



## 1. Money Market

### Government Securities

The government Treasury bill auction held during the week raised a total of K0.43 billion from total applications of K0.43 billion resulting in a nil rejection rate. The average yield for the 91 days, 182 days, and 364 days tenor were 9.95%, 12.90% and 13.90% respectively (previous week: 91 days: 9.95% and 364 days: 13.85%). The government Treasury note auction (5 year) raised a total of K3.32 billion from total applications of K11.20, resulting in a 70% rejection rate. The average yield was 19.95%. Total maturities for the week stood at K7.44 billion; resulting in a net injection of K3.69 billion (Source: RBM).

### Interbank Market

Liquidity level increased during the week in review to a daily average of K13.39 billion from K3.99 billion recorded in the previous week. The volume on Interbank borrowing decreased to a daily average of K3.20 billion (previous week: K6.01 billion) at an average rate of 13.63% (previous week: 13.63%). Access to the Lombard facility during the week in review averaged K59.56 billion a day at an average rate of 13.70% (previous week: K37.22 billion at an average rate of 13.70%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 31,346.80 points (previous week: 31,339.53 points), the Domestic Share Index (DSI) closed at 26,826.24 points (previous week: 26,819.77 points) and the Foreign Stock Index (FSI) remained steady at 1,361.90 points. The increase was caused by share price gain in NICO, which offset share price losses in Airtel, ICON, MPICO, NBS, OMU and TNM. Total volume of 0.15 billion shares were traded during the week at a value of K2.23 billion in 61 deals (Source: MSE).

## 3. Local Development

The headline inflation rate (year on year) for September 2020 has decreased to 7.10% from 7.60% in August 2020 (September 2019: 9.20%). Food and Non-Food inflation rates stand at 10.30% (August 2020: 11.30%) and 4.40% (August 2020: 4.40%) respectively (Source: NSO).

## 4. Regional Developments in the Week

The International Monetary Fund (IMF) has projected the Sub-Saharan Africa economic activity to contract in 2020 by 3.0% and then recover by 3.1% in 2021. In the latest IMF regional economic outlook for Sub-Saharan Africa, it states that the current economic outlook is subject to a greater-than-usual uncertainty with regard to the persistence of the COVID-19 pandemic shock, the availability of external financial support, and the development of an effective, affordable, and trusted vaccine (Source: Reuters).

## 5. Global Developments in the Week

Results from the United States (U.S.) Composite Purchasers Managers Index (PMI) Output, a manufacturing and services sector tracking system; have shown that business activity in the U.S. has increased during the month of October 2020 to 55.5% from 54.3% recorded in September 2020 (a reading above 50% indicates growth in private sector output). Despite the reported pick-up in business activity, the pace of new business growth and new orders eased slightly amid the lingering COVID-19 pandemic and caution ahead of the 3 November 2020 presidential election (Source: Reuters).

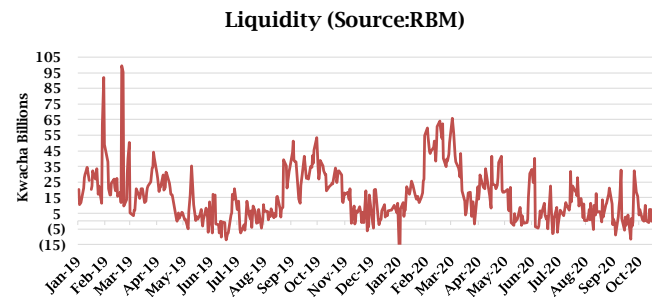
**Stock Market (Source: Malawi Stock Exchange)**

	Div yield %	P/E	P/BV	16-Oct-20	23-Oct-20
Counter				MK/Share	MK/Share
Airtel	4.31	20.04	20.24	29.00	↓ 28.98
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	1.71	11.34	1.11	12.49	↓ 12.30
ILLOVO	0.62	5.70	0.81	80.50	80.50
MPICO	1.04	9.94	1.41	24.00	↓ 23.93
NBM	2.89	16.89	2.87	618.70	618.70
NBS Bank	1.67	13.68	3.97	21.00	↓ 20.95
NICO	3.65	6.77	1.70	47.98	↑ 52.00
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	3.71	13.46	4.42	20.39	↓ 20.19
FMBCH	0.00	(14.70)	0.94	22.00	22.00
OMU	2.46	25.71	3.23	2,199.99	↓ 2,199.98
DSI	N/A	N/A	N/A	26,819.77	↑ 26,826.24
FSI	N/A	N/A	N/A	1,361.90	1,361.90
MASI	N/A	N/A	N/A	31,339.53	↑ 31,346.80

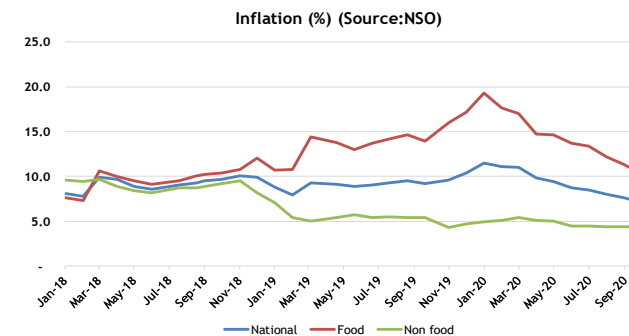
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2019	2020
<b>MASI Return (YTD)</b>	4.69%	3.62%

**Liquidity (Source: RBM)**



**Inflation (Source: NSO)**



**Exchange Rates - Middle Rates (Source: RBM)**

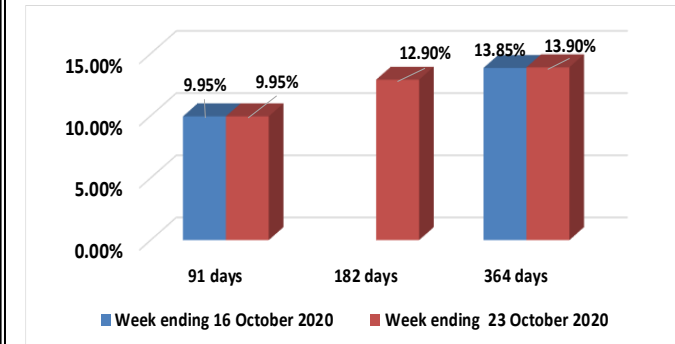
CURRENCY	16-Oct-20	23-Oct-20	% Change
MK/US Dollar	753.36	753.36	→ 0.00%
MK/GBP	970.92	983.66	↓ -1.31%
MK/ZAR	45.26	46.42	↓ -2.58%
MK/EUR	881.65	888.81	↓ -0.81%

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

	16-Oct-20	23-Oct-20	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.218%	0.215%	↓ -0.003%
US Libor (6 months)	0.253%	0.246%	↓ -0.007%
US Treasury yield (10 years)	0.732%	0.840%	↑ 0.108%
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 23 October 2020 (Source: RBM)**

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	230.29	9.95
182 days TB	120.26	12.90
364 days TB	80.00	13.90
5-year TN	3,320.00	19.95
<b>TOTAL</b>	<b>3,750.55</b>	

**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%	
<b>Average Real GDP</b>	<b>4.38%</b>	<b>0.25%</b>	<b>3.15%</b>	<b>5.23%</b>

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