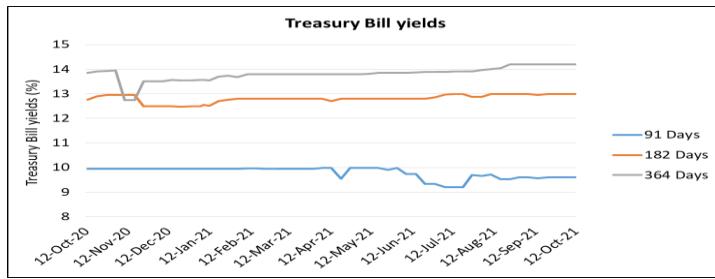


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a loss of -0.32% to close the week at 41,333.29 points from 41,467.99 points in the previous week due to share price losses in FDHB (-0.06%), FMBCH (-13.16%), ILLOVO (-0.004%), NBS (-0.04%), PCL (-0.001%) and SUNBIRD (-0.01%) which offset share price gains in NBM (3.55%) and NITL (13.99%). The market traded 410,596 shares at a consideration of K31.16m in 37 trades during the week, compared to 11,020,403 shares traded at a consideration of K730.90m in 71 trades in the previous week. Year-to-date return on MASI stands at 27.60% compared to 3.59% for the same period in 2020 (Source: MSE).

Government securities

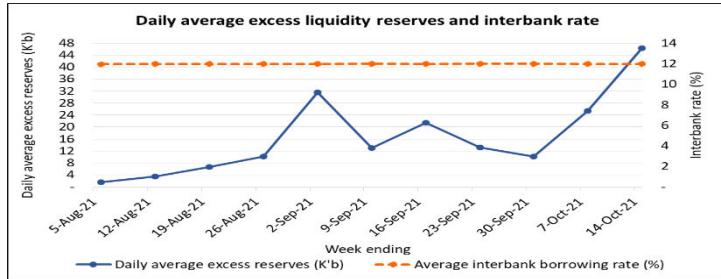
Government raised K7.55b during the week's auction for Treasury Bills (TBs) compared to K7.31b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly decreased to 12.2600% from 12.2613% in the previous week, due to a marginal decrease in the 182-day yield to 12.9800% from 12.9840%. The 91-day and 364-day yields were constant at 9.6000% and 14.2000%, respectively (Source: RBM).



Government also raised K25.88b through an auction of a 2-year Treasury Note. Maturities of Government securities and OMO reverse repos amounted to K25.47b and K26.61, respectively. This resulted in a net withdrawal of K34.57b from the market, compared to a net withdrawal of K6.98b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves increased to K46.34b from K25.46b recorded in the previous week. Daily Interbank borrowing averaged K9.78b as compared to K20.48b in the previous week. The average interbank borrowing rate was stable at 11.98% since last week. Borrowing on the Lombard Facility averaged K69.25b per day, decreasing from an average of K84.93b per day in the previous week (Source: RBM).



Foreign exchange market developments

The Kwacha marginally appreciated by 0.001% to trade at K822.7739 per USD as at 13th October 2021 from K822.8145 as at 7th October 2021. The Kwacha, however, depreciated against GBP, EUR and ZAR by 0.02%, 2.24% and 0.22%, respectively. Gross official forex reserves were last recorded at USD521.87m (2.09 months of import cover) on 30th September 2021 from USD604.50m (2.42 months of import cover) recorded on 31st August 2021 (Source: RBM). The recommended minimum import cover is 3 months.

COVID-19 update

Cumulative confirmed COVID-19 cases in Malawi stood at 61,702 as at 14th October 2021, out of which 2,513 were reported to be active. The 7-day average of daily infections decreased to 7 during the week from 9 in the previous week. So far, 56,665 people have recovered while 2,292 have died from the disease. In response to the reduction in the active cases, the Government of Malawi has recently eased COVID-19 restrictions. The first and second doses of the Oxford-AstraZeneca vaccine were reported to have been administered to 619,467 and 264,396 people, respectively, while 251,123 people were reported to have received the Johnson & Johnson vaccine. Cumulatively, 515,519 people were fully vaccinated as at 14th October 2021, representing 2.77% of the total population (18.63m in 2019) (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 240.42m, with recoveries of more than 218.44m and 4.89m deaths as at 14th October 2021 (Source: Johns Hopkins University and Medicine).

