



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K2.28 billion from total applications of K2.28 billion, resulting in a nil rejection rate. The average yield for the 182 days and 364 days tenors were 13.00%, and 15.00% respectively, there were no applications for the 91 days tenor (previous week: 91 days: 9.57%, 182 days: 13.00%, 364 days: 15.00%). The Treasury Note (7-year) auction held during the week raised a total of K2.87 billion from total applications of K2.87 billion, resulting in a nil rejection rate. The weighted average yield was 22.33%. Total maturities for the week stood at K4.53 billion, resulting in a net withdrawal of K622.57 million.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K47.80 billion from K56.88 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K10.26 billion at 11.96% (previous week: K14.54 billion at 11.70%). Access to the Lombard facility during the week in review averaged K55.66 billion at an average rate of 12.87% (previous week: K39.99 billion at 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 47,614.58 points (previous week: 46,934.16 points), the Domestic Share Index (DSI) closed at 37,287.52 points (previous week: 37,283.40 points) and the Foreign Share Index (FSI) closed at 6,488.06 points (previous week: 5,720.11 points). The increase in the MASI was due to share price gains in Airtel, Illovo, NBM, NITL, PCL and FMBCH. A total volume of 3.95 million shares were traded during the week at a value of K612.03 million in 58 deals (Source: MSE).

3. Local Market Developments

The Monetary Policy Committee (MPC), at its second meeting held on 29 April 2022, decided to raise the Policy rate by 200 basis points to 14.00% from 12.00%. Meanwhile, the MPC maintained the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign currency denominated deposits at 3.75%; and the Lombard rate at 20 basis points above the Policy rate. In arriving at this decision, the Committee noted that inflation pressures continue to mount following persistence of the pandemic-induced supply-demand imbalances, supply-chain disruptions, and rising global energy and food prices, which have been compounded by the conflict between Russia and Ukraine (Source: RBM).

4. Regional Developments in the Week

South Africa's private sector activity expanded at a slower rate in April 2022, as power cuts and floods in KwaZulu-Natal province weighed on output and new orders. The S&P Global South Africa Purchasing Managers' Index (PMI) fell to 50.30 in April 2022 from 51.40 in March 2022, its lowest in four months. Businesses are facing the prospect of further load shedding, sharp cost inflation and supply side problems, as a result output growth is expected to be subdued in the near term. Nevertheless, South African businesses continue to forecast a rise in activity over the 12-month period that will likely be driven by a bounce-back in demand from the COVID-19 pandemic (Source: Reuters).

5. Global Developments in the Week

The Federal Reserve (Fed) approved a rare half-percentage-point interest rate increase and announced plans to shrink its US\$9.00 trillion asset portfolio starting June 2022. This will be done in a double-barreled effort to reduce inflation that is running at a four-decade high. The central bank's benchmark federal-funds rate is now raised to target between 0.75% and 1.00%. This development marks the most aggressive Fed tightening of monetary policy in decades (Source: WSJ).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	29-April-22	6-May-22
Counter				MK/Share	MK/Share
AIRTEL	5.00	20.93	19.19	42.00	↑ 42.03
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	6.87	9.05	3.34	15.29	15.29
ICON	1.92	9.32	0.99	12.00	12.00
ILLOVO	5.89	10.65	2.47	305.50	↑ 305.51
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	5.19	12.68	3.10	948.54	↑ 948.56
NBS Bank	5.93	8.62	2.86	22.78	22.78
NICO	4.18	5.73	1.43	55.00	55.00
NITL	2.59	3.18	0.85	110.01	↑ 110.02
PCL	1.63	63.65	1.45	1,899.00	↑ 1,900.00
Standard Bank	2.65	13.27	2.81	1,400.11	1,400.11
Sunbird	0.00	(19.96)	0.87	90.02	90.02
TNM	2.69	16.58	3.26	16.00	16.00
FMBCH	0.49	31.28	4.79	110.00	↑ 126.50
OMU	1.02	(37.51)	2.45	1,785.00	1,785.00
DSI	N/A	N/A	N/A	37,283.40	↑ 37,287.52
FSI	N/A	N/A	N/A	5,720.11	↑ 6,488.06
MASI	3.64	14.87	2.79	46,934.19	↑ 47,614.58

MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
MASI Return (YTD)	3.21%	4.95%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Forex Reserves (Source: RBM)

Forex Reserves (US\$ million) (Source: RBM)

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	29-Apr-22	6-May-22	% Change
MK/US Dollar	816.64	816.64	→ 0.00%
MK/GBP	1,021.70	1,008.06	↑ 1.33%
MK/ZAR	51.45	50.96	↑ 0.95%
MK/EUR	860.17	858.78	↑ 0.16%

Global Market Rates (Source: Reuters, WSJ, CNBC)

	29-Apr-22	6-May-22	Change
US Fed Rate	0.500%	1.000%	↑ 0.500%
US Libor (3 months)	1.239%	1.406%	↑ 0.167%
US Libor (6 months)	1.826%	2.020%	↑ 0.193%
US Treasury yield (10 years)	2.883%	3.079%	↑ 0.196%
BOE Rate	0.750%	1.000%	↑ 0.250%
ECB Rate	0.000%	0.000%	→ 0.000%

*LIBOR = London Interbank Offered Rates *BOE= Bank of England
*ECB= European Central Bank

Government Securities for Week ending 6 May 2022 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	-
182 days TB	9.39	13.00
364 days TB	2,270.18	15.00
7-year TN	2,870.00	22.33
TOTAL	5,149.57	

Prevailing Government Security Interest Rates (Source: RBM)

GDP growth projections (Source: EIU, IMF, WBG, MW Gov)

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	2.80%
IMF	4.00%	0.60%	2.20%	3.50%
WORLD BANK	4.40%	1.00%	2.40%	2.10%
GOVERNMENT	5.10%	0.90%	3.90%	4.10%
Average Real GDP	4.40%	0.38%	2.80%	3.13%