



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 11th December 2020

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	11 Dec 2020	Week ending 11 December 2020	10 Dec 2020
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	-5,735	-26,115	
Excess Reserves before Open Market Operations	16,473	16,473	
Excess Reserves after Central Bank Operations			22,208
Required Reserves	51,120	51,120	51,120

ii. Known Projected Transactions

	Weekending				Month of		
	11-Dec-20	18-Dec-20	25-Dec-20	01-Jan-21	Dec-20	Jan-21	Feb-21
Maturity of Normal Treasury Securities	6,589	3,544	2,104	17,257	43,534	82,573	58,719
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	0	16,591	0	10,183	26,775	51,555	15,981

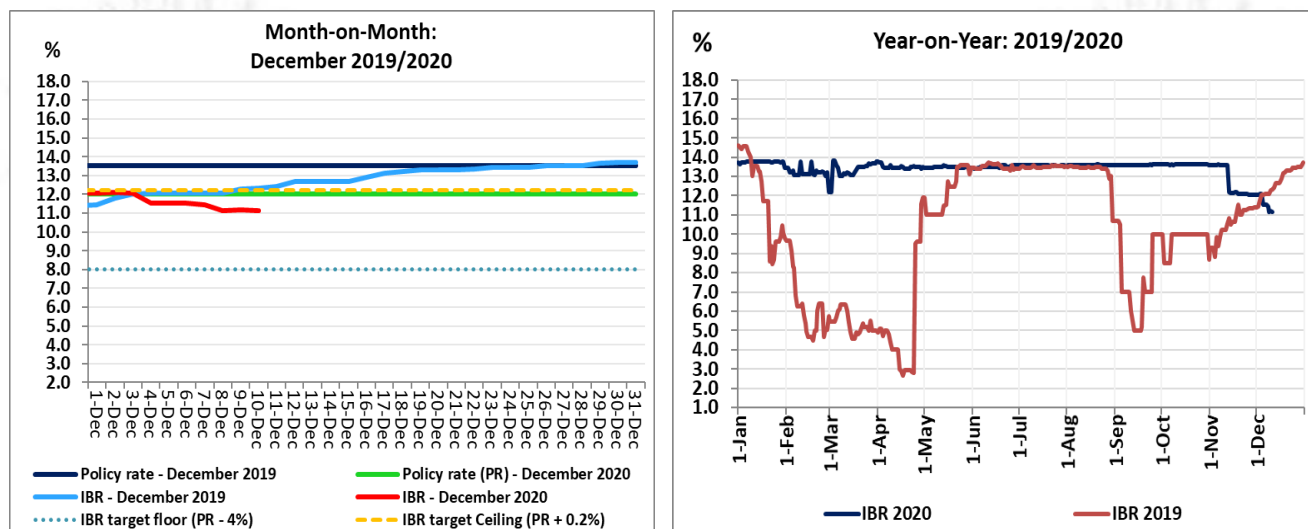
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	13.60	11.14	4
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(b) RBM Open Market Operations			
(i) Repos	-	-	-
(ii) Reverse Repos			
31 days	-	-	-
60 days	-	-	-
90 days	-	-	-
(iii) Outright Sale of Securities	-	-	-
(iv) Outright Purchase of Securities	-	-	-
(c) Access on Re-discounting Standing Facility	-	-	-
(d) Access on Lombard Standing Facility¹	6.20	12.20	2

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

ii. Weighted Average Interbank Market Rates

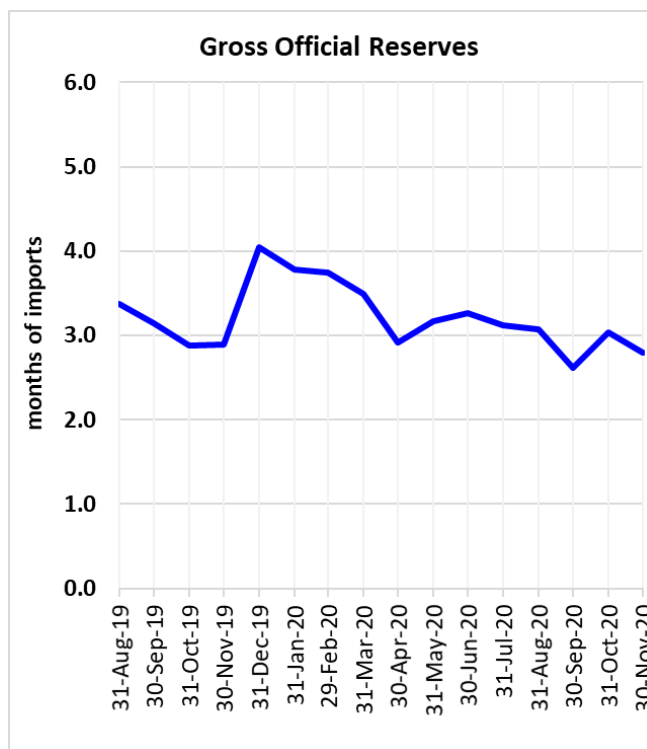


C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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)
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
30 Nov 2020	584.89	2.80

