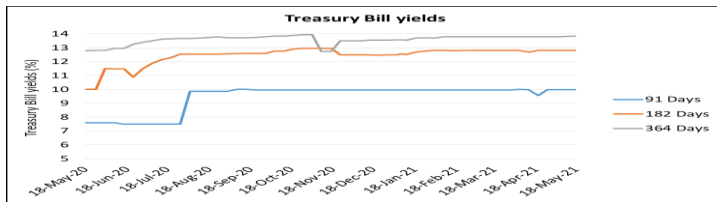


Malawi Stock Exchange (MSE) trading activity

The Malawi All Share Index (MASI) registered a gain of 0.62% to close the week at 33,606.87 points from 33,398.30 points in the previous week due to share price gains in AIRTEL (4.77%) and STANDARD (0.001%) which outweighed share price losses in FDHB (-0.24%), ICON (-0.16%), MPICO (-10.53%) and TNM (-0.06%). The market traded a total of 96,327,248 shares at a consideration of K1.08b in 75 trades during the week, compared to 90,829,075 shares traded at a consideration of K1.89b in 27 trades in the previous week. This represents an increase of 6.05% in traded volume and a decrease of 43.08% in traded value. The year-to-date return on MASI stands at 3.75% compared to -5.72% for the same period in 2020 (Source: MSE).

Government securities

Government raised K1.26b during the week's auction for Treasury Bills (TBs) compared to K5.82b raised in the previous week. The auction registered no rejection on the submitted bids. The all-type average TB yield slightly increased to 12.2100% from 12.2033% in the previous week due to an increase in the 364-day yield to 13.8500% from 13.8200%. The increase in the 364-day yield outweighed a slight decrease in the 91-day yield to 9.9800% from 9.9899% in the previous week. The 182-day yield was stable at 12.8000% (Source: RBM).

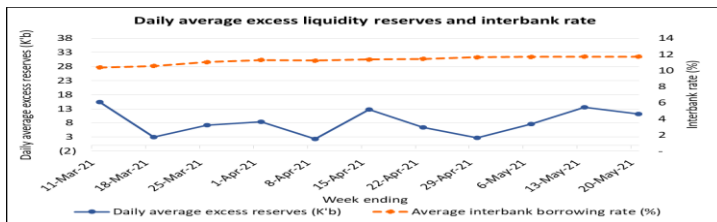


Data source: RBM

During the week, K21.00b was also raised by Government through an auction for a 2-year Treasury note (TN) at an average yield of 16.51%. Maturities of Government securities and OMO reverse repos for the week amounted to K32.38b and K11.30b, respectively, resulting in a net withdrawal of K1.18b from the market, compared to a net withdrawal of K4.37b in the previous week (Source: RBM).

Market liquidity and interbank market activity

Average daily excess liquidity reserves decreased to K11.21b from K13.61b last week. Consequently, borrowing on the Lombard Facility increased to K37.17b per day compared to K35.37b in the previous week. The Lombard rate remains fixed at 12.20% as previously set by the Monetary Policy Committee. Interbank borrowing for the week decreased to K16.43b per day from the average of K24.80b per day in the previous week. The average interbank borrowing rate was stable at 11.93% as per the previous week (Source: RBM).



Data source: RBM

Foreign exchange market developments

The closing USD/MWK mid-rate increased to K802.2157 on Thursday, 20th May 2021 from K801.1133 on Thursday, 13th May 2021, representing a Kwacha depreciation of 0.14%. During the same period, the Kwacha also depreciated against GBP, EUR and ZAR by 1.39%, 1.45% and 1.23%, respectively. The gross official forex reserves were last recorded at USD392.01m (1.88 months of import cover) on 30th April 2021 from USD410.16m (1.96 months of import cover) recorded on 31st March 2021 (Source: RBM). The reserves were below the recommended minimum of 3 months of import cover. In the fifth week, as at 20th May 2021, the tobacco market had cumulatively raked in USD47.49m compared to USD39.37m as at the end of the fifth week in 2020 (Source: AHL).

COVID-19 update

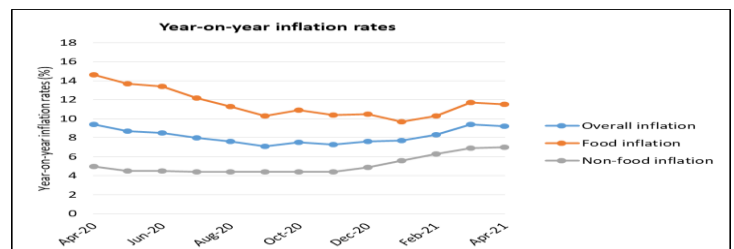
Cumulative confirmed COVID-19 cases in Malawi stood at 34,261 as at 21st May 2021, out of which 614 were reported to be still active. Daily locally transmitted and imported new infections of COVID-19 were reported to be 6 cases. So far, 32,262 people have recovered while 1,153 have died from the disease. The first dose of the Oxford-AstraZeneca vaccine was reported to have been administered to a total of 341,698 people (Source: Ministry of Health). The second dose will be administered from June 2021 onwards. Globally, total confirmed cases of COVID-19 amounted to 166.15m, with recoveries of more than 146.5m and 3.4m deaths as at 21st May 2021 (Source: Johns Hopkins University & Medicine).

