



NICO Asset Managers
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WEEKLY MARKET UPDATE

Week ending 2 November 2018

1. Money Market

Government Securities

For the week ending 2 November, K14.64 billion worth of treasury bills were applied for, of which 60% (K8.78 billion) was allotted across the 3 traditional tenures. No rejections were noted for the 91 day and 364 day papers whilst K3.57 billion was allotted to the 182 day paper against total applications amounting to K9.42 billion. The average rates for the allotments were 14% for the 91 days, 14.5% for the 182 days and 15% for the 364 day paper.

Maturities for the week totaled K29.43 billion culminating in a net injection of K20.65 billion. (Source: RBM)

Interbank

Liquidity levels went down from an average of K9.93 billion for the week ending 26 October 2018, to K4.78 billion for the week under review. Access on the Lombard Facility (Discount Window Borrowing) averaged K 5.23 billion a day during the week under review, up from K2.26 billion a day in the previous week at an average rate of 18.00%. The Interbank borrowing volume averaged K9.01 billion per day in the week under review, increasing from K5.82 billion per day in the previous week. The average interbank borrowing rate for the week was 14.86%, slightly lower than the previous week's 14.91% (Source: RBM).

2. Stock Market

The bearish trade continued on the bourse during the week under review resulting in all the indices losing ground. The Domestic Share Index (DSI) declined from 21,116.50 points to 20,936.54 points, whilst the Foreign Share Index (FSI) moved down marginally from 7,197.38 points to 7,196.88 points. Overall, the Malawi All Share Index (MASI) ended the week at 30,620.09 points down 0.64% from 30,818.01 points. The greatest loss for the week was in TNM which went down by 3.88% to MK 24.50, whilst marginal losses were recorded in Illovo, NITL and FMBC. A 2.28% gain was registered in BHL which closed at MK 12.58. The total volume traded for the week was 9.12 million shares, valued at K 416.85 million. The closing market capitalisation for the week was K 1.36 trillion. (Source: MSE).

3. Local Development

- The African Development Bank Group has approved a US\$15.5 million grant from the African Development Fund (ADF) for a water supply and sanitation project estimated to cost US\$30.4 million. The project named The Nkhata Bay Town Water Supply Project is expected to immensely improve water supply and sanitation at the resort port town, which is also a main link on the Mtwara development corridor, connecting Malawi, Tanzania and Zambia. (Source: African Development Bank).
- About 3.3 million people from parts of Central and Southern Malawi have been deemed to be in need of food assistance during the lean season. The report by the Malawi Vulnerability Assessment Committee attributes this to the high production losses that were recorded during the last production season. (Source: Relief Web International)
- The RBM estimates that inflation forecast for the fourth quarter (October to December) has shifted from 10.2 percent in June to 10.9 percent, whilst the average inflation for 2018 is expected to be 9.5% up from the earlier estimate of 8.9%. (Source: RBM)

4. Regional Developments in the Week

- Invectus Energy, an Australian mining firm, is set to sink an exploration well in Zimbabwe's Muzarabani district in a bid to determine whether commercial drilling is feasible. This was announced by Zimbabwe's president Emmerson Mnangagwa who said there has been a discovery of potential oil and gas deposits in the north of the country. Should the feasibility studies turn out positive, this could provide an additional avenue to help the nation shore up its ailing economy (Source: BBC).

5. Global Developments in the Week

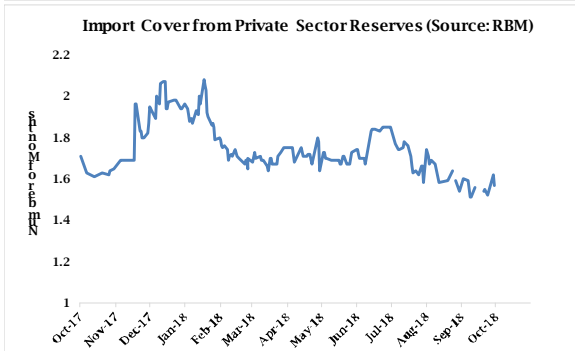
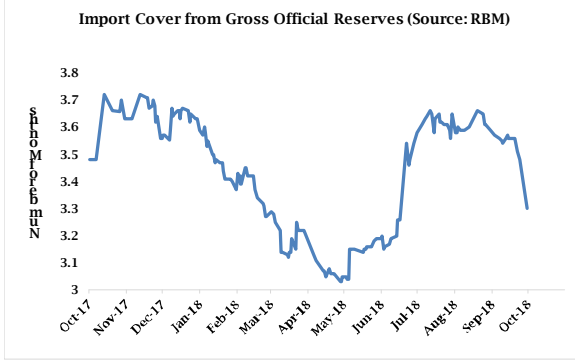
- Global shares were reported to have rallied this week on the back of news that the U.S. President is working on resolving the trade war with China. The Japanese Nikkei stock index went up by 2.6%, however by close of trade Friday, stock gains had lowered as the future of the U.S-China trade deal remains unclear. (Source: Reuters)

Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	26-Oct-18	02-Nov-18
Counter				MK/Share	MK/Share
Blantyre Hotels	9.35	20.39	2.01	12.30	↑ 12.58
ILLOVO	0.00	20.64	3.99	204.85	↓ 204.84
MPICO	0.92	8.80	1.62	19.50	19.50
NBM	5.85	8.05	1.90	330.03	↑ 332.00
NBS Bank		-26.67	2.33	10.01	10.01
NICO	2.94	4.78	2.36	50.99	50.99
NITL	1.51	5.23	1.35	86.00	↓ 85.99
PCL	2.38	3.18	1.01	1,050.00	1,050.00
Standard Bank	1.59	12.93	2.18	670.00	670.00
Sunbird	0.63	15.58	2.02	145.00	145.00
TNM	2.35	19.52	8.78	25.49	↓ 24.50
FMBCB	0.00	12.86	3.13	139.00	↓ 138.99
OMU	0.00	10.36	1.54	2,513.25	2,513.25
DSI	N/A	N/A	N/A	21,116.50	↓ 20,936.54
FSI	N/A	N/A	N/A	7,197.38	↓ 7,196.88
MASI	N/A	N/A	N/A	30,818.01	↓ 30,620.09

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

	2017	2018
MASI Return (YTD)	52.25%	41.77%



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	26-Oct-18	2-Nov-18	% Change
MK/US Dollar	728.98	729.04	↓ -0.01%
MK/GBP	934.27	947.82	↓ -1.45%
MK/ZAR	49.70	50.94	↓ -2.49%
MK/EUR	828.42	832.13	↓ -0.45%

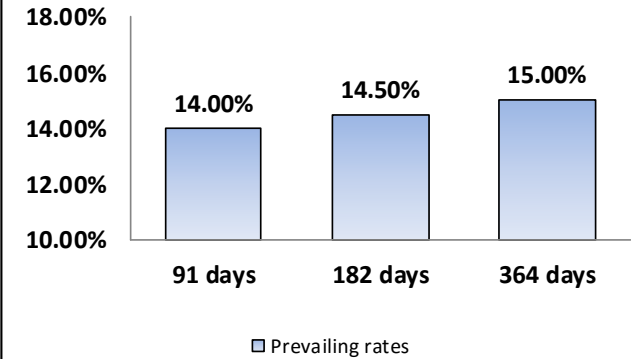
Global Market Rates (Source: Bloomberg, WSJ, CNBC)

	26-Oct-18	2-Nov-18	Change
US Fed Rate	2.250%	2.250%	→ 0.000%
US Libor (3 months)	2.508%	2.580%	↑ 0.072%
US Libor (6 months)	2.760%	2.820%	↑ 0.060%
US Treasury yield (10 years)	3.136%	3.180%	↑ 0.044%
BOE Rate	0.750%	0.750%	→ 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 2 November 2018 (Source: RBM)



Government Securities for Week ending 2 November 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	434.86	14.00%
182 days TB	3,568.36	14.50%
364 days TB	4,776.35	15.00%
Treasury Notes	N/A	N/A
Total	8,779.57	14.50%

Malawi Real GDP Projections

	Real GDP Growth Projections			
	2017	2018	2019	2020
EIU	4.40%	3.60%	4.50%	4.50%
IMF	4.50%	3.30%	4.70%	
WORLD BANK	4.40%	3.70%	4.10%	4.94%
GOVERNMENT	5.00%	4.50%	6.00%	6.00%
RBM	5.10%	4.00%		
Average Real GDP	4.68%	3.82%	4.83%	5.15%

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