



**NICO Asset Managers**  
“INVEST today for tomorrow”

# WEEKLY MARKET UPDATE

## Week ending 24 September 2021

### 1. Money Market

#### Government Securities

The government Treasury bill auction held during the week raised a total of K11.81 billion from total applications of K11.81 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days tenors were 9.59%, 12.98% and 14.20% respectively (previous week: 91 days: 9.57% and 182 days: 12.96% and 364 days: 14.20%). Maturities for the week stood at K4.23 billion, resulting in a net withdrawal of K7.58 billion (Source: RBM).

#### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K13.20 billion from K21.48 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K16.20 billion (previous week: K15.72 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K103.70 billion (previous week: K96.32 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

### 2. Stock Market

The MASI closed the week at 41,333.34 points (previous week: 40,572.00 points), the Domestic Share Index (DSI) closed at 34,073.61 points (previous week: 33,396.17 points) and the Foreign Share Index (FSI) closed at 3,454.70 points (previous week: 3,454.70 points). The increases in the MASI and DSI were due to share price gains in FDH Bank, NBM, and TNM, despite share price losses in ICON and Airtel. A total volume of 0.82 million shares were traded during the week at a value of K188.10 million in 34 deals (Source: MSE).

### 3. Local Market Developments

The headline inflation rate (year-on-year) for the month of August 2021 further decreased to 8.40% from 8.70% recorded in July (August 2020: 7.60%). The decline has been attributed to food inflation which decreased to 9.70% from 10.30% recorded in July 2021. Non-food inflation for the month of August 2021 remained unchanged at 7.20% (Source: NSO).

### 4. Regional Developments in the Week

According to the Nigerian statistics office, around 20.00% of workers in Nigeria have lost their jobs because of COVID-19 outlining the impact of the pandemic on businesses in Africa's most populous nation. The cuts followed disruptions to supply chains, continuing supply and demand shocks, and a drop in consumer confidence. About 60.00% of the almost 3,000 businesses surveyed reported that one in three of them knew of a company that had permanently closed because of operational challenges resulting from the pandemic (Source: Bloomberg).

### 5. Global Developments in the Week

The Bank of England (BOE) has warned UK inflation is expected to rise above 4.00% by the end of the 2021, fuelled by a surge in gas prices that has hit consumers and energy firms in the UK, with knock-on effects for the food industry and supplies of carbon dioxide. The crisis has highlighted the difficulty for European governments in funding the move to renewable energy. The BOE reported that there were signs the supply chain crisis was starting to hamper the economic recovery and revised down its growth forecast for the third quarter by 1.00% (Source: BBC News, Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	17-Sept-21	25-Sept-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.91	18.25	39.99	↓ 39.98
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.49	8.52	4.42	15.31	↑ 17.28
ICON	1.90	9.40	1.00	12.12	↓ 12.11
ILLOVO	0.75	69.18	2.64	265.60	265.60
MPICO	1.33	11.41	1.11	21.00	21.00
NBM	4.12	14.09	2.68	675.21	↑ 676.00
NBS Bank	4.37	10.87	4.00	26.32	26.32
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.61	7.37	0.84	80.71	80.71
PCL	2.07	50.08	1.14	1,494.98	1,494.98
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	1.93	26.89	4.73	18.01	↑ 20.70
FMBCH	0.96	15.95	2.44	64.49	64.49
OMU	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	33,396.17	↑ 34,073.61
FSI	N/A	N/A	N/A	3,454.70	3,454.70
MASI	3.06	16.60	2.62	40,572.00	↑ 41,333.34

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

	2020	2021
MASI Return (YTD)	5.30%	27.60%

### Inflation (Source: NSO)

Inflation (%) (Source: NSO)

### Forex Reserves (Source: RBM)

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

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

CURRENCY	17-Sep-21	24-Sep-21	% Change
MK/US Dollar	813.50	815.50	↓ -0.25%
MK/GBP	1127.72	1118.70	↑ 0.80%
MK/ZAR	55.81	55.10	↑ 1.27%
MK/EUR	957.49	957.07	↑ 0.04%

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

	17-Sep-21	24-Sep-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.122%	0.132%	↑ 0.010%
US Libor (6 months)	0.150%	0.155%	↑ 0.0055%
US Treasury yield (10 years)	1.371%	1.428%	↑ 0.057%
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 24 September 2021 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	4,319.71	9.59
182 days TB	51.13	12.98
364 days TB	7,434.32	14.20
<b>TOTAL</b>	<b>11,805.17</b>	

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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	4,319.71	9.59
182 days TB	51.13	12.98
364 days TB	7,434.32	14.20
<b>TOTAL</b>	<b>11,805.17</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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