WEEKLY MARKET UPDATE
Week ending 1 April 2022

NICO Asset Managers

"INVEST today for tomorrow"

1. **Money Market**

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K17.55 billion from total applications of K17.55 billion, resulting in a nil rejection rate. The average yield for 91 days, 182 days and 364 days tenors were 9.74%, 13.00% and 15.00% respectively, (previous week: 91 days: 9.70%, 182 days: 13.00%, 364 days: 15.00%). Treasury Notes (2yr, 3yr, 5yr, 7yr) auctions reopened during the week raised a total of K86.21 billion from total applications of K86.47 billion, resulting in an 0.30% rejection rate. Total maturities for the week stood at K42.08 billion, resulting in a net withdrawal of K61.68 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K70.97 billion from K98.57 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K14.80 billion at 11.70% (previous week: K7.90 billion at 11.70%). Access to the Lombard facility during the week in review averaged K39.20 billion at an average rate of 12.20% (previous week: K35.95 billion at 12.20%) (Source: RBM).

2. **Stock Market**

The MASI closed the week at 45,956.50 points (previous week: 45,746.97 points), the Domestic Share Index (DSI) closed at 37,615.73 points (previous week: 37,429.68 points) and the Foreign Share Index (FSI) closed at 4,184.71 points (previous week: 4,184.21 points). The increase in the MASI and DSI was due to share price gain in FDH Bank, NBM, and NITL despite share price losses in ICON and NBS. The increase in FSI was due to share price increase in FMBCH. A total volume of 2.82 million shares were traded during the week at a value of K103.99 million in 67 deals (Source: MSE).

3. **Local Market Developments**

The 2022 tobacco marketing season began on 31st March 2022 at the Lilongwe auction floors. The growers commended the market for starting on a positive note, with flue cured tobacco fetching US$1.75/kg as the highest price in 2022, up from US$1.50/kg in 2021. On the contract market flue cured tobacco fetched US$2.85/kg in 2022, up from US$2.40/kg in 2021 (Source: AHL).

4. **Regional Developments in the Week**

Tanzania is seeking a loan of US$700.00 million from the International Monetary Fund (IMF) as it adjusts its borrowing strategy to take on more concessional loans to reduce the risk of debt distress. The move is part of President Hassan's wider plan to boost Tanzania's fiscal position after the IMF raised alarms of debt distress as the nation's debt climbed to 20.00% of GDP to US$37.10 billion in 2021. This has been attributed to increased borrowings amid the pandemic as revenues in sectors like tourism, which contributes to a quarter of Tanzania's GDP plunged. The fiscal deficit is expected to widen to 4.20% of GDP by end of the 2021/2022 fiscal year (Source: Bloomberg).

5. **Global Developments in the Week**

The U.S. is considering releasing up to 180.00 million barrels of oil over several months from the Strategic Petroleum Reserve (SPR), in an attempt to lower oil prices and ease surging inflation. The International Energy Agency (IEA) member countries are set to decide on a collective oil release. The latest amount of U.S. oil release being considered, which is equivalent to about two days of global demand, would mark the third time the United States has tapped its strategic reserves in the past six months, and would be the largest release in the near 50-year history of the SPR. Oil prices have surged since Russia invaded Ukraine in late February and the United States and its allies responded with hefty sanctions on Russia, the second-largest exporter of crude oil (Source: Reuters).

