



NICO Asset Managers
“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 13 October 2023

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K9.35 billion from total applications of K9.42 billion, resulting in a 0.74% 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: 91 days: 14.70%, 182 days: 18.00%, 364 days: 24.00%). Treasury Notes (2-yr, 3-yr, 5-yr, 10-yr) auction held during the week raised a total of K6.43 billion from applications of K6.43 billion, resulting in a nil rejection rate. Total maturities for the week stood at K23.24 billion, resulting in a net injection of K7.46 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K46.26 billion from K39.73 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K20.36 billion at 22.85% (previous week: K26.20 billion at 22.79%). Access to the Lombard facility during the week in review averaged K92.09 billion at an average rate of 24.20% (previous week: K78.80 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 115,143.62 points (previous week: 115,434.24 points), the Domestic Share Index (DSI) closed at 89,551.75 points (previous week: 89,810.34 points) and the Foreign Share Index (FSI) closed at 16,479.62 points (previous week: 16,479.62 points). The decrease in MASI and DSI was due to share price losses in Airtel, FDH Bank, NICO, NBS Bank, NBM, TNM, and Illovo, despite a share price gain in Standard Bank. A total volume of 2.79 million shares were traded during the week at a value of K231.14 million in 224 deals (Source: MSE (Source: MSE)).

3. Local Market Developments

The Merchandise trade balance was estimated at a deficit of US\$187.9 million (K206.1 billion) in August 2023 from a deficit of US\$161.0 million (K171.7 billion) recorded in July 2023 and compared to a deficit of US\$166.72 million (K173.0 billion) recorded in the corresponding month in 2022. The deficit widened on account of a faster growth in imports than exports (Source: WBG).

4. Regional Developments in the Week

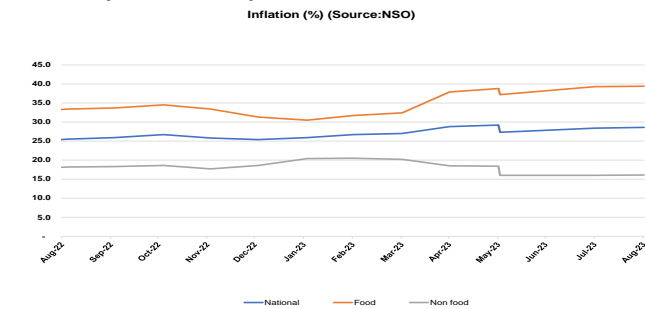
The Central Bank of Nigeria (CBN) has announced that it plans to intervene in the country's foreign exchange market to boost liquidity, while ending an eight-year ban on 43 items that had been restricted from accessing forex on the official market. The ban, which covered items such as rice, cement, and poultry, was imposed as part of the unorthodox policies in an effort to prop up the Nigerian currency (Naira). The CBN also restated a pledge to clear the bank's backlog of unsettled forex obligations to local lenders, estimated at about US\$7.0 billion. The economy has struggled to get to grips with chronic US Dollar shortages on the official market, where trading volumes have steadily declined, causing the Naira to slump to a record low against the US Dollar, with a 37.0% premium on the parallel market (Source: Reuters).

