



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 13th December 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 15 th December 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	11,188	25,676
Estimated Excess Reserves before OMO	12,203	27,397
Estimated Excess Reserves after OMO	0	0
Required Reserves	69,368	69,368

ii. Known Projected Transactions

	Week ending 15 th December 2017	Week ending 22 nd December 2017	Week ending 29 th December 2017	December 2017	January 2018
Maturity of normal TBs/TNs/PNs	945	18,809	2,859	28,687	40,285
Maturity of OMO Repos	18,465	15,127	938	49,330	51,626

Commentary:

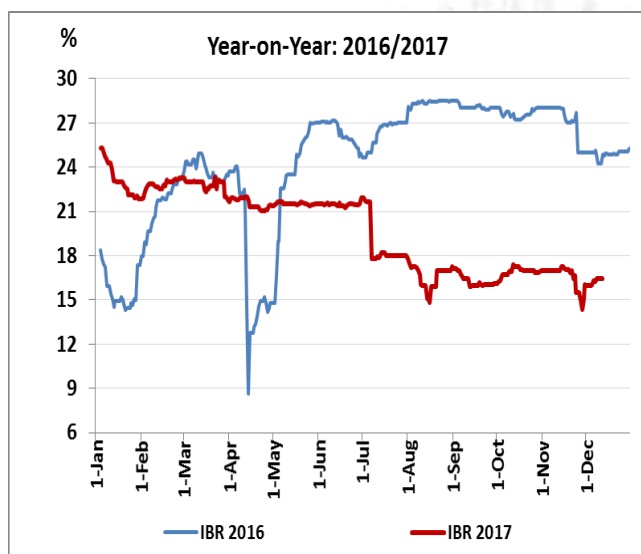
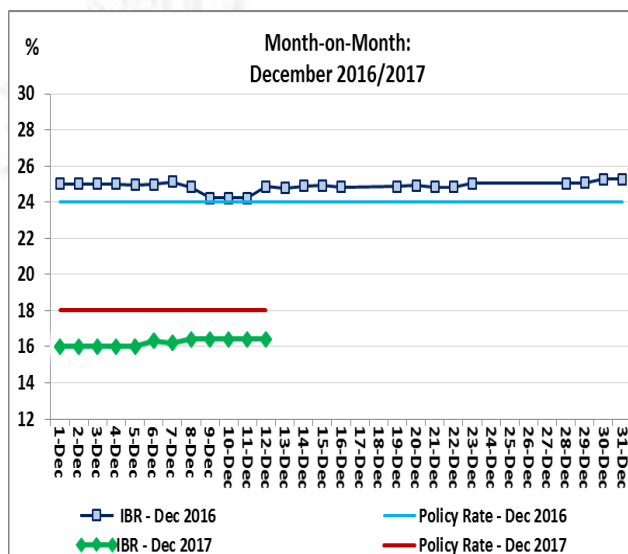
- On Tuesday, 12th December 2017, excess reserves dropped to K2.74 billion from K10.04 billion recorded last Monday, 11th December 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,290	16.43
07 days	-	-
14 days	-	-
30 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	1,000	16.00
14 days	-	-
31 days	-	-
63 days	3,000	16.00
273 days	86	16.00
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	2,600	20.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market decreased yesterday on Tuesday, 12th December 2017, to K6.29 billion from K7.27 billion recorded on Monday, 11th December 2017.
- The weighted average overnight interbank market rate (IBR) on Tuesday, 12th December 2017, gained 01 basis point to close the day at 16.43 percent.
- A total of K4.08 billion was withdrawn from the banking system through repos on Tuesday, 12th December 2017.
- K2.6 billion was accessed on the Lombard facility on Tuesday, 12th December 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

