RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 6th January 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 10th January 2020	3rd January 2020
Autonomous Transactions (+= Net injection / - = Net withdrawal)	-39,442	-49,536	
Excess Reserves before OMO	-26,645	-35,736	
Excess Reserves after OMO			11,942
Required Reserves	55,168	55,168	55,168

ii. Known Projected Transactions

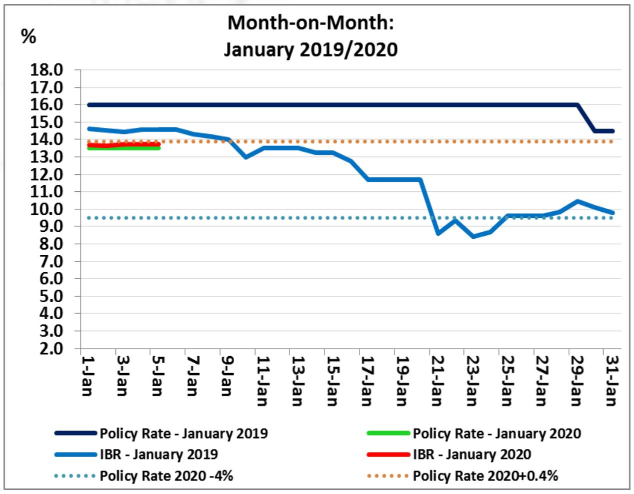
	Week ending 10th Jan 2020	Week ending 17th Jan 2020	Week ending 24th Dec 2020	End Month Jan 2020
Maturity of normal TBs/TNs/PNs	26,213	36,616	16,482	88,113
Maturity of OMO Repos	14,726	0	0	25,672

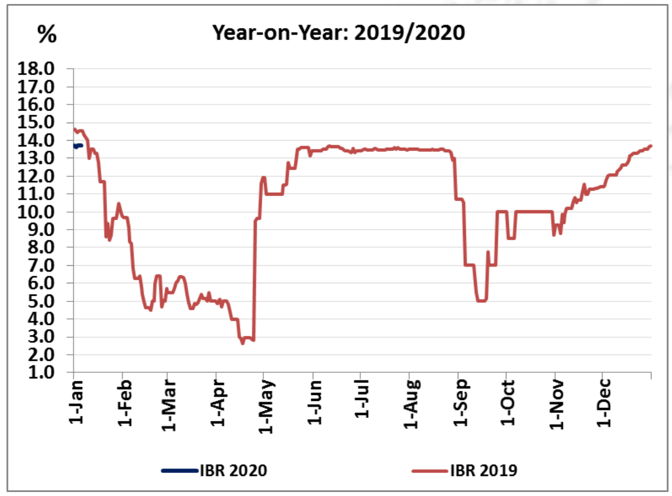
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	**Volume (Mk' bn)**	**Average rate (%)**
O/N	8.40	13.71
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	37.10	13.90

Weighted Average Interbank Rates





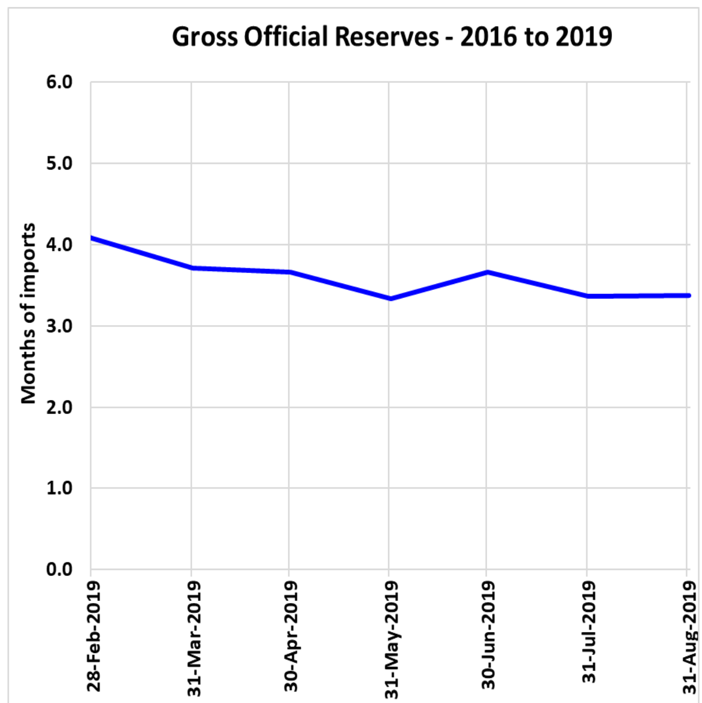
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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)
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
31st July 2019	704.14	3.37
30th August 2019	705.68	3.37

