



## 1. Money Market

### Government Securities

The Government Treasury Bill auctions held during the week raised a total of K13.50 billion from total applications of K14.13 billion, resulting in a 4.49% rejection rate. The average yield for the 182 days and 364 days tenors were 15.00%, and 17.50% respectively, there were no applications for the 91 days tenor (previous week 91 days: 9.75%, 182 days: 15.00%, 364 days: 17.03%). Treasury Note (3-yr, 5-yr) auctions held during the week raised a total of K3.87 billion from total applications of K3.87 billion, resulting in a nil rejection rate. The weighted average yield for the 3-year and 5-year tenors were 22.00% and 24.00% respectively. Total maturities for the week stood at K15.86 billion, resulting in a net withdrawal of K1.51 billion.

### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K16.02 billion from K26.33 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K13.88 billion at 12.50% (previous week: K6.79 billion at 12.50%). Access to the Lombard facility during the week in review averaged K34.68 billion at an average rate of 14.20% (previous week: K28.57 billion at 14.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 49,718.86 points (previous week: 50,283.02 points), the Domestic Share Index (DSI) closed at 39,042.04 points (previous week: 39,039.71 points) and the Foreign Share Index (FSI) closed at 6,638.60 points (previous week: 7,282.68 points). The decrease the MASI was due to share price losses in FDH Bank, and ICON, despite share price gains in Airtel, Sunbird, NITL, NBM, and Standard Bank. The decrease in FSI was due to the share price loss in FMBCH. A total volume of 2.62 million shares were traded during the week at a value of K62.41 million in 65 deals (Source: MSE).

## 3. Local Market Developments

The International Monetary Fund (IMF) held discussions with the Malawi government between May and June 2022 regarding the government's request for a four-year Extended Credit Facility (ECF) arrangement. The authorities have requested this arrangement in the back of the protracted balance of payments problem. While IMF support and its catalytic role in mobilizing donor support are critical at this juncture, being able to restore debt sustainability and resolving the misreporting case are pre-requisites for such support. As the authorities are addressing these issues, the IMF team conducted a mission to agree on macroeconomic framework, policies, and reforms (Source: IMF).

## 4. Regional Developments in the Week

The IMF reported that it had reached a staff-level agreement with Tanzania on an ECF arrangement worth around US\$1.00 billion. The medium-term program is centred on supporting the economic recovery from the scarring effects of COVID-19 and coping with spill-overs from the war in Ukraine, while preserving macroeconomic stability. The funding is conditional until approval is granted from the IMF's executive board (Source: Reuters).

## 5. Global Developments in the Week

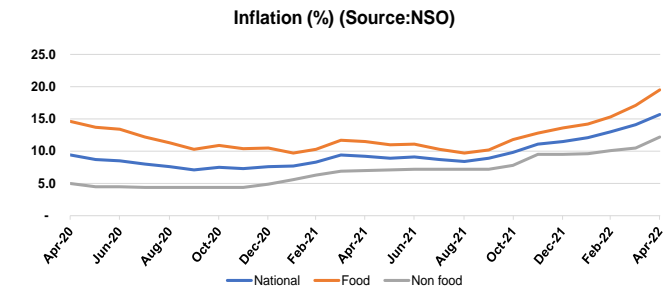
The European Central Bank (ECB) ended a long-running stimulus scheme and said it would deliver its first interest rate in July 2022 since 2011, followed by a potentially larger move in September 2022. With inflation at a record-high of 8.10% and still rising, the ECB now fears that price growth is broadening out and could morph into a hard-to-break wage-price spiral, heralding a new era of stubbornly higher prices. The ECB said it would end quantitative easing, then raise interest rates by 25 basis points in July 2022. Supporting their case, the ECB raised its inflation projections once again, to 6.80% for this year versus a previous forecast of 5.10% (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	3-June-22	10-June-22
Counter				MK/Share	MK/Share
AIRTEL	6.08	16.51	16.02	48.51	↑ 48.54
BHL	0.00	(20.38)	1.37	11.01	
FDH Bank	7.25	8.57	3.17	14.50	↓ 14.48
ICON	2.00	9.30	0.91	12.00	↓ 11.99
ILLOVO	5.89	10.65	2.47	305.53	
MPICO	1.35	11.24	1.09	20.70	
NBM	4.93	13.37	3.27	1,000.17	↑ 1,000.19
NBS Bank	5.93	8.62	2.86	22.77	
NICO	4.92	4.87	1.22	46.75	
NITL	2.59	3.18	0.85	110.02	↑ 110.03
PCL	1.63	63.65	1.45	1,900.00	
Standard Bank	2.32	15.16	3.21	1,600.02	↑ 1,600.03
Sunbird	0.00	27.93	0.75	80.00	↑ 80.01
TNM	3.07	14.51	2.85	14.00	
FM BCH	1.12	14.63	3.70	143.00	↓ 130.00
OMU	2.57	20.91	3.36	1,600.00	
DSI	N/A	N/A	N/A	39,039.71	↑ 39,042.04
FSI	N/A	N/A	N/A	7,282.68	↓ 6,638.60
MASI	3.95	13.74	2.74	50,283.02	↓ 49,718.86

