



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K2.59 billion from total applications of K2.59 billion resulting in a nil rejection rate. The average yield for the 182 days and 364 days tenor were 12.95% and 13.94% respectively; there were no applications for the 91 days tenor (previous week: 91 days: 9.95%, 182 days: 12.90% and 364 days: 13.90%). Total maturities for the week stood at K13.90 billion; resulting in a net injection of K11.31 billion (Source: RBM).

Interbank Market

Liquidity level decreased during the week in review to a daily average of K7.03 billion from K13.39 billion recorded in the previous week. The volume on Interbank borrowing increased to a daily average of K7.40 billion (previous week: K3.20 billion) at an average rate of 13.63% (previous week: 13.63%). Access to the Lombard facility during the week in review averaged K73.26 billion a day at an average rate of 13.70% (previous week: K59.56 billion at an average rate of 13.70%) (Source: RBM).

2. Stock Market

The MASI closed the week at 31,303.78 points (previous week: 31,346.80 points), the Domestic Share Index (DSI) closed at 26,787.57 points (previous week: 26,826.24 points) and the Foreign Stock Index (FSI) closed at 1,362.39 points (previous week: 1,361.90 points). The decrease was caused by share price losses in Airtel, NBM, TNM, OMU and NITL which offset share price gain in FMBCH. Total volume of 0.49 billion shares was traded during the week at a value of K10.50 billion in 76 deals (Source: MSE).

3. Local Development

The International Monetary Fund (IMF) has further cut Malawi's economic growth projection for 2020 to 0.60% from 1.00% projected in May 2020. This is due to poor macroeconomic outlook occasioned by the COVID-19 pandemic. Malawi's economic activity in the second half of 2020 is suffering from a further deterioration of the global outlook, resulting in substantially lower exports, a worsening economic impact of the pandemic and a longer persistence of the shock. This development could further increase poverty levels, especially in the informal service sectors in urban and rural areas (Source: Malawi Nation).

4. Regional Developments in the Week

South Africa recorded a 2020/2021 fiscal year budget deficit of US 2.65 billion (Rand (ZAR) 42.87 billion) in September 2020 compared to a US 0.04 billion deficit in the corresponding period in 2019. Total revenue stood at US 6.5 billion (2019: US 7.23 billion) while total expenditure was recorded at US 9.15 billion (2019: US 7.27 billion) (Source: Reuters).

5. Global Developments in the Week

The Economists Intelligence Unit (EIU) has projected global forecast for the fourth quarter of 2020 to have slow growth, low inflation and high debt rates. According to their global forecast report, the EIU examined and explained that this was due to the impact of fiscal measures on public debt and the future of the global economy after the COVID-19 pandemic. The fiscal measures have helped many companies to stay afloat, kept workers employed and stabilised financial markets, however, they are expected to push fiscal deficits to an average level of 17% of GDP across developed countries (Source: EIU).

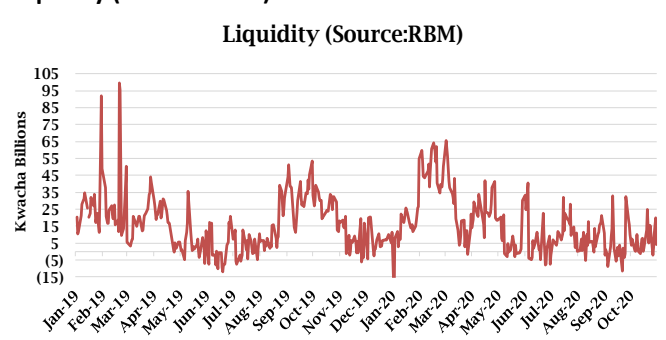
Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	23-Oct-20	30-Oct-20
Counter				MK/Share	MK/Share
Airtel	4.32	20.02	20.22	28.98	28.95
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	12.30	12.30
ILLOVO	0.62	5.70	0.81	80.50	80.50
MPICO	1.04	9.94	1.41	23.93	23.93
NBM	2.90	16.86	2.86	618.70	617.70
NBS Bank	1.67	13.68	3.97	20.95	20.95
NICO	3.65	6.77	1.70	52.00	52.00
NITL	0.79	7.20	1.11	94.98	94.97
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	3.75	13.32	4.37	20.19	19.98
FMBCH	0.00	(14.70)	0.94	22.00	22.01
OMU	2.46	25.71	3.23	2,199.99	2,199.98
DSI	N/A	N/A	N/A	26,826.24	26,787.57
FSI	N/A	N/A	N/A	1,361.90	1,362.39
MASI	N/A	N/A	N/A	31,346.80	31,303.78

