WEEKLY MARKET UPDATE
Week ending 3 November 2023

NICO Asset Managers
"INVEST today for tomorrow".

1. **Money Market**
   Government Securities
   The Government Treasury Bills auction held during the week raised a total of K5.17 billion from total applications of K5.17 billion, 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: 91 days: 14.70%, 182 days: 18.00%, 364 days: 24.00%). Treasury Notes (2-yr, 5-yr, and 10-yr) auction held during the week raised a total of K19.0 billion from applications of K19.0 billion, resulting in a nil rejection rate. Total maturities for the week stood at K9.99 billion, resulting in a net withdrawal of K14.18 billion.

   Interbank Market
   Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K57.74 billion from K109.93 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K33.90 billion at 23.00% (previous week: K20.86 billion at 22.99%). Access to the Lombard facility during the week in review averaged K53.24 billion at an average rate of 24.20% (previous week: K59.79 billion at 24.20%) (Source: RBM).

2. **Stock Market**
   The MASI closed the week at 113,920.30 points (previous week: 113,970.89 points), the Domestic Share Index (DSI) closed at 89,612.56 points (previous week: 89,672.09 points) and the Foreign Share Index (FSI) closed at 15,011.81 points (previous week: 14,993.27 points). The decrease in MASI and DSI was due to share price losses in Airtel, FDH Bank, ICON, NBS Bank, NICO, NITL, and TNM despite the share price gains Illovo, and PCL. The increase in FSI was due to share price gain in OMU. A total volume of 7.68 million shares were traded during the week at a value of K2.36 billion in 166 deals (Source: MSE).

3. **Local Market Developments**
   Preliminary statistics from the National Statistics Office (NSO) indicate that the merchandise trade balance marginally narrowed to a deficit of US$528.8 million in the third quarter of 2023 from a deficit of US$555.0 million recorded in the previous quarter and compared to minus US$470.0 million registered in a corresponding quarter of 2022. The deficit narrowed due to a larger drop in imports compared to the decline in exports during the quarter. Cumulatively, from January to September 2023, the trade balance stood at minus US$1.7 billion compared to minus US$1.6 billion reported in corresponding period in 2022 (Source: RBM).

4. **Regional Developments in the Week**
   According to Zimbabwe's Ministry of Economic Planning and Development, Zimbabwe's economy is expected to slow to 3.5% in 2024. Declining international commodity prices, continuation of the multi-currency regime and tight fiscal and monetary policies are also expected to weigh on the economy next year. The forecast for 2024 is within range of forecast for the country by the International Monetary Fund (IMF), which last week projected Zimbabwe's real gross domestic product to grow by 4.8% in 2023 before slowing to 3.5% in 2024 due to weaker global demand for minerals and a weather-related impact in agriculture. Zimbabwe is forecasted to receive normal to below-normal rainfall in the coming agricultural season, which will negatively impact its agricultural output, the economy's mainstay (Source: Reuters).

5. **Global Developments in the Week**
   The US central bank (the Fed) has held its key interest rate at its current 22-year high as it seeks to stabilize price rises, which had recently reached near-record levels. The Fed's rate target remains at 5.25%-5.5%. The bank has been raising borrowing costs with the hope of cooling the economy and slowing inflation, the rate at which prices rise. It comes after recent data showed the US economy grew faster than expected. The bank had faced criticism, with some suggesting that holding interest rates at higher levels could put the US economy at risk of entering a recession. But the economy grew by a better-than-expected 4.9% from July to September. The figure was a big jump from the previous three months and was buoyed by a tight jobs market and increased consumer spending (Source: Reuters).

