



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday 29th March 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 29 th March 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	3,841	19,370
Estimated Excess Reserves before OMO	44,621	44,621
Estimated Excess Reserves after OMO	0	0
Required Reserves	51,524	51,524

ii. Known Projected Transactions

	Week ending 15 th March 2019	Week ending 22 March 2019	Week ending 29 th March 2019	March 2019
Maturity of normal TBs/TNs/PNs	10,134	11,653	36,025	79,036
Maturity of OMO Repos	0	5,107	40,715	57,028

Commentary:

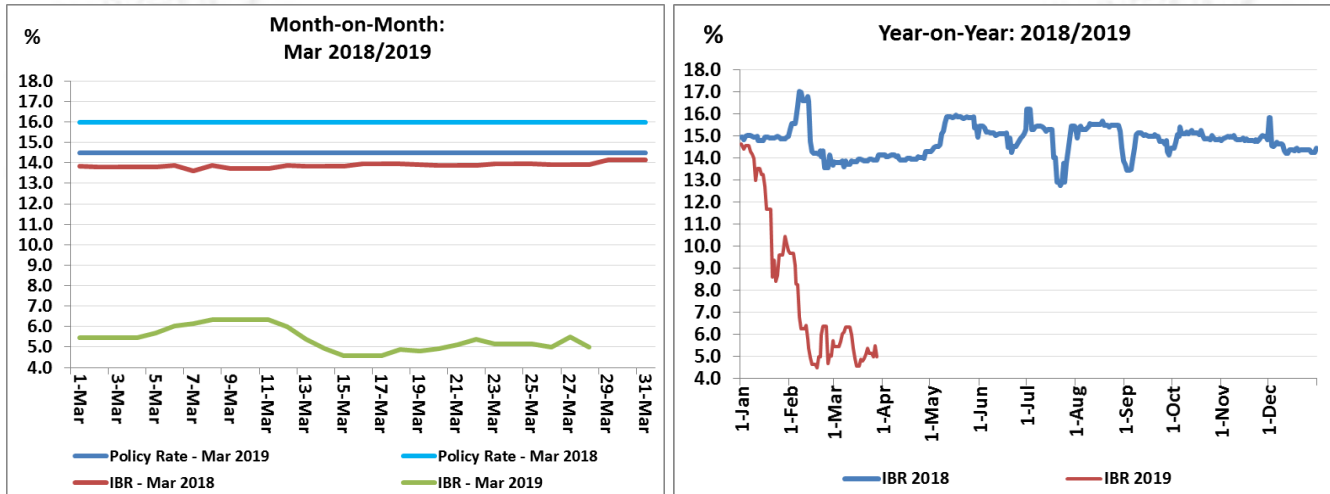
Excess reserves decreased to K40.78 billion on Thursday, 28th March 2019, from K43.95 billion recorded on Wednesday, 27th March 2019.

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	4,000	5.00
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 decreased to K4.00 billion on Thursday, 28th March 2019, from K5.00 billion on Wednesday, 27th March 2019.
- The overnight interbank market rate (IBR) decreased by 50 basis points (bps) and stood at 5.00 percent on Thursday, 28th March 2019 from 5.50 percent on Wednesday, 27th March 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

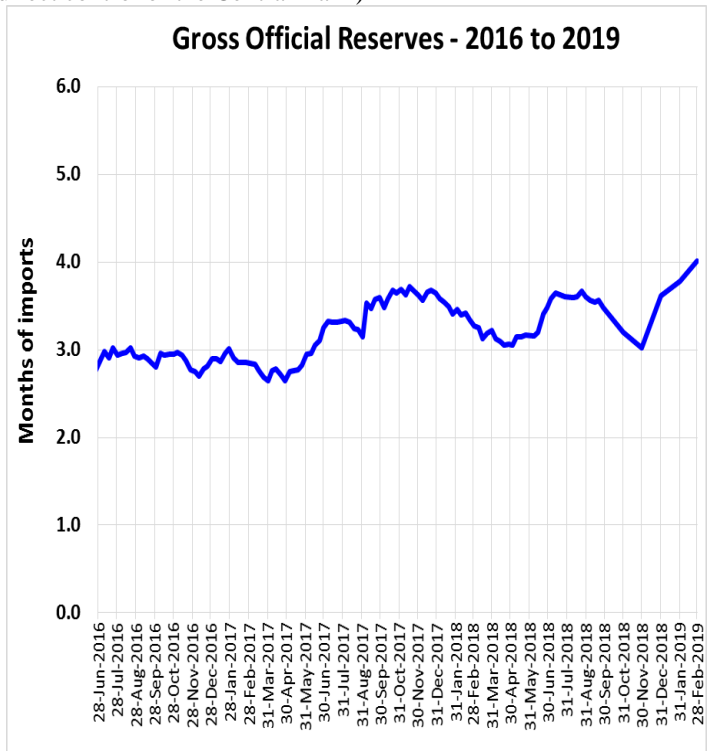
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ million)	Reserves (US\$ million)	Import Cover * (Months)
30 th Nov 2018	631.21	3.04
31 st Dec 2018	755.22	3.61
31 st Jan 2019	790.28	3.78
28 th Feb 2019	837.49	4.01

