



NICO Asset Managers
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WEEKLY MARKET UPDATE

Week ending 23 November 2018

1. Money Market

Government Securities

There were two 5-year treasury note auctions during the week under review, during which a total of K20.43 billion was applied for, whilst K8.01 billion was allotted at weighted average rates ranging between 19.96% and 20.50% respectively. On the 21st November, applications for the shorter-term maturities totalled K3.25 billion, at rates of 11.5% for 91 days and 14.0% for the 182-day paper. A tap auction was also held on the 22nd, with total applications of K7.83 billion and a 11.5% rejection was noted for the 91-day paper's K8.24 million applications at an average yield of 11.5%. A 5-year treasury note was issued for K6.5 billion at a weighted average rate of 19.96%, K5.51 billion was allotted indicating a 15% rejection rate (Source: RBM).

Interbank

The liquidity level improved during the week ending 23 November 2018 as it went up from K7.35 billion for the week ending 16 November to K15.10 billion. Access on the Lombard Facility (Discount Window Borrowing) averaged K10.02 billion a day, increasing from K647.0 million a day in the previous week although the rate was unchanged at 18.00%. The Interbank borrowing volume decreased somewhat to a weekly average of K7.13 billion down from the K9.82 billion per day recorded in the previous week. The average interbank borrowing rate for the week was 14.80%, down from the previous week's 14.85% (Source: RBM).

2. Stock Market

The Malawi All Share Index (MASI) declined by 2.51% week-on-week during the week ending 23 November 2018 to close at 26,370.30 points after the Domestic Share Index also lost 2.94% to end the week at 20,377.20 points. The Foreign Share Index (FSI) however did not change and maintained the 3,778.77 points mark. Movements were in PCL which went up 4.35% to K1,150 whilst NICO and TNM declined by 1.94% and 14.24% to K49.98 and K22.31 respectively. The total volume traded for the week was 11.56 million shares valued at K1.06 billion. The closing market capitalisation for the week was K800.00 billion (Source: MSE).

3. Local Development

- The IMF has approved the disbursement of US\$15.4 million to Malawi as part of a three-year loan arrangement to assist the country's economic and financial reforms. The \$108.2 million three-year arrangement was approved in April 2018 and the current drawdown brings the total disbursements under the arrangement to US \$30.9 million (Source: Reuters).
- Malawi Energy Regulatory Authority (MERA) has with effect from 22 November 2018 revised upwards fuels prices by 6.20% for petrol to K990.30/ litre, diesel went up by 5.86% to K990.40/litre whilst paraffin has gone up 3.93% to K785.00/litre.

4. Regional Developments in the Week

- The IMF reports that the Mozambican economy is on a recovery path as the real GDP growth rate reached 3.3% in the first three quarters of 2018, backed by contributions from a broad range of economic sectors, including agriculture. Inflation has been on a decline and reached 4.7% year-on-year in October 2018 despite significant adjustments in prices. The exchange rate has also been stable, and the Bank of Mozambique has managed to rebuild its international reserves to a comfortable 6.3 months cover. Real GDP growth is projected in the range of 4% to 4.7%, supported by sustained efforts to achieve durable peace, gradual easing of monetary conditions, clearing of domestic payments arrears to suppliers, and higher foreign direct investment (Source: IMF).
- BP Southern Africa (BPSA) is set to invest US\$1.0 billion in South Africa in the next five years of which more than a quarter is targeted to upgrade the SAPREF refinery which produces lower sulphur diesel (Source: Reuters).

5. Global Developments in the Week

Cryptocurrencies experienced the worst week in trading and year to date have become stalled in a nearly \$700 billion retreat that shows few signs of abating (Source: Bloomberg).

