



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 24th April 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 28 th April 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	5,086	9,031
Estimated Excess Reserves before OMO	7,634	11,579
Estimated Excess Reserves after OMO	0	0
Required Reserves	56,932	56,932

ii. Known Projected Transactions

	Week ending 28 th April 2017	Week ending 5 th May 2017	Week ending 12 th May 2017	April 2017	May 2017
Maturity of normal TBs/TNs/PNs	4,937	3,526	8,916	31,244	23,045
Maturity of OMO Repos	12,039	3,470	7,978	55,568	16,845

Commentary:

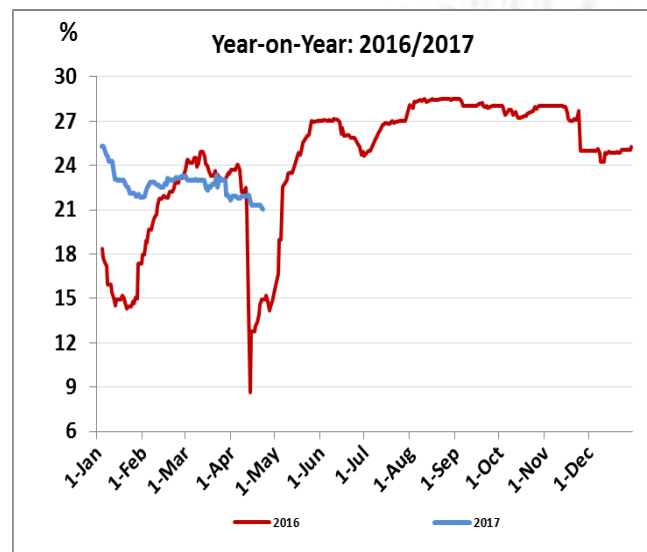
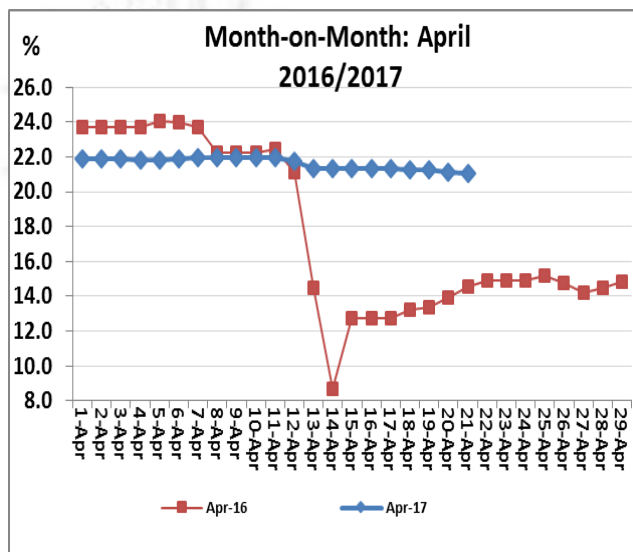
- Excess reserves dropped to K2.55 billion on Friday, 21st April 2017 from K5.86 billion recorded on Thursday, 20th April 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	3,600	21.03
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
33 days	-	-
62 days	-	-
90 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	2,830	24.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K3.60 billion of Friday, 21st April 2017 from K1.8 billion recorded on Thursday, 20th April 2017.
- The overnight interbank market rate (IBR) dropped by 10 basis points and closed at 21.03 percent.
- A total of K2.83 billion was accessed on the Lombard Facility on Friday, 21st April 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

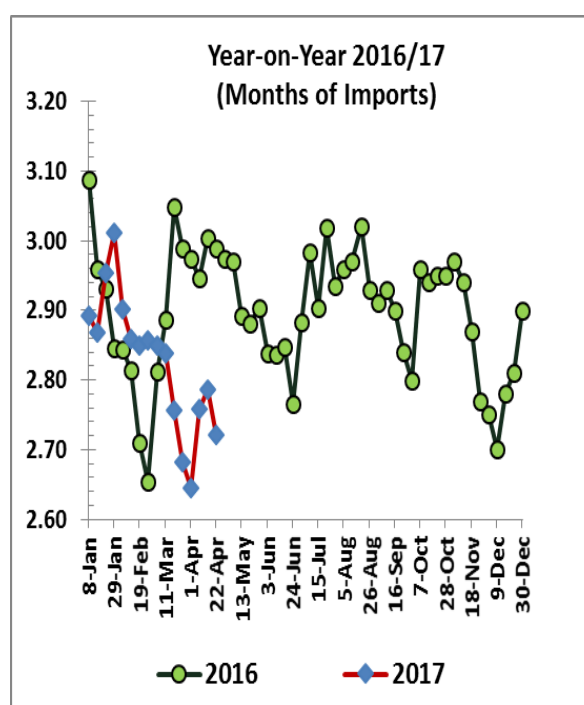
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
31 st March 2017	552.85	2.65
7 th April 2017	576.57	2.76
13 th April 2017	582.28	2.79
20 th April 2017	568.90	2.72

