



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 16 March 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 17 th March 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	208	-7,378
Estimated Excess Reserves before OMO	2,622	2,627
Estimated Excess Reserves after OMO	0	0
Required Reserves	57,723	57,723

ii. Known Projected Transactions

	Week ending 17 th March 2017	Week ending 24 th March	March 2017	April 2017
Maturity of normal TBs/TNs/PNs	15,879	9,123	60,720	30,004
Maturity of OMO Repos	17,926	20,011	57,870	17,026

Commentary:

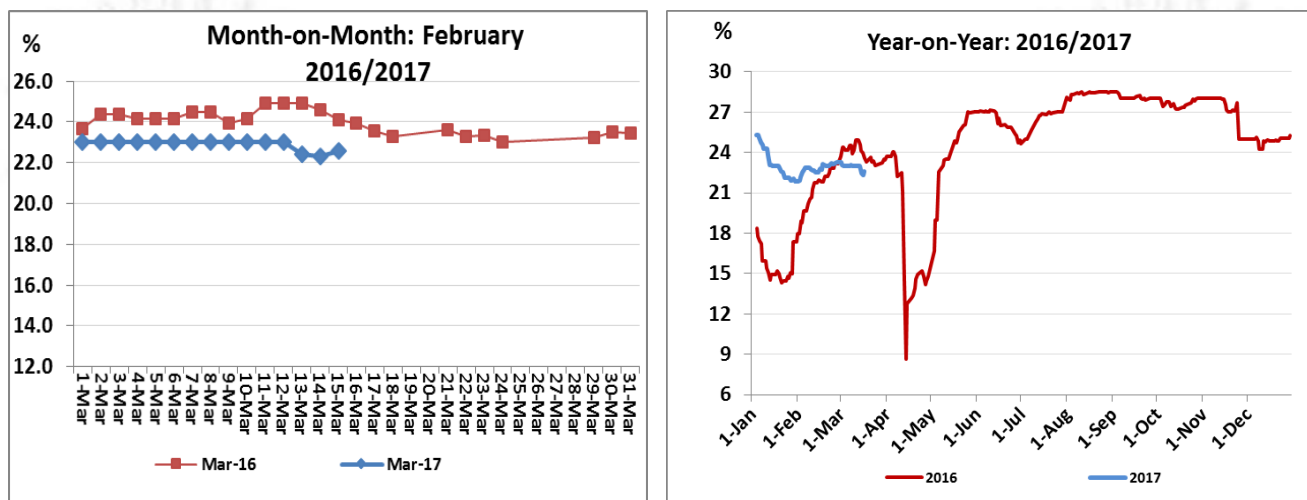
- Excess reserves went down to K2.41 billion yesterday, 15th March 2017 from K3.93 billion recorded on Tuesday, 14th March 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	2,950	22.58
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	7,000	24.00
14 days	1,000	24.00
31 days	232	24.00
63 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	600	26.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K2.95 billion yesterday, 15th March 2017 from K2.67 billion recorded on Tuesday 14th March 2017.
- The overnight interbank market rate (IBR) increased to 22.58 percent from 22.29 percent recorded on Tuesday, 14th March 2017.
- About K8.23 billion was withdrawn from the banking system through OMO repos yesterday, 15th March 2017.
- A total of K600.00 million was accessed on the Lombard Facility yesterday, 15th March 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

