



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 17 November 2016

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Projections

	Today	Week ending 18 <sup>th</sup> November 2016
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-11,112	-9,527
Estimated Excess Reserves before OMO	3,743	8,257
Estimated Excess Reserves after OMO	0	0
Required Reserves	54,366	54,366

#### ii. Known Projected Transactions

	Week ending 11 <sup>th</sup> November 2016	Week ending 18 <sup>th</sup> November 2016	Week ending 25 <sup>th</sup> November 2016	November 2016	December 2016
Maturity of normal TBs/TNs/PNs	10,794	10,181	2,654	37,692	29,744
Maturity of OMO Repos	13,817	32,981	39,394	109,529	34,895

#### Commentary:

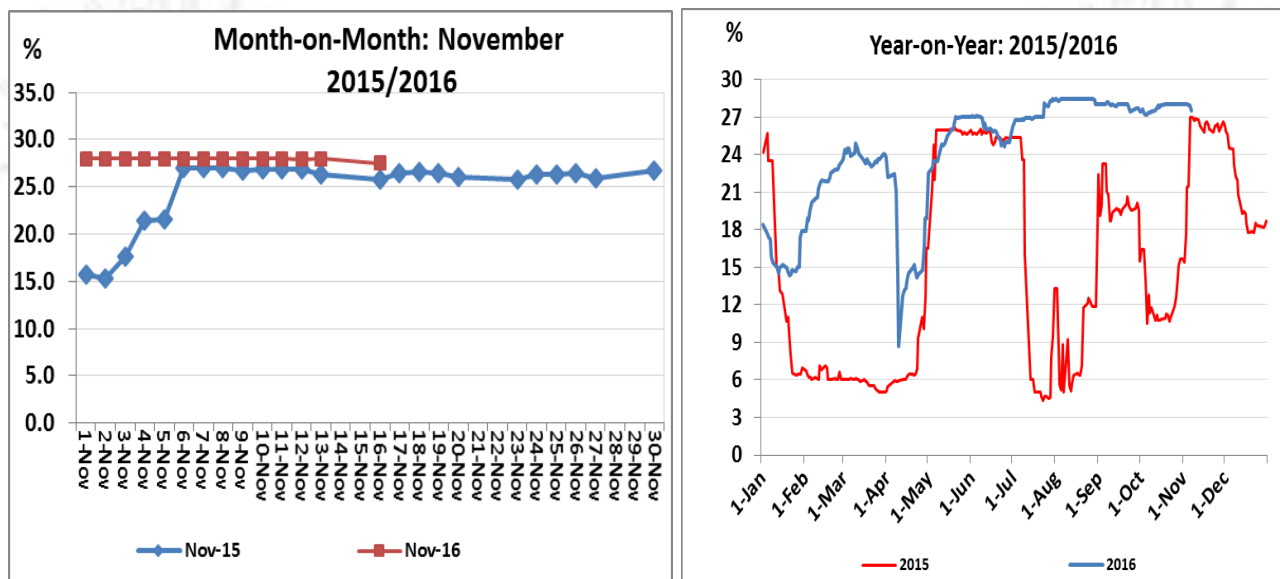
- Excess reserves increased to K14.86 billion yesterday from K13.04 billion recorded on Tuesday, 15<sup>th</sup> November 2016.

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	4,045	27.52
07 days	-	-
14 days	-	-
30 days	-	-
<b>(b) RBM Open market operations</b>		
(i) Repos		
07 days	-	-
14 days	-	-
30 days	2	29.00
62 days	-	-
273 days	1,000	29.00
364 days	2,000	29.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	1,230	29.00

## ii. Weighted Average Interbank Rates



### Commentary:

- Traded volume on the interbank market decreased to K4.05 billion yesterday from K4.66 billion recorded on Tuesday, 15<sup>th</sup> November 2016.
- The overnight interbank market rate (IBR) dropped to 27.52 percent from 27.97 percent recorded on Tuesday, 15<sup>th</sup> November 2016.
- About K3.00 billion was withdrawn from the banking system through OMO repos yesterday, 16<sup>th</sup> November 2016.
- A total of K1.23 billion was accessed on the Lombard Facility yesterday.

## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Reserves Position

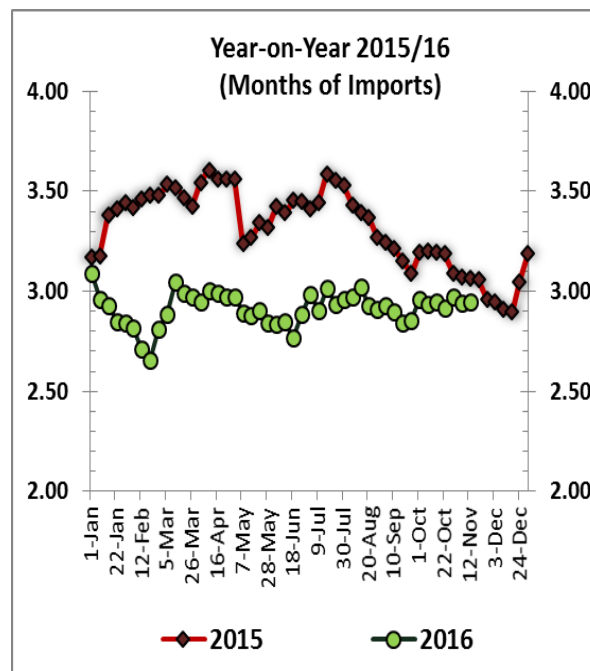
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
28 <sup>th</sup> October 2016	609.77	2.92
4 <sup>th</sup> November 2016	621.59	2.97
11 <sup>th</sup> November 2016	615.37	2.94
15 <sup>th</sup> November 2016	615.50	2.94

\* US\$209.0 million per month is used in this calculation

### Commentary:

- Gross official reserves decreased during the week ending 11<sup>th</sup> November 2016 compared to the previous week. As at 15<sup>th</sup> November 2016, the gross official reserves stood at US\$615.50 million (2.94 months of imports).



## ii. Private Sector Foreign Exchange Reserves

(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
28 <sup>th</sup> October 2016	-4.02	330.02	326.00	1.56
4 <sup>th</sup> November 2016	-2.18	324.86	322.68	1.54
11 <sup>th</sup> November 2016	-8.12	314.31	306.18	1.46
16 <sup>th</sup> November 2016	-7.19	313.03	305.84	1.46

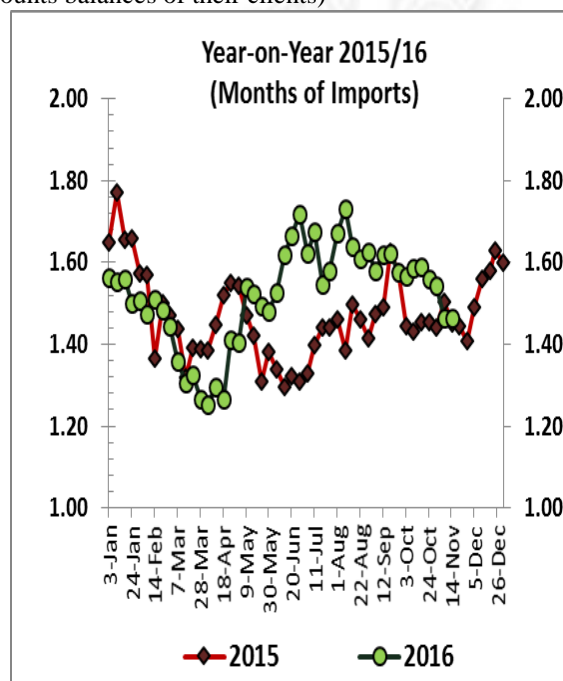
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### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
28 <sup>th</sup> October 2016	44.62	47.75
4 <sup>th</sup> November 2016	54.10	52.74
11 <sup>th</sup> November 2016	39.88	45.90
On 16 <sup>th</sup> November 2016	4.24	3.99

### Commentary:

- ADB's purchased US\$39.88 million from the market and monetary authorities during the week ending 11<sup>th</sup> November 2016 against sales to the market at US\$45.90 million. Yesterday, ADB's purchased US\$4.24 million from the market and sold US\$3.99 million.

