



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K13.43 billion from total applications of K13.85 billion, resulting in a 3.06% rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 9.75%, 15.00%, and 17.03% respectively (previous week 91 days: 9.75%, 182 days: 15.00%, 364 days: 16.87%). Treasury Note (5-year) auction held during the week raised a total of K13.80 billion from total applications of K13.80 billion, resulting in a nil rejection rate. Total maturities for the week stood at K12.76 billion, resulting in a net withdraw of K14.47 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K26.33 billion from K46.14 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K6.79 billion at 12.50% (previous week: K12.35 billion at 12.50%). Access to the Lombard facility during the week in review averaged K28.57 billion at an average rate of 14.20% (previous week: K22.98 billion at 14.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 50,283.02 points (previous week: 49,755.67 points), the Domestic Share Index (DSI) closed at 39,039.71 points (previous week: 38,514.15 points) and the Foreign Share Index (FSI) closed at 7,282.68 points (previous week: 7,354.60 points). The increase in the MASI and DSI was due to share price gains in Airtel, Illovo, NBM, and Standard Bank despite share price losses in FDH Bank, and NBS Bank. The decrease in FSI was due to share price losses in FMBCH and OMU. A total volume of 9.87 million shares were traded during the week at a value of K304.72 million in 90 deals (Source: MSE).

3. Local Market Developments

Cumulatively, after 9 weeks of tobacco sales, 23.80 million kgs of all types of tobacco have been sold, valued at US\$49.00 million at an average price of US\$2.06/kg (May 2021: 67.90 million kgs, valued at US\$111.60 million at an average price of US\$1.64/kg). The increase in daily sales of burley on the Lilongwe auction floors, combined with higher prices has resulted in higher earnings during the week in review. Week-on-week burley sales increased by 73.00% in week 9 (Source: AHL Tobacco Sales Ltd).

4. Regional Developments in the Week

South Africa's unemployment rate rose to a new record high of 35.30% in the fourth quarter of 2021 from 34.90% in the third quarter due to job losses mainly in manufacturing (85,000 job losses) and construction (25,000 job losses), the highest rate since 2008. The COVID-19 pandemic exacerbated South Africa's labor market woes in 2021. Before the pandemic, the economy was already suffering from high levels of unemployment as problems such as persistent electricity cuts choked growth, contributing to poverty and inequality. The Finance Ministry expects economic growth to reach 2.10% in 2022, a rate officials and economists have said is far below the level required to make a meaningful dent in unemployment and poverty (Source: Statssa).

5. Global Developments in the Week

European Union leaders have agreed to cut 90.00% of oil imports from Russia by the end 2022, resolving a deadlock with Hungary over the bloc's toughest sanction yet on Moscow since the invasion of Ukraine three months ago. This immediately covers more than 67.00% of oil imports from Russia, cutting a huge source of financing for its war. The ban could exacerbate worries over an already-tight energy market. Energy prices have soared over the past year, contributing to a heated inflationary environment in many countries. Analysts now forecast that a complete shutdown of Russian oil will push oil prices above US\$185.00/b (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	27-May-22	3-June-22
Counter				MK/Share	MK/Share
AIRTEL	6.08	16.50	16.01	47.61	↑ 48.51
BHL	0.00	(20.38)	1.37	11.01	
FDH Bank	7.24	8.58	3.17	14.51	↓ 14.50
ICON	1.92	9.32	0.99	12.00	
ILLOVO	5.89	10.65	2.47	305.52	↑ 305.53
MPICO	1.35	11.24	1.09	20.70	
NBM	4.93	13.37	3.27	1,000.06	↑ 1,000.17
NBS Bank	5.93	8.62	2.86	22.78	↓ 22.77
NICO	4.92	4.87	1.22	46.75	
NITL	2.59	3.18	0.85	110.02	
PCL	1.63	63.65	1.45	1,900.00	
Standard Bank	2.32	15.16	3.21	1,507.17	↑ 1,600.02
Sunbird	0.00	27.92	0.75	80.00	
TNM	3.07	14.51	2.85	14.00	
FMBCH	1.01	16.09	3.70	143.99	↓ 143.00
OMU	2.57	20.91	2.37	1,785.00	↓ 1,600.00
DSI	N/A	N/A	N/A	38,514.15	↑ 39,039.71
FSI	N/A	N/A	N/A	7,354.60	↓ 7,282.68
MASI	3.87	13.89	2.79	49,755.67	↑ 50,283.02

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

	2021	2022
MASI Return (YTD)	4.51%	10.834%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Forex Reserves (Source: RBM)

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

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	27-May-22	3-Jun-22	% Change
MK/US Dollar	1,021.51	1,021.66	↓ -0.01%
MK/GBP	1,290.88	1,284.22	↑ 0.52%
MK/ZAR	65.06	66.19	↓ -1.73%
MK/EUR	1,097.82	1,098.59	↓ -0.07%

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

	27-May-22	3-Jun-22	Change
US Fed Rate	1.000%	1.000%	⇒ 0.000%
US Libor (3 months)	1.575%	1.626%	↑ 0.051%
US Libor (6 months)	2.076%	2.109%	↑ 0.034%
US Treasury yield (10 years)	2.735%	2.942%	↑ 0.207%
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 3 June 2022 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	854.90	9.75
182 days TB	5,033.67	15.00
364 days TB	7,541.70	17.03
5-year TN	13,800.00	23.95
TOTAL	27,230.27	

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	854.90	9.75
182 days TB	5,033.67	15.00
364 days TB	7,541.70	17.03
5-year TN	13,800.00	23.95
TOTAL	27,230.27	

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%
Average Real GDP	4.40%	0.38%	2.90%	2.93%