



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 4 May 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 K8.59 billion was allotted against applications of K8.59 billion, resulting in 0.00% 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 K7.49 billion resulting in a net withdraw of K1.11 billion (Source: RBM).

Interbank

Liquidity levels decreased to an average of K3.51 billion a day during the week under review from K6.46 billion a day during the previous week. Access on the Lombard Facility (Discount Window Borrowing) averaged K16.21 billion a day during the week under review increasing from K4.98 billion a day during the previous week at an average rate of 18.00%. Interbank borrowing averaged K6.65 billion per day in the week under review, decreasing from K9.24 billion per day in the previous week. The average interbank borrowing rate for the week increased to 14.30% from 14.02% in the previous week (Source: RBM).

2. Stock Market

The stock market was steady in the week under review with the Malawi All Share Index (MASI) recorded at 27,092.17 points. This was due to non-movement in both the Domestic Share Index (DSI) and the Foreign Share Index (FSI) which were recorded at 18,158.46 points and 6,743.62 points respectively. There were no share price changes during the week under review. A total of 43,680,044 shares were transacted at a total consideration of K1.76 billion in 18 deals (Source: MSE).

3. Local Development

- The Executive Board of the International Monetary Fund (IMF) on 30 April 2018 approved a new three-year arrangement for Malawi under the Extended Credit Facility (ECF) for Special Drawing Rights (SDR) worth SDR78.075 million (about US\$112.3 million), an equivalent of 56.25% of Malawi's quota in the IMF, to support the country's economic and financial reforms. The Executive Board's decision enables an immediate disbursement of SDR11.15 million (about US\$16 million) with the remaining amount phased over the duration of the program, subject to semi-annual reviews (Source: IMF).
- Blantyre Hotels Plc held an Annual General Meeting on 2 May 2018 and approved payment of final dividend of K19.4 million translating to K0.15 per share (Source: BHL Plc).

4. Regional Developments in the Week

- Business confidence in Mauritius continued to improve in the first quarter of 2018 as shown by the country's Chamber of Commerce and Industry's quarterly business confidence index which climbed by 4.1% to 128.1 points. This is the first time such increases have been sustained for more than four quarters since the indicator was launched in 2011 (Source: Reuters).
- Algeria plans to lift a ban on imports of cell phones, household appliances and food whilst bringing high customs duties instead, a new attempt to generate more tax revenue to ease pressure on state finances. The country brought in the import ban at the start of this year with the aim of reducing spending after a fall in energy earnings (Source: Reuters).

5. Global Developments in the Week

- The Euro Zone economy looks set for further weakness this month after private sector activity slowed for a third month in April 2018. A composite purchasing managers' index released on 4 May 2018 was recorded at 55.1 below the estimate of 55.2 and the lowest since 2017. This was due to services, which dropped more than initially estimated to 54.7 (Source: Bloomberg).

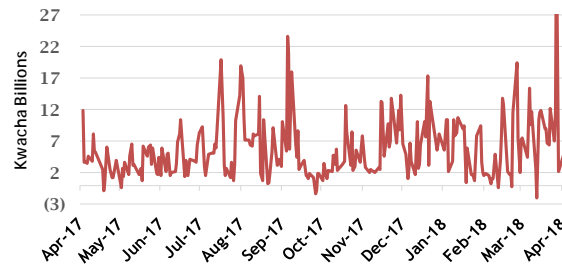
Stock Market (Source: Malawi Stock Exchange)

	Div yield	P/E	P/BV	27-Apr-18	4-May-18
Counter				MK/Share	MK/Share
Blantyre Hotels	4.11%	7.14	0.70	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	680.00	680.00
Standard Bank	1.69%	12.18	2.05	631.43	631.43
Sunbird	0.67%	6.31	1.91	137.13	137.13
TNM	3.33%	13.79	6.20	18.00	18.00
FM BCH	0.00%	39.64	6.93	130.00	130.00
Old Mutual	2.31%	12.03	1.38	2,935.00	2,935.00
DSI	2.57%	7.91	2.01	18,158.46	18,158.46
FSI	2.27%	12.20	1.41	6,743.62	6,743.62
MASI	2.28%	11.84	1.43	27,092.17	27,092.17

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

	2017	2018
MASI Return (YTD)	17.16%	25.44%

Liquidity (Source:RBM)



Foreign Exchange Reserves (Source: RBM)

	25-Apr-18 (US\$ million)	2-May-18 (US\$ million)
Gross Official	639.69	634.21
Private Sector	359.07	375.48
Total	998.76	1,009.69

	Import Cover (Months)	Import Cover (Months)
Gross Official	3.06	3.03
Private Sector	1.72	1.80
Total	4.78	4.83

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	27-Apr-18	4-May-18	% Change
MK/US Dollar	725.92	726.04	↓ -0.02%
MK/GBP	1,011.06	985.60	↑ 2.52%
MK/ZAR	58.61	57.66	↑ 1.63%
MK/EUR	879.09	870.23	↑ 1.01%

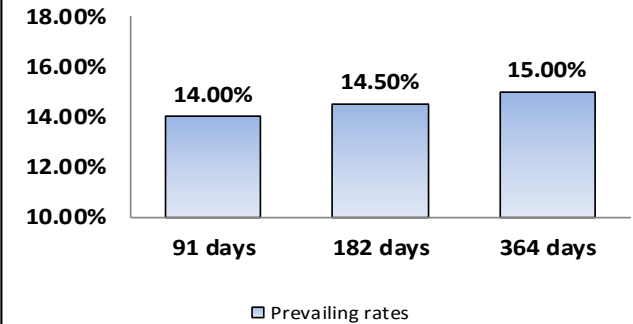
Global Market Rates (Source: Bloomberg, WSJ)

	27-Apr-18	4-May-18	% Change
US Fed Rate	1.750%	1.750%	⇒ 0.000%
US Libor (3 months)	2.366%	2.363%	↓ -0.003%
US Libor (6 months)	2.519%	2.513%	↓ -0.007%
US Treasury yield (10 years)	2.970%	2.940%	↓ -0.030%
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 4 May 2018 (Source: RBM)



Government Securities Auction Results for Week ending 4 May 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	1,441.81	14.00%
182 days TB	2,682.69	14.50%
364 days TB	4,468.23	15.00%
OMOs	-	-
Total	8,592.38	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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