



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 5th December 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 8 th December 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-11,345	-13,745
Estimated Excess Reserves before OMO	-9,071	-3,749
Estimated Excess Reserves after OMO	0	0
Required Reserves	69,368	69,368

ii. Known Projected Transactions

	Week ending 8 th December 2017	Week ending 15 th December 2017	November 2017	December 2017
Maturity of normal TBs/TNs/PNs	6,054	824	6,636	11,354
Maturity of OMO Repos	13,565	15,997	54,689	41,259

Commentary:

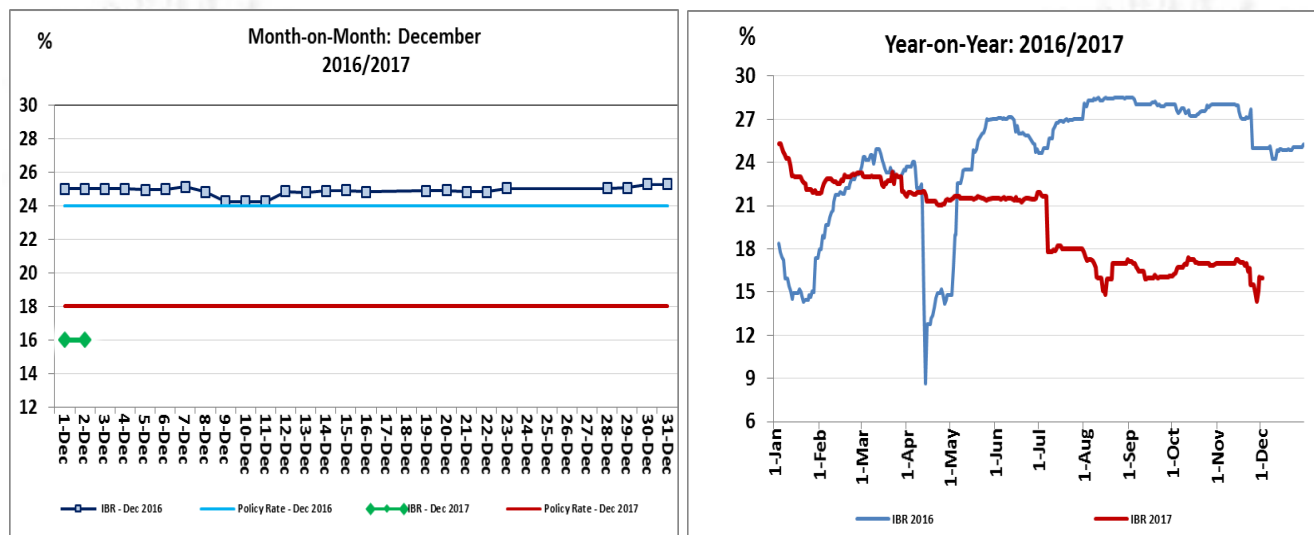
- On Monday 4th December 2017, excess reserves dropped to K1.15 billion from K4.96 billion recorded on Friday, 1st December 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	13,300	16.00
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	-	-
91 days	-	-
182 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	11.10	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K13.30 billion on Monday, 4th December 2017 from K9.95 billion recorded on Monday, 1st December 2017.
- The weighted average overnight interbank market rate (IBR) stood at 16.00 percent on Monday 4th December 2017 as recorded on Friday, 1st December 2017.
- A total of K11.10 billion was accessed on the Lombard facility on Monday, 4th December 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

