



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday 7th May 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 10 th May 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-24,059	-3,558
Estimated Excess Reserves before OMO	-17,864	-8,491
Estimated Excess Reserves after OMO	0	0
Required Reserves	48,442	48,442

ii. Known Projected Transactions

	Week ending 10 th May 2019	Week ending 17 th May 2019	Week ending 24 th May 2019	May 2019
Maturity of normal TBs/TNs/PNs	11,090	9,028	5,662	116,511
Maturity of OMO Repos	0	0	0	15,744

Commentary:

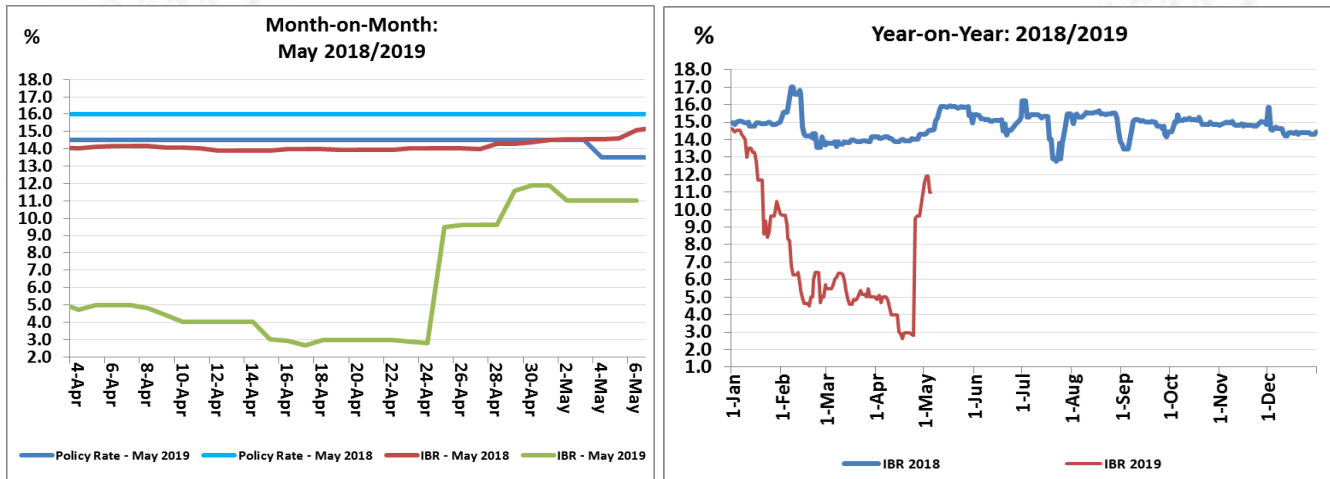
Excess reserves increased to K6.19 billion on Monday, 6th May 2019, from negative K4.93 billion recorded on Friday, 3rd May 2019.

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	-	-
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	25,300	13.90

Weighted Average Interbank Rates



Commentary:

- There was no overnight interbank transaction on Monday, 6th May 2019,
- The overnight interbank market rate remains at 11.00 percent.
- K25.30 billion was accessed on the Lombard facility on Monday, 6th May 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

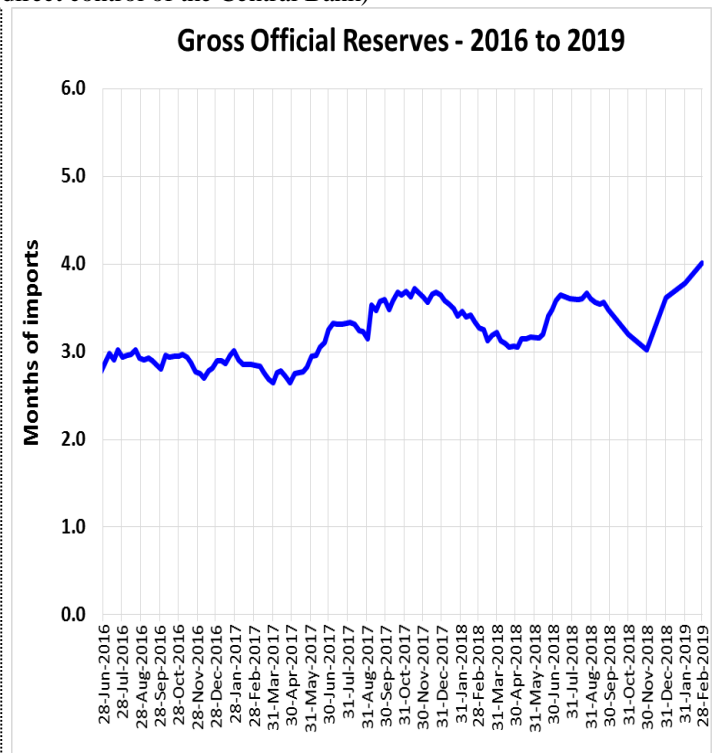
(Foreign reserves under the direct control of the Central Bank)

