



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 15th November 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 16 th November 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	3,170	12,121
Estimated Excess Reserves before OMO	13,828	16,584
Estimated Excess Reserves after OMO	0	0
Required Reserves	77,796	77,796

ii. Known Projected Transactions

	Week ending 2 nd November 2018	Week ending 9 th November 2018	Week ending 16 th November 2018	November 2018
Maturity of normal TBs/TNs/PNs	9,556	1,879	2,504	28,135
Maturity of OMO Repos	19,875	-	25,895	51,121

Commentary:

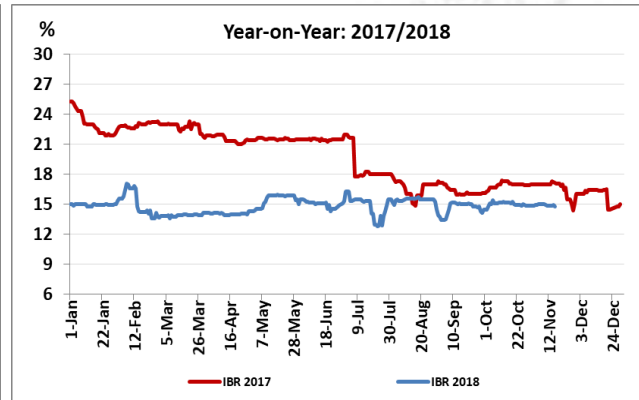
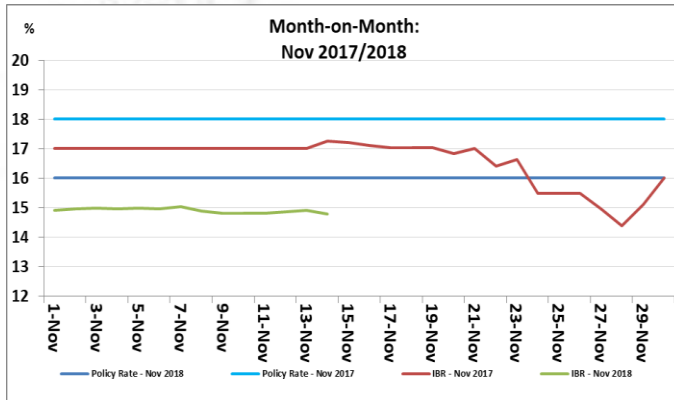
Excess reserves increased to K10.65 billion on Wednesday, 14th November 2018, from K6.59 billion recorded on Tuesday, 13th November 2018.

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	6,750	14.79
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	1,175	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K6.75 billion on Wednesday, 14th November 2018, from K10.25 billion on 13th November 2018.
- The overnight interbank market rate (IBR) dropped by 12 basis points (bps) to 14.79 percent on 14th November 2018, from 14.91 percent on 13th November 2018.
- A total of K1.17 billion was accessed from the Lombard Facility on Wednesday, 14th November 2018

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

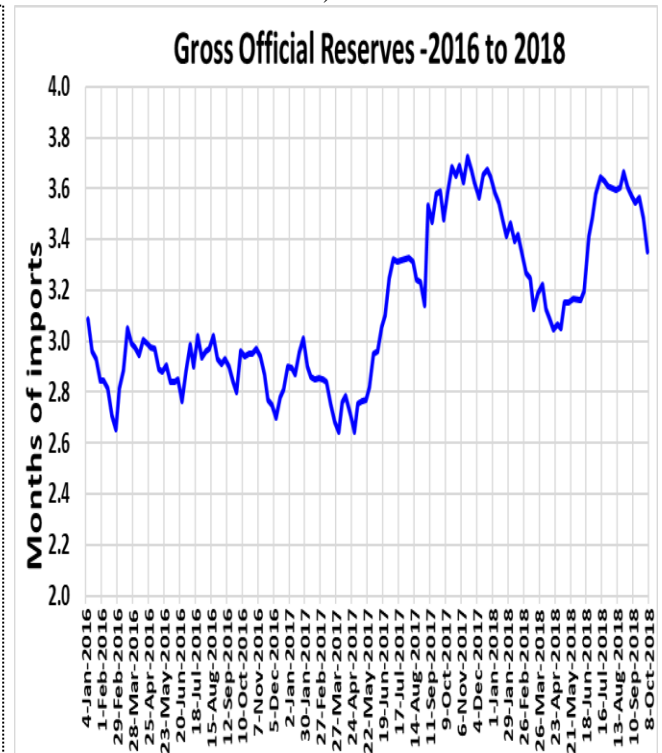
(Foreign reserves under the direct control of the Central Bank)