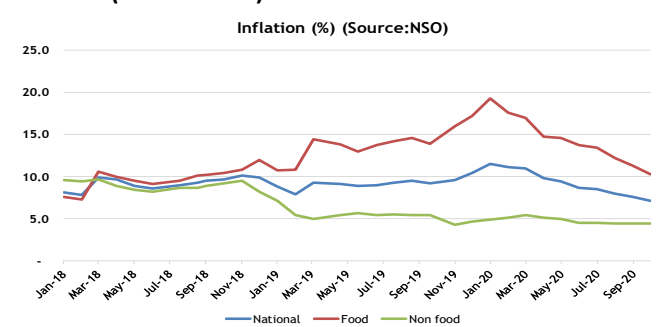
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2019	2020
MASI Return (YTD)	4.70%	3.48%

Liquidity (Source: RBM)



Inflation (Source: NSO)



Exchange Rates - Middle Rates (Source: RBM)

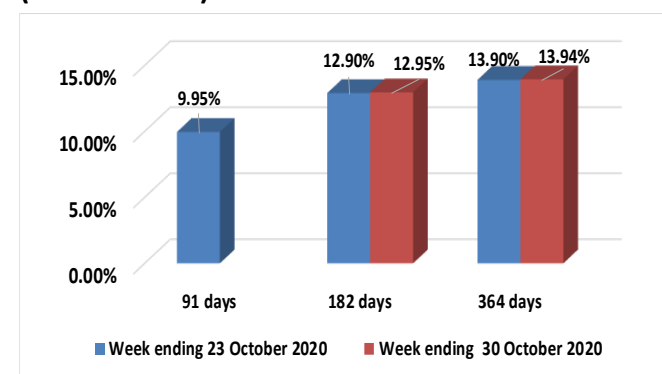
CURRENCY	23-Oct-20	30-Oct-20	% Change
MK/US Dollar	753.36	755.33	-0.26%
MK/GBP	983.66	974.45	0.94%
MK/ZAR	46.42	46.03	0.86%
MK/EUR	888.81	882.15	0.75%

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

	23-Oct-20	30-Oct-20	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.218%	0.214%	-0.003%
US Libor (6 months)	0.253%	0.243%	-0.010%
US Treasury yield (10 years)	0.732%	0.821%	0.089%
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 30 October 2020 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	
182 days TB	1,363.15	12.95
364 days TB	1,228.27	13.94
TOTAL	2,591.43	

Malawi Real GDP Projections

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-3.90%	2.10%	4.40%
IMF	4.00%	0.60%	2.20%	6.00%
WORLD BANK	4.40%	2.00%	3.50%	5.30%
GOVERNMENT	5.00%	1.90%	4.50%	
Average Real GDP	4.38%	0.15%	3.08%	5.23%

Contacts:

Head Office

NICO Asset Managers Limited, 19 Glyn Jones Road
Chibisa House, P.O. Box 3173, Blantyre
Tel No: 01 832 085/086
Email: invest@nicoassetmanagers.com Website: www.nicoassetmanagers.com

Lilongwe Branch

NICO Asset Managers Limited, Corner Kenyatta Drive
NICO Centre, P.O. Box 30729, Lilongwe 3
Tel No: 01 757 086
NICO Asset Managers/Facebook