



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Tuesday, 23rd June 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

| | Projections | | Actuals |
|--|-------------|---|----------------------------|
| | Today | Week ending 26 th June 2020 | 22 nd June 2020 |
| Autonomous Transactions (+= Net injection / - = Net withdrawal) | -37,412 | -4,445 | |
| Excess Reserves before OMO | -31,211 | -55,243 | |
| Excess Reserves after OMO | | | 8,899 |
| Required Reserves | 47,309 | 47,309 | 47,664 |

ii. Known Projected Transactions

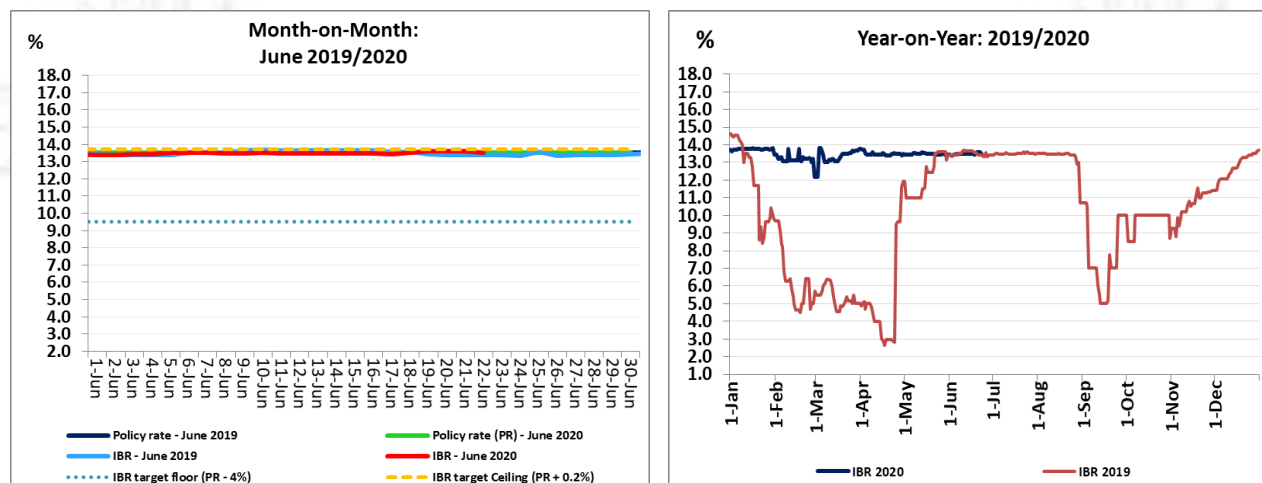
| | Week ending 12 th June 2020 | Week ending 19 th June 2020 | Week ending 26 th June 2020 | Month of June 2020 | Month of July 2020 |
|---|---|---|---|-----------------------|-----------------------|
| Maturity of normal Treasury Securities | 4,042 | 2,586 | 3,558 | 24,971 | 31,499 |
| Maturity of OMO Repos | 0 | 0 | 0 | 0 | 0 |

B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

| (a) Inter-bank borrowing | Volume (MWK' Billion) | Average rate (%) |
|---|--------------------------|---------------------|
| O/N | 6.40 | 13.50 |
| 7 days | - | - |
| 20 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 | 33.60 | 13.70 |