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



ii. Private Sector Foreign Exchange Reserves

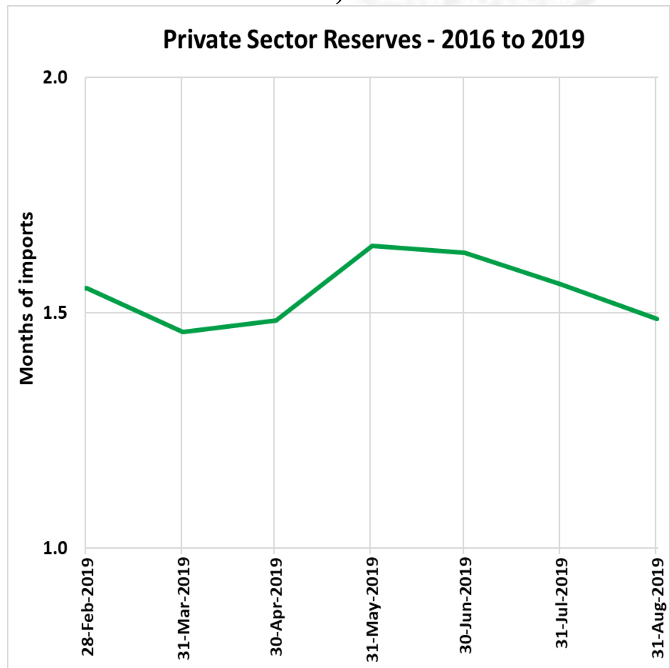
(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US$ mn)	**ADBs Own Position**	**FCDA**	**Total**	**Import Cover *** (Months)
31st May 2019	-4.42	347.70	343.28	1.64
30th June 2019	-1.43	341.63	340.20	1.62
31st July 2019	-13.42	339.52	326.10	1.56
30th August 2019	-9.43	320.22	310.79	1.48

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

ADBs FOREIGN EXCHANGE TRADING ACTIVITY

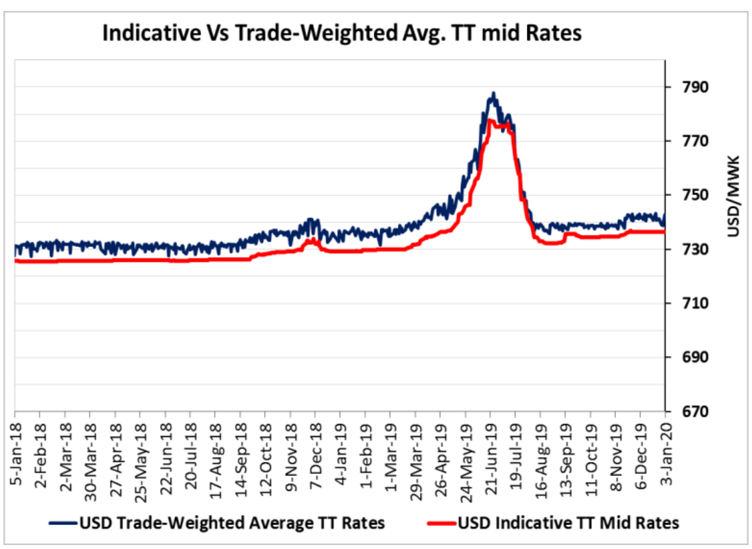
Week Ending (US$ mn)	**ADBs Purchases**	**ADBs Sales**
20th Dec 2019	40.47	47.69
27th Dec 2019	13.36	14.47
3rd Jan 2020	33.19	37.43
On 3rd Jan 2020	4.78	3.88

