



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday 5th March 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 8 th March 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	242	32,671
Estimated Excess Reserves before OMO	3,586	36,015
Estimated Excess Reserves after OMO	0	0
Required Reserves	50,147	50,147

ii. Known Projected Transactions

	Week ending 22 nd February 2019	February 2019	Week ending 1 st March 2019	Week ending 8 th March 2019
Maturity of normal TBs/TNs/PNs	13,406	53,737	31,106	21,223
Maturity of OMO Repos	26,292	60,320	36,554	11,206

Commentary:

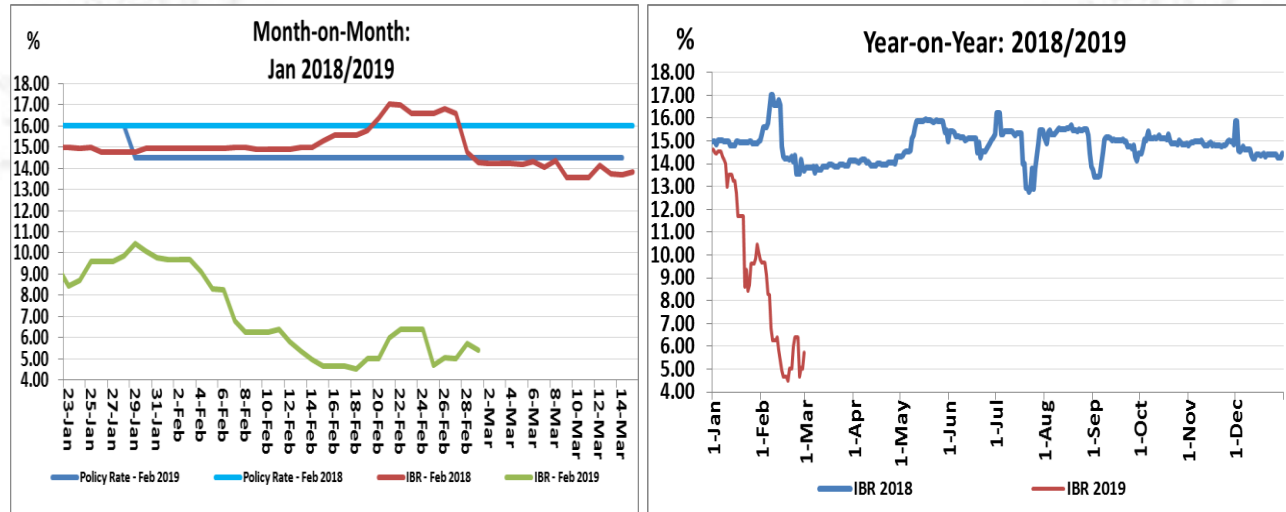
Excess reserves decreased to K3.34 billion on Friday, 1st March 2019, from K5.35 billion recorded on Thursday, 28th February 2019.

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	9.52	5.47
2 days		
7 days		
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

Weighted Average Interbank Rates



Commentary:

- Traded volume on the overnight interbank market increased to K9.52 billion on Friday, 1st March 2019, from K4.45 billion on Thursday, 28th February 2019.
- The overnight interbank market rate (IBR) decreased by 26 (bps) basis points and stood at 5.47 percent on Friday, 1st March 2019 from 5.73 percent on Thursday, 28th February 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

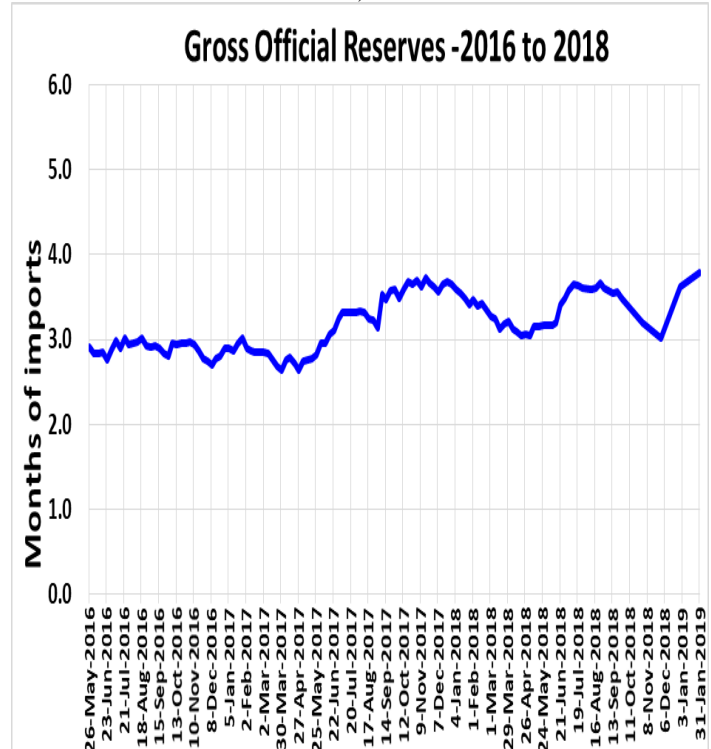
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ million)	Reserves (US\$ million)	Import Cover * (Months)
28 th Sep 2018	727.63	3.48
31 st Oct 2018	669.92	3.20
30 th Nov 2018	631.21	3.04
31 st Dec 2018	755.22	3.61
31 st Jan 2019	790.28	3.78

