



## 1. Money Market

### Government Securities

The government Treasury bill auction held during the week raised a total of K6.65 billion from total applications of K6.65 billion, resulting in a nil rejection rate. The average yields for the 92 days, 182 days and 364 days tenors were 9.71%, 12.98% and 14.00% respectively (previous week: 91 days: 9.67% and 364 days:13.96%). Total maturities for the week stood at K16.70 billion, resulting in a net injection of K10.05 billion (Source: RBM).

### Interbank Market

Liquidity levels (excess reserves before Open Market Operations) increased to a daily average of K3.55 billion from K1.63 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K6.88 billion (previous week: K2.25 billion) at an average rate of 11.97% (previous week: 11.97%). Access to the Lombard facility during the week in review averaged K57.71 billion (previous week: K38.14 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

## 2. Stock Market,

The MASI closed the week at 38,205.50 points (previous week: 37,800.79 points), the Domestic Share Index (DSI) closed at 31,270.65 points (previous week: 30,910.54 points) and the Foreign Share Index (FSI) remained unchanged at 3,479.97 points. The increase in the MASI and DSI were due to share price gains in MPICO, NBM, PCL and Standard Bank, despite a share price loss in NBS Bank. A total volume of 4.84 million shares were traded during the week at a value of K753.84 million in 40 deals (Source: MSE).

## 3. Local Market Developments

- The Tobacco Commission reported that the sixteenth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 116,190.357.00 kg valued at US\$188,571,026.13 (July 2020: 104,937,740.00 kg valued at US\$160,198,115.49) representing a 18.00% increase in value sold. The average price was USD\$1.62, 6.00% higher than the previous year (July 2020: USD\$1.53) (Source: Tobacco Commission).
- Data released by the Reserve Bank of Malawi (RBM) has indicated that total forex reserves for the month of July 2021 decreased to US\$809.97 million (3.24 months of import cover) from US\$813.77 million (3.26 months of import cover) recorded in June 2021. This is due to a prevailing excess demand for foreign currency amid low supply.

## 4. Regional Developments in the Week

The World Bank has reported that all drivers of economic growth in Mali were severely affected by the COVID-19 pandemic. The slowdown in global economic activity and disruptions to international trade were strongly felt by Malian households, who experienced an abrupt welfare deterioration. The health crisis is estimated to have pushed an additional 900,000 people into poverty, reversing much of the poverty reduction progress achieved in Mali over the last decade (Source: Reuters).

## 5. Global Developments in the Week

The International Energy Agency (IEA) has indicated that the rising demand for oil abruptly reversed course in July 2021 and is set to proceed more slowly for the rest of the year due to the spread of the COVID-19 Delta variant. The IEA put the demand slump last month at 120,000 barrels per day (bpd) and predicted that growth would be half a million bpd lower in the second half of the year (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	6-Aug-21	13-August-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.92	18.26	40.00	40.00
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.69	7.87	4.08	15.96	15.96
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	1.58	32.95	1.26	126.51	126.51
MPICO	1.53	9.94	0.97	16.00	↑ 18.30
NBM	4.22	13.75	2.62	650.12	↑ 660.00
NBS Bank	4.37	10.87	4.00	26.35	↓ 26.34
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	80.70	80.70
PCL	2.07	50.08	1.14	1,494.00	↑ 1,495.00
Standard Bank	3.58	12.35	2.77	1,200.16	↑ 1,250.00
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	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	30,912.54	↑ 31,270.65
FSI	N/A	N/A	N/A	3,479.97	3,479.97
MASI	3.31	15.36	2.43	37,800.79	↑ 38,205.50

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

	2020	2021
MASI Return (YTD)	3.64%	17.94%

### Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Month	National	Food	Non food
Jun-20	8.5	13.5	4.5
Jul-20	8.0	12.5	4.5
Aug-20	7.5	11.5	4.5
Sep-20	7.0	10.5	4.5
Oct-20	7.0	10.0	4.5
Nov-20	7.5	10.5	4.5
Dec-20	7.5	10.5	4.5
Jan-21	7.5	10.5	4.5
Feb-21	7.5	10.5	4.5
Mar-21	8.0	11.0	4.5
Apr-21	8.5	11.5	4.5
May-21	8.5	11.5	4.5
Jun-21	8.5	11.5	4.5

### Forex Reserves (Source: RBM)

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

Month	Official Reserves	Private Sec. Reserves
Jun-20	650.00	300.00
Jul-20	620.00	300.00
Aug-20	580.00	300.00
Sep-20	620.00	300.00
Oct-20	580.00	300.00
Nov-20	580.00	300.00
Dec-20	550.00	300.00
Jan-21	480.00	300.00
Feb-21	450.00	300.00
Mar-21	400.00	300.00
Apr-21	400.00	300.00
May-21	400.00	300.00
Jun-21	400.00	300.00
Jul-21	400.00	300.00

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

CURRENCY	6-Aug-21	13-Aug-21	% Change
MK/US Dollar	812.51	812.51	→ 0.00%
MK/GBP	1131.10	1121.34	↑ 0.86%
MK/ZAR	56.20	54.87	↑ 2.37%
MK/EUR	960.87	953.64	↑ 0.75%

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

	6-Aug-21	13-Aug-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.126%	0.125%	↓ -0.001%
US Libor (6 months)	0.154%	0.157%	↑ 0.003%
US Treasury yield (10 years)	1.249%	1.325%	↑ 0.076%
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 13 August 2021 (Source: RBM)

Tenor	Week ending 6 August 2021	Week ending 13 August 2021
91 days	9.67%	9.71%
182 days	0.00%	12.98%
364 days	13.96%	14.00%

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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	320.01	9.71
182 days TB	85.55	12.98
364 days TB	6,240.37	14.00
<b>TOTAL</b>	<b>6,645.93</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>