Stock market				
	21-May-21		% Δ	13-May-21
MASI	33,606.87	↑	0.62%	33,398.30
DSI	28,372.70	↑	0.66%	28,187.11
FSI	1,955.20	↓	0.00%	1,955.20
Traded volume	96,327,248	↑	6.05%	90,829,075
Number of trades	75	↑	177.78%	27
Value of shares traded (K'm)	1,077.88	↓	-43.08%	1,893.63
Market capitalisation (K'm)	1,826,972.69	↑	0.62%	1,815,796.48
Gainers				
AIRTEL	32.50	↑	4.77%	31.02
STANDARD	1200.15	↑	0.001%	1200.14
Losers				
FDHB	16.42	↓	-0.24%	16.46
ICON	12.14	↓	-0.16%	12.16
MPICO	17.00	↓	-10.53%	19.00
TNM	16.34	↓	-0.06%	16.35
Treasury Bill auctions				
Auction date	18-May-21		% pts Δ	11-May-21
Amount offered - cost value (K'm)	9,861.00	→	0.00%	9,861.00
Applied - cost value (K'm)	1,258.91	↓	-78.37%	5,819.13
Allotted - cost value (K'm)	1,258.91	↓	-78.37%	5,819.13
Overall rejection rate	0.00%	↓	0.00%	0.00%
91 days yield	9.9800%	↓	-0.01%	9.9899%
182 days yield	12.8000%	→	0.00%	12.8000%
364 days yield	13.8500%	↑	0.03%	13.8200%
All-type yield	12.2100%	↑	0.01%	12.2033%
Treasury Note auctions				
Auction date	18-May-21	4-May-21		20-Apr-21
Tenors	2 years	10 years		7 years
Coupon rate	10.00%	15.00%		13.50%
Amount offered - cost value (K'b)	21.00	9.95		20.00
Total applied - cost value (K'b)	13.24	3.06		10.77
Total allotted - cost value (K'b)	11.47	3.06		9.71
Allotted - weighted average ytm	16.51%	22.50%		20.50%
Current yields for Treasury Notes				
Tenor	Last auction's yield	Last auction		Next auction
2-year	16.51%	18-May-21		TBA
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%	4-May-21		TBA
Upcoming Treasury Note auctions				
Auction date	Tenor	Amount (K'b)		Last coupon rate
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	21-May-21	28-May-21		4-Jun-21
TBs, PNs & TNs (K'm)	32,377	11,185		23,733
OMO repos (K'm)	0	0		0
OMO reverse repos (K'm)	11,302	0		0
Reference rate				
Rate	May-21		% pts Δ	Apr-21
	12.10%	→	0.00	12.10%
Inflation rate				
Rate	Apr-21		% pts Δ	Mar-21
	9.2%	↓	-0.2	9.4%
Cumulative tobacco sales				
Year	20-May-21		% Δ	Week 5 as at 26 May 2020
Volume (Kg)	28,382,330.00	↑	9.97%	25,809,149.00
Value (USD)	47,488,186.84	↑	20.63%	39,366,455.13
Average price (USD/Kg)	1.67	↑	9.15%	1.53
Actual market closing mid exchange rates				
	20-May-21		% Δ	13-May-21
USD	802.2157	↓	0.14%	801.1133
GBP	1192.1134	↓	1.39%	1175.7683
EUR	1040.8080	↓	1.45%	1025.9040
ZAR	61.1885	↓	1.23%	60.4475
Gross official foreign exchange reserves position				
Reserves (USD'm)	30-Apr-21	31-Mar-21		28-Feb-21
	392.01	410.16		483.38
Import cover (months)	1.88	1.96		2.31

Data sources: MSE, RBM, NSO, AHL

April Inflation

The year-on-year headline inflation rate stood at 9.2% in April 2021 from 9.4% in March 2021 and compared to 9.4% in April 2020. Food inflation rate stood at 11.5% in April 2021, down from 11.7% in March 2021 (14.6% in April 2020), while non-food inflation rate stood at 7.0% in April 2021, up from 6.9% in March 2021 (5.0% in April 2020) (Source: NSO).



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