



**NICO Asset Managers**

**“INVEST today for tomorrow”.**

# WEEKLY MARKET UPDATE

Week ending 28 January 2024

## 1. Money Market

### Government Securities

The 10-year Treasury Note auction held during the week raised a total of K8.09 billion from applications of K8.09 billion, resulting in a nil rejection rate. Total maturities for the week stood at K19.20 billion, resulting in a net injection of K11.11 billion. There was no Treasury Bill auction during the week in review.

### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K223.26 billion from K199.39 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K38.88 billion at 23.00% (previous week: K28.30 billion at 23.00%). Access to the Lombard facility during the week in review averaged K55.20 billion at an average rate of 24.20% (previous week: K68.50 billion at 24.20%) (Source: RBM).

## 2. Stock Market

The MASI closed the week at 115,827.94 points (previous week: 114,675.86 points), the Domestic Share Index (DSI) closed at 86,606.15 points (previous week: 86,343.35 points), and the Foreign Share Index (FSI) closed at 21,019.06 points (previous week: 20,045.50 points). The increase in the MASI and DSI were due to share price gains in Airtel, Illovo, NBM, NITL, BHL, and Sunbird, despite the share price losses in TNM, NBS Bank, FDH Bank, and PCL. The increase in the FSI was due to share price gains in FM BCH. A total volume of 2.02 million shares were traded during the week at a value of K392.99 million in 183 trades (Source: MSE).

## 3. Local Market Developments

The U.S. African Development Foundation (USADF) and the Government of the Republic of Malawi (GoM) have jointly announced the renewal of their partnership, committing up to US\$1.5 million a year to promote the development of Malawian smallholder agricultural producers, cooperatives, farmer groups, small-scale agribusinesses, and small and medium-sized enterprises. This commitment involves individual contributions of up to US\$750.0 thousand per year from both USADF and the GoM for a five-year period. Through this co-funding partnership, USADF aligns its country strategy with the development goals of the GoM, aiming to advance broad-scale, sustainable economic growth and enhance the living standards of marginalized populations in the country through grant investments in Malawi's agricultural sector (Source: Reuters).

## 4. Regional Developments in the Week

Zambia's annual inflation rate rose to an almost two-year high amid the ongoing depreciation of its currency, piling pressure on monetary policymakers to hike rates in the next meeting scheduled for February 2024. The consumer price index jumped to 13.2% in January, compared with 13.1% the month before. Monthly inflation quickened to 2.1%, the fastest pace in a year. Inflation is being propelled by a weakening currency. The Kwacha has weakened around 34.0% against the dollar since July and is among the world's worst performing currencies so far this year, despite various policy measures to halt its slide. The slump in the currency is being stoked by lower copper production, the country's main foreign-exchange earner, and weaker metal prices (Source: Reuters).

## 5. Global Developments in the Week

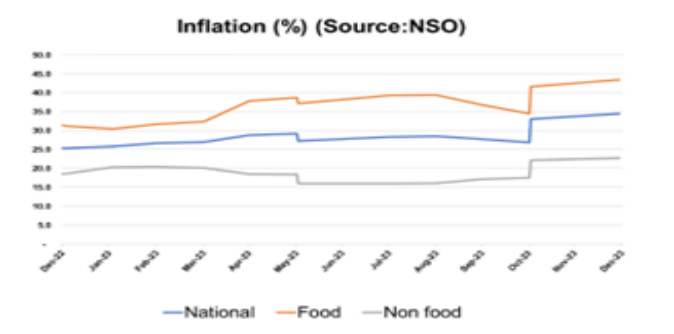
The U.S. Dollar held losses during the week in review, after data showed inflation rose modestly in December 2023, but was trending lower, which should keep the Federal Reserve (the Fed) on track to cut interest rates by the middle of the year. The personal consumption expenditures (PCE) price index increased 0.2% last month after an unrevised 0.1% drop in November 2023. In the 12 months through December, the PCE price index increased 2.6%, matching November's unrevised gain. Those numbers were in line with consensus expectations. The annual inflation rate was under 3% for the third straight month. The Fed tracks the PCE price measure for its 2% inflation target. The dollar index fell 0.3% to 103.21 (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	19-Jan-24	26-Jan-2024
Counter				MK/Share	MK/Share
AIRTEL	4.54	16.41	16.03	55.06	↑ 55.08
BHL	0.00	(80.45)	1.61	13.01	↑ 13.02
FDH Bank	3.33	19.81	10.85	66.97	↓ 65.82
ICON	1.47	6.80	1.10	16.99	↑ 17.00
ILLOVO	2.16	16.97	6.92	1,301.05	↑ 1,350.00
MPICO	2.40	6.01	0.66	14.97	14.97
NBM	3.36	20.67	5.70	2,101.52	↑ 2,101.61
NBS Bank	2.87	17.67	9.00	114.90	↓ 114.79
NICO	2.92	10.75	3.27	206.00	206.00
NITL	0.77	7.94	2.31	411.10	↑ 411.31
PCL	1.44	22.13	1.42	2,506.95	↓ 2,506.94
Standard Bank	2.16	23.65	6.26	3,950.05	3,950.05
Sunbird	1.04	16.47	1.64	192.07	↑ 195.00
TNM	0.00	(95.84)	3.63	17.93	↓ 16.80
FMBCH	1.20	27.51	7.88	400.85	↑ 420.50
OMU	2.92	16.36	1.79	1,500.02	1,500.02
DSI	N/A	N/A	N/A	86,343.35	↑ 86,606.15
FSI	N/A	N/A	N/A	20,045.50	↑ 20,045.50
MASI	2.44	19.28	4.97	114,675.86	↑ 115,827.94

