



NICO Asset Managers
“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 29 September 2023

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K10.00 million from total applications of K10.00 million, resulting in a nil rejection rate. The average yield for the 182 days was 18.00%, there were no applications for the 91 days and 364 days tenor (Previous week: 91 days: 14.70%, 182 days: 18.00% and 364 days: 24.00%). Government Treasury Notes (5-year, & 7-year) auctions held during the week raised a total of K9.04 billion from total applications of K9.04 billion, resulting in a nil rejection rate. Total maturities for the week stood at K29.04 billion, resulting in a net injection of K19.99 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K45.90 billion from K77.77 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K35.30 billion at 22.79% (previous week: K30.32 billion at 22.77%). Access to the Lombard facility during the week in review averaged K66.60 billion at an average rate of 24.20% (previous week: K90.74 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 118,426.19 points (previous week: 118,849.86 points), the Domestic Share Index (DSI) closed at 89,173.86 points (previous week: 89,550.85 points) and the Foreign Share Index (FSI) closed at 20,692.42 points (previous week: 20,692.42 points). The decrease in MASI and DSI was due to share price losses in FDH Bank, MPICO, NBS Bank, TNM, PCL, and NICO despite share price gains in Illovo, NBM, Standard, and Sunbird. A total volume of 36.78 million shares were traded during the week at a value of K4.89 billion in 225 deals (Source: MSE).

3. Local Market Developments

The official forex reserves for August 2023 decreased to US\$239.56 million (0.96 months' worth of import cover) from US\$267.91 million (1.07 months of import cover) in July 2023. Private sector reserves increased to US\$419.35 million (1.68 months of import cover) in August 2023 from US\$406.63 million (1.63 months of import cover) in July 2023. As of 31 August 2023, total forex reserves stood at US\$658.91 million (2.64 months of import cover), a decrease from US\$674.54 million (2.70 months of import cover) registered at the end of July 2023 (Source: RBM).

4. Regional Developments in the Week

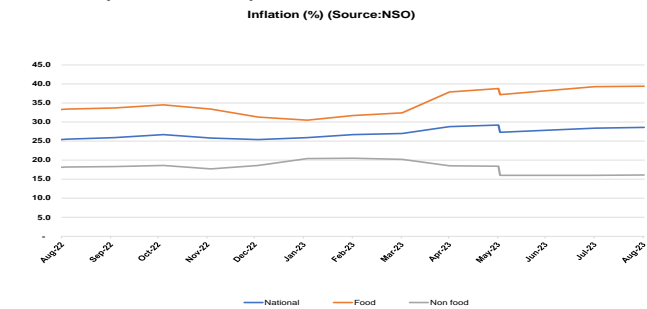
The IMF Executive Board has approved an 18-month arrangement for Morocco under the Resilience and Sustainability Facility (RSF) in an amount equivalent to SDR 1 billion (about US\$1.32 billion, equivalent to 112 percent of quota). The RSF arrangement will help Morocco address climate vulnerabilities, bolster its resilience against climate change, and seize the opportunities from decarbonization. It would also help the Moroccan authorities strengthen preparedness for natural catastrophes and stimulate financing for sustainable development. The arrangement would coincide with the remaining 18 months under the Flexible Credit Line (FCL) arrangement approved in April 2023 (Source: IMF).