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

Commentary:

- Gross official reserves increased during the week ending 13th April 2017 compared to the previous week. As at 20th April 2017, the gross official reserves dropped and stood at US\$568.90 million (2.72 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)
31 st March 2017	2.91	330.10	333.01	1.59
7 th April 2017	-4.76	326.46	321.70	1.54
13 th April 2017	-10.79	336.11	325.32	1.56
19 th April 2017	-12.07	351.46	339.39	1.62

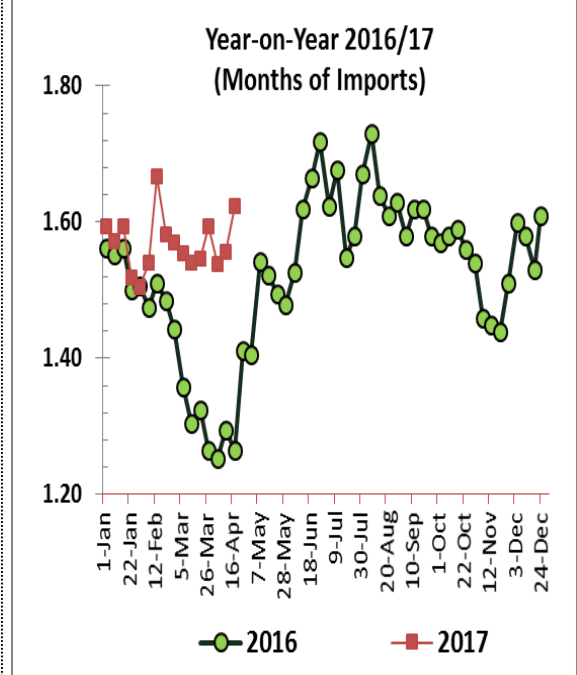
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
13 th April 2017	26.39	44.31
21 st April 2017	38.54	34.68
On 21 st April 2017	13.25	9.56

Commentary:

- ADB's purchased US\$38.54 million from the market and monetary authorities during the week ending 21st April 2017 against sales to the market at US\$34.68 million. On Friday, 21st April 2017 alone, ADB's purchased US\$ 13.25 million from the market and sold US\$ 9.56 million.

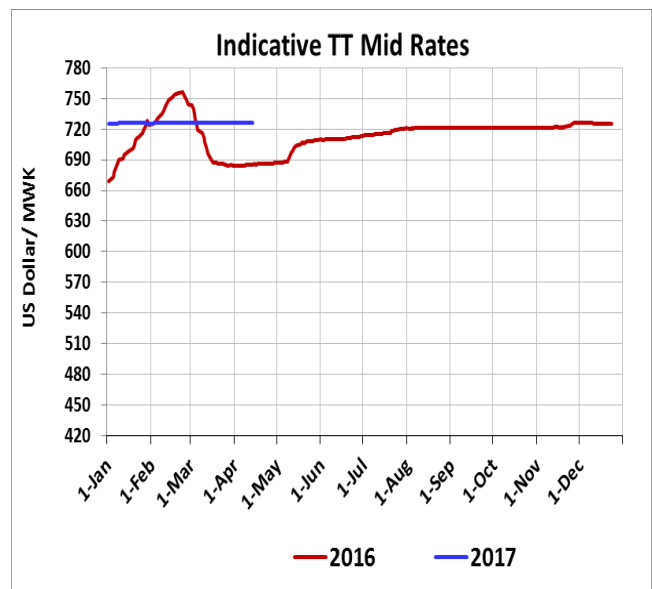
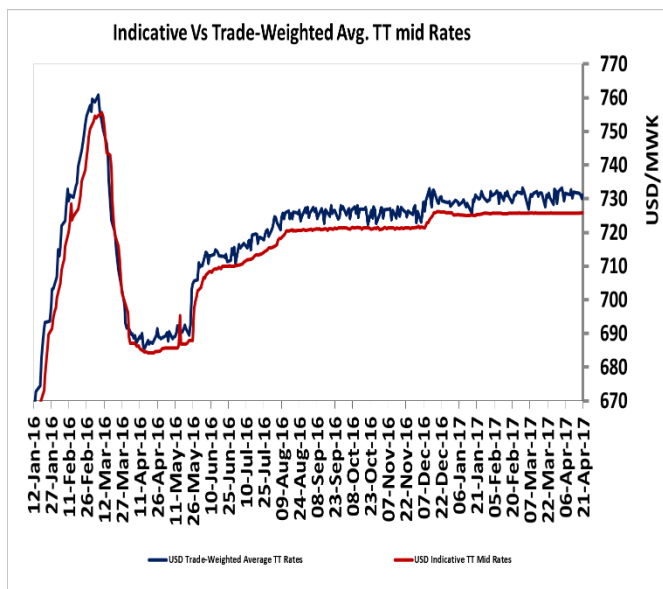


iii. Exchange Rate Developments

	13 th April 2017	18 th April 2017	19 th April 2017	20 th April 2017	21 st April 2017	Today's Indicative Rates
MWK/USD	731.2164	728.6855	731.5986	730.3989	729.6522	726.2194
MWK/GBP	915.8662	913.3843	938.1941	936.7540	938.4236	929.3430
MWK/EUR	779.7108	776.6969	781.7267	782.7419	784.2467	773.4963
MWK/ZAR	54.1161	54.7410	54.5492	55.0537	55.3534	55.8544

