



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday, 08 May 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 12 th May 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-11,266	-954
Estimated Excess Reserves before OMO	-9,620	692
Estimated Excess Reserves after OMO	0	0
Required Reserves	57,729	57,729

ii. Known Projected Transactions

	Week ending 12 th May 2017	Week ending 19 th May 2017	Week ending 26 th May 2017	May 2017	June 2017
Maturity of normal TBs/TNs/PNs	8,916	8,556	2,047	23,045	14,455
Maturity of OMO Repos	16,261	5,046	4,674	50,375	34,593

Commentary:

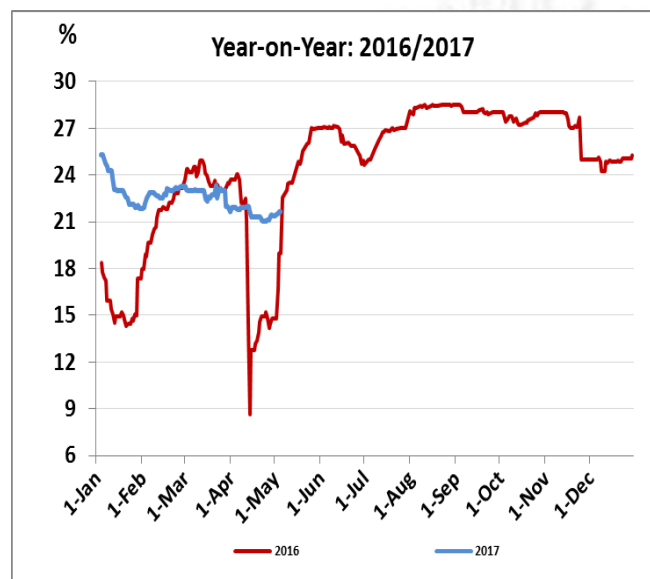
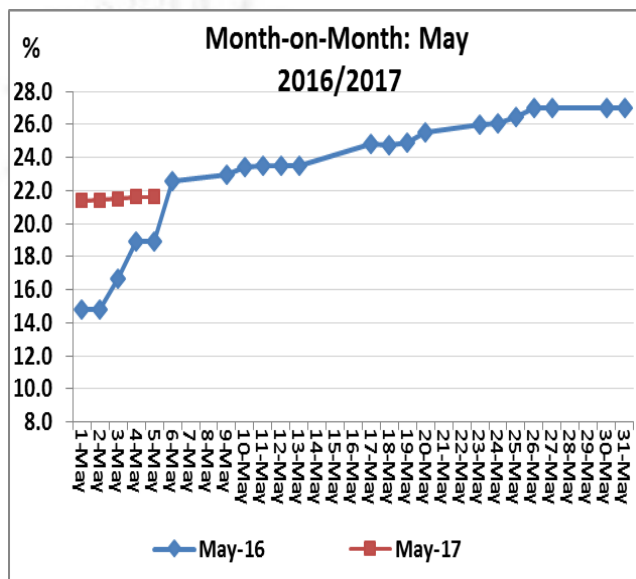
- Excess reserves dropped to K1.65 billion on Friday, 5th May 2017 from K3.67 billion recorded on Thursday, 4th May 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	10,250	21.63
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
31 days	-	-
62 days	-	-
90 days	-	-
364 days	124	23.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	14,510	24.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K10.25 billion on Friday, 5th May 2017 from K7.29 billion recorded on Thursday, 4th May 2017.
- The overnight interbank market rate (IBR) increased by 2 basis points and closed at 21.63 percent from 21.61 percent recorded on Thursday, 4th May 2017.
- K124.00 million was withdrawn from the banking system through OMO repos on Friday, 5th May 2017.
- A total of K14.51 billion was accessed on the Lombard Facility on Friday, 5th May 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

