RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 28th August 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 30th August 2019	27th August 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-1,403	31,984	
Excess Reserves before OMO	23,217	56,604	
Excess Reserves after OMO	0	0	24,620
Required Reserves	53,310	53,310	53,310

ii. Known Projected Transactions

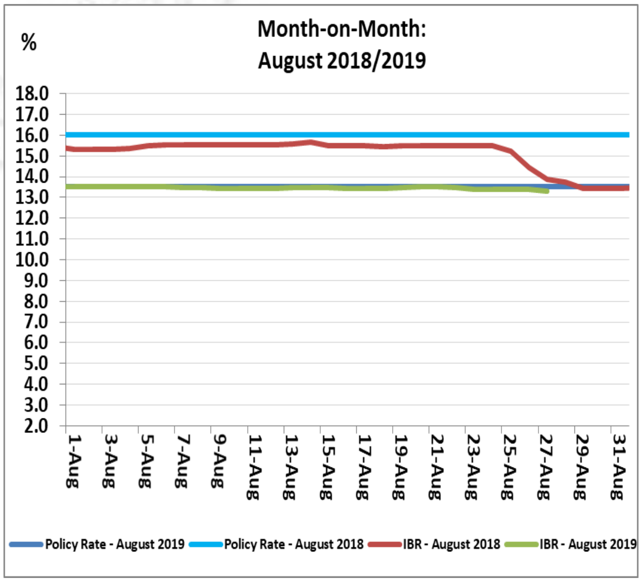
	Week ending 9th August 2019	Week ending 16 August 2019	Week ending 23rd August 2019	Week ending 30th August 2019
Maturity of normal TBs/TNs/PNs	4,328	3,774	30,532	30,622
Maturity of OMO Repos	0	0	0	0

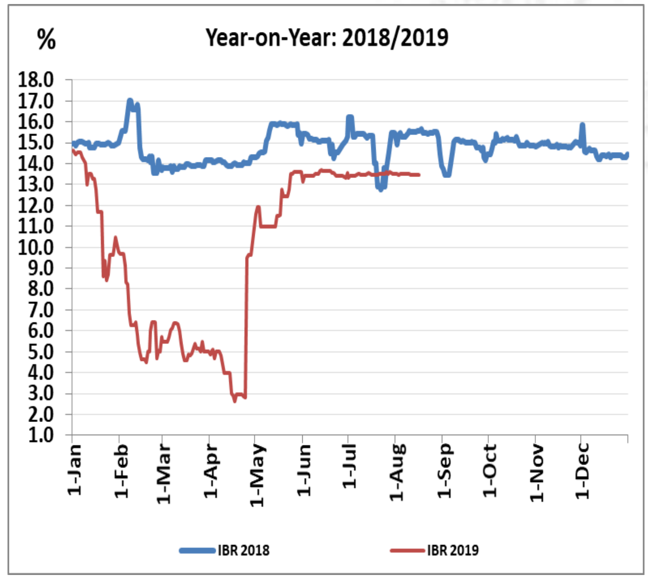
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	**Volume (Mk' bn)**	**Average rate (%)**
O/N	7.50	13.30
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	7.40	13.90

Weighted Average Interbank Rates





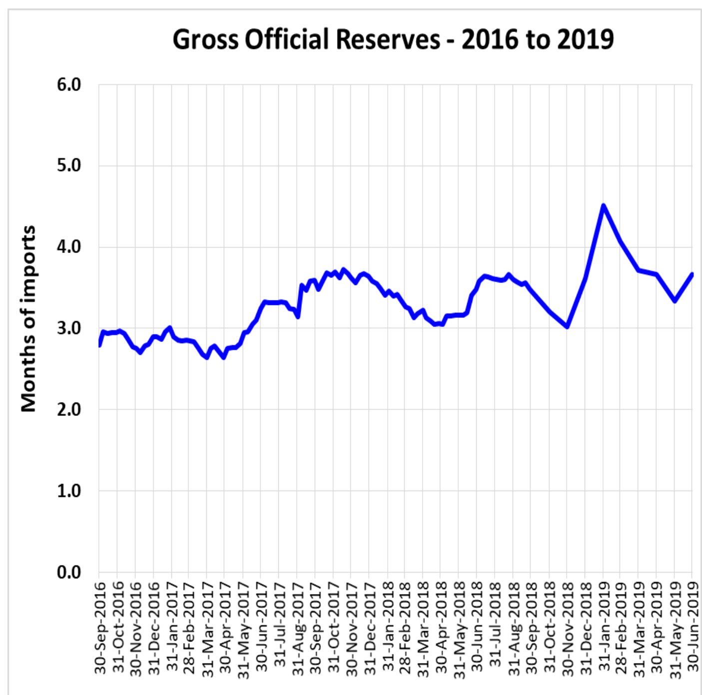
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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

