



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K1.93 billion from total applications of K1.93 billion resulting in a nil rejection rate. The average yield for the 91 days and 364 days tenor were 9.95% and 13.94% respectively; there were no applications for the 182 days tenor (previous week: 182 days: 12.94% and 364 days: 13.94%; there were no applications for the 91 days tenor). Total maturities for the week stood at K7.23 billion; resulting in a net injection of K5.30 billion (Source: RBM).

Interbank Market

Liquidity level decreased during the week in review to a daily average of K5.63 billion from K7.03 billion recorded in the previous week. The volume on Interbank borrowing decreased to a daily average of K3.15 billion (previous week: K7.40 billion) at an average rate of 13.61% (previous week: 13.63%). Access to the Lombard facility during the week in review averaged K60.49 billion a day at an average rate of 13.70% (previous week: K73.26 billion at an average rate of 13.70%) (Source: RBM).

2. Stock Market

The MASI closed the week at 31,007.06 points (previous week: 31,303.78 points), the Domestic Share Index (DSI) closed at 26,523.55 points (previous week: 26,787.57 points) and the Foreign Stock Index (FSI) closed at 1,362.39 points (previous week: 1,362.39 points). The decrease was caused by share price losses in Airtel, NBM, TNM, and Standard Bank. Total volume of 2.13 million shares was traded during the week at a value of K1.65 billion in 42 deals (Source: MSE).

3. Local Development

- The reference rate for November 2020 remains steady at 13.60% same as that recorded in October 2020 (Source: National Bank).
- The Monetary Policy Committee (MPC), at its fourth meeting of 2020 held on 5 and 6 November 2020, decided to reduce the Policy rate to 12.00% from 13.50%. Meanwhile, the MPC maintained the Liquidity Reserve Requirement (LRR) ratio on domestic and foreign deposits at 3.75% and the Lombard rate at 20 basis points above the Policy rate (Source: Malawi Nation).

4. Regional Developments in the Week

Kenya is holding talks with the International Monetary Fund (IMF) on a new lending facility as the East African nation faces huge budget deficits worsened by the impact of the coronavirus pandemic. This request follows the first emergency disbursement of \$739 million which was approved in May 2020 to help the country deal with the economic shock caused by the COVID-19 pandemic (Source: Reuters).

5. Global Developments in the Week

The Government of Malaysia has boosted spending in the 2021 fiscal year budget by 2.5% to \$78 billion from \$58 billion. This is aimed at spurring domestic activity as the country grapples with the economic fallout of the COVID-19 pandemic amid rising political uncertainty. The 2021 budget is expected to increase spending on social sectors and infrastructure to help reverse the \$365 billion economic slide into recession. The government estimates that the budget will help the economy grow by 6.5% to 7.5% in 2021, rebounding from the 4.5% GDP contraction in 2020 (Source: Bloomberg).

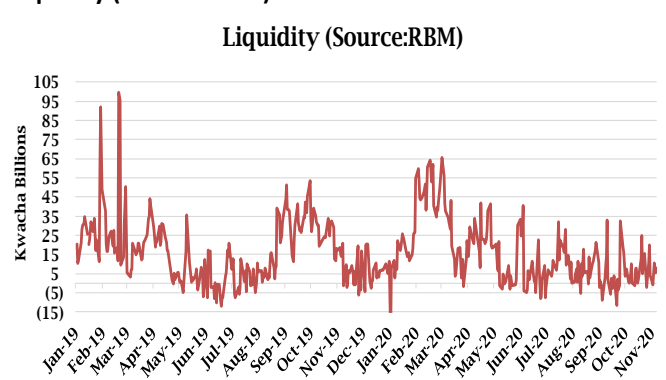
Stock Market (Source: Malawi Stock Exchange)

	Div yield %	P/E	P/BV	30-Oct-20	6-Nov-20
Counter				MK/Share	MK/Share
Airtel	4.46	19.36	19.56	28.95	28.00
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	1.71	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	617.70	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	94.97	94.97
PCL	1.93	19.81	1.03	1,343.99	1,343.99
Standard Bank	3.56	12.57	2.29	851.00	850.78
Sunbird	0.95	10.59	1.18	105.00	105.00
TNM	3.85	13.30	4.27	19.98	19.50
FMBCH	0.00	(14.70)	0.94	22.01	22.01
OMU	2.46	25.71	3.23	2,199.98	2,199.98
DSI	N/A	N/A	N/A	26,787.57	26,523.55
FSI	N/A	N/A	N/A	1,362.39	1,362.39
MASI	N/A	N/A	N/A	31,303.78	31,007.06

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

	2019	2020
MASI Return (YTD)	4.69%	2.50%

Liquidity (Source: RBM)



Forex Reserves (Source: RBM)

	Oct-20 (US\$ million)	Sep-20 (US\$ million)	Oct-19 (US\$ million)	% 1 month change	% 12 months change
Official Reserves	635.05	546.99	601.80	16.10%	5.53%
Private Sector	340.22	318.47	293.93	6.83%	15.75%
Total	975.27	865.46	895.73	12.69%	8.88%
Import Cover (Months)					
Gross Official	3.04	2.62	2.88	16.03%	5.56%
Private Sector	1.63	1.52	1.41	7.24%	15.60%
Total	4.67	4.14	4.29	12.80%	8.86%

Exchange Rates - Middle Rates (Source: RBM)

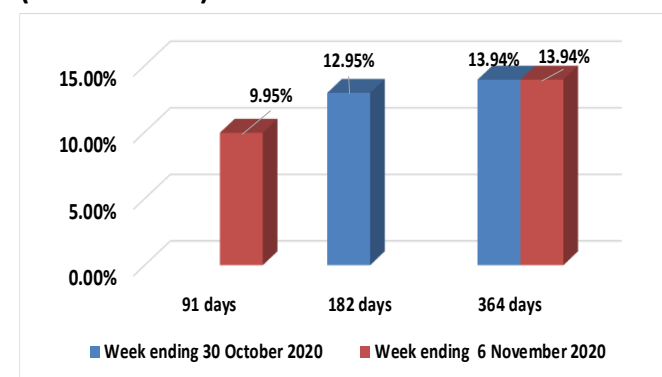
CURRENCY	30-Oct-20	6-Nov-20	% Change
MK/US Dollar	755.33	755.33	0.00%
MK/GBP	974.45	991.07	-1.71%
MK/ZAR	46.03	48.06	-4.41%
MK/EUR	882.15	892.35	-1.16%

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

	30-Oct-20	6-Nov-20	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.214%	0.232%	0.018%
US Libor (6 months)	0.243%	0.244%	0.001%
US Treasury yield (10 years)	0.821%	0.776%	-0.045%
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 6 November 2020 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	70.00	9.95
182 days TB		
364 days TB	1,861.25	13.94
TOTAL	1,931.25	

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%

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