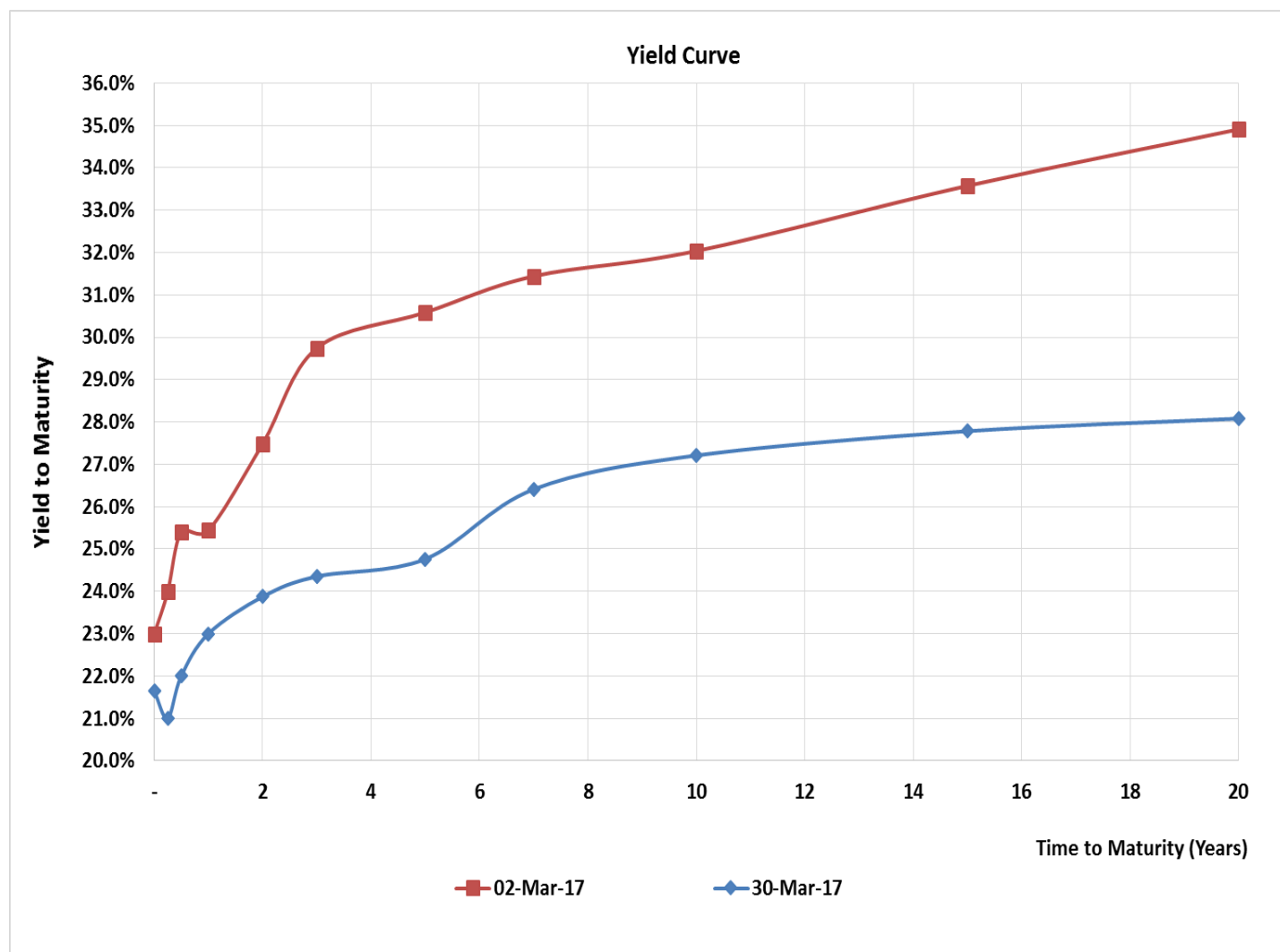
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 21st April 2017, the Kwacha appreciated against the USD but lost value versus the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to trade around K726.2194 against the USD today, 24th April 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
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%	22.31%	22.41%	21.91%
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	29.57%
16 th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	25.73%
2 nd March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	34.91%
30 th March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	28.08%
30 March 2017-02 March 2017 Change in Yield (Bp)	-136	-299	-340	-244	-361	-539	-582	-503	-483	-579	-683



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