



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K5.20 billion from total applications of K5.20 billion, resulting in a nil rejection rate. The average yields for the 92 days, 181 days and 364 days tenors were 9.53%, 12.98% and 14.04% respectively (previous week: 91 days: 9.71% and 182 days: 12.98 and 364 days: 14.00%). The 10-year infrastructure development bond auction held during the week, raised a total of K13.35 billion from total applications of K26.90 billion resulting in a 50.37% rejection rate, showing that the development bond was heavily oversubscribed signalling investor confidence in the security. The weighted average rate was 23.25%. The Total maturities for the week stood at K10.92 billion, resulting in a net withdrawal of K7.63 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves before Open Market Operations) increased to a daily average of K6.73 billion from K3.55 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K5.92 billion (previous week: K6.88 billion) at an average rate of 11.97% (previous week: 11.97%). Access to the Lombard facility during the week in review averaged K50.41 billion (previous week: K57.71 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 38,205.06 points (previous week: 38,205.50 points), the Domestic Share Index (DSI) closed at 31,270.27 points (previous week: 31,270.65 points) and the Foreign Share Index (FSI) closed at 3,479.97 points (previous week: 3,479.97 points). The decrease in the MASI and DSI were due to share price losses in PCL and NBS Bank, despite a share price gain in Illovo. A total volume of 43.02 million shares were traded during the week at a value of K3.43 billion in 90 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the seventeenth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 118,574,961.00 kg valued at US\$191,502,550.39 (July 2020: 109,723,326.00 kg valued at US\$168,024,626.71) representing a 14.00% increase in value sold. The average price was USD\$1.62, 5.00% higher than the previous year (August 2020: USD\$1.53) (Source: Tobacco Commission).
- The headline inflation rate (year-on-year) for July 2021 is 8.70% compared to 9.10% in June 2021 (July 2020: 8.00%). This has been attributed to a decrease in food inflation from 11.10% in June 2021 to 10.30% recorded in July 2021. Non-food inflation remained unchanged at 7.20% (Source: NSO).

4. Regional Developments in the Week

The Zambian Kwacha has appreciated by 7.80% during the week in review to K17.92/US\$, the strongest close since 2020. The appreciation has been attributed to renewed investor confidence in Zambian bonds as Hakainde Hichilema was announced the winner in the 2021 presidential race. Analysts believe Zambia will now be able to secure a US\$1.30 billion loan from the IMF in 2022, as economic policies are expected to change favourably (Source: Bloomberg).

5. Global Developments in the Week

The International Monetary Fund (IMF) will complete a US\$650.00 billion allocation of Special Drawing Rights (SDR) to its 190 member countries by 23 August 2021. However, the IMF has suspended Afghanistan's access to IMF resources, including around US\$440.00 million in new monetary reserves expected from the SDR allocation, due to a lack of clarity over the country's government. Afghanistan's central bank also reported that the U.S. has cut off access to its assets worth around US\$7.00 billion of which are held at the U.S. Federal Reserve. Afghanistan's economic challenges will continue to worsen as foreign donors continue to cut aid to the country. Foreign donors covered 75.00% of the previous governments budget (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	13-August -21	20-August-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.92	18.26	35.75	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	32.96	1.26	126.51	↑ 126.52
MPICO	1.53	9.94	0.97	18.30	18.30
NBM	4.22	13.75	2.62	660.00	660.00
NBS Bank	4.37	10.87	4.00	26.34	↓ 26.33
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	1,495.00	↓ 1,494.99
Standard Bank	3.58	12.35	2.77	1,250.00	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	31,270.65	↓ 31,270.27
FSI	N/A	N/A	N/A	3,479.97	3,479.97
MASI	3.31	15.36	2.43	38,205.50	↓ 38,205.06

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

	2020	2021
MASI Return (YTD)	4.28%	17.94%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Month	National	Food	Non food
Jul-20	8.5	13.5	4.5
Aug-20	8.0	12.5	4.5
Sep-20	7.5	11.5	4.5
Oct-20	7.5	10.5	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	7.5	10.5	4.5
Apr-21	7.5	10.5	4.5
May-21	7.5	10.5	4.5
Jun-21	7.5	10.5	4.5
Jul-21	7.5	10.5	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	600.00	300.00
Aug-20	550.00	300.00
Sep-20	500.00	300.00
Oct-20	550.00	300.00
Nov-20	500.00	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	350.00	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	13-Aug-21	20-Aug-21	% Change
MK/US Dollar	812.51	812.51	0.00%
MK/GBP	1121.34	1106.48	1.33%
MK/ZAR	54.87	53.26	2.93%
MK/EUR	953.64	949.09	0.48%

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

	13-Aug-21	20-Aug-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.125%	0.131%	0.006%
US Libor (6 months)	0.157%	0.155%	-0.002%
US Treasury yield (10 years)	1.325%	1.232%	-0.093%
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 20 August 2021 (Source: RBM)

Term	Week ending 13 August 2021	Week ending 20 August 2021
91 days	9.71%	9.53%
182 days	12.98%	12.98%
364 days	14.00%	14.04%

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	793.71	9.53
182 days TB	9.39	12.98
364 days TB	4,392.80	14.04
10-Year Bond	13,350.00	23.25
TOTAL	18,545.90	

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%