



**NICO Asset Managers**

**"INVEST today for tomorrow".**

# WEEKLY MARKET UPDATE

**Week ending 23 February 2024**

## **1. Money Market**

### **Government Securities**

The Government Treasury Bills auction held during the week raised a total of K66.10 billion from total applications of K66.10 billion, resulting in nil rejection rate. The average yields for the 91 days, 182 days, and 364 days tenor were 15.28%, 20.00%, and 26.00% respectively (Previous week: 91 days: 15.58%, 182 days: 19.89%, and 364 days: 25.99%). The 3-year Treasury Note auction held during the week raised a total of K18.37 billion from applications of K18.37 billion resulting in a nil rejection rate, at an average yield of 30.00%. Total maturities for the week stood at K117.00 billion, resulting in a net injection of K32.53 billion (Source: RBM).

### **Interbank Market**

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K197.35 billion from K 251.61 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K6.18 billion at 22.00% (previous week: K5.28 billion at 23.06%). There were no transactions on the Lombard facility (previous week: no transactions) (Source: RBM).

## **2. Stock Market**

The MASI closed the week at 114,374.77 points (previous week: 114,489.44 points), the Domestic Share Index (DSI) closed at 85,576.14 points (previous week: 85,706.11 points), and the Foreign Share Index (FSI) closed at 20,683.14 points (previous week: 20,647.47 points). The decrease in the MASI was due to share price losses in MPICO, and NICO, despite the share price gains in BHL, Illovo, FDH Bank and NBS Bank. The increase in the FSI was due to share price gains in FMBCH. A total volume of 3.79 million shares were traded during the week at a value of K2.18 billion in 259 trades (Source: MSE).

## **3. Local Market Developments**

According to the Minister of Finance, Malawi's economy is expected to grow by 3.2% in 2024, up from 1.5% in 2023, as its foreign exchange reserves improve. The country has been battling foreign-currency shortages that have led to a lack of fuel, medicine, and fertilisers. The Minister of Finance stated that foreign exchange reserves improved towards the end of December 2023 and are expected to continue recovering in the medium-term. Large-scale farming and anticipated growth in construction, manufacturing and other sectors will drive growth, which is expected to reach 4.8% in 2025. The budget deficit for the 2024/25 fiscal year starting in April is expected to be K1.43 trillion (US\$858.0 million), which is 7.6% of Malawi's gross domestic product (GDP), compared to K1.36 trillion or 8.9% of GDP in 2023/24 (Source: Reuters).

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

According to London Stock Exchange Group (LSEG), the Zambian Kwacha is Africa's best performing currency against the US Dollar so far this year after the central bank sharply tightened monetary policy, but analysts said it would strengthen sustainably only if the country attracts more foreign investment. The Kwacha has rallied 13.80% to ZMW22.80 against the US Dollar in 2024 after the central bank raised commercial banks' reserve ratios and raised interest rates by 150 basis points to 12.50%, in a bid to tame inflation (Source: Reuters).

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

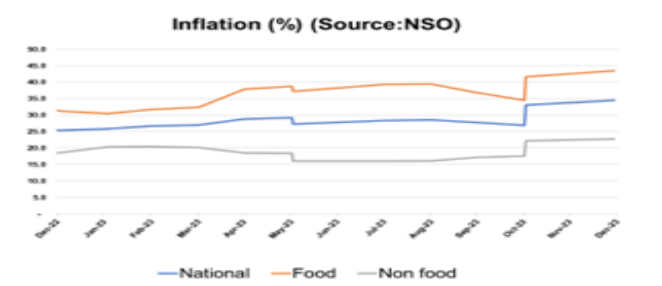
Underlying US inflation probably rose in January by the most in a year, as tracked by the Federal Reserve's (the Fed) preferred metric, highlighting the long and bumpy path to taming price pressures. The core personal consumption expenditures price index (PCE), which excludes food and energy costs, is seen rising 0.4% from a month earlier. That would mark the second straight monthly acceleration in a gauge that's largely been receding over the past two years. Fed officials have stressed that they are in no rush to lower borrowing costs and will only do so once they're confident that inflation is retreating on a sustained basis (Source: Bloomberg).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	16-Feb-24	23-Feb-2024
Counter				MK/Share	MK/Share
AIRTEL	4.54	16.41	16.03	55.10	55.10
BHL	0.00	(80.51)	1.61	13.02	↑ 13.03
FDH Bank	3.36	19.60	10.74	65.00	↑ 65.14
ICON	1.48	6.75	1.09	16.89	16.89
ILLOVO	2.16	16.97	6.92	1,350.06	↑ 1,350.10
MPICO	2.45	5.91	0.65	14.74	↓ 14.72
NBM	3.36	20.67	5.70	2,101.80	2,101.80
NBS Bank	3.08	16.47	8.39	110.00	↑ 107.00
NICO	3.00	10.47	3.18	200.00	↓ 199.95
NITL	0.77	7.94	2.31	411.45	411.45
PCL	1.44	22.13	1.42	2,507.00	2,507.00
Standard Bank	2.16	23.65	6.26	3,950.16	3,950.16
Sunbird	1.03	16.72	1.66	195.02	195.02
TNM	0.00	(79.87)	3.02	14.00	14.00
FMBCH	1.22	27.06	7.75	413.00	↑ 413.72
OMU	2.92	16.36	1.79	1,500.02	1,500.02
DSI	N/A	N/A	N/A	85,706.11	85,576.14
FSI	N/A	N/A	N/A	20,647.47	20,683.14
MASI	2.47	19.04	4.91	114,489.44	114,374.77
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	16-Feb-24	23-Feb-24	% Change
MK/US Dollar	1,683.37	1,683.37	0.00%
MK/GBP	2,182.25	2,194.90	-0.58%
MK/ZAR	91.64	90.51	1.23%
MK/EUR	1,865.81	1,876.91	-0.59%

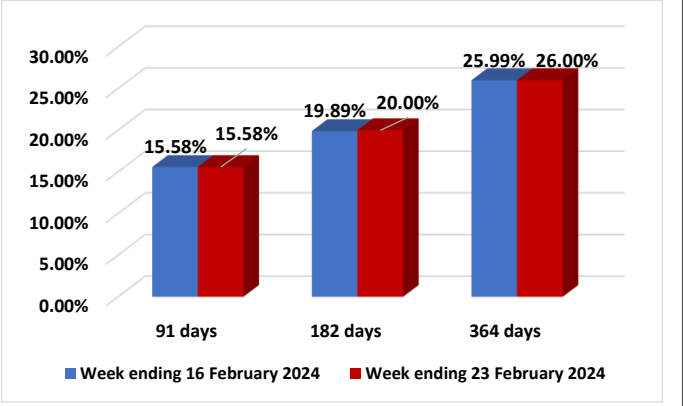
### Global Market Rates (Source: BOE, ECB & The Federal Reserve).

	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 23 February 2024 (Source: RBM)



TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days	5.35	15.58
182 days	49,758.57	20.00
364 days	16,332.91	26.00
3-Year TN	18,370.00	30.00
TOTAL	84,466.83	

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%