



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Wednesday, 19th December 2018

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 21 st December 2018
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	16,241	36,942
Estimated Excess Reserves before OMO	22,872	44,127
Estimated Excess Reserves after OMO	0	0
Required Reserves	79,687	79,687

ii. Known Projected Transactions

	Week ending 7 th December 2018	Week ending 14 th December 2018	Week ending 21 st December 2018	December 2018
Maturity of normal TBs/TNs/PNs	8,472	8,652	7,668	31,310
Maturity of OMO Repos	5,174	7,618	21,164	52,222

Commentary:

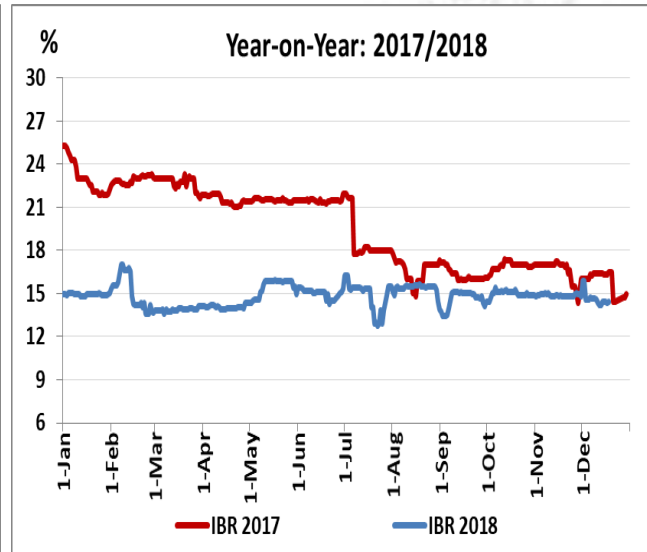
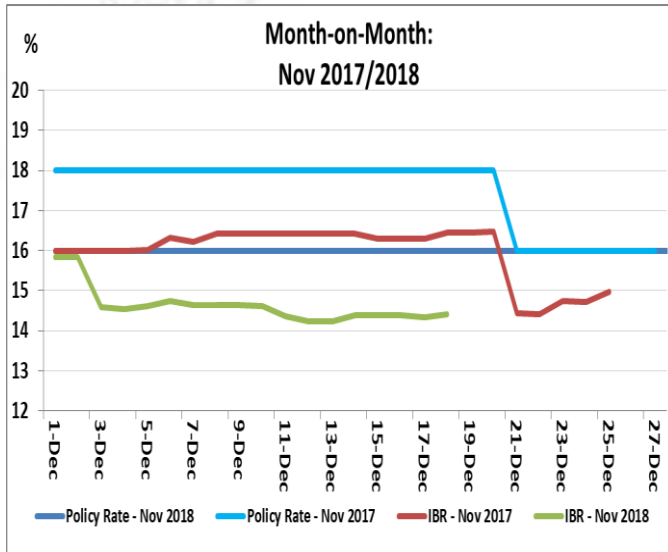
Excess reserves increased to K8.82 billion on Tuesday, 18th December 2018, from K7.18 billion recorded on Monday, 17th December 2018.

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	11,750	14.41
4 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
31 days	-	-
60 days	-	-
91 days	-	-
150 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	-	-

Weighted Average Interbank Rates



Commentary:

- Traded volume on the interbank market increased to K11.75 billion on Tuesday, 18th December 2018, from K6.57 billion on Monday, 17th December 2018.
- The overnight interbank market rate (IBR) increased by 7 basis points (bps) to 14.41 percent on 18th December 2018 from 14.34 percent on 17th December 2018.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