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

Commentary:

- Gross official reserves increased during January 2019 to \$790.228 million (3.78 months of imports) from \$755.22 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)
30 th Nov 2018	1.63	336.28	337.92	1.62
31 st Dec 2018	2.37	328.47	330.84	1.58
31 st Jan 2019	-4.89	324.01	319.12	1.53

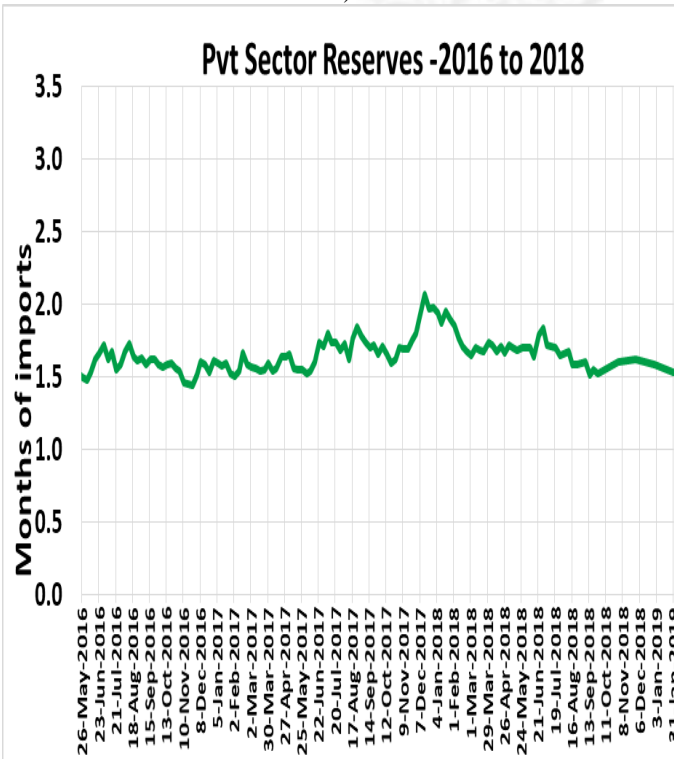
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
8 th Feb 2019	25.06	25.42
15 th Feb 2019	35.89	38.34
22 nd Feb 2019	31.07	39.68
1 st Mar 2019	29.54	33.86
On 1 st March 2019	5.81	5.88

Commentary:

- ADB's FX trading slightly dropped during the week ending 1st March 2019 compared to the previous week. ADBs purchased a total of US\$29.54 million from the market and sold a total of US\$33.86 million during the week. On Friday 1st March 2019, ADBs purchased US\$5.81 million from the market and sold US\$5.88 million.

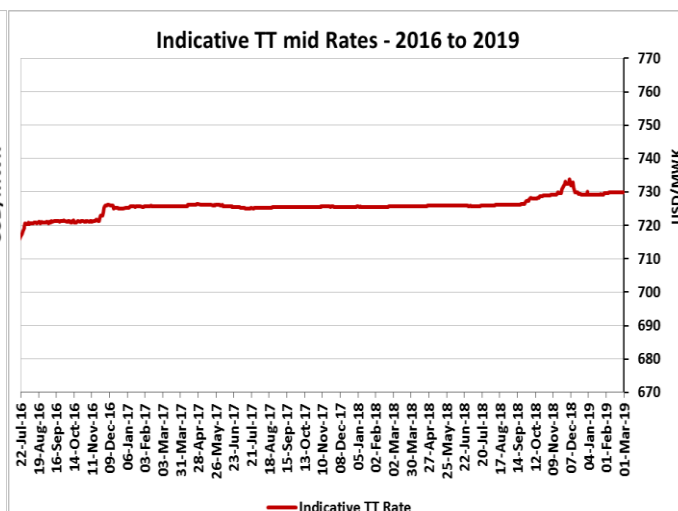
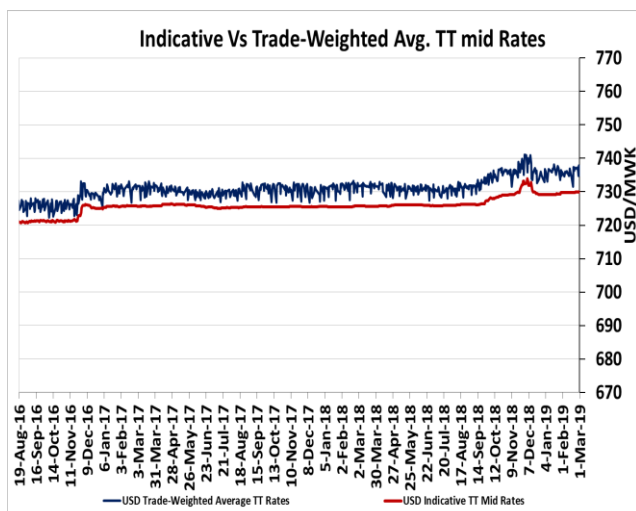


iii. Exchange Rate Developments

	25 th Feb 2019	26 th Feb 2019	27 th Feb 2019	28 th Feb 2019	1 st Mar 2019	Today's indicative Rates
MWK/USD	737.1544	736.3637	734.6903	737.8675	734.8885	729.8927
MWK/GBP	962.1429	966.5198	968.3503	982.3180	977.4775	960.2468
MWK/EUR	830.9545	835.1566	838.1710	835.8003	838.9182	826.8225
MWK/ZAR	52.9566	53.0625	52.8555	52.6543	51.9516	51.3741

