



**NICO Asset Managers**

**“INVEST today for tomorrow”**

# WEEKLY MARKET UPDATE

Week ending 30 November 2018

## 1. Money Market

### Government Securities

There were two 5-year treasury note auctions, during the week ending 30 November 2018. No applications were made during the tap auction held on 27 November, whilst on the auction held the 28<sup>th</sup> of November K1.25 billion was allotted at a weighted average yield of 20.50%. For the Treasury bill auctions, a total of K6.99 billion was applied for and K2.60 billion was allotted at yields of 11.42% for the 91-day paper, 13.50% for 182-day paper and 14.00% for 364-day paper. The rejected amount of K4.39 billion was on the 182-day paper, indicating a rejection rate of 63.28% (Source: RBM).

### Interbank

The liquidity level dropped during the week ending 30 November 2018 from K15.10 billion in the week ending 23 November to K14.02 billion. Access on the Lombard facility (Discount Window Borrowing) averaged K2.32 billion a day, increasing from K2.00 billion a day in the previous week although the rate was unchanged at 18.00%. The Interbank borrowing volume increased this week to an average of K7.27 billion up from K7.13 billion recorded in the previous week. The average interbank borrowing rate for the week was 14.96% up from the previous week's 14.80% (Source: RBM).

### Stock Market

The Malawi All Share Index (MASI) increased by 1.61% week-on-week during the week ending 30 November 2018 to close at 26,803.80 points as the Domestic Share Index also put on 1.88% to end the week at 20,772.39 points. The Foreign Share Index (FSI) however remained at 3,778.77 points. The movers for the week were PCL which went up 4.35% to K1,140 whilst NICO and TNM lost some ground, with NICO going down 1.98% and TNM going down 15.64%. The total volume traded for the week was 85.45 million shares valued at K6.04 billion. The closing market capitalisation for the week was K1.18 trillion (Source: MSE).

## 2. Local Development

The Africa Development Bank (AfDB) has injected K7.5 billion for the Promoting Investment and Competitiveness in the Tourism Sector (PICTS) project. The funds are expected to boost the country's tourist attracting centres such as Lake Malawi National Park and Liwonde National Park (Source : AfDB).

## 3. Regional Developments in the Week

- The World Bank expects Nigeria's economy to grow by slightly less than 2% this year, largely driven by the non-oil industry and services sectors, as the approach of elections keeps foreign investors away. The World Bank also expects the fiscal deficit to widen in 2018, with portfolio investors exercising caution ahead of the election (Source: World Bank).
- South Africa's Rand is expected to remain volatile in 2019, making monetary policy complicated and focused on long-term inflation factors rather than short-term market shocks (Source: Reuters).
- British development finance agency CDC Group plans to invest up to US\$4.5 billion across Africa over the next four years to boost ties with the continent (Source: Reuters).

## 4. Global Developments in the Week

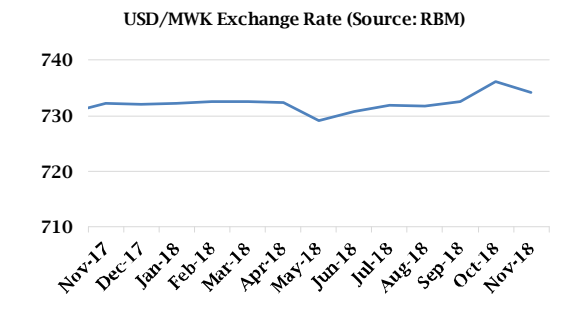
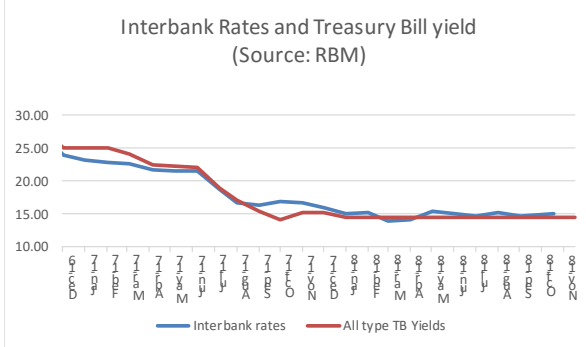
Debt among nonfinancial corporations across the globe rose to a record high of US\$75.00 trillion in the second quarter 2018, driven mostly by China and the United States. Canada, India and Mexico rank first in nonfinancial corporate debt relative to cash holdings (Source: Reuters).

### Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	23-Nov-18	30-Nov-18
Counter				MK/Share	MK/Share
Blantyre Hotels	8.85	21.55	4.64	13.00	13.00
ILLOVO	0.00	8.67	2.34	200.00	200.00
MPICO	1.44	5.64	1.04	13.20	↓ 12.50
NBM	5.81	8.10	1.92	332.00	332.02
NBS Bank		-27.98	2.44	10.50	10.50
NICO	3.00	4.69	2.34	49.98	49.98
NITL	1.51	5.23	1.35	86.00	86.00
PCL	2.19	3.46	1.09	1,150	↓ 1,140.00
Standard Bank	1.59	12.93	2.18	670.00	670.00
Sunbird	0.63	15.58	2.02	145.00	145.00
TNM	2.45	18.77	8.44	22.31	↑ 24.50
FM BCH	0.00	6.48	1.58	70.00	70.00
OMU	0.00	10.36	1.54	2,513.25	2,513.25
DSI	N/A	N/A	N/A	20,377.20	20,772.39
FSI	N/A	N/A	N/A	3,778.77	3,778.77
MASI	N/A	N/A	N/A	26,370.35	26,803.80

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

	2017	2018
MASI Return (YTD)	55.57%	24.10%



### Exchange Rates - Middle Rates (Source: RBM)

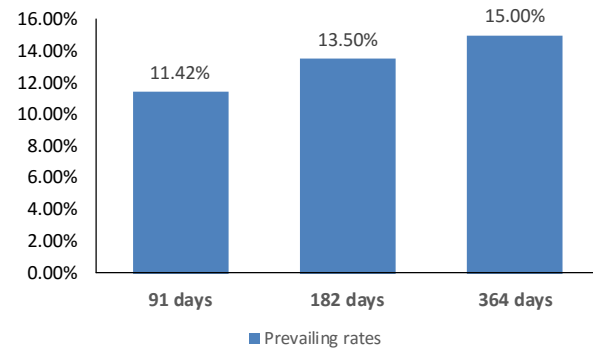
CURRENCY	23-Nov-18	30-Nov-18	% Change
MK/US Dollar	734.15	732.42	↑ 0.24%
MK/GBP	944.96	936.11	↑ 0.94%
MK/ZAR	53.24	53.60	↓ -0.68%
MK/EUR	937.92	834.45	↑ 11.03%

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

	23-Nov-18	30-Nov-18	Change
US Fed Rate	2.250%	2.250%	→ 0.000%
US Libor (3 months)	2.677%	2.707%	↑ 0.030%
US Libor (6 months)	2.886%	2.887%	→ 0.001%
US Treasury yield (10 years)	3.070%	3.030%	↓ -0.040%
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 30 November 2018 (Source: RBM)



### Government Securities for Week ending 30 November 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	40.43	11.42%
182 days TB	2,547.10	13.50%
364 days TB	15.00	15.00%
5-year Treasury Notes	1,250.00	20.50%
<b>Total</b>	<b>3,852.53</b>	<b>15.11%</b>

### 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%		
<b>Average Real GDP</b>	<b>4.68%</b>	<b>3.82%</b>	<b>4.83%</b>	<b>5.15%</b>

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