



# RESERVE BANK OF MALAWI

## FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 4<sup>th</sup> December 2020

### A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

#### i. Liquidity Conditions

	Projections		Actuals
	4 Dec 2020	Week ending 4 December 2020	3 Dec 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-12,160	-8,162	
Excess Reserves before Open Market Operations	41,980	41,980	
Excess Reserves after Central Bank Operations			54,140
Required Reserves	49,146	49,146	49,146

#### ii. Known Projected Transactions

	Weekending				Month of		
	04-Dec-20	11-Dec-20	18-Dec-20	25-Dec-20	Dec-20	Jan-21	Feb-25
Maturity of Normal Treasury Securities	14,402	6,589	3,544	2,103	41,899	82,452	72,864
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	13,285	0	16,591	0	26,775	51,555	15,981

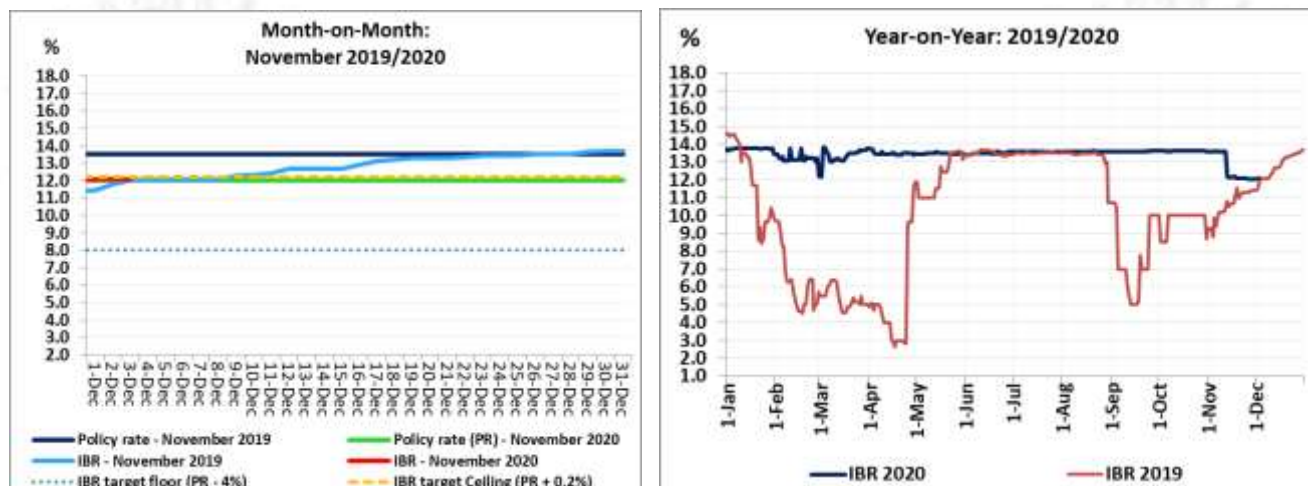
### B. INTER-BANK MARKET DEVELOPMENTS

#### i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
<b>(a) Inter-Bank Market Borrowing</b>			
O/N	9.10	12.07	4
7 days	-	-	-
14 days	-	-	-
40 days	3.0	13.00	1
<b>(b) RBM Open Market Operations</b>			
(i) Repos	-	-	-
(ii) Reverse Repos			
31 days	-	-	-
60 days	-	-	-
90 days	-	-	-
(iii) Outright Sale of Securities	-	-	-
(iv) Outright Purchase of Securities	-	-	-
<b>(c) Access on Re-discounting Standing Facility</b>	-	-	-
<b>(d) Access on Lombard Standing Facility<sup>1</sup></b>	17.48	12.20	3

<sup>1</sup> The number of trades in this item refers to number of banks that accessed the Lombard facility.