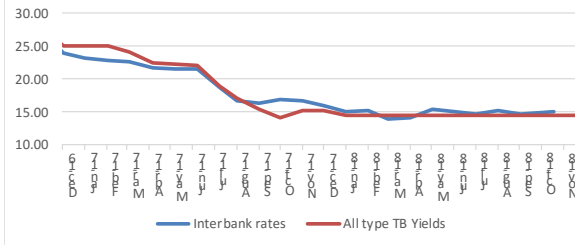
Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	16-Nov-18	23-Nov-18
Counter				MK/Share	MK/Share
Blantyre Hotels	8.85	21.55	2.12	13.00	13.00
ILLOVO	0.00	8.67	2.34	200.00	200.00
MPICO	1.36	5.96	1.10	13.20	13.20
NBM	5.81	8.10	1.92	332.00	332.00
NBS Bank		-27.98	2.44	10.50	10.50
NICO	3.00	4.69	2.31	50.97	↓49.98
NITL	1.51	5.23	1.35	86.00	86.00
PCL	2.17	3.49	1.10	1,100	↑1,150.00
Standard Bank	1.59	12.93	2.18	670.00	670.00
Sunbird	0.63	15.58	2.02	145.00	145.00
TNM	2.69	17.09	7.69	25.80	↓22.31
FMBCH	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	20,995.48	↓20,377.20
FSI	N/A	N/A	N/A	3,778.77	3,778.77
MASI	N/A	N/A	N/A	27,048.50	↓26,370.35

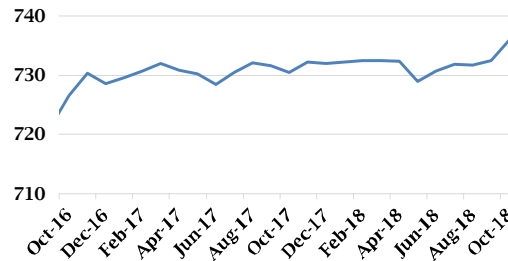
MASI = Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2017	2018
MASI Return (YTD)	52.57%	22.10%

Interbank Rates and Treasury Bill yield (Source: RBM)



USD/MWK Exchange Rate (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

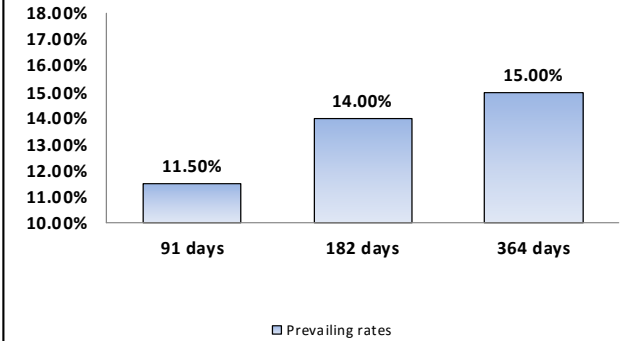
CURRENCY	16-Nov-18	23-Nov-18	% Change
MK/US Dollar	729.12	734.15	↓ -0.69%
MK/GBP	933.10	944.96	↓ -1.27%
MK/ZAR	51.52	53.24	↓ -3.34%
MK/EUR	827.01	937.92	↓ -13.41%

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

	16-Nov-18	23-Nov-18	Change
US Fed Rate	2.250%	2.250%	↔ 0.000%
US Libor (3 months)	2.629%	2.677%	↑ 0.048%
US Libor (6 months)	2.863%	2.886%	↑ 0.022%
US Treasury yield (10 years)	3.142%	3.070%	↓ -0.072%
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 23 November 2018 (Source: RBM)



Government Securities for Week ending 23 November 2018 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE RATE
91 days TB	441.67	11.50%
182 days TB	1,332.95	14.00%
364 days TB	0.00	0.00%
5-year Treasury Notes	20,430.00	20.50%
Total	6,500.00	19.96%

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%

Contacts: **Head Office**
NICO Asset Managers Limited, 19 Glyn Jones Road
Chibisa House, P.O. Box 3173, Blantyre
Tel No: 01 832 085/086
Email: invest@nicoassetmanagers.com Website: www.nicoassetmanagers.com

Lilongwe Branch
NICO Asset Managers Limited, Corner Kenyatta Drive
NICO Centre, P.O. Box 30729, Lilongwe 3
Tel No: 01 757 086

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