



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 18<sup>th</sup> September 2019

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 20 <sup>th</sup> September 2019	18 <sup>th</sup> September 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	(5,495)	(939)	
Excess Reserves before OMO	26,116	31,079	
Excess Reserves after OMO			27,369
Required Reserves	55,168	55,168	55,168

#### ii. Known Projected Transactions

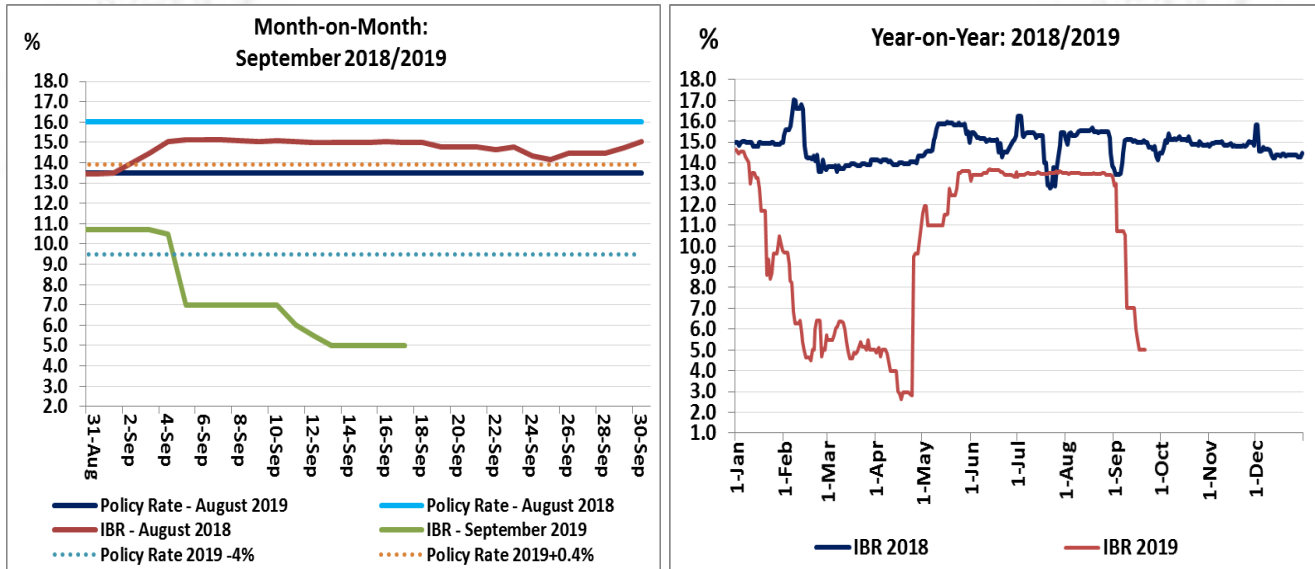
	Week ending 30 <sup>th</sup> August 2019	Week ending 6 <sup>th</sup> Sep 2019	Week ending 13 <sup>th</sup> Sep 2019	Week ending 20 <sup>th</sup> Sep 2019
Maturity of normal TBs/TNs/PNs	30,622	10,884	4,490	4,453
Maturity of OMO Repos	0	0	31,851	13,361

### 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	-	-
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>	-	-

## Weighted Average Interbank Rates



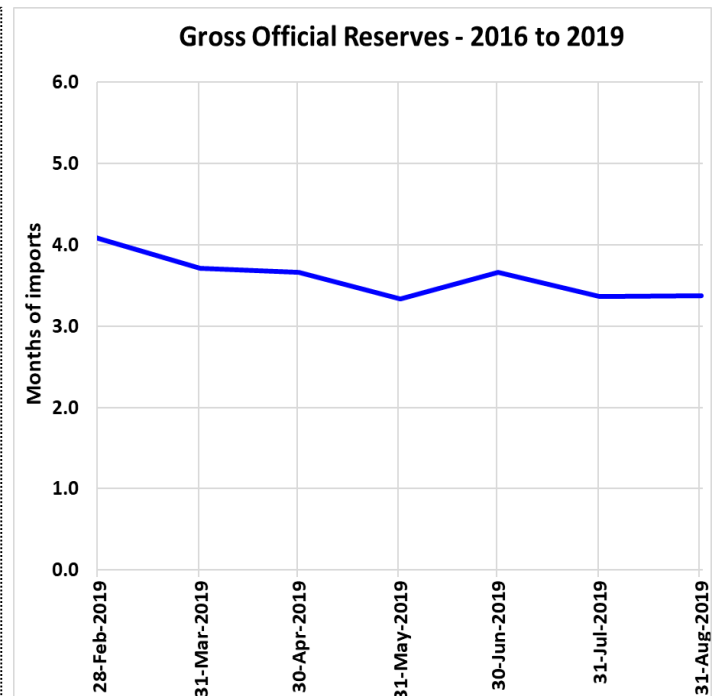
## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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)
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
31 <sup>st</sup> July 2019	704.14	3.37
30 <sup>th</sup> August 2019	705.68	3.37

