



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 30 January 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 3 rd February 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-628	19,797
Estimated Excess Reserves before OMO	3,280	23,705
Estimated Excess Reserves after OMO	0	0
Required Reserves	55,115	55,115

ii. Known Projected Transactions

	Week ending 3 rd February 2017	Week ending 10 th February 2017	Week ending 17 th February 2017	January 2017	February 2017
Maturity of normal TBs/TNs/PNs	5,266	3,278	16,168,	42,324	30,581
Maturity of OMO Repos	29,758	13,257	15,681	115,028	61,379

Commentary:

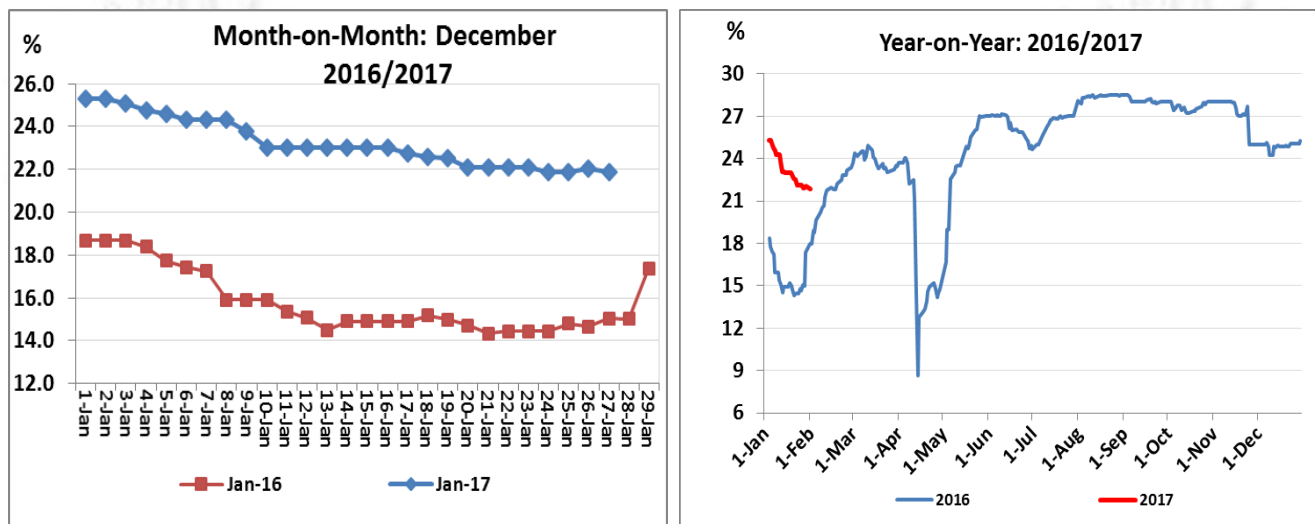
- Excess reserves dropped to K3.91 billion on Friday, 27th January 2017 from K4.65 billion recorded on Thursday, 26th January 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	9,050	21.86
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	1,000	24.00
14 days	-	-
32 days	-	-
60 days	-	-
273 days	-	-
364 days	505	26.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	2,500	26.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K9.05 billion on Friday, 27th January 2017 from K7.09 billion recorded on Thursday, 26th January 2017.
- The overnight interbank market rate (IBR) went down by 18 basis points and closed at 21.86 percent.
- About K1.51 billion was withdrawn from the banking system through OMO repos on Friday, 27th January 2017.
- A total of K2.50 billion was accessed on the Lombard Facility on Friday, 27th January 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

