



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K1.75 billion from total applications of K1.75 billion resulting in a nil rejection rate. The average yield for the 91 days, 182 days and 364 days tenor were 9.95%, 12.75% and 13.85% respectively. The government Treasury note auction (3 year) raised a total of K12.20 billion from total applications of K13.03 billion, resulting in a 6% rejection rate. The average yield was 18.47%. Total maturities for the week stood at K5.55 billion; resulting in a net withdrawal of K8.40 billion (Source: RBM).

Interbank Market

Liquidity level decreased during the week in review to a daily average of K3.18 billion from K11.08 billion recorded in the previous week. The volume on Interbank borrowing increased to a daily average of K8.30 billion (previous week: K7.49 billion) at an average rate of 13.62% (previous week: 13.63%). Access to the Lombard facility during the week in review averaged K31.01 billion a day at an average rate of 13.70% (previous week: K26.85 billion at an average rate of 13.70%) (Source: RBM).

2. Stock Market

The MASI closed the week at 31,401.87 points (previous week: 31,477.62 points), the Domestic Share Index (DSI) closed at 26,836.44 points (previous week: 26,903.85 points) and the Foreign Stock Index (FSI) remained the same at 1,411.44 points. The decrease was caused by share price losses in NBM, NICO, Sunbird, TNM and FM BCH. Total volume of 2.14 million shares were traded during the week at a value of K86.57 million in 48 deals (Source: MSE).

3. Local Development

- The reference rate for the month of October 2020 remains steady at 13.60% (September 2020: 13.60%) (Source: Standard Bank).
- ICON plc has resolved a final dividend for the financial year ended 31 December 2019 representing K0.11 per share payable on 30 October 2020. The Board has also approved the payment of an interim dividend for the half year ended 31 June 2020 representing K0.11 per share payable on 6 November 2020 (Source: ICON).
- IMF Executive Board has approved an additional US\$101.96 million disbursement under the Rapid Credit Facility for Malawi to address the COVID-19 pandemic. This second emergency disbursement is aimed at helping finance Malawi's urgent balance of payment and fiscal needs (Source: IMF).

4. Regional Developments in the Week

Driven by the economic fallout of the COVID-19 global pandemic, the World Bank has projected growth in Sub-Saharan Africa to fall by -3.3% in 2020, pushing the region into its first recession in 25 years, according to the latest regional economic analysis. The pandemic is expected to drive up to 40 million people into extreme poverty in Africa in 2020. (Source: World Bank).

5. Global Developments in the Week

An industry survey has shown that growth in China's services sector accelerated in September 2020, suggesting a more balanced economic recovery and continual momentum gain. As at 9 October 2020, this has impacted Asia's emerging market currencies, causing them to edge higher (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	2-Oct-20	9-Oct-20
Counter				MK/Share	MK/Share
Airtel	4.31	20.05	20.25	29.00	29.00
Blantyre Hotels	1.55	23.28	1.67	12.94	12.94
FDH Bank	0.00	10.55	3.65	12.00	12.00
ICON	1.68	11.51	1.13	12.49	12.49
ILLOVO	0.62	5.70	0.81	80.50	80.50
MPICO	1.04	9.97	1.41	24.00	24.00
NBM	2.89	16.89	2.87	618.73	↓ 618.70
NBS Bank	1.67	13.71	3.98	21.00	↓ 21.00
NICO	3.96	6.25	1.57	48.00	↓ 47.98
NITL	0.79	7.20	1.11	94.98	94.98
PCL	1.93	19.81	1.03	1,343.99	1,343.99
Standard Bank	3.56	12.58	2.29	851.00	851.00
Sunbird	0.95	10.59	1.18	120.00	↓ 105.00
TNM	3.66	13.66	4.48	20.50	↓ 20.49
FMBCH	0.00	(15.36)	0.98	23.00	23.00
OMU	2.46	25.32	3.18	2,199.99	2,199.99
DSI	N/A	N/A	N/A	26,903.85	↓ 26,836.44
FSI	N/A	N/A	N/A	1,411.44	1,411.44
MASI	N/A	N/A	N/A	31,477.62	↓ 31,401.87

