



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 25 August 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 25 th August 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	8,409	26,420
Estimated Excess Reserves before OMO	17,563	17,563
Estimated Excess Reserves after OMO	0	0
Required Reserves	69,873	69,873

ii. Known Projected Transactions

	Week ending 25 th August 2017	Week ending 01 September 2017	Week ending 08 September 2017	August 2017	September 2017
Maturity of normal TBs/TNs/PNs	1,800	4,036	8,512	35,195	33,307
Maturity of OMO Repos	78,876	39,943	3,793	270,042	34,429

Commentary:

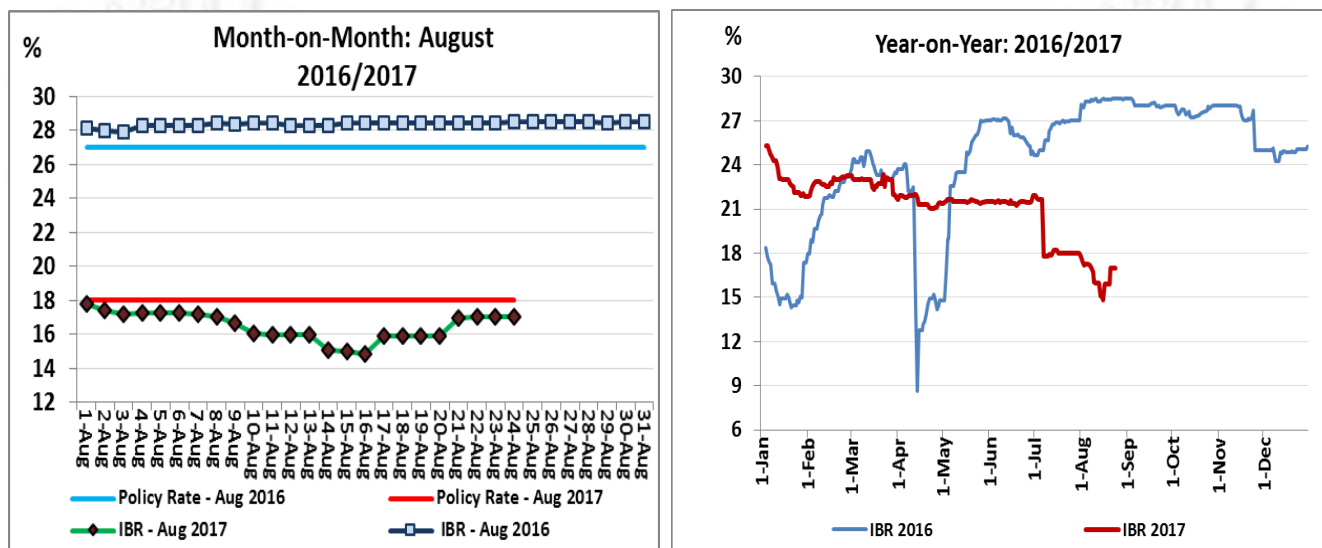
- Excess reserves increased to K9.15 billion yesterday, 24th August 2017 from K5.23 billion recorded on Wednesday, 23rd August 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,370	17.00
07 days	-	-
14 days	-	-
21 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	9,660	17.00
07 days	2,070	17.00
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	-	-

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market went down to K2.37 billion yesterday, 24th August 2017 from K3.77 billion recorded on Wednesday, 23rd August 2017.
- The overnight interbank market rate (IBR) remained unchanged at 17.00 percent.
- K11.73 billion was withdrawn from the banking system through OMO repos yesterday.
- There was no access to the Lombard Facility yesterday, 24th August 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

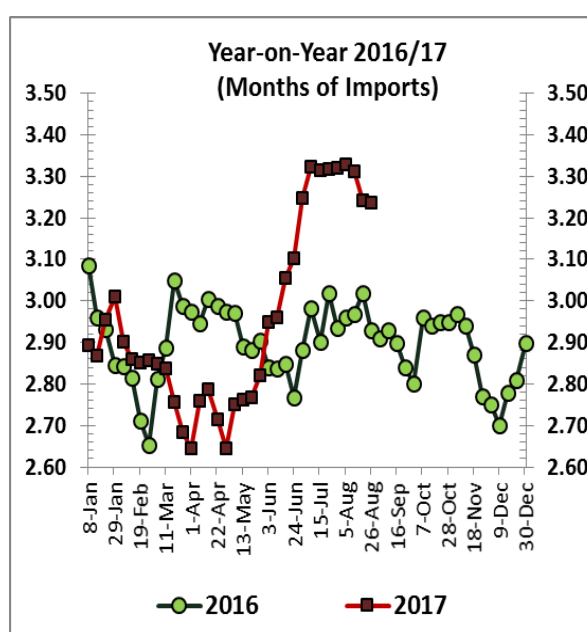
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
4 th August 2017	695.79	3.33
11 th August 2017	692.46	3.31
18 th August 2017	677.72	3.24
23 rd August 2017	676.60	3.24

