



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 25<sup>th</sup> July 2019

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 26 <sup>th</sup> July 2019	24 <sup>th</sup> July 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	688	3,812	-2,550
Excess Reserves before OMO	-1,862	-5,162	-943
Excess Reserves after OMO	0	0	
Required Reserves	53,788	53,788	53,788

#### ii. Known Projected Transactions

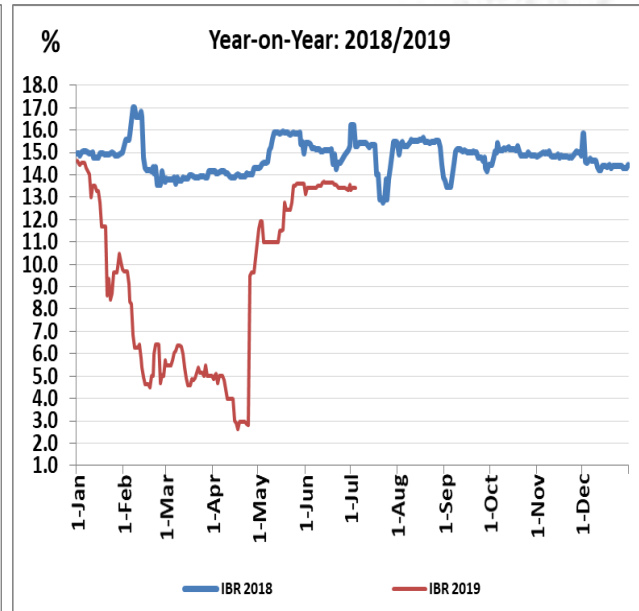
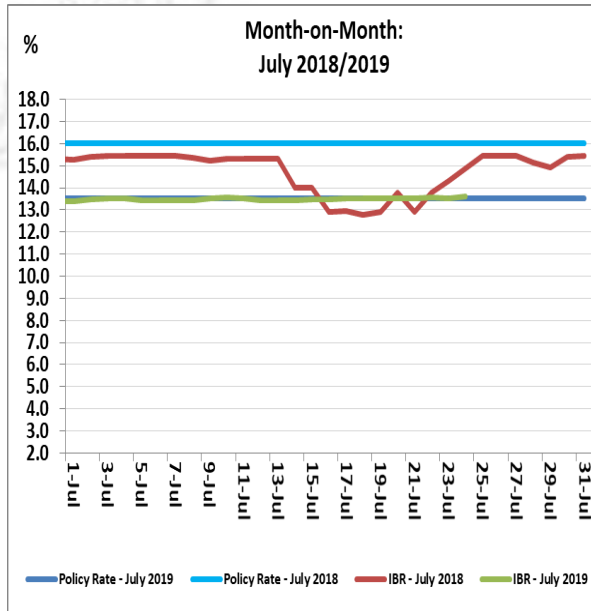
	Week ending 12 <sup>th</sup> July 2019	Week ending 19 <sup>th</sup> July 2019	Week ending 26 <sup>th</sup> July 2019	July 2019
Maturity of normal TBs/TNs/PNs	29,872	16,753	19,414	76,857
Maturity of OMO Repos	0	0	0	36,458

### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk' bn)	Average rate (%)
O/N	13.55	13.59
2 days	-	-
7 days	-	-
<b>(b) RBM Open market operations</b>		
<b>(i) Repos</b>		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
<b>(ii) Reverse Repos</b>		
7 days	-	-
30 days	-	-
60 days	-	-
<b>(c) Access on the Lombard Facility</b>	3.50	13.90