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

Commentary:

- Gross official reserves increased during February 2019 to \$837.490 million (4.01 months of imports) from \$790.228 million (3.78 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
28 th Feb 2019	-7.31	331.59	324.27	1.55

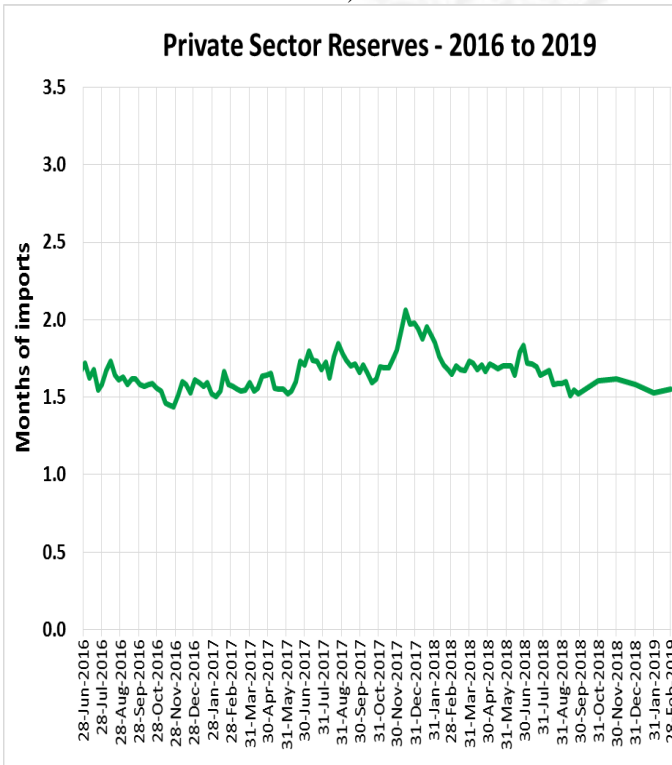
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
08 th Mar 2019	17.54	20.05
15 th Mar 2019	26.08	31.33
22 nd March 2019	31.53	36.13
On 28 th March 2019	4.65	5.77

Commentary:

- ADB's FX trading increased during the week ending 22nd March 2019 compared to the previous week. ADBs purchased a total of US\$31.53 million from the market and sold a total of US\$36.13 million during the week. On Thursday, 28th March 2019, ADBs purchased US\$4.65 million from the market and sold US\$5.77 million.

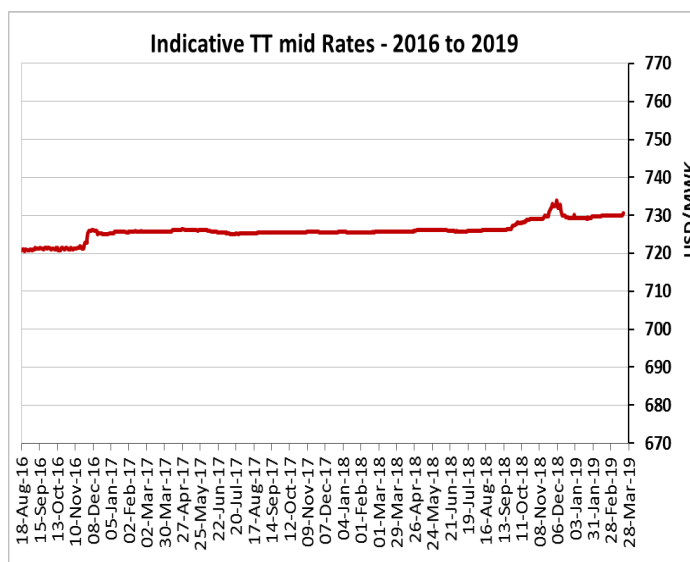
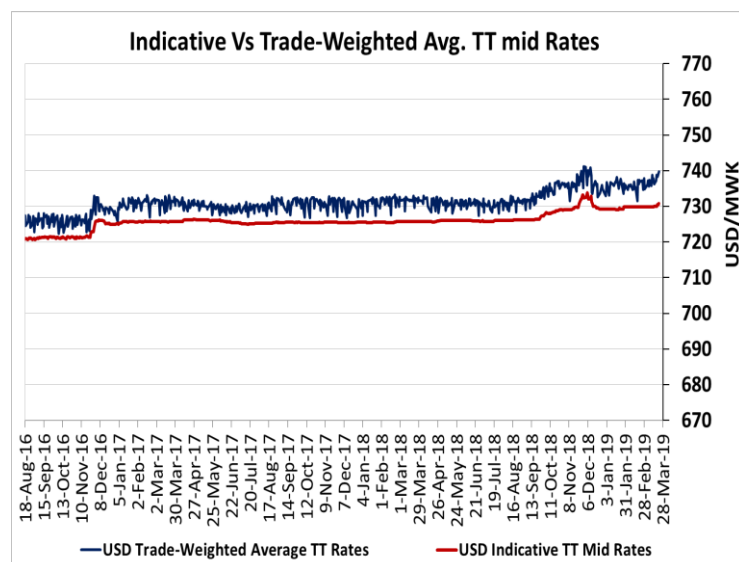


