RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Thursday, 11th July 2019

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	Today	Week ending 12th July 2019	10th July 2019
Autonomous Transactions (+= Net injection / - = Net withdrawal)	832	4,186	
Excess Reserves before OMO	-1,169	-3,282	
Excess Reserves after OMO	0	0	-2,001
Required Reserves	54,226	54,226	54,086

ii. Known Projected Transactions

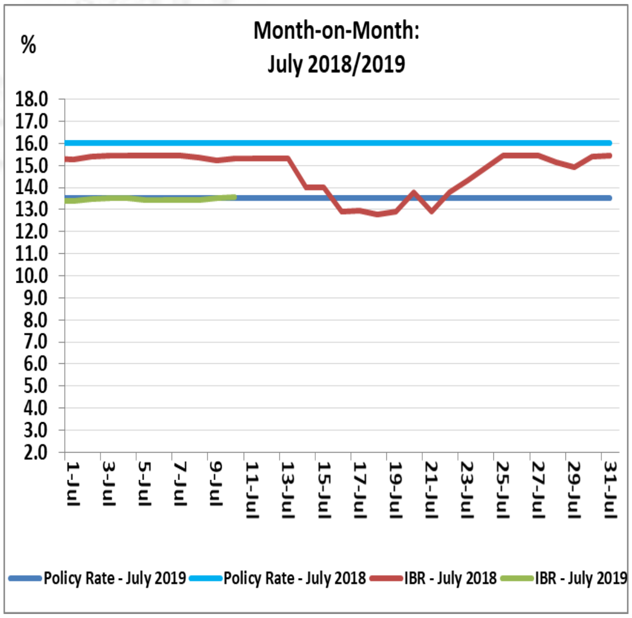
	Week ending 26th June 2019	Week ending 5th July 2019	Week ending 12th July 2019	July 2019
Maturity of normal TBs/TNs/PNs	19,414	10,997	29,872	76,857
Maturity of OMO Repos	0	8,626	0	36,458

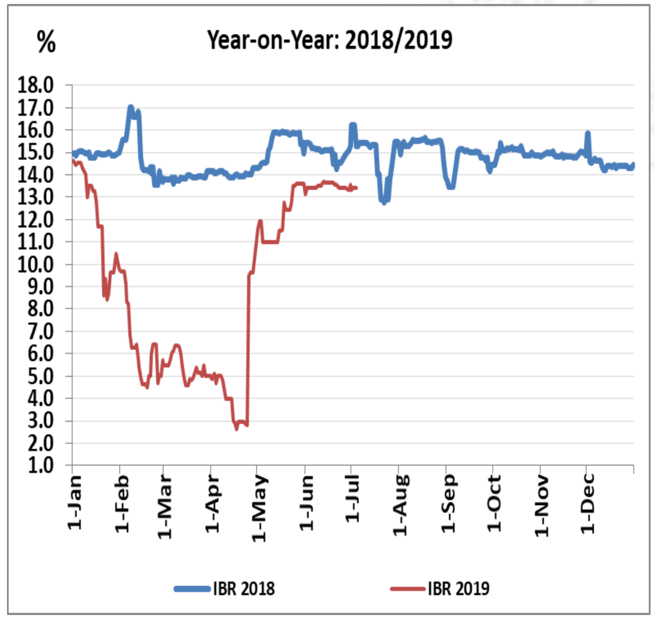
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

(a) Inter-bank borrowing	**Volume (Mk' bn)**	**Average rate (%)**
O/N	1.20	13.56
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	22.50	13.90

