



## 1. Money Market

### Government Securities

The Government Treasury Bill auctions held during the week raised a total of K23.79 billion from total applications of K23.79 billion, resulting in a nil rejection rate. The average yield for 91 days, 182 days and 364 days tenors were 9.70%, 13.00% and 15.00% respectively, (previous week: 182 days: 13.00%, 364 days: 15.00%, there were no applications for the 91 days. The Treasury note (3-yr) auction held during the week raised a total K77.43 billion from total applications of K77.43 billion, resulting in a nil rejection. The weighted average was 19.33%. Total maturities for the week stood at K14.17 billion, resulting in a net withdrawal of K87.05 billion.

### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K46.36 billion from negative K1.89 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K19.12 billion at 11.70% (previous week: K11.41 billion at 11.70%). Access to the Lombard facility during the week in review averaged K23.42 billion at an average rate of 12.20% (previous week: K30.18 billion at 12.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 44,720.06 points (previous week: 44,714.57 points), the Domestic Share Index (DSI) closed at 36,517.47 points (previous week: 36,511.81 points) and the Foreign Share Index (FSI) closed at 4,182.23 points (previous week: 4,183.22 points). The increase in the MASI and DSI was due to share price gains in FDH Bank, and NBM despite share price loss in TNM. The decrease in FSI was due to share price loss in FMBCH. A total volume of 4.57 million shares were traded during the week at a value of K95.12 million in 92 deals (Source: MSE).

## 3. Local Market Developments

The African Development Fund (ADF) and the government of Malawi have signed a grant agreement for US\$14.20 million to undertake infrastructure upgrades and create a more efficient and transparent digital payment system. The project is expected to boost Malawi's domestic financial inclusion rate from 58.00% in 2019 to at least 65.00% by 2025. The GDP contribution of the ICT sector is expected to rise from 5.70% to 7.00% over the same period. Export volumes are expected rise to 35.00% of GDP from 31.00%, in line with the targets of the national export strategy. Currently, the total commitment in the African Development Bank's active portfolio in Malawi stands at about US\$327.00 million (Source: ADF).

## 4. Regional Developments in the Week

The International Monetary Fund (IMF) has reported that South Africa's economic outlook was on track for a recovery in the near term, but a lacklustre medium-term performance. In a statement issued at the end of a consultation with South Africa, the IMF said economic growth was projected at 1.90% in 2022 before easing to 1.40% in the medium term. It added that the country's growth outlook was capped by structural constraints to investment, prevailing policy uncertainty and elevated public debt, which hinders job creation. The IMF also stated that the debt ratio is expected to continue rising (Source: Reuters).

## 5. Global Developments in the Week

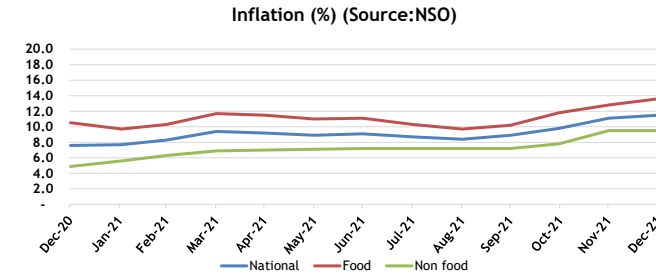
According to reports from the U.S. Labor Department, the Consumer Price Index in January 2022 reached its highest level since February 1982. Inflation in January 2022 accelerated to 7.50% from 7.00% in December 2021, as strong consumer demand collided with pandemic-related supply disruptions. The question facing Federal Reserve officials ahead of their policy meeting in March 2022 is no longer whether they will raise interest rates but rather by how much. Another strong inflation report released during the week in review is intensifying debate within the central bank over how to accelerate a series of interest-rate increases this spring to ease surging prices and cool the economy (Source: The Financial Times).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	4-Feb-22	11-Feb-22
Counter				MK/Share	MK/Share
AIRTEL	5.12	20.42	18.72	41.00	41.00
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	2.82	7.52	3.90	13.78	↑ 15.24
ICON	1.79	9.98	1.06	12.85	12.85
ILLOVO	6.00	10.46	2.43	299.97	299.97
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	3.44	16.88	3.21	810.13	↑ 810.14
NBS Bank	5.03	9.44	3.47	22.86	22.86
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	95.00	95.00
PCL	1.81	57.37	1.30	1,900.00	1,900.00
Standard Bank	3.20	13.84	3.11	1,400.04	1,400.04
Sunbird	0.00	(19.96)	0.87	90.02	90.02
TNM	2.11	24.67	4.34	19.96	↓ 18.99
FMBCH	0.78	19.77	3.03	79.98	↓ 79.96
OMU	1.02	(37.51)	2.45	1,785.00	1,785.00
DSI	N/A	N/A	N/A	36,511.81	↑ 36,517.47
FSI	N/A	N/A	N/A	4,183.22	↓ 4,182.23
MASI	3.30	15.86	2.78	44,714.57	↑ 44,720.06

