



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K3.65 billion from total applications of K5.40 billion resulting in a rejection rate of 32.50%. The average yield for the 91 days, 182 days and 364 days were 9.96%, 12.79% and 13.80% respectively (previous week: 91 days: 9.95%, 182 days: 12.80%, 364 days: 13.80%). The government Treasury notes (10-year) raised a total of K7.58 billion from total applications of K8.15 billion, resulting in a rejection rate of 7.00%. The average yield was 22.50%. Total maturities for the week stood at K4.73 billion; resulting in a net withdrawal of K6.5 billion (Source: RBM).

2. Interbank Market

Liquidity levels decreased during the week in review to a daily average of K5.64 billion from K29.09 billion recorded in the previous week. The volume on Interbank borrowing decreased to a daily average of K4.81 billion (previous week: K5.51 billion) at an average rate of 10.57% (previous week: 10.38%). Access to the Lombard facility during the week in review averaged K12.95 billion a day (previous week: K0.50 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

3. Stock Market

The MASI closed the week at 32,733.47 points (previous week: 32,731.80 points), the Domestic Share Index (DSI) closed at 27,862.74 points (previous week: 27,861.25 points) and the Foreign Stock Index (FSI) remained steady at 1,613.96 points. The increase in MASI was due to share price gains in Airtel and Sunbird despite share price loss in MPICO. Total volume of 1.32 million shares were traded during the week at a value of K85.59 million in 46 deals (Source: MSE).

4. Local Development

- The Board of Directors of FDH Bank plc has resolved to pay an interim dividend of K3 billion, representing K0.43 per share, for the financial year ended 31 December 2020. The dividend is payable on 26 March 2021 (Source: FDH Bank).
- The Ministry of Agriculture has projected a 17.50% increase in maize output owing to the 2020/21 Affordable Input Program (AIP). According to the Third Round Crop Assessment report, the country will harvest 4.4 million metric tonnes (mt) of maize this season compared to 3.8 million mt harvested during the 2019/20 season. This will result in a 1.4 million mt maize surplus since Malawi needs an estimate of 3.3 million mt of maize every year (Source: Ministry of Agriculture).

5. Regional Developments in the Week

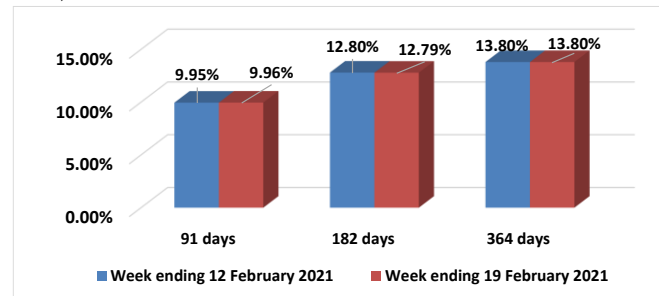
African economies are expected to tighten their monetary policies due to inflationary pressures and currency weaknesses, even as the slow rollout of coronavirus vaccines and new cases of the disease pose risks to economic growth. According to Bloomberg Economics, Angola and Nigeria face the most immediate pressure to act, while the rest of the economies still have space to keep rates on hold until 2022 (Source: Bloomberg).

6. Global Developments in the Week

The Bank of Indonesia has cut down its economic growth forecast for 2021, despite doubling down with interest rate cuts and easing lending rules. The downgraded growth outlook is attributed to fears that a resurgence in Covid-19 cases is slowing the economy's recovery. The bank now sees the country's gross domestic product expanding by 4.3% to 5.3% in 2021, down from an earlier forecast of 4.8% to 5.8% - even as the vaccine rollouts are boosting the global economic outlook (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	12-Feb-21	19-Feb-21
Counter				MK/Share	MK/Share
Airtel	4.47	19.35	19.55	27.98	↑ 27.99
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	8.69	1.23	20.94	↓ 20.93
NBM	2.76	17.74	3.01	650.00	650.00
NBS Bank	1.71	13.35	3.88	20.45	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	1,199.97	1,199.97
Standard Bank	2.52	17.73	3.23	1,200.02	1,200.02
Sunbird	1.11	9.07	1.01	89.99	↑ 90.00
TNM	3.87	12.92	4.24	19.38	19.38
FMBCH	0.00	(18.10)	1.15	27.09	27.09
OMU	2.46	25.73	3.23	2,199.00	2,199.00
DSI	N/A	N/A	N/A	28,861.25	↑ 27,862.74
FSI	N/A	N/A	N/A	1,613.96	1,613.96
MASI	N/A	N/A	N/A	32,731.80	↑ 32,733.47
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2020	2021		
MASI Return (YTD)		-6.24%	1.05%		

Prevailing Government Security Interest Rates (Source: RBM)



Government Securities for Week ending 19 February 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	19.10	9.96
182 days TB	1,764.86	12.79
364 days TB	1,861.29	13.80
10-Yr	7,580.00	22.50
TOTAL	11,225.25	

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	12-Feb-21	19-Feb-21	% Change
MK/US Dollar	774.17	777.21	↓ -0.39%
MK/GBP	1068.12	1086.31	↓ -1.70%
MK/ZAR	52.91	53.37	↓ -0.87%
MK/EUR	938.68	940.04	↓ -0.14%

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

	12-Feb-21	19-Feb-21	Change
US Fed Rate	0.250%	0.250%	⇒ 0.000%
US Libor (3 months)	0.201%	0.181%	↓ -0.020%
US Libor (6 months)	0.208%	0.198%	↓ -0.010%
US Treasury yield (10 years)	1.171%	1.306%	↑ 0.135%
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

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%
	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% lower 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				
STANDARD	Expects its annual year ending 31 December 2020 profit after tax to be at least 45% higher than the previous corresponding period				

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%	
Average Real GDP	4.40%	0.45%	3.08%	5.10%

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