



**NICO Asset Managers**  
"INVEST today for tomorrow".

# WEEKLY MARKET UPDATE

## Week ending 22 September 2023

### 1. Money Market

#### Government Securities

The Government Treasury Bills auction held during the week raised a total of K10.57 billion from total applications of K17.22 billion, resulting in a 38.62% rejection rate. The average yield for the 91 days, 182 days and 364 days were 14.70% 18.00% and 24.00% respectively (Previous week: 91 days: 14.70%, 182 days: 18.00% and 364 days: 24.00%). Government Treasury Notes (2-year, 3-year, 5-year, 7-year & 10-year) auctions held during the week raised a total of K7.39 billion from total applications of K7.39 billion, resulting in a nil rejection rate. Total maturities for the week stood at K26.56 billion, resulting in a net injection of K8.60 billion.

#### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K77.77 billion from K34.25 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K30.32 billion at 22.77% (previous week: K28.79 billion at 22.76%). Access to the Lombard facility during the week in review averaged K90.74 billion at an average rate of 24.20% (previous week: K92.09 billion at 24.20%) (Source: RBM).

### 2. Stock Market

The MASI closed the week at 118,849.86 points (previous week: 120,133.90 points), the Domestic Share Index (DSI) closed at 89,550.85 points (previous week: 90,693.78 points) and the Foreign Share Index (FSI) closed at 20,692.42 points (previous week: 20,691.93 points). The decrease in MASI and FSI was due to share price losses in FDH Bank, Standard Bank, NBS Bank, ICON, TNM, and NICO despite share price gains in Airtel and FMBCH. A total volume of 1.46 million shares were traded during the week at a value of K235.54 million in 228 deals (Source: MSE (Source: MSE)).

### 3. Local Market Developments

The International Monetary Fund (IMF) staff and Malawian authorities have reached a staff-level agreement on the last Review of the Staff Monitored Program with Executive Board Involvement (PMB), and macroeconomic and financial policies and reforms to be supported by a new 48-month financing arrangement under the Extended Credit Facility (ECF) of about US\$174.00 million. The agreement is subject to IMF Management and Executive Board approval and receipt of the necessary financing assurances. Building on the track record under the PMB, the proposed ECF-arrangement will support the authorities' ongoing efforts to restore a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth envisaged under Malawi 2063. The arrangement is expected to catalyse grant financing to support such efforts (Source: IMF).

### 4. Regional Developments in the Week

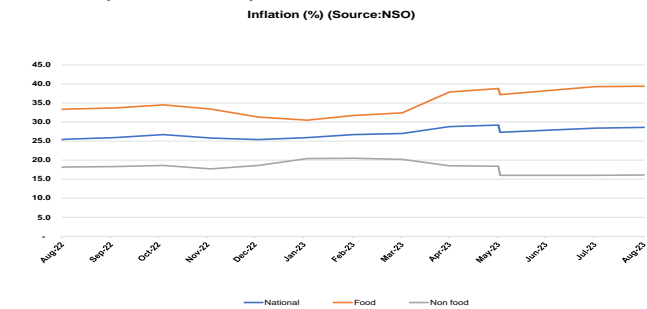
The South African Reserve Bank (SARB) kept its main interest rate unchanged on at its Monetary Policy Committee meeting held on 21 September 2023, despite inflation being firmly within its target, stressing that deteriorating public finances risked fuelling price pressures. A higher public sector wage increase and lower tax collections mean the government has struggled to meet expenditure demands this financial year, with the National Treasury recently taking a raft of cost-cutting measures. The SARB Governor Lesetja Kganyago told a news conference that fiscal management was pushing up the country's risk premium as bond yields had risen despite inflation coming down (Source: Reuters).

