



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 5th April 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 6 th April 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	3,737	10,355
Estimated Excess Reserves before OMO	17,653	15,843
Estimated Excess Reserves after OMO	0	0
Required Reserves	73,471	73,471

ii. Known Projected Transactions

	Week ending 6 th April 2018	Week ending 13 th April 2018	April 2018
Maturity of normal TBs/TNs/PNs	3,293	8773	26,025
Maturity of OMO Repos	27,793	11,257	83,348

Commentary:

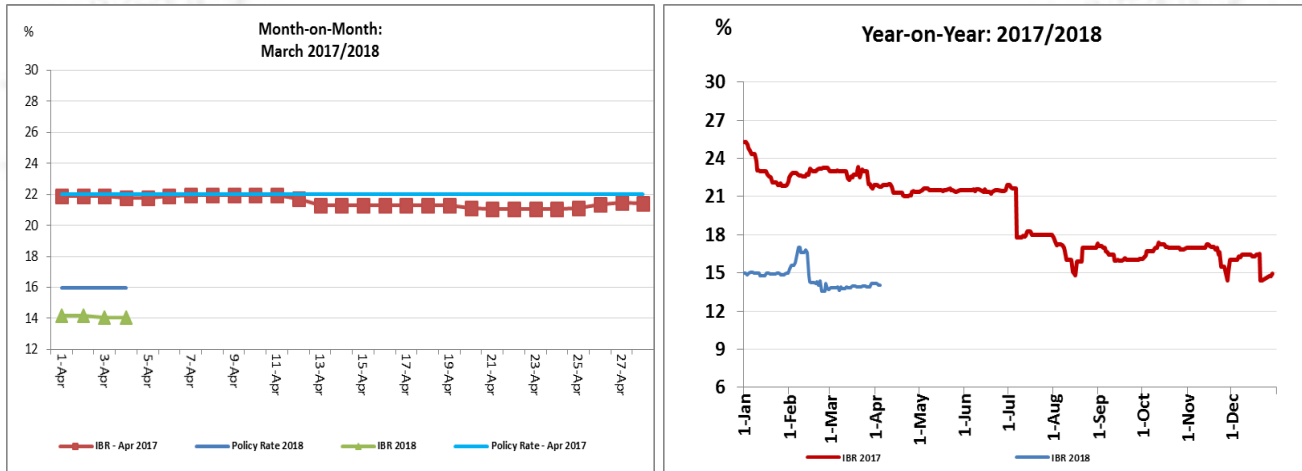
Excess reserves increased to K13.91 billion on Wednesday, 4th April 2018 from K10.09 billion recorded on Tuesday, 3rd April 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	8,300	14.05
7 days	-	-
14 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
28 days	-	-
273 days	-	-
364 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
(c) Access on the Lombard Facility	8,100	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K8.30 billion on Wednesday, 4th April 2018 from K9.52 billion recorded on Tuesday, 3rd April 2018.
- The overnight interbank market rate (IBR) dropped by 2 basis points (bps) and closed at 14.05 percent on Wednesday, 4th April 2018 compared to 14.07 percent on Tuesday, 3rd April 2018.
- A total of K8.10 billion was accessed on the Lombard Facility on Wednesday, 4th April 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

