



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 7<sup>th</sup> January 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 10 <sup>th</sup> January 2020	6 <sup>th</sup> January 2020
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-25,105	-40,384	
Excess Reserves before OMO	-22,153	-29,237	
Excess Reserves after OMO			2,955
Required Reserves	55,963	55,963	55,963

#### ii. Known Projected Transactions

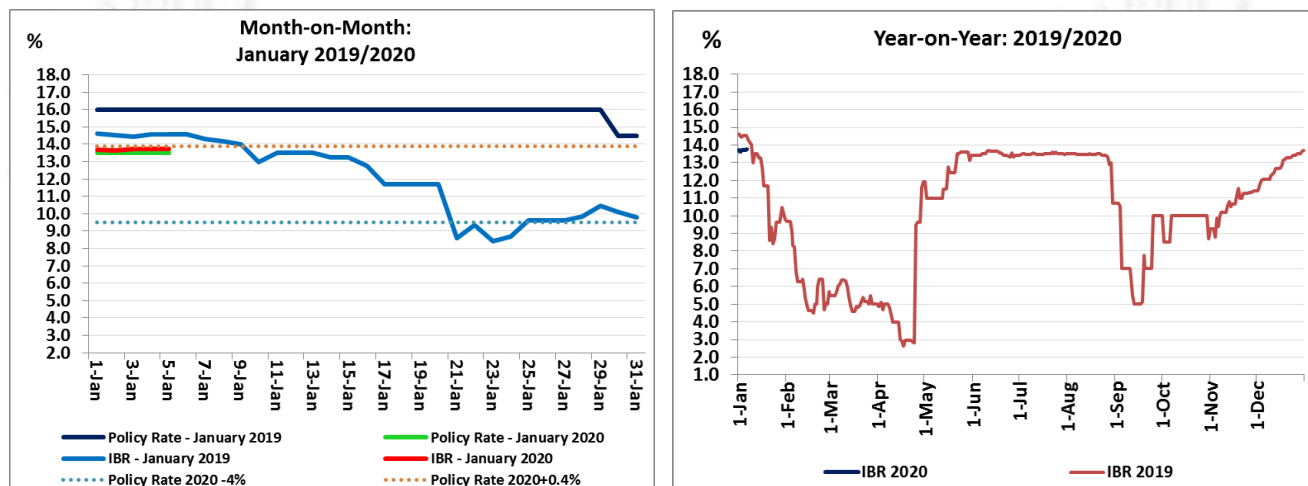
	Week ending 10 <sup>th</sup> Jan 2020	Week ending 17 <sup>th</sup> Jan 2020	Week ending 24 <sup>th</sup> Dec 2020	End Month Jan 2020
Maturity of normal TBs/TNs/PNs	26,213	36,616	16,482	88,113
Maturity of OMO Repos	14,726	0	0	25,672

### 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	10.40	13.75
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>	26.15	13.90

## Weighted Average Interbank Rates



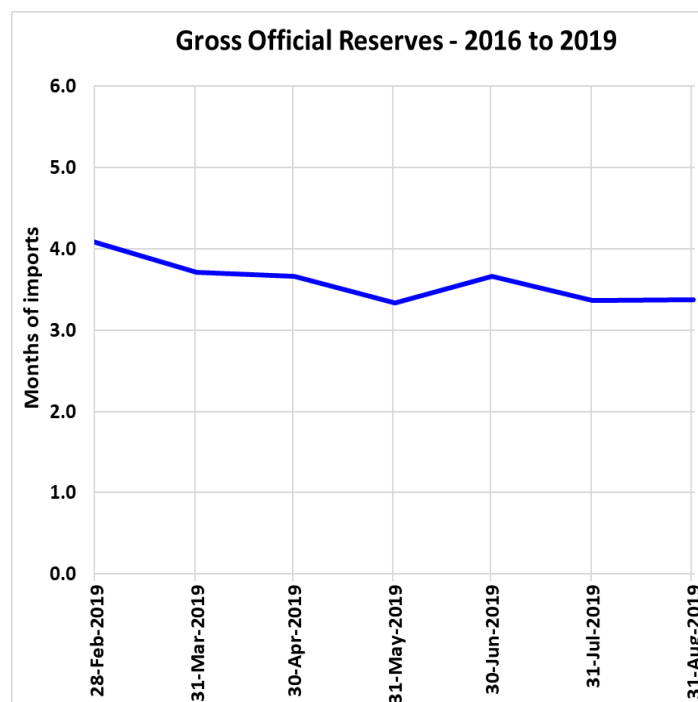
## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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)
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

