



NICO Asset Managers
“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 10 December 2021

1. Money Market

Government Securities

The Government Treasury Bill auction held during the week raised a total of K7.28 billion from total applications of K7.28 billion, resulting in a nil rejection rate. The average yield for 91 days, 182 days and 364 days tenors were 9.69%, 13.00% and 14.33% respectively (previous week 91 days: 9.58%, 364 days: 14.30%, there were no applications for the 182 days tenor). The Treasury Notes (2-Year, 3-Year, and 5-Year) auction held during the week raised a total of K32.34 billion from total applications of K33.61 billion. Total maturities for the week stood at K12.32 billion, resulting in a net withdrawal of K27.30 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K36.95 billion from K18.81 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K7.70 billion (previous week: K8.96 billion) at an average rate of 11.98% (previous week: 11.98%). Access to the Lombard facility during the week in review averaged K110.63 billion (previous week: K103.97 billion) at an average rate of 12.20% (previous week: 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 43,242.74 points (previous week: 42,345.40 points), the Domestic Share Index (DSI) closed at 35,384.28 points (previous week: 34,956.70 points) and the Foreign Share Index (FSI) closed at 3,950.65 points (previous week: 3,477.00 points). The increase in the MASI and DSI were due to share price gains in BHL, FMBCH, Illovo and NBM despite share price losses in Airtel, FDH Bank, MPICO, NBS Bank and TNM. The increase in the FSI was due to share price gains in FMBCH. A total volume of 2.54 million shares were traded during the week at a value of K81.49 million in 105 deals (Source: MSE).

3. Local Market Developments

The Reserve Bank of Malawi has indicated that gross official reserves decreased to US\$389.26 in November 2021, compared to US\$405.66 registered in October 2021. According to the Financial Market Dealers Association of Malawi (FIMDA) the continued decline of the country's foreign exchange reserves will continue to impair the central bank's capacity to support the market with foreign exchange liquidity critical for a stable Kwacha. Furthermore, the situation is exacerbated by the lean season and the impact of the COVID-19 pandemic (Source: FIMDA & RBM).

4. Regional Developments in the Week

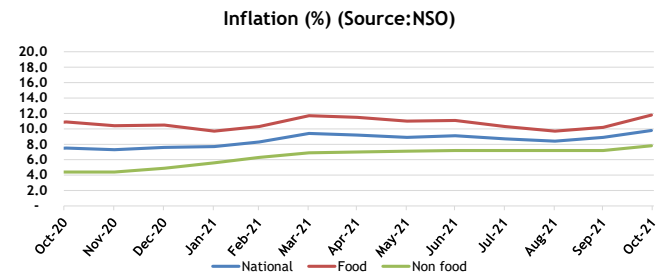
The Zambia External Bondholder Committee (ZEBEC) have stated that the country will need to provide more details on its recently agreed International Monetary Fund (IMF) support program and its own economic plans if the two sides were to strike a debt relief deal. To establish a process in which all parties have confidence, the Committee expects the authorities to engage in simultaneous discussions with the Official Creditor Committee for Zambia and the Bondholder Committee with equality of information disclosure for both groups. The group also expects that inter-creditor equity will be of paramount importance in the authority's approach to restoring debt sustainability (Source: Reuters).

5. Global Developments in the Week

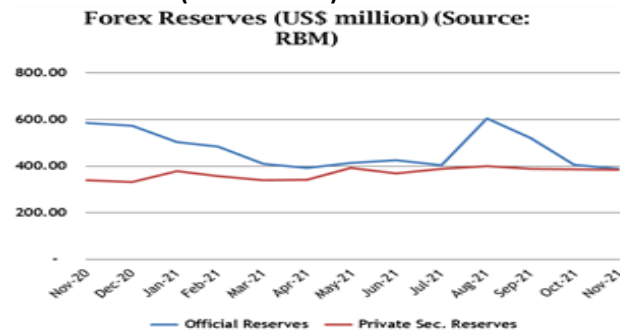
China has decided to focus on stabilizing the economy and keeping growth within a reasonable range in 2022. The country expects to continue implementing a prudent monetary policy and a proactive fiscal policy, whilst maintaining a stable and healthy economic environment. However, the economy also faces multiple challenges heading into 2022, due to a property downturn and strict COVID-19 curbs that have hit consumer spending (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	03-Dec-21	10-Dec-21
Counter				MK/Share	MK/Share
AIRTEL	5.67	18.43	16.90	38.28	↓ 37.01
BHL	0.00	(20.38)	1.37	11.00	↑ 11.01
FDH Bank	3.07	6.90	3.58	14.00	↓ 13.99
ICON	1.78	10.01	1.06	12.89	12.89
ILLOVO	6.00	10.46	2.43	270.01	↑ 300.00
MPICO	1.35	11.24	1.09	20.70	↓ 20.69
NBM	3.77	15.40	2.93	701.12	↑ 739.21
NBS Bank	5.02	9.45	3.48	22.92	↓ 22.90
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	94.99	94.99
PCL	1.81	57.37	1.30	1,712.62	1,712.62
Standard Bank	3.20	13.84	3.11	1,400.00	1,400.00
Sunbird	0.00	(19.96)	0.87	90.01	90.01
TNM	1.74	29.79	5.24	22.95	↓ 22.93
FMBCH	0.83	18.42	2.82	64.94	↑ 74.50
OMU	0.87	(44.12)	2.88	2,099.99	2,099.99
DSI	N/A	N/A	N/A	34,956.70	↑ 35,384.28
FSI	N/A	N/A	N/A	3,477.00	↑ 3,950.65
MASI	3.41	15.36	2.69	42,345.40	↑ 43,242.74
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2020	2021		
	MASI Return (YTD)	1.96%	33.49%		

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	3-Dec-21	10-Dec-21	% Change
MK/US Dollar	816.40	816.40	↓ 0.00%
MK/GBP	1085.32	1078.95	↑ 0.59%
MK/ZAR	51.28	51.05	↑ 0.45%
MK/EUR	922.37	922.21	↑ 0.02%

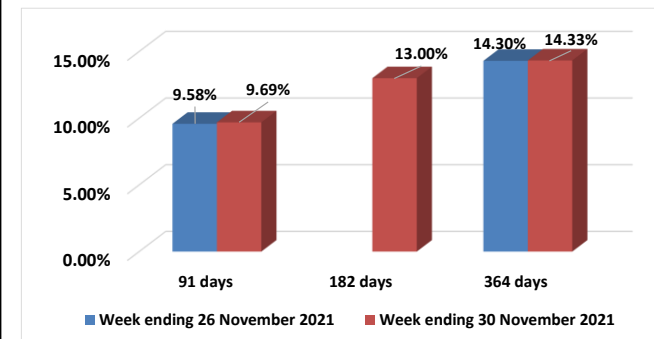
Global Market Rates (Source: Reuters, WSJ, CNBC)

	3-Dec-21	10-Dec-21	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.175%	0.201%	↑ 0.026%
US Libor (6 months)	0.270%	0.289%	↑ 0.0193%
US Treasury yield (10 years)	1.426%	1.474%	↑ 0.048%
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 10 December 2021 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	1,010.00	9.69
182 days TB	640.50	13.00
364 days TB	5,627.81	14.33
2-Year TN	9,370.00	16.67
3-Year TN	13,470.00	19.12
5-Year TN	9,500.00	20.95
TOTAL	39,618.31	

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