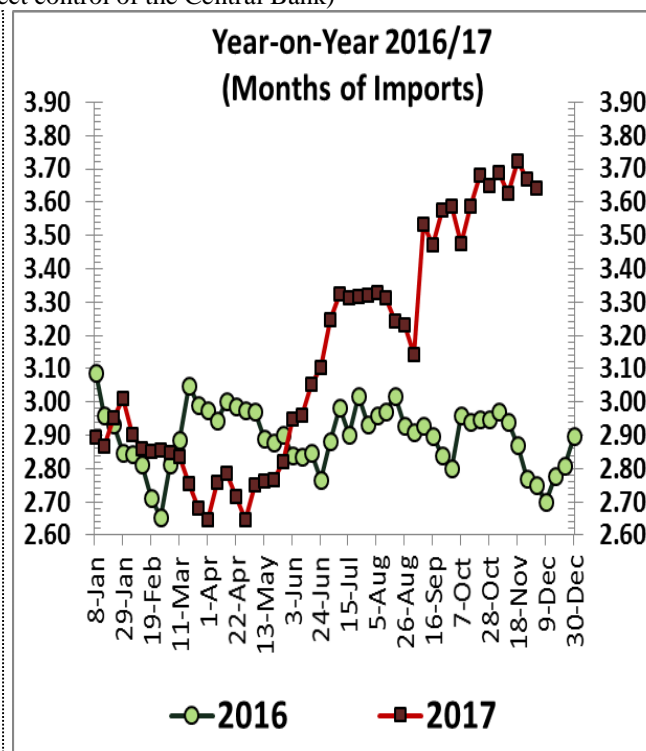
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
3 rd November 2017	771.85	3.69
10 th November 2017	757.92	3.63
17 th November 2017	778.17	3.72
24 th November 2017	766.45	3.67
On 1 st December 2017	761.07	3.64

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

Commentary:

- Gross official reserves dropped during the week ending 24th November 2017 compared to the preceding week. The official reserves closed at US\$766.45 million (3.67 months of imports) on 24th November 2017 compared to US\$778.17 million (3.72 months of imports) recorded on 17th November 2017. On 1st December 2017, official reserves stood at US\$761.07 million (3.64 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)
10 th November 2017	-0.85	353.89	353.04	1.69
17 th November 2017	2.20	351.56	353.76	1.69
24 th November 2017	4.34	362.07	366.40	1.75
On 1 st November 2017	0.75	375.33	376.55	1.80

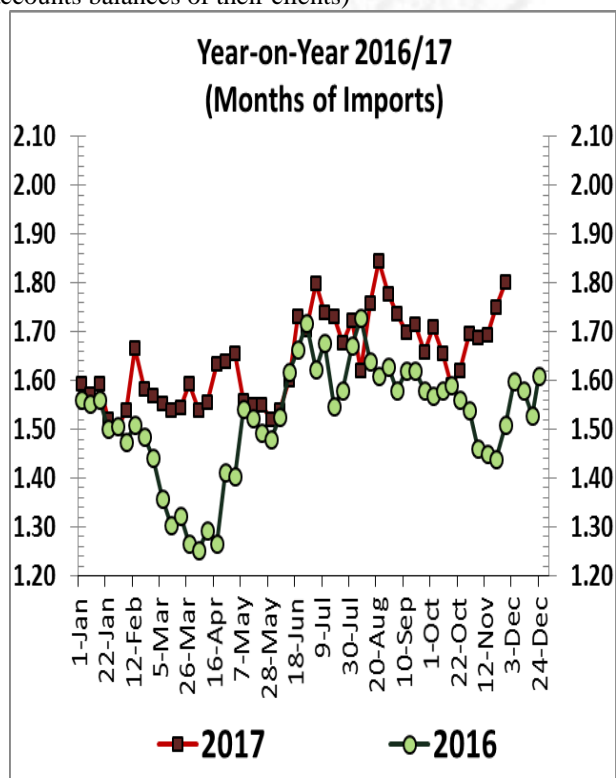
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
17 th November 2017	45.08	43.28
24 th November 2017	48.86	45.19
1 st December 2017	40.23	45.18
On 4 th December 2017	13.65	11.53

Commentary:

- ADB's FX trading dropped during the week ending 1st December 2017 compared to the previous week. ADBs purchased US\$40.23 million from the market and sold US\$45.18 million during the week. On Monday, 4th December 2017, ADBs purchased US\$13.65 million and sold US\$11.53 million.

