



**1. Money Market**

**Government Securities**

The government Treasury bill auction held during the week raised a total of K23.31 billion from total applications of K28.63 billion resulting in a rejection rate of 18.59%. The average yield for the 91 days, 182 days and 364 days were 9.95%, 12.80% and 13.80% respectively (previous week: 91 days: 9.95%, 182 days: 12.80%, 364 days: 13.68%). The government Treasury notes (2-year, 5-year, and 7-year) raised a total of K24.69 billion from total applications of K24.69 billion, resulting in a nil rejection rate. Total maturities for the week stood at K7.61 billion; resulting in a net withdrawal of K40.39 billion (Source: RBM).

**Interbank Market**

Liquidity levels decreased during the week in review to a daily average of K29.09 billion from K52.79 billion recorded in the previous week. The volume on Interbank borrowing decreased to a daily average of K5.51 billion (previous week: K13.55 billion) at an average rate of 10.38% (previous week: 10.58%). Access to the Lombard facility during the week in review averaged K0.50 billion a day at an average rate of 12.20% (there was no borrowing on the Lombard Facility recorded in the previous week) (Source: RBM).

**2. Stock Market**

The MASI closed the week at 32,731.80 points (previous week: 32,977.97 points), the Domestic Share Index (DSI) closed at 27,861.25 points (previous week: 28,080.02 points) and the Foreign Stock Index (FSI) closed at 1,613.96 points (previous week: 1,614.08 points). The decrease in MASI was due to share price losses in NBS Bank, PCL, TNM and OMU despite share price gains in Airtel and Standard Bank. Total volume of 4.75 million shares were traded during the week at a value of K120.83 million in 41 deals (Source: MSE).

**3. Local Development**

During the month of January 2021, the average retail maize price decreased by 4.00% (December 2020: 6.00% increase) to MWK205.00/kg, which is 35.00% lower than in January 2020. ADMARC opened its markets on 23 January 2021 for sales of maize at MKW 160.00/kg. According to the Presidential address on 24 January 2021, the reduction of maize prices at ADMARC is expected to ensure that Malawians losing income-generating activities due to the Covid-19 pandemic, are guaranteed food at an affordable price (Source: IFPRI).

**4. Regional Developments in the Week**

Kenya is expected to raise its debt ceiling of US\$82.30 billion to accommodate fiscal deficits in the 2021/22 financial year. As at the end of 2020, total debt stood at US\$66.71 billion, equivalent to 65.60% of GDP. The East African nation is considering using private placements, diaspora bonds, Islamic bonds (sukuks) and green sovereign bonds to raise funds externally in the medium term (Source: Reuters).

**5. Global Developments in the Week**

Britain's economy suffered its biggest crash in output in 2020 when it slumped by 9.90% but avoided heading back towards recession and hoped to recover in 2021. Official figures show that the economy grew by 1.20% in December 2020 after a 2.30% fall in output in November 2020, pointing to greater resilience to COVID-19 restrictions. The Bank of England, however, forecasts that the economy will shrink by 4.00% in the first three months of 2021 because of the third lockdown. Furthermore, projections show that it will take until early 2022 before the country's GDP regains its pre-COVID-19 size, assuming vaccination continues at the current rapid pace (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	5-Feb-21	12-Feb-21
Counter				MK/Share	MK/Share
Airtel	4.47	19.35	19.54	27.97	↑ 27.98
Blantyre Hotels	1.82	19.79	1.42	11.00	11.00
FDH Bank	0.00	12.70	4.40	14.44	14.44
ICON	1.72	11.24	1.10	12.20	12.20
ILLOVO	2.49	4.77	0.80	80.47	80.47
MPICO	1.19	8.70	1.23	20.94	20.94
NBM	2.76	17.74	3.01	650.00	650.00
NBS Bank	1.71	13.35	3.88	20.46	↓ 20.45
NICO	3.65	6.77	1.70	52.00	52.00
NITL	0.79	7.20	1.11	94.94	94.94
PCL	1.99	19.31	1.00	1,309.47	↓ 1,199.97
Standard Bank	2.52	17.73	3.23	1,200.01	↑ 1,200.02
Sunbird	1.11	9.07	1.01	89.99	89.99
TNM	3.87	12.92	4.24	19.39	↓ 19.38
FMBCH	0.00	(18.10)	1.15	27.09	27.09
OMU	2.46	25.73	3.23	2,199.98	↓ 2,199.00
DSI	N/A	N/A	N/A	28,080.02	↓ 27,861.25
FSI	N/A	N/A	N/A	1,614.08	↓ 1,613.96
MASI	N/A	N/A	N/A	32,977.97	↓ 32,731.80

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

	2020	2021
MASI Return (YTD)	-6.36%	1.05%

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

Published 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%
FMBCH	14.29	5.08	↑ 181.30%	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	5-Feb-21	12-Feb-21	% Change
MK/US Dollar	773.80	774.17	↓ -0.05%
MK/GBP	1058.87	1068.12	↓ -0.87%
MK/ZAR	51.67	52.91	↓ -2.40%
MK/EUR	925.69	938.68	↓ -1.40%

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

	5-Feb-21	12-Feb-21	Change
US Fed Rate	0.250%	0.250%	⇒ 0.000%
US Libor (3 months)	0.193%	0.201%	↓ 0.008%
US Libor (6 months)	0.223%	0.208%	↓ -0.015%
US Treasury yield (10 years)	1.144%	1.171%	↑ 0.027%
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)

TENORS	VOLUME (K' MILLION)	AVERAGE YIELD (%)
91 days TB	38.72	9.95
182 days TB	13,036.61	12.80
364 days TB	10,232.52	13.80
2-Yr	3,070.00	16.50
5-Yr	10,270.00	19.97
7-Yr	11,350.00	20.50
<b>TOTAL</b>	<b>47,997.85</b>	

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

	Real GDP Growth Projections			
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.30%	4.00%
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%	
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.45%</b>	<b>3.08%</b>	<b>5.10%</b>

**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](mailto:invest@nicoassetmanagers.com) Website: [www.nicoassetmanagers.com](http://www.nicoassetmanagers.com) NICO Asset Managers/Facebook

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

**INVESTMENT MANAGEMENT | CORPORATE FINANCE | INVESTOR SERVICES**