



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 03 July 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 7 th July 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-14,499	-7,240
Estimated Excess Reserves before OMO	-5,156	2,103
Estimated Excess Reserves after OMO	0	0
Required Reserves	59,320	59,320

ii. Known Projected Transactions

	Week ending 07 th July 2017	Week ending 14 th July 2017	Week ending 21 st July 2017	July 2017	August 2017
+ Maturity of normal TBs/TNs/PNs	1,826	5,727	9,588	20,887	18,541
Maturity of OMO Repos	33,976	3,192	2,789	45,650	12,214

Commentary:

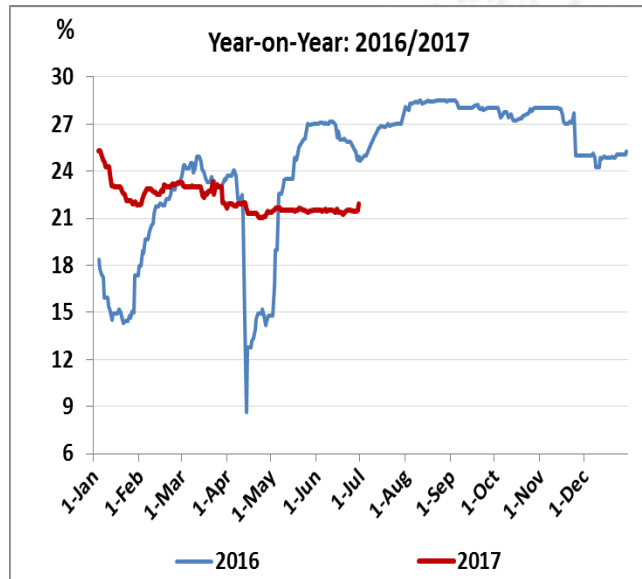
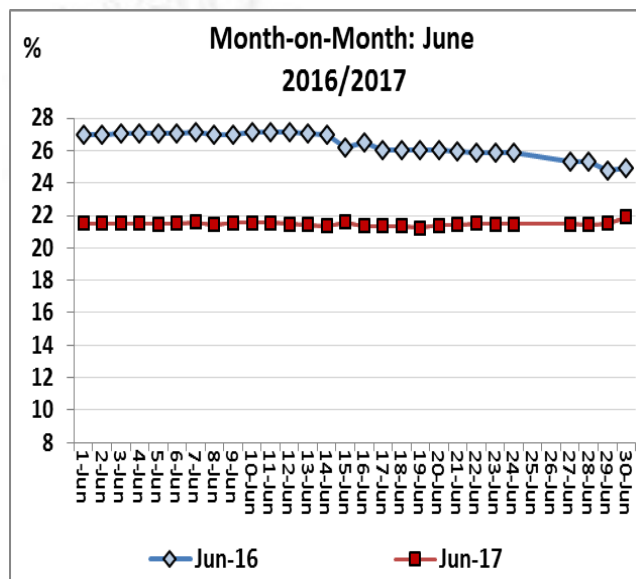
- Excess reserves increased to K9.34 billion on Friday, 30th June 2017 from K8.17 billion recorded on Thursday, 29th June 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	9,665	21.92
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
32 days	-	-
60 days	-	-
273 days	-	-
364 days	1,264	23.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	17,050	24.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K9.67 billion on Friday, 30th June 2017 from K1.60 billion recorded on Thursday, 29th June 2017.
- The overnight interbank market rate (IBR) increased to 21.92 percent from 21.50 percent recorded on Thursday, 29th June 2017.
- About K1.26 billion was withdrawn from the banking system through OMO repos on Friday, 30th June 2017.
- A total of K17.05 billion was accessed on the Lombard Facility on Friday, 30th June 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