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 \$837.49 million (4.01 months of imports) from \$790.23 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

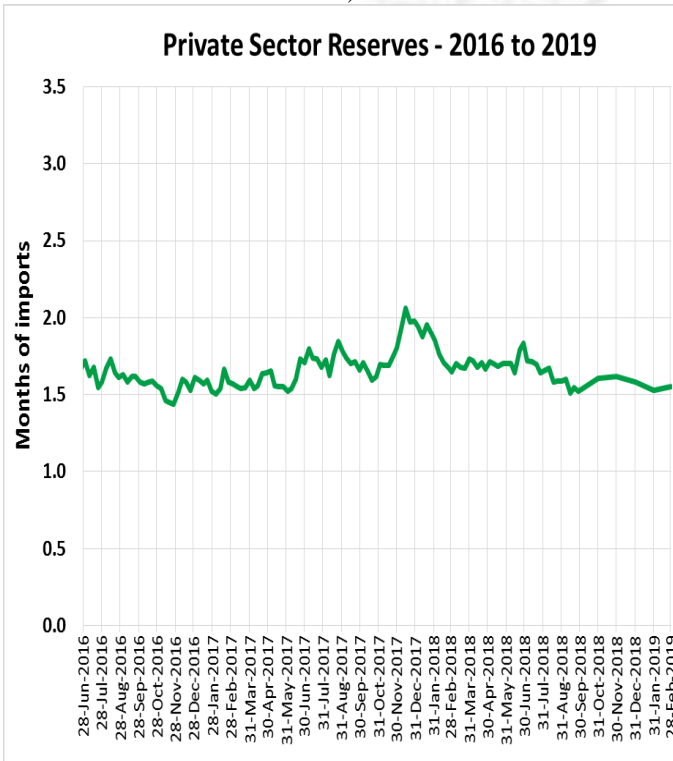
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
18 th Apr 2019	24.31	24.30
26 th Apr 2019	21.62	28.20
3 rd May 2019	23.75	27.61
On 6 th May 2019	5.91	11.93

Commentary:

- ADB's FX trading increased during the week ending 3rd May 2019 compared to the previous week. ADBs purchased a total of US\$23.75 million from the market and sold a total of US\$27.61 million during the week. On Monday, 6th May 2019, ADBs purchased US\$5.91 million from the market and sold US\$11.93 million.

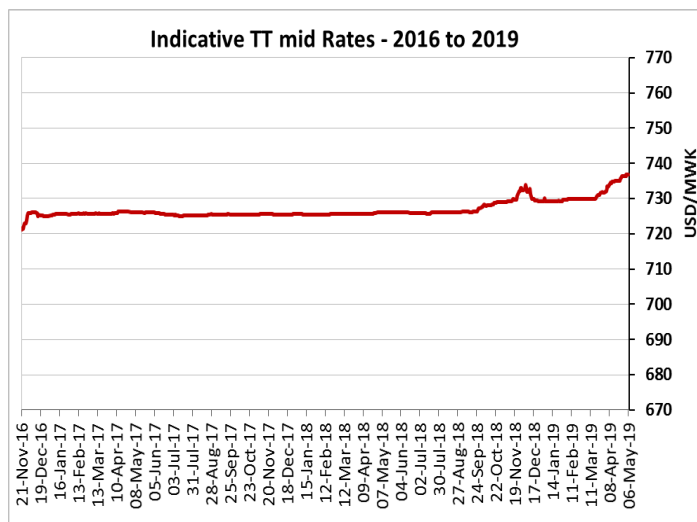
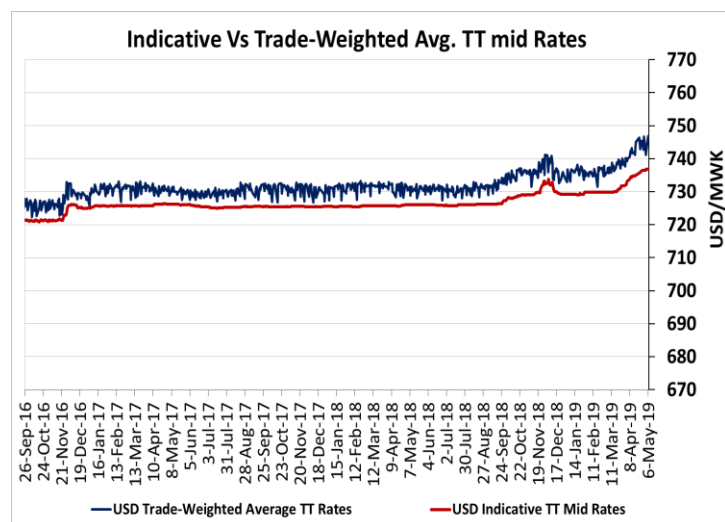


iii. Exchange Rate Developments

	29 th April 2019	30 th April 2019	2 nd May 2019	3 rd May 2019	6 th May 2019	Today's indicative Rates
MWK/USD	742.6741	746.7430	742.9600	741.1909	746.8683	736.8793
MWK/GBP	960.3595	960.9688	969.6493	967.1335	975.1229	966.7120
MWK/EUR	828.0923	829.4660	833.7809	829.4662	838.7095	825.9680
MWK/ZAR	51.6486	51.7404	51.2177	51.2443	51.1106	50.9598

