



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K2.76 billion from total applications of K2.76 billion, resulting in a nil rejection rate. The average yields for the 92 days and 364 days tenors were 9.67% and 13.96% respectively, there were no applications for the 182 days tenor (previous week: 91 days: 9.70% and 182 days: 12.88% and 364 days: 13.90%). The Treasury note (3-year) auction held during the week raised a total of K22.37 billion from total applications of K26.51 billion resulting in a 15.62% rejection rate. The weighted average rate was 18.99%. Total maturities for the week stood at K12.64 billion, resulting in a net withdrawal of K12.49 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves before Open Market Operations) decreased to a daily average of K1.63 billion from K9.76 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K2.25 billion (previous week: K6.76 billion) at an average rate of 11.96% (previous week: 11.96%). Access to the Lombard facility during the week in review averaged K38.14 billion (previous week: K25.92 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 37,800.79 points (previous week: 36,496.03 points), the Domestic Share Index (DSI) closed at 30,910.54 points (previous week: 29,749.56 points) and the Foreign Share Index (FSI) closed at 3,479.97 points (previous week: 3,479.97 points). The increase in the MASI and DSI were due to share price gains in NBM, PCL and Airtel, despite share price losses in FDH Bank and TNM. A total volume of 9.01 million shares were traded during the week at a value of K282.67 million in 70 deals (Source: MSE).

3. Local Market Developments

- The Tobacco Commission reported that the fifteenth week of tobacco sales in 2021 was more favourable than the corresponding period in 2020. Total volume sold was 112,707,130.00 kg valued at US\$183,730,336.15 (July 2020: 99,972,800.00 kg valued at US\$152,312,105.46) representing a 21.00% increase in value sold. The average price was USD\$1.63, 7.00% higher than the previous year (July 2020: USD\$1.52) (Source: Tobacco Commission).
- The Monetary Policy Committee (MPC), at its third meeting of 2021 held in July, adjusted upward Malawi's inflation forecast to average 8.80% in 2021, from 8.40%. The revision is attributed to an increase in the non-food inflation forecast, partly reflecting the impact of imported inflation and the pass-through of the Kwacha depreciation in the second quarter of 2021 (Source: RBM).

4. Regional Developments in the Week

According to the International Monetary Fund (IMF), Kenya's economy is forecast to grow by 6.60% in 2021 up from 0.60% in 2020, the fastest pace in a decade. The projection is attributed to the nation's coronavirus vaccination program gaining momentum and the recovery of the services industry (Source: Bloomberg).

5. Global Developments in the Week

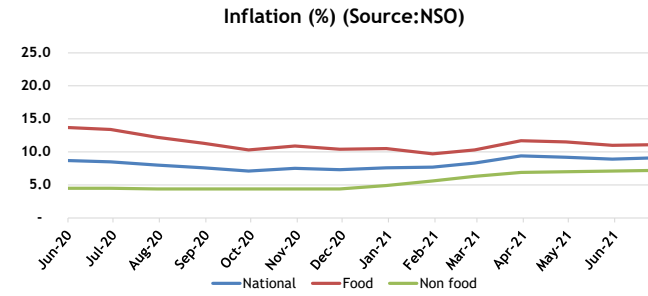
The International Air Transport Association (IATA) released the IATA World Air Transport Statistics (WATS) publication in August 2021, with performance figures for 2020 demonstrating the devastating effects on global air transport during the first full year of the Covid-19 pandemic. The report shows that 1.80 billion passengers flew in 2020, a decrease of 60.20% compared with the 4.50 billion who flew in 2019. Industry-wide air travel demand, measured in revenue passenger-kilometres (RPKs), dropped by 65.90% year-on-year (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	30-July-21	6-August-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.92	18.26	35.75	↑ 40.00
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.69	7.87	4.08	15.97	↓ 15.96
ICON	1.90	9.42	1.00	12.13	12.13
ILLOVO	1.58	32.95	1.26	126.51	126.51
MPICO	1.75	8.69	0.84	16.00	16.00
NBM	4.28	13.55	2.58	650.11	↑ 650.12
NBS Bank	4.36	10.88	4.00	26.35	26.35
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	80.70	80.70
PCL	2.07	50.05	1.14	1,300.00	↑ 1,494.00
Standard Bank	3.73	11.86	2.66	1,200.16	1,200.16
Sunbird	0.00	(19.95)	0.87	90.00	90.00
TNM	2.50	20.79	3.66	16.01	↓ 16.00
FMBCB	0.95	16.07	2.46	65.00	65.00
OMU	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	29,749.56	↑ 30,910.54
FSI	N/A	N/A	N/A	3,479.97	3,479.97
MASI	N/A	N/A	N/A	36,496.03	↑ 37,800.79

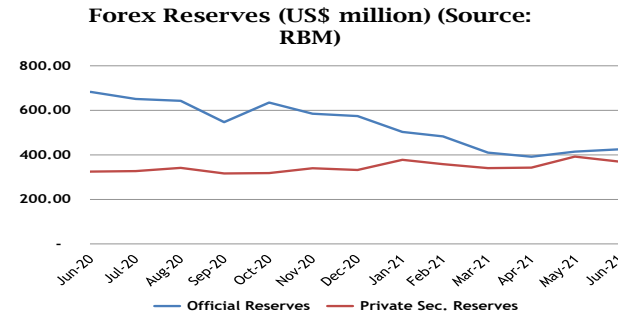
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	0.52%	16.69%

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	30-Jul-21	6-Aug-21	% Change
MK/US Dollar	812.51	812.51	0.00%
MK/GBP	1132.48	1131.10	0.12%
MK/ZAR	55.77	56.20	-0.78%
MK/EUR	964.77	960.87	0.40%

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

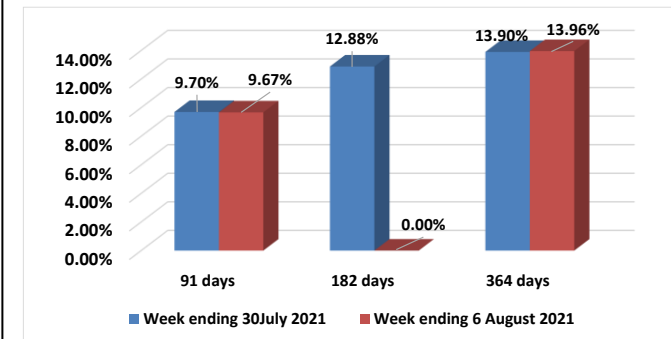
	30-Jul-21	6-Aug-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.126%	0.122%	-0.004%
US Libor (6 months)	0.154%	0.155%	0.001%
US Treasury yield (10 years)	1.249%	1.253%	0.004%
BOE Rate	0.100%	0.100%	0.000%
ECB Rate	0.000%	0.000%	0.000%

*LIBOR = London Interbank Offered Rates

*BOE= Bank of England

*ECB= European Central Bank

Government Securities for Week ending 6 August 2021 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	116.14	9.67
182 days TB	-	-
364 days TB	2,641.89	13.96
3-Year TN	22,370.00	18.99
TOTAL	25,128.03	

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%

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 NICO Asset Managers/Facebook

Lilongwe Branch

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