



## 1. Money Market

### Government Securities

The Government Treasury bill auction held during the week raised a total of K7.15 billion from total applications of K7.15 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: 9.60%, 182 days: 12.98% and 364 days: 14.20%). The 10-year Treasury Notes auction held during the week raised a total of K3.53 billion from total applications of K3.72 billion, resulting in a 5.11% rejection rate. The weighted average yield was 22.50%. Maturities for the week stood at K12.39 billion, resulting in a net injection of K1.71 billion (Source: RBM).

### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K14.86 billion from K2.72 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K9.30 billion (previous week: K18.36 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K88.82 billion (previous week: K72.28 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 41,458.37 points (previous week: 41,313.01 points), the Domestic Share Index (DSI) closed at 34,188.36 points (previous week: 34,059.02 points) and the Foreign Share Index (FSI) closed at 3,450.25 points (previous week: 3,450.25 points). The increase in the MASI and DSI were due to share price gains in Airtel, ICON, and NBM, despite share price losses in FDH Bank, NITL, and TNM. A total volume of 23.29 million shares were traded during the week at a value of K433.44 million in 64 deals (Source: MSE).

## 3. Local Market Developments

Tea production amounted to 2.10 million kgs in the month of August 2021, higher than 1.80 million kgs in July (August 2020: 1.30 million kgs). In terms of tea sales, 0.60 million kgs were sold in August 2021, slightly lower than 1.00 million kgs sold in July. The average tea price in August remained unchanged from July 2021 at US\$1.29/kg. Proceeds from tea sales totalled US\$800.00 thousand in August 2021, lower than US\$1.20 million in the previous month (Source: RBM).

## 4. Regional Developments in the Week

The Reserve Bank of Zimbabwe (BoZ) raised its main policy rate to 60.00% from 40.00%, citing a recent increase in inflation. According to the Governor of the BoZ, the measure is expected to result in positive real interest rates which is critical to foster savings in the economy. Inflation increased to 54.50% in October 2021 from 51.55% in September 2021, driven by volatility on the black market for foreign exchange, where the Zimbabwe Dollar is trading at a 100.00% discount to the official rate (Source: Reuter).

## 5. Global Developments in the Week

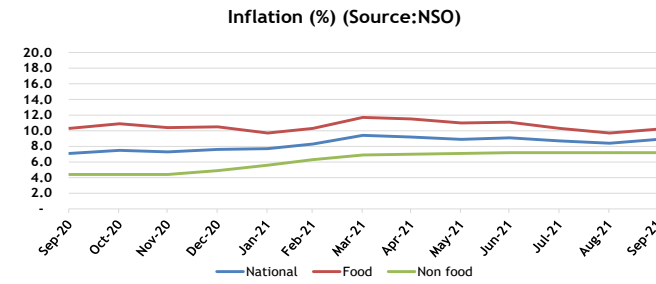
The U.S. budget deficit has totalled US\$2.77 trillion for 2021, the second highest on record but an improvement from the all-time high of US\$3.13 trillion in 2020. The deficits in both years reflect trillions of Dollars in government spending to counteract the devastating effects of a global pandemic. As a percentage of the overall economy, measured by the gross domestic product, the 2021 deficit represents 12.40% of GDP. For 2021, government spending increased by 4.10% to US\$6.82 trillion. This was partially offset by an 18.30% increase in government revenues to US\$4.00 trillion. The revenue gain reflected an improving economy as employment figures improved and corporate profits rebounded (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	22-Oct-21	29-Oct-21
Counter				MK/Share	MK/Share
Airtel	5.48	19.08	17.49	38.01	↑ 38.31
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.68	7.92	4.11	16.15	↓ 16.05
ICON	1.78	10.05	1.07	12.07	↑ 12.95
ILLOVO	0.75	69.03	2.63	265.00	265.00
MPICO	1.33	11.41	1.11	21.00	21.00
NBM	3.97	14.61	2.78	701.01	↑ 701.02
NBS Bank	5.00	9.49	3.49	22.98	↓ 22.98
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	95.00	↓ 94.99
PCL	2.07	50.08	1.14	1,494.95	1,494.95
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	1.73	30.09	5.30	23.23	↓ 23.16
FMBCH	0.96	15.92	2.44	64.40	64.40
OMU	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	34,059.02	↑ 34,188.36
FSI	N/A	N/A	N/A	3,450.25	3,450.25
MASI	3.05	16.65	2.63	41,31301.	↑ 41,458.37

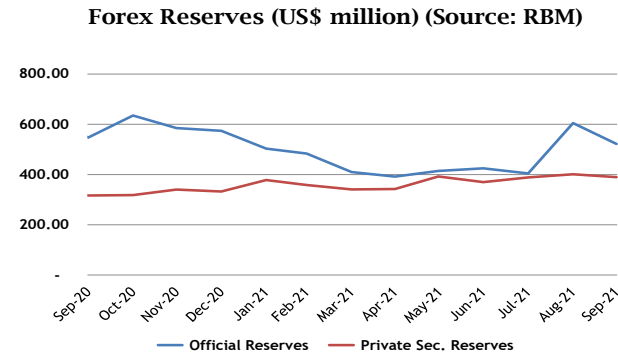
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	3.48%	27.99%

### Inflation (Source: NSO)



### Forex Reserves (Source: RBM)



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

CURRENCY	22-Oct-21	29-Oct-21	% Change
MK/US Dollar	815.50	815.50	→ 0.00%
MK/GBP	1125.39	1124.41	↑ 0.09%
MK/ZAR	56.20	53.83	↑ 4.23%
MK/EUR	949.48	951.60	↓ -0.22%

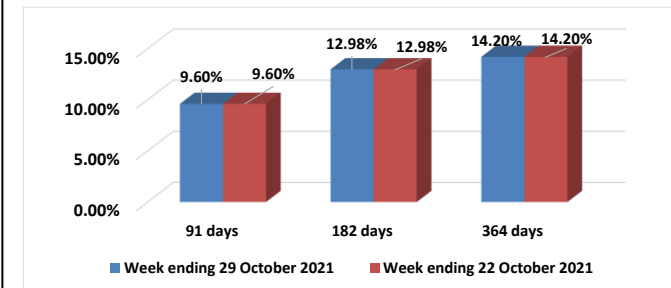
### Global Market Rates (Source: Reuters, WSJ, CNBC)

	22-Oct-21	29-Oct-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.128%	0.132%	↑ 0.003%
US Libor (6 months)	0.171%	0.194%	↑ 0.0231%
US Treasury yield (10 years)	1.682%	1.570%	↓ -0.112%
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 29 October 2021 (Source: RBM)



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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	1,045.37	9.60
182 days TB	25.00	12.98
364 days TB	6,081.91	14.20
10-yr TN	3,530.00	22.50
<b>TOTAL</b>	<b>10,682.28</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%	2.70%	4.00%
IMF	4.00%	0.60%	2.20%	3.00%
WORLD BANK	4.40%	1.00%	2.80%	5.30%
GOVERNMENT	5.10%	0.90%	3.80%	
<b>Average Real GDP</b>	<b>4.40%</b>	<b>0.38%</b>	<b>2.88%</b>	<b>4.10%</b>

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