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



ii. Private Sector Foreign Exchange Reserves

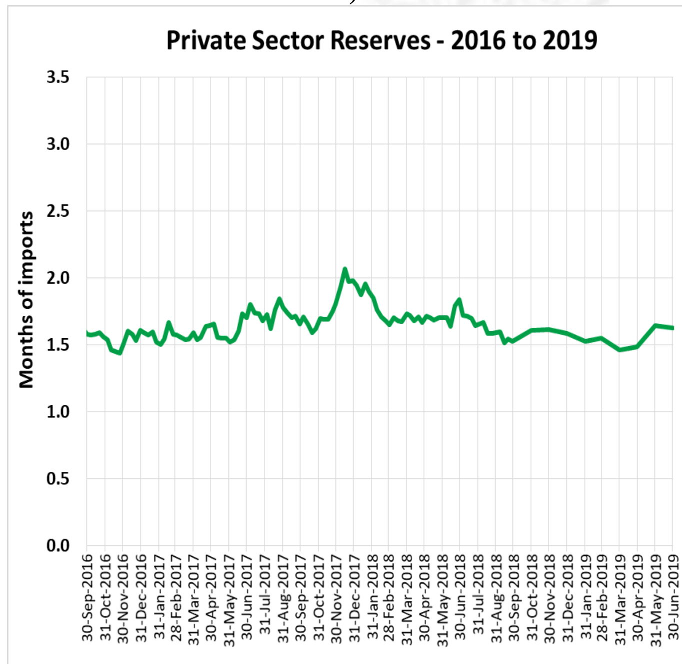
(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

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

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

ADBs FOREIGN EXCHANGE TRADING ACTIVITY

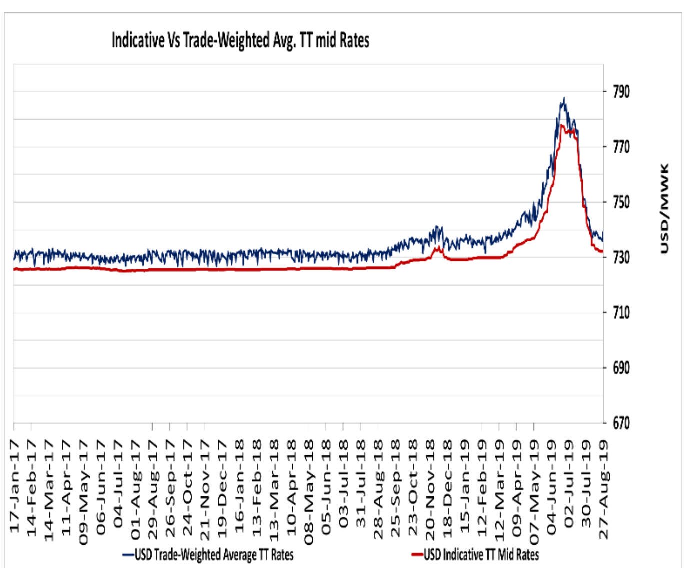
Week Ending (US$ mn)	**ADBs Purchases**	**ADBs Sales**
9th Aug 2019	35.80	37.58
16th Aug 2019	30.01	49.23
23rd Aug 2019	41.20	40.39
On 27th Aug 2019	8.25	11.06

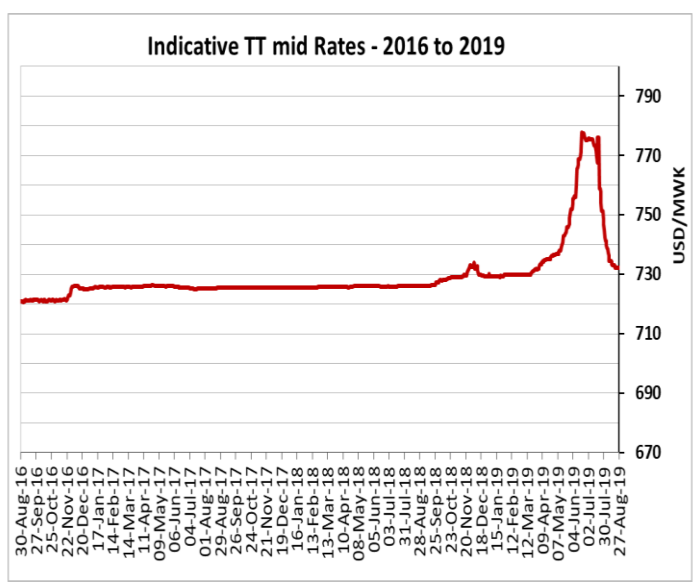


iii. Exchange Rate Developments

	21st Aug 2019	**22nd Aug 2019**	**23rd Aug 2019**	**26th Aug 2019**	**27th Aug 2019**	**Today's indicative Rates**
MWK/USD	736.7878	737.0588	737.0079	735.9088	739.1019	732.1960
MWK/GBP	897.8625	891.4520	900.5234	905.5980	896.9107	899.3563
MWK/EUR	819.2799	817.4746	815.7363	821.1440	815.1688	811.7125
MWK/ZAR	48.0131	48.2956	48.3662	47.8835	48.5994	47.8116

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
28 July 2019	9.61	9.50	10.52	13.54	14.15	15.36	16.70
18 August 2019	9.32	10.50	10.41	13.55	14.15	15.37	17
28 Jul 2019 – 18 Aug 2019 Change in Yield (Bp)	(28)	100	(11)	0	0	0	30

NOTE: The 91 day, 182 day and 364 day Treasury bill yields (9.4339%, 10.50% and 10.6803% respectively) have been converted to semi-annual bond basis.