



NICO Asset Managers

“INVEST today for tomorrow”.

WEEKLY MARKET UPDATE

Week ending 21 June 2024

1. Money Market

Government Securities

The Government Treasury Bills auction held during the week raised a total of K32.37 billion from total applications of K32.37 billion, resulting in a nil rejection rate. The average yields for the 182 days, and 364 days tenors were 20.00% and 26.00% respectively. There were no results for the 91 days tenor (Previous week: 91 days: 16.00%, 182 days: 20.00%, 364 days: 26.00%). The 5-year Treasury Note auction held during the week in review raised K5.38 billion from total applications of K5.38 billion resulting in a nil rejection rate. This was at an average yield of 32.00%. Total maturities for the week stood at K43.66 billion, resulting in a net injection of K5.91 billion (Source: RBM).

Interbank Market

Liquidity levels (excess reserves after Central Bank Operations) increased to a daily average of K69.94 billion from K66.96 billion recorded in the previous week. The volume on interbank overnight borrowing decreased to an average of K60.77 billion at 24.20% (previous week: K78.40 billion at 24.23%). Transactions on the Lombard facility averaged K71.22 billion at 26.20% (previous week average: K79.83 billion at 26.20%) (Source: RBM).

2. Stock Market

The MASI closed the week at 118,993.92 points (previous week: 117,873.18). The Domestic Share Index (DSI) closed at 91,072.45 points (previous week: 90,083.74 points), and the Foreign Share Index (FSI) closed at 18,912.90 points (previous week: 18,902.00 points). The increase in the MASI was due to share price gains in FDH Bank and TNM, despite share price losses in Airtel, ICON, NICO, and NITL. The increase in the FSI was due to share price gains in FMBCH (Source: MSE).

3. Local Market Developments

The World Bank's International Development Association (IDA) has approved a US\$35.0 million (K61.28 billion) additional grant to Malawi for the Governance to Enable Service Delivery Project (GESD). The objective of the grant is to strengthen the governments' institutional performance, responsiveness to citizens and management of resources for service delivery (Source: IDA).

4. Regional Developments in the Week

The International Monetary Fund (IMF) and the Republic of Mozambique have reached a staff-level-agreement on economic policies and reforms to conclude the fourth review of the Extended Credit Facility (ECF). Mozambique has agreed to important reform measures, which will be implemented in several areas, aimed at strengthening tax compliance, achieving a more cost-effective provision of public services, improving procurement transparency, protecting spending for the most vulnerable, and improving the management and oversight of state-owned enterprises. Once approved by IMF Executive Board and completed by the Executive Board, Mozambique will have immediate access to SDR 45.44 million (Source: Reuters).

5. Global Developments in the Week

The Bank of England on Thursday opted to keep interest rates steady at its June meeting, but described the decision as “finely balanced” after U.K. inflation hit its 2% target. Money market pricing lifted the prospect of an August rate cut to nearly 50-50 on what investors perceived as subtly dovish messaging. The central bank's key rate is at a 16 year high of 5.25%, where it has stood since August 2023. In a statement, the Monetary Policy Committee (MPC) noted that inflation had reached the central bank's target and said indicators of short-term inflation expectations and wage growth had eased (Source: CNBC).

Stock Market (Source: Malawi Stock Exchange)					
	Div yield %	P/E	P/BV	14-June-24	21-June-24
Counter				MK/Share	MK/Share
AIRTEL	5.05	14.76	14.41	51.12	↓ 49.53
BHL	0.00	(13.82)	1.59	13.05	13.05
FDH Bank	3.86	16.46	10.00	74.55	↑ 85.03
ICON	1.69	5.57	0.88	16.00	↓ 15.97
ILLOVO	2.15	17.03	6.95	1,355.13	1,355.13
MPICO	2.53	6.30	0.60	15.00	15.00
NBM	3.81	17.45	6.11	2,700.00	2,700.00
NBS Bank	5.05	8.92	5.24	89.99	89.99
NICO	5.02	6.69	2.28	199.37	↓ 199.36
NITL	1.58	2.58	1.23	411.44	↓ 411.43
PCL	1.83	7.46	1.14	2,506.97	2,506.97
Standard Bank	2.74	17.65	4.78	3,950.34	3,950.34
Sunbird	3.44	11.16	1.21	224.01	224.01
TNM	0.00	(33.75)	3.85	15.51	↑ 16.00
FMBCH	0.94	15.40	4.01	377.77	↑ 377.98
OMU	2.92	16.36	1.79	1,500.03	1,500.03
DSI	N/A	N/A	N/A	90,083.74	↓ 91,072.45
FSI	N/A	N/A	N/A	18,902.74	↓ 18,912.90
MASI	2.93	13.91	4.00	117,873.18	↓ 118,993.92

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	14-Jun-24	21-Jun-24	% Change
MK/US Dollar	1,733.87	1,733.87	⇒ 0.00%
MK/GBP	2,282.71	2,261.82	↑ 0.92%
MK/EUR	1,944.46	1,913.93	↑ 1.57%
MK/ZAR	94.38	99.38	↓ -5.29%

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 21 June 2024 (Source: RBM)

TENORS	VOLUME (K'MILLION)	AVERAGE YIELD (%)
182-days	10.00	20.00
364-days	32,363.24	26.00
5-Year TN	5,380.00	32.00
TOTAL	12,291.15	

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