



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 16th December 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	16 Dec 2020	Week ending 18 December 2020	15 Dec 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-33,285	-16,887	
Excess Reserves before Open Market Operations	3,776	10,968	
Excess Reserves after Central Bank Operations			37,061
Required Reserves	51,120	51,120	51,120

ii. Known Projected Transactions

	Weekending				Month of		
	18-Dec-20	25-Dec-20	01-Jan-21	08-Jan-21	Dec-20	Jan-21	Feb-21
Maturity of Normal Treasury Securities	3,544	2,104	17,257	17,622	43,534	82,573	58,719
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	16,591	0	10,183	0	26,775	64,370	15,981

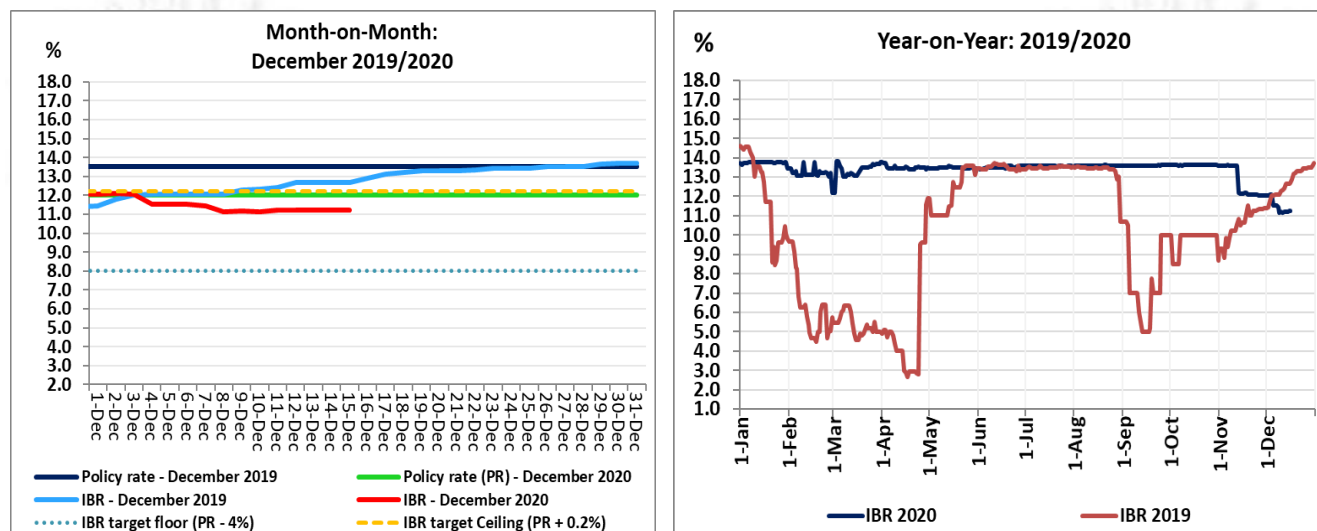
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	7.50	11.24	4
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(b) RBM Open Market Operations			
(i) Repos	-	-	-
(ii) Reverse Repos			
30 days	12.70	11.00	1
60 days	-	-	-
90 days	-	-	-
(iii) Outright Sale of Securities	-	-	-
(iv) Outright Purchase of Securities	-	-	-
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility¹	8.07	12.20	1

¹ The number of trades in this item refers to number of banks that accessed the Lombard facility.

ii. Weighted Average Interbank Market Rates

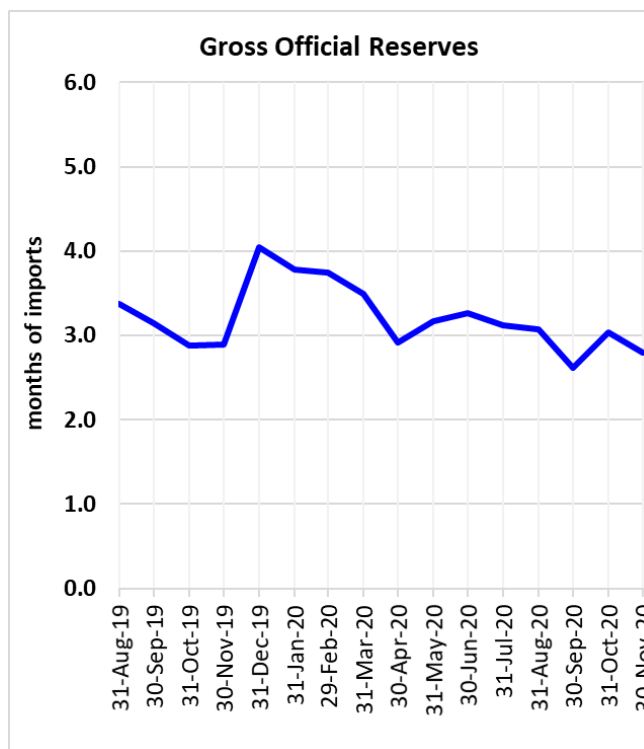


C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Exchange Reserves Position (Foreign exchange reserves under the direct control of the Central Bank)

