



**NICO Asset Managers**

**“INVEST today for tomorrow”**

# WEEKLY MARKET UPDATE

Week ending 13 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 K21.53 billion was allotted against applications of K21.53 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 K42.45 billion resulting in a net injection of K20.72 billion (Source: RBM).

### Interbank

Liquidity levels increased to an average of K15.56 billion a day during the week under review from K8.56 billion a day during the previous week. Access on the Lombard Facility (Discount Window Borrowing) averaged K2.49 billion a day during the week under review decreasing from K4.88 billion a day during the previous week at an average rate of 18.00%. Interbank borrowing averaged K5.79 billion per day in the week under review, decreasing from K10.65 billion per day in the previous week. The average interbank borrowing rate for the week decreased to 14.05% from 14.10% 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 25,044.04 points from 25,009.79 points. This was due to an increase in the Domestic Share Index (DSI) to 17,788.57 points from 17,757.36 points while the Foreign Share Index (FSI) was steady at 5,197.43. This was as a result of share price gain in National Bank to K284.14 from K280.00 which was enough to offset share price loss in NITL to K56.98 from K60.06. A total of 36,276,318 shares were transacted at a total consideration of K1.40 billion in 42 deals (Source: MSE).

## 3. Local Development

- Press Corporation Plc (PCL) has posted a 159% increase in net profit to K39.67 billion for the financial year ended 31 December 2017 compared to K15.32 billion recorded in the preceding financial year. The bank paid a first interim dividend of K600.78 million (2016: nil) representing K5.00 per share in 2017. A final dividend of K2.40 billion representing K20.00 per share has been proposed, making a total dividend of K3.00 billion (2016: K1.50 billion) representing K25.00 (2016: K12.50) per ordinary share (Source: PCL).

## 4. Regional Developments in the Week

- Zimbabwe is looking to sell shares in 35 state owned firms including telecoms and mining entities in the latest step to revive the economy under new political leadership. This would be done through engaging strategic partners and floating shares on the local stock exchange. The aim is to enhance performance and improve service delivery in these companies (Source: Reuters).
- Uganda has signed an agreement with a consortium, including a subsidiary of America's General Electric, to build and operate a planned 60,000 barrels a day oil refinery in Western Uganda that will cost US\$3 billion to US\$4 billion (Source: Reuters).

## 5. Global Developments in the Week

- The World Trade Organization (WTO) estimated that trade growth will expand by 4.4% in 2018. However, this forecast is now facing significant risks tilted to the downside because of the uncertainty over tariff policies which could affect business investment. The estimate comes amid growing fears of a global trade war between the world's largest economies, US and China (Source: BBC).

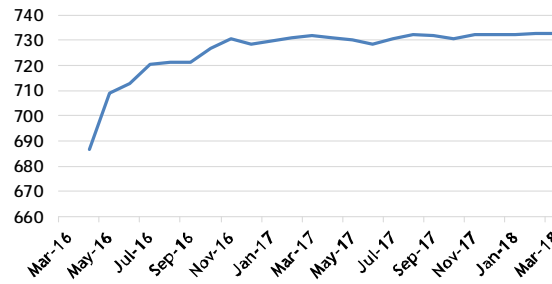
### Stock Market (Source: Malawi Stock Exchange)

	Div yield	P/E	P/BV	6-Apr-18	13-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%	21.15	1.50	19.70	19.70
NBM	6.39%	7.87	1.93	280.00	↑ 284.14
NBS Bank	0.00%	N/A	3.72	8.70	8.70
NICO	0.83%	18.31	1.56	48.00	48.00
NITL	2.33%	3.34	0.86	60.06	↓ 56.98
PCL	2.08%	4.21	0.70	602.00	602.00
Standard Bank	1.75%	11.77	1.98	610.00	610.00
Sunbird	0.84%	5.06	1.53	125.00	↑ 125.00
TNM	3.00%	15.32	6.89	18.00	18.00
FM BCH	0.00%	30.50	5.33	100.00	100.00
Old Mutual	2.29%	15.47	1.17	2,360.00	2,360.00
DSI	2.21%	11.68	2.14	17,757.36	↑ 17,788.57
FSI	2.24%	15.62	1.19	5,197.43	5,197.43
MASI	2.24%	15.26	1.23	25,009.79	↑ 25,044.04

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

	2017	2018
MASI Return (YTD)	10.54%	15.95%

USD/MWK Exchange Rate (Source: RBM)



### Foreign Exchange Reserves (Source: RBM)

	2-Apr-18 (US\$ million)	10-Apr-18 (US\$ million)
Gross Official	672.60	654.16
Private Sector	365.05	370.20
<b>Total</b>	<b>1,037.65</b>	<b>1,024.36</b>

	Import Cover (Months)	Import Cover (Months)
Gross Official	3.22	3.13
Private Sector	1.75	1.77
<b>Total</b>	<b>4.97</b>	<b>4.90</b>

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

CURRENCY	6-Apr-18	13-Apr-18	%Change
MK/US Dollar	725.75	725.75	⇒ 0.00%
MK/GBP	1,015.90	1,028.53	↓ -1.24%
MK/ZAR	60.46	60.69	↓ -0.39%
MK/EUR	888.24	896.87	↓ -0.97%

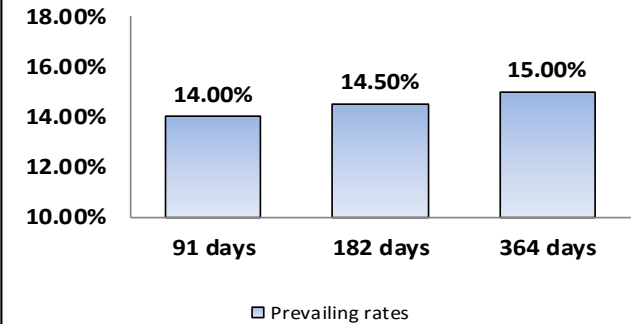
### Global Market Rates (Source: Bloomberg, WSJ)

	6-Apr-18	13-Apr-18	%Change
US Fed Rate	1.750%	1.750%	⇒ 0.000%
US Libor (3 months)	2.325%	2.342%	↑ 0.017%
US Libor (6 months)	2.460%	2.473%	↑ 0.013%
US Treasury yield (10 years)	2.820%	2.830%	↑ 0.010%
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 13 April 2018 (Source: RBM)



### Government Securities Auction Results for Week ending 13 April 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	10,990.53	14.00%
182 days TB	2,693.61	14.50%
364 days TB	7,843.09	15.00%
OMOs	-	-
<b>Total</b>	<b>21,527.13</b>	<b>14.50%</b>

### Malawi Real GDP Projections

	Real GDP Growth Projections			
	2017	2018	2019	2020
EIU	4.40%	3.60%	4.80%	4.80%
IMF	4.50%	3.00%-5.00%		
WORLD BANK	4.40%	4.50%	4.50%	
GOVERNMENT	5.00%			
RBM	5.10%	4.00%		
<b>Average Real GDP</b>	<b>4.68%</b>	<b>4.40%</b>	<b>4.65%</b>	<b>4.80%</b>

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