



1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K26.64 million from total applications of K26.64 million, resulting in a nil rejection rate. The average yield for the 91 days, 182 days, and 364 days tenor were 14.70%, 18.00%, and 24.00% respectively (Previous week: 182 days: 18.00%, there were no applications for the 91 days and 364 days tenor). Treasury Notes auction held during the week raised a total of K52.66 billion from applications of K52.66 billion. Total maturities for the week stood at K16.97 billion, resulting in a net withdrawal of K35.74 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K39.73 billion from K45.90 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K26.20 billion at 22.79% (previous week: K35.30 billion at 22.79%). Access to the Lombard facility during the week in review averaged K78.80 billion at an average rate of 24.20% (previous week: K66.60 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 115,434.24 points (previous week: 118,426.19 points), the Domestic Share Index (DSI) closed at 89,810.34 points (previous week: 89,173.86 points) and the Foreign Share Index (FSI) closed at 16,479.62 points (previous week: 20,692.42 points). The decrease in MASI and FSI was due to share price losses in Airtel, FDH Bank, NICO, NBS Bank, TNM, and FMBCH. The increase in DSI was due to share price gains in NBM, NITL and Standard Bank. A total volume of 5.17 million shares were traded during the week at a value of K659.63 million in 220 deals (Source: MSE).

3. Local Market Developments

In its October 2023 African Pulse Report, the World Bank (WBG) has projected that the economic growth of Malawi will average 1.5% in 2023 from an earlier projection of 1.4%. The report further covers factors and risks affecting the progress of economic growth and recovery in the Sub-Saharan Africa. Some of the major factors and risks include debt distress risks which remain high and have amplified since the COVID-19 pandemic; uncertainties surrounding the global economic environment; inflation which has been receding but remains above most central banks' targets in the region; sluggish improvement of fiscal balances and ongoing conflicts, contested elections and economic challenges (Source: WBG).

4. Regional Developments in the Week

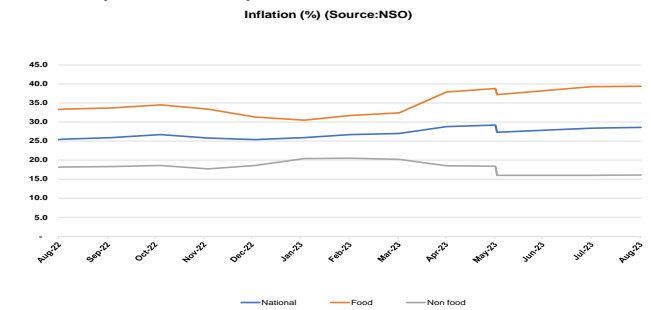
The economic growth in the Middle East, North Africa (MENA) region is projected to slow down to 1.9% in 2023, according to the World Bank (WBG). The region saw an economic growth rate of 6% in 2022, which was driven by oil exporters in MENA, especially the member countries of the Gulf Cooperation Council (GCC), which grew more rapidly than and pulled ahead of oil importers. The WBG also noted that the macroeconomic shocks between 2020-2022 led to an additional 5.1 million people becoming unemployed in the MENA region. Prospects for the future indicate that economic growth in the GCC will average just 1% in 2023, much less than the 7.3% recorded in 2022. However, the deceleration in growth is expected to be less seen among developing oil exporters, which are estimated to grow 2.4% in 2023, down from 4.3% in 2022 (Source: Reuters).

