



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K11.71 billion from total applications of K11.71 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days tenors were 9.59%, 12.98% and 14.20% respectively (previous week: 91 days: 9.59% and 182 days: 12.99 and 364 days: 14.20%). Maturities for the week stood at K11.57 billion, resulting in a net withdraw of K136.76 million (Source: RBM).

Interbank Market

Liquidity levels (excess reserves before Open Market Operations) decreased to a daily average of K12.94 billion from K31.54 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K19.23 billion (previous week: K9.22 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K86.72 billion (previous week: K73.23 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 40,349.78 points (previous week: 39,490.82 points), the Domestic Share Index (DSI) closed at 33,198.05 points (previous week: 32,433.74 points) and the Foreign Share Index (FSI) closed at 3,455.20 points (previous week: 3,455.20 points). The increases in the MASI and DSI were due to share price gains in ILLOVO, NBM, and TNM, despite share price losses in Airtel, FDH Bank and PCL. A total volume of 12.69 million shares were traded during the week at a value of K396.01 million in 93 deals (Source: MSE).

3. Local Market Developments

Gross Official Reserves of Malawi increased to US\$604.50 million in August 2021, from US\$404.18 million in July 2021, while Private Sector Reserves decreased to US\$389.47 million in August 2021, from US\$400.99 million in July 2021. The increase in Gross reserves is on account of an inflow of US\$188.00 million from the International Monetary Fund's (IMF) Special Drawing Rights (SDR) allocation. Despite the increase in reserves, the Reserve Bank of Malawi has reported that the reserves are still inadequate to cover essential imports for a prolonged period (Source: RBM).

4. Regional Developments in the Week

Tanzania's parliament has ratified the African Continental Free Trade Area (AfCFTA) agreement, a blueprint for attaining inclusive and sustainable development across the continent. In response to the agreement, 42 of the 55 African Union (AU) members have now ratified the AfCFTA that seeks to increase intra-African trade by 52.00% and remove tariffs on 90.00% of goods. The Minister of Industry said the AfCFTA is expected to strengthen the value chain for agricultural crops, stimulate production and boost smallholder farmers engaging in the cultivation of sunflower, cotton, spices, cloves, and horticultural products (Source: Reuters).

5. Global Developments in the Week

US Inflation at the wholesale level increased by 8.30% in August 2021 from August 2020, the biggest annual gain since the US Labor Department started calculating the 12-month number in 2010. The US Labor Department reported that its Producer Price Index (PPI) which measures inflationary pressures before they reach consumers rose 0.70% in August 2021. Supply chain bottlenecks and a shortage of workers have pushed prices higher. The Federal Reserve has called the price spikes temporary and has warned of the dangers of the central bank raising its benchmark interest rate prematurely (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	03-Sept-21	10-Sept-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.91	18.26	40.00	↓ 39.99
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	3.16	6.70	3.48	13.60	↓ 13.59
ICON	1.90	9.41	1.00	12.12	12.12
ILLOVO	0.75	69.18	2.64	201.55	↑ 265.60
MPICO	1.33	11.41	1.11	21.00	21.00
NBM	4.12	14.07	2.68	675.00	↑ 675.02
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	1,494.99	↓ 1,494.98
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	2.22	23.40	4.12	17.96	↑ 18.01
FMBCH	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	32,433.74	↑ 33,198.05
FSI	N/A	N/A	N/A	3,455.20	3,455.20
MASI	3.13	16.21	2.56	39,490.82	↑ 40,349.78

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

	2020	2021
MASI Return (YTD)	4.16%	24.56%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

CURRENCY	3-Sep-21	10-Sep-21	% Change
MK/US Dollar	812.51	812.51	→ 0.00%
MK/GBP	1124.03	1125.00	↓ -0.09%
MK/ZAR	56.29	57.35	↓ -1.88%
MK/EUR	964.94	960.87	↑ 0.42%
	3-Sep-21	10-Sep-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.118%	0.114%	↓ -0.003%
US Libor (6 months)	0.148%	0.147%	↓ -0.0010%
US Treasury yield (10 years)	1.332%	1.325%	↓ -0.007%
BOE Rate	0.100%	0.100%	→ 0.000%
ECB Rate	0.000%	0.000%	→ 0.000%

Government Securities for Week ending 10 September 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	11.00	9.59
182 days TB	30.20	12.98
364 days TB	11,667.56	14.20
TOTAL	11,708.76	

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%