



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 16th April 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 20 th April 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-2,182	3,524
Estimated Excess Reserves before OMO	16,519	22,225
Estimated Excess Reserves after OMO	0	0
Required Reserves	72,746	72,746

ii. Known Projected Transactions

	Week ending 13 th April 2018	Week ending 20 th April 2018	April 2018
Maturity of normal TBs/TNs/PNs	17,113	10,877	29,687
Maturity of OMO Repos	25,133	27,793	70,542

Commentary:

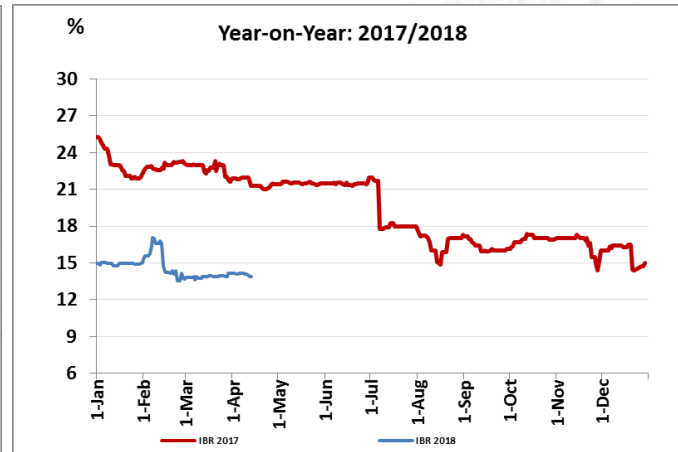
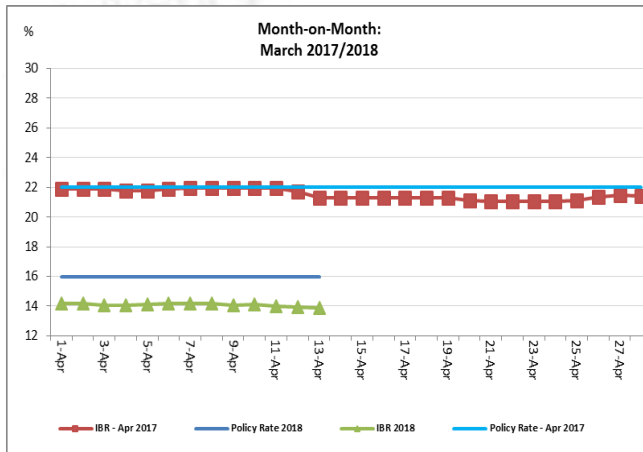
Excess reserves increased to K18.70 billion on Friday, 13th April 2018 from K14.81 billion recorded on Thursday, 12th April 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	1,835	13.90
5 days	1,500	14.00
14 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	1,800	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K3.33 billion on Friday, 13th April 2018 from K5.83 billion recorded on Thursday, 12th April 2018.
- The overnight interbank market rate (IBR) dropped by 1 basis points (bps) and closed at 13.90 percent on Friday, 13th April 2018 compared to 13.91 percent on Thursday, 12th April 2018.
- A total of K1.80 billion was accessed on the Lombard Facility on Friday, 13th April 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

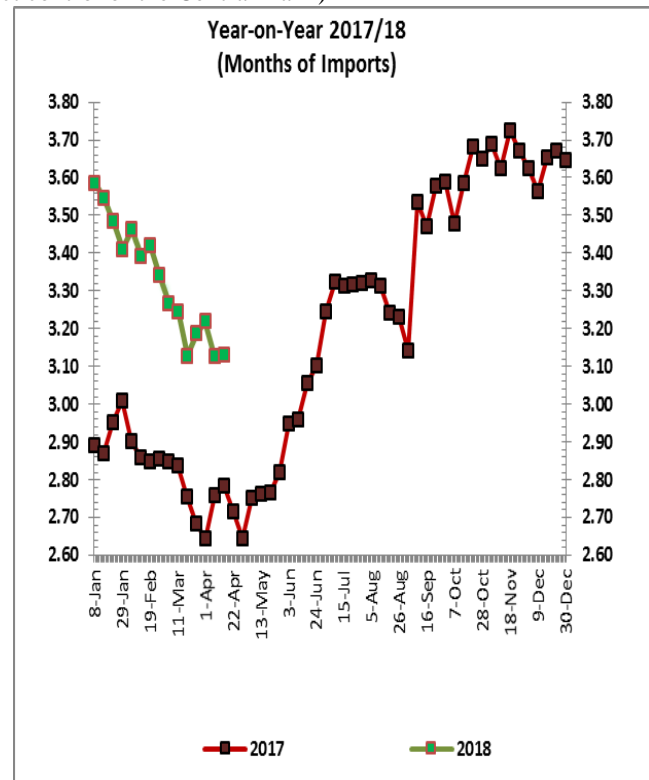
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
9 th March 2018	678.47	3.25
16 th March 2018	653.78	3.13
23 rd March 2018	666.30	3.19
31 st March 2018	672.90	3.22
6 th April 2018	653.72	3.13
10 th April 2018	654.21	3.13

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

Commentary:

- Gross official reserves dropped during the week ending 6th April 2018 compared to the preceding week. As at 6th April 2018, gross official reserves stood at \$653.72 million (3.13 months of imports) compared to \$672.90 million (3.22 months of imports) recorded on 31st March 2018. On 10th April 2018, official reserves stood at \$654.21 million (3.13 imports cover).



