



NICO Asset Managers
“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 17 November 2023

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K9.14 million from total applications of K9.14 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: 91 days: 14.70%, 182 days: 18.00%, 364 days: 24.00%). Treasury Notes (3-yr) auction held during the week raised a total of K4.80 billion from applications of K15.86 billion, resulting in a 69.74% rejection rate. Total maturities for the week stood at K12.45 billion, resulting in a net injection of K7.64 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K91.42 billion from K55.27 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K38.80 billion at 23.00% (previous week: K34.67 billion at 23.00%). Access to the Lombard facility during the week in review averaged K51.54 billion at an average rate of 24.20% (previous week: K55.05 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 113,517.44 points (previous week: 113,643.46 points), the Domestic Share Index (DSI) closed at 89,225.06 points (previous week: 89,366.61 points) and the Foreign Share Index (FSI) closed at 15,048.88 points (previous week: 15,011.31 points). The decrease in MASI and DSI was due to share price losses in Airtel, NBS Bank, NICO, and TNM despite the share price gains FDH Bank, Illovo, and Standard Bank. The increase in FSI was due to share price gains in OMU and FMBCH. A total volume of 32.37 million shares were traded during the week at a value of K4.74 billion in 260 deals (Source: MSE).

3. Local Market Developments

The Executive Board of the International Monetary Fund (IMF) discussed the Second Review of the Staff-Monitored Program with Executive Board Involvement (PMB) and approved a 48-month arrangement under the Extended Credit Facility (ECF) for Malawi with access of 95.0% of quota, equivalent to SDR131.86 million (US\$175.0 million). The decision allows an immediate disbursement of SDR26.37 million (US\$35.0 million). The ECF arrangement aims to support the authorities' commitment to restore macroeconomic stability, build a foundation for inclusive and sustainable growth, including to strengthen resilience to climate-related shocks, and address weaknesses in governance and institutions. The arrangement is also expected to catalyse grant financing and capital inflows including foreign direct investment and trade credit (Source: IMF).

4. Regional Developments in the Week

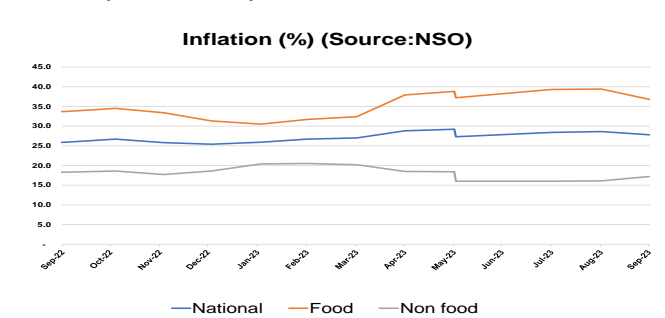
The IMF has reached a staff-level agreement with Kenya, unlocking immediate access to a US\$682.3 million tranche, and boosting the current lending program by US\$938.0 million. Kenya is currently grappling with acute liquidity challenges caused by uncertainty over its ability to access funding from financial markets before a US\$2.0 billion Eurobond matures in June 2024. The country's balance of payments and financial positions have also been strained by the legacy of the COVID-19 pandemic and frequent climate change-induced droughts. Subject to the approval of the Fund's Executive Board, Kenya will have access to a total of US\$3.88 billion, which would bring its total funding to US\$4.43 billion (Source: Reuters)

