



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

# WEEKLY MARKET UPDATE

## Week ending 2 February 2024

### 1. Money Market

#### Government Securities

The Government Treasury Bills auction held during the week raised a total of K119.20 million from total applications of K119.20 million, resulting in a nil rejection rate. The average yields for the 91 days, 182 days, and 364 days tenor were 14.70%, 18.00%, and 24.00% respectively (Previous week: There was no Treasury Bill auction). The 5-year Treasury Note auction held during the week raised a total of K5.52 billion from applications of K5.52 billion, resulting in a nil rejection rate. This was at an average yield of 30.00%. There were no maturities during the week in review, resulting in a net withdrawal of K5.64 billion.

#### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K247.52 billion from K223.26 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K25.60 billion at 23.00% (previous week: K38.88 billion at 23.00%). Access to the Lombard facility during the week in review averaged K36.49 billion at an average rate of 24.20% (previous week: K55.20 billion at 24.20%) (Source: RBM).

### 2. Stock Market

The MASI closed the week at 115,644.01 points (previous week: 115,827.94 points), the Domestic Share Index (DSI) closed at 86,359.86 points (previous week: 86,606.15 points), and the Foreign Share Index (FSI) closed at 21,124.59 points (previous week: 21,019.06 points). The decrease in the MASI and DSI were due to share price losses in TNM, NICO, MPICO, FDH Bank and ICON, despite the share price gains in Airtel, Illovo, NBS Bank, PCL, NBM, Sunbird, and NITL. The increase in the FSI was due to share price gains in FMBCH. A total volume of 3.13 million shares were traded during the week at a value of K417.21 million in 198 trades (Source: MSE).

### 3. Local Market Developments

During the week in review, an International Monetary Fund (IMF) team visited Malawi to review recent developments and the economic challenges in the country. Some challenges that were noted were that Malawi has struggled to sustain growth and to reduce poverty and food insecurity for decades, despite large inflows of official development assistance. The IMF team stated that for the Extended Credit Facility (ECF) to be successful, the authorities need to stay on course with their reform agenda. The ECF-supported program aims to build on that to help stabilize the economy by restoring and maintaining sustainable levels of fiscal and current account deficits, an adequate level of gross international reserves, and limited debt vulnerabilities. Staying the course with the program also means making tangible progress on structural reforms in macro-critical areas such as public financial management, developing markets (including the foreign exchange market), and improving governance and institutions while protecting vulnerable households (Source: IMF).

### 4. Regional Developments in the Week

According to the state-owned mining firm ZCCM-Investment Holdings (ZCCM-IH), Zambia has agreed to restructure a US\$1.5 billion debt owed by Mopani Copper Mines to Glencore, which arose from its acquisition of the Mopani Copper mine in 2021. In November 2023, Zambia picked the United Arab Emirates' International Resources Holdings (IRH) as the new strategic equity investor in Mopani, to take up a 51.0% stake in return for a US\$1.1 billion capital injection. IRH's interest in Mopani will be held through its wholly owned subsidiary, Delta Mining Ltd. As part of the deal, IRH will provide US\$400.0 million as a shareholder loan towards clearing Mopani's debt (Source: Reuters).

