



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 01 February 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 3 rd February 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-18,983	10,342
Estimated Excess Reserves before OMO	-17,422	-2,479
Estimated Excess Reserves after OMO	0	0
Required Reserves	57,737	57,737

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	16,957	15,681	115,028	61,379

Commentary:

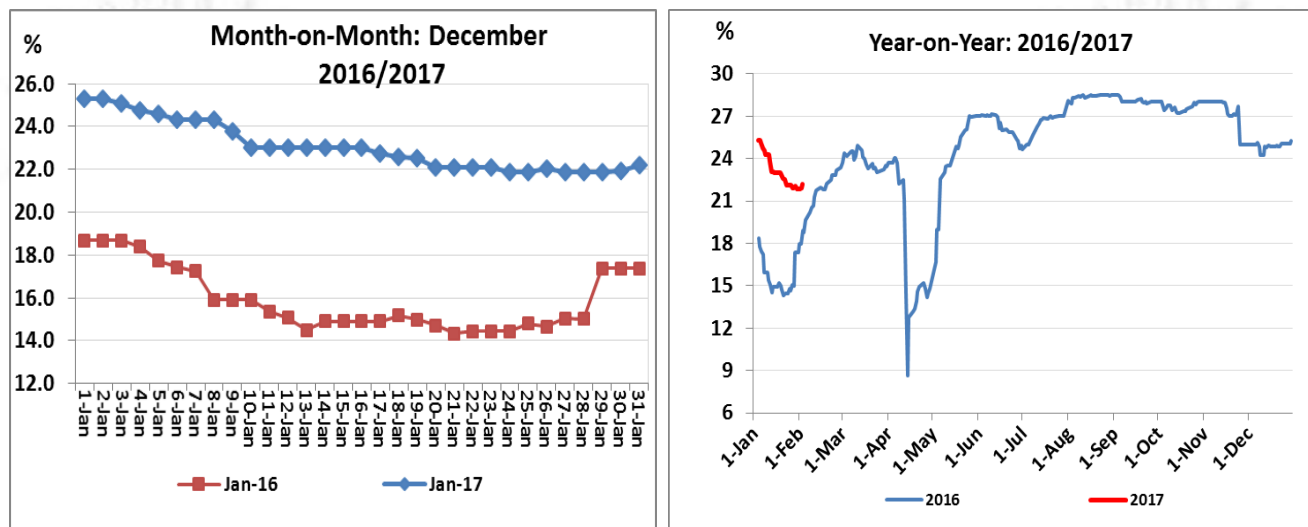
- Excess reserves increased to K1.56 billion yesterday from K135.00 million recorded on Monday, 30th January 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,950	22.21
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	3,700	24.00
14 days	-	-
32 days	-	-
60 days	38	24.00
273 days	-	-
364 days	270	26.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	24,930	26.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market decreased to K2.95 billion yesterday from K9.61 billion recorded on Monday, 30th January 2017.
- The overnight interbank market rate (IBR) increased to 22.21 percent from 21.92 percent recorded on Monday, 30th January 2017.
- About K4.01 billion was withdrawn from the banking system through OMO repos yesterday, 31st January 2017.
- A total of K24.93 billion was accessed on the Lombard Facility yesterday, 31st January 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

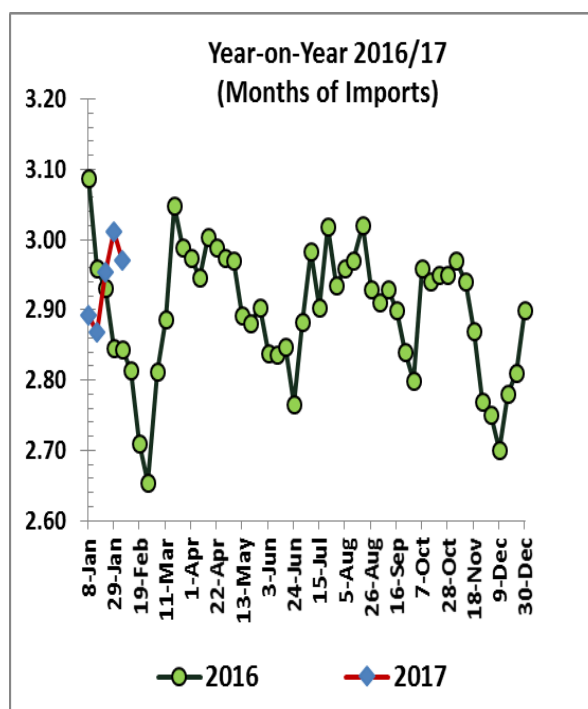
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
13 th January 2017	599.54	2.87
20 th January 2017	617.41	2.95
27 th January 2017	629.37	3.01
On 30 th January 2017	620.80	2.97

