

# WEEKLY MARKET UPDATE

Week ending 10 May 2024

## NICO Asset Managers

“INVEST today for tomorrow”.

### 1. Money Market

#### Government Securities

The Government Treasury Bills auction held during the week raised a total of K9.86 billion from total applications of K9.86 billion, resulting in a 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: no transactions, 182 days: 20.00%, and 364 days: 26.00%). The (2-yr, 5-yr & 10-yr) Treasury Note auction held during the week in review raised K14.16 billion from total applications of K14.16 billion resulting in a nil rejection rate. These were at an average yield of 28.75%, 32.00% and 35.00% respectively. Total maturities for the week stood at K7.51 billion, resulting in a net withdrawal of K16.51 billion (Source: RBM).

#### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K26.52 billion from K95.76 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K50.44 billion at 23.35% (previous week: K54.45 billion at 22.52%). Total transactions on the Lombard facility averaged K26.25 billion at 26.20% (previous week average: K13.00 billion at 26.20%) (Source: RBM).

### 2. Stock Market

The MASI closed the week at 113,763.84 points (previous week: 114,265.22), the Domestic Share Index (DSI) closed at 86,339.14 points (previous week: 86,785.28 points), and the Foreign Share Index (FSI) closed at 19,014.47 points (previous week: 19,014.47 points). The decrease in the MASI was due to share price losses in NBS Bank, NICO, Illovo, and PCL despite the share price gains in Airtel, FDH Bank, MPICO, Standard Bank, and TNM. A total volume of 3.58 million shares were traded during the week at a value of K2.58 billion in 263 trades (Source: MSE).

### 3. Local Market Developments

Preliminary statistics indicate that the merchandise trade balance worsened to minus US\$507.4 million in the first quarter of 2024, compared to a deficit of US\$495.8 million in the preceding quarter and minus US\$598.0 million in the corresponding quarter of 2023. The outturn was on account of a wider drop in exports which outweighed a decline in imports during the quarter (Source: RBM).

### 4. Regional Developments in the Week

The Ghana Statistical Service (GSS) announced that the country's inflation rate dropped to 25.0% in April, 0.8 percentage points lower than the 25.8% recorded a month earlier. The slower rate of inflation in April was due to a decline in food inflation during the month under review. In recent years, Ghana has been experiencing an economic crisis, characterized by high inflation and unemployment. The country secured a US\$3.0 billion loan from the International Monetary Fund (IMF) in May 2023, hoping to revive its economy (Source: Reuters).

### 5. Global Developments in the Week

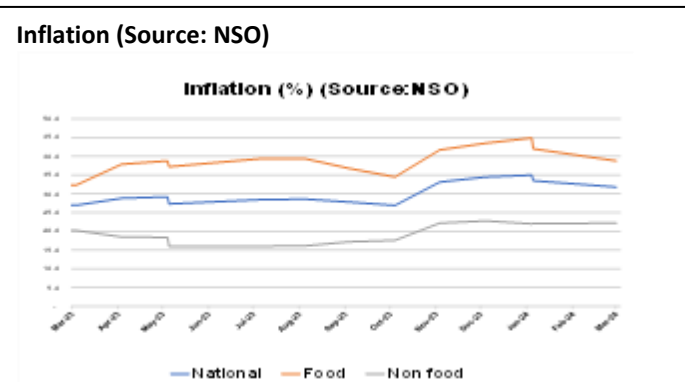
During the week in review, the Bank of England (BOE) held interest rates as expected and said restrictive monetary policy was taming inflation, but warned a June rate cut was not a done deal. Members of the central bank's Monetary Policy Committee voted 7-2 to maintain rates at their current levels, with the latter favouring a cut. In its prior meeting, only one member voted to reduce rates. The decision keeps the BOE's key Bank Rate at 5.25%. The MPC nonetheless cautioned that indicators of inflation persistence remained elevated, highlighting that services inflation came in at 6% in March 2023. It added that geopolitical issues were adding “upside risks” to the near-term price outlook (Source: CNBC).



Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	3-May-24	10-May-24
Counter				MK/Share	MK/Share
AIRTEL	1.92	399.09	48.01	51.10	↑ 51.12
BHL	0.00	(80.57)	1.61	13.04	13.04
FDH Bank	5.02	12.66	7.68	65.32	↑ 65.37
ICON	1.48	6.73	1.09	16.79	16.79
ILLOVO	2.15	17.03	6.95	1,355.16	↓ 1,355.15
MPICO	2.59	6.17	0.59	14.67	↑ 14.68
NBM	4.28	15.51	5.43	2,400.14	2,400.14
NBS Bank	4.54	9.15	5.37	101.85	↓ 92.31
NICO	5.01	6.69	2.29	199.49	↓ 199.47
NITL	0.77	7.94	2.31	411.49	411.49
PCL	1.83	7.46	1.14	2,507.00	↓ 2,506.99
Standard Bank	2.74	17.65	4.78	3,950.27	↑ 3,950.30
Sunbird	3.44	11.16	1.21	224.00	224.00
TNM	0.00	(25.59)	2.92	12.13	↑ 12.17
FM BCH	1.32	24.86	7.12	380.04	380.04
OMU	2.92	16.36	1.79	1,500.03	1,500.03
DSI	N/A	N/A	N/A	86,785.28	↓ 86,339.14
FSI	N/A	N/A	N/A	19,014.47	19,014.47
MASI	2.79	14.41	3.89	114,265.22	↓ 113,763.84

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

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### Forex Reserves (Source: RBM)

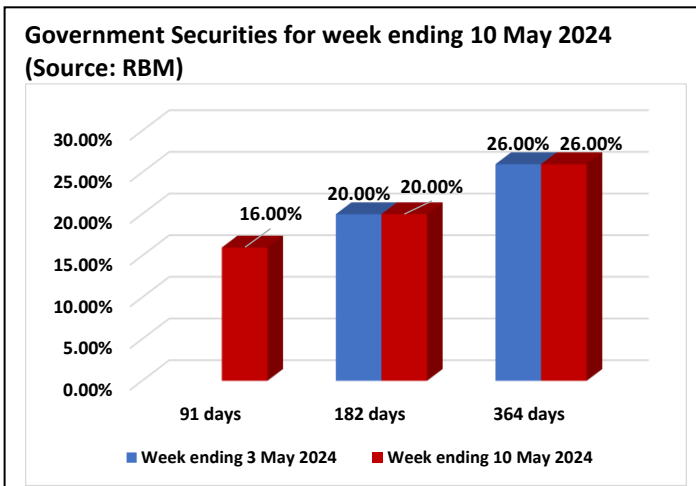
Real GDP Growth Projections				
	2021	2022	2023	2024
EIU	2.70%	0.70%	1.60%	1.50%
IMF	2.20%	0.90%	1.70%	3.30%
WORLD BANK	2.80%	0.90%	1.40%	2.00%
GOVERNMENT	3.90%	1.19%	1.50%	3.20%
<b>Average Real GDP</b>	<b>2.90%</b>	<b>0.92%</b>	<b>1.55%</b>	<b>2.50%</b>

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

CURRENCY	3-May-24	10-May-24	% Change
MK/US Dollar	1733.87	1733.87	0.00%
MK/GBP	2240.21	2239.14	0.05%
MK/EUR	1916.43	1925.18	-0.46%
MK/ZAR	96.27	96.76	-0.50%

### 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%



TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91 days	18.91	16.00
182 days	15.00	20.00
364 days	9,821.95	26.00
2-year TN	5,300.00	28.75
5-year TN	8,610.00	32.00
10-year TN	250.00	35.00
<b>TOTAL</b>	<b>24,015.86</b>	

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