### 5. Global Developments in the Week

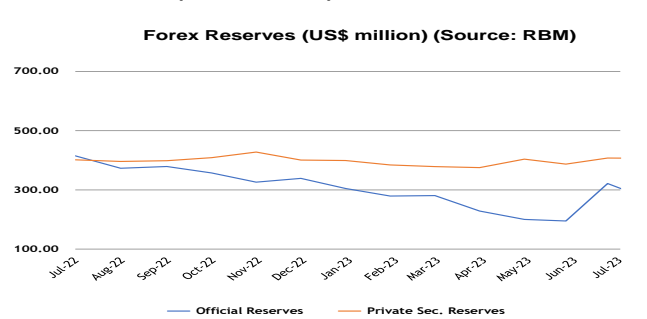
In a surprise move, UK interest rates have been left unchanged after the Bank of England (BOE) said price rises were slowing faster than expected. Interest rates were held at 5.25%, already their highest for 15 years. It comes after figures on Wednesday revealed an unexpected slowdown in inflation in August. The central bank also noted that there were "increasing signs" that higher rates were starting to hurt the UK economy. The Bank has raised rates for the past 14 times in a row in its battle to tame inflation - the rate at which prices rise - which remains much higher than usual. The increases have led to higher mortgage payments for many homeowners and on loans, but also higher savings rates (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	15-Sept-23	22-Sept-23
Counter				MK/Share	MK/Share
AIRTEL	2.49	29.92	29.23	100.44	↑ 100.45
BHL	0.00	(11.24)	1.30	10.06	
FDH Bank	2.90	22.70	12.44	75.75	↓ 75.42
ICON	1.39	7.20	1.17	18.94	↓ 18.00
ILLOVO	1.87	30.04	7.93	1,121.43	
MPICO	2.06	7.02	0.77	17.50	
NBM	3.36	20.66	5.70	2,101.03	
NBS Bank	3.00	16.94	8.62	130.50	↓ 110.00
NICO	3.69	8.51	2.59	162.99	↓ 162.50
NITL	0.79	7.74	2.25	401.05	
PCL	1.44	22.13	1.42	2,507.00	
Standard Bank	3.22	15.86	4.20	2,650.02	↓ 2,650.01
Sunbird	1.05	16.38	1.63	191.02	
TNM	0.00	(170.57)	6.45	29.92	↓ 29.90
FMBCH	1.21	27.15	7.77	415.02	↑ 415.03
OMU	4.16	12.20	1.33	1,050.00	
DSI	N/A	N/A	N/A	90,691.93	↓ 89,550.85
FSI	N/A	N/A	N/A	20,693.78	↓ 20,692.42
MASI	2.29	21.79	5.26	120,133.90	↓ 118,849.86
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		<b>2022</b>	<b>2023</b>		
<b>MASI Return (YTD)</b>		31.80%	91.58%		

#### Inflation (Source: NSO)



#### Forex Reserves (Source: RBM)



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

CURRENCY	15-Sep-23	22-Sep-23	% Change
MK/US Dollar	1,115.78	1,115.78	→ 0.00%
MK/GBP	1,427.72	1,411.06	↑ 1.17%
MK/ZAR	60.54	60.76	↓ -0.36%
MK/EUR	1,224.65	1,223.96	↑ 0.06%

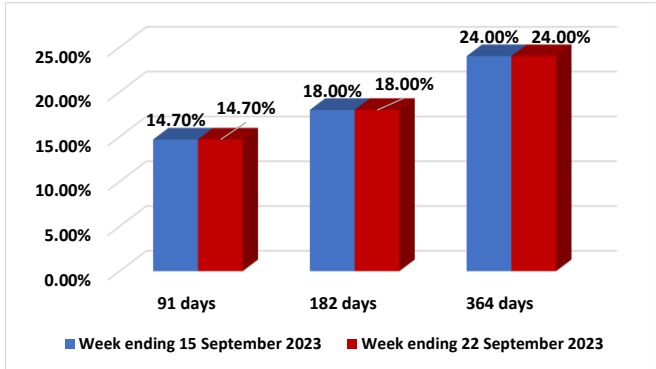
#### Global Market Rates (Source: Reuters, WSJ, CNBC)

	15-Sep-23	22-Sep-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.469%	5.471%	↑ 0.002%
US Libor (6 months)	5.533%	5.520%	↓ -0.013%
US Treasury yield (10 years)	4.337%	4.470%	↑ 0.133%
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 22 September 2023 (Source: RBM)



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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	41.20	14.70
182-days TB	10,326.45	18.00
364-days TB	197.55	24.00
2-year TN	770.00	26.75
3-year TN	680.00	28.00
5-year TN	4,140.00	30.00
10-year TN	1,800.00	33.00
<b>TOTAL</b>	<b>17,955.20</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