Weighted Average Interbank Rates





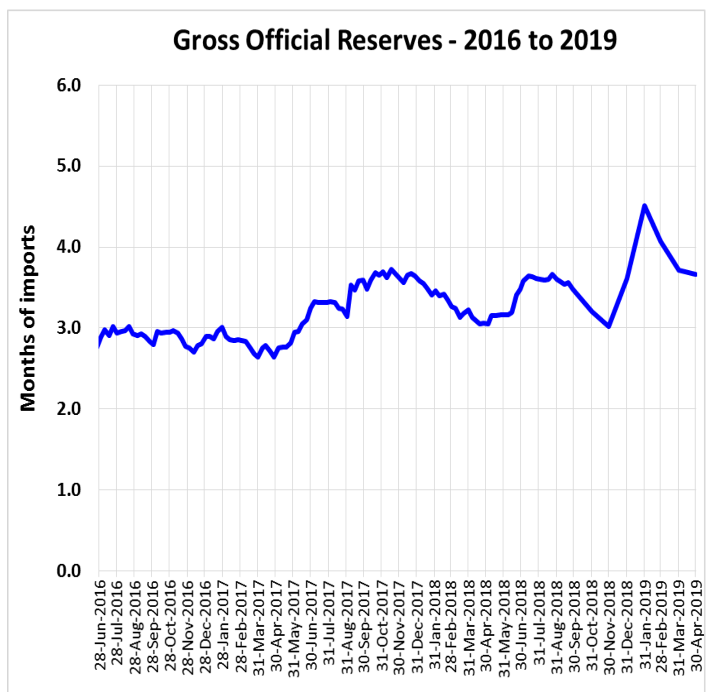
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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)
31st Jul 2018	754.23	3.61
31st Aug 2018	753.52	3.61
28th Sep 2018	727.63	3.48
31st Oct 2018	669.92	3.20
30th Nov 2018	631.92	3.04
31 Dec 2018	755.22	3.61
31st Jan 2019	790.28	3.78
28th Feb 2019	837.49	4.01
31st Mar 2019	775.45	3.71
30th Apr 2019	766.10	3.67

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



ii. Private Sector Foreign Exchange Reserves

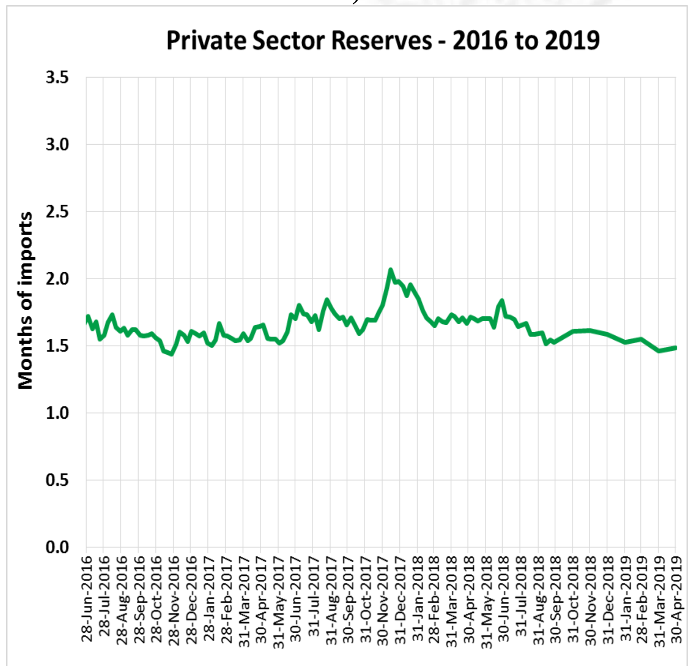
(Foreign reserves under the direct control of authorized dealer banks (ADBs) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date (US$ mn)	**ADBs Own Position**	**FCDA**	**Total**	**Import Cover *** (Months)
31st Jan 2019	-4.89	324.01	319.12	1.53
28th Feb 2019	-7.31	331.59	324.27	1.55
31st Mar 2019	-8.71	313.75	305.05	1.46
30th Apr 2019	-8.07	317.98	309.91	1.48