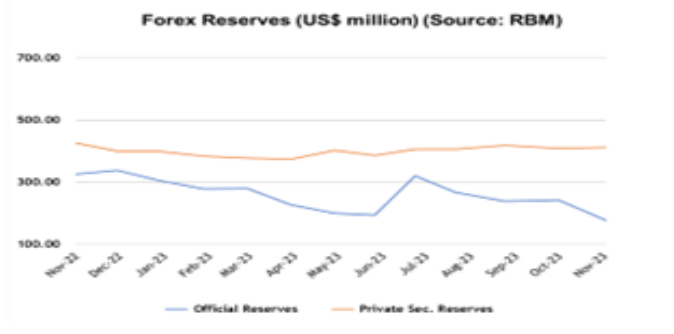
MASI= Malawi All Share Index, DSI= Domestic Share Index, FSI= Foreign Share Index

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**Inflation (Source: NSO)**



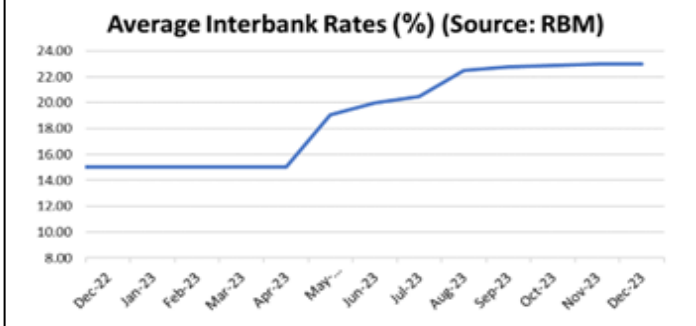
**Forex Reserves (Source: RBM)**



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

CURRENCY	19-Jan-24	26-Jan-24	% Change
MK/US Dollar	1,683.37	1,683.37	0.00%
MK/GBP	2,201.49	2,202.53	-0.05%
MK/ZAR	91.46	91.94	-0.53%
MK/EUR	1,885.93	1,879.34	0.35%

**Average Interbank Rates (Source: RBM)**



**Prevailing Government Security Interest Rates for week ending 26 January 2024 (Source: RBM)**

TENORS	VOLUME (K'BILLION)	AVERAGE YIELD (%)
10-Year TN	8.09	33.0%
TOTAL	8.09	

**Economic Growth (Source: EIU, World Bank, IMF, MoF)**

Real GDP Growth Projections				
	2021	2022	2023	2024
EIU	2.70%	0.70%	1.60%	3.00%
IMF	2.20%	0.90%	1.70%	3.30%
WORLD BANK	2.80%	0.90%	1.40%	2.80%
GOVERNMENT	3.90%	1.19%	1.50%	3.20%
<b>Average Real GDP</b>	<b>2.90%</b>	<b>0.92%</b>	<b>1.55%</b>	<b>3.08%</b>

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