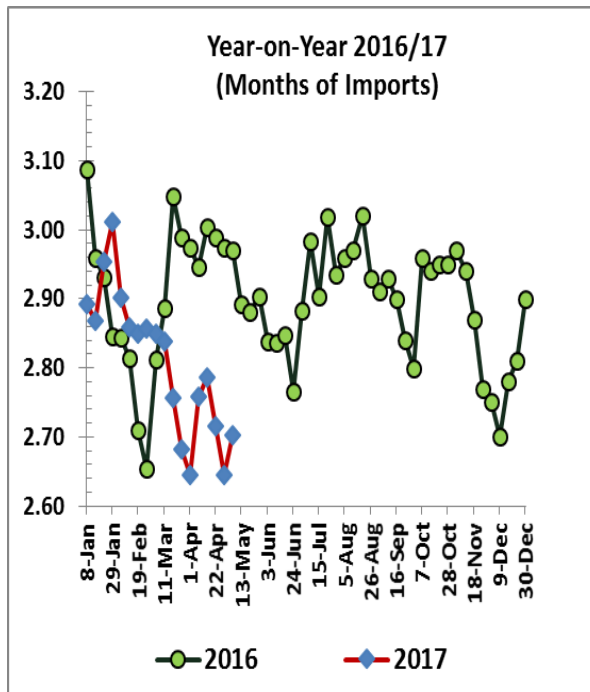
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
13 th April 2017	582.28	2.79
21 st April 2017	567.48	2.72
28 th April 2017	552.91	2.65
4 th May 2017	564.97	2.70

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

Commentary:

- Gross official reserves dropped during the week ending 28th April 2017 compared to the previous week. As at 4th May 2017, the gross official reserves stood at US\$564.97 million (2.70 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)
13 th April 2017	-10.79	336.11	325.32	1.56
21 st April 2017	-2.33	344.17	341.84	1.64
28 th April 2017	-2.95	345.89	342.95	1.64
4 th May 2017	-4.15	344.63	340.48	1.63

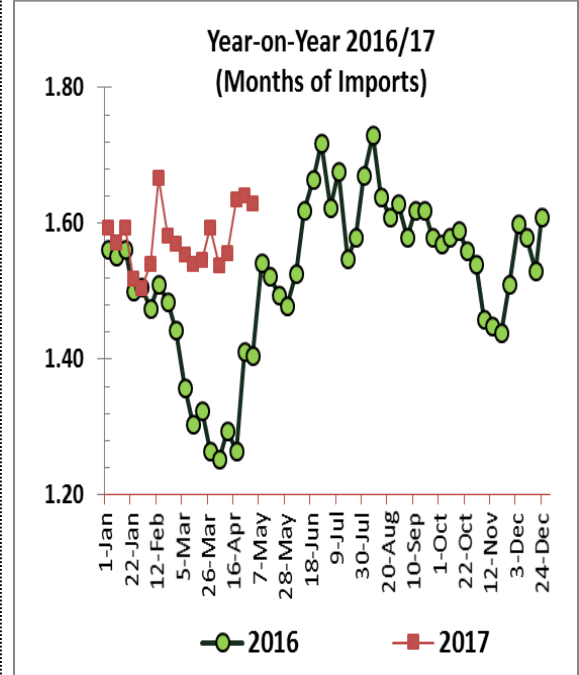
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
28 th April 2017	51.83	55.53
5 th May 2017	43.79	44.66
On 5 th May 2017	15.68	15.52

Commentary:

- ADB's purchased US\$43.79 million from the market and monetary authorities during the week ending 5th May 2017 against sales to the market at US\$44.66 million. On Friday, 5th May 2017 alone, ADB's purchased US\$15.68 million from the market and sold US\$15.52 million.

