



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K11.84 billion from total applications of K11.84 billion resulting in a nil rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 9.95%, 12.80% and 13.80% respectively (previous week: 91 days: 9.96%, 182 days: 12.79%, 364 days: 13.80%). Total maturities for the week stood at K11.40 billion; resulting in a net withdrawal of K0.44 billion (Source: RBM).

2. Interbank Market

Liquidity levels increased during the week in review to a daily average of K14.62 billion from K5.64 billion recorded in the previous week. The volume on Interbank borrowing increased to a daily average of K10.60 billion (previous week: K4.81 billion) at an average rate of 11.06% (previous week: 10.57%). Access to the Lombard facility during the week in review averaged K14.03 billion a day (previous week: K12.95 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

3. Stock Market

The MASI closed the week at 33,009.75 points (previous week: 32,733.47 points), the Domestic Share Index (DSI) closed at 28,108.19 points (previous week: 27,862.74 points) and the Foreign Stock Index (FSI) closed at 1,614.45 (Previous week: 1,613.96 points). The increase was due to share price gains in FDH Bank, Standard, NBM and FM BCH despite share price losses in PCL, Airtel and NICO. Total volume of 3.71 million shares were traded during the week at a value of K144.48 million in 51 deals (Source: MSE).

4. Local Development

- Illovo plc has released a trading statement which indicates that the company expects profit after tax for the half year ending 28 February 2021 to be at least 60% higher than the corresponding period in 2020 (Source: Illovo).
- Reserve Bank of Malawi's annual headline inflation rate projection for 2021 remains at 7.80% owing to a projected better food crop harvest during the 2020/21 season. However, the inflation outlook faces upside risks which include persistently low supply of foreign exchange amidst elevated demand which continues to exert pressures on the exchange rate as well as the continued widening of the fiscal deficit (Source: RBM).

5. Regional Developments in the Week

The economy of Namibia is expected to grow by 2.7% in 2021, a 0.1% upward revision from its December 2020 projection, as diamond mining, agriculture and transport sectors showed better growth prospects. The Bank of Namibia expects the local economy to continue to grow in 2022 by 3.3% but is wary of the continued impact of the COVID-19 pandemic on the domestic economy and the travel restrictions still in place in many countries (Source: Reuters).

6. Global Developments in the Week

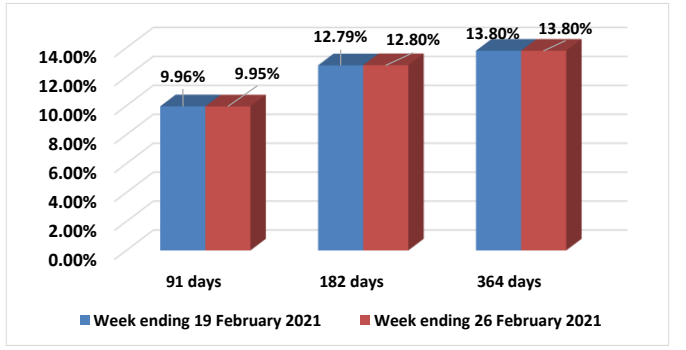
The India Ministry of Statistics has recorded that GDP of the country for the third quarter of 2020-21 grew by 0.4% year-on-year. The growth figure marked the South Asian country coming out of recession that saw its GDP fall for two consecutive quarters coinciding with the strict lockdown imposed across India to prevent the spread of the novel coronavirus. Despite strong signs of recovery, the government of India has warned that it would take at least two years for India to return to growth levels prevalent before the pandemic struck in 2020 (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	19-Feb-21	26-Feb-21
Counter				MK/Share	MK/Share
Airtel	4.47	19.35	19.54	27.99	↓ 27.98
Blantyre Hotels	1.82	19.79	1.42	11.00	↑ 11.00
FDH Bank	0.00	12.70	4.40	14.44	↑ 16.60
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	20.93	↑ 20.93
NBM	2.76	17.74	3.01	650.00	↑ 650.01
NBS Bank	1.71	13.35	3.88	20.45	↓ 20.45
NICO	3.66	6.77	1.70	52.00	↓ 51.98
NITL	0.79	7.20	1.11	94.94	↑ 94.94
PCL	2.17	17.69	0.92	1,199.97	↓ 1,199.96
Standard Bank	2.52	17.73	3.23	1200.02	↑ 1200.03
Sunbird	1.11	9.07	1.01	90.00	↑ 90.00
TNM	3.87	12.92	4.24	19.38	↑ 19.38
FMBCH	0.00	(18.10)	1.15	27.09	↑ 27.10
OMU	2.46	25.73	3.23	2,199.00	↑ 2,199.00
DSI	N/A	N/A	N/A	27,862.74	↑ 28,108.19
FSI	N/A	N/A	N/A	1,613.96	↑ 1,614.45
MASI	N/A	N/A	N/A	32,733.47	↑ 33,009.75

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

	2020	2021
MASI Return (YTD)	-3.60%	1.90%

Prevailing Government Security Interest Rates (Source: RBM)



Government Securities for Week ending 26 February 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	451.31	9.95
182 days TB	1,039.01	12.80
364 days TB	10,351.40	13.80
TOTAL	11,841.72	

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	19-Feb-21	26-Feb-21	% Change
MK/US Dollar	777.21	780.13	↓ -0.38%
MK/GBP	1086.31	1087.27	↓ -0.09%
MK/ZAR	53.37	52.08	↑ 2.41%
MK/EUR	940.04	948.17	↓ -0.87%

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

	19-Feb-21	26-Feb-21	Change
US Fed Rate	0.250%	0.250%	⇒ 0.000%
US Libor (3 months)	0.181%	0.191%	↑ 0.009%
US Libor (6 months)	0.198%	0.201%	↑ 0.003%
US Treasury yield (10 years)	1.306%	1.499%	↑ 0.193%
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%
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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