



## 1. Money Market

### Government Securities

The government Treasury bill auction held during the week raised a total of K8.55 billion from total applications of K12.05 billion, resulting in a 29.03% rejection rate. The average yields for the 91 days, 182 days and 364 days tenors were 9.53%, 12.98% and 14.20% respectively (previous week: 91 days: 9.53% and 182 days: 12.98 and 364 days: 14.04%). The Total maturities for the week stood at K3.73 billion, resulting in a net withdrawal of K4.82 billion (Source: RBM).

### Interbank Market

Liquidity levels (excess reserves before Open Market Operations) increased to a daily average of K10.13 billion from K6.73 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K11.48 billion (previous week: K5.92 billion) at an average rate of 11.98% (previous week: 11.97%). Access to the Lombard facility during the week in review averaged K54.34 billion (previous week: K50.41 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 38,298.74 points (previous week: 38,205.06 points), the Domestic Share Index (DSI) closed at 31,353.62 points (previous week: 31,270.27 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 ILLOVO, MPICO and NBM, despite share price losses in TNM, ICON and FDH Bank. A total volume of 6.91 million shares were traded during the week at a value of K240.77 billion in 43 deals (Source: MSE).

## 3. Local Market Developments

- The Tobacco Commission reported that cumulative sales by the eighteenth week of tobacco sales in 2021 have exceeded sales in 2020. Total volume sold was 120,672,364.00 million kg valued at US\$193,906,213.30 million (2020: 112,070,689.00 million kg valued at US\$172,170,759.48 million) representing a 13.00% increase in value sold. The average price was USD\$1.61, (2020: USD\$1.54) (Source: Tobacco Commission).
- Illovo Sugar (Malawi) plc accordingly advises that the forecast profit after tax for the financial year ending 31 August 2021 is expected to be in the range from K18.00 billion to K22.00 billion compared to the previous corresponding period when profit after tax was K2.74 billion (Source: MSE).

## 4. Regional Developments in the Week

Zimbabwe's finance minister has stated that Zimbabwe will use more than half of the US\$961.00 million allocated by the International Monetary Fund (IMF) in the form of Special Drawing Rights (SDRs) to support its beleaguered currency. The government abandoned a 1:1 peg between a precursor of the reintroduced Zimbabwe dollar and the US Dollar in February 2019. For the support of the currency, the government plans to hold back about US\$500.00 million. Zimbabwe's remaining SDRS will be used to support the acquisition of Covid-19 vaccines, investments in schools, hospitals, roads and other priorities (Source: Reuters).

## 5. Global Developments in the Week

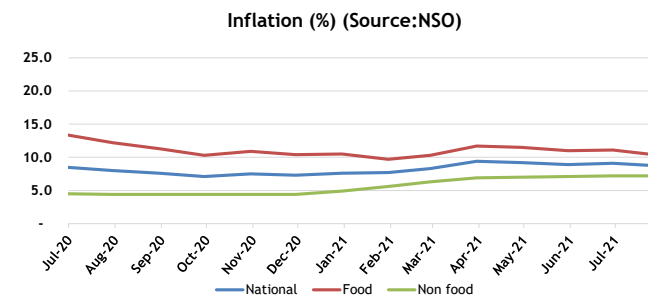
U.S. corporate profits surged to a new record high in the second quarter of 2021, as a result economic growth has been forecasted at 6.60% for the second quarter. This was boosted by robust demand and higher prices, suggesting that an anticipated slowdown in economic growth in the third quarter of 2021 because of soaring COVID-19 cases could be temporary (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	20-August -21	27-August-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.92	18.26	40.00	40.00
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	3.16	6.71	3.48	15.96	↓ 13.60
ICON	1.90	9.41	1.00	12.13	↓ 12.12
ILLOVO	1.38	37.77	1.44	126.52	↑ 145.00
MPICO	1.33	11.41	1.11	18.30	↑ 21.00
NBM	4.12	14.07	2.68	660.00	↑ 675.00
NBS Bank	4.37	10.87	4.00	26.33	26.33
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	50.08	1.14	1,494.00	1,494.99
Standard Bank	3.58	12.35	2.77	1,250.00	1,250.00
Sunbird	0.00	(19.95)	0.87	90.00	90.00
TNM	2.58	20.14	3.54	16.00	↓ 15.50
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	31,270.27	↑ 31,353.62
FSI	N/A	N/A	N/A	3,479.97	3,479.97
MASI	3.30	15.40	2.43	38,205.06	↑ 38,298.74

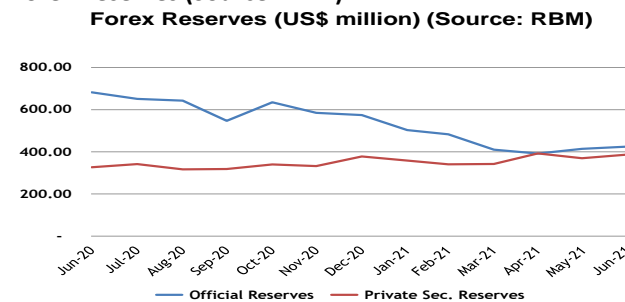
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	4.16%	18.23%

### Inflation (Source: NSO)



### Forex Reserves (Source: RBM)



### Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	20-Aug-21	27-Aug-21	% Change
MK/US Dollar	812.51	812.51	→ 0.00%
MK/GBP	1106.48	1113.79	↓ -0.66%
MK/ZAR	53.26	54.64	↓ -2.59%
MK/EUR	949.09	956.16	↓ -0.75%

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

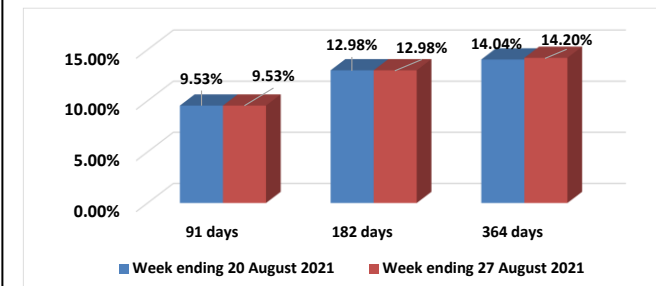
	20-Aug-21	27-Aug-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.131%	0.124%	↓ -0.007%
US Libor (6 months)	0.158%	0.158%	↓ -0.0004%
US Treasury yield (10 years)	1.232%	1.343%	↑ 0.111%
BOE Rate	0.100%	0.100%	→ 0.000%
ECB Rate	0.000%	0.000%	→ 0.000%

\*LIBOR = London Interbank Offered Rates

\*BOE= Bank of England

\*ECB= European Central Bank

### Government Securities for Week ending 27 August 2021 (Source: RBM)



### Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	1.85	9.53
182 days TB	5,353.79	12.98
364 days TB	3,198.01	14.20
<b>TOTAL</b>	<b>8,553.65</b>	

### 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%	
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.38%</b>	<b>2.78%</b>	<b>4.33%</b>

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