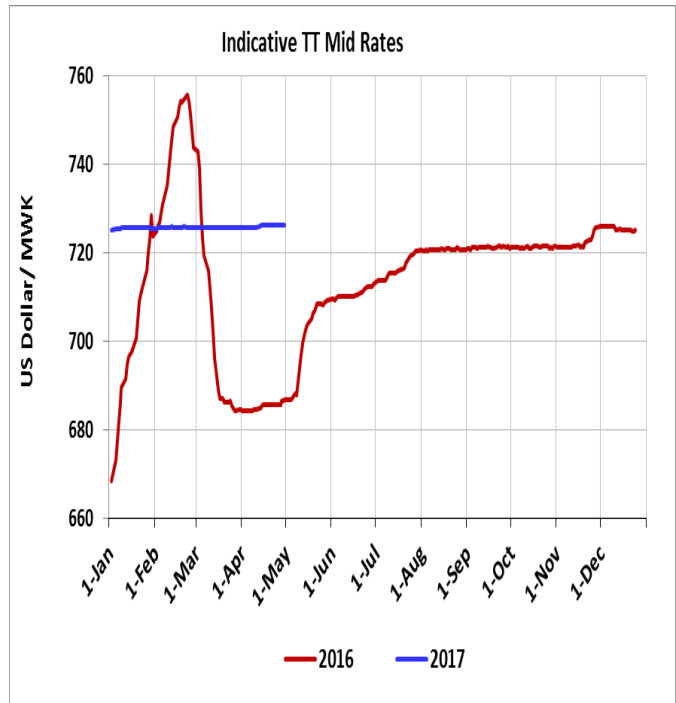
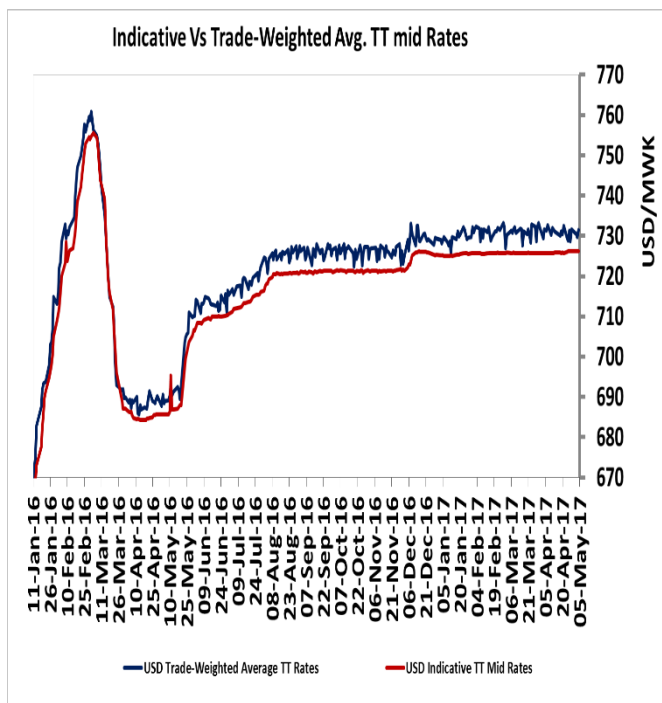


iii. Exchange Rate Developments

	28 th April 2017	2 nd May 2017	3 rd May 2017	4 th May 2017	5 th May 2017	Today's Indicative Rates
MWK/USD	730.8560	730.2085	731.5573	731.0068	728.8859	726.1787
MWK/GBP	941.0081	942.8201	935.1967	941.1554	947.9093	941.6359
MWK/EUR	792.6666	797.7250	795.7701	790.8928	798.4916	797.8525
MWK/ZAR	55.0696	55.5204	54.8539	53.5175	53.5599	53.9164