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



ii. Private Sector Foreign Exchange Reserves

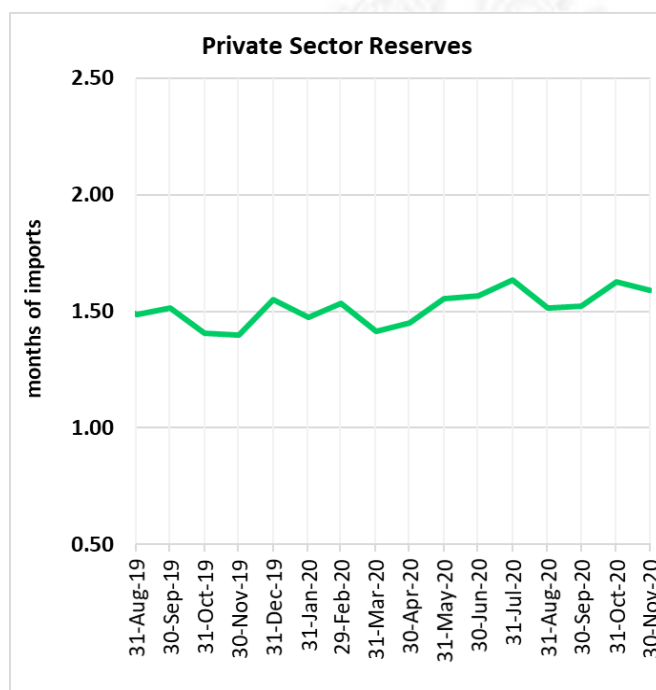
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
31 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
30 Nov 2020	7.23	325.27	332.51	1.59

* 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)
16 – 20 Nov 2020	21.44	51.37
23 – 27 Nov 2020	31.55	32.41
30 Nov – 04 Dec 2020	26.07	29.24
10 – 10 Dec 2020	6.38	10.09

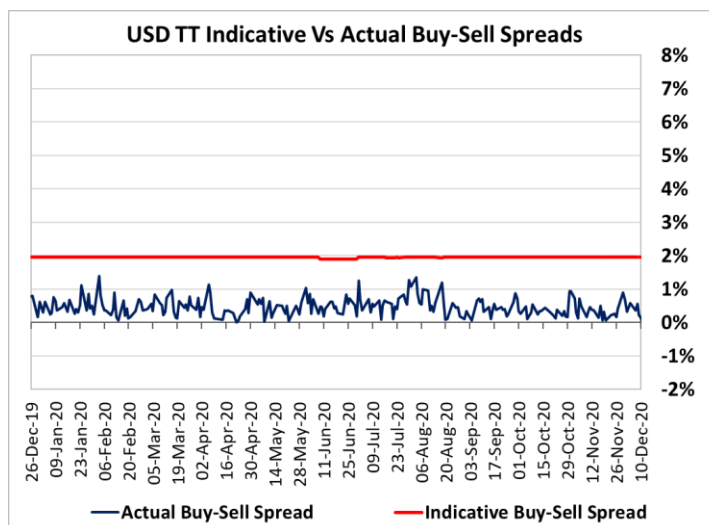
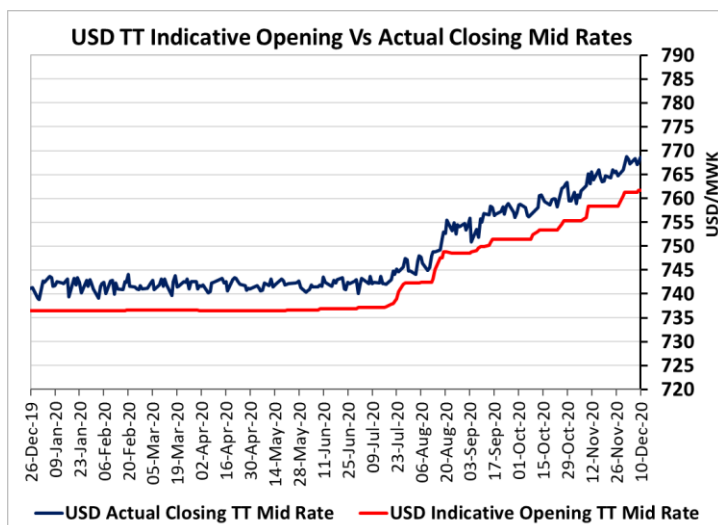


iii. Kwacha Exchange Rate Developments

	10 December 2020 (Opening Rates)			10 December 2020 (Closing Rates)			11 Dec 2020 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	761.6504	754.1101	769.1907	768.6027	768.0120	769.1933	761.6504
MWK/GBP	1,017.6411	1,007.5665	1,027.7157	1,058.0642	1,051.7079	1,064.4205	1,014.3660
MWK/EUR	920.8353	911.7191	929.9516	971.0476	968.7211	973.3740	925.7861
MWK/ZAR	50.8720	50.3684	51.3756	54.6921	54.3977	54.9865	50.7074