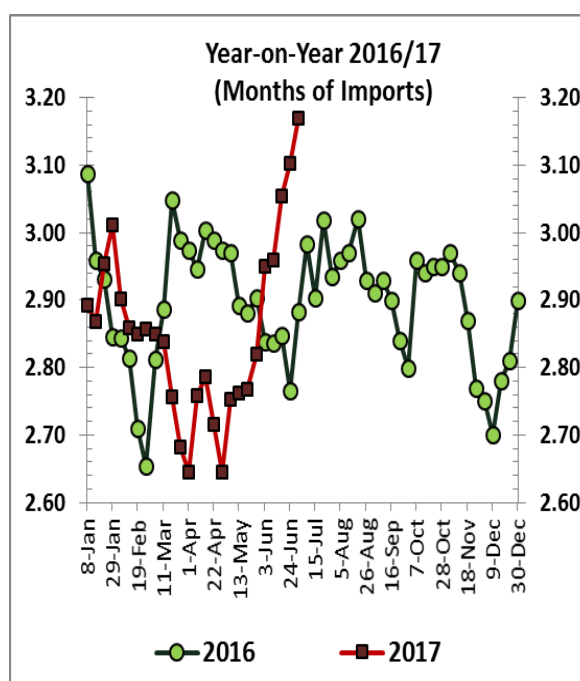
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
9 th June 2017	617.64	2.96
16 th June 2017	638.51	3.06
23 rd June 2017	648.63	3.10
29 th June 2017	662.63	3.17

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

Commentary:

- Gross official reserves increased during the week ending 23rd June 2017 compared to the previous week. As at 29th June 2017, gross official reserves increased further and stood at US\$662.63 million (3.17 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)
2 nd June 2017	-9.21	326.11	316.90	1.52
9 th June 2017	-8.71	329.86	321.15	1.54
16 th June 2017	-2.96	337.97	335.02	1.60
29 th June 2017	-4.68	363.51	358.83	1.72

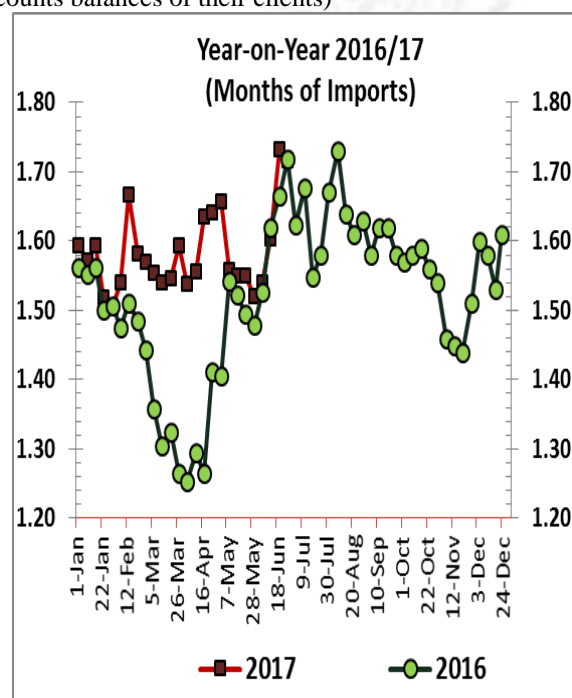
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 rd June 2017	51.69	57.93
30 th June 2017	47.90	47.79
On 30 th June 2017	15.85	13.80

Commentary:

- ADB's purchased US\$47.90 million from the market and monetary authorities and sold US\$47.79 million during the week ending 30th June 2017. On Friday, 30th June 2017 alone, ADB's purchased US\$15.85 million from the market and sold US\$13.80 million.

