



1. Money Market

Government Securities

The Government Treasury bill auction held during the week raised a total of K7.55 billion from total applications of K7.55 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days, and 364 days tenors were 9.60%, 12.98% and 14.20% respectively (previous week: 91 days: 9.60% and 364 days: 14.20%). Treasury notes auction held during the week raised a total of K25.88 billion from total applications of K25.88 billion, resulting in a nil rejection rate. The weighted average yield was 16.64%. Maturities for the week stood at K23.26 billion, resulting in a net withdrawal of K10.17 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K46.34 billion from K25.46 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K8.28 billion (previous week: K13.60 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K69.25 billion (previous week: K83.39 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 41,333.29 points (previous week: 41,467.99 points), the Domestic Share Index (DSI) closed at 34,402.94 points (previous week: 34,193.43 points) and the Foreign Share Index (FSI) closed at 3,034.07 points (previous week: 3,454.70 points). The decrease in the MASI and FSI were due to share price losses in FDH Bank, Illovo, NBS Bank, PCL, Sunbird and FMBCH, despite share price gains in NBM and NITL which resulted in an increase of the DSI. A total volume of 410.60 thousand shares were traded during the week at a value of K31.16 million in 37 deals (Source: MSE).

3. Local Market Developments

The Malawi Energy Regulatory Authority (MERA) conducted a Bond Landed Cost (BLC) review in October 2021, having considered the rate of kwacha depreciation and the rise in global oil prices. Global oil price increased to a high of US\$80.00/b in October 2021 and the kwacha depreciated by 4.52% since MERA's last BLC review in March 2021. A rise in pump prices came into effect on 10th October 2021, where the price of diesel increased by 24.72% and petrol increased by 27.89% (Source: MERA & Bloomberg).

4. Regional Developments in the Week

South African business sentiment dropped to a one-year low in September as economic activity continued to be hamstrung by restrictions to curb the coronavirus pandemic and unease persisted following deadly riots in July. A confidence index compiled by the South African Chamber of Commerce and Industry (SACCI) dropped to 91 in September 2021, from 91.9 in August 2021, the lowest since September 2020. Despite the fall in the index, the 2021 9-month average was 9.8 index points higher than the corresponding period in 2020 as conditions continue to normalize (Source: Bloomberg).

5. Global Developments in the Week

China's September Producer Price Inflation (PPI) rose to a record on soaring commodity prices, but weak demand capped consumer inflation, forcing policymakers to walk a tight rope between supporting the economy and further stoking producer prices. According to the National Bureau of Statistics (NBS), the PPI rose 10.70% from September 2020, the biggest rise since the bureau started compiling the data in 1996. Producer prices have risen due to output curbs caused by power crunches in China and a months-long global commodity price rally. However, Chinese businesses have been reluctant to pass on the higher costs to local customers due to weak demand and falling volatility in food prices (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	8-Oct-21	14-Oct-21
Counter				MK/Share	MK/Share
Airtel	5.26	19.89	18.24	39.94	39.94
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.66	7.97	4.13	16.16	↓ 16.15
ICON	1.90	9.39	1.00	12.09	12.09
ILLOVO	0.75	69.02	2.63	265.00	↓ 264.99
MPICO	1.33	11.41	1.11	21.00	21.00
NBM	3.98	14.59	2.77	676.01	↑ 700.00
NBS Bank	5.00	9.49	3.49	23.00	↓ 22.99
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.41	8.40	0.96	80.71	↑ 92.00
PCL	2.07	50.08	1.14	1,494.97	↓ 1,494.96
Standard Bank	3.58	12.35	2.77	1,250.00	1,250.00
Sunbird	0.00	(19.95)	0.87	90.01	↓ 90.00
TNM	1.72	30.21	5.32	23.25	23.25
FMBCH	1.11	13.85	2.12	64.49	↓ 56.00
OMU	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	34,193.43	↑ 34,402.94
FSI	N/A	N/A	N/A	3,454.70	↓ 3,034.07
MASI	3.06	16.60	2.62	41,687.99	↓ 41,333.29

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

	2020	2021
MASI Return (YTD)	3.59%	27.60%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Forex Reserves (Source: RBM)

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

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	8-Oct-21	14-Oct-21	% Change
MK/US Dollar	815.50	815.50	→ 0.00%
MK/GBP	1109.24	1114.38	↓ -0.46%
MK/ZAR	54.46	55.14	↓ -1.25%
MK/EUR	941.57	945.33	↓ -0.40%

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

	8-Oct-21	14-Oct-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.124%	0.122%	↓ -0.002%
US Libor (6 months)	0.156%	0.159%	↑ 0.0031%
US Treasury yield (10 years)	1.598%	1.575%	↓ -0.023%
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 14 October 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	2.00	9.60
182 days TB	7.50	12.98
364 days TB	7,539.96	14.20
2-yr TN	25,880.00	16.64
TOTAL	33,429.47	

Prevailing Government Security Interest Rates (Source: RBM)

Malawi Real GDP Projections (Source: EIU, IMF, World Bank, Malawi Government)

Real GDP Growth Projections				
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	4.00%
IMF	4.00%	0.60%	2.20%	6.00%
WORLD BANK	4.40%	1.00%	2.80%	5.30%
GOVERNMENT	5.10%	0.90%	3.80%	
Average Real GDP	4.40%	0.38%	2.88%	5.10%