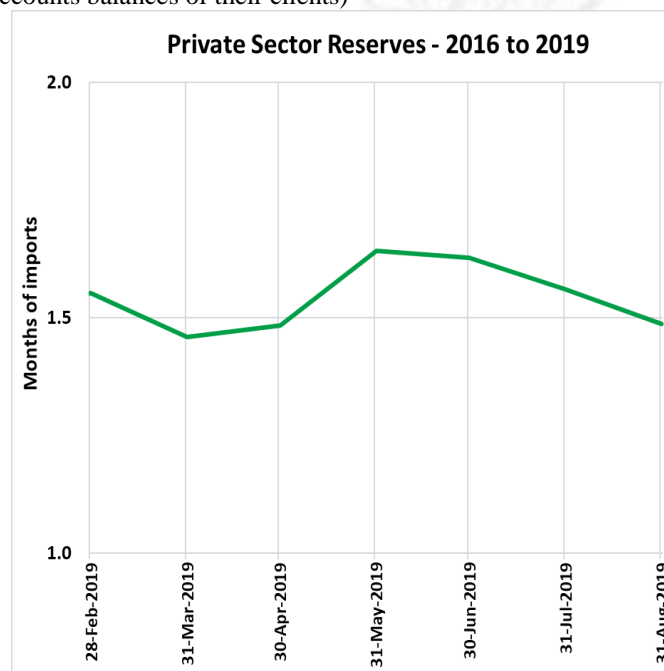
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

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
30 <sup>th</sup> August 2019	-9.43	320.22	310.79	1.48

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

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

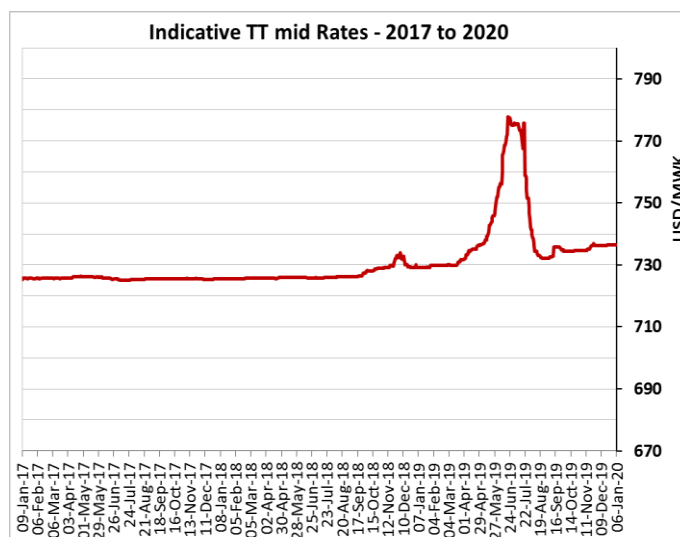
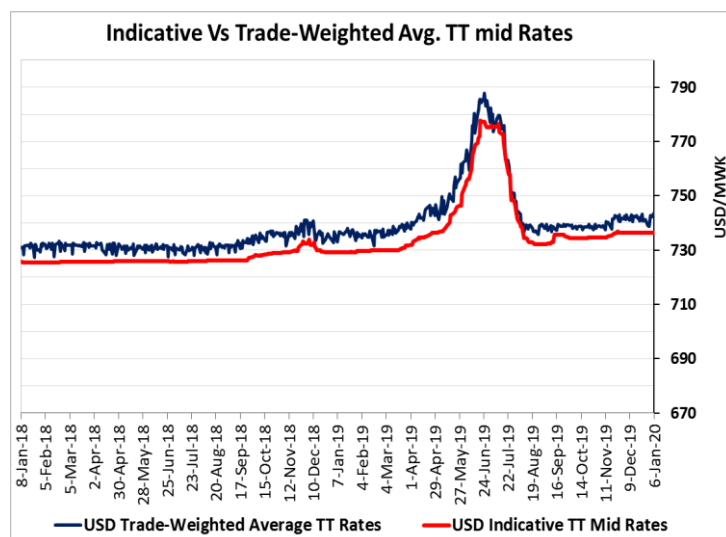
Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
20 <sup>th</sup> Dec 2019	40.47	47.69
27 <sup>th</sup> Dec 2019	13.36	14.47
3 <sup>rd</sup> Jan 2020	33.19	37.43
On 6 <sup>th</sup> Jan 2020	11.95	9.16



