



1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K7.29 billion from total applications of K7.29 billion, resulting in a nil rejection rate. The average yield for the 182 days and 364 days were 18.00% and 24.00% respectively, there were no results for the 91 days tenor (Previous week: 91 days: 14.70%, 182 days: 18.00% and 364 days: 24.00%). The results of the (2-Year) Treasury Note auction held during the week in review raised a total of K17.09 billion from total applications of K17.09 billion, representing a nil rejection rate. The weighted average yield was 26.59%. Total maturities for the week stood at K20.19 billion, resulting in a net withdrawal of K4.19 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K20.89 billion from K23.16 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K35.54 billion at 22.72% (previous week: K31.00 billion at 22.41%). Access to the Lombard facility during the week in review averaged K145.51 billion at an average rate of 24.20% (previous week: K153.69 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 116,439.86 points (previous week: 116,157.13 points), the Domestic Share Index (DSI) closed at 90,278.01 points (previous week: 90,065.62 points) and the Foreign Share Index (FSI) closed at 17,025.11 points (previous week: 16,975.06 points). The increase in MASI and DSI was due to share price gains in Airtel and FDH Bank, despite share price losses in NBS, NICO and TNM. The increase in FSI was due to share price gains in FM BCH. A total volume of 29.42 million shares were traded during the week at a value of K4.35 billion in 343 deals (Source: MSE).

3. Local Market Developments

The year-on-year inflation rate for July 2023 stands at 28.40%, an increase from the 27.30% recorded in June 2023. Food and Non-Food Inflation rates are at 39.30% and 16.00%, respectively (June 2023: Food inflation: 37.20%, Food inflation: 16.00%). The national month-on-month Inflation rate for July 2023 stands at 1.80%. Food inflation rate is at 2.30% while Non-Food Inflation rate is at 1.10% (Source: NSO).

4. Regional Developments in the Week

According to treasury figures released by the Central Bank of Kenya (CBK), Kenya's debt level has reached record highs despite President William Ruto's vow to tame the country's appetite for loans. Total public debt rose by a record Ksh1.56 trillion (US\$10.8 billion) in the financial year ended June 30 to Ksh10.1 trillion (US\$70.75 billion), breaching a debt ceiling of Ksh10 trillion. The increase in the public debt is attributed to external loan disbursements, exchange rate fluctuations and the uptake of domestic and external debt. Loan repayment costs, mainly to China, have shot up as the local currency trades at record lows of around Ksh144.0/US\$1. The debt load has prompted warnings from global credit ratings agencies including Fitch Ratings which last month downgraded Kenya's ability to repay international lenders from "stable to negative", citing tax hikes and social unrest (Source: Reuters)

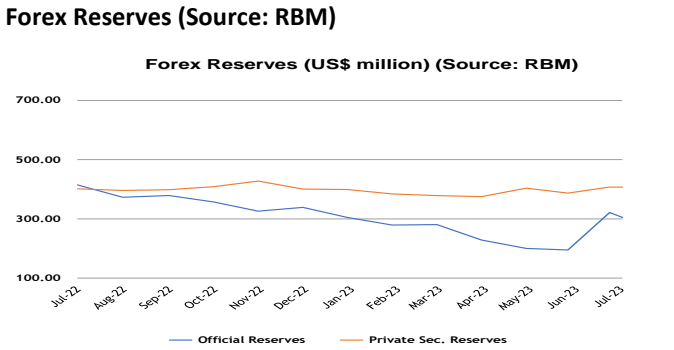
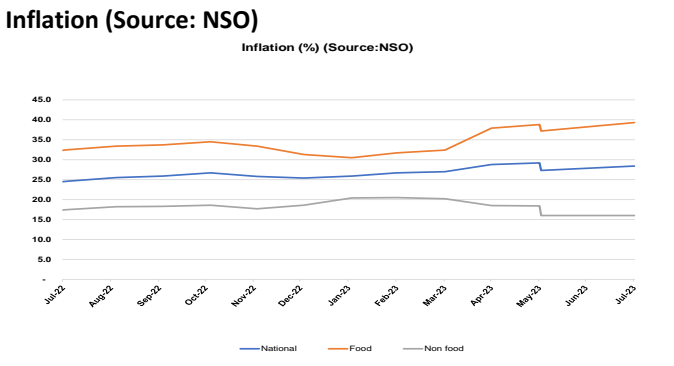
5. Global Developments in the Week

