



1. Money Market

Government Securities

The Government Treasury bill auction held during the week raised a total of K1.23 billion from total applications of K1.23 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days were 9.20%, 12.99% and 13.90% respectively (previous week: 91 days: 9.20% 182 days: 12.97%, 364 days: 13.89%). The government 2-year Treasury note auction raised a total of K15.36 billion from total applications of K16.63 billion, resulting in a 7.64% rejection rate. Total maturities for the week stood at K28.58 billion, resulting in a net injection of K11.99 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves before Open Market Operations) increased to a daily average of K9.30 billion from K8.70 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K10.70 billion (previous week: K10.86 billion) at an average rate of 11.96% (previous week: 11.95%). Access to the Lombard facility during the week in review averaged K26.76 billion (previous week: K38.94 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 36,064.24 points (previous week: 35,340.65 points), the Domestic Share Index (DSI) closed at 29,356.65 points (previous week: 28,712.39 points) and the Foreign Share Index (FSI) closed at 3,491.10 points (previous week: 3,491.59 points). The increase in the MASI was due to share price gains in Airtel, Standard Bank, and Illovo, despite a share price loss in FDH Bank. The decrease in the FSI was due to share price loss in FMBCH. Total volume of 1.90 million shares were traded during the week at a value of K77.48 million in 78 deals (Source: MSE).

3. Local Market Developments

The Tobacco Commission reported that the twelfth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 94,357,341.00 kg valued at US\$155,189,432.22 (July 2020: 78,319,585.00 kg valued at US\$118,648,038.26) representing a 31.00% increase in value sold. The average price was USD\$1.64, 9.00% higher than the previous year (July 2020: USD\$1.51) (Source: Tobacco Commission).

4. Regional Developments in the Week

The International Monetary Fund (IMF) reported that it has approved a new three-year, US\$1.52 billion extended credit facility program (ECF) for Democratic Republic of Congo (DRC) to support the African country's economic reforms and pandemic recovery. The IMF's ECF will support the country's reserves and increase fiscal space for the government's free education initiative, expanded health programs, and security spending as the UN gradually withdraws its peacekeeping mission from the country (Source: Bloomberg).

5. Global Developments in the Week

U.S. inflation continued to accelerate in June 2021 at the fastest pace in 13 years as the recovery from the pandemic gained steam and consumer demand drove up prices for autos, airline fares and other items. The U.S Labor Department reported that year-on-year inflation increased by 5.40% in June 2021 from 5.00% in May 2021, the highest 12-month rate since August 2008. The inflation rate continues to breach the Federal Reserve's inflation target of $\pm 2.00\%$. Policymakers expect the current pressures to begin to ease despite acknowledging that inflation is proving more durable than they had anticipated (Source: WSJ).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	9-July-21	16-July-21
Counter				MK/Share	MK/Share
Airtel	5.87	17.80	16.32	32.56	↑ 32.75
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.69	7.89	4.09	16.00	↓ 15.99
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	1.82	28.65	1.09	104.72	↑ 110.01
MPICO	1.75	8.69	0.84	16.00	16.00
NBM	4.28	13.55	2.58	650.09	650.09
NBS Bank	4.36	10.90	4.01	26.39	26.39
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	80.70	80.70
PCL	2.58	40.19	0.91	1,199.93	1,199.93
Standard Bank	3.73	11.86	2.66	1,200.15	↑ 1,200.16
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	65.01	↓ 65.00
OMU	0.83	(46.02)	3.01	2,190.00	2,190.00
DSI	N/A	N/A	N/A	28,712.39	↑ 29,356.65
FSI	N/A	N/A	N/A	3,491.59	↓ 3,491.10
MASI	N/A	N/A	N/A	35,340.65	↑ 36,064.24

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

	2020	2021
MASI Return (YTD)	-1.80%	11.33%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Month	National	Food	Non food
Jun-20	10.0	14.0	5.0
Jul-20	9.0	13.0	5.0
Aug-20	8.0	12.0	5.0
Sep-20	7.0	11.0	5.0
Oct-20	7.0	10.0	5.0
Nov-20	7.0	10.0	5.0
Dec-20	7.0	10.0	5.0
Jan-21	7.0	10.0	5.0
Feb-21	7.0	10.0	5.0
Mar-21	7.0	10.0	5.0
Apr-21	7.0	10.0	5.0
May-21	7.0	10.0	5.0

Forex Reserves (Source: RBM)

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

Month	Official Reserves	Private Sec. Reserves
Jun-20	700.00	300.00
Jul-20	650.00	300.00
Aug-20	600.00	300.00
Sep-20	550.00	300.00
Oct-20	600.00	300.00
Nov-20	550.00	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

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	09-Jul-21	16-Jul-21	% Change
MK/US Dollar	809.53	809.53	0.00%
MK/GBP	1113.92	1118.94	-0.45%
MK/ZAR	56.45	55.66	1.39%
MK/EUR	957.19	955.57	0.17%

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

	9-Jul-21	16-Jul-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.124%	0.134%	0.010%
US Libor (6 months)	0.162%	0.153%	-0.009%
US Treasury yield (10 years)	1.329%	1.308%	-0.021%
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 16 July 2021 (Source: RBM)

Tenor	Week ending 9 July 2021	Week ending 16 July 2021
91 days TB	9.20%	9.20%
182 days TB	12.97%	12.99%
364 days TB	13.89%	13.90%

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	20.00	9.20
182 days TB	206.00	12.99
364 days TB	1,004.63	13.90
2-year TN	15,360.00	16.63
TOTAL	16,590.63	

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%	5.30%
GOVERNMENT	5.10%	0.90%	3.80%	
Average Real GDP	4.40%	0.38%	2.78%	5.10%