



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K7.87 billion from total applications of K7.87 billion, resulting in a nil rejection rate. The average yields for the 92 days, 182 days and 364 days tenors were 9.70%, 12.88% and 13.90% respectively (previous week: there were no applications for 91 days and 182 days tenors, 364 days: 13.90%). The Treasury note (7-year) auction held during the week raised a total of K4.94 billion from total applications of K4.94 billion resulting in a nil rejection rate. The weighted average rate was 21.36%. Total maturities for the week stood at K8.69 billion, resulting in a net withdrawal of K4.12 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves before Open Market Operations) decreased to a daily average of K9.76 billion from K18.29 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K6.76 billion (previous week: K12.26 billion) at an average rate of 11.96% (previous week: 11.96%). Access to the Lombard facility during the week in review averaged K25.92 billion (previous week: K32.37 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 36,496.03 points (previous week: 36,060.68 points), the Domestic Share Index (DSI) closed at 29,749.56 points (previous week: 29,353.47 points) and the Foreign Share Index (FSI) closed at 3,479.97 points (previous week: 3,491.10 points). The increase in the MASI and DSI were due to share price gains in NBM, PCL, ILLOVO and TNM, despite a share price loss in NBS Bank. The decrease in the FSI was due to a share price loss in Old Mutual. A total volume of 354.62 thousand shares were traded during the week at a value of K22.61 million in 35 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that cumulative sales by the fourteenth week of tobacco sales in 2021 have exceeded sales in 2020. Total volume sold was 108.03 million kg valued at US\$176.76 million (2020: 113.85 million kg valued at US\$174.52 million) representing a 1.27% increase in value sold. The average price was USD\$1.64, (2020: USD\$1.54) (Source: Tobacco Commission).
- The Board of Directors of FDH Bank Plc passed a resolution approving payment of an interim dividend of K2.30 billion (representing K0.33 per share) in respect of 2021 profits. The Bank registered a profit after tax (PAT) of K4.55 billion up from a PAT of K3.22 billion achieved over a similar period in 2020 (Source: MSE).

4. Regional Developments in the Week

The Zimbabwean Ministry of Finance and Economic Development reported in the 2021 budget statement that the economy is expected to grow by 7.80% in 2021 up from an initial forecast of 7.40%, driven by moderating inflation, higher commodity prices and better agriculture harvest. Further, inflation is expected to slow down to an average below 135.00% by the end of 2021 (Source: Ministry of Finance and Economic Development Zimbabwe).

5. Global Developments in the Week

Europe has emerged from a double-dip recession in the second quarter of 2021 with stronger-than-expected growth of 2.0% from the first quarter. Pandemic restrictions eased, consumers started spending built-up savings and major companies showed stronger results. The European Central Bank continues to add monetary support by keeping interest rate benchmarks at record lows and by purchasing €1.85 trillion (US\$2.2 trillion) in government and corporate bonds. Monetary support will continue to drive down longer-term borrowing rates and help keep credit flowing to businesses and governments (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	23-July-21	30-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	15.97	15.97
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	1.58	32.95	1.26	110.01	↑ 126.51
MPICO	1.75	8.69	0.84	16.00	16.00
NBM	4.28	13.55	2.58	650.10	↑ 650.11
NBS Bank	4.36	10.88	4.00	26.37	↓ 26.35
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	80.70	80.70
PCL	2.38	43.55	0.99	1,199.93	↑ 1,300.00
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	20.80	3.66	16.00	↑ 16.01
FMBCB	0.95	16.07	2.46	65.00	65.00
OMU	0.87	(44.12)	2.88	2,190.00	↓ 2,100.00
DSI	N/A	N/A	N/A	29,353.47	↑ 29,749.56
FSI	N/A	N/A	N/A	3,491.10	↓ 3,479.97
MASI	N/A	N/A	N/A	36,060.68	↑ 36,496.03

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

	2020	2021
MASI Return (YTD)	-1.32%	12.67%

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	12.0	16.0	5.0
May-21	13.0	17.0	5.0
Jun-21	14.0	18.0	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	600.00	300.00
Sep-20	550.00	300.00
Oct-20	600.00	300.00
Nov-20	550.00	300.00
Dec-20	500.00	300.00
Jan-21	450.00	300.00
Feb-21	400.00	300.00
Mar-21	350.00	300.00
Apr-21	300.00	300.00
May-21	350.00	300.00
Jun-21	400.00	300.00

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	23-Jul-21	30-Jul-21	% Change
MK/US Dollar	809.53	812.51	↓ -0.37%
MK/GBP	1112.94	1132.48	↓ -1.76%
MK/ZAR	54.95	55.77	↓ -1.50%
MK/EUR	952.98	964.77	↓ -1.24%

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

	23-Jul-21	30-Jul-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.125%	0.126%	→ 0.001%
US Libor (6 months)	0.157%	0.154%	↓ -0.003%
US Treasury yield (10 years)	1.284%	1.249%	↓ -0.035%
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 30 July 2021 (Source: RBM)

TENORS	Week ending 23 July 2021	Week ending 30 July 2021
91 days	0.00%	9.70%
182 days	0.00%	12.88%
364 days	13.90%	13.90%

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	33.00	9.70
182 days TB	18.39	12.88
364 days TB	7,822.75	13.90
7-Year TN	4,940.00	21.36
TOTAL	12,814.14	

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%	
Average Real GDP	4.40%	0.38%	2.78%	4.33%