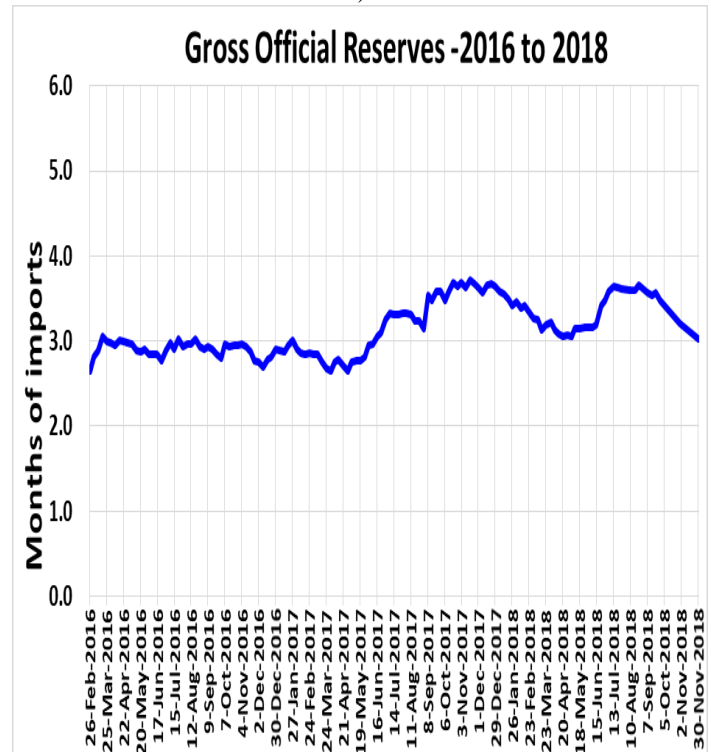
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ mn)	Reserves (US\$ million)	Import Cover * (Months)
29 th June 2018	728.10	3.48
31 st July 2018	754.23	3.61
31 st Aug 2018	753.52	3.61
28 th Sep 2018	727.63	3.48
31 st Oct 2018	669.92	3.20
30 th Nov 2018	631.21	3.04

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

Commentary:

- Gross official reserves decreased during November 2018 to \$631.21 million (3.04 months of imports) from \$669.92 million (3.20 months of imports) at the end of the preceding month.



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)
31 st Aug 2018	-9.18	341.24	332.06	1.59
28 th Sep 2018	0.80	318.43	319.23	1.53
31 st Oct 2018	0.80	328.43	329.23	1.58
30 th Nov 2018	1.63	336.28	337.92	1.62

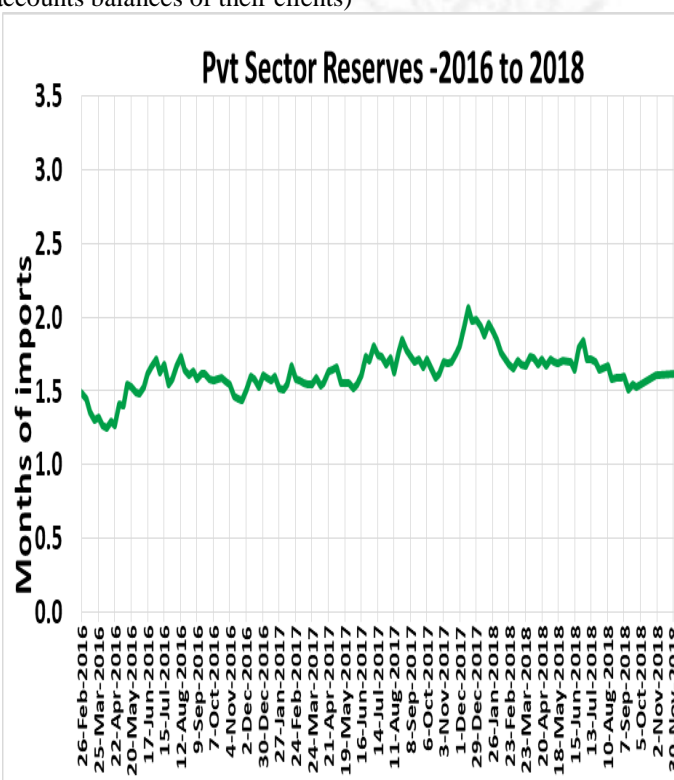
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
30 th Nov 2018	46.62	53.87
7 th Dec 2018	44.32	52.34
14 th Dec 2018	58.89	58.21
18 th Dec 2018	10.72	9.27

Commentary:

- ADB's FX trading increased during the week ending 14th December 2018 compared to the previous week. ADBs purchased a total of US\$58.89 million from the market and sold a total of US\$58.21 million during the week. On Tuesday, 18th December 2018, ADBs purchased US\$10.72 million from the market and sold US\$9.27 million.

