



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K25.73 billion from total applications of K26.60 billion, resulting in a 3.26% 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: 91 days: 9.70%, 182 days: 13.00%, 364 days: 15.00%). Total maturities for the week stood at K25.43 billion, resulting in a net withdrawal of K0.30 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K38.88 billion from K25.62 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K12.04 billion at 11.70% (previous week: K13.60 billion at 11.70%). Access to the Lombard facility during the week in review averaged K13.48 billion at an average rate of 12.20% (previous week: K37.45 billion at 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 45,565.29 points (previous week: 45,344.25 points), the Domestic Share Index (DSI) closed at 37,268.01 points (previous week: 37,072.88 points) and the Foreign Share Index (FSI) closed at 4,184.21 points (previous week: 4,182.23 points). The increase in the MASI and DSI was due to share price gains in NBM, Standard Bank and TNM, despite share price losses in Illovo and ICON. The increase in FSI was due to share price gain in FMBCH. A total volume of 10.24 million shares were traded during the week at a value of K656.45 million in 68 deals (Source: MSE).

3. Local Market Developments

Malawi is in talks with international lenders to restructure as much as US\$1.00 billion of debt as the nation seeks to secure an economic program with the International Monetary Fund (IMF). The lenders include the African Export-Import Bank (Afrexim) and the Eastern and Southern African trade and Development Bank (TDB). Malawi currently owes US\$757.00 million to Afrexim Bank and US\$145.00 million to TDB, along with US\$209.00 million in arrears as of December 2020. The Minister of Finance expressed optimism over the feedback from the two lenders (Source: Bloomberg).

4. Regional Developments in the Week

South Africa's Rand weakened during the week in review as investors assessed the impact of the start of the US Federal Reserve's rate tightening cycle and as commodity prices such as gold weakened. Currencies like the Rand thrive on US interest rates remaining low because they benefit from the interest rate differential that increases their appeal for carry trade. As South Africa is a resource-led country, subdued demand for gold as a safe haven asset has led to the depreciation of the Rand. Prior to this, the surge in gold prices was fuelled by the conflict in Ukraine (Source: Reuters).

5. Global Developments in the Week

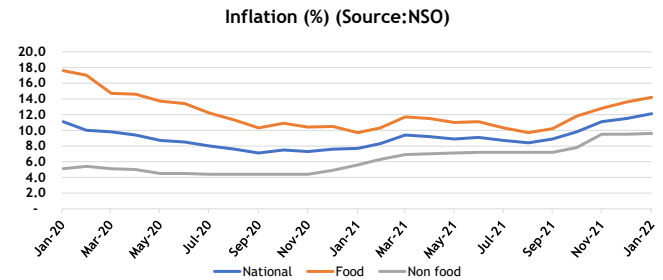
The Federal Reserve (The Fed) approved a benchmark interest rate increase of 25 basis points, its first hike since 2018. The policymaking Federal Open Market Committee (FOMC) also penciled in six more hikes in 2022, as well as factored in a reduction in its US\$9.00 trillion balance sheet. At his post-meeting news conference, the Fed Chairman Jerome Powell hinted that the balance sheet reduction could start in May 2022 and be the equivalent of another rate hike this year. FOMC members also increased their inflation expectations. In response to this, US Treasury yields rose as investors digested the Federal Reserve's decision to hike interest rates. The yield on the benchmark 10-year Treasury note added 1 basis point to 2.20%. The yield on the 30-year Treasury bond also moved 3 basis points higher to 2.49% (Source: Financial Times).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	11-Mar-22	18-Mar-22
Counter				MK/Share	MK/Share
AIRTEL	5.00	20.91	19.18	42.00	42.00
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	3.05	6.96	3.61	14.11	14.11
ICON	1.80	9.93	1.05	12.85	↓ 12.79
ILLOVO	5.89	10.65	2.47	305.43	↓ 305.42
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	3.01	19.28	3.67	900.04	↑ 925.00
NBS Bank	5.04	9.41	3.46	22.80	22.80
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	2.65	13.26	2.81	1,400.08	↑ 1,400.09
Sunbird	0.00	(19.96)	0.87	90.02	90.02
TNM	2.29	22.74	4.00	17.45	↑ 17.50
FMBCH	0.78	19.78	3.03	79.96	↑ 80.00
OMU	1.02	(37.51)	2.45	1,785.00	1,785.00
DSI	N/A	N/A	N/A	37,072.88	↑ 37,268.01
FSI	N/A	N/A	N/A	4,182.23	↑ 4,184.21
MASI	3.17	16.04	2.80	45,344.25	↑ 45,565.29

