



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 9th November 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 9 th November 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-2,654	355
Estimated Excess Reserves before OMO	3,391	3,391
Estimated Excess Reserves after OMO	0	0
Required Reserves	77,796	77,796

ii. Known Projected Transactions

	October 2018	Week ending 2 nd November 2018	Week ending 9 th November 2018	November 2018
Maturity of normal TBs/TNs/PNs	38,454	9,556	1,879	28,135
Maturity of OMO Repos	33,547	19,875	-	51,121

Commentary:

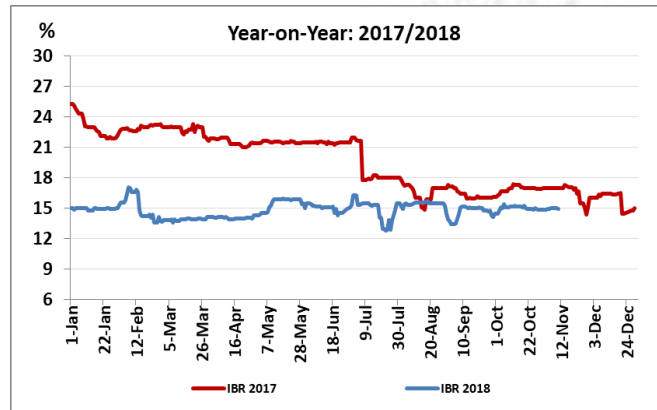
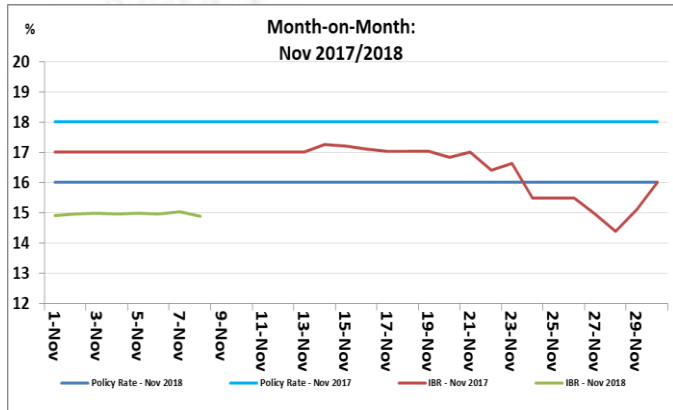
Excess reserves increased to K6.04 billion on Thursday, 8th November 2018, from K3.49 billion recorded on Wednesday, 7th November 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk'mn)	Average rate (%)
O/N	5,270	14.88
7 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
91 days	-	-
150 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	5,495	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K5.27 billion on Thursday, 8th November 2018, from K5.29 billion on 7th November 2018.
- The overnight interbank market rate (IBR) dropped by 15 basis points (bps) to 14.88 percent on 8th November 2018, from 15.03 percent on 7th November 2018.
- A total of K5.49 billion was accessed from the Lombard Facility on Thursday, 8th November 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

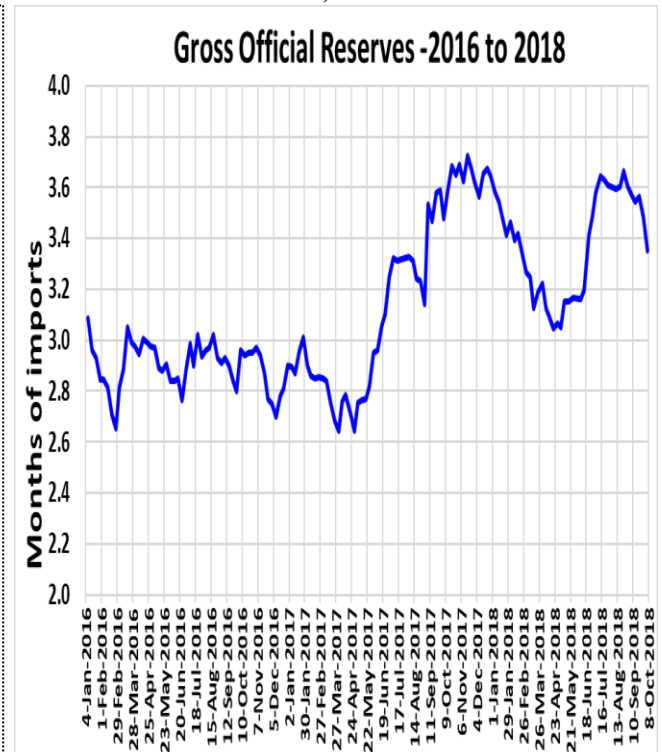
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
30 th April 2018	637.77	3.05
31 st May 2018	662.21	3.17
29 th June 2018	728.10	3.48
31 st July 2018	754.23	3.61
31 st Aug 2018	753.52	3.61
28 th Sep 2018	727.63	3.48

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

Commentary:

- Gross official reserves decreased during September 2018 to \$727.63 million (3.48 months of imports) from \$753.52 million (3.61 months of imports) at the end of the preceding month.



