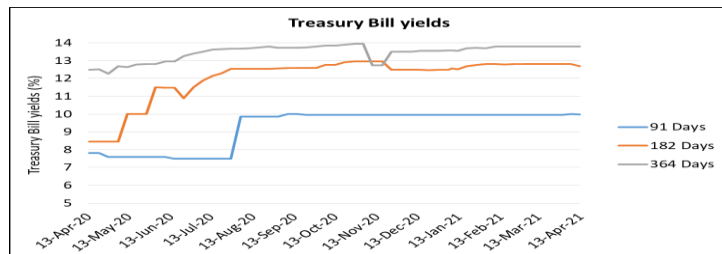


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 1.29% to close the week at 33,327.20 points from 32,901.81 points in the previous week due to share price gains in AIRTEL (5.03%), FMBCH (5.86%) and NBS (4.35%) which outweighed share price losses in FDH (-0.06%) and NICO (-0.40%). The market traded a total of 9,190,445 shares at a consideration of K278.78m in 56 trades during the week compared to a total of 2,074,082 shares traded at a consideration of K67.47m in 67 trades in the previous week, representing more than threefold increases in both traded volume and value. The year-to-date return on MASI stands at 2.88% compared to -4.56% for the same period in 2020 (Source: MSE).

Government securities

Government raised K1.77b during the week's auction for Treasury Bills (TBs) compared to K2.73b raised in the previous week, representing a decrease of 35.39% in the amount raised. The auction registered no rejection on the submitted bids. The all-type average TB yield decreased to 12.0480% from 12.1616% in the previous week following decreases in the 91-day and 364-day yields which offset an increase in the 182-day yield (Source: RBM).

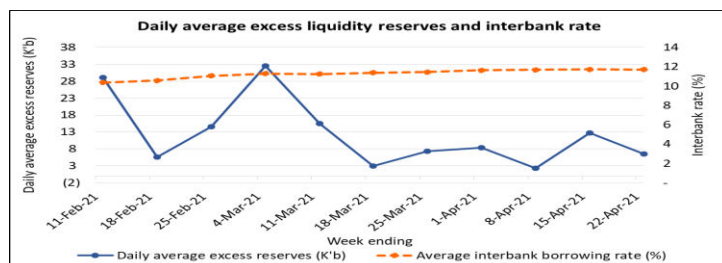


Data source: RBM

During the week, K9.71b was also raised by Government through an auction of a 7-year Treasury note (TN) at an average yield to maturity (YTM) of 20.50%. Maturities of Government securities and OMO reverse repos for the week amounted to K8.32b and K19.18b, respectively. This resulted in a net withdrawal of K22.34b from the market, compared to a net withdrawal of K68.38b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K6.48b from K12.78b recorded in the previous week. Consequently, borrowing on the Lombard Facility averaged K37.66b per day during the week, increasing from an average of K18.42b per day in the previous week. The Lombard rate remains fixed at 12.20%. Interbank borrowing for the week decreased to an average of K10.88b per day from the average of K24.50b per day in the previous week. The average interbank borrowing rate was constant at 11.72% (Source: RBM).



Data source: RBM

Foreign exchange market developments

The market closing USD/MWK mid-rate decreased to K795.4027 on Thursday, 22nd April 2021 from K790.5266 on Thursday, 15th April 2021 in the previous week, representing a Kwacha depreciation of 0.62%. During the same period, the Kwacha also depreciated against GBP, EUR and ZAR by 1.79%, 1.69% and 1.94%, respectively. The gross official forex reserves were last recorded at USD410.16m (1.96 months of import cover) on the 31st March 2021 from USD483.38m (2.31 months of import cover) recorded on the 28th February 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. The forex situation is expected to begin to improve with the opening of the tobacco marketing season on Tuesday, 20th April 2021. In the first week, as at 22nd April 2021, the tobacco market had raked in USD2.28m compared to USD2.76m for the same period in 2020 (Source: AHL).

COVID-19 update

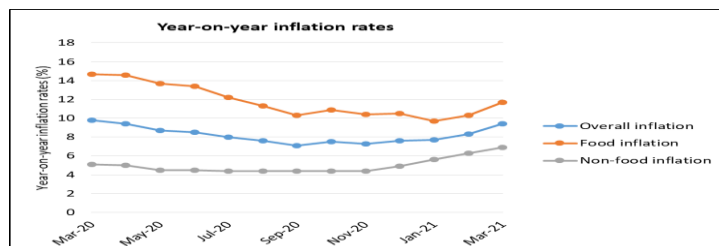
Cumulative confirmed COVID-19 cases in Malawi stood at 33,997 as at 23rd April 2021, out of which 841 were reported to be still active. Daily new infections of COVID-19 were reported to be 8 cases. So far, 31,786 people have recovered while 1,146 have died from the disease. The first dose of the Oxford-AstraZeneca vaccine was reported to have been administered to a total of 270,940 people as at 23rd April 2021 (Source: Ministry of Health). Globally, total confirmed cases of COVID-19 amounted to 145.80m, with recoveries of more than 84.01m and 3.09m deaths as at 23rd April 2021 (Source: Johns Hopkins University & Medicine).