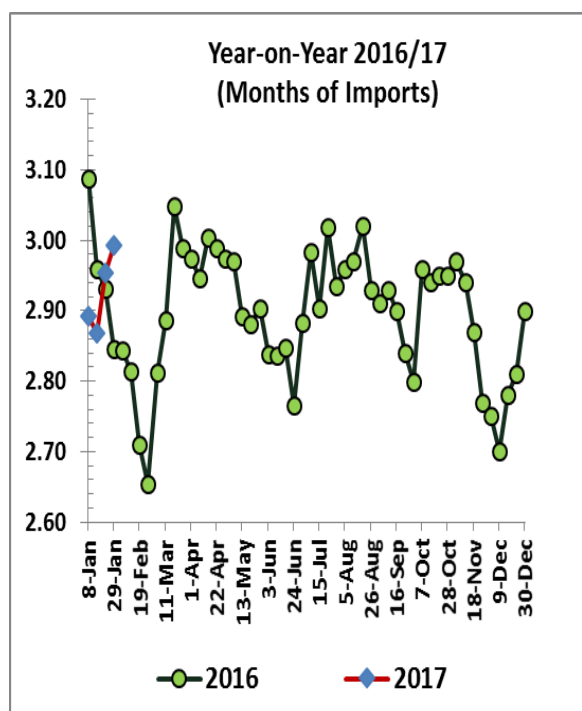
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
6 th January 2017	604.55	2.89
13 th January 2017	599.54	2.87
20 th January 2017	617.41	2.95
On 26 th January 2017	625.61	2.99

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

Commentary:

- Gross official reserves increased during the week ending 20th January 2017 compared to the previous week. As at 26th January 2017, the gross official reserves increased further and stood at US\$625.61 million (2.99 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)
6 th January 2017	-0.48	333.40	332.92	1.59
13 th January 2017	-0.82	329.29	328.47	1.57
20 th January 2017	2.93	330.40	333.33	1.59
On 26 th January 2017	-0.92	315.82	314.90	1.51

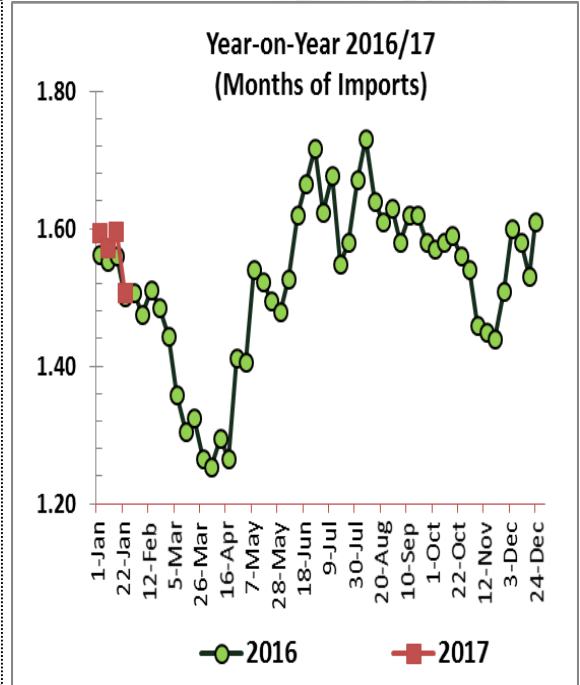
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
13 th January 2017	39.54	45.12
20 th January 2017	48.93	46.56
27 th January 2017	48.61	55.11
On 27 th January 2017	11.18	9.07

Commentary:

- ADB's purchased US\$48.61 million from the market and monetary authorities during the week ending 27th January 2017 against sales to the market at US\$55.11 million. On Friday, 27th January 2017 alone, ADB's purchased US\$11.18 million from the market and sold US\$9.07 million.