## ii. Weighted Average Interbank Market Rates



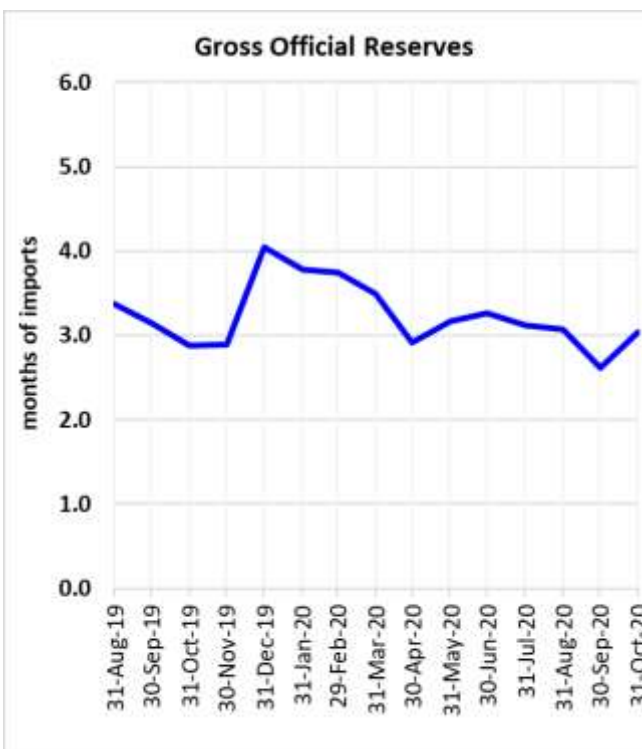
## C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

### i. Gross Official Foreign Exchange Reserves Position

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

Date	Reserves (US\$ million)	Import Cover * (Months of Imports)
30 Sep 2019	656.04	3.14
31 Oct 2019	601.80	2.88
30 Nov 2019	603.82	2.89
31 Dec 2019	846.55	4.05
31 Jan 2020	786.71	3.76
29 Feb 2020	785.31	3.76
31 Mar 2020	730.17	3.49
30 Apr 2020	610.13	2.92
31 May 2020	662.98	3.17
30 Jun 2020	682.66	3.27
31 Jul 2020	651.41	3.12
31 Aug 2020	642.86	3.08
30 Sep 2020	546.99	2.62
31 Oct 2020	635.05	3.04

\* US\$209.0 million import requirement per month is used in the calculations



## ii. Private Sector Foreign Exchange Reserves

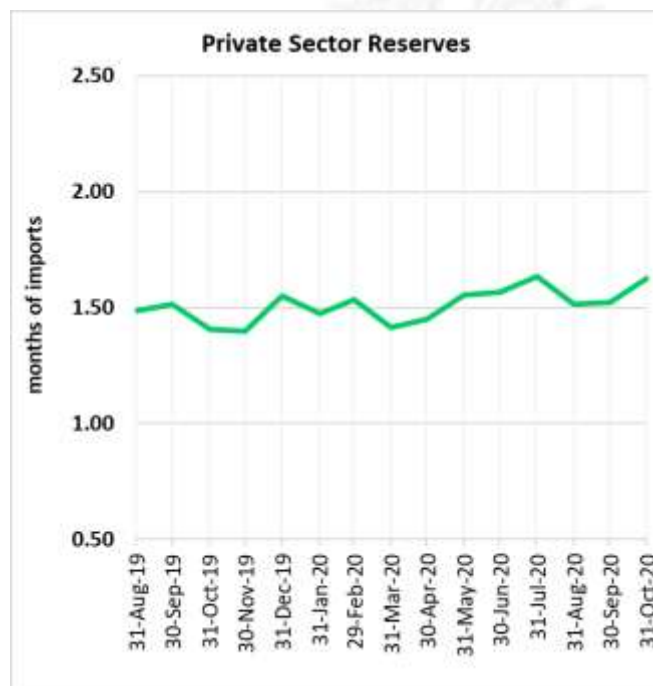
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
31 Jul 2020	0.77	341.23	342.01	1.64
31 Aug 2020	7.08	309.66	316.74	1.52
30 Sep 2020	4.38	314.09	318.47	1.52
31 Oct 2020	6.48	333.74	340.22	1.63