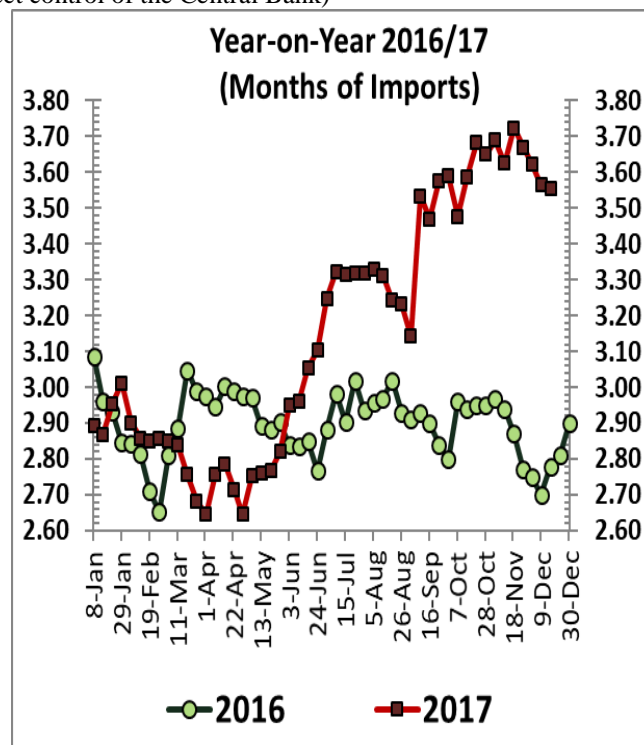
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
10 th November 2017	757.92	3.63
17 th November 2017	778.17	3.72
24 th November 2017	766.45	3.67
1 st December 2017	761.07	3.64
8 th December 2017	745.09	3.57
11 th December 2017	742.67	2.55

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

Commentary:

- Gross official reserves dropped during the week ending 08th December 2017 compared to the preceding week. The official reserves closed at US\$745.09 million (3.57 months of imports) on 08th December 2017 compared to US\$761.07 million (3.64 months of imports) recorded on 01st December 2017. On 11th December 2017, official reserves stood at US\$742.67 million (3.55 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)
24 th November 2017	4.34	362.07	366.40	1.75
1 st November 2017	0.75	375.33	376.55	1.80
8 th December 2017	3.82	399.56	403.38	1.93
11 th December 2017	1.60	393.03	394.63	1.89

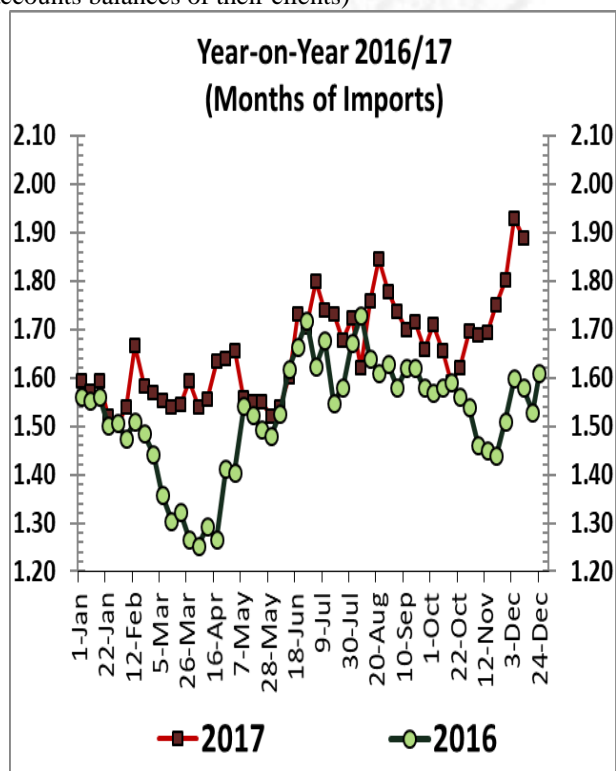
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
24 th November 2017	48.86	45.19
1 st December 2017	40.23	45.18
8 th December 2017	52.72	52.64
On 12 th December 2017	13.65	12.67

Commentary:

- ADB's FX trading picked up during the week ending 08th December 2017 compared to the previous week. ADBs purchased US\$52.72 million from the market and sold US\$52.64 million during the week. On Tuesday, 12th December 2017 alone, ADBs purchased US\$13.65 million and sold US\$12.67 million.

