



NICO Asset Managers

“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 12 April 2019

1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K13.63 billion a decrease from K19.42 billion the previous week. The average yields across the 91 days, 182 days and 364 days tenors stood at 9.35%, 10.21% and 10.95% respectively. The Treasury bill all type yield decreased to 10.18% from 10.37% the previous week. Total maturities for the week decreased to K15.04 billion from K24.45 billion observed in the previous week. This resulted in a net injection of K1.41 billion (Source: RBM).

Interbank

Liquidity levels increased during the week in review to a daily average of K26.53 billion from K24.28 billion recorded the previous week. The volume on Interbank borrowing decreased to a daily average of K6.30 billion (last week: K7.79 billion) at an average interbank rate of 4.55% (previous week: 4.95%). No bank accessed the Lombard facility during the week in review (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 27,044.70 points (previous week: 27,290.96 points) and the DSI closed at 20,249.66 points (previous week: 20,471.39 points). The FSI remained at 4,521.94 points from last week. The decrease was due to share price losses in NBS and STD bank which was enough to offset gains from MPICO and NBM. A total volume of 1.91 million shares were traded during the week at a value of K47.30 Million in 41 deals. The closing market capitalisation for the week was K1.27 trillion (Source: MSE).

3. Local Development

- The Electricity Supply Corporation of Malawi (ESCOM) and Electricidade De Mozambique (E.P.EDM) have signed a 3-year interconnection agreement. The US\$127 million power interconnection project, upon completion, will see Malawi adding up to 50 Megawatts (MW) from Mozambique and another 150MW from South Africa totalling 200MW to the national grid. This will aid Malawi's demand-supply deficit of electricity (Source: ESCOM).
- The second round of crop production estimates conducted by the Ministry of Agriculture, Irrigation and Water development have projected that the country will have a surplus of 355,000 Metric tonnes (MT) of maize. The first round of crop production had estimated the maize production to be at 3.38 million MT whilst the second round of crop production has projected maize production of 3.25 million MT (Source: Ministry of Agriculture, Irrigation and Water development).

4. Regional Developments in the Week

- The African Development Bank (AfDB) has announced a US\$100 million response plan for Mozambique, Malawi and Zimbabwe following the devastation caused by floods that these countries experienced during cyclone Idai. The first phase of the plan consists of a special relief fund of US\$1.7 million for Mozambique, specifically for the immediate humanitarian relief effort in the worst affected areas. The second phase consists of up to US\$100 million for Mozambique, Malawi and Zimbabwe to kick-start economic recovery and rehabilitation (Source: AfDB).
- The IMF released its Regional Economic outlook for the Sub-Saharan Region for 2019 on 9 April 2019. The report states that regional growth projection for Sub-Saharan Africa is lower as the economic recovery in the region would take longer than previously thought. Therefore, IMF has reduced its 2019 regional growth forecast to 2.8% from 3.3% (Source: IMF).

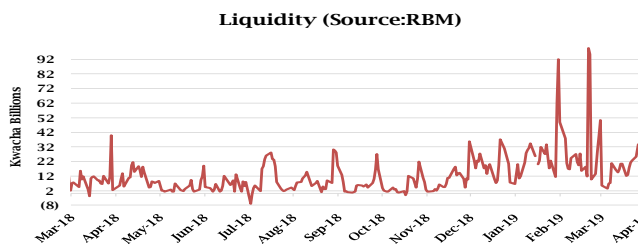
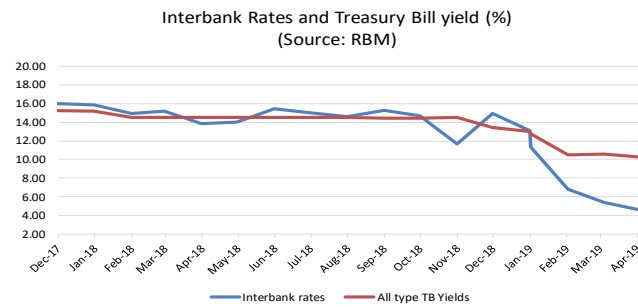
5. Global Developments in the Week

- China's economic growth is expected to slow to a near 30-year low of 6.2% in 2019. The economy is expected to slow in the second quarter as its exports will most likely remain under pressure as global demand continues to deteriorate (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	5-Apr-19	12-Apr-19
Counter				MK/Share	MK/Share
Blantyre Hotels	8.87	21.49	2.11	12.96	12.96
ILLOVO	0.00	8.67	2.34	200.00	200.00
ICON	0.00	6.35	1.46	11.00	11.00
MPICO	1.38	5.90	1.09	13.08	↑ 15.02
NBM	6.13	7.68	1.82	315.01	↑ 320.00
NBS Bank	0.00	26.38	2.30	9.69	↓ 9.00
NICO	3.57	3.94	1.94	41.97	41.97
NITL	1.73	4.56	1.18	75.00	75.00
PCL	2.08	3.64	1.15	1,200.00	1,200.00
Standard Bank	1.87	10.98	1.85	569.00	↓ 499.99
Sunbird	0.63	14.83	1.92	138.00	138.00
TNM	2.40	19.19	8.63	25.05	25.05
FMBCH	0.00	8.28	2.01	85.00	85.00
OMU	0.00	10.36	1.54	2,513.23	2,513.23
DSI	N/A	N/A	N/A	20,471.84	↓ 20,249.66
FSI	N/A	N/A	N/A	4,521.94	4,521.94
MASI	N/A	N/A	N/A	27,290.96	↓ 27,044.70

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

	2018	2019
MASI Return (YTD)	15.80%	-6.69%



Exchange Rates - Middle Rates (Source: RBM)

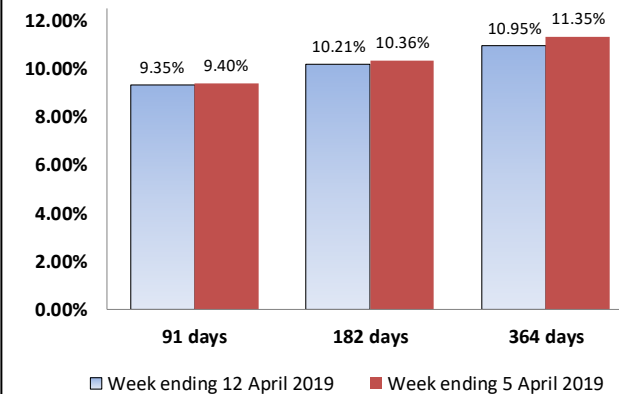
CURRENCY	05-Apr-19	12-Apr-19	% Change
MK/US Dollar	733.07	734.30	↓ -0.17%
MK/GBP	961.20	959.29	↑ 0.20%
MK/ZAR	51.91	52.48	↓ -1.10%
MK/EUR	823.09	828.81	↓ -0.69%

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

	5-Apr-19	12-Apr-19	Change
US Fed Rate	2.50%	2.50%	→ 0.00%
US Libor (3 months)	2.59%	2.60%	↑ 0.01%
US Libor (6 months)	2.64%	2.63%	↓ -0.01%
US Treasury yield (10 year)	2.54%	2.56%	↑ 0.01%
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 (Source: RBM)



Government Securities for Week ending 12 April 2019 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	3,459.32	9.35
182 days TB	2,303.33	10.21
364 days TB	7,869.85	10.97
Total	13,632.50	10.18

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%
AfDB	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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