



NICO Asset Managers

“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 12 January 2024

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K37.81 billion from total applications of K37.81 billion, 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: 91 days: 14.70, 182 days: no results, and 364 days: 24.00%). The Treasury Note (2-yr, 3-yr, 5-yr, 7-yr & 10-yr) auctions held during the week raised a total of K97.28 billion from applications of K97.28 billion, resulting in a nil rejection rate. Total maturities for the week stood at K38.54 billion, resulting in a net withdrawal of K96.55 billion.

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K165.36 billion from K58.48 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K17.44 billion at 23.00% (previous week: K44.10 billion at 23.00%). Access to the Lombard facility during the week in review averaged K73.15 billion at an average rate of 24.20% (previous week: K87.07 billion at 24.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 111,605.87 points (previous week: 109,556.19 points), the Domestic Share Index (DSI) closed at 85,390.01 points (previous week: 85,117.61 points) and the Foreign Share Index (FSI) closed at 17,774.36 points (previous week: 15,793.05 points). The increase in MASI and DSI was due to share price gains in Airtel, BHL, Illovo, NBM, NICO, NITL and Standard Bank, despite the share price losses in TNM, NBS Bank, FDH Bank, PCL, ICON, and MPICO. The increase in the FSI was due to share price gains in FM BCH and OMU. A total volume of 1.78 million shares were traded during the week at a value of K334.30 million in 200 deal (Source: MSE).

3. Local Market Developments

Total tea produced in November 2023 stood at 2.7 million kilograms (kgs) compared to 2.1 million kgs recorded in the preceding month, and 1.7 million kgs produced during the corresponding period in 2022. Meanwhile, tea sales remained at 0.3 million kgs in the month under review, unchanged from the preceding month's position. On the international market, the average tea prices were at US\$1.11/kg in November 2023, which was relatively lower than US\$1.15/kg recorded in October 2023 (Source: RBM).

4. Regional Developments in the Week

Ghana has reached a deal to restructure US\$5.4 billion of loans with its official creditors, a milestone in the country's quest for debt relief as it charts its way out of the worst economic crisis in a generation. The agreement with bilateral lenders including China and France was key to unlocking new International Monetary Fund (IMF) financing and will allow Ghana to access another US\$600.0 million under its US\$3.0 billion bailout program. IMF Managing Director Kristalina Georgieva welcomed the announcement in a statement, adding the agreement "clears the path for IMF Executive Board consideration" of the first review of Ghana's program. The West African country, which defaulted on most of its overseas debt in December 2022 after debt servicing costs soared, restructured most of its local debt and also needs to reach a deal with private holders of about US\$13.0 billion in international bonds (Source: Reuters).

5. Global Developments in the Week

During the week in review, oil prices jumped by 4.0% after the US and UK launched strikes in Yemen over recent attacks by Houthi rebels on ships in the Red Sea. Brent crude hit US\$80.0 per as the Iran-backed rebels vowed to retaliate against military action by Western powers. While the price rose, it is below highs reached when Russia invaded Ukraine. Although the diversions are expected to push up the cost and time it takes to transport oil, supplies have not yet been impacted, analysts and industry experts noted, easing some of the earlier gains in prices (Source: Reuters).

Stock Market (Source: Malawi Stock Exchange)

