



## 1. Money Market

### Government Securities

The Government Treasury bill auction held during the week raised a total of K3.53 billion from total applications of K4.41 billion, resulting in a 19.90% rejection rate. The average yield for the 364 days tenor was 13.90%. There were no auctions for the 91 days and 181 days tenors (previous week: 91 days: 9.20% 182 days: 12.99%, 364 days: 13.90%). Total maturities for the week stood at K12.62 billion, resulting in a net injection of K9.09 billion (Source: RBM).

### Interbank Market

Liquidity levels (excess reserves before Open Market Operations) increased to a daily average of K18.29 billion from K9.30 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K12.26 billion (previous week: K10.70 billion) at an average rate of 11.96% (previous week: 11.96%). Access to the Lombard facility during the week in review averaged K32.37 billion (previous week: K26.76 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 36,060.68 points (previous week: 36,064.24 points), the Domestic Share Index (DSI) closed at 29,353.47 points (previous week: 29,356.65 points) and the Foreign Share Index (FSI) closed at 3,491.10 points (previous week: 3,491.10 points). The decrease in the MASI and DSI were due to share price losses in NBS Bank and FDH Bank, despite a share price gain in NBM. A total volume of 14.25 million shares were traded during the week at a value of K739.50 million in 94 deals (Source: MSE).

## 3. Local Market Developments

- NITL has advised that the profit after tax for the 6 months ending 30 June 2021 is expected to be higher than the previous corresponding period ended 30 June 2020 by about 239.00%. This is attributable to favourable share price movements for investee companies that occurred as at 30 June 2021 (Source: MSE).
- The headline inflation rate (year-on-year) for June 2021 is 9.10%, compared to 8.90% in May 2021 (June 2020: 8.50%). The national (year on year) food inflation rate for June 2021 is 11.10%, whilst the non-food inflation rate is 7.20% (May 2021: 11.00% and 7.10% respectively). The increase in the inflation rate has been attributed to a rise in the price of maize and transportation during the month of June 2021 (Source: NSO).

## 4. Regional Developments in the Week

South Africa's headline inflation rate (year-on-year) eased to 4.90% in June 2021 after recording a 30-month high of 5.20% in May 2021. The main contributors to the 4.90% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services. Despite the decrease in inflation, the South African Reserve Bank (SARB) has revised the inflation forecast to average 4.30% in 2021 up from 4.20%, reflecting higher food and petrol prices (Source: Statistics South Africa).

## 5. Global Developments in the Week

The Central Bank of Russia (CBR) has raised its forecast for the country's 2021 GDP growth to 4.00%-4.50% from 3.00%-4.00%. The CBR has also increased its outlook for oil prices to US\$65.00 per barrel from US\$60.00 per barrel in 2021. Further, according to the CBR's assessment, Russia's economy recovered to pre-crisis levels in the second quarter of 2021 (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	16-July-21	23-July-21
Counter				MK/Share	MK/Share
Airtel	5.87	17.80	16.32	35.75	35.75
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.69	7.88	4.09	15.99	↓ 15.97
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	1.82	28.65	1.09	110.01	110.01
MPICO	1.75	8.69	0.84	16.00	16.00
NBM	4.28	13.55	2.58	650.09	↑ 650.10
NBS Bank	4.36	10.89	4.00	26.39	↓ 26.37
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	80.70	80.70
PCL	2.58	40.19	0.91	1,199.93	1,199.93
Standard Bank	3.73	11.86	2.66	1,200.16	1,200.16
Sunbird	0.00	(19.95)	0.87	90.00	90.00
TNM	2.50	20.79	3.66	16.00	16.00
FMBCH	0.95	16.07	2.46	65.00	65.00
OMU	0.83	(46.02)	3.01	2,190.00	2,190.00
DSI	N/A	N/A	N/A	29,356.65	↓ 29,353.47
FSI	N/A	N/A	N/A	3,491.10	3,491.10
MASI	N/A	N/A	N/A	36,064.24	↓ 36,060.68

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

	2020	2021
<b>MASI Return (YTD)</b>	-2.87%	11.32%

### Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Month	National	Food	Non food
Jun-20	10.0	14.0	5.0
Jul-20	9.0	13.0	5.0
Aug-20	8.0	12.0	5.0
Sep-20	7.0	11.0	5.0
Oct-20	6.0	10.0	5.0
Nov-20	7.0	11.0	5.0
Dec-20	8.0	12.0	5.0
Jan-21	9.0	13.0	5.0
Feb-21	10.0	14.0	5.0
Mar-21	11.0	15.0	5.0
Apr-21	10.0	14.0	5.0
May-21	9.0	13.0	5.0
Jun-21	8.0	12.0	5.0

### Forex Reserves (Source: RBM)

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

Month	Official Reserves	Private Sec. Reserves
Jun-20	700.00	300.00
Jul-20	650.00	300.00
Aug-20	550.00	300.00
Sep-20	600.00	300.00
Oct-20	650.00	300.00
Nov-20	600.00	300.00
Dec-20	550.00	300.00
Jan-21	500.00	300.00
Feb-21	450.00	300.00
Mar-21	400.00	300.00
Apr-21	350.00	300.00
May-21	400.00	300.00
Jun-21	450.00	300.00

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

CURRENCY	16-Jul-21	23-Jul-21	% Change
MK/US Dollar	809.53	809.53	0.00%
MK/GBP	1118.94	1112.87	0.54%
MK/ZAR	55.66	54.95	1.28%
MK/EUR	955.57	952.98	0.27%

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

	16-Jul-21	23-Jul-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.134%	0.125%	-0.009%
US Libor (6 months)	0.153%	0.157%	0.004%
US Treasury yield (10 years)	1.308%	1.284%	-0.024%
BOE Rate	0.100%	0.100%	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 23 July 2021 (Source: RBM)

Tenor	Week ending 16 July 2021	Week ending 23 July 2021
91 days	9.20%	0.00%
182 days	12.99%	0.00%
364 days	13.90%	13.90%

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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	0.00
182 days TB	0.00	0.00
364 days TB	3,534.27	13.90
<b>TOTAL</b>	<b>3,534.27</b>	

### Malawi Real GDP Projections (Source: EIU, IMF, World Bank, Malawi Government)

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.30%	4.00%
IMF	4.00%	0.60%	2.20%	6.00%
WORLD BANK	4.40%	1.00%	2.80%	3.00%
GOVERNMENT	5.10%	0.90%	3.80%	
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.38%</b>	<b>2.78%</b>	<b>4.33%</b>