NICO Asset Managers

"INVEST today for tomorrow".

WEEKLY MARKET UPDATE

Week ending 10 January 2025

1. **Money Market**

   Government Securities

   The Government Treasury Bills auction held during the week raised a total of K52.22 billion from total applications of K52.22 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: 20.00%, and 364 days: 26.00). The auctions on various treasury notes held during the week in review raised K27.67 billion from total applications of K27.67 billion resulting in a nil rejection rate. Total maturities for the week stood at K70.48 billion, resulting in a net liquidity outflow of K9.41 billion (*Source: RBM*).

2. **Interbank Market**

   Liquidity levels (excess reserves after Central Bank Operations) decreased to a daily average minus K9.52 billion from K4.06 billion recorded in the previous week. The volume on interbank overnight borrowing increased to an average of K98.38 billion at an average rate of 23.18% (previous week K130.53 billion at 23.20%). There were no transactions on the Lombard Facility (previous week: no transactions) (Source: RBM).

3. **Stock Market**

   The MASI closed the week at 179,503.72 points (previous week: 173,209.87 points), the Domestic Share Index (DSI) closed at 138,003.89 points (previous week: 132,403.57 points), and the Foreign Share Index (FSI) closed at 27,738.47 points (previous week: 27,738.47 points). The increase in the MASI was due to share price gains on Illovo, NBM, NBS Bank, PCL, Standard Bank and Sunbird, which were enough to offset losses on Airtel, NICO and TNM. A total of 10.76 million shares were traded at a value of K2.77 billion in 425 trades (*Source: MSE*).

4. **Local Market Developments**

   The National Food Reserves Agency (NFRA) plans to import 9,000 to 20,000 metric tonnes of maize from Tanzania due to high local prices and limited supply. With 50,000 metric tonnes in reserve after distributing 56,000 tonnes, NFRA aims to supplement stocks for the lean period. The agency has K23.0 billion for procurement efforts. Meanwhile, DODMA has secured $148 million out of $197 million needed to support 5.7 million people affected by hunger. (*Source: The Nation*)

5. **Regional Developments in the Week**

   Zambia's kwacha hit record lows, reaching ZMW28.13 per US Dollar amid economic strain from drought and electricity shortages impacting copper production. Despite optimism after debt restructuring in 2023, the kwacha is 3% below pre-deal levels and has dropped nearly 15% in six months. Analysts cite imported electricity payments and insufficient hydropower from the Kariba Dam as key factors exacerbating economic challenges tied to El Niño's severe drought effects. (*Source: Reuters*)

6. **Global Developments in the Week**

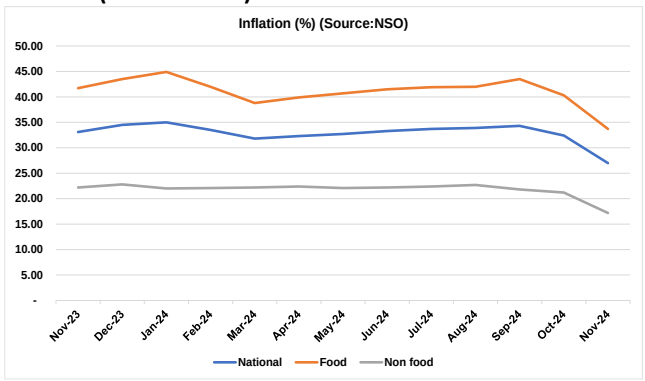
   The U.S. economy added 256,000 jobs in December, surpassing expectations of 160,000, with unemployment falling to 4.1%. Gains were broad-based, led by healthcare, retail, and leisure sectors, though manufacturing lost 13,000 jobs. The strong labour market has raised expectations that the Federal Reserve will keep its benchmark overnight interest rate unchanged in the 4.25%-4.50% range at its Jan. 28-29 meeting (*Source: Reuters*)