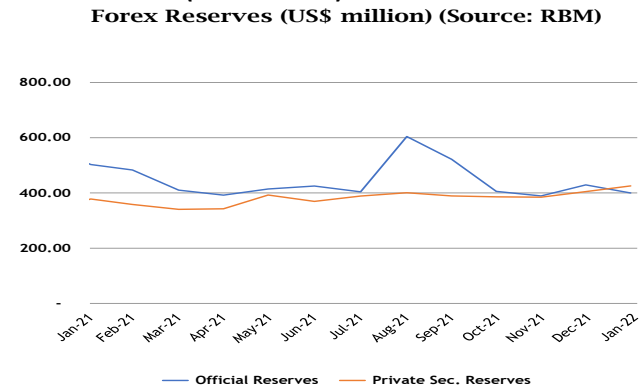
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
<b>MASI Return (YTD)</b>	1.05%	-1.43%

### Inflation (Source: NSO)



### Forex Reserves (Source: RBM)



### Exchange Rates - Middle Rates (Source: RBM)

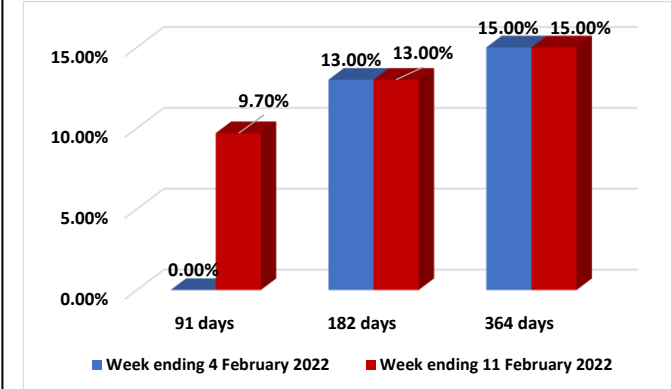
CURRENCY	4-Feb-22	11-Feb-22	% Change
MK/US Dollar	816.40	816.40	→ 0.00%
MK/GBP	1109.98	1104.83	↑ 0.46%
MK/ZAR	53.61	53.61	↑ 0.01%
MK/EUR	935.59	929.55	↑ 0.65%

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

	4-Feb-22	11-Feb-22	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.311%	0.377%	↑ 0.067%
US Libor (6 months)	0.523%	0.635%	↑ 0.1114%
US Treasury yield (10 years)	1.833%	2.009%	↑ 0.176%
BOE Rate	0.500%	0.500%	→ 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 11 February 2022 (Source: RBM)



### Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	38.40	9.70
182 days TB	6,000.00	13.00
364 days TB	17,754.12	15.00
3-yrs TN	77,430.00	19.33
<b>TOTAL</b>	<b>101,222.53</b>	

### GDP growth projections (Source: EIU, IMF, WBG, MW Gov)

	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%	2.40%	5.30%
GOVERNMENT	5.10%	0.90%	3.00%	4.10%
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.38%</b>	<b>2.58%</b>	<b>4.10%</b>

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