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

Commentary:

- Gross official reserves dropped during the week ending 18th August 2017 compared to the previous week. As at 23rd August 2017, gross official reserves stood at US\$676.60 million (3.24 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)
4 th August 2017	0.57	359.94	360.51	1.72
11 th August 2017	-8.94	347.95	339.01	1.62
18 th August 2017	-3.24	371.04	367.80	1.76
23 rd August 2017	-0.66	376.89	376.24	1.80

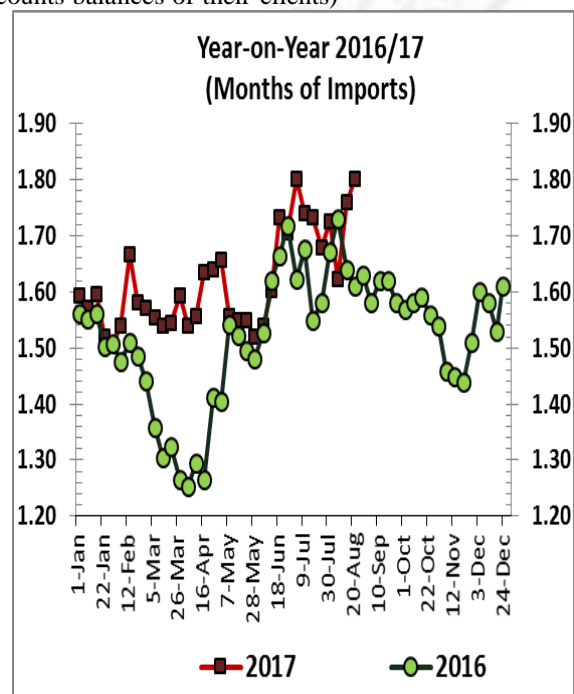
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
11 th August 2017	54.51	65.40
18 th August 2017	48.95	46.12
On 24 th August 2017	6.94	5.46

Commentary:

- ADB's purchased US\$48.95 million from the market and monetary authorities and sold US\$46.12 million during the week ending 18th August 2017. Yesterday, 24th August 2017, ADB's purchased US\$6.94 million and sold US\$5.46 million.

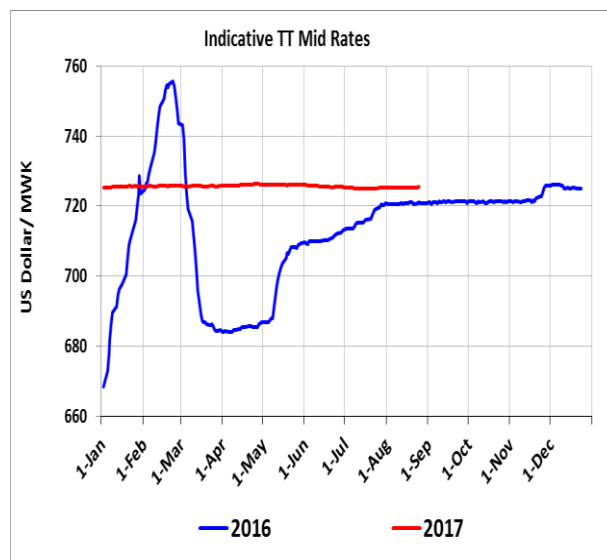
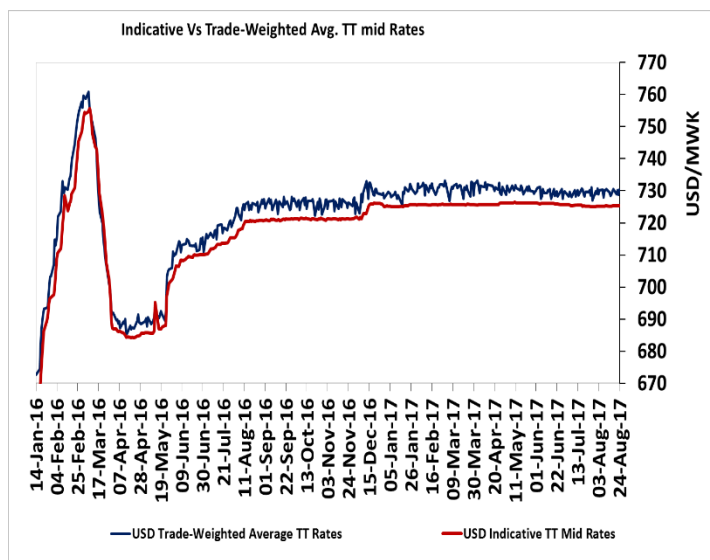


iii. Exchange Rate Developments

	18 th August 2017	21 st August 2017	22 nd August 2017	23 rd August 2017	24 th August 2017	Today's Indicative Rates
MWK/USD	730.0088	728.6737	732.7638	730.3287	731.9826	725.4303
MWK/GBP	945.6857	939.9090	939.0633	933.2765	938.6630	929.4213
MWK/EUR	857.2680	857.8257	857.6954	856.9858	857.5379	855.7901
MWK/ZAR	54.7946	55.3950	55.3691	55.4193	55.4436	55.0031

