



**NICO Asset Managers**  
“INVEST today for tomorrow”.

# WEEKLY MARKET UPDATE

## Week ending 10 November 2023

### 1. Money Market

#### Government Securities

The Government Treasury Bills auction held during the week raised a total of K2.09 billion from total applications of K2.09 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 (5-yr, and 10-yr) auction held during the week raised a total of K5.52 billion from applications of K5.52 billion, resulting in a nil rejection rate. Total maturities for the week stood at K8.78 billion, resulting in a net injection of K1.17 billion.

#### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K55.27 billion from K57.74 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K34.67 billion at 23.00% (previous week: K33.90 billion at 22.99%). Access to the Lombard facility during the week in review averaged K55.05 billion at an average rate of 24.20% (previous week: K53.24 billion at 24.20%) (Source: RBM).

### 2. Stock Market

The MASI closed the week at 113,643.46 points (previous week: 113,920.30 points), the Domestic Share Index (DSI) closed at 89,366.61 points (previous week: 89,612.56 points) and the Foreign Share Index (FSI) closed at 15,011.31 points (previous week: 15,011.81 points). The decrease in MASI and DSI was due to share price losses in Airtel, FDH Bank, Illovo, NBS Bank, NICO, and TNM despite the share price gains NBM, NITL and Standard Bank. The decrease in FSI was due to share price loss in FMBCH. A total volume of 8.84 million shares were traded during the week at a value of K1.06 billion in 160 deals (Source: MSE).

### 3. Local Market Developments

The Malawi Energy Regulatory Authority (MERA) has announced an increase in fuel and electricity prices effective on 10 November 2023, a development soon after the Reserve Bank of Malawi (RBM) devalued the local currency by about 44.0%. The RBM devalued the Kwacha currency's exchange rate to the US Dollar during the week in review in a bid to prop up dwindling foreign currency reserves. The price for petrol increased to K2,530.0 per litre (l) from K1,746.0/l, while the diesel price has been increased to K2,734.0/l from K1,920.0/l. Citing the impact of the devaluation and high inflation, the regulator said it was also applying an over 40.0% tariff increase on electricity. Malawi has been battling severe medicine, fertilizer, and fuel shortages due to limited foreign currency supply, resulting in long queues of motorists at fuel stations (Source: Reuters).

### 4. Regional Developments in the Week

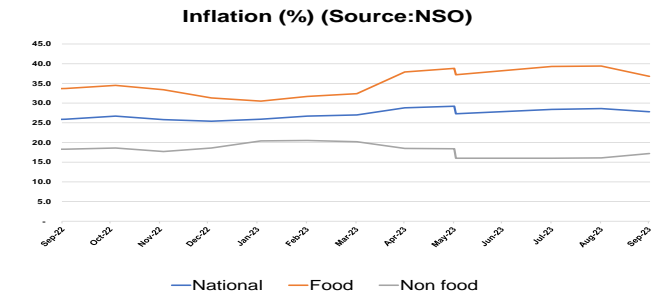
The Bank of Zambia (BoZ) raised the ratio of deposits that commercial lenders must hold in a bid to reverse a slide in the world's worst-performing currency after Argentina's Peso and the Malawi Kwacha. The BoZ will increase the statutory reserve ratio requirement for local and foreign currency deposits by 3 percentage points to 14.5% with effect from 13 November 2023. The move is aimed at relieving persistent foreign exchange market pressure and reining in inflation. Zambia's Kwacha has plunged 21.0% against the US Dollar since the end of June 2023 to trade at ZK22.7250/US\$1. The currency has taken strain as metal prices and production have dropped, while efforts to restructure more than US\$10.0 billion of external sovereign debt have dragged. Inflation in October 2023 accelerated 12.6%, the fastest pace in almost two years, driven in part by the Kwacha's depreciation (Source: Bloomberg).

