



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Monday 13th May 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Projections

	Today	Week ending 17 th May 2019
Projected Autonomous Transactions (+= Net injection / - = Net withdrawal)	-36,804	-27,775
Estimated Excess Reserves before OMO	-26,134	-17,105
Estimated Excess Reserves after OMO	0	0
Required Reserves	48,442	48,442

ii. Known Projected Transactions

	Week ending 17 th May 2019	Week ending 24 th May 2019	Week ending 31 st May 2019	May 2019
Maturity of normal TBs/TNs/PNs	9,028	5,662	30,752	116,511
Maturity of OMO Repos	0	0	15,744	15,744

Commentary:

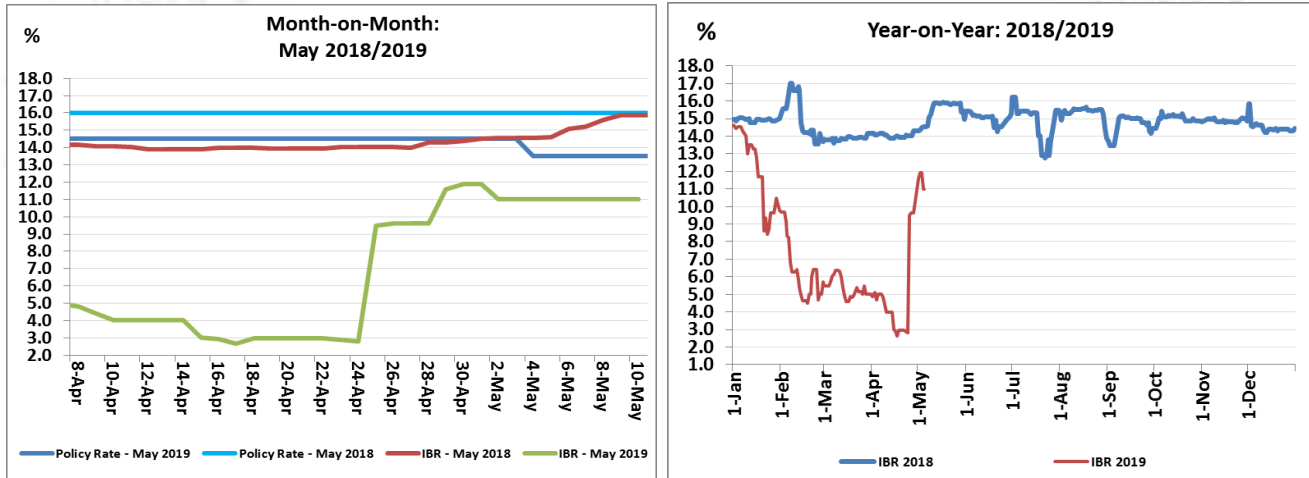
Excess reserves decreased to K10.67 billion on Friday, 10th May 2019, from K35.47 billion recorded on Thursday, 9th May 2019.

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	-	-
2 days	-	-
7 days	-	-
(b) RBM Open market operations		
(i) Repos		
O/N	-	-
7 days	-	-
14 days	-	-
30 days	-	-
60 days	-	-
91 days	-	-
(ii) Reverse Repos		
7 days	-	-
30 days	-	-
60 days	-	-
(c) Access on the Lombard Facility	34,300	13.90

Weighted Average Interbank Rates



Commentary:

- There was no overnight interbank transaction on Friday, 10th May 2019.
- The overnight interbank market rate remains at 11.00 percent.
- K34.30 billion was accessed on the Lombard facility on Friday, 10th May 2019.

