



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 17th August 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 17 th August 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-3,887	-1,002
Estimated Excess Reserves before OMO	4,858	4,858
Estimated Excess Reserves after OMO	0	0
Required Reserves	76,885	76,885

ii. Known Projected Transactions

	Week ending 10 th August 2018	Week ending 17 th August 2018	August 2018
Maturity of normal TBs/TNs/PNs	4,287	4,971	23,320
Maturity of OMO Repos	6,404	21,173	46,528

Commentary:

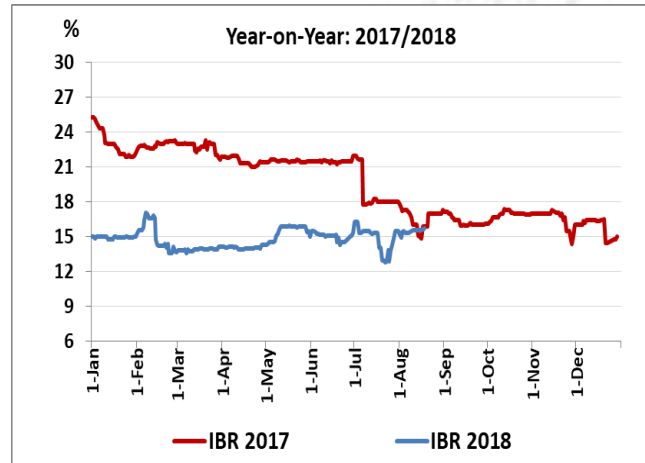
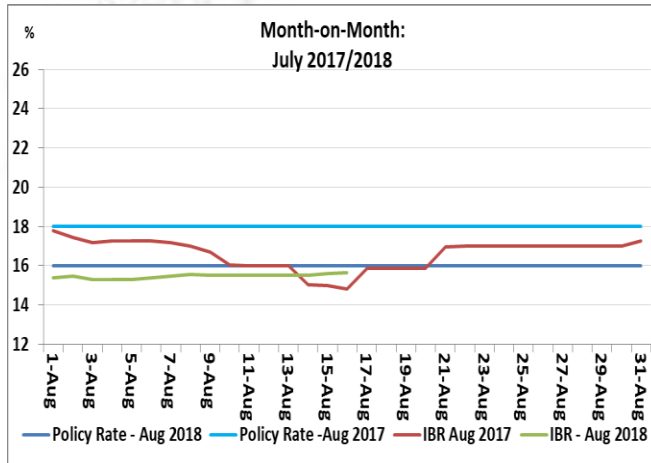
Excess reserves increased to K8.74 billion on Thursday, 16th August 2018, from K7.17 billion recorded on Wednesday, 15th August 2018.

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	Volume (Mk'mn)	Average rate (%)
O/N	8,325	15.67
7 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N		
7 days	-	-
14 days	-	-
31 days	-	-
63 days	-	-
91 days	-	-
182 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	915	18.00

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market dropped to K8.32 billion on Thursday, 16th August 2018, from K8.94 billion on Wednesday, 15th August 2018.
- The overnight interbank market rate (IBR) increased by 8 basis points (bps) and closed at 15.67 percent.
- A total of K0.91 billion was accessed from the Lombard Facility on Thursday, 16th August 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

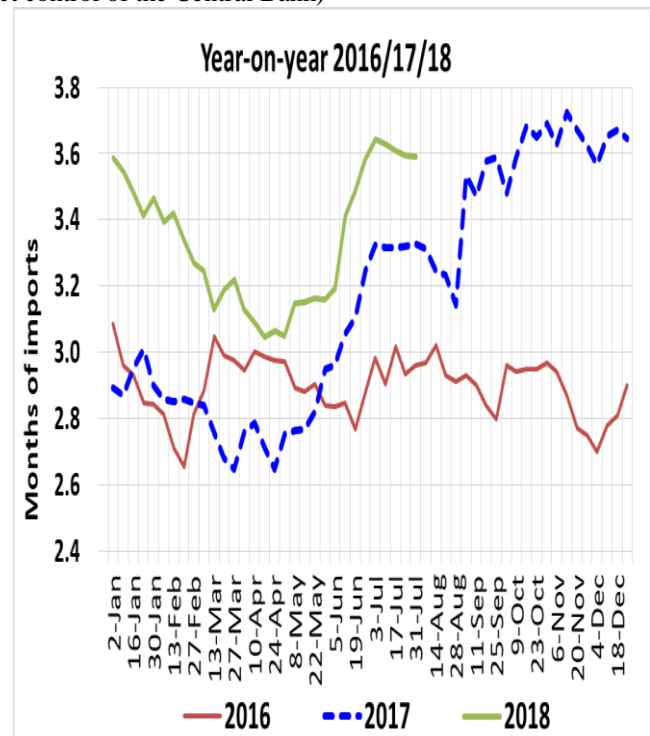
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
5 th July 2018	748.50	3.58
13 th July 2018	761.51	3.64
20 th July 2018	758.59	3.63
27 th July 2018	754.24	3.61
10 th Aug 2018	750.83	3.59
16 th Aug 2018	750.55	3.59

