



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 22nd November 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 23 rd November 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	5,998	-100
Estimated Excess Reserves before OMO	19,701	461
Estimated Excess Reserves after OMO	0	0
Required Reserves	77,548	77,548

ii. Known Projected Transactions

	Week ending 9 th November 2018	Week ending 16 th November 2018	Week ending 23 rd November 2018	November 2018
Maturity of normal TBs/TNs/PNs	1,879	2,504	4,534	28,135
Maturity of OMO Repos	-	25,895	4,964	51,121

Commentary:

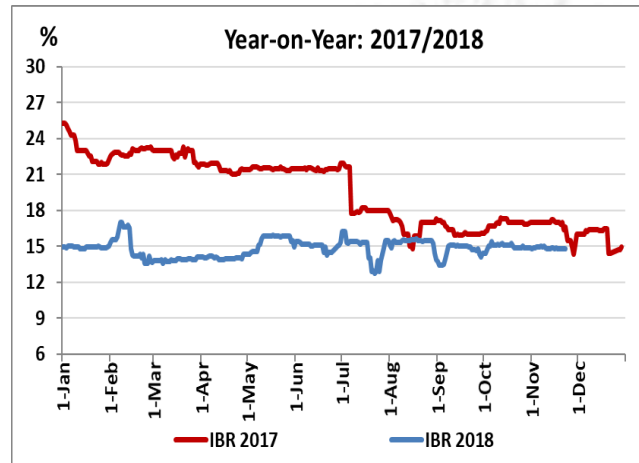
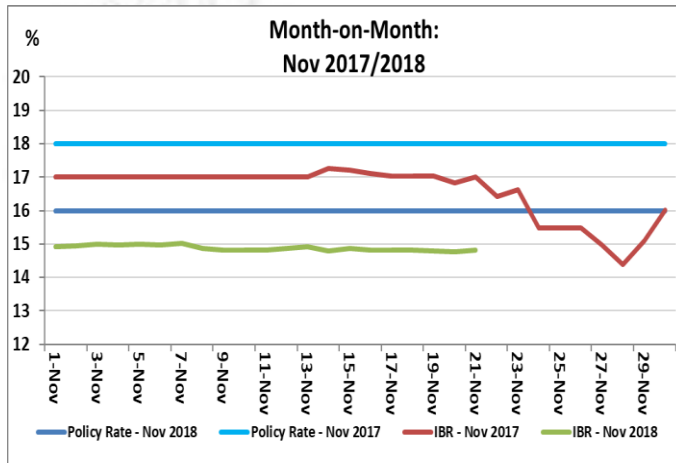
Excess reserves increased to K13.70 billion on Wednesday, 21st November 2018, from K12.39 billion recorded on Tuesday, 20th November 2018.

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	5,500	14.82
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	855	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K5.50 billion on Wednesday, 21st November 2018, from K8.70 billion on Tuesday, 20th November 2018.
- The overnight interbank market rate (IBR) increased by 5 basis points (bps) to 14.82 percent on 21st November 2018, from 14.77 percent on 20th November 2018.
- A total of K855.00 million was accessed from the Lombard Facility on Wednesday, 21th November 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

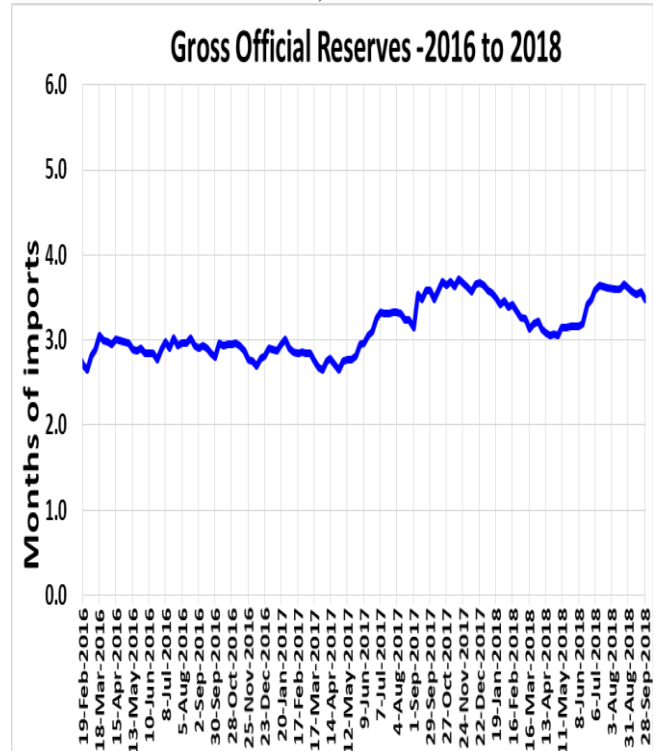
(Foreign reserves under the direct control of the Central Bank)