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)
16 th March 2018	-4.26	355.23	350.96	1.68
23 rd March 2018	-4.22	353.91	349.69	1.67
29 th March 2018	-1.74	363.97	362.22	1.73
12 th April 2018	-3.43	369.56	366.13	1.75

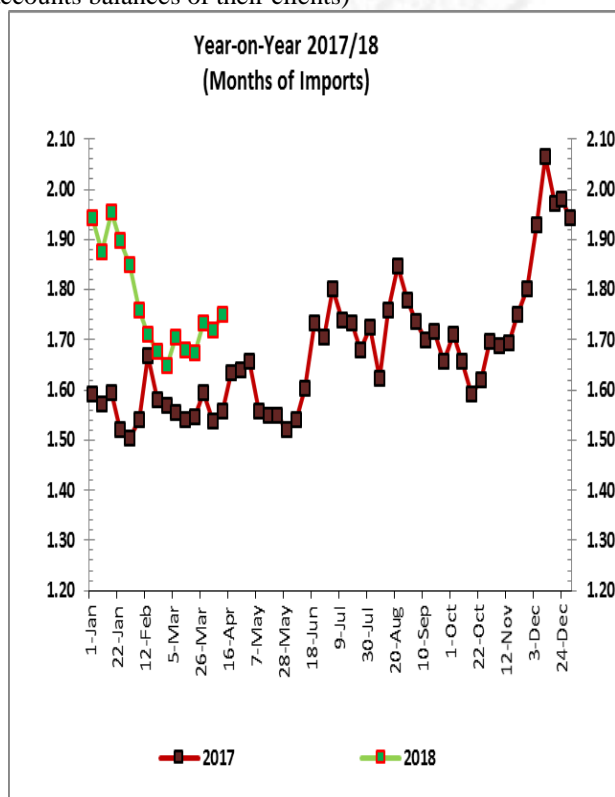
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
23 rd March 2018	35.77	40.53
29 th March 2018	30.05	30.76
6 th April 2018	36.11	45.63
13 th April 2018	5.98	9.99

Commentary:

- ADB's FX trading increased during the week ending 6th April 2018 compared to the previous week. ADBs purchased a total of US\$36.11 million from the market and sold a total of US\$45.63 million during the week. On Friday, 13th April 2018, ADBs purchased US\$5.98 million from the market and sold US\$9.99 million.

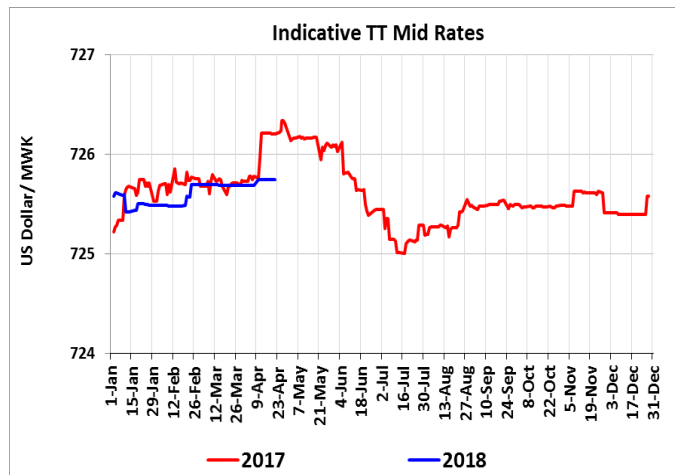
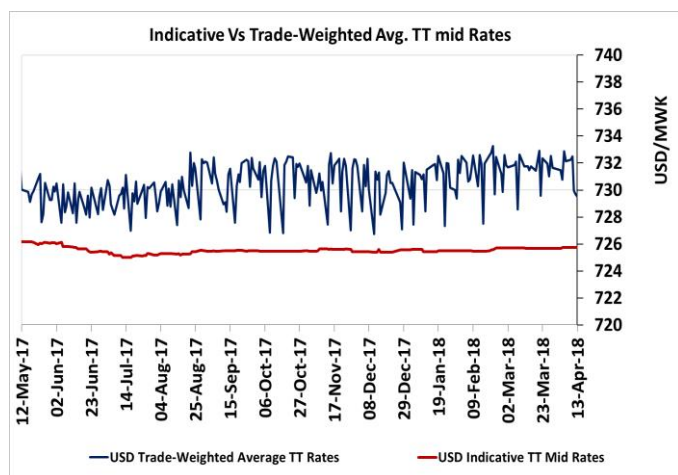


iii. Exchange Rate Developments

	9 th April 2018	10 th April 2018	11 th April 2018	12 th April 2018	13 th April 2018	Today's indicative Rates
MWK/USD	732.2307	732.4902	729.9625	729.7010	729.5017	725.7456
MWK/GBP	1,034.8559	1,030.6922	1,032.3801	1,029.6999	1,038.3303	1034.6229
MWK/EUR	895.7019	897.1902	905.1904	899.1346	900.5748	894.9895
MWK/ZAR	60.8256	60.57226	60.6365	60.1214	60.1516	60.0887

