



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 16 November 2018

1. Money Market

Government Securities

All treasury bill applications on the 91-day, 182-day and 364-day paper were rejected during this week's **auctions** held on 13 and 15 November 2018. The applications on the 13th were K3.41 billion for 91-day paper, K5.94 billion for 182-day paper and K2.05 billion for 364-day paper. On the 15th the rejected applications comprised of K4.25 billion, K2.33 billion and K0.43 billion were made for the 91-day, 182-day and 364-day paper respectively. (Source: RBM)

Interbank

The liquidity level improved during the week ending 16 November 2018 as it increased from K3.25 billion for the week ending 9 November to K7.35 billion. Access on the Lombard Facility (Discount Window Borrowing) averaged K647.50 million a day down from K5.20 billion a day in the previous week although the rate was unchanged at 18.00%. The Interbank borrowing volume improved significantly to a weekly average of K9.43 billion up from the K5.52 billion per day recorded in the previous week. The average interbank borrowing rate for the week was 14.85%, down **from the previous week's 14.96%** (Source: RBM).

2. Stock Market

Trade was mixed during the week under review, resulting in the Malawi All Share Index ending the week down 5.71% at 27,048.50 points. The Domestic Share Index (DSI) and the Foreign Share Index also lost ground, the former went down 0.02% to 20,995.48 points, whilst the later was down 38.87% to close at 3,778.77 points. Counters whose prices declined include FM BCH which lost 30.69% to K70.00, PCL went down 4.27% to K1,100, Illovo lost 2.36% to K200.00, Mpico lost 14.84% closing at K13.20. Gainers for the week were, TNM (up 5.31% to K25.80), NBS went up 4.90% to K10.50, whilst BHL recorded the least upward movement of only 0.08% to K13.00. The total volume traded for the week was 3.95 million shares valued at K830.12 million. The closing market capitalisation for the week was K1.20 trillion (Source: MSE).

3. Local Development

At a press conference held on Tuesday, 13 November 2018, Nico Holdings announced intentions list a new property company, ICON Property Limited on the Malawi stock exchange by the end of the year. The last initial public offering was for Telekom Networks Malawi plc (TNM) in November 2008, so the listing of ICON will bring the total number of listed companies to 14. (Source: Press)

4. Regional Developments in the Week

- Zimbabwe October 2018 inflation moved up to 20.85% up from 5.39 % in September 2018, this was largely on the back of shortages of cash which has caused prices of local goods to go up significantly. The Zimbabwe Statistics Office reports that prices have gone up by 16.44% month-on-month in October up from 0.92% in September 2018 (Source: Zimbabwe Statistics Office).
- The EIU estimates that the real GDP growth in Sub-Saharan Africa will accelerate marginally to 2.9% per year in 2019-20, compared with an estimated growth of 2.6% in 2018. The growth is expected to be led by aggregate demand growth in the region's medium-sized economies. In 2019 additional support is expected to come from modest growth in major commodity exporters, as global prices for crude oil and some metals becomes higher (Source: EIU).
- Kenya's central bank has upheld the fines it imposed in September 2018 against five top commercial lenders for failure to report suspicious transactions in connection with the theft of funds at a state agency (Source: Reuters).
- Ghana aims to narrow its budget deficit to 4.2% of gross domestic product (GDP) in 2019 and forecasts GDP growth of 7.6% including oil, Finance Minister Ken Ofori-Atta said on Thursday (Source: Reuters).