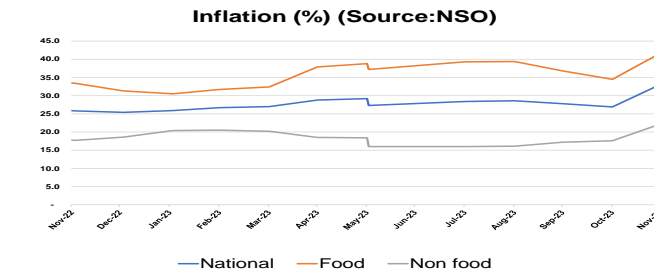
	Div yield %	P/E	P/BV	05-Jan-24	12-Jan-2024
Counter				MK/Share	MK/Share
AIRTEL	4.54	16.39	16.01	55.00	↑ 55.01
BHL	0.00	(80.39)	1.61	13.00	↑ 13.01
FDH Bank	3.27	20.16	11.05	66.99	↓ 66.98
ICON	1.47	7.13	1.15	17.83	↓ 16.99
ILLOVO	2.32	15.84	6.46	1,260.15	↑ 1,260.22
MPICO	2.41	6.00	0.66	14.98	↓ 14.96
NBM	3.36	20.67	5.70	2,101.35	↑ 2,101.42
NBS Bank	2.87	17.70	9.01	114.99	↓ 114.97
NICO	3.35	9.37	2.85	150.50	↑ 179.00
NITL	0.77	7.93	2.31	410.80	↑ 411.03
PCL	1.44	22.13	1.42	2,506.99	↓ 2,506.97
Standard Bank	2.16	23.65	6.26	3,950.02	↑ 3,950.03
Sunbird	1.05	16.38	1.63	191.07	191.07
TNM	0.00	(102.57)	3.88	18.65	↓ 17.98
FMBCH	1.42	23.22	5.65	315.02	↑ 355.01
OMU	2.92	16.75	1.83	1,500.00	↑ 1,500.02
DSI	N/A	N/A	N/A	85,117.61	↑ 85,390.01
FSI	N/A	N/A	N/A	15,793.05	↑ 17,774.36
MASI	2.54	18.56	4.79	109,556.19	↑ 111,605.87

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

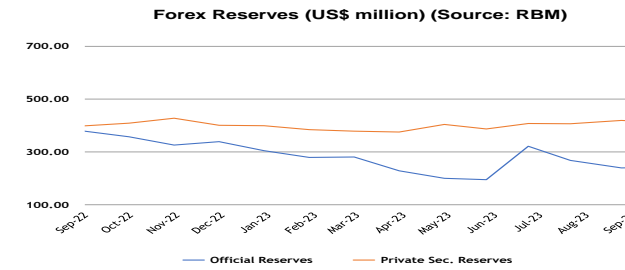
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Inflation (Source: NSO)



Forex Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	5-Jan-24	12-Jan-24	% Change
MK/US Dollar	1,683.37	1,683.37	0.00%
MK/GBP	2,196.46	2,215.02	-0.84%
MK/ZAR	92.67	93.23	-0.60%
MK/EUR	1,894.77	1,902.92	-0.43%

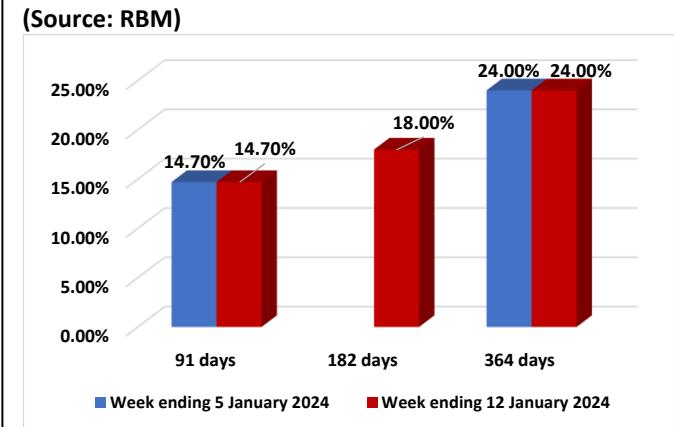
Economic Growth (Source: EIU, World Bank, IMF, MoF)

Real GDP Growth Projections				
	2020	2021	2022	2023
EIU	-1.00%	2.70%	0.70%	1.60%
IMF	0.60%	2.20%	0.90%	1.70%
WORLD BANK	1.00%	2.80%	0.90%	1.40%
GOVERNMENT	0.90%	3.90%	1.19%	1.50%
Average Real GDP	0.38%	2.90%	0.92%	1.55%

Lilongwe Branch

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Government Securities for Week ending 12 January 2024 (Source: RBM)



Prevailing Government Security Interest Rates (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days TB	1.00	14.70
182-days TB	27,582.66	18.00
364-days TB	10,223.16	24.00
2-year TN	15,070.00	26.75
3-year TN	17,110.00	28.00
5-year TN	23,980.00	30.00
7-year TN	10,010.00	32.00
10-year TN	31,120.00	33.00
TOTAL	135,096.82	