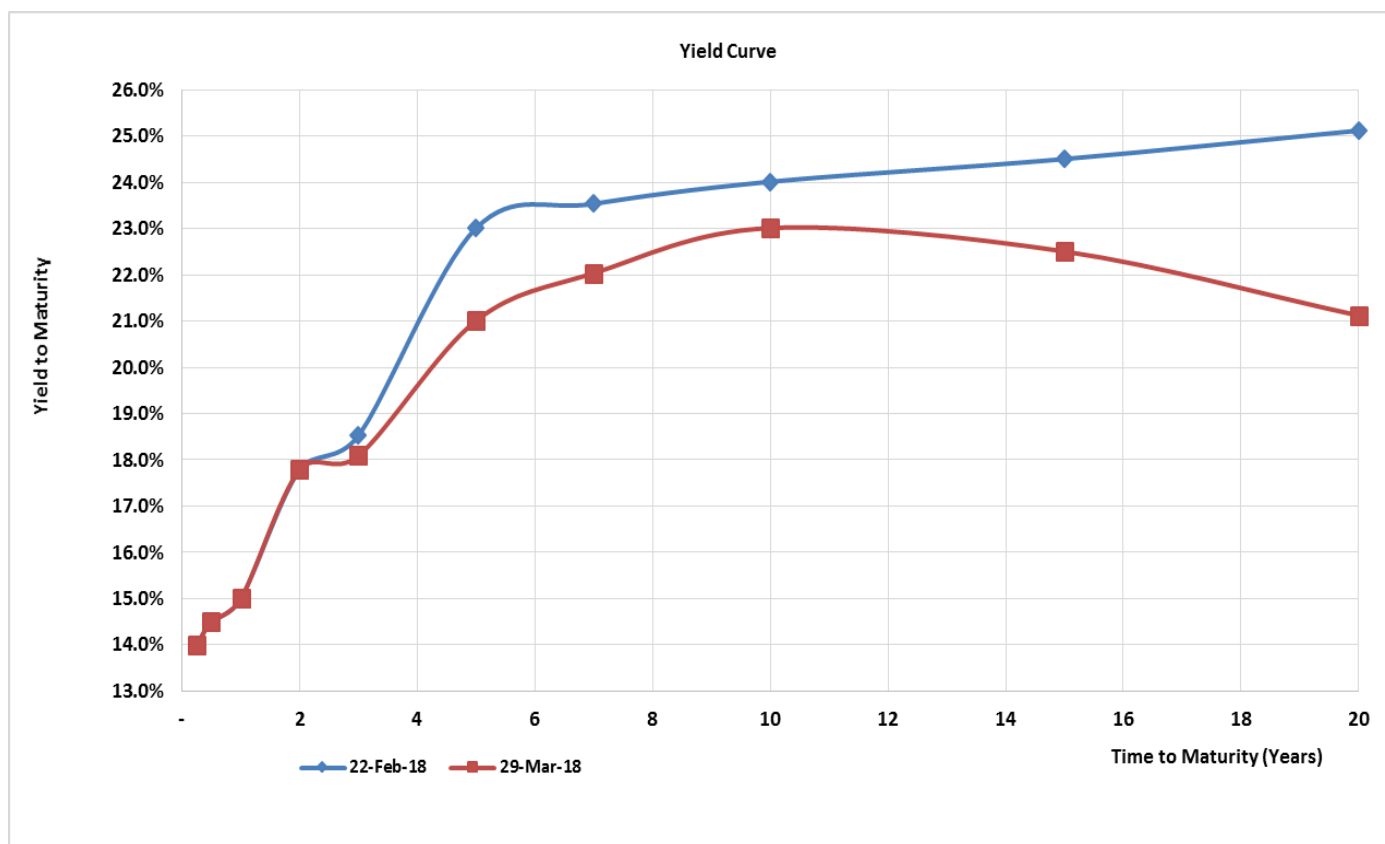
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 13th April 2018, the Kwacha appreciated against the USD but depreciated against the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to trade at K725.7456 per dollar today, 16th April 2018.



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
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%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%	22.45%	23.91%	25.17%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%	23.00%	23.64%	24.07%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%	24.01%	24.51%	25.12%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%	24.01%	24.51%	25.12%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%	23.01%	22.51%	21.12%
29 Mar - 22 Feb 2018 Change in Yield (Bp)	0	0	0	0	-44	-200	-150	-100	-200	-400



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