



RESERVE BANK OF MALAWI

FINANCIAL MARKET DEVELOPMENTS

(In Millions of Malawi Kwacha, unless otherwise specified)

Friday, 22nd January 2021

A. THE BANKING SYSTEM LIQUIDITY EXPECTATIONS

i. Liquidity Conditions

	Projections		Actuals
	22 Jan 2021	Week ending 22 January 2021	21 Jan 2021
Central Bank Monetary Transactions with Banking System (+= Net injection / - = Net withdrawal)	3,079	-20,097	
Excess Reserves before Open Market Operations	19,011	19,011	
Excess Reserves after Central Bank Operations			15,932
Required Reserves	52,682	52,682	52,682

ii. Known Projected Transactions

	Weekending				Month of		
	22-Jan-21	29-Jan-21	05-Feb-21	12-Feb-21	Jan-21	Feb-21	Mar-21
Maturity of Normal Treasury Securities	15,919	15,550	34,981	7,613	82,573	58,719	52,961
Maturity of OMO Repos	0	0	0	0	0	0	0
Maturity of OMO Reverse-Repos	21,408	7,028	0	18,800	64,370	28,582	59,085

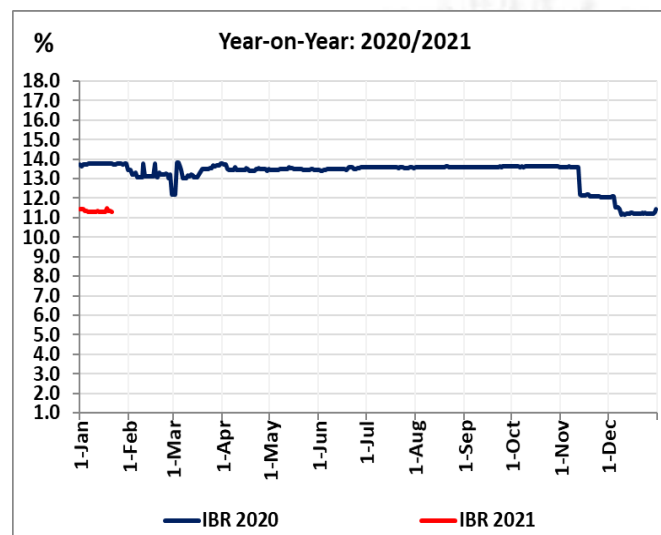
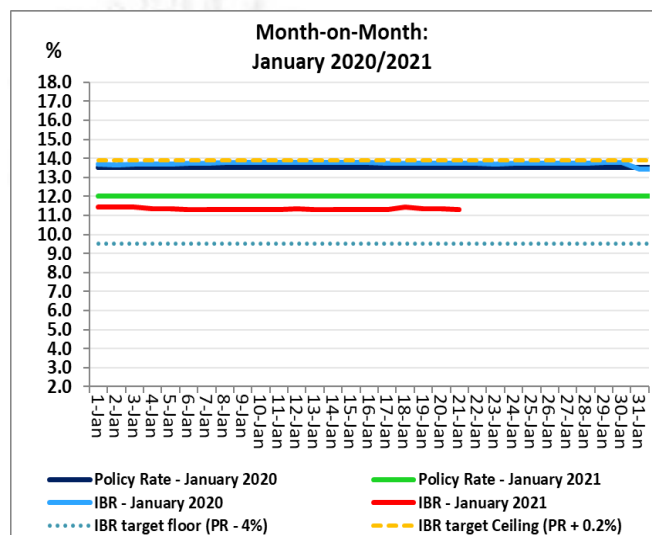
B. INTER-BANK MARKET DEVELOPMENTS

i. Previous Trading Day's Domestic Money Market Activity

	Volume (MWK' Billion)	Average Rate (%)	Number of Trades
(a) Inter-Bank Market Borrowing			
O/N	16.50	11.31	5
7 days	-	-	-
14 days	-	-	-
21 days	-	-	-
(b) RBM Open Market Operations			
(i) Repos	-	-	-
(ii) Reverse Repos			
30 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	-	-	-