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

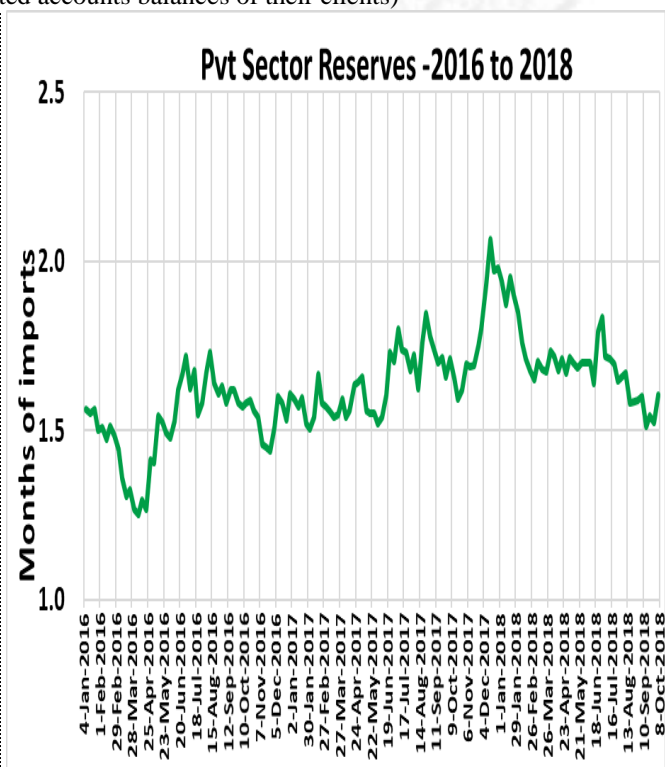
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
26 th Oct 2018	46.71	53.15
2 nd Nov 2018	41.56	43.34
9 th Nov 2018	43.10	43.29
14 th Nov 2018	10.75	10.53

Commentary:

- ADB's FX trading increased during the week ending 9th November 2018 compared to the previous week. ADBs purchased a total of US\$43.10 million from the market and sold a total of US\$43.29 million during the week. On Wednesday, 14th November 2018, ADBs purchased US\$10.75 million from the market and sold US\$10.53 million.

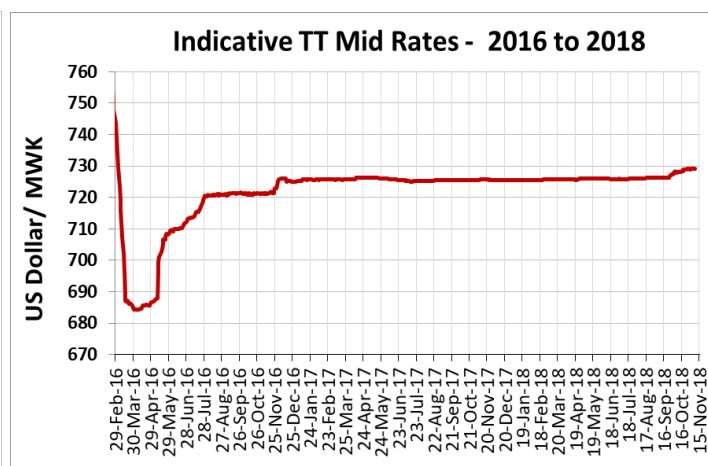
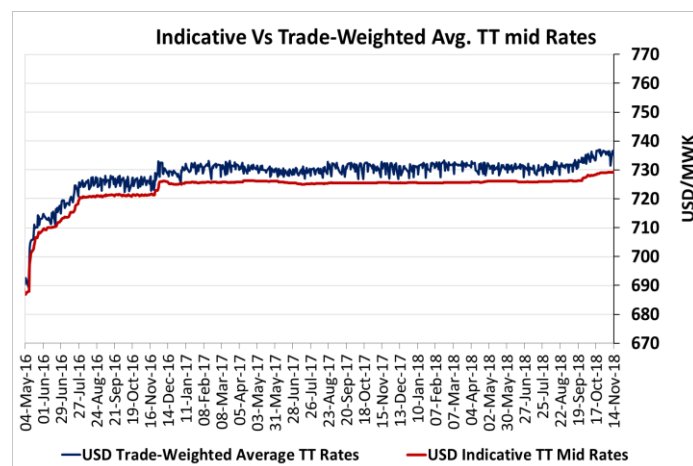


iii. Exchange Rate Developments

	8 th Nov 2018	9 th Nov 2018	12 th Nov 2018	13 th Nov 2018	14 th Nov 2018	Today's indicative Rates
MWK/USD	735.0605	731.4990	736.3286	735.0605	731.4990	729.3995
MWK/GBP	963.2917	956.3071	945.5688	963.2917	956.3071	948.9487
MWK/EUR	841.3091	828.3064	828.2411	841.3091	828.3064	826.6285
MWK/ZAR	52.9704	51.7165	51.2416	52.9704	51.7165	51.0109

