



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 08 June 2017

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 9 th June 2017
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	2,113	-3,868
Estimated Excess Reserves before OMO	-2,580	-1,942
Estimated Excess Reserves after OMO	0	0
Required Reserves	57,895	57,895

ii. Known Projected Transactions

	Week ending 9 th June 2017	Week ending 16 th June 2017	Week ending 23 rd June 2017	Week ending 30 th June 2017	June 2017
+ Maturity of normal TBs/TNs/PNs	5,710	4,571	3,387	1,608	14,455
Maturity of OMO Repos	7,603	9,595	493	26,164	53,953

Commentary:

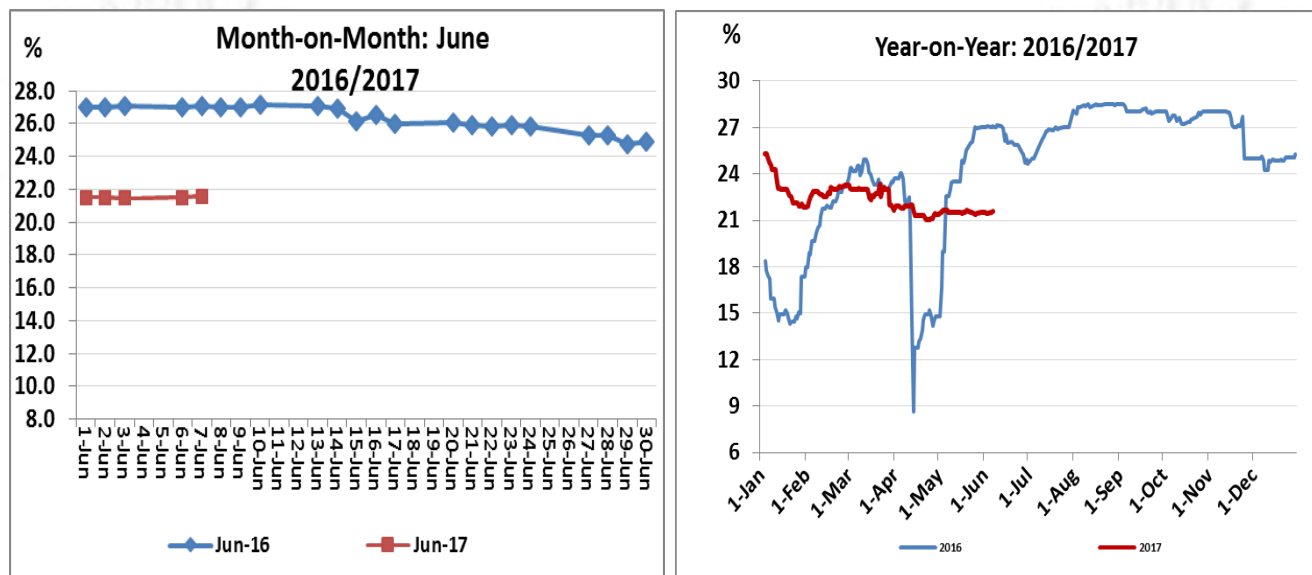
- Excess reserves dropped to K1.50 billion yesterday, 7th June 2017 from K5.15 billion that was observed on Tuesday, 6th June 2017.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	6,300	21.58
07 days	-	-
14 days	-	-
28 days	-	-
(b) RBM Open market operations		
(i) Repos		
07 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
273 days	-	-
364 days	235	23.00
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	2,830	24.00

ii. Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K6.30 billion yesterday, 7th June 2017 from K4.81 billion recorded on Tuesday, 6th June 2017.
- The overnight interbank market rate (IBR) increased by 9 basis points and stood at 21.58 percent.
- About K235 million was withdrawn from the banking system through OMO repos yesterday, 7th June 2017.
- A total of K2.83 billion was accessed on the Lombard Facility yesterday, 7th June 2017.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

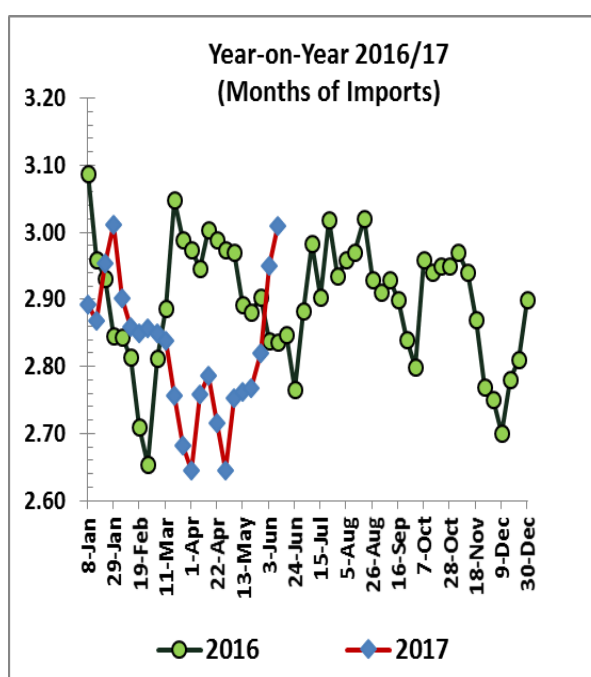
i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
19 th May 2017	579.05	2.77
26 th May 2017	588.66	2.82
2 nd June 2017	615.77	2.95
On 6 th June 2017	628.15	3.01

