

# WEEKLY MARKET UPDATE

Week ending 17 May 2024

## NICO Asset Managers

“INVEST today for tomorrow”.

### 1. Money Market

#### Government Securities

The (2-yr, 3-yr, 5-yr & 10-yr) Treasury Note auction held during the week in review raised K5.80 billion from total applications of K5.83 billion resulting in a 0.51% rejection rate. These were at an average yield of 28.75%, 30.00%, 32.00% and 35.00% respectively. Total maturities for the week stood at K12.38 billion, resulting in a net injection of K6.58 billion (Source: RBM).

#### Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K42.37 billion from K26.52 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K32.93 billion at 23.00% (previous week: K50.44 billion at 23.35%). Total transactions on the Lombard facility averaged K74.63 billion at 26.20% (previous week average: K26.25 billion at 26.20%) (Source: RBM).

### 2. Stock Market

The MASI closed the week at 113,694.34 points (previous week: 113,763.84). The Domestic Share Index (DSI) closed at 86,277.30 points (previous week: 86,339.14 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, FDH Bank, NICO, and PCL despite the share price gains in Airtel, BHL, ICON, MPICO, NBM, and TNM. A total volume of 2.65 million shares were traded during the week at a value of K215.35 million in 183 trades (Source: MSE).

### 3. Local Market Developments

According to the National Statistical Office (NSO), the year-on-year inflation rate for April 2024 is at 32.3%, an increase from the 31.8% recorded in March 2024. Food and Non-Food inflation rates are at 39.9% and 22.4%, respectively (Previous month: Food: 38.8%, and non-food: 22.2%). The national month to month inflation rate for April 2024 stands at -2.0%. Food inflation rate is at -3.5% while Non-Food inflation rate is at 0.5% (Source: NSO).

### 4. Regional Developments in the Week

Zimbabwe will get over half of an expected US\$60.0 million insurance pay out meant for four African nations as it reels from the impact of El Niño-induced drought that's already slashed corn output and led to a state of disaster being declared. Earlier this month, the African Union's climate insurance agency said it will pay out at least US\$60.00 million to Malawi, Zambia, Zimbabwe, and Mozambique to help them offset the impact of the weather catastrophe. The money will equal a fraction of what it needed to alleviate the impact (Source: Bloomberg).

### 5. Global Developments in the Week

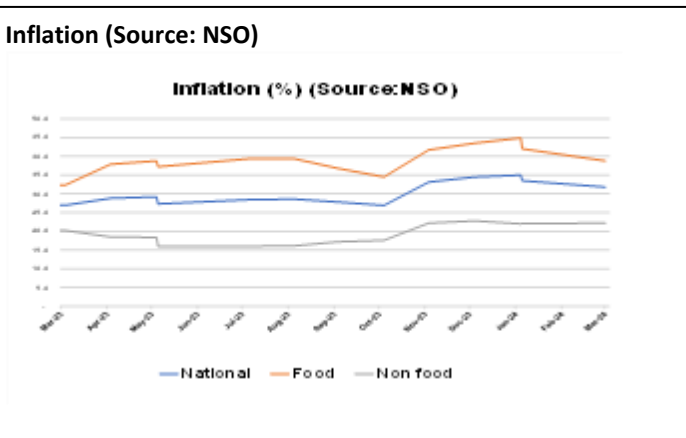
The ongoing conflict in the Middle East is causing concern in Africa as the region faces the possibility of a reversal in the recent improvements in fuel costs and inflation. The World Bank has issued a warning that a further escalation of the conflict could potentially push crude oil prices above US\$100.0 a barrel, which would have significant repercussions on the global economy. Rebel activities in Yemen have made it difficult for vessels to transport fuel to Africa efficiently, leading to increased transport costs and insurance premiums. The geopolitical tensions between Iran and Saudi Arabia are also contributing to the uncertainty surrounding oil prices in the region (Source: Reuters).



Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	10-May-24	17-May-24
Counter				MK/Share	MK/Share
AIRTEL	1.92	399.33	48.04	51.12	↑ 51.15
BHL	0.00	(13.82)	1.59	13.04	↑ 13.05
FDH Bank	5.02	12.65	7.68	65.37	↓ 65.36
ICON	1.61	5.86	0.93	16.79	↑ 16.80
ILLOVO	2.15	17.03	6.95	1,355.16	1,355.15
MPICO	2.56	6.24	060	14.68	↑ 14.84
NBM	4.28	15.51	5.43	2,400.14	↑ 2,400.18
NBS Bank	5.00	8.99	5.28	92.31	↓ 90.72
NICO	5.01	6.69	2.29	199.47	↓ 199.45
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	(25.71)	2.93	12.17	↑ 12.19
FMBCH	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	86,339.14	↓ 86,277.30
FSI	N/A	N/A	N/A	19,014.47	19,014.47
MASI	2.80	14.41	3.89	114,763.84	↓ 113,694.34

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

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

CURRENCY	10-May-24	17-May-24	% Change
MK/US Dollar	1733.87	1733.87	0.00%
MK/GBP	2239.14	2260.93	-0.97%
MK/EUR	1925.18	1940.18	-0.78%
MK/ZAR	96.76	98.22	-1.51%

### 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%

### Government Securities for week ending 17 May 2024 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
2-year TN	1,300.00	28.75
3-year TN	2,900.00	30.00
5-year TN	870.00	32.00
10-year TN	730.00	35.00
<b>TOTAL</b>	<b>5,800.00</b>	

### Economic Growth (Source: EIU, RBM, World Bank and IMF).

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>

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