



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 11th May 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 11 th May 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-21,115	-16,573
Estimated Excess Reserves before OMO	-14,351	-14,351
Estimated Excess Reserves after OMO	0	0
Required Reserves	74,801	74,801

ii. Known Projected Transactions

	Week ending 11 th May 2018	Week ending 18 th May 2018	Week ending 25 th May 2018	May 2018
Maturity of normal TBs/TNs/PNs	6,205	8,064	2,571	103,135
Maturity of OMO Repos	37,022	2,932	10,948	57,534

Commentary:

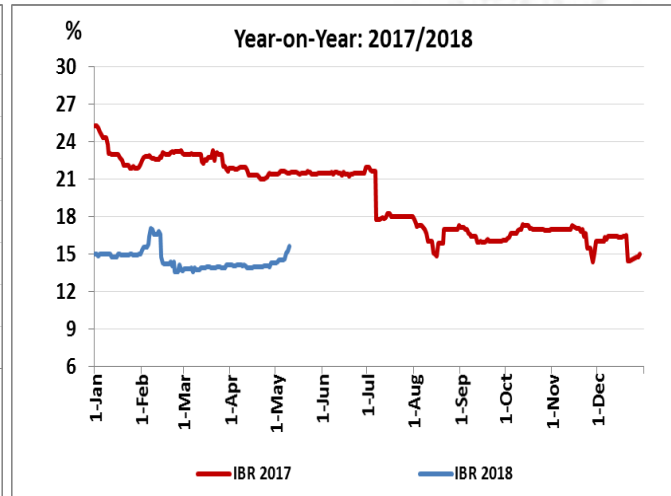
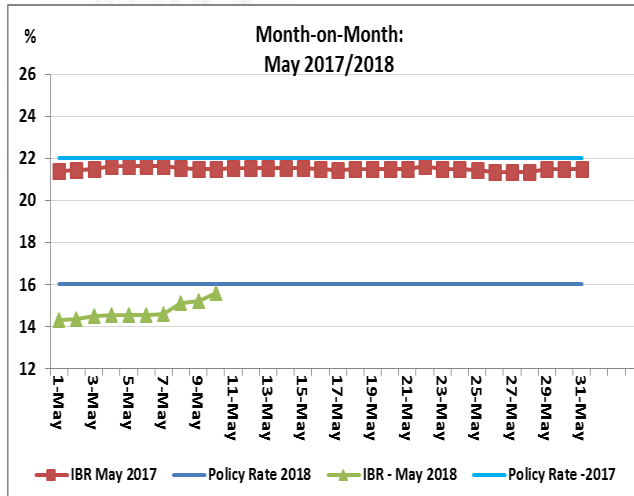
Excess reserves increased to K6.76 billion on Thursday, 10th May 2018, from K1.27 billion recorded on Wednesday, 9th May 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume	Average rate (%)
O/N	10,300	15.61
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	20,610	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K10.30 billion on Thursday, 10th May 2018, from K8.10 billion observed on Wednesday, 9th May 2018.
- The overnight interbank market rate (IBR) increased by 39 basis points and closed at 15.61 percent on Thursday, 10th May 2018 from 15.22 percent recorded on Wednesday, 9th May 2018.
- A total of K20.61 billion was accessed on the Lombard Facility on Thursday, 10th May 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

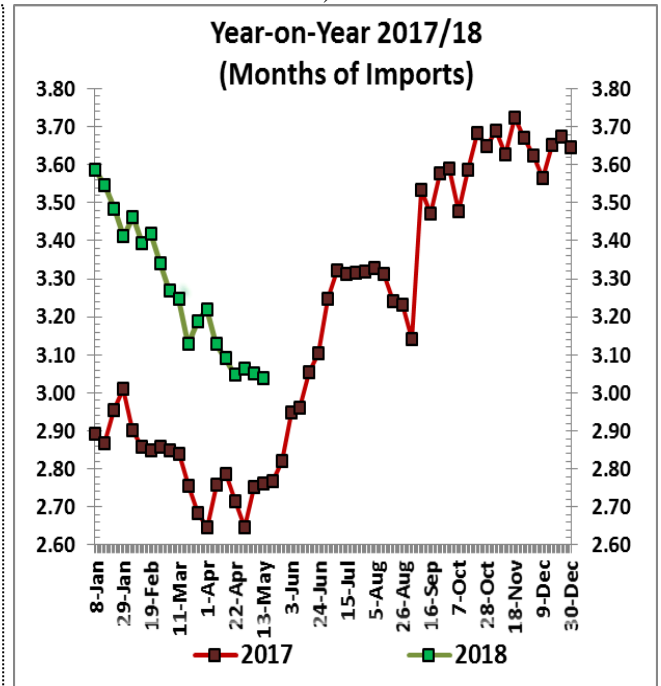
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
6 th April 2018	653.72	3.13
13 th April 2018	645.97	3.09
20 th April 2018	636.90	3.05
27 th April 2018	640.56	3.06
4 th May 2018	637.70	3.05
9 th May 2018	635.05	3.04

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

Commentary:

- Gross official reserves marginally declined during the week ending 4th May 2018 compared to the preceding week. As at 4th May 2018, gross official reserves stood at \$367.70 million (3.05 months of imports) compared to \$640.56 million (3.06 months of imports) recorded on 27th April 2018. On the 9th May 2018, Gross Official Reserves stood at \$635.05 million (3.04 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)
20 th April 2018	-4.65	362.23	357.58	1.71
27 th April 2018	-7.39	356.20	348.80	1.67
4 th May 2018	0.33	358.27	358.61	1.72
On 9 th May 2018	-7.63	362.83	355.20	1.70

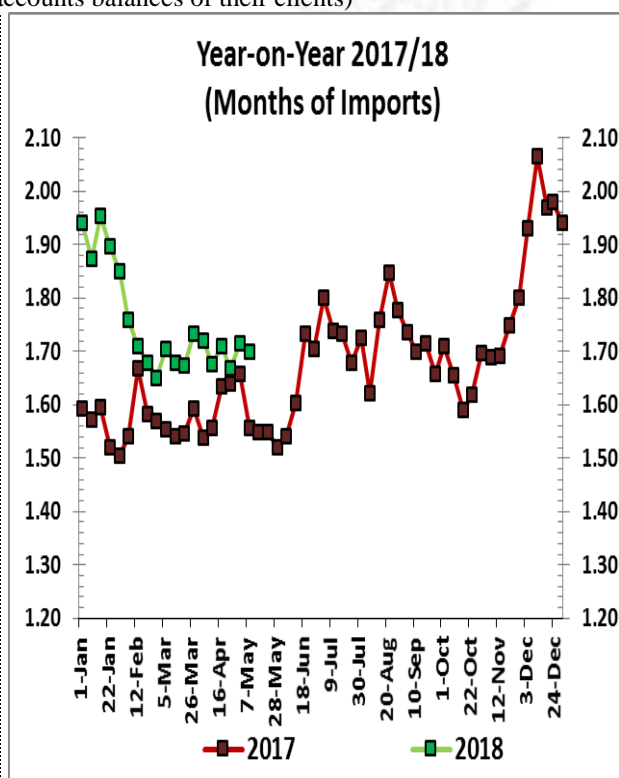
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
20 th April 2018	38.28	38.05
27 th April 2018	35.54	42.14
4 th May 2018	43.23	46.27
On 10 th May 2018	11.73	13.59

Commentary:

- ADB's FX trading picked up during the week ending 4th May 2018 compared to the previous week. ADBs purchased a total of US\$43.23 million from the market and sold a total of US\$46.27 million during the week. On Thursday, 10th May 2018, ADBs purchased US\$11.73 million from the market and sold US\$13.59 million.

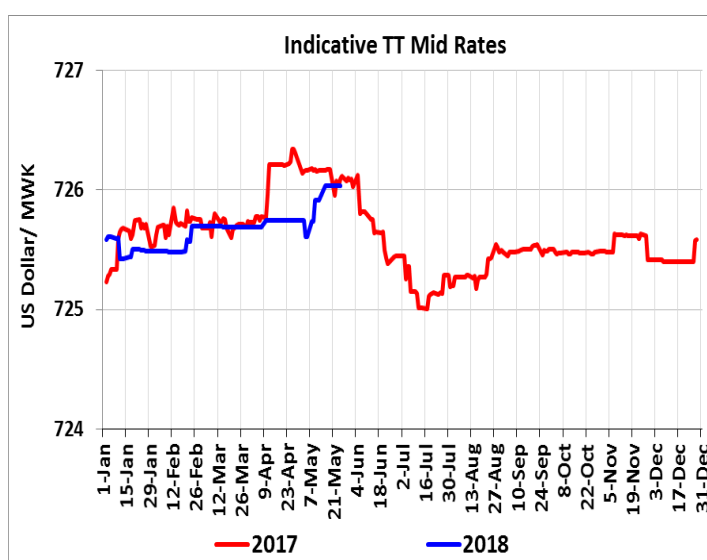
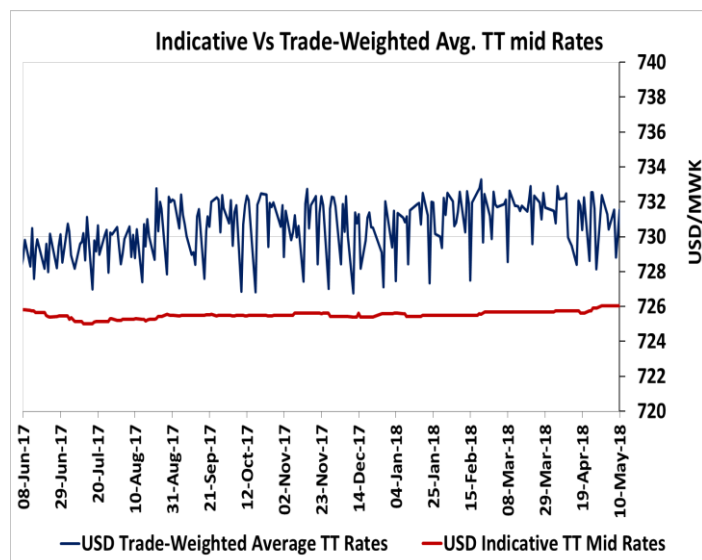


iii. Exchange Rate Developments

	4 th May 2018	7 th May 2018	8 th May 2018	9 th May 2018	10 th May 2018	Today's indicative Rates
MWK/USD	730.4150	731.5577	728.8040	730.0506	731.5432	726.0382
MWK/GBP	994.6138	987.4313	990.1325	988.5989	993.3641	982.1845
MWK/EUR	873.0346	873.2671	870.8936	865.5989	862.1958	865.1471
MWK/ZAR	57.8291	58.2341	58.1065	57.8979	59.1303	58.9302