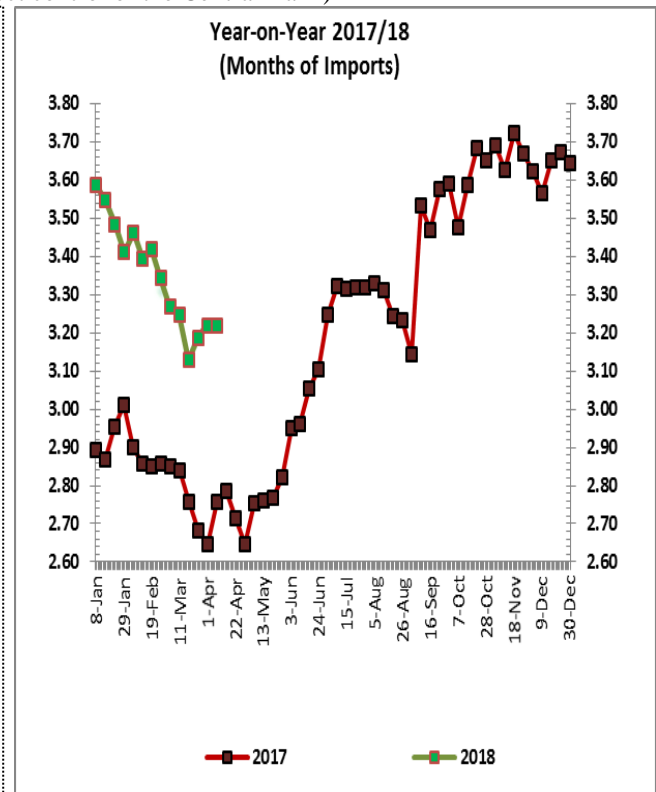
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
2 nd March 2018	683.06	3.27
9 th March 2018	678.47	3.25
16 th March 2018	653.78	3.13
23 rd March 2018	666.30	3.19
31 st March 2018	672.90	3.22
2 nd April 2018	672.60	3.22

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

Commentary:

- Gross official reserves increased during the week ending 31st March 2018 compared to the preceding week. As at 31st March 2018, gross official reserves stood at \$672.90million (3.22 months of imports) compared to \$666.30 (3.19 months of imports) recorded on 23rd March 2018. On 2nd April 2018, official reserves stood at \$672.60 million (3.22 imports cover).



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)
16 th March 2018	-4.26	355.23	350.96	1.68
23 rd March 2018	-4.22	353.91	349.69	1.67
29 th March 2018	-1.74	363.97	362.22	1.73
4 th April 2018	-2.77	367.79	365.05	1.75

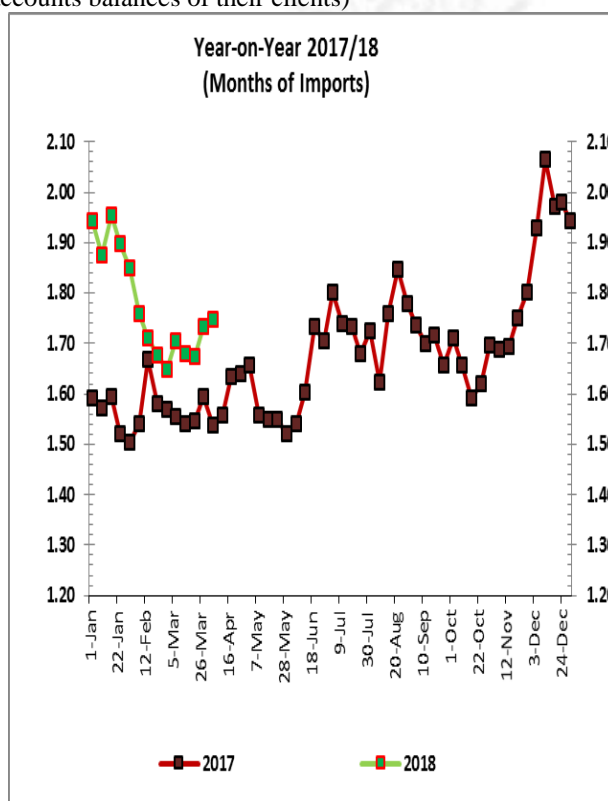
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
16 th March 2018	33.10	40.94
23 rd March 2018	35.77	40.53
29 th March 2018	30.05	30.76
On 4 th April 2018	18.12	15.66

Commentary:

- ADB's FX trading decreased during the week ending 29th March 2018 compared to the previous week. ADBs purchased a total of US\$30.05 million from the market and sold a total of US\$30.76 million during the week. On Wednesday, 4th April 2018, ADBs purchased US\$18.12 million from the market and sold US\$15.66 million.