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

Commentary:

- Gross official reserves increased during the week ending 2nd June 2017 compared to the previous week. As at 6th June 2017, gross official reserves stood at US\$628.15 million (3.01 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)
19 th May 2017	-9.08	333.46	324.37	1.55
26 th May 2017	-8.01	332.11	324.10	1.55
2 nd June 2017	-9.21	326.11	316.90	1.52
On 6 th June 2017	-6.97	337.80	330.83	1.58

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

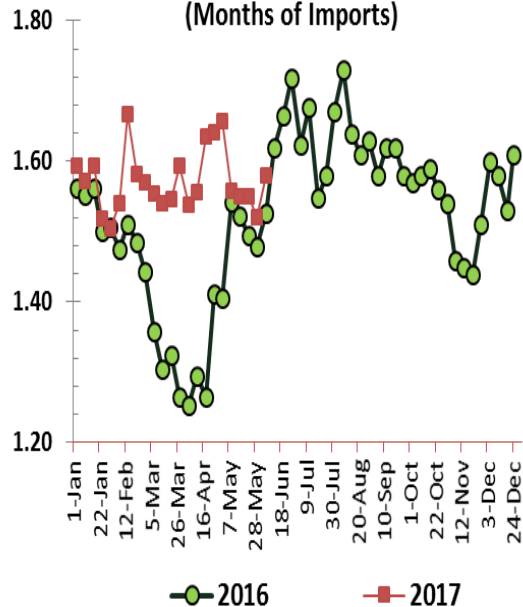
ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
26 th May 2017	49.76	56.65
2 nd June 2017	58.66	62.75
On 7 th June 2017	6.59	10.41

Commentary:

- ADB's purchased US\$58.66 million from the market and monetary authorities and sold US\$62.75 million during the week ending 2nd June 2017. On 7th June 2017, ADB's purchased US\$6.59 million from the market and sold US\$10.41 million.

Year-on-Year 2016/17
(Months of Imports)



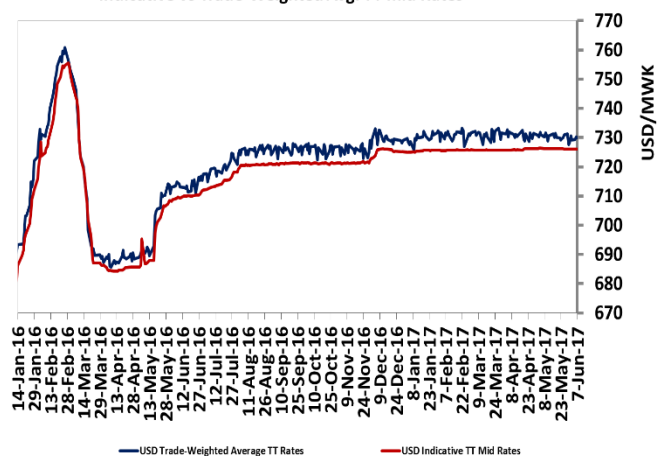
iii. Exchange Rate Developments

	1 st June 2017	2 nd June 2017	5 th June 2017	6 th June 2017	7 th June 2017	Today's Indicative Rates
MWK/USD	729.9037	730.4758	727.5715	730.4378	728.3549	725.8162
MWK/GBP	933.7037	940.5182	940.6849	943.5253	943.9925	940.0771
MWK/EUR	820.0939	816.9330	820.8719	818.6091	820.9812	817.0513
MWK/ZAR	55.8432	56.2105	57.0411	57.5023	56.7331	56.7088

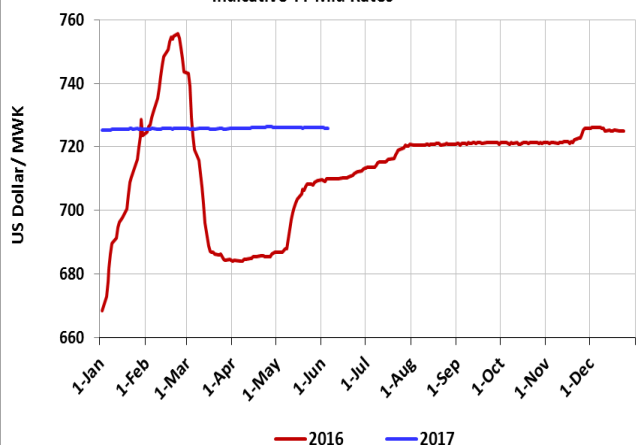
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Wednesday, 7th June 2017, the Kwacha appreciated against the USD and the ZAR but lost value against the GBP and the EUR. Indicatively, the local currency is expected to trade around K725.8162 against the USD today, 8th June 2017.

