



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 22 February 2019

1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K11.61 billion a decrease from K17.06 billion the previous week. The average yields across the 91 days and 182 days tenors stood at 9.63% and 10.50% respectively. There were no allotments for the 364 days tenor. The Treasury bills all type yield increased slightly from 10.50% the previous week to 10.54% in the week under review. OMO REPO auction held during the week raised a total of K29.03 billion. Total maturities for the week increased to K39.70 billion from K12.58 billion observed in the previous week. This resulted in a net withdrawal of K1.54 billion (Source: RBM).

Interbank

Liquidity levels decreased during the week in review to average K11.91 billion from K22.18 billion recorded the previous week. The volume on Interbank borrowing also decreased to average K3.13 billion (last week: K12.17 billion) at an average interbank rate of 5.03% (previous week:5.76%). There was no access on the Lombard facility during the week in review (previous week: Nil) (Source: RBM).

2. Stock Market

The Malawi All Share Index (MASI), the Domestic Share Index (DSI) and the Foreign Share Index (FSI) all decreased during the week in review. The MASI closed the week at 27,726.75 points (previous week: 28,387.13 points), the DSI closed at 20,864.56 points (previous week: 21,460.81 points) and the FSI closed at 4,522.44 points (previous week:4,521.94 points). The declines were due to share price losses of BHL and TNM counters which were enough to offset gains on MPICO, NBS Bank, NICO and FMBCH counters. A total volume of 1.86 million shares were traded during the week at a value of K338.05 Million. The closing market capitalisation for the week was K1.30 trillion (Source: MSE).

3. Local Development

- The National Statistics Office (NSO) released the monthly inflation figures for January 2019. The headline inflation for January 2019 stood at 8.8% from 9.9% experienced in December 2018 (Source: NSO).
- The Tobacco Control Commission (TCC) has revised down estimates on demand for tobacco for the next marketing season to 152 million Kgs from an earlier estimate of 171 million Kgs. In addition to this, TCC licensed farmers for a total tobacco production of 166.8 million Kgs for 2019 but the current estimates indicate an increase to 206.9 million Kgs. The commission states the figures are subject to change upon the completion another round of assessment that is to commence next week (Source: TCC).

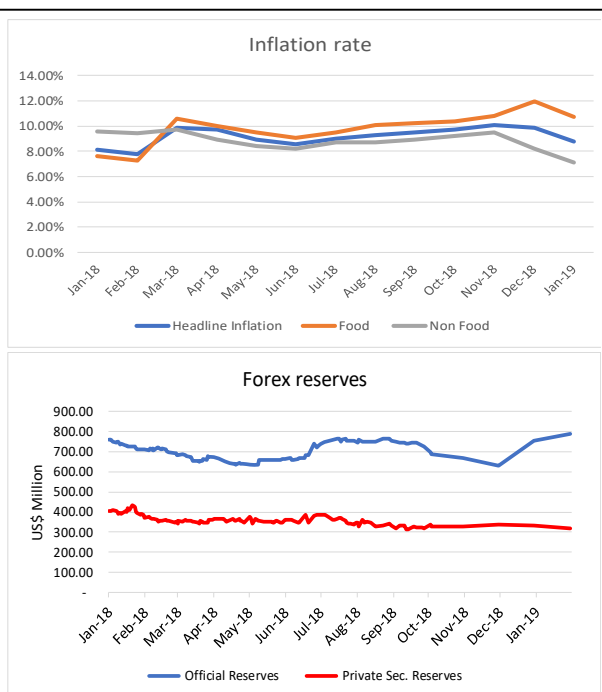
4. Regional Developments in the Week

- The Reserve Bank of Zimbabwe (RBZ) Monetary Policy Committee met on 20 February 2019 and announced the establishment of an interbank foreign exchange market to formalise the buying and selling of all international currencies. In addition to this, the bank announced that electronic bank savings as well as locally printed bond notes were no longer exchangeable one-to-one for the U.S. dollar. The electronic dollars known as Real Time Gross Settlement (RTGS) will trade in a managed float against the U.S. dollar and other foreign currencies in a new foreign exchange policy (Source: RBZ).
- South Africa consumer inflation dropped to 4.0% in January 2019 from 4.5% in December 2018. This is the lowest annual rate since March 2018 and has been attributed to the decrease in fuel prices (Source: Stats SA).

