



NICO Asset Managers

"INVEST today for tomorrow"

WEEKLY MARKET UPDATE

Week ending 15 March 2019

1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K10.04 billion a decrease from K17.47 billion the previous week. The average yields across the 91 days, 182 days and 364 days tenors stood at 9.99%, 10.50% and 11.50% respectively. The Treasury bill all type yield remained at 10.66%. A 3-year Treasury Note tap auction was held during the week that raised K8.00 billion at a rate of 14.76%. Total maturities for the week decreased to K10.13 billion from K32.43 billion observed in the previous week. This resulted in a net injection of K7.90 billion (Source: RBM).

Interbank

Liquidity levels increased during the week in review to a daily average of K17.77 billion from K9.59 billion recorded the previous week. The volume on Interbank borrowing also increased to average K11.84 billion (last week: K6.24 billion) at an average interbank rate of 5.80% (previous week: 5.38%). Access to the Lombard facility during the week in review averaged K3.82 billion (previous week: K3.10 billion) (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 27,451.38 points (previous week: 27,946.78 points) and the DSI closed at 20,616.57 points (previous week: 21,063.52 points). The FSI remained at 4,521.94 points (Previous week: 4,521.94 points). The decrease was due to share price losses in BHL, NITL and STD Bank counters which were enough to offset gains in ICON, MPICO and TNM. A total volume of 6.3 million shares were traded during the week at a value of K706.90 million. The closing market capitalisation for the week was K1.28 trillion (Source: MSE).

3. Local Development

- The International Monetary Fund (IMF) released a statement at the end of the IMF staff visit to Malawi on 14 March 2019. The statement reports that Malawi's economic outlook for 2019 is favorable with economic growth projected at 5.0%. Inflation is expected to ease to 8.0% for end 2019 before gradually easing to 5.0% over the medium term. The IMF has advised fiscal consolidation is to be accelerated in the upcoming 2019-2020 fiscal year with key reform areas being improvements in debt management and public financial management (Source: IMF).
- The mid-year budget review statement presented during the week reported that of the total K1.45trillion which was initially approved for the 2018-2019 fiscal year, the actual first half expenditure stood at K775.30 billion with K170.00 billion in development expenditure. The budget for the second half of the 2018-2019 fiscal year has been revised from K1.25 trillion to K1.17 trillion. Total expenditure and net lending has also been revised from K1.45 trillion to K1.43 trillion based on performance in the first half (Source: The Nation).

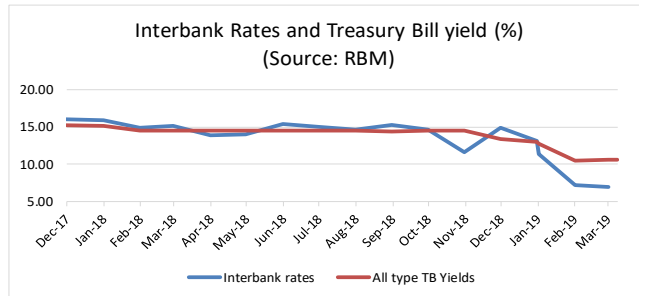
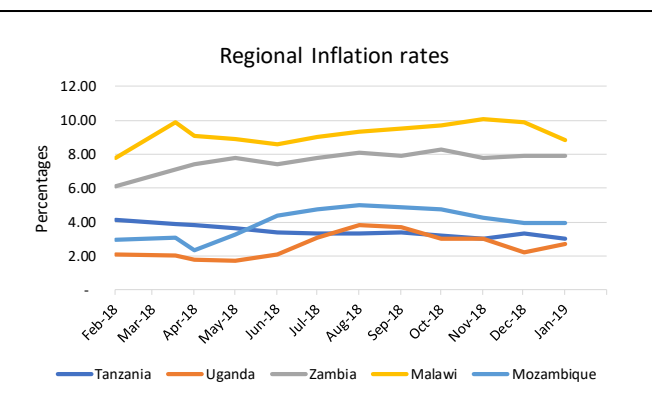
4. Regional Developments in the Week