iii. Exchange Rate Developments

	22 nd March 2019	25 th March 2019	26 th March 2019	27 th March 2019	28 th March 2019	Today's indicative Rates
MWK/USD	736.6538	737.0170	739.2183	738.1489	740.1174	731.7891
MWK/GBP	968.4984	976.7367	970.5589	971.9150	971.7198	956.5215
MWK/EUR	836.6487	836.3862	835.4867	828.3240	830.5539	822.0187
MWK/ZAR	52.1316	51.1576	51.4121	50.9526	50.3345	50.1686

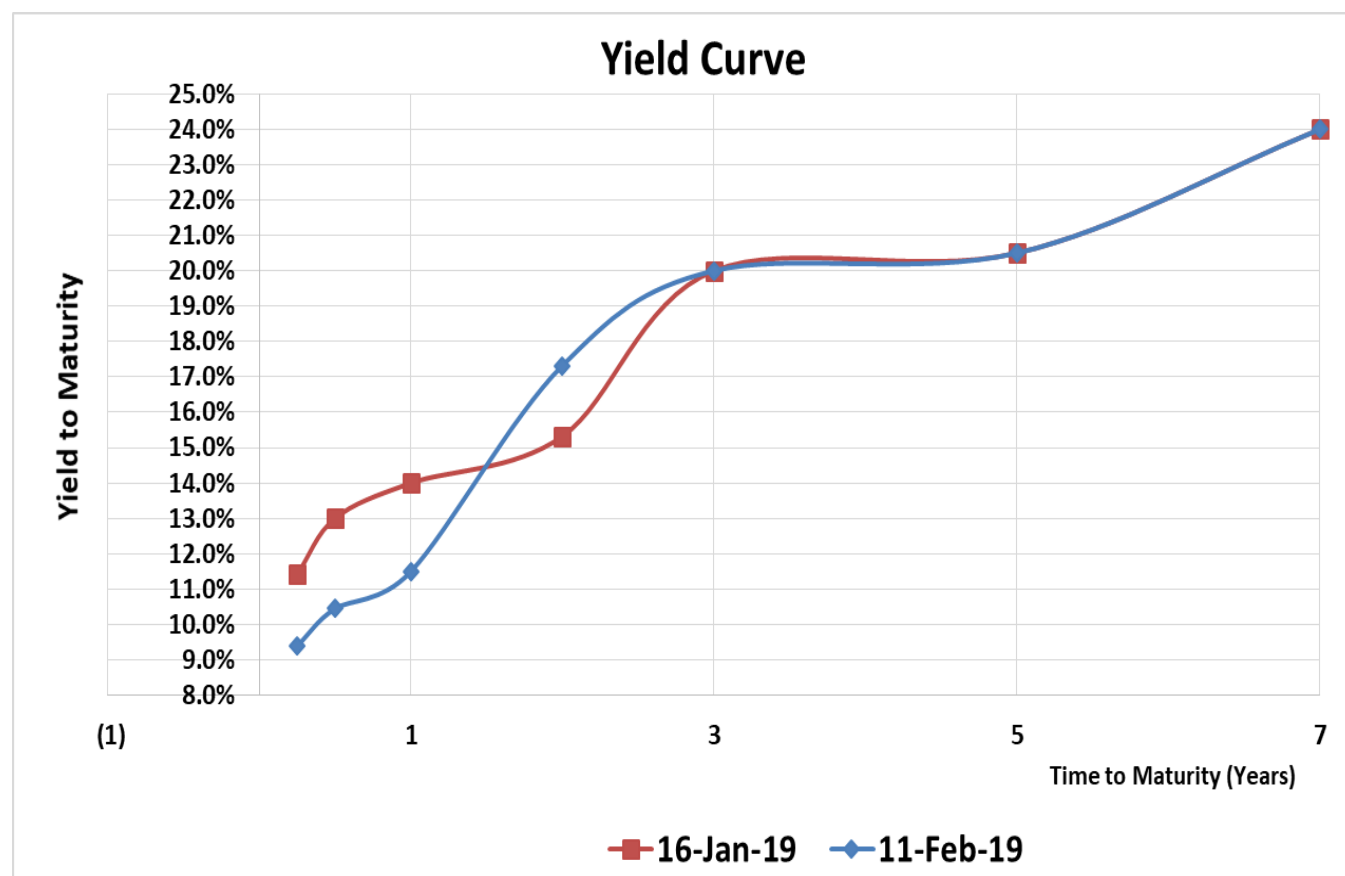
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 28th March 2019, the Kwacha depreciated against the USD and the EUR but appreciated against the GBP and the ZAR. Indicatively, the local currency is expected to be trading at 731.7891 per US Dollar today, 29th 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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