5. Global Developments in the Week

- The US Federal Reserve indicated that it will stop raising interest rates and will also stop shrinking its balance sheet in the second half of 2019, potentially giving a boost to the financial market. Federal Reserve officials are to pause their steady campaign to raise interest rates as the global economic outlook became less certain (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	15-Feb-19	2-Feb-19
Counter				MK/Share	MK/Share
Blantyre Hotels	8.86	21.52	2.12	13.00	↓ 12.98
ILLOVO	0.00	8.67	2.34	200.00	200.00
ICON	0.00	6.90	1.59	11.95	11.95
MPICO	1.38	5.88	1.08	13.02	↑ 13.03
NBM	6.13	7.68	1.82	315.01	315.01
NBS Bank	0.00	-26.65	2.32	9.99	↑ 10.00
NICO	3.57	3.94	1.94	38.76	↑ 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	15.58	2.02	145.00	145.00
TNM	2.40	19.15	8.62	28.39	↓ 25.00
FMBCH	0.00	8.28	2.01	85.00	↑ 85.01
OMU	0.00	10.36	1.54	2,513.23	2,513.23
DSI	N/A	N/A	N/A	21,460.81	↓ 20,864.56
FSI	N/A	N/A	N/A	4,521.94	↓ 4,522.44
MASI	N/A	N/A	N/A	28,387.13	↓ 27,726.75
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2018		2019	
MASI Return (YTD)		6.78%		-4.34%	



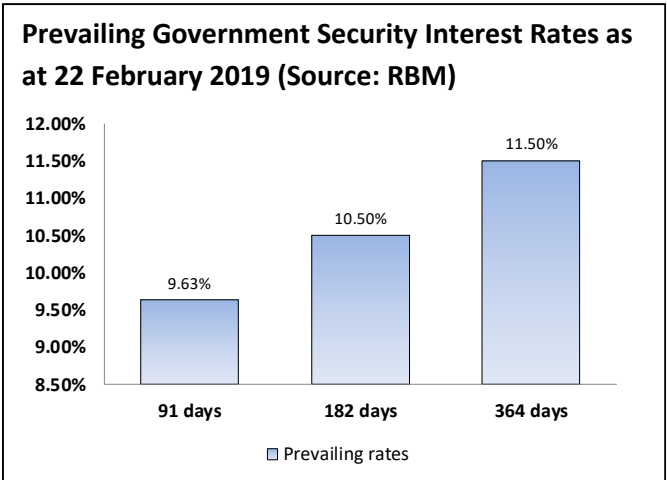
Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	15-Feb-19	22-Feb-19	%Change
MK/US Dollar	729.83	729.84	↑ 0.00
MK/GBP	933.89	950.84	↓ -0.02
MK/ZAR	51.56	52.06	↓ -0.01
MK/EUR	823.46	827.06	↓ 0.00

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

	15-Feb-19	22-Feb-19	Change
US Fed Rate	2.50%	2.50%	→ 0.00%
US Libor (3 months)	2.69%	2.65%	↓ -0.04%
US Libor (6 months)	2.74%	2.70%	↓ -0.04%
US Treasury yield (10 years)	2.64%	2.68%	↑ 0.04%
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



Government Securities for Week ending 22 February 2019 (Source: RBM)

TENORS	VOLUME (K' MILLION)	AVERAGE YIELD
91 days TB	1,695.32	9.63%
182 days TB	9,918.30	10.50%
364 days TB	-	-
OMO REPO	29,026.00	10.28%
Total	40,639.62	10.12%

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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