



## 1. Money Market

### Government Securities

The Government Treasury Bill auctions held during the week raised a total of K23.71 billion from total applications of K23.71 billion, resulting in a nil rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 9.75%, 15.00%, and 16.87% respectively (previous week 182 days: 14.50%, 364 days: 16.66%, there were no applications for the 91 days tenor). Treasury Note (3-year, 2-year) auctions held during the week raised a total of K27.33 billion from total applications of K28.19 billion, resulting in a 3.05% rejection rate. Total maturities for the week stood at K52.56 billion, resulting in a net withdraw of K1.52 billion.

### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K46.14 billion from K49.59 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K12.35 billion at 12.50% (previous week: K12.08 billion at 12.50%). Access to the Lombard facility during the week in review averaged K22.98 billion at an average rate of 14.20% (previous week: K17.28 billion at 14.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 49,755.67 points (previous week: 49,788.91 points), the Domestic Share Index (DSI) closed at 38,514.15 points (previous week: 38,506.87 points) and the Foreign Share Index (FSI) closed at 7,354.60 points (previous week: 7,401.66 points). The decrease in the MASI was due to share price decrease in Sunbird, FMBCH and TNM despite share price gains in Airtel, Illovo and NBM. A total volume of 21.58 million shares were traded during the week at a value of K310.14 million in 103 deals (Source: MSE).

## 3. Local Market Developments

The Reserve Bank of Malawi (RBM) devalued the Malawi Kwacha by 25.00% on 27 May 2022, announcing a return to a market-determined foreign exchange rate regime to prop up dwindling foreign currency reserves. The move came in reaction to rising commodity prices which have hit the country amid declining revenue from tobacco, its major export. The currency was trading at K1,012.69/US\$ on the effective date, more than 25.00% lower than its previous close. Without an International Monetary Fund (IMF) program, currently now being re-negotiated, Malawi's economy has been hit by foreign currency shortages resulting in major airlines suspending ticketing, as well as hospitals and pharmacies experiencing shortages of some essential medicines (Source: Reuters).

## 4. Regional Developments in the Week

Zimbabwe's annual inflation increased to 131.70% in May 2022, up from 96.40% in the previous month, marking the first time in 10 months that inflation has risen above 100.00%. This comes against the background of local currency depreciation and soaring prices of basic commodities and fuel. The Reserve Bank of Zimbabwe introduced the new interbank rate at ZWL276.00/US\$1 in early May 2022, among a raft of measures that were announced by President Mnangagwa in a bid to stop further depreciation of the Zimbabwe Dollar on the black market where it is trading above ZWL400.00/US\$1 (Source: Reuters).

## 5. Global Developments in the Week

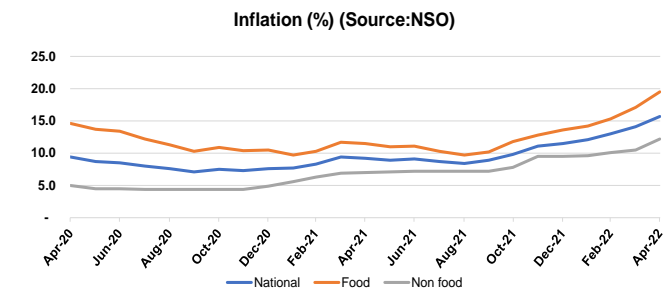
Oil prices are on track for weekly gains during the week in review, supported by the prospect of a tight market due to rising gasoline consumption in the United States, and the possibility of an EU ban on Russian oil. Brent crude ended the week at US\$117.20. Oil prices have risen to the highest level since end of March 2022, benefiting from renewed declines in U.S. oil inventories. Both benchmark crude contracts were also supported as the European Commission continued to seek unanimous support of all 27 EU member states for its proposed new sanctions against Russia, with Hungary posing a stumbling block (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	20-April-22	27-May-22
Counter				MK/Share	MK/Share
AIRTEL	6.20	16.20	15.71	47.28	↑ 47.61
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	7.24	8.59	3.17	14.51	14.51
ICON	1.92	9.32	0.99	12.00	12.00
ILLOVO	5.89	10.65	2.47	305.51	↑ 305.52
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	4.93	13.37	3.27	980.01	↑ 1,000.06
NBS Bank	5.93	8.62	2.86	22.78	22.78
NICO	4.92	4.87	1.22	46.75	46.75
NITL	2.59	3.18	0.85	110.02	110.02
PCL	1.63	63.65	1.45	1,900.00	1,900.00
Standard Bank	2.46	14.28	3.02	1,507.17	1,507.17
Sunbird	0.00	27.92	0.75	90.02	↓ 80.00
TNM	3.07	14.51	2.85	14.99	↓ 14.00
FMBCH	1.01	16.21	3.73	144.94	↓ 143.99
OMU	1.02	(37.51)	2.45	1,785.00	1,785.00
DSI	N/A	N/A	N/A	38,506.87	↑ 38,514.15
FSI	N/A	N/A	N/A	7,401.66	↓ 7,354.60
MASI	3.91	13.75	2.77	49,788.91	↓ 49,755.67