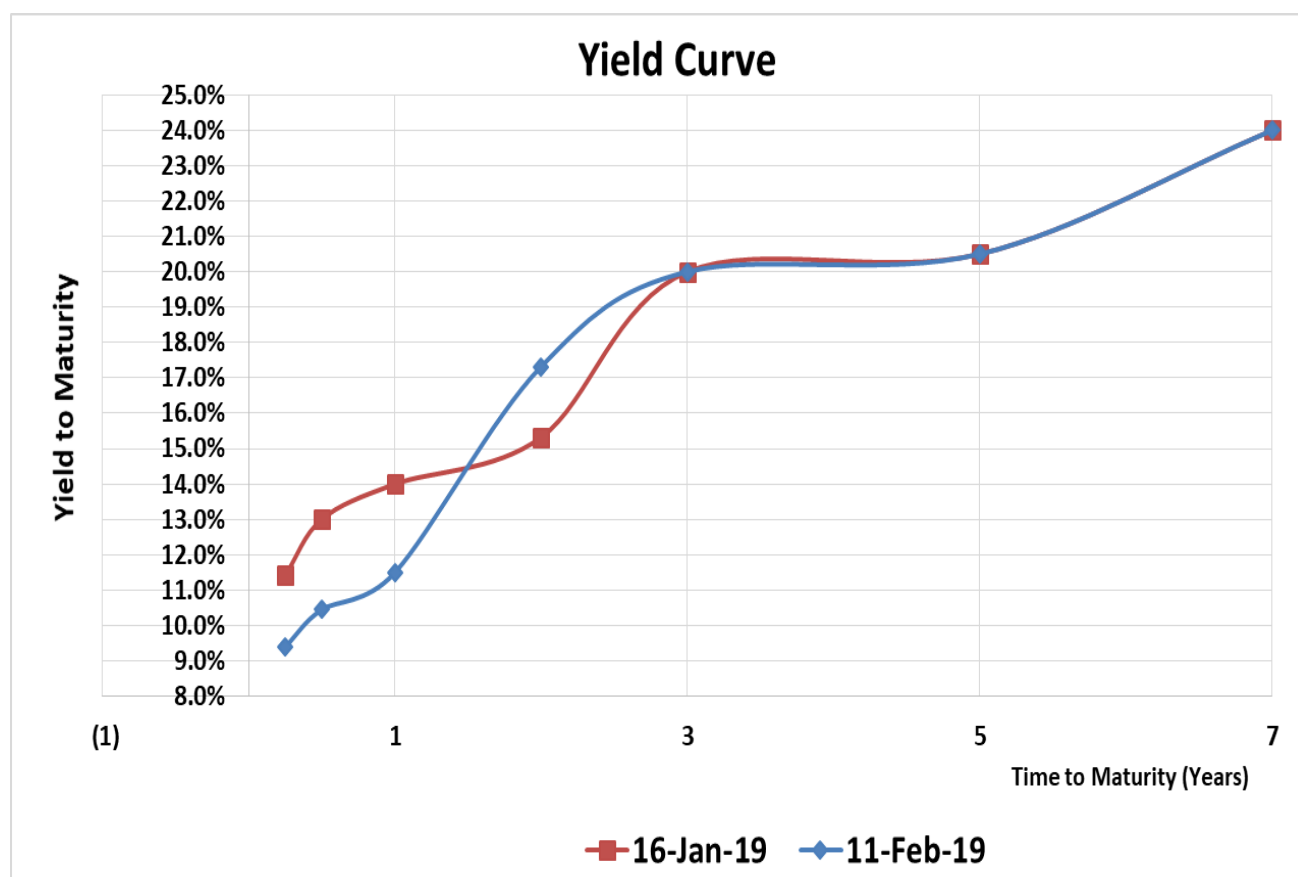
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 1st March 2019, the Kwacha appreciated against the USD, GBP and ZAR but depreciated against the EUR. Indicatively, the local currency is expected to be trading at 729.8927 per US Dollar today, 5th March 2019.



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
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%
16 th January 2019	11.42%	13.00%	14.00%	15.32%	20.00%	20.50%	24.00%
11 th February 2019	9.40%	10.45%	11.50%	17.32%	20.00%	20.50%	24.00%
11 Feb 2019 – 16 Jan 2018 Change in Yield (Bp)	(2.02)	(2.55)	(2.50)	2.00	0.00	0.00	0.00



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