## Weighted Average Interbank Rates

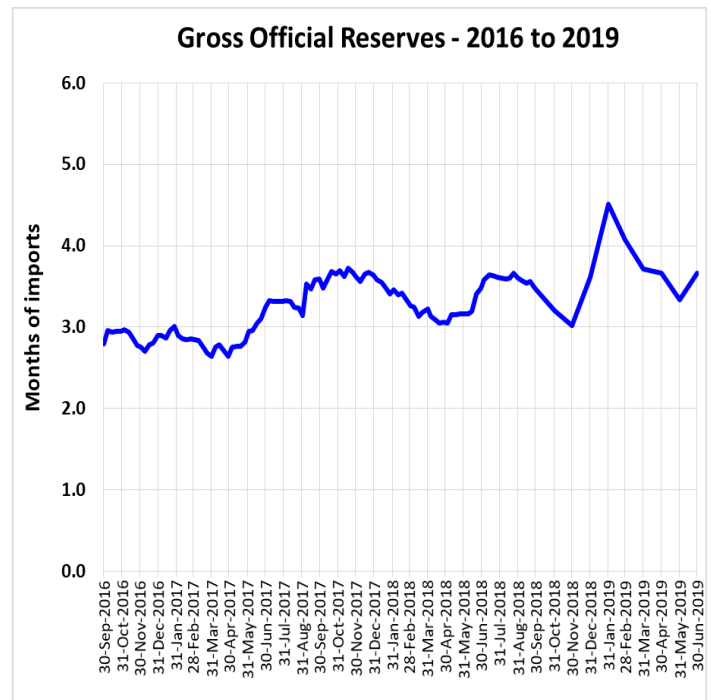


## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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)
31 <sup>st</sup> Oct 2018	669.92	3.20
30 <sup>th</sup> Nov 2018	631.92	3.04
31 Dec 2018	755.22	3.61
31 <sup>st</sup> Jan 2019	790.28	3.78
28 <sup>th</sup> Feb 2019	837.49	4.01
31 <sup>st</sup> Mar 2019	775.45	3.71
30 <sup>th</sup> Apr 2019	766.10	3.67
31 <sup>st</sup> May 2019	696.30	3.33
30 <sup>th</sup> June 2019	765.82	3.66

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



## ii. Private Sector Foreign Exchange Reserves

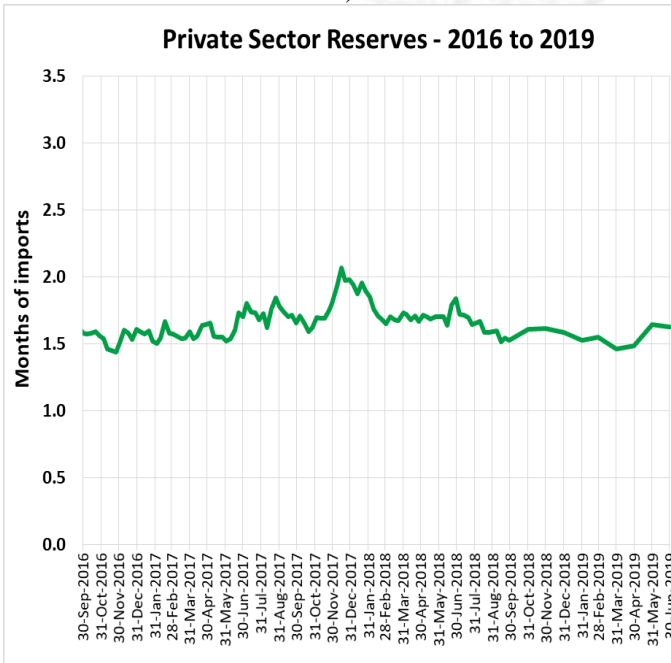
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
31 <sup>st</sup> Mar 2019	-8.71	313.75	305.05	1.46
30 <sup>th</sup> Apr 2019	-8.07	317.98	309.91	1.48
31 <sup>st</sup> May 2019	-4.42	347.70	343.28	1.64
30 <sup>th</sup> June 2019	-1.43	341.63	340.20	1.62

