



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K5.60 billion from total applications of K6.48 billion, resulting in a 13.58% rejection rate. The average yields for the 91 days, 182 days and 364 days were 9.74%, 12.80% and 13.85% respectively (previous week: 91 days: 9.98%, 182 days: 12.80%, 364 days: 13.85%). Total maturities for the week stood at K6.34 billion resulting in a net injection of K736.42 million (Source: RBM).

Interbank Market

Liquidity levels (excess reserves) increased during the week ending 10 June 2021 to a daily average of K19.48 billion from K18.92 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K18.00 billion (previous week: K8.70 billion) at an average rate of 11.93% (previous week: 11.94%). Access to the Lombard facility during the week in review averaged K17.47 billion (previous week: K57.55 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 33,855.94 points (previous week: 33,852.56 points), the Domestic Share Index (DSI) closed at 28,328.57 points (previous week: 28,327.51 points) and the Foreign Stock Index (FSI) closed at 2,294.58 points (previous week: 2,292.11 points). The increase was due to share price gains in Airtel, FMBCH and MPICO, despite share price loss in FDH Bank. Total volume of 48.01 million shares were traded during the week at a value of K802.27 million in 72 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the seventh week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 50,705,713 kg valued at US\$83,212,208.25 (June 2020: 41,094,523 kg valued at US\$62,277,369.93) representing a 34.00% increase in value sold. The average price was USD\$1.64, 8.00% higher than the previous year (June 2020: USD\$1.52) (Source: Tobacco Commission).
- FDH Bank plc has advised that profit after tax for half year ending 30 June 2021 are expected to be at least 34% higher than was reported for the half year ended 30 June 2020 (Source: FDH Bank).

4. Regional Developments in the Week

The World Bank has projected that the Zimbabwean economy will grow by 3.90% in 2021, following a two-year recession. The Bank estimates Zimbabwe's economy contracted by 8.10% in 2019 and 8.00% in 2020, owing to a combination of macroeconomic challenges, drought, cyclone Idai and the COVID-19 pandemic. The economic recovery will be led by slowing inflation, increased agricultural production after above normal rainfall and adjustments of business limitations caused by the pandemic (Source: Reuters).

5. Global Developments in the Week

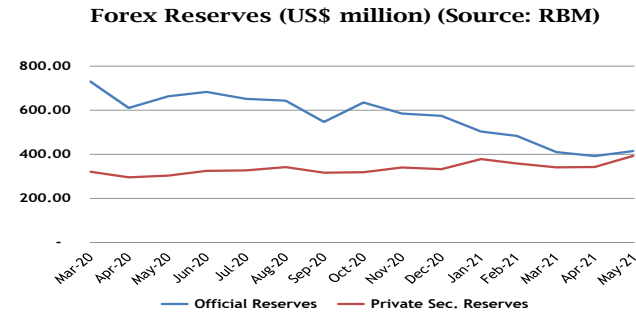
US inflation rose to 5.00% in May 2021, the highest level in 13 years (August 2008: 5.40%). Inflation rose due to increased consumer spending, rising fuel prices and the stimulus program that injected US\$1.90 trillion into the economy. The inflation rate in May 2021 breached the Federal Reserve's target of 2.00%, raising fears that interest rates may rise. The US Secretary to the Treasury, stated that the rise in inflation is only transitory as the economy begins to recover from the COVID-19 pandemic and expressed her confidence that US employment and the economy will return to normal by the end of 2021 (Source: WSJ).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	4-June-21	11-June-21
Counter				MK/Share	MK/Share
Airtel	6.46	16.19	14.84	32.50	↑ 32.51
Blantyre Hotels	0.00	(20.36)	1.37	11.00	
FDH Bank	2.62	8.09	4.19	16.40	↓ 16.39
ICON	1.90	9.42	1.00	12.13	
ILLOVO	2.49	20.96	0.80	80.47	
MPICO	1.75	8.70	0.85	16.00	↑ 16.01
NBM	4.28	13.55	2.58	650.08	
NBS Bank	5.00	9.49	3.49	22.99	
NICO	4.18	5.73	1.43	55.00	
NITL	1.37	8.67	0.99	94.94	
PCL	2.58	40.19	0.91	1,199.94	
Standard Bank	3.73	11.86	2.66	1,200.15	
Sunbird	0.00	(19.95)	0.87	90.00	
TNM	2.50	20.79	3.66	16.00	
FMBCH	1.52	10.10	1.55	40.80	↑ 40.85
OMU	0.83	(44.93)	2.94	2,190.00	
DSI	N/A	N/A	N/A	28,327.51	↑ 28,328.57
FSI	N/A	N/A	N/A	2,292.11	↑ 2,294.58
MASI	N/A	N/A	N/A	33,852.56	↑ 33,855.94

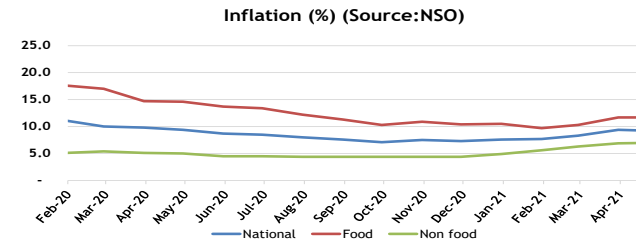
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	-4.11%	4.52%

Forex Reserves (Source: RBM)



Inflation (Source: National Statistical Office)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	4-Jun-21	11-Jun-21	% Change
MK/US Dollar	769.06	800.97	↓ -4.15%
MK/GBP	1121.88	1130.25	↓ -0.75%
MK/ZAR	58.35	58.31	↑ 0.06%
MK/EUR	963.87	974.86	↓ -1.14%

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

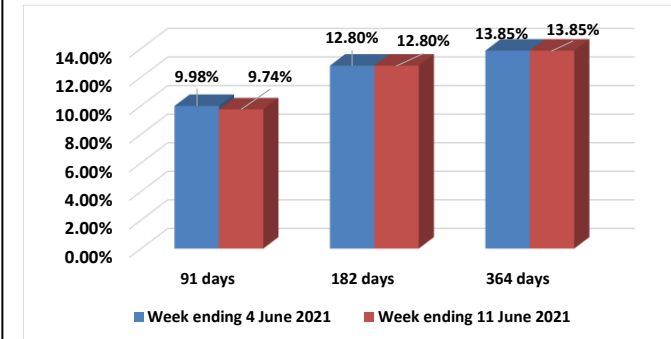
	4-Jun-21	11-Jun-21	Change
US Fed Rate	0.250%	0.250%	↔ 0.000%
US Libor (3 months)	0.131%	0.125%	↓ -0.006%
US Libor (6 months)	0.165%	0.157%	↓ -0.008%
US Treasury yield (10 years)	1.573%	1.435%	↓ -0.138%
BOE Rate	0.100%	0.100%	↔ 0.000%
ECB Rate	0.000%	0.000%	↔ 0.000%

*LIBOR = London Interbank Offered Rates

*BOE= Bank of England

*ECB= European Central Bank

Government Securities for Week ending 11 June 2021 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	87.94	9.74
182 days TB	119.09	12.80
364 days TB	5,397.55	13.85
TOTAL	5,604.58	

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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