



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K20.13 billion from total applications of K20.13 billion, resulting in a nil rejection rate. The average yield for the 182 days and 364 days tenors were 14.50%, and 16.66% respectively (previous week: 91days: 9.75%, 182 days: 13.00%, 364 days: 16.31%). Treasury Note auctions held during the week raised a total of K16.74 billion from total applications of K30.37 billion, resulting in a 44.88% rejection rate. Total maturities for the week stood at K9.18 billion, resulting in a net withdrawal of K27.69 million.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K49.59 billion from K47.67 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K12.08 billion at 12.52% (previous week: K17.32 billion at 12.52%). Access to the Lombard facility during the week in review averaged K17.28 billion at an average rate of 14.20% (previous week: K24.78 billion at 14.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 49,788.91 points (previous week: 49,070.30 points), the Domestic Share Index (DSI) closed at 38,506.87 points (previous week: 37,865.12 points) and the Foreign Share Index (FSI) closed at 7,401.66 points (previous week: 7,404.64 points). The increase in the MASI was due to share price gains in Airtel, and TNM despite share price losses in NBS Bank and NICO. The decrease in FSI was due to share price loss in FMBCH. A total volume of 3.80 million shares were traded during the week at a value of K170.88 million in 46 deals (Source: MSE).

3. Local Market Developments

- The headline inflation rate (year-on-year) for April 2022 stands at 15.70%, an increase from 14.10% realized in the previous month. Food and non-food inflation rates are at 19.50% and 12.20% respectively (March 2022: 17.10% and 10.50% respectively) (Source: NSO).
- The Malawi Government has secured US\$77.60 million in funding from the United Nations (UN) towards the implementation of the Socio-economic Recovery Plan (SERP). The funds will support interventions that seek to build resilience and sustainability in health, education, social protection, the labour market and building an enabling macroeconomic policy environment (Source: United Nations).

4. Regional Developments in the Week

According to the South African Reserve Bank (SARB), the Monetary Policy Committee (MPC) decided to increase the repurchase rate by 50 basis points to 4.75%, because of higher global food prices, higher commodity prices, constraints on trade and higher debt costs around the globe. The move comes as the US Federal Reserve and European Central Bank adopt increasingly hawkish stances that have reduced the appeal of South African assets for offshore investors, which has triggered capital outflows and currency weakness (Source: Reuters).

5. Global Developments in the Week

Copper extended its recovery during the week in review, on optimism about a revival of demand in China after a mortgage rate cut and further progress in lifting COVID-19 lockdowns. Copper gained 0.80% to US\$9,490.00/Tones (T) on the London Metal Exchange (LME). Copper slumped by about 15.00% from early March 2022 to mid-May 2022 on worries about a downturn in China's economy hitting metals demand and a possible recession in other major economies amid high inflation. China cut its benchmark reference rate for mortgages by an unexpectedly wide margin, its second reduction in 2022 as Beijing seeks to revive the ailing housing sector to prop up the economy (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	13-April-22	20-May-22
Counter				MK/Share	MK/Share
AIRTEL	6.24	16.08	15.60	43.00	↑ 47.28
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	7.24	8.59	3.17	14.51	14.51
ICON	1.92	9.32	0.99	12.00	12.00
ILLOVO	5.89	10.65	2.47	305.51	305.51
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	5.03	13.10	3.20	980.01	980.01
NBS Bank	5.93	8.62	2.86	22.79	↓ 22.78
NICO	4.92	4.87	1.22	55.00	↓ 46.75
NITL	2.59	3.18	0.85	110.02	110.02
PCL	1.63	63.65	1.45	1,900.00	1,900.00
Standard Bank	2.46	14.28	3.02	1,507.17	1,507.17
Sunbird	0.00	(19.96)	0.87	90.02	90.02
TNM	2.87	15.53	3.05	14.97	↑ 14.99
FMBCH	0.43	35.85	5.49	145.00	↓ 144.94
OMU	1.02	(37.51)	2.45	1,785.00	1,785.00
DSI	N/A	N/A	N/A	37,865.12	↑ 38,506.87
FSI	N/A	N/A	N/A	7,404.64	↓ 7,401.66
MASI	3.82	14.69	2.89	47,614.58	↑ 49,788.91

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

	2021	2022
MASI Return (YTD)	3.75%	9.75%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Forex Reserves (Source: RBM)

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

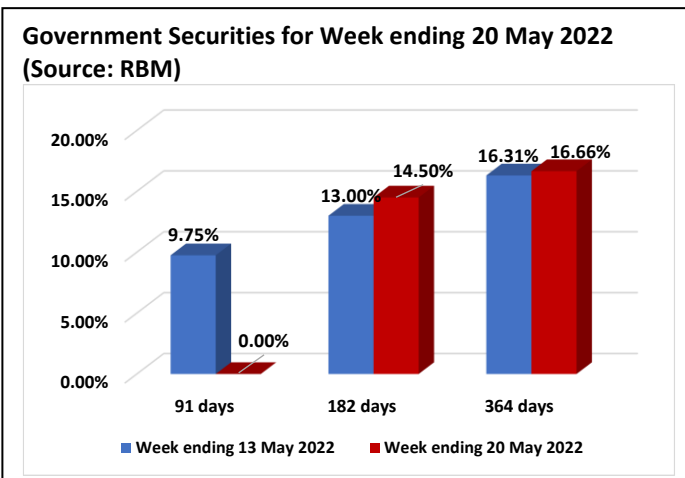
Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	13-May-22	20-May-22	% Change
MK/US Dollar	816.64	816.64	→ 0.00%
MK/GBP	997.93	1,017.94	↓ -2.00%
MK/ZAR	51.07	51.64	↓ -1.11%
MK/EUR	848.90	864.09	↓ -1.79%

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

	13-May-22	20-May-22	Change
US Fed Rate	1.000%	1.000%	→ 0.000%
US Libor (3 months)	1.422%	1.505%	↑ 0.083%
US Libor (6 months)	1.963%	2.026%	↑ 0.063%
US Treasury yield (10 years)	2.913%	2.084%	↓ -0.830%
BOE Rate	1.000%	1.000%	→ 0.000%
ECB Rate	0.000%	0.000%	→ 0.000%

*LIBOR = London Interbank Offered Rates *BOE= Bank of England
*ECB= European Central Bank



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	-
182 days TB	5,487.82	14.50
364 days TB	14,637.78	16.66
2-year TN	16,740.00	18.12
TOTAL	36,865.60	

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

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	2.80%
IMF	4.00%	0.60%	2.20%	2.70%
WORLD BANK	4.40%	1.00%	2.80%	2.10%
GOVERNMENT	5.10%	0.90%	3.90%	4.10%
Average Real GDP	4.40%	0.38%	2.90%	2.93%

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