C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position

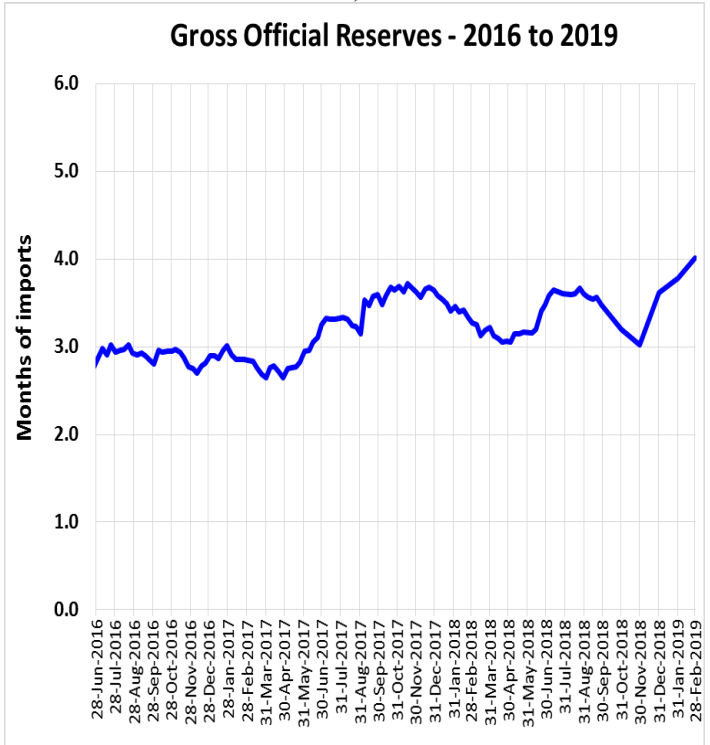
(Foreign reserves under the direct control of the Central Bank)

Date (US\$ million)	Reserves (US\$ million)	Import Cover * (Months)
30 th Nov 2018	631.21	3.04
31 st Dec 2018	755.22	3.61
31 st Jan 2019	790.28	3.78
28 th Feb 2019	837.49	4.01

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

Commentary:

- Gross official reserves increased during February 2019 to \$837.49 million (4.01 months of imports) from \$790.23 million (3.78 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)
30 th Nov 2018	1.63	336.28	337.92	1.62
31 st Dec 2018	2.37	328.47	330.84	1.58
31 st Jan 2019	-4.89	324.01	319.12	1.53
28 th Feb 2019	-7.31	331.59	324.27	1.55

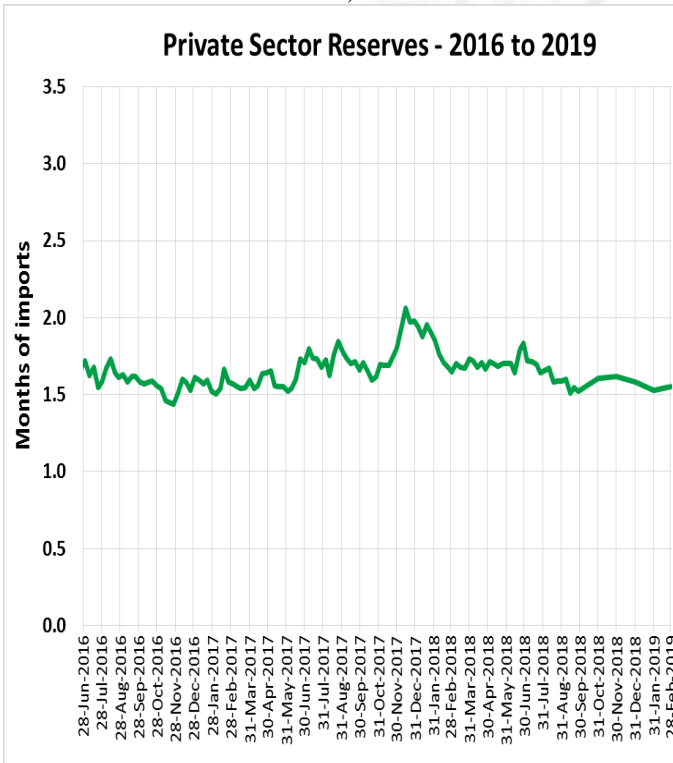
* US\$209.0 million per month is used in this calculation

ADB's FOREIGN EXCHANGE TRADING ACTIVITY

Week Ending (US\$ mn)	ADB's Purchases	ADB's Sales
26 th Apr 2019	21.62	28.20
3 rd May 2019	23.75	27.61
10 th May 2019	31.61	39.87
On 10 th May 2019	5.75	5.62

Commentary:

- ADB's FX trading increased during the week ending 10th May 2019 compared to the previous week. ADBs purchased a total of US\$31.61 million from the market and sold a total of US\$39.87 million during the week. On Friday, 10th May 2019, ADBs purchased US\$5.75 million from the market and sold US\$5.62 million.