### 5. Global Developments in the Week

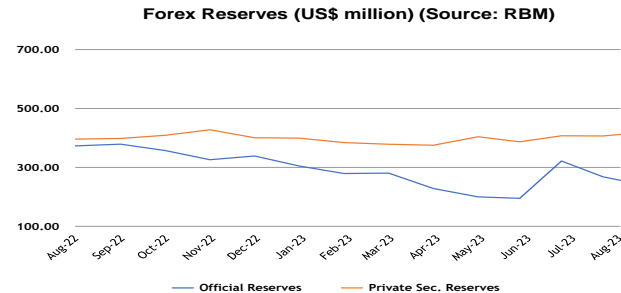
According to the Office for National Statistics (ONS), the UK's economy failed to grow between July to September 2023 compared to the previous three months. Many economists had expected the UK to shrink over the period, by around 0.1%. However, a stronger September meant the economy showed zero growth. The Bank of England (BOE) said the UK economy was likely to see zero growth until 2025, although it is expected to avoid a recession. The ONS said that the latest growth figures showed a subdued picture across all sectors of the economy. Reacting to the latest growth figures, the Chancellor of the Exchequer said high inflation is the single greatest barrier to economic growth (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	03-Nov-23	10-Nov-23
Counter				MK/Share	MK/Share
AIRTEL	2.51	29.69	29.00	99.76	↓ 99.68
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	3.23	20.42	11.19	68.31	↓ 67.84
ICON	1.39	7.17	1.16	17.94	17.94
ILLOVO	1.87	30.06	7.93	1,122.00	↓ 1,121.99
MPICO	2.40	6.02	0.66	15.00	15.00
NBM	3.36	20.67	5.70	2,101.17	↑ 2,101.18
NBS Bank	3.07	16.56	8.43	107.79	↓ 107.58
NICO	3.85	8.16	2.48	155.92	↓ 155.88
NITL	0.77	7.91	2.30	409.99	↑ 410.00
PCL	1.44	22.13	1.42	2,507.00	2,507.00
Standard Bank	2.84	17.96	4.76	3,000.04	↑ 3,000.07
Sunbird	1.05	16.38	1.63	191.06	191.06
TNM	0.00	(162.59)	6.15	29.50	↓ 28.50
FMBCH	1.68	19.62	5.62	300.00	↓ 299.99
OMU	3.64	13.61	1.49	1,200.00	1,200.00
DSI	N/A	N/A	N/A	89,612.56	↓ 89,366.61
FSI	N/A	N/A	N/A	15,011.81	↓ 15,011.31
MASI	2.40	20.80	5.02	113,920.30	↓ 113,643.46
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
	2022	2023			
MASI Return (YTD)	29.37%	83.19%			

#### Inflation (Source: NSO)



#### Forex Reserves (Source: RBM)



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

CURRENCY	3-Nov-23	10-Nov-23	% Change
MK/US Dollar	1,168.78	1,683.37	↓ -44.03%
MK/GBP	1,469.29	2,119.65	↓ -44.26%
MK/ZAR	65.55	92.98	↓ -41.84%
MK/EUR	1,279.57	1,849.69	↓ -44.56%

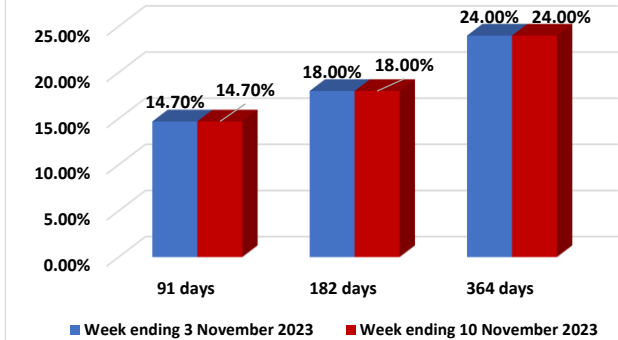
#### Global Market Rates (Source: Reuters, WSJ, CNBC)

	3-Nov-23	10-Nov-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.432%	5.437%	↑ 0.005%
US Libor (6 months)	5.539%	5.437%	↓ -0.102%
US Treasury yield (10 years)	4.668%	4.624%	↓ -0.044%
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 10 November 2023 Source: RBM)



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

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	360.79	14.70
182-days TB	100.00	18.00
364-days TB	1,629.01	24.00
5-year TN	10.00	30.00
10-year TN	5,510.00	33.00
TOTAL	7,609.80	

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