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

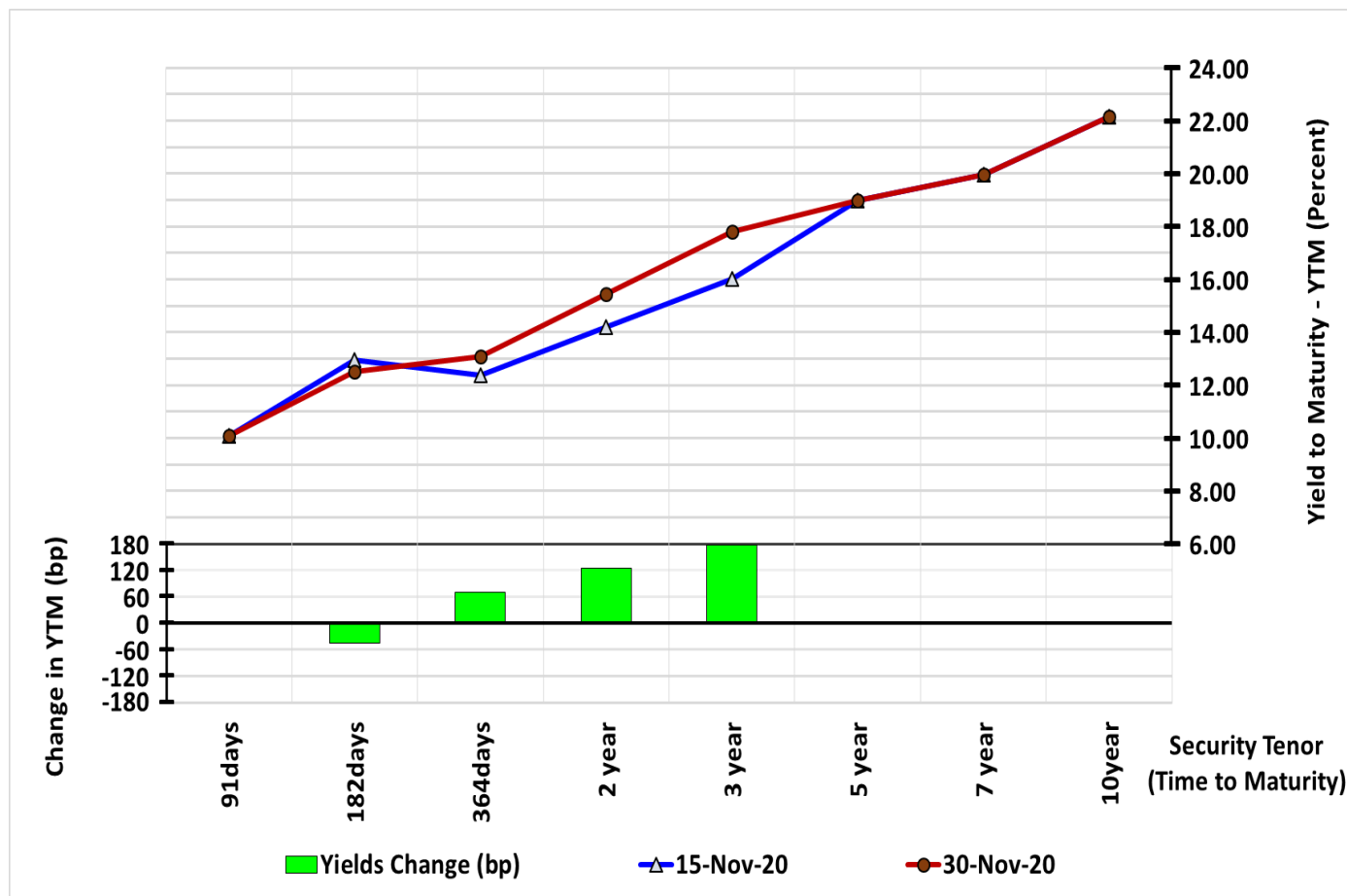
The reported closing rates are actual trade-weighted market average TT rates.



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 – 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.