



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 1<sup>st</sup> June 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 5 <sup>th</sup> May 2020	29 <sup>th</sup> May 2020
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-4,718	-24,177	
Excess Reserves before OMO	28,550	9,090	
Excess Reserves after OMO			33,268
Required Reserves	47,446	47,446	47,446

#### ii. Known Projected Transactions

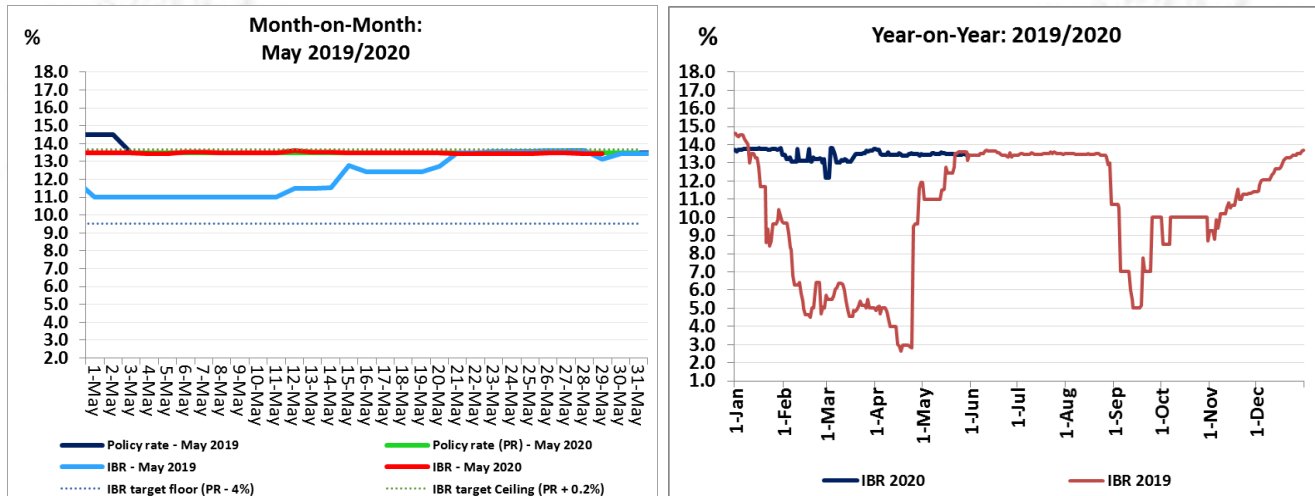
	Week ending 22 <sup>nd</sup> May 2020	Week ending 29 <sup>th</sup> May 2020	Week ending 05 <sup>th</sup> June 2020	Month of May 2020	Month of June 2020
Maturity of normal Treasury Securities	13,816	5,677	5,340	40,867	24,971
Maturity of OMO Repos	0	0	0	0	0

### 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	5.55	13.43
7 days	-	-
20 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>	10.25	13.70