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

ii. Weighted Average Interbank Market Rates



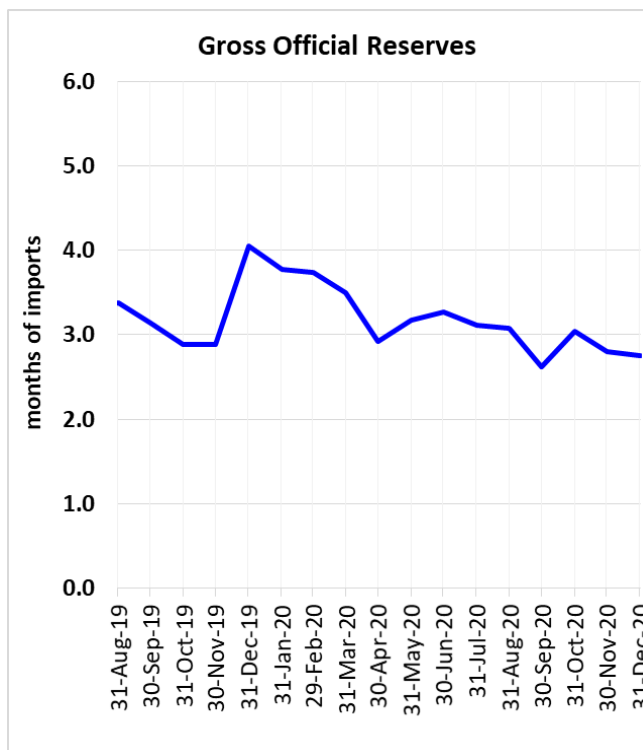
C. FOREIGN EXCHANGE MARKET DEVELOPMENTS

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)
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
31 Dec 2020	574.26	2.75

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



ii. Private Sector Foreign Exchange Reserves

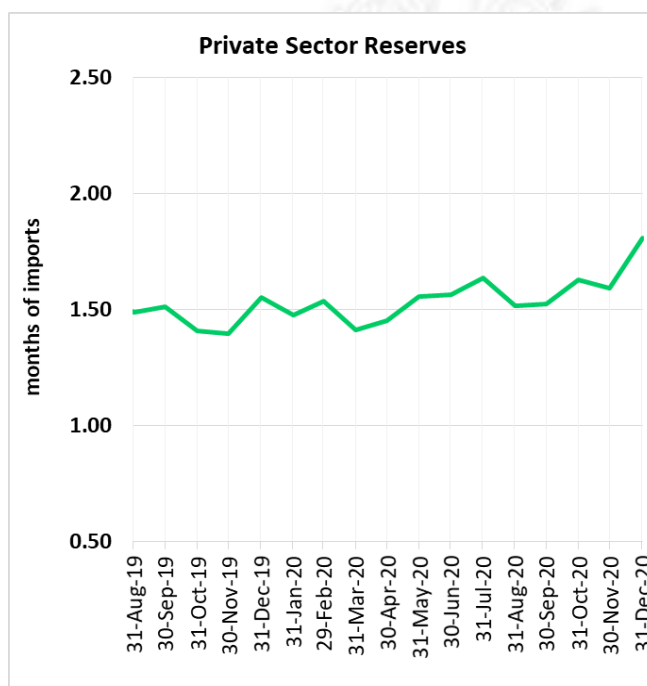
(Foreign reserves under the direct control of authorized dealer banks (ADB) which consists of ADBs own forex positions and foreign currency denominated accounts balances of their clients)

Date	ADB's Own Position (US\$ mn)	FCDA (US\$ mn)	Total (US\$ mn)	Import Cover * (Months)
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
31 Dec 2020	8.29	369.68	377.97	1.81

