



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K707.60 million from total applications of K707.60 million, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days were 9.33%, 12.85% and 13.89% respectively (previous week: 91 days: 9.33% 182 days: 12.80%, 364 days: 13.89%). Treasury notes (3-year, 5-year, 7-year, 10-year) auctions held during the week raised a total of K93.89 billion from total applications of K93.99 billion, resulting in a 0.11% rejection rate. The weighted average yields were 18.97%, 20.00%, 20.59% and 22.52% respectively. Total maturities for the week stood at K17.16 billion, resulting in a net withdrawal of K77.44 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves) increased to a daily average of K17.36 billion from K16.44 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K8.65 billion (previous week: K5.4 billion) at an average rate of 11.95% (previous week: 11.95%). Access to the Lombard facility during the week in review averaged K37.66 billion (previous week: K74.18 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 35,108.69 points (previous week: 34,617.85 points), the Domestic Share Index (DSI) closed at 28,707.33 points (previous week: 28,573.96 points) and the Foreign Share Index (FSI) closed at 3,234.45 points (previous week: 2,847.01 points). The increase was due to share price gains in FM BCH and NBS Bank, despite a share price loss in NITL. Total volume of 3.77 million shares were traded during the week at a value of K600.44 million in 44 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the tenth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 77,959,440.00 kg valued at US\$128,171,119.59 (July 2020: 64,402,264.00 kg valued at US\$97,486,299.61) representing a 31.00% increase in value sold. The average price was USD\$1.64, 9.00% higher than the previous year (July 2020: USD\$1.51) (Source: Tobacco Commission).
- Gross Official Reserves of Malawi have increased to US\$811.70 million, 3.26 months of import cover (May 2021: US\$784.05 million, 3.14 months of import cover). The increase in reserves can be attributed to increased proceeds from the tobacco selling season (Source: RBM).

4. Regional Developments in the Week

Kenya's economy is estimated to grow by 4.50% in 2021. The growth outlook is predicated on an upturn in industry supported by the reopening of the economy, strong capital spending, recovery in services, steady progression in vaccination, as well as agricultural harvest and sales (Source: World Bank).

5. Global Developments in the Week

Officials from 130 countries, including the Group 20 major economies, have agreed on a broad outline to changes in international taxation. Governments will now seek to pass laws ensuring that companies headquartered in their countries pay a minimum tax rate of 15.00% in each of the nations they operate in, reducing the opportunities for tax avoidance. The Organisation for Economic Cooperation and Development (OECD) estimates that governments lose between US\$100.00 billion and US\$240.00 billion a year to tax avoidance (Source: Wall Street Journal).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	25-June-21	2-July-21
Counter				MK/Share	MK/Share
Airtel	6.46	16.20	14.85	32.53	32.53
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.69	7.89	4.09	16.00	16.00
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	1.91	27.28	1.04	104.72	104.72
MPICO	1.75	8.69	0.84	16.00	16.00
NBM	4.28	13.55	2.58	650.08	650.08
NBS Bank	4.36	10.90	4.01	22.98	↑ 26.40
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	94.94	↓ 80.70
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	1.04	14.79	2.26	52.00	↑ 59.82
OMU	0.83	(46.02)	3.01	2,190.00	2,190.00
DSI	N/A	N/A	N/A	28,573.96	↑ 28,707.33
FSI	N/A	N/A	N/A	2,847.01	↑ 3,234.45
MASI	N/A	N/A	N/A	34,617.85	↑ 35,108.69

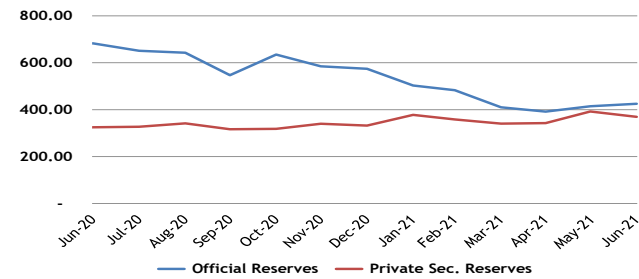
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	-1.55%	8.38%

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%	2.80%	3.00%
GOVERNMENT	5.10%	0.90%	3.80%	
Average Real GDP	4.40%	0.38%	2.78%	4.33%

Forex Reserves (US\$ million) (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	25-Jun-21	2-Jul-21	% Change
MK/US Dollar	805.59	805.59	0.00%
MK/GBP	1121.70	1108.01	1.22%
MK/ZAR	56.86	55.63	2.16%
MK/EUR	961.80	953.50	0.86%

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

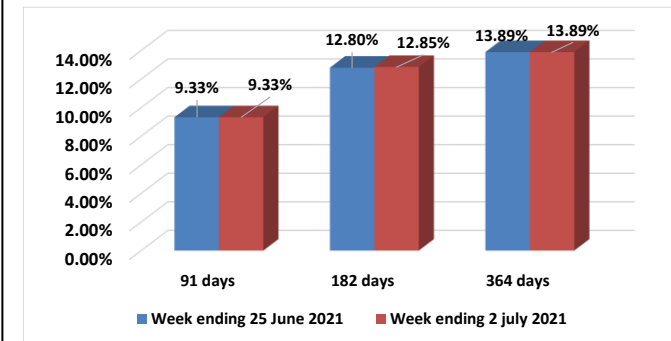
	25-Jun-21	2-Jul-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.146%	0.146%	0.000%
US Libor (6 months)	0.165%	0.160%	-0.006%
US Treasury yield (10 years)	1.500%	1.453%	-0.047%
BOE Rate	0.100%	0.100%	0.000%
ECB Rate	0.000%	0.000%	0.000%

*LIBOR = London Interbank Offered Rates

*BOE= Bank of England

*ECB= European Central Bank

Government Securities for Week ending 2 July 2021 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	5.10	9.33
182 days TB	7,00.00	12.85
364 days TB	2.50	13.89
3-year TN	12,830.00	18.97
5-year TN	14,040.00	20.00
7-year TN	18,470.00	20.59
10-year TN	48,550.00	22.52
TOTAL	94,597.60	

Contacts:

Head Office

NICO Asset Managers Limited, 19 Glyn Jones Road
Chibisa House, P.O. Box 3173, Blantyre
Tel No: 01 832 085/086
Email: invest@nicoassetmanagers.com Website: www.nicoassetmanagers.com

Lilongwe Branch

NICO Asset Managers Limited, Corner Kenyatta Drive
NICO Centre, P.O. Box 30729, Lilongwe 3
Tel No: 01 757 086

NICO Asset Managers/Facebook