\* US\$209.0 million import requirement per month is used in the calculations

### ADB's FOREIGN EXCHANGE TRADING ACTIVITY

	ADB's Purchases (US\$ mn)	ADB's Sales (US\$ mn)
09 – 13 Nov 2020	28.01	28.04
16 – 20 Nov 2020	21.44	51.37
23 – 27 Nov 2020	31.54	32.41
3 – 3 Dec 2020	8.24	7.02

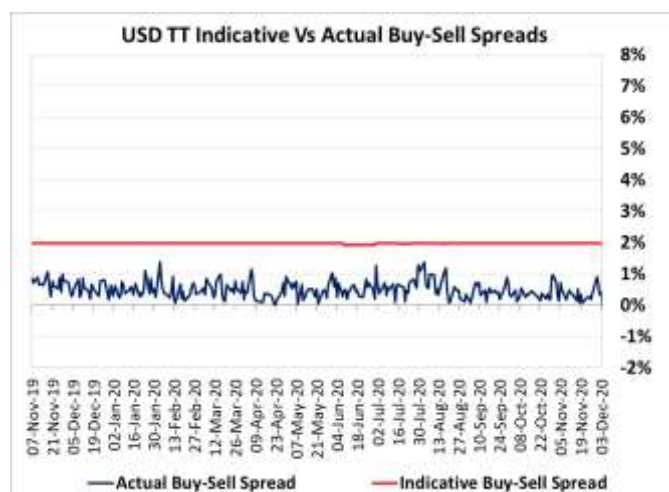
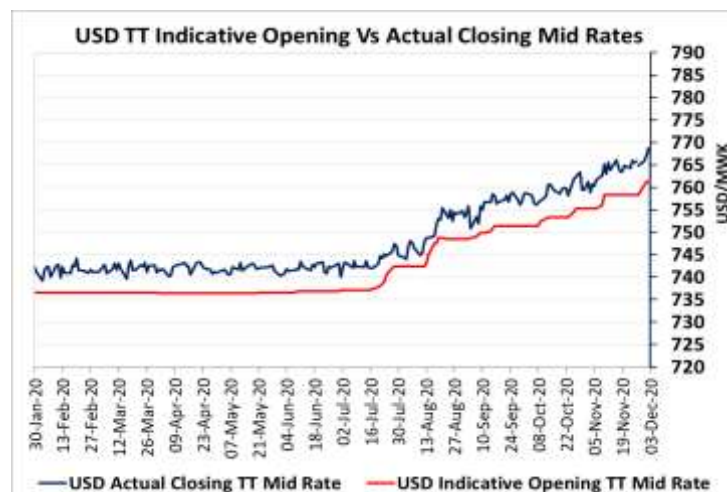


## iii. Kwacha Exchange Rate Developments

	3 December 2020 (Opening Rates)			3 December 2020 (Closing Rates)			4 Dec 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	761.2754	753.7388	768.8120	768.2336	766.6470	769.8203	761.2754
MWK/GBP	1,018.9671	1,008.8793	1,029.0549	1,062.8415	1,057.8392	1,067.8439	1,023.9154
MWK/EUR	922.4374	913.3053	931.5695	969.6382	966.0319	973.2446	924.7974
MWK/ZAR	49.6731	49.1814	50.1649	53.5844	53.6179	53.5509	50.2008