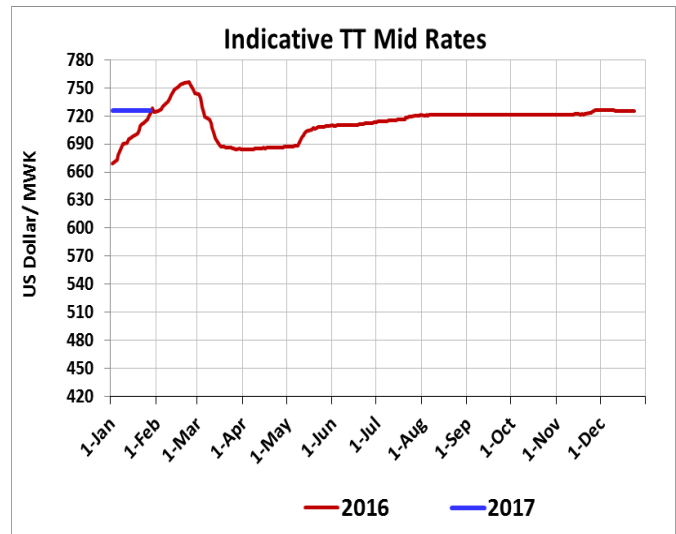
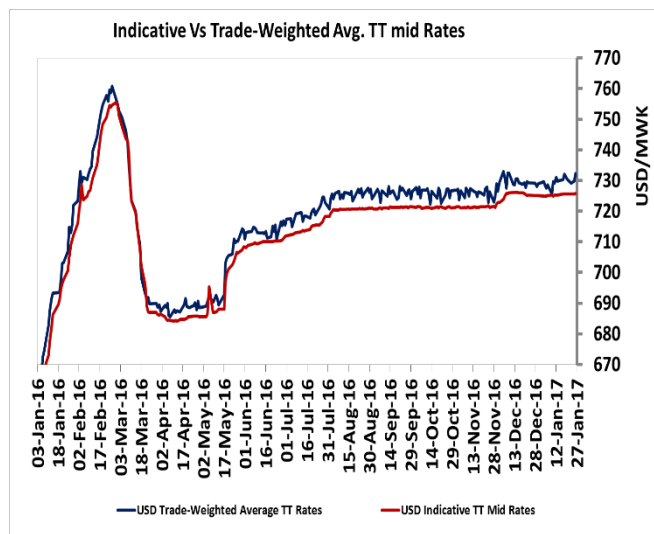


iii. Exchange Rate Developments

	20 th Jan 2017	23 rd Jan 2017	24 th Jan 2017	25 th Jan 2017	26 th Jan 2017	27 th Jan 2017	Today's Indicative Rates
MWK/USD	732.2247	730.8372	731.6238	732.4029	731.8564	728.5801	725.5270
MWK/GBP	900.0723	904.7686	917.0528	914.8728	922.7402	918.7748	912.2051
MWK/EUR	777.3933	779.1519	783.1864	784.1574	783.8980	779.2991	778.2728
MWK/ZAR	53.8447	54.1005	54.0259	54.3571	54.7871	54.4267	53.9441

