



1. Money Market

Government Securities

The Government Treasury Bill auctions held during the week raised a total of K0.65 billion from total applications of K3.15 billion, resulting in a 79.41% rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 13.00%, 16.00% and 18.75% respectively (previous week: 91 days: 11.00%, 182 days: 15.50%, 364 days: 18.75%). Treasury Note auction (2-year) held during the week raised a total K2.02 billion from total applications of K2.05 billion, resulting in a 1.46% rejection rate. The weighted average yield was 22.50%. Total maturities for the week stood at K13.65 billion, resulting in a net injection of K10.98 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of minus K3.18 billion from K10.36 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K21.58 billion at 15.00% (previous week: K21.94 billion at 12.50%). Access to the Lombard facility during the week in review averaged K41.16 billion at an average rate of 18.20% (previous week: K24.36 billion at 14.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 55,751.01 points (previous week: 55,011.16 points), the Domestic Share Index (DSI) closed at 45,196.56 points (previous week: 44,935.54 points) and the Foreign Share Index (FSI) closed at 5,633.45 points (previous week: 5,126.05 points). The increase in MASI was due to share price gains in Airtel, FDH Bank, NBM, Standard Bank, Sunbird, NICO and TNM despite share price loss in NBS Bank. The increase in FSI was due to share price gains in FMBCB and OMU A total volume of K12.90 million shares were traded during the week at a value of K316.50 million in 114 deals (Source: MSE).

3. Local Market Developments

Following the upward revision of the policy rate from 14.00% to 18.00% by the Monetary Policy Committee (MPC) on 26 October 2022, the commercial banks revised up the reference rate from 14.00% to 16.60%. The reference rate is the rate banks charge for commercial loans. The move comes as a result of the MPC's commitment to curb the acceleration of inflation to hover around the target range of 3.00% to 7.00% (Source: Bankers Association of Malawi).

4. Regional Developments in the Week

According to a survey conducted by Absa, South African manufacturing activity improved in October 2022 but rolling power cuts and a crippling strike at freight rail and ports company Transnet prevented a stronger recovery. The seasonally adjusted Absa Purchasing Managers' Index (PMI) was at 50.0 points in October from 48.2 points in September, hitting the 50-point mark that separates contraction from expansion. In October, purchasing managers were at their most pessimistic about the outlook for business since May 2020, likely reflecting little hope that the power situation will improve soon (Source: Reuters).

5. Global Developments in the Week

- The US Federal Reserve (the Fed) raised its target fed funds rate by 75-basis points to 4.000% from 3.250% and said it would consider the lagging impact of higher rates on the economy. The central bank is expected to continue to battle rising broad price inflation until it can declare victory and reduce inflation to its target of 2.00%. With the recent hike, the fed funds target rate range is now 3.75% to 4.00% (Source: Bloomberg).

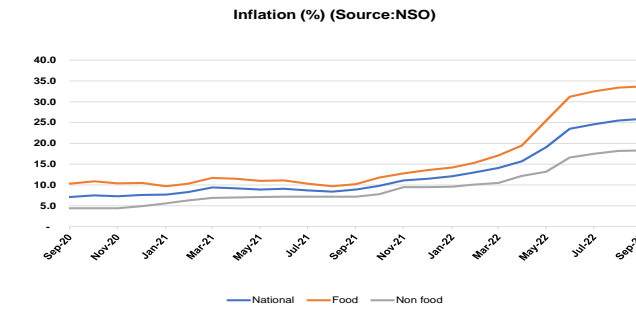
- During the week in review, the Bank of England (BOE) raised interest rates by 75-basis points to 3.000% from 2.250%, its largest single hike since 1989. The BOE warned of a prolonged recession as policymakers looked to temper market expectations for further aggressive monetary policy tightening. The MPC noted that its updated projections for growth and inflation indicate a very challenging outlook for the U.K. economy as it looks to bring inflation back toward its 2.00% target. U.K. Gross Domestic Product (GDP) is projected to decline by around 0.75% over the second half of 2022, reflecting the squeeze on real incomes from surging energy and tradable goods prices (Source: CNBC).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	28-Oct-22	4-Nov-22
Counter				MK/Share	MK/Share
AIRTEL	5.67	17.69	17.17	51.26	↑ 52.01
BHL	0.00	(12.28)	1.42	10.99	10.99
FDH Bank	7.06	8.81	3.25	14.87	↑ 14.88
ICON	2.01	9.28	0.91	11.97	11.97
ILLOVO	3.60	17.43	4.05	500.10	500.10
MPICO	1.50	10.09	1.00	20.67	20.67
NBM	4.00	16.44	4.02	1,230.00	↑ 1,230.01
NBS Bank	5.97	8.55	2.84	22.62	↓ 22.61
NICO	5.91	5.89	1.19	50.96	↑ 54.97
NITL	2.28	3.61	0.97	125.00	125.00
PCL	1.56	12.07	1.39	2,181.38	2,181.38
Standard Bank	2.01	17.44	3.69	1,841.04	↑ 1,841.05
Sunbird	0.00	32.12	0.87	80.03	↑ 92.03
TNM	3.58	12.45	2.45	12.01	↑ 12.02
FMBCH	1.52	12.47	2.87	100.07	↑ 110.82
OMU	3.55	15.11	1.17	1,359.99	↑ 1,156.00
DSI	N/A	N/A	N/A	44,935.54	↑ 45,196.56
FSI	N/A	N/A	N/A	5,126.05	↑ 5,633.45
MASI	3.57	14.04	2.96	54,011.16	↑ 55,751.01

