



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K14.06 billion from total applications of K14.49 billion, resulting in a 3.02% rejection rate. The average yields for the 91 days, 182 days and 364 days tenors were 9.59%, 12.99% and 14.20% respectively (previous week: 91 days: 9.53% and 182 days: 12.98 and 364 days: 14.20%). Treasury note (5-year) auction held during the week raised a total of K14.97 billion from total applications of K16.83 billion resulting in a 11.05% rejection rate. The weighted average yield was 20.26%. Total maturities for the week stood at K30.23 billion, resulting in a net injection of K1.20 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves before Open Market Operations) increased to a daily average of K31.54 billion from K10.13 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K9.22 billion (previous week: K11.48 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K73.23 billion (previous week: K54.34 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 39,490.82 points (previous week: 38,298.74 points), the Domestic Share Index (DSI) closed at 32,433.74 points (previous week: 31,353.62 points) and the Foreign Share Index (FSI) closed at 3,455.20 points (previous week: 3,479.97 points). The increases in the MASI and DSI were due to share price gains in ILLOVO, and TNM. The decrease in FSI was due to share price loss in FM BCH. A total volume of 3.73 million shares were traded during the week at a value of K209.02 million in 79 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the nineteenth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 121,707,976.00 kg valued at US\$194,891,234.05 (September 2020: 112,896,529.00 kg valued at US\$173,532,280.55) representing a 12.00% increase in value sold. The average price was USD\$1.60, 4.00% higher than the previous year (September 2020: USD\$1.54) (Source: Tobacco Commission).
- In July 2021, month-on-month informal cross-border imports of maize grain (mostly from Mozambique and Zambia) decreased by 26.00% from 1,955.00 Metrics (MT) in June to 1,444.00 MT in July. On the other hand, informal cross-border maize exports (mostly to Tanzania) increased by 125.00% from 1,258.00 MT in June to 2,869.00 MT in July 2021 (Source: Fewsnets).

4. Regional Developments in the Week

South African private sector activity stabilised in August 2021 after a sharp downturn in July 2021 amid civil unrest and COVID-19 lockdown measures, despite widespread supply chain issues. IHS Markit's Purchasing Managers' Index (PMI) rose to 49.90 in August from an 11-month low of 46.10 in July, just below the 50.00-point that separates expansion from contraction. This improvement was due to much softer falls in output, new orders, and inventories, coupled with a renewed increase in employment (Source: Reuters).

5. Global Developments in the Week

More than 1.00 billion Asians are set to join the global middle class by 2030, according to a new study that predicts the pandemic will prove just a temporary pause in the world economy's great demographic shift. According to the World Data Lab, the middle-class households, where per-capita spending is between US\$11.00 and US\$110.00 a day, amounts to an estimated 3.75 billion people in 2021 and is expected to continue growing until 2030 (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	27-Aug-21	03-Sept-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	3.16	6.71	3.48	13.60	13.60
ICON	1.90	9.41	1.00	12.12	12.12
ILLOVO	0.99	52.50	2.00	145.00	↑ 201.55
MPICO	1.33	11.41	1.11	21.00	21.00
NBM	4.12	14.07	2.68	675.00	675.00
NBS Bank	4.37	10.87	4.00	26.33	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	1,494.00	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	2.23	23.33	4.11	15.50	↑ 17.96
FMBCB	0.96	15.95	2.44	65.00	↓ 64.50
OMU	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	31,353.62	↑ 32,433.74
FSI	N/A	N/A	N/A	3,479.97	↓ 3,455.20
MASI	3.20	15.87	2.51	38,298.74	↑ 39,490.82

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

	2020	2021
MASI Return (YTD)	4.36%	21.91%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

CURRENCY	27-Aug-21	3-Sep-21	% Change
MK/US Dollar	812.51	812.51	→ 0.00%
MK/GBP	1113.79	1124.03	↓ -0.92%
MK/ZAR	54.64	56.29	↓ -3.02%
MK/EUR	956.16	964.94	↓ -0.92%
	27-Aug-21	3-Sep-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.124%	0.118%	↓ -0.006%
US Libor (6 months)	0.158%	0.148%	↓ -0.0104%
US Treasury yield (10 years)	1.343%	1.332%	↓ -0.011%
BOE Rate	0.100%	0.100%	→ 0.000%
ECB Rate	0.000%	0.000%	→ 0.000%

Government Securities for Week ending 3 September 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	489.30	9.59
182 days TB	500.20	12.99
364 days TB	13,067.63	14.20
5-year TN	14,970.00	20.26
TOTAL	29,027.13	

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	489.30	9.59
182 days TB	500.20	12.99
364 days TB	13,067.63	14.20
5-year TN	14,970.00	20.26
TOTAL	29,027.13	

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%