



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 17 August 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 K4.36 billion was allotted against applications of K8.42 billion resulting in a 48% 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.

2. Stock Market

The stock market was slightly bearish during the week under review with the Malawi All Share Index (MASI) decreasing to 31,281.87 points from 31,282.19 points. This was due to a decrease in the Domestic Share Index (DSI) to 20,530.76 from 20,531.06 points while the Foreign Share Index (FSI) remained steady at 8,237.32 points. The decline was as a result of share price loss in MPICO to K19.45 from K19.50 which was enough to offset the share price gain in TNM to K25.01 from K25.00 (Source: MSE).

3. Local Development

- The Malawi Stock Exchange (MSE) has released its Monthly Market Report for July 2018, which has stated that the local stock exchange market performance was positive in the month under review. The market transacted a total of 13,787,978 shares at a total consideration of MK590,259,713.23 (US\$813,416.67) in 97 trades. In June 2018, the market transacted a total of 6,468,082 shares at a total consideration of MK213,441,483.83 (US\$294,129.07) in 86 trades. This reflects a 113.17% increase in terms of share volume and a 176.54% increase in share value. Of the total shares traded, 10,000,000 NICO shares were traded as a special bargain (Source: MSE).
- The Tobacco Control Commission's (TCC) cumulative tobacco sales results for week eighteen of the tobacco marketing season has shown that 171.61 million kilograms have been sold, representing 61.21% increase compared to 106.45 million kilograms sold in the previous corresponding period. The value of tobacco was recorded at US\$296.94 million, increasing from US\$212.38 million recorded in the previous corresponding period. However, the average tobacco price was recorded at US\$1.73/kg from US\$2.00/kg from the previous corresponding period, representing a 13.28% decline (Source: TCC).

4. Regional Developments in the Week

- Egypt's central bank left its bank rate unchanged on 16 August 2018 at 17.75% and the overnight deposit rate at 16.75%, citing a second quarter of strong GDP growth and expected decline in inflation to single digits meant its monetary targets were on course. GDP grew by 5.4% for a second quarter in a row and the bank's target for headline inflation remained on track despite rising to 13.5% year-on-year in July 2018 from 11.4% in May 2018 (Source: Reuters).
- Angola plans to launch a new agency in 2019 to manage and sell oil, a move which will reduce the dominance of the state-owned energy firm Sonangol over the sector, which has been criticised for a lack of transparency as both producer and regulator. Angola hopes that the shift will help reverse a decline in oil output in the country by reducing bureaucracy and speeding up the pace at which company investments can be approved (Source: Reuters).

5. Global Developments in the Week

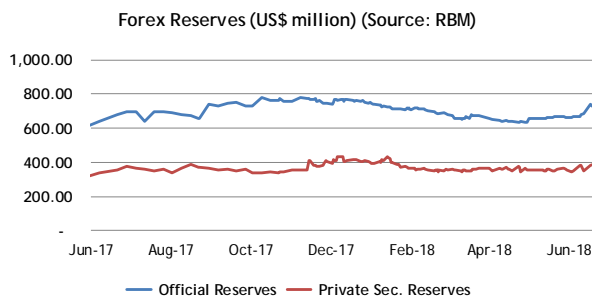
- Canada's inflation reached 3% in July 2018 for the first time since 2011, reaching the upper end of the central bank's 1% to 3% inflation target range. Much of the acceleration was driven by a surge in air transport and travel tour prices. This unexpected inflation increase adds pressure on the Bank of Canada to accelerate interest rate increases. (Source: Bloomberg).
- The U.S consumer sentiment unexpectedly fell to the lowest level on 17 August 2018 in almost a year amid a major drop in purchases of major items and persistent concerns about trade tensions. Consumers continue to express concern about how trade tensions may affect the economy. Negative references to levies remained widespread, with 32% citing unfavourable references to the U.S trade policies (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)

	Div yield	P/E	P/BV	10-Aug-18	17-Aug-18
Counter				MK/Share	MK/Share
Blantyre Hotels	14.38%	13.26	1.31	8.00	8.00
ILLOVO	0.00%	24.18	4.68	240.00	240.00
MPICO	0.93%	8.78	1.62	19.50	↓ 19.45
NBM	6.23%	7.56	1.79	310.01	310.01
NBS Bank	0.00%	-23.08	2.01	8.66	8.66
NICO	2.78%	5.06	2.50	54.00	54.00
NITL	1.73%	4.56	1.18	75.00	75.00
PCL	3.24%	2.34	0.74	772.00	772.00
Standard Bank	1.59%	12.93	2.18	670.00	670.00
Sunbird	0.63%	15.58	2.02	145.00	145.00
TNM	2.40%	19.16	8.62	25.00	↑ 25.01
FMBCH	0.00%	14.81	3.60	159.99	159.99
OMU	0.00%	10.36	1.54	2,513.25	2,513.25
DSI	2.36%	13.18	3.98	20,531.06	↓ 20,530.76
FSI	0.00%	14.19	3.48	8,237.32	8,237.32
MASI	1.70%	13.47	3.84	31,282.19	↓ 31,281.87

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

	2017	2018
MASI Return (YTD)	39.66%	44.84%



Foreign Exchange Reserves (Source: RBM)

	8-Aug-18 (US\$ million)	13-Aug-18 (US\$ million)
Gross Official	752.79	750.70
Private Sector	348.13	348.95*
Total	1,100.92	1,099.65

	Import Cover (Months)	Import Cover (Months)
Gross Official	3.60	3.59
Private Sector	1.67	1.67*
Total	5.27	5.26

*As at 10 August 2018

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	10-Aug-18	17-Aug-18	% Change
MK/US Dollar	726.11	726.16	↓ -0.01%
MK/GBP	929.56	923.97	↑ 0.60%
MK/ZAR	52.91	49.51	↑ 6.41%
MK/EUR	831.10	826.30	↑ 0.58%

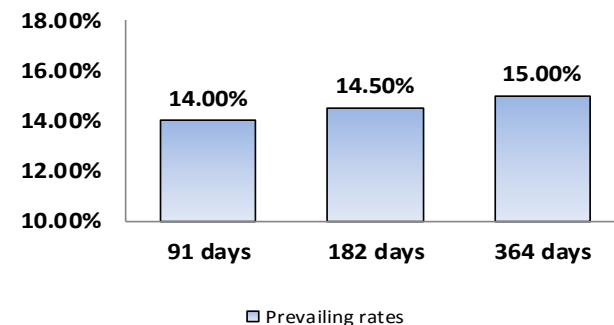
Global Market Rates (Source: Bloomberg, WSJ)

	10-Aug-18	17-Aug-18	% Change
US Fed Rate	2.000%	2.000%	↔ 0.000%
US Libor (3 months)	2.341%	2.323%	↓ -0.018%
US Libor (6 months)	2.529%	2.514%	↓ -0.015%
US Treasury yield (10 years)	2.960%	2.860%	↓ -0.100%
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 17 August 2018 (Source: RBM)



Government Securities for Week ending 17 August 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	941.40	14.00%
182 days TB	249.33	14.50%
364 days TB	3,170.81	15.00%
OMOs	-	-
Total	4,361.54	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	4.00%	3.70%		
GOVERNMENT	5.00%	4.50%	6.00%	6.00%
RBM	5.10%	4.00%		
Average Real GDP	4.60%	3.96%	5.40%	5.40%

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