### 5. Global Developments in the Week

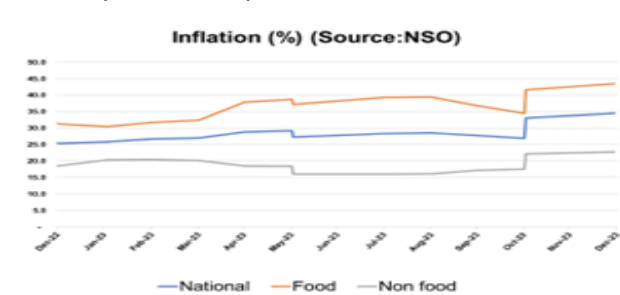
The Bank of England (BOE) held interest rates at 5.25% at its latest monetary policy meeting, but indicated it is edging towards cutting borrowing costs. The BOE said it had discussed cutting rates, with inflation set to fall quickly in 2024. However, the BOE governor said the Bank would wait for firm evidence that inflation was under control before doing so. The BOE has been raising rates steadily over the past couple of years to try to reduce inflation, with the last rate rise in August 2023 (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	26-Jan-24	02-Feb-2024
Counter				MK/Share	MK/Share
AIRTEL	4.54	16.41	16.03	55.08	↑ 55.10
BHL	0.00	(80.45)	1.61	13.02	13.02
FDH Bank	3.37	19.56	10.72	65.82	↓ 65.00
ICON	1.48	6.76	1.09	17.00	↓ 16.90
ILLOVO	2.16	16.97	6.92	1,350.00	↑ 1,350.01
MPICO	2.42	5.98	0.65	14.97	↓ 14.89
NBM	3.36	20.67	5.70	2,101.61	↑ 2,101.72
NBS Bank	2.87	17.67	9.00	114.79	↑ 114.96
NICO	2.94	10.70	3.26	205.40	↓ 204.36
NITL	0.77	7.94	2.31	411.31	↑ 411.43
PCL	1.44	22.13	1.42	2,506.94	↑ 2,506.95
Standard Bank	2.16	23.65	6.26	3,950.05	3,950.05
Sunbird	1.03	16.72	1.66	195.00	↑ 195.02
TNM	0.00	(91.28)	3.45	16.80	↓ 16.00
FMBCH	1.19	27.64	7.92	420.50	↑ 422.63
OMU	2.92	16.36	1.79	1,500.02	1,500.02
DSI	N/A	N/A	N/A	86,606.15	↑ 86,359.86
FSI	N/A	N/A	N/A	21,019.06	↑ 21,124.59
MASI	2.44	19.25	4.97	115,827.94	↑ 115,644.01
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	26-Jan-24	2-Feb-24	% Change
MK/US Dollar	1683.37	1683.37	0.00%
MK/GBP	2202.53	2210.16	-0.35%
MK/ZAR	91.94	93.39	-1.58%
MK/EUR	1879.34	1885.93	-0.35%

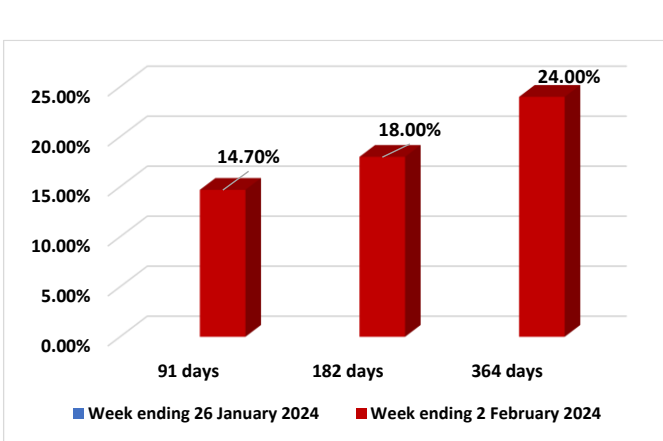
**Global Market Rates (Source: BOE, ECB & The Federal Reserve).**

	Dec-23	Dec-22	% Change
US Fed Rate	5.500%	4.500%	1.00%
US Treasury yield (10 years)	3.860%	3.880%	-0.02%
BOE Rate	5.250%	3.500%	1.75%
ECB Rate	4.750%	2.750%	2.00%

**Lilongwe Branch**

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**Government Securities for week ending 2 February 2024 (Source: RBM)**



TENORS	VOLUME (K' MILLION)	AVERAGE YIELD (%)
91 days	55.96	14.70
182 days	13.03	18.00
364 days	50.23	24.00
5-Year TN	5,520.00	30.00%
TOTAL	5,639.22	

**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%
Average Real GDP	2.90%	0.92%	1.55%	3.08%