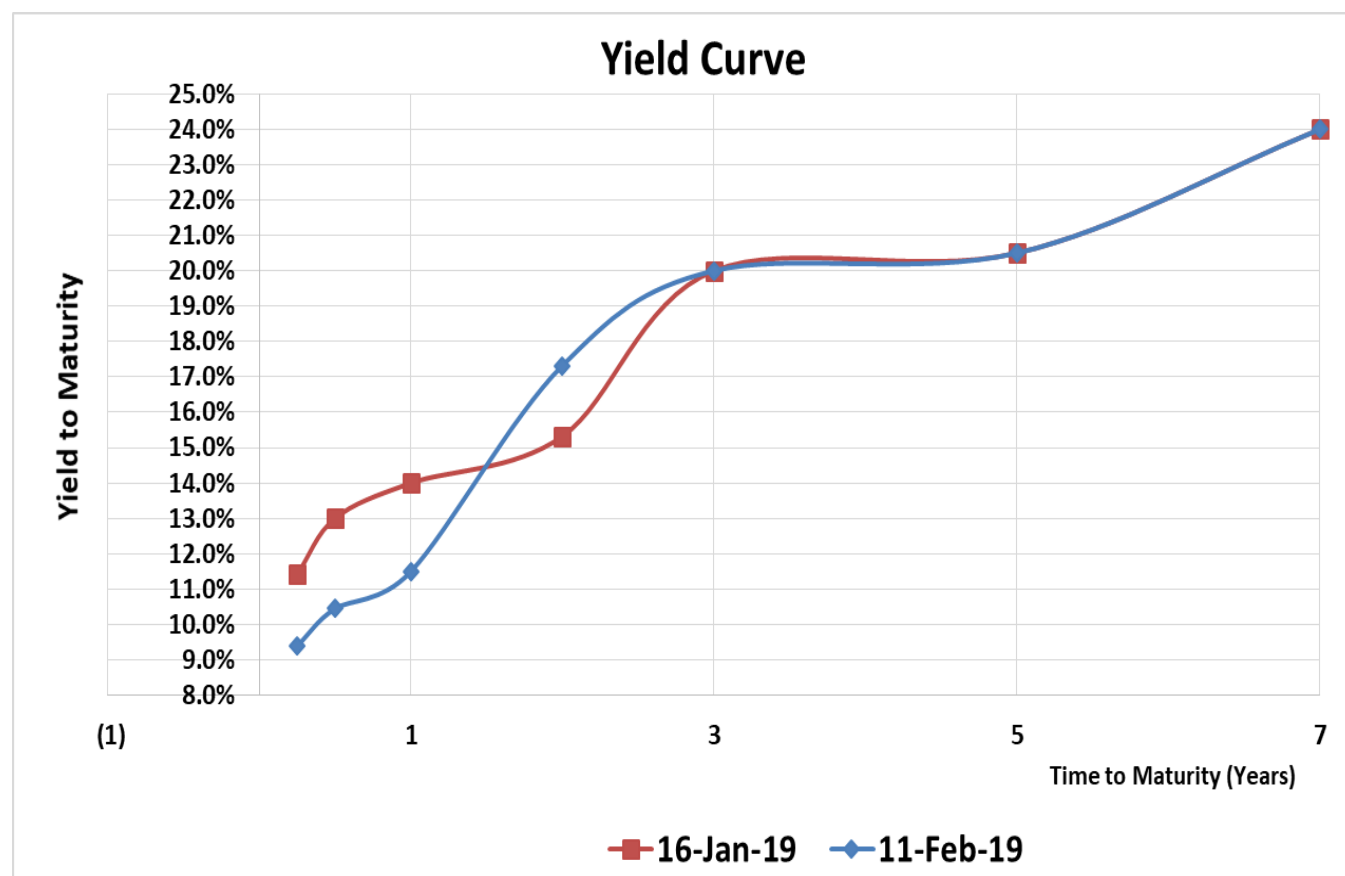
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Monday, 6th May 2019, the Kwacha appreciated against the ZAR but depreciated against the USD, the GBP and the EUR. Indicatively, the local currency is expected to be trading at 736.8793 per US Dollar today, 7th May 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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