5. Global Developments in the Week

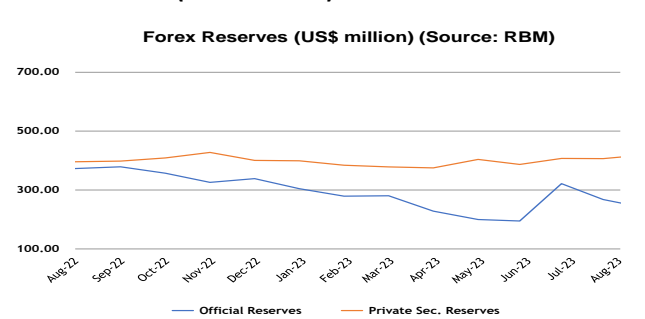
Germany will inject an additional €80.0 million (US\$84.27 million) into the International Monetary Fund's (IMF) low-income trust for poor countries. The IMF has been urging member countries to fill a US\$1.2 billion gap in the US\$3.0 billion subsidy account. The IMF expects further funds for the Poverty Reduction and Growth Trust (PRGT), which provides subsidies to enable zero-interest rate loans to the poorest countries. The PRGT was created in 2021 to mitigate the effects of the coronavirus pandemic, has helped over 50 countries, including Haiti and Nepal, with loans worth around US\$29.0 billion (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	06-Oct-23	13-Oct-23
Counter				MK/Share	MK/Share
AIRTEL	2.50	29.797	29.08	99.99	↓ 99.93
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	3.27	20.16	11.05	69.00	↓ 66.99
ICON	1.39	7.20	1.17	18.00	18.00
ILLOVO	1.87	30.04	7.93	1,121.44	↓ 1,121.43
MPICO	2.40	6.02	0.66	15.00	15.00
NBM	3.36	20.67	5.70	2,102.00	↓ 2,101.16
NBS Bank	3.06	16.62	8.47	107.99	↓ 107.998
NICO	3.80	8.26	2.51	158.00	↓ 157.79
NITL	0.78	7.76	2.26	402.00	402.00
PCL	1.44	22.07	1.41	2,500.00	2,500.00
Standard Bank	2.84	17.96	4.76	3,000.01	↑ 3,000.02
Sunbird	1.05	16.38	1.63	191.03	191.05
TNM	0.00	(170.00)	6.43	29.84	↓ 29.80
FMBCH	1.52	21.59	6.18	330.00	330.00
OMU	4.16	12.20	1.33	1,050.00	1,050.00
DSI	N/A	N/A	N/A	89,810.34	↓ 89,551.62
FSI	N/A	N/A	N/A	16,479.62	16,479.62
MASI	2.37	21.08	5.09	115,434.24	↓ 115,143.62
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
		2022	2023		
MASI Return (YTD)		19.86%	85.61%		

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	6-Oct-23	13-Oct-23	% Change
MK/US Dollar	1,168.78	1,168.78	→ 0.00%
MK/GBP	1,465.08	1,469.29	↓ -0.29%
MK/ZAR	61.17	63.42	↓ -3.69%
MK/EUR	1,268.37	1,269.33	↓ -0.08%

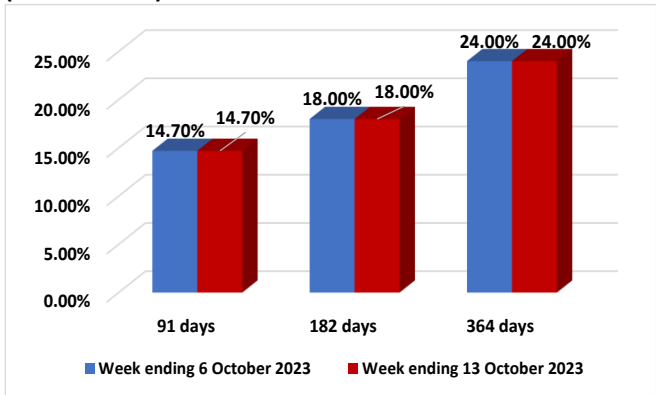
Global Market Rates (Source: Reuters, WSJ, CNBC)

	6-Oct-23	13-Oct-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.524%	5.505%	↓ -0.019%
US Libor (6 months)	5.579%	5.556%	↓ -0.023%
US Treasury yield (10 years)	4.739%	4.649%	↓ -0.090%
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 13 October 2023 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	20.00	14.70
182-days TB	9,240.62	18.00
364-days TB	92.43	24.00
2-year TN	2,400.00	26.75
3-year TN	1,990.00	28.00
5-year TN	1,980.00	30.00
10-year TN	60.00	33.00
TOTAL	15,783.05	

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