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

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

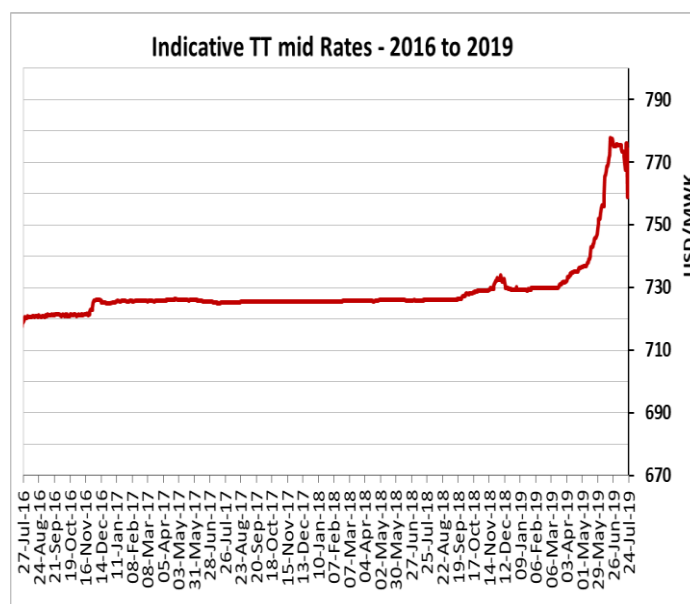
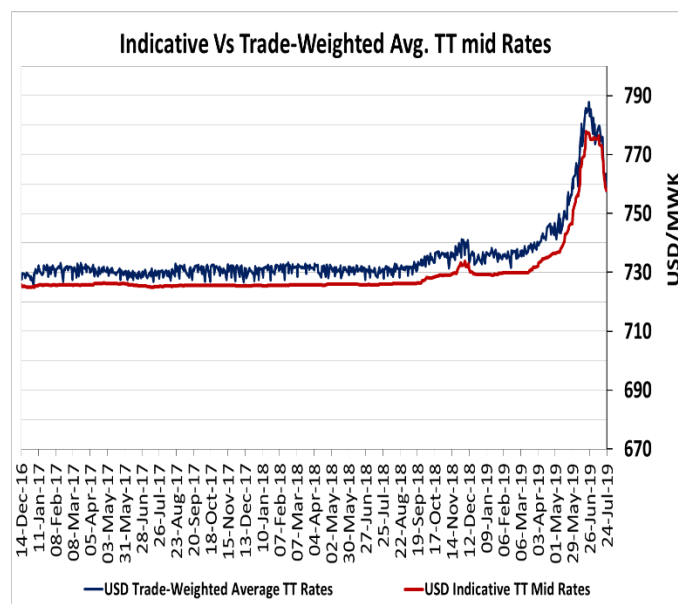
Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
5 <sup>th</sup> July 2019	30.99	52.53
12 <sup>th</sup> July 2019	26.10	42.91
19 <sup>th</sup> July 2019	34.99	47.75
On 24 <sup>th</sup> July 2019	7.66	9.31



## iii. Exchange Rate Developments

	18 <sup>th</sup> July 2019	19 <sup>th</sup> July 2019	22 <sup>nd</sup> July 2019	23 <sup>rd</sup> July 2019	24 <sup>th</sup> July 2019	Today's indicative Rates
MWK/USD	770.1152	763.4434	763.2420	760.6965	757.4119	753.9880
MWK/GBP	956.4311	954.3892	956.1129	951.1000	946.7786	941.0524
MWK/EUR	861.8595	861.2963	859.1974	849.5264	845.6969	839.5656
MWK/ZAR	55.0159	55.2014	54.9269	54.8195	54.7769	54.3340

