



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K10.43 billion from total applications of K10.43 billion, resulting in a nil rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 9.75%, 15.00%, and 17.60% respectively (previous week: 91 days: 9.75%, 182 days: 15.00%, 364 days: 17.51%). The Treasury Note (2-yr, 3-yr, 5-yr, and 10-yr) auctions held during the week raised a total of K121.37 billion from total applications of K122.20 billion, resulting in a 0.68% rejection rate. The weighted average yields were 18.78%, 22.00%, 24.00%, and 27.00% respectively. Total maturities for the week stood at K33.82 billion, resulting in a net withdrawal of K97.98 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K24.36 billion from negative 2.90 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K5.70 billion at 12.50% (previous week: K7.92 billion at 12.50%). Access to the Lombard facility during the week in review averaged K31.06 billion at an average rate of 14.20% (previous week: K38.03 billion at 14.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 49,551.11 points (previous week: 49,595.64 points), the Domestic Share Index (DSI) closed at 39,011.88 points (previous week: 39,010.39 points) and the Foreign Share Index (FSI) closed at 6,486.49 points (previous week: 6,539.01 points). The decrease in MASI was due to share price loss in NBS Bank, despite share price gains in Airtel, and NBM. The decrease in FSI was due to share price loss in FMBCH. A total volume of 2.45 million shares were traded during the week at a value of K69.09 million in 56 deals (Source: MSE).

3. Local Market Developments

According to the World Bank, Malawi's fiscal deficit increased by 1.6% to 8.7% of GDP over the 2021/22 fiscal year owing to lower-than expected revenues and spending overruns. Revenues totalled 14.6% of GDP, underperforming the revised target of 15.7% of GDP due to a shortfall in income taxes, profits, and capital gains. Expenses totalled 19.40% of GDP. This was due to spending overruns in compensation for government employees, social benefits, and interest payments. Additionally, higher-than-targeted spending on fertilizer payments under AIP, caused by high fertilizer prices and program inefficiencies, were also key to expenditure overruns. (Source: WBG).

4. Regional Developments in the Week

The Board of Directors of the African Development Fund has approved a US\$27.19 million grant to Ghana for infrastructure for skills development in the health system and job creation for youth and women in its post-Covid-19 recovery efforts. The Post-Covid-19 Skills Development and Productivity Enhancement Project, comprising two interrelated technical components and a project management component, will be implemented by Ghana's Ministry of Finance over five years - from 2022 to 2027 (Source: Reuters).

5. Global Developments in the Week

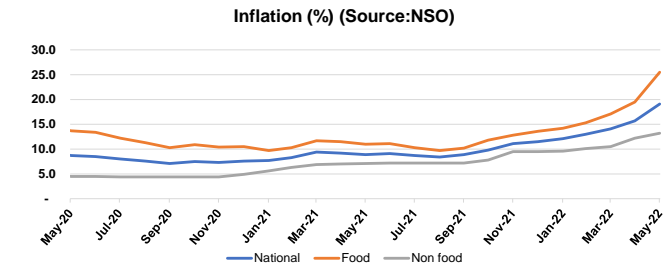
Ukrainian officials are exploring the possibility of debt restructuring as the war-ravaged country's funding options are at risk of running out. Multiple scenarios are being considered however no decision is expected until later during the year. The International Monetary Fund (IMF) is offering advice and analysis about Ukraine's financial and debt situation, and its staff have been engaging with the Ukrainian authorities since the invasion began in late February 2022 and continue to do so (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	24-June-22	1-July-22
Counter				MK/Share	MK/Share
AIRTEL	6.06	16.56	16.06	48.66	↑ 48.67
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	7.50	8.29	3.06	14.48	14.00
ICON	2.00	9.31	0.91	12.00	12.00
ILLOVO	5.89	10.65	2.47	305.53	305.53
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	4.92	13.37	3.27	1,000.23	↑ 1,000.25
NBS Bank	5.93	8.61	2.86	22.77	↓ 22.76
NICO	4.92	4.87	1.22	46.75	46.75
NITL	2.59	3.18	0.85	110.03	110.03
PCL	1.63	63.65	1.45	1,900.00	1,900.00
Standard Bank	2.32	15.16	3.21	1,600.03	1,600.03
Sunbird	0.00	27.93	0.75	80.01	80.01
TNM	3.07	14.51	2.85	14.00	14.00
FMBCH	1.14	14.29	3.28	127.99	↓ 126.93
OMU	2.57	20.91	3.36	1,600.00	1,600.00
DSI	N/A	N/A	N/A	39,010.38	↑ 39,011.88
FSI	N/A	N/A	N/A	6,539.01	↓ 6,486.49
MASI	3.98	12.55	2.65	49,595.64	↓ 49,551.11

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

	2021	2022
MASI Return (YTD)	8.38%	9.22%

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%	2.00%
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%	2.73%

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	24-Jun-22	1-Jul-22	% Change
MK/US Dollar	1,021.59	1,026.43	↓ -0.47%
MK/GBP	1,254.62	1,245.58	↑ 0.72%
MK/ZAR	64.21	62.80	↑ 2.20%
MK/EUR	1,077.07	1,074.06	↑ 0.28%

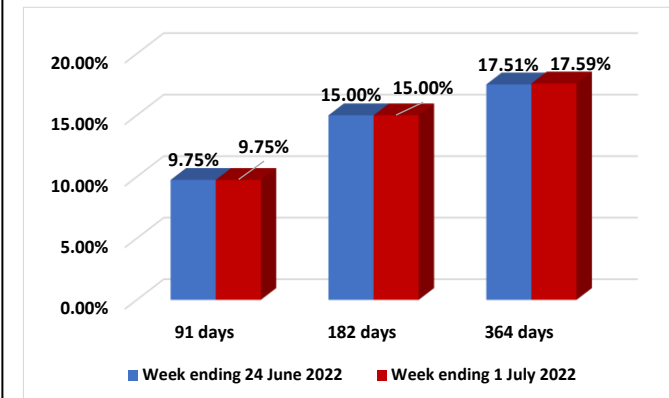
Global Market Rates (Source: Reuters, WSJ, CNBC)

	24-Jun-22	1-Jul-22	Change
US Fed Rate	1.750%	1.750%	→ 0.000%
US Libor (3 months)	2.185%	2.285%	↑ 0.100%
US Libor (6 months)	2.872%	2.935%	↑ 0.063%
US Treasury yield (10 years)	3.084%	2.926%	↓ -0.158%
BOE Rate	1.250%	1.250%	→ 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 July 2022 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	455.27	9.75
182 days TB	4,659.55	15.00
364 days TB	5,315.61	17.60
2-year TN	66,380.00	18.78
3-year TN	32,950.00	22.00
5-year TN	21,910.00	24.00
10-year TN	130.00	27.00
TOTAL	131,800.43	

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