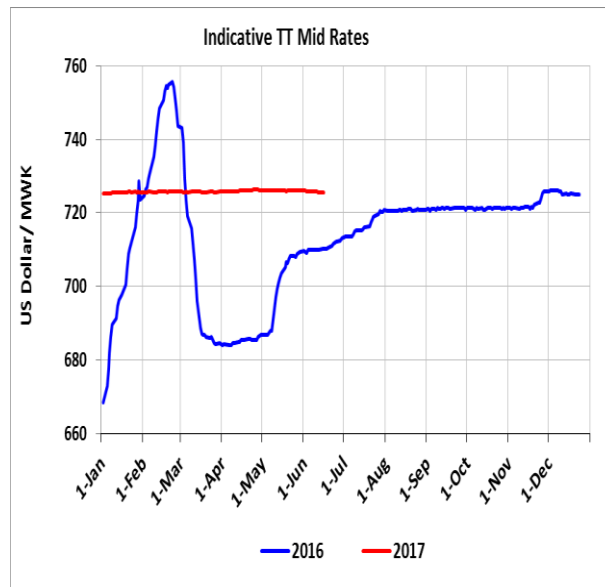
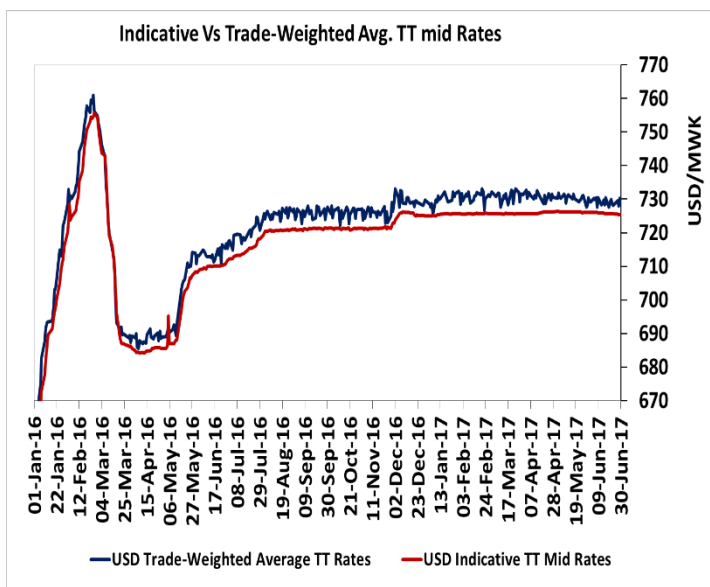


iii. Exchange Rate Developments

	23 rd June 2017	27 th June 2017	28 th June 2017	29 th June 2017	30 th June 2017	Today's Indicative Rates
MWK/USD	730.1786	728.2102	729.4644	730.1329	728.5140	725.4451
MWK/GBP	928.4954	930.2962	935.5717	942.5884	948.0761	942.7885
MWK/EUR	815.8563	815.9883	826.6977	832.2853	831.4701	827.8779
MWK/ZAR	56.2096	56.8877	56.5090	56.4531	55.9123	55.5144