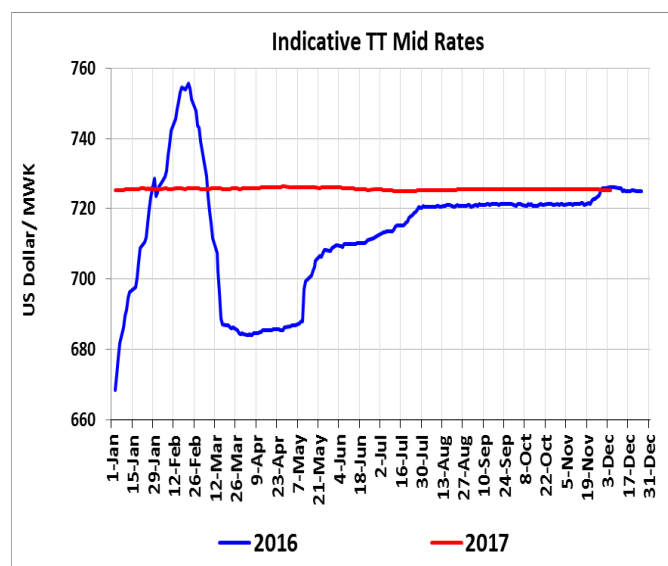
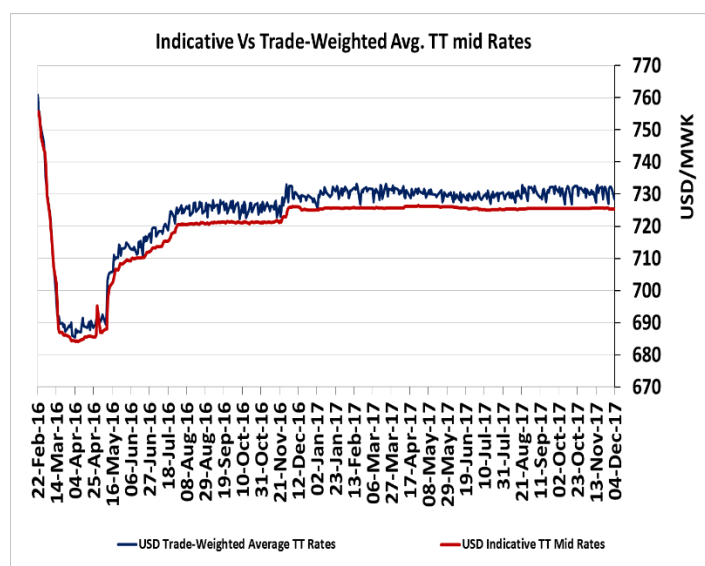


iii. Exchange Rate Developments

	28 th November 2017	29 th November 2017	30 th November 2017	1 st December 2017	4 th December 2017	Today's Indicative Rates
MWK/USD	731.6028	732.2896	732.2457	731.7365	728.4404	725.4144
MWK/GBP	968.5437	971.9623	977.1334	987.3574	981.3412	977.2057
MWK/EUR	866.3731	869.0678	860.4293	871.0325	862.6349	861.1394
MWK/ZAR	52.9980	53.5222	53.3372	53.0717	53.0774	53.7718

