



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 27 April 2018

1. Money Market

Government Securities

During the week under review there were Treasury bill auctions for the 91 days, 182 days and 364 days tenors in which a total of K5.96 billion was allotted against applications of K5.96 billion, resulting in nil rejection rate. The average rates for allotments were 14.00% for 91 days, 14.50% for 182 days and 15.00% for 364 days tenors. There were no Open Market Operations (OMO) during the week under review. Maturities of government securities were K44.27 billion resulting in a net injection of K38.31 billion (Source: RBM).

Interbank

Liquidity levels decreased to an average of K6.46 billion a day during the week under review from K15.88 billion a day during the previous week. Access on the Lombard Facility (Discount Window Borrowing) averaged K4.98 billion a day during the week under review increasing from K1.92 billion a day during the previous week at an average rate of 18.00%. Interbank borrowing averaged K9.24 billion per day in the week under review, increasing from K3.65 billion per day in the previous week. The average interbank borrowing rate for the week increased to 14.02% from 13.95% in the previous week (Source: RBM).

2. Stock Market

The stock market was bullish in the week under review with the Malawi All Share Index (MASI) increasing to 27,092.17 points from 26,714.45 points. This was due to an increase in both the Domestic Share Index (DSI) to 18,158.46 points from 17,846.11 points and the Foreign Share Index (FSI) to 6,743.62 points from 6,710.76 points. This was as a result of share price gain in PCL to K680.00 from K602.00, Standard Bank to K631.43 from K610.00, Sunbird to K137.13 from K134.16 and OML to K2,935.00 from K2,600.00. A total of 1,871,987 shares were transacted at a total consideration of K259.11 million in 30 deals (Source: MSE).

3. Local Development

- Old Mutual Plc has published its pre-listing statement in connection with a proposed admission of ordinary shares in OML to a primary listing on the Johannesburg Stock Exchange (JSE). Listing will take place on 26 June 2018 following receipt of requisite approvals, including approvals by Old Mutual plc shareholders. (Source: Reuters).
- The following companies have released financial statements for the year ended 31 December 2017: CDH Investment Bank has registered a profit after tax of K245.84 million from K983.26 million in the preceding financial year, Old Mutual Life Assurance Company Limited has posted K6.04 billion profit after tax from K3.97 billion and Old Mutual Pension Services Company Limited has recorded a profit after tax of K103.77 million from a loss of K7.90 million in the preceding financial year (Source: CDHIB, Old Mutual Plc)

4. Regional Developments in the Week

- Angola's oil exports will slide to their lowest in nearly 12 years in June 2018 to 1.38 million barrels per day (bpd), the lowest since December 2006 when they stood at 1.32 million bpd, after a state oil company removed two cargoes from the exporting schedule cutting the total to 43 cargoes. Oil output in the country has been steadily falling because of lack of investment in its oil fields due to oil price crash that began in 2014 (Source: Reuters).
- Egypt's non-oil exports for the first quarter of 2018 increased by 15%, reaching \$6.324 billion. The trade deficit improved by 2% owing to increased exports from the country's chemical fertilisers and clothes manufacturers, among others (Source: Reuters).

5. Global Developments in the Week

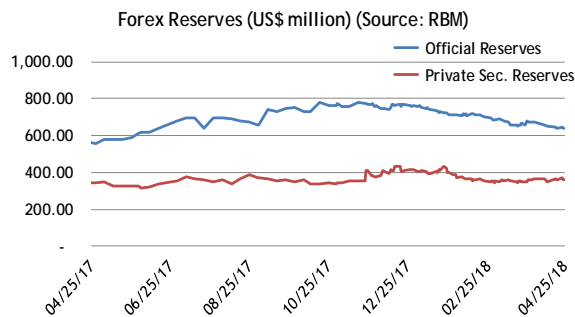
- The U.K economy registered its worst performance since the end of 2017 in the first quarter of 2018, fuelling speculation that the Bank of England will abandon plans for an interest rate increase in May 2018. The office of the National Statistics has stated that GDP barely rose by only 0.1% in the first quarter of 2018 as snow hit retail sales and disrupted building work. Services growth slowed to 0.3% and the construction output declined by 3.3% (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)

