



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 20 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 K14.28 billion was allotted against applications of K14.28 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 K40.02 billion resulting in a net injection of K25.74 billion (Source: RBM).

Interbank

Liquidity levels increased to an average of K15.88 billion a day during the week under review from K15.56 billion a day during the previous week. Access on the Lombard Facility (Discount Window Borrowing) averaged K1.92 billion a day during the week under review decreasing from K2.49 billion a day during the previous week at an average rate of 18.00%. Interbank borrowing averaged K3.65 billion per day in the week under review, decreasing from K5.79 billion per day in the previous week. The average interbank borrowing rate for the week decreased to 13.95% from 14.05% 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 26,714.45 points from 25,044.04 points. This was due to an increase in both the Domestic Share Index (DSI) to 17,846.11 points from 17,788.57 points and the Foreign Share Index (FSI) to 6,710.76 points from 5,197.43. This was as a result of share price gain in National Bank to K285.00 from K284.14, Sunbird to K134.16 from K125.00, Old Mutual to K2,600.00 from K2,360.00 and FMBCH to K130.00 from K100.00. A total of 8,002,154 shares were transacted at a total consideration of K362.81 million in 49 deals (Source: MSE).

3. Local Development

- The year-on-year headline inflation for March 2018 was recorded at 9.9% from 7.8% in February 2018. However, the month-on-month inflation rate stood at negative 0.9% decreasing from 2.1% recorded in February 2018. Both food and non-food year-on-year inflation rates increased to 10.6% and 9.7% in March 2018 from 7.3% and 9.4% recorded in February 2018 respectively (Source: NSO).
- The Malawi Energy Regulatory Authority (MERA) has maintained fuel prices at current levels of K824.70 per litre for petrol, K815.80 per litre for diesel and K648.70 per litre for paraffin. This decision comes at a time when the average free on board (fob) prices of these petroleum products rose by 23.59%, 24.14% and 29.72% respectively in March 2018 when compared to the averages obtained in October 2016 fob prices which form the basis of the ruling pump prices. This led to an increase in their respective landed costs by 6.29%, 12.76% and 15.45% (Source: MERA).

4. Regional Developments in the Week

- The World Bank has projected Sub-Saharan Africa real economic growth rate of 3.1% in 2018, marginally slower than the 3.2% it previously forecast but faster than last year's 2.6% growth rate, owing to rising commodity prices. These forecasts are based on the expectations that oil and metals prices will remain stable, expansion in global trade will stay robust, and external financial market conditions will continue to be supportive (Source: Reuters).
- The President of Ghana has stated that the country aims to bring inflation down to single digits in 2018 at around 8.9%. He has forecasted economic growth of 8.3% in 2018. Inflation in Ghana has been persistently in the double digits since October 2013 (Source: Reuters).

5. Global Developments in the Week

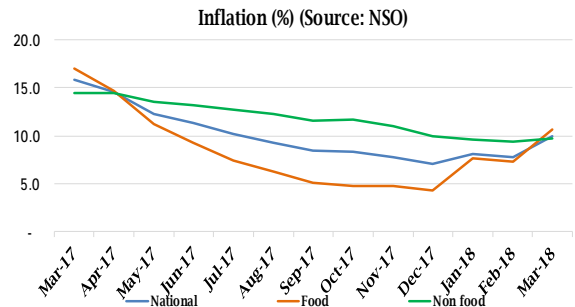
- The underlying euro-area inflation which tracks domestically generated price pressures accelerated slightly in March 2018. It climbed to 1.2%, the highest level since early 2014. While the move is deemed too small for the European Central Bank to significantly shift the outlook for monetary policy, it will allow the Governing Council to continue moving toward the exit from its quantitative easing program (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)

	Div yield	P/E	P/BV	13-Apr-18	20-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	284.14	↑ 285.00
NBS Bank	0.00%	N/A	3.72	8.70	8.70
NICO	0.83%	18.31	1.56	48.00	48.00
NITL	2.28%	3.46	0.90	56.98	56.98
PCL	4.15%	1.82	0.58	602.00	602.00
Standard Bank	1.75%	11.77	1.98	610.00	610.00
Sunbird	0.69%	6.17	1.87	125.00	↑ 134.16
TNM	3.33%	13.79	6.20	18.00	18.00
FM BCH	0.00%	39.64	6.93	100.00	↑ 130.00
Old Mutual	2.61%	10.65	1.22	2,360.00	↑ 2,600.00
DSI	2.48%	8.68	1.95	17,788.57	↑ 17,846.11
FSI	2.55%	10.84	1.25	5,197.43	↑ 6,710.76
MASI	2.55%	10.67	1.28	25,044.04	↑ 26,714.45

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

	2017	2018
MASI Return (YTD)	13.46%	23.69%



Foreign Exchange Reserves (Source: RBM)

	10-Apr-18 (US\$ million)	18-Apr-18 (US\$ million)
Gross Official	654.16	642.47
Private Sector	370.20	366.43
Total	1,024.36	1,008.90

	Import Cover (Months)	Import Cover (Months)
Gross Official	3.13	3.03
Private Sector	1.77	1.75
Total	4.90	4.78

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	13-Apr-18	20-Apr-18	% Change
MK/US Dollar	725.75	725.61	↓ 0.02%
MK/GBP	1,028.53	1,021.52	↓ 0.68%
MK/ZAR	60.69	60.63	↓ 0.11%
MK/EUR	896.87	895.48	↓ 0.16%

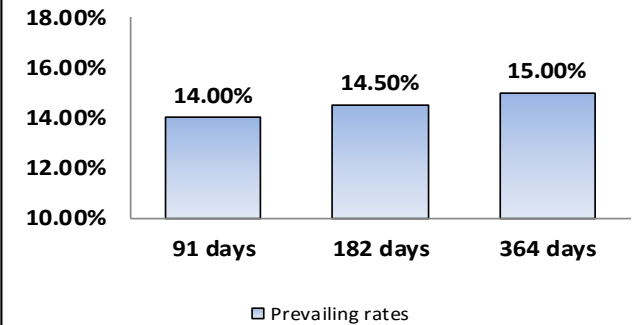
Global Market Rates (Source: Bloomberg, WSJ)

	13-Apr-18	20-Apr-18	% Change
US Fed Rate	1.750%	1.750%	↔ 0.000%
US Libor (3 months)	2.342%	2.359%	↑ 0.017%
US Libor (6 months)	2.473%	2.503%	↑ 0.031%
US Treasury yield (10 years)	2.830%	2.910%	↑ 0.080%
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 20 April 2018 (Source: RBM)



Government Securities Auction Results for Week ending 20 April 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	709.87	14.00%
182 days TB	2,030.34	14.50%
364 days TB	11,541.62	15.00%
OMOs	-	-
Total	14,281.83	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%	3.00%-5.00%		
WORLD BANK	4.40%	4.50%	4.50%	
GOVERNMENT	5.00%			
RBM	5.10%	4.00%		
Average Real GDP	4.68%	4.40%	4.65%	4.80%

Contacts:

Head Office

NICO Asset Managers Limited, 19 Glyn Jones Road
Chibisa House, P.O. Box 3173, Blantyre
Tel No: 01 832 085/086
Email: invest@nicoassetmanagers.com, Website: www.nicoassetmanagers.com, NICO Asset Managers/Facebook

Lilongwe Branch

NICO Asset Managers Limited, Corner Kenyatta Drive
NICO Centre, P.O. Box 30729, Lilongwe 3
Tel No: 01 757 086