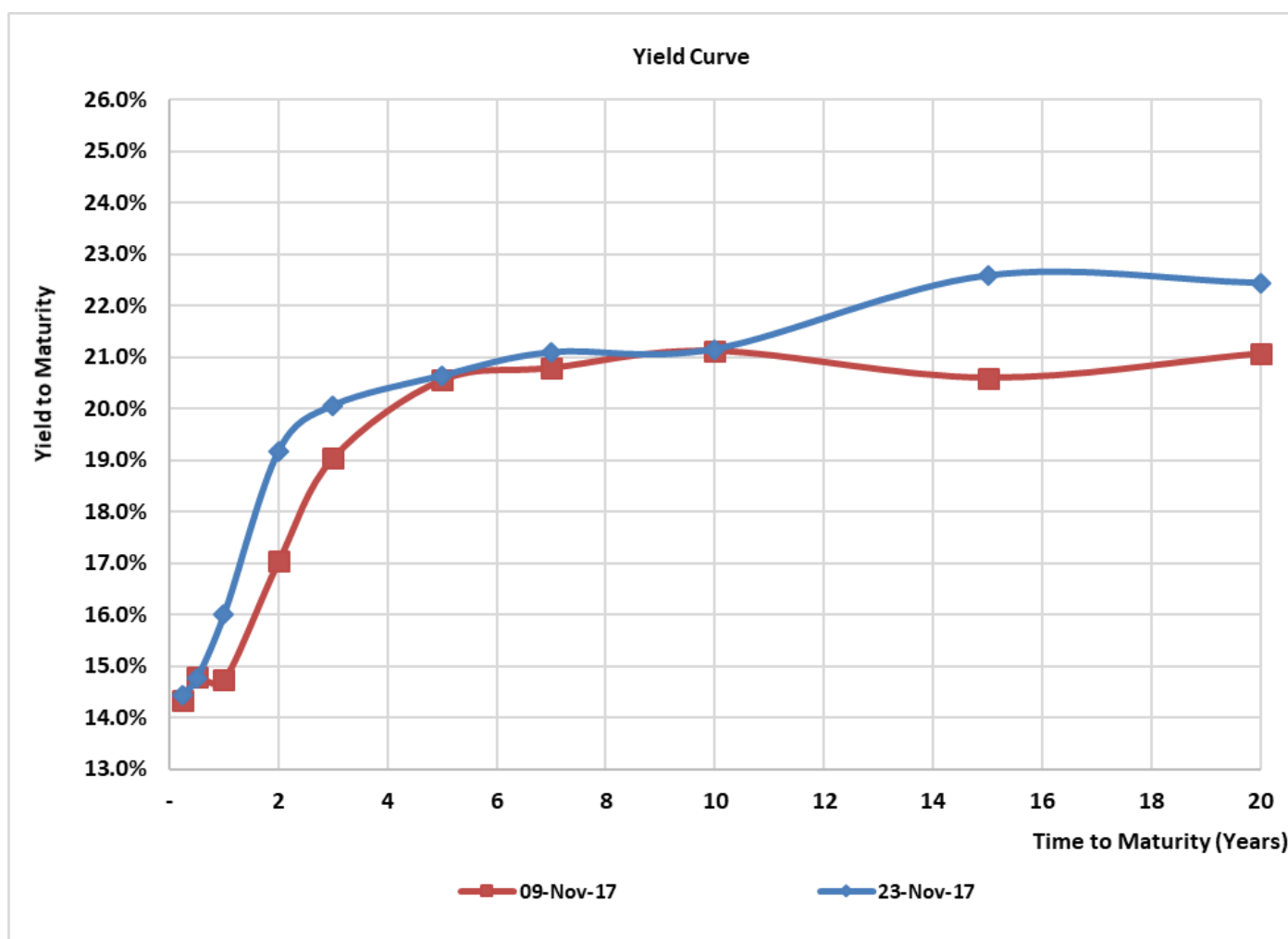
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Monday 4th December 2017, the Kwacha appreciated against the USD, the GBP, the EUR but depreciated against the ZAR. Indicatively, the Kwacha is expected to trade around K725.4144 against the USD today, 5th December 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
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%
24 th August 2017	17.00%	16.01%	16.95%	17.50%	19.58%	20.00%	21.50%	21.83%	22.01%	22.13%	22.59%
28 th September 2017	16.04%	14.50%	14.70%	15.00%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
12 th October 2017	17.37%	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
9 th November 2017	17.00%	14.32%	14.79%	14.73%	17.03%	19.04%	20.56%	20.79%	21.12%	20.60%	21.07%
23 rd November 2017	16.63%	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%	21.16%	22.58%	22.44%
23 Nov – 9 Nov 2017 Change in Yield (Bp)	-0.37	0.12	-0.04	1.27	2.15	1.02	0.08	0.30	0.04	1.98	1.37



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