Date	Reserves (US\$ million)	Import Cover * (Months of Imports)
31 Oct 2019	601.80	2.88
30 Nov 2019	603.82	2.89
31 Dec 2019	846.55	4.05
31 Jan 2020	786.71	3.76
29 Feb 2020	785.31	3.76
31 Mar 2020	730.17	3.49
30 Apr 2020	610.13	2.92
31 May 2020	662.98	3.17
30 Jun 2020	682.66	3.27
31 Jul 2020	651.41	3.12
31 Aug 2020	642.86	3.08
30 Sep 2020	546.99	2.62
31 Oct 2020	635.05	3.04
30 Nov 2020	584.89	2.80

* US\$209.0 million import requirement per month is used in the calculations



ii. Private Sector Foreign Exchange Reserves

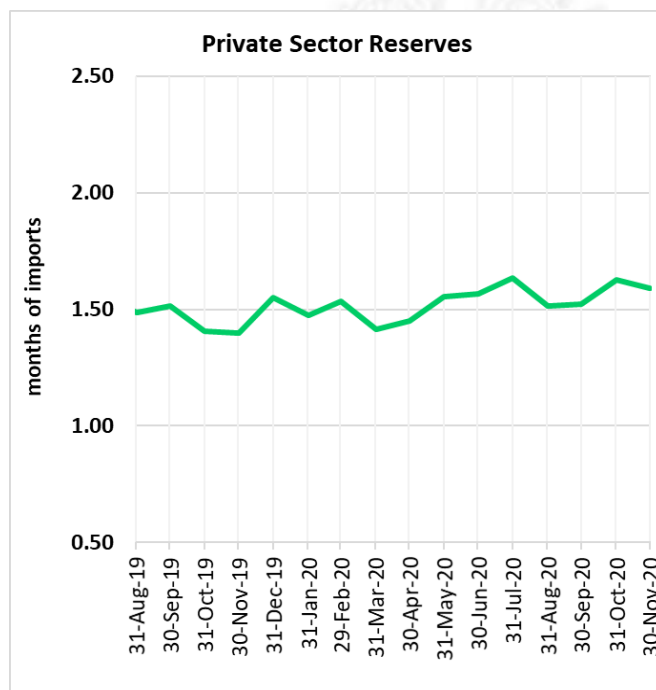
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
31 Aug 2020	7.08	309.66	316.74	1.52
30 Sep 2020	4.38	314.09	318.47	1.52
31 Oct 2020	6.48	333.74	340.22	1.63
30 Nov 2020	7.23	325.27	332.51	1.59

* US\$209.0 million import requirement per month is used in the calculations

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
23 – 27 Nov 2020	31.55	32.41
30 Nov – 04 Dec 2020	26.07	29.24
07 Dec – 11 Dec 2020	28.46	31.70
15 – 15 Dec 2020	7.14	13.28

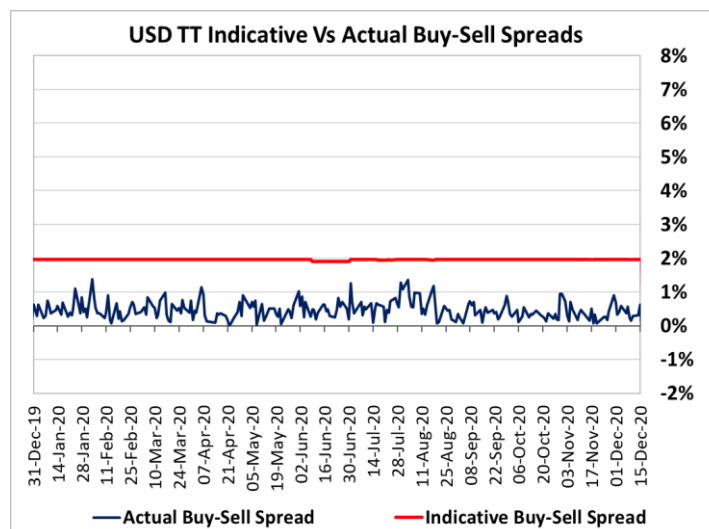
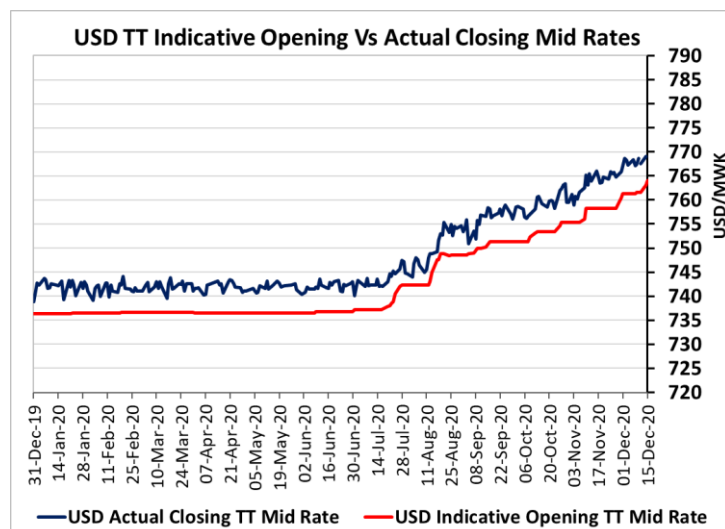


