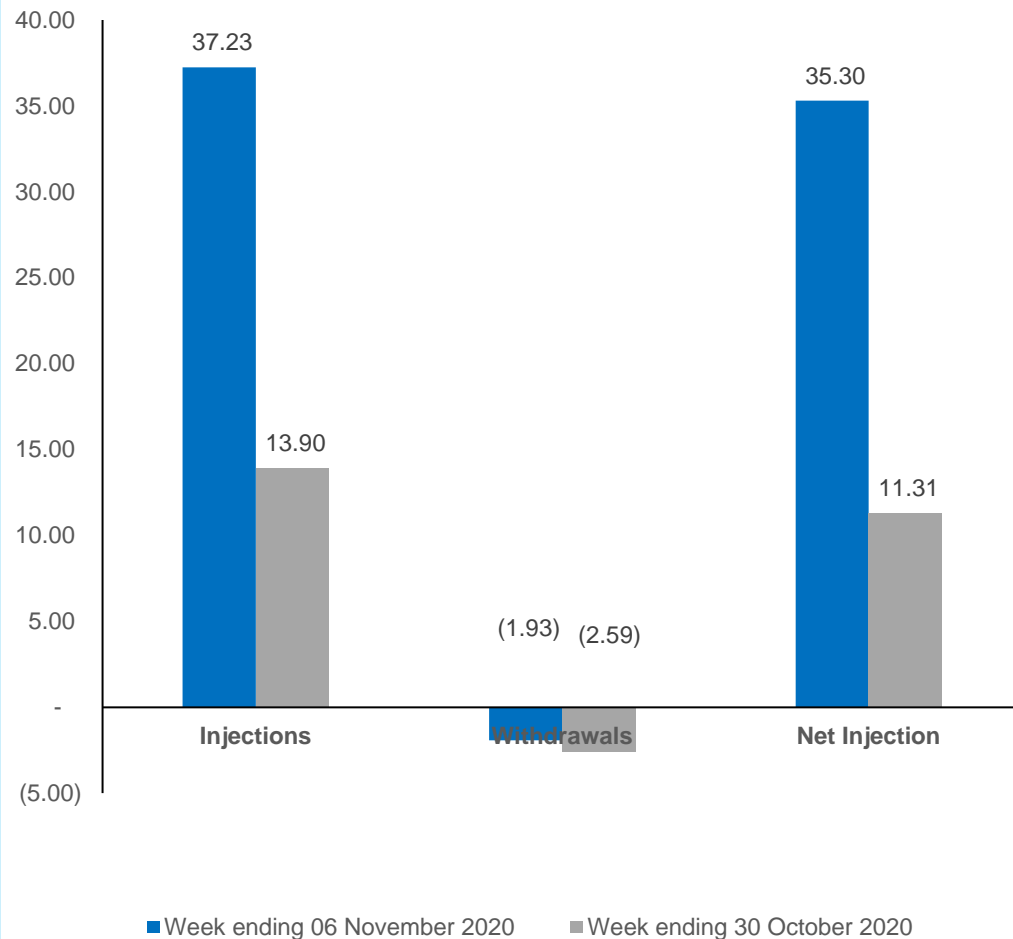
The interbank rate decreased to 13.61% from 13.63% in the previous week while discount window rate was steady at 13.70%.



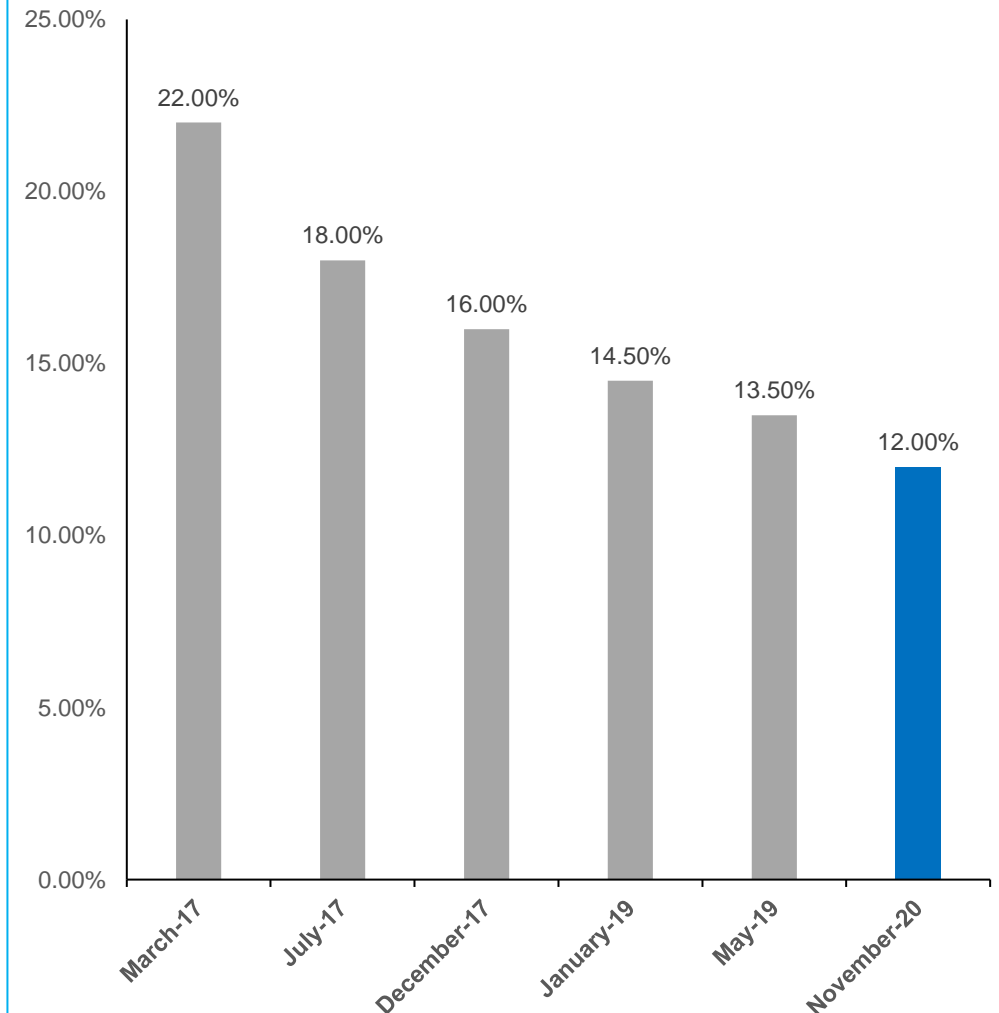


OTHER FINANCIAL MARKET DEVELOPMENTS (Continued)

Net Liquidity (K'billion) - there was a net liquidity injection of K35.30 billion this week as maturities and withdrawals were K37.23 billion and K1.93 billion, respectively.



Monetary Policy Rate (%) – The Monetary Policy Committee decided to cut the policy rate to 12.00% from 13.50% during the fourth MPC meeting which was held on 5 and 6 November 2020.



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