



**1. Money Market**

**Government Securities**

The Government Treasury Bill auctions held during the week raised a total of K4.21 billion from total applications of K6.07 billion, resulting in a 30.70% rejection rate. The average yield for the 91 days, 182 days and 364 days tenors were 13.00%, 16.10% and 18.99% respectively (previous week: 91 days: 12.95%, 182 days: 17.49%, 364 days: 19.00%). Treasury Note (5-year) auction held during the week raised a total of K7.72 billion from total populations of K10.32 billion, resulting in a 25.19% rejection rate. The weighted average rate was 25.98%. Total maturities for the week stood at K18.41 billion, resulting in a net injection of K6.48 billion.

**Interbank Market**

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K21.29 billion from K8.08 billion recorded in the previous week. The volume on Interbank overnight borrowing decreased to a daily average of K6.94 billion at 15.00% (previous week: K13.10 billion at 15.03%). Access to the Lombard facility during the week in review averaged K26.26 billion at an average rate of 18.20% (previous week: K28.32 billion at 18.20%) (Source: RBM).

**2. Stock Market**

The MASI closed the week at 58,544.16 points (previous week: 58,690.96 points), the Domestic Share Index (DSI) closed at 47,681.93 points (previous week: 47,650.39 points) and the Foreign Share Index (FSI) closed at 5,633.45 points (previous week: 5,840.55 points). The increase in MASI was due to share price gains in FDH Bank, Airtel, NBM, NICO, and Standard Bank despite share price losses in NBS Bank. The decrease in FSI was due to a share price loss in FMBCH. A total volume of K11.00 million shares were traded during the week at a value of K1.62 billion in 101 deals (Source: MSE).

**3. Local Market Developments**

The International Monetary Fund's (IMF) Executive Board has granted Malawi a waiver after it misreported its international reserves, helping clear the way for new lending. The IMF said in a statement that at the time of the first and combined second and third reviews of a three-year extended credit facility approved in 2018, Malawi had overstated its reserves for end-June and end-December 2018, and end-June 2019. It did so by including pledged term deposits and assets through contracting short-term swaps. The IMF and Malawi last month reached a staff-level agreement on up to US\$88.30 million in emergency financing under a new IMF arrangement called the "Food Shock Window" and the decision from the Executive Board is expected by the end of 2022 (Source: The Reuters).

**4. Regional Developments in the Week**

According to a Reuters poll, South Africa's Reserve Bank (SARB) is expected to hike its repo rate by another 75 basis points to 7.00% to reinforce its action over sticky and uncomfortably high inflation. Inflation in South Africa is estimated to average 6.80% in 2022, above the SARB's 3%-6% comfort zone but projected to slow to 5.40% in 2023 and to 4.60% in 2024. The poll also suggests South Africa's economy will lose momentum next year to expand 1.20% from an estimated 1.80% in 2022. Growth in South Africa's trading partners is also expected to slow next year while commodity prices will likely soften as fears of a global recession increase. Meanwhile, electricity shortages have been a major impediment in Africa's most industrialized economy (Source: Reuters).

**5. Global Developments in the Week**

The U.K inflation rate hit a 41-year high in October 2022, fuelling demands for the government to do more to ease the nation's cost-of-living crisis. Consumer prices rose 11.10% in the 12 months through October, compared with 10.10% in September 2022. The new figure exceeded economists' expectations of 10.7%. Higher prices for food and energy drove Britain's inflation rate to the highest since October 1981. The figures came a day before Treasury chief Jeremy Hunt is scheduled to unveil a new budget amid growing calls for higher wages, increased benefits and more spending on health and education (Source: Office for National statistics).