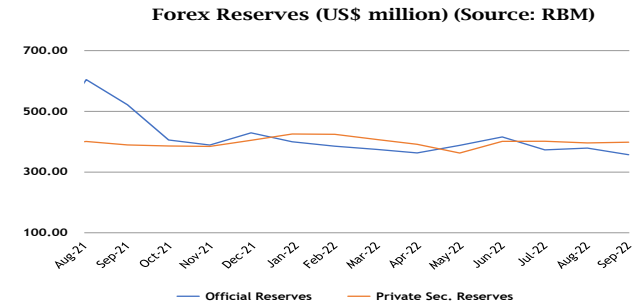
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2021	2022
MASI Return (YTD)	27.28%	22.89%

Inflation (Source: NSO)



Forex Reserve (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

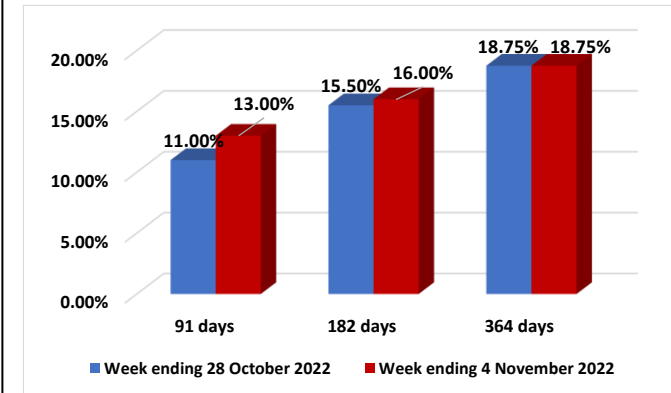
CURRENCY	28-Oct-22	4-Nov-22	% Change
MK/US Dollar	1,026.43	1,026.43	→ 0.00%
MK/GBP	1,219.72	1,185.26	↑ 2.83%
MK/ZAR	58.68	57.70	↑ 1.68%
MK/EUR	1,053.53	1,033.65	↑ 1.89%

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

	28-Sep-22	4-Nov-22	Change
US Fed Rate	3.250%	4.000%	↑ 0.750%
US Libor (3 months)	4.415%	4.508%	↑ 0.093%
US Libor (6 months)	4.928%	4.971%	↑ 0.043%
US Treasury yield (10 years)	4.018%	4.134%	↑ 0.116%
BOE Rate	2.250%	3.000%	↑ 0.750%
ECB Rate	1.250%	2.000%	↑ 0.750%

*LIBOR = London Interbank Offered Rates *BOE= Bank of England
*ECB= European Central Bank

Government Securities for Week ending 4 November 2022 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days TB	218.61	13.00
182 days TB	216.75	16.00
364 days TB	214.08	18.75
2-Year TN	2,020.00	22.50
TOTAL	2,669.44	

Real GDP (Source: EIU, IMF, Government RBM)

Real GDP Growth Projections				
	2019	2020	2021	2022
EIU	4.10%	-1.00%	2.70%	1.80%
IMF	4.00%	0.60%	2.20%	0.90%
WORLD BANK	4.40%	1.00%	2.80%	2.10%
GOVERNMENT	5.10%	0.90%	3.90%	1.70%
Average Real GDP	4.40%	0.38%	2.90%	1.63%

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