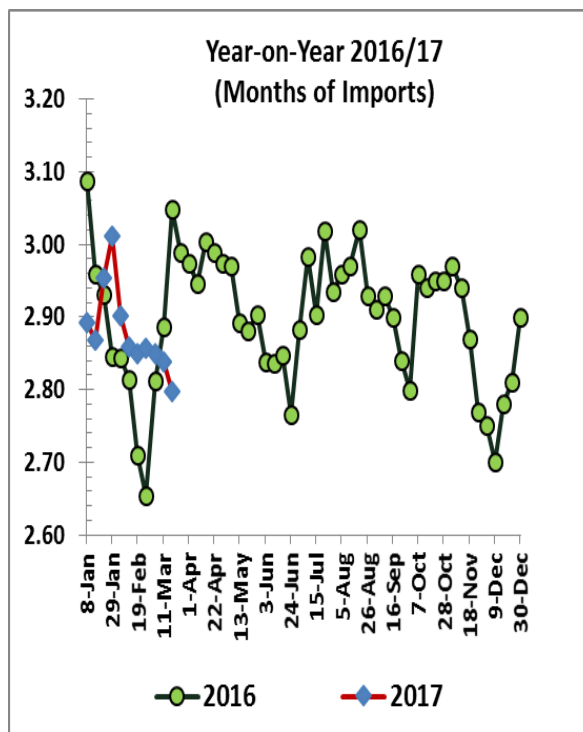
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
24 th February 2017	597.13	2.86
3 rd March 2017	595.39	2.85
10 th March 2017	593.16	2.84
14 th March 2017	584.79	2.80

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

Commentary:

- Gross official reserves went down marginally during the week ending 10th March 2017 compared to the previous week. As at 14th March 2017, the gross official reserves dropped further and stood at US\$584.79 million (2.80 months of imports).



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)
24 th February 2017	-3.59	334.16	330.57	1.58
3 rd March 2017	-1.74	329.91	328.17	1.57
10 th March 2017	-5.24	329.93	324.69	1.55
14 th March 2017	-3.33	334.18	330.85	1.58

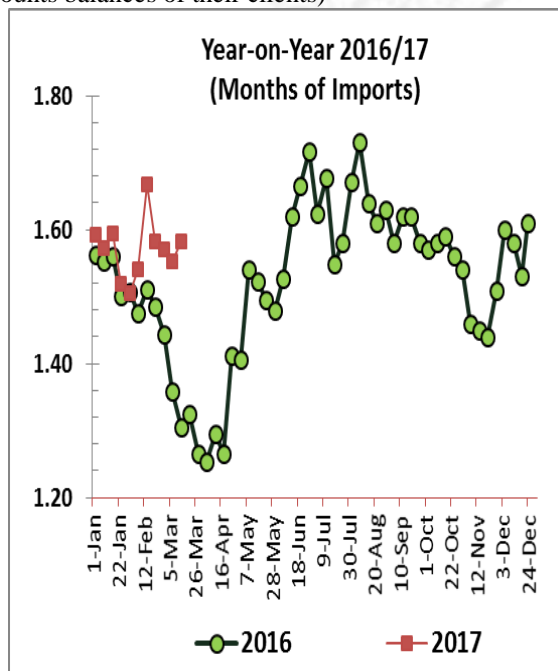
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
24 th February 2017	39.50	48.91
3 rd March 2017	45.97	56.15
10 th March 2017	41.77	44.97
On 15 th March 2017	8.95	11.41

Commentary:

- ADB's purchased US\$41.77 million from the market and monetary authorities during the week ending 10th March 2017 against sales to the market at US\$44.97 million. Yesterday, 15th March 2017, ADB's purchased US\$8.95 million from the market and sold US\$11.41 million.