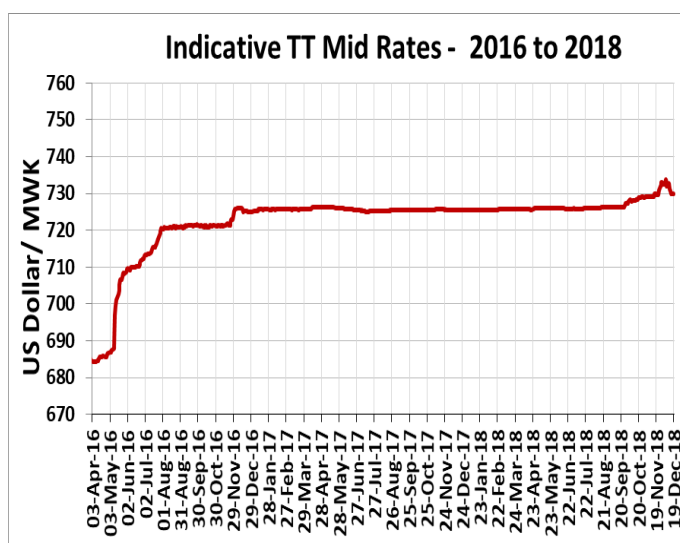
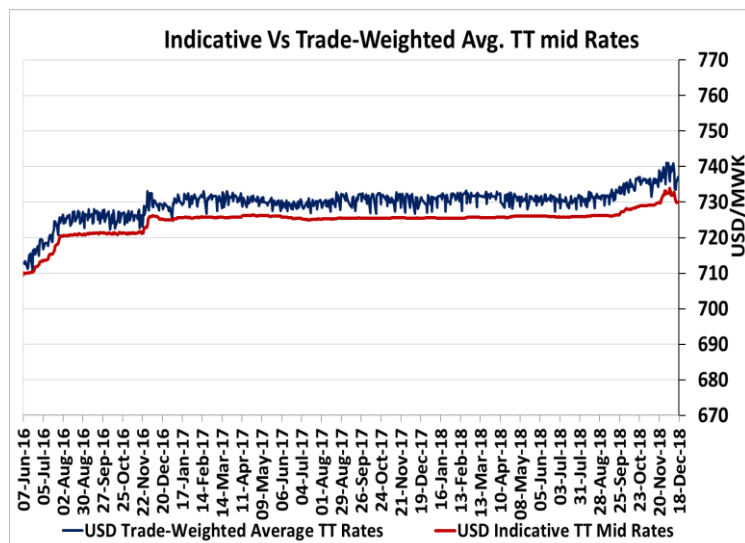


iii. Exchange Rate Developments

	12 th Dec 2018	13 th Dec 2018	14 th Dec 2018	17 th Dec 2018	18 th Dec 2018	Today's indicative Rates
MWK/USD	733.8760	733.5656	735.4758	736.9925	736.7799	729.5068
MWK/GBP	921.9519	927.1920	933.7965	923.8044	923.3928	923.2638
MWK/EUR	838.1327	835.1133	835.1179	829.1973	830.2617	830.3246
MWK/ZAR	51.3710	51.6975	51.7965	51.1562	51.4193	51.0230