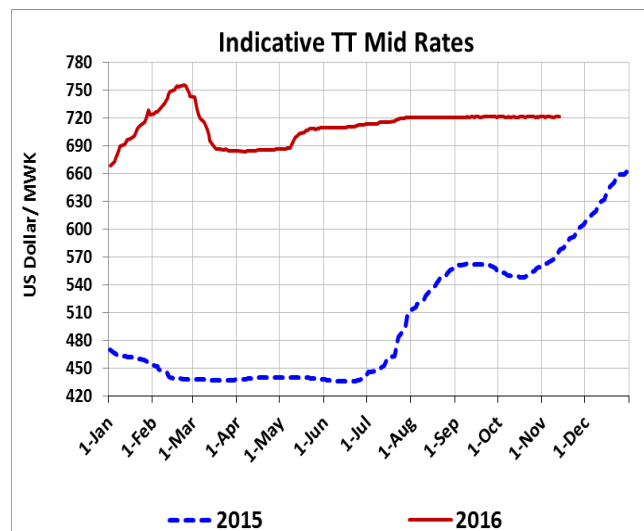
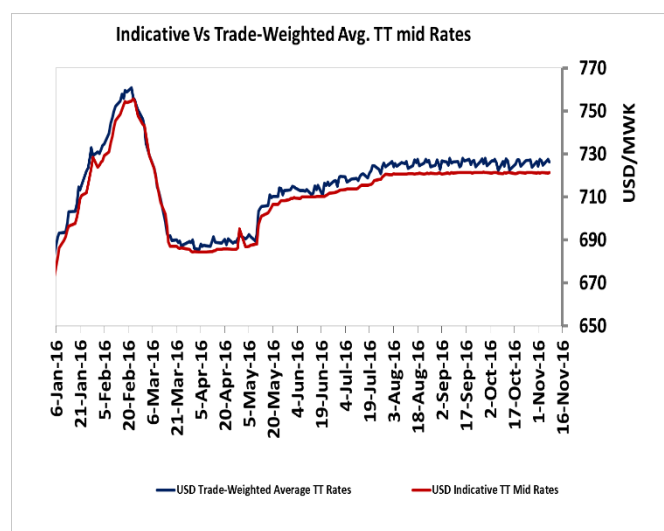


## iii. Exchange Rate Developments

	9 <sup>th</sup> Nov 2016	10 <sup>th</sup> Nov 2016	11 <sup>th</sup> Nov 2016	14 <sup>th</sup> Nov 2016	15 <sup>th</sup> Nov 2016	16 <sup>th</sup> Nov 2016	Today's Indicative Rate's
MWK/USD	721.2961	724.7011	726.3192	726.0934	725.2955	727.3008	721.5863
MWK/GBP	904.866	901.2088	909.5603	914.5546	903.7715	901.8048	897.2204
MWK/EUR	814.7039	799.2353	789.9525	780.9577	779.4559	782.8118	771.9530
MWK/ZAR	52.4381	53.9545	51.5040	50.0446	50.7290	51.6539	50.5192