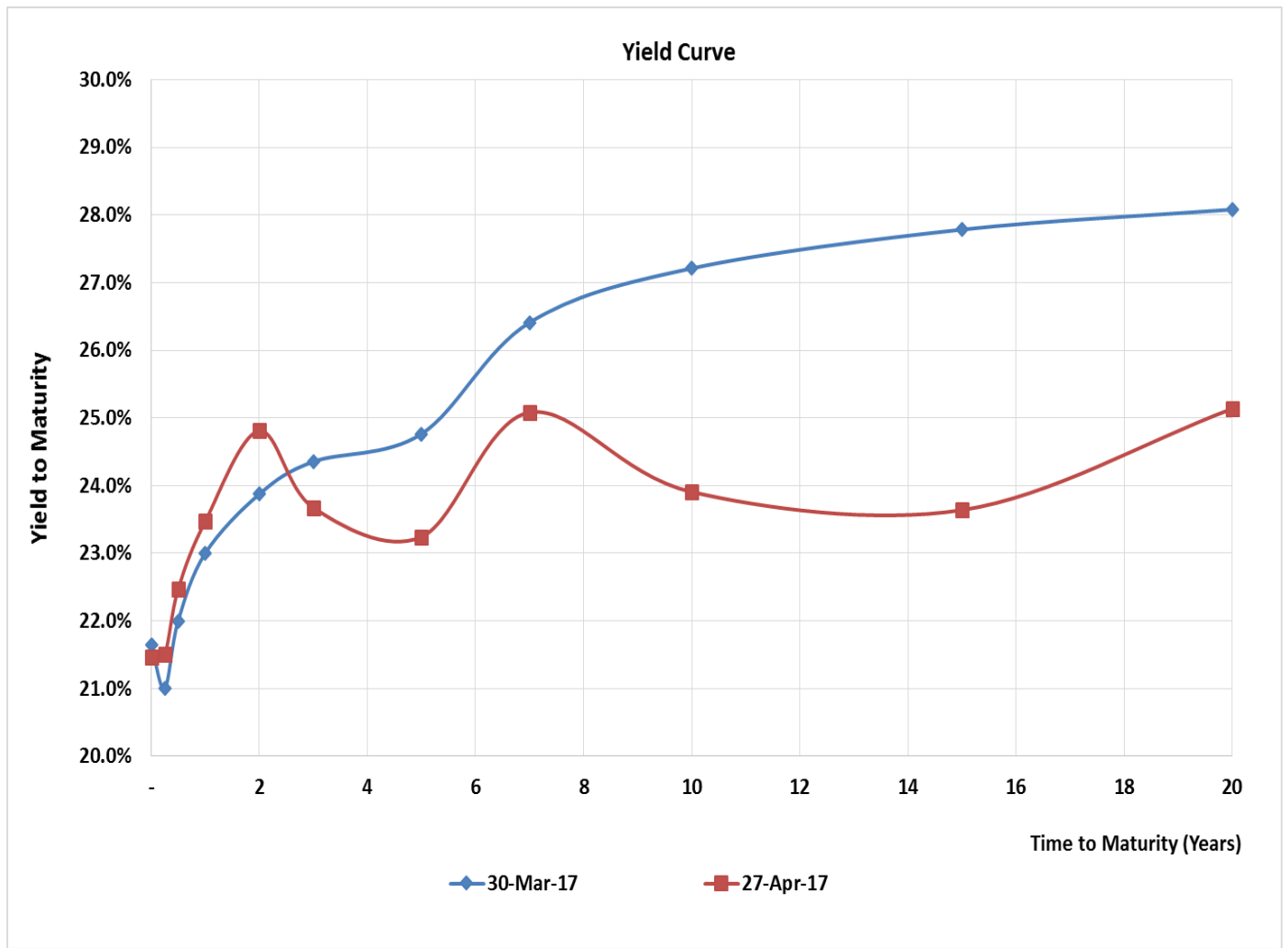
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 5th May 2017, the Kwacha appreciated against the USD but lost value against the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to trade around K726.1787 against the USD today, 8th May 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
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%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	34.91%
30 th March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	28.08%
27 April 2017	21.46%	21.50%	22.47%	23.47%	24.81%	23.67%	23.24%	25.08%	23.91%	23.64%	25.14%
27 April 2017-30 March 2017 Change in Yield (Bp)	-18	50	47	47	94	-68	-152	-133	-330	-415	-294



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