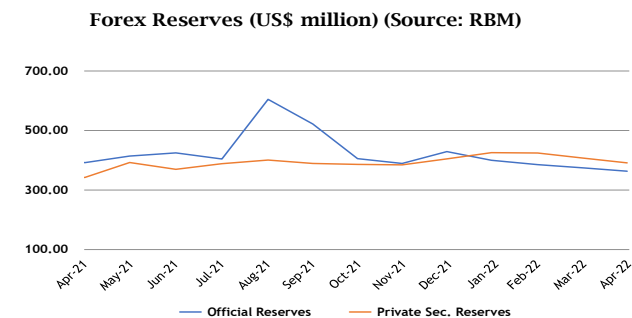
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
<b>MASI Return (YTD)</b>	3.78%	9.67%

### Inflation (Source: NSO)



### Forex Reserves (Source: RBM)



### Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	20-May-22	27-May-22	% Change
MK/US Dollar	816.64	1,021.51	↓ -25.09%
MK/GBP	1,017.94	1,290.88	↓ -26.81%
MK/ZAR	51.64	65.06	↓ -25.99%
MK/EUR	864.09	1,097.82	↓ -27.05%

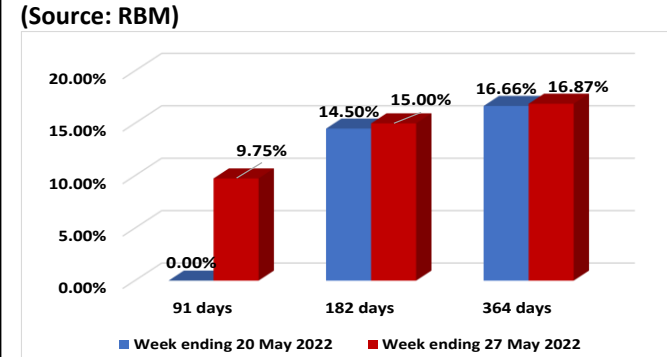
### Global Market Rates (Source: Reuters, WSJ, CNBC)

	20-May-22	27-May-22	Change
US Fed Rate	1.000%	1.000%	→ 0.000%
US Libor (3 months)	1.505%	1.575%	↑ 0.070%
US Libor (6 months)	2.026%	2.076%	↑ 0.050%
US Treasury yield (10 years)	2.084%	2.735%	↑ 0.652%
BOE Rate	1.000%	1.000%	→ 0.000%
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 27 May 2022 (Source: RBM)



### Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	20.60	9.75
182 days TB	15,351.77	15.00
364 days TB	8,337.97	16.87
2-year TN	19,970.00	18.50
3-year TN	7,360.00	21.90
<b>TOTAL</b>	<b>51,040.34</b>	

### 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%	2.70%
WORLD BANK	4.40%	1.00%	2.80%	2.10%
GOVERNMENT	5.10%	0.90%	3.90%	4.10%
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.38%</b>	<b>2.90%</b>	<b>2.93%</b>

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