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



## ii. Private Sector Foreign Exchange Reserves

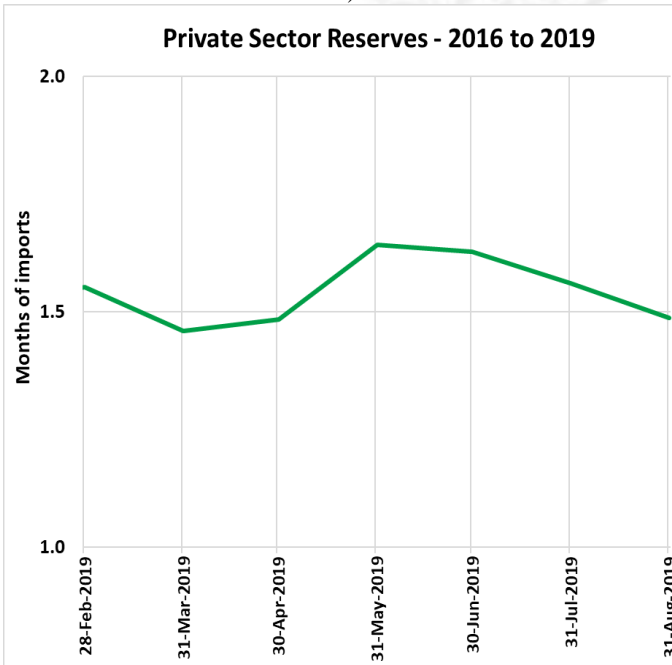
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
31 <sup>st</sup> May 2019	-4.42	347.70	343.28	1.64
30 <sup>th</sup> June 2019	-1.43	341.63	340.20	1.62
31 <sup>st</sup> July 2019	-13.42	339.52	326.10	1.56
31 <sup>st</sup> August 2019	-9.43	320.22	310.79	1.

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

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

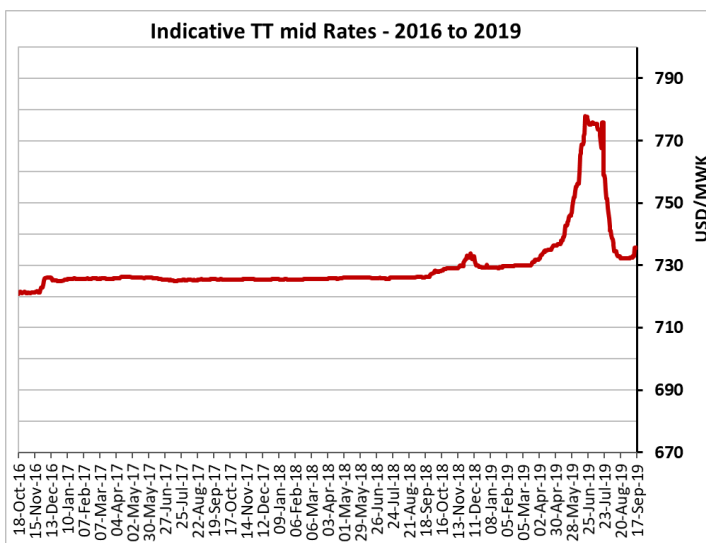
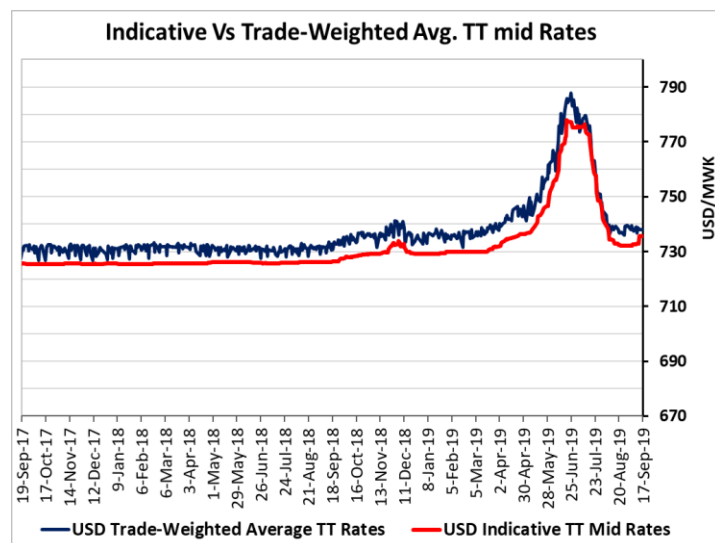
Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
30 <sup>th</sup> Aug 2019	35.08	45.81
6 <sup>th</sup> Sep 2019	33.85	39.33
13 <sup>th</sup> Sep 2019	32.30	46.53
On 17 <sup>th</sup> Sep 2019	13.07	11.20