	Div yield %	P/E	P/BV	03-Jan-25	10-Jan-25
Counter				MK/Share	MK/Share
AIRTEL	-	(61.37)	(89.25)	90.00	⬇ 86.06
BHL	-	(107.89)	12.42	14.55	14.55
FDH Bank	2.21	28.69	17.42	148.22	148.22
ICON	1.50	6.29	1.00	18.05	18.05
ILLOVO	0.37	42.72	6.50	1,355.08	⬆ 1,355.09
MPICO	2.05	7.79	0.74	18.53	18.53
NBM	2.58	25.73	9.00	3,462.18	⬆ 3,981.50
NBS Bank	1.76	25.62	15.04	195.63	⬆ 258.57
NICO	2.39	14.05	4.80	419.02	⬇ 419.00
NITL	1.48	2.76	1.32	440.00	440.00
PCL	1.84	7.44	1.14	2,499.79	⬆ 2,499.81
Standard Bank	1.67	28.97	7.85	6,483.95	⬆ 6,483.97
Sunbird	3.21	11.96	1.29	240.09	⬆ 240.10
TNM	-	(43.24)	4.93	24.99	⬇ 20.50
FMBCH	1.98	22.63	5.90	555.00	555.00
OMU	3.25	21.99	1.97	1,950.01	1,950.01
DSI	N/A	N/A	N/A	132,403.57	⬆ 138,003.89
FSI	N/A	N/A	N/A	27,738.47	27,738.47
MASI	1.66	26.01	6.23	173,209.87	⬆ 179,503.72

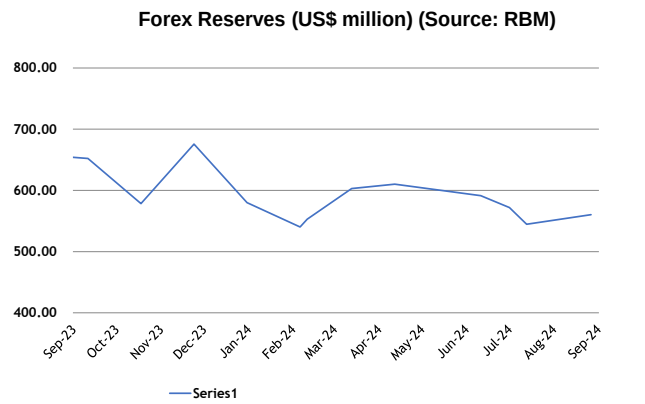
Stock Market (Source: Malawi Stock Exchange)

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

Inflation (Source: NSO)



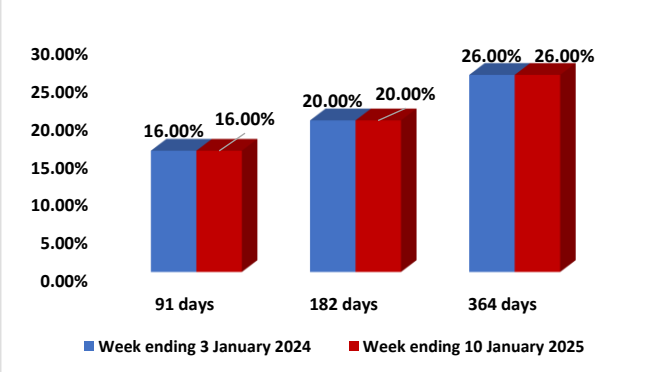
Foreign Exchange Reserves (Source: RBM)



Exchange Rates - Middle Rates (Source: RBM)

CURRENCY	03-Jan-25	10-Jan-25	% Change
MK/US Dollar	1,734.01	1,734.01	0.00%
MK/GBP	2,213.61	2,193.07	0.93%
MK/ZAR	95.53	94.26	1.33%
MK/EUR	1,834.61	1,837.29	-0.15%

Government Securities for week ending 10 January 2025 (Source: RBM)



TENORS	VOLUME (K' BILLION)	AVERAGE YIELD (%)
91- days	0.08	16.00
182-days	9.50	20.00
364-days	42.64	26.00
2-Years	0.44	28.75
3-Years	8.08	30.00
5-Years	18.87	32.00
7-Years	0.12	34.00
10-Years	0.16	35.00

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