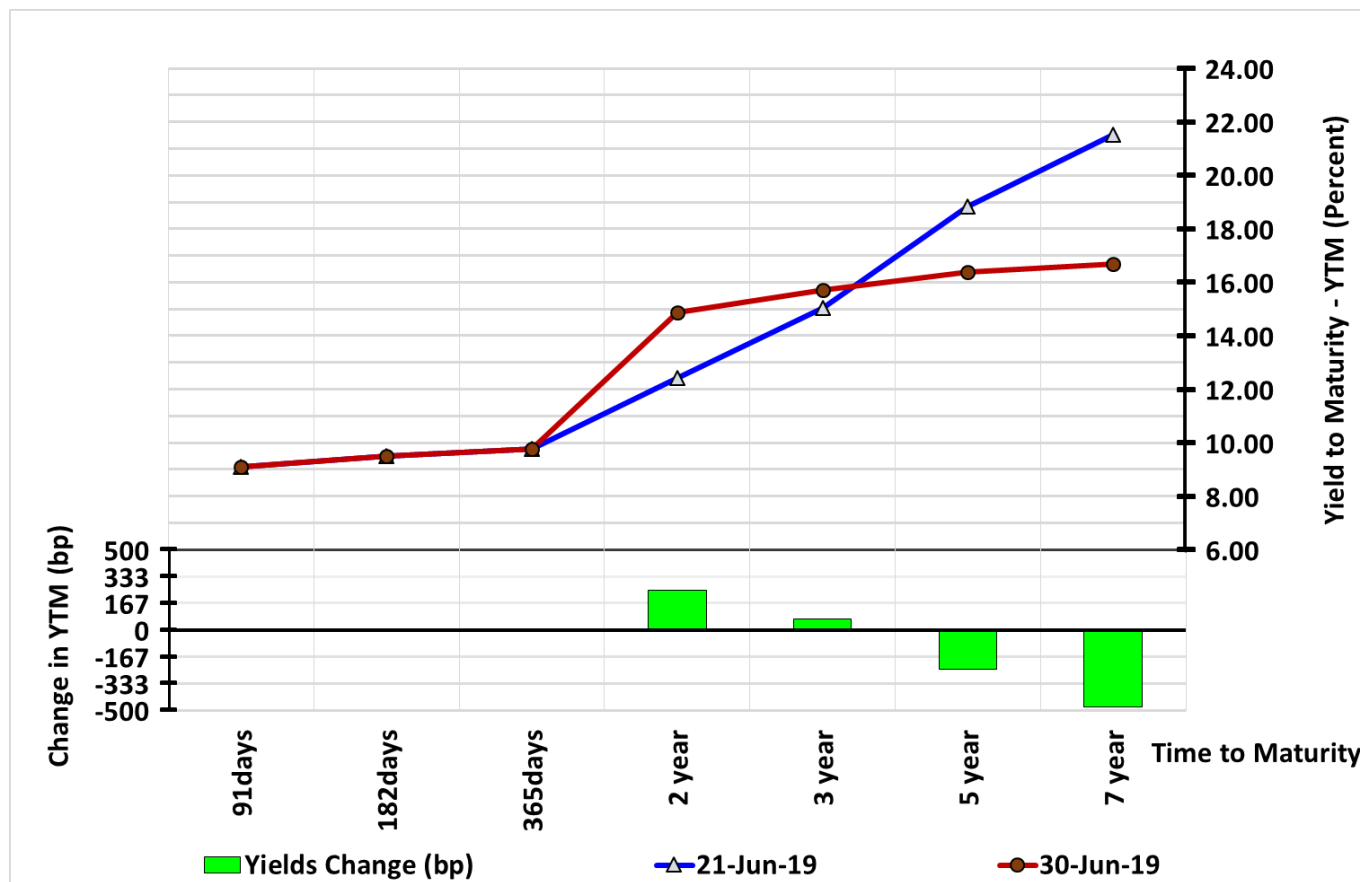
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus



#### D. YIELD CURVE FOR GOVERNMENT SECURITIES (Based on actual trades)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year
21 June 2019	9.10	9.50	9.76	12.41	15.05	18.83	21.51
30 June 2019	9.10	9.49	9.76	14.86	15.71	16.37	16.70
19 Jun 2019 – 30 Jun 2019 Change in Yield (Bp)	0	0	0	245	66	(247)	(481)

**NOTE:** The 91 day, 182 day and 364 day Treasury bill yields (9.00%, 9.50% and 10.00% respectively) have been converted to semi-annual bond basis.



**DISCLAIMER:** This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and Accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.