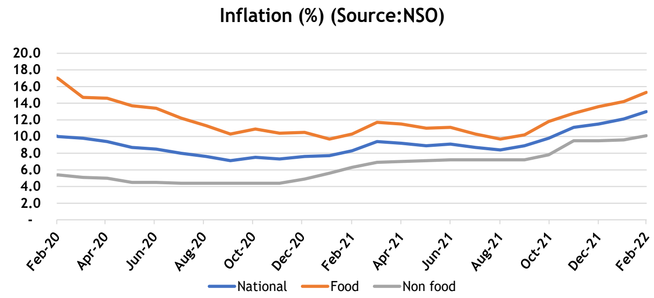
Stock Market (Source: Malawi Stock Exchange)

Counter	Div yield %	P/E	P/BV	25-Mar-22 MK/Share	1-April-22 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	2.76	7.68	3.98	14.11	⬆ 15.56
ICON	1.81	9.85	1.05	12.79	⬇ 12.69
ILLOVO	5.89	10.65	2.47	305.42	305.42
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	2.94	19.76	3.76	948.00	⬆ 948.01
NBS Bank	5.05	9.41	3.46	22.80	⬇ 22.79
NICO	4.18	5.73	1.43	55.00	55.00
NITL	2.61	3.15	0.84	95.00	⬆ 109.00
PCL	1.81	57.37	1.30	1,900.00	1,900.00
Standard Bank	2.65	13.26	2.81	1,400.09	1,400.09
Sunbird	0.00	(19.96)	0.87	90.02	90.02
TNM	2.30	22.61	3.98	17.40	17.40
FMBCH	0.77	19.78	3.03	80.00	⬆ 80.01
OMU	1.02	(37.51)	2.45	1,785.00	1,785.00
DSI	N/A	N/A	N/A	37,429.68	⬆ 37,615.73
FSI	N/A	N/A	N/A	4,184.21	⬆ 4,184.71
MASI	3.17	15.46	2.81	45,746.97	⬆ 45,956.50

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

	2021	2022
MASI Return (YTD)	0.53%	1.30%

Inflation (Source: NSO)



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%**

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	25-Mar-22	1-Apr-22	% Change
MK/US Dollar	816.40	816.51	⬇ -0.01%
MK/GBP	1,079.20	1,072.41	⬆ 0.63%
MK/ZAR	56.34	55.88	⬆ 0.81%
MK/EUR	900.41	903.80	⬇ -0.38%

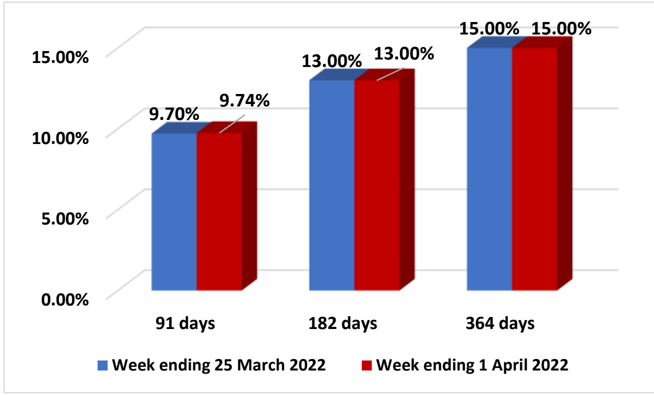
Global Market Rates (Source: Reuters, WSJ, CNBC)

	25-Mar-22	1-Apr-22	Change
US Fed Rate	0.500%	0.500%	➡ 0.000%
US Libor (3 months)	0.966%	0.962%	⬇ -0.004%
US Libor (6 months)	1.390%	1.470%	⬆ 0.0801%
US Treasury yield (10 years)	2.352%	2.428%	⬆ 0.076%
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 1 April 2022 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	1,118.48	9.74
182 days TB	13.20	13.00
364 days TB	16,414.48	15.00
2-Year TN	20,500.00	17.00
3-Year TN	22,080.00	19.50
5-Year TN	40,400.00	21.00
7-Year TN	3,230.00	22.00
TOTAL	103,756.16	

Contacts:

Head Office
NICO Asset Managers Limited, 19 Glyn Jones Road
Chibisa House, P.O. Box 3173, Blantyre
Tel No: 01 832 085/086

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

Email: invest@nicoassetmanagers.com Website: www.nicoassetmanagers.com NICO Asset Managers/Facebook

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