



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K2.40 billion from total applications of K2.40 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days were 9.98%, 12.80% and 13.85% respectively (previous week: 91 days: 9.90%, 182 days: 12.80%, 364 days: 13.85%). Treasury note (5-year) auction held during the week raised a total of K15.17 billion from total applications of K15.19 billion resulting in a 0.13% rejection rate. The weighted average yield was 20.06%. Total maturities for the week stood at K23.73 billion. Open Market Operations (OMO) Reverse Repo auction held during the week injected K41.00 billion into the market, resulting in a net injection of K47.14 billion (Source: RBM).

Interbank Market

Liquidity levels (measured as excess reserves after Central Bank Operations) increased during the week in review to a daily average of K18.92 billion from K15.79 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K8.70 billion (previous week: K7.92 billion) at an average rate of 11.94% (previous week: 11.93%). Access to the Lombard facility during the week in review averaged K57.55 billion (previous week: K46.28 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 33,852.56 points (previous week: 33,616.93 points), the Domestic Share Index (DSI) closed at 28,327.51 points (previous week: 28,322.68 points) and the Foreign Stock Index (FSI) closed at 2,292.11 points (previous week: 2,030.51 points). The increase was due to share price gains in ILLOVO, FMBCH and NICO, despite share price losses in FDH Bank and Airtel. Total volume of 286.97 million shares were traded during the week at a value of K6.27 billion in 141 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the sixth week of tobacco sales in 2021 was more favorable than the corresponding period in 2020. Total volume sold was 40,968,375 kg valued at US\$67,646,687.53 (May 2020: 32,627,772 kg valued at US\$49,669,304.09) representing a 36% increase in value sold. The average price was USD\$1.65, 8% higher than the previous year (May 2020: USD\$1.52) (Source: Tobacco Commission).
- The reference rate for June 2021 has increased to 12.20% from 12.10% recorded in the previous month of May 2021 (Source: Bankers of Malawi).

4. Regional Developments in the Week

The economy of Uganda is on a path to recovery after facing the negative impacts of the ongoing COVID-19 pandemic. According to the Uganda Bureau of Statistics, the economy grew by 3.3% during the 2020/21 financial year compared to the forecasted GDP growth of 3.0% in 2019/20. Figures released by the Central Bank of Uganda have projected that the economy will recover further by 6.0% to 7.0% in the financial year 2021/22. However, growth is linked to how quickly the country and the region can access the COVID-19 vaccines to limit the impact of the COVID-19 pandemic (Source: Reuters).

5. Global Developments in the Week

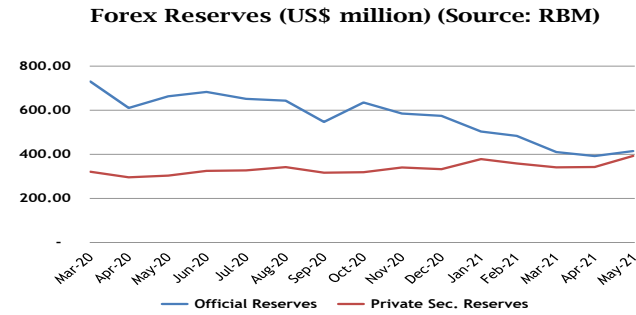
The Central Bank of Russia has reported that the country's economic activity continued to recover between April and May 2021, owing to companies' increased revenue growth for the first time since the start of the COVID-19 pandemic. Growth in consumer activity was essentially concentrated in the food and non-food sectors (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	28-May-21	4-June-21
Counter				MK/Share	MK/Share
Airtel	6.46	16.18	14.84	32.76	↓ 32.50
Blantyre Hotels	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.62	8.09	4.20	16.41	↓ 16.40
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	2.49	20.96	0.80	80.46	↑ 80.47
MPICO	1.75	8.69	0.84	16.00	16.00
NBM	4.28	13.55	2.58	650.08	650.08
NBS Bank	5.00	9.49	3.49	22.99	22.99
NICO	4.18	5.73	1.43	51.92	↑ 55.00
NITL	1.37	8.67	0.99	94.94	94.94
PCL	2.58	40.19	0.91	1,199.94	1,199.94
Standard Bank	3.73	11.86	2.66	1,200.15	1,200.15
Sunbird	0.00	(19.95)	0.87	90.00	90.00
TNM	2.50	20.79	3.66	16.00	16.00
FMBCH	1.52	10.09	1.54	35.52	↑ 40.80
OMU	0.83	(44.93)	2.94	2,190.00	2,190.00
DSI	N/A	N/A	N/A	28,322.68	↑ 28,327.51
FSI	N/A	N/A	N/A	2,030.51	↑ 2,292.11
MASI	N/A	N/A	N/A	33,616.93	↑ 33,852.56

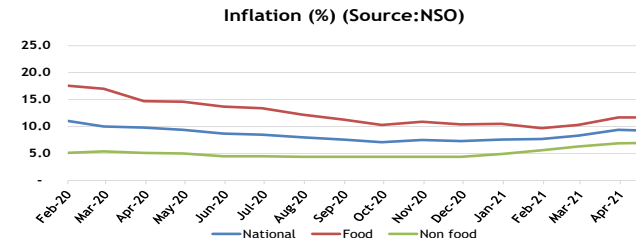
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	-6.37%	4.51%

Forex Reserves (Source: RBM)



Inflation (Source: National Statistical Office)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	28-May-21	4-Jun-21	% Change
MK/US Dollar	796.06	769.06	↑ 3.39%
MK/GBP	1129.21	1121.88	↑ 0.65%
MK/ZAR	57.61	58.35	↓ -1.29%
MK/EUR	969.20	963.87	↑ 0.55%

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

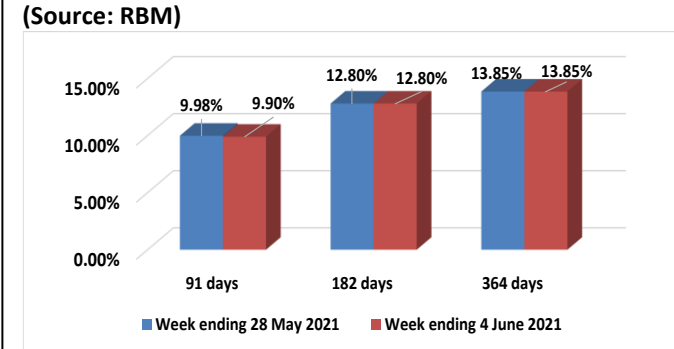
	28-May-21	4-Jun-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.135%	0.131%	↓ -0.004%
US Libor (6 months)	0.172%	0.165%	↓ -0.007%
US Treasury yield (10 years)	1.617%	1.573%	↓ -0.044%
BOE Rate	0.100%	0.100%	→ 0.000%
ECB Rate	0.000%	0.000%	→ 0.000%

*LIBOR = London Interbank Offered Rates

*BOE= Bank of England

*ECB= European Central Bank

Government Securities for Week ending 4 June 2021



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	44.16	9.98
182 days TB	54.13	12.80
364 days TB	2,301.00	13.85
5-Yr TN	15,170.00	20.06
TOTAL	17,569.29	

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%	0.90%	3.80%	
Average Real GDP	4.40%	0.38%	2.90%	5.10%

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