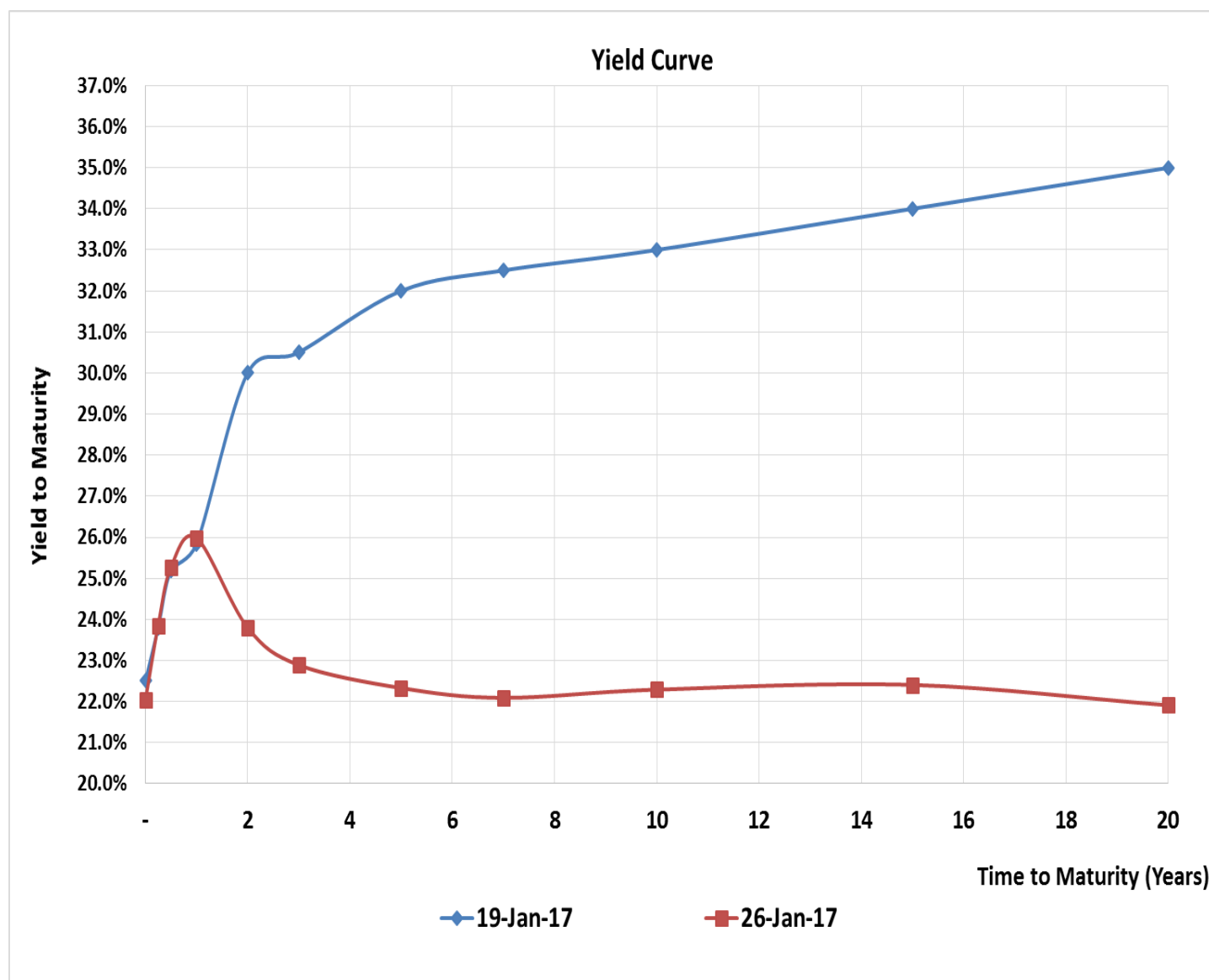
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 27th January 2017, the Kwacha appreciated against the USD, the EUR, the GBP and the ZAR. Indicatively, the Malawi Kwacha is expected to trade around K725.5270 against the USD today, 30th January 2017.



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
15 th 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 th 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 th 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 rd November 2016	28.00%	29.00%	29.00%	29.00%	29.34%	29.96%	30.34%	30.00%	30.55%	31.37%	31.21%
24 th November 2016	27.72%	27.74%	27.88%	28.18%	29.08%	30.05%	30.86%	31.22%	31.78%	32.42%	32.86%
12 th January 2017	23.00%	23.98%	25.47%	26.00%	26.82%	27.19%	28.41%	28.31%	29.57%	30.43%	29.88%
19 th January 2017	22.51%	23.80%	25.19%	25.84%	30.00%	30.50%	32.00%	32.50%	33.00%	34.00%	35.00%
26 th January 2017	22.04%	23.85%	25.27%	25.99%	23.80%	22.89%	22.33%	22.09%	22.29%	22.41%	21.91%
26 January 2017-19 January 2017 Change in Yield (Bp)	-47	5	8	15	-620	-761	-967	-1,041	-1,071	-1,160	-1,309



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