



**NICO Asset Managers**

**"INVEST today for tomorrow".**

# WEEKLY MARKET UPDATE

**Week ending 9 February 2024**

## **1. Money Market**

### **Government Securities**

The Government Treasury Bills auction held during the week raised a total of K34.30 billion from total applications of K39.54 billion, resulting in a 13.27% rejection rate. The average yields for the 91 days, 182 days, and 364 days tenor were 14.80%, 19.88%, and 25.99% respectively (Previous week: 91 days: 14.70%, 182 days: 18.00%, and 364 days: 24.00%). The 10-year Treasury Note auction held during the week raised a total of K780.0 million from applications of K790.00 million, resulting in a 1.27% rejection rate. This was at an average yield of 33.00%. Total maturities for the week stood at K16.15 billion, resulting in a net withdrawal of K18.93 billion.

### **Interbank Market**

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K246.52 billion from K247.52 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K14.72 billion at 23.19% (previous week: K25.60 billion at 23.00%). Access to the Lombard facility during the week in review averaged K49.00 billion at an average rate of 24.20% (previous week: K36.49 billion at 24.20%) (Source: RBM).

## **2. Stock Market**

The MASI closed the week at 115,033.98 points (previous week: 115,644.01 points), the Domestic Share Index (DSI) closed at 86,113.05 points (previous week: 86,359.86 points), and the Foreign Share Index (FSI) closed at 20,746.56 points (previous week: 21,124.59 points). The decrease in the MASI and DSI were due to share price losses in TNM, NICO, MPICO, and ICON, despite the share price gains in Illovo, NBM, Standard Bank, and NITL. The decrease in the FSI was due to share price losses in FMBCH. A total volume of 6.76 million shares were traded during the week at a value of K417.62 million in 229 trades (Source: MSE).

## **3. Local Market Developments**

The Monetary Policy Committee (MPC) met on 31 January and 1 February 2024. Based on an assessment of the macroeconomic situation and outlook, the MPC decided to increase the Policy rate by 200 basis points to 26.0 percent. Meanwhile, the Committee resolved to maintain the Lombard rate at 20 basis points above the Policy rate and the Liquidity Reserve Requirement (LRR) ratio at 7.75 percent for domestic currency deposits and 3.75 percent for foreign currency deposits. In arriving at this decision, the MPC observed that inflationary pressures have intensified, such that inflation is projected to persist before it starts to decline. (Source: RBM).

## **4. Regional Developments in the Week**

South Africa's Sasol announced an anticipated 42.00% decline in its half-year profit, attributing it to lower oil and petrochemical prices, along with persistent infrastructure challenges. The world's largest producer of fuels and chemicals from coal and gas expects headline earnings per share (HEPS) to range from R17.90 to R22.22 (US\$0.9445-US\$1.17) for the six months ending 31 December 2023, down from the previous R30.90. Despite operational improvements in South Africa, Sasol cited the underperformance of state-owned utilities involved in its value chain and a weaker global growth outlook that continue to impact its business. (Source: Reuters).

## **5. Global Developments in the Week**

During the week in review, cocoa prices on the New York commodities market reached a new all-time high of US\$5,874.0/MT. The cost of the key ingredient for making chocolate has now roughly doubled since the start of last 2023. Soaring cocoa prices are already filtering through to consumers and squeezing major chocolate makers. One of the world's biggest chocolate manufacturers, Hershey warned: "Historic cocoa prices are expected to limit earnings growth this year." The comments came as Hershey announced its financial results for the three months to 31 December. The figures showed sales fell by 6.60% as inflation-hit consumers cut back spending on confectionery (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	02-Feb-24	09-Feb-2024
Counter				MK/Share	MK/Share
AIRTEL	4.54	16.41	16.03	55.10	55.10
BHL	0.00	(80.45)	1.61	13.02	13.02
FDH Bank	3.37	19.56	10.72	65.00	65.00
ICON	1.48	6.76	1.09	17.00	↓ 16.90
ILLOVO	2.16	16.97	6.92	1,350.01	↑ 1,350.02
MPICO	2.44	5.92	0.65	14.89	↓ 14.75
NBM	3.36	20.67	5.70	2,101.72	↑ 2,101.75
NBS Bank	2.87	17.67	9.00	114.96	114.96
NICO	3.00	10.47	3.19	204.36	↓ 200.00
NITL	0.77	7.94	2.31	411.43	↑ 411.45
PCL	1.44	22.13	1.42	2,506.95	2,506.95
Standard Bank	2.16	23.65	6.26	3,950.05	↑ 3,950.15
Sunbird	1.03	16.72	1.66	195.02	195.02
TNM	0.00	(85.57)	3.24	16.00	↓ 15.00
FMBCH	1.21	27.15	7.77	422.63	↓ 415.00
OMU	2.92	16.36	1.79	1,500.02	1,500.02
DSI	N/A	N/A	N/A	86,359.86	↓ 86,113.05
FSI	N/A	N/A	N/A	21,124.59	↓ 20,746.56
MASI	2.46	19.15	4.94	115,644.01	↓ 115,033.98

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

Chibisa House, P.O. Box 3173, Blantyre  
Tel No: 01 832 085/086  
Email: [invest@nicoassetmanagers.com](mailto:invest@nicoassetmanagers.com)

Website: [www.nicoassetmanagers.com](http://www.nicoassetmanagers.com)

NICO Asset Managers/Facebook

INVESTMENT MANAGEMENT | CORPORATE FINANCE | INVESTOR SERVICES

### Inflation (Source: NSO)

### Forex Reserves (Source: RBM)

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

CURRENCY	2-Feb-24	9-Feb-24	% Change
MK/US Dollar	1,683.37	1,683.37	0.00%
MK/GBP	2,210.16	2,187.27	1.04%
MK/ZAR	93.39	91.48	2.05%
MK/EUR	1,885.93	1,867.72	0.97%

### 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

NICO Asset Managers Limited, Corner Kenyatta Drive

NICO Centre, P.O. Box 30729, Lilongwe 3

Tel No: 01 757 086

### Government Securities for week ending 9 February 2024 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days	548.88	14.80
182 days	45.10	19.88
364 days	42,450.73	25.99
5-Year TN	780.00	33.00
TOTAL	43,824.71	

### 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%