- Standard Bank Group Limited has said it expects to close 91 branches across South Africa by the end of June 2019. This action may affect about 1,200 employees. The bank is said to be reviewing its model for servicing retail and business customers due to an increasing uptake of its digital offerings and declining use of its outlets (Source: Bloomberg).
- Zimbabwe's headline inflation rose to 59.39% in February 2019 from 56.9% in January 2019 the highest level it has reached in 10 years. The increase was attributed to fiscal indiscipline and a high import bill relative to export receipts. Inflation is likely to remain in its high levels until September 2019 (Source; Zimstats, Reuters).

5. Global Developments in the Week

- The British Pound increased to a new high last seen in June 2018 after Parliament rejected a no-deal Brexit on 13 March 2019. The British members of parliament rejected leaving the EU without a deal in any scenario, paving the way for a vote on whether to delay Brexit (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	8-Mar-19	15-Mar-19
Counter				MK/Share	MK/Share
Blantyre Hotels	8.87	21.50	2.12	12.98	↓ 12.97
ILLOVO	0.00	8.67	2.34	200.00	200.00
ICON	0.00	6.90	1.59	11.94	↑ 1.95
MPICO	1.38	5.89	1.09	13.04	↑ 13.06
NBM	6.13	7.68	1.82	315.01	315.01
NBS Bank	0.00	26.62	2.32	9.99	9.99
NICO	3.57	3.94	1.94	41.99	41.99
NITL	1.73	4.56	1.18	75.00	↓ 74.99
PCL	2.08	3.64	1.15	1,200.00	1,200.00
Standard Bank	1.87	11.00	1.85	670.00	↓ 570.00
Sunbird	0.63	14.83	1.92	138.00	138.00
TNM	2.40	19.19	8.63	25.01	↑ 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	21,063.52	↓ 20,616.57
FSI	N/A	N/A	N/A	4,521.94	4,521.94
MASI	N/A	N/A	N/A	27,946.78	↓ 27,451.38
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2018	2019		
MASI Return (YTD)		13.35%	-5.29%		



Exchange Rates - Middle Rates (Source: RBM)

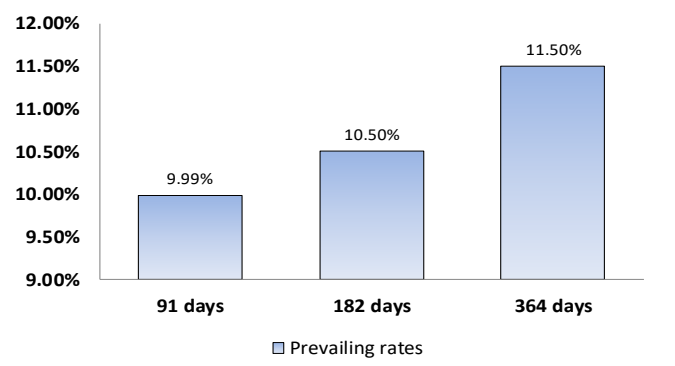
CURRENCY	8-Mar-19	15-Mar-19	% Change
MK/US Dollar	729.89	729.89	⇒ 0.00%
MK/GBP	955.43	966.30	↓ -1.14%
MK/ZAR	50.20	50.37	↓ -0.35%
MK/EUR	817.41	826.02	↓ -1.05%

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

	8-Mar-19	15-Mar-19	Change
US Fed Rate	2.50%	2.50%	⇒ 0.00%
US Libor (3 months)	2.60%	2.61%	↑ 0.01%
US Libor (6 months)	2.69%	2.68%	↓ -0.01%
US Treasury yield (10 years)	2.64%	2.63%	↓ -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 as at 15 March 2019 (Source: RBM)



Government Securities for Week ending 15 March 2019 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	10.41	9.99
182 days TB	2,850.76	10.50
364 days TB	7,176.88	11.00
3-YR Treasury Note	8,000.00	14.76
Total	18,038.05	11.69

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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