## Weighted Average Interbank Rates

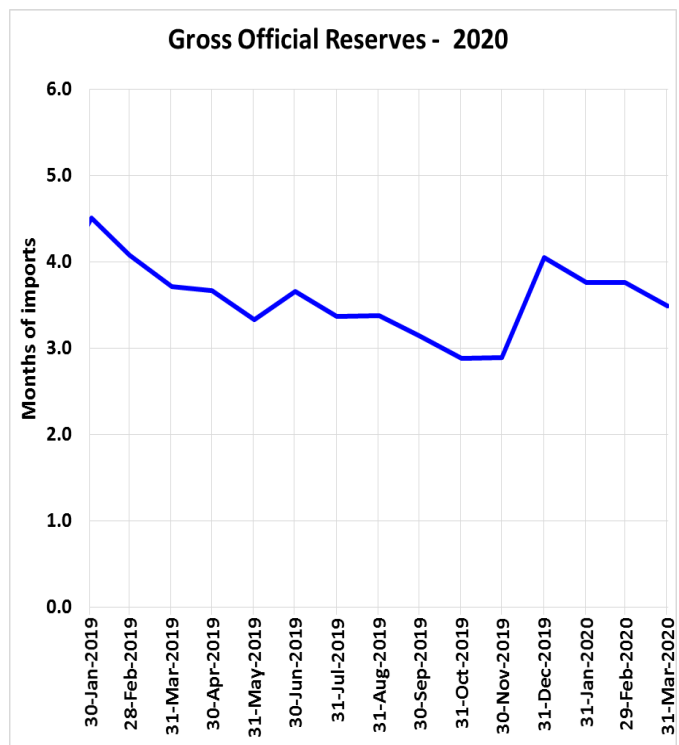


## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### 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> Apr 2019	766.10	3.67
31 <sup>st</sup> May 2019	696.30	3.33
30 <sup>th</sup> Jun 2019	765.82	3.66
31 <sup>st</sup> Jul 2019	704.14	3.37
30 <sup>th</sup> Aug 2019	705.68	3.37
30 <sup>th</sup> Sept 2019	656.04	3.14
31 <sup>st</sup> Oct 2019	601.80	2.88
30 <sup>th</sup> Nov 2019	603.82	2.89
31 <sup>st</sup> Dec 2019	846.55	4.05
31-Jan-20	786.71	3.76
29-Feb-20	785.31	3.76
31 <sup>st</sup> Mar 20	730.17	3.49

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



## ii. Private Sector Foreign Exchange Reserves

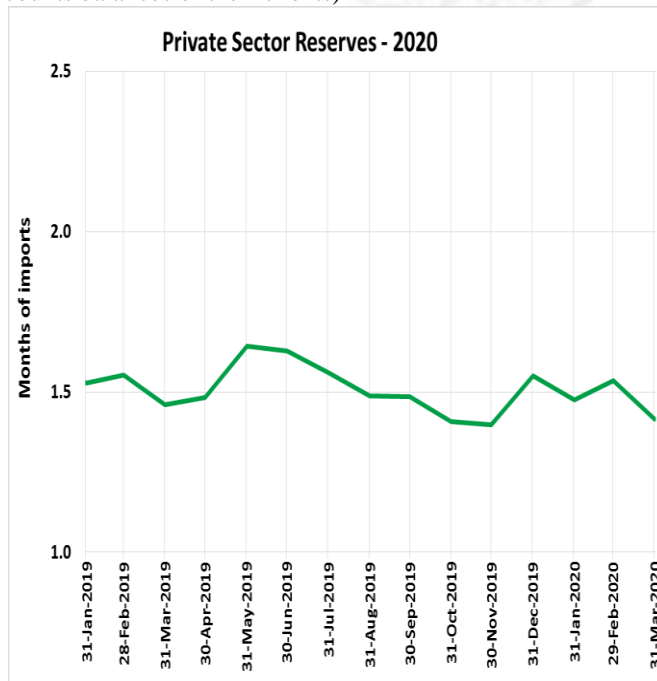
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US\$ mn)	ADB's Own Position	FCDA	Total	Import Cover * (Months)
31 <sup>st</sup> December 2019	6.70	317.37	324.07	1.55
31 <sup>st</sup> January 2020	3.84	304.55	308.4	1.48
29 <sup>th</sup> February 2020	4.23	316.57	320.8	1.53
31 <sup>st</sup> March 2020	-4.56	300.11	295.55	1.41

\* 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
15 <sup>th</sup> May 2020	28.05	33.67
22 <sup>nd</sup> May 2020	34.40	40.68
29 <sup>th</sup> May 2020	21.00	26.85
On 29 <sup>th</sup> May 2020	3.88	4.05

