



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 6 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 K22.49 billion was allotted against applications of K22.49 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 K34.83 billion resulting in a net injection of K12.34 billion (Source: RBM).

Interbank

Liquidity levels decreased to an average of K8.56 billion a day during the week under review from K15.66 billion a day during the previous week. Access on the Lombard Facility (Discount Window Borrowing) averaged K4.88 billion a day during the week under review from K8.37 billion a day during the previous week at an average rate of 18.00%. Interbank borrowing averaged K10.65 billion per day in the week under review, increasing from K9.74 billion per day in the previous week. The average interbank borrowing rate for the week increased to 14.10% from 13.92% in the previous week (Source: RBM).

2. Stock Market

The stock market was bearish in the week under review with the Malawi All Share Index (MASI) decreasing to 25,009.79 points from 25,286.79 points. This was due to a decrease in the Domestic Share Index (DSI) to 17,757.36 points from 18,009.73 points while the Foreign Share Index (FSI) was steady at 5,197.4. This was as a result of share price loss in TNM to K18.00 from K20.00 which was enough to offset share price gains in MPICO to K19.70 from K18.30, NITL to K60.06 from K55.00 and Sunbird to K125.00 from K110.05. A total of 28,701,017 shares were transacted at a total consideration of K1.55 billion in 26 deals (Source: MSE).

3. Local Development

- National Bank of Malawi Plc has posted a 15% increase in net profit to K19.15 billion for the financial year ended 31 December 2017 compared to K16.61 billion recorded in the preceding financial year. The bank paid a first interim dividend of K3.3 billion (2016: K3 billion) and a second interim dividend of K1.5 billion (2017: 1.5 billion) in 2017. A final dividend of K4.2 billion has been proposed, making a total dividend of K9.015 billion in respect of 2017 profits representing K19.03 (2016: K17.88) per ordinary share (Source: NBM Plc).

4. Regional Developments in the Week

- The Botswana Power Corporation (BPC) has increased electricity tariffs by 10% effective 1 April 2018 in an attempt to recover losses the company has been making. BPC has made operating losses for years due to high import costs, non-performing assets and operational inefficiencies (Source: Reuters).
- Kenya's Monetary Policy Committee will hold its next rate-setting meeting on 28 May 2018. At its last meeting in March, the bank cut its benchmark lending rate to 9.5% from 10.0% previously, the first cut since September 2016 (Source: Reuters).

5. Global Developments in the Week

- OPEC oil output fell in March to an 11-month low due to declining Angolan exports, Libyan outages and a further slide in Venezuelan output, sending compliance with a supply-cutting deal to another record. OPEC members pumped 32.19 million barrels per day (bpd) in March 2018, down by 90,000 bpd from February 2018, which is said to be the lowest since April 2017. Oil has topped US\$71 a barrel this year for the first time since 2014, and was trading above US\$67 a barrel on 4 April 2018 (Source: Reuters).
- The U.S payroll rose below forecast in March 2018 while wages picked up, returning the labour market progress to a more sustainable pace. Payrolls rose 103,000 compared to an estimate of 185,000. The jobless rate was 4.1% for the sixth month, while average hourly earnings increased 2.7% from a year earlier, matching projections (Source: Bloomberg).

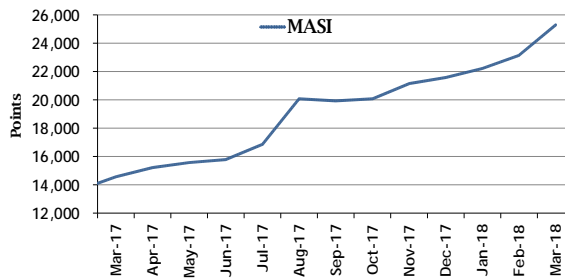
Stock Market (Source: Malawi Stock Exchange)

	Div yield	P/E	P/BV	29-Mar-18	6-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	18.30	↑ 19.70
NBM	6.39%	7.87	1.93	280.00	280.00
NBS Bank	0.00%	N/A	3.72	8.70	8.70
NICO	0.83%	18.31	1.56	48.00	48.00
NITL	2.33%	3.34	0.86	55.00	↑ 60.06
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	110.05	↑ 125.00
TNM	3.00%	15.32	6.89	20.00	↓ 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	18,009.73	↓ 17,757.36
FSI	2.24%	15.62	1.19	5,197.43	5,197.43
MASI	2.24%	15.26	1.23	25,286.79	↓ 25,009.79

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

	2017	2018
MASI Return (YTD)	9.44%	15.80%

Malawi Stock Exchange Performance (Source: MSE)



Foreign Exchange Reserves (Source: RBM)

	27-Mar-18 (US\$ million)	2-Apr-18 (US\$ million)
Gross Official	678.77	672.60
Private Sector	349.16	365.05
Total	1,027.93	1,037.65

	Import Cover (Months)	Import Cover (Months)
Gross Official	3.25	3.22
Private Sector	1.67	1.75
Total	4.92	4.97

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	29-Mar-18	6-Apr-18	% Change
MK/US Dollar	725.69	725.75	↓ -0.01%
MK/GBP	1,021.77	1,015.90	↑ 0.575%
MK/ZAR	61.71	60.46	↑ 2.023%
MK/EUR	894.77	888.24	↑ 0.730%

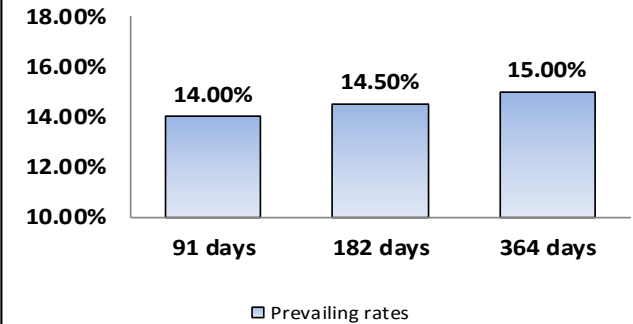
Global Market Rates (Source: Bloomberg, WSJ)

	29-Mar-18	6-Apr-18	% Change
US Fed Rate	1.250%	1.250%	↔ 0.000%
US Libor (3 months)	2.302%	2.325%	↑ 0.023%
US Libor (6 months)	2.453%	2.460%	↑ 0.007%
US Treasury yield (10 years)	2.760%	2.820%	↑ 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 6 April 2018 (Source: RBM)



Government Securities Auction Results for Week ending 6 April 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	600.00	14.00%
182 days TB	6,007.93	14.50%
364 days TB	15,879.63	15.00%
OMOs	-	-
Total	22,487.56	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%

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