



NICO Asset Managers
“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 5 November 2021

1. Money Market

Government Securities

The Government Treasury bill auction held during the week raised a total of K877.27 million from total applications of K877.27 million, resulting in a nil rejection rate. The average yield for 364 days tenor was 14.20%, there were no applications for the 91 days and 182 days tenors (previous week: 91 days: 9.60%, 182 days: 12.98% and 364 days: 14.20%). Maturities for the week stood at K2.56 billion, resulting in a net injection of K1.68 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K7.04 billion from K14.86 billion recorded in the previous week. The volume on Interbank overnight borrowing increased to a daily average of K11.94 billion (previous week: K9.30 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K117.61 billion (previous week: K88.82 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 41,231.09 points (previous week: 41,458.37 points), the Domestic Share Index (DSI) closed at 34,156.83 points (previous week: 34,188.36 points) and the Foreign Share Index (FSI) closed at 3,232.25 points (previous week: 3,450.25 points). The decrease in the MASI and DSI were due to share price losses in Airtel, FDH Bank, NBS, and TNM, despite share price gain in NBM. The decrease in FSI was due to share price losses in OMU and FMBCH. A total volume of 137.02 million shares were traded during the week at a value of K2.12 billion in 88 deals (Source: MSE).

3. Local Market Developments

During its fourth meeting of 2021 held in November 2021, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 12.00%. The MPC also decided to maintain Liquidity Reserve Requirement (LRR) ratio on both domestic and foreign deposits at 3.75%; and the Lombard rate at 20 basis points above the policy rate (Source: RBM).

4. Regional Developments in the Week

According to the October 2021 Regional Economic Outlook, the International Monetary Fund (IMF) has projected that Sub-Saharan Africa will grow by 3.70% in 2021, up from 3.40% projected in April 2021. This rebound in the economy largely results from a sharp improvement in global trade and commodity prices. Favourable harvests have also helped lift agricultural production. However, the recovery is expected to be slower than in advanced economies, leading to a widening rift in incomes. This divergence is expected to persist through the medium-term, partly reflecting different access to vaccines, but also stark differences in the availability of policy support (Source: IMF).

5. Global Developments in the Week

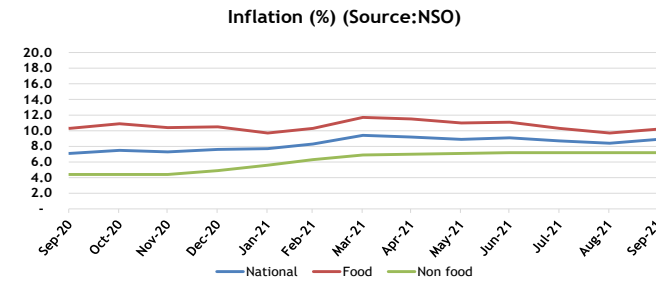
The Bank of England's (BoE) Monetary Policy Committee, at its meeting in November 2021, decided to maintain the bank rate at 0.10%. This was mainly to help meet its 2.00% inflation target and sustain growth and employment. The BoE further predicted slower economic growth due to continued bottlenecks in global supply chains. Output is forecast to return to its pre-pandemic size in the first quarter of 2022. The growth forecast for 2021 is 7.00% and the forecast for 2022 was cut to 5.00% from a previous 6.00% before slowing sharply to 1.50% in 2023 and 1.00% in 2024 (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	29-Oct-21	5-Nov-21
Counter				MK/Share	MK/Share
Airtel	5.48	19.07	17.49	38.31	↓ 38.30
BHL	0.00	(20.36)	1.37	11.00	11.00
FDH Bank	2.68	7.91	4.10	16.15	↓ 16.03
ICON	1.78	10.05	1.07	12.95	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	701.02	↑ 701.05
NBS Bank	5.01	9.48	3.49	22.98	↓ 22.96
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	94.99	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	1.74	29.88	5.26	23.16	↓ 23.00
FMBCH	1.03	14.84	2.27	64.40	↓ 60.00
OMU	0.87	(44.12)	2.88	2,100.00	↓ 2,099.99
DSI	N/A	N/A	N/A	34,188.36	↓ 34,156.83
FSI	N/A	N/A	N/A	3,450.25	↓ 3,232.25
MASI	3.07	16.56	2.62	41,458.37	↓ 41,231.09

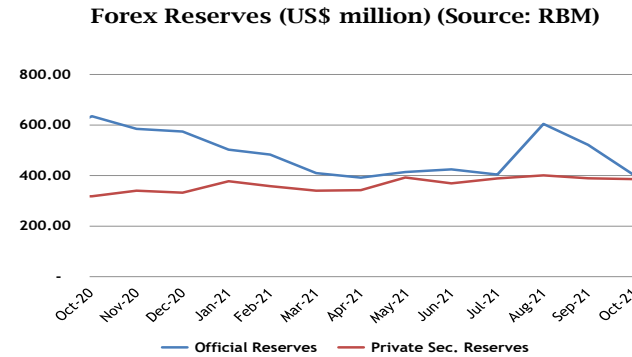
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2020	2021
MASI Return (YTD)	2.50%	27.28%

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	29-Oct-21	5-Nov-21	% Change
MK/US Dollar	815.50	815.50	→ 0.00%
MK/GBP	1124.41	1100.43	↑ 2.13%
MK/ZAR	53.83	53.58	↑ 0.46%
MK/EUR	951.60	942.31	↑ 0.98%

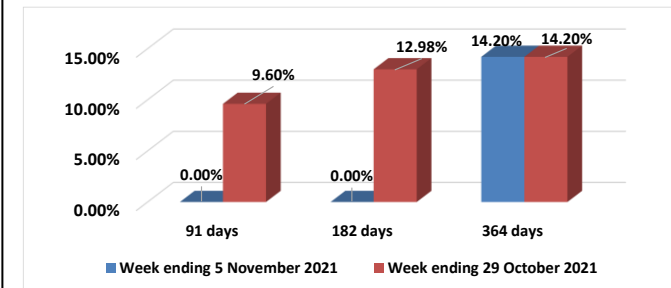
Global Market Rates (Source: Reuters, WSJ, CNBC)

	29-Oct-21	5-Nov-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.132%	0.140%	↑ 0.008%
US Libor (6 months)	0.194%	0.219%	↑ 0.0249%
US Treasury yield (10 years)	1.570%	1.525%	↓ -0.045%
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 5 November 2021 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	0.00	-
182 days TB	0.00	-
364 days TB	877.27	14.20
TOTAL	877.27	

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%	
Average Real GDP	4.40%	0.38%	2.88%	4.10%

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