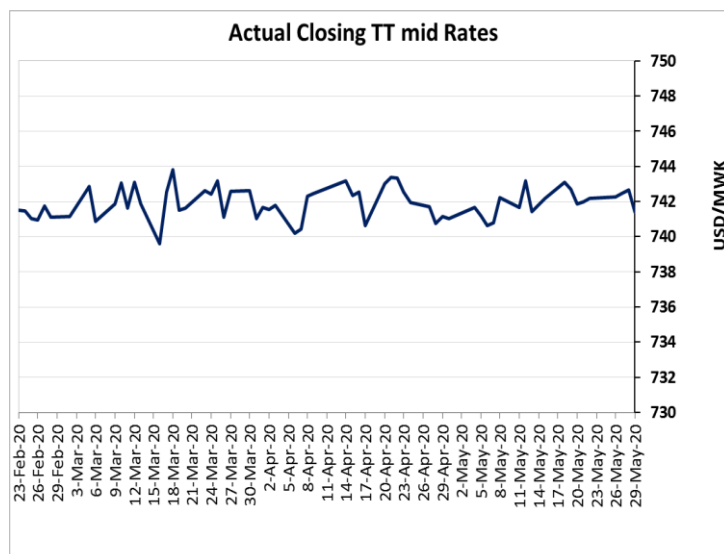
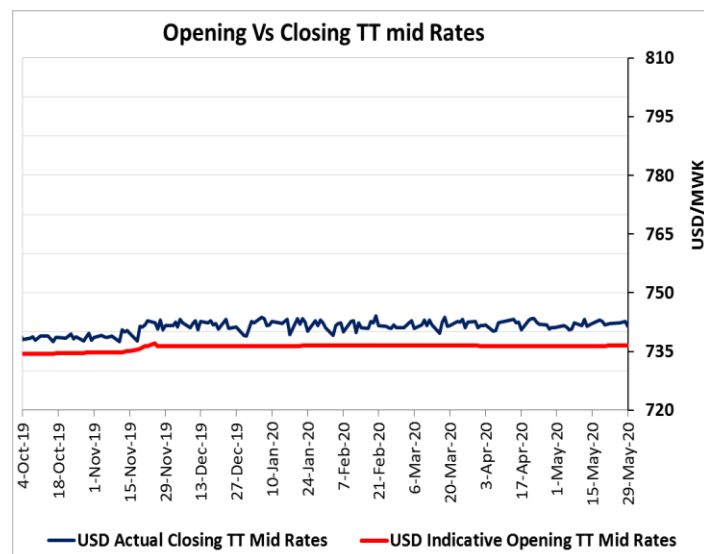


## iii. Exchange Rate Developments

	29 <sup>th</sup> May 2020 (Opening Rates)			29 <sup>th</sup> May 2020 (Closing Rates)			
	Middle	Buying	Selling	Middle	Buying	Selling	Today's Opening rates
MWK/USD	736.8159	729.7425	743.8893	741.3779	739.1178	743.6380	736.8159
MWK/GBP	909.3782	900.6482	918.1082	920.4426	916.0031	924.8820	914.0938
MWK/EUR	818.1604	810.3060	826.0147	833.3818	829.5153	837.2482	820.2971
MWK/ZAR	42.0020	41.5988	42.4052	43.1370	42.6285	43.6455	42.3115

Note: The opening reported rates are indicative market average TT rates.