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)
29 th June 2018	12.81	370.98	383.79	1.84
31 st July 2018	1.87	336.61	338.48	1.62
31 st Aug 2018	-9.18	341.24	332.06	1.59
28 th Sep 2018	0.80	318.43	319.23	1.52

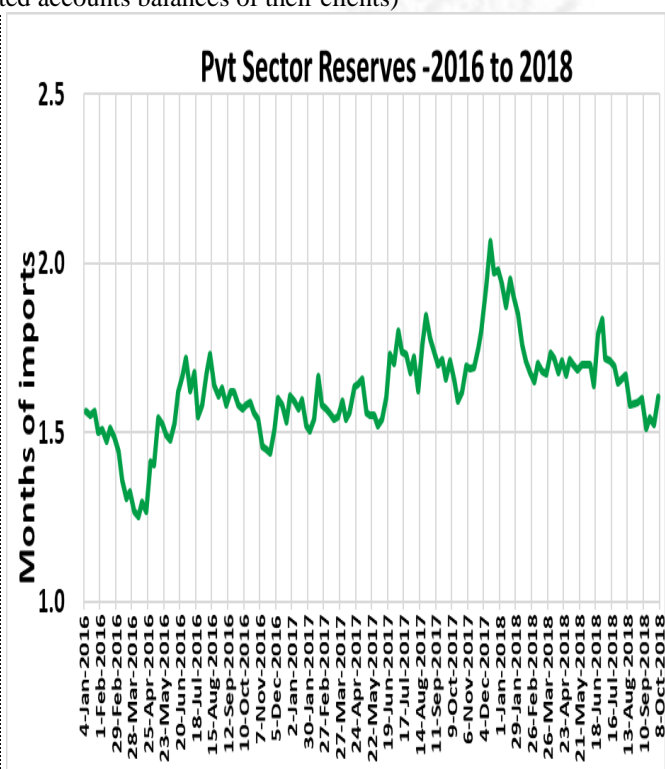
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
19 th Oct 2018	30.77	36.46
26 th Oct 2018	46.71	53.15
2 nd Nov 2018	41.56	43.34
8 th Nov 2018	9.19	6.01

Commentary:

- ADB's FX trading dropped during the week ending 2nd November 2018 compared to the previous week. ADBs purchased a total of US\$41.56 million from the market and sold a total of US\$43.34 million during the week. On Thursday, 8th November 2018, ADBs purchased US\$9.19 million from the market and sold US\$6.01 million.

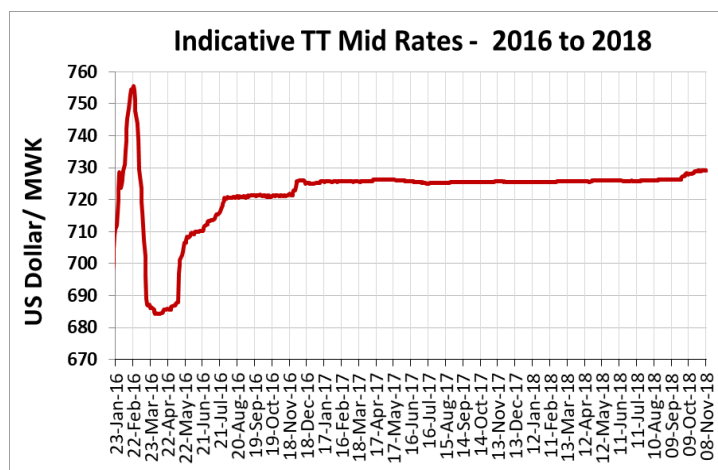
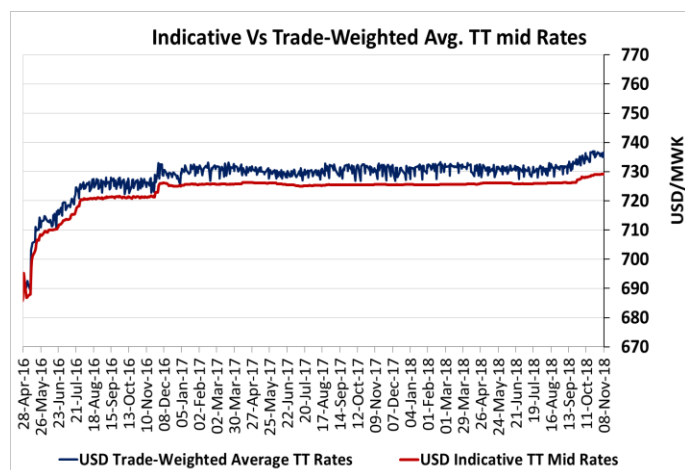


iii. Exchange Rate Developments

	2 nd Nov 2018	5 th Nov 2018	6 th Nov 2018	7 th Nov 2018	8 th Nov 2018	Today's indicative Rates
MWK/USD	735.4093	736.2659	735.0965	736.5490	735.0605	729.1114
MWK/GBP	948.8264	949.2634	957.2549	960.2262	963.2917	951.0529
MWK/EUR	836.0791	838.0459	835.2452	840.5995	841.3091	827.1040
MWK/ZAR	51.0312	50.9838	51.8945	52.4483	52.9704	51.4350

