



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K1.39 billion from total applications of K2.24 billion, resulting in a 38.10% rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 9.75, 13.00%, and 16.31% respectively (previous week: 182 days: 13.00%, 364 days: 15.00%, there were no applications for the 91 days tenor). Total maturities for the week stood at K13.82 billion, resulting in a net withdrawal of K12.43 million.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K47.67 billion from K47.80 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K17.32 billion at 12.52% (previous week: K10.26 billion at 11.96%). Access to the Lombard facility during the week in review averaged K24.78 billion at an average rate of 14.20% (previous week: K55.66 billion at 12.87%) (Source: RBM).

2. Stock Market

The MASI closed the week at 49,070.30 points (previous week: 47,614.58 points), the Domestic Share Index (DSI) closed at 37,865.12 points (previous week: 37,287.52 points) and the Foreign Share Index (FSI) closed at 7,404.64 points (previous week: 6,488.06 points). The increase in the MASI was due to share price gains in Airtel, FM BCH, NBM, NBS, and Standard Bank despite share price losses in FDH Bank and TNM. A total volume of 10.65 million shares were traded during the week at a value of K2.29 billion in 79 deals (Source: MSE).

3. Local Market Developments

During the sixth week of tobacco sales in May 2022, about 5.69 million kgs were sold at a value of US\$11.15 million at an average price of US\$1.96/kg (May 2021: 40.97 million kgs at a value of US\$67.60 million at an average price of US\$1.65/kg). Low tobacco inflows on the market have contributed to the fall of sales volumes and earnings compared to the corresponding period in 2021 (Source: AHL).

4. Regional Developments in the Week

Zimbabwe's government has ordered banks to stop bank lending with immediate effect in a move designed to stop speculation against the Zimbabwean Dollar which is causing rapid devaluation on the black market. The President accused unnamed speculators of borrowing Zimbabwean Dollars at below-inflation interest rates and using the money to trade in forex. Other measures include an increased tax on forex bank transfers, higher levies on forex cash withdrawals, and the payment of taxes in local currency. The Zimbabwean Dollar, which is officially quoted at ZWL165.94/US\$, has continued to slide on the black market, where it is trading between ZWL330.00 and ZWL400.00 to the US Dollar (Source: Reuters).

5. Global Developments in the Week

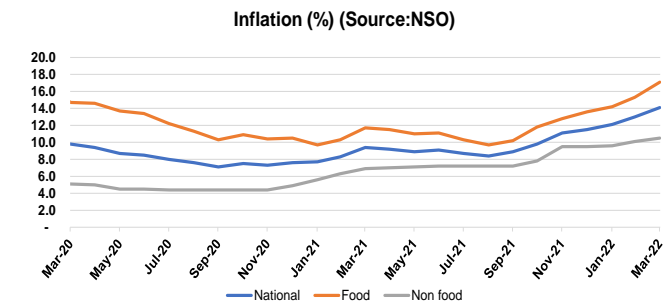
US consumer prices rose at an annual pace of 8.30% in April 2022 compared to 8.50% in March 2022, more than economists' expectations of 8.10% and staying a four-decade high, underscoring the urgency of the Federal Reserve's push to stamp out inflation. An underlying gauge of inflation also rose more than expected, highlighting stresses on households and the challenge for the Biden administration. The data initially jolted the US\$22.00 trillion market for US government bonds as the two-year Treasury yield, which is most sensitive to the outlook for monetary policy, jumped roughly 0.12% points to 2.73%. Inflation continues to be driven by soaring energy and food costs tied to Russia's conflict with Ukraine (Source: The Financial Times).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	6-April-22	13-May-22
Counter				MK/Share	MK/Share
AIRTEL	6.86	14.63	14.19	42.03	↑ 43.00
BHL	0.00	(20.38)	1.37	11.01	
FDH Bank	7.24	8.59	3.17	15.29	↓ 14.51
ICON	1.92	9.32	0.99	12.00	
ILLOVO	5.89	10.65	2.47	305.51	
MPICO	1.35	11.24	1.09	20.70	
NBM	5.03	13.10	3.20	948.56	↑ 980.01
NBS Bank	5.92	8.62	2.87	22.78	↑ 22.79
NICO	4.18	5.73	1.43	55.00	
NITL	2.59	3.18	0.85	110.02	
PCL	1.63	63.65	1.45	1,900.00	
Standard Bank	2.46	14.28	3.02	1,400.11	↑ 1,507.17
Sunbird	0.00	(19.96)	0.87	90.02	
TNM	2.87	15.51	3.05	16.00	↓ 14.97
FMBCB	0.43	35.85	5.49	126.50	↑ 145.00
OMU	1.02	(37.51)	2.45	1,785.00	
DSI	N/A	N/A	N/A	37,287.52	↑ 37,865.12
FSI	N/A	N/A	N/A	6,488.06	↑ 7,404.64
MASI	3.88	14.48	2.85	47,614.58	↑ 49,070.30

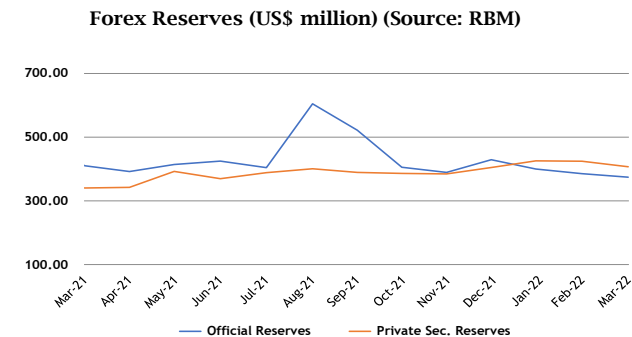
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
MASI Return (YTD)	3.10%	8.16%

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

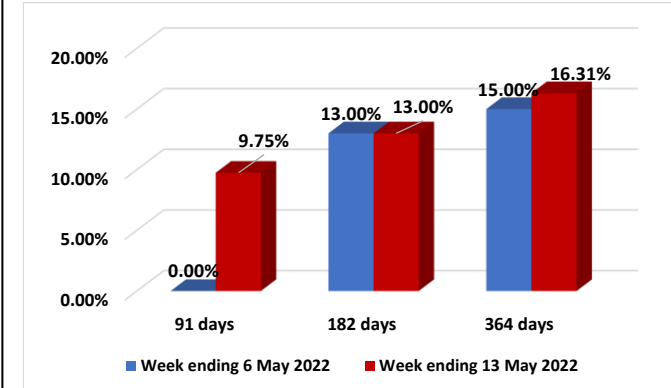
CURRENCY	6-May-22	13-May-22	% Change
MK/US Dollar	816.64	816.64	→ 0.00%
MK/GBP	1,008.06	997.93	↑ 1.00%
MK/ZAR	50.96	51.07	↓ -0.23%
MK/EUR	858.78	848.90	↑ 1.15%

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

	6-May-22	13-May-22	Change
US Fed Rate	1.000%	1.000%	→ 0.000%
US Libor (3 months)	1.406%	1.422%	↑ 0.016%
US Libor (6 months)	2.020%	1.963%	↓ -0.057%
US Treasury yield (10 years)	3.079%	2.913%	↓ -0.166%
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

Government Securities for Week ending 13 May 2022 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	1.18	9.75
182 days TB	2.50	13.00
364 days TB	1,385.38	16.31
TOTAL	1,389.07	

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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