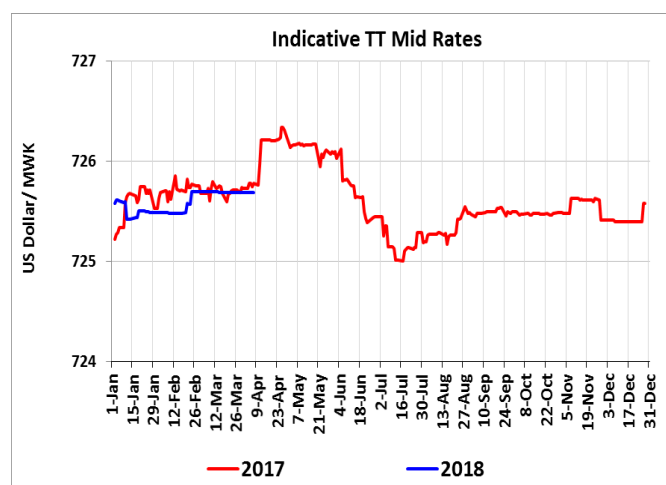
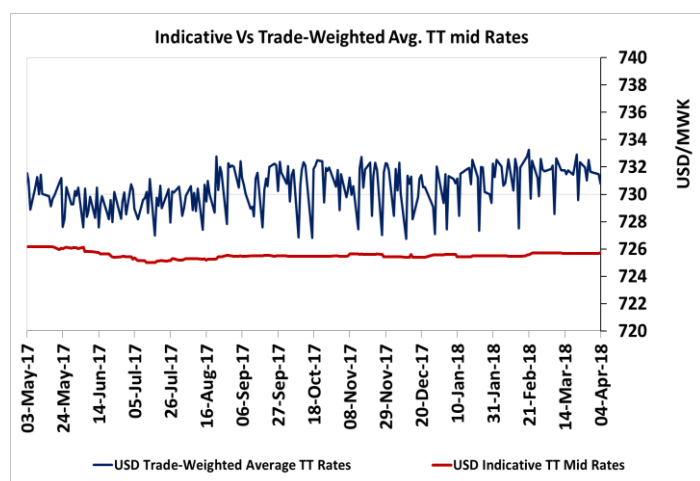


iii. Exchange Rate Developments

	27 th March 2018	28 th March 2018	29 th March 2018	3 rd April 2018	4 th April 2018	Today's indicative Rates
MWK/USD	731.0086	732.5126	731.6624	731.4815	730.7753	725.7456
MWK/GBP	1,041.5583	1,033.3729	1,022.0173	1,028.8631	1,027.7695	1021.1241
MWK/EUR	907.9134	906.1155	898.8717	897.9464	898.3794	890.9253
MWK/ZAR	62.6993	62.6095	61.9131	61.6940	61.6964	61.0435

