



1. Money Market

Government Securities

The Government Treasury Bill auction held during the week raised a total of K4.27 billion from total applications of K4.27 billion, resulting in a nil rejection rate. The average yield for 91 days and 364 days tenors were 9.70% and 14.50% respectively. There were no applications for the 182 days tenor (previous week 91 days: 9.69%, 182 days: 13.00% and 364 days: 14.33%). The Treasury Notes (3-Year, and 5-Year) auction held during the week raised a total of K130.00 million from total applications of K130.00 million. Total maturities for the week stood at K5.96 billion, resulting in a net injection of K1.56 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of -K70.20 billion from K36.95 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K13.80 billion (previous week: K7.70 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K108.16 billion (previous week: K110.63 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 44,334.15 points (previous week: 42,242.74 points), the Domestic Share Index (DSI) closed at 36,142.05 points (previous week: 35,384.28 points) and the Foreign Share Index (FSI) closed at 4,223.15 points (previous week: 3,950.65 points). The increase in the MASI and DSI were due to share price gains in NBM, FMBCH, and FDH Bank despite share price losses in TNM. The increase in the FSI was due to share price gains in FMBCH. A total volume of 2.20 million shares were traded during the week at a value of K48.53 million in 59 deals (Source: MSE).

3. Local Market Developments

- The Ministry of Economic Planning and Development has revised downwards its 2021 economic growth forecast for Malawi from 3.80% to 2.50% to reflect the impact of the COVID-19 pandemic. The growth forecast for 2022 is unchanged at 5.40% (Source: MEPD).
- The headline inflation rate (year-on-year) for November 2021 is 11.10% compared to 9.80% in October 2021 (November 2020: 7.30%). The national month-to-month inflation rate for November 2021 is 3.30%. The increase in inflation was due to an increase in both food and non-food inflation. Food inflation for November 2021 closed at 12.80%, whilst the non-food inflation rate closed at 9.50% (Source: NSO).

4. Regional Developments in the Week

South Africa's Annual Consumer Price Inflation (CPI) closed at 5.50% in November 2021, up from 5.00% in October 2021. The consumer price index increased by 0.50% month-on-month in November 2021. The main contributors to the increase in the annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services (Source: STATSSA).

5. Global Developments in the Week

The US Federal Reserve (The Fed) has decided to end its pandemic stimulus program more quickly, as it reacts to the surge in inflation. The Fed will taper its asset-purchase scheme by US\$30.00 billion/month from January 2022, having previously trimmed US\$15.00 billion off the program in November and December 2021. This decision is expected to wrap up the bond purchases, which had run at US\$120.00 billion/month, by March 2022. The Fed has set the stage for a series of interest rate increases beginning next spring, completing a major policy pivot that has shown much greater concern about the potential for inflation to stay high (Source: Reuters & WSJ).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	10-Dec-21	17-Dec-21
Counter				MK/Share	MK/Share
AIRTEL	5.67	18.43	16.90	37.01	↓ 37.00
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	2.71	7.81	4.05	13.99	↑ 15.84
ICON	1.78	10.01	1.06	12.89	12.89
ILLOVO	6.00	10.46	2.43	300.00	300.00
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	3.44	16.88	3.21	739.21	↑ 810.00
NBS Bank	5.02	9.45	3.48	22.90	22.90
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	94.99	94.99
PCL	1.81	57.37	1.30	1,712.62	1,712.62
Standard Bank	3.20	13.84	3.11	1,400.00	1,400.00
Sunbird	0.00	(19.96)	0.87	90.01	90.01
TNM	1.75	29.78	5.24	22.93	↓ 22.92
FMBCB	0.78	19.78	3.03	74.50	↑ 80.00
OMU	0.87	(44.12)	2.88	2,099.99	2,099.99
DSI	N/A	N/A	N/A	35,384.28	↑ 36,142.05
FSI	N/A	N/A	N/A	3,950.65	↑ 4,223.15
MASI	3.33	15.74	2.76	43,242.74	↑ 44,334.15

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

	2020	2021
MASI Return (YTD)	4.73%	36.86%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Month	National	Food	Non food
Nov-20	8.5	10.5	4.5
Dec-20	8.5	10.5	4.5
Jan-21	8.5	10.5	4.5
Feb-21	8.5	10.5	4.5
Mar-21	8.5	10.5	4.5
Apr-21	8.5	10.5	4.5
May-21	8.5	10.5	4.5
Jun-21	8.5	10.5	4.5
Jul-21	8.5	10.5	4.5
Aug-21	8.5	10.5	4.5
Sep-21	8.5	10.5	4.5
Oct-21	8.5	10.5	4.5
Nov-21	8.5	10.5	4.5

Forex Reserves (Source: RBM)

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

Month	Official Reserves	Private Sec. Reserves
Nov-20	600.00	350.00
Dec-20	550.00	350.00
Jan-21	500.00	350.00
Feb-21	450.00	350.00
Mar-21	400.00	350.00
Apr-21	400.00	350.00
May-21	400.00	350.00
Jun-21	450.00	350.00
Jul-21	400.00	350.00
Aug-21	600.00	350.00
Sep-21	400.00	350.00
Oct-21	400.00	350.00
Nov-21	400.00	350.00

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	10-Dec-21	17-Dec-21	% Change
MK/US Dollar	816.40	816.40	0.00%
MK/GBP	1078.95	1088.34	-0.87%
MK/ZAR	51.05	51.16	-0.23%
MK/EUR	922.21	925.80	-0.39%

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

	10-Dec-21	17-Dec-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.201%	0.214%	0.013%
US Libor (6 months)	0.289%	0.312%	0.0228%
US Treasury yield (10 years)	1.474%	1.395%	-0.079%
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 17 December 2021 (Source: RBM)

Term	Week ending 10 December 2021	Week ending 17 December 2021
91 days	9.69%	9.70%
182 days	13.00%	14.33%
364 days	14.50%	14.50%

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	258.75	9.70
182 days TB	-	-
364 days TB	4,012.00	14.50
3-Year TN	130.00	19.00
5-Year TN	<10.00	20.53
TOTAL	4,400.75	

Real GDP Growth Projections

	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	4.00%
IMF	4.00%	0.60%	2.20%	3.00%
WORLD BANK	4.40%	1.00%	2.80%	5.30%
GOVERNMENT	5.10%	0.90%	2.50%	5.40%
Average Real GDP	4.40%	0.38%	2.55%	4.43%