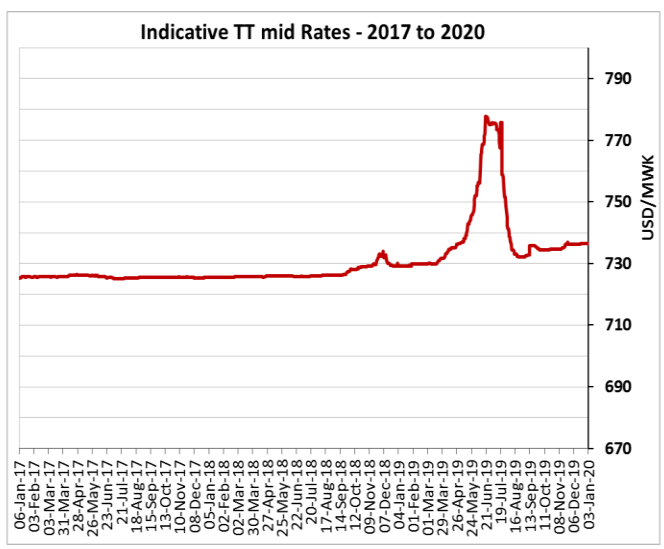


iii. Exchange Rate Developments

	27th Dec 2019	30th Dec 2019	31st Dec 2019	2nd Jan 2020	3rd Jan 2020	Today's indicative Rates
MWK/USD	741.3326	739.1581	738.8732	742.6844	742.3857	736.4016
MWK/GBP	962.1176	972.4834	969.1947	976.5299	967.6835	962.8451
MWK/EUR	824.9264	827.2112	825.6477	827.5209	825.1105	821.7505
MWK/ZAR	52.6295	53.0221	52.4345	52.6955	52.4257	51.3186

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.

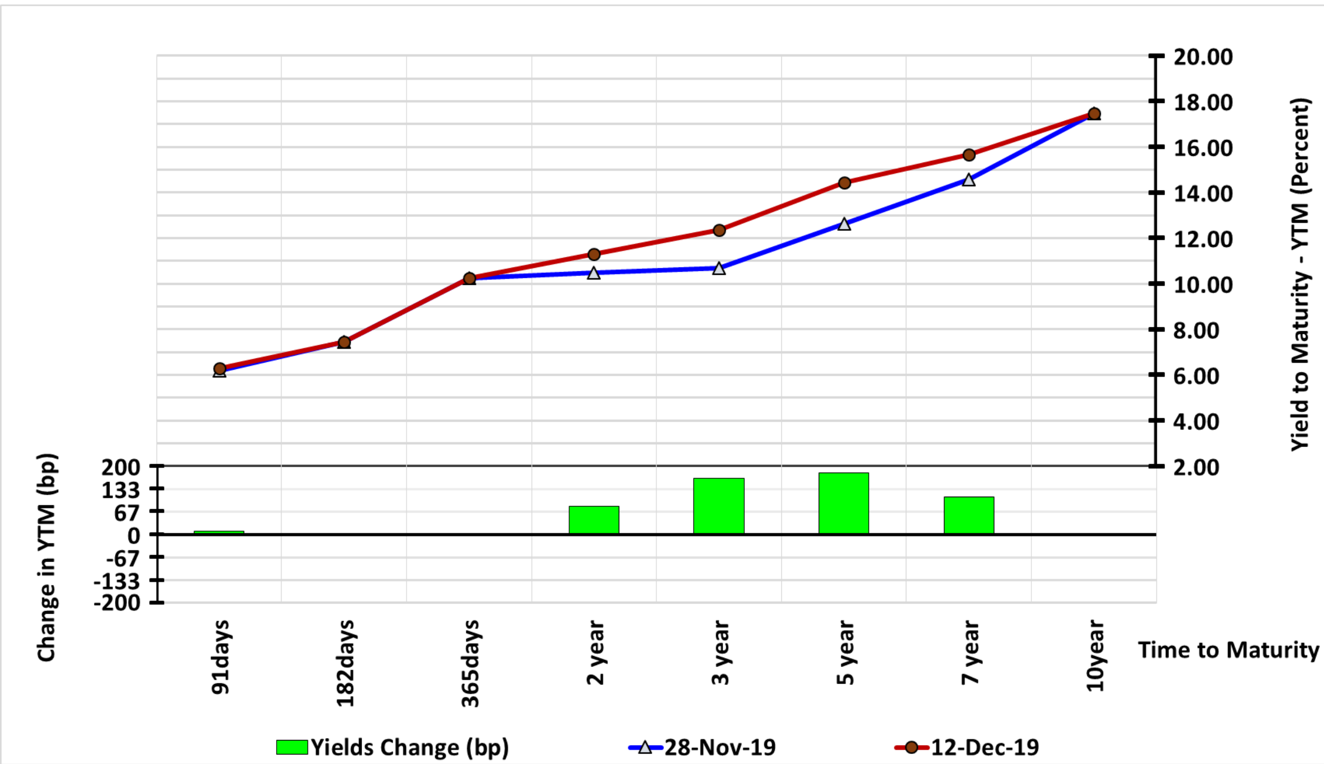




D. YIELD CURVE FOR GOVERNMENT SECURITIES (Based on actual trades)

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.