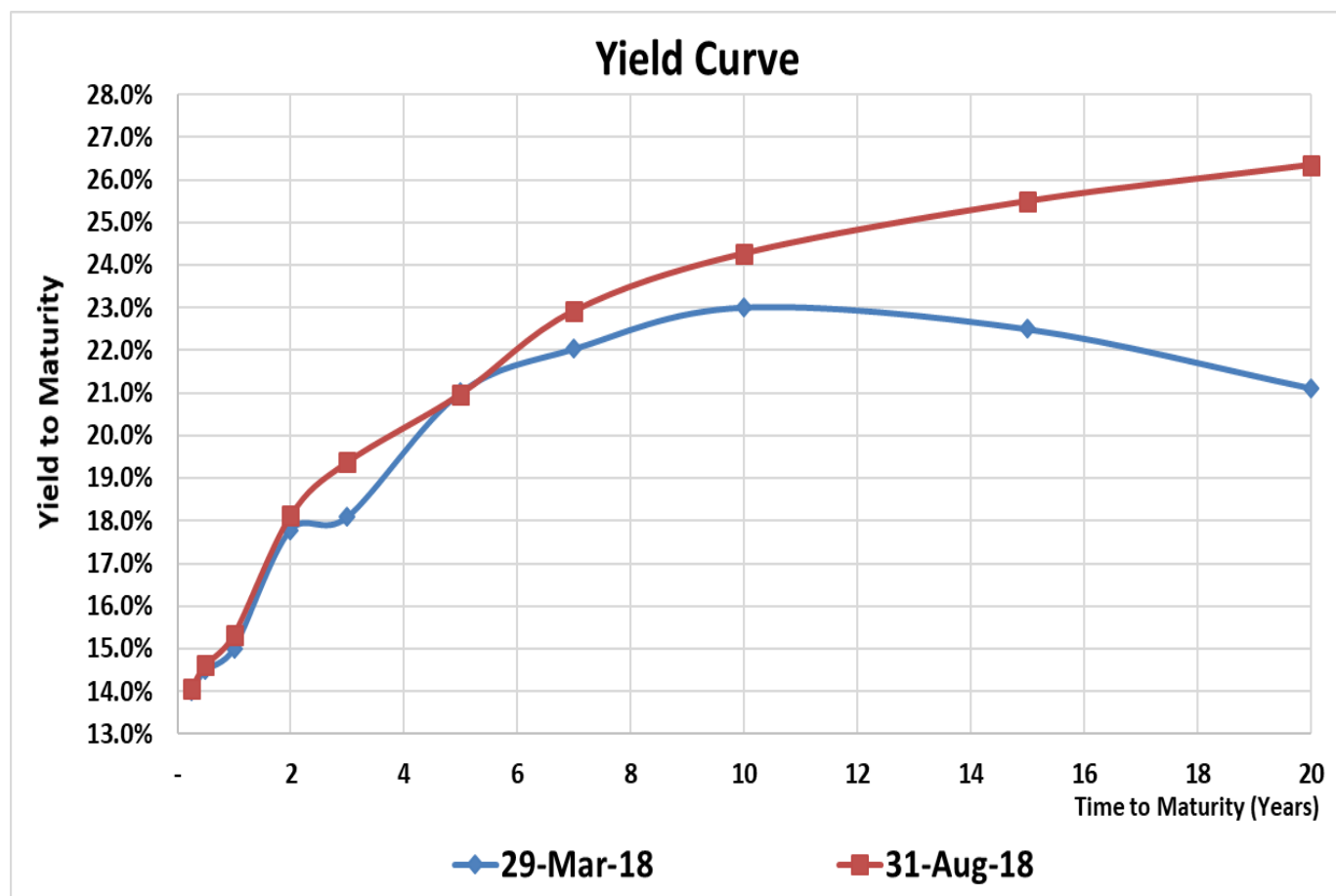
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Tuesday, 18th December 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 be trading at 729.5068 per US Dollar, today 19th December 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
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%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%	24.28%	25.50%	26.35%
31 Aug – 29 Mar 2018 Change in Yield (Bp)	7	13	33	32	129	(4)	89	126	299	523



DISCLAIMER: This information is provided for general reference purposes only. Whilst every effort is made to ensure that the information is up to date and Accurate, the Reserve Bank of Malawi does not accept responsibility for any loss that may arise from reliance on the information contained herein.