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

	2019	2020
MASI Return (YTD)	2.52%	3.80%

Half Year Financial Results for companies listed on the Malawi Stock Exchange (Source: Respective Companies)

Published Half Year Financials for 2020 and 2019						
Period	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)		
	Feb-20	Feb-19	% Change	Aug-19	Aug-18	% Change
ILLOVO	2.05	8.12	↓ -74.78%	0.00	0.00	⇒ 0.00%
Period	Jun-20	Jun-19	% Change	Jun-20	Jun-19	% Change
AIRTEL	11.42	2.02	↑ 465.35%	0.00	0.00	⇒ 0.00%
ICON	2.11	2.52	↓ -16.27%	0.11	0.10	↑ 10.00%
NBS BANK	2.84	1.41	↑ 102.42%	0.45	0.00	↑ 100.00%
STANDARD	12.63	8.09	↑ 56.12%	10.65	8.95	↑ 18.99%
NBM	9.07	9.13	↓ -0.61%	5.35	5.35	⇒ 0.00%
NITL	0.35	0.67	↓ -48.48%	0.50	0.50	⇒ 0.00%
SUNBIRD	(1.34)	1.20	↓ -211.61%	0.00	0.50	↓ -100.00%
TNM	4.97	6.71	↓ -25.93%	0.18	0.00	↑ 100.00%
NICO	7.64	7.29	↑ 4.80%	0.67	0.60	↑ 11.67%
PCL	12.69	11.17	↑ 13.66%	6.00	6.00	⇒ 0.00%
FDH	3.22	3.35	↓ -3.88%	0.00	0.00	⇒ 0.00%
	Net Profit/(Loss) (US\$ million)			Total Dividend (Per Share) (US\$)		
FMBCH	14.29	5.08	↑ 181.30%	0.00	0.00	⇒ 0.00%

TRADING STATEMENT

MPICO Expects its half year ending 30 June 2020 profit after tax to be at least 25% lower than the previous corresponding period

BHL Expects its half year ending 30 September 2020 profit after tax to be at least 200% lower than the previous corresponding period

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	2-Oct-20	9-Oct-20	% Change
MK/US Dollar	751.37	752.36	↓ -0.13%
MK/GBP	966.94	973.63	↓ -0.69%
MK/ZAR	45.06	45.48	↓ -0.94%
MK/EUR	881.35	885.61	↓ -0.48%

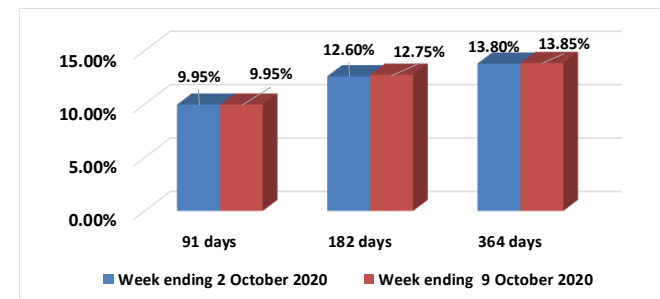
Global Market Rates (Source: Bloomberg, WSJ, CNBC)

↑	2-Oct-20	9-Oct-20	Change
US Fed Rate	0.250%	0.250%	⇒ 0.000%
US Libor (3 months)	0.234%	0.221%	↓ -0.014%
US Libor (6 months)	0.251%	0.246%	↓ -0.004%
US Treasury yield (10 years)	0.694%	0.779%	↑ 0.085%
BOE Rate	0.100%	0.100%	⇒ 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 (Source: RBM)



Government Securities for Week ending 9 October 2020 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	348.56	9.95
182 days TB	180.00	12.75
364 days TB	1,223.20	13.85
3-year TN	12,200.00	18.47
TOTAL	13,951.76	

Malawi Real GDP Projections

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-3.90%	2.10%	4.40%
IMF	4.00%	1.00%	2.50%	6.00%
WORLD BANK	4.40%	2.00%	3.50%	5.30%
GOVERNMENT	5.00%	1.90%	4.50%	
Average Real GDP	4.38%	0.25%	3.15%	5.23%

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