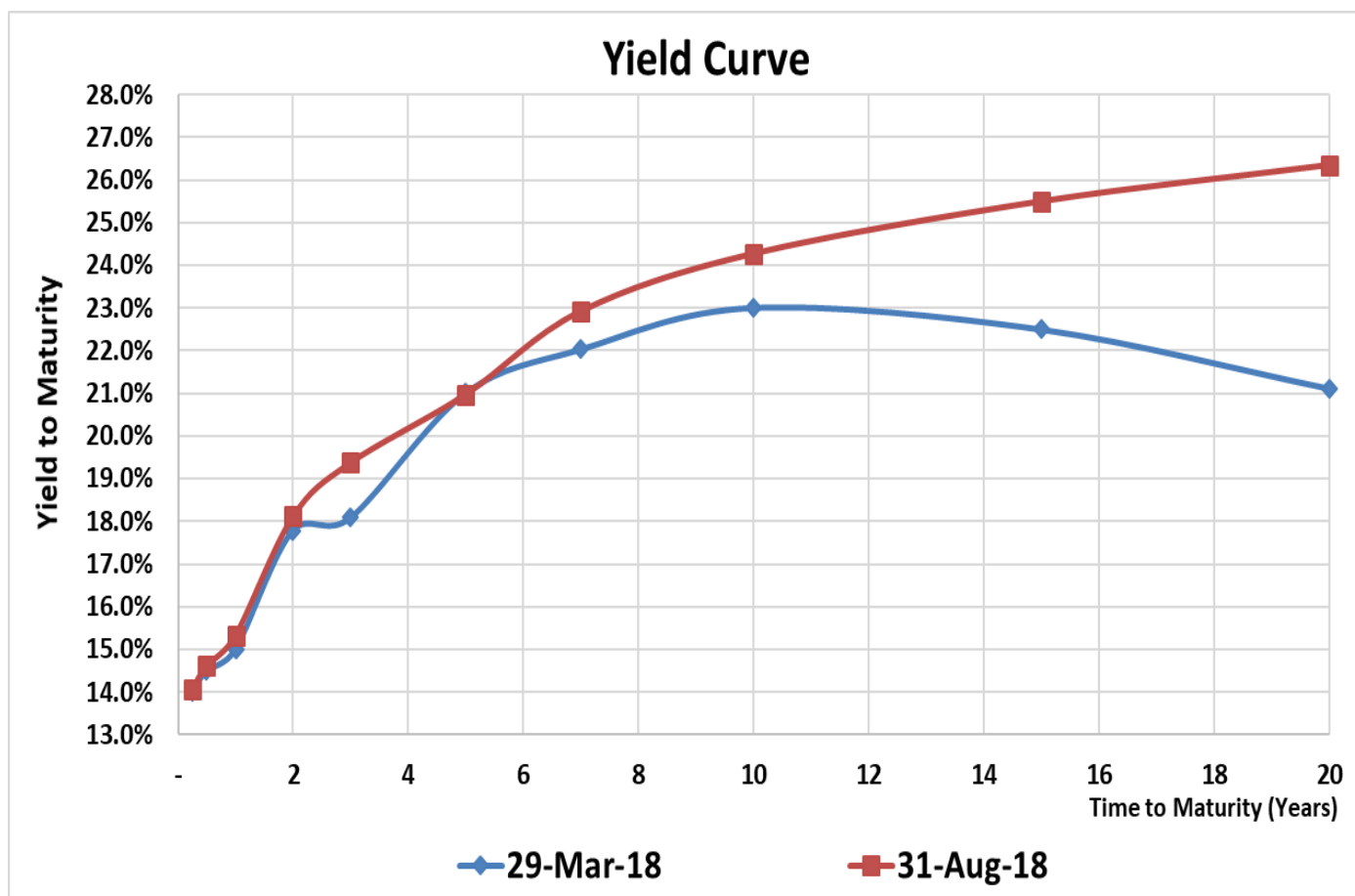
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 8th November 2018, the Kwacha appreciated against the USD, but depreciated against the GBP, the EUR and the ZAR. Indicatively, the local currency traded at 729.114 per US Dollar, today 9th November 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
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%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%	24.28%	25.50%	26.35%
31 Aug – 29 Mar 2018 Change in Yield (Bp)	7	13	33	32	129	(4)	89	126	299	523



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