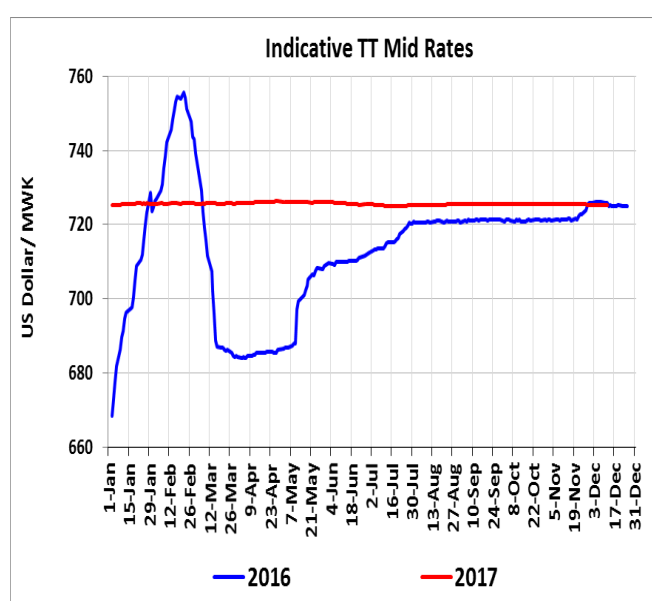
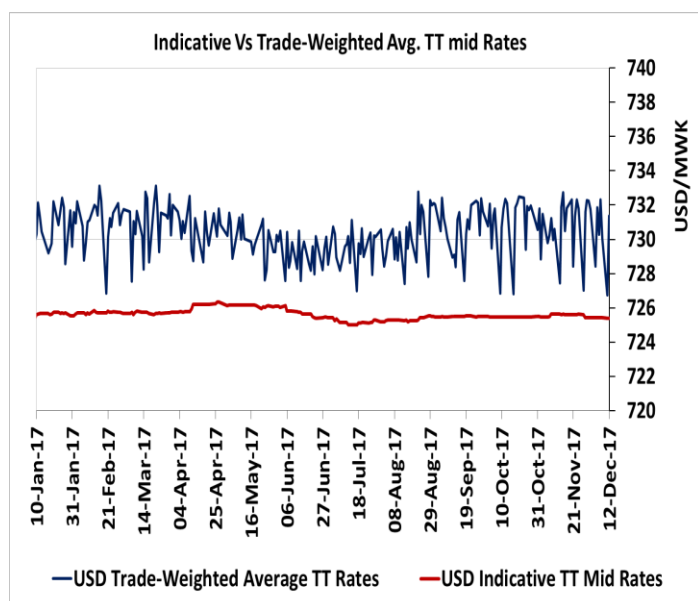


iii. Exchange Rate Developments

	06 th Dec 2017	07 th Dec 2017	08 th Dec 2017	11 th Dec 2017	12 th Dec 2017	Today's Indicative Rates
MWK/USD	730.2938	732.3236	730.0205	726.7573	731.3742	725.3978
MWK/GBP	975.4601	972.3670	987.2020	976.1858	975.9907	966.4475
MWK/EUR	863.8472	859.5583	856.3450	859.4336	857.1976	852.6326
MWK/ZAR	53.9333	53.8952	53.2730	53.3777	53.5755	53.0995

