



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K3.40 billion from total applications of K3.40 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days were 9.33%, 12.80% and 13.89% respectively (previous week: 182 days: 12.80%, 364 days: 13.86%). Treasury notes (2-year, 5-year, 7-year, 10-year) auctions held during the week raised a total of K10.82 billion from total applications of K10.82 billion resulting in a nil rejection rate. The weighted average yields were 16.64%, 20.13%, 20.65% and 20.50% respectively. Total maturities for the week stood at K11.91 billion, resulting in a net withdrawal of K2.31 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves) increased to a daily average of K16.44 billion from K15.11 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K5.40 billion (previous week: K12.25 billion) at an average rate of 11.95% (previous week: 11.95%). Access to the Lombard facility during the week in review averaged K74.18 billion (previous week: K40.65 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 34,617.85 points (previous week: 34,262.35 points), the Domestic Share Index (DSI) closed at 28,573.96 points (previous week: 28,452.38 points) and the Foreign Share Index (FSI) closed at 2,847.01 points (previous week: 2,598.30 points). The increase was due to share price gains in FM BCH, ILLOVO and Airtel, despite share price losses in FDH Bank and NBS Bank. Total volume of 9.69 million shares were traded during the week at a value of K197.89 million in 66 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the ninth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 67,920,065.00 kg valued at US\$111,622,297.30 (June 2020: 58,424,741.00 kg valued at US\$88,435,226.39) representing a 26.00% increase in value sold. The average price was USD\$1.64, 9.00% higher than the previous year (June 2020: USD\$1.51) (Source: Tobacco Commission).

4. Regional Developments in the Week

Tobacco farmers in Zimbabwe have so far sold more than 150.00 million kg of the golden leaf worth about US\$415.00 million two months after the tobacco marketing season commenced. This represents a 40.00% increase in the volume of tobacco sold over the same period in 2020. A total of 136,218 bales of tobacco have been sold via the auction floors while 1,880,326 bales have been sold through contract floors. However, while tobacco is Zimbabwe's second forex earner, a lot of the proceeds from the exported crop are used to repay the debts incurred by contractors who take offshore loans (Source: Reuters).

5. Global Developments in the Week

The US Secretary to the Treasury has expressed worry that the federal government has been borrowing excessively in an attempt to curb the COVID-19 pandemic and may reach its debt ceiling by August 2021. The Treasury may not be able to raise additional cash through the sale of government securities, as a result the government may have to rely on emergency measures to keep paying government obligations (Source: WSJ).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	18-June-21	25-June-21
Counter				MK/Share	MK/Share
Airtel	6.46	16.20	14.85	32.51	↑ 32.53
Blantyre Hotels	0.00	(20.36)	1.37	11.00	
FDH Bank	2.69	7.89	4.09	16.38	↓ 16.00
ICON	1.90	9.42	1.00	12.13	
ILLOVO	1.91	27.28	1.04	91.05	↑ 104.72
MPICO	1.75	8.69	0.84	16.00	
NBM	4.28	13.55	2.58	650.08	
NBS Bank	5.00	9.49	3.49	22.99	↓ 22.98
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	1.19	12.86	1.97	46.98	↑ 52.00
OMU	0.83	(46.02)	3.01	2,190.00	
DSI	N/A	N/A	N/A	28,452.38	↑ 28,573.96
FSI	N/A	N/A	N/A	2,598.30	↑ 2,847.01
MASI	N/A	N/A	N/A	34,262.35	↑ 34,617.85

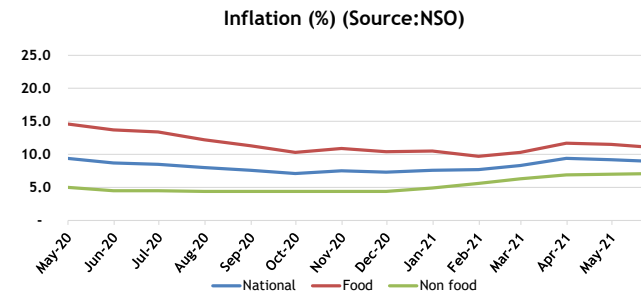
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	-1.93%	6.87%

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%

Inflation (Source: National Statistical Office)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	18-Jun-21	25-Jun-21	% Change
MK/US Dollar	801.59	805.59	↓ -0.50%
MK/GBP	1113.17	1121.70	↓ -0.77%
MK/ZAR	56.81	56.86	↓ -0.09%
MK/EUR	954.21	961.80	↓ -0.80%

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

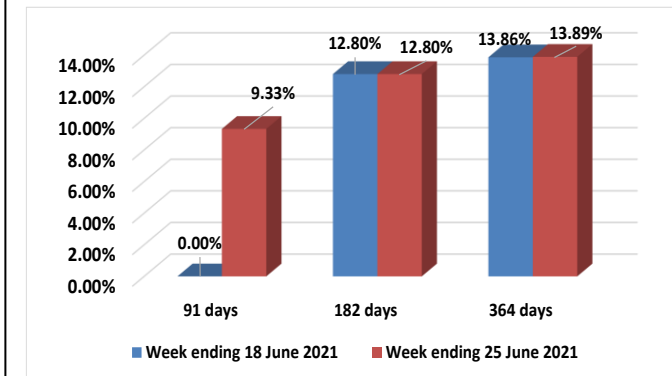
	18-Jun-21	25-Jun-21	Change
US Fed Rate	0.250%	0.250%	↔ 0.000%
US Libor (3 months)	0.162%	0.146%	↓ -0.016%
US Libor (6 months)	0.200%	0.165%	↓ -0.035%
US Treasury yield (10 years)	1.507%	1.500%	↓ -0.007%
BOE Rate	0.100%	0.100%	↔ 0.000%
ECB Rate	0.000%	0.000%	↔ 0.000%

*LIBOR = London Interbank Offered Rates

*BOE= Bank of England

*ECB= European Central Bank

Government Securities for Week ending 25 June 2021 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	855.69	9.33
182 days TB	2,242.18	12.80
364 days TB	305.43	13.89
2-year TN	4,530.00	16.64
5-year TN	4,250.00	20.13
7-7ear TN	2,010.00	20.65
10-year TN	30.00	20.50
TOTAL	14,223.30	

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