



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K17.80 billion from total applications of K17.80 billion resulting in a nil rejection rate. The average yield for the 91 days, 182 days and 364 days were 9.95%, 12.78% and 13.73% respectively (previous week: 91 days: 9.95%, 182 days: 12.70%, 364 days: 13.70%). The government Treasury notes (2-year, 3-year, 5-year and 7-year) raised a total of K64.94 billion from total applications of K64.94 billion, resulting in a nil rejection rate. Total maturities for the week stood at K15.55 billion; resulting in a net withdrawal of K67.19 billion (Source: RBM).

Interbank Market

Liquidity levels increased during the week in review to a daily average of K41.27 billion from K16.95 billion recorded in the previous week. The volume on Interbank borrowing increased to a daily average of K10.86 billion (previous week: K21.70 billion) at an average rate of 11.37% (previous week: 11.36%). Access to the Lombard facility during the week in review averaged K2.83 billion a day at an average rate of 12.20% (previous week: K6.25 billion at an average rate of 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 32,988.58 points (previous week: 32,986.31 points), the Domestic Share Index (DSI) closed at 28,090.02 points (previous week: 28,091.11 points) and the Foreign Stock Index (FSI) closed at 1,613.58 points (previous week: 1,609.62 points). The increase in MASI was due to share price gain in FM BCH, despite share price losses in Illovo and NBS Bank. Total volume of 0.38 million shares were traded during the week at a value of K8.18 million in 19 deals (Source: MSE).

3. Local Development

- National Bank of Malawi (NBM) plc has released a trading statement which indicates that the company expects its annual year ending 31 December 2020 profit after tax to be at least 20% higher than the profit recorded during the corresponding period in 2019 (Source: NBM).
- The Monetary Policy Committee (MPC), at its first meeting of 2021 held on 25 and 26 January, decided to maintain the policy rate at 12.00%; the Liquidity Reserve Requirement (LRR) ratio on both domestic and foreign deposits at 3.75%; and the Lombard rate at 20 basis points above the policy rate. In arriving at this decision, the Committee noted that the inflation outlook has remained broadly unchanged from the Fourth 2020 MPC meeting forecast (Source: RBM).

4. Regional Developments in the Week

Kenya's economy contracted by 1.1% (year-on-year) in the third quarter of 2020 compared with growth of 5.8% in the same period in 2019. The contraction was due to the impact of the COVID-19 pandemic which reduced tourist flows into the country, although, agriculture and construction were stronger. Accommodation and food service activity crashed by 57.9%, a sharp deterioration from 9.9% growth in third quarter of 2019, whilst the agriculture, forestry and fishing sector grew by 6.3% from a 5.0% expansion in the same period in 2019. Construction also picked up, rising by 16.2% from 6.6% recorded in 2019 (Source: Reuters).

5. Global Developments in the Week

The International Monetary Fund (IMF), in its world economic outlook (WEO) update for January 2021, has revised up the global economic growth rate for 2021 to 5.5% from 5.2% projected in October 2020. The increase is mainly attributed to expectations of rolling out a COVID-19 vaccine later in 2021 and additional policy support in the US, Japan and a few other large economies (Source: Reuters, IMF).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	22-Jan-21	29-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	12.24	12.24
ILLOVO	2.49	4.77	0.80	80.48	↓ 80.47
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	20.49	↓ 20.47
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	19.39	19.39
FMBCH	0.00	(18.04)	1.15	27.00	↑ 27.08
OMU	2.46	25.73	3.23	2,199.98	2,199.98
DSI	N/A	N/A	N/A	28,091.11	↓ 28,090.02
FSI	N/A	N/A	N/A	1,609.62	↑ 1,613.58
MASI	N/A	N/A	N/A	32,986.31	↑ 32,988.58

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

	2020	2021
MASI Return (YTD)	-4.22%	1.84%

Annual Year Financial Results for companies listed on the Malawi Stock Exchange (Source: Respective Companies)