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

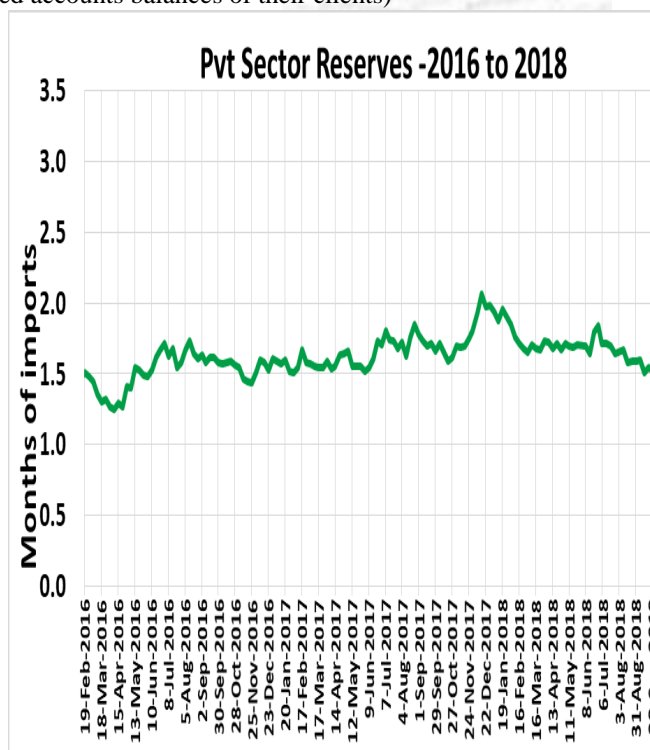
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
2 nd Nov 2018	41.56	43.34
9 th Nov 2018	43.10	43.29
16 th Nov 2018	36.18	40.03
21 st Nov 2018	4.23	3.99

Commentary:

- ADB's FX trading dropped during the week ending 16th November 2018 compared to the previous week. ADBs purchased a total of US\$36.18 million from the market and sold a total of US\$40.03 million during the week. On Wednesday, 21st November 2018, ADBs purchased US\$4.23 million from the market and sold US\$3.99 million.

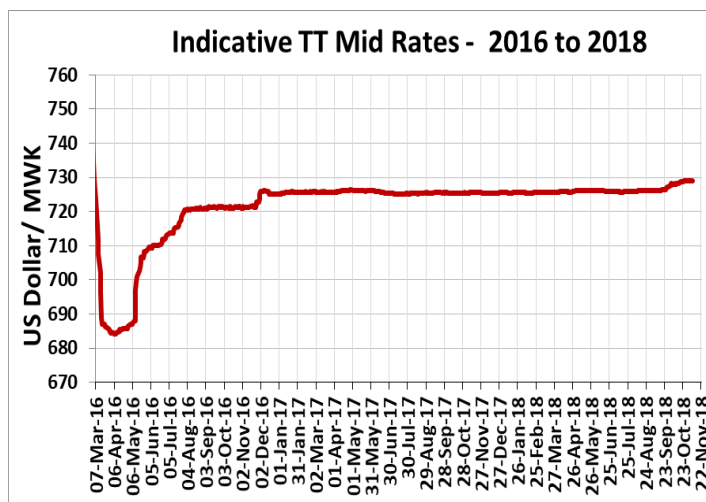
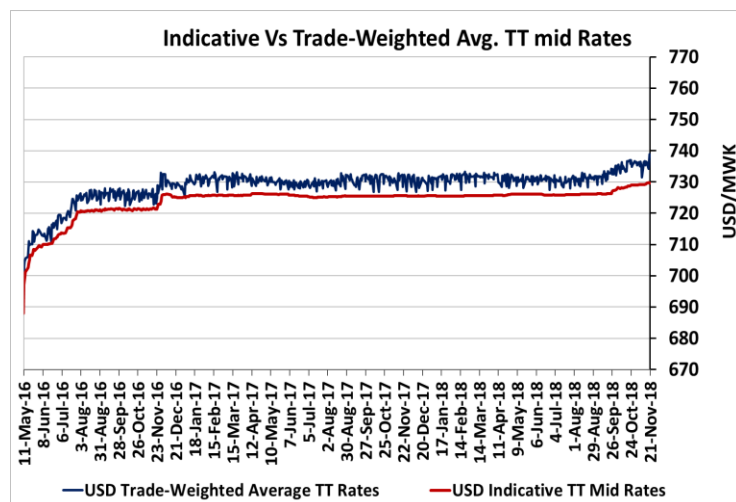


iii. Exchange Rate Developments

	15 th Nov 2018	16 th Nov 2018	19 th Nov 2018	20 th Nov 2018	21 st Nov 2018	Today's indicative Rates
MWK/USD	736.4456	736.2699	734.2347	738.9037	738.1112	729.7190
MWK/GBP	949.2470	944.3046	942.6060	946.3008	936.6210	933.0187
MWK/EUR	827.6552	832.4675	837.7641	840.0416	832.3130	831.6607
MWK/ZAR	51.4076	51.6972	52.3457	52.1052	52.1039	52.3915