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

Commentary:

- Gross official reserves increased during the week ending 27th January 2017 compared to the previous week. As at 30th January 2017, the gross official reserves stood at US\$620.80 million (2.97 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)
13 th January 2017	-0.82	329.29	328.47	1.57
20 th January 2017	2.93	330.40	333.33	1.59
27 th January 2017	2.56	315.03	317.59	1.52
On 30 th January 2017	2.19	311.94	314.13	1.50

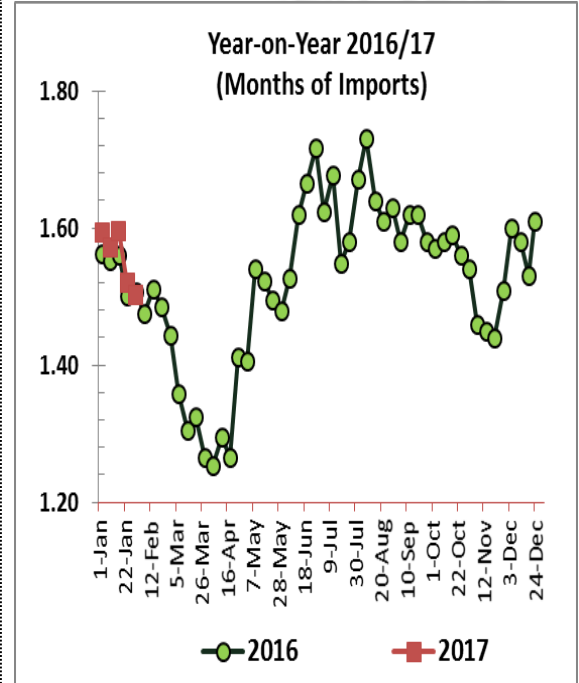
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

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 31 st January 2017	21.51	19.37

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. Yesterday, 31st January 2017, ADB's purchased US\$21.51 million from the market and sold US\$19.37 million.

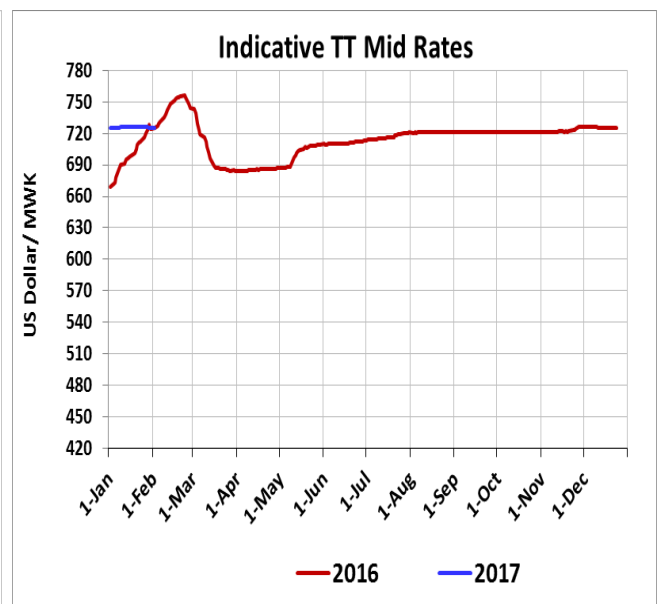
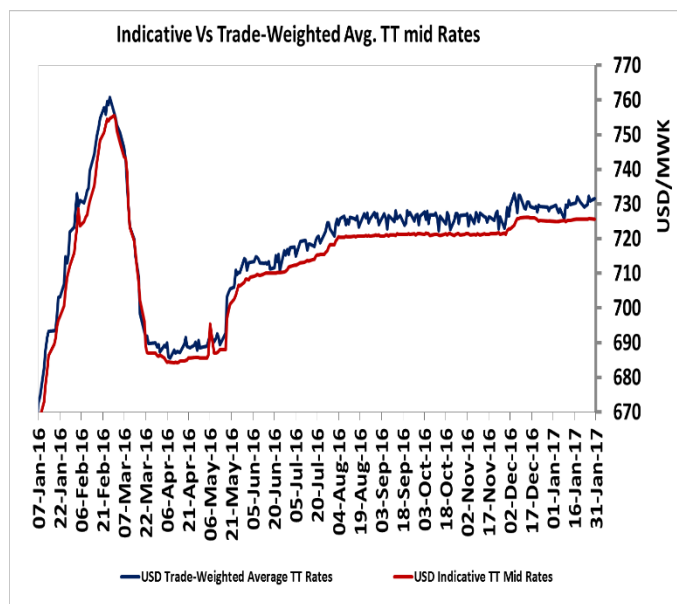


iii. Exchange Rate Developments

	24 th Jan 2017	25 th Jan 2017	26 th Jan 2017	27 th Jan 2017	30 th Jan 2017	31 st Jan 2017	Today's Indicative Rates
MWK/USD	731.6238	732.4029	731.8564	728.5801	731.6801	729.5970	725.5324
MWK/GBP	917.0528	914.8728	922.7402	918.7748	916.3071	914.6643	911.9217
MWK/EUR	783.1864	784.1574	783.8980	779.2991	778.3160	779.6135	782.8495
MWK/ZAR	54.0259	54.3571	54.7871	54.4267	54.0298	53.9351	53.7439