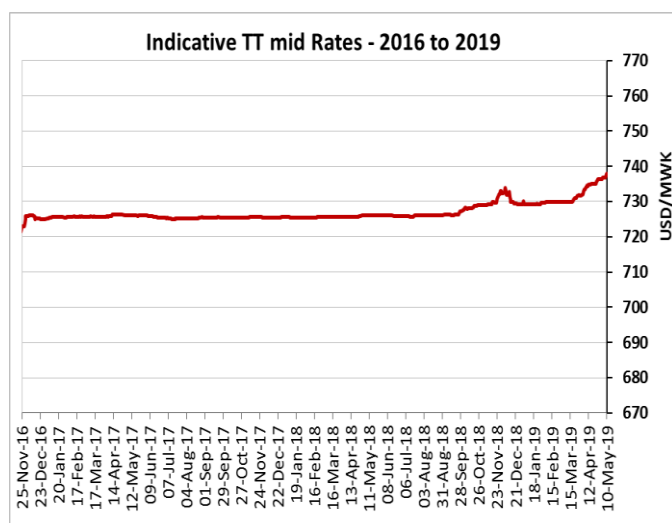
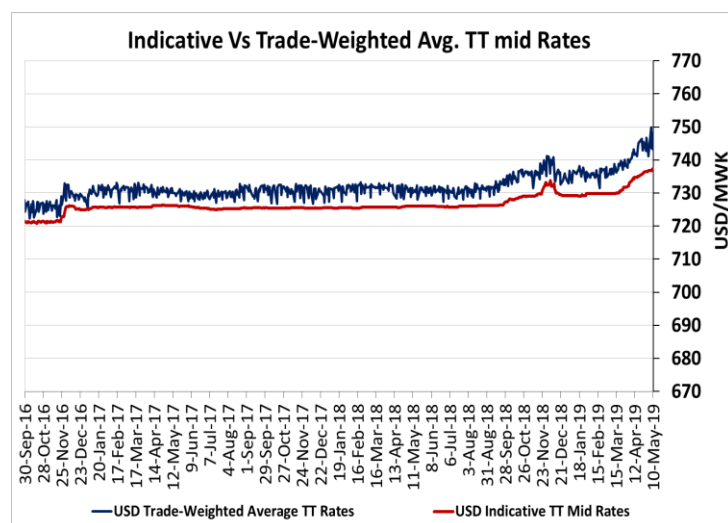


iii. Exchange Rate Developments

	6 th May 2019	7 th May 2019	8 th May 2019	9 th May 2019	10 th May 2019	Today's indicative Rates
MWK/USD	746.8683	749.7902	743.4957	748.1318	743.2795	737.9584
MWK/GBP	975.1229	972.5945	965.6347	961.0812	978.7627	959.8625
MWK/EUR	838.7095	831.8353	833.1535	835.5336	836.6571	828.5059
MWK/ZAR	51.1106	51.3036	51.9526	51.7474	51.9353	51.9535