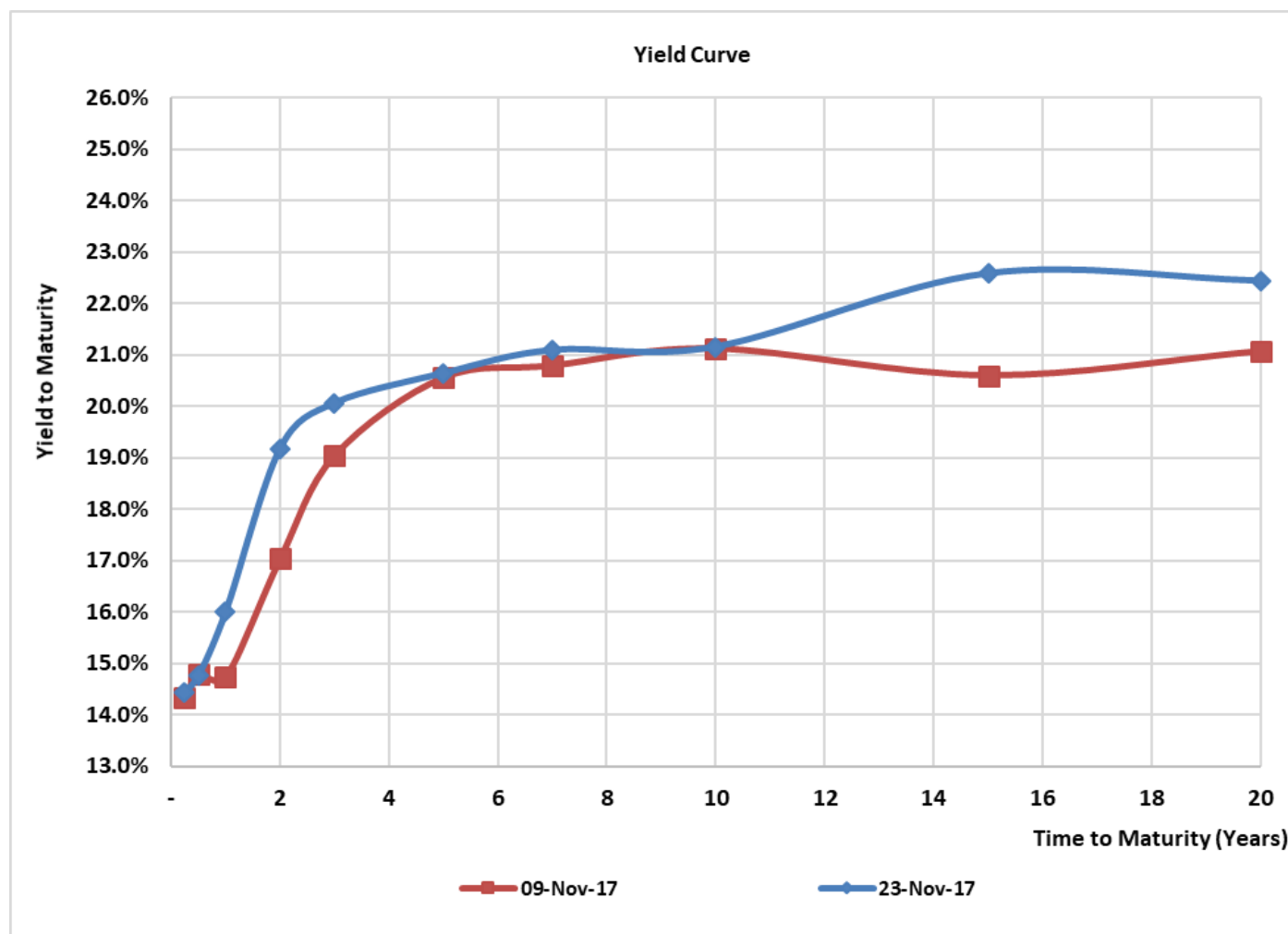
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Tuesday 12th December 2017, the Kwacha appreciated against the GBP, and the EUR, and depreciated against the USD, and the ZAR. Indicatively, the Kwacha is expected to trade around K725.3978 against the USD today on 13th December 2017.



D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
22 nd June 2017	21.41%	21.96%	23.00%	23.11%	23.11%	23.16%	23.49%	23.90%	24.85%	25.89%
13 th July 2017	16.89%	-	19.00%	23.74%	23.85%	23.69%	24.52%	24.25%	23.57%	24.92%
27 th July 2017	16.94%	17.95%	18.99%	23.88%	23.12%	22.51%	24.29%	23.37%	22.08%	24.14%
10 th August 2017	16.52%	17.33%	18.53%	20.92%	20.84%	21.40%	23.01%	23.47%	23.27%	24.83%
24 th August 2017	16.01%	16.95%	17.50%	19.58%	20.00%	21.50%	21.83%	22.01%	22.13%	22.59%
28 th September 2017	14.50%	14.70%	15.00%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
12 th October 2017	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
9 th November 2017	14.32%	14.79%	14.73%	17.03%	19.04%	20.56%	20.79%	21.12%	20.60%	21.07%
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%	21.16%	22.58%	22.44%
23 Nov – 09 Nov 2017 Change in Yield (Bp)	0.12	-0.04	1.27	2.15	1.02	0.08	0.30	0.04	1.98	1.37



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.