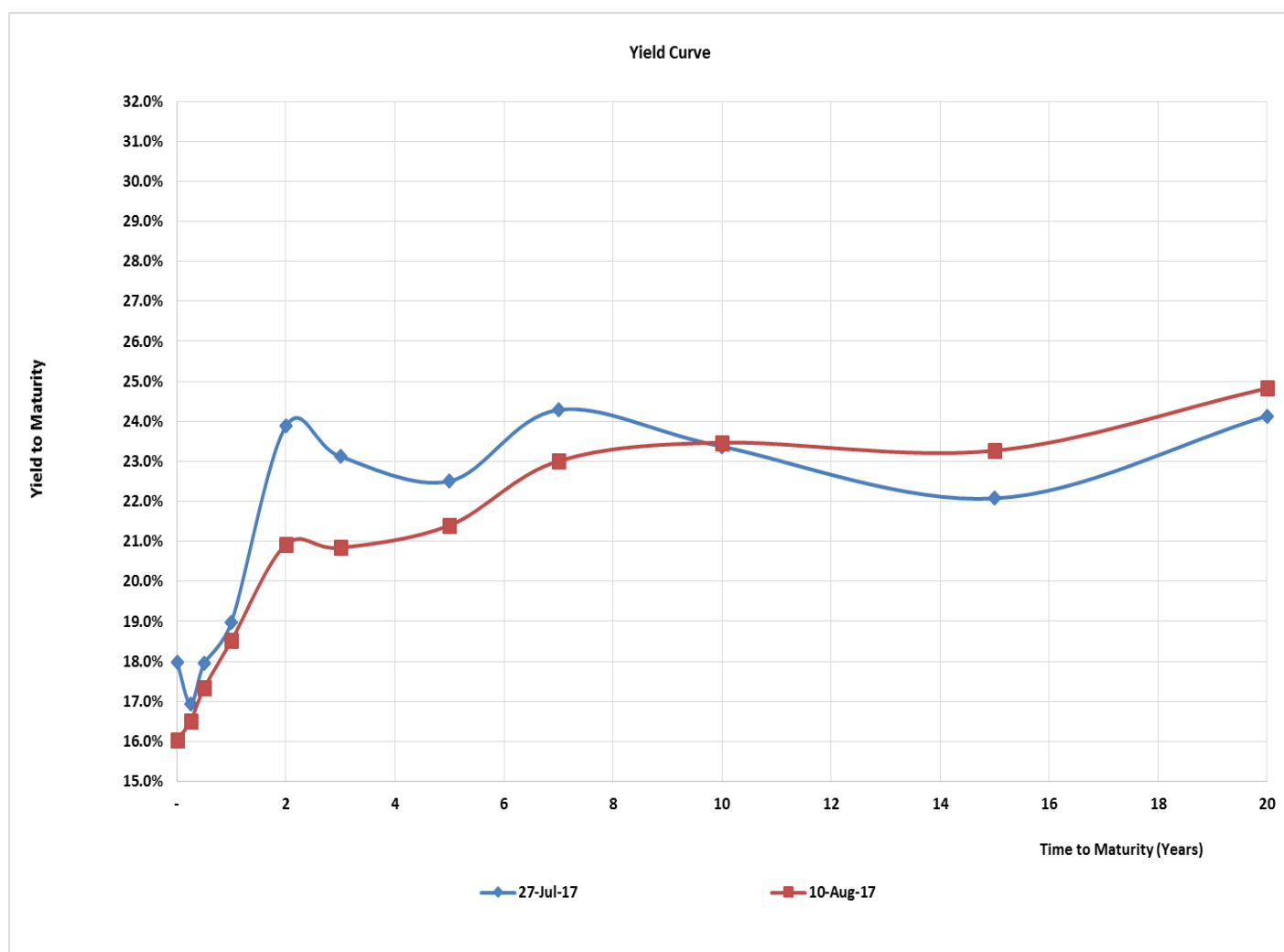
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 24th August 2017, the Kwacha depreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the Kwacha is expected to trade around K725.4303 against the USD today, 25th August 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
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%
13 th July 2017	17.93%	16.89%	-	19.00%	23.74%	23.85%	23.69%	24.52%	24.25%	23.57%	24.92%
27 th July 2017	17.98%	16.94%	17.95%	18.99%	23.88%	23.12%	22.51%	24.29%	23.37%	22.08%	24.14%
10 th August 2017	16.03%	16.52%	17.33%	18.53%	20.92%	20.84%	21.40%	23.01%	23.47%	23.27%	24.83%
10 August 2017 - 27 July 2017 Change in Yield (Bp)	-195	-42	-61	-46	-296	-228	-111	-128	10	119	69



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