



NICO Asset Managers

“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 8 December 2023

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K17.16 billion from total applications of K17.016 billion, resulting in a nil rejection rate. The average yields for the 182 days and 364 days tenor were 18.00% and 24.00% respectively. There were no applications for the 91 days tenor (Previous week: 364 days: 24.00%, there were no applications for the 91 days and 182 days tenor). The Treasury Note (2yr, 3yr, 5yr, 7yr & 10yr) auctions held during the week raised a total of K21.34 billion from applications of K21.34 billion, resulting in a nil rejection rate. Total maturities for the week stood at K47.82 billion, resulting in a net injection of K9.46 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K146.35 billion from K144.81 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K13.98 billion at 23.00% (previous week: K19.76 billion at 23.00%). Access to the Lombard facility during the week in review averaged K61.16 billion at an average rate of 24.20% (previous week: K53.38 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 110,706.19 points (previous week: 113,079.47 points), the Domestic Share Index (DSI) closed at 86,723.58 points (previous week: 88,835.35 points) and the Foreign Share Index (FSI) closed at 15,048.88 points (previous week: 15,048.88 points). The decrease in MASI and DSI was due to share price losses in Airtel, FDH Bank, ICON, NBS Bank, NITL, PCL and TNM despite the share price gains in BHL and ILLOVO. A total volume of 1.52 million shares were traded during the week at a value of K322.08 million in 112 deals (Source: MSE).

3. Local Market Developments

According to the RBM, Economic growth is expected to increase to 1.5% in 2023, from 1.1% realized in 2022, albeit a downward adjustment from its earlier forecast of 1.9%. The adjustment was on account of lower than anticipated growth in the agricultural, wholesale, retail trade and manufacturing sectors, stemming from persistent shortages of foreign exchange, high inflation, and increased episodes of fuel shortages. Despite this, growth is expected in the electricity, construction, mining, quarrying and accommodation and food services (Source: RBM).

4. Regional Developments in the Week

During the week in review, the Central Bank of Kenya (CBK) raised its benchmark lending rate to 12.50% from 10.50% amid the devaluation of the local currency against the U.S. Dollar. The Monetary Policy Committee (MPC) noted that the exchange rate depreciation continues to exert upward pressure on domestic prices, thereby increasing the cost of living and reducing purchasing power. The MPC also noted that public sector external debt service has risen, thereby offsetting some of the gains made towards the government's strong fiscal consolidation. The adjusted monetary policy stance is expected to address the pressures on the exchange rate and mitigate second round effects including from global prices to ensure that inflationary expectations remain anchored (Source: Reuters).

5. Global Developments in the Week

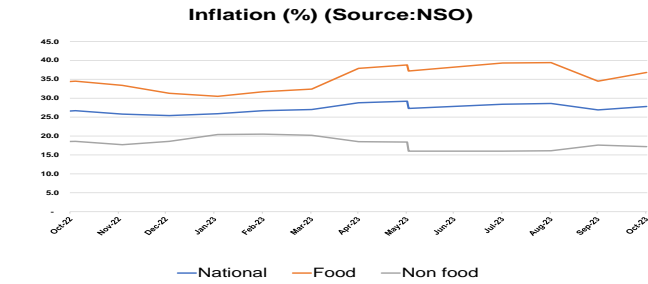
According to the Bureau of Labor Statistics, the US labor market unexpectedly strengthened in November with pickups in employment and wages, tempering bets the Federal Reserve will cut interest rates in the first quarter of 2024. Nonfarm payrolls increased by 199,000 last month following a 150,000 advance in October 2023. The return of striking auto workers helped boost the count by 30,000. The unemployment rate fell to 3.7%, not far above a five-decade low of 3.4% in April 2023. The unemployment rate has now remained below 4.0% for 22 straight months, the longest such streak since the late 1960s. (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	1-Dec-23	8-Dec-23
Counter				MK/Share	MK/Share
AIRTEL	3.13	23.83	23.28	79.99	↓ 71.99
BHL	0.00	(11.24)	1.30	10.06	↑ 11.57
FDH Bank	3.22	20.45	11.20	67.94	↓ 67.93
ICON	1.39	7.17	1.16	17.93	↓ 17.92
ILLOVO	2.34	15.71	6.41	1,250.00	↑ 1,250.03
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	3.09	16.43	8.37	107.73	↓ 106.44
NICO	4.00	7.85	2.39	150.00	150.00
NITL	0.77	7.91	2.30	410.00	↓ 409.00
PCL	1.44	22.13	1.42	2,507.00	↓ 2,506.99
Standard Bank	2.44	20.95	5.55	3,500.00	3,500.00
Sunbird	1.05	16.38	1.63	191.06	191.06
TNM	0.00	(153.46)	5.81	26.90	↓ 23.00
FM BCH	1.68	19.62	5.62	300.00	300.00
OMU	3.64	13.61	1.49	1,500.00	1,500.00
DSI	N/A	N/A	N/A	88,835.35	↓ 86,723.58
FSI	N/A	N/A	N/A	15,048.88	15,048.88
MASI	2.51	18.79	4.85	113,079.47	↓ 110,706.19