5. Global Developments in the Week

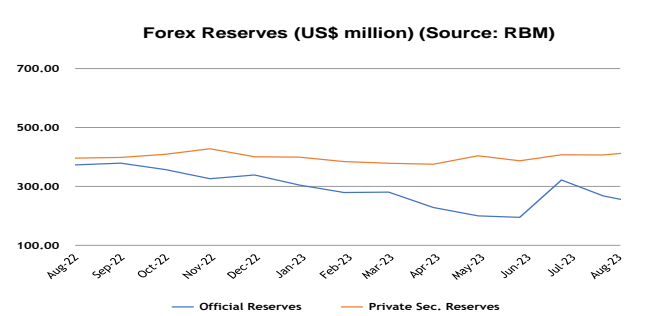
UK inflation fell sharply in October 2023 to 4.6% from 6.7% recorded in September 2023, hitting a two-year low. The headline consumer price index was flat on a monthly basis. The largest downward contribution came from housing and household services, where the annual rate for inflation hit the lowest since records began in January 1950. The Bank of England (BOE) earlier in November 2023 left its benchmark interest rate unchanged at 5.25% after ending a run of 14 straight hikes in September 2023, as policymakers looked to wrestle inflation back down towards the Bank's 2% target (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	10-Nov-23	17-Nov-23
Counter				MK/Share	MK/Share
AIRTEL	2.58	28.86	28.19	99.68	↓ 96.87
BHL	0.00	(11.24)	1.30	10.06	10.06
FDH Bank	3.22	20.46	11.21	67.84	↑ 67.99
ICON	1.39	7.17	1.16	17.94	17.94
ILLOVO	1.87	30.06	7.93	1,121.99	↑ 1,122.00
MPICO	2.40	6.02	0.66	15.00	15.00
NBM	3.36	20.67	5.70	2,101.18	2,101.18
NBS Bank	3.07	16.54	8.42	107.58	↓ 107.44
NICO	3.86	8.14	2.48	155.88	↓ 155.50
NITL	0.77	7.91	2.30	410.00	410.00
PCL	1.44	22.13	1.42	2,507.00	2,507.00
Standard Bank	2.75	18.56	4.91	3,000.07	↑ 3,100.01
Sunbird	1.05	16.38	1.63	191.06	191.06
TNM	0.00	(161.85)	6.12	28.50	↓ 28.37
FMBCH	1.68	19.62	5.62	299.99	↑ 300.00
OMU	3.64	13.61	1.49	1,200.00	↑ 1,500.00
DSI	N/A	N/A	N/A	89,366.61	↓ 89,225.06
FSI	N/A	N/A	N/A	15,011.31	↑ 15,048.88
MASI	2.40	20.78	5.02	113,643.46	↓ 113,517.44
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index					
	2022	2023			
MASI Return (YTD)	29.04%	82.99%			

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	10-Nov-23	17-Nov-23	% Change
MK/US Dollar	1,683.37	1,683.37	→ 0.00%
MK/GBP	2,119.65	2,150.86	↓ -1.47%
MK/ZAR	92.98	94.36	↓ -1.48%
MK/EUR	1,849.69	1,881.25	↓ -1.71%

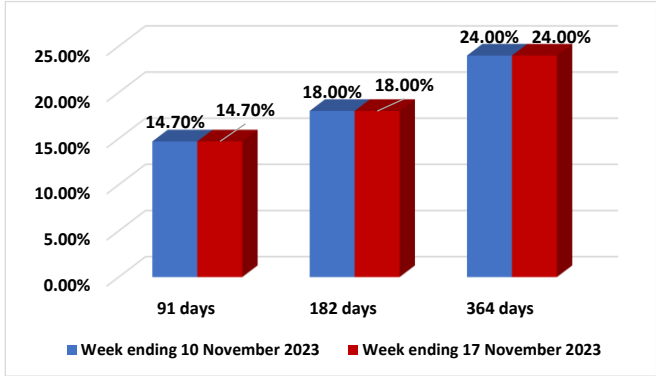
Global Market Rates (Source: Reuters, WSJ, CNBC)

	10-Nov-23	17-Nov-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.437%	5.404%	↓ -0.033%
US Libor (6 months)	5.437%	5.410%	↓ -0.027%
US Treasury yield (10 years)	4.624%	4.397%	↓ -0.227%
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 17 November 2023 Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	3.86	14.70
182-days TB	3.67	18.00
364-days TB	1.61	24.00
3-year TN	4,800.00	28.00
TOTAL	4,809.14	

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