



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K9.14 billion from total applications of K9.14 billion resulting in a 0.004% rejection rate. The average yield for the 91 days, 182 days and 364 days were 9.95%, 12.70% and 13.70% respectively (previous week: 91 days: 9.95%, 182 days: 12.50%, 364 days: 13.55%). The government Treasury notes (2-year, 3-year and 5-year) raised a total of K53.27 billion from total applications of K55.58 billion, resulting in a 4% rejection rate. Total maturities for the week stood at K15.92 billion; resulting in a net withdrawal of K46.50 billion (Source: RBM).

Interbank Market

Liquidity levels increased during the week in review to a daily average of K16.95 billion from K5.68 billion recorded in the previous week. The volume on Interbank borrowing increased to a daily average of K10.86 billion (previous week: K6.50 billion) at an average rate of 11.36% (previous week: 11.30%). Access to the Lombard facility during the week in review averaged K6.25 billion a day at an average rate of 12.20% (previous week: K40.55 billion at an average rate of 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 32,986.31 points (previous week: 33,011.20points), the Domestic Share Index (DSI) closed at 28,091.11 points (previous week: 28,113.26 points) and the Foreign Stock Index (FSI) remained steady at 1,609.62 points. The decrease in MASI was due to share price losses in ICON, NBS Bank and TNM. Total volume of 0.28 million shares were traded during the week at a value of K5.88 million in 15 deals (Source: MSE).

3. Local Development

Annual Headline inflation rate for 2020 averaged 8.60%, which is 0.8% points lower than that recorded in 2019, when it averaged 9.40%. National Statistics Office (NSO) figures further indicated that headline inflation for the month of December 2020, 7.6%, was higher than that recorded in November 2020 at 7.10% but was lower than that recorded in December 2019 at 11.50%. Food and non-food inflation rates for December 2020 closed at 10.50% and 4.90% respectively (Source: NSO).

4. Regional Developments in the Week

The Kenyan Shilling (KES) is expected to recover, stimulated by higher US Dollar inflows from offshore investors into the local debt market and improved risk sentiment for frontier assets. The improvement is expected to relieve off some pressure on the local currency, however, the gains may be capped by demand for US Dollars from importers and any moves by the central bank to shore up its reserves (Source: Reuters).

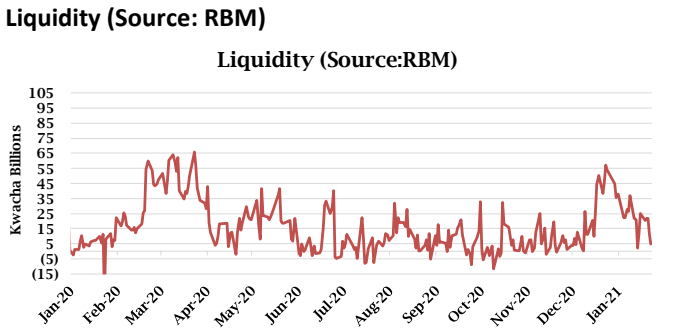
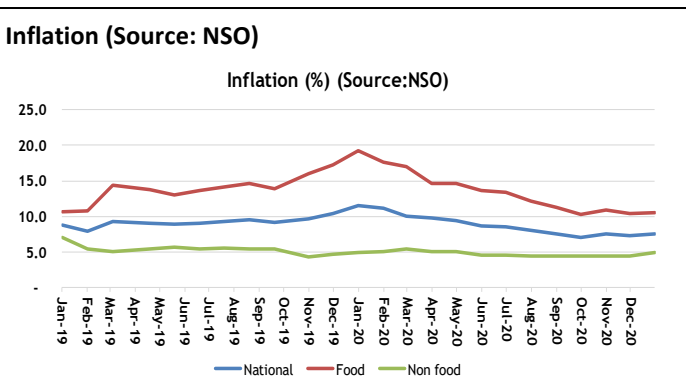
5. Global Developments in the Week