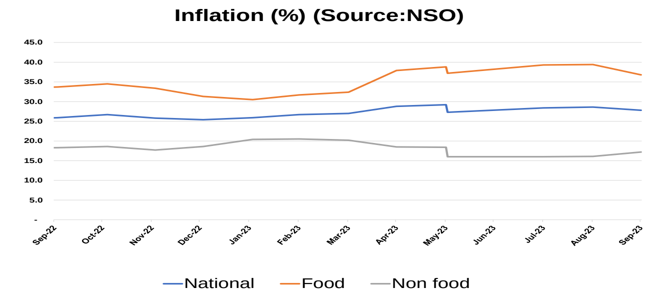
Stock Market (Source: Malawi Stock Exchange)

Counter	Div yield %	P/E	P/BV	27-Oct-23 MK/Share	03-Nov-23 MK/Share
AIRTEL	2.51	29.72	29.03	99.86	↓ 99.76
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	3.21	20.56	11.27	68.96	↓ 68.31
ICON	1.39	7.17	1.16	17.99	↓ 17.94
ILLOVO	1.87	30.04	7.93	1,121.43	↑ 1,122.00
MPICO	2.40	6.02	0.66	15.00	15.00
NBM	3.36	20.67	5.70	2,101.17	2,101.17
NBS Bank	3.06	16.60	8.45	107.93	↓ 107.79
NICO	3.85	8.16	2.48	155.99	↓ 155.92
NITL	0.77	7.91	2.30	410.23	↓ 409.99
PCL	1.44	22.13	1.42	2,500.00	↑ 2,507.00
Standard Bank	2.84	17.96	4.76	3,000.04	3,000.04
Sunbird	1.05	16.38	1.63	191.06	191.06
TNM	0.00	(168.29)	6.37	29.76	↓ 29.50
FMBCH	1.68	19.62	5.62	300.00	300.00
OMU	3.64	13.61	1.49	1,050.00	↑ 1,200.00
DSI	N/A	N/A	N/A	89,672.09	↓ 89,612.56
FSI	N/A	N/A	N/A	14,993.27	↑ 15,011.81
MASI	2.39	20.85	5.03	113,970.89	↓ 113,920.30

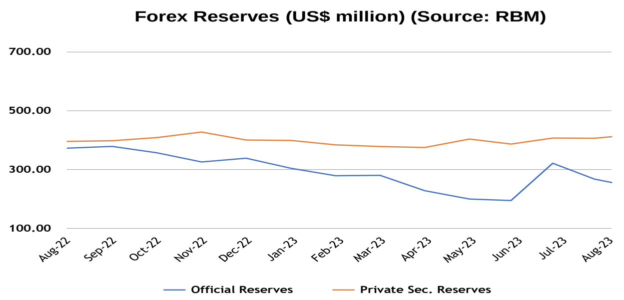
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2022	2023
MASI Return (YTD)	22.89%	83.64%

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	27-Oct-23	3-Nov-23	% Change
MK/US Dollar	1,168.78	1,168.78	→ 0.00%
MK/GBP	1,460.02	1,469.29	↓ -0.63%
MK/ZAR	63.62	65.55	↓ -3.04%
MK/EUR	1,271.62	1,279.57	↓ -0.62%

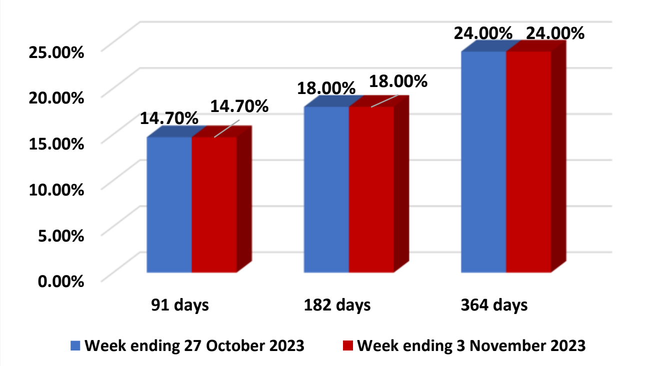
Global Market Rates (Source: Reuters, WSJ, CNBC)

	27-Oct-23	3-Nov-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.464%	5.432%	↓ -0.032%
US Libor (6 months)	5.555%	5.539%	↓ -0.016%
US Treasury yield (10 years)	4.858%	4.668%	↓ -0.190%
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 3 November 2023 Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	872.86	14.70
182-days TB	0.00	18.00
364-days TB	4,302.08	24.00
2-year TN	9,930.00	26.75
5-year TN	8,920.00	30.00
10-year TN	150.00	33.00
TOTAL	24,174.94	

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