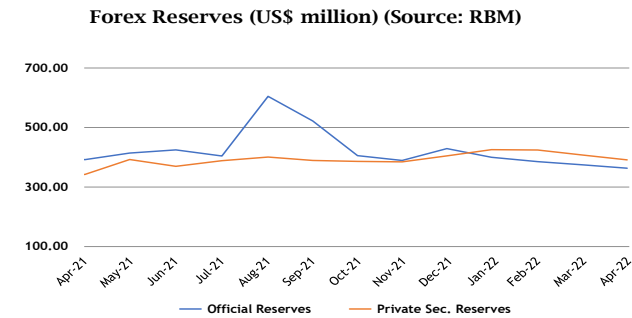
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
MASI Return (YTD)	4.52%	9.59%

### Inflation (Source: NSO)



### Forex Reserves (Source: RBM)



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

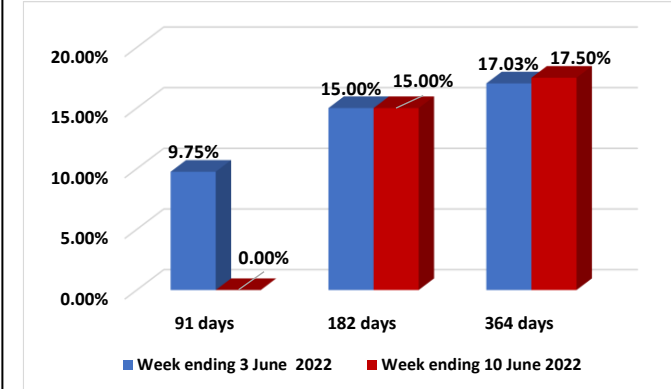
CURRENCY	3-Jun-22	10-Jun-22	% Change
MK/US Dollar	1,021.66	1,021.59	↑ 0.01%
MK/GBP	1,284.22	1,278.01	↑ 0.48%
MK/ZAR	66.19	66.18	↑ 0.02%
MK/EUR	1,098.59	1,086.57	↑ 1.09%

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

	3-Jun-22	10-Jun-22	Change
US Fed Rate	1.000%	1.000%	→ 0.000%
US Libor (3 months)	1.626%	1.688%	↑ 0.062%
US Libor (6 months)	2.109%	2.266%	↑ 0.157%
US Treasury yield (10 years)	2.942%	3.045%	↑ 0.103%
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 10 June 2022 (Source: RBM)



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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	-
182 days TB	2,000.00	15.00
364 days TB	11,499.04	17.50
3-year TN	1,580.00	22.00
5-year TN	2,290.00	24.00
<b>TOTAL</b>	<b>17,369.04</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%	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%
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.38%</b>	<b>2.90%</b>	<b>2.93%</b>

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