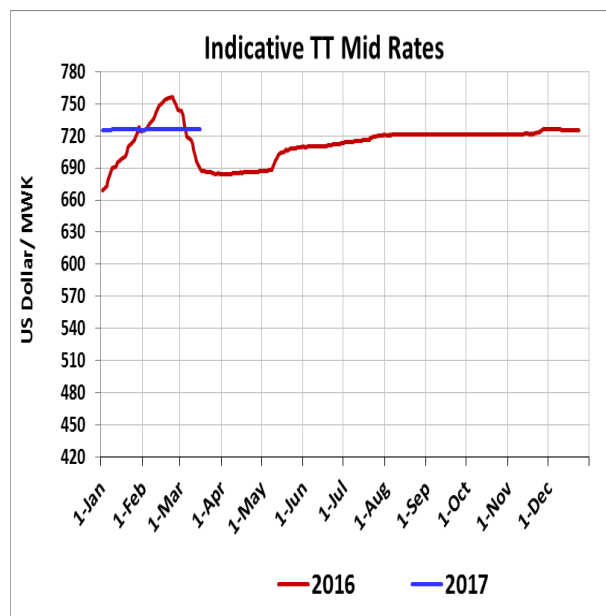
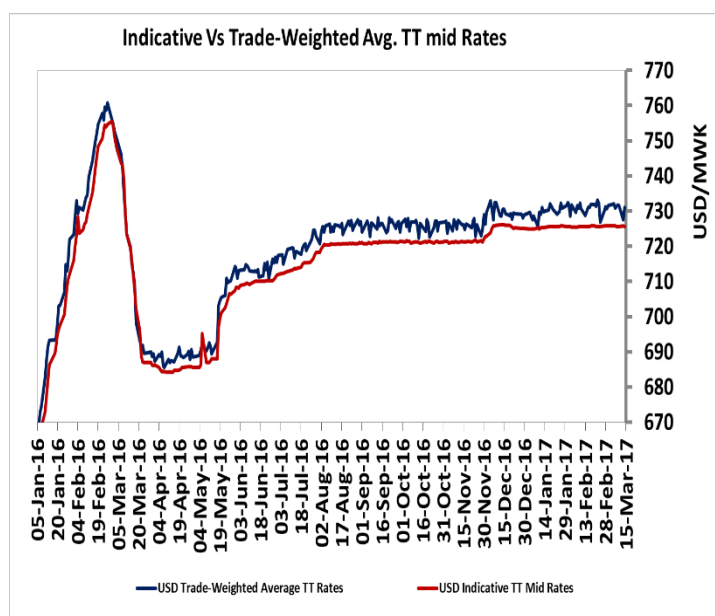


iii. Exchange Rate Developments

	8 th March 2017	9 th March 2017	10 th March 2017	13 th March 2017	14 th March 2017	15 th March 2017	Today's Indicative Rates
MWK/USD	731.0434	730.3243	731.6520	730.1618	728.2403	732.7684	725.7511
MWK/GBP	890.0901	891.9103	885.9508	892.9069	887.4739	883.9208	890.2063
MWK/EUR	768.5816	767.2066	772.9104	779.9464	777.0960	772.6006	778.2955
MWK/ZAR	56.2044	55.7277	54.7984	55.3887	55.6807	55.2806	56.5090

