



1. Money Market

Government Securities

The government Treasury bill auction held during the week raised a total of K8.81 billion from total applications of K8.81 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days and 364 days tenors were 9.60%, 12.98% and 14.20% respectively (previous week: 91 days: 9.59% and 182 days: 12.98% and 364 days: 14.20%). The Treasury note (10-year) auction held during the week raised a total of K3.74 billion from total applications of K5.77 billion resulting in a 5.37% rejection rate. The weighted average yield was 23.25%. Maturities for the week stood at K13.66 billion, resulting in a net injection of K1.11 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K10.22 billion from K13.20 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K15.30 billion (previous week: K16.20 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K84.93 billion (previous week: K103.70 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 41,681.86 points (previous week: 41,333.34 points), the Domestic Share Index (DSI) closed at 34,383.73 points (previous week: 34,073.61 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 Sunbird, Airtel, and TNM, despite share price losses in FDH Bank, Illovo and NBS Bank. A total volume of 151.18 million shares were traded during the week at a value of K5.13 billion in 164 deals (Source: MSE).

3. Local Market Developments

- Industrial action amongst truck drivers has caused disruption in the supply chain of fuel and other essential goods. Truck drivers expressed frustration over drivers' wages being below the minimum wage of K140,000.00 per month as stipulated in the employment act resulting in fuel shortages at local retail stations.
- Malawi Milk Producers Association of Malawi also reported that its members are losing approximately 130,000.00 litres of milk per day, valued at K27.00 million due to the disruption to logistics (Source:).

4. Regional Developments in the Week

Zimbabwe's annual rate of inflation stood at 51.55% in September 2021, slightly up from 50.24% recorded in August 2021, according to data released by the Zimbabwe National Statistics Agency (ZIMSTAT). Zimbabwe's annual rate of inflation has consistently declined from a peak of 837.50% in July 2020, to a double-digit rate starting in August 2021, following the introduction of tight monetary and fiscal measures by the government. Among the measures is an introduction by the Reserve Bank of Zimbabwe (RBZ) of a foreign exchange auction trading system that has brought stability market (Source: Reuters).

5. Global Developments in the Week

German inflation increased to 4.10% in September 2021, exceeding economists' median estimate, according to data from the Federal Statistics Office in Germany. Energy alone was 14.00% higher than 2020, when wide-ranging coronavirus restrictions curbed demand and prices. Policy makers have insisted that the spike is largely transitory, reflecting statistical effects including changes to German sales taxes and the timing of summer sales that will disappear next year (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	24-Sept-21	1-Oct-21
Counter				MK/Share	MK/Share
Airtel	5.25	19.91	18.26	39.98	↑ 39.99
BHL	0.00	(20.36)	1.37	11.00	↓ 11.00
FDH Bank	2.53	8.38	4.35	17.28	↓ 16.98
ICON	1.90	9.40	1.00	12.11	↓ 12.11
ILLOVO	0.75	69.03	2.63	265.60	↓ 265.00
MPICO	1.33	11.41	1.11	21.00	↓ 21.00
NBM	4.12	14.09	2.68	676.00	↓ 676.00
NBS Bank	4.59	10.35	3.81	26.32	↓ 25.07
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	(19.96)	0.87	90.00	↑ 90.01
TNM	1.73	30.09	5.30	20.70	↑ 23.16
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	34,073.61	↑ 34,383.73
FSI	N/A	N/A	N/A	3,454.70	↓ 3,454.70
MASI	3.06	16.60	2.62	41,333.34	↑ 41,681.86

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

	2020	2021
MASI Return (YTD)	4.05%	28.68%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Forex Reserves (Source: RBM)

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

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	24-Sep-21	1-Oct-21	% Change
MK/US Dollar	815.50	815.50	→ 0.00%
MK/GBP	1118.70	1096.76	↑ 1.96%
MK/ZAR	55.10	53.93	↑ 2.12%
MK/EUR	957.07	944.18	↑ 1.35%

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

	24-Sep-21	1-Oct-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.132%	0.130%	↓ -0.002%
US Libor (6 months)	0.155%	0.159%	↑ 0.0035%
US Treasury yield (10 years)	1.428%	1.496%	↑ 0.068%
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 1 October 2021 (Source: RBM)

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	1,997.25	9.60
182 days TB	24.39	12.98
364 days TB	6,787.66	14.20
10-year TN	3,740.00	23.25
TOTAL	12,549.30	

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%

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