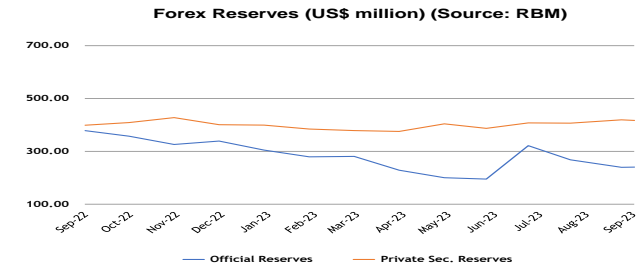
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

	2022	2023
MASI Return (YTD)	32.53%	78.45%

Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

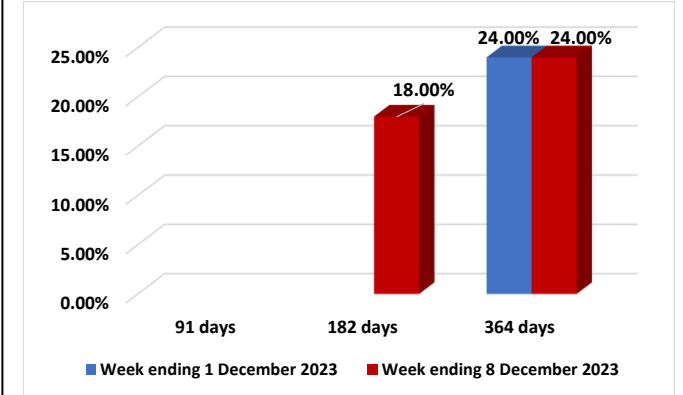
CURRENCY	1-Dec-23	8-Dec-23	% Change
MK/US Dollar	1,683.37	1,683.37	→ 0.00%
MK/GBP	2,192.13	2,182.07	↑ 0.46%
MK/ZAR	92.16	1,869.46	↓ -1928.49%
MK/EUR	1,890.78	92.43	↑ 95.11%

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

	1-Dec-23	8-Dec-23	Change
US Fed Rate	5.500%	5.500%	→ 0.000%
US Libor (3 months)	5.380%	5.628%	↑ 0.248%
US Libor (6 months)	5.362%	5.720%	↑ 0.358%
US Treasury yield (10 years)	4.200%	4.230%	↑ 0.030%
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 8 December 2023 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	0.00	-
182-days TB	8,946.98	18.00
364-days TB	8,068.79	24.00
2-year TN	8,040.00	26.75
3-year TN	8,140.00	28.00
5-year TN	4,020.00	30.00
10-year TN	1,130.00	33.00
TOTAL	38,345.77	

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 Website: 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