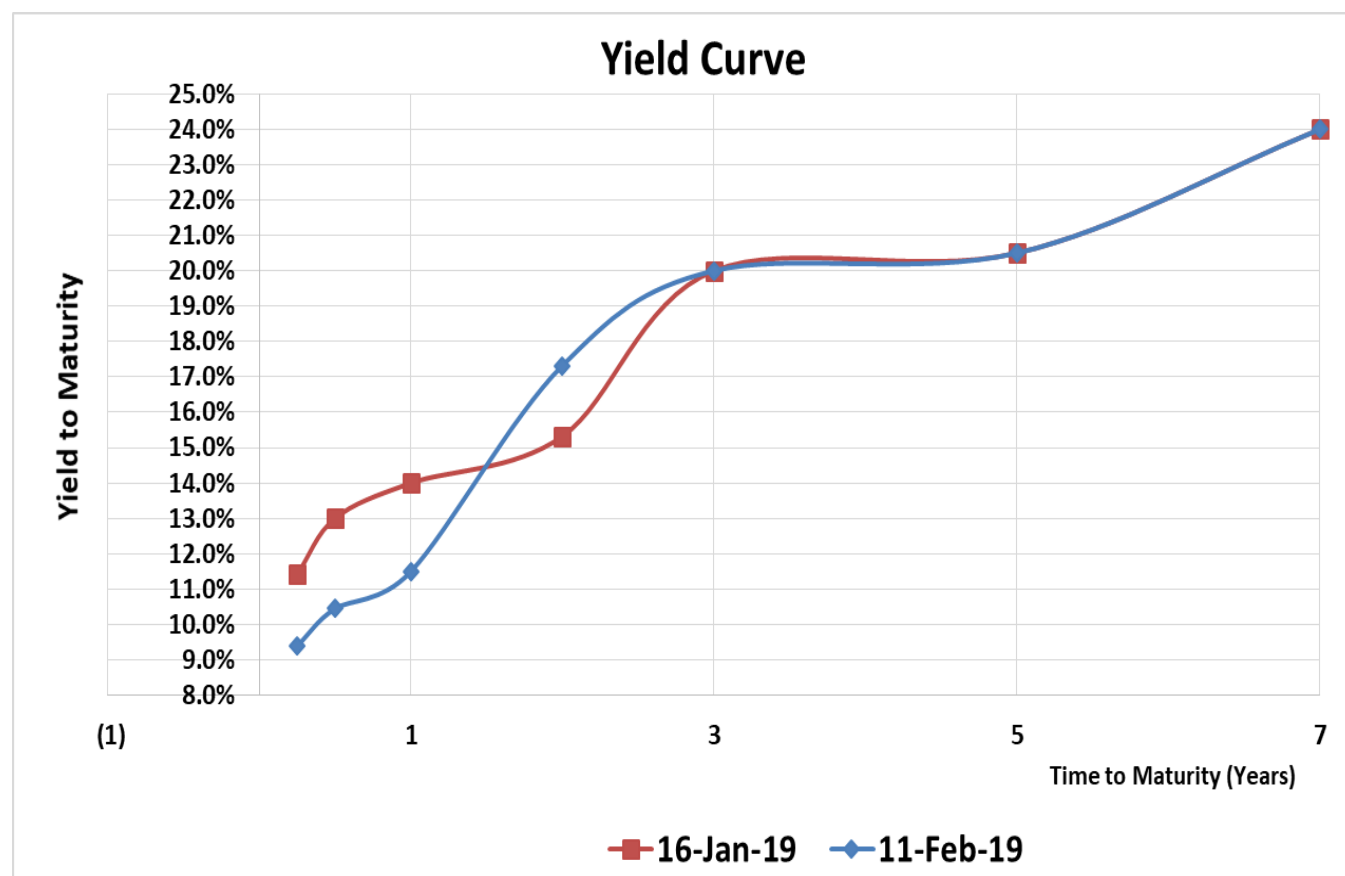
Note: Reported rates are closing weighted average TT mid-rates based on actual trades except for today's rates that are indicative and based on market consensus

Commentary: On Friday, 10th May 2019, the Kwacha appreciated against the USD, but depreciated against the GBP, the EUR and the ZAR. Indicatively, the local currency is expected to be trading at 737.9584 per US Dollar today, 13th May 2019.



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
23 rd November 2017	14.44%	14.75%	16.00%	19.18%	20.06%	20.64%	21.09%
14 th December 2017	14.93%	15.50%	16.00%	17.21%	18.61%	20.71%	21.43%
11 th January 2018	14.00%	14.50%	15.00%	17.02%	19.24%	22.02%	22.51%
8 th February 2018	13.91%	14.50%	15.00%	17.79%	20.00%	23.01%	23.54%
22 nd February 2018	14.00%	14.50%	15.00%	17.79%	18.53%	23.01%	23.54%
29 th March 2018	14.00%	14.50%	15.00%	17.79%	18.09%	21.01%	22.04%
31 st August 2018	14.06%	14.63%	15.33%	18.11%	19.38%	20.98%	22.93%
16 th January 2019	11.42%	13.00%	14.00%	15.32%	20.00%	20.50%	24.00%
11 th February 2019	9.40%	10.45%	11.50%	17.32%	20.00%	20.50%	24.00%
11 Feb 2019 – 16 Jan 2018 Change in Yield (Bp)	(2.02)	(2.55)	(2.50)	2.00	0.00	0.00	0.00



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