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

Commentary:

- Gross official reserves dropped during the week ending 10th August 2018 to \$750.83 million (3.59 months of imports) from \$754.24 million (3.61 months of imports) at the end of the preceding week. As at 16th August 2018, gross official reserves stood at \$750.55 million (3.59 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 July 2018	0.51	366.81	367.32	1.76
27 th July 2018	2.99	340.35	343.35	1.64
10 th Aug 2018	-0.30	349.25	348.95	1.67
15 th Aug 2018	-8.54	342.71	334.19	1.60

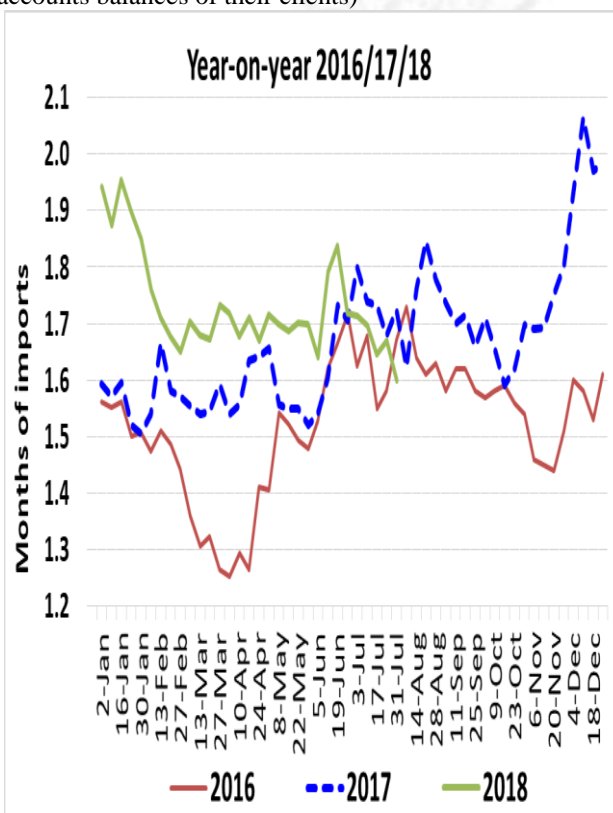
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ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
20 th July 2018	57.76	60.35
27 th July 2018	50.16	50.50
3 rd Aug 2018	60.18	70.32
10 th Aug 2018	34.97	45.64
16 th Aug 2018	9.56	11.32

Commentary:

- ADB's FX trading dropped during the week ending 10th August 2018 compared to the previous week. ADBs purchased a total of US\$34.97 million from the market and sold a total of US\$45.64 million during the week. On Thursday, 16th August 2018, ADBs purchased US\$9.56 million from the market and sold US\$11.32 million.

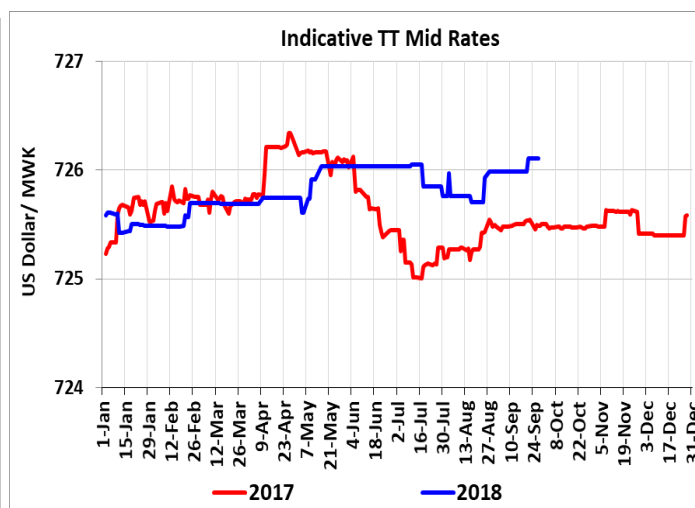
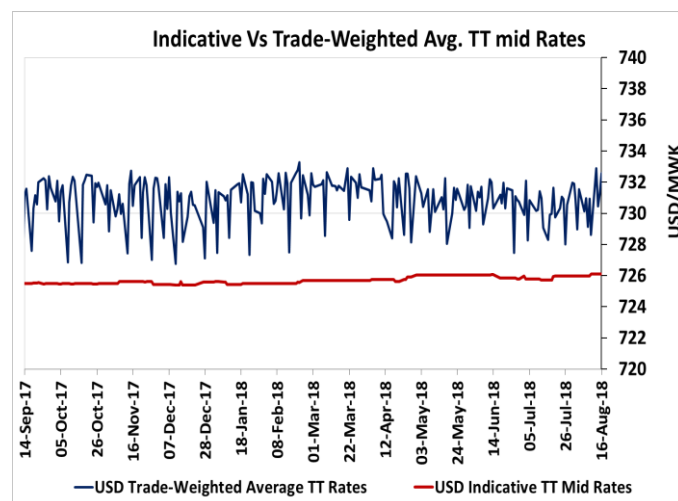