* 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)
29 Dec – 31 Dec 2020	8.65	13.95
04 Jan – 08 Jan 2021	23.18	27.15
11 Jan – 15 Jan 2021	14.02	24.98
21 – 21 Jan 2021	6.49	4.69

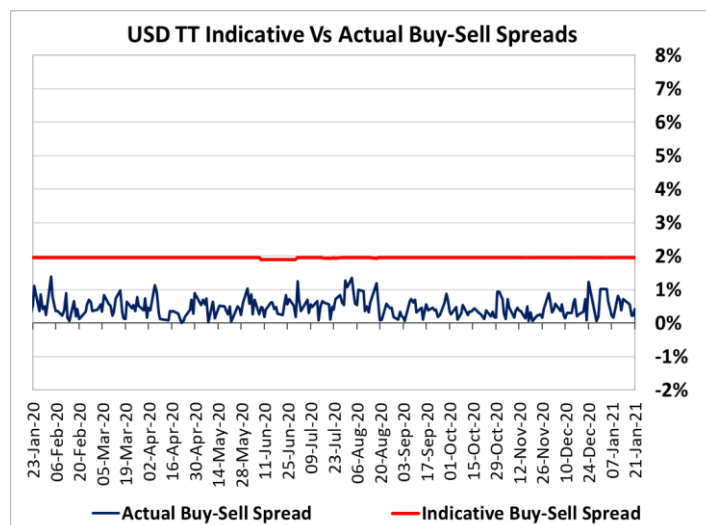
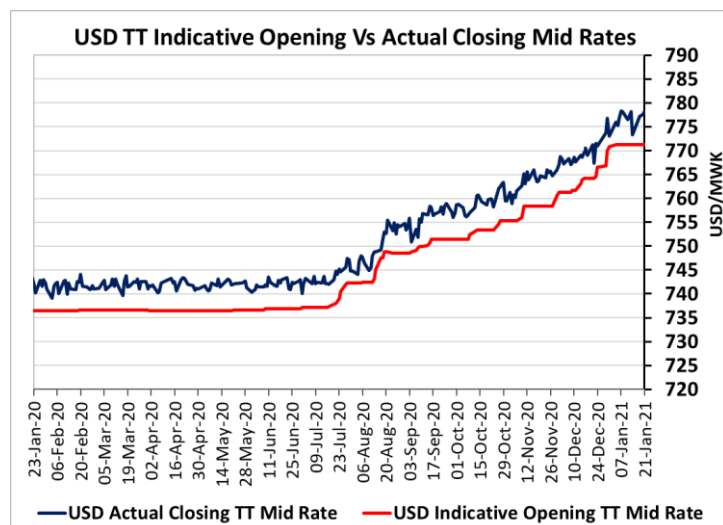


iii. Kwacha Exchange Rate Developments

	21 January 2021 (Opening Rates)			21 January 2021 (Closing Rates)			22 Jan 2021 (Opening rates)
	Middle	Buying	Selling	Middle	Buying	Selling	Middle
MWK/USD	771.2035	763.5686	778.8384	778.1329	776.5204	779.7454	771.2035
MWK/GBP	1,056.7030	1,046.2417	1,067.1644	1,110.9310	1,108.7729	1,113.0891	1,056.1632
MWK/EUR	935.9326	926.6668	945.1983	988.2188	985.6253	990.8122	938.3233
MWK/ZAR	51.8644	51.3510	52.3779	55.7695	55.4000	56.1390	51.3342