Indicative Vs Trade-Weighted Avg. TT mid Rates

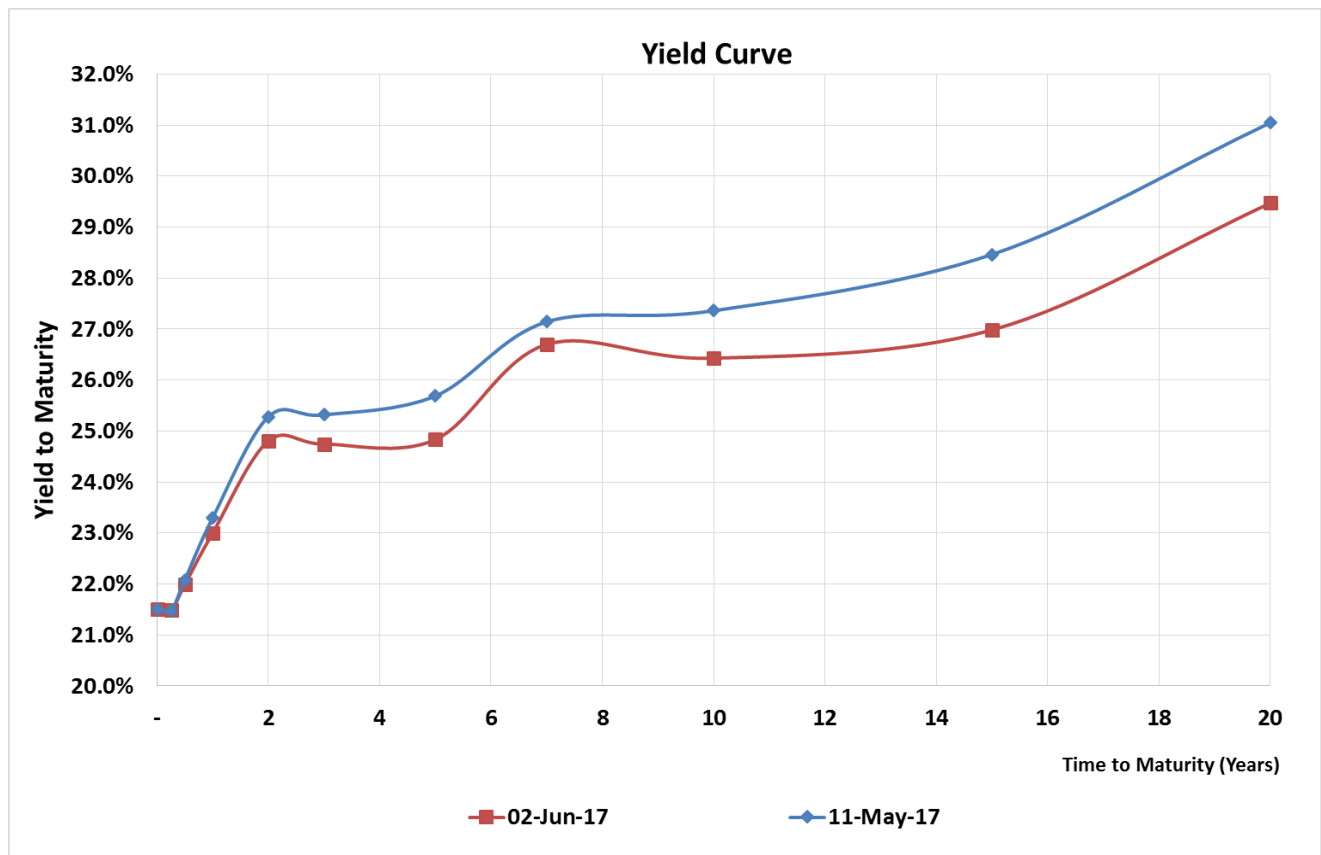


Indicative TT Mid Rates



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
26 th January 2017	22.04%	23.85%	25.27%	25.99%	23.80%	22.89%	22.33%	22.09%	22.31%	22.41%	35.00%
2 nd February 2017	22.73%	23.84%	25.30%	25.99%	25.62%	25.69%	26.15%	28.19%	28.21%	29.56%	21.91%
16 th February 2017	23.06%	23.98%	25.34%	25.58%	25.83%	25.73%	26.03%	25.83%	25.73%	25.21%	29.57%
2 nd March 2017	23.00%	23.99%	25.40%	25.44%	27.48%	29.74%	30.59%	31.44%	32.04%	33.58%	25.73%
30 th March 2017	21.64%	21.00%	22.00%	23.00%	23.87%	24.35%	24.76%	26.41%	27.21%	27.78%	34.91%
27 April 2017	21.46%	21.50%	22.47%	23.47%	24.81%	23.67%	23.24%	25.08%	23.91%	23.64%	28.08%
11 th May 2017	21.51%	21.48%	22.08%	23.30%	25.28%	25.32%	25.69%	27.14%	27.36%	28.46%	25.14%
2 nd June 2017	21.50%	21.49%	21.99%	23.00%	24.81%	24.75%	24.83%	26.70%	26.43%	26.98%	29.47%
2 June 2017-11 May 2017 Change in Yield (Bp)	-1	1	-9	-30	-47	-57	-86	-44	-93	-148	-158



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