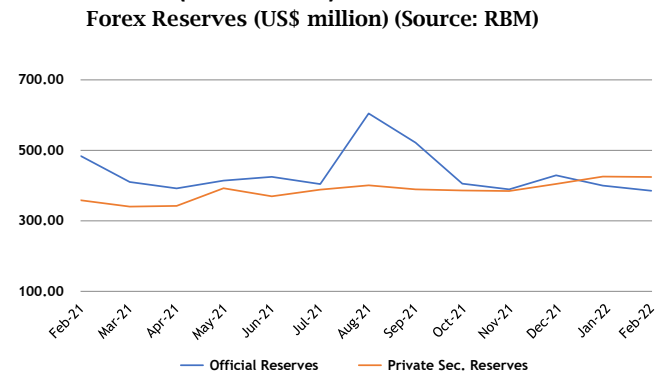
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
MASI Return (YTD)	0.60%	0.44%

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

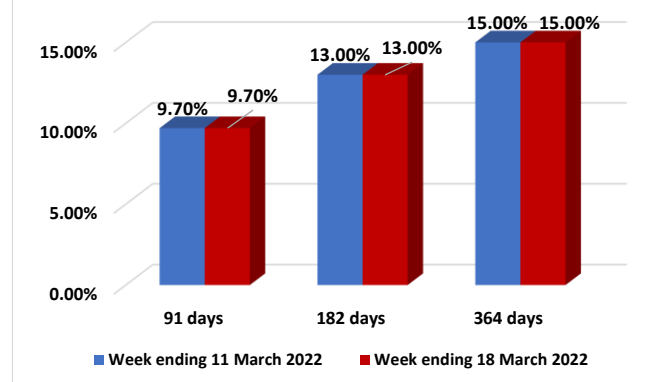
CURRENCY	11-Mar-22	18-Mar-22	% Change
MK/US Dollar	816.40	816.40	→ 0.00%
MK/GBP	1,067.36	1,074.63	↓ -0.68%
MK/ZAR	54.12	54.76	↓ -1.18%
MK/EUR	898.04	904.90	↓ -0.76%

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

	11-Mar-22	18-Mar-22	Change
US Fed Rate	0.250%	0.500%	↓ -0.250%
US Libor (3 months)	0.745%	0.948%	↑ 0.203%
US Libor (6 months)	1.045%	1.257%	↑ 0.212%
US Treasury yield (10 years)	1.980%	2.154%	↑ 0.174%
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 18 March 2022 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	6.54	9.70
182 days TB	60.74	13.00
364 days TB	25,666.60	15.00
TOTAL	25,733.88	

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

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	3.10%
IMF	4.00%	0.60%	2.20%	3.50%
WORLD BANK	4.40%	1.00%	2.40%	3.00%
GOVERNMENT	5.10%	0.90%	3.00%	4.10%
Average Real GDP	4.40%	0.38%	2.58%	3.43%

Contacts:
Head Office
 NICO Asset Managers Limited, 19 Glyn Jones Road
 Chibisa House, P.O. Box 3173, Blantyre
 Tel No: 01 832 085/086
 Email: invest@nicoassetmanagers.com Website: www.nicoassetmanagers.com

Lilongwe Branch
 NICO Asset Managers Limited, Corner Kenyatta Drive
 NICO Centre, P.O. Box 30729, Lilongwe 3
 Tel No: 01 757 086
 NICO Asset Managers/Facebook