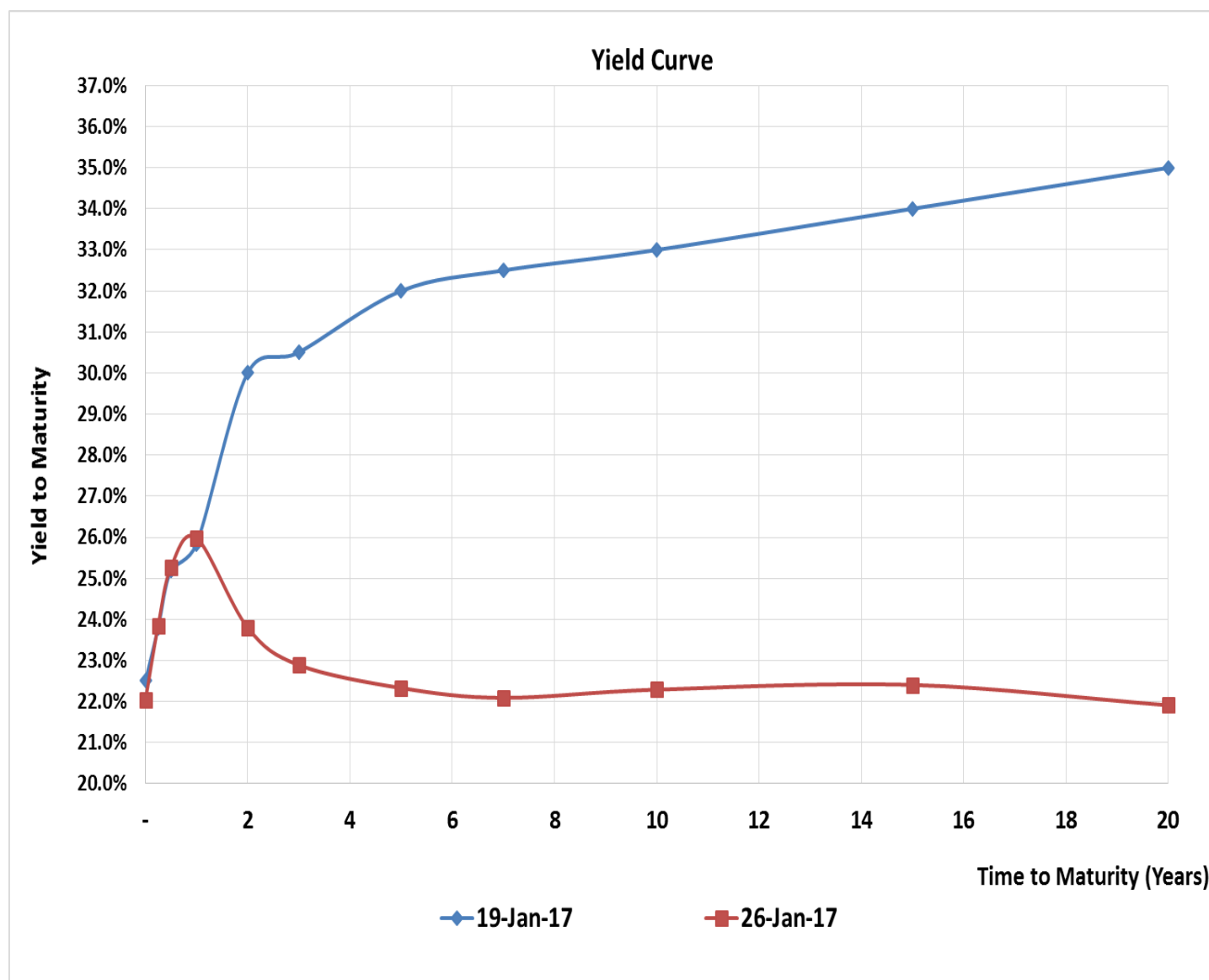
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 31st January 2017, the Kwacha appreciated against the USD, the GBP and the ZAR. The local currency, however, lost value against the EUR. Indicatively, the Malawi Kwacha is expected to trade around K725.5324 against the USD today, 1st February 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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