



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K3.09 billion from total applications of K3.09 billion, resulting in a nil rejection rate. The average yields for the 182 days and 364 days were 12.79% and 13.86% respectively, there were no applications for 91 days tenor (previous week: 91 days: 9.74%, 182 days: 12.80%, 364 days: 13.85%). Treasury note (7-year) auction held during the week raised a total of K8.72 billion from total applications of K12.31 billion resulting in a 29.16% rejection rate. The weighted average rate was 20.52%. Total maturities for the week stood at K6.32 billion, resulting in a net withdrawal of K5.49 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves) decreased to a daily average of K15.11 billion from K19.48 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K12.25 billion (previous week: K18.00 billion) at an average rate of 11.95% (previous week: 11.93%). Access to the Lombard facility during the week in review averaged K40.65 billion (previous week: K17.47 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 34,262.35 points (previous week: 33,855.94 points), the Domestic Share Index (DSI) closed at 28,452.38 points (previous week: 28,328.57 points) and the Foreign Share Index (FSI) closed at 2,598.30 points (previous week: 2,294.58 points). The increase in the MASI was due to share price gains in FM BCH and ILLOVO, despite share price losses in FDH Bank and MPICO. Total volume of 84.32 million shares were traded during the week at a value of K2.27 billion in 67 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the eighth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 59,479,413 kg valued at US\$97,767,890.61 (June 2020: 49,719,875 kg valued at US\$75,235,985.87) representing a 30.00% increase in value sold. The average price was USD\$1.64, 9.00% higher than the previous year (June 2020: USD\$1.51) (Source: Tobacco Commission).
- Headline inflation decreased to 8.90% in the month of May 2021 from 9.20% in April 2021 (May 2020: 8.70%). This was attributed to a decrease of food inflation after Malawi experienced a bumper harvest due to above normal rainfall and the success of the Affordable Inputs Program (AIP). Food inflation decreased to 11.00% in May 2021 (April 2021: 11.50%), while non food inflation increased to 7.10% in May 2021 (April 2021: 7.00%).

4. Regional Developments in the Week

The Bank of Uganda at the June 2021 Monetary Policy Committee (MPC) meeting has decided to reduce the Central Bank Rate (CBR) to 6.50% (May 2020: 7.00%). The MPC highlighted that the decrease in the CBR was a form of monetary support to encourage private sector investments (Source: Bank of Uganda).

5. Global Developments in the Week

The World Bank, in its 2021 June World Economic Prospectus has projected that world economic growth is set to reach 5.60% in 2021, the strongest post-recession pace in 80 years. Recovery is expected to be highly uneven and reflect a sharp rebound in advanced economies resulting from large stimulus packages to curb the effects of the pandemic and unequal vaccine access (Source: World Bank).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	11-June-21	18-June-21
Counter				MK/Share	MK/Share
Airtel	6.46	16.19	14.84	32.51	32.51
Blantyre Hotels	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.63	8.08	4.19	16.39	↓ 16.38
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	2.20	23.72	0.90	80.47	↑ 91.05
MPICO	1.75	8.69	0.84	16.01	↓ 16.00
NBM	4.28	13.55	2.58	650.08	650.08
NBS Bank	5.00	9.49	3.49	22.99	22.99
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	94.94	94.94
PCL	2.58	40.19	0.91	1,199.94	1,199.94
Standard Bank	3.73	11.86	2.66	1,200.15	1,200.15
Sunbird	0.00	(19.95)	0.87	90.00	90.00
TNM	2.50	20.79	3.66	16.00	16.00
FMBCH	1.32	11.62	1.78	40.85	↑ 46.98
OMU	0.83	(45.81)	2.99	2,190.00	2,190.00
DSI	N/A	N/A	N/A	28,328.57	↑ 28,452.38
FSI	N/A	N/A	N/A	2,294.58	↑ 2,598.30
MASI	N/A	N/A	N/A	33,855.94	↑ 34,262.35

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

	2020	2021
MASI Return (YTD)	-2.36%	5.77%

Forex Reserves (Source: RBM)

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

Inflation (Source: National Statistical Office)

Inflation (%) (Source: NSO)

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	11-Jun-21	18-Jun-21	% Change
MK/US Dollar	801.59	801.59	0.00%
MK/GBP	1136.34	1113.17	2.04%
MK/ZAR	976.66	954.21	2.30%
MK/EUR	59.13	56.81	3.93%

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

	11-Jun-21	18-Jun-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.125%	0.135%	0.010%
US Libor (6 months)	0.157%	0.159%	0.002%
US Treasury yield (10 years)	1.435%	1.506%	0.071%
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 18 June 2021 (Source: RBM)

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	
182 days TB	8.38	12.79
364 days TB	3,078.25	13.86
7-year TN	8,720	20.52
TOTAL	11,798.25	

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%	3.30%	5.30%
GOVERNMENT	5.10%	0.90%	3.80%	
Average Real GDP	4.40%	0.38%	2.90%	5.10%