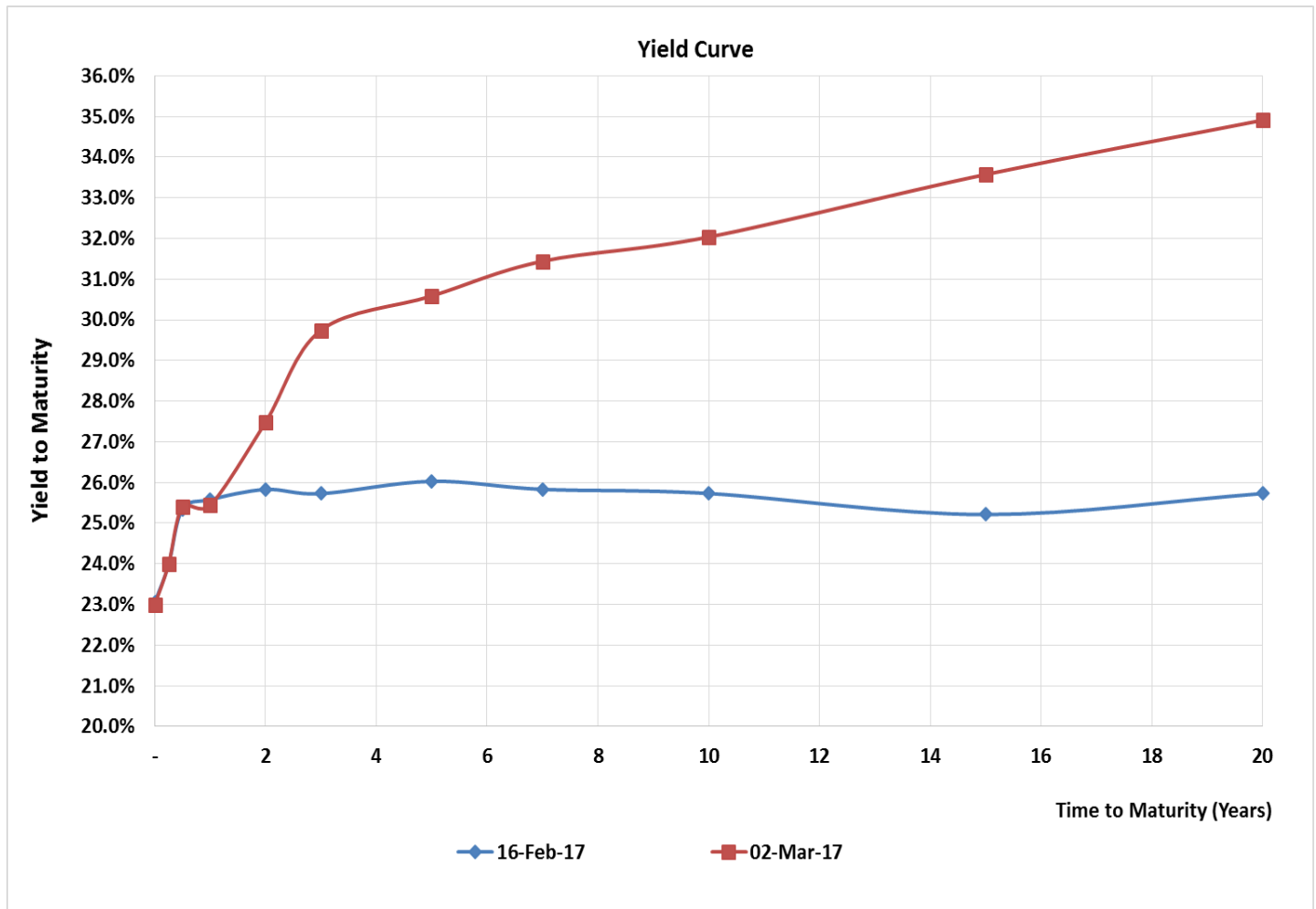
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: Yesterday, 15th March 2017, the Kwacha appreciated against the GBP, the EUR and the ZAR. The local currency, however, depreciated against the USD. Indicatively, the Malawi Kwacha is expected to trade around K725.7511 against the USD today, 16th March 2017.



D. INDICATIVE YIELD CURVE FOR GOVERNMENT SECURITIES (Based on Market Consensus)

Tenor	Overnight	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
3 rd November 2016	28.00%	29.00%	29.00%	29.00%	29.34%	29.96%	30.34%	30.00%	30.55%	31.37%	31.21%
24 th November 2016	27.72%	27.74%	27.88%	28.18%	29.08%	30.05%	30.86%	31.22%	31.78%	32.42%	32.86%
12 th January 2017	23.00%	23.98%	25.47%	26.00%	26.82%	27.19%	28.41%	28.31%	29.57%	30.43%	29.88%
19 th January 2017	22.51%	23.80%	25.19%	25.84%	30.00%	30.50%	32.00%	32.50%	33.00%	34.00%	35.00%
26 th January 2017	22.04%	23.85%	25.27%	25.99%	23.80%	22.89%	22.33%	22.09%	22.31%	22.41%	21.91%
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	29.57%
16 th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	25.73%
2 nd March 2017	23.00%	24.46%	23.99%	25.40%	25.35%	29.74%	30.59%	31.44%	32.04%	33.58%	34.91%
02 March 2017-16 February 2017 Change in Yield (Bp)	-6	48	-135	-18	-48	402	455	561	631	836	918



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