| Stock Market (Source: Malawi Stock Exchange) |             |         |       |           |             |
|--|-------------|---------|-------|-----------|-------------|
|  | Div yield % | P/E     | P/BV  | 11-Nov-22 | 18-Nov-22   |
| Counter                                      |             |         |       | MK/Share  | MK/Share    |
| AIRTEL                                       | 5.35        | 18.74   | 18.18 | 55.01     | ↑ 55.09     |
| BHL  | 0.00        | (12.28) | 1.42  | 10.99     | 10.99       |
| FDH Bank                                     | 7.00        | 8.88    | 3.28  | 14.87     | ↑ 15.00     |
| ICON   | 2.01        | 9.28    | 0.91  | 11.96     | 11.96       |
| ILLOVO                                       | 3.60        | 17.43   | 4.05  | 500.10    | 500.10      |
| MPICO  | 1.50        | 10.09   | 1.00  | 20.66     | 20.66       |
| NBM  | 3.52        | 18.72   | 4.57  | 1,400.03  | ↑ 1,400.26  |
| NBS Bank                                     | 5.97        | 8.55    | 2.84  | 22.61     | ↓ 22.60     |
| NICO   | 5.91        | 5.89    | 1.19  | 54.96     | ↑ 55.00     |
| NITL   | 2.54        | 3.24    | 0.87  | 112.01    | 112.01      |
| PCL  | 1.56        | 12.07   | 1.39  | 2,181.38  | 2,181.38    |
| Standard Bank                                | 1.85        | 18.95   | 4.01  | 2,000.02  | ↑ 2,000.03  |
| Sunbird                                      | 0.00        | 32.12   | 0.87  | 92.03     | 92.03       |
| TNM  | 3.58        | 12.45   | 2.45  | 12.02     | 12.02       |
| FMBCH  | 1.52        | 12.47   | 2.87  | 115.00    | ↓ 110.82    |
| OMU  | 3.55        | 15.11   | 1.17  | 1,156.00  | 1,156.00    |
| DSI  | N/A         | N/A     | N/A   | 47,650.39 | ↑ 47,681.93 |
| FSI  | N/A         | N/A     | N/A   | 5,840.55  | ↓ 5,633.45  |
| MASI   | 3.40        | 14.77   | 3.11  | 58,690.96 | ↑ 58,544.16 |

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

|                   | 2021   | 2022   |
|-------------------|--------|--------|
| MASI Return (YTD) | 27.78% | 29.04% |

### Inflation (Source: NSO)

Inflation (%) (Source: NSO)

### Forex Reserve (Source: RBM)

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

### Exchange Rates - Middle Rates (Source: RBM)

| CURRENCY     | 11-Nov-22 | 18-Nov-22 | % Change |
|--------------|-----------|-----------|----------|
| MK/US Dollar | 1,026.43  | 1,026.43  | → 0.00%  |
| MK/GBP       | 1,238.12  | 1,258.21  | ↓ -1.62% |
| MK/ZAR       | 60.91     | 60.93     | ↓ -0.03% |
| MK/EUR       | 1,080.28  | 1,096.03  | ↓ -1.46% |

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

|                              | 11-Nov-22 | 18-Nov-22 | Change    |
|------------------------------|-----------|-----------|-----------|
| US Fed Rate                  | 4.000%    | 4.000%    | → 0.000%  |
| US Libor (3 months)          | 4.630%    | 4.674%    | ↑ 0.044%  |
| US Libor (6 months)          | 5.156%    | 5.082%    | ↓ -0.074% |
| US Treasury yield (10 years) | 3.819%    | 3.805%    | ↓ -0.014% |
| BOE Rate                     | 3.000%    | 3.000%    | → 0.000%  |
| ECB Rate                     | 2.000%    | 2.000%    | → 0.000%  |

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

### Government Securities for Week ending 18 November 2022 (Source: RBM)

| TENORS       | VOLUME (K'MILLION) | AVERAGE YIELD (%) |
|--------------|--------------------|-------------------|
| 91 days TB   | 350.00             | 13.00             |
| 182 days TB  | 304.19             | 16.10             |
| 364 days TB  | 3,552.02           | 18.99             |
| 5-year TN    | 7,720.00           | 25.98             |
| <b>TOTAL</b> | <b>11,926.21</b>   |                   |

### Prevailing Government Security Interest Rates (Source: RBM)

### 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%        |
| <b>Average Real GDP</b> | <b>4.40%</b>                | <b>0.38%</b> | <b>2.90%</b> | <b>1.63%</b> |

**Contacts:**

**Head Office**  
NICO Asset Managers Limited, 19 Glyn Jones Road  
Chibisa House, P.O. Box 3173, Blantyre  
Tel No: 01 832 085/086  
Email: [invest@nicoassetmanagers.com](mailto:invest@nicoassetmanagers.com) Website: [www.nicoassetmanagers.com](http://www.nicoassetmanagers.com) NICO Asset Managers/Facebook

**Lilongwe Branch**  
NICO Asset Managers Limited, Corner Kenyatta Drive  
NICO Centre, P.O. Box 30729, Lilongwe 3  
Tel No: 01 757 086

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