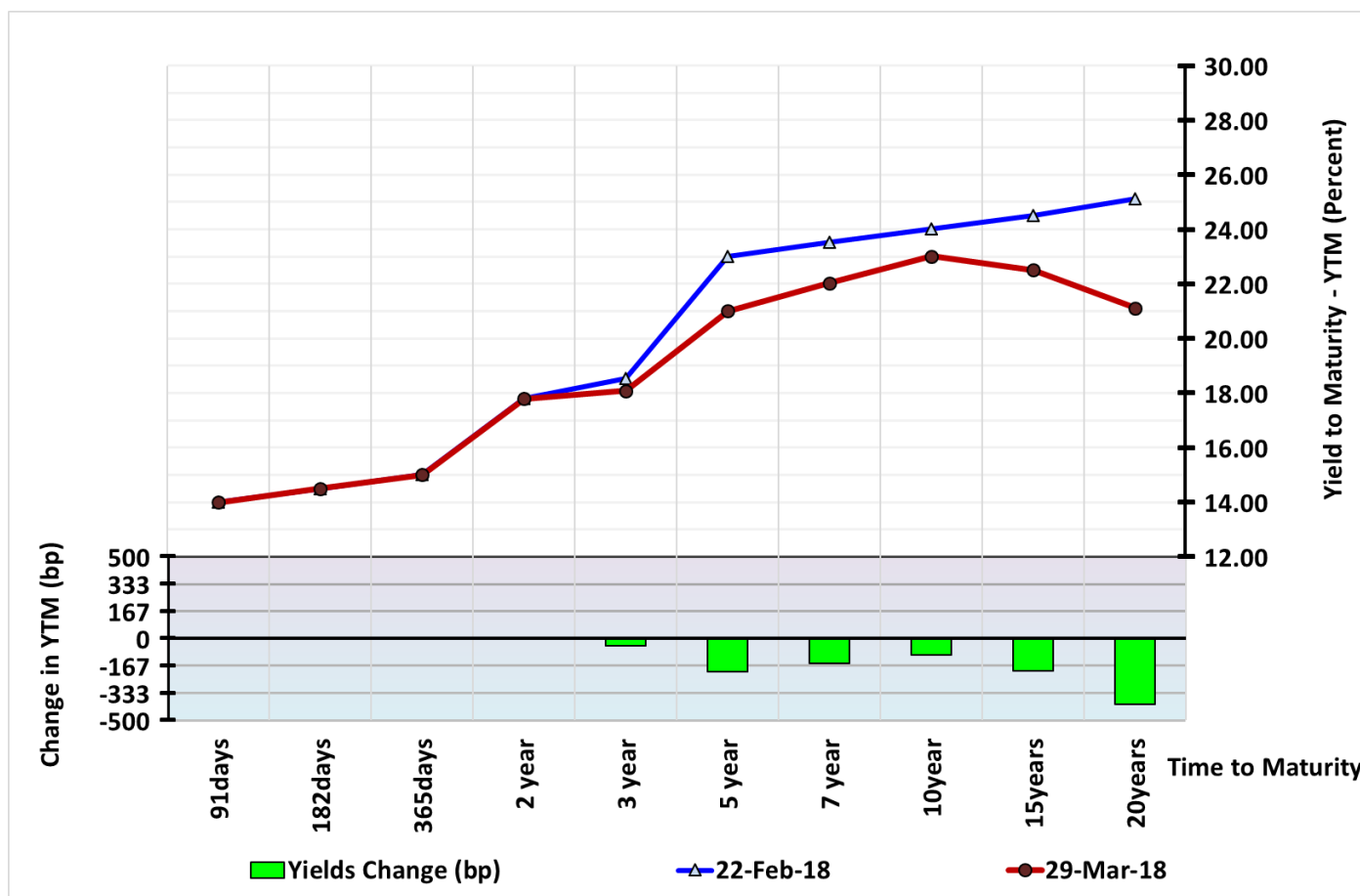
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 10th May 2018, the Kwacha depreciated against the USD, the GBP and the ZAR but appreciated against the EUR. Indicatively, the local currency is expected to trade at K726.0382 per US Dollar today, 11th May 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
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%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%	23.01%	22.51%	21.12%
29 Mar - 22 Feb 2018 Change in Yield (Bp)	0	0	0	0	-44	-200	-150	-100	-200	-400



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