Weighted Average Interbank Rates

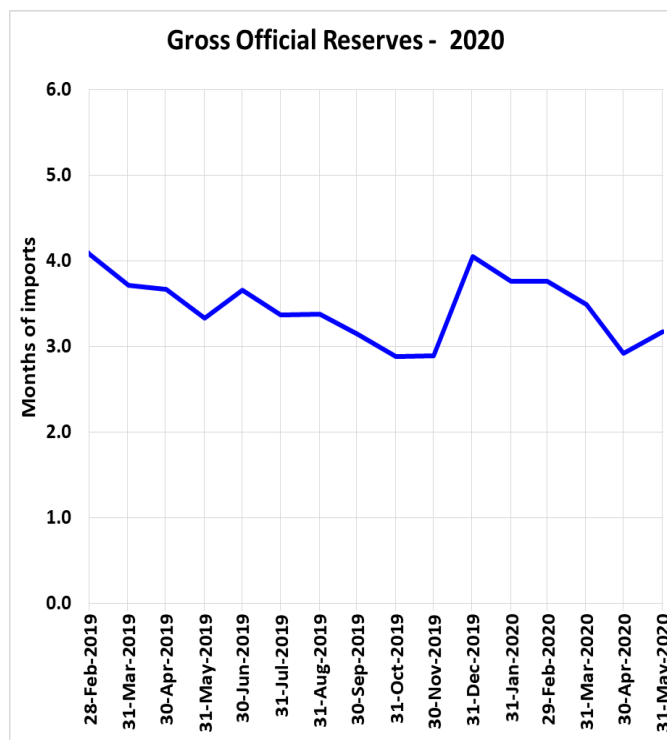


C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

i. Gross Official Foreign Reserves Position (Foreign reserves under the direct control of the Central Bank)

| Date | Reserves (US\$ million) | Import Cover * (Months of Imports) |
|----------------------------|----------------------------|---------------------------------------|
| 30 th Jun 2019 | 765.82 | 3.66 |
| 31 st Jul 2019 | 704.14 | 3.37 |
| 30 th Aug 2019 | 705.68 | 3.37 |
| 30 th Sept 2019 | 656.04 | 3.14 |
| 31 st Oct 2019 | 601.80 | 2.88 |
| 30 th Nov 2019 | 603.82 | 2.89 |
| 31 st Dec 2019 | 846.55 | 4.05 |
| 31 st -Jan-20 | 786.71 | 3.76 |
| 29 th -Feb-20 | 785.31 | 3.76 |
| 31 st Mar 20 | 730.17 | 3.49 |
| 30 th April 20 | 610.13 | 2.92 |
| 31 st May 20 | 662.98 | 3.17 |

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



ii. Private Sector Foreign Exchange Reserves

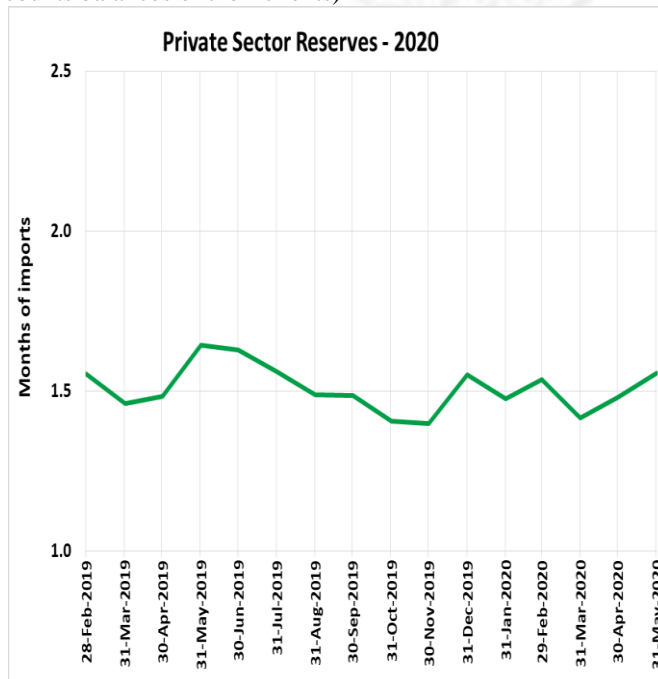
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

| Date | ADB's Own Position (US\$ mn) | FCDA (US\$ mn) | Total (US\$ mn) | Import Cover * (Months) |
|--------------------------------|------------------------------|----------------|-----------------|-------------------------|
| 29 th February 2020 | 4.23 | 316.57 | 320.8 | 1.53 |
| 31 st March 2020 | -4.56 | 300.11 | 295.55 | 1.41 |
| 30 th April 2020 | -3.09 | 306.37 | 303.27 | 1.45 |
| 31 st May 2020 | -4.50 | 329.46 | 324.96 | 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 |
|-------------------------------|-----------------|-------------|
| 05 th June 2020 | 25.40 | 27.09 |
| 12 th June 2020 | 27.75 | 29.16 |
| 19 th June 2020 | 25.94 | 28.19 |
| On 22 nd June 2020 | 6.37 | 6.85 |