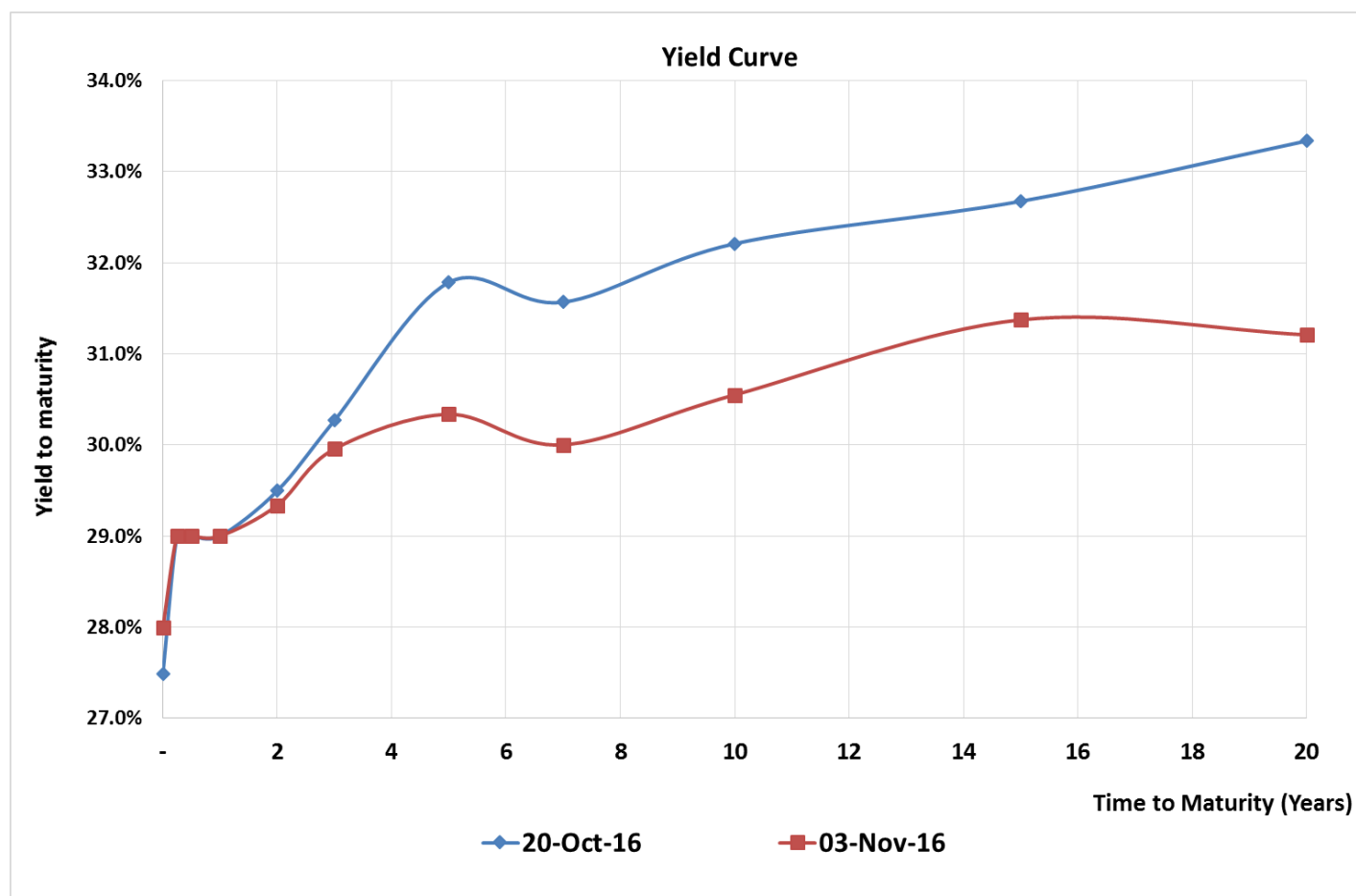
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

**Commentary:** Yesterday, the Kwacha appreciated versus the GBP but depreciated against the USD, the EUR and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K721.5863 against the USD today.



#### D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
12 <sup>th</sup> August 2016	28.29%	29.00%	29.00%	29.00%	26.16%	26.35%	26.21%	26.60%	26.43%	27.32%	28.39%
19 <sup>th</sup> August 2016	28.45%	27.84%	27.57%	27.66%	27.10%	27.24%	27.05%	27.12%	27.28%	28.69%	29.78%
01 <sup>st</sup> September 2016	28.50%	29.00%	29.00%	29.00%	35.04%	35.56%	36.84%	36.41%	37.80%	38.15%	41.26%
08 <sup>th</sup> September 2016	28.00%	29.00%	29.00%	29.00%	28.84%	29.87%	32.91%	32.43%	32.93%	40.28%	41.63%
15 <sup>th</sup> September 2016	28.00%	29.00%	29.00%	29.00%	28.16%	28.35%	27.70%	27.57%	29.21%	29.67%	29.84%
29 <sup>th</sup> September 2016	28.00%	29.00%	29.00%	29.00%	29.51%	29.77%	30.05%	30.48%	30.51%	31.23%	31.57%
20 <sup>th</sup> October 2016	27.49%	29.00%	29.00%	29.00%	29.50%	30.27%	31.78%	31.57%	32.21%	32.67%	33.34%
3 <sup>rd</sup> November 2016	28.00%	29.00%	29.00%	29.00%	29.34%	29.96%	30.34%	30.00%	30.55%	31.37%	31.21%
03 November-20 October Change in Yield (Bp)	51	0	0	0	-16	-31	-145	-156	-166	-130	-213



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