Published Half Year Financials for 2020 and 2019					
Period	Net Profit/(Loss) (MK'Billion)			Total Dividend (Per Share) (Kwacha)	
	Aug-20	Aug-19	% Change	Aug-20	Aug-19 % Change
ILLOVO	2.74	10.08	↓ -72.84%	2.00	0.50 ↑ 300.00%
Period	Jun-20	Jun-19	% Change	Jun-20	Jun-19 % Change
AIRTEL	11.42	2.02	↑ 465.35%	0.00	0.00 → 0.00%
ICON	2.11	2.52	↓ -16.27%	0.11	0.10 ↑ 10.00%
NBS BANK	2.84	1.41	↑ 102.42%	0.45	0.00 ↑ 100.00%
STANDARD	12.63	8.09	↑ 56.12%	10.65	8.95 ↑ 18.99%
NBM	9.07	9.13	↓ -0.61%	5.35	5.35 → 0.00%
NITL	0.35	0.67	↓ -48.48%	0.50	0.50 → 0.00%
SUNBIRD	(1.34)	1.20	↓ -211.61%	0.00	0.50 ↓ -100.00%
TNM	4.97	6.71	↓ -25.93%	0.18	0.00 ↑ 100.00%
NICO	7.64	7.29	↑ 4.80%	0.67	0.60 ↑ 11.67%
PCL	12.69	11.17	↑ 13.66%	6.00	6.00 → 0.00%
MPICO	2.51	3.58	↓ -30.01%	0.00	0.10 ↓ -100.00%
FDH	3.22	3.35	↓ -3.88%	0.00	0.00 → 0.00%
	Net Profit/(Loss) (US\$' million)			Total Dividend (Per Share) (US\$)	
FMBCH	14.29	5.08	↑ 181.30%	0.00	0.00 → 0.00%

TRADING STATEMENT	
BHL	Expects its half year ending 30 September 2020 profit after tax to be at least 200% lower than the previous corresponding period
NBS BANK	Expects its annual year ending 31 December 2020 profit after tax to be at least 25% higher than the previous corresponding period
SUNBIRD	Expects its annual year ending 31 December 2020 profit after tax to be at least 150% lower than the previous corresponding period
AIRTEL	Expects its annual year ending 31 December 2020 profit after tax to be at least 40% higher than the previous corresponding period
TNM	Expects its annual year ending 31 December 2020 profit after tax to be at least 25% higher than the previous corresponding period
FMBCH	Expects its annual year ending 31 December 2020 profit after tax to be at least 200% higher than the previous corresponding period
NITL	Expects its annual year ending 31 December 2020 profit after tax to be at least 40% lower than the previous corresponding period
NBM	Expects its annual year ending 31 December 2020 profit after tax to be at least 20% higher than the previous corresponding period

Exchange Rates - Middle Rates (Source: RBM)

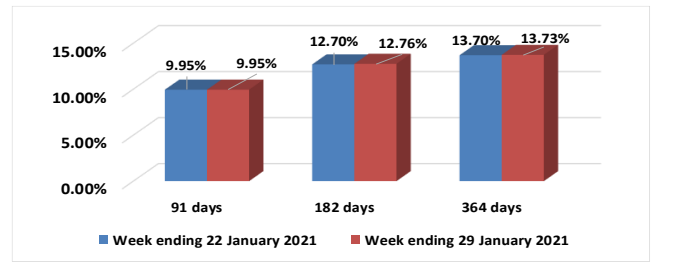
CURRENCY	22-Jan-21	29-Jan-21	% Change
MK/US Dollar	771.20	771.20	→ 0.00%
MK/GBP	1056.16	1057.32	↓ -0.11%
MK/ZAR	51.33	50.69	↑ 1.25%
MK/EUR	938.32	933.54	↑ 0.51%

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

	22-Jan-21	29-Jan-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.222%	0.205%	↓ -0.017%
US Libor (6 months)	0.238%	0.220%	↓ -0.018%
US Treasury yield (10 years)	1.090%	1.082%	↓ -0.008%
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 29 January 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	73.18	9.95
182 days TB	4,686.49	12.76
364 days TB	13,044.22	13.73
2-Yr	25,000.00	16.50
3-Yr	7,100.00	18.69
5-Yr	22,840.00	19.94
7-Yr	10,000.00	20.00
TOTAL	82,743.89	

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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