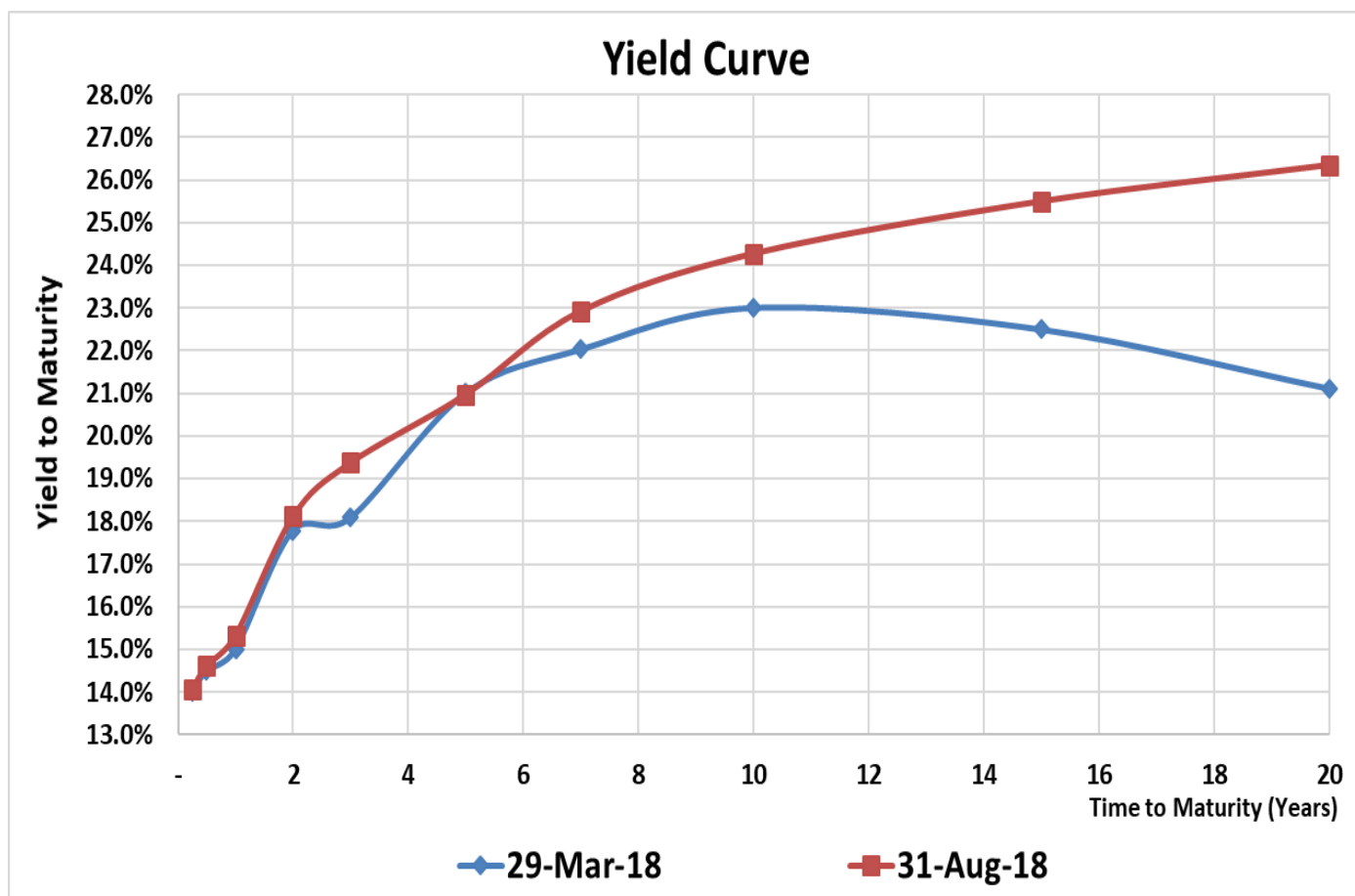
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Wednesday, 21st November 2018, the Kwacha appreciated against the USD, the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to be trading at 729.7190 per US Dollar, today 22nd 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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