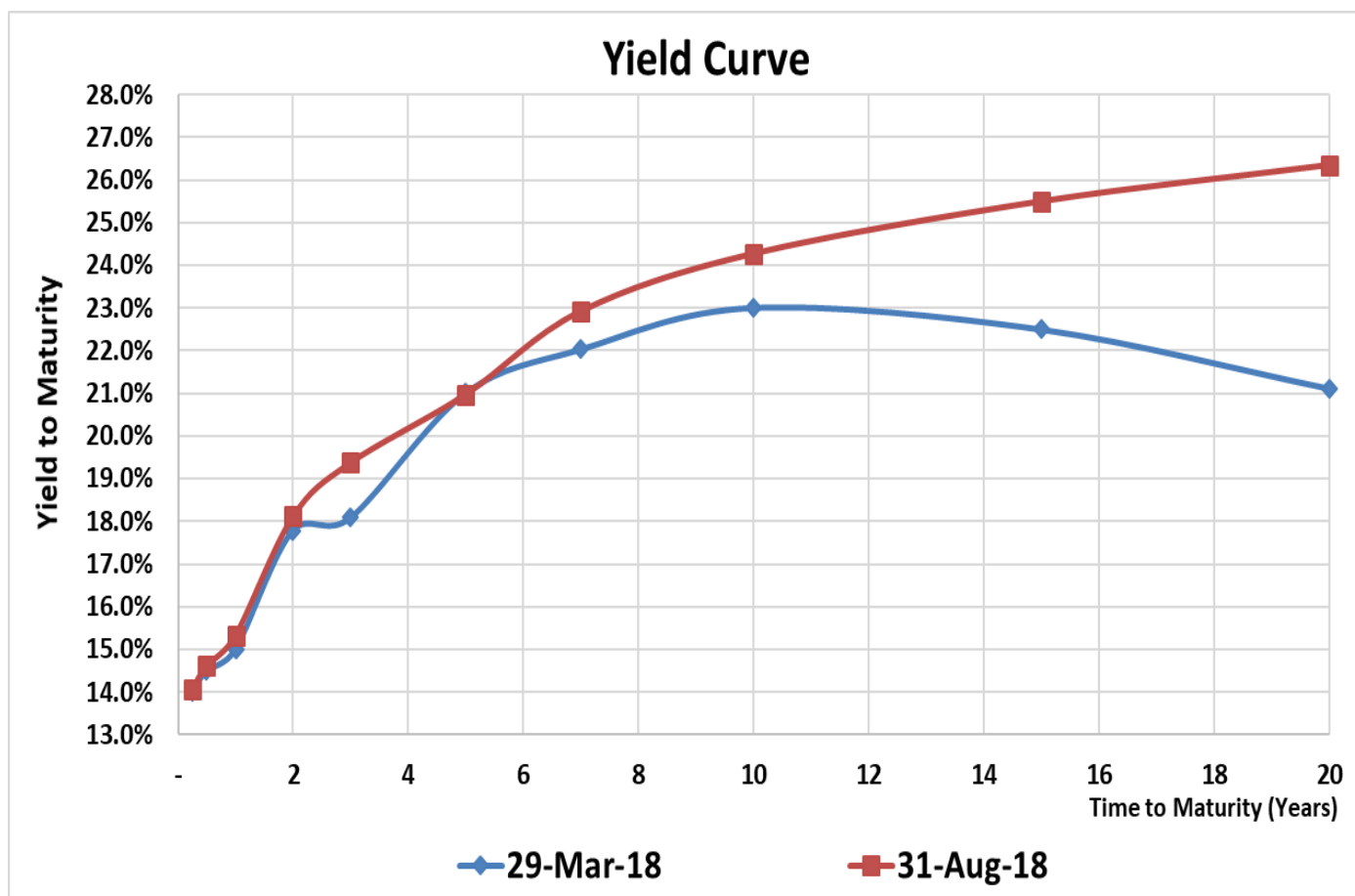
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Wednesday, 14th November 2018, the Kwacha appreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the local currency traded at 729.1669 per US Dollar, today 15th 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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