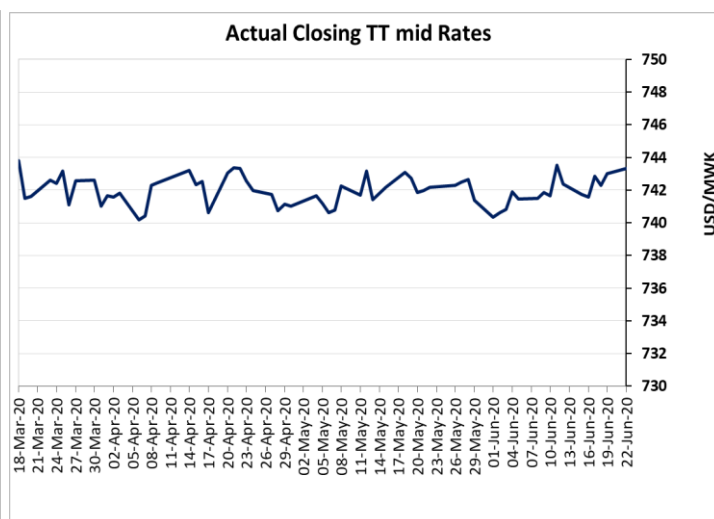
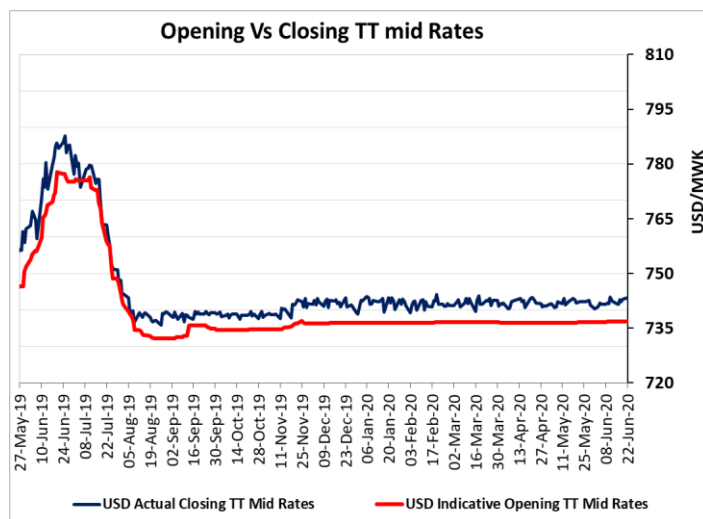


iii. Exchange Rate Developments

| | 22 nd June 2020 (Opening Rates) | | | 22 nd June 2020 (Closing Rates) | | | |
|---------|--|----------|----------|--|----------|----------|-----------------------|
| | Middle | Buying | Selling | Middle | Buying | Selling | Today's Opening rates |
| MWK/USD | 737.0659 | 729.7689 | 744.3629 | 743.3427 | 742.4275 | 744.2579 | 737.1903 |
| MWK/GBP | 912.2665 | 903.2350 | 921.2979 | 928.2664 | 923.4775 | 933.0552 | 917.9494 |
| MWK/EUR | 825.0716 | 816.9034 | 833.2398 | 843.3908 | 840.2220 | 846.5595 | 830.2237 |
| MWK/ZAR | 42.4206 | 42.0006 | 42.8405 | 44.0512 | 43.6585 | 44.4439 | 42.5445 |

Note: The opening reported rates are indicative market average TT rates.