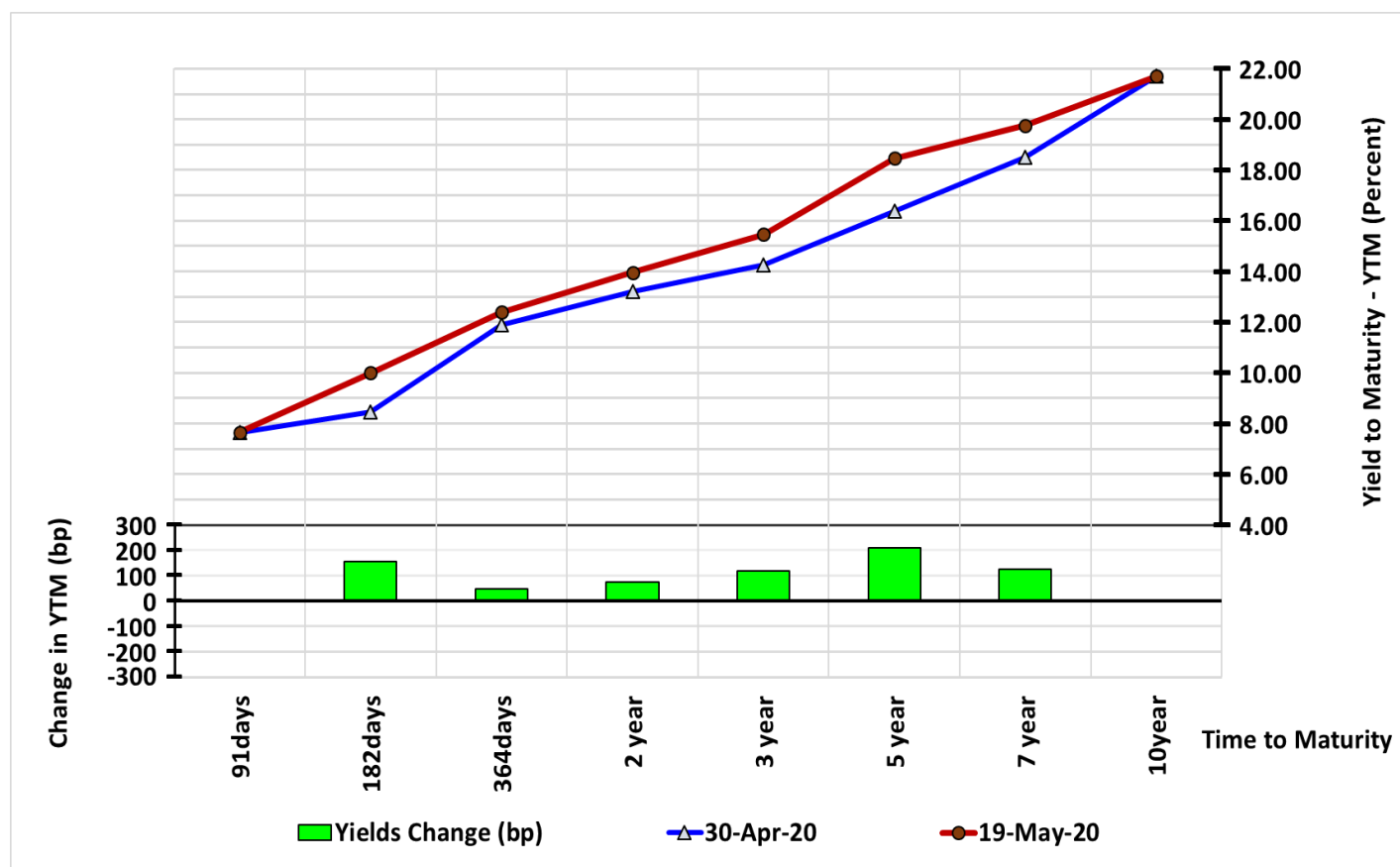
The closing reported rates are actual trade-weighted market average TT rates.



#### 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
30 <sup>th</sup> April 2020	7.65	8.46	11.91	13.20	14.26	16.39	18.51	21.70
19 <sup>th</sup> May 2020	7.65	10.00	12.40	13.96	15.46	18.47	19.76	21.70
30 Apr – 19 May 2020 Change in Yield (Bp)	0	154	49	76	120	208	125	0

**NOTE:** The 91-day, 182-day and 364-day Treasury bill yields of 7.5791%, 10.0000% and 12781% respectively have been converted to semi-annual bond basis.



**DISCLAIMER:** All information in this report 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 or gain that may arise from reliance on the information contained herein.