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

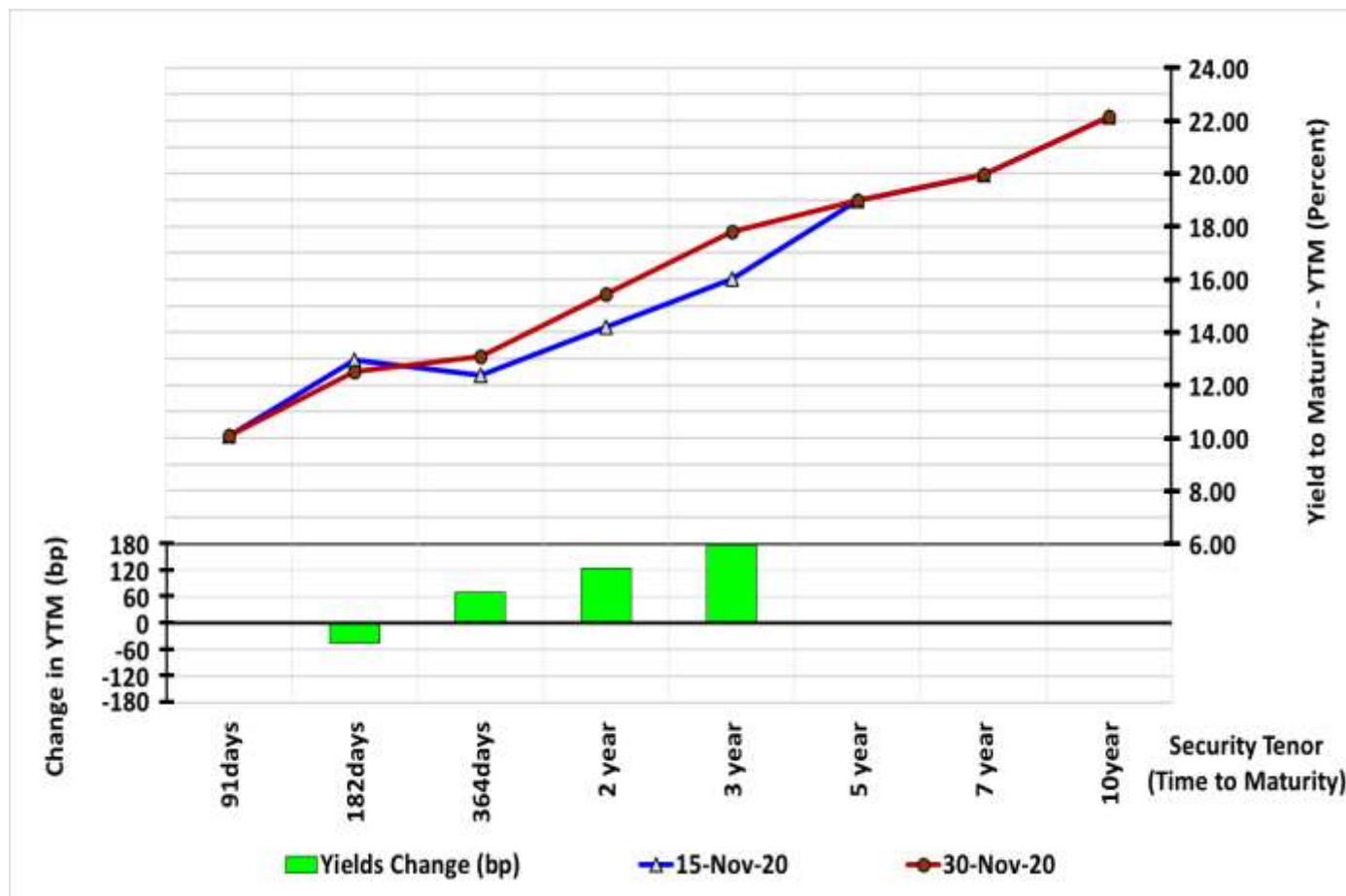
The reported closing rates are actual trade-weighted market average TT rates.



## D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
15 November 2020	10.07	12.95	12.37	14.20	16.02	19.00	19.95	22.14
30 November 2020	10.07	12.50	13.07	15.43	17.79	18.99	19.95	22.14
15 Nov – 30 Nov 2020 Change in Yield (Bp)	0	-45	70	123	176	-1	0	0

**NOTE:** The 91-day, 182-day and 364-day Treasury bill yields converted to semi-annual bond basis. Bp means basis points.



**DISCLAIMER:** All information in this report 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 or gain that may arise from reliance on the information contained herein.