iii. Exchange Rate Developments

	10 th August 2018	13 th August 2018	14 th August 2018	15 th August 2018	16 th August 2018	Today's indicative Rates
MWK/USD	728.6373	732.8859	730.4459	731.2644	732.5858	726.1646
MWK/GBP	936.8730	935.5045	935.2370	929.4407	929.8994	923.9718
MWK/EUR	832.3844	830.6983	833.7064	827.2853	830.5482	826.3027
MWK/ZAR	53.0266	50.4540	51.6717	50.9051	50.8651	49.5135

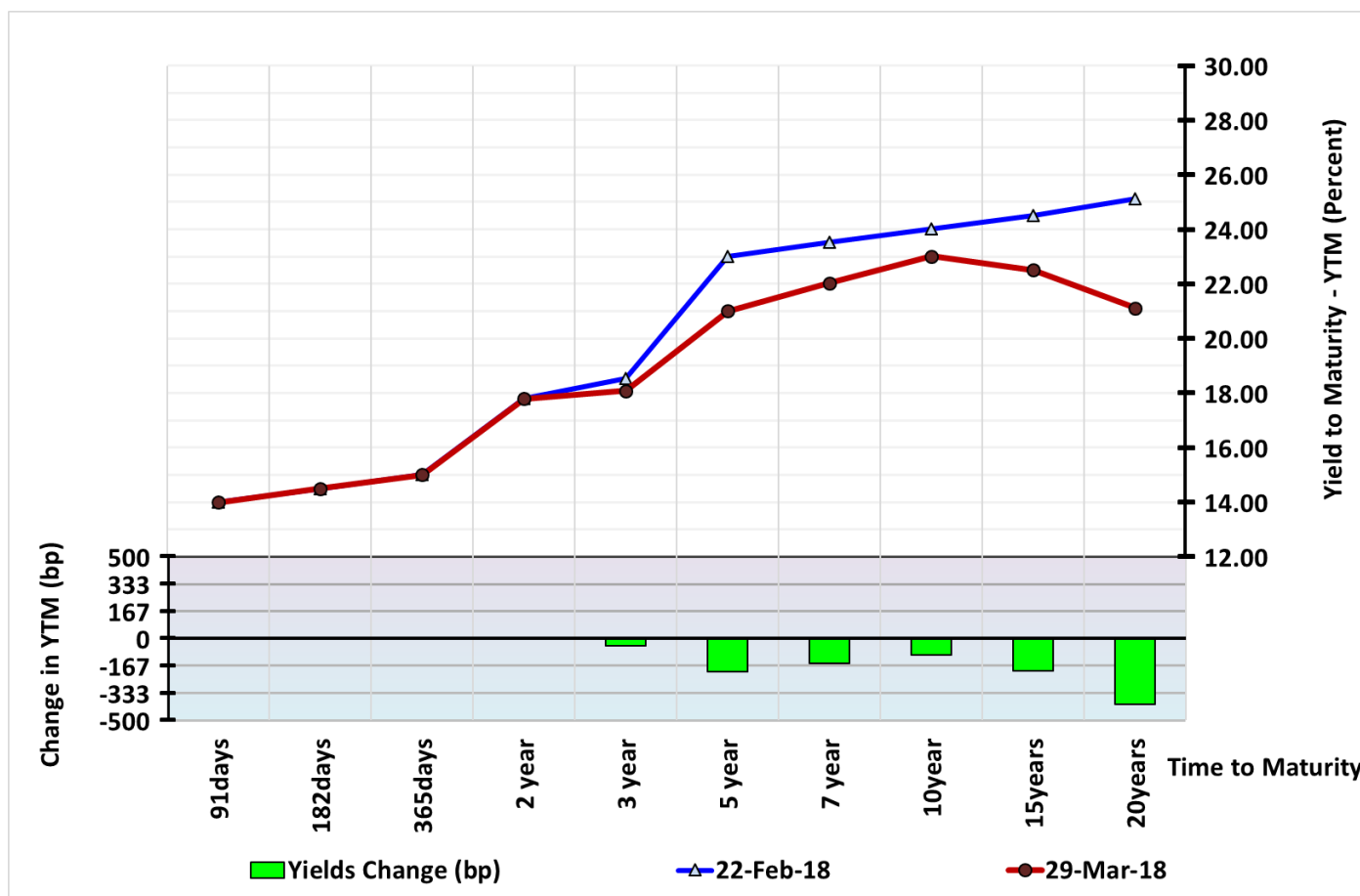
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Thursday, 16th August 2018, the Kwacha depreciated against the USD, the GBP and the EUR appreciation against the ZAR. Indicatively, the local currency is expected to trade at K726.1646 per US Dollar today, 17th August 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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