The Central Bank of Russian Federation hiked interest rates to 12.00% after the Rouble fell to its lowest value in 16 months. The currency fell past RUB100/US\$1, prompting the CBRF to hold an emergency meeting. The Bank of Russia said it decided to raise interest rates from 8.50% to curb inflation, which hit 4.40% in August 2023. Pressure has been mounting on the Russian economy due to imports rising faster than exports and military spending growing for the Ukraine war. Steady growth in domestic demand surpassing the capacity to expand output amplifies the underlying inflationary pressure and has impact on the rouble's exchange rate dynamics through elevated demand for imports (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	11-August-23	18-August-23
Counter				MK/Share	MK/Share
AIRTEL	2.50	29.83	29.14	100.10	↑ 100.15
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	2.88	22.87	12.54	74.20	↑ 76.01
ICON	1.32	7.59	1.23	18.97	18.97
ILLOVO	1.87	30.04	7.93	1,121.41	1,121.41
MPICO	1.75	8.25	0.90	20.56	20.56
NBM	3.37	20.65	5.69	2,100.00	2,100.00
NBS Bank	2.50	20.32	10.35	132.00	↓ 131.99
NICO	3.68	8.53	2.60	163.02	↓ 163.00
NITL	0.79	7.74	2.25	401.1	401.01
PCL	1.44	22.14	1.42	2,508.00	2,508.00
Standard Bank	3.41	14.97	3.96	2,500.01	2,500.01
Sunbird	1.05	16.30	1.62	190.10	190.10
TNM	0.00	(171.03)	6.47	30.00	↓ 29.98
FMBCH	1.48	22.31	6.39	340.00	↑ 341.01
OMU	4.16	12.20	1.33	1,050.00	1,050.00
DSI	N/A	N/A	N/A	90,065.62	↑ 90,278.01
FSI	N/A	N/A	N/A	16,975.06	↑ 17,025.11
MASI	2.34	21.32	5.15	116,157.13	↑ 116,439.86

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

	2022	2023
MASI Return (YTD)	19.89%	87.70%



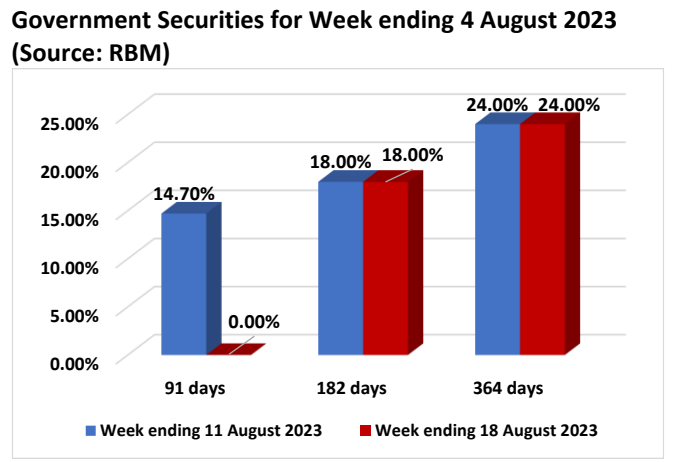
Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	11-Aug-23	18-Aug-23	% Change
MK/US Dollar	1,084.60	1,084.60	0.00%
MK/GBP	1,436.14	1,420.55	1.09%
MK/ZAR	59.56	58.68	1.49%
MK/EUR	1,191.37	1,215.45	-2.02%

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

	11-Aug-23	18-Aug-23	Change
US Fed Rate	5.500%	5.500%	0.000%
US Libor (3 months)	5.437%	5.450%	0.013%
US Libor (6 months)	5.485%	5.493%	0.008%
US Treasury yield (10 years)	4.129%	4.253%	0.124%
BOE Rate	5.250%	5.250%	0.000%
ECB Rate	3.750%	3.750%	0.000%

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



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	NA	NA
182-days TB	5,589.35	18.00
364-days TB	1,695.89	24.00
2-Year TN	17,090.00	26.59
TOTAL	24,375.24	

Real GDP (Source: EIU, IMF, World Bank, Government)

	Real GDP Growth Projections			
	2020	2021	2022	2023
EIU	-1.00%	2.70%	0.70%	0.70%
IMF	0.60%	2.20%	0.90%	2.40%
WORLD BANK	1.00%	2.80%	0.90%	1.40%
GOVERNMENT	0.90%	3.90%	1.90%	1.90%
Average Real GDP	0.38%	2.90%	1.10%	1.60%

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