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Stock market			
MASI	14-Oct-21	% Δ	8-Oct-21
41,333.29	41,333.29	-0.32%	41,467.99
DSI	34,402.94	0.61%	34,193.43
FSI	3,034.07	-12.18%	3,454.70
Traded volume	410,596	-96.27%	11,020,403
Number of trades	37	-47.89%	71
Value of shares traded (K'm)	31.16	-95.74%	730.90
Market capitalisation (K'm)	2,243,571.78	-0.37%	2,251,825.55
Gainers	Closing price (K)	% Δ	Opening price (K)
NBM	700.00	3.55%	676.01
NITL	92.00	13.99%	80.71
Losers	Closing price (K)	% Δ	Opening price (K)
FDHB	16.15	-0.06%	16.16
FMBCH	56.00	-13.16%	64.49
ILLOVO	264.99	-0.004%	265.00
NBS	22.99	-0.04%	23.00
PCL	1494.96	-0.001%	1494.97
SUNBIRD	90.00	-0.01%	90.01
Treasury Bill auctions			
Auction date	12-Oct-21	% pts Δ	5-Oct-21
Amount offered - cost value (K'm)	8,194.00	0.00%	8,194.00
Applied - cost value (K'm)	7,549.46	-39.08%	12,392.24
Alloted - cost value (K'm)	7,549.46	3.22%	7,313.92
Overall rejection rate	0.00%	-40.98	40.98%
91 days yield	9.6000%	0.0000%	9.6000%
182 days yield	12.9800%	-0.0040%	12.9840%
364 days yield	14.2000%	0.0000%	14.2000%
All-type yield	12.2600%	-0.0013%	12.2613%
Treasury Note and Bond auctions			
Auction date	12-Oct-21	28-Sep-21	14-Sep-21
Tenors	2 years	10 years	2 years
Coupon rate	10.00%	15.00%	10.00%
Amount offered - cost value (K'b)	15.00	16.34	24.20
Total applied - cost value (K'b)	25.88	5.77	16.23
Total allotted - cost value (K'b)	25.88	3.74	12.71
Allotted - weighted average ytm	16.64%	23.25%	16.63%
Current yields for Treasury Notes			
Tenor	Last auction's yield	Last auction	Next auction
2-year	16.64%	12-Oct-21	TBA
3-year	18.99%	3-Aug-21	9-Nov-21
5-year	20.26%	31-Aug-21	19-Oct-21
7-year	21.36%	27-Jul-21	23-Nov-21
10-year	23.25%	28-Sep-21	26-Oct-21
Upcoming Treasury Note auctions			
Auction date	Tenor	Amount (K'b)	Coupon rate
19-Oct-21	5	45.89	12.50%
26-Oct-21	10	12.64	TBA
9-Nov-21	3	45.00	TBA
Projected maturities			
Week ending	15-Oct-21	22-Oct-21	29-Oct-21
TBs, PNs & TNs (K'm)	25,467	6,397	12,393
OMO repos (K'm)	0	0	0
OMO reverse repos (K'm)	26,613	8,199	26,863
Reference rate			
Rate	Oct-21	% pts Δ	Sep-21
	12.20%	0.00	12.20%
Inflation rate			
Rate	Sep-21	% pts Δ	Aug-21
	8.9%	0.5	8.4%
Closing mid exchange rates			
USD	13-Oct-21	% Δ	7-Oct-21
822.7739	822.7739	-0.005%	822.8145
GBP	1179.5561	0.02%	1179.3263
EUR	1060.7171	2.24%	1037.4508
ZAR	59.6512	0.22%	59.5190
Gross official foreign exchange reserves position			
Reserves (USD'm)	30-Sep-21	31-Aug-21	31-Jul-21
521.87	604.50	404.18	404.18
Import cover (months)	2.09	2.42	1.62

Sources: MSE, RBM, NSO, AHL

September 2021 inflation

The year-on-year headline inflation rate stood at 8.9% in September 2021, up from 8.4% in August 2021 and 7.1% in September 2020. The food inflation rate stood at 10.9% in September 2021, up from 9.7% in August 2021 (10.3% in September 2020), while non-food inflation rate remained at 7.2% from August 2021 (4.4% in September 2020) (Source: NSO). Looking ahead, inflationary pressures are expected to rise in the ensuing months as the recent hike in fuel prices by the Malawi Energy Regulator Authority transmits into the economy.