New Zealand's annual inflation for 2020 hit a higher-than-expected 1.4% (from 1.1% projected earlier), reinforcing market expectations that the Reserve Bank's lowest-ever official cash rate (OCR) will fall no further. As risks of higher inflation were accumulating, the Reserve Bank of New Zealand was expected to maintain highly stimulatory settings until it was confident that economic activity and the labour market had turned the corner. However, the bank is still charged with trying to maintain the annual inflation rate while also aiming for maximum sustainable employment (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	15-Jan-21	22-Jan-21
Counter				MK/Share	MK/Share
Airtel	4.47	19.35	19.54	27.98	27.98
Blantyre Hotels	1.82	19.79	1.42	11.00	11.00
FDH Bank	0.00	12.71	4.40	14.45	14.45
ICON	1.72	11.28	1.11	12.27	↓ 12.24
ILLOVO	2.49	4.77	0.80	80.48	80.48
MPICO	1.19	8.72	1.24	20.99	20.99
NBM	2.76	17.74	3.01	650.00	650.00
NBS Bank	1.71	13.38	3.89	20.50	↓ 20.49
NICO	3.65	6.77	1.70	52.00	52.00
NITL	0.79	7.20	1.11	94.95	94.95
PCL	1.99	19.31	1.00	1,309.47	1,309.47
Standard Bank	2.52	17.73	3.23	1,200.00	1,200.00
Sunbird	1.11	9.07	1.01	90.00	90.00
TNM	3.87	12.92	4.24	19.50	↓ 19.39
FM BCH	0.00	(18.04)	1.15	27.00	27.00
OMU	2.46	25.73	3.23	2,199.98	2,199.98
DSI	N/A	N/A	N/A	28,113.26	↓ 28,091.11
FSI	N/A	N/A	N/A	1,609.62	1,609.62
MASI	N/A	N/A	N/A	33,011.20	↓ 32,986.31

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

	2020	2021
MASI Return (YTD)	4.16%	1.83%



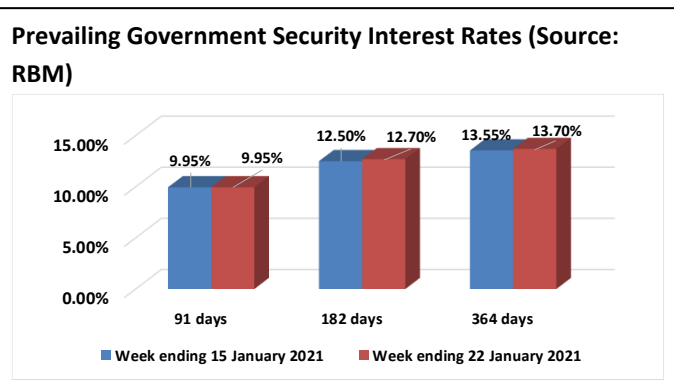
Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	15-Jan-21	22-Jan-21	% Change
MK/US Dollar	771.20	771.20	→ 0.00%
MK/GBP	1051.23	1056.16	↓ -0.47%
MK/ZAR	50.58	51.33	↓ -1.50%
MK/EUR	937.01	938.32	↓ -0.14%

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

	15-Jan-21	22-Jan-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.234%	0.222%	↓ -0.011%
US Libor (6 months)	0.248%	0.238%	↓ -0.010%
US Treasury yield (10 years)	1.107%	1.090%	↓ -0.017%
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



Government Securities for Week ending 22 January 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	216.93	9.95
182 days TB	3,574.73	12.70
364 days TB	5,344.40	13.70
2-Yr	17,240.00	16.50
3-Yr	22,560.00	18.56
5-Yr	13,480.00	19.97
TOTAL	62,415.66	

Malawi Real GDP Projections (Source: EIU, IMF, World Bank, Malawi Government)

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%	1.00%	3.30%	5.30%
GOVERNMENT	5.10%	1.20%	4.50%	
Average Real GDP	4.40%	-0.28%	3.03%	5.23%

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