iii. Kwacha Exchange Rate Developments

	15 December 2020 (Opening Rates)			15 December 2020 (Closing Rates)			16 Dec 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	763.8822	756.3198	771.4446	768.6494	766.2524	771.0463	764.2536
MWK/GBP	1,018.7133	1,008.6280	1,028.7986	1,060.0490	1,056.3452	1,063.7528	1,028.4561
MWK/EUR	928.1933	919.0041	937.3824	976.5369	974.1201	978.9537	930.0966
MWK/ZAR	50.7418	50.2395	51.2441	54.1511	53.5928	54.7093	51.3839

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

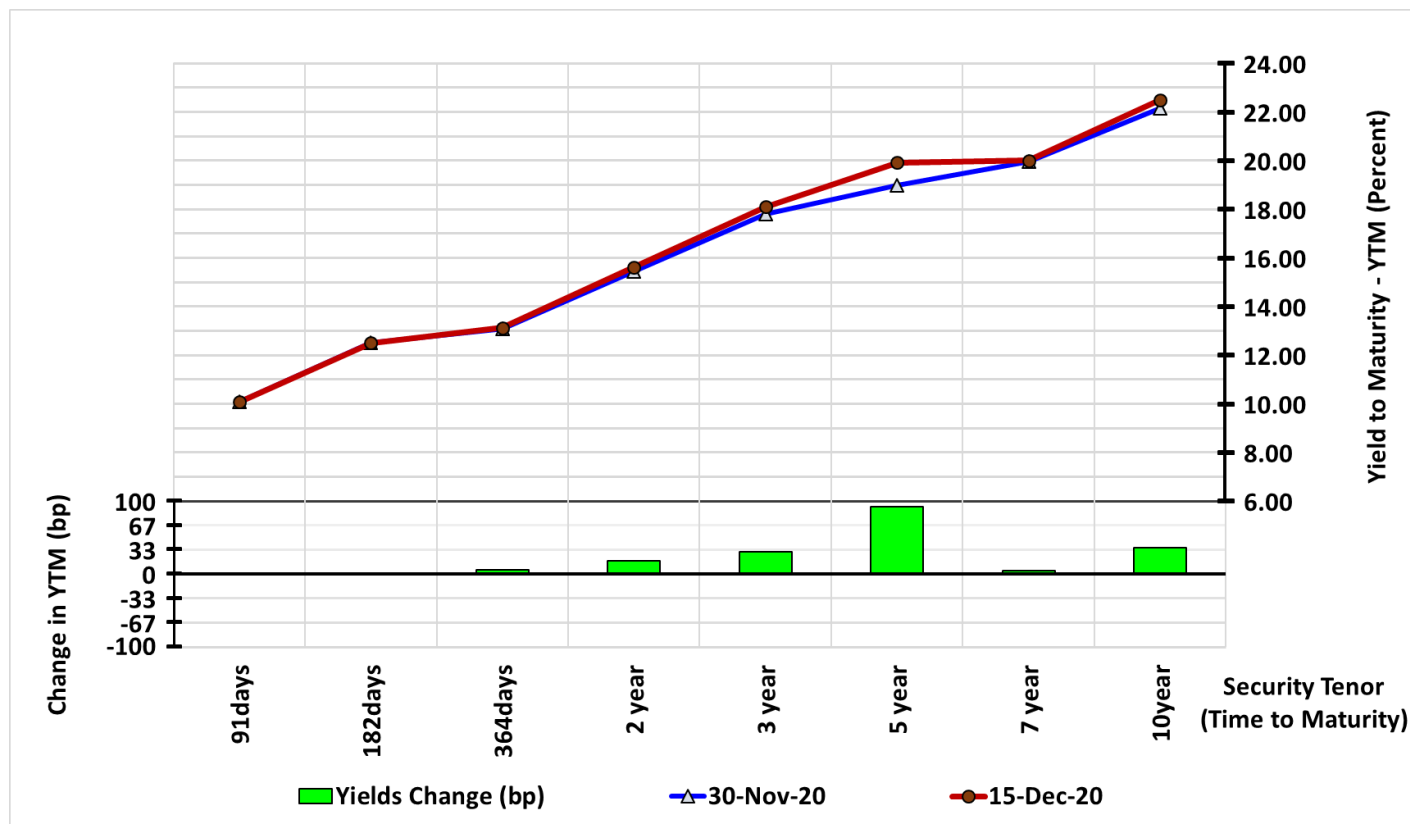
The reported closing rates are actual trade-weighted market average TT rates.



D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
30 November 2020	10.07	12.50	13.07	15.43	17.79	18.99	19.95	22.14
15 December 2020	10.07	12.50	13.07	15.43	17.79	18.99	19.95	22.14
30 Nov – 15 Dec 2020 Change in Yield (Bp)	0	0	6	18	31	92	5	36

NOTE: The 91-day, 182-day and 364-day Treasury bill yields converted to semi-annual bond basis. Bp means basis points.



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.