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

ADBs FOREIGN EXCHANGE TRADING ACTIVITY

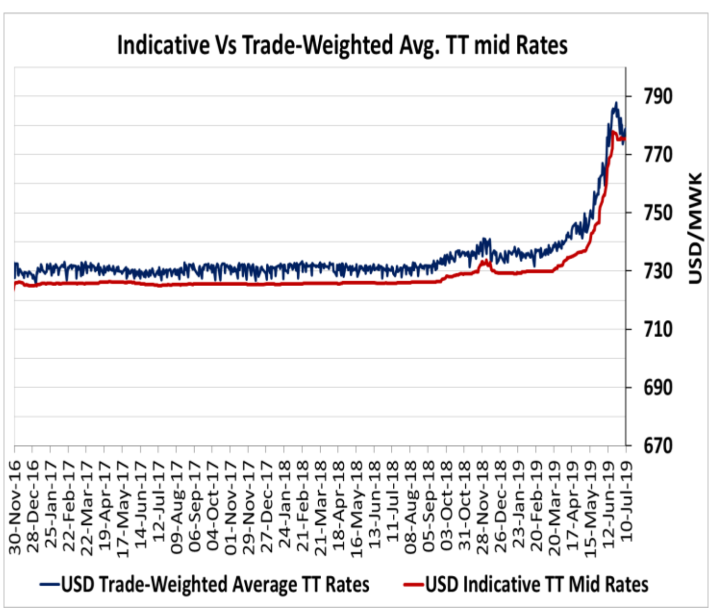
Week Ending (US$ mn)	**ADBs Purchases**	**ADBs Sales**
21st June 2019	36.63	32.59
28th June 2019	37.83	38.22
5th July 2019	30.99	52.53
On 10th July 2019	6.43	7.85

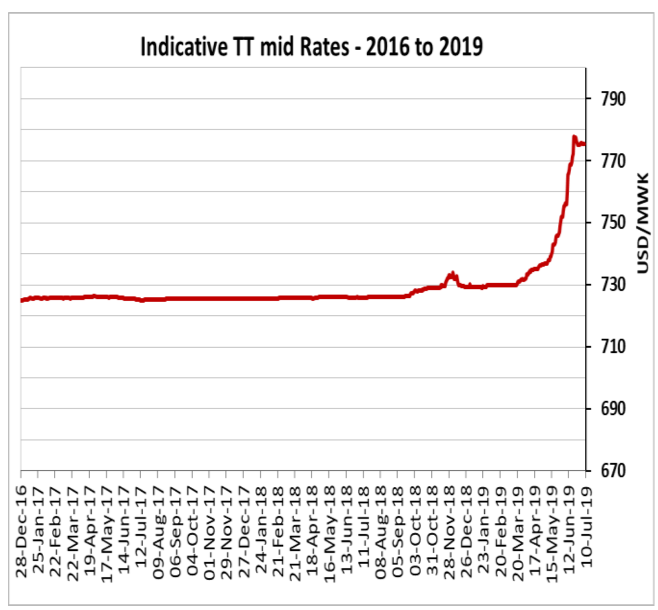


iii. Exchange Rate Developments

	3rd July 2019	**4th July 2019**	**5th July 2019**	**9th July 2019**	**10th July 2019**	**Today's indicative Rates**
MWK/USD	779.3232	780.1425	773.5973	778.5618	778.8629	775.3145
MWK/GBP	980.1045	973.3611	974.4965	968.7462	963.9060	971.3140
MWK/EUR	876.2917	873.8000	869.7498	871.5434	873.2682	873.5468
MWK/ZAR	55.2564	55.7797	55.7981	55.2566	55.5247	55.6220

