



1. Money Market

Government Securities

The Government Treasury bill auction held during the week raised a total of K8.18 billion from total applications of K8.18 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 5-year Treasury Notes auction held during the week raised a total of K7.22 billion from total applications of K7.22 billion, resulting in a nil rejection rate. The weighted average yield was 20.53%. Maturities for the week stood at K6.40 billion, resulting in a net withdrawal of K9.00 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K2.72 billion from K46.34 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K18.36 billion (previous week: K8.28 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K72.28 billion (previous week: K69.25 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 41,313.01 points (previous week: 41,333.29 points), the Domestic Share Index (DSI) closed at 34,059.02 points (previous week: 34,402.94 points) and the Foreign Share Index (FSI) closed at 3,450.25 points (previous week: 3,034.07 points). The decrease in the MASI and DSI were due to share price losses in Airtel, ICON, NBS Bank, PCL and TNM, despite share price gains in Illovo, NBM and NITL. The increase in the FSI was due to share price gains in FMBCH. A total volume of 26.92 million shares were traded during the week at a value of K1.14 billion in 79 deals (Source: MSE).

3. Local Market Developments

The US and Malawi signed a US\$1.20 billion five-year bilateral Development Objective Agreement Grant (DOAG) that will run between 2021 and 2025 to support Malawi's 2063 vision and advance the goal of a self-reliant Malawi that is gender equitable and democratically accountable. More than US\$200.00 million will be channelled through the United States Agency for International Development (USAID) to development projects annually. The 5-year grant is expected to boost Malawi's foreign reserves over the period (Source: USAID).

4. Regional Developments in the Week

South Africa is set to develop a US\$500.00 million green investment plan to fund its energy transition away from coal. Two fifths of the fund will be funded by the Climate Investment Fund (CIF) and the rest by blended finance from development banks. South Africa is the world's 8th-largest emitter of greenhouse gases and offers a major opportunity to shift from burning coal to generate the bulk of its electricity to using clean energy technologies. However, Eskom Holdings SOC Ltd, is making losses and stuck beneath unsustainable debt and will require US\$27.00 billion of financing to shift to cleaner energy (Source: Bloomberg).

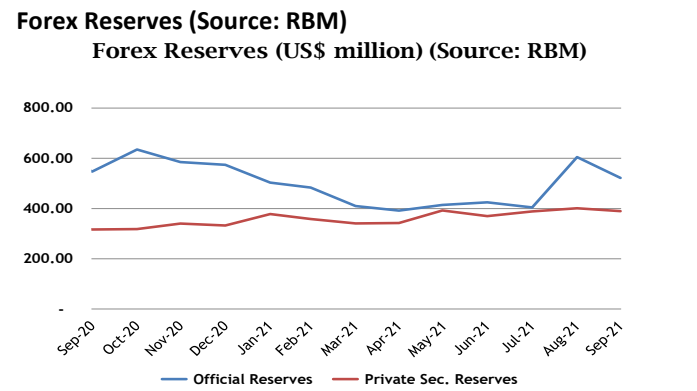
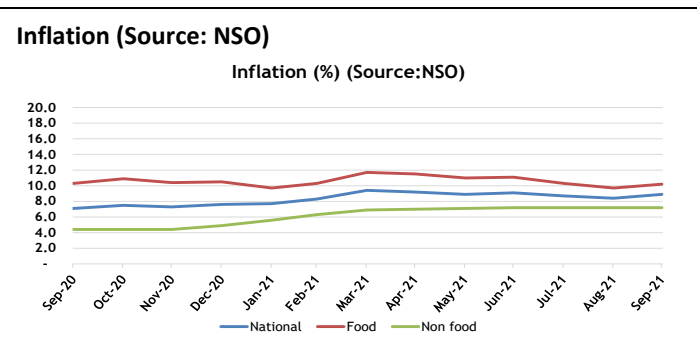
5. Global Developments in the Week

Global fertilizer costs have increased significantly due to extreme weather, fertiliser plant shutdowns in the U.K and Chinese sanctions. Further, the energy crises in Europe and China are exacerbating the impact as coal and natural gas are important feedstocks for production. The cost increase comes at a worrying time, with international food prices at a decade high. China is a key supplier of urea, sulphate and phosphate, accounting for about 30.00% of global trade. The price of urea increased from US\$108.80/tonne at the beginning of September and has increased by 26.00% to trade at US\$147.00/tonne (Source: Bloomberg.)

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	14-Oct-21	22-Oct-21
Counter				MK/Share	MK/Share
Airtel	5.52	18.93	17.36	39.94	↓ 38.01
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.66	7.97	4.13	16.15	16.15
ICON	1.91	9.37	1.00	12.09	↓ 12.07
ILLOVO	0.75	69.03	2.63	264.99	↑ 265.00
MPICO	1.33	11.41	1.11	21.00	21.00
NBM	3.97	14.61	2.78	700.00	↑ 701.01
NBS Bank	5.00	9.49	3.49	22.99	↓ 22.98
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	92.00	↑ 95.00
PCL	2.07	50.08	1.14	1,494.96	↓ 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	1.72	30.18	5.31	23.25	↓ 23.23
FMBCB	0.96	15.92	2.44	56.00	↑ 64.40
OMU	0.87	(44.12)	2.88	2,100.00	2,100.00
DSI	N/A	N/A	N/A	34,402.94	↓ 34,059.02
FSI	N/A	N/A	N/A	3,034.07	↑ 3,450.25
MASI	3.06	16.60	2.62	41,333.29	↓ 41,313.01

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

	2020	2021
MASI Return (YTD)	3.62%	27.54%



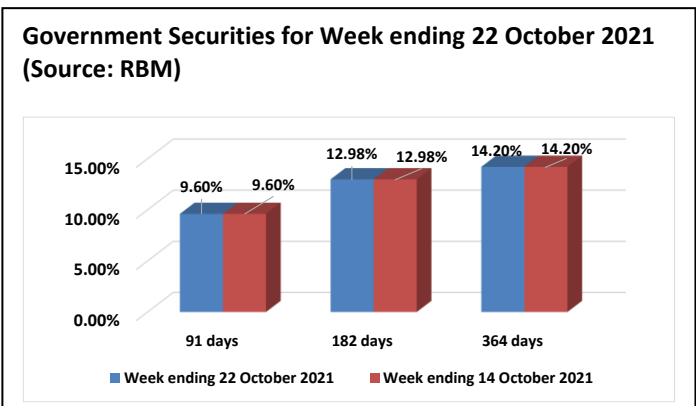
Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	14-Oct-21	22-Oct-21	% Change
MK/US Dollar	815.50	815.50	0.00%
MK/GBP	1114.38	1125.39	-0.99%
MK/ZAR	55.14	55.68	-0.98%
MK/EUR	945.33	948.18	-0.30%

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

	22-Oct-21	14-Oct-21	Change
US Fed Rate	0.250%	0.250%	0.000%
US Libor (3 months)	0.128%	0.122%	-0.006%
US Libor (6 months)	0.171%	0.159%	-0.0113%
US Treasury yield (10 years)	1.682%	1.575%	-0.107%
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



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	2.73	9.60
182 days TB	20.00	12.98
364 days TB	8,161.47	14.20
2-yr TN	7,220.00	20.53
TOTAL	15,404.20	

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%	6.00%
WORLD BANK	4.40%	1.00%	2.80%	5.30%
GOVERNMENT	5.10%	0.90%	3.80%	
Average Real GDP	4.40%	0.38%	2.88%	5.10%

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