WEEKLY MARKET UPDATE
Week ending 7 June 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 K12.29 billion from total applications of K12.29 billion, resulting in a nil rejection rate. The average yields for the 91 days, 182 days, and 364 days tenors were 16.00%, 20.00% and 26.00% respectively (Previous week: 91 days: 16.00%, 182 days: no results, 364 days: 26.00%). The 2-year Treasury Note auction held during the week in review raised K10.00 million from total applications of K10.00 million resulting in a nil rejection rate. This was at an average yield of 28.75%. Total maturities for the week stood at K42.16 billion, resulting in a net injection of K29.86 billion (Source: RBM).

Interbank Market
Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average of K46.91 billion from K54.49 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K40.42 billion at 23.99% (previous week: K45.50 billion at 23.78%). Transactions on the Lombard facility averaged K89.46 billion at 26.20% (previous week average: K122.80 billion at 26.20%) (Source: RBM).

2. **Stock Market**

The MASI closed the week at 117,919.91 points (previous week: 115,418.29). The Domestic Share Index (DSI) closed at 90,116.78 points (previous week: 87,814.00 points), and the Foreign Share Index (FSI) closed at 18,912.90 points (previous week: 19,011.00 points). The increase in the MASI was due to share price gains in NBM, and Standard Bank, Sunbird, and TNM, despite share price losses in ICON, Illovo, NICO, NBS Bank, PCL, and NITL. The decrease in the FSI was due to share price losses in FMBCH. A total volume of 3.30 million shares were traded during the week at a value of K1.24 billion in 329 trades (Source: MSE).

3. **Local Market Developments**

According to the RBM, the country's GDP is expected to grow at a moderate pace of 2.3%, from an estimated growth of 1.9% in 2023. The 2024 growth is lower than 3.2% projected in November 2023. The downward revision for growth in 2024 is due to a lower performance in the agriculture sector and spillovers to other sectors on account of El-Nino weather conditions. The agriculture sector is still estimated to register a marginal growth due to investments in Mega farms and irrigation which will increase production during the winter cropping. The growth rate for 2025 is projected at 4.3% (Source: RBM).

4. **Regional Developments in the Week**

According to the South African Reserve Bank (SARB), South Africa's current account deficit narrowed in the first quarter of 2024 to 1.2% of gross domestic product (GDP) from 2.3% of GDP in the fourth quarter of 2023. In Rand terms, the current account deficit narrowed to R84.6 billion (US$4.48 billion) in January-March, from a revised R162.9 billion in the previous three months. The trade surplus widened to R183.4 billion rand in the first quarter from a revised R90.9 billion rand in the fourth quarter (Source: Reuters).

5. **Global Developments in the Week**

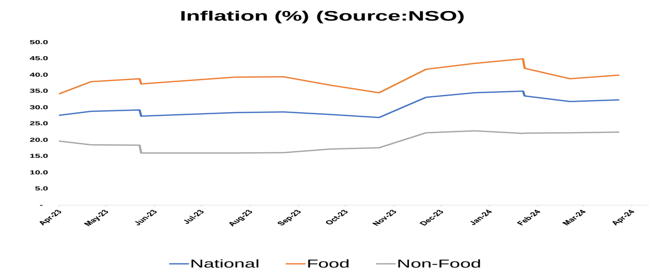
During the week in review, the European Central Bank (ECB) confirmed a widely anticipated reduction in interest rates at its meeting, despite lingering inflationary pressures in the 20-nation Euro zone. The decision takes the ECB's key rate to 3.75%, down from a record 4.00% where it has been since September 2023. The ECB governing council noted that based on an updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission, it is now appropriate to moderate the degree of restriction after 9 months of holding rates steady (Source: CNBC).

Stock Market (Source: Malawi Stock Exchange)

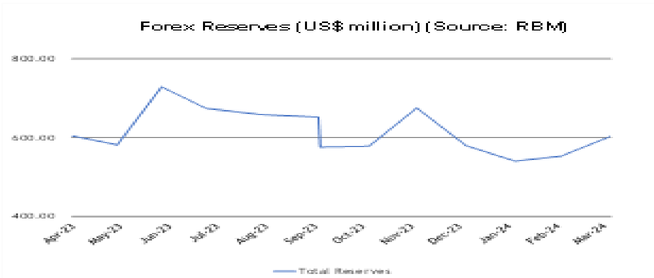
Counter	Div yield %	P/E	P/BV	31-May-24 MK/Share	7-June-24 MK/Share
AIRTEL	1.92	399.09	48.01	51.21	↓ 51.12
BHL	0.00	(13.82)	1.59	13.05	13.05
FDH Bank	4.49	14.43	8.76	74.52	74.52
ICON	1.69	5.88	0.88	16.79	↓ 16.00
ILLOVO	2.15	17.03	6.95	1,355.14	↓ 1,355.13
MPICO	2.53	6.30	0.60	15.00	15.00
NBM	3.81	17.45	6.11	2,400.19	↑ 2,700.00
NBS Bank	5.00	8.99	5.28	90.79	↓ 90.77
NICO	5.02	6.69	2.28	199.40	↓ 199.39
NITL	1.58	2.58	1.23	411.47	411.47
PCL	1.83	7.46	1.14	2,506.98	↓ 2,506.97
Standard Bank	2.74	17.65	4.78	3,950.33	↑ 3,950.35
Sunbird	3.44	11.16	1.21	224.00	↑ 224.01
TNM	0.00	(32.69)	3.73	15.00	↑ 15.50
FMBCH	0.94	15.41	4.02	379.97	↓ 377.99
OMU	2.92	16.36	1.79	1,500.03	1,500.03
DSI	N/A	N/A	N/A	86,814.00	↑ 90,116.78
FSI	N/A	N/A	N/A	19,011.00	↓ 18,912.90
MASI	2.70	14.94	4.03	115,418.29	↑ 117,919.91

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

Inflation (Source: NSO)



Foreign Exchange Reserves (Source: RBM)



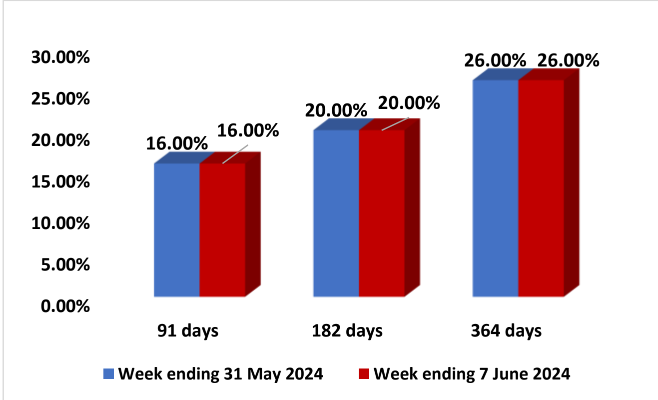
Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	31-May-24	7-Jun-24	% Change
MK/US Dollar	1733.87	1733.87	⇒ 0.00%
MK/GBP	2270.39	2282.71	↓ -0.54%
MK/EUR	1931.43	1944.46	↓ -0.67%
MK/ZAR	95.04	94.38	↑ 0.69%

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%	2.00%
WORLD BANK	2.80%	0.90%	1.40%	2.00%
RBM	3.90%	1.19%	1.50%	2.30%
Average Real GDP	**2.90%**	**0.92%**	**1.55%**	**1.95%**

Government Securities for week ending 7 June 2024 (Source: RBM)



TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
91-days	3.96	16.00
182-days	0.82	20.00
364-days	12,286.36	26.00
2-Year TN	0.01	28.75
TOTAL	12,291.15	

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