## iii. Exchange Rate Developments

	11 <sup>th</sup> Sep 2019	12 <sup>th</sup> Sep 2019	13 <sup>th</sup> Sep 2019	16 <sup>th</sup> Sep 2019	17 <sup>th</sup> Sep 2019	Today's indicative Rates
MWK/USD	738.7261	738.5839	738.0400	737.3481	739.5439	735.6838
MWK/GBP	911.8342	909.8890	909.3155	919.8256	918.1550	913.3514
MWK/EUR	816.2650	813.8086	814.5076	816.8138	813.7773	809.9143
MWK/ZAR	50.5254	50.0987	50.5310	50.4684	50.4252	50.0819

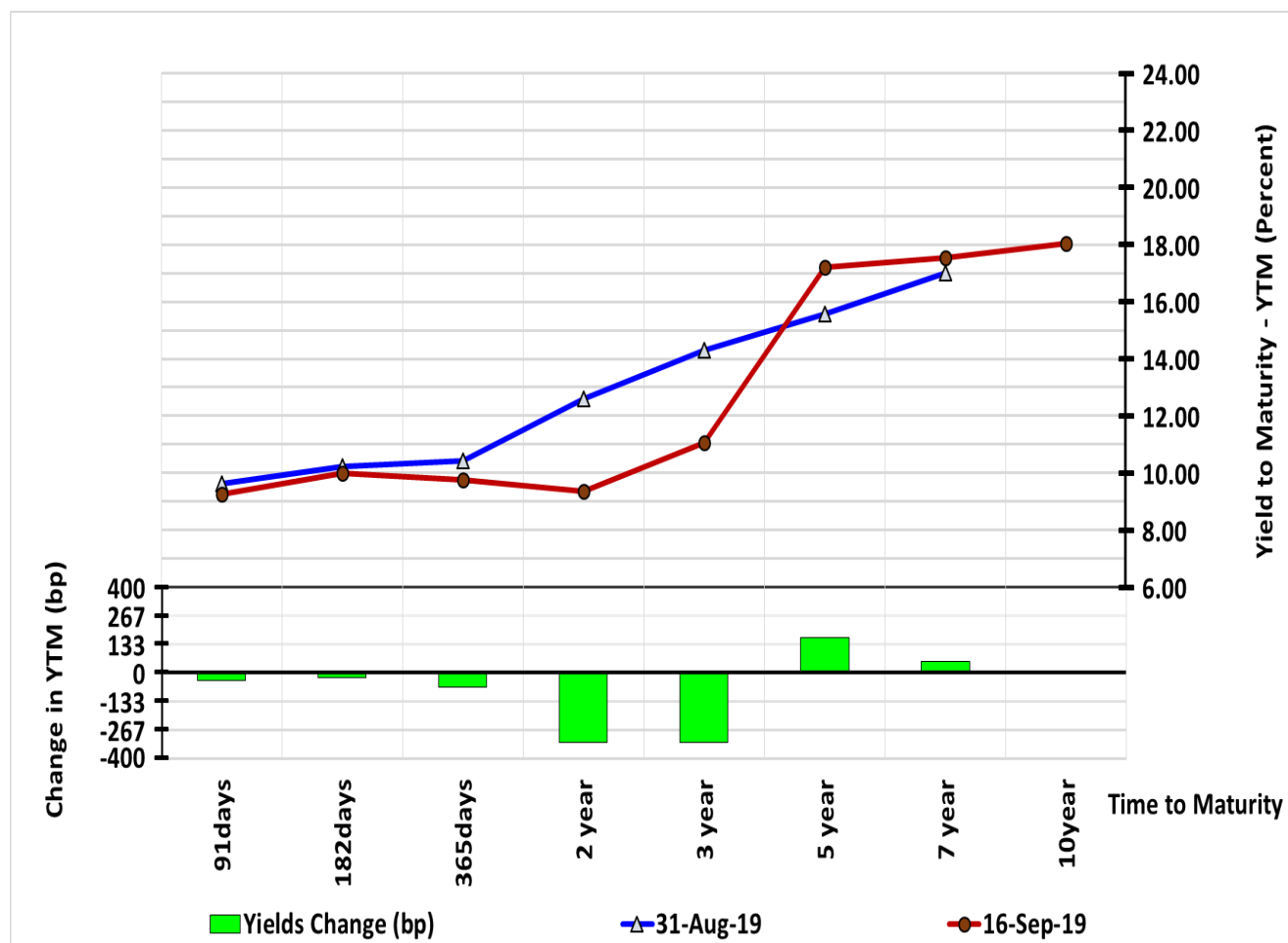
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus.



#### 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	10 Year
31 August 2019	9.61	10.23	10.42	12.61	14.30	15.56	17.0	
16 September 2019	9.25	10.00	9.76	9.35	11.05	17.20	17.54	18.03
31 Aug 2019 – 16 Sep 2019 Change in Yield (Bp)	(35)	(22)	(65)	(325)	(325)	164	54	-

**NOTE:** The 91 day, 182 day and 364 day Treasury bill yields (9.1549%, 10.00% 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.