



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 1 March 2019

1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K27.10 billion from K11.61 billion the previous week. The average yields across the 91 days, 182 days and 364 tenors stood at 9.90%, 10.50% and 11.38% respectively. The Treasury bill all type yield increased slightly to 10.59% from 10.50% in the previous week. Treasury note auction held during the week raised a total of K27.51 billion. Total maturities for the week increased to K67.66 billion from K39.70 billion observed in the previous week. This resulted in a net injection of K13.05 billion (Source: RBM).

Interbank

Liquidity levels increased during the week in review to average K27.96 billion (excluding 26th and 28th February 2019) from K11.91 billion recorded the previous week. The volume on Interbank borrowing increased to average K23.33 billion (last week: K3.13 billion) at an average interbank rate of 5.73% (previous week: 5.03%). Access to the Lombard facility during the week in review averaged K3.10 billion (previous week: Nil) (Source: RBM).

2. Stock Market

The Malawi All Share Index (MASI) and the Domestic Share Index (DSI) decreased during the week in review. The MASI closed the week at 27,687.33 points (previous week: 27,726.75 points), the DSI closed at 20,829.45 points (previous week: 20,864.45 points). The FSI closed at 4,521.94 from 4,522.44 points. The declines were due to share price losses of ICON, NBS Bank, FMBCH and SUNBIRD counters which were enough to offset gains on MPICO and TNM counters. A total volume of 154 million shares were traded during the week at a value of K2.51 billion. The closing market capitalisation for the week was K1.29 trillion (Source: MSE).

3. Local Development

- The Reserve Bank of Malawi (RBM) is implementing a new system called Cross-border Foreign Exchange Reporting System (CFERS) from 1 March 2019. CFERS will replace the Foreign Exchange Statistical Database System. The new system is for reporting data on cross-border financial transactions by banks and other institutions licensed to deal in foreign exchange (Source: RBM).

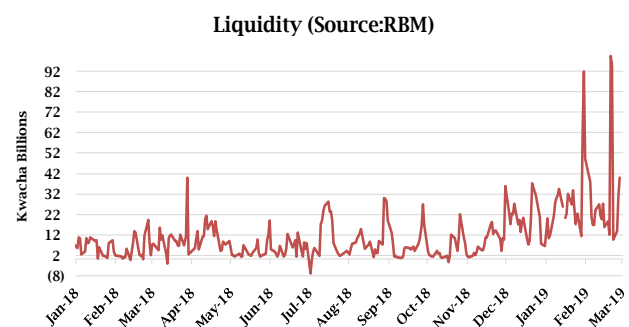
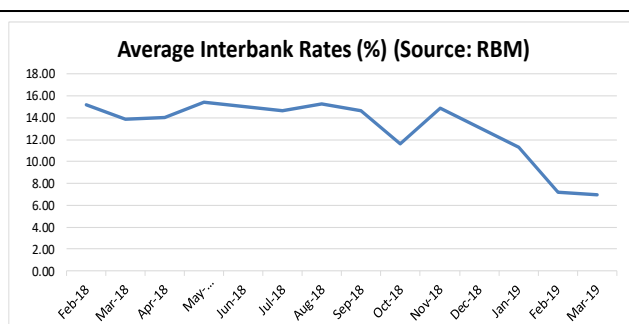
4. Regional Developments in the Week

- Botswana has offered to lend Zimbabwe \$600 million to support its diamond industry and local private firms amid a severe dollar crunch in the nation. The loan will consist of \$500 million dollars for Zimbabwe's diamond industry and a further \$100 million to help private companies, whose operations have been hamstrung by the dollar shortage (Source: Reuters).
- MultiChoice, South Africa's pay TV business group debuted on the Johannesburg Stock Exchange (JSE) on 27 February 2019 with shares opening at 95.50 Rands per share giving the company a market capitalisation of 42 billion Rands (US\$3.03 billion) (Source: Reuters).