## iii. Exchange Rate Developments

	30 <sup>th</sup> Dec 2019	31 <sup>st</sup> Dec 2019	2 <sup>nd</sup> Jan 2020	3 <sup>rd</sup> Jan 2020	6 <sup>th</sup> Jan 2020	Today's indicative Rates
MWK/USD	739.1581	738.8732	742.6844	742.3857	743.6691	736.4016
MWK/GBP	972.4834	969.1947	976.5299	967.6835	967.9826	968.3681
MWK/EUR	827.2112	825.6477	827.5209	825.1105	828.9012	823.4443
MWK/ZAR	53.0221	52.4345	52.6955	52.4257	51.6161	51.8794

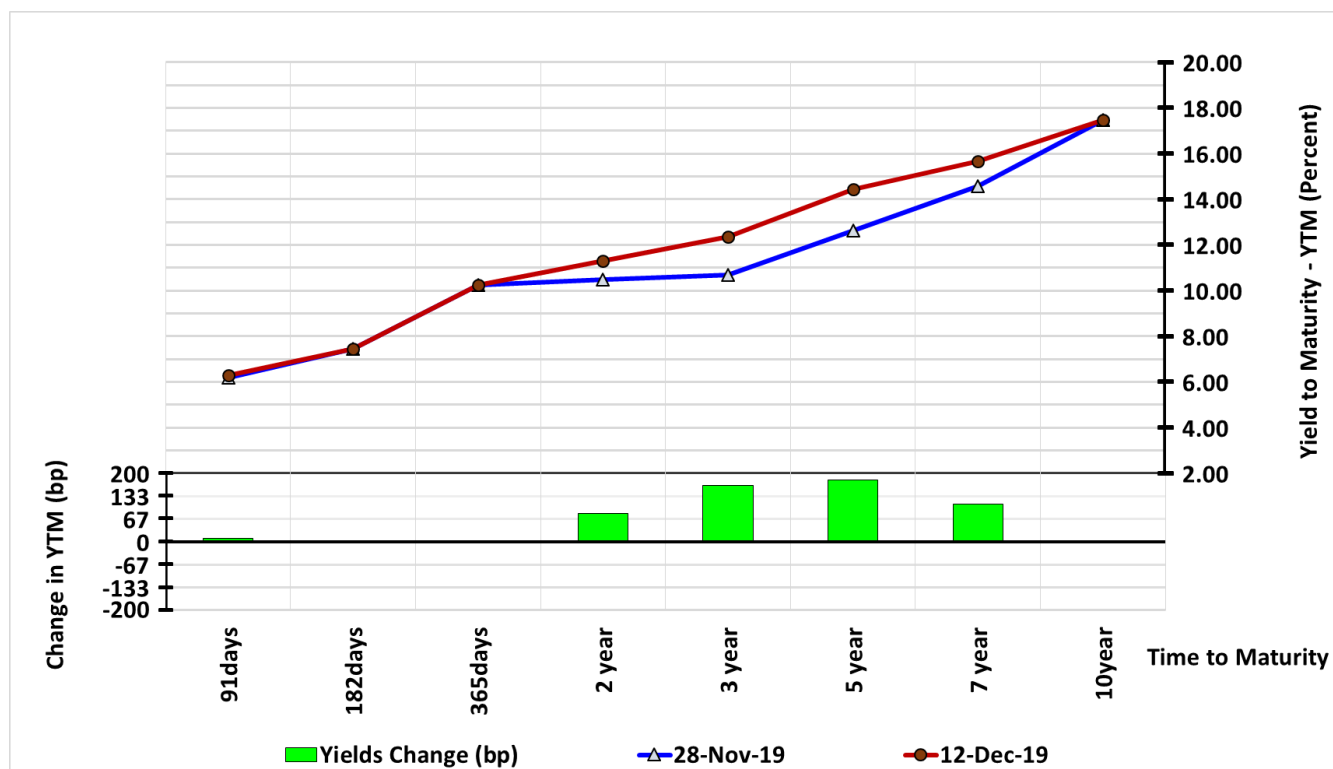
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus.



#### 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
28 November 2019	6.19	7.45	10.23	10.46	10.70	12.63	14.56	17.47
12 December 2019	6.28	7.45	10.23	11.29	12.34	14.45	15.65	17.47
28 Nov 2019 – 12 Dec 2019 Change in Yield (Bp)	10	0	0	82	164	181	109	0

**NOTE:** The 91 day, 182 day and 364 day Treasury bill yields (5.9999%, 7.20% and 8.2996% 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.