



NICO Asset Managers
“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 13 November 2020

1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K2.93 billion from total applications of K2.93 billion resulting in a nil rejection rate. The average yield for the 91 days, 182 days and 364 days tenor were 9.95%, 12.95% and 12.75% respectively (previous week: 91 days: 9.95% and 364 days: 13.94%; there were no applications for the 182 days tenor). The government Treasury note (7 year) raised a total of K2.02 billion from total applications of K2.03, resulting in a 0.49% rejection rate. Total maturities for the week stood at K6.05 billion; resulting in a net injection of K1.10 billion (Source: RBM).

Interbank Market

Liquidity level decreased during the week in review to a daily average of K4.49 billion from K5.63 billion recorded in the previous week. The volume on Interbank borrowing decreased to a daily average of K1.30 billion (previous week: K3.15 billion) at an average rate of 12.90% (previous week: 13.61%). Access to the Lombard facility during the week in review averaged K69.82 billion a day at an average rate of 13.40% (previous week: K60.49 billion at an average rate of 13.70%) (Source: RBM).

2. Stock Market

The MASI closed the week at 30,959.17 points (previous week: 31,007.06 points), the Domestic Share Index (DSI) closed at 26,480.93 points (previous week: 26,523.55 points) and the Foreign Stock Index (FSI) remained steady at 1,362.39 points. The decrease was caused by share price losses in MPICO, NBM and TNM. Total volume of 3.05 million shares was traded during the week at a value of K73.84 billion in 66 deals (Source: MSE).

3. Local Development

The Reserve Bank of Malawi (RBM) has projected that Malawi's real gross domestic product (GDP) will grow by 1.2% in 2020. The rate is 0.7% lower than the 1.9% projected in July 2020 and four times lower than the 5.1% growth realized in 2019. The projected 1.2% growth rate reflects the adverse impact of the COVID-19 pandemic on the country's key and strategic sectors. These hard-hit sectors include manufacturing, tourism, health services and wholesale and retail trade sectors (Source: RBM).

4. Regional Developments in the Week

The International Monetary Fund (IMF) has approved US\$52.3 million in emergency assistance to help South Sudan contain the fiscal impact caused by the COVID-19 pandemic. The health and economic impact of the coronavirus pandemic, coupled with the decline in oil prices, led to a collapse of revenues and have created an urgent balance of payments and fiscal financing needs (Source: Reuters).

5. Global Developments in the Week

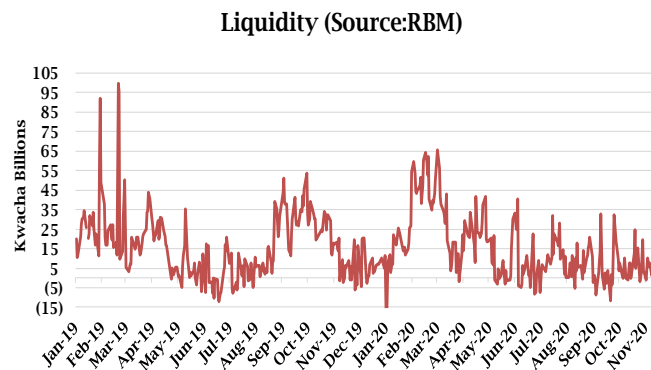
The UN Economic Commission for Africa (UNECA) urged G20 nations to take measures that could unlock as much as US\$500 billion for the world's poorest countries and help avoid lasting scars from a prolonged funding gap caused by the COVID-19 pandemic. The UNECA stated that the strongest economies will struggle to survive a persistent liquidity crunch, driven by successive waves of the coronavirus pandemic across the world; and Africa's resilience will break if global policy makers remain indifferent or timid in their response (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	6-Nov-20	13-Nov-20
Counter				MK/Share	MK/Share
Airtel	4.46	19.36	19.56	28.00	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	1.09	9.55	1.35	23.93	↓ 22.99
NBM	2.90	16.86	2.86	617.70	↓ 617.69
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	850.78	850.78
Sunbird	0.95	10.59	1.18	105.00	105.00
TNM	3.85	12.97	4.26	19.50	↓ 19.46
FMBCH	0.00	(14.70)	0.94	22.01	22.01
OMU	2.46	25.73	3.23	2,199.98	2,199.98
DSI	N/A	N/A	N/A	26,523.55	↓ 26,480.93
FSI	N/A	N/A	N/A	1,362.39	1,362.39
MASI	N/A	N/A	N/A	31,007.06	↓ 30,959.17

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

	2019	2020
MASI Return (YTD)	3.82%	2.34%

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)					
	Oct-20	Sep-20	Oct-19	% 1 month change	% 12 months change
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	6-Nov-20	13-Nov-20	% Change
MK/US Dollar	755.33	758.30	↓ -0.39%
MK/GBP	991.07	995.19	↓ -0.42%
MK/ZAR	48.06	48.46	↓ -0.85%
MK/EUR	892.35	895.17	↓ -0.32%

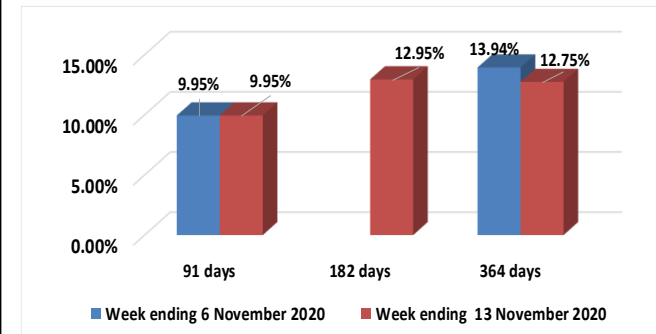
Global Market Rates (Source: Bloomberg, WSJ, CNBC)

	6-Nov-20	13-Nov-20	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.232%	0.221%	↓ -0.012%
US Libor (6 months)	0.244%	0.246%	→ 0.002%
US Treasury yield (10 years)	0.776%	0.884%	↑ 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 13 November 2020 (Source: RBM)

TENORS	VOLUME (K' MILLION)	AVERAGE YIELD (%)
91 days TB	60.00	9.95
182 days TB	10.00	12.95
364 days TB	2,859.35	12.75
7-year TN	2,020.00	19.95
TOTAL	4,949.00	

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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