



NICO Asset Managers

“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 01 March 2024

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K39.47 billion from total applications of K39.47 billion, resulting in nil rejection rate. The average yields for the 91 days, 182 days, and 364 days tenor were 16.00%, 20.00%, and 26.00% respectively (Previous week: 91 days: 15.28%, 182 days: 20.00%, and 364 days: 26.00%). The (3-year, 5-year, 7-year & 10-year) Treasury Note auctions held during the week raised a total of K29.79 billion from applications of K30.05 billion resulting in a 0.87% rejection rate. Total maturities for the week stood at K25.42 billion, resulting in a net withdrawal of K43.84 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K186.76 billion from K197.35 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K16.26 billion at 22.20% (previous week: K6.18 billion at 22.00%). There were no transactions on the Lombard facility (previous week: no transactions) (Source: RBM).

2. Stock Market

The MASI closed the week at 113,044.48 points (previous week: 114,374.77 points), the Domestic Share Index (DSI) closed at 84,459.17 points (previous week: 85,576.14 points), and the Foreign Share Index (FSI) closed at 20,597.92 points (previous week: 20,597.92 points). The decrease in the MASI was due to share price losses in AIRTEL, ICON, NICO, and TNM despite the share price gains in FDH Bank, Illovo, NBS Bank, NITL, Standard Bank and Sunbird. The decrease in the FSI was due to share price losses in FMBCH. A total volume of 2.75 million shares were traded during the week at a value of K243.40 million in 231 trades (Source: MSE).

3. Local Market Developments

During the week in review, the Ministry of Agriculture released its initial crop estimates, forecasting a 2.8% increase in maize (production to 3,608,862 metric tonnes (MT) from 3,509,837 MT recorded in the final round of the 2022/2023 crop estimates. This rise is attributed to a 3.0% growth in hectareage driven by favourable maize prices. Notably, Shire Valley is expected to yield the highest increase at 16.9%, while Mzuzu anticipates the least growth at 2.1%. Rice, sorghum, and wheat are projected to increase by 33.8%, 6.3%, and 94.7%, respectively. However, the Ministry expressed that the outcome may be lower due to dry spells across the country and the impact of El Niño weather conditions which are expected to significantly impact yields (Source: Ministry of Agriculture).

4. Regional Developments in the Week

Zimbabwe's inflation rate jumped to its highest level in six months as the local currency continued its losing streak against the greenback, in one of its worst starts to the year since the currency's reintroduction in 2019. According to the Zimbabwe National Statistics Agency, annual inflation surged to 47.6% in February 2024, from 34.8% in January. Consumer prices rose 5.4% in the month from 6.6% in January. The acceleration in annual inflation adds to pressure on authorities to unveil new measures to support the foundering local currency, which has lost nearly two-thirds of its value on the official market so far this year. Zimbabwe currently has the world's highest interest rate at 130% (Source: Reuters).

5. Global Developments in the Week

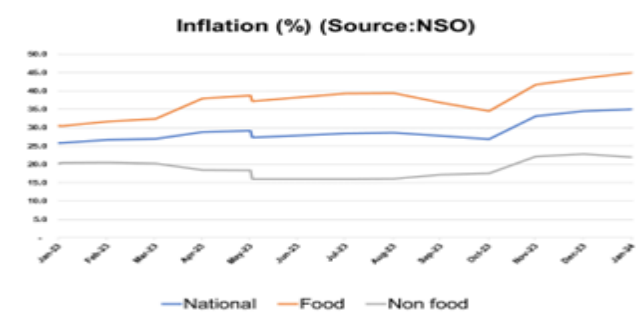
China's factory activity shrank for the fifth straight month in February, with weak demand in the world's second largest economy weighing on manufacturers across Asia. According to the National Bureau of Statistics, the official manufacturing purchasing managers' index (PMI) for China came in at 49.1 in February. Surveys of factory managers from elsewhere showed that manufacturers in North Asia cut output and new orders in February amid subdued customer spending both from domestic and international markets. Demand remains modest among major economies, while shipping is disrupted as conflict and drought hit the key waterways of the Red Sea and the Panama Canal (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	23-Feb-24	01-Mar-2024
Counter				MK/Share	MK/Share
AIRTEL	5.00	14.89	14.55	55.10	↓ 50.00
BHL	0.00	(80.51)	1.61	13.03	13.03
FDH Bank	3.36	19.61	10.74	65.00	↑ 65.15
ICON	1.48	6.75	1.09	16.89	↓ 16.88
ILLOVO	2.16	16.97	6.93	1,350.10	↑ 1,350.11
MPICO	2.45	5.91	0.65	14.72	14.72
NBM	3.36	20.67	5.70	2,101.80	2,101.80
NBS Bank	3.00	16.93	8.62	107.00	↑ 109.98
NICO	3.00	10.47	3.18	199.95	↓ 199.92
NITL	0.77	7.94	2.31	411.45	↑ 411.48
PCL	1.44	22.13	1.42	2,507.00	2,507.00
Standard Bank	2.16	23.65	6.26	3,950.16	↑ 3,950.18
Sunbird	1.02	16.81	1.67	195.02	↑ 196.00
TNM	0.00	(68.46)	2.59	14.00	↓ 12.00
FMBCH	1.22	26.95	7.72	413.72	↓ 412.00
OMU	2.92	16.36	1.79	1,500.02	1,500.02
DSI	N/A	N/A	N/A	85,576.14	↓ 84,459.17
FSI	N/A	N/A	N/A	20,683.14	↓ 20,597.92
MASI	2.50	18.82	4.86	114,374.77	↓ 113,044.48
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	23-Feb-24	1-Mar-24	% Change
MK/US Dollar	1,683.37	1,683.37	0.00%
MK/GBP	2,194.90	2,188.66	0.28%
MK/ZAR	90.51	90.43	0.09%
MK/EUR	1,876.91	1,874.31	0.14%

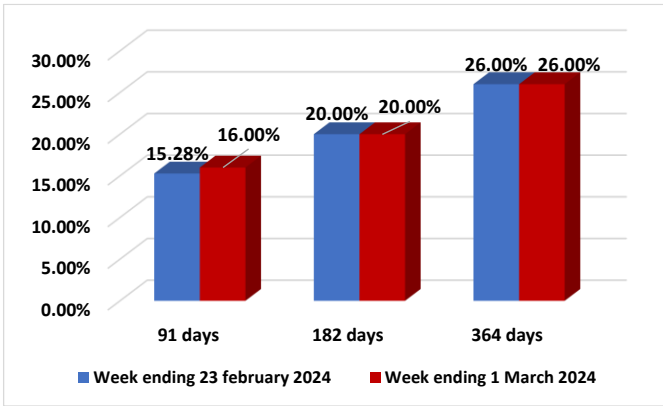
Global Market Rates (Source: BOE, ECB & The Federal Reserve).

	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%	2.000%

Lilongwe Branch

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Government Securities for week ending 1 March 2024 (Source: RBM)



TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days	2.09	16.00
182 days	19,550.32	20.00
364 days	19,921.10	26.00
3-Year TN	3,010.00	30.00
5-Year TN	9,780.00	32.00
7-Year TN	10,780.00	34.00
10-Year TN	6,220.00	35.00
TOTAL	69,263.51	