5. Global Developments in the Week

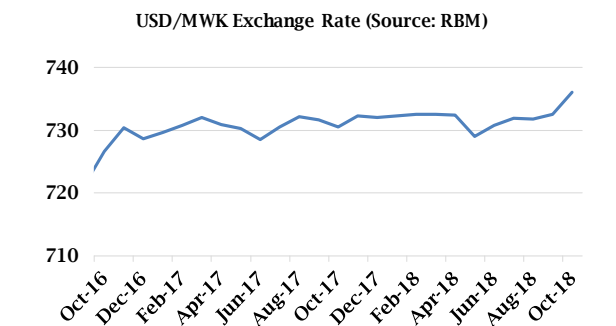
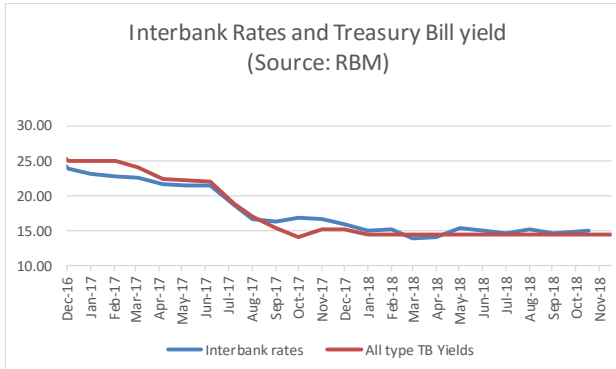
The global growth momentum is expected to slow down in 2019 due to heightened uncertainty on both financial markets and on the global economic policy uncertainty. The steady rise in the global economic policy has been driven by increasing uncertainty concerning the United States of America trade policy (Source: EIU).

Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	2-Nov-18	9-Nov-18
Counter				MK/Share	MK/Share
Blantyre Hotels	8.85	21.55	2.12	12.99	↑ 13.00
ILLOVO	0.00	20.15	3.90	204.84	↓ 200.00
MPICO	1.36	5.96	1.10	15.50	↓ 13.20
NBM	5.81	8.10	1.92	332.00	332.00
NBS Bank		-27.98	2.44	10.01	↑ 10.50
NICO	2.94	4.78	2.36	50.97	50.97
NITL	1.51	5.23	1.35	86.00	86.00
PCL	2.27	3.33	1.05	1,149.01	↓ 1,100.00
Standard Bank	1.59	12.93	2.18	670.00	670.00
Sunbird	0.63	15.58	2.02	145.00	145.00
TNM	2.33	19.76	8.89	24.50	↑ 25.80
FMBCH	0.00	6.48	1.58	101.00	↓ 70.00
OMU	0.00	10.36	1.54	2,513.25	2,513.25
DSI	N/A	N/A	N/A	20,999.05	↑ 20,995.48
FSI	N/A	N/A	N/A	6,181.88	↓ 3,778.77
MASI	N/A	N/A	N/A	28,686.33	↓ 27,048.50

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

	2017	2018
MASI Return (YTD)	52.25%	25.24%



Exchange Rates - Middle Rates (Source: RBM)

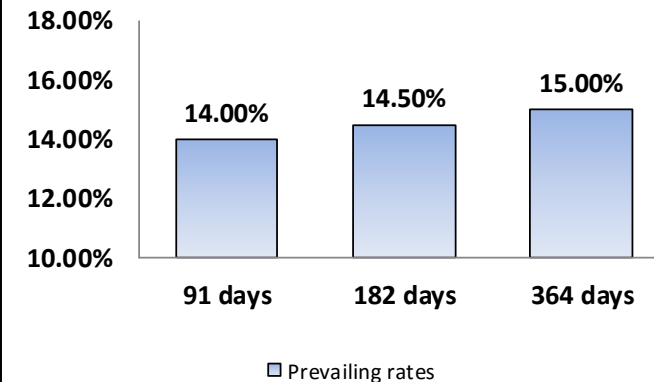
CURRENCY	9-Nov-18	16-Nov-18	% Change
MK/US Dollar	729.11	720.21	↑ 1.22%
MK/GBP	951.05	936.99	↑ 1.48%
MK/ZAR	51.44	50.37	↑ 2.08%
MK/EUR	827.10	816.21	↑ 1.32%

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

	9-Nov-18	16-Nov-18	Change
US Fed Rate	2.250%	2.250%	⇒ 0.000%
US Libor (3 months)	2.601%	2.629%	↑ 0.028%
US Libor (6 months)	2.844%	2.863%	↑ 0.020%
US Treasury yield (10 years)	3.206%	3.142%	↓ -0.064%
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 16 November 2018 (Source: RBM)



Government Securities for Week ending 16 November 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	0.00	0.00%
182 days TB	0.00	0.00%
364 days TB	0.00	0.00%
Treasury Notes	N/A	N/A
Total	0.00	0.00%

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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