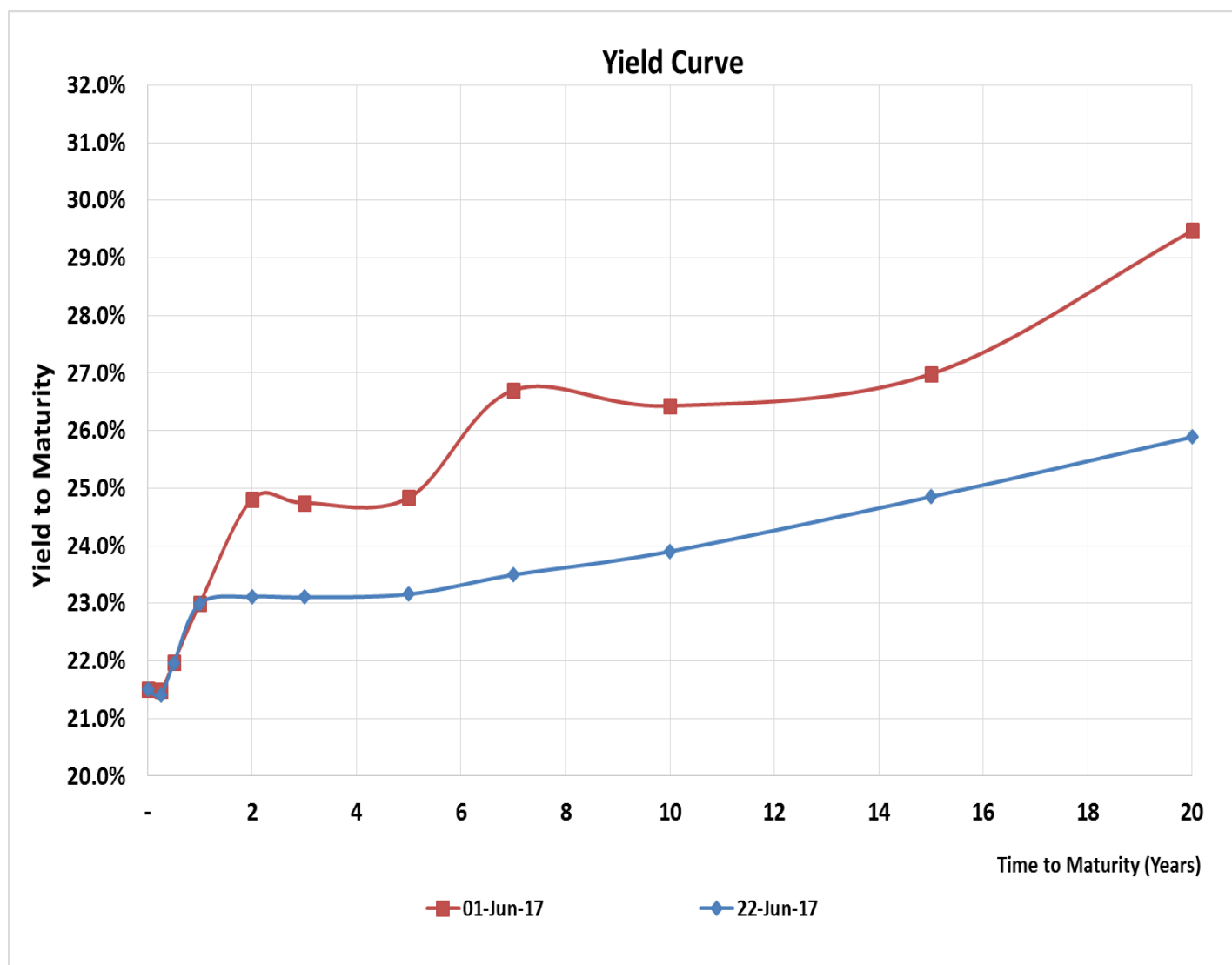
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 30th June 2017, the Kwacha appreciated against the USD, the EUR and the ZAR but depreciated against the GBP. Indicatively, the local currency is expected to trade around K725.4451 against the USD today, 3rd July 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
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	21.91%
16 th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	29.57%
2 nd March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	25.73%
30 th March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	34.91%
27 April 2017	21.46%	21.50%	22.47%	23.47%	24.81%	23.67%	23.24%	25.08%	23.91%	23.64%	28.08%
11 th May 2017	21.51%	21.48%	22.08%	23.30%	25.28%	25.32%	25.69%	27.14%	27.36%	28.46%	25.14%
1 st June 2017	21.50%	21.49%	21.97%	23.00%	24.81%	24.75%	24.83%	26.70%	26.43%	26.98%	29.47%
22 nd June 2017	21.50%	21.41%	21.96%	23.00%	23.11%	23.11%	23.16%	23.49%	23.90%	24.85%	25.89%
22 June 2017-01 June 2017 Change in Yield (Bp)	0	-8	-1	0	-169	-164	-167	-321	-253	-213	-358



DISCLAIMER: This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.