5. Global Developments in the Week

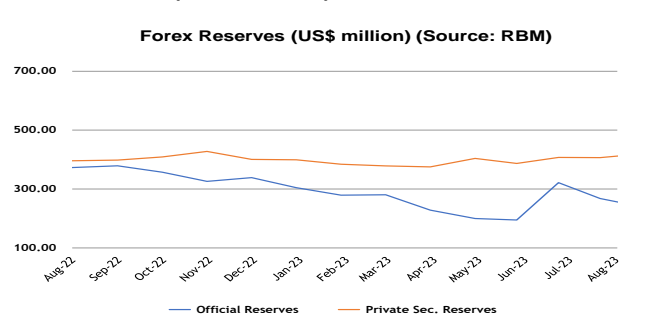
According to the International Monetary Fund (IMF) Managing Director, the world economy has shown remarkable resilience, and the experience in the first half of 2023 has indicated stronger-than-expected demand for services and tangible progress in the fight against inflation. This increases the chances for a soft landing for the world economy, where a central bank raises interest rates too much and too high, leading to an economic slowdown but avoids a recession. While the recovery from the shocks of the past few years continues, the current pace of global economic growth remains well below the 3.8% average in the two decades before the coronavirus pandemic. The IMF estimates that the cumulative global output loss from shocks since 2020 amounts to US\$3.7 trillion as of 2023, though the loss is unevenly distributed across countries (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	29-Sept-23	06-Oct-23
Counter				MK/Share	MK/Share
AIRTEL	2.50	29.79	29.09	100.45	↓ 99.99
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	3.17	20.76	11.38	72.21	↓ 69.00
ICON	1.39	7.20	1.17	18.00	18.00
ILLOVO	1.87	30.04	7.93	1,121.44	1,121.44
MPICO	2.40	6.02	0.66	15.00	15.00
NBM	3.36	20.67	5.70	2,101.12	↑ 2,102.00
NBS Bank	3.06	16.63	8.47	108.99	↓ 107.99
NICO	3.80	8.27	2.52	160.00	↓ 158.00
NITL	0.78	7.76	2.26	401.05	↑ 402.00
PCL	1.44	22.07	1.41	2,500.00	2,500.00
Standard Bank	2.84	17.96	4.76	2,700.01	↑ 3,000.01
Sunbird	1.05	16.38	1.63	191.03	191.03
TNM	0.00	(170.23)	6.44	29.88	↓ 29.84
FMBCH	1.52	21.59	6.18	415.03	↓ 330.00
OMU	4.16	12.20	1.33	1,050.00	1,050.00
DSI	N/A	N/A	N/A	89,173.86	↑ 89,810.34
FSI	N/A	N/A	N/A	20,692.42	↓ 16,479.62
MASI	2.36	21.13	5.10	118,426.19	↓ 115,434.24
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2022	2023		
MASI Return (YTD)		36.74%	86.08%		

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	29-Sep-23	6-Oct-23	% Change
MK/US Dollar	1,115.78	1,168.78	↓ -4.75%
MK/GBP	1,405.20	1,465.08	↓ -4.26%
MK/ZAR	60.80	61.17	↓ -0.60%
MK/EUR	1,216.14	1,268.37	↓ -4.29%

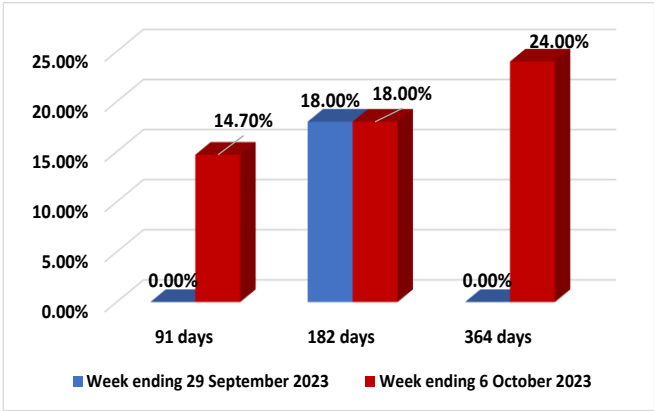
Global Market Rates (Source: Reuters, WSJ, CNBC)

	29-Sep-23	6-Oct-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.459%	5.524%	↑ 0.065%
US Libor (6 months)	5.544%	5.579%	↑ 0.035%
US Treasury yield (10 years)	4.534%	4.739%	↑ 0.205%
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 6 October 2023 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	2.17	14.70
182-days TB	19.66	18.00
364-days TB	4.82	24.00
2-year TN	17,150.00	26.75
3-year TN	8,350.00	28.00
5-year TN	27,160.00	30.00
10-year TN	30.00	33.00
TOTAL	52,716.65	

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