5. Global Developments in the Week

- The US Department of Commerce's Bureau of Economic Analysis (BEA) released the 2018 annual Gross Domestic Product (GDP) figures. The Bureau found that the real GDP for US increased at an annual rate of 2.9% for 2018 (2017: 2.2%). The increase was attributed to increase in consumer expenditure and tax reductions (Source: BEA).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	22-Feb-19	1-Mar-19
Counter				MK/Share	MK/Share
Blantyre Hotels	8.86	21.52	2.12	12.98	12.98
ILLOVO	0.00	8.67	2.34	200.00	200.00
ICON	0.00	6.89	1.59	11.95	↓ 11.94
MPICO	1.38	5.88	1.08	13.03	↑ 13.04
NBM	6.13	7.68	1.82	315.01	315.01
NBS Bank	0.00	-26.62	2.32	10.00	↓ 9.99
NICO	3.57	3.94	1.94	41.99	41.99
NITL	1.73	4.56	1.18	75.00	75.00
PCL	2.27	3.33	1.05	1,100.00	1,100.00
Standard Bank	1.59	12.93	2.18	670.00	670.00
Sunbird	0.63	14.83	1.92	145.00	↓ 138.00
TNM	2.40	19.16	8.62	25.00	↑ 25.01
FMBCH	0.00	8.28	2.01	85.01	↓ 85.00
OMU	0.00	10.36	1.54	2,513.23	2,513.23
DSI	N/A	N/A	N/A	20,864.56	↓ 20,829.45
FSI	N/A	N/A	N/A	4,522.44	4,522.44
MASI	N/A	N/A	N/A	27,726.75	↓ 27,687.33
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2018	2019		
MASI Return (YTD)		7.34%	-4.77%		



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	22-Feb-19	01-Mar-19	% Change
MK/US Dollar	729.84	729.89	↑ 0.00
MK/GBP	950.84	967.98	↓ -0.02
MK/ZAR	52.06	51.87	↑ 0.00
MK/EUR	827.06	829.89	↓ 0.00

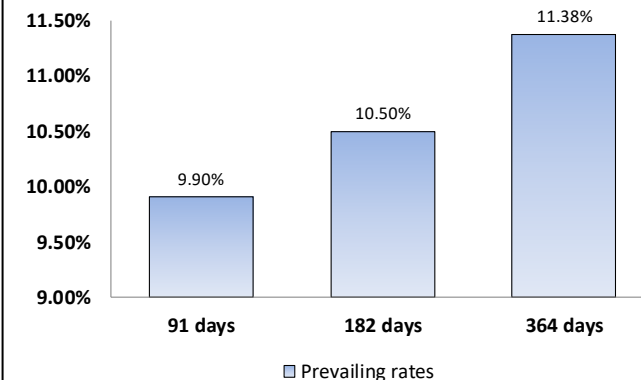
Global Market Rates (Source: Bloomberg, WSJ, CNBC)

	22-Feb-19	1-Mar-19	Change
US Fed Rate	2.50%	2.50%	→ 0.00%
US Libor (3 months)	2.65%	2.62%	↓ -0.04%
US Libor (6 months)	2.70%	2.69%	↓ -0.02%
US Treasury yield (10 years)	2.68%	2.73%	↑ 0.05%
BOE Rate	0.75%	0.75%	→ 0.00%
ECB Rate	0.00%	0.00%	→ 0.00%

*LIBOR = London Interbank Offered Rates *BOE= Bank of England

*ECB= European Central Bank

Prevailing Government Security Interest Rates as at 1 March 2019 (Source: RBM)



Government Securities for Week ending 1 March 2019 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD
91 days TB	1,292.42	9.90%
182 days TB	16,218.43	10.50%
364 days TB	9,591.39	11.38%
Treasury Note	27,510.00	14.77%
Total	54,612.24	11.64%

Malawi Real GDP Projections

	Real GDP Growth Projections			
	2018	2019	2020	2021
EIU	2.10%	3.90%	4.90%	4.50%
IMF	3.30%	4.70%	5.00%	5.50%
AFRICAN DEVELOPMENT BANK	3.70%	4.60%	5.60%	5.50%
WORLD BANK	3.50%	4.30%	5.20%	5.50%
RBM	4.00%	4.10%		
Average Real GDP	3.32%	4.32%	5.18%	5.25%

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