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

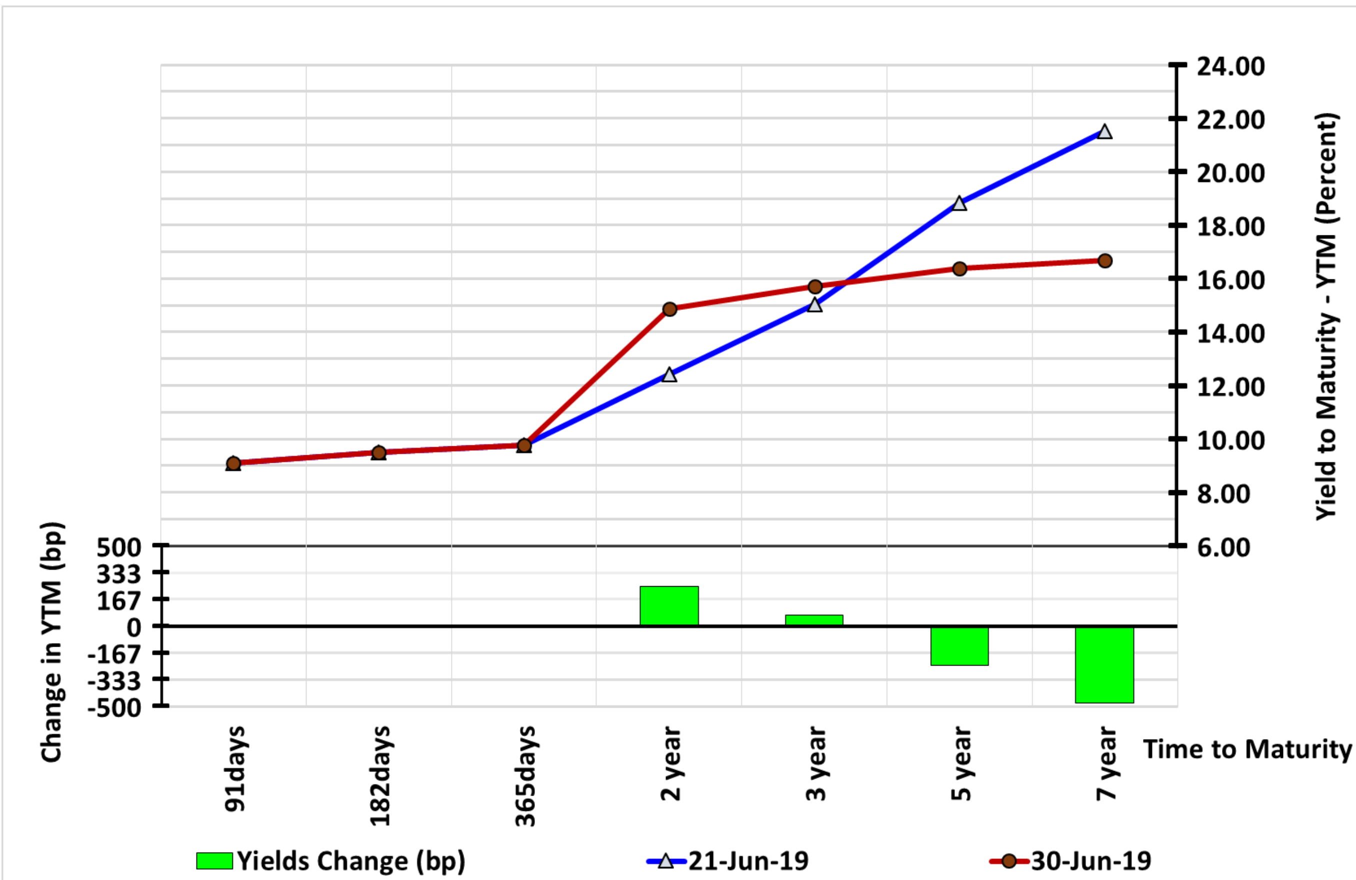




D. YIELD CURVE FOR GOVERNMENT SECURITIES (Based on actual trades)

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year
21 June 2019	9.10	9.50	9.76	12.41	15.05	18.83	21.51
30 June 2019	9.10	9.49	9.76	14.86	15.71	16.37	16.70
19 Jun 2019 – 30 Jun 2019 Change in Yield (Bp)	0	0	0	245	66	(247)	(481)

NOTE: The 91 day, 182 day and 364 day Treasury bill yields (9.00%, 9.50% and 10.00% respectively) have been converted to semi-annual bond basis.



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