	Div yield	P/E	P/BV	20-Apr-18	27-Apr-18
Counter				MK/Share	MK/Share
Blantyre Hotels	3.57%	8.21	0.76	28.00	28.00
ILLOVO	0.00%	24.18	4.68	240.00	240.00
MPICO	0.00%	22.77	1.62	19.70	19.70
NBM	6.77%	6.95	1.64	285.00	285.00
NBS Bank	0.00%	N/A	2.02	8.70	8.70
NICO	3.13%	4.50	2.22	48.00	48.00
NITL	2.28%	3.46	0.90	56.98	56.98
PCL	3.68%	2.06	0.65	602.00	↑ 680.00
Standard Bank	1.69%	12.18	2.05	610.00	↑ 631.43
Sunbird	0.67%	6.31	1.91	134.16	↑ 137.13
TNM	3.33%	13.79	6.20	18.00	18.00
FMBCH	0.00%	39.64	6.93	130.00	130.00
Old Mutual	2.31%	12.03	1.38	2,600.00	↑ 2,935.00
DSI	2.57%	7.91	2.01	17,846.11	↑ 18,158.46
FSI	2.27%	11.20	1.41	6,710.76	↑ 6,743.62
MASI	2.28%	11.84	1.43	26,714.45	↑ 27,092.17

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

	2017	2018
MASI Return (YTD)	14.14%	25.44%



Foreign Exchange Reserves (Source: RBM)

	18-Apr-18	25-Apr-18
	(US\$ million)	(US\$ million)
Gross Official	642.47	639.69
Private Sector	366.43	359.07
Total	1,008.90	998.76

	Import Cover (Months)	Import Cover (Months)
Gross Official	3.07	3.06
Private Sector	1.75	1.72
Total	4.82	4.78

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	20-Apr-18	27-Apr-18	% Change
MK/US Dollar	725.61	725.92	↓ -0.04%
MK/GBP	1,021.52	1,011.06	↑ 1.02%
MK/ZAR	60.63	58.61	↑ 3.33%
MK/EUR	895.48	879.09	↑ 1.83%

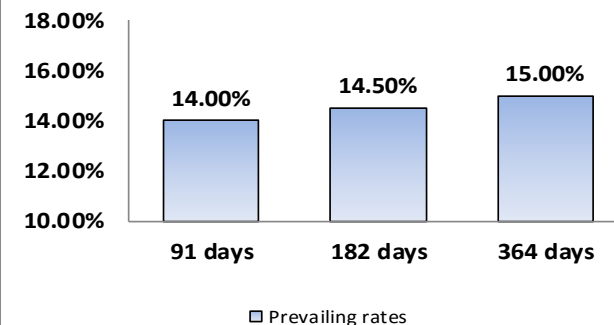
Global Market Rates (Source: Bloomberg, WSJ)

	20-Apr-18	27-Apr-18	% Change
US Fed Rate	1.750%	1.750%	→ 0.000%
US Libor (3 months)	2.359%	2.366%	↑ 0.007%
US Libor (6 months)	2.503%	2.519%	↑ 0.016%
US Treasury yield (10 years)	2.910%	2.970%	↑ 0.060%
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

Prevailing Government Security Interest Rates as at 27 April 2018 (Source: RBM)



Government Securities Auction Results for Week ending 27 April 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	288.89	14.00%
182 days TB	600.05	14.50%
364 days TB	5,068.92	15.00%
OMOs	-	-
Total	5,957.86	14.50%

Malawi Real GDP Projections

	Real GDP Growth Projections			
	2017	2018	2019	2020
EIU	4.40%	3.60%	4.80%	4.80%
IMF	4.50%	4.00%		
WORLD BANK	4.40%	4.50%	4.50%	
GOVERNMENT	5.00%			
RBM	5.10%	4.00%		
Average Real GDP	4.68%	4.03%	4.65%	4.80%

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