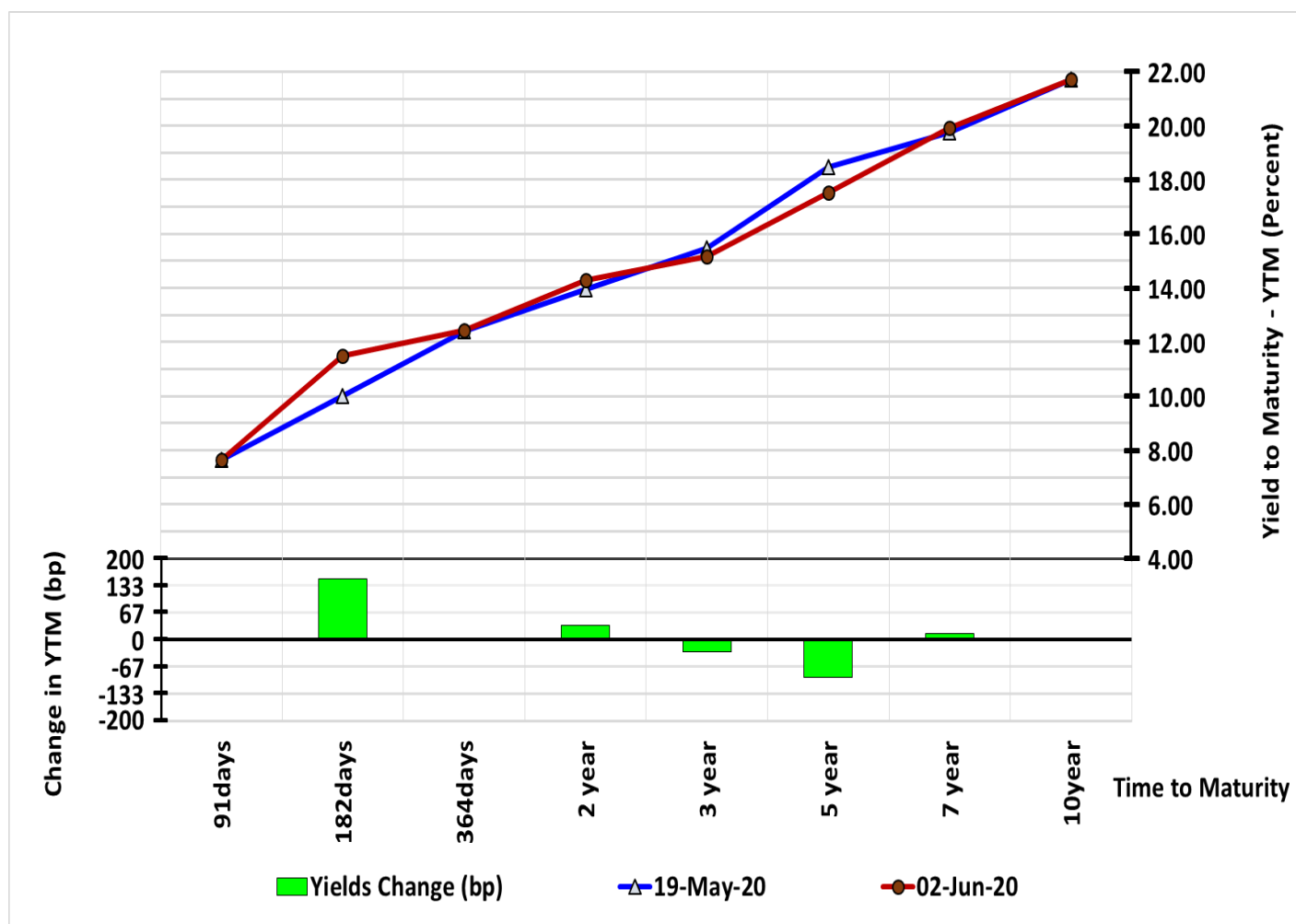
The closing reported rates are actual trade-weighted market average TT rates.



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 | 10 Year |
|--|--------|---------|---------|--------|--------|--------|--------|---------|
| 19 th May 2020 | 7.65 | 10.00 | 12.40 | 13.96 | 15.46 | 18.47 | 19.76 | 21.70 |
| 02 nd June 2020 | 7.65 | 11.50 | 12.42 | 14.30 | 15.15 | 17.53 | 19.91 | 21.70 |
| 19 May – 02 June 2020 Change in Yield (Bp) | 0 | 150 | 2 | 34 | (31) | (94) | 15 | 0 |

NOTE: The 91-day, 182-day and 364-day Treasury bill yields of 7.5791%, 11.5000% and 12.8036% respectively have been converted to semi-annual bond basis.



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