5. Global Developments in the Week

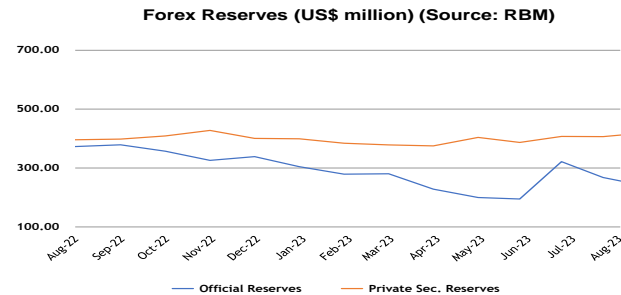
According to the Bank of England, the UK money supply growth contracted for the first time, since 2010 when comparable data collection began, as higher interest rates weigh on lending. The annual growth in the amount of money in the UK economy, a measure known as M4ex, fell to minus 0.6 percent in August 2023. The contraction reflects the impact of higher borrowing costs as the Bank of England raised interest rates (currently at 5.25 percent) to quell high inflation. The figures suggest higher interest rates are working by reducing households' and firms' demand for borrowing, which should lead to softer activity and lower inflation, stated an economist from Capital Economics (Source: Financial Times).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	22-Sept-23	29-Sept-23
Counter				MK/Share	MK/Share
AIRTEL	2.49	29.92	29.23	100.45	100.45
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	3.03	21.73	11.91	75.42	↓ 72.21
ICON	1.39	7.20	1.17	18.00	18.00
ILLOVO	1.87	30.04	7.93	1,121.43	↑ 1,121.44
MPICO	2.40	6.02	0.66	17.50	↓ 15.00
NBM	3.36	20.67	5.70	2,101.03	↑ 2,101.12
NBS Bank	3.03	16.78	8.55	110.00	↓ 108.99
NICO	3.75	8.38	2.55	162.50	↓ 160.00
NITL	0.79	7.74	2.25	401.05	401.05
PCL	1.44	22.07	1.41	2,507.00	↓ 2,500.00
Standard Bank	3.16	16.16	4.28	2,650.01	↑ 2,700.01
Sunbird	1.05	16.38	1.63	191.02	↑ 191.03
TNM	0.00	(170.46)	6.45	29.90	↓ 29.88
FMBCH	1.21	27.15	7.77	415.03	415.03
OMU	4.16	12.20	1.33	1,050.00	1,050.00
DSI	N/A	N/A	N/A	89,550.85	↓ 89,173.86
FSI	N/A	N/A	N/A	20,692.42	20,692.42
MASI	2.30	21.71	5.24	118,849.86	↓ 118,426.19
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2022	2023		
MASI Return (YTD)		33.84%	90.90%		

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	22-Sep-23	29-Sep-23	% Change
MK/US Dollar	1,115.78	1,115.78	→ 0.00%
MK/GBP	1,411.06	1,405.20	↑ 0.42%
MK/ZAR	60.76	60.80	↓ -0.08%
MK/EUR	1,223.96	1,216.14	↑ 0.64%

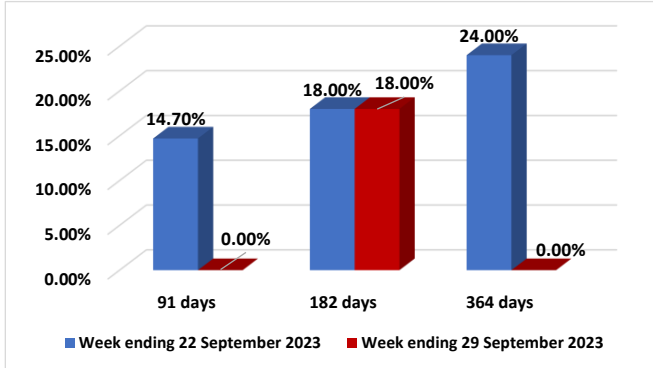
Global Market Rates (Source: Reuters, WSJ, CNBC)

	22-Sep-23	29-Sep-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.471%	5.459%	↓ -0.012%
US Libor (6 months)	5.520%	5.544%	↑ 0.024%
US Treasury yield (10 years)	4.470%	4.534%	↑ 0.064%
BOE Rate	5.250%	5.250%	→ 0.000%
ECB Rate	4.000%	4.000%	→ 0.000%

*LIBOR = London Interbank Offered Rates *BOE= Bank of England

*ECB= European Central Bank

Government Securities for Week ending 29 September 2023 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	0.00	-
182-days TB	10.00	18.00
364-days TB	0.00	-
5-year TN	9,030.00	30.00
7-year TN	10.00	32.00
TOTAL	9,050.00	

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