



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K1.96 billion from total applications of K1.96 billion resulting in a nil rejection rate. The average yield for the 91 days and 364 days tenor were 9.95% and 13.85% respectively. Total maturities for the week stood at K6.30 billion; resulting in a net injection of K4.34 billion (Source: RBM).

Interbank Market

Liquidity level increased during the week in review to a daily average of K3.99 billion from K3.18 billion recorded in the previous week. The volume on Interbank borrowing decreased to a daily average of K6.01 billion (previous week: K8.30 billion) at an average rate of 13.63% (previous week: 13.62%). Access to the Lombard facility during the week in review averaged K37.22 billion a day at an average rate of 13.70% (previous week: K31.01 billion at an average rate of 13.70%) (Source: RBM).

2. Stock Market

The MASI closed the week at 31,339.53 points (previous week: 31,401.87 points), the Domestic Share Index (DSI) closed at 26,819.77 points (previous week: 26,836.44 points) and the Foreign Stock Index (FSI) closed at 1,361.90 points (previous week: 1,411.44 points). The decrease was caused by share price losses in TNM and FM BCH. Total volume of 1.68 million shares were traded during the week at a value of K48.74 million in 31 deals (Source: MSE).

3. Local Development

The October 2020 International Food Policy Research Institute (IFPRI) study has shown that about 75% of maize farmers and 90% of soya beans farmers sold their crops below the minimum farm-gate prices of K200 per kg and K300 per kg respectively. The findings of the study point to a widespread lack of enforcement of minimum farm-gate prices, and therefore, their limited usefulness in raising prices farmers receive for their crops. IFPRI encouraged greater competition at all levels of the market chain in order to be more effective in ensuring that farmers get better prices (Source: Malawi Nation).

4. Regional Developments in the Week

South Africa is expected to embark on a massive public works and job creation drive, as a recovery plan for the impact of the COVID-19 pandemic. The President of South Africa, Cyril Ramaphosa stated that the plan would unlock more than US\$60 billion in investment over the next four years and create more than 800,000 jobs, in hope to return Africa’s most industrialised economy to growth. This plan was unveiled after data showed that South Africa had reached its largest ever GDP contraction (Source: Reuters).

5. Global Developments in the Week

The United States retail sales rose more than expected in September 2020 (1.9% increase), rounding out a strong quarter of economic activity. The recovery of the current recession, however, is at crossroads as government money runs out and new COVID-19 infections surge across the country. This may further lead to business restrictions that might undercut spending on services such as restaurant dining and cut growth estimates for the fourth quarter to as low as 2.5% from above a 10% pace (Source: Reuters).

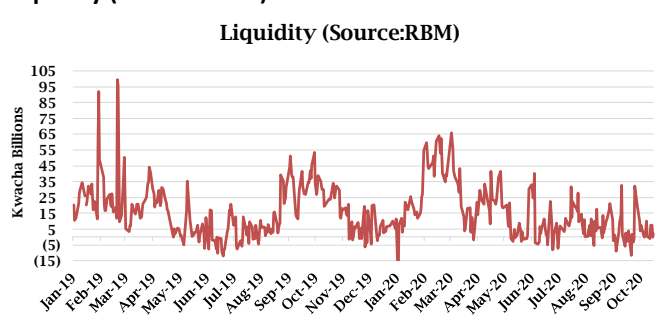
Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	9-Oct-20	16-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	618.70	618.70
NBS Bank	1.67	13.71	3.98	21.00	21.00
NICO	3.96	6.25	1.57	47.98	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	105.00	105.00
TNM	3.68	13.59	4.46	20.49	↓ 20.39
FM BCH	0.00	(14.70)	0.94	23.00	↓ 22.00
OMU	2.46	25.32	3.18	2,199.99	2,199.99
DSI	N/A	N/A	N/A	26,836.44	↓ 26,819.77
FSI	N/A	N/A	N/A	1,411.44	↓ 1,361.90
MASI	N/A	N/A	N/A	31,401.87	↓ 31,339.53

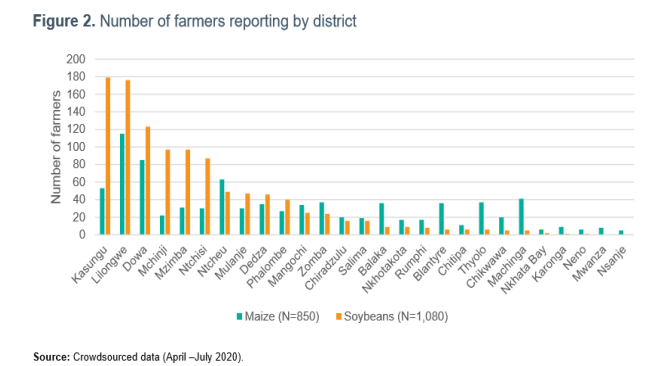
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2019	2020
MASI Return (YTD)	2.61%	3.95%

Liquidity (Source: RBM)



Maize and Soya-bean Producing Districts (Source: IFPRI)



Source: Crowdsourced data (April-July 2020).

Exchange Rates - Middle Rates (Source: RBM)

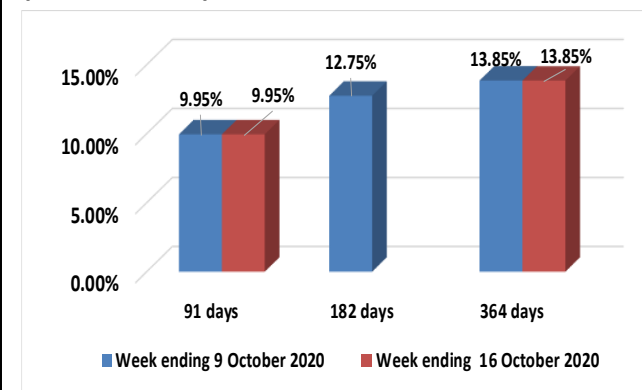
CURRENCY	9-Oct-20	16-Oct-20	% Change
MK/US Dollar	752.36	753.36	↓ -0.13%
MK/GBP	973.63	970.92	↑ 0.28%
MK/ZAR	45.48	45.26	↑ 0.49%
MK/EUR	885.61	881.65	↑ 0.45%

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

	9-Oct-20	16-Oct-20	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.221%	0.218%	↓ -0.003%
US Libor (6 months)	0.246%	0.253%	↑ 0.007%
US Treasury yield (10 years)	0.779%	0.732%	↓ -0.047%
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 16 October 2020 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	24.40	9.95
182 days TB	0.00	
364 days TB	1,938.49	13.85
TOTAL	1,962.89	

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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