



NICO Asset Managers
“INVEST today for tomorrow”

WEEKLY MARKET UPDATE

Week ending 7 January 2022

1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K1.14 billion from total applications of K1.14 billion, resulting in a nil rejection rate. The average yield for 182 days and 364 days tenors were 13.00% and 14.65% respectively. There were no applications for the 91 days tenor (previous week 91 days: 9.70%, 182 days: 13.00%, 364 days: 14.54%). The 2-Year Treasury Note auction held during the week raised a total of K2.67 billion from total applications of K2.67 billion, resulting in a nil rejection rate. The weighted average yield was 16.66%. Total maturities for the week stood at K9.83 billion, resulting in a net injection of K6.02 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K29.76 billion from K16.19 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K9.50 billion at 11.91% (previous week: K19.33 billion at 11.98%). Access to the Lombard facility during the week in review averaged K4.65 billion at an average rate of 12.20% (previous week: K11.42 billion at 12.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 45,329.76 points (previous week: 45,367.68 points), the Domestic Share Index (DSI) closed at 37,058.44 points (previous week: 37,061.70 points) and the Foreign Share Index (FSI) closed at 4,184.21 points (previous week: 4,223.15 points). The decrease in the MASI, DSI and FSI were due to share price losses in TNM, and Old Mutual despite a share price gain in Standard Bank. A total volume of 10.40 million shares were traded during the week at a value of K417.09 million in 32 deals (Source: MSE).

3. Local Market Developments

The World Food Programme (WFP) has welcomed Norway’s contribution of about K1.20 billion (US\$1.50 million) to support the provision of school meals for 50,000 primary school learners in Malawi. According to the WFP, the funding forms part of a larger contribution of about K7.00 billion (US\$5.5 million) to locally produced school meals programmes in three countries namely Ethiopia, Malawi, and Niger. Through the home-grown school feeding model, food commodities for school meals will be supplied by 1,000 smallholder farmers, particularly women who will also benefit from capacity development in production post-harvest handling and marketing. The contribution is expected to sustain and improve access to education by providing nutritious and diversified school meals thereby improving enrolment, attendance, and retention in school (Source: WFP, Government of Norway).

4. Regional Developments in the Week

Kenya is expected to issue two Eurobonds by June 2022 to raise funds to support the budget in East Africa’s leading economy and repay another sovereign bond maturing in 2024. The country is looking to raise US\$1.00 billion and €1.00 billion separately. The Eurobonds could be expanded for purposes of managing liabilities. Consequently, Kenya will not seek to overhaul its debt under a Group of 20 initiative because it fears that would curtail its ability to raise funds from global capital markets. (Source: Reuters).

5. Global Developments in the Week

The Euro-zone inflation hit a record high of 5.00% in December 2021, signaling that the economy is under renewed stress as surging coronavirus infections force governments to tighten restrictions. Investors have stated that the jump in inflation, especially in Germany could force the European Central Bank (ECB) to review its dovish stance and reconsider its stance that inflation is transitory. According to Titan Asset Management, the ongoing lockdowns in Germany may stunt demand driven inflation in the short term but are likely to exacerbate supply dislocations resulting in more cost-push inflation (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	31-Dec-21	7-Jan-2022
Counter				MK/Share	MK/Share
AIRTEL	5.25	19.92	18.26	40.00	40.00
BHL	0.00	(20.38)	1.37	11.01	11.01
FDH Bank	2.72	7.80	4.05	15.81	15.81
ICON	1.78	10.01	1.06	12.89	12.89
ILLOVO	6.00	10.46	2.43	300.00	300.00
MPICO	1.35	11.24	1.09	20.70	20.70
NBM	3.44	16.88	3.21	810.12	810.12
NBS Bank	5.02	9.45	3.48	22.90	22.90
NICO	4.18	5.73	1.43	55.00	55.00
NITL	1.37	8.67	0.99	94.98	94.98
PCL	1.81	57.37	1.30	1,900.00	1,900.00
Standard Bank	3.20	13.84	3.11	1,400.00	↑ 1,400.02
Sunbird	0.00	(19.96)	0.87	90.01	90.01
TNM	1.75	29.75	5.24	22.92	↓ 22.90
FMBCH	0.78	19.78	3.03	80.00	80.00
OMU	1.02	(37.51)	2.45	2,099.99	↓ 1,785.00
DSI	N/A	N/A	N/A	37,061.70	↓ 37,058.44
FSI	N/A	N/A	N/A	4,223.15	↓ 4,184.21
MASI	3.26	16.07	2.82	45,367.68	↓ 45,329.76

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

	2020	2021
MASI Return (YTD)	2.37%	-0.08%

Inflation (Source: NSO)

Inflation (%) (Source: NSO)

Forex Reserves (Source: RBM)

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

Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	31-Dec-21	7-Jan-22	% Change
MK/US Dollar	816.40	816.40	→ 0.00%
MK/GBP	1102.14	1105.49	↓ -0.30%
MK/ZAR	51.35	51.84	↓ -0.94%
MK/EUR	924.25	922.61	↑ 0.18%

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

	31-Dec-21	7-Jan-22	Change
US Fed Rate	0.250%	0.250%	→ 0.000%
US Libor (3 months)	0.224%	0.226%	↑ 0.002%
US Libor (6 months)	0.354%	0.340%	↓ -0.0144%
US Treasury yield (10 years)	1.502%	2.089%	↑ 0.587%
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 7 January 2022 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	-	-
182 days TB	260.45	13.00
364 days TB	876.89	14.65
2-Year TN	2,670.00	16.66
TOTAL	3,807.34	

Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	-	-
182 days TB	260.45	13.00
364 days TB	876.89	14.65
2-Year TN	2,670.00	16.66
TOTAL	3,807.34	

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%	2.50%	5.00%
Average Real GDP	4.40%	0.38%	2.55%	4.33%