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

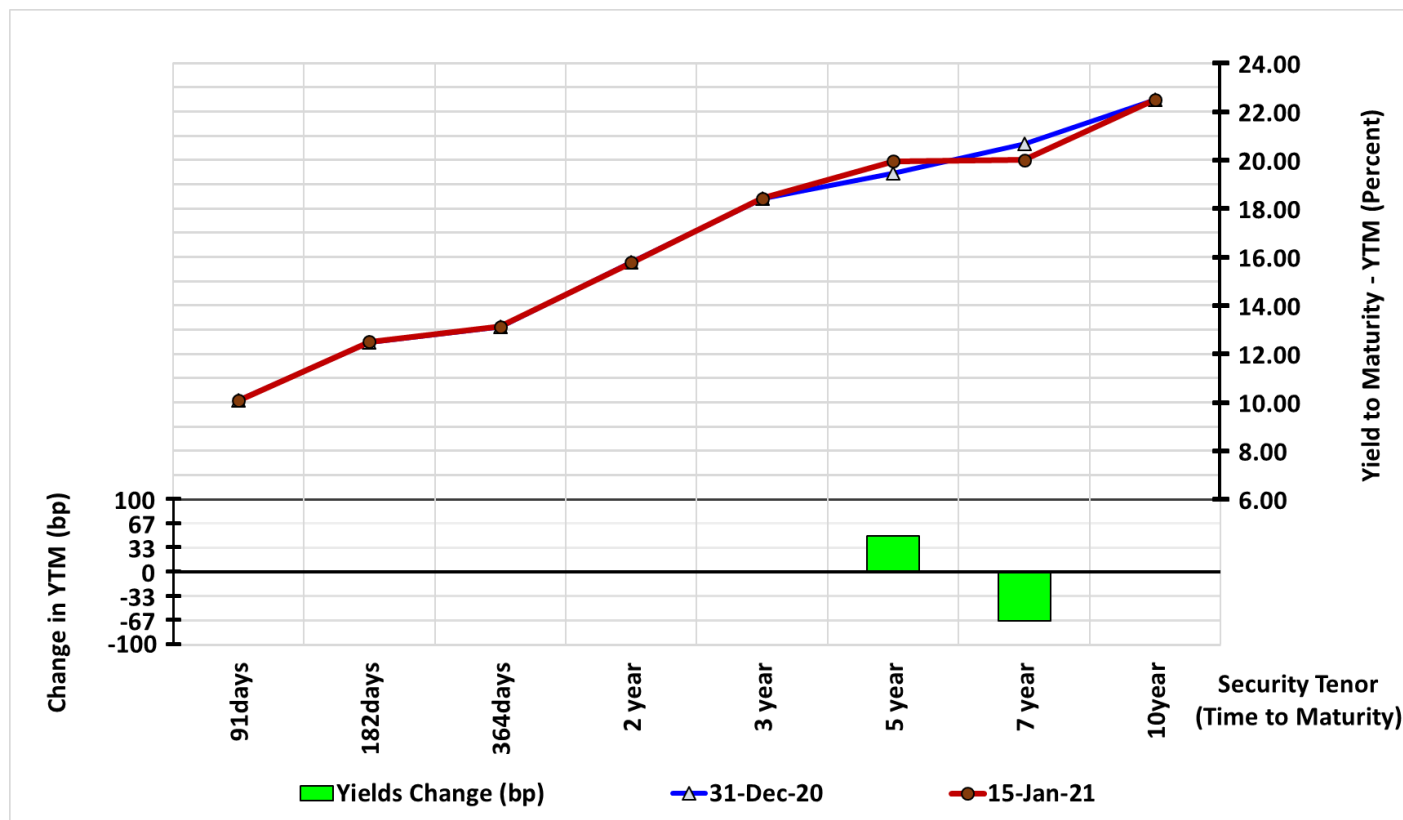
The reported closing rates are actual trade-weighted market average TT rates.



D. YIELD CURVE FOR GOVERNMENT SECURITIES

Tenor	91 day	182 day	364 day	2 Year	3 Year	5 Year	7 Year	10 Year
31 December 2020	10.07	12.50	13.13	15.62	18.10	19.92	20.00	22.50
15 January 2021	10.07	12.49	13.12	15.77	18.43	19.45	20.67	22.50
31 Dec 2020 - 15 Jan 2021 Change in Yield (Bp)	-	-1	-1	16	33	-47	67	-

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



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