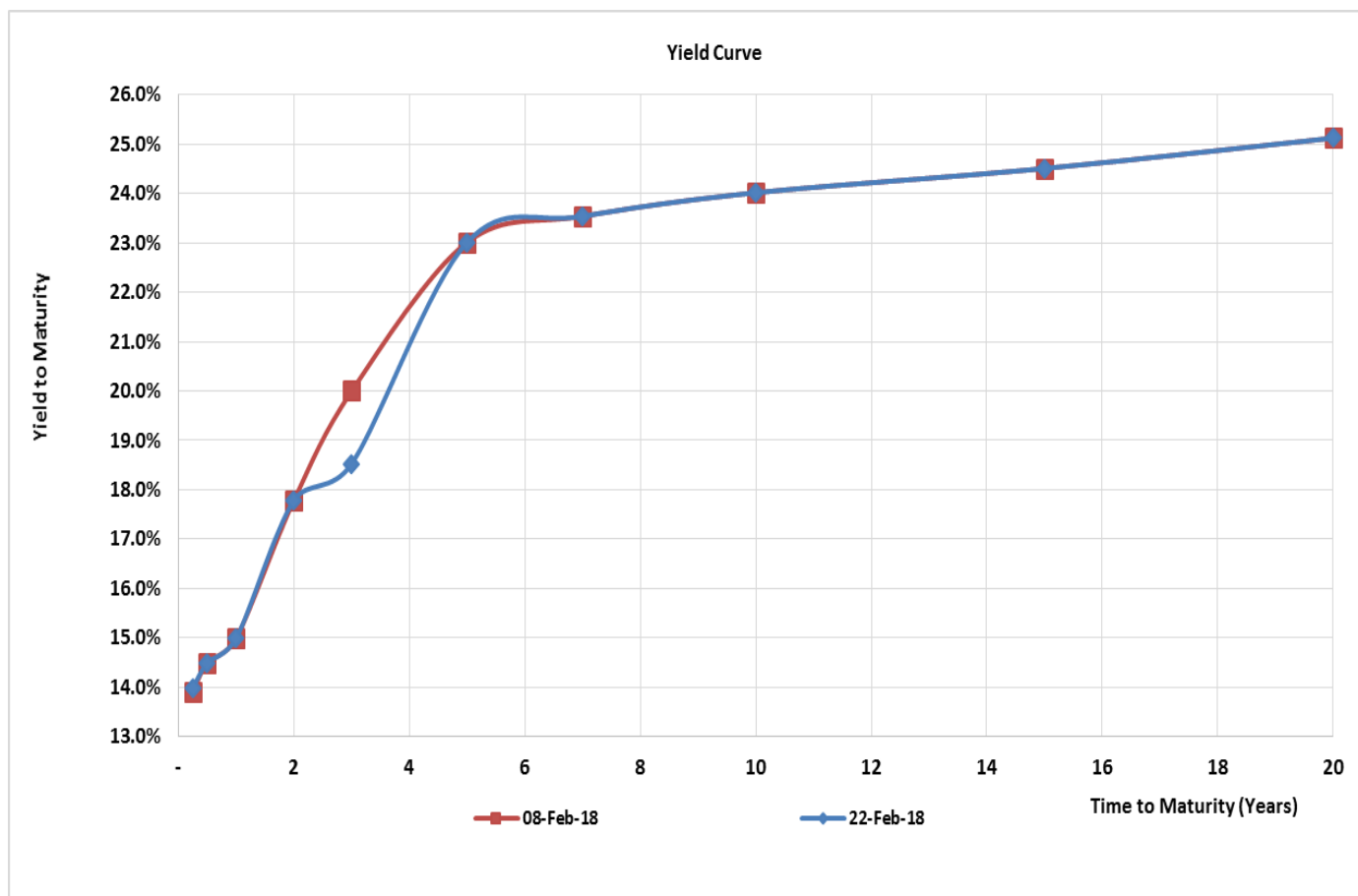
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Wednesday, 4th April 2018, the Kwacha appreciated against the USD and the GBP but depreciated against the EUR and the ZAR. Indicatively, the local currency is expected to trade at K725.7456 per dollar today, 5th April 2018.



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

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
24 th August 2017	16.01%	16.95%	17.50%	19.58%	20.00%	21.50%	21.83%	22.01%	22.13%	22.59%
28 th September 2017	14.50%	14.70%	15.00%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
12 th October 2017	13.22%	14.20%	14.80%	16.06%	19.04%	21.12%	22.20%	22.46%	23.35%	24.41%
9 th November 2017	14.32%	14.79%	14.73%	17.03%	19.04%	20.56%	20.79%	21.12%	20.60%	21.07%
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%	21.16%	22.58%	22.44%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%	22.45%	23.91%	25.17%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%	23.00%	23.64%	24.07%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%	24.01%	24.51%	25.12%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%	24.01%	24.51%	25.12%
22 Feb - 8 Feb 2018 Change in Yield (Bp)	9	0	0	0	-147	0	0	0	0	0



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