Stock market				
	23-Apr-21		% Δ	16-Apr-21
MASI	33,327.20	↑	1.29%	32,901.81
DSI	28,210.35	↑	1.11%	27,900.12
FSI	1,844.72	↑	4.96%	1,757.52
Traded volume	9,190,445	↑	343.11%	2,074,082
Number of trades	56	↓	-16.42%	67
Value of shares traded (K'm)	278.78	↑	313.19%	67.47
Market capitalisation (K'm)	1,811,627.25	↑	1.29%	1,788,618.20
Treasury Bill auctions				
	20-Apr-21		% pts Δ	13-Apr-21
Amount offered - cost value (K'm)	4,830.00	→	0.00%	4,830.00
Applied - cost value (K'm)	1,767.03	↓	-35.43%	2,736.82
Allotted - cost value (K'm)	1,767.03	↓	-35.39%	2,734.94
Overall rejection rate	0.00%	↓	-0.07%	0.07%
91 days yield	9.5509%	↓	-4.38%	9.9885%
182 days yield	12.8000%	↓	0.82%	12.6965%
364 days yield	13.7930%	↓	-0.05%	13.7997%
All-type yield	12.0480%	↓	-0.93%	12.1616%
Treasury Note auctions				
	20-Apr-21		% pts Δ	23-Mar-21
Auction date	20-Apr-21			23-Mar-21
Tenors	7 years			5 years
Coupon rate	13.50%		11.00%	12.50%
Amount offered - cost value (K'b)	20.00		43.73	23.47
Total applied - cost value (K'b)	10.77		19.61	21.24
Total allotted - cost value (K'b)	9.71		18.83	20.99
Allotted - weighted average ytm	20.50%		18.80%	19.98%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction	Next auction	
2-year	16.50%	9-Mar-21	18-May-21	
3-year	18.80%	6-Apr-21	29-Jun-21	
5-year	19.98%	23-Mar-21	1-Jun-21	
7-year	20.50%	20-Apr-21	15-Jun-21	
10-year	22.50%	16-Feb-21	4-May-21	
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)	Last coupon rate	
4-May-21	10	9.95	15.00%	
18-May-21	2	21.00	10.00%	
1-Jun-21	5	20.47	12.50%	
15-Jun-21	7	28.86	13.50%	
29-Jun-21	3	34.34	11.00%	
Projected maturities				
Week ending	23-Apr-21	30-Apr-21	7-May-21	
TBs, PNs & TNs (K'm)	8,320	16,865	9,220	
OMO repos (K'm)	0	0	0	
OMO reverse repos (K'm)	19,180	10,554	0	
Reference rate				
Rate	Apr-21	% pts Δ	Mar-21	
12.10%	↑	0.20	11.90%	
Inflation rate				
Rate	Mar-21	% pts Δ	Feb-21	
9.4%	↑	1.1	8.3%	
Cumulative tobacco sales (week 1, as at 22 April 2021)				
Year	2021	% Δ	2020	
Volume (Kg)	1,362,565.00	↓	1,779,736.00	
Value (USD)	2,283,918.53	↓	2,758,590.80	
Average price (USD/Kg)	1.68	↑	1.55	
Actual market closing mid exchange rates				
	22-Apr-21	% Δ	15-Apr-21	
USD	795.4027	↓	790.5266	
GBP	1159.9744	↓	1139.5391	
EUR	1028.0646	↓	1010.9299	
ZAR	59.5975	↓	58.4644	
Gross official foreign exchange reserves position				
	31-Mar-21	28-Feb-21	31-Jan-21	
Reserves (USD'm)	410.16	483.38	502.98	
Import cover (months)	1.96	2.31	2.41	

Data sources: MSE, RBM, NSO, AHL

March Inflation

The year-on-year headline inflation rate stood at 9.4% in March 2021 from 8.3% in February 2021 and compared to 9.8% in March 2020. Food inflation rate stood at 11.7% in March 2021, up from 10.3% in